



M'sia, China and India to be next growth engine for world economic devt

KUALA LUMPUR: Asian tigers like Malaysia, China and India will be the next growth engine for world economic development, when the recession ends, said Principal Global Investors' chief global economist, Dr Robert F Baur

He said the emerging markets, as one third of the global economy, are playing

a bigger part in it.

"This is a synchronised global economy with not only growth in Malaysia but also posting double-digit growth in South Korea and Singapore," he told a media briefing on, "Whatever Happened to the Apocalypse?", organised by CIMB Principal Asset Management, here yesterday

He also stated that industrialisation and urbanisation would continue in the emerging markets and going forward, there would also be continuous

development in Asian urban areas.

He said the global recession is likely to end as the housing and auto sectors in the United States are showing some improvement, adding to the

country's economic growth.

"We are hoping that both sectors will continue adding to growth into the fourth quarter," he added.

He pointed out that the deterioration of unemployment in the United States is over and job losses would be moderate.

He said countries like Canada, Japan, China and Australia are showing jobs

improvement.

When asked how the Doha Round, when concluded, would contribute to the growth of the United States, Baur said: "It would be very helpful. I think free trade theoretically increases productivity as countries

can concentrate on producing what they do best in a relative sense.

"I hope the Doha Round will get ramped up again. We have had several attempts to get it going," he said.

Baur said while economic recovery is underway, the risks remain. According to him, businesses find no incentives to expand when taxes are raised along with the unintended consequences of government policy.

"Can this recovery be sustainable? It is sustainable because consumer spending is improving. By the fourth quarter 2010, consumer confidence will return and move into 2011," he said.

Baur said both savings and spending can go up together in order to achieve sustainable growth. —
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