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OFFICE OF THE VICE PRESIDENT
WASHINGTON, DC

12/3/91

Note to: Tony Snow

As discussed.

Jeff Nesbit

REMARKS BY THE VICE PRESIDENT

BUSH/QUAYLE FUNDRAISING DINNER

COPLEY PLAZA HOTEL
BOSTON, MASSACHUSETTS

MONDAY, NOVEMBER 25, 1991
7:00 P.M.

Thank you, Bill Weld. Tom Kershaw, Reverend Rice, distinguished guests, ladies and gentlemen:

It's wonderful to be in Massachusetts, the cradle of the American Revolution --

and a place where at least one Hoosier from Indiana is loved -- **Larry Bird**.

Massachusetts Republicans have much to be proud of tonight.

Last year I campaigned all over the country talking about electing more Republican Governors.

And during that campaign I said, wouldn't it be wonderful to elect a **Republican** Governor in Massachusetts!"

Ladies and gentlemen, congratulations, and a job well done.

Not only did we elect Governor Bill Weld -- we also elected Lieutenant Governor Paul Celucci, and Treasurer Joe Malone.

And I am proud to declare that Massachusetts is a two-party state!

Look around the northeast.

We have new Republican leadership here in Massachusetts.

Three weeks ago we captured both houses in New Jersey -- with veto-proof majorities.

And, my friends, our next target is the state of New York!

Speaking of New York:

I understand Mr. Cuomo can't decide whether to run the state of New York, or to run for President --

so in the meantime he's not doing either one.\\

I'm sure you've read about my comments recently concerning the Governor of New York.

We had an interesting exchange.

I'm still not sure if I'm supposed to call him Mario,

or Governor Cuomo,

or Mario Cuomo,

or Mister Cuomo.

But I know one thing we'll never call him:

Mr. President!

Seriously, thank you for all your are doing for Bush/Quayle campaign '92.

As you know, the President hasn't formally declared his condidacy for President.

But let me venture a few predictions:
- He's going to run;
- I will be with him every step of the way;
- And the American people will re-elect our great President!

In next year's campaign we'll be taking our ideas to the American people.
We'll be talking about America's global role in the 21st century;

we'll be talking about values;

and we'll talking about our top domestic priority: **jobs**.

Let's be frank: the economy hasn't recovered as we'd hoped, and many Americans are uncertain about the future.

I can offer you technical data, and cite the recent growth statistics,

but that won't be of any comfort to those who have lost their jobs, or those whose jobs are threatened.

It won't change consumer confidence, which has been dragging.

There's been a lot of discussion about an economic growth package, and one is plainly needed.

You wouldn't know this from the media, and the Democrats in Congress,

but the President has had a growth package on Capitol Hill for over two years.

It's a package that extends the Research and Development tax credit, expands the benefits of the Individual Retirement Account,

and reduces the capital gains tax.

This package would create new jobs and get America working they way it should.
A job means prosperity.

A job gives a person hope, and self-sufficiency.

A person with a job has pride and dignity.

The Democrats know capital gains is the silver bullet that would stop this recession and put more Americans back to work.

Even Mario Cuomo and Paul Tsongas support a capital gains tax cut.

But it's not supported by the leading Democrat in Congress -- George Mitchell.

George Mitchell and the Democratic Congress are in total disarray.

They are partisan.

They are polarizing.

And they are playing politics with America's problems.

If George Mitchell took unemployment seriously, he wouldn't have played politics with a bill expanding benefits for the unemployed,

and delayed its passage several weeks -- forcing many to go without benefits.

If George Mitchell took jobs seriously, and economic growth seriously,

he wouldn't have torpedoed the capital gains tax cut.

What are George Mitchell and the Democratic Congress afraid of?

I'll tell you what their fears are.

- Fear that the economy might recover.
- And fear this will help George Bush and the Republicans.

If the capital gains tax cut had been passed --

- no recession.
- more jobs.
- a growing economy.

But <u>one senator</u> kept this tax cut from getting through: George Mitchell.

So, let's not call this the George Bush recession.

This is the George Mitchell recession, and it'll take George Bush to get us out of it.

It now appears Congress will be going on recess without passing a growth package.

I say: FINE -- let the Congressmen and Senators <u>go home</u> and <u>feel a little heat</u> from the American people!

You know, we get a lot of complaints from Congress, and we get a lot of excuses.

We just don't get enough results.

This is the product of a divided government.

It isn't responsive, and it's not serving you the way it should.

The Democratic Congress has simply failed the American people.

- Failed to pass our transportation bill -- a bill that means 600,000 jobs for American workers;

- Failed to pass our product liability reforms;

- Failed to pass a tough crime bill.

- And failed to accept new ideas and new solutions.

The only fresh idea coming from the Democrat Congress is a plan for a brand-new entitlement program.

But it's not an entitlement program for farmers.

- It's not for workers,
- or senior citizens,
- or the middle class,
- or the unemployed.

It's an entitlement program for themselves -- taxpayer financing

of their own elections.

Well, here's a <u>better</u> idea -- Instead of taxpayer financing for the Congress of the United States,
how about <u>term limitation</u> for the Congress of the United States!

- Reagan - 2 terms/ Bush - 2 terms/ Ted Kennedy and John Kerry

Now, on the issue of reform, let me talk about something that needs a lot of reforming -- our legal system.

America has the very best legal system in the world, but I'll tell you this: there's <u>lots of room</u> for improvement.

That's the message I brought to the American Bar Association a few months ago.

The ABA leadership had a conniption.

But the idea plays well with the American people, for one reason: the system is simply out of control.

- Product liability costs for American firms are as much as 15 times higher than those of some foreign competitors.
- And we've become the most litigious society in the world.
    - Recent flooding in Florida: "I wish I could sue

somebody."

- o Wall Street Journal article last month: class action suit over Milli Vanilli lip-synching.

Ladies and gentlemen, it's about time we had more incentives to create and innovate, not incentives to file lawsuits.

Think of this: America has only five percent of the world's population.

But we have **70** percent of the world's lawyers.

Don't you think that's a few more than we really need?

My friends, let me say once again how important your support is to me, and to the President.

All of us are here tonight because we believe in George Bush:

- o A man who shares our values.
- o A man with business sense, and common sense.
- o And a man who is the people's last protection against the high-dollar Democrats who control the House and Senate.

To put it another way, ladies and gentlemen: We have the right President. But we have the wrong Congress!

Finally: I've travelled to 42 countries as Vice President.

And one thing has been made clear to me time and time again:

No single leader is more admired and more respected around the world than our great President, George Bush.

And here's what it means for America to have a first-class world statesman as President.

o It means other nations look to America for advice and leadership -- not the other way around.

o It means our security interests are taken seriously.

o And it means that when America speaks, others listen.

My friends, this is a decade of opportunity at home and abroad. All we want . . .

and all we ask for . . .

is a Republican Congress,

and four more years of George and Barbara Bush.

Thank you all very much.

# # #

OFFICE OF THE VICE PRESIDENT

PREPARED TEXT OF REMARKS BY THE VICE PRESIDENT

PACIFIC ECONOMIC COOPERATION CONFERENCE, PECC
SINGAPORE, MAY 22, 1991

It's an honor for me to address the Pacific Economic Cooperation Conference.

Before I begin, I would like to congratulate Chandra Das for his excellent work as PECC chairman, and to wish the incoming chairman, Dick Fairbanks, best wishes in his new position.

When I last visited Singapore, in May of 1989, I spoke to the American Business Council. The topic of my speech was "American Decline." At the time the so-called declinists were in full swing. It was then fashionable to say that America's best days were behind her, and we had to resign ourselves to inevitable decline.

I said then: These prophets of gloom and doom were wrong. And I say now, two years later: These prophets were wrong. They stand refuted by history -- first by the collapse of communism, and then by the events in the Persian Gulf.

Look at the changed world of the last two years: The Berlin wall is down; Germany is unified; communism has been consigned to the dust bin of history; Saddam Hussein's aggression did not stand; the post-Cold War Era has begun.

But some still say America should retreat. Retreat from what? -- victory? Retreat from responsibility? Retreat from world affairs?

I say no. We are not interested in retreating into a fortress America. We will remain engaged around the world because that engagement means peace and freedom.

Actually, America is more committed than ever to its world responsibilities. We are committed to providing security and deterrence from attack. We can and will help promote economic development and investment opportunities. We can and will foster the growth of democracy and human rights. We can and will deter nuclear proliferation. Finally, we can and will work to promote trade, open markets and generate prosperity.

No one better understands the importance of this last goal than the members of the Pacific Economic Cooperation Conference. Indeed, the founders of PECC, some of whom are with us today, were pioneers of Pacific Economic Cooperation. Their vision is carried on today, as PECC's membership is being expanded to include four new economies: Hong Kong, Mexico, Peru and Chile.

Hong Kong's growth is legendary. It has a strong commitment to open markets and free trade.

With the admission of Mexico, Peru, and chile, we recognize the change of attitude in Latin America. The leaders of these countries represent a new generation -- a generation without the anti-American and anti-private sector prejudices of some of its predecessors. Today's Latin America wants trade and trade opportunities, not hand-outs and subsidies.

People use many geographical descriptions for the countries of the Pacific: The Pacific Rim, The Pacific Basin, The Asia-Pacific Region: But two words describe this area best of all -- growth and opportunity.

At the beginning of the last decade, U.S. trans-Atlantic trade exceeded U.S. trans-Pacific trade. By 1990, the situation was reversed, and our trans-Pacific trade was one-third greater than our trans-Atlantic trade. In 1990, U.S. trade turnover with ASEAN alone almost equaled U.S. trade with Germany, our leading European trade partner. Indeed, the United States is ASEAN's largest export market.

But more than trade binds this region together. Travel within the region, whether for business or tourism, has increased enormously. By 1993, traffic on Pacific air routes should overtake the Atlantic on a passenger-mile basis.

The Asia-Pacific region is clearly suited for economic cooperation. The enormous success of ASEAN as a diplomatic entity indicates that there are great benefits to be attained from cooperation.

Given the vast economic flows linking our economies, we need to discuss the issues facing us all, and to work together where we can. That is why, following the vision of PECC, the ministers of twelve countries in November 1989 created a new vehicle for cooperation -- the Asian-Pacific Economic Cooperation or APEC.

We are pleased with the progress APEC has made in its brief existence. From the outset, APEC reaffirmed its support for a strong, open, multilateral trading system. APEC's number one

priority this year is a successful outcome to the Uruguay Round, and the group has worked actively to this end.

Let us think what the world would be like if the Uruguay Round were to fail: Slow world economic growth with poor nations condemned to the cycle of poverty; stagnant trade; regional blocs committed to protectionism and closed markets.

With a successful Uruguay Round, we can expect: An additional $4 trillion of world GNP over the next decade; additional exports, which mean additional jobs; international acceptance of free trade and open markets; and the best hope for underdeveloped countries to achieve prosperity and growth.

We agree totally with APEC's choice of a successful outcome of the Uruguay Round as its primary objective this year.

I just came from Japan, where the most talked about topic was completion of the Uruguay Round of GATT. And I say to the Japanese what I say here, everything must be on the table. That means Japan must put on the table sensitive commodities like rice; it means Europe must put on the table wheat, sugar, and dairy products; and the U.S. must deal with products like sugar, peanuts, dairy, and cotton.

The conclusion of the Uruguay Round is the United States' top trade priority.

Let me say a word about Japan. As you know, Japan is now an economic superpower. We welcome that fact. It has allowed her to be a powerful engine for Asia-Pacific growth. She has provided major economic assistance and investment to Asia and the Pacific region. And Japan's contribution of four minesweepers to the Gulf

Operation is a welcome step in the development of our global partnership with Japan.

We also would welcome a political role by Japan commensurate with its economic strength -- an assumption of leadership and responsibility in concert with the United States and the other nations of the region.

Earlier this week in Tokyo, I stressed to Japanese leaders the importance of their role in producing a successful completion to the Uruguay Round -- a fitting contribution symbolizing their new role of economic and political leadership. And after five years of intensive work, the world's trading countries must not fail in our efforts to achieve a far-reaching agreement.

Let me briefly address a related development in the Eastern part of the Pacific Rim, which will benefit the region as a whole.

As you know, the U.S., Canada and Mexico intend to pursue a free trade agreement. We expect this agreement to lead to expanded growth in our three countries. This should make us even more attractive trading partners to other Pacific Basin countries.

Let me, however, make one point clear: The U.S., Canada and Mexico do <u>not</u> seek to create a trading bloc. On the contrary, we seek to eliminate trade barriers.

Expanded trade and economic growth require political security and stability. Since the end of World War II, The U.S. military presence has helped provide the Asia Pacific region with stability. This stability has allowed the nations of the region to develop and prosper.

Of course, our military presence will be adjusted to deal with

the threat and potential threat. New arrangements are appropriate for new times, such as the MOU we signed last year with Singapore.

Meanwhile, our security arrangements with the Philippines remain important. We hope that an updated bases agreement can be negotiated soon. Regardless of the result of the base negotiations in the Philippines, the U.S. will remain a Pacific power.

The principal elements of our Asian security strategy -- forward deployed forces, overseas bases, and bilateral security arrangements will remain in place. These provide the basis for economic growth and the advancement of democratic values. We must never permit occasional friction over trade and other economic issues to undermine the security arrangements on which our common prosperity rests.

Our goals have been, and remain: A secure and peaceful world; a growing world economy dedicated to free trade, open markets, and economic integration; freedom and democracy. These goals are in America's vital interests. These goals are in Asia's vital interests. And these goals require continued Asian-American cooperation of the sort PECC embodies.

Thank you.

Snow/Nix
Asia
Draft Three
November 11, 1991

PRESIDENTIAL ADDRESS: THE ASIA SOCIETY
WALDORF-ASTORIA HOTEL
NEW YORK, NEW YORK
TUESDAY, NOVEMBER 12, 1991
7:35 P.M.

Thank you very much, John [Whitehead]. John has served this country with great distinction over the years, and it's great to join him -- and his wife Nancy -- this evening. It's also a pleasure to see Asia Society President Robert Oxnam, and vice Chairman, Peter Aaron. To you, and to the distinguished men and women in this audience, greetings -- and my thanks for this opportunity to speak with you on topics of great concern to us all.

As you know, I have just returned from Rome and the Hague. There, I worked and other Western leaders to build a post Cold-War world characterized by mutual security, democracy, individual liberty, free enterprise, and unfettered international trade. I want to talk about those topics tonight, with the accent on Asia.

But first, for audiences here and in Asia, I think it's important to discuss once again why I will not travel to the region later this month. As President, I must serve the entire nation in the domestic and foreign arenas. Sometimes those obligations clash. When we planned our trip, Congress had planned to adjourn early in this month. Now the members say they

will wrap up by November 22, but who knows? We will reschedule the trip, but I will not leave while Congress is wrapping up a session: It can commit too much mischief in times like that.

Frankly, I don't mind telling you that I just don't feel comfortable leaving Congress home alone. //

Make no mistake, however: I will not turn my back on my responsibility to do the nation's business here and abroad, and in times of economic pain, I certainly will not give up an opportunity to work with our allies to create new markets, new jobs and new opportunities for American workers -- in agriculture, in manufacturing and in service industries.

And I certainly will not permit us to retreat into a kind of Fortress America, which will doom us to irrelevance and poverty. The notion that we can separate domestic and foreign policy rests upon the stubborn fantasy that we can live as an isolated island surrounded by a changing and developing world. We tried isolationism, and we ended up fighting two bloody world wars.

We tried economic isolationism -- protectionism -- and we helped set off a worldwide depression. I remain deeply committed to building closer ties with the Asia Pacific region. Although much of our Nation's heritage comes from Europe, our future points equally toward Asia.

Asia has transformed itself in the space of a generation into the most rapidly growing region on the face of the earth. Asia-Pacific nations enjoyed staggering real economic growth in the decade of the Eighties: The Australian economy grew 41

percent; Japan's grew nearly 52 percent; Malaysia almost 60 percent; Hong Kong, 89 percent; Singapore, 93 percent; Taiwan, 116 percent and South Korea, 150 percent.

The Asia-Pacific region has become our largest and fastest growing trade partner. We conduct more than 300 billion dollars worth of two-way trade annually. Together, we generate nearly half the world's GNP. American firms have invested more than 61 billion dollars in the region, and that figure will grow. Asians have invested more than 95 billion dollars in the United States. In everything from automobiles to microchips, from baseball to Australian rules football, we grow closer each day.

A few years ago, it was fashionable to refer to the 20th Century as the American Century and the 21st as the Pacific Century, as if we were engaged in some long-term competition with our Asian allies. I don't see it that way. The United States will remain large and powerful, but in years to come, we will deepen our partnership with our Asian friends in building democracy and freedom.

We'd be here forever if I tried to tick off our interests and activities, country-by-country. So instead I will address the three central issues in our relationships with the nations of the region: security, democracy, and trade.

In the area of security, Asia's variety has spawned a diverse pattern of political and strategic cooperation. Our custom-made agreements and relationships provide a strong foundation for future security.

Let me give you a few examples of how we seek to build the peace. The ASEAN Nations, Japan, Australia and the U.N. Security Council's permanent members recently forged a Cambodian peace process that promises free elections in a nation previously rent by tyranny and genocide. Just yesterday, for the first time in 16 years, we sent an accredited diplomat to Cambodia, to participate in the peacemaking arrangements.

The conflict in Indochina has preoccupied this nation for years. Finally, we have entered into a period of healing and constructive cooperation. We will work step-by-step to resolve the painful issues left by that war. We envision normal relations with Vietnam as the logical conclusion of a step-by-step process that begins by resolving the problems in Cambodia and by addressing thoroughly, openly and conclusively the status of American POW-MIAs.

Today, I am happy to announce that we will upgrade our relations with Laos, and that, we soon will place an ambassador in Vientiane.

The Republic of Korea has moved to build better ties with North Korea while boldly challenging the North to abandon its menacing nuclear weapons program, which threatens regional peace.

We welcome recently organized efforts involving us, the Japanese, Soviets, Chinese and Koreans to bring North Korea's nuclear program under international supervision. Meanwhile, we will maintain our conventional military presence in the South as long as the people want or need us.

In laying the foundation for peace through our global partnership, we have worked closely with Japan in the area of foreign aid: we are the world's two foremost providers of such aid. We also cooperate on development assistance, environmental protection, trade, arms control, refugees and regional peace.

The Japanese have joined us in trying to lead the Soviet Union and Eastern Europe toward free enterprise. They support more than 50,000 U.S. military forces in Japan with 3 billion dollars in annual host nation contributions. Japan contributed nearly 13 billion dollars to the multinational forces for the Gulf War, 10 billion dollars of which went to the United States. This required new taxes -- a very tough thing for any politician to ask of working people -- but Japan deserves praise for choosing the right course.

To the South, Australia casts a shadow far larger than its population and size would suggest. It takes justifiable pride in its long tradition of defending democracy, and its economic, political and cultural presence helps unite the Asia-Pacific region with the rest of the world.

We can help ensure future peace in the region and defend our interests through a range of military arrangements. Bilateral alliances, access agreements and Five-Power defense arrangements give us the flexibility we need.

While we must adjust our force structure to reflect post-Cold-War realities, we also must protect our interests and allies. In this light, we cannot afford to ignore the important

sources of instability: in North Korea; in Burma, where socialist despotism holds sway, despite the heroic efforts of freedom fighters like Nobel Laureate Aung San Suu Kyi; in China and other states that resist the worldwide movement toward political pluralism -- and that sometimes support our adversaries, even by contributing to the proliferation of dangerous weapons.

Fortunately, the key to future stability in the region lies not with arms, but with ballots. Democracy has swept across Asia -- with some notable exceptions, such as Burma, China, North Korea, and Vietnam. Yet we remain engaged in the region, and especially in China. If we retreat from the challenge of building democracy, we will have failed many who have worked hard, even died, for the cause.

The United States will support democracy wherever it can, understanding that nations adopt political freedom in their own ways, in manners consistent with their histories and cultures. After decades of uncertainty, the future seems full of hope, and even the intransigent few seem likely to join the rest of the world in building a commonwealth of freedom.

This brings us to the third focal point, and a crucial ingredient in a stable, free society: economic prosperity.

No nation can ignore the incredible vitality of this region -- or afford to. Yes, we disagree on some important trade issues, but we also recognize a more important fact: Our fates and values have become linked forever.

Contrary to the opinions of American protectionists, free trade requires efforts by all parties involved. Too often, trade disputes bring out the worst in people. Japan-bashing has become a minor sport in the United States, and some in Japan have become equally scornful of the United States. Both our nations must reject those who would rather seek scapegoats than tackle their own problems. We've made a good start: The Asia-Pacific Economic Cooperation Group encourages growth and trade. The Uruguay Round of GATT talks remains the single most important vehicle for advancing the cause of free trade and fending off the scourge of protectionism. We call upon Japan and Korea to work with us in breaking down old barriers to trade and opening up markets in manufacturing, services and agriculture. Our Structural Impediments Initiative talks have helped lower barriers to trade and investment, but we need to give those talks new life and create a better climate in Japan for U.S. businesses.

The fact is that Japan, which nearly half a century ago became a focal point of American hatred, has become one of our closest and most treasured allies. I enjoyed a warm and constructive relationship working with Prime Minister Kaifu, and I look forward to spending time with my old friend, Prime Minister Miyazawa -- significantly, a man steeped in Western and Eastern culture, and superbly equipped to build bridges of culture and trade between our two great Nations.

Together, we can build an even more prosperous and spectacular future -- but only if we take up the tough, rewarding

task of promoting worldwide economic liberty: no trade blocs; no new trade barriers. We seek a vibrant international economic system that unites markets on every continent.

We in the United States also must strengthen our economy. We levy an unacceptably high effective tax rate on capital gains. Germany levies no capital gains tax. The complicated Japanese tax averages about 1 percent. This puts our own entrepreneurs and venture capitalitsts at a huge and shameful disadvantage.

We run an enormous and growing budget deficit, which seems to serve no greater purpose than to inflame political divisions within our own country. We must take purposeful action to reduce that deficit, while nourishing economic growth.

To compete internationally we must modernize our banking industry and make our industrial base more competitive. We must work with our allies to build a stable and sound monetary regime.

Perhaps most important, we must build human capital. We have an obligation to prepare future generations for life in the 21st Century. The integrated global economy will demand more of us than ever before, and our schools must meet that challenge.

Technological change can do much more than make our lives more comfortable. It can sweep away totalitarianism and forge the foundation for lasting liberty. We live in an age of liberation technology, and no technology does more for the cause of freedom than the means of mass communications. No wall is high enough and no government sufficiently despotic to shut off what some call a revolution of electrons. As we compete with our

allies in this area, we must remember that information feeds intellect, and good information fosters freedom.

Let me close by summarizing our general approach to relations with Asia. Our administration sees six keys to promoting lasting peace in the Asia-Pacific region:

Progressive trade liberalization / Security cooperation / A shared commitment to democracy and human rights / Educational and scientific innovation / Respect for the environment / And an appreciation of our distinct cultural heritages.

Americans have always looked to the horizons for their destiny, even from our earliest days. We have grown great because we have welcomed people from every continent and country, and we have tried to make use of their distinct talents, while constructing a common culture.

Today, we celebrate that diversity, and celebrate the prospect that in years to come, we will develop with our Asian friends even greater ties of trade and culture.

I look forward to traveling soon to Asia, to advance these important principles, and to expand market opportunities for tens of thousands of American workers and businesses. As President, I will continue building ties with our allies, because those ties mean peace at home and jobs for American men and women.

I want to thank the Asia Society for its vital contributions to the cause of peace, prosperity and understanding. I look forward to your help as I seek to build closer bonds of affection

and interest with the peoples of the vast, marvelous, varied Asia-Pacific region.

Thank you. May God bless our Asian-Pacific friends and the United States of America.

# # # #

NATIONAL SECURITY COUNCIL

November 4, 1991

TC
TP
JK

Please review and comment.

DP

United States Department of State

Washington, D.C. 20520

OFFICE OF JAPANESE AFFAIRS

FAX COVER SHEET

DATE: November 4, 1991

TO: Mr. Doug Paal, NSC

FAX NUMBER: 395-5661

ADDRESSEE'S PHONE: 395-4213

FROM: EAP/ J - Rust Deming

FAX NUMBER: 202-647-4402

SENDER'S PHONE NUMBER: 202-647-2913

NUMBER OF PAGES INCLUDING COVER SHEET: 19

REMARKS:

DRAFT

SECRETARY BAKER ASIA SPEECH

THE U.S. AND ASIA: ARCHITECTURE FOR A PACIFIC COMMUNITY

Introduction: Asian Realities

I am pleased to be here at this momentous time of historic transition and to have the opportunity to discuss U.S. views on the Asia-Pacific region. There is no more fitting place to do this than here in Tokyo. Japan is the center of American interests not just in Asia, but globally as well. In my two Berlin speeches I presented our ideas about the new post-Cold War architecture of the Euro-Atlantic community evolving in one part of the great Eurasian landmass.

But make no mistake: we look West as well as East. From Seattle to Sydney, Honolulu to Hong Kong, a new Pacific community is emerging. America's destiny lies across the Pacific. Forging an enduring sense of community in this diverse and dynamic region is vital to the success of the international system we are trying to shape. And we can accomplish this only with a full partnership between Japan and the United States.

Two years ago before the Asia Society in New York, I spoke of a new order beginning to unfold and called for a

new Pacific partnership to shape the contours of the 21st. Century. The past two years have seen some epoch-making changes in Asia: The first visit of an American Secretary of State to Ulan Baator in a newly democratic Mongolia; President Gorbachev in San Francisco meeting South Korean President Roh by the Golden Gate; Japanese minesweepers plying the troubled waters of the Persian Gulf; North and South Korea joining the U.N. And at long last, the elusive goal of peace in Cambodia is within reach.

At the same time, some legacies of the past remain fixed in sharp relief. Most prominently, the heavily-armed stand-off on the Korean Peninsula is still one of the world's most dangerous flashpoints, one now intensified by the ominous threat of nuclear proliferation. In Burma, the tyranny of military dictators still prevails over the expressed popular will. And China has yet to heal the wounds of Tienanmen. Beijing, along with the other Asian communist regimes, resist the clarion call for democratic change.

Despite Mr.Gorbachev's historic visit to Tokyo last April, the dispute over Japan's Northern Territories continues to impede the full normalization of Soviet-Japanese relations. And reducing its Far East military forces and implementation of market reforms, the litmus test for the post-communist Soviet Union, have yet to be accomplished.

The elements of a promising future and the difficult

legacies of times past both fill the Asian landscape; global trends reshaping the world are playing out in the region at Asia's unique rhythm and in its own way.

The challenges and opportunities the U.S. and Japan now face in Asia suggest that a viable architecture for a stable and prosperous Pacific community rests on three elements. First, together with like-minded states in the region, we must build a framework for economic integration that will support an open global trading system. Second, we must support the trend towards democratization so as to deepen the shared values that will reinforce a sense of community. Third, we must adjust the defense structure of the Asia-Pacific region to reflect the region's diverse security concerns and reduces intra-regional fears and suspicions.

Such an architecture will enable us to best resolve the lingering problems of the past as well as meeting the challenges a new era. In particular, the emerging security challenges -- of nuclear and missile proliferation, of protecting the environment, of illegal narcotics trafficking, of refugee flows are increasingly key elements of a comprehensive approach to security.

This new architecture can be achieved only if the U.S. and Japan share the vision and the responsibilities as well as the benefits. Partnership means just that: sharing in the responsibilities as well as the benefits.

U.S. and Asia

As I look to the future, I am struck by how remarkably consistent American interests and our role in the Pacific have been. Since 1784 when the merchant ship "Empress of China" sailed from New York bound for Canton, the U.S. has pursued an open door approach to the region. Our interests have been and remain: access to the region, an Open Door to commercial opportunity, and preventing the rise of any single hegemonic power or coalition hostile to the United States and its allies and friends.

Today the Asia/Pacific is our largest trading partner, with more than $300 billion a year in two-way trade, where U.S. firms have invested more than $61 billion, and with whom our companies have an enormous web of commercial and technological linkages. Trans-Pacific trade is nearly one-third larger than that across the Atlantic. We now export more to Thailand than to the Soviet Union, more to Indonesia than to Eastern Europe, and more to Singapore than to Spain or Italy.

At the same time, the spread of democratic values and institutions which we so cherish now extends even into the far corners of Mongolia, further deepening our sense of an Asian-Pacific community.

And there is yet another, and perhaps the most enduring of our bonds to Asia: the growing numbers of Asian-Americans, some

seven million strong -- and our fastest growing group of immigrants. There are more Laotians in the U.S. than in the Lao capital of Vientiane; more Filipinos in California than in Cebu. And Japanese-Americans fill leadership positions in all segments of American society. Their presence and successes enrich our society and gives us a still deeper understanding of, and unique affinity with the region.

All these strands together give us a strong mutuality of interests and a growing sense of community with the Pacific Basin. Our interest in the security and stability of Asia is overriding, our commitment firm, and our engagement beyond question.

Asian Security

Yet some now are questioning whether the structures and rationale which provided Asia's security during the Cold War remain valid today.

What has made Asia relatively secure, stable, and underpinned its economic dynamism is primarily a loose network of bilateral alliances. The U.S. -- its military presence, its commitment, and its reassurance -- has been the balancing wheel of an informal, yet highly effective security structure for more than four decades. It has been the United States in concert with each of our allies and supported by sub-regional cooperation that, woven together, form the tapestry of Asia's

security.

To visualize this structure, imagine a fan spread wide with its base in North America and radiating west across the Pacific. The central support is the U.S.-Japan alliance, the core of the security structure. To the north, one spoke represents our alliance with the Republic of Korea. To the south, others extend to our ASEAN treaty allies -- the Philippines and Thailand. Further south, a spoke extends to Australia, an increasingly important partner.

This system has been successful precisely because it has respected the political and cultural diversity and the geopolitical realities of the Asia/Pacific region. Unlike Europe, there is no single threat commonly percieved throughout the region. Instead there are a multiplicity of security concerns that differ from country to country and within this immense region.

Today, in the post-Cold War era, the overlay of U.S.-Soviet competition has been removed. Yet, the same mutuality of interests and diversity of Asian security concerns continue to exist. Now, however, regional security concerns stand out in sharper focus. In the post-Cold War world, this regional aspect of our forward deployed security presence is becoming the primary purpose for our security engagement in the region -- to provide geopolitical balance, to be an honest broker, to reassure against uncertainty.

Supplementing our presence and alliances are emerging multilateral responses to security challenges. As we have seen in the Cambodian peace process, the combined efforts of the ASEAN countries, Japan, Australia and the five permanent members of the U.N. Security Council have tailor-made a conflict-resolution process. Similarly, the forum on the disputed islands of the South China Sea hosted by Indonesia also reflects such an ad hoc multilateral approach. At this stage in a new era, we should be attentive to the possibilities for such multilateral action without locking ourselves into an overly structured approach. Form should follow function.

Spokes of the Fan

As I mentioned, the keystone of our engagement in the Pacific is our relationship with Japan. Nothing is more basic to realizing the new Pacific partnership we are seeking, to the security of the region, and indeed to the effectiveness of the post-Cold War system than the U.S.-Japan relationship.

Let me say, that as I have watched the vigorous debate here about Japan's role in the world, I can't help but recall our historic and persistent struggles against isolationism. I recognize that the Gulf war was a watershed in Japan's effort to define its global role. And Japan's support for the allied effort is greatly appreciated. ~~Japan's foreign policy now seems headed in a direction broadly parallel to ours. In my~~

As we move into the new era, work together
~~view~~, we must seize the historic opportunity to ~~synergize our~~ across the full range of global and regional issues
~~policies~~ in pursuit of shared values and objectives. ~~for the post-Cold War world.~~

To achieve this we must recognize that our relationship has changed profoundly over the past decade, and reach a new harmony. I see four basic, inter-related elements as necessary to accomplish this.

The foundation of our relationship remains the U.S.-Japan security alliance. Japan has been steadily assuming more responsibilities. Among them are the expansion of its roles and missions in defense of its air and sealanes complementing our forces and also providing generous host nation support. This will reach 73% of the non-salary costs for our forward-deployed forces by 1995. One area which requires greater cooperation, however, is the goal of a balanced two-way flow of defense-related technology.

Second, the economic aspect of our relationship has moved centerstage. The $140 billion in annual two-way trade, investment, and burgeoning network of private sector linkages -- between the world's two largest and most technologically advanced economies -- our profound interdependence.

A solid economic foundation, with reciprocal openness, is required if we are to renew our partnership, one now of truly global dimensions. This requires greater market-opening efforts by Japan, a more competitive U.S. economy, and

intensifying the economic dialogue we have begun in the SII. Removing the impediments to more balanced economic ties and creating a level playing field is essential to the new harmony we seek.

Third, we must fulfill the promise of the global partnership the President called for at the Palm Springs Summit last year. For the international system to work, leading powers must lead. This is the lesson we learned from our own reluctance to play an active role in world affairs in the period between the two world wars. This is why today we seek to build a global partnership with Japan -- with Tokyo assuming a greater leadership role in a system from which it derives significant benefits.

As democracies and market-oriented economies, The U.S. and Japan have the unique ability to marshall unparalleled resources to address the challenges ahead: on issues from the Uruguay Round to Eastern Europe, from preserving the environment to Third World debt, we must engage together globally.

Finally, we must deepen our understanding of each other's cultures. Japanese youth must be introduced to more about American life and values. Fast-food, rock music and Hollywood are one image we project, but America has much else to offer. Americans must come to know Japan's rich history and traditions. In particular, they should learn the Japanese

language. The newly created Abe Fund offers one important opportunity to expand a host of exchanges and inter-actions -- intellectual, scientific, cultural, and people-to-people -- needed to move us further down this path.

Korean Peninsula

Another spoke in the Pacific fan is our alliance with the Republic of Korea. The achievements of the ROK are impressive by any measure. In the space of a generation the ROK has transformed itself from a poor, war-ravaged society into one of the world's leading, High-tech economies. Politically, its democratic transition and the success of Nordpolitik in forging a new diplomacy in East Asia bring home to all Americans the value of our firm support for the ROK over the past four decades.

The ROK's dynamism helps us meet the challenge of transforming what has been primarily a military alliance into a more equal political, defense and economic partnership. This is the logic of the US force restructuring underway, of Seoul's increased Host Nation Support, of our economic dialogue, and enhanced political consultations.

South Korea's success is all the more remarkable as it has occurred even as Seoul remains frozen in confrontation with North Korea. Indeed, the very real danger of nuclear proliferation on the Korean Peninsula is now the number one

threat to stability in East Asia.

North Korea's repeated failure to meet its international treaty obligations under the Non-Proliferation Treaty (NPT) by implementing full-scope IAEA safeguards has raised serious questions about its intentions.

Yet, as important as the NPT regime is, we saw in the case of Iraq that even IAEA safeguards can not ensure that a renegade regime will not acquire nuclear weapons capability. The only firm assurance would be an agreement by both Seoul and Pyongyang to forego reprocessing on the Korean Peninsula.

The key to reducing tensions on the Peninsula -- and ultimately to reunification -- is an active North-South dialogue. The road to peace and reunification rests with the Koreans themselves. But the halting efforts at reconciliation suggest the need to foster a climate of trust and confidence for real progress to occur. The recent decision by both Koreas to join the U.N. and renewed prospects for Prime Minister talks are hopeful signs. In my view, there is great potential for European-style confidence-building measures and ultimately, CFE-type arms reduction on the Korean Peninsula.

And while the process of reconciliation and, eventually, reunification, are ultimately Korean decisions, the four major powers -- the U.S., USSR, PRC and Japan -- have important interests that intersect in Korea. As North-South dialogue

progresses, we will explore opportunities for new forms of cooperation amongst the major powers in support of the dialogue, the easing of tensions, the guaranteeing of outcomes, and to address common security concerns.

US-Southeast Asia

Korea is not alone in its success. It is remarkable to think that just fifteen years ago many feared that countries such as Thailand, Malaysia, and Indonesia would become the next "dominoes" of Southeast Asia. Today, their talented, industrious people and market economies are setting the standard for development worldwide.

Over the past fifteen years, we have built an impressive structure of economic, political, and security cooperation with our ASEAN colleagues that make ASEAN the focal point of our engagement in Southeast Asia. ASEAN has become our fifth largest trading partner, and we are ASEAN's largest market. ASEAN was a leader in launching the Uruguay Round of the GATT, and we look to ASEAN support in completing the market-opening talks.

In the political realm, among the fruits of a decade of cooperative efforts with ASEAN is the rapid pace progress we have seen lately towards peace in Cambodia. As we look to the future, a just and durable peace in Cambodia will open the door to a new era in Southeast Asia -- the integration of Cambodia,

Vietnam and Laos into the mainstream of the region.

Beyond our multilateral engagement with ASEAN, two of its members, the Philippines and Thailand are bilateral treaty allies. I know there is much concern about the future of our presence in the Philippines.

Let me emphasize two points in this regard: First, our overriding concern is with sustaining good relations with a democratic and economically dynamic Philippines; and second, regardless of our military presence in Subic Bay, our security engagement in Southeast Asia will remain undiminished, though realized through other means.

Indeed, we are exploring ways of enhancing security cooperation with our friends throughout the sub-region to ensure our ability to sustain an adequate security presence there. The access agreement reached earlier this year with Singapore is a reflection of this commitment to a sustained presence in the region, and of the region's broad desire for and support of the active U.S. role we envision.

Let me say a word about Australia, our southern anchor in the Pacific. Canberra's activism in both global and regional affairs -- from efforts to rid the world of chemical weapons to the Cairns group in the GATT -- demonstrates it is an important ally. In efforts to achieve a settlement in Cambodia, and in its role of honest broker and catalyst for development in the

South Pacific, Australia plays a vital role in regional affairs.

APEC

While Asian security concerns are diverse, burgeoning intra-Asian and trans-Pacific trade and investment provide broad common interests on which to build. Today, the region is one of the major engines of world growth. And it is economics that holds the promise of bringing a new cohesion to the region.

This is what the U.S. and 11 other Pacific Basin economies sought to do in coming together two years ago to initiate the Asia/Pacific Economic Cooperation (APEC) process. We see APEC as an important mechanism for sustaining market-oriented growth, for advancing global and regional trade liberalization, and for meeting the new challenges generated from the region's remarkable growth, such as the protecting the environment.

With the imminent addition of China, Hong Kong, and Taiwan to APEC's membership -- and others in line to join -- its potential as a major trans-Pacific forum has become readily apparent. The successful efforts of APEC's ten working groups -- from energy and human resources to telecommunications, tourism, and transportation -- is laying a solid foundation of economic cooperation on a broad range of issues. This progress leads us to conclude that APEC is ripe to emerge as a key institution forging the greater sense of Pacific community needed to meet the new challenges of the post-Cold War world.

Let me be very clear: APEC is not a regional economic bloc. Rather, it is a product of -- and catalyst for -- trans-Pacific economic integration that is part of a larger global economy drawn ever closer together by the electronic wizardry of the Information Age. It is inclusive, not exclusive. We believe it is contributing to building support for an open global trade system, and is a regional force for liberalized trade.

Yet some fear the world is dividing into regional economic zones. The North American Free Trade Area (NAFTA) is viewed by some as a step in this direction. Nothing could be further from the truth.

The free trade area among the U.S., Mexico and Canada that is slowly emerging will not raise barriers to those outside it. The NAFTA will increase the productivity of the U.S., Canadian, and Mexican economies, thus bringing expanded markets for Asian traders and investors, thus stregnthening, not weakening, trans-Pacific economic links. The logic of free trade areas is to contribute to more liberalized trade, not trade blocs. In this regard, Thailand's proposed ASEAN free trade area is a welcome initiative that could stimulate ASEAN growth and also reinforce US-ASEAN economic ties.

Japan - Mexico trade

CHINA and the USSR

Finally, a viable architecture for the Asia/Pacific region must engage both China and the Soviet Union. Both are Perm

Five members, and in the Gulf conflict, in our Cambodian diplomacy, and efforts to reduce tensions on the Korean Peninsula, both have played a constructive role. We see promise for still deeper collaboration.

Yet great uncertainty clouds our relations with China. The tragic violence at Tiananmen can not be forgotten. It shattered the bipartisan consensus in the U.S for our relations with China.

Looking back over history, since the days of the missionaries more than a century ago, American views of China have oscillated from one extreme to the other. We have been exhilarated at the hope of the Chinese becoming more like us, and then deeply disappointed when they have not.

More recently, almost overnight our images turned from those of an exotic place of Panda Bears and ping-pong diplomacy to those of horror and rejection after the brutal violence of June 4, 1989.

Our ideals and values are an essential part of our engagement with China. As President Bush pointed our at Yale, no nation has discovered a way to import the world's goods and services while stopping foreign ideas at the border. The trends of the information age are irresistable.

With its 23% of the human race, its nuclear weapons, and

its Permanent seat on the U.N. Security Council, China casts a long shadow in Asia and beyond. As we have seen, China's international role encompasses a broad range of global and regional issues affecting our interests: from missile and nuclear proliferation and cooperation in the Gulf to resolving regional conflicts. This underscores the need for sustaining engagement with China on issues of common concern.

This is why President Bush has pursued a policy of engagement towards China. A central element of this policy is Most-Favored-Nation status. MFN has been an important catalyst in the growth of China's foreign trade during the 1980s to over $100 billion annually, and in the growth of a large market-oriented sector. Similarly this engagment has helped China's coastal areas become integrated with Hong Kong and the world economy.

Let me turn to the Soviet Union. The USSR is a power with interests in Asia as well as Europe. The revolution in the USSR leaves us with much uncertainty, yet also, much promise. Increasingly, we see Russia playing a more active role in the Asia/Pacific region.

I must add we welcome the growing interest in forging new economic ties between Soviet Asia and the dynamic Pacific Rim. The opening of Vladivostok, the establishment of free trade zone in Nakhodka, and moves toward resolving the Northern Territories issue are important steps that can pave the way for

greater participation in the Asia/Pacific region. As further military reductions are made and as market reforms take shape, the potential for economic collaboration with the market-oriented Pacific Rim will undoubtedly grow. And I am pleased to announce that the U.S. welcomes Soviet membership status in semi-official Pacific Economic Cooperation Council (PECC).

Conclusion

The ferment in the Asia/Pacific region points us towards a new era. Yet, we cannot fully face the future, while burdened by the legacies of the Cold War era in Asia. Only when true peace in Cambodia is realized, when Korea is unified on terms acceptable to all Koreans, and when the Northern Territories are returned to Japan, can we finally turn a new page in the history of the Asia/Pacific region.

For the new millenium to be a Pacific-oriented era, it will require a strong sense of community. The agenda I have discussed holds the promise of building that sense of community. By accommodating Asia's diversity in security, uniting around shared principles and values, and forging the economic ties that bind the region, our vision can be realized and the new Pacific partnership achieved.

U.S. DEPARTMENT OF COMMERCE
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FAX COVER SHEET

Office of the Assistant Secretary for International Economic Policy

DATE: October 28, 1991

TO: Michelle Nix

ORGANIZATION: Executive Office of the President

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MESSAGE:

Per our conversation. Call if I can do anything else for you.

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09/23/91
FINAL

REMARKS OF THE HONORABLE THOMAS J. DUESTERBERG, PH.D.

ASSISTANT SECRETARY OF COMMERCE FOR INTERNATIONAL ECONOMIC POLICY

At the KEI/AFSA Conference Titled:

The Tigers of Asia: The Economies of Hong Kong, Korea, Singapore & Taiwan

September 23, 1991

INTRODUCTION

I AM VERY HAPPY TO BE HERE THIS MORNING AT THE OPENING OF THIS CONFERENCE ON THE TIGERS OF ASIA. THE PACIFIC RIM IS A REGION OF CRUCIAL IMPORTANCE TO THE DEVELOPMENT OF THE WORLD ECONOMY THROUGH THE END OF THIS CENTURY AND INTO THE BEGINNING OF THE NEXT. WHAT I HOPE TO DO THIS MORNING IS TO BRING TO YOU A LITTLE DIFFERENT PERSPECTIVE ON THE REGION, A PERSPECTIVE THAT ENCOMPASSES NOT ONLY THE RECENT ECONOMIC HISTORY OF THE REGION WE ARE DISCUSSING, BUT ALSO ATTEMPTS TO VIEW THIS HISTORY WITHIN THE CONTEXT OF IMPORTANT EVENTS IN THE REST OF THE WORLD. IT IS ONLY FROM THAT BROADER PERSPECTIVE THAT WE CAN TRACE THE LIKELY PATH OF THE FUTURE DEVELOPMENT OF ASIAN ECONOMIES AS WELL AS THE EVOLUTION OF A MORE FULLY INTEGRATED AND DYNAMIC WORLD ECONOMY.

THE PAST FEW YEARS HAVE SEEN A BREATHTAKING SUCCESSION OF CHANGES IN THE WORLD. THE IRON CURTAIN HAS FALLEN, OR PERHAPS MORE ACCURATELY, BEEN RIPPED AWAY BY COURAGEOUS LEADERS WHO REALIZED THAT TOTALITARIANISM AND COMMAND ECONOMIES WERE RELICS OF A DARK PAST. OF SIMILAR ECONOMIC IMPORTANCE, THE STATIST ORIENTED, CLOSED ECONOMIES OF LATIN AMERICA ARE GIVING WAY TO DEMOCRATIC, MARKET ORIENTED SYSTEMS IN CHILE, MEXICO, ARGENTINA, VENEZUELA, AND MANY OTHER COUNTRIES. SOME WOULD HAVE US SEE THESE TRIUMPHS OF DEMOCRACY AND FREE MARKET ECONOMICS AS THE END OF HISTORY. DON'T WORRY, I'M NOT GOING TO RUIN YOUR BREAKFAST WITH ESOTERIC ARGUMENTS OVER WHETHER HEGEL, AS INTERPRETED BY MR. FUKUYAMA, WAS CORRECT. HOWEVER, I DO BELIEVE THAT THESE CHANGES ARE PART OF A LARGER PATTERN, A PATTERN THAT JAPAN, THE FOUR TIGERS, AND EVENTUALLY THE REST OF ASIA, HAVE PIONEERED; A PATTERN THAT HAS SOME BEARING ON HOW WE THINK ABOUT THE ROLE OF ASIA IN THE WORLD ECONOMY.

THAT PATTERN IS ONE OF INCREASINGLY BALANCED INTEGRATION INTO, AND THEREBY THE CREATION OF, A LARGER, MORE PROSPEROUS, GLOBAL ECONOMY WHERE LONG TERM, STABLE GROWTH IS ENHANCED. BY BALANCED, I MEAN PARTICIPATION IN THE WORLD ECONOMY AS BOTH MAJOR IMPORTERS AND MAJOR EXPORTERS OF GOODS, SERVICES, AND CAPITAL.

OTHER AREAS OF THE WORLD WOULD LIKE TO EMULATE THIS PATTERN, WITHIN THE BOUNDS OF THEIR OWN INDIVIDUAL ECONOMIC TRADITIONS. THE NEW DEMOCRACIES OF EASTERN EUROPE ARE SEEKING ENTREE INTO THE EUROPEAN COMMON MARKET, AND THROUGH THAT INTO THE GLOBAL TRADE AND FINANCIAL MARKETPLACE. WE SEE SIMILAR DESIRES ON THE PART OF THE LEADERS IN THE SOVIET UNION. IN OUR OWN HEMISPHERE, WE SEE AND ARE ENCOURAGED BY THE STEPS MEXICO AND MANY OF THE LATIN AMERICAN NATIONS HAVE TAKEN TOWARD REGIONAL AND HEMISPHERIC INTEGRATION.

WHAT I WOULD LIKE TO HIGHLIGHT TODAY IS THE SHIFT IN EMPHASIS OF THE ECONOMIES OF THE FOUR TIGERS FROM OVERDEPENDENCE ON EXPORTS AS A SOURCE OF ECONOMIC DYNAMISM TO A MORE BALANCED GROWTH STRATEGY. THE PATTERN THAT BEGAN FIRST IN JAPAN, THEN IN THE FOUR TIGERS, IS NOW SPREADING TO MANY OF THE OTHER ECONOMIES IN THE REGION. IN THE 1960S AND 1970S, AS THEY SOUGHT ECONOMIC DEVELOPMENT AND PROSPERITY, THESE ASIAN ECONOMIES PURSUED A STRATEGY OF EXPORT-LED GROWTH WITH THE CONCOMITANT POLICIES OF HIGH DOMESTIC SAVINGS, LOW DOMESTIC CONSUMPTION, AND PROTECTED DOMESTIC MARKETS. THIS STRATEGY PROVED REMARKABLE IN ITS EFFECTIVENESS, AND HAS SERVED AS A MODEL FOR OTHER COUNTRIES SEEKING THE SAME GOALS.

AN IMPORTANT BY-PRODUCT OF THIS STRATEGY HAS BEEN A GROWING INTEGRATION OF THESE ECONOMIES INTO THE WORLD ECONOMY. IT IS IMPORTANT TO REALIZE, HOWEVER, THAT THIS INTEGRATION IS AN EVOLUTIONARY PROCESS, A METAMORPHOSIS IF YOU WILL, AND NOT A FINITE CONTROLLED EVENT. AS SUCH, IT IS AFFECTED BY THE SURROUNDING ENVIRONMENT. THIS IS WHAT I MEANT WHEN I SAID EARLIER THAT WE MUST CONSIDER THE RECENT ECONOMIC HISTORY OF THE REGION IN THE PROPER CONTEXT IN ORDER TO DEVELOP A BETTER UNDERSTANDING OF ITS IMPLICATIONS.

REGIONAL ECONOMICS

IT HAS BEEN SAID THAT LONG TERM ECONOMIC GROWTH IS THE DOMINANT FACTOR IN THE SUCCESS AND FAILURE OF NATIONS. RECENT EVENTS IN EASTERN EUROPE AND THE SOVIET UNION BEAR STARK WITNESS TO THAT ASSERTION, AS THEIR INABILITY TO MEET THE ECONOMIC AND TECHNICAL ASPIRATIONS OF THEIR CONSUMERS AND THEIR POLITICAL LEADERS LED TO THE HISTORIC COLLAPSE OF THEIR MODEL OF POLITICAL AND ECONOMIC ORGANIZATION. THE REGION THAT WE ARE DISCUSSING HERE TODAY IS ONE THAT, BASED ON THE SPECTACULAR GROWTH RATES IN RECENT YEARS, HAS MET THE BASIC CHALLENGE OF MODERN TIMES -- PROVIDING A GOOD STANDARD OF LIVING FOR ITS PEOPLE AND THE PROSPECT OF IMPROVING IT OVER TIME. THE COUNTRIES IN THIS REGION HAVE DEVELOPED AND MAINTAINED VIGOROUS ECONOMIES MAINLY BECAUSE OF THEIR DEDICATION TO DEVELOPMENT THROUGH FREE ENTERPRISE, THEIR SKILLED WORK FORCES AND THEIR PRAGMATIC ECONOMIC POLICIES.

THE FOUR TIGERS AVERAGED 9.2 PERCENT GDP GROWTH IN THE 70S, AND 8.7 PERCENT GDP GROWTH IN THE 80S. STRONG GROWTH IS CONTINUING INTO THIS DECADE. A RECENT STUDY BY THE ASIAN DEVELOPMENT BANK REPORTS THAT ECONOMIC GROWTH IN THE FOUR TIGERS WAS 6.6 PERCENT IN 1990, UP FROM 6.2 PERCENT IN 1989. WHILE MUCH OF THE GROWTH IN THE PREVIOUS TWO DECADES WAS EXPORT-LED, I WOULD UNDERSCORE THAT AN IMPORTANT ASPECT OF THIS ADB STUDY WAS THAT THE GROWTH IN 1990 WAS LARGELY FUELED BY DOMESTIC DEMAND.

IN THE LAST DECADE, ASIAN INCOMES GREW AT MORE THAN DOUBLE THE PACE OF THE REST OF THE WORLD. DURING THAT PERIOD, EXPORTS FROM THE REGION EXPANDED AT ABOUT TWICE THE RATE OF NORTH AMERICAN AND EUROPEAN EXPORTS. HOWEVER, ABOUT MID-DECADE, WE SAW A SHIFT IN THE DESTINATION OF THOSE EXPORTS, AND AN IMPORTANT NEW TREND EMERGING. IN THE FIRST HALF OF THE 1980S, THE U.S. WAS THE PRINCIPAL "MARKET OF OPPORTUNITY" FOR ASIAN EXPORTS. EVEN AS LATE AS 1989 THE U.S. MARKET ABSORBED 26 PERCENT OF THE EXPORTS OF TAIWAN, SINGAPORE, HONG KONG AND KOREA. BUT IN 1986, AND HERE I QUOTE FROM A RECENT ASIAN DEVELOPMENT BANK REPORT, "A PROFOUND SHIFT OCCURRED IN THE GEOGRAPHIC PATTERN OF ASIAN EXPORTS, WITH ASIA BECOMING ITS OWN MOST IMPORTANT AND MOST RAPIDLY EXPANDING MARKET."

BETWEEN 1985 AND 1990, THE VALUE OF INTRA-ASIAN TRADE MORE THAN DOUBLED. IN 1990, INTRA-ASIAN EXPORTS ACCOUNTED FOR 41 PERCENT OF THE TOTAL EXPORTS OF THE REGION, COMPARED WITH 36 PERCENT IN 1985. JAPAN AND THE FOUR TIGERS ACCOUNTED FOR NEARLY TWO THIRDS OF INTRA-ASIAN EXPORTS, AND A LARGE PERCENTAGE OF INTRA-ASIAN INVESTMENT AS WELL. PERHAPS THE MOST INTERESTING FACET OF THE INTRA-ASIAN EXPORT BOOM IS THE LEADING ROLE PLAYED BY THE EXPORTS OF ASIAN DEVELOPING COUNTRIES TO JAPAN. THIS LARGELY REFLECTS THE RESULT OF AN INCREASE IN JAPANESE INVESTMENT IN PRODUCTION FACILITIES IN THESE COUNTRIES, A REACTION TO "ENDAKA", THE APPRECIATION OF THE YEN IN THE MID EIGHTIES.

I COULD NOT CLOSE THIS REGIONAL OVERVIEW WITHOUT NOTING THAT THE PACIFIC BASIN IS OF PARAMOUNT IMPORTANCE FROM THE U.S. ECONOMIC PERSPECTIVE AS WELL. IN THE FIRST HALF OF THIS YEAR, U.S. EXPORTS TO THE PACIFIC BASIN ACCOUNTED FOR NEARLY 30 PERCENT OF OUR EXPORTS TO THE WORLD, WHILE NEARLY 40 PERCENT OF TOTAL U.S. IMPORTS CAME FROM THIS REGION. TO LOOK AT IT ANOTHER WAY, APPROXIMATELY ONE THIRD OF U.S. GLOBAL TRADE WAS WITH THE PACIFIC BASIN, AND JAPAN AND THE FOUR TIGERS COMBINED NEARLY ACCOUNTED FOR OUR ENTIRE TRADE DEFICIT.

FINALLY, LET ME NOTE THAT U.S. EXPORTS TO THE FOUR TIGERS INCREASED BY 36 PERCENT BETWEEN 1987 AND 1990. THIS HAS BEEN A POWERFUL SOURCE OF STIMULUS TO THE U.S. ECONOMY. THE DEPARTMENT OF COMMERCE ESTIMATES THAT GROWTH IN U.S. MERCHANDISE EXPORTS CONTRIBUTED OVER 40 PERCENT OF THE GROWTH OF U.S. GNP BETWEEN 1986 AND 1990.

JAPAN

IT IS IMPOSSIBLE TO TALK ABOUT THE ASIA PACIFIC REGION WITHOUT TALKING ABOUT JAPAN. SOME SPEAKERS, IN SEEKING TO EXPAND ON THE FOUR TIGERS ANALOGY, HAVE REFERRED TO JAPAN AS ASIA'S "ELEPHANT." OTHERS HAVE REFERRED TO IT AS THE ORIGINAL ASIAN TIGER. NO MATTER WHAT VERBAL IMAGERY WE MAY ASSIGN TO IT, JAPAN IS STILL THE REGION'S DOMINANT ECONOMIC PRESENCE. THIS POINT IS VIVIDLY BROUGHT TO LIFE WHEN YOU REALIZE THAT THE INCREASE IN JAPAN'S GDP OVER THE LAST FOUR YEARS IS GREATER THAN THE WHOLE OF THE CURRENT GDP OF THE FOUR TIGERS.

REFLECTING JAPAN'S IMPORTANCE IN BOTH THE ASIAN AND THE WORLD ECONOMY, THIS ADMINISTRATION HAS BEEN PARTICULARLY ACTIVE IN ENCOURAGING A MORE BALANCED INTEGRATION OF JAPAN INTO THE WORLD ECONOMY. A PRIME EXAMPLE OF THIS IS THE STRUCTURAL IMPEDIMENTS INITIATIVE, KNOWN AS SII, WHICH HAS MADE IMPORTANT PROGRESS TOWARD IMPROVING OUR OVERALL TRADE RELATIONSHIP. BUT SII HAS MUCH BROADER IMPLICATIONS. WITHIN THE SII PROCESS, WHICH SEEKS REFORMS IN BOTH JAPAN AND THE U.S., JAPAN HAS PLEDGED TO ENACT ECONOMIC RESTRUCTURING MEASURES TO BOOST DOMESTIC DEMAND AND EXPAND IMPORTS OF MANUFACTURED GOODS.

THIS WILL REINFORCE THE ALREADY DEVELOPING TREND TOWARD INCREASED IMPORTS INTO JAPAN. TOTAL IMPORTS ROSE FROM $130 BILLION IN 1985 TO $235 BILLION IN 1990. JAPAN HAS ALSO COMMITTED IN SII TO INVEST OVER 430 TRILLION YEN ($3.1 TRILLION) IN INFRASTRUCTURE PROJECTS OVER THE NEXT TEN YEARS. CLEARLY DOMESTIC DEMAND IS PLAYING A MUCH LARGER ROLE IN OVERALL JAPANESE GROWTH GIVEN THESE TRENDS.

IF IMPLEMENTED, THESE MEASURES WOULD NOT ONLY CONTRIBUTE TO THE REDUCTION OF JAPAN'S TRADE SURPLUS AND A CONCOMITANT IMPROVEMENT IN THE U.S. TRADE DEFICIT, BUT SHOULD ALSO CONTRIBUTE TO THE CONTINUED EXPANSION OF INTRA-ASIAN TRADE. THIS WOULD HAVE A SIGNIFICANT POSITIVE IMPACT ON THE CONTINUED ECONOMIC GROWTH OF THE FOUR TIGERS AND OTHER DEVELOPING COUNTRIES IN ASIA.

KOREA

MOVING WEST FROM JAPAN, WE COME TO THE LARGEST OF THE FOUR TIGERS, THE REPUBLIC OF KOREA. FOR THE PAST THIRTY YEARS, THE KOREAN ECONOMY HAS GROWN AT A RATE OF OVER 8 PERCENT. PER CAPITA GDP IN KOREA, WHICH BROKE THE $100 MARK FOR THE FIRST TIME IN 1963, IS NOW OVER $4000.

KOREA'S GDP GREW AT AN UNEXPECTEDLY HIGH RATE OF OVER 8.7 PERCENT LAST YEAR, COMPARED WITH 6.1 PERCENT IN 1989. EXPORT PERFORMANCE IN 1990 WAS CONSIDERED TO BE RELATIVELY WEAK, WITH EXPORT GROWTH UNDER 5 PERCENT. THIS MEANS THAT FOR THE FIRST TIME IN THREE DECADES, KOREA'S EXPORTS HAVE GROWN AT A RATE OF LESS THAN 10 PERCENT FOR TWO CONSECUTIVE YEARS.

THIS DECLINE IN EXPORT GROWTH WAS MORE THAN COMPENSATED FOR BY LAST YEAR'S 10 PERCENT GROWTH IN DOMESTIC CONSUMPTION. TOTAL IMPORTS GREW FROM $41 BILLION IN 1987 TO NEARLY $70 BILLION IN 1990. THE OTHER MAJOR CONTRIBUTOR TO GDP GROWTH WAS INVESTMENT, WHICH WAS UP OVER 20 PERCENT; AND HAS BECOME AN INCREASINGLY IMPORTANT COMPONENT OF KOREAN GDP OVER THE PAST SEVERAL YEARS.

THE KOREAN ECONOMY HAS ENTERED A PERIOD OF TRANSITION WHICH WILL DOMINATE ITS SHORT TERM ECONOMIC OUTLOOK. THERE ARE PRESSING INFRASTRUCTURE NEEDS. THE MANUFACTURING SECTOR IS SHIFTING TOWARD HIGHER TECHNOLOGY AND LESS LABOR INTENSIVE PRODUCTION. AT THE SAME TIME, KOREAN FIRMS ARE LOOKING TO DIVERSIFY THEIR EXPORT MARKETS AWAY FROM THE U.S., WHICH RECEIVED APPROXIMATELY 29 PERCENT OF TOTAL KOREAN EXPORTS LAST YEAR, THE LOWEST LEVEL SINCE 1982.

ONE CAUSE FOR CONCERN IS THE RECURRING EFFORTS BY PUBLIC AND PRIVATE AUTHORITIES IN KOREA TO DISCOURAGE CONSUMPTION, AND THIS HAS USUALLY MEANT CONSUMPTION OF IMPORTED GOODS. WE ARE WORKING WITH THE KOREAN GOVERNMENT TO DISCOURAGE ATTACKS ON WESTERN "LUXURY" GOODS SUCH AS MOVIES, CIGARETTES, CARS, AND APPLIANCES.

TAIWAN

MOVING SOUTH FROM KOREA WE COME TO TAIWAN. SINCE 1950, TAIWAN'S REAL GNP HAS GROWN BY AN AVERAGE OF NEARLY NINE PERCENT PER YEAR. ITS FOREIGN TRADE MULTIPLIED BY MORE THAN 500 TIMES BETWEEN 1952 AND 1984. BY 1990, TAIWAN HAD BECOME THE WORLD'S TWELFTH LARGEST EXPORTER. BY ANY MEASURE, THIS IS A REMARKABLE RECORD OF ECONOMIC ACHIEVEMENT.

THE U.S. HAS STOOD BY TAIWAN THROUGHOUT EACH STAGE OF ITS ECONOMIC DEVELOPMENT BEGINNING WITH THE PROVISION OF U.S. ECONOMIC AND MILITARY AID IN THE EARLY FIFTIES. AS TAIWAN SHIFTED TO EXPORT-LED GROWTH POLICIES IN THE SIXTIES, SEVENTIES, AND EIGHTIES, THE OPEN U.S. ECONOMY PROVIDED MARKETS FOR TAIWAN'S BURGEONING EXPORT PRODUCTS. TAIWAN'S EXPORTS TO THE U.S. GREW FROM $19 MILLION IN 1960 TO $22 BILLION LAST YEAR. AS EARLY AS 1968, TAIWAN WAS ALREADY RUNNING A TRADE SURPLUS OF $39 MILLION WITH THE UNITED STATES. ON AVERAGE, 40 PERCENT OF TAIWAN'S EXPORTS FROM 1970 TO THE PRESENT ENTERED THE U.S. MARKET.

I WOULD LIKE TO TAKE A MOMENT HERE TO DISCUSS TWO RATHER SIGNIFICANT EVENTS: TAIWAN'S ENTRY INTO APEC AND PRESIDENT BUSH'S RECENT EXPRESSION OF SUPPORT FOR TAIWAN'S ENTRY INTO THE GATT.

I AM DELIGHTED THAT TAIWAN WILL BE PARTICIPATING IN APEC AND LOOK FORWARD TO ITS JOINING IN THE FULL COMPLEMENT OF APEC ACTIVITIES. I FIRMLY BELIEVE TAIWAN WILL PLAY A POSITIVE AND CONSTRUCTIVE ROLE IN FURTHERING ECONOMIC COOPERATION IN THE ASIA-PACIFIC REGION.

THE PRESIDENT RECENTLY STATED OUR POSITION WITH REGARD TO TAIWAN'S GATT APPLICATION. THE U.S. WILL WORK ACTIVELY WITH OTHER CONTRACTING PARTIES TO RESOLVE IN A FAVORABLE MANNER THE ISSUES RELATING TO TAIWAN'S GATT ACCESSION. WE ARE CURRENTLY ASSESSING HOW THE U.S. CAN BEST CONTRIBUTE TO THIS EFFORT.

THE PRESIDENT'S RECENT INDICATION OF SUPPORT IS A REFLECTION OF THE STRENGTH AND IMPORTANCE OF TAIWAN'S ECONOMY. WHILE IT IS THE WORLD'S TWELFTH LARGEST EXPORTER, TAIWAN'S ECONOMY HAS MATURED TO THE POINT THAT IT IS NO LONGER SOLELY RELIANT ON EXPORTS TO DRIVE ITS ECONOMIC GROWTH. PRIVATE CONSUMPTION AS A PERCENTAGE OF GNP GREW FROM 47 PERCENT IN 1986 TO 52 PERCENT IN 1989, WHILE EXPORTS FELL FROM 57 PERCENT OF GNP TO 49 PERCENT IN THAT SAME TIME PERIOD. EXPORTS TO THE UNITED STATES AS A PROPORTION OF GNP FELL FROM 24 PERCENT IN 1987 TO 14 PERCENT IN 1990.

ANOTHER IMPORTANT INDICATION OF THE MATURATION OF TAIWAN'S ECONOMY IS THE SIX YEAR DEVELOPMENT PLAN. UNDER THIS PLAN TAIWAN WILL SPEND OVER $200 BILLION DOLLARS ON MAJOR INFRASTRUCTURE PROJECTS BETWEEN NOW AND 1996. THE PLAN WAS CREATED TO HELP TAIWAN MAKE THE TRANSITION FROM A NEWLY INDUSTRIALIZED ECONOMY TO A DEVELOPED ECONOMY IN THE MOST TIMELY AND COST EFFECTIVE MANNER. THIS PLAN WILL FURTHER THE TREND TOWARD BALANCING INTERNAL AND EXTERNAL DEMAND AND, PRESUMABLY, REDUCE THE HIGH CURRENT ACCOUNT IMBALANCE.

TAIWAN IS PLAYING AN INCREASINGLY IMPORTANT ROLE IN THE REGION. AS ITS ECONOMY SHIFTS FROM LABOR INTENSIVE TO TECHNOLOGY AND CAPITAL INTENSIVE PRODUCTS, ITS TRADITIONAL INDUSTRIES ARE RELOCATING TO OTHER ASIAN COUNTRIES. THIS HAS HELPED TO DIVERSIFY TAIWAN'S EXPORT MARKETS AND REDUCE ITS TRADE SURPLUS WITH THE UNITED STATES, WHILE HELPING TO FOSTER ECONOMIC DEVELOPMENT AMONG ITS NEIGHBORS.

SINGAPORE & HONG KONG

MOVING SOUTH AGAIN, WE COME TO THE LAST TWO OF THE TIGERS, HONG KONG AND SINGAPORE. ALTHOUGH ONE CANNOT MINIMIZE IMPORTANT DIFFERENCES, THESE TWO ECONOMIES SHARE MANY TRAITS, THE MOST BASIC OF WHICH IS THEIR GEOGRAPHICAL LIMITS. IF YOU GO TO THE TROUBLE TO LOOK UP THESE TWO COUNTRIES IN THE CIA WORLD FACT BOOK, YOU WOULD FIND "DEEP HARBORS" LISTED AS ONE OF THE ONLY NATURAL RESOURCES AVAILABLE TO EACH ECONOMY.

TRADE HAS BEEN THE LIFE BLOOD OF THESE TWO CITY STATES FOR CENTURIES. LACKING ABUNDANT NATURAL RESOURCES, SINGAPORE AND HONG KONG HAVE PROSPERED ON THE STRENGTH OF INEXPENSIVE AND PRODUCTIVE LABOR POOLS, LOCATION, AND PRUDENT ECONOMIC MANAGEMENT. AND PROSPERED THEY HAVE. SINGAPORE AND HONG KONG HAVE THE HIGHEST PER CAPITA GNP IN THE DEVELOPING WORLD, AND HIGHER THAN SOME DEVELOPED COUNTRIES. SINGAPORE'S PER CAPITA GNP OF OVER $14,000 IS HIGHER THAN PORTUGAL, IRELAND, OR GREECE.

GNP GROWTH IN SINGAPORE CONTINUES TO BE STRONG. ALTHOUGH THE ECONOMY IS EXPECTED TO SLOW IN 1991 TO A RATE OF ABOUT 7.5 PERCENT, DOWN FROM 8.3 PERCENT IN 1990, THIS IS STILL A HANDSOME GROWTH RATE BY ANYONE'S STANDARDS. AS GNP AND INCOMES HAVE RISEN, SO TOO HAS DOMESTIC CONSUMPTION. DURING THE 70S AND 80S, WHILE GNP GREW DRAMATICALLY, TRADE DECREASED AS A PERCENT OF GNP FROM 30 PERCENT IN 1970 TO 17 PERCENT IN 1990. DOMESTIC CONSUMPTION AND INVESTMENT HAVE MADE UP THE DIFFERENCE. AS THE SINGAPORE ECONOMY MOVES INTO THE NINETIES, THE SERVICES AND HIGH TECHNOLOGY SECTORS, HAVING ALREADY REPLACED MANUFACTURING IN IMPORTANCE, WILL BECOME INCREASINGLY DOMINANT.

HONG KONG, THE OTHER CITY STATE TIGER, EXPERIENCED THE WEAKEST GROWTH OF THE FOUR TIGERS IN 1990. AS MUCH OF ITS LABOR INTENSIVE MANUFACTURING BASE RELOCATES TO SOUTHERN CHINA AND SOUTHEAST ASIA, HONG KONG IS SHIFTING MUCH OF ITS ECONOMIC FOCUS TO HIGHER TECHNOLOGY PRODUCTS AND SERVICES. IN RECENT YEARS, HONG KONG HAS BEEN PUTTING GREATER EMPHASIS ON FINANCIAL SERVICES IN RESPONSE TO THE SUBSTANTIAL DEMANDS FOR SUCH SERVICES TO FACILITATE TRADE AND INVESTMENT FLOWS IN THE REGION. THIS TRANSITION SHOULD PROVIDE THE BASE FOR DYNAMIC ECONOMIC GROWTH IN HONG KONG INTO THE NEXT CENTURY, ESPECIALLY IF HONG KONG FULFILLS ITS PROMISE AS THE WINDOW TO MAINLAND CHINA.

HONG KONG, TOO, HAS REDUCED IT DEPENDENCE ON THE U.S. MARKET. IN 1985, 44 PERCENT OF ITS EXPORTS WERE TO THE UNITED STATES, WHILE IN 1990 THIS PROPORTION FELL TO 30 PERCENT.

OTHER COUNTRIES

TURNING VERY BRIEFLY TO TWO OTHER ASIAN ECONOMIES THAT HAVE SIGNIFICANT POTENTIAL OVER THE MEDIUM TO LONG TERM, COUNTRIES THAT APPEAR TO REPRESENT THE NEXT WAVE OF TIGERS.

THAILAND WAS THE FASTEST GROWING ECONOMY IN ASIA LAST YEAR, REGISTERING DOUBLE DIGIT GROWTH FOR THE THIRD CONSECUTIVE YEAR. THIS GROWTH WAS FUELED LARGELY BY A BOOM IN PRIVATE CONSUMPTION AND INVESTMENT. THE THAI ECONOMY HAS UNDERGONE A RAPID STRUCTURAL TRANSFORMATION FROM BEING ALMOST SOLELY A PRODUCER OF PRIMARY COMMODITIES TO NOW BEING A LARGE PRODUCER OF MANUFACTURED GOODS. THAILAND'S EXPORTS HAVE INCREASED FROM $7 BILLION IN 1985 TO $23 BILLION IN 1990.

DOMESTIC DEMAND, PARTICULARLY INFRASTRUCTURE INVESTMENT, PROVIDED A STRONG IMPETUS TO MALAYSIA'S ECONOMY, CONSIDERED BY SOME TO BE ONE OF THE MOST DYNAMIC IN THE WORLD. IT TOO HAS TRANSFORMED ITS ECONOMY, FROM ONE BASED ON AGRICULTURE AND OIL TO A MORE INDUSTRIALIZED, AND PROSPEROUS, ONE. MANUFACTURING, ONCE A RELATIVELY SMALL SECTOR OF THE ECONOMY, NOW ACCOUNTS FOR APPROXIMATELY 25 PERCENT OF GDP AND OVER 50 PERCENT OF TOTAL EXPORTS. MALAYSIAN EXPORTS HAVE ALSO INCREASED, FROM $15 BILLION IN 1985 TO OVER $29 BILLION IN 1990.

INVESTMENT

AS THE FOUR TIGERS, THAILAND, MALAYSIA, AND OTHER COUNTRIES WITHIN ASIA GROW AND DEVELOP, AND AS THE U.S. AND OTHER G-7 COUNTRIES RECOVER FROM ECONOMIC DOWNTURNS, DEMANDS FOR CREDIT WILL RISE. IN ADDITION TO WHAT WE WOULD THINK OF AS THE NORMAL INCREASES IN BUSINESS INVESTMENT ASSOCIATED WITH RECOVERY AND EXPANSION, WE FACE AN AMALGAM OF UNUSUAL CIRCUMSTANCES. INVESTMENT IS NEEDED TO REBUILD EASTERN EUROPE, THE SOVIET UNION, AND KUWAIT. MORE FUNDS ARE NEEDED TO HELP SOLVE THE LATIN AMERICAN DEBT PROBLEM, AND TO HELP MEET DEVELOPING COUNTRY CREDIT NEEDS. THESE DEMANDS ON THE INTERNATIONAL FINANCIAL SYSTEM ARE ALSO PART OF THE CONTEXT WITHIN WHICH WE MUST VIEW THE FUTURE OF JAPAN, THE FOUR TIGERS, AND THE ASIAN ECONOMY AS A WHOLE.

IT HAS BECOME INCREASINGLY IMPOSSIBLE TO TALK ABOUT TRADE WITHOUT TALKING ABOUT INVESTMENT. ONE INEVITABLY LEADS TO THE OTHER. A RECENT STUDY BY THE GROUP OF 30 ARGUES THAT "AS A MECHANISM FOR INTEGRATING INTERNATIONAL MARKETS, TRADE AND FOREIGN DIRECT INVESTMENT ARE TWINS." BOTH CAN ENABLE FIRMS IN ONE COUNTRY TO REACH MARKETS IN ANOTHER. WHEN BARRIERS TO BOTH INVESTMENT AND TRADE ARE LOWERED, BOTH TEND TO INCREASE AND COMPLEMENT ONE ANOTHER.

THUS, IN EXAMINING THE DEVELOPMENT OF THE FOUR TIGERS, IT IS EQUALLY IMPORTANT TO CONSIDER INVESTMENT FLOWS AS WELL AS TRADE FLOWS. THE FIRST ASIAN COUNTRY TO EMERGE AS A MAJOR SOURCE OF DIRECT INVESTMENT CAPITAL WAS, NOT SURPRISINGLY, JAPAN. LOOKING AT THE STATISTICS, WE SEE THAT JAPAN'S SHARE OF THE WORLD STOCK OF DIRECT INVESTMENT ABROAD ROSE FROM 1 PERCENT ($2 BILLION) IN 1967, TO 5 PERCENT ($10 BILLION) IN 1973, AND THEN TO 12 PERCENT ($154 BILLION) BY 1989. THE MOST DRAMATIC GROWTH OCCURRED BETWEEN 1985 TO 1989, DURING WHICH PERIOD JAPAN'S TOTAL OUTWARD DIRECT INVESTMENT INCREASED BY MORE THAN 500 PERCENT. WHILE OVER HALF OF THIS FOUR YEAR INVESTMENT SURGE WENT TO THE U.S. AND EUROPE, SIGNIFICANT INVESTMENTS WERE ALSO MADE IN THE FOUR TIGERS AS WELL AS OTHER ASIAN ECONOMIES. THESE INVESTMENTS UNDOUBTEDLY PLAYED A SIGNIFICANT ROLE IN GENERATING THE INCREASED INTRA-ASIAN TRADE FLOWS, AS WELL AS ASIAN GROWTH, THAT I REFERRED TO EARLIER.

AS WAS THE CASE WITH TRADE, WHERE JAPAN HAS LED, THE FOUR TIGERS ARE FOLLOWING. TAIWAN, FOR INSTANCE, INVESTED AN ESTIMATED $2 BILLION LAST YEAR IN CHINA ALONE. FROM 1979 TO 1988 HONG KONG ACCOUNTED FOR 70 PERCENT OF THE TOTAL FOREIGN INVESTMENT IN CHINA. SINGAPORE IS WORKING WITH INDONESIA IN THE DEVELOPMENT OF BATAM ISLAND. ELSEWHERE, THERE IS SIGNIFICANT INVESTMENT INTEREST BY THE FOUR TIGERS IN MEXICO IN PREPARATION FOR THE NAFTA.

ALL OF THE TIGERS ARE NOW MAJOR FINANCIAL MARKETS IN THEIR OWN RIGHT. IT HAS BEEN ESTIMATED THAT ASIA AS A WHOLE CURRENTLY ACCOUNTS FOR ABOUT 30% OF TOTAL WORLD SAVINGS, MUCH OF IT CONCENTRATED IN JAPAN AND THE TIGERS. THE INVESTMENTS, AND THEREFORE TRADE AND ECONOMIC GROWTH, GENERATED BY THIS SAVINGS POOL WILL BE OF TREMENDOUS IMPORTANCE TO A MORE INTEGRATED GLOBAL ECONOMY.

IMPLICATIONS & CONCLUSION

AS WE HAVE SEEN IN OUR BRIEF DISCUSSION HERE THIS MORNING, JAPAN AND THE FOUR TIGERS ARE ECONOMIES ENTERING THE NEXT STAGE OF THEIR DEVELOPMENT. WHILE THEY WILL CONTINUE TO EXPORT, IT WILL NOT BE THE SOLE FOCUS OF THEIR ECONOMY. THE U.S. WILL NOT NECESSARILY BE THE MAJOR ENGINE OF GROWTH TO THESE ECONOMIES. INSTEAD, GROWTH IN THE PACIFIC RIM WILL BE INCREASINGLY DRIVEN BY DOMESTIC DEMAND AND INTRA-ASIAN TRADE.

AS OTHER AREAS COUNTRIES AND REGIONS IN THE WORLD DEVELOP, PERHAPS PURSUING THE SAME EXPORT-LED GROWTH POLICIES PIONEERED BY JAPAN AND THE FOUR TIGERS, THEY WILL NEED DYNAMIC, MATURE ECONOMIES TO SERVE AS THEIR "MARKETS OF OPPORTUNITY." JUST TO SUMMARIZE AGAIN, LAST YEAR ALONE JAPAN IMPORTED OVER $235 BILLION, AND THE FOUR TIGERS OVER $260 BILLION. THE INVESTMENTS, TRADE, AND ECONOMIC GROWTH FROM THIS REGION OF THE WORLD WILL BE ONE OF THE PRIMARY SOURCES OF THE NECESSARY DYNAMISM FOR THE NEXT PERIOD OF GROWTH IN THE GLOBAL ECONOMY.

DURING THE 80S, THE U.S. ACTED AS THE "MARKET OF OPPORTUNITY" FOR JAPAN, THE FOUR TIGERS, AND OTHER EXPORT-LED ECONOMIES. HOWEVER, THE U.S. IS ENTERING A DIFFERENT STAGE OF ITS ECONOMIC DEVELOPMENT, AND AS SUCH IS NO LONGER WILLING OR ABLE TO PLAY THAT ROLE TO THE SAME EXTENT IT DID IN THE PAST. INDEED, AS I NOTED EARLIER, THE U.S. ECONOMY HAS BECOME INCREASINGLY DEPENDENT ON GROWTH IN EXPORTS TO ASIA, EUROPE, AND OTHER DYNAMIC AREAS. IN A SENSE, THE U.S. ECONOMY IS BECOMING MORE BALANCED IN TERMS OF INTERNAL AND EXTERNAL DEMAND, JUST AS THE ASIAN ECONOMIES ARE DOING AT THE SAME HISTORIC MOMENT.

THE NEXT "MARKETS OF OPPORTUNITY" WILL HAVE TO BE JAPAN, THE FOUR TIGERS, SOUTHEAST ASIA, AND THE NEWLY DYNAMIC EUROPEAN COMMUNITY. THEN, THE REAL CHALLENGE WILL BE TO HELP GUIDE THE NEW MARKET ECONOMIES OF EASTERN EUROPE, LATIN AMERICA, AND, HOPEFULLY, THE SOVIET UNION TO LEARN THE LESSONS OF GROWTH ORIENTED POLICIES WHICH RESULT IN INCREASINGLY BALANCED INTEGRATION IN THE WORLD ECONOMY.

UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202-_____

October 24, 1991

NOTE TO JIM KEITH/TORKEL PATTERSON

SUBJECT: Information on Education in Singapore

Attached is a brief discussion of education in Singapore. As with the other materials on Japan, Korea, and Australia, we have tried to focus on common areas of interest between Singapore and the United States that could be the basis for further joint efforts between the two countries. In particular, I would call your attention to two areas: the significant reform efforts that are underway at the elementary and secondary level and the recent improvements in vocational training. The fact that Singapore has a system of national standards and certification in vocational training is particularly relevant to the President's AMERICA 2000 strategy, which calls for the creation of national "job-related (and industry-specific) skill standards."

Alan Ginsburg

Education and Singapore

SINGAPORE

Background

Though smaller in size than New York City, Singapore is one of the world's largest ports. The major ethnic groups are Chinese, Malay, and Indian. The official languages are Malay (the national language), Chinese, Tamil, and English. Singapore has progressed from being a developing country with a per capita income of $800 in 1965 to a newly industrialized economy with a per capita income of $10,000 in 1989.

The education system in Singapore is highly structured. Most students attend government or government-aided schools, which are directly supervised by the Ministry of Education, although some privately-owned, independent, and special schools (for disabled students) are available. Students in Singapore complete an average of 10 years of formal education.

Under the current system, children in Singapore start school at the age of six in "primary one." Primary education lasts for six to eight years, with some "streaming" or tracking currently beginning after "primary three," on the basis of an examination. Students then proceed to secondary school for another four to five years. Depending upon their scores on the General Certificate of Education (GCE) "O" level examinations, students are tracked or "streamed" into pre-university or vocational training. However, major reforms, described below, will significantly restructure all levels of education in Singapore.

Common Areas of Interest

Compatible w/ goal of America 2000

To prepare its citizens for life in a developed economy, Singapore has placed a high priority on education. The country has come to view education as a life-long process, necessary for both individual success and national economic competitiveness. In order to make education and training more accessible to a greater number of people, Singapore's entire education system is in the process of being revamped. The first wave of reform began in October 1990, with the restructuring of secondary and technical/vocational levels. Beginning in January 1992, major restructuring will take place at the primary, polytechnic, and university levels. Like AMERICA 2000, these reforms are based on a vision of national needs at the beginning of a new century.

- Restructuring of Primary Schools. In the 1992 school year, the primary school (grades 1-6) system will be restructured to help students improve their English and math skills while maintaining and developing skills in their native language. The Ministry of Education has determined that basic skills need more emphasis in the early grades, based on a study of the Japanese, Taiwanese, and German education systems, all of which provide nine years of basic schooling before students specialize in academic or vocational areas. Prior to the reform, only three years had been devoted to basic schooling before the children were "streamed" or placed into special tracks, despite the fact that Singapore students face the additional challenge of learning a second language.

  Under the new system, students will share a common curriculum through four years of primary education (as opposed to three years in the old system), with mathematics, English, and native language skills taught. Curriculum will then be differentiated beginning in grades 5 and 6 on the basis of examination results. In some situations, students will be able to transfer from one track to another.

Beginning in January 1992, some primary schools will offer full-day programs. Students will attend classes longer and have the option of after-school programs such as subject enrichment and homework assistance.

- Expanding Coverage of Preschool Education. Under the new system, a year of preschool, currently offered in only 10 schools, will become more widely available. Three types of preschool will be offered, one which focuses on teaching English and Chinese as the first languages, a second which offers lessons in English, Chinese, Malay, and Tamil, and a two-year pilot program, which gives four-year-old children exposure to languages.

- Restructuring of the Secondary and Technical/Vocational Schools. Under the previous secondary system, students were placed into tracks including special, express, and normal programs after the first year of secondary education. Special and express students completed secondary school in four years; normal students spent five years in secondary school.

  Reform measures implemented in technical/vocational and secondary schools in October 1990 were designed to better support low achievers. Under the new system, students are placed into the Express/Gifted, Normal (Academic), or Normal (Technical) programs, all of which offer four-year courses. While several examinations separate students into different streams, there are "second chance" opportunities. Streams include:

  Express/Gifted: This course is essentially the same as in the previous system. Passing scores on examinations taken after the fourth year of secondary school enable students to enter junior college or polytechnical institutes. Junior college graduates may enter the university after passing examinations; polytechnical graduates may enter the university immediately.

  Normal (Academic): Core subjects are English, mathematics, and the mother tongue. Examinations are taken at the end of "secondary four;" high scoring students may take the examination which allows them to enter junior college or polytechnical institutes; low-scoring students either become apprentices or enroll in vocational/technical training at the Vocational and Industrial Training Board (VITB) institutes. VITB graduates have the option of attending a polytechnical institute, which could qualify them to enter a university.

  Normal (Technical): This new program is intended to strengthen low-achieving students' skills in English and mathematics so that they will have the skills to complete VITB's basic training course. Core subjects are English, mathematics, and computer application. The potential academic path of a Normal (Technical) student is the same as that of a Normal (Academic) student.

- National skill standards and certification in vocational education. The Vocational and Industrial Training Board (VITB) promotes, provides and administers vocational training in Singapore. It conducts institutional training, registers apprentices and offers part-time continuing education and training programs for workers. The VITB is responsible for the setting of national skill standards, the conduct of public trade testing and the certification of skills. Skills training leads to one of several certificates or diplomas in specific vocational areas.

  The VITB has recently undergone major restructuring. VITB training is now only a postsecondary option rather than a secondary option. The VITB reform includes revising course

content to serve better prepared students, expanding apprenticeship program course offerings, reserving places at the polytechnical institutes for VITB graduates, and upgrading VITB facilities.

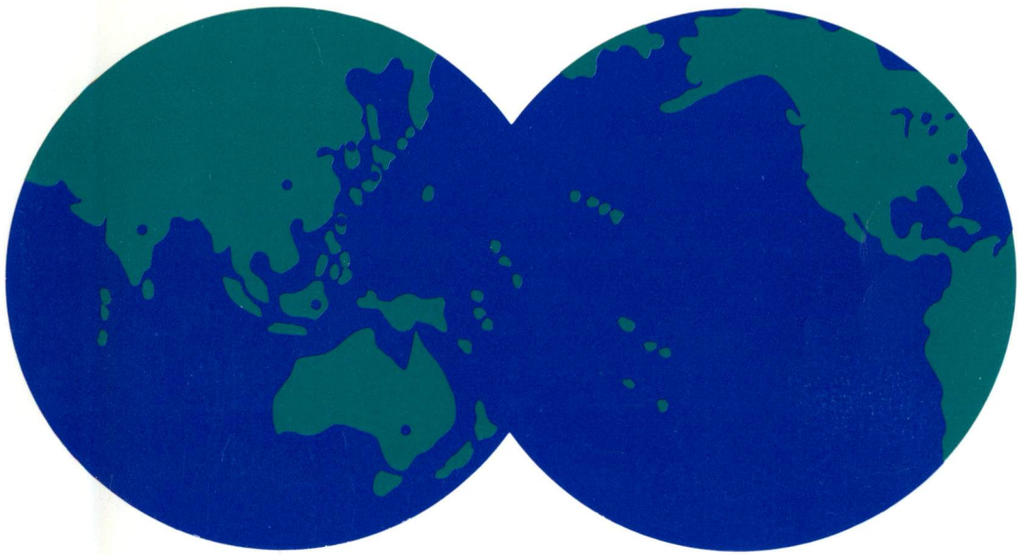
- Upgrading Basic Skills for Those in the Workplace. The VITB is also responsible for the Basic Education for Skills Training (BEST) program. This national program offers part-time basic skills training in four modules each of six months, for workers who do not have sufficient education to take training to upgrade their skills. Workers who obtain the Certificate in Basic Education at the highest level, in English or mathematics, are eligible for entry into secondary academic education programs.

- Reforms at the University and Polytechnical Institute Level. Several reforms at the university and polytechnical institute level address the same concerns prompting primary and secondary school reform: the need to make education and training more accessible to a greater number of students.

  More places are to be reserved for VITB trainees and polytechnic graduates in the university, and Singapore Polytechnic will accept secondary school leavers with passing examination scores and work experience. The polytechnics and universities are also expanding their course offerings.

REVISED

U.S. and Asia Statistical Handbook



1991
Edition

Compiled by

Kenneth J. Conboy

with

Henry M. Butler

and

William Randolph Jack

The Heritage Foundation
Asian Studies Center

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U.S. and Asia

Statistical Handbook

1991 Edition

Compiled by

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with

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and

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ECONOMIC STATISTICS
(Millions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	na	86.8	93.0	93.0	100.0	123.75	134.46
Growth	na	na	na	na	2.0%	3.5%	3.5%
CPI Rise	11.9%	9.1%	7.2%	3.2%	8.5%	12.2%	8.4%
Exports	19.75	27.26	10.49	11.08	14.70	15.39	17.73
to U.S.	7.0	25.0	2.0	2.0	2.0	4.0	na
Imports	50.33	50.73	47.94	61.96	69.19	71.5	74.52
from U.S.	4.0	2.0	2.0	3.0	4.0	4.0	na
CurAccount	0.68	1.86	-4.8	-5.4	-5.9	-7.6	-5.6

Western Samoa is a minor U.S. trading partner

MILITARY

1989 Military Budget: na
Increase over 1988: na
Outlay as a share of GNP: na
As a share of Government Spending: na

Total Regular Forces: none
Army: none **Reserves:** none
Navy: none **Airforce:** none

Combat Aircraft: na
Naval Vessels: na
Security Alliance with U.S.: none
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: Australian: small number of advisers to paramilitary forces
Armed Opposition Groups: none

INVESTMENT

1989 U.S. Direct Investment: US$ 1,000,000
1989 Western Samoan Direct Investment in the U.S.: none

WESTERN SAMOA

LAND
Area: 1,130 square miles
Cultivated: 24% **Forest:** 47% **Pasture:** 0%
Resources: hardwood, fish, copra, cocoa

POPULATION
1990 Estimate: 186,000 **Annual Growth:** 2.3%
Life Expectancy: 66 **Literacy:** 90%
Infant Mortality: 48 **Fertility:** 4.6
Ethnic Divisions: Samoan: 92%, Euronesian: 7%, other: 1%
Workforce: 37,000 **Unemployment:** na
Commerce and Services: na **Manufacturing:** na
Agriculture and Fishing: 60% **Construction:** na
Government and Public Authorities: na
Students: Primary and Secondary: na **University:** na

POLITICAL
Official Name: INDEPENDEDNT STATE OF WESTERN SAMOA
Capital: Apia
Type of Government: Constitutional Monarchy under native chief
Chief of State: King MALIETOA Tunumafili II
Head of Government: Prime Minister Tofilau ETI
Foreign Minister: same
1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 2 **Civil Liberties:** 2
1989 Voting with U.S. at U.N.: 21.95%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** none

ECONOMY
Currency: Tala, 1 US$ = 2.31 Tala (1990)
Major Industries: timber, tourism, light industry, fishing
Major Agricultural Products: cocoa, bananas, copra, coconuts
Major Imports: food, manufactured goods, machinery, fuel
Major Exports: cocoa, timber, mineral fuel, bananas
Per Capita GDP: US$ 730 (1989)

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ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	8.9	na	na	12.8	12.9	14.2	na
Growth	na	5.6%	3.3%	2.6%	5.7%	5.5%	2.4%
CPI Rise	na	na	1000.0%	1000.0%	700.0%	50.0%	40.0%
Exports	0.238	0.296	0.291	0.366	0.458	0.740	1.5
to U.S.	0.0	0.0	0.0	0.0	0.0	0.0	na
Imports	0.509	0.554	0.534	0.541	0.642	0.741	na
from U.S.	0.022	0.020	0.030	0.023	0.015	0.011	na
CurAccount	na	-1.1	na	na	-0.8	-1.6	-1.6

Vietnam is not a U.S. trading partner.

("Imports" from U.S. are mostly remittances sent to relatives)

MILITARY

1989 Military Budget: US$ 2,500,000,000 (est.)
Increase over 1988: na
Outlay as a share of GNP: 20%
As a share of Government Spending: na

Total Regular Forces: 1,052,000
Army: 900,000 **Reserves:** 4,500,000
Navy: 40,000 **Airforce:** 112,000 (including Air Defense)

Combat Aircraft: 250
Naval Vessels: 7 Frigates, 8 Fast-Attack Craft (missile), 23 Fast Attack Craft (torpedo), 2 Offshore Patrol Craft, 31 Inshore Patrol Craft, 5 Minesweepers

Security Alliance with U.S.: none
Other Security Alliances: Peace, Friendship, and Cooperation Treaty with Laos (1977); Peace, Friendship, and Cooperation Treaty with Cambodia (1979); Cooperation and Mutual Friendship Treaty with USSR (1978)
U.S. Military Installations: none
U.S. Military Personnel: none
Soviet Military Installations: Da Nang Airbase, Cam Ranh Bay Naval and Airbase
Foreign Military Personnel: Soviet: small number of advisers, airmen and sailors
Armed Opposition Groups: a small number of groups oppose the government with minimal effect

INVESTMENT

1990 U.S. Direct Investment: none
1990 Vietnamese Direct Investment in the U.S.: none

VIETNAM

LAND
Area: 127,200 square miles
Cultivated: 20% **Forest:** 31.3% **Pasture:** 14.8%
Resources: phosphates, coal, manganese, bauxite, apatite, chromite

POPULATION
1990 Estimate: 66,171,000 **Annual Growth:** 2.1%
Life Expectancy: 64 **Literacy:** 78%
Infant Mortality: 50 **Fertility:** 3.8
Ethnic Divisions: Vietnamese: 85%, Chinese: 3%, Thai, Muong, Meo, Khmer, Man, Cham: 10%

Workforce: 32,900,000 **Unemployment:** 10% (est.)
Commerce and Services: 5.0% **Manufacturing:** 5.0%
Agriculture and Fishing: 73.0% **Construction:** na
Government and Public Authorities: 10%
Students: Primary and Secondary: 11,850,000 **University:** 152,000

POLITICAL
Official Name: SOCIALIST REPUBLIC OF VIETNAM
Capital: Hanoi
Type of Government: Communist State
Chief of State: Secretary General Do MOUI
Head of Government: Prime Minister Vo Van KIET
Foreign Minister: NGUYEN Manh Cam

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 7 **Civil Liberties:** 7

1989 Voting with U.S. at U.N.: 9.90%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** none

ECONOMY
Currency: Dong, 1 US$ = 6,510.0 Dong (1990)
Major Industries: food processing, textiles, machine building, mining, cement, fertilizer
Major Agricultural Products: rice, rubber, fruits and vegatables, corn, sugarcane, cassava, coffee
Major Imports: petroleum, steel, railroad equipment, chemicals, medicines, military equipment, wheat, corn, fertilizer
Major Exports: rice, agricultural and handicraft products, coal, ores
Per Capita GDP: US$ 215 (1989)

INTRODUCTION

Nowhere in the world is economic and political dynamism more evident than in Asia. In Japan and the Newly Industrialized Countries (NICs) of Hong Kong, the Republic of China on Taiwan, Singapore and South Korea, strong economic growth has become standard. According to the International Management Development Institute and World Economic Federation, two of the top five countries in the world with the highest growth potential for the future are South Korea and Japan. In 1990, Seoul's Gross Domestic Product (GDP) increased 8.6 percent while Tokyo's rose 4.9 percent. Furthermore, in December 1990, Japan recorded its fiftieth consecutive month of economic expansion. Meanwhile, the island nations of Singapore and Taiwan continued keeping pace, posting 1990 growth rates of 8.3 percent and 5.2 percent respectively. Hong Kong also registered a positive growth figure of 2.3 percent, despite continued unease about the British colony's pending 1997 return to Mainland China.

What's more, the economic miracle is spreading to Southeast Asia. A second wave of "little dragons," namely Indonesia, Malaysia, and Thailand, are enjoying record economic growth. Over the past three years, the vibrant Malaysian and Thai economies have expanded at an annual rate of over 8 and 11 percent respectively, among the fastest in the world. This year Malaysia and Thailand are predicted to grow at 8.5 percent and 7.4 percent respectively. The world's fifth most populous nation, Indonesia, has also seen growth increase, with 1990's growth rate topping 6.5 percent. While rapid industrialization in these nations will not come without inflation, urban overcrowding, and disparate regional development, the spread of Asia's economic dynamos guarantees that the Pacific Rim will replace the North Atlantic as the center of world trade in this century's final decade.

DEMOCRATIC CHANGES

Asia's collective economic surge is rivaled in intensity only by political change in the region. On the South Asian subcontinent for example, Bangladesh and Nepal are making unprecedented strides toward democracy. India, meanwhile, rebounded from the assassination of Rajiv Gandhi to reconfirm itself as a resilient democracy.

In Southeast Asia, several nations face imminent political change. Thailand and the Philippines have elections set for next spring. Indonesia has a key election scheduled for the following year; it could usher in the first new president in a quarter of a century.

In Northeast Asia, Japan, long a linchpin of U.S. foreign policy in Asia, is expected to have a new government by next year. Regardless of who the next Japanese leader is, he will not be able to escape the mounting international and domestic pressures to define Tokyo's world role. Whether or not that role includes greater diplomatic initiatives or is limited largely to financial contributions, it is clear that Japan seeks a greater voice in shaping world events in general, and in Asia in particular.

While democracy spreads its roots throughout Asia, the Far East also has the dubious distinction of having a near monopoly on the world's remaining communist nations. In the People's Republic of China, nearly 20 percent of the world's population remains captive to a regime that persists in violating human rights and blocking political and economic liberalization. Communist regimes also rule Laos, North Korea, and Vietnam, while communist factions are certain to dominate any coalition in Cambodia. As these residual communist outposts come under pressure to reform, the potential for instability remains.

AMERICA'S ROLE

For the United States, the economic and political changes taking place in Asia have several implications. First, Washington now faces a new cast of Asian leaders, many of whom lack the special ties that Asian leaders forged with America immediately after World War II; the relationships Washington develops with this new generation of leaders will affect profoundly the future of both America and Asia. Second, Washington confronts the question of free and fair trade with Asia as part of the greater issue of making American goods more competitive in foreign markets.

Most important, perhaps, is the need for Washington to determine America's place in Asia in the 1990s. Specifically, Washington must chose whether to maintain a stabilizing military presence in Asia or withdraw the bulk of its forces from the region.

To help policy makers and the public understand these and other issues facing this vital region, The Heritage Foundation has compiled key social, economic, political and military statistics on 34 countries and territories in Asia. In addition, a special appendix was added to this edition, detailing Asia-Pacific support for Operation Desert Shield/Storm. The sixth in a series published by the Asian Studies Center, this handbook updates *U.S. and Asia Statistical Handbook, 1990 Edition.*

ECONOMIC STATISTICS

(Millions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	79.0	na	na	113.0	120.0	120.0	na
Growth	2.0%	1.1%	-2.0%	0.3%	0.6%	4.5%	4.7%
CPI Rise	5.5%	1.1%	4.8%	na	8.5%	9.2%	5.1%
Exports	na	19.0	9.0	14.0	15.0	16.0	13.0
to U.S.	na	na	0.4	0.9	8.0	15.0	na
Imports	na	52.0	47.0	57.0	58.0	58.0	71.0
from U.S.	na	na	na	na	2.0	1.0	na
Cur Account	19.3	1.3	-2.8	na	na	na	na

Vanuatu is a minor U.S. trading partner

MILITARY

Vanuatu maintains no armed forces

Security Alliance with U.S.: none
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: Australian: small number of advisers to paramilitary forces
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: na
1990 Vanuatu Direct Investment in the U.S.: US$ 2,000,000

VANUATU

LAND

Area: 4,700 square miles
Cultivated: 6% **Forest:** 1% **Pasture:** 2%
Resources: manganese, hardwood, cattle, fish

POPULATION

1990 Estimate: 165,000 **Annual Growth:** 3.2%
Life Expectancy: 69 **Literacy:** 15%
Infant Mortality: 35 **Fertility:** 5.5
Ethnic Divisions: Melanesian: 94%, French: 4%, other: 2%

Workforce: na **Unemployment:** na
Commerce and Services: na **Manufacturing:** na
Agriculture and Fishing: na **Construction:** na
Government and Public Authorities: na
Students: Primary and Secondary: na **University:** an

POLITICAL

Official Name: REPUBLIC OF VANUATU
Capital: Port-Vila
Type of Government: Republic
Chief of State: President Fred TIMAKATA
Head of Government: Prime Minister Walter LINI
Foreign Minister: Daniel KALPOKAS

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 2 **Civil Liberties:** 3

1989 Voting with U.S. at U.N.: 11.00%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** US$ 30,000

ECONOMY

Currency: Vatu, 1 US$ = 116.74 Vatu (1990)
Major Industries: fish-freezing, canneries, tourism
Major Agricultural Products: copra, cocoa, coffee, taro, yams, coconuts, fruits
Major Imports: food, consumer goods, machinery, transport equipment, fuels
Major Exports: copra, frozen fish, meat
Per Capita GDP: US$ 890 (1989)

SOURCES UTILIZED

The basic sources used in compiling this year's Handbook include: the **Far Eastern Economic Review's** *Yearbook*, the **International Institute of Strategic Studies'** *The Military Balance 1989-1990*, the **International Monetary Fund's** *International Financial Statistics Yearbook* and *Direction of Trade Statistics Yearbook*, the **Central Intelligence Agency's** *World Factbook*, the **World Bank's** *World Development Report* and *World Bank Atlas*, the **U.S. Department of State's** *Country Reports on Economic Policy and Trade Practices*, the **Department of Commerce's** *Survey of Current Business*, the **Pacific Economic Cooperation Conference's** *Pacific Economic Outlook* , **Freedom House's** *Freedom in the World 1990-1991*, the **Agency for International Development's** *Congressional Presentation*, the **Asian Development Bank's** *Asian Development Outlook 1991* and **Comwell Systems'** *PC-GLOBE 3.0* computer program. In addition, newspaper and magazine articles, foreign research organizations and foreign government reports were all utilized to fill in the gaps in the information coverage. The most widely used periodicals used were: the *Asian Wall Street Journal*, *The Bangkok Post*, the *Far Eastern Economic Review*, *Asiaweek*, *The Japan Economic Journal*, *The Japan Times*, *Korea BusinessWorld* and *TradeKorea*.

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EXPLANATORY NOTES

LAND

Total Area is in square miles.

Land Use: Cultivated land is the percentage of total area used for either permanent or seasonal crops. Pasture includes all land that is actively used to graze livestock.

POPULATION

Total Population: Mid-year 1990 estimate.

Infant Mortality: Number of deaths prior to one year of age per 1,000 live births in 1990.

Literacy: Percentage of adults with a functional reading ability in dominant native language in 1990.

Life Expectancy: Average number of years to be lived for persons born in 1990.

Fertility: Average number of children born per woman in her life.

ECONOMY

Currency: Market rate year-end 1990 value, unless noted.

GDP: Gross Domestic Product—Measures total production of goods and services of a country.

GNP: Gross National Product—GDP adjusted for international transactions, such as trade.

Growth: Real GNP or GDP increase, adjusted for inflation.

CPI: Consumer Price Index—Increase in cost of living.

Per Capita GNP: GNP divided by the population, an aggregate measurement of average personal income.

CurAccount: Current Account Balance—Overall balance in the trade of goods, services, investment income and government grants and gifts.

Note: Figures for GNP, Current Account and Trade are all given in Current Dollars; no adjustment has been made for the varying value of the dollar due to inflation or currency revaluations

ECONOMIC STATISTICS

(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	40.70	36.70	40.96	45.66	54.551	60.0	79.33
Growth	7.1%	3.5%	4.7%	7.1%	11.0%	11.0%	12.2%
CPI Rise	0.9%	2.4%	1.8%	2.5%	3.8%	5.5%	5.4%
Exports	7.414	7.123	8.864	11.564	15.956	20.028	23.397
to U.S.	1.426	1.543	1.873	2.387	3.420	4.635	5.3
Imports	10.415	9.260	9.165	13.003	20.140	25.296	28.090
from U.S.	1.114	0.849	0.936	1.544	1.892	2.292	3.0
CurAccount	-2.109	-1.537	0.247	-0.365	-1.671	-2.1	-6.1

Thailand is the **22nd** largest U.S. trading partner

MILITARY

1990 Military Budget: US$ 2,040,000,000

Increase over 1989: 13.3%

Outlay as a share of GNP: 2.8%

As a share of Government Spending: 16.4%

Total Regular Forces: 283,000

Army: 190,000 **Reserves:** 500,000

Navy: 50,000 **Airforce:** 43,000

Combat Aircraft: 185

Naval Vessels: 5 Frigates,2 Corvettes, 6 Fast-Attack Craft (missile), 14 Coastal Patrol Craft, 30 Inshore Patrol Craft, 7 Minesweepers

Security Alliance with U.S.: Informal Rusk-Thanat Communique of 1962 obliges the U.S. to assist in Thailand's defense; U.S. and Thai forces participate in annual military exercises.

Other Security Alliances: none

U.S. Military Installations: none

U.S. Military Personnel: none

Foreign Military Personnel: none

Armed Opposition Groups: Communist Party of Thailand: 200; *Phak Mai* (Vietnam/Laos-backed communists): less than 100; Patani United Liberation Organization and *Barisan Revolusi Nasional* (Islamic): numbers unknown

INVESTMENT

1990 U.S. Direct Investment: US$ 1,515,000,000

1990 Thai Direct Investment in the U.S.: US$ 137,000,000

THAILAND

LAND

Area: 198,500 square miles
Cultivated: 38%% **Forest:** 29% **Pasture:** 1%
Resources: tin, rubber, natural gas, tungsten, tantalum, timber

POPULATION

1990 Estimate: 55,115,000 **Annual Growth:** 1.3%
Life Expectancy: 67 **Literacy:** 82%
Infant Mortality: 34 **Fertility:** 2.1
Ethnic Divisions: Thai: 75%, Chinese: 14%, other: 11%

Workforce: 30,850,000 **Unemployment:** 5.8%
Commerce and Services: 20.5% **Manufacturing:** 10.0%
Agriculture and Fishing: 57.0% **Construction:** 2.7%
Government and Public Authorities: 6.3%
Students: Primary and Secondary: 9,200,000 **University:** 359,000

POLITICAL

Official Name: KINGDOM OF THAILAND
Capital: Bangkok
Type of Government: Constitutional Monarchy, under caretaker government
Chief of State: King BHUMIBOL ADULYADEJ (Rama IX)
Head of Government: Anand PANYARACHUN
Foreign Minister: Asa SARASIN

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 2 **Civil Liberties:** 3

1989 Voting with U.S. at U.N.: 14.12%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: US$ 15,995,000 **Military:** US$ 2,400,000

ECONOMY

Currency: Baht, 1 US$ = 25.30 Baht (1990)
Major Industries: agricultural processing, textiles and garments, wood, cement, mining, light manufactures, tourism, tobacco
Major Agricultural Products: rice, sugarcane, corn, rubber, tobacco
Major Imports: machinery and transport equipment, fuels and lubricants, base metals, chemicals and fertilizers
Major Exports: rice, sugar, corn, rubber, tin, textiles and garments, integrated circuits, canned seafood, fruits
Per Capita GDP: US$ 1,440 (1990)

POLITICAL

Last names (family) are in CAPITAL letters.
Voting with U.S. at the U.N.: Totals for 44th General Assembly session, from September to December 1989, indicating percentage agreement on votes on which both countries voted either yes or no (absences and abstentions are not included).
Freedom House: Index from *Freedom In The World: 1990-1991.*
U.S. Foreign Economic Assistance: Includes Direct Assistance, Economic Support Funds, Food Aid, Anti-Narcotics Aid, and Peace Corps.
U.S. Foreign Military Assistance: Includes International Military Education and Training, Military Assistance Program and Foreign Military Sales.

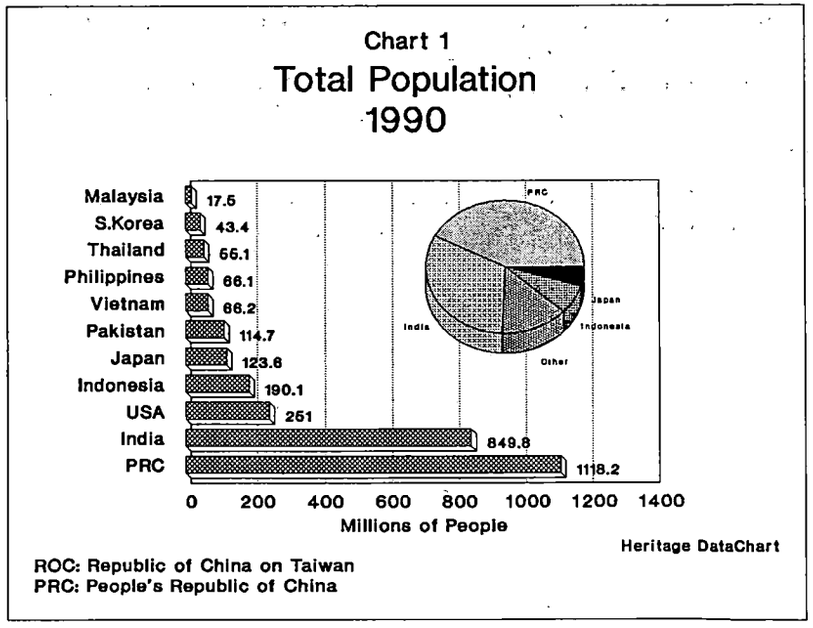
MILITARY

Military Budget Increase: Change in U.S. dollar value.
Regular Forces and Reserves: Does not include militias.
U.S. Military Personnel: Number of U.S. personnel based in country.
Foreign Military Personnel: Each country with forces present is indicated and broken down when known.
Armed Opposition Groups: Only included are active insurgent and/or terrorist groups. Non-English names are in *italics.*

INVESTMENT

Amount represents year end Foreign Direct Investment (FDI) position. Negative numbers represent net withdrawals of capital.

CHARTS AND MAPS



ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	5.50	5.95	6.38	6.66	7.0	6.9	7.1
Growth	5.1%	5.0%	4.3%	1.5%	2.6%	2.5%	4.0%
CPI Rise	16.6%	1.5%	8.0%	7.7%	14.0%	11.6%	18.0%
Exports	1.436	1.265	1.163	1.334	1.481	1.540	1.7
to U.S.	0.302	0.313	0.376	0.464	1.459	0.491	0.137
Imports	1.846	1.832	1.829	2.056	2.279	2.186	2.3
from U.S.	0.092	0.073	0.066	0.077	0.126	0.143	0.538
CurAccount	0.001	-0.418	-0.417	-0.344	-0.350	-0.31	-0.33

Sri Lanka is a minor U.S. trading partner

MILITARY

1989 Military Budget: US$ 223,000,000
Increase over 1988: -30.5%
Outlay as a share of GNP: 3.3%
As a share of Government Spending: 22%

Total Regular Forces: 65,100
Army: 50,000 **Reserves:** 25,000
Navy: 8,100 **Airforce:** 7,000

Combat Aircraft: 9
Naval Vessels: 2 Coastal Patrol Craft, 36 Inshore Patrol Craft

Security Alliance with U.S.: none
Other Security Alliances: some terms of the Indo-Sri Lankan Accord (1987) may still apply
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: none
Armed Opposition Groups: Liberation Tigers of Tamil Eelam (secessionist Tamil group): 2,000

INVESTMENT

1989 U.S. Direct Investment: US$ 16,000,000
1990 Sri Lankan Direct Investment in the U.S.: US$ -1,000,000

SRI LANKA

LAND

Area: 25,332 square miles
Cultivated: 35.7% **Forest:** 44.2% **Pasture:** 6.5%
Resources: limestone, graphite, mineral sands, gems, phosphates

POPULATION

1990 Estimate: 17,196,000 **Annual Growth:** 1.5%
Life Expectancy: 70 **Literacy:** 87%
Infant Mortality: 31 **Fertility:** 2.3
Ethnic Divisions: Sihalese: 74%, Tamil: 18%, Moor: 7%, other 1%

Workforce: 6,400,000 **Unemployment:** 20%
Commerce and Services: 26.3% **Manufacturing:** 13.3%
Agriculture and Fishing: 45.5% **Construction:** 4.6%
Government and Public Authorities: 10.0%
Students: Primary and Secondary: 3,830,000 **University:** 20,000

POLITICAL

Official Name: DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
Capital: Colombo
Type of Government: Republic
Chief of State: President Ransinghe PREMADASA
Head of Government: same
Foreign Minister: Harold HARATH

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 4 **Civil Liberties:** 5
1989 Voting with U.S. at U.N.: 12.12%

FY 1991 U.S. Foreign Assistance (Allocations)
Economic: US$ 43,664,000 **Military:** US$ 160,000

ECONOMY

Currency: Sri Lankan Rupee, 1 US$ = 39.89 Rupees (1990)
Major Industries: rubber, consumer goods, textiles, garments, tea and coconut processing, oil products
Major Agricultural Products: tea, rice, rubber, coconuts, spices
Major Imports: petroleum, machinery, transport equipment, sugar, textiles, rice, wheat
Major Exports: tea, rubber, petroleum products, textiles, coconuts, gems and jewelry
Per Capita GDP: US$ 415 (1990)

Chart 2

Declining Infant Mortality
1987 and 1990

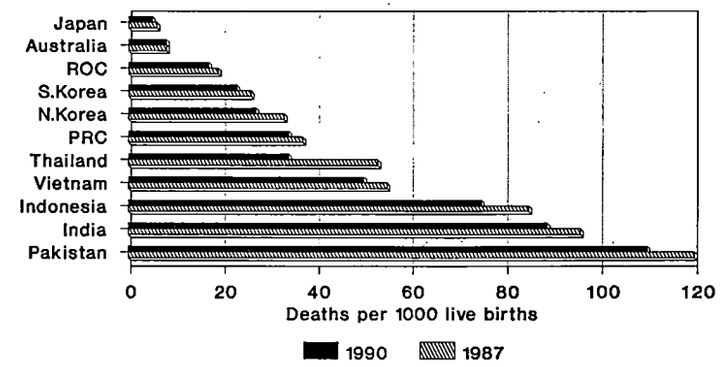


Chart 3

Gross Domestic Product
1990

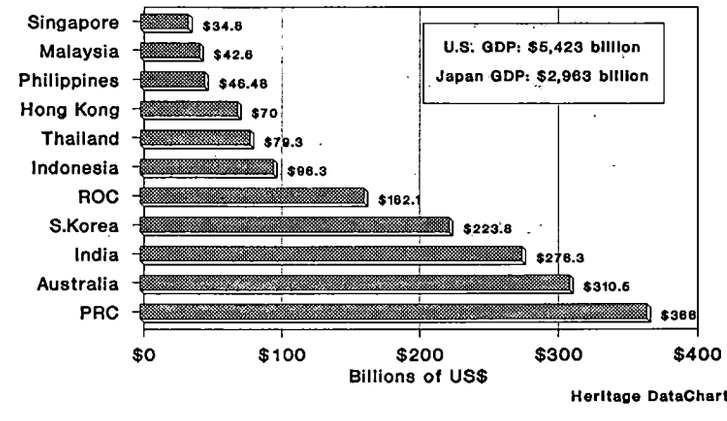


Chart 4

Per Capita Gross Domestic Product 1990

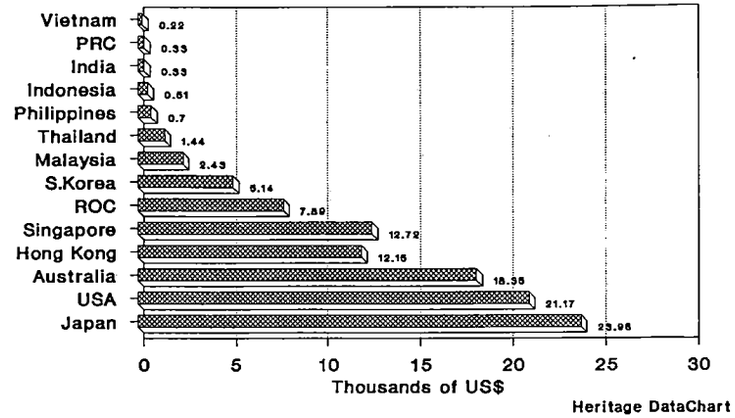
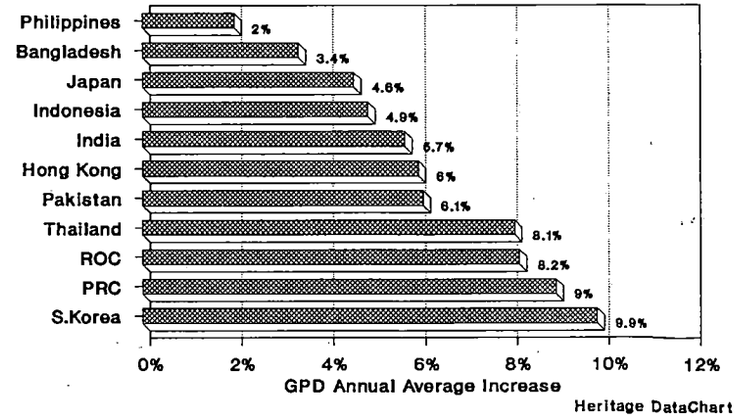


Chart 5

Average Annual Economic Growth 1984-1990



ECONOMIC STATISTICS

(Millions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	151.99	130.40	149.0	124.0	130.0	133.0	na
Growth	6.4%	6.4%	6.4%	0.8%	5.3%	5.5%	5.0%
CPI Rise	11.0	9.6%	13.6%	11.0%	17.3%	10.8%	10.2%
Exports	89.780	69.819	65.350	64.290	80.2	72.0	67.3
to U.S.	1.052	1.676	0.043	4.64	3.0	1.0	0.1
Imports	65.589	69.224	60.930	67.600	118.0	110.2	86.0
from U.S.	2.188	1.442	1.39	8.0	5.0	6.0	na
CurAccount	5.3	-23.0	-9.0	-4.0	-16.0	na	na

The Solomon Islands are a minor U.S. trading partner

MILITARY

1990 Military Budget: na
Increase over 1989: na
Outlay as a share of GNP: na
As a share of Government Spending: na

Total Regular Forces: none
Army: none **Reserves:** none
Navy: none **Airforce:** none

Combat Aircraft: none
Naval Vessels: none

Security Alliance with U.S.: none
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: Australian: small number of advisers to paramilitary forces
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: none
1990 Solomon Island Direct Investment in the U.S.: none

SOLOMON ISLANDS

LAND

Area: 10,980 square miles
Cultivated: 2% **Forest:** 93% **Pasture:** 1%
Resources: timber, marine shells, phosphates, gold, bauxite

POPULATION

1990 Estimate: 335,100 **Annual Growth:** 3.5%
Life Expectancy: 69 **Literacy:** 60%
Infant Mortality: 40 **Fertility:** 6.3
Ethnic Divisions: Melanesian: 93%, Polynesian: 4%, Micronesian: 1.5%, European: 0.8%, Chinese: 0.3%

Workforce: 23,500 **Unemployment:** na
Commerce and Services: 4.7% **Manufacturing:** 3.0%
Agriculture and Fishing: 32.5% **Construction:** 3.0%
Government and Public Authorities: na
Students: Primary and Secondary: na **University:** na

POLITICAL

Official Name: SOLOMON ISLANDS
Capital: Honiara
Type of Government: Parliamentary Democracy
Chief of State: Queen Elizabeth II
Head of Government: Solomon MAMALONI
Foreign Minister: Paul TOVUA

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 1 **Civil Liberties:** 1

1989 Voting with U.S. at U.N.: 14.89%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** US$ 50,000

ECONOMY

Currency: Solomon Islands Dollar, 1 US$ = 2.53 SI$ (1990)
Major Industries: fish canning, rice milling, wood products, furniture, garments, handicrafts, boatbuilding
Major Agricultural Products: fish, coconuts, timber, yams, taro
Major Imports: transport equipment, foodstuffs, mineral fuels, manufactured goods
Major Exports: fish timber, copra, palm oil, seashells
Per Capita GDP: US$ 570 (1989)

Chart 6

Defense Spending
1990

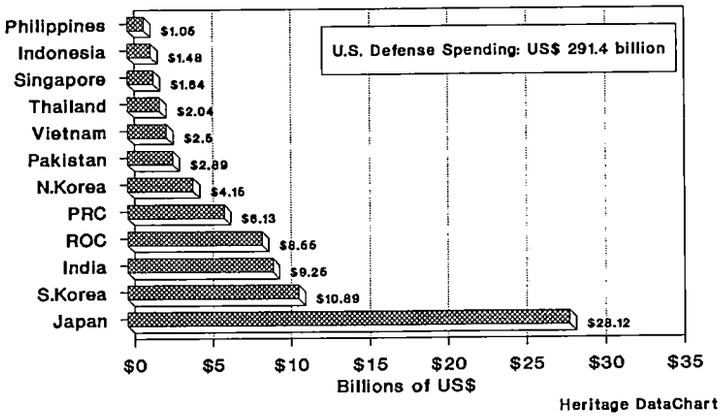


Chart 7

Defense Spending as a Share of
Gross National Product: 1990

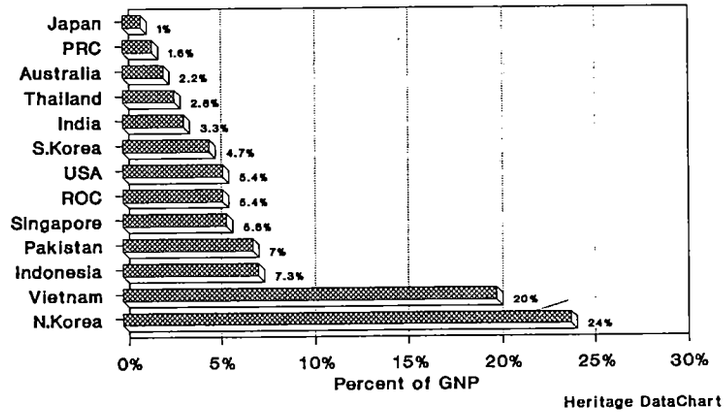


Chart 8

U.S. Trade Deficit with Asia

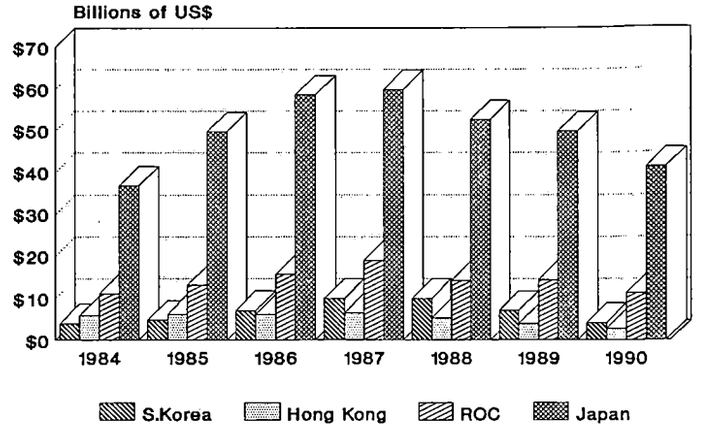
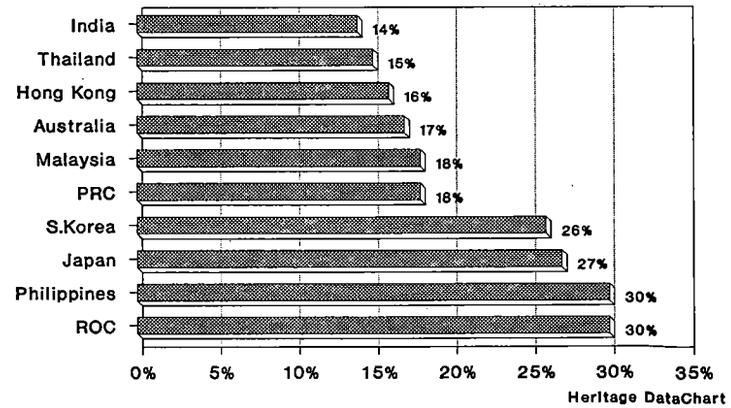


Chart 9

Trade with U.S. as a Share of Total Trade, 1990



ECONOMIC STATISTICS

(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	19.13	18.33	19.26	20.72	22.31	29.19	34.59
Growth	8.3%	-1.6%	1.7%	8.8%	11.0%	9.2%	8.3%
CPI Rise	2.6%	0.5%	-1.4%	0.5%	1.5%	3.0%	3.5%
Exports	24.070	22.812	22.501	28.696	39.318	44.769	49.292
to U.S.	4.121	4.412	4.884	6.395	8.223	9.178	9.8
Imports	28.667	26.237	25.513	32.626	43.869	49.694	52.112
from U.S.	3.675	3.476	3.380	4.053	5.739	7.353	8.0
CurAccount	-0.385	-0.004	0.542	0.539	1.660	2.1	4.2

Singapore is the **12th** largest U.S. trading partner

MILITARY

1990 Military Budget: US$ 1,640,000,000
Increase over 1989: 10.1%
Outlay as a share of GNP: 5.6%
As a share of Government Spending: 27%

Total Regular Forces: 55,500
Army: 45,000 **Reserves:** 212,000
Navy: 4,500 **Airforce:** 6,000

Combat Aircraft: 193
Naval Vessels: 3 Corvette, 6 Fast-Attack Craft (missile), 20 Inshore Patrol Craft, 2 Minesweepers

Security Alliance with U.S.: none, although U.S. and Singaporean forces periodically excercise together
Other Security Alliances: Five Power Defense Arrangement with Australia, Britain, New Zealand, Malaysia (1971)
U.S. Military Installations: U.S. will station aircraft in Singapore under a recently signed agreement
U.S. Military Personnel: less than 100
Foreign Military Personnel: New Zealand: 20
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: US$ 3,971,000,000
1990 Singaporean Direct Investment in the U.S.: US$ 1,129,000,000

SINGAPORE

LAND

Area: 239 square miles
Cultivated: 9.5% **Forest:** 4.6% **Pasture:** 0%
Resources: none

POPULATION

1990 Estimate: 2,720,000 **Annual Growth:** 1.3%
Life Expectancy: 74 **Literacy:** 87%
Infant Mortality: 8 **Fertility:** 2.0
Ethnic Divisions: Chinese: 76.4%, Malay: 14.9%, Indian: 6.4%, other 2.3%

Workforce: 1,280,000 **Unemployment:** 2.0%
Commerce and Services: 60.0% **Manufacturing:** 28.5%
Agriculture and Fishing: 0.4% **Construction:** 5.0%
Government and Public Authorities: 5.5%
Students: Primary and Secondary: 464,250 **University:** 46,900

POLITICAL

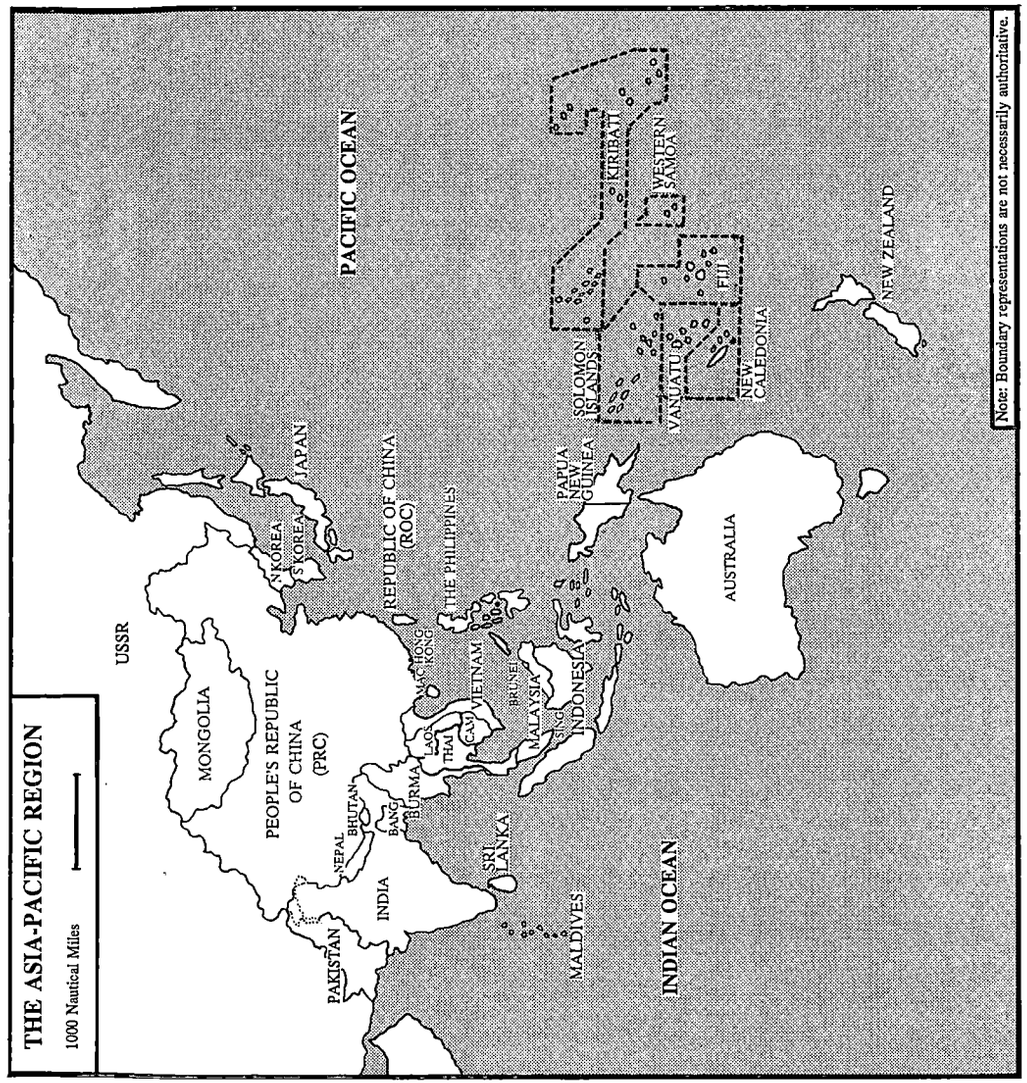
Official Name: REPUBLIC OF SINGAPORE
Capital: Singapore
Type of Government: One-Party Dominant Republic
Chief of State: President WEE Kim Wee
Head of Government: Prime Minister GOH Chok Tong
Foreign Minister: WONG Kan Seng

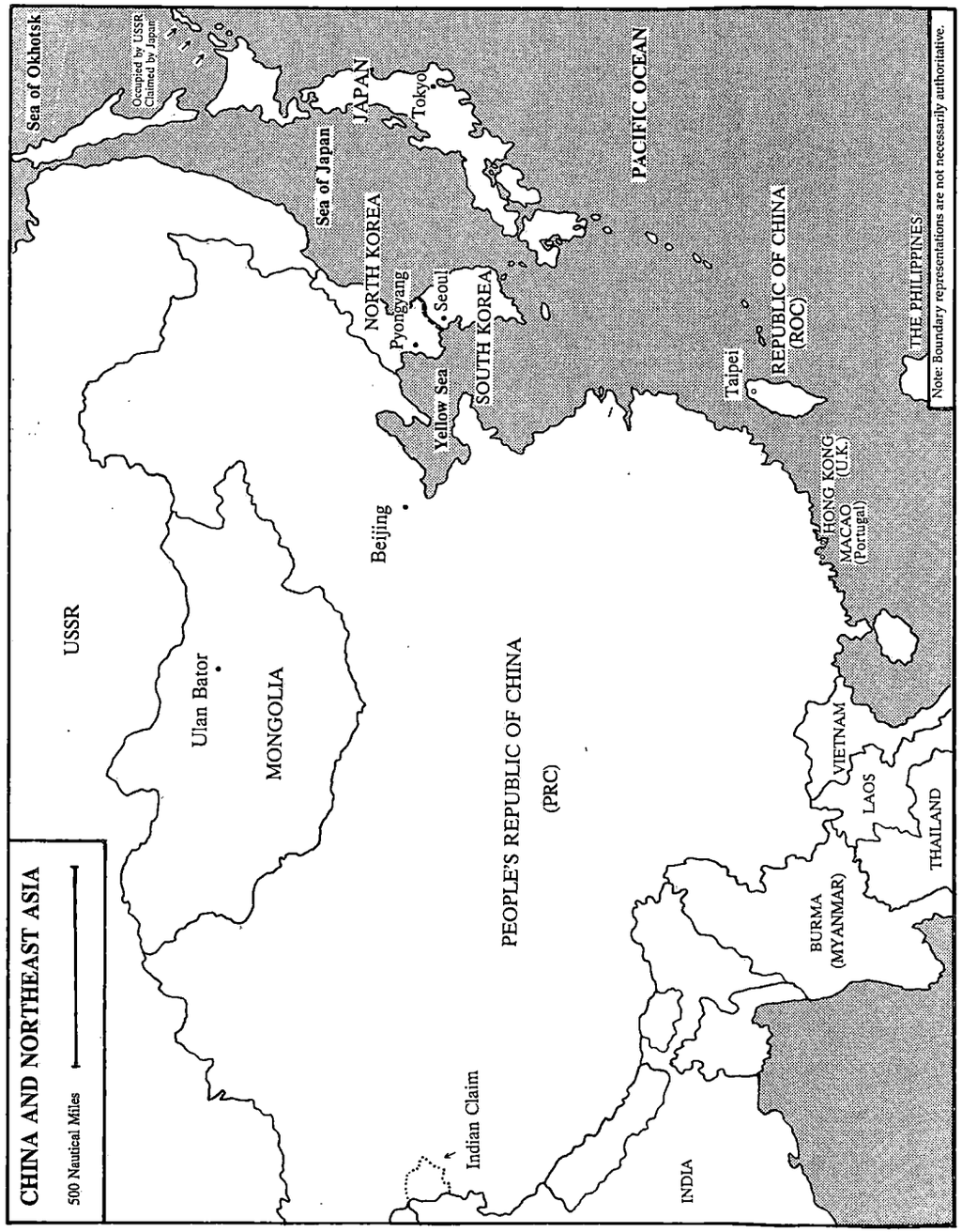
1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 4 **Civil Liberties:** 4

1989 Voting with U.S. at U.N.: 14.61%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** US$ 20,000

ECONOMY

Currency: Singapore Dollar, 1 US$ = 1.78 S$ (1990)
Major Industries: petroleum refining, rubber processing, electronics, food processing, ship repair, garments
Major Agricultural Products: hogs, poultry, orchids, vegetables
Major Imports: capital equipment, manufactured goods, crude oil, transport equipment, consumer goods
Major Exports:machinery, manufactured goods, transport equipment, refined petroleum, rubber, electronics
Per Capita GDP: US$ 12,720 (1990)





ECONOMIC STATISTICS

(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	31.58	32.12	30.15	34.20	39.08	40.0	46.48
Growth	-6.0%	5.3%	-7.8%	4.7%	6.4%	5.8%	5.7%
CPI Rise	50.3%	23.1%	0.8%	3.8%	8.8%	10.6%	12.5%
Exports	5.343	4.614	4.807	5.696	7.034	7.754	8.200
to U.S.	2.622	2.334	2.150	2.481	2.897	3.308	3.4
Imports	6.262	5.351	5.211	6.937	8.662	11.165	12.114
from U.S.	1.766	1.379	1.363	1.599	1.876	2.206	2.5
CurAccount	-1.268	-0.018	0.971	-0.498	-0.373	-1.6	-1.466

The Philippines are a minor U.S. trading partner

MILITARY

1990 Military Budget: US$ 1,052,000,000
Increase over 1989: -17.8%
Outlay as a share of GNP: 2.9%
As a share of Government Spending: 10.9%

Total Regular Forces: 108,500
Army: 68,000 **Reserves:** 128,000
Navy: 25,000 **Airforce:** 15,500

Combat Aircraft:31
Naval Vessels: 2 Frigates, 8 Offshore Patrol Craft, 4 Coastal Craft, 39 Inshore Patrol Craft

Security Alliance with U.S.: U.S. Philippine Mutual Defense Treaties: (1957, 1983)
Other Security Alliances: none
U.S. Military Installations: Clark Field Airbase (to revert to Philippine control in September 1992), Subic Bay Naval Base, Cubi Point Naval Air Station
U.S. Military Personnel: 5,000 Navy, 8,700 Air Force, 200 Army, 800 Marines
Foreign Military Personnel: none
Armed Opposition Groups: New People's Army: 19,000; Moro National Liberation Front: 15,000; Moro Islamic Libration Front (breakaway from MNLF): 2,900; Moro Islamic Reformist Group (breakaway from MNLF): 900; several factions in the military oppose the current government, including: Reform the Armed Forces Movement (RAM) and the Young Officers Union (YOU)

INVESTMENT

1990 U.S. Direct Investment: US$ 1,655,000,000
1990 Philippine Direct Investment in the U.S.: US$ 77,000,000

THE PHILIPPINES

LAND

Area: 115,830 square miles
Cultivated: 39.1% **Forest:** 37% **Pasture:** 4%
Resources: timber, petroleum, nickel, iron, cobalt, silver, gold

POPULATION

1990 Estimate: 66,117,000 **Annual Growth:** 2.5%
Life Expectancy: 66 years **Literacy:** 88%
Infant Mortality: 48 **Fertility:** 4.3
Ethnic Divisions: Christian Malay: 91.5%, Muslim Malay: 4%, Chinese: 1.5%, other: 3%

Workforce: 24,225,000 **Unemployment:** 8.8% (official rate)
Commerce and Services: 36.2% **Manufacturing:** 20.6%
Agriculture and Fishing: 9.9% **Construction:** 7.6%
Government and Public Authorities: 25.7%
Students: Primary and Secondary: 13,670,000 **University:** 2,190,000

POLITICAL

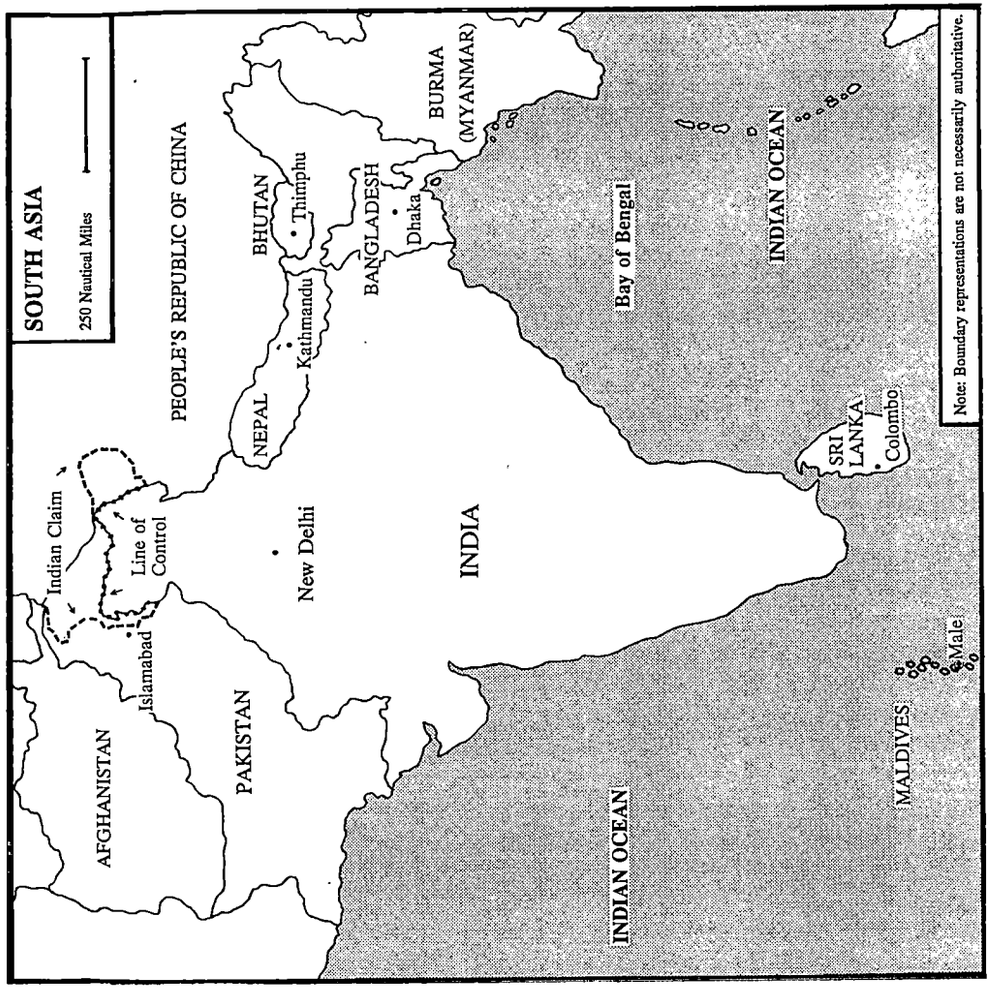
Official Name: REPUBLIC OF THE PHILIPPINES
Capital: Manila
Type of Government: Republic
Chief of State: President Corazon AQUINO
Head of Government: same
Foreign Minister: Raul MANGLAPUS

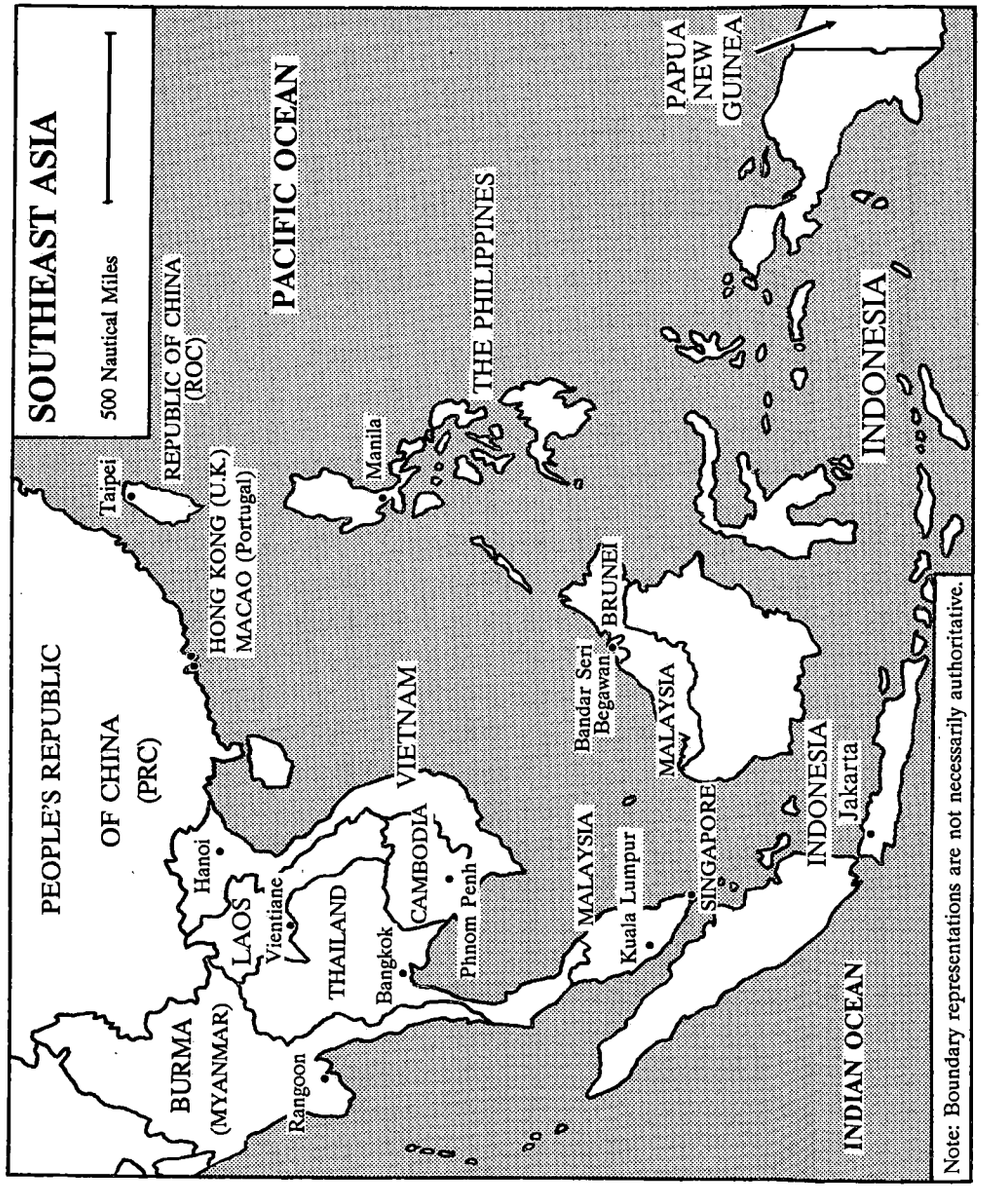
1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 3 **Civil Liberties:** 3

1989 Voting with U.S. at U.N.: 13.68%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: US$ 353,689,000 **Military:** US$ 202,600,000

ECONOMY

Currency: Philippine Peso, 1 US$ = 27.94 Pesos (1990)
Major Industries: textiles, pharmaceuticals, wood products, food processing, electronics, chemicals, oil products
Major Agricultural Products: rice, coconut, sugarcane, corn, bananas, pineapples
Major Imports: petroleum, industrial equipment, wheat
Major Exports: sugar, lumber, bananas, garments, electrical components
Per Capita GDP: US$ 700 (1990)





ECONOMIC STATISTICS

(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	2.35	2.19	2.43	2.71	2.92	3.0	2.95
Growth	1.2%	4.8%	5.0%	4.8%	0.5%	-7.5%	-1.6%
CPI Rise	7.4%	3.7%	5.5%	3.3%	5.5%	8.0%	5.4%
Exports	0.894	0.918	1.048	1.172	1.396	1.278	1.3
to U.S.	0.029	0.036	0.048	0.023	0.036	0.032	na
Imports	0.845	0.788	0.844	1.092	1.212	1.330	1.35
from U.S.	0.053	0.041	0.051	0.051	0.113	1.121	na
CurAccount	-0.322	-0.155	-0.105	-0.325	-0.470	-0.70	-0.70

Papua New Guinea is a minor U.S. trading partner

MILITARY

1989 Military Budget: US$ 45,610,000
Increase over 1987: 19.7%
Outlay as a share of GNP: 1.2%
As a share of Government Spending: 4.5%

Total Regular Forces: 3,540
Army: 3,100 **Reserves:** 0
Navy: 300 **Airforce:** 140

Combat Aircraft: 3
Naval Vessels: 5 Inshore Patrol Craft

Security Alliance with U.S.: none
Other Security Alliances: Status of Forces Treaty with Australia (1976, updated 1990)
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: Australian: 290 engineers, trainers and advisers
Armed Opposition Groups: Secessionist Bougainville Revolutionary Army (armed strength: 200) contests control of Bougainville island

INVESTMENT

1990 U.S. Direct Investment: US$ 232,000,000
1990 Papuan Direct Investment in the U.S.: none

PAPUA NEW GUINEA

LAND

Area: 178,700 square miles
Cultivated: 3% **Forest:** 78% **Pasture:** 2%
Resources: gold, copper, silver, gas, timber

POPULATION

1990 Estimate: 3,822,900 **Annual Growth:** 2.3%
Life Expectancy: 55 **Literacy:** 32%
Infant Mortality: 68 **Fertility:** 5.0
Ethnic Divisions: Papuan, Melanesian, Negrito, Micronesian, Polynesian

Workforce: 230,000 **Unemployment:** 5%
Commerce and Services: 34.0% **Manufacturing:** 10.0%
Agriculture and Fishing: 35.0% **Construction:** 7.0%
Government and Public Authorities: 14.0%
Students: Primary and Secondary: 433,300 **University:** 7,100

POLITICAL

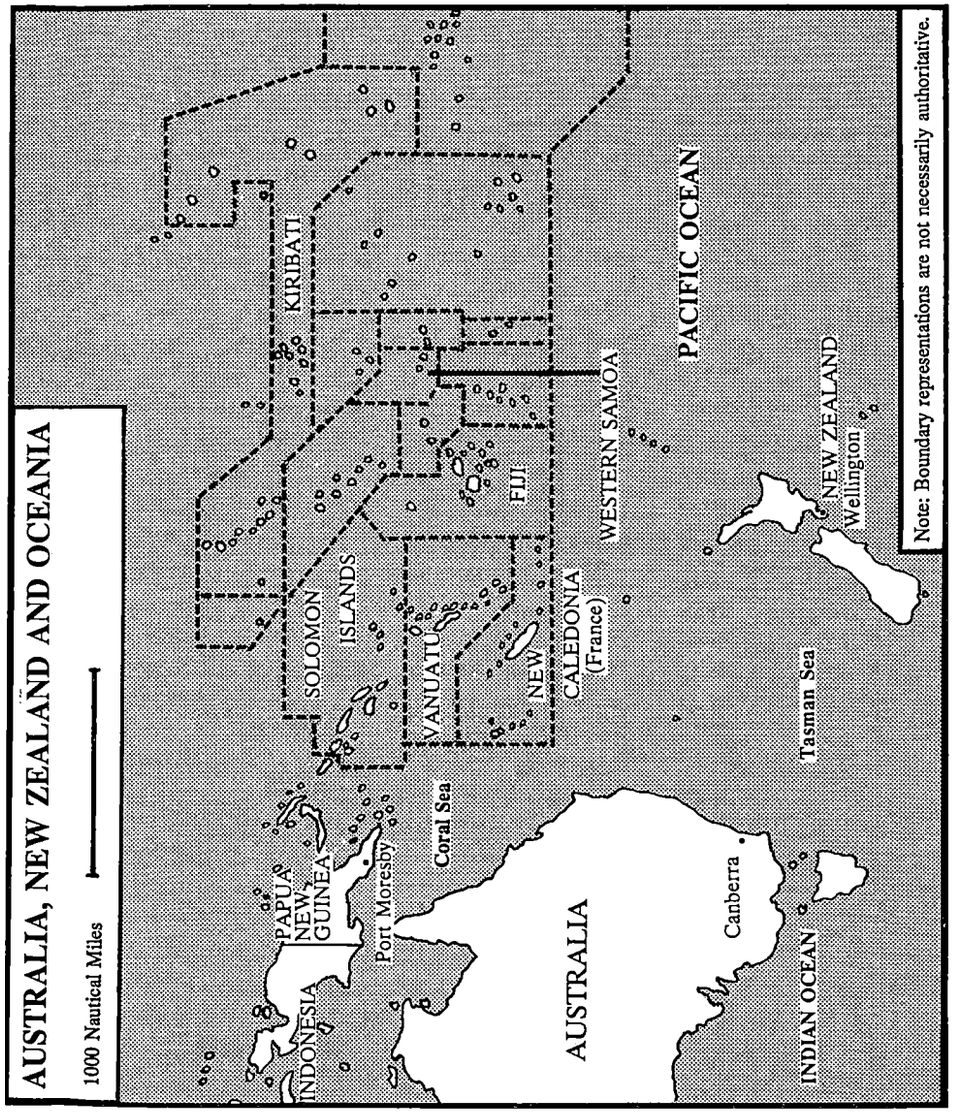
Official Name: PAPUA NEW GUINEA
Capital: Port Moresby
Type of Government: Parliamentary Democracy
Chief of State: Queen Elizabeth II
Head of Government: Prime Minister Rabbie NAMALIU
Foreign Minister: Michael SOMARE

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 2 **Civil Liberties:** 3

1989 Voting with U.S. at U.N.: 15.85%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** US$ 75,000

ECONOMY

Currency: Kina, 1 US$ = 0.95 Kina (1990)
Major Industries: wood products, copper mining, fish canning, construction, food processing, tourism
Major Agricultural Products: coffee, cocoa, copra, palm oil, timber, tea, rubber
Major Imports: machinery, fuels, food, chemicals
Major Exports: gold, copper, coffee, palm oil, logs, cocoa
Per Capita GDP: US$ 770 (1990)



AUSTRALIA

LAND

Area: 2,968,200 square miles
Cultivated: 2.5% **Forest:** 14% **Pasture:** 58%
Resources: bauxite, coal, copper, iron ore, tin, silver, uranium, nickel, mineral sands, lead, zinc, diamonds, natural gas, oil

POPULATION

1990 Estimate: 16,923,000 **Annual Growth:** 1.3%
Life Expectancy: 77 years **Literacy:** 98.5%
Infant Mortality: 8 **Fertility:** 1.8
Ethnic Divisions: Caucasian: 95%, Asian: 4%, Aboriginal: 1%

Workforce: 8,410,000 **Unemployment:** 7.5%
Commerce and Services: 61.2% **Manufacturing:** 14.3%
Agriculture and Fishing: 5.0% **Construction:** 7.0%
Government and Public Authorities: 4.4%
Students:Primary and Secondary: 3,010,000 **University:** 441,100

POLITICAL

Official Name: COMMONWEALTH OF AUSTRALIA
Capital: Canberra
Type of Government: Federal Parliamentary State
Chief of State: Queen Elizabeth II
Head of Government: Prime Minister Robert HAWKE
Foreign Minister: Gareth EVANS

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 1 **Civil Liberties:** 1

1989 Voting with U.S. at U.N.: 40.79%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Australian dollar, 1 US$ = 1.29A$ (1990)
Major Industries: mining, iron and steel, industrial equipment, food processing, textiles, aircraft, ships, chemicals
Major Agricultural Products: wheat, barley, oats, corn, hay, lamb,beef, sugarcane, dairy products, wine, fruit, vegetables
Major Imports: machinery, manufactures, transport equipment, chemicals, petroleum, metal goods, textiles and clothing
Major Exports: wheat, coal, wool, iron ore, metal manufactures, meat, dairy products
Per Capita GDP: US$ 18,350 (1990)

ECONOMIC STATISTICS

(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	32.59	32.41	34.89	35.55	38.4	40.0	40.97
Growth	5.6%	8.2%	7.8%	5.9%	5.3%	5.5%	4.8%
CPI Rise	6.1%	5.6%	3.5%	4.7%	8.0%	10.5%	10.7%
Exports	2.559	2.738	3.383	4.168	4.509	4.660	4.992
to U.S.	0.268	0.299	0.353	0.438	0.496	0.565	0.609
Imports	5.852	5.889	5.367	5.819	6.588	7.107	7.256
from U.S.	1.903	1.042	0.830	0.733	1.090	1.136	1.1
Cur Account	-1.195	-1.090	-0.645	-0.562	-1.6	-1.99	-1.652

Pakistan is a minor U.S. trading partner

MILITARY

1990 Military Budget: US$ 2,890,000,000
Increase over 1989: 17.0%
Outlay as a share of GNP: 7.0%
As a share of Government Spending: 29%

Total Regular Forces: 550,000
Army: 500,000 **Reserves:** 513,000
Navy: 20,000 **Airforce:** 30,000

Combat Aircraft: 475
Naval Vessels: 6 Attack Submarines, 3 Midget Submarines, 3 Destroyers, 10 Frigates, 8 Fast-Attack Craft (missile), 4 Fast-Attack Craft (torpedo), 4 Coastal Patrol Craft, 9 Inshore Patrol Craft, 3 Minesweepers

Security Alliance with U.S.: none
Other Security Alliances: Friendship and Non-Aggression Treaty with PRC (1960)
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: none
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: US$ 200,000,000
1990 Pakistani Direct Investment in the U.S.: US$ 19,000,000

PAKISTAN

LAND

Area: 310,525 square miles
Cultivated: 20.7% **Forest:** 0.8% **Pasture:** 0.8%
Resources: natural gas, petroleum, coal, iron ore, copper, salt

POPULATION

1990 Estimate: 114,649,000 **Annual Growth:** 2.2%
Life Expectancy: 56 **Literacy:** 26%
Infant Mortality: 40 **Fertility:** 6.7
Ethnic Divisions: Punjabi: 66%, Sindhi: 13%, Pushtun: 8.5%

Workforce: **Unemployment:** 3.6%
Commerce and Services: 29.0% **Manufacturing:** 12.6%
Agriculture and Fishing: 51.0% **Construction:** 6.4%
Government and Public Authorities: 1.0%
Students: Primary and Secondary: 10,769,000 **University:** 589,000

POLITICAL

Official Name: ISLAMIC REPUBLIC OF PAKISTAN
Capital: Islamabad
Type of Government: Federal Republic
Chief of State: President Ghulam Ishaq KHAN
Head of Government: Prime Minister Mian Mohammed Nawaz SHARIF
Foreign Minister: Shibzada Yaqub KHAN

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 4 **Civil Liberties:** 4

1989 Voting with U.N.: 9.80%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: US$ 145,000,000 **Military:** US$ 92,815,000

ECONOMY

Currency: Rupee, 1 US$ = 21.86 Rupees (1990)
Major Industries: cotton textiles, steel, food processing, tobacco, chemicals, natural gas, mining, fertilizer production
Major Agricultural Products: rice, wheat, cotton, sugarcane
Major Imports: petroleum, cooking coal, defense equipment
Major Exports: sporting goods, rice, cotton, textiles, carpets
Per Capita GDP: US$ 360 (1990)

ECONOMIC STATISTICS

(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	166.51	168.07	175.46	216.48	274.53	283.99	310.53
Growth	7.2%	5.1%	2.0%	4.7%	3.7%	4.0%	4.3%
CPI Rise	4.0%	6.7%	9.1%	8.5%	7.2%	7.6%	6.0%
Exports	23.875	22.611	22.541	26.330	32.751	37.037	39.117
to U.S.	2.899	3.076	2.873	3.287	3.856	4.196	4.4
Imports	23.423	23.499	23.839	27.053	33.334	40.941	38.942
from U.S.	4.793	5.440	5.551	5.495	6.981	8.347	8.5
Cur Account	-8.549	-8.717	-9.724	-8.772	-10.946	-15.6	-14.246

Australia is the **17th** largest U.S. trading partner.

MILITARY

1990 Military Budget: US$ 6,380,000,000
Increase over 1989: 3.4%
Outlay as a share of GNP: 2.2%
As a Share of Government Spending: 9.7%

Total Regular Forces: 68,100
Army: 30,300 **Reserves:** 26,500
Navy: 15,650 **Airforce:** 22,100

Combat Aircraft: 116
Naval Vessels: 6 Attack Submarines, 3 Destroyers, 9 Frigates, 22 Large Patrol Craft, 3 Minehunters

Security Alliance with U.S.: ANZUS (1951) -- without New Zealand
Other Security Alliances: Five Power Defense Arrangement with Britain, Malaysia, New Zealand, Singapore (1971); Status of Forces Agreement with Papua New Guinea (1976, updated 1990)
U.S. Military Installations: Joint U.S.-Australian communication/intelligence facilities at Northwest Cape, Nurrungar and Pine Gap and the U.S. Navy has access to Cockburn Sound Naval Facilities
U.S. Military Personnel: 270 Air Force, 450 Navy
Foreign Military Personnel: none
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: US$ 14,529,000,000
1990 Australian Direct Investment in the U.S.: US$ 8,394,000,000

BANGLADESH

LAND

Area: 55,600 square miles
Cultivated: 59.7% **Forest:** 16% **Pasture:** 4%
Resources: natural gas, uranium, offshore oil

POPULATION

1990 Estimate: 118,433,000 **Annual Growth:** 2.8%
Life Expectancy: 53 years **Literacy:** 29%
Infant Mortality: 136 **Fertility:** 5.7
Ethnic Divisions: Bengali: 98%, Bihari and tribal groups: 2%

Workforce: 34,750,000 **Unemployment:** 30%
Commerce and Services: 18.1% **Manufacturing:** 10.9%
Agriculture and Fishing: 55.3% **Construction:** 4.0%
Government and Public Authorities: 11.6%
Students: Primary and Secondary: 14,410,000 **University:** 47,040

POLITICAL

Official Name: PEOPLE'S REPUBLIC OF BANGLADESH
Capital: Dhaka
Type of Government: Multi-Party Republic
Chief of State: Justice Ahmed SHAHABUDDIN
Head of Government: Prime Minister Begun Khaleda Ahman ZIA
Foreign Minister: Mostafizur RAHMAN

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 5 **Civil Liberties:** 5

1989 Voting with U.S. at U.N.: 13.48%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: US$ 127,370,000 **Military:** US$ 300,000

ECONOMY

Currency: Taka, 1 US$ = 32.85 Taka (1990)
Major Industries: jute manufactures, food processing, cotton textiles, garments
Major Agricultural Products: jute, rice, fish, tea, sugar, wheat
Major Imports: capital equipment, foodgrains, petroleum, raw cotton, fertilizer, manufactured products
Major Exports: raw and manufactured jute, leather, tea, textiles
Per Capita GDP: US$ 155 (1990)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	21.37	21.34	23.31	26.25	32.11	33.0	41.2
Growth	5.6%	1.6%	1.4%	1.0%	1.5%	1.5%	1.4%
CPI Rise	6.2%	15.4%	13.2%	15.7%	6.4%	7.2%	7.2%
Exports	5.378	5.714	5.921	7.209	8.833	8.849	9.094
to U.S.	0.880	0.969	1.097	1.181	1.301	1.341	1.1
Imports	6.144	5.944	5.997	7.263	7.378	8.810	9.420
from U.S.	0.708	0.728	0.881	0.819	0.943	1.117	1.2
CurAccount	-1.748	-1.411	-1.481	-1.758	-0.761	-2.1	-2.4

New Zealand is a minor U.S. trading partner

MILITARY

1990 Military Budget: US$ 840,000,000
Increase over 1989: 2.6%
Outlay as a share of GNP: 2.0%
As a share of Government Spending: 13.6%
Total Regular Forces: 11,600
Army: 5,200 **Reserves:** 10,130
Navy: 2,400 **Airforce:** 4,200

Combat Aircraft: 43
Naval Vessels: 4 Frigates, 6 Patrol Craft

Security Alliance with U.S.: ANZUS treaty signatory. In 1986, the U.S. declared it would not honor security obligations to New Zealand due to Wellington's 1985 refusal to allow nuclear-powered or nuclear-armed ships into its ports
Other Security Alliances: Five Power Defense Arrangment with Australia, Britain, Malaysia, and Singapore (1971)
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: none
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: US$ 3,139,000
1990 New Zealand Direct Investment in the U.S.: US$ 254,000,000

NEW ZEALAND

LAND

Area: 103,880 square miles
Cultivated: 3.0% **Forest:** 26.4% **Pasture:** 52.7%
Resources:natural gas, iron, coal, timber, gold

POPULATION

1990 Estimate: 3,296,000 **Annual Growth:** 0.4%
Life Expectancy: 75 **Literacy:** 99%
Infant Mortality: 10 **Fertility:** 1.9
Ethnic Divisions: European: 88%, Maori: 8.9%, Pacific Islander: 2.9%, other 0.2%
Workforce: 1,582,000 **Unemployment:** 7.4%
Commerce and Services: 36.5% **Manufacturing:** 18.0%
Agriculture and Fishing: 10.1% **Construction:** 6.5%
Government and Public Authorities: 28.6%
Students: Primary and Secondary: 658,370 **University:** 193,200

POLITICAL

Official Name: NEW ZEALAND
Capital: Wellington
Type of Government: Parliamentary Democracy
Chief of State: Queen Elizabeth II
Head of Government: Prime Minster Jim BOLGER
Foreign Minister: Don MCKINNON

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 1 **Civil Liberties:** 1

1989 Voting with U.S. at U.N.: 40.24%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: New Zealand Dollar, 1 US$ = 1.69 NZ$ (1990)
Major Industries: food processing, wood and paper products, textiles, machinery, transport equipment, banking, mining
Major Agricultural Products: meat, wool, timber, wheat, dairy
Major Imports: oil and petroleum products, motor vehicles, iron and steel, machinery, electrical equipment
Major Exports: meat, wool, forest products, dairy products, fruits and vegetables, aluminum and alloys, manufactured equipment
Per Capita GDP: US$ 12,500 (1990)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	13.80	14.89	14.93	17.42	18.72	18.8	18.3
Growth	4.2%	3.7%	4.7%	4.0%	2.6%	2.0%	2.4%
CPI Rise	10.5%	10.7%	11.0%	9.5%	9.3%	8.0%	8.0%
Exports	0.931	0.999	0.889	1.077	1.291	1.305	1.529
to U.S.	0.159	0.227	0.264	0.414	0.413	0.475	0.538
Imports	2.693	2.526	2.550	2.730	3.034	3.609	3.750
from U.S.	0.303	0.219	0.165	0.193	0.258	0.281	0.182
CurAccount	-0.543	-0.539	-0.615	-0.335	-0.286	-0.760	-0.760

Bangladesh is a minor U.S. trading partner

MILITARY

1990 Military Budget: US$ 348,000,000
Increase over 1989: 20.4%
Outlay as a share of GNP: 1.45%
As a Share of Government Spending: 15%

Total Regular Forces: 103,000
Army: 90,000 **Reserves:** 30,000 (Border Guards)
Navy: 7,000 **Airforce:** 6,000

Combat Aircraft: 82
Naval Vessels: 4 Frigates, 8 Fast-Attack Craft (missile), 8 Fast-Attack Craft (torpedo), 11 Coastal Patrol Craft, 13 Inshore Patrol Craft, 5 River Patrol Boats

Security Alliance with U.S.: none
Other Security Alliances: na
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: none
Armed Opposition Groups: *Shanti Bahini*: 5,000

INVESTMENT

1990 U.S. Direct Investment: US$ 15,000,000
1990 Bangladeshi Direct Investment in the U.S.: none

BHUTAN

LAND

Area: 17,800 square miles
Cultivated: 8.8% **Forest:** 68.7% **Pasture:** 5.0%
Resources: timber, gypsum, calcium carbide

POPULATION

1990 Estimate: 1,566,000 **Annual Growth:** 2.0%
Life Expectancy: 49 years **Literacy:** 5%
Infant Mortality: 137 **Fertility:** 5.0
Ethnic Divisions: Bhote: 60%, Nepalese: 25%, Tribal groups: 15%

Workforce: 650,000 **Unemployment:** na
Commerce and Services: 3.6% **Manufacturing:** 0.7%
Agriculture and Fishing: 93% **Construction:** 0.7%
Government and Public Authorities: 2%
Students:Primary and Secondary: 68,010 **University:** 410

POLITICAL

Official Name: KINGDOM OF BHUTAN
Capital: Thimpu
Type of Government: Monarchy
Chief of State: King Jigme Singye WANGCHUCK
Head of Government: same
Foreign Minister: Lyonpo Dawa TSERING

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 6 **Civil Liberties:** 5

1989 Voting with U.S. at U.N.: 12.00%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Ngultrum, 1 US$ = 17.95 Ngultrum (1990)
Major Industries: cement, wood products, chemical products, mining, distilling, food processing, handicrafts
Major Agricultural Products: maize, rice, oranges, potatoes, wheat
Major Imports: aircraft, fuel, rice, vehicles, textiles, machinery
Major Exports: cement, talc powder, agricultural products, sawn timber, potatoes
Per Capita GDP: US$ 160 (1990)

ECONOMIC STATISTICS

(Millions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	na	na	na	na	na	na	na
Growth	na	na	na	na	na	na	na
CPI Rise	na	na	na	na	na	na	na
Exports	207.0	272.0	208.0	224.0	468.0	672.0	na
to U.S.	12.0	14.0	13.0	17.0	34.0	56.0	na
Imports	310.0	347.0	531.0	624.0	604.0	764.0	na
from U.S.	20.0	29.0	25.0	28.0	27.0	65.0	na
CurAccount	na	na	na	na	na	na	na

New Caledonia is a minor U.S. trading partner

MILITARY

France is responsible for defense

Security Alliance with U.S.: none
Other Security Alliances: na
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: French: 9,500 combined Army, Marine, and Air Force
Armed Opposition Groups: elements of the Kanak Socialist National Liberation Front remain committed to violence

INVESTMENT

1990 U.S. Direct Investment: none
1990 New Caledonian Direct Investment in the U.S.: none

NEW CALEDONIA

LAND

Area: 8,550 square miles
Cultivated: 0% **Forest:** 51% **Pasture:** 14%
Resources: nickle, chrome, iron, cobalt, manganese, silver, gold

POPULATION

1990 Estimate: 152,200 **Annual Growth:** 1.1%
Life Expectancy: 67 **Literacy:** na
Infant Mortality: 34 **Fertility:** 3.0
Ethnic Divisions: Melanesian: 42.5%, European: 37.1%, Wallisian: 8.4%, Polynesian: 3.8%, Indonesian: 3.6%, Vietnamese: 1.6%, other 3.0%

Workforce: 50,500 **Unemployment:** na
Commerce and Services: na **Manufacturing:** na
Agriculture and Fishing: na **Construction:** na
Government and Public Authorities: na
Students: Primary and Secondary: na **University:** na

POLITICAL

Official Name: TERRITORY OF NEW CALEDONIA AND DEPENDENCIES
Capital: Noumea
Type of Government: French Overseas Territory
Chief of State: French President Francois MITTERRAND
Head of Government: High Commissioner Clement BOUHIN
Foreign Minister: under the auspices of France

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 2 **Civil Liberties:** 2

1989 Voting with U.S. at U.N.: Not a member of the U.N.
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: *Comptoirs Français du Pacifique Franc*, 1 US$ = 113.63 CFPF (1989)
Major Industries: nickel mining
Major Agricultural Products: cattle, coffee, maize, wheat, cotton, manioc, tobacco, bananas, pineapples
Major Imports: fuels, minerals, machinery and electrical equipment
Major Exports: nickel metal, nickel ore
Per Capita GDP: US$ 8,030 (1983)

ECONOMIC STATISTICS

(Millions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	130.0	155.6	171.0	205.0	215.0	222.0	237.71
Growth	6.0%	6.0%	6.0%	6.5%	2.6%	5.6%	9.0%
CPI Rise	8.4%	10.0%	10.1%	13.0%	4.0%	9.1%	8.5%
Exports	15.6	17.4	22.2	25.3	na	na	na
to U.S.	na	na	na	na	na	na	na
Imports	80.4	69.4	75.7	88.0	na	na	na
from U.S.	na	na	na	na	na	na	na
CurAccount	na	-83.3	-77.0	-93.2	-80.0	-64.0	0.05

Bhutan is a minor U.S. trading partner.

MILITARY

1990 Military Budget: na
Increase over 1989: na
Outlay as a share of GNP: na
As a Share of Government Spending: na

Total Regular Forces: 600 (est.)
Army: na **Reserves:** na
Navy: none **Airforce:** none

Combat Aircraft: none
Naval Vessels: none

Security Alliance with U.S.: none
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: Indian: small number of advisers
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: none
1990 Bhutanese Direct Investment in the U.S.: less than $500,000

BRUNEI

LAND

Area: 2,226 square miles
Cultivated: 1% **Forest:** 85% **Pasture:** 1%
Resources: oil, natural gas, timber

POPULATION

1990 Estimate: 372,000 **Annual Growth:** 7.1%
Life Expectancy: 75 years **Literacy:** 45%
Infant Mortality: 10 **Fertility:** 2.9
Ethnic Divisions: Malay: 64%, Chinese: 20%, other: 16%

Workforce: 90,000 **Unemployment:** na
Commerce and Services: 26.4% **Manufacturing:** 8.6%
Agriculture and Fishing: 5.0% **Construction:** 33.0%
Government and Public Authorities: 40.0%
Students: Primary and Secondary: 55,700 **University:** 900

POLITICAL

Official Name: STATE OF BRUNEI DARUSSALAM
Capital: Bandar Seri Begawan
Type of Government: Sultanate
Chief of State: Sultan Haji Hassanal BOLKIAH
Head of Government: same
Foreign Minister: Prince Muda Haji Mohamed BOLKIAH

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 6 **Civil Liberties:** 5

1989 Voting with U.S. at U.N.: 12.37%
FY 1991 U.S. Foreign Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Brunei dollar, 1 US$ = 1.74 B$ (1990)
Major Industries: crude petroleum, liquefied natural gas, construction
Major Agricultural Products: rice, pepper, timber
Major Imports: machinery and transport equipment, manufactured goods, foodstuffs, consumer goods, chemicals
Major Exports: crude petroleum, petroleum products, liquefied natural gas
Per Capita GDP: US$ 11,000 (1990)

ECONOMIC STATISTICS

(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	2.32	2.29	2.36	2.59	2.65	2.98	3.08
Growth	9.7%	7.9%	3.9%	2.4%	7.1%	1.5%	2.0%
CPI Rise	2.8%	8.1%	19.0%	10.8%	10.9%	10.1%	11.5%
Exports	0.083	0.133	0.139	0.155	0.217	0.231	0.214
to U.S.	0.008	0.052	0.038	0.038	0.061	0.055	na
Imports	0.289	0.320	0.342	0.529	0.613	0.593	0.714
from U.S.	0.004	0.007	0.008	0.056	0.064	0.009	na
CurAccount	-0.095	-0.122	-0.119	-0.123	-0.280	-0.250	-0.366

Nepal is a minor U.S. trading partner.

MILITARY

1990 Military Budget: US$ 39,000,000
Increase over 1990: 0.0%
Outlay as a Share of GNP: 1.4%
As a Share of Government Spending: 6.5%

Total Regular Forces: 35,000
Army: 30,000 **Reserves:** none
Navy: none **Airforce:** na

Combat Aircraft: none
Naval Vessels: none

Security Alliance with U.S.: none
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: none
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: na
1990 Nepalese Direct Investment in the U.S.: na

NEPAL

LAND

Area: 56,140 square miles
Cultivated: 18% **Forest:** 29% **Pasture:** 13.4%
Resources: quartz, timber, lignite, copper, cobalt, iron ore

POPULATION

1990 Estimate: 19,146,000 **Annual Growth:** 2.4%
Life Expectancy: 50 years **Literacy:** 20%
Infant Mortality: 99 **Fertility:** 5.6
Ethnic Divisions: Newars, Indians, Tibetan, Gurungs, Magars

Workforce: 7,500,000 **Unemployment:** 5%
Commerce and Services: 6.2% **Manufacturing:** 1.5%
Agriculture and Fishing: 90.0% **Construction:** 0.8%
Government and Public Authorities: 1.5%
Students: Primary and Secondary: 3,500,000 **University:** 83,400

POLITICAL

Official Name: KINGDOM OF NEPAL
Capital: Kathmandu
Type of Government: Monarchy, pending elections
Chief of State: King BIRENDRA Bir Bikram Shah Dev
Head of Government: Caretaker Prime Minister Krishna Prasad BHATTARAI
Foreign Minister: Shailendra Kumar UPADHAYA

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 4 **Civil Liberties:** 4

1989 Voting with U.S. at U.N.: 12.24%
FY 1991 U.S. Assistance (Allocations)
Economic: US$ 12,245,000 **Military:** US$ 125,000

ECONOMY

Currency: Rupee, 1 US$ = 29.40 Rupees (1989)
Major Industries: oilseed, sugar, jute and rice mills, match, cigarette and brick factories, cement, garments
Major Agricultural Products: rice, jute, corn, wheat, oilseeds, sugarcane, potatoes
Major Imports: manufactured consumer goods, fuel, construction materials, fertilizers, food products
Major Exports: rice, jute, timber, manufactured goods, sugar, hides, garments
Per Capita GDP: US$ 160 (1989)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	3.98	3.97	3.57	3.3	3.7	3.8	3.7
Growth	2.0%	-10.0%	-10.0%	-10.05	3.0%	4.5%	4.5%
CPI Rise	3.1%	4.0%	2.3%	2.3%	2.3%	2.3%	2.3%
Exports	3.183	2.934	1.798	1.799	1.849	1.931	2.3
to U.S.	0.011	0.002	0.064	0.017	0.030	0.080	na
Imports	0.622	0.606	1.653	1.285	1.253	1.494	na
from U.S.	0.034	0.051	0.202	0.093	0.078	0.063	na
CurAccount	na	na	na	na	na	na	na

Brunei is a minor U.S. trading partner.

MILITARY

1988 Military Budget: US$ 229,025,000
Increase over 1987: 18.5%
Outlay as a share of GNP: 7.1%
As a Share of Government Spending: 15.0%

Total Regular Forces: 4,200
Army: 3,400 **Reserves:** 900
Navy: 550 **Airforce:** 300

Combat Aircraft: 4
Naval Vessels: 3 Fast-Attack Craft (missile), 3 Patrol Craft

Security Alliance with U.S.: none
Other Security Alliances: Treaty of Friendship with Britain (1979)
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: British: 900, Singaporean: 500
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: US$ -22,000,000
1990 Bruneian Direct Investment in the U.S.: none

BURMA

LAND

Area: 261,150 square miles
Cultivated: 12.2% **Forest:** 47.6% **Pasture:** 3.3%
Resources: oil, copper, asbestos, marble, limestone, teak, gems, timber, tin, tungsten

POPULATION

1990 Estimate: 41,277,000 **Annual Growth:** 2.0%
Life Expectancy: 54 years **Literacy:** 78%
Infant Mortality: 97 **Fertility:** 4.2
Ethnic Divisions: Burmese: 68%, Shan: 9%, Karen: 7%, Rakhine: 4% Chinese: 3%, Indian: 2%, other: 7%

Workforce: 15,200,000 **Unemployment:** 10% (est.)
Commerce and Services: 17.5% **Manufacturing:** 8.0%
Agriculture and Fishing: 70.0% **Construction:** 1.0%
Government and Public Authorities: 3.5%
Students:Primary and Secondary: 6,960,000 **University:** 0 (closed since June 1988)

POLITICAL

Official Name: UNION OF MYANMAR
Capital: Rangoon
Type of Government: Military Dictatorship
Chief of State: General Saw MAUNG
Head of Government: same
Foreign Minister: same

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 7 **Civil Liberties:** 7

1989 Voting with U.S. at U.N.: 12.63%
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Kyat, 1US$ = 5.95 Kyat (1990 official rate)
Major Industries: agricultural processing, textiles and footwear, wood processing, petroleum refining, copper, tin
Major Agricultural Products: rice, cotton, pulses, sugarcane, beans, peanuts, teak
Major Imports: machinery, transportation equipment, building materials, oil equipment, consumer goods, capital goods
Major Exports: teak, rice, pulses, beans, base metals, ores, gems
Per Capita GDP: US$ 195 (1990)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	1.90	na	na	1.82	1.89	1.96	na
Growth	na	na	na	na	na	na	na
CPI Rise	na	na	na	na	na	na	na
Exports	0.625	0.618	na	na	na	na	na
to U.S.	0.002	0.004	0.001	0.002	na	na	na
Imports	0.898	0.988	na	na	na	na	na
from U.S.	0.000	0.001	0.001	0.009	na	na	na
CurAccount	na	na	na	na	na	na	na

Mongolia is a minor U.S. trading partner.

MILITARY

1988 Military Budget: US$ 268,380,000
Increase over 1987: 7.6%
Outlay as a Share of GNP: 14.2%
As a Share of Government Spending: 14.8%

Total Regular Forces: 21,500
Army: 21,000 **Reserves:** 200,000
Navy: none **Airforce:** 500

Combat Aircraft: 28
Naval Vessels: none

Security Alliance with U.S.: none
Other Security Alliances: Treaty of Cooperation and Mutual Friendship with USSR (1966)
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: Soviets: 37,000 troops (reducing)
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: none
1990 Mongolian Direct Investment in the U.S.: none

MONGOLIA

LAND

Area: 604,250 square miles
Cultivated: 0.7% **Forest:** 10.2% **Pasture:** 78.8%
Resources: coal, tungsten, copper, molybdenum, gold, tin, nickel, zinc, fluorspar, phosphates

POPULATION

1990 Estimate: 2,187,000 **Annual Growth:** 2.7%
Life Expectancy: 64 years **Literacy:** 80%
Infant Mortality: 50 **Fertility:** 4.7
Ethnic Divisions: Mongol: 90%, Kazakh: 4%, Chinese: 2%, Russian: 2%, other: 2%

Workforce: 430,000 **Unemployment:** na
Commerce and Services: 24.6% **Manufacturing:** 23.0%
Agriculture and Fishing: 10.8% **Construction:** 7.4%
Government and Public Authorities: 34.2%
Students:Primary and Secondary: 499,000 **University:** 14,300

POLITICAL

Official Name: MONGOLIAN PEOPLE'S REPUBLIC
Capital: Ulan Bator
Type of Government: One-Party Dominant Republic
Chief of State: President Punsalmaagiyn OCHIRBAT
Head of Government: Prime Minister Dashiyn BYAMBASÜREN
Foreign Minister: Tserenpiliyn GOMBOSÜREN

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 4 **Civil Liberties:** 4

1989 Voting with U.S. at U.N.: 10.10%
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Tugrick, 1 US$ = 2.8 Tugrick (1989 official rate)
Major Industries: cement, knitwear, footwear, meat, coal, textiles, chemicals, building materials, mining
Major Agricultural Products: livestock, wheat, oats, barley, foodgrains, vegetables
Major Imports: petroleum, sheet metal, trucks, fertilizer, paper, sugar, tea, chemicals, machinery, garments
Major Exports: timber, wool, meat, copper, molybdenum, fluorspar, phosphates
Per Capita GDP: US$ 890 (1988)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	6.39	6.62	6.37	7.78	7.90	8.0	8.0
Growth	5.6%	4.3%	3.7%	1.0%	2.3%	3.4%	3.6%
CPI Rise	4.8%	6.8%	9.2%	23.3%	17.8%	27.2%	17.5%
Exports	0.301	0.303	0.288	0.219	0.147	0.250	0.59
to U.S.	0.015	0.015	0.015	0.013	0.013	0.018	na
Imports	0.239	0.283	0.304	0.268	0.244	0.311	na
from U.S.	0.016	0.010	0.016	0.008	0.011	0.005	na
CurAccount	-0.218	-0.205	-0.250	-0.360	-0.280	na	-0.60

Burma is a minor U.S. trading partner.

MILITARY

1989 Military Budget: US$ 334,000,000
Increase over 1988: 16.8%
Outlay as a share of GNP: 3.0%
As a Share of Government Spending: 21.0%

Total Regular Forces: 230,000
Army: 212,000 **Reserves:** 35,000 (People's Militia)
Navy: 9,000 **Airforce:** 9,000

Combat Aircraft: 16
Naval Vessels: 2 Corvettes, 2 Coastal Patrol Craft, 30 Inshore Patrol Craft, 5 River Patrol Craft

Security Alliance with U.S.: none
Other Security Alliances: Friendship and Non-Aggression Treaty with PRC (1961)
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: none
Armed Opposition Groups: (partial listing) Burma Communist Party: fragmented, several thousand; National Democratic Front: 20,000; numerous private armies, some associated with opium druglords

INVESTMENT

1990 U.S. Direct Investment: none
1990 Burmese Direct Investment in the U.S.: none

CAMBODIA

LAND

Area: 69,900 square miles
Cultivated: 11% **Forest:** 74% **Pasture:** 3%
Resources: timber, gemstones, iron ore, manganese, phosphates

POPULATION

1990 Estimate: 6,991,000 **Annual Growth:** 2.2%
Life Expectancy: 48 years **Literacy:** 48%
Infant Mortality: 128 **Fertility:** 4.5
Ethnic Divisions: Khmer: 90%, Chinese: 5%, other: 5%

Workforce: 3,750,000 **Unemployment:** 30% (est.)
Commerce and Services: 17% **Manufacturing:** na
Agriculture and Fishing: 80% **Construction:** 3%
Government and Public Authorities: na
Students: Primary and Secondary: 1,018,000 **University:** 11,500

POLITICAL

Official Name: STATE OF CAMBODIA
Capital: Phnom Penh
Type of Government: Communist State
Chief of State: President Heng SAMRIN
Head of Government: Prime Minister Hun SEN
Foreign Minister: same

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 7 **Civil Liberties:** 7

1989 Voting with U.S. at U.N.: 11.96%
(The U.N. recognizes the Coalition Government of Democratic Kampuchea [CGDK] led by Prince Norodom SIHANOUK, Son SANN and Khieu SAMPHAN, as the legitimate government of Cambodia, not the Heng SAMRIN regime)
FY 1991 U.S. Assistance (Allocations)
Economic: US$ 25,000,0000 (to the CGDK) **Military:** none

ECONOMY

Currency: Riel, 1 US$ = 560.0 Riel (1990)
Major Industries: textiles, cement, fishing, wood and wood products
Major Agricultural Products: rice, rubber, corn
Major Imports: fuel, consumer goods, raw materials, fertilizer, international food aid
Major Exports: rubber, rice, pepper
Per Capita GDP: US$ 130 (1990)

ECONOMIC STATISTICS
(Millions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	76.17	83.97	87.0	94.0	101.0	100.0	105.6
Growth	27.0%	13.8%	8.6%	8.9%	8.7%	9.3%	9.3%
CPI Rise	na	na	na	na	14.0%	5.0%	5.0%
Exports	13.01	22.28	28.76	28.76	55.30	56.02	na
to U.S.	na	na	na	na	16.0	13.0	na
Imports	69.99	70.16	77.28	96.62	120.01	137.90	na
from U.S.	na	na	na	na	na	3.0	na
CurAccount	-16.5	-5.0	na	na	na	na	na

The Maldives are a minor U.S. trading partner.

MILITARY

The Maldives maintains no armed forces, only a paramilitary National Security Service.

Security Alliance with U.S.: none
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: none
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: none
1990 Maldivian Direct Investment in the U.S.: none

MALDIVES

LAND

Area: 115 square miles
Cultivated: 5.7% **Forest:** 3.3% **Pasture:** 3%
Resources: fish, coconuts, shells

POPULATION

1990 Estimate: 217,900 **Annual Growth:** 3.7%
Life Expectancy: 62 years **Literacy:** 36%
Infant Mortality: 76 **Fertility:** 6.6
Ethnic Divisions: Sinhalese, Dravidan, Arab and African

Workforce: 110,000 **Unemployment:** na
Commerce and Services: 20.0% **Manufacturing:** 22.0%
Agriculture and Fishing: 35.0% **Construction:** 5.0%
Government and Public Authorities: 16.0%
Students:Primary and Secondary: 55,500 **University:** 0

POLITICAL

Official Name: REPUBLIC OF MALDIVES
Capital: Male
Type of Government: Republic
Chief of State: President Abdul GAYOOM
Head of Government: same
Foreign Minister: Fathulla JAMEEL

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 6 **Civil Liberties:** 5

1989 Voting with U.S. at U.N.: 13.86%
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** US$ 50,000

ECONOMY

Currency: Rufikaa, 1 US$ = 8.4 Rufikaa (1989)
Major Industries: fish processing, tourism, garments, handicrafts
Major Agricultural Products: fish, coconuts, fruit, millet
Major Imports: food, manufactured goods, petroleum products, capital goods, machinery, chemicals
Major Exports: fish, shells, apparel
Per Capita GDP: US$ 500 (1990)

ECONOMIC STATISTICS
(Millions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	630.0	na	na	1000.0	1000.0	1000.0	890.0
Growth	na	na	na	0.0%	0.0%	0.0%	na
CPI Rise	na	na	na	na	10.0%	10.0%	10.0%
Exports	4.4	3.21	3.0	na	na	na	na
to U.S.	0.0	0.4	0.5	0.4	na	na	na
Imports	47.9	27.6	17.0	na	na	na	na
from U.S.	1.0	0.0	0.2	0.1	na	na	na
CurAccount	na	na	na	na	na	na	na

Cambodia is a very minor U.S. trading partner.

MILITARY

1990 Military Budget: na
Increase over 1989: na
Outlay as a share of GNP: na
As a Share of Government Spending: na

Total Regular Forces: 57,300
Army: 55,500 **Reserves:** 55,000 (provincial/district forces)
Navy: 1,000 **Airforce:** 800

Combat Aircraft: 12
Naval Vessels: 2 Torpedo Patrol Craft, 9 Inshore Patrol Craft

Security Alliance with U.S.: none
Other Security Alliances: Peace, Friendship, and Cooperation Treaty with Vietnam (1979)
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: Soviet: 200, Vietnamese: 5,000
Armed Opposition Groups: *Khmer Rouge*: 30,000; Khmer People's National Liberation Front: 12,000; *Armée Nationale Khmer Independente*:15,000

INVESTMENT

1990 U.S. Direct Investment: none
1990 Cambodian Direct Investment in the U.S.: none

CHINA, PEOPLE'S REPUBLIC OF

LAND

Area: 3,691,500 square miles
Cultivated: 10.1% **Forest:** 12.5% **Pasture:** 33.3%
Resources: coal, iron, petroleum, mercury, tin, tungsten, antimony, manganese, uranium, zinc, bauxite, lead

POPULATION

1990 Estimate: 1,118,163,000 **Annual Growth:** 1.4%
Life Expectancy: 68 years **Literacy:** 75%
Infant Mortality: 34 **Fertility:** 2.3
Ethnic Divisions: Han Chinese: 93.3%, Zhuang, Uygur, Hui, Yi, Tibetan, Mioa, Manchu, Mongol, Buyi, Korean, and others: 6.7%

Workforce: 557,000,000 **Unemployment:** 4.0%
Commerce and Services: 13% **Manufacturing:** 18%
Agriculture and Fishing: 60% **Construction:** 5%
Government and Public Authorities: 1.5%
Students: Primary and Secondary: 177,900,000 **University:** 2,100,000

POLITICAL

Official Name: PEOPLE'S REPUBLIC OF CHINA
Capital: Beijing
Type of Government: Communist State
Chief of State: President YANG Shangkun
Head of Government: Premier LI Peng
Foreign Minister: QIAN Qichen

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 7 **Civil Liberties:** 7

1989 Voting with U.S. at U.N.: 11.11%
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Renminbi Yuan, 1 US$ = 5.22 Yuan (1990)
Major Industries: iron, steel, coal, machine building, armaments, textiles, light industrial products, petroleum
Major Agricultural Products: rice, wheat, soybeans, oilseed, cotton
Major Imports: grain, chemical fertilizer, steel, industrial raw materials, machinery
Major Exports: manufactured goods, agricultural products, oil, minerals
Per Capita GDP: US$ 330 (1990)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	31.65	28.92	29.48	29.90	31.46	33.0	42.61
Growth	7.8%	-1.0%	1.2%	5.2%	8.1%	8.5%	8.5%
CPI Rise	3.9%	0.3%	0.7%	0.9%	2.0%	2.8%	2.8%
Exports	16.563	15.408	13.977	17.934	21.096	25.049	28.698
to U.S.	2.825	2.399	2.534	3.053	3.848	4.927	5.3
Imports	14.057	12.301	10.828	12.701	16.513	22.588	26.158
from U.S.	1.856	1.539	1.730	1.897	2.141	2.875	3.4
CurAccount	-1.671	-0.613	0.052	2.572	1.884	-0.15	-0.691

Malaysia is the **20th** largest U.S. trading partner.

MILITARY

1990 Military Budget: US$ 1,560,000,000
Increase over 1989: 12.7%
Outlay as a As a Share of GNP: 3.7%
As a Share of Government Spending: 14.2%

Total Regular Forces: 129,500
Army: 105,000 **Reserves:** 46,600
Navy: 12,500 **Airforce:** 12,000

Combat Aircraft: 67
Naval Vessels: 4 Frigates, 8 Fast-Attack Craft (missile), 2 Offshore Patrol Craft, 27 Inshore Patrol Craft, 4 Minesweepers

Security Alliance with U.S.: none
Other Security Alliances: Five Power Defense Agreement with Australia, Britain, New Zealand, Singapore (1971)
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: Australian: Army and RAAF elements, plus a small number of advisers
Armed Opposition Groups: Communist Party of Malaya: 850; North Kalimantan Communist Party: 50

INVESTMENT

1990 U.S. Direct Investment: US$ 1,425,000,000
1990 Malaysian Direct Investment in the U.S.: US$ 31,000,000

MALAYSIA

LAND

Area: 127,320 square miles
Cultivated: 15.0% **Forest:** 70% **Pasture:** 1%
Resources: tin, petroleum, timber, copper, iron, palm oil, rubber

POPULATION

1990 Estimate: 17,511,000 **Annual Growth:** 2.3%
Life Expectancy: 68 **Literacy:** 65%
Infant Mortality: 30 **Fertility:** 3.5
Ethnic Divisions: Malay: 59%, Chinese: 32%, Indian: 9%

Workforce: 6,834,000 **Unemployment:** 7.9%
Commerce and Services: 27.5% **Manufacturing:** 17.0%
Agriculture and Fishing: 30.5% **Construction:** 6.5%
Government and Public Authorities: 14.0%
Students:Primary and Secondary: 3,670,000 **University:** 51,080

POLITICAL

Official Name: MALAYSIA
Capital: Kuala Lumpur
Type of Government: Federal Constitutional Monarchy
Chief of State: Paramount Ruler AZLAN Muhibbuddin Shah ibni Sultan Yusof Izzuddin
Head of Government: Prime Minister Dr. MAHATHIR bin Mohamad
Foreign Minister: Datuk Abu HASSAN

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 5 **Civil Liberties:** 4

1989 Voting with U.S. at U.N.: 10.58%
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Ringgit (Malaysian dollar), 1 US$ = 2.71 M$ (1990)
Major Industries: rubber and palm oil processing and manufacturing, tin mining, logging, petroleum production, electronics
Major Agricultural Products: natural rubber, palm oil, rice, coconuts, pepper
Major Imports: machinery and transport equipment, manufactured goods, crude petroleum, foodstuffs, chemicals
Major Exports: natural rubber, palm oil, tin, timber, petroleum, light manufactures
Per Capita GDP: US$ 2,4300 (1990)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	300.09	291.76	281.68	304.96	376.53	350.0	365.96
Growth	13.5%	12.1%	7.9%	10.3%	11.0%	3.9%	4.5%
CPI Rise	2.7%	11.9%	7.0%	8.8%	20.7%	17.8%	4.1%
Exports	24.824	27.329	31.367	39.464	47.663	51.751	60.522
to U.S.	3.381	4.224	5.241	6.910	9.261	12.901	15.2
Imports	25.953	42.480	43.247	43.222	55.352	58.316	49.520
from U.S.	3.004	3.856	3.106	3.497	5.017	5.807	4.8
CurAccount	2.509	-11.417	-7.034	0.3	-3.9	-7.8	-3.934

The PRC is the **10th** largest U.S. trading partner.

MILITARY

1990 Military Budget: US$ 6,130,000,000
Increase over 1989: -8.1%
Outlay as a share of GNP: 1.6%
As a Share of Government Spending: 8.4%

Total Regular Forces: 3,030,000
Army: 2,300,000 **Reserves:** 1,200,000
Navy: 260,000 **Airforce:** 470,000

Combat Aircraft: 5,894
Naval Vessels: 1 Ballistic Missile Submarine, 1 Cruise Missile Submarine, 91 Attack Submarines, 189 Destroyers, 37 Frigates, 110 Coastal Patrol Craft, 380 Inshore Patrol Craft, 215 Fast-Attack Craft (missile), 160 Fast-Attack Craft (torpedo), 52 Minesweepers

Security Alliance with U.S.: none
Other Security Alliances: Friendship and Non-Aggression Treaties with Burma (1961), North Korea (1951), and Pakistan (1960)
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: none
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: US$ 289,000,000
1990 PRC Direct Investment in the U.S.: US$ 112,000,000

CHINA, REPUBLIC OF (TAIWAN)

LAND

Area: 13,800 square miles
Cultivated: 25% **Forest:** 64% **Pasture:** 5%
Resources: small amounts of coal, natural gas, limestone, marble, asbestos, timber

POPULATION

1990 Estimate: 20,547,000 **Annual Growth:** 1.1%
Life Expectancy: 74 years **Literacy:** 94%
Infant Mortality: 17 **Fertility:** 1.7
Ethnic Divisions: Taiwanese: 84%, Mainland Chinese: 14%, Aboriginal: 2%

Workforce: 8,470,000 **Unemployment:** 1.7%
Commerce and Services: 35.3% **Manufacturing:** 33.8%
Agriculture and Fishing: 17% **Construction:** 6.8%
Government and Public Authorities: 7%
Students: Primary and Secondary: 4,150,000 **University:** 479,200

POLITICAL

Official Name: REPUBLIC OF CHINA
Capital: Taipei
Type of Government: Multi-Party Republic
Chief of State: LEE Teng-hui
Head of Government: Prime Minister HAU Pei-Tsun
Foreign Minister: Frederick CHIEN

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 3 **Civil Liberties:** 3

1989 Voting with U.S. at U.N.: Not a member of the U.N.
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: New Taiwan Dollar, 1 US$ = 27.13 NT$ (1990)
Major Industries: textiles, clothing, chemicals, electronics, food processing, plywood, sugar milling, cement, shipbuilding
Major Agricultural Products: rice, sweet potatoes, sugarcane, bananas, pineapples
Major Imports: machinery and equipment, crude oil, chemicals, chemical products, basic metals, foodstuffs, machine tools
Major Exports: textiles, electronic machinery, general machinery, telecommunications equipment, basic metals, foodstuffs, plywood
Per Capita GNP: US$ 7,890 (1990)

ECONOMIC STATISTICS
(Millions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	979.8	1030.0	1137.7	1992.0	2160.0	2330.0	na
Growth	8.0%	2.5%	6.2%	12.4%	6.0%	na	5.7%
CPI Rise	11.1%	2.1%	1.7%	4.7%	na	na	8.8%
Exports	659.4	907.09	1033.55	1396.5	1493.7	1636.7	na
to U.S.	207.2	292.7	343.2	568.7	509.1	599.7	na
Imports	593.4	775.7	874.31	1111.6	1297.3	1464.1	na
from U.S.	37.5	55.69	53.10	54.43	58.3	77.6	na
CurAccount	na	na	na	na	na	na	na

Macau is a minor U.S. trading partner.

MILITARY

Portugal is responsible for defense

Security Alliance with U.S.: none
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: na
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: less than US$ 500,000
1990 Macau Direct Investment in the U.S.: none

MACAU

LAND

Area: 6.17 square miles
Cultivated: 2% **Forest:** 5% **Pasture:** 0%
Resources: none

POPULATION

1990 Estimate: 441,700 **Annual Growth:** 1.1%
Life Expectancy: 77 years **Literacy:** 90%
Infant Mortality: 7 **Fertility:** 2.2
Ethnic Divisions: Chinese: 95%, Portuguese: 3%, other: 2%

Workforce: 190,000 **Unemployment:** na
Commerce and Services: 34% **Manufacturing:** 45%
Agriculture and Fishing: 6% **Construction:** 8%
Government and Public Authorities: 7%
Students:Primary and Secondary: 46,900 **University:** 7,500

POLITICAL

Official Name: MACAU
Capital: Macau
Type of Government: Chinese Territory under Portuguese Administration
Chief of State: Governor Carlos MELANCIA
Head of Government: same
Foreign Minister: under the auspices of Portugal

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 3 **Civil Liberties:** 3

1989 Voting with U.S. at U.N.: Not a member of the U.N.
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Pataca, 1 US$ = 8.05 Pataca (1990 official rate)
Major Industries: textiles, toys, gambling, furniture, tourism, garments
Major Agricultural Products: rice, vegetables
Major Imports: foodstuffs, fabric, machinery, oil
Major Exports: textiles and clothing, toys, electronics
Per Capita GDP: US$ 5,000 (1989)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	57.7	60.08	73.25	97.57	119.5	150.4	162.09
Growth	10.9%	4.3%	10.8%	11.9%	7.1%	7.3%	5.2%
CPI Rise	0.0%	-0.2%	0.7%	0.35%	1.5%	4.7%	4.1%
Exports	30.42	30.39	39.78	53.54	60.59	66.21	66.526
to U.S.	16.099	17.761	21.257	26.406	26.217	25.628	22.7
Imports	21.99	20.12	24.16	34.96	49.65	52.27	55.572
from U.S.	5.003	4.699	5.524	7.413	12.010	11.323	11.5
CurAccount	6.976	9.195	16.217	18.172	10.117	10.5	11.150

The Republic of China is the **6th** largest U.S. trading partner.

MILITARY

1990 Military Budget: US$ 8,550,000,000
Increase over 1989: 4.5%
Outlay as a share of GNP: 5.4%
As a Share of Government Spending: 35.5%

Total Regular Forces: 370,000
Army: 270,000 **Reserves:** 1,657,500
Navy: 30,500 **Airforce:** 70,000

Combat Aircraft: 536
Naval Vessels: 4 Attack Submarines, 24 Destroyers, 10 Frigates, 52 Fast-Attack Craft (missile), 21 Patrol Craft, 8 Minesweepers

Security Alliance with U.S.: Security guarantees in the 1979 Taiwan Relations Act
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Military Personnel: Singaporean: small number of trainees
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: US$ 2,273,000,000
1990 ROC Direct Investment in the U.S.: US$ 928,000,000

FIJI

LAND

Area: 7,050 square miles
Cultivated: 15% **Forest:** 65% **Pasture:** 3%
Resources: timber, fish, gold, copper

POPULATION

1990 Estimate: 759,600 **Annual Growth:** 1.5%
Life Expectancy: 68 years **Literacy:** 80%
Infant Mortality: 22 **Fertility:** 3.3
Ethnic Divisions: Fijian: 48%, Indian: 47%, others: 5%

Workforce: 252,000 **Unemployment:** 15%
Commerce and Services: 12.4% **Manufacturing:** 6.0%
Agriculture and Fishing: 50% **Construction:** 2.6%
Government and Public Authorities: 11.1%
Students: Primary and Secondary: 182,000 **University:** 2,000

POLITICAL

Official Name: REPUBLIC OF FIJI
Capital: Suva
Type of Government: Interim government, pending constitutional ratification
Chief of State: President Ratu Sir Penaia GANILAU
Head of Government: Prime Minister Ratu Sir Kamisese MARA
Foreign Minister: same

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 6 **Civil Liberties:** 4

1989 Voting with U.S. at U.N.: 21.18%
FY 1991 U.S. Assistance (Allocations)
Economic: US$ 300,000 **Military:** US$ 50,000

ECONOMY

Currency: Fijian dollar, 1 US$ = 1.41 F$ (1990)
Major Industries: sugar refining, tourism, gold, lumber, light manufacturing, mining
Major Agricultural Products: sugar, copra, ginger, rice, bananas
Major Imports: manufactured goods, machinery, foodstuffs, fuel, transport equipment, consumer goods
Major Exports: sugar, copra, coconut oil, fish
Per Capita GNP: US$ 1,550 (1990)

ECONOMIC STATISTICS
(Millions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	530.0	600.0	643.0	679.0	693.0	na	na
Growth	na	na	na	na	2.0%	4.0%	4.0%
CPI Rise	20.0%	20.0%	20.0%	20.0%	11.9%	68.1%	18.6%
Exports	11.38	15.65	12.55	64.31	95.76	98.14	na
to U.S.	2.00	0.455	0.272	0.91	3.0	1.0	na
Imports	36.39	50.96	55.99	82.57	110.56	121.97	na
from U.S.	0.11	0.22	0.10	0.22	1.0	0.2	na
CurAccount	na	na	na	na	-130.0	-180.0	-180.0

Laos is a very minor U.S. trading partner.

MILITARY

1990 Military Budget: na
Increase over 1989: na
Outlay as a Share of GNP: na
As a Share of Government Spending: na

Total Regular Forces: 55,100
Army: 52,500 **Reserves:** na
Navy: 600 **Airforce:** 2,000

Combat Aircraft: 34
Naval Vessels: 40 River Patrol Craft

Security Alliance with U.S.: none
Other Security Alliances: Peace, Friendship, and Cooperation Treaty with Vietnam (1977)
U.S. Military Installations: none
Foreign Military Personnel: Soviets: 500; Vietnamese: 15,000
Armed Opposition Groups: United Lao National Liberation Front: 2,000; some smaller anti-communist resistance groups

INVESTMENT

1990 U.S. Direct Investment: none
1990 Laotian Direct Investment in the U.S.: none

LAOS

LAND

Area: 91,430 square miles
Cultivated: 4% **Forest:** 58% **Pasture:** 3%
Resources: tin, timber, gypsum

POPULATION

1990 Estimate: 4,024,000 **Annual Growth:** 2.2%
Life Expectancy: 49 years **Literacy:** 85%
Infant Mortality: 126 **Ferility:** 5.1
Ethnic Divisions: Lao: 50%, Kha: 15%, Tribal Thai: 20%, Meo, Hmong, Yao and other: 15%

Workforce: 1,850,000 **Unemployment:** 17%
Commerce and Services: 18% **Manufacturing:** 2%
Agriculture and Fishing: 75% **Construction:** 1%
Government and Public Authorities: na
Students:Primary and Secondary: 564,600 **University:** 20,100

POLITICAL

Official Name: LAO PEOPLE'S DEMOCRATIC REPUBLIC
Capital: Vientiane
Type of Government: Communist State
Chief of State: President Phoumi VONGVICHIT
Head of Government: Prime Minister Kaysone PHOMVIHAN
Foreign Minister: Phoun SIPASEUTH

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 6 **Civil Liberties:** 7

1989 Voting with U.S. at U.N.: 10.78%
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Kip, 1 US$ = 700.0 Kip (1990)
Major Industries: tin mining, timber, coffee, electric power
Major Agricultural Products: rice, corn, vegetables, tobacco, cotton
Major Imports: rice and other foodstuffs, petroleum products, machinery, vehicles
Major Exports: electric power, forest products, tin, coffee
Per Capita GDP: US$ 180 (1990)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	1.179	1.138	1.319	1.26	1.29	1.15	1.18
Growth	8.4%	-4.6%	8.8%	-7.8%	-2.5%	12.1%	12.1%
CPI Rise	5.3%	4.4%	1.8%	5.7%	11.8%	6.5%	7.0%
Exports	0.256	0.230	0.274	0.299	0.312	0.370	0.399
to U.S.	0.025	0.011	0.012	0.055	0.014	0.018	na
Imports	0.450	0.441	0.436	0.380	0.454	0.615	0.629
from U.S.	0.018	0.018	0.018	0.029	0.015	0.021	na
CurAccount	-0.027	-0.013	0.004	-0.005	0.030	-0.004	-0.004

Fiji is a minor U.S. trading partner.

MILITARY

1990 Military Budget: US$ 19,730,000
Increase over 1989: -6.8%
Outlay as a share of GNP: 6.5%
As a Share of Government Spending: 6.5%

Total Regular Forces: 3,500
Army: 3,200 **Reserves:** 5,000
Navy: 300 **Airforce:** 0

Combat Aircraft: none
Naval Vessels: 3 Coastal Patrol Craft, 2 Inshore Patrol Craft

Security Alliance with U.S.: none
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Military Personnel: none
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: none
1990 Fijian Direct Investment in the U.S.: none

HONG KONG

LAND

Area: 404 square miles
Cultivated: 8.8% **Forest:** 12% **Pasture:** 1%
Resources: none

POPULATION

1990 Estimate: 5,760,000 **Annual Growth:** 1.0%
Life Expectancy: 79 years **Literacy:** 75%
Infant Mortality: 6 **Fertility:** 1.4
Ethnic Divisions: Chinese: 98%, other: 2%

Workforce: 2,822,000 **Unemployment:** 1.4%
Commerce and Services: 37.3% **Manufacturing:** 33.8%
Agriculture and Fishing: 1.6% **Construction:** 8.0%
Government and Public Authorities: 18%

Students: Primary and Secondary: 1,009,000 **University:** 52,150

POLITICAL

Official Name: BRITISH CROWN COLONY OF HONG KONG
Capital: Victoria
Type of Government: British Dependent Territory, to revert to Chinese control in 1997
Chief of State: Queen Elizabeth II
Head of Government: Sir David WILSON
Foreign Minister: under the auspices of Britain

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 4 **Civil Liberties:** 3

1989 Voting with U.S. at U.N.: Not a member of the U.N.
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Hong Kong Dollar, 1 US$ = 7.79 HK$ (1990)
Major Industries: textiles and clothing, tourism, electronics, plastics
Major Agricultural Products: small amounts of rice and vegetables
Major Imports: raw materials and semi-manufactured goods, fuel, consumer goods, capital goods, foodstuffs
Major Exports: many re-exports: clothing and textiles, electrical apparatus, electronics, footwear, machinery, telecommunications equipment
Per Capita GDP: US$ 12,150 (1990)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	87.0	89.7	102.7	128.4	169.2	204.0	223.85
Growth	9.3%	7.0%	12.9%	12.8%	12.2%	6.5%	8.6%
CPI Rise	2.3%	2.5%	2.8%	3.0%	7.1%	5.2%	9.2%
Exports	29.259	30.289	34.792	47.301	60.679	62.371	63.124
to U.S.	10.027	10.713	13.497	17.991	21.164	20.543	18.5
Imports	30.628	31.058	31.734	41.025	51.812	61.556	65.127
from U.S.	5.983	5.956	6.355	8.099	11.290	13.478	14.4
CurAccount	-1.372	-0.887	4.617	9.854	14.161	5.1	-1.8

South Korea is the **7th** largest U.S. trading partner.

MILITARY

1990 Military Budget: US$ 10,891,000,000
Increase over 1989: 10.2%
Outlay as a Share of GNP: 4.7%
As a Share of Government Spending: 31.1%

Total Regular Forces: 750,000
Army: 650,000 **Reserves:** 4,500,000
Navy: 60,000 **Airforce:** 40,000

Combat Aircraft: 493
Naval Vessels: 3 Attack Submarines, 9 Destroyers, 25 Frigates, 4 Corvettes, 11 Fast-Attack Craft (missile), 68 Inshore Patrol Craft, 9 Minesweepers

Security Alliance with U.S.: Mutual Cooperation and Security (1954)
Other Security Alliances: none
U.S. Military Installations: Kunsan Air Base, Uijong-Bu HQ, Tongduchon Army Base, Osan Air Base
U.S. Military Personnel: 32,000 Army, 12,200 Air Force
Foreign Military Personnel: none
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: US$ 2,096,000,000
1990 South Korean Direct Investment in the U.S.: US$ -850,000,000

KOREA, SOUTH

LAND

Area: 38,200 square miles
Cultivated: 21.6% **Forest:** 65.8% **Pasture:** 1.0%
Resources: coal, tungsten, graphite, iron ore, limestone, graphite

POPULATION

1990 Estimate: 43,350,000 **Annual Growth:** 0.8%
Life Expectancy: 69 years **Literacy:** 93%
Infant Mortality: 23 **Fertility:** 1.6
Ethnic Divisions: Korean: 100%

Workforce: 17,963,000 **Unemployment:** 3.0%
Commerce and Services: 25.5% **Manufacturing:** 27.5%
Agriculture and Fishing: 20.5% **Construction:** 6.0%
Government and Public Authorities: 20.0%
Students: Primary and Secondary: 9,640,000 **University:** 1,300,000

POLITICAL

Official Name: REPUBLIC OF KOREA
Capital: Seoul
Type of Government: Multi-party Republic
Chief of State: President ROH Tae Woo
Head of Government: same
Foreign Minister: LEE Sang Och

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 2 **Civil Liberties:** 3

1989 Voting with U.S. at U.N.: Not a voting member of the U.N.
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** US$ 1,000,000

ECONOMY

Currency: Won, 1 US$ = 716.4 Won (1990)
Major Industries: textiles and clothing, food processing, chemicals, steel, electronics, ship building, automobile production
Major Agricultural Products: rice, barley, vegetables, legumes
Major Imports: machinery, oil, steel, transportation equipment, textiles, organic chemicals, grains
Major Exports: textiles and clothing, electrical machinery, footwear, steel, ships, automobiles, fish
Per Capita GDP: US$ 5,140 (1990)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	31.9	34.1	38.43	46.17	53.0	62.0	70.0
Growth	6.0%	0.6%	8.7%	14.6%	7.5%	2.5%	2.3%
CPI Rise	8.5%	3.4%	3.2%	5.3%	7.4%	10.1%	10.1%
Exports	28.314	30.182	35.438	48.473	63.182	73.114	82.870
to U.S.	8.899	8.994	9.474	10.490	10.815	10.238	9.5
Imports	28.558	29.701	35.360	48.463	63.900	72.149	82.974
from U.S.	3.062	2.786	3.303	3.983	5.656	6.304	6.8
CurAccount	na	2.080	2.000	3.000	3.100	3.400	2.220

Hong Kong is the **13th** largest U.S. trading partner.

MILITARY

1988 Military Budget: US$ 208,000,000
Increase over 1987: 9.9%
Outlay as a share of GNP: 0.7%
As a Share of Government Spending: 3.8%

Total Regular Forces: 8,505 (combined British and Chinese)
Army: 7,540 **Reserves:** na
Navy: 700 **Airforce:** 269

Combat Aircraft: none
Naval Vessels: 5 Patrol Craft, 12 Patrol Boats

Security Alliance with U.S.: none
Other Security Alliances: Great Britain responsible for defense
U.S. Military Installations: none
U.S. Military Personnel: none
Military Personnel: British: 6,300 Army, 300 Navy/Marines, 265 Royal Air Force
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: US$ 6,537,000,000
1990 Hong Kong Direct Investment in the U.S.: US$ 1,240,000,000

INDIA

LAND

Area: 1,269,420 square miles
Cultivated: 50.3% **Forest:** 11.3% **Pasture:** 4.5%
Resources: coal, iron ore, manganese, bauxite, chromite, natural gas

POPULATION

1990 Estimate: 849,746,000 **Annual Growth:** 2.0%
Life Expectancy: 58 years **Literacy:** 36%
Infant Mortality: 89 **Fertility:** 3.8
Ethnic Divisions: Indo-Aryan: 72%, Dravidan: 25%, Mongoloid and other: 3%

Workforce: 327,000,000 **Unemployment:** 20% (est.)
Commerce and Services: 10.5% **Manufacturing:** 6.5%
Agriculture and Fishing: 52.3% **Construction:** 7.2%
Government and Public Authorities: 6.5%

Students: Primary and Secondary: 142,000,000 **University:** 4,000,000

POLITICAL

Official Name: REPUBLIC OF INDIA
Capital: New Dehli
Type of Government: Federal Republic
Chief of State: President Ramaswamy VENKATRAMAN
Head of Government: Prime Minister NARSHINAROY
Foreign Minister: Madhavsinh SOLANSKI

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 2 **Civil Liberties:** 3

1989 Voting with U.S. at U.N.: 5.43

FY 1991 U.S. Foreign Assistance (Allocations)
Economic: US$ 96,982,00 **Military:** US$ 300,000

ECONOMY

Currency: Rupee, 1 US$ = 18.12 Rupees (1990)
Major Industries: textiles, food processing, steel, machinery, transportation equipment, cement, jute manufactures
Major Agricultural Products: rice, cereals, pulses, oilseeds, cotton, jute, sugarcane, tobacco, tea, coffee
Major Imports: machinery and transportation equipment, petroleum, edible oils
Major Exports: engineering goods, textiles, clothing, tea
Per Capita GDP: US$ 325 (1990)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	18.9	19.7	20.1	19.59	20.18	20.78	21.5
Growth	2.7%	4.0%	2.0%	2.0%	2.0%	2.0%	2.0%
CPI Rise	na	na	na	na	na	na	na
Exports	0.691	0.638	0.673	0.796	0.931	na	2.1
to U.S.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Imports	0.813	0.825	0.839	1.120	2.5	2.6	2.6
from U.S.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CurAccount	na	na	na	na	na	na	na

Trade with North Korea is illegal.

MILITARY

1989 Military Budget: US$ 4,154,000,000
Increase over 1988: -10.2%
Outlay as a Share of GNP: 24%
As a Share of Government Spending: 30%

Total Regular Forces: 1,111,000
Army: 1,000,000 **Reserves:** 540,000+
Navy: 41,000 **Airforce:** 70,000

Combat Aircraft: 716
Naval Vessels: 24 Attack Submarines, 3 Frigates, 3 Corvettes, 34 Fast-Attack Craft (missile), 173 Fast-Attack Craft (torpedo), 6 Coastal Patrol Craft, 148 Inshore Patrol Craft, 20 Minesweepers

Security Alliance with U.S.: none
Other Security Alliances: Treaty of Cooperation and Mutual Friendship with USSR (1961); Friendship and Non-Agression Treaty with PRC (1951)
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: none
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: none
1990 North Korean Direct Investment in the U.S.: none

KOREA, NORTH

LAND

Area: 47,100 square miles
Cultivated: 19% **Forest:** 74% **Pasture:** 1%
Resources: coal, lead, tungsten, zinc, graphite, magnesite, iron, copper, gold, phosphates, salt, fluorspar

POPULATION

1990 Estimate: 21,293,000 **Annual Growth:** 1.7%
Life Expectancy: 72 years **Literacy:** 95%
Infant Mortality: 27 **Fertility:** 2.1
Ethnic Divisions: Korean: 100%

Workforce: 8,100,000 **Unemployment:** officially none
Commerce and Services: na **Manufacturing:** na
Agriculture and Fishing: na **Construction:** na
Government and Public Authorities: na
Students:Primary and Secondary: 5,000,000 **University:** 100,000

POLITICAL

Official Name: DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA
Capital: Pyongyang
Type of Government: Communist State, one-man rule
Chief of State: President KIM Il-Sung
Head of Government: same
Foreign Minister: KIM Yong Nam

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 7 **Civil Liberties:** 7

1989 Voting with U.S. at U.N.: Not a voting member of the U.N.
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Won, 1 US$ = 2.18 Won (1989 official rate)
Major Industries: machine building, electric power, chemicals, mining, metallurgy, textiles, steel, cement
Major Agricultural Products: corn, rice, vegetables, fruits, fish
Major Imports: petroleum, machinery and equipment, coking coal, grain
Major Exports: minerals, metallurgical products, agricultural products, manufactures, machinery, chemicals, fish
Per Capita GDP: US$ 930 (1989)

ECONOMIC STATISTICS

(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	200.76	210.45	231.231	253.56	270.6	265.1	276.3
Growth	3.3%	6.1%	6.2%	4.4%	11.0%	4.5%	4.5%
CPI Rise	8.3%	5.6%	8.7%	8.8%	9.4%	9.5%	10.0%
Exports	9.916	9.916	9.499	11.375	13.313	16.003	18.153
to U.S.	2.737	2.479	2.465	2.725	3.167	3.551	3.2
Imports	14.361	16.075	15.406	16.724	19.168	21.165	26.001
from U.S.	1.570	1.642	1.536	1.464	2.498	2.463	2.5
CurAccount	-2.343	-4.214	-4.178	-4.597	-10.6	-6.7	-11.5

India is a minor U.S. trading partner.

MILITARY

1990 Military Budget: US$ 9,250,000,000
Increase over1989: 3.5%
Outlay as a share of GNP: 3.3%
As a Share of Government Spending: 18.8%

Total Regular Forces: 1,262,000
Army: 1,100,000 **Reserves:** 460,000
Navy: 52,000 **Airforce:** 110,000

Combat Aircraft: 874
Naval Vessels: 1 Cruise Missile Submarine, 2 Aircraft Carriers, 18 Attack Submarines, 20 Frigates, 5 Destroyers, 10 Corvettes, 12 Fast-Attack Craft (missile), 2 Offshore Patrol Craft, 13 Inshore Patrol Craft, 20 Minesweepers

Security Alliance with U.S.: none
Other Security Alliances: Treaty of Cooperation and Mutual Friendship with USSR (1971, renewed 1991); some terms of the Indo-Sri Lankan Accord (1987) may still apply
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: Soviets: 200 advisers and technicians
Armed Opposition Groups: Sikh separatists, number unknown; Kashmiri separatists, number unknown; United Liberation Front of Assam, number unknown.

INVESTMENT

1990 U.S. Direct Investment: US$ 639,000,000
1990 Indian Direct Investment in the U.S.: US$ 29,000,000

INDONESIA

LAND

Area: 741,100 square miles
Cultivated: 14% **Forest:** 67% **Pasture:** 7%
Resources: oil, tin, natural gas, nickel, timber, bauxite, copper

POPULATION

1990 Estimate: 190,136,000 **Annual Growth:** 1.8%
Life Expectancy: 60 years **Literacy:** 62%
Infant Mortality: 75 **Fertility:** 3.1
Ethnic Divisions: Javanese: 45%, Sundanese: 14%, Madurese: 7.5%, Coastal Malay: 7.5%, other: 26%

Workforce: 76,800,000 **Unemployment:** 3.1%
Commerce and Services: 30.0% **Manufacturing:** 8.0%
Agriculture and Fishing: 53.0% **Construction:** 3.0%
Government and Public Authorities: 6.0%
Students:Primary and Secondary: 40,900,000 **University:** 1,660,000

POLITICAL

Official Name: REPUBLIC OF INDONESIA
Capital: Jakarta
Type of Government: Republic
Chief of State: SUHARTO
Head of Government: same
Foreign Minister: Ali ALATAS

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 6 **Civil Liberties:** 5

1989 Voting with U.S. at U.N.: 11.54%
FY 1991 U.S. Assistance (Allocations)
Economic: US$48,494,000 **Military:** US$ 1,900,000

ECONOMY

Currency: Rupiah, 1 US$ = 1,901 Rupiah (1990)
Major Industries: petroleum, textiles, mining, cement, chemical fertilizer, timber, palm oil, light manufactures
Major Agricultural Products: rice, cassava, rubber, copra
Major Imports: rice, wheat, flour, cereals, textiles, chemicals, iron and steel products, machinery, transport equipment
Major Exports: petroleum, liquified natural gas, timber, coffee, tin, palm oil, tea
Per Capita GDP: US$ 505 (1990)

ECONOMIC STATISTICS
(Millions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	25.0	25.8	32.0	36.0	32.0	33.0	na
Growth	na	na	na	0.5%	na	na	na
CPI Rise	na	na	na	5.0%	na	na	na
Exports	11.0	4.0	4.1	23.0	na	na	na
to U.S.	na	na	na	na	2.0	1.0	1.0
Imports	21.0	18.0	32.6	17.5	na	na	na
from U.S.	na	na	na	na	3.0	16.0	na
CurAccount	10.0	6.0	7.0	na	na	na	na

Kiribati is a minor U.S. trading partner.

MILITARY

Kiribati has no military forces
Security Alliance with U.S.: none
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: Australian: small number of advisers
Armed Opposition Groups: none

INVESTMENT

1990 U.S. Direct Investment: none
1990 Kiribati Direct Investment in the U.S.: none

KIRIBATI

LAND

Area: 266 square miles
Cultivated: 5% **Forest:** 3% **Pasture:** 0%
Resources: copra, fish

POPULATION

1990 Estimate: 70,000 **Annual Growth:** 1.7%
Life Expectancy: 55 **Literacy:** 90%
Infant Mortality: 65 **Fertility:** 4.3
Ethnic Divisions: Micronesian: 100%

Workforce: na **Unemployment:** na
Commerce and Services: na **Manufacturing:** na
Agriculture and Fishing: na **Construction:** na
Government and Public Authorities: na
Students: na

POLITICAL

Official Name: REPUBLIC OF KIRIBATI
Capital: Tarawa
Type of Government: Republic
Name of Chief of State: President Ieremia T. TABAI
Name of Head of Government: same
Foreign Minister: same

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 1 **Civil Liberties:** 2

1989 Voting with U.S. at U.N.: Not a member of the U.N.
FY 1991 U.S. Assistance (Allocations)
Economic: none Military: none

ECONOMY

Currency: Australian dollar, 1 US$ = 1.29 A$ (1990)
Major Industries: fishing, handicrafts
Major Agricultural Products: copra, vegetables, coconuts, melons, bananas
Major Imports: foodstuffs, fuel, transportation equipment
Major Exports: copra, fish
Per Capita GDP: US$ 580 (1989)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	80.79	81.54	71.55	76.22	75.96	80.0	96.30
Growth	6.0	2.5%	4.0%	3.6%	5.7%	6.2%	6.5%
CPI Rise	10.5%	4.7%	5.8%	9.3%	8.0%	6.5%	6.4%
Exports	21.881	18.597	14.804	17.170	19.376	21.936	25.874
to U.S.	5.867	4.933	3.657	3.719	3.484	3.874	3.343
Imports	13.880	10.275	10.724	12.850	13.489	16.467	20.048
from U.S.	1.217	0.795	0.946	0.767	1.047	1.256	1.897
CurAccount	-1.856	-1.923	-3.911	-2.098	-1.189	-2.2	-2.531

Indonesia is a minor U.S. trading partner.

MILITARY

1990 Military Budget: US$ 1,476,000,000
Increase over 1989: 2.2%
Outlays as a Share of GNP: 1.5%
As a Share of Government Spending: 3.5%
Total Regular Forces: 283,000
Army: 215,000 **Reserves:** 800,000
Navy: 43,000 **Airforce:** 25,000

Combat Aircraft: 99
Naval Vessels: 2 Attack Submarines, 16 Frigates, 4 Fast-Attack Craft (missile), 2 Fast-Attack Craft (torpedo), 4 Coastal Patrol Craft, 17 Inshore Patrol Craft, 2 Minesweepers

Security Alliance with U.S.: none
Other Security Alliances: none
U.S. Military Installations: none
U.S. Military Personnel: none
Foreign Military Personnel: none
Armed Opposition Groups: Revolutionary Front for an Independent East Timor: 400; Free Papua Movement: 100

INVESTMENT

1990 U.S. Direct Investment: US$ 3,827,000,000
1990 Indonesian Direct Investment in the U.S.: US$ 62,000,000

JAPAN

LAND

Area: 147,470 square miles
Cultivated: 15.5% **Forest:** 66.4% **Pasture:** 1.7%
Resources: negligible mineral resources, fish, timber

POPULATION

1990 Estimate: 123,642,000 **Annual Growth:** 0.4%
Life Expectancy: 79 years **Literacy:** 99%
Infant Mortality: 5 **Fertility:** 1.6
Ethnic Divisions: Japanese: 99.4%, other (mostly Korean): 0.6%

Workforce: 62,400,000 **Unemployment:** 2.3%
Commerce and Services: 54.5% **Manufacturing:** 24.5%
Agriculture and Fishing: 8.5% **Construction:** 8.5%
Government and Public Authorities: 3.0%
Students: Primary and Secondary: 15,230,000 **University:** 2,070,000

POLITICAL

Official Name: JAPAN
Capital: Tokyo
Type of Government: Parliamentary Democracy
Chief of State: Emperor AKHITO
Head of Government: Prime Minister Toshiki KAIFU
Foreign Minister: Taro NAKAYAMA

1991 Freedom House Index (1 is highest, 7 is lowest)
Political Freedom: 1 **Civil Liberties:** 1

1989 Voting with U.S. at U.N.: 61.02%
FY 1991 U.S. Assistance (Allocations)
Economic: none **Military:** none

ECONOMY

Currency: Yen, 1 US$ = 135.0 Yen (1990)
Major Industries: machinery, automobiles, metallurgy, engineering, electronics, textiles, chemicals
Major Agricultural Products: rice, sugar, vegetables, fruit, fish
Major Imports: fuel, manufactures, foodstuffs, machinery, wood, coal
Major Exports: machinery and equipment, motor vehicles, metals, chemicals, textiles
Per Capita GDP: US$ 23,965 (1990)

ECONOMIC STATISTICS
(Billions of US$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	1256.5	1330.0	1966.2	2384.5	2528.6	2555.0	2963.0
Growth	5.1%	4.7%	2.7%	4.5%	5.6%	4.9%	4.9%
CPI Rise	2.3%	2.0%	0.6%	1.4%	0.7%	2.1%	2.1%
Exports	169.748	177.189	210.718	231.332	264.961	274.597	286.0
to U.S.	60.371	72.380	85.457	88.074	89.802	93.455	89.7
Imports	136.142	130.516	127.660	150.907	187.483	209.635	234.799
from U.S.	23.575	22.631	26.882	28.249	37.183	43.673	48.6
CurAccount	35.003	49.169	85.845	87.015	79.631	56.98	53.5

Japan is the **2nd** largest U.S. trading partner.

MILITARY

1990 Military Budget: US$ 28,122,000,000
Increase over 1989: -1.0%
Outlay as a Share of GNP: 1.0%
As a Share of Government Spending: 6.5%

Total Regular Forces: 249,000
Army: 156,200 **Reserves:** 48,400
Navy: 46,400 **Airforce:** 46,400

Combat Aircraft: 473
Naval Vessels: 14 Attack Submarines, 6 Destroyers, 58 Frigates, 5 Fast-Attack Craft (torpedo), 9 Patrol Craft, 1 Minelayer, 48 Minesweepers

Security Alliance with U.S.: Mutual Cooperation and Security Treaties (1951, 1960)
Other Security Alliances: none
U.S. Military Installations: Yokosuka Naval Base, Yokohama Naval Base, Atsugi Naval Air Facility, Sasebo Naval Base, Futenma (Marines), Iwakuni Marine Air Base, Misawa Air Base, Kadena Air Base, Yokota Air Base, Zukeran Marine Air Base, Makiminato (Army), Atsugi Naval Air Facility, Kamiseya (Navy)
U.S. Military Personnel: 2,100 Army, 7,100 Navy, 16,800 Air Force, 24,800 Marines
Foreign Military Personnel: none
Armed Opposition Groups: Japanese Red Army: 25; *Chukaku-Ha*: 200

INVESTMENT

1990 U.S. Direct Investment: US$ 20,994,000,000
1990 Japanese Direct Investment in the U.S.: US$ 83,498,000,000