

Chief Executive Perspectives: 2009

Results from the 2009 Annual Member Survey

Asia Business Council

September 2009

The Asia Business Council

■ **Independent association of CEOs from leading Asian and MNC firms**

- 70 members representing 12 Asian countries, Australia, Europe and the US
- 83% of Council members (58 of 70) are business leaders from Asian companies
- Market capitalization (members' companies): \$887 billion (as of August 2009)
- Employee count (members' companies HQ in Asia): at least 1 million

■ **Mission: to work toward the continued economic development and competitiveness of Asia as a region**

- Foster dialogue and understanding amongst business leaders
- Improve the efficacy of the private sector in promoting continued economic growth and development in the region
- Be a collective voice to influence other corporations, governments, multilateral organizations and members of civil society

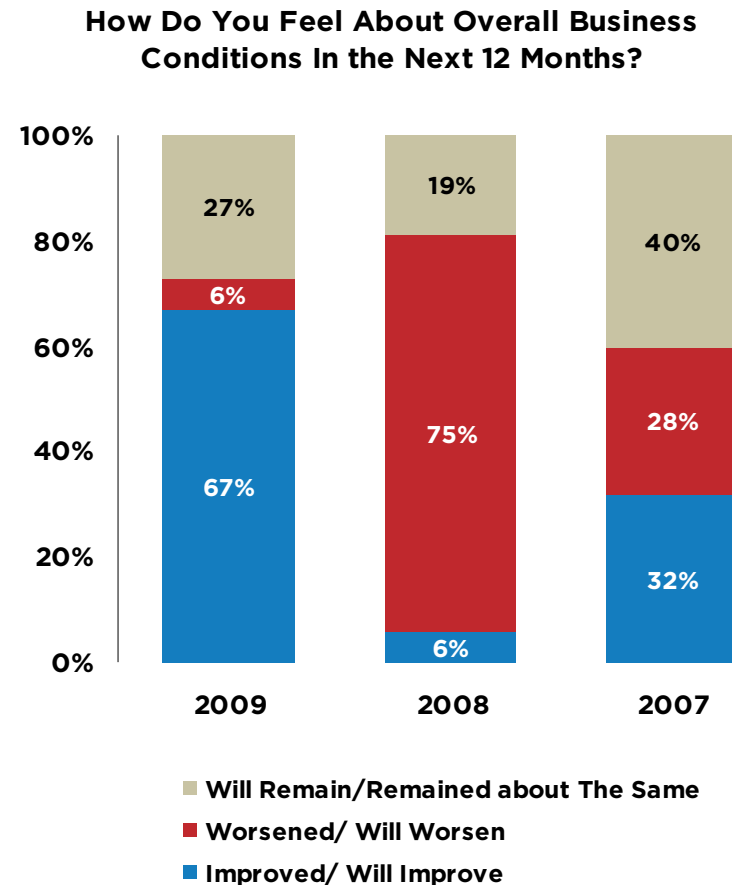
The Council's annual survey is designed to gauge Asian business leaders' perspectives on issues affecting both Asia and the world

Survey overview

- **Survey conducted in June 2009**
- **Response rate of 74% (52 of 70 members)**
- **Members asked about their economic outlook and investment plans**
- **Members also asked to consider for specific problem(s) in the following issues:**
 - Energy and Environmental
 - Finance and Business
 - Geo-Political
 - Social

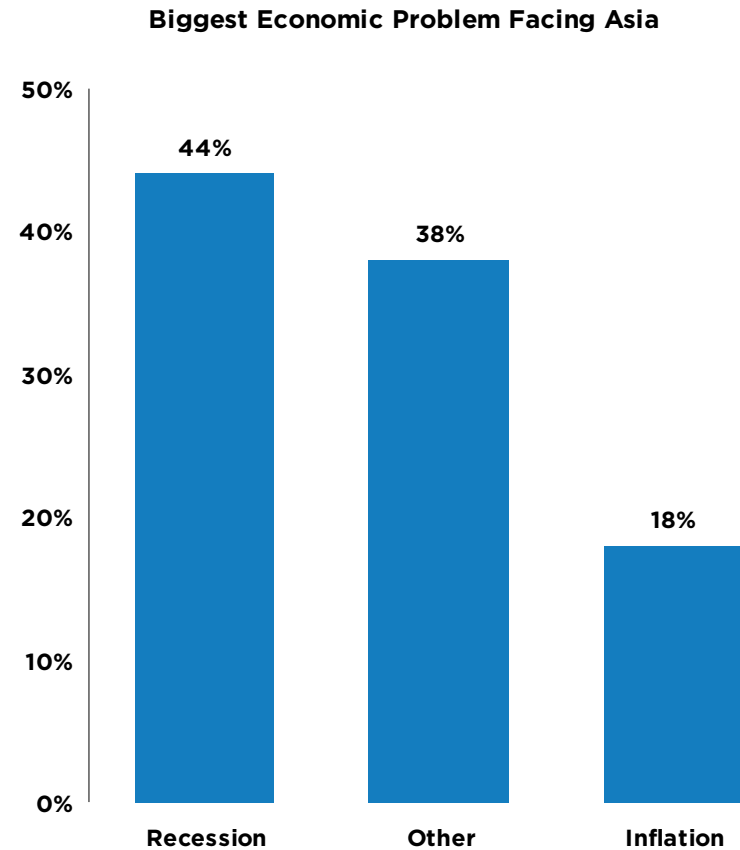
Overall outlook has become more optimistic

- **Optimistic about business conditions in Asia - 67% of respondents felt that business conditions in Asia will improve**
- **Reasons cited include signs of business starting to pick up, China becoming the engine of Asian economic growth, and government intervention.**
- **In 2008, 6% of respondents felt that economic conditions would improve; in 2007, 32% of respondents thought the economy would get better.**
- **27% of respondents felt that economic conditions would remain the same, whereas in 2008, 19% felt the economy would not change**



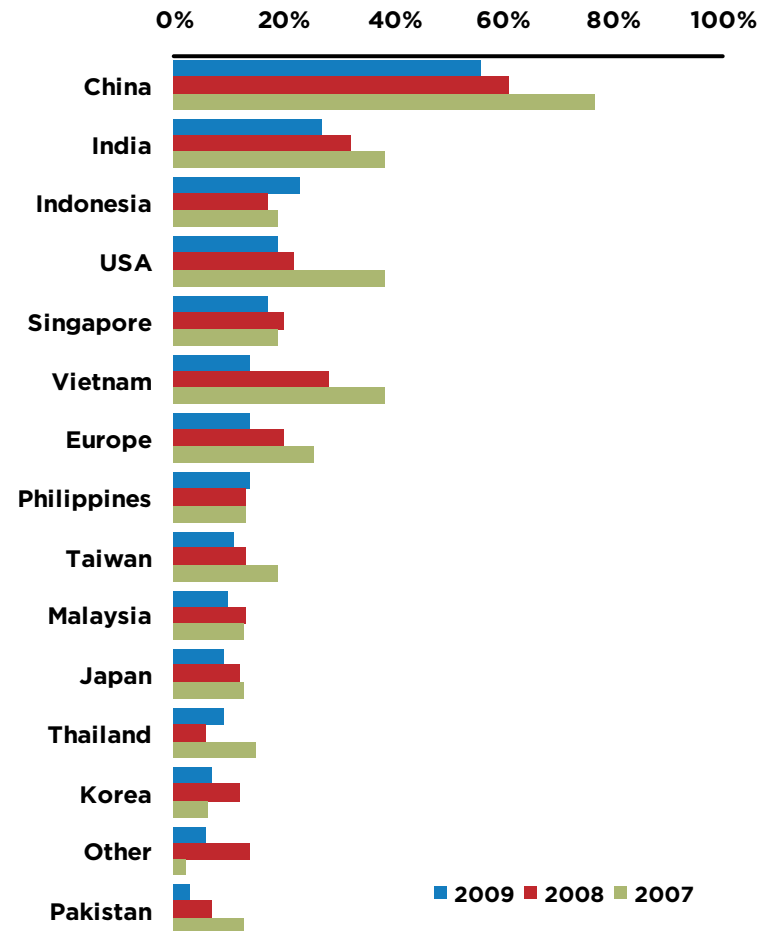
Recession is seen as a key threat to Asia in 2010

- **44% of respondents thought that recession was the biggest economic problem in Asia, while 38% checked others, citing slow growth, slowdown in Foreign Direct Investment, and political unity**
- **Recession in USA and Europe, demand compression on exports, and political instability in China were also cited as key concerns**



Members report significant increase in investment interest in Indonesia

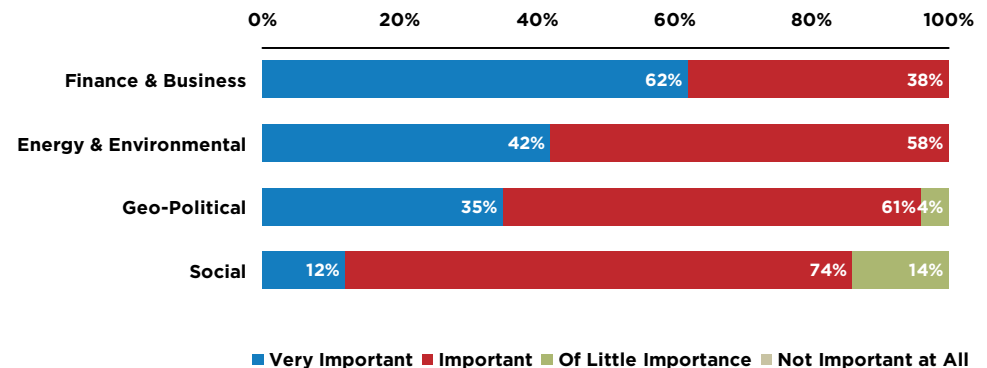
- While China saw the most investment activities in the last 12 months, the top 5 investment locations changed from last year (Indonesia and Singapore surpassed Vietnam and Europe)
- Indonesia has seen the highest jump in investment momentum - reported investment has steadily increased in the past 12 months from 2007 - 2009, while all other countries have seen declining trends



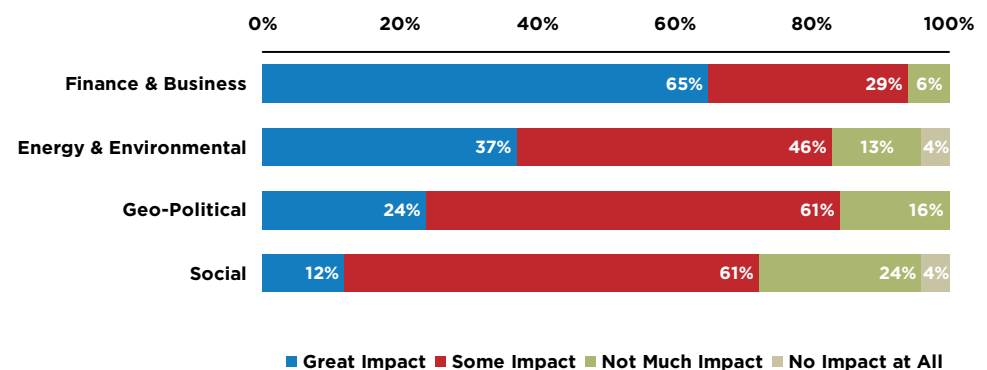
Finance & Business is the most important issue for business in Asia and has the largest perceived business impact

- **62% of respondents rated it as very important for business in Asia (31% in 2008) and 65% of respondents rated it as having great impact on their business (34% in 2008)**
- **Amid the global economic turmoil, key concerns cited were stabilization of the financial sector, volatility of world finance, and availability of credit**
- **In contrast, in 2008, members cited access to high-quality human resources, entrepreneurship and innovation, corporate governance, and access to capital markets in developing countries as top issues**

How Important Is This Issue for Business In Asia?



How Much Does this Issue Impact Your Business?



Oil and gas prices top energy and environmental concerns

- **42% of respondents rated it as very important for business in Asia (35% in 2008) and 37% of respondents rated it as having great impact on their business (22% in 2008)**
- **Similar to 2008, oil and gas prices were ranked highest in terms of importance to Asia and business impact**
- **Sustainability and business potential grew in importance, while energy efficiency and alternative energy sources (ranked second and fourth in importance in 2008) fell in importance.**
- **A smaller proportion of respondents reported that they will buy carbon credits - 35% in 2009 compared to 50% in 2008**

Geo-political risk has grown in importance for business in Asia

- **35% of respondents rated it as very important for business in Asia (27% in 2008) and 24% of respondents rated it as having great impact on their business (27% in 2008)**
- **Global instability, North Korea, and Iran were cited as key concerns**
- **In contrast, in 2008, China's economy, the U.S. economy, and China-U.S. relations were the top geo-political issues**

Social risks have declined significantly in importance for business in Asia and perceived business impact

- **12% of respondents rated it as very important for business in Asia (27% in 2008) and 12% of respondents rated it as having great impact on their business (24% in 2008)**
- **Respondents indicated unemployment, income disparity and social inequality, and lack of social responsibility as major concerns**
- **Compared to 2008, the quality of education, government corruption, and government regulations were considered key issues**

Survey summary

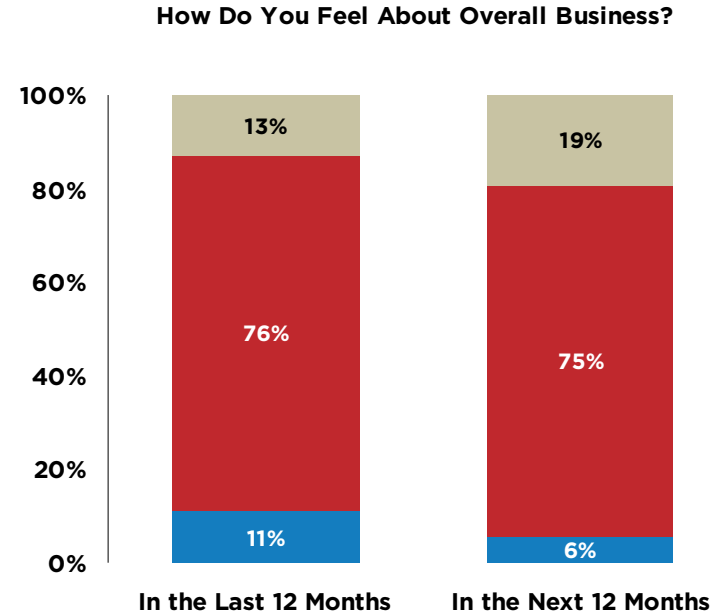
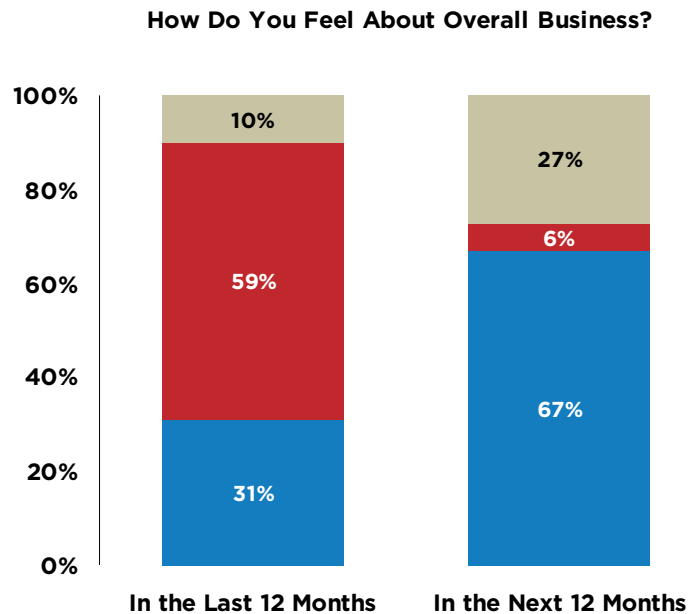
- **Overall outlook has become more optimistic - 67% of respondents felt that business conditions will improve**
- **Recession is seen as a key threat to Asia**
- **Current investment interest in most countries has declined from 2008 levels, except in Indonesia, which has seen a steady increase in investment interest from 2007 - 2009**
- **Finance & Business and Energy & Environmental issues have grown in importance for business in Asia and perceived impact on members' businesses**
- **Stabilization of the financial sector, volatility of world finance, and availability of credit have become major concerns**
- **Oil and gas prices and sustainability are ranked as key issues for business in Asia**
- **Regional conflicts in North Korea and Iran have emerged as significant geo-political concerns**

Survey Data

How do you feel about overall business conditions? (2008-2009)

2009

2008

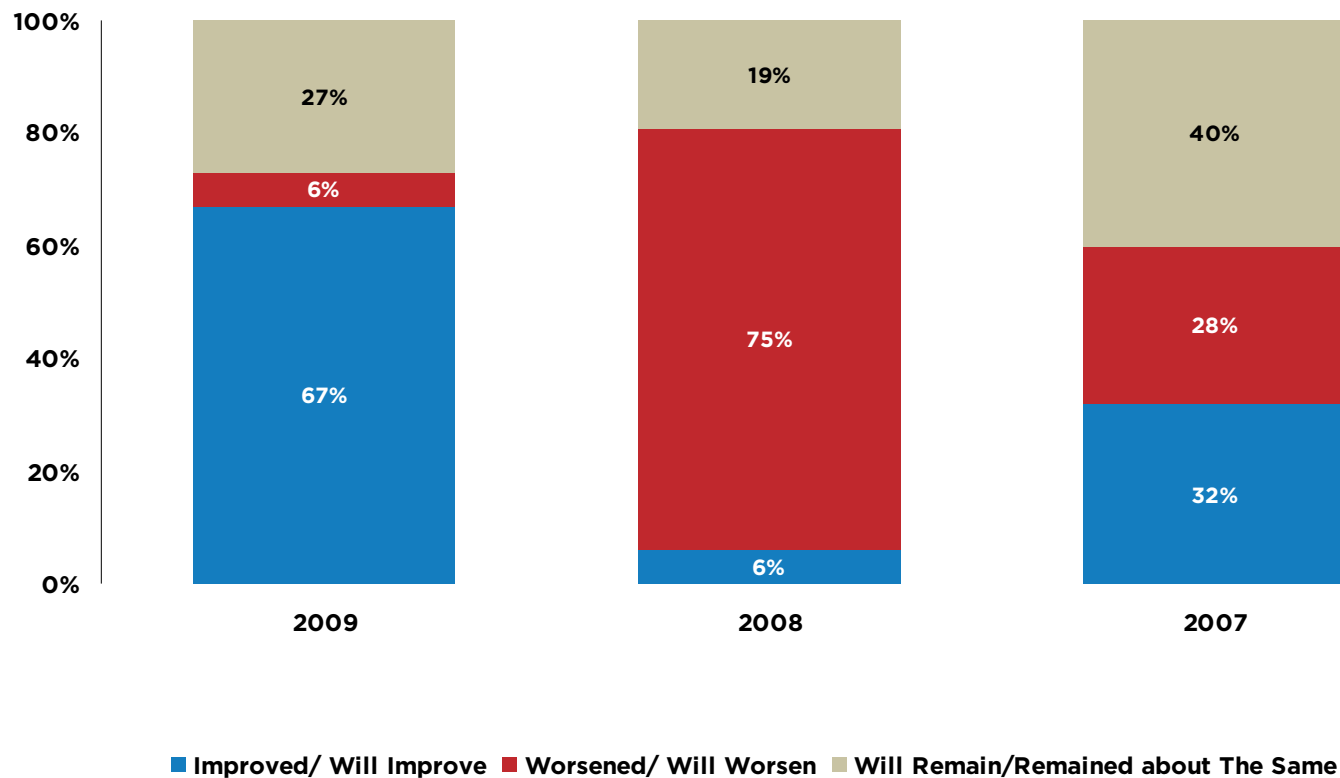


■ Will Remain/Remained about The Same
■ Worsened/Will Worsen
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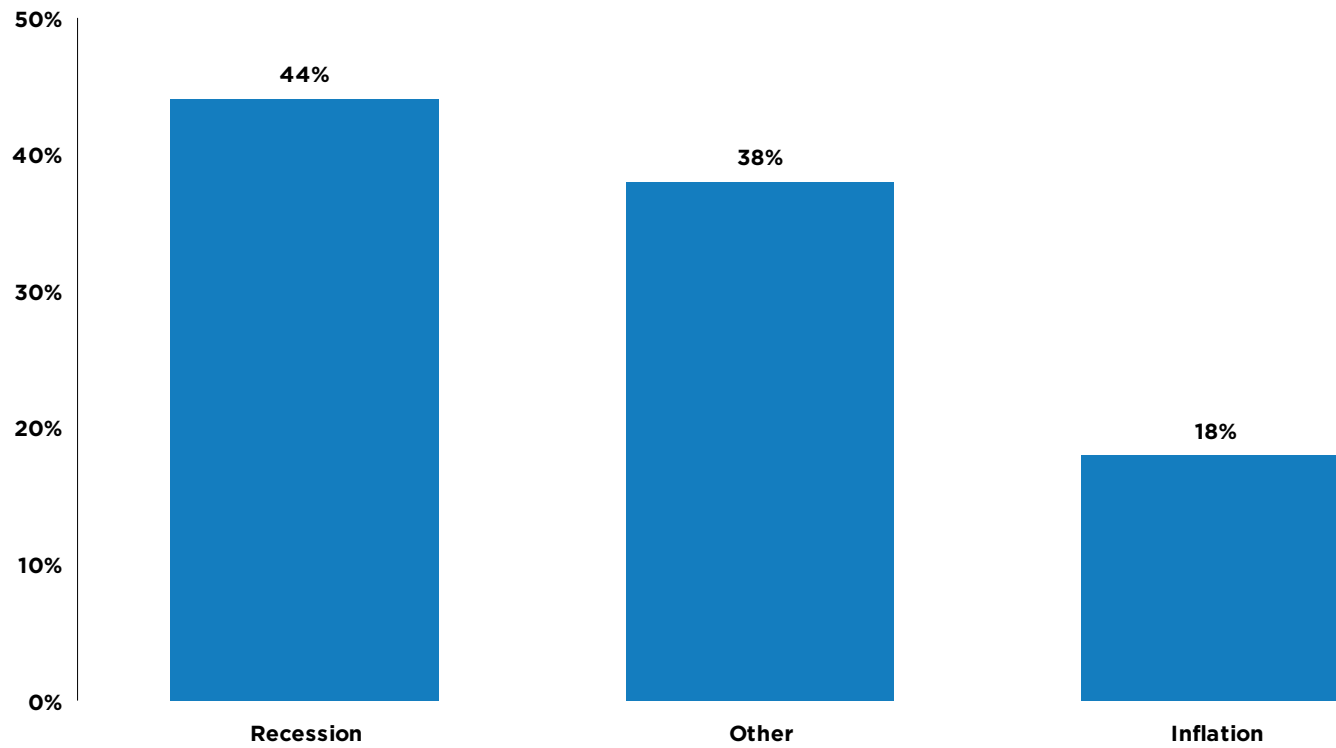
Future business outlook (2007-2009)

How Do You Feel About Overall Business Conditions In the Next 12 Months?

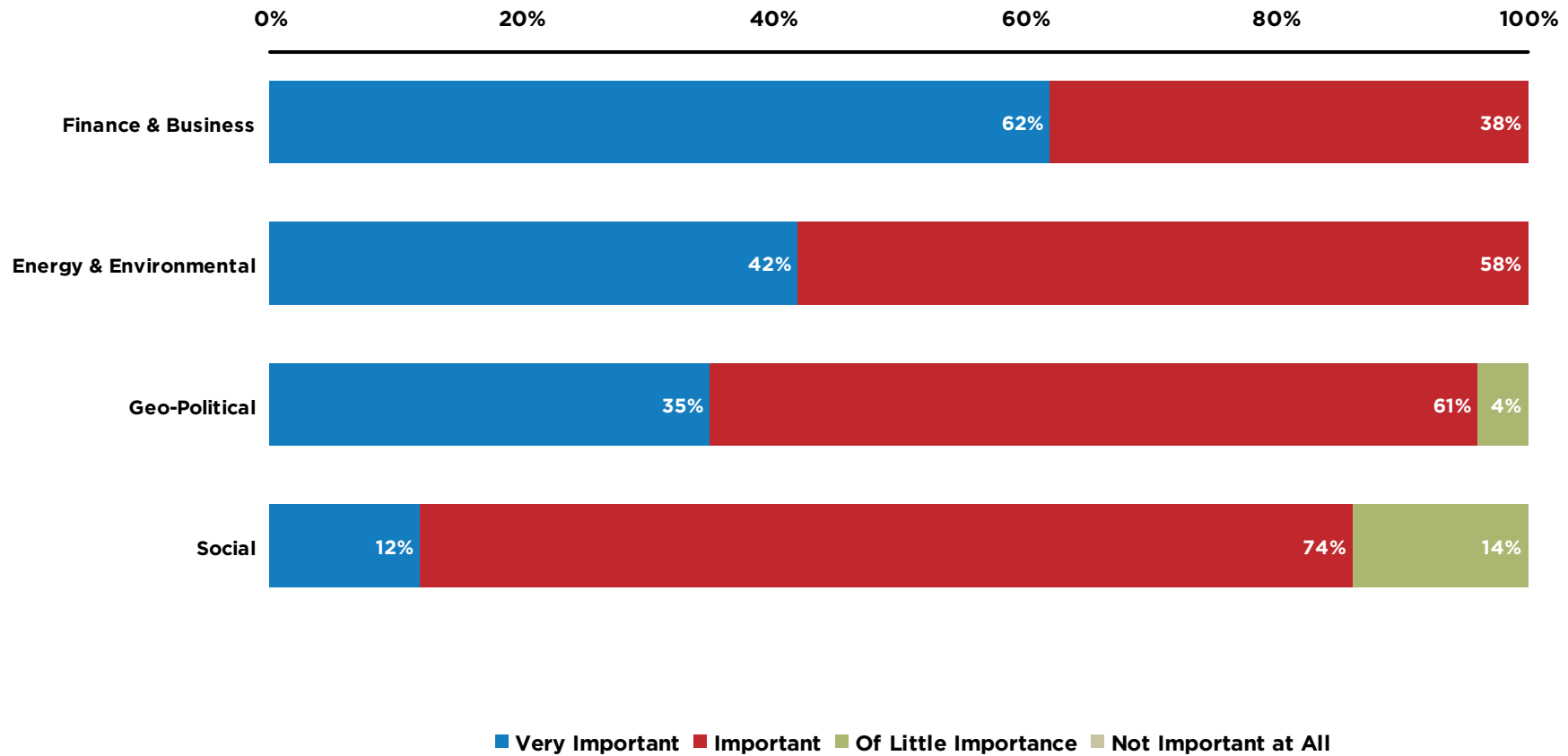


Recession concern (2009)

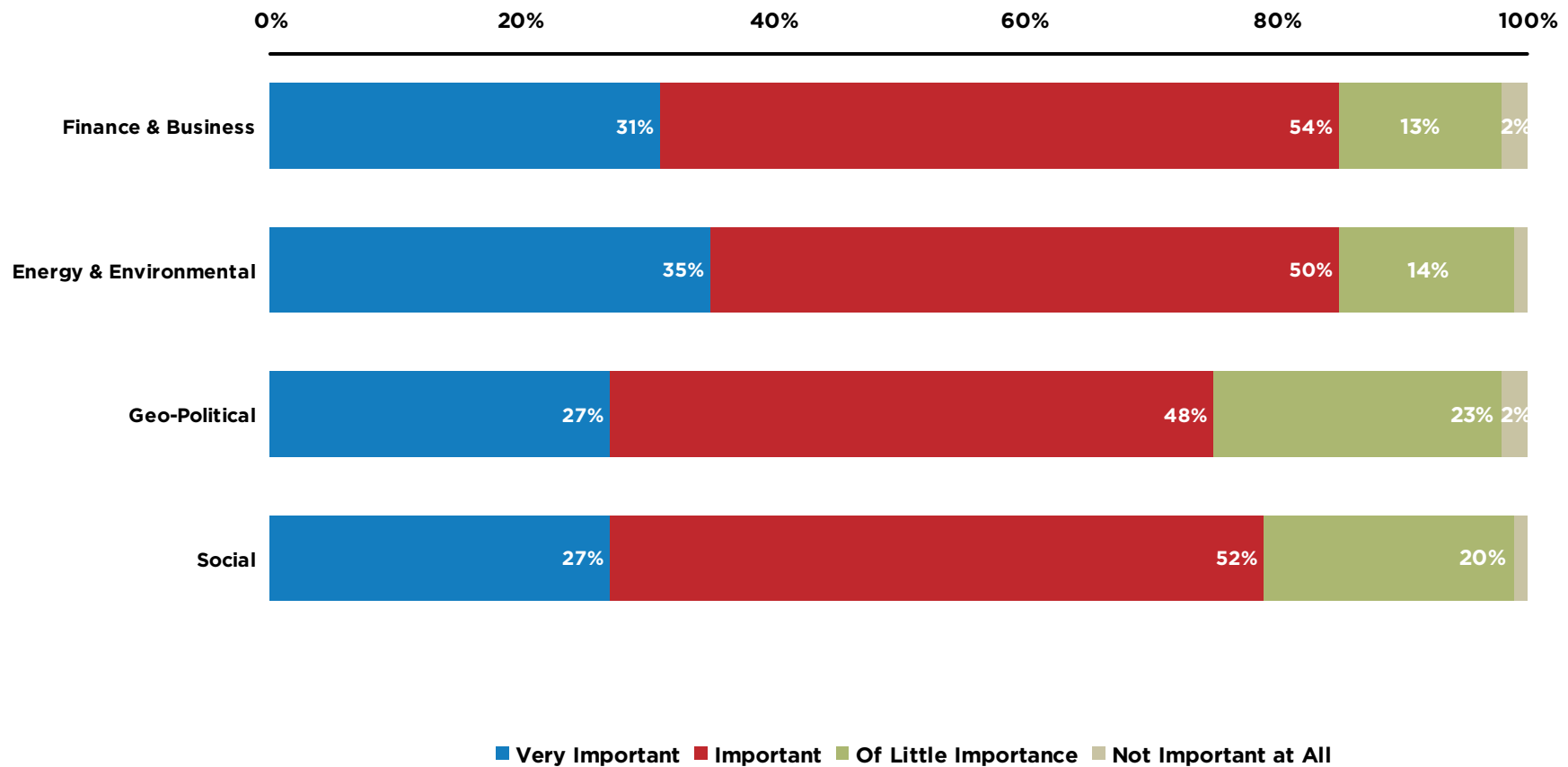
Biggest Economic Problem Facing Asia



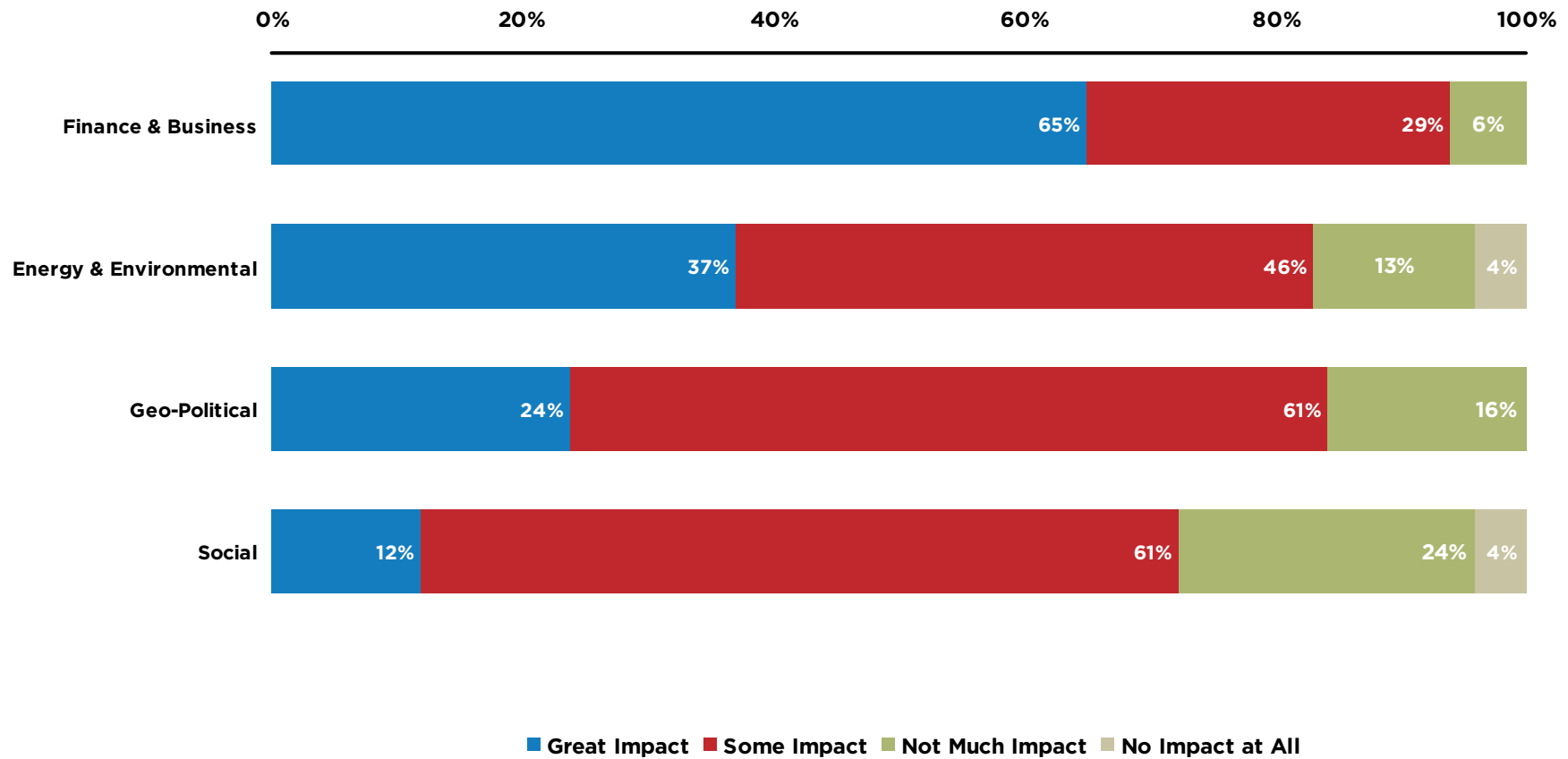
How important is this issue for business in Asia? (2009)



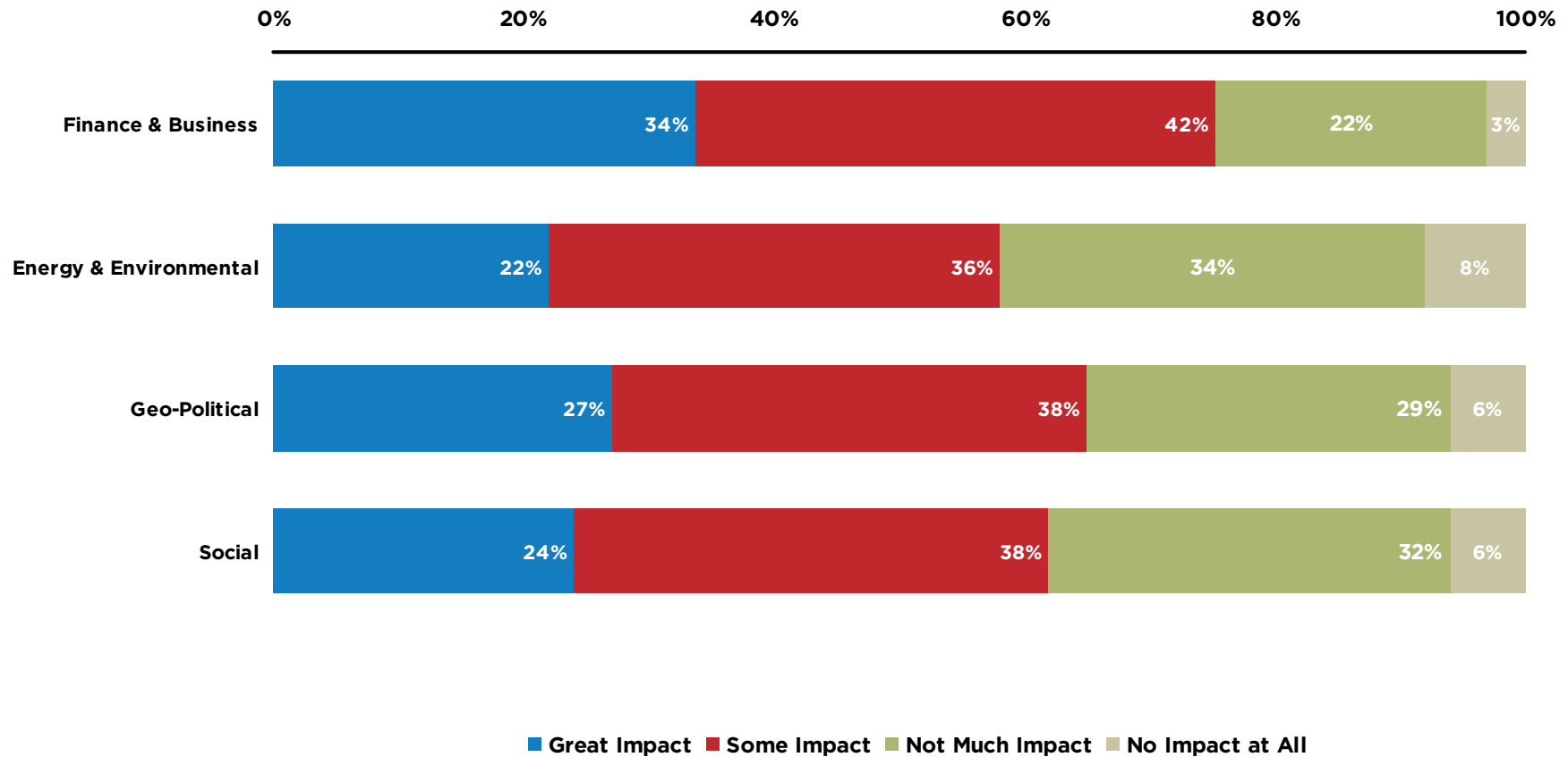
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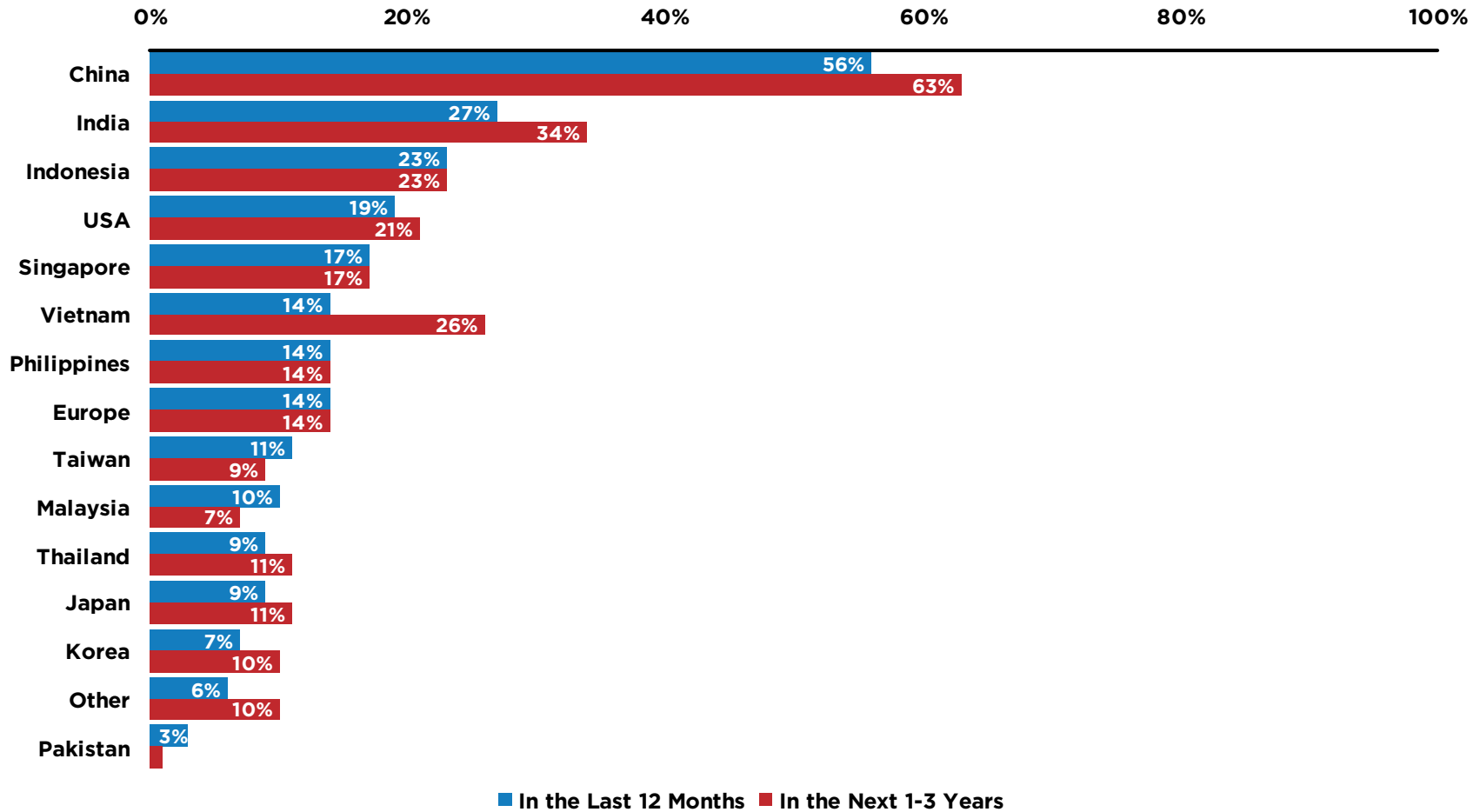
How much does this issue affect your business? (2009)



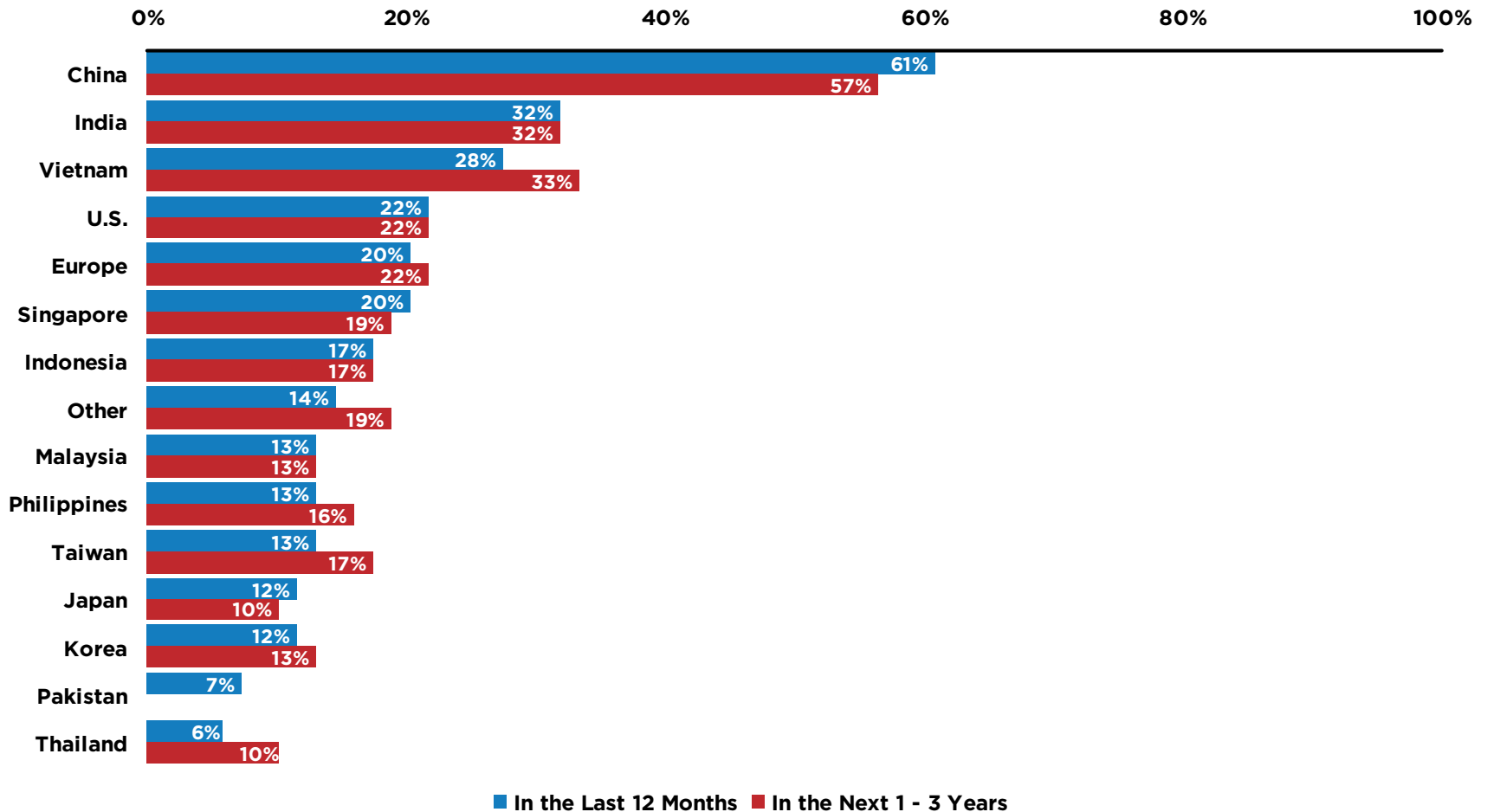
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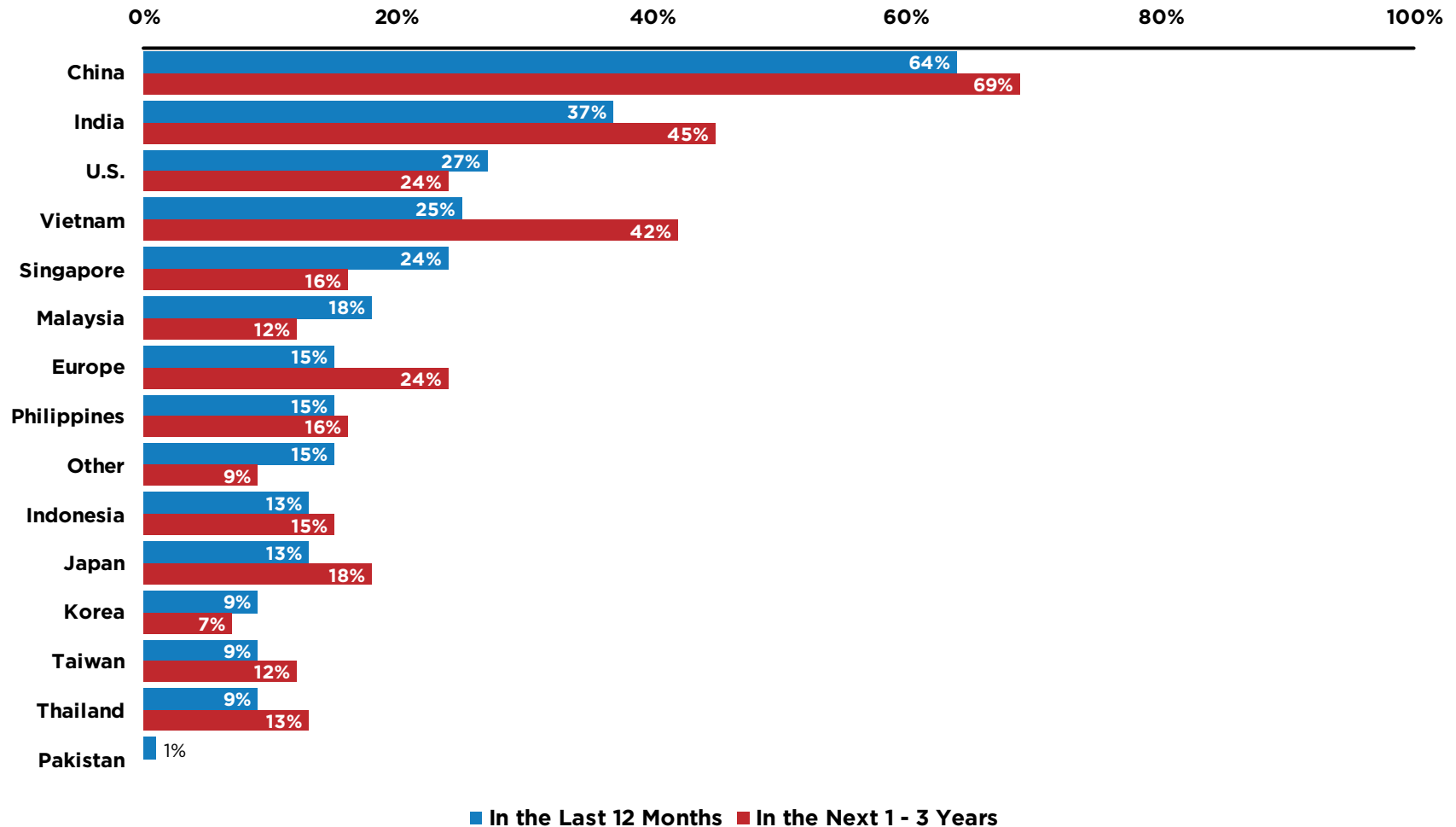
In what countries have you invested or increased your investment? (2009)



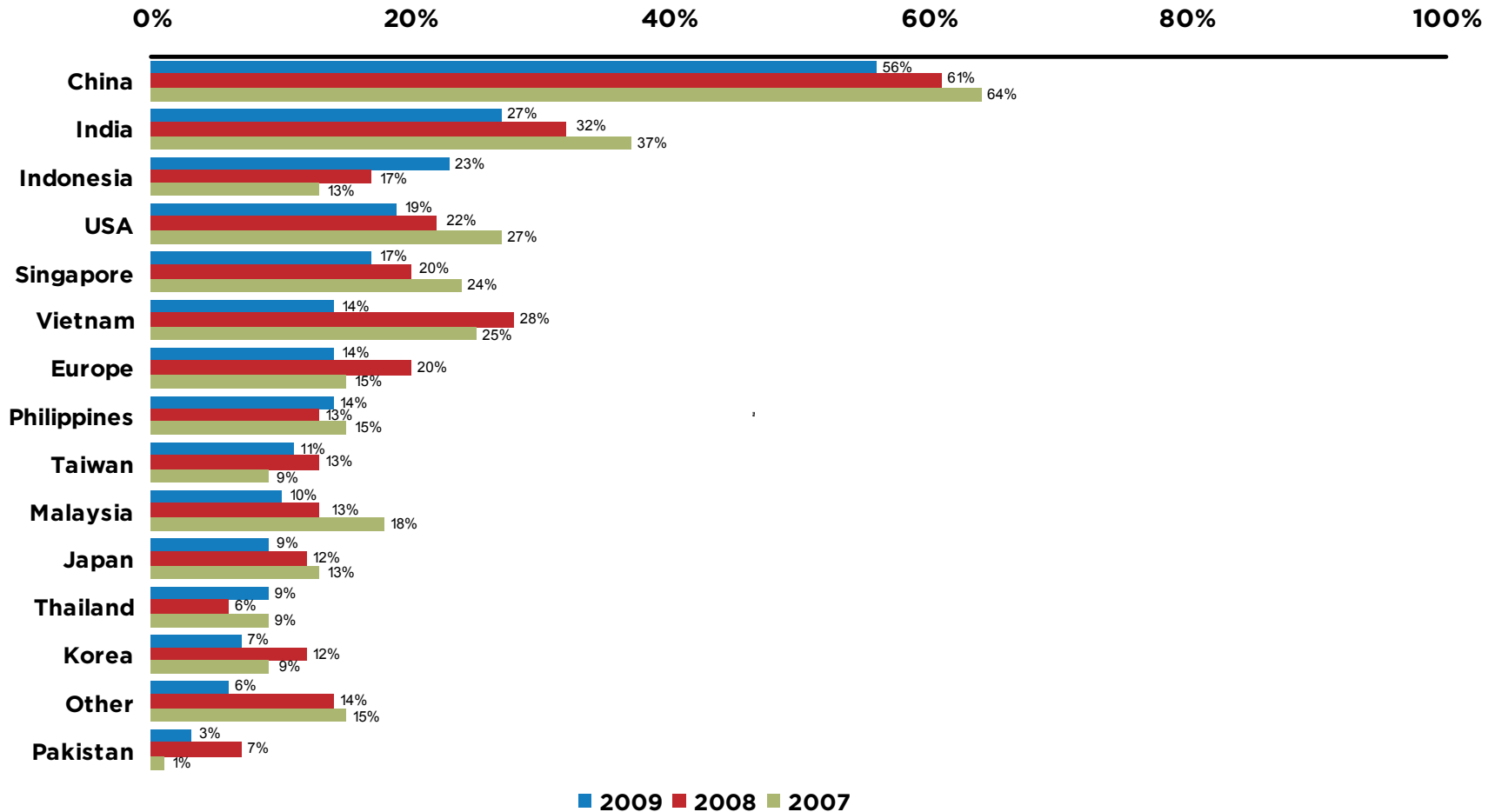
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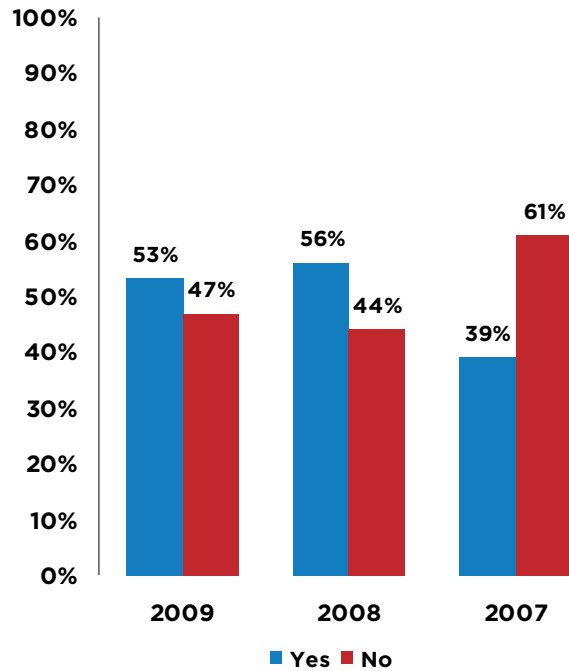


In what countries have you invested? (2007-2009)

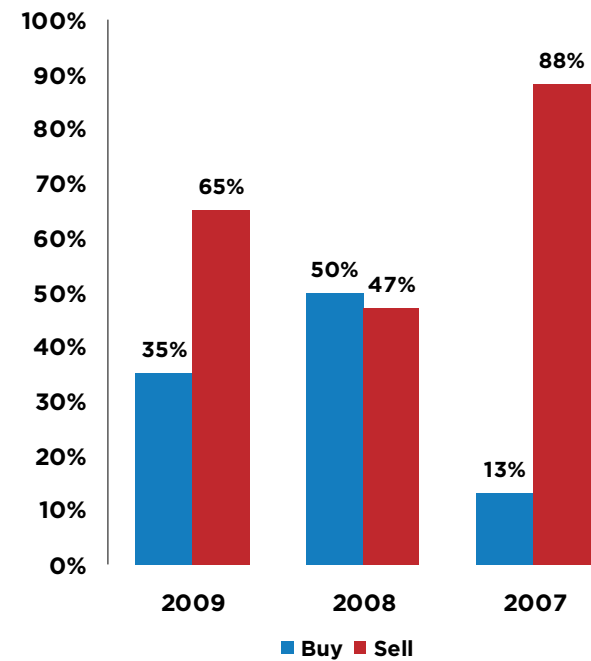


Carbon credits (2007-2009)

Will They Deal in Carbon Credits



Will They Buy or Sell Carbon Credits



For more information, visit www.AsiaBusinessCouncil.org