11.02.05. Wealth Beyond All the Tea in China.

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COMMENT: Wealth Beyond All the Tea in China

Dear A-Letter Reader:
Half the news you hear on Asia might make you want to throw money by the fistful at the Pacific Rim ... the other half might scare you to death.

The good news: Relatively inexpensive, but educated, labor forces ... easy access to commodities and other raw materials ... free-market economies young, but blooming. And those are just a few.

The bad news: The region is beset with land-mines just about everywhere. Corruption ... lousy corporate governance ... infrastructures that are mediocre at best ... questionable capital markets. And some analysts think China and Asia have "topped out."

In my view, while it's not all fun and games investing in Asia, there are just too many opportunities to pass up right now. Why Asia, why now? Here are some things to consider...

Asia clocked a 7.4% growth rate in GDP during 2004. No doubt about it -- that's a blistering pace. In fact, it's over twice the rate of growth of the U.S. and translates to a boatload of opportunities for Asian businesses and trading partners around the globe.

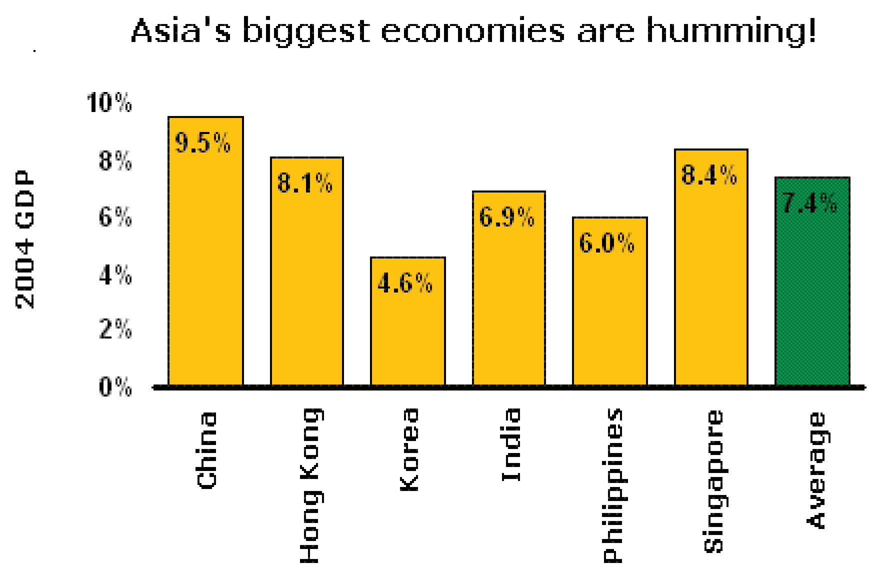
Why? Because robust economic growth means more demand for all kinds of Asian products and services. And for Asian companies, growing demand means healthy top-line sales, improving earnings, and precious cash-flow needed to expand operations down the road.

But that's not all. Asia's robust growth casts a positive light on investors looking to put their cash to work around the globe. And with more investors interested in a region's stock markets, stock values tend to go up, not down.

The fact is most savvy investors -- from wealthy individuals to institutions -- look at a region's underlying growth in step one and a region's companies in step two. As you probably know, if step one doesn't check out, there is no step two.

Certainly, China's 9.5% GDP growth rate in 2004 was impressive. But

take a look at the other big hitters across Asia ...



As you can see from this graphic, India grew at a phenomenal 6.9% during 2004 ... Hong Kong was up 8.1% ... and Singapore improved by 8.4%. And while Korea lagged the pack, its 4.6% growth still outpaced the U.S. by a big margin. I have one word for those results: Wow!

Certainly, Asia can't keep this up forever -- and you wouldn't want it to. That's why I was relieved when the Asian Development Bank's 2005 estimates called for average Asia's GDP to moderate to 6.5%. Too much heat for too long means roaring final prices -- and that can spell nasty inflation in no time.

There are loads of opportunities in each of these countries. And I've been super-attracted to India for a number of reasons.

First, it has a strong liking to democratic rule. That tends to smooth things out when the political going gets tough.

Second, it has a long-term familiarity with Western business practices, a big plus when it comes to attracting investors to Indian companies.

Third, it's quickly becoming a hot-spot for service industries. And if you think about how you'd like to wave a wand and make it so, you'd take service over hard-core industry all day, everyday.

Lastly, it's knowledge of English and democratic structure make it a good choice over other Asian alternatives, particularly China.

Now, here's the kicker: India is expected to grow at an average of 7.5% over the next two years. That's more than the entire region and better than many of its Asian competitors.

There are loads of infrastructure improvements -- and other reforms -- that need to be addressed in India. But the way I see it, that's spells more opportunity not less.

When it comes to competitiveness, Asia shines bright. According to the World Economic Forum, Taiwan is the fifth and Singapore the sixth most competitive countries around the globe. That's right: These Asian tigers are more competitive than the United Kingdom ... Canada ... even Germany!

In fact, Taiwan and Singapore are only surpassed by the Nordic powerhouses -- Finland, Sweden, and Denmark -- and, of course, the U.S.

Out of the 117 countries measured, other Asia players -- including Japan, New Zealand, Malaysia, and Hong Kong -- rounded out the top 28. That puts many of Asia's mightiest far ahead of former European stand-outs like Spain, Greece, Italy ... even France.

And don't forget: These ratings aren't just based on productivity and exchange rates. They also look into institutions, policies and other factors that have an effect on prosperity and productivity. In my book, that's a positive.

My take: Asia's competitiveness is another big plus for the region. And I won't be surprised when more Asian tigers make their march up, not down, the list in years to come.

Bottom-line: From stellar growth to first-class competitiveness, Asia is bursting with outstanding investment opportunities.

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P.S. As the economies of Asia shift into high gear, their demand for commodities is big and getting bigger: Oil ... copper ... uranium ... gold ... iron and more! This means more good news for Commodities Trend Alert subscribers, who just bagged up to 606% GAINS on International Uranium Corporation! CTA's portfolio is also showing open gains of 308% on Fording Canadian Coal ... 567% on UTS Energy Corporation and 644% on Chicago Mercantile Exchange Holdings.

The best news is, CTA editor Eric Roseman is just getting started. In fact, global commodities guru Jim Rogers notes that the shortest commodity bull market lasted 14 years and that the current one is only five years old. To get Eric's latest pick, click here:

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* China's economy powers ahead with 9.5% growth. LINK:
http://www.cnn.com/2005/BUSINESS/10/31/china.growth.reut/
* OECD says corruption threatens Chinese economy. LINK:
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