



DEPARTMENT OF STATE

Washington, D.C. 20520

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MEMORANDUM FOR THE RECORD

December 29, 1970

SUBJECT: Facts Concerning the Economy of the Pacific Basin
(Noted in a talk by Mr. James Grant)

The 1950's were a political-military era in the Pacific Basin. The 1960's have witnessed an economic surge.

Japan. GNP doubled in 1965-1968. Will double again in 1968-1973.

Korea. 1960 — 25 million dollars exports; 1970 — 622 million dollars exports. Exports growing at 35-40 percent per year.

Taiwan. GNP doubled in 1960-1970. 1960 exports 200 thousand dollars. 1969 exports one billion dollars (50% higher than Turkey).

Hong Kong. 1950 -- 10 million dollars exports. 1970 — 2 billion dollars exports (of which 800 million to U.S.).

Philippines. Self-sufficient in food now, for the first time in fifty years.

General. Trade is primarily between the nations of the rim, not with China. Big breakthrough in transport. For example, West Virginia can ship coal cheaper to Japan than to Pittsburgh. Concerning U.S. investment, we will invest one billion dollars in Indonesia in the next few years. Much trade flows from the U.S. to Southeast Asia to Japan to the U.S. Japanese are dependent on U.S. for coal and timber. U.S. exports to Japan are up 100 percent the last five years compared with 50 percent to Europe. Asia is the largest world market for U.S. agricultural products. U.S. exports to Southeast Asia have arisen by 65 percent compared to 15 percent for Latin America

Predictions for 1970's. During 1970's the GNP of East Asia will triple. U.S. production will be up by 50 percent during the decade. Thus, East Asia's rate of growth will be six times the U.S. rate. Trade will be up three or four times. The smaller countries of Asia will export more by 1980 than total U.S. exports in 1960 ~~to~~ the whole world. U.S. exports to Asia in the 1970's will exceed 25 billion dollars, more than all of U.S. exports in 1950's.

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