

East Asian Economic Growth

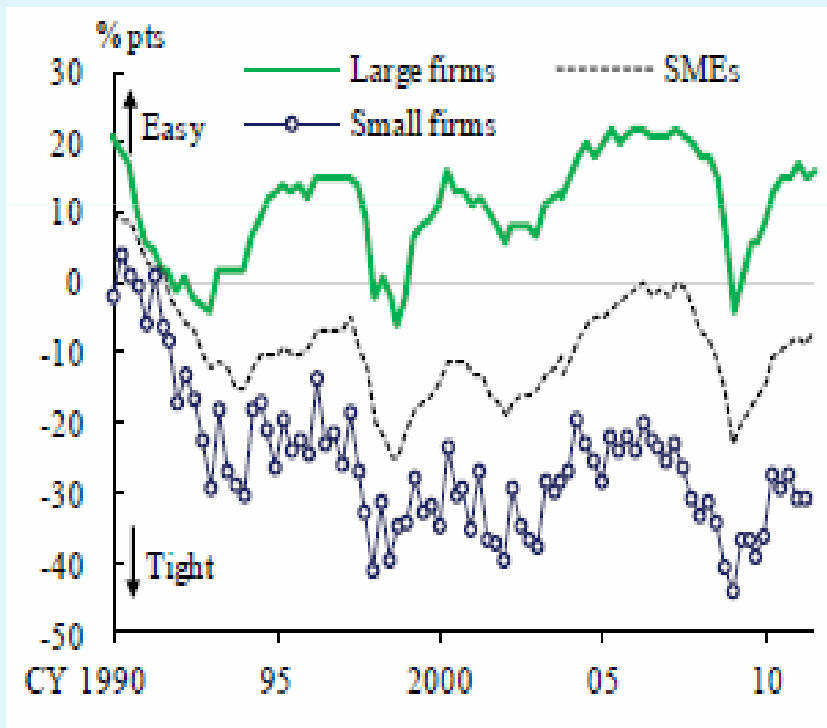
December 9, 2011

Kiyoto IDO

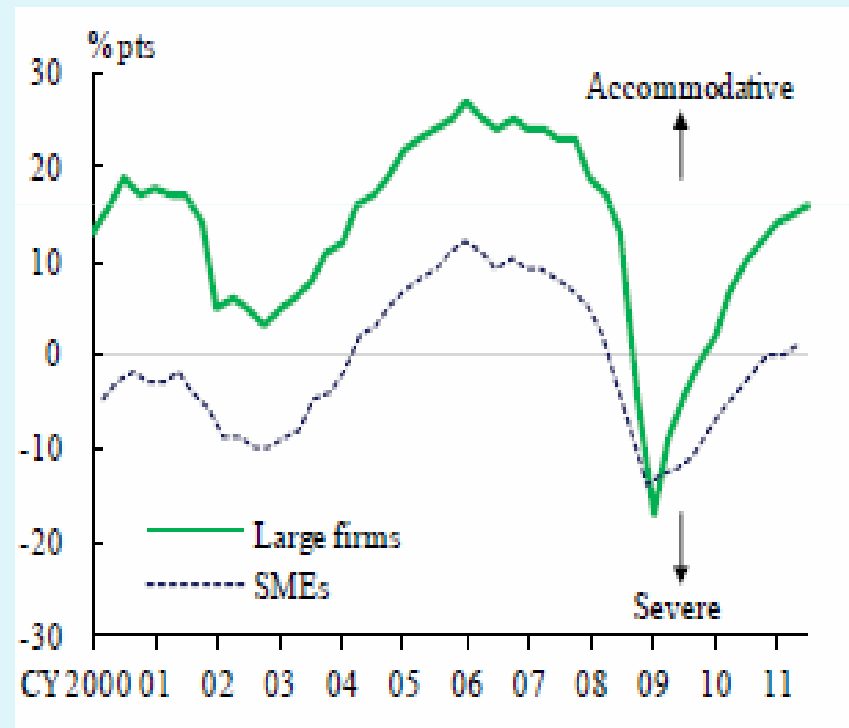
Vice Chairman, Institute for International Economic Studies

Financial Conditions in Japan have generally continued to ease

DIs of financial positions



DIs of lending attitudes of financial institutions



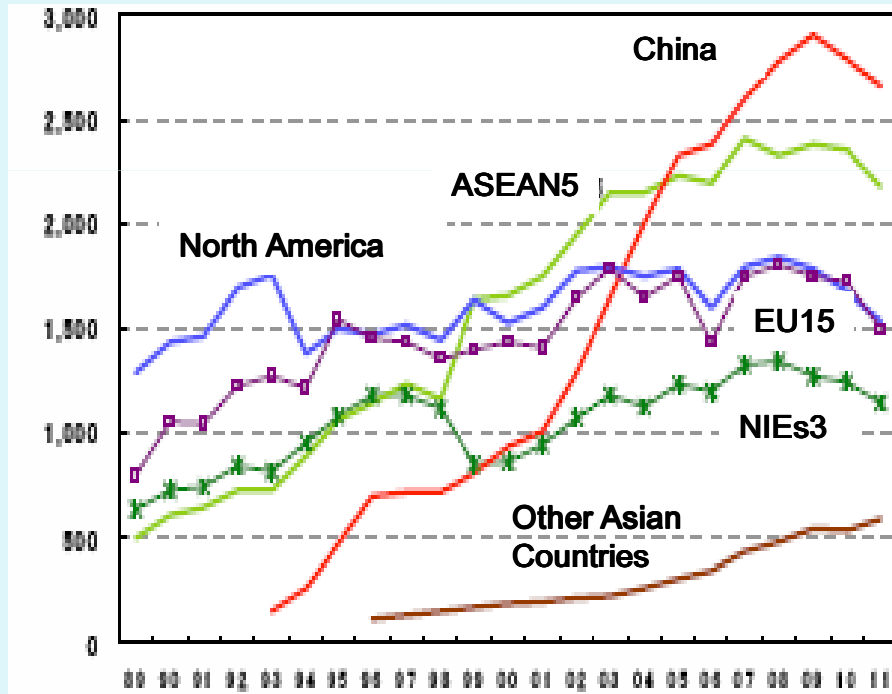
Note; SMEs stands for small and medium-sized enterprises

Source : BOJ, Tankan

Continued Increase in Number of Overseas Subsidiaries

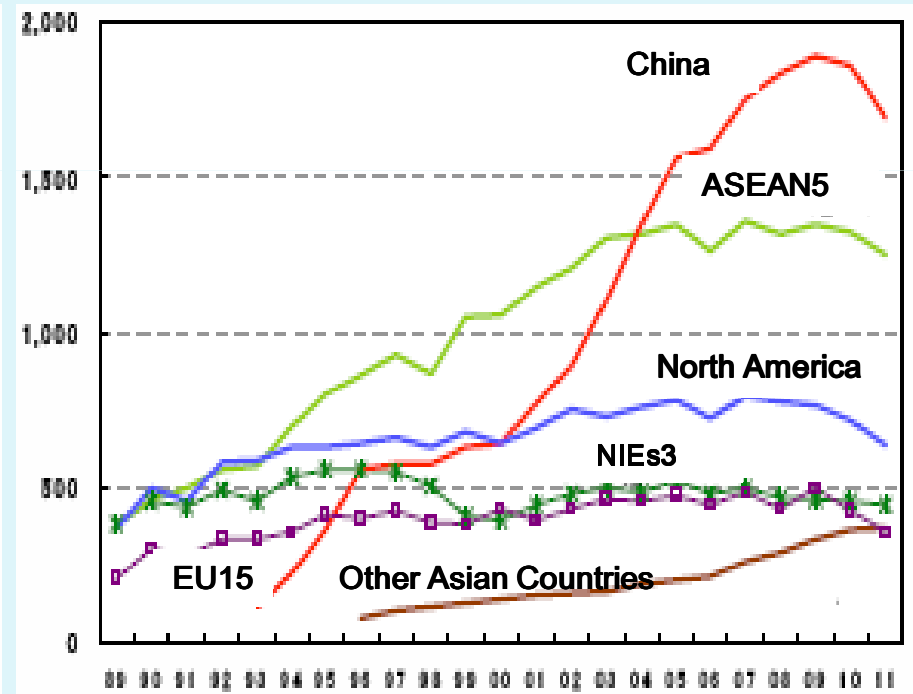
Number of Overseas Subsidiaries

(Unit Number of companies)



Number of Overseas Production Bases

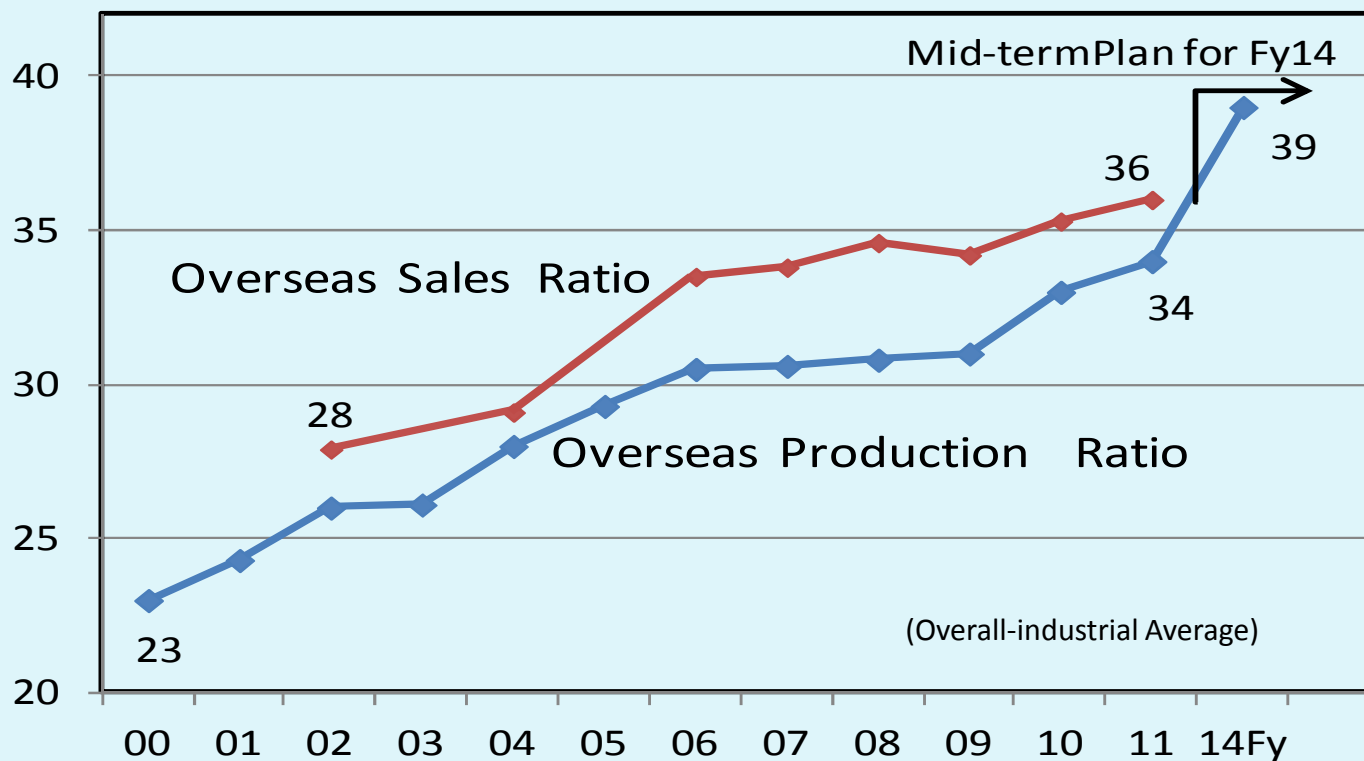
(Unit Number of companies)



Source:JBIC

Continued Increase in Overseas Sales/Production Ratio

Overseas Sales/Production Ratio (%)



Overseas Sales Ratio = $(\text{Overseas Sales}) / (\text{Domestic Sales} + \text{Overseas Sales})$

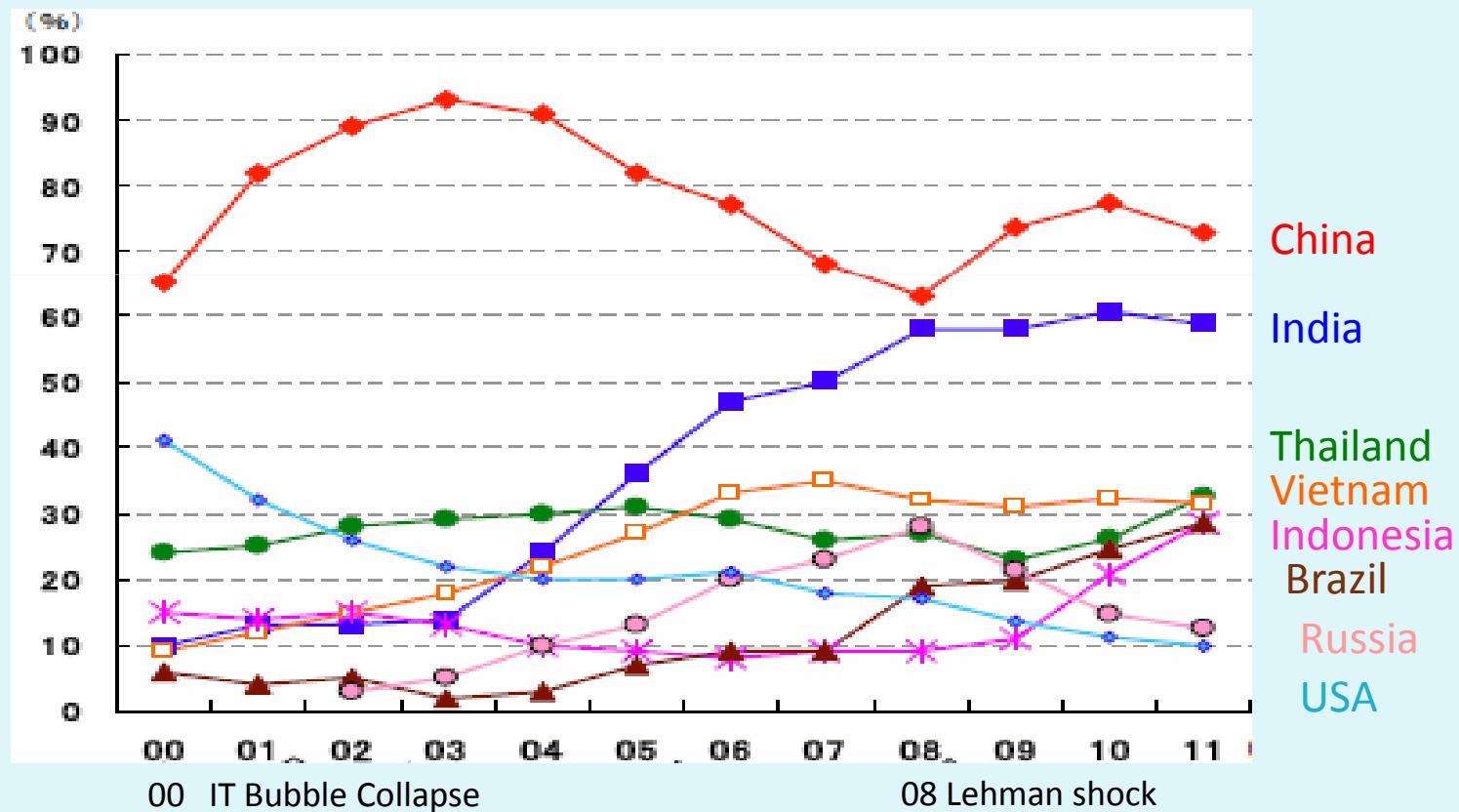
Overseas Production Ratio = $(\text{Overseas Production}) / (\text{Domestic Production} + \text{Overseas Production})$

(Overall-industrial Average)

Source:JBIC

The Reason China is Perceived as Promising: “Growth Potential of the Local Market”

Promising Countries for Overseas Business Operations over the Medium Term



01 Terrorist attacks
China's WTO Accession

Source:JBIC

East Asia's GDP will Exceed that of EU by 2015

East Asia's GDP

Forecast
(Trillions of US \$)

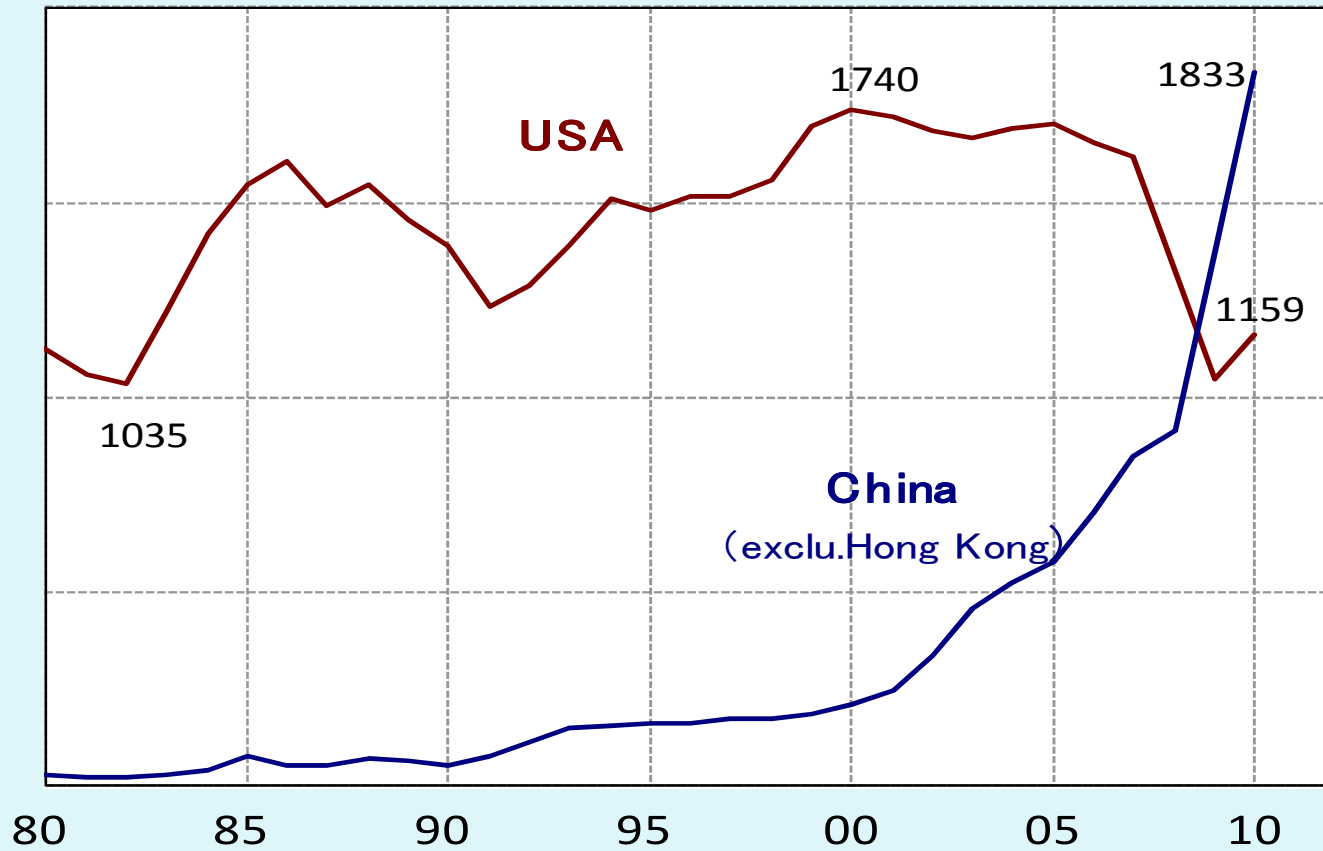
	1980	2009	2010	2015
ASEAN+3	1.6	12.3	14.2	21.8
Japan	1.1	5.0	5.5	6.6
Korea	0.1	0.8	1.0	1.6
China	0.2	5.0	5.9	10.6
EU	2.9	16.4	16.2	20.4

ASEAN+3: Thailand, Indonesia, Malaysia, Singapore, Philippines,
Brunei, Cambodia, Laos, Vietnam, Myanmar, Japan, China, Korea

Source: IMF

China : The Largest Auto Market in The World

China and USA Auto Market (Units:10k)



Source: Autodata, TMC

The Growth of The Middle Class* in East Asia

	Estimate	(Unit: billion people)
2000	2010	2020
0.2	0.8	1.4

Note: People of households by household disposable income
China, Hong Kong, Taiwan, Indonesia, Thailand, Vietnam,
Singapore, Malaysia, Philippines, Korea

* Household income of \$5000 or more and less than \$35,000.

Source: Euromonitor International 2010

East Asia as “The World’s Factory”

Production Share by Region(2010)

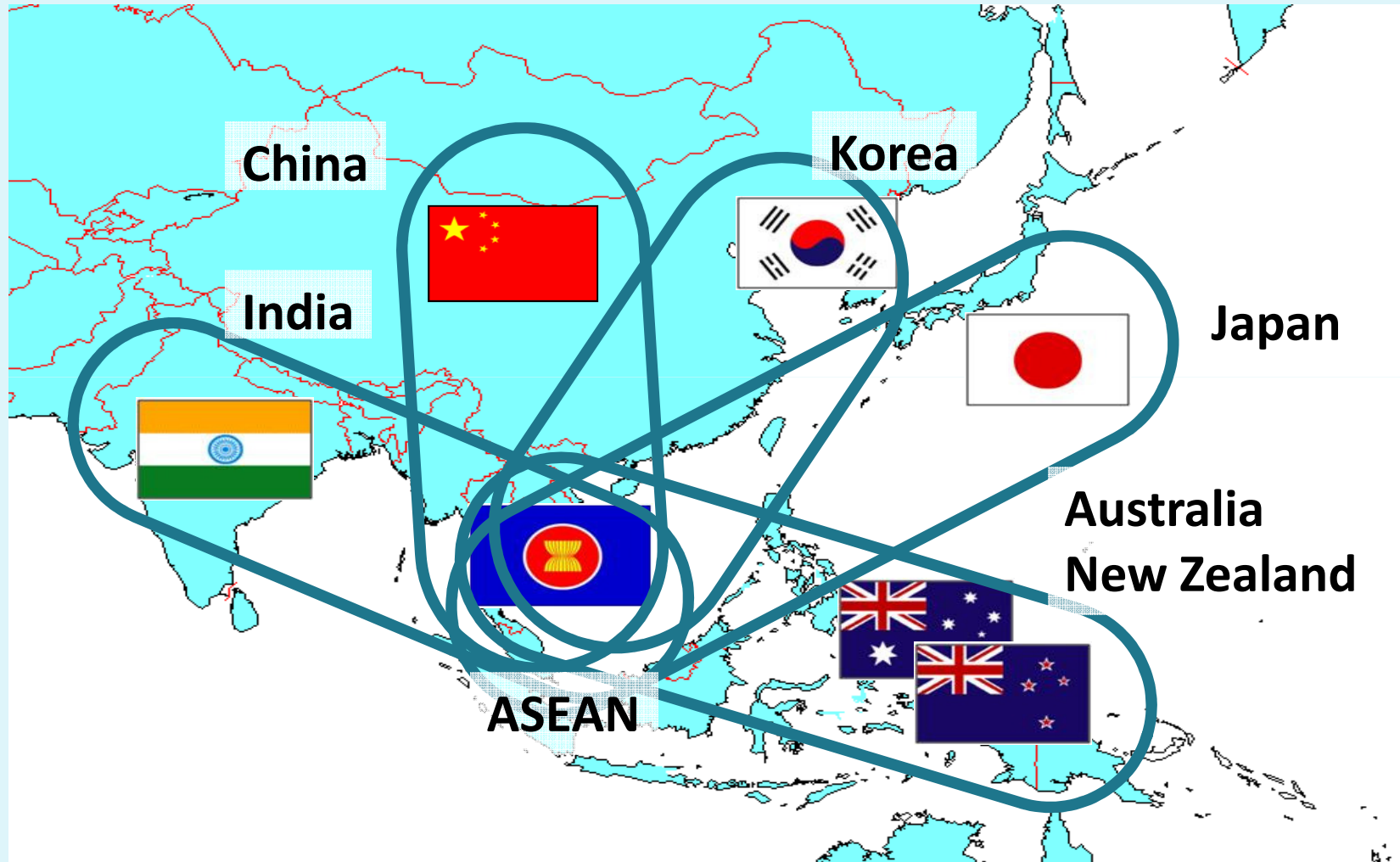
(%)

	Asia			Europe	North America	
	China	Japan	Korea			
PC*	83	2	1	87	6	4
Mobile Phone	60	1	7	90	3	0
Electronic Parts	34	26	17	73	0	0
LCD TV	49	6	2	64	15	0
Vehicle	24	12	6	53	25	13

* notebook,desktop, and tablet

Source: Fuji Chimera Research,JAMA

ASEAN – centered FTAs



Regional Challenges:

Challenges that all nations in the region face:

Infrastructure and energy resource limitations,
environmental issues and
declining birthrate and aging populations

China's Immediate Challenges:

- excessive trade imbalance and trade friction issues
- real-estate bubble caused by excess liquidity and inflation concerns
- labor shortages and rising wage issues

China's Mid/long term Challenges:

- CO2 emissions; 30% of the world total in 2030
- energy efficiency; less than 1/8 of Japan's level
- serious air and water pollution
- income disparity (urban/rural, within cities)
- aging society; a decline in the labor force participation rate from around 2015 (population peak in 2030)

Japan's Role in East Asian Growth

Japan will play an even more important role in sharing its accumulated knowledge and in technological cooperation.

Japan's Role - Fulfilling Consumer Demand by High-valued Goods

Image of Foreign Products in 14 cities in Asian and Other Emerging Countries

(MA)

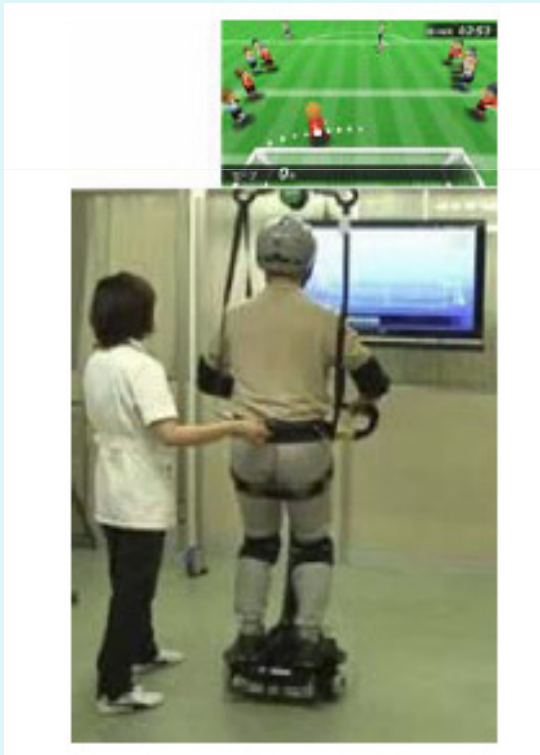
	Japanese products	European products	Korean products	Chinese products
High quality	70	47	27	18
Coolness	44	40	35	18
Strong uniqueness	40	35	24	16
Lively and vigorous	36	31	42	32
Fairly priced	34	25	29	26

Note: countries surveyed are China,Hong Kong,Taiwan,Korea,Singapore Thailand,Indonesia,Malaysia,Philippines,Vietnam,India,and Russia

Source:Hakuhodo(2009)

Japan's Role - Utilizing Robot Technology for Nursing and Healthcare

Balance Training Assist



Independent Walk Assist



Personal Mobility

