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The Asia Business Council's fourth annual survey was conducted from June to August; and 52 of the council's 70 members responded. Two-thirds of all respondents believe that business conditions in Asia would improve over the next year, yet among these respondents, a third also thought that recession was the biggest economic problem in Asia. In the past twelve months, a smaller share of members reported investments in all economies, except Indonesia. The top five investment destinations were China, India, Indonesia, America, and Singapore. Members also rated finance and business issues as crucial to business in Asia and also perceived impact on their businesses. Their second area of concern was energy and environmental issues, specifically the prospect of higher energy prices. The nuclear ambitions of North Korea and Iran, unemployment, and the widening wealth gap also posed potential stability risks to the region. Read [more](#).

DPJ 's Landslide Victory

The Democratic Party of Japan (DPJ) scored a historic victory in the August 30 general election, winning 308 seats in the 480-member House of Representatives. The DPJ President Yukio Hatoyama will become the new prime minister, replacing the Liberal Democratic Party (LDP) President Taro Aso. In [his article](#), Hatoyama emphasizes East Asian integration as a key path to multilateral cooperation and Japan's independence. [Richard J. Samuels](#), director of the Japan program at the Massachusetts Institute of Technology, says that "Japan is going to be more willing to say no to the United States." Hatoyama and other DPJ executives immediately started talks on the transition of power. The DPJ advocates administrative reforms to strengthen Japan's lawmakers' decision-making power, and has proposed a large-scale stimulus package. Read [more](#).

Improving Relations in Northeast Asia or Not? The Case of North Korea

Do the recent gestures of peace offered by North Korea indicate its readiness to try diplomacy with the outside world? The early-August visit by former U.S. President Bill Clinton to Pyongyang, which resulted in the release of two American journalists, and North Korea's decision to send a high-ranking delegation to Seoul to attend former South Korean president Kim Dae-jung's funeral, appear to signal increased engagement. But this may be "a shell game," says longtime journalist and author Donald Kirk, in [this article](#), arguing that North Korea's actions were motivated by the country's economic desperation and the ailing Kim Jong-il's attempts to pave the way for his son to take power. Separately, North Korean, South Korean and Chinese perspective on the nuclear situation on the Korean peninsula were aired at the Security Cooperation in the Asia-Pacific (CSCAP) Study Group on Countering the Proliferation of Weapons of Mass Destruction. Read [more](#).

India's "Pragmatic and Cautious" New Budget

The new Indian government unveiled a \$210 billion budget that will widen the fiscal deficit to 6.8% of GDP, the largest gap in 18 years. The new budget aims at the "aam aadmi" (the common man). Measures to increase welfare and rural spending to stimulate economic growth include a fertilizer subsidy, antipoverty schemes and infrastructure development, petroleum pricing, and tax reforms. In [this article](#), Uttara Dukkupati of the Center for Strategic and International Studies (CSIS) explains that the budget is missing specific outlines of institutional and economic reforms. The government is actually a "reluctant and low-key" reformer, Dukkupati argues, adding that the budget gives little guidance on whether the government is planning to pursue reforms, such as opening the economy to foreign investors, deregulation of restricted sectors, and broadening public-private partnership. To read more about India's 2009-2010 budget, click [here](#).

Innovations in Information Technology: Chinese Tech Firms and Mobile Banking in the Philippines

Author Rebecca Fannin's new book [Silicon Dragon: How China is Winning the Tech Race](#), focuses on Chinese IT companies that are real innovators rather than copycats of Western technology. China is the fastest-growing target destination for venture capital in the last four years across Asia, because of greater access to the Internet and mobile phones. One of the top areas of IT innovation is mobile banking. [This study](#) released by the Consultative Group to Assist the Poor (CGAP) and Groupe Speciale Mobile Association (GSMA) estimates that although more than a billion people worldwide do not have access to banks, they have mobile phones, which serves as a large mobile banking market. The study focuses on mobile money users in the Philippines and highlights operators' potential to use savings services. One in ten unbanked mobile money users already stores an average of \$31 in their mobile wallet, or about one-quarter of their household savings.

Sustainable Energy Development in China

What is China's strategy on sustainable development when facing energy challenges due to its rapid growth and increasing energy consumption? In [this article](#), Dadi Zhou (formerly one of China's top energy policy makers) concedes that "China's rapid energy growth is unsustainable." Zhou notes China will continue to rely on fossil fuels and coal in the coming decades, but contends the government has undertaken strong efforts to promote

energy efficiency and energy sustainability in order to establish a “resource-conserving society.” The 11th Five-Year Plan for Economics and Social Development has established energy efficiency targets of decreasing energy intensity by 20% for provincial and local governments and big energy-consuming enterprises. The Implementation Plan for the Evaluation System for GDP Energy Intensity went into effect in November 2007, and the evaluation, assessment, and punishment/reward systems are being gradually established. Zhou suggests the creation of a new model of industrialization for China--a low-carbon path of sustainable development that promotes highly efficient end-use energy technology.

China's New Think Tanks—Power, Wealth, and Knowledge

Think tanks have acquired a new elite status in China over the last two decades. In contrast to Western think tanks which stress independence, Chinese think tanks are semi-governmental organizations that have become a venue for current or retired government officials, business leaders, and public intellectuals to wield their influence and interact. [This article](#), by Cheng Li of the Brookings Institution lists the government-designated “top 10” think tanks in China and identifies specific individuals who have influenced China’s policy decision-making process in their dual role as both officials and scholars. Returnee scholars, in particular, have risen rapidly in their power and influence. The rise of these think tanks reflects the growing need for leaders to seek legitimacy for their policies, increased demand for international expertise to help China’s economic integration, and the proliferation of interest groups attempting to influence government policy and public opinion.

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