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IN THIS
ISSUE[Qin Xiao: China Must Keep Its Eyes Fixed on the Exit](#)[Regional Integration of East Asia](#)[Implications of Global Currency Imbalances: The RMB-Dollar and Rupee-Dollar Relationships](#)[Drivers of Capital Flows to Developing Asia](#)[Financial Centers in Asia: Hong Kong vs. Shanghai and the Resilience of Banks in the Middle East](#)[Feeding the World in 2050](#)[Member News](#)**Qin Xiao: China Must Keep Its Eyes Fixed on the Exit**

As China takes the lead in recovery from the global economic crisis, Asia Business Council Chairman Qin Xiao says that the country must not return to pre-crisis ways but instead must speed up reform. In this [Financial Times op-ed](#), Dr. Qin calls for the expansion of domestic consumption and the establishment of a nationwide social safety net. Second, China needs to control stock and property bubbles while preventing another downturn through shifting to a neutral monetary policy. Third, the country needs to push for a well-functioning market economy with appropriate regulation and oversight. Finally, Dr. Qin cautions China and the United States against imposing protectionist measures, which will harm the global economy.

Regional Integration of East Asia

Regional integration was the focus of discussion at the 4th East Asia Summit in Thailand, with Japan's proposal of the "[East Asian Community](#)" and Australia's proposal of the "[Asia Pacific Community](#)." But can regional integration become a substitute for Western markets as a driver of Asia's future growth? What is the role of the United States? [Razeen Sally](#), director of the European Centre for International Political Economy, argues that it would be better to focus on market-led and bottom-up integration methods rather than top-down, government-to-government ones. Sally points out that most economic sectors in Asia remain fragmented. The region also has high protectionist barriers and inadequate monetary and financial cooperation. As Asia's existing regional free-trade agreements are mostly limited to tariff cuts, Sally suggests that tackling non-tariff regulatory barriers is the key to future regional integration. Kazuo Ogoura, professor at Aoyama Gakuin University, argues in [this article](#) that the United States should adopt a more cooperative stance, as East Asia community building does not run counter to U.S. interests.

Implications of Global Currency Imbalances: The RMB-Dollar and Rupee-Dollar Relationships

The world is inevitably headed toward increasing trade conflicts, particularly because of many Asian countries' unwillingness to let their currencies appreciate much against the dollar, says [Michael Pettis](#), professor at Peking University's Guanghua School of Management and specialist in Chinese financial markets. Pettis predicts that "China certainly is not prepared for the cost of the adjustment and will continue trying to postpone it." The rupee, Asia's best performer versus the dollar in the third quarter of 2009, will continue to rise 8.5% against the dollar by the end of September 2010 as economic growth attracts investment, [Standard Chartered](#) says. Economist [Ajay Shah](#) suggests in an article in India's *Financial Express* that the rupee-dollar movement reflects fluctuations of the dollar.

Drivers of Capital Flows to Developing Asia

During the global financial crisis, foreign direct investment (FDI) inflows to Asia have remained resilient compared to portfolio investment and bank loan inflows. [An article](#) highlighted the analysis of the recently released Asian Development Bank's (ADB) [Asian Development Outlook 2009 Update](#), which examined FDI data between 1994-2007. The report cautions that excess liquidity from expansionary monetary policies fueling Asia's asset price rally may flood into the equity and property markets, leading to an economic bubble.

Financial Centers in Asia: Hong Kong vs. Shanghai and the Resilience of Banks in the Middle East

Financial centers in Asia and the Middle East have emerged from the global crisis relatively unscathed and are looking to strengthen their positions as international financial hubs. In a hard-hitting commentary, Credit Suisse economist [Dong Tao](#) predicts that bureaucratic sluggishness in Hong Kong coupled with the Chinese State Council's decision to develop Shanghai as an international financial center by 2020 could endanger Hong Kong's position as a global financial center. In the Middle East, banks have mostly remained resilient during the global financial crisis. However, Gulf states' banks benefited from substantial government backing to get them through the worst of the downturn. Sharia-compliant banks were also hurt, as they had invested heavily in the property sector. Read [more](#).

Feeding the World in 2050

To feed the world in 2050, agricultural production will need to almost double in developing countries, due to population growth and shift in food demand towards meat and higher-value products. A recent [discussion paper](#) by the UN Food and Agriculture Organization (FAO) contends that developing countries need to invest about 50 percent more than current levels in order to feed people. Asia needs most of the average annual investment of \$83 billion: of the total, \$29 billion would need to be spent on India and China, \$20 billion on the rest of South Asia, and \$24 billion on the rest of East Asia. Although international food prices have decreased 22-35% from mid-2008 levels, they remain high in Asian countries in 2009. High food prices could have serious impact on household nutrition, especially in Asian developing countries, as households spend a large portion of their incomes on food, notes the [Asia Pacific Food Situation Update](#).

Member News

- ✧ Sir [John Rose](#) of Rolls-Royce awarded his company's £15,000 Science Prize to a school in Gateshead, UK, for developing small-scale wind turbines.
- ✧ [Yuzaburo Mogi](#) of Kikkoman Corp. was named by Japanese Prime Minister Yukio Hatoyama to the Government Revitalization Unit.
- ✧ [Jack Ma](#) of Alibaba Group and the Grameen Trust of Bangladesh have collaborated on the Grameen China initiative.
- ✧ Lotte Group's [Shin Dong-bin](#) is the new chief of the committee for the Visit Korea 2010-2012 campaign.
- ✧ Hana Financial Group's [Kim Seung-yu](#) was appointed the new chief of the Miso Credit Foundation, a state-run institution aimed at increasing microcredit loans to low-income households.