Foreword

This issue of the *Asian Development Outlook* is the tenth in a series of annual economic reports on the developing member countries (DMCs) of the Asian Development Bank. In the context of developments in the world economy that have included some difficult challenges, this *Outlook* analyzes the DMCs' recent economic performance, assesses their economic prospects, and reviews the policy issues that confront them.

The year 1997 was a difficult one for many countries in developing Asia. Last year's *Outlook* noted the marked slowdown in export growth in East and Southeast Asia during 1996. The substantial decrease in export growth rates was the prelude to the worst year the region has seen since its development began accelerating three decades ago. The export slowdown was followed by a currency and financial crisis that affected much of developing Asia during 1997. The consequences are still unfolding, and are being felt worldwide. Many commercial banks and finance companies in the region were closed, the real estate sector collapsed in some countries, interest rates soared, currencies depreciated rapidly, and many regional stock markets fell to unprecedented lows. In an attempt to rescue Indonesia, Republic of Korea, Philippines, and Thailand, multilateral agencies, including the Asian Development Bank, and several countries arranged a $117 billion assistance package, which was the largest such program ever put together.

The financial crisis and its consequences are raising the question of whether the Asian miracle is over. Underlying this discussion is the issue of whether deeper reasons lie behind the crisis, in particular, whether a decline in the countries' competitiveness was a partial cause. The success of Asian countries was initially based on the production and export of labor-intensive manufactures. During the last few years, however, a number of other Asian countries capable of producing at lower costs have reached the same stage in the product cycle. Some of the relatively more developed Asian countries are now failing to meet the challenge presented by these economies and to move up the development ladder.

As a result of the events throughout the year, growth rates in East and Southeast Asia in 1997 were below those in previous years, and given recent events, forecasting the region's performance for 1998 and 1999 is more difficult than before. Nevertheless, projections indicate that growth rates will be modest in 1998, and negative in some countries, as the full impact of the crisis has yet to be felt. The year 1998 will be Asia's most difficult since the 1974 oil crisis recession. However, signs of recovery may begin to appear in 1999.

If, in the past, economies had to adjust to changing international conditions to remain competitive, in the present context such adjustment is imperative. First, the region must resolve its financial crisis. Second, it must implement policies to create, once again, an environment for sustained growth. This will require some reforms of institutions and policies, but I am confident that the affected Asian countries will succeed.

The format of this year's *Outlook* is slightly different from that of previous years. Part I is now divided into two chapters. The first chapter briefly surveys recent growth experience and the short-term prospects for the world economy, and then focuses on the Asian and Pacific region. The second chapter, which is an addition to this year's *Outlook*, discusses the financial crisis facing some of the Asian economies. This chapter shows that, while the massive inflows of capital in the form of direct and portfolio investments during the last decade have been an important determinant of growth, they have also proved to be a major source of macroeconomic instability. The structural weaknesses in the region's financial sectors, in conjunction with inappropriate exchange rate management policies and rapid, short-term capital inflows, have been major contributory factors in precipitating the crisis. Part II discusses each of the 35 DMCs in Asia and the Pacific, analyzing their recent economic performance and assessing their prospects for the next two years. Note that this year's country profiles devote greater attention than in the past to discussions of policy and development issues. Part III addresses the important issue of the role of human resources in economic development. It analyzes the links among population, human resources, and competitiveness and stresses their critical importance as determinants of long-run growth. The analysis provides important insights into the issue of the long-run sustainability of the Asian miracle.

Mitsuo Sato
President

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THE *1998 OUTLOOK* TEAM

The *Asian Development Outlook 1998* was prepared by a team drawn from the Economics and Development Resource Center of the Asian Development Bank. M. G. Quibria led this core team, assisted by Douglas Brooks, Dilip K. Das, Rana Hasan, Haider Ali Khan, Pradumna B. Rana, and Reza Siregar. The team included Jesus Felipe, Francis Harrigan, Soo-Nam Oh, Juzhong Zhuang, Emma Banaria, Barbara Carreon, Charissa Castillo, Elizabeth Leuterio, Emma Murray, Aludia Pardo, James Villafuerte, and Cherry Lynn Zafaralla. The core team was assisted by the following members of the Programs Departments, who prepared most of the country reports in Part II of the *Outlook:* Shiladitya Chatterjee, Evelyn Go, David Green, Sophia Ho, Yun-Hwan Kim, Rajiv Kumar, Srinivasa Madhur, Sudipto Mundle, Ernesto M. Pernia, Alessandro Pio, Min Tang, Toru Tatara, Richard Vokes, and Hong Wang. John McCombie and Alice Dowsett edited the *Outlook*. The work was carried out under the overall direction of Bong-Suh Lee, Vice-President (Region West) and the supervision of Jungsoo Lee, Chief Economist.

Many others inside and outside the Asian Development Bank wrote background papers, provided helpful comments, and participated in the *Tenth Workshop on Asian Economic Outlook*, held in Manila on 21-22 October 1997 to discuss the background papers. Contributors and participants are listed in the Acknowledgments. The statistical database and country tables were prepared by staff from the Economic Analysis and Research Division in collaboration with the Statistics and Data Systems Division. Overall administrative coordination was handled by Elizabeth E. Leuterio. James Villafuerte was responsible for preparation of the Statistical Appendix. Ma. Teresa Cabellon, along with Zenaida Acacio, Ma. Lourdes Antonio, Patricia Baysa, Anna Maria Juico, Ma. Lourdes J. Maestro, Eva Olanda, and Anna Liza Silverio, provided secretarial and administrative support. Mercedita Cabañeros was responsible for the layout. Charissa Castillo and Cherry Lynn Zafaralla coordinated production. Mildred Belizario and Reynaldo Cancio provided additional research and technical assistance.

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acronyms and abbreviations

ADE	Asian developing economy
ASEAN	Association of Southeast Asian Nations
BOP	Balance of payment
CDF	Commodity Development Framework (Fiji)
CMEA	Council for Mutual Economic Assistance
CRP	Comprehensive Reform Program (Vanuatu)
DMC	Developing member country
EMU	Economic and Monetary Union
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign direct investment
FSM	Federated States of Micronesia
FSU	Former Soviet Union
GDI	Gross domestic investment
GDS	Gross domestic savings
GDP	Gross domestic product
GNP	Gross national product
GNS	Gross national savings
IMF	International Monetary Fund
Lao PDR	Lao People’s Democratic Republic
MAS	Monetary Authority of Singapore
MFN	Most Favored Nation
M1	Currency in circulation plus demand deposit
M2	M1 plus savings and time deposit
NIE	Newly industrialized economy
OECD	Organisation for Economic Co-operation and Development
PNG	Papua New Guinea
PRC	People’s Republic of China
RBI	Reserve Bank of India
R&D	Research and development
RERF	Revenue Equalization Reserve Fund (Kiribati)
SOE	State-owned enterprise
UN	United Nations
UNIDO	United Nations Industrial Development Organization
WTO	World Trade Organization

definitions

The classification of economies by major analytic or geographic groupings such as industrial countries, developing countries, Africa, Latin America, Middle East and Europe, and transitional countries follows the classification adopted by the International Monetary Fund. Latin America, however, refers to the Western Hemisphere in that classification and transitional countries include Kazakstan, Kyrgyz Republic, Mongolia, and Uzbekistan, which are for the purposes of this *Outlook* included in Asia.

For the purposes of this *Outlook*, the following apply:

- **Newly industrialized economies (NIEs)** comprise Hong Kong, China; Republic of Korea; Singapore; and Taipei,China.
- **East Asia** comprises the NIEs, People's Republic of China, and Mongolia.
- **South Asia** comprises Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.
- **Southeast Asia** comprises Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Thailand, and Viet Nam.
- **Central Asian republics** comprise Kazakstan, Kyrgyz Republic, and Uzbekistan.
- **Pacific islands** comprise Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.
- **Developing Asia** refers to the 35 developing member countries of the Asian Development Bank discussed in this *Outlook*.

Billion is 1,000 million.
Trillion is 1,000 billion.
Tons are metric tons, equal to 1,000 kilograms or 2,204.6 pounds.
Unless otherwise specified, the symbol $ means United States dollars; dollars are current US dollars.
The symbol ... in tables indicates that data are not available or not applicable.
The symbol **--** in tables indicates that the figure is nil or negligible.

This *Outlook* is based on data available up to 15 March 1998.

Cook Islands, Kiribati, Marshall Islands, Federated States of Micronesia, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu

The year 1997 was a tough one for the Pacific developing member countries (DMCs). Most experienced contractions in their real GDP growth rates, and some even registered absolute declines in their GDP. Inflation stayed subdued in most of these countries, while large trade and current account deficits remained a common feature of their external accounts.

Most of the economies of the Pacific DMCs are highly dualistic, consisting of a subsistence sector on which a large segment of the population depends for its basic livelihood and a predominantly urban sector that accounts for the bulk of measured GDP and for most formal employment. The Pacific islands vary widely, however, in terms of their size, resource endowments, economic growth potential, and institutional capacity for economic management. The smaller Pacific island economies tend to have extremely small resource bases. Manufacturing is generally limited, and public sector budgets tend to account for high proportions of GDP and stay in deficit. Six of the Pacific DMCs have no national currency, which constrains their choice of policy instruments. The Cook Islands uses the New Zealand dollar, the Marshall Islands and the Federated States of Micronesia use the US dollar, and Kiribati and Tuvalu use the Australian dollar.

Most of the Pacific DMCs found 1997 to be a challenging year. Their GDP growth slowed, and they ran large current account deficits. Sluggish demand for the Solomon Islands' commodity exports contributed to its current account deficit in 1997. For Cook Islands, Samoa, Tonga, and Vanuatu, tourism receipts continued to be a principal source of foreign exchange. In the case of the Marshall Islands and the Federated States of Micronesia, official transfers from the United States persisted as the main source of external income.

COOK ISLANDS

The Cook Islands are still dealing with the aftermath of the 1995 fiscal crisis. Growth is recovering, but remains weak, and privatization has been slow. While tax reforms are under way, tariff reform is needed.

After recording steady growth for most of the 1980s and early 1990s, the economy contracted sharply starting in mid-1994, and exhibited continued weakness in 1995 and 1996, with output falling by around 5 percent per year in both years. The contraction in GDP in 1995 was caused largely by a currency crisis and a fall in tourism. In 1996 the cause was a fall in expenditure as the government cut the pay of civil servants and continued with a substantial retrenchment of staff. These measures were necessary because the government had financed much of its earlier expenditure, which had been a major factor in driving growth, by borrowing, which proved to be unsustainable.

For the Cook Islands, 1997 refers to fiscal year 1997/98, ending 31 March; for Samoa and Tonga, the fiscal year ends on 30 June; and for the Marshall Islands and the Federated States of Micronesia, the fiscal year ends on 30 September. All other references are to the calendar year.

However, some recovery occurred in 1997, with a growth rate of 0.5 percent. Small-scale activity increased as many of the displaced public servants established small businesses. Tourism, the largest private sector activity, performed well in the first half of 1997 before weakening somewhat in the second half. The first three quarters of 1997 saw a 5 percent rise in visitor arrivals compared with the same period a year earlier, and hotel occupancy rates rose from 57 to 61 percent. The sale of two resorts to the private sector will further improve the sector's prospects. The value of pearl exports for the first six months of 1997 was $1 million, almost the same as for the entire year in 1996. While a major cyclone late in the year devastated the main pearl producing island, significant damage was confined to infrastructure, and the pearl crop was not damaged. In any case, the main farmers had reportedly established substantial reserves.

The reduced public sector employment is being partially offset by a rise in informal and formal employment in the tourism, agriculture, and marine sectors. However, the scale of the reduction in public sector employment has been massive, and many people have left the country. Estimates indicate that since the restructuring began in 1995, some 2,000 people, or a little more than 10 percent of the population, have moved away.

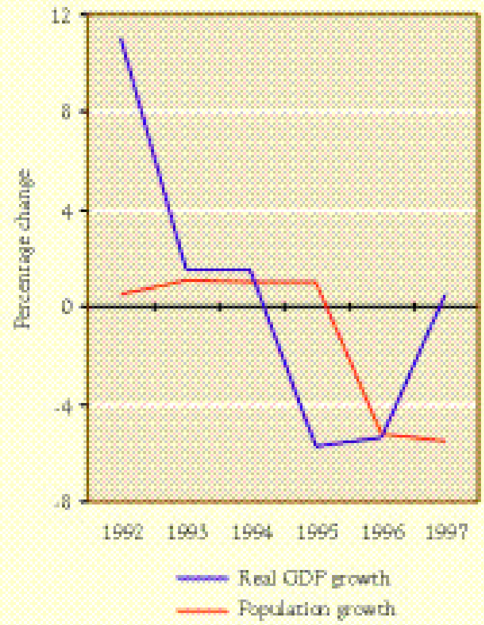
Inflation was negative in 1996 and 1997, and the fall in prices was fairly broadly based across such sectors as food, clothing, housing, and transport.

While external accounts have been problematic in the 1990s, improvements have taken place since 1992-1993. The current account for 1997 is estimated to show a small surplus.

The land under tillage is increasing, and the agriculture sector should continue to contribute to exports. Copra exports have recommenced, and both the pawpaw and mango industries have seen positive developments since the privatization of the pawpaw heat treatment plant in 1996 and the agreement on protocols for re-establishing mango exports to New Zealand in late 1997. However, agriculture is not likely to become a major source of income given the limited amount of land available. While the islands currently do not export fish, foreign interest in establishing joint ventures has been expressed.

The ratio of government expenditure to GDP remained at around 50 percent. Even though further expenditure cuts are planned, a high government debt means that the community will have to bear the cost of previous poor budget management for some time. Excluding the stalled Vaimaanga Hotel project, external debt was $63 million in late 1996, and would more than double if the hotel were included. Debt servicing costs for fiscal year 1997 were projected to be 19 percent of GDP. Aid is still the single largest source of funding, but internal sources are projected to account for 72 percent of revenues in 1997.

Figure 2.15 Growth of Real GDP and Population: Cook Islands, 1992-1997



Source: Ministry of Finance and Economic Management data.

Projections indicate that growth will pick up in 1998 and 1999 to levels of around 4 to 5 percent. Key assumptions underlying this prediction are that investment for more new hotels will be available and that pearl exports will continue to increase as the result of developments on two new pearl farming islands. Over the next few years the current account is expected to move into a modest deficit from a small surplus in 1997 as imports rise in line with economic recovery. Income from remittances from islanders living abroad and more of readily available opportunities to migrate to Australia and New Zealand will also help to maintain income standards. Inflation should remain low, reflecting developments in major trading partner countries, and fiscal and external balances should remain manageable.

Building on the recovery that was under way in 1997, maintaining prudent fiscal policies, tax reform, and the facilitation of private sector activity are the critical short-term economic performance issues. Because of the earlier financial crisis, the government can no longer borrow and must run a balanced or nearly balanced budget. Given the current economic situation and projected revenues, the estimated deficit without adjustments to the 1998 budget is nearly 2 percent of GDP. Further reductions in government expenditure will be needed to ensure a balanced budget.

Privatization and tax reform have been key aspects of the strategy to promote private sector activity, but overall progress on privatization has been disappointing. As of mid-1997 the government had sold about NZ$12 million worth of assets, including some tourist resorts, the Broadcasting Corporation, the Printing Office, and the Housing Corporation. In addition, by August 1997 the government had made substantial progress in finalizing the sale of the Rarotongan and Rapai hotels. However, it is reluctant to accommodate extensive foreign involvement, and the privatization of transport, power, and telecommunications operations faces difficulties because of concerns about foreign ownership and monopoly power. The government is still committed to privatization, but is considering the design and implementation of a Trade Practices Act to deal with market power and other trade practice issues.

Recent major reforms of the tax system are an important feature of the government's development objectives. Prior to the reforms the Cook Islands had almost 300 different income tax rates that ranged from 7 to 37 percent. Now there are only four tax bands with a top tax rate of 30 percent. A value-added tax of 12.5 percent has replaced the old turnover tax.

The new system will reduce the tax rate for foreign-owned companies from 27.5 to 20 percent, will allow immediate deduction of the full cost of capital equipment, and will not issue any new concessions for economic development. The new company tax will also remove the double taxation of dividends, as it will only levy taxes on net profits less dividends, therefore only taxing dividends once at the personal level.

These tax reforms will create a more efficient and equitable system. The initiatives to allow immediate deductions for all capital equipment and remove concessions for economic development should prove particularly effective. However, the tariff (import levy) system still needs to be reformed. The existing tariff system has had distortionary and protective effects and has generally contributed to a higher cost structure than in other countries. The government has maintained the import levy as a safety net because of uncertainty about the levels of value-added tax revenues. It has, however, agreed to reduce tariff rates if the revenue collected from the tax exceeds the target level.

Most local producers of products that compete with imports receive a protective tariff of at least 20 percent. Commodities covered include coconut milk, printed T-shirts, fresh fish, fresh vegetables, soft drinks, ice cream, cut flowers, coffee, pawpaws, pineapples, and citrus fruits and their juices. There are also numerous anomalies in the levy rates that reflect the lack of a consistent, guiding rationale for setting rates and problems related to the exemptions that apply when a good is imported for private use.

Given the government's emphasis on encouraging efficient private sector development, tariff reform is particularly important. Industries that can only be sustained through protection will harm the economy in the long term, and if the economy is to expand, it must do so through its export goods sector, which is generally hindered by high and distortive tariffs. High average tariff rates on business inputs raise costs, and thereby reduce competitiveness. The tourism industry faces the biggest problem because of its high dependence on imports. The pearl industry is also at a disadvantage because of the levies on some of its equipment.

The new value-added tax and direct tax systems could serve as a model that other Pacific island countries could aspire to. However, a sound design is not in itself sufficient to ensure a well-performing tax system. It must also be well implemented and supervised.

KIRIBATI

Although weak growth has become a long-standing economic feature, the devaluation of the Australian dollar has benefited the economy in several ways. Key development strategies include reforming the public sector and public enterprises, facilitating foreign investment, and reallocating development expenditure.

Real GDP growth averaged a little more than 7 percent per year from 1994 through 1996. This is an improvement over the average for the early 1990s and reflects a shift to expansionary fiscal policies. The key productive sectors—fishing and copra—have contracted though, because of poor climatic conditions. Inflation has been declining broadly in line with that of Kiribati's major trading partners, particularly Australia, whose currency is used as legal tender. The estimated growth rate for 1997 is 3 percent.

Domestic lending by the Bank of Kiribati has remained relatively low. Lending rates have been generally stable, while deposit rates have declined slightly in line with Australian conditions. Increased government expenditures have been largely financed by a more aggressive drawdown of funds from the Revenue Equalization Reserve Fund (RERF), which is an accumulation of long-term budget surpluses estimated to be about A$460 million in December 1997. These funds are invested in several different international capital markets, which provides Kiribati with steady interest and dividend income.

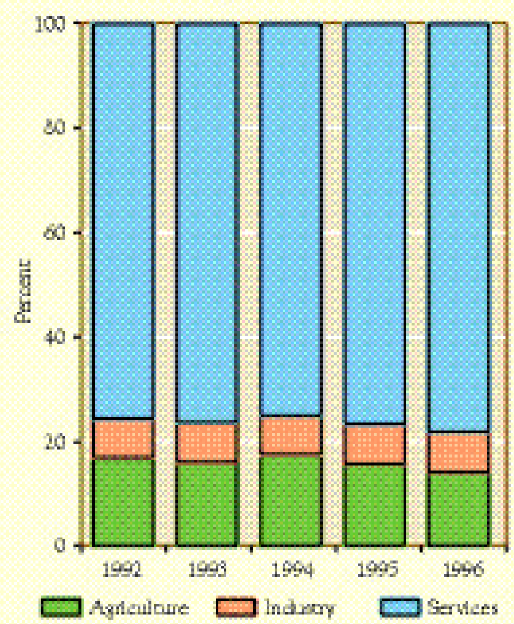
One of the government's objectives is to maintain the real per capita value of the RERF. This objective was at risk prior to the recent devaluation of the Australian dollar; however, its devaluation in late 1997 and early 1998 by about 12 percent has substantially increased the RERF's value, as much of the portfolio is in currencies other than the Australian dollar. However, devaluation of the Australian dollar will raise the cost of imports, given Australia's importance as a source of imports, but export revenues in Australian dollars should rise as the devaluation increases exports, the most important of which is copra to Bangladesh. License fees for foreign fishing are also an important source of revenues, and most are customarily paid in US dollars. Thus the overall impact of the currency devaluation on the RERF, as well as on the economy, has been positive. The budget should revert to a small surplus in the near future.

Weak growth, government domination, and cautious macroeconomic management have been long-standing features of the economy. The typical approach to macroeconomic management has been to rely on domestic taxes and revenues to cover recurrent expenditures and to use the RERF to cover unexpected shortfalls. A capital budget has been largely funded by external assistance in the form of concessionary loans or direct grants from donor countries.

For most of the past ten years Kiribati maintained large fiscal surpluses that contributed to the objective of expanding the RERF. However, in 1995 a new government adopted a more active fiscal policy stance to encourage faster growth. It increased recurrent expenditures substantially to finance a large public sector wage increase and to form two new ministries. This increased the fiscal deficit substantially in 1995. And while the deficit declined in 1996, it rose again in 1997. While current expenditure has increased relative to GDP in recent years, development expenditure has been halved. This is bound to have an adverse effect on future growth prospects.

While the expansionary fiscal stance in 1995 and 1996 may have supported higher growth, this impact is only likely to be temporary. If the government is to improve long-term prospects, it needs to avoid a steep rise in its recurrent expenditures, even

Figure 2.16 Sectoral Shares of GDP: Kiribati, 1992-1996



Source: Asian Development Bank data.

if the RERF continues to increase in value. Ensuring that as any surplus develops it is spent on development activities that facilitate private sector development and public sector reform is important. Also, the RERF's resources need to be deployed more as productive investment and less as government expenditure.

Kiribati is one of the poorest Pacific island countries and one that faces large challenges in its efforts to sustain economic and social development. Kiribati consists of 33 coral atolls with a total land area of only 810 square kilometers spread over 3.5 million square kilometers. Most islands are narrow and low lying, and have limited agricultural potential because of corralline soils and periodic droughts.

The population is nearly 80,000 but is concentrated on the South Tarawa atoll, where some 30,000 people live, mostly in extremely unsanitary conditions. Increasing environmental health problems, especially diarrhea, have been linked to groundwater and lagoon pollution. Infant death rates of 65 per 1,000 are the highest of all the Pacific island economies and about triple the average for Fiji, Samoa, and Tonga. Unless the pressure on the natural environment is reduced or the authorities commit substantial expenditures to expanding and maintaining water and sewerage systems, further health problems are inevitable.

Most people are employed in subsistence activities. The public sector, which accounts for more than two thirds of GDP, dominates formal sector activity. The production base is narrow, with copra and fish being the principal exports. The National Development Strategy has adopted a new approach of formulating a strategic framework for development rather than setting out a comprehensive development plan. The specific measures taken under the strategy are (i) reducing and reforming the public enterprise sector, (ii) attracting foreign investment, and (iii) restructuring the budget in favor of private sector development to reduce the public sector's dominance over the economy. The government will focus on providing social services and infrastructure and on establishing an enabling investment environment. Nongovernment organizations help with developing human resources and providing social support systems. Donors are expected to continue to play an important role in developing infrastructure and providing technical assistance.

The budget is expected to return to surplus as the economy benefits from increased production in the copra and fisheries sectors and from higher remittances, fishing license fees, and investment income as a result of the weaker Australian dollar. However, the long-term outlook is not as encouraging. Kiribati faces daunting environmental, economic, and social development challenges. In addition, its isolation and cultural factors are likely to slow the extent to which the government can implement development strategies effectively.

MARSHALL ISLANDS

While grants under the so-called Compact agreement have financed a massive level of government expenditure, the economy has been contracting since 1996. Two critical challenges are reducing the government's overall involvement in the economy and development of private sector activities.

The economy contracted substantially after 1996 because of major reductions in government expenditure. Estimates indicate that real GDP declined by about 5 percent per year in 1996 and 1997, partly because of tight lending conditions and lower copra production because of bad weather.

The Compact of Free Association with the United States, which provides for substantial financial and technical assistance from the United States for a 15-year period that ends in October 2001, dominates the economy. Total financial assistance for the entire period is estimated to be $790 million. The most important part of this assistance is the base grant, but federal grants and access to in-kind assistance are also available. Significant reductions in the base financial grant occurred in 1992 and 1997. Explicit payments declined from 70 percent of GDP in the late 1980s to less than 50 percent in 1997. These grants have financed a massive level of government expenditure. The fiscal situation is also dominated by the availability of foreign grants under the Compact. The budget deficit before grants averaged nearly 70 percent of GDP in the first half of the 1990s, but after the grants this was down to about 15 percent.

The overwhelming reliance on grants from the United States without any conditions attached to ensure effective use of the funds has had pervasive and damaging effects on the Marshall Islands' ability to develop a productive economic base. The problem has now reached crisis stage because the government borrowed heavily against all future Compact resources. Recent budgets have recognized the need to make urgent and substantial adjustments. Measures have included reforming the public sector; cutting real wages; reducing the size of the civil service; lowering subsidies for public enterprises; implementing an across-the-board increase in import duties; and increasing duties on petroleum, alcohol, cigarettes, cars, and other luxury items.

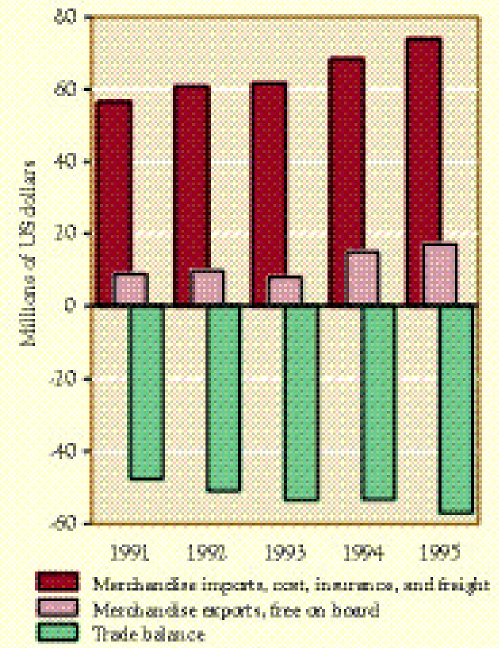
The external position also reflects the substantial dependence on Compact funds. Excluding official transfers, the current account deficit averaged 60 percent of GDP in the first half of the 1990s. As the government had borrowed heavily against future Compact funds, substantial capital outflow occurred during the mid-1990s. External debt stood at $141 million in 1994-1995, or 134 percent of GDP, with debt service at the alarming level of more than 40 percent of exports.

The rate of inflation during 1996 was 6 percent, falling slightly to 4 percent in 1997.

The current program of fiscal stabilization initially emphasized expenditure cuts along with revenue raising measures designed to have a greater impact during 1997-2000 than previously. Tax reforms have included raising income taxes and introducing a value-added tax in late 1998. The government is also considering making complementary changes to the income tax to help offset the regressive effects of the value-added tax and has taken steps to improve the independence and effectiveness of the tax administration. These planned changes to the tax system will provide the Marshall Islands with one of the most economically efficient tax policy environments in the Pacific. Merely returning the budget to a balanced position in the next few years will not be sufficient. Substantial fiscal surpluses that average more than 20 percent of GDP are needed each year until 2001, largely to meet principal repayments. While the government has already made substantial adjustments, further adjustments will be needed for several years

Incomes in urban centers are much higher than in rural areas, but considerable inequality is apparent within urban centers. Although civil servants who lose their jobs will bear much of the brunt of adjustment, cuts in government services, higher charges for utilities, and steeper indirect taxes will also affect other segments of society. Under the Compact, Marshall Islanders are entitled to work in the United States until 2001. Emigration is likely to increase in the short term as employment opportunities diminish. In time, remittances from abroad could become an important source of income as is the case for several other Pacific Island countries.

Figure 2.17 Balance of Payments: Marshall Islands, 1991-1995



Source: Asian Development Bank (1996b).

Agriculture and fisheries have traditionally been the mainstay of the productive economy. The contribution of agriculture increased in the first half of the 1990s, largely because of increased copra production. Increased subsidies and improved transportation were key factors in enhancing incentives to produce more copra. While further expansion of the copra industry is possible, for the industry to be sustainable, it must be developed efficiently, in particular, in a manner that eliminates the need for future direct support in the form of subsidies. Development efforts should focus on atolls that have relatively good resource potential and access to Majuro. Currently, the most critical factor in expanding production of copra, as well as of other commercial crops, is interisland freight.

With an exclusive economic zone of more than 2 million square kilometers of ocean and a relatively low level of resource exploitation, fisheries are the sector with the best prospects for generating large-scale export income and becoming the lead sector in the development of the economy. However, this sector suffers from several long-standing problems, including limited surveillance capabilities with respect to foreign fishing fleets, lack of skills, high domestic costs, and inappropriate government investment decisions. Foreign license fees average only 5 percent of declared catch values.

In the past, government policy was couched within a framework that established a clear role for the government in undertaking commercial projects that the private sector was not interested in. However, the consensus now is that the public sector cannot operate direct fisheries investments profitably. The future success of the fisheries sector lies in the government withdrawing from direct involvement in fishing and restricting itself to providing support infrastructure for longline fleets operating in the Western Pacific. To this end, the government has prepared a fisheries strategy that emphasizes developing Majuro as a base for servicing foreign and domestic fishing fleets, with fisheries business activities carried out by the private sector. The new strategy also aims to increase the returns from fisheries by improving bilateral and multilateral access arrangements.

The tourism sector is underdeveloped, and of the 5,000 visitors a year during the mid-1990s, only about 700 were tourists. The government has recently completed the construction of the 150-room international standard Outrigger Hotel in Majuro, with the management contracted out to a major Hawaii-based hotel operator. A number of other tourism projects are being developed or considered, including niche projects, such as a diving venture at Bikini atoll. While the prospects for small-scale tourism that takes advantage of the Marshall Islands' military history and fishing and diving opportunities are reasonably good, significant development is unlikely. The most effective role the government can play in promoting tourism is to establish a transparent and consistent policy and regulatory environment to encourage foreign investment and to ensure that supporting public infrastructure is in place. The government also needs to deal with the environmental pollution around Majuro.

FEDERATED STATES OF MICRONESIA

The so-called Compact program of financial assistance will cease in 2001. The outlook for economic growth and development in the medium term is grim.

Economic performance has been poor, with real GDP registering negative growth in 1997. The decline in output in recent years is largely attributable to low growth in tourism and fisheries and agriculture, the key export sectors.

A major source of government revenues in the Federated States of Micronesia (FSM) has been a program of financial assistance that the country has received from the United States under the Compact of Free Association (the Compact) since 1986. This is due to be phased out in 2001, and the rundown in funding is taking place in three stages. The first occurred in 1991, when external grants fell by 20 percent. This was followed by a further 15 percent reduction in grants in October 1996. The final stage in 2001 will mean a significant reduction in government revenues, and is necessitating a major reassessment of government expenditures. The 1996 grant reduction led to staff retrenchment and wage cuts, and the government has introduced a wide-ranging program of adjustment and retrenchment. In January 1998, the restructuring of the government itself began.

Of major concern is the continued weakness of the government's consolidated budgetary position, despite its efforts to reduce expenditure, particularly capital spending. The overall position swung from a surplus of 3.4 percent of GDP in 1995 to deficits of a little more than 2 percent in 1996 and 1 percent in 1997. Tax revenues are low, and account for only about 8 percent of GDP. The FSM must find other sources of government revenue. To this end, the government introduced the new Customs Act, which became effective in October 1997 and is projected to increase revenues from customs duties by approximately 35 percent. Its most important features are a shift from a free on board to a cost, insurance, and freight basis for valuation; the elimination of a large exemption; and major improvements in collection, enforcement, and penalties.

While the FSM does not have an official consumer price index, with imports equivalent to more than 60 percent of GDP, domestic prices are heavily influenced by price movements in the United States, the main source of imported goods. Estimates indicate that inflation has been around 4 percent per year in recent years.

Merchandise exports grew strongly during 1991-1994, principally because of rapid expansion of fish exports. That growth leveled off in 1995 and declined slightly in 1996, partly because of the completion of certain bilateral fishing agreements, although a new agreement with the Republic of Korea commenced in mid-1996.

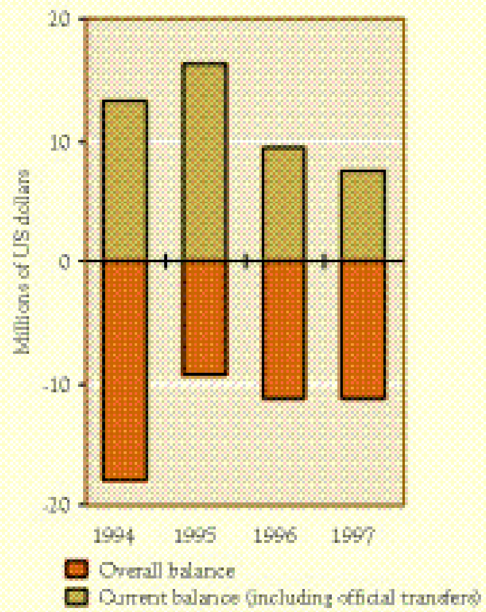
The importance of official transfers for the balance of payments is demonstrated by the fact that if these transfers are excluded, the current account deficit in 1997 was a substantial 56 percent of GDP. However, once these transfers are included, the current account records a surplus of 6 percent.

External debt is also high: at the end of 1995 outstanding debt amounted to 55 percent of GDP, and its servicing was equivalent to 18 percent of goods and services exports. Consequently, the government has been progressively drawing down on its cash reserves, which by the end of 1996 were estimated at the equivalent of two months worth of imports.

The present weak fiscal and current account positions indicate a need for substantial adjustments in the economy following the cessation of the Compact in 2001. This concern has dominated government policy in the last few years and will continue to do so.

The outlook for economic growth and development in the medium term is not encouraging. Export growth is estimated at around 2 percent for 1997, and is expected to continue at this rate during 1998 and 1999. The step-downs in the Compact require a level of fiscal adjustment and reduction in living standards that are unlikely to be made quickly enough and that will be unpopular with the nation's voters. Furthermore, while private sector investment in sectors such as tourism, manufacturing, and agriculture and fisheries could ease the fiscal adjustment, such investment is likely to be slow in coming, while large infrastructure projects normally have long gestation periods. Consequently, the FSM will rely heavily on external resources well into the post-Compact period. Even then, overall living standards are likely to decline, unemployment—which is already high, particularly among the young—is likely to increase, and growth is almost certain to remain low for some years.

Figure 2.18 Current and Overall Balances: Federated States of Micronesia, 1994-1997



Sources: Asian Development Bank (1996a) and staff estimates.

The overriding economic issue is the adjustment to the Compact funding step-downs by both the national and state governments. The national government has formulated a structural reform program aimed at restoring macroeconomic stability, promoting sustainable development, and ensuring external viability in the post-Compact era. It has also endorsed strategies to reduce the public sector's size and cost, and to promote private sector activity. However, it has made little progress in implementing such reforms, even though funding of $10 million for the Public Sector Reform Program became available during 1997. At the same time, the government must find ways to increase revenues in the immediate future, for instance, through tax reform. Fiscal adjustments should also focus on generating the overall fiscal surpluses necessary to meet debt-service obligations and to rebuild the government's financial holdings.

Despite the cessation of the Compact, the FSM will continue to rely heavily on external resources for the foreseeable future. Technical assistance, grant aid, and concessional loans will all be required to support continued development efforts. In addition, the government has proposed the establishment of a trust fund to help support its operations in the post-Compact era.

For sustained economic growth in the future, the FSM must reduce its reliance on public sector employment and encourage the rise of a vibrant private sector. Developing the private sector calls for implementing a consistent and transparent regulatory framework, reforming the land tenure system, and simplifying foreign investment policy. Expanding tourism will also require developing infrastructure and services.

Foreign investment has the potential to support private sector development and the fiscal adjustment process. To facilitate such investment the government needs to provide appropriate policies and support. In the past, the approval process for foreign investment was cumbersome, because both the national and state governments had to approve each proposal. However, the new Foreign Investment Act, in effect since 1 January 1998, is expected to help liberalize foreign investment.

Future prospects depend on a broadening of the economic base. Tourism is one sector that could contribute significantly to investment, exports, and employment, and consequently, to economic growth. Again, foreign investment and the private sector should lead the development of tourism. To support the development of tourism the government will need to review such restrictions as those on which airlines can fly into the country.

As the FSM has no central bank and uses the US dollar as the unit of currency, it is unable to implement independent monetary policy. This limits the financing options available for addressing fiscal deficits, while any attempts to set interest rates administratively are unlikely to be sustainable because of the likely impact on capital flows. The inability to use monetary policy effectively presents a policy dilemma for which no ready solution is apparent.

SAMOA

Real GDP increased by just under 10 percent in 1995 and a further 6 percent in 1996. This growth was largely generated by the private sector, with tourism, agriculture, and several manufacturing activities all performing well. Growth fell to 3 percent in 1997.

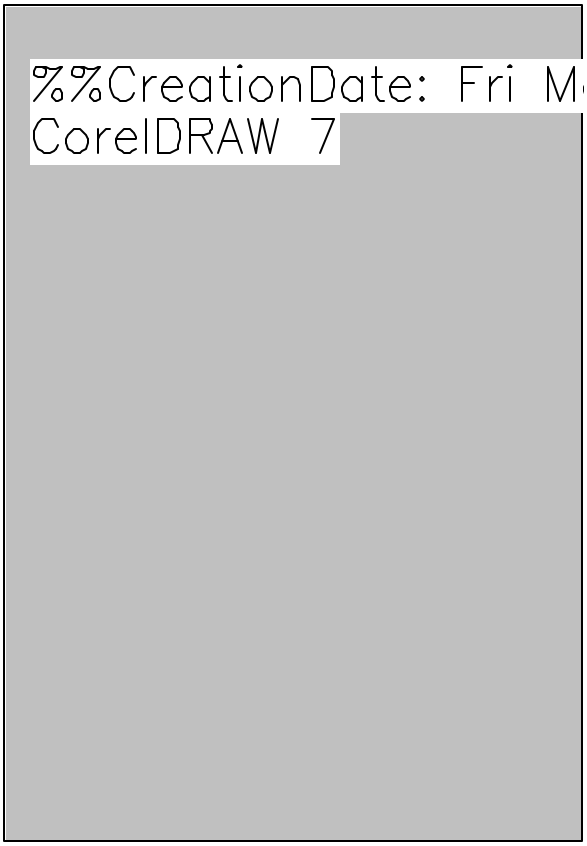
In the wake of the natural disasters of the early 1990s, Samoa's government was forced to make sizable expenditures to restore the economy's productive potential and provide basic services. As a result of a fall in revenues, significant foreign aid was required, but even this was not enough, and the government had to run significant budget deficits during 1992-1995. The budgetary situation improved thereafter, and after two years of surplus, a small budget deficit is estimated for fiscal year 1997/98.

Money supply (M2) growth slowed markedly in 1996, but increased again in 1997. Overall credit to the private sector increased by about 11 percent in 1996, but by mid-1997 private sector credit outstanding was 20 percent higher than a year earlier. Inflation has shown considerable volatility over the years, and was 8 percent in 1997.

The current account had been in deficit for most of the 1990s, but by 1996 this deficit had shrunk to less than a quarter of its nominal value in 1992 because of strong growth in net services trade (mainly tourism), an improvement in the merchandise trade deficit, and sustained high levels of private transfers. The current account deficit for 1997 improved slightly compared with 1996. The real exchange rate appreciated by some 4 percent in 1996, and with the nominal effective exchange rate showing stability in the first half of 1997, further real appreciation of around 4 percent is expected for 1997 as a whole. The government will need to monitor carefully the implied loss in competitiveness.

The Samoan economy depends largely on agricultural production, which has generally been patchy for most of the 1990s, mostly as a result of a significant decline in the production of beef cattle and taro. (In 1994, leaf blight disease destroyed taro, which was the main export crop.) In contrast, fish production increased dramatically in 1996, and together with an expansion in copra, led to an overall increase in agriculture and fisheries production of 23 percent.

Industrial production has grown significantly since 1991, and is based mainly around coconut processing. The restarting of the local oil mill in 1996 has injected cash into rural households through the purchase of coconuts nationwide, and exports of copra, coconut oil, and coconut cream for the first half of 1997 were nearly 40 percent higher than for the same period of 1996. Other significant industries include beer, cigarettes, soft drinks, concrete



products, and sawn timber production. A large assembly operation that produces electrical wiring harnesses for motor vehicles (the Yazaki factory) was established in the early 1990s and is the country's largest private sector employer.

Despite the strength of economic activity in recent years, by 1997 real income per capita was still only at about the same level as in 1987-1989. The economy has long been characterized by weak growth, a large public sector, and strong dependence on remittances from overseas. However, there has also been a long-standing problem in the calculation of accurate national accounts, and living standards are probably higher than official statistics indicate.

The short-term outlook is relatively good, although growth could slow somewhat in 1998 if fish exports weaken. Provided the government is able to maintain a prudent approach to fiscal policy and achieve success with its public sector reform program, slight growth in GDP per capita is expected for the next few years. This projection is predicated on stable terms of trade, the absence of major cyclones, continued support from remittances, and modest growth in exports of goods and tourism. Inflation should remain at moderate levels in line with that of Samoa's trading partners, and foreign reserves should remain healthy. Exchange rate management will be an important issue in the light of the currency's real appreciation in 1996 and the first half of 1997, and the recent depreciation of the Australian dollar. Although the new emphasis on the private sector could raise living standards, where the growth will come from is not clear, given Samoa's isolation and narrow production base.

Despite three decades of development plans, sectoral strategies, technical assistance, and aid-funded capital projects, Samoa's economy remains dependent on foreign aid, foreign loans, and remittances from expatriate Samoans. While the increase in travel receipts is a welcome sign, the government has recognized the need to put Samoa's economy on a more dynamic path by redefining the government's role, implementing a privatization policy, and creating an economic environment that facilitates private sector economic activity. While the government has declared its commitment to reforming public enterprises for several years, it has made only modest progress. The Bank of Western Samoa has been fully privatized, some government services have been contracted out to the private sector, and some other public enterprises have been fully or partially privatized. However, some see the failure of two recently privatized companies as confirmation of the failure of the entire program, when a possible explanation is that the companies were not viable without the support of significant government resources. The government should make greater efforts to privatize and reform public enterprises effectively so as to achieve sustainable economic growth.

A central element of public sector reform is the implementation of a performance budgeting framework that entails a focus on delivering specified outputs and clear accounting of the costs of producing the outputs. Performance budgeting was first introduced in the 1995/96 fiscal year and extended to all departments in the 1996/97 fiscal year. The performance budgeting framework has involved integrating the old recurrent and development budgets, and defining and classifying outputs. Extensive training in the use of effective accountability arrangements will be needed to ensure the success of the new system. The authorities are continuing to simplify the number of outputs, establish budget plans early in the fiscal year, and develop rolling three-year estimates of specific outputs to assist in long-term planning. The introduction of performance budgeting will allow greater devolution of responsibility to government spending agencies than the previous system of line item budgeting, but the authorities must take care that the degree of decentralization of decisionmaking does not outstrip the accounting system's ability to cope with these changes. However, the development of a medium-term budgetary framework, the provision of appropriate staff training, and the preparation of performance contracts would ensure that the activities of individual departments reflected the government's overall priorities. The adoption of performance budgeting should enable the government to achieve its objective of reducing its overall involvement in the economy.

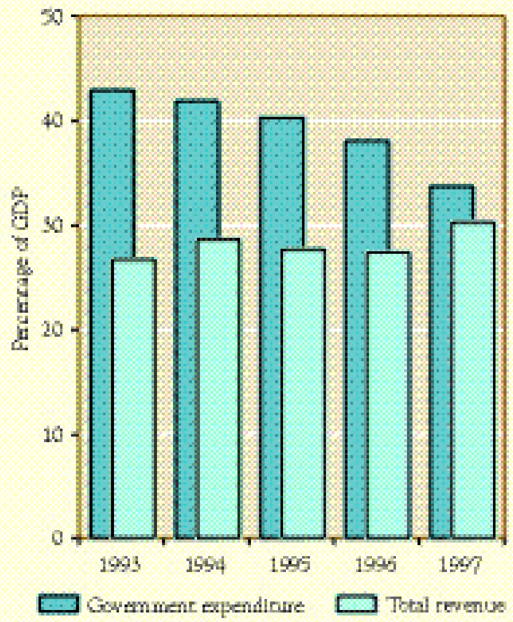
SOLOMON ISLANDS

After growing by an average of 5.4 percent per year during 1990-1995 and an estimated 3.5 percent in 1996, the economy of the Solomon Islands contracted by 1 percent in 1997. This decline in economic activity was an outcome of declining production of major commodities (induced partly by the weather), falling commodity prices, lower construction activity, and a fiscal contraction. Moreover, rapid population growth has meant that per capita income was appreciably lower in 1997 than in 1996. Average real income in 1995 was only 11 percent higher than in 1980.

In the 1990s successive governments have incurred large budget deficits and have relied on the Central Bank to finance these. In addition to creating balance-of-payment difficulties and inflationary pressures, the deficits have crowded out private investment and have caused a serious problem for the financial system. With Central Bank loans and advances to the government going well beyond the legal limit in 1995, the Central Bank was forced to suspend dealing in government securities. The government began accumulating interest arrears on its domestic debt, postponing its contributions to the National Provident Fund, and suspended most of its external debt servicing.

The Solomon Islands has been a high inflation economy relative to its trading partners. Inflation was around 12 percent in 1997. The nominal effective exchange rate was devalued at an annual average rate of 9.7 percent during 1986-1996 to help maintain competitiveness. Further downward pressure on the exchange rate is likely as long as inflationary pressures are higher in the Solomon Islands than in its trading partners.

Figure 2.20 Total Revenue and Government Expenditure: Solomon Islands, 1993-1997



Source: Ministry of Finance (1996) and staff estimates.

The cycle of frequent devaluation and persistent inflation has proven difficult to break, because it has been driven by persistently irresponsible fiscal policies. The devaluations have meant continued increases in import prices, but the prices of local items have also increased because of demand pressures resulting from fiscal expansion and associated large public sector wage rises. The current account is expected to continue to record small surpluses during 1997 and 1998.

The overriding issue for the Solomon Islands is its alarming financial crisis. Mounting domestic and external debt-service payment arrears, falling revenues and growing expenditures, and declining public and private investment, along with an overexposed financial sector, threaten the nation's economic and financial stability. Remedial action is urgently needed, otherwise the payments system is under serious threat and a currency crisis is likely.

Attention to servicing official debt and the renegotiation of debt repayment are pressing issues. In 1996 the country paid only a little over one fifth of the principal and interest payments on its official debt. The government's borrowing requirements have grown too large to be accommodated by the already highly exposed domestic financial system. The virtual collapse of the securities market as government borrowing exceeded the legal limit for borrowing from the Central Bank means that monetary policy is inoperative and that economic corrections will rely heavily on fiscal policy.

During the 1990s external reserves have covered two weeks to two months worth of imports. In June 1997 the cover was not quite two months, but if government arrears are allowed for, the cover dropped to around one month. Given the country's heavy dependence on log exports and the chance of further price declines for logs, the government confronts the prospect of a balance-of-payments crisis developing during 1998. The government devalued the currency by 20 percent in December 1997 in an effort to preempt such a crisis, yet the low foreign exchange import cover and likely balance-of-payments pressures remain a serious concern, particularly in terms of the potential to support the currency and external payments system.

The growing budget deficit is also a pressing issue. Part of the reason for the increase in the budget deficit is the sharp decline in revenues as a result of a contraction in real GDP.

Declining private investment reflects a growing crisis of confidence and the urgent need to address the many complex financial issues the country faces. Attempts at debt restructuring must be accompanied by a firm commitment to undertake credible policy reform and establish a consistent track record of implementation. The authorities should also support foreign investment by applying simplified, consistent, and transparent requirements for such investment.

In October 1997, shortly after coming to power, the government initiated a comprehensive policy and structural reform program. The immediate focus is on renegotiating domestic and external debt, along with strengthening revenue collection and controlling expenditure. These efforts need to be intensified, and the nation's trading partners and aid donors need to support them. The government has developed the organizational structure and a broad reform agenda, with a focus on macroeconomic and microeconomic policies, to achieve stability, enhance productivity, facilitate public sector reform, and promote private sector-led growth.

Nonetheless, the short- to medium-term outlook remains poor. The uncertainty about export commodity prices, the country's serious financial position, the recent declines in public and private investment, and the rapid rate of population growth all imply that recovery will be slow. In the longer term—beyond the next five years—the outlook is better, provided that the government addresses fiscal imbalances and debt as a matter of urgency. To facilitate future development, the government must also renew run-down infrastructure and enhance labor skill levels.

The growth of the Solomon Islands' economy in the long term depends critically on the performance of merchandise exports based on its natural resource sectors. The realization of the nation's economic potential depends largely on careful management of these resources, on the extent to which Solomon Islanders' capture the profits from this resource exploitation, and on how these profits are divided between consumption and investment. For example, in the commercial fisheries sector, which comprises harvesting and processing of an extensive tuna resource, the estimated biologically sustainable catch is 120,000 tonnes per year, while the largest recent catch was 56,000 tonnes in 1995. Thus an effective national strategy for expanding the tuna industry is urgently needed. Some of the issues that the government will need to address include how much access to give to foreign purse seiners in areas away from the main group archipelago, how to allocate quotas and manage resources, and what the role of private investment in the expansion of the tuna industry should be.

In contrast to the fisheries sector, which has considerable scope for expansion, forest resources are being rapidly depleted. The forestry sector has provided about half of the economy's foreign exchange, and 20 to 30 percent of government revenues for the past four years, but current harvest levels are two to three times the estimated sustainable yield. If present extraction rates continue, the commercial resource will likely be depleted by the end of the next decade. Furthermore, the monitoring of both the price and harvesting of this resource is virtually nonexistent, with the result being uncertainty about the value and volume of the resource being exported.

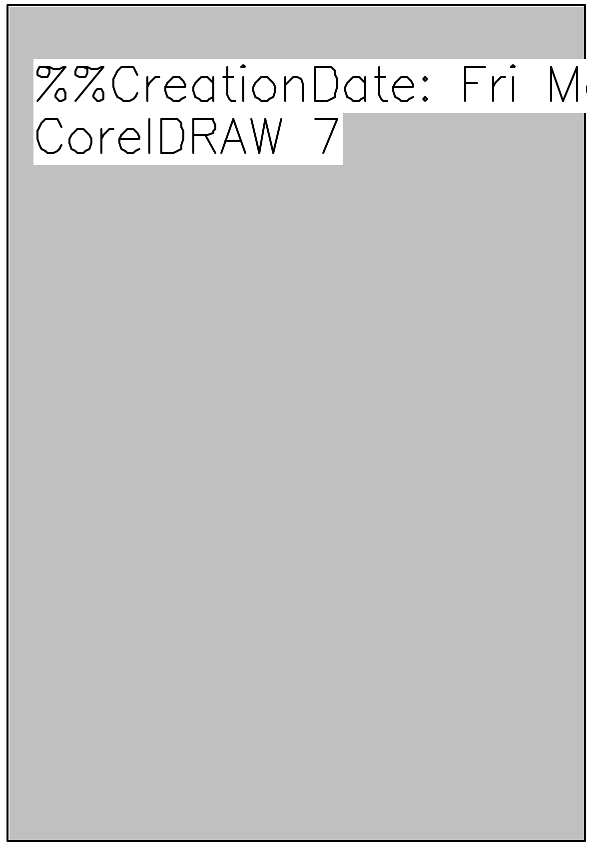
Maximizing the capture of the value of these resources, reinvesting the resultant cash flows prudently, and placing timber harvesting on a sustainable basis are urgent policy needs. In addition, the government should re-establish the Timber Control Unit to improve price and harvest level monitoring.

TONGA

After several years of good growth performance, Tonga recorded slower growth in 1996. The growth of previous years had been fueled by a rapid increase in the production and export of squash and in construction activity. However, disease; marketing problems; soil depletion; and increased foreign competition, particularly from Latin America, had an adverse impact on the squash industry. Despite a recovery in squash production in 1997, prices were about half the level of the previous year's prices, and thus export values continued to decline. Nevertheless, GDP growth recovered to about 3 percent in 1997.

The decline in the value of squash exports has also had a substantial impact on external accounts. The current account balance moved into a substantial deficit of about 28 percent of GDP in 1994, in contrast to smaller deficits experienced in earlier years. However reduction in the current account deficit has taken place since, mainly as a result of a significant fall in imports. Revenues from the sale of passports to foreigners and lease payments by such entities as Bell South in New Zealand from a telecommunications satellite Tonga purchased relatively cheaply several years ago also helped to relieve pressures on the current account.

Monetary policy tightened in 1996, squeezing credit growth. The government increased the required reserve ratio for banks from 5 to 10 percent in February 1996, thereby slowing net domestic credit growth to 8 percent in 1996, compared with 25 percent a year earlier. The bulk of the impact was on private credit, but this has since resumed to grow in the 8 to 10 percent range. More than half the outstanding credit has gone for housing and other personal expenditures.



The 1997 budget restrained recurrent expenditure to 1996 levels, but provided for a further increase in development expenditures, which led to an overall deficit of about 3 percent of GDP. The 1998 budget reduced government current expenditure on goods and services and capital spending, and as a result the deficit is estimated to contract to less than 0.5 percent of GDP. External financing of the deficit has been mainly on concessional terms, so the debt-service burden has remained relatively low.

Increased demand associated with the growth in private credit mainly spilled over into imports. Inflationary pressures subsequently picked up somewhat in 1996, but inflation is currently estimated to have stabilized at less than 2 percent. Interest rates for both deposits and lending have been stable. By mid-1997 the base rate for lending was 9 percent and the passbook savings rate was 4.2 percent.

In terms of sectoral developments, the main features in 1997 were weaknesses in agriculture and fisheries, a substantial decline in construction activity, continued weakness in the restaurant and hotel sector, dramatic growth in transport and communications, and modest growth in most other sectors. Telecommunication services have expanded substantially following the introduction of mobile phones and electronic mail services.

Tonga has achieved reasonably good economic growth in the past decade, but its performance has at times been erratic, reflecting the narrow production base. There are now clear signs of a narrowing in the niche opportunities for squash and vanilla, which have provided the basis for good growth in the past. This highlights the need to diversify the economic base. Growth in communication, transport, and tourism activities is, however, expected to offset weaknesses in the agriculture sector. A target growth rate of at least 3 percent per year is desirable, particularly in light of the growing unemployment among young people. This will require either increasing squash export revenues or diversifying into other exports and implementing reforms that entail a greater role for the private sector. The 1998 squash crop is expected to be good, and competition from Latin America is expected to be weaker because of the effects of El Niño.

Restoring economic growth while containing the budget deficit within prudent levels is the dominant short-term economic performance issue. Tonga has no significant macroeconomic imbalances, and the scope for expansionary fiscal or monetary policy to restore growth in the short term is limited, as the main impact of such policy is likely to be a deterioration in the external account. A strategy that is more likely to have enduring benefits would be to continue efforts to redefine the role and improve the performance of the public sector and gradually to increase the contribution of the private sector. Expected benefits from such a strategy would include improved public sector efficiency and public expenditure effectiveness and greater scope for taxation reform, including a taxation environment that would be more conducive to business.

Tonga's high dependence on remittances is a major structural weakness of the economy, and has led to recommendations to pursue diversification in agriculture and fisheries, and in tourism. However, Tonga should not purse diversification for its own sake, and should instead base it on a careful assessment of economic returns and consideration of the impact on the environment. Moreover, for diversification to succeed, it would have to be carried out through public sector reform, facilitation of private sector development, improved management of public debt, and human resource development.

The first step in operationalizing the public sector reform strategy should be consideration of the core roles of government. Tonga currently has a large and diverse public enterprise sector that generally does not require subsidies, but pays neither taxes nor significant dividends. The government would do well to increase the rate of privatization. At the same time, the scope for government involvement in developing its human resources is considerable. Public spending needs to be reprioritized to focus on improving the quality of basic education and providing preventive rather than curative health care. Public spending may also have to entail assistance for displaced civil servants and the development of appropriate training programs.

In its efforts to encourage greater private sector dynamism, Tonga will have to improve the general environment for private sector activity by reforming its tax system and providing more secure property rights. The tax system has undergone numerous studies in recent years and various detailed proposals have been prepared, but little effective reform has taken place. The tax system is characterized by large discretionary exemptions under the Industrial Development Incentives Act, exemptions for the entire public sector, and heavy reliance on trade taxes. In particular, the act provides tax incentives as well as tax holidays, duty exemptions, and special depreciation provisions to approved enterprises. Because of its discretionary and discriminatory nature, the act's actual operations have introduced distortions and encouraged unproductive activity. Surveys of the private sector have confirmed that it would prefer nondiscriminatory measures, such as lower taxes or more generous depreciation allowances applicable to all businesses.

TUVALU

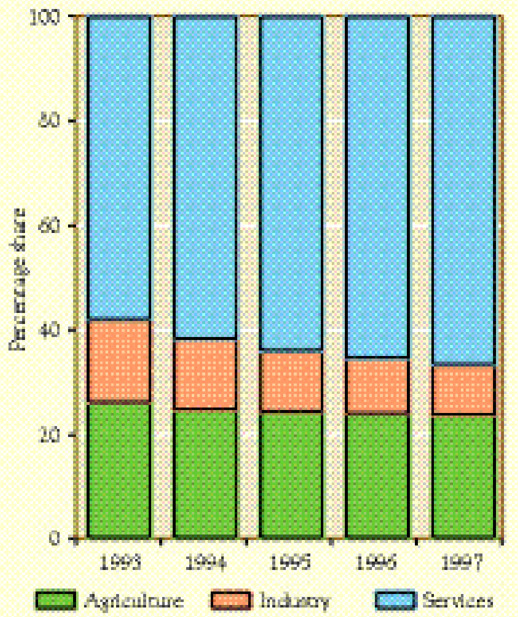
Analyzing recent trends in Tuvalu's economy is difficult because of lack of comprehensive, up-to-date social and economic data. Nevertheless, estimates indicate that growth in 1997 was similar to the average growth rate during 1990-1995, when GDP grew at an average annual rate of just under 2.9 percent, while GDP per capita increased at an average annual rate of 1.8 percent. These rates have been among the best in the Pacific islands in recent years.

Subsistence or nonmarket production arising mainly from the agriculture and fisheries and forestry sectors accounts for about one third of GDP. Growth in these sectors matched the growth in population of 1.1 percent per year during 1990-1995. The public sector is the main provider of marketed output, which grew at an annual average rate of 3.7 percent during the same period.

The private sector remains relatively small and depends largely on the provision of services to the public sector. With forestry and agriculture and fisheries remaining stagnant, growth has been driven by the public utilities and government-owned enterprises in the finance, real estate, trade, and hospitality sectors, together with community and personal services. General government, the economy's largest sector, grew by 13 percent during 1990-1995.

The ratio of gross domestic investment to GDP averaged 52 percent during 1990-1995. However, given the growth of GDP at less than 3 percent per year, this suggests a low capital productivity or inefficient use of investment. This partly reflects Tuvalu's development constraints and the concentration of investment in infrastructure.

Figure 2.22 Sectoral Shares of GDP: Tuvalu, 1993-1997



Source: Tuvalu Statistics Office data and staff estimates.

GDP does not fully reflect income growth. While no official GNP figures are available, national income is likely to exceed GDP because of significant net remittances from Tuvaluans employed abroad, for example, in the maritime industry, and net interest income receivable from assets owned overseas. Remittances grew at an estimated annual rate of 4.8 percent between 1988 and 1995, totaling 14 percent of GDP in 1995. These data do not reflect remittances in kind, but in other Pacific island countries estimates indicate that such remittances amount to at least 30 percent of official cash remittances.

Aid, remittances, and investment income underwrite Tuvalu's large trade deficit, which reflects the limited opportunities for merchandise exports. The bulk of investment income is derived from overseas assets held by the government. The nation's overall external position is sound, in that Tuvalu does not have an external debt problem. However, continuation of this situation relies on the maintenance of grant aid at existing levels.

Fiscal policy has been sound, with real revenues and expenditures normally growing at average annual rates of about 2 percent. The recurrent budget showed a small surplus from 1980-1996, and development expenditure has been confined to what aid funding has allowed.

Inflation has been less than 1 percent per year in the last two years. Because Tuvalu uses the Australian dollar as the domestic currency, inflation is largely a function of movements of Australian prices and of the rate of exchange of the Australian dollar against the currencies of other major exporters to Tuvalu, namely, Fiji, Japan, and New Zealand. Inflation is expected to stay low in the medium term.

The medium-term outlook is that the present economic situation will change little. Living standards will continue to rely on flows of investment income from the Tuvalu Trust Fund, which consists almost exclusively of Australian bonds, remittance income from Tuvaluans working abroad, and licensing fees from deep water fishing nations exploiting Tuvalu's tuna resources. Aid will continue to fund capital development. Projections suggest that the per capita real value of the Trust Fund will be maintained.

In the immediate future, the potential for private sector investment in export-oriented activities is limited, and the development of a substantive merchandise export base is unlikely. While the government has signaled its commitment to limiting the size of the public sector and making it more efficient and to facilitating private sector investment, it needs to pursue such commitments more vigorously if the current development strategy is to succeed and the economy is to become more diversified.

Government plans to reform the public sector through commercializing or corporatizing various activities have stalled and need revitalization. Public sector commercial enterprises have accounted for just over half of the marketed component of GDP in recent years, thus public enterprise reform could have a substantial impact on economic efficiency. The main constraint on the public sector reform program is the continuing control of public sector commercial enterprises by the government's political and civil service arms.

Accelerating moves toward creating a policy environment that encourages private investment and restructuring the economy toward export-oriented business investment are critical for Tuvalu's future economic and social position. The trade deficit has grown since 1991 as exports have declined and imports have risen, and the continued reliance on aid and remittances is undesirable.

The government has passed the Foreign Direct Investment Act to help develop export-oriented businesses. Its salient features include establishment of the Foreign Investment Facilitation Board as a "one-stop shop" for potential investors and removal of the exemption from payment of import duties for public enterprises. However, while economic development through exports is an appropriate aim, the opportunities for such development are limited. Apart from labor exports, such as those Tuvaluans employed overseas in merchant marine fleets, fisheries resources provide the best opportunity for increased exports. Tuvalu must, however, learn from the experience of other Pacific nations and not commit scarce public funds to developing fisheries. Rather, it should pursue possibilities for establishing joint ventures with foreign investors to exploit the fisheries resources. Such an approach should recognize the inherent price and production risks associated with exploiting ocean fish resources.

Access to the scarce land available is a significant constraint to development, and land disputes prevent its easy use as collateral for commercial borrowing and its use as an input into investment projects. Land is central to Tuvaluan culture, so freeing up the land market will be a gradual process. Nevertheless, the need for the government to facilitate access to land by domestic and foreign investors and to ensure security of property rights for those investors is pressing.

Characteristics of the labor force and wage structures present another set of constraints to development. The subsistence sector provides the largest source of employment in Tuvalu (62 percent of the working-age population was engaged in this sector in 1991), and the public sector, where most jobs are in administration, dominates formal employment. Growth in total formal sector employment in the 1990s has been negligible and all indications point to a growing problem of disguised unemployment, particularly in Funafuti. The safety valve of overseas employment, for example, contract work in New Zealand and in the merchant marine with European companies, is critical to reduce the growing pressures of an excess supply of unskilled labor in the domestic labor market. However, the most important source of overseas employment, Nauru, will become progressively less important as Nauru's phosphate mine nears exhaustion.

As well as coping with an excess supply of unskilled labor, Tuvalu faces a continuing shortage of domestically supplied skilled labor, which has affected both the public and private sectors. The supply of accountants, engineers, medical personnel, economists and development planners, teachers, managers, marine officers, and small business advisers is inadequate. A coordinated response to labor market imbalances, with attention to skill deficits and surpluses and education and training needs, is required.

The public sector is more attractive as an employer than the private sector because public sector salaries and casual labor rates tend to be higher, and the public sector also provides job security and extra benefits, such as subsidized housing. The government will need to address such issues if private sector and export industry development is to occur.

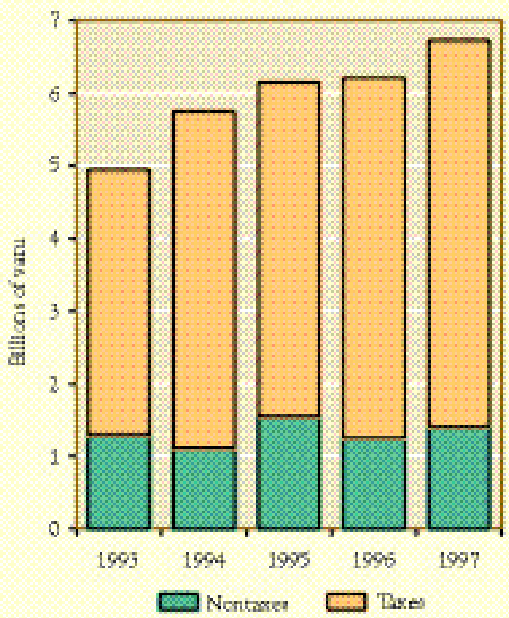
VANUATU

In recent years Vanuatu's economy has been typified by modest economic growth and stagnating living standards. GDP is expected to have grown by around 3 percent in 1997, roughly the same as average annual growth rates during 1983-1996, helped by strong contributions from tourism and copra exports. However, during the last 15 years annual growth rates have fluctuated widely from year to year, reflecting the impact of the climate on agriculture, of reduced confidence in the investment climate in the mid-1990s, and of a prolonged public service industrial dispute in 1994. It has barely matched the population growth rate of around 2.8 percent per year. Consequently, living standards have stagnated.

Inflation has declined somewhat in recent years and was around 2.5 percent in 1997. The underlying trend of declining inflation reflects lower imported inflation, subdued economic activity, and the recent absence of hurricanes. The nominal exchange rate has been relatively stable, but could come under pressure in 1998 following the devaluation of Fiji's currency by 20 percent in early 1998.

Vanuatu's trade account is persistently in deficit, but this is generally more than offset by surpluses on the service and transfer accounts. Tourist numbers increased by 7.5 percent in 1997, and while copra exports increased only slightly, the increase was in addition to already high levels in 1996. Copra exports are expected to increase further in 1998, but tourist arrivals are expected to decline in 1998, possibly because of concerns about the civil unrest that followed an internal report about suspect practices associated with the National Provident Fund.

Figure 2.23 Composition of Current Revenue: Vanuatu, 1993-1997



Source: Asian Development Bank data.

External grant aid forms a significant component of foreign exchange receipts, representing more than 30 percent of current account receipts. This aid should continue given the successful implementation of the Comprehensive Reform Program (CRP) developed in 1997. The overall balance of payments has reflected a surplus in most years. The surplus largely results from remittances from foreign currency deposits, which reflect residents' preference for saving overseas.

Vanuatu has a low debt-service ratio, indicating its favorable external debt position. Forecasts indicate that in 1997 debt service will have been equivalent to 0.7 percent of exports, and by 2004 will rise to 2 percent of 1997 export levels. While this is still a favorable situation, the recent rapid growth in external debt, which amounted to 18 percent of GDP in 1995, is cause for concern. Most debt has been issued to the government, with some on-lent to public corporations. As funds have been sourced from international agencies, mostly on concessional terms, Vanuatu's debt profile remains modest.

Fiscal policy has aimed to balance the recurrent budget, and this has normally been achieved. However, the recurrent budget has deteriorated somewhat in the past two years, and the recurrent deficit for 1997 is estimated to amount to 3 percent of GDP, compared with less than 1 percent of GDP in 1996, and a surplus that averaged 1.5 percent of GDP during 1992-1995. In addition to the recurrent budget, Vanuatu also has a development budget, and the authorities have not applied the same level of fiscal discipline to the development budget as they have to the recurrent budget. Development expenditures are responsible for the substantial overall budget deficits that have occurred since the late 1980s.

The recent deficits in the recurrent budget have occurred as revenue collections, which rely too heavily on import duties, contracted because of low import growth. At the same time, reductions in public sector expenditures and in import duty exemptions did not occur as expected in 1997. Deficits have now soaked up the government's entire working capital, and as a result, development expenditures fell from Vt2 billion ($17.8 million) in 1995 to less than Vt1 billion ($9 million) in 1996 and a similar level in 1997.

Greater efforts to collect accounts receivable and delays in making payments are funding the overall deficit in the short term. In the longer term, the introduction of a value-added tax in July 1998 is expected to improve the cash position by increasing revenues to around 27 percent of GDP.

The medium-term outlook for economic growth is modest, and rates are likely to remain at around the same levels as in recent years. Vanuatu's economic position is relatively sound, its fiscal management generally prudent, and its debt levels sustainable. In the longer term, on the assumption that the government implements the recently developed CRP successfully, improves labor skill levels in both the public and private sectors, and achieves greater political stability, Vanuatu can look forward to attaining better living standards for most of its population.

In February 1997 Vanuatu committed itself to major public sector and economic reforms. Subsequently, the government developed the CRP, which emphasizes increased and sustainable economic growth, improved public sector management, and good governance. While private sector development is seen as the key to increasing economic growth, the authorities recognize that such development requires a politically stable environment. Indeed, the increasing politicization of day-to-day operations and administration of government and public enterprises in the early 1990s not only led to inefficiencies, but also destabilized the political system. In 1996 there were three different governments and one major realignment.

A recent policy issue is how aid resources might be invested in the private sector as well as in the public sector, thereby generating a more immediate economic growth response. Aid is normally invested through the public sector, but much of it has been ineffective in facilitating economic growth, and ways should be found to provide aid more directly to the private sector, but in a nondistortionary manner.

The government is involved in a range of commercial functions: it operates eight statutory corporations and has interests in a range of other companies. In nearly all cases business performance and profitability are poor. This indicates that the government is not well equipped to perform business functions efficiently, and efforts to divest the government of its commercial interests and to accelerate the privatization and/or corporatization of public sector enterprises should be accelerated.

The CRP will also receive technical assistance from donors in a number of areas of government. Such assistance needs to be supported by training for local staff, given the generally low level of skills available in the public sector. Skilled labor is also lacking in other sectors, notwithstanding high levels of underemployment. This shortage is constraining increased production in sectors such as agriculture and tourism.

Eighty percent of Vanuatu's population is engaged in subsistence agriculture, and economic development efforts must take this into account. The central medium- and long-term development issue is the transformation of subsistence communities into a more commercially active sector. This calls for developing rural infrastructure, education and other social subsectors, and transport and marketing services. These are currently poorly developed and hinder economic and social development. In addition, the land tenure system prevents the use of land as collateral for credit and, in any case, access to appropriate credit for smallholders and other small business operators is extremely limited. These constraints also hinder economic development and the equitable distribution of the benefits of growth, and policies to address these constraints are needed.

Statistical Notes

This Statistical Appendix comprises 23 tables containing selected economic indicators for the developing member countries (DMCs) of the Asian Development Bank (ADB). The selected indicators are presented by account, namely, sector components of the national income accounts, consumer price index, money supply, components of the balance of payments, external debt outstanding and debt-service ratio, exchange rate, and the budget accounts of the central government. These tables present a historical series for 1992-1996 and preliminary data for 1997. Except for the exchange rate and budget account, which are treated as policy variables, and foreign direct investment, where data are not available for the current year, the tables contain projections for 1998 and 1999. What follows are notes that describe the source, scope, and conceptual definition of the data in each table.

Most of the historical data are obtained from updated statistical publications available from official local sources; publications; and internal documents from the ADB, World Bank, International Monetary Fund (IMF), and United Nations. Some of the preliminary data for 1997 are ADB staff projections derived from quarterly or monthly data available for the year. Projections for 1998 and 1999 are purely staff estimates.

Efforts were made to standardize the data to allow comparability over time and across the DMCs, and to ensure consistency across accounts. However, limitations exist because of differences in statistical methodology, definitions, coverage, and practice. The informed judgment of the staff was relied upon in cases where there were peculiarities in selected accounts. In particular, breaks in time-series data were unavoidable, and data-splicing and data-rebasing techniques were used to make the series consistent. However, there remain data breaks due to changes in definitions and methodologies.

For most countries, we have adopted the calendar/fiscal year reference cited in various economic accounts from official country sources. For India, Maldives, and Myanmar, all data are on a fiscal year basis. For Bangladesh, Nepal, and Pakistan, the national accounts, consumer price index, and balance of payments are fiscal year data. For all countries, data on government finance are reported on a fiscal year basis.

Nine tables display regional averages or totals for the DMCs as a whole and for each of the subregions, namely, the newly industrialized economies (NIEs), People's Republic of China (PRC) and Mongolia, Central Asian republics (CARs), Southeast Asia, South Asia, and the Pacific islands. These are the tables on growth rate of gross domestic product (GDP), growth rate of per capita GDP, changes in consumer prices, growth rate of merchandise exports and imports, balance of trade, current account balance in absolute level and as a percentage of GDP, and level of outstanding external debt. The averages are simple weighted arithmetic means computed using contemporaneous GDP values in current US dollars, for 1992 to 1996, as weights. From 1997 onward the weights used are the values of GDP in 1996. For the CARs, the weight used is the average GDP value in current US dollars from 1994 to 1996. The computation of the averages or totals for the DMCs exclude data for Myanmar and the CARs. Owing to sizable devaluation/depreciation of the currencies in Indonesia, Republic of Korea, Malaysia, Philippines, and Thailand, adjustments of the weights were implemented for 1998 and 1999 to reflect the declining shares of these countries in total regional output. The method used was to substitute the three-year moving average for the annual nominal GDP values for 1996. The effect of this adjustment was to minimize the sharp downturn in regional output arising from the effects of the currency crisis.

Tables A1, A2, A3, A4, A5, and A6. Growth and Structure of Production. In most countries, the definitions relating to national income accounts are based on the United Nations System of National Accounts. Table A1 shows the annual growth rate of GDP valued either at constant market prices or at constant factor costs. For this issue, we tried to use market prices uniformly for all the DMCs, but owing to data quality and informed preferences of ADB staff regarding developments in the factor markets, GDP valued at constant factor cost were used in some cases. The GDP data for Bhutan, Fiji, India, Mongolia, Nepal, Pakistan, Sri Lanka, and Tonga are reported in constant factor cost. For Papua New Guinea, the growth rate is based on GDP at constant purchaser's value. Tables A3, A4, and A5 present annual growth rates for real gross value added in agriculture, industry, and services, respectively. Agriculture includes agricultural crops, livestock, poultry, fisheries, and forestry. The industry sector comprises mining and quarrying, manufacturing, construction, and utilities. The services sector consists of trade, transportation and communications, finance, public administration, and other services. The sector growth rates are consistently defined with the reported GDP values in Table A1, and adding up restrictions are imposed where numerical discrepancies were noted or where reclassifications of the sectors were implemented.

The growth rate figures for per capita real GDP are presented in Table A2. Per capita real GDP is obtained by dividing GDP at constant market prices by population. In countries where GDP growth rate is based on constant factor costs, except for India, the per capita real GDP growth in constant market prices is used for uniformity. This creates a residual item between GDP growth, per capita GDP growth, and population growth. For most DMCs, the 1996 data for per capita gross national product (GNP) in US dollars were obtained from the World Bank.

Table A6 shows the sector shares of GDP based on constant market prices. For Bangladesh, Cook Islands, Fiji, India, Lao People's Democratic Republic, Mongolia, Nepal, Pakistan, Sri Lanka, and Tonga, the sector shares of GDP are based on constant factor costs. In the case of Hong Kong, China the sector value added and GDP figures used in computing the sector shares are in current factor costs because constant price estimates are not available. The sector shares for Bhutan are based on value added at current factor cost.

Tables A7 and A8. Saving and Investment. Gross national saving (GNS) or gross domestic saving (GDS) is computed as the difference between GNP or GDP and total consumption expenditure in the national accounts statistics. For some countries, gross saving data were obtained from official country sources. Gross savings differ from GNS/GDS in that it is derived from the consolidated income and outlay account, and includes the amount of private transfers from the balance-of-payments account. Gross domestic investment (GDI) is the sum of gross fixed capital formation and increases in stocks. For the Pacific islands, except Fiji, where reliable estimates of consumption expenditures are not available, GDS is taken as the sum of GDI and current account balance minus the sum of net factor income from abroad and net transfers. For Nepal, Pakistan, and Philippines, GNS/GDI as a ratio to GNP was used and was also obtained from official country sources. For Bhutan, Cambodia, and Viet Nam, gross saving/

GDI as a ratio to GDP was used and was obtained from official country sources. For India, GNS/GDI as a ratio to GDP was used and was obtained from official country sources. For the rest of the DMCs, GDS/GDI as a ratio to GDP was used and was obtained from official country sources. All figures used in computing the GNS/GDS/GDI ratios to GNP/GDP are in current prices.

Table A9. Consumer Prices. The table presents the annual inflation rate (period average) based on the consumer price index obtained from official local sources and from the IMF *International Financial Statistics* (January 1998) for DMCs for which data are not available locally. For Cambodia, the inflation rate for 1997 was based on the fourth quarter basis. For Lao PDR, end-of-period inflation rate for Vientiane is reported. The rate reported for Viet Nam is an end-of-period inflation rate. For India, the inflation rate refers to the general index for the country, while for Bangladesh and the Philippines, the inflation rates refer to Dhaka middle class and Metro Manila, respectively.

Table A10. Growth of Money Supply. The annual growth rates of M2 are given in Table A10. M2 is defined as M1—the sum of currency in circulation and demand deposits with deposit money banks—plus quasi money. Data for M2 are obtained from country sources, except for Fiji, Indonesia, Papua New Guinea, Samoa, and Vanuatu, which are taken from the ADB *Key Indicators of Developing Asian and Pacific Countries* and IMF *International Financial Statistics*. For India, M3 is used for liquidity.

Tables A11 and A13. Growth Rate of Merchandise Exports and Imports. Historical data on merchandise exports and imports are taken from the balance-of-payments accounts from country sources. These are generally on a free on board basis. Data for Cambodia, PRC, Republic of Korea, Lao PDR, Malaysia, Mongolia, and Thailand were obtained from IMF documents. Of these countries, data for Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, and Pakistan refer to fiscal years.

Table A12. Direction of Exports. The table presents the annual growth rate of exports to the DMCs and other major trading partners (Japan, United States, European Union, and Australia/New Zealand) from the individual DMCs for the years 1985 and 1996. The data were extracted from the tape of IMF's *Direction of Trade Statistics Yearbook 1997*. Data for Taipei,China are from a local source.

Tables A14, A15, and A16. Balance of Payments. The balance of trade is the difference between merchandise exports and merchandise imports. The current account balance is the sum of the balance of trade, net trade in services and income, and net unrequited transfers. In the case of Cambodia, India, Lao PDR, and Viet Nam, official transfers are excluded. Data reported for Cambodia, PRC, Indonesia, Republic of Korea, Malaysia, and Thailand are from *International Financial Statistics* (January 1998). The balance-of-payments data for other countries are from local sources.

Table A17. Foreign Direct Investment (FDI). The data on gross FDI flows were obtained from the United Nations Conference on Trade and Development, *World Investment Report 1997*. Direct investment capital includes equity capital, reinvested earnings, and other capital that is associated with the transactions of enterprises.

Tables A18 and A19. External Debt. For most countries, external debt outstanding includes long-term debt, short-term debt, and use of IMF credit. Debt-service payments consist of principal repayments and interest payments on long-term debt and IMF credit, and interest payments on short-term debt. For Cambodia and Viet Nam, external debt includes medium- and long-term debt in convertible currency only. For Mongolia, medium- and long-term debt includes payment on Council for Mutual Economic Assistance (CMEA) debts but excludes unresolved claims of former CMEA members. For all countries, the debt-service ratio is defined as debt-service payments as a percentage of exports of goods and services. The data were obtained from local sources for most countries. Data provided by the World Bank were used for Cambodia, PRC, Indonesia, Lao PDR, Malaysia, Maldives, Myanmar, and Thailand.

Tables A20. Foreign Exchange Rates. The foreign exchange rate quoted is the annual average of the exchange rate of the currency of each of the countries to the US dollar. Basic data were obtained from local sources except for Bangladesh; Cambodia; Indonesia; Lao PDR; Mongolia; Taipei,China; and Thailand where the data were sourced from IMF documents.

Tables A21, A22, and A23. Government Finance. These tables relate only to central government finance. Government expenditure includes both current and capital expenditure. Total revenue includes current revenue and capital receipts. In most countries, the overall budget surplus/deficit is the balance between government revenue and expenditure, excluding grants. In the case of Bhutan, Republic of Korea, Marshall Islands, Federated States of Micronesia, Nepal, Pakistan, and Vanuatu, the overall balance includes grants. For India, the overall balance includes recovery of loans and asset sales. For Pakistan, the account reported refers to consolidated federal and provincial accounts, and includes surpluses of autonomous bodies. All ratios are reported as a percentage of GDP in current prices. Data are taken from official country sources and are on a fiscal year basis.

Table A1 Growth Rate of GDP
(percent per annum)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies	5.9	6.4	7.6	7.4	6.4	6.0	2.2	4.3
Hong Kong, China	6.3	6.1	5.4	3.9	5.0	5.2	3.0	3.5
Korea, Rep. of	5.1	5.8	8.6	8.9	7.1	5.5	-1.0	3.1
Singapore	6.2	10.4	10.5	8.7	6.9	7.8	3.0	4.5
Taipei,China	6.8	6.3	6.5	6.0	5.7	6.8	5.8	6.2
People's Rep. of China and Mongolia	14.2	13.5	12.6	10.5	9.6	8.8	7.2	6.8
China, People's Rep. of	14.2	13.5	12.6	10.5	9.6	8.8	7.2	6.8
Mongolia	...	-3.0	2.3	6.3	2.4	3.3	...	...
Central Asian Republics	-13.5	-13.3	-16.5	-5.5	3.9	7.8	...	...
Kazakstan	-14.0	-12.9	-12.6	-8.2	0.5	2.0	...	...
Kyrgyz Republic	-13.8	-15.5	-20.1	-5.3	5.6	10.4	...	...
Uzbekistan	-11.1	-2.3	-5.2	-0.9	1.6	5.2	...	...
Southeast Asia	6.6	7.2	7.7	8.2	7.1	3.9	-0.4	2.4
Cambodia	7.0	4.1	4.0	7.6	6.5	2.0	...	...
Indonesia	7.2	7.3	7.5	8.2	8.0	4.6	-3.0	1.0
Lao People's Democratic Rep.	7.0	5.9	8.1	7.0	6.9	7.2	...	...
Malaysia	7.8	8.3	9.2	9.5	8.6	7.5	3.5	4.5
Myanmar	9.7	6.0	7.5	6.9	5.8	5.0	...	...
Philippines	0.3	2.1	4.4	4.8	5.7	5.1	2.4	4.0
Thailand	8.1	8.7	8.6	8.8	5.5	-0.4	-3.0	1.0
Viet Nam	8.6	8.1	8.8	9.5	9.3	9.2	5.0	6.5
South Asia	5.5	5.4	7.0	6.6	6.8	4.8	6.4	6.7
Bangladesh	4.2	4.5	4.2	4.4	5.4	5.7	6.0	6.2
Bhutan	4.5	6.1	6.4	7.4	6.1	6.6	...	...
India	5.3	6.0	7.8	7.2	7.5	5.0	6.7	7.0
Maldives	6.3	6.2	6.6	7.2	6.5	6.0	...	...
Nepal	4.6	3.3	7.9	2.8	6.1	4.3	3.7	4.0
Pakistan	7.7	2.3	4.5	5.2	4.6	3.1	5.1	5.5
Sri Lanka	4.3	6.9	5.6	5.5	3.8	6.3	5.6	6.0
Pacific Islands	9.2	12.1	3.0	-1.7	3.3	-4.1	...	...
Cook Islands	11.0	1.5	1.5	-5.7	-5.3	0.5	...	...
Fiji	4.9	2.2	3.9	2.0	3.1	-1.0	...	...
Kiribati	2.5	3.1	6.8	12.8	1.7	2.0	...	...
Marshall Islands	1.1	2.5	4.7	4.7	-5.0	-5.0	...	...
Micronesia, Federated States of	1.3	1.4	-1.9	0.8	0.8	-5.0	...	...
Papua New Guinea	11.8	16.6	3.1	-4.7	3.9	-6.5	...	...
Samoa	-0.9	6.3	-7.8	9.5	5.9	3.0	...	...
Solomon Islands	12.5	2.3	5.6	7.6	3.5	-1.0	...	...
Tonga	...	2.8	4.7	2.6	1.6	3.0	...	...
Tuvalu	2.7	5.2	6.2	2.0	2.5	2.5	...	...
Vanuatu	1.0	4.5	2.5	3.2	3.0	3.0	...	...
Average for DMCs	8.1	8.4	8.7	8.2	7.5	6.1	4.0	5.1

Table A2 Growth Rate of Per Capita GDP
(percent per annum)

	1992	1993	1994	1995	1996	1997	1998	1999	Per Capita GNP (US$) 1996
Newly Industrialized Economies	4.7	5.1	6.3	5.3	5.1	4.6	0.9	3.1	
Hong Kong, China	5.4	4.3	3.1	1.9	2.4	2.1	0.5	1.5	24,290
Korea, Rep. of	4.0	4.7	7.5	7.8	6.1	4.5	-1.9	2.1	10,610
Singapore	4.1	8.3	8.4	6.5	5.1	5.7	0.4	3.2	30,550
Taipei,China	5.7	5.2	5.7	5.1	4.9	6.0	5.0	5.4	13,310
People's Rep. of China and Mongolia	12.9	12.2	11.3	9.3	8.5	7.7	6.1	5.7	
China, People's Rep. of	12.9	12.2	11.3	9.3	8.5	7.7	6.1	5.7	750
Mongolia	...	-4.4	0.9	4.5	0.8	1.2	...	...	360
Central Asian Republics	-14.4	-13.8	-15.7	-6.8	3.7	7.1	...	...	
Kazakstan	-13.3	-12.8	-12.2	-6.5	1.5	3.1	...	...	1,350
Kyrgyz Republic	-15.0	-15.8	-18.9	-7.7	5.3	10.0	...	...	550
Uzbekistan	-13.2	-4.5	-6.0	-2.9	-0.1	...	...	...	1,010
Southeast Asia	4.4	5.2	5.8	5.3	5.2	1.7	-2.3	0.6	
Cambodia	1.6	0.3	1.8	4.0	1.5	-0.7	...	...	300
Indonesia	5.4	5.5	5.8	6.5	6.2	2.9	-4.4	-0.5	1,080
Lao People's Democratic Rep.	4.3	3.2	5.4	4.3	4.3	4.6	...	...	400
Malaysia	3.3	5.0	6.5	6.4	6.1	5.1	1.2	2.1	4,370
Myanmar	7.6	4.1	5.5	4.9	3.9	4.5	...	...	...
Philippines	-2.1	-0.5	2.0	2.3	3.3	2.8	-0.4	1.7	1,160
Thailand	6.8	7.4	7.3	7.6	4.3	-2.8	-4.7	-0.5	2,960
Viet Nam	6.1	5.6	6.6	7.4	7.3	7.0	3.0	4.4	290
South Asia	3.4	3.3	4.4	4.3	4.8	3.1	4.5	4.9	
Bangladesh	2.5	2.8	2.0	2.6	3.5	3.8	4.1	4.3	260
Bhutan	1.3	2.9	3.5	3.8	2.9	2.9	...	...	390
India	3.3	4.1	5.3	5.5	5.6	3.4	5.0	5.4	380
Maldives	2.8	2.8	3.3	5.7	...	...	...	...	1,080
Nepal	2.5	1.2	5.7	0.8	3.9	2.2	1.6	1.9	210
Pakistan	4.7	-1.0	0.9	2.4	1.3	0.6	2.3	2.5	480
Sri Lanka	3.3	5.6	4.2	4.0	2.6	5.2	4.5	4.9	740
Pacific Islands	7.1	10.6	1.0	-0.6	-0.4	0.3	...	...	
Cook Islands	10.5	0.4	0.4	-3.2	-6.3	3.5	...	...	...
Fiji	4.5	-0.1	2.3	1.3	1.4	0.9	...	...	2,470
Kiribati	-21.4	-1.4	-0.7	5.3	-0.2	1.0	...	...	920
Marshall Islands	-4.0	0.3	-1.2	0.9	...	...	...	...	1,890
Micronesia, Federated States of	-0.7	-0.3	-3.2	-0.5	-0.5	...	...	...	2,070
Papua New Guinea	9.5	14.5	1.0	-2.0	-2.4	...	...	...	1,150
Samoa	-0.3	2.9	-7.0	7.6	5.3	2.4	...	...	1,170
Solomon Islands	2.0	7.4	-0.8	6.9	13.9	...	...	...	900
Tonga	-14.9	0.2	2.8	1.2	-3.7	0.1	...	...	1,790
Tuvalu	1.4	3.9	4.8	0.7	0.7	1.2	...	...	...
Vanuatu	-1.7	7.5	-0.1	0.7	0.6	...	...	...	1,290
Average for DMCs	6.5	6.9	7.1	6.2	6.0	4.6	2.5	3.7	

Table A3 Growth Rate of Value Added in Agriculture
(percent per annum)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies								
Hong Kong, China	...	...	...	...	...	...	...	...
Korea, Rep. of	6.0	-2.9	1.6	3.7	3.5	0.6	1.0	1.0
Singapore	0.6	-2.4	5.4	11.0	6.0	-5.8	...	...
Taipei,China	1.4	8.1	3.9	5.4	-4.1	-3.4	0.5	1.4
People's Rep. of China and Mongolia								
China, People's Rep. of	4.7	4.7	4.0	5.0	5.1	3.5	3.5	3.5
Mongolia	-2.1	-2.7	2.7	4.2	10.0	2.6	...	...
Central Asian Republics								
Kazakstan	0.5	-12.1	-20.8	-23.7	-6.9	3.5	...	...
Kyrgyz Republic	-3.2	-9.1	-9.0	-2.0	13.0	...	...	...
Uzbekistan	-9.7	1.5	-3.4	2.0	-7.3	5.8	...	...
Southeast Asia								
Cambodia	1.9	-1.0	-0.0	6.5	1.8	4.9	...	...
Indonesia	6.3	1.7	0.6	4.4	3.0	0.6	1.5	2.5
Lao People's Democratic Rep.	8.3	2.7	8.3	3.1	2.8	5.8	...	...
Malaysia	4.7	4.3	-1.0	1.1	2.2	3.5	2.0	2.0
Myanmar	10.5	4.6	5.9	4.8	4.6	6.4	...	...
Philippines	0.4	2.1	2.6	0.8	3.1	2.8	-1.0	2.0
Thailand	6.0	0.5	2.8	2.5	3.8	1.2	3.0	...
Viet Nam	7.1	3.8	3.9	5.1	4.4	4.9	3.0	3.5
South Asia								
Bangladesh	2.2	1.8	0.3	-1.0	3.7	6.0	3.2	3.4
Bhutan	-2.0	3.6	3.9	4.0	6.4	4.1	...	...
India	6.1	3.6	4.6	-3.0	7.9	-2.0	4.5	3.0
Maldives	-1.1	0.0	2.6	1.5	...	...	...	...
Nepal	-1.1	-0.6	7.6	-0.3	4.4	4.1	2.0	3.5
Pakistan	9.5	-5.3	5.2	6.6	5.3	0.7	5.0	3.0
Sri Lanka	-1.6	4.9	3.3	3.3	-4.6	5.4	3.0	3.0
Pacific Islands								
Cook Islands	-8.3	0.2	1.9	...	5.0	...	...	...
Fiji	3.5	0.6	9.4	-2.8	4.2	-2.3	...	...
Kiribati	...	-5.6	11.4	-8.3	-9.4	...	...	...
Marshall Islands	-3.0	2.3	24.4	-3.1	...	...	...	...
Micronesia, Federated States of	...	...	...	...	...	...	...	...
Papua New Guinea	6.1	9.5	6.0	0.7	3.0	...	...	...
Samoa	-10.1	10.8	-22.6	11.5	4.2	...	...	...
Solomon Islands	-0.5	18.9	-1.4	18.7	3.5	-2.2	...	...
Tonga	-7.6	-0.1	4.7	4.4	-7.3	-3.8	...	...
Tuvalu	-1.6	0.9	0.6	0.5	0.5	1.0	...	...
Vanuatu	1.9	18.4	2.2	6.4	1.6	...	...	...

Table A4 Growth Rate of Value Added in Industry
(percent per annum)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies								
Hong Kong, China	...	...	...	...	...	...	...	...
Korea, Rep. of	3.4	6.2	9.0	10.3	6.2	5.4	-2.5	4.0
Singapore	5.8	9.3	13.2	9.5	6.5	6.6	...	...
Taipei,China	3.6	4.0	1.8	3.1	4.0	5.7	3.1	4.1
People's Rep. of China and Mongolia								
China, People's Rep. of	21.2	19.9	18.4	13.9	12.1	10.8	8.0	7.0
Mongolia	-12.9	-6.9	2.1	14.6	0.5	2.3	...	...
Central Asian Republics								
Kazakstan	-23.2	-19.7	-25.9	-21.9	5.1	-3.5	...	...
Kyrgyz Republic	-25.9	-22.0	-38.5	-11.5	-1.2	...	...	...
Uzbekistan	-15.5	-4.2	-6.6	-5.6	1.7	6.5	...	...
Southeast Asia								
Cambodia	15.5	13.0	7.7	9.8	13.3	0.6	...	...
Indonesia	8.2	9.8	11.2	10.4	10.6	5.4	-3.0	1.5
Lao People's Democratic Rep.	7.5	10.3	10.7	12.9	17.5	9.8	...	...
Malaysia	8.9	10.1	12.4	13.8	11.2	10.5	5.0	6.0
Myanmar	12.7	11.0	10.3	12.5	10.7	9.8	...	...
Philippines	-0.6	1.6	5.8	7.0	6.3	5.7	3.0	3.5
Thailand	9.9	10.4	10.2	10.5	7.0	-0.1	-0.3	...
Viet Nam	14.0	13.1	14.0	13.9	14.4	13.6	7.3	10.0
South Asia								
Bangladesh	7.1	8.0	7.8	8.4	5.3	3.6	8.1	8.0
Bhutan	15.1	7.3	13.9	17.0	8.4	1.6	...	...
India	4.2	6.8	9.4	14.1	7.2	6.0	7.0	9.0
Maldives	9.1	8.9	6.6	8.2	...	...	...	...
Nepal	16.8	4.8	9.0	3.9	5.9	3.2	4.6	4.0
Pakistan	7.7	5.5	4.5	4.8	3.6	3.3	4.5	6.5
Sri Lanka	7.1	9.8	8.1	7.8	5.6	7.9	7.5	8.5
Pacific Islands								
Cook Islands	24.0	-17.1	10.6	...	2.0	...	...	...
Fiji	7.1	6.0	5.6	1.9	3.9	-0.1	...	...
Kiribati	...	1.8	1.4	2.9	2.6	...	...	...
Marshall Islands	1.3	-7.5	13.3	20.7	...	...	...	...
Micronesia, Federated States of	...	...	...	...	...	...	...	...
Papua New Guinea	28.5	35.8	-0.8	-8.0	7.6	...	...	...
Samoa	19.7	2.2	-3.2	26.6	14.0	...	...	...
Solomon Islands	8.4	6.7	11.5	39.7	...	1.7	...	...
Tonga	12.3	1.6	-2.2	-2.7	6.3	-1.7	...	...
Tuvalu	38.8	-8.1	-10.1	-6.5	2.7	2.7	...	...
Vanuatu	-8.4	1.2	7.3	6.4	-9.2	...	...	...

Table A5 Growth Rate of Value Added in Services
(percent per annum)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies								
Hong Kong, China	...	...	...	...	...	...	...	...
Korea, Rep. of	7.6	7.4	8.6	7.6	8.1	7.1	0.1	2.6
Singapore	6.0	10.7	9.5	8.2	7.3	8.8	...	...
Taipei,China	9.5	7.8	9.9	7.9	7.3	7.9	7.6	7.5
People's Rep. of China and Mongolia								
China, People's Rep. of	12.4	10.7	9.6	8.4	7.8	8.2	7.5	8.4
Mongolia	-13.2	1.0	2.0	0.2	-4.1	5.3	...	...
Central Asian Republics								
Kazakstan	-9.0	-7.0	0.7	3.8	0.1	5.0	...	...
Kyrgyz Republic	-11.6	-16.4	-19.3	-7.8	0.8	...	...	...
Uzbekistan	-49.5	-3.0	-5.4	-0.5	5.1	4.6	...	...
Southeast Asia								
Cambodia	11.2	7.2	7.4	7.9	8.8	-0.4	...	...
Indonesia	6.8	7.4	7.1	7.6	7.3	5.3	-4.6	-0.1
Lao People's Democratic Rep.	3.9	7.7	5.5	10.2	8.5	10.0	...	...
Malaysia	8.5	9.7	9.5	9.2	9.5	8.5	6.0	7.0
Myanmar	7.6	6.1	8.3	7.2	5.3	5.1	...	...
Philippines	1.0	2.5	4.2	5.0	6.5	5.6	3.5	5.0
Thailand	7.2	9.6	8.8	9.0	4.6	-1.1	-0.3	...
Viet Nam	7.0	9.2	10.2	10.6	10.0	9.5	5.0	6.0
South Asia								
Bangladesh	4.8	5.3	5.8	6.9	6.5	6.2	7.1	7.2
Bhutan	6.6	10.1	6.2	5.9	5.2	13.9	...	...
India	5.5	7.3	7.5	9.8	7.3	9.1	7.9	8.1
Maldives	8.7	7.9	8.1	8.7	...	...	...	...
Nepal	6.5	7.3	7.7	6.0	7.9	5.0	5.0	4.5
Pakistan	6.8	4.6	4.2	4.8	4.7	4.1	5.5	6.2
Sri Lanka	5.3	6.2	5.1	4.9	6.0	5.6	5.3	5.4
Pacific Islands								
Cook Islands	13.7	3.1	5.9	...	-8.9	...	...	...
Fiji	5.5	0.2	1.7	4.3	2.3	2.7	...	...
Kiribati	-4.5	0.7	0.7	3.7	3.4	...	...	...
Marshall Islands	2.0	4.5	-0.8	3.4	...	...	...	...
Micronesia, Federated States of	...	...	...	...	...	...	...	...
Papua New Guinea	2.9	3.0	5.6	-9.1	0.5	...	...	...
Samoa	2.0	-1.8	11.0	-0.5	2.4	...	...	...
Solomon Islands	8.3	4.7	2.9	-0.2	1.7	2.4	...	...
Tonga	-19.8	-0.7	2.1	0.8	-1.8	8.6	...	...
Tuvalu	59.5	-16.6	-8.5	-9.2	3.0	2.9	...	...
Vanuatu	3.0	9.8	1.7	1.4	6.2	...	...	...

Table A6 Sectoral Share of GDP
(percent)

	Agriculture			Industry			Services		
	1970	1980	1997	1970	1980	1997	1970	1980	1997
Newly Industrialized Economies									
Hong Kong, China	...	0.9	0.2	...	32.0	15.5	...	67.2	84.4
Korea, Rep. of	29.8	14.2	6.1	23.8	37.8	43.7	46.4	48.1	50.2
Singapore	2.2	1.1	0.1	36.4	38.8	34.3	61.4	60.0	65.5
Taipei,China	...	7.9	2.9	...	46.0	35.3	...	46.1	61.8
People's Rep. of China and Mongolia									
China, People's Rep. of	42.2	25.6	17.2	44.6	51.7	54.9	13.2	22.7	27.9
Mongolia	33.1	17.4	36.9	26.3	33.3	34.0	40.6	49.3	29.1
Central Asian Republics									
Kazakstan	...	...	13.4	...	...	30.5	...	...	51.6
Kyrgyz Republic	...	...	49.8	...	...	25.0	...	...	25.2
Uzbekistan	...	...	21.3	...	...	18.0	...	...	60.7
Southeast Asia									
Cambodia	...	...	43.9	...	...	19.6	...	...	36.5
Indonesia	35.0	24.4	14.8	28.0	41.3	43.2	37.0	34.3	42.0
Lao People's Democratic Rep.	...	...	52.5	...	...	21.5	...	...	26.0
Malaysia	...	22.9	11.7	...	35.8	47.6	...	41.3	40.8
Myanmar	49.5	47.9	44.5	12.0	12.3	16.8	38.5	39.8	38.7
Philippines	28.2	23.5	20.5	33.7	40.5	35.9	38.1	36.0	43.6
Thailand	30.2	20.2	10.8	25.7	30.1	42.2	44.1	49.7	47.0
Viet Nam	...	42.7	31.2	...	26.3	30.1	...	31.0	38.7
South Asia									
Bangladesh	...	49.4	32.4	...	14.8	19.2	...	35.8	48.4
Bhutan	...	56.7	36.2	...	12.2	28.0	...	31.1	35.9
India	44.5	38.1	24.3	23.9	25.9	31.9	31.6	36.0	43.8
Maldives	...	...	...	...	...	...	...	...	...
Nepal	...	61.8	41.0	...	11.9	19.1	...	26.3	39.8
Pakistan	40.1	30.6	24.2	19.6	25.6	26.4	40.3	43.8	49.4
Sri Lanka	30.7	26.6	18.3	27.1	27.2	32.3	42.2	46.2	49.4
Pacific Islands									
Cook Islands	...	...	...	...	...	...	...	...	...
Fiji	30.2	22.5	22.1	23.1	21.7	23.4	46.7	55.8	54.5
Kiribati	...	...	...	...	...	...	...	...	...
Marshall Islands	...	...	...	...	...	...	...	...	...
Micronesia, Federated States	...	...	...	...	...	...	...	...	...
Papua New Guinea	...	...	...	...	...	...	...	...	...
Samoa	...	...	...	...	...	...	...	...	...
Solomon Islands	...	52.5	35.7	...	10.0	23.7	...	37.4	40.6
Tonga	...	47.6	35.3	...	11.0	15.4	...	41.4	49.3
Tuvalu	...	...	...	...	...	...	...	...	...
Vanuatu	...	...	...	...	...	...	...	...	...

Table A7 Gross Domestic Savings
(percentage of GDP)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies								
Hong Kong, China	33.8	34.6	33.1	30.5	30.7	30.6	30.0	32.0
Korea, Rep. of	35.2	35.4	36.5	36.8	35.2	34.5	34.9	33.9
Singapore	45.6	46.3	48.8	51.0	51.2	51.8	50.0	50.0
Taipei,China	27.0	27.0	25.8	25.6	25.1	24.7	24.9	25.2
People's Rep. of China and Mongolia								
China, People's Rep. of	38.3	41.5	42.2	41.9	41.4	42.6	39.0	39.0
Mongolia	23.9	12.4	11.3	21.8	19.9	19.3	...	...
Central Asian Republics								
Kazakstan	...	...	13.4	15.8	10.3	...	...	...
Kyrgyz Republic	7.9	4.0	2.7	5.5	2.2	3.0	...	...
Uzbekistan	6.7	-5.4	7.8	20.4	8.2	9.0	...	...
Southeast Asia								
Cambodia	6.2	5.3	4.8	5.4	5.4	4.4	...	...
Indonesia	35.3	32.5	32.2	30.6	30.2	31.0	24.0	25.0
Lao People's Democratic Rep.	...	...	...	...	...	...	...	...
Malaysia	36.5	37.7	38.8	39.5	42.6	43.8	42.0	42.5
Myanmar	12.8	11.4	11.7	13.4	14.0	14.6	...	...
Philippines	17.0	15.2	17.0	16.8	18.8	19.2	17.0	19.0
Thailand	35.2	35.6	36.0	33.6	33.7	31.0	31.4	32.0
Viet Nam	16.9	17.4	16.9	17.0	16.7	17.7	16.0	18.0
South Asia								
Bangladesh	5.8	7.0	13.4	12.8	7.5	9.0	8.6	8.8
Bhutan	16.1	26.8	28.4	27.0	29.0	30.0	...	...
India	22.5	21.1	23.0	24.4	25.6	25.5	25.6	27.1
Maldives	...	...	...	...	...	...	...	...
Nepal	12.7	15.5	16.5	15.2	10.3	12.5	13.1	13.0
Pakistan	16.9	13.5	15.6	14.2	11.6	11.4	12.5	13.5
Sri Lanka	15.0	16.0	15.2	15.3	15.5	16.5	17.5	18.0
Pacific Islands								
Cook Islands	...	...	...	...	...	...	...	...
Fiji	9.3	10.3	11.2	11.0	12.7	...	...	...
Kiribati	-50.4	...	...	...	...	...	...	...
Marshall Islands	...	...	...	...	...	...	...	...
Micronesia, Federated States of	...	...	...	...	...	...	...	...
Papua New Guinea	19.7	...	...	...	...	...	...	...
Samoa	...	...	...	...	...	...	...	...
Solomon Islands	...	...	...	...	...	...	...	...
Tonga	-24.8	...	...	...	...	...	...	...
Tuvalu	...	...	...	...	...	...	...	...
Vanuatu	20.3	19.3	18.9	23.0	...	...	...	...

Table A8 Gross Domestic Investment
(percentage of GDP)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies								
Hong Kong, China	28.5	27.6	31.9	34.8	32.3	34.5	31.0	32.0
Korea, Rep. of	36.6	35.1	36.1	37.0	38.2	34.6	26.4	29.4
Singapore	36.0	37.7	32.7	33.7	35.3	37.4	32.0	33.0
Taipei,China	24.9	25.2	23.9	23.7	21.2	21.8	22.6	23.4
People's Rep. of China and Mongolia								
China, People's Rep. of	37.3	43.5	40.9	40.2	39.2	39.8	39.0	39.0
Mongolia	29.3	27.7	24.8	26.4	25.2	23.3	...	...
Central Asian Republics								
Kazakstan	...	...	21.4	20.1	14.0	...	...	...
Kyrgyz Republic	19.9	11.7	9.0	18.3	23.5	19.0	...	...
Uzbekistan	13.1	3.0	5.7	20.9	16.1	15.0	...	...
Southeast Asia								
Cambodia	9.8	17.8	18.5	21.6	20.9	17.6	...	...
Indonesia	32.4	29.5	32.5	31.9	30.8	31.6	25.0	27.0
Lao People's Democratic Rep.	...	...	...	...	...	...	...	...
Malaysia	35.1	37.8	40.4	43.5	41.5	42.0	40.5	41.5
Myanmar	13.5	12.4	12.4	14.3	14.8	16.8	...	...
Philippines	20.8	23.6	23.5	21.6	23.3	23.9	20.0	22.0
Thailand	40.0	39.9	40.3	41.6	41.7	35.0	26.0	29.0
Viet Nam	17.6	24.9	25.5	27.1	27.9	25.4	23.0	25.0
South Asia								
Bangladesh	12.1	14.3	18.1	19.1	17.0	17.4	17.2	18.0
Bhutan	47.7	47.1	50.3	47.6	48.0	47.0	...	...
India	24.0	21.7	24.0	26.2	27.1	26.6	27.1	29.0
Maldives	...	...	...	...	...	...	...	...
Nepal	21.2	23.1	22.4	23.4	23.2	23.4	24.9	25.0
Pakistan	19.9	20.5	19.4	18.3	18.7	18.4	20.0	22.0
Sri Lanka	24.3	25.6	27.0	25.7	24.2	25.8	26.7	27.6
Pacific Islands								
Cook Islands	...	...	...	...	...	...	...	...
Fiji	13.4	14.6	12.2	13.0	12.1	...	...	...
Kiribati	69.0	...	...	...	...	...	...	...
Marshall Islands	...	...	...	...	...	...	...	...
Micronesia, Federated States of	...	...	...	...	...	...	...	...
Papua New Guinea	23.8	...	...	...	...	...	...	...
Samoa	...	...	...	...	...	...	...	...
Solomon Islands	25.4	19.6	...	...	...	...	...	...
Tonga	33.8	...	...	...	...	...	...	...
Tuvalu	58.4	41.1	46.1	71.6	...	...	...	...
Vanuatu	26.2	25.5	26.5	30.5	...	...	...	...

Table A9 Changes in Consumer Prices
(percent per annum)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies	5.8	4.6	5.6	4.6	4.3	3.5	6.1	4.9
Hong Kong, China	9.3	8.5	8.1	8.6	6.0	5.7	4.5	5.0
Korea, Rep. of	6.2	4.8	6.2	4.5	4.9	4.5	9.8	7.2
Singapore	2.3	2.2	3.1	1.7	1.4	2.0	3.2	3.3
Taipei,China	4.5	2.9	4.1	3.7	3.1	0.9	3.2	2.2
People's Rep. of China and Mongolia	6.7	14.9	24.2	17.1	8.3	2.8	4.0	6.0
China, People's Rep. of	6.4	14.7	24.1	17.1	8.3	2.8	4.0	6.0
Mongolia	153.8	268.4	87.6	56.8	49.6	20.0	...	...
Central Asian Republics	987.1	1,277.3	782.5	83.6	36.5	24.8	...	...
Kazakstan	1,381.0	1,658.7	1,878.3	175.8	39.1	20.4	...	...
Kyrgyz Republic	854.6	1,208.7	278.1	42.8	30.3	25.5	...	...
Uzbekistan	906.1	880.4	1,281.4	116.9	64.4	30.0	...	...
Southeast Asia	7.1	6.5	7.1	7.3	6.6	5.6	12.9	8.7
Cambodia	112.5	41.0	17.9	3.5	9.0	9.1	...	...
Indonesia	7.6	9.6	8.5	9.5	7.9	6.6	20.0	15.0
Lao People's Democratic Rep.	9.8	6.3	6.8	19.6	13.0	19.5	...	...
Malaysia	4.7	3.6	3.7	3.4	3.5	4.0	5.0	4.5
Myanmar	21.9	31.8	24.1	25.2	16.3	...	...	...
Philippines	8.9	7.6	9.0	8.1	8.4	5.1	10.0	8.0
Thailand	4.1	3.3	5.2	5.8	5.9	5.6	15.0	9.0
Viet Nam	17.6	5.2	14.4	12.7	4.5	3.2	4.0	4.0
South Asia	...	4.8	10.7	9.9	9.3	7.1	7.4	7.5
Bangladesh	5.1	1.3	1.8	5.2	4.0	3.9	5.5	5.0
Bhutan	15.9	11.2	7.0	9.5	8.8	7.0	...	...
India	...	3.8	11.8	10.0	9.2	6.5	7.0	7.2
Maldives	16.8	20.2	16.5	5.4	6.2	8.0	...	...
Nepal	21.0	8.9	8.9	7.6	8.1	7.8	7.5	8.0
Pakistan	9.6	9.8	11.2	13.0	10.8	11.6	10.0	10.2
Sri Lanka	11.4	11.7	8.4	7.7	15.9	9.6	10.0	9.0
Pacific Islands	4.8	4.3	2.9	11.7	8.6	3.9	...	...
Cook Islands	3.5	7.3	2.6	0.9	-0.5	-2.0	...	...
Fiji	4.9	0.5	0.8	2.2	3.0	2.9	...	...
Kiribati	4.0	6.1	5.3	3.6	-0.6	2.0	...	...
Marshall Islands	10.3	5.0	5.6	7.3	6.0	4.0	...	...
Micronesia, Federated States of	5.0	6.0	4.0	4.0	3.0	3.0	...	...
Papua New Guinea	4.3	4.9	2.9	17.3	11.6	3.9	...	...
Samoa	9.0	1.7	18.4	1.0	7.1	8.0	...	...
Solomon Islands	10.7	14.3	7.3	9.8	15.8	12.0	...	...
Tonga	8.0	0.9	2.4	0.3	2.8	1.8	...	...
Tuvalu	2.2	2.3	1.4	5.0	0.0	0.6	...	...
Vanuatu	4.1	3.6	2.5	2.3	2.5	2.5	...	...
Average for DMCs	5.6	8.0	11.3	9.4	6.7	4.3	6.9	6.5

Table A10 Growth Rate of Money Supply (M2)
(percent per annum)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies								
Hong Kong, China	10.8	16.2	12.9	14.6	10.9	8.4	9.4	9.6
Korea, Rep. of	14.9	16.6	18.7	15.6	15.8	14.7	13.1	13.2
Singapore	8.9	8.5	14.4	8.5	9.8	10.3	8.6	7.5
Taipei,China	19.1	15.4	15.1	9.4	9.1	7.2	7.4	7.4
People's Rep. of China and Mongolia								
China, People's Rep. of	31.3	36.8	35.1	29.5	25.8	17.3	20.0	22.0
Mongolia	31.6	227.6	79.5	32.9	25.8	36.0	...	...
Central Asian Republics								
Kazakstan	389.0	691.9	576.1	110.4	17.4	29.6	...	...
Kyrgyz Republic	428.2	179.9	117.8	77.8	22.2	17.0	...	...
Uzbekistan	468.2	782.2	680.0	158.1	113.7	24.0	...	...
Southeast Asia								
Cambodia	214.0	34.4	34.9	44.3	40.4	16.6	...	...
Indonesia	20.2	22.0	20.2	27.6	29.6	27.7	25.0	26.1
Lao People's Democratic Rep.	49.0	64.6	31.9	16.4	26.7	68.8	...	...
Malaysia	19.1	22.1	14.7	24.0	20.9	18.5	18.0	20.0
Myanmar	35.6	26.8	33.9	40.5	39.5	...	...	...
Philippines	11.0	24.6	26.8	25.2	15.8	20.5	17.0	17.0
Thailand	15.6	18.4	12.9	17.0	12.6	16.4	6.8	7.5
Viet Nam	33.7	19.0	33.2	22.6	22.7	24.0	15.0	15.0
South Asia								
Bangladesh	14.1	10.6	15.4	16.0	8.2	10.8	12.0	12.5
Bhutan	-2.3	16.2	21.5	29.9	30.4	20.0	...	...
India	15.7	18.4	22.3	13.7	15.9	16.5	16.7	15.0
Maldives	12.9	36.4	24.2	15.6	24.0	20.0	...	...
Nepal	21.1	27.7	19.6	16.1	14.4	10.7	12.0	12.0
Pakistan	30.3	18.0	16.9	16.6	14.9	13.1	14.2	15.0
Sri Lanka	17.4	23.4	19.7	19.2	10.8	14.7	14.0	13.0
Pacific Islands								
Cook Islands	26.9	6.5	...	...	...	...	...	...
Fiji	15.0	17.9	0.2	7.5	15.4	...	...	...
Kiribati	...	...	...	...	...	...	...	...
Marshall Islands	...	...	...	...	...	...	...	...
Micronesia, Federated States of	...	...	...	...	...	...	...	...
Papua New Guinea	24.9	7.0	2.6	-12.5	8.1	...	...	...
Samoa	0.8	2.3	12.9	21.8	1.6	6.2	...	...
Solomon Islands	26.2	14.7	24.1	9.6	...	...	...	...
Tonga	22.5	4.1	8.8	17.1	2.6	9.3	...	...
Tuvalu	...	...	...	...	...	...	...	...
Vanuatu	-2.6	4.9	2.9	12.2	...	...	...	...

Table A11 Growth Rate of Merchandise Exports
(percent per annum)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies	12.1	10.7	15.0	20.9	4.5	3.4	4.0	4.9
Hong Kong, China	21.2	13.2	11.9	14.8	4.0	4.0	2.2	3.5
Korea, Rep. of	8.0	7.7	15.7	31.5	4.1	7.2	5.8	5.6
Singapore	8.5	17.0	25.8	21.0	6.4	-3.1	2.0	4.0
Taipei,China	6.9	4.5	9.4	20.0	3.8	5.2	6.8	7.0
People's Rep. of China and Mongolia	18.0	8.7	35.4	24.9	17.8	20.0	3.0	3.0
China, People's Rep. of	18.1	8.8	35.6	24.9	17.9	20.0	3.0	3.0
Mongolia	2.7	2.8	0.3	32.3	-12.8	8.9	...	...
Central Asian Republics	-66.3	29.7	0.5	37.2	13.1	7.1	...	...
Kazakstan	-65.1	0.7	-0.9	45.3	21.8	7.7	...	...
Kyrgyz Republic	-93.1	31.7	0.1	20.3	29.9	13.7	...	...
Uzbekistan	-88.0	102.0	2.2	29.4	-0.6	5.3	...	...
Southeast Asia	14.7	13.3	19.3	24.3	6.0	8.7	8.2	10.4
Cambodia	24.5	7.2	62.8	75.2	-18.5	-4.9	...	...
Indonesia	14.0	8.3	9.9	18.0	5.8	11.2	5.0	7.0
Lao People's Democratic Rep.	37.3	81.4	24.9	3.5	3.8	-1.0	...	...
Malaysia	18.1	16.1	23.1	26.6	7.3	6.0	8.0	10.0
Myanmar	37.2	17.8	31.8	-2.8	4.6	7.5	...	...
Philippines	11.1	15.8	18.5	29.4	17.7	22.8	21.0	21.0
Thailand	13.7	13.4	22.7	24.8	-1.9	3.2	5.0	8.0
Viet Nam	21.2	20.6	35.8	28.2	41.0	22.2	15.0	16.0
South Asia	8.0	15.4	13.0	20.5	5.5	5.1	8.0	8.9
Bangladesh	16.1	19.5	6.0	37.2	12.2	13.7	15.0	16.0
Bhutan	-9.6	4.9	-4.2	11.7	9.3	8.5	...	...
India	3.3	20.2	18.4	20.8	4.1	5.0	7.5	7.8
Maldives	10.0	-19.0	43.1	12.7	8.0	5.8	...	...
Nepal	56.1	25.4	-2.7	-9.6	1.7	10.3	4.0	6.0
Pakistan	14.6	0.3	-1.4	16.1	7.1	-2.7	6.0	9.0
Sri Lanka	20.6	16.3	12.0	18.7	7.9	13.0	9.0	10.0
Pacific Islands	25.2	28.2	7.9	2.3	-1.3	-12.0	...	...
Cook Islands	-41.4	21.9	7.7	9.5	...	...	...	...
Fiji	-3.5	6.1	32.2	6.0	23.3	-11.4	...	...
Kiribati	64.8	-27.4	51.9	40.7	-31.1	...	...	...
Marshall Islands	9.1	-17.7	87.3	14.9	...	...	...	...
Micronesia, Federated States of	94.4	33.8	135.9	5.0	-1.6	2.0	...	...
Papua New Guinea	31.4	33.7	2.5	0.4	-5.6	-13.3	...	...
Samoa	-10.1	10.5	-45.3	149.1	15.1	...	...	...
Solomon Islands	22.1	25.5	10.1	18.4	4.3	4.0	...	...
Tonga	78.2	-42.4	82.8	-11.8	-25.1	0.8	...	...
Tuvalu	-40.5	4.5	4.3	-54.2	9.1	25.0	...	...
Vanuatu	30.2	-4.2	10.1	13.2	6.7	0.3	...	...
Average for DMCs	13.2	11.3	18.3	22.1	6.8	7.2	5.0	6.0

Table A12 Direction of Exports
(percent share)

From \ To	DMCs 1985	DMCs 1996	JAPAN 1985	JAPAN 1996	USA 1985	USA 1996	EU 1985	EU 1996	AUSTRALIA/ NEW ZEALAND 1985	AUSTRALIA/ NEW ZEALAND 1996	OTHERS 1985	OTHERS 1996
Newly Industrialized Economies												
Hong Kong, China	35.6	46.0	4.2	6.5	30.8	21.2	11.8	15.8	2.3	1.8	15.3	8.7
Korea, Rep. of	12.9	38.4	15.0	12.3	35.6	16.8	10.4	13.3	1.3	1.4	24.7	17.8
Singapore	36.7	48.4	9.4	8.2	21.2	18.4	10.1	13.4	4.4	2.4	18.1	9.2
Taipei,China	15.6	...	11.3	...	15.5	...	5.5	...	2.4	...	49.7	...
PRC and Mongolia												
China, People's Rep. of	38.2	36.6	22.3	20.4	8.5	17.7	7.8	15.0	0.8	1.3	22.5	9.0
Mongolia	3.1	38.5	11.2	21.5	5.5	8.0	20.5	...	0.0	...	59.6	32.0
Central Asian Republics												
Kazakstan	...	15.1	...	1.4	...	...	...	...	...	...	...	...
Kyrgyz Republic	...	53.8	...	0.2	...	...	...	...	...	...	...	...
Uzbekistan	...	15.8	...	2.1	...	...	...	...	...	...	...	...
Southeast Asia												
Cambodia	67.9	52.1	7.0	1.8	...	1.2	13.2	14.0	...	...	11.9	30.9
Indonesia	17.2	31.5	46.2	28.8	21.7	16.5	6.0	18.3	1.2	2.8	7.6	2.1
Lao People's Democratic Rep.	71.9	64.9	6.6	6.6	2.7	4.8	0.5	27.0	5.5	...	12.7	-3.3
Malaysia	38.1	45.9	24.6	13.4	12.8	18.2	13.6	14.8	1.9	1.7	9.1	6.0
Myanmar	47.1	54.1	8.4	7.4	0.8	8.3	8.4	6.3	...	...	35.4	23.9
Philippines	19.5	25.1	19.0	17.1	35.9	32.6	13.8	18.6	2.1	1.1	9.7	5.5
Thailand	27.1	34.0	13.4	16.8	19.7	18.0	17.8	15.7	1.9	1.4	20.1	14.1
Viet Nam	50.4	24.6	17.4	26.4	...	4.5	6.2	25.0	2.2	4.0	23.8	15.5
South Asia												
Bangladesh	14.5	7.6	7.2	3.1	18.1	31.0	13.0	45.0	1.8	0.6	45.5	12.7
Bhutan	...	...	...	...	...	...	...	...	...	...	...	...
India	8.9	24.1	11.1	7.4	18.9	17.3	16.7	29.4	1.4	1.3	43.0	20.5
Maldives	50.8	41.9	10.1	7.0	24.3	8.5	4.0	38.0	...	...	10.9	4.6
Nepal	41.4	12.4	0.7	0.6	35.3	34.4	20.3	52.0	0.1	0.3	2.3	0.3
Pakistan	16.0	21.4	11.3	6.5	10.0	16.7	20.9	30.1	1.1	1.3	40.6	24.0
Sri Lanka	11.2	8.1	5.1	6.2	22.3	34.1	17.9	34.4	1.7	1.2	41.9	16.0
Pacific Islands												
Cook Islands	...	...	...	...	...	...	...	...	...	...	...	...
Fiji	22.5	4.9	3.0	8.4	4.9	10.6	31.0	21.3	18.2	28.2	20.4	26.6
Kiribati	7.2	...	4.3	...	...	...	44.5	...	0.5	...	43.5	100.0
Marshall Islands	...	...	...	...	...	...	...	...	...	...	...	...
Micronesia, Federated States of	...	...	...	...	...	...	...	...	...	...	...	...
Papua New Guinea	9.9	19.0	22.1	21.5	4.0	0.4	46.5	21.0	12.0	...	5.6	38.1
Samoa	0.3	2.7	0.9	0.3	59.4	1.7	5.8	1.6	29.7	...	3.9	93.7
Solomon Islands	11.1	...	52.1	...	2.4	...	26.3	13.5	3.2	3.1	5.0	83.4
Tonga	5.9	...	0.2	...	3.2	...	0.5	5.5	83.1	5.0	7.1	89.5
Tuvalu	...	...	...	...	...	...	...	...	...	...	...	...
Vanuatu	1.4	...	6.7	...	...	...	25.4	42.9	1.6	15.1	65.0	42.0
Total for DMCs	25.6	39.2	16.5	12.9	26.3	16.4	10.7	15.8	2.1	2.0	18.8	13.1

Table A13 Growth Rate of Merchandise Imports
(percent per annum)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies	13.1	10.1	17.4	22.9	5.2	3.0	-0.4	8.1
Hong Kong, China	23.0	12.3	16.7	19.1	3.0	5.1	1.0	6.0
Korea, Rep. of	1.0	2.3	22.4	32.1	12.2	-2.3	-12.3	14.0
Singapore	11.3	17.8	19.8	21.6	5.4	0.1	2.0	4.0
Taipei,China	13.6	7.1	10.4	21.2	-0.1	10.1	9.5	10.0
People's Rep. of China and Mongolia	27.9	33.8	10.3	15.6	19.5	2.5	12.0	12.0
China, People's Rep. of	28.3	34.1	10.4	15.5	19.5	2.5	12.0	12.0
Mongolia	-14.0	-10.5	-3.3	32.0	5.4	-1.5	...	...
Central Asian Republics	-55.5	32.6	-7.8	16.6	27.3	6.2	...	...
Kazakstan	-65.0	9.9	-2.7	7.6	22.9	9.4	...	...
Kyrgyz Republic	-91.4	34.7	-4.6	24.6	47.5	-9.4	...	...
Uzbekistan	-85.1	96.3	-16.2	31.9	31.0	4.2	...	...
Southeast Asia	8.9	14.4	21.8	29.7	6.3	2.4	-1.1	5.6
Cambodia	43.1	34.3	56.5	64.6	-8.5	-8.5	...	...
Indonesia	7.8	6.0	13.9	26.6	8.1	4.8	-5.0	2.0
Lao People's Democratic Rep.	58.8	60.1	30.6	4.4	17.2	-14.7	...	...
Malaysia	10.1	17.8	28.1	30.4	1.7	7.0	6.0	7.0
Myanmar	19.9	28.9	14.3	2.3	8.2	7.0	...	...
Philippines	20.5	21.2	21.2	23.7	20.8	14.0	9.0	10.0
Thailand	6.0	12.2	18.1	31.9	0.6	-9.3	-15.0	3.0
Viet Nam	20.4	39.3	48.5	43.8	39.0	-1.6	5.0	5.0
South Asia	9.2	14.5	18.1	25.7	7.7	5.6	8.3	10.7
Bangladesh	0.5	15.5	-7.5	39.4	17.8	3.0	8.0	10.0
Bhutan	14.0	50.4	-25.7	22.1	-8.2	25.0	...	...
India	10.3	15.1	34.3	28.0	5.1	8.2	9.9	11.2
Maldives	18.4	5.9	9.7	20.9	12.6	12.0	...	...
Nepal	15.8	22.2	14.6	21.9	9.0	10.3	5.0	6.0
Pakistan	7.3	11.7	-13.6	18.5	16.7	-5.0	0.5	10.0
Sri Lanka	15.3	14.6	18.6	11.6	2.5	7.0	10.0	9.0
Pacific Islands	80.1	-1.8	11.6	1.3	7.2	-0.3	...	...
Cook Islands	34.5	4.4	-15.4	1.5	...	...	...	...
Fiji	-1.9	21.2	10.3	5.8	8.0	-0.5	...	...
Kiribati	43.4	-25.1	-5.0	33.3	-6.4	...	...	...
Marshall Islands	7.5	1.3	11.1	8.5	...	...	...	...
Micronesia, Federated States of	0.8	11.2	16.6	2.8	-0.8	1.0	...	...
Papua New Guinea	-5.8	-14.2	17.2	-4.5	19.3	8.0	...	...
Samoa	17.1	-6.7	-22.0	15.2	7.3	...	...	...
Solomon Islands	-0.9	22.7	1.9	10.4	-4.4	8.7	...	...
Tonga	6.6	2.3	31.6	2.7	-9.1	-13.1	...	...
Tuvalu	-2.5	33.3	4.0	32.1	4.1	2.7	...	...
Vanuatu	1.2	8.0	2.6	7.2	8.0	2.7	...	...
Average for DMCs	13.6	14.0	17.4	23.6	7.3	3.0	1.7	8.3

Table A14 Balance of Trade
($ million)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies	4,421	6,836	-868	-10,040	-13,809	-11,767	13,520	-4,288
Hong Kong, China	-4,329	-3,808	-10,923	-19,594	-18,352	-21,121	-19,076	-25,025
Korea, Rep. of	-2,146	1,860	-3,146	-4,746	-15,306	-2,802	22,438	13,356
Singapore	-1,823	-2,724	1,354	1,065	2,281	-1,770	-1,806	-1,878
Taipei,China	12,718	11,508	11,847	13,235	17,568	13,926	11,963	9,259
People's Rep. of China and Mongolia	5,154	-10,633	7,324	18,017	19,448	46,354	35,647	23,119
China, People's Rep. of	5,183	-10,654	7,290	18,050	19,535	46,396	35,647	23,119
Mongolia	-29	21	34	-33	-87	-42	...	...
Central Asian Republics	-1,430	-2,047	-1,326	-136	-1,509	-1,499	...	...
Kazakstan	-1,121	-1,561	-1,453	-222	-326	-465	...	...
Kyrgyz Republic	-74	-107	-86	-122	-252	-106	...	...
Uzbekistan	-235	-379	213	208	-931	-929	...	...
Southeast Asia	1,033	-177	-3,493	-13,167	-14,587	-1,723	20,248	33,263
Cambodia	-86	-187	-275	-404	-450	-388	...	...
Indonesia	7,022	8,231	7,901	6,533	5,948	9,456	14,565	17,787
Lao People's Democratic Rep.	-137	-191	-264	-278	-368	-269	...	...
Malaysia	3,150	3,037	1,577	-100	3,933	3,435	5,281	8,306
Myanmar	-419	-606	-571	-631	-715	-760	...	...
Philippines	-4,695	-6,222	-7,850	-8,944	-11,342	-11,127	-9,100	-6,700
Thailand	-4,161	-4,297	-3,392	-7,629	-9,157	-1,472	10,032	13,295
Viet Nam	-60	-547	-1,190	-2,345	-3,151	-1,358	-530	576
South Asia	-9,729	-10,859	-14,653	-20,464	-23,110	-24,657	-26,570	-30,424
Bangladesh	-1,532	-1,688	-1,240	-1,782	-2,296	-1,947	-1,794	-1,668
Bhutan	-20	-59	-30	-43	-27	-46	...	...
India	-4,368	-4,056	-9,049	-13,516	-14,530	-16,802	-19,317	-22,776
Maldives	-103	-125	-120	-151	-174	-200	...	...
Nepal	-427	-512	-655	-922	-1,031	-1,137	-1,198	-1,270
Pakistan	-2,236	-3,267	-2,000	-2,537	-3,704	-3,328	-2,900	-3,275
Sri Lanka	-1,043	-1,153	-1,559	-1,513	-1,348	-1,197	-1,363	-1,435
Pacific Islands	21	766	738	802	559	116	...	...
Cook Islands	-51	-53	-44	-44	...	-34	...	...
Fiji	-189	-282	-229	-242	-197	-266	...	...
Kiribati	-32	-24	-21	-28	-28	...	...	...
Marshall Islands	-51	-53	-53	-57	...	...	...	...
Micronesia, Federated States of	-102	-109	-94	-95	-95	-95	...	...
Papua New Guinea	625	1,470	1,339	1,410	1,015	557	...	...
Samoa	-104	-96	-77	-83	-89	...	...	...
Solomon Islands	10	15	26	40	53	49	...	...
Tonga	-35	-44	-53	-57	-55	-46	...	...
Tuvalu	-5	-7	-7	9	10	9	...	...
Vanuatu	-44	-50	-50	-52	-56	-58	...	...
Total for DMCs	900	-14,067	-10,952	-24,852	-31,499	8,324	42,845	21,671

Table A15 Balance of Payments on Current Account
($ million)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies	10,261	12,475	14,869	11,723	2,249	13,511	38,394	25,001
Hong Kong, China	...	...	...	...	...	...	...	...
Korea, Rep. of	-3,939	1,016	-3,855	-8,250	-23,061	-8,840	21,138	11,356
Singapore	5,653	4,417	12,226	14,499	14,283	14,630	13,160	11,430
Taipei,China	8,547	7,042	6,498	5,474	11,027	7,721	4,096	2,215
People's Rep. of China and Mongolia	6,345	-11,578	6,954	1,566	7,143	19,947	10,000	5,000
China, People's Rep. of	6,401	-11,609	6,908	1,618	7,243	20,000	10,000	5,000
Mongolia	-56	31	46	-52	-101	-53	...	...
Central Asian Republics	-1,384	-1,608	-1,308	-753	-2,214	-2,116	...	...
Kazakstan	-1,073	-1,072	-1,367	-518	-752	-1,016	...	...
Kyrgyz Republic	-74	-107	-59	-185	-388	-195	...	...
Uzbekistan	-237	-429	118	-50	-1,075	-906	...	...
Southeast Asia	-12,339	-15,670	-19,943	-33,046	-34,309	-24,123	-6,138	-900
Cambodia	-50	-251	-329	-476	-487	-409	...	...
Indonesia	-2,780	-1,944	-2,790	-6,431	-7,660	-5,713	-1,598	2,702
Lao People's Democratic Rep.	-108	-143	-223	-235	-302	-207	...	...
Malaysia	-2,167	-2,991	-4,520	-7,362	-4,964	-5,384	-4,860	-4,090
Myanmar	-275	-292	-195	-303	-386	-421	...	...
Philippines	-858	-3,016	-2,950	-3,287	-3,914	-4,328	-2,619	-955
Thailand	-6,304	-6,364	-7,802	-13,207	-14,351	-6,272	4,590	3,211
Viet Nam	-72	-961	-1,329	-2,048	-2,631	-1,810	-1,651	-1,767
South Asia	-6,746	-6,824	-7,374	-10,661	-11,277	-9,840	-11,436	-14,415
Bangladesh	-578	-618	-430	-1,040	-1,627	-875	-1,100	-1,000
Bhutan	-25	-69	-39	-57	-48	-79	...	...
India	-3,889	-1,526	-3,785	-5,903	-3,700	-4,000	-5,700	-8,500
Maldives	-20	-54	-12	-16	-27	-28	...	...
Nepal	-275	-314	-224	-343	-569	-354	-455	-501
Pakistan	-1,346	-3,688	-1,965	-2,484	-4,575	-4,187	-3,500	-3,700
Sri Lanka	-613	-556	-920	-818	-731	-317	-681	-714
Pacific Islands	46	485	473	694	234	-290	...	...
Cook Islands	...	...	...	...	...	...	...	...
Fiji	11	-81	-69	-36	65	-24	...	...
Kiribati	4	3	14	2	-6	...	...	...
Marshall Islands	-0	-1	0	-6	...	...	...	...
Micronesia, Federated States of	2	-2	13	16	9	8	...	...
Papua New Guinea	95	646	573	767	188	-305	...	...
Samoa	-44	-52	-18	-16	-10	...		
Solomon Islands	-8	-7	-1	10	16	49	...	...
Tonga	-3	-3	-21	-24	-8	-0	...	...
Tuvalu	6	1	2	...	...	...	...	...
Vanuatu	-18	-18	-20	-19	-20	-19	...	...
Total for DMCs	-2,433	-21,111	-5,021	-29,724	-35,961	-796	30,819	14,687

Table A16 Balance of Payments on Current Account
(percentage of GDP)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies	1.5	1.7	1.8	1.2	0.2	1.4	4.5	2.7
Hong Kong, China	...	...	...	...	...	...	...	...
Korea, Rep. of	-1.3	0.3	-1.0	-1.8	-4.8	-2.0	6.9	3.4
Singapore	11.4	7.6	17.2	17.0	15.4	15.2	12.9	10.3
Taipei,China	4.0	3.2	2.7	2.1	4.0	2.7	1.5	0.8
People's Rep. of China and Mongolia	1.3	-1.9	1.3	0.2	0.9	2.2	0.9	0.4
China, People's Rep. of	1.3	-1.9	1.3	0.2	0.9	2.2	0.9	0.4
Mongolia	-5.0	5.3	6.7	-5.5	-10.0	-5.6	...	...
Central Asian Republics	-8.4	-9.4	-7.3	-10.8	-17.2	-8.5	...	...
Kazakstan	-7.4	-9.5	-11.6	-3.1	-3.6	-4.6	...	...
Kyrgyz Republic	-9.2	-9.5	-7.5	-15.6	-24.1	-10.5	...	...
Uzbekistan	-6.4	-8.4	2.1	-0.5	-7.9	-6.0	...	...
Southeast Asia	-3.3	-3.7	-4.2	-5.9	-5.5	-4.1	-1.4	-0.2
Cambodia	-2.5	-12.5	-13.7	-16.2	-15.5	-13.2	...	...
Indonesia	-2.0	-1.2	-1.6	-3.2	-3.4	-2.7	-1.6	2.5
Lao People's Democratic Rep.	-9.2	-10.7	-14.4	-13.3	-16.1	-11.8	...	...
Malaysia	-3.7	-4.7	-6.2	-8.4	-5.0	-5.3	-4.9	-3.8
Myanmar	-0.7	-0.5	-0.2	-0.3	-0.3	-0.3	...	...
Philippines	-1.6	-5.5	-4.6	-4.4	-4.7	-5.2	-3.8	-1.3
Thailand	-5.7	-5.1	-5.4	-7.9	-7.9	-4.0	3.4	2.0
Viet Nam	-0.7	-7.5	-8.6	-10.1	-11.2	-7.7	-7.0	-7.0
South Asia	-1.9	-2.0	-1.8	-2.4	-2.4	-2.0	-2.1	-2.4
Bangladesh	-2.5	-2.6	-1.2	-2.7	-5.2	-2.6	-3.1	-2.7
Bhutan	-10.5	-29.9	-14.9	-19.2	-15.0	-22.0	...	...
India	-1.4	-0.6	-1.2	-1.8	-1.0	-1.2	-1.5	-2.0
Maldives	-10.2	-23.8	-4.3	-6.1	-9.2	-8.2	...	...
Nepal	-7.9	-7.9	-5.5	-7.8	-12.8	-7.2	-8.7	-8.8
Pakistan	-2.8	-7.1	-3.8	-4.1	-7.1	-6.5	-5.1	-5.2
Sri Lanka	-6.3	-5.4	-7.9	-6.3	-5.3	-2.1	-4.2	-4.0
Pacific Islands	0.7	6.5	5.7	8.3	2.8	-3.9	...	...
Cook Islands	...	...	...	...	...	...	...	...
Fiji	0.7	-5.8	-4.0	-2.4	0.8	0.8	...	...
Kiribati	14.3	11.4	43.6	6.3	-21.0	...	...	...
Marshall Islands	-0.1	-1.3	...	-5.5	...	...	...	...
Micronesia, Federated States of	-65.2	-64.2	-56.4	-54.6	-53.1	-56.4	...	...
Papua New Guinea	2.2	12.7	10.6	15.6	3.8	-6.2	...	...
Samoa	-37.1	-42.6	-13.2	-10.3	-11.2	...	...	...
Solomon Islands	-3.8	-2.8	-0.3	3.0	4.6	...	...	...
Tonga	-4.2	-4.4	-28.0	-6.8	-6.3	-6.3	...	...
Tuvalu	57.6	8.6	16.4	...	...	...	...	...
Vanuatu	-9.4	-9.0	-9.2	-8.5	-8.3	-7.6	...	...
Average for DMCs	-0.1	-1.0	-0.2	-1.1	-1.2	-0.0	1.1	0.5

Table A17 Foreign Direct Investment
($ million)

	1991	1992	1993	1994	1995	1996
Newly Industrialized Economies	7,876	5,861	7,858	9,664	12,347	15,650
Hong Kong, China	538	2,051	1,667	2,000	2,100	2,500
Korea, Rep. of	1,180	727	588	809	1,776	2,308
Singapore	4,887	2,204	4,686	5,480	6,912	9,440
Taipei, China	1,271	879	917	1,375	1,559	1,402
People's Rep. of China and Mongolia	4,366	11,158	27,523	33,794	35,859	42,305
China, People's Republic of	4,366	11,156	27,515	33,787	35,849	42,300
Mongolia	...	2	8	7	10	5
Central Asian Republics	...	140	195	245	430	381
Kazakstan	...	100	150	185	280	310
Kyrgyz Republic	...	...	...	10	30	16
Uzbekistan	...	40	45	50	120	55
Southeast Asia	8,512	9,899	10,734	10,325	14,315	19,804
Cambodia	...	33	54	69	151	350
Indonesia	1,482	1,777	2,004	2,109	4,348	7,960
Lao People's Democratic Rep.	7	8	30	59	88	104
Malaysia	3,998	5,183	5,006	4,342	4,132	5,300
Myanmar	238	171	149	91	115	100
Philippines	544	228	1,238	1,591	1,478	1,408
Thailand	2,014	2,114	1,730	1,322	2,003	2,426
Viet Nam	229	385	523	742	2,000	2,156
South Asia	470	703	1,141	1,922	2,643	3,468
Bangladesh	1	4	14	11	2	9
Bhutan	...	...	...	...	...	...
India	155	233	574	1,314	1,929	2,587
Maldives	7	7	7	6	5	7
Nepal	2	1	4	6	5	5
Pakistan	257	335	347	419	639	690
Sri Lanka	48	123	195	166	63	170
Pacific Islands	260	390	69	106	573	362
Cook Islands	...	...	...	...	...	...
Fiji	15	51	29	65	67	47
Kiribati	...	...	-1	...	...	1
Marshall Islands	...	...	...	...	...	...
Micronesia, Federated States of	...	...	...	...	...	...
Papua New Guinea	203	294	-2	-5	453	230
Samoa	3	4	2	3	2	4
Solomon Islands	15	14	13	11	18	21
Tonga	...	1	2	2	1	23
Tuvalu	...	...	...	...	...	...
Vanuatu	25	26	26	30	31	36
Total for DMCs	21,485	28,151	47,520	56,056	66,166	81,970

Table A18 External Debt Outstanding
($ million)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies	...	...	...	...	...	...	...	...
Hong Kong, China	...	...	...	...	...	...	...	...
Korea, Rep. of	...	...	...	...	...	...	...	...
Singapore	...	...	...	...	...	...	...	...
Taipei,China	...	...	...	...	...	...	...	...
People's Rep. of China and Mongolia	72,726	86,294	100,931	118,594	128,571	134,008	140,000	145,000
China, People's Rep. of	72,428	85,928	100,457	118,090	128,015	133,415	140,000	145,000
Mongolia	298	366	474	504	556	593	...	...
Central Asian Republics	101	2,966	4,237	6,122	7,315	2,800	...	...
Kazakstan	35	1,724	2,669	3,712	4,397	...	...	...
Kyrgyz Republic	1	294	450	610	618	...	...	...
Uzbekistan	65	948	1,119	1,800	2,300	2,800	...	...
Southeast Asia	194,116	211,735	235,559	270,785	265,903	291,792	293,897	217,818
Cambodia	1,873	1,862	1,944	2,030	2,108	2,239	...	...
Indonesia	88,004	89,148	96,543	107,831	120,246	135,000	142,657	150,748
Lao People's Democratic Rep.	412	492	579	687	803	...	...	...
Malaysia	19,960	23,300	22,518	27,379	...	...	...	...
Myanmar	5,355	5,756	6,555	5,771	5,553	...	...	...
Philippines	30,934	34,282	37,079	37,778	38,300	49,500	50,000	53,000
Thailand	43,621	52,107	64,869	82,568	90,536	94,900	89,240	...
Viet Nam	3,957	4,788	5,473	6,741	8,357	10,153	12,000	14,070
South Asia	132,068	138,909	150,612	148,384	149,254	145,740	151,299	159,529
Bangladesh	13,200	14,100	15,700	16,500	17,600	18,700	19,800	20,800
Bhutan	128	125	130	129	113	164	...	...
India	90,023	92,695	99,008	92,199	90,900	95,300	98,700	104,600
Maldives	116	131	142	167	195	...	...	...
Nepal	1,802	2,004	2,320	2,399	2,413	2,576	2,799	3,129
Pakistan	19,629	22,046	24,482	27,072	28,603	29,000	30,000	31,000
Sri Lanka	7,171	7,809	8,830	9,919	9,429	...	...	...
Pacific Islands	4,507	4,136	3,586	2,862	2,759	...	...	...
Cook Islands	108	126	...	...	...	...	...	...
Fiji	339	330	299	...	...	...	...	...
Kiribati	19	18	...	...	...	...	...	...
Marshall Islands	...	...	...	...	...	...	...	...
Micronesia, Federated States of	...	...	...	...	...	...	...	...
Papua New Guinea	3,740	3,224	2,879	2,431	2,329	...	...	...
Samoa	118	194	154	162	164	...	...	...
Solomon Islands	94	151	155	157	152	...	...	...
Tonga	50	51	52	64	64	...	...	...
Tuvalu	...	...	...	...	...	...	...	...
Vanuatu	40	42	47	48	50	...	...	...
Total for DMCs	403,517	444,041	494,924	546,748	553,801	574,340	585,196	522,347

Table A19 Debt-Service Ratio
(percentage of exports of goods and services)

	1992	1993	1994	1995	1996	1997	1998	1999
Newly Industrialized Economies								
Hong Kong, China	...	...	...	...	...	...	...	...
Korea, Rep. of	...	...	...	...	...	...	...	...
Singapore	...	...	...	...	...	...	...	...
Taipei,China	...	...	...	...	...	...	...	...
People's Rep. of China and Mongolia								
China, People's Rep. of	10.2	11.1	8.9	9.9	10.1	9.8	11.0	11.0
Mongolia	10.5	10.6	16.3	12.0	11.5	9.0	...	...
Central Asian Republics								
Kazakstan	...	0.2	1.7	4.0	5.6	...	...	...
Kyrgyz Republic	...	0.4	3.9	20.7	12.2	10.0	...	...
Uzbekistan	0.4	0.7	4.0	5.0	8.9	10.0	...	...
Southeast Asia								
Cambodia	4.1	20.5	0.7	3.0	5.3	3.2	...	...
Indonesia	33.0	33.6	30.7	30.9	29.5	30.0	28.0	30.0
Lao People's Democratic Rep.	6.9	4.0	3.3	5.2	6.0	...	...	...
Malaysia	6.6	7.8	4.9	6.2	...	...	...	...
Myanmar	6.2	11.8	14.5	16.7	18.1	...	...	...
Philippines	17.0	17.1	17.4	15.8	12.0	10.4	11.4	11.0
Thailand	13.7	18.5	11.3	11.4	12.2	25.0	15.0	15.0
Viet Nam	11.3	10.7	5.7	6.3	8.7	11.0	12.0	12.0
South Asia								
Bangladesh	9.0	10.2	11.6	10.3	12.1	11.4	10.7	10.5
Bhutan	6.7	18.0	20.5	14.8	24.0	12.0	...	
India	28.6	26.9	27.5	37.3	41.9	31.8	29.9	28.9
Maldives	3.9	4.8	3.7	3.6	3.6	...	...	
Nepal	7.4	8.1	6.8	7.9	8.4	8.2	8.4	8.2
Pakistan	24.9	27.4	33.4	34.9	33.9	37.0	35.0	34.0
Sri Lanka	14.6	11.8	11.2	11.6	12.9	11.4	11.2	11.0
Pacific Islands								
Cook Islands	...	...	...	...	...	...	...	...
Fiji	9.3	8.2	7.0	4.6	...	...	...	...
Kiribati	21.7	27.0	...	...	...	...	...	...
Marshall Islands	...	...	...	...	...	...	...	...
Micronesia, Federated States of	...	...	...	...	...	...	...	...
Papua New Guinea	28.2	28.7	30.4	20.8	17.5	...	...	...
Samoa	5.5	6.9	7.3	4.2	4.2	4.2	...	...
Solomon Islands	5.5	4.4	6.2	2.8	6.2	...	...	...
Tonga	3.0	3.0	4.5	5.5	9.5	...	...	...
Tuvalu	...	...	...	...	...	...	...	...
Vanuatu	1.3	1.4	1.6	1.5	0.7	...	...	...

Table A20 Exchange Rates to the Dollar
(Annual Average)

	Currency	1992	1993	1994	1995	1996	1997
Newly Industrialized Economies							
Hong Kong, China	HK$	7.7	7.7	7.7	7.7	7.7	7.7
Korea, Rep. of	Won	780.7	802.7	803.5	771.3	804.5	951.4
Singapore	S$	1.6	1.6	1.5	1.4	1.4	1.5
Taipei,China	NT$	25.2	26.4	26.5	26.5	27.5	28.6
People's Rep. of China and Mongolia							
China, People's Rep. of	Yuan	5.5	5.8	8.6	8.4	8.3	8.3
Mongolia	Tugrik	42.6	283.0	412.7	448.7	548.4	793.7
Central Asian Republics							
Kazakstan	Tenge	...	2.6	35.6	61.0	67.3	75.4
Kyrgyz Republic	Som	...	5.8	10.9	10.8	12.8	...
Uzbekistan	Sum	...	...	9.8	29.8	40.2	...
Southeast Asia							
Cambodia	Riel	1,266.6	2,689.0	2,545.0	2,450.8	2,624.0	2989.0
Indonesia	Rupiah	2,029.9	2,087.1	2,160.8	2,248.6	2,342.3	2946.0
Lao People's Democratic Rep.	Kip	716.1	716.3	717.7	804.7	921.1	1256.7
Malaysia	Ringgit	2.5	2.6	2.6	2.5	2.5	2.7
Myanmar	Kyat	6.1	6.2	6.0	5.7	5.9	6.2
Philippines	Peso	25.5	27.1	26.4	25.7	26.2	29.5
Thailand	Baht	25.4	25.3	25.2	24.9	25.3	30.8
Viet Nam	Dong	11,179.0	10,640.0	10,978.0	11,037.0	11,032.0	12,500.0
South Asia							
Bangladesh	Taka	39.0	39.6	40.2	40.3	41.8	42.6
Bhutan	Ngultrum	25.9	30.5	31.4	32.4	35.4	36.1
India	Rupee	25.9	31.4	31.4	33.5	35.5	37.8
Maldives	Rufiyaa	10.6	11.0	11.6	11.8	11.8	11.8
Nepal	Rupee	42.8	43.0	49.3	49.9	55.2	57.0
Pakistan	Rupee	24.8	26.0	30.2	30.9	33.6	39.0
Sri Lanka	Rupee	43.8	48.3	49.4	51.3	55.3	59.0
Pacific Islands							
Cook Islands	NZ$	1.9	1.8	1.7	1.5	1.6	1.7
Fiji	F$	1.5	1.5	1.5	1.4	1.4	1.4
Kiribati	A$	1.4	1.5	1.4	1.3	1.3	1.4
Marshall Islands	US$	...	...	...	...	...	...
Micronesia, Federated States of	US$	...	...	...	...	...	...
Papua New Guinea	Kina	1.0	1.0	1.0	1.3	1.3	1.3
Samoa	Taka	2.5	2.6	2.5	2.5	2.5	2.5
Solomon Islands	SI$	2.9	3.2	3.3	3.4	3.6	3.7
Tonga	T$	1.3	1.4	1.3	1.3	1.2	1.2
Tuvalu	A$	1.4	1.5	1.4	1.3	1.3	...
Vanuatu	Vatu	113.4	121.6	116.4	112.1	111.7	114.5

Table A21 Central Government Expenditure
(percentage of GDP)

	1992	1993	1994	1995	1996	1997
Newly Industrialized Economies						
Hong Kong, China	14.5	16.4	16.2	17.0	15.3	14.9
Korea, Rep. of	19.5	19.8	17.2	21.4	22.7	20.1
Singapore	19.6	17.4	12.9	12.9	14.7	18.1
Taipei,China	30.7	30.5	30.2	29.9	29.1	28.0
People's Rep. of China and Mongolia						
China, People's Rep. of	14.0	13.4	12.4	11.7	11.6	12.5
Mongolia	38.9	30.0	30.1	29.8	36.0	38.8
Central Asian Republics						
Kazakstan	31.4	24.7	24.4	20.5	19.0	18.0
Kyrgyz Republic	25.0	23.4	24.4	28.6	23.2	19.5
Uzbekistan	43.7	38.7	33.3	37.6	36.2	35.5
Southeast Asia						
Cambodia	9.8	11.2	16.5	16.7	16.4	13.9
Indonesia	17.2	16.3	16.4	15.4	15.1	14.3
Lao People's Democratic Rep.	20.7	18.1	42.7	41.2	22.3	20.7
Malaysia	27.4	24.9	23.7	22.4	22.4	21.0
Myanmar	10.5	9.0	9.3	9.5	6.6	...
Philippines	19.7	18.5	18.5	18.2	18.3	19.1
Thailand	15.0	15.9	16.0	15.3	17.8	18.2
Viet Nam	22.7	28.5	26.7	25.1	24.7	17.1
South Asia						
Bangladesh	16.9	17.8	13.5	14.2	17.8	17.6
Bhutan	36.3	36.7	38.9	37.9	37.3	44.2
India	17.4	17.5	16.9	16.4	15.8	16.0
Maldives	59.5	58.3	48.8	52.2	47.8	45.2
Nepal	17.7	18.0	16.9	17.6	18.9	18.3
Pakistan	26.5	26.0	23.2	23.0	23.9	23.6
Sri Lanka	27.5	28.1	29.0	30.0	27.9	24.0
Pacific Islands						
Cook Islands	48.3	52.8	60.8	45.6	...	...
Fiji	39.3	51.2	43.3	0.6	20.6	6.2
Kiribati	144.1	119.3	120.6	168.3	155.9	168.0
Marshall Islands	102.8	97.4	88.1	95.3	70.0	63.9
Micronesia, Federated States of	91.7	84.8	79.1	77.5	73.8	71.8
Papua New Guinea	32.9	32.3	29.7	27.2	28.4	32.5
Samoa	70.7	79.9	62.7	65.7	57.5	31.6
Solomon Islands	52.6	42.9	41.9	40.3	38.1	33.7
Tonga	56.1	55.1	45.3	46.8	29.0	29.0
Tuvalu	110.6	104.8	54.8	50.5	55.7	58.7
Vanuatu	22.4	21.4	20.7	22.0	22.0	22.6

Table A22 Central Government Revenue
(percentage of GDP)

	1992	1993	1994	1995	1996	1997
Newly Industrialized Economies						
Hong Kong, China	17.4	18.6	17.3	16.7	17.5	20.7
Korea, Rep. of	19.2	19.9	17.8	21.9	22.8	21.0
Singapore	32.9	35.7	21.9	20.5	21.4	21.4
Taipei,China	25.3	25.3	24.5	22.5	21.7	22.3
People's Rep. of China and Mongolia						
China, People's Rep. of	13.1	12.6	11.2	10.7	10.8	11.7
Mongolia	23.9	31.2	29.3	30.6	27.8	30.2
Central Asian Republics						
Kazakstan	24.6	23.3	17.2	18.5	16.5	13.8
Kyrgyz Republic	15.9	16.1	16.7	17.0	17.6	15.0
Uzbekistan	31.5	35.9	29.2	34.6	34.2	32.3
Southeast Asia						
Cambodia	6.2	5.4	9.6	8.9	9.1	9.2
Indonesia	16.8	15.9	17.4	15.7	15.9	14.1
Lao People's Democratic Rep.	10.7	11.9	15.4	16.4	13.1	11.4
Malaysia	26.4	25.2	26.0	23.3	23.3	23.1
Myanmar	8.4	7.6	6.8	6.1	5.1	...
Philippines	18.0	17.7	19.9	18.9	18.7	19.2
Thailand	17.7	17.9	18.7	18.6	18.6	17.3
Viet Nam	18.3	21.7	24.0	23.2	22.9	21.8
South Asia						
Bangladesh	10.5	11.7	8.9	9.1	11.9	12.1
Bhutan	19.5	23.6	20.4	19.5	18.7	18.3
India	15.6	16.2	16.8	15.7	15.5	16.7
Maldives	36.3	35.1	35.9	37.3	37.9	37.0
Nepal	9.0	8.8	9.8	11.2	11.3	11.2
Pakistan	19.1	18.0	17.3	17.4	17.5	17.3
Sri Lanka	20.2	19.7	19.0	20.4	19.0	19.2
Pacific Islands						
Cook Islands	37.2	36.7	36.2	39.7	...	...
Fiji	67.7	43.0	39.2	30.6	29.1	28.1
Kiribati	185.6	171.0	151.6	159.3	141.9	172.0
Marshall Islands	84.4	83.6	74.9	73.9	72.1	61.8
Micronesia, Federated States of	31.1	31.5	29.0	29.4	23.6	27.0
Papua New Guinea	22.4	22.7	23.8	23.0	24.8	26.8
Samoa	54.5	58.7	51.5	56.8	59.4	34.8
Solomon Islands	33.0	26.7	28.7	27.7	27.4	30.3
Tonga	47.8	52.8	58.2	60.0	63.3	63.4
Tuvalu	126.6	101.3	47.5	41.8	47.0	47.0
Vanuatu	22.8	20.8	23.0	23.1	22.8	24.0

Table A23 Overall Budget Surplus/Deficit of Central Government
(percentage of GDP)

	1992	1993	1994	1995	1996	1997
Newly Industrialized Economies						
Hong Kong, China	2.8	2.1	1.1	-0.3	2.2	5.8
Korea, Rep. of	-0.3	0.1	0.6	0.5	0.0	-0.5
Singapore	12.6	15.5	8.9	7.6	6.8	3.3
Taipei,China	-5.4	-5.2	-5.7	-7.4	-7.4	-5.7
People's Rep. of China and Mongolia						
China, People's Rep. of	-1.0	-0.8	-1.2	-1.0	-0.8	-0.8
Mongolia	-15.0	1.2	-6.5	-3.8	-8.2	-8.6
Central Asian Republics						
Kazakstan	-6.8	-1.4	-7.2	-2.0	-2.5	-4.2
Kyrgyz Republic	-17.4	-7.4	-7.7	-11.5	-5.6	-4.5
Uzbekistan	-18.5	-10.4	-6.1	-4.1	-3.3	-3.0
Southeast Asia						
Cambodia	-3.6	-5.9	-6.8	-7.7	-7.2	-4.8
Indonesia	-0.4	-0.4	1.0	0.4	0.8	-0.2
Lao People's Democratic Rep.	-10.0	-6.2	-27.3	-24.8	-9.1	-9.2
Malaysia	-0.8	0.2	2.3	0.9	0.7	1.8
Myanmar	-2.1	-1.4	-2.5	-3.4	-1.5	...
Philippines	-1.2	-1.5	1.0	0.6	0.3	0.1
Thailand	2.8	2.1	2.7	3.0	0.9	-0.9
Viet Nam	-2.5	-5.3	-1.8	-1.3	-1.2	-3.2
South Asia						
Bangladesh	-6.4	-6.1	-4.6	-5.1	-5.9	-5.5
Bhutan	-8.5	-0.7	-2.3	-2.0	-0.6	-4.9
India	-5.7	-7.4	-6.1	-7.1	-7.0	-6.7
Maldives	-24.2	-23.2	-12.9	-14.9	-9.9	-8.2
Nepal	-7.5	-7.0	-5.8	-4.6	-5.6	-5.3
Pakistan	-7.4	-8.0	-5.9	-5.5	-6.3	-6.3
Sri Lanka	-7.3	-8.4	-10.0	-9.6	-8.9	-4.9
Pacific Islands						
Cook Islands	-11.1	-16.1	-24.7	-5.9	...	...
Fiji	28.4	-8.1	-4.1	0.7	5.7	9.2
Kiribati	-29.4	1.8	-10.3	-66.8	-49.9	-52.8
Marshall Islands	-79.5	-65.0	-58.6	-61.7	-41.7	-40.2
Micronesia, Federated States of	-3.3	-1.2	1.7	3.4	-2.2	-1.3
Papua New Guinea	-10.4	-9.6	-5.9	-4.2	-3.6	-5.7
Samoa	-16.2	-21.2	-11.2	-8.9	1.9	3.2
Solomon Islands	-5.9	-10.9	-9.2	-8.5	-6.1	-6.1
Tonga	-9.8	-3.9	5.6	5.8	1.5	2.6
Tuvalu	46.2	16.1	...	...	...	...
Vanuatu	0.4	-1.0	2.3	1.6	0.7	1.5