

# Economic and Social Survey of Asia and the Pacific 2009

## Addressing Triple Threats to Development



ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

# Addressing triple threats to development

- A rapidly evolving financial crisis
- Food/fuel price shocks
- The climate change challenge
- Need comprehensive and coordinated response to tackle these threats

# Threat one:

## A rapidly evolving financial crisis

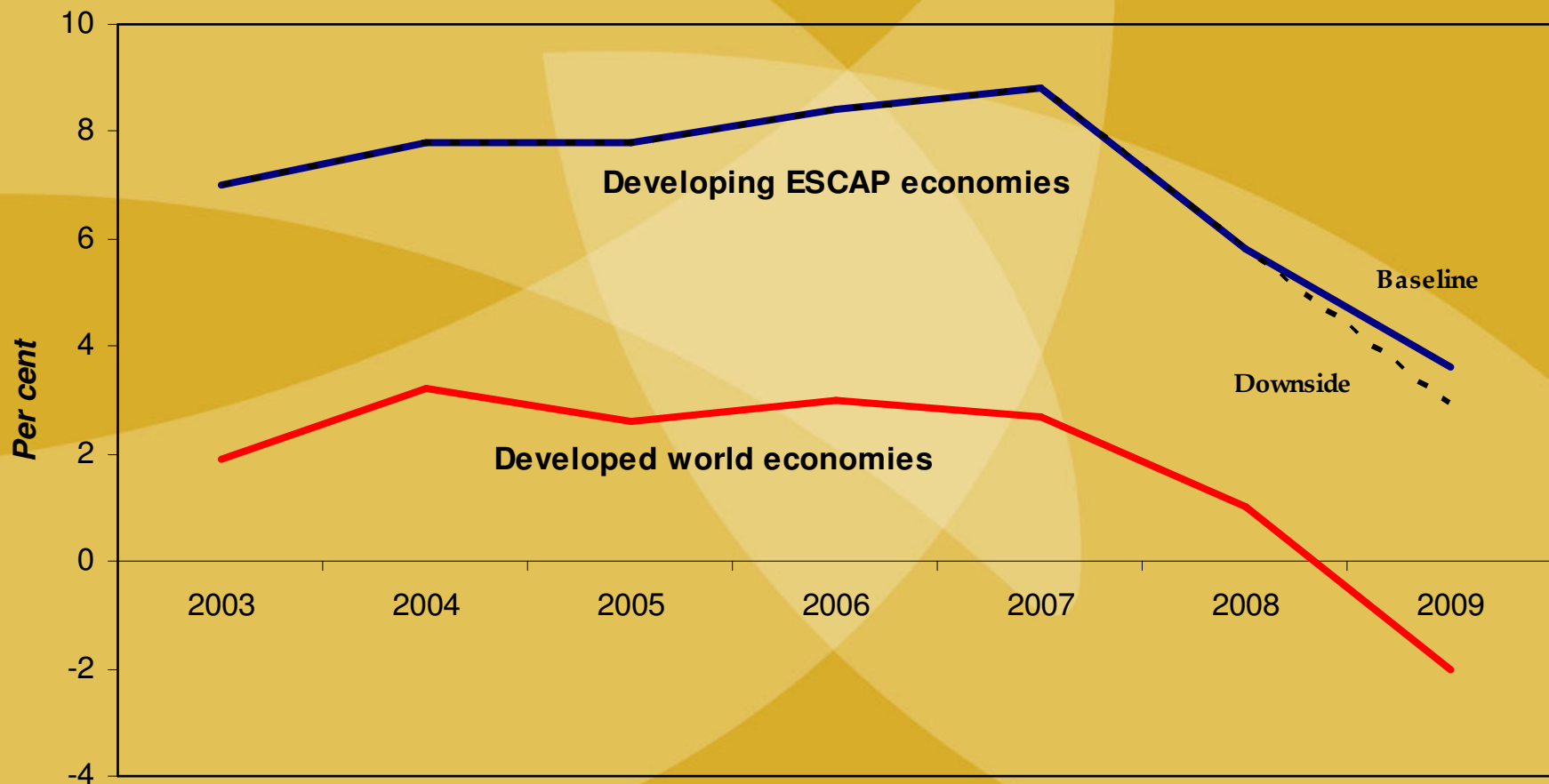
- The financial crisis originates in the US and rapidly spreads to other developed countries of the world.
- High levels of financial, trade and investment integration of Asia-Pacific region with the global economy exerts significant downward pressures on growth and other macroeconomic indicators
- Heightened risk of knock-on effects from real to financial sector

# Export performance of selected ESCAP economies

	2008			2009	
	Oct	Nov	Dec	Jan	Feb
<b>China</b>	19.1	-2.2	-2.8	-17.5	-25.7
<b>Hong Kong, China</b>	9.4	-5.0	-10.8	-21.3	--
<b>Taiwan Province of China</b>	-8.3	-23.3	-41.9	-44.1	-28.6
<b>India</b>	-12.1	-9.9	-1.1	-15.9	--
<b>Korea</b>	7.8	-19.5	-17.9	-33.8	-17.1
<b>Japan</b>	-6.4	-15.8	-20.0	-35.3	--
<b>Malaysia</b>	-6.7	-11.0	-20.1	-33.8	--
<b>Philippines</b>	-14.8	-11.4	-40.3	-41.0	--
<b>Singapore</b>	-5.0	-15.4	-22.0	-40.2	--
<b>Thailand</b>	5.2	-18.6	-12.5	-26.5	--

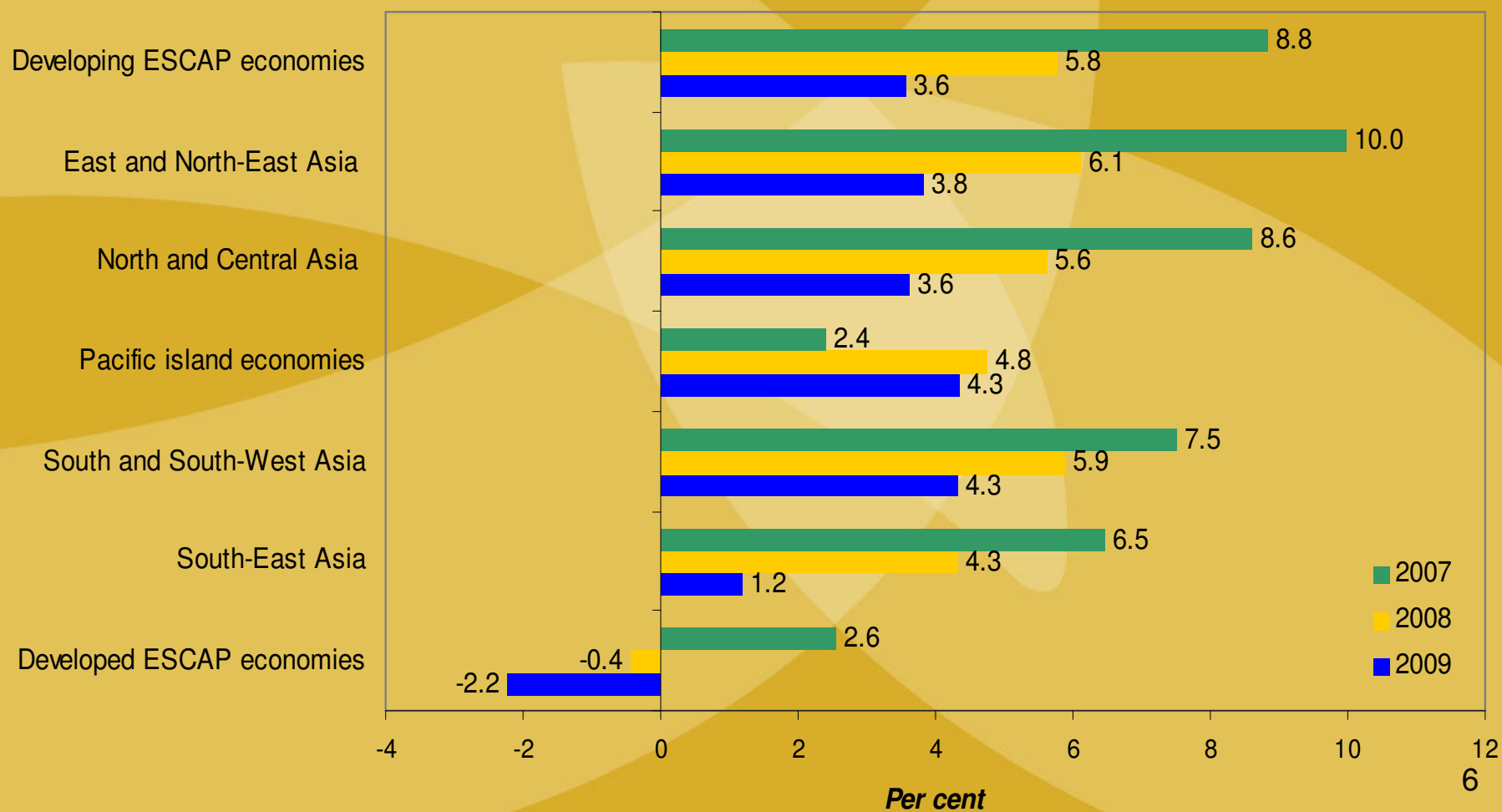
# Outlook 2009: marked deceleration with heightened downside risks, but overall Asia-Pacific a source of growth

Real GDP growth of selected developing ESCAP economies and developed economies, 2003-2009



# Economic growth performance: regional average masks variations

Rates of economic growth of selected developing and developed ESCAP economies, 2007-2009



# Policy responses: fiscal stimulus packages

- Fiscal stimulus packages will vary by country, no one size fits all, BUT
- Size matters
- Expedient decision-making with up front implementation, fiscal responsibility and transparency
- Governments hold key to restoring confidence needed for shoring up domestic demand

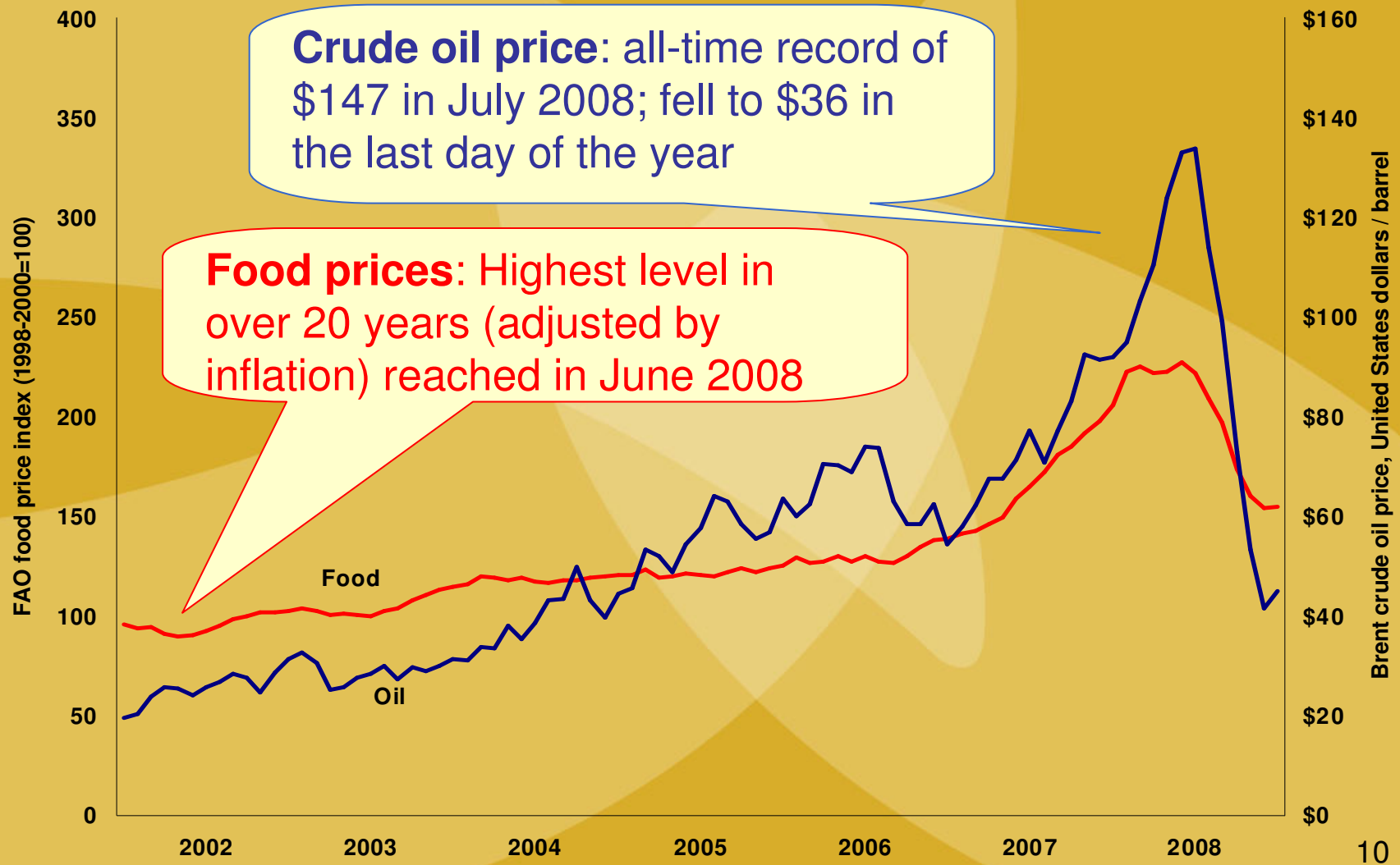
# Policy responses: stimulation of exports

- Avoid protectionist policies
- Promote intra-regional trade
- Enhance availability of export credit

# Policy responses: social protection

- Poverty levels are likely to increase due to loss of employment and income
- Social protection systems are generally weak in the region
- Instead of being crisis driven, social protection system should be established as part of an overall, long term framework for future development.

# Threat two: Food/fuel price shocks



# Fuel/food price shock: policy recommendations

- Enhancing positive linkages between energy use and food security
- Develop biofuel guidelines and safeguard measures that minimize adverse impacts on global food security and the environment
- Promote investments across the supply chain with a focus on smallholder agriculture, including production infrastructure, access to markets and processing
- Strengthen mechanisms for emergency access to food
- Strengthen social protection

# Threat three: The climate change challenge

- **Climate change has severe impact on the region, particularly on the agricultural and water sectors**
  - A billion people could be affected by water stress
  - 13 - 94 million people in low-lying areas face the prospect of flooding and disruption to drinking water
  - Agricultural productivity could decrease by as much as 30%
  - Some small island countries could disappear
- **Mitigating climate change will be expensive, but the cost of inaction will be even greater (5-20% of GDP/yr)**

# A three-pronged strategy to tackle climate change

- Utilizing the window of opportunity created by the financial crisis
- Promoting a shift in attitudes towards climate change
- Asia and the Pacific playing a critical role in the global climate change agenda

# Way forward: 3 pillar framework for inclusive and sustainable growth for development

- Resuming economic growth and preserving macroeconomic stability
- Strengthening the social foundation for inclusive development
- Promoting sustainable development

**THANK YOU**

**<http://www.unescap.org/survey2009>**