

Federal Reserve Bank of San Francisco
Conference on Asian Banking and Finance

Challenges in Global Finance: The Role of Asia

Asian Bank Leadership Panel

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I. Overview of the Asian Market

- (1) Asian market from the viewpoint of Japanese financial history
- (2) Future growth based on expected demographic shifts

II. Growth of Asian Countries

- (1) Evolution of economies after the Asian currency crisis
- (2) Impact of the European economic crisis on the Asian market

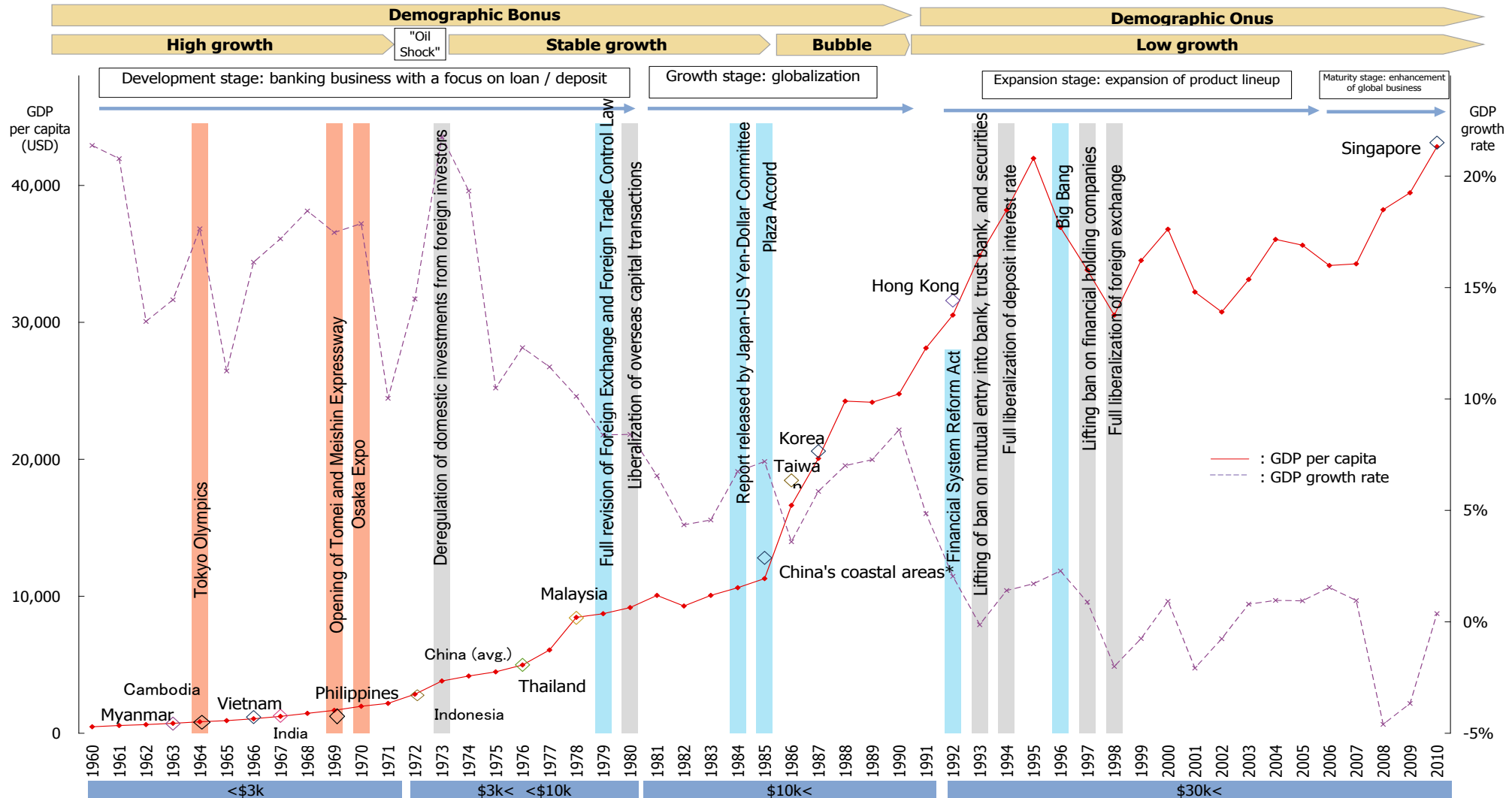
III. BTMU's Strategic Initiatives in Asia

- (1) Promotion of foreign capital investment in Asia
- (2) Financing for Asian growth
 - Infrastructure
 - Facility investment
 - Trade finance
- (3) Further development of Asian financial markets
 - Markets/Regulations
 - Human resources

Asian Market from the Viewpoint of Japanese Financial History

- Asia consists of various countries which vary in economic fundamentals, regulations, and financial development.
- It is essential to consider the stage each country is at for developing strategies and business plans.

History of Japanese banks, GDP growth rate, and GDP per capita (2010)



*Shanghai in 2009

(National Bureau of Statistics of China)
(Source: IMF and Cabinet Office)

- The fragile position at the time of Asian financial crisis has improved.
- The higher resistance to an economic crisis allows major Asian countries to cope with the economic crisis, if any.

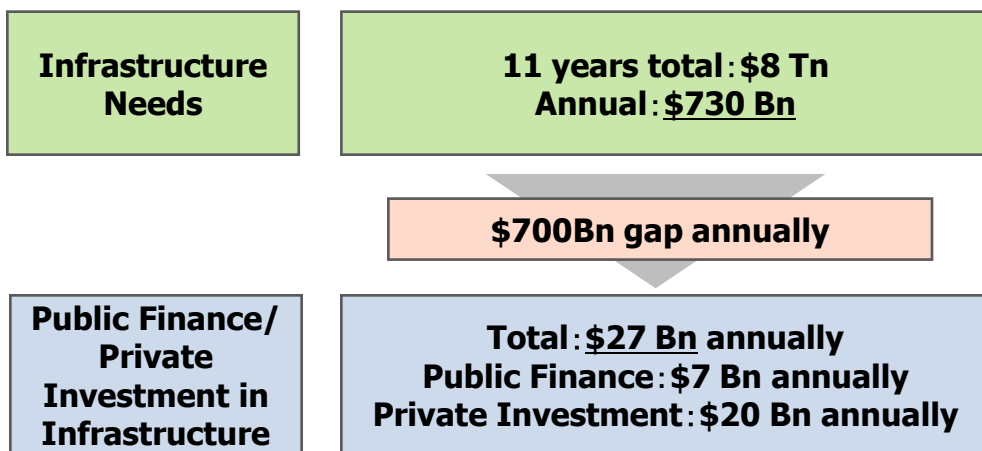
Current Account and Foreign Exchange Reserve Transition of Major Asian Countries

	Nominal GDP		Current Account		Foreign Debt		Foreign Exchange Reserve	
	FY1997	FY2010	FY1997	FY2010	FY1997	FY2010	FY1997	FY2010
	GDP Amount (US\$Bn)		% of Nominal GDP		% of Nominal GDP		Import (months)	
China	953	5,878	3.9%	5.2%	13.9%	6.3%	11.8	24.5
Korea	532	1,014	-1.8%	2.8%	33.7%	28.8%	1.7	8.2
Taiwan	299	430	2.3%	9.4%	11.2%	20.5%	8.7	18.2
Indonesia	238	707	-2.3%	0.9%	63.2%	17.2%	5.0	8.5
Malaysia	102	238	-5.7%	11.8%	47.1%	28.6%	3.3	8.6
Thailand	151	319	-2.0%	4.6%	72.7%	15.8%	5.3	12.8
Philippines	93	200	-4.8%	4.5%	17.4%	38.5%	2.7	13.6
India	421	1,632	-1.4%	-3.2%	24.2%	19.0%	8.0	10.5
Vietnam	27	104	-5.7%	-3.8%	80.8%	34.0%	2.7	1.8

BTMU's Strategic Initiatives in Asia

- Finance from private banks is essential for infrastructure development considering the \$700Bn gap between infrastructure needs and public finance/private investment in Asia. BTMU focuses on financing for infrastructure projects in Asia.
- BTMU focuses on financing of Japanese corporations for facility investment and trade finance to meet increasing expansion and investment in Asia

Infrastructure needs forecast in Asia (2010~20) (US\$Bn)			
	New	Renewal	Demand Total
Power	3,176	912	4,089
Communication	325	730	1,056
Transportation	1,762	705	2,466
Road	1,702	638	2,341
Port	50	25	76
Railroad	3	36	39
Airport	7	5	11
Water	155	226	381
Total	5,419	2,573	7,997



	No. of Japanese companies' subsidiaries (JPY 100Mil)		Direct investment from Japan to Asia	
	FY1991	FY2010	FY1991	FY2010
Asia Total	3,156	11,497	8,107	21,254
China	184	4,619	787	7,463
Hong Kong	476	946	1,260	1,604
Taiwan	463	751	554	176
Korea	245	581	357	1,260
Singapore	509	830	837	3,232
Thailand	488	1,434	1,107	1,839
Philippines	125	392	277	552
Malaysia	366	616	1,202	1,261
Indonesia	215	585	1,628	959

(Source) : METI "survey of overseas business activity"
MOF/BOJ "Outward/Inward Direct Investment"