

Economy situation in asia affects the growth of international business

[Parts of the World, Asia](#)



Economy Situation In Asia Affects The Growth Of International Business Q.

Search the internet about economy situation in Asia recently and discuss how this situation affects the growth of International Business in the region.

Weak demand in developed countries and a slowing Chinese economy are likely to weigh on economic growth in East Asia in the outlook period.

According United Nations New York (2012) after decelerating from 9.2 per cent in 2010 to 7.1 per cent in 2011, average regional growth is expected to slow further to 6.5 per cent in 2012. In 2013, the pace of growth is projected to pick up slightly as global demand recovers, with regional GDP forecast to expand by 6.9 per cent. The growth slowdown in East Asia reflects weaker import demand in developed countries, increased global uncertainty and the lagged effects of credit tightening in parts of the region, most importantly in China. While the risk of a hard landing of China's economy in the outlook period is low, growth is forecast to slow from 9.2 per cent in 2011 to 8.3 per cent in 2012. Across the region, weaker growth of exports and investment is expected to be partly offset by strong household and government consumption as fiscal policy becomes slightly more expansionary. Household consumption will be supported by persistently low real interest rates and rising real wages. The region's labour markets are expected to remain fairly robust despite slower employment growth, particularly in the manufacturing sector. A significant decline in consumer price inflation will also contribute positively to real wage growth in 2012. The slowdown in inflation stems primarily from an easing of food and commodity prices, which can be attributed to improved supply conditions in the region and a weakening of the global economic environment. While several central banks, including the

People's Bank of China, loosened monetary conditions in response to lower inflationary pressures and slower domestic growth, no significant changes to the current policy stance are expected in the remainder of 2012. (United Nations New York, 2012) By contrast, in developing countries, employment rebounded, on average, more strongly than elsewhere. However, with growth in major developing economies slowing, the prospects for sustained improvements are uncertain. At the end of 2011, many countries in South Asia (including large countries like India), Western Asia (particularly those affected by political instability), Africa (including South Africa) and Latin America (including Mexico and Venezuela), faced large job deficits compared to 2007. In both East Asia and Latin America, employment creation decelerated, with unemployment increasing in Brazil during the first quarter of 2012, although the rate of unemployment is still lower from where it was a year ago. Continued high rates of underemployment, vulnerable employment, low wages, and absence of social safety nets prevail in most countries, though involuntary part-time underemployment in Latin America and East Asia seems to have reduced marginally. (United Nations New York, 2012) Thus, Western Asia's growth momentum decelerated in the second half of 2011 and in early 2012 owing to weakening external demand and a moderation of public spending growth following the exceptional measures taken in the wake of the Arab spring. As a result, average regional growth is expected to decline from 6.9 per cent in 2011 to 4.0 per cent in 2012 before picking up to 4.4 per cent in 2013. The persistence of high oil prices, however, reinforces the dual track growth outlook for oil-exporting and oil-importing countries. Oil-exporting countries strongly benefitted from rising

oil prices. Exceptionally high export and government revenues allowed oil-exporting countries to increase public spending and boost private consumption as a substitute for domestic political reform. Oil-importing countries, however, are facing higher import bills in addition to slowing exports; these factors have started to weigh on domestic demand. (United Nations New York, 2012)