

**Developing Asia can sustain growth pace, risks easing, says lender**  
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Developing Asia is poised to sustain its current growth momentum and is well positioned to manage risks coming from a slightly slower Chinese economy and possible uneven demand from major industrialised nations, the Asian Development Bank said.

Asian nations can undertake pre-emptive measures to protect the region's growing economy from unpredictable capital inflows, said the Manila-based lender as it unveiled its forecasts for the region for 2014 and 2015.

The bank said it expects the region, grouping 45 countries in Asia-Pacific, to grow 6.2% this year, slightly faster than its most recent estimate of 6.0% in December, before accelerating further to 6.4% in 2015.

"Most regional economies have strengthened their economic fundamentals. Looking ahead, strengthening macroprudential measures before the boom can help avert sudden capital reversals that accompany the bust," the ADB said in its Asian Development Outlook 2014.

While risks to the region's growth outlook have eased, further shock to global financial markets from the US tapering of stimulus and expected policy tightening, an uneven recovery in developed economies, and the possibility of slower growth in China as it aims to curb credit expansion would weigh on the region's economic uptrend, the bank said.

Growth in China is expected to be 7.5% this year, the ADB said, slower than its December forecast of 7.7%, and will likely lose momentum further to 7.4% in 2015 as the country pursues policies aimed at more equitable, balanced and sustainable growth.

India is forecast to accelerate to 5.5% this year, much faster than the 4.7% forecast in December, although the South Asian nation was still operating below potential which can be solved by clearing investment bottlenecks, the bank said.

Improving global trade conditions will help lift Southeast Asia's growth to 5.0% this year, slightly higher than a previous estimate of 4.8%, with Malaysia, Singapore and Vietnam leading the way. Political unrest will continue to restrain growth in Thailand, with the economy picking up speed only in 2015, the ADB said.

The bank also said inflation in Asia is expected to be largely steady with global commodity prices remaining soft. Possible upside risks are likely from adjustments in subsidised fuel and power rates in some countries, with regional inflation seen at 3.6%, steady from previous forecasts but higher than an actual 3.4% last year.

The ADB noted that despite developing Asia's rapid growth, it continues to lag other regions in public spending on education and healthcare. The bank urged countries to expand revenue-raising measures to fund targeted poverty-reduction projects and narrow income gaps. – Reuters, April 1, 2014

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