Responding to the Asian Century

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Welcome to the Asian Century

• What’s going on in Asia is big; the scale and speed of change

• Asia’s century is here: rates of growth; income & trade share; impact on the world; the middle class

• impact on Japan, the region and the world

• importance of geography and proximity

• regional and global impact: economic and political

• nature of the task: re-thinking strategies for future
Three Waves of Economic Growth

Average annual growth in GDP per worker

Impact on World Income Shares

![Graph showing the impact on world income shares for different regions. The graph compares the share of output for Asia, World, and Asia regions from 2005 to 2025. The regions are categorized as Asia, Euro area, Latin America and Caribbean, North America, Rest of Asia, ASEAN, India, China, and Rest of World.]
Projected economic growth rates in Asia

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>10%</td>
<td>6½%</td>
</tr>
<tr>
<td>India</td>
<td>8%</td>
<td>6½%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>6¾%</td>
<td>6%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4¾%</td>
<td>5%</td>
</tr>
<tr>
<td>South Korea</td>
<td>3¾%</td>
<td>2¾%</td>
</tr>
<tr>
<td>Japan</td>
<td>¾%</td>
<td>1¼%</td>
</tr>
</tbody>
</table>
Output levels

![Graph showing output levels from 1995 to 2025 for various countries including China, European Union, Group of Seven Countries, India, Japan, and United States. The y-axis represents Trillion US$, while the x-axis represents years from 1995 to 2025.]
Asia’s New Middle Classes

<table>
<thead>
<tr>
<th>Region</th>
<th>2009</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>338 m</td>
<td>322 m</td>
</tr>
<tr>
<td>Central and South America</td>
<td>181 m</td>
<td>313 m</td>
</tr>
<tr>
<td>Europe</td>
<td>664 m</td>
<td>680 m</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>137 m</td>
<td>341 m</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>525 m</td>
<td>3228 m</td>
</tr>
</tbody>
</table>
Re-Thinking National Strategies

- Japan’s new economic and political circumstance
- regional production and trade integration
- over 40% of production offshore, most in Asia
- industrial transformation without national strategy
- economic diplomacy adrift: TPP or not TPP?
- need for re-think of national strategy
- global not regional priorities
- attending to shifts in economic and political power
Realism, Risks and Opportunities

• what needs to be done at home: reform and re-inventing national capabilities in Australia, & Japan?
• realising the scale of the impact on Japan
• managing the political risks and developing a mature diplomacy towards China
• potential of infrastructural investment (US$8 trillion)
• international initiatives: protecting and building the global foundations of Asia’s growth
• Asia in the G20; and regional arrangements
• parallels and partnerships with Australia