

MARCH 2011

IN THIS ISSUE

Member News

Door Open for Chinese Investment in the U.S.

Upheaval in the Arab World I: What Does it Mean?

India's Look East Policy

Upheaval in the Arab World II: Lessons From and For East Asia

Confronting Water Scarcity in China

Member News

- → 3M's George Buckley was profiled in the Financial Times. He also discussed his views on doing business in the U.S. with the Financial Times.
- ♦ Ronnie C. Chan of Hang Lung Properties was featured in Bloomberg.
- ♦ Gerard Kleisterlee of Philips has been named the new Chairman of mobile communications provider Vodafone Group.
- ♦ David Li of Bank of East Asia discussed increasing competition and what 2011 has in store in an interview with Forbes.
- Anand Mahindra of Mahindra Group discussed his company's involvement in the aerospace business in an interview with CNBC-TV18. He was also profiled in the <u>Business Standard</u>.
- ♦ Narayana Murthy of Infosys offered advice to the National Institute of Mental Health and Neurological Sciences, Bangalore during the institute's anniversary function.
- ♦ Rolls-Royce's **John Rose** was profiled in the *Guardian*.
- ♦ Shin Dong-bin has been named Chairman of Lotte Group.

Upheaval in the Arab World I: What Does it Mean?

Uprisings in the Arab world mean higher oil prices now. But the longer-term significance of the current movement will be continued pressure for sweeping reform: Young, educated populations are demanding more jobs, which can only be created with economic liberalization. David Rothkopf has these <u>five takeaways</u> from Egypt's revolution. Fundamental changes in the region will likely create opportunities for business investment and partnerships in sectors from energy to infrastructure to IT, and in the longer term, opportunities to serve middle-class consumer markets as incomes grow. Read <u>more</u>.

Upheaval in the Arab World II: Lessons From and For East Asia

The Jasmine Revolution unsurprisingly has sparked questions about China. Similarities such as increasing inequality, corruption, and political repression prompted China's censors to silence media coverage of events in the Middle East. However, <u>Joshua Kurlantzick</u> of the Council on Foreign Relations says parallels are overblown: China's booming economy, united leadership, and immunity from U.S. pressure make it an unlikely candidate for revolution. But <u>Didi Kristen Tatlow</u> of the *New York Times* argues that China has to act preemptively. East Asia, especially Indonesia and South Korea, might hold lessons for Egypt, writes <u>Amitav Acharya</u>.

Door Open for Chinese Investment in the U.S.

After failing to receive security clearance for the recent acquisition of assets from American company 3Leaf Systems, Chinese IT-giant Huawei released a letter offering to comply with a security investigation and urging fair treatment from the Committee on Foreign Investment in the United States. The controversy surrounding Huawei's recent attempts to expand in the U.S. has led Beijing officials to question how open the American market really is to Chinese investors. However, a number of important approvals for Chinese companies in 2010 signals opportunities for Chinese investment in the U.S., writes John B. Bellinger III of Caijing. Bellinger advises Chinese businesses to start small with minority ownerships in order to up the chances of gaining investment approval, and to target safe industries such as green energy or natural resource extraction rather than politically controversial industries like telecommunications and defense.

India's Look East Policy

India has stepped up its <u>Look East</u> strategy by signing major economic agreements with Japan and Malaysia and hosting Indonesia's president. Besides abolishing most trade tariffs over 10 years, <u>Japan</u> has also agreed to open the labor market to Indian professionals. The <u>Malaysian agreement</u> opens up investment opportunities in the IT services and construction industries, deepening provisions covered in the Indian-ASEAN free trade agreement signed in August 2009. Indonesian President Yudhoyono's visit to India in January saw 18 agreements worth \$15 billion signed in sectors including mining, infrastructure, and manufacturing. Read <u>more</u>.

Confronting Water Scarcity in China

China will invest \$600 billion into its first-ever <u>water policy</u> to ensure adequate water supplies for the country after northern China experienced its worst drought in 50 years. At the same time, China's demand for energy, especially coal, is outpacing its water supply, leading to a fierce competition between energy and water. According to a <u>Circle of Blue report</u>, 20% of China's fresh water is used for mine processing and consumption of coal reserves – this amount has tripled since 2000 and will increase a further 30% by 2020. In order to meet the water demand for the energy industry, large-scale water projects are proposed, including a pipeline from the sea to western China and facilities to convert sea water into fresh water.