



Regional Economic Outlook

“Implications of Asia’s Regional Supply Chain for Rebalancing Growth” (in English)

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ABSTRACT

Without due regard for vertical trade integration in Asia it is difficult to understand how a resolution to global imbalances can be achieved. For example, much of the debate over rebalancing has been focused on the U.S.-China trade imbalance. However, in the presence of vertical integration, gross exports can overstate China’s exposure to U.S. demand, as they also reflect intermediate goods of other Asian economies, which China uses as inputs for its exports to the U.S. Moreover, by using intermediate inputs from other countries in exports, an exporting country’s price competitiveness does not only depend on its own currency, but also on the currency of its suppliers. Based on a detailed analysis of intra-Asian trade flows we provide value-added based estimates of effective exchange rate movements and bilateral trade balances that show that effective resolution of imbalances will involve all major Asian economies and a focus on single countries is misplaced.

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BIOGRAPHY

Dr. Olaf Unteroberdoerster is the Senior Economist for the Asia-Pacific Regional Studies Unit at the IMF, where he has previously worked in the Middle East and Central Asia, the Policy Development and Review, and the Asia Pacific Departments. Prior to his present position Dr. Unteroberdoerster was the IMF's Senior Resident Representative in Hong Kong SAR 2007-09 and before that the Senior Desk Economist on Malaysia. Dr. Unteroberdoerster studied economics and business administration in Germany, France, Japan and the United States and holds a Ph.D. in International Economics and Finance from Brandeis University. Before joining the IMF in 1998 he was a visiting researcher at Hitotsubashi University and a research fellow at the United Nations University, both in Tokyo, Japan. His research interests include international trade and capital flows, Asian financial integration, and banking reform in transition economies.

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