Delegate’s briefing pack & discussion agenda

8-9 June 2011
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Foreword

“Globalising Growth” is a most appropriate theme for this year’s Forum.
In today’s globalised world, economic, technological and natural disasters in one part of the world often have cascading and unforeseen repercussions for the rest of the world. One could therefore be forgiven for thinking of globalisation in negative terms.

However, I believe that the interconnected globe will bring opportunities, prosperity and understanding to the world. For example, the race for innovative products and services has spurred ideas, capital and talent to flow around the globe. The glass is half full, not half empty.

People, regulators, thinkers and those in business are increasingly reaching out to each other across borders in order to succeed. This idea of collaboration is essential, for the human race faces huge challenges to our sustainability. At the same time, we have within our grasp the ways and means for humanity to make a quantum leap in our development - if we collaborate. A necessary precondition for collaborations is understanding and mutual respect.

PwC Malaysia hopes you will find fresh perspectives to make “Globalising Growth” a reality in this year’s Delegate’s Briefing Pack.

Dato’ Seri Johan Raslan
Executive Chairman
PwC Malaysia
June 2011
Foreword

I have great pleasure in welcoming you to the 7th WIEF in Astana, the beautiful capital city of the Republic of Kazakhstan. This is the first time that this Forum is held in the Central Asian region, after our hugely successful Forums in Southeast Asia, South Asia and the Middle East.

As Chairman of the WIEF Foundation, I wish to convey my sincere thanks and gratitude to HE President Nursultan Nazarbayev, the Government and people of the Republic of Kazakhstan for hosting the 7th WIEF and for the generous hospitality and warm reception accorded to the invited Heads of State/Government, Role Players and participants of the Forum.

The WIEF Foundation is particularly pleased to hold the 7th WIEF in Kazakhstan, the biggest economy in the Central Asian Region. Blessed with huge deposits of oil and extractive minerals, political stability, investment-friendly policies and sound human capital, the Republic offers tremendous potentials for trade, investment and economic collaboration. I hope that such potentials could be seized by all participants attending the Forum.

The theme chosen for the 7th WIEF is “Globalising Growth – Connect, Compete, Collaborate”. We hope that this is appropriate in mobilising the initiatives, energy, vigor and efforts of all participants including Government and corporate leaders, academics, NGOs, the youth and business women to interact and collaborate, where possible, with the common aim of exchanging ideas to engage in business. Connectivity between peoples and nations is indeed crucial to assure success. In this regard I am confident that participants would find the platform provided by the Forum useful for such purpose.

This Delegates Briefing Pack stands as the main statistical reference for the ensuing discussions mooted during the 7th WIEF. We hope that with the rich body of information and statistics available participants would be able to enjoy a more fruitful and meaningful discussion during the forum. My sincere thanks go to those who have made this possible. Wishing you all the best for the 7th WIEF in Astana.

Tun Musa Hitam
Chairman
WIEF Foundation
# Programme*

7th World Islamic Economic Forum  
Globalising Growth: Connect, Compete, Collaborate  
8 - 9 June 2011, Astana, Kazakhstan

## 8 June 2011, Wednesday

**Venue: Palace of Independence, Astana, Kazakhstan**

<table>
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<th>Time</th>
<th>Event Description</th>
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| 8.00 am - 9.00 am | Registration  
Arrival of Delegates, Guests and VIPs                                      |
| 9.00 am - 12.00 pm | Opening Ceremony  
• Quran Recital  
• Speech by Hon. Tun Musa Hitam, Chairman, WIEF Foundation  
• Keynote Address and Official Opening of the 7th WIEF by H.E. Nursultan Nazarbayev, President of Kazakhstan  
• Special Addresses  
• Signing of Agreements                       |
| 12.00 pm – 1.30 pm | Lunch                                    |

*As at 13 May 2011*
PLENARY ONE: LEADERSHIP DIALOGUE
Entrepreneurship as a Vehicle of Growth: A Roadmap to Success

Entrepreneurship is a mindset or culture that emerges as a result of a combination of factors involving various stakeholders and institutions in society. Institutions such as the education system, civil society, labour, and the business sector play very crucial roles in creating the right ecosystem for entrepreneurship to flourish. It is therefore pivotal that government policies facilitate the empowerment of these institutions to nurture a culture of entrepreneurship amongst its people.

A sound ecosystem can help create generations of citizens who can come up with innovative ideas to create products and services that can uplift society’s socio-economic wellbeing.

• What is the main role of governments in creating this ecosystem?
• How can other stakeholders such as the private sector and civil society facilitate in this process?
• What role can a more vigorous business sector do in opening up new markets and venturing abroad?

SPECIAL PARALLEL SESSION: COUNTRIES IN FOCUS

A signature Forum for the WIEF where speakers would showcase the business and investment opportunities available in the selected countries and to promote collaboration across borders. Speakers will highlight the guidelines to doing business in the countries concerned, the incentives given, updates on specific projects, if any and other related issues of interest to investors and businessmen. The session will provide an excellent opportunity for participants to interact with policy makers and entrepreneurs from the respective countries.

PLENARY TWO

Islamic Banking and Finance in Emerging Markets: Seizing Opportunities, Overcoming Challenges

Islamic banking and finance is one of the fastest growing industries in the world. The fact that the Islamic financial services industry has been largely immune to the recent economic crisis had led to its greater growth in the future. This would encourage the Islamic banking industry players to explore the possibility of expanding their operations to new emerging economies to secure greater returns on their investment.

• What is the future outlook for these emerging economies?
• How can the industry capture growth potential of these emerging economies?
• What are the regulatory frameworks and the challenges that could be expected?

5.00 pm
Refreshments / Informal Networking
SESSION 3: Innovating SMEs: Driving Future Growth

In an era of globalisation, for any small or medium sized enterprise to grow and prosper it must have the competitive edge. The complex yet dynamic environment of global markets today presents new and exciting challenges to even the most experienced business leaders. To remain competitive in this climate a business needs to review its practices, innovate, increase productivity, seek new alliances and manage its resources more effectively.

• What are the opportunities and challenges that SMEs face in the present environment?
• How can SMEs cultivate and develop an innovative culture to stay ahead in today’s technology and knowledge driven global economy?
• What are the future global trends that may alter business competitiveness?
• What is the role of government in fostering creativity, innovation and productivity?

SESSION 4: Food Security: Balancing Trade and Social Needs

By 2050, the world’s population is projected to reach 9.1 billion. Together with the ensuing consumption growth, the global demand for food will increase for another 40 years. Growing competition for land, water, and energy as well as the over exploitation of resources, will affect our ability to produce food. The effects of climate change are a further threat. The world must produce more food and ensure that it is used more efficiently and equitably. A multifaceted and linked global strategy is needed to ensure sustainable and equitable food security.

• How can we forge a partnership between public and private sectors to promote and improve food security?
• What are the challenges, risks and possible drivers of future food crises?
• How can the private sector play a role in reducing the likelihood of future crises?
• What can be done to protect, conserve and enhance the natural resources required to support the required growth in the production of food?
• How do we guarantee that everyone has access to the food they need for an active and healthy life?

SESSION 5: World of Halal: Tapping the Potential of the Global Halal Ecosystem

The world Muslim population is approaching 1.6 billion people and expected to increase by 30% of the world’s population by 2025. The halal industry is one of the fastest growing industries, with growth rates exceeding traditional industry sectors. At present, there are huge gaps between the existing trade level of halal products and size of the market potential.

• How do we harness the investment and trade opportunities available in the global halal industry?
• What are the new research findings, emerging technologies, trends, issues and challenges in the global halal industry?
• Could emerging technologies help develop new products and improve the technology in halal food and non-food products processing?
• Has there been a change in consumer preference and awareness level, and what is their impact?

SESSION 6: Harvesting Alternative Energy: Cleaner, Greener, Safer

Energy harvesting has been around for centuries in the form of windmills, watermills and passive solar power systems. In recent decades, technologies such as wind turbines, hydro-electric generators and solar panels have turned harvesting into a small but growing contributor to the world’s energy needs. This technology offers two main advantages: virtually inexhaustible sources and little or no adverse environmental effects.

• What are the latest trends and current technologies being used today?
• Who are the leaders in renewable energy and who are the laggards?
• What is the market potential for renewable energy and what level of investment is required to help it reach its full potential?
• What is the role of government in promoting the application of these alternative energy? What supporting policy framework and direction does the renewable energy industry need from government?
• Can markets and policies deliver a clean revolution at a time when climate change science is coming under fire?
12.30pm – 2.00pm Lunch

2.00pm – 3.30 pm

PLENARY THREE: Islamic Banking and Finance: Raising the Bar

Despite a global financial setback that has jeopardised the integrity of the conventional banking system, the Islamic banking industry has not been expanding at a desirable rate. Islamic finance as a whole has not been able to capitalise on the credibility gap left by the conventional system of debt and inflation. This problem can be attributed to the restricted outreach of its market base and the lack of sound infrastructure crucial for it to grow to its maximum potential. But the current tide is in its favour. Now Islamic finance is a household name in many countries and has even made its way into different regions across Europe and North America, all competing to get a slice of the lucrative Muslim capital.

- What is the current state of the Islamic finance landscape in the aftermath of the global crisis? What are its growth strategies?
- How do we define its next stage of evolution?
- Are interpretations of Islamic finance principles real impediments to its growth?
- Is harmonisation possible in the varying regulatory frameworks governing Islamic banking? What are the practical steps towards this direction?

3.30 pm – 5.00 pm

PLENARY FOUR: GLOBAL CEO PANEL

Innovative Leadership: Capitalising on Complexity

Today, organisations are operating in a complex environment which is increasingly volatile and uncertain. Most successful organisations are using new approaches to tap new opportunities and overcome the many challenges to growth.

- How are CEOs responding to a competitive and complex business environment?
- What strategies do successful organisations employ to tap into new opportunities, and overcome the barriers to growth?
- Would value creation be important? What organisational capabilities do businesses need to acquire in order to capitalise on opportunities?
- What individual capabilities should a leader develop in order to be effective?

5.00 pm – 5.30 pm

CONCLUDING SESSION

- 7th WIEF Astana Statement read by H.E. Aset O. Issekeshev, Deputy Prime Minister of Kazakhstan and Chairman, National Organising Committee of the 7th WIEF
- Vote of thanks by Hon. Tun Musa Hitam, Chairman, WIEF

5.45 pm

END OF FORUM & REFRESHMENTS
Delegate’s Briefing Pack

This briefing pack was prepared by PwC for delegates of the 7th World Islamic Economic Forum 2011. The pack comprises charts for the programme’s main themes. It is also available online from www.wief.org.

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Special
Countries in focus
## Abbreviations

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<th>Abbreviation</th>
<th>Full term</th>
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<tr>
<td>AAIOFI</td>
<td>Accounting and Auditing Organization for Islamic Financial Institutions</td>
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<td>ADB</td>
<td>Asian Development Bank</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>BRIC</td>
<td>Brazil, Russia, India and China</td>
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<tr>
<td>CAGR</td>
<td>Compound annual growth rate</td>
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<tr>
<td>CEE</td>
<td>Central and Eastern Europe</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
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<tr>
<td>ERP</td>
<td>Enterprise resource planning</td>
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<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>E7</td>
<td>Emerging seven (Brazil, China, India, Indonesia, Mexico, Russia, Turkey)</td>
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<tr>
<td>FEZ</td>
<td>Free economic zones</td>
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<tr>
<td>FIEZ</td>
<td>Free industrial economic zones</td>
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<td>FTZ</td>
<td>Free trade zones</td>
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<tr>
<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<td>GDP</td>
<td>Gross domestic product</td>
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<tr>
<td>G7</td>
<td>Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom and United States of America)</td>
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<tr>
<td>HR</td>
<td>Human Resource</td>
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<tr>
<td>ICT</td>
<td>Information and communications technology</td>
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<tr>
<td>IFC</td>
<td>International Financial Corporation</td>
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<td>IFIS</td>
<td>Islamic Finance Information Service</td>
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<td>IHIA</td>
<td>International Halal Integrity Alliance</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>IT</td>
<td>Information technology</td>
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<tr>
<td>LCD</td>
<td>Liquid Crystal Display</td>
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<tr>
<td>M&amp;As</td>
<td>Mergers and acquisitions</td>
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<tr>
<td>MENA</td>
<td>Middle East and North America</td>
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<tr>
<td>MNC</td>
<td>Multinational corporation</td>
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<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<tr>
<td>OIC</td>
<td>Organisation of the Islamic Conference</td>
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<tr>
<td>PIPE</td>
<td>Private investment in public equity</td>
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<tr>
<td>PPP</td>
<td>Purchasing power parities</td>
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<tr>
<td>R&amp;D</td>
<td>Research and development</td>
</tr>
<tr>
<td>SEZ</td>
<td>Special economic zones</td>
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<tr>
<td>SME</td>
<td>Small medium enterprises</td>
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<tr>
<td>SWF</td>
<td>Sovereign wealth fund</td>
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<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNESCOAP</td>
<td>United Nations Economic and Social Commission for Asia and the Pacific</td>
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<tr>
<td>US</td>
<td>United States of America</td>
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<tr>
<td>WEF</td>
<td>World Economic Forum</td>
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<tr>
<td>WEO</td>
<td>World Economic Outlook</td>
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<tr>
<td>WIEF</td>
<td>World Islamic Economic Forum</td>
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## Glossary of terms

<table>
<thead>
<tr>
<th>Islamic term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Halal</td>
<td>Lawful; permitted by Shariah.</td>
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<tr>
<td>Ijarah</td>
<td>Lease financing. The purchase of the leased asset at the end of the rental period is optional.</td>
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<tr>
<td>Shariah</td>
<td>Islamic law; set of rules derived from both the holy Quran and the authentic traditions (sunnah) of the Prophet (PBUH) and the scholarly opinions (ijtihad) based on Quran and Sunnah.</td>
</tr>
<tr>
<td>Sukuk</td>
<td>Shariah-compliant financial certificates similar to bonds.</td>
</tr>
<tr>
<td>Takaful</td>
<td>A form of Islamic mutual insurance based on the principle of mutual assistance.</td>
</tr>
<tr>
<td>Wakalah</td>
<td>An agency contract where the investment account holder (principal) appoints an Islamic financial institution to carry out an investment on his behalf, either for or without a fee.</td>
</tr>
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GLOBAL PULSE CHECK

- **Economic landscape**
  - E7 to overtake G7
  - Future growth areas

- **Global risks**
  - Risk occurrence and impact
  - Talent shortage

- **Climate change**
  - Impact of climate change and natural disasters
  - Countries at risk
Globalising Growth: Connect, Compete, Collaborate

E7 economies poised to overtake G7 economies as early as 2017 (at PPP) or by 2032 (at MER) *

E7 to overtake G7

The global financial crisis accelerated the shift in economic power to emerging economies. E7 emerging economies are now poised to overtake the G7 economies before 2050. There is an inevitable process of the new world order replacing the old over the next four decades, though the precise overtaking dates are clearly subject to many uncertainties.

Source: PwC, “The World in 2050” (Jan 2011 Update); PwC, “Economic Views: Global” (Feb 2011)

Notes:
E7 – Brazil, China, India, Indonesia, Mexico, Russia, Turkey
G7 – Canada, France, Germany, Italy, Japan, UK, US
PPP – Purchasing power parity
MER – Market exchange rates

*Based on World Bank 2009 data and PwC model projections to 2050. GDP at MER does not correct for price differences across economies but may be more relevant for practical business purposes.
Future growth areas

Within today’s challenging environment, companies that look further afield for clients and can adapt to the changing needs of customers will be well positioned to prosper. CEOs are now very selective in choosing specific markets, rather than adopting a general approach. In CEO’s radar are emerging countries which present strong growth opportunities over the next few years.

Chart 2: CEOs targeting emerging markets to grow their operations

Source: PwC, “14th Annual Global CEO Survey” (Jan 2011)
Base: Respondents who reported operations in said region (168-672)
Note: Percentage of respondents who expect to grow their key operations in the region. For example, 92% of Western European CEOs expect growth in their Asian operations, while only 48% expect growth their operations in Europe.
Effective risk response is not only about proactively reducing the downsides associated with global risks; it is also about seizing the opportunities for innovation and growth that may arise.

### Global Risks

**Economic Risks**
1. Asset price collapse
2. Extreme commodity price volatility
3. Extreme consumer price volatility
4. Extreme energy price volatility
5. Fiscal crises
6. Global imbalances & currency volatility
7. Infrastructure fragility
8. Liquidity / credit crunch
9. Regulatory failures
10. Retrenchment from globalisation
11. Slowing Chinese economy (<6%)

**Environmental Risks**
1. Air pollution
2. Biodiversity loss
3. Climate change
4. Earthquakes & volcanic eruptions
5. Flooding
6. Ocean governance
7. Storms and cyclones

**Societal Risks**
1. Chronic diseases
2. Demographic challenges
3. Economic disparity
4. Food security
5. Infectious diseases
6. Migration
7. Water security

**Geopolitical Risks**
1. Corruption
2. Fragile states
3. Geopolitical conflict
4. Global governance failures
5. Illicit trade
6. Organised crime
7. Space security
8. Terrorism
9. Weapons of mass destruction

**Technological Risks**
1. Critical information infrastructure breakdown
2. Online data & information security
3. Threats from new technologies

The impact of the global financial crisis, increasing geopolitical tensions and heightened social concerns around the globe suggest that both governments and communities are challenged with the rapid spread of global risks through increasingly connected systems.

Source: WEF, "Global Risks 2011" (Jan 2011)
Talent now on top of the global CEO agenda. Two-thirds of CEOs foresee skills shortages over next 3 years.*

Talent shortage

Over the next two decades, a growing number of countries and regions are expected to experience shrinkage in their working-age manpower. These include the advanced OECD countries and some emerging countries like Japan, Western Europe, Eastern Europe, the Baltic and CIS countries and China.

In contrast, Muslim nations in the sub-Saharan and North African regions, Pakistan and Bangladesh are set to generate nearly half of the world’s growth in working age manpower.

With the growth of the Muslim talent pool, it is important for governments and businesses to ensure the availability of educational infrastructure in their countries.

Source: The American Enterprise Institute, "Working Paper Series On Development Policy, Number 5" (Feb 2011);
*As per PwC’s 14th Annual Global CEO Survey (Jan 2011)
Impact of climate change and natural disasters

Studies have predicted that exposure to cyclones and earthquakes in large cities may double from 680 million people in 2000 to 1.5 billion people by 2050.

Urbanisation and climate change are expected to skew the damage distribution of tropical cyclones and is likely to cause rare - but very powerful - tropical cyclones to become more common. These potential catastrophes are altering the disaster prevention landscape and it is important for governments and communities to prepare for disaster response.

Climate change and natural disasters

Countries at risk

East Asian countries covers half the earth’s surface area and is home to 59% of the world’s population. Since 1997, it has experienced over 70% of the world’s natural disasters. Climate change increases countries’ risks to natural disasters, from floods and storms to coastal degradations.

Amongst all six geographical regions in the world, the countries of East Asia and the Pacific have the highest annual estimated cost of adapting to climate change.

Countries at risk from climate change effects

<table>
<thead>
<tr>
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<th>Storm</th>
<th>Coastal 1m</th>
<th>Coastal 5m</th>
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<tbody>
<tr>
<td>Bangladesh*</td>
<td>Philippines</td>
<td>All low-lying island states</td>
<td>All low-lying island states</td>
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<tr>
<td>China</td>
<td>Bangladesh*</td>
<td>Vietnam</td>
<td>Netherlands</td>
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<td>India</td>
<td>Madagascar</td>
<td>Egypt*</td>
<td>Japan</td>
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<td>Cambodia</td>
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<td>Mozambique*</td>
<td>Moldova</td>
<td>Indonesia*</td>
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Note: Grey shade indicates countries in East Asia and Pacific while asterisk (*) indicates OIC member countries.
FUTURE STRATEGIES

- **Connect**
  - Future world elements
  - Global sourcing

- **Compete**
  - Leadership strategies
  - Innovation

- **Collaborate**
  - Strategic alliances
  - Shared agenda
Connect

- **Future world elements**
  - Look East, observe West
  - Interconnected global risks
- **Global sourcing**
  - Age of global sourcing
  - Next generation of talent supplies

The future world is more globalised and interconnected where international cooperation is commonplace – necessitated by the need to address global problems like climate change and assisted by technology.

**Look East, observe West**

In an increasingly interconnected globe, the key driving factors shaping our future world continue to shift with the axis of time.

Although the axis of economic power is fast shifting from West to East, it is important for CEOs to continue to observe the West in tandem with their look East policy.

![Key drivers shaping our future world view](chart7)

- **International agreement to prevent and/or mitigate climate change**
- **Prevalence of natural disasters are more common**
- **More political uncertainties**
- **Greater economic role for governments**
- **Increased influence and prominence of politicians**
- **Centre of economic and industrial power shifting East**
- **The West maintains cultural and knowledge leadership and is home to many of world’s largest MNCs**
- **More industry / sector specialisation / clusters**
- **Information shared more freely and quickly**
- **Increasing heterogeneous populations**
- **Growing importance of soft influencing power – brand, arts, sports and other non-military ways**
- **Accelerating adoption and development of ICT in the developing world**
- **Focus of innovation shifts towards renewable energy technology**

Source: PwC, “See the future: Top industry clusters in 2040 revealed” (Sept 2010)
Although globalisation has generated sustained economic growth for a generation, it has also shrunk and reshaped the world, making it far more interconnected and interdependent.

Interconnected global risks

Economic disparity and global governance failures, given their high degrees of impact and interconnectedness, have been identified as the two main culprits in the evolution of many other global risks.

Water security, food security and energy security are also chronic impediments to economic growth and social stability.

Source: WEF, “Global Risks 2011” (Jan 2011)
Age of global sourcing

Business opportunities surrounding global sourcing are significant. Going beyond strict cost reductions, global sourcing can also deliver strategic benefits.

The top four drivers of global sourcing are cost savings, access to qualified personnel, enhanced efficiency through business process redesign and competitive pressures. However, business risks and challenges go hand-in-hand with these potential rewards.

Chart 9: Global sourcing drivers and savings profile

Global talent mobility is gaining prominence and importance. Freer cross-border movement of people has allowed labour markets of different countries to be more closely integrated.

With many new employees hungry for global experiences, companies will consider delivering cross-border opportunities in new and varied ways.

Chart 10: Three eras of international assignments

Global mobility continues to grow in volume. Within the context of closely aligned international regulatory frameworks, the growth of cross-border acquisitions by sovereign wealth funds, lingering public investments in private business concerns, greater security cooperation between nations, and information technology that can identify and connect talent in an instant, global mobility becomes part of the new normal. Mobility of talent is fluid.
Compete

- Leadership strategies
  - Strategy and competition
  - Finding and winning talent
- Innovation
  - Industry clusters
  - CEOs new commitment

Strategy and competition

With the fast changing landscape, leaders cannot afford to ignore the risks of pursuing a global strategy and need to rethink their strategies in response to the changed economic landscape.

New strategic areas where adjustments can be made to each component of their strategy are outlined across five areas.

LEADERSHIP STRATEGIES

Three themes emerged in how CEOs were reorientating their strategies and operations to respond to the multi-speed global economic recovery.*

Chart 11: New strategic directions


Note*: Three themes emerged from PwC’s 14th Annual Global CEO Survey: innovation, talent and shared agenda (collaboration)
Finding and winning talent

Forward looking companies are now targeting key talent pools such as the Millennial generation, older workers and other sources of talent. They are also rethinking and restructuring the HR function to deliver the organisation’s growth ambitions; changing their reward strategy (more non-financial rewards) to improve employee engagement while responding to new demands from shareholders and regulators; and deploying more staff overseas to plug skills gaps and transfer knowledge.

Source: PwC, “14th Annual Global CEO Survey” (Jan 2011)
Base: All respondents (1,201)
Note: Percentage of CEOs who plan to change their people strategy in the next 12 months

<table>
<thead>
<tr>
<th>Strategy</th>
<th>No change</th>
<th>Some change</th>
<th>Significant change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use more non-financial rewards to motivate staff</td>
<td>34%</td>
<td>47%</td>
<td>19%</td>
</tr>
<tr>
<td>Deploy more staff to international assignments</td>
<td>39%</td>
<td>46%</td>
<td>19%</td>
</tr>
<tr>
<td>Work with government/education systems to improve skills in the talent pool</td>
<td>44%</td>
<td>41%</td>
<td>13%</td>
</tr>
<tr>
<td>Incentivise young workers differently than others</td>
<td>52%</td>
<td>34%</td>
<td>12%</td>
</tr>
<tr>
<td>Change policies to attract and retain more women</td>
<td>56%</td>
<td>32%</td>
<td>11%</td>
</tr>
<tr>
<td>Increasingly recruit and attempt to retain older workers</td>
<td>57%</td>
<td>32%</td>
<td>10%</td>
</tr>
<tr>
<td>Set compensation limits for executive talent</td>
<td>58%</td>
<td>22%</td>
<td>10%</td>
</tr>
<tr>
<td>Grow our contingent workforce faster than our full-time workforce</td>
<td>66%</td>
<td>26%</td>
<td>8%</td>
</tr>
<tr>
<td>Relocate operations because of talent availability</td>
<td>71%</td>
<td>26%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Geographically concentrated clusters can improve the competitiveness of the individual firms within the cluster, as well as stimulate economic growth region-wide.

Industry clusters

Creating a successful innovation economy in a large country involves efforts on many fronts defined in a logical sequence.

A country with limited human capital owing to poor education cannot simply jump into post-industrial, knowledge-centric innovation; it would first need at least a decade or two of investment in education.

There is one strategy, however, that can span the sequence of efforts: active, facilitated development of clusters and special economic zones. Clusters of companies in the same industry, which simultaneously compete and cooperate, play an important role in fostering the culture of innovation.

Source: PwC, “See the future: Top industry clusters in 2040 revealed” (Sept 2010); PwC, “Government’s many roles in fostering innovation” (Aug 2010)
CEOs new commitment

CEOs are placing a higher premium on innovation today. They now see that turning a geographic toehold into a growth stronghold requires innovation that is precisely tuned to the needs of customers, i.e. putting customers at the centre of innovation.

Source: PwC, “14th Annual Global CEO Survey” (Jan 2011)

Chart 14: CEOs have a new commitment to innovation

- Increased share in existing markets
- New product/service development
- New geographic markets
- Mergers and acquisitions
- New joint ventures and/or strategic alliances

Future success really hinges on companies ability to innovate and mobilise new technology.

Collaborate

- Strategic alliances
  - Innovative business alliances
  - Multilateral sukuk financing in infrastructure
- Shared agenda
  - Shared priorities
  - Mechanics and benefits of PPP
Innovative business alliances

Having options to choose from is welcome news for any company pursuing growth, especially during an economic recovery. While M&As may be the right course, other business structures may also prove beneficial. Whether entering a new market, launching a new product, or pursuing another type of transformation, companies today are more fully exploring collaborations as the vehicles for getting there.

Chart 15: Alternative deal structures to M&As and divestures

Companies of all sizes need to pursue innovative business alliances to accomplish their strategic goals.

Strategic Alliances

Multilateral sukuk financing in infrastructure

Globally, the significant growth in the Muslim population and their increasing appetite for infrastructure investment (mainly across Asia and MENA) has led to demand for shariah-compliant capital. These infrastructure projects are capital intensive and have attracted multilateral collaboration of global and local-based financiers in sukuk issuance.

Sukuk are among the best ways of financing large enterprises that are beyond the ability of a single party to finance.*

Example: The first multilateral lead arrangement of sukuk issuance by a non-Islamic organisation

World Bank’s Hilal Sukuk

A securitisation instrument issued by IFC (part of World Bank group) with the mandated lead arrangers (MLA) to refinance existing portfolio of Ijarah leasing projects in the health, education and infrastructure sector in the MENA region.

1/3 of total Islamic financing has been disbursed to infrastructure development projects (US$27 bln). Among them is the World Bank’s Hilal Sukuk issued by International Financial Corporation, to refinance infrastructure projects in the MENA region.

Source: IFIC, “IFC Hilal Sukuk – A long journey” (Feb 2010)

Note: Infrastructure sector includes energy, telecommunications, transport, water and sewerage and public works (dams, canal and drainage, etc).

Source: IFIS, Islamic Project and Infrastructure Database (Apr 2011)

Note* - Mufti Muhammad Taqi Usmani, President of the AAIOFI Shariah Council, “Sukuk and their contemporary applications” (Oct 2008)
Nearly three-quarters of global CEOs said they would actively support new government policies that promote ‘good growth’ that is economically, socially and environmentally sustainable.

Shared priorities

While CEOs focus on their own growth plans, many also see a common purpose with governments. Fostering a skilled labour force is just one area where CEOs see greater potential for deeper engagement with government bodies. Overall, CEOs think that it’s the government’s job to build and maintain transport links, power and telecoms grids and the water supply for competitiveness.

Chart 17: CEOs see shared commitments with government to achieve public outcomes

Source: PwC, “14th Annual Global CEO Survey” (Jan 2011)
Base: All respondents (1,201)
Note: CEOs were asked how much their companies plan to increase commitments to achieve these outcomes; and what should be the government’s priority. The plot shows percentages of CEOs who chose each of these areas. Multiple choices were allowed.

Nearly three-quarters of global CEOs said they would actively support new government policies that promote ‘good growth’ that is economically, socially and environmentally sustainable.

Mechanics and benefits of PPP

Public-private partnerships (PPP), when structured correctly, can produce win-win situations that benefit both the public sector and private sector. This is achieved through a combination of public-sector governance and private-sector capital and efficiency.

Benefits of PPP

• Reduce government spending
• Greater efficiency
• Leverage on technical and management expertise
• Spur technology transfer, quality improvements
• Reduce or better allocation of risks

Source: WEF & PwC, “Paving the way: Maximising the value of private finance in infrastructure” (Aug 2010); OECD, “Delivering social infrastructure through PPP” (Oct 2010)

There is no fixed way the public and private sector parties organise themselves and contribute to an opportunity, but there are some common principles.

Chart 18: How public and private parties can collaborate for infrastructure project and the benefits

Private parties

- Lenders
- Equity Shareholders
- Designers & Builders
- Operators

Public party

- Option 1
- Option 2
- Option 3
- Option 4

 Benefit

- Debt
- Special purpose vehicle
- Asset or enterprise
- Concession
- License
- Privatisation

SHARED AGENDA
EMERGING INDUSTRIES

- Halal market
  - Beyond Muslim markets
  - New halal clusters
- Islamic finance
  - Emerging interest in non-Muslim regions
  - Market potential
- Renewable energy
  - Energy [r]evolution
  - Who is winning the race?
Beyond Muslim markets

There is relatively large untapped potential for halal products and services with increasing acceptance and demand from developed countries, and also expected demand from both population and income of halal consumers (Muslims and non-Muslims).

Estimates of the global halal market size range from US$500 billion to US$2 trillion annually. The most promising halal markets are the Middle East, Southeast Asia, Western European countries and US.

The potential of halal products and services is not only limited to Muslim consumers but also gaining increasing acceptance among non-Muslims.

New halal clusters

The halal industry is one of the fastest growing industries across the world. As the new generation of Muslims are better educated and able to obtain a higher income level, many sectors are creating products and services to cater to this growing consumer demand. This has triggered demands in food and non-food consumer products, Islamic finance, and even logistics services.

The halal concept brings together Muslims across all cultures and ethnicities. It has the potential to be a conduit for greater harmony and acceptance across national and cultural boundaries.

New halal clusters Potential value for halal market* (US$)

<table>
<thead>
<tr>
<th>Halal components</th>
<th>Potential value for halal market* (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>177.0 bln</td>
</tr>
<tr>
<td>Pharmaceutical, cosmetics &amp; personal care</td>
<td>41.5 bln</td>
</tr>
<tr>
<td>Additives &amp; ingredients</td>
<td>30.0 bln</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>25.0 bln</td>
</tr>
<tr>
<td>Services</td>
<td>0.17 bln</td>
</tr>
<tr>
<td>Livestock</td>
<td>0.13 bln</td>
</tr>
<tr>
<td>Processed food &amp; beverages</td>
<td>177.0 bln</td>
</tr>
<tr>
<td>Over the counter</td>
<td>41.5 bln</td>
</tr>
<tr>
<td>Drug, vaccines etc</td>
<td>30.0 bln</td>
</tr>
<tr>
<td>Food products</td>
<td>25.0 bln</td>
</tr>
<tr>
<td>Non-food products</td>
<td>0.17 bln</td>
</tr>
<tr>
<td>Apparel</td>
<td>0.13 bln</td>
</tr>
<tr>
<td>Restaurant &amp; hotels</td>
<td>177.0 bln</td>
</tr>
<tr>
<td>Banking &amp; finance Logistics</td>
<td>41.5 bln</td>
</tr>
<tr>
<td>Logistics</td>
<td>30.0 bln</td>
</tr>
<tr>
<td>Standards, auditing &amp; certifications</td>
<td>25.0 bln</td>
</tr>
<tr>
<td>Research &amp; technology development</td>
<td>0.17 bln</td>
</tr>
</tbody>
</table>

* Based on 5% of global trade

Globalising Growth: Connect, Compete, Collaborate
Emerging interest in non-Muslim regions

Today, Islamic finance has become one of the fastest growing financial segments in the international financial system. From its initial development in Muslim populated regions, Islamic finance has drawn significant participation from non-Muslim economies.

Islamic finance is now internationally recognised and accepted as a competitive and robust form of financial intermediation by all communities.

Growing significance of Islamic banking across regions, beyond predominantly Muslim markets.

**Chart 21: Global presence of Islamic banking**

<table>
<thead>
<tr>
<th>Region</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>Made amendments to legal act to support Islamic finance</td>
</tr>
<tr>
<td>Japan</td>
<td>Passed law that allows Islamic banking</td>
</tr>
<tr>
<td>Singapore</td>
<td>Launched Islamic exchange-traded fund</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Aims to be Asia’s gateway for Islamic finance</td>
</tr>
<tr>
<td>North Africa</td>
<td>Introduction of Islamic windows by conventional banks</td>
</tr>
<tr>
<td>Qatar</td>
<td>Central bank introduced new regulations</td>
</tr>
<tr>
<td>Germany</td>
<td>First Islamic bank operating in 2010</td>
</tr>
<tr>
<td>France</td>
<td>Passed laws to support Islamic finance activity</td>
</tr>
<tr>
<td>Australia</td>
<td>Reviewing its taxation treatment of Islamic finance, banking and insurance products</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Aims to be the Islamic finance gateway to China</td>
</tr>
<tr>
<td>Germany</td>
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</tr>
<tr>
<td>Turkey</td>
<td>First sukuk offering from Kuveyt Turk Participation Bank</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>Made amendments to legal act to support Islamic finance</td>
</tr>
<tr>
<td>Pakistan</td>
<td>Introduced Islamic banks in conventional banks</td>
</tr>
<tr>
<td>North Africa</td>
<td>Exhibited the attractiveness of shariah-compliant products</td>
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<tr>
<td>Korea</td>
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</tr>
<tr>
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</tr>
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</table>
The Islamic finance industry has expanded rapidly.

**Market potential**

The global Islamic finance industry’s financial assets are estimated to exceed US$1 trillion with growth outlook set to expand by 20% over the next 5 years. Consensus forecasts expect the industry’s asset size to hit US$2 trillion in the next 3 to 5 years while forecasts for 2012 vary between US$1.2 trillion and US$1.6 trillion.

In asset terms, Islamic banking is the largest Islamic finance segment, followed by sukuk, Islamic asset management funds and takaful (insurance).

**Chart 22: Snapshot of current global position of Islamic finance industry**

- **Total shariah-compliant assets**
  - 2006: US$380 billion
  - 2007: US$500 billion
  - 2008: US$639 billion
  - 2009: US$822 billion
  - 2010: US$1,000 billion
  - 2011: US$1,205 billion
  - 2012: US$1,440 billion
  - 2013: US$1,720 billion
  - 2014: US$2,070 billion
  - 2015: US$2,480 billion (Forecast)

- **Forecast**: 20% CAGR asset growth over 2010 - 2015

**Share of global shariah-compliant assets, 2010**

- **By type**
  - 43% Islamic banking
  - 10% Sukuk
  - 4% Islamic Funds
  - 3% MENA
  - 1% Takaful
  - 5% Australia, Europe & America
  - 3% Other Asia

- **By country/regions**
  - GCC: 42%
  - Malaysia: 10%
  - MENA: 36%
  - Iran: 38%

Source: Maybank Islamic, “The future of Islamic finance” (Nov 2010)

Notes:

GCC – Gulf Cooperation Council
MENA – Middle East and North America
CAGR – Cumulative annual growth rate
Energy [r]evolution

The energy [r]evolution scenario demonstrates how by 2020 an impressive 38% of our electricity needs can be met by renewable energy. Established technologies such as wind and solar take the early lead, but rapidly emerging technologies such as farming solar thermal, geothermal and ocean energy, will all contribute to global’s 2020 energy mix.

Nature offers a variety of freely available options for producing energy.

**Chart 23: Renewable energy = energy security**

Global electricity generation today and in 2020 under the energy [r]evolution scenario

According to the Research Association for Solar Power, power is gushing from renewable energy sources at a rate of 2,850 times more energy than is needed in the world. In one day alone the sunlight which reaches the earth produces enough energy to satisfy the world’s current power requirements for eight years. Even though only a percentage of that potential is technically accessible, this is still enough to provide around six times more power than the world currently requires.
The clean energy race is on. Countries with clear, consistent and constructive clean energy policies are powering investments forward.

Who is winning the race?

The centre of gravity for clean energy investment is shifting from the West to the East. In 2010, although the European region was the leading recipient of clean energy finance, attracting a total of US$94.4 billion, China has increased its clean energy investment by 39% to a world record of US$54.4 billion.

Source: Pew, “Who’s winning the clean energy race?” (Mar 2011)
COUNTRIES IN FOCUS

- Facts and figures
  - Socio-demographics and economic overviews
- Growth sectors and promoted economic zones
  - Kazakhstan
  - Kyrgyzstan
  - Tajikistan
  - Turkmenistan
  - Uzbekistan
Socio-demographics and economic overviews

Central Asia's advantages from strategic central location to high literacy rates and vast natural resources, coupled with growing foreign direct investment and enhanced productivity, have led to above average growth over the past 10 years.

To raise its competitiveness, Central Asia must work towards further gains in productivity.

Kazakhstan

Being an oil dependent country, Kazakhstan's Government is encouraging growth in other sectors such as food, oil and gas, tourism, textile, metallurgical, transport and logistic services and construction materials, in its effort to diversify its economy.
Kyrgyzstan is rich in mineral resources such as gold and other precious metals. The country also produces large quantities of hydropower generated from its water resources and mountainous terrain.

Kyrgyzstan

Chart 27: Government targeted growth sectors and economic zones in Kyrgyzstan

- Aircraft manufacturing
- Manufacturing
  - Mineral water
  - Tea
- Construction material
- Tourism development
- Karakol production


Notes:
- SEZ – Special Economic Zone
- *No publicly available information

Tajikistan

Tajikistan’s industry is represented by a large aluminium plant, hydropower facilities, and a few light industry and food processing factories. Its primary industrial output and export items are aluminium and textiles.

Tajikistan

Chart 28: Government targeted growth sectors and free trade zones in Tajikistan

- Textile & apparel industry
- Construction & industrial products
- Pharmaceutical
- Others
- Scientific & technical survey
- Innovation activity
- Nanotechnology
- Biotechnology
- Logistics services
- Manufacturing of agricultural products
- Furniture production
- Automobile assembling
- Industrial manufacturing

Source: PwC, “Doing Business Guide in Tajikistan 2010-2011” (Feb 2011); Invest Tajikistan website

Notes:
- FTZ – Free Trade Zone
- FEZ – Free Economic Zone
Turkmenistan’s economy depends on production of natural gas, oil, petrochemicals, cotton and textiles. The country is the second largest gas producer in the former Soviet Union.

Turkmenistan Chart 29: Government targeted growth sectors and free trade zones in Turkmenistan

- Petrochemical industry
- Fishing industry
- Tourism development
- Agro-industrial processing
- Construction
- Recreation
- Traditional crafts
- Agricultural processing
- Construction
- Energy-consuming industry
- Manufacturing of consumption goods
- Production & processing agricultural products
- Labour-consuming industrial products
- Energy-consuming products
- Manufacture of consumption goods

Notes:
FTZ – Free Trade Zone
FIEZ – Free Industrial Economic Zone


Uzbekistan Chart 30: Government targeted growth sectors and free industrial economic zone in Uzbekistan

Uzbekistan is now the world’s sixth-largest producer and the world’s third-largest exporter of cotton and the ninth world major producer of gold. It is also a significant producer of natural gas, coal, copper, oil, silver and uranium.

- Manufacturing industry
- Electro technical products
- Telecommunication equipment
- Machinery & component
- Pharmaceuticals & medical goods
- Food processing & packaging
- Plastics goods & polymers

Note: FIEZ – Free Industrial Economic Zone
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7th World Islamic Economic Forum, Delegate's Briefing Pack

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