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Member NewsChina's Accelerating Capital Account Liberalization Poses RisksRace and Religion Creating Obstacles to ASEAN Common Market2013 Spring Forum in LangkawiUpcoming Forum Dates**Member News**

- ✧ Saudi Aramco's [Khalid A. Al-Falih](#) gave the opening keynote address at the IHS Cambridge Energy Research Associates Annual Conference.
- ✧ Dominic Barton of McKinsey & Co. was awarded the Order of Civil Merit (Peony Medal) from outgoing South Korean President Lee Myung-bak.
- ✧ [Dinh Ba Thanh's](#) DatVietVAC Group Holdings was selected as one of the World Economic Forum's 25 Global Growth Companies.
- ✧ [Peter Grauer](#) of Bloomberg discussed the company's growth in the ASEAN region and particularly the Philippines in an interview with the *Philippine Daily Inquirer*.
- ✧ KKR's [Henry Kravis](#) spoke about environmental responsibility and the economic opportunities created by new fracking technology at the SuperReturns International conference as reported by *Fortune*.
- ✧ ORIX Corp. and Yoshihiko Miyauchi were profiled in a *Wall Street Journal* article covering recent overseas acquisitions made by Japanese financial institutions. He was also interviewed by *Bloomberg*.
- ✧ Azman Mokhtar of Khazanah Nasional Bhd. spoke to *Bloomberg TV* about the fund's business outlook and investment plans.

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**China's Accelerating Capital Account Liberalization Poses Risks**

Amidst continued liberalization of China's capital account, policy makers should be cautious, argues a former member of the People's Bank of China's monetary advisory board. Cutting back on capital controls would ease upward pressure on the renminbi's exchange rate, among other potential economic benefits. However, [Yu Yongding, former President of the China Society of World Economics](#), argues that easing capital controls would strip authorities of tools needed to preserve monetary independence and leave China's rigid economy vulnerable to capital flight. The country's large levels of enterprise debt, extensive shadow banking activities, and bloated real estate sector have set the stage for a potential financial crisis; moreover, Yu argues, given the country's ambiguous property rights and pervasive corruption, capital account liberalization will make instability more likely by facilitating asset stripping and money laundering.

**Racial and Religious Differences Creating Obstacles to ASEAN Common Market**

ASEAN must overcome serious challenges if it is to achieve a common market by 2015, including deep-rooted racial and religious tensions, writes [Luke Hunt in The Diplomat](#). Islamic fundamentalism in Indonesia, violence in Malaysia's Sabah province, and the ongoing persecution of Muslim Rohingyas in majority Buddhist Myanmar, are examples of conflict that needs to be resolved for ASEAN to achieve its promise. ASEAN nations, which operate on a mandate of non-interference in neighbors' affairs, are limited in their ability to act collectively to solve sensitive ethnic and religious divisions. However, the lack of progress in resolving these issues may pose obstacles, especially to the promise of more integrated labor markets in the future.

**2013 Spring Forum in Langkawi**

The Asia Business Council's 2013 Spring Forum was held on March 21-23 in Putrajaya and Langkawi. Prime Minister Najib Razak hosted our members at his official residence at Seri Perdana and had a dialogue with our group over high tea. Forum sessions commenced the following day and were conducted in The Gulai House at The Datai Langkawi. That evening, our Malaysian members hosted the Forum Dinner. Following the Forum, a group of participants stayed for a mangrove beach walk and attended the Formula 1 PETRONAS Malaysia Grand Prix 2013 Race in Kuala Lumpur hosted by Khazanah Nasional Bhd.

At the Round-Robin discussion, members voiced mounting concerns over the stability of the Middle East, which has deteriorated under the combined stress of the Syrian civil war, Iran's continued pursuit of nuclear weapons, and the Israeli-Palestinian conflict. President Obama's recent visit once again highlighted both the importance of and strains within the U.S.-Israeli security alliance. Developments in the energy sector have left members concerned about the future of the oil, gas, and nuclear industries. Revolutions in the shale gas sector in the U.S. promise to reduce the country's energy dependence, thereby potentially giving the Middle East more political flexibility. The nuclear issue remains divisive in many Asian countries that are looking to expand and diversify energy supply. Members remain uncertain about China's influence in the region, especially in light of territorial conflicts in the South China Sea and with Japan. Some are hopeful that China's new leadership will improve relations with neighbors and implement much-needed reforms. There was also discussion about cyber security, which has become an even more crucial issue for business leaders following recent attacks.

Dato' Sri Idris Jala, Malaysian Minister in the Prime Minister's Department and Chief Executive Officer of the Performance Management and Delivery Unit, Tony Fernandes of AirAsia, as well as Francis Yeoh Sock Ping of YTL Group of Companies spoke about diversity in Malaysia during a luncheon session moderated by Nazir Razak of CIMB Group. Dominic Barton of McKinsey & Co. spoke on Asia's healthcare system challenges, while Daniel Vasella of Novartis discussed developments in the life sciences and agriculture. A session focused on health and wellness businesses featured William E. Heinecke of Minor International PCL and Lim Cheok Peng of IHH Healthcare Bhd. and was moderated by Azman Mokhtar of Khazanah Nasional Bhd. Andrew Grant and Cheryl Lim of McKinsey & Co., spoke about the need for business involvement to overcome the global skills gap problem and youth unemployment in a session moderated by Jaime Augusto Zobel de Ayala of Ayala Corp.

All presentations and summary notes from the Forum will be made available on our secured participants-only Web site in early April. The user name and password will be sent in a separate e-mail when Forum materials are posted.

***Upcoming Forum Dates***

2013 Autumn Forum: Kyoto, September 12-14

2014 Spring Forum: Mumbai, February 20-22

2014 Autumn Forum: Ulaanbaatar, September 18-20

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