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Japan: "Twisted Diet" and Backsliding on Postal Reform

The Democratic Party of Japan (DPJ)'s defeat in upper-house elections on July 11 means another year of uncertain coalition government—the DPJ now faces a "Twisted Diet" because it does not have sufficient power in either chamber of parliament to get laws passed. [Michael J. Green and Nicholas Szechenyi](#) note the current instability in Japanese politics, but hope the democratic process may prompt party realignment to allow more stable governments to take form. A planned rollback of Japan Post's privatization and expansion of JP's financial services business will be a big step back not just for Japan but for the region, argues the Peterson Institute for International Economics' Gary Hufbauer. Read [more](#).

China's Infrastructure Investment: Not-So-White Elephants?

The \$1.4 trillion surge in lending last year has prompted talk that Chinese banks will face a new round of nonperforming loans, especially on costly infrastructure projects. Longtime China finance specialist Nicholas R. Lardy of the Peterson Institute points out that China's infrastructure investment (which accounted for over half of medium- and long-term lending last year) mostly makes economic sense. Read [more](#).

Consumption Growing in China's Countryside, At Last

China's consumers in the countryside are feeling good about spending. More than half (53%) of China's people still count as rural. But a recent Gallup poll shows a big jump in rural dwellers who plan to buy a computer and digital camera in the next year or two. Though farmers lag their city cousins in buying these products, the gap is closing. When it comes to air-cons and cell phones, the numbers are almost identical. Read [more](#).

Move Over India and Philippines: China is in Outsourcing, Too

According to a recent KPMG survey of 280 senior company executives from Asia, China has emerged as the top outsourcing and shared services location for their companies. Much of this might be home-country-bias: more than half of those surveyed were in China and Hong Kong and another quarter in Singapore. Still the survey shows that China's export strengths aren't just in Shenzhen factories. As in factories, though, low outsourcing costs are a key selling point; if China's wages rise, this advantage could disappear. Read [more](#).

Business Opportunity for Mobile Banking in Rural India

With almost 600 million mobile phone subscribers and telecoms making up one of the most dynamic sectors of India's economy, experiments are underway to use cell phones to bring financial services to rural India. One of every eight rural dwellers now has a mobile phone—a decade ago only four of every thousand did. A variety of experiments are underway; funders include Grameen Bank and the Bill and Melinda Gates Foundation. Problems range from physical security to high illiteracy rates. Read [more](#).

Nuclear Power Plants in ASEAN

With ASEAN's electricity needs surging (3.3 percent annually, 2007-2030, versus 2.5 percent globally), and climate change worries undercutting coal plants, nuclear power is on ASEAN's agenda. An estimated \$1.1 trillion-plus will be invested in ASEAN's power industry in the next 25 years. Ernest Bowers of the Center for Strategic and International Studies (CSIS) says nuclear nonproliferation concerns and safeguards will be key; adopting safe new-generation nuclear power plants should be a major area for U.S.-ASEAN cooperation. Read [more](#).

Here are links to national programs: [Vietnam](#) has recently announced plans to build nuclear plants by 2030; [Indonesia](#) plans to have four nuclear plants (producing 6,000 MW) by 2025; [Thailand](#) will have two nuclear power plants (1,000 MW each) in the next 13 years. Click [here](#) for more details.

Member News

- ✧ Taiwan Semiconductor Manufacturing Co. (TSMC)'s [Morris Chang](#) was recently featured in the *Financial Times* about TSMC's choice to have overcapacity in the chip making industry.
- ✧ Godrej & Boyce Manufacturing Co.'s [Jamshyd Godrej](#) gave a speech on sustainability and innovation being key to business at the Great Lakes Institute of Management in Chennai.
- ✧ [Nobuyuki Idei](#)'s fourth annual Asian Innovation Forum will take place on September 28-29 in Tokyo. The theme of the forum is Japan and Asia's New Co-Creation Strategy: 'Beyond Survival (The XYZ Strategy)' to 'Creation (The ABC Strategy).'
- ✧ Kohlberg, Kravis Roberts & Co.'s [Henry Kravis](#) recently gave a commencement address at his alma mater, Claremont McKenna College, where he spoke about the opportunities about change and shared lessons from his life and career. Click [here](#) for the video.
- ✧ Lafarge's [Bruno Lafont](#) was profiled about Lafarge's operations in Asia in the Philippines' *Inquirer*.
- ✧ SingBridge International Singapore's [Lim Chee Onn](#) was recently appointed non-executive director of Orica Ltd.
- ✧ Legend Holdings' [Liu Chuanzhi](#) was featured in the *Financial Times* about his life and career.
- ✧ Alibaba Group's [Jack Ma](#) was chosen as the CEO runner-up for *Fortune's* "The smartest people in tech".
- ✧ Mahindra & Mahindra's [Anand Mahindra](#) was featured in India's *Economic Times* about his group's recent M&A deals and his opinion about why a majority of Indian business leaders supported Spain for the World Cup finals. Read [more](#).

- ✧ Infosys' [Narayana Murthy](#) recently made his film debut in *India By Song*, where he plays himself. He also made [recent remarks](#) about the scarcity of computer science engineers in India and the need to be sensitive to India's less fortunate. Read [more](#).
- ✧ CIMB Group's [Nazir Razak](#) was recently awarded "Value Creator: Malaysia's Outstanding Chief Executive Officer" at the Edge Malaysia Billion Ringgit Club gala dinner. He also made [recent comments](#) on Malaysia's economy at a private banking event in Kuala Lumpur.
- ✧ Rolls-Royce's [John Rose](#) was featured in the *Telegraph* about why the youth of Rolls' installed fleet of engines ensures its position in the aviation industry.
- ✧ China Broadband Capital Partners' [Edward Tian](#) was recently elected to 3g.cn's board of directors.
- ✧ Fubon Financial Holding Co.'s [Daniel Tsai](#) was featured in an interview with *Bloomberg BusinessWeek* about his views of China's insurance market.
- ✧ Ogilvy & Mather's [Miles Young](#) was profiled about the advertising industry's two year period before its return to pre-crisis growth levels by *Dow Jones*.
- ✧ SOHO China's [Zhang Xin](#) was profiled in the *Vancouver Sun* and U.K.'s *Telegraph* about her life and career.
- ✧ Ayala Corp.'s [Jaime Augusto Zobel de Ayala](#) was recently awarded the Grand Chamber Award recognizing his company's sustainable development strategies, practices, and activities by the Cebu Chamber of Commerce and Industry.

Council News

- ✧ Executive Director [Mark Clifford](#) wrote a commentary for *TIME* magazine as a counterpoint to a cover story by [Michael Schuman](#) on Japan's economic woes.
- ✧ [The Asia Business Council](#) is, with *TIME* and the Lee Kuan Yew School of Public Policy at the National University of Singapore, organizing an [essay prize](#) this year; the main purpose of the contest is to encourage young professionals to make an impact on public policy and business in Asia.
- ✧ [The Asia Business Council's 2010 Autumn Forum](#) will be held at The Peninsula in Shanghai, September 16-18.
- ✧ The Asia Business Council's 2011 Spring Forum will be March 24-26, 2011 in Bahrain.