

rather than any particular protectionist or discriminatory policy by government in Japan or the other Asian economies.

2. North Asia: National Economic Strategies and Performance

North Asia has been one of the fastest growing regions in the world since 1980, with annual real gross domestic product (GDP) growth rates averaging 7.1 per cent per annum (7.9 per cent if Japan is excluded).⁵ This performance compares favourably with annual world real GDP growth of 3 per cent per annum during the same period, Asian APEC real growth of 4.7 per cent, 2.3 per cent real growth annually in North America and 2.2 per cent in the EU. North Asian economies had a combined GDP of US \$3,782 billion in 1990, which represented approximately 18 per cent of the world total, compared with 31 per cent for the NAFTA countries and 29 per cent for the EU states.

The economies of North Asia represent a diverse collection of economic and political systems, and a broad range of indigenous resources. Each has struggled to develop its economy, and each is struggling to modernize or restructure in the face of increased competition for international markets, usually with the assistance of some type of long-term planning or industrial policy. The exception may be Japan, which faces difficult decisions pertaining to economic restructuring, but which no longer relies on long-term industrial development planning to set the course for future economic development. While national priorities and political differences have shaped strategies, the overall trend in North Asia continues to be away from import substitution (where domestic industries are developed behind trade barriers to serve markets that would otherwise be supplied by imports) and towards export-led growth and, increasingly, investment liberalization.

The three newly industrialized economies (NIEs) located in North Asia are currently in a phase of economic restructuring.⁶ Rising land and labour costs, currency appreciations, the loss of preferential trading status under the U.S.'s

⁵ These figures were compiled from data from the World Tables 1994, World Bank, Washington, 1994; Taiwan Statistical Data Book, Council for Economic Planning and Development, Republic of China (1992); National Accounts, Main Aggregates, Volume I, OECD, (1994); and International Financial Statistics, IMF, Washington, 1994.

⁶ For the purposes of this report, North Asia includes three of the four Asian NIEs. They are: Hong Kong, Taiwan and Korea.