

# Introduction

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The aim of this monography is to highlight the key areas of dynamic development of the Asian economies and to analyse the prospects for reinforcing their position in the modern (21<sup>st</sup> century) global economy. A secondary goal is to underline the fact that a comprehensive analysis of Asia's economic expansion should be considered from a business and a financial perspective in parallel.

The authors of the monography concentrate on the chosen business aspects of Asia's expansion, such as: trade and value chain development, corporations, international mergers and acquisitions, growth potential of the strategic sectors (on the example of energy industry), GDP growth model. In part II, the emphasis is placed on the financial aspects, such as: monetary policy, development of bond markets, largest credit institutions and the challenges ahead of the banking sector.

The first chapter describes changes in trade in Asian countries, which became an important element of global value chains (GVC) at the turn of the 20<sup>th</sup> and 21<sup>st</sup> century. These changes are presented using value added trade statistics. This approach makes it possible to present real links between Asian countries and the global economy. The analysis of added value also allows indicating changes in the position of individual Asian countries in GVC.

The second chapter attempts to assess the development determinants and prospects of Asian transnational corporations while taking into account the requirements of building competitiveness in the modern global economy and a specific philosophy of the corporate expansion. Improving position of Asian corporations (A-TNCs) against the most powerful transnational corporations in the world (Top-TNCs) confirms the thesis that Asian economies are implementing modern business development models in line with the principles of building international competitiveness in the 21<sup>st</sup> century that have been created by the most developed economies. An analysis of this transition will allow indicating key conditions for further dynamic development of A-TNCs, and thus identifying the preconditions and prospects for expansion of Asian countries and reinforcing their position in the global economy.

The third chapter presents growing activity of China's enterprises in the field of foreign direct investment (FDI) in global mergers and acquisitions (M&As) market. This process is enhanced by, among others, the implementation of the 'Go

Global' strategy, accession to the WTO and the possession of vast foreign exchange reserves that should be invested in different ways. The purpose of this chapter is to assess the geographical and industrial structure of Chinese cross-border mergers and acquisitions (CBM&As). The study is carried out using social network analysis (SNA) – an interdisciplinary research method.

The fourth chapter is devoted to the energy factors of the development of the Chinese economy. These factors are extremely important when considering the relationship that exists between economic growth and energy demand. This correlation is stable over time, although it may become weaker as a result of improved energy efficiency. The chapter presents the global structure and dynamics of primary energy consumption, with particular emphasis on the role of China in this consumption. Particularly noteworthy is the increased demand for electricity in China, which, being “the most universal form of secondary energy”, is an indispensable stimulator of economic development. As a consequence of China's economic development, the high dynamics of energy consumption has resulted in a number of side effects, among which climate change and air pollution play a leading role. A strive to eliminate these effects has forced a change in China's energy-related priorities. In addition to limiting the role of coal, the new priorities include in particular the development of renewable energy sources and nuclear energy, as well as a reduction in the energy intensity of the economy. The purpose of the chapter is to measure the dynamics of China's economic growth using indicators related to energy consumption and to demonstrate the impact of changes in the structure of energy production on the environment and the innovativeness of this economy. This country is the most vivid example of Asian countries' economic expansion, both in business and financial terms.

The fifth chapter is aimed to assess the efficiency of government consumption expenditure in the creation of gross domestic product (GDP) in China. The comparative study for the efficiency of government consumption expenditure in the creation of GDP in China and ASEAN member states requires not only the assessment of the efficiency measures estimated in the frame of data envelopment analysis (DEA), but also the evaluation of a percentage share of government consumption expenditure in GDP and the analysis of a relationship between these variables. The assessment of efficiency in terms of GDP while minimizing government consumption expenditure in China seems to be significance for reviewing changes in the economic growth pattern from investment-led growth to final consumption-led growth, which is one of several objectives established to transform China's economy towards slower but more equitable and sustainable development.

An analysis of the more recent trends in the banking sectors in Asia presented in chapter six indicates how the changing environment (economic slowdown, rise of shadow banking, strict prudential supervision) has affected the profitability of credit institutions in the region. The capability of credit institutions to adapt to the new reality may become an important factor determining the pace of Asia's economic growth in the future.