



# In Search of a Pacific Model of Growth

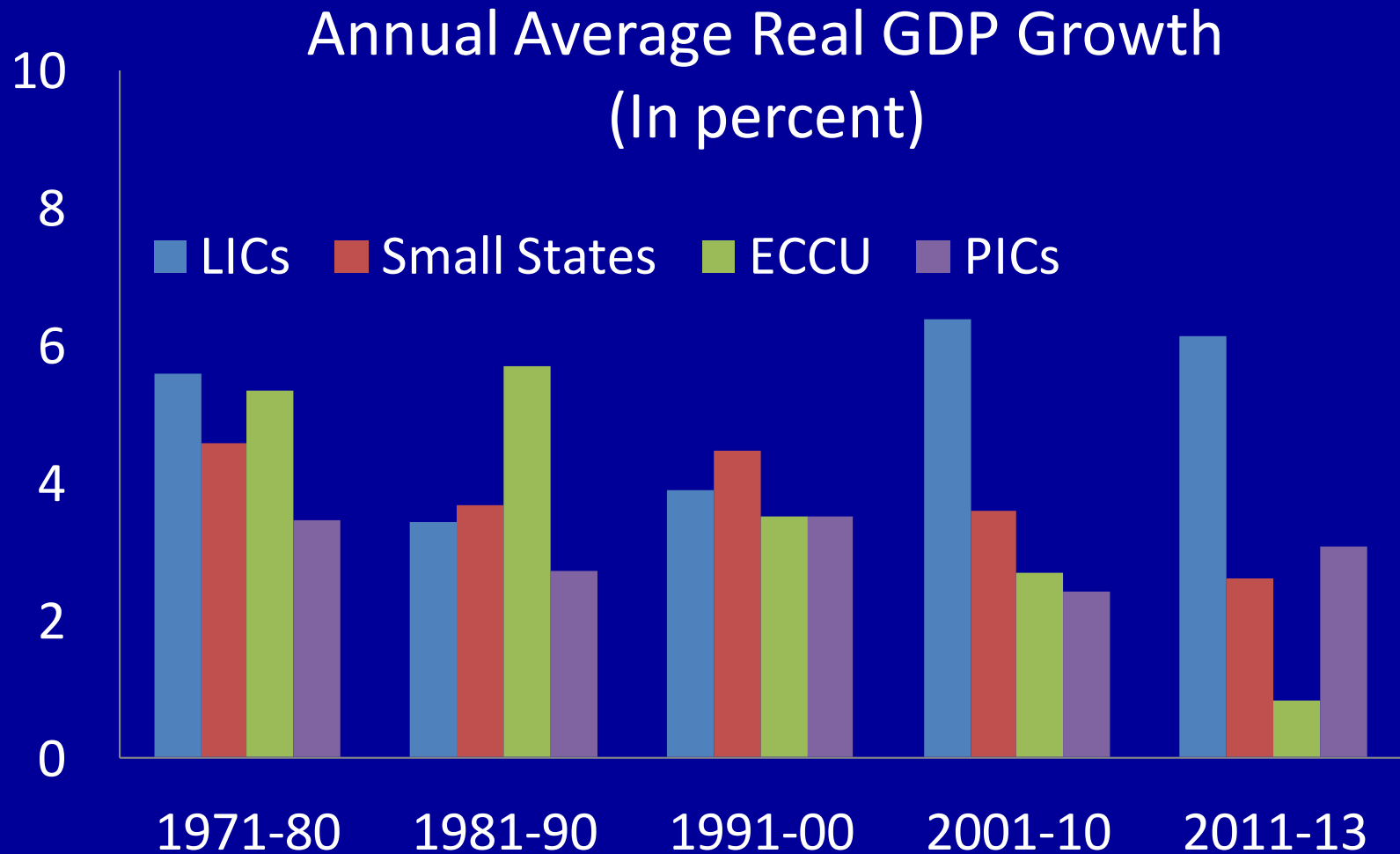
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Yongzheng Yang  
International Monetary Fund

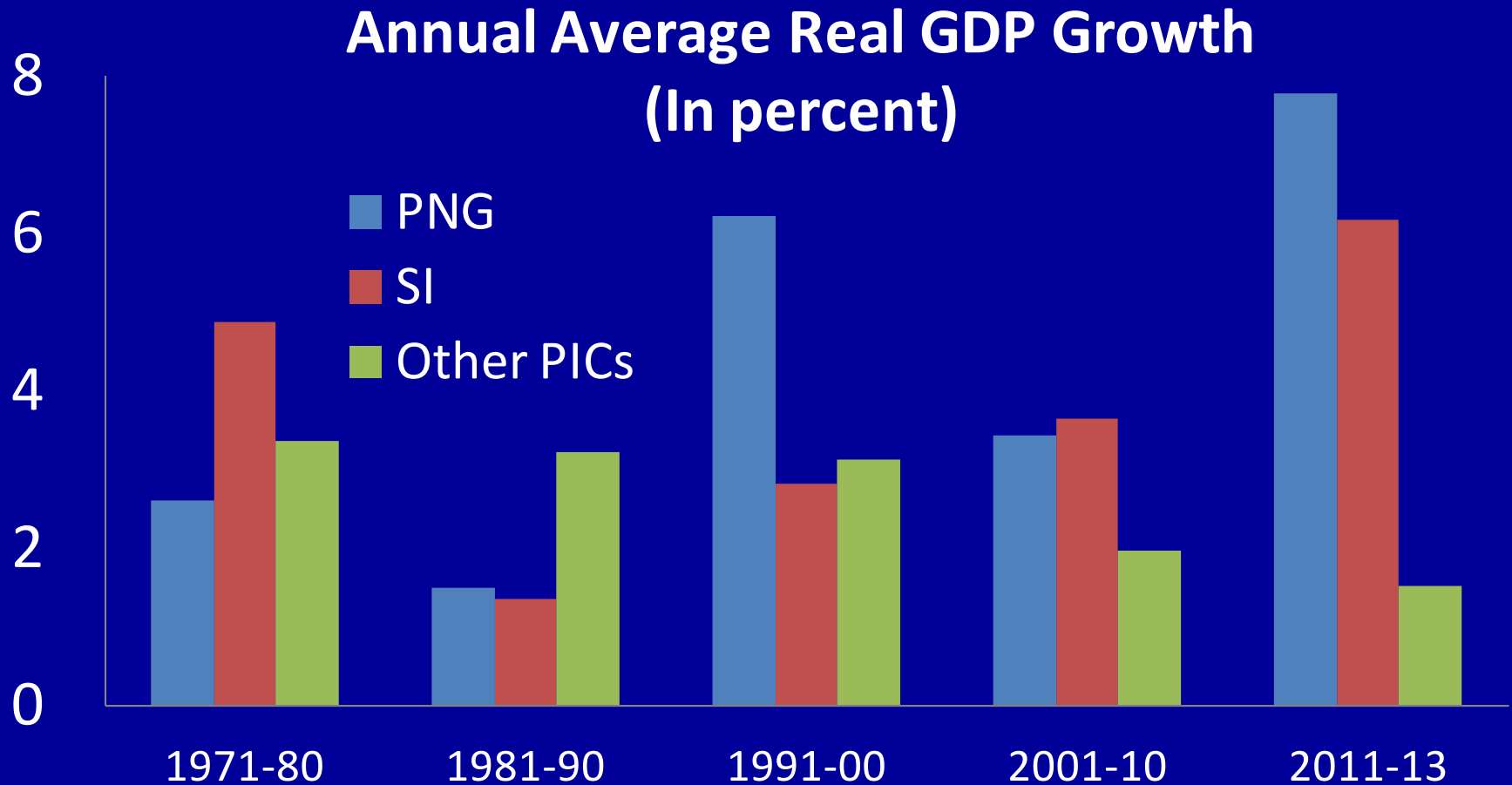
# Outline

- PICs' growth performance
- Why has growth in most PICs been slow?
- What can be done to increase growth?
- Concluding remarks

# PICs: Long-term growth performance

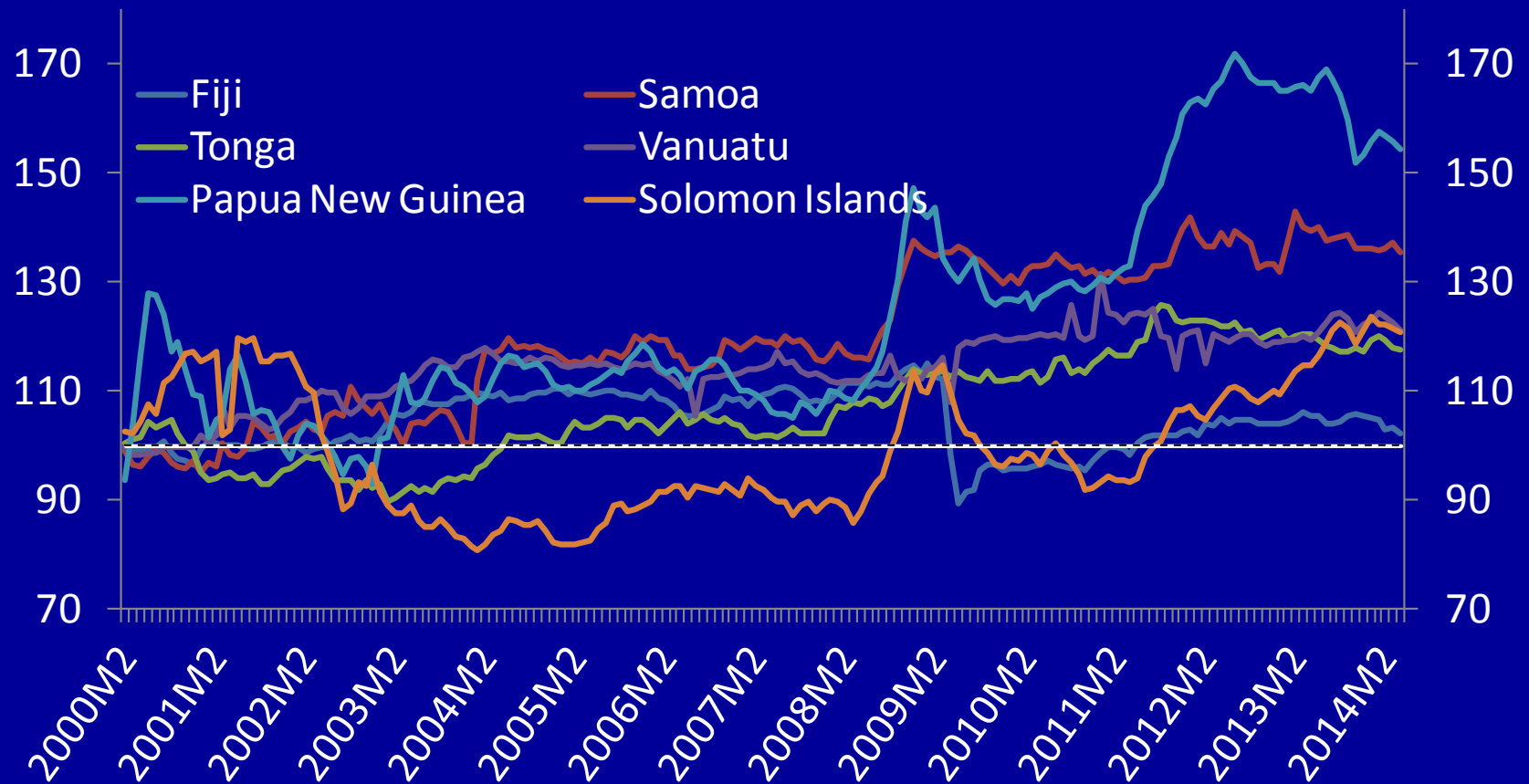


# PICs: Long-term growth performance: resource-rich versus non resource-rich

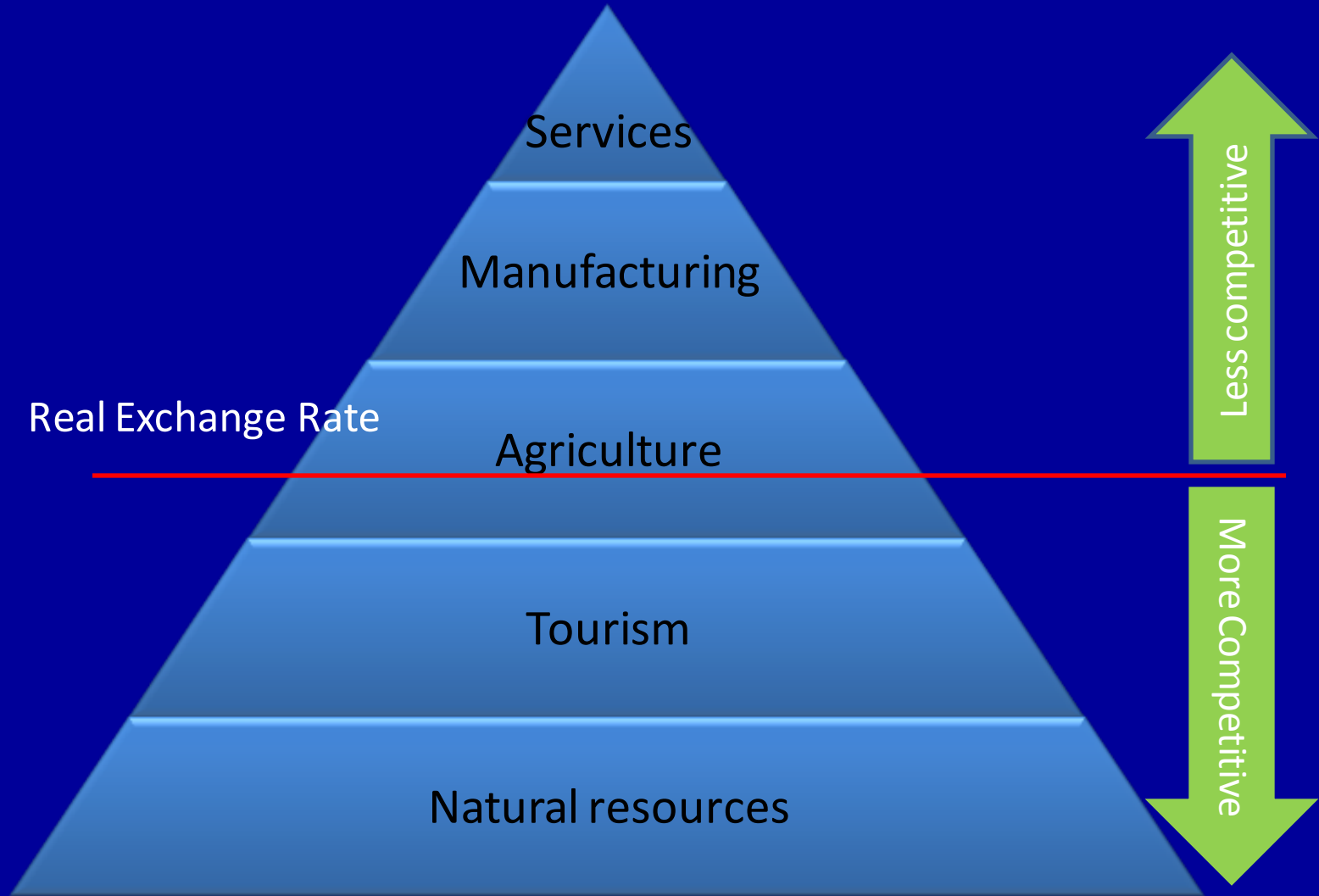


# Real exchange rate developments

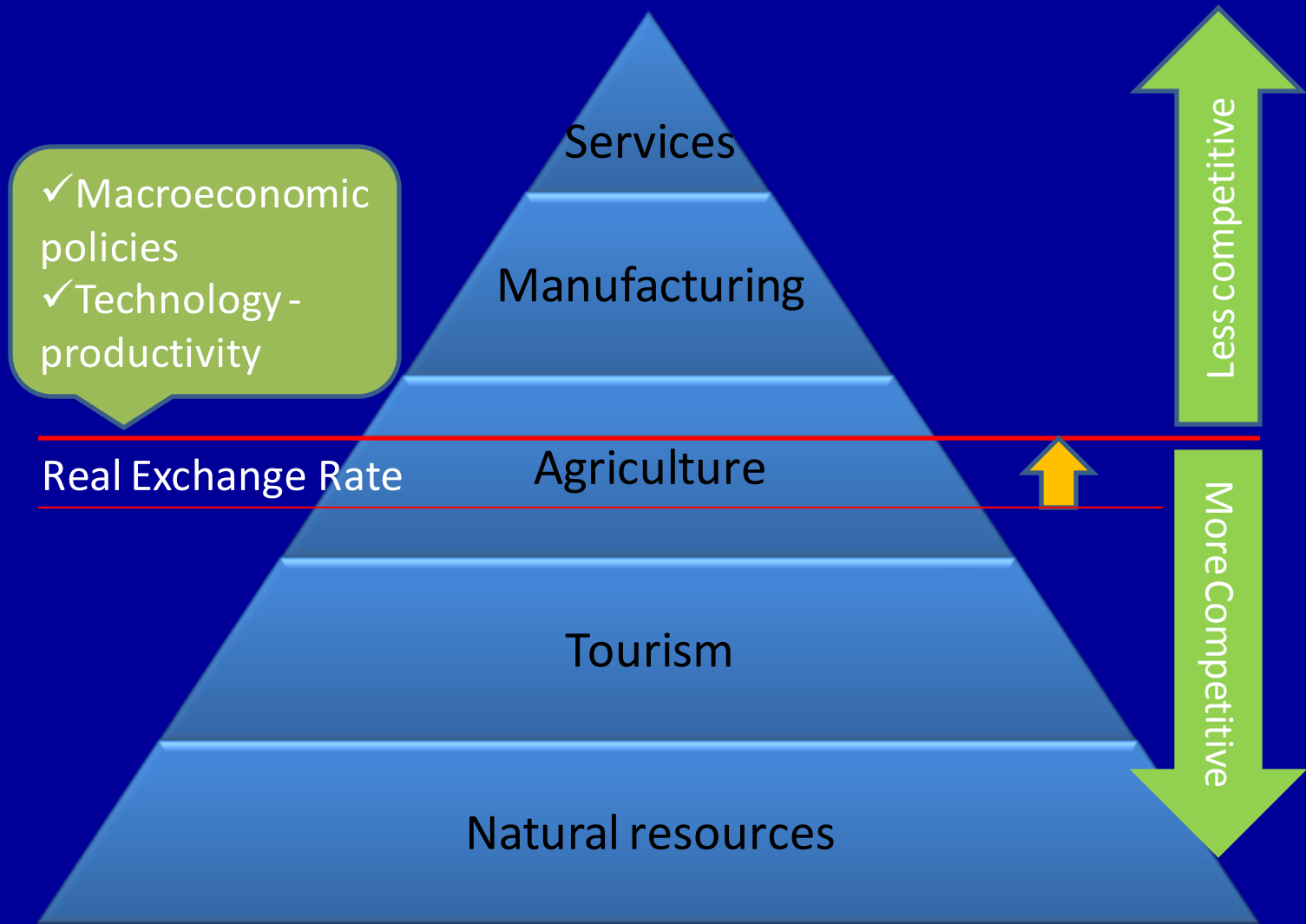
## REER of PICs with Central Banks



# Comparative Advantages: A Pacific Pyramid

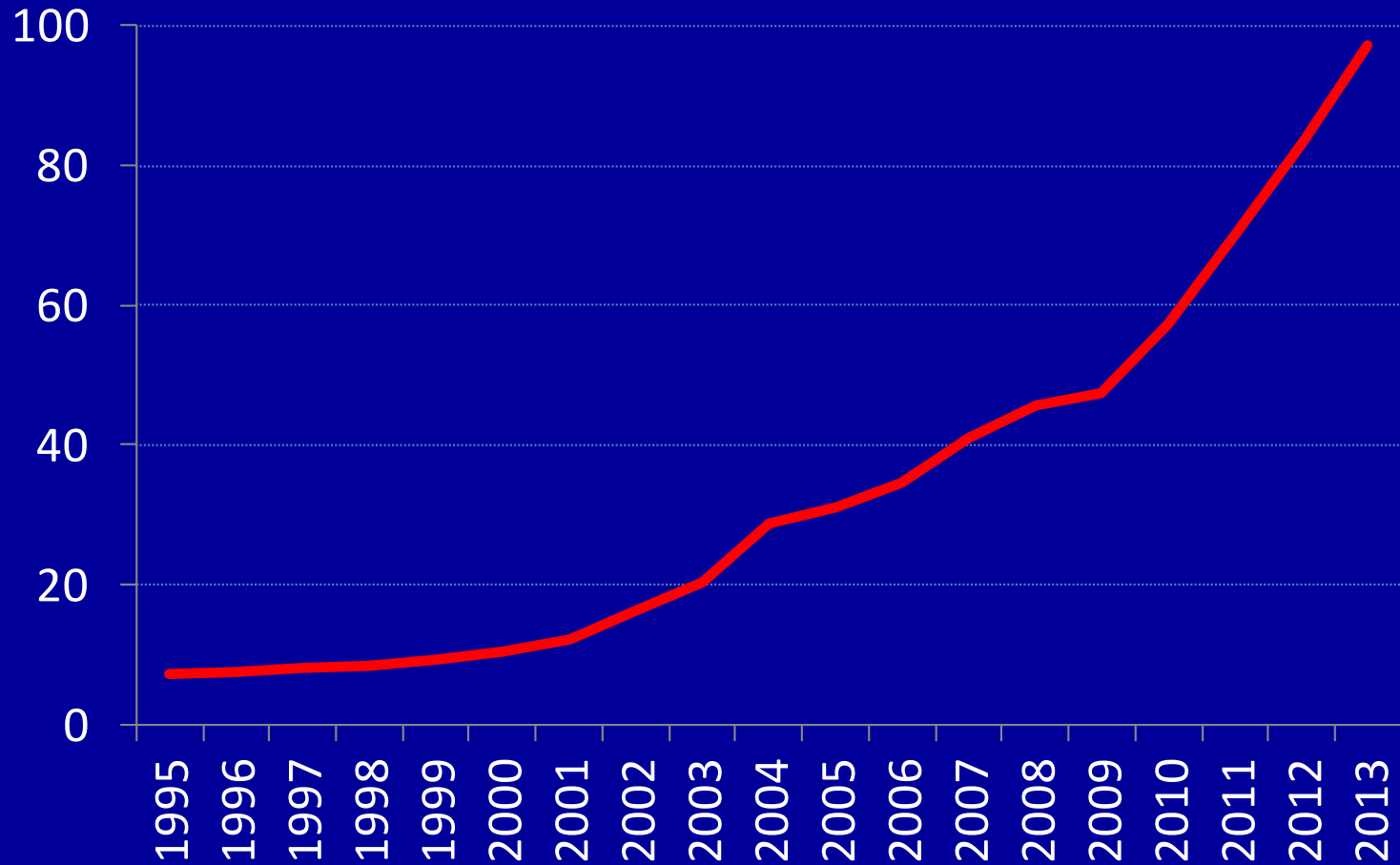


# Pacific Pyramid: Improving competitiveness



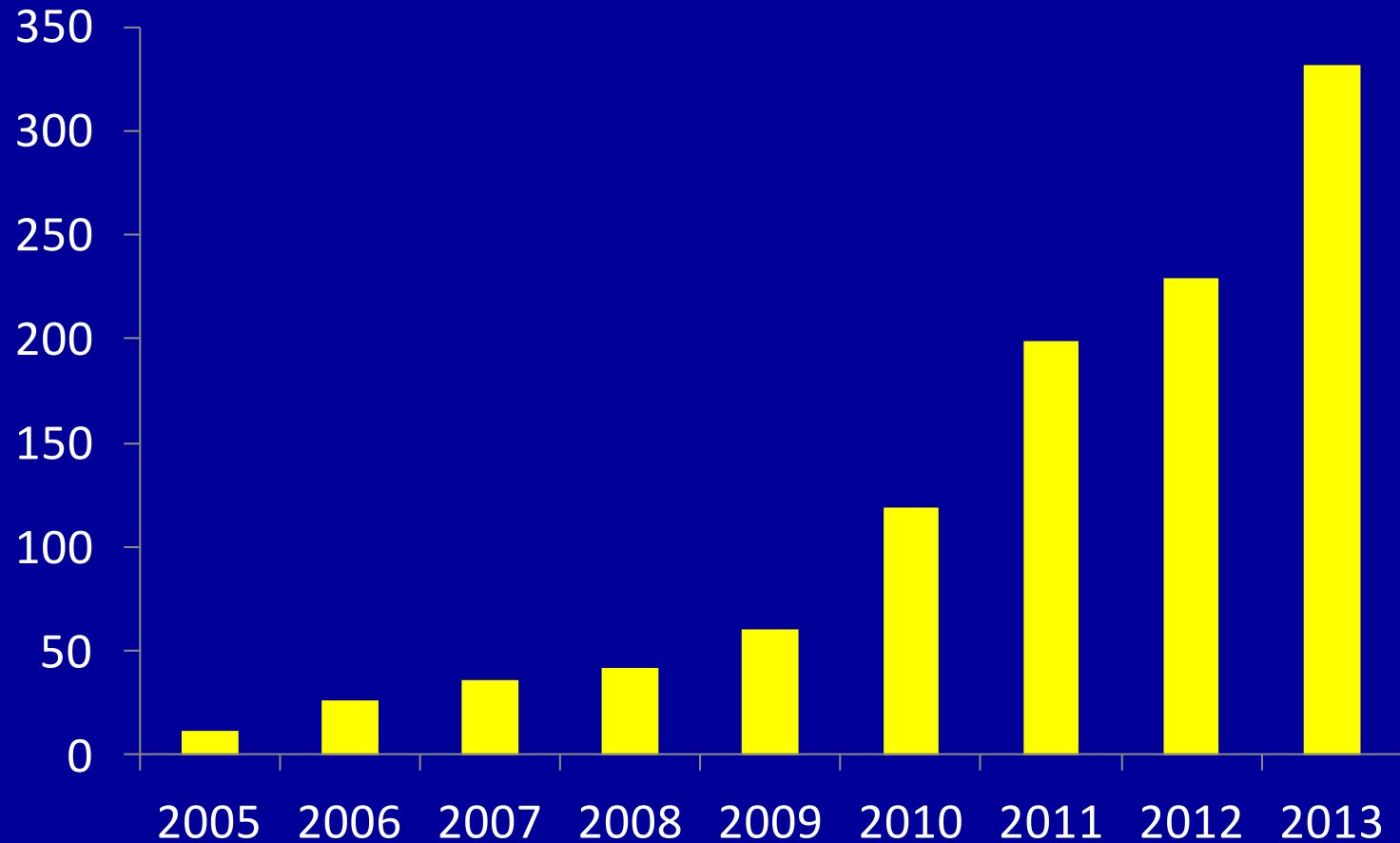
# China's travel departures have grown exponentially

(In millions)

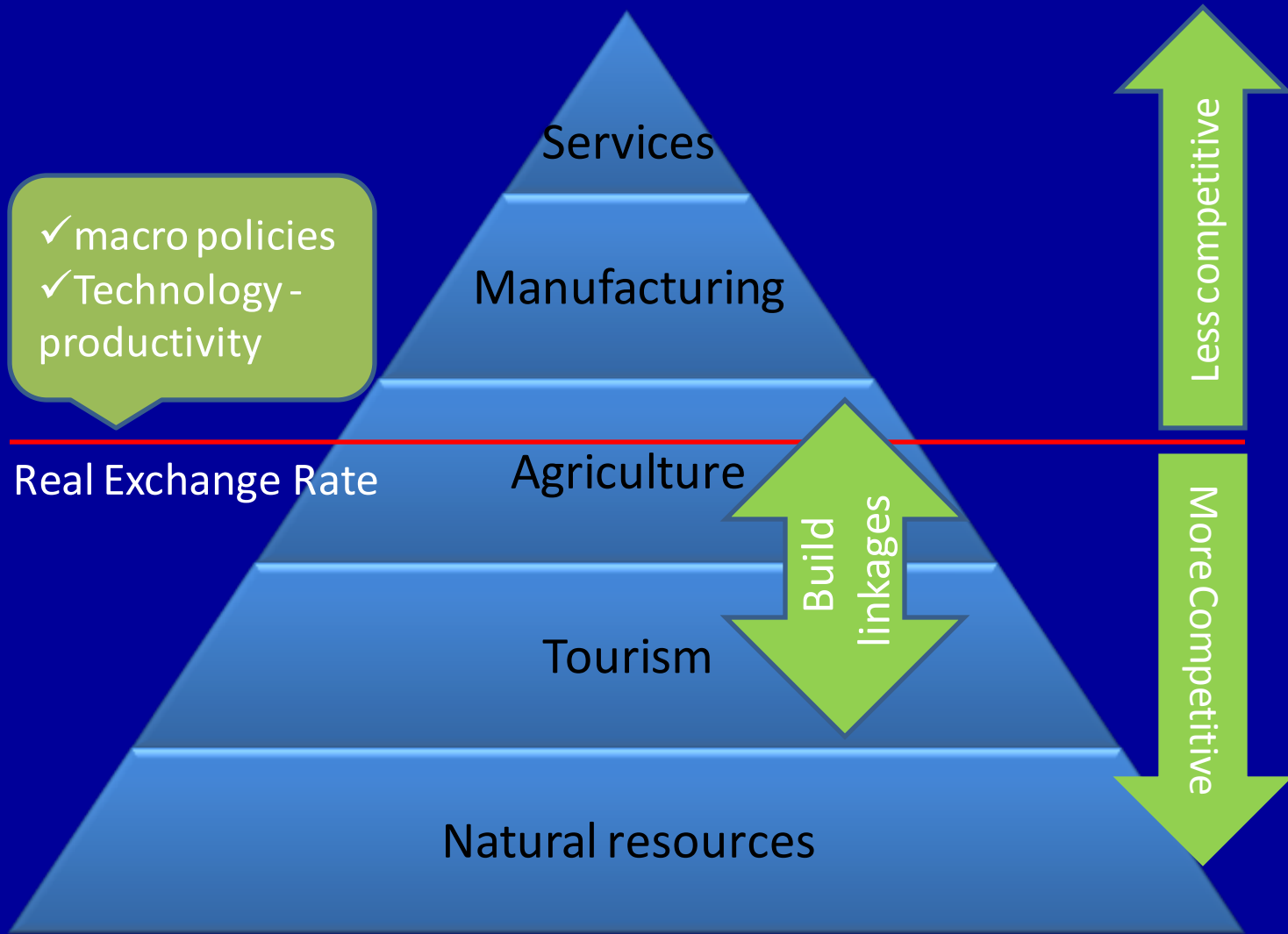




# Maldives: Chinese tourist arrivals (In thousands)



# Pacific Pyramid: Exploit synergies



# Key Messages

- PICs are facing more difficult growth challenges in an era of regionalism.
- A competitive exchange rate is critical to expand PICs' small and narrow export base.
- PICs should more strategically target key growth sources—tourism, agriculture, fisheries, labor service exports.
- A viable growth model must involve deeper integration with traditional trading partners and strengthen economic ties with Asia.



Thank You