

**Pacific High-level Policy Dialogue on
“The Role of Macroeconomic Policy and Energy Security in supporting
Sustainable Development in the Pacific”**

8-9 October 2012, Nadi, Fiji

**Jointly organized by
UN ESCAP and Sustainable Development Working Group of the Council of Regional
Organizations in the Pacific (CROP)**

**Session 1 – Stimulating and Sustaining Growth, Building Resilience: the
Role of Macroeconomic Policies**

Growth, Spillovers and Policy Options in the Pacific

by
Yongzheng Yang
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Growth, Spillovers and Policy Options in the Pacific

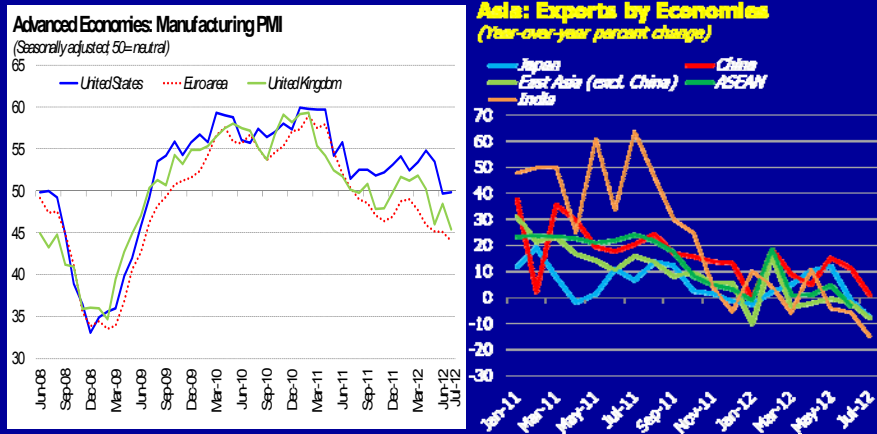
Pacific High-Level Dialogue on Macroeconomic Policy
and Energy Security, Nadi Fiji, October 8-9, 2012

Yongzheng Yang
Resident Representative for Pacific Island Countries
International Monetary Fund

Outline

- The global and regional environment
- Channels of spillover to the Pacific
- How might Pacific island countries respond in the short run?
- What has happened to long-term growth in PICs?
- What can be done to raise long-term growth?

Global recovery lost momentum in 2012Q2, with Asia's external demand further deteriorating...



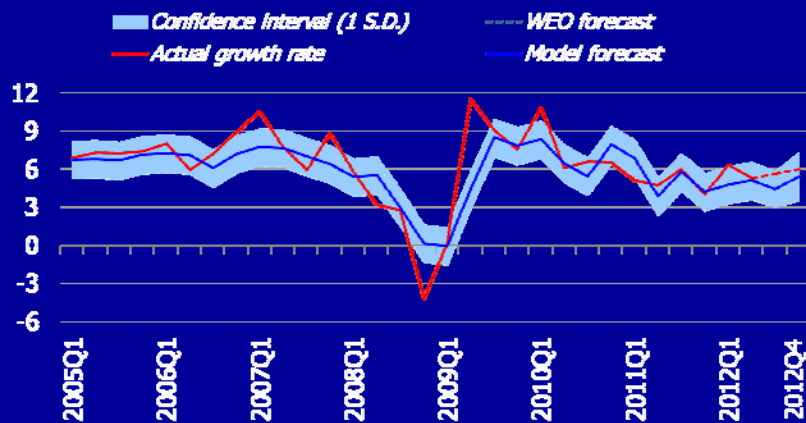
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...leading to slowing growth across the region...



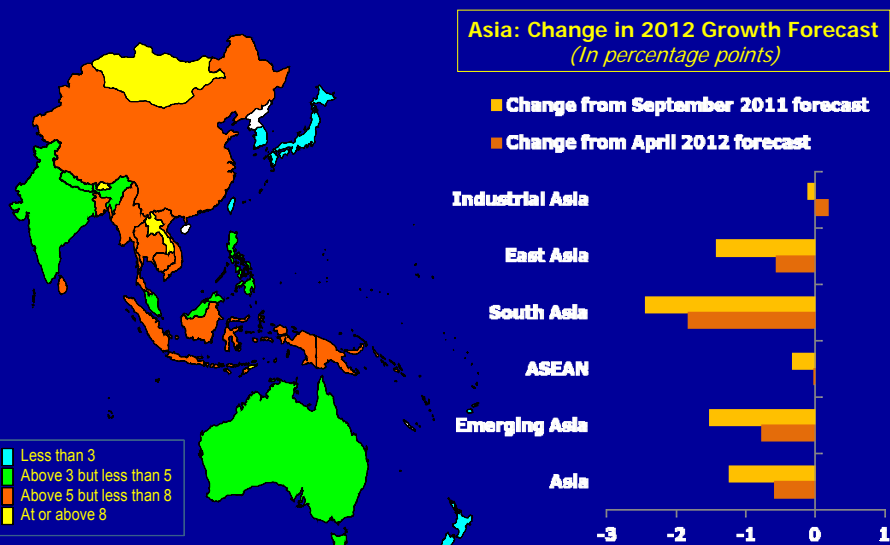
Near-term outlook points towards a continuation of moderate growth

Indicator Model for Asia: Projected versus Actual Growth in Real GDP
(Quarter over quarter, in percent; SAAR)



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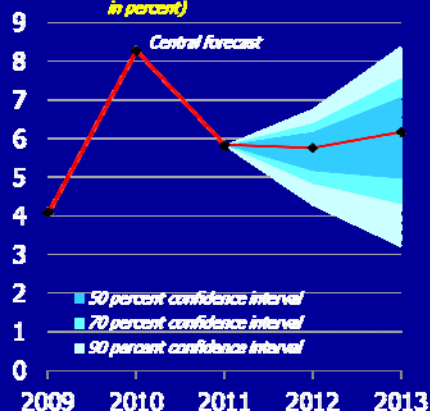
Asia remains a growth leader, despite downward revisions



Risks to growth tilts further to the downside

Asia: Real GDP growth

(Central forecast and selected confidence intervals in percent)



Global risks

1. Escalation in euro area crisis
2. 'Fiscal cliff' in the US
3. Sharp increase in commodity prices

Regional risks

1. Hard-landing in China
2. Permanent drop in potential growth

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Channels of Spillovers to the Pacific

The Outlook

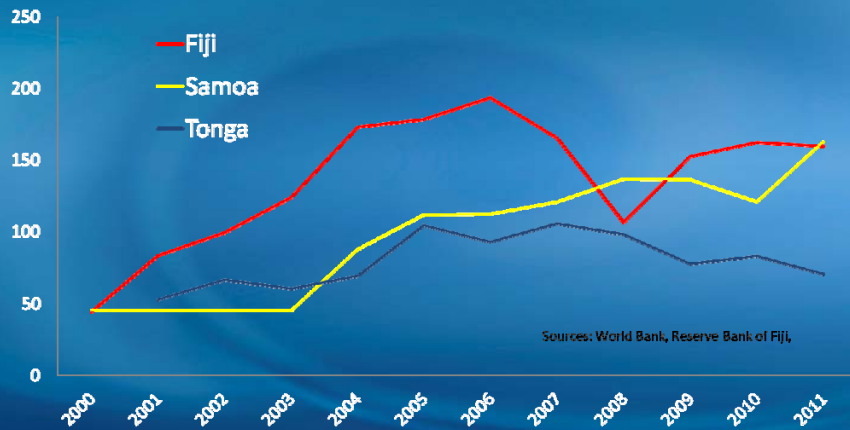
- Remittances (Samoa, Tonga, Tuvalu, Fiji)
- Tourism (Palau, Samoa, Vanuatu, Fiji)
- Trade flows
- Terms of trade via commodities
- Financial: mainly through trust funds (Kiribati, Tuvalu)



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Remittances (In millions of USD)

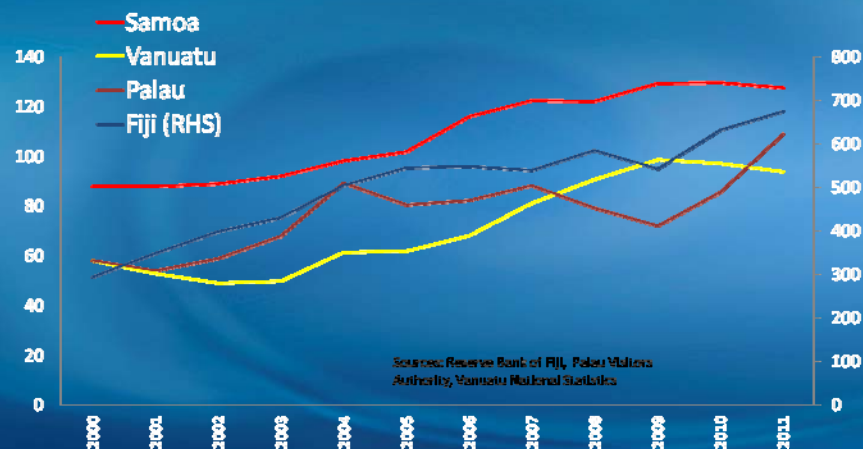
The Outlook



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Tourist Arrivals (In thousands)

The Outlook

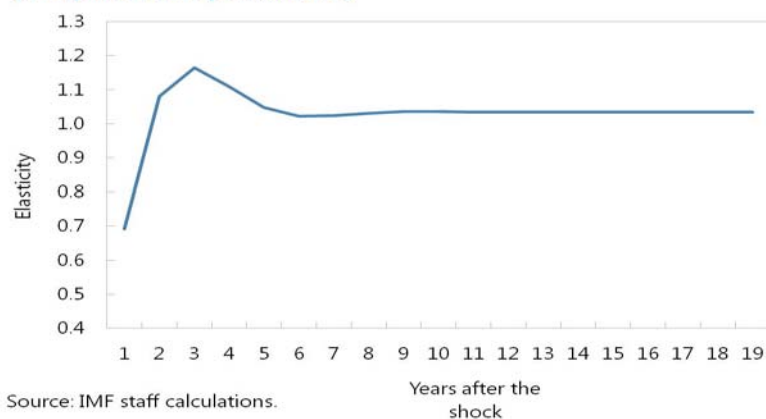


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Elasticity of PIC GDP to Regional GDP

The Outlook

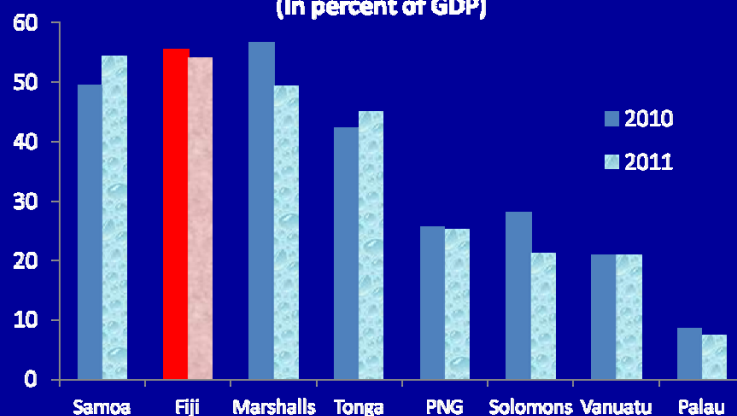
Response of PIC GDP to Changes of Australia GDP
(In response to one percent shock)



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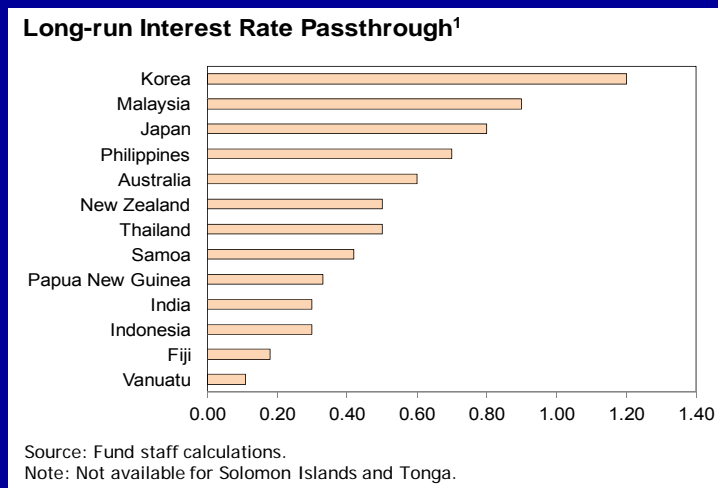
High public debt limits scope for fiscal stimulus

Central Government Debt
(In percent of GDP)



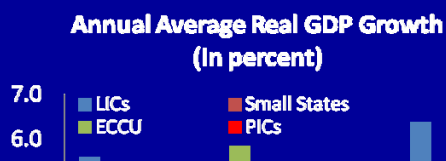
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Low interest rate pass-through constrains the effectiveness of monetary policy (from policy rate to lending rate)



Growth has been slow and become slower

- Global crisis hit
PICs hard
- Seven PICs below



预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_7411

