

Recycling of Excess Savings to Support Investment and Consumption in Asia

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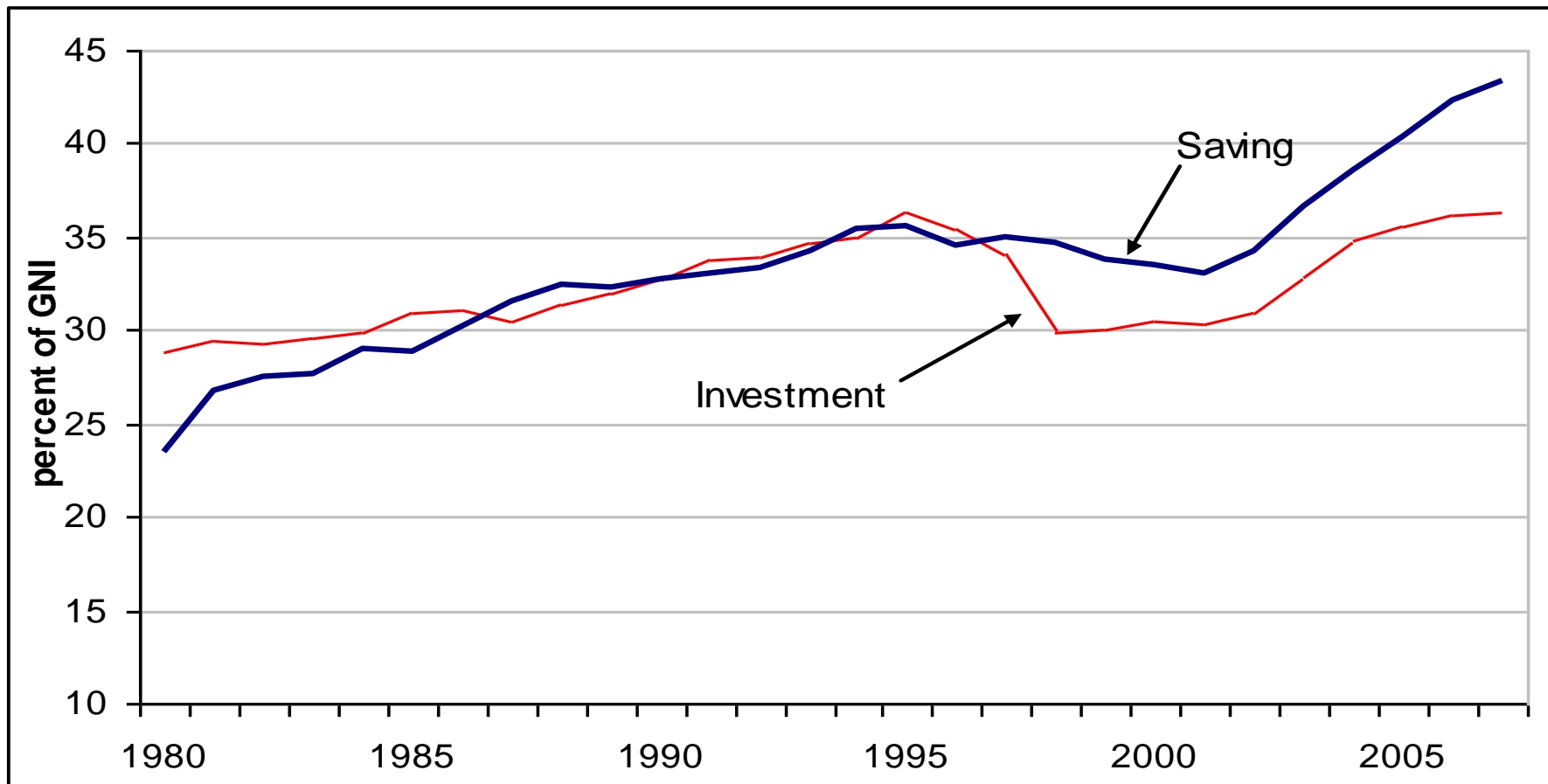
OECD-ADBI 11th Roundtable on Capital Market Reform in
Asia

22-23 February 2010, Tokyo

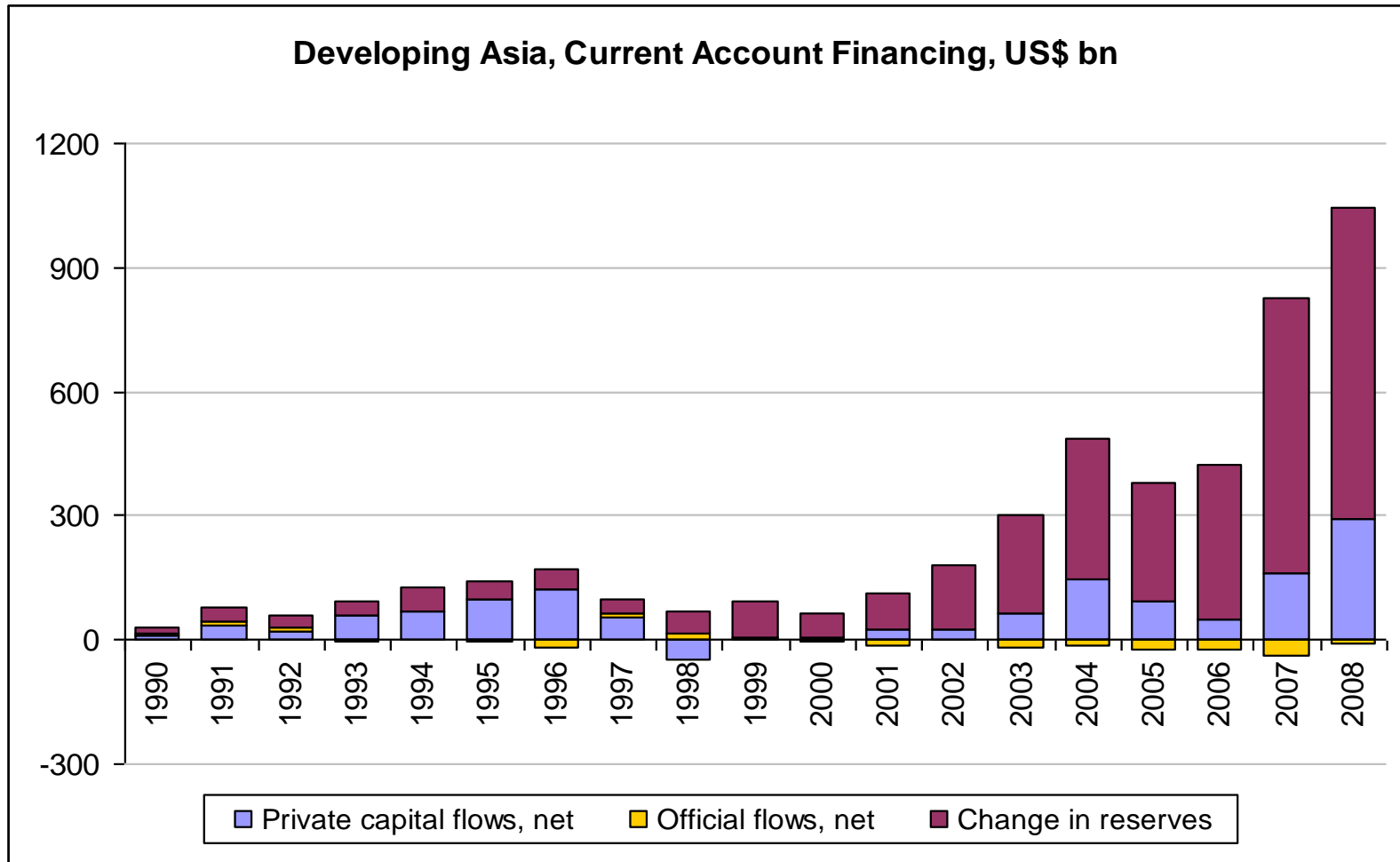
Recycling Regional Excess Savings

- Current state of savings-investment balances in Asia
- Potential ways of tapping regional excess savings
- Potential regional vehicles for attracting regional investment

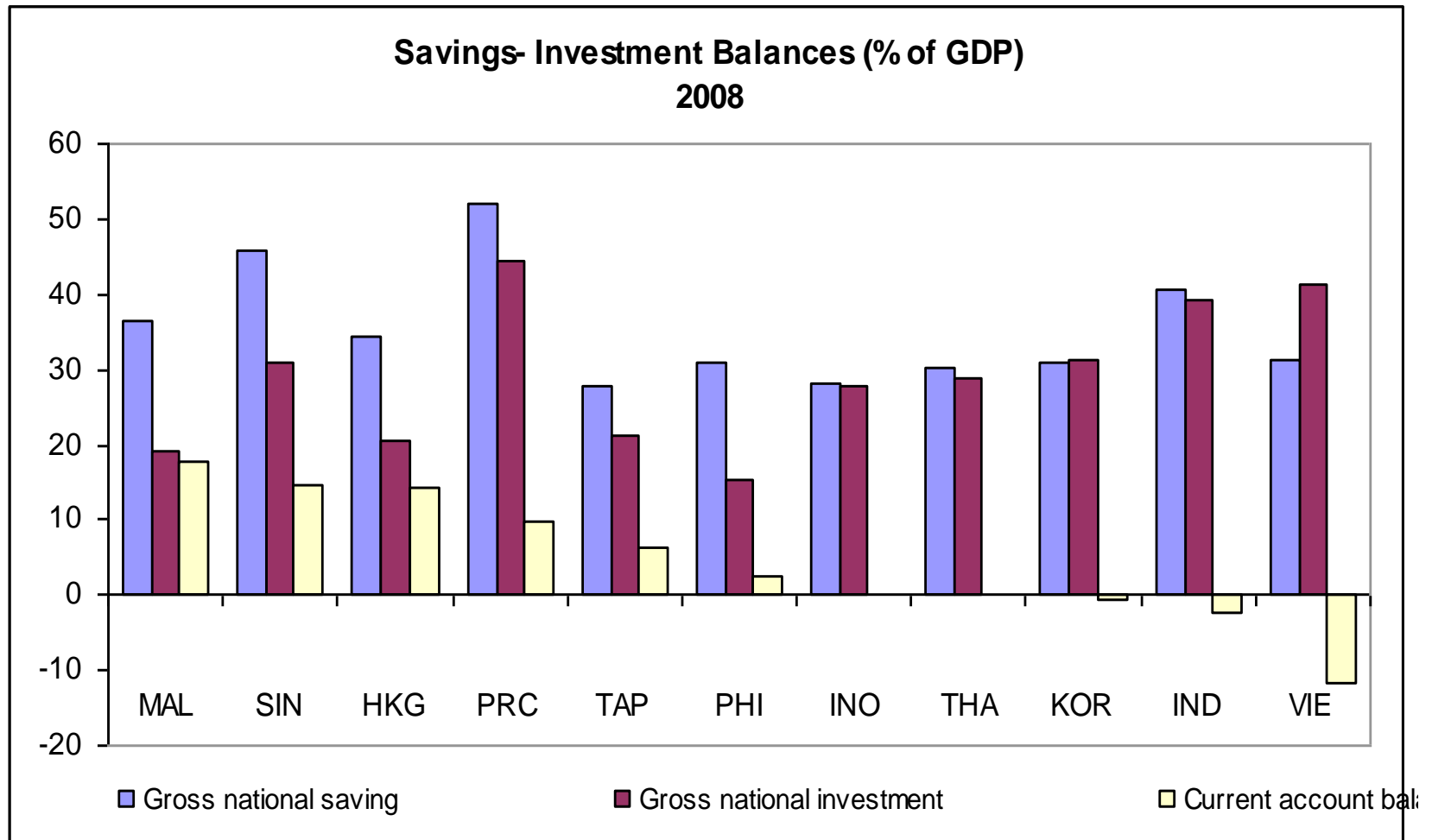
Emerging Asia investing less but saving too much?



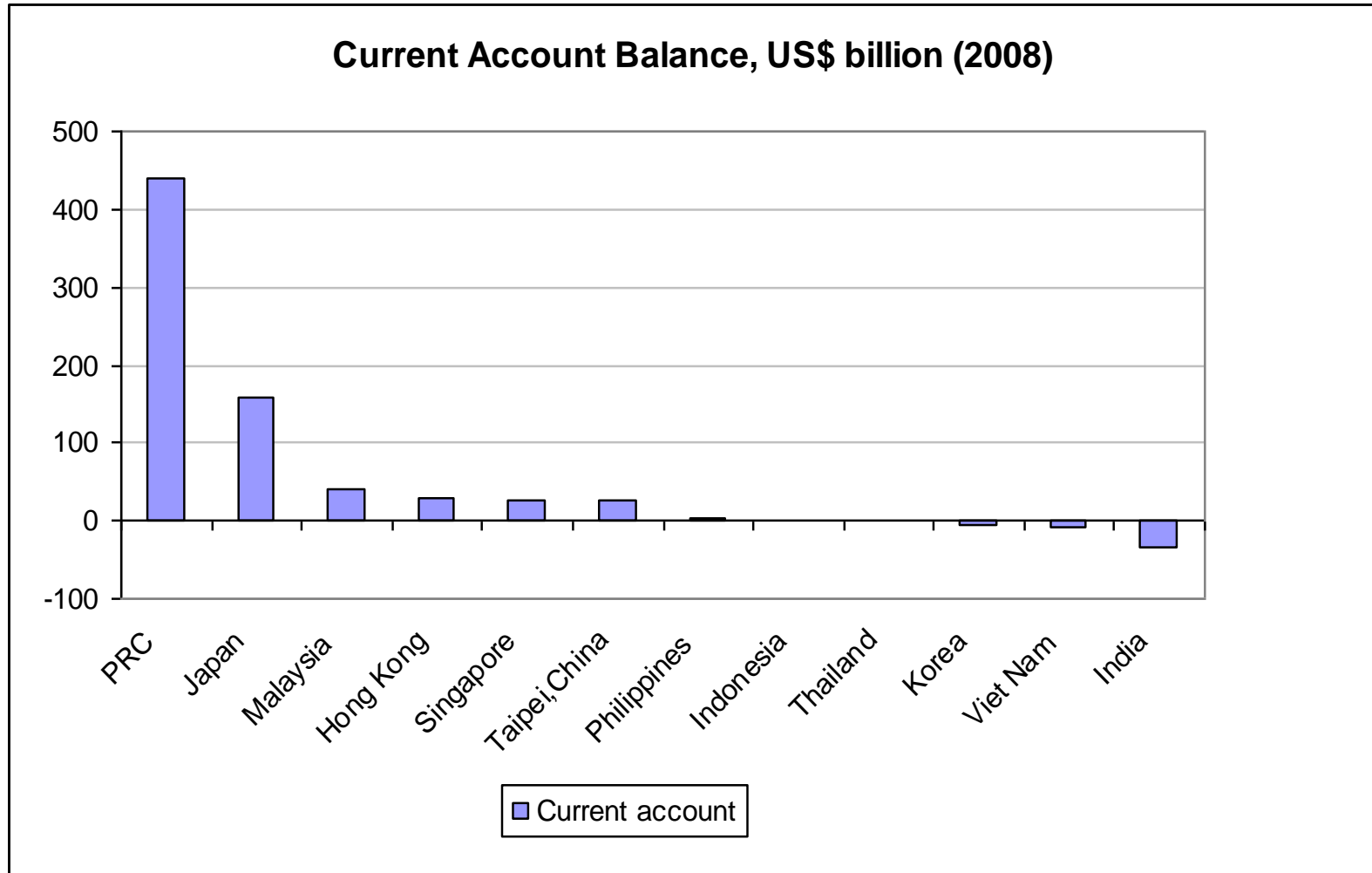
Savings have been concentrated in official sector



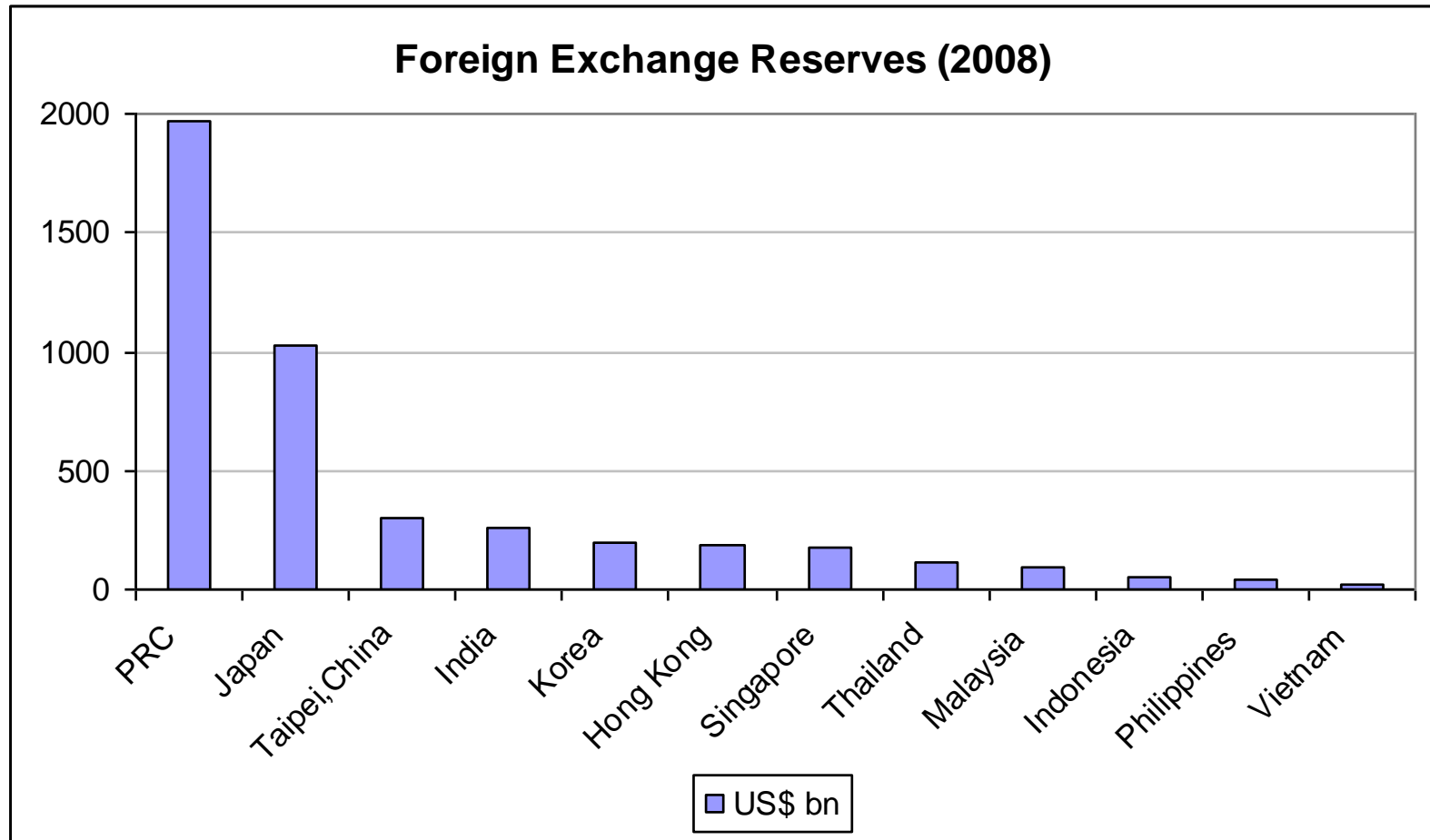
Savings-investment balance by country



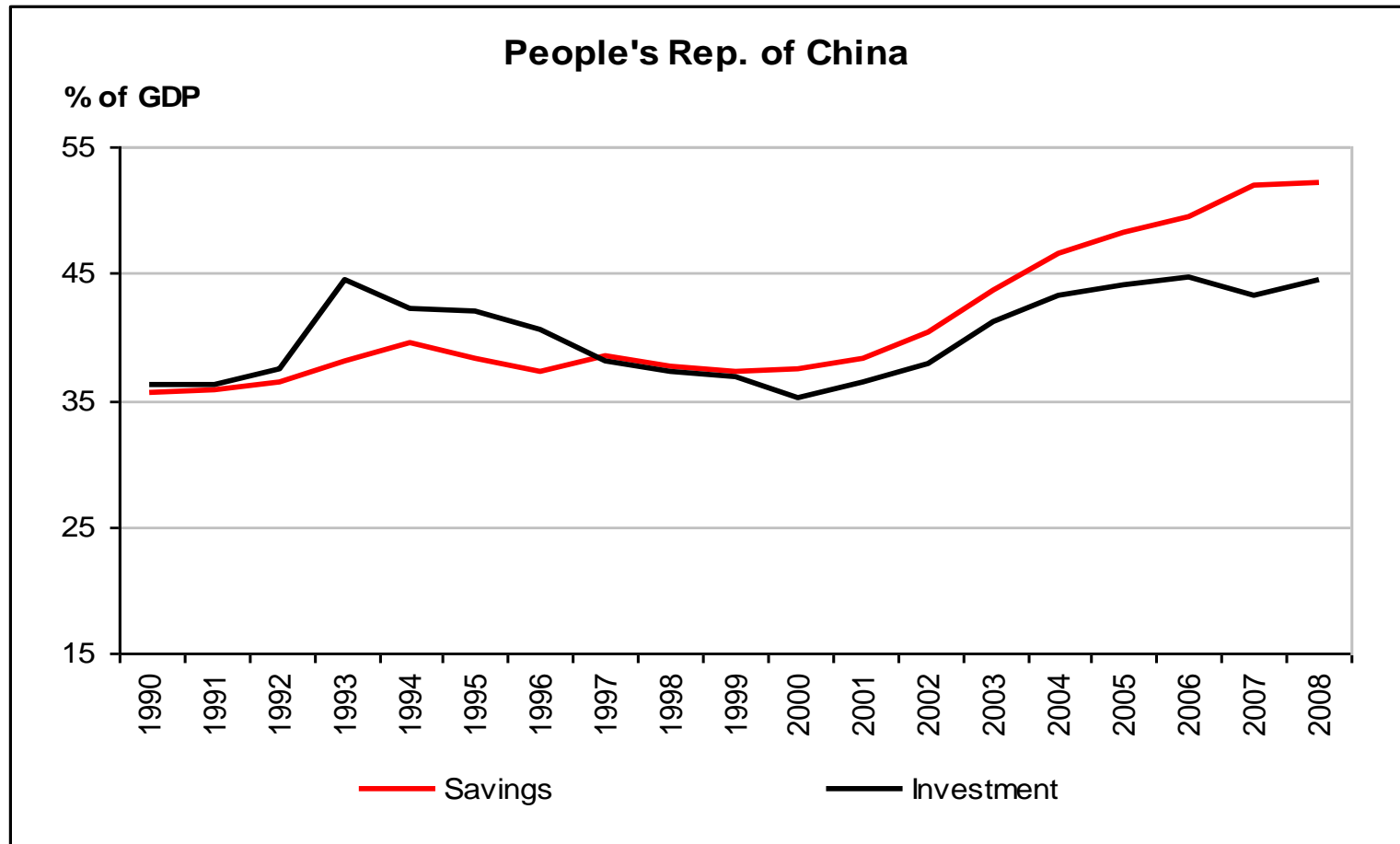
Absolute size of potential excesses



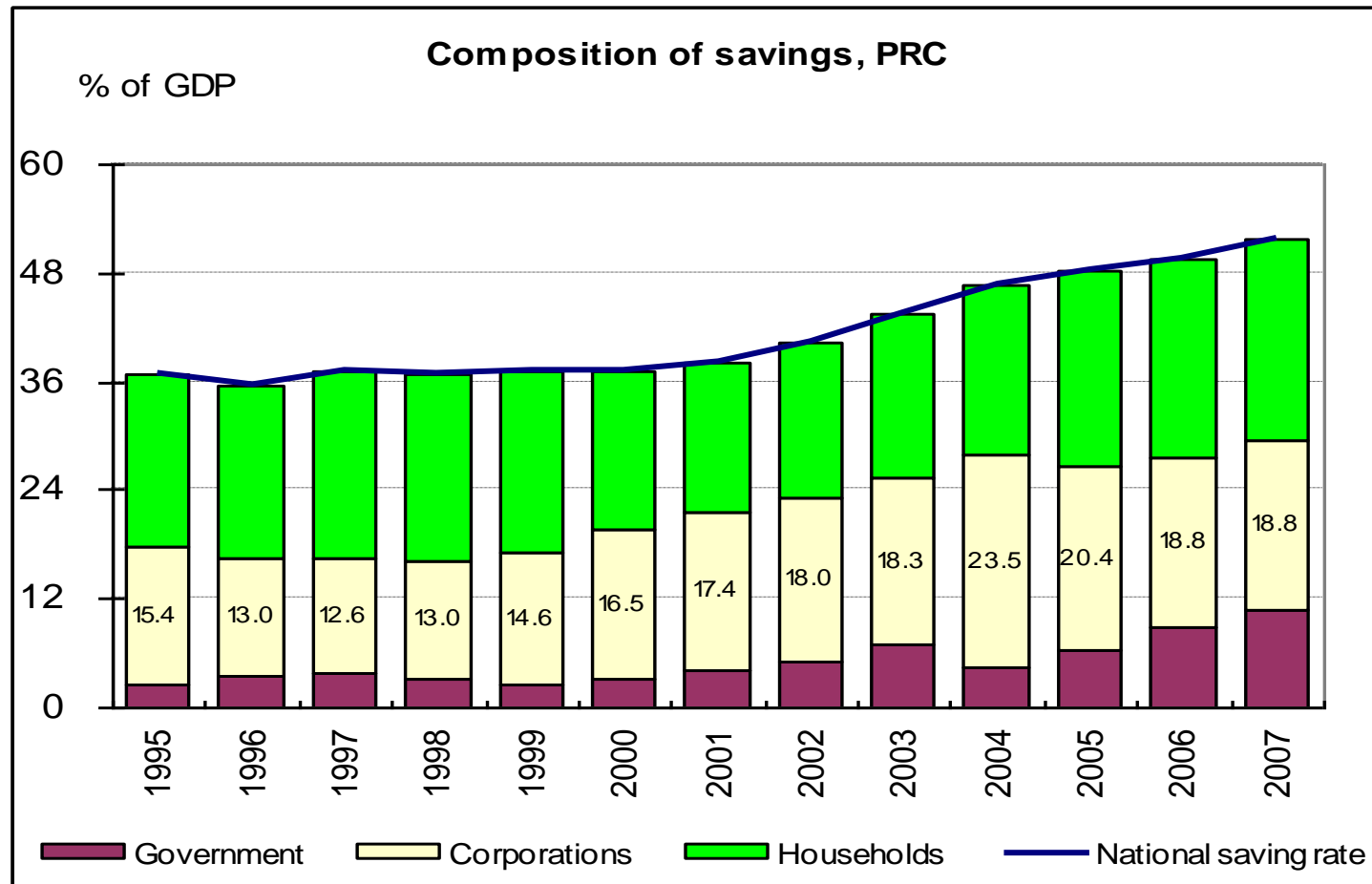
Foreign exchange reserves show similar picture



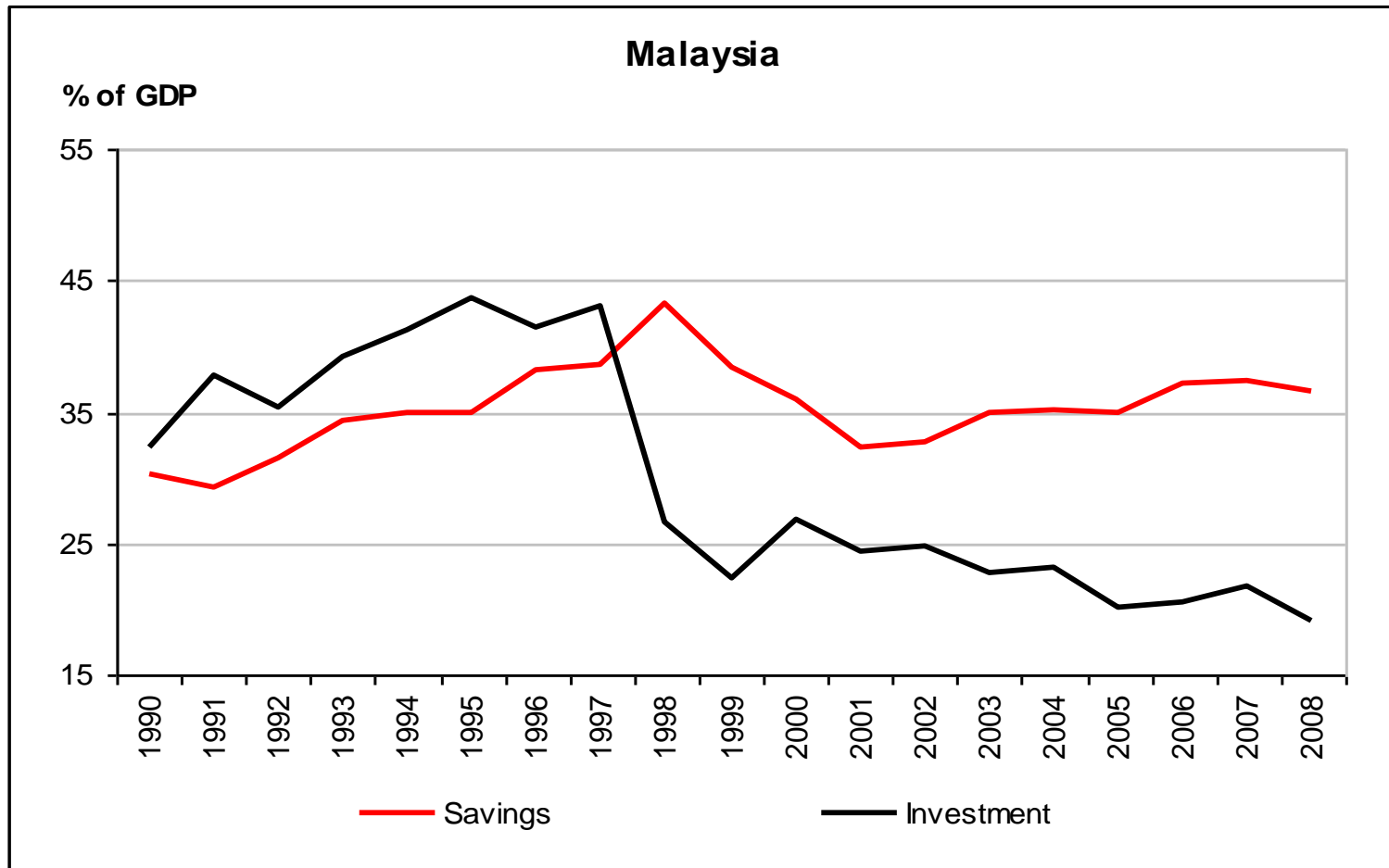
Significant rise of net savings in PRC



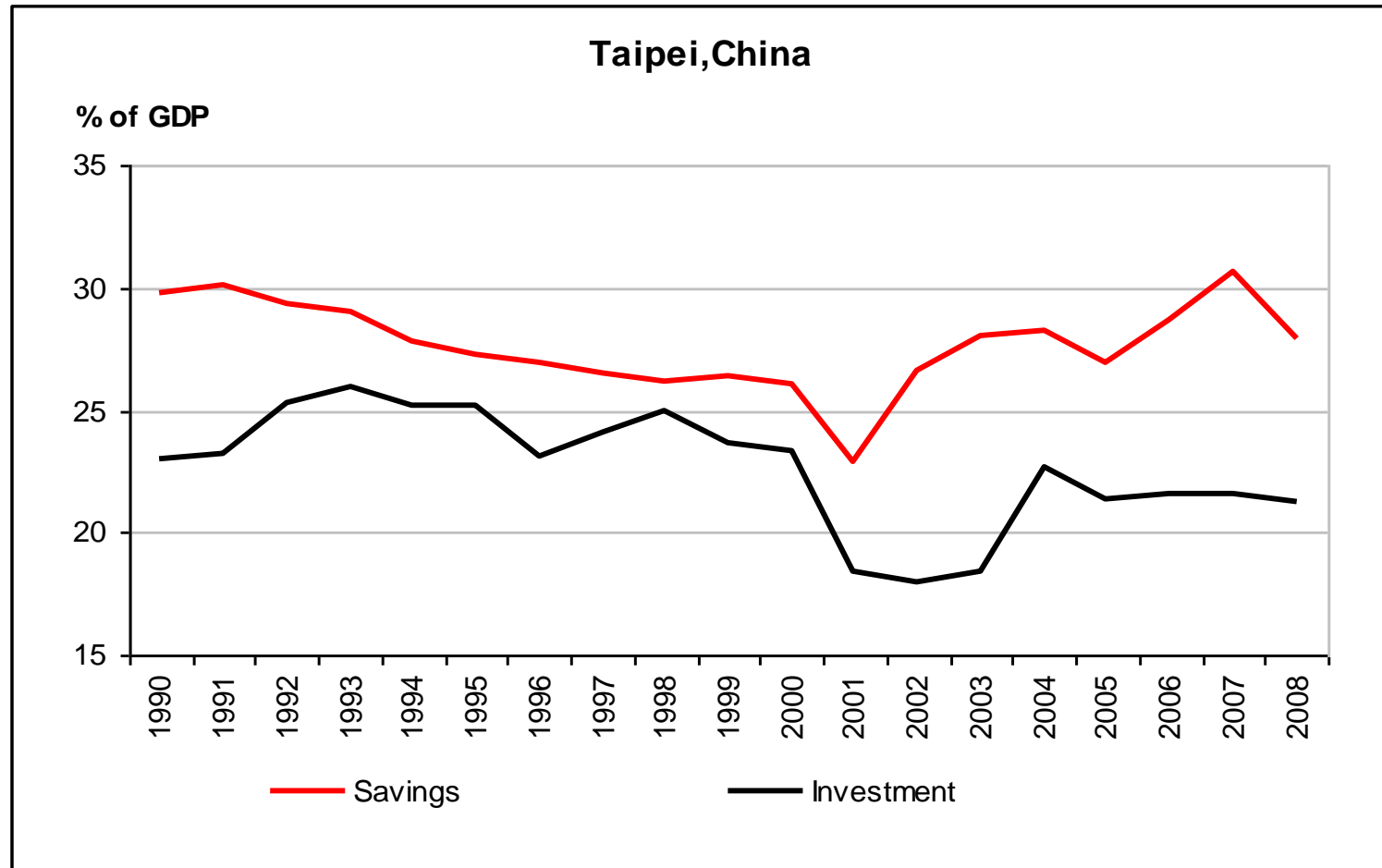
Rising savings in PRC due mostly to corporate & government sectors



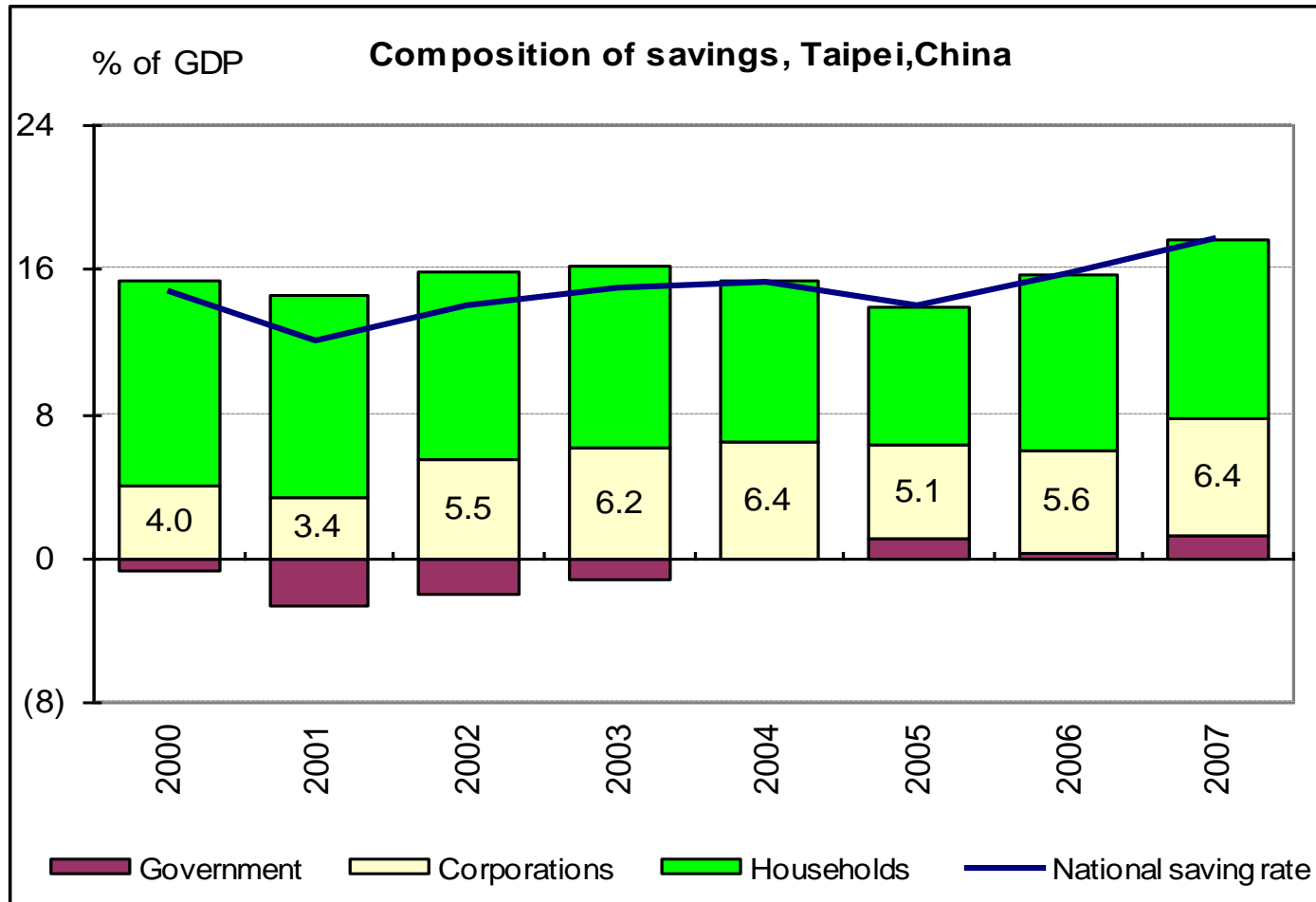
Falling investment share the main driver of excess savings in Malaysia



Rising savings trend in Taipei, China



Taipei, China: Improvement mainly in government sector



Potential ways of tapping regional excess savings

- PRC
 - Corporate sector: shift income distribution toward household sector
 - Government sector: increased expenditure on social safety net, social infrastructure
 - SWFs: Encourage regional investment
- Hong Kong, Malaysia, Singapore, Taipei, China
 - SWFs: Encourage regional investment

Potential regional vehicles for attracting regional investment

- Liquidity provision—Chiang Mai Initiative (CMIM)
- Asia Infrastructure Investment Fund (AIIF)
- Asian Bond Fund, Asian Bond Market Initiative

Thank You