

[Too Much Money: Time for Capital Controls in Asia?](#)[Trade Barrier: U.S. High-tech Export Curbs to China](#)[Educated Workers in Asia: Too Few or Too Many?](#)[Indonesia's Embattled Finance Minister Sri Mulyani Bows Out](#)[Election of "Noynoy" Aquino as 15th President of the Philippines](#)[Conflict in Thailand Not Over](#)[Member and Council News](#)***Too Much Money: Time for Capital Controls in Asia?***

Asia is being flooded by money and governments are trying to cope. According to the World Bank's [East Asia & Pacific Economic Update](#), net private capital flows to East Asia and Pacific will reach \$300 billion in 2010 (compared to \$200 billion in 2009 and just \$179 billion in 2008). The Asian Development Bank (ADB)'s [Asia Capital Markets Monitor](#) warns that volatile capital flows might threaten the region's financial markets; surges in short-term capital inflows could spur inflation and cause asset bubbles. ADB Vice-President [Bindu N. Lohani](#) suggests establishing flexible foreign exchange regimes and a resilient financial system to avoid unexpected reversals in portfolio investment and quick currency movements. Asian central banks are acting: [South Korea](#) has prepared measures focusing on short-term foreign currency debts, and is tightening controls over foreign exchange liquidity; China and Hong Kong have implemented several measures to prevent capital inflows from fueling asset bubbles; India and Malaysia have increased interest rates. Read [more](#).

Trade Barrier: U.S. High-tech Export Curbs to China

Restrictions on U.S. high-tech exports to China contribute to the massive trade imbalance (the U.S. says it ran a \$225 billion bilateral trade imbalance in 2009). The [Council on Foreign Relations](#) (CFR) notes that U.S. exports have been moving down the value chain, partly as a result of the restrictions (though how much is open to dispute). China's Commerce Minister, [Chen Deming](#), recently called on the United States to abolish export restrictions on shipments to China. U.S. products accounted for only 7.5 percent of China's high technology imports in 2009, compared to 18.3 percent in 2001. According to [People's Daily](#), U.S. Commerce Secretary Gary Locke criticized the current U.S. export rules as "an artifact of the Cold War." Locke said on a trip to Beijing in May to promote clean energy cooperation that a review of the controls was expected to be completed within the next several months. Read [more](#).

Educated Workers in Asia: Too Few or Too Many?

The number of graduates from Asian universities is at a historic high, yet a growing number of companies complain about the difficulty in finding qualified workers, and the unemployment rate of graduates is hitting double digits. A [World Bank education blog entry](#) puts forward several hypotheses: low enrollment rates; poor-quality tertiary education; and graduates' unrealistic expectations about jobs. India offers evidence for the first two hypotheses. The supply of tertiary graduates is low relative to the demand of the country's rapidly growing knowledge-intensive industry. Also, the top-tier tertiary institutes have limited capacity while the curricula at second-tier institutions do not prepare graduates well in terms of skills and innovative thinking needed in the workplace. Read [more](#).

Indonesia's Embattled Finance Minister Sri Mulyani Bows Out

Indonesian finance minister [Sri Mulyani Indrawati](#), guest speaker at the Council's Spring 2010 Forum in Jakarta, has resigned to join the World Bank in what many reformers see as a setback. An embattled Mulyani had faced opposition from some of the country's most powerful business leaders as she pushed through a series of financial and tax reforms, such as expanding Indonesia's tax base and reducing its budget deficit to less than 2% of GDP. In January, Fitch upgraded Indonesia to "BB+", a notch below investment grade. Her successor is Agus Martowardojo, a career banker and former president director of state lender Bank Mandiri. Indrawati begins her tenure June 1 in Washington, D.C. as the World Bank's managing director in overseeing economic policies in 74 nations in Latin America, the Caribbean, East Asia and the Pacific, the Middle East and North Africa. Read [more](#).

Election of "Noynoy" Aquino as 15th President of the Philippines

On May 10, over 75% of the Philippines' 50 million registered voters took part in Southeast Asia's first-ever computerized election. The new president, with 42.16% of votes (according to the unofficial Commission on Elections tally), surpassed the 39% Joseph Estrada received in 1998, and registered the biggest plurality in any election since 1992: Benigno Simeon "Noynoy" Aquino III, is the son of former president Corazon Aquino and martyred political activist Benigno "Ninoy" Aquino Jr. While Aquino has a solid mandate to pursue his clean governance and anti-corruption platform, he will have his work cut out for him after he takes office at the end of June. Challenges range from continuing allegations of vote fraud to a provision inserted by outgoing president Gloria Macapagal Arroyo in the P1.54 trillion (US\$33.4 billion) 2010 national budget that prohibits the president from impounding pork barrel funds without the approval of Congress; Arroyo has a seat in the Lower House, where her party occupies the largest political bloc. Read [more](#).

Conflict in Thailand Not Over

As the Thai government attempts to recover after two months of political turmoil, the future of the country's monarchy and political system is now moving to the center of the debate on how Thailand should move forward. [Joshua Kurlantzick](#) of the Council on Foreign Relations says that although demonstrators have been cleared from the streets, none of the major problems leading to the conflict have been resolved. These include: 1) concern about royal succession; 2) schisms in the army; 3) the rural poor and middle class's limited voice under the current political system; and 4) a resolution of former Prime Minister Thaksin Shinawatra's legal and political status and his assets. [Songkran Grachangnetara](#) of the *Bangkok Post* says that the battle between the two groups ("The Yellow Fever" mainly consisting of old elites and the educated class, and "The Red Devils", predominantly from the rural provinces of Thailand, consisting of businessmen, military, and police officers) will continue to threaten Thailand's stability. In terms of the troubles Thailand faces, "it is only the end of the beginning," Grachangnetara says.

Member and Council News

- ✧ Hang Lung Group's [Ronnie Chan](#) was profiled in *Bloomberg* about his business strategy and the outlook for property markets in mainland China and Hong Kong.
- ✧ Warburg Pincus' [David Coulter](#) was appointed to the board of directors of FundsXpress Financial Network, Inc.
- ✧ Temasek Holdings' [S. Dhanabalan](#)'s eulogy about how the late Dr. Goh Keng Swee influenced his career was featured in *Singapore's Today*.
- ✧ ICICI Bank's [K V Kamath](#) was recently elected as a board director of Great Eastern Shipping Co Ltd, India's largest private ocean carrier. He was also featured in an interview with *CNBC-TV18* about his views of the Greek crisis.
- ✧ Lafarge's [Bruno Lafont](#) was featured in the *Financial Times* about his business in underdeveloped economies.
- ✧ Legend Holdings' [Liu Chuanzhi](#) was profiled by *Forbes* about his views about how Chinese companies can learn from the financial crisis and his plans for Lenovo.
- ✧ Mahindra Group's [Anand Mahindra](#) was appointed independent director of Air India.
- ✧ Infosys' [Narayana Murthy](#) was recently featured in *The Wall Street Journal* about his vision of collaborations between Indian technical institutes and Pakistan's educational institutes to develop IT talent, which can also fill Indian outsourcing firms' hiring needs. He was also recently interviewed by *CNBC-TV18* on the "business of business", and on [rediff.com](#) on how to build global brands.
- ✧ Lawson's [Takeshi Niinami](#) spoke with *Bloomberg* about the company's business strategy and financial outlook.
- ✧ CIMB Group's [Nazir Razak](#) was voted as Malaysia's "Best CEO" in *FinanceAsia's* 2010 annual poll of Asia's top companies.
- ✧ Siam Cement Group's [Kan Trakulhoon](#) was voted Thailand's Best CEO in *FinanceAsia's* 2010 poll of Asia's top companies.
- ✧ Fubon Financial Holding's [Daniel Tsai](#) was featured in a *CNBC* video interview about how he is tapping the China market.
- ✧ SOHO China's [Zhang Xin](#) was featured in a *Bloomberg* interview about China's measures to its property market and Soho's business strategy.
- ✧ [The Asia Business Council's 2010 Autumn Forum](#) will be held at The Peninsula in Shanghai, September 16-18.