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August 2010 was a month when we could feel the tectonic plates of history shifting. China overtook Japan as the world's second-largest economy, signaling another milestone in its economic long march. China and the U.S. squared off over the South China Sea, as the U.S. tries to safeguard its hegemony and China challenges the status quo. India, an increasingly important part of the regional equation, passed landmark nuclear legislation that should encourage foreign investment in the sector.

China Overtakes Japan as the World's Second-Largest Economy

Although the news of China overtaking Japan as the world's second largest economy was trumpeted in Asia and the West, there was a curious absence of fanfare from China itself, whose officials said that "China is still a developing country." China's modest reaction is both an attempt to deflect demands that it take a greater global role and ensure that the focus on economic growth at home doesn't slacken. The [Japan Times](#) notes that the announcement came amidst foreign complaints that China is becoming too aggressive, after China's negative reaction to American military exercises, [Song Xiaojun's](#) declaration that China was ready to take over as the "world's policeman," and China's increasingly strict regulations. Read [more](#).

Debate Surrounds India's Civil Nuclear Liability Bill

A prerequisite for the expansion of India's civil nuclear power sector, the Civil Nuclear Liability Bill was passed in the Lower House of India's Parliament on August 25. Tailored to the expansion interests of nuclear reactor makers in France, Russia, Japan, and the U.S., the bill allows foreign companies to enter the Indian nuclear energy market by offering operators no-fault liability. The controversial piece of legislation was amended 18 times before it finally gained the support of the fervently opposed [Bharatiya Janata Party](#) (BJP). Minister of state for science and technology and earth sciences [Prithviraj Chavan](#) dismissed allegations that the bill was pushed through Parliament in order to validate the legislation before U.S. President Barack Obama's visit to India in November as "unfair." Read [more](#).

China's Core Interests and Possible Intentions

China declared part of the South China Sea among its "core interests," U.S. Secretary of State Hillary Clinton says that the ongoing South China Sea territorial dispute "a leading diplomatic priority" for the U.S. Tao Wenzhao of [China Daily](#) says that the U.S. is seeking to win over Southeast Asian nations to contain China's development and China is just protecting key interests. The [Yomiuri Shimbun](#) warns that the world cannot overlook China's moves. Vietnam and other Asian countries are calling on China to resolve territorial conflicts through multinational negotiations. Singapore's policy toward Taiwan is a telling example of how Asian countries must act in an era of a more powerful China, suggest [Ernest Z. Bower and Charles Freeman](#). China will surely keep watchful eyes on Singapore's and Taiwan's FTA negotiation, and is still behind all the goodwill demonstrated by Singapore and others toward Taiwan. [Frank Ching](#) argues that China should back off its threats. [Ye Hailin](#), a researcher at the Chinese Academy of Social Sciences, warns about Chinese "narcissism" and "arrogance."

No More Honeymoon for Aquino

The August 23 hijacking of a Hong Kong tour bus by a dismissed policeman in Manila, which ended in the tragic killing of eight hostages, was a severe blow to Benigno "Noynoy" Aquino's presidency. Aquino's absence during the 11-hour siege, which unfolded live on TV around the world, and his failure to calm the international outrage when he did appear following the bloodshed, cast doubts about the overall competence of the President and his core government. A scathing op-ed in the [Philippine Daily Inquirer](#) declares that Aquino's political honeymoon is over. When he entered office just two months ago, he enjoyed an 85 percent approval rating. Although he had tried to downplay the public's high expectations, he came in with an ambitious and populist [reform agenda](#) to boost trade and tourism, create jobs, and fight corruption. The President must now take a hard-nosed approach to repairing his own image and that of the country.

Member and Council News

- ✧ [Khalid A. Al-Falih](#) of Saudi Aramco delivered a speech on the future of oil reserves at the Oxford Energy Forum.
- ✧ McKinsey's [Dominic Barton](#) was featured in the *Financial Times* for his opinions on global business savvy and awareness. He also suggested a changing nature of business leadership and a need for collaboration during a speech to students at the Lee Kuan Yew School of Public Policy. Read [more](#).
- ✧ 3M's [George Buckley](#) has won the International Leadership Award from the United States Council for International Business.
- ✧ Philips's [Gerard Kleisterlee](#) was interviewed in the *Wall Street Journal* regarding his views on business strategy in emerging markets.
- ✧ Singbridge International Singapore chairman [Lim Chee Onn](#) delivered a lecture at a leadership series organized by the Fullerton Hotel and St. Joseph's Institution, calling on young Singaporeans to look for opportunities globally.
- ✧ [Jack Ma](#) of Alibaba gave a speech via video link to 1,000 small business owners in Lima, Peru, encouraging them to take advantage of Internet-enabled growth opportunities.
- ✧ Infos chairman and chief mentor [N.R. Narayana Murthy](#) addressed the cadets of the elite National Defence Academy in a speech about the role of the armed forces in the global perception of India. He also shares his thoughts on his succession and life after Infosys in an interview with [NDTV](#).
- ✧ [Nazir Razak](#) of CIMB Group delivered a talk at the Chinese Economic Congress on Malaysia's New Economic Policy.

- ✧ SOHO China's [Zhang Xin](#) was profiled in the September issue of *Bloomberg Markets* magazine for her thoughts on the housing bubble and SOHO's recent business activity.
- ✧ [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 held in Bahrain, March 24-26, 2011.

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