

# The Impact of China's Slowdown on the Asia-Pacific Region: an application of the GVAR model

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## Abstract

Thanks to the accelerating demand from China, the export-oriented development strategy brought the Asia and Pacific region economic success. While its Asian trading partners benefit from growing exports to China, their deepening linkages with China have made them increasingly vulnerable to the risk of a China slowdown. By employing the Global VAR methodology, we found that: 1) the Chinese slowdown severely impacts the commodity exporters while countries on the Asian production cycle are also affected adversely; and 2) the Chinese slowdown would not only reduce the price of crude oil but also lower the metals and agricultural prices.

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