

One of the most
successful economy
of the world: china,
japan, mongolia,
south ko...

[History](#)



The economy of East Asia is one of the most successful regional economies of the world. It's home of some of the world's largest and fastest growing economies: China, Japan, Mongolia, Taiwan, South Korea, Singapore, etc. Some major positive factors of growth have stemmed from healthy political / legal environments for the business industries. With many natural resources of various kinds, the East Asian economy flourishes with plentiful supplies of low-cost, but highly skilled, adaptable labor.

In modern East Asian societies, a high level of structural differentiation, functional specialization, and growth of the economic systems is a major contributor to industrial and commercial prosperity; mainly because of government. Currently in the Far East, trading systems are relatively open and there are very low needs of imports on consumer goods and services. With that being said, the East Asian economy is self-sustainable and has considerably helped stimulate cost-efficiency and change of the entire region. The free and flexible labor of markets is an important factor in making high levels of business and economic performance. The East Asian populations have demonstrated very high learning capabilities, skills in utilizing new technologies, and have many scientific discoveries. The work ethic, in general, tends to be very positive. There are also large, fast growing, and emerging markets for consumer goods and services of all kinds.

China currently has the world's second largest economy by nominal GDP and purchasing power parity behind the United States. The socialist market economy is the world's fastest growing major economy with growth rates averaging 10% over the past 30 years. (International Monetary Fund, 2014) <https://assignbuster.com/one-of-the-most-successful-economy-of-the-world-china-japan-mongolia-south-korea-singapore/>

China is one of the largest exporter and second largest importers of goods in the world. It is the largest manufacturing economy in the world, (Sims, 2013) outpacing its world rival in this category, the service driven economy of the United States. The consumer market of China is also the most dominant. “ On a per capita income basis, China ranked 87th by nominal GDP and 92nd by GDP (PPP) in 2012, according to the International Monetary Fund” (International Monetary Fund, 2014). In the coastal regions of China tend to be more industrialized, while regions in the hinterland are less developed. As China’s economic importance has grown, so has attention to the structure and health of the economy. The internationalization of the Chinese economy continues to affect the standardized economic forecast officially launched in China. China remained the sole Asian nation to have an economy above the \$10-trillion mark (along with the United States and the European Union.) (BBC Business News, 2010)

The economy of Japan turns out to be the third largest in the world by GDP, the fourth largest by PPP, and is the world’s second largest developed economy. According to the International Monetary Fund, “ the country’s per capita GDP (PPP) was at \$35, 855 or the 22nd highest in 2012.” Japan is the world’s third largest automobile manufacturing country, (International Organization of Motor Vehicle Manufacturers, 2013) and also has the largest electronics goods industry. It’s often ranked among the world’s most innovative countries leading in many global patent filings. Facing increasing competition from China and South Korea, the manufacturing sector of Japan now focuses primarily on high-tech goods, such as optical instruments, Hybrid vehicles, and robotics. As of 2010, Japan possesses 13. 7% of the

<https://assignbuster.com/one-of-the-most-successful-economy-of-the-world-china-japan-mongolia-south-korea-singapore/>

world's private financial assets (the 2nd largest in the world) at an estimated \$14.6 trillion. (Cahners-Hindman, 2014) As of 2013, 62 of the Fortune Global 500 companies are based in Japan.

It turns out that all of the countries of East Asia are very similar in their economies. South Korea is one of the fastest growing developed countries, along with Hong Kong, Singapore, and Taiwan. (International Monetary Fund, 2014) South Korea has a market-based economy that ranks 15th in the world by GDP and 12th by purchasing power parity (PPP), identifying it as one of the major East Asian economies. South Korea is a developed market based country with high income. South Korea, having almost no natural resources and always suffering from overpopulation of its small territory, adapted an export-oriented economic strategy to fuel its economy. South Korea was the sixth largest exporter and seventh largest importer in the world. The lack of resources slowed the continued population growth and the cultivation of a large internal consumer market.

Hong Kong is one of the world's leading international financial hubs. Low taxation, nearly free port trade, and a well-established international financial market characterize their service-oriented economy. (Guorong) The currency, called the Hong Kong dollar, is legally issued by three major international commercial banks, and is very similar to the US dollar. Interest rates are determined by the individual banks in Hong Kong to ensure it is market-driven only. (Gough & Sang-Hun, 2012) There is no central banking system in Hong Kong. So when destabilizing factors attempt to hit the financial market of Hong Kong, China steps into supervise the monetary

system. It was very interesting to find there is an invisible web between the East Asian countries that allow them to work dependently, and interdependently at the same time. Hong Kong, being a financial based economy, has a strong presence in electronic finance trading that is constantly impacting the upward trend of the economy.

Singapore is a highly developed, trade-oriented, market driven society. Singapore's economy has been ranked as the most open in the world, least corrupt, most pro-business, (Lepoer, 2014) with low tax rates (14. 2% of GDP) (International Monetary Fund, 2014) and has the highest per-capita DP in terms of PPP in the world. The economy of Singapore is a major Foreign Direct Investment (FDI) outward financier in the world. Singapore has also benefited from the inward flow of FDI from global investors and institutions due to its highly attractive investment climate and a stable political environment. (Lepoer, 2014) Singapore's exports are particularly in electronics, chemicals, and services. Singapore has positioned itself as a super hub for wealth management amongst global investors, which provides the main source of revenue for the economy. This allows it to purchase and import natural resources and goods, which it lacks. Water is also a scarcity in Singapore; therefore water is defined as a precious resource, along with the scarcity of land to be treated accordingly. Singapore has limited land, which results in Singapore relying on the agro-technology for it's agricultural production and consumption. The Human Resources of Singapore is but another vital issue for the health of Singaporean economy.

Taiwan is a well-developed capitalist economy that ranks 19th largest in the world by (PPP), and ranks as 18th in the world by GDP. Taiwan's economy consists of investment and foreign trade through the Republic of China (ROC) government, which is more commonly referred to as Taiwan. Taiwan is mostly made up of large government-owned banks and industrial firms have been privatized. It is a technology-centered economy and the growth in GDP has averaged about 8% during the past three decades. (IMF) Exports have grown exponentially since WW2, and have provided the primary drive for industrialization. The inflation and unemployment rates are relatively low like the other East Asian countries. The trade surplus is quite substantial; and its foreign reserves are the world's fourth largest. Agriculture contributes 3% to GDP, and the service sector makes up 73% of the economy. Traditional labor-intensive industries are steadily being moved offshore and replaced with more capital and technology based industries. A lot like the other East Asian countries, the general focus of the country is technology and capital based. The economy of Taiwan is an indispensable partner in the global value chain of the electronic industry. (Sturgeon & Kawakami, 2010) Many electronic components and personal computers are made in Taiwan and it provides international strength in this industry. (Sturgeon & Kawakami, 2010) Like Singapore, Taiwan is also involved in the financial scene; the Taiwan Stock Exchange is the host to the listed companies of local industries in Taiwan with weighted financial exposures to the FTSE Taiwan Index and MSCI Taiwan Index.

Overall the economies of East Asia are the most successful in the world because of their strong political and legal environments through industry and

<https://assignbuster.com/one-of-the-most-successful-economy-of-the-world-china-japan-mongolia-south-korea-singapore/>

commerce. Through various natural resources, many imports and exports, and a general low cost of highly skilled labor, the East Asian economies have flourished. Staying on an upward trend, the economies are major contributors to global industrial-commercial growth and prosperity.