



IIDS, the Institute for International Development Studies, Inc., is dedicated to quality services in research, consulting and training to promote international cooperation in economic development, trade and investment.

Recharge IIDS

The Institute for International Development Studies, IIDS, a nonprofit research and consulting institution, founded in 1989 to study the economic, investment and trade issues in the Asian Pacific region, has recently undergone reorganization. Dr. George Sung has been appointed as the President for the calendar year of 1995, while Dr. Liu-Hsiung Chuang remains the chairman of the Board of Directors of the Institute, as reported at the conclusion of the Institute's board and general membership meetings in December 1994.

The Chairman and the President Outline future direction and activities

Chairman Dr. Chuang, together with President Dr. Sung, broadly outlines the future direction and key activities of the Institute as follows:

Major Activities -- Three new initiatives are:

A. To study the effects of financial and technical assistance to less developed countries by newly developed and developed countries. A case study on Taiwan's contributions toward international development will be carried out in 1995.

B. A study of international investment process in a specific developing country by major international investors will be another initiative of the Institute in 1995. This project will emphasize the decision-making process and the successes and failures of investors by economic sectors. The most common factors of successful and unsuccessful investment will be analyzed and summarized for international investors.

C. To recruit clients, international entities as well as local governments and interest groups, and to provide them with consulting services on socio-economic, trade and investment issues.

These three initiatives are the top priorities of the Institute in 1995, and individuals or institutions who are interested in using IIDS services or providing support to the Institute are welcome to contact Dr. Sung as soon as possible.

☞ Seminar and Workshops ☞

One formal seminar is planned to be held in early September, 1995, specifically on the subject of "Successes and Failures of International Assistance to Developing Countries: General Assessment and Case Studies." The Institute plans also to sponsor two workshops in June and November of 1995: The first workshop will be on "The Prospect of the World Trade Organization for Asian Pacific Region, as observed from the GATT effects on the region in the past half century." The second workshop will be on the "Effects of International Investment in Asian Developing Countries." The seminar and

workshops will be held in the United States or in one of the Asian newly developed countries.

☞ Publications ☞

The Institute will issue IIDS NEWS to its regular members and to individuals, groups and parties who might be interested in the subject areas sponsored by the Institute. The results of the Institute's research projects on the investment process and the effects of the international assistance will be issued as monographs. Also, the proceedings of the seminar and workshops will be published under the sponsorship of the Institute and donor institutions. All research associates of the Institute are encouraged to write articles for newspapers, journals, and other national and international publications. Commitment from research associates is currently sought by the Institute's management team.

☞ Funding ☞

The Institute will continue to look for sources of financial support from domestic and foreign donors who share the ideas of the Institute. Focus will be on the support of ad hoc research projects that generate great interest among scholars, business leaders and government officials who have great interest in the development of the Asian Pacific regions for the coming years. However, funding for general activities such as workshops, seminars, research and publications on topics related to economic, investment and trade fields in the Asian Pacific region will also be pursued vigorously.

☞ Membership ☞

The drive for new members will be directed toward individuals who have good knowledge and background as well as strong interest in socio-economic, investment and trade matters, and who can afford to contribute time and energy to the non-profit activities sponsored by the Institute.

Major Achievements of IIDS

Conference and Workshops

1. In April 1990, the Institute participated in the Conference on Taiwan Economy and Trade held in Washington D.C. to promote U.S.-Taiwan trade and investment activities and to improve bi-lateral understanding and cooperation among peoples in the United States and Taiwan.
2. In November 1991, the Institute sponsored a seminar on "Social-Economic Information Systems and Data Available in the United States and Taiwan for The General Public and Businesses," in Washington, D.C.
3. In July 1993, the Institute sponsored a seminar on "Taiwan's Land Capital Gain Taxes and Land Policies" in McLean, Virginia.

Research and Publications (Articles)

1. "Consequences of Excess Domestic Savings in Taiwan" (submitted to the 1990 Conference on Taiwan Economy and Trade held in Washington, D.C. by K.H. Young and Charles Ou.)
2. "Comments on the Agricultural Sector Plan of Taiwan Government" (by Dr. L. H. Chuang, April 1991, Independent Morning News, Taiwan.)
3. "Taiwan's Strategies toward Investment in China." (by Dr. L. H. Chuang, April 1991, Independent Morning News, Taiwan.)
4. "Taiwan-China Agricultural Trade: Issues and Problems Faced by Taiwan." (by Dr. Liu-Hsiung Chuang, the Proceedings of the Conference on Exchanges between Taiwan and China, 1992.)
- 5-1. Procedures for Small Businesses to Participate in Bidding on the U.S. Government Procurement (monograph compiled and translated by Dr. K. H. Young and Dr. Charles Ou, 1992-93.)
- 5-2. Procedures for Small Businesses to Apply for Guaranteed Loans from the Small Business Administration (monograph compiled and translated by Dr. K. H. Young and Dr. Charles Ou, 1992-93.)
- 5-3. Procedures to Apply for the U.S. Patents (monograph compiled and translated by Dr. K. H. Young and Dr. Charles Ou, 1992-93.)
- 5-4. Procedures to Apply for the U.S. Federal Support for Research and Development Projects (monograph compiled and translated by Dr. K. H. Young and Dr. Charles Ou, 1992-93.)

5-5. Procedures to Apply for Minority Enterprises Technical Assistance Provided by the U.S. Department of Commerce (monograph compiled and translated by Dr. K. H. Young and Dr. Charles Ou, 1992-93.)

6. In 1993, "Options of Taiwan's Land Policy and Land Capital Gain Taxes" (by Dr. Ming Wu, Dr. Liu-Hsiung Chuang, Dr. K.H. Young, and Dr. Charles Ou, Independent Evening News, September 13, 1993.)

Training and Education

Currently the Institute has a plan in place to promote cultural and educational exchanges between teens from Taiwan and teens in the United States in a college setting. This plan was developed in the 1993-94 period under the leadership of Dr. Ming Wu, and it will be put into effect when there is enough support from co-sponsors in Taiwan.

1995 Outlook for Selected Economies

(by Dr. Chuang)

The U.S. Economic Outlook

The U.S. economy is expected to continue its expansion in 1995. The growth of the U.S. Gross Domestic Product (GDP) is generally estimated to be between 2.5% and 3% in the coming year, compared with a GDP growth rate of about 4% in 1994.

The overall employment growth will be continuing, though it will be at a slower pace than that of the GDP, due to increase in labor productivity and cautious control on cost hike by all employers, including public sectors.

The rate of inflation, as measured by the consumer price index, is expected to grow at around 3.5% +/- 0.5%.

The U.S. industrial outlook by industrial sectors in 1995 can be briefly summarized using the growth of sales and labor productivity as follows:

The leading sectors are predicted to be:

Auto Industries, Machinery, Steel, Chemicals, Computers, Software, Semiconductors, Food Processing, Telecommunications, Agriculture, Forest Products, Retailing, and Wholesaling.

Lagging sectors are predicted to be:

Transportation, Restaurants, Pharmaceutical, Health Care, Utilities, Entertainment, Banking, Insurance, Securities, Real Estate & Construction, Energy, and Defense.

The U.S. Financial Market

The stock markets will continue to do well though somewhat dampened by recent increases in interest rate.

The following sectors might likely follow their long term growth trend in value in 1995:

Software, drug retailers, cosmetics, aluminum, communications, non-ferrous industries, computers, pharmaceuticals, medical suppliers, footwear, textiles & apparel, advanced medical devices, aerospace & defense, health care, paper products, chemicals, houseware non-durable, etc.

Some sectors that had a long term growth in value but did not perform well in 1994 might be able to improve in 1995, e.g.:

Casinos, broadline retailers, railroads, securities brokers, home construction, and building materials.

The bond markets may not improve their experience in 1995 due to recent increases in interest rate, especially the short term rates.

Overall, the short term interest rates are expected to increase to be closer to the long term rates, while the long term rates are going to have minor upward adjustments.

The World Economic Growth

The growth of the world economy will continue at an average rate of over 3.0% in 1995. This is especially fueled by the high growth in Asia, averaging above 6.5%, and in Latin America, estimated to be above 4.0%, and the recovery and continuing growth of the Japanese and European economies in 1995.

The investment in infrastructure, housing, development of natural resource base, telecommunications, electronics, and the manufacturing equipment, tools, and facilities has been the key driver of the economic growth in the developing countries, and the fuel behind these hyper activities mainly comes from the inflows of financial resources into the developing world from the U.S., Europe and Japan, as well as the newly developed countries, such as Taiwan.

The Asian Pacific Regional Economic Growth

Contrary to predictions before the Kobe earthquake, the Japanese economy may have difficulty to sustain its fast recovery from 1994 to 1995, because of the Kobe earthquake. Key drivers in the Japanese economic recovery are its increase in consumer and construction spending which in turn was stimulated by deregulations and income tax-cut in the past year, and spending to rebuild the quake damaged zone. The increase in imports to Japan will serve as the main engine of growth in the Asian Pacific region where intraregional trade has steadily increased since the 1980s.

The Chinese economy will continue its fast growth at an annual rate of about 10%. The key drivers are investment in infrastructure and manufacturing base, consumption increase, and great increase in exports. The tightening of its financial market might cause some slowdown to its domestically financed enterprises, but might have less effects on most joint ventures which could have direct access to foreign capital. The inflation would continue at an annual rate of about 20%. This might come from a gradual independent decision making process by the local economies and their lack of effective management of overall banking and financial systems. Certainly this would also be a frustrating issue faced by the ruling economic elite in Beijing.

The Asian smaller dragons, South Korea, Taiwan, Hong Kong, and Singapore will continue to make great strides in GDP growth, an average of 6% or more. The other newcomers, Thailand, Indonesia, Malaysia, and Viet Nam, will sustain their fast growth in 1995. Even the Philippines, a great beneficiary of Japanese and Taiwanese investment will grow better than in 1994.

Taiwan has become another engine of growth in Asia, via its increasing export of capital to other neighboring economies, especially China and other Southeast Asian countries. Taiwan trade surpluses with the U.S., China and Hong Kong are expected to hold or expand in 1995.

The economies of Australia and New Zealand will still be experiencing slower growth than those of Asian less developed countries. However, due to the increasing demand for their exports by their Asian neighbors, these two advanced economies will perform much better than last year.

The slowdown of the U.S. and Mexican economies might also slow down that of Canada. However, the increasing inflow of capital and immigrants from Hong Kong to Canada will give impetus to the Canadian economy. The political uncertainty in Russia might slow down the democratic and privatization processes in Russia, and might slow down or stagnate its economy in the coming year.

Special IIDS Reports

(forthcoming in the Summer IIDS NEWS):

1. Outlook on International Trade in Asian Pacific Region.
2. International Trade under the New World Trade Organization.
3. International Investment in the Less Developed Countries.