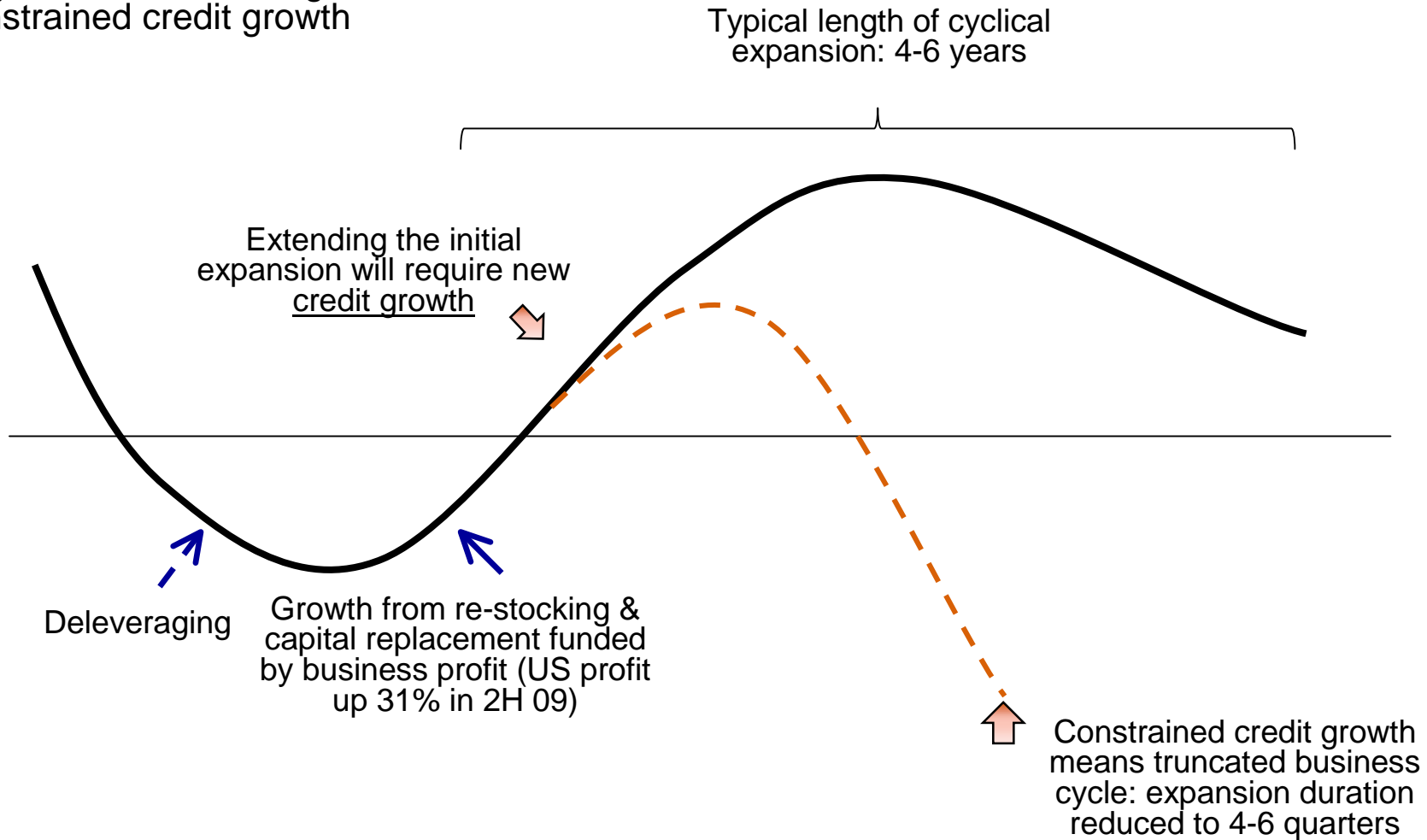

Emerging Asia in the Post-Crisis Global Economy & Business Implication

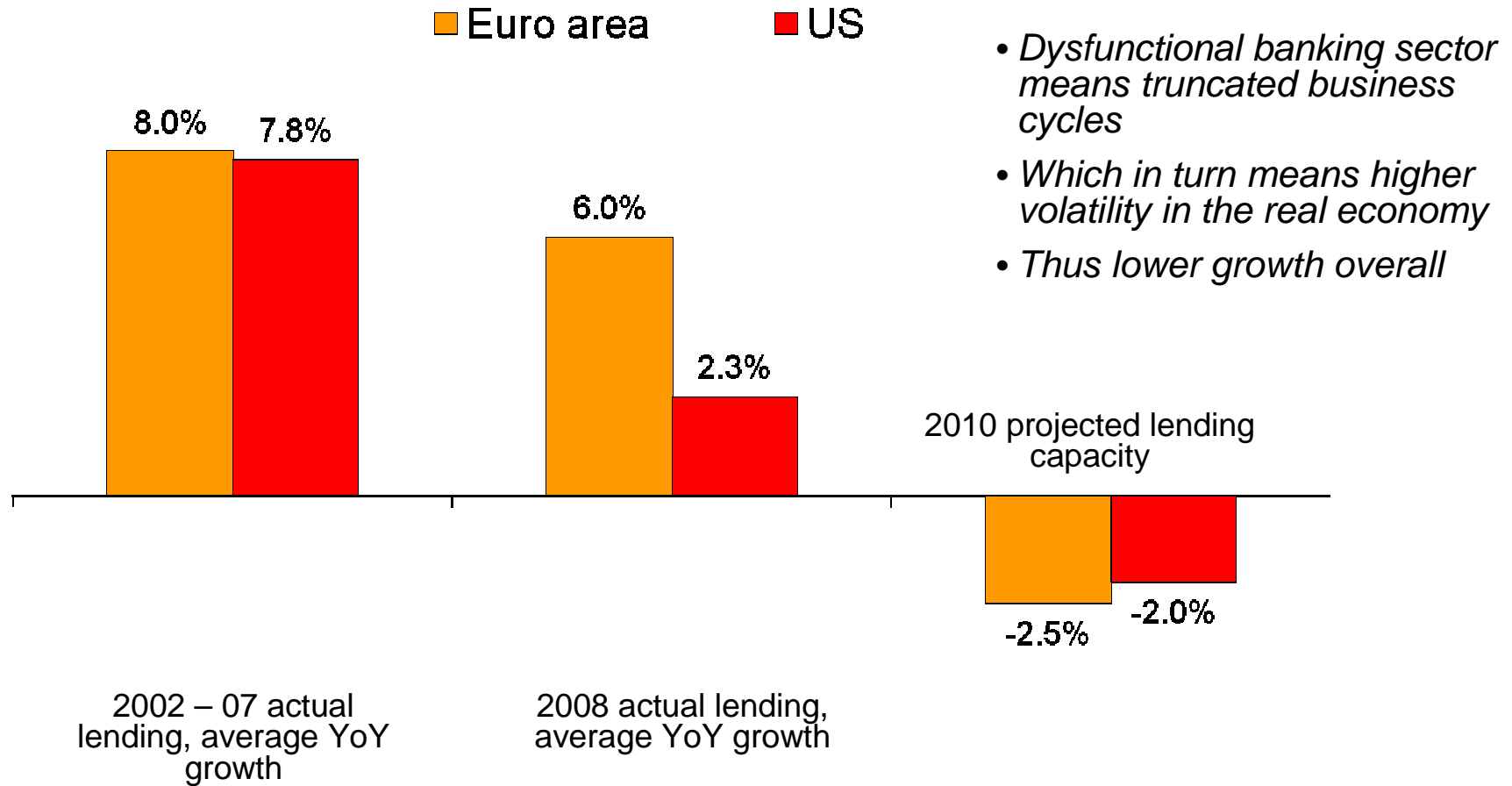
**Dr. Yuwa Hedrick-Wong
May 2010**

US Outlook – Truncated Expansion

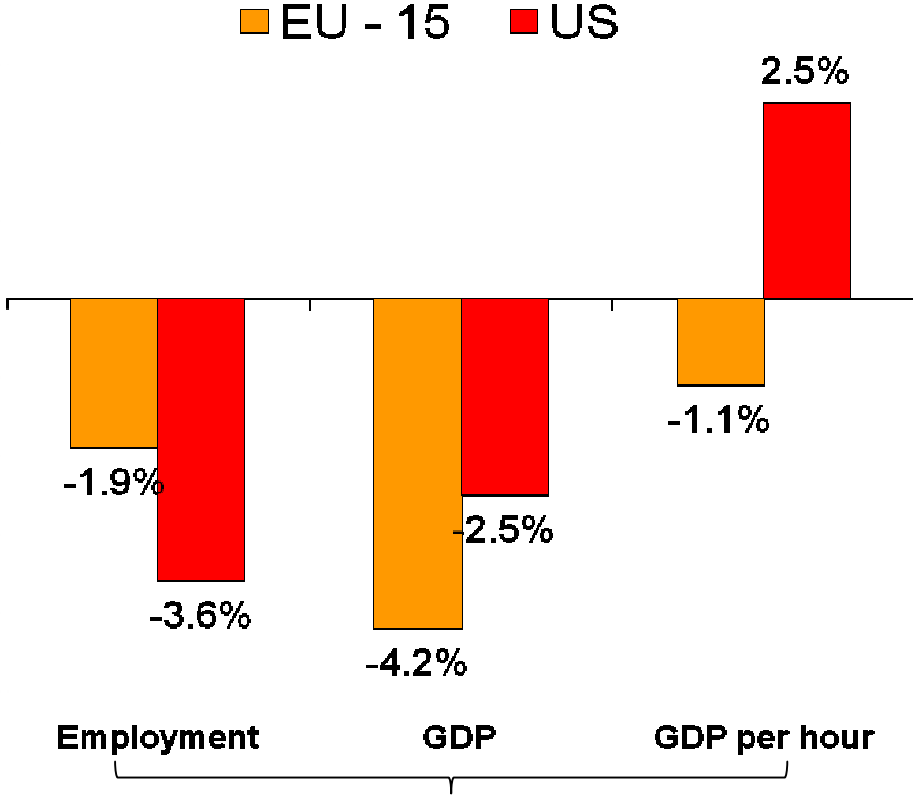
* Dysfunctional banking sector & constrained credit growth



Lack of Lending Capacity in US & Europe



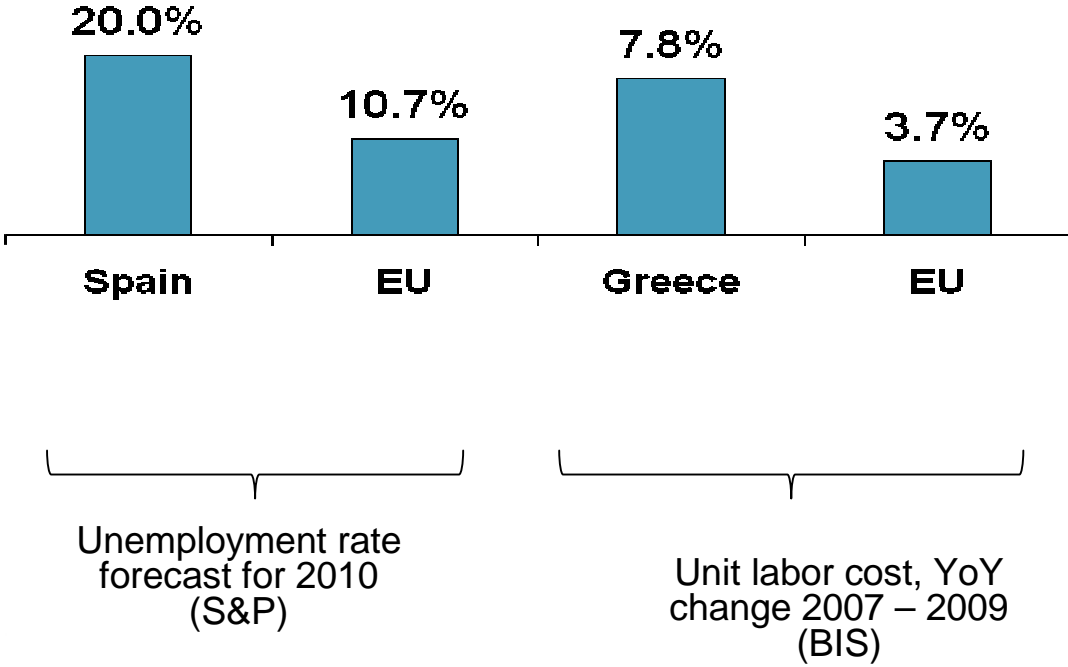
Divergence between US & Europe



YoY change, 2009
(The Conference Board)

Eurozone Outlook – Internal Structural Incompatibility

** EU's worsening internal structural tension*



Emerging Asia – A Partial De-coupling

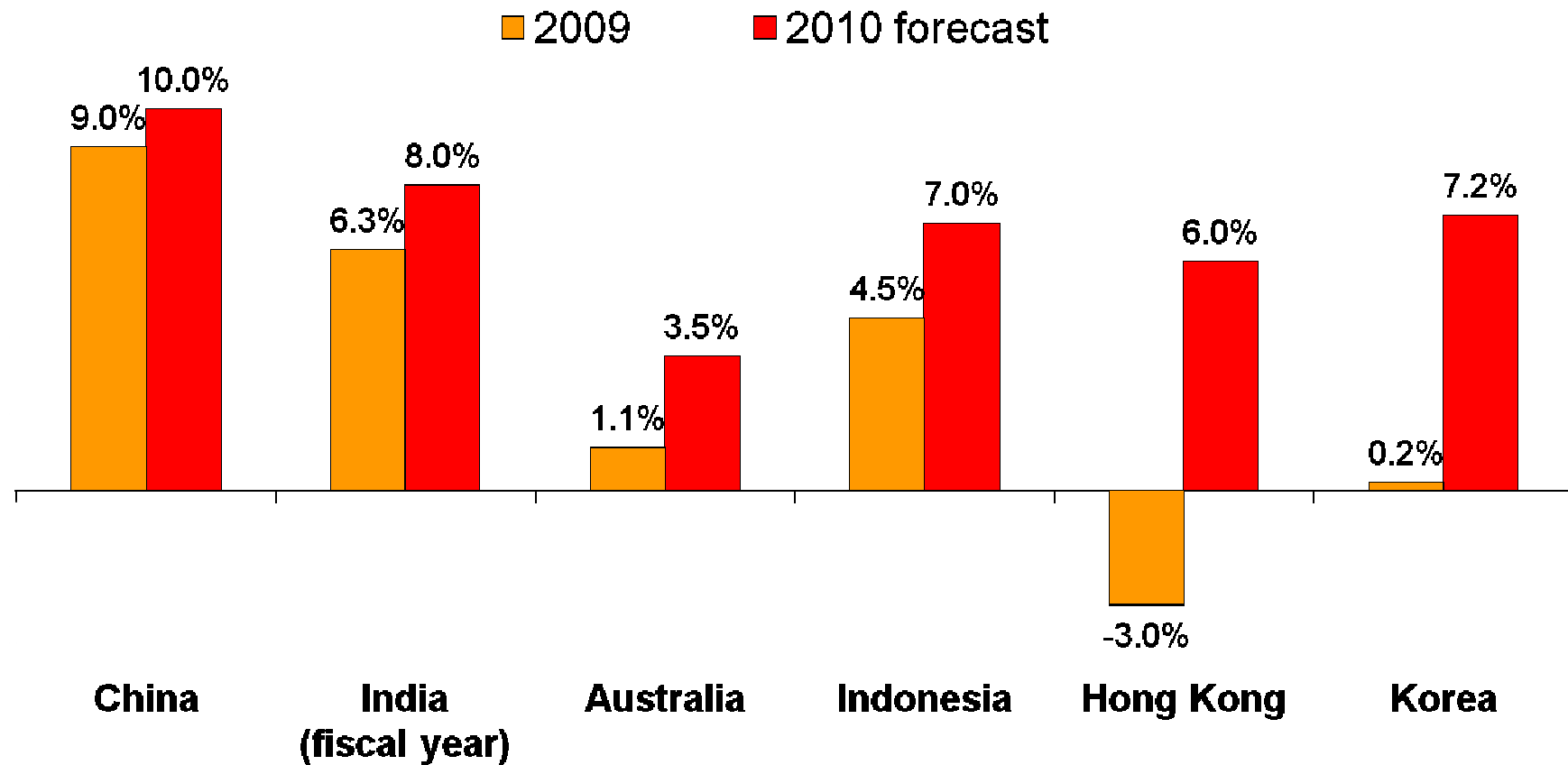
** Asia's banking sector is alive & well and functioning as it should*

	Credit Growth YoY Jan. 09	Credit Growth QoQ Jan. 09
Indonesia	9.2%	13.7%
Malaysia	8.6%	12.9%
Philippines	6.9%	14.5%
Thailand	3.3%	11.9%

(Estimated with CEIC data)

Emerging Asia – A Partial De-coupling

* Real GDP growth



Emerging Asia – A Partial De-coupling

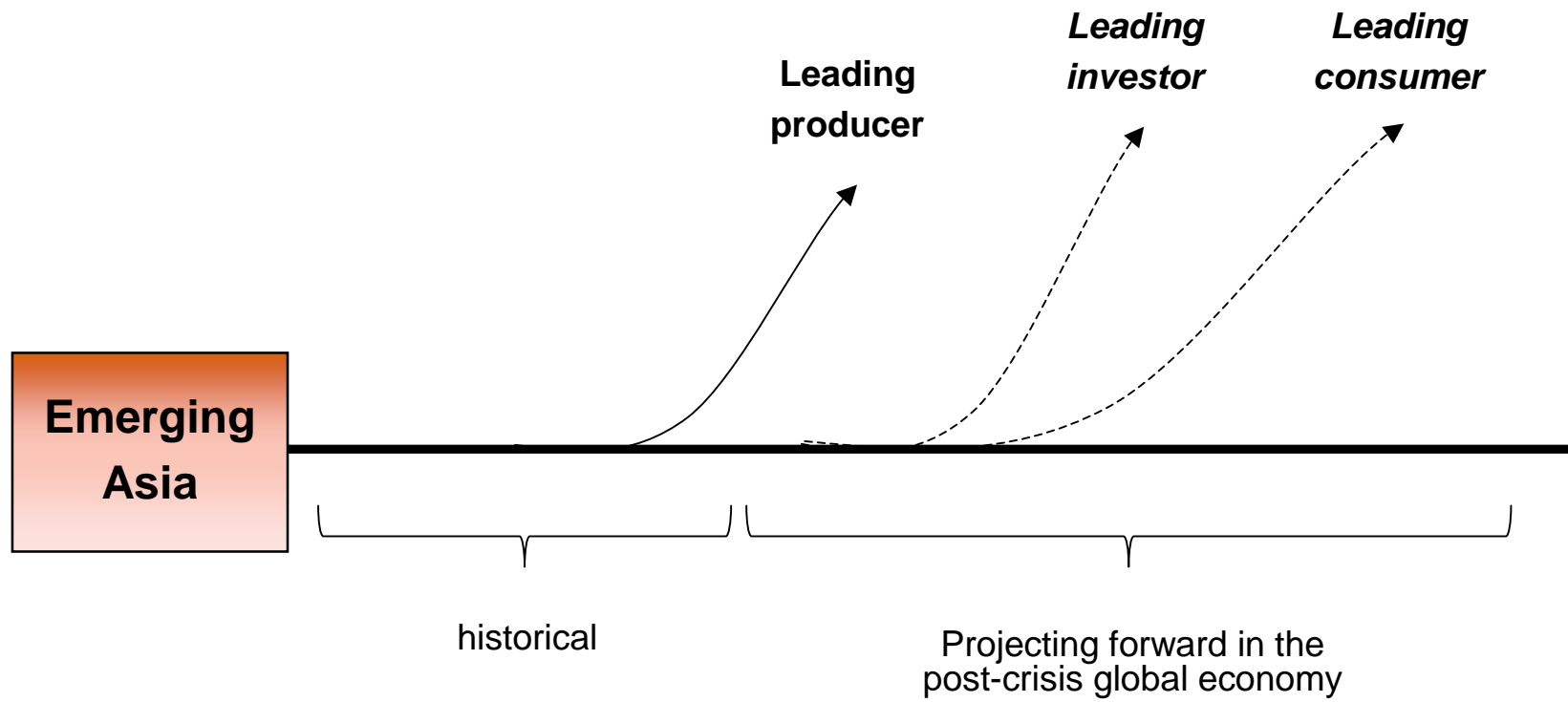
** A China centric recovery*

	Growth of total exports 2Q – 4Q 2009	Growth of exports to China 2Q – 4Q 2009
India	24%	225%
Indonesia	70%	185%
Malaysia	45%	135%
Singapore	48%	106%
Taiwan	36%	91%

(Estimated with CEIC data)

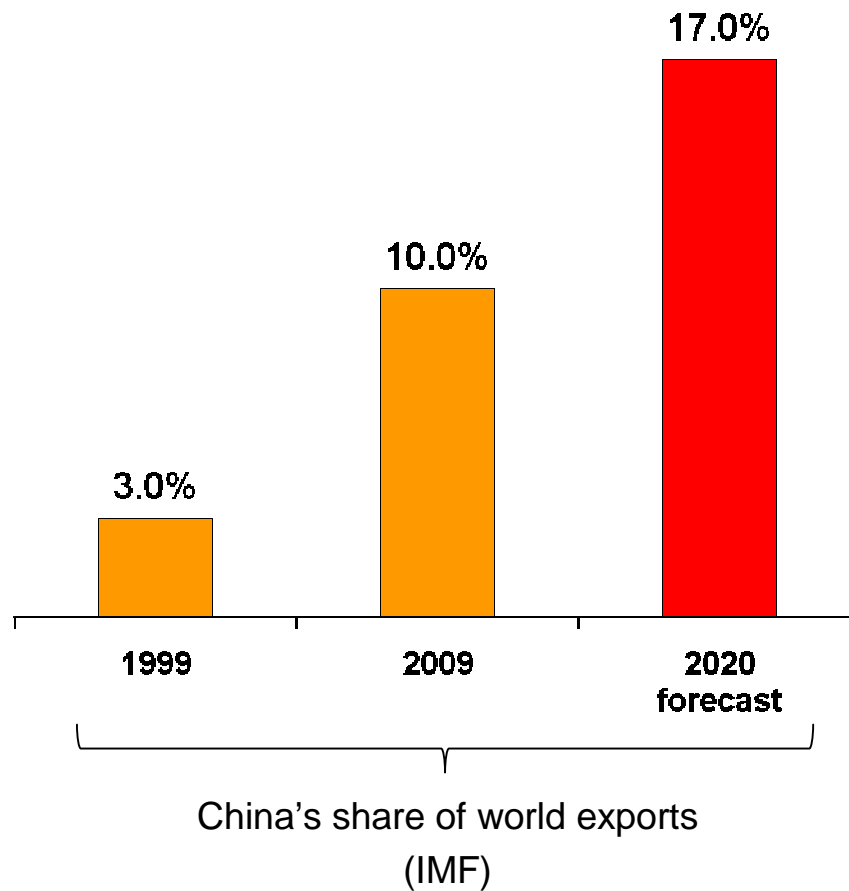
Emerging Asia in Post-Crisis Global Economy

* Reshaping the global economy



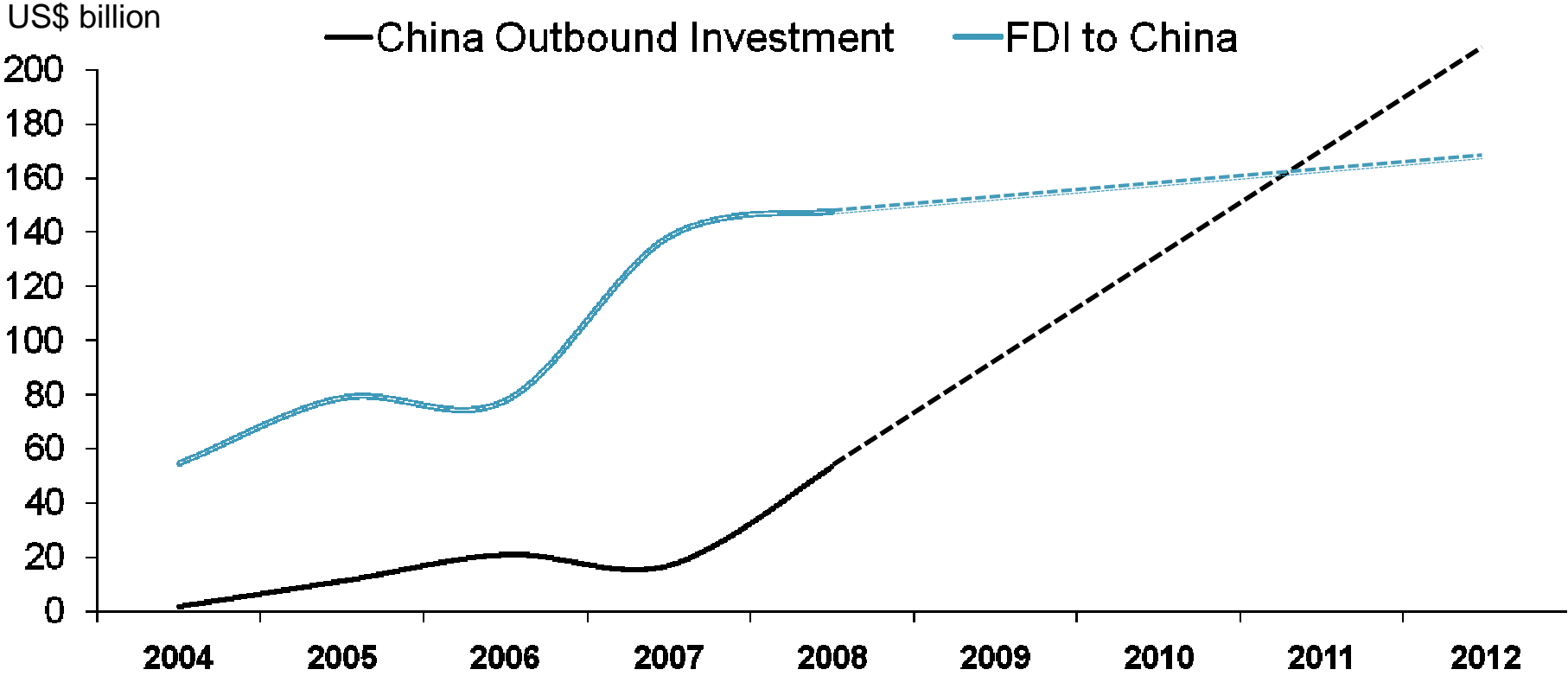
Emerging Asia in Post-Crisis Global Economy

** Emerging Asia will be an even stronger producer for the global market*



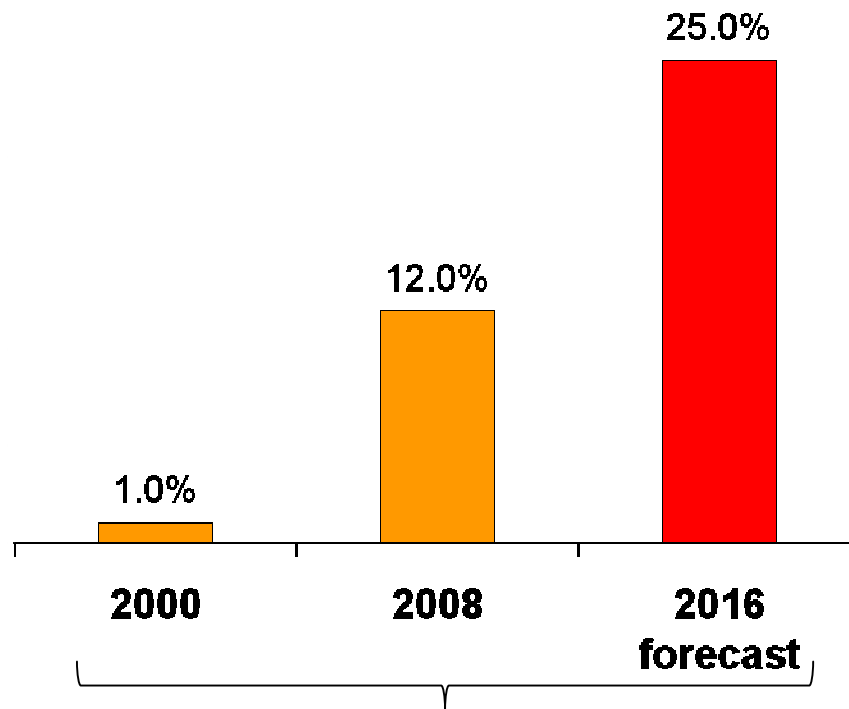
- India will join the ranks of key Asia exporters of manufactured goods in the coming decades*
- China's exports are fast becoming more capital & technology intensive*

Emerging Asia as a Leading Investor



(IMF, IFS)

Emerging Asia as a Leading Investor

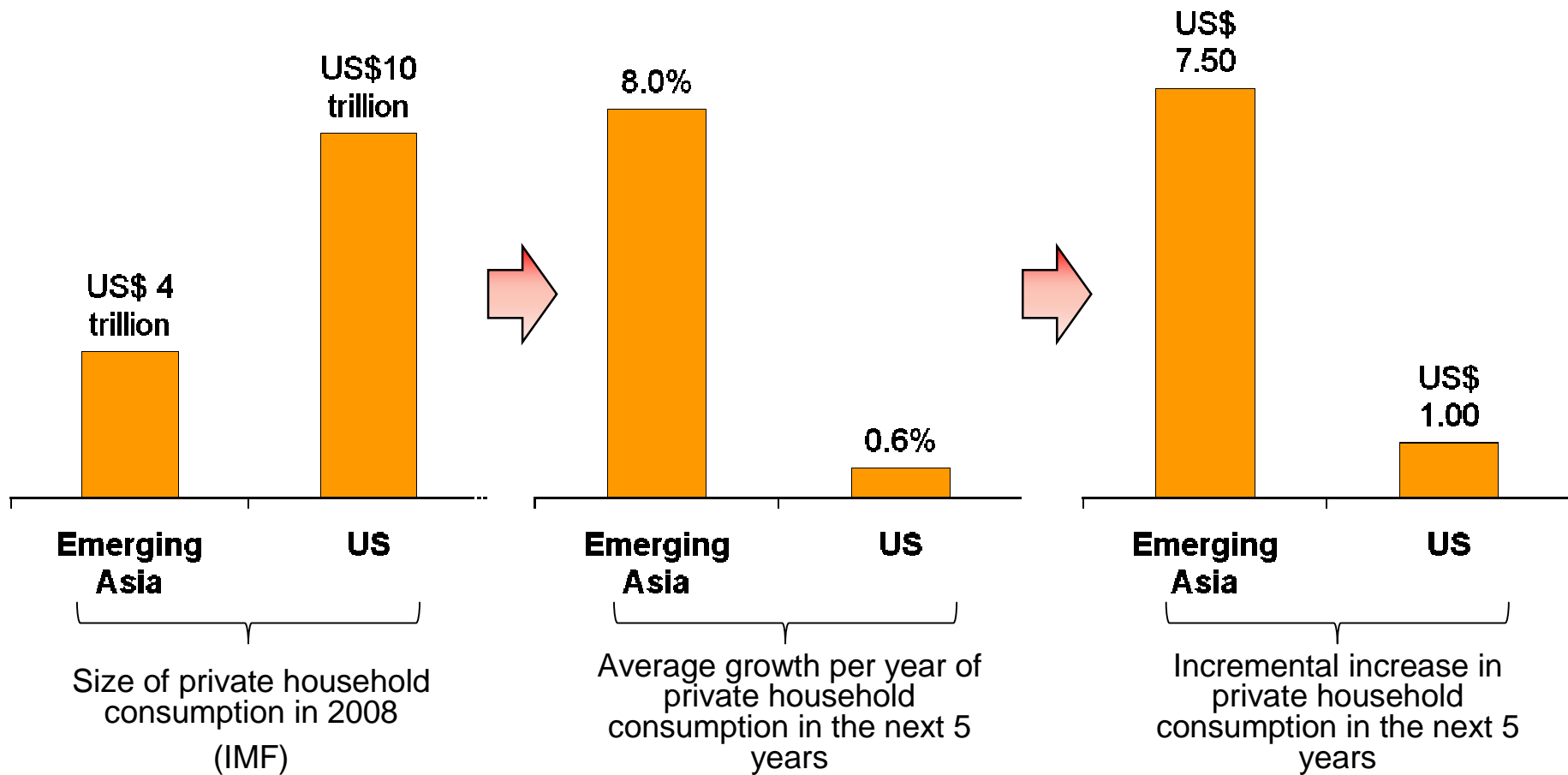


Emerging Asia's share of total global
outbound investment
(OECD)

- *China accounted for 25% total investment in clean energy technologies in 2009*
- *China & India investment in Africa will transform Sub-Saharan Africa in the coming decade*

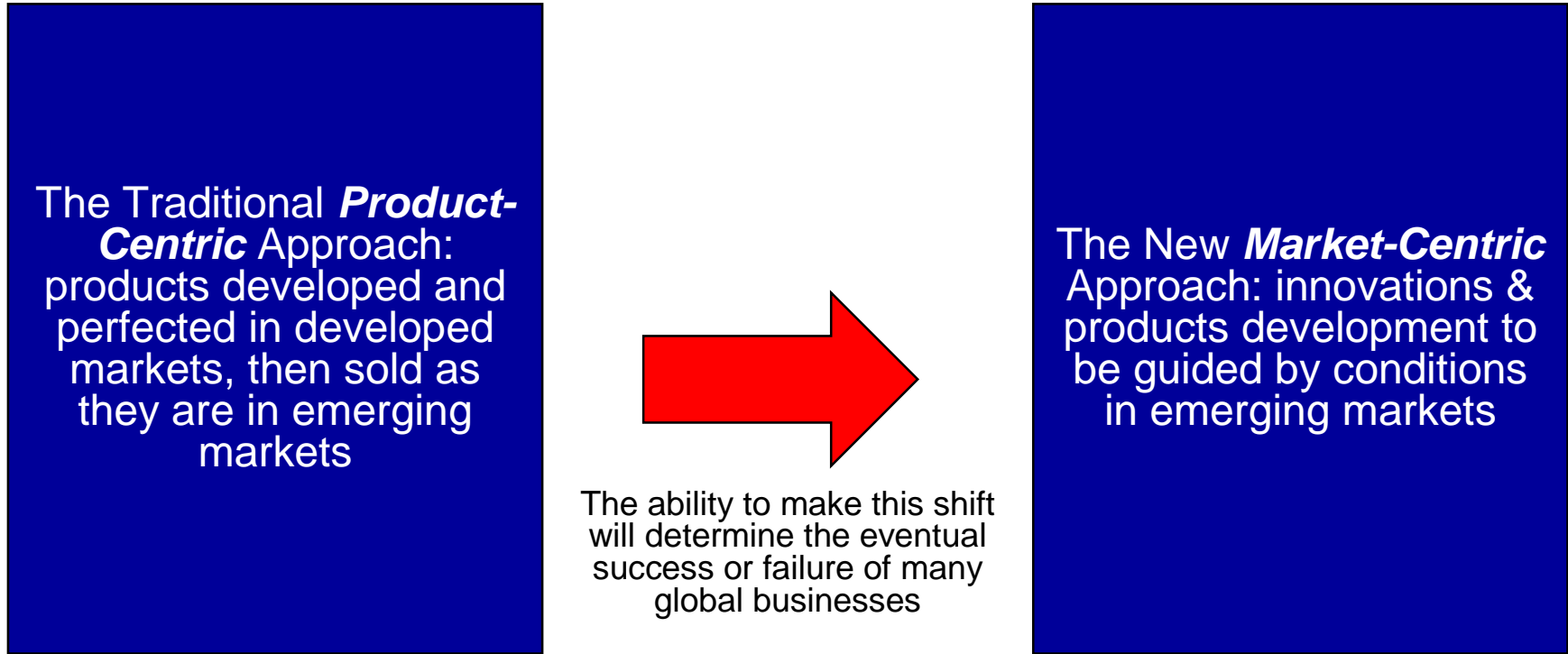
Emerging Asia as a Leading Consumer

* While the US consumer market is still the largest in the world, Emerging Asia will expand much faster in the future



Business Implications

* Global business will need to re-think how they should engage Emerging Asia



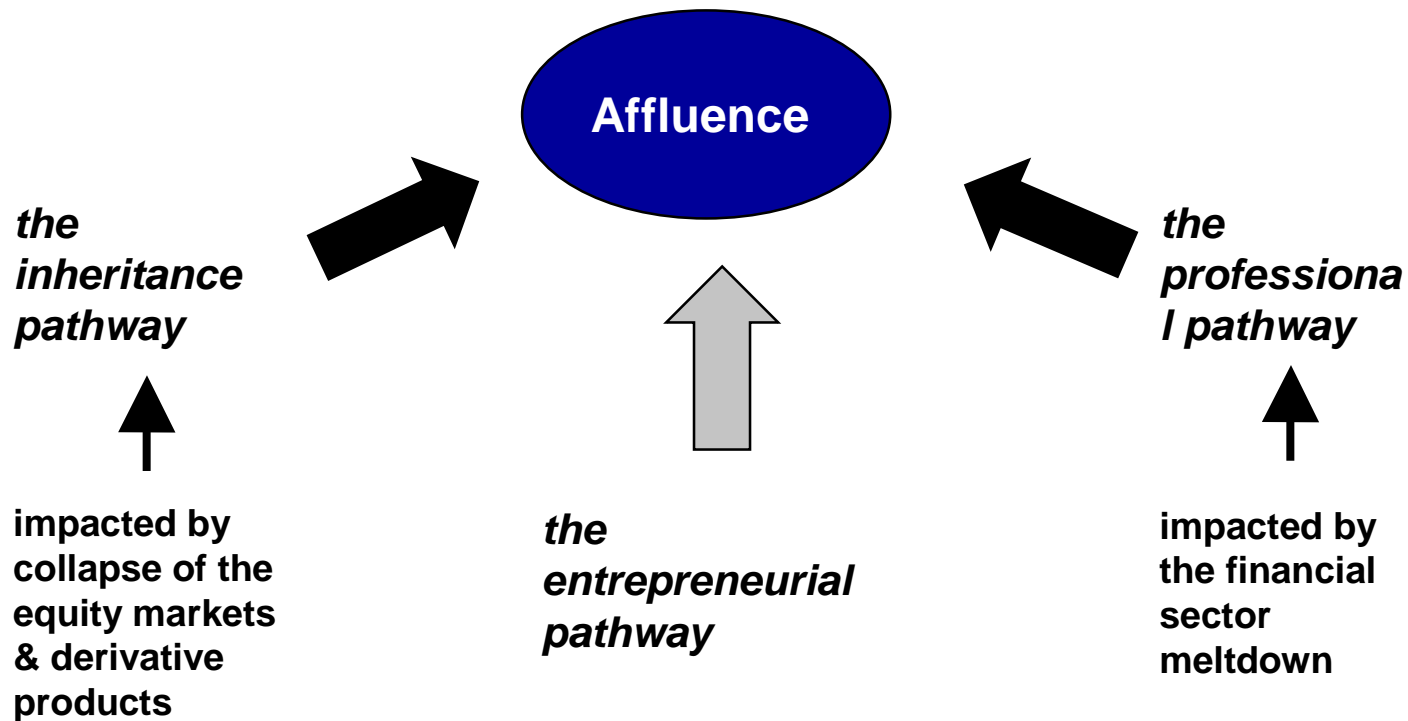
Business Implications

* Examples of the *Market-Centric* approach in action

- **Porche's** latest model unveiled in the Shanghai auto show in 2009
- **GE's Healthcare** innovations for rural India
- **Applied Materials** in China's western city of Xi'an

Intact Pathway of Wealth Creation in Asia

* the 3 pathways to affluence



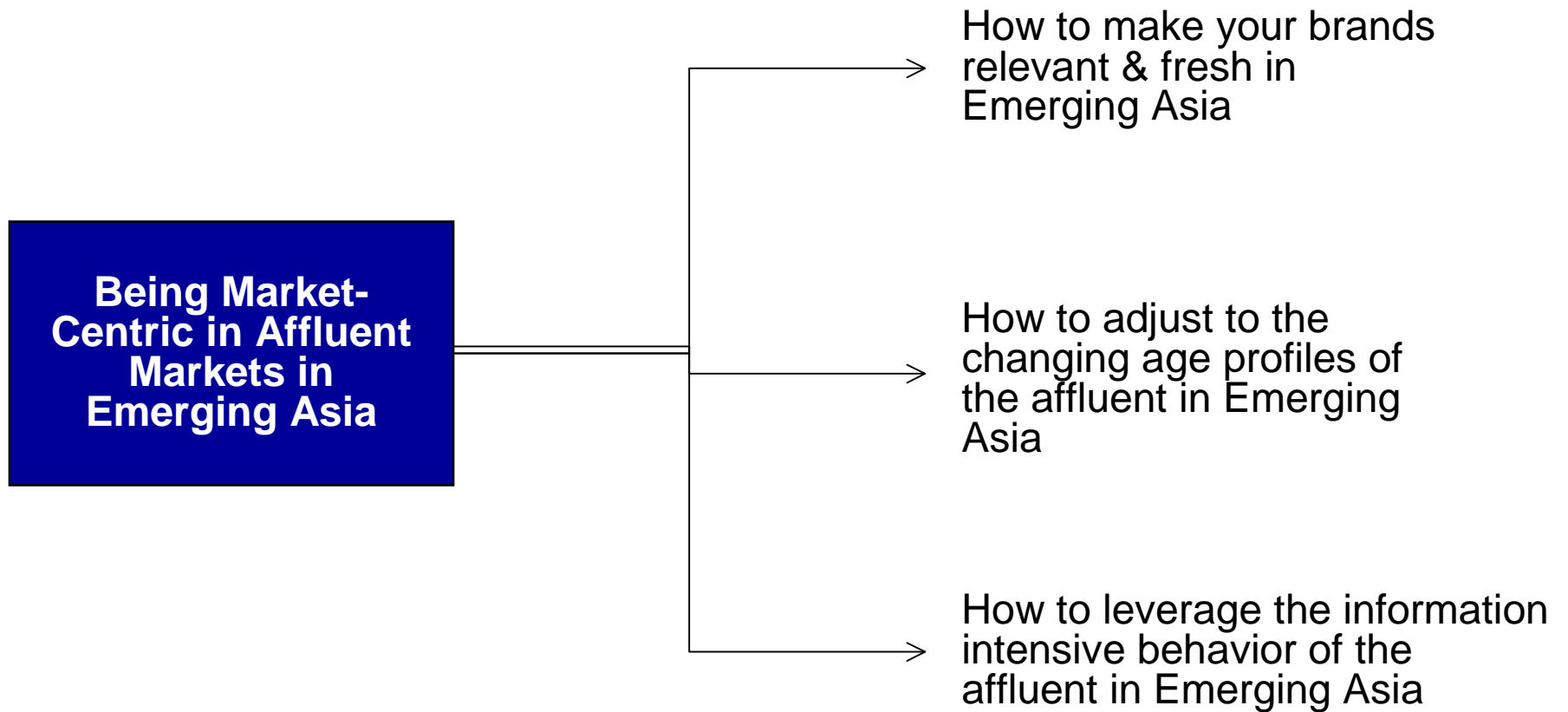
Intact Pathway of Wealth Creation in Emerging Asia

* Limited impacts of the 2008/09 global crisis

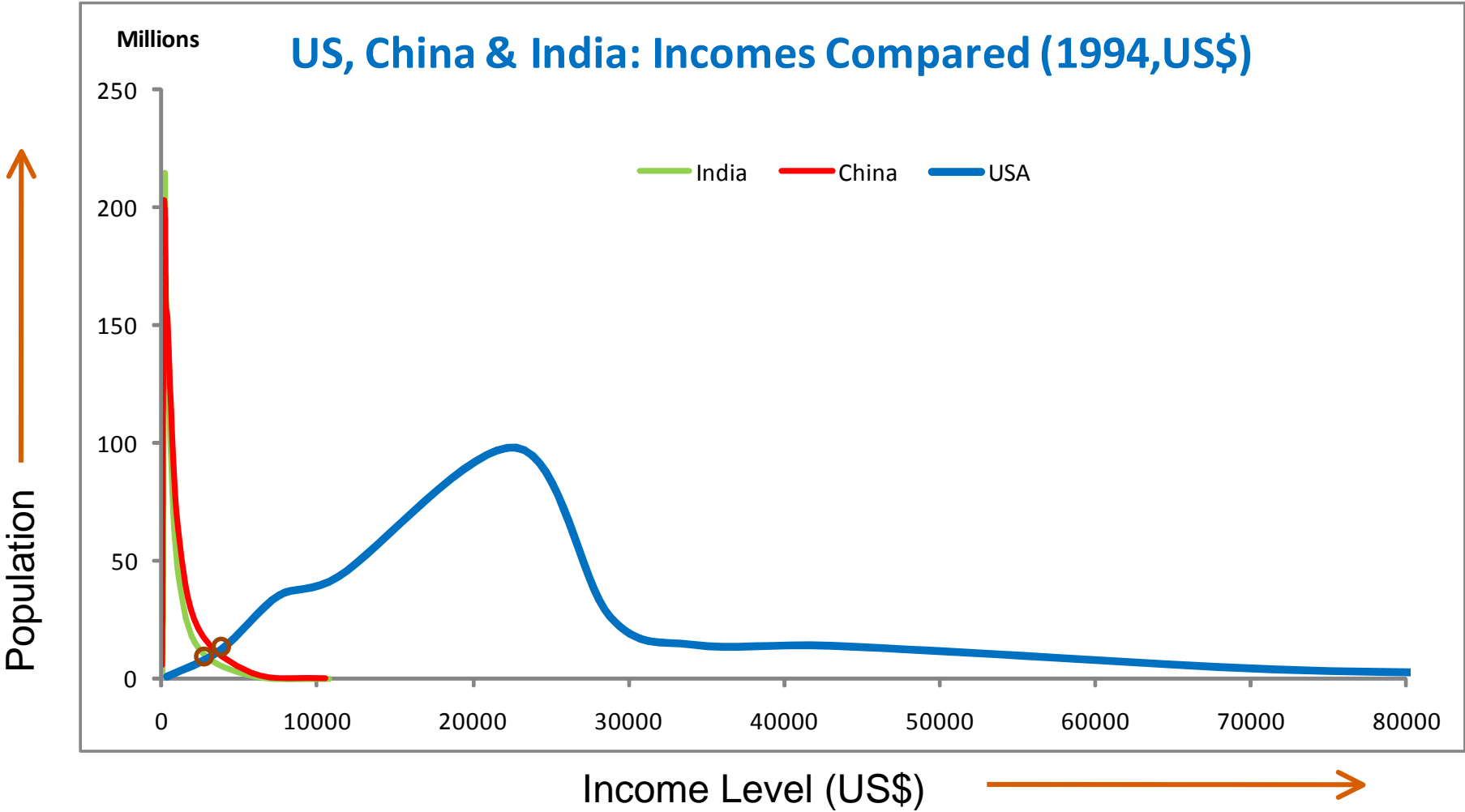
2005 forecast for 2008; versus the actual estimated for 2008	
China	+22%
India	+8%
Japan	+6%
Singapore	- 18%
Hong Kong	- 11%
Malaysia	+6%

← impacted by financial sector meltdown

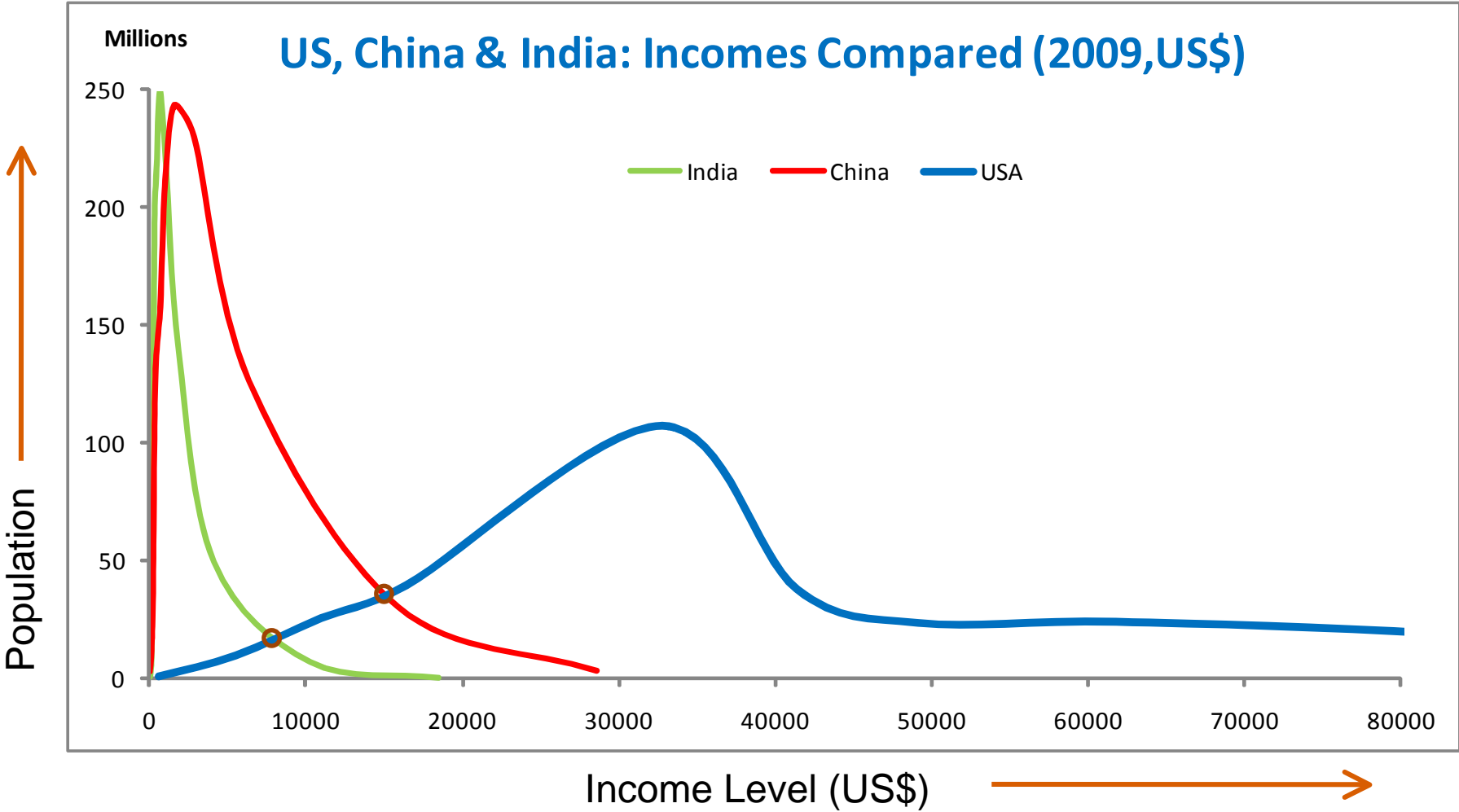
Being Market-Centric in the Affluent Markets in Asia



US, China & India: Incomes Compared - 1994



US, China & India: Incomes Compared - 2009



US, China & India: Incomes Compared – 2009 Adjusted for Purchasing Power Parity

