

How did Economic Integration in South Asia and South-East Asia develop over time?

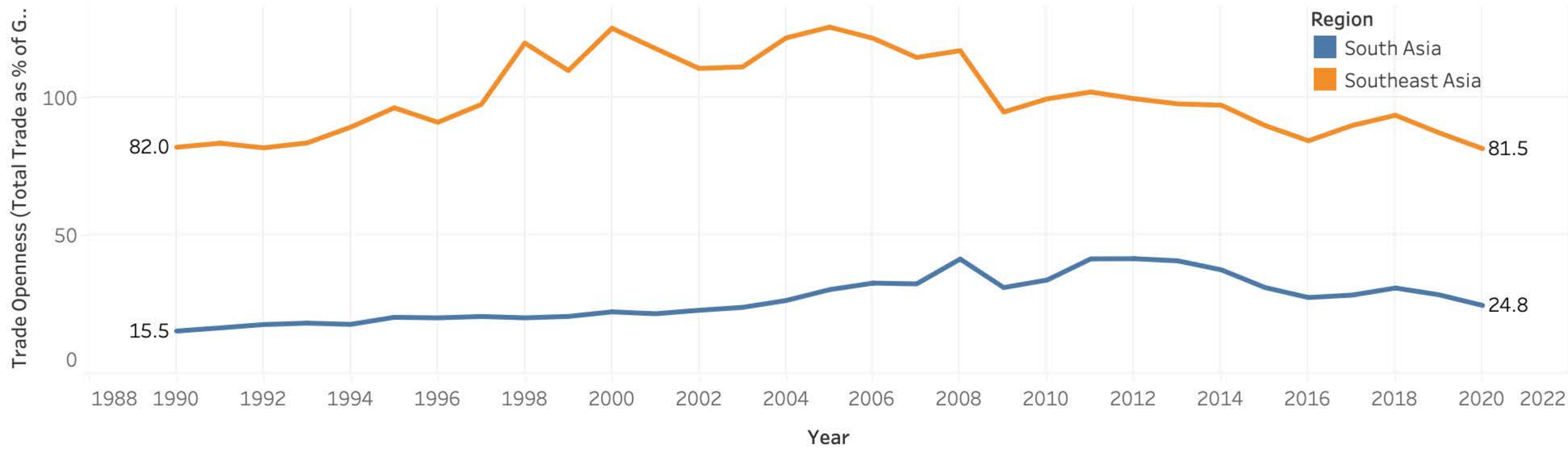
South-East Asia has been significantly more economically integrated, at the global and regional levels, than South Asia over the past 3 decades.

Since 2000, South Asia has seen a remarkable increase in foreign aid flows, which is an indicator of the growing importance of the region.

Foreign aid has divergent impacts in the two regions- it is positively correlated with trade in South Asia and negatively correlated with trade in South-East Asia.

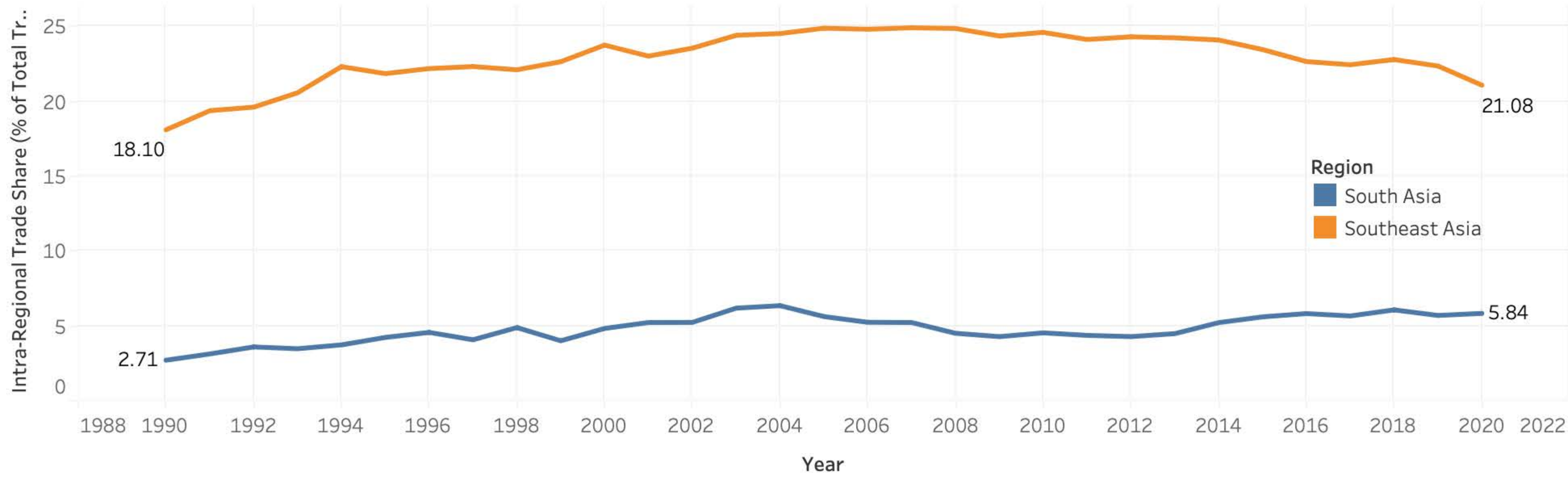
South Asia has consistently outperformed South-East A..

Global Economic Integration (1990-2020)



Source: Asia Regional Integration Center (ARIC)
ADB staff calculations using International Monetary Fund (IMF) - World Economic Outlook (WEO) October 2020 Database and IMF-Direction of Trade Statistics (DOTS) December 2020 Database.

Regional Economic Integration (1990-2020)



Source: Asia Regional Integration Center (ARIC)
Data from IMF Directions of Trade Statistics (2020)

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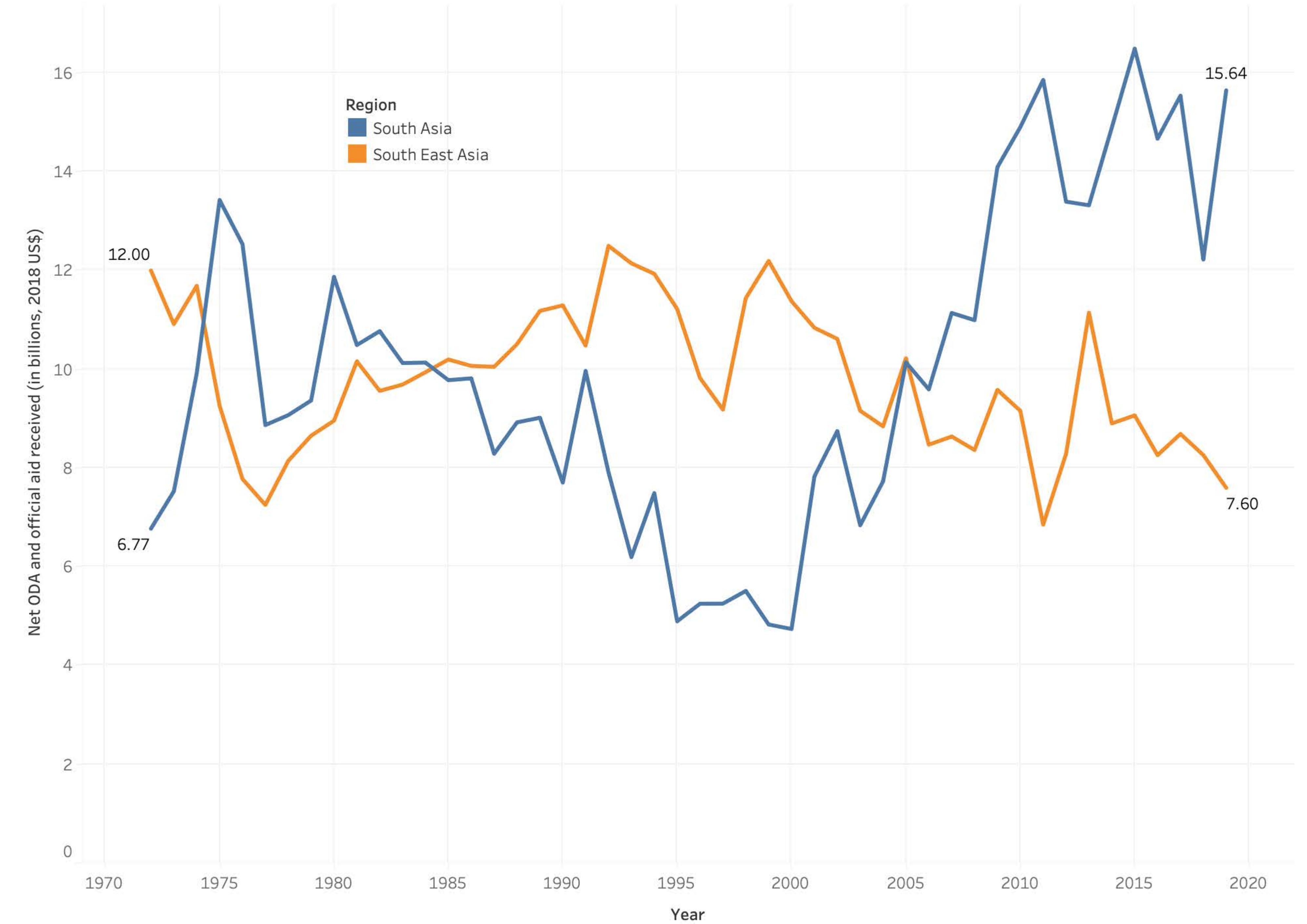
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Net ODA and official aid received (1972-2019)



Source: World Development Indicators (2022)

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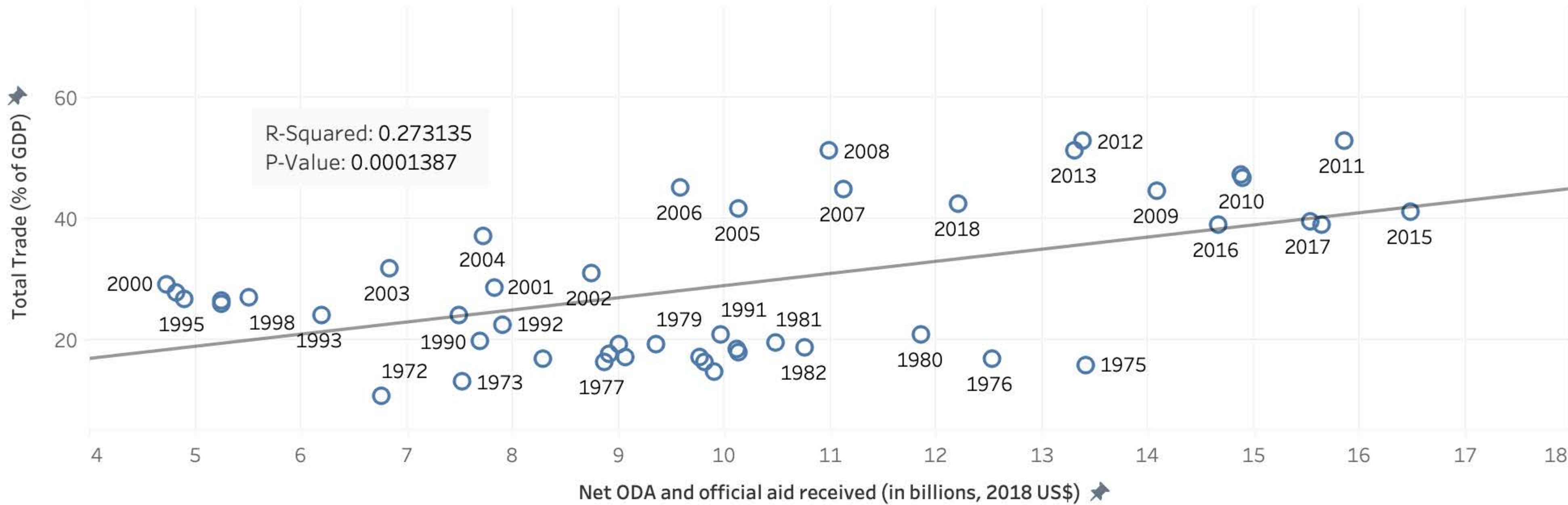
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Foreign aid has divergent impacts in the two regions- it is positively correlated with trade in South Asia and negatively correlated with trade in South-East Asia.

South Asia has consistently outperformed South-East Asia on democracy indicators as well. Its regimes are comparatively more democratic over time.

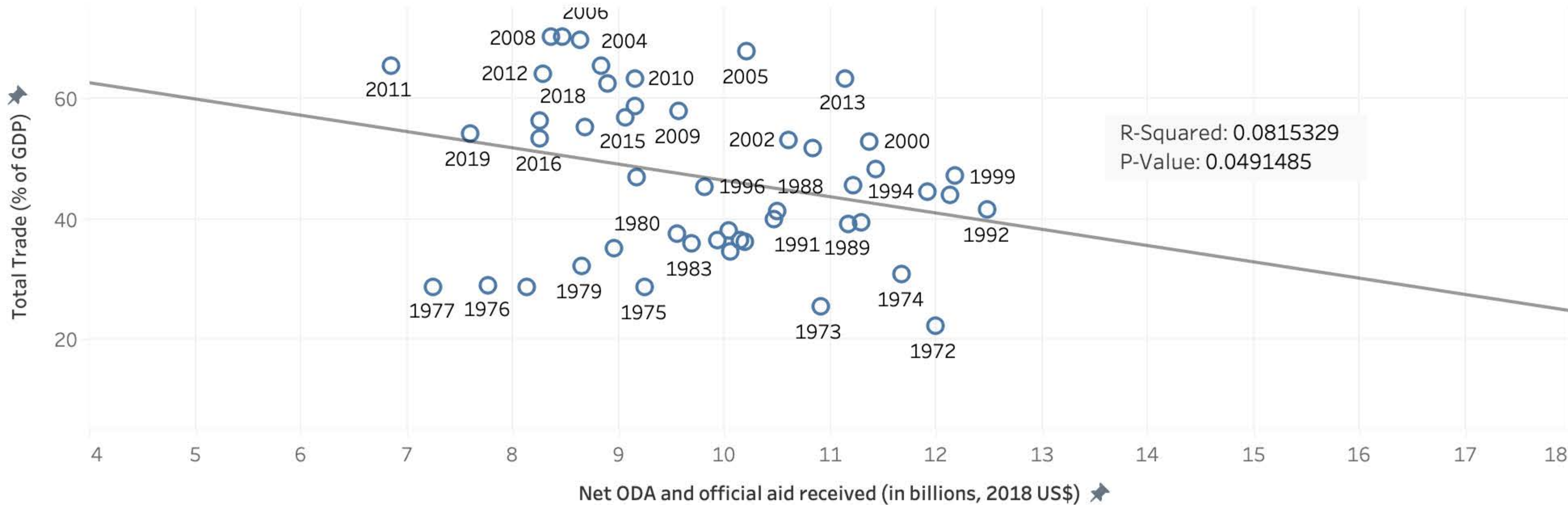
Democracy also has a stron...

South Asia - Trade and Foreign Aid (1972-2019)



Source: World Development Indicators (2022)

South East Asia - Trade and Foreign Aid (1972-2019)



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Since 2000, South Asia has outperformed South-East Asia on trade indicators.

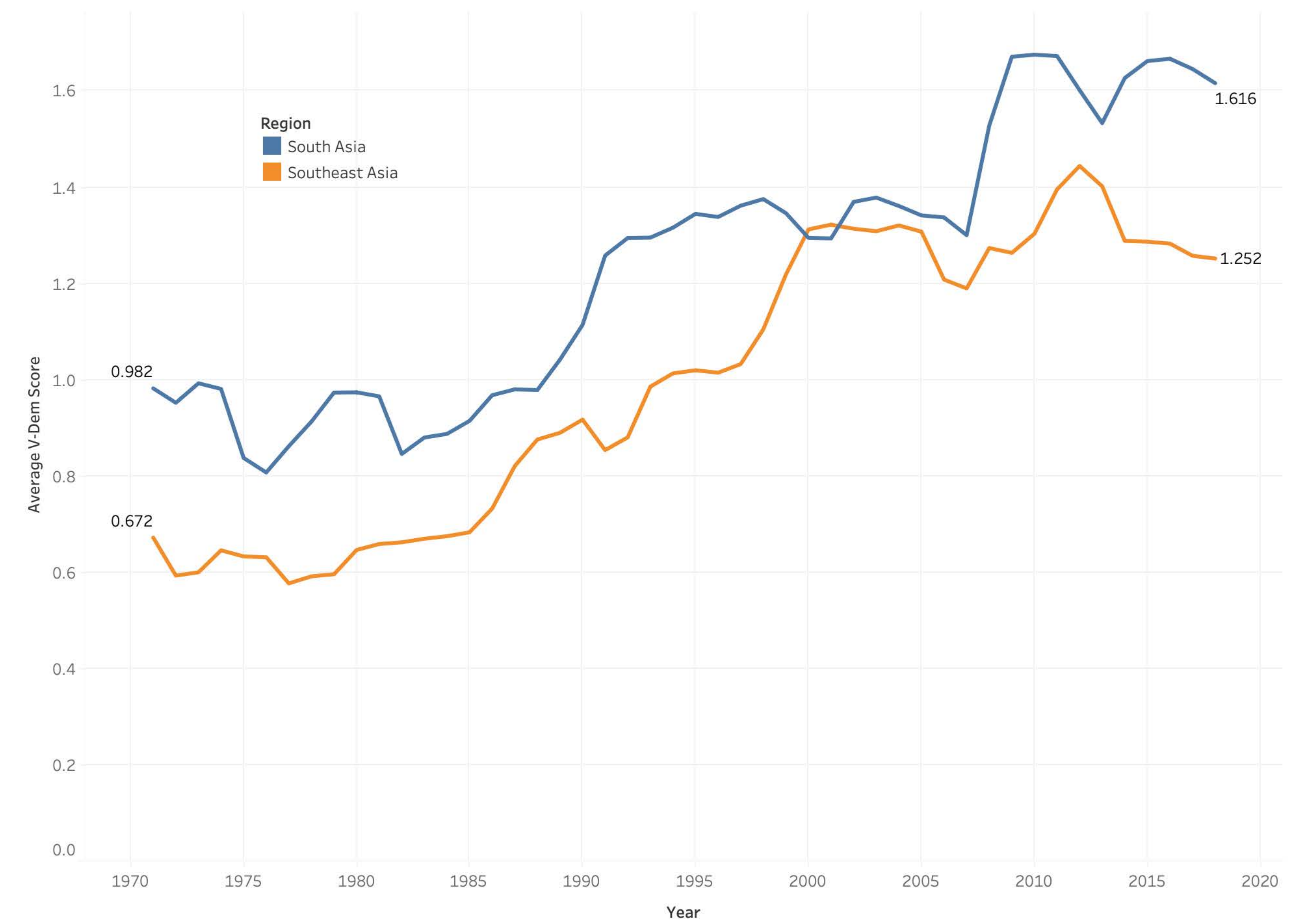
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South Asia has consistently outperformed South-East Asia on democracy indicators as well. Its regimes are comparatively more democratic over time.

Democracy also has a strong positive correlation with trade, reflecting the importance of improved democratic outcomes for trade in the Global South.

South Asia has outperformed South-East Asia on trade indicators.

Democracy Trends (1971-2018)

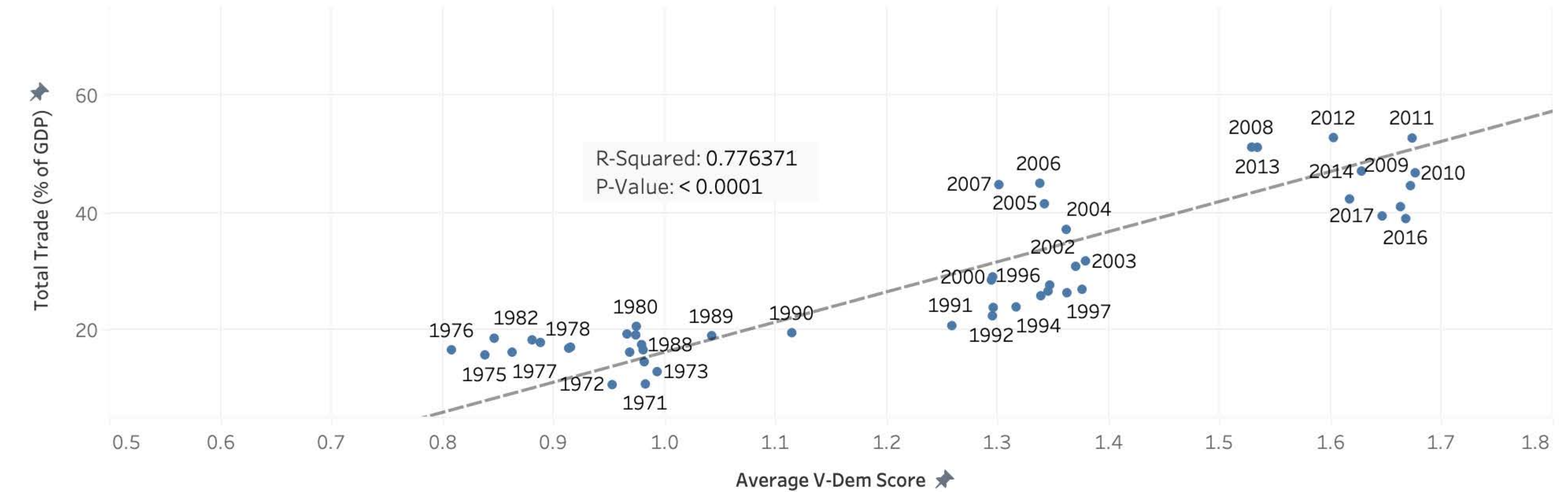


Source: V-Dem Institute (2022)

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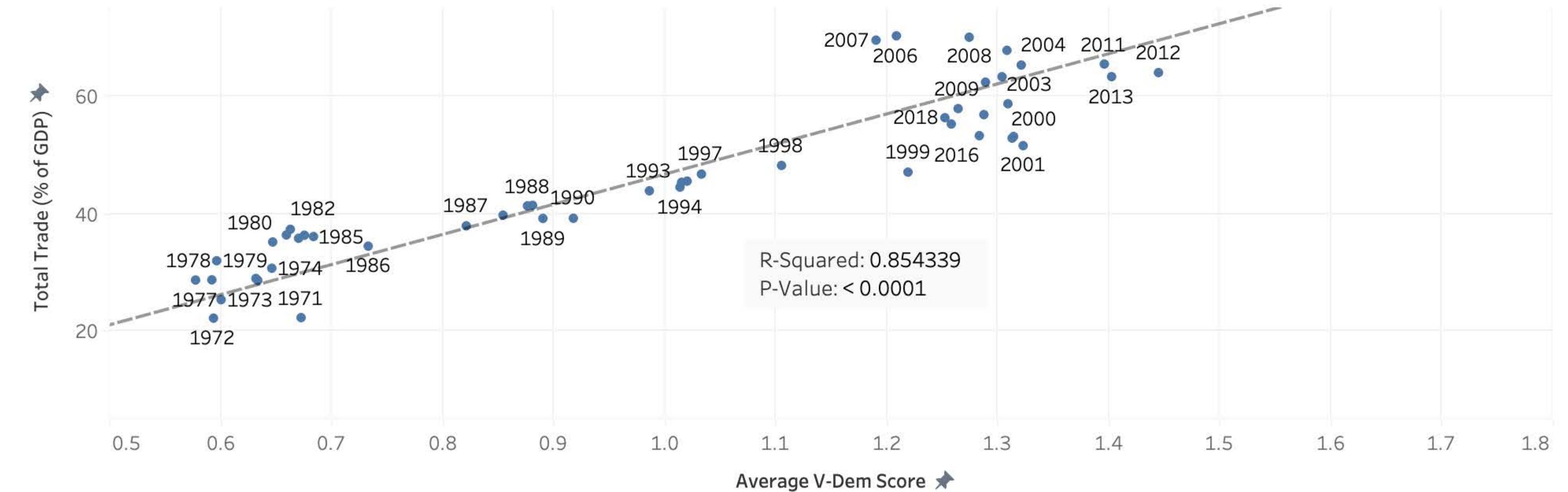
Foreign aid has declined over time.	South Asia has consistently outperformed South-East Asia on democracy indicators as well. Its regimes are comparatively more democratic over time.	Democracy also has a strong positive correlation with trade, reflecting the importance of improved democratic outcomes for trade in the Global South.	South Asia has outperformed South-East Asia (except from '02-'05) on governance measures, which shows that it has more democratic institutions and robust governance mechanisms.	Trade has remained relatively strong over time.
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South Asia - Democracy and Trade (1971-2020)



Source: V-Dem Institute (2022) and World Bank Indicators (2022)

South East Asia - Democracy and Trade (1971-2020)



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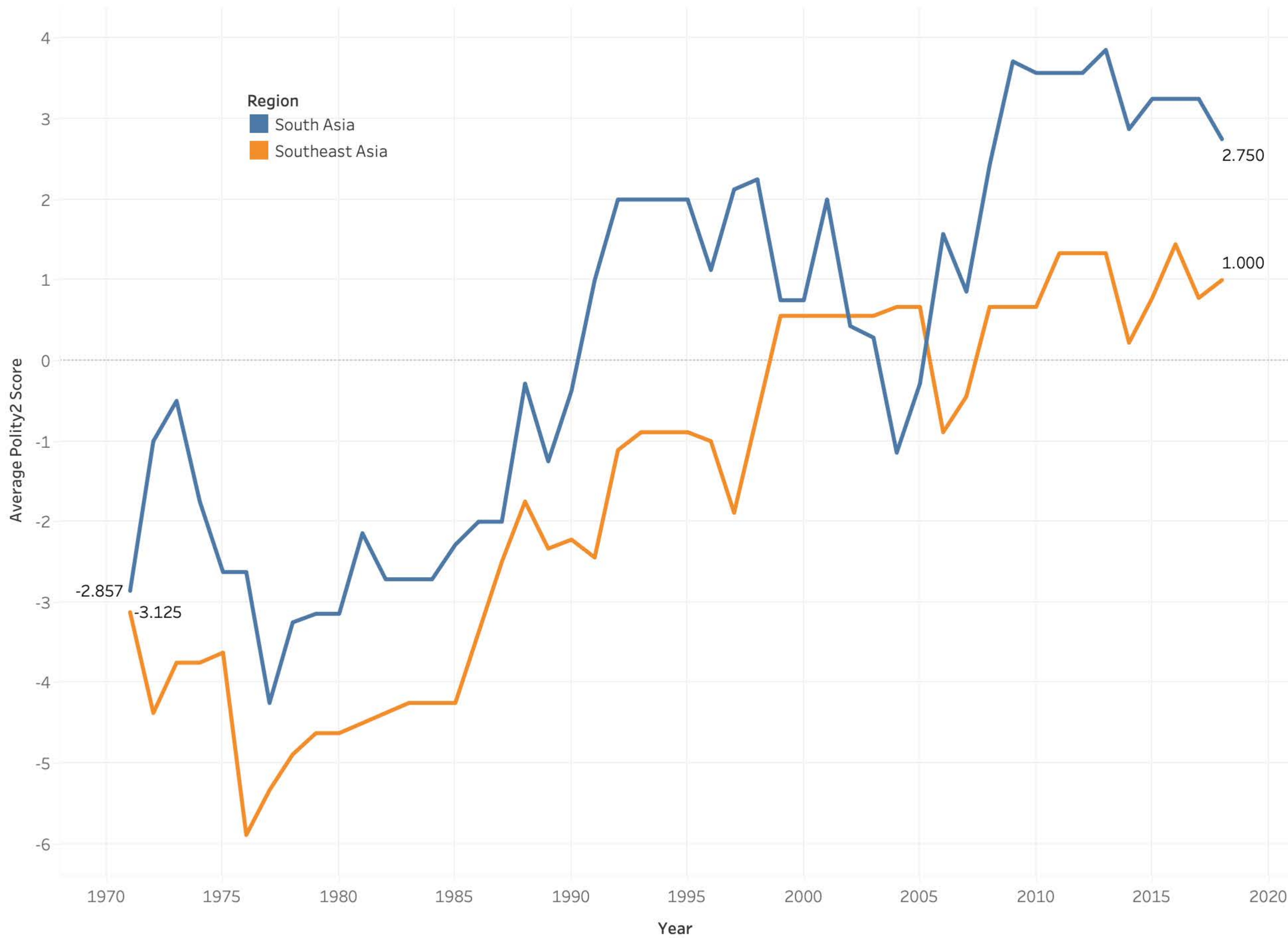
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Democracy also has a strong positive correlation with trade, reflecting the importance of improved democratic outcomes for trade in the Global South.

South Asia has outperformed South-East Asia (except from '02-'05) on governance measures, which shows that it has more democratic institutions and robust governance mechanisms.

Trade has a relatively strong positive correlation with governance in both regions, which shows that institutional legitimacy and rule of law are integral for trade in the Global South.

Governance Trends (1971-2018)



Source: PolityV Project, Center for Systemic Peace (2020)

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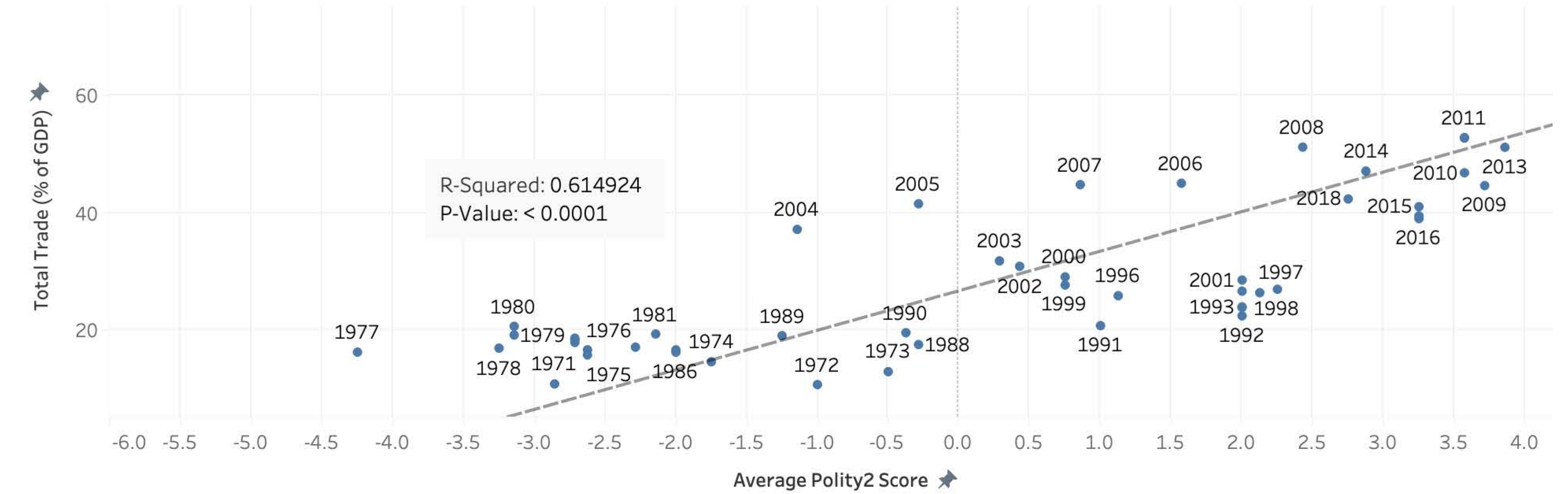
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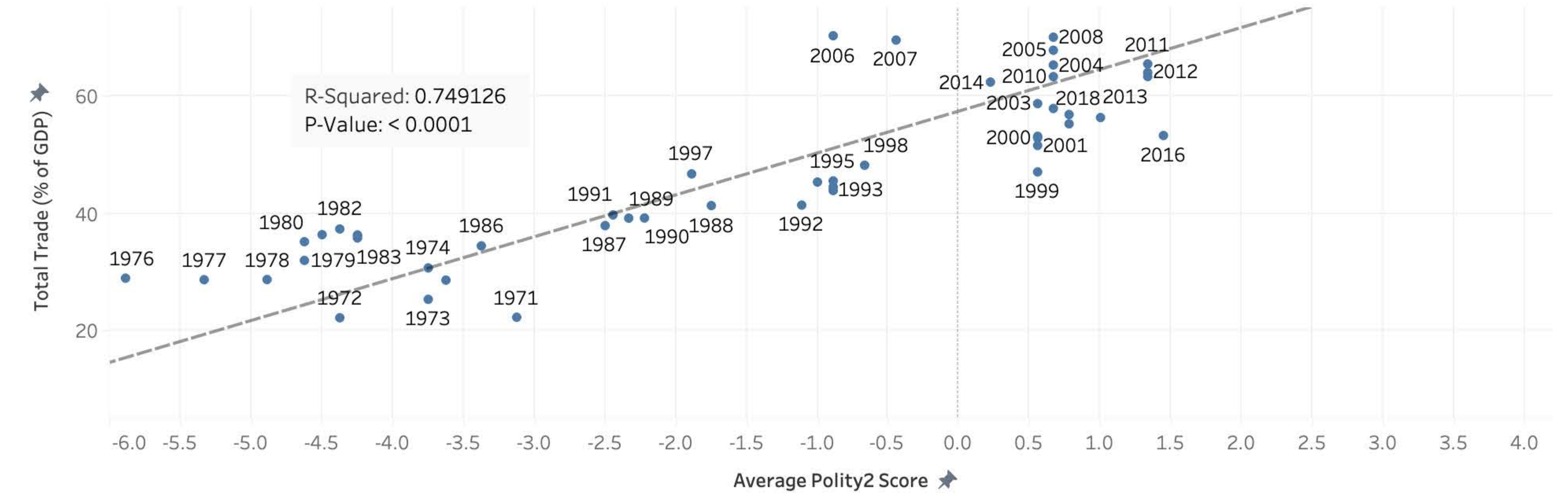
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South Asia - Governance and Trade (1971-2020)



Source: PolityV Project, Center for Systemic Peace (2020) and World Bank Indicators (2022)

South East Asia - Governance and Trade (1971-2020)



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