




## PRESS RELEASE

### **MORE INCLUSIVE CITIES WOULD MAXIMISE ASIA'S GLOBAL COMPETITIVENESS**

(Ch. 3: The economic role of Asian cities; Ch. 4: Poverty and inequality in Asian cities)

The resilience of Asia's urban-led growth throughout the recent worldwide economic crisis came as a by-product of sound policymaking capacities which must now focus more on poverty and inequality for the sake of a broader-based economic momentum, UN-HABITAT recommends in its *State of Asian Cities Report 2010/11*.

### **SUCCESSFUL INTEGRATION IN THE GLOBAL ECONOMY SHOULD INSPIRE THE WHOLE REGION**

As combined output nearly doubled between 1990 and 2008 the region turned into a significant contributor to the world economy (30 per cent in 2008). In Asia's more dynamic countries, policies have made the most of comparative advantage (location, labour costs, etc.), deploying an export-led (see Chart 3.6), urban-based (see Chart 3.6, Table 3.4) growth model with support from foreign investment (see Chart 3.4). Over time this has contributed to expansion in domestic consumption and financial services (see Table 3.5), too. Asia's successful integration in the international economy now sees some cities moving away from their role as 'factories of the world' and making serious inroads into the global 'knowledge economy' as they host increasing numbers of high-technology research and development facilities. Asia's less developed countries would do well to learn from the more positive aspects (including tax and regulatory incentives) behind this commendable achievement.

### **NEED TO SHARE THE BENEFITS, STREAMLINE PROCEDURES AND IMPROVE EDUCATION**

However, the benefits of export-led growth have not been equally shared, although Asian cities owe a fair amount of their vibrancy and resilience to a persistently large, low-income informal sector. Just as informal settlements derive from inadequate land and housing policies, the informal economy is another by-product of government inadequacy – in this case, excessive public controls, complex procedures, bureaucratic inefficiency and petty corruption. Streamlined procedures would gradually bring informal entrepreneurs into the mainstream economy, while also facilitating foreign direct investment. A better-educated workforce would improve the capacities of both formal and informal sectors to take advantage of fresh opportunities in both global and domestic markets.

### **THE INFORMAL SECTOR AND CIVIL SOCIETY MUST BE MOBILISED AGAINST SLUMS AND POVERTY**

Today, Asia remains host to over half of the world's slum population, with huge sub-regional disparities (see Table 4.5), but a few countries have already demonstrated that the target set by the Millennium Development Goals can be met (see Case Study 3). These remarkable efforts must now be sustained across the whole region. A stronger informal sector could play an increasing role in job creation and housing production (see Case Studies 1 and 3). Together with civil society, the sector already shows that it can supplement government efforts to reduce poverty (see Chart 4.3) and slums, including with provision of basic services (sanitation, waste management, etc.) (see Case Studies 3 and 5).

It is time for Asian cities to realise that their large populations (especially youth) are another aspect of their global competitive advantage, and one they must now maximise. Their continued prosperity is critically dependent on a more inclusive development model that takes in both the formal and informal economic sectors and promotes social advancement. This requires the same determination that has made export-led growth a success. Government and urban authorities cannot succeed in this endeavour without active involvement of both business and non-governmental organisations.

This first-ever State of Asian Cities Report 2010/11 is a collaborative effort between UN-HABITAT and the UN Economic and Social Commission for Asia and the Pacific (ESCAP), the UN Environment Programme (UNEP), and the United Cities and Local Governments – Asia-Pacific Regional Section (UCLG-ASPAC)

