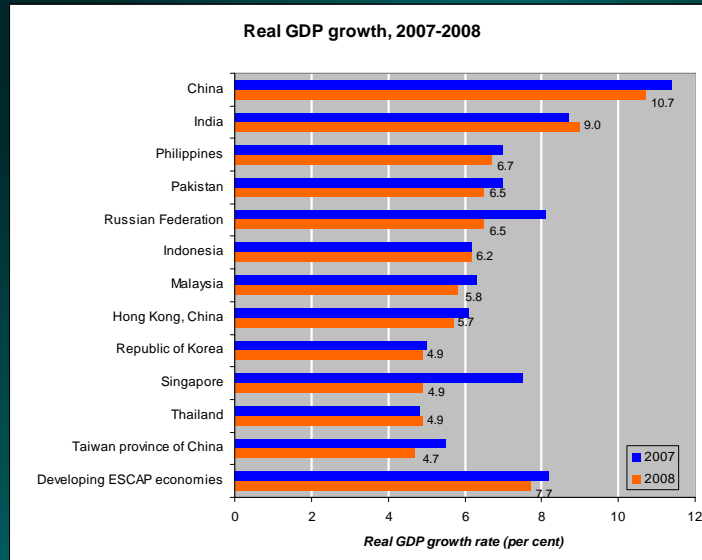


## Larger economies to maintain dynamism



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## Food inflation – the next big challenge



- Inflation is projected at 4.6% in 2008
  - With currency appreciation cushioning the impact
- Pressure on inflation from rising food prices will continue
  - Largely led by demand for biofuel

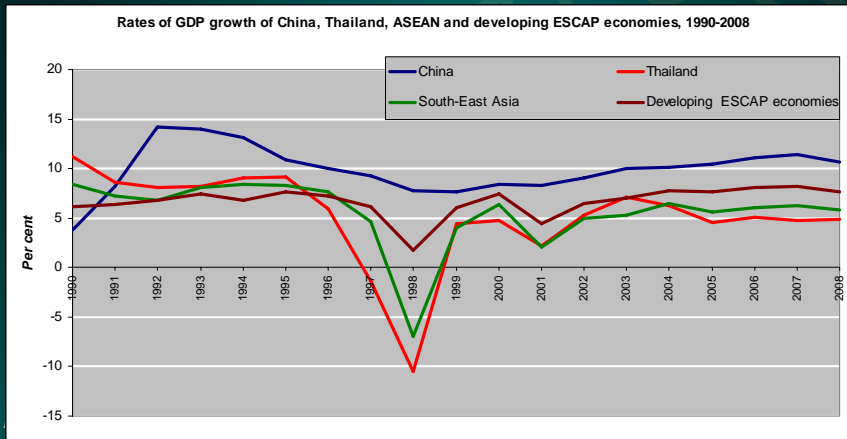


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## Thai economy expected to grow at 4.9% in 2008



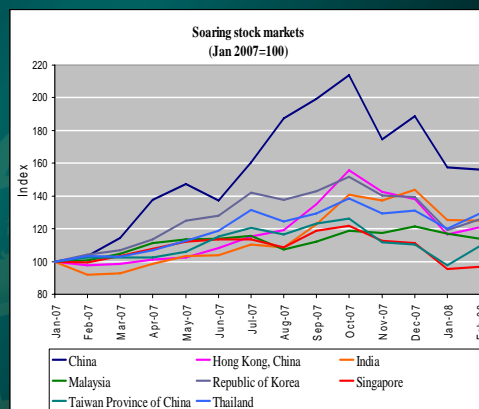
- Investment and consumption to pick up while exports slow down
- Food price inflation will be a bigger worry



## Downside risks – navigating the US subprime crisis



- Main hit to Asia-Pacific through declining exports
  - Twin blows from slowing US economy and currency appreciation in the region
  - In a “worst case” scenario Singapore, Korea and Taiwan Province of China will be hit the hardest
- Financial turmoil may also impact inflated asset values
  - Property and equity markets are most vulnerable



## Building defences against the subprime fallout



- Maintaining solid macroeconomic fundamentals is a necessary but not a sufficient condition
- Refocus on social protection systems - the "forgotten agenda"
  - The most vulnerable should be protected

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## Long-term challenge – Addressing the neglect of agriculture



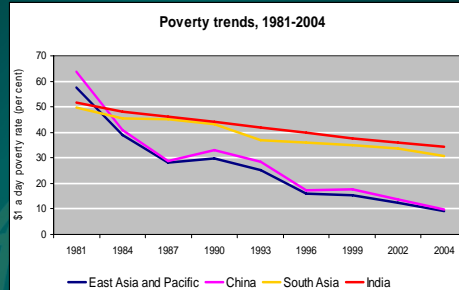
- Rapid economic growth, but poverty remains high and persistent
  - 641 million poor people live in Asia-Pacific
  - Most of them are in rural areas
  - Agriculture is their main livelihood
- Widening inequality is a real concern
- Persistent poverty and widening inequality are the result of decades of neglect of agriculture

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## Anti-agriculture policies have weakened the potential of the sector



- The rate of decline in poverty slowing down since late 1980's
- Agriculture is creating fewer jobs and taking fewer people out of poverty
- Pressure on farmers increasing
  - Low yields, high input prices and low market prices for output
  - Lack of public investments and services
- Rising farm indebtedness and suicides is the tragic result



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## Agriculture can be a powerful driver of poverty reduction and social equity



- 218 million people can be lifted out of poverty in the region by raising agricultural labour productivity
  - India, China, Bangladesh and Indonesia would gain the most
- Rising agricultural productivity will reduce inequality
- Trade liberalization could benefit the poor in agriculture
  - Doha agricultural reforms could lift 5-7 million people out of poverty in the region
  - Comprehensive agricultural reforms going beyond Doha will take 48-51 million out of poverty

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## Making agriculture economically and socially viable



- Invest in R&D, human capital, extension services
- Improve rural infrastructure and connect rural poor to cities and markets
- Make macro policy, credit instruments farmer friendly
- Pursue a market orientation with a focus on quality and standards
- Promote rural non-farm activities and regional growth centres

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Thank you.

[www.unescap.org/survey2008](http://www.unescap.org/survey2008)