

**T**he Japanese economic miracle in the past five decades has filled the world with admiration. Maybe every consumer in the world has contributed something to the wealth of Japan, because one can see Japanese goods everywhere and consumers always feel sure about quality of Japanese products.

In the past two decades, the Asian second miracle took place in the four little dragons. The economic development in China and other Southeast Asian countries recently has made Western countries worry about Asia's wealth in the next century.

Prospects for Asian economy look bright with its planned growth rate of 6.9 per cent for 1995. The political reformation in Asian countries has enhanced their economic performance, strengthened competitiveness of their products, stabilized market prices and promoted their production of consumer goods as well as their overseas investment. This condition has also enabled them to receive more direct investment from Western investors.

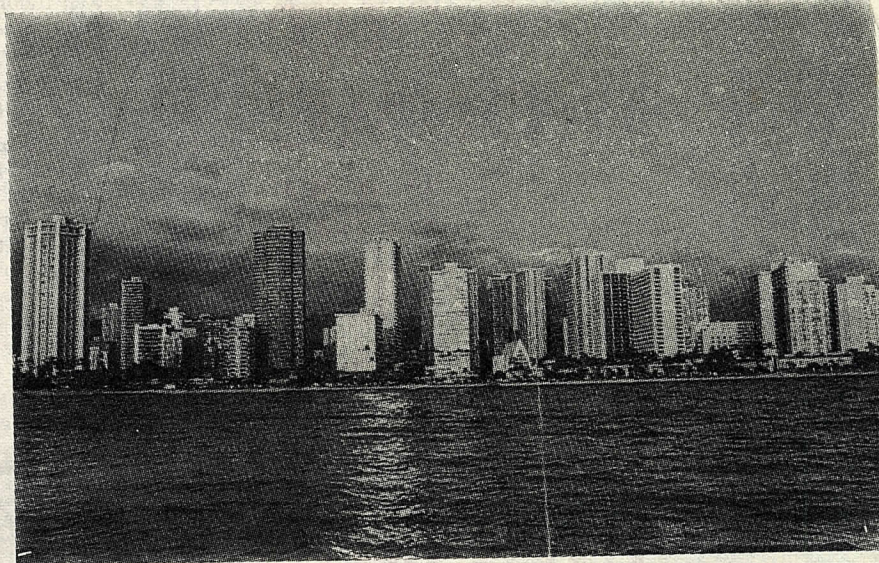
Asia's exports keep on increasing while other economies develop sleepily. In 1995, total exports of Asia is planned to increase by 12 per cent. This increase in Southeast Asia is estimated at 14.6 per cent in spite of a decrease in Hong Kong and China's exports. The economic reformation in South Asian countries will expand foreign trade and exports of this region will increase by 16.6 per cent this year in comparison with 5.5 per cent in 1992.

Thanks to trade liberalization and big investment in infrastructure, imports will exceed exports in this region as a whole. Foreign investment will flow into China, Indonesia, Singapore, Sri Lanka and Vietnam, but it could be withdrawn from Malaysia and Thailand.

In the next two years, the growth rate of NICs will be at 5 or 6 per cent. Hong Kong and Singapore will keep on serving as gateways to foreign markets for Asia. Hong Kong's economy will develop well but become increasingly involved with China. Singapore will strengthen its relations with Malaysia and Indonesia and form a new Triangular Growth Area which produces high-tech products and provides financial services. China will keep on enjoying an economic boom with a growth rate at two-digit level although a lot of problems, such as transportation, power, raw materials, dear-money policy, etc. have made their appearance. China's imports will increase by 25 per cent a year because it is in need of high-tech equipment used for infrastructure building.

# ASIA'S ECONOMIC PERSPECTIVE

by Dr. HỒ NGỌC PHƯƠNG



Southeast Asian countries will develop strongly in the coming years. Public investment in infrastructure will increase and private investment will be encouraged by loosening the dear-money policy. Thailand could become the pace-setter in this grouping with a growth rate of 8 per cent. Indonesia growth rate will stay unchanged, whereas Philippines economy, in spite of some achievements in 1993, is facing problems of poor power supply in Luzon and poor-functioned central bank. However, the Philippines government should keep on encouraging both foreign and domestic investment. Laos and Vietnam, according to estimation, will maintain their growth rate at somewhere between 7 and 9 per cent in the coming years.

South Asian region will develop with some difficulty because of a shortage of capital, a poor infrastructure and an unfavorable trade gap. If there is political stability, the growth rate of this region will climb to 4.2 per cent in the next two years. Bangladesh's growth rate will be of 5 per cent. If its policy is well reformed, Indian economy could increase by 5 per cent. In Pakistan, its political life should be improved and stabilized so it could get a growth rate of 5.5 per cent. Sri Lanka is adjusting its structure of industry and planning a growth rate of 5.6 per cent. Nepalese economy could grow by 5 per cent although its economic policy wasn't well reformed

in 1993. As for Burma, there is no sign of development in its economy.

South American and African countries met many difficulties in developing their economies whereas Asian nations grew fast. From 1970 to 1992, Asian per capita GDP increased by 4.4 per cent in comparison with 1 per cent in South America and 0 per cent in Africa. In the period between 1980 and 1992, GDP of Asian countries increased by 6.8 per cent a year whereas this rate in other developing countries was 4 per cent and 2.4 per cent in developed ones.

However, Asian nations are facing great challenges. Population boom is still a danger to the economic development, poverty is widespread in rural areas, infrastructure is poor. Telecommunications and education are being improved in order to supply skilled workers to various industries. The keen competition in international markets has led to formation of many regional trade blocs, such as EC in Europe, NAFTA in North America, ASEAN and APEC in Asia, in which all nations become increasingly interdependent. Moreover, after Vietnam war and Cambodian conflict, Asian political atmosphere become calmer, in the meantime, there are a lot of wars breaking out in other continents (Yugoslavia, Rwanda, Burundi, Somalia, Haiti, Peru, Ecuador, etc.)

Maybe it's high time Asia freed itself from poverty and servitude and started a wealthy and civilized life ♣