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**SAVE THE DATE: ASIA BUSINESS COUNCIL AUTUMN FORUM IN SHANGHAI, SEPTEMBER 16-18, 2010**

#### ***Malaysia's New Economic Model***

Malaysian Prime Minister Najib Razak on March 30 launched a landmark overhaul of the country's sweeping affirmative action program. The New Economic Plan, which was put in place nearly four decades and is designed to damp tension between the economically dominant ethnic Chinese and the country's indigenous Malay majority, will give way to Najib's [New Economic Model](#). Najib gave few details but said that the new policy "must be market-friendly, it must be merit-based, it must be transparent, and it must be needs-based." He said the government would allow private sector investment in Government-Linked Companies (GLCs) and government holding agencies through public and private partnerships. The [Jakarta Post](#) says that Najib's reform is due to Malaysia's diminishing attraction as a low-cost investment destination, bureaucratic procedures, and falling productivity. The [Business Times](#) notes that the number of expatriates has fallen by nine percent annually since 2000 and 98 percent of the foreign labor in the country is unskilled.

#### ***Japan's Infrastructure Investments in India***

Japan-India ties are growing, with major new infrastructure investments under way. Japan is financing road and rail links for the proposed [Chennai-Bangalore Corridor](#). Infrastructure for the production network between India and Japan is particularly important in the South India region, which accounts for 50 percent of India's automobile exports and 31 percent of the total Japanese business base in India, according to Japan External Trade Organization's (JETRO) estimates. In addition, a dedicated Japanese cluster near Chennai for small and medium scale units is being planned by the Indian government. The Japanese Ministry of Economy, Trade, and Industry recently urged its top conglomerates to invest in the [Delhi-Mumbai Industrial Corridor](#), where alliances being led by Toshiba Corp, Hitachi Ltd, and Mitsubishi Heavy Industries Ltd are expected to land orders for projects ranging from solar power generation to sewage systems.

#### ***Preparing for the 'Internet of Things' in Asia***

The widespread adoption of the Internet of Things - sensors and actuators embedded in physical objects linked through wired and wireless networks - is rapidly advancing. China has intensified its ambitions to develop its Internet of Things industry, ranging from Premier [Wen Jiabao's](#) announcement that China will "accelerate the research and development as well as application of the Internet of Things" to the recent launch of [China's first Internet of Things center](#) in Shanghai, a 170,000-square-meter \$117 million center. Overall, *McKinsey Quarterly* sees Internet of Things business opportunities in six distinct types of emerging applications under two broad categories: 1) information and analysis and, 2) automation and control. Read [more](#).

#### ***Can Asians Solve Global Problems?***

Asia's way of engaging with the rest of the world on global issues has evolved. Asian pragmatism, say Simon Chesterman and Kishore Mahbubani, is one reason why the "Asian way" can solve key global issues ranging from peace and security to social enterprises. In the past, in response to global challenges, Asians were wary of multilateral approaches they believed eroded their sovereignty. Now, they understand how collective action can protect sovereignty. Asians have also shifted from emphasizing legitimacy in providing input to developing more effective institutions. However, downsides of the Asian approach include the desire to avoid confrontation, which prevents meaningful agreements from being reached in a reasonable timeframe, and trying to maintain the appearance of consensus, which masks true politics at work. Read [more](#).

#### ***A Green Bubble in the Making?***

Council member [Khalid Al-Falih](#) of Saudi Aramco, in an extensive interview about Saudi Aramco's capital investment and production plans, warns of a possible "green bubble" in the making. Green alternatives like wind, solar, and biofuels are starting from a small base and need trillions in investment. While going green has evolved from a fringe to a core global issue, investors face a risk that alternative energy sources may overpromise and underdeliver. A case in point is China, which has set a goal to increase its wind power production capacity five-fold by 2020. The large investments (underpinned by government subsidies and policies) in wind-turbine factories have caused a surplus of such plants, worsened by power grid constraints unable to take delivery of electricity produced by renewable energy. 40 percent of wind-turbine factories are also idle in China and prices of China's wind-turbines have tumbled more than 30 percent from 2004 levels. Read [more](#).

#### ***China's Urban Youth Market: Green Values and Brand Behavior***

A potentially lucrative demographic for retailers tapping into the vast Chinese market is the urban youth. An online survey conducted in November and December 2009 reveals that Chinese youth value personal health and education more than material wealth. They value green brands and are exposed to them through advertising. However, they are wary of "greenwashing" and verify the validity of green claims through online research. Read [more](#).

### Member News

- ✧ 3M's [George Buckley](#) was featured in the *Wall Street Journal* about his approach to driving innovation during a recession.
- ✧ [Morris Chang](#) of Taiwan Semiconductor Manufacturing Corp., the family of [Daniel Tsai](#) of Fubon Group Holdings, and [Douglas Hsu](#) of Far Eastern Group were ranked in the top 8 of the most-trusted entrepreneurs according to the March issue of Taiwan's *Reader's Digest* (in Chinese).
- ✧ ICICI Bank's [K.V. Kamath](#) was profiled in an interview with CNBC-TV 18 about his career.
- ✧ [Koh Boon Hwee](#) of DBS donated S\$2.5 million to Singapore's Nanyang Technological University to establish a S\$5 million endowment fund supporting the University Scholars Award.
- ✧ [Nobuyuki Idei](#)'s company, Quantum Leaps, is organizing a forum in Tokyo on September 28-29, 2010. This forum, called the Asia Innovation Forum (AIF), brings together some 500 Asian business leaders, entrepreneurs, government officials, politicians, academics, and researchers to discuss and develop strategies and solutions to key challenges in Asia.
- ✧ Infosys' [Narayana Murthy](#) was elected a foreign associate to the U.S. National Academy of Engineering for his contributions to the development of global IT services.
- ✧ [Lubna Olayan](#) of Olyan Financing Company was named Cornell Entrepreneur of the Year 2010.
- ✧ [Zhang Xin](#) of Soho China was profiled in *Forbes* about her concerns about the Chinese property market.
- ✧ Alibaba Group's [Jack Ma](#), SGV Group's [Washington SyCip](#), the family of Thai Bev's [Thapana Sirivadhanabhakdi](#), and YTL's [Francis Yeoh](#) were honored on *Forbes Asia*'s regional list of Heroes of Philanthropy. [The Council](#) was also mentioned in a story on Peter Gautschi, whose school building efforts the Council supported after Cyclone Nargis in Myanmar.

### Asia Business Council News

Presentations and summary notes from the Asia Business Council Spring Forum in Jakarta, which took place on March 25-27, 2010, will be available in mid-April on the password-protected website: [www.AsiaBusinessCouncil.org/forum/10spring/](http://www.AsiaBusinessCouncil.org/forum/10spring/) . The login and password will be sent separately.