As has been the case for a number of years, growth in developing countries was on average quite strong in 1995, but varied substantially among different regions. Asia continued to post robust growth, led by high rates of investment and associated productivity growth. Although growth has strengthened in many African countries, reflecting in part the benefits of recent economic reforms, it remains too low at present to translate into rapid improvements in living standards, indicating that further progress is urgently needed.

After a period of turbulence last year following the Mexican peso crisis, financial markets in the developing countries have stabilized. The capital outflows that led to sharp falls in share prices and pressure on exchange rates in several Latin American countries have halted, and in some cases have been reversed. Prospects are for improving economic conditions.