REGIONAL OUTLOOK

Southeast Asia
1992–93

Institute of Southeast Asian Studies

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FOREWORD

The world is undergoing dramatic transformations in the wake of the crumbling of the Cold War order, and the ebbs and flows of these changes are not passing unnoticed in Southeast Asia. Indeed, the region is witnessing its own mini-versions of *glasnost* and *perestroika*, as countries like Vietnam, Cambodia, Laos, and Myanmar, for instance, seek their niches in the emerging opportunities and constraints that characterize the international economic and political scene. This, coupled with the dynamism of the member states of ASEAN, makes Southeast Asia a particularly promising and exciting area — at a turning point in world history and human affairs. These developments have reinforced a growing awareness at the Institute for the need for a publication produced in and from the region and devoted exclusively to the geo-politics and geo-economics of Southeast Asia. Hence, the accompanying *Regional Outlook*.

Cast in a format and style that is unencumbered by lengthy analyses or commentaries, *Regional Outlook* provides succinct yet substantive and easily readable overviews and insights into the current geo-political and economic situations in the individual countries and the region as a whole, together with the likely trends over the next year or so. The Institute very much hopes that the review will serve as a useful and handy guide to the region's aspirations and prospects each year, in addition to casting a look ahead.

It is thus all the more pleasurable to wish *Regional Outlook* and the individual contributors all the best, as well as express the hope that *Regional Outlook* will circulate widely among all interested in the affairs of the region, and especially so among the busy executives and other decision-makers in both the public and private sectors. In recording these expectations it is, of course, understood that responsibility for facts and opinions expressed in the review rests exclusively with the individual authors, and their interpretations do not necessarily reflect the views or policy of the Institute or its supporters.

Professor K.S. Sandhu
Director
Institute of Southeast Asian Studies

December 1991

I

POLITICAL OUTLOOK

SOUTHEAST ASIA 1992–93

Daljit Singh

What do the epochal changes in Eastern Europe and the Soviet Union mean for Southeast Asia? How will they affect the balance of power in this region? Will Japan rearm? Will communism survive in China and Vietnam? Will there be a lasting peace in Cambodia? How long can Myanmar continue as today? What will be the role of the military in Thai politics in the near future? What are the prospects for stability in Malaysia and the Philippines over the next one to two years? Will there be a succession crisis in Indonesia?

This political survey examines such questions. Essentially it looks ahead to the next one or two years. However, where necessary, medium- and longer-term trends are also set out, especially when dealing with the external factors that could affect peace and stability in the region.

EXTERNAL POWERS: THE BIG POWER BALANCE

A New Balance of Power

Developments in the Soviet Union and Eastern Europe over the last few years have had far-reaching effects on East, including Southeast, Asia. Like a tidal wave they have washed away many old landmarks and signposts. A new geopolitical landscape is emerging but its final contours are not yet clear because the effects of these momentous events are still working themselves through the region.

The collapse of the Soviet Union after the abortive coup in Moscow in August 1991 has left the United States by far the world's strongest military power, controlling the oceans and possessing the capability to project power to any point on the globe. However, U.S. predominance is unlikely to be sustained in its present form into the next decade because the United States itself will be adjusting to the international and domestic realities; and other powers will be making their own adjustments.

Shifts in geopolitics begin with new perceptions of the world. These are times of gradually changing perceptions among the main players in East Asia. Eventually, probably some time in the next decade, a new balance of power will emerge.

This new balance will have at least three main players — the United States, Japan, and China, assuming that China can cope with the challenge of change posed by international events and its own leadership succession process — instead of the two main players (United States and USSR) and two lesser players (China and Japan) as was the case during the Cold War period. Russia could be the fourth main player if it can resolve its domestic problems by then. This will mean a reduction in the *relative* power and influence of the United States and Russia and an increase in that of Japan and China.

While unlikely to be in the ranks of the main players, Europe and India too may exercise some role, the latter only if it can liberalize and strengthen its economy.

Who will be aligned with whom will determine the new geopolitical landscape. The main potential fault-line to watch will be the U.S.-Japan relationship: whether the two will be on the same side or not will have a crucial bearing on the region in the next decade.

In the new geopolitical landscape, the main potential fault-line to watch will be the U.S.-Japan relationship: whether the two will be on the same side or not will have a crucial bearing on the region in the next decade.

A More Peaceable East Asia

Meanwhile, with the end of the Cold War and the collapse of communism in the Soviet Union, the danger of conflict between the Big Powers or their proxies has receded and there has been a general relaxation of tensions. The normalization between the Soviet Union and South Korea, better relations between Seoul and Beijing and some signs of a thaw between the two Koreas make a conflagration on the Korean peninsula less likely. The Cold War dimensions of the conflict in Indochina which had lined up China, the United States, and ASEAN on one side and the Soviet Union and Vietnam on the other have faded. China and Vietnam have healed their rift and the Cambodian conflict has been settled.

1990s: U.S. Predominance

In the medium-term, stretching to the end of this decade, the present geopolitical balance will probably remain essentially as it is today, with the United States continuing to be the predominant military and political power in the Western Pacific through its naval superiority, its forward deployment of military forces, and its network of alliances of which the most important is that with Japan.

Subic Bay in the Philippines offers clear advantages but its loss will not seriously affect American capabilities during this decade so long as the bases in Japan remain and facilities are available in Guam, Singapore, and elsewhere. However, Clark and Subic Bay have been symbols of a permanent U.S. military presence in the Southeast Asian region. Their removal could have psychological implications, generating a sense that the United States may be somewhat less willing or able to influence events in Southeast Asia in a crisis from bases further away from the region.

Nor will the present Western Pacific military balance be altered by the reduction of about 15,000 from the approximately 135,000 forward-deployed personnel in Asia (including about 25,000 afloat) which the United States plans to undertake by 1993 because of budgetary constraints and diminished Soviet threat. By mid-1990s, according to present plans, the number of carriers in the U.S. Navy will be reduced from the 15 in the late 1980s to 12, of which 6 will be deployed in the Pacific (7 now) including two forward-deployed with the Seventh Fleet. Though the present U.S. Administration seems unwilling to make further cuts in the Pacific, domestic pressures during its second term (assuming that Bush is re-elected President) may force it to do so, but still without impairing U.S. naval/maritime superiority at least for this decade.

A Key Factor: U.S. Economic Performance

The United States is a Pacific power and only too well aware of its vital economic and strategic interests in the area. Any U.S. Administration will therefore want to retain a meaningful military presence in the Western Pacific. Only a worsening of U.S.

> "We do not bear this role and retain these forward forces only because we are concerned over the vacuum which would be created if we were no longer there, although that is a source of concern. Nor are we merely motivated by altruism. Simply, we must play this role because our military presence sets the stage for our economic involvement in this region. With a total two-way transPacific trade exceeding 300 billion dollars annually, 50 percent more than our transAtlantic trade, it is in our best interest to help preserve peace and stability."
>
> *U.S. Department of Defence*
> *Report on the Future of U.S. Forces in Asia,*
> *April 1990.*

domestic problems during this decade, especially its international economic competitiveness, can change this assessment.

President Bush, an internationalist, is likely to be re-elected in 1992. However, the 1996 presidential and congressional elections may see candidates drawing significant voter support on a platform of more drastic military cuts and withdrawal from overseas commitments, so that America can concentrate on its domestic problems. How strong and how successful such pressures will be will depend much on the prospects of the U.S. economy then. They will help determine the nature of the U.S. military presence in the Pacific in the next decade.

Japan: Desire for a Bigger Role

The U.S.-Japan alliance will probably continue for at least this decade but there are uncertainties for the longer term. With the growing size and strength of the Japanese economy, it is becoming psychologically more difficult for the Japanese to accept American domination. At the same time, the end of the Cold War and

> ' . . . if Japan is not first accepted by her neighbours as one of the leaders of her region, East Asia (North-east and South-east), a global role will not come easily. '
>
> *Lee Kuan Yew*
> *Asahi Shimbun Symposium*
> *Tokyo, 9 May 1991.*

the experience of the Gulf War appear to have produced new anxieties for the Japanese:

(a) The main original rationale for the U.S.-Japan security treaty — the threat from the communist world — no longer exists. The United States may now not necessarily share all of Japan's threat perceptions. Also, the overall Japan-U.S. relationship is becoming more fractious as the competitive elements in the relationship come to the fore.

(b) In the post-Cold War era Japan finds itself in a neighbourhood of militarily powerful states with which it does not have relations of trust — Russia; the Republic of Korea, which is becoming a strategic player in its own right; and China which is a nuclear power.

(c) The Gulf War was an unpleasant experience. Many Japanese were surprised and unhappy that their large financial contribution did not win them international respect.

There is a growing domestic feeling that Japan should have a more respected place in the world. This is likely to lead, in stages, to serious involvement first in political and then security affairs in Asia.

The factors determining the pace of this change will be the ability to form a domestic consensus in Japan, and reactions of Asian countries. Japan can be expected to exert considerable effort in the coming years to achieve a domestic consensus and to shape Asian opinion for a larger role.

The key question is whether the U.S.-Japan alliance will be able to adapt itself to a new reality, with a larger Japanese political and security role, or whether Japan will move independently and emerge as a major military power in the Pacific in its own right during the next decade.

Will it be possible to discourage an independent military role if Japan's aspirations can be satisfied by other means? These will presumably have to include not only a larger political role in Asia but also a more important role for Japan in key world bodies like the United Nations, including permanent membership of the Security Council. The U.N. may have to be given a stronger role in arms control and peacekeeping in which Japan has a prominent place.

Japan's movement towards becoming a major military power, if it does take place, will not be without pitfalls and dilemmas. Its situation is not enviable. It no longer finds it easy to accept American domination but cannot do without the American nuclear umbrella. It is not happy with the status that military power accords to its neighbours but is not in a position to get them to reduce their armaments. Its own conventional rearmament could increase its insecurity by arousing more suspicions among neighbours two of

> "The process of establishing a new world order is already under way. It is a process in which the United Nations is playing an increasing role. Japan will do its best to contribute to this effort in accordance with the spirit of our Constitution. . . . There are no taboos. If the Constitution does not allow for something, we may have to see what we should do about it . . ."
>
> *Prime Minister Kiichi Miyazawa, Tokyo, 6 November 1991.*

which are nuclear armed; going nuclear on the other hand will make the situation worse.

China: A More Important Player Next Decade

China will remain economically much weaker than the United States or Japan and will continue to need their capital and technology for its modernization. If it can maintain political stability and economic progress into the next decade it will become an increasingly important strategic player in the Western Pacific. Even today its size, geographical proximity to Southeast Asia, and extensive territorial and maritime claims in the South China Sea ensure that it cannot be ignored as a factor in this region. Its stability and the character of its external policies will always have implications for Southeast Asia.

China knows that it can make progress only through economic liberalization and the use of market forces. But it rules out political liberalization and wants to preserve Communist Party rule. Deng Xiaoping seems to believe that China needs a strong central government if it is not to slide into chaos and that at this stage only the Communist Party can provide it.

How it will maintain the legitimacy of Communist Party rule — at a time when communism has collapsed in the Soviet Union; when it has a long border with a radical reformist and nationalist Russia; when there are increasing pressures from the West over human rights issues, and pressing requirements of domestic reform and leadership transition — will be the challenge of the immediate and medium-term future.

Beijing leadership's confidence has been shaken by the events in the Soviet Union. Its pronouncements on the virtues of Marxism-Leninism sound increasingly anachronistic and out of tune with the march of history and it must know this.

Growing strains in relations with the United States have been added to a sense of siege. China's leaders suspect that, after the demise of communism in the Soviet Union, influential circles in the United States may now be seeking the destruction of Chinese communism, using a variety of actual and potential levers, including pressures on human rights and trade, instigation of nationalism among non-Han peoples in outlying provinces like Tibet, and even encouragement of pro-independence sentiment in Taiwan.

However, it is still more likely than not that over the next 5 to 10 years, the challenges that China faces will be managed and stability maintained so long as the top leadership itself remains united and stable. Provided economic conditions do not seriously deteriorate, the security forces will surely prevent the recurrence of political protests of the type which took place in cities in June 1989. And in the countryside, where the bulk of the population lives, the potential for organized opposition is less.

> "China will continue to prove that no difficulty can crush or cow the Chinese people and no tempest will shake their determination to move along the path of building socialism under the leadership of the Communist Party .... The road is tortuous but the future is bright."
>
> *Premier Li Peng*
> *in a speech marking the 42nd anniversary*
> *of the founding of Communist China.*

There are, nevertheless, some doubts about the stability and unity of the Chinese leadership. In particular, there is uncertainty about whether the transition from the present octogenarian powerholders to a younger generation of leaders can take place smoothly in the coming years. This transitional period will be punctuated by the passage from the scene, one by one, of the old veterans. Power struggles and instability could occur as different groups contend for control.

China and Southeast Asia

China's position in Southeast Asia is today better than at any time over the last quarter of a century. China looms larger on mainland Southeast Asia as changes in Soviet policies and the decline in Soviet economic assistance have forced Vietnam to come to terms with Beijing. In the ASEAN region it now has diplomatic relations with all six member countries.

Given the history of suspicions of China in Southeast Asia, especially in Indonesia and Malaysia, China's policies towards ASEAN countries in the near future are likely to be on the whole pragmatic and responsible. It will therefore avoid the use of force in the Spratlys unless it is in response to use of force by another claimant to the islands.

China and Hong Kong

Hong Kong's economic importance to China continues to grow. China understands the stakes involved. However, policy towards Hong Kong could be caught up in China's domestic politics, in particular possible succession crises and power struggles. If so, Hong Kong may experience a roller-coaster ride in confidence before and after 1997 until the process of succession to a younger generation is finally settled in China. If in the process Hong Kong is damaged, it is unlikely to be ruinously. It will probably have the resilience to bounce back. One has to assume that over the longer run, say by the next decade, a younger generation of pragmatists will assume power in China after the passing of the Long March generation, and healthy economic growth, with stability, can continue. Hong Kong's future will then be bright.

The Soviet Factor: After the Abortive Coup

Since the abortive coup in August 1991, the Soviet Union has unravelled. The main question now is how disorderly the breakup of the union will be.

What will be the implications for East and Southeast Asia? Firstly, any widespread and protracted economic and political chaos will mean that a large part of the Eurasian land mass, bordering, in Asia, upon China, Afghanistan, and the Middle East will be an area of instability with the associated risks of flights of refugees into the adjoining countries and involvement of ethnic or religious compatriots in cross-border feuds.

Secondly, the emergence of independent republics of Muslim peoples in central Asia is likely to strengthen nationalistic tendencies in adjacent parts of China inhabited by peoples of similar ethnic and religious stock. The events in the Soviet Union could also aggravate other regional and minority problems in China. For instance, the Tibetans will feel encouraged while the Mongols are likely to identify themselves more with their kinsfolk in Outer Mongolia.

Thirdly, the end of Communist Party rule and the general discrediting of communism in the Soviet Union, its birth place, constitutes an ideological disaster for Asian communist states. It will make these communist governments feel even more vulnerable.

Over the longer term, the Russian Republic will probably still be one of the Great Powers in the East Asian order by virtue of its size, military strength, and strategic location in northeast Asia adjacent to China and Japan. However, for the short to medium term it will be too preoccupied with domestic problems and with breakaway republics on its southern border to translate its military strength into any significant influence in East Asia.

Other External Factors

Barring the unpredictable, it is unlikely that there will be other developments elsewhere which will have a significant effect on peace and stability in Southeast Asia.

With Iran facing severe domestic problems and in dire need of outside assistance, and with Iraq neutralized for the time being, there is little danger of a new Middle East crisis of the sort which would cause a major disruption in oil supplies or have consequences on workers from Southeast Asia the way the Gulf crisis did. Since the Gulf War, the Arab-Israeli problem has again taken centre stage. While the negotiations begun in Madrid may not produce any early breakthrough, U.S. predominance and the present Arab-Israeli military balance render the prospect of a major war in the near future improbable.

The possibility of an Indo-Pakistan war, while still small, cannot entirely be ruled out. If it does come, it will be out of complications arising from the insurrection in Kashmir which seems to have Pakistani moral and material support. Indo-Pakistan wars have in the past been short and without significant effect on Southeast Asia. Another war will probably not be different.

SOUTHEAST ASIA

An Overview

The prospects for peace and stability in Southeast Asia look better today than at any time since the end of World War II. The two major security threats to the non-communist countries of the region — Beijing-inspired domestic communist insurgency and subversion and a militarily powerful Vietnam controlling Indochina and threatening Thailand, the lynch-pin state — have virtually evaporated.

Communist insurgency remains a problem only in the Philippines where it feeds on economic and social discontent.

Indochina seems set to join the international system as it moves towards an era of peace and development after nearly half a century of war and isolation. There will then be normalization of relations between Vietnam and ASEAN, with rapid increase in economic ties.

Indochina seems set to join the international system as it moves towards an era of peace and development after nearly half a century of war and isolation.

There is greater confidence and greater prosperity in the ASEAN region. Rapid economic growth in Indonesia, Malaysia, Singapore, and Thailand is transforming their economies and societies. Innovative modes of economic co-operation as in the Johor-Singapore-Riau Growth Triangle are helping to accelerate development. The moves towards greater economic co-operation in ASEAN will further enhance confidence in the region.

It would be surprising if the countries of ASEAN – Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand – mostly developing countries, caught in the throes of rapid change, did not have problems with the potential for instability. These problems include poverty, income gaps between the rich and the poor, federal versus state tensions, and inter-ethnic disputes. In most of the countries concerned they are unlikely to cause any significant economic or political set-backs in the near future.

There are also a number of inter-state boundary or territorial disputes. The dispute over the Spratlys is only one of them, albeit a more complex one, since it involves several parties. But such disputes, especially those between ASEAN countries, are likely to be resolved peacefully over a period of time. The imperatives of co-operation, especially in a new and threatening world of economic groupings and blocs, and the attractions of rapid economic growth which requires stability as a prerequisite, are likely to prove stronger than any centrifugal and destructive impulses.

Three of the ASEAN countries face important elections in 1992: parliamentary elections in Indonesia which will be a prelude to the more important presidential elections in 1993; the elections in Thailand under a new constitution; and the presidential and congressional elections in the Philippines.

The elections in Indonesia and Thailand are unlikely to lead to any serious upset or instability. In Indonesia the government can be expected to obtain a solid endorsement in the parliamentary elections and present indications are that President Soeharto is likely to seek and win election for a sixth term of office in 1993. In the Philippines the election of a new president is unlikely to have any significant effect on the problems of the country in the short term.

Indochina and Myanmar

The three countries of Indochina are in a state of transition brought about by retrenchment of Soviet interest and assistance, normalization of Sino-Vietnamese relations, and the settlement of the Cambodian conflict. Vietnam and Laos will follow the Chinese model of liberalizing in economics while hoping to maintain the system of Communist Party monopoly in politics. Political stability will probably be maintained over the medium term. In Myanmar, however, the situation is inherently unstable and could worsen.

Cambodia

An agreement to settle the Cambodian conflict has been signed. The agreement will be implemented in stages. From present indications, elections should take place in early 1993.

The United Nations Transitional Authority on Cambodia (UNTAC) will prepare for the elections and supervise them. The sovereignty of Cambodia during this transitional period will be embodied in the Supreme National Council comprising the representatives of the four Cambodian factions under the chairmanship of Prince Sihanouk. Sihanouk is expected to be elected President of the new State of Cambodia, but the legislature as well as the government will probably have representatives from all four factions.

The post-election government, whatever its composition, will face formidable social and economic problems. An estimated 350,000 refugees in Thailand as well as thousands of internal refugees will have to be resettled. Land-mines strewn all over the countryside will have to be located and removed. The task of economic reconstruction will have to start.

The situation will demand an able and united political leadership and a viable civil administration with the capacity to absorb international assistance and to undertake the tasks of reconstruction. But such assets are likely to be lacking. The government under Sihanouk will represent parties with a history of deep suspicion and hostility. Able and dedicated leaders in it are likely to be found more among the Khmer Rouge than the non-communists. The civil administration is unlikely to have enough educated and competent people.

Meanwhile, the Khmer Rouge leaders are behaving like reformed liberals, espousing liberal democracy. They are calculating long term. Their election objective is to secure a representation in Parliament and government for themselves. They will let the non-communists take the lead in dealing with the formidable economic and social problems. They have probably calculated that the new government will end up corrupt, inefficient and divided, unable to solve the country's problems and at an appropriate time they will show it up as such to the Cambodian people. An untimely death of Sihanouk, who is now 69, would make the task of discrediting the government and exploiting the contradictions between the different factions easier. A democratic system of government will meanwhile give the Khmer Rouge the freedom for propaganda, organization, and penetration of other bodies.

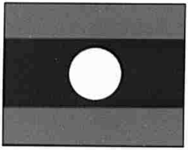
So, while peace is returning to Cambodia the longer-term picture is somewhat troubling. To frustrate Khmer Rouge schemes to return

Cambodia

Land Area:	181,040 sq km
Population:	8.0 million (1990 estimate)
Capital:	Phnom Penh
Type of Government:	The transitional authorities pending national elections are the United Nations Transitional Authority in Cambodia (UNTAC) and the Supreme National Council (SNC)
Head of State:	Prince Sihanouk is Chairman of SNC
Next National Elections:	Early 1993
Currency Used:	riel
US$ Exchange Rate on 30 November 1991:	US$1 = 1,000 riel

to power sometime in the future, the country will need to make rapid economic progress and retain a strong international/U.N. involvement. Above all, the non-communists must develop effective leadership and organization for ultimately they have to rely on themselves.

Laos



Unlike Vietnam and Cambodia, Laos has not been diplomatically and economically isolated from the West. The country has adopted more extensive economic reforms than Vietnam.

The Fifth Congress of the Lao People's Revolutionary Party (as the Communist Party is called) in March 1991 reaffirmed the commitment to reform within a framework of undisputed control by the communists. The new Central Committee has a significant number of young technocrats. In August 1991 a new state constitution was adopted, the first in Laos since the communists came to power in 1975. It sanctions a market economy and guarantees the right of Laotians to own private property. It also provides a legal basis for the reforms undertaken so far and for legislation relating to foreign investments.

The National Assembly elected Kaysone Phomvihane, the party chief, who has been at the helm of the Lao party for four decades, to

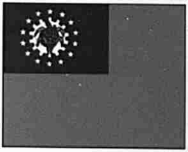
Laos

Land Area:	236,800 sq km
Population:	4.1 million (1990)
Capital:	Vientiane
Type of Government:	One-party communist people's republic
Head of State:	President Kaysone Phomvihane
Prime Minister:	Khamthay Siphandone
Party Secretary-General:	Kaysone Phomvihane
Currency Used:	kip
US$ Exchange Rate on 30 November 1991:	US$1 = 705 kip

the post of President with significant new powers. Kaysone will remain the most powerful man in Laos for some time yet. There is no significant threat to the political monopoly of the party over the medium term. Efforts to provide more efficient administration and to get the Supreme National Assembly to debate and discuss issues will continue.

In external relations Thailand is likely to be increasingly important economically though traditional ties with Vietnam in party and security affairs will probably remain close. The Lao people are akin to the Thais in race, language, and culture. Also, traditionally Thailand has been the natural outlet for Laotian commerce with the outside world. Relations with Thailand have improved significantly since the visit to Vientiane in March 1991 of Thai Army Commander, General Suchinda.

Myanmar

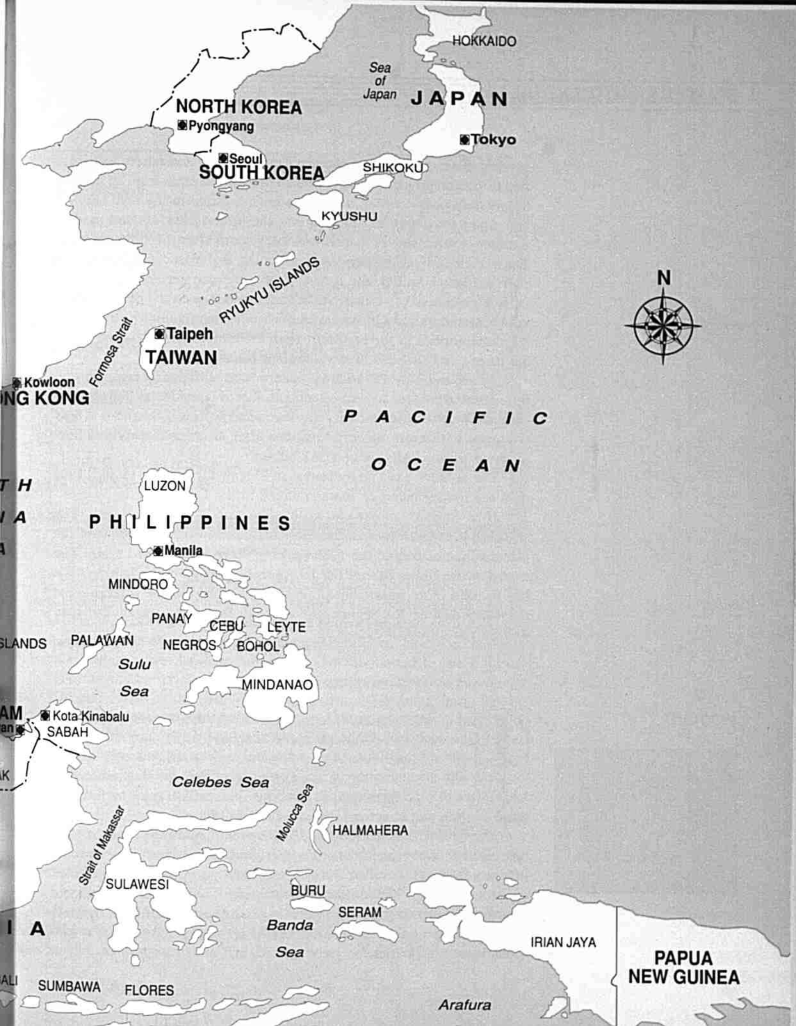


The military controlled State Law and Order Restoration Council (SLORC) has ruled out transfer of power to the National League for Democracy (NLD) which won the 1990 election. Many of the leaders and MPs of the NLD remain under arrest or have fled the

Myanmar

Land Area:	678,576 sq km
Population:	41 million (1990 estimate)
Capital:	Yangon
Type of Government:	Military
Head of State:	Chairman of State Law and Order Restoration Council (SLORC), General Saw Maung
Next Election:	Not known
Currency Used:	kyat
US$ Exchange Rate on 30 November 1991:	US$1 = 6.7 kyat


INDIA
CHINA
BANGLADESH
MYANMAR
Bay of Bengal
Yangon
Gulf of Martaban
Andaman Islands
Nicobar Islands
Andaman Sea
LAOS
Vientiane
Hanoi
VIETNAM
HAINAN
THAILAND
Bangkok
CAMBODIA
Phnom Penh
Ho Chi Minh City
Gulf of Siam
PENINSULAR MALAYSIA
Strait of Malacca
Medan
Kuala Lumpur
MALAYSIA
SINGAPORE
RIAU ARCHIPELAGO
Kuching
Pontianak
BANGKA
BELITUNG
Mentawai Islands
SUMATRA
INDIAN OCEAN
Java Sea
Jakarta
JAVA


HOKKAIDO
Sea of Japan
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Pyongyang
Seoul
SOUTH KOREA
SHIKOKU
KYUSHU
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Kowloon
NG KONG
PACIFIC
OCEAN
LUZON
PHILIPPINES
Manila
MINDORO
PANAY
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LEYTE
PALAWAN
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BOHOL
LANDS
Sulu Sea
MINDANAO
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SABAH
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Molucca Sea
HALMAHERA
Strait of Makassar
SULAWESI
BURU
SERAM
Banda Sea
IRIAN JAYA
PAPUA NEW GUINEA
SUMBAWA
FLORES
Arafura

country. Since 1988 tens of thousands of students and others have also fled the country, representing a considerable brain drain from an already desperately poor country. There has been a purge in the civil service.

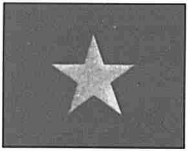
Apart from agreeing to elections, the military leaders had made a number of other moves to gain breathing room after the 1988 uprising. These included sale of concessions for the exploitation of natural resources like oil, timber, and fishing to obtain much needed capital from abroad; permission to farmers to sell their produce on the open market, which brought higher incomes; and cease-fire agreements with certain ethnic minorities in the Southern Shan State in exchange for extensive autonomy and promise of development funds.

By around May 1991 the opposition was sufficiently crippled and the regime confident to reopen schools and universities in Yangon, the capital. The size of the military has increased significantly and it is now equipped with more modern weapons after an arms deal with China reported to be worth about US$1 billion.

The military gives no indication of liberalizing politics, though 1992 may see the inclusion of some civilians in the Cabinet.

How long Myanmar can go on like this is difficult to say. The situation is inherently unstable. Economic conditions, which were the principal factor behind the 1988 uprising, have deteriorated again. The award of the Nobel Peace Prize to opposition leader Aung San Suu Kyi has focused more international attention on the country. International pressures against the regime are likely to increase further, but may drive it more into China's arms.

Vietnam



The single most important objective of the Vietnamese is to get the economic embargo imposed by the Americans lifted. It is unlikely that a full lifting of the embargo on aid and investments, together with normalization of U.S.-Vietnam relations, will happen before 1993, after the U.S. presidential elections. This will also allow time for the MIA (missing-in-action) issue to be defused.

The Seventh Congress of the Vietnamese Communist Party in 1991 reconfirmed that while economic liberalization can, and indeed must proceed, political pluralism cannot be permitted. This is also reflected in the composition of the new politburo which more than balances the reformers with a strong conservative representation. Do Muoi, the new party chief, is known to be a backer of economic reform but a safe conservative in politics.

Vietnam

Land Area:	330,300 sq km
Population:	64.4 million (1989)
Capital:	Hanoi
Type of Government:	Communist people's republic
Head of State:	President Vo Chi Cong
Prime Minister:	Vo Van Kiet
Party Secretary-General:	Du Muoi
Currency Used:	dong
US$ Exchange Rate on 30 November 1991:	US$1 = 12,880 dong

The party of course will call the real shots. But it will seek to distance itself somewhat from the government apparatus which can be expected to have a more liberal face. Cabinet ministers now need not necessarily be chosen from the Central Committee. There is even talk that one or more non-communists may be appointed to the Cabinet. Younger and better educated people who can understand the aspirations and grievances of the people and respond to them intelligently can be expected in government and the National Assembly over the next few years. Members of the National Assembly and its various committees will be encouraged to vigorously debate legislation and criticize the performance of officials and ministries.

Vietnamese communism will face testing times. The party leaders realize that legitimacy of party rule can ultimately be maintained only by providing rapid economic progress and an efficient and responsive government, though under the watchful eye of the party and the security services. Economic progress is likely to take place more in the south which already bears a strong imprint of capitalism and where the domino effect of free elections and a multi-party system in Cambodia is likely to be more acutely felt. But the Communist Party will probably survive for the medium term and the country enjoy relative stability and good economic progress. Unlike Eastern Europe, Vietnamese communism was not imposed by a foreign army but was the standard bearer of Vietnamese nationalism, having fought both the French and the Americans. The armed forces and the veterans organizations continue to be a bastion of orthodox Marxism-Leninism.

ASEAN Countries

Brunei Darussalam

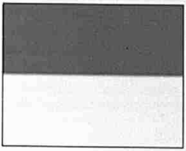
The present socio-political situation in Brunei will continue basically unchanged into 1992-93. There appears to be no outward political threat of any consequence to the rule of Sultan Hassanal Bolkiah.

The state's strict Islamic policy on social and religious conduct is firmly enforced by the government and generally adhered to by citizens and residents alike. No significant changes are expected in fundamental policies or in the structure of government. There appears to be more interaction between the Sultan and his people as he makes regular visits to government institutions and residential areas. The MIB (Malay Islamic Monarch) concept continues to inform political and social policies.

Brunei Darussalam

Land Area:	5,765 sq km
Population:	260,000 (1990 estimate)
Capital:	Bandar Seri Begawan
Type of Government:	Sultanate
Head of State:	His Majesty Sultan Hassanal Bolkiah
Prime Minister:	His Majesty Sultan Hassanal Bolkiah
Currency Used:	Brunei dollar
US$ Exchange Rate on 30 November 1991:	US$1 = B$1.6

Indonesia



President Soeharto has provided twenty-five years of stable government during which impressive economic gains have been made. The country now stands on the threshold of another set of elections for parliament (DPR) in June 1992 and for the presidency in March 1993. Soeharto appears to be still very much in charge and will probably go on to serve another, his sixth, term in office.

Political activism has increased as the elections approach. In fact, until the government recently decided to curb excesses, dissent was thriving. Subjects previously considered sensitive were being publicly discussed, including the shortcomings of the political system, even the institution of the presidency. Critics were taking advantage of the more liberal atmosphere to press for concessions from the government. A number of pro-democracy groups were formed. And there were calls for the DPR to play a more prominent role by questioning policies and airing the views and grievances of the public.

This apparently greater restiveness and criticism of the existing order in part reflected the rapidly changing nature of Indonesian society. Economic growth and industrialization have resulted in increasing urbanization and the emergence of a small but influential middle class which wants more information on decision-making and more freedom to express views, including those critical of the government.

But the open criticism of the government during 1990–91 probably also reflected dissension within the power establishment. The core of the problem seems to be an apparent lack of agreement between sections of the military and the President on the question of succession to the Presidency. These military elements feel that if Soeharto seeks a sixth term of office in 1993 (he will be 72 then), as is expected, the issue of succession must not be left open; rather a candidate who is also acceptable to the military should be identified and groomed.

However, at this stage, Soeharto appears to be against both unbridled political liberalization or the nomination of a successor.

The President has been moving with consummate skill to strengthen his standing. He has, for example, been gaining Muslim support in the wake of a revival of Muslim religious sentiment in recent years. Concessions have been made to Muslims in various areas. The President and his entire family have been on *haj*, travelling as ordinary pilgrims. *Haji* are supposed to have qualities of modesty, simplicity, and sincerity. The President has also repeatedly called upon big business conglomerates, mostly ethnic Chinese, to sell shares to co-operatives. He has warned them that if they do not co-operate, the government may have to legislate to make them do so. They have also been directed to help small businesses.

Indonesia

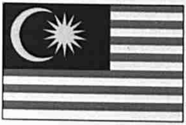
Land Area:	1,919,443 sq km
Population:	179.2 million (mid-1990 census)
Capital:	Jakarta
Type of Government:	Presidential government based on Pancasila Democracy
Head of State:	President Soeharto
Next Election:	1992 (Parliamentary), 1993 (Presidential)
Currency Used:	rupiah
US$ Exchange Rate on 30 November 1991:	US$1 = 1,982 rupiah

Political temperatures will rise as DPR elections approach in June 1992 and Presidential elections in March 1993. With all the combustible material in shantytowns and other places in or near cities, a breakout of civil disorder, especially in the form of anti-Chinese riots, is always possible. However, so long as the power establishment is united, such disorder will be quickly stamped out by the security forces.

More serious trouble can occur only if power rivalries within the establishment paralyse the government or are manipulated through fomenting of trouble on the ground. This will probably not happen. Whatever the differences between the President and sections of the military they are unlikely to be allowed to cause serious instability. Both sides are only too well aware of the importance of preserving and building upon the economic gains achieved so far.

Thus, in all likelihood, 1992 and 1993 will pass without any major disruption of stability. The DPR elections in 1992 will give a solid endorsement to the government though the popular vote in favour of GOLKAR (the ruling Functional Group) is likely to drop some percentage points from the unsustainably high 73 per cent obtained in 1987. In 1993 Soeharto will probably be elected president for a sixth term.

Malaysia



The end of the insurgency and subversive threat from the Communist Party of Malaya, the decisive defeat of the challenge from Semangat '46 and Dr Mahathir's governance of the country with a strong hand have all combined to make Malaysia look more secure and stable today than at any time since the May 1969 race riots. Dr Mahathir's position as Prime Minister is probably stronger than that of any Prime Minister since then.

This situation will continue during 1992-93, assuming there are no unforeseen health problems which force the Prime Minister to leave his office. (If, during this period, his health does compel him to leave office, his deputy, Ghaffar Baba, will be the Prime Minister. The rivalry for the No. 2 position then could cause political uncertainty.)

Malaysia

Land Area:	330,434 sq km
Population:	14.4 million (1990 estimate)
Capital:	Kuala Lumpur
Type of Government:	Federated parliamentary democracy on Westminster model, with constitutional monarchy
Next Election:	October 1995
Head of State:	His Majesty the Yang di-Pertuan Agong Sultan Azlan Shah
Prime Minister:	Dato' Seri Dr Mahathir bin Mohamad
Currency Used:	ringgit
US$ Exchange Rate on 30 November 1991:	US$1 = 2.7 ringgit

Malay political dominance is firmly established. It is accepted as a fact of life by most non-Malays, notwithstanding the Chinese protest vote for the Democratic Action Party (DAP) during successive general elections. So long as the grand coalition of the National Front, which is a symbol of multi-ethnic representation, remains and economic progress continues, any challenge to Malay political dominance by the non-Malays of the type mounted in 1969, which caused major instability, is extremely unlikely in the future. The realities of electoral weightage in favour of rural (Malay) areas and the invariably solid Malay vote in general elections for the ruling coalition will ensure the defeat of such an enterprise.

PAS (Parti Islam SeMalaysia) and PBS (Parti Bersatu Sabah) captured the state governments of Kelantan and Sabah respectively during elections in 1990. Federal-state relations will be difficult as the federal government tries to win back lost ground in these two states. However, essentially, Kelantan and Sabah will remain localized problems with little bearing on the major economic, political, and diplomatic policies of the country. PAS is unlikely to make any further inroads into UMNO (the ruling United Malays National Organization) areas outside Kelantan. The appeal of Islamic fundamentalism appears to have plateaued.

Dr Mahathir's effective control of UMNO allows him to proceed with implementation of policies without hindrance by any serious factionalism within the party or posturings by the Youth Wing, a luxury often not enjoyed by his predecessors. His vision is to have a united and prosperous Malaysia, which is admired by other countries and which carries regional and international clout. His political strength allows him to revise old dogmas in order to propel the country in this direction without fear of a major Malay back-lash. He knows that his "Vision 2020" will not be realized without making and keeping Malaysia an eminently attractive place for investments and without making better use of the capital, energy, and talents of the local Chinese.

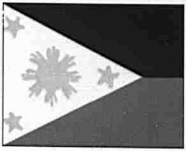
The New Development Policy (NDP) reflects this thinking. It extends and rationalizes the changes which began during the recession in the mid-1980s. Growth will clearly have priority over distribution. The commitment to help the Malays will continue but it will not be at the further expense of the non-Malays.

Thus there are strong grounds for optimism about stability in the near future, though this does not mean that some of the perennial problems of race will disappear. A sense of discrimination will continue among the non-Malays. It is too early to say how much improvement, if any, the NDP will bring. Chinese resentment over issues of language and culture will also remain.

The robustly independent foreign policy and efforts to raise Malaysia's international and regional profile have caused certain problems in bilateral relations, for example, with Australia and the United States.

Such problems may well continue. However, they are unlikely to get out of hand and cause a serious crisis.

Philippines



In 1991 there was no reprieve for the Aquino Administration, after the coup attempt, earthquake, and typhoons of 1990, not to mention the effects of the Gulf War on the economy. The eruption of Mount Pinatubo left hundreds dead and hundreds of thousands homeless, apart from removing Clark Air Base from the agenda for base negotiations with the Americans. The typhoon and flooding in the central part of the country in November 1991 caused further havoc. The contentious political system continued to stymie the administration. Reforms related to economic recovery and development whether on land distribution, taxes, tariffs, or investments have been held up or emasculated by vested interests in Congress.

But perhaps the worst blow was the rejection by the Senate of the bases agreement reached by the Aquino Administration with the

Philippines

Land Area:	300,000 sq km
Population:	61 million (1990)
Capital:	Manila
Type of Government:	Republic, with President and a Congress, as in the United States
Head of State:	President Corazon Aquino
Next Election:	June 1992 (Presidential and Congressional)
Currency Used:	peso
US$ Exchange Rate on 30 November 1991:	US$1 = 26.3 peso

Americans after protracted negotiations. The final agreement had provided for American use of Subic Bay for ten years, that is until 2001, in return for US$203 million in annual compensation and more than a billion U.S. dollars' worth of other benefits over the ten-year period. The intangible benefits of confidence and security which the U.S. presence provides may be even more important for the Philippine economy.

The Aquino Administration has agreed to give the Americans three years to leave. This will allow the economy a bit more time to adjust to the effects of the withdrawal which will cause an estimated 80,000 to be unemployed. The bases are likely to be an issue in the presidential and congressional elections due in May 1992.

In the field of security, the situation is fairly well under control. The danger of a military coup from the extreme right has receded. The armed forces are capable of handling the threat from the communist New People's Army (NPA), which has declined somewhat since the institution of a popularly elected democratic government and because of successful operations by the security forces. But the NPA will continue to be a running sore on the country and a drain on resources so long as economic and social discontent remains.

Between now and May 1992 the Philippines will be preoccupied with the elections, adding to the sense of uncertainty as politicians jockey and manoeuvre for advantageous positions and become even more reluctant to be associated with the sort of tough measures sought by the IMF. Whoever is elected president will not be able to change the country's situation significantly in the near future because of the magnitude of the problems and the complexity of the political system.

Singapore

Singapore has enjoyed political stability for the past two and a half decades. The general election held on 31 August 1991 provides no reason to doubt its continuation.

The ruling People's Action Party (PAP) can be expected to remain in power for the foreseeable future, given its proven achievements for Singapore during its thirty-two years in power, and its dominance of the local political scene. In fact, in the general election of August 1991, the opposition political parties, recognizing that most Singaporeans want a PAP government, revised their election strategy: instead of trying to oust the government, they settled for the more modest objective of merely increasing the number of oppositon MPs by capitalizing on the apparent desire among Singaporeans for some opposition in Parliament.

Singapore	
Land Area:	633 sq km
Population:	3.0 million (1990)
Capital:	Singapore
Type of Government:	Parliamentary democracy
Head of State:	President Wee Kim Wee
Prime Minister:	Goh Chok Tong
Next Election:	By August 1996
Currency Used:	Singapore dollar
US$ Exchange Rate on 30 November 1991:	US$1 = S$1.6

In the event, after allowing the PAP to take 41 of the 81 constituencies uncontested to form the government, the opposition parties were able to increase their seats in Parliament from one to four, winning three new constituencies. (The PAP's majority in Parliament has now declined from 80 to 77 out of 81). Though significant, these victories were not necessarily watershed developments, given the unique situation in which the electorate could have voted for opposition without fear of losing the PAP government.

The decline in the popular vote for the PAP by 2.2 per cent may be more apparent than real because the 1988 and 1991 general elections are not strictly comparable: in the former the opposition parties contested 70 of the 81 constituencies, in the latter only what they judged to be the safer 40. It is likely that the vote for the PAP would have been 1 to 2 per cent higher if the opposition parties had contested 70 constituencies again.

The election, however, did show that bread and butter issues, in particular the costs of health and education services (the latter principally because of the setting up of independent schools), cost the PAP some support. The results also revealed disenchantment among the Chinese-educated who feel they are no longer in the mainstream. These problems will no doubt receive the necessary government attention.

On the whole the transition from Lee Kuan Yew, the only Prime Minister Singapore had known until November 1990, has proceeded smoothly. Goh Chok Tong's team had in fact been progressively taking charge of government functions for some years during Lee Kuan Yew's premiership. The continued stability of and confidence in Singapore will remain among the overriding concerns in making leadership changes. The leading team members, including Goh Chok Tong, Lee Hsien Loong, and Ong Teng Cheong all understand this. Lee Kuan Yew himself will be on the scene for a long while and will retain an important influence.

Changes in the attitudes of Singaporeans may eventually require liberalization of the existing political system. For instance, the sort of consensual politics reflected, among other things, in over 60 per cent of the popular vote for the PAP and not more than a handful of opposition MPs in successive general elections may not be sustainable over the long term — not because the PAP will not provide good government but because a more sophisticated electorate will want a more plural system with wider choices. How the PAP handles this challenge could have implications for long-term stability.

Thailand

The caretaker government of respected technocrats that came to power after the military intervention of February 1991 was given considerable leeway by the junta to deal with economic and social problems. It has acted decisively in a number of important areas to enact reforms and to remove some of the obstacles to economic progress and good government which the elected Chatichai government could not because of opposition from political groups and vested interests. The junta, which calls itself the National Peacekeeping Council (NPKC), promised elections under a new constitution by April 1992.

It was clear from the outset that the military would want to have significant influence in the new post-election government. This was reflected, among other things, in the fact that those they nominated to the interim National Legislative Assembly (NLA), responsible for approving the new constitution, were mostly military officers or civilians friendly to the military. It was also clear that an important means for achieving this goal would be an appointed Upper House (Senate) with significant powers.

However, the extent of powers eventually proposed for the Senate was unexpected, as was the provision in the constitution to allow serving military officers and civil servants to assume ministerial posts in the next government. This transparent attempt to preserve control as well as the failure to follow-up vigorously on charges of corruption against members of the previous government undermined the goodwill the military had enjoyed among Thais unhappy with the corruption of Thai civilian politics. It galvanized and broadened the opposition which had been building up among students, intellectuals, labour, remnants of some of the old political parties as well as those around former Army Commander General Chaovalit Yongchaiyudh and his political vehicle, the New Aspiration Party. An ugly showdown seemed to be developing in late November as public demonstrations were organized to force the

Thailand

Land Area:	514,000 sq km
Population:	55.9 million (end 1989)
Capital:	Bangkok
Type of Government:	Constitutional Monarchy with an interim military-appointed civilian government until elections in 1992
Head of State:	King Bhumibol Adulyadej
Prime Minister:	Anand Panyarachun
Next Election:	By April 1992
Currency Used:	baht
US$ Exchange Rate on 30 November 1991:	US$1 = 25.5 baht

military to give up the "undemocratic" clauses in the interim constitution before the final reading in the NLA in early December. It was avoided by the willingness of the military to drop some of the controversial clauses, possibly on advice from the Palace.

The hasty retreat showed that the generals had miscalculated public reaction. The climb-down also revealed some splits in the military. The immediate future at the time of writing is difficult to read. It is not clear, for instance, whether in the end the Senate will retain overriding powers. If it does, the military will continue to have a significant influence in the government. On the other hand if the powers of the Senate are emasculated there could be a return to the political system which existed before the February 1991 coup. If so, the election in March or April 1992 could result in a weak coalition government, with a disgruntled military in the background — not an entirely happy situation.

It is still possible that a sensible compromise will be reached in the typical Thai way. Wise counsels like Premier Anand (who had earlier signalled his unhappiness with the constitution) are now signalling that the concessions already made by the military are enough and that any further changes to the constitution should be left to the next elected government. However, there are others who want to exploit the present defensiveness of the military to press for a fully "democratic" constitution.

Looking ahead beyond these uncertainties, Thailand will continue to enjoy stability and good economic growth. With the coming of peace to Indochina, and given its geographical location, it is well positioned to be the business and communications hub of mainland Southeast Asia.

II

ECONOMIC OUTLOOK

ASEAN 1992–93

Linda Low
and
Toh Mun Heng

Global Overview

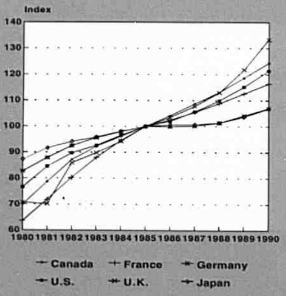
Successful export-led industrialization strategies of the 1980s mean more dependence on trade and foreign investment in the 1990s. As a consequence, the ASEAN countries — Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand — find themselves increasingly affected by world events external to the region.

These dynamic forces profoundly affect economic linkages and interdependencies, as ASEAN governments and the private sector respond to the challenges of possible trade and investment diversion to Europe, the North American Free Trade Area (NAFTA), and other newly liberalizing economies in Latin America and the Asian subcontinent.

Besides being more intertwined with the global economy, the orbits of ASEAN and Indochina will also coalesce in more areas and with greater frequency.

Rapid growth dictates a need to forge new relationships with the OECD (Organization of Economic Co-operation and Development), G-7 (Group of Seven), and Asian NIE (Newly Industrialized Economy) member countries. ASEAN will also place increasing importance on its role in such extra-regional organizations as the EAEC (East Asian Economic Caucus), APEC (Asia Pacific Economic Co-operation), and PECC (Pacific Economic Co-operation Conference).

CHART 1
Changes in CPI of Six Major OECD Countries
(1985 = 100)



Within the region, a certain degree of convergence in ASEAN trade and investment patterns and responses to multinational corporations (MNCs) implies a shifting balance between competition and complementarity. The most innovative trend is the emergence of growth triangles, of which the most developed example is that involving Singapore, Johor (Malaysia), and Riau (Indonesia). There is also a growing injection of East Asian capital from South Korea, Taiwan, and Hong Kong into the ASEAN economies.

Besides being more intertwined with the global economy, the orbits of ASEAN and Indochina will also coalesce in more areas and with greater frequency.

By 1991 the world economy appeared to have begun to adjust to the prospect of more modest growth. World GNP (gross national product) had fallen from 3.1 per cent growth in 1989 to 1.7 per cent in 1990. The OECD countries as a whole registered a growth of 2.6 per cent in 1990, with forecasts of 1.3 per cent in 1991 and 2.4 per cent in 1992. In the OECD, the G-7 (United States, Canada, Japan, Germany, France, Italy, and the United Kingdom) set the trend, with 2.5 per cent growth in 1990, and anticipated growth rates of 1.0 per cent in 1991 and 1.2 per cent in 1992.

There is a lack of synchrony in business cycles amongst the G-7 economies. The technical recession, defined as two or more consecutive quarters of negative growth, experienced by the United States, Canada, and the UK in 1990 and 1991, is in contrast to stronger growth in Japan and Germany. Japanese and German economic performance was in part due to distortions and one-off factors, and corrections appear imminent. This will occur, however, without any precipitous collapse in activity. The slow-down in the rest of Europe is more conspicuous and protracted than in Germany, but not as severe as in the United States, UK, and Canada.

TABLE 1
Economic Outlook for the G-7 and OECD Economies

	% Change in Real GNP/GDP			% Change in Consumer Prices		
	1990	1991	1992	1990	1991	1992
USA	1.0	−0.2	2.1	5.4	4.3	3.8
Canada	0.9	−1.7	2.3	4.8	6.0	4.4
Japan	5.7	4.0	3.5	3.1	3.1	2.0
W. Germany	4.7	3.0	2.7	2.7	3.2	3.1
France	2.8	1.5	2.1	3.4	3.0	2.8
UK	0.5	−1.0	1.0	9.5	5.8	4.7
Italy	2.0	1.1	2.1	6.1	6.4	5.5
G-7	2.5	1.0	1.2	5.0	4.5	3.8
Total OECD	2.6	1.3	2.4	5.2	4.6	3.9
LDCs	2.2	1.8	3.0	n.a.	n.a.	n.a.
Eastern Bloc	−2.5	−1.0	1.0	n.a.	n.a.	n.a.
World	1.7	1.1	2.3	n.a.	n.a.	n.a.

SOURCE: OECD.

While the U.S. economy may have grown marginally in 1991, reflected in positive increases in both the index of industrial production and housing starts, inflation and unemployment are also likely to rise. State and local governments continue to wrestle with fiscal deficits. Assessments for the year vary. While the Bush Administration appeared optimistic of a growth rate of between 2.5 per cent and 3.0 per cent for the second half of 1991, the OECD projected a −0.2 per cent growth for the United States in 1991.

Although the Japanese economy registered the highest growth rate (5.7 per cent) among the G-7 in 1990, the Economic Planning Agency (EPA) projected a modest forecast of 3.0 to 4.0 per cent for 1991. Housing starts and consumer spending were down, and inflation was present but not threatening. Driven by the capital investment boom of the 1980s, the Japanese financial market turned into a powerful money pump. However, there are fundamental flaws in the Japanese economy. Caught between a clean-up or a cover-up, policy-makers appear unable or unwilling to address the issues squarely, and this will affect Japan's internal economic

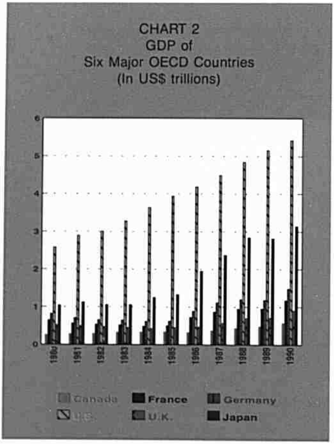


CHART 2
GDP of
Six Major OECD Countries
(In US$ trillions)

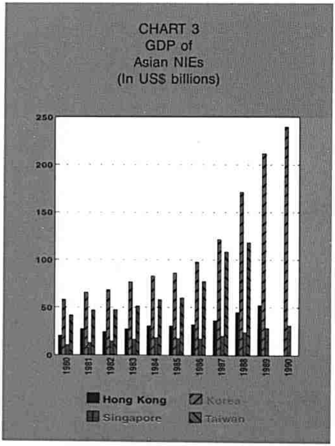


CHART 3
GDP of
Asian NIEs
(In US$ billions)

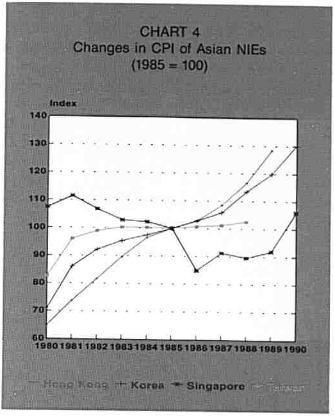


CHART 4
Changes in CPI of Asian NIEs
(1985 = 100)

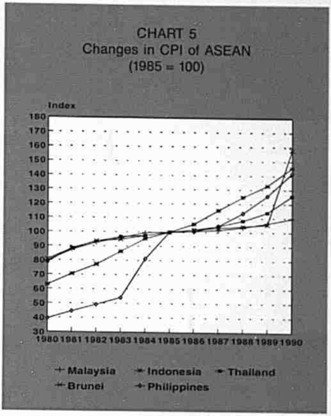


CHART 5
Changes in CPI of ASEAN
(1985 = 100)

conditions. While Japan's trade surplus with the United States has narrowed, trade surpluses with the EC (European Community) and other Asian countries are widening. Thus Japan's trade surplus problem has not been alleviated; it has merely been redistributed.

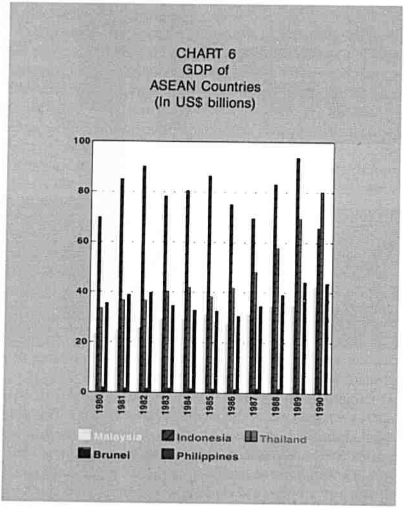
The other strong performer in the G-7, Germany, enjoyed an economic expansion of 4.8 per cent in the second quarter of 1991. This was propelled by an investment boom in western Germany and a consumer upsurge in the east. The dual problems of inflation and unemployment, however, remain. The euphoria of reunification is now being counterbalanced by the pragmatic problems of expanding output and job creation.

With the political events in August 1991 in the Soviet Union yet to be fully resolved, the global overview has to discount this adverse factor. Economically, the Soviet Union may not have a significant impact in any of the ASEAN economies. However, as a former superpower the Soviet Union wields immense political influence and the economic impact can be direct as stock markets and commodity prices reverberate.

Among the Asian NIEs, South Korea was expected to have led with a 1991 forecast of 8.9 per cent real growth, followed by Singapore (7.0-7.5 per cent); Taiwan (6.1 per cent); and Hong Kong (3.5-4.0 per cent).

ASEAN Growth Strategies

The ASEAN economies have generally adopted outward, export-oriented growth strategies. The success of these policies is evident — Singapore is already classified as an NIE, while Thailand and Malaysia are considered near-NIEs, with some disparity in development across their larger economies. Indonesia, which began



its liberalization and deregulation programmes as late as 1983, is also on the way to NIE status.

A number of factors have influenced these trends. One is the successful Singapore model of a rolling privatization programme and an outward orientation through MNCs. Such a model has had a demonstration effect on the other ASEAN economies and this has been reinforced by strong waves of Asian NIE investment in ASEAN economies.

However, the major price of such export-led industrialization is the increased dependence on major OECD export markets, as the Asian NIEs are themselves dependent on the American and EC markets. Diversification is slow, and the sheer size of the U.S. market makes substitutes for it difficult. ASEAN economies are justifiably apprehensive of trade bloc formations in the European Economic Area (EEA, consisting of the EC and the European Free Trade Association) and NAFTA (North American Free Trade Area). ASEAN thus continues to advocate the need for greater presence and participation in the faltering progress at the GATT talks. At the same time, discussions on the relative merits of various alternatives, including the EAEC, APEC, and PECC, will continue.

AFTA, PECC, APEC, AND THE EAEC

ASEAN Trade Ministers, who met in Kuala Lumpur in October 1991, have agreed to form an ASEAN Free Trade Area (AFTA), to be implemented over the next fifteen years. Details will be available after the AFTA plan is ratified at the ASEAN Summit to be held in Singapore in January 1992. The ministers also gave support to the formation of an East Asian Economic Caucus (EAEC) which was originally proposed as the EAEG.

The idea of the EAEG (East Asian Economic Grouping) was mooted in December 1990 by the Malaysian Prime Minister, Dr Mahathir. Members of the grouping might include ASEAN, China, Hong Kong, Taiwan, South Korea, and Japan. However, the omission of the United States and the overlap in membership with APEC aroused much concern during 1991. The APEC (Asia Pacific Economic Co-operation) forum, which was started in early 1989, has a membership from Northeast and Southeast Asia, Australia, and New Zealand as well as the United States and Canada. Original reception to the EAEG ranged from support from Singapore, to some scepticism from Indonesia and Thailand, to reluctance on the part of the United States and Japan.

Pending further refinements by ASEAN, the many possibilities of the EAEC include it functioning within the APEC framework. It will also complement PECC (Pacific Economic Co-operation Conference) which was set up in 1980 and currently has nineteen country members from the Asia-Pacific region. The PECC tripartite representation, consisting of government officials, businessmen, and academics, works in close collaboration with APEC.

ASEAN TRADE AND FOREIGN INVESTMENT

The reality of ASEAN dependence on developed industrial markets is evident in trade and investment figures. While intra-ASEAN trade has only grown from a share of 4.6 per cent in 1980 to 5.0 per cent in 1989, intra-NIE trade rose from 21.3 to 28.8 per cent, and Asia-Pacific trade (dominated by the United States and Japan) from 71.5 to 76.6 per cent. These figures make starkly clear that the emergence of sufficient volume and value for ASEAN to engage in trade and capital flows among themselves is only incipient.

In all ASEAN manufacturing sectors the United States and Japan are dominant trading partners and foreign investors. In recent years, however, this dominance has been challenged by the Asian NIEs. Hong Kong has become the second largest investor (after Japan) in Thailand, while Taiwan now tops the list of investors in Malaysia. The Asian NIEs as a group were the largest investors in Indonesia, followed by Japan.

Japan, the Asian NIEs, and ASEAN appear to constitute a three-tiered system. The flow of investments from the upper to lower tier countries acts as a transmission belt propagating and diffusing the growth momentum from one tier to the next.

Thus Japan, the Asian NIEs, and ASEAN appear to constitute a three-tiered system. The flow of investments from the upper to lower tier countries acts as a transmission belt propagating and diffusing the growth momentum from one tier to the next. The rising share of Asian NIE investment in ASEAN is welcomed in view of Japan's increasing preoccupation with foreign direct investments in the United States, the EC, and Australia. While intra-ASEAN trade is unlikely to supercede trade linkages with OECD economies, an increase in intra-ASEAN investment may, in the long term, increase intra-ASEAN trade. Singapore, for example, was the sixth investor in Indonesia in 1990, after Japan, Hong Kong, South Korea, Taiwan, and the Netherlands. Likewise, Singapore was among Thailand's top five investors, with investments increasing thirty-fold over the last three years.

One important emergent dimension of foreign direct investment and trade in ASEAN is the growing importance of the service sector, particularly in the financial and real estate sectors. In the late 1980s investments in banking, securities, insurance, and real estate sectors accounted for half of Japan's direct foreign investment. But it should be remembered that such investments can also be potential conduits of instability, as ASEAN becomes more vulnerable to financial crises and scandals in Japan and Hong Kong, for example.

TABLE 2
Direct Foreign Investment in Manufacturing Sectors of Four ASEAN Countries, 1988–90

	Indonesia	Malaysia	Philippines	Thailand
Japan	18.1	28.9	24.7	33.3
USA	6.7	5.0	15.8	8.3
South Korea	8.6	2.8	3.1	1.9
Taiwan	9.4	31.1	17.5	8.9
Hong Kong	8.6	3.9	16.4	27.8
Singapore	3.9	6.7	1.7	4.7
Others	44.7	21.7	30.8	15.0
Total	100.0	100.0	100.0	100.0
Total (US$b)	17.9	4.3	2.2	28.4

SOURCE: Investment boards of various countries.

Emerging Trends

A trend to note is the increasing MNC synergy and linkages amongst their corporate offspring in ASEAN. This is most demonstrable in the convergence in strategies and patterns of foreign investment in Singapore, Malaysia, and Thailand. All are actively forging links with MNCs for markets, expertise, and technology. Many electronic firms which have formed beach-heads in Singapore are currently diversifying and expanding into Thailand and Malaysia. Driven by different comparative strengths, processes and products are transferred or restructured, imparting a strong measure of collaboration and integration among the ASEAN countries — far more effectively than in past ASEAN efforts. The MNC culture and the trend towards globalization means that the MNCs are likely to treat various subsidiaries in ASEAN as part of the MNC family rather than as national entities.

DEREGULATION IN INDONESIA

Since 1983 when oil revenues declined, Indonesia has adopted strong and wide-ranging economic policy reforms. Fiscal reforms include the devaluation of the rupiah in 1983 and again in 1986 and liberalization of the banking system and the stock market.

There have also been significant tariff reforms. In 1990 tariff rates were cut from an average of over 60 per cent to under 40 per cent. In 1991 tariffs were cut on 887 imported products and non-tariff import curbs on products were removed.

Barriers to foreign investment are also being removed. In 1989 a Presidential Decree introduced a "negative list" (containing only business activities expressly closed to foreign investment) to replace a "priority list" (containing business activities which were open as well as closed to foreign investment). Equity rules for foreign investors in export-oriented manufacturing have been relaxed, and foreigners are now allowed to own up to 20 per cent of shares in domestic companies.

Indonesia views the deregulation process as a continuous exercise in finetuning to allow economic growth to spread to more regions and provinces, and to allow optimum private sector as well as foreign participation.

Thus, to the extent possible, this will require that various ASEAN countries submerge their individual differences to deal effectively with these mutual MNC clients.

The recent proposal to reinitiate the ASEAN Free Trade Area (AFTA) is worth watching. While there have been past attempts, notably the PTAs (Preferential Trading Arrangements), a number of factors may make this attempt more propitious. One is the fresh impetus to react to the imperatives of the European Community becoming a single market in 1992 and the European Economic Area by 1993, the disintegration of the command economies in Eastern Europe, and the establishment of free trade areas between the United States and Canada, and the United States and Mexico. This is in spite of the economic argument that bloc formation is certainly not the answer and is in fact antithetical to free trade. In reality, however, political considerations often outweigh economic ones. Nevertheless, there is cause for optimism in the light of growing consensus that the results advocated by ASEAN's new breed of political leaders and technocratic bureaucrats, must be delivered.

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DOMESTIC FACTORS FOR GROWTH AND CONSTRAINTS

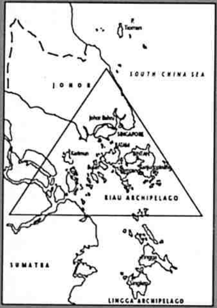
Many ASEAN economies will face critical capacity constraints in the 1990s. Less so in Singapore, all other ASEAN countries are racing to cope with infrastructural needs, ranging from utilities to transport and communications. Careful planning to take into account physical, environmental, and cultural factors has often been sacrificed as the economic boom pushes for immediate solutions, often ignoring undesirable long-term outcomes. Many of these must be dealt with in the 1990s.

In Thailand, for example, rapid growth has exacerbated infrastructural bottlenecks and inflation. Although tourism — Thailand's largest revenue earner since 1982 — is booming, the strain on hotel capacity and the environment is cause for concern.

In Malaysia the strain on infrastructure has been aggravated by the shelving of projects during the 1985-87 recession. In the 1990s infrastructural development will be a priority, and projects will include improved telecommunications, roads and expressways, airports, sea ports, railways, electricity, water and sewerage.

As countries gear up to meet infrastructural demands, there may be scope for increased intra-ASEAN co-operation and assistance. For example, the economics of cost and efficiency favour relying on Singapore Telecom to respond to telecommunications in Batam (Indonesia). Similarly, Singapore benefits from its sourcing for water, gas, and labour from Indonesia and Malaysia. So long as such mutual, bilateral relationships exist and economics can override parochial, political interests, many physical constraints to growth and development can be resolved. These also provide tremendous scope for the private sector to tender

GROWTH TRIANGLE



The concept of the growth triangle is an interesting example of an emerging mode of ASEAN economic co-operation. The distinctive characteristic of a growth triangle is the developing symbiotic relationship between the public and private sectors. Official government support for infrastructural development, fiscal incentives, and the streamlining of for infrastructural projects and opportunities for intra-ASEAN flows of labour, expertise, capital, equipment, and technology.

There is also scope for expanded co-operation in the area of human resource development. For example, Singapore has offered to provide industrial and vocational training within the Johor-Singapore-Riau Growth Triangle. With greater capital and technology input in the ASEAN countries, there will be increasing concern with qualitative aspects of human resource development and productivity.

In 1992 all six countries in the region will be the focus of "Visit ASEAN Year". This year-long promotion will involve megamarketing of the attractions of the region and encourage the ASEAN tourist industry to utilize economies of scale.

other regulatory mechanisms like immigration and worker training, are mobilized for activities which are operationalized by the private sector. Such intra-ASEAN economic linkages based on a web of production, sourcing, and distribution networking systems, are propelled by MNCs.

The growth triangle involving Johor in Malaysia, Singapore, and the Riau Islands in Indonesia is the most developed example of this innovative trend. This southern growth triangle has stimulated similar configurations in the north, such as the growth triangle involving the northwestern Malaysian states of Perlis, Perak, Kedah, and Penang, as well as northern Sumatra in Indonesia, and southern Thailand.

Forecast for 1992–93

The ASEAN link macro-economic model — used to make economic forecasts in the six ASEAN countries — relies, as do all econometric models, on historical data and past trends to estimate the specifications. Projections can be improved by judgemental adjustments factoring in the increasing political will, applied to implementing ASEAN economic co-operation and ties in investment and trade activities. Tables 3 and 4 reflect the results if such adjustments are included.

MALAYSIA'S NEW DEVELOPMENT POLICY

The NEP (New Economic Policy), which had dictated Malaysian economic development for twenty years, was finally laid to rest with the unveiling of the NDP (New Development Policy) in June 1991. This was followed by the OPP2, 1991–2000 (Second Overall Perspective Plan) and the SMP, 1991-95 (Sixth Malaysia Plan). Together, these documents contain the Malaysian blueprint for future economic development and bring Malaysia to a developed country status.

The NDP pledges to eradicate poverty irrespective of race and to restructure society to reduce the identification of race with economic function. Under the OPP2 there are plans to restructure exports to emphasize manufactured goods and increase the importance of the service sector. Privatization — of both government services and other public sector commercial enterprises — is another feature of the OPP2. Under the SMP, growth targets have been raised to an average annual rate of 7.5 per cent. Emphasis will be placed on reducing unemployment through job creation, and raising per capita from M$6,400 in 1990 to M$10,200 in 1995.

TABLE 3
Forecasts of GDP and CPI in ASEAN Countries
(In percentages)

	Brunei	Indonesia	Malaysia	Philippines	Singapore	Thailand
GDP						
1990 actual	2.9	7.1	10.9	2.5	8.3	10.0
1991 forecast	3.0	6.0	8.5	1.5	7.0	8.0
1992 forecast	2.8	6.5	7.6	3.5	6.8	7.5
1993 forecast	2.5	6.2	7.5	3.0	6.5	7.3
Inflation (proxied by CPI)						
1990 actual	2.1	9.4	3.1	14.5	3.4	6.0
1991 forecast	4.0	7.5	4.5	17.5	3.8	7.0
1992 forecast	3.5	7.0	5.0	15.0	3.7	7.2
1993 forecast	3.5	7.2	4.2	16.0	3.5	7.5

For the forecast period up to 1993 it can be anticipated that all the ASEAN economies will not perform as well as they did in 1990. Both Malaysia and Thailand will be constrained by infrastructural bottlenecks. It is also important to note that the growth rates of Malaysia, Indonesia, Thailand, and Singapore are projected to converge at between 6.5 and 7.5 per cent in 1992. As Singapore matures as an NIE and as other near-NIEs catch up, economic growth performance will thus be less disparate. Expectations for 1993 are quite modest, continuing the growth trend projected for 1992.

Forecasts for inflation or consumer price index are less convergent. Double-digit inflation rates are expected for the Philippines, followed by Indonesia and Thailand. Singapore and Malaysia appear to have better control of inflation. In sum, except for the Philippines, all ASEAN inflation rates can be considered as within tolerable limits.

TABLE 4
Indicators of External Variables
(In percentages)

	Indonesia	Malaysia	Philippines	Singapore	Thailand
Export Growth					
1990 actual	5.9	16.6	– 0.5	12.1	12.4
1991 forecast	6.5	13.5	– 6.0	13.0	10.0
1992 forecast	7.0	13.0	6.0	12.8	10.8
1993 forecast	6.8	12.0	6.3	12.5	10.5
Import Growth					
1990 actual	16.1	23.3	10.2	13.3	21.9
1991 forecast	13.0	19.0	3.5	12.0	17.0
1992 forecast	4.0	18.5	18.5	11.7	16.8
1993 forecast	5.0	18.6	17.5	11.5	16.5
Current Account Balance					
1990 actual	US$ – 4.0b	M$ – 4.7b	US$ – 2600m	S$11.5b	B – 179b
1991 forecast	US$ – 4.5b	M$ – 12.0b	US$ – 2500m	S$4.0b	B – 210b
1992 forecast	US$ – 4.2b	M$ – 11.0b	US$ – 2150m	S$5.5b	B – 220b
1993 forecast	US$ – 4.1b	M$ – 12.0b	US$ – 2000m	S$5.8b	B – 225b
Exchange Rate in Local Currency to US$					
1990 actual	1900	2.69	26.00	1.74	25.20
1991 forecast	2030	2.74	29.50	1.70	26.00
1992 forecast	2180	2.70	31.00	1.69	27.00
1993 forecast	2190	2.72	30.00	1.69	27.50

B = baht

SINGAPORE'S NEXT LAP

Following on from Vision 1999 — put forward by the Singapore Government in 1984 to develop the nation to a standard of living comparable with the Swiss — the Next Lap and the Strategic Economic Plan (SEP) look beyond 1999.

Drawing on discussions and ideas from various government and private groups, a book titled *The Next Lap* was published by the government in 1991 to present the hopes and plans for Singapore over the next generation. A more rigorous exercise by the Economic Planning Committee produced the SEP, which maps out the economic strategies to achieve a developed country status by 2030 or earlier. The SEP was unveiled in October 1991.

Apart from calling for economic resilience, *The Next Lap* and the SEP also emphasize the "softer" aspects of development, such as achieving a higher quality of life, a more caring society, greater transparency in the socio-political process, and greater emphasis on human capital development in health and education.

Export growth will moderate in the forecast period up to 1993, compared to the levels in 1990, due to decreasing external demand. Import growth will be affected by the capital needs of countries which have major and ongoing infrastructural projects. It will also be constrained by an inability to pay for these capital imports. This dilemma is reflected by concern over growing deficits in the current accounts of the balance of payments in Malaysia, Indonesia, and Thailand. The seriousness of the current account deficit problems is reflected in the scale of the deficits to GDP in 1991: Malaysia 9 per cent; Indonesia 9 per cent; and Thailand 5 per cent. Clearly it will be necessary to correct these external imbalances in order to insulate the economies from further external shocks and propensities to inflate.

Although local Singapore exporters and those in the tourist sector would welcome an easing of the Singapore dollar, the currency will continue to appreciate during the forecast period because of current

In general, the fundamentals in ASEAN are sound. Deficits are likely to reverse with time, and the new economic mood which features competition and deregulation is encouraging.

account surplus and large capital inflows. The other ASEAN currencies are expected to depreciate during the same period (1991-93).

In general, the fundamentals in ASEAN are sound. Deficits are likely to reverse with time, and the new economic mood which features competition and deregulation is encouraging. While some shifts in foreign investment may occur, particularly to Latin America, the Indian subcontinent, and Eastern Europe, they will not adversely affect foreign direct investment in ASEAN to any significant extent.

ASEAN countries have stimulated confidence by maintaining productivity growth, good credit ratings, and excellent rates of return. A 1989 survey on rates of return on U.S. investments

THAILAND'S SEVENTH DEVELOPMENT PLAN 1992-96

In contrast to the Sixth Plan, which emphasized export-oriented industrialization, the Seventh Plan embraces a broader vision of attaining sustainable development.

The Seventh Plan has three main objectives:

- sustainable economic growth, targetted at 8.2 per cent per annum
- income and prosperity distribution, to continue the goal of poverty eradication
- development of human and natural resources, including environmental preservation measures and improvements in the quality of life.

It is envisioned that this broad and ambitious plan will be spearheaded by the private sector, with the government playing a supportive and supervisory role. Similarly, greater emphasis is to be placed on the development of the small-scale sector. Private sector involvement will also be encouraged for infrastructural investments in order to help solve the infrastructural bottlenecks which have come to be associated with rapid economic growth.

in ASEAN by the U.S. Department of Commerce ranged from 16.9 per cent in the Philippines to 31.7 per cent for Singapore.

The prospects for ASEAN in the next two years are thus more than fair. ASEAN dependence on the OECD economies is not as great as that of the NIEs. However, as ASEAN forges closer relationships with the NIEs, the impact of OECD economic events on ASEAN will grow indirectly. This situation will increase the urgency for more tangible intra-ASEAN economic co-operation. Greater intra-ASEAN investment is anticipated, and this will provide the economic basis for more intra-ASEAN trade and other factor flows of human resources, skills, and technology. While these may not replace similar infusions from outside ASEAN, the quickening trend towards increasing intra-ASEAN integration is a welcome one.

III

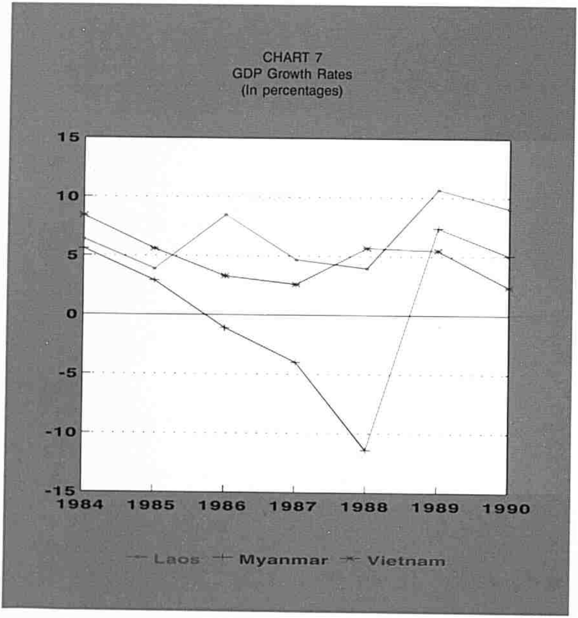
ECONOMIC OUTLOOK

THE INDOCHINESE STATES AND MYANMAR 1992–93

Mya Than

RECENT ECONOMIC REFORMS

In stark contrast to the economies of the Soviet Union and Eastern Europe, economic reforms in the People's Republic of China, the Indochinese states, and Myanmar appear to be evolving without much dramatic political upheaval. In other words, reform in this part of the world is characterized by *perestroika* (economic restructuring) with controlled *glasnost* (political liberalization). Democratization, if it occurs, will progress within the framework of the present political systems.



The economies of Myanmar, Laos, Vietnam, and Cambodia share many common features. They are traditional agricultural economies with almost no modern industrial base. They all chose socialism as their developmental ideology, although there are distinct differences in national approaches. In the mid-1980s, they all began, almost simultaneously, to restructure from "control/command" to "market-oriented" economies.

These reform packages — all implemented in the late 1980s — appear under different names. In Vietnam it is *doi moi*; in Laos, New Economic Management; and in Myanmar, the Open Door Policy. All share several characteristics. They were initiated by trade liberalization policies, along with greater financial autonomy and decision-making responsibilities for SEEs (State Economic Enterprises). Foreign investment laws were liberalized, the banking systems were restructured, and adjustments were made to foreign exchange rates and pricing systems.

In stark contrast to the economies of the Soviet Union and Eastern Europe, reform in the Indochinese states and Myanmar is characterized by *perestroika* (economic restructuring) with controlled *glasnost* (political liberalization).

The introduction of these reforms appears to have been correlated to a certain recovery in the stagnant economies of Vietnam, Laos, and Myanmar. However, after an initial two years of recovery, these countries appear to be experiencing a slow-down (see Chart 7). This can be attributed to sequencing problems and apparent hesitation in implementing further, more fundamental long-term, reforms.

Cambodia Following the lead of its Indochinese neighbours, Cambodia also implemented reforms to improve its war-torn economy. Unlike the Vietnamese and Laotian governments, however, the SOC (State of Cambodia) appears to be taking a low reform profile. The first Five-Year Plan (1986–90) was adopted at the Fifth Party Congress in October 1985. The most important element of the Cambodian reform package has been to recognize the role of the private sector. Family and other private sector economic activities have been encouraged, and autonomy was granted to government industries in 1988. In 1989 inheritance and foreign investment laws were introduced.

Although the reforms appear attractive on paper, it must be remembered that the government practically controls about half the area of the country. Also, the Cambodian economy has been shattered by the long civil war. An assessment of economic reforms in Cambodia must still be filtered through political realities.

Laos Laos introduced its NEM, or New Economic Management, after the Fourth Party Congress held in November 1986. It was implemented in a series of reform measures embodied in government decrees issued from late 1987.

The economy began recovering only in late 1988, when many of the measures introduced under the NEM had been implemented. Encouraging performances were recorded in the agricultural, manufacturing, commerce, and transport sectors. This is attributable to private sector participation, decentralization of decision-making, and the development of the pricing system determined by market forces.

POLICY REFORMS IN LAOS

1987
- financial and management autonomy to SEEs (State Economic Enterprises)
- removal of restrictions on imports by private companies
- adjustment of government procurement prices
- revamping of domestic trading services
- private sector participation in economic activities
- integration of parallel and official exchange rates

1988
- liberalization of most retail prices
- introduction of new SEE taxes
- separation of central and commercial banking functions
- adjustments of bank interest and lending rates introduction of foreign investment law

1989
- log export taxation
- reduction of civil service employees
- establishment of Joint Development Bank

1990
- introduction of new SEE accounting system
- formation of budget revenue monitoring unit
- enactment of Central Bank Law
- integration of official and parallel exchange rates

Myanmar Soon after the military take-over in late 1988, a package of economic reforms, called the "Open Door Policy", was announced with the declared intention of switching from a rigidly centralized to a market-oriented economy. The State Law and Order Restoration Council (SLORC) even dropped the word "socialist" from the official name of the country. Since 1988, Myanmar has continued to adopt a number of measures to achieve its goal of becoming a market-oriented economy.

The Open Door Policy is a clear dissociation from the former rigidly centralized, inward-looking approach to economic planning. However, policy implementation is not comprehensive and there are numerous inconsistencies. For example, governmental support for private sector

POLICY REFORMS IN MYANMAR

1987	• private and co-operative sector participation in foreign trade
1988	• removal of restrictions on private sector participation in domestic and foreign trade • introduction of liberal foreign investment law
1989	• removal of price controls • regularization of border trade • SOE (state-owned economic enterprises) law allowing private sector participation in economic activities
1990	• Myanmar Tourism Law • 100 per cent export retention scheme • Financial Institutional Reform Law • Central Bank of Myanmar Law • Myanmar Agricultural and Rural Development Bank Law • Commercial Tax Law
1991	• announcement of Central Bank of Myanmar regulations

development has not been encouraging. Important issues like exchange rate and price distortions have not been addressed adequately. As a result, although the economy experienced a mild recovery, unchecked inflation has begun to undermine these gains, and the anticipated positive results of the new policy have yet to manifest themselves.

Vietnam After approval at the Sixth Vietnamese Communist Party Congress in late 1986, the Vietnamese Government began implementing *doi moi* (renovation), with the declared aim of reforming the centrally-planned system. Although the main thrust is economic, there are also

POLICY REFORMS IN VIETNAM

1987	• removal of restrictions on private sector trade and transport sector involvement • greater SEE (State Economic Enterprise) financial and decision-making autonomy • introduction of foreign investment law • adjustment of prices of non-essential consumer goods • restructuring of banking system • reduction of rationing system except for rice and kerosene • devaluations in official exchange rate
1988	• reduction of state control over SEE production decisions • legal rights for family economy and private sector • encouragement of individual agricultural production • financial and decision-making autonomy for agricultural co-operatives • devaluations in official exchange rate • enactment of new foreign exchange regulations
1989	• announcement of positive real interest rate policy • removal of import duties for domestic industrial needs
1990	• decree governing commercial banks, credit co-operatives, and other financial institutions, respectively, introducing greater autonomy to commerical banks and stricter controls on credit co-operatives. • decree introducing new instruments through which the State Bank can control the banking sector including open market operations.

declared political objectives: gradual liberalization within the party, the national assembly, and the press.

Initial results have been encouraging despite many physical and institutional obstacles. Three-digit inflation has been curbed, food production has increased remarkably, and the export market has boomed. Non-state sectors are playing an increasingly significant role, and there has been an encouraging response from foreign investors.

TRADE AND INVESTMENT

Since the introduction of the reforms, exports from Vietnam, Laos, and Myanmar have increased by 256 per cent, and their imports by 150 per cent. Although these percentages are encouraging, actual exports and imports still represent an insignificant proportion of world trade.

ASEAN's trade with these three countries is less than one per cent of its total trade, yet for Vietnam, Laos, and Myanmar, trade with ASEAN is very significant. From 1979 to 1989 their annual exports to ASEAN averaged 18 per cent of their total exports; and imports from ASEAN averaged 23 per cent of their total imports.

It is clear that these states will be even more dependent on both Asian and Western trading partners in the 1990s. Up until 1989 the dominant foreign trading partners especially of the Indochinese states were the CMEA (Council of Mutual Economic Assistance) members of which comprised the former socialist countries of Eastern Europe. After the deep cuts in assistance from the CMEA, Laos and Vietnam appear to be turning to the West for support. In contrast, Myanmar's major trading partners are mainly from Asia. Since border trade was regularized in 1988, trade with neighbouring countries such as China, Thailand, India, and Bangladesh has increased rapidly.

A major goal of policy reforms has been to tap foreign capital, technology, and managerial expertise. Lower overhead costs and an abundance of natural resources are the two main attractions.

A major goal of policy reforms has been to tap foreign capital, technology, and managerial expertise. Lower overhead costs and an abundance of natural resources are the two main attractions. Such investment has been increasing, and can be expected to flow more swiftly once the political climate clears and the U.S. aid and investment embargo is lifted in Vietnam and Myanmar. Vietnam appears to be the country most favoured by foreign investors because of its large market, huge oil reserves, open policies, and substantial labour force. FDI (foreign direct investment) in Vietnam up to 1990 was twice that of Myanmar and seven times that of Laos.

Thus far, the major share of foreign investment is coming from Western countries. Most investments are in the extraction of natural resources, including the mining and oil industries, and the services and manufacturing sectors.

Although ASEAN's share in total FDI is small, it has been increasing steadily. ASEAN investment in Myanmar (25.8 per cent of the total) is perhaps indicative of a potential trend because (up until the signing of the Cambodian peace agreement) it is the only country with which all ASEAN countries have diplomatic ties. Once a network of diplomatic relations is in place in Indochina, ASEAN FDI will follow.

Thus despite constraints limiting investments, FDI flows are likely to increase largely because of advantages such as the recent peace agreement on Cambodia, less intense competition, and the business lure of "the earlier you enter, the more favourable your status".

TABLE 5
Foreign Investments in Laos, Myanmar, and Vietnam
(In US$ millions)

Country Group	Laos[1]		Myanmar[2]		Vietnam[3]	
North America	21	(11.7)	176	(26.9)	114	(3.6)
EC	23	(12.8)	119	(18.2)	498	(37.8)
East Asia	5	(2.5)	153	(23.3)	135	(10.2)
ASEAN	18	(9.6)	169	(25.3)	31	(2.4)
Australia	6	(3.5)	25	(3.3)	213	(16.1)
Others	110	(60)	13	(2.0)	328	(24.9)
Total	183	(100)	655	(100)	1319	(100)

NOTES:
Numbers in parentheses are percentages.
[1] As of end September 1990.
[2] As of end February 1991.
[3] As of end September 1990.

RECENT ECONOMIC PERFORMANCE

Vietnam, Laos, Cambodia, and Myanmar have delivered mixed economic signals, despite general economic recovery resulting from reforms. Recent economic performance in Vietnam and Cambodia has been weak, while that of Laos has been more impressive. Myanmar's achievements have been modest, with indications that the economy is again slowing down.

Economic recovery in Vietnam has been possible because of growth in the agricultural sector. Growth rates of between 5 and 6 per cent were due in part to good weather, and in part to reforms which affected agricultural prices, incentives, and availability of inputs. For one year (1989) Vietnam actually became the third largest exporter of rice, but this could not be sustained. Vietnam's 1990 GDP dip was due primarily to a decline in agricultural growth.

The Lao success story in the agricultural sector has been attributed to major reforms in land use and pricing systems. In Cambodia the paddy output increase in 1988 was attributed to CMEA inputs. Despite good weather, it fell in 1989 because CMEA inputs were lacking. There was a further decline in 1990. This was offset in Cambodia by increases in rubber and timber production. Reforms in marketing policies contributed to an increase in the agricultural sector in Myanmar in both 1989/90 and 1990/91.

Industrial performance in Vietnam dipped in 1988 but recovered by 1990, largely due to SEE reforms and to private sector development. The oil and mining industries performed well in 1990, although they still faced problems in trying to wean themselves from dependence on CMEA countries.

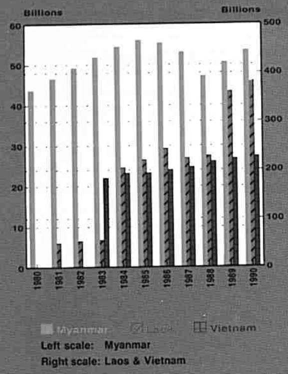
The industrial sector in Laos expanded in 1989 and again in 1990. Growth of small enterprises, the privatization of some state-owned factories, and the FDI inputs were some contributing factors.

In Cambodia in 1988 industrial production did not even measure up to 1983 levels. This was partly due to the reallocation of some factories to the private sector and the granting of "autonomy" to sixty-nine factories producing household goods. The main cause, however, was the withdrawal of Vietnamese troops and the continuing civil war.

Although industrial output in Myanmar increased in 1989, it fell in 1990 due to continued shortages of power, fuel, raw materials, and spare parts.

Recent economic performance in Vietnam and Cambodia has been weak, while that of Laos has been more impressive. Myanmar's achievements have been modest, with indications that the economy is again slowing down.

CHART 8
GDP of Laos, Myanmar, and Vietnam
(Domestic currency)



Fiscal improvements as a result of reforms are also apparent. In Vietnam, tax revenue as a percentage of GDP declined in 1990, but total expenditure as a percentage of GDP also decreased, resulting in an overall decline in the budget deficit. In Laos a revenue increase as well as an expenditure decline resulted in a significant fall in the budget deficit. Due to reforms in the fiscal and financial sectors, Myanmar's revenues increased in 1990/91. However, due to huge government expenditure there was an increase in the budget deficit against the previous year.

Cambodia's state budget, most heavily dependent on CMEA countries, suffered and its budget deficit increased. This was aggravated by a substantial rise in military spending in 1989 and 1990 due to the withdrawal of Vietnamese troops.

In the past decade, much attention has been paid to human resource development, and in comparison to other countries with similar income levels, Vietnam, Laos, and Myanmar have very impressive rates for key education and health indicators (see Table 6). There is thus reason for optimism with regard to further human resource development in these three countries.

TABLE 6
Human Resource Development Indicators, 1988/89

	Laos	Myanmar	Vietnam
Population (million)	4	41	65
Labour Force (%)	55	41	49
in agriculture (% of labour force)	76	64	68
in industry (% of labour force)	7	9	12
Literacy Rate	70	78	84
Primary School Enrolment (% Age Group)	110	103	100
General Education Establishments	9000	36000	15000
Vocational Schools	140	100	500
Universities	0	31	103
Population per Hospital Bed	37	1100	1300
Population per Physician (1984)	1360	3740	1000
Life Expectancy	49.7	61.3	62.7
Infant Mortality Rate	105	66	43

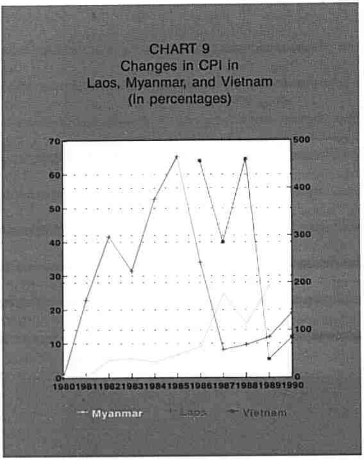
SOURCE: UNDP, *Human Development Report 1991* (New York, 1991); World Bank, *World Development Report* (Washington, 1991); and country reports.

CONSTRAINTS TO GROWTH

Although economic reforms in this part of the region give hope for future growth, there will continue to be numerous constraining factors. Constraints to economic growth are often political, in view of the fact that political decisions almost always prevail over economic ones. Thus although generally impressive, all economic reforms suffer from slow implementation and continually face possible derailment if ruling groups feel threatened.

The relationship with Western donor countries will be better for Indochinese countries now that the Cambodian peace agreement has been signed. Myanmar's relationship with many Western countries will, however, remain strained until the present military government undertakes political reforms and transfers power to the elected representatives.

Budget deficits resulting from loose monetary and fiscal controls, overvalued foreign exchange rates, and excessive bureaucracy, will continue to be serious obstacles to successful reforms. High inflation rates (at times triple digit), caused primarily by the monetization of fiscal



deficits in the face of sharp drops in assistance from CMEA countries, will remain critical, at least in the short term. Unless exports rise sharply, high debt service ratios will become increasingly burdensome.

Perhaps the major problem which will face Myanmar and the Indochinese states in the 1990s is increasing unemployment. The reorganization of the SEEs, the restructuring of the services sector, and a decline in public investment have exacerbated the problem. Vietnam will have a total of 2 million unemployed, out of which about 1 million will be demobilized armed forces personnel, 600,000 former SEE employees, and 400,000 returnees from the CMEA countries and the Middle East.

The unemployment rate in Myanmar has increased sharply since 1988 due to cut-backs in public sector activities, and the unemployment of previously underemployed persons engaged in petty trade, hawking, and arbitrage activities. In Laos there have also been substantial public sector cut-backs, including 10,000 jobs in the medical services alone. High inflation rates make the unemployment problem all the more pressing.

FORECAST FOR 1992-93

Political stability will continue in Indochina. The "desocialization" of the rural areas, new pricing systems, and increased participation of the private sector in domestic trade can be expected to give continued impetus to improvements in the performance of the agricultural sector. Similarly, increased involvement of the private sector in the industrial sector will lead to improved performance. Based on the latest available statistics, economic forecasts for the period from 1991-93 are shown in Table 7.

The disintegration of the CMEA and the floundering Soviet economy have had grave consequences for the Indochinese states, dependent as they have been on support from their fellow socialist bloc members. The most pressing agenda for the 1990s thus appears to be the necessity to source new international partners.

Western sources, although forthcoming, are still pending the final resolution of the Cambodian problem, and, in the case of Myanmar, the resolution of the current internal political tensions. Aid, assistance, and trading arrangements with the West are therefore likely to remain contingent on political settlements.

Given these realities, it appears likely that more attention will be paid to initiating dialogues with regional groupings, such as ASEAN,

TABLE 7
GDP, CPI, and Export and Import Growth Rate Forecasts for Laos, Myanmar, and Vietnam, 1991–93

Country	Real GDP 1990 (Actual)	Real GDP 1991 (Forecast)	Real GDP 1992 (Forecast)	Real GDP 1993 (Forecast)	CPI 1990 (Actual)	CPI 1991 (Forecast)	CPI 1992 (Forecast)	CPI 1993 (Forecast)
Laos	9.1	5.0	4.5	6.0	19	40	15	10
Myanmar	5.6	3.5	3.0	4.0	35	50	70	90
Vietnam	2.4	3.0	4.0	5.5	90	200	100	50
	Growth Rate of Exports				Growth Rate of Imports			
Laos	15.0	3.0	10.0	12.0	25.0	15.0	12.5	15.0
Myanmar	27.6	10.0	12.0	12.0	70.0	– 10.0	– 15.0	10.0
Vietnam	16.6	24.5	15.0	10.0	9.0	12.5	15.0	20.0

the EAEC, and/or APEC, as well as individual countries within the Asia-Pacific region. Indeed, on 16 November 1991 the Singapore Government announced a lifting of its ban on investments in Vietnam and Cambodia.

The diversity of the Southeast Asian region in terms of levels of development, resource availability, and consumption patterns, indicates a high potential for an expansion of inter-regional trade, particularly border trade, and private investment. Cambodia, Laos, Myanmar, and Vietnam, with a total population of over 100 million, form an attractive potential market for made-in-ASEAN products.

Cambodia in 1992–93

With the Cambodian issue resolved, the economy looks set to be revived. In 1991 many countries, including Malaysia, Taiwan, South Korea, and the USSR, extended support to the SOC (State of Cambodia). Even the United States, in a policy shift, granted financial aid to support the SOC programmes for women and children.

The Cambodian Government has indicated its intention to auction off gas and oil exploration rights, and MNCs are reacting favourably. In 1991 alone, some thirty-six foreign investment projects received in-principle agreement. Foreign trade, including border trade, is gaining momentum.

However, budget deficit problems, the impact of Vietnam troop withdrawals, and reduction in USSR aid, will probably mean that brighter prospects will be deferred to later in 1992 and 1993.

Laos in 1992–93

Laos will have a relatively high growth rate of 6.6 per cent for 1992, according to government projections. This figure is quite close to the Asian Development Bank's (ADB) projection of 6.3 per cent.

Such optimism is based on prospects for expanding exports of forest products and electricity, which will increase by 10 to 15 per cent per annum. Although the agricultural sector will continue to grow, industry will be a key growth sector because of increasing private sector contributions, continuing privatization, and higher domestic demand. Large concessional loans are already forthcoming from the ADB and the IMF, and aid sources include Japan and the United States.

Factors which contribute to a gloomier assessment include the 1990/91 rice shortage, deep cut-backs and possible cancellation of assistance from CMEA countries, and the need to repay debts in convertible currency. The 1991 Mekong floods have also had an adverse impact.

On balance, the outlook for economic growth in Laos is good. The growth rates are estimated at 5.0 per cent for 1991; 4.5 per cent for 1992; and 6.0 per cent for 1993.

Myanmar in 1992–93

There will be a reduction in private investment and a slowing of economic growth in Myanmar due to various factors — natural, political, and economic. Recent flooding in the Irrawaddy delta, which destroyed half a million acres of paddy fields, and drought in the central part of the country, will mean that the government's estimates will be revised downward for 1991 and 1992.

The government's projection of 7 per cent industrial growth for 1991/92 is perhaps over-optimistic, given infrastructural bottlenecks, and shortages of power and foreign exchange. Foreign trade has stagnated, due to dwindling export surpluses, lack of confidence in the kyat currency, and fluctuating government policies.

Although the United States and the EC are presently pushing hard for the imposition of global trade sanctions against Myanmar because of alleged human rights violations, the possible effect of this campaign is difficult to evaluate at this stage.

The anticipated public deficit increase of nearly 200 per cent against 1990/91 is unsustainable. Furthermore, considering the high increase in the cost of basic goods, the already unchecked inflation rate (CPI) will be close to 50 per cent in 1991. Inflation rates in 1992 and 1993 will probably rise to 70 per cent and 90 per cent respectively, assuming no major policy changes.

In the circumstances, the growth rate in Myanmar in 1991/92 will be between 3 and 4 per cent, and for 1992/93 and 1993/94 it will be around 3 per cent per annum. Balance of payments as a percentage of GDP will continue to decline, and there will be little improvement in international reserves.

Vietnam in 1992–93

ADB forecasts higher growth rates for Vietnam (4 per cent for 1991 and 5 per cent for 1992) assuming availability of adequate inputs to compensate for those no longer forthcoming from CMEA countries. Such optimism is based on the fact that the generous foreign investment law and its recently passed amendments had already attracted US$2 billion during the first half of 1991. Also, projected export growth rates are high, and SEE (State Economic Enterprise) reforms are anticipated to yield results. The resolution of the Cambodian issue, resumption of aid from France, and normalization of relations with China are further grounds for optimism in 1992 and 1993.

Cautionary notes must, however, not be ignored. Vietnam is heavily dependent on the Soviet economy, and under the new 1991 agreement, Vietnam must pay for vital industrial imports in hard currency. Soviet assistance has also been cut by 6 billion roubles. A further shadow has been cast by the loss of a record 1.5 million tonnes of paddy in 1991 due to adverse weather conditions. Other factors will be a continued decline in foreign remittances from the Gulf, higher unemployment rates, and inflation rates which are likely to exceed 200 per cent.

Given these factors, it appears more likely that Vietnam's economy will grow between 2.5 and 3.5 per cent in 1991; 4 per cent in 1992; and 5 per cent in 1993. This 1993 figure could be higher assuming the resumption of U.S. aid, and the lifting of the U.S. trade embargo.

APPENDICES

CHART A-1
Exports with ASEAN
(In US$ millions)

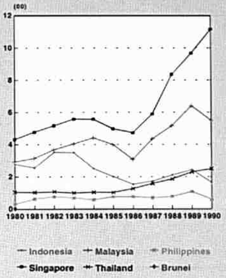


CHART A-2
Exports with Non-ASEAN
(In US$ billions)

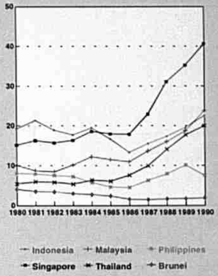


CHART A-3
Exports with ASEAN and Non-ASEAN
(In US$ millions)

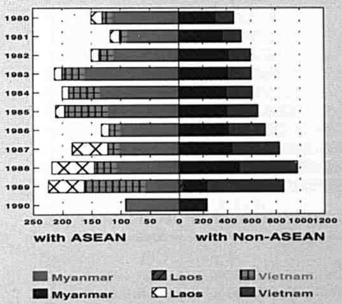


TABLE A-1 SELECTED ECONOMIC INDICATORS: INDONESIA

Particulars	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
NATIONAL ACCOUNTS													
(At Constant 1983 Prices)					Billion Rupiahs								
Gross domestic product	18570.0	62254.4	66700.0	68453.2	77676.3	82910.7	84910.7	90013.6	94302.2	99696.6	108311.9@	106457.5@	112844.9@
Private consumption	14960.0	37675.2	43901.2	46652.8	47063.0	48740.2	49448.0	50530.0	52200.4	54212.3	49269.1@	45308.4@	–
Government consumption	1627.8	6422.2	7145.6	7852.5	9077.3	8553.0	8991.2	9241.3	9225.7	9924.3	8672.3@	7873.2@	–
Gross fixed capital formation	2525.6	12993.4	14263.5	15479.4	19467.9	18298.5	19615.8	21421.7	22596.8	23246.0	32013.8@	31000.4@	–
STRUCTURE OF PRODUCTION					Per Cent								
GDP by industrial origin	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	–
Agriculture	47.40	24.40	24.00	26.00	29.90	24.00	24.20	23.90	23.40	21.10	20.50	19.70	–
Industry	17.90	41.30	42.00	39.00	29.70	37.50	36.60	37.40	36.70	40.10	40.30	40.60	–
Services	34.70	34.30	34.00	35.00	46.90	38.40	39.2	42.00	41.00	40.00	39.30	39.60	–
INTERNATIONAL TRANSACTIONS					Million US $								
Exports	1108.0	23950.0	25165.0	22328.0	21146.0	21888.0	18587.0	14805.0	17136.0	19218.0	22974.0	28143.0	30056.7@
Imports	1234.0	10834.0	13272.0	16859.0	16352.0	13882.0	10259.0	10718.0	12370.0	23248.0	16310.0	25997.0	27296.9@
Balance of payment													
(Current account balance)	–310.0	3011.0	–566.0	–5324.0	–6338.0	–1856.0	–1923.0	–2098.0	–1397.0	–1368.0	–1108.0	–3769.0	–4100@
Foreign exchange	156.0	5012.0	4521.0	2593.0	3639.0	4702.0	4838.0	3919.0	5483.0	4948.0	5357.0	7353.0	–
Exchange rates					Rupiahs/US $								
(End of period)	378.0	626.8	644.0	692.5	994.0	1074.0	1125.0	1641.0	1650.0	1731.0	1797.0	1901.0	–
PRICE INDEX AND MONEY SUPPLY													
Consumer price index (1985=100)	12.8	62.9	70.6	77.3	86.4	95.5	100.0	105.8	115.6	124.9	133.0	145.5@	156@
Money supply–M2 (Billion Rupiahs)	* 250.3	23950.0	25165.0	22328.0	21146.0	21888.0	18587.0	14805.0	17136.0	19218.0	–	–	–
INTEREST RATES													–
Bank deposit rates	21.0	6.0	6.0	6.0	6.0	16.0	18.0	15.4	16.8	17.7	18.6	–	–
EMPLOYMENT AND WAGES													–
Employment (Thousand)	na	51553.0	59123.0	57803.0	57811.0	60084.0	62457.0	68338.0	70403.0	72538.0	74278.9@	76061.6@	–
Wages in manufacturing/month(Rupiahs)#	na	468.2	562.7	700.3	816.3	899.9	952.3	na	na	na	na	na	–

* Money supply
\# Labour cost in manufacturing/year (Thousand)
@ Estimates

SOURCES: Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries*; International Monetary Fund, *International Financial Statistics*, various issues; IMF, *Direction of Trade Statistics*, Yearbook, various issues; International Labour Office, *Yearbook of Labour Statistics*, various issues.

TABLE A-2 SELECTED ECONOMIC INDICATORS: MALAYSIA

Particulars	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
NATIONAL ACCOUNTS													
(At Constant 1978 Prices)					Million Ringgits								
Gross domestic product	13016.0	44512.0	47602.0	50430.0	53582.0	57741.0	57150.0	57859.0	60929.0	66258.0	71294.0	81483.8@	89632.2@
Private consumption	24445.0	25686.0	26531.0	27376.0	29142.0	11914.0	12389.0	13311.0	14003.0	14437.0	35198.0	42778.9@	–
Government consumption	na	7750.0	8784.0	9552.0	9989.0	9500.0	9471.0	9536.0	9676.0	10149.0	10790.0	10837.3@	–
Gross fixed capital formation	12677.0	13931.0	16450.0	17767.0	19193.0	19761.0	17888.0	14601.0	13954.0	16084.0	19181.0	26319.3@	–
STRUCTURE OF PRODUCTION					Per Cent								
GDP by industrial origin	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	–
Agriculture	32.0	22.9	23.0	23.4	22.0	20.1	20.8	21.4	21.9	21.1	20.2	19.4	–
Industry	24.7	35.8	36.0	29.7	30.3	37.5	36.6	37.9	38.3	39.8	41.0	41.7	–
Services	43.3	41.3	41.0	46.9	47.7	42.4	42.5	40.7	39.8	39.1	38.7	38.9	–
INTERNATIONAL TRANSACTIONS					Million Ringgits								
Exports	5163	28172	27109	28108	32737	38647	38017	35721	45138	55260	67836	782560@	87650@
Imports	4288	23451	26604	29023	31755	32926	30438	27921	31934	42393	60898	71601@	84919@
Balance of payment					Million US $								
(Current account balance)	8	–285	–2486	–3601	–3497	–1671	–613	–122	2633	1875	–145	–1231	–4412@
Foreign exchange	542	4114	3816	3509	3509	3470	4621	5697	7055	6134	7393	9327	–
Exchange rates					Ringgits/US $								
(End of period)	3.0775	2.2224	2.2423	2.3213	2.3383	2.4250	2.4265	2.6030	2.4928	2.7153	2.7033	2.7015	–
PRICE INDEX AND MONEY SUPPLY													
Consumer price index (1985=100)	44.9	79.7	87.4	92.5	95.9	99.7	100.0	100.7	101.6	103.6	106.5	109.8@	114.4@
Money supply–M2 (Million Ringgits)	2033.0	27652.0	32370.0	37648.1	41193.0	45888.3	48396.5	53767.0	564549.0	60360.4	68522.1	–	–
INTEREST RATES													
Bank deposit rates	na	6.23	9.67	9.75	8.02	9.54	8.81	7.17	3.00	3.33	4.60	5.90	–
EMPLOYMENT AND WAGES													
Employment (Thousand)	na	4835	5061	5247	5429	5566	5625	5707	5881	6088	6297	6473@	–

@ Estimates

Sources: Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries*, International Monetary Fund, *International Financial Statistics*, various issues; IMF, *Direction of Trade Statistics*, Yearbook, various issues; International Labour Office, *Yearbook of Labour Statistics*, various issues.

TABLE A-3 SELECTED ECONOMIC INDICATORS: PHILIPPINES

Particulars	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
NATIONAL ACCOUNTS													
(At Constant 1972 Prices)					Billion Pesos								
Gross domestic product	51.0	92.6	96.2	99.0	99.9	93.9	89.9	91.2	95.5	101.4	107.5	110.2@	111.8@
Private consumption	37.1	7.9	61.6	63.5	65.3	66.0	66.0	66.6	70.4	74.6	78.8	64.4	–
Government consumption	4.2	8.3	8.6	9.1	8.8	8.3	8.2	8.2	8.8	9.4	10.1	7.9	–
Gross fixed capital formation	7.9	22.7	23.5	23.7	23.1	15.6	11.8	10.1	12.0	13.9	16.6	15.7	–
STRUCTURE OF PRODUCTION					Per Cent								
GDP by industrial origin	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	–
Agriculture	28.8	25.6	23.0	25.6	22.0	27.8	29.2	29.8	28.1	27.4	26.9	26.9	–
Industry	29.4	36.2	37.0	36.1	30.3	34.1	32.3	31.1	32.0	32.7	33.1	33.0	–
Services	41.8	38.3	40.0	38.3	47.7	38.9	38.5	39.1	39.9	39.9	40.0	40.1	–
INTERNATIONAL TRANSACTIONS					Million US $								
Exports	1142.0	5788.0	5722.0	5021.0	5005.0	5391.0	4629.0	4842.0	5720.0	7074.0	7821.0	7781.9	8272.2@
Imports	9288.0	8295.0	8479.0	8263.0	7979.0	6428.0	5445.0	5394.0	7188.0	8731.0	11171.0	12206.0	14342.1
Balance of payment (Current acc.bal.)	–48	–1916.0	–2096.0	–3212.0	–2711.0	–1294.0	–35.0	854.0	–444.0	–390.0	–1465.0	–2688.0	–2000.0@
Foreign exchange	195.0	2846.0	2064.0	885.0	746.0	574.0	550.0	1675.0	913.0	951.0	1365.0	868.0	–
Exchange rates					Pesos/US $								
(End of period)	6.435	7.600	8.200	9.171	14.002	19.760	19.032	20.530	20.800	21.335	22.440	24.310	–
PRICE INDEX AND MONEY SUPPLY													
Consumer price index (1985=100)	10.0	39.4	44.6	49.1	54.0	81.2	100.0	100.8	104.6	113.7	125.8	141.7	166.5@
Money supply–M2 (Million Pesos)	4697	55431	65638	78703	97119	111169	125923	139518	158315	195984	251141	–	–
INTEREST RATES													
Bank deposit rates	na	12.250	13.717	13.742	13.581	21.172	18.914	11.253	8.202	11.315	14.126	19.538	–
EMPLOYMENT AND WAGES													
Employment (Thousand)	11772	16434	17452	17371	19212	19673	19801	20595	20812	21497	21837	–	–
Wages in manufacturing/month (Pesos)	na	860.0	983.0	1091.0	1248.0	1642.0	1951.0	2183.0	2537.0	2676.0	–	–	–

@ Estimates

SOURCES: Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries*; International Monetary Fund, *International Financial Statistics*, various issues; IMF, *Direction of Trade Statistics*, Yearbook, various issues; International Labour Office, *Yearbook of Labour Statistics*, various issues.

TABLE A-4 SELECTED ECONOMIC INDICATORS: SINGAPORE

Particulars	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
NATIONAL ACCOUNTS													
(At Constant 1985 Prices)					Million Singapore dollars								
Gross domestic product	5804.9	28832.5	31603.1	33772.3	36537.2	39572.5	38923.5	39641.4	43387.4	48223.7	52678.7	57016.2	61121.4@
Private consumption	3919.6	14809.7	15491.3	16086.4	16852.1	17711.6	17552.9	18287.7	20052.5	22747.9	24550.3	26056.1	–
Government consumption	692.5	3241.5	3411.6	3863.8	4235.9	4457.2	5548.5	5606.8	5666.5	5407.3	5588.3	6228.8	–
Gross fixed capital formation	1888.5	11126.6	12810.3	15405.7	17067.7	18677.4	16424.8	14540.2	15028.0	16267.3	19138.9	21958.4	–
STRUCTURE OF PRODUCTION					Per Cent								
GDP by industrial origin	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	–
Agriculture	2.3	1.1	1.0	1.0	0.9	0.8	0.8	0.7	0.5	0.4	0.4	0.3	–
Industry	29.8	38.8	31.2	31.2	31.9	32.3	30.5	35.7	36.1	36.6	36.6	35.9	–
Services	67.9	60.0	38.2	38.3	67.2	66.8	68.7	63.7	63.4	63.8	63.8	63.8	–
INTERNATIONAL TRANSACTIONS					Million Singapore $								
Exports	4756.0	41452.0	44290.0	44473.0	46155.0	51340.0	50179.0	48985.0	60266.0	79051.0	87116.0	95206.0	107106.7@
Imports	7534.0	51345.0	58248.0	60245.0	59505.0	61134.0	57846.0	55546.0	68415.0	88227.0	96864.0	109806.0	122433.7@
Balance of payment					Million US $								
(Current account balance)	–572.0	–1563.0	–1470.0	–1296.0	–610.0	–385.0	–4.0	319.0	224.0	1306.0	2338.0	2431.0	3372.1@
Foreign exchange	1005.0	6491.0	7443.0	8351.0	9130.0	10291.0	12686.0	12751.0	15000.0	16861.0	38145.0	48033.9	–
Exchange rates					Singapore $/US $								
(End of period)	3.0775	2.0935	2.0478	2.1085	2.1270	2.1780	2.1050	2.1750	1.999	1.9462	1.8944	1.745	–
PRICE INDEX AND MONEY SUPPLY													
Consumer price index (1985=100)	45.6	107.4	111.5	106.8	102.9	102.3	100.0	84.9	91.3	89.6	91.9	95.0	98.6@
Money supply–M2 (Million S $)	3783.0	16065.0	19671.0	22871.0	25526.0	27121.0	28148.0	30955.0	37089.0	42088.0	51544.0	–	–
INTEREST RATES													
Bank deposit rates	na	9.37	10.71	7.22	6.31	6.98	4.99	3.91	2.89	2.74	3.21	4.67	–
EMPLOYMENT AND WAGES													
Employment (Thousand)	651	1077	1113	1141	1168	1175	1154	1149	1193	1239	1278	1486	–
Wages in manufacturing/month(S $)#	na	na	na	na	na	na	na	732.4	772.7	828.2	908.1	–	–

@ Estimates

SOURCES: Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries*; International Monetary Fund, *International Financial Statistics*, various issues; IMF, *Direction of Trade Statistics*, Yearbook, various issues; International Labour Office, *Yearbook of Labour Statistics*, various issues; Department of Statistics, Singapore, *Monthly Digest of Statistics*, August, 1991.

TABLE A-5 SELECTED ECONOMIC INDICATORS: THAILAND

Particulars	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
NATIONAL ACCOUNTS													
(At Constant 1982 Prices)					Million Bahts								
Gross domestic product	119850	299472	318439	331380	355408	380738	394113.0	411814	446361	495374	554000	415935	449210@
Private consumption	na	197744	201696	206984	221450	237229	241983	253966	273381	300107	329300	–	–
Government consumption	na	40171	45636	47206	50781	54446	58191	57308	58944	61396	63300	–	–
Gross fixed capital formation	na	70573	73811	72358	81659	90592	85775	82165	93004	109466	139400	–	–
STRUCTURE OF PRODUCTION					Per Cent								
GDP by industrial origin	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	–
Agriculture	30.2	20.6	24.0	25.6	23.7	28.6	29.2	29.8	17.3	16.9	15.9	14.2	–
Industry	25.7	30.8	28.0	36.1	29.1	29.7	32.3	31.1	31.7	32.2	33.7	25.3	–
Services	44.1	48.6	48.0	38.3	47.2	46.7	38.5	39.1	51.0	50.9	50.5	50.1	–
INTERNATIONAL TRANSACTIONS					Million Bahts								
Exports	14772.0	133197.0	153001.0	159728.0	146472.0	175237.0	193366.0	233383.0	299853.0	403570.0	509477	533910@	589971@
Imports		188686.0	216746.0	196616.0	236609.0	245155.0	251169.0	241358.0	334209.0	513114.0	585240	753242@	877527@
Balance of payment					Million US $								
(Current account balance)	–250.0	–2090.0	–2569.0	–1003.0	–2874.0	–2109.0	–1537.0	247.0	–365.0	–1654.0	–2455	–5675	–8181@
Foreign exchange	790.0	1552.0	1671.0	1513.0	1561.0	1890.0	2157.0	2736.0	3906.0	5997.0	9461.0	13247	–
Exchange rates					Bahts/US $								
(End of period)	20.93	20.63	23.00	23.00	23.00	27.15	26.65	26.13	25.07	25.24	25.69	25.29	–
PRICE INDEX AND MONEY SUPPLY													
Consumer price index (1985=100)	31.2	78.7	88.6	93.3	96.8	97.6	100.0	101.8	104.4	108.4	114.2	125.6@	135.7@
Money supply (M2)	19448.0	251801.0	292905.1	363819.9	450500.4	537884.9	593494.7	672773.0	808584.4	956126.1	1207225.0	–	–
INTEREST RATES													
Bank deposit rates	na	12.00	12.50	13.00	13.00	13.00	13.00	9.75	9.50	9.50	9.50	–	–
EMPLOYMENT AND WAGES													
Employment (Thousand)	16619*	22524	24366	24831	25184	25999	25853	26691	27639	29464	30142	30835	–
Wages in manufacturing/month (Bahts)	1264	1506	1696	1706	2717	2826	2631	2692@	2754@	2817@	2882@	2948@	–

* 1971

@ Estimates

SOURCES: Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries*; International Monetary Fund, *International Financial Statistics*, various issues; IMF, *Direction of Trade Statistics*, Yearbook, various issues; International Labour Office, *Yearbook of Labour Statistics*, various issues.

TABLE A-6 SELECTED ECONOMIC INDICATORS: BRUNEI DARUSSALAM

Particulars	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
NATIONAL ACCOUNTS													
(At Constant 1974 Prices)					Million Brunei dollars								
Gross domestic product	* 546.3	4258.9	3414.5	3549.5	3567.4	3588.8	3535.3	3433.7	3464.8	3547.4	3618.3	3723.3	3835.0
STRUCTURE OF PRODUCTION													
(At Constant 1974 Prices)													
GDP by industrial origin	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	–	–	–
Agriculture	2.6	0.8	0.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9	–	–	–
Industry	68.0	81.4	78.3	77.4	76.4	72.2	71.7	69.3	65.8	63.1	–	–	–
Services	29.4	17.9	21.0	21.9	22.8	27.0	27.4	29.8	33.2	36.0	–	–	–
INTERNATIONAL TRANSACTIONS					Million Brunei dollars								
Exports	292.0	9852.9	8591.7	8153.3	7170.7	6813.9	6532.9	3990.1	4005.6	3463.4	3693.5	–	–
Imports	256.0	1230.6	1264.7	1571.6	1542.2	1331.5	1348.4	1456.9	1351.0	1451.3	1722.8	–	–
PRICE INDEX AND MONEY SUPPLY													
Consumer price index (1977=100)	na	118.2	129.0	137.2	138.8	143.1	146.4	149.0	150.9	152.7	154.7	157.9	164.2@
Money supply–M2 (Million Brunei $)	na	1262.1	1885.7	1941.3	2582.6	2926.2	3620.8	3126.4	4445.5	4162.7	4178.0	–	–
EMPLOYMENT AND WAGES													
Employment	**40012	na	68128	na	na	na	na	81104	–	–	–	–	–
Wages in manufacturing/hour (B. $)	na	3.6	3.9	4.0	5.0	4.5	4.6	4.1	4.1	4.1	–	–	–

* Market prices
** 1971
@ Estimates

Sources: Statistics Division, Economic Planning Unit, Ministry of Finance; *Brunei Darussalam Statistical Yearbook*, various issues.

TABLE A-7 SELECTED ECONOMIC INDICATORS: MYANMAR

Particulars	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
NATIONAL ACCOUNTS													
(At Constant 1985/86 Prices)					Million Kyats								
Gross domestic product	9976	43824	46608	49223	51878	54437	55986	55396	53178	47096	50562	53455	55326@
Private consumption)	na	36067	38279	41795	44916	48523	49532	49053	47629	41086	42428	44205	–
Government consumption)													
Gross fixed capital formation	na	8204	9386	10562	9142	8546	8646	8271	7556	5409	8323	9695	–
STRUCTURE OF PRODUCTION					Per Cent								
GDP by industrial origin	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	–
Agriculture	38.30	37.20	37.60	37.80	37.80	37.60	37.00	37.00	37.00	47.80	51.10	49.60	–
Industry	14.70	15.20	15.40	15.60	16.30	15.40	16.40	16.40	15.60	11.70	12.20	12.20	–
Services	47.00	47.60	47.00	46.60	45.90	46.50	46.60	46.60	47.40	40.50	36.70	37.60	–
INTERNATIONAL TRANSACTIONS					Million Kyats								
Exports	516	2733	3453	3036	3420	3195	2654	2514	1679	2193	3406	5041	5545@
Imports	807	4882	5611	6314	5197	5014	4802	3936	4066	3443	2846	5910	5319@
Balance of payment					Million US $								
(Current account balance)	–63.0	–347.1	–314.0	–498.7	–344.1	–217.8	–205.5	–294.0	–349.0	–194.0	–229.0	–446.0	–
Foreign exchange	31.4	253.7	215.8	88.8	82.0	55.3	33.9	33.1	27.1	77.3	262.8	492.3	–
Exchange rates					Kyats/US $								
(End of period)	4.8020	6.7572	7.3970	7.7775	8.2231	8.7512	7.8420	7.0395	6.1097	6.4104	6.4942	6.0804	–
PRICE INDEX AND MONEY SUPPLY													
Consumer price index (1985=100)	29.1	80.0	80.3	84.5	89.3	93.6	100	109.3	136.4	158.3	210.3	236.8	355.2@
Money supply–M2 (Million Kyats)	2448	9931	12010	13565	15702	18469	18145	23748	18126	23521	30942	27510	–
INTEREST RATES					Per Cent								
Bank deposit rates	0.75	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	–
EMPLOYMENT AND WAGES													
Employment (Thousand)	10.87	13.52	13.79	14.19	14.50	14.79	15.13	15.41	15.40	15.14	15.22	15.74	–
Wages in manufacturing/month (Kyats)	na	337.09	226.6	235.85	252.76	167.46	258.48	262.91	na	na	na	na	–

* Money supply
@ Estimates

SOURCES: Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries*; International Monetary Fund, *International Financial Statistics*, various issues; IMF, *Direction of Trade Statistics*, Yearbook, various issues; The Union of Myanmar, *Review of the Financial, Economic and Social Conditions*; International Labour Office, *Yearbook of Labour Statistics*, various issues.

TABLE A-8 SELECTED ECONOMIC INDICATORS: LAOS

Particulars	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
NATIONAL ACCOUNTS													
(At Constant 1988 Prices)					Million Kips								
Gross domestic product	na	na	50270	53834	56353	204782	220589	243502	223486	228146	361036	382250	401363@
Private consumption	na	na	na	na	na	21949	24546	26295	21695	26722	35020@	46635@	–
Government consumption	na	na	na	na	na	147399	162929	179005	181960	155978	–	–	–
Gross fixed capital formation	na	na	na	na	na	67195	67976	71411	65197	65426	–	–	–
STRUCTURE OF PRODUCTION					Per Cent								
GDP by industrial origin	na	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	–
Agriculture	na	78.76	80.53	77.10	75.93	59.03	60.41	60.34	59.00	59.36	60.28	55.10	–
Industry	na	8.66	7.50	10.98	11.63	21.75	21.09	20.67	17.48	18.38	19.48	17.80	–
Services	na	12.58	11.97	11.92	12.44	19.23	18.50	18.99	23.52	22.26	20.24	25.70	–
INTERNATIONAL TRANSACTIONS					Million US $								
Exports	na	28	23	40	41	44	54	55	62	63	63	63	67@
Imports	na	92	110	132	150	162	193	186	216	193	197	185	229@
Balance of payment (Current acc.bal.)	na	–66.4	–69.2	–68.2	–95.9	–82.8	–93.7	–90.5	–117.7	–93.7	131.0	–71.0	–
Foreign exchange	na	–	–	–	–	10.6	25.3	31.8	20.6	16.1	49.0	58.0	–
Exchange rates					Kips/US $								
(End of period)	na	10	30	35	35	35	35	95	350	450	689	965	–
PRICE INDEX AND MONEY SUPPLY													
Consumer price index (1985=100)	na	17.3	21.3	30.1	39.2	60.5	100.0	134.0	145.0	159.0	178.0	212.0	296.0@
Money supply–M2 (Million Kips)	na	785*	1205*	1668*	1655*	2300*	2280*	3876	15842	21715	41113	–	–
INTEREST RATES													
Bank deposit rates	na	na	na	na	na	na	9.6	9.6	9.6	14.0	14.0	–	–
EMPLOYMENT AND WAGES													
Employment (Thousand)	1630	na	na	na	na	na	1757	1705	1833	1874	1912	1956	–
Wages in manufacturing/month (Kips)	na	na	na	na	na	na	na	7000	7000	7000	7000	7581	–

* M1

@ Estimates

SOURCES: Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries*; International Monetary Fund, *International Financial Statistics*, various issues; IMF, *Direction of Trade Statistics*, Yearbook, various issues; Economist Intelligence Unit, *Indochina: Vietnam, Laos, Cambodia–1990/91, Country Profile*; International Labour Office, *Yearbook of Labour Statistics*, various issues.

TABLE A-9 SELECTED ECONOMIC INDICATORS: VIETNAM

Particulars	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
NATIONAL ACCOUNTS													
(At Constant 1982 Prices)					Billion Dongs								
Gross domestic product	na	na	na	na	183.3	193.6	193.6	200.1	205.2	217.2	222.2	227.5	234.3@
Private consumption	na	na	na	na	na	na	na	0.7	13.8	11.5	1.3	–	–
Government consumption	na	na	na	na	na	na	na	259.3	303.1	354.6	383.7	–	–
Gross fixed capital formation	na	na	na	na	na	na	na	30.8	118.1	608.4	1919.8	2500.0	–
STRUCTURE OF PRODUCTION					Per Cent								
GDP by industrial origin	na	na	na	na	na	na	100.0	100.0	100.0	100.0	100.0	100.0	–
Agriculture	na	na	na	na	na	na	50.6	49.9	47.0	45.9	48.5	47.9	–
Industry	na	na	na	na	na	na	31.3	31.4	34.0	33.2	31.3	32.0	–
Services	na	na	na	na	na	na	18.2	18.7	19.0	20.8	20.2	20.1	–
INTERNATIONAL TRANSACTIONS					Million Rubble and Dollar								
Exports	na	170.6	174.0	209.8	235.1	269.2	746.0	822.9	854.2	1038.4	1946.0	2189.2	2725.6@
Imports	na	939.9	654.5	509.1	488.9	593.2	1590.0	247.6	307.6	385.0	574.1	2595.4	2919.8@
Balance of payment					Million US $								
(Current account balance)	na	na	na	na	na	na	–891	–1423	–1360	–1542	–1101	–490	–
Exchange rates					Dongs/US $								
(End of period)	na	2.09	9.05	9.76	10.28	11.20	350.00	250.00	1000.00	4500.00	4000.00	5200.00	–
PRICE INDEX AND MONEY SUPPLY													
Consumer price index (1985=100) #	na	na	na	na	na	na	100	458	286	462	39	85	200@
EMPLOYMENT AND WAGES													
Employment (Thousand)	na	24500	na	na	na	na	28110	28110	29704	30522	31368	32246@	–
Wages in manufacturing/month (Dongs)	na	na	na	na	na	2148	2448	2413	11882	54522	54522	–	–

* Million US $

\# Changes in CPI

@ Estimates

SOURCES: IMF, *Direction of Trade Statistics*, Yearbook, various issues; Economist Intelligence Unit, *Indochina: Vietnam, Laos, Cambodia–1990/91, Country Profile*; Socialist Republic of Vietnam, General Statistical Office, Trade Information Centre; *Economy and Trade of Vietnam: 1986–1990.*

TABLE A–10 GROWTH RATES OF GDP, EXPORTS, IMPORTS, AND CPI

	1984	1985	1986	1987	1988	1989	1990	1991@	1992@	1993@
Brunei										
GDP	0.6	–1.5	–2.9	0.9	2.4	2.0	2.9	3.0	2.8	2.5
CPI	3.1	2.3	1.8	1.3	1.2	1.3	2.1	4.0	3.5	3.5
Exports	–5.5	–4.1	–38.9	0.4	–13.5	6.6	–	–	–	–
Imports	–13.7	1.3	8.0	–7.3	7.4	18.7	–	–	–	–
Indonesia										
GDP	6.7	2.5	5.9	4.9	5.7	7.4	7.0	6.0	6.5	6.2
CPI	10.5	4.7	5.8	9.3	8.0	6.4	9.4	7.5	7.0	7.2
Exports	11.0	–10.7	–22.3	19.5	13.4	17.8	5.9	6.8	6.5	7.0
Imports										
Malaysia										
GDP	7.8	–1.0	1.2	5.2	8.9	8.8	9.4	10.0	7.6	7.5
CPI	4.0	0.3	0.7	0.9	2.5	2.8	3.1	3.8	4.2	4.0
Exports	19.9	–7.8	–10.5	31.1	17.4	19.1	16.6	12.0	13.5	13.0
Imports	1.3	–13.9	–10.9	15.7	28.4	36.7	23.3	18.6	19.0	18.5
Philippines										
GDP	–6.0	–4.3	1.4	4.7	6.3	5.6	2.5	1.5	3.5	3.0
CPI	50.4	23.2	0.8	3.8	8.8	10.6	14.5	17.5	15.0	16.0
Exports	7.7	–14.1	4.6	18.1	23.7	10.6	–0.5	6.3	–6.0	6.0
Imports	–18.9	–15.8	–1.3	33.6	21.1	27.7	10.2	17.5	3.5	18.5
Singapore										
GDP	8.3	–1.6	1.8	9.4	11.1	9.2	8.3	7.2	7.5	6.5
CPI	4.0	0.5	–1.4	0.5	1.5	2.4	3.4	3.8	3.7	3.5
Exports	10.9	–5.0	–0.9	28.7	28.3	13.8	12.1	12.5	13.0	12.8
Imports	1.8	–8.9	–3.9	27.8	34.9	13.3	13.3	11.5	12.0	11.7
Thailand										
GDP	7.1	3.5	4.5	9.5	13.2	12.0	10.0	8.0	7.5	7.3
CPI	0.8	2.5	1.8	2.6	3.8	5.4	6.0	7.0	7.2	7.5
Exports	16.3	–3.8	24.7	31.7	36.1	25.6	12.4	10.5	10.0	10.8
Imports	0.7	–9.1	0.3	42.8	48.6	27.5	21.9	16.5	17.0	16.8
Myanmar										
GDP	5.6	2.9	–1.1	–4.0	–11.4	7.4	5.1	3.5	4.0	4.0
CPI	4.8	6.9	9.2	23.9	16.9	27.2	35.0	50.0	70.0	90.0
Exports	–3.0	–14.6	6.4	–17.1	24.5	67.5	27.6	10.0	12.0	12.0
Imports	–22.5	–9.1	21.1	–1.5	3.6	49.2	7.0	–10.0	–15.0	10.0
Laos										
GDP	6.4	3.9	8.5	–4.7	4.0	10.7	9.1	5.0	4.5	6.0
CPI	27.0	65.3	35.0	7.0	11.9	68.1	18.6	40.0	15.0	10.0
Exports	7.6	22.1	–1.1	12.7	48.9	6.2	15.0	3.0	10.0	12.0
Imports	8.2	19.3	6.6	16.4	33.8	10.0	10.4	15.0	12.5	15.0
Vietnam										
GDP	8.4	5.6	3.3	2.6	5.7	5.5	2.4	3.0	4.0	5.5
CPI	64.9	91.6	487.2	316.9	310.9	76.0	90.0	200.0	100.0	50.0
Exports	13.1	12.2	5.2	9.7	24.6	67.8	16.6	24.5	15.0	10.0
Imports	19.1	1.9	35.5	1.7	16.2	3.3	9.0	12.5	15.0	20.0

@ Projections

SOURCES: Asian Development Bank, *Asian Development Outlook*, various issues; ADB, *Key Indicators of Developing Asian and Pacific Countries, 1990.*

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