

ECONOMIC AND SOCIAL SURVEY OF ASIA AND THE PACIFIC 2004

HIGHLIGHTS FOR THE MEDIA

- Aided by strong growth in intra-regional trade and in domestic demand economic growth of the developing countries in the ESCAP region in 2003, at 6 per cent, was higher than in the previous year. At the same time, inflation was kept in check at low levels in most parts of the region.
- ESCAP developing countries have enjoyed two years of economic growth faster than that experienced by both the global economy and other groups of developing countries. Negative developments like SARS have only had a minor impact indicating the region's resilience.
- Other things being equal, the collective growth rate in the ESCAP developing countries should continue at the same pace while inflation should remain subdued in most parts of the region in 2004 despite rising commodity prices.

Policy issues

- The current risks in the global economy, principally the large current account imbalances, require that governments remain vigilant and take appropriate measures to shield their economies from financial market and exchange rate volatility.
- Despite relatively robust growth in the global economy the danger of protectionist measures cannot be ruled out.
- The possible emergence of assets bubbles in stock markets and in real estate should be given due attention by policy makers.

- There is also a need for fiscal consolidation and reform to stabilize the rising levels of public debt and ensure a more equitable and efficient fiscal system.
- Initiatives and efforts involving cross-border stakeholders would be helpful in promoting and speeding up the development of deeper and more efficient financial markets in the region.
- The programmes of reform of the corporate and financial sectors must continue to remain in focus. Without a stronger pace of reform both investor confidence and medium-term growth could be jeopardized.
- Likewise, governments in the region should strive to enhance standards of governance, take action to reduce corruption and focus on the long-term development of human resources through investment in education at the primary and secondary levels.
- Despite strong economic growth in the region, poverty remains a challenge for many countries. The multidimensional nature of poverty would require addressing both the income and non-income attributes of poverty.
- Country experiences suggest that, in addition to sustained growth, measures designed specifically to provide economic opportunities targeted at the poor are necessary if the benefits of growth are to be distributed more evenly.
- The *Survey* examines the poverty reduction strategies of some 20 countries in Asia and the Pacific and concludes that more needs to be done to align them more explicitly with the Millennium Development Goals.