

How the Asia-Pacific region deals with three converging crises will influence the lives of billions, writes Noeleen Heyzer

# Protect and survive

It would be difficult enough for the Asia-Pacific region, or any region for that matter, to deal with the fallout of just one global crisis. Yet, our region now finds itself dealing with three major issues: a recession, food and fuel-price volatility, and a range of climate change calamities. These three crises converged last year.

How they are dealt with this year will influence the future path of development in this region and, through that, the lives of billions of its people.

A survey by the UN Economic and Social Commission for Asia and the Pacific, launched globally today, provides groundbreaking analysis of regional trends which should assist policymakers to identify solutions.

The repeated and brutal downward revisions of economic forecasts have confounded all but a few of the most seasoned analysts. Estimates of wealth wiped off balance sheets run into trillions and even tens of trillions of dollars. The results of the "Economic & Social Survey of Asia and Pacific 2009" paint a mixed picture.

On one hand, developing countries in

Developing countries in the region have shown they are better prepared than in 1997 when the last financial crisis hit

the region have shown they are better prepared than in 1997 when the last financial crisis hit. Over the past decade, their regulatory reforms in the financial sector, combined with cautious macroeconomic management policies, have built a protective buffer of foreign exchange reserves.

On the other, despite the impressive economic growth experienced over the past decade, inequalities between rich and poor have worsened in the Asia-Pacific region. This has brought to the fore vulnerabilities for which forward planning and policy action will be essential.

During the first part of 2008, crude oil prices soared to record levels and food commodity prices increased to the highest levels in over 20 years. This caused alarm among the developing countries of our region. The impact was particularly severe as the price of the region's main staple food, rice, increased by a staggering 150 per cent in only four months. Then, by early

September, it was clear that the growing financial crisis would be particularly damaging given the region's heavy reliance on exports to industrial countries for growth. As a result, 24 million people in Asia and the Pacific are in danger of losing their jobs.

A worsening of the state of poverty and hunger in the region is now impossible to avoid and yet basic social-protection programme coverage is low. It is estimated that only 30 per cent of the elderly receive pensions and only 20 per cent of the population has access to health care assistance.

These statistics suggest there is a real need to strengthen social policies to create more resilient societies better able to face economic volatility. The provision of minimum wages, unemployment insurance and expansion of other social-protection schemes will help bolster domestic demand during times of uncertainty. These support systems need to be implemented as part of a development framework that helps create longer-term macroeconomic stability for the region.

These food, fuel and economic crises are problematic enough on their own, but the third global crisis of climate change threatens to have even more fundamental, long-term consequences. Natural disasters, often associated with climate change, struck with particular intensity last year. The number of deaths in the region reached 232,500, accounting for a staggering 97.5 per cent of such fatalities worldwide.

Although all attention is now focused on fighting the economic crisis, addressing food and fuel security issues in combination with climate change is not necessarily a contradiction in policy objectives.

The Global Green New Deal, promoted by UN Secretary General Ban Ki-moon, is based on the premise that investing in the green economy can generate millions of jobs while addressing the challenges associated with reducing carbon dependency, protecting ecosystems and



preserving water resources. There is untapped potential for developing countries in the region to co-operate in developing affordable, climate-friendly technologies, promote energy efficiency and diversify energy sources including renewables.

The region should also play a more influential role in the multilateral processes that are reforming the global architecture on finance and trade rules, as well as climate change. The converging crises can

be used to jump-start a regional reorientation towards a more inclusive and sustainable development path. Some countries in the region are in a stronger position not only to help themselves, but others as well, to smooth the impact of the crises and strengthen regional solidarity.

UN Undersecretary General Dr Noeleen Heyzer is the executive secretary of the UN Economic and Social Commission for Asia and the Pacific