

ASIA-PACIFIC ECONOMIC UPDATE, 2012

Volume 1

***Analytical Updates, Economic Outlooks, and Key Statistics
for Area of Responsibility Economies***

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Preface

Welcome to the *Asia-Pacific Economic Update, 2012 (APEU)*. It continues the tradition at the U.S. Pacific Command (USPACOM) of providing a one-stop source for high-quality economic information about the Asia-Pacific region. If readers require economic data and a concise economic analysis of the 36 USPACOM area of responsibility (AOR) economies, then *APEU* Volume 1 meets that requirement. If a reader is uncertain about an economic term or concept, then Volume 2, which is a lexicon, should be consulted. If, on the other hand, a researcher is concerned about a contemporary AOR economic issue, then Volume 3 is likely to satisfy that requirement because it is a reader on important Asia-Pacific region economic issues. Finally, and for the second year running, if readers have questions about the most important economic resource in the region, energy, then they should consult a new and improved version of Volume 4 of the *APEU*, which is an Energy Supplement.

The 2011 *APEU* Energy Supplement provided information about the energy mix, key statistics, and greenhouse gas emissions profiles for AOR economies. The 2012 *APEU* Energy Supplement goes a step further by examining regional energy trends in the Asia-Pacific; focusing on current and expected energy vulnerabilities and corresponding opportunities.

The 2012 *APEU* Energy Supplement was prepared by Jennifer Hendrixson White, a Presidential Management Fellow who spent six months researching Asia-Pacific energy issues at the Department of Defense (DOD), both at USPACOM and at the Office of the Under Secretary of Defense for Policy in the Pentagon. Ms. White brought to the DOD substantial experience in foreign policy from her post as an Officer for Energy and Environment in the Bureau for East Asian and Pacific Affairs at the U.S. Department of State in Washington, D.C.

The key objective of the *APEU* is to provide high-quality information on AOR economies to USPACOM staff and the broader defense and Asia-Pacific policy community to encourage better understanding of economic conditions in this dynamic and important region. We hope that the *APEU* will inform more nuanced, effective policies and decision-making related to security and energy issues in the Asia-Pacific region.

We invite you to assess the *APEU* and the impact that this information has on your work. Our mandate is to make AOR economic issues user-friendly—a goal which we best achieve with your input. Please send comments about the 2012 *APEU* to the USPACOM Economic Advisor, Dr. Brooks Robinson (Brooks.Robinson@pacom.mil; +1. 808.477.9195).

Thanks for the opportunity to serve!

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Overview

Introduction.—In the fall of 2012, the Asia-Pacific region is somewhat of an economic after-thought. The primary questions are: Can the US economy grow more rapidly? How much will US growth be suppressed by reduced demand from the European Union (EU)? Can the EU, especially the Euro Zone economies, resolve the lingering debt crisis, and stimulate economic growth again? After answering those questions, one turns to the Asia-Pacific region and asks one of the following two questions: Can Asia-Pacific region growth serve as a stimulant to US and European growth? or To what extent will a tepid US economy and a receding EU economy pull down growth in the Asia-Pacific region?

In our view, of the latter two questions about the Asia-Pacific region, the former is irrelevant, while the latter is on target. There is no doubt that the global economic slowdown is contributing to a rebalancing of economies; however, most of the Asia-Pacific region emerging market economies continue to be oriented toward export-led growth. Consequently, a close look at the data reveals that growth in these economies has slowed because of reduced export demand mainly from Europe. As Asia-Pacific economies adjust, rely less on exports to spur growth, and increase domestic demand, not only will these economies be able to accelerate growth, but they may one day be a more important source of growth for Europe and the US.

In this introduction to Volume 1 of the *APEU, 2012*, we provide global and regional economic context. We follow in Part 1 with core data, analytical updates, and economic outlooks for the 16 largest economies in the US Pacific Command's area of responsibility (AOR). In Part 2, we provide basic data for the remaining, mainly small, AOR economies. We differentiate in our treatment of large and small economies because it is difficult to identify data for small economies for a range of variables that we feature in our analysis of large economies.

World Economic Conditions.—Following the 2008-2009 global financial and economic crisis, the world economy experienced an upsurge in 2010—growing 5.1%. Growth slowed in 2011 to 3.8%, and is expected to slow further to 3.3% in 2012. The outlook for 2013 is for a moderate acceleration to 3.6% growth. The important caveat to the 2013 forecast is that outcomes could be improved or worsened by developments in the EU and the US. EU success in resolving its debt crisis and US success in managing its “fiscal cliff” will shine a brighter economic light on global economic growth. On the other hand, EU and US failure to address their respective economic problems will darken the day.

General Conditions in the AOR.—The advanced and developing (emerging market) economies in the Asia-Pacific region experienced 5.8% growth during 2011. For 2012, growth is expected to decelerate to 5.4%. Consistent with the global economy, growth in the Asia-Pacific region is expected to reaccelerate to 5.8% during 2013. Advanced economies will follow 1.3% growth during 2011 with 2.3% growth in 2012 and 2013.

The pattern of growth for emerging market economies is somewhat more volatile: 2011 growth of 7.8% is to be followed by 6.7% growth in 2012 and an uptick to 7.2% growth in 2013.

Specific Conditions in Large Asia-Pacific Economies.—By focusing on the Asia-Pacific region’s top five economies (China, Japan, India, Australia, and South Korea), we can comprehend rather well economic undertones in the region. Having the largest economy, there is considerable concern about China’s ability to achieve a soft landing and reaccelerate growth. It is expected to follow 9.2% 2011 growth with 7.8% growth this year and 8.2% growth in 2013. There is concern that Japan will return to very slow growth following a pickup in growth after the March 2011 earthquake and tsunami. Japan’s 0.8% decline in 2011 is expected to be followed by 2.2% growth in 2012, and a return to weak 1.2% growth in 2013. India, too, is reflecting a volatile economic growth pattern. India’s 6.8% growth in 2011 is expected to drop to 4.9% growth in 2012 before rising again to 6.0% growth in 2013. Anomalously, Australia is expected to see its 2.1% growth in 2011 increase to 3.3% in 2012 before falling slightly to 3.0% growth in 2013. Finally, South Korea will experience significant swings in its growth: From 3.6% in 2011 down to 2.7% in 2012 before rising again to 3.6% growth in 2013.

Economic Developments and Military Operations.—China continues to lead the AOR in military spending; both in level and in growth rate. This spending and what has been characterized as aggressive military behavior in the East and South China Seas have forced other AOR nations to be on the defensive. That defensive posture is being reflected in military spending by these nations. Table 1 provides estimates of the levels of 2011 spending for the top five militaries in the Asia-Pacific region and average growth rates over the past three years. U.S. military spending is also quite robust over the last three years.

Table 1.—2011 Military spending in USD for Selected Asia-Pacific Economies and the United States

Line No.	Military	2011 Spending (USD billions)	Three-year moving average real growth rate
1	China	\$142.9	10.4%
2	Japan	\$59.3	0.9%
3	India	\$48.9	4.7%
4	South Korea	\$30.8	2.5%
5	Australia	\$26.7	2.5%
6	United States	\$711.4	3.2%

Source: Stockholm International Peace Research Institute

Potential Problems.—Firstly, and as highlighted above, a significant vulnerability for the Asia-Pacific region continues to be weak economic demand from Europe and, to a lesser extent, from the US. Secondly, frictions in the East and South China Seas—if they intensify or result in miscalculations—could prove problematic for Asia-Pacific

region economies. China is the center of the Asia-Pacific region's economic wheel. The region can little afford to experience a conflict that halts or slows the flow of goods between China and other nations in the region. Thirdly, efforts to stimulate the US and European economies are increasing global liquidity. Much of that liquidity is finding its way into the Asia-Pacific region. There is fear that capital inflows to Asia-Pacific economies could ignite a new bout of inflation that would force policymakers to slow economic growth to control it. Consequently, Asia-Pacific economies must be astute in the methods adopted to manage capital inflows. These are the three most important near term vulnerabilities facing the Asia-Pacific region.

Part 1: Key Statistics, Analytical Updates, and Economic Outlooks for 16 Large Asia-Pacific Nations and Territories

Key:

Orange shaded cells indicate that data were unavailable.

Australia



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	21.6	21.9	22.2	22.4
2	Population growth rate (% change)	1.9%	1.6%	1.2%	1.0%
3	U.S. dollar per currency unit	0.8537	0.7927	0.9200	1.0332
4	Nominal GDP (\$ billions)	1,053.9	992.2	1,244.4	1,486.9
5	Nominal GDP per capita (\$) (dollars)	48,819	45,249	56,098	66,371
6	Real GDP growth rate (% change)	2.5%	1.4%	2.5%	2.1%
7	Purchasing Power Parity GDP (International \$ billions)	825.9	844.5	877.2	915.1
8	Consumer price index (CPI) (% change)	4.4%	1.8%	2.8%	3.4%
9	Trade surplus (deficit) (\$ billions)	(13.3)	(11.6)	10.7	28.0
10	Merchandise exports (\$ billions)	187.0	153.9	212.4	271.7
11	Merchandise imports (\$ billions)	200.3	165.5	201.6	243.7
12	Foreign exchange reserves (\$ billions)	32.9	41.7	42.3	46.8
13	Central government surplus (deficit)-to- GDP ratio (percentage)	(0.8)	(4.1)	(4.8)	(4.4)
14	Central government gross debt-to-GDP ratio (percentage)	-5.29	-0.57	3.97	8.163
15	Net foreign direct investment (\$ billions)	13.6	9.9	22.8	21.3
16	Unemployment rate	4.3	5.6	5.2	5.1
17	Percent of labor force in agricultural industries (percentage)	3.6	3.6	3.6	3.6
18	Lending interest rate	8.9	6.0	7.3	7.7
19	Defense spending (2010 \$ billions)	21.3	22.9	23.2	23.0

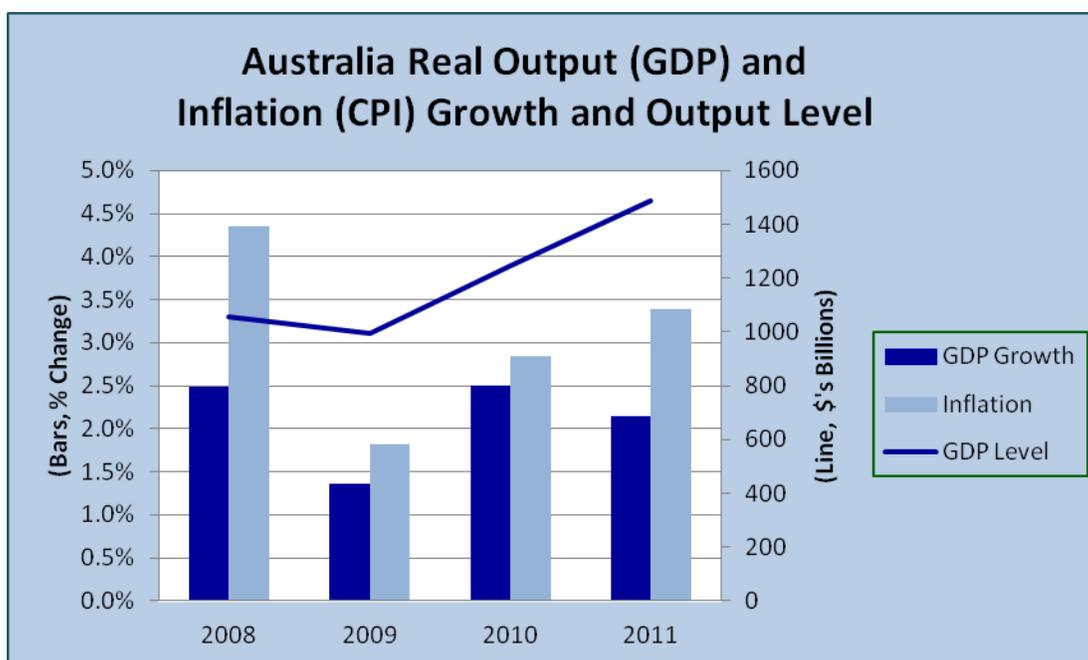
Analytical Update

For 2012, the *World Economic Outlook (WEO)* predicts that Australia's real GDP will accelerate to 3.3% growth from 2.1% growth in 2011. Inflation, as indicated by the Consumer Price Index, is expected to fall to 2.0% in 2012 from 3.4% in 2011. Australia's current account balance is expected to deteriorate from a deficit that was 2.3% of GDP in 2011 to a deficit that is 4.1% of GDP in 2012. The unemployment rate is expected to rise slightly to 5.2% from 5.1% in 2011. Notably, particularly during the second half of 2012, the Australian economy slowed in response to a drop in key commodity prices that represent the core of the nation's exports.

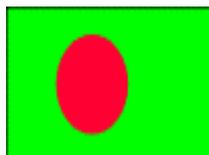
Economic Outlook

For 2013, Australia's economy is expected to moderate in most major categories. Real GDP growth is expected to decelerate to 3.0%; inflation is expected to accelerate to 2.6%; and the unemployment rate is expected to rise to 5.3%. In addition, Australia is likely to see a deterioration in its trade deficit to 5.5% of GDP.

Australia's monetary policy is expected to be accommodative during 2013. The Bank of Australia began to cut interest rates (25 basis points) in September of 2012. At the same time, fiscal policy may be somewhat restrictive because the Government of Australia has committed itself to producing a small budget surplus for the fiscal year ending in June of 2013.



Bangladesh



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	143.7	145.2	146.9	148.5
2	Population growth rate (% change)	1.1%	1.1%	1.1%	1.1%
3	U.S. dollar exchange rate	68.55	69.04	69.65	74.15
4	Nominal GDP (\$ billions)	84.5	94.9	106.2	113.9
5	Nominal GDP per capita (\$) (dollars)	588	653	723	767
6	Real GDP growth rate (% change)	6.0%	5.9%	6.4%	6.5%
7	Purchasing Power Parity GDP (International \$ billions)	226.2	241.7	260.6	283.5
8	Consumer price index (CPI) (% change)	8.9%	5.4%	8.1%	10.7%
9	Trade surplus (deficit) (\$ billions)	(10.7)	(8.2)	(11.9)	(14.2)
10	Merchandise exports (\$ billions)	11.8	12.4	14.2	19.8
11	Merchandise imports (\$ billions)	22.5	20.6	26.1	34.0
12	Foreign exchange reserves (\$ billions)	5.8	10.3	11.2	9.2
13	Central government surplus (deficit)-to- GDP ratio (percentage)	(4.6)	(3.7)	(3.1)	(4.1)
14	Central government gross debt-to-GDP ratio (percentage)				
15	Net foreign direct investment (\$ billions)	1.1	0.7	0.9	1.1
16	Unemployment rate				
17	Percent of labor force in agricultural industries (percentage)	45.0	45.0	45.0	45.0
18	Lending interest rate	16.4	14.6	13.0	13.3
19	Defense spending (2010 \$ billions)	1.0	1.2	1.3	1.4

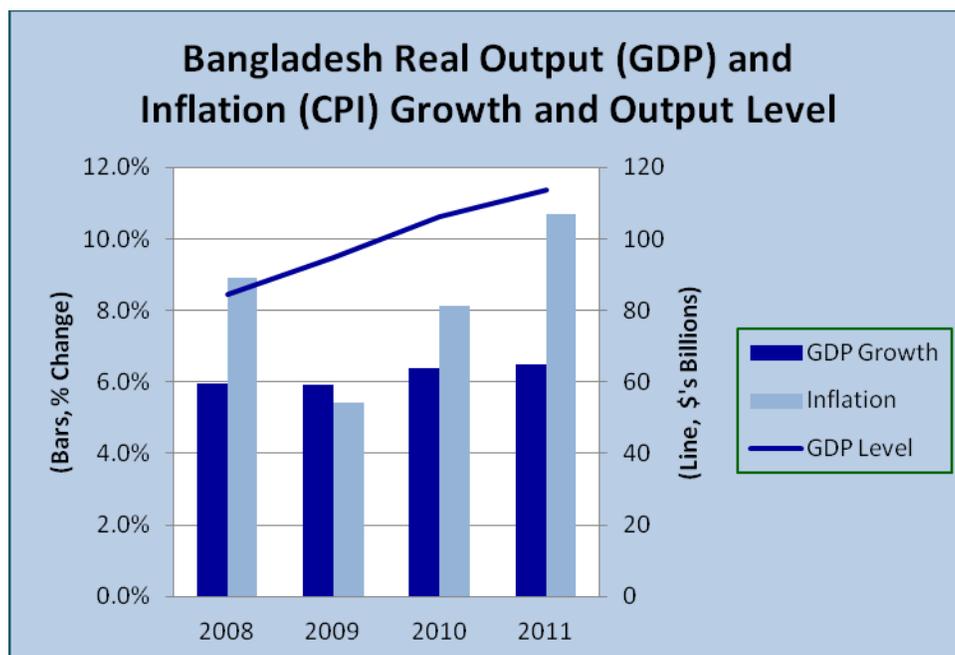
Analytical Update

Bangladesh's economy continues to maintain a moderately high growth pace, which is consistent with its South Asian neighbors. For 2012, real GDP growth is expected to decelerate slightly to 6.1% from 6.5% in 2011. Inflation is expected to decelerate to 8.5% from 10.7%. The nation's current account balance is expected to move from a balanced position in 2011 to a small deficit (0.3% of GDP) in 2012. Estimates of the unemployment rate are not available for Bangladesh at this time.

Economic Outlook

For 2013, the forecast is for Bangladesh's real GDP growth to continue at about the 6.1% rate. Inflation, however, is expected to cool further to 6.7%. The nation's small current account deficit is expected to remain essentially unchanged at about 0.3% of GDP.

Prime Minister Sheikh Hasina is making progress on her economic development program for the nation. One of the most important developments is a plan to construct the Padma Bridge, which will link about 30 million people in southwestern Bangladesh with Dhaka—the capitol. This project, when completed, is expected to raise the nation's GDP by 1.2%. After some hesitancy, it now appears that the World Bank will contribute to the project's financing, and the project may actually commence in the current fiscal year. This multibillion dollar project should create a significant number of jobs and help further solidify Hasina's position as Prime Minister.



China



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	1,328.0	1,334.5	1,340.9	1,347.4
2	Population growth rate (% change)	0.5%	0.5%	0.5%	0.5%
3	U.S. dollar exchange rate	6.9477	6.8307	6.7696	6.463
4	Nominal GDP (\$ billions)	4,520.0	4,990.5	5,930.4	7,298.1
5	Nominal GDP per capita (\$) (dollars)	3,404	3,740	4,423	5,417
6	Real GDP growth rate (% change)	0.09635	0.09214	0.10447	0.09237
7	Purchasing Power Parity GDP (International \$ billions)	8,214.4	9,049.5	10,128.4	11,299.8
8	Consumer price index (CPI) (% change)	5.9%	-0.7%	3.3%	5.4%
9	Trade surplus (deficit) (\$ billions)	297.0	197.6	182.1	156.3
10	Merchandise exports (\$ billions)	1428.7	1201.8	1578.3	1899.2
11	Merchandise imports (\$ billions)	1131.6	1004.2	1396.2	1742.9
12	Foreign exchange reserves (\$ billions)	1,953.3	2,425.9	2,895.0	3,236.0
13	Central government surplus (deficit)-to- GDP ratio (percentage)	(0.7)	(3.1)	(1.5)	(1.2)
14	Central government gross debt-to-GDP ratio (percentage)	17.0	17.7	33.5	25.8
15	Net foreign direct investment (\$ billions)	56.2	38.5	45.9	58.9
16	Unemployment rate	4.2	4.3	4.1	4.1
17	Percent of labor force in agricultural industries (percentage)	36.7	36.7	36.7	36.7
18	Lending interest rate	5.3	5.3	5.8	6.6
19	Defense spending (2010 \$ billions)	96.7	116.7	121.1	129.3

Analytical Update

After growing 10.4% in 2010, China's economy slid to 9.2% growth in 2011, and that slide continues in 2012. The forecast is for 7.8% growth. Inflation has been tamed, and is expected to average 3.0% compared with 5.4% in 2011. The current account is expected to deteriorate slightly to a surplus that is 2.3% of GDP. China's urban unemployment rate is expected to average 4.1% in 2012—the same as in 2011.

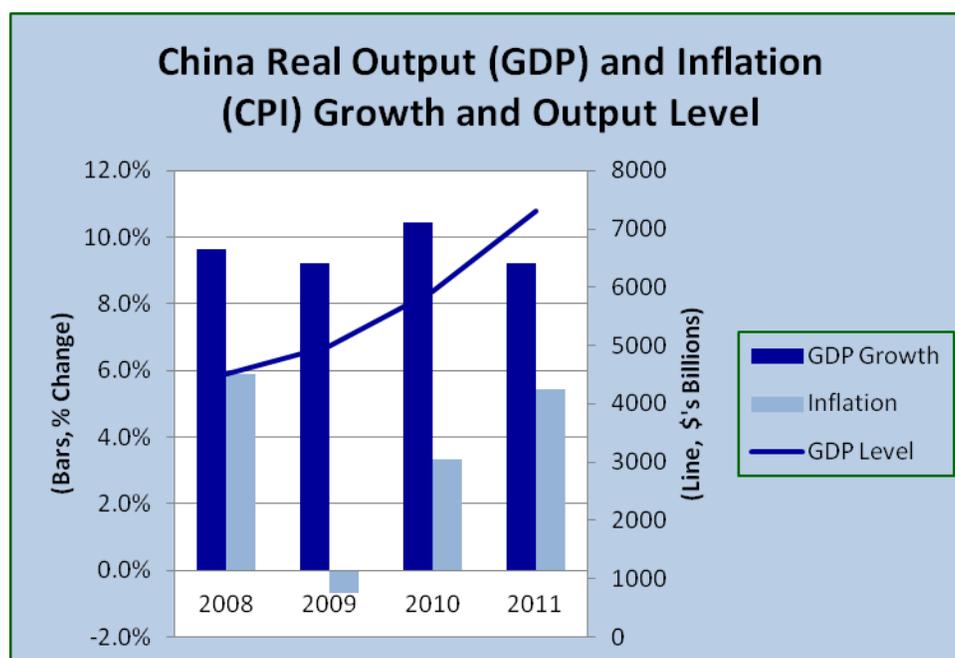
The deceleration in China's GDP growth is not unexpected mainly because advanced economies that import China's products (particularly the European Union) have

operated at a very slow pace throughout 2012. In addition, the Government of China has, on the one hand, adopted several policy measures to slow the housing sector to cool inflation, and on the other hand has approved numerous infrastructure projects of late to spur growth. The latter action occurred after the 7.5% growth target announced by the government in early 2012 appeared to be in jeopardy.

Economic Outlook

For 2013, we expect to see a slight rebound by China's economy, contingent in part on the performance of the European economies and on China's startup of the aforementioned infrastructure projects. Real GDP growth is expected to rise to 8.2%. Inflation is expected to hold steady at its 2012 level, 3.0%. China's current account surplus is expected to improve slightly to 2.5% of GDP. The urban unemployment picture is expected to remain unchanged at 4.1%.

All of these projected developments ignore the political economy; namely that China is involved in territorial disputes in the East China Sea (with Japan) and in the South China Sea (with the Philippines). If these disputes intensify and economic warfare is exacerbated by them, then there is a downside risk that these forecasts will not materialize.



Hong Kong



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	7.0	7.0	7.1	7.1
2	Population growth rate (% change)	0.4%	0.5%	0.8%	0.9%
3	U.S. dollar exchange rate	7.786	7.751	7.769	7.784
4	Nominal GDP (\$ billions)	215.4	209.3	224.2	243.7
5	Nominal GDP per capita (\$) (dollars)	30,926	29,917	31,786	34,259
6	Real GDP growth rate (% change)	2.3%	-2.6%	7.1%	5.0%
7	Purchasing Power Parity GDP (International \$ billions)	307.5	301.9	327.7	351.5
8	Consumer price index (CPI) (% change)	4.3%	5.9%	2.3%	5.3%
9	Trade surplus (deficit) (\$ billions)	(25.8)	(28.8)	(43.0)	(54.9)
10	Merchandise exports (\$ billions)	362.7	318.5	390.1	428.7
11	Merchandise imports (\$ billions)	388.5	347.3	433.1	483.6
12	Foreign exchange reserves (\$ billions)	182.5	255.8	268.7	285.4
13	Central government surplus (deficit)-to- GDP ratio (percentage)	0.1	1.6	4.5	4.1
14	Central government gross debt-to-GDP ratio (percentage)	30.6	33.2	34.6	33.8
15	Net foreign direct investment (\$ billions)	9.0	-11.6	-24.3	1.5
16	Unemployment rate	3.5	5.2	4.3	3.4
17	Percent of labor force in agricultural industries (percentage)				
18	Lending interest rate	5.3	5.0	5.0	5.0
19	Defense spending (2010 \$ billions)				

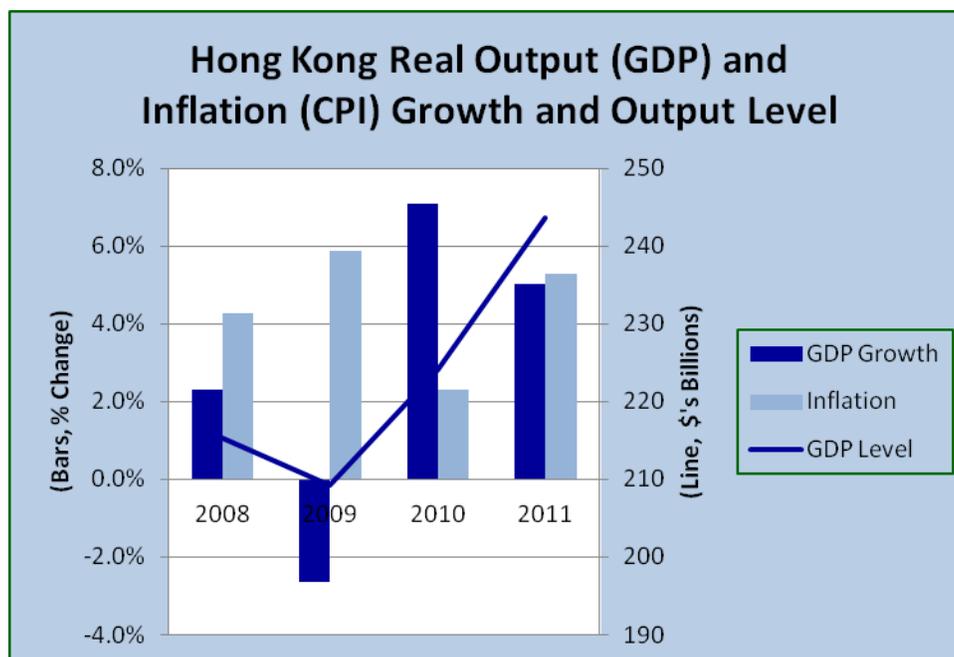
Analytical Update

As a banking and financial center that is linked closely with advanced economies and with China, Hong Kong's economy mirrors conditions in advanced economies and in China on a magnified basis. Real GDP growth is expected to drop significantly to 1.8% in 2012 from 5.0% in 2011. Inflation is expected to moderate to 3.8% from 5.3%. Hong Kong's current account surplus is expected to deteriorate slightly to 4.1% of GDP from 5.3%. The semi-autonomous region's unemployment rate is expected to hold steady at its 2011 level of 3.4% in 2012.

Economic Outlook

Similar to the world's advanced economies and China's economy, Hong Kong is expected to bounce back somewhat in 2013. Real GDP growth is expected to rise to 3.5%. Inflation is expected to cool further to 3.0%. The current account surplus is expected to deteriorate slightly to 3.8% of GDP. Hong Kong's unemployment rate is expected to improve to 3.3%.

Hong Kong, too, is adopting economic policies that are designed to remove some pressure from its residential real estate bubble. However, due to the ailing global economy, Hong Kong experienced a significant slowing of the market for bonds denominated in renminbi (China's currency) during most of 2012. At the end of the year, however, efforts to stimulate advanced economies produced excess liquidity that flowed over to several Asian markets—including Hong Kong. Expect Hong Kong to benefit from this inflow of capital during 2013, and to continue to further develop its role as a key financial center for China's future international economic development.



India



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	1,158.0	1,174.0	1,190.5	1,206.9
2	Population growth rate (% change)	1.4%	1.4%	1.4%	1.4%
3	U.S. dollar exchange rate	43.39	48.33	45.65	46.58
4	Nominal GDP (\$ billions)	1,262.5	1,266.2	1,630.5	1,826.8
5	Nominal GDP per capita (\$) (dollars)	1,090	1,079	1,370	1,514
6	Real GDP growth rate (% change)	6.9%	5.9%	10.1%	6.8%
7	Purchasing Power Parity GDP (International \$ billions)	3,400.2	3,631.4	4,051.4	4,420.6
8	Consumer price index (CPI) (% change)	8.3%	10.9%	12.0%	8.9%
9	Trade surplus (deficit) (\$ billions)	(126.3)	(92.3)	(123.7)	(161.1)
10	Merchandise exports (\$ billions)	194.5	164.9	226.4	302.6
11	Merchandise imports (\$ billions)	320.8	257.2	350.1	463.8
12	Foreign exchange reserves (\$ billions)	254.0	274.7	297.7	297.9
13	Central government surplus (deficit)-to- GDP ratio (percentage)	(8.7)	(10.0)	(9.4)	(9.0)
14	Central government gross debt-to-GDP ratio (percentage)	74.1	74.2	68.0	67.0
15	Net foreign direct investment (\$ billions)	24.1	19.7	11.0	16.8
16	Unemployment rate				
17	Percent of labor force in agricultural industries (percentage)	60.0	52.0	52.0	52.0
18	Lending interest rate	13.3	12.2	10.2	10.2
19	Defense spending (2010 \$ billions)	39.0	45.9	46.1	44.3

Analytical Update

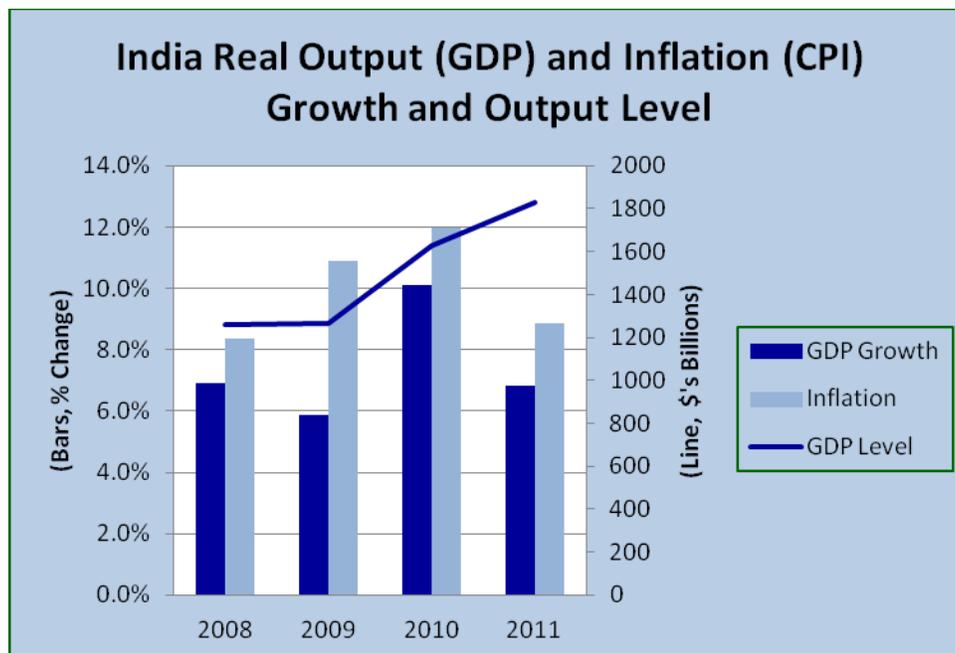
Indian policymakers struggled throughout 2011 to bring inflation under control mainly by raising interest rates. By the spring of 2012, inflation had cooled sufficiently for the Reserve Bank of India to move to lower interest rates. The latter move came because growth had slowed significantly; far below growth expectations. For 2012, India's economy is expected to grow just 4.9% after experiencing nearly 7.0% growth in 2011. Inflation is expected to remain elevated at 10.2%, following 8.9% inflation in 2011. Finally, India's current account deficit is expected to deteriorate to 3.8% of GDP in 2012; the deficit was 3.4% of GDP in 2011.

Economic Outlook

During the latter half of 2012, Indian policymakers moved to adopt several economic reforms that were designed to get the economy growth rate to a higher level. The reforms mainly concerned ownership arrangements for foreign direct investment (FDI) in the multi-brand retail, transportation, communications, insurance, and pension sectors. By raising foreign ownership limits, India hopes to attract more FDI, which should spur economic growth.

Accordingly, the *WEO* produced the following forecasts for India's 2013. Real GDP growth is expected to rise to 6.0%. Inflation is expected to fall and average 9.6%. The current account deficit is expected to improve to 3.3% of GDP.

India's 2013 forecast might be bettered if the global economy improves and exports to the European Union pick up; if the Indian rupee exchange rate strengthens; if inflation beats expectations on the down side; if policy makers are successful in implementing the new reforms; and if the nation makes additional progress on corruption and governance.



Indonesia



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	231.0	234.3	237.6	241.0
2	Population growth rate (% change)	1.4%	1.4%	1.4%	1.4%
3	U.S. dollar exchange rate	9,699	10,390	9,090	8,770
4	Nominal GDP (\$ billions)	510.3	538.8	708.4	846.5
5	Nominal GDP per capita (\$) (dollars)	2,209	2,299	2,981	3,512
6	Real GDP growth rate (% change)	6.0%	4.6%	6.2%	6.5%
7	Purchasing Power Parity GDP (International \$ billions)	910.7	961.2	1034.4	1124.6
8	Consumer price index (CPI) (% change)	9.8%	4.8%	5.1%	5.4%
9	Trade surplus (deficit) (\$ billions)	12.1	25.9	22.8	23.7
10	Merchandise exports (\$ billions)	139.6	119.6	158.1	200.6
11	Merchandise imports (\$ billions)	127.5	93.8	135.3	176.9
12	Foreign exchange reserves (\$ billions)	51.6	66.1	96.2	110.1
13	Central government surplus (deficit)-to- GDP ratio (percentage)	(0.0)	(1.8)	(1.2)	(0.8)
14	Central government gross debt-to-GDP ratio (percentage)	33.2	28.6	26.9	24.5
15	Net foreign direct investment (\$ billions)	3.4	2.6	11.1	11.1
16	Unemployment rate	8.4	7.9	7.1	6.6
17	Percent of labor force in agricultural industries (percentage)	43.0	42.1	38.3	38.3
18	Lending interest rate	13.6	14.5	13.3	12.4
19	Defense spending (2010 \$ billions)	3.8	4.0	4.7	5.2

Analytical Update

All things considered, 2012 is expected to be an impressive year for Indonesia economically. Real GDP growth is expected to increase 6.0% down from 6.5% in 2011. Inflation is expected to average 4.4% in 2012 compared with 5.4% in 2011. The 2011 current account surplus (0.2% of GDP) is expected to become a deficit that is 2.1% of GDP. Finally, the unemployment rate is expected to fall to 6.2% in 2012 from 6.6% in 2011. Global economic softness and declining commodity prices are the key causes of an expected moderated growth rate and a deteriorating current account.

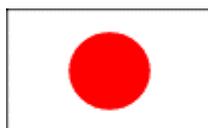
Economic Outlook

Indonesia's 2013 economic outlook is favorable as well. Real GDP growth is expected to increase slightly to 6.3%. Inflation is expected to accelerate to 5.1%. The current account deficit is expected to deteriorate to 2.4% of GDP. However, the unemployment rate is expected to drop slightly to 6.1%.

Indonesia continues to benefit from sizeable inflows of capital, including considerable foreign direct investment. However, Indonesia may find this pattern changing as investors become concerned about the nation's intent to change its policies on foreign ownership limits and about requirements for raw materials to be processed before export. These policy changes that are scheduled to take effect in future years may begin to affect investor sentiment in 2013.



Japan



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	128.1	128.1	128.0	127.9
2	Population growth rate (% change)	0.1%	0.0%	0.0%	-0.1%
3	U.S. dollar exchange rate	103.39	93.68	87.78	79.7
4	Nominal GDP (\$ billions)	4,849.2	5,035.1	5,488.6	5,866.5
5	Nominal GDP per capita (\$) (dollars)	37,865	39,321	42,863	45,870
6	Real GDP growth rate (% change)	-1.0%	-5.5%	4.5%	-0.8%
7	Purchasing Power Parity GDP (International \$ billions)	4,343.3	4,139.0	4,384.5	4,444.1
8	Consumer price index (CPI) (% change)	1.4%	-1.3%	-0.7%	-0.3%
9	Trade surplus (deficit) (\$ billions)	19.4	30.2	77.3	-31.5
10	Merchandise exports (\$ billions)	782.0	580.7	769.8	822.6
11	Merchandise imports (\$ billions)	762.6	550.5	692.4	854.1
12	Foreign exchange reserves (\$ billions)	1,011.0	1,024.0	1,063.0	1,259.0
13	Central government surplus (deficit)-to-GDP ratio (percentage)	(4.1)	(10.4)	(9.4)	(9.8)
14	Central government gross debt-to-GDP ratio (percentage)	191.8	210.2	215.3	229.6
15	Net foreign direct investment (\$ billions)	-103.6	-62.8	-57.5	-116.1
16	Unemployment rate	4.0	5.1	5.0	4.6
17	Percent of labor force in agricultural industries (percentage)	4.6	4.0	3.9	3.9
18	Lending interest rate	0.9	0.4	0.2	0.2
19	Defense spending (2010 \$ billions)	53.2	54.3	54.6	54.5

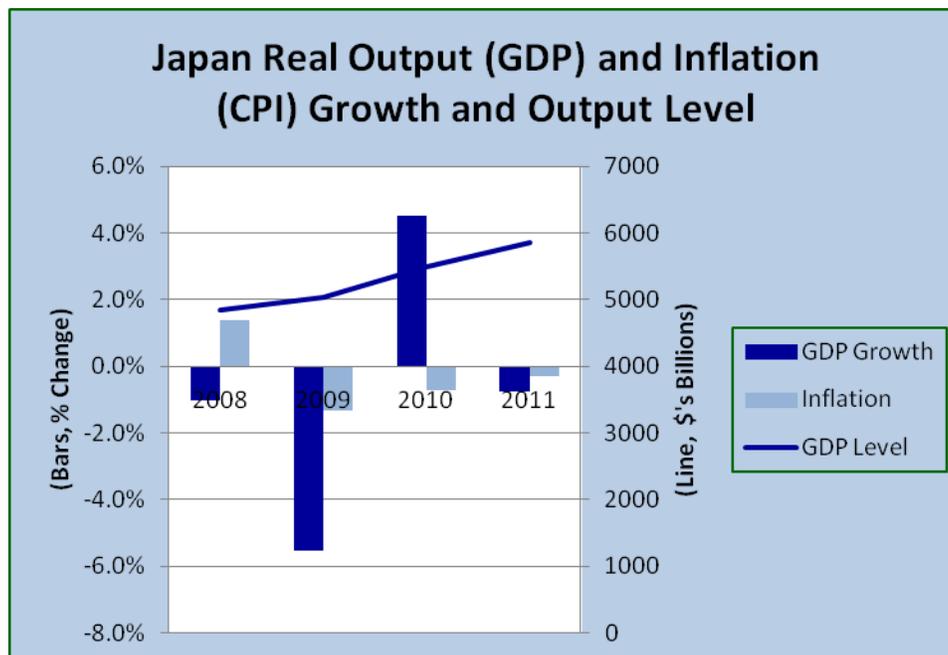
Analytical Update

During the early part of 2012 Japan's economy benefited from a rebuilding effort following the March 2011 earthquake, tsunami, and nuclear incident. However, during the second half of the year growth began to slow. Nevertheless, the expectation is that real GDP growth will rise to 2.2% during 2012 compared with an 0.8% decline in 2011. Japan is expected to experience neither deflation nor inflation in 2012 compared with 0.3% deflation in 2011. Japan's current account surplus is expected to shrink to 1.6% of GDP in 2012 compared with a surplus that was 2.0% of GDP in 2011. Japan's unemployment rate is expected to fall slightly to 4.5% in 2012 from 4.6% in 2011.

Economic Outlook

For 2013, Japan's real GDP growth is expected to decelerate to 1.2%. Deflation is expected to average 0.2%. The current account surplus is expected to improve slightly to reach 2.3% of GDP. The unemployment rate is expected to drop to 4.4%

While the 2013 forecast appears to be in line with 2012 in many respects, Japan has several down-side risks. First, there is the prospect that its territorial dispute with China could intensify and result in economic warfare that could affect Japan's economy adversely. Second, there is the prospect that "politics" prevents Japan's Parliament (the Diet) from providing needed fiscal stimulus in early 2013 to spur new economic growth (the Bank of Japan is committed to maintaining an easy monetary policy). Third, there is Japan's debt load. With a gross debt-to-GDP ratio exceeding 230%, it could turn out that investors are spooked by risk, which could force interest rates up to unsustainable levels. Fourth, given Japan's decision to minimize nuclear power, the country can little afford global developments that drive up the price of carbon energy.



Malaysia



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	27.5	27.9	28.3	28.6
2	Population growth rate (% change)	1.3%	1.3%	1.3%	1.1%
3	U.S. dollar exchange rate	3.329	3.523	3.218	3.056
4	Nominal GDP (\$ billions)	231.1	202.3	246.8	287.9
5	Nominal GDP per capita (\$) (dollars)	8,390	7,252	8,737	10,085
6	Real GDP growth rate (% change)	4.8%	-1.5%	7.2%	5.1%
7	Purchasing Power Parity GDP (International \$ billions)	400.5	397.9	432.0	463.7
8	Consumer price index (CPI) (% change)	5.4%	0.6%	1.7%	3.2%
9	Trade surplus (deficit) (\$ billions)	45.3	33.8	34.1	40.7
10	Merchandise exports (\$ billions)	209.7	157.5	198.8	228.3
11	Merchandise imports (\$ billions)	164.4	123.7	164.7	187.6
12	Foreign exchange reserves (\$ billions)	91.5	96.7	106.5	133.6
13	Central government surplus (deficit)-to- GDP ratio (percentage)	(3.1)	(5.1)	(3.6)	(6.9)
14	Central government gross debt-to-GDP ratio (percentage)	41.2	52.8	51.0	52.9
15	Net foreign direct investment (\$ billions)	-7.8	-6.3	-4.2	-3.3
16	Unemployment rate	3.3	3.7	3.3	3.1
17	Percent of labor force in agricultural industries (percentage)	13.0	13.0	13.0	13.0
18	Lending interest rate	5.9	4.8	4.9	4.8
19	Defense spending (2010 \$ billions)	4.7	4.4	3.9	4.2

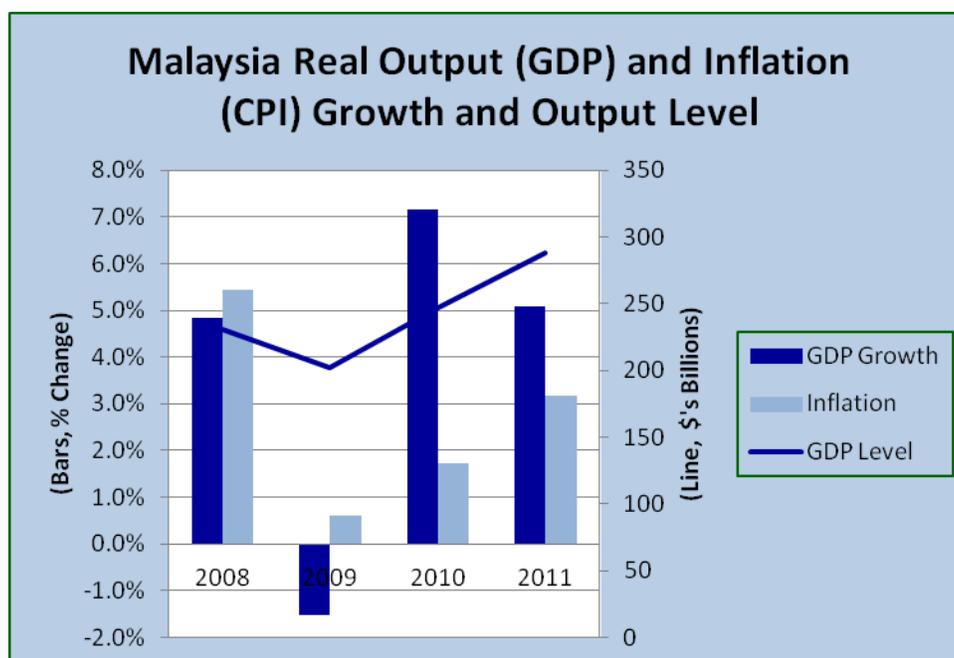
Analytical Update

Overall, Malaysia's economy is expected to soften slightly during 2012 compared with 2011. Real GDP growth is expected to slow to 4.4% from 5.1%. Inflation is expected to decelerate to 2.0% compared with 3.2%. The nation's current account surplus is expected to deteriorate somewhat to become 7.5% of GDP compared with a surplus that was 11.0% of GDP. The unemployment rate is expected to hold steady at a 3.1% rate, the same as in 2011.

Economic Outlook

Economic conditions appear mixed for Malaysia for 2013. Real GDP growth is expected to accelerate to 4.7%. Inflation is expected to accelerate to 2.4%. The current account surplus is expected to deteriorate slightly to a surplus that is 6.9% of GDP. The unemployment rate is expected to improve by falling to 3.0%.

Malaysia's politics could contribute significantly to economic outcomes during 2013. National elections are expected by March of 2013, and Prime Minister Najib Razak used vote-attracting payouts in late 2012 to build support for his candidacy. Long-standing rival Anwar Ibrahim leads the main opposition coalition. Malaysia's politicians must be careful not to extend too many benefits to the populace such that the resultant fiscal deficit rises to an undesirable level.



New Zealand



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	4.3	4.3	4.4	4.4
2	Population growth rate (% change)	0.9%	1.1%	1.1%	1.1%
3	U.S. dollar per currency unit	0.7151	0.6358	0.7216	0.792
4	Nominal GDP (\$ billions)	132.3	117.3	140.1	158.9
5	Nominal GDP per capita (\$) (dollars)	30,948	27,141	32,061	35,973
6	Real GDP growth rate (% change)	-0.2%	-2.8%	1.8%	1.3%
7	Purchasing Power Parity GDP (International \$ billions)	117.6	115.8	119.5	123.7
8	Consumer price index (CPI) (% change)	4.0%	2.1%	2.3%	4.0%
9	Trade surplus (deficit) (\$ billions)	(3.1)	(0.4)	0.5	0.1
10	Merchandise exports (\$ billions)	30.9	24.9	32.3	37.5
11	Merchandise imports (\$ billions)	34.0	25.3	31.8	37.3
12	Foreign exchange reserves (\$ billions)	11.1	15.6	16.7	17.0
13	Central government surplus (deficit)-to- GDP ratio (percentage)	0.6	(3.0)	(5.2)	(5.4)
14	Central government gross debt-to-GDP ratio (percentage)	20.2	26.2	32.5	38.2
15	Net foreign direct investment (\$ billions)	4.0	-0.7	0.0	0.5
16	Unemployment rate	4.15	6.125	6.525	6.525
17	Percent of labor force in agricultural industries (percentage)	7.0	7.0	7.0	7.0
18	Lending interest rate	8.9	6.7	6.3	6.1
19	Defense spending (2010 \$ billions)	1.5	1.6	1.6	1.6

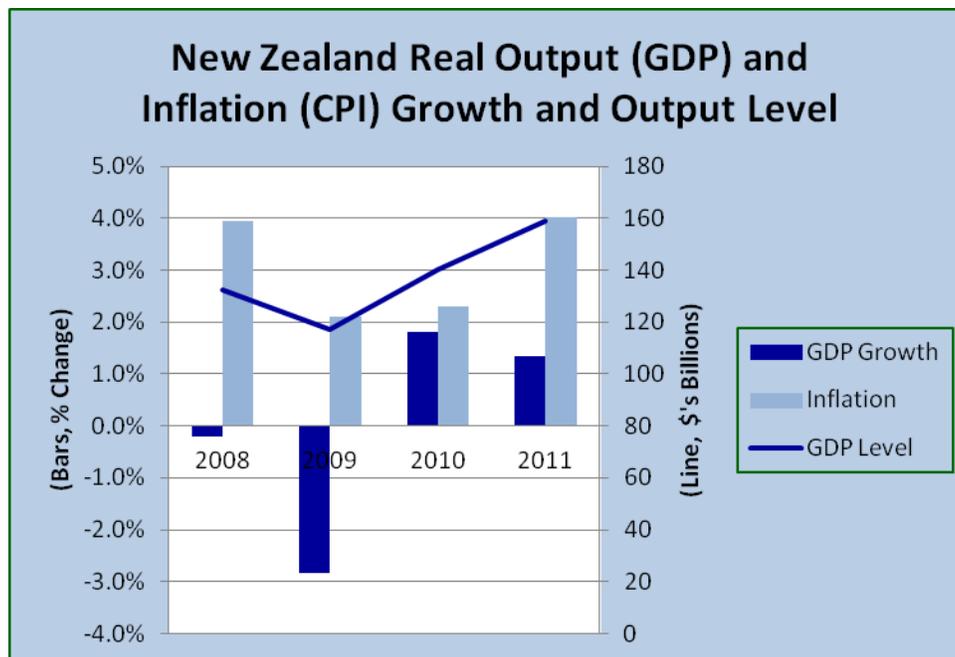
Analytical Update

During 2012, New Zealand's economy continued to benefit from rebuilding efforts that were associated with 2010 and 2011 earthquakes. Real GDP growth is expected to increase 2.2% from 1.3% in 2011. However, inflation is expected to cool to a 1.9% rate following 4.0% inflation during 2011. The current account deficit is expected to deteriorate to 5.4% of GDP compared with a deficit that was 4.2% of GDP in 2011. The unemployment rate is expected to rise slightly to 6.6% from 6.5% in 2011.

Economic Outlook

For 2013, real GDP growth is expected to accelerate to a 3.1% rate. Inflation is also expected to accelerate to a 2.4% rate. The current account deficit is expected to deteriorate further to 5.9% of GDP. However, the unemployment rate is expected to fall almost a full percentage point to 5.7%.

While New Zealand's economy will continue to benefit from its earthquake rebuilding efforts, the nation will also continue to take positive action to improve its economic position on a global and regional basis. New Zealand is a negotiating member of the US-led Trans-Pacific Partnership free trade agreement (FTA). In addition, New Zealand continues to move forward with negotiating FTAs with India, South Korea, and Taiwan.



Philippines



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	90.5	92.2	94.0	95.9
2	Population growth rate (% change)	2.0%	1.9%	2.0%	2.0%
3	U.S. dollar exchange rate	44.44	47.68	45.11	43.31
4	Nominal GDP (\$ billions)	173.6	168.5	199.6	224.8
5	Nominal GDP per capita (\$) (dollars)	1,918	1,827	2,123	2,345
6	Real GDP growth rate (% change)	4.2%	1.1%	7.6%	3.9%
7	Purchasing Power Parity GDP (International \$ billions)	331.2	337.9	368.5	391.1
8	Consumer price index (CPI) (% change)	8.2%	4.2%	3.8%	4.7%
9	Trade surplus (deficit) (\$ billions)	(11.0)	(7.4)	(7.0)	(15.7)
10	Merchandise exports (\$ billions)	49.5	38.4	51.5	48.1
11	Merchandise imports (\$ billions)	60.5	45.9	58.5	63.7
12	Foreign exchange reserves (\$ billions)	37.6	44.2	62.4	75.3
13	Central government surplus (deficit)-to- GDP ratio (percentage)	0.0	(2.7)	(2.2)	(0.8)
14	Central government gross debt-to-GDP ratio (percentage)	44.2	44.3	43.5	41.9
15	Net foreign direct investment (\$ billions)	1.3	1.6	0.7	1.3
16	Unemployment rate	7.4	7.5	7.3	7.0
17	Percent of labor force in agricultural industries (percentage)	35.0	34.0	33.0	33.0
18	Lending interest rate	5.2	4.2	3.5	1.3
19	Defense spending (2010 \$ billions)	2.4	2.3	2.4	2.2

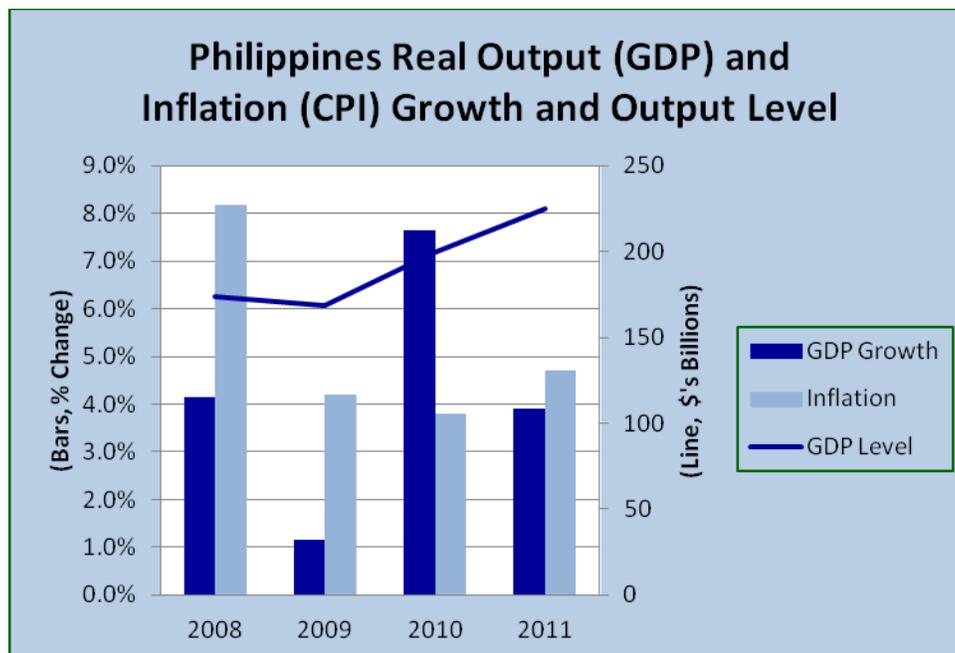
Analytical Update

For 2012, the Philippines' real GDP growth is expected to accelerate to 4.8% compared with 3.9% growth for 2011. Inflation is expected to decelerate to 3.5% compared with 4.7% inflation during 2011. The Philippines' current account surplus is expected to deteriorate slightly to 3.0% of GDP from 3.1% of GDP in 2011. The unemployment rate is expected to remain unchanged at 7.0%.

Economic Outlook

For 2013, the Philippines' real GDP is expected to continue to grow at a 4.8% rate. However, inflation is expected to accelerate to a 4.5% rate. The current account surplus is expected to deteriorate to 2.6% of GDP. The unemployment rate is expected to remain unchanged at 7.0%.

The Philippine's favorable economic outlook appears bright on the one hand. President Benigno Aquino, III is being successful in modifying attitudes towards corruption in the country (the nation's Chief Supreme Court Justice was impeached on corruption charges); a peace agreement was recently reached with leaders of the separatist movement in Southern Mindanao; and capital inflows are fueling vigorous foreign direct investment. On the other hand, 2012 saw the beginning of a territorial dispute with China over Scarborough Reef in the South China Sea. That dispute brought with it economic warfare from China in the form of a Chinese embargo on Philippine banana imports, and a dramatic slowing of Chinese tourist flows to the Philippines. The Philippines' continued good fortune will depend largely on its ability to resolve successfully its territorial dispute with China.



Singapore



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	5.0	5.1	5.2	5.3
2	Population growth rate (% change)	3.1%	1.8%	2.1%	1.7%
3	U.S. dollar exchange rate	1.414	1.454	1.363	1.257
4	Nominal GDP (\$ billions)	190.0	185.6	227.4	259.8
5	Nominal GDP per capita (\$) (dollars)	38,087	36,567	43,865	49,271
6	Real GDP growth rate (% change)	1.7%	-1.0%	14.8%	4.9%
7	Purchasing Power Parity GDP (International \$ billions)	253.1	252.8	294.0	314.9
8	Consumer price index (CPI) (% change)	6.6%	0.6%	2.8%	5.2%
9	Trade surplus (deficit) (\$ billions)	18.4	24.0	41.1	43.7
10	Merchandise exports (\$ billions)	338.2	269.8	351.9	409.5
11	Merchandise imports (\$ billions)	319.8	245.8	310.8	365.8
12	Foreign exchange reserves (\$ billions)	174.2	187.8	225.7	237.9
13	Central government surplus (deficit)-to- GDP ratio (percentage)	6.5	(0.7)	7.3	7.3
14	Central government gross debt-to-GDP ratio (percentage)	96.9	103.4	101.2	107.6
15	Net foreign direct investment (\$ billions)	5.0	6.7	27.4	38.8
16	Unemployment rate	2.2	3.0	2.2	2.0
17	Percent of labor force in agricultural industries (percentage)				
18	Lending interest rate	5.4	5.4	5.4	5.4
19	Defense spending (2010 \$ billions)	8.0	8.3	8.3	8.3

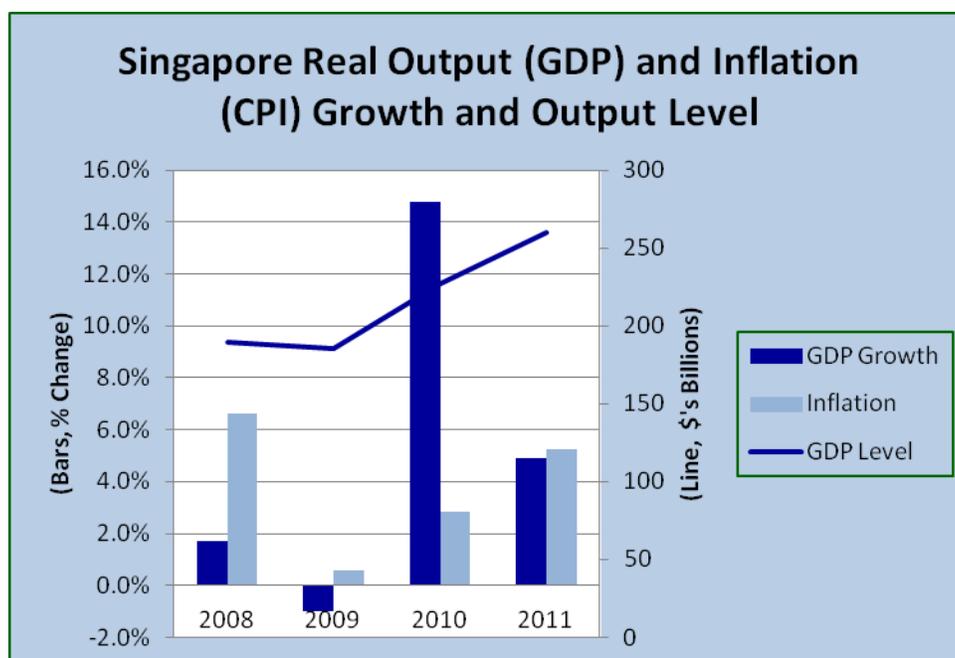
Analytical Update

Singapore is expected to slow its economic output by more than half in 2012—mainly due to the global economic slowdown. Real GDP growth is expected to decelerate to 2.1%, following 4.9% growth in 2011. Inflation is also expected to decelerate to 4.5% compared with 5.2% in 2011. The current account surplus is expected to deteriorate slightly to 21.0% of GDP from 21.9% of GDP. The unemployment rate is expected to rise slightly to 2.1%.

Economic Outlook

For 2013, Singapore real GDP growth is expected to accelerate to 2.9%. Inflation is forecasted to decelerate to 4.3%. The city state's current account surplus is expected to deteriorate further to 20.7% of GDP. The unemployment rate is expected to remain unchanged at 2.1%.

Singapore's economy remains vibrant, and it is increasingly recognized as a global leader. During 2012, the World Economic Forum ranked Singapore second in the world among 144 economies in competitiveness. In addition, the United Nations ranked Singapore third in the world among 141 economies in innovation. Long-term forecasts place Singapore as a leading nation in expected future GDP per capita. Such assessments will guide Singapore's economy during 2013.



South Korea



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	48.9	49.2	49.4	49.8
2	Population growth rate (% change)	0.7%	0.5%	0.5%	0.7%
3	U.S. dollar exchange rate	1,098.71	1,274.63	1,155.74	1,106.94
4	Nominal GDP (\$ billions)	931.4	834.1	1,014.9	1,116.2
5	Nominal GDP per capita (\$) (dollars)	19,028	16,959	20,540	22,424
6	Real GDP growth rate (% change)	2.3%	0.3%	6.3%	3.6%
7	Purchasing Power Parity GDP (International \$ billions)	1,346.8	1,362.8	1,468.3	1,554.1
8	Consumer price index (CPI) (% change)	4.7%	2.8%	2.9%	4.0%
9	Trade surplus (deficit) (\$ billions)	(13.3)	38.8	41.2	32.2
10	Merchandise exports (\$ billions)	422.0	361.6	466.4	556.6
11	Merchandise imports (\$ billions)	435.3	322.8	425.2	524.4
12	Foreign exchange reserves (\$ billions)	201.2	270.1	291.6	306.4
13	Central government surplus (deficit)-to-GDP ratio (percentage)	1.6	0.0	1.7	1.8
14	Central government gross debt-to-GDP ratio (percentage)	30.1	33.8	33.4	34.2
15	Net foreign direct investment (\$ billions)	-11.8	-9.7	-14.8	-15.7
16	Unemployment rate	3.2	3.7	3.7	3.4
17	Percent of labor force in agricultural industries (percentage)	7.2	7.2	7.3	6.4
18	Lending interest rate	7.2	5.7	5.5	5.8
19	Defense spending (2010 \$ billions)	26.3	27.7	27.6	28.3

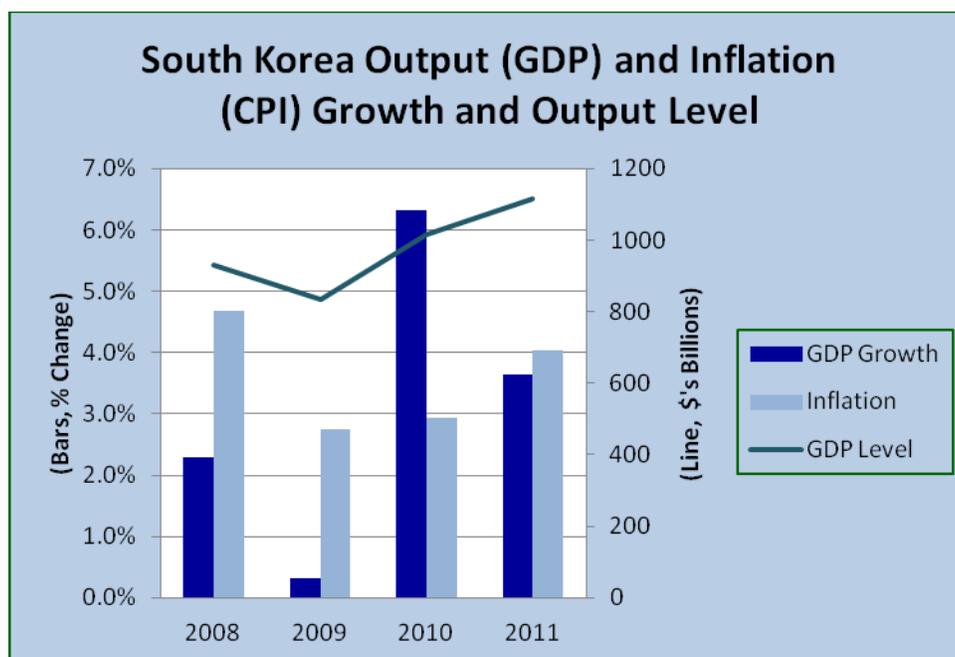
Analytical Update

For 2012, the South Korean economy is expected to continue benefiting from its free trade agreement (FTA) with the European Union, which went into force in 2011, and from the coming into force of its new FTA with the US. South Korea's real GDP is expected to grow at a 2.7% rate during 2012 compared with 3.6% growth for 2011. Inflation is expected to decelerate to 2.2% from 4.0%. The nation's current account surplus is expected to deteriorate to 1.9% of GDP from 2.4% of GDP. The unemployment rate is expected to improve to 3.3% from 3.4%.

Economic Outlook

For 2013, South Korea's real GDP growth is forecasted to accelerate to 3.6%. The inflation rate is expected to accelerate to 2.7%. The current account surplus is expected to remain essentially unchanged at 1.7% of GDP. The unemployment rate is estimated to remain unchanged at 3.3%.

December 2012 elections will produce new political leadership for South Korea going into 2013. Among the pressing issues with which that new leadership must concern itself is the ongoing private sector household debt crisis. Alarming, South Korea's household debt-to-income ratio exceeds 150%. Nonfinancial institutions that extend loans to households at high interest rates have mushroomed. The new political leadership must apply pressure to ensure that households reduce their debt burden in order to prevent a financial crisis from unfolding.



Sri Lanka



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	20.1	20.2	20.4	20.5
2	Population growth rate (% change)	0.8%	0.8%	0.8%	0.7%
3	U.S. dollar exchange rate	108.298	114.909	112.990	110.469
4	Nominal GDP (\$ billions)	40.7	42.0	49.6	59.2
5	Nominal GDP per capita (\$) (dollars)	2,027	2,077	2,429	2,880
6	Real GDP growth rate (% change)	6.0%	3.5%	7.8%	8.3%
7	Purchasing Power Parity GDP (International \$ billions)	92.3	96.4	105.2	116.3
8	Consumer price index (CPI) (% change)	22.4%	3.5%	6.2%	6.7%
9	Trade surplus (deficit) (\$ billions)	-5.8	-3.0	-5.2	-9.7
10	Merchandise exports (\$ billions)	8.1	7.1	8.3	10.3
11	Merchandise imports (\$ billions)	14.0	10.0	13.5	20.0
12	Foreign exchange reserves (\$ billions)	2.6	5.4	7.2	7.9
13	Central government surplus (deficit)-to-GDP ratio (percentage)	(7.0)	(9.9)	(8.0)	(6.9)
14	Central government gross debt-to-GDP ratio (percentage)				
15	Net foreign direct investment (\$ billions)	0.7	0.4	0.4	0.3
16	Unemployment rate	6.0	5.9	4.9	4.9
17	Percent of labor force in agricultural industries (percentage)	32.7	32.7	32.7	32.7
18	Lending interest rate	18.9	15.7	10.2	9.4
19	Defense spending (2010 \$ billions)	1.6	1.6	1.5	1.4

Analytical Update

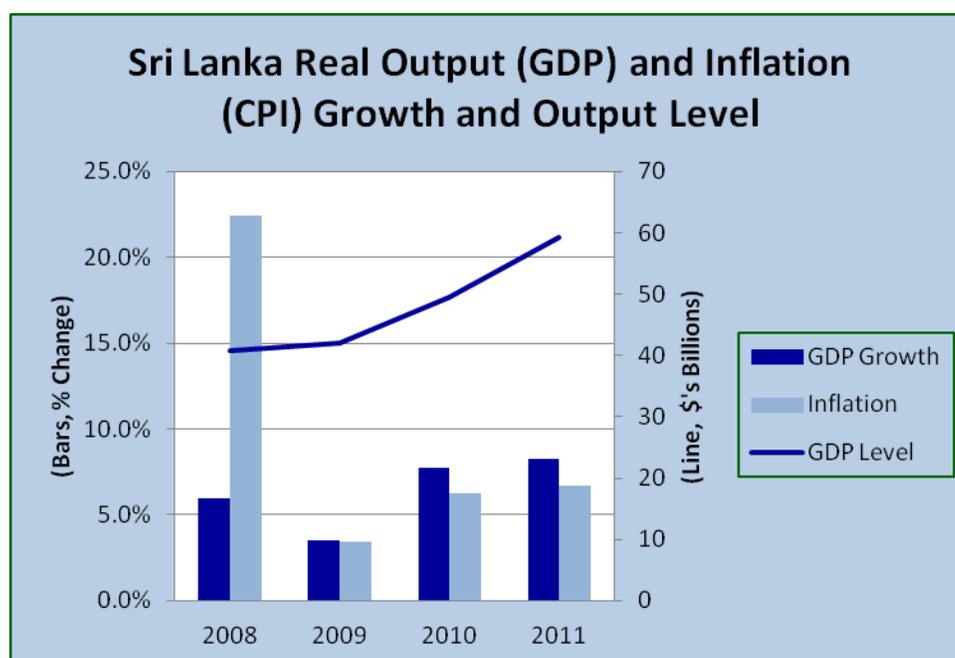
Sri Lanka has now experienced two post-civil war years after nearly 30 years of war. President Mahinda Rajapaksa has used this time to rebuild the nation's economy, regroup and consolidate his forces, and solidify his position as leader. For 2012, real GDP growth is expected to decelerate to 6.8% from 8.3% growth in 2011. However, Sri Lanka's inflation is expected to accelerate to 7.9% from 6.7% inflation during 2011. The nation's current account deficit is expected to improve slightly to 5.4% of GDP from

7.7% of GDP. Sri Lanka's unemployment rate is expected to remain unchanged at 4.9%.

Economic Outlook

For 2013, the outlook for Sri Lanka's economy is for real GDP growth of about 6.7%--not much different from the 2012 growth rate. Inflation is also expected to increase at about the same rate as in 2012, 8.0%. However, the current account deficit is expected to improve to 4.7% of GDP. The unemployment rate will remain essentially unchanged at 4.9%.

During 2013, it is expected that Sri Lanka will make further progress on returning its economy to pre-Civil War form with reconstruction efforts mainly in the north and east. Government infrastructure spending is expected to rise. Private-sector business investment will continue to grow. The residential property market is expected to strengthen as well.



Taiwan



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	23.0	23.1	23.2	23.2
2	Population growth rate (% change)	0.3%	0.4%	0.2%	0.3%
3	U.S. dollar exchange rate	31.521	33.020	31.497	29.382
4	Nominal GDP (\$ billions)	400.2	377.6	430.2	466.4
5	Nominal GDP per capita (\$) (dollars)	17,372	16,331	18,573	20,083
6	Real GDP growth rate (% change)	0.7%	-1.8%	10.7%	4.0%
7	Purchasing Power Parity GDP (International \$ billions)	741.9	734.8	824.5	875.9
8	Consumer price index (CPI) (% change)	3.5%	-0.9%	1.0%	1.4%
9	Trade surplus (deficit) (\$ billions)	15.2	29.3	23.4	26.8
10	Merchandise exports (\$ billions)	255.6	203.7	274.6	308.3
11	Merchandise imports (\$ billions)	240.4	174.4	251.2	281.4
12	Foreign exchange reserves (\$ billions)	296.4	353.0	387.2	390.6
13	Central government surplus (deficit)-to- GDP ratio (percentage)	(2.2)	(5.2)	(4.1)	(3.6)
14	Central government gross debt-to-GDP ratio (percentage)	34.7	38.0	38.1	40.5
15	Net foreign direct investment (\$ billions)	-4.9	-3.1	-9.1	-14.7
16	Unemployment rate	4.1	5.9	5.2	4.4
17	Percent of labor force in agricultural industries (percentage)	5.1	5.1	5.2	5.2
18	Lending interest rate	4.2	2.6	2.7	2.9
19	Defense spending (2010 \$ billions)	8.9	9.5	9.1	8.9

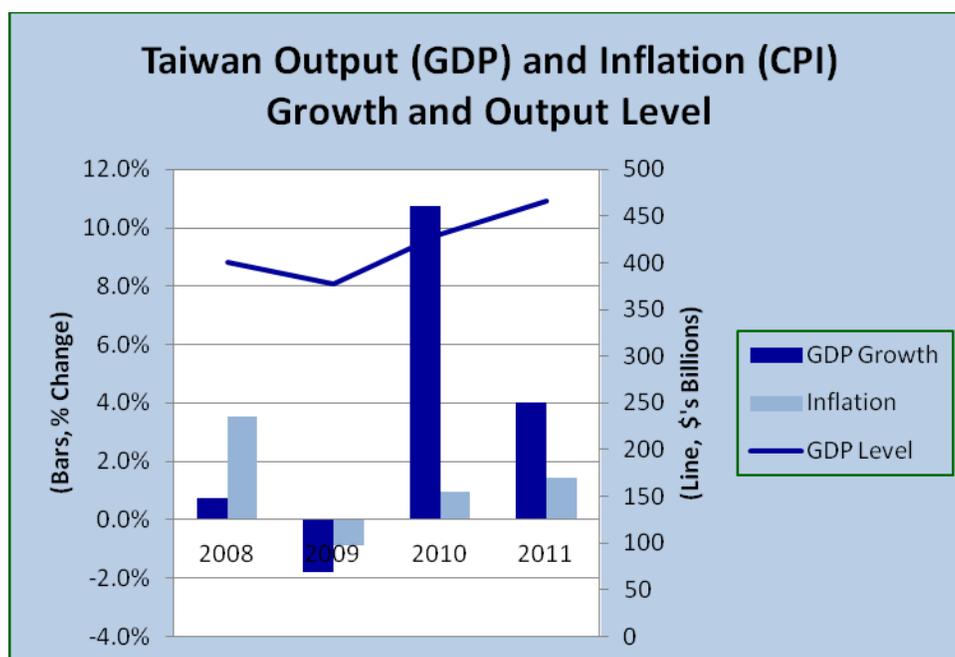
Analytical Update

Being closely linked to the Chinese economy, Taiwan's economy is expected to reflect the slowdown in the Chinese economy during 2012 on a magnified basis. Taiwan's real GDP growth is expected to decelerate to 1.3% after 4.0% growth during 2011. Inflation is expected to accelerate to 2.5% following 1.4% inflation during 2011. The current account surplus is expected to deteriorate somewhat to 6.9% of GDP from 8.9% of GDP. The unemployment rate is expected to rise slightly to 4.5% from 4.4% in 2011.

Economic Outlook

For 2013, Taiwan's real GDP growth is expected to accelerate to 3.9%. Inflation is expected to decelerate to 2.0%. The current account surplus is expected to improve to 7.3% of GDP. The nation's unemployment rate is expected to improve by dropping to 4.3%.

Given its close economic relationship with China and the remaining economies in the Northeast Asia region, Taiwan's economy may benefit from the accelerated growth that China and South Korea are expected to experience during 2013. For that to occur, however, the entire region must avoid conflicts that may be driven by territorial disputes.



Thailand



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	63.4	63.5	63.9	64.1
2	Population growth rate (% change)	0.6%	0.2%	0.6%	0.3%
3	U.S. dollar exchange rate	32.962	34.310	31.700	30.462
4	Nominal GDP (\$ billions)	272.6	263.7	318.9	345.7
5	Nominal GDP per capita (\$) (dollars)	4,300	4,151	4,992	5,395
6	Real GDP growth rate (% change)	2.6%	-2.3%	7.8%	0.1%
7	Purchasing Power Parity GDP (International \$ billions)	547.6	539.6	589.3	602.2
8	Consumer price index (CPI) (% change)	5.5%	-0.8%	3.3%	3.8%
9	Trade surplus (deficit) (\$ billions)	(3.3)	17.2	10.3	(2.4)
10	Merchandise exports (\$ billions)	175.9	151.9	195.4	226.4
11	Merchandise imports (\$ billions)	179.2	134.7	185.1	228.8
12	Foreign exchange reserves (\$ billions)	111.0	138.4	172.1	175.1
13	Central government surplus (deficit)-to- GDP ratio (percentage)	0.1	(3.2)	(0.8)	(1.6)
14	Central government gross debt-to-GDP ratio (percentage)	37.3	45.2	42.6	41.7
15	Net foreign direct investment (\$ billions)	4.4	0.7	4.3	-1.1
16	Unemployment rate	1.4	1.5	1.0	0.7
17	Percent of labor force in agricultural industries (percentage)	42.4	42.4	42.4	40.7
18	Lending interest rate	7.0	6.0	5.9	6.9
19	Defense spending (2010 \$ billions)	4.6	5.5	4.8	5.1

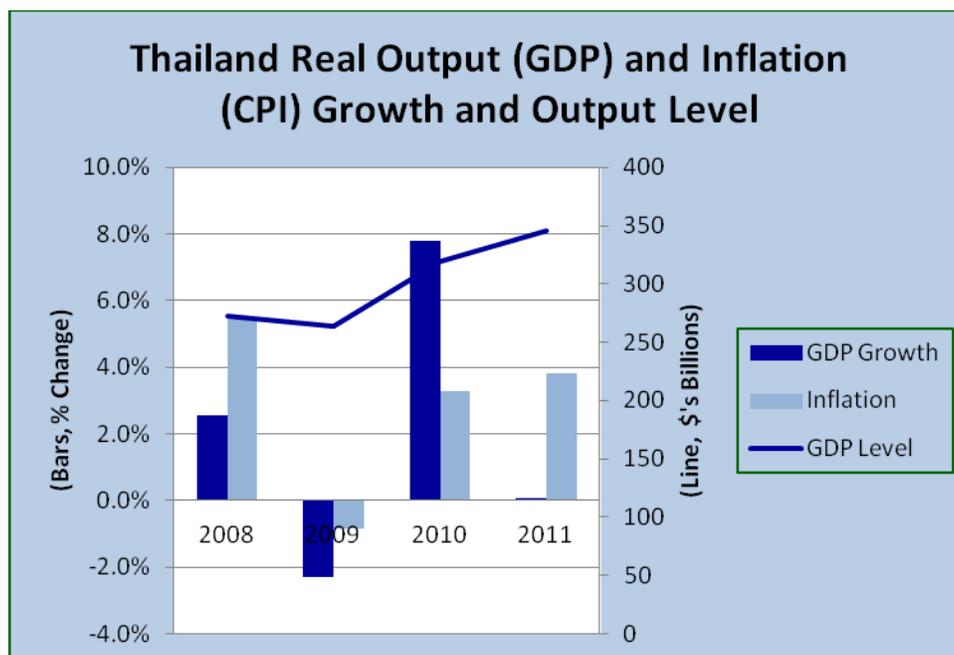
Analytical Update

During 2012, Thailand's economic growth was affected significantly by the rebuilding/recovery effort from the flooding that struck the nation (especially Bangkok) at the end of 2011 and slowed growth. The *WEO* estimates that Thailand's real GDP growth will surge to 5.6% during 2012 compared with 0.1% growth in 2011. The inflation rate is expected to decelerate to 3.2% from 3.8%. The current account is expected to flip to a small deficit (0.2% of GDP) from a surplus position (3.4% of GDP). Finally, the unemployment rate is expected to remain unchanged at 0.7%.

Economic Outlook

For 2013, Thailand's real GDP growth is forecasted to accelerate to 6.0%. The inflation rate is expected to accelerate 0.1 percentage point to 3.3%. The nation's current account deficit is expected to flip to a small surplus (0.1% of GDP). The unemployment rate is expected to remain unchanged at 0.7%.

As depicted in the forecast above, Thailand's economy is expected to continue to fare well during 2013. The flood rebuilding effort will continue, with the hopes that the late 2012 flood season does not produce new damage that requires a new round of rebuilding efforts. The government of Prime Minister Yingluck Shinawatra continues to manage the political opposition successfully and to develop pro-poor economic policies, especially with respect to the nation's farmers. A key question continues to be whether these policies will stimulate sufficient economic growth and tax revenues to offset, in a significant way, the costs? The above forecast hints that they may.



Vietnam



	Economic Time Series	Calendar 2008	Calendar 2009	Calendar 2010	Calendar 2011
1	Population (millions)	86.2	87.2	88.3	89.3
2	Population growth rate (% change)	1.2%	1.2%	1.2%	1.2%
3	U.S. dollar exchange rate	16,548	17,800	18,613	20,510
4	Nominal GDP (\$ billions)	90.3	93.2	103.6	122.7
5	Nominal GDP per capita (\$) (dollars)	1,048	1,068	1,174	1,374
6	Real GDP growth rate (% change)	6.3%	5.3%	6.8%	5.9%
7	Purchasing Power Parity GDP (International \$ billions)	241.3	256.3	277.4	300.0
8	Consumer price index (CPI) (% change)	23.1%	6.7%	9.2%	18.7%
9	Trade surplus (deficit) (\$ billions)	(18.0)	(12.9)	(11.5)	(7.1)
10	Merchandise exports (\$ billions)	62.7	57.1	72.2	96.9
11	Merchandise imports (\$ billions)	80.7	69.9	83.8	104.0
12	Foreign exchange reserves (\$ billions)	24.2	16.8	12.9	17.7
13	Central government surplus (deficit)-to- GDP ratio (percentage)	(0.5)	(7.2)	(3.1)	(3.2)
14	Central government gross debt-to-GDP ratio (percentage)	42.9	51.2	54.0	50.4
15	Net foreign direct investment (\$ billions)	9.3	6.9	7.1	6.5
16	Unemployment rate	4.7	4.6	4.3	4.5
17	Percent of labor force in agricultural industries (percentage)	56.8	53.9	53.9	48.0
18	Lending interest rate	15.8	10.1	13.1	17.0
19	Defense spending (2010 \$ billions)	2.2	2.4	2.7	2.5

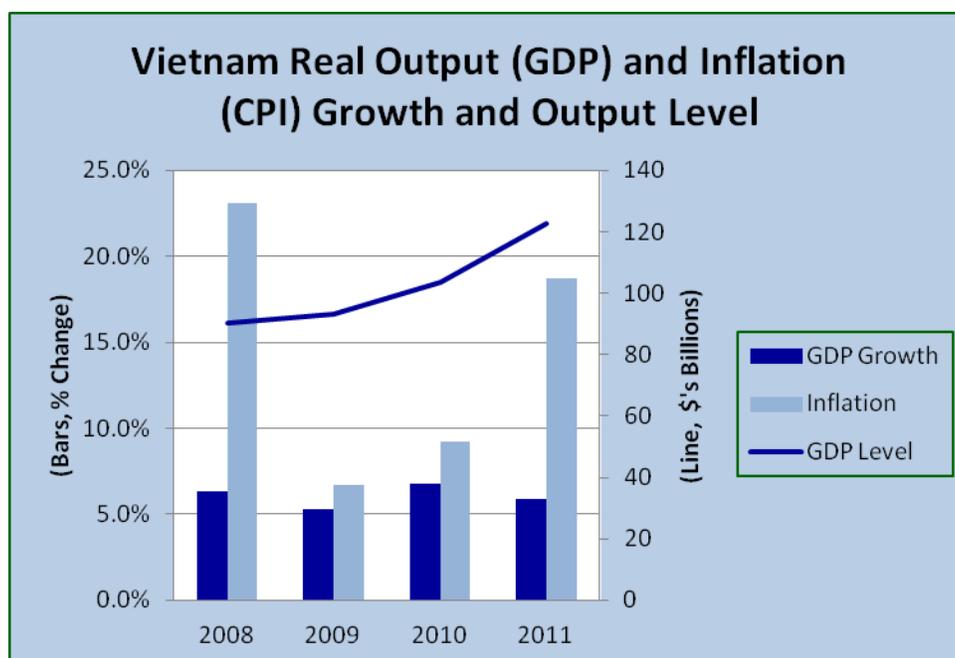
Analytical Update

On the one hand, Vietnam's economy appears to be stabilizing during 2012. The forecast is for 5.1% real GDP growth following 5.9% growth in 2011. Importantly, Vietnam's inflation is expected to cool to just 8.1% from 18.7% during 2011. The country's current account surplus is expected to improve slightly to 0.3% of GDP from 0.2% of GDP in 2011. The unemployment rate is expected to remain in the 4.5% range. On the other hand, Vietnam's financial sector is in a near crisis in late 2012 with 10%-to-20% of all loans nonperforming, and bankruptcies being filed at record rates.

Economic Outlook

For 2013, real GDP growth is expected to accelerate to 5.9% growth. The inflation rate is forecasted to cool further to 6.2%. However, the current account is expected to flip to deficit (0.9% of GDP). The unemployment rate is expected to remain unchanged at 4.5%.

In the immediate term, Vietnam is expected to address the following economic agenda. First, it will identify resources to manage its financial crisis; i.e., resolve nonperforming loans and recapitalize banks. Second, it will attempt to reinvigorate its residential property sector, which is illiquid because it has lost much of its value due to a bubble burst. Third, it will seek to permit faster paced growth without allowing the high inflation genie out of the bottle again.



*Part 2: GDP, Population, and Inflation with Forecasts for
19 Small Asia-Pacific Nations and Territories*

Small Nations

Bhutan



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				1,516		
Population (Thousand)				738		
Real GDP growth (% Change)	4.7	6.7	11.8	5.3	9.9	13.5
Inflation (% Change)	8.3	4.4	7.0	8.9	9.4	7.8

Brunei Darussalam



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				16,362		
Population (Thousand)				425		
Real GDP growth (% Change)	-1.9	-1.8	2.6	2.2	2.7	1.5
Inflation (% Change)	2.1	1.0	0.4	2.0	1.7	1.4

Burma/Myanmar



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				51,444		
Population (Thousand)				62.417		
Real GDP growth (% Change)	3.6	5.1	5.3	5.5	6.2	6.3
Inflation (% Change)	22.5	8.2	8.2	4.0	5.8	6.5

Cambodia



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				12,890		
Population (Thousand)				15,103		
Real GDP growth (% Change)	6.7	0.1	6.1	7.1	6.5	6.7
Inflation (% Change)	25.0	-0.7	4.0	5.5	3.6	4.4

Laos



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				8,302		
Population (Thousand)				6,288		
Real GDP growth (% Change)	7.8	7.5	8.1	8.0	8.3	8.0
Inflation (% Change)	7.6	0.0	6.0	7.6	5.1	6.8

Maldives



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				1,917		
Population (Thousand)				325		
Real GDP growth (% Change)	12.2	-4.7	5.7	5.8	1.5	2.5
Inflation (% Change)	12.3	4.0	4.7	14.2	12.3	8.3

Mongolia



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				8,709		
Population (Thousand)				2,786		
Real GDP growth (% Change)	8.9	-1.3	6.4	17.5	12.7	15.7
Inflation (% Change)	26.8	6.3	10.2	7.7	14.2	11.7

Nepal



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				18,977		
Population (Thousand)				30,486		
Real GDP growth (% Change)	6.1	4.5	4.8	3.9	4.6	3.6
Inflation (% Change)	6.7	12.6	9.5	9.6	8.3	8.0

Papua New Guinea



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				12,655		
Population (Thousand)				6,660		
Real GDP growth (% Change)	6.6	6.1	7.6	8.9	7.7	4.0
Inflation (% Change)	10.8	6.9	6.0	8.4	6.8	6.7

Timore-Leste



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				4,539		
Population (Thousand)				1,093		
Real GDP growth (% Change)	14.6	12.8	9.5	10.6	10.0	10.0
Inflation (% Change)	9.0	0.7	6.8	13.5	12.0	8.0

Oceania

Fiji



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				3,796		
Population (Thousand)				894		
Real GDP growth (% Change)	1.4	-1.3	-0.2	2.1	2.0	2.0
Inflation (% Change)	7.7	3.7	5.5	8.7	4.7	4.5

Kiribati



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				167		
Population (Thousand)				105		
Real GDP growth (% Change)	-2.4	-2.4	1.4	1.8	2.5	2.5
Inflation (% Change)	11.0	8.8	-2.8	2.8	2.5	3.0

Marshall Islands



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				na		
Population (Thousand)				na		
Real GDP growth (% Change)	-1.9	-1.3	5.2	5.0	5.4	
Inflation (% Change)	14.7	0.5	1.6	9.5	-0.5	

Micronesia, Federated States of



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)						
Population (Thousand)						
Real GDP growth (% Change)	-2.3	0.4	3.1	1.4	0.9	0.4
Inflation (% Change)	6.6	8.2	4.3	7.9	0.9	2.0

Palau



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)					221	
Population (Thousand)					21	
Real GDP growth (% Change)	-6.1	-4.6	0.3	5.8	3.0	
Inflation (% Change)	11.9	1.4	1.5	3.4	2.0	

Samoa



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)					634	
Population (Thousand)					183	
Real GDP growth (% Change)	4.3	-5.1	0.4	2.0	1.5	1.9
Inflation (% Change)	6.3	14.6	-0.2	2.9	6.2	2.0

Solomon Islands



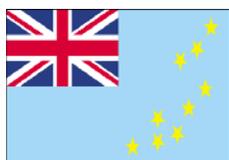
Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				869		
Population (Thousand)				551		
Real GDP growth (% Change)	7.1	-4.7	7.8	10.7	7.4	4.0
Inflation (% Change)	17.3	7.1	0.9	7.4	6.6	3.3

Tonga



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				439		
Population (Thousand)				104		
Real GDP growth (% Change)	0.5	0.9	1.6	1.5	1.4	1.5
Inflation (% Change)	7.4	3.5	3.9	5.3	4.5	5.3

Tuvalu



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				36		
Population (Thousand)				11		
Real GDP growth (% Change)	7.6	-1.7	-2.9	1.1	1.2	1.3
Inflation (% Change)	10.4	-0.3	-1.9	0.5	2.6	2.7

Vanuatu



Economic Statistics	2008	2009	2010	2011	2012	2013
GDP in current prices (Millions)				76		
Population (Thousand)				245		
Real GDP growth (% Change)	6.2	3.5	1.5	2.5	2.6	4.3
Inflation (% Change)	4.8	4.3	2.8	0.9	2.0	3.0

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