

ADB says Asia will be first out of global recession

MANILA: Asia's recession appears to have touched bottom and the region is likely to be the first to climb out of the global economic slowdown, the Asian Development Bank's (ADB) chief economist said yesterday.

However, ADB's Lee Jong-Wha said it would be difficult for the world's most populous region to return to the high-growth scenarios of 2007 and earlier unless the industrialised world also recovers from a deep recession.

"We all understand (that) in 2009, these industrial countries will suffer from unprecedented recession synchronised across the three major regions — the US, Japan and Europe."

Speaking at a news conference in Manila, Lee said that compared to other regions, Asia — outside of Japan — had mostly managed positive growth throughout the crisis, albeit at lower levels.

He added that the ADB was now seeing stronger numbers in terms of "quarter-on-quarter industrial production," and concluded that "Asia will see recovery faster than the industrialised countries."

Expansionary monetary policies implemented by governments around the region loosened credit and lowered interest rates, helping Asians spend more money to keep local economies ticking over, Lee said.

Meanwhile large countries such as China and India "maintained relatively strong and resilient growth which provided demand for regional exports" from Asian neighbours.

"Clearly now we are in the transition from recession to recovery. The question is how fast the recovery will happen," Lee said. "No one can say for sure."

The Manila-based bank said it will update on September 22 its flagship Asian Development Outlook forecasts, which predicted earlier this year that developing Asia will see its economic growth fall to 3.4 per cent this year compared to 6.3 per cent in 2008.

Lee stressed that "the recovery is still not that strong" and that Asian governments must not pursue policies that may damage any green shoots, ensuring they review current stimulus policy once rehabilitation holds.

Climbing out of the crisis would be more difficult due to the "unprecedented synchronised recession" of the industrialised countries, he said, adding that Europe was apparently faring worse than previously forecast.

In Asia, Lee said Malaysia was also performing "worse than what we expected in March" because its high-tech industries were dependent on external demand, which was declining and not being offset by demand at home. —