

Asia's fast-growing economies slowed down sharply last year but the region remained the world's most dynamic growth area, the Asian Development Bank said in its annual report, for publication Monday.

The slowdown has helped put the economies of South Korea and Taiwan, in particular, onto a more sustainable long-term growth path, the report said.

But regional inflation continues to climb, it noted, and unrest and political disputes adversely affect China and several South Asian countries.

Aggregate growth in real gross domestic product of developing countries in Asia and the Pacific fell to 5.3 percent in 1989, down from a record 9.4 percent the previous year, the Manila-based regional bank said.

The fall was partly because governments had dampened growth to stop their economies overheating and check increasing infrastructure shortages, rising inflation and labor difficulties in some countries, it said.

In India, growth was slashed to 4.5 percent last year, from a record 9.5 percent in 1988, partly because a foreign-exchange shortage curbed industrial imports.

The government hit the brakes in China easing inflation and curbing a large trade deficit, but growth in real gross national product fell sharply, to 3.9 percent in 1989 from 11.2 percent, the bank said.

Among Asia's Dragons, as

Asian Growth Slows to Gallop

Development Bank Says Region Remains Most Dynamic

the region's dynamic newly industrialized economies are known, infrastructure bottlenecks were severe in Hong Kong, South Korea and Taiwan, the bank said. GDP growth in Hong Kong and South Korea, at 2.5 percent and 5.9 percent, was around half the 1988 level, though Taiwan grew by 7.7 percent, against 6.8 percent in 1988.

In South Asia, the Philippines faced power and transport shortages; rapid growth in Thailand strained an already inadequate infrastructure; and problems with port capacity, transport and communications appeared in Malaysia and Indonesia.

"Softening of commodity prices and reduced demand for manufactured goods in the industrialized countries also contributed to the less robust growth," the 47-member bank said in the report prepared before its annual meeting, to be held in New Delhi from May 2-4.

In contrast to earlier reliance on exporting to the rest of the world, Asian countries are trading more between themselves and have become the fastest-growing trading area in the world, it said.

This has been helped by increasing investment from Japan.

Thailand, with GDP growth estimated by the ADB at 10.8 percent in 1989, was one of the world's fastest-growing economies, while successful policy reforms that helped attract foreign investment began to pay off in Indonesia.

The average rate of inflation in the region in 1989 was 11 percent, and curbing rising prices remained a major policy objective, particularly in China, Hong Kong and most of South Asia, it said.

—Courtesy International Herald Tribune

