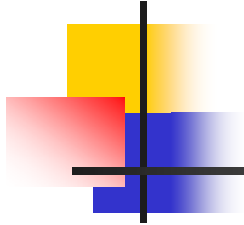


2<sup>nd</sup> Kyoto Seminar  
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# THE ASIA PACIFIC ECONOMIES: ISSUES AND CHALLENGES

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- Challenges and risks confronting the Asia Pacific are broad ranging covering economic, ecological, geo-political and geo-physical.
- Among the challenges are:



# 1. ASEAN Regional Cooperation

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- Social-political environment among ASEAN countries: peace and security; growing mutual trust, understanding and cooperative efforts
- Export -oriented development strategies
- Despite the differences, ASEAN members - successful in forging economic cooperation: in various productive sectors, dealings with their traditional trading partners.
- Developing common positions and a united stance in the negotiations : US, Japan, European Union (EU), Australia and other developing countries



## 2. Speculative Nature of Oil Prices

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1. The implication of speculation risks on oil is far too challenging to determine
2. Geopolitical uncertainties will remain the biggest determining factor
3. High oil prices tend to have broad base impact on the economies



## 3. Overheating of Chinese Econom

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1. Similarities between the current economic state in China compared with the US economy in 1929
2. The Great Crash in 1929 – the ability to purchase stocks on margin was the biggest culprit in causing excessive speculation
3. Current speculative mania in the China and Hong Kong stock markets is quite alarming



## 4. Climate Change

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1. Needing most change (US) – emit most greenhouse gas
2. US Congress has withdrawn from the Kyoto Protocol
3. Reasons : -
  - They are not responsible for the historical build-up of greenhouse gases since the industrial revolution
  - The developed countries have first to prove that they are taking serious action in their own countries as well as to provide assistance (funds and technology) to developing countries to enable to act



## 5.A Break with the Old Developer Model

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- China's attempt to rebuild its economy by relying on itself, and own alternative development model: -
  1. Saying NO to the old development model
  2. Saying NO to pollution and waste
  3. Saying NO to destruction of resources in the single-minded chase of higher GDP figures



## 6. The Impact of the Asian Financial Crisis

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- The only form of reliable help during an economic emergency is self-help.
- East Asian countries after their recovery from the crisis started going on a reserves accumulation spree to insulate themselves from future speculation attacks
- Meeting of The Asian Development bank – Led the call for the introduction of an Asian Currency Unit to coordinate exchange rate movements within the region.
- The Chiangmai Initiative turned out to be the first part of more comprehensive program of regional economic integration.
- The ambition of Asian economic integration and rhetoric has continued to broaden





## 7. Risks and Opportunities in the Globalisation of Finance

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- The main engine of growth in the world economy remains the US which has been the consumer of last resort
- Signs that the US economy is slowing down
- The bubble conditions of the last four years, witnessed exuberance in both stock and real estate markets, have created potential structural weaknesses in global financial markets
- The derivative markets have created new risks, because no one knows where exactly the risks lie and who is holding how much toxicity
- Part of the global excess liquidity can be explained by the macro-economic origins of the global carry trade.



## 8. Taliban Regime and Jemaah Islamiah in South East Asia?

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### 1. Taliban Regime

- Sunni Muslim group that ruled most of Afghanistan
- Headed by Mullah Mohammed Omar
- Implemented the strictest interpretation of Sharia Law
- Associated to Al Qaeda led by Osama bin Laden
- Al Qaeda's leadership also has taken advantage of Southeast Asia



## 9.terrorism

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### 1. Jemaah Islamiyah

- A regional terrorist network often described as “mini-Al-Qaeda”
- Cofounders – Abu Bakar Baasyir and Abdullah Sungkar
- October 12, 2002 – Bali Bombing, Indonesia, killed 200 people, mostly Western tourists.



## 10 .Tsunami Threats in South East Asia

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- 26 December 2004 – 157,526 dead; 27,266 missing and two million displaced
- Half the public health infrastructure lost
- Millions living in overcrowded and unsanitary conditions
- Disease outbreak



## 11. Spratly Islands – A Potential Flashpoint

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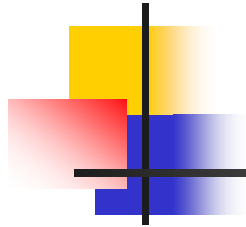
- Potential for conflict mounts
- Countries involved – People's Republic of China (PRC), Vietnam, the Republic of China (Taiwan), the Philippines, Malaysia, Indonesia, Thailand, and Kampuchea.
- Competition for petroleum and seabed mineral resources
- Seen as a first line of defense by the countries



# Possible Solutions

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- Dialogues
- Engagements
- Information sharing



THANK YOU