CHAPTER I
INTRODUCTION

In his discussion on the classical and neo-classical growth theories Thirlwall argues,

"A serious weakness of the growth theory is that many of these models are closed economy models and there are no demand constraints. It is difficult to imagine how growth rate differences between countries can be explained without reference to trade and without reference to the balance of payments position of countries, which in most developing countries constitutes the major constraint on growth of demand and output."

(A.P. Thirwall, 2006).

The above argument by Thirwall brings out the major flaw in the classical and neo-classical growth theories and also the lacunas in the development policies that were based on these models. Most of the growth theories stressed on the variables such as capital accumulation and investment, technology, labor, per capita income etc. as the major sources of economic growth while trade variable was considered to be insignificant. This seems to be puzzling when one comes across the rich theoretical and empirical literature that exists on the relation between trade, especially exports and growth.

In an open economy growth model, the most obvious trade variable to focus on is the growth in exports, which will favorably influence the growth process from demand side through the relaxation of the balance of payments constraint and also from the supply side by raising the import capacity. There is enough evidence to prove that the growth in exports is a highly significant independent determinant of economic growth of a country along with investment ratio, population growth and initial level of per capita income (Thirlwall, 2006). The South East Asian countries, that considered the fact that the exports have a major role to play in the growth process and adopted the export led growth model, moved at higher growth paths through proper policy initiatives and were considered to be "success stories".

This study, therefore, places India in the context of export led growth across nations and tries to find out the policy implications of the export led growth model for India. Are there any lessons that India can learn from the spectacular growth performance of the South East Asian nations attained through the remarkable export performance of
these economies? Can exports act as an additional source of economic growth for the country along with the domestic demand factors such as investment and consumption? Is it possible for India to replicate the export led growth strategy for attaining higher growth rates?

While the issue of replication of the export led growth strategy in the context of India has been widely discussed by different researchers there are two major questions that need to be answered when we are considering such a possibility. The first question is regarding the share of export growth in GNP (Gross National Product) growth, considering GNP growth as an indicator of economic growth. Does India have a major chunk of GNP growth coming from the growth in exports as experienced by the first and second line Newly Industrialized Economies (NIEs) and can we attain a high GNP growth through export growth? Another question that needs attention is: Does our export performance reflect the competitiveness of the country in the international markets in comparison with major Asian exporters that is needed for the successful implementation of the strategy?

These are some of the questions related with the export led growth in the context of India that this study seeks to answer while discussing the role of exports growth in India’s economic growth. However before discussing the role of exports in the economic growth it is necessary to take a review of some of the open economy growth models developed during 1980s and 1990s that explicitly discussed the effects of trade and trade policies on growth rates of different countries.

1.1 Trade and growth: A review of open economy endogenous growth models:

Since the 1980s trade theorists have been aware that trading opportunities and trade policy can have important and lasting effects on a nation’s growth rate (Taylor, 1994). Romer (1987) heavily criticized the neoclassical theory on the basis of exogeneity of the growth rate, disparities in international growth rates and convergence of growth rates and suggested a model that endogenizes the growth rate of the economies. Lucas (1988) provided some alternative, more appealing ways to remedy a few of the shortcomings of the neoclassical theory. Since then, the literature on endogenous growth and trade has experienced tremendous boost and different economists have developed
open economy endogenous growth models describing the effects that the international mobility of goods, knowledge and factors can have on growth.

It should be noted that the neoclassical one sector homogeneous good model is not suitable when we are considering trade. Therefore most of the open economy growth models are multi-sectoral models or consider product differentiation. Most of these models are developed around the four channels through which trade and trade policy can affect growth (Rivera-Batiz and Romer, 1993): 1) the scale effect created by the integration in factor markets, goods markets and flow of knowledge; 2) The allocation effects that reflects that trade changes composition of national output and thereby alters relative factor prices and the allocation of resources to manufacturing and research and development; 3) Spillover effect resulting from the flow of knowledge across countries and 4) the redundancy effect that the trade policy can have on the level of the originality of research conducted in trade partner countries. There is voluminous literature available on trade and growth relation. The study focuses on only some of the models that illustrate the effects of trade on growth through the above-mentioned channels.

To investigate the scale effect via trade in goods demonstrating the integration effects, Rivera-Batiz and Romer (1991) developed “Lab equipment Model”. The model assumes two identical countries, intra industry trade in intermediate product, labor and human capital are the primary factors used in production and there is only one final good in existence. Production shows constant returns to scale in labor, human capital and intermediate inputs and all production activities share the same production function. The model results show that with international trade the market for each intermediate product doubles, each country engages in intra industry trade and the profitability of conducting research and development rises. Growth rises because the productivity in R&D rises with now greater slate of intermediate products available in trade. This level effect on the productivity of R&D translates into growth effect on final output. Thus in this model technology ties down the cost of inventing a new product relative to other potential economic activities. When market size is enlarged and profits rise, R&D is left to carry all the burden of adjustment and create a scale effect.

A similar result can be found in the “Quality Ladders model” developed by Grossman and Helpman (1991) though the model is quite different. The model assumes that entrepreneurs conduct R&D to improve on the existing quality of a fixed set of vertically differentiates producer or consumer goods. Each new innovation represents a move up the quality ladder for that product, and subsequent innovations build on the work
of the predecessors. Profits are reaped on each product improvement until some another innovator displaces the industry leader by moving another step up the quality ladder. The flow of profit from any innovation is proportional to current expenditure on goods, and current expenditure is increasing in the size of the labor force \( L \). The model shows that with the market expansion the profitability of conducting R&D also increases as market for new products has enlarged due to trade. Greater R&D lowers the expected duration of monopoly power for any quality leader and as a result larger profits are earned for a shorter time period. As a consequence of the increase in R&D the growth is hastened via scale effect.

Taylor (1994) conducted the trade policy experiment that relies heavily on integration effect via goods trade. He shows that opening up an economy to trade creates "market expansion effect" that raises R&D and increases growth. Market expansion created by trade in goods raises the profitability of R&D and increases R&D to dissipate extra-normal returns, leads to an increase in growth rates and supplies dynamic gains from trade.

An important policy implication of these models is that if trade restrictions limit the extent of market by shutting out foreign products, or lower the profitability of entering foreign markets, then economic growth should be correspondingly low.

Fisher (1995) in his "overlapping generation model" considers the role of physical capital accumulation in an open economy framework. He assumes that there are only two factors capital and labor with Cobb-Douglas production function, investment good is produced with capital only and with constant marginal product of capital and perfectly competitive markets and two countries with different value of \( s \) (\( s \) being every individual’s savings as a fraction of wage rate). The model implies that if two countries have substantially different factor endowment ratios so that complete specialization occurs under free trade, then the less thrifty country will be completely specialized in producing the consumption good, while the other country is diversified. The thrifty country experiences drop in its growth rate, while a less thrifty country gets a faster growth rate. It reflects the possibility that trade can reverse the autarkic growth path of a country.

Lucas (1988) examines the role of human capital accumulation in international trade in his dynamic model of accidental learning by doing. The model reflects that with countries that produce "high-technology" goods will grow faster. This model has very important policy implications. If a country has a long run comparative advantage in
"high-technology" good and suppose it is currently under autarky, the country has not reached its steady state and shows a short run comparative advantage in "low technology" good. If the country then adopts free trade policy it will export the "low technology" good and will become completely specialized in it and never produce the "high technology" good. In terms of economy's growth, the right policy for this country is to restrict trade at first and let the economy adjust closer to its steady state. When the economy has gained comparative advantage in the fast growing good, trade can be liberalized.

Wong and Yip (1997) analyze the effects of industrialization and international trade on economic growth in a two-sector model with learning by doing. An interesting feature of this model is that the two sectors grow at different rates in a balanced growth path, thus making the relative price of manufacture decline over time. Whether the economy is diversified under trade under the Wong and Yip model has important implications on the growth of the economy.

Van and Won (1997) analyze the relationship between technological transfer through learning by doing and trade. They argue that technological progress, foreign trade and factor accumulation are complements in the growth of an economy. Foreign trade provides a channel to an economy through which it learns from other economies, and physical capital accumulation, instead of being a source of growth, is the consequence as the economy grows.

The literature on trade and growth, with its diversity of results, suggests that no simple policy recommendations should be made without a thorough understanding of the structure and the key features of the economies under consideration. The results and the relationship between trade and growth in general are sensitive to the structures of the economic models. However if we undertake a historical perspective of trade and growth relationship, we come across some phases in the history when trade really acted as an engine of growth.

1.2 Historical perspective:

Historically, Adam Smith and Ricardo stressed on the importance of trade in the overall economy. Adam Smith considered trade to be important as a vent for surplus and a means of widening market, thereby improving the division of labor and level of productivity (Adam Smith, 1773). In the nineteenth century, however, the Smith's productivity proposition went beyond free trade and developed into an export drive argument. This was the time when Britain began to colonize large areas of Asia, Africa
and North America. The nineteenth century record of acceleration in the volume of world trade prompted Robertson (1938) to coin the metaphor of international trade as an engine of economic growth.

There seems to be a consensus among the economic historians that at this time, trade acted as a powerful engine of growth, not only by a more efficient allocation of resources within countries, but also because it transmitted growth from one part of the world to another (Maddison, 2006). The demand in Europe for raw materials brought about prosperity to countries such as Canada, Argentina, and South Africa etc. As there was an increase in demand for their commodities the investment in these countries also increased. Trade became an engine of growth. As written by Alfred Marshall, "the causes which determine the economic progress of nations belong to the study of international trade" (Marshall, 1890).

The period 1950-73 is generally described as the golden age of capitalism. The multilateral trading arrangements were governed by the Bretton Woods arrangements involving fixed exchange rate regime. Industrially developed economies managed to maintain reasonable full employment following the standard Keynesian prescriptions that contributed towards minimizing the length and amplitude of business cycles (Thirlwall, 2007). Simultaneously there has been a progressive reduction in trade barriers under the rounds of GATT negotiations. In addition, the emergence of the welfare state in reaction to the challenge from the USSR and Eastern Europe managed to bring about equitable distribution of the prosperity enjoyed by the developed countries (DCs). The continued prosperity in DCs during this period had three major consequences for the less developed countries (LDCs). One, the DC chose to put a blind eye to a large variety of trade restrictions imposed by LDCs under balance-of payments (BoP). Two, with increasing cost of labor, labor-intensive manufacturing industries got relocated in LDCs. Three, access to the DC markets by LDCs was relatively easy due to rising real incomes. During this period, a large number of LDCs had been following the import-substitution-oriented restrictive trade policies, which inevitably resulted in a slowdown in the rate of economic growth due to the limited size of the domestic markets and low levels of per capita real incomes. On the other hand, Japan, followed by the East Asian countries (South Korea, Taiwan, Singapore, Hong Kong), opted for export-oriented policies that resulted in rapid growth in real incomes. These high-performance Asian countries became a spectacular example of economic success linked with export performance. The fastest growing economies of the world during 1970s and 1980s were also the economies that...
experienced highest export growth. The World development Report, 1987 concluded, "Rapid growth and efficient industrialization were usually associated with outward oriented export led growth policies" (World Bank, 1987). These conclusions were based on a study of the "growth miracle" cases- Japan, Taiwan, Malaysia, Singapore, Indonesia, China, Hong Kong, Thailand, Brazil, South Korea, Spain, Portugal—that experienced export led growth during 1970’s and 1980’s (Herberger, 2006). During 1990s China and India also joined the path of high growth economies through several policy changes.

1.3 Indian Experience:

Indian story, on the other hand, was quite different as the Indian intelligentsia held the British colonial policy of free trade responsible for India’s economic underdevelopment. A typical and widely accepted reaction of this type is expressed by Pandit Nehru in Discovery of India (1946) while reporting on the deliberations in 1938 of the National Planning Committee. To quote:

"The objective for the country as a whole was the attainment of national self-sufficiency. International trade was certainly not excluded but we were anxious to avoid being drawn into whirlpool of economic imperialism. We wanted to be neither victims of imperialism nor to develop such tendencies ourselves." (Discovery of India, 1949).

The trade policy after independence was influenced by this vision of self-sufficiency as distinct to self-reliance and consequently minimizing the dependence on international trade through restrictions on imports and exports. Indian policy was that of economic nationalism essentially based on the infant industry argument, which holds that temporary trade protection is justified to establish and protect the domestic industry during its "infancy" until it can meet foreign competition, achieve economies of scale, and reflect the nation’s long run comparative advantage. Historically, Indian industries enjoyed a worldwide reputation. "The Indian industries not only supplied all local wants but also enabled India to export its finished products to foreign countries" (Ranade, 1900). However during the British rule India was gradually converted into an agrarian colony of the British with the collapse of industrial base (Datta and Sundaram, 2006). Therefore, the major concern of the policymakers after the independence was to establish a strong industrial base through the protection of infant industries. Such kind of protectionist regime was also adopted by other newly independent developing countries from Asia, Africa and Latin America under the import substitution policy. However the
economies that adopted the policy of industrialization through import substitution fared much worse and grew at a much slower rate than those developing countries such as Korea, Taiwan, Hong Kong and Singapore that from the early 1950s followed more open export-oriented policies (Salvatore, 2004).

A major change in this policy formally took place with the economic policy reforms undertaken since 1991. One of the major prominent components of reforms was the progressive integration of Indian economy with the global economy by reducing the tariff and non-tariff barriers. This process gathered momentum with signing the Marakesh Treaty, which brought into existence the World Trade Organization in 1995. In spite of these changes in the formal stance towards international trade, the role of trade is still looked upon with suspicion and apprehension rather than approaching it for a healthy contribution it is capable of making to the growth process.

This study takes an explicit view that active participation in trade through exports is capable of playing a positive instrumental role in helping the country to step up its rate of economic growth. This study puts forward the case for undertaking and accelerating the active export promotion policies for rapid economic growth in India. For this purpose the study draws on South East Asian experience and compares India with these economies form the perspective of the export led growth. The study takes a demand side view considering the proposition by Thirwall (2006) that the export growth positively affects the economic growth from the demand side through relaxation of Balance of payments constraint.

1.4 Objectives of the study:

1. To examine the relation between the economic growth in terms of GNP growth and export growth from theoretical, empirical and policy perspective.

2. To examine the export performance of India in comparison with some Asian newly industrialized countries to find out the competitive position of the country vis-a-vis the selected Asian countries and also to find out against which competitor in which commodity India can have the strategy to eat the market share of that competitor.

3. To investigate the performance of individual commodities and changes in their revealed comparative advantage with a view to identifying future prospects of growth in exports of these items from a broader perspective of export led growth in India.
4. To examine the contribution of the exports and domestic demand factors in economic growth of selected countries to find out whether the growth in these countries was domestic demand led or export led and also to find out whether we can achieve a high growth rate of GNP if we increase the growth rate of target export commodities.

5. On the basis of above analysis suggest guidelines to help formulate export led growth policy in case of India.

1.5 Methodology and scope of the study:

The present study considers two major aspects of export led growth: The first few chapters analyze the export led growth across nations through the analysis of the export policies adopted by selected Asian countries and the study of the export performance of India in relation to the export performance of the selected Asian countries and discuss the possibility of future export growth through the analysis of competitiveness of the country in the export market and the future prospects of exports growth in selected commodities. The last part analyses the contribution of different components of GNP into GNP growth of India and selected Asian countries in order to find out whether the economic growth in these countries was export led or domestic demand led. Then it also discusses the possibility of export led growth in India and to what extent the growth rate can be increased through an increase in the growth rate of selected target commodities.

The analysis of India’s export performance in comparison with other Asian countries covers seven other Asian countries apart from India. The countries considered are China, Indonesia, Malaysia, Thailand, South Korea, Singapore and Hong Kong. The empirical studies undertaken by different researchers have proved either the unidirectional or bi-directional causality between exports and GNP growth in all these countries supporting the strategy of export led growth in these countries. A comparison of India’s export performance with all the abovementioned economies will help us to find out whether India is in a comparable position with other Asian countries in terms of a strong export performance that is needed for the successful replication of the export led growth strategy.

For analyzing the comparative export performance of different countries, the study considers the post reform time period covering the years from 1993 to 2004, a period when India underwent a policy change from import substitution to export promotion while the other selected countries underwent through a financial crisis that
created suspicions about the validity of the export led growth strategy and the reemergence of the Asian countries from the crisis. An analysis of the export performance of the selected countries on the basis of growth in total exports, service exports and manufacturing exports as well as the share of selected countries in world exports has been undertaken. Further the study also analyzes the export competitiveness of selected countries on the basis of relative export price ratios and exchange rate movements. For this the study calculates the relative prices and exchange rates for each of the selected countries vis-à-vis other competing countries from the group and then compares the movements in relative prices and exchange rates with that in imports and exports of that country with rest of the countries in the group.

The study also brings out the level of competition in various extended manufacturing exports between the selected Asian countries through the calculation of revealed comparative advantage index developed by Balassa (1965) and finds out whose export market India can eat through export policy initiatives. Then through a SWOT analysis of selected commodities where India has attained high revealed comparative advantage and higher export growth rate than all the selected competing countries, the study brings out some policy initiatives for further improvements in the export performance of these commodities to eat away the market share of the Asian competitors.

For analyzing the contribution of exports and domestic demand factors in GNP growth the study considers four Asian countries including South Korea, Thailand, China and India, representing the three generations of Newly Industrialized economies. The analysis of the growth and export performance of these economies will help us to find out the contributing factors in the growth process of these countries from the demand side. The study pertains to a period from 1983 to 2006, a period covering the pre-reform and post-reform growth experience of Indian economy. This time period is again divided into three sub-periods for the analytical purposes: period 1 from 1983 to 1993; period 2 from 1993 to 2003 and period 3 from 2003 to 2006. Further the study undertakes an exercise to find out what will be the effect of increase in export growth of the abovementioned target commodities on total export growth and GNP growth and how and to what extent the higher rate of GNP growth can be achieved through export growth.
1.6 The Chapter scheme:

The whole analysis is divided into nine chapters.

The first chapter discusses the background and historical perspective and also defines the objectives, methodology and the chapter scheme of this research work.

The second chapter begins with an analysis of the rationale behind the export led growth strategy. There are different theories that discuss the role of exports in economic growth and the linkages between the export growth and economic growth. This analysis provides the rationale for export led growth strategy from theoretical viewpoint and puts forward the case for export led growth strategy and against the import substitution strategy.

The third chapter takes a brief review of the empirical studies that have been undertaken by different researchers and concentrate explicitly on the growth and export relationship. There are extensive studies on export and growth relationship covering the cross section as well as time series analysis and also covering the developed and developing countries in the world and in Asia.

The Fourth chapter undertakes a brief analysis of the macroeconomic environment and trade policies phases in India as well as the selected Asian countries in order to provide a background for further analysis of the export and growth relationship. The main motive is to find out, in general, the common factors that contributed to high export and economic growth in these countries after 1970's and why India's trade performance was not at par with the other Asian countries selected for the analysis.

The Fifth chapter undertakes comparative study of India's export performance with reference to selected Asian countries covering the growth in as well as share of total exports, service exports and merchandise exports with more detailed analysis of extended manufacturing exports at aggregate as well as disaggregate level. The study analyzes the exports performance of the extended manufacturing goods by classifying them into six broad categories on the basis of factor intensities and technological characteristics. The base for this grouping is OECD (1992) classification. The broad categories are: 1)
Resource intensive exports; 2) Labor intensive exports; 3) Scale intensive exports; 4) Science Based exports; 5) Differentiated products exports; 6) Miscellaneous exports.

The study also attempts to analyze the changes in the commodity composition of the export basket of the selected countries in order to find out the changed importance of different broad categories of exports in the manufacturing exports of the countries under consideration. The price competitiveness, which is a major indicator of export competitiveness, is analyzed on basis of changes in relative export prices and exchange rate movements and resulting changes in exports and imports among the selected Asian countries.

The Sixth chapter examines the competitiveness of India and selected countries at disaggregate level for individual products under the broad categories of manufacturing exports. Evaluation of the competitiveness is carried out by using the measure of Revealed Comparative Advantage (RCA) indices developed by Balassa (1963) and pertains to only those commodities where the country’s export growth rate exceeded the corresponding world exports growth rate. The competitiveness is measured for the commodities coming under the extended manufacturing category of exports by using SITC REV. II 3 Digit level data. Product wise competitiveness of India and selected countries is compared to find out the main competitors in the export market competing for individual commodity exports on the basis of the growth rates and RCA values. The chapter also tries to chalk out whether India can eat the market share of the competing Asian country in different commodity groups in order to increase her share in world exports.

The Seventh chapter analyzes the export performance of some selected commodity groups where India enjoys high RCA or can attain a high competitive advantage in future and a higher growth rate than the corresponding world exports. The study undertakes a SWOT analysis of four selected export commodities including textiles, gems and jewellery, electronic goods and computer software services, in order to evaluate the future prospects of growth in the exports of these commodities from a broader perspective of export led growth.
The Eighth chapter tries to analyze the export growth and GNP growth relationship from the demand side. The chapter undertakes the calculation of the share of the demand components in the GNP growth of the four selected economies following Thirlwall (2006) and Jesus Felipe (2003). For finding out the share of each demand component in the GNP growth the study undertakes the disaggregated analysis of GNP growth. The apportioning of the GNP growth into the Domestic Demand components and the net Export component help us to find out the share of exports in GNP growth and the extent of the existence of the export led growth in different countries. Further the chapter also points out how a higher rate of GNP growth can be attained if we could increase the share of selected competitive export commodities in the total exports through increase in their export growth rate following the suggestions discussed in the seventh chapter.

In the last and ninth chapter this study brings out some conclusions that are deemed extremely valuable and relevant for analyzing our export position vis-a-vis that of the Asian economies from export led growth perspective. The micro level analysis of individual commodities will give us some guidelines for improving our export competitiveness.
The World Bank report 1993 “the East Asian Miracle: Economic Growth and Public Policy” explains the growth experience of the East Asian Economies including South Korea, Taiwan, Hong Kong, etc. as “success story”.

The various studies undertaken by different researchers consider GDP as an indicator of economic growth. However when we are dealing with external factors such as export and imports, we cannot use GDP as a measure of economic growth as the concept of GDP does not consider the role of external factors that is considered in the concept of GNP. Therefore this study uses the concept of gross national product as an indicator of economic growth rather than gross domestic product for explaining the role of exports growth in economic growth.

For a discussion of the origins of endogenous growth theory, and its relevance to the developing countries, see Romer (1994), Barro and Sala-i-Martin (1995).

The exogenous growth theory explained by neo-classical economists considers the growth in GDP as a function of certain exogenous variables such as population growth, exogenous technological changes etc. (Dornbusch et al, 2000).

For the detailed understanding of trends in world GDP growth and exports please refer to appendix i.

The nations such as Japan, South Korea, Hong Kong, Singapore, Korea, Malaysia, Indonesia, Taiwan, Thailand were labeled as economic miracles by the World Bank because of the spectacular growth rates attained by these economies (World Bank Report, 1993).

Self-sufficiency relates to autarky. Self reliance in the context of foreign exchange constrained low income countries is taken to be achieved when, with appropriate changes in the domestic industrial structure, the country acquires the ability to maintain a minimum desirable growth rate without relying on concessional capital inflows so that the temporary imbalances between export earnings and import outlays on current account are accommodated through autonomous capital flows (Tendulkar, 1997).
APPENDIX TO CHAPTER I

Table A-1.1 Historical Trends in Real World GNP and Export (1870-1998)

<table>
<thead>
<tr>
<th>Period</th>
<th>GNP growth rate</th>
<th>Export Growth rate</th>
<th>Exports as % of GNP</th>
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<tr>
<td>1870-1914</td>
<td>2.11</td>
<td>3.40</td>
<td>7.9</td>
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<tr>
<td>1914-1950</td>
<td>1.85</td>
<td>0.90</td>
<td>5.5</td>
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<tr>
<td>1950-1973</td>
<td>4.91</td>
<td>7.88</td>
<td>10.5</td>
</tr>
<tr>
<td>1973-1998</td>
<td>3.01</td>
<td>5.07</td>
<td>17.2</td>
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</tbody>
</table>


Table A-1.2 Comparative Growth performance of different regions of the world: Growth of real per capita GNP, 1966-2004

<table>
<thead>
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<tbody>
<tr>
<td>World</td>
<td>5.1</td>
<td>3.0</td>
<td>1.2</td>
<td>2.8</td>
<td>3.3</td>
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<tr>
<td>Industrial countries</td>
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<td>2.8</td>
<td>1.2</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Asia (general)</td>
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<td>6.3</td>
<td>7.0</td>
<td>7.8</td>
<td>7.0</td>
</tr>
<tr>
<td>East Asia and Pacific</td>
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<td>7.1</td>
<td>8.7</td>
<td>9.3</td>
<td>7.7</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>6.4</td>
<td>2.7</td>
<td>3.2</td>
<td>3.9</td>
<td>3.5</td>
</tr>
<tr>
<td>Europe and central Asia</td>
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<td>3.6</td>
<td>-9.4</td>
<td>-7.5</td>
<td>3.4</td>
</tr>
<tr>
<td>Middles East and North Africa</td>
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<td>0.7</td>
<td>3.4</td>
<td>0.3</td>
<td>3.2</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>4.7</td>
<td>2.2</td>
<td>0.6</td>
<td>2.2</td>
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