

# Chief Executive Perspectives: 2015

**Results from the 2015 Annual Member Survey**

Asia Business Council

# The Asia Business Council

- **Independent association of Chairmen and CEOs from leading Asian and MNC firms**
  - 69 members representing 15 Asian economies, Australia, Europe, and the U.S.
  - Valuation of members' companies is more than \$5 trillion
  - Members' companies employ about 2 million people
- **Mission: to work toward the continued economic development and competitiveness of Asia**
  - Foster dialogue and understanding among 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 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**

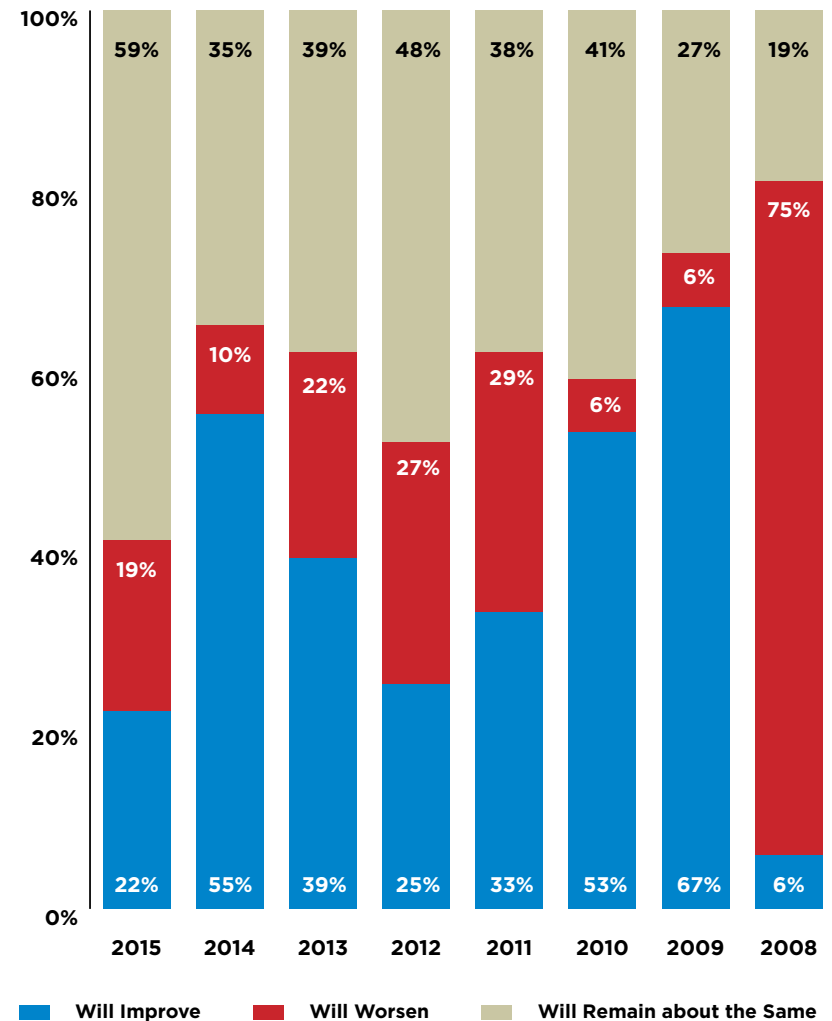
## Survey overview

- **Survey conducted in July 2015**
- **Response rate of 84% (58 of 69 members)**
- **Members were asked about their economic outlook and investment plans**
- **Members were also asked to consider specific problems in the following areas:**
  - **Energy and the Environment**
  - **Finance and Business**
  - **Geo-Political**
  - **Social**

# Survey findings reveal uncertainty about the risks of a Chinese economic slowdown

- **Business expectations remained the same from last year's survey. Of members surveyed, 22% believed business conditions will improve in the next 12 months, a significant decrease from 55% in 2014.**
- **Those with a positive outlook cited solid economic fundamentals in Asia and pro-growth governments in their countries as reasons for optimism.**
- **Members expressed concern regarding the risks of a Chinese economic slowdown and the uncertainties in China's ongoing reform, as well as financial market volatility as key reasons contributing to their outlook.**
- **Survey comments expressed continued optimism in the growth potential of India and many countries in Southeast Asia, although some cautioned that new political leadership need to overcome obstacles before boosting economic growth. More broadly, infrastructure investment in a number of Asian countries remains inadequate to support growth, with patient capital being a limiting factor.**

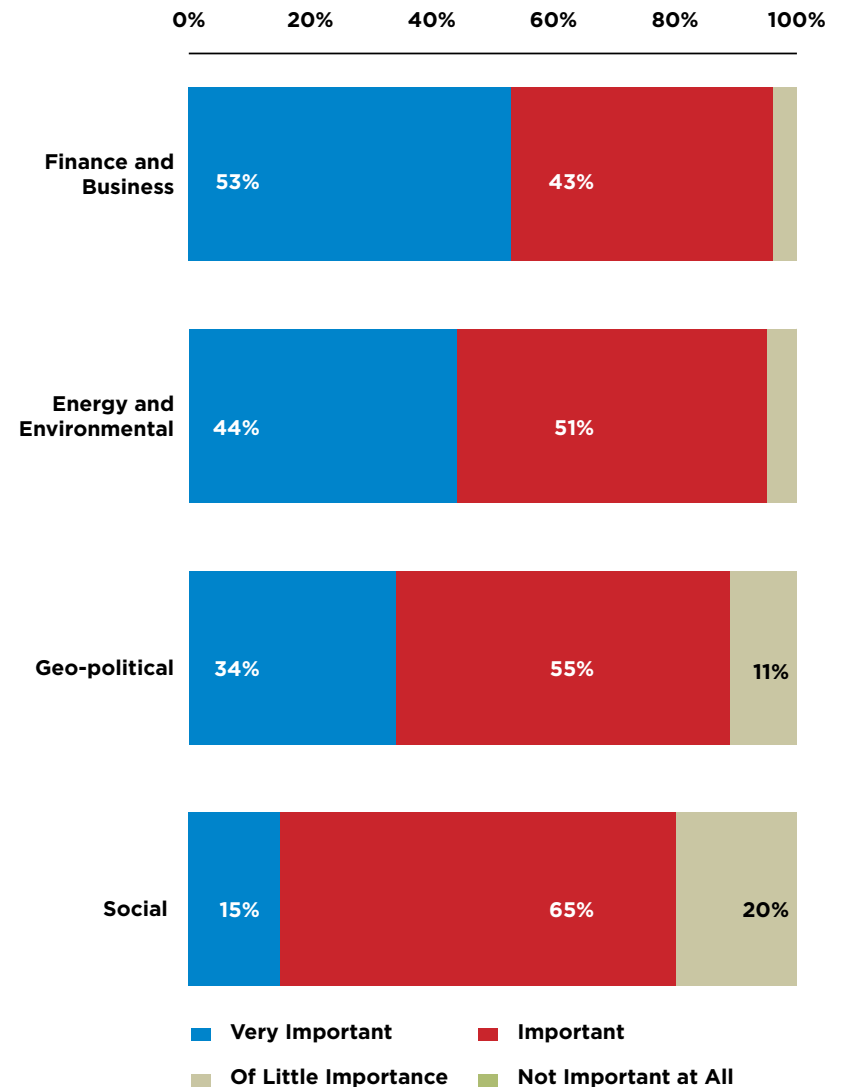
How Do You Feel About Overall Business Conditions In the Next 12 Months?



# Finance and business issues important for businesses in Asia, followed by energy and environmental concerns

- Finance and business issues were mentioned as the top concern for firms across Asia, with 53% of members rating it as very important for business in Asia. Finance and business issues were also ranked as the area with the most impact on members' own business by far, with 64% of members marking it as "very important".
- Specific issues include the volatile Chinese economy and capital markets, technological disruption that could transform the competitive landscape, and the ever-changing regulatory landscape.
- 36% of respondents cited a potential recession as the greatest economic challenge facing Asia, an increase from the 7% who held this view last year. Among members who were most concerned with a recession the primary worry was the market correction in China. Another common concern was a United States Federal Reserve rate hike.

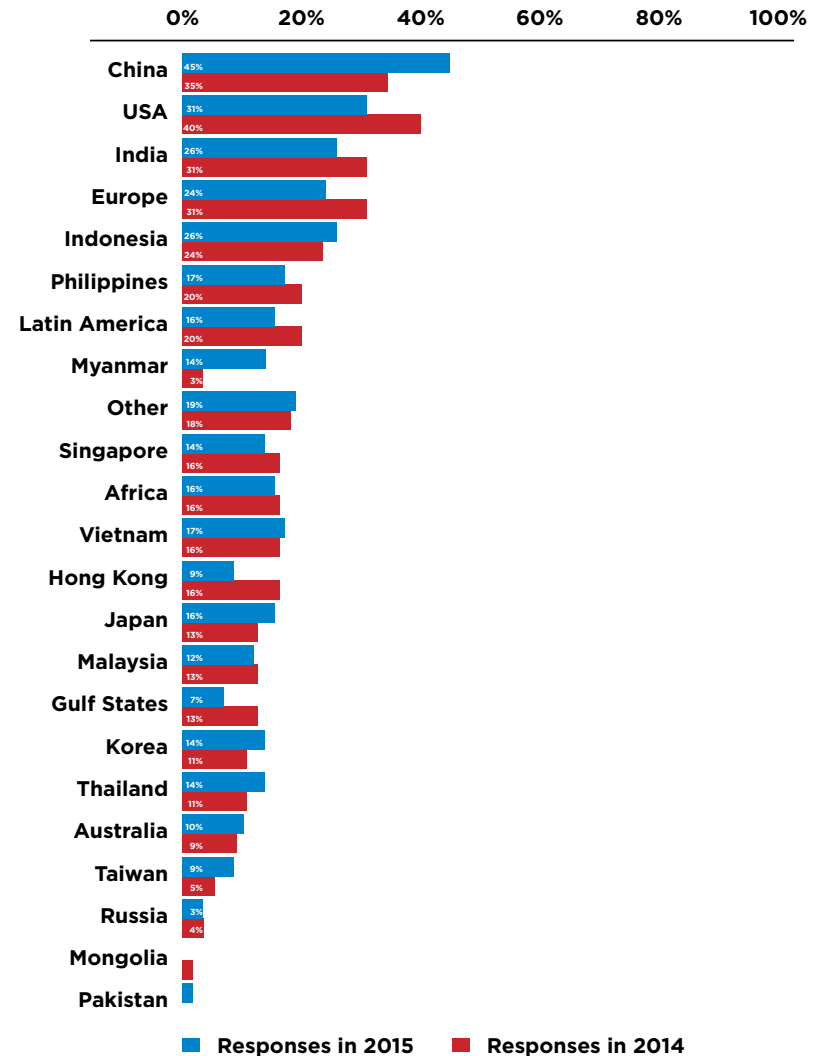
How Important Is This Issue For Business In Asia?



# China is top investment destination in 2015

- China has overtaken the United States as the most favored destination for investment in the past 12 months. Survey respondents were asked where they had invested in the past year and the results were compared with their responses given in the 2014 survey. 45% of respondents have invested in China, up from 35% the previous year.
- The United States came second, with 31% of respondents investing there in the past 12 months. The strong resurgence in Chinese investment despite the waning Chinese economy indicates respondents' faith in the long term growth of the country.
- In the next 1-3 years, 47% of members expressed interest in investing in China. Over the same period, 29% indicated plans to invest in the United States, a sharp fall from last year's survey, while 24% of members were looking to invest in each of the following locations - India, Europe, and the Philippines.
- 17% of respondents plan to increase their investments in Myanmar, reaffirming the country's growth momentum.

In What Countries Have You Invested or Increased Your Investment?



## Challenges in the external environment

- **A third of respondents (34%) saw geo-political issues as very important for business in Asia (47% in 2014), while 31% believe these issues have a great impact on their businesses.**
- **In terms of external challenges to growth in the region, many members had concerns about security issues and geopolitical turmoil. Specific issues cited include the Islamic State and tensions in the South China Sea. Members also cited the strategic implications of the Asian Infrastructure Investment Bank, China's relations with neighbors such as India and Russia, as well as the risk of political instability in China.**
- **In the West, sources of concern centered upon the uncertain outcome of the end of the U.S. Federal Reserve's quantitative easing program.**

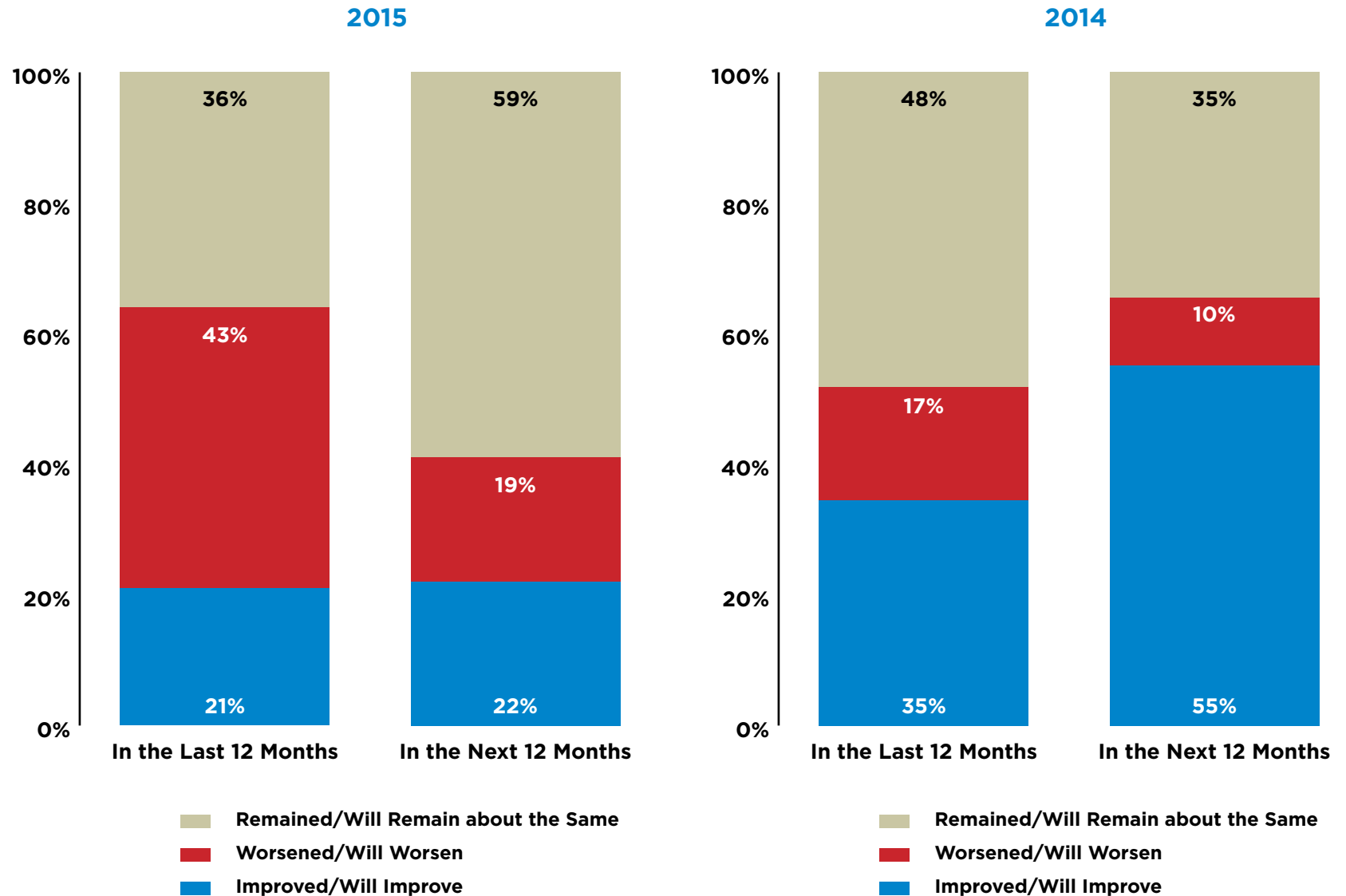
## Survey summary

- **Among Asia Business Council members who responded to the annual survey, only 22% believed that business conditions will improve over the next 12 months, a significant decrease from surveys in 2014 (55%) and 2013 (39%). This year the majority of respondents (59%) believed that conditions will remain about the same.**
- **Finance and business issues were the most important concerns facing the Asian economy, and also had the greatest impact on members' businesses individually. Mentioned specifically in members' comments were Chinese volatility, disruptive technologies, and a heightened focus on corporate governance and regulation.**
- **China has surpassed the United States as the most favored destination for investment in the in the next 1-3 years, followed by India, Europe, and the Philippines.**
- **The Islamic State and the escalation of tensions in the South China Sea were cited as pressing geo-political concerns.**

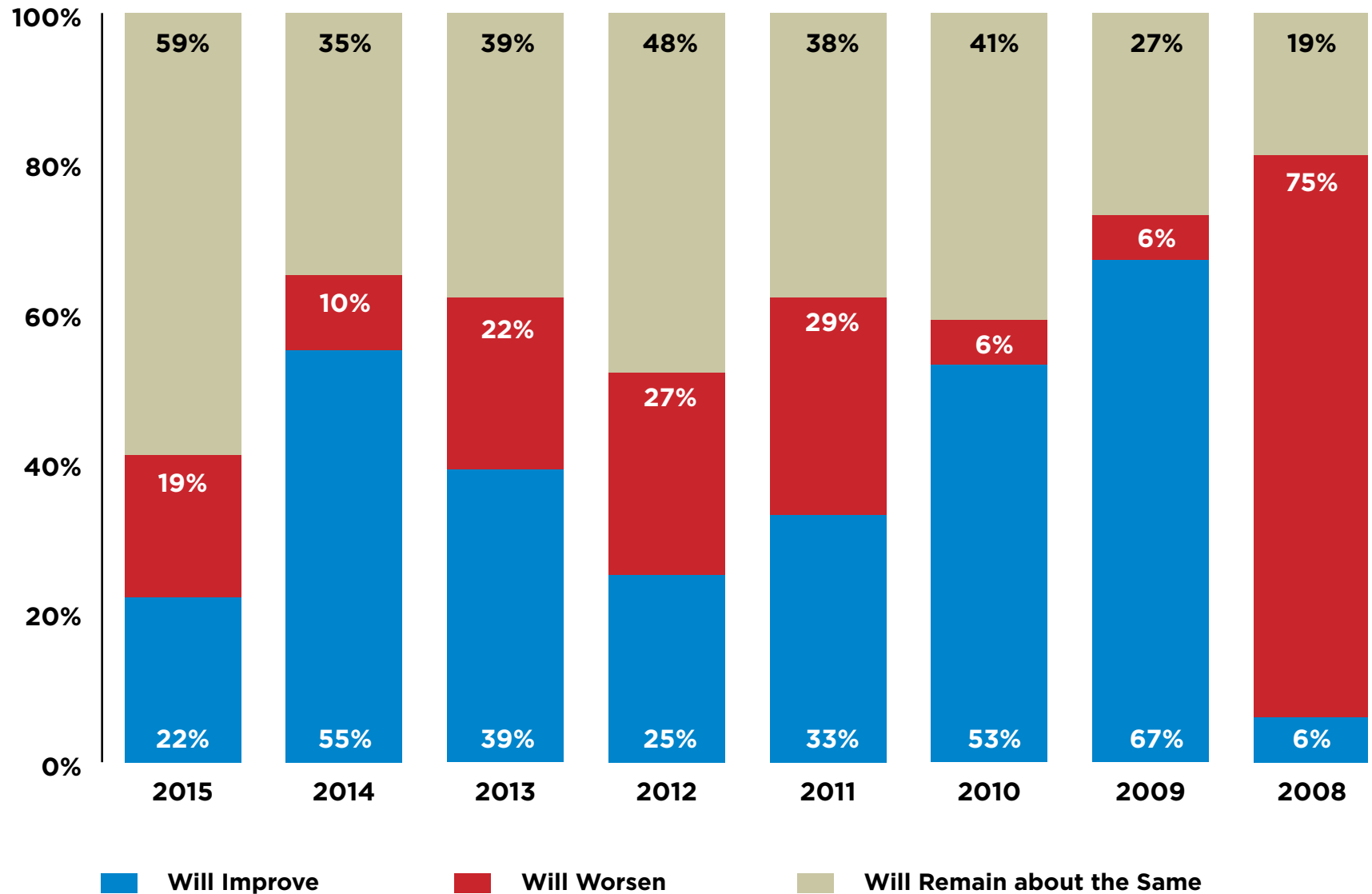


# Survey Data

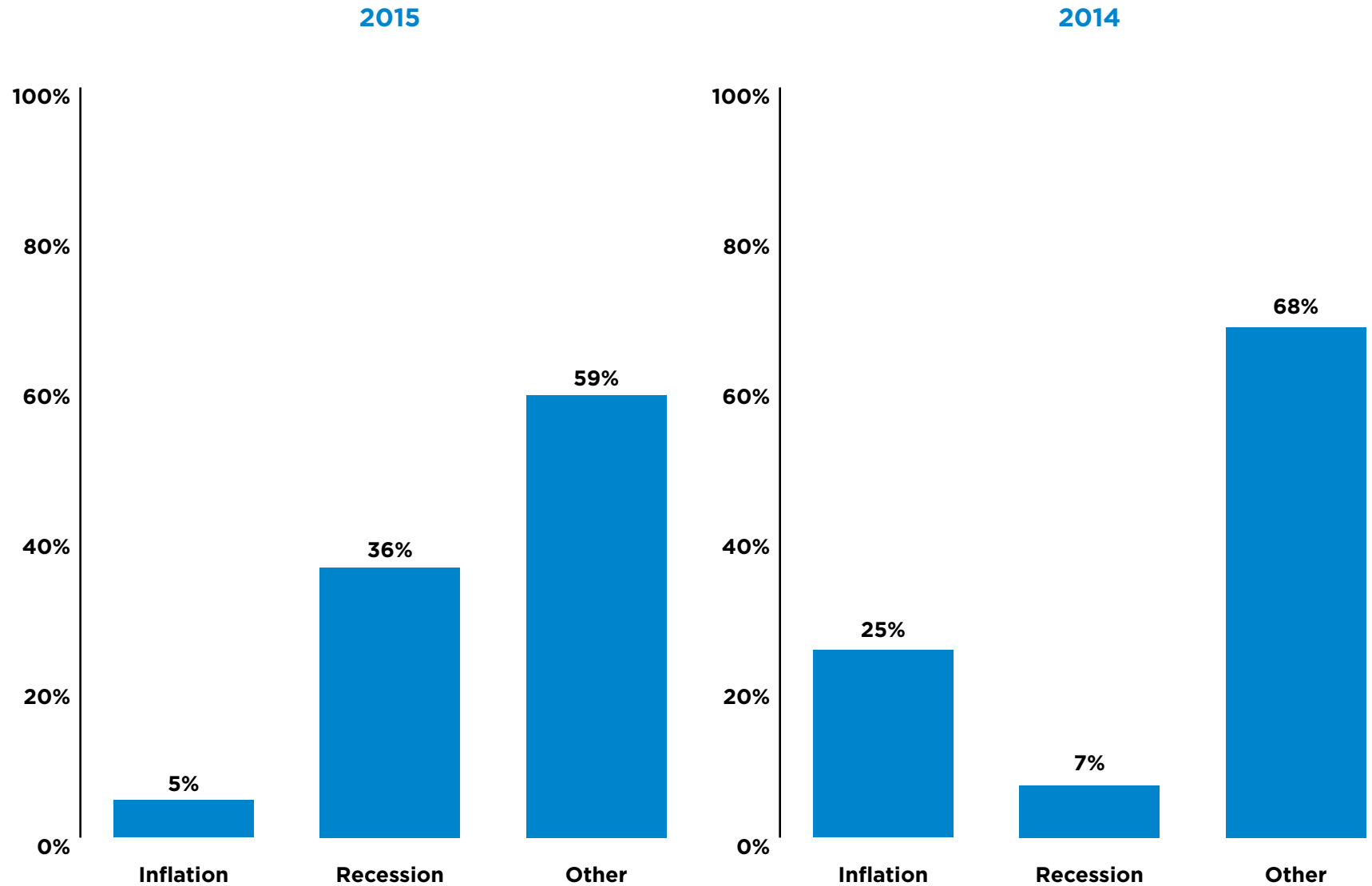
# How do you feel about overall business conditions? (2014-2015)



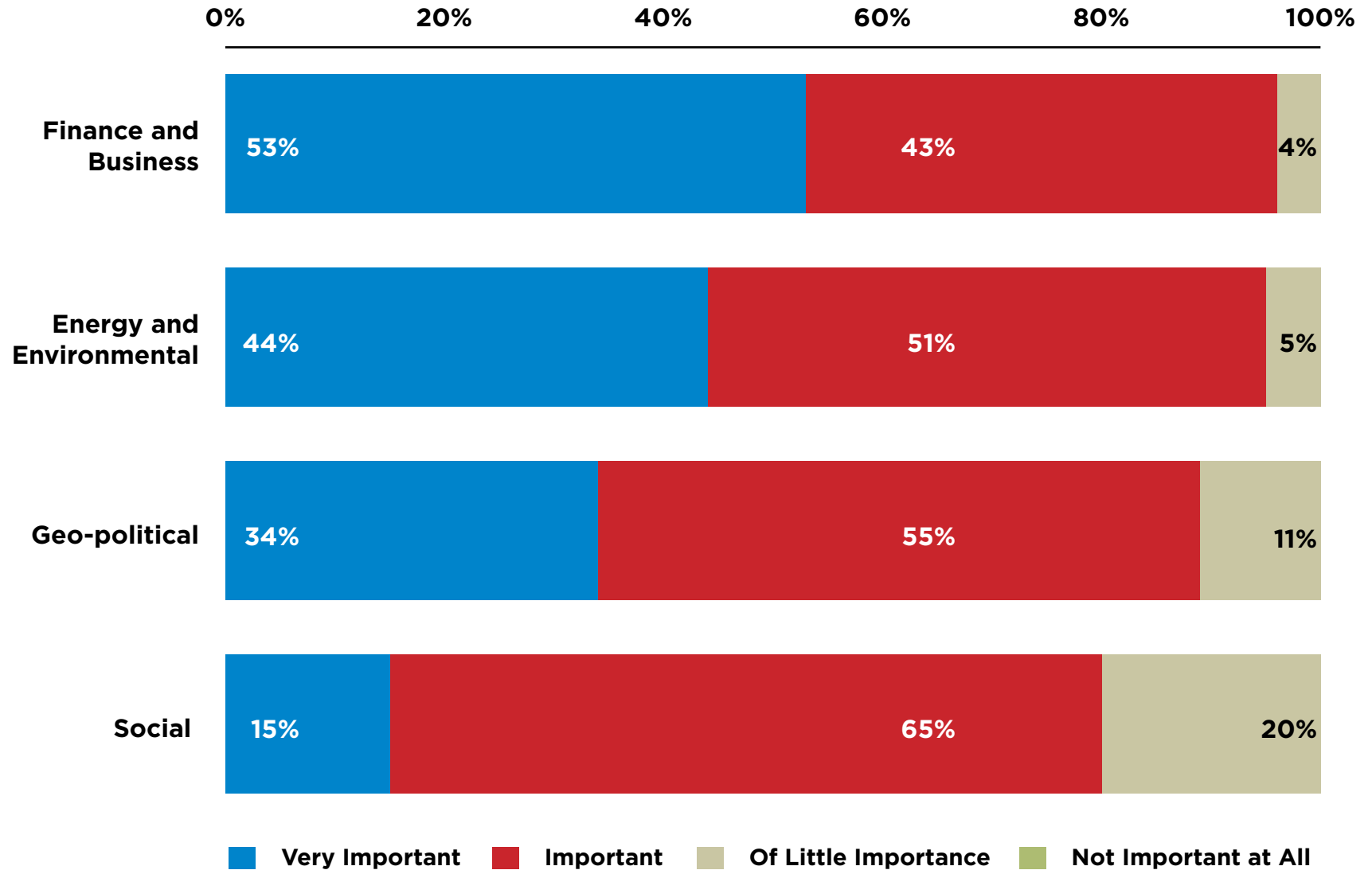
# How do you feel about overall business conditions in the next 12 months?



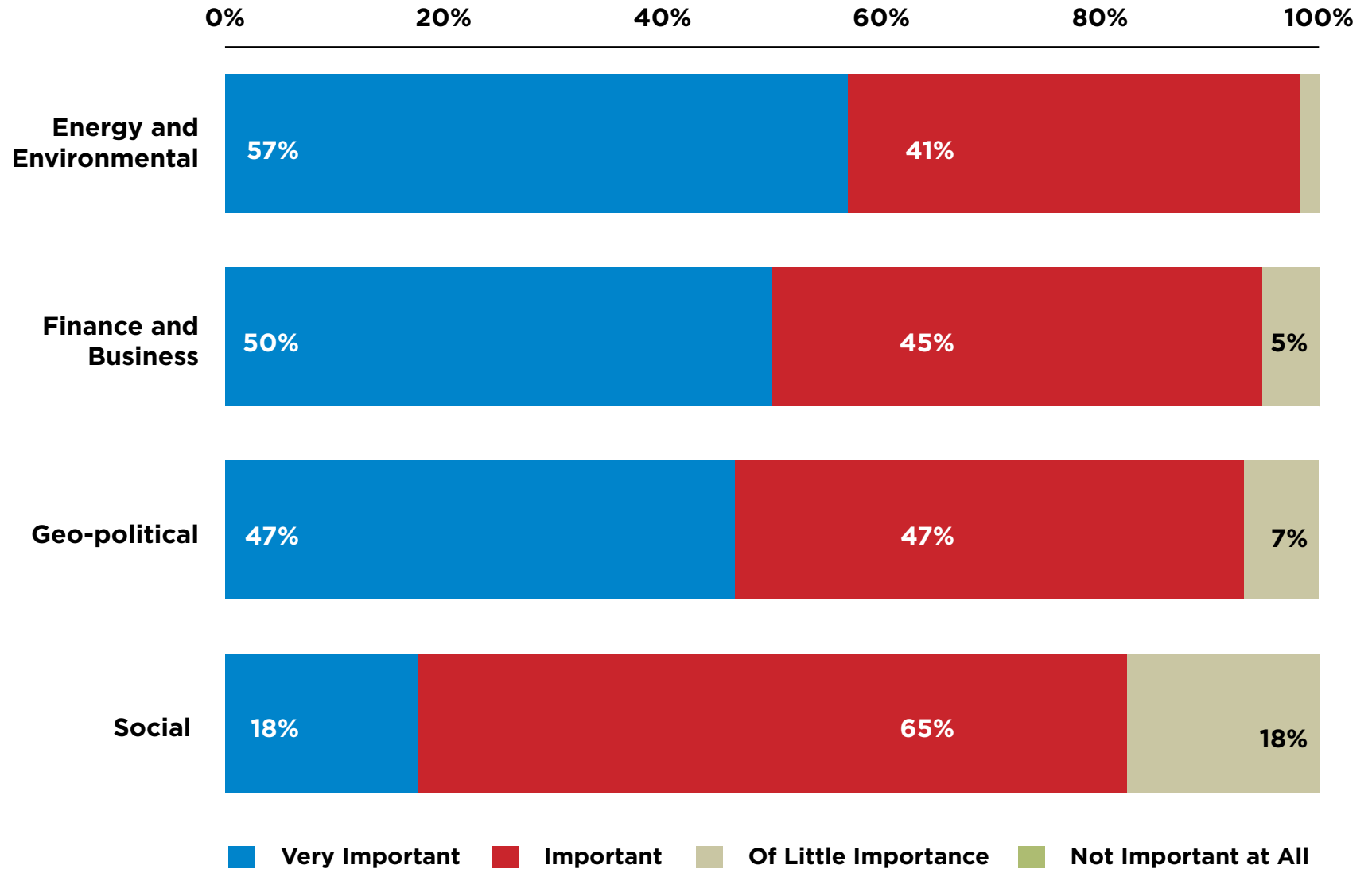
## Biggest economic problems (2014-2015)



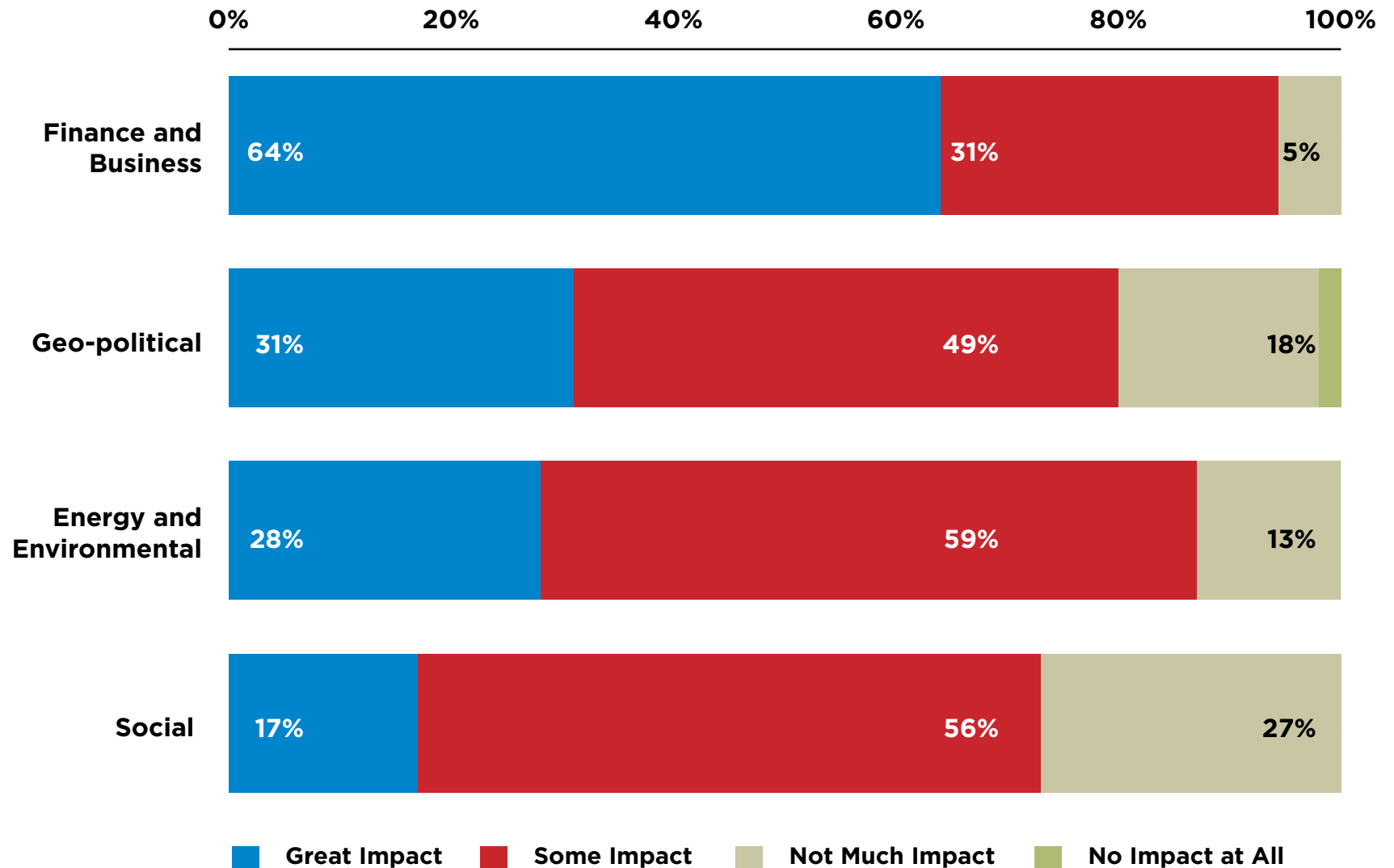
# How important is this issue for the Asian economy? (2015)



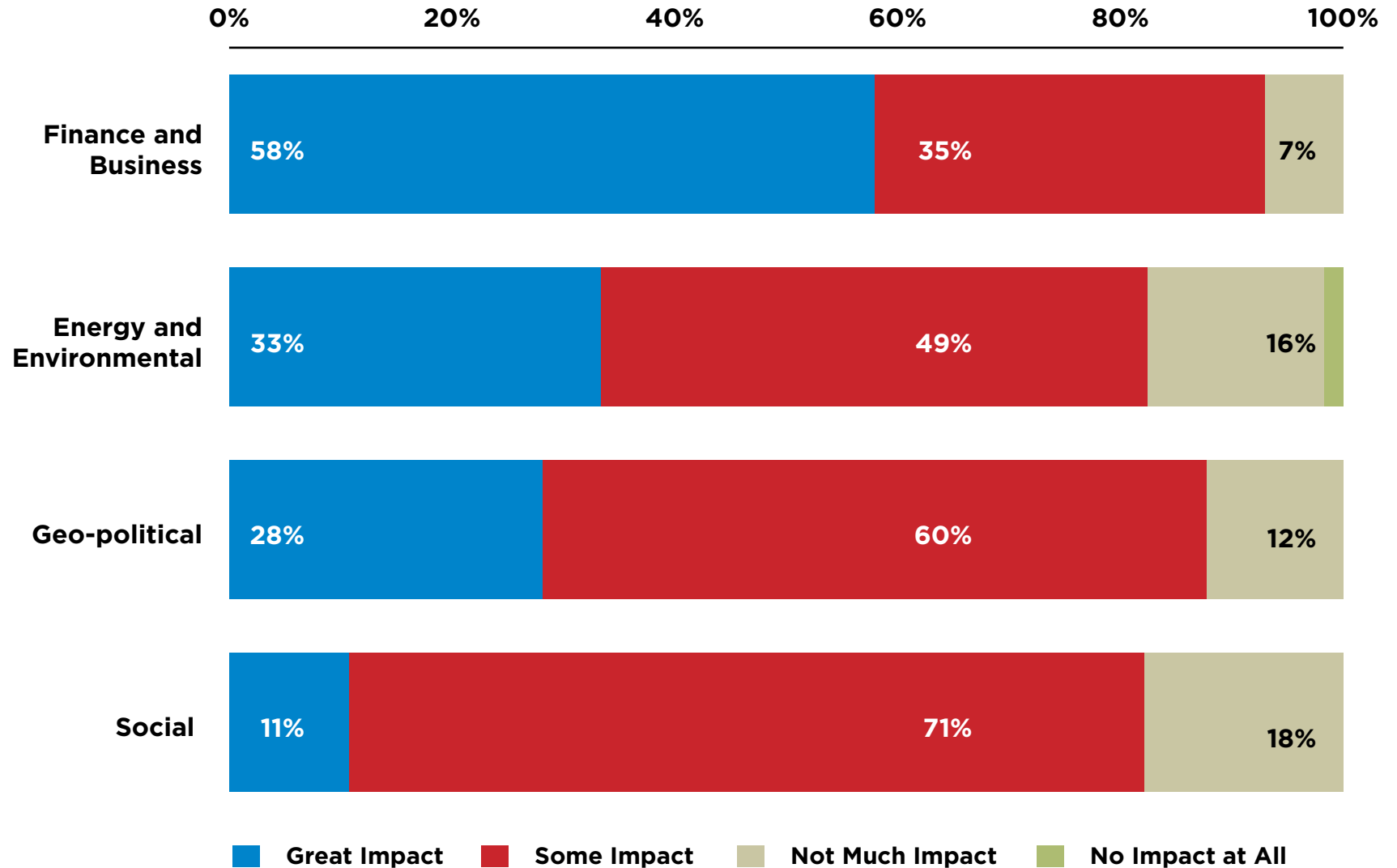
# How important is this issue for the Asian economy? (2014)



# How much does this issue affect your business? (2015)

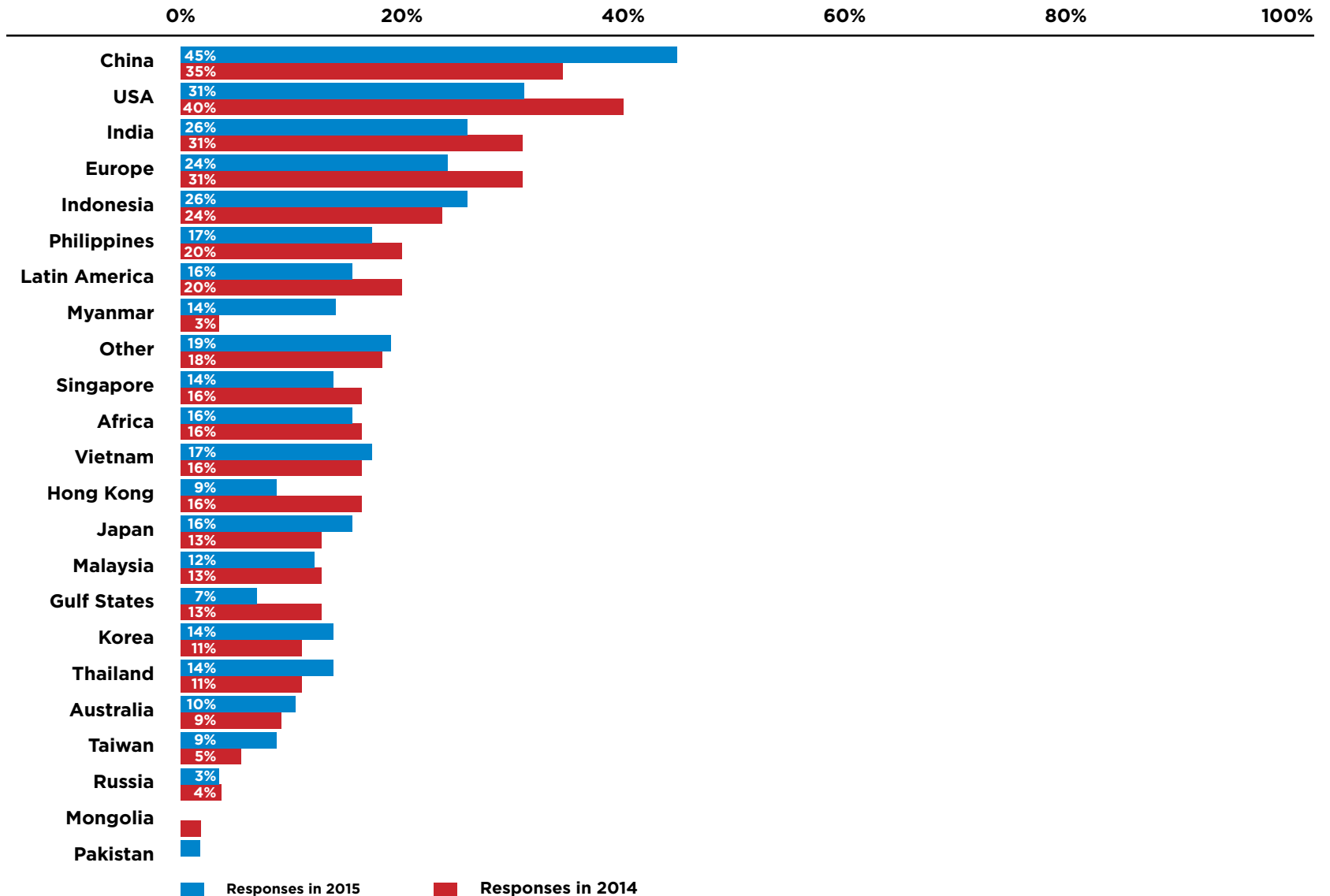


# How much does this issue affect your business? (2014)





# In what countries have you invested or increased your investment? (2015)



# In what countries have you invested or increased your investment? (2014)

