



PROJECT NOTIFICATION

Ref. No.: 22-RC-22-GE-RES-B-PN2200027-001

Date of Issue	15 March 2022
Project Code	22-RC-22-GE-RES-B
Title	Policy Study on Productive Economic Structures in High-income Countries
Timing and Duration	April–September 2022 (six months)
Hosting Country(ies)	Not Applicable
Modality	Digital Multicountry
Implementing Organization(s)	APO Secretariat
Participating Country(ies)	Republic of China, Japan, Republic of Korea, and Singapore
Qualifications of National Experts	Not Applicable
Qualifications of Chief Expert	Not Applicable
Nomination of National Experts	Not Applicable
Closing Date for Nominations of National Experts	Not Applicable

1. Objectives

- a. Analyze the pace and patterns of productivity growth in APO high-income economies and identify the causes of and methods to overcome stagnating growth.
- b. Examine the driving factors for building a more productive economic structure for sustaining growth and avoiding the high-income trap.
- c. Provide policy recommendations to promote innovative economic activities as new sources of growth.

2. Background

In the 1980s, newly industrializing economies in East Asia comprising the Republic of China, Hong Kong, the Republic of Korea, and Singapore, collectively dubbed the “Asian Tigers,” demonstrated that climbing the income ladder, although difficult, was possible. One of the salient features of the “economic miracle” journey of the Asian Tigers was the fact that they followed development paths at odds with those of the majority of their income peers a few decades previously.

These high-income economies are members of the APO, and their development models have triggered vast amounts of research from various perspectives. Overall, scholars are more or less in agreement that the inspiring achievements of these economies are attributable to a radical transformation of productive structures, major shifts in the sectoral absorption of labor, and significant improvements in technological sophistication. Drawing from this lesson, those countries that fail to achieve similar transformations in their productive structures might remain trapped in the middle-income rank.

Recently, however, the productivity and economic performance of these top Asian economies has stagnated, as observed in the downward trend in their economic growth rates. The COVID-19 pandemic exacerbated the productivity growth slowdown, creating disruptions across sectors. Emerging social challenges and external shocks require these economies to build resilience and adaptiveness. Shifts toward more productive structures will be vital to break the prolonged stagnation in growth. A number of important, fundamental questions have arisen, and their answers will be critical for the future trajectory of these economies. These questions include whether the limits of innovation are being reached, which sectors better serve as drivers of economic development, and which are the key factors for maintaining a productive economic structure.

Against this background, the APO is initiating this policy study to support the identification of sources of new growth and sectoral priorities for high-income member countries. The study will examine the next structural changes required by analyzing prospects for expansion and diversification of production with smart services, smart agriculture, and smart industry as the key drivers for overcoming stagnation and pushing new growth. The study will be conducted in partnership with research and policy institutions specializing in economic development and produce a set of recommendations on the way forward for high-income economies.

3. Scope and Methodology

Scope

- a. Productive, diversified economic structures
- b. High-income stagnation avoidance
- c. Economic resilience
- d. Productive capacity enhancement
- e. ICT development and innovation-led growth
- f. Labor productivity growth
- g. APO high-income member countries

Methodology

- a. Preliminary study: The APO Secretariat will identify partner research institutions and invite the submission of research proposals.
- b. Multistakeholder consultative meeting: To finalize the plan for the cross-country study, a meeting will be held virtually in April 2022. The indicative agenda items are:
 - Research overview
 - Proposals for the study by research partners
 - Discussion on implementation of the policy study
 - Finalization of the policy study plan
- c. Joint study implementation: A research team will be formed in partnership with other international organizations and/or research institutes. The research team will collect, process, and analyze data for the report. The penultimate draft of final reports with findings will be submitted to the APO Secretariat by the end of August 2022.
- d. Policy dialogue: The findings of the policy study will be presented to relevant stakeholders in member countries. The one-day session will be held in September 2022.

4. Tasks of the Research Institutions

- a. Assisting and working with the APO Secretariat in developing the research framework.
- b. Finalizing the methodology and outline of the policy study report structure with the APO Secretariat.
- c. Collecting data for the research (including communicating with the original data owners) and analyzing them based on the agreed framework and methodology.
- d. Preparing the final report and submitting it to the APO Secretariat by the deadline.
- e. Supporting the APO Secretariat during the process of confirming the research findings with APO member countries.
- f. Providing support for dissemination of the research findings after report completion.

5. Qualifications of the Research Institutions

The APO Secretariat will invite and select appropriate research institutions with the following qualifications:

- a. Extensive, specialized knowledge in structural change, labor productivity decomposition, and productivity measurement and analysis, with a track record of experience and publications in English in those fields.
- b. Experience in providing advisory services to governments.
- c. Excellent English writing skills.
- d. Strong commitment to undertaking and completing the research project within the given time frame.

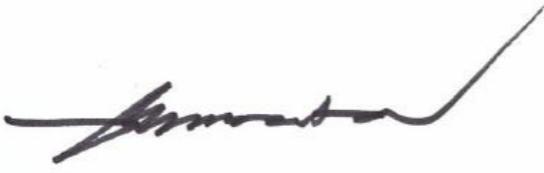
6. Financial Arrangements

To be met by the APO

Honoraria for the research institutions to be paid upon completion of the final report.

To be met by the research institutions

All implementation costs incurred by the research institutions when conducting the study.

A handwritten signature in black ink, appearing to read 'Mochtan', with a long horizontal stroke extending to the right and a sharp upward curve at the end.

Dr. AKP Mochtan
Secretary-General