

**Advancing East Asian Integration
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**Corporate Debt in Asia and
Asian Financial Market Development**

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Good morning,
Distinguished Guests,
Ladies and Gentlemen,

1. I am very honoured to be invited to participate in this important conference on East Asian Economic Integration, with the underlying theme of financing growth and macroeconomic policy. It is a particular pleasure to be back with so many old central banking and academic friends to look at an issue that I have been away from for quite a while.
2. In the tradition of securities regulators, I should begin by saying that all opinions expressed here are my own and not necessarily those of the Securities and Futures Commission of Hong Kong, nor that of the IOSCO Technical Committee, which I currently chair¹.
3. The issue of corporate debt in Asia is an important one, as the main engine of dynamic growth in Asia has been the corporate sector, even though the public sector in Asia has provided the conditions for dynamic growth through sound economic policies and good physical infrastructure. As one of the lessons of the Asian crisis was the excessive leverage of the corporate sector in several crisis economies, as well as the currency and maturity mismatches that were evident, we should look at the trends of this sector.
4. During the crisis, it was evident that what Asia lacked was a deep and liquid bond market. Since then, various policy initiatives were made to push the development of a pan-Asian bond market. The latest initiative is Asian Bond Fund 2, which will be eventually sold at the retail level as bond-related mutual funds.
5. What I would like to do in this paper are three things:–
 - Survey the level of corporate debt in Asia,
 - Examine why the corporate bond market will take time to evolve;

¹ I am grateful to Dr Yan Yuhong and Joseph Lee of the Research Department of the SFC for helpful research in the preparation of this paper; Professor Xiao Geng of the University of Hong Kong for research data and advice; Ms Gaik Looi Tan, Mr William Pearson, Ms Doris Pak and Ms Wang Yuan for comments and Ms Rosetta Chiu for secretarial assistance. All errors and omissions are my own.

- Map out a strategy on how to integrate Asian financial markets, drawing lessons from developing the corporate bond market.

Level of Corporate Debt in Asia

6. Corporate debt comprises three crucial elements: bank credit, bonds and trade (inter-enterprise) credit. Data on trade credit is notoriously difficult to track, even at the domestic level because you need firm-level data. Trade credit tends to be a derivative that is positively correlated with bank credit. In other words, if bank credit is readily available, the larger corporations tend to be quite liberal with trade credit to smaller enterprises. If credit conditions tighten, trade credit tends to shrink faster than bank credit as trade credit is interest-free, so lenders tend to be more stringent on their extension of credit to trade debtors. I shall accordingly concentrate on credit available through the bond market and the banking market. My analysis is based on macro data and therefore could only be interpreted as indicative of broad trends rather than definitive.
7. Table 1 shows the outstanding amount of corporate bonds outstanding in Asia, based on BIS data collected from central banks. The data demonstrated three key trends:-
 - The [underdeveloped state of the corporate bond markets in Asian economies](#), compared with the bond markets in industrialised economies. As at the end of 2003, the total outstanding corporate bonds of major Asian countries amounted to US\$393 bn. The Japanese bond market was nearly four times larger than the rest of Asia in 1993, but by 2003, this was less than double. Total corporate bonds outstanding in the emerging Asian economies accounted for 10% of their GDP in 2003, whilst the corresponding ratio was around 20% in US, UK and Japan.
 - There has been an [impressive growth in the Asian corporate bond market](#) over the past few years, with total outstanding amount of corporate bonds of the nine Asian economies being three times higher than the level 10 years ago. The average compound annual growth rate (CAGR) was double digit before the crisis and over 9% after the crisis.
 - However, [the corporate bond market is dwarfed by the Government Bond market in Asia](#). Unpublished data by an IOSCO Asia-Pacific Regional Committee survey showed that the Asian Government Bond Market was larger than the Corporate Bond Market by seven times in terms of outstanding amount of bonds and eleven times in terms of annual issuance in 2003².
9. Table 2 shows the bank credit to the corporate sector. The bank credit to corporate sector is calculated by subtracting loans to households from total bank credit to the private sector³. The data revealed the following trends:-

² Results of Survey for Corporate and Government Bond Markets, IOSCO Asia-Pacific Regional Committee, April 2005 (unpublished). Indeed, the number of Asian corporate issuers numbered less than 1,000 in 2003.

³ The figures of domestic credit to private sector are obtained from the [International Financial Statistics published by the IMF](#). The data of lending to households are collected from [various central banks](#).

- Bank lending remains the most important source of funding to the corporate sector in Asia. Despite fast growth in the corporate bond market, bank credit to the corporate sector remains ten times larger in size than bonds.
 - What is interesting is that banking lending to the corporate sector/GDP ratio in emerging Asian economies is in line with Japan (86%), but they remain higher than the bank credit/GDP ratio in US (45%), UK and Germany (65+%).
 - Although growth in bank credit to the corporate sector slowed down in a number of Asian economies after the Asian Crisis, it was noticeable that bank credit growth remained high in China, Korea and India.
10. I have compiled Table 3 to illustrate the growth of the equity markets in Asia by market capitalization, based on published data from the World Federation of Exchanges. The data told the following story:-
- By and large, equity markets in Asian economies have continued to grow in the last decade, despite sharp decline arising from the Asian crisis.
 - Although smaller compared with the larger markets in industrialized economies, for the nine emerging Asian economies, the aggregate capitalization of their stock markets reached US\$3.2 trillion (82% of GDP) in 2003, roughly comparable to the outstanding bank credit levels.
 - In other words, for most Asian economies, the equity market still dwarfs the corporate bond market.
11. Of course, access to funding is a flow, whilst the data that I have used are stock items. WFE data showed that the equity issuance of the nine Asian markets was US\$78 billion in 2003, still considerably lower than the increase in bank credit to the corporate sector in 2003 of US\$517bn (Table 4). Of course, only larger corporations have access to the IPO and bond markets, whereas the banking system serves both large and small enterprises.
12. Since banking, bonds and equity markets are the three primary sources of funding for the corporate sector, I have compiled Table 5 to have a crude comparison on how the total outstanding size of these three markets compare between Asia and the industrial economies. In a sense, this total financial market/GDP ratio gives an indication of the degree of financial intermediation in each market. Table 5 shows the following trends:-
- Asian financial intermediation has grown from 137.6% in 1993 to 177.8% in 2003, very similar to the growth in the industrialized markets.
 - Amongst the industrialized markets, Japan has retained a stable ratio, as bank credit and equity markets remained stable, but there was significant growth in US to nearly 200% of GDP, whilst in UK, the level has risen to 226%.

13. Table 6 does a crude comparison between growth in outstanding funding to the corporate sector (bank credit + bond + equity market) relative to nominal GDP. What emerges is that that over the period since 1998, funding has grown at an CAGR of 4.6% faster than nominal GDP, whereas funding for all four markets in the industrial economies have been negative. What this roughly tells us is that the corporate sector in Asia is not short of access to funds, although this may not necessarily be true for different sectors, such as the access of SMEs to the equity market.
14. Since we do not have country level corporate balance sheets readily available, Table 7 uses the debt/equity market ratios to crudely demonstrate how leveraged the corporate sector is in each economy. This is calculated as the total [bank credit + bond outstanding] as a percentage of total market capitalization. I want to stress that this is a crude ratio, because there is not necessarily a stable relationship between book value of corporate equity and its market value (as measured by market capitalization). This crude measure also excludes the capital base of SMEs or unlisted corporate sector. However, since listed companies increasingly dominate the corporate sector, this crude measure gives an indication of the trend of corporate leverage. The results are not that surprising:-
- Overall, the crude leverage ratio within Asia has grown from 89% in 1993 to 118% in 2003, but it was higher in 1998 (147%);
 - Within Asia, the Mainland markets are deleveraging fast, but the ratio still remains high as the equity market is still not yet that developed relative to the bank credit sector.
15. In the industrialized countries, the corporate leverage ratio in the US is declining as its equity market has been buoyant during this period, whilst that in Japan has remained stable. The corporate sectors in Japan and Germany are traditionally more highly-leveraged than US or UK corporations, reflecting partly the dominance of their “lead bank” approach to corporate financing. The leverage ratio of US and UK firms increased modestly during the past five years.
16. The above survey of corporate debt shows that in Asia, bank financing remains the dominant source of corporate funding. There was a “bulge” of bank lending in the period to 1997, but by and large, Asian corporations appear to have learnt the lessons of the Asian crisis and have begun to tap the equity and bond markets. Micro-level data in the Mainland, for example, demonstrate that as competition and corporate governance improves, the level of leverage has gone down. Data from a longitudinal study⁴ of enterprises in China showed that liability/asset ratio fell from an average 63.7% in 1995 to 57.5% in 2002, whilst those of state-owned enterprises fell from 64.8% to 60.8%. (Table 8) It is interesting to note that Hong Kong/Macau/Taiwan enterprises’ ratio fell over the same period from 68.1% to 54.8%, indicating that foreign enterprises tend to be more conservative in leverage than domestic enterprises.

⁴ I am grateful for Professor Xiao Geng of University of Hong Kong for sharing this data with me.

17. In summary, we can say that Asian corporations have become probably less leveraged than traditionally, especially after the Asian crisis. However, in some Asian economies, they are still highly leveraged by international standards, partly because of state-ownership and partly because of ready financing by the dominant banking system.

Why is the Asian corporate bond market slow to evolve?

18. After the Asian crisis, there has been a lot of studies on how to develop the bond market. Various ADB, EMEAP and other studies have shown that the bottlenecks to the bond market development included the following:-
- Exchange controls or lack of interest rate liberalization;
 - Lack of benchmark yield curve
 - Lack of domestic institutional investors
 - Weak infrastructure (trading and clearing and settlement platforms)
 - Withholding tax and various regulatory barriers to bond issuance
 - Insufficient incentives for corporations to issue debt
19. The efforts in Asia to develop their capital markets, in particular the bond markets, are commendable and important for growth and financial stability. However, the depth of Asian markets in terms of liquidity and interest to domestic issuers remain limited. Why?
20. My own assessment is that we need to get back to basics on why these reforms have not been so readily accepted by the market. Firstly, some analysts attribute vested interests and bureaucratic inertia in the following:-
- a dominant Asian banking system, which finds it easier to lend to corporate borrowers than to trade bonds that disintermediate their deposit base;
 - ministries of finance, which have been reluctant to increase their debt issue regularly to create a benchmark yield curve and also remove withholding tax and capital gains tax on bond trading;
 - central banks which wish to dominate the clearing and settlement system; and
 - regulatory authorities who have to approve the regulatory changes in corporate and offering of securities laws that would reduce the transactions costs of issuing bonds.
21. My own personal experience of the immense difficulties of getting the bond market moving is that the most critical issue is to persuade everyone [including every institution involved] to be on the same page. Getting the hardware of bond markets is easy relative to the software. Indeed, the detailed changes to the regulatory structure, laws and regulations cannot be under-estimated.
22. Hong Kong, which has advanced infrastructure, excellent regulatory framework, low taxation and the right policy framework, also found the necessary reforms complex. First, we had to realize that the barriers to

the corporate bond market were the high transactions costs and lengthy authorization process associated with the prospectus that had to be issued with every corporate bond that was mandated by the Companies Ordinance. Second, we had to have a team to study exactly what “quick fixes” could be introduced to the corporate law to allow exemptions to facilitate bond issuance. Third, we are still working on amendments on securities legislation that roughly replicates an “Offering of Securities” Law that would bring Hong Kong legislation in this area in line with international standards so as to allow, among others, a smooth and efficient issuance of bonds and other structured products.

23. In my view, after the painful experience of the Asian crisis and a period of low interest rates, banks operating in Asia are now more willing to move away from protection of their deposit base towards more “fee-based income” where they can earn higher income from being the distribution network for selling other financial products (such as bonds, mutual funds, insurance and structured products) than pure loans-deposit spread income.
24. Secondly, it is only as the Asian population begins to age, that there is now higher demand for fixed-income instruments as a channel for savings.
25. Thirdly, as Asian corporations develop greater sophistication in their treasury and risk management, they find that issuing debt and structured products could be cheaper (in transactions costs and in interest paid) and faster to raise than pure IPO or resort to bank loans. By broadening the range of funding choice for the corporations and reducing the transactions costs of such choice, both demand and supply conditions are more conducive now for the deepening of the bond markets in Asia.
26. Consequently, the primary focus of market reforms should be to reduce the transaction costs of funding issuance for corporations, irrespective whether they are traditional equity through IPOs, bonds or syndicated or direct bank loans. This requires a very careful analysis of the regulatory framework involving corporate and securities laws. The devil is really in the details.

Implications for Asian Financial Market Integration and Reforms

27. These lessons from the practical experience of financial market development and reforms at the local level suggest that a “top-down” or policy-led approach of market reform initiated by policy makers or authorities for the Asian markets will meet considerable headwinds.
28. The excellent papers by Barry Eichengreen⁵ and by Tommaso Padoa-Schioppa⁶ surveying lessons from Asian market integration to date and

⁵ Barry Eichengreen, “Financial Cooperation in Asia: Initiatives, Dilemmas and Next Steps”, University of California, February 2005.

⁶ Tommaso Padoa-Schioppa, “East Asian Monetary Arrangements: A European Perspective”, published in *International Finance*, July 2004.

the European financial integration respectively suggest that Asian market integration is at its early stages of formation. I would argue that trying to push the Asian bond market “top-down” is less effective than trying to liberalize and change the domestic market regulatory conditions that favour corporate choice in terms of issuance of funding instruments. In other words, develop domestic markets first to international standards. Inter-connectivity and inter-operability will naturally follow.

29. In the past, de-regulation of domestic financial markets faced many obstacles and domestic resistance, because of the fear of foreign competition and the lack of benchmarks or standards by which reforms can be judged. Cookbook approaches introduced by international financial institutions (IFIs), even with considerable technical assistance components, ran into a whole morass of problems, so that almost eight years after the Asian crisis, domestic market liberalization still has not taken as deep root as many IFIs would wish.
30. As well described by Toyoo Gyohten⁷, the motives behind regional integration are threefold:-
 1. Strengthen regional growth potential as the third pillar of international order, next to America and Europe;
 2. Strengthen domestic financial system within the region; and
 3. Make better use of high regional savings
31. But Eichengreen feels that regional cooperation can facilitate financial development in four ways:-
 1. Facilitating information and knowledge sharing
 2. Peer pressure could help foster reform, eg through ASEAN+3 initiatives
 3. Overcoming problems of minimum efficient scale
 4. Cooperation would facilitate regional harmonization of regulations within the region.
32. But I remain sceptical whether the above conditions and benefits are sufficiently large and obvious enough to push Asian financial and monetary integration as a policy objective. Professor Gordon de Brouwer⁸ feels that financial integration can be a tool for stable economic and financial development. This looks conceptually tidy and neat in terms of the “third force” after the dollar and the euro zone, but in reality, the case remains unproven.
33. First, unlike Europe, which had a political vision against challenges from across the Atlantic and from its Eastern flank, the Asian economies are much more diverse in stages of development and in terms of cultural backgrounds.

⁷ Toyoo Gyohten, “Asian Regional Integrations: Its potential, its limits and lessons learnt from Europe,” IIF Spring Membership Meeting, April 2004, Shanghai.

⁸ Gordon de Brouwer, “Monetary and Financial Integration in Asia: Empirical Evidence and Issues”, Australian National University, 2005

34. Second, the dollar remains the de facto currency standard for Asia because of its trading and capital flow relationship with America, as its largest trading partner. As I have pointed out elsewhere⁹, there is a symbiotic relationship in capital flows between Asia and the US. Asian central banks and retirement funds tend to put the bulk of their reserves into US Treasuries, bonds and equities to diversify their risks into “blue chip” assets, which also serves to finance the current account deficit of their major trading partner. In return, the major capital markets in US and Europe recycle their funds back to emerging markets in the form of FDI and FPI in the search of higher yield and spread, enhanced through leverage and structured financing.
35. Third, the Asian crisis occurred not only because of weaknesses in the crisis economies, but because Asia lacked a dollar lender of last-resort (LLR). Swap arrangements are not material substitutes for LLR in the event any Asian economy enters into significant balance of payments imbalances. Currently, only the major IFIs, if backed by the major central banks, have the financial and intellectual “fire power” to fill that role.
36. Fourth, in practical terms, neither the implied threat of American or European domination appears as sufficient justification for the creation of a “third” currency because the downside risks of speculative attacks against that “third currency” far outweigh the benefits of a single currency in an Asia that has very diverse political and economic objectives. There is simply no central mechanism (such as the European Central Bank) nor the equivalent of a stability pact to ensure sufficient fiscal and monetary discipline for the Asian economies to arrive at a unified view as to common currency arrangements. Indeed, any attempt to “centralize” financial market activities in any Asian financial capital would create opposing forces that work against such proposal.
37. Consequently, the realistic approach is not to harp about Asian monetary and financial integration, but to work pragmatically at strengthening domestic markets and benchmarking efficiency and robustness against international standards. This is clearly in every economy’s self interest.
38. Just as intra-Asian trade in goods is expanding under the general WTO framework of lower tariffs and greater efforts at bilateral free trade agreements, intra-Asian trade in financial services can only expand if the Asian domestic financial markets are much more efficient, robust and benchmarked against international standards of accounting, transparency and regulatory enforcement.
39. Before the Asian crisis, nobody paid much attention to such international standards. After the crisis, there has been the greatest period of reform in international standards of accounting, auditing, monetary and fiscal transparency, corporate governance and financial regulation since the 1930s. For example, the G30¹⁰ has benchmarked

⁹ Andrew Sheng, “Optimal Financial Structure for Economic Growth: Lessons from Other East Asian Economies”, China Centre for Economic Research 16-17 September 2004, Beijing

¹⁰ The G30 Report "Global Clearing and Settlement: A Plan of Action", Washington DC, January 2003

standards for cross-border clearing and settlement systems, while IOSCO/CPSS has standards for payment systems, securities settlement systems and central counterparties. International banking and messaging codes have been issued under ISO. IOSCO securities regulation standards are now widely accepted. Technology in standards and software/hardware means that the minimum efficiency scale argument no longer applies. Even very small economies can afford the hardware and software for improving their trading and clearing systems to international standards at very cheap rates. The focus going forward is for domestic systems to adopt and implement global standards.

40. The European experience in harmonizing regulations through EU Directives gives a clue on how Asians could focus on the primary task of domestic financial reform to improve overall efficiency. By an accident of history, many Asian markets have unintentionally erected regulatory barriers to trade in financial products in Asia. Currently, it is easier to trade a European or American-registered bond or mutual fund anywhere in Asia, than it is for, say, a Thai registered mutual fund to be distributed in Hong Kong and vice versa. The simple reason is the absence of regulatory equivalence – we accept regulatory standards in Europe and America but may not recognize Asian markets to have the same regulatory equivalence, even though we are all neighbours and members of IOSCO. In other words, we are moving towards free trade in Asia in physical goods, but we have not yet achieved common vision towards greater free trade in financial services.
41. To sum up, the basic logic of financial integration or cooperation is to improve domestic economic development and welfare. There are really three choices: adopt domestic standards, regional standards or global standards. I would argue that pure domestic standards are no longer a pragmatic option, given the fact of greater internationalisation of trade and capital flows. I remain sceptical that regional standards can be agreed upon without huge political and other costs. The realistic option is to develop domestic markets according to international standards, in order to strengthen domestic institutions to compete and cooperate at the international level.
42. Once the domestic financial markets in Asia become more aligned to each other in terms of international standards, whether financial integration will occur or not will be up to the market to decide. This “bottom-up” approach is actually a more pragmatic Asian approach, best summed up as “crossing the river by feeling the stones”.

Andrew Sheng
3 March 2005

Table 1

SFC 證監會	Outstanding Amount of Corporate Bonds								
	1993		1998		2003		CAGR(%)		
	US\$ bn	% of GDP	US\$ bn	% of GDP	US\$ bn	% of GDP	93-98	98-03	
Hong Kong	1.1	0.9	3.3	2.0	6.4	4.1	24.6	14.2	
China	5.7	0.9	8.2	0.9	12.2	0.9	7.5	8.3	
Australia	12.9	4.3	26.7	7.4	87.4	17.2	15.7	26.8	
Korea	49.4	13.5	101.9	29.5	157.1	26.0	15.6	9.0	
Singapore	1.9	3.3	3.1	3.8	5.3	5.8	10.3	11.3	
Taiwan	21.4	9.5	71.2	26.6	58.4	20.4	27.2	-3.9	
Thailand	8.0	6.6	11.6	10.4	19.3	13.5	7.7	10.7	
Malaysia	5.9	8.8	24.4	33.8	44.9	43.3	32.8	13.0	
India	1.1	0.4	1.3	0.3	1.9	0.3	3.4	7.9	
Total	107.4	5.1	251.7	9.1	392.9	10.1	18.6	9.3	
Japan	408.2	9.4	606.1	15.4	769.7	17.9	8.2	4.9	
US	1,571.2	23.6	2,101.8	24.0	2,484.0	22.6	6.0	3.4	
UK	37.9	3.9	115.4	8.1	382.0	21.3	24.9	27.0	
Germany	926.5	47.3	1,349.3	62.8	958.2	39.8	7.8	-6.6	

Sources: International Financial Statistics, BIS, IMF, various central banks and government websites

Table 2

SFC 證監會	Bank Credit to Corporate Sector*								
	1993		1998		2003		CAGR(%)		
	US\$ bn	% of GDP	US\$ bn	% of GDP	US\$ bn	% of GDP	93-98	98-03	
Hong Kong	114.5	97.0	187.0	113.2	139.7	89.2	10.3	-5.7	
China	596.0	99.2	1,082.5	114.4	2,086.6	147.7	12.7	14.0	
Australia	128.8	43.4	176.9	48.7	286.9	56.4	6.6	10.1	
Korea	74.9	20.5	124.4	36.0	205.8	34.0	10.7	10.6	
Singapore	43.5	74.7	80.1	97.8	85.7	93.8	13.0	1.3	
Taiwan	106.4	47.5	136.7	51.1	148.6	51.9	5.1	1.7	
Thailand	86.0	70.6	128.2	114.6	100.3	70.0	8.3	-4.8	
Malaysia	56.8	84.8	105.1	145.7	123.1	118.6	13.1	3.2	
India	62.2	22.8	90.6	22.1	168.7	29.1	7.8	13.2	
Total	1,269.1	59.7	2,111.7	76.4	3,345.3	86.1	10.7	9.6	
Japan	4,267.0	98.0	4,398.3	111.9	3,770.3	87.8	0.6	-3.0	
US	2,530.0	38.0	3,596.5	41.1	4,975.4	45.2	7.3	6.7	
UK	439.2	45.6	774.5	54.5	1,228.3	68.3	12.0	9.7	
Germany	1,062.8	54.3	1,415.1	65.9	1,581.5	65.7	5.9	2.2	

* : The figures are estimated by subtracting the loans to households from the bank credit to private sector.
Sources: International Financial Statistics, BIS, IMF, various central banks and government websites

Table 3

SFC 證監會	Total Capitalisation of Equity Market								
	1993		1998		2003		CAGR(%)		
	US\$ bn	% of GDP	US\$ bn	% of GDP	US\$ bn	% of GDP	93-98	98-03	

Table 4

Table – Bank Credit to Corporate Sector vs. Equity Issuance (US\$ bn)		
	Increase in Bank Credit to Corporate Sector	Amount of Equity Issuance by Domestic Companies
Hong Kong	-2.0	27.5
China	358.8	7.8
Australia	76.3	22.8
Korea	38.5	0.6
Singapore	4.3	1.3
Taiwan	5.8	8.6
Thailand	11.3	n.a.
Malaysia	5.5	1.8
India	18.2	7.6
Total	516.7	78.0
Japan	169.6	29.0
US	301.6	87.9
UK	247.3	30.2
Germany	242.0	n.a.

Sources: WFE, BIS, IMF, CEIC, various central banks and government websites.

Table 5

SFC 證 券 監 督 委 員 會	Bonds + Bank Credit* + Equities							
	1993		1998		2003		CAGR(%)	
	US\$ bn	% of GDP	US\$ bn	% of GDP	US\$ bn	% of GDP	93-98	98-03
Hong Kong	500.6	424.3	533.9	323.1	860.7	549.4	1.3	10.0
China	642.2	106.8	1,326.3	140.2	2,611.8	184.9	15.6	14.5

Table 6

SFC 證券 監 管 局	Growth of Funding vs. Growth of GDP (in USD)						
	CAGR of Real GDP		CAGR of Nominal GDP		CAGR of Credit		Funding Growth
	93-98	98-03	93-98	98-03	93-98	98-03	over GDP (98-03)
Hong Kong	2.7%	3.7%	7.0%	-1.1%	1.3%	10.0%	11.1%
China	2.2%	8.0%	9.5%	8.3%	15.6%	14.5%	6.2%
Australia	2.7%	4.1%	4.1%	7.0%	9.2%	12.5%	5.5%
Korea	-6.8%	9.8%	-1.1%	11.9%	5.3%	14.2%	2.3%
Singapore	6.2%	2.7%	7.1%	2.2%	-0.1%	5.9%	3.7%
Taiwan	1.3%	2.6%	3.6%	1.4%	7.8%	4.6%	3.2%
Thailand	-6.9%	4.6%	-1.7%	5.1%	-4.7%	6.5%	1.4%
Malaysia	-3.0%	5.6%	1.5%	7.5%	-4.4%	7.9%	0.4%
India	0.3%	3.1%	8.5%	7.2%	2.6%	17.3%	10.1%
Total	-0.2%	5.8%	5.4%	7.1%	6.3%	11.7%	4.6%
Japan	-1.8%	3.6%	-2.0%	1.8%	-0.4%	0.1%	-1.7%
US	3.8%	2.7%	5.6%	4.7%	14.9%	3.5%	-1.2%
UK	5.3%	2.3%	8.1%	4.8%	14.9%	4.5%	-0.3%
Germany	0.4%	1.5%	1.9%	2.3%	9.5%	-1.2%	-3.5%
Sources: IMF World Economic Outlook							
5							
SFC 證券 監 管 局	Credit to Private Sector						
	1993	1998	2003				
Hong Kong	30.0%	55.4%	20.5%				
China	1,485.7%	463.0%	409.1%				
Australia	70.1%	61.9%	63.9%				
Korea	89.0%	197.5%	121.7%				
Singapore	33.6%	86.3%	61.3%				
Taiwan	66.2%	79.8%	54.6%				
Thailand	73.8%	409.8%	100.5%				
Malaysia	28.5%	135.6%	104.3%				
India	60.6%	93.1%	67.4%				
Total	89.0%	147.0%	117.9%				
Japan	160.9%	205.1%	153.7%				
3							

Table 8

Mainland China Enterprises:

Weighted Average asset-liability ratio		YEAR		
		1995	1998	2002
TYPE	Collective enterprises	67.3%	66.5%	61.5%
	Foreign-invested enterprises	50.1%	54.0%	53.6%
	HK/Macau/Taiwan enterprises	68.1%	61.0%	54.8%
	Mixed enterprises	55.5%	57.7%	54.2%
	Private enterprises	32.5%	69.1%	62.3%
	State-owned enterprises	64.8%	64.4%	60.8%
Average		63.7%	62.7%	57.5%

Source: National Bureau of Statistics of China, Annual Survey of Large and Medium-Sized Industrial Enterprises, 1995-2002.