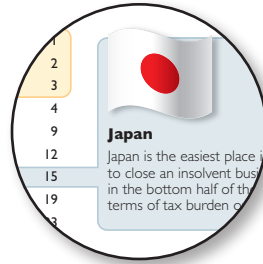
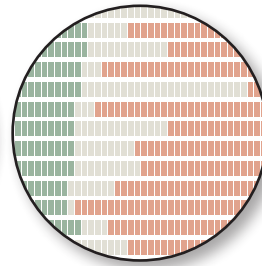
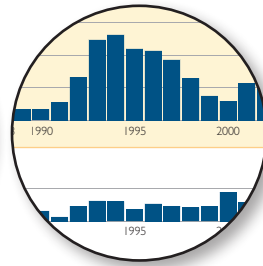
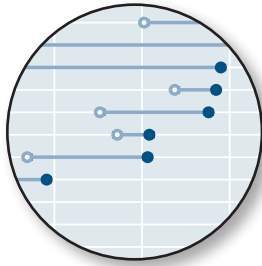




Key Asian Indicators: A 2009 Book of Charts



Asian Studies Center
The Heritage Foundation • November 2009



Key Asian Indicators: A 2009 Book of Charts

The United States is no less a Pacific nation than an Atlantic one. The state of Hawaii and the territories of Guam, Northern Mariana Islands, and American Samoa all lie in the Pacific. The United States has five treaty alliances in East Asia (Japan, Korea, Australia, the Philippines and Thailand), the Pacific Fleet, and major military bases throughout the region. It has legal obligations to Taiwan's security, and a burgeoning economic relationship with mainland China.

In South Asia, the United States is establishing a multifaceted partnership with India; it has a critical partner in nuclear-armed Pakistan; and is leading a war against global terrorism in Afghanistan.

America's presence in Asia is massive and deliberate. It is the product of more than 100 years of commitment and sacrifice, including the Spanish–American War, World War II, the Korean War, the Vietnam War, and today's war in Afghanistan.

The United States is in Asia to stay. The graphics that follow help to demonstrate why. A quick glance is enough to demonstrate the dynamism of the region. Asia is home to more than half the world's population. Freedom and tyranny live side by side across the region, as do economic opportunity and poverty. East and South Asia have some of the best places in the world to do business, but they also have some of the worst. Asia is home to some of the most unstable, dangerous nations in the world, and it is home to some of the most steady and reliable. It is also home to the only country in the world capable of emerging as a peer competitor for global American influence — the People's Republic of China.

Asia is a work very much in progress. Its sheer size makes its development a determining factor in protecting and promoting American interests and values. Its growth means it will only become more important in the future. And Asia's dynamism means that nothing about its development can be taken for granted.



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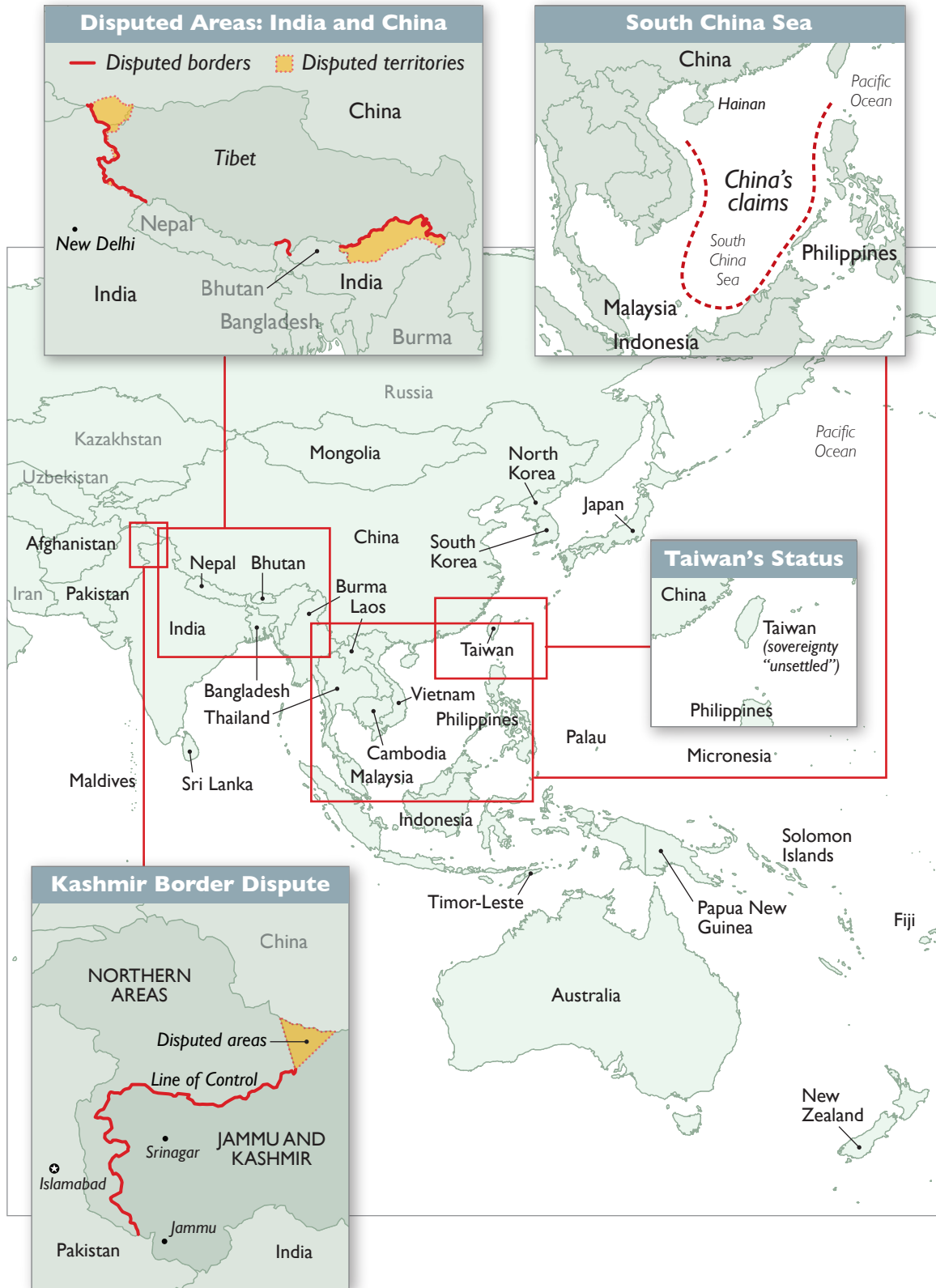
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Defining the Region

We have defined an “Asia” bordering on Iran in the West, the Pacific in the East, Russia in the North, and included Australia and New Zealand, as well as the Pacific islands. This captures several critical geo-economic and geopolitical features: East Asian dynamism; the emergence of India; and relationships between China and India, India and Pakistan, and Pakistan and Afghanistan. It also encompasses all of America’s five Asia-Pacific treaty allies to include Australia.






Key Areas of Dispute



Political Instability

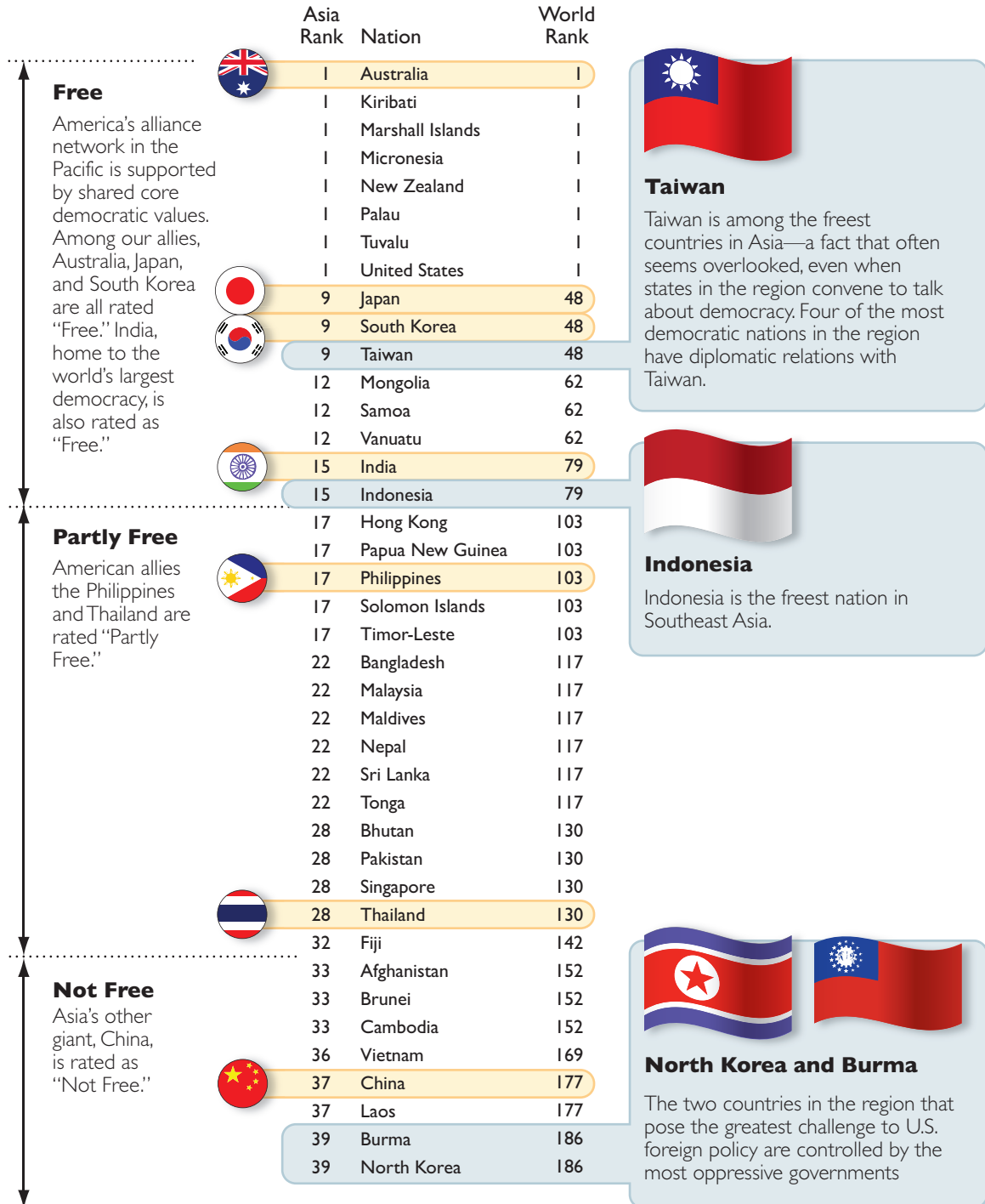
Failed states are synonymous with national security threats. Unfortunately, as measured by the Failed States Index prepared by the Fund for Peace and *Foreign Policy* magazine, Asia has its fair share of instability.

	Asia Rank		World Rank	Score	
Alert	1	Afghanistan	7	108.2	 <p>Afghanistan Afghanistan and American friends like nuclear-armed Pakistan are among the ten states in the world most at risk of failure. Rogue threats to national security like North Korea and perennial American concerns like Burma also share this critical status.</p>
	2	Pakistan	10	104.1	
	3	Burma	13	101.5	
	4	North Korea	17	98.3	
	5	Bangladesh	18	98.1	
	6	Timor-Leste	20	97.2	
	7	Sri Lanka	22	96.7	
	8	Nepal	25	95.4	
Warning	9	Solomon Islands	40	89.6	 <p>China and India Many other Asian countries fall in the next lower category. China and India are not generally thought of as states at risk of failure—for opposite reasons. China is often thought stable because of central authoritarian control by the Communist Party. But, for good reason, in the Failed State Index, this is a negative factor: Indeed, India's democratic traditions are a stabilizing factor. Yet both are threatened by demographic changes, group grievances, and uneven development.</p>
	10	Laos	44	89.0	
	11	Bhutan	48	87.3	
	12	Cambodia	49	87.3	
	13	Philippines	53	85.8	
	14	China	57	84.6	
	15	Indonesia	61	84.1	
	16	Papua New Guinea	62	84.1	
	17	Thailand	79	79.2	
	18	Maldives	81	78.8	
	19	Fiji	82	78.8	
	20	India	87	77.8	
Moderate	21	Vietnam	94	76.9	 <p>Australia and New Zealand Australia and New Zealand are among the most stable countries in the world, followed closely in the region by Japan, Singapore, and South Korea.</p>
	22	Micronesia	107	71.9	
	23	Samoa	108	71.4	
	24	Malaysia	115	68.9	
	25	Brunei Darussalam	118	68.1	
	26	Mongolia	127	61.9	
	27	South Korea	153	41.6	
	28	United States	159	34.0	
	29	Singapore	160	33.8	
	30	Japan	164	31.2	
Sustainable	31	Australia	170	25.9	
	32	New Zealand	171	23.3	

Source: Failed State Index 2009, Fund for Peace and *Foreign Policy*, at <http://www.fundforpeace.org>.

The State of Political Freedom




Asia has an extraordinary mix of political systems from some of the freest to the most oppressive, as ranked by Freedom House. The freer the country, the more likely it is to be America's friend.



Source: Freedom House, *Freedom in the World 2009: Global Data*, at <http://www.freedomhouse.org>.

The Best Places to Do Business

According to The World Bank Group

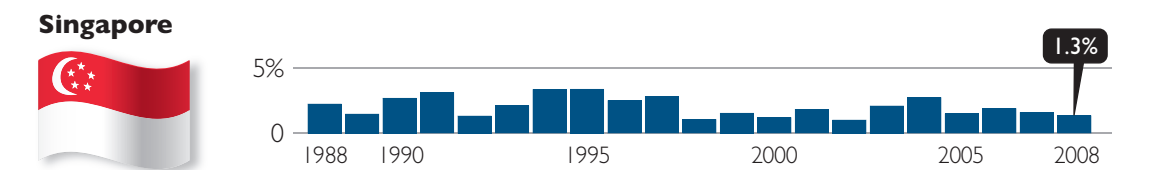
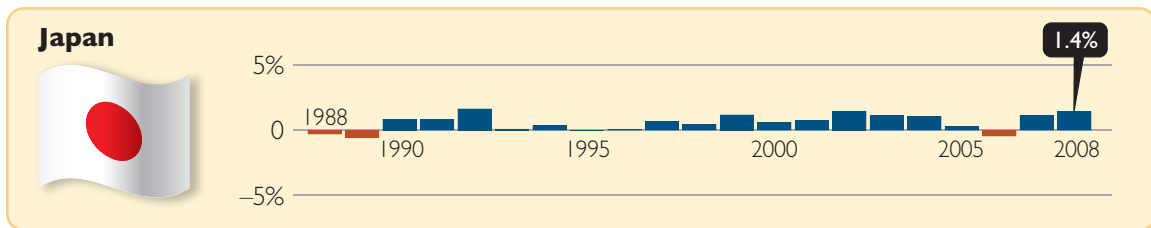
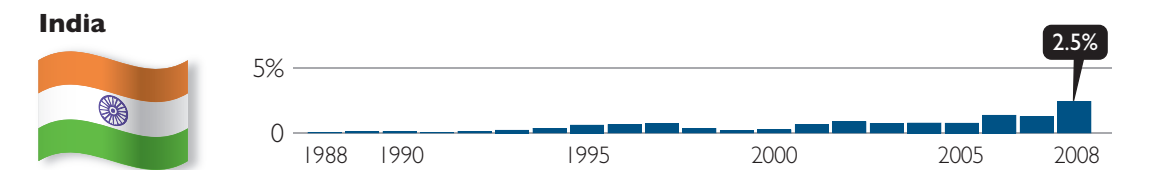
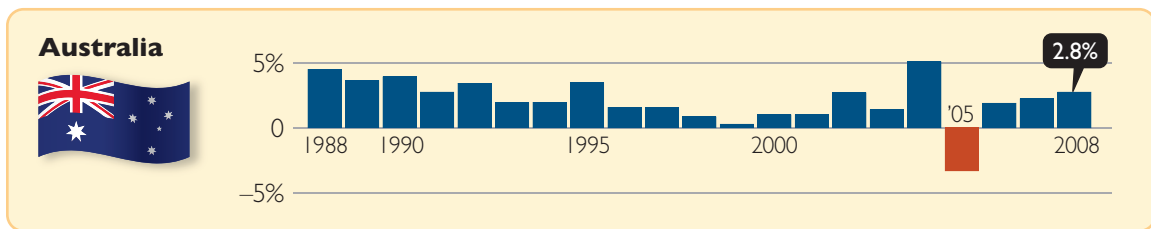
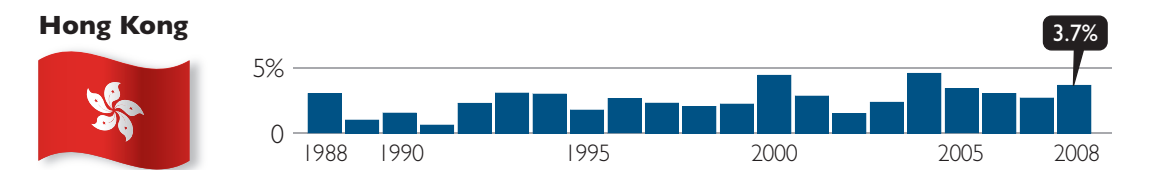
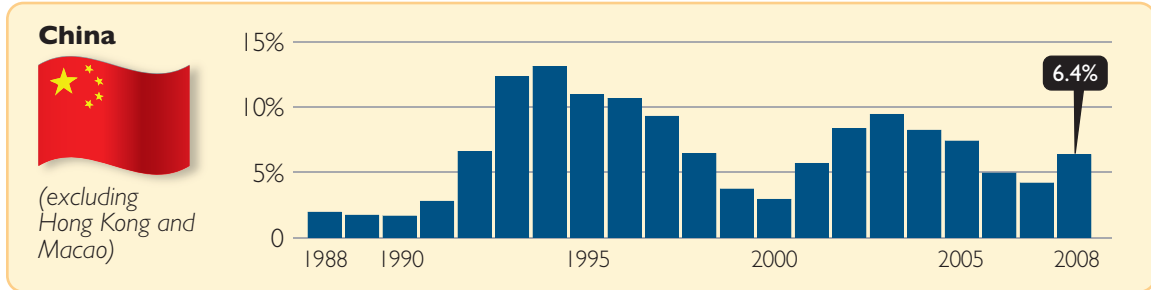
	Asia Rank	Nation	World Rank			
<p>Promising Economies</p> <p>Asia boasts three of the top five easiest places in the world to do business: Singapore, New Zealand, and Hong Kong. Australia, Japan, Thailand, and Malaysia round out the top 20. All seven finish ahead of Switzerland, Germany, and France. This is according to the World Bank, which each year surveys business people around the world on ten measures of "ease," including starting a business, employing workers, protecting investors, and protecting contracts.</p>	1	Singapore	1	 <p>Japan</p> <p>Japan is the easiest place in the world to close an insolvent business. It ranks in the bottom half of the table in terms of tax burden on businesses.</p>		
	2	New Zealand	2			
	3	Hong Kong	3			
	4	United States	4			
	5	Australia	9			
	6	Thailand	12			
	7	Japan	15			
	8	South Korea	19			
	9	Malaysia	23			
	10	Taiwan	46			
	11	Tonga	52			
	12	Fiji	54			
	13	Samoa	57			
	14	Vanuatu	59			
	15	Mongolia	60			
	16	Kiribati	79			
	<p>Difficult Environments</p> <p>Asia is represented on the lower end of the "ease" spectrum most significantly by India, the Philippines, and Cambodia. It is as hard to get credit in the Philippines as it is in Ethiopia and Afghanistan. In only ten countries in the world is it harder to start a business than it is in Cambodia.</p>	17	Pakistan		85	 <p>China</p> <p>China is often talked about in the company of the G-7 developed countries. It is a vastly more difficult place to do business, however. China is making strides in improving several of its rankings, but it still takes nearly a year to obtain a construction permit there. It requires about ten times as much capital and takes almost three times as long to start a business as in an average OECD country.</p>
		18	Maldives		87	
19		China	89			
20		Vietnam	93			
21		Brunei	96			
22		Palau	97			
23		Marshall Islands	98			
24		Papua New Guinea	102			
25		Solomon Islands	104			
26		Sri Lanka	105			
27		Bangladesh	119			
28		Indonesia	122			
29		Nepal	123			
30		Bhutan	126			
31		Micronesia	127			
32		India	133	 <p>India</p> <p>It is as easy to get credit in India as it is in Canada. But there is only one place in the world (Timor-Leste) where enforcing contracts is a bigger problem.</p>		
33		Philippines	144			
34		Cambodia	145			
35		Afghanistan	160			
36	Timor-Leste	164				
37	Laos	167				

Source: 2010 Rankings on the Ease of Doing Business, Doing Business 2010 report, covering the period of June 2008 through May 2009, at <http://www.doingbusiness.org/economyrankings>.

Market Attraction

China attracts more global direct investment than any other country in Asia. When combined with Hong Kong, it accounts for more than 10 percent of global totals.

Percentage of Total World Foreign Direct Investment Inflows

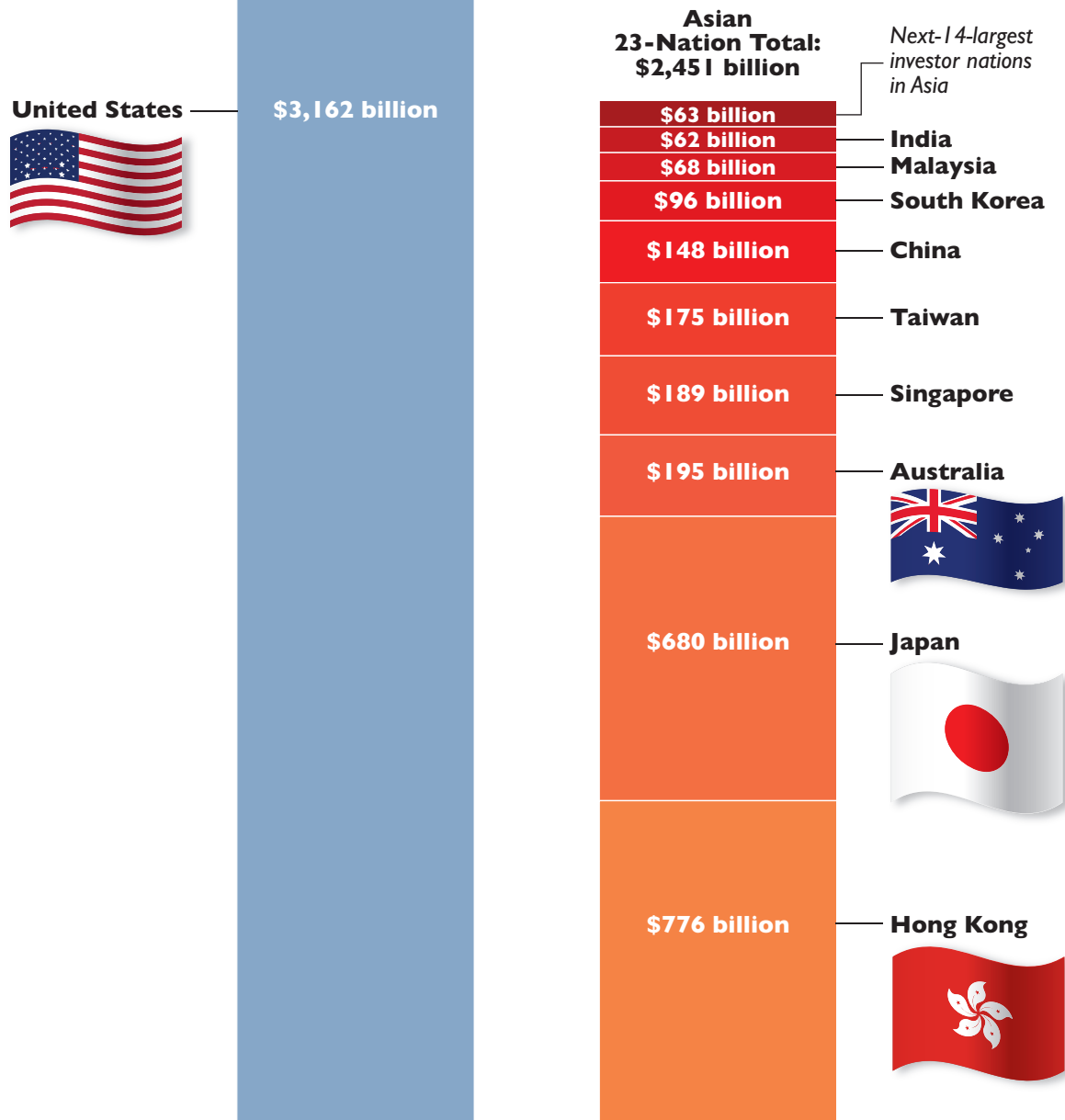


Source: United Nations Conference on Trade and Development, Foreign Direct Investment Statistics, World Investment Report 2009, at <http://stats.unctad.org>.

Worldwide Direct Investment

The United States invests more money in physical assets beyond its borders than the combined total of Asia's 23 largest investors.

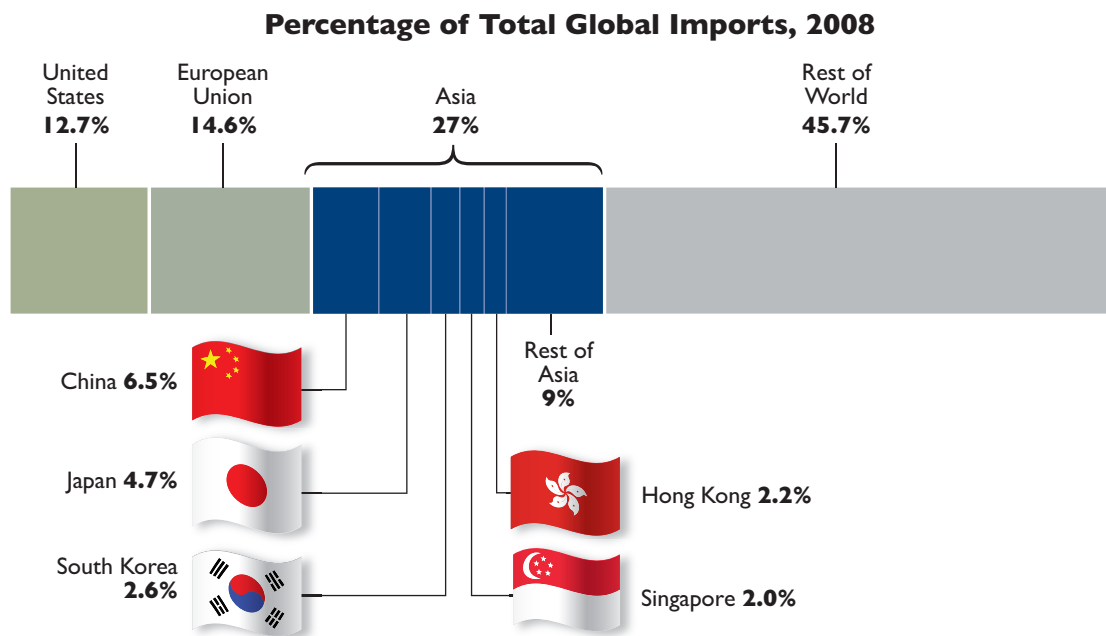
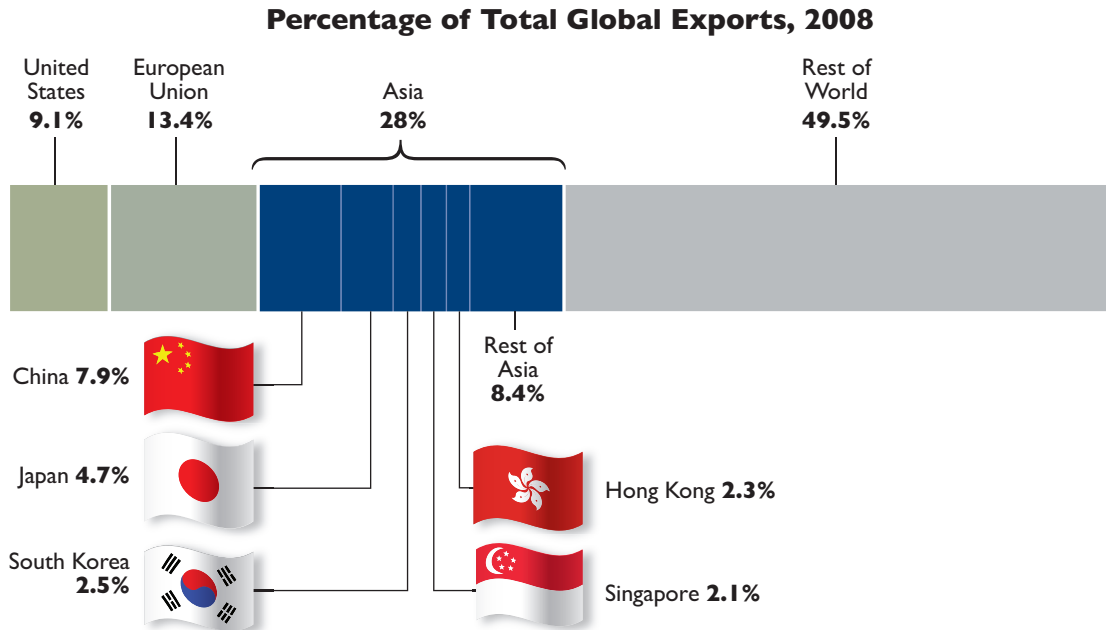
Foreign Direct Investment Outflows through 2008



Source: United Nations Conference on Trade and Development, Foreign Direct Investment Statistics, World Investment Report 2009, at <http://stats.unctad.org>.

Booming Trade

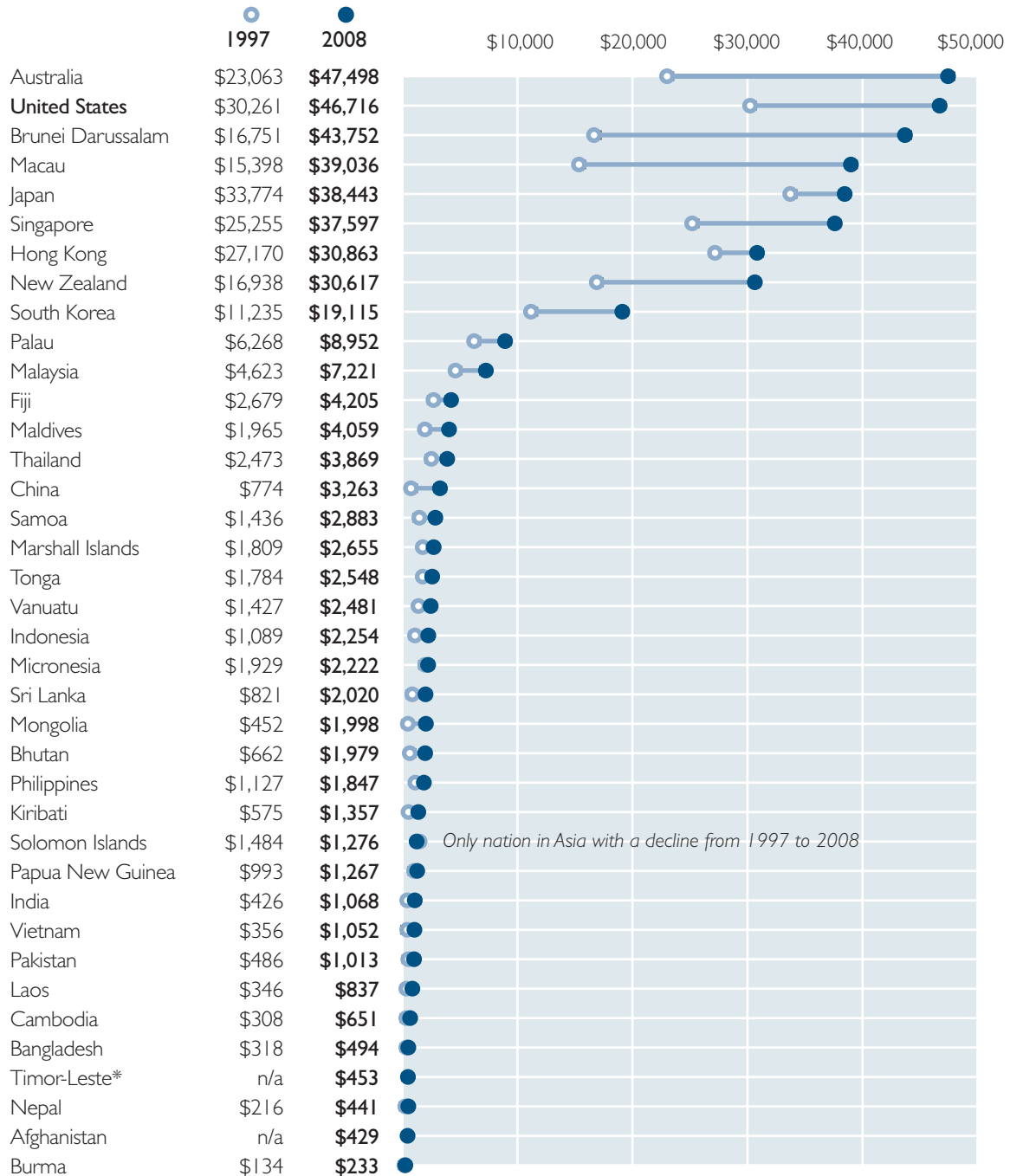
Asia accounts for more than a quarter of all global trade in goods and services—more than the U.S. and the European Union combined.



Sources: World Trade Organization, Trade Profiles Database, <http://stat.wto.org>.

Growing Prosperity

In 1997, Australia had the fifth-richest economy in the Asia-Pacific. In 2008, Australia became the richest, even surpassing the United States. In the last 20 years, many economies in Asia have seen their GDP per capita double or triple.



* Became an independent country in 2002.

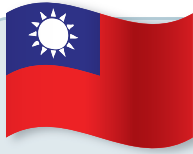
Sources: World Bank Development Indicators 2009; International Monetary Fund, World Outlook Economic Database 2009.

Economic Stakes

At \$14.2 trillion, the U.S. economy is nearly three times the size of Japan's, Asia's largest, and comparable to all the Asian economies in this list combined (\$15 trillion). China is very likely to surpass Japan as the No. 2 economy in the world in 2010.

Asia's Big Two

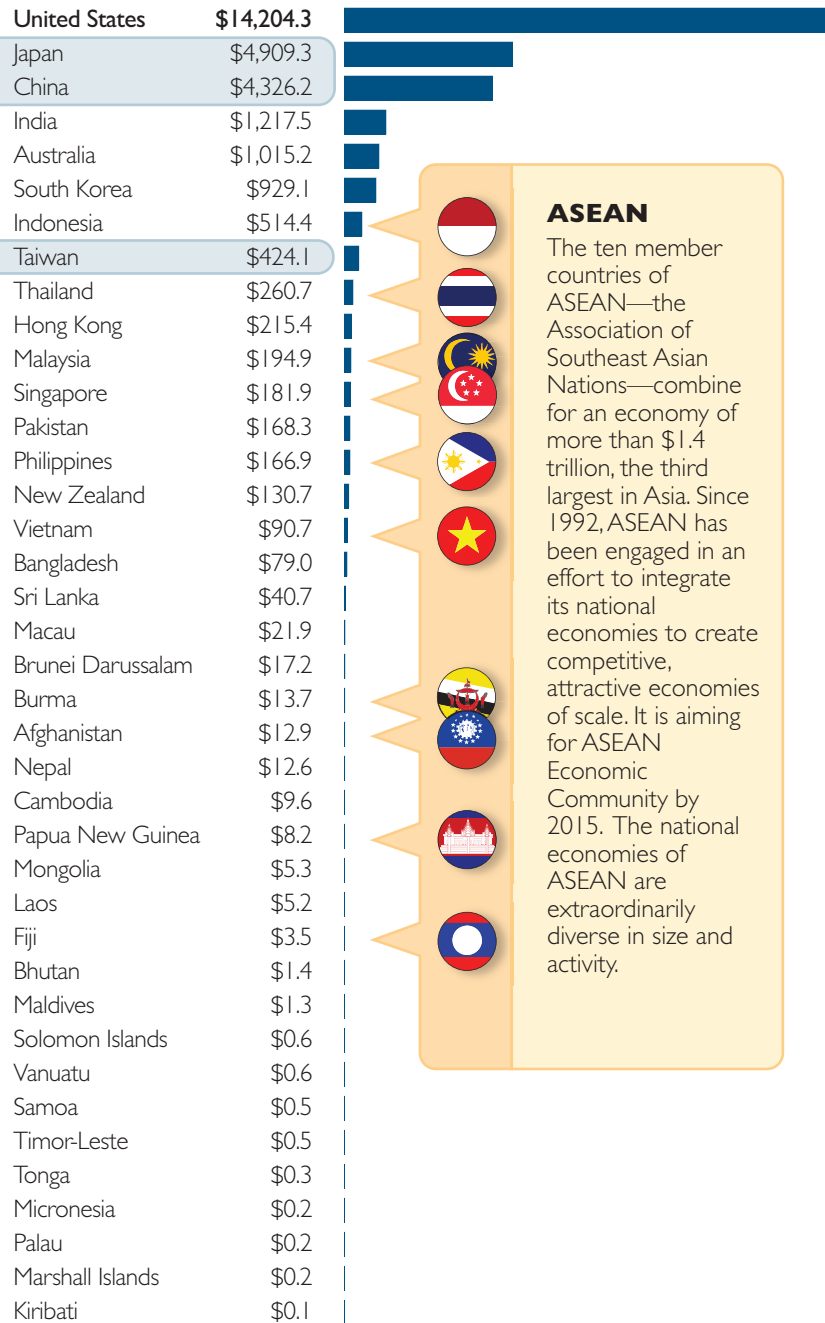
After the U.S., Japan and China are the biggest economies in the world.



Taiwan

Taiwan is one of the largest economies in Asia – very modern, and along with South Korea, Singapore, and Hong Kong, one of the original "Asian Tigers."

Gross Domestic Product in 2008, in Billions



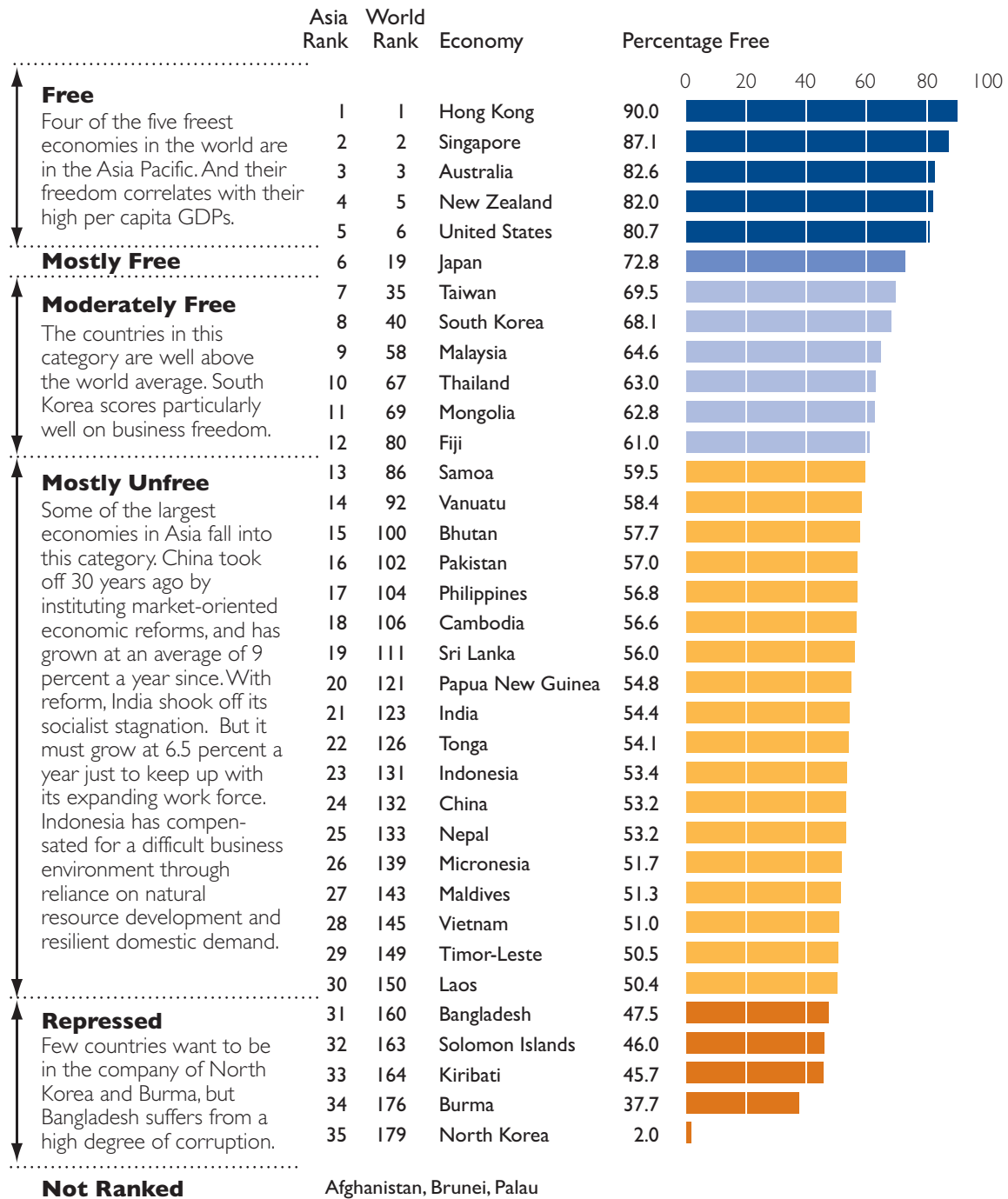
ASEAN

The ten member countries of ASEAN—the Association of Southeast Asian Nations—combine for an economy of more than \$1.4 trillion, the third largest in Asia. Since 1992, ASEAN has been engaged in an effort to integrate its national economies to create competitive, attractive economies of scale. It is aiming for ASEAN Economic Community by 2015. The national economies of ASEAN are extraordinarily diverse in size and activity.

Sources: World Bank Development Indicators 2009; International Monetary Fund, World Outlook Economic Database 2009.

The State of Economic Freedom

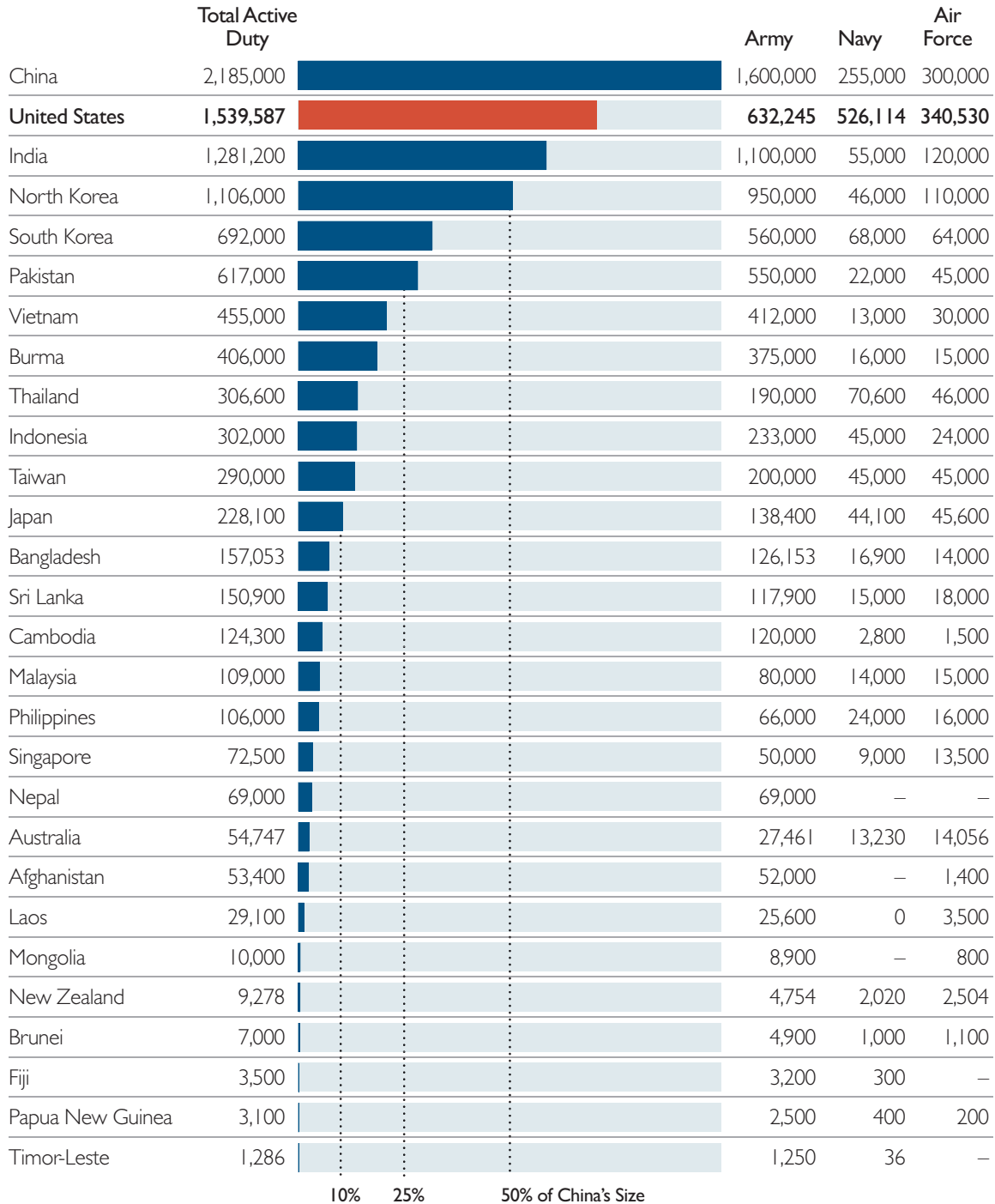
The Heritage Foundation and *Wall Street Journal* rate and rank the world's economies according to 10 factors: business freedom, trade freedom, fiscal freedom, government size, monetary freedom, investment freedom, financial freedom, property rights, freedom from corruption, and labor freedom.



Source: Terry Miller and Kim R. Holmes, 2009 *Index of Economic Freedom* (Washington, D.C.:The Heritage Foundation and Dow Jones & Company, Inc., 2009), at <http://www.heritage.org/index>.

China's Military Size Dominates Asia

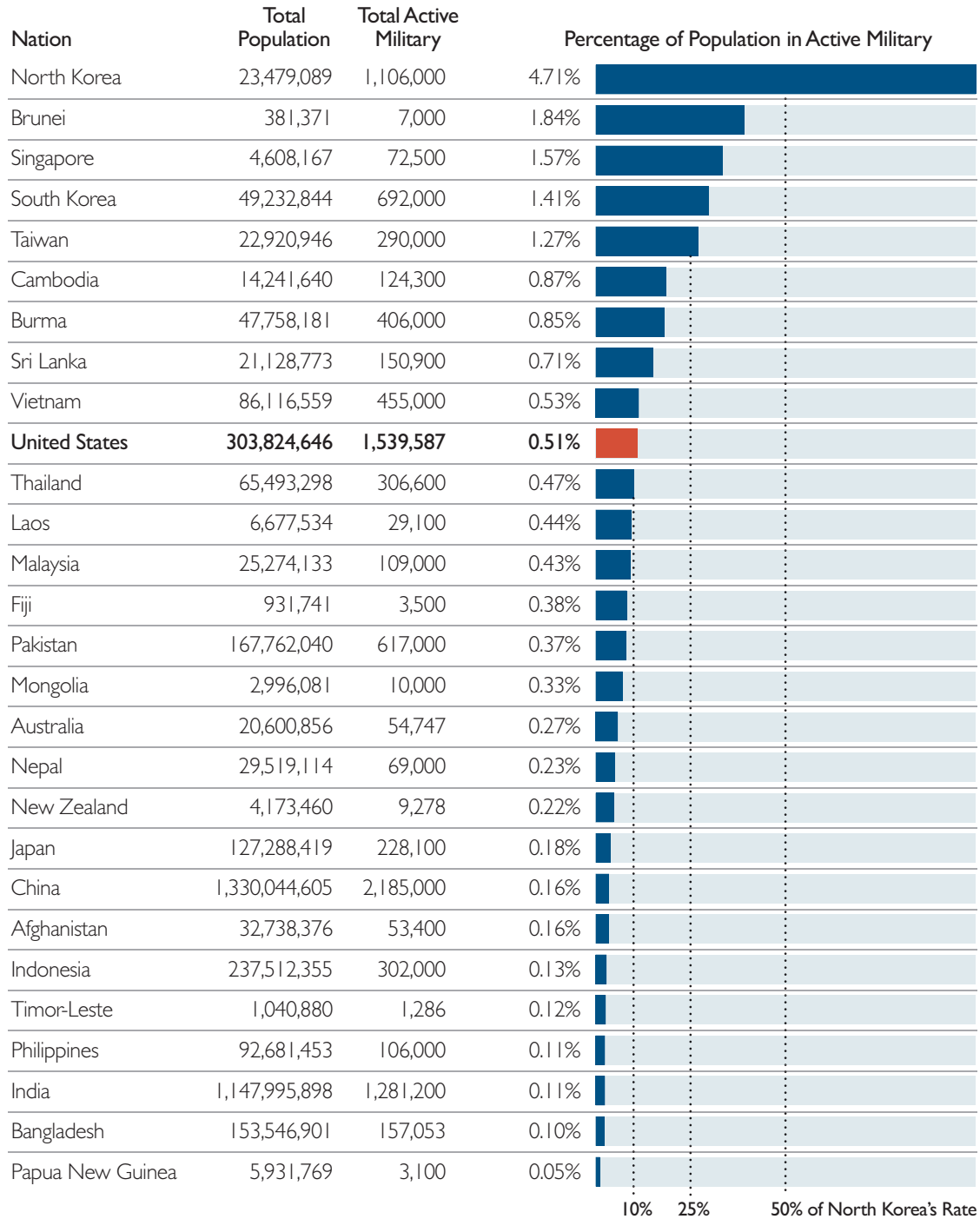
When comparing active-duty personnel, China's army alone is larger than any other Asian nation's entire military. In pure numbers, it even exceeds the size of the U.S. military.



Source: James Hackett, ed., *The Military Balance 2009* (The International Institute for Strategic Studies, Oxfordshire: Routledge Journals, 2009).

North Korea Is Asia's Most Militarized

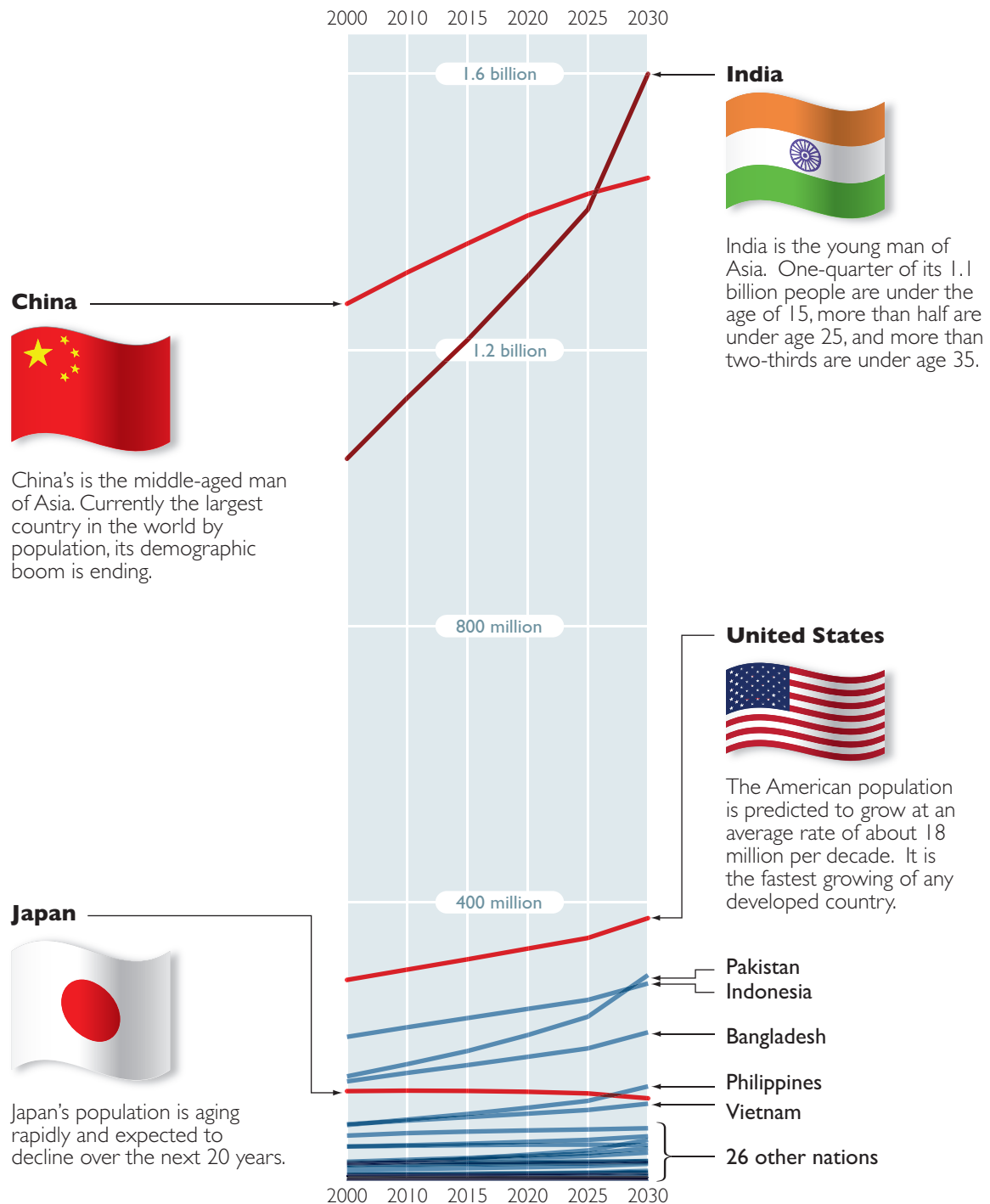
Nearly 5 percent of North Korea's entire population is active-duty military personnel, a rate more than double that of other Asian nations.



Source: James Hackett, ed., *The Military Balance 2009* (The International Institute for Strategic Studies, Oxfordshire: Routledge Journals, 2009).

India Will Be World's Most Populous Nation

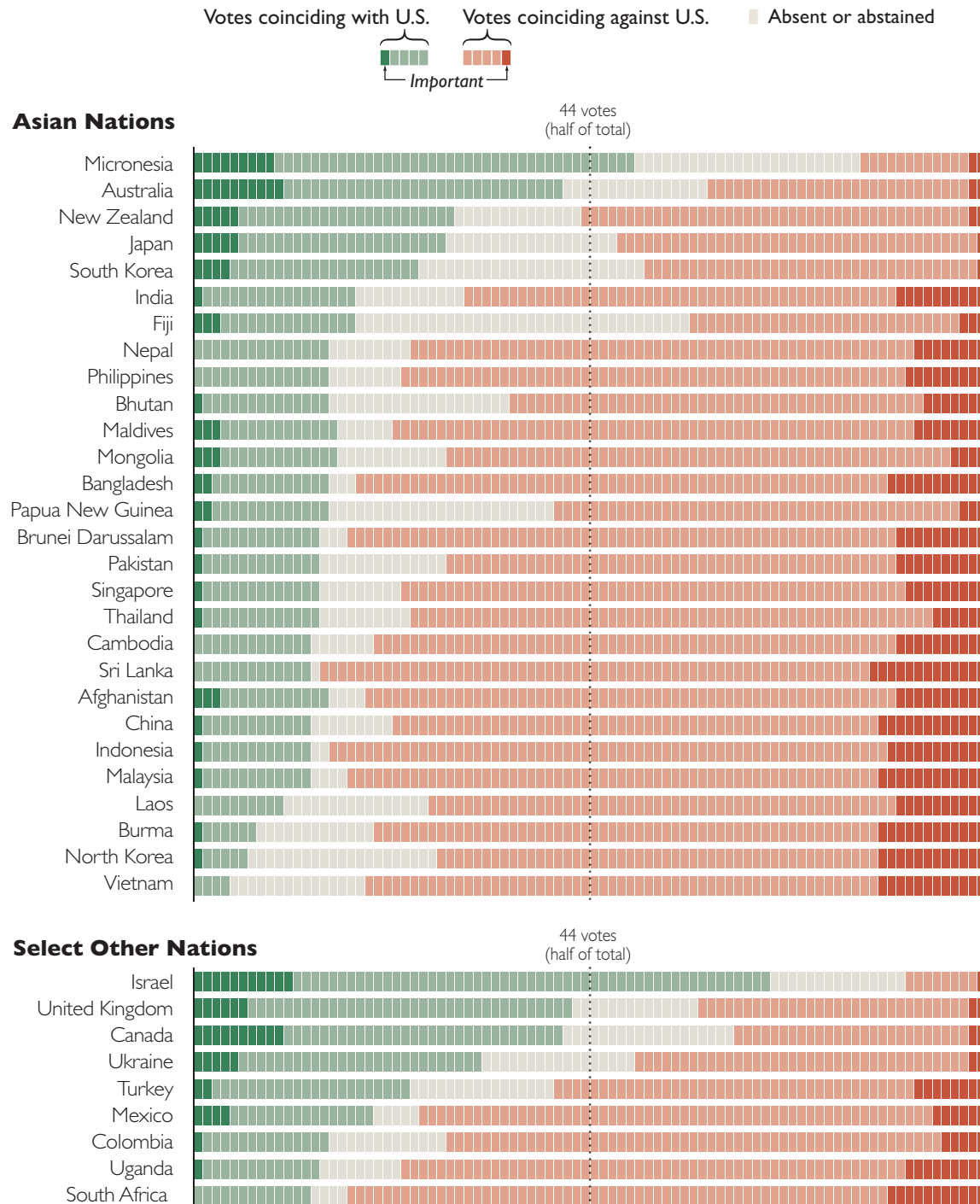
India is projected to supplant China as Asia's most populous nation by 2030. The two nations have nearly twice the population as the combined total of the rest of Asia. Asia accounts for 60 percent of the world's population.



Sources: United Nations, Population Division, World Population Prospects: The 2008 Revision, at <http://esa.un.org/unpp>; Taiwan Council for Economic Planning and Development, at <http://www.cepd.gov.tw>.

Asian Support for the U.S. in the U.N.

How Asian and select other members of the United Nations voted on 88 key resolutions of the 2008 General Assembly, in terms of coinciding with the U.S. vote. Even some of America's best friends vote against us more often than with us.



Source: U.S. Department of State, *Voting Practices in the United Nations 2008*, at <http://www.state.gov>.

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