

2008 FfD regional inputs: ESCAP region highlights¹

1. **Domestic resources:** Average savings rate in developing countries of the Asia-Pacific region went up from 33.6 per cent in 2002 to 43.5 per cent in 2006. The downside: most of the savings were made by only a few countries, namely, China, India, Singapore and the Republic of Korea.
2. **International resources for development:** Foreign direct investment (FDI) flows into Asia-Pacific developing countries more than doubled from the level in 2002 to US\$258 billion in 2006. The downside: most of the FDI, almost 50%, went to only a few destinations in the region, namely, China and Hong Kong, China, as well as Singapore. Furthermore, a good part was directed into low-cost export-oriented manufacturing.
3. **International trade:** Developing countries² of Asia-Pacific region increased their share in world merchandise trade from 19.8 per cent in 2002 to 24.5 per cent in 2007. However, most of that increase (that is, two thirds) was contributed by China's increased share in world trade.³ The value of exports and imports grew by 22.3 per cent per year and 22.2 per cent year, respectively, since 2000. The downside: LDCs, LLDCs and the Pacific island economies would benefit more from the regional/global trade if the barriers that still limit their access to dynamic markets could be more quickly removed.
4. **International financial and technical cooperation:** ODA: In absolute terms, ODA to developing and least developed Asia-Pacific countries increased from US\$15 billion in 1990 to US\$20 billion in 2005, although as a percentage of GDP it declined by 0.9 per cent during the same period. The downside: aid effectiveness in many Asia-Pacific countries is still a big challenge.
5. **External debt:** Total external debt outstanding as a percentage of GDP declined from 28 per cent in 2000 to 19 per cent in 2006. As a share of the region's export of goods and services, it declined from 94 per cent in 2000 to 47 per cent in 2006. The downside: the share of short term capital in total external debt has risen, increasing the exposure of the region to external shocks.

Looking forward: According to ESCAP estimates, the region needs US\$ 553 billion a year from 2007 to 2012 to address its annual infrastructure needs in four key sectors, namely, energy (US\$201 billion), ICT (US\$21 billion), transport (US\$224 billion) and water/sanitation (US\$107 billion).

¹ Clustered around the five chapters of the Monterey Consensus and drawn from the ESCAP note and papers submitted to ESCAP, to facilitate discussions at the Regional Policy Dialogue for Financing for Development held in Bangkok during 18-19 June 2008.

² Including all transition economies and China.

³ The remainder of about 34 per cent increase in share of world trade is attributed to transitional economies in the Asia-Pacific region and other developing economies (including Hong Kong, China; Republic of Korea and Singapore). The share of the trade of the three developed countries of Asia-Pacific (Australia, Japan and New Zealand) in world trade declined from 7 per cent to 6 per cent over the same period.