

Investment in Developing Countries
Increasing Opportunities



ICC ASIA CONFERENCE

DHAKA, BANGLADESH, November 10-11, 2000









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ICC Bangladesh

International Chamber of Commerce - Bangladesh

ICC ASIA CONFERENCE

Dhaka - Bangladesh

November 10-11, 2000

ICC Bangladesh

International Chamber of Commerce - Bangladesh

The world business organisation

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Foreword



The world economy is in a stream of changes aimed at achieving the desired objective of economic globalisation to ensure growth and prosperity for all, irrespective of region and their present economic situation. As an imperative for it, wide-ranging reforms have been advocated, trade liberalisation has been put forward and market economy prescribed.

However, not all steps seemed to have proceeded smoothly as was conceived. The hurdles are very many through the process of implementation of accords and agreements designed to achieve the objectives. As a matter of fact, we are witnessing a different scenario today: widening of gap between the industrialised economies and the developing ones, more particularly the least developed countries. No wonder, fears of globalisation are growing fast and cries for a prudential global economic order are turning wild.

Quite evidently, the developing countries and the LDCs in Asia have enormous economic potentials which, if harnessed properly, could contribute significantly towards creating a more balanced and integrated global economic facade. However, it has been seen that the flow of FDI has not only been discouraging but incognizable as well in terms of its destined outpourings.

In the backdrop of this cumulative realism, the two-day ICC Asia Conference in Dhaka on Nov. 10-11, 2000 is a concerted pursuit to upbeat the resources and potentials that this region hold and the imperatives to utilise these for its benefit on a futuristic outlook.

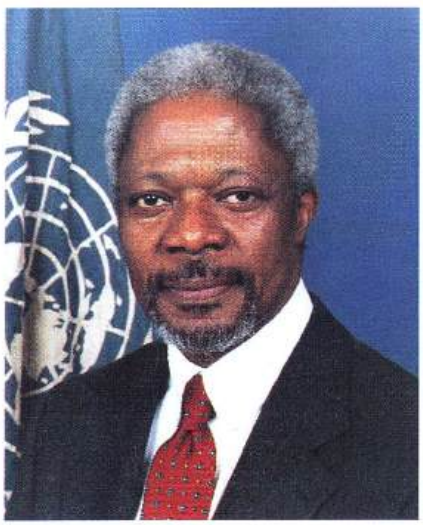
With the participation of so many dignitaries, policy makers, business leaders and professionals from several countries of Asia and beyond, there will be in depth discussions on the growing opportunities for Foreign Direct Investment in such sectors as Energy and Manufacturing for profitable returns; the imperatives for developing IT , Telecom and Electronic Commerce in the region to pace itself with the global business trend; the need for setting up a compact regional transportation system network to attain competitive advantage and facilitate its integration with the world trading network; to look into the causes of the Asian economic crisis and how could some affected countries attained miraculous reversal within a short span belying many apprehensions; and how best the business disputes could be resolved through arbitration and alternative settlement methods.

It is assumed that the conference themed as *"Investment in Developing Countries: Increasing Opportunities"* is most time befitting as it is taking place at a time when Asian economic turnaround is quite faster, when WTO's global agenda have been facing severe criticism and when many developing countries are making all-out efforts to make best use of resources, both material and human, to ensure sustainable development.



Mahbubur Rahman
President
ICC Bangladesh

Message from the U. N. Secretary General



I am delighted to send my greetings to this conference. The International Chamber of Commerce and the United Nations are increasingly close partners. Together, we are promoting free and fair trade as one of the best ways for countries to overcome poverty. We are promoting investment in the world's least developed countries. We are harnessing the vast potential of information technology. And we are trying, through the Global Compact, to give globalization more of a human face.

More than anyone else, global companies have created the single economic space in which we live. Their decisions have implications for people throughout the world. But global operations bring global responsibilities. So we need global companies to display a commitment to global corporate citizenship. This may vary depending on the circumstances. But the bottom line is a willingness to pursue, wherever possible and appropriate, "good practices" as defined by the broader community. With good corporate citizenship, globalization can come to benefit all people. Without it, we may see the backlash against globalization grow even stronger.

The ICC's involvement in Asia makes good sense. Asia has made a remarkable recovery from the financial crisis of 1997-1998. Growth has resumed. The economies of the region have shown staying power. But sustained efforts will be required to resolve a host of lingering problems with regard to financial institutions, corporate governance and social safety nets. The global community, including the private sector, must do all it can to respond to the ongoing plight of Asia's poor.

In only a short period of time, the partnership between the United Nations and the ICC has made good progress. Let us continue this positive momentum. In that spirit, please accept my best wishes for a successful conference.

Kofi A. Annan
Secretary General, United Nations

Message from the Prime Minister, Bangladesh



It gives me profound pleasure that International Chamber of Commerce Bangladesh (ICCB) is hosting the ICC Asia Conference in Dhaka. The Conference is taking place at a time when the region is facing great challenges for economic development in order to ensure a safe and better living standard for its millions of people.

Asia has to take its rightful place in the global economy. While all countries of the region need to work in concert for their economic development, the flow of foreign direct investment must also channeled favourably into this part of the world. Thus, in view of economic outlook of the region, the conference, **"Investment in Developing Countries : Increasing Opportunities"** organised by ICC, the World Business Organisation and Bangladesh National Committee of ICC, is most befitting at this juncture. And for it being staged in Bangladesh, this is yet another occasion of our commitment to highlight the potentials and priorities for development in Bangladesh as well as in the region. As a matter of fact, Bangladesh has always been pressing ahead the causes of the Least Developed and the Developing Countries and would like to see its integration in the network of global economy.

I wish the Conference a grand success in reaching its goal.

"Joi Bangla, Joi Bangabandhu

May Bangladesh Live Forever"

Sheikh Hasina, MP
Prime Minister
Government of the People's Republic of Bangladesh

Message from the Deputy Prime Minister & Commerce Minister, Thailand



I am honoured to have this opportunity to extend my best wishes on the auspicious occasion of the ICC ASIA CONFERENCE to be held in Dhaka on November 10-11, 2000.

As the 21st century draws closer, global economies begin to change dramatically. It exposes a wide range of opportunities as well as threats. The world development requires all of us to share a common vision - to seize the full opportunities created by globalisation, and to address the strategic "big picture" across a range of key economic issues.

By succeeding with this requirement, all groups across the globe will play a part to further success of the modernisation of our world economy. The International Chamber of Commerce (ICC), one of the most influential representative bodies in the world plays a strong supportive role in this respect, which includes the preparation of this eventful conference.

The Conference itself draws together a group of highly distinguished persons from both the private and public sectors that have had extensive experience with the issues involved. I am confident that with the concerted effort and support of such high level participants, the future will certainly be brighter, thus ensuring the achievement of the conference's desired goal to the benefit of all communities, business and individual's alike.

Once again, I wish the result of ICC ASIA CONFERENCE a very successful and prosperous future. The conference will present ICC with a vital challenge to demonstrate that ICC continues to play an indispensable role in the field of international business in the future.

S. Panitchpakdi

Supachai Panitchpakdi
Deputy Prime Minister and
Minister of Commerce, Thailand

Message from the President of ADB



I would like to congratulate the Bangladesh National Committee of the International Chamber of Commerce (ICC) for hosting the ICC Asia Conference in Dhaka to discuss the emerging challenges of trade, investment and development priorities, particularly in Asia and in developing countries.

The theme of the ICC Asia Conference, *i.e., Investment in Developing Countries: Increasing Opportunities*, is highly relevant to developing countries, especially in this era of accelerating and deepening globalization. ICC's efforts to bring together policymakers, business leaders and academicians to discuss the potential areas of investment, and trade prospects and constraints in developing countries are indeed laudable.

Experience has shown that many developing countries have largely benefited from opening up their trade and investment regimes. The unprecedented rapid and sustained economic growth in East and Southeast Asian economies prior to the Asian crisis is a good example. These economies have strengthened market orientation of their economic policies and institutions, gradually dismantled barriers to trade and investment, and facilitated rapid changes in production and telecommunications technologies. Such measures have brought about increased income and employment opportunities, which in turn substantially reduced poverty. However, a number of other developing countries are yet to follow this path.

There is also a growing recognition that globalization, which presents developing countries with enormous opportunities in terms of increased foreign market access, inflows of capital and transfer of technologies, can also pose risks that need to be managed. As the experience of the Asian financial crisis has shown, globalization can generate social and economic stresses as well as financial volatility. These may exact a heavy toll on developing economies, particularly when institutional capacities and social safety nets are weak. In order to maximize the benefits of globalization, countries are required to maintain sound macroeconomic management, strengthen the financial system and the corporate sector, and improve economic efficiency and competitiveness, while strengthening social protection to the vulnerable people. It is encouraging that the ICC Asia Conference affords a discussion forum for the business leaders to address a broad range of issues related to trade, investment and market integration, including infrastructure development, information and communication technologies and dispute settlement mechanisms.

As a premier regional development bank, the Asian Development Bank (ADB) has been engaging in various social and economic development activities aimed at improving the welfare of the people and regional cooperation in Asia and the Pacific. Under our overarching goal of poverty reduction, we seek to foster economic growth, support human development, improve the status of women, protect the environment and promote good governance. Recognizing the critical importance of the vibrant private sector to inclusive economic growth and poverty reduction, ADB has also adopted recently a new Private Sector Development Strategy comprising three strategic thrusts: (i) assisting our developing member countries in creating enabling conditions for business; (ii) generating business opportunities in ADB-financed public sector projects; and (iii) catalyzing private investments through direct financing, credit enhancements, and risk mitigation instruments. ADB also supports its developing member countries in upgrading their productivity and competitiveness through institutional capacity building, policy advice, and investments in infrastructure, health and education.

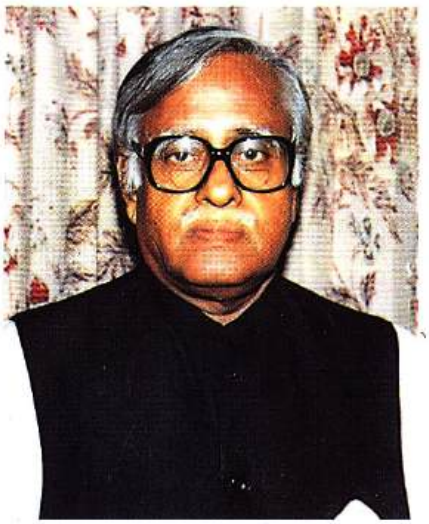
As a partner in development, ADB greatly values the views of the private sector, and hopes to continue working closely with it. The ICC Asia Conference provides an excellent opportunity for business leaders and policy advisers to exchange views on how we can facilitate private sector development, especially in areas of trade and investment.

I wish the ICC Asia Conference a great success.

Tadao Chino

Tadao Chino
President,The Asian Development Bank

Message from the Commerce Minister, Bangladesh



It is a great pleasure for me to know that The International Chamber (ICC) is organizing its Asia Conference in Dhaka, Bangladesh on November 10-11. Theme of this conference "Investment in Developing countries : Increasing Opportunities" is most timely and befitting in the context of the present economic scenario of the region.

It is proven that Asia region has enormous potentials in terms of resources particularly human resources. But these resources have never been properly utilized due to various factors. Latent prospects of the region have to be materialized through Technology, increasing flow of investment and raising capacity of this region.

Asia, with its vast human resources, rich agricultural potentials and abundance of natural resources, can definitely play an important role in the domain of global economy. The distance between the developed and developing countries more particularly LDCs are widening. But the era of globalization should have brought all countries closer to each other.

Though many countries including Bangladesh have designed very attractive investment package in the recent past, the flow of FDI has not been as expected. Present Government under the dynamic Leadership of Prime Minister Sheikh Hasina is allowing huge incentives to the foreign investors and opened up almost all sectors for private investment. But till now a number of sectors have remained unexplored or partially explored where foreign investors could invest. The confidence and attitude of the investors have to be assured. I hope, the ensuing Asia Conference will be able to focus not only on hidden potentials of this region including Bangladesh but also the fruitfulness of investment by tapping the array opportunities.

I congratulate the ICC Bangladesh for arranging this most important conference. I wish grand success of the Asia Conference.

"Joi Bangla, Joi Bangabandhu

May Bangladesh Live Forever"

30/10/2000

Md. Abdul Jalil
Commerce Minister
Government of the People's Republic of Bangladesh

Message from the UN ESCAP Executive Secretary



It gives me great pleasure to congratulate the International Chamber of Commerce for organizing the ICC-Asia Conference 2000 on 10-11 November 2000 in Dhaka. The main theme of the conference– the creation of a favourable climate for foreign investment addresses a critical challenge facing the developing countries. In the modern world international investment has indeed become the engine that drives economic growth. Foreign investment is seen as a critical requirement for strengthening the ability of countries to compete in world markets and to maximize the benefits of liberalization and globalization. It is not surprising therefore that all countries both developed and developing, have been competing with one another in actively wooing international investors.

The Asian region as a whole is fortunate to have been among the highest recipients of international flows of foreign direct investment during the past decade. However, there are two reasons why this Conference is of particular importance at this juncture. First, Asia's position as the pre-eminent destination of foreign investment has received a setback following the recent economic crisis which revealed certain structural flaws in the financial architecture of several fast growing economies. Second, the flow of investment to Asia has been skewed across the region and there are quite a few countries that have been almost entirely bypassed. And unfortunately amongst them are countries whose dependence on foreign investments is even more critical. I am sure that the deliberations during the Conference will provide appropriate policy directions in this regard.

The courting of international investment is also indicative of a changed policy paradigm where disenchantment with excessive governance over the past decade or so, has led to the spread of a policy framework that views government as a facilitator to what are basically private sector driven initiatives. In this context, the role of government is to create an enabling environment for attracting foreign direct investment. It is therefore appropriate that the conference is being organized by an international body that represents the interests of the primary stakeholders of investment– the private sector.

ESCAP's interest in this important initiative assumes even greater significance in the context of the united Nations Secretary General's call for expanding relationships between the United Nations and the business sector under the Global Compact which provides an overall value framework for cooperation with the business community. Recent political and economic changes have intensified the imperative for our closer cooperation and partnership with non-state actors including the business community.

A recent development has been the establishment of the GMS Business Forum, an ESCAP-ADB joint initiative to promote networking among business associations and enterprises in the Greater Mekong Sub-region and to increase the interface between the indigenous private sector and its foreign counterparts. The Business Forum is expected to strengthen private sector participation in trade and investment. We are optimistic that such an initiative can be replicated in other sub-regions of the Asia and the Pacific with the active cooperation of national chambers of commerce and international private sector bodies like the ICC. In this context, ESCAP accords high priority to new regional economic cooperation initiatives such as BIMST-EC as vehicles of intra-regional trade and investment flows.

I wish the Conference all success.

Dr. Kim Hak-Su
Executive Secretary,UN ESCAP

Message from the ICC President



In today's global economy, commercial relations within regions remain no less important than they have always been for national economies and are a major factor in economic stability. Members of ICC national committees in the world's main regions often find that they share interests and priorities, and face the same problems.

This was why ICC four years ago started its programme of regional conferences, which are now held annually in Asia, Latin America, the Arab world and, starting this year, in Africa too. The decision was clearly sound, because ICC's regional conferences have proven to be highly popular as well as extremely useful to our world business organization.

Because of them, the International Secretariat today has a better understanding of the regional dimension of such issues as trade liberalization, foreign investment, business and the environment, and e-commerce. For the national committees themselves, the regional conferences have been an excellent means of developing fruitful contacts with business communities in the same region.

That ICC's third Asian regional meeting is now taking place in Dhaka is a tribute to one of our most dynamic national committees. Bangladesh has emerged as a role model for developing countries. It has established a thriving private sector and a national committee that has made a commendable contribution to ICC's work. Indeed, ICC Bangladesh has set an example to others by its high public profile under the dynamic leadership of its Chairman, Mahbubur Rahman.

Adnan Kassar
President
International Chamber of Commerce

Message from the ICC Secretary General



Foreign direct investment and its contribution to economic development are always central themes for ICC's regional conferences, and our meeting in Dhaka is no exception.

Among highlights of the conference will be the publication of ***An Investment Guide to Bangladesh***- the third in a series ICC has produced in collaboration with the United Nations Conference on Trade and Development (UNCTAD).

The UNCTAD-ICC investment guides place business expertise at the disposal of governments as they implement policies designed to attract foreign direct investment.

The investment guide for Bangladesh concludes that Bangladesh offers important investment opportunities for foreign companies. Inflows of foreign direct investment (FDI) have increased from virtually zero in the 1980s to over $300 million in the 1990s.

The ICC Asian regional conference will help to make the attractions of Bangladesh as a destination for FDI more widely known to the international investment community.

Maria Livanos Cattaui
Secretary General of ICC

About ICC Bangladesh



The Bangladesh National Committee of ICC was formed in 1995. However, it became fully operational in 1996 and since then it has been involved in various activities which primarily include trade policy reviews, harmonisation of trade laws and rules, legal reforms, updating businesses with the ICC rules and regulations for cross-border business transactions including working on the uniform rules for global Trade and Investments as well as Arbitration and Alternative Dispute Resolution. It has also been holding business dialogues and seminars on issues of national, regional and international interests including trade facilitation, market access and free trade without let or hindrance and or new barriers to trade.

In its efforts for trade facilitation, ICC Bangladesh has been pursuing the introduction of ATA Carnet system in Bangladesh. Once implemented, this system, better known as "Passport for Goods" and now in use in about 70 countries, would render lot of benefits for exporters, exhibitors and professionals for duty free imports & exports of samples and exhibits.

ICC Bangladesh at the present moment has a total of about one hundred members who include different Chambers of Commerce and Industry, Associations, Stock Exchanges, Banks, Insurance Companies, Transnational Companies, Law firms and large business groups having significant interest in international trade and investment.

In order to disseminate ICC works and achievements in fostering smooth global business as well as to take stock of the situation that is obtaining in different parts of the world with regard to the free flow of trade and investment, ICC organises international Meetings, Conferences and Congresses in different parts of the world: where ICC Bangladesh takes part to put forward Bangladesh view points in the global perspective.

In pursuance with ICC's programme of holding regional meeting, ICC Bangladesh decided to arrange the ICC Asia Conference encompassing as many countries in the region to interact on an array of opportunities for investment. This significant event is yet another milestone in the roadmap of its programmes and action plan and adds another chapter in the book of its achievements. Needless to mention here that no feat of success would have been achieved in all its endeavours without the undaunted support of its member organisations and well wishers within the business and beyond.

Mahbubur Rahman
President
ICC Bangladesh

Speaking For World Business

ICC is the world business organization, the only representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

ICC promotes an open international trade and investment system and the market economy. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the 20th century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitrae institution.

Within a year of the creation of the United Nations, ICC was granted consultative status at the highest level with the UN and its specialized agencies.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on vital technical and sectoral subjects. These include financial services, information technologies, telecommunications, marketing ethics, the environment, transportation, competition law and intellectual property, among others.

ICC was founded in 1919. Today it groups thousands of member companies and associations from more than 130 countries. National committees in the world's major capitals coordinate with their membership to address the concerns of the business community and to convey to their governments the business views formulated by ICC.

The World Economy & The Developing Asia

The Challenges Ahead

Asian economy is emerging once again. Matriculating with renewed hopes after an unforeseen meltdown, several economies in the region have resurfaced with vigour on the global economy much due to the pursuance of pragmatic policies and infusion of strategic planning, particularly in the development of information technology (IT).

The South Asian countries are forecast to achieve an average GDP growth of 6.5 per cent in the current financial year against the estimated average global growth of 4.7 per cent. The predicted average growth of the developing world is even higher, 6.9 per cent.

The luminous growth economies should at least be overriding the fact that poverty is still a big problem not only in Asia, but all over the world. The 1.2 million people of the developing world manage to scrape by with less than one US dollar. Though almost 22.13 per cent of the total global population live in South Asia, their income is only 1.92 per cent of the world's aggregate gross national production (GNP).

68 per cent of the Total World Investment Goes to Developed States

Malaysia's emergence as a Multimedia Super Corridor, the rise of Singapore as the Intelligent Island, Taipei's rise as the Green Silicon Island, India's Science and Technology Park and China'a Pudong Area have created the needed platform for Asia to become one of the major superpowers in the New Economy. Despite this huge scope in Asia, the region is still getting a meagre chunk of the global investment pie in this very field. 68 per cent of the total investment is going to the developed world, 7.1 per cent to China including Hong Kong, 7.3 per cent to Southeast Asia while only a paltry 2.8 per cent is offered to countries in South Asia and other regions. But investment is still regarded as the main element for a country's development, though other factors are increasingly featuring in the definition of economic betterment. It is a well-accepted fact that there's a direct link between high investment and increased growth, as foreign investment does not only go in capital goods, it rather helps in transferring technology and creating capital.

World Economy : The Strengthening

Recovery of the global economy has gathered some impetus in the first half of the very first year of the new millennium. Growth in the first half of 2000 was the highest since 1997. Continuous growth of the United States economy has been the main force working behind this. Economies in the European Union, Japan and Asia have also strengthened. China isn't even lagging behind in the race.

Trade has shown commendable growth in the current year. Though trade was hurt in 1998, it started to rise considerably in 1999 and the same trend can still be witnessed. This is expected to grow at a rate of 7.9 per cent. It can well be attributed to the rise in import due to the strong US economy and revival of Asia. The current global inflation rate is also pretty low.

World thriving on strong US economy, Asian recovery

This low inflation rate is due to unabated capacity of the goods and labour force and IT-related growth in Europe and Japan. But the US Federal Reserve went for 6 rate hikes in the last 12 months, European Central Bank (ECB) opted for 2 rate increases in 2000, whereas Bank of Japan (BOJ) also shun its zero rate policy, which, as experts apprehend, may push world inflation a bit. Meanwhile, world oil prices have also surged. Moreover, increasing demand due to ongoing economic recovery is also likely to push inflation rates. But it is expected that inflation rate will remain well below 3 per cent in 2000 and 2001 as a result of the sensitivity of the EU and US currency authorities and the deflationary trend in Japan. One of the eye-catching developments of the current world sketch is the continuous waning trend in unemployment. The rate is lowest in the United States since the '60s. Though Europe is in a better position in this regard, it has also witnessed pressures for increasing payments. But the situation is quite the opposite in Japan. As a whole, there are reasons to be worried about notwithstanding the overall improved position of the world economy. US private debt is also the highest in history. So world economy may face some risks if debt repayment rises due to pressure from unseen factors, dollar weakens, the Japanese and EU monetary authorities get stricter and if prices record further hikes. New Economy is a new subject in the world economy and has its biggest effect on the US economy. This new theory has its origin in the IT-based development of the United States economy. But its effect on the EU and Japanese economies isn't yet visible. In Korea, China and Singapore, the engine of this new economy i.e. IT is progressing well.

GDP Growth for 2000

	2000	Past1999 Projection	2000 Update
World	3.5	3.5	4.7
Developing Asia	5.5	6.2	6.9
NIEs	5.2	6.5	7.9
PRC	6.0	6.5	7.5
CARs	—	3.0	4.1
Southeast Asia	4.4	4.6	4.7
South Asia	6.5	6.4	6.5

Developing Asia and the Pacific

In 1999, Asia witnessed a V-shaped economic recovery, and this achievement has bettered in 2000. This trend is also predicted to continue in 2001. This assumption is based on the expected improvement in domestic and unabated external demands. But growth achievements for all the regions were not the same. Among the crisis-struck countries, Thailand and Indonesia are still lagging behind. The Newly-Industrialized Economies (NIEs) are pitched on top. Of these, growth in Republic of Korea in the first three months of 2000 was 12.2 per cent while the second quarter witnessed a 9.6 per cent development. Growth in domestic demand was the main impetus that worked behind the development of the NIEs and countries in Southeast Asia.

All Regions Didn't Witness Equal Growths Despite Healthier Recovery

China and India, two major forces in the developing world, including the ASEAN economies are also advancing well. Russian economic development and the increase in prices of oil and gas have proved a boon for the Central Asian Republic (CAR) countries. Only developing nations in the Pacific Rim have shown signs of lethargy in the current season. It is also expected that South Asian GDP growth will also remain undisturbed in 2001. The base for this foreseen growth is improvement in export activities, more liberalization, privatization, private domestic and foreign equity participation and unabated farm sector success. On the whole, the South Asia economy can achieve more progress if its tax regime undergoes further improvement, governments rationalize expenditures and financial imbalance is reduced. In addition to making available more properties for creating capital funds, these measures will reduce inflationary pressure.

Bangladesh, India and Pakistan

Following the devastating 1998 floods, the Bangladesh economy started showing signs of recovery in 1999. The industrial sector has attained commendable growth and the present crop production is a record for the country. The services sector has also maintained its expansion. But fiscal deficit has recorded a growth to figure 6.1 per cent of the GDP, which is again more than the target. The budget deficit also swelled buoyed by drop in revenue income and rising government expenditures, forcing the government to borrow from the banking system for bridging the gap. Export earning rose again after a drop due to flood in the previous year. If the country can manage to shake off the macroeconomic weaknesses and ensure implementation of the reform measures, then Bangladesh will no doubt keep on achieving high growth rate in the years to come.

Since 1998, GDP growth rate in the Indian economy - which is based on factors like successes in agriculture and development of the industrial and services sectors - was over 6 per cent. The turn-around in world trade and rupee devaluation have helped the country's export income growth rate hit double digit. On the other hand, rise in oil prices has shot India's import bill. But the prevailing macroeconomic environment of the country is not as favourable as in the previous year.
In recent years, the Reserve Bank of India (RBI) has maintained a policy of low interest rate and sufficient provision of liquidity to industry. This policy stance facilitated industrial recovery in 1999 and early 2000. The RBI tightened its monetary stance in the latter half of July 2000 by raising the bank rate and cash reserve ratio. This was done in the wake of a weakening exchange rate and increasing fears of inflationary pressures. Inflation is likely to be higher at 7.0 per cent in 2000, primarily on account of rising fuel prices. Industrial recovery may be constrained by the likely increase in prime lending rates as commercial banks follow RBI's lead.

Pakistan Again On Growth Path After Lagging Behind For 2 Years

After two years of crisis, the Pakistan economy has started to show signs of recovery in 2000 inflation rate has come down, export is showing an upward movement and foreign exchange reserve has been comparatively stable. But despite these positive changes, the government needs to reduce deficit and increase confidence of the foreign investors. Just like Bangladesh and India, agricultural development is the prime reason for its growth. The country has achieved a rise in the production of fiber, rice and wheat despite its weakness in the industrial sector. Growth rate in the industrial sector is pretty low. Reason 24 per cent drop in sugar output. Its foreign exchange savings have also registered a drop because of political turmoil.

Investment and Recent Trend

Foreign direct investment (FDI) growth throughout the world has made a record. In 1999, global investment flow was US$ 865 billion, which is 27 per cent more than the preceding year. It seems that the developing world is again getting back to growth path after weathering the 1998 economic slowdown. It now stands at US$ 208 billion with an expansion rate of 16 per cent. However, developing Asia has won 106 billion dollars of this US$ 208 billion pie. Of This, China received a US$ 40 billion chunk. As for the Least Developed Countries (LDCs), investment has registered a growth to reach 4.5 billion dollars, which means the LDCs have received only a meager 0.5 per cent of the total global investment. Among the LDCs, 33 African nations got 84 per cent of the total figure. Myanmar, however, won the highest amount of investment among the LDCs in Asia. Though investment in Asia registered a record rise in 1999, the lion's share went to a handful of countries. But investment in China, which remained on top of the Moreover, excessive investment

in some select fields over the last few years has created problems for the country. But it is expected that China's entry into the WTO and improvement of the services sector may augur well for the country as far as investment is concerned. In the East Asian economies - Hong Kong (China), Korea and Taiwan - FDI has shown a growth of about 80 per cent. Investment has also registered a growth in Korea due to increased liberalisation of the country's economy.

Cross-border M&A Is The Main Driving Force Behind Global Investment Boost

Developing World Is Far Behind In This Regard

In fact, HK and Taiwan have managed to lure increased investment, especially due to their liberalised and free economies. In ten economies of Asia, investment went down in 1999. Singapore and Malaysia have however won 27 per cent and 31 per cent investment respectively. As a result of the much talked-about economic meltdown, investment has fallen in Thailand, Indonesia, the Philippines, Vietnam and Myanmar. FDI in South Asia saw a 13 per cent slump in '99. The amount figured US$ 3.2 billion, of which India alone received 2.2 billion dollars. This came as a gift against continuous liberalisation of the investment policies. Investment in Bangladesh witnessed a fall after rises during the last two years, whereas Pakistan and Sri Lanka have maintained their positions as investment recipients. Investment flows to the West Asian countries have remained unchanged with a growth rate of 8 per cent. Saudi Arabia got the biggest portion of the US$6.7 billion amount. Sectors like tourism, electrical and electronic plants and different hi-tech industries were the best attractions for this investment. Recent developments on the political and economic fronts and freeing of the oil sector for foreign investors have raised investment in the West Asian countries like Kuwait and Saudi Arabia. In the mid-Asian region, Kazakhstan and Azerbaijan were the two best investment destinations. Cross-border mergers and acquisitions (M&As) were the main driving forces behind increased investment in 1999. But the developing world has been lagging behind in this regard while the developed world countries made the most of it.

FDI and Development Challenges

Economic development remains an urgent global need. Globalization, which brings countries closer than ever before, reinforces this requirement. Although many countries have achieved impressive increases in income, over a billion people in more than a hundred countries still live in poverty. Economic inequalities among countries remain rampant, and there is little sign of convergence in incomes across countries. In fact, a number of developing countries face increasing marginalization. Globalization accentuates the increasing importance of the world economy for developing countries. FDI is one of the most dynamic forces of the increasing international resource flows to developing countries. Since globalization has its dangers, the developing countries need to develop their own capabilities to harness its potential, including through FDI.

Though low-income group countries are in a low-level in terms of the total Gross National Product (GNP), they seem to be ahead as far as Purchasing Power Parity (PPP) is concerned. In terms of PPP, the total global GNP is US$ 36556.8 billion. Of this, high-income countries account for 20,766 billion dollars, low-income nations 7475.10 billion while the aggregate share of the low and middle-income states is 15790.8 billion dollars. This means that if PPP is taken into consideration, then the low-income countries earn 20.48 per cent with 60 per cent of the total world population. Due to its huge population, the developing world is regarded as a big consumer market. This is why there are still ample chances of increased investment in the region. Foreign investors still find China, India and Brazil as attractive destinations only because of prospective product markets in those countries. Again, market is not the only attraction for investment, as we can see in the cases of investment in Bangladesh, Pakistan and Indonesia. Market alone cannot ensure profit for the investors. Countries that have become successful in liberalizing their economies for foreign investment and are still on the track offering different.

The quantum of FDI inflows is only partly a function of the degree of liberalization of the investment regime. Studies have shown that the package of incentives for foreign investors is a necessity but not sufficient condition for robust growth of FDI. Relative risks and opportunities for high returns generally guide investor interest. In manufacturing, it is clear that satisfactory initial performance often leads to greater equity participation by foreign investors. In South Asia, the size of the Indian domestic market has been an attractive element for the investor's consideration resulting in substantial foreign investment in manufacturing and service sectors, catering to the Indian domestic market. On the other hand, export orientation has until recently been the principal guiding force for the rest of South Asia.

Countries around the globe have simplified regulatory frameworks

The developing states are also marching ahead; Facilities for investors are rising every year

Over the past four decades, countries in all regions have come to adopt FDI-specific regulatory frameworks to support their investment-related objectives, and every year a number of existing regimes are amended. By 1997, at least 143 countries and territories had enacted FDI-specific legislation. In 1997 alone, 17 countries introduced new foreign investment laws or substantially changed the existing laws, and another 59 introduced regulatory changes with respect to one or more specific items affecting FDI. Initially, many investment laws were intended to control the entry and operations of foreign investors; since the early 80s, however, most countries have adopted frameworks designed to attract investors and create a favourable investment climate. During the 1991-97 period as a whole, 94 per cent of the FDI regulatory changes were in the direction of creating a more favourable environment for FDI, continuing a trend that started in the 1980s. Liberalization moves involved in particular the removal of operational conditions and the opening up new industries to FDI, sometimes through the revision of negative lists of industries previously closed to FDI. This was the case in both developing and developed countries. Measures other than incentives, such as setting up investment promotion agencies and facilities, have also been taken to promote FDI. The trends towards establishing specialized schemes to attract foreign investors, such as export processing zones and free trade and investment zones, were also there.

Countries are still engaging themselves in bilateral investment deals. Till the end of 1997, there were at least 1513 of such bilateral investment treaties (BITs). Of these, 249 were inked between the developing countries. Besides there are also treaties to avoid double taxation. Till 1997, 178 countries signed about 1794 such Double Taxation Treaties (DTTs). Though DTT was confined to the developed world, it is now becoming increasingly attractive for the developing nations.

Problems, Scopes and Challenges

After the end of the Uruguay Round talks, it was assumed that the poor countries would be mostly benefited by it. But after six years, these poor nations have voiced their disbelief and skepticism at Seattle Summit of the global trade body. The main objection of the poor countries is that they have opened up their market as per the rules, but the developing countries are still far from reciprocating. That's why the developing nations haven't got their access to the developed world markets. The poor nations' stand, however, cannot be dubbed baseless, because the increase in world investment hasn't been a balanced one.

Developing Nations' Access To Rich World Still Tumbles On Conservative Attitude

The UNCTAD estimated that if the developing world freed its market, then they would be able to increase their export by 700 billion dollars by the year 2005. Many however refuse to agree that the achievement picture is pretty disappointing. Since 1990, foreign investment in the developing world

has gone up by an average 16 per cent, though its growth has not been parallel. At the same time, institutional lending or aid for the developing world has fallen by an average rate of 3 per cent. Trade has also witnessed an increase with the rise in investment in the developing countries. The World Bank has said that by the year 2020, export and production of the developing world would increase by 50 and 30 per cent respectively. Despite this all-pervasive hope, globalisation is still a big question. Free movement of goods and services has not yet been equally ensured for people in all the countries of the world. Though free flow of human resources is a demand, export from the developing world still hinges on non-tariff barriers in the form of labour standard and environment issues.

Asia is now the rising force in the world economy, but South Asia is still far behind in the region despite its huge potentials. There are ample opportunities and areas of investment in Asia as the countries offer different sorts of incentives. The governments have taken a vow that they won't opt for business or profits, but would create investment-friendly environment for domestic as well as foreign investment. Many countries do not show any discriminating attitudes towards foreign investors and they are allowed to take profit to their respective countries.

There Are Problems, But Efforts For Solutions Are Also In Place

That's Why Foreign Investment In Infrastructure Is On Rise

Countries are also giving different tax facilities. This is why, investment is surging, but it is far less than what is expected. Absence of proper infrastructure facilities is a major problem in many Asian countries. Foreign investors are getting increasingly interested in infrastructure investment and more and more interest is being shown in areas like electricity, fuel, road, air and sea communication, telecommunications and sea port. Investment is also rising in the manufacturing sector, where regional investment is featuring the most. Due to many industrial technicalities, countries like Korea, Japan, Singapore, Hong Kong etc are relocating their industries in many developing countries. Leading cement firms of the world are investing in emerging Asian economies due to strong activities in their construction sector. But there are bugging factors side by side these opportunities in Asia. There is widespread dissatisfaction over the hiatus between policy-making and their implementation. Corruption and bureaucratic bottlenecks are the main reasons behind this. Political uncertainty and law and order are also held responsible for investment hurdles, as these raise the cost of doing business. Many countries have not yet been successful in going abreast the globalization system. Naturally, these reasons are not equally applicable for all countries. Hopefully enough, there are also interest and initiatives to break the shackles of the problems. In addition to government efforts, the private sector especially different trade organizations are also putting their best in this regard. In many countries, the opinions of trade bodies are solicited and highly valued when it comes to formulating any government policy.

In the backdrop of globalization, the newly-developed Asian states and developed world can help the least developed countries. The European Union is to allow quota- and tariff-free access to the 48 least developed countries. The initial declaration has already been made.

The developed world needs to offer a helping hand

Though United States has offered the same kind of facilities for textile and clothing goods, LDCs of Asia are still outside its purview. The globalization process will only become successful if the developed world creates access facilities for the developing states without any discrimination and helps them survive competition in the world market.

ICC Worldwide



North America

During the WTO ministerial in Seattle, the US Council for International Business took the lead among US business organizations in outreach to business visitors from abroad, enabling them to express their views at parallel seminars and workshops. Vice-President Richard McCormick and Secretary General Maria Livanos Cattaui represented ICC in Seattle.

Europe

Four of the front runner applicant countries for membership of the European Union have ICC national committees. After ICC Hungary in 1996, ICC Czech Republic was inaugurated in 1999, to be followed in 2000 by ICC Poland. The fourth national committee is ICC Cyprus, founded in 1980.

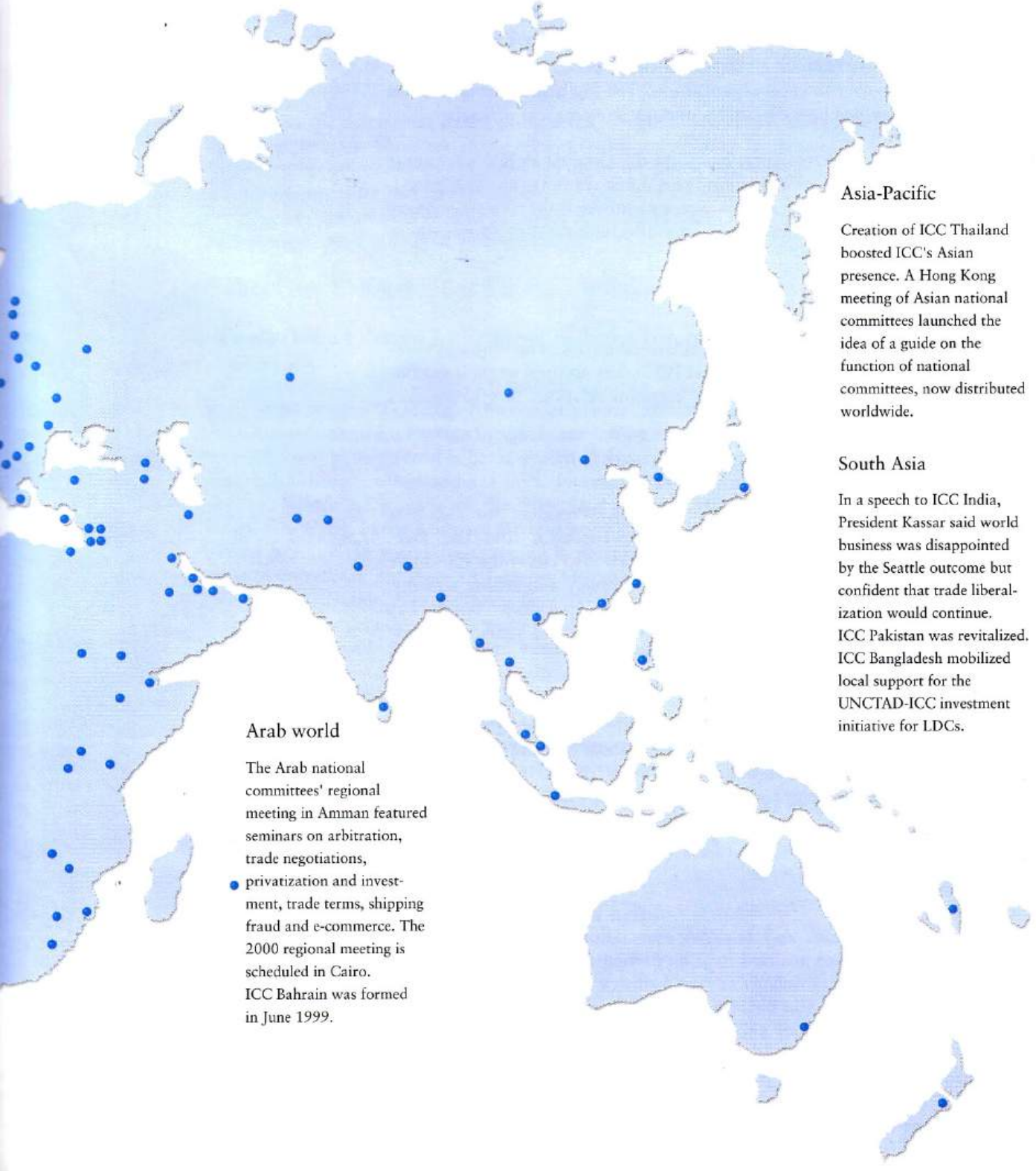
Latin America

ICC's regional meeting in Mexico City examined economic and business relations between Latin America and the European Union at the initiative of the Mexican President. President Kassar visited Argentina and Cuba and was received by the respective Heads of State. ICC Caribbean, based in Trinidad, was established.

Africa

National committees have been formed in Ghana and Nigeria. In a project involving multinational companies and UNCTAD, ICC is channeling corporate expertise on how to attract foreign direct investment to the governments of Ethiopia, Madagascar, Mali, Mozambique and Uganda.

ICC's expansion continues. New national committees or groups have been created or are being formed in Africa, Asia, the Caribbean, central and eastern Europe, Latin America, and the Middle East. Every new national committee strengthens ICC's authority as the only business organization representing companies of every size and from every sector in all parts of the world. As the new millennium opened, ICC had members in more than 130 countries and territories.



Asia-Pacific

Creation of ICC Thailand boosted ICC's Asian presence. A Hong Kong meeting of Asian national committees launched the idea of a guide on the function of national committees, now distributed worldwide.

South Asia

In a speech to ICC India, President Kassar said world business was disappointed by the Seattle outcome but confident that trade liberalization would continue.
ICC Pakistan was revitalized.
ICC Bangladesh mobilized local support for the UNCTAD-ICC investment initiative for LDCs.

Arab world

The Arab national committees' regional meeting in Amman featured seminars on arbitration, trade negotiations, privatization and investment, trade terms, shipping fraud and e-commerce. The 2000 regional meeting is scheduled in Cairo.
ICC Bahrain was formed in June 1999.

How ICC Works

Council

The ICC World Council is the equivalent of the general assembly of a major intergovernmental organization. The big difference is that the delegates are business executives and not government officials.

There is a federal structure, based on the Council as ICC's supreme governing body. National committees name delegates to the Council, which meets twice a year. Ten direct members-from countries where there is no national committee - may also be invited to participate in the Council's work.

National committees and groups

They represent ICC in their respective countries. The national committees and groups make sure that ICC takes account of their national business concerns in its policy recommendations to governments and international organizations.

Presidency and Executive Board

The Council elects the President and Vice-President for two-year terms. The President, his immediate predecessor and the Vice-President form the Presidency. The Council also elects the Executive Board, responsible for implementing ICC policy and setting strategy, on the President's recommendation. The Executive Board has between 15 and 30 members, who serve for three years, with one third retiring at the end of each year.

Secretary General

The Secretary General heads the International Secretariat and works closely with the national committees to carry out ICC's work programme. The Secretary General is appointed by the Council at the initiative of the Presidency and on the recommendation of the Executive Board.

Commissions

Member companies and business associations can shape the ICC stance on any given business issue by participating in the work of ICC commissions. Commissions are the bedrock of ICC, composed of a total of more than 500 business experts who give freely of their time to formulate ICC policy and elaborate its rules.

Commissions scrutinize proposed international and national government initiatives affecting their subject areas and prepare business positions for submission to international organizations and governments.



Historic Passage Through the Hindu Kush

The Hindu Kush may appear to be a barrier to travel, but their high passes have served historically as a channel for invaders. Invaders from Central Asia, taking advantage of the high passes, brought Indo-European languages to the region. In later centuries conquerors such as Alexander the Great, Genghis Khan, and Timur (Tamerlane) came through on the way to India's northern plains. The passes remained militarily significant until the second half of this century, but today they are of greater interest to archaeologists.



Suburban Kabul

Suburban growth characterizes the crowded city of Kabul, where cars vie for space with slow-moving bicycles and produce-laden donkeys on congested roadways. With its population topping 0.70 million (1993 estimate), Kabul continues its spread into the surrounding Hindu Kush mountains.



Afghanistan



Basic Facts

Official name-	Islamic State of Afghanistan
Capital-	Kabul
Area-	652,225 sqkm
Population-	24,792,375 (1998 estimate)
Population growth rate-	4.21 % (1998)
Population density-	38 persons per sqkm
Urbanization (Percent)-	Urban 21%/ Rural 79 %(1997)
Life expectancy-	Total 46.8 years/ Female 46.3 years-Male 47.4years (1998)
Infant mortality rate-	144 deaths per 1,000 live births
Literacy rate-	Total 31.5 % /Female 15 % Male 47.2 % (1995)
Languages-	Afghan Persian (Dari) 50 % Pashto 35% Turkic languages 11%
Religions-	Sunni Muslim 84% Shiite Muslim 15 %
Government-	Islamic state; transitional government
Independence-	19 August 1919 (from the UK)
Constitution-	None in force
Voting rights-	Undetermined
Monetary unit:	1 afghani (AF), consisting of 100 puls

Exports
Fruits and nuts, handwoven carpets, wool, cotton, hides, pelts, precious and semiprecious gems.

Imports
Wheat, sugar, tea, vegetable oil, cigarettes, food items, petroleum products, consumer goods, motor vehicles, textiles.

Major trade partners (exports)
Former Soviet republics, Pakistan, Iran, Germany, India, United Kingdom, Belgium, Luxembourg.

Major trade partners (imports)
Former Soviet republics, Pakistan, Iran, Japan, Singapore, China, India, South Korea, Germany.

Industries
Small-scale production of textiles, soap, furniture, shoes, fertilizer, and cement; handwoven carpets; natural gas, oil, coal, copper.

Agriculture
Largely subsistence farming and nomadic animal husbandry; cash products wheat, fruits, nuts, karakul pelts, wool, mutton .

Natural resources
Natural gas, petroleum, coal, copper, talc, barites, sulfur, lead, zinc, iron ore, salt, precious and semiprecious stones.

Economy

Agriculture employs more than two-thirds of the workforce, producing food that is mostly for domestic consumption. Much of industry is state-controlled. Coal, salt, copper, lapis lazuli, barytes, and talc are all mined. Exports include natural gas, textiles, carpets, fruits, and nuts. The country's major trading partner was the former Union of Soviet Socialist Republics (USSR). Since the withdrawal of Soviet aid, the economy has disintegrated and the economic infrastructure is in disrepair. Continuing violence has deterred investors and new foreign aid donors.

Bahrain



Basic Facts

Official name	State of Bahrain
Capital	Manama
Area	707 square kilometers
Population	616,342 (1998 estimate)
Population growth rate	2.09 percent (1998)
Population density	872 persons sqkm
Urbanization	Percent urban 91%- rural 9% (1997)
Life expectancy	Total 75 years (1998) Female 77.6 years/ Male 72.4 years
Infant mortality	16 deaths per 1,000 live births (1998)
Literacy rate	Total 85.2% (1995) Female 79.4%- Male 89.1%
Ethnic divisions	Bahraini Arab 63%, Asian 13%, Other Arab 10%, Iranian 8%, Other 6%
Languages	Arabic (official), English, Persian
Religions	Shiite Muslim 60%, Sunni Muslim 25%, Christian 9%, Other 6%
Government	Traditional monarchy
Independence	15 August 1971 (from the UK)
Constitution	26 May 1973, effective 6 Dec. '73
Voting rights	None
Energy use per capita	13,689 kg of oil equivalent (1997)
Power use per capita	7,137 kWh (1997)
Telephone lines	245 (1998) per 1,000 people
Cost of 3 minute local call ($)	0.05 (1997)
Personal computers	93 (1998) per 1,000 people
Aircraft departures (thousands)	12 (1998)

Economy

GDP (U.S.$)	6,097 million (1997)
GDP per capita	(U.S.$) 9,830 (1997)
GDP by economic sector	Agriculture share 0.9 percent (1995) Industry share 39.9 percent (1995) Services share 59.2 percent (1995)
National budget (U.S.$)	Total revenue 1,636 million (1996) Total expenditure 1,546 million
Monetary unit	1 Bahraini dinar (BD)
Exports	Petroleum and petroleum products, aluminum
Imports	Crude petroleum products, food items, chemicals, machinery and transport equipment
Major trade partners for exports	Saudi Arabia, South Korea, Japan, United States, India, Singapore, United Arab Emirates
Major trade partners (Imports)	United States, United Kingdom, Saudi Arabia, Australia, Japan, Germany, France, Brazil
Industries	Petroleum processing and refining, aluminum smelting, offshore banking, ship repairing
Agriculture	Heavily subsidized sector produces



Preparing Wire Traps for Fish in Bahrain

Fishers on the Gulf of Bahrain weave enormous curved fish traps out of wire, as they prepare to set out in their traditional vessels called dhows. The word bahrain means "two seas" in Arabic, and for centuries the country has been a hub for major sea-trade routes.



Pumping Oil in the Bahrain Desert

Oil was discovered on the Persian Gulf island of Bahrain in 1932 and now accounts for about 60 percent of the nation's revenue. Although its petroleum supply is small, Bahrain has one of the largest, most modern refineries in the world. The facility on Sitrah processes all domestic crude petroleum, as well as oil piped in from Saudi Arabia. Bahrain also possesses valuable natural gas reserves.





Beach Along the Bay of Bengal

One of the world's longest coastal beaches stretches along the Bay of Bengal near Cox's Bazar, a resort south of the port of Chittagong. Situated on the southeast coast of Bangladesh, the town of Cox's Bazar was named after Hiram Cox, a British captain who settled the region along with immigrants from Myanmar in 1799.



Sangu Gas Field

The off-shore Sangu gas field, discovered in 1996, opened up a new era of foreign investment in Bangladesh energy sector. Encouraged by the discovery of this gas field by British oil company Cairn, a number of oil and gas and power companies have come to this country and are now pursuing different schemes.



Bangladesh



Basic Facts

Population (millions)	126
Population growth (%)	1.6
Surface area (1,000 sq km)	144
GNP ($ million)	44,224

	1990	1997	1998
Aid per capita ($)	19	8	10
Literacy-male (% of people 15 and above)	46	50	51
Literacy-female (% of people 15 and above)	23	28	29
Energy use per capita (kg of oil equivalent)	190	197	-
Electricity use per capita (kWh)	43	76	-
Telephone mainlines (per 1,000 people)	2	3	3
Cost of 3 minute local call ($)	0.04	0.03	0.04
Personal computers (per 1,000 people)	-	-	-
Internet hosts (per 1,000 people)	-	0.00	0.00
Aircraft departures (thousands)	13	13	12

Economy

Macro economy stability has been put under severe pressure by the disruptions from flooding in the third quarter of 1998. Signs of vulnerability have emerged both in the domestic and external sectors. Further structural reforms are needed if Bangladesh is to achieve greater economic efficiency, growth and international competitiveness while reducing poverty.

In the early 1990s, the government launched a comprehensive set of structural reforms aimed at strengthening fiscal and monetary management, fostering private sector development, and liberalizing the external trade and foreign exchange rate regimes. Such reforms resulted in a relatively stable macroeconomic environment, with improvements in economic growth, savings and investment. Decreased poverty and increased social indicators accompanied the acceleration in economic growth.

Between 1995 and 1999, the GDP growth rate averaged 5 percent compared with 4.7 percent in the preceding five years. The agriculture sector maintained an average growth rate of 3 percent, and the country achieved near self-sufficiency in rice production in those years without flooding. During the same period, growth in the industry sector averaged 6 percent, mainly because of robust manufacturing performance, while the service sector grew at an average of 6 percent. The export sector showed an average annual growth rate of about 16 percent in dollar terms because of strong trade in garments and knitwear products. Bangladesh succeeded in attracting significant foreign direct investment (FDI), which increased from about $80 million in 1995 to about $400 million per year for 1996 through 1999.

This strong growth trend in GDP was slowed when severe floods hit in the third quarter of 1998, disrupting industrial growth in particular. Nevertheless, with the help of a bumper winter harvest, GDP grew 4.4 percent in 1999. This was better than the immediate post flood estimates of 3.3 percent, though lower than the 5.2 percent growth in 1998. Agriculture and service performed well, overcoming the adverse impact of the flooding. Agriculture grew 3.9 percent, up from 2.3 percent in 1998, because of new higher-yielding varieties, particularly of rice. Moreover, the government helped in post flood rehabilitation by providing seeds, fertilizer and credits. The service sector maintained steady growth of 5 percent, while growth in industry sector slipped to 4 percent from 8.3 percent in 1998. The floods seriously disrupted production of major medium and large scale manufacturing enterprises, including ready-made garments for export.

Continued

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	147ao	180ao	335ao	652ao
Inward FDI stock (% of GDP)	0.7	0.6	1.0	-
Outward FDI stock ($ million)	-s	2s	5s	15s
Outward FDI stock (% of GDP)	-	-	-	-

ao Estimated by adding flows to the stock of 1988
s Estimated by accumulating flows since 1990

From the previous page

Gross domestic investment increased to 22.5 percent of GDP in 1999, from 21.6 percent the previous year, because of an investment surge in flood induced reconstruction and rehabilitation. Gross national savings increased to 21.1 percent of GDP compared with 20.4 percent in 1998, mainly because of a surge in remittances from overseas workers.

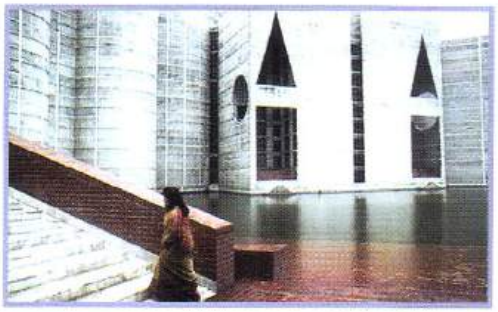
After double-digit growth for several years, export growth dwindled to 2.8 percent in 1999 from 17.1 percent in 1998. The major setback was in the woven ready-made garments sector, which registered only 4.8 percent growth. While floods adversely affected export shipments and production, the devaluation of Southeast Asian currencies also weakened export competitiveness. This demonstrates how vulnerable the export sector is because of excessive dependence on a single sub-sector.

Imports grew 6.6 percent in 1999, higher than the preceding two years, because of imports of food grains triggered by the fear of flood losses. As a result, the current account deficit increased to 1.4 percent of GDP from 1.2 percent the preceding year. Increasing pressure on the balance of payments was reflected by the low level of foreign exchange reserves of $1.5 billion (2.2 months of import equivalent) at the end of 1999.

The macroeconomic outlook for 2000 remains positive, with reasonably high GDP growth of 5 percent and inflation limited to 6 percent. The economic growth will continue to be largely dependent on the agriculture sector as in the past few years. Domestic investment and national savings (22.8 percent and 21.8 percent of GDP, respectively) are expected to improve moderately. Two successive bumper harvests should ease the strain on the rural sector, with only moderate price increases expected. The industry sector is expected to recover partly from the setback suffered during the floods.

Major Economic Indicators (Percentage)

Item	1997	1998	1999	2000	2001
GDP growth	5.4	5.2	4.4	5.0	5.5
Gross domestic investment/GDP	20.8	21.6	22.5	22.8	23.5
Gross national savings /GDP	18.6	20.4	21.1	21.8	22.3
Inflation rate (consumer price index)	2.6	7.0	9.0	6.0	8.0
Money supply (M2) growth	10.8	10.4	12.8	14.0	12.0
Fiscal balance/GNP	-4.5	-4.2	-5.3	-4.2	-5.0
Merchandise exports growth	13.3	17.1	2.8	7.0	12.0
Merchandise imports growth	3.2	5.1	6.6	7.0	7.0
Current account balance/GDP	-2.2	-1.2	-1.4	-1.0	-1.2
Debt-service ratio	11.4	11.7	12.0	12.1	12.1





Farm workers in a Paddy Field

Farming employs nearly three-quarters of the workforce of this largely agricultural country. Bangladesh, one of the world's most densely populated countries, is dominated by the huge delta area formed by the Ganges and the Brahmaputra rivers as they empty into the Bay of Bengal. Most of the country's 120 million people live in this area of flood-prone flat lowlands. The delta is both a boon and a curse to its inhabitants. Silt carried down from distant mountains and uplands renews alluvial soil fertility, but extensive deforestation at these higher elevations has also led to more frequent flooding, causing death and great hardship.

National Assembly in Dhaka

In Dhaka, the smooth, ultramodern design of the National Assembly building appears to contradict the turbulent past of Bangladesh. Ruled by the British until 1947 and a Pakistani province until 1971, the nation has endured great political upheaval in its brief time as an independent state. Military coups, dictatorships, and assassinations have threatened the nation's political and social order, while floods and famine have damaged its economic system.

Bhutan





Buddhist Fortress in Bhutan

The Dzong of Punaakha was built in 1637 at the junction of the Pho Chu and Sankosh rivers in west central Bhutan. Dzongs served as fortresses, temples, and monasteries from which surrounding territory was ruled. White-and-red dzongs in Bhutan are characteristic of a 12th-century Buddhist sect. The Dzong of Punakha contains many important temples, including the burial chamber of the great 17th-century ruler Ngawang Namgyal.



Sunday Market in Thimphu

Vendors and shoppers conduct business at a market in Thimphu, Bhutan's capital city. The city's Tashichho Dzong is the second largest dzong (fortress) in the country. It was greatly enlarged in the 1960s after Thimphu became Bhutan's capital. Most of the buildings in the city were built after this time and in traditional style without nails. Just outside of Thimphu is Bhutan's oldest dzong, the Simtokha Dzong.



Basic Facts

Population (millions)	759		
Population growth (%)	2.9		
Surface area (1,000 sq km)	47		
GNP ($ million)	354		
	1990	1997	1998
Aid per capita ($)	78	89	73
Telephone mainlines (per 1,000 people)	4	10	16
Cost of 3 minute local call ($)	0.03	0.02	-
Personal computers (per 1,000 people)	-	-	4
Internet hosts (per 1,000 people)	-	0.01	0.87
Aircraft departures (thousands)	1		

Economy

Economic growth in Bhutan has been strong in the past two years. If the government remains committed to the object of the Eighth Five - Year Plan, including social sector improvements and privatisation, continued rapid growth could be continued in 2000 and beyond.

Economic growth in Bhutan registered 5.8 percent in 1998 and 6 percent in 1999, respectively. Construction activities expanded because of major hydropower and industrial projects. Per capita income grew more slowly as a result of a rapidly expanding population. With a per capita income of $480 in 1997, Bhutan is still one of the poorest countries in the world. While life in much of the country's rugged terrain can be harsh, many of the characteristics of poverty such as hunger, malnutrition, and degraded physical environment found in some parts of South Asia and among people of similar income group are not evident.

The country continued to conduct a prudent fiscal policy, with current revenues exceeding current expenditures as they have since 1996. The government receives most of its current revenues as profits from public enterprises and service fees from the ministries, as tax revenues are primarily from enterprise and goods taxes. However, inflow of foreign grants has not been sufficient to cover development expenditures. This led to an overall budget deficit of 2.5 percent of GDP in 1999, in contrast to a 1 percent surplus the previous year. This was due mainly to a major increase in capital expenditures for the hydropower project.

The dollar value of exports declined 5.9 percent in 1999, compared with a strong growth of 12 percent in 1998, because regional external demand declined. Imports grew 20.5 percent because of import requirements for the large hydropower and industrial projects under construction.

Capital flows, mostly grants for infrastructure investments, were more than sufficient to cover the current account deficit. This resulted in an overall balance of payment surplus of more than 26 percent of GDP in 1999. Consequently, international reserves at the end of the year increased to about $259 million, equivalent to almost 19 months of imports. External debts, all in the form of confessional financing from the donor agencies, continued to be small. Total public external debt was less than 30 percent of GDP in 1999 and debt service was about 9 percent of merchandise export earnings.

Bhutan has concluded two year of its ambitious Eight Five-Year Plan, and the government has made satisfactory progress in reaching plan targets. It has expanded the physical infrastructure network, including constructing roads and adding to the power supply grids, and has built more schools and added health centers. To fund these projects, the government has relied on international donor support.

Projected GDP growth rate is 6 percent, and if the government continues its commitment to the Eighth Plan, Bhutan should continue to experience annual output growth of more than 5.5 percent during 2001 and 2002, the end of the plan period.

Cambodia



Basic Facts

Population (millions)	11		
Population growth (%)	2.3		
Surface area (1,000 sq km)	181		
GNP ($ million)	2,945		
	1990	1997	1998
Aid per capita ($)	5	30	29
Literacy-male (% of people 15 and above)	51	56	57
Literacy-female (% of people 15 and above)	14	19	20
Energy use per capita (kg of oil equivalent)	-	-	-
Electricity use per capita (kWh)	-	-	-
Telephone mainlines (per 1,000 people)	0	2	2
Cost of 3 minute local call ($)	0.00	0.09	-
Personal computers (per 1,000 people)	-	1	-
Internet hosts (per 1,000 people)	-	0.01	0.12
Aircraft departures (thousands)	-	-	-

Economy

Benefiting from favourable weather conditions and an improved political climate, Cambodia experienced higher economic growth in 1999 than in the previous year. Lower inflation, a lower fiscal deficit, and a slightly increased capital account deficit accompanied the improved growth. If the Government can maintain the political stability and reform progress achieved in 1999, economic growth of 6-7 percent per year can be expected over the medium term.

In 1999, real GDP grew by 5 percent. This resulted from a good wet season crop harvest, continued, garment export growth, and recovery in tourism. After two years of contraction, agriculture grew in 1999 because of expansion of value added in crops, livestock, and fisheries. Strong growth in manufacturing, particularly textiles, and a rebound in construction activity contributed to double-digit growth in industrial production. A 33 percent increase in tourist arrivals led to moderate growth in services. Both public investment and foreign direct investment declined in 1999 because of the lagged effects of the 1997 political and regional economic crisis.

Domestic revenues jumped from 9.2 percent of GDP in 1998 to 11.6 percent in 1999 because a value added tax was introduced. Current expenditures increased modestly from 9.1 percent of GDP in 1998 to 9.6 percent in 1999. As a result, government savings - current revenues less current expenses - improved from - 0.4 percent of GDP in 1998 to 1.7 percent, while capital spending fell from 6.1 percent of GDP in 1998 to 5.5 percent in 1999. This narrowed the overall fiscal deficit from 6.1 percent of GDP in 1998 to 3.7 percent. The National Bank of Cambodia's net claims on the government decreased in 1999, in contrast to the previous year when credit was extended to finance part of the budget deficit.

Average annual inflation fell to 4 percent in 1999 from 14.8 percent in 1998. Board money (M2) increased by 17.3 percent in 1999. Foreign currency deposits, the main component of quasi-money, rose 31.8 percent in 1999, up from a 0.3 percent hike the previous year. Enhanced political stability also contributed to the growth of deposits. Independent audits of nine commercial banks in 1999, however, indicate that a weak banking sector, characterized by limited credit activity and high cash liquidity, continued to hamper economic development.

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	1.3	5.0	6.0	7.0
Gross domestic investment/GDP	13.4	13.1	13.0	14.0
Gross national savings /GDP	5.4	4.7	4.0	4.0
Inflation rate (consumer price index)	14.8	4.0	6.0	5.0
Money supply (M2) growth	15.7	17.3	12.0	12.0
Fiscal balance/GNP	-6.1	-3.7	-4.5	-4.0
Merchandise exports growth	8.3	21.8	11.0	10.0
Merchandise imports growth	-0.1	20.4	12.0	10.0
Current account balance/GDP	-8.0	-8.4	-9.0	-10.0
Debt-service ratio	2.9	2.5	3.0	3.0



Harvesting the Rice Crop

Farm workers in Khêt Kâmpóng Chhnang prepare to thresh rice they have harvested from the fields. Rice is the staple of the Cambodian diet. Other Cambodian crops include maize, soybeans, and various types of fruit.



Angkor Wat Replica Temple

Resident Cambodian monks return to study after praying in Nokor Vimeansour temple, a new replica temple of Angkor Wat, 40km north of Phnom Penh. An entrepreneurial former monk is building the huge replica of Cambodia's fabled Angkor Wat temple nearly 1000 years after the original was begun.





Yangtze Gorges

A boat moves through the Yangtze Gorges area of the Yangtze River. The world's third-longest river at 6,300 kilometers (3,900 miles), the Yangtze is China's most important inland waterway. It divides China into two regions: the wheat-growing north and the rice-growing south. The Yangtze originates in the Tanggula Shan of Qinghai near Tibet, then flows eastward across China, emptying into the East China Sea just north of Shanghai.



Sprawling Beijing

The northeastern Chinese city of Beijing has been a government center for more than 2,000 years under many different dynasties, monarchs, and foreign governments. In October 1949 Communist Party Chairman Mao Zedong made the city capital of the newly established People's Republic of China. The cultural, educational, and political heart of the nation, Beijing has increased in size at least tenfold since the Communist takeover. Industrial suburbs spread to the east and south, while residential areas developed to the north and west. The word Beijing means "northern capital."



China



Basic Facts

Population (millions)	1,239		
Population growth (%)	0.9		
Surface area (1,000 sq km)	9,597		
GNP ($ million)	923,560		
	1990	**1997**	**1998**
Aid per capita ($)	2	2	2
Literacy-male (% of people 15 and above)	86	90	91
Literacy-female (% of people 15 and above)	67	74	75
Energy use per capita (kg of oil equivalent)	763	907	-
Electricity use per capita (kWh)	471	714	-
Telephone mainlines (per 1,000 people)	6	56	70
Cost of 3 minute local call ($)	-	0.01	-
Personal computers (per 1,000 people)	0	6	9
Internet hosts (per 1,000 people)	-	0.21	0.50
Aircraft departures (thousands)	196	470	511

Economy

Prudent Microeconomic policy aided the People's Republic of China (PRC) in adjusting to the Asian crisis. In 1999, growth slowed slightly and prospects are that a rate lower than the trend in the 1990s can be sustained in the medium term. The challenge will be to continue the reform process of opening the economy, improving efficiency in the state sector, addressing unemployment issues and developing a legal and regulatory framework essential for efficient functioning of a market economy.

The economy of the PRC began to decelerate in the fourth quarter of 1998 and continued through the second quarter of 1999. In response, the government cut interest rates in June and announced a fiscal stimulus package in August. These measures were effective, as growth for the year exceeded 7 percent.

Fixed investment grew 5.2 percent in 1999, down from 14 percent in 1998. Private investment, which constitutes about one fourth of total investment in the economy, has been slowing since 1996. The March 1999 constitutional amendment to officially recognize the private sector's role in the economy should improve prospects for private investment. However, the significant excess capacities in many sectors will discourage any large increase in private investment over the medium term.

To counteract deflationary trends and maintain robust economic growth, The People's Bank of China lowered interest rates in 1999, reducing the benchmark one-year lending rate for banks from 6.39 to 5.85 percent, and the benchmark one-year deposit rate from 3.78 to 2.25 percent.

Simultaneously, the Peoples Bank of China took measures to stabilize the Yuan-Dollar exchange rate at around Y8.3 per dollar. Other measures to control the illegal outflow of foreign exchange included (a) strengthening supervision of export receipt remittances, (b) tightening scrutiny of processing trade, (c) curbing off-shore renminbi trading, and (d) prohibiting pre-payment of foreign currency loans.

Continued

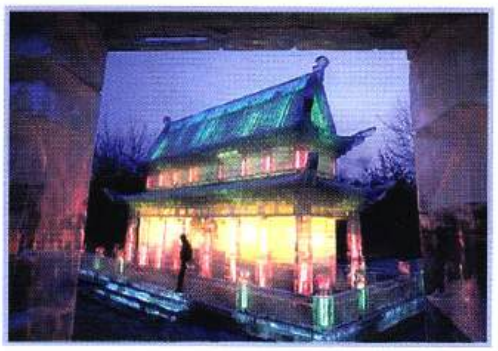
From the previous page

Considering both internal and external factors, GDP growth is projected to decline from 7.1 percent in 1999 to about 6 percent by 2001. Most of the slow down will occur in industry and construction, where growth is expected to decline from 9 percent in 1999 to about 6.5 percent by 2001. The slowing economy and the SOE reforms will cause urban unemployment to increase by about 1 percent to 10.5 percent by 2001.

The economic slow down and increasing unemployment should keep inflation moderate, about 2 percent during 2000-2001. The recovery in the newly industrialized economies should improve export prospects to these countries.

Domestic price deflation, continued export tax rebates, and growing import demand in the Asian region will enhance export competitiveness. However, currency devaluation in South East Asian economies will make their exports more competitive than the PRC's exports. Import demand will be more moderate, but sufficient to serve the growing need for capital goods. Balancing these factors, the current account is likely to shift from a surplus to a small deficit in 2000 and 2001. Capital inflows are expected to cover these deficits and allow a modest increase in foreign exchange reserve, which stood at $155 billion at the end of 1999. External debts outstanding as a percent of GDP should remain at roughly the same level as in 1999.





Temple of Ice

Harbin, in northern Dongbei Pingyuan, is popular for winter sports and its winter ice festival. The city serves as a key Chinese industrial and transportation center. Harbin straddles the Songhua Jiang on Dongbei Pingyuan's broad central plain, a region of harsh winters, fertile farmland, and great mineral wealth. A fishing village for centuries, Harbin was chosen in 1895 as a rail center by Russian financiers. The city quickly became a strategic commercial center and today exports wheat and soy products.

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	18,568f	131,241f	215,657f	261,117f
Inward FDI stock (% of GDP)	5.2	18.8	23.5	-
Outward FDI stock ($ million)	2,489f	15,802f	20,479f	22,079f
Outward FDI stock (% of GDP)	0.7	2.3	2.2	-

f Estimated by adding flows to the stock of 1989

Imposing Great Wall

The Great Wall winds through the countryside northwest of Beijing. The wall was originally a series of fortifications that were joined together in the 3rd century BC. Hundreds of thousands of workers labored for more than a decade to construct the stone and masonry ramparts, whose wide expanses were used as a transportation route as well as for defense. Over the centuries the wall has been rebuilt and restored. Today, it is regarded as one of the great wonders of the world and is reportedly the only human-built structure visible from space.

Major Economic Indicators

Item	1997	1998	1999	2000	2001
GDP growth	8.8	7.8	7.1	6.5	6.0
Gross domestic investment/GDP	38.1	37.8	37.8	37.8	37.3
Gross national savings /GDP	41.5	40.9	39.0	37.4	36.4
Inflation rate (consumer price index)	2.8	-0.8	-1.4	1.8	2.0
Money supply (M2) growth	17.3	15.3	14.7	16.0	16.0
Fiscal balance/GNP	-1.8	-3.0	-4.0	-3.0	-3.0
Merchandise exports growth	21.0	0.5	6.0	5.0	5.0
Merchandise imports growth	2.5	-1.5	18.2	10.0	8.0
Current account balance/GDP	3.3	3.1	1.2	-0.4	-0.9
Debt-service ratio	14.6	15.2	15.7	16.2	16.7

Hong Kong, China



Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	*56,115e*	*70,951*	*94,558*	*96,158e*
Inward FDI stock (% of GDP)	*75.0*	*50.6*	*54.6*	-
Outward FDI stock ($ million)	*13,242*	*85,156*	*136,094*	*154,856*
Outward FDI stock (% of GDP)	*17.7*	*60.7*	*78.6*	-

e Estimated by adding flows to the stock of 1997



Thriving Modern Hong Kong

Dynamic Hong Kong covers more than 235 islands and a hilly peninsula attached to China's southeast mainland. This aerial view shows Victoria Harbor, part of the excellent deepwater anchorage that makes this a major Asian port. As a free port and a world center of trade, finance, and tourism, Hong Kong attracts visitors from many countries. Hong Kong's waterfront is lined with high-rise commercial buildings and fashionable shops and hotels.

Hong Kong's Sea of Signs

An endless parade of bargains lures more than 4 million tourists to Hong Kong every year.



Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	-5.1	2.9	*5.0*	*5.5*
Gross domestic investment/GDP	29.7	25.4	27.3	34.0
Gross national savings /GDP	30.2	29.8	30.7	32.0
Inflation rate (consumer price index)	2.8	-4.0	-1.0	3.1
Money supply (M2) growth	-1.8	-0.1	-0.5	1.0
Fiscal balance/GNP	11.8	8.1	12.0	15.0
Merchandise exports growth	-7.5	-0.1	9.1	10.0
Merchandise imports growth	-11.6	-2.7	10.7	11.0
Current account balance/GDP	-10.4	2.6	9.1	9.7
Debt-service ratio	*-2.1*	*-1.6*	*6.0*	*8.1*



Basic Facts

Population (millions)	7		
Population growth (%)	2.8		
Surface area (1,000 sq km)	1		
GNP ($ million)	158,238		
	1990	1997	1998
Aid per capita ($)	7	1	1
Literacy-male (% of people 15 and above)	95	96	96
Literacy-female (% of people 15 and above)	84	89	89
Energy use per capita (kg of oil equivalent)	1,833	2,172	-
Electricity use per capita (kWh)	4,178	4,959	-
Telephone mainlines (per 1,000 people)	450	561	558
Cost of 3 minute local call ($)	-	0.00	0.00
Personal computers (per 1,000 people)	47	231	254
Internet hosts (per 1,000 people)	-	74.84	142.77
Aircraft departures (thousands)	-	225	235

Economy

The economy of Hong Kong, China has begun to recover from its severest recession in recent decades. It must now focus on meeting new challenges, including stimulating investment, cleaning up the environment, and shifting resources into the information technology industry. After contracting by 5.1 percent in1998, the Hong Kong, China economy grew at 2.9 percent in real terms in1999. Increased private consumption, higher government spending, and increased exports contributed to this growth. Domestic investment, however, was even weaker than in 1998, a result of high real interest rates and an uncertain business outlook. Prices continued to fall and the composite consumer price index registered a decline of 4 percent in 1999. Fierce price competition, flat rental prices, and a freeze in government fees and most public utility charges contributed to the sustained fall in the consumer price index. Other contributors were weak world commodity prices (except for fuel), a strong US dollar, and deflation in the People's Republic of China (PRC), all of which kept imported inflation at bay.

Hong Kong, China's economy recovery started in the second quarter of 1999, after six consecutive quarters of decline. Increased private consumption and an improved trade balance contributed to the turn around. The recovery was reinforced by clear signs of economic revival in neighbouring economies, which also contributed to a recovery in local asset markets. Total stock market capitalization increased by 77.6 percent during 1999 and the Hang Seng Index reached a post crisis peak level of around 17,000 in late December 1999, almost 2.5 times the level just before the government's stock market intervention in August 1998. Following the increase in export growth in the PRC in the third quarter, re-exports rose 7 percent and 12 percent, respectively, in the third and final quarters of 1999.The export of services, which suffered severely in 1998, rebounded by 2.6 percent in US dollar terms in 1999. Tourism rebounded, with 11.5 percent more arrivals. Visitors from the PRC and Taipei, China continued to be the most important sources of tourism growth, accounting for almost 50 percent of arrivals. The number of visitors from other Asian countries also increased, especially from south East Asia, including Japan, whose tourism numbers had decreased sharply in 1998 because of financial crisis. However, despite the increased volume of business, total receipts suffered a mild decline as a result of the fall in prices.

India



Basic Facts

Population (millions)	980		
Population growth (%)	1.8		
Surface area (1,000 sq km)	3,288		
GNP ($ million)	427,407		
	1990	1997	1998
Aid per capita ($)	2	2	2
Literacy-male (% of people 15 and above)	62	66	67
Literacy-female (% of people 15 and above)	36	42	43
Energy use per capita (kg of oil equivalent)	424	479	-
Electricity use per capita (kWh)	254	.363	-
Telephone mainlines (per 1,000 people)	6	19	22
Cost of 3 minute local call ($)	0.04	0.02	-
Personal computers (per 1,000 people)	0	2	3
Internet hosts (per 1,000 people)	-	0.05	0.18
Aircraft departures (thousands)	126	183	196

Economy

The recovery is being sustained, and the new government passed several important reform bills at the beginning of its term. However, the unfinished agenda of economic reform remains substantial. In particular, while reforms undertaken so far clearly have helped promote economic growth, process has been less impressive in developing better social opportunities for the poor.

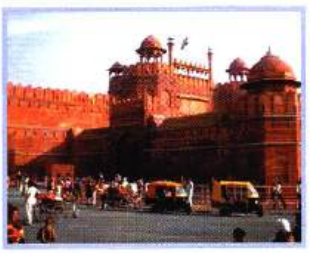
The economic recovery that started at the end of 1998 continued in1999, but at a slightly slower pace because of less growth in agriculture. GDP growth was slightly lower, at around 6 percent, than the 6.8 percent in 1998.

With below normal monsoon in some areas and serious damage from a cyclone that hit the Orissa coast in October 1999, agricultural growth slowed from 1998's strong performance of 7.2 percent to less than 1 percent. However, lower growth in agriculture sector was particularly offset by increased activity in industry and services. Industry output increased 6.5 percent in contrast to a 4 percent rise the previous year. Double-digit growth in consumer durables, machinery, and cement boosted the sector. Automobile and steel production also continued to record healthy growth rates. The growth rate of the service sectors, which had declined modestly in 1998, bounded back to the previous level of about 8 percent.

Encouraged by the improved economic outlook and increased political stability, foreign investment flowed in strongly, with $3.1 billion during the first nine months of 1999 almost three times as much as the $1.1 billion during the same period in 1998.

The deterioration of the fiscal balances of central and state governments continued, despite the consensus among the various levels of government that these balances need urgent correction. The combined fiscal deficit reached nearly 10 percent of GDP in 1999, the highest level recorded since 1990. The states' component of the defioit recorded a new high. The gross fiscal deficit of the central government rose to about 5.5 percent of GDP in 1999 from the previous year's 5 percent. The fiscal deficit on states' account exceeded 5 percent of GDP. The deterioration in states' finances was not due as much as to a decline in revenues, as in the case of the central government, but a result primarily of sharp increases in wage expenditures.

The balance of payments position remained stable in 1999. Despite the surge in oil prices, the current account deficit was contained below 1.5 percent of GDP because of the solid performance of exports. With the rebound in Asia and recovery in the global economy, exports grew at more than 10 percent in dollar terms after a disappointing 3.9 percent drop in 1998. Manufactured products accounted for 80 percent of exports. Imports also recovered, growing at 9 percent for the year compared with 1998's 0.9 percent growth. The growth of imports was fuelled primarily by the substantial increase in the prices of crude oil and petroleum products although this was partially offset by a decline in non-oil imports.



Delhi's Red Fort

One of Delhi's most impressive monuments, the massive sandstone Red Fort was built by the Mughal Emperor Shah Jahan over a ten-year period beginning in 1638. Within the walls of the fort are the remains of the imperial palace and other Mughal structures.

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	6.8	5.9	7.0	7.0
Gross domestic investment/GDP	23.4	22.5	24.0	25.0
Gross national savings /GDP	22.3	21.0	22.0	23.0
Inflation rate (consumer price index)	6.9	3.3	4.8	5.0
Money supply (M2) growth	18.4	16.0	17.0	17.0
Fiscal balance/GNP	-5.0	-5.5	-5.0	-4.0
Merchandise exports growth	-3.9	10.0	4.5	5.0
Merchandise imports growth	0.9	9.0	7.0	8.0
Current account balance/GDP	-1.0	-1.5	-1.8	-1.8
Debt-service ratio	24.4	23.5	22.3	22.0



Busy Mumbai

Mumbai is India's business and financial center and the home of the large Bombay Stock Exchange. Located on the Arabian Sea, Mumbai is India's leading west-coast port.

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	1,179ao	5,196ao	10,973ao	13,231ao
Inward FDI stock (% of GDP)	0.4	1.6	3.3	-
Outward FDI stock ($ million)	281aw	494ax	846ax	865ax
Outward FDI stock (% of GDP)	-	0.2	0.3	-

ao Estimated by adding flows to the stock of 1998



Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	38,883	50,601	61,475	61,116
Inward FDI stock (% of GDP)	36.6	25.6	28.6	-
Outward FDI stock ($ million)	25ac	1,295	2,073	2,117
Outward FDI stock (% of GDP)	-	0.7	1.0	-

ac Estimated by using the inward stock of the US as a proxy and accumulating since '94



Praying for Rain

The Ulu Danau Temple, on the northwest coast of Danau Bratan on the island of Bali, was built in the 17th century to honor the goddess of water. Located in central Bali, Danau Bratan is the main source of irrigation water for many southern districts.

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	-13.2	0.2	4.0	5.0
Gross domestic investment/GDP	19.1	11.6	13.0	17.5
Gross national savings /GDP	23.2	13.2	15.2	18.0
Inflation rate (consumer price index)	58.5	20.5	6.0	5.0
Money supply (M2) growth	62.3	11.9	13.0	17.0
Fiscal balance/GNP	-3.7	-2.3	-5.0	-3.1
Merchandise exports growth	-10.5	-7.4	8.1	9.0
Merchandise imports growth	-30.9	-10.8	7.5	14.0
Current account balance/GDP	4.1	3.5	2.2	0.5
Debt-service ratio	39.1	34.8	-	-

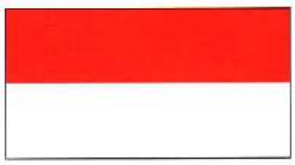


Rain Forests of Indonesia

Tropical rain forests cover a large part of Indonesia. As one climbs into the Pegunungan Maoke, the palms, vines, and buttressed trees of the lowland rain forest give way to a montane forest rich in ferns, tree ferns, and mosses.



Indonesia



Basic Facts

Population (millions)	204
Population growth (%)	1.6
Surface area (1,000 sq km)	1,905
GNP ($ million)	130,600

	1990	1997	1998
Aid per capita ($)	10	4	6
Literacy-male (% of people 15 and above)	87	91	91
Literacy-female (% of people 15 and above)	73	80	80
Energy use per capita (kg of oil equivalent)	555	693	-
Electricity use per capita (kWh)	156	329	-
Telephone mainlines (per 1,000 people)	6	25	27
Cost of 3 minute local call ($)	0.05	0.03	-
Personal computers (per 1,000 people)	1	8	8
Internet hosts (per 1,000 people)	-	0.54	0.76
Aircraft departures (thousands)	205	195	197

Economy

Economic recovery, after nearly two years of recession, each essentially driven by the fiscal stimulus and remains fragile. Process in structural reforms and an expected increase in export and investment demand will help consolidate this recovery in 2000. The new government is strongly committed to empowering local governments to promote broad-based growth.

The crisis of Indonesia has bottomed out, and signs of recovery have appeared after nearly two years of financial and economic turmoil. GDP recorded a 0.2 percent increase in 1999; compared with a 13.2 percent contraction the previous year, and the crisis-induced surge in poverty appears to have peaked in early 1999. The recovery, initially underpinned by rebound in agriculture, gradually spread to other sectors. However, strong growth of agricultural output in the first half of the year faded in the third quarter, and reached only 0.7 percent for the year. The manufacturing sector expanded by 2.2 percent because of a rebound in the export-oriented oil and gas sector, while the construction sector grew by a modest 1.1 percent. The service sector, however, declined a further 1.5 percent in 1999 because of a contraction in banking and financial services. On the aggregate demand side, the recovery was initially aided by a rise in public spending, reflecting the government's fiscal stimulus to jump-start the economy. Growth of private consumption then led the recovery. Private investment activity, however, continued to contract due to inadequate progress in corporate debt restructuring.

GDP growth should climb gradually in 2000. A moderate rise in investment, increased exports from the non-primary sectors, and strong agricultural production will lead to a GDP growth rate of around 4 percent in 2000 and 5 percent in 2001. The pace of recovery will, however, be constrained by continued liquidity problems and a massive overhang of corporate debt.

Although market anxiety over structural reforms and political uncertainties continued to influence fluctuations in the Rupiah, it strengthened substantially in 1999 and traded around Rp6,800 to Rp9,500 per dollar compared with Rp 7,500 to Rp 17,000 the previous year. The stronger Rupiah was in large part attributable to a steady buildup of reserves, high interest rates early in the year and a tight overall monetary stance. The Rupiah ended the year at Rp7,700 per dollar. Despite the appreciation of the nominal exchange rate, the real exchange rate remained around 30 percent below its pre-crisis level, giving Indonesian exporters a significant comparative advantage over its main regional competitors, Malaysia, Philippines, and Thailand. The performance of the external sector, however, remained weak. Exports declined by 7.4 percent in 1999, and imports contracted by a further 10.8 percent, led by a decline in imports of capital goods. Despite the large real depreciation of the Rupiah and stronger oil export prices; exports remained depressed because of problems associated with high corporate indebtness and access to credit. The current account surplus estimated at $4.9 billion in 1999 ($4.1 billion in 1998) was driven mainly by import compression, as in the previous year.

Iran, Islamic Rep.



Basic Facts

Population (millions)	62		
Population growth (%)	1.7		
Surface area (1,000 sq km)	1633		
GNP ($ million)	102,242		
	1990	**1997**	**1998**
Aid per capita ($)	2	3	3
Literacy-male (% of people 15 and above)	73	81	82
Literacy-female (% of people 15 and above)	55	76	77
Energy use per capita (kg of oil equivalent)	1330	1777	-
Electricity use per capita (kWh)	829	1163	-
Telephone mainlines (per 1,000 people)	40	101	112
Cost of 3 minute local call ($)	0.01	0.01	0.01
Personal computers (per 1,000 people)	-	32	-
Internet hosts (per 1,000 people)	-	0.00	1.05
Aircraft departures (thousands)	40	83	80
GDP (U.S.$ millions)	89,979 (1995)		
GDP per capita (U.S.$)	1,530 (1995)		
GDP, agriculture share	25.2 % (1995)		
GDP, industry share	34.4 % (1995)		
GDP, services share	40.4 % (1995)		
National budget (U.S.$ millions)-	Revenue 35,397 ('96)		
	Expenditure- 35,307		
Monetary unit-	1 rial (IR)		

Exports
Petroleum, carpets, fruits, nuts, hides, iron, steel.

Imports
Machinery, military supplies, metal works, foodstuffs, pharmaceuticals, technical services, refined oil products.

Major trade partners for exports
Japan, United States, United Kingdom, Germany, South Korea, United Arab Emirates.

Major trade partners for imports
Germany, Italy, Japan, Belgium, United Arab Emirates, United Kingdom.

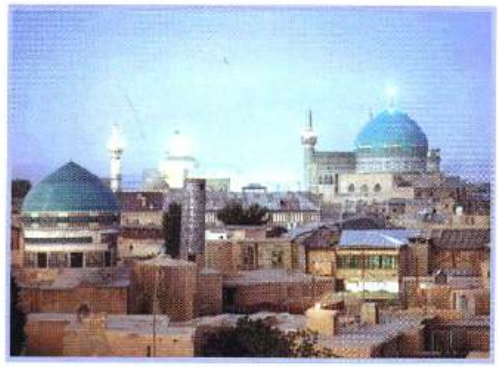
Industries
Petroleum, petrochemicals, textiles, cement and other building materials, food processing (particularly sugar refining and vegetable oil production), metal fabricating, armaments, military equipment.

Agriculture
Principal products : wheat, rice, other grains, sugar beets, fruits, nuts, cotton, dairy products, wool, caviar.

Natural resources
Petroleum, natural gas, coal, chromium, copper, iron ore, lead, manganese, zinc, sulfur.

Economy

Huge oil reserves enabled Iran to prosper in the 1960s and 1970s. Energy production is still the most important economic activity; fuel accounts for most export earnings. After the 1979 revolution, major industries were nationalized, but the current government is seeking to boost productivity by selling some industries to the private sector. Iran is the world's second largest source, after Russia, of natural gas. Major trade agreements with Turkey were signed in 1996. Crops include wheat, barley, rice, tea, and grapes (for raisins). Sheep and goats are the main livestock, but Iran is not self-sufficient in food. The current economic plan stresses foreign investment, provides for a free-trade zone in the south, and reduces government subsidies. In 1994 the economy weakened and the currency, the rial, plunged in value against hard currencies. Inflation and unemployment have remained high.



Muslim Shrine in Mashhad

More than 100,000 pilgrims journey every year to the northeast Iranian city of Mashhad, to visit the shrine of the 9th-century Shiite holy man Ali-ar-Rida. On the site of the ancient city of Tus, Mashhad also contains spectacular examples of 14th-century Timurid architecture, most notably the mosque of Gowhar Shad.



Iran's Eastern Oil Fields

Petroleum is Iran's most important natural resource, and the nation is one of the world's leading oil producers. Its main oil fields, which have been estimated to contain 48 billion barrels of crude oil, are located in the eastern province of Khuzestan, with smaller fields offshore in the Persian Gulf. Oil refineries have been built in the cities of Abadan, Tehran, Tabriz, Shiraz, Kermanshah, and Esfahan.



Iraq



Where the Tigris Joins the Euphrates

The Tigris River enters Iraq in the north and winds through the eastern part of the country to the town of Al Qurnah, where it joins the Euphrates River. Where the two rivers come together to form the Shatt al Arab waterway, there are two marshy lakes and a vast swamp. Date palms grow in large groves on the banks of the Shatt al Arab, which eventually empties into the Persian Gulf.



Oil: Source of Iraqi Power

Iraq's huge oil reserves and earnings from oil exports financed the modernization program of the country and help it emerge as a powerful country in the southeast Asia.



Cultivating Date Palms in Iraq

An irrigation canal flows through a date farm outside of Al Basrah, Iraq's second largest city. More than two-thirds of the world's dates come from Iraq, which also grows rice, wheat, tobacco, and cotton. Improved irrigation systems, new dams, and land-reclamation projects have enhanced Iraqi agricultural production in recent years.





Basic Facts

Population (millions)	22		
Population growth (%)	2.2		
Surface area (1,000 sq km)	438		
GNP ($ million)	-		
	1990	1997	1998
Aid per capita ($)	4	10	5
Literacy-male (% of people 15 & above)	43	37	36
Literacy-female (% of people 15 & above)	33	42	43
Energy use per capita (kg of oil equivalent)	1153	1240	-
Electricity use per capita (kWh)	1261	1353	-
Telephone mainlines (per 1,000 people)	37	32	31
Cost of 3 minute local call ($)	-	-	-
Personal computers (per 1,000 people)	-	-	-
Internet hosts (per 1,000 people)	-	0.00	0.00
Aircraft departures (thousands)	8	0	-

Monetary unit 1 Iraqi dinar (ID)

Exports
Crude oil and refined products, fertilizer, sulfur

Imports
Manufactured goods, food

Major trade partners (exports)
Jordan, Turkey

Major trade partners (imports)
Jordan, Turkey, Hungary, Switzerland, Vietnam, Australia

Industries
Petroleum production and refining, chemicals, textiles, construction materials, food processing

Agriculture
Principal products: wheat, barley, rice, vegetables, dates and other fruits, cotton, wool; livestock: cattle, sheep

Natural resources
Petroleum, natural gas, phosphates, sulfur, salt, coal, gypsum

Economy

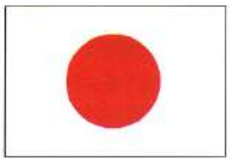
Most of the country's economic institutions are owned by the government. The modern Iraqi economy has suffered as a result of recent wars. The Iran-Iraq War left Iraq with a foreign debt exceeding U.S. $75 billion. The economy was further devastated by the trade embargo imposed by the UN after Iraq's invasion of Kuwait in 1990 and the resulting Persian Gulf War in 1991. A limited oil-for-food deal agreed upon with the UN began in 1996, but the economy is still in shambles, and severe shortages of food and medicine persist. Following U.S. and British air strikes on Iraq in 1999, pressure mounted to loosen the trade embargo in order to improve the lives of Iraqi civilians.

The economy is based largely on petroleum. Most of the few large manufacturing industries relate to oil. Other manufacturing is not well developed. Besides petroleum and natural-gas products, manufactured products are limited to goods such as processed food, textiles and clothing, footwear, cigarettes, and construction materials. Baghdad is the leading manufacturing center of Iraq.

Agriculture, an important part of the Iraqi economy, has become even more essential since the sanctions were imposed in 1990. Most farmland is in the region of the Tigris and Euphrates rivers. Major agricultural crops are wheat, barley, rice, and dates. Sugarcane, sugar beets, and oil seeds are also important. Livestock raising is an important occupation for Iraq's nomadic and seminomadic peoples.

Petroleum is the most important natural resource of Iraq. The country also has important supplies of natural gas. Small deposits of various other minerals are found, principally ores of iron, gold, lead, copper, silver, platinum, and zinc. Phosphates, sulfur, salt, and gypsum are in good supply, and seams of brown coal are numerous.

Japan



Basic Facts

Population (millions)	126		
Population growth (%)	0.3		
Surface area (1,000 sq km)	378		
GNP ($ million)	4,089,139		
	1990	**1997**	**1998**
Energy use per capita (kg of oil equivalent)	3,552	4,084	-
Electricity use per capita (kWh)	6,125	7,241	-
Telephone mainlines (per 1,000 people)	441	503	503
Cost of 3 minute local call ($)	0.06	0.08	0.08
Personal computers (per 1,000 people)	60	202	237
Internet hosts (per 1,000 people)	-	75.79	163.75
Aircraft departures (thousands)	476	573	637

Economy

While Japan's FDI outflows declined in 1998 by seven percent to $24 billion, inflows remained almost at the same level as in 1997 of $3.2 billion. Lower profitability and depressed domestic demand in the wake of the economic recession led to changes in the corporate strategies of a number of Japanese TNC's faced with a reduced ability to expand abroad. On the other hand, the perception that foreign firms had of Japan as an investment location changed as opportunities for investment, in particular through M&A's, became more attractive. While Japanese FDI outflows in recent years were only half of their 1989-1990 level (the peak period of Japanese investment), the level of inflows has been no longer the lowest among developed countries since 1997. As a result, the discrepancy between FDI outflows and inflows has shrunk remarkably; the ratio of outflows to inflows declined from 60 during the outward FDI boom by Japanese TNC's in the letter half of the 1980's to slightly above seven in 1998.

FDI outflows declined in 1998 mainly because of lower equity investment and reinvested earnings. Intra-company loans, on the other hand, rose significantly, perhaps aided partly by significantly low interest rates. Japan's economic recession had a direct impact on the flow of equity investment, while host country factors affected all three components of FDI flows. Increases in intra-company loans in particular aimed partly at stabilizing Japanese affiliates, especially those faced with serious difficulties in East and South-East Asia as a result of the financial crisis in that region. Toyota's affiliate in Thailand, for instance, obtained funds in equity forms worth eight times its capital base from its parent firm. On the other hand, Japanese TNCs also took advantage of relaxed rules regarding M&As and equity ownership in a number of countries in the region: for example, the number of firms acquired by Japanese TNCs increased from two to 14 between 1997 and 1998 in the Republic of Korea and from 10 to 26 in Thailand.

It is interesting to note that FDI flows increased to tax havens such as Panama and the Cayman Islands in 1998. The Cayman Islands became actually the second largest recipient of Japanese FDI, after the United State, accounting for 11 percent of total flows (on a notification basis).

The restructuring of Japanese firms triggered by the recent economic difficulties was most pronounced in financial industries (banking, securities firms etc.), and affected most particularly their foreign affiliates. For instance, the number of foreign branches and affiliates of Japanese TNCs had declined by more than 40 percent in early 1999 compared to 1995, and assets of foreign branches and affiliates of Japanese banks had diminished to half of the peak level registered in 1990.

Continued



Port of Tokyo

Tokyo, Japan's largest city and main business center, sits at the northwest end of Tokyo-wan. Although half of the country's export-import business is handled by companies in Tokyo, it is not the country's leading port, because its harbor is relatively shallow and cannot accommodate larger ships. Yokohama's harbor, just south of Tokyo on the same bay, is deeper and handles most of Japan's ocean trade. Large quantities of freight move between the two cities on barges, trucks, and trains.



Sacred Fuji-san

Spellbinding Fuji-san stands west of Tokyo and north of the Izu-hanto, in the Fuji-Hakone-Izu National Park. A dormant volcano that last erupted in 1707, it is Japan's highest peak, rising to an elevation of 3,776 meters (12,387 feet). The Japanese have long considered this symmetrical mountain sacred.

Major Economic Indicators (Percent)

Item	1990	1997	1998
GDP ($ millions)	2,970,043	4,197,440	3,782,964
GDP growth (annual %)	5.1	1.4	-2.8
Value added in agriculture (% GDP)	2.5	1.7	-
Value added in industry (% GDP)	41.2	37.2	-
Value added in services (% GDP)	56.3	61.1	-
Exports of goods/ services (% GDP)	10.7	11.1	-
Import of goods/services (% GDP)	10.0	9.9	-
Gross domestic investment (% GDP)	32.3	28.7	-



Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	56,115o	70,951	94,558	96,158e
Inward FDI stock (% of GDP)	75.0	50.6	54.6	-
Outward FDI stock ($ million)	13,242	85,156	136,094	154,856
Outward FDI stock (% of GDP)	17.7	60.7	78.6	-

e Estimated by adding flows to the stock of 1997

From the previous page

The restructuring process has now been extended to foreign affiliates of Japanese TNCs in the manufacturing sector, particularly in East and South-East Asia. Various surveys illustrate the decline in the activities of these affiliates; one by JETRO indicates for instance that about two-thirds of Japanese manufacturing affiliates in East and South-East Asia experienced a decline in sales due to the impact of the financial crisis.

In response to the crisis in East and South-East Asia, a number of Japanese foreign affiliates tried to shift to more export-oriented production. However, about half of these faced serious difficulties in doing so (Nishiyama, Kushima and Noda, 1999). Therefore, and contrary to its practice as regard the permanent employment for full-time staff, a number of employees had to be laid off in affiliates of Japanese TNCs, such as in an Indonesian affiliate to Mitsubishi Electric (220 employees), a Thai affiliate of Mazda (550 employees), and Singaporean affiliates of Hitachi (363 employees) and Sony (296 employees).

If the slow-down in outward FDI persists, it may affect Japanese exports and Imports, and the trade balance. Indeed, the high and increasing levels of FDI outflows registered till recently have led to increased imports of manufactured products (especially consumer products) from, and increased exports of capital goods to, affiliates of Japanese TNCs abroad, with a small overall negative impact on Japan's trade balance. Indeed, about one tenth of imported goods in Japan (in value terms) originated in foreign affiliates of Japanese firms in the mid-1990s. Conversely, the decline in FDI outflows, if maintained, may well result in a reduced share of imports from foreign affiliates, without exports to them increasing.

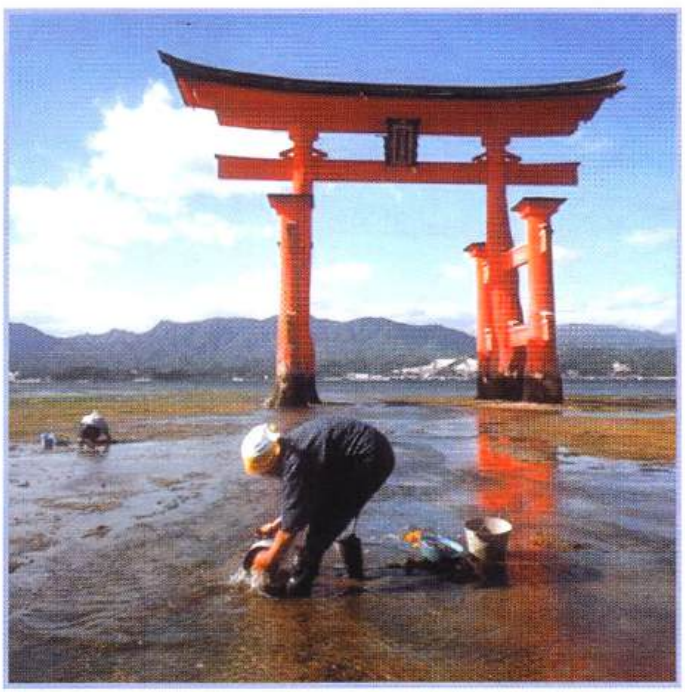
Prospects for significantly higher FDI by Japanese TNCs are not very promising in the near future. In 1998, for instance, only slightly more than a quarter of Japanese manufacturing TNCs projected increased investment abroad during the next three years (1999-2001), compared with more than 40 percent in 1997. If FDI outflows should increase in 1999, it would be led by M&As, away from Greenfield FDI- the dominant mode preferred by Japanese TNCs so far.

Relatively high levels of FDI inflows in 1997 and 1998, though still small relative to the size of the economy as well as to other large developed countries, took place partly as a consequence of the weakening of Japanese firms due to the economic recession. M&As have been the most important way of entering the Japanese market. This entry mode appears to foreign firms to be more efficient than Greenfield FDI as it involves less hustle and transaction costs in a complex business environment. The growth of M&As also reflects changes in the attitude of Japanese firms-including SMEs - towards such deals.

More than three quarters of Japanese SMEs for instance consider M&As as an important tool of management strategies. Recent government measures to facilitate M&As, particularly fiscal measures, have also played a role. As a result, M&As by foreign firms have come to account for one tenth of all M&As deals involving Japanese firms in 1998, compared to only 2.5 percent in 1990.

Large M&As by foreign firms continued to take place in 1999 as well. Each of the two biggest deals to date - the acquisition of a 37 percent stake in Nissan by Renault (for $5.4 billion) and their purchase by GE Capital of Japan leasing Corporation, the second largest leasing company in Japan (for an undisclosed transaction value, but likely the largest acquisition in Japan by a foreign firm) - already exceeded the amount of the record 1998 FDI inflows. Even if part of these M&As are not financed by FDI inflows, it is highly likely that 1999 will be a record year for FDI inflows into Japan.

For the first time in 13 years, FDI flows into developing countries declined in1998, by 4 percent to $166 billion. The decline was mainly due to reduced flows to Asia's developing countries ($85 billion compared to $96 billion in 1997) and, more specially, to reduced FDI into three economies, Indonesia, Taiwan Province of China and Hong Kong (which together registered a reduction of $11.5 billion in FDI flows). As a result, the share of Asia in total FDI inflows to developing countries declined from 55 percent in 1997 to 51 percent in 1998. The performance of Latin America and the Caribbean, on the other hand, remained strong, even if the growth rate of FDI inflows (at about 5 percent) was less impressive than in 1997. That region received 43 percent of FDI flows to developing countries. Particularly striking in that respect was the increase in FDI flows to Brazil, which, in spite of the economic difficulties experienced by the country in 1998, attracted about 40 percent of the total inflows of $72 billion received by the region. Inflows to Africa (excluding South Africa) increased modestly compared to 1997, a year of a significant rise in inflows. Including South Africa, however, the continent registered a decrease in such FDI inflows.



Torii Gate on Itsuku-shima

Low tide allows clam digging around the Torii Gate on the tiny sacred island of Itsuku-shima. Located in Japan's Setonai-kai, the island is just off the coast of Honshu southwest of Hiroshima. The towering Torii Gate was built in 1875 as part of a now-famous Shinto shrine. At high tide, the gate is surrounded by water and appears to float.

Jordan



Basic Facts

Capital	Amman		
Population (millions)	5		
Population growth (%)	2.8		
Surface area (1,000 sq km)	89		
GNP ($ million)	5,252		
Independence	25 May 1946		
Constitution	8 January 1952		
Voting rights	Universal at age 20		
	1990	1997	1998
Aid per capita ($)	280	104	89
Literacy-male (% of people 15 & above)	90	94	94
Literacy-female (% of people 15 & above)	72	82	83
Energy use per capita (kg of oil equivalent)	1,087	1,081	-
Electricity use per capita (kWh)	959	1,196	-
Telephone mainlines (per 1,000 people)	58	72	86
Cost of 3 minute local call ($)	0.01	0.04	0.04
Personal computers (per 1,000 people)	-	9	-
Internet hosts (per 1,000 people)	-	0.38	1.17
Aircraft departures (thousands)	14	17	15
GDP (U.S.$)	7,015 million (1997)		
GDP per capita (U.S.$)	1,580 (1997)		
GDP, agriculture share	3.5 percent (1997)		
GDP, industry share	25.2 percent (1997)		
GDP, services share	71.3 percent (1997)		

Exports
Phosphates, fertilizers, potash, agricultural products, manufactured goods, fruits and nuts

Imports
Crude oil, machinery, transportation equipment, food, livestock, manufactured goods, iron and steel

Major trade partners for exports
Iraq, India, Saudi Arabia, United Arab Emirates, United Kingdom, Syria, Indonesia

Major trade partners for imports
Iraq, United States, Italy, Germany, France, Turkey, Syria, Saudi Arabia

Industries
Phosphate mining, petroleum refining, cement, potash, light manufacturing

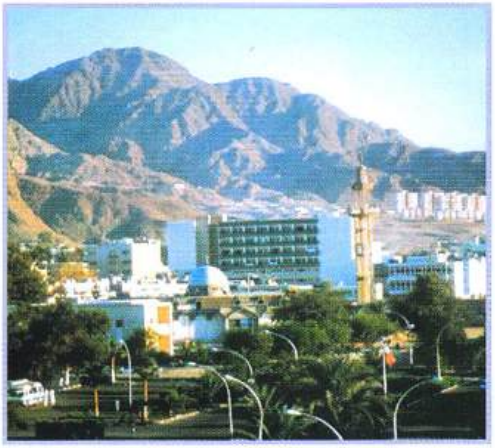
Agriculture
Principal products are wheat, barley, citrus fruit, tomatoes, melons, olives; livestock-sheep, goats, poultry

Natural resources
Phosphates, potash, shale oil, salt

Economy

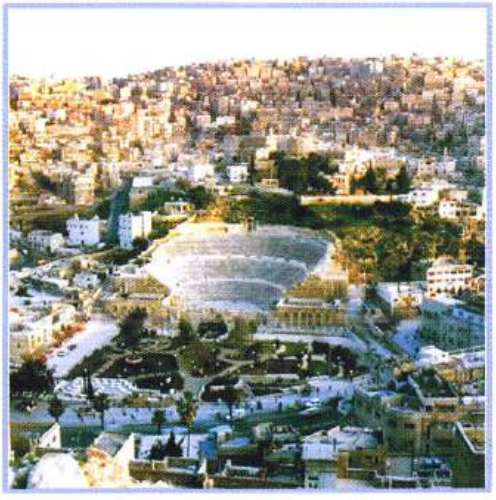
Unlike many other countries in Southwest Asia, Jordan has no oil and is dependent on the oil-producing Arab states for aid and for the employment of many Jordanian workers. When oil prices slumped in the 1980s, many of these workers returned home to join the ranks of the unemployed, and aid was reduced. During the Persian Gulf crisis (1990-1991), Jordan's perceived support of Iraq, a major trading partner and oil supplier, and the international trade embargo on Iraq further damaged the economy.

Jordan's natural resources are limited, but they include phosphate, potash, and limestone. The most important exports are fruits and vegetables, phosphates, and fertilizers. Unemployment remains high, but the government is encouraging new industries and exports to stimulate the economy. An International Monetary Fund (IMF) aid package worth U.S.$200 million was accepted in 1994.



Jordan's Port City

The city of Al 'Aqabah is Jordan's only seaport. Located on the country's southwest tip, the port sits at the head of the Gulf of Aqaba, the narrow eastern arm of the Red Sea. The city began to develop its port facilities in the 1950s, and now more than 500 ships per year carry goods to and from its harbor.



Ancient Ruins in Modern Amman

Jordan's capital and largest city, Amman, lies north of the Dead Sea. The city presents an intriguing mix of the contemporary and the very old. An ancient Roman amphitheater and citadel in Amman are surrounded by modern buildings, and this city of historic trade routes remains a major trading center today.



Kuwait



Persian Gulf Showplace City

More oil is found in and around the Persian Gulf than anywhere else on earth. It is the starting point for many of the oil tankers en route to markets in the industrial West and Japan.



Kuwait City Skyline

Kuwait's capital and largest city, Kuwait City, is situated on the upper Persian Gulf. More than a million people—half the nation's population—live in the city and its suburbs, and contemporary homes and buildings have replaced the mud structures that were common a generation ago. Many foreign nationals work in the oil business, and foreign investments are the country's greatest source of revenue.



Building a Dhow

Employing 2,000-year-old methods, workers in this shipyard are building a dhow, the traditional trading vessel of the Red Sea and the Indian Ocean utilized to carry goods between East Africa and the Arabian countries.





Basic Facts

Population (millions)	2		
Population growth (%)	3.1		
Surface area (1,000 sq km)	18		
GNP ($ million)	-		
	1990	1997	1998
Aid per capita ($)	3	0	3
Literacy-male (% of people 15 & above)	80	82	83
Literacy-female (% of people 15 & above)	73	77	78
Energy use per capita (kg of oil equivalent)	6,180	8,936	-
Electricity use per capita (kWh)	6,875	12,886	-
Telephone mainlines (per 1,000 people)	247	231	236
Cost of 3 minute local call ($)	0.00	0.00	0.00
Personal computers (per 1,000 people)	7	84	105
Internet hosts (per 1,000 people)	-	19.65	23.76
Aircraft departures (thousands)	10	17	19

Monetary unit	1 Kuwaiti dinar (KD)
Government	Nominal constitutional monarchy
Independence	19 June 1961
Constitution	11 November 1962
GDP (U.S.$)	30,373 million (1997)
GDP per capita (U.S.$)	16,790 (1997)
GDP, agriculture share	0.4 % (1995)
GDP, industry share	53.5% (1995)
GDP, services share	46.1 % (1995)
National budget (U.S.$ million)	Revenue 9,000 ('92)/ expenditure 14,058 ('96)

Exports
Oil, refined oil and products, fertilizers, chemicals

Imports
Food, construction materials, vehicles and parts, clothing

Major trade partners for exports
Japan, United States, The Netherlands, Singapore

Major trade partners for imports
United States, United Kingdom, Japan, Germany, Italy, Saudi Arabia, France, India

Industries
Petroleum, petrochemicals, desalinization, food processing, building materials, salt, construction

Agriculture
Cucumbers, onions, tomatoes and other vegetables, fish

Natural resources
Petroleum, fish, shrimp, natural gas

Economy

Kuwait is one of the world's richest countries in terms of yearly gross domestic product (GDP) per capita. Much of this wealth, however, is concentrated in the hands of the ruling Sabah family. The country is almost entirely dependent on petroleum production for its domestic development and foreign exchange.

Major crude petroleum customers include France, Italy, Japan, the United Kingdom, Singapore, Pakistan, and the United States. As petroleum revenues increased during the 1970s, the volume of imports also jumped, and the government undertook major building and industrial development plans. Manufactured products include cement and other building materials, petrochemicals, plastic products, and boats.

Kuwait lacks any significant arable land or freshwater resources, and is thus highly dependent on food imports. The official currency unit is the Kuwaiti dinar.

Laos



Basic Facts

Population (millions)	5		
Population growth (%)	2.5		
Surface area (1,000 sq km)	237		
GNP ($ million)	1,583		
	1990	1997	1998
Aid per capita ($)	37	68	57
Literacy-male (% of people 15 and above)	53	61	62
Literacy-female (% of people 15 and above)	20	29	30
Energy use per capita (kg of oil equivalent)	-	-	-
Electricity use per capita (kWh)	-	-	-
Telephone mainlines (per 1,000 people)	2	5	6
Cost of 3 minute local call ($)	0.28	-	-

Economy

In 1999, the economy experienced moderate expansion accompanied by high monetary growth, rapid inflation, and volatile exchange rates. The outlook is for relatively stable economic growth over the medium term.

Several factors contributed to sustained economic growth in 1999 at the same rate as 1998. While industry and services grew slowly, agriculture performed well, benefitting from a major government irrigation program. Production of garments, one of the largest export earnings, rebounded because of increased penetration in European markets.

The gross investment rate fell as both public and private investment rates weakened. Construction slumped as work wound down on the nearly completed 60-megawatts Nam Leuk and 150-megawatt Huoy Ho hydropower projects. However, an increase in tourist arrival boosted the service sector, although this was partially offset by weakness in the banking sector.

Fiscal performance improved in 1999 as the drop in public investment reduced the overall fiscal deficit, excluding grants, to 9.3 percent of GDP from nearly 14 percent in the previous year. In contrast to 1998 when bank financing of the budget deficit was required, net bank credit to the government declined in 1999. Revenues recovered from 9.8 percent of GDP in 1998 to about 11.3 percent because of improvements in both tax and non-tax revenue collections.

In 1999, rapid money supply growth of approximately 86 percent resulted in an estimated inflation rate of about 87 percent and significant exchange rate depreciation of 40 percent. Although still high, these rates were all lower than the previous year, as the government gradually moved to reduce credit expansion. The government alternated between tightening and easing credit conditions throughout 1999 before settling into a tight monetary stance in the final quarter, which stabilized prices and the exchange rate at the end of the year.

The current account balance as a percent of GDP improved modestly in 1999. The trade balance significantly improved, more than offsetting deterioration in net factor income and private transfers. FDI and official development assistance disbursements increased slightly in 1999 relative to 1998. Gross official reserves increased from $112.8 million to $115.9 million.

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	14	212	426	471
Inward FDI stock (% of GDP)	1.6	12.0	24.3	-
Outward FDI stock ($ million)	-	-	-	-
Outward FDI stock (% of GDP)	-	-	-	-



Increased Production

In the mid-1980s, the Communist government of Laos began introducing reforms to free parts of the economy from state control. Farms were privatized, with the result that rice production rose 35 percent. While rice is the basic food in Laos, in northern Laos maize and cassava are the major crops. In the past ten years, the production of cattle and pigs has grown by 30 percent.



Logging in Laos

Tropical rain forests cover more than half of Laos. Its densest forests, in the southern monsoon region, contain stands of bamboo, rosewood, sandalwood, and teak. The most valuable of these woods is teak because it is hard, resists rot, and is exquisitely grained. Thus teakwood is used for building ships, wharves, bridges, and furniture.

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	4.0	4.0	4.5	5.0
Gross domestic investment/GDP	26.1	23.7	24.0	25.0
Gross national savings /GDP	15.5	13.4	13.0	13.0
Inflation rate (consumer price index)	142.0	86.7	30.0	10.0
Money supply (M2) growth	113.3	86.3	50.0	30.0
Fiscal balance/GNP	-13.9	-9.3	-8.5	-8.0
Merchandise exports growth	7.7	2.9	5.0	6.0
Merchandise imports growth	-14.7	-2.9	7.0	6.5
Current account balance/GDP	-10.6	-10.3	-11.0	-12.0
Debt-service ratio	1.1	12.0	12.5	12.0



Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	10,318	27,094b	37,278b	41,005b
Inward FDI stock (% of GDP)	24.1	31.8	38.1	-
Outward FDI stock ($ million)	2,671	11,143	12,725	14,645b
Outward FDI stock (% of GDP)	6.2	13.1	13.0	-

b Estimated by adding flows to the stock of 1997



Logging in Borneo

Cut from the thick forests of Borneo, this timber is being transported by water in the Sabah region of Malaysia. Most Malaysian lumber is produced in Sabah and Sarawak, and it is an important export. But worldwide concern about destruction of the rain forest has slowed the expansion of the country's wood-products industry.

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	-7.5	5.4	6.0	6.1
Gross domestic investment/GDP	26.7	23.7	24.1	25.0
Gross national savings /GDP	39.6	37.7	35.4	35.0
Inflation rate (consumer price index)	5.3	2.8	3.3	3.5
Money supply (M2) growth	2.7	8.3	12.0	14.5
Fiscal balance/GNP	-1.9	-4.9	-2.0	0.5
Merchandise exports growth	-7.5	10.1	8.0	8.0
Merchandise imports growth	-26.5	10.0	12.6	13.0
Current account balance/GDP	12.9	14.0	11.3	8.1
Debt-service ratio	6.6	6.2	5.3	5.0



Malaysia



Basic Facts

Population (millions)	22		
Population growth (%)	2.3		
Surface area (1,000 sq km)	330		
GNP ($ million)	81,311		
	1990	1997	1998
Aid per capita ($)	26	-11	9
Literacy-male (% of people 15 and above)	87	90	91
Literacy-female (% of people 15 and above)	75	81	82
Energy use per capita (kg of oil equivalent)	1,317	2,237	-
Electricity use per capita (kWh)	1,096	2,352	-
Telephone mainlines (per 1,000 people)	89	195	198
Cost of 3 minute local call ($)	0.04	0.03	0.02
Personal computers (per 1,000 people)	8	46	59
Internet hosts (per 1,000 people)	-	18.71	23.53
Aircraft departures (thousands)	131	194	174

Exports
Electronic equipment, petroleum and petroleum products, palm oil, wood and wood products, rubber, textiles

Imports
Machinery and equipment, chemicals, food, petroleum products

Industries
Rubber and palm-oil processing and manufacturing, logging and processing timber, light manufacturing, electronics, tin mining and smelting, petroleum production and refining, agriculture processing.

Agriculture
Natural rubber, palm oil, rice, timber, coconut, pepper

Natural resources
Tin, petroleum, timber, copper, iron ore, natural gas, bauxite

Economy

Malaysia has made an impressive recovery from economic recession in 1998. Although capital controls enabled the authorities to pursue expansionary fiscal and monetary policies without precipitating capital flight, greater market orientation in several areas will support a more sustainable recovery. Enhancing the skill level of the Malaysian labour force remains a key challenge for improving economic competitiveness and long-term development prospects.

The economy achieved a robust recovery in 1999, with real GDP expanding by 5.4 percent after having contracted by 7.5 percent in 1998. Stronger economic growth also led to a decline in the rate of unemployment to 3 percent of labour in 1999 from 3.2 percent in 1998. After averaging 5.3 in1998, consumer price inflation decreased steadily during 1999, averaging 2.8 percent. The slowdown reflected continued excess capacity, greater exchange rate stability, and a slower increase in food prices.

The balance of payments strengthened further in 1999, following a substantial improvement in the trade surplus and higher net inflows of long-term capital. The trade surplus in 1998 was driven by import compression, as imports declined much more sharply than exports. The 1999 surplus, however, resulted from a higher initial level of exports as exports and imports expanded at similar rates. Export growth was buoyed by the real depreciation of the Ringgit, stronger demand for the electronic goods, both within the region and by the United States. Import growth was stimulated by renewed consumer confidence and the need to replenish depleted stocks of raw materials. Imports of capital goods, however, remained subdued because of excess capacity in several production sectors. The significantly larger trade surplus more than offset an increase in the services and transfers deficit and led to a higher current account surplus.

In 1997, the inward FDI stocks amounting to $37.3 billion was 38.1 percent of the GDP. It rose to $41.0 billion in the following year. Outward FDI stocks were 13 percent of GDP in 1997 amounting to $12.7 billion. In 1998, this rose to $14.7 billion.

Maldives



Basic Facts

Capital	Male		
Languages	Divehi (official), English		
Population (millions)	263		
Population growth (%)	3.42 percent (1998)		
Area	298 square kilometers		
GNP ($ million)	296		
	1990	**1997**	**1998**
Aid per capita ($)	99	101	95
Literacy-male (% of people 15 and above)	94	96	96
Literacy-female (% of people 15 and above)	94	96	96
Telephone mainlines (per 1,000 people)	29	66	71
Cost of 3 minute local call ($)	0.04	0.06	-
Personal computers (per 1,000 people)	-	12	-
Internet hosts (per 1,000 people)	-	1.99	8.06
Aircraft departures (thousands)	1	3	6

Industries

Fishing and fish processing, tourism, shipping, boat-building, coconut processing, clothing, woven mats, coir (rope), handicrafts

Agriculture

Fishing, coconuts, maize, sweet potatoes, cassava, taro, vegetables, sorghum

Economy

The Maldives continued its strong economic growth in 1999, mainly because of favourable developments in the tourism and fisheries sectors. To continue sustainable economic growth, the country will need to expedite structural reforms, including fiscal consolidation and human resource development.

During 1996-1998, the Maldives' economy grew by 8-9 percent. This strong performance resulted from favorable developments in transportations, communications, utilities, tourism, fisheries, and manufacturing, particularly garments. For 1999, growth was an estimated 8.5 percent, with tourist arrivals increasing about 10 percent to more than 400,000. Increased growth in tourism continued to facilitate the expansion of construction, the growth of transportations sub sectors and the development of basic infrastructure facilities. Although the fisheries sector remained buoyant, fish export earnings declined because of a fall in the fish prices in the international market. Because fish is the principal food item in the Maldives, the increase in fish production favourably affected inflation, with annual average inflation rate estimated at about 3 percent in 1999.

The fiscal deficit worsened slightly in 1999 to 6 percent of GDP, in contrast to 5.3 percent in the previous year. The deteriorating fiscal position partly resulted from higher expenditures on wages of public sector employees, which increased about 30 percent on average.

In the external sector, the current account deficit deteriorated further to 10 percent of GDP, compared with 7 percent in 1998. This was primarily due to increased imports associated with tourism sector investments. The current account deficit, however, was more than offset by private capital inflows, which increased the official reserves to the equivalent of more than four months of imports. External debts as a percent of GDP reached 51.5 percent in 1998 and increased slightly to 52 percent in 1999.



Maldives's Fishing Industry

The Indian Ocean provides a livelihood for most people in the small island nation of Maldives. The economy centers around the government-controlled fishing industry. Thousands of Maldivian fishers set out to sea each day in boats made from the wood of coconut and other trees. Dried and smoked fish are the country's chief exports and comprise a principal part of the Maldivian diet.

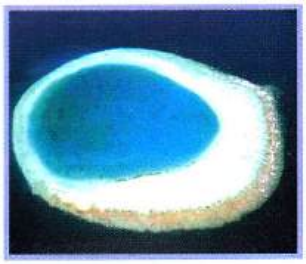


Coral Islands of the Maldives

Among the Maldives, none of the islands is larger than 13 square kilometers (5 square miles). The islands are clustered in atolls protected from the sea by barrier reefs. Tourists come here to enjoy sandy white beaches, clear lagoons, and fish-filled coral reefs.

Atoll in the Maldives

North Male Atoll is one of many atolls that make up the Maldives. Once a large volcanic island surrounded by a barrier reef, North Male Atoll illustrates a late stage of atoll development–the volcano once ringed by these islands has completely eroded, leaving only a ring of barrier reef, or small coral islands, above water.



Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	25	61	76	83
Inward FDI stock (% of GDP)	20.2	22.4	27.9	-



Mongolia



Nomads Survive the Gobi

The Gobi, which stretches along southeastern Mongolia, is a bleak place of dry, sandy soil with arid grasslands called steppes surrounding its central area. With temperatures soaring to 45°C (113°F) in summer and plummeting as low as -40°C in winter, the Gobi poses one of nature's severest challenges to human habitation, and most of its inhabitants live a nomadic life. Camels, sheep, and goats are raised in the arid central and western parts of the desert, while cattle and horses are more common in the drier southeast and northeast.



Television in the Land of Genghis Khan

Until 1991, Mongolia's economy was highly dependent on the Union of Soviet Socialist Republics (USSR), and most consumer goods in Mongolia were Soviet-made. Mongolian-manufactured goods consisted mainly of boots, leather jackets, and cashmere sweaters. Since the demise of the Soviet Union, Mongolia has developed a large trade deficit because it now must import many goods. To build modern factories, such as this television factory, Mongolia must attract investment from the world's industrialized countries.





Basic Facts

Capital	Ulaanbaatar
Area	1,566,500 square kilometers
Population	2,578,530 (1998 estimate)
Population growth rate	1.54 percent (1998)
Literacy rate (Female)	77.2 percent (1995)
Literacy rate (Male)	88.6 percent (1995)
Languages	Khalkha Mongol 90 percent
Government	Republic
Independence	13 March 1921 (from China)
Constitution	Adopted 13 January 1992
Voting rights	Universal at age 18
GDP (U.S.$)	862 million (1997)
GDP per capita (U.S.$)	340 (1997)
GDP, agriculture share	36.8 percent (1997)
GDP, industry share	23.5 percent (1997)
GDP, services share	39.7 percent (1997)
National budget (U.S.$)	Total revenue 233.7 m (1996) Total expenditure 210.2 m
Monetary unit	1 tugrik (Tug)

Exports
Copper, livestock, animal products, cashmere, wool, hides, fluorspar, other nonferrous metals

Imports
Machinery and equipment, fuels, food products, industrial consumer goods, chemicals, building materials, sugar, tea

Major trade partners for exports
Switzerland, Russia, China, Japan, United Kingdom

Major trade partners for imports
Russia, Japan, Germany, South Korea, Singapore, United States

Industries
Copper, processing of animal products, building materials, food and beverages, coal mining

Agriculture
Principal crops : wheat, barley, potatoes, forage; sheep, goats, cattle, camels, horses

Natural resources
Oil, coal, copper, molybdenum, tungsten, phosphates, tin, nickel, zinc, wolfram, fluorspar, gold

Economy

Animal husbandry is the main economic activity for nearly half of the people. They raise horses, cattle, bactrian camels, sheep, goats, and yaks. Crop farming is not widespread of the total land area, only about 0.84 percent (1996) is arable.

The country has been developing its industrial base, which produces food and animal products and building materials, and Mongolia exports wool (including cashmere wool), hides, foodstuffs, consumer goods, fuels, and minerals.

Mongolia's mineral resources include oil, coal, copper, fluorspar, zinc, tungsten, gold, and silver.

After 1990 the government began creating a free-market economy. Privatization is being pursued, foreign investment is encouraged, joint ventures are welcomed, and a number of countries are now supplying the aid that used to come from the Union of Soviet Socialist Republics (USSR) and on which the country has depended.

As in other countries changing to a market economy, inflation and unemployment have risen sharply. Other problems include the difficulty of establishing a system of land ownership in a traditionally nomadic society.

Myanmar



Basic Facts

Population (millions)	44		
Population growth (%)	1.2		
Surface area (1,000 sq km)	677		
GNP ($ million)	-		
	1990	1997	1998
Aid per capita ($)	4	1	1
Literacy-male (% of people 15 and above)	87	88	89
Literacy-female (% of people 15 and above)	74	79	81
Energy use per capita (kg of oil equivalent)	266	296	-
Electricity use per capita (kWh)	43	57	-
Telephone mainlines (per 1,000 people)	2	5	5
Cost of 3 minute local call ($)	-	-	-
Personal computers (per 1,000 people)	-	-	-
Internet hosts (per 1,000 people)	-	0.00	0.00
Aircraft departures (thousands)	14	15	15

Economy

Following several years of strong economic performance in the early 1990s, Myanmar's growth rate slowed for the third consecutive year since 1996. Unless necessary structural reforms are undertaken, the economy will continue to depend heavily on ad hoc policies formulated in reaction to random factors such as weather and the changing regional economic environment.

In the early 1990s GDP increased at the rapid rate of around 8 percent. According to official estimates, GDP growth slowed to 5 percent in 1998. Agriculture output growth declined from 5 percent in 1996 to 2.8 percent in 1998 largely because of draughts, floods, and a shortage of fertilizer and pesticides. The structure of the economy has not changed substantially since the introduction of market-oriented reforms in 1988. It remains largely agrarian, with agriculture accounting for 42 percent of GDP in 1999 and more than 60 percent of the labour force in 1998.

Real growth was about 4.5 percent in 1999. While industry and services maintained approximately the same growth rate as the previous year, growth is decreased because of bad weather, including draught in the upper part of the country and an untimely monsoon in lower Myanmar. External sector performance remained weak, with trade and current account deficits putting more pressure on the Kyat exchange rate.

The consolidated budget deficit for 1998 amounted to 4.5 percent of GDP. Both revenues and expenditures declined, from 11.5 and 8.9 percent of GDP in 1997 to 8.9 and 7.3 percent in 1998, respectively. The deficit of state-owned enterprises (SOEs) increased in recent years, mainly because exports were valued at the official exchange rate and state sector employees received subsidized rice.

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	173	937	1,099	1,139
Inward FDI stock (% of GDP)	0.7	0.9	0.6	-



Traditional Village Construction

On Inle Lake, a Myanmar man maneuvers his dugout canoe past a traditional dwelling. It is built on piles and made of wood and bamboo with a thatched roof. This type of construction, still found in many villages in Myanmar (Burma), was originally designed to offer protection from floods and wild animals.

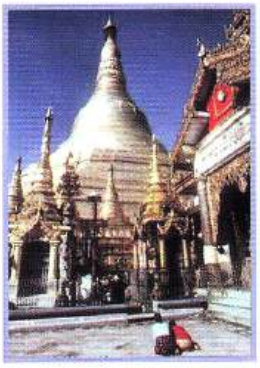


Floating Market on Inle Lake

En route to a village's floating market, boats converge on a narrow bay of Inle Lake in Myanmar. Weaving, fishing, and the cultivation of floating gardens are integral to life along the lake, which is home to the Intha culture group.

Shwedagon Pagoda

Faithful followers kneel in devotion outside the gates of the sacred Shwedagon Pagoda in Yangon. Worshipers ascend one of four staircases to approach the magnificent central gold spire, which rises 99 meters (325 feet) and is surrounded by many smaller spires.



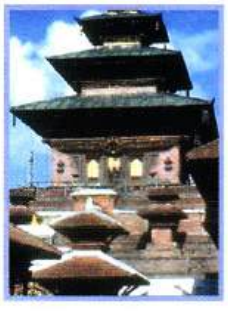


Nepal



Himalayas

The towering snowy peaks of the Himalayas form a magnificent backdrop for the Gurung village of Gandruk, perched on the steep slopes of Annapurna. One of several distinct ethnic groups in the west-central region of Nepal, the Gurung raise cattle in pastures sometimes about 3,660 meters (about 12,008 feet) above sea level.



Durbar Square Temples

Durbar Square, in the Nepalese capital city of Kathmandu, has one of Nepal's richest collections of historical structures. The focus of Kathmandu's tourism industry, this part of the city boasts a royal palace, fascinating old residences, and more than 50 temples and shrines.

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	2.3	3.3	5.5	5.5
Gross domestic investment/GDP	20.7	17.3	20.0	22.0
Gross national savings /GDP	9.5	10.6	11.7	11.7
Inflation rate (consumer price index)	4.0	12.7	5.0	5.0
Money supply (M2) growth	21.9	20.9	14.0	12.0
Fiscal balance/GNP	-6.0	-6.1	-7.1	-7.5
Merchandise exports growth	11.9	20.3	10.0	12.0
Merchandise imports growth	-12.4	-10.5	15.0	15.0
Current account balance/GDP	-5.5	-3.5	-8.0	-9.5
Debt-service ratio	6.1	6.5	6.5	6.5

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	12	29	72	81
Inward FDI stock (% of GDP)	0.3	0.7	1.5	-



Basic Facts

Population (millions)	23		
Population growth (%)	2.3		
Surface area (1,000 sq km)	147		
GNP ($ million)	4,889		
	1990	**1997**	**1998**
Aid per capita ($)	23	18	18
Literacy-male (% of people 15 and above)	47	56	57
Literacy-female (% of people 15 and above)	14	21	22
Energy use per capita (kg of oil equivalent)	311	321	-
Electricity use per capita (kWh)	28	39	-
Telephone mainlines (per 1,000 people)	3	7	8
Cost of 3 minute local call ($)	0.03	0.02	0.02
Personal computers (per 1,000 people)	-	-	-
Internet hosts (per 1,000 people)	-	0.07	0.07
Aircraft departures (thousands)	26	28	29

Economy

Because of a recovery in agricultural production, the short-terms prospects for Nepal's macro economy are promising. The new government needs to advance a broad-based reform agenda to sustain these growths. The need to reduce poverty and promote gender equity also raises challenges.

The macro economy was stable in 1999, despite the uncertainty caused by a change in government. Real GDP growth rose to 3.3 percent from 2.3 percent the previous year, led by better performance in the agricultural and industry sectors. However, the growth in production barely exceeded the population growth of 2.4 percent. Consequently, with a per Capita GDP of $210, Nepal ranks as among the poorest countries in the region, lower than most of its South Asian neighbours. While the 3.0 percent growth in agriculture fell short of projections in the Agriculture Perspective Plan, which details the agricultural development strategy for two decades, the increase from the previous year's 1 percent growth was promising, considering that poor weather conditions continued to hamper farmers. Consistent with an economy dominated by subsistence agriculture, the labour force participation rate was high and the unemployment rate low. About 86 percent of the working-age population (aged 15 and above) is economically active, with 73 percent employed in agriculture. The unemployment rate for the country was less than 2 percent, but the rate in urban areas was higher than 7 percent.

Driven by rising food price, inflation rate rose to nearly 13 percent in 1999, from 4 percent the previous year. Poor monsoon condition led to dramatic increases in the prices of food grains and vegetables. Exports of rice also prevented the usual downturn in price after the main harvest, and the food, and beverages index rose by 17.3 percent. Inflation from non-food items, however, was only 4.3 percent, down nearly 1 percent from the previous year. This was due to the stability of key administered prices, notably kerosene, electricity, diesel. High money growth continued despite slower inflows of foreign assets. Broad money (M2) increased by about 21 percent in 1999, slightly less than the 22 percent the previous year because of the slow inflow of foreign assets.

The budget deficit remained at 6.1 percent of GDP in 1999, despite additional expenses from the elections. Preliminary data for 1999 show that domestic revenue collection was substantially lower than the budgeted amount, with actual revenue about 10 percent of GDP, roughly the same as in 1998. The shortfall in revenues was balanced by slower than budgeted growth in development expenditures, which rose 9 percent rather than the 26 percent envisaged in the 1999 budget. Even with slower growth, foreign grants and loans financed about 65 percent of development expenditures, compared with 50 percent in the early 1990's, a situation that is unlikely to change in the coming years.

North Korea



Basic Facts

Capital	P'yongyang
Area	120,538 square kilometers
Population	21,234,387 (1998 estimate)
Population growth rate	-0.03 percent (1998)
Literacy rate (Female)	99 percent (1995)
Literacy rate (Male)	99 percent (1995)
Languages	Korean (official)
Government	Communist state
Independence	9 September 1948

NOTE: 15 August 1945, date of independence from the Japanese and celebrated in North Korea as National Liberation Day.

Constitution	Adopted '48; Revised 27 Dec '72
Voting rights	Universal at age 17
GDP (U.S.$)	Not available
Monetary unit	1 North Korean won (Wn)

Exports
Minerals, metallurgical products, agricultural and fishery products, manufactured goods (including armaments)

Imports
Petroleum, grain, cooking coal, machinery and equipment, consumer goods

Major trade partners for exports
Japan, China, Germany, Russia, Hong Kong, India, Italy

Major trade partners for imports
China, Japan, Italy, Russia, India, Hong Kong, Germany

Industries
Machine building, military products, electric power, chemicals, mining, metallurgy, textiles, food processing

Agriculture
Principal crops: rice, maize, potatoes, soybeans, pulses; livestock and livestock products: cattle, hogs, pork, eggs

Natural resources
Coal, lead, tungsten, zinc, graphite, magnesite, iron ore, copper, gold, pyrites, salt, fluorspar, hydropower.

Economy

Reliable economic data about North Korea is scarce. The means of production are socialized. Planning for economic development is centralized and implemented by the government in a series of seven-year plans. North Korea has 80 to 90 percent of all known mineral resources on the Korea Peninsula, and the extraction of coal, iron ore, and other minerals fueled the nation's industrial growth. In terms of employment and output, industry dominates the economy; major industries include mining, steel, textiles, chemicals, cement, glass, and ceramics.

Agricultural production is maintained through the heavy use of fertilizers and high-yield seeds. Crop failures, combined with economic mismanagement, have contributed to dire food shortages since 1995 and dependence on foreign aid.

Although the North Korean economy developed at an impressive rate until the 1980s, it lagged far behind South Korea's in most areas, certainly in terms of the prosperity of the population. The economy was at best stagnant in the early 1990s, partly due to the loss of the former USSR as a major trading partner and source of aid, as well as to economic difficulties in the other former Soviet republics.



Tower of the Juche Idea

The Tower of the Juche Idea dominates the bank of the Taedong River in North Korea's capital city of P'yongyang. The tower was built in 1982 to honor the 70th birthday of late president Kim Il Sung, the country's revolutionary leader. Laid with white granite blocks, the tower rises 170 meters (558 feet) and is topped by a 45 metric-ton torch. Accompanying the monument are two fountains, which are located midstream in the river; their water jets 150 meters into the air.



Cooperative Farm

The fertile plains of the P'yongyang and Chaeryong-up regions, in the southeast of North Korea, are the main centers of that country's agricultural production. Despite an intensive industrialization effort by the North Korean government, farming still accounts for one-fourth of the country's gross domestic product (GDP) and about two-fifths of its workforce. Most farmworkers in North Korea, a Communist-controlled state, are organized into cooperatives, and the land is farmed communally. The main foodcrops are grains, such as maize, barley, wheat, and especially rice.

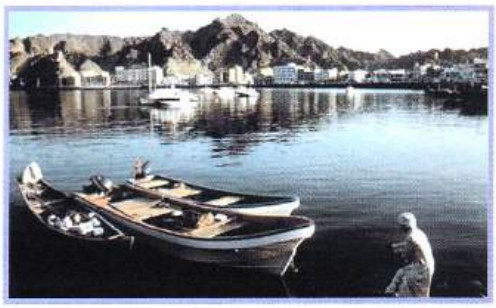


Oman



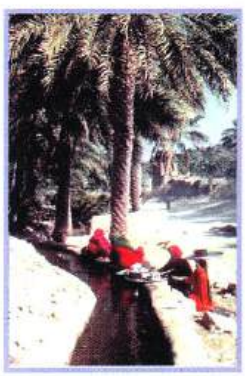
Port at Matra, Oman

Modern cargo ships and traditional dhows crowd Matra, the human-made deepwater port located midway along the Gulf of Oman. Matra is an important trading center and a hub of Southwest Asia's oil industry. A suburb of the capital city of Masqat, it is also Oman's largest city and a major seaport.



Rocky Shoreline Near Masqat

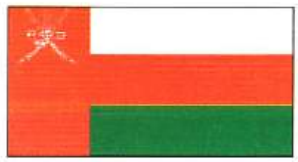
Masqat, Oman's capital city, is situated on the rocky shore of the Gulf of Oman along the country's northern coast. Only about 11 percent of Omanis live in urban areas, and the remainder reside in rural villages, where they farm or fish. Although most Omanis are Arabs, small numbers of East Africans, Indians, Iranians, and Pakistanis also live in Oman.



Ancient Canal at Work Today

Women collect water from a canal, called a falaj, outside of Nizwá, a town near the Al ?ajar al Gharbi in eastern Oman. Built in the 7th century BC, the ancient canal system continues to provide irrigation water for dates, limes, alfalfa, and other crops. Although oil is the backbone of the Omani economy, the state encourages agricultural projects such as the construction of a date-processing plant in Nizwá.





Basic Facts

Capital	Masqat		
Area	309,500 square kilometers		
Population	2,363,591 (1998 estimate)		
Population growth rate	3.45 percent (1998)		
	1990	1997	1998
Aid per capita ($)	38	9	12
Energy use per capita (kg oil equivalent)	2669	3003	-
Electricity use per capita (kWh)	2284	2613	-
Telephone mainlines (per 1,000 people)	60	86	92
Cost of 3 minute local call ($)	0.06	0.07	-
Personal computers (per 1,000 people)	2	15	21
Internet hosts (per 1,000 people)	-	0.00	2.87
Aircraft departures (thousands)	12	18	16
Languages	Arabic (official), English, Baluchi, Urdu, etc.		
Government	Monarchy		
Independence	1650		
Constitution	None; however, on 6 Nov. 1996 the sultan promulgated a new Basic Law.		
Voting rights	Limited to some 50,000 selected Omanis		
GDP (U.S.$)	12,102 million (1995)		
GDP per capita (U.S.$)	5,670 (1995)		
GDP, agriculture share	3.3 percent (1992)		
GDP, industry share	53.4 percent (1992)		
GDP, services share	43.2 percent (1992)		
National budget (U.S.$ 1996)	Total revenue 4,138 m Total expenditure 4,888 m		
Monetary unit	1 rial Omani (RO)		

Exports
Petroleum, fish, processed copper, textiles

Imports
Machinery, transportation equipment, manufactured goods, food, livestock, lubricants

Major trade partners for exports
Japan, South Korea, China, Thailand, United States

Major trade partners for imports
United Arab Emirates, Japan, United Kingdom, France, United States

Industries
Crude-oil production and refining, natural-gas production, construction, cement, copper

Agriculture
Largely subsistence farming dates, limes, bananas, alfalfa, vegetables, camels, cattle

Natural resources
Petroleum, copper, asbestos, marble, limestone, chromite, gypsum, natural gas, fish

Economy

The principal natural resource is petroleum. Other known mineral resources include copper, asbestos, and marble.

Agriculture is dominated by the cultivation of export crops, primarily dates and limes. Some grains and vegetables are grown for local consumption, but most food must be imported.

Pakistan



Basic Facts

Population (millions)	132		
Population growth (%)	2.4		
Surface area (1,000 sq km)	796		
GNP ($ million)	61,451		
	1990	1997	1998
Aid per capita ($)	10	5	8
Literacy-male (% of people 15 & above)	50	57	58
Literacy-female (% of people 15 & above)	21	28	29
Energy use per capita (kg of oil equivalent)	400	442	-
Electricity use per capita (kWh)	267	333	-
Telephone mainlines (per 1,000 people)	8	19	19
Cost of 3 minute local call ($)	0.04	0.03	0.03
Personal computers (per 1,000 people)	1	3	4
Internet hosts (per 1,000 people)	-	0.07	0.22
Aircraft departures (thousands)	66	73	69

Economy

The economy has been slowly recovering since the second half of 1999 because of improved agricultural performance. However, the balance of payment remains fragile and the long economic stagnation hampers the government's efforts to reduce rampant poverty. Medium-term economic prospects depend on political stability, structural reforms, and capital inflows.

Pakistan faced a challenging year in 1999, with GDP growth declining to 3.1 percent from 4.3 percent in 1998. Following nuclear tests in late May 1998, economic sanctions imposed by G7 countries seriously affected the economy. Economic growth declined steeply as investors lost confidence, private capital flows virtually ceased, and new official development assistance was suspended. Consequently, Pakistan faced a severe foreign exchange crisis with foreign exchange reserves declining to $415 million in November 1998 (two weeks of import equivalent). To prevent sovereign default, the government adopted short-term emergency policies that included freezing foreign currency deposits held by both residents and non-residents in domestic banks, adopting a dual exchange rate system, and delaying servicing of foreign debt.

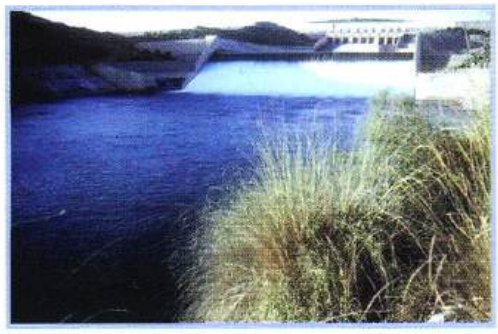
In January 1999, the economic sanctions were partially waived, and international financing institutions subsequently revived their assistance. At a meeting of the Paris Club later that month, the government and bilateral creditors agreed to reschedule official debt worth $3.3 billion. In early July 1999, Pakistan concluded an agreement with the London Club for rescheduling $877.3 million in commercial loans. All these activities helped build up foreign exchange reserves and revive economic growth. By the end of June 1999, foreign reserves reached $1.7 billion (two months of imports).

Both savings and investments rate declined because of slow economic growth and collapse of investors' confidence. Gross domestic investment dropped from 17.1 percent of GDP in 1998 to 14.8 percent in 1999. The decline in investment in manufacturing, construction, and energy sector offset the rising fixed investment in agriculture, transportation, and telecommunications by the private sector.

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	1,887	5,422	7,725z	8,221z
Inward FDI stock (% of GDP)	4.7	9.2	12.7	-
Outward FDI stock ($ million)	244	266	239j	244j
Outward FDI stock (% of GDP)	0.6	0.5	0.4	-

z Estimated by adding flows to the stock of 1997
j Estimated by adding flows to the stock of 1996



Tarbela Dam on the Indus River

Spanning the Indus River northwest of Haripur is the 2.5-kilometer-long Tarbela Dam. Construction began in 1968 and was completed in 1976. Other associated dams are still under construction. The Tarbela Dam provides this region of Pakistan with much-needed irrigation water.



Karachi

Karachi, Pakistan's largest city and former capital, is situated on a beautiful natural harbor northwest of the Indus River delta. It is the country's most important port, serving a large hinterland. The architecture of Karachi blends western, eastern, and Muslim influences.

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	4.3	3.1	4.5	5.0
Gross domestic investment/GDP	17.1	14.8	15.1	15.9
Gross national savings /GDP	14.2	11.1	12.5	13.0
Inflation rate (consumer price index)	7.8	5.7	5.0	6.0
Money supply (M2) growth	14.5	6.3	10.0	9.0
Fiscal balance/GNP	-5.6	-3.7	-3.7	-3.5
Merchandise exports growth	4.2	-10.7	8.0	9.0
Merchandise imports growth	-8.4	-6.7	9.5	9.0
Current account balance/GDP	-2.7	-2.7	-2.5	-2.0
Debt-service ratio	-	-	-	-



Qatar



Qatar's Wealth of Oil

Flames shooting across the desert sky are a familiar sight at the oil fields of Qatar. Oil was discovered in western Qatar in 1939. By the 1970s, one of the world's poorest nations was thus transformed into one of the world's richest, based on per capita income. Because Qatar's oil reserves are limited, however, the country is developing other industries, such as steel and cement, in an attempt to diversify its economy.



Agriculture in the Qatar Desert

On a government-supported farm in Qatar, seedlings sprout from carefully monitored containers. Only about 3 percent of the land in this largely arid country is under cultivation. Technology has improved crop output significantly, however, and during the rainy season, Qatar now produces nearly all the vegetables it needs for a six-month period.





Basic Facts

Capital	Doha		
Population (millions)	727		
Population growth (%)	3.82 (1998)		
Surface area (1,000 sq km)	11		
	1990	1997	1998
Aid per capita ($)	3	1	2
Literacy-male (% of people 15 & above)	77	80	80
Literacy-female (% of people 15 & above)	76	81	82
Energy use per capita (kg of oil equivalent)	11,831	18,835	-
Electricity use per capita (kWh)	9,399	8,959	-
Telephone mainlines (per 1,000 people)	190	249	260
Cost of 3 minute local call ($)	-	-	-
Personal computers (per 1,000 people)	-	105	121
Internet hosts (per 1,000 people)	-	4.79	0.42
Aircraft departures (thousands)	11	14	12
Government	Traditional monarchy		
Independence	3 Sept 1971		
Constitution	Provisional 2 April 1970.		
Voting rights	None		
GDP (U.S.$ million)	7,612 (1995)		
GDP per capita (U.S.$)	11,620 (1995)		
Monetary unit	1 Qatari riyal (QR)		

Exports
Petroleum products, steel, fertilizers

Imports
Machinery and equipment, consumer goods, food, chemicals

Major trade partners for exports
Japan, Singapore, South Korea, Australia, United Arab Emirates

Major trade partners for imports
Italy, United Kingdom, France, Japan, Germany

Industries
Crude-oil production and refining, fertilizers, petrochemicals, steel, cement

Agriculture
Chief products are fruits and dates, vegetables, poultry, dairy products, cattle, fish

Natural resources
Petroleum, natural gas, fish

Economy

Qatar, in terms of per capita income, ranks as one of the wealthiest countries in the world. Petroleum is the dominant source of income and accounts for more than 90 percent of yearly exports.

Production and export of natural gas is becoming increasingly important, especially as oil supplies are expected to decline dramatically in the next 25 to 40 years.

Qatar produces cement, fertilizer, steel, and petroleum products. Although some fruits and vegetables are grown, herding is the principal agricultural occupation. The unit of currency is the Qatar riyal.

Saudi Arabia



Basic Facts

Population	20,785,955 (1998)		
Population growth rate	3.41 percent (1998)		
Surface area (1,000 sq km)	2150		
GNP ($ million)	143,361		
	1990	1997	1998
Aid per capita ($)	3	1	1
Literacy-male (% of people 15 & above)	78	82	83
Literacy-female (% of people 15 & above)	51	63	64
Energy use per capita (kg of oil equivalent)	4004	4906	-
Electricity use per capita (kWh)	3181	4085	-
Telephone mainlines (per 1,000 people)	77	117	143
Cost of 3 minute local call ($)	0.01	0.02	0.02
Personal computers (per 1,000 people)	24	44	50
Internet hosts (per 1,000 people)	-	0.15	1.17
Aircraft departures (thousands)	93	100	101
GDP (U.S.$)	140,374 million (1997)		
GDP per capita (U.S.$)	7,000 (1997)		
GDP, agriculture share	6.3 percent (1997)		
GDP, industry share	44.7 percent (1997)		
GDP, services share	49 percent (1997)		
Monetary unit	1 Saudi riyal (SR)		

Exports
Petroleum and petroleum products, petrochemicals, construction material

Imports
Transportation equipment, chemicals, clothing, metal products, textiles, manufactured goods, food and livestock, wood and paper products, precious stones, machinery.

Industries
Crude-oil production, petroleum refining, basic petrochemicals, fertilizers, cement, steel

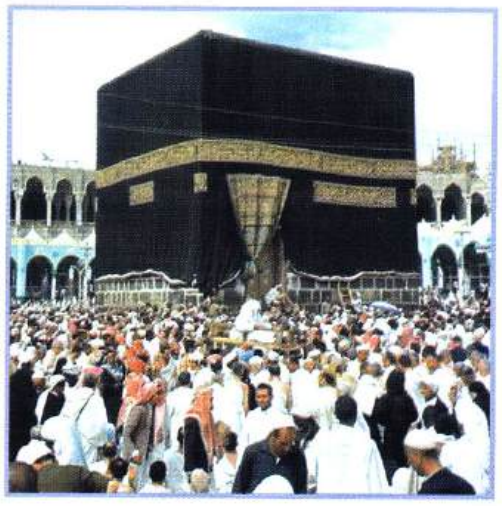
Agriculture
Principal products-wheat, barley, sorghum, millet, tomatoes, melons, dates, grapes, vegetables; livestock and livestock products-goats, sheep, camels, poultry, meat, eggs, milk

Natural resources
Petroleum, natural gas, limestone, gypsum, marble, clay, salt, iron ore, gold

Economy

The discovery of oil in Saudi Arabia in the 1930s and its increasing exploitation after World War II transformed the country's economy, which had been based on subsistence farming and nomadic herding. Oil and oil-related products continue to dominate the economy. State-owned Saudi Aramco is the world's largest oil company. Oil revenues have allowed the development of infrastructure and oil-related heavy industry and have brought a rise in living standards. Because of the harsh climate and terrain, the country imports many foods, but dates, grains, and livestock are produced locally. As a result of massive investment in irrigation and desalinization projects, the country is now self-sufficient in wheat, as well as poultry and dairy products. The country has unexploited reserves of gold, silver, copper, coal, and bauxite.

Since 1970 economic development has been carried out according to a series of five-year plans. Although Saudi Arabia is still an extremely wealthy nation, the economy has not seemed as infallible in recent years as previously. Defense spending is high and the cost of the 1991 Gulf War was enormous. The budget and current account deficits have been a subject of concern. Per capita income has declined. The government has responded to these changes by making some moves toward cutting extravagant spending and replacing some foreign workers, who make up the bulk of the labor force, with Saudi nationals.



Kaaba Sharif

A pilgrimage to the holy city of Mecca (Makkah) is one of the five pillars of Islam, the practices and religious customs that are the foundation of Islam. During the last month of the Islamic year, more than 1 million Muslims make the journey. After entering the Great Mosque, they circle seven times around the Kaaba, a sacred shrine believed to have been built by the biblical patriarch Abraham. Muslims regard the Kaaba as the most sacred place on Earth.



Transporting Oil

In the glare of the desert sun, a maintenance crew attends to an oil pipeline near Ad Dammam on the Persian Gulf. Pipelines carry petroleum from Saudi Arabia's vast Ghawar oil field (the world's largest) and others to the port of Ras Tanura, where half a million barrels are refined daily. These enormous oil reserves have catapulted Saudi Arabia from an agrarian-based subsistence economy into a wealthy and modern nation.





Singapore: Southeast Asia's Largest Port

Situated on an excellent harbor, Singapore ranks as one of the world's largest ports. Its economic success results largely from its advantageous location at the southern tip of the Malay Peninsula, with the Indian Ocean to the west and the South China Sea to the east. Singapore emerged as an entrepôt of vital importance. To ensure continued prosperity under changing circumstances, Singapore's leaders launched an aggressive economic program in the 1980s that emphasized capital-intensive industries.



Shopping in Singapore

Singapore is one of the shopping capitals of Southeast Asia. Shoppers in this six-story mall on Orchard Road-Singapore's renowned shopping district-choose from goods ranging from beauty products and fashion wear to sporting goods and electronic equipment. Although bargaining is not typically practiced in Singapore's larger department stores, bartering with merchants in smaller shops is common in this flourishing city.

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	28,564	59,582	78,637z	85,855z
Inward FDI stock (% of GDP)	78.2	71.2	81.6	-
Outward FDI stock ($ million)	7,808	35,050	44,522z	47,630z
Outward FDI stock (% of GDP)	21.4	41.9	46.2	-

z Estimated by adding flows to the stock of 1996



Singapore



Basic Facts

Population (millions)	3		
Population growth (%)	1.9		
Surface area (1,000 sq km)	1		
GNP ($ million)	95,453		
	1990	**1997**	**1998**
Aid per capita ($)	-1	1	1
Literacy-male (% of people 15 & above)	94	96	96
Literacy-female (% of people 15 & above)	83	87	88
Energy use per capita (kg of oil equivalent)	4,938	8,661	-
Electricity use per capita (kWh)	4,792	7,944	-
Telephone mainlines (per 1,000 people)	390	543	562
Cost of 3 minute local call ($)	0.00	0.02	0.03
Personal computers (per 1,000 people)	74	400	458
Internet hosts (per 1,000 people)	-	195.50	322.30
Aircraft departures (thousands)	31	61	62

Economy

Singapore's institutional strengths and flexible economic management enabled it to rebound strongly in 1999 from economic stagnation in the previous year. However, adjustments to the realities of the post crisis environment will be more challenging and will require further changes in institutional and production structure to retain competitiveness. Long-term prospects for the economy remain bright.

The economy of Singapore rebounded strongly from a near-stagnant level in 1998 to register GDP growth of 5.4 percent in 1999. The manufacturing sector accounted for much of the growth, reflecting strong external demand for telecommunication equipment, semiconductors, computer peripherals, and computers. The non-electronic segment of manufacturing also performed well, and chemical output rose sharply, reflecting increased regional demand for industrial chemicals and pharmaceuticals.

The construction sectors, however, continued to decline, mainly because of a sharp drop in private construction activity. Developers remained cautious because of excess capacity in both residential and non-residential markets. Despite the strong rebound in economic activity and increased investment commitments in the second half of the year, overall growth in fixed investment by both public and private sectors remained below in historical rate before the crisis. The original budget for fiscal year 1999 ending 31 March had predicted a budget deficit of S$5.1 billion (3.4 percent of GDP).

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	1.5	5.4	5.9	6.2
Gross domestic investment/GDP	33.5	32.7	34.2	36.0
Gross national savings /GDP	49.9	51.2	52.0	52.0
Inflation rate (consumer price index)	-0.3	0.5	1.5	1.5
Money supply (M2) growth	30.2	8.5	11.6	11.8
Fiscal balance/GNP	1.6	2.5	3.0	3.3
Merchandise exports growth	-12.2	2.6	3.5	5.3
Merchandise imports growth	-23.2	6.8	7.9	8.8

South Korea



Basic Facts

Population (millions)	46		
Population growth (%)	1.0		
Surface area (1,000 sq km)	99		
GNP ($ million)	398,825		
	1990	**1997**	**1998**
Aid per capita ($)	1	-4	-1
Literacy-male (% of people 15 & above)	98	99	99
Literacy-female (% of people 15 & above)	93	96	96
Energy use per capita (kg of oil equivalent)	2,132	3,834	-
Electricity use per capita (kWh)	2,202	4,847	-
Telephone mainlines (per 1,000 people)	310	444	433
Cost of 3 minute local call ($)	0.03	0.04	0.03
Personal computers (per 1,000 people)	37	151	157
Internet hosts (per 1,000 people)	-	28.78	55.53
Aircraft departures (thousands)	120	229	208

Economy

Economic recovery and financial stabilization in the Republic of Korea in 1999 were remarkable. Mitigating the adverse impacts of these changes on the fiscal position and labour market, however, is an essential challenge for stable and sustainable economic growth. After resorting to a rescue package led by the International Monetary Fund, Korea recovered at a brisk pace in 1999. Aided by ongoing financial and corporate sector restructuring and a favourable export environment, the GDP growth rate reached 10.7 percent. It stood in sharp contrast with - 6.7 percent in 1998, and was the highest recorded growth since 1988. On the production side, the manufacturing sector led the recovery of the economy. On the demand side, the rapid rebounding of private consumption and machinery and equipment investment contributed to the recovery, along with a slower pace of inventory reduction. However, construction continued to contract and net exports slowed economic growth. Owing to the economic recovery, the unemployment rate declined to 4.8 percent by December 1999, after peaking at 8.6 percent in February 1999.

Despite expansionary economic policy and rapid economic recovery, prices were extremely stable. The inflation rate dropped from 7.5 percent in 1998 to 0.8 percent in 1999, the lowest level in recent history. The appreciation of the won has significantly contributed to this price stability.

The level of the foreign exchange reserves increased rapidly. In 1998 domestic demand abruptly collapsed as interest rates increased and the current account recorded a $41 billion surplus. The surplus greatly contributed to the rapid accumulation of the foreign exchange reserves, from less than $10 billion at the end of 1997 to more than $74 billion at the end of 1999.

While exports increase by 10 percent, imports grew more rapidly by 29 percent because of a recovery in domestic demand.

The deficit in non-trade account, including service and interest payments, widened from $1 billion in 1998 to around $4 billion in 1999. Consequently, the current account surplus decreased from $41 billion in 1998 (13 percent of GDP) to $25 billion in 1999 (6 percent of GDP). The capital account showed a surplus of $0.6 billion, despite the repayment of the international monetary fund emergency loan of $11 billion. Thus, there was a large net surplus in private sector inflows. Korea had net inflow for non-debt instruments such as FDI and equity investment in 1999, a likely result of the policy that pushed the large conglomerates to reduce their debt-to-equity ratios.

The rapid recovery and growing tax revenues enabled the government to reduce the fiscal deficit to less than 3 percent of GDP.



Seoul

The Second World War had ravaged Seoul-Korean capital for more than 500 years. Rebuilt afterwards, Seoul is now one of the world's largest and most cosmopolitan cities.

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	5,864	10,478	15,335z	20,478z
Inward FDI stock (% of GDP)	2.3	2.3	3.5	-
Outward FDI stock ($ million)	2,301	10,231	16,750	21,505b
Outward FDI stock (% of GDP)	0.9	2.2	3.8	-

b Estimated by adding flows to the stock of 1997
z Estimated by adding flows to the stock of 1996



Taegu-The Industrial City of Korea

Taegu, South Korea's third largest city, is an important industrial and commercial center. Taegu's major industry is textiles, although its metal and machine-building industries are also important. The city has long been the economic, administrative, and cultural center of southeastern Korea.

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	-6.7	10.7	7.5	6.0
Gross domestic investment/GDP	21.2	26.8	28.5	27.2
Gross national savings /GDP	33.9	33.0	30.9	27.9
Inflation rate (consumer price index)	7.5	0.8	3.2	3.2
Money supply (M2) growth	27.0	27.3	24.8	21.5
Fiscal balance/GNP	-4.2	-2.9	-2.8	-2.6
Merchandise exports growth	-4.7	10.1	10.0	7.4
Merchandise imports growth	-36.2	29.0	23.1	14.3
Current account balance/GDP	12.8	6.1	2.4	0.8



Sri Lanka



Basic Facts

Population (millions)	19		
Population growth (%)	1.2		
Surface area (1,000 sq km)	66		
GNP ($ million)	15,176		
	1990	1997	1998
Aid per capita ($)	43	18	26
Literacy-male (% of people 15 & above)	93	94	94
Literacy-female (% of people 15 & above)	85	88	88
Energy use per capita (kg of oil equivalent)	322	386	-
Electricity use per capita (kWh)	153	227	-
Telephone mainlines (per 1,000 people)	7	19	28
Cost of 3 minute local call ($)	0.02	0.03	-
Personal computers (per 1,000 people)	0	4	-
Internet hosts (per 1,000 people)	-	0.33	0.52
Aircraft departures (thousands)	8	9	9

Economy

Civil conflict in the northeast region of the country contributed to a slowdown of economic growth. Policy reforms are necessary to revive the economy, including fiscal consolidation, public administration and financial sector reform, and private sector development. To sustain growth in the medium term, government policy should also focus on human resource development. After achieving real GDP growth of 4.7 percent in 1998, Sri Lanka recorded a lower rate of 4.2 percent in 1999, mainly because of declining industrial output growth. The industry sectors performance improved in the second half of the year, reflecting a gradual improvement in exports. The agricultural sector also performed well, resulting from a higher output of plantation crops.

The national savings-investment gap increased in 1999 compared with the previous year. Domestic investment increased to 27.5 percent of GDP compared with 25.4 percent in 1998, mainly due to aircraft purchases and tele-communications services expansion. Infrastructure development projects, together with housing and small-scale construction projects in rural areas, dominated investment expenditure in 1999. Preliminary data indicate that the ratio of national savings to GDP edged up from 24 percent in 1998 to 25 percent in 1999 because of higher private savings and lower fiscal deficit. The unemployment declined in 1999 due to the increased employment in the tourism sector, strong small business growth, and increased public sector recruitment. The population grew at 1.2 percent annually and reached approximately 19 million at the end of 1999, with about 21 percent below the poverty threshold.

Government revenue increased 12 percent during 1999. A sharp increase in the national security levy and excise tax collections, plus moderate increases in revenues from income taxes and import duty, contributed to the improvement in tax revenue. Total revenue was an estimated 17.6 of GDP compared with 17.3 percent in 1998, but it was lower than originally targeted in the 1999 budget. Because of the relatively lower goods and services tax rate and the higher level of exemptions, collections of this tax were lower than the previous year.

Government expenditure increased by 6.3 percent in 1999. Current expenditure is expected to be higher than originally budgeted, largely because of increased salaries and wages and interest payments on domestic debt. However, overall expenditure was 25.6 percent of GDP in 1999, compared with 26.4 percent in 1998.

Sri Lankan Tea Harvest



In Sri Lanka, the vast green slopes of a tea estate dwarf the bent figures of farm workers as they harvest the country's most famous crop, still called Ceylon tea.

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	4.7	4.2	5.0	6.0
Gross domestic investment/GDP	25.4	27.5	29.0	29.5
Gross national savings /GDP	24.0	25.0	25.0	26.0
Inflation rate (consumer price index)	9.4	4.7	6.5	6.5
Money supply (M2) growth	9.7	13.3	12.5	12.0
Fiscal balance/GNP	-9.2	-8.0	-7.6	-5.7
Merchandise exports growth	3.4	-4.1	10.0	15.0
Merchandise imports growth	0.4	0.1	14.0	16.0
Current account balance/GDP	-1.8	-2.6	-6.8	-3.8
Debt-service ratio	11.0	12.7	12.0	12.0



Unique Fishing Technique

These Sri Lankans are shellfishing in a coastal lagoon. The traditional method of catching shellfish in Sri Lanka is by trapping them in underwater wicker baskets or behind bamboo-stake fences.

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	681ao	1,269ao	1,819ao	2,164ao
Inward FDI stock (% of GDP)	8.4	9.8	12.1	-
Outward FDI stock ($ million)	8ap	37ap	39ap	40ap
Outward FDI stock (% of GDP)	-	0.3	0.3	-

ao Estimated by adding flows to the stock of 1998



Syria



Basic Facts

Population (millions)	15		
Population growth (%)	2.5		
Surface area (1,000 sq km)	185		
GNP ($ million)	15,532		
	1990	**1997**	**1998**
Aid per capita ($)	56	13	10
Literacy-male (% of people 15 & above)	82	87	87
Literacy-female (% of people 15 & above)	47	57	58
Energy use per capita (kg of oil equivalent)	984	983	-
Electricity use per capita (kWh)	683	776	-
Telephone mainlines (per 1,000 people)	40	88	95
Cost of 3 minute local call ($)	0.02	0.05	0.05
Personal computers (per 1,000 people)	-	2	-
Internet hosts (per 1,000 people)	-	0.00	0.00
Aircraft departures (thousands)	11	11	9

Government	Republic
Independence	17 April 1946
Constitution	13 March 1973
Voting rights	Universal at age 18
GDP (U.S.$)	17,899 million (1997)
GDP per capita (U.S.$)	1,200 (1997)
National budget (U.S.$) 1996	Total revenue 13,562 m/expenditure 13,862 m
Monetary unit	1 Syrian pound (£S)

Exports

Petroleum, textiles, cotton, fruits and vegetables, wheat, barley, chickens, manufactured goods.

Imports

Foodstuffs, metal products, machinery, transport vehicles

Major trade partners for exports Germany, Italy, France, Lebanon, Saudi Arabia

Major trade partners for imports

Italy, Germany, France, South Korea, United States, Japan

Industries

Textiles, food processing, beverages, tobacco, phosphate rock mining, petroleum

Agriculture

Principal crops: wheat, barley, cotton, lentils, apples, grapes, vegetables, chickpeas; livestock products: beef, lamb, eggs, poultry, milk

Natural resources

Petroleum, phosphates, chrome and manganese ores, asphalt, iron ore, rock salt, marble, gypsum

Economy

Syria's economy has traditionally been based on agriculture, although there has been a shift toward industry. Since 1961 formal development planning has been through five-year plans. Many key industries are run by the state, and the government controls oil refineries, utilities, the railway, and various manufacturing plants. Inefficiencies resulting from state control and centralized planning led to a decline in the 1980s, and drought affected agricultural production.

The economy rebounded in the 1990s, aided by higher oil exports and better crops, but oil reserves are expected to diminish rapidly in the first decade of the 21st century. Meanwhile the country has a rapidly growing population to support, and unemployment poses a problem. Key exports include textiles, petroleum products, phosphates, fruits, vegetables, and cotton. The currency is the Syrian pound.



Desert Agriculture

Farmers work in fields irrigated by the Tabaqa Dam on the Euphrates River, which flows south across northeast Syria. The long-awaited dam and its power plant, completed in 1973 after five years of construction, brought electricity to many remote villages. Much-needed irrigation projects were also developed, although the amount of increased arable land has not yet met expectations.



Trade and Culture in Damascus

The Syrian capital of Damascus (Dimashq) is one of the world's oldest cities. Built on an oasis along the Nahr Baradá, the city skirts the Syrian Desert in the country's southwest. For centuries, Damascus has served as a crossroads for Arab traders and is still the last stop for travelers heading east across the desert and the first for those returning. Syria's largest city, Damascus is also the nation's cultural, political, and economic center.





Taipei Grand Hotel

Taipei became the seat of China's Nationalist government in 1949. Since then, the city and its population have grown rapidly, and housing is in short supply. Shown in the top is the Taipei Grand Hotel. Other important buildings in the city are the Presidential Building and Chiang Kai-shek Memorial Hall. Taiwan's National Palace Museum holds a treasury of ancient Chinese art. Six million people, about 30 percent of Taiwan's population, live in Taipei, the island's major industrial area and capital city. As a large urban center, Taipei provides many educational opportunities, jobs, and recreational activities to the people of Taiwan.



Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	9,735ao	15,736ao	19,848ao	20,070ao
Inward FDI stock (% of GDP)	6.1	6.0	7.0	-
Outward FDI stock ($ million)	12,888ao	25,144ao	34,209ao	38,003ao
Outward FDI stock (% of GDP)	8.0	9.7	12.1	-

ao Estimated by adding flows to the stock of 1998

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	4.6	5.7	6.3	6.2
Gross domestic investment/GDP	24.9	24.4	24.2	24.5
Gross national savings /GDP	26.0	26.0	26.8	27.2
Inflation rate (consumer price index)	1.7	0.2	1.9	2.0
Money supply (M2) growth	8.6	9.2	9.3	9.0
Fiscal balance/GNP	-3.3	-4.2	-6.0	-5.8
Merchandise exports growth	-9.5	6.8	12.5	11.5
Merchandise imports growth	-7.4	2.8	15.8	13.4
Current account balance/GDP	1.3	3.0	1.8	1.5



Taipei, China

Basic Facts

Population (millions)	21.78		
GNP ($ million)	8769.1		
	1990	1997	1998
Literacy-male (% of people 15 & above)	87	90	91
Literacy-female (% of people 15 & above)	75	81	82
Energy use per capita (kg of oil equivalent)	1,317	2,237	-
Electricity use per capita (kWh)	1,096	2,352	-
Telephone mainlines (per 1,000 people)	89	195	198
Cost of 3 minute local call ($)	0.04	0.03	0.02
Personal computers (per 1,000 people)	8	46	59
Internet hosts (per 1,000 people)	-	18.71	23.53
Aircraft departures (thousands)	131	194	174

Economy

A massive earthquake struck Taiwan, China in 1999, causing serious damage to infrastructure. Reconstruction work was swift and resulted in only a marginal decline of GDP growth in 1999 compared with government targets. A recovering global economy boosted exports, and better economic growth is projected for 2000.

Economic performance strengthened in the first half of 1999 as the economy began to recover from modest growth slowdown following the Asian financial crisis. However, a massive earthquake struck on 21 September 1999, damaging the productive capacity of the economy. The real GDP growth in 1999 was 5.7 percent, only marginally lower than the target of 5.8 percent and more than 1 percent higher than growth in 1998.

Strong performance of the external sector was an important factor in the recovery. The trade balance for 1999 amounted to $15.1 billion, a sharp increase of 46 percent from 1998. While exports declined 9.5 percent in 1998, in 1999 they grew 6.8 percent, led by semiconductors and notebook computer sales. Exports also benefited from the recovery in Asia and strong import demand from the United States. Merchandise imports grew by 2.8 percent in 1999, in contrast to a 7.4 percent decline in 1998.

The growth rate of the industrial sector rose to 4.3 percent in 1999 from 2.7 percent in 1998. This was largely propelled by growth in the electronics industry, which benefited from the recovery of the global economy, higher prices and a boost in Y2K-related demand. Growth in the service sector was modest at 6.3 percent, slightly higher than the previous year. Good weather contributed to the recovery of the agriculture sector from a 6.6 percent decline in 1998 to a 2.9 percent growth in 1999.

Investments grew by 2.1 percent in 1999, less than the 10.4 percent growth the previous year because of a sluggish housing market, fewer large commercial airplane purchases, and a sharp deceleration in the investment growth rate. Taiwan managed its macro economy well throughout the Asian crisis, benefiting from its large foreign exchange reserves and minimum foreign debts. The non-performing loan ratio was low and the capital adequacy ratio of most banks remained above the 8 percent stipulated by the Bank of International Settlements. In addition, a 9.7 percent rate of return on net investment invigorated the financial sector.

Since the early 1990s semi-conductor and electronics have replaced the construction industry as the principal engine of growth, providing extra strength and dynamism to the economy. The government also effectively used monetary policy to maintain liquidity and moderate interest rates during the financial crisis.

These export-oriented companies have demonstrated their ability to adjust quickly to a rapidly changing external environment. Government policy encouraged them to maintain their international competitiveness. These corporations have proven to be increasingly agile, flexible, and pragmatic in reacting to the changing demands of international markets.

Thailand



Basic Facts

Area	513,115 sqkm
Population	60,037,366 (1998 estimate)
Population growth rate	0.97% (1998)
Urbanization	Urban 21%/ Rural 79% (1997)
Life expectancy	Total 69 years (1998)
Literacy rate	Total 93.8%(1995)
Government	Constitutional monarchy
Independence	1238
Constitution	11 October 1997
Voting rights	Universal at age 18
GNP ($ million)	131,916
Energy use per capita	1,319 kg of oil equivalent (97)
Electricity use per capita	1,360 kWh (97)
Telephone mainlines	84 per 1,000 people(98)
Cost of 3 minute local call	0.07 $ (98)
Personal computers	22 per 1,000 people (98)
Internet hosts	4.49 per 1,000 people (98)
Aircraft departures	94 thousands (98)

Economy

The Thai economy began to recover in 1999 from the severe recession of 1998. Manufacturing production and the external sector performance improved significantly. In the short term, the immediate challenge continuous to be financial sector restructuring. In the medium and long term, industrial restructuring, technological upgrading, and improved education and training will be necessary to consolidate economic recovery and growth.

After the unprecedented real GDP contraction of 10.4 percent in 1998, the economy began showing positive signs of recovery in the beginning of 1999. Real GDP growth in 1999 was 4.1 percent, led by the manufacturing sector and increased domestic demand boosted through several government stimulus packages. The capacity utilization rate in the manufacturing sector increased to 63 percent from slightly more than 50 percent in 1998. While this was still below normal levels of 70-80 percent, manufacturing was nevertheless the engine of economic recovery, with a growth rate of around 11.3 percent in 1999.

Vehicles and transportation equipment production showed the highest growth rate. New vehicle models boosted domestic demand, and exports expanded as foreign vehicle producers used Thailand as a production centre for regional manufacturing. Agriculture showed modest growth of 0.5 percent, with increased production of major crops such as rice, rubber, maize, and cassava partly offset by a sharp decline in farm prices.

Domestic demand, which had contracted sharply the previous year, picked up, particularly in the second and the third quarters of 1999, and rose to 8.5 percent for the year. Private consumption grew moderately, resulting in part from rising consumer confidence and modesty expanding farm income.

The economic crisis resulted in historically high unemployment since mid 1997. Before the crisis, unemployment, including the seasonally inactive labour force, was around 3.6 percent. By 1998, these figure had almost doubled to 6.1 percent of the total labour force, and under employment had increased significantly. The situation eased somewhat in 1999, as the unemployment rate declined slightly to 5.9 percent. Public programmes boosted temporary employment, and the agriculture sector absorbed a significant number of laid-off urban workers who had returned to their provinces. Furthermore, both output and employment growth remained below pre-crisis growth rates, after falling sharply in 1998.

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	8,209	17,452	13,009	19,978*
Inward FDI stock (% of GDP)	9.6	10.5	8.5	-
Outward FDI stock ($ million)	404	2,173	1,951	2,073b
Outward FDI stock (% of GDP)	0.5	1.3	1.3	-

* Estimated by adding flows to the stock of 1997



Sacred Temple of the Emerald Buddha

Magnificent warriors towering 6 meters (20 feet) guard the entrance to the revered Temple of the Emerald Buddha, near the royal palace in Bangkok.

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	-10.4	4.1	4.5	4.6
Gross domestic investment/GDP	26.1	26.8	30.4	33.0
Gross national savings /GDP	39.3	36.4	36.3	36.0
Inflation rate (consumer price index)		8.1	0.3	2.5
3.5				
Money supply (M2) growth	9.5	2.1	8.0	12.0
Fiscal balance/GNP	-3.4	-3.0	-3.0	-
Merchandise exports growth	-6.8	7.4	7.0	8.0
Merchandise imports growth	-33.8	17.7	16.5	17.0
Current account balance/GDP	12.7	9.1	5.5	1.9
Debt-service ratio	20.8	20.4	16.0	-



Southeast Asian Oil

The world's thirst for oil has brought explorers and producers to Southeast Asia. The Union Oil Company operates this drilling platform in the Gulf of Thailand.





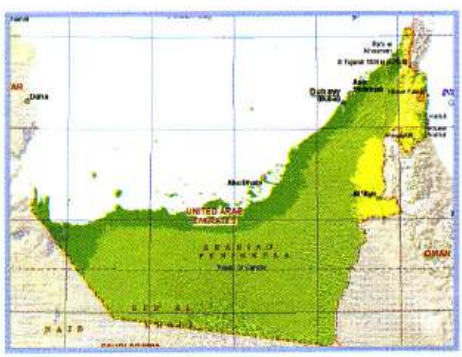
Oil Rig in Dubayy

An oil platform perches over the Persian Gulf off the coast of Dubayy, one of the seven constituent states of the United Arab Emirates (UAE). Oil revenues, mainly from Dubayy and neighboring Abu Dhabi, have brought great prosperity to the United Arab Emirates. Dubayy, which has produced oil since 1969, is now diversifying its economy by developing a free-trade zone and constructing a dry dock.



Dubayy's Free-trade Zone

The 20-year-old free-trade zone at Mina' Jabal 'Ali is located just south of the city of Dubayy on the Persian Gulf. Trade has always been the backbone of Dubayy's economy, and warehouses in the zone are used by hundreds of international companies.



UAE



Basic Facts

Population (millions)	3		
Population growth (%)	5.4		
Surface area (1,000 sq km)	84		
GNP ($ million)	48,673		
	1990	**1997**	**1998**
Aid per capita ($)	2	1	1
Literacy-male (% of people 15 & above)	71	73	73
Literacy-female (% of people 15 & above)	70	76	77
Energy use per capita (kg of oil equivalent)	11,661	11,967	-
Electricity use per capita (kWh)	8,721	7,973	-
Telephone mainlines (per 1,000 people)	206	351	389
Cost of 3 minute local call ($)	0.00	0.00	0.00
Personal computers (per 1,000 people)	29	84	106
Internet hosts (per 1,000 people)	-	7.73	39.44
Aircraft departures (thousands)	19	39	41
Government	Federation		
GDP (U.S.$)	39,107 million (1995)		
GDP per capita (U.S.$)	16,710 (1995)		
GDP, agriculture share	2.2 percent (1993)		
GDP, industry share	57.5 percent (1993)		
GDP, services share	40.3 percent (1993)		

Exports
Crude oil, natural gas, dried fish, dates Imports Manufactured goods, machinery, transportation equipment, food

Major trade partners for exports
Japan, South Korea, Singapore, India, Oman, Iran Major trade partners for imports United States, Japan, United Kingdom, Italy, South Korea, India

Industries
Petroleum, fishing, petrochemicals, construction materials, boat-building, handicrafts, pearl processing, textiles, clothing, leather goods

Agriculture
Cash crop-dates; food products-vegetables, watermelons, poultry, eggs, dairy, fish

Natural resources
Petroleum, natural gas, chrome, iron ore, copper, uranium

Economy

Traditional industries of the seven states include the cultivation of dates, pearl diving, camel breeding, and fishing. But the UAE is now only 25 percent self-sufficient in food. In the past several decades, however, the oil industry has become a major source of employment and national income. Although much stronger economically than most Gulf states, the UAE faces problems with weak international oil prices and pressures for cuts in Organization of Petroleum Exporting Countries (OPEC) oil production quotas. Although most of the states granted oil exploration concessions, only Abu Dhabi, Dubayy, and to a lesser extent, Ash Shariqah have found significant reserves. Revenue from petroleum exports financed the construction of an aluminum smelter in Dubayy during the 1980s. An industrial complex was built at Ar Ruways, and facilities to transport and liquefy natural gas were also developed.

The non-oil-producing UAE member states receive financial assistance from Abu Dhabi and neighboring Arab countries but remain relatively undeveloped. The emirates are members of the OPEC, and they joined the General Agreement on Tariffs and Trade (GATT) in March 1994. Principal export partners are Japan, South Korea, Oman, and Iran. The UAE imports manufactured goods, machinery, and foodstuffs primarily from Japan, the United Kingdom, the United States, and Germany. The unit of currency is the dirham.

Vietnam



Basic Facts

Population (millions)	77		
Population growth (%)	1.4		
Surface area (1,000 sq km)	332		
GNP ($ million)	26,535		
	1990	1997	1998
Aid per capita ($)	3	13	15
Literacy-male (% of people 15 & above)	94	95	95
Literacy-female (% of people 15 & above)	87	90	91
Energy use per capita (kg of oil equivalent)	369	521	-
Electricity use per capita (kWh)	94	203	-
Telephone mainlines (per 1,000 people)	1	21	26
Cost of 3 minute local call ($)	-	-	-
Personal computers (per 1,000 people)	-	5	6
Internet hosts (per 1,000 people)	-	0.00	0.00
Aircraft departures (thousands)	2	34	30

Economy

With the loss of reform momentum and the economic slowdown over the last two years, the sustainability of past gains on poverty reduction is at stake. Carrying the process of poverty reduction forward in the coming years will require embarking on a second set of reform measures, one focussed on diversifying rural livelihoods. In 1999, real GDP growth was estimated at 4.4 percent. This was half the average growth rate during the six-year period from 1992 to the onset of the regional crisis in 1997, an era of high growth driven by first-generation reforms, booming private consumption, and FDI inflows.

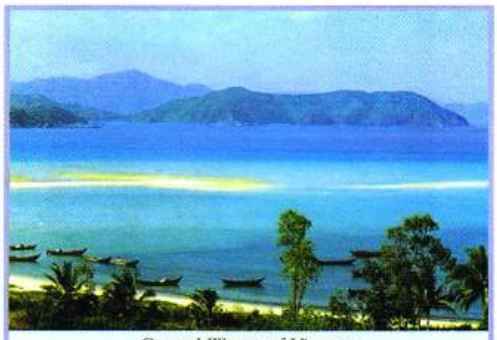
The slowdown in growth during 1998-1999 resulted from the impact of the regional crisis, stagnating domestic demand, and loss of reform momentum. Performance of various sectors in 1999 was mixed. Agriculture sector growth increased to 5 percent from 3 percent the previous year, with a bumper rice crop and growth in fisheries and livestock. The industry and service sectors continued to tag in 1999, with inventory build up in key manufacturing industries, including cement, steel, coal, and fertilizers. Decreasing domestic demand and eroding competitiveness in vital sub sectors slowed industrial growth. The declaration in the service sector resulted from a slowdown in tourism, real estate services, and transportation, areas that were hit particularly hard by the economic slowdown.

Two years of slow growth led to rising unemployment, particularly in the urban areas, reached an estimated 7.4 percent in 1999. Investment as a share of GDP has fallen during the last two years, from an estimated 29 percent of GDP in 1998 to 27.2 percent in 1999. This stemmed from lower private investment, less investment by state-owned enterprises (SOEs), and slower FDI inflows. The budgeted increase in public investment in 1999 to stimulate demand did not materialize. To revive private investment, the government set up a Development Assistance Fund to provide medium and long-term loans and credit guarantees for investing in productive ventures. FDI declined for the second year I a row, and estimates of the 1999 inflows range from $600 million to $1.4 billion. Before the crisis, two thirds of FDI inflows originated in Asia and hence were vulnerable to weaker regional GDP growth. The decline in FDI continued, as investor sentiment remained lukewarm because of uncertainties about the direction and pace of reforms.

Exports grew slowly in early 1999 but perked up toward the end of the year, largely because of crude oil and rice exports. Textiles, Garments, footwear, and marine products also registered stronger growth than in previous years. Crude oil was exported mainly to the People's Republic of China and Australia, marine products to Japan and other countries in the region, and most of the footwear exports to Europe. A higher volume of exports accounted for most of the increase in export earnings, rather than increased export price.

Foreign Direct Investment

	1990	1995	1997	1998
Inward FDI stock ($ million)	294	5,569	11,019	12,919
Inward FDI stock (% of GDP)	4.5	27.3	55.8	–



Coastal Waters of Vietnam

Major Economic Indicators (Percent)

Item	1998	1999	2000	2001
GDP growth	4.4	4.4	5.0	6.0
Gross domestic investment/GDP	25.5	19.7	20.8	21.9
Gross national savings /GDP	21.1	22.0	21.6	20.5
Inflation rate (consumer price index)	9.2	0.1	6.0	7.0
Money supply (M2) growth	24.6	40.0	25.0	24.0
Fiscal balance/GNP	-1.6	-2.0	-1.7	-1.5
Merchandise exports growth	-1.0	22.3	10.0	10.0
Merchandise imports growth	-2.1	1.2	16.0	17.0
Current account balance/GDP	-4.4	2.3	0.8	-1.4
Debt-service ratio	13.2	11.1	12.0	10.9



Harvesting Rice

Vietnamese workers harvest the season's crop in a flooded paddy (padi). Vietnam is one of the world's richest rice growing regions, and the grain is grown primarily in the Mekong and Red river deltas. Most of the nation's agricultural land is used for rice cultivation, with two crops harvested per year in many areas.

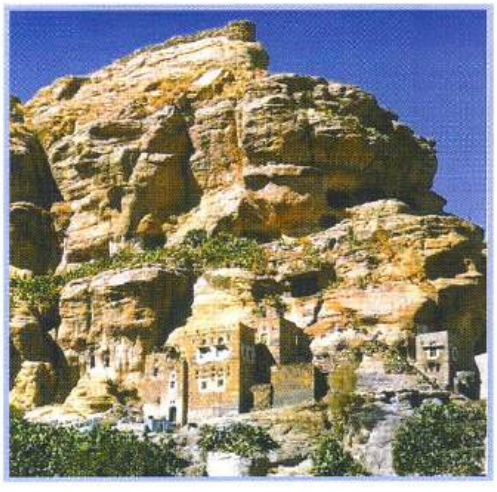


Yemen



Sana'a, the Walled Capital of Yemen

One of two principal cities in Yemen, Sana'a, the nation's capital, has long been the political, religious, and educational heart of the country. It is surrounded by a reddish-brown mud wall adorned with white plaster trim, and many of the town's mosques and other buildings are similarly ornamented. Residents and visitors enter and leave the city through eight gates in the wall.



Cliffs and Caves in Central Yemen

Caves in the rocky cliffs that rise behind Shibam, a city in Yemen's Hadhramaut region, show evidence of prehistoric settlement. This area of the country is also characterized by wadis, deep valleys cut through the steep cliffs by seasonal rains.





Basic Facts

Population (millions)	17		
Population growth (%)	2.8		
Surface area (1,000 sq km)	528		
GNP ($ million)	4,630		
	1990	1997	1998
Aid per capita ($)	34	22	19
Literacy-male (% of people 15 & above)	55	65	66
Literacy-female (% of people 15 & above)	13	21	33
Energy use per capita (kg of oil equivalent)	224	208	-
Electricity use per capita (kWh)	108	93	-
Telephone mainlines (per 1,000 people)	11	13	-
Cost of 3 minute local call ($)	0.01	-	-
Personal computers (per 1,000 people)	-	1	-
Internet hosts (per 1,000 people)	-	-	0.02
Aircraft departures (thousands)	14	7	7

Economy

Unification in 1990 and the effects of the Persian Gulf War the following year resulted in economic hardship but also spurred a new commitment to economic planning and development in Yemen. Efforts to improve the economy focused on Yemen's petroleum industry, its considerable agricultural and fishing potential, job training, and infrastructure. In 1994, however, Yemen's economy suffered another blow with the onset of civil war. The conflict, which lasted for more than two months, produced major infrastructural damage throughout the country, although particularly in and surrounding the port city of Aden; it also resulted in rampant inflation and a major devaluation of the Yemeni currency. Growth in 1994 and 1995 was also constrained by low international oil prices.

Yemen's economy is primarily agricultural, and farming and livestock raising remain the chief livelihood for most of the population. The extremes of topography and climate, especially in the north, permit a wide variety of crops, including grain (sorghum, wheat, millet, and barley), a growing number of fruits and vegetables (most notably grapes, tomatoes, papaya, bananas, limes, and dates), coffee, cotton, and the domestically valuable qat (khat).

The fishing grounds of the Arabian Sea are among Yemen's greatest potential sources of wealth. They are an important source of export revenue. The catch is sold fresh and dried, and canning factories operate in some of the country's coastal areas.

Yemen imports considerably more than it exports, and has relied quite heavily on foreign assistance to offset its trade deficit. Principal exports include crude oil, some refined petroleum products, textiles, hides and skins, coffee, vegetables, and dried fish. Among Yemen's many imported products are manufactured consumer goods, textiles, grain, flour, sugar, other foodstuffs, machinery, transportation equipment, cement, and chemicals. Yemen's major trading partners include Saudi Arabia, the United States, Japan, China, and countries of the European Union (EU).

After the 1960s, the two Yemens became largely remittance economies, increasingly dependent on hard currency earned by workers abroad, mainly in Saudi Arabia and other countries of the Arabian Peninsula. This changed in 1990, when Saudi Arabia withdrew the privileges of Yemenis working there and halted foreign aid to its southern neighbor. As a result, 850,000 Yemeni workers returned home, producing a major reduction in national income, large-scale unemployment, and general economic upheaval. Since a February 1995 agreement with Saudi Arabia, the return of Yemeni workers to Saudi Arabia has been somewhat facilitated. To compensate for the loss in remittances and economic assistance, the government of Yemen began to focus on creating a more viable and stable domestic economy.

Australia



Basic Facts

Population (millions)			
Population growth (%)	1.2		
Surface area (1,000 sq km)	7,741		
GNP ($ million)	387,006		
GNP per capita ($)	20,640		
Government	Federal parliamentary state		
Independence	1 Jan 1901		
Constitution	9 July 1900		
Voting rights	Universal/compulsory at age 18		
	1990	1997	1998
Literacy-male	100	100	100
Literacy-female	100	100	100
Life expectancy (years)	77	78	79
Energy use per capita (kgoe*)	5.107	5.484	...
Electricity use per capita (kWh)	7,572	8,307	...
GDP ($ millions)	297,204	404.252	361,722
GDP growth (annual %)	-0.7	3.8	5.1
GDP implicit price deflator (annual % growth)	3.3	1.6	0.6
Value added in agriculture (% of GDP)	3.3	3.2	...
Value added in industry (% of GDP)	29.5	26.2	...
Value added in services (% of GDP)	67.2	70.6	...
Exports of goods and services (% of GDP)	17.3	20.8	...
Imports of goods and services (% of GDP)	17.1	21.4	...
Gross domestic investment (% of GDP)	21.0	21.8	...
Central government revenues (% of GDP)	26.1	24.7	24.7
Overall budget deficit (% of GDP)	2.1	0.4	2.8
Telephone mainlines (per 1,000 people)	456	505	512
Personal computers (per 1,000 people)	150	362	412
Aircraft departures (thousands)	256	395	378
Trade as share of PPP GDP (%)	28.1	31.3	27.8
Trade growth less GDP growth (average % 1988-96)	-	-	4.6
High-technology exports (% of manufactured exports)	13	12	11

Exports

Coal, gold, meat, wool, alumina, wheat, machinery and transportation equipment, dairy and meat products, petroleum.

Continued



Perth, an Isolated Capital

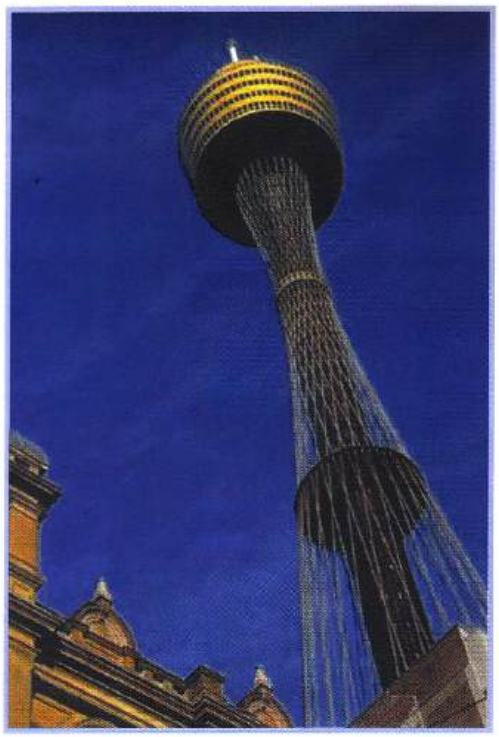
Perth, Western Australia's isolated capital, is situated on the broad Swan River, several miles upstream from where the river spills into the Indian Ocean. After gold was discovered in the 1890s, Perth and Western Australia became the country's "new frontier." The city is the most remote regional capital in the Western worldas far from Sydney, capital of the eastern Australian state of New South Wales, as it is from Singapore.



Monorail in Central Sydney

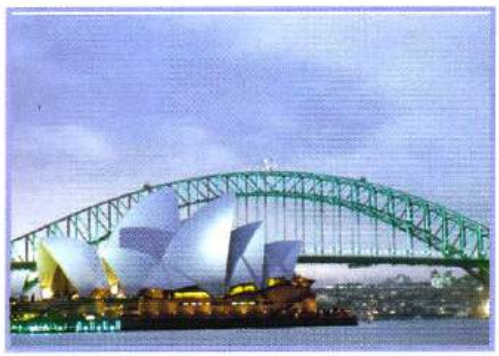
The modern way of traveling around Sydney is to take the monorail, which connects the city center with the waterfront leisure park of Darling Harbour. The monorail is supported by a single girder about 4 meters (about 13 feet) high and guided by rubber wheels that grip one of the girder's rails. Because of its relatively high speed and low construction and maintenance costs, the monorail is gaining popularity as an efficient form of public transport within cities.





Sydney's Towering Attractions

Towering buildings crowd Sydney's central business district, including Sydney Tower. The city's residential neighborhoods spread across low hills toward the Blue Mountains. Australia's largest city and the first British settlement in the country, Sydney rests on a beautiful natural harbor. It is one of the most important ports in the South Pacific.



Sydney Opera House

The gleaming white sails of the Sydney Opera House grace Port Jackson, the city's superb natural harbor. The impressive cultural center was designed by Danish architect Jørn Utzon and is recognized worldwide as a symbol of this thriving Australian city. Sydney Harbour Bridge, another of Sydney's landmarks, connects the north shore of the bay with the downtown area.

From the previous page

Major trade partners for exports

Japan, South Korea, New Zealand, United States, Singapore, Taiwan, China, Hong Kong, United Kingdom, Indonesia, Malaysia.

Major trade partners for imports

United States, Japan, United Kingdom, Germany, China, New Zealand.

Industries

Mining, industrial and transportation equipment, food processing, textiles, chemicals, iron and steel.

Agriculture

World's largest exporter of beef and wool, second largest for mutton, and among top wheat exporters; major crops-wheat, barley, sugarcane, fruit; livestock-cattle, sheep, poultry.

Natural resources

Bauxite, coal, iron ore, copper, tin, silver, uranium, nickel, tungsten, mineral sands, lead, zinc, gold, diamonds, natural gas, petroleum.

Economy

Australia's economy ranks among the 20 largest in the world. The country is rich in natural resources such as oil, gas, coal, gold, copper, uranium, iron ore, and bauxite. Coal and oil account for one-fifth of export earnings and ores and minerals for nearly one-quarter. Gold is also a significant export.

Agriculture still accounts for a small portion of the gross domestic product (GDP), higher than in most developed countries, and Australia produces beef, mutton, wool (it is the world's leading exporter of wool), wheat, sugar, and dairy products. Industry accounts for a substantial part of the GDP, but the manufacturing sector mainly supplies the domestic market. There is also a large and diversified service sector that contributes more than half of the GDP.

Increasingly, the country has been focusing on being a key economy to Asia. Before the United Kingdom joined the European Community (now the European Union [EU]) in 1973, it was an important export market for Australia. Now more than half of Australia's exports go to countries in Asia. Japan is currently Australia's leading export partner.

Although the economy has been strong, there are concerns about its ability to compete in the longer term. Its emphasis on primary products exposes the country to swings in commodity prices and the ups and downs of the world economy. In the mid-1980s the government responded to growing economic problems by introducing a package of austerity measures to hold back wage growth, cut public spending, and broaden the tax base. Other reforms that have been started since then involve deregulation, privatization, and the dismantling of trade barriers. There has been a particular effort to increase exports of manufactured goods. Despite substantial concern that the Australian economy would be hurt by the Asian economic crisis, it continued to grow in 1998. The currency is the Australian dollar.

Summary Tables

Table 1. Growth Rate of GDP
(percent per annum)

Economy	1997	1998	1999	2000	2001
Newly Industrialized Economies	5.8	-2.6	7.4	7.9	6.6
Hong Kong, China	5.0	-5.3	3.1	8.5	8.8
Korea	5.0	-6.7	10.7	8.3	6.0
Singapore	8.4	0.4	5.4	8.0	6.0
Taipei, China	6.7	4.6	5.4	6.8	6.3
People's Rep. of China	8.8	7.8	7.1	7.5	7.2
Central Asian Republics	3.4	0.8	2.8	4.1	-
Kazakhstan	1.7	-1.9	1.7	5.0	-
Kyrgyz Republic	9.9	1.8	3.6	2.5	-
Tajikistan	1.7	5.3	3.7	4.0	-
Uzbekistan	5.2	4.4	4.4	3.0	-
Southeast Asia	3.5	-8.5	2.9	4.7	5.2
Indonesia	4.7	-13.2	0.2	3.5	5.0
Malaysia	7.5	-7.5	5.4	7.8	7.0
Philippines	5.2	-0.5	3.2	3.8	4.3
Thailand	-1.7	-10.2	4.2	4.5	4.6
Viet Nam	8.2	4.4	4.8	6.0	6.5
South Asia	4.7	5.8	5.6	6.5	6.6
Bangladesh	5.4	5.2	4.9	5.5	5.7
India	5.0	6.8	6.4	7.0	7.0
Pakistan	1.9	2.0	3.1	4.5	5.0
Papua New Guinea	-3.9	-3.8	4.2	3.4	2.7

Summary Tables

Table 2. Inflation Rates
(percent per annum)

Economy	1997	1998	1999	2000	2001
Newly Industrialized Economies					
Hong Kong, China	5.9	2.8	-4.0	-3.5	2.1
Korea	4.5	7.5	0.8	2.3	2.6
Singapore	2.0	-0.3	0.4	1.5	2.0
Taipei, China	0.9	1.7	0.2	1.4	2.2
People's Rep. of China	2.8	-0.8	-1.4	1.0	2.0
Central Asian Republics	21.2	11.5	22.0	12.5	-
Kazakhstan	11.3	1.9	17.8	8.5	-
Kyrgyz Republic	14.7	18.3	39.9	-	-
Tajikistan	159.8	2.7	24.0	15.0	-
Uzbekistan	27.6	26.1	26.0	20.0	-
Southeast Asia	5.4	25.5	8.8	4.3	4.7
Indonesia	6.2	58.5	20.5	6.0	6.0
Malaysia	2.7	5.3	2.8	2.2	2.8
Philippines	5.9	9.8	6.6	6.5	6.0
Thailand	5.6	8.1	0.3	2.5	3.5
Viet Nam	3.6	9.2	-0.2	2.5	5.0
South Asia	5.3	6.3	4.1	6.3	5.1
Bangladesh	2.6	7.0	9.0	3.8	7.0
India	4.4	5.9	3.3	7.0	5.0
Pakistan	11.8	7.8	5.7	3.6	4.5
Papua New Guinea	3.9	13.6	14.9	12.5	5.0

Summary Tables

Table 3. Growth Rate of Merchandise Exports
(percent per annum)

Economy	1997	1998	1999	2000	2001
Newly Industrialized Economies					
Hong Kong, China	4.0	-8.5	-0.6	12.4	10.0
Korea	6.7	-4.7	10.1	19.2	8.7
Singapore	-0.2	-12.1	4.6	3.5	5.3
Taipei,China	5.4	-9.5	9.9	11.1	8.4
People's Rep. of China	21.0	0.5	6.2	20.6	10.6
Central Asian Republics					
Kazakhstan	9.6	-14.9	2.0	5.0	-
Kyrgyz Republic	18.8	-15.2	-13.6	-	-
Tajikistan	-3.1	-21.4	15.0	-	-
Uzbekistan	4.5	-21.8	-10.0	8.5	-
Southeast Asia					
Indonesia	12.2	-10.5	1.6	11.3	6.8
Malaysia	0.9	-7.3	15.6	18.9	13.8
Philippines	22.8	16.9	18.8	14.0	14.0
Thailand	3.7	-6.8	7.4	6.0	8.0
Viet Nam	22.2	3.9	24.1	12.0	10.0
South Asia					
Bangladesh	14.0	16.8	2.7	8.3	11.1
India	4.5	-3.9	11.6	13.0	11.0
Pakistan	-2.6	4.2	-10.7	8.7	11.0
Papua New Guinea	-16.0	-15.4	8.1	11.8	1.0

Summary Tables

Table 4. Growth Rate of Merchandise Imports
(percent per annum)

Economy	1997	1998	1999	2000	2001
Newly Industrialized Economies					
Hong Kong, China	5.1	-12.3	-3.2	13.5	11.0
Korea	-2.2	-36.2	29.0	38.0	12.0
Singapore	0.7	-23.1	8.9	7.9	8.8
Taipei,China	10.1	-7.4	6.0	9.5	8.6
People's Rep. of China	2.5	-1.5	18.2	24.9	15.0
Central Asian Republics					
Kazakhstan	8.3	-7.0	-15.4	7.0	-
Kyrgyz Republic	-17.5	17.0	-27.6	-	-
Tajikistan	3.0	-9.7	-7.0	-	-
Uzbekistan	-11.2	-25.2	10.0	8.2	-
Southeast Asia					
Indonesia	4.5	-30.9	-3.8	10.1	13.3
Malaysia	1.7	-26.8	12.6	26.5	22.0
Philippines	14.0	-18.8	4.1	14.0	16.0
Thailand	-13.4	-33.8	18.0	14.3	17.0
Viet Nam	-1.6	-2.3	1.1	16.0	17.0
South Asia					
Bangladesh	3.1	5.1	6.6	6.8	7.8
India	4.6	-7.1	16.5	15.0	9.0
Pakistan	-6.4	-8.4	-6.7	8.0	3.6
Papua New Guinea	10.1	-27.7	5.6	11.9	13.4

Summary Tables

Table 5. Balance of Payments on Current Account
(percent per GDP)

Economy	1997	1998	1999	2000	2001
Newly Industrialized Economies					
Hong Kong, China	-3.9	1.9	5.8	3.3	1.8
Korea	-1.7	12.8	6.1	1.7	0.4
Singapore	17.9	25.4	25.3	22.6	19.7
Taipei, China	2.4	1.3	2.0	1.3	0.8
People's Rep. of China	4.1	3.1	1.6	1.5	1.3
Central Asian Republics					
Kazakhstan	-3.6	-5.4	-1.1	-1.8	-
Kyrgyz Republic	-7.8	-22.6	-15.1	-	-
Tajikistan	-5.4	-8.8	-2.8	-	-
Uzbekistan	-4.0	-0.6	-1.3	-1.0	-
Southeast Asia					
Indonesia	-2.4	4.1	4.0	3.5	1.0
Malaysia	-5.9	13.0	15.8	10.8	7.7
Philippines	-5.3	2.4	9.4	6.5	5.6
Thailand	-0.9	12.8	10.0	6.3	4.0
Viet Nam	-6.5	-4.3	4.0	2.1	-1.6
South Asia					
Bangladesh	-2.2	-1.1	-1.4	-1.1	-1.2
India	-1.3	-1.0	-0.9	-1.2	-1.0
Pakistan	-6.1	-3.0	-3.8	-2.4	-2.0
Papua New Guinea	-5.0	0.5	1.4	-0.4	-2.2

Reference :
Economic indicators, country profiles and various other informations used in this publication have been obtained from the official publications of The World Bank, Asian Development Bank, Government statistics and Internet Database.

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President of Metropolitan Chamber of Commerce & Industry, Dhaka (MCCI), Former President, Bangladesh Employers' Federation.



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President of Bangladesh Employers' Federation and Past President of
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Formerly in teaching & journalism

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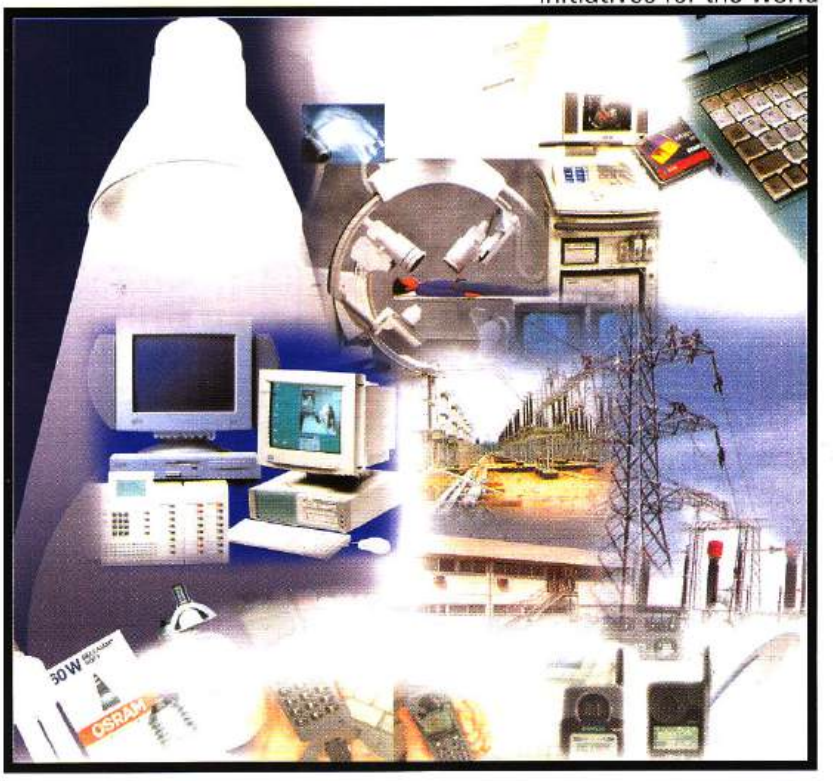
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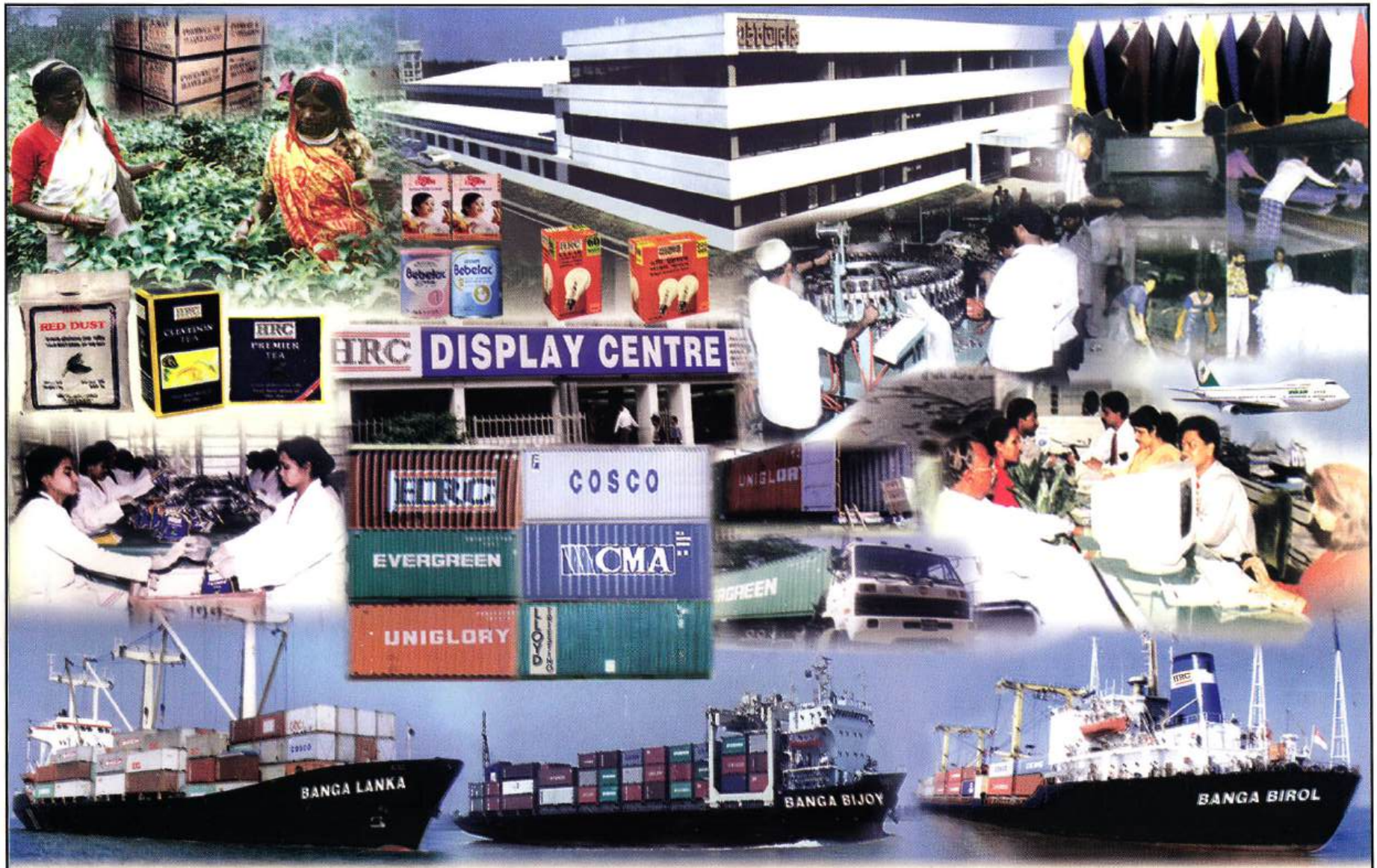
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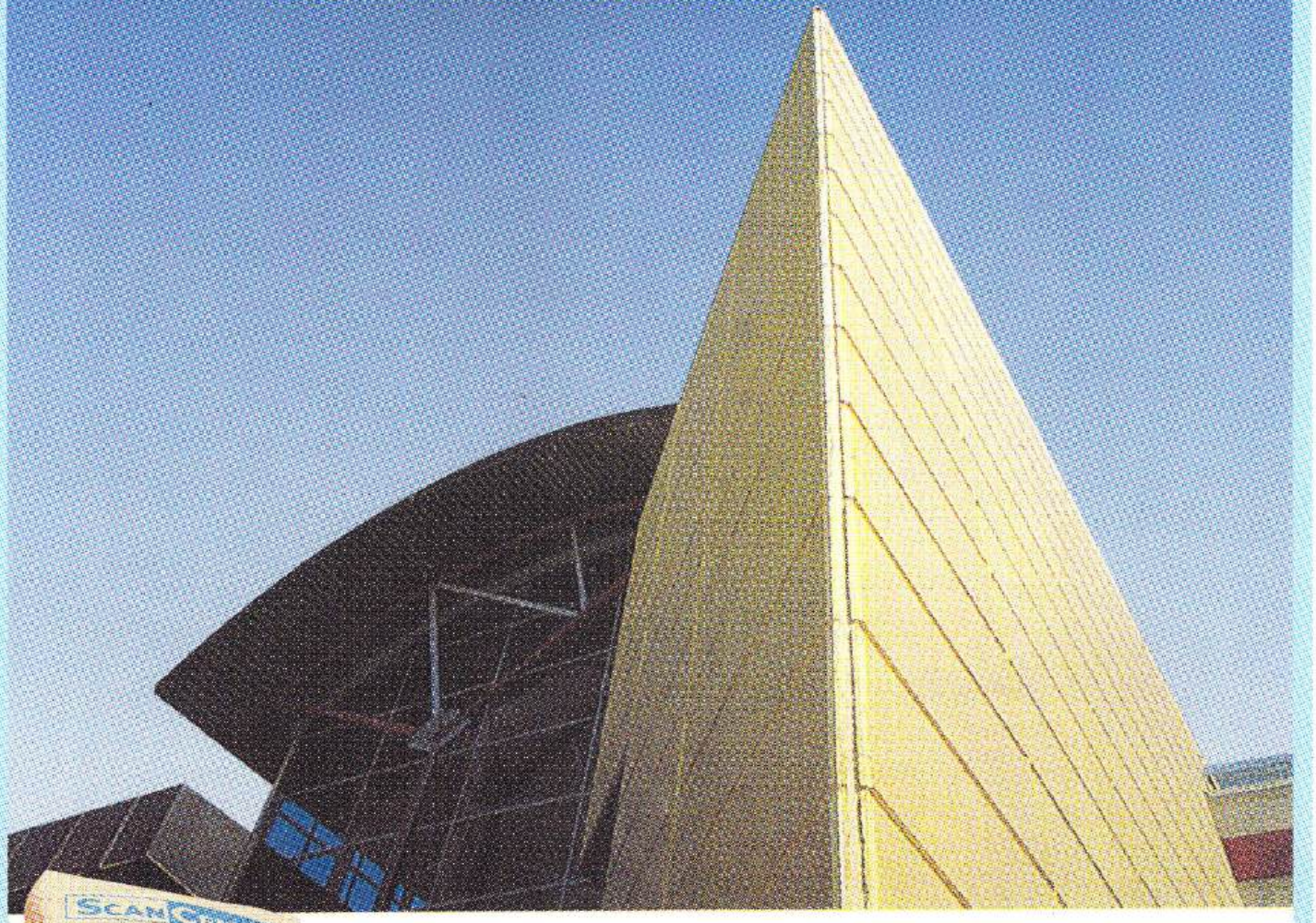
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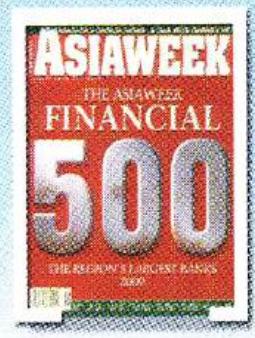
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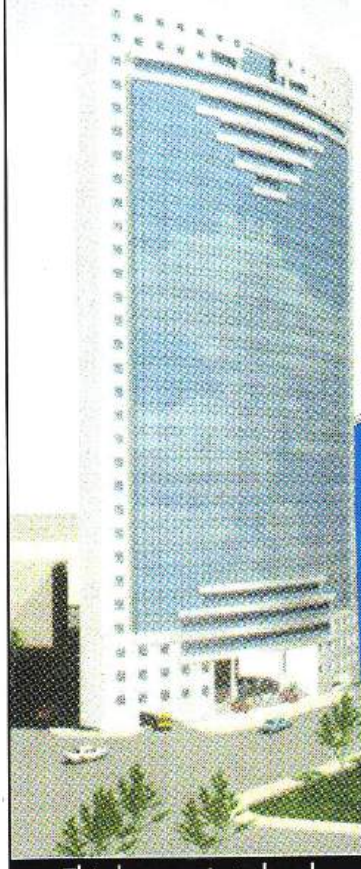
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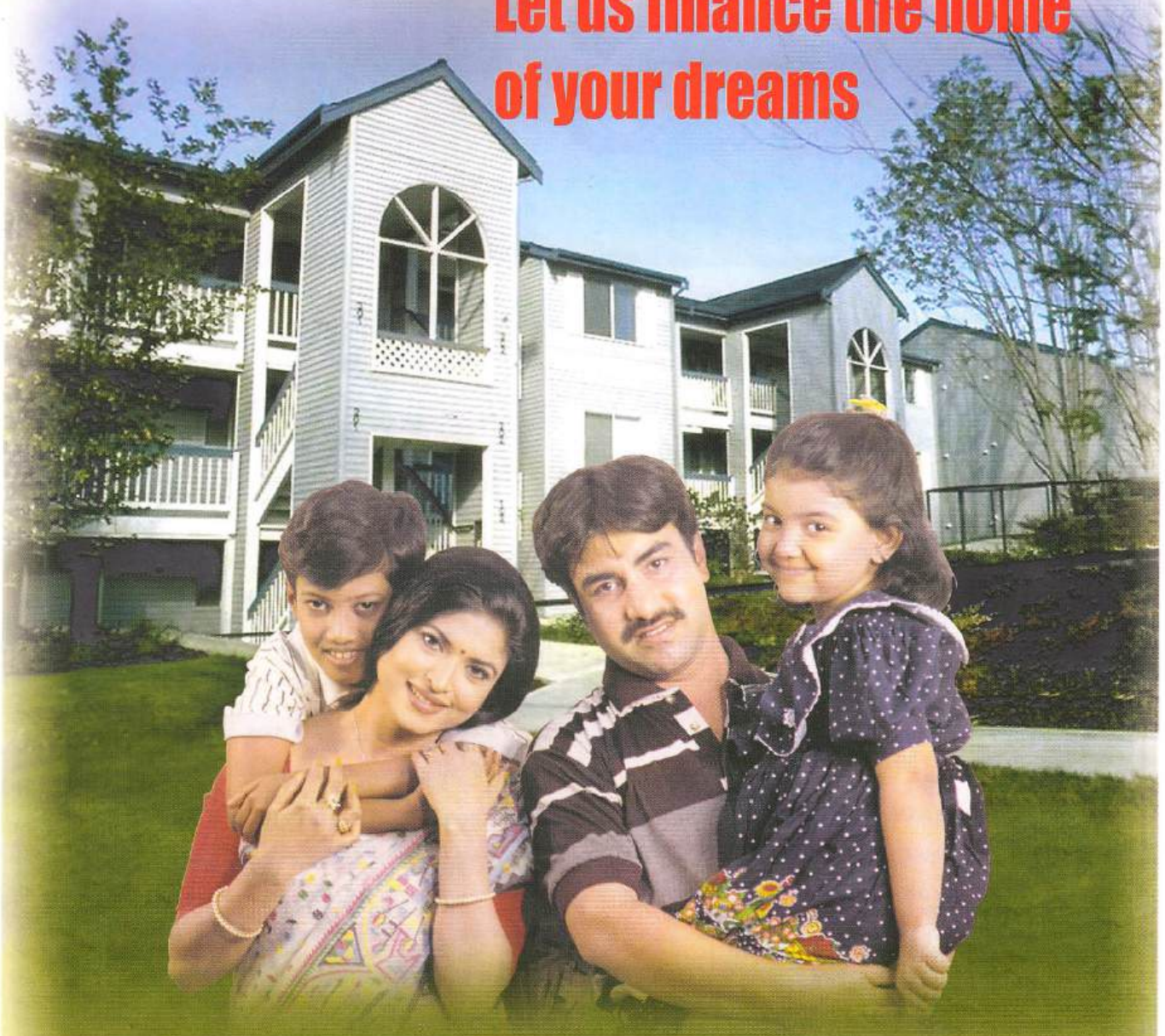


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EBL'S 8 YEARS

AT A GLANCE

In Million Taka

	Dec'92	Dec'93	Dec'94	Dec'95	Dec'96	Dec'97	Dec'98	Dec'99
Authorised Capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Paid up Capital	310	600	600	600	600	600	600	600
Reserve	213	213	213	213	213	357	432	514
Reserve against Pre-takeover Loss	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342
Retained Earnings	-	-	-	-	-	279	314	457
Deposits	2,379	2,217	2,967	4,182	7,487	9,480	8,667	10,945
Advances	206	632	1,374	2,625	3,629	5,023	5,438	7,434
Operating Profit/(Loss)	(21)	36	53	193	273	356	403	535
Assets	1,888	1,826	2,729	4,380	7,985	10,189	10,973	13,926
Number of Branches	4	5	11	14	16	21	21	21
Number of Employees	296	331	354	417	453	548	625	629

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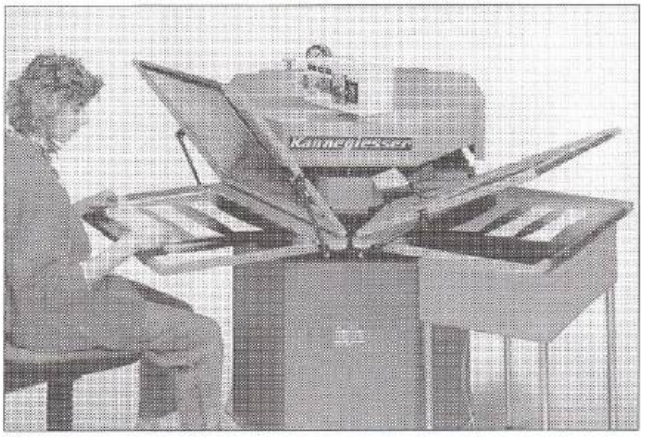
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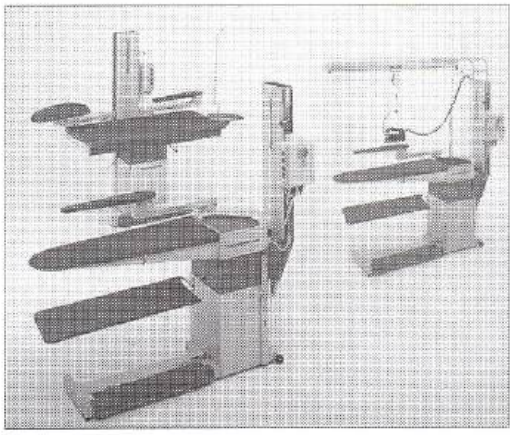
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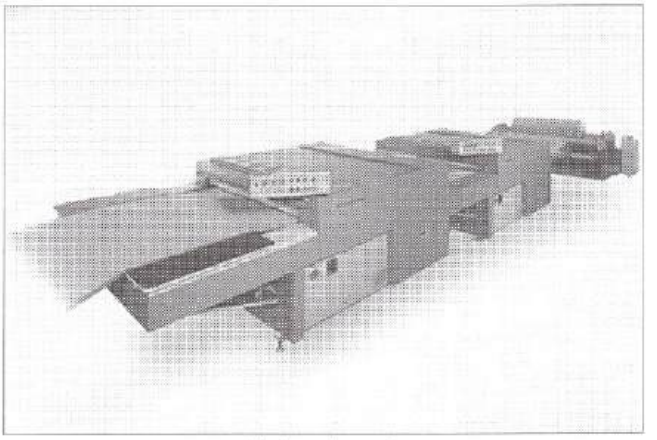
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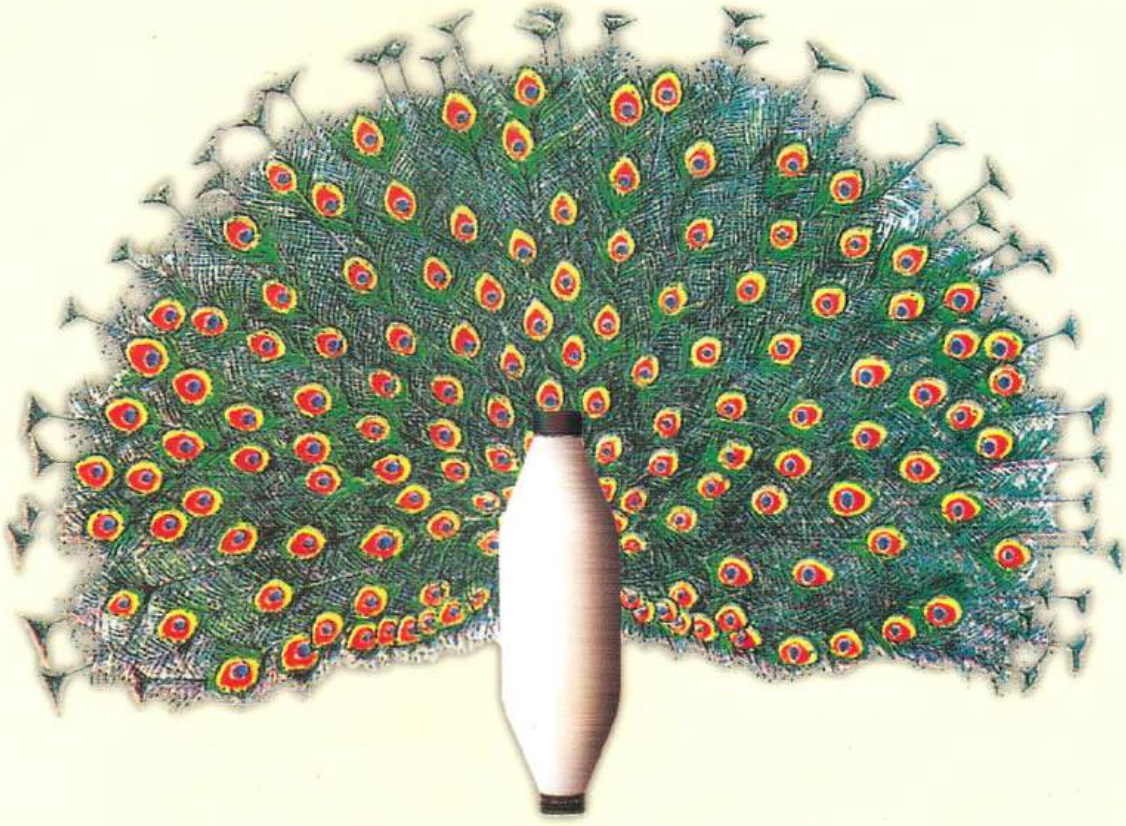
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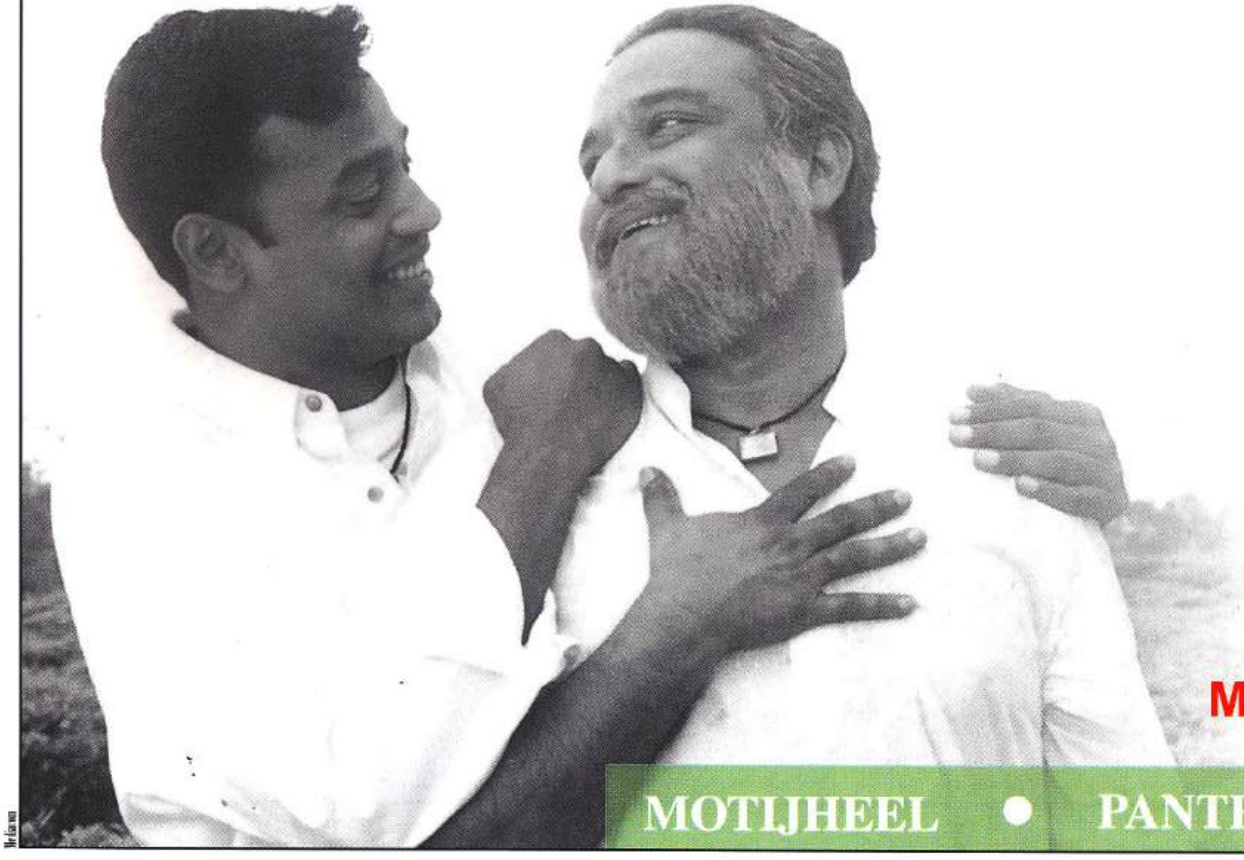
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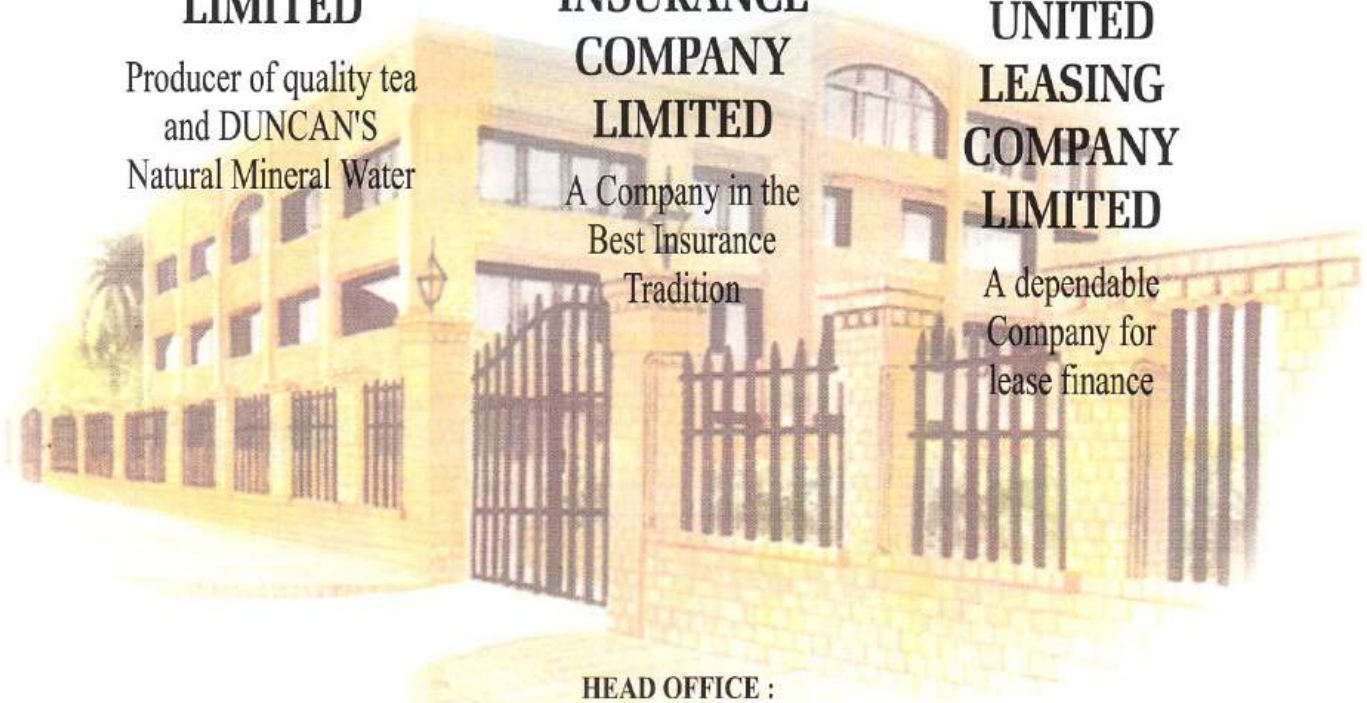
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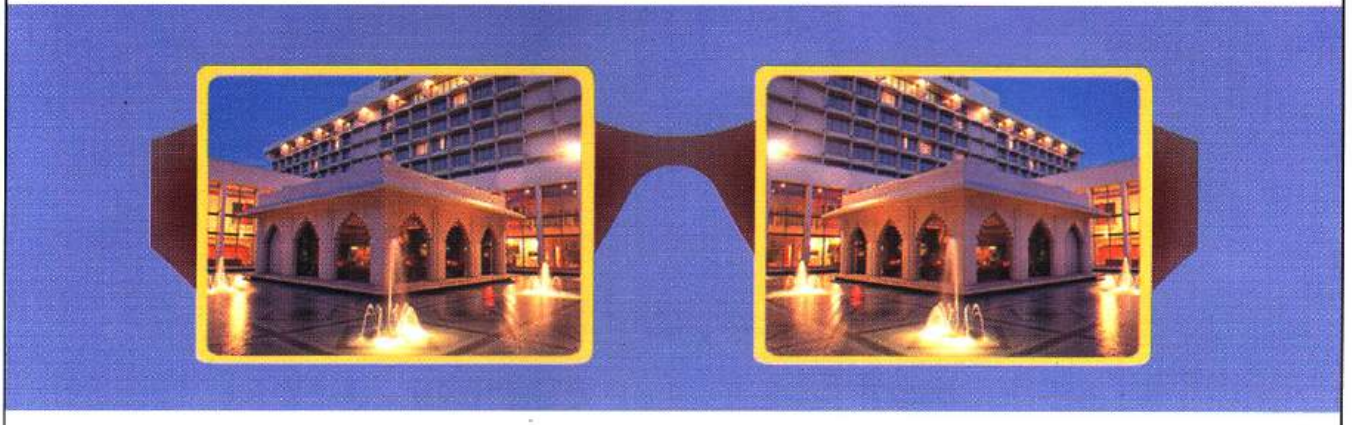
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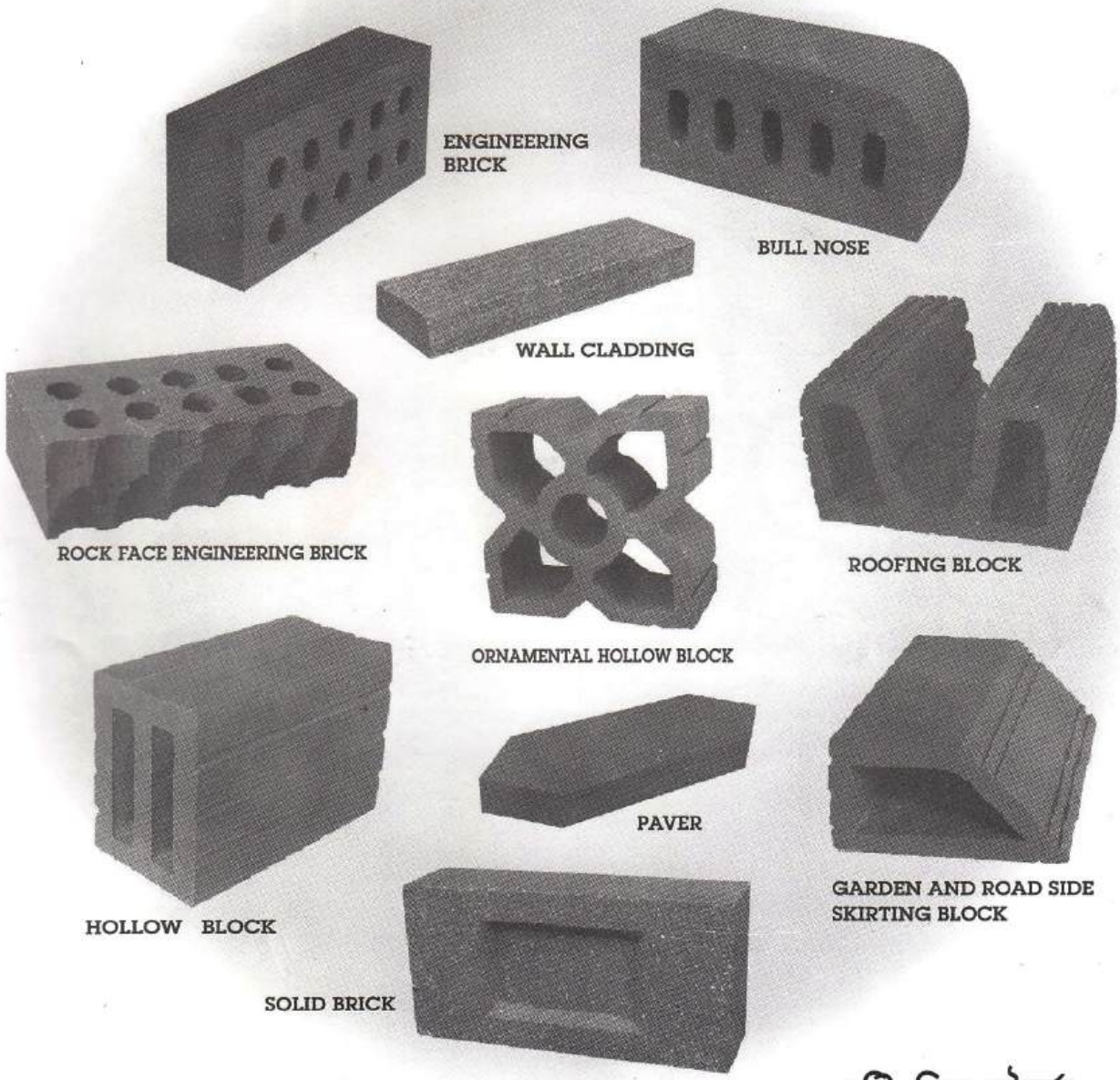
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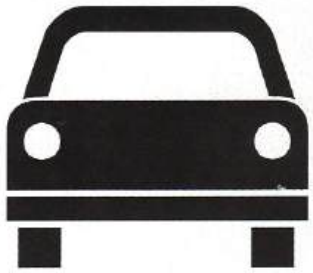
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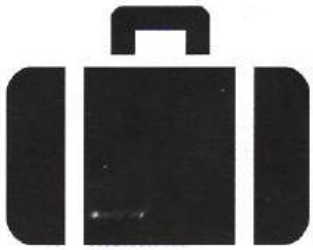
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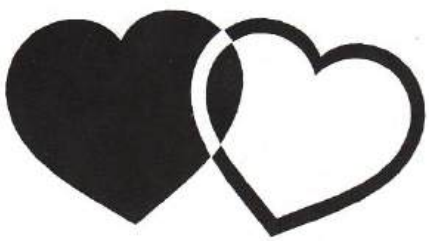
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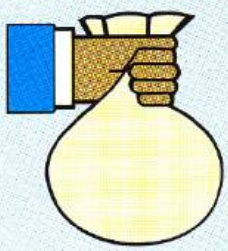
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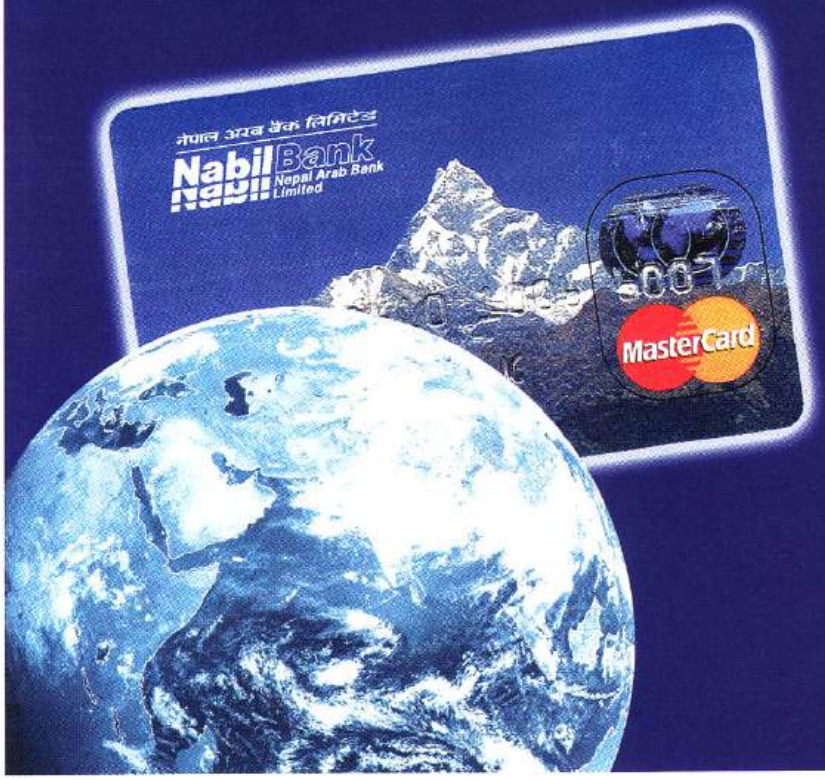
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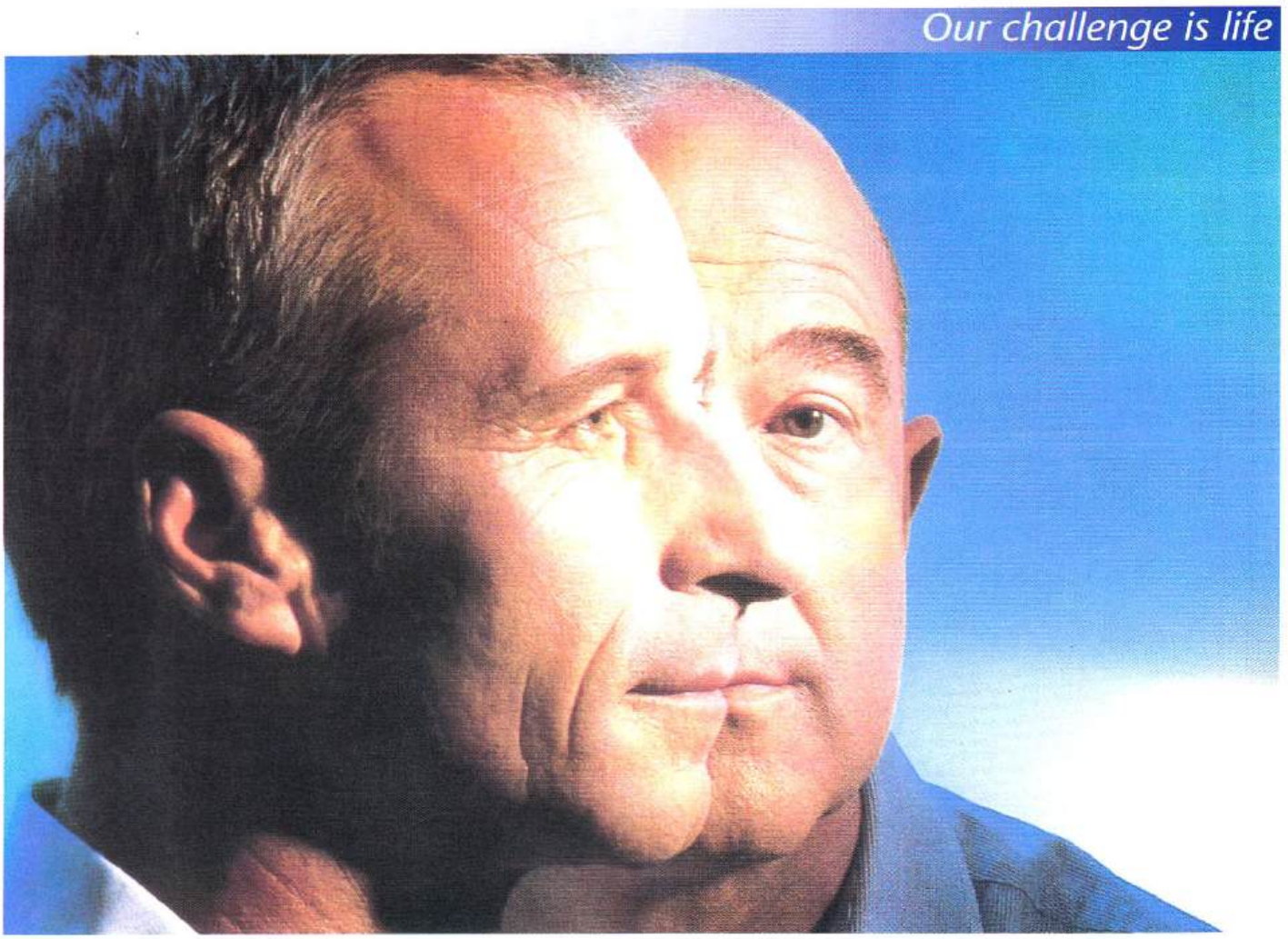
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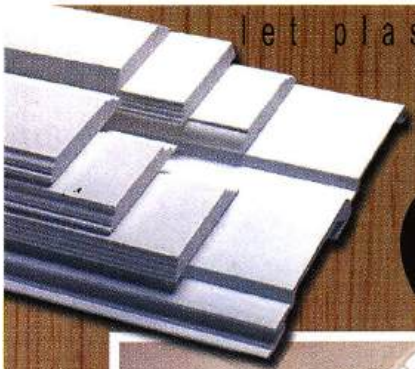
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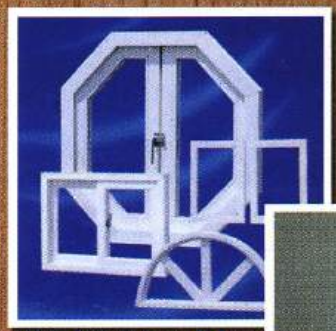
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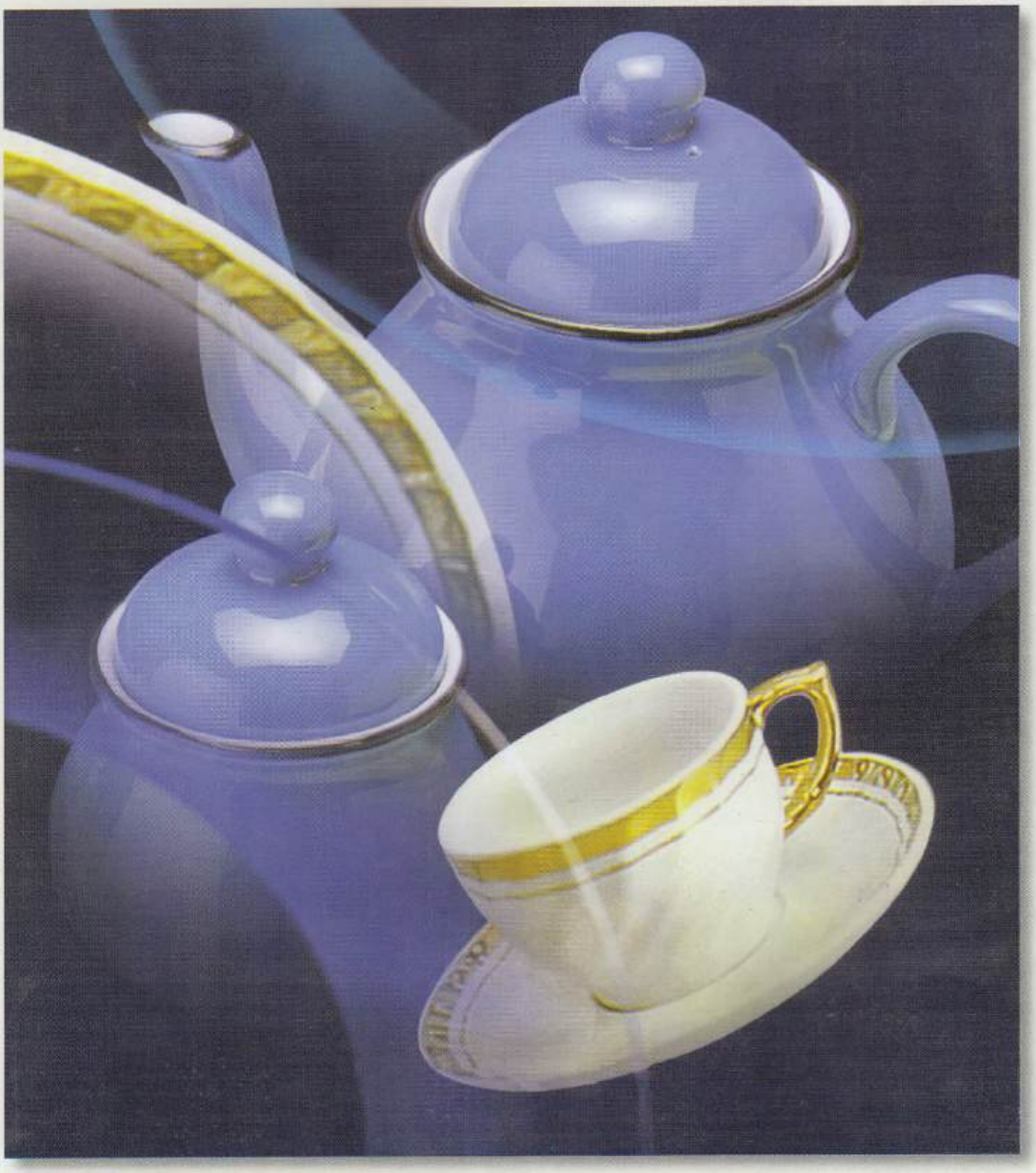
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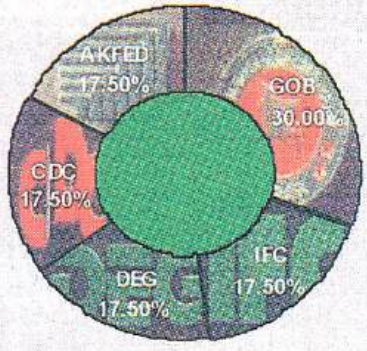
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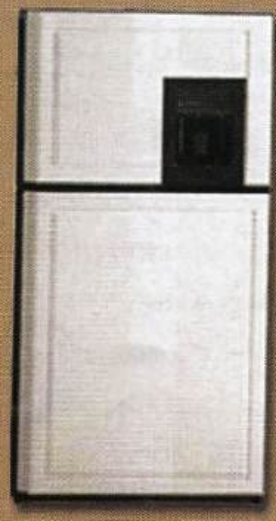
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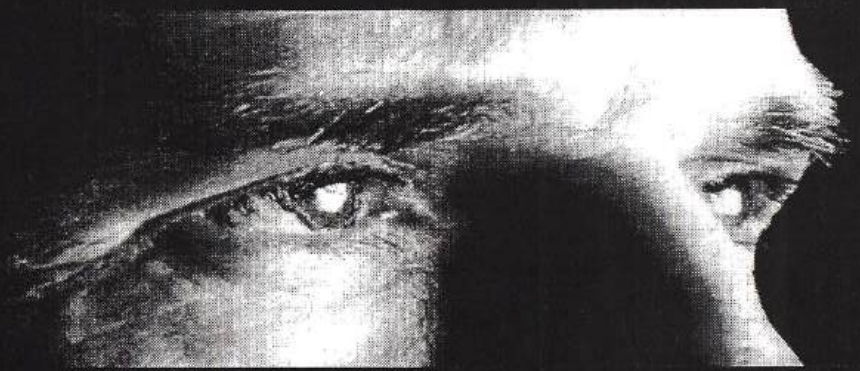
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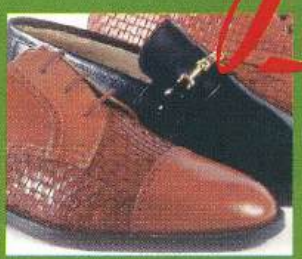
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মোবাইল ঃ ০১৭-৬৪৪৯৫৬, ০১৯-৩৮৫৭৫৮, ০১৭-৬৪৮৭২৭, খুলনা অফিসঃ ০৪১-৭২০৩৭১
ফ্যাক্সঃ (৮৮০-২) ৮৮২৩০৪৬, ৮৮১৫৩৪১, ই-মেইল ঃ nirman@bangla.net

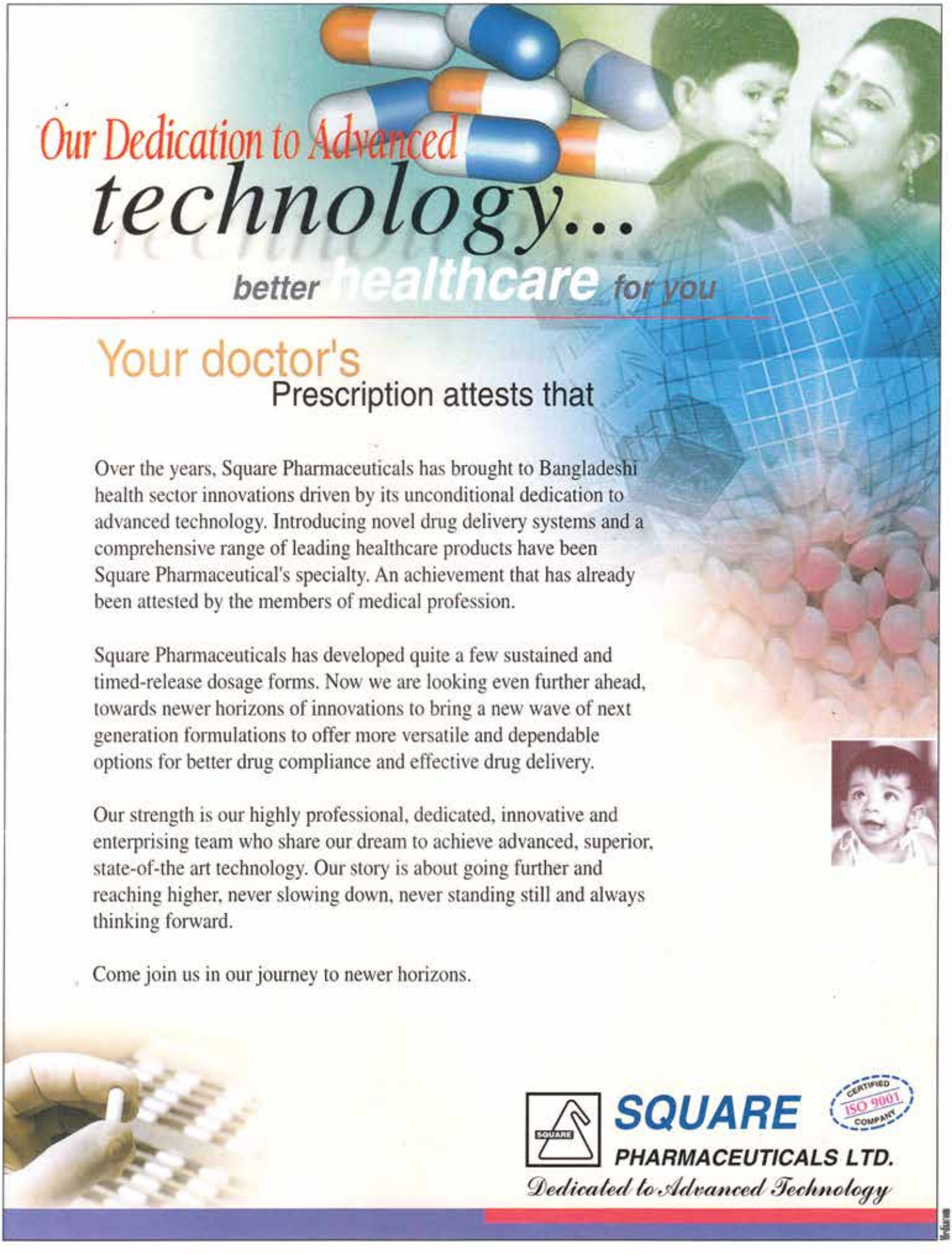


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