

[The Google – China Standoff](#)[Getting the Price Right: China's Energy and Water Constraints](#)[After the Great Recession, What Next?](#)[India Retail Sector: Not on Sale for International Retailers Yet](#)[Asia Rising Story Gains Momentum](#)[Haiti Aftermath: What are the lessons for Asia?](#)[Member News](#)**The Google – China Standoff**

Google's allegation that it was the target of China-based cyber-attacks and its promise to stop censoring PRC content has thrown the issue of China's rise into sharp contrast among the foreign business community. China is in a position to set the rules as never before. Longtime China analyst [James McGregor](#) says that this incident will be a watershed, with a perception among foreign businessmen that "antiforeign attitudes and policies in China have been growing and hardening." These are battles that individual companies like Google—even with backing from the Obama administration—are likely to fight in vain. For many companies, the Chinese market is just too big to ignore—the estimated [number of internet users](#) in China reached 384 million last year (a rise of almost 30% from 2008). Even though [foreign direct investment \(FDI\) in China](#) fell 2.6% last year amid financial crisis, inward investment flows still totaled a staggering \$90 billion.

After the Great Recession, What Next?

The Great Recession seems to have receded in Asia. The debate is heating up about what comes next. IMF head [Dominique Strauss-Kahn](#) says Asia may need to erect temporary capital controls to keep money rushing in to the region. Many articles look at various exit strategies, but no one seems to have a convincing one. The risk is that central banks wait too long. Inflation already is ticking up in India and China. [Eswar Prasad and Ravi Kanbur](#) point out that inflation targeting should explicitly puncture asset-price bubbles. The [ADB](#) warns of overheating in China.

Asia Rising Story Gains Momentum

The Asia rising story has gathered a new momentum now that the crisis appears to be over. Largely unnoticed outside of the region, the [ASEAN-China free trade pact](#) went into effect on January 1. Despite resistance from some (such as Indonesian manufacturers, who are now asking for a rethink), this has the potential to reshape the region, with China strengthening its position. Indeed, China's GDP almost topped Japan's last year.

Getting the Price Right: China's Energy and Water Constraints

Getting the price right is key to managing the scarcity of China's energy resources. [Short supplies in the power sector](#) have caused rationing of gas and electric power in a number of Chinese cities. Coal is linked to these shortages because gas supplies come from both natural gas and coal gasification. It is also partially linked to the ongoing dispute between generators and the Chinese government over the government-determined price of power; with coal prices up 25% in the last year, generators want an increase in power prices. 2009 also saw a wave of water price hikes across China, with Beijing most recently raising its residential water rates by 8%. Besides higher water rates encouraging new investment in water supply and treatment infrastructure, a new [McKinsey report](#) also recommends a number of measures. McKinsey predicts that China faces a water supply deficit of 25% by 2030.

India Retail Sector: Not on Sale for International Retailers Yet

As one of the largest retail markets in the world, at an estimated \$450 billion today, [India's retail market](#) is positioned to more than double in size to more than \$900 billion by 2015. Spending in modern retail stores has seen growth of 20% a year over the past four years. However, India's severe restriction on foreign investment in retail businesses has prevented global companies from entering this market (though foreigners can own up to 51% of a single-brand retailer). India prohibits any foreign direct investment in multi-brand retailing and imposes duties on apparel averaging 40%. Will India's regulations ease in the future? Current foreign investors entering the Indian retail market remain optimistic.

Haiti Aftermath: What are the lessons for Asia?

Something like the tragedy in Haiti could happen in Asia. As Asia's populations grow, low-lying areas will be particularly vulnerable to natural disasters. One [Thai columnist](#) draws the explicit parallel between Haiti and Asia. As the 2004 tsunami showed, Thailand is vulnerable. The slow sinking of Bangkok and the continuing deforestation of the country makes people more vulnerable to inevitable natural disasters, especially when corruption and conflicts remain the way they are in the region. In addition, lessons must be learned to make sure the response towards the [massive natural disasters](#) is faster, better coordinated, and reaches people in need as swiftly as possible, so that emergency aid can be delivered more quickly.

Member News

- ✧ [Mukesh D. Ambani](#) of Reliance Industries Ltd. was ranked the fifth best-performing CEO in the world by *Harvard Business Review*. The ranking was created based on three metrics: country-adjusted company returns, industry-adjusted country returns, and market capitalization.
- ✧ Mahindra Group's [Anand Mahindra](#) was profiled in a feature about family run conglomerates in the *Financial Times*.
- ✧ Standard Chartered's [Peter Sands](#) was interviewed about his views on the global economic recovery in *The Telegraph*.
- ✧ [Gerard Kleisterlee](#) of Philips was featured in an interview with *Der Spiegel* about the radical restructuring of the traditional firm and market opportunities arising from aging populations.
- ✧ Hang Lung Properties Ltd.'s [Ronnie Chan](#)'s opinion piece "The west's preaching to the east must stop" was published in the *Financial Times*.