

**THE FUTURE OF FORESTS IN ASIA AND THE PACIFIC: OUTLOOK
FOR 2020, 16-18 October 2007, Chiang Mai, Thailand**

Economic outlook for Asia and the Pacific

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Economic outlook for Asia and the Pacific



Outline

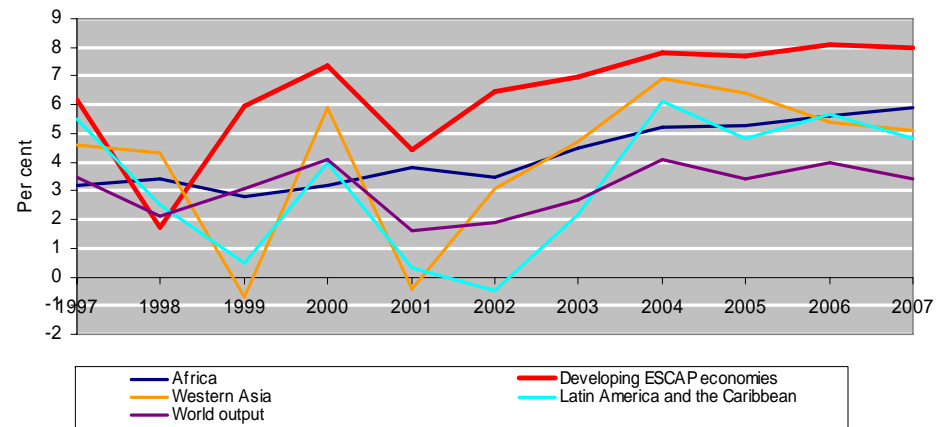
1. Economic prospects
2. Trade developments
3. Structural transformation and implications
4. Poverty and inequality trends
5. Medium-term economic projections



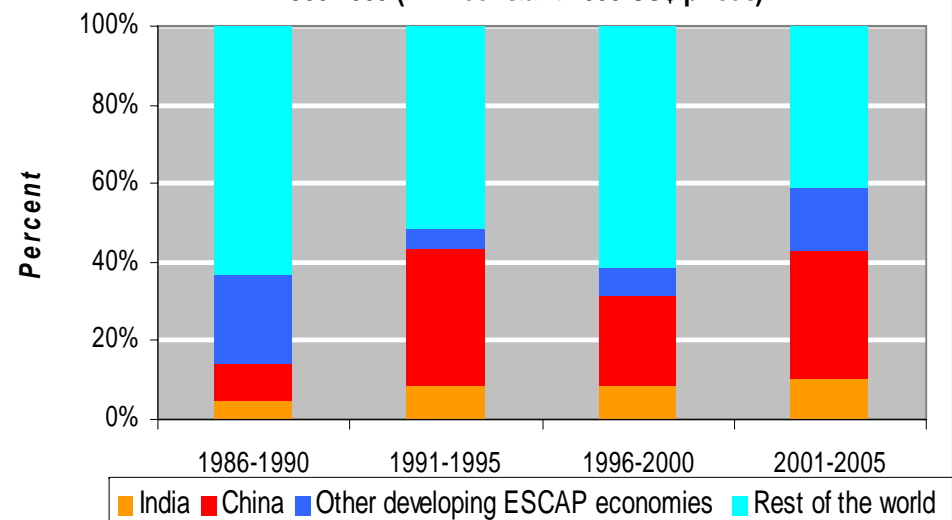
Asia-Pacific region is becoming the engine of global economy

- Developing Asia-Pacific economies set to grow at an impressive 8% in 2007
- Accounts for over 30% of global GDP and 58% of global growth
- Exert strong influence on global trade, monetary policy and inflation

Rates of real GDP growth of developing ESCAP economies compared with other regions, 1997-2007

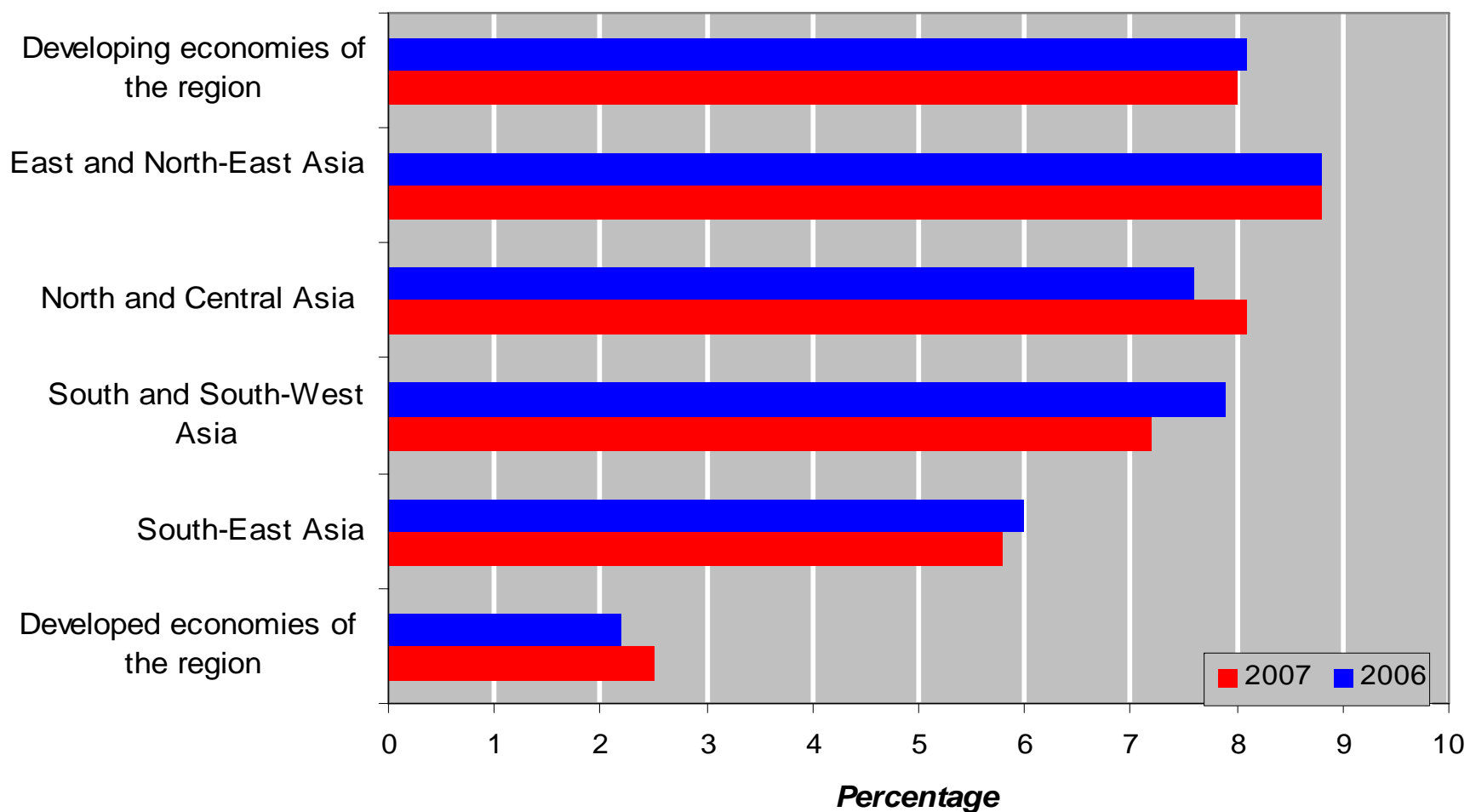


Contribution of developing ESCAP economies to global growth, 1986-2005 (PPP constant 2000 US\$ prices)

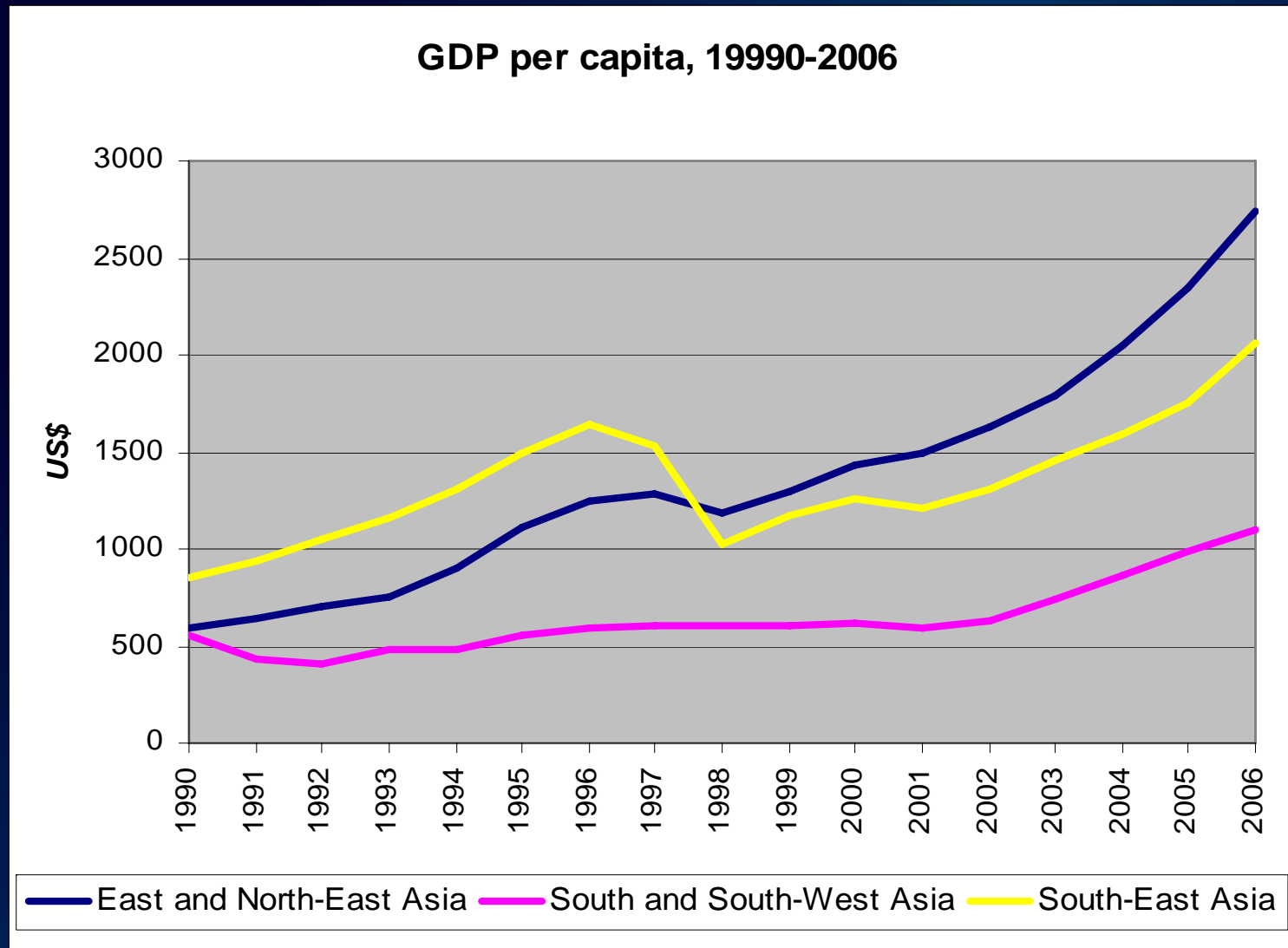


Widespread growth across the region

Rates of economic growth of developing and developed economies in the ESCAP region, 2006-2007

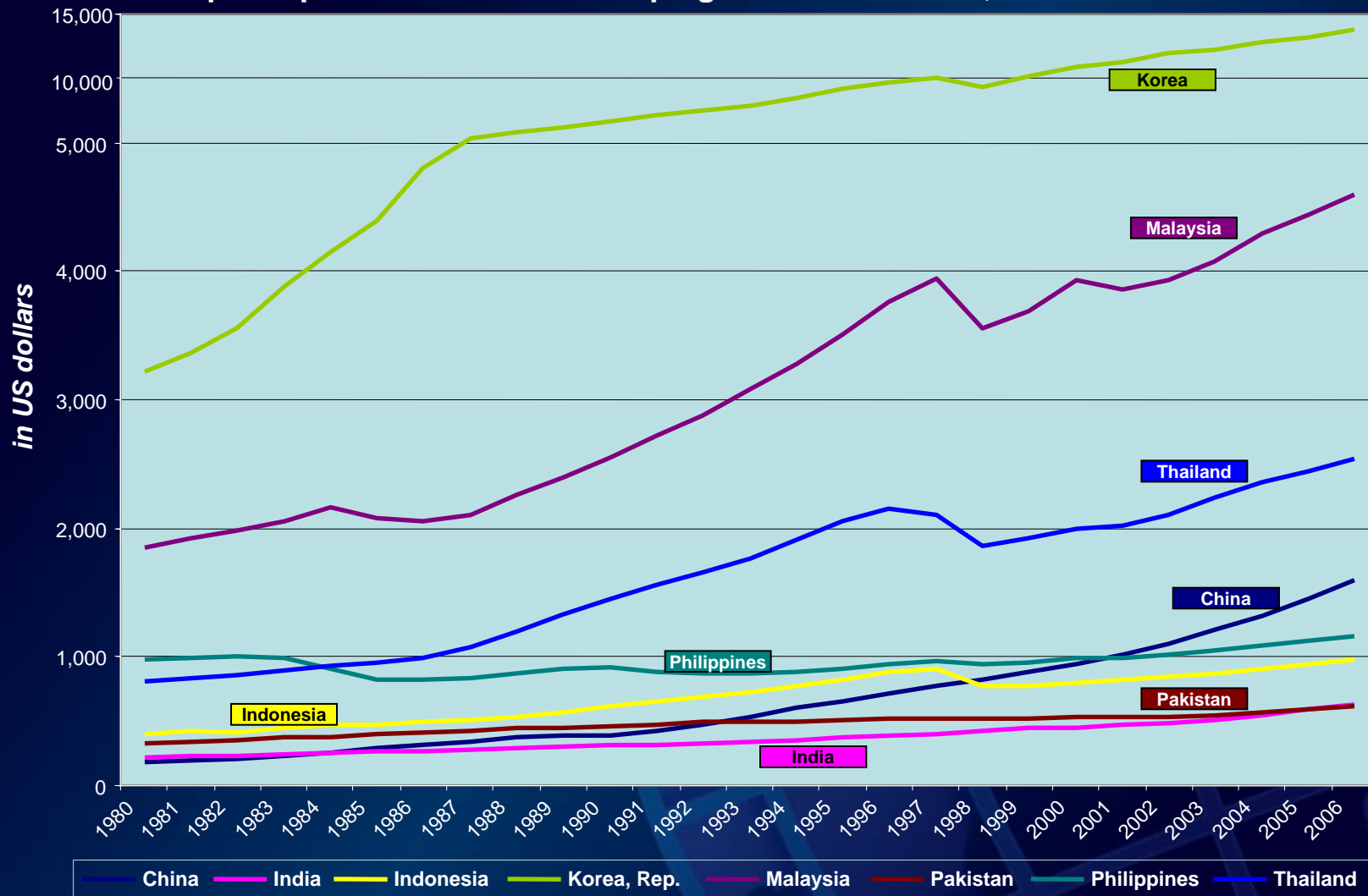


Rising per capita income across the region...



But disparities across countries

GDP per capita for selected developing Asian economies, 1980-2006



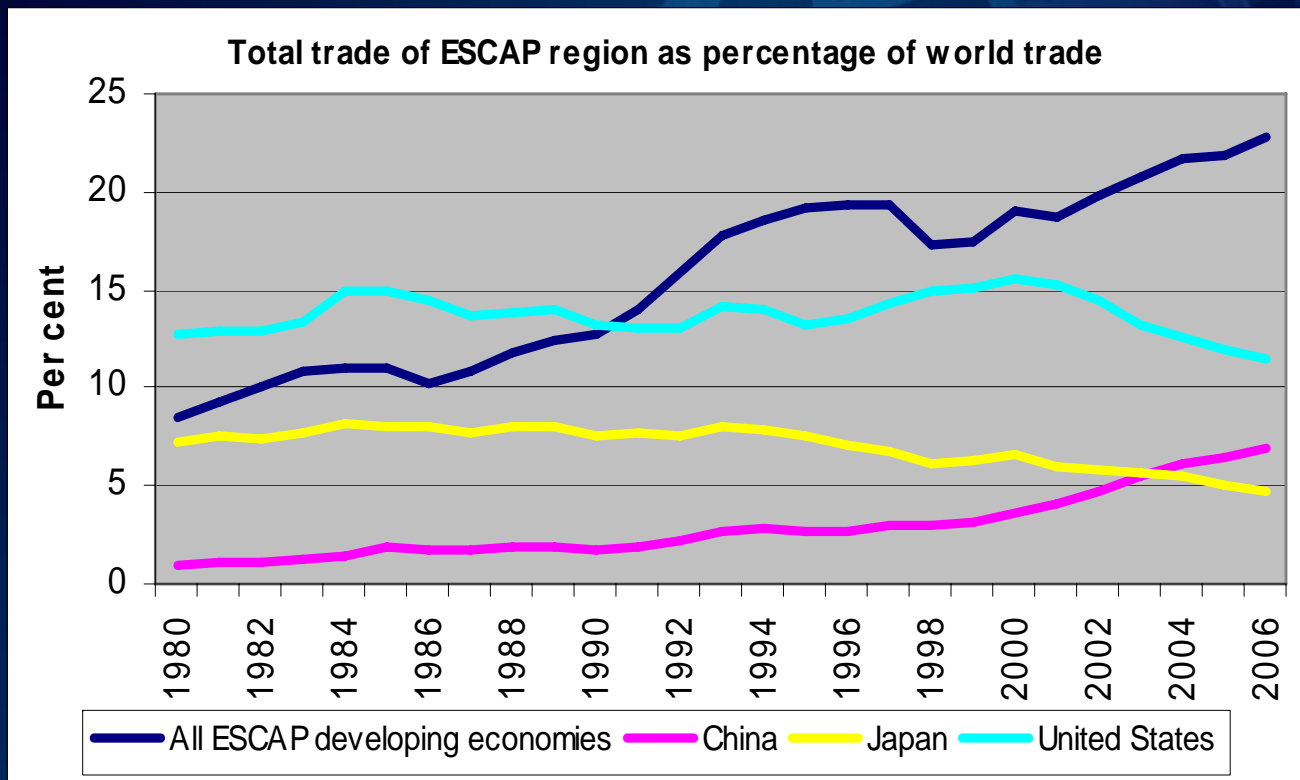
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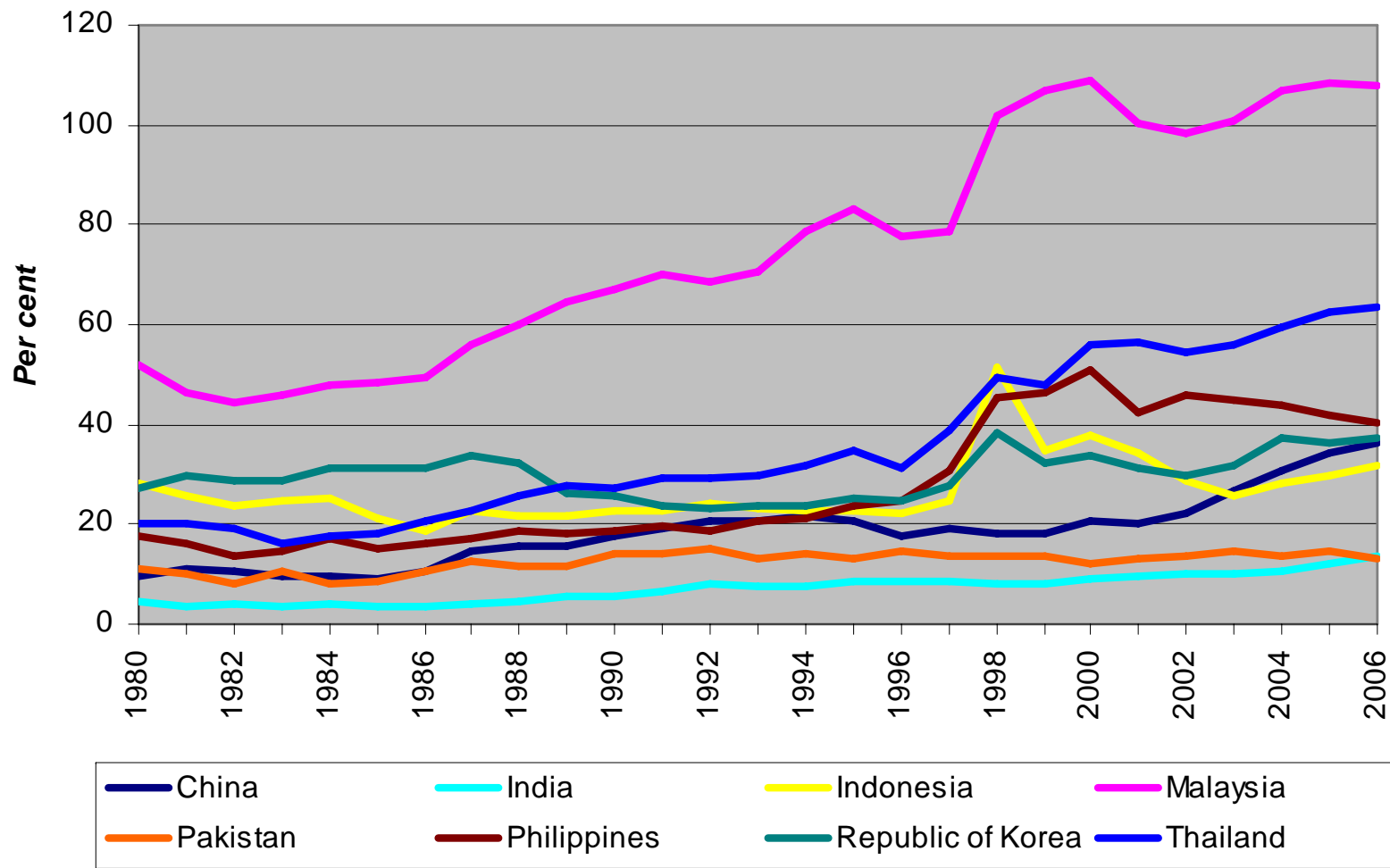
Asia-Pacific region emerging as a trading power

- Developing Asia-Pacific region exported \$2.8 Trillion in 2006—up from \$0.38 Trillion in 1990
- And imported \$2.4 trillion in 2006—up from \$0.40 Trillion in 1990
- Intra-regional trade becoming more important



Larger economies increasingly rely on exports as a driver of economic growth

Exports as percent of GDP, for selected countries, 1980-2006



Exports are becoming more sophisticated

1988-1990	<i>As % of total exports</i>	2004-2006	<i>As % of total exports</i>
Articles of apparel and clothing	13.1	Electric machinery, apparatus and appliances	13.7
Textile yarn, fabrics, etc.	8.2	Petroleum, products and related materials	10.3
Electric machinery, apparatus and appliances	8.1	Office machines and data processing equipment	10.1
Petroleum, products and related materials	7.2	Telecommunications equipment	9.0
Telecommunications equipment	6.9	Articles of apparel and clothing accessories	6.1
Miscellaneous manufactured articles	6.1	Miscellaneous manufactured articles	4.1
Office machines and data processing equipment	4.5	Textile yarn, fabrics, etc.	3.7
Road vehicles	2.5	Road vehicles	3.5
Iron and steel	2.3	Commodity not classified	3.4
Footwear	2.3	Iron and steel	3.0
Total top 10 products	61.2	Total top 10 products	66.9

Import structure is changing

1988-1990	<i>As % of total imports</i>	2004-2006	<i>As % of total imports</i>
Electric machinery, apparatus and appliances	9.3	Electric machinery, apparatus and appliances	18.7
Petroleum, products and related materials	7.9	Petroleum, products and related materials	10.8
Textile yarn, fabrics, etc.	6.4	Office machines and data processing equipment	5.6
Machinery specialized for particular industries	5.8	Telecommunications equipment	5.3
Iron and steel	5.0	Iron and steel	3.8
Telecommunications equipment	4.5	Machinery specialized for particular industries	3.4
General industrial machinery and equipment	4.1	General industrial machinery and equipment	3.4
Road vehicles	3.7	Professional, scientific instruments, apparatus	3.2
Miscellaneous manufactured articles	3.0	Artificial resins and plastic materials	3.1
Artificial resins and plastic materials	2.9	Road vehicles	3.0
Total top 10 products	52.5	Total top 10 products	60.2

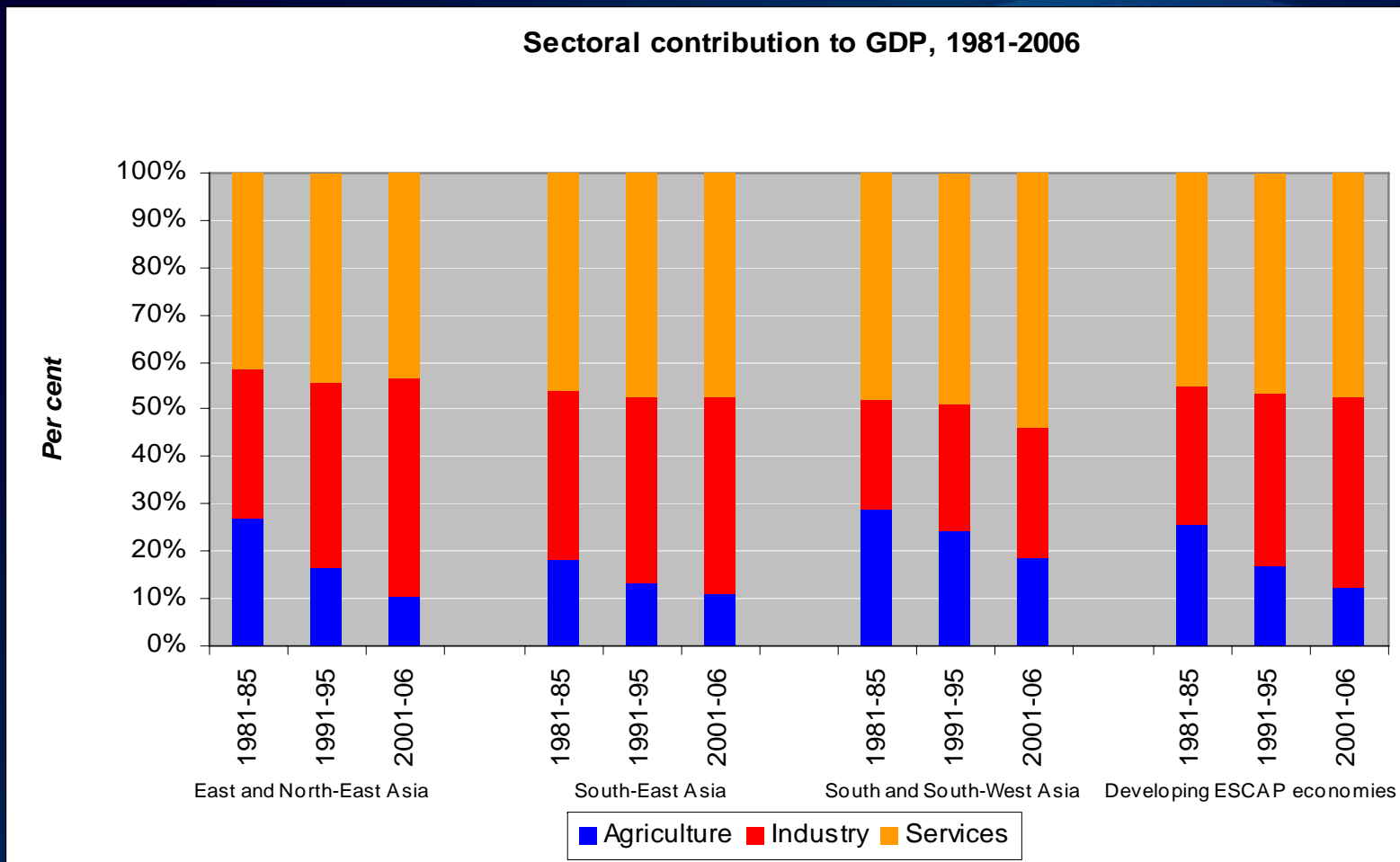
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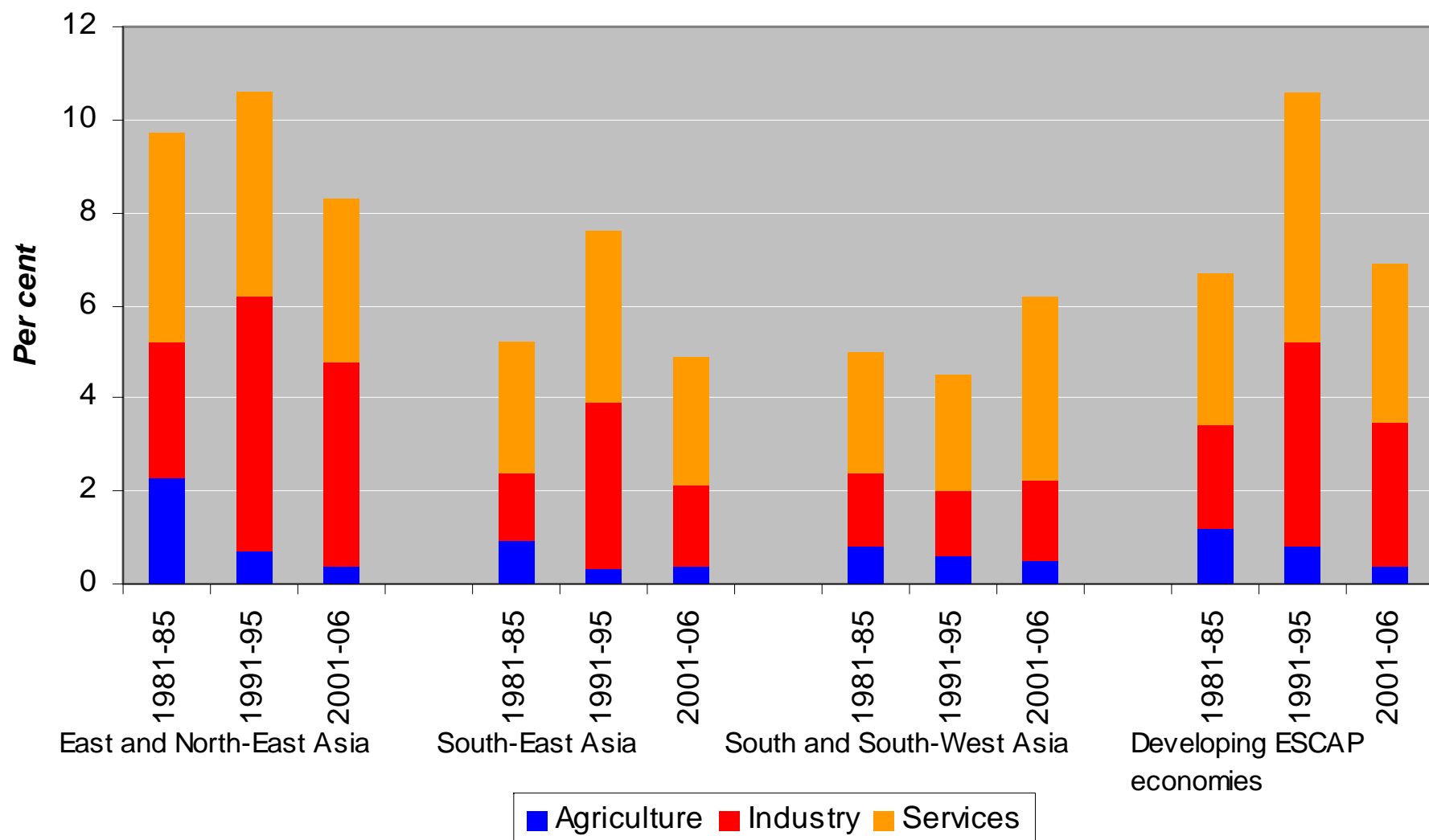
Rapid structural transformation

- Agriculture generates 10% of GDP in developing Asia-Pacific region



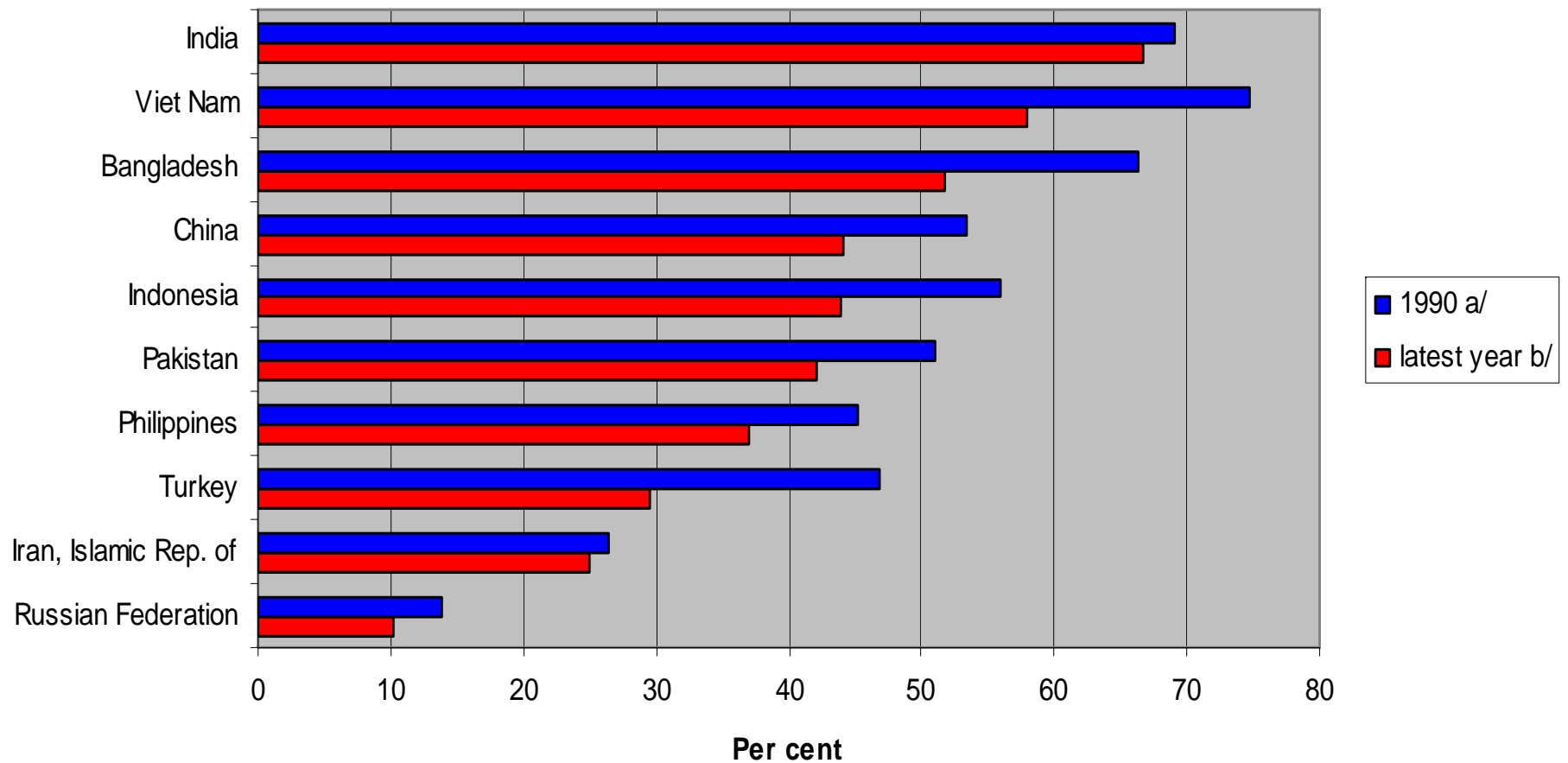
Agriculture's contribution to economic growth is marginal

Sectoral contribution to GDP growth, 1981-2006



Still agriculture is the main source of employment generation

Employment in agriculture as percentage of total employment in selected ESCAP countries



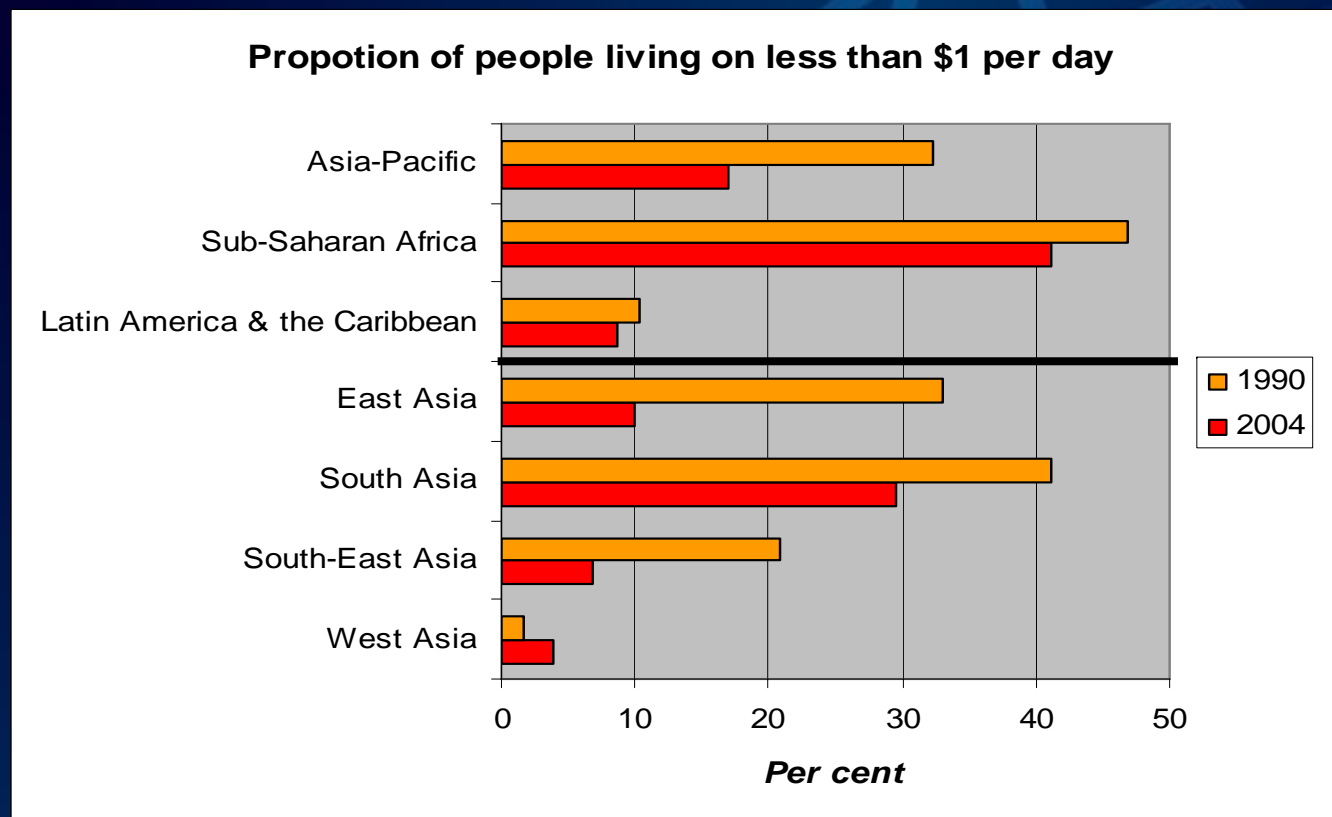
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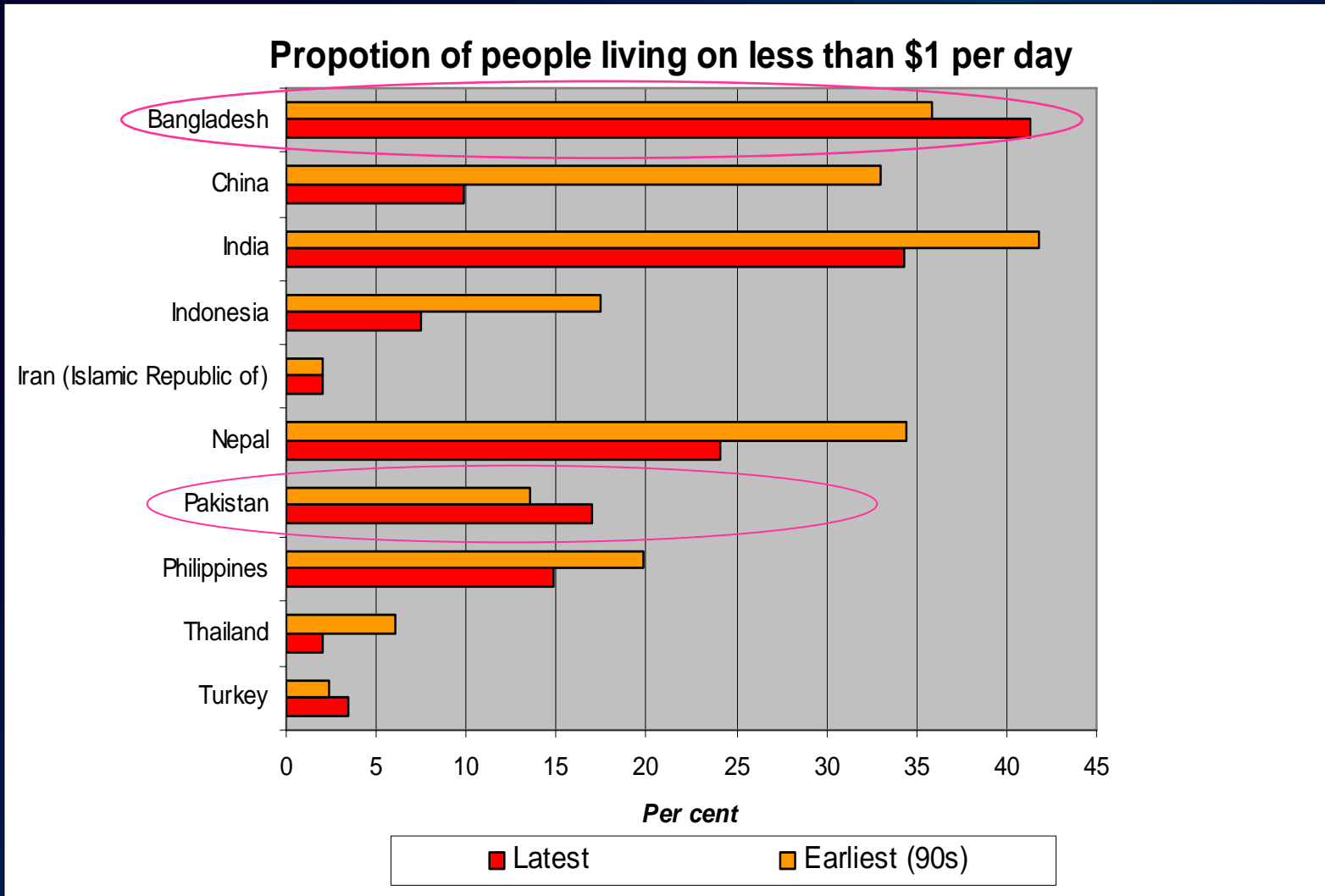


Tremendous progress in reducing poverty ...still 641 million live below \$1 a day

- 300 million people lifted out of extreme poverty since 1990
- Still the region is home to half the world's extreme poor
- Majority of the poor live in rural areas



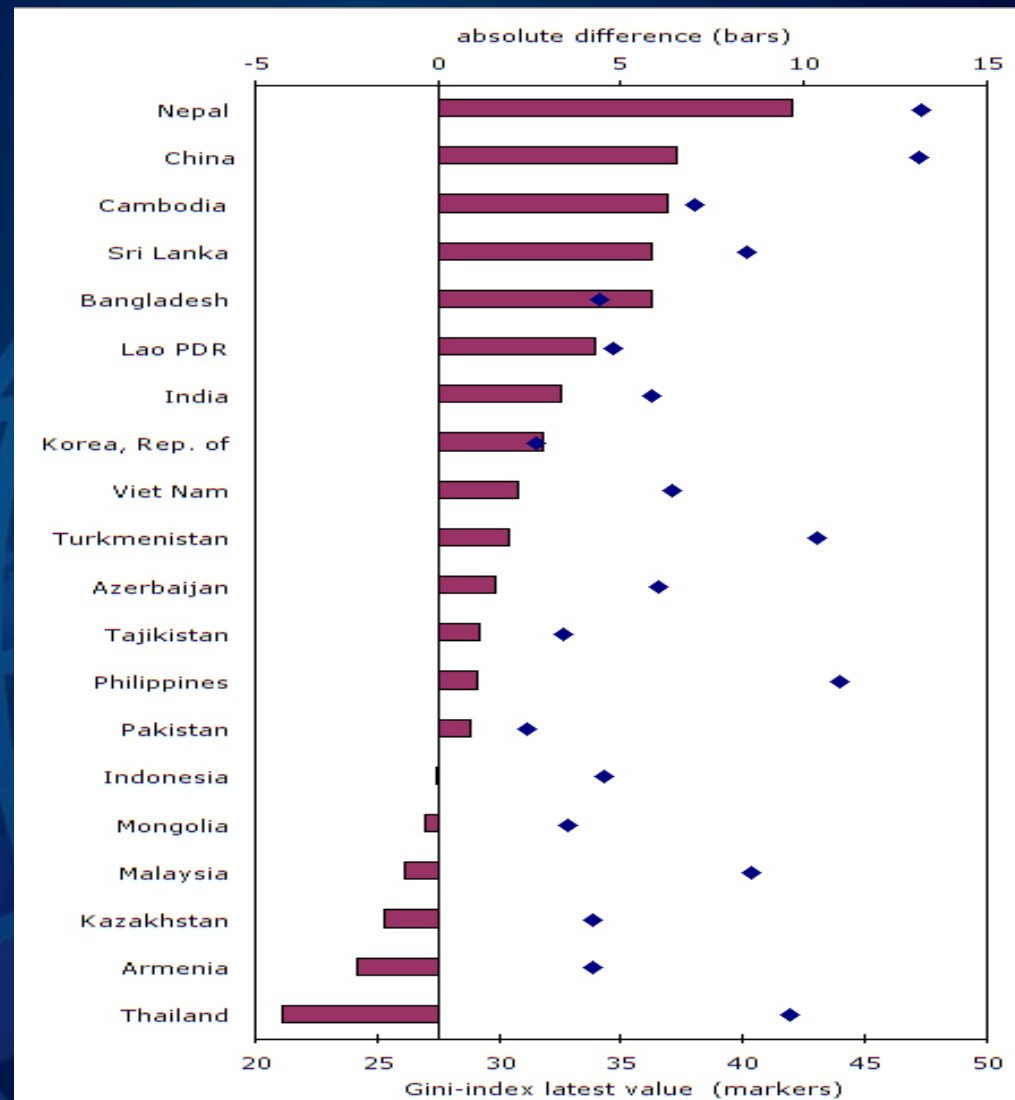
Considerable progress in China in reducing poverty... South Asia lags behind



Widening inequality is a major concern

- While the poor benefited from economic growth, the richest benefited more
- If inequality remained same as in 90s—Nepal and China would have half as many in poverty
- Vicious cycle—Income inequality may translate into persistent inequality in social indicators

Changes in the Gini-index, 1990s-2000s



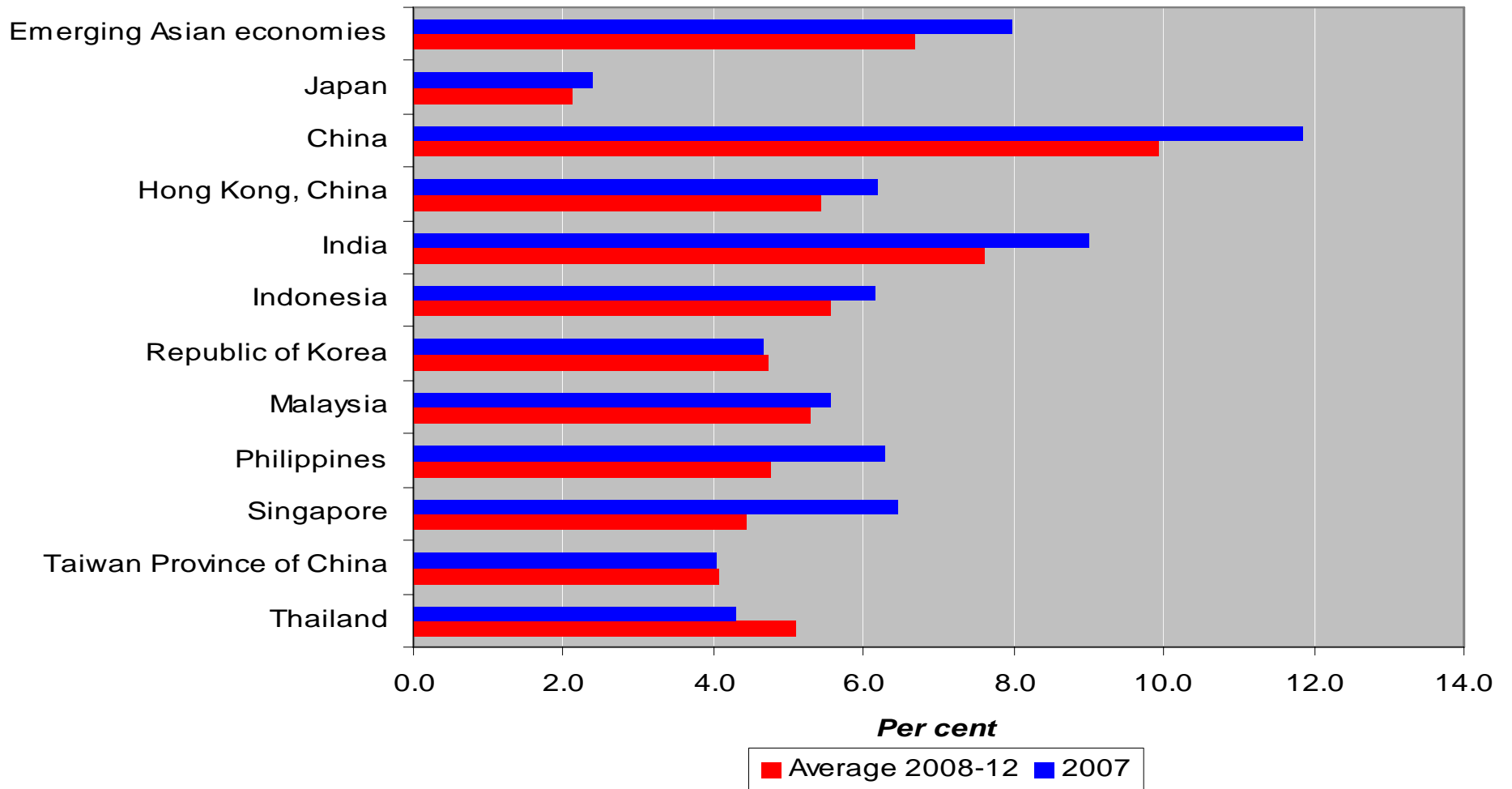
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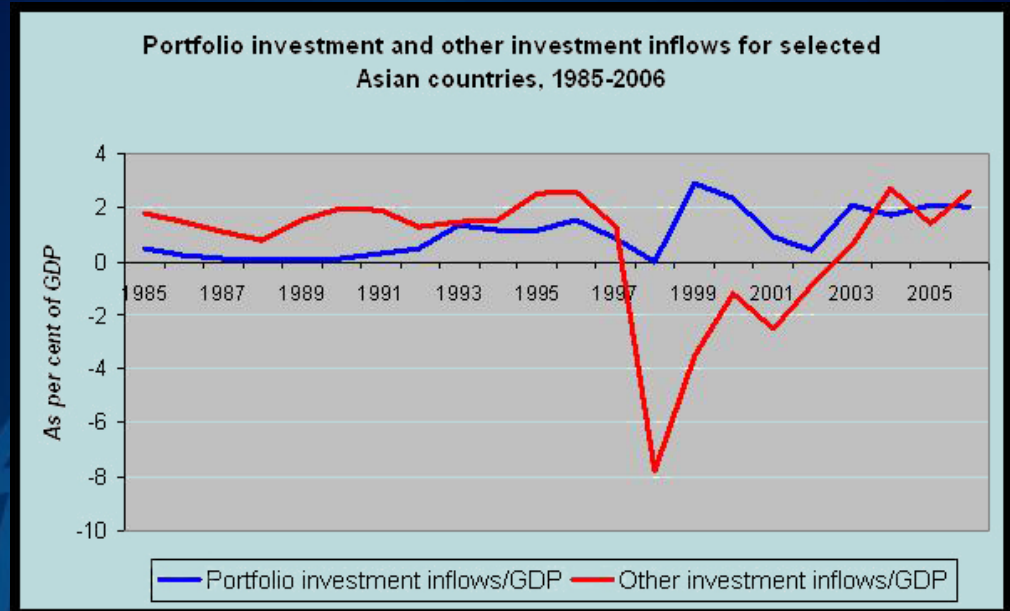
Medium-term economic prospects

Rates of growth for selected developing Asian economies and Japan, 2007 and 2008-2012



Near-term downside risks to economic outlook— external shocks

- **Short-term capital flows at historic highs...and more volatile**
 - Speculative capital flows have increased
 - Excessive appetite for risk by global investors
 - Booming yen “carry trade”— estimates to be \$331 billion in 2007



...increasing the risk of sudden and large reversals of capital flows



Thank you.

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