

Speaker:

Hagen Kruse (World Bank)

Date and Time:

Oct 15th, 2025 (Wednesday); 3:30 PM

Venue:

Room 401, 4th floor, A91 Eco Hub Building,
Department of Economics, IIT Bombay

**Title:**

South Asian Workers in Transition: Tariffs and AI

Abstract:

Growth in South Asia is expected to remain faster than in other emerging market and developing economy regions. This outlook is at risk if foreign tariffs impede goods exports more than expected, or if new technologies disrupt services exports. Generative artificial intelligence (AI) could boost productivity, especially among those South Asian workers who are in jobs where AI strongly complements human labor. But this productivity boost comes with significant labor market disruption. AI has already reduced job openings for the most exposed and least complementary workers, especially in South Asia's export-intensive business process outsourcing sector. While AI is already eroding job opportunities for many entry-level and upper-middle-skilled workers, trade reforms could create new opportunities for these workers, especially if undertaken in the context of broader trade agreements. South Asia's younger and higher-skilled workers tend to be employed in more trade-oriented sectors where elevated tariffs on production inputs weigh on competitiveness. These were the sectors that accounted for most of South Asia's employment growth over the past decade. In contrast, South Asia's most sheltered sectors, with tariffs of 30 percent or more, protect about 40 percent of its workers but these sectors have been a source of labor market weakness. South Asia's governments can support the reshaping of labor markets by proactively supporting workers' reallocation to new firms, occupations, and locations. Simultaneously, they could protect vulnerable workers during this period of change by streamlining and strengthening safety nets.

About the speaker:

Hagen Kruse is an Economist in the World Bank's Chief Economist Office for the South Asia Region. His work focuses on topics at the intersection of macroeconomic development and international trade. His research was published in peer-reviewed journals, such as the IMF Economic Review and the World Bank Economic Review, and featured in an editorial in The Economist.