

A dark blue world map is centered in the background of the slide, showing the outlines of continents in a lighter shade of blue.

Outlook on Asia Economy

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The development of Asian economy is confronted with a complicated International environment

Overall environment that Asia countries are facing is complicated, uncertain with many changeable impacts.

- **Downgrade of US Treasury and sovereign debt crisis in EU result in severe volatility in global financial markets.**
- **Real economies in US and EU remain sluggish and the journey to recovery could be rough and choppy.**
- **BRICs will proceed with relatively higher growth and emerging markets will play a more important role in global arena.**
- **Economy volatilities will be periodic and policy adjustments frequent.**

Opportunities and Challenges exist together

In 1H, Asia growth was hampered by many factors

Natural Disaster like Earthquake and Tsunami in Japan

Shrinking Import Demand from US and Europe

Tightening policies that China and India adopted to tackle inflation

Negative impacts of these factors has faded: Reconstruction in Japan and suspension in China's tightening.

Drivers to growth in China and India are solid and robust

ASEAN performance may exceed expectations with healthy vitality and low inflation

Outlook on China's Future

Remarkable achievements in the last 30 years

- Average GDP Growth at a rate of 9.8%
- The world's second largest economy by GDP
- GDP per capita rose from RMB 381 to RMB23,000
- Foreign reserves reached \$3.2 trillion
- 240 million people relieved from poverty

Outlook on China's Future

Challenges Ahead

- Population Aging
 - Results in labor force shortage, labor cost hike, which cripples China's dependence on high capital and labor investment to create growth
- Resources and Environment Constrain
 - Resources per capita is relatively low; energy consumption is large; average energy usage is high. Efforts to improve ecological environment have not brought about fundamental change.
- Imbalance in Economic Structure
 - Growth mainly relies on investment and export and domestic demand stalls.
 - Tertiary Industry is underdeveloped. Energy-intensive and pollution-heavy industries contribute most, a disadvantage in global division of labor.

Outlook on China's Future

Favorable Factors

☞ High Savings

helps to boost investment and manage the uncertainties during economic takeoff period.

☞ Urbanization and Industrialization

Urbanization will be a powerful and lasting engine to drive domestic consumption and investment with an annual growth rate of 65bps.

Industrialization will integrate with information-based and new technology, optimizing industry structure.

☞ Globalization

China is an active participator and promoter, as well as a stakeholder.

Outlook on China's Future

- Economy growth slows down gradually but remains the leading.

Growth is forecasted to be 7.9% to 2015 and 7% during 2016 to 2020.

- Quality and Returns of growth turns better

Significant advance in economic structural adjustments.

Noteworthy outcome in energy saving and emission control; energy consumption per unit of GDP decreases by 16%.

- More balanced and harmonious development

Consumption and investment interacts complimentary. Balance of payment improves. Income gap narrows down.



Thank You!