Asia - Future Pivot of the Global Economy
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Dear Reader,

2011 was a turbulent year for the global economy, which saw the Japanese earthquake, the emergence of the Arab Spring and the European debt crisis. Despite these negative events in the world, Asia ended 2011 with relatively strong growth. Asian growth has been resilient because domestic demand has been strong. While the global economy is clearly heading eastwards, the economic outlook for 2012 looks more challenging for Asia than 2011.

The economic moderation in Asia in 2011 was in line with expectations and had been anticipated due to supply disruptions from the deterioration of the global economy and headwinds from high commodity prices. Nevertheless Asian growth remained strong and supported by robust domestic demand. Somehow, the slowdown was healthy, in that it helped take off some of the overheating pressures that have been accumulating, and inflation appears to have peaked. Accordingly, policymakers have been shifting their focus to supporting growth.

Sentiment around Asia remains high due to the region’s strong fundamentals. Given the economic backdrop for 2012, many economists expect a moderate pace of growth in Asia. Policymakers are having a hard time forecasting the possible outcome for the Eurozone debt crisis. However, the majority anticipate policy-driven soft landing in Asia.

As the world’s fastest-growing economic region, Asia’s importance and influence is expanding rapidly. Focusing on continuous economic development in Asia, several articles in this issue introduce economic stimulus programs and new regulations to maintain economic sound evolutions in the Asian region. These economic friendly policies certainly improve investment environments for foreigners and at the same time bring more business opportunities.

I hope you will enjoy this issue and find it helpful to establish a strong footing in Asia.

Yours very truly,

Dr. Urs Lustenberger,
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Swiss-Asian Chamber of Commerce,
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The Broadening Swiss Engagement with ASEAN-Region

The Association of Southeast Asian Nations (ASEAN) at present consists of 10 Southeast Asian countries. Various activities undertaken by the Swiss Asian Chamber of Commerce (SACC) cover all these 10 countries. Against this background, it may be interesting for SACC to learn about Swiss foreign economic policy towards the ASEAN region. Let us take a brief look at: (A) the business relations between Switzerland and the ASEAN region. (B) Then discuss the Swiss foreign economic policy approach towards the ASEAN region. (C). Since the impressive SACC "portfolio" in addition to the 10 ASEAN countries covers four additional countries, namely Mongolia, Pakistan, South Korea and Sri Lanka, mention shall also be made of Swiss foreign economic policy towards these four countries as well. (D) Swiss Foreign Economic Policy Approach towards non-ASEAN SACC countries. (E) Conclusions.

A) The ASEAN region

ASEAN was established in the midst of the cold war on 8 August 1967 in Bangkok with the aim of promoting economic growth, social progress, cultural development, peace and political stability, cooperation and assistance among the five founding members - Indonesia, Malaysia, Philippines, Singapore and Thailand. Five additional members joined ASEAN after 1967: Brunei Darussalam (1984), Viet Nam (1995), Myanmar, Lao PDR (1997) and Cambodia (1999). The ASEAN Secretariat in Jakarta, Indonesia, is headed since 1 January 2008 by Secretary General Surin Pitsuwan from Thailand.

According to the most recent ASEAN figures available on the ASEAN website, the population of the region was estimated at around 591 million in 2009. The aggregate GDP of the ASEAN member countries' amounted to USD 1496 billion in 2009 and USD 39 billion foreign direct investments (FDI) flowed into the region during the year. The ASEAN's trade volume was USD 1537 billion in 2009 and about one fourth of which was accounted for by the region's member countries among themselves. The ASEAN region recovered remarkably well after the global economic crisis and in general, high growth is predicted for it in the future.

The ASEAN's integration process has not been as advanced as the integration process within the European Union (EU). ASEAN is no supranational organization and ASEAN member countries, irrespective of their ASEAN membership, put emphasis on the principle of non-interference in one another's internal affairs. Decisions resulting from the ASEAN summits and ministerial meetings require consensus among all ASEAN member countries. At the same time, however, the ASEAN members pursue their collective vision to establish a more integrated ASEAN community by 2015. This community shall be based on three pillars, which comprise: The ASEAN Political-Security Community, the ASEAN Socio-Cultural Community and the ASEAN Economic Community. The latter is meant to create a prosperous single market well integrated into the global market, a competitive, equitably developing economic area with free movement of goods, services, skilled labour and investments and with freer movement of capital. A significant step within the
ASEAN integration process was taken by adopting the ASEAN Charter which came into force on 15 December 2008. The Charter provides ASEAN a legal status and a new institutional framework.

B) Business Relations between the ASEAN region and Switzerland

Business relations between the ASEAN region and Switzerland are developing dynamically. Today, about 3 percent of Swiss trade in goods is achieved with ASEAN countries and about 3 percent of Swiss FDI goes to the ASEAN region. Trade in goods between Switzerland and the ASEAN countries increased significantly in the past years and amounted to CHF 11 billion in 2010. Switzerland typically exports more goods to the ASEAN region than it imports from the ASEAN-countries. In other words, the trade balance is typically positive from the Swiss perspective. The most important export destination within ASEAN is Singapore followed by Thailand, Malaysia and Indonesia. The total Swiss FDI in the ASEAN region was at about CHF 28 billion by the end of 2010 and has created about 150,000 jobs in the ASEAN countries. Most Swiss FDI went to Singapore followed by Indonesia, Thailand and the Philippines. Direct investors from Switzerland are interesting partners for ASEAN countries because they often supply the local economy not only with funds but with technology and know-how as well. In general, ASEAN member countries are not yet very important direct investors in Switzerland. It may be expected, however, that due to Switzerland’s many location advantages, companies from the ASEAN countries will increasingly choose Switzerland for their (European) headquarters. In sum, it can be reasonably expected, that the ASEAN region will become a more and more important market for Swiss exports and a more and more important production hub for goods and services consumed in Switzerland and elsewhere.

C) Significance of ASEAN region in Swiss Foreign Economic Policy

In general terms, the Swiss Foreign Economic Policy aims to achieve three objectives: first, an open and non-discriminatory access to foreign markets secured through an appropriate set of international regulations, second, opening the domestic Swiss market with a view to increasing competition at home, and third, contributing to the economic development in partner countries.

To what extent does Switzerland focus on ASEAN in its Foreign Economic Policy towards Southeast Asia? Switzerland acknowledges ASEAN’s role in promoting regional economic integration, regional peace and stability and human rights in Southeast Asia. With a view to keenly following the ongoing integration processes among ASEAN-member countries and strengthening its relations with them, Switzerland accredited its Ambassador to Indonesia to the ASEAN Secretariat in Jakarta in 2009. Switzerland is thus one of the 60 countries (including the EU) with an Ambassador accredited to ASEAN. Switzerland also regularly engages in high level dialogues with high ranking ASEAN officials. In July
2010, for example, the then Swiss President and Head of the Federal Department for Economic Affairs, Doris Leuthard, met with ASEAN’s Secretary General Surin Pitsuwan in Jakarta and in May 2011, Assistant State Secretary for Asia-Pacific Beat Nobs of the Federal Department of Foreign Affairs had an informal meeting in Zurich with the Secretary General after the latter was awarded an honorary doctorate by the University of St. Gallen.

Although Switzerland has thus established an excellent relationship with ASEAN, the Swiss Foreign Economic Policy towards Southeast Asia is being implemented so far on a bilateral basis:

• Switzerland together with the other three states forming the European Free Trade Association (EFTA) - namely Iceland, Liechtenstein and Norway - has concluded a comprehensive Free Trade Agreement (FTA) with Singapore in 2002. Free trade negotiations are currently on with Indonesia while the negotiations with Thailand are blocked since 2006. Furthermore, negotiations on a FTA between the EFTA States and Vietnam are in preparation and a dialogue on the feasibility of an FTA between EFTA and Malaysia is in an advances stage.

• Switzerland grants preferential tariffs to the individual ASEAN member countries qualifying as developing countries or as least developed countries (LDC), namely Cambodia, Indonesia, Laos PDR, Myanmar, Malaysia, the Philippines, Thailand and Viet Nam.

• In order to improve framework conditions for FDI, Switzerland has concluded Bilateral Investment Treaties (BIT) with all ASEAN member countries but Brunei Darussalam and Myanmar. Agreements came into force with Indonesia in 1976, Malaysia and Singapore in 1978, Viet Nam in 1992, Laos PDR in 1996, the Philippines and Thailand in 1999 und Cambodia in 2000. The agreements with Indonesia and Malaysia are currently renegotiated in order to adapt them to modern investment protection standards.

• Double Taxation Agreements (DTA) are in force with Singapore and Malaysia since 1976, Indonesia since 1989, Thailand since 1996, Viet Nam since 1997, and the Philippines since 2001.

• Finally, Swiss economic development cooperation of the State Secretariat for Economic Affairs (SECO) focuses on selected ASEAN-member countries as well. Most importantly, Indonesia and Viet Nam are at present two of seven priority countries for Swiss economic development cooperation carried out by SECO.

D) Swiss Foreign Economic Policy Approach towards non-ASEAN SACC countries

After all, the implementation of the Swiss foreign economic policy towards Southeast Asian countries, irrespective of their ASEAN membership does thus not differ notably from the implementation of Swiss foreign economic policy towards the four other SACC countries Mongolia, Pakistan, South Korea and Sri Lanka:

• A comprehensive FTA between the EFTA States and South Korea came into force in 2006 and a joint declaration on cooperation between the EFTA States and Mongolia was signed in 2007.

• Sri Lanka, Mongolia and Pakistan as developing countries benefit from preferential tariffs.

• BIT are in force with Sri Lanka since 1982, Pakistan since 1996, Mongolia since 1999 and South Korea since 2006.

• DTA are in force with South Korea since 1981, Sri Lanka since 1984, and Mongolia since 2002.

E) Conclusions

It can be concluded that Switzerland enjoys excellent relations with ASEAN and closely follows the integration process within ASEAN. At the same time, Swiss Foreign Economic Policy towards Southeast Asia at present is implemented on a bilateral basis - that is to say towards the individual ASEAN member countries. In this respect, the implementation of Swiss foreign economic policy in the ASEAN region does not differ from Swiss foreign economic policy implementation towards the four SACC countries which are not members of ASEAN. However, as economic, political and social integration within the ASEAN region deepens and as ASEAN’s institutions grow stronger, it may become increasingly interesting for both ASEAN and Switzerland to intensifying economic cooperation and trade and investment links between ASEAN and Switzerland as well.
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Swiss-Korean economic relations five years after the European Free Trade Association (EFTA) were commemorated at a Swiss-Korean Business Council Event on 14 November 2011. Swiss State Secretary for Economic Affairs Marie-Gabrielle Ineichen-Fleisch praised the two countries’ economic relations during the five years following the enforcement of the EFTA in 2006.

“The EFTA has been very beneficial for our economic interests and to further increase trade and investment flows between our two countries,” Ineichen-Fleisch said.

Bilateral trade between EFTA members and Korea grew from US$3.9 billion in 2006 to US$9.2 billion in 2010, according to the Korea International Trade Association. The EFTA is an intergovernmental organization that promotes free trade for its member states of Switzerland, Iceland, Liechtenstein and Norway.

“For the last five years the volume of bilateral trade has grown at a surprising rate,” said Korean Deputy Minister for Foreign Affairs and Trade, Choi Seok-Young. “Exports and imports between Korean and EFTA members have grown three times in the last five years,” he added. However, Korea still received a higher volume of imports from Switzerland than its exports to the prosperous European country with a population of 7.6 million people.

While Korean companies exported US$369 million of goods to Switzerland in 2010, with high value trade items including automobiles, mobile phones and gold, Korea imported US$2 billion of Swiss goods including medical supplies, gold and watches.

In the same period, Korea invested US$221 million in Switzerland and Swiss investment to Korea amounted to US$1.7 billion.

According to Korean Deputy Minister for
Foreign Affairs and Trade Choi, Korean exports to Switzerland have increased by 36 percent since 2005 and Swiss exports grew by 72 percent in the same period. With regard to investment, Korea’s investment in Switzerland grew by 152 percent and Swiss investment in Korea increased by 37 percent.

Choi emphasized that more importantly, the solid groundwork has already done to expand the volume of two-way trade and investment, as well as to call for better communication and cooperation between both countries. Both countries should continue efforts to have more extensive and balanced trade links and to build up trust as one of the goals.

Following Choi’s speech, Ineichen-Fleisch, added, “The figures seem somewhat misleading. We certainly import many more Korean cars and electronics than reflected in these figures.” She continued, “It is significant that Korea and Switzerland’s export oriented economies shared a common interest in fighting protectionism, working to ensure a stable world market conditions and cooperating on industrial research and development.”

Deputy Head of Swiss Mission Daniel Cavegn said, “Many American and European companies locate their European head quarters in Switzerland. Some 100 companies including McDonalds, Nissan and Philip Morris have moved their regional offices to Switzerland.” He also added, “One area that should be of particular interest to Korea is industrial R&D, as Switzerland is innovation-driven, and Korean corporations are looking to this as a source of growth, creating value and profit.”

In its Global Innovation Index, the European School of Business Administration (INSEAD) ranked Switzerland No.1 out of 125 economies for innovation in June and Korea ranked No. 16. The United States ranked No.7.

Ineichen-Fleisch was accompanied on her two-day trip to Korea by a delegation including representatives from Swiss companies and business associations, the OSEC, Economiesuisse and the Swiss-Asian Chamber of Commerce.

A new memorandum of understanding was signed in her presence to cement the relationship between the two nations’ trade promotion agencies, the Swiss OSEC and the Korea Trade-Investment Promotion Agency.
The Swiss State Secretary for Economy, Mrs. Marie-Gabrielle Ineichen-Fleisch, paid an official visit to the Socialist Republic of Vietnam from 15 to 18 November 2011. She was accompanied by a high-ranking business delegation representing both Swiss business associations and leading enterprises, especially the life science industry.

Mrs. Ineichen-Fleisch’s visit focused on bilateral economic cooperation, economic development cooperation as well as trade and investment issues. It underlined the commitment of both countries for bilateral economic cooperation and was an excellent opportunity to celebrate the 40 years of diplomatic relations between Switzerland and Vietnam.

Since early 1990, Switzerland has been actively supporting Vietnam in its transition and development process through bilateral and multilateral cooperation aiming at alleviation of poverty through sustainable economic growth. With regard to economic cooperation and development, Vietnam has been a priority country of the State Secretariat for Economic Affairs (SECO) since 2009. SECO activities therefore comprise supporting stable macro-economic framework conditions, strengthening the financial sector infrastructure, enabling the business and trade environment, supporting small and medium sized enterprises and improving the basic infrastructure e.g. in the field of wastewater treatment.

The trade volume between Switzerland and Vietnam has increased significantly over the past years, reaching a turnover of about USD 3 billion in 2010. By 2010, Swiss investments amounted to USD 1.7 billion. This made Switzerland the 4th largest European investor and the 19th largest foreign investor worldwide in Vietnam (2010).

During her stay in Hanoi on the 16th November, Mrs. Ineichen-Fleisch and the delegation held official talks with Vice Prime Minister Hoang Trung Hai and leaders of the Ministry of Planning and Investment, the Ministry of Industry and Trade, the Ministry of Finance, the State Bank as well as the Ministry of Health.

The Government of the Socialist Republic of Vietnam officially announced its readiness to start Free Trade negotiations with the EFTA States during the visit of the State Secretary of Economy in Hanoi. The negotiations shall be launched in the 1st half of 2012.

After visiting a successful Swiss investment project in Hanoi the State Secretary and her delegation travelled to Ho Chi Minh City for the second part of their journey. Besides meetings with the Chairman of the People’s Committee of Ho Chi Minh City and the City Department of Industry and Trade Mrs. Ineichen-Fleisch and her delegation visited a SECO supported development cooperation project as well as a Swiss food processing company operating in southern Vietnam.
On 12 September 2011, the Swiss-Asian Chamber of Commerce (SACC) organized a Vietnam-Switzerland Business Forum in Zurich. The Guest of Honor was Vietnam’s Deputy Prime Minister Hoang Trung Hai who visited Switzerland at the invitation of Johann Schneider-Ammann, Head of the Federal Department of Economic Affairs.

Vietnam’s Vice Minister of Planning and Investment Nguyen The Phuong and an important Vietnamese Government and Business delegation accompanied the Deputy Prime Minister.

The Vietnam-Switzerland Business Forum was part of several significant events jointly organized by the Vietnamese Embassy, the Swiss Authorities and the Swiss Asian Chamber of Commerce on the occasion of the 40th anniversary of the establishment of diplomatic relations between Vietnam and Switzerland.

Vietnam, the fast emerging economic power in South East Asia with its close to 90 million people and an impressive record of GDP growth over the past years, is a strong trading partner of Switzerland presenting an attractive potential for Swiss Business in the years to come.

Addressing the Business Forum, Deputy Prime Minister Hai highlighted the main features of Vietnam’s economy and its recent performance and challenges ahead as well as investment and trade opportunities between the two countries.

He outlined the various important measures that his government had implemented to thwart the many challenges that Vietnam faced in 2011 and would be facing in 2012. The challenges include high inflation, high interest rates, an unstable exchange rate, large trade deficit etc. with the key emphasis being given to curbing inflation and maintaining macro-

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stability, Deputy Prime Minister Hai added.

“The central task of the new government in the period 2011-2016 is to focus on the strategic breakthroughs, creating the basis for restructuring the economy, transforming into a new growth model. Accordingly, we will have to improve our policy formulation to allow markets for goods, services, financial products, equity, real estate and labour to operate effectively with high level of competitiveness and integrate well into the world market. The government will also focus more on completing its policy on investment in order to mobilize domestic capital for infrastructure development”, he said.

Deputy Vice Prime Minister Hai mentioned that Switzerland is Vietnam’s second largest trading partner in Europe with the two-way trade amounting to US$3.7 billion in 2010.

Before the interactive networking lunch with the two-way trade amounting to US$3.7 billion in 2010.

Closing his key-note address, he reaffirmed that “Vietnam welcomes and commits in creating all the necessary conditions for foreign investors in general and Switzerland in particular to do business in Vietnam.”

Vice Minister of Planning and Investment Phuong gave an excellent address on “Swiss-Vietnam economic, trade and investment cooperation” and Mr. Nguyen Ba Coung presented “Policy and measures to improve and strengthen the attraction of FDI to Vietnam”.

Before the interactive networking lunch buffet representatives of Nestlé SA, the Holcim Group and Vietnam Holding shared with the Forum case studies on their successful activities in Vietnam.
Asia - Future Pivot of the Global Economy
Sustaining Growth, Asia’s Goal in the Face of Global Downturn

Following two years of anemic and uneven recovery from the global financial crisis, the world economy is teetering on the brink of another major downturn. Economic growth already considerably slowed down in 2011, especially in the developed countries.

The problems threatening the global economy are multiple and interconnected. The most important challenge involves the declining prospects for economic growth in the developed countries.

Europe is a major cause of the rapidly slowing economy. The sovereign debt crises in the Eurozone worsened in the second half of 2011 and ruined the balance sheets of banks sitting on related assets. The fiscal austerity measures are further weakening growth and employment prospects, making fiscal adjustment and the repair of financial sector balance sheets all the more challenging. Growth in the US is also unlikely, where the economy is facing persistent high unemployment, weak consumer and business confidence, and financial sector fragility. These two largest economies in the world could easily lead the whole global economy into another global recession. Developing countries, which had rebounded quickly from the global recession of 2009, would be hit through trade and financial channels. European banks are still in the process of a dramatic deleveraging, which is holding back credit supplies. As a result, Asian countries such as India, Indonesia and South Korea could have higher funding costs.

Asian economies performed strongly in 2011, despite a litany of challenges in the world. However, the global slowdown started making itself felt in Asia in 2012. This is mainly due to the export related area. While Asia does not appear heavily dependent on demand from the US, Europe and Japan, it is a global production hub and components shipped within the region are used for final products exported elsewhere. In other words, a trade cluster within Asia has already been established and China has become the most significant export destination for most Asian countries.

According to Ernst & Young, global trade will continue to head eastwards and intra-regional trade in Asia will lead to a renewed concentration of global demand. The total value of international trade is set to increase from 30% to 37% of world GDP by 2020, while the balance of that trade is likely to shift permanently to the East. Measured at current market exchange rates, the global GDP share of emerging markets is ready to increase from around 34% in 2010 to 48% by 2020. China’s share by itself is expected to surge from 9.0% to approximately 20% over this period. These gains will be at the expense of the developed countries’ economies.

Aggregate Asian exports have been largely flat for most of 2011, and the slowdown that started in the late third quarter of 2011 could continue well into the first half of 2012. So that, Asia’s focus is shifting from battling inflation in 2011 to protecting growth through monetary easing and fiscal stimulus in 2012.

Despite uncertainties in the Eurozone and the US, still, many economists expect that developing countries, especially Asia, will continue to stoke the engine of the global economy. Asia will be a clear standout, with a 6.0% range GDP growth based on its internal strength.
Investment Climate Improves
Indonesia in a Sweet Spot, with Strong Growth Outlook

Political Outlook

Indonesia has been moving with excellent prospects for long term growth, based on strong domestic consumption and relatively stable political conditions. The country’s political landscape is expected to remain stable in the near future. However, there are questions about who will replace President Yudhoyono, as his term ends in 2014. There are already signs that President Yudhoyono is becoming a lame duck ahead of the elections. The political outlook will become more complicated as the 2014 election gets closer.

On 24 November 2011, the close relationship between President Yudhoyono and Coordinating Minister for the Economy Hatta Rajasa was strengthened further by the marriage of the former’s son Edhie Baskoro Yudhoyono, and the latter’s daughter, Siti Ruby Aliya Rajasa. The marriage joins together two of the country’s most prominent political families.

Mr. Rajasa, who is also the chairman of the Islamic-leaning National Mandate Party (PAN) and is one of the president’s most trusted advisers, is now likely to become even more influential within the government during its final three years. The alliance could also have important consequences beyond the term of the current administration.

Recent opinion polls have highlighted that the leading candidates to succeed Mr. Yudhoyono are the chairman of the Golkar party, Aburizal Bakrie, who is also one of the country’s richest pribumi (ethnic-Indonesian) businessmen; the previous president and leader of the Indonesian Democratic Party-Struggle (PDI-P), Megawati Soekarnoputri; and the chairman of the Great Indonesia Movement Party (Gerindra), Prabowo Subianto. Any of these candidates, if elected, would represent a major setback based on strong domestic consumption to the reform agenda. The emergence of such regressive candidates to replace Mr. Yudhoyono is at least partly explained by corruption scandals that have discredited the younger politicians within his Democratic Party (PD), and have undermined the party’s hopes of challenging for the presidency again in 2014.

President Yudhoyono’s reputation still remains high in international circles, boosted by Indonesia’s successful hosting of the 20th annual World Economic Forum on East Asia as well as a range of high level meetings in Jakarta as the 2011 Chair of ASEAN. In this role Indonesia can also play a catalytic role in the realization of the ASEAN economic community 2015, ensuring the maintenance of its position in the region. The recent visits of numerous European...
Contradicts this notion. Access to basic education is nearly universal and its quality has been improving, but efforts should now be directed at raising secondary and tertiary school enrolment (Indonesia ranks 66th on the World Economic Forum Global Competitive Index1 (GCI) higher education and training pillar). The Ministry of Education estimates that 54 percent of children currently have access to early childhood education program PAUD, which is aimed at kids aged three to six. But with an increased budget, the number could potentially improve to reach 75 percent of the children. For elementary school the country has succeeded in achieving high participation rates of 95.3 percent.

Poverty reduction and unemployment are still the main priorities for the current administration. The Government of Indonesia has outlined its commitment in its medium term development plan (RPJMN 2010-2014) to continue social and poverty reduction programs. Employment continues to grow faster than the labor force as the Indonesian economy recovers from the global financial downturn, resulting in a lower unemployment rate of 6.8 percent in February 2011. The figures show that employment has increased in almost all economic sectors, except for agriculture and transportation. In 2010, 13.33 percent of the population was poor or below the national poverty line (Garis Kemiskinan), down from 14.15 percent in 2009.

It is also clear that the Government is committed to making improvements to the education system, primarily by increased budgets. There have been strong indications that the education system is improving. However, recent reports of systematic cheating organized by some schools and teachers somewhat healthcare and education remain major challenges, and foreign investment liberalizations in the sectors are positive signals. With a more conducive investment climate in both the education and healthcare sector serious improvements could be made, and the 2 million people that travel to Singapore and other neighboring countries for medical treatment every year could instead support the local economy, by seeking medical treatment in Indonesia.
Economy – Recent Development & Outlook

Indonesia’s economy has shown resilience despite an escalation in Europe’s debt crisis and the slowdown in the global economy. The country’s economy continues to power ahead, with no signs of a visible slowdown. Strong balance sheets for the government and the private sector, as well as relatively low dependence on external demand, combined with timely policy responses, have supported the economy through the 2008-09 global financial crisis and recent turbulence in Europe. In contrast to several countries now facing difficulties, Indonesia’s public debt has declined to under 30 percent of GDP.

GDP grew by 6.5 percent in the first quarter of 2011, 6.5 percent in the second quarter and was unchanged in the third quarter from the second quarter. The growth was mainly buoyed by domestic consumption, private investment and exports. Household spending increased by 4.8 percent per year on year, reflecting continued strong consumer confidence. Investment grew by a respectable 7.1 percent, slightly down from annual growth of 9.2 percent in the previous quarter. Exports continued to perform strongly as a consequence of high prices and strong demand for commodities, particularly palm oil and coal, and rose by 18.5 percent year on year. Recent statistics show that most sectors have faced a rapid economic expansion, this especially in manufacturing, transportation and communication.

Household spending remains the largest sector of the economy, accounting for nearly 55 percent of GDP in the third quarter of 2011. The importance of domestic demand in driving growth serves to insulate Indonesia from a downturn in developed-country markets. Nevertheless, the country remains vulnerable to capital flight stemming from volatility in financial markets provoked by the Eurozone sovereign debt crisis, as well as any drop in global prices for its exported commodities. Fixed capital formation accounted for a further 32 percent of GDP, suggesting healthy levels of investment. The spatial distribution of growth remains a concern, with economic activity skewed heavily towards Indonesia’s most densely populated island, Java. The island accounted for nearly 60 percent of the economy in the third quarter. Sumatra accounted for a further 20 percent, while the remainder of the vast archipelagic nation accounted for just 20 percent of the economy. The excessive concentration of economic activity on Java leaves poverty entrenched in other parts of the country (although large numbers of Javanese are also very poor), and creates significant regional disparities in wealth and opportunity, which breed resentment.

On January 18, 2012, Moody’s has upgraded Indonesia’s credit rating to Baa3 with stable outlook. Moody’s stated the key factors supporting this action were

1. Moody’s anticipation that government financial metrics will remain in line with Baa peers
2. The demonstrated resilience of Indonesia’s economic growth to large external shocks
3. The presence of policy buffers and tools that address financial vulnerabilities and
4. A healthier banking system capable of withstanding stress.

In December 2011, another rating agency, Fitch, already restored Indonesia to investment grade after 14 years of junk status.

Indonesian officials hope the positive moves on credit rating spark increased

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<th>Economic Indicator</th>
<th>2008</th>
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<th>3 Qtr</th>
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<th>2011</th>
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Source: Statistics Indonesia (BPS)
foreign investment in the country of 240 million people. Indonesia has averaged 6 percent growth in recent years, but it still needs foreign investment to improve its overburdened infrastructure.

Bank Indonesia is prudently managed with foreign reserves of USD 118.1 in May 2011. The rupiah reached 8 600 in June against the US dollar, compared to 8 900 in January, while the Euro is at the level seen before the weakening of the Rupiah in Q4 2008. The inflation rate was 6.0 percent in May, down from 7.0 percent in January due to lower food prices. Bank Indonesia cut its benchmark rate by half a percentage point to 6.0 percent in November, hoping to mitigate a weakening global economy and keep the country on a strong growth path. Indonesia is the first state in Asia and in the Group of 20 nations to start easing policy. The BI rate is now at a record low level. Most of the banks hailed the Bank's latest move to loosen monetary policy. It is expected that a further easing by BI is likely, albeit at a more gradual pace.

Most economists expect that the Indonesian economy will continue to grow, with no sign of a visible slowdown. Indonesia potentially faces the lowest risk from a recession in Europe due to its low export share (25 percent of GDP). Many economists are optimistic and expect only a minor deceleration in GDP growth from 6.5 percent this year to 6.3 percent level in 2012.

**Swiss-Indonesian Economic Relations**

By signing the trade agreement between Switzerland and Indonesia in 1954, a solid foundation to deepen the bilateral economic relations was established. The two countries enjoy a strong and positive trade relation, taking advantage of the similarities between the two economies.

Indonesia became a priority country for the economic development cooperation of the State Secretariat for Economic Affairs (SECO) in 2008. The two countries are continuously in efforts to develop their economic relations, for example, by entering into the newly negotiated bilateral investment protection agreement and also the negotiations early 2011 on the Comprehensive Economic Partnership Agreement (CEPA) between EFTA (Iceland, Liechtenstein, Norway, Switzerland) and Indonesia.

**Business Environment**

In May 2011, the Government published the ambitious Development Master Plan for the period 2011-2025. The plan foresees Indonesia becoming the world’s 12th largest economy by 2025 with a per capita income reaching USD 16,000 in 2025, up from USD 3,000 in 2010. This plan also includes USD 470 billion of investments, the majority expected from the private sector.

Indeed, the attractiveness of Indonesia as an investment destination is improving, with positive outlooks for credit ratings and increased investment levels. During the first quarter in 2011 the FDI inflow increased by 11.8 percent compared to the same period in 2010 to USD 4.4 billion, with the highest share received by the mining sector. However, this is still relatively low as a share of GDP compared with prior to the 1997 financial crisis and in comparison with similar economies in the region.

On the investment side concerns still remain. The discounting of the Negative Investment List (Presidential Regulation 36:2010) triggers uncertainty for foreign investors and makes the list largely irrelevant as it goes against the principles of investment protection.

Indonesia’s trade policy still appears to be highly politicized, trying to support its own industry and restricting a high influx of imports (especially from China). The Parliament is now discussing a draft law on trade which could authorize the Ministry of Trade to stop imports or exports on several broadly defined criteria (such as to guarantee the availability of goods on the domestic market; to minimize price fluctuations; to protect the health, security and values of society).

Import-export facilities should be further streamlined even though implementation of the national single window is well underway. Reforms of the legal and tax systems and their subsequent implementation are needed. Steady progress in improving the business environment, and notably in reducing corruption, will encourage investment and increase productivity. Raising the level of investment is essential if this benign forecast is to materialize.
In September 2010, the administration of Prime Minister Najib Razak introduced an economic transformation plan that shows a clear break from the development plans of Malaysia’s past.

Generally speaking, the New Economic Model (NEM) Report of 2010 is well accepted and appreciated. The major difference between the new plan and the old one is in its change of the budget-based approach.

The latest plan consists of two new and radically different programs – the Government Transformation Plan (GTP) and the Economic Transformation Plan (ETP). The former aims at improving the efficiency of the public service delivery system, particularly in matters directly affecting citizens, such as licensing and taxes. The latter aims at improving the competitiveness of the economy and increasing private investment to meet the target of Malaysia achieving a high-income status by 2020.

What differentiates these programs is that they have less content and aim towards more efficient implementation. Rather than the historical approach which entrusted planning and action to different government ministries, the GTP and ETP were structured through extensive collaboration between interested stakeholders, with a goal of coming up with specific policies and detailed implementation plans with measurable objectives.

In the past, the assessment of success in development was often presented as a matter of rationing the budget utilized. Now success is measured against the impact on the agreed target variable.

The government has also invested in a comprehensive communication strategy, explaining the programs and their benefits to the public in a variety of media and platforms. In the short time, as a matter of fact, both programs have made remarkable and impressive progress.

More recently, the structural reforms detailed in the NEM report have also been taking shape and form six Strategic Reform Initiatives (SRIs). These initiatives followed the implementation plans established by the GTP and ETP.

Malaysia’s radical reform plans and economic and political transformation certainly help foreign investors to develop businesses in the country with less difficulty.
The personal network is and will be key for your success in Asia!

Our heritage and family tradition bears more than 100 years experience of industrial activity in Europe and Asia. The network we can present to our clients is a result of our roots. Today, our clients can benefit from our network and can make substantial improvements in their market entry and expansion into Asia.

KRIESEMER & PARTNERS
MANAGEMENT CONSULTANTS AND INTERNATIONAL ADVISORS

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Phone +41 (0) 44 383 67 10   Fax +41 (0) 44 383 67 20
www.kriesemer.com
Enumerated and explained below are the Business Opportunities for Swiss Small and Medium Enterprises (SMEs) under Malaysia’s Economic Transformation Programme, envisaged for the next 10 years.

More private initiated projects envisaged in Malaysia are coming on stream to transform the country’s economy into a ‘high-income’ one in the next 10 years. This will open more business and investment opportunities for dynamic companies, both local and foreign. Swiss companies can participate directly, proposing projects that benefit the Malaysian economy, or indirectly as suppliers.

Economic Transformation Programme

Launched in September 2010, The Malaysian Government’s Economic Transformation Programme (ETP) is an intensive roadmap to propel the country into the league of high-income countries by 2020. The ETP aims to increase Gross National Income (GNI) to RM1.7 trillion (CHF459.5 bil), which is 2.5 times 2009’s GNI of RM660 billion (CHF178.4 bil). The average annual growth required is 6.0 percent.

The ETP is also a tool to cope with increased global competition and use Malaysia’s competitive advantages to meet new challenges and take advantage of the new opportunities available. Malaysia’s traditional position as a low cost-manufacturing centre is being eroded and there is an urgent need to move up the value chain.

Twelve key economic sectors, termed as the National Key Economic Areas (NKEAs), which have high potential to be the main drivers or engines of growth of the economy during this accelerated phase of development, have been identified.

The 12 NKEAs are:

1. Oil, Gas and Energy;  
2. Palm Oil;  
3. Financial Services;  
4. Tourism;  
5. Business Services;  
6. Electronics and Electrical;  
7. Wholesale and Retail;  
8. Education;  
9. Healthcare;  
10. Communications Content and Infrastructure;  
11. Agriculture;  

(Note: Amongst the five largest NKEAs launched in September 2010, The Malaysian Government’s Economic Transformation Programme (ETP) is an intensive roadmap to propel the country into the league of high-income countries by 2020. The ETP aims to increase Gross National Income (GNI) to RM1.7 trillion (CHF459.5 bil), which is 2.5 times 2009’s GNI of RM660 billion (CHF178.4 bil). The average annual growth required is 6.0 percent.

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which can be further developed with the right impetus from an investor. It is forecast that these initiatives will generate RM800 billion (CHF216.2 bil) of national income and create up to 3.3 million jobs by 2020. An important point to note is that 92 percent of the necessary funding is slated to come from the private sector and the rest (8.0 percent) from the Government which will act more as a catalyst.

**Opportunities for Swiss Companies**

The projects initiated under the Economic Transformation Programme (ETP) are intended to open new business and investment opportunities to propel Malaysia up the value chain.

The following economic sectors could, in the view of this embassy, be of primary interest for the Swiss companies:

1. Electrical and Electronic (E&E)
2. Financial Services

3. Healthcare

Further to the abovementioned areas, Swiss companies could also participate in the other nine sectors: for example, in suppliers, etc. (see attachment 4).

**Conclusion**

The ETP is a fast track economic roadmap to bring about Malaysia’s transition from a middle income economy to a high-income country by 2020. The key players will be from the private sector.

The programme has identified 12 National Key Economic Areas (NKEA) which will be in the forefront in the accelerated development of the economy.

At the end of the 10-year framework, the gross national income is expected to touch RM1.7 trillion (US$523 billion), raising Malaysia’s per capita income to at least RM48,000 (US$15,000) from RM 23,700 (US$ 6,700) in 2009, which will meet the World Bank’s definition of a high-income nation.

To facilitate the transition from one stage to the next for Malaysia, modern technology would be in demand and chances for Swiss companies to meet market demand look positive.

Exchange rate: CHF1 = RM3.70 in July 2011

### 1. Electrical & Electronics

Malaysia’s Electrical and Electronic (E&E) sector has been traditionally one of the major contributors to the country’s economy. It accounted for RM36.7 billion (CHF9.9 billion) in GNI (6 percent of national GNI), 522,000 jobs and 41 percent of Malaysia’s total manufacturing exports in 2009. While the sector is well established and has a strong foundation in Malaysia with participation by major global electronic companies, in recent times its performance has been affected by

<table>
<thead>
<tr>
<th>No.</th>
<th>EPPs</th>
<th>2020 GNI (RM millions)</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Semiconductors: Executing a smart follower strategy for mature technology semiconductor fabrication plants</td>
<td>4,200.0</td>
<td>6,500</td>
</tr>
<tr>
<td>2</td>
<td>Semiconductors: Developing assembly and test using advanced packaging technology</td>
<td>1,300.0</td>
<td>1,300</td>
</tr>
<tr>
<td>3</td>
<td>Semiconductors: Developing integrated circuit design firms</td>
<td>3,200.0</td>
<td>2,000</td>
</tr>
<tr>
<td>4</td>
<td>Semiconductors: Supporting the growth of substrate manufacturers and related industries</td>
<td>2,600.0</td>
<td>3,200</td>
</tr>
<tr>
<td>5</td>
<td>Solar: Increasing the number of silicon producers</td>
<td>3,400.0</td>
<td>20,000</td>
</tr>
<tr>
<td>6</td>
<td>Solar: Growing wafer and cell producers</td>
<td>7,300.0</td>
<td>21,000</td>
</tr>
<tr>
<td>7</td>
<td>Solar: Increasing module producers</td>
<td>3,200.0</td>
<td>14,000</td>
</tr>
<tr>
<td>8</td>
<td>Developing LED Front-end Operations</td>
<td>2,700.0</td>
<td>7,300</td>
</tr>
<tr>
<td>9</td>
<td>Expanding LED packaging and Equipment</td>
<td>1,400.0</td>
<td>3,700</td>
</tr>
<tr>
<td>10</td>
<td>Creating local solid state lighting champions</td>
<td>5,186.7</td>
<td>13,843</td>
</tr>
<tr>
<td>11</td>
<td>Building a test and measurement hub</td>
<td>2,644.2</td>
<td>10,371</td>
</tr>
<tr>
<td>12</td>
<td>Expanding wireless communications and Radio Frequency Identification (RFID)</td>
<td>1,800.0</td>
<td>4,400</td>
</tr>
<tr>
<td>13</td>
<td>Growing automation equipment manufacturing</td>
<td>125.5</td>
<td>1,200</td>
</tr>
<tr>
<td>14</td>
<td>Building transmission and distribution companies</td>
<td>350.5</td>
<td>426</td>
</tr>
<tr>
<td>15</td>
<td>Building an electrical home appliance manufacturing hub and international distribution network</td>
<td>1,078.3</td>
<td>17,993</td>
</tr>
</tbody>
</table>
several factors. These include, stiff competition from rising countries such as China and Vietnam (which has led to declining share of exports), eroding margins and focus on low end assembly and testing, all leading to declining growth rates.

The ETP seeks to revamp and revitalize key areas of the E&E sector so that its full potential can be realized. It is believed that with the right strategies, the E & E sector can continue being a strong growth engine for the Malaysian economy.

The overall goal is to increase the E & E sector’s GNI by RM53.4 billion (CHF14.4 billion) to reach RM90.1 billion (CHF24.4 billion) by 2020.

This will be accomplished by strengthening the sector, focusing on higher value-added activities and on attracting more leading multinational companies to operate in Malaysia, besides creating high quality local companies, which can compete in the international markets.

Within the E & E sector, 15 Entry Point Projects (EPP) and 4 Business Opportunities have been identified (see attachment 1). The EPP that will spark the transformation involve key sub sectors where Malaysia has comparative advantage in terms of existing manufacturing base and skills and are also attractive in terms of growth and size. These are semiconductors, solar, industrial electronics, and light emitting diodes (LED) electrical home appliances. Some major EPP are:

- **Semiconductors**: Executing a smart follower strategy for mature technology semiconductor fabrication plants.
- **Solar**: Growing wafer and cell producers and increasing the number of silicon producers
- **Creating local solid state lighting companies**

Four of the sectors – semiconductor, solar, LED and Industrial Electronics – will also result in spillover business opportunities.

**Business Opportunity 1: Semiconductors**

A study of Silterra estimated that each dollar of operating expenditure spent by the semiconductor manufacturers generates about 50 cents of revenue for the supporting ecosystem, e.g. service providers to the semiconductor manufacturers, ranging from suppliers of specialty gases to equipment part cleaners. To provide a complete picture of the full benefits of building the semiconductor industry in Malaysia, we include these spinoff business opportunities in our GNI impact estimates. Spinoff business opportunities will provide incremental GNI of RM3.2 billion and create 25,000 jobs. The cumulative funding required from 2010 to 2020 is RM2.5 billion private.

**Business Opportunity 2: Solar**

Business opportunities in solar are based on estimates that between 15 and 20 percent of operating expenses from the solar EPP are spent on supporting industries, such as process equipment, sand mining, glass, aluminium, silane gas and wire saws. We would also work with multinational companies such as Applied Materials (equipment manufacturer) to transfer technologies to SMEs or to develop local supplier programmes. An additional RM8 billion GNI and 11,500 jobs will be created on goods and services from supporting industries. The cumulative funding required from 2010 to 2020 is RM5.8 billion in private investment and RM0.7 billion in public investment.

**Business Opportunity 3: Light Emitting Diodes**

Business opportunities in industrial electronics will concentrate on strengthening the supply chain and the Original Design Manufacturers (ODM) in Malaysia, especially for the RFID sector. With new RFID applications planned in the future such as contactless payment and asset tracking, more local companies and shared facilities, such as frequency simulation labs, would be set up to support the growth of the sector. We estimate the GNI impact to be RM165 million and create over 200 jobs. The cumulative funding required from 2010 to 2020 is RM6.9 million in private investment; no public funding is required.

**Business Opportunity 4: Industrial Electronics**

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**Source:** http://etp.pemandu.gov.my/

**2. Financial Services**

Similar to the experience of countries which have traversed the high income ladder, Malaysia’s financial services sector’s share of the economy has been steadily increasing over the years. Its contribution to the GDP grew from an average of 9.9 percent of GDP between 2000 and 2005 to an average of 10.9 percent over the period 2006 to 2009.

As a NKEA, its contribution to the Gross National Income (GNI) is set to rise from RM58.7 billion (CHF15.9 billion) as of 2009 to RM180.2 billion (CHF48.7 billion) in 2020.
In order to achieve this objective, 10 EPPs and six Business Opportunities (BOs) have been identified to generate high impact growth. The EPPs have the following main thrusts:

1. Strengthen the core of the industry (e.g. deepen and broaden the capita and bond market)
2. Serve the needs of the high-income population (Create products that will be useful to this growing segment)
3. Develop new growth sectors
4. Go on the offensive. Aggressively market to foreign markets by developing reputable regional banks and tapping niches where Malaysia has a competitive niche (Islamic finance).

Some of the major EPPs are:

- Developing regional banking champions
- Becoming the global hub for Islamic finance
- Revitalizing Malaysia’s capital markets
- Transforming or rationalizing developmental financial institutions
- Creating an integrated payment ecosystem
- Accelerating growth of the private pension industry

Note: Complete list of EPPs and Business Opportunities is provided in Attachment 2.

By strengthening and providing value added services in existing areas and by expanding to new growth areas through aggressive marketing, the Financial Services sector is expected to meet the needs of businesses and consumers and play a crucial role in the process of transforming the economy into a high income economy by 2020.

In addition to the 10 high impact EPPs, we also expect baseline growth via significant business opportunities in the financial services sector in the areas of commercial banking, investment banking, Islamic banking, insurance and takaful asset management and wealth management as well as from other segments including DFIs. This will account for RM71.9 billion in incremental GNI by 2020. We also expect 229,000 additional jobs to be created by 2020, including 100,000 professional and technical positions. This growth is derived based on historical growth rates and an outlook for each segment while maintaining current margins. Funding and investments of around RM145.8 billion will be required, almost 95 percent of which will be borne by the private sector.

Business Opportunity 1: Commercial Banking

Over the next 10 years, the commercial banking segment is expected to maintain a moderate growth of 7.0 percent per annum. Most of the incremental GNI of RM29.6 billion in 2020 is anticipated to come from baseline growth with contribution from the following business opportunities:

- Innovation in the delivery of financial services including new business models to tap underserved segments and new branch formats including branchless banking;
- Increased financial inclusion via the national literacy programme;
- Commercial banks supporting the growth of SMEs, which will be strengthened as engines of growth and innovation under the Tenth Malaysia Plan; and
- Fast growing personal finance segment.

This business opportunity requires RM64.9 billion in funding, of which approximately RM61.2 billion will be sourced from the private sector.

ATTACHMENT – 2
Financial Services: EPP and Business Opportunities

<table>
<thead>
<tr>
<th>No.</th>
<th>EPPs</th>
<th>2020 GNI (RM millions)</th>
<th>Jobs</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Revitalizing Malaysia’s capital markets</td>
<td>3,325.2</td>
<td>8,598</td>
</tr>
<tr>
<td>2</td>
<td>Deepening and broadening bond markets</td>
<td>183.2</td>
<td>1,429</td>
</tr>
<tr>
<td>3</td>
<td>Transforming or rationalizing developmental financial institutions</td>
<td>1,790.5</td>
<td>N/A</td>
</tr>
<tr>
<td>4</td>
<td>Creating an integrated payment eco-system</td>
<td>2,647.7</td>
<td>7,765</td>
</tr>
<tr>
<td>5</td>
<td>Insuring most, if not all, of our population</td>
<td>1,544.0</td>
<td>8,659</td>
</tr>
<tr>
<td>6</td>
<td>Accelerating growth of the private pension industry</td>
<td>2,061.1</td>
<td>2,208</td>
</tr>
<tr>
<td>7</td>
<td>Spurring the growth of a nascent wealth management industry</td>
<td>2,096.0</td>
<td>6,147</td>
</tr>
<tr>
<td>8</td>
<td>Accelerating and sustaining a significant asset management industry</td>
<td>2,396.7</td>
<td>7,430</td>
</tr>
<tr>
<td>9</td>
<td>Developing regional banking champions</td>
<td>5,564.3</td>
<td>(8,524)</td>
</tr>
<tr>
<td>10</td>
<td>Becoming the indisputable global hub for Islamic finances</td>
<td>7,242.4</td>
<td>11,644</td>
</tr>
</tbody>
</table>
**Business Opportunity 2: Investment Banking**

The outlook for investment banking is anticipated to remain positive with strong growth of 15 percent per annum throughout 2010 to 2015, slowing to 10 percent over 2016 to 2020. Incremental GNI impact is expected to be RM5.2 billion in 2020. Most of the GNI value is expected to be derived from baseline growth, with additional contribution from several business opportunities:

- Increase in IPOs due to a push for innovation under the 10th Malaysia Plan;
- Integration of capital markets (e.g. exploiting the advantage of QDII status with China and mutual recognition agreements with Hong Kong and Dubai); and
- Increase in merger and acquisition activities due to expected consolidation in several key sectors.

This business opportunity requires RM10.2 billion in funding, of which approximately RM9.5 billion will be sourced from the private sector.

**Business Opportunity 3: Islamic Banking**

The Islamic banking segment is expected to contribute RM11.1 billion in incremental GNI for 2020. This will be supported by strong growth of 15 percent per annum from 2010 to 2015, slowing down to 12 percent over 2016 to 2020. Most of the GNI value is expected to be derived from baseline growth, with additional contribution from several business opportunities:

- Islamic pawn broking (ar-rahnu); and
- Migration of money lending business to conventional or Islamic banks following the proposed amendment to tighten the money lending business.

This business opportunity requires RM50.2 billion in funding, of which approximately RM46.9 billion will be sourced from the private sector.

**Business Opportunity 4: Insurance and Takaful**

This segment is expected to create incremental GNI of RM13.1 billion GNI in 2020. Industry growth for conventional insurance and reinsurance is expected to remain stable at 6.0 percent, whereas takaful and retakaful will register stronger growth at 20 percent over 2010 to 2014, slowing down to 15 percent over 2015 to 2020. Most of the GNI value is expected to be derived from baseline growth, with additional contributions from several business opportunities:

- Greater insurance take-up arising from Government’s efforts to educate the public on financial planning and the importance of protection;
- Expected further consolidation and rationalization will create strong institutions and platform for growth; and
- Micro insurance will become more viable with cheaper distribution models.

This business opportunity requires RM17.3 billion in funding, of which approximately RM16.5 billion will be sourced from the private sector.

**Business Opportunity 5: Asset Management and Wealth Management**

The asset management and wealth management (AMWM) segment is estimated to contribute RM1.9 billion in incremental GNI in 2020. This will be driven by an average 8.0 percent growth over 2010 to 2020. Whilst most of the GNI value is expected to be derived from baseline growth, several opportunities within the segment will be expected to give rise to GNI:

- Increase in access to funding for innovative start-ups arising from creation of a RM500 million Mudharabah Innovation Fund under the 10th Malaysian Plan;
- Outsourcing opportunities arising from the creation of the RM20 billion public-private partnership fund to support the 10th Malaysian Plan;
- Growing Malaysian wealth will require asset management and wealth management AMWM services;
- Increase in demand for unit trusts, mutual funds and wealth management services among foreign workers and returning Malaysians; and
- Growing awareness and critical mass for retail aggregators that can negotiate lower fees for unit trust products, e.g. FundSupermart.

This business opportunity requires RM1.3 billion in funding, of which approximately RM1.2 billion will be sourced from the private sector.

**Business Opportunity 6: Other Segments Including DFIs**

The remaining segments in the financial services sector, such as DFIs, private equity and venture capital businesses, are estimated to account for RM11.0 billion incremental GNI in 2020. Most of the GNI value is expected to be derived from baseline growth, with several business opportunities identified under the following 10th Malaysian Plan initiatives:

- Investment activities under 1Malaysia Development Berhad’s RM100 million business development fund;
- Opportunities in private equity and venture capital for innovation and green financing, with a strong emphasis on projects in renewable energy, especially biofuels;
- Value chain impact to private equity and venture capital as the capital market becomes more vibrant and IPO becomes easier;
1. To depart from catering to the passive domestic market to aggressively pursue the lucrative global markets.

2. To migrate from a low end product oriented strategy to a comprehensive customer focussed and service oriented strategy.

3. To climb up the value chain and offer high end products which have better margins.

Towards this end, 6 EPP have been identified and two Business Opportunities. The main EPPs are:

- Creating a supportive ecosystem to grow clinical research
- Pursuing generics export opportunities
- Reinvigorating health travel through better customer experience, proactive alliances and niche marketing developing a health metropolis: A world-class campus for healthcare and bioscience

The full list is included in Attachment 3.

**BUSINESS OPPORTUNITIES**

The Healthcare NKEA has identified two longer term business opportunities, both of which could deliver significant economic benefit but are still in very early stages of growth. The first, med tech contract manufacturing is organically mushrooming, but the market remains fragmented and we do not have enough information to understand how this segment can be enabled further. The second, seniors living, addresses the outpatient and community-based care needs for the elderly, but is still a novel concept in Malaysia.

**Business Opportunity 1: Med Tech Manufacturing**

The medical device industry in Malaysia is still in the initial stages of development. Although a baseline growth rate of 8.0 percent is expected in the future, the fact that there are 180 companies and that exports are largely composed of rubber-based consumables (for example catheters, examination gloves) make a growth strategy for non-consumables challenging.

We believe however that Malaysia’s contract manufacturing heritage and experience with rubber-based products as well as the more sophisticated electrical and electronic industry creates a unique niche opportunity for the country that should be explored further. An example of the products that could be further developed includes orthopedic replacement devices, in-vitro diagnostic kits and dental surgical products.

Med Tech will be closely tied to the pharmaceuticals EPPs (generics and clinical research) and should benefit from the growth and innovation in this industry.

### ATTACHMENT – 3

**Healthcare: EPP and Business Opportunities**

<table>
<thead>
<tr>
<th>No.</th>
<th>EPPs</th>
<th>2020 GNI (RM millions)</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mandating private insurance for foreign workers</td>
<td>171.3</td>
<td>N/A</td>
</tr>
<tr>
<td>2</td>
<td>Creating a supportive ecosystem to grow clinical research</td>
<td>578.4</td>
<td>905</td>
</tr>
<tr>
<td>3</td>
<td>Pursuing generics export opportunities</td>
<td>13,853.7</td>
<td>12,440</td>
</tr>
<tr>
<td>4</td>
<td>Reinvigorating health travel through better customer experience</td>
<td>4,294.4</td>
<td>5,295</td>
</tr>
<tr>
<td></td>
<td>proactive alliances and niche marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Creating a diagnostic services nexus to achieve scale</td>
<td>355.9</td>
<td>281</td>
</tr>
<tr>
<td>5</td>
<td>in telemedicine for eventual international outsourcing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Developing a health metropolis:</td>
<td>986.2</td>
<td>4,436</td>
</tr>
<tr>
<td></td>
<td>A world-class campus for healthcare and bioscience</td>
<td></td>
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</tr>
</tbody>
</table>
One example of a med tech opportunity is the manufacturing of in-vitro diagnostic kits and equipment. We estimate the global IVD market to be RM94 billion and believe that with our high prevalence of tropical diseases such as malaria as well as tuberculosis and H1N1, Malaysia is well positioned to win in this sub-segment. We already have a small base of high-quality research and production in this sub-segment and with the right incentives (soft loans, MNC alliances, R&D investment); it could scale rapidly and attract global companies to manufacture equipment in Malaysia. Developing IVD manufacturing could potentially lead to a RM72 million GNI impact and creation of 1,200 jobs.

To create a truly world-class med tech industry it is first important to attract anchor MNCs that will work with local companies to manufacture medical devices that can be consumed in the local market and exported abroad. Second, SME grants and enforcement of international certification such as ISO 13485 can enable small local companies in niche medical device sub-sectors to grow into regional and global companies. Lastly, it is important that med tech manufacturing become a priority, both for the domestic healthcare agenda as well for bilateral trade agreements.

**Funding**

An estimated RM518 million for the establishment of new manufacturing facilities for contract manufacturing will be required. This funding is expected to come from the private sector, mostly from foreign direct investments.

**Business Opportunity 2: Seniors Living**

The number of Malaysians aged 60 years and older is projected to increase to 3.4 million in the year 2020 (9.9 percent of total population). Few elderly people can escape the accumulation of chronic pathologies due to physiological changes such as ageing kidneys, memory deficit, altered dietary habits and dependence on multiple drugs. This growing segment of consumers is likely to create a need for outpatient care such as seniors living facilities. Seniors living care resides in the middle of the outpatient care continuum between post operative check-ins on one end and acute care nursing homes on the other.

The long-term goal is to create a number of centres offering assistance to people who need help with activities of daily living, but wish to live as independently as possible, for as long as possible. Unlike nursing homes which focus on final stages of care, seniors living promote active ageing and productive living.

Key services offered under the umbrella of seniors living would be integrated personal assistance, domiciliary, personal and medical care. To address the physical location needs, existing infrastructure would be refurbished in order to develop barrier-free housing, fitted with disabled-friendly features. Other facilities would include wellness, primary and secondary healthcare options.

Though still in the early stages of development we expect the seniors living to deliver 11,400 new jobs and RM1.0 billion in incremental GNI by 2020. The target market is primarily local Malaysians and potentially a small portion of the Malaysia My 2nd Home applicants who come for healthcare purposes.

For Seniors Living to be successful Malaysians should be able to tap into their Employee Provident Fund or other retirement savings to fund a seniors living lease; or that insurance reform occurs to permit coverage of seniors living support. The second initiative is to get support from property developers to view a build-operate-transfer model as an attractive value proposition instead of the current build-and-sell model. We propose that property developers not only build, but work through third parties to manage the properties. Finally, there is a need to manage the cultural shift that will be required for Malaysians and foreigners to outsource care for the elderly to third parties.

Examples in Hong Kong and India validate our hypothesis. As our society develops and ages, there will be a growing demand for seniors living, current efforts in the Iskandar region and moves by private property developers on a small scale show the beginnings of organic growth of such a sub-sector. However, we also believe that seniors living represent a much longer-term investment opportunity.

**Funding**

An estimated RM4.8 billion will be required over the period of 2010 to 2020 to develop elderly-friendly property developments that will offer a range of medical and personal services for assisted living.
**NKEA: - Electronic & Electrical**

**Sector 1: Semiconductors**
- **EPP 1:** Executing a smart follower strategy for mature technology fabrication;
- **EPP 2:** Developing assembly and test using advanced packaging technology;
- **EPP 3:** Developing integrated circuit design firms; and
- **EPP 4:** Supporting the growth of substrate manufacturers and related industries.

**Sector 2: Solar**
- **EPP 5:** Increasing the number of silicon producers;
- **EPP 6:** Growing wafer and cell producers; and
- **EPP 7:** Increasing solar module producers.

**Sector 3: Light emitting diodes**
- **EPP 8:** Developing LED front-end operations;
- **EPP 9:** Expanding LED packaging and equipment; and
- **EPP 10:** Creating local solid state lighting champions.

**Sector 4: Industrial electronics and home appliances**
- **EPP 11:** Building a test and measurement hub;
- **EPP 12:** Expanding wireless communication and radio frequency identification (RFID);
- **EPP 13:** Growing automation equipment manufacturing;
- **EPP 14:** Building transmission and distribution companies; and
- **EPP 15:** Building a home appliance manufacturing hub and international distribution network.

**NKEA: - Financial Services**

**EPP 1:** Revitalizing Malaysia’s capital markets;
- **EPP 2:** Deepening and broadening bond markets;
- **EPP 3:** Transforming or rationalizing developmental finance institutions (DFIs);
- **EPP 4:** Creating an integrated payment ecosystem.
- **EPP 5:** Insuring most, if not all, of our population;
- **EPP 6:** Accelerating the growth of the private pension industry;
- **EPP 7:** Spurring the growth of the nascent wealth management industry.
- **EPP 8:** Accelerating and sustaining a significant asset management industry.
- **EPP 9:** Developing regional bank champions;
- **EPP 10:** Becoming the indisputable global hub for Islamic finance.

**NKEA: - Healthcare**

**Quick wins**
- **EPP 1:** Mandating private health insurance for foreign workers
- **EPP 2:** Creating a supportive ecosystem to grow clinical research strategic opportunities
- **EPP 3:** Pursuing generics export opportunities
- **EPP 4:** Reinvigorating health travel through better customer experience, proactive alliances and niche marketing longer term bets
- **EPP 5:** Creating a diagnostic services nexus to achieve scale in telemedicine for eventual international outsourcing
- **EPP 6:** Developing a health metropolis: a world-class campus for healthcare and bioscience

**NKEA: - Greater Klang Valley**

- **EPP 1:** Attracting 100 of the world’s most dynamic firms within priority sectors
- **EPP 2:** Attracting the right mix of internal and external talent.

**NKEA: - Oil & Gas**

- **EPP 1:** Rejuvenating existing fields through enhanced oil recovery;
- **EPP 2:** Developing small fields through innovative solutions
- **EPP 3:** Intensifying exploration activities.
- **EPP 4:** Building regional oil storage and trading hub
- **EPP 5:** Unlocking premium gas demand in Peninsular Malaysia.
- **EPP 6:** Attracting MNCs to bring a sizeable share of their global operations to Malaysia;
- **EPP 7:** Consolidating domestic fabricators
- **EPP 8:** Developing engineering, procurement & installation capabilities & capacity thru strategic partnerships & JVs
- **EPP 9:** Improving energy efficiency;
- **EPP 10:** Building up solar power capacity;
- **EPP 11:** Deploying nuclear energy for power generation
- **EPP 12:** Tapping Malaysia’s hydroelectricity potential.

**NKEA: - Wholesale & Retail**

- **EPP 1:** Increasing number of large format stores like hypermarkets, supermarkets and departmental stores;
- **EPP 2:** Creating a supportive ecosystem to grow clinical research strategic opportunities
- **EPP 3:** Modernising and amalgamating various local market formats into large-sized Pasar Komuniti / community market.
- **EPP 4:** Increasing quality and service levels of automotive workshops; and
- **EPP 5:** Developing Makan Bazaars – large, premium, professionally-managed food centres.
- **EPP 6:** Developing 1Malaysia Malls, operated by Malaysian players, in emerging markets like Vietnam and China;
- **EPP 7:** Developing a virtual mall; and
- **EPP 8:** Facilitating local companies to acquire stakes in foreign retail businesses
- **EPP 9:** Removing import duties on all finished goods (except automotives and so-called ‘sin products’, e.g. tobacco);
- **EPP 10:** Setting up wellness resorts;
- **EPP 11:** Organizing unified Malaysia sales;
- **EPP 12:** Intensifying transformation of Kuala Lumpur International Airport KLIA into a retail hub; and
- **EPP 13:** Developing big box boulevards.

**NKEA: - Palm Oil**

- **EPP 1:** Accelerating the replanting of oil palm;
- **EPP 2:** Improving fresh fruit bunch yield;
- **EPP 3:** Improving worker productivity;
- **EPP 4:** Increasing the oil extraction rate; and
- **EPP 5:** Developing biogas at palm oil mills.
- **EPP 6:** Developing oleo derivatives;
- **EPP 7:** Commercializing second generation biofuels
- **EPP 8:** Expediting growth in food- and health-based downstream segments.
NKEA: Tourism
EPP 1: Positioning Malaysia as a duty-free shopping destination for tourist goods; and
EPP 2: Designating Kuala Lumpur City Centre-Bukit Bintang area as a vibrant shopping precinct; and
EPP 3: Establishing three new premium outlets in Malaysia.
EPP 4: Establishing Malaysia as a global biodiversity hub.
EPP 5: Developing an eco-nature integrated resort in Sabah; and
EPP 6: Creating a Straits Riviera.
EPP 7: Targeting more international events; and
EPP 8: Establishing dedicated entertainment zones; and
EPP 9a: Developing local expertise and better regulating the spa industry; and
EPP 9b: Expanding sports tourism offerings in Malaysia beyond hosting events.
EPP 10: Establishing Malaysia as a leading business tourism destination.
EPP 11: Enhancing connectivity to priority medium-haul markets; and
EPP 12: Improving rates, mix and quality of hotels.

NKEA: Business services
Theme 1: Accelerate the growth of differentiated sectors
EPP 1: Growing aviation maintenance, repair and overhaul services, led by MAS Aerospace Engineering;
EPP 2: Building globally-competitive outsourcers; and
EPP 3: Positioning Malaysia as a world-class data centre hub.
Theme 2: Develop future growth segments
EPP 4: Jump-starting a vibrant green technology industry;
EPP 5: Growing large pure play engineering services; and
EPP 6: Developing Malaysia as a global Islamic finance KPO hub.

NKEA: Communications & Content
EPP 1: Nurturing Malaysia’s creative content industry – Nurture the domestic creative content creation, services and distribution and broadcasting sectors, eventually transforming Malaysia into a regional hub for digital content;
EPP 2: Deploying 1Malaysia payments – Deploy a unified mobile and online payment system to a large user base and at a reduced cost, by ensuring full interoperability among existing platforms and utilizing mobile phones; and
EPP 3: Connecting 1Malaysia – Drive the development and adoption of value-added communication services and applications for business, household and Government use.
EPP 4: Establishing E-Learning for students and professional training – Establish a common knowledge platform for all students and incorporate professional training into the same platform;
EPP 5: Launching E-Healthcare – Address pain points in the healthcare value chain with the initial thrust of enabling remote scheduling, remote monitoring, facilitating personal record keeping and streamlining payments and reducing wait times; and
EPP 6: Deepening E-Government – Increase use of CCI technology to improve the convenience, efficiency and transparency of Government services to the people and for trade facilitation.
EPP 7: Ensuring broadband for all – To address access gaps (mostly in urban areas), we will mandate broadband for all, treating it similarly to water and electricity utilities to ensure all new residences will have ready access to CCI services;
EPP 8: Extending reach – To address access gaps, infrastructure will be built in sub-urban and rural areas through shared infrastructure in order to reduce costs and accelerate roll-out; EPP 9: Offering a smart network – To address quality and affordability of services, differentiated broadband packages based on priority of service, usage caps and application-specific enhancements will be offered; and
EPP 10: Extending the regional network – To address affordability and quality of CCI services, additional international submarine cable capacity will be laid and data centres will be built to host content locally in Malaysia.

NKEA: Agriculture
Capitalizing on Malaysia’s Competitive Advantages
EPP 1: Unlocking value from Malaysia’s biodiversity through high-value herbal products;
EPP 2: Expanding the production of swiftlet nests;
EPP 3: Venturing into commercial scale seaweed farming in Sabah;
EPP 4: Farming through integrated cage aquaculture systems; and
EPP 5: Rearing cattle in oil palm estates. Tapping Premium Markets
EPP 6: Replicating integrated aquaculture model (IZAQs) to tap market for premium shrimp;
EPP 7: Upgrading capabilities to produce fruit and vegetable for premium markets;
EPP 8: Strengthening the export capability of the processed food industry through an integrated processed food park; and
EPP 9: Introducing fragrant rice variety for non-irrigated areas. Ensuring Food Security Objectives are Consistent with Increasing GNI
EPP 10: Scaling up and strengthening productivity of paddy farming in the Muda area;
EPP 11: Scaling up and strengthening productivity of paddy farming in other irrigated areas;
EPP 12: Strengthening current anchor companies in cattle feedlots; and
EPP 13: Partnering with a large foreign dairy company to establish dairy clusters in Malaysia Expanding Participation in the Regional Value Chain
EPP 14: Establishing a leadership position in regional breeding services;
EPP 15: Securing foreign direct investment in agriculture biotechnology; and
EPP 16: Investing in a foreign cattle farming company.
After experiencing a miraculous economic recovery through 2010, Korea’s economic growth lost steam during the second and third quarters of 2011, mainly because of weakening external demand and a shrinking domestic manufacturing sector.

Since the beginning of the second half, deepening financial turmoil in the Eurozone and a sluggish US economy have been weighing on its export-dependent economy. If demand for South Korean products from outside of the country remains subdued, it would put downward pressure on domestic demand and the economic recovery.

South Korea’s economic growth is slowing for the second successive quarter as businesses cut back on investment in core industrial facilities. The economy grew by 0.7 percent between July and September, compared with the previous quarter. This was a decrease from 0.9 percent growth in the second quarter. The country’s GDP expanded by 3.4 percent both in the second and third quarter compared with the same period last year.

Semiconductors and LCDs, which are Korea’s main exports, have been particularly affected by sluggish global demand. A global downturn will pose a significant risk to the country’s export sector.
Manufacturing and export growth have slowed to their weakest level since late 2009, making it harder for the Bank of Korea to raise the base rate. The Bank has decided to keep the base rate steady at 3.25 percent for a fifth consecutive month.

Reflecting weak export demand, semiconductors and electrical components shrank 2.8 percent year-over-year. However, automobile production expanded 23.6 percent year-over-year, indicating robust domestic and export demand. It is the same situation for goods exports. It remains robust despite a slowdown. It grew 10.3 percent compared with last year in the third quarter, edging down from 11.5 percent growth in the second quarter. Agriculture was hit hard by torrential rain and flooding over the summer, reducing output by 6.1 percent.

The government officials fear turmoil in global markets: the Eurozone in particular could undermine their export-dependent economy badly, as it did in late 2008 and early 2009 during the financial crisis.

Korea’s financial sector is also affected by political and economic developments in the West. Korean banks hold a significant amount of foreign currency debt and seriously face difficulty to roll over their debt obligation. In order to avoid such a problem, the Ministry of Finance and Strategy introduced a new levy on the foreign currency debt held by Korean financial institutions. It is applicable to banks’ non-deposit foreign currency liabilities. The rate ranges between 0.02 and 0.2 percent. Besides a tax on banks, the government prohibited short-selling Korean equities in order to maintain certain level of volatility.

Korean authorities seem to be preparing for the worst. In its latest monetary policy meeting, the central bank decided to keep its benchmark interest rate unchanged at 3.25 percent, despite the fact that current inflation is floating beyond the bank’s target range of 2-4 percent. Another interest rate hike could potentially result in a stronger won, which would hurt Korea’s export competitiveness. Making matters worse, increased interest rates could also increase the cost of servicing debt in the country’s highly leveraged household sector. Therefore, the policy decision to keep interest rates unchanged is indicative of the bank’s decision to safeguard economic growth, which seems more fragile at the moment.

**Economic Outlook for 2012**

Despite downside risks to economic growth, South Korea’s financial health will likely enable it to achieve respectable growth. South Korea’s think-tank, the Korea Development Institute, expects the South Korean economy, which is Asia’s fourth largest, to grow 3.6 percent this year and 3.8 percent in 2012. The forecasts are much lower than its projections in May, which were for growth of 4.2 percent in 2011 and 4.3 percent in 2012.

Some economists argue South Korea’s weak won still gives its engineering companies comparative advantages over Japan. They also expect that manufacturing exporters will be gradually supported by tariff slicing trade deals that the Korean government is pursuing across the world. For example, the Korea Development Institute expects that if South Korea’s free trade deal with the US takes effect early next year as planned, it will boost the country’s GDP by 0.1 – 0.3 percentage points and raise its growth rate to 3.9 – 4.1 percent in 2012.

As far as export is concerned, more importantly, South Korea’s relationship with China (its biggest trading partner) will be crucial. Despite fears that China’s booming economy is deteriorating, its demand for Korea’s manufactured goods is expected to remain strong. Domestic demand is expected to remain resilient if job creation and export demand stay at the current level. The country’s unemployment rate held near a three-year low last month as the service sector, wholesalers and retailers hired more workers. The unemployment rate was 3.1 percent in October, compared with 3.2 percent in September. The country’s domestic spending will likely to keep the economic engine running even if export demand slows down.

Additionally, prudent macroeconomic policies and preventative financial controls can ensure that a potential banking crisis in the West will not severely damage the Korean economy. However, the Korea Development Institute warns that the government does not have to change its policy stance drastically to deal with the economic slowdown, but it may need to take “expansionary” steps if conditions get worse rapidly.
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Myanmar does definitely not have a good reputation in the world at the moment. One of the globe’s poorest countries, having suffered from civil wars for more than 60 years, a military junta that is attempting to become, or at least attempting to appear as a civil government, political prisoners (the most famous of which in Western countries being Aung San Suu Kyi), a very poor human rights record, and so on and so on. At the same time, and what is not so well known in the West, Myanmar could be one of the richest countries in Asia (as it used to be). It has vast amounts of natural resources, including oil, gas and minerals. The country covers various climate zones and can produce a wide range of agricultural products, from subtropical fruits to vegetables and fruits typical for temperate zones.

Most Western companies have decided for the time being to ignore Myanmar as a potential location and often no longer investigate the opportunities the country offers. This was different in the 1990s, when many companies were exploring and also started their activities in the country. Today, from the Western perspective, the political issues by far dominate the economic topics. But, as the activities of some Western companies and also the rapidly growing activities of China, Thailand and other neighboring countries demonstrate, a lot of potential is there and is developing further. European countries should not make the mistake of missing a great opportunity again, especially since Europe has an excellent reputation and could play a positive role in the future development of the country. From our point of view, it would be of mutual benefit, for the companies as well as for the country and its people, if more Western companies were considering activities in Myanmar. There are various small signs of positive development, and the West should do as much as possible to increase the chance of an overall positive future for Myanmar’s society. In this regard, Myanmar could follow of China, where the opening up policy and also the resulting inflow of foreign capital and foreign ideas has initiated a tremendous change in the whole society.

In January 2011, the Myanmar government approved a new investment law to attract more foreign investment and to establish Special Economic Zones. As in other areas, Myanmar is imitating the development path of China. Not surprisingly, Chinese and other Asian companies in particular are using those new possibilities. European companies, on the other hand, could play a special role by demonstrating what social values and corporate governance means. Especially for small and medium sized companies, Myanmar could have a lot of advantages relative to other Asian locations.

**Economic & Political System**

To understand Myanmar today and its position in Asia, one also has to look at Myanmar’s history. Up to the third British-Burmese war, Burma (as Myanmar was called at this time, until 1989) was ruled by different kingdoms. But then the British annexed the whole country as a measure against the growing French influence in the region and ruled it until 1948 (except for a short period of Japanese occupation during the Second World War). General Aung San, the father of Aung San Suu Kyi, fought successfully with his party against the British. His party won a landslide victory in the first general elections, but Aung San had been assassinated in 1947, just before Burma became independent in January 1948. U Nu, an old and trusted friend of Aung San, became the first

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**By Stephan Seidel**
Director, Anita (Myanmar) Co., Yangon
The regime renewed its violent crackdown, including violence against the highly respected monks. In November 2010 a general election was held in such a way that it perpetuated the role of the military, which still has the majority in parliament. However, some other parties also won individual seats. In March 2011, when the new parliament held its first meeting, the ministers answered questions raised by the members of parliament. Some of the questions were highly political, e.g. it was asked why a mobile phone in Myanmar costs US$500, while the same phone costs only US$50 in Thailand. The critical question is therefore here who has the power to enrich himself in such a way. These kind of questions are at least a small light at the end of the tunnel.

The Economy & the Current Sanctions

Burma was once one of the riches countries in Southeast Asia and was known as the rice bowl of Asia, exporting rice in large quantities. But these times are long gone. The decades of economic mismanagement, growing corruption and erratic policy changes have transformed the country in one of the poorest in the world. The government spends more than its revenues and then prints money to finance its expenditures. A major share of expenditure flows into the military (estimations go as high as 40 percent of the budget). The resulting effects of high inflation, monetary chaos and not enough resources for the economic development are of no surprise. The foreign exchange regime has led to a parallel exchange rate with a highly overvalued of-ficial rate that is about 200 times above the market rate.

The formal economy is dominated by individuals and organizations closely linked to the regime (for example the two military-owned conglomerates Union of Myanmar Economic Holdings Limited and Myanmar Economic Corporation). Besides this military-controlled formal economy, first signs of a private economy of younger entrepreneurs is developing, offering
interesting potential partners for Western companies. Chinese companies have already invested heavily in the last years in Myanmar, and China is still expanding its position in this strategically important region. Chinese companies have invested over US$8 billion in 2010 (5 bill. in hydro power, over 2 bill. in gas and oil and about 1 bill. in mining) and China is by far the largest foreign investor. Chinese companies have also started to build a gas and oil pipeline from the Burmese coast to Yunnan, train tracks, a deep water seaport and other parts of the Burmese infrastructure like the new airport near the capital Naypyidaw.

Most Western companies seemed to be especially scared away by the Western sanctions. Besides the USA, Canada, Australia, Japan and New Zealand, the European Union and Switzerland also imposed sanctions in the 1990s that are still valid today. The effectiveness of these sanctions is currently under discussion, and many voices call for their end. The sanctions for Swiss and EU companies, in contrast to the US-sanctions, are not as binding as many seem to assume. European companies still have many areas to trade or invest in. The sanctions mainly concentrate on military equipment, wood, coal, metal and gems, which are important goods of the monopolies of the regime. In addition, a list of representatives of the regime is published and up-dated regularly, which are under the sanctions and with whom no economic interaction should take place.

The Road Ahead

The membership of Myanmar in ASEAN, the Association of Southeast Asian Nations, will have a huge impact on the development of the country in the next couple of years. Myanmar became a full fledged member of ASEAN in July 1997 and it is therefore under huge pressure to follow the common policies. This includes a free trade area and the convertibility of the Burmese currency Kyat. By this, the companies in Myanmar will face a much more intensive competition and the government must find a way to prepare the economy for this shock. But on the other side, this will give foreign companies in Myanmar a very attractive access to the ASEAN markets.

Starting a company in Myanmar is definitely not easy and one has to be something between a pioneer and an adventurer. In terms of its development, the country is about 35 years behind its neighbor Thailand, but has the potential for a similar growth. It is a country for entrepreneurs who are able to deal with uncertainties and rapidly changing environments. On the other hand, companies don’t have to fight with restrictive and comprehensive rules and regulations, although there is still the fight with the administration to consider.

The registration of a company has to be done with the respective ministry and the Myanmar Investment Commission. It takes time to get approvals, one has to collect different stamps and has to face a serious control mentality. But it is our experience that the local staff of a company is perfectly able to deal with “their” system and solve potential problems. It also helps, that Asian administrations in general and also the Myanmar administration are from our point of view more flexible than in Western countries. Typically one finds more pragmatism that helps to solve almost any problem – although it might take time and patience.

Other major advantages for foreign companies in Myanmar are the low labor costs and the availability and qualification of the employees. A basic salary is about US$50 including all costs. Personnel are easy to find on the local market and the typical middle manager has a good level of English. Myanmar has a high literacy rate and employees are very loyal and don’t move easily – also a huge difference to employees in China. Myanmar is currently not an easy place for foreign companies and improvements in many areas are necessary in the next years. The direction is clear and we have the hope that the whole situation will further improve. But it is for sure a place with huge potential for pioneers. It is worth a closer look.

About the authors

Dr. Claus Knoth is a strategy consultant with about 20 years of experience in projects in Asia. He is the owner of the Dr. Claus Knoth, Unternehmensberatung, based in Rapperswil, Switzerland

Stephan Seidel is based as the CEO of an Austrian company in Yangon and has been living there since 1997 with about 5 more years in other Asian countries, especially China.
SACC Delegation Visits Myanmar to Explore Business Avenues

A delegation from the Swiss Asian Chamber of Commerce (SACC) visited Myanmar from 23 to 27 November 2011 in order to explore business opportunities in that country.

The delegation met with the Republic of the Union Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) in order to explore the opportunities for promoting business links between Myanmar and Switzerland, and to sign a Memorandum of Corporation between SACC and UMFCCI.

This visit will serve as a stepping stone to establish bilateral economic relations in the near future on a win-win basis.

Introducing UMFCCI, Vice President U Zaw Min Win said, “UMFCCI was first founded as Burmese Chamber of Commerce in 1919 and passed through several reforms and changes before it was reconstituted in 1999 as a federation. UMFCCI is a national apex NGO which is leading, promoting and safeguarding the business interests of the private sector. It has a membership strength of more than 23,000 and there are 58 affiliated associations under its auspices based on their respective trades.”

UMFCCI is a core member of ASEAN-CCI, Greater Mekong Sub Region Business Forum, BIMSTEC, ACMECS and various regional organizations and cooperates actively in their regional development activities. UMFCCI has signed more than 73 MOUs of cooperation with overseas chambers and business organizations and cooperates with them to enhance bilateral economic development for mutual benefit.

Myanmar is an agricultural country with abundant natural resources of land and water that have not been exploited even to a sustainable level to this day. The country also possesses sufficient fairly literate and easily trainable human resources at competitive wages. The vast natural resources provide a great opportunity for developing trade and Investment.

The new Government was elected into power eight months ago through a democratic process according to the new constitution. The state is endeavoring to
It has promulgated the new Special Economic Zone (SEZ) laws, the Dawei Special Economic Zone Law. At present the Dawei Deep Sea Port and Economic Zones are under development. The other SEZ zones close to Thilawa Port in Yangon will be soon developed. And more SEZ are being planned soon along with another deep sea part at Kyaukphyu.

The various physical connectivity corridors linking Myanmar with ASEAN countries, India and China, and the new reforms and development shaping up and gaining momentum is expected to create immense opportunities for close economic cooperation.

establish an irreversible democracy in the country and achieve national development and prosperity in the shortest time possible.

The current Foreign Investment law is being reviewed for amendments and reforms to invite more FDI and for the greater involvement of the private sector. The new investment law has not been promulgated yet, but notifications are being used to address the immediate requirements. The new Foreign Investment Law is based on an investment friendly atmosphere, tax reduction and the removal of undesirable trade barriers and cumbersome procedures. Trade facilitations such as quick issuing of licenses and arrangements are being made. Online licenses are being issued in Yangon.

It is also reviewing the current multiple exchange rates to introduce a stable unified workable exchange rate. The State wants to develop the industrial sector simultaneously along with the priority agricultural sector.

“The distance separating our two countries is far and wide and many businessmen are not aware of the potential in Myanmar and the changes that are taking place for enhancing economic relations between Switzerland and Myanmar. Myanmar possesses vast natural resources and which could be coupled with the scientific, technological and industrial process of Switzerland that could lead to fruitful bilateral economic cooperation for mutual benefit,” the Vice President said.

UMFCCI and SACC can contribute positively towards this and UMFCCI will do its utmost to offer whatever assistance is possible.
If on hearing the word “Mongolia”, your minds automatically conjure up images of vast steppelands, nomads dressed in exotic costumes, Chenghis Khan, the Gobi desert, double-humped camels and blue skies, then it is time you made a trip to Mongolia.

Today, the reality of Mongolia is dramatically different.

The Capital City Ulaanbator is a bustle of activity, with traffic jams that can take on those of New York City, where instead of the yellow cabs you will find a sea of Hummers and 4x4s. You will see traditional Mongolian tents (gers / yurts) built outside tall, sleek glass skyscrapers; Louis Vittion, Armani and Zegna boutiques beside mounds of sheepskin being sold directly on the roads; public buses equipped with the latest 3.5g broadband technology coexisting with Soviet style centralised district heating systems.

It is this eclectic and almost surreal mix that hints at the exciting possibility that Mongolia is at, right now; exciting in terms of the considerable opportunities for growth that exist and the will of the country to “catch-up” with the rest of the world.

Mongolia is an immense country covering 1.6 million square km: 2,400 km from east to west (same as Prague to Madrid) and 1,300 km from north to south (same as Hamburg to Venice). The population is rather sparse, with only 2.8million (59 percent below the age of 30), 40 percent of which live in Ulaanbaatar, with the rest scattered across the vast countryside. Mongolia is a true parliamentary democracy with a solid legal framework to support the private sector. The level of literacy is high (98 percent).

IMF calculations point toward making Mongolia the fastest growing country in the world over the next five years, with GDP expanding 26 percent CAGR to US$24 billion, far ahead of any other nation. Within a decade, Mongolia’s per capita income could triple to US$10,000 a year.

The mining story is the country's most recent, well publicised claim to current fame. Mongolia is one of the last remaining untapped resource rich countries of the world. The country is ideally positioned next to China and rich in coal, copper, gold, uranium, oil and rare earth metals. A huge amount of capital is being invested to further resources and roll-out mines.

Rio Tinto and Ivanhoe alone are planning to invest US$5.5 billion (a staggering 80 percent of 2010 GDP) over five years to develop Oyu Tolgoi into one of the largest gold-copper mines in the world. In 2010, US$3 billion was raised in the public markets to develop mining activities in Mongolia; this is more than 45 percent of GDP. These capital inflows will not only help transform exploration sites into mining operations but also kick-start all other sectors of the economy. Even putting the
Real estate offers enormous opportunities, not just due to the increasing number of foreign nationals and expats living and working in Mongolia, but also because the Government plans to construct 100,000 apartments for lower-income people in Ulaanbaatar and provincial centres, at an estimated budget of US$6.2 billion.

Infrastructure or lack of it, (more than 90 percent of roads in Mongolia are unpaved) is yet another phenomenal hindrance to the country’s development or a source of investment opportunity - mining story aside, Mongolia continues production.

The agricultural sector remains a very important component of the economy, generating around 16 percent of GDP and employing 40 percent of the labour force. Agriculture has until now been focussed on animal husbandry. However, this is changing and Mongolia has recently become self-sufficient in grain and potatoes. The current aim and strategy is to develop this and move from traditional nomadic culture to a more technically sophisticated industry-based production.

Mongolia is the second largest producer of Cashmere in the world and this reflects in a number of businesses operating across the entire value chain, all the way to production and distribution of finished garments. Gobi Corporation, the domestic champion in the cashmere industry, has invested heavily in technology and the quality of its products; a recent agreement with an Italian designer aims to position products upmarket and target European customers.

As is always the case, the financial sector is a leveraged bet on an economy and it is therefore no coincidence that the Mongolian Stock Exchange was the top performing market in the world in 2010 (+121 percent); this year it is the top performing market in Asia.

The domestic stock exchange has
The past 20 years have seen an amazing transformation in the country, moving relentlessly from socialism into a market-driven economy. Current privatization plans will allow international investors to gain access not only to some of the world’s largest unexploited mineral resources, but also to the non-resource sector boom. Investing is undoubtedly challenging, but equally can prove to be highly rewarding. It is a land of opportunities driven by a will to develop. Mongolia’s unique selling point is its 360 degree expansion and development. Whereas Europe and America are mature and saturated economies, Mongolia is un-tapped and provides investors with pioneering type investment opportunities that have hitherto been thought to be no longer available. There are more opportunities than there are advisers. However, as in any other frontier market, Mongolia has its complexities which clearly should not be underestimated.

If you would like further information or to take steps towards investing, contact the Swiss–Mongolian Chamber of Commerce. We have local knowledge, know-how and experience in Mongolia. We will guide you step-by-step into investing into the land of the Steppe!

Data references derived from:
- Business Council of Mongolia
- World Bank
- IMF
- Bloomberg

About the Author
Gianandrea F. Giochetta is the Managing Director of Millennium Capital, one of the very few western style investment firms operating in Mongolia. Gianandrea started his career at Revisuisse-Price Waterhouse in Zurich before working as a strategy consultant for McKinsey and as an investment banker for JPMorgan Cazenove in London.
Major players in Asian power supply are clamouring to invest in Cambodia, with the result that a huge expansion of capacity can be expected from around 2015 onwards as hydro-, gas- and coal-based schemes are brought into play. This will leave the country with plentiful spare generation, even if there are several years of double-digit demand growth.

Neighbouring Vietnam, which will finance a number of power projects, plans to make use of Cambodia’s export capability.

Hydro-power expansion is already under way and there is a long queue of potential projects with strong regional backing. Several are set to proceed, with a surge in hydro-based supply likely from around 2015.

Domestic gas resources could contribute additional capacity, while the use of renewables is set to rise rapidly from a low base. New coal-fired stations are also in the planning stage, with Cambodia keeping a long-term eye on the possible use of nuclear energy.

During the period 2011-2015, Cambodia’s overall power generation is expected to increase by an annual average of 54.0%, reaching 7.9TWh. Driving this growth is a planned new gas-fired scheme that should enter service at the end of the forecast period. Oil-fired generation growth is set to average just 1.1% per annum, with non-hydro renewables raising its annual contribution by more than 17.0%.

In 2010-2019 some 2GW of power generating capacity is planned to be added to the network and new transmission and distribution infrastructure is to be built. This is a particularly ambitious programme and BMI is assuming that installed capacity of an estimated 425MW in 2011 will have risen to 1.06GW by 2015— and to at least 1.85GW by 2020.

Following an increase in 2011 real GDP of an estimated 4.5%, BMI forecasts average annual growth of 6.9% between 2011 and 2020. The population is expected to rise from the current level of 15.3mn to 17.7mn during the period, and net power consumption looks set to increase from 1.52TWh to 2.25TWh in 2015, climbing further to 3.67TWh by 2020.

During the period 2011-2015, the average annual growth rate for electricity demand is forecast at 9.94%, but accelerating later in the decade to an average 10.32% in 2016-2020.

Thanks to the forecast rapid rise in net generation, growth of which exceeds significantly the underlying demand trend, Cambodia should develop a large supply surplus that provides the basis for sustainable power exports.

A falling percentage of transmission and distribution losses from around 12.6% will help strengthen the market. The theoretical net export capability by 2015 is put at 4.7TWh, which could be virtually doubled by 2020.
Low wages are drawing the industry to Cambodia and other countries in Southeast Asia.

On a December morning, workers at Top Form International’s newest plant in Cambodia are painting a long line of latrines. Rows of sewing machines sit idle in a dimly lit warehouse, while next door 150 18-year-old women learn how to sew bras on used Singer sewing machines. Chairman Willie Fung has big plans for the factory on Phnom Penh’s outskirts: By the end of 2012, 1,200 workers will produce 80,000 bras a month for sale to the U.S. and Europe. Eventually, this tiny Southeast Asian nation of 14.7 million people could account for one-third of Top Form’s output.

“Cambodia is just like China was 20 years ago. It’s on the verge of a big expansion,” says Fung, a 40-year veteran of the business who may open more factories outside Phnom Penh. Hong Kong-based Top Form, which supplies Vanity Fair, Warnaco Group, and Wacoal, has reduced its China production from 65 percent of total output three years ago to just over 50 percent now. It could drop to just one-third. “In Cambodia, people are happy to have a job,” says Fung. “But in China we keep losing workers. Whether we like it or not, we will be moving out.”

Top Form is one of hundreds of textile manufacturers that have been diversifying beyond China, the world’s No. 1 apparel producer. Cambodia is one popular destination. So are Vietnam, Bangladesh, and Indonesia; their combined share of exports to rich countries rose from 12 percent in 2004 to 17.3 percent in 2010, according to Oxford (U.K.) consultancy Clothe source Limited. They all have young people willing to work hard for less. In Cambodia, that means $76 for a 60-hour workweek. Chinese workers get from...
$280 in low-cost Jiangxi province to $460 in Shenzhen. That’s take-home pay in his factory for 48 hours’ work, including overtime, says Fung.

While in 2010, China produced 43.6 percent of rich countries’ apparel imports, that number shrank to 36.8 percent in the first half of last year, estimates Clothe source. The stronger yuan, stricter enforcement of environmental rules, and above all rising wages are pushing production out. “Chinese workers are ever more demanding,” says Willy Lin, chairman of the Hong Kong Textile Assn.

China’s factory wages have risen 18 percent to 20 percent annually over the last three years, while staff turnover is running at 10 percent monthly, estimates the Federation of Hong Kong Industries. On Dec. 30, Shenzhen labor officials announced a 13.6 percent hike in the monthly minimum wage, to 1,500 yuan ($237). According to the Hong Kong federation, squeezed margins mean that one-third of the estimated 60,000 Hong Kong-financed makers of textiles, electronics, and toys in China’s Pearl River Delta will have to shut down or move abroad. “If you are very low-cost, very soon you will have to become a gypsy factory,” says Roy C.P. Chung, the federation’s chairman.

In the past year, Cambodia’s textile industry has taken off. On the outskirts of Phnom Penh, trucks carrying workers from new plants clog rundown highways. Exports by about 300 licensed textile factories grew to $3.3 billion in the first 10 months of last year, up 35 percent, according to the Garment Manufacturers Assn. in Cambodia. (An additional 2,000 to 3,000 textile factories are subcontractors to the licensed plants.) China’s infrastructure and supplier network still beat Cambodia’s handily. In Cambodia, “everything is imported—even the sewing needles and thread,” says David Tan Kok Ngan, director of Best Tan Garment, a jeans and cargo pants supplier for Zara and other brands. Tan says parts take one week by ship from Hong Kong and two weeks from Shanghai. Even Top Form intends to keep making its priciest products in China.

As in China, workers in Cambodia are showing a proclivity to strike. More seriously, other low-cost countries are vying for plants, too. “The challenge is if another country can pay salaries cheaper than Cambodia—maybe Myanmar,” says Tan. “We don’t know what will happen tomorrow.”
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Pakistan Launches Nationwide Financial Literacy Program

On 20 January 2012, Governor of the State Bank of Pakistan (SBP) Yaseen Anwar launched a Nationwide Financial Literacy Program (NFLP) that will work towards improving financial inclusion and serving the interests of all financial sector stakeholders.

Since the early 1990s, consistency in economic policy coupled with robust financial sector reforms has resulted in a degree of macroeconomic stability and improved access to financial services in Pakistan. But despite positive developments, Pakistan’s financial sector has not yet reached sufficient breadth or depth.

NFLP is the first ever nationwide initiative in Pakistan, launched with the support and collaboration of the Asian Development Bank (ADB), Pakistan Banks’ Association (PBA), Pakistan Microfinance Network (PMN), Pakistan Poverty Alleviation Fund (PPAF) and Bearing Point.

The focus of the financial literacy program is broader than financial inclusion as it aims to increase consumer awareness about their rights, obligations and mechanisms for recourse to build a fair, inclusive and robust financial sector.

A definition of financial literacy, as developed by the Organization for Economic Cooperation and Development’s (OECD) International Network for Financial Education (INFE) is “Financial literacy is the combination of consumers’/investors’ understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.”

The definition highlights four key aspects:

First, financial literacy is about educating consumers so that they are knowledgeable about financial services and enables them to use this knowledge to evaluate products and make informed decisions. Therefore, financial education must aim to build consumers’ awareness and knowledge of financial terms and calculations;

Second, for rich and poor alike, financial literacy is about empowering consumers through developing money management skills to enable them to make the most of their resources, and reducing vulnerability to overzealous retailers or fraudulent schemes. Therefore, financial literacy must enable people to make better financial decisions, to appreciate their rights and responsibilities as consumers of financial products, and to understand and manage risk.

Third, there is increasing evidence that those who are financially less literate are more likely to have problems with debt, are less likely to save, are more likely to engage in high-cost credit, and are less likely to plan for the future. Therefore, for regulators of financial services, it is necessary to develop programs to promote public awareness for helping people to make informed financial decisions and maintain market confidence.

Finally, the financial literacy program adds the missing demand-side dimension to financial inclusion strategies. Therefore, financial literacy
can be a very effective tool to tackle the psychological, emotional and cultural barriers that prevent people from being financially included.

Many poor and non-poor people do not have a bank account and very few of them understand why this puts them at a disadvantage when it comes to their personal financial management. According to the Pakistan Access to Finance Survey (A2FS), only 12 percent of the population has access to formal financial services. Of the remaining 88 percent, only 32 percent are informally served and 56 percent are completely excluded. Furthermore, about 40 percent of the financially excluded population reported lack of understanding of financial products as the main reason for financial exclusion.

These various conventional and non-conventional measures were adopted by SBP to boost financial inclusion:

SBP has introduced Basic Banking Account (BBA), a simplified financial product for low income consumers. BBA aims to reduce costs for consumers by removing more expensive facilities and requires no minimum balance, and neither does it have complex terms and conditions, thereby reducing administrative and management costs.

SBP enforced Microfinance Banking Regulations in 2001 to specifically meet the demands of low income consumers. These regulations have been improved to a world class microfinance regulatory framework, ranked number one for the last two years in a row by "the Economic Intelligence Unit" of UK’s 'The Economist' magazine.

SBP has adopted innovative solutions to overcome geographical barriers, including branchless banking through retail agents and harnessing technology via mobile phone banking. The Branchless Banking Regulations were introduced in 2008, clearing the way for development of branchless and mobile phone banking services in Pakistan. The retail network of banks has overwhelmingly multiplied due to agents and mobile phone channels. After less than three years, there are now 18,000 branchless banking outlets, augmenting and surpassing the 10,000+ conventional bank branches.

In addition to these policy and regulatory measures, SBP has been managing various market interventions funded by donors including GOP, UKAID, and ADB. Under the programs sponsored by these donors, a number of market interventions are managed by SBP including:

- The Institutional Strengthening Fund (ISF) providing grant funding to Microfinance (MF) providers to top and middle tier Microfinance Banks (MFBs) and Microfinance Institutions (MFIs) for key investments in HR, IT, product development, risk management systems, business plans and branchless banking development.

- The Microfinance Credit Guarantee Facility to link microfinance with financial markets for mobilization of wholesale commercial funding through partial guarantees.

Similarly, the Financial Innovation Challenge Fund (FICF) for grants to innovative projects and testing new markets to lower cost of delivery, enable systems and procedures to be more efficient and provide new ways of meeting the larger demand for financial services. And the Improving Access to Financial Services Fund which is supporting today’s program.

These are mostly supply side interventions aiming to increase financial services by removing bottlenecks and have raised financial inclusion to a certain extent. However, what has been missing is a demand side solution – a program to impart financial education and awareness to consumers. This recognizes that the very low level of financial awareness and confidence of financially excluded groups remains a strong barrier to their access and use of financial services. In addition, there are risks involved in creating new opportunities for consumers if the consumers are not proficient at making financial decisions. Therefore, going forward, SBP considers financial literacy as an integral part of the financial inclusion strategy.

Financial literacy has assumed greater importance in recent years for both developed and developing countries,
and so, best practices in this area are still evolving. However, synthesizing from the OECD’s high level principles for financial education, some best practices are:

First, the financial education program must involve key players from the beginning. This may take a lot of time and effort due to the slow decision making process but will ensure the success of the program in the long-run. In particular, the consumers must be consulted to understand their preferences and identify appropriate curriculum and dissemination channels and tools. Therefore, financial education surveys must be conducted to appropriately identify customer needs and to set a baseline for program monitoring. This will also help identify teachable moments for low income groups that may typically occur around the receipt of money, the need for credit etc.

Second, it is better to implement and earn quick wins to generate positive energy such as starting from a pilot launch initially before going national to gain the buy-in of all the stakeholders.

Third, the program design should be flexible enough to enable diverse stakeholders to join-in and create synergies. This will also give the program high visibility and help partners achieve their own goals. However, due care must be exercised that messages are product and institution neutral and can be used by all partners to create a multiplier effect.

Finally, the program must enjoy ownership by leadership from participating institutions that increases the interest of the topic with stakeholders, politics and media.

The National Financial Literacy Program (NFLP) is broadly in line with these guiding principles. The NFLP pilot will impart financial education and awareness on six personal finance themes, namely budgeting, savings, investments, debt management, financial products, branchless banking and consumer rights & responsibilities to about 50,000 beneficiaries from low income strata. We should not ignore the important peer effects of the direct beneficiaries which is very likely to be spread around a community. Those who have received education can pass on their knowledge to friends and family, thereby increasing the impact of the education.

The program has been developed after the Financial Literacy Gap Assessment Survey of beneficiaries. The survey has been helpful in development and adaptation of curriculum and dissemination strategy. The curriculum will also be translated into national and main regional languages including Urdu, Sindhi, Punjabi, Pushto and Balochi.

The Program is financed under the ADB-funded Improving Access to Financial Services Fund (IAFSF) and implemented under the oversight of the IAFSF Committee which has representation from SBP, Pakistan Banks’ Association, Pakistan Poverty Alleviation Fund, Pakistan Microfinance Network, education sector, and the ADB. Upon completion of the pilot phase, an impact assessment of the pilot will be conducted by a third party. Based on the experience and assessment of the pilot, the program will be scaled-up to target more than half a million beneficiaries all over the country.

In addition to focused training sessions of beneficiaries, the dissemination strategy involves street theatres, board games, comic strips, activity-based competitions, website and media campaigns to reach out the masses on a larger scale. The training sessions will be sourced from banks, MFBs and MFIs based on their interest and pre-defined qualification criteria. In order to encourage and incentivize participation from partners, professional fees and out of pocket expenses of partners will be reimbursed from the program budget.

Besides, the involvement of local institutions, the project has formed partnerships with international financial education programs including Microfinance Opportunities, Finmark Trust, Association of Microfinance Institutions of Uganda (AMFIU), Sewa Bank, Microfinance Innovation Centre for Resource and Alternatives (MICRA), World Bank Institute, Aflatoun, and others.

Consumer protection and financial education should be vital components of any financial inclusion initiative. It is now clear that policies which focus entirely on changing the supply of financial products and services can leave consumers ill-informed, vulnerable and not willing to participate in financial markets.

Moreover, the focus of any financial literacy program should be broader than financial inclusion. It should aim to increase consumer awareness about their rights, obligations and mechanisms for recourse to build a fair, inclusive and robust financial sector.
Flood Impact Slows Down Thailand's Economic Recovery

While floods present a serious test of Thailand’s Prime Minister Yingluck Shinawatra's leadership, the country is facing short-term challenges economically.

Political Outlook

Thailand is a constitutional monarchy that has suffered from increasing instability over the last few years, as a series of coups, changes in government and mass demonstrations have opened, or revealed, deep rifts within an outwardly peaceful country.

In August 2011, Thailand’s Parliament elected Yingluck Shinawatra, the country’s first female Prime Minister, a month after her Peua Thai party won a landslide victory over a coalition backed by the nation’s military and traditional elites.

Ms. Yingluck, a businesswoman with no political experience, received 296 votes in the 500-seat Parliament, a reflection of her party’s comfortable majority. Ms. Yingluck is the youngest sister of Thaksin Shinawatra, who was ousted as prime minister in a coup in 2006. Even during his exile in Dubai to avoid corruption charges, he had remained a political force in Thailand. Some analysts anticipate that the victory of the Peua Thai Party over the Democrat Party in the general election in July 2011 will not end the power struggle that has destabilized Thailand for the past five years.

Conflict between the new government and the royalist establishment could develop any time particularly if Ms. Yingluck seeks to pardon her brother.

From July 2011 onwards, Thailand experienced the worst flooding it had endured in at least half a century, affecting two million people and leaving approximately 600 dead. Ms. Yingluck came under scrutiny for her management of the flooding, which...
dropped dramatically, despite the fact that many of the areas severely affected by the flooding have been those populated mainly by Peua Thai supporters.

**Economic Outlook**

The good news is that the most critical period of the flood is likely to have passed. Excess rainfall is starting to recede and water levels in the Chao Phraya river and Bangkok's canals are falling gradually. "Tourism has been hit hard too. The populated mainly by Peua Thai service sector counts for another 40 percent of Thailand's economy, of which direct tourism spending constitutes 6.0 percent of GDP, the fourth highest in Asia in 2010. Although the main international airport is operational, over 800,000 tourists have canceled their visits due to the flooding, according to the government. The good news is that the most critical period of the flood is likely to have passed. Excess rainfall is starting to recede and water levels in the Chao Phraya river and Bangkok's canals are falling gradually. Bangkok's central business district and the main international airport should stay immune, according to the government. But the bad news is that the impact on the real economy is not over. It is not clear yet when the water can be drained in affected areas."

The national Economic and Social Development Board recently published an assessment of the flood's impact, which could reach THB 248 billion (US$ 8 billion) and cut GDP by 2.3 percent this year. However, the World Bank has estimated that the costs actually amount to THB 640 billion, in the form of damage to property, and THB 716 billion from the loss of business opportunities. Manufacturing production for October plummeted by over 35 percent both on a year-on-year and month-on-month basis, far worse than the market expectation of a 15 percent decline. The most affected industries are largely export-oriented, such as electronics, computers and automobiles. The manufacturing sector accounts for 40 percent of Thailand's economy and is more important for the central province, where the flooding has been most serious.

Tourism has been hit hard too. The service sector counts for another 40 percent of Thailand's economy, of which direct tourism spending constitutes 6.0 percent of GDP, the fourth highest in Asia in 2010. Although the main international airport is operational, over 800,000 tourists have canceled their visits due to the flooding, according to the government. Due to the widespread damage caused by the flooding, Thailand's economic growth is likely to plunge over 5.0 percent on a quarterly basis in the fourth quarter of 2011, cutting full-year growth to only 1.5 percent in 2011, according to UBS. However, apart from the short-term detrimental impact of floods, many economists estimate that Thailand looks better equipped to go through an economic slowdown now than in 2008, given greater political will to use fiscal and monetary means to support growth. Thailand appears vulnerable to a global economic slowdown as its net exports contribute around 16 percent of GDP. However, it has successfully diversified exports over the last decade and approximately two-thirds of exports are destined to the intra-Asia ex Japan region.

The Bank of Thailand (BOT) recently lowered its main interest rate from 3.5 percent to 3.25 percent, for the first time in more than two years, in early November. It is expected that the BOT will cut the rate in early 2012 to support the flood-hit economy.

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Yingluck Shinawatra
Prime Minister of Thailand

Although she has not been blamed for the crisis, which has been attributed to above-average rainfall and the untimely release of excess water from dams in the north, Ms. Yingluck has largely struggled to co-ordinate state agencies effectively. Her administration has faced criticism for failing to provide adequate and timely information on the crisis. Ms. Yingluck also faced divisions among her ministers, a conflict with the governor of Bangkok (who is a member of the opposition Democratic Party), and the criticisms of a frightened and angry public.

By sparing the low-lying capital, which lies in the delta of the country’s main river system, officials sacrificed the provinces to the north during the floods. In late November, when the flood waters were beginning to recede in some areas, Ms. Yingluck announced that some parts of Bangkok that had managed to remain dry would have to accept some waters, to help ease the burden on those in the heavily flooded districts on the outskirts of the capital and in the surrounding provinces.

Although there has been a political price to pay, support for Ms. Yingluck has not
Imparting Swiss Executive Skills to Needy in Cambodia

jobstation is a dynamic, young, small and personal freelance business based in Siem Reap in Cambodia, specialising in Personal Assistance, Office Management and HR services.

jobstation’s services are geared towards Executives, companies, start-ups and entrepreneurs from all different business sectors, either in Cambodia or overseas, who require an international, experienced and resourceful partner support either on a short or long term basis. This may be for a special project, office set-up, during peak times or staff shortage as well as to complement local staff and/or manage hands-on operational issues or communication tasks.

Regina Meyer, a Swiss national, launched jobstation at the end of 2011. She has a solid track record working for multinational corporates as an Executive Assistant, Office Manager and in HR support functions for many years. Despite being a seasoned all-rounder (and passionate traveller), she has not left her career path. A long-term volunteer assignment, in an Office Administrator role with a local NGO, brought her to Cambodia in 2009. This was followed by a second assignment with the same organisation in 2010, which then lead to the decision of making Cambodia her permanent home in 2011.

She exhibits a very efficient and reliable working style, combined with a cross-cultural perspective and enhanced by invaluable experience in the local Cambodian work environment and its distinctive etiquette.

“The working culture and perspectives couldn’t be more different” Regina says, and adds: “while this is hardly news to anyone that has worked in cross-cultural teams, I still see surprisingly much misconception, which far too often results in expensive (and unnecessary!) idle working time, grieve and loss of business, caused by a mismatch of western and Cambodian values. While losing a lot of time micromanaging is a common headache amongst western managers, local staff, on the other hand, is often overwhelmed with the range of expectations and struggles in taking initiative or lacks assertiveness.”

Regina’s strength lies in grasping cultural idiosyncrasies and moving between cultures and hierarchy levels with ease and respect, building bridges and calming waves, all carried out in a very hands-on and down-to-earth approach. “I am thrilled to use my local know-how for my clients on-site and abroad, freeing them to move on with their priorities, whilst I get the job done” she states, and rounds-off with a smile and a confession: “Despite my multi-cultural focus, I can...

By Regina Meyer
Founder and Owner of jobstation, Cambodia
Email: regina@jobstation-cambodia.com
probably never get the Swiss-ness out of me, as I am still thinking I am late when I am less than 10 minutes early!"

The client’s benefits are rather obvious. Having access to this set of skills does no longer involve recruiting from overseas, hence all the commitment and cost involved. In the current economic environment, clients value the benefit of being able to draw-upon professional support quickly, when they need it and as long they need it, while their organisation stays lean and flexible.

The website www.jobstation-cambodia.com provides some more information on the services as well as Regina’s background.

Regina Meyer is the founder and owner of jobstation. She is a Swiss national, born in 1973, and is based in Siem Reap, Cambodia. She speaks German (native), English and French and is currently learning Khmer.

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The diversity and dynamism of Asia defy any ordinary development approach. How, therefore, can companies seize growth opportunities in the quickly developing Asian market?

Anne Kriesemer and Philipp Fluech speak about business strategies for Asia Pacific for Med Beauty.

**Med Beauty Asia Pacific**

Med Beauty Asia Pacific (MBAP) is a joint venture between the Kriesemer Group and Med Beauty Swiss, which was founded by Dr. Harald Gerny, who is one of the top dermatologists in Switzerland.

Med Beauty products are distributed in multiple locations in Switzerland, Germany and Austria. MBAP started distributing their products in Singapore and Malaysia about two years ago. The first Med Beauty Flagship Centre was opened in 2009 at the luxurious Saujana Hotel in Kuala Lumpur, Malaysia. MBAP is also developing businesses in Japan, Korea, Hong Kong and the Philippines.

More than 1,000 retail partners (Med Beauty Centres) are selling Med Beauty products exclusively. The products are also being sold through other channels, such as beauty salon chains, individual beauty salons and doctors. Their customer base has been continuously growing and has reached over 500,000 end users.

**What makes your company unique in Asia?**

Anne answers to this question very clearly and confidently with a simple word, “Product”.

Med Beauty products come from Switzerland, which is historically well-known for spa treatment. Generally speaking, Swiss products have a wonderful reputation in terms of quality and services outside of the country.

In addition to “Swiss Made”, Anne continues to explain, Med Beauty products are “cosmeceutical”. Cosmeceutical means a combination of cosmetic and pharmaceutical. Anne elaborates, “Med Beauty products give the same result as plastic surgery without a knife.” Med Beauty products combine medical know-how with professional cosmetics and bridge the gap between cosmetics and medicine. The products are developed by Med Beauty jointly with leading biochemistry labs in Switzerland using innovation and high technology and are produced with so called “healthy sources”, and contain a much higher concentration of active
ingredients than traditional cosmetic products. Consequently, Med Beauty products are much more effective and unique.

Strategies for Asia Pacific

MBAP was incorporated in Singapore, mainly in order to have a reliable and prestigious address for luxury products. But MBAP’s active business centre is based in Kuala Lumpur, Malaysia. Philipp explains that it was rather easy for them to develop a business in Malaysia, because the Kriesemer Group already had good reliable local contacts and business experience. Besides that, Kuala Lumpur is an excellent hub to access other important business spots in Asia.

Now MBAP is tapping other major tactical countries such as Korea, Japan, Hong Kong and the Philippines from Malaysia.

As another significant point of their strategy, Philipp is intensifying the Med Beauty distribution model. Med Beauty products are distributed only to spas and salons which do Med Beauty treatments.

Despite various offers to distribute in different retail channels, MBAP is staying the course and remaining with spas and salons. They keep the integrity or Med Beauty brand intact while branding a recognizable name.

Anne points out that MBAP’s important strategic point is not only keeping distribution channels in a strict manner but also the quality control and continuing education of local staff. MBAP offers professional training courses at the Med Beauty training centre in order to maintain the same level of services everywhere.

What are your business challenges in Asia?

As the beauty product industry and the spa industry have grown, it is obviously very competitive as a rapidly growing emerging market, especially in Asia. Consequently there are a lot more companies that have begun to promote very trendy, not necessarily effective, treatments to appeal the masses. However, Med Beauty constantly maintains the main stream of the product concept. In other words, research and development are number one priority when it comes to good useful treatments. Med Beauty is not a flavour of the month company in a trendy magazine but a prestigious Swiss artisanal firm.

Where will Med Beauty be in five years in Asia?

Anne stresses, “We want to keep our emphasis on high quality distribution and maintaining reliable relationship with local staff who have been well trained by us, and providing Med Beauty services. We strongly hope to continue to honour the history of the brand because that is what has made Med Beauty so special over the last 20 years”.

After the Interview

Through the interview with Anne and Philipp, I realized MBAP keeps innovating based on their deep belief and aspiration. They believe in their products and have a strong intention to deliver the products to fulfil the desire of people to be more beautiful and happier all over the world.

When we believe and fully understand what we are aiming at, anything is possible.

By Nanami Perrig, Swiss-Asian Chamber of Commerce
The Story of a Strong Swiss Franc
While One Side is Happy, the Other is Not!

From an international perspective, current times are dominated by the European debt crisis. From the Swiss perspective, and as a direct result of the resulting Euro crisis, the strong franc will be noted in the history books as the economic issue of 2011/12.

The Swiss National Bank (SNB) set a firm lower limit against the Euro at the beginning of September, which prevented any further appreciation, leaving the franc still overvalued. This is having an increasing impact on Swiss exporters and on the economy as a whole.

The impact of the strong Swiss franc on exporters, importers, consumers and investors is varied. The major victim of the strong Swiss franc are exporters, while importers and consumers benefit from the strong franc.

Swiss exporters’ products have become increasingly expensive, particularly in the Eurozone. In order to remain competitive in the global market, exporters are forced to reduce their prices in the local currencies, resulting in a lower profit. Simultaneously, they must increase productivity to reduce the negative currency effects.

Analysts’ earnings estimations for the Swiss listed companies have been falling steadily for over a year. Barbara Möckli-Schneider, Managing Director of SwissCham and Secretary General of the Swiss-Asian Chamber of Commerce and SwissCham Southern Africa, says: “The current massive overvaluation of the Swiss franc poses an acute threat to the Swiss economy and carries the risk of a deflationary development. The SNB is therefore aiming for a substantial and sustained weakening of the Swiss franc. It will no longer tolerate a EUR/CHF exchange rate below a minimum of CHF 1.20, is willing to enforce this minimum rate with the utmost determination and is prepared to buy foreign currency in unlimited quantities. Even at a rate of 1.20 per Euro, the Swiss franc is still high and if the economic outlook and deflationary risks so require, the SNB will take further measures.”

While the strengthening of the franc has given Swiss companies and Swiss
travellers greater purchasing power, exporters and the domestic tourism industry are faced with serious difficulties, as goods and services become less affordable for foreigners. In this unstable environment, the SNB’s action of pegging the Swiss franc to the Euro came at the right moment. The majority of economists believe that the SNB’s policy has been effective 75 pc mainly because it deliberately stoked expectations of another rise in the exchange rate floor. It was a successful stabilization strategy. The risk of further franc devaluation has scared off many investors and discouraged them from exchanging euros for francs.

“If the markets decide to test the SNB’s determination, the task of defending the franc will not be easy and there could be some possible, very damaging, effects to the Swiss economy, such as a dramatic increase in inflation,” says Prof. Nuno Fernandes, of the renowned business school IMD, in Lausanne.

The issue of the strong franc is far from over. However, some economists now assume that currency losses for Swiss companies will gradually recede and they will benefit from improved budget planning. Switzerland actually imports more from the EU than it exports. With a large percentage of Swiss exports being highly specialized goods and going to markets outside the Eurozone, there is a chance of compensating for the actual pressure from the strong franc.
• UBS CIO WMR lower the forecast for EURCHF to 1.23 in six and twelve months (previously 1.25) and keep the three month forecast at 1.23. UBS CIO WMR think EURCHF will continue to trade in a broad 1.20-1.25 range.

• UBS CIO WMR expect EURCHF to rise soon within the target range. Speculations that the SNB might be unable defend the floor are not justified and are likely to be corrected soon.

• UBS CIO WMR think the SNB has little room to fine-tune the floor and therefore the probability for the floor to be lifted is rather small.

SNB remains dedicated - but not all market participants convinced

UBS CIO WMR don’t have any doubts that the SNB is strictly dedicated to defend the floor in EURCHF, even after former SNB President had to leave for personal reasons.

However, as long as the replacement decision is running, the SNB policy selection is running, the SNB policy could suddenly become a highly political subject, which might disturb the clarity of communication.

In short, the SNB’s executive power is in a fragile political condition, as long as the selection process is ongoing. Since many investors see the increased fragility of the SNB’s decision making process, UBS CIO WMR anticipate increased risk of a test of the minimum rate of 1.20 until the selection process is closed.

Apart from that spot of weakness we see little that has changed. Swiss economic indicators keep a reasonable strength, while business sentiment in Europe surprised with an improvement in January. The political moves to disentangle the European debt crisis are still slow and risky. Muddling through the debt crisis is the main strategy, which suggest that the Euro remains on the weak side over the next months.

Many investors ran a long euro-short CHF position in December based on expectations that the SNB might lift the floor. Disappointment about the SNB’s stable course drove EURCHF below 1.21.

By Constantin Bolz, Analyst, UBS AG, Email: constantin.bolz@ubs.com

By Thomas Flury, Strategist, UBS AG, Email: thomas.flury@ubs.com
Now the euro is facing three major challenges: ECB rate cuts, French elections and Greek debt restructuring. These are important challenges this spring and UBS CIO WMR expect the euro to strengthen once these issues are solved.

**Currency Forecast: EURCHF**

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*Purchasing Power Parity, UBS WMR calculation

**Fundamental influence**

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F=Forecast, (1) Year end

Source: UBS WMR

**Source:** Thomson Reuters, UBS WMR
Tapping Full Potential of SACC Members' Expertise

By Dr. Peter A. Schweizer
Ambassador retired
Member of the SACC Board, Zurich
E-mail: peter.a.schweizer@gmail.com

With a view to effectively harnessing the potential of SACC members’ expertise especially among the members of the Extended Board. Past President Martin Kuenzler created in 2009 the position of a Delegate for Extended Board Members Contacts. The mandate was given to Dr. Peter A. Schweizer, a retired Swiss diplomat who had formerly served as Ambassador to Malaysia (2002-2006), Deputy Ambassador to India (1987-1991) and Indonesia (1975-1978) besides other assignments in Africa and Europe. The Delegate is expected to maintain personal contacts with EB-members, and thereby enquire about their ideas for the enhancement or diversification of chamber activities.

In a first round between March and November 2009 a total of 22 EB members have been interviewed. For this end a memorandum listing up the typical advantages of SACC-membership as well as the corresponding needs of the SACC management for suggestions and support was handed over to the contacted members.

On the whole, the initiative appears to have been well received by the visited persons. The enquiry showed that members appreciate SACC foremost as a networking platform particularly for Switzerland-based managers who do not pay regular visits to their target countries. Frequently mentioned was the advantage offered by SACC of opportunities for meeting with official representatives in Switzerland (Ambassadors, Trade Commissioners), and certainly also the possibility of access to events in connection with high-level visits from target countries.

By way of petition, however, the need for early information about planned delegation tours to target countries, even when dates are still tentative, has been repeated time-and-again. Equally the wish for better focused yearly programs was expressed by several members, be it through a periodic concentration on groups of economically related countries and/or on particular topics of economic interest. Recurrent suggestions on that latter issue included:

- Governmental programs for economic enhancement: How do they work, when do they become effective, what sectors are usually covered?
- Investment protection schemes in target countries
- Investment plans or patterns
- Public transport management
- Trade with environmental certificates
- Future prospects for the availability of raw materials (e.g. rare minerals)
- Social security systems
- Popular spending patterns
- Financial transactions
- Experiences in working with agents
- Distribution of ownership in joint-ventures
- Supporting customers in matters of financing
- Proper intercultural approaches to business contacts

The Executive Board is grateful for this input by EB-members and thanks the interviewed persons for giving the matter their full attention. At present three working groups are examining ways and means for feeding the above-mentioned topics into the SACC calendar, also looking into the possibility of cooperation with academic institutions and policy-monitoring organisations. Furthermore, the Executive Board will explore how the contacts with official representatives of target countries in Switzerland may be put on a new level, e.g. by introducing special yearly meetings for allowing members to put forward their own questions or queries to the ambassadors and trade commissioners of target countries. The core purpose of all these efforts is of course to continually offer ‘added value’ for SACC-Members.
The Swiss – Asian Chamber of Commerce was formed by a merger of the Swiss - South East Asian Chamber of Commerce SEA and the Swiss - Korean Chamber of Commerce SKCC on Tuesday, May 24, 2005, in Zurich, Switzerland, as a private non-profit association. Its main purpose is to promote economic and business relations between Switzerland, Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka based on the principle of reciprocal benefit.

The Chamber serves as a forum for all firms, institutions, government bodies and individuals interested in the bilateral relations between Switzerland, Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka. The Chamber is a non-governmental association and receives no grants of financial aid of any kind. To maintain an efficient and member-oriented activity serving the interest of Swiss, Southeast Asian, Korean, Mongolian, Pakistani, Sri Lankan business, the Chamber depends on the financial support of a strong and growing membership base.

The Chamber’s activities cover the following Asian countries:
- Brunei
- Laos
- Pakistan
- Vietnam
- Cambodia
- Malaysia
- Philippines
- Thailand
- Indonesia
- Mongolia
- Singapore
- Korea
- Myanmar
- Sri Lanka

SACC offers its members a comprehensive range of services at preferential terms:
- Business Contacts – SACC provides assistance in establishing business contacts in Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka or Switzerland and in locating suitable agents, representatives, manufacturers and suppliers. SACC acts as a contact point for Swiss industry whenever questions arise with regard to the bilateral economic relations. SACC offers Company Pools through its partners in Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka: In order to realize large projects, small companies which do not compete with each other can join in a pool and benefit by sharing infrastructure.
- Business Advice – SACC gives you unique access to people and institutions which affect your business and offer you opportunities to meet with professional staff to discuss general or specific issues on the Southeast Asian, Korean, Mongolian, Pakistan and Sri Lankan markets. Chamber luncheons let you meet, learn from, and interact with CEOs of major corporations or with decision makers from the public sector.
- Exchange of Experience – SACC helps you to establish business relations with business people and official bodies in Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka. SACC offers its experience to link Swiss and Asian companies for rewarding business opportunities.
- Information Services – SACC offers you diversified, up-to-date information and documentation services including database access, enquiries about and from Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka.
- Publication – SACC members and subscribers benefit from the SACC Journal, a regular publication, which gives practical information about the way business is done in a country or economic sector in Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka. Each edition focuses on a specific and current topic. Members can publish their company news and experiences related to Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka and take advantage of advertising space at reasonable costs.
- Government/Economic Relations – SACC keeps regular contact with Swiss, Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka government agencies, economic organizations and private firms. Members may benefit from this network by obtaining access to these organizations through our Chamber.
- Delegations – SACC assists trade delegations from and to Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka in their visits and gives support to Swiss business people going to Southeast Asia, Korea, Mongolia, Pakistan and Sri Lanka. The Chamber is open to all kinds of business sectors and Swiss–Southeast Asian, Korean, Mongolian, Pakistani and Sri Lankan business activities – not only exports to and imports from Southeast Asia, Korean, Mongolian, Pakistani and Sri Lankan products, but also investments, license production, services and R&D. As part of its membership, a company is incorporated into a comprehensive network of contacts to which it may refer at any time.
- All services of SACC – are also available to non-members who will be charged with a time based fee.

To become a member of SACC please fill the membership form on page # 54
YOUR PARTNER FOR CAREFULLY SELECTED EXPERTS IN INTERNATIONAL LINE AND PROJECT MANAGEMENT. EXCELLENCE IN INTERIM MANAGEMENT SINCE 1979.

PROCESS OPTIMISATION/MARKET DEVELOPMENT
MARKETING/Sales, SCM, etc.

FACTORY BUILD-UP
CHINA, THAILAND, VIETNAM, etc.

FINANCE & CONTROLLING
IFRS, US GAAP etc.

RESTRUCTURING
ACHIEVING FINANCIAL AND OPERATIONAL STRENGTH
Helping you *succeed* abroad: Trade & Export Finance.

**Good for business:** As an internationally active company, you need a strong partner by your side when it comes to trade and export finance.

We have the right solution for all your financing needs, from short-term liquidity to longer-term financing and hedging against performance and payment risks. Often a mix of various financial instruments leads to the best result.

From documentary credits and documentary collections to bank guarantees and export finance, your UBS advisor can offer you everything you need for your production and trading activities in Switzerland and abroad. Your first step is a personal contact with us.

*We will not rest*