



Library Link: Asia & Pacific features the latest research on the region. Scroll down for working papers and other reports relevant to your work.

This version of Library Link: Asia & Pacific newsletter is created for the IMF - Singapore Regional Training Institute. We hope you find the content useful.

Contents

WORKING PAPERS	1
USEFUL LINKS	7

WORKING PAPERS

[**Zombie Firms in Emerging Asia: Domestic and Cross Border Implications**](#) (BIS Working Paper 1375, BIS)

Using firm-bank linked data for 10 Asian emerging market economies (EMEs) over 2005–2021, we study the domestic and cross-border implications of zombie firms. We document three main findings. First, the number of zombie firms in emerging Asia has increased significantly over the past 15 years, sustained by evergreening practices from weak banks. Second, zombie prevalence domestically depresses firm performance, crowds out healthy firms, and depresses inflation and GDP growth. Third, the macroeconomic effects of zombie firms extend across borders: expo sure to zombie firms in Asian EMEs significantly reduces inflation and growth in advanced economies. These spillover effects operate mainly through global value chains (GVCs) and an intermediate goods import price channel, while cross-border bank linkages do not play any major role.

[**Layers of Deprivation: Multidimensional Poverty in Myanmar**](#) (UNDP Asia and Pacific)

Layers of Deprivation: Multidimensional Poverty in Myanmar provides a new picture of poverty that looks beyond income to examine overlapping deprivations in health, education and living standards. The report finds that 32.6 percent of Myanmar's population, approximately 17.9 million people, are multidimensionally poor, while a further 19.5 million are vulnerable to multidimensional poverty. Together, more than two-thirds of the population are either poor or at risk. Health and living standards account for more than 80 percent of multidimensional poverty, reflecting households' challenges in accessing healthcare, adequate housing, clean water, sanitation and other essential services. Drawing on nationwide household data, the report shows how poverty varies substantially across locations and population groups, and how structural disadvantages interact with conflict, displacement and repeated shocks. By examining not only where poverty is concentrated, but also its depth and composition, the report provides an evidence base for more targeted approaches to recovery, resilience and poverty reduction.

The Future is Circular (UNDP Asia and Pacific)

The purpose of this product is to showcase how UNDP is advancing the circular economy across the region by integrating circular practices into various sectors. It outlines UNDP's strategic approach to addressing environmental degradation, resource inefficiency, and climate change through circular economy initiatives. The document aims to inform stakeholders—including governments, private sector actors, and the public—about UNDP's efforts to drive innovation, policy development, and sustainable business models that contribute to reducing waste, conserving resources, and fostering inclusive growth.

How Trade Winds Have Shifted: Structural Changes in Trade Dynamism in the APEC Region (Asia-Pacific Economic Cooperation)

This policy brief examines the changing relationship between trade and economic output in APEC economies from 1995 to 2024, econometrically identifying structural breakpoints and periods that reflect major shifts in regional trade dynamism from optimism and integration to disillusionment and tension. But the narrative of trade and regional cooperation in the Asia-Pacific is still being written. The brief highlights two priorities for APEC: rebuilding public support for trade by ensuring its benefits are more equitably shared, and reducing uncertainty through clearer commitments, renewed cooperation and more predictable trade policy choices.

AI-Powered Tourism: Best Practices and Strategies for APEC Economies (Asia-Pacific Economic Cooperation)

The AI-Powered Tourism: Best Practices and Strategies for APEC Economies was developed under the project Futuristic Frontiers: AI-Led Evolution of Tourism Stakeholders in APEC Economies. The handbook provides an evidence-informed resource to support tourism policymakers, industry stakeholders, associations, and MSMEs in understanding and navigating AI adoption within the tourism sector. Drawing on literature review, hybrid case studies in China; Indonesia; Korea; Malaysia; and Peru; and stakeholder engagement through a capacity-building workshop, the handbook identifies key opportunities, constraints, and enabling

conditions for responsible AI adoption. It highlights the importance of policy coherence, digital infrastructure, human capital development, public–private–academic collaboration, ethics, and trust. The project's key outcome is a strategic approach and phased roadmap to guide APEC economies toward practical, inclusive, and human-centered AI adoption in tourism.

Asia-Pacific Quarterly Economic Update, August 2026 (Economic and Social Commission for Asia and the Pacific)

Economic growth in high-technology exporting countries remained steady in Q2/2026, while countries that rely relatively more on labor-intensive industries and are more vulnerable to global commodity price shocks tended to fare worse. Inflation and government borrowing costs are on the rise since the recent conflict in the Middle East began on 28 February 2026, thus undermining people's purchasing power and governments' ability to support poor and vulnerable people. Three main risks to the economic outlook are: a prolonged global energy crisis; rising trade protectionism; and growing reliance on AI-related sectors as a key driver of economic growth. Special topic: Digital transformation can help revive productivity growth in the region. Seizing this opportunity requires tailored policies across the foundation, adoption and acceleration stages.

Asia-Pacific Digital Transformation Report 2026: AI-native Network Infrastructure for a Future Digital Economy (Economic and Social Commission for Asia and the Pacific)

The Asia-Pacific Digital Transformation Report 2026, the third edition of ESCAP's biennial flagship publication, looks at how artificial intelligence is becoming built into network infrastructure itself, rather than sitting on top of it as just another application. This shift, described in the report as AI-native network infrastructure, is changing what Governments across Asia and the Pacific need from their digital infrastructure, and what national competitiveness will depend on in the years ahead. Using an updated Digital Transformation Index framework that benchmarks 110 economies worldwide, the report finds that Asia and the Pacific scores only marginally above the global average, a headline figure that hides wide differences across the region. Only Singapore and the Republic of Korea qualify as Digital Leaders among the 29 Asia-Pacific economies assessed in depth, while most remain Emerging Performers, still building the innovation ecosystems and advanced capabilities that AI-native infrastructure requires. Left unaddressed, these gaps risk hardening into a new quality divide, where the benefits of AI concentrate among economies that already have the infrastructure, capital and skills to make use of it. The report sets out the opportunities this transition offers for financial inclusion, public services, agriculture, education and disaster resilience, alongside the risks it raises for cybersecurity, governance and technological dependency. Drawing on documented country practices from across the region and beyond, it closes with differentiated policy pathways for Governments at different stages of digital maturity, so the benefits of AI-native infrastructure can reach the whole region, not just its most advanced economies.

AI Adoption in Trade Facilitation: Findings from Thailand (Economic and Social Commission for Asia and the Pacific)

This policy brief assesses the current state of artificial intelligence (AI) adoption in trade facilitation in Thailand, identifies strengths and gaps, and proposes policy directions. The analysis draws on the first Survey on Artificial Intelligence in Trade Facilitation, coordinated by ESCAP in collaboration with the Asian Development Bank, covering 20 measures across four pillars: use of AI and machine learning in operational processes; legal framework and AI governance; capacity to adopt AI in trade procedures; and data management and quality. Thailand records an overall adoption rate of 40 per cent, above the Asia-Pacific average of 22 per cent and the South-East Asia average of 26 per cent. The brief identifies a structural imbalance between strong capacity and data foundations and a narrower operational deployment concentrated in inspection and risk control, and points to trade-specific legal authority, institutionalized scale-up of pilots and AI-ready data governance as priority areas.

Managing the AI Transition: Upskilling and Reskilling Asia's Workforce in the Age of Automation (ADB Policy Brief No. 2026-15 (September), Asian Development Bank)

The rapid integration of artificial intelligence into the economies of Asia and the Pacific is transforming the labor markets today. Without policy intervention, developing countries risk deindustrialization and the loss of demographic dividends.

Advancing Digital Trade and Cross-Border E-Commerce in Asia and the Pacific (ADB Briefs No. 399, Asian Development Bank)

As cross-border e-commerce rapidly reshapes trade in Asia and the Pacific, this brief shows how bridging the digital divide, tightening regional cooperation, and harmonizing standards can support MSMEs and help underpin broad-based inclusive growth.

Navigating Prolonged Energy Shocks and El Niño (Asian Development Outlook September 2026, Asian Development Bank)

This edition projects that growth in developing Asia and the Pacific will moderate from 5.5% in 2025 to 5% in 2026 before edging up to 5.1% in 2027. The 2026 forecast is 0.1 percentage points higher than the previous outlook in July.

Riding the AI Wave (East Asia and Pacific Economic Update, October 2026, World Bank)

In East Asia and Pacific, a global surge in AI-related activity is lifting growth in countries that participate in AI supply chains, while high energy costs are weighing on growth elsewhere, particularly in Pacific Island economies. Growth in the region is slowing, but considerably less than anticipated previously and is forecast to remain robust. The influence of AI is unmistakable in the region's industrial sector, but it is less apparent in the rest of the economy. Like in many other emerging markets and developing economies, AI use in East Asia

and Pacific is less prevalent than in advanced economies. Nevertheless, AI adoption is shaping skills demand as firms' requirements for AI-related skills are often paired with complementary analytical and soft skills.

Adopting AI for Growth (South Asia Economic Update, October 2026, World Bank)

South Asia's economy is maintaining strong momentum despite the burdens of costly energy imports and limited involvement in fast-growing global value chains for AI-related goods. The region is projected to remain the strongest-growing emerging market and developing economy region. Growth could be slowed by a severe El Niño, by energy prices remaining persistently elevated, or by global financial market strains. Looking further ahead, South Asia is aging unusually rapidly, with limited financial security for older people. The creation of more and better jobs is therefore a priority for all age groups. One promising avenue for creating more, better jobs is the widespread deployment of AI. AI adoption in South Asia remains well behind that in advanced economies, but is catching up fast. Growing global value chain connections between customers in the United States and suppliers in South Asia in AI-exposed sectors suggest that South Asian firms are using AI to find new market opportunities. AI adoption can be accelerated by strengthening the complementary conditions that foster firms' growth, above all workforce skills, a business-enabling environment, and reliable infrastructure, supported by measures to ease adoption barriers for small firms, foster local AI innovation, and provide a clear AI policy framework that reduces regulatory uncertainty while addressing risks.

Local Government Finances in China: Policy Options to Tackle the Debt Overhang (Departmental Paper No 2026/019, IMF)

This paper provides an in-depth analysis of the rapid growth in official local government (LG) and local government financing vehicle (LGFV) debt in China, with a focus on risks to macro financial stability and the challenges that have impeded past efforts to address official LG and LGFV debt problems. It proposes a detailed and carefully sequenced agenda to manage these debts, emphasizing the use of corporate insolvency frameworks, fiscal reforms, and preparing policy mechanisms for managing fiscal and financial stress. It aims to guide policymakers in mitigating the risks associated with restructuring LGFV debt and promoting sustainable growth, stressing the need for central government leadership in coordinating these efforts.

Gross National Happiness, Cultural Norms, and Macroeconomic Indicators in the Kingdom of Bhutan (Working Paper No. 2026/192, IMF)

This paper examines the origins and evolving use of the concept of Gross National Happiness (GNH) in the Kingdom of Bhutan, and the relationship between measured well-being and macroeconomic indicators across four decades of data. The paper incorporates the 2022 GNH Survey, alongside substantially updated macroeconomic data capturing Bhutan's experience through the COVID-19 pandemic, and the launch of its ambitious 13th Five-Year Plan (2024–2029). The evidence continues to show that Bhutan's rapid increase in national income remains only weakly associated with improvements in measured happiness—a pattern that is suggestive of the Easterlin Paradox. The updated GNH index indicates continued progress in well-being

alongside sustained economic growth. Drawing on the literature linking cultural norms to economic development, we argue that Bhutan's cultural endowment is on balance an asset for its growth prospects. GNH exemplifies how a culture-neutral well-being measure becomes more effective for policymaking when assimilated to relevant local cultural norms and values.

Too Much Yet Not Enough: Housing Segmentation and Household Consumption in China (Working Paper No. 2026/193, IMF)

China's urban housing system is structurally segmented: market-based residential housing accounts for only about 40 percent of occupied urban dwellings, with the remainder split between rental and legacy housing acquired outside the market. Using 2000–2020 Population Censuses and the 2019 China Household Finance Survey, this paper documents that housing tenure is systematically associated with distinct household consumption patterns. Conditional on income, wealth, and household characteristics, legacy homeowners exhibit lower discretionary consumption and higher income responsiveness than renters, while market homeowners' consumption is closely tied to housing wealth. These patterns are stable across survey waves and broadly consistent with panel-based evidence, pointing to structural balance-sheet differences across residential regimes as important correlates of household consumption behavior in China.

Macroeconomic Impacts of China's Energy Transition (Working Paper No. 2026/185, IMF)

Solar and wind power account for a growing share of electricity generation in China and now dominate new capacity additions. As the power system transitions toward renewable generation, greater flexibility will be required to maintain system stability. This paper uses a computable general equilibrium model to assess the macroeconomic implications of this transition. Model results indicate a modest increase in electricity prices in the near-term, followed by sustained declines as renewable shares rise, particularly when variability is managed through battery storage rather than coal-fired backup generation. While the transition requires substantial adjustments in electricity supply and investment, it raises GDP in the long run and strengthens energy security. Battery-based flexibility outperforms continued reliance on coal across multiple dimensions, even when accounting for rising electricity demand from emerging technologies such as artificial intelligence. However, this transition pathway also increases the risk of stranded assets in the coal power sector.

Measures of Macroeconomic Shocks and Uncertainty for Asia-Pacific Economies (Working Paper No. 2026/174, IMF)

We develop standardized time-series measures of shocks and uncertainty for output growth and inflation across 14 Asia-Pacific economies using data from Consensus Economics survey of professional economic forecasters. They are based on changes in mean forecasts and standard deviations, adjusted for intra-year patterns that arise from the annual-average percent changes basis of the data. As an example of how our shock measures may be used, we apply the vector autoregression method of sign restrictions to decompose output growth and inflation shocks into fundamental demand and supply shocks. Those shocks and our

uncertainty measures align well with major economic events such as the Asian Financial Crisis, the COVID-19 pandemic, and geopolitical conflicts. We show that our uncertainty measures most closely reflect the concept of macroeconomic uncertainty, with apparent differences to established economic policy uncertainty measures across all comparable economies, but a close relationship with two well-known macroeconomic uncertainty measures produced only for the United States. Hence, extending the measures of macroeconomic uncertainty to all 14 economies in our analysis, along with the shocks for those economies, creates a valuable dataset for economic policy setting and empirical research.

Monetary–Fiscal Policy Interactions in Korea: A QPM-Based Analysis (Working Paper No. 2026/172, IMF)

This paper develops a quarterly projection model for Korea with an integrated fiscal block, enabling analysis of monetary-fiscal interactions. The model is validated through historical decompositions and forecast evaluation. Scenario analysis comparing dynamics with and without debt-stabilizing fiscal rules reveals a fundamental trade-off: rules generate short-run procyclicality but prevent permanent debt drift. Without rules, temporary nominal GDP movements cause lasting debt-to-GDP changes. For Korea, facing age-related spending pressures, a medium-term fiscal framework could safeguard sustainability.

AI and Economic Divergence in Asia (Working Paper No. 2026/166, IMF)

Using a small open economy overlapping generations model, this paper examines how AI can drive economic divergence across and within Asian economies. While AI adoption may promise sizable productivity gains, it could create temporary but potentially long-lasting divergence across countries. Structurally-prepared advanced economies tend to adopt AI earlier and see immediate growth gains while emerging markets and developing economies (EMDEs) face delayed adoption and initial growth headwinds from rising costs of capital. Structural reforms that boost productivity and strengthen human capital not only accelerate adoption in EMDEs but also amplify the growth gains. Within countries, AI adoption could widen inequality along multiple dimensions: across skill groups, as high-skilled workers benefit disproportionately from complementarity with the more capital-intensive technology, and across generation, as the shift of national income toward capital favors asset-rich older households relative to younger workers who rely primarily on labor income. Redistributive policies can help mitigate these distributional pressures, though they entail equity efficiency trade-offs that vary with country-specific fiscal and demographic conditions.

USEFUL LINKS

IMF Library: <https://library.worldbankimflib.org>

IMF Publications: <https://www.imf.org/en/publications/search>

eLibrary: <https://www.elibrary.imf.org/>

World Economic Outlook: <https://www.elibrary.imf.org/subject/081>

Global Financial Stability Report: <https://www.elibrary.imf.org/subject/082>

IMF News: <https://www.imf.org/en/News>

COPYRIGHT

The IMF Library observes U.S. and international copyright laws and is required to comply with its Copyright Clearance Center license agreement; you may not systematically download and store journal articles, reports, or data on your PC or distribute them to others. Additional restrictions on usage may apply.



INFORMATION, RESILIENCE AND SERVICES

Corporate Services and Facilities