

IN THIS
ISSUE[From Asian to Global Financial Crisis](#)[Political Partners? Prime Minister Manmohan Singh's Visit to the White House](#)[U.S.-China Clean Energy Cooperation](#)[Renegotiation of Auto Trade in South Korea-U.S. FTA](#)[China-Taiwan Financial Sector MOU: Symbolic or Real Breakthrough?](#)[Indonesia and the Philippines' Geothermal Energy](#)[Member News](#)**From Asian to Global Financial Crisis**

[Andrew Sheng](#), who will be speaking at the Asia Business Council's 2010 Spring Forum in Jakarta on March 26, says that both the Asian financial crisis and the current financial crisis reflected systemic problems. Isolated measures cannot address the underlying problems that lead to these sorts of crises. Sheng, one of Asia's top financial technocrats, is Chief Adviser to the China Banking Regulatory Commission and author of a new book, *From Asian to Global Financial Crisis* (Cambridge University Press). Sheng notes that Hong Kong remains the world's third most competitive international financial center behind London and New York and calls for a strengthening of its connections to Mainland China and the rest of the world.

Political Partners? Prime Minister Manmohan Singh's Visit to the White House

While calling the Sino-U.S. relationship one of necessity, [Arvind Subramanian](#) of the Peterson Institute for International Economics calls the Indian-U.S. relationship one of choice between people with shared values. Substantively, the Singh-Obama meeting recognized India's role in Afghanistan and the necessity of eliminating terrorist safe havens and sanctuaries in Pakistan. [The Times of India](#) urges Singh to maintain ties with Washington on areas that serve its interests while building up India's economic and political clout. C. Raja Mohan of the Library of Congress notes in the [Indian Express](#) that India's desire to remain a big power player in the region must be matched by credible policies in space cooperation, as well as defense industrialization and arms exports.

U.S.-China Clean Energy Cooperation

U.S. President Barack Obama has personally committed to a U.S. emissions reduction target of 17% below 2005 levels in 2020 and 83% by 2050, while China has committed to cutting carbon per unit of GDP by 40-45% by 2020. The announcements are a positive signal that the world's two biggest polluters are serious about the success of the upcoming Copenhagen climate talks. These pledges provide quantitative targets that reinforce the far-reaching package of measures to strengthen cooperation on clean energy between the United States and China (the 2 nations currently produce about 40% of the world's emissions). [The U.S.-China Clean Energy Announcements](#) on November 17 proposed significant investments in energy efficiency as well as several key initiatives to promote cooperation on development of clean and renewable energy, coal and carbon capture and storage projects, shale gas, and electric vehicles. As China expands its clean energy industries, however, it needs to be cautious about overly aggressive investment. As Li Qiyan of [Caijing](#) points out in [this article](#), the rapid government-subsidized expansion of China's wind industry has led to a huge waste of money and energy due to overcapacity in areas of high wind power concentration, such as Gansu and Inner Mongolia.

Renegotiation of Auto Trade in South Korea-U.S. FTA

The U.S.-South Korea Free Trade Agreement has been languishing since it was signed in 2007. The FTA gained momentum during Obama's November visit to Seoul, but Obama wants to see the auto trade clauses opened up for renegotiation. However, [Choi Byung-il](#), dean of the Graduate School of International Studies at Ewha Womans University, does not believe Korea should make concessions, as he says American cars are struggling mainly because they are losing competitiveness against other foreign cars in the Korean market. The issue of auto trade has been one of the major roadblocks in the ratification process for the FTA, which was signed in 2007 but has been stalled due to a political backlash in both countries. Korea's Trade Minister Kim Jong-hoon says that the United States will see a "big loss" if Korea ratifies its FTA with the European Union first. Read [more](#).

China-Taiwan Financial Sector MOU: Symbolic or Real Breakthrough?

Five months after the original deadline, China and Taiwan signed [the memorandum of understanding](#) (MOU) to increase access to each other's financial sectors on November 16. The MOU, which will permit the establishment of bank branches in each other's territory and allow China's qualified domestic institutional investors (QDIIs) to expand their investment in Taiwan's stock market to up to NT\$30 billion, will take effect within 60 days. But is this a symbolic or real breakthrough in China-Taiwan financial integration? Unlike the expected main beneficiaries of the MOU, the banking and insurance industries, [Taiwanese fund houses](#) do not yet meet the basic requirements to apply for QFII status or take up QFII portfolio advisor roles and therefore will not benefit from the MOU. Complicating the MOU's progress, AIG's October decision to sell off its Taiwan unit, Nan Shan Life Insurance Co., to Hong Kong's buyers raises suspicion among Taiwanese lawmakers that Hong Kong buyers are a front for rising Mainland influence over Taiwan. Read [more](#).

Indonesia and the Philippines' Geothermal Energy

Geothermal industries in the [Philippines](#) and [Indonesia](#) are gaining international investment interest. According to a top Philippine government energy official, the approval of 19 new contracts to develop the Philippines' massive geothermal energy resources over the next five months could attract more than \$2.5 billion from domestic and international companies. In neighboring Indonesia, forestry laws are curbing the development of the country's geothermal industry, which is the world's third-largest. However, Indonesian energy firms Medco Energi Internasional and Star Energy have indicated interest potentially in making new investments. By 2020, Chevron, the world's largest private producer of geothermal energy, plans to double its geothermal business in Indonesia and the Philippines.

Member News

- ✧ The Honorary degree of Doctor of Science was conferred to Infosys' [Narayana Murthy](#) by the North Eastern Hill University (India) for his outstanding contribution in the field of information technology.
- ✧ Legend Holdings' [Liu Chuanzhi](#) was ranked the fourth most important economic figure in China over the past 60 years in an October online poll held on the Sina website.
- ✧ At an Asia Society event entitled "Pioneering the Future: The Ayala Story" in Hong Kong, Ayala Corporation's [Jaime Augusto Zobel de Ayala](#) spoke about how decisive, consolidated leadership has helped his family business.
- ✧ In an interview with the Council for Foreign Relations (CFR), [Peter Sands](#) of Standard Chartered discussed the risks and short-term realities of broad-reaching economic reforms.
- ✧ The Daiwa Quantum Capital Partners I fund, an Asia-focused joint fund chaired by Quantum Leaps' [Nobuyuki Idei](#), held a first close of \$80m. The fund aims to invest 25% in Japan and 75% in the wider Asia region with an emphasis on energy efficiency companies and other environmental and consumer businesses.