

ASEAN Recovery and Japan

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Perspective ASEAN
Manila, June 7, 1999



Outline

- ◆ ASEAN outlook

 - ... is it a V, U, W, or L shape?*

- ◆ Risks

 - ... shifting to the US, China, and Japan*

- ◆ Japan & ASEAN recovery

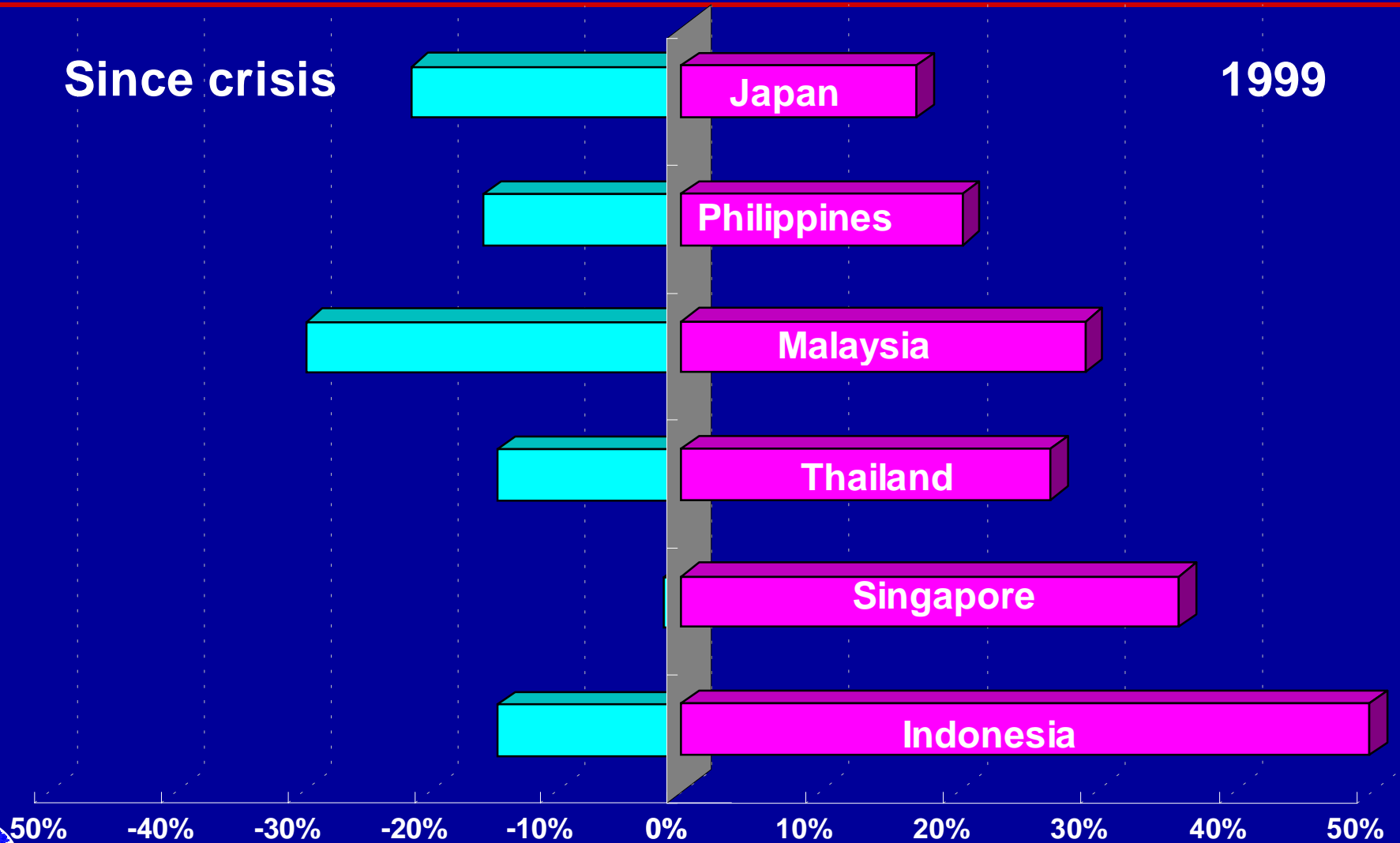
 - ... ASEAN can rebound before growth picks-up in Japan*



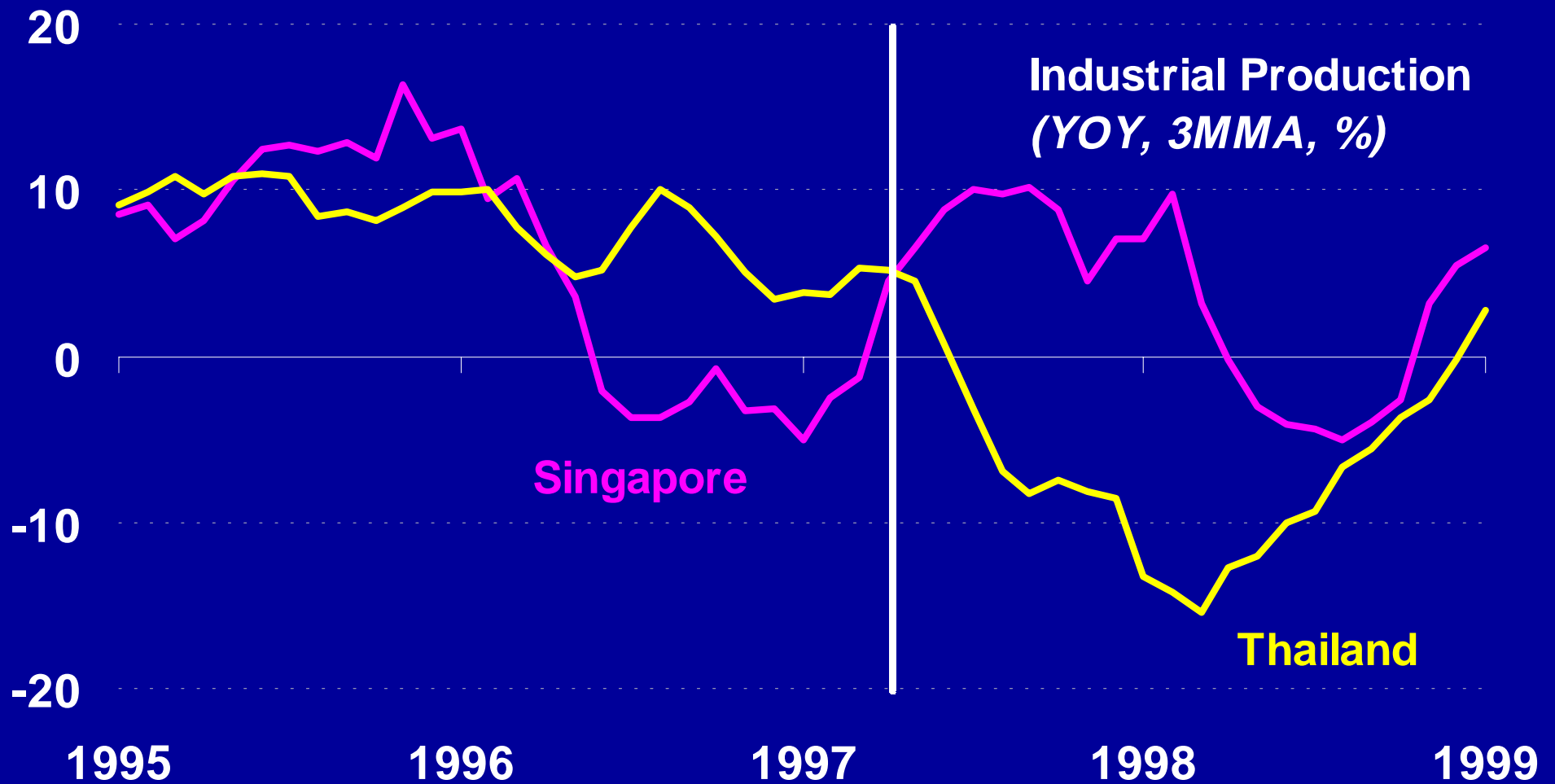
Stock markets signal recovery

Since crisis

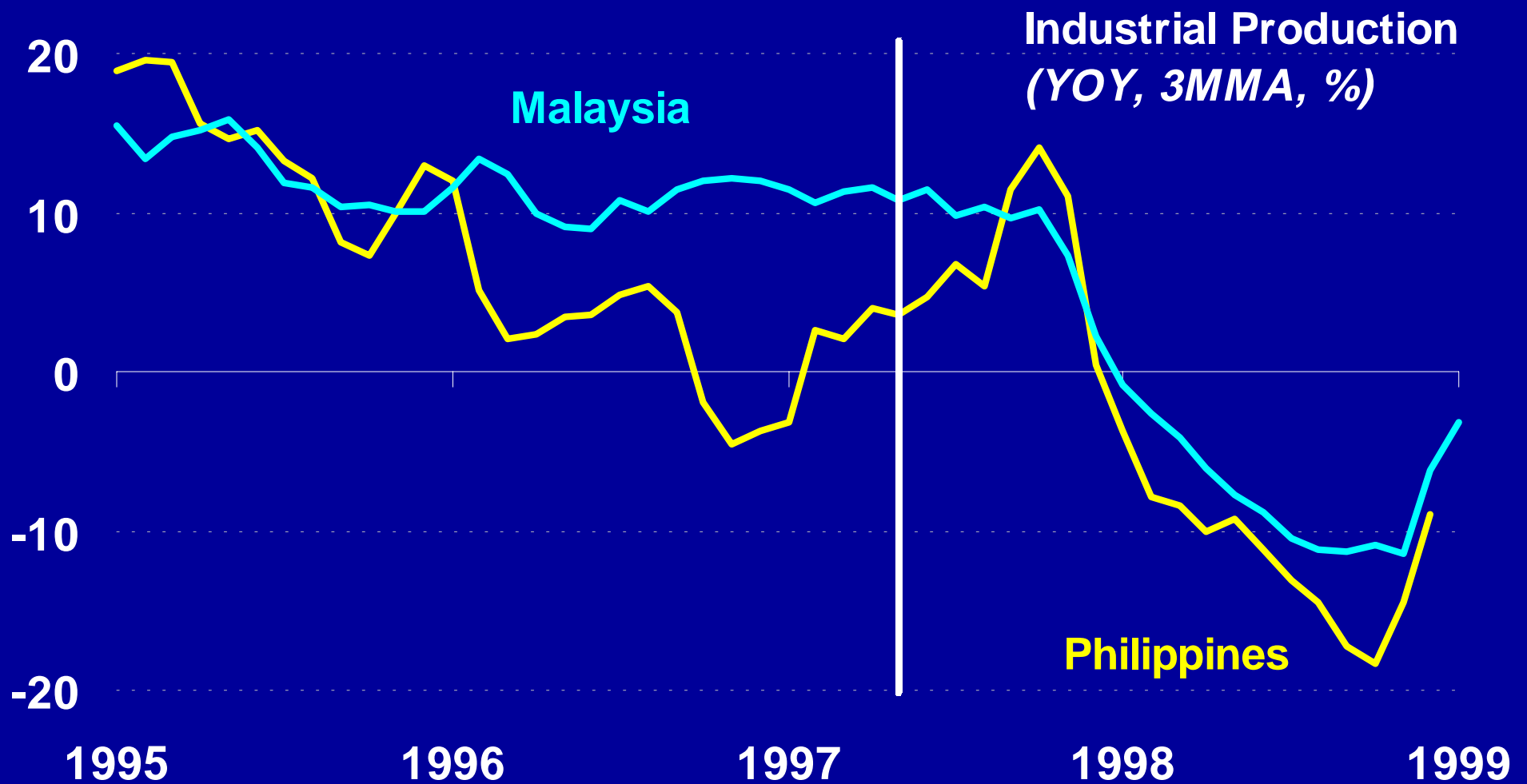
1999



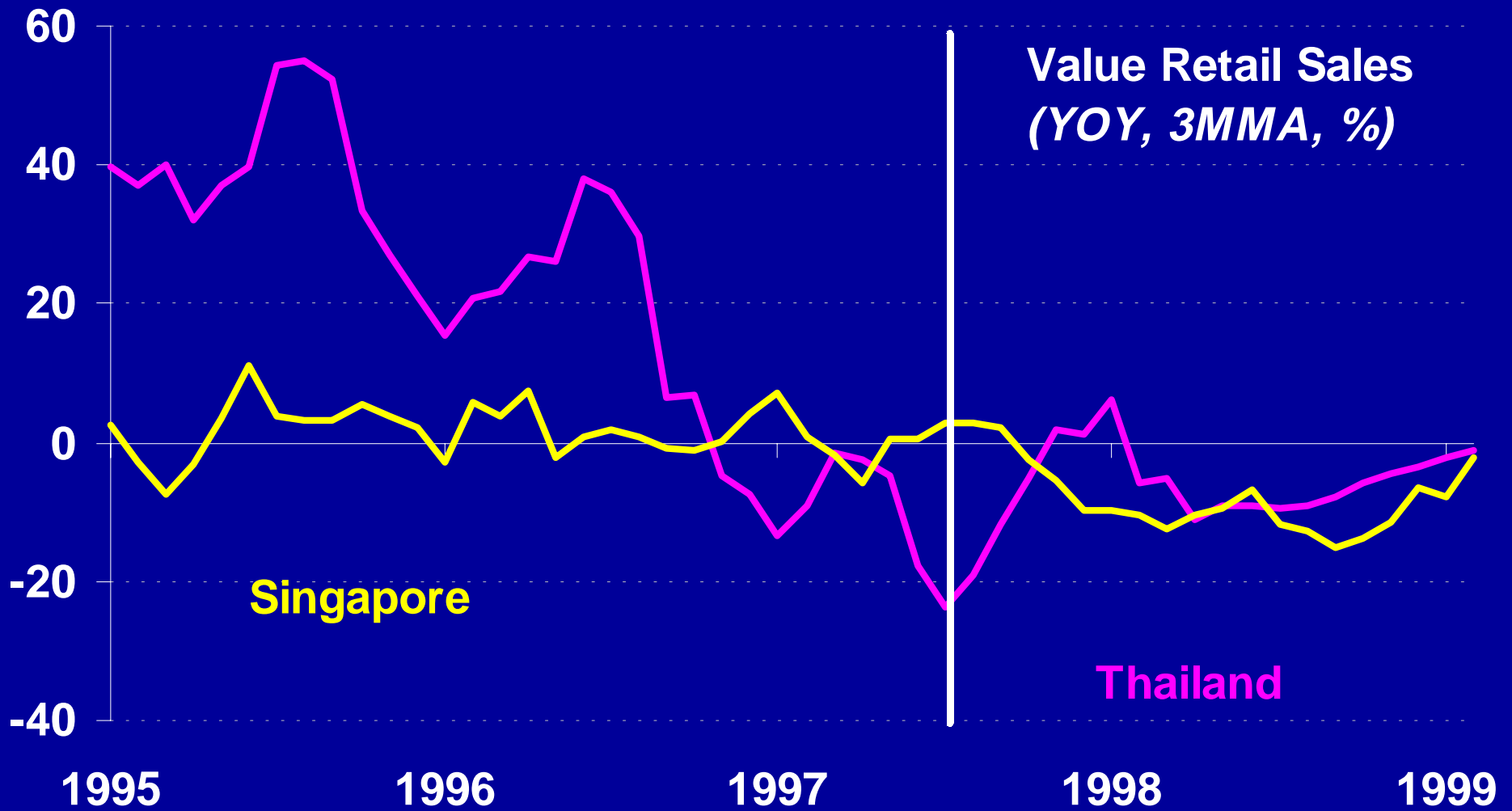
Industrial activity



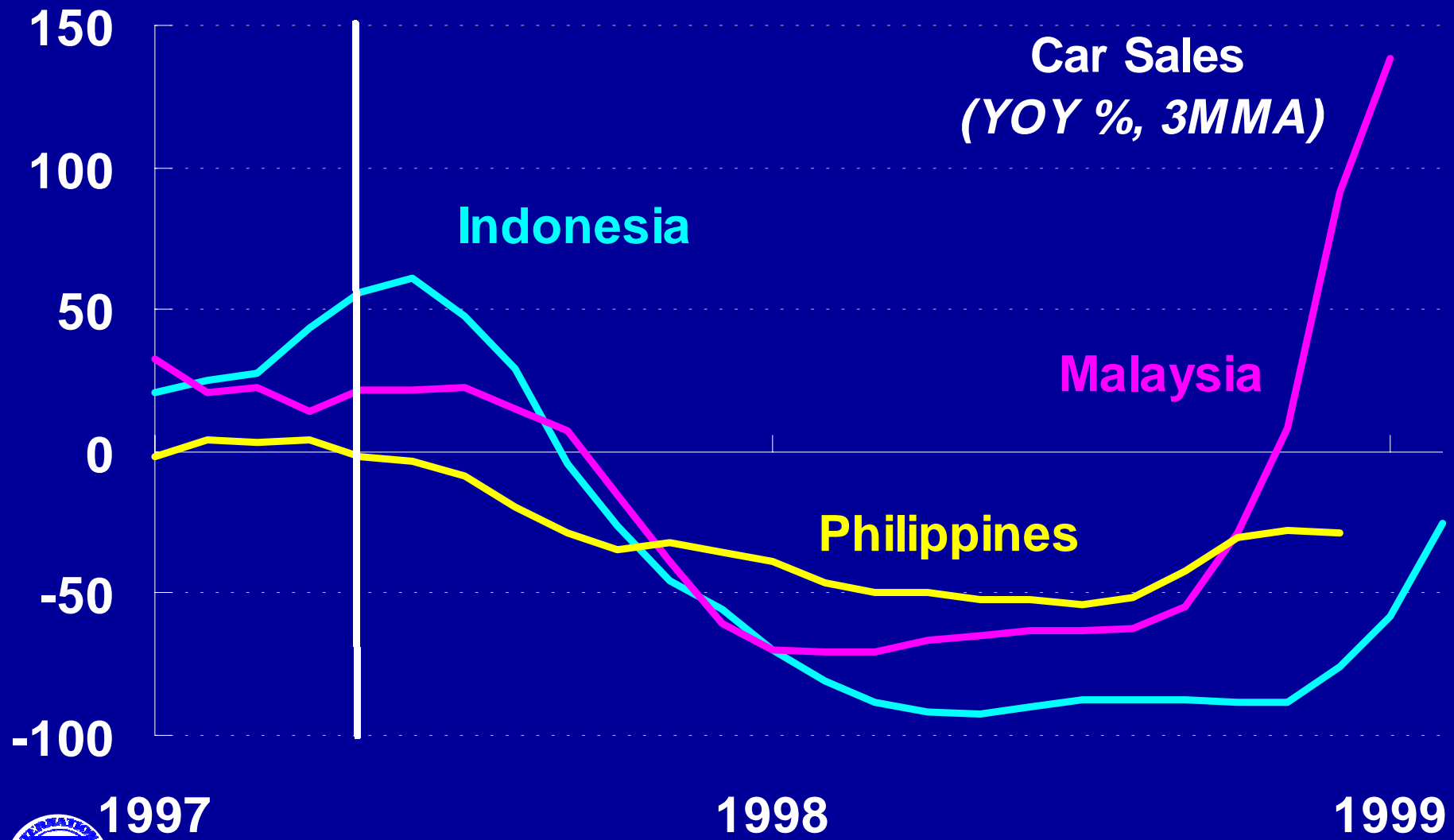
Industrial activity



Consumption



Consumption

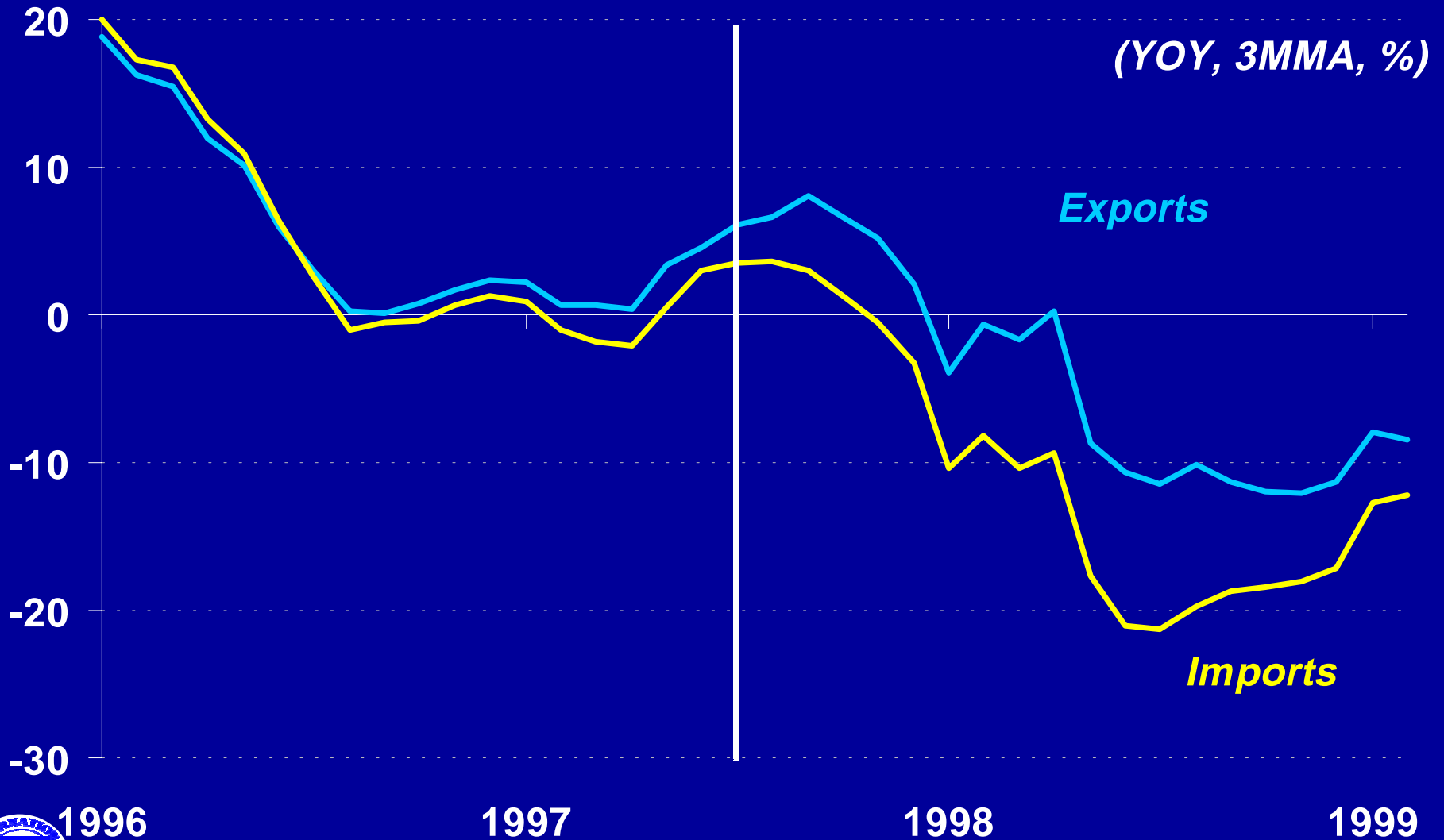


1997

1998

1999

Exports and imports - ASEAN



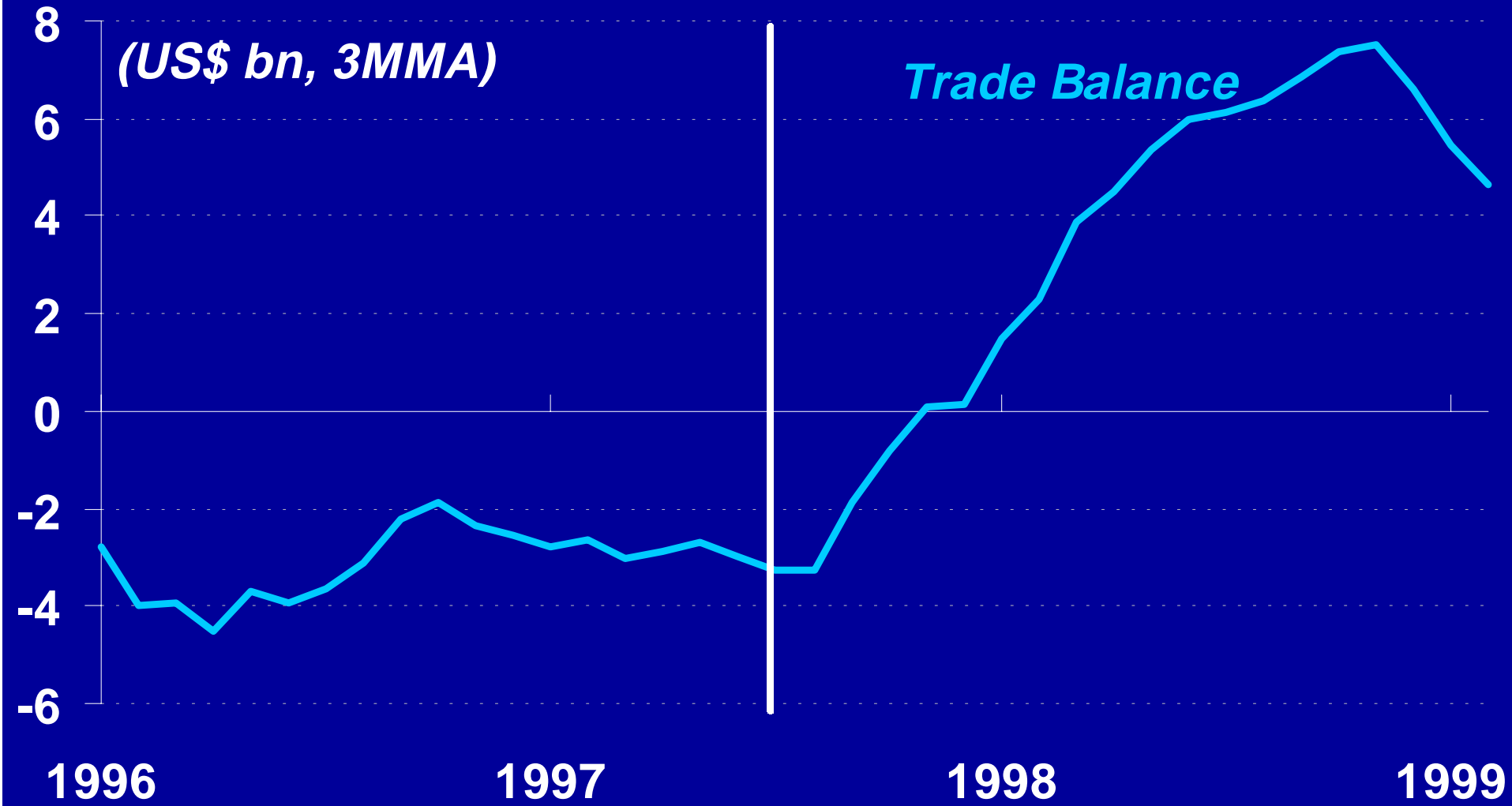
1996

1997

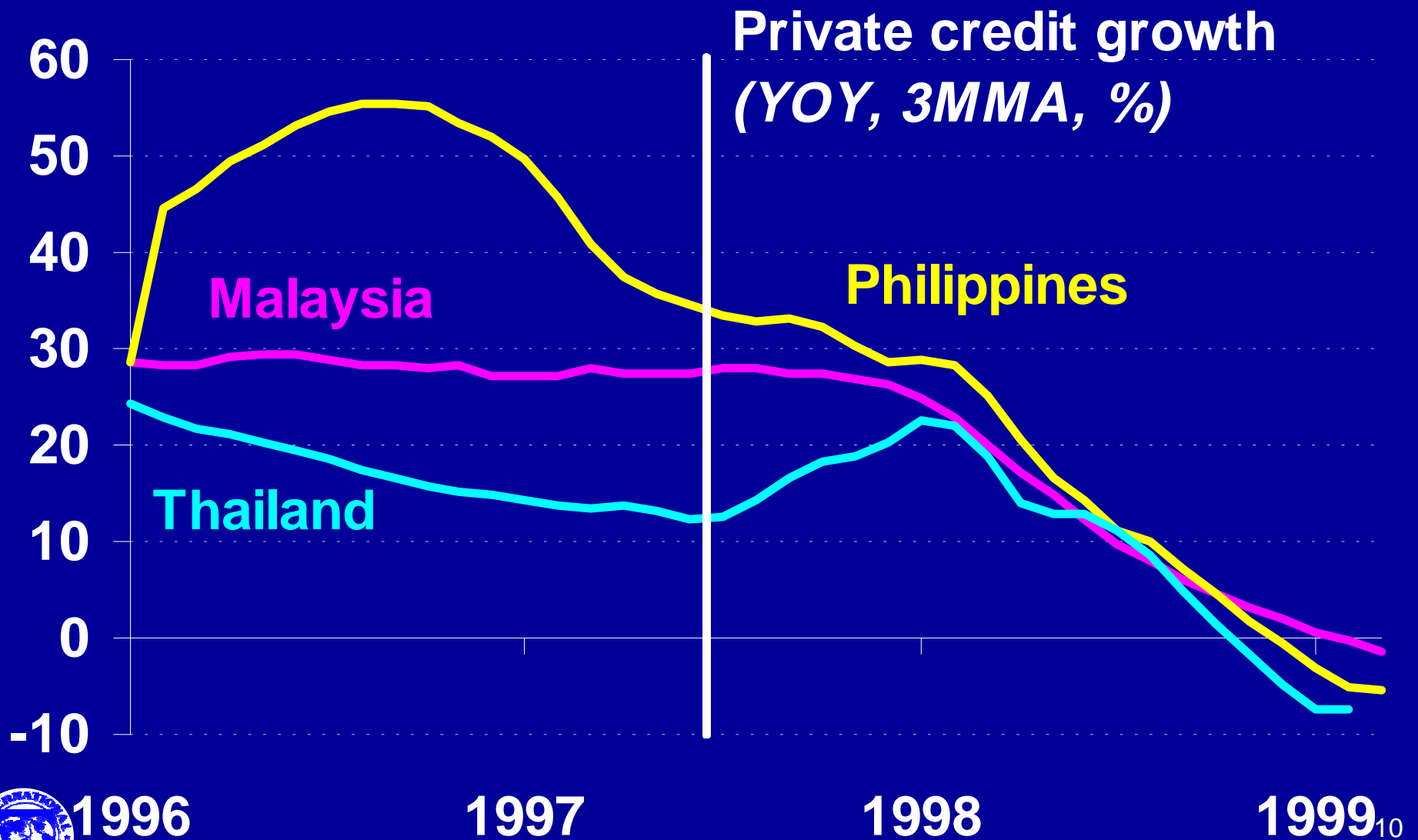
1998

1999

Trade balance - ASEAN



Financial sector adjustment



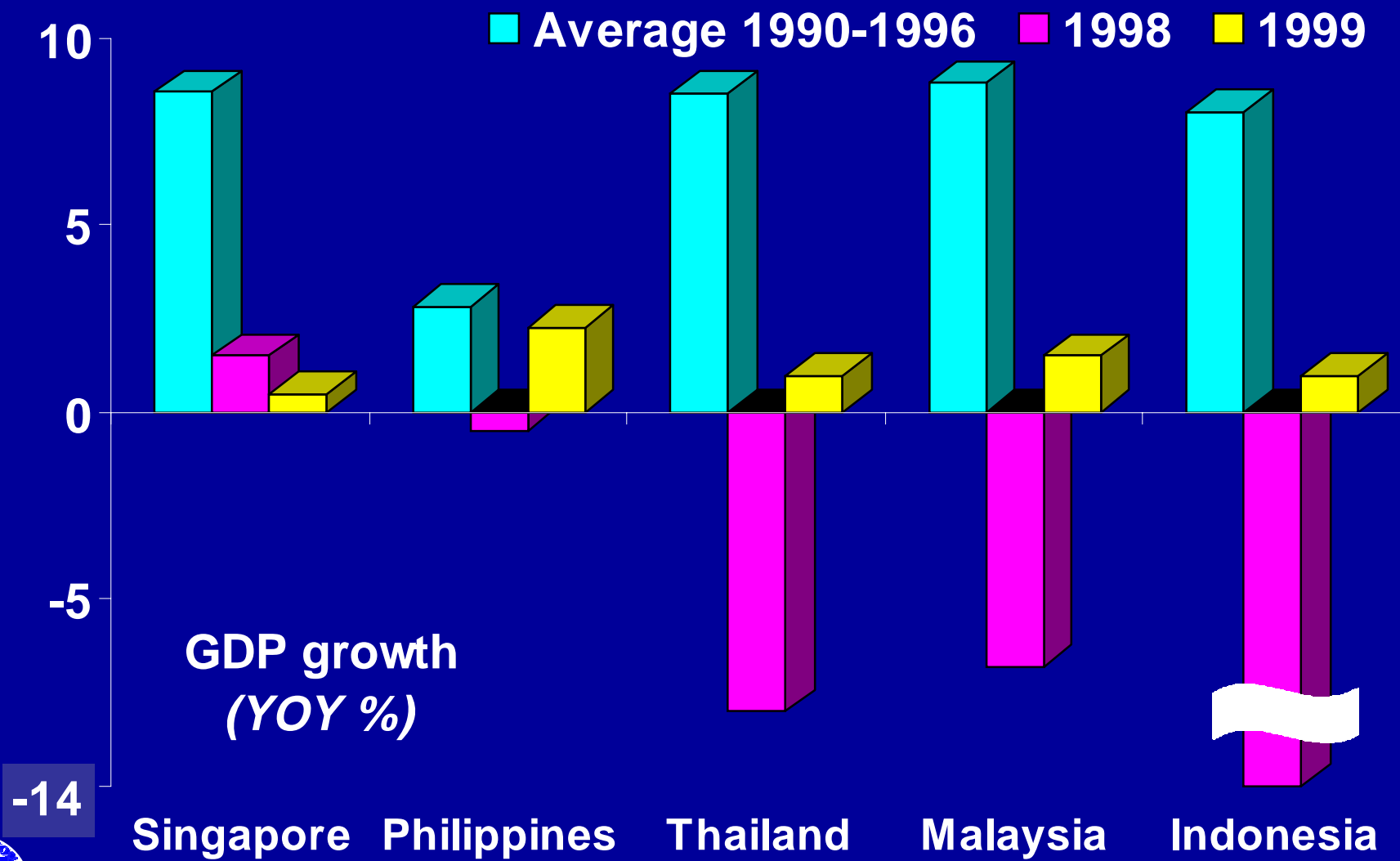
1996

1997

1998

1999₁₀

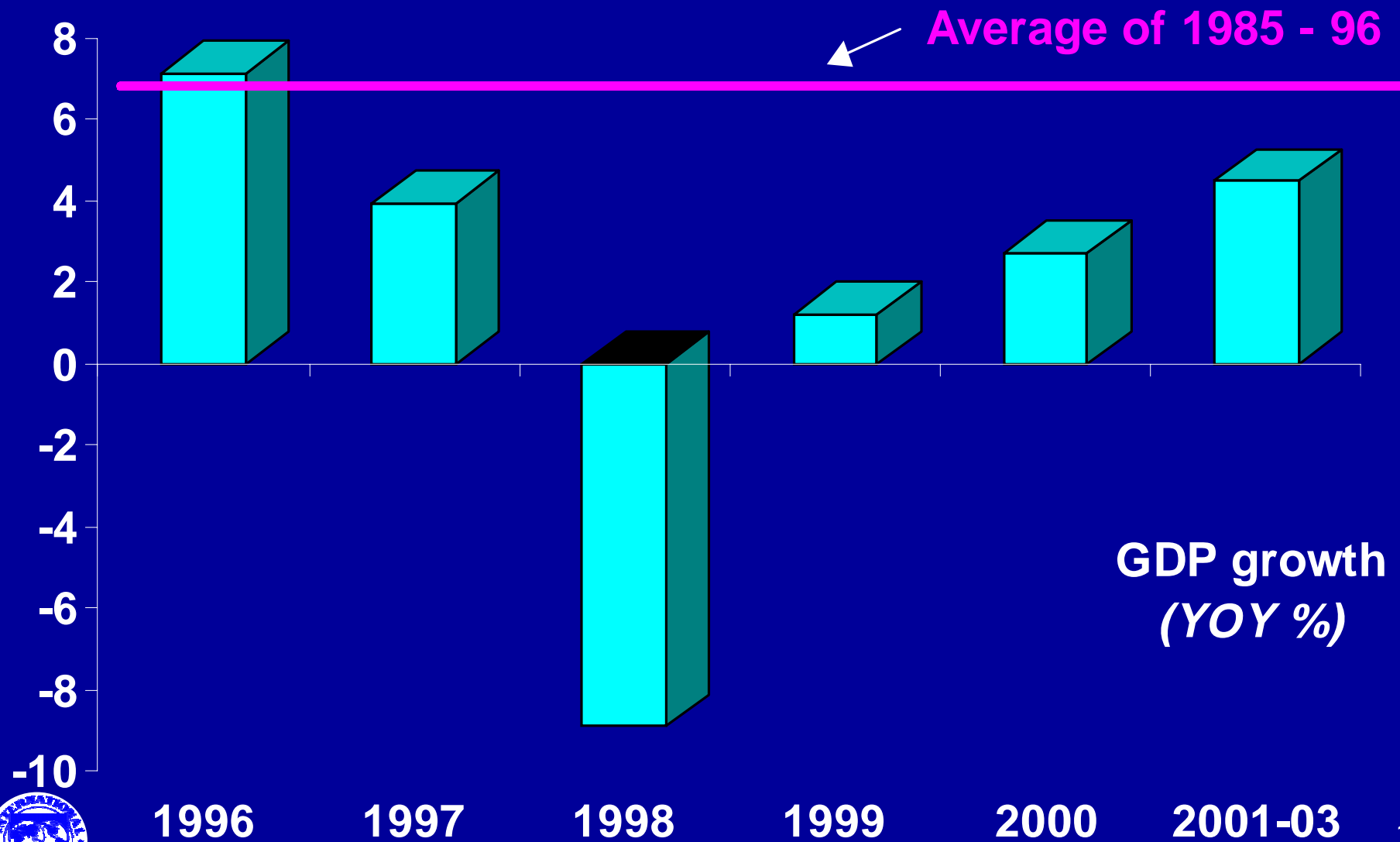
Growth



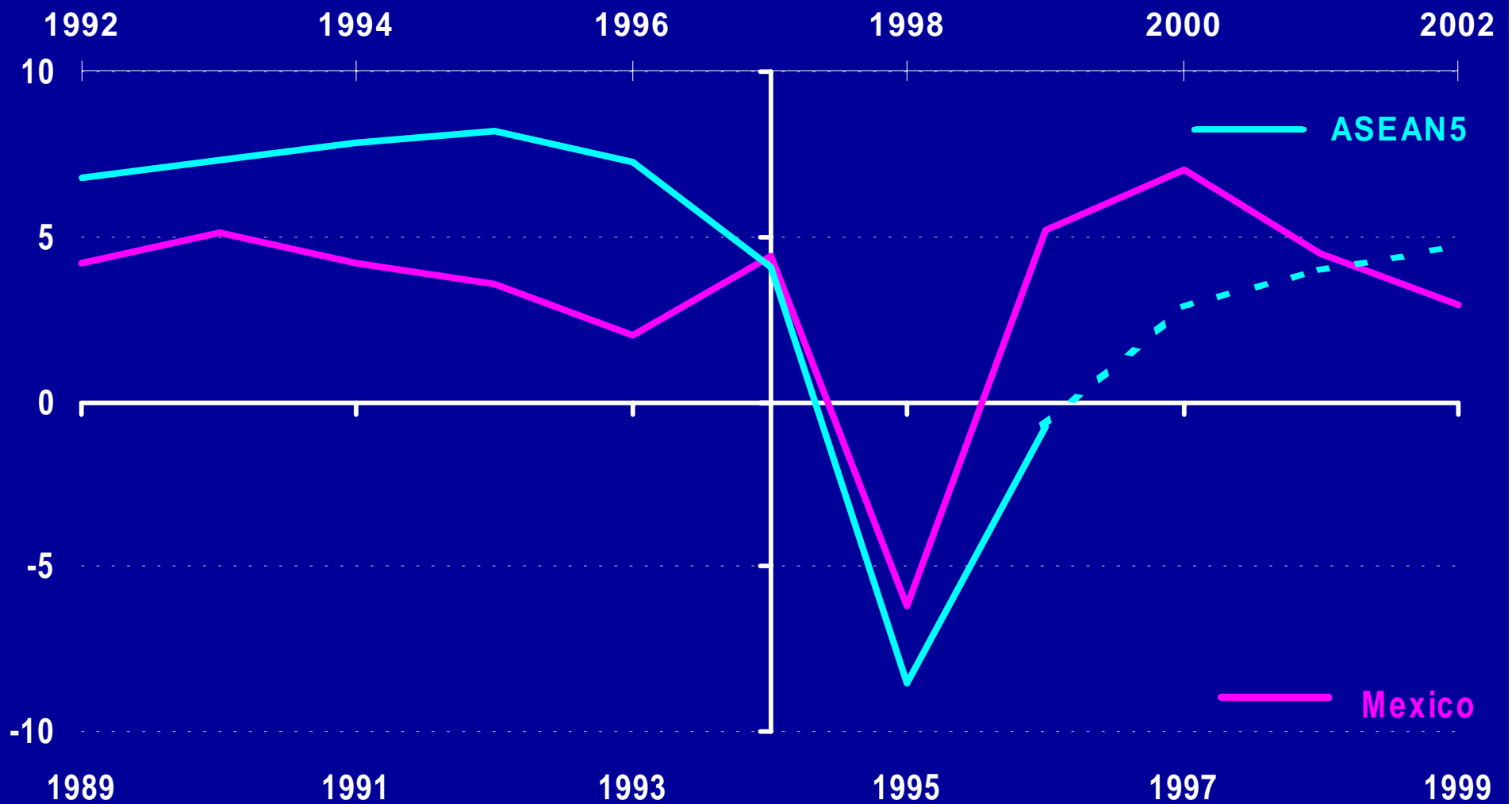
Thailand growth path



ASEAN's path of recovery



Path to recovery – ASEAN & Mexico

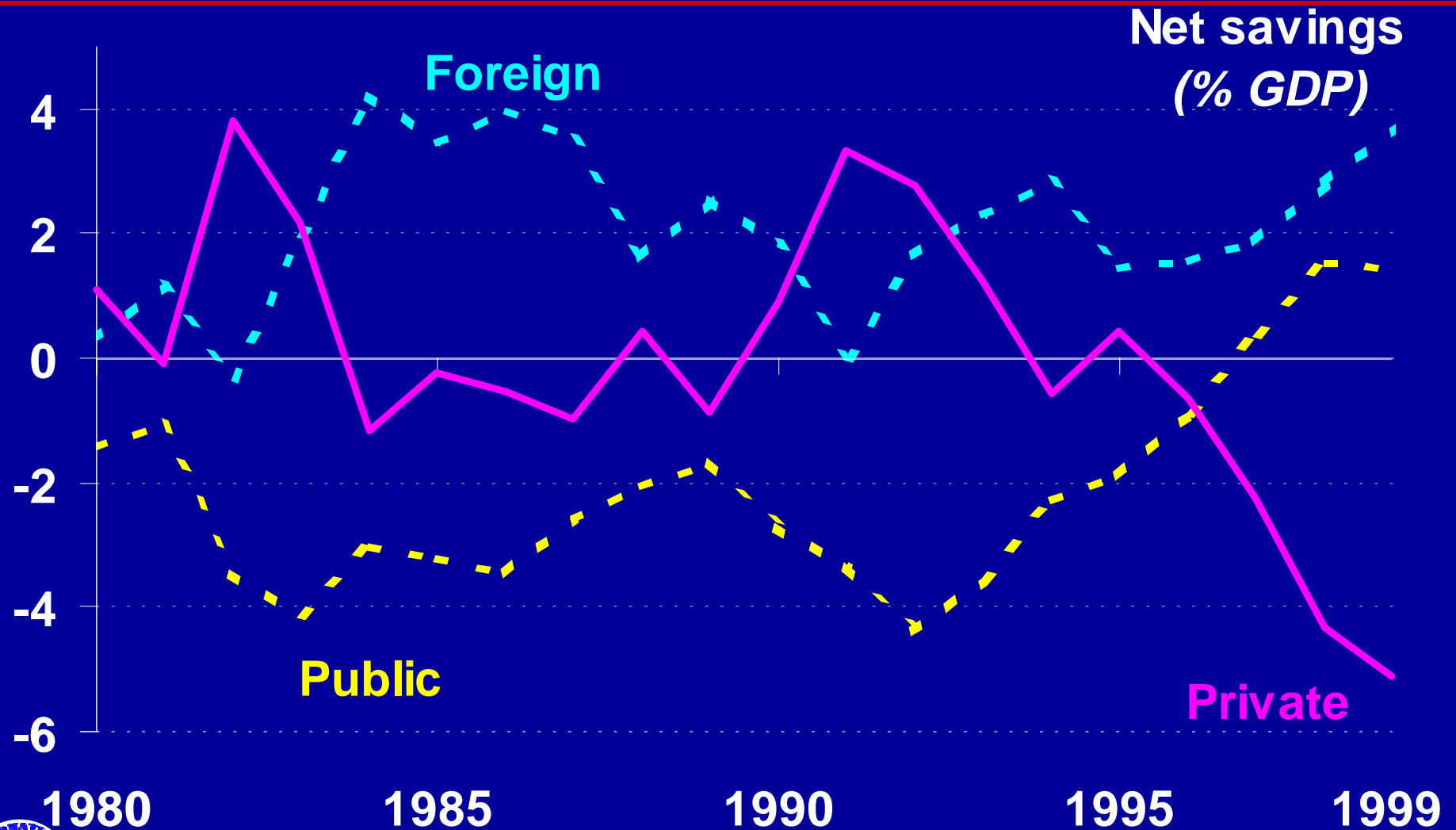


Risks to the outlook

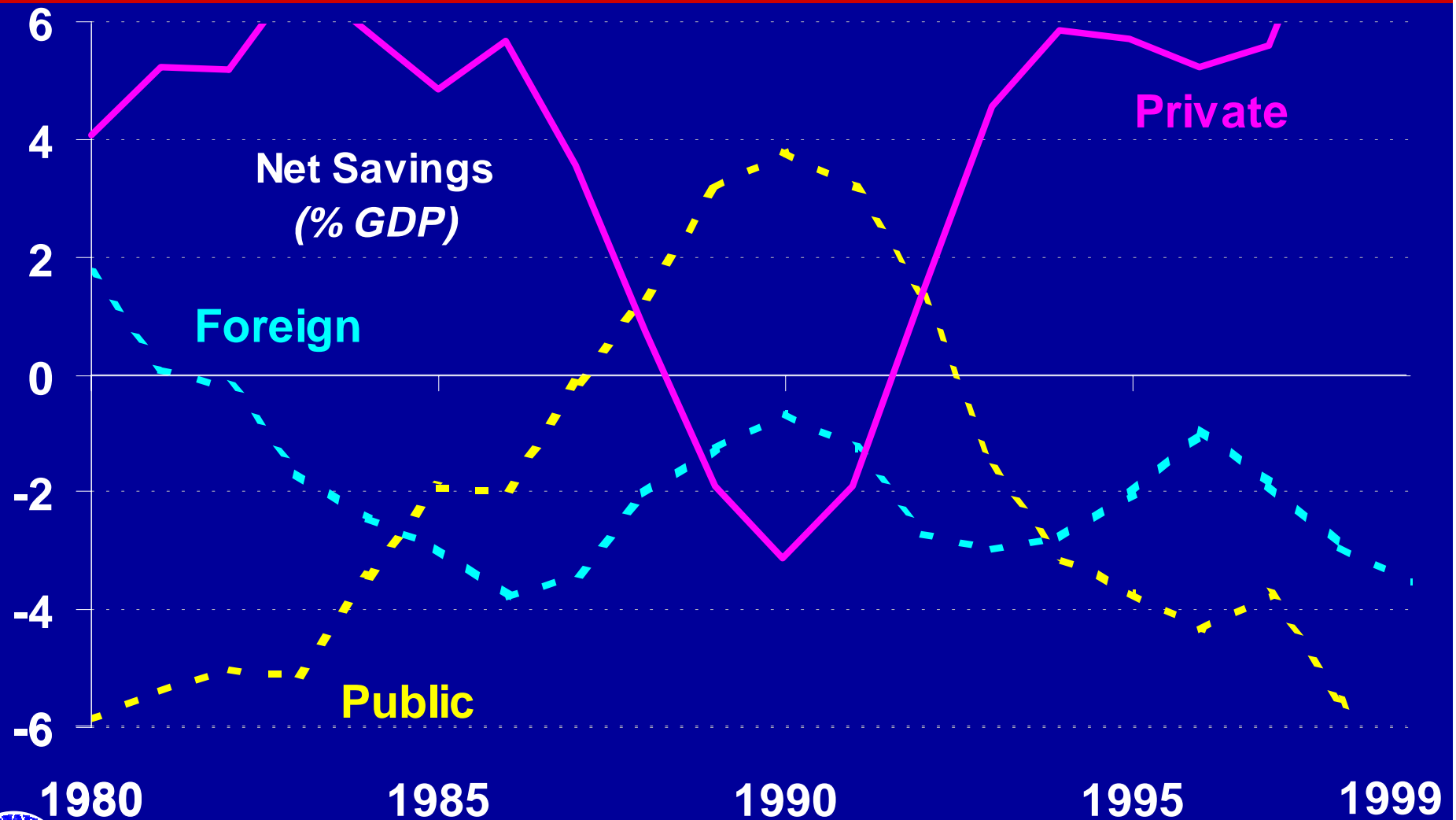
- ◆ Can the US keep growing so rapidly?
- ◆ Will reform in China impact on the region?
- ◆ What will happen in Japan?



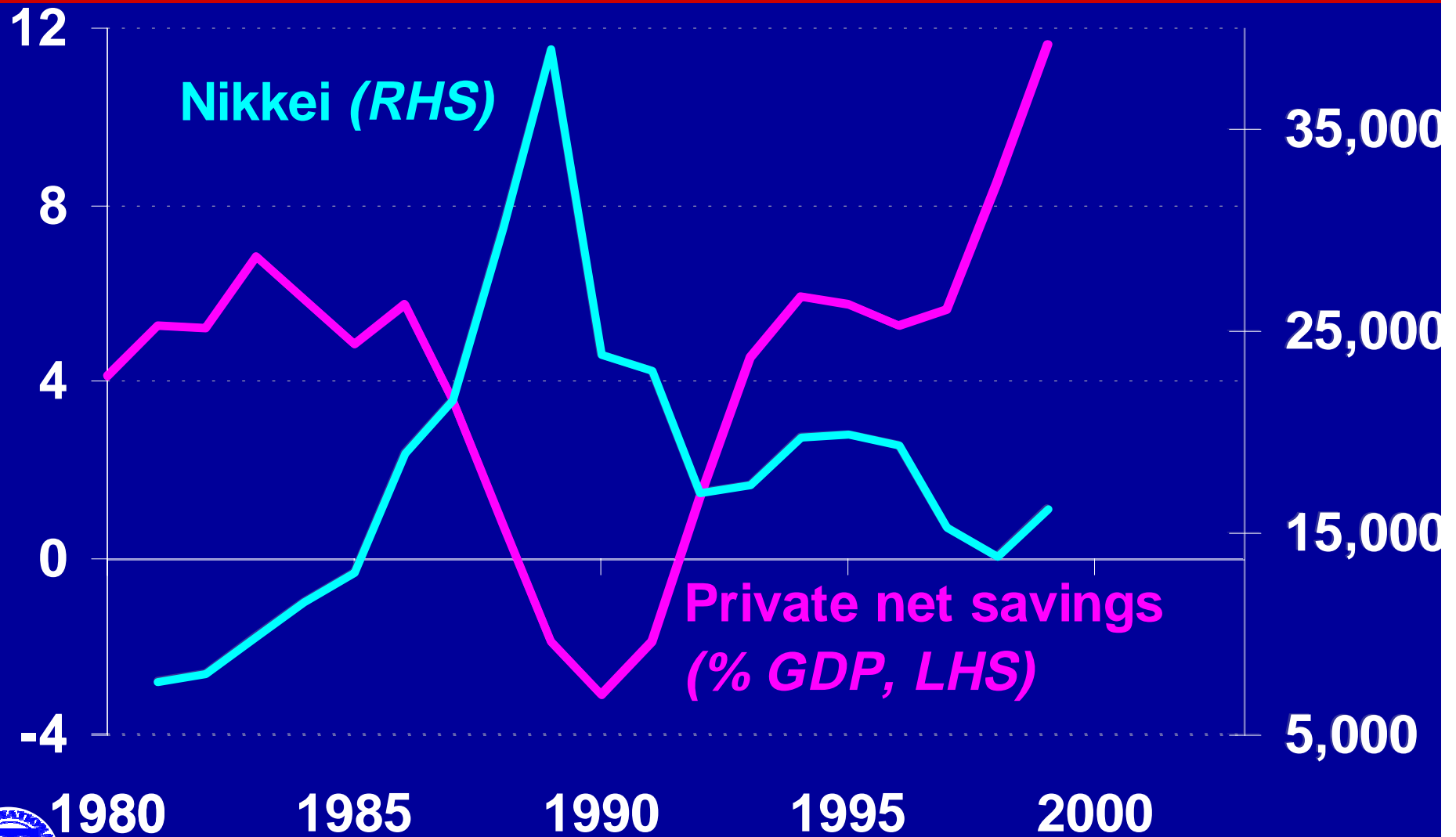
US-emerging pressures



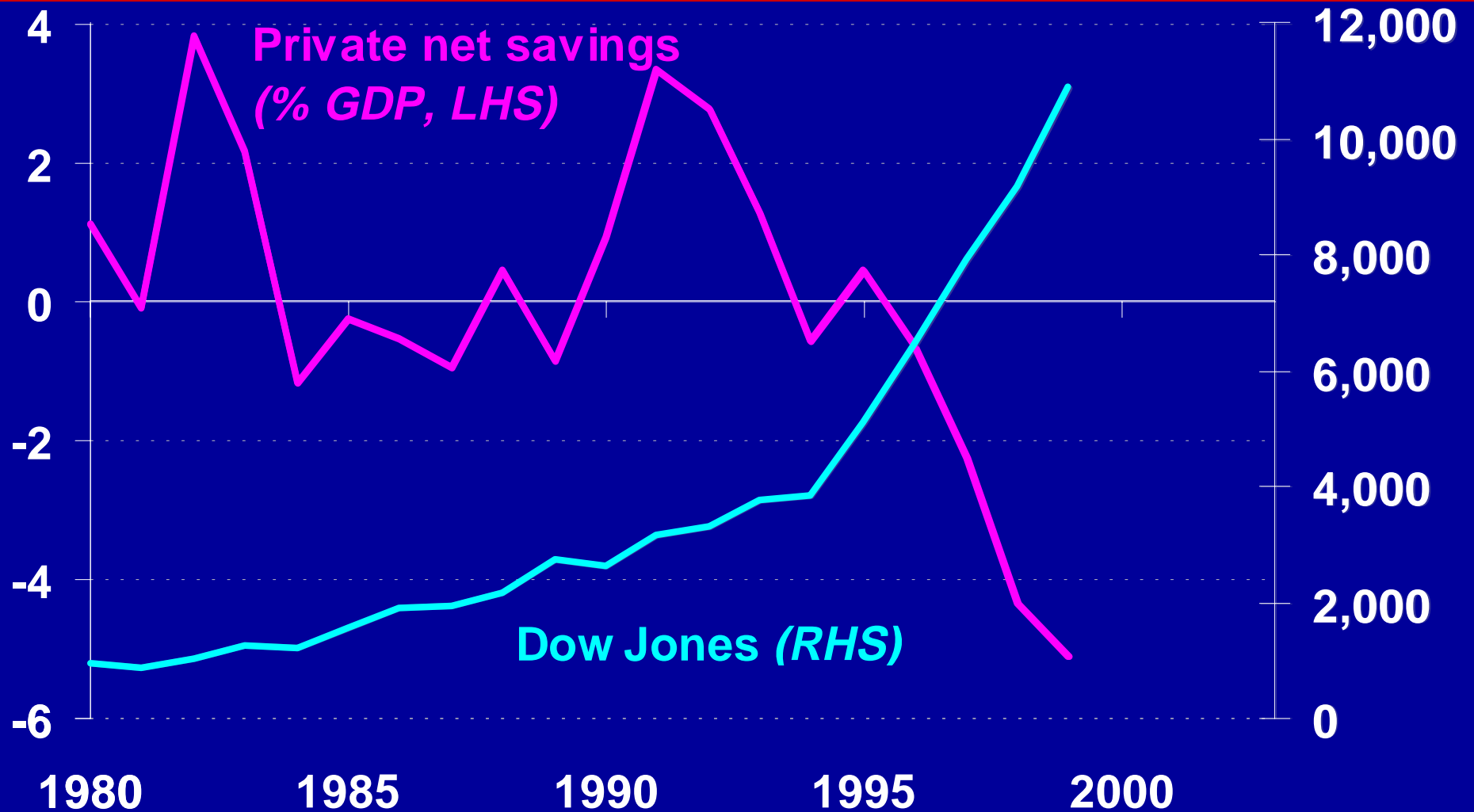
Deja-vu? Japan in the 1980s



Japan - the end of the bubble



US-what is the adjustment path?



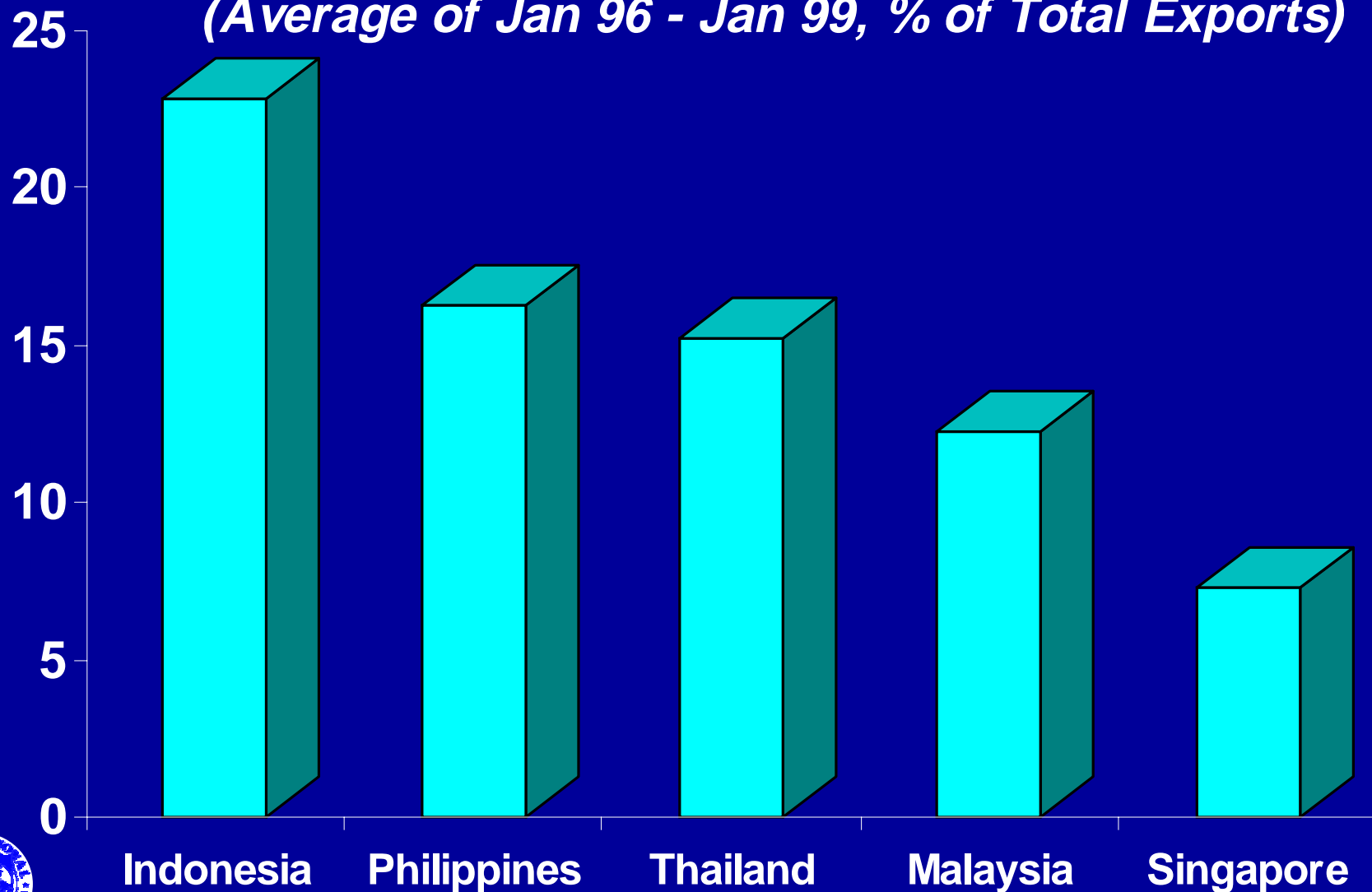
Japan & ASEAN recovery

- ◆ Japan's links with ASEAN
- ◆ Can ASEAN recover without a robust Japan?
- ◆ Prospects for Japan

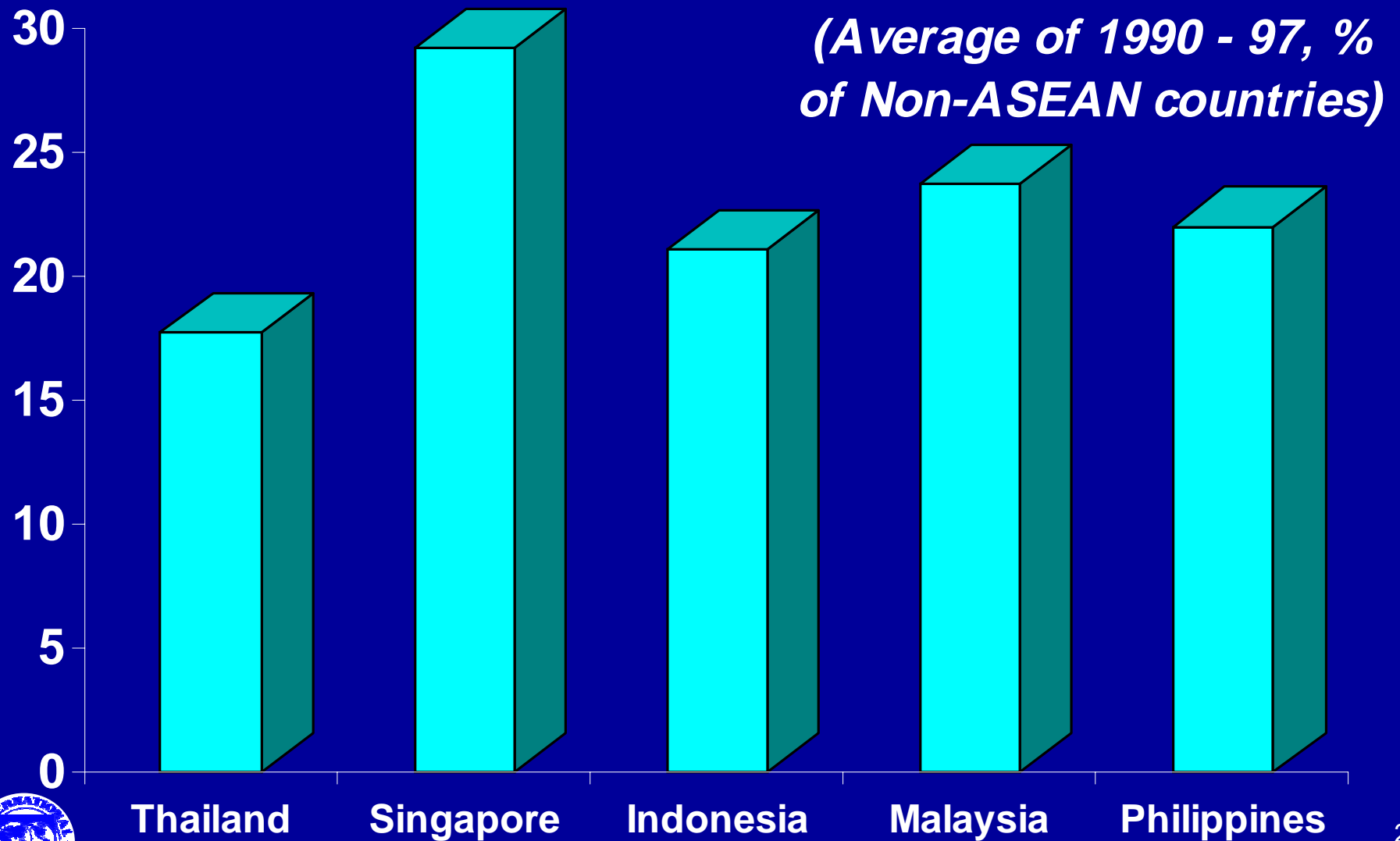


ASEAN exports to Japan

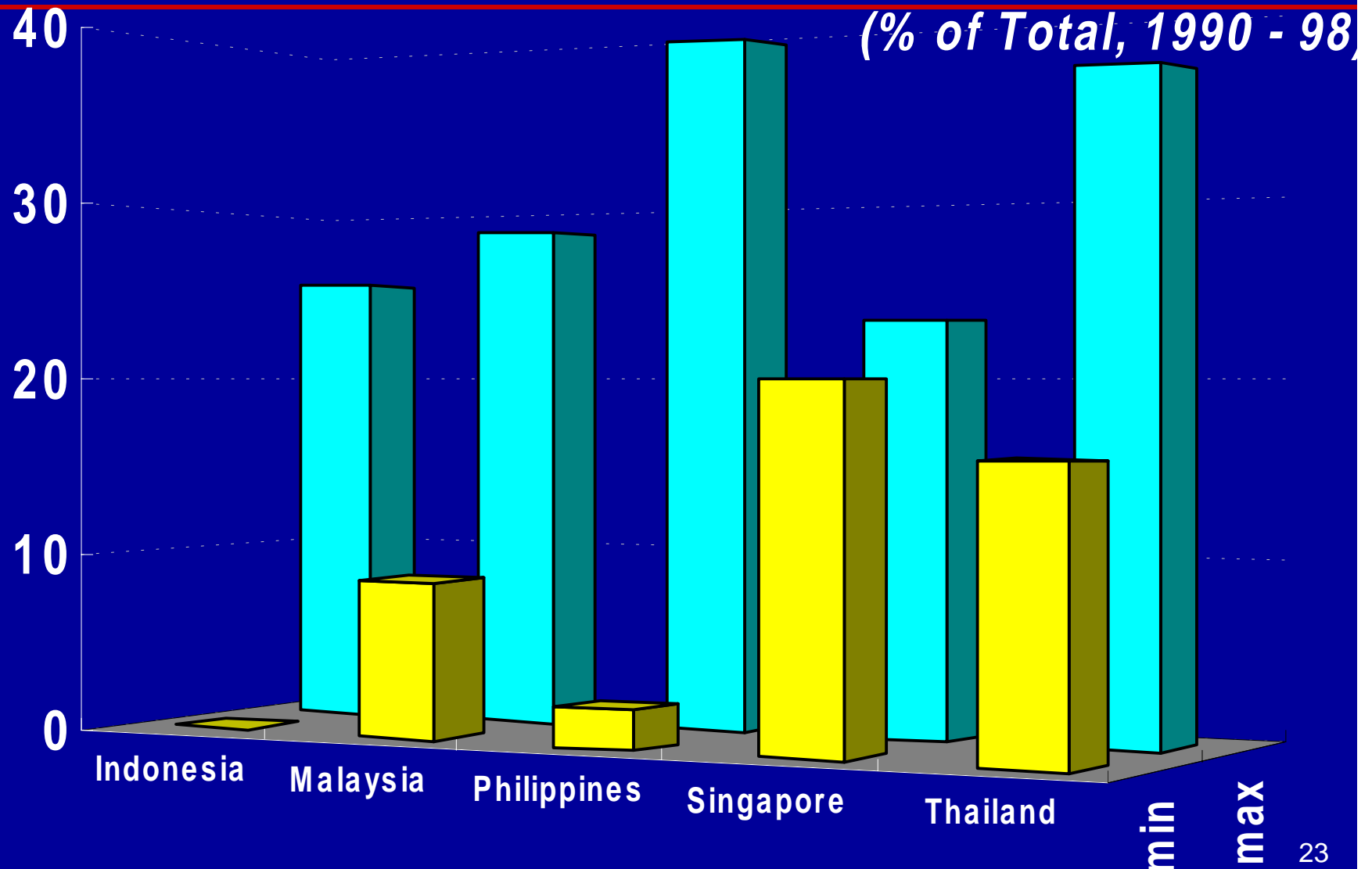
(Average of Jan 96 - Jan 99, % of Total Exports)



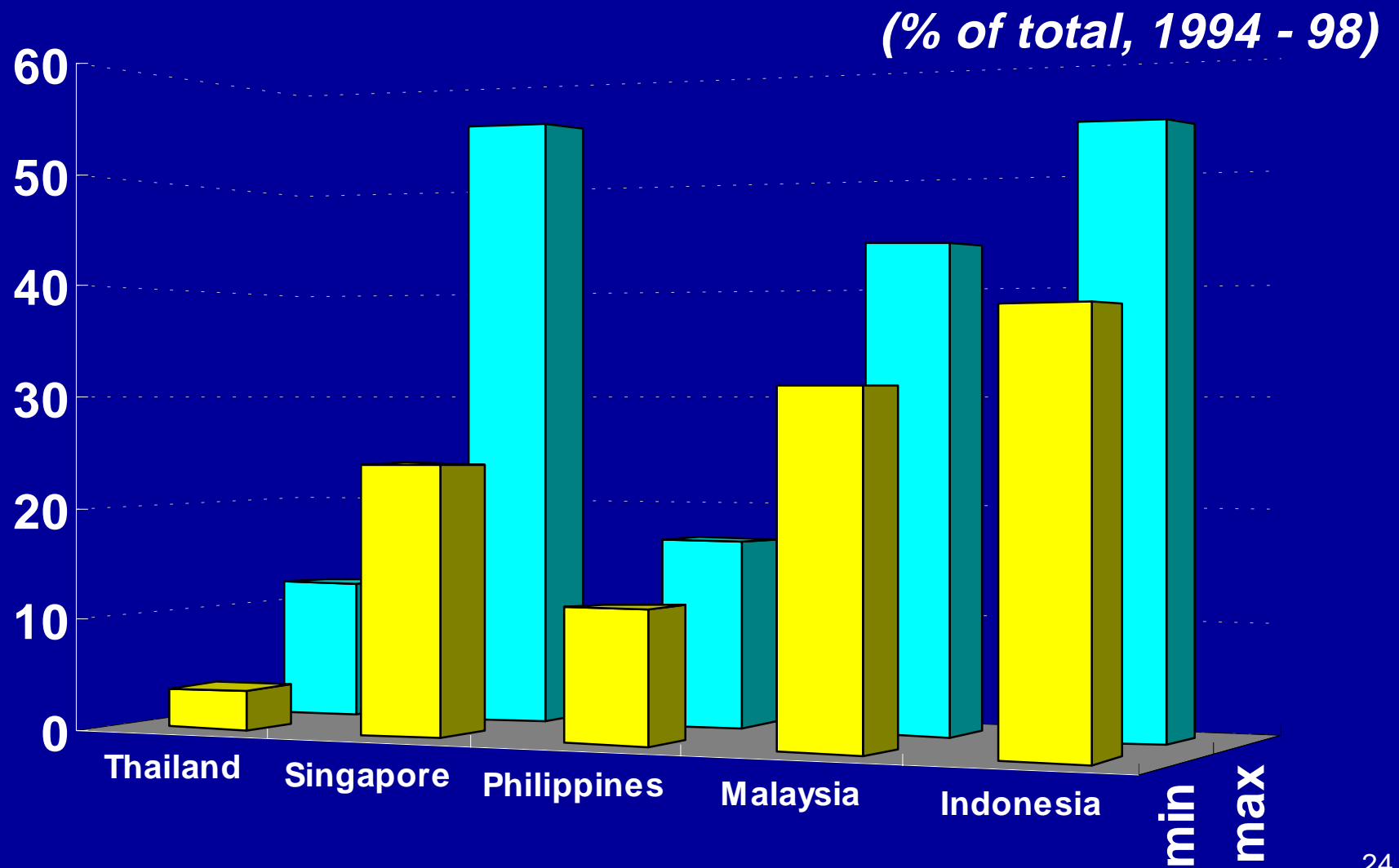
Tourist arrivals from Japan



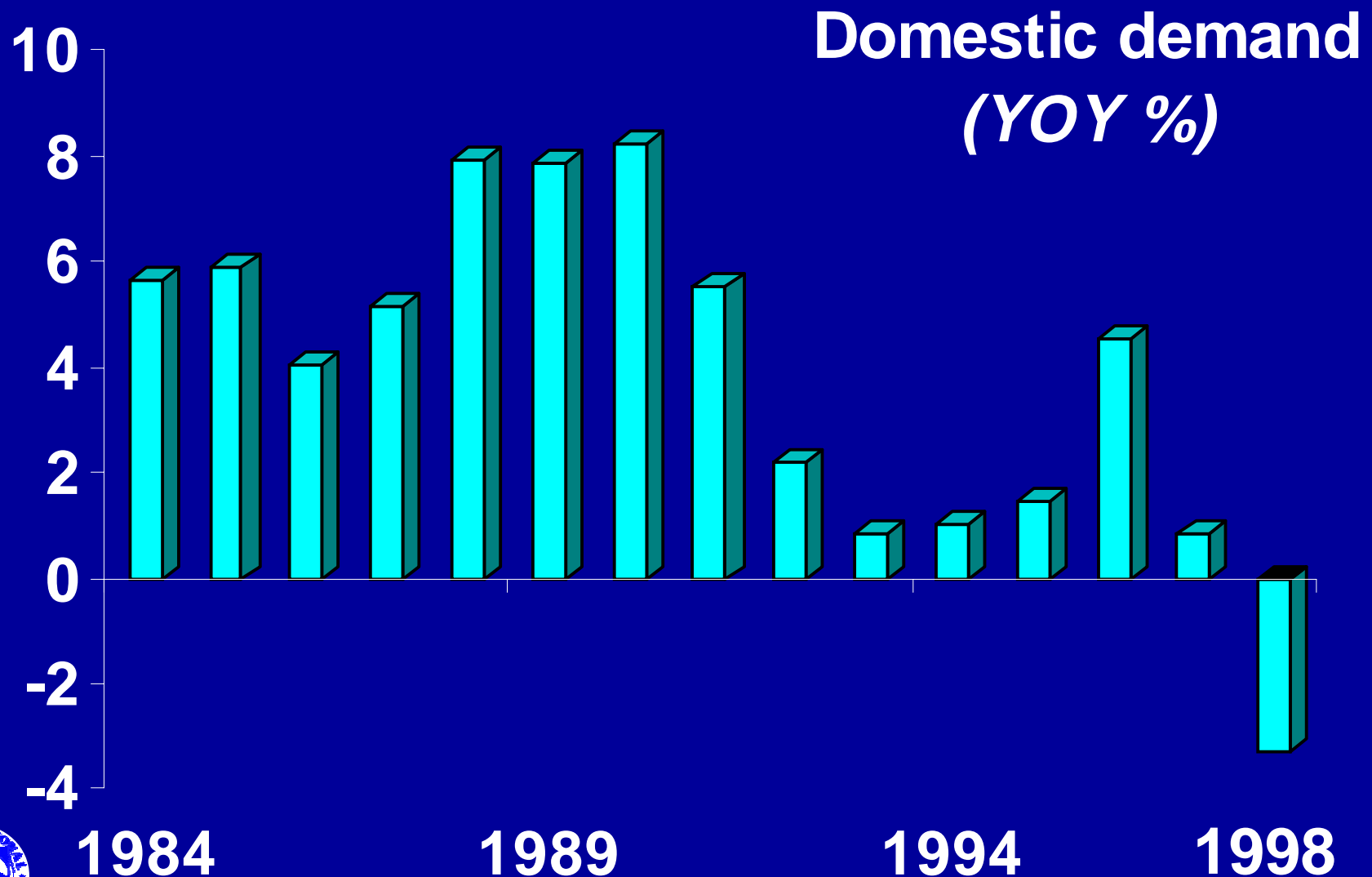
FDI from Japan



Bank lending from Japan



Activity in Japan



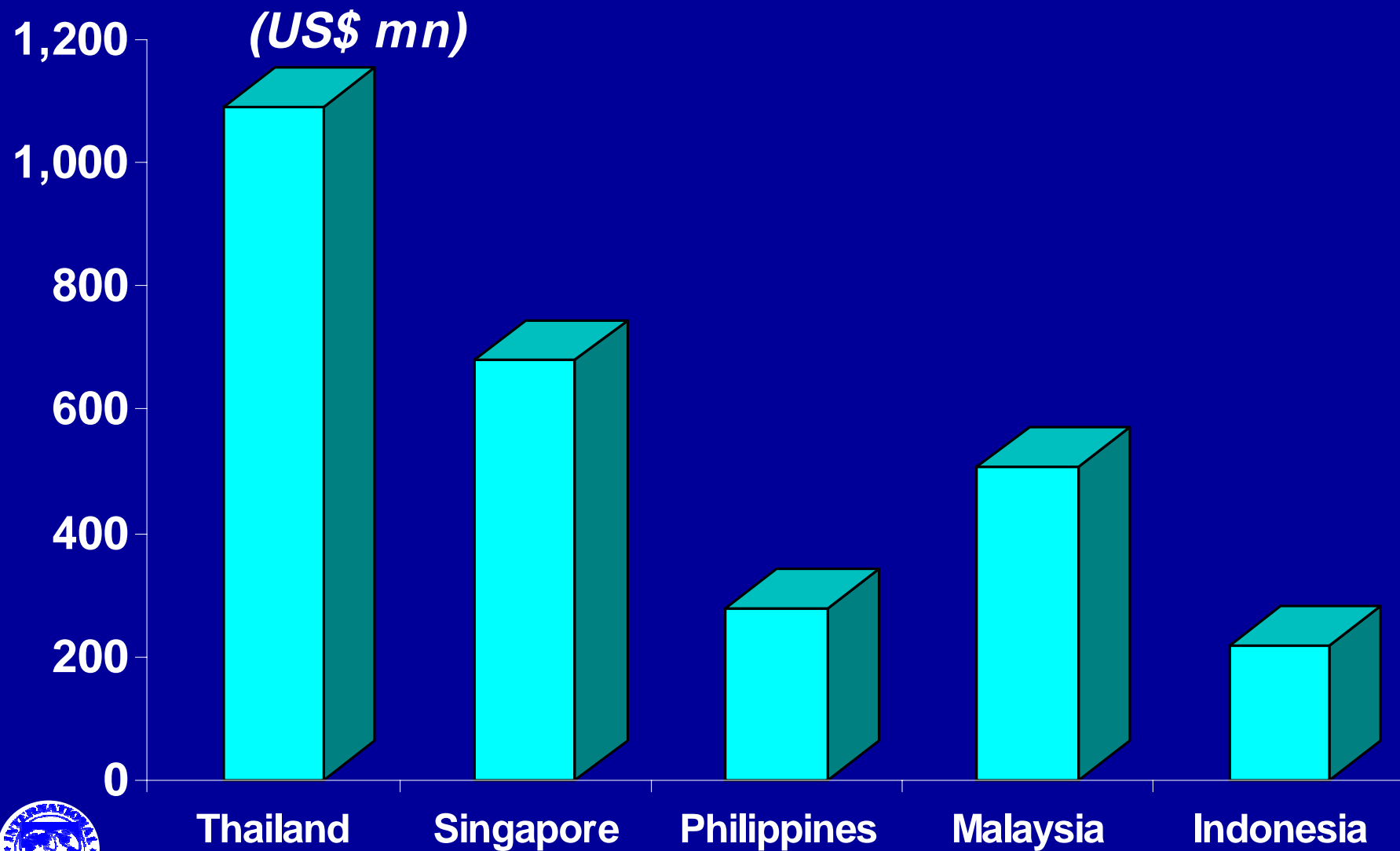
1984

1989

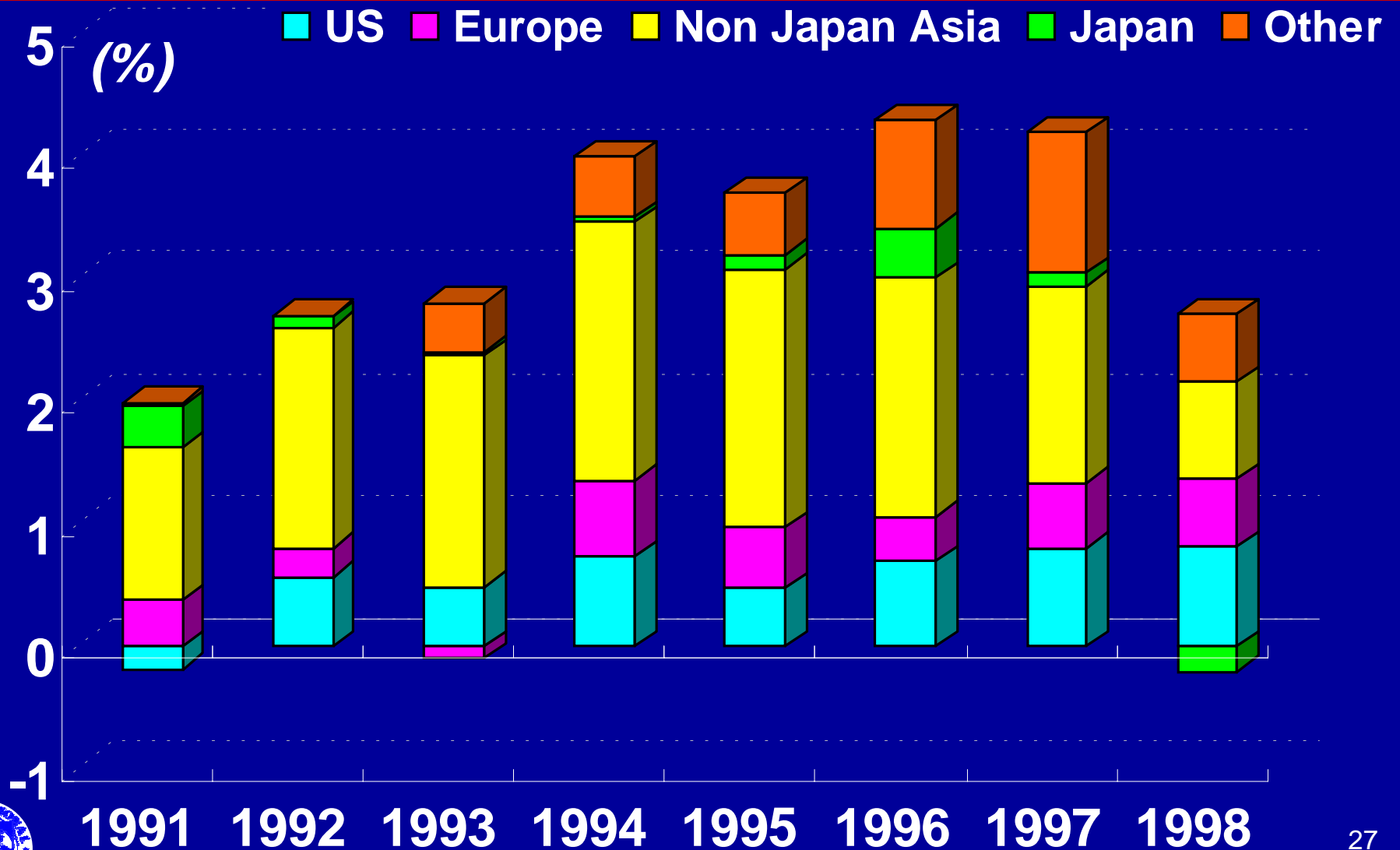
1994

1998

Stronger growth in Japan & ASEAN exports



Global growth-Japan's contribution



Japan's prospects

- ◆ Activity remains weak-particularly private demand
- ◆ Growth -1.4% in 1999 - modest pick up in 2000
- ◆ Strategy-emphasize structural reform and maintain macroeconomic support



Conclusions

- ◆ ASEAN is in recovery mode
 - ... *structural reforms critical*
 - ... *global environment some risks*
- ◆ Japan & ASEAN: building for the next century
 - ... *Japan: structural reform and changing economic landscape*
 - ... *ASEAN: creating a transparent and stable investment environment*

