

# Competing on a Global Scale

## East Asia and the Pacific



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# Asia: A Time of Historic Change

- China's Entry into the WTO
- Korea's "Sunshine Policy"
- Recovery from Asia's Economic Crisis
- Trade and Investment Liberalization
- Emergence of Market Economies
- Democratization
- Regionalization: APEC, ASEAN and ASEAN +3

# Asia in Perspective

## Top U.S. export markets

(US\$ billions, Jan-Nov 2000)

Canada	165.3
EU	149.4
Mexico	102.7
Japan	59.2
<b>ASEAN</b>	43.1
Korea	25.7
Taiwan	22.4
China	14.6
HK	13.1

## Top sources of U.S. imports

(US\$ billions, Jan-Nov 2000)

Canada	210.2
EU	201.7
Japan	134.5
Mexico	125.7
China	92.4
<b>ASEAN</b>	80.7
Taiwan	37.3
Korea	36.8
HK	10.6

## Top Destinations for U.S. Direct Investment

(US\$ billions, year-end, 1999)

EU	512.1
Canada	111.7
<b>ASEAN</b>	52.0
Japan	47.7
Mexico	34.2
China	7.7
Asia-Pacific ex Japan	138.1

Source: U.S. Department of Commerce

# Why ASEAN?

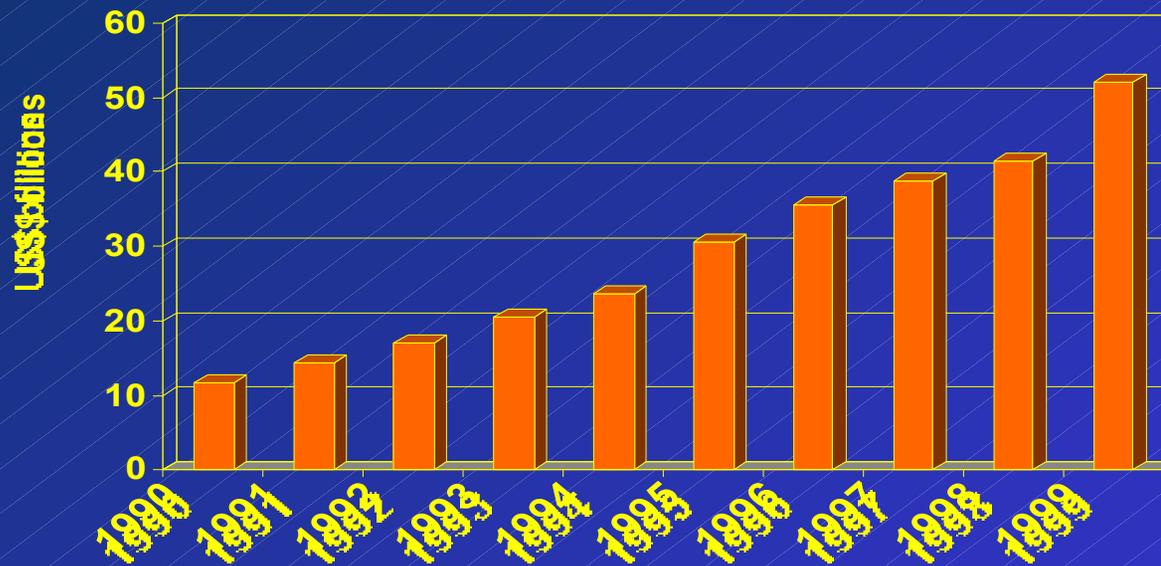


# ASEAN is a massive U.S. export market...

- Exports to ASEAN are triple those to China
- Exceed all other markets in Asia except Japan
- Exceed exports to many Latin American markets including Brazil, and are more than ten times greater than exports to Chile
- Are greater than those to many large individual European markets, including Germany and France
- The rate of growth of exports to ASEAN since 1990 has exceeded that of all other comparably sized markets except China

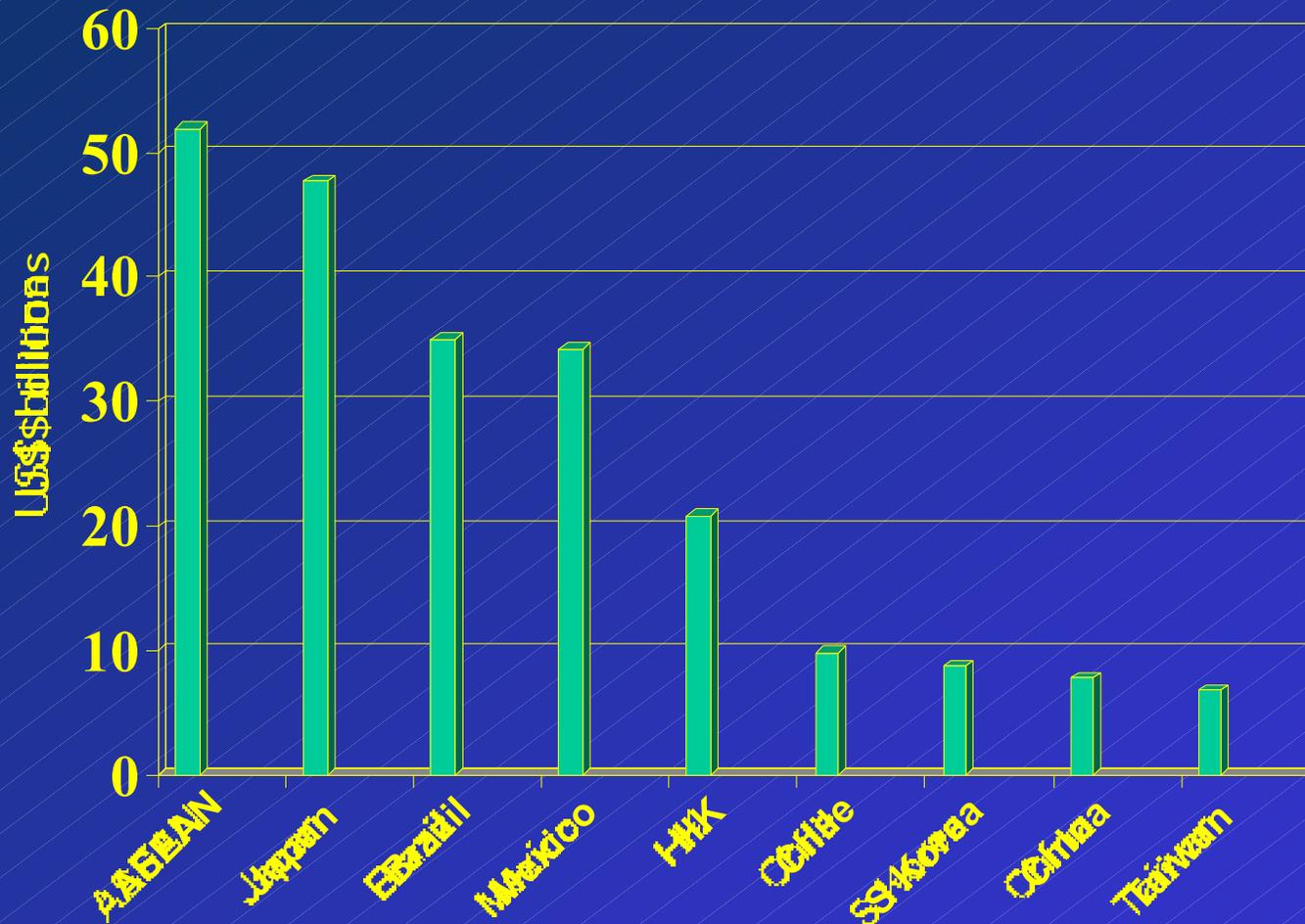
...with exports recovering to pre-crisis levels

# ASEAN hosts significant U.S. direct investments...



Source: U.S. Department of Commerce.

...which exceed those in many other major markets



# ASEAN is improving its competitiveness....

- ASEAN Free Trade Area (AFTA)
- Regional tariff reductions under AFTA
- Harmonization, streamlining of customs procedures and administration
- ASEAN Industrial Cooperation (AICO) -- 80 project approvals.
- Regional liberalization of trade in services
- Framework for ASEAN Investment Area (AIA)

....and through regional infrastructure projects to include.

- ASEAN Power Grid
- Trans-ASEAN Energy Network
- ASEAN Highway Network
- Singapore-Kunming Rail Link
- Broadband Interconnectivity

# Looking ahead ....

## ASEAN GDP Growth Rates and Forecasts (%)

	1999	2000	2001	2002
<b>Indonesia</b>	0.3	4.5	4.0	4.3
<b>Malaysia</b>	5.8	8.7	5.8	6.4
<b>Philippines</b>	3.3	3.9	2.9	3.7
<b>Singapore</b>	5.4	10.1	6.2	6.5
<b>Thailand</b>	4.2	4.4	3.9	4.4

*Source: Consensus Economics, Jan 2001*

# Reasons for optimism or pessimism

- Resistance to reform -- entrenched interests and populist / nationalist backlash
- Political uncertainty
- Performance of U.S. economy
- Impact of high oil prices

# The Case for Strengthening American Involvement in ASEAN



# Why the U.S. needs to pay attention to ASEAN

- Significant trade and investment interests
- Emergence of market economies through continued reform
- Continued democratization
- Regionalization through ASEAN+3
- Regional security interests

# Priority Issues

- Indonesian stability and economic growth
- Trade facilitation and liberalization
- Posting of new U.S. Ambassadors to region
- Enhancing the U.S.-ASEAN relationship
- Stimulating regional economic growth

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