

ASIAN DEVELOPMENT

Outlook 2004

Update

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Foreword

The economies of developing Asia and the Pacific outperformed earlier forecasts during the first half of 2004. Buoyant exports and rebounding investment boosted growth. Although external demand is expected to abate somewhat and as the impact of high oil prices is felt more strongly during the second half of 2004, the region's gross domestic product (GDP) growth for 2004 is projected to reach 7.0%, slightly above the *Asian Development Outlook 2004 (ADO 2004)* forecast of 6.8%, made in April. In line with some leveling off of the expansion in major industrial countries and a slowdown in the People's Republic of China (PRC), the GDP growth forecast for 2005 has been scaled back to 6.2% from 6.7% in *ADO 2004*.

ADO 2004 Update features an overview of recent global economic trends and the region's recent macroeconomic performance and prospects. It also analyzes economic trends, policy developments, and the outlook for 21 selected developing member countries (DMCs) of the Asian Development Bank (ADB), which were included in *ADO 2004*. In addition, the *Update* assesses different scenarios relating to the short-term impacts of a PRC slowdown and sustained high global oil prices on the region's economies.

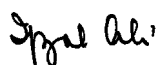
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Acronyms and Abbreviations

ADB	Asian Development Bank
AIDS	acquired immunodeficiency syndrome
AFTA	ASEAN Free Trade Area
ASEAN	Association of Southeast Asian Nations
bbf	barrel
CEPA	Closer Economic Partnership Arrangement
CPI	consumer price index
DMC	developing member country
ECB	European Central Bank
EU	European Union
FDI	foreign direct investment
GDP	gross domestic product
GNP	gross national product
HIV	human immunodeficiency virus
ICT	information and communications technology
IMF	International Monetary Fund
IT	information technology
Lao PDR	Lao People's Democratic Republic
mb/d	million barrels a day
MDG	Millennium Development Goal
MFA	Multifibre Arrangement
NPL	nonperforming loan
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PBC	People's Bank of China
PRC	People's Republic of China
PRGF	Poverty Reduction and Growth Facility
q-o-q	quarter-on-quarter
saar	seasonally adjusted annualized rate
SARS	severe acute respiratory syndrome
SME	small and medium enterprise
SOE	state-owned enterprise
UK	United Kingdom
UN	United Nations
US	United States
VAT	value-added tax
WTO	World Trade Organization

Definitions

The economies discussed in the *Asian Development Outlook 2004 Update* are classified by major analytic or geographic groupings. For purposes of *ADO 2004 Update*, the following apply:

- **Association of Southeast Asian Nations (ASEAN)** comprises Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam.
- **Developing Asia** refers to the 42 developing member countries (DMCs) of the Asian Development Bank.
- **East Asia** comprises People's Republic of China; Hong Kong, China; Republic of Korea; Mongolia; and Taipei, China.
- **Industrial countries** refer to the high-income OECD countries defined in World Bank, available: www.worldbank.org/data/countryclass/classgroups.htm#High-income.
- **Southeast Asia** comprises Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam.
- **South Asia** comprises Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.
- **Central Asia** comprises Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.
- **The Pacific** comprises Cook Islands, Fiji Islands, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Democratic Republic of Timor-Leste, Tonga, Tuvalu, and Vanuatu.
- **Transition economies** refer to the countries of Central Asia, People's Republic of China, Cambodia, Lao People's Democratic Republic, Mongolia, and Viet Nam.
- **The euro zone** comprises Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain.
- Unless otherwise specified, the symbol "\$" and the word "dollar" refer to US dollars.

The *Statistical Notes* give a detailed explanation of how data are derived. *ADO 2004 Update* is based on data available up to 15 September 2004.