Economic transformation in Asian LLDCs: Pace, pattern, and sustainability

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Diverse status

- Structurally underdeveloped: Agriculture > Industry & services
- Structurally developing: Services > Agriculture > Industry
- Structurally developed: Services > Industry > Agriculture

Common feature - experiencing premature deindustrialization, bypassing the spillover benefits of manufacturing and hampering value-chain integration/upgrading
Productive capacities have yet to benefit from structural transformation

The role of the State is essential
Strong backward and forward linkages can increase the sustainability of economic transformation.
Summary and policy considerations

• Premature deindustrialisation observed in many Asian LLDCs, including SPECA countries, may limit future diversification pathways
• The role of the State is essential in navigating a transformation pathway and adapting it to the climate and environmental challenges. Industrial policy, either selective or functional, is the State’s instruments for economic transformation.

• Promotion of activities with strong backward and forward linkages to the rest of the economy can introduce economic sustainability into the transformation process.
• Transboundary infrastructure is a prerequisite for economic transformation and value chain integration.
• SPECA countries can take advantage of existing intergovernmental platforms and conferences to renew the commitments of LLDCs and transit partners to further driving economic transformation