

ECONOMIC AND SOCIAL SURVEY OF ASIA AND THE PACIFIC 2006

HIGHLIGHTS FOR THE MEDIA

- Developing economies in the UNESCAP region grew by 6.6 per cent in 2005, down from growth of 7.4 per cent in 2004. Notwithstanding the slight deceleration, performance in 2005 was remarkable in view of an increasingly adverse economic environment, led by high and volatile oil prices, widening current account imbalances and a softening of global trade.
- Economic growth in 2005 was driven essentially by the strong performance of China and the United States of America.
- The rise in oil and other commodity prices did, however, increase inflation in 2005 relative to 2004, although the increase in prices throughout the region remained mild by historical standards.
- Economies adjusted well to the higher oil and commodity prices, some attenuating the effects of those prices by continuing to subsidize petroleum products and others by a pre-emptively tightening monetary policy, and these measures served to dampen inflationary expectations.
- Prospects for the UNESCAP region for 2006 indicate that output growth should maintain its current momentum while price pressures are likely to abate somewhat if energy and commodity prices remain at current levels.
- The region continues to face serious and urgent demands. In many countries, economic growth is not generating enough well-paying jobs or even enough to absorb new entrants to the workforce.
- Inequality within countries appears to be on the rise and the environment continues to deteriorate.

- Across the region, the least developed and Pacific island countries remain marginalized, unable to participate fully in the region's dynamism. South Asia, where GDP growth rates have risen dramatically in the last two years, must sustain that growth and translate it into a better quality of life for the poor in East and South-East Asia, pockets of poverty continue to exist.
- Central Asian economies are making good progress, but integration into the wider global economy remains a daunting challenge. In East and South-East Asia, pockets of poverty continue to exist.
- Governments must continue to strive for development through a combination of macroeconomic prudence and strong investment in the future – in physical, social and human assets – so that the pace of progress can be maintained and its fruits shared more equitably.
- The principal policy issues and challenges facing the region over the next 12 months are concerned with the course of oil prices, the threat of global external payments imbalances unwinding precipitously, the impact of higher interest rates and the potential for the avian influenza to develop into a human pandemic.
- Longer-term issues relate to the ongoing challenge of poverty reduction, utilizing the benefits of home remittances to simultaneously improve social indicators and macroeconomic fundamentals, and re-energizing the trade liberalization agenda following the Sixth World Trade Organization Ministerial Conference, held in Hong Kong, China, in December 2005.