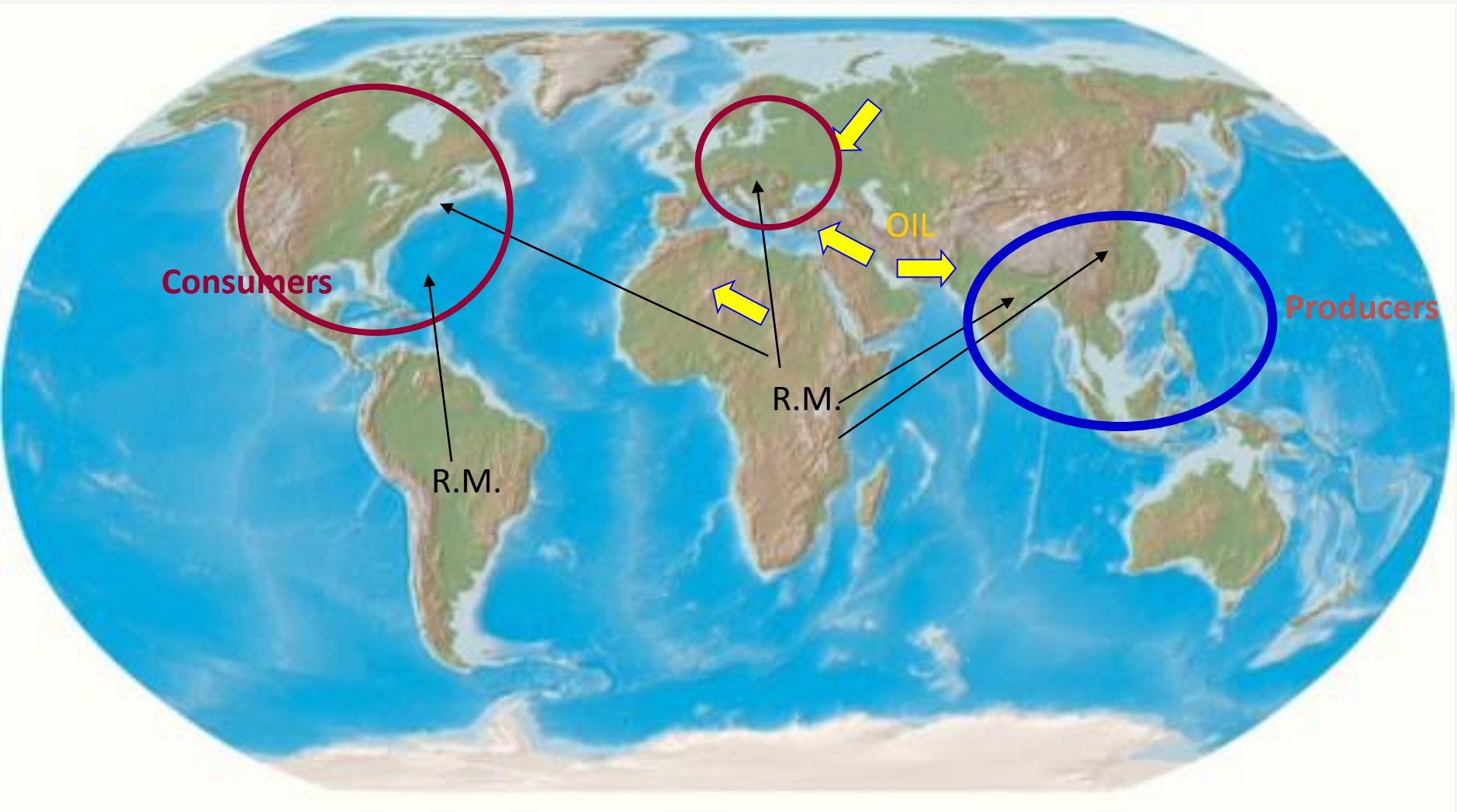


Crises or Opportunities: On Search of New Business Model

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The world before 2007



US Budget Deficits: New President with heavy legacy



1999
+\$236 bn

2009
-\$1,845bn

2010
-\$1.379bn

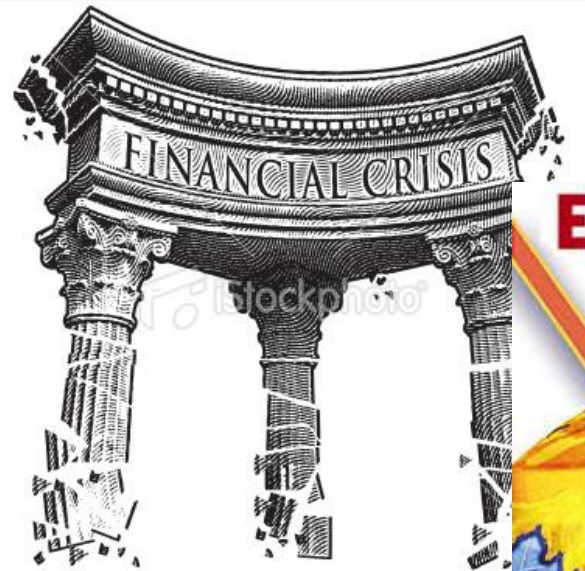
It was once said ...



President Regan:

**“The deficit is big enough to
take care of itself...”**

The crisis



Social Crisis

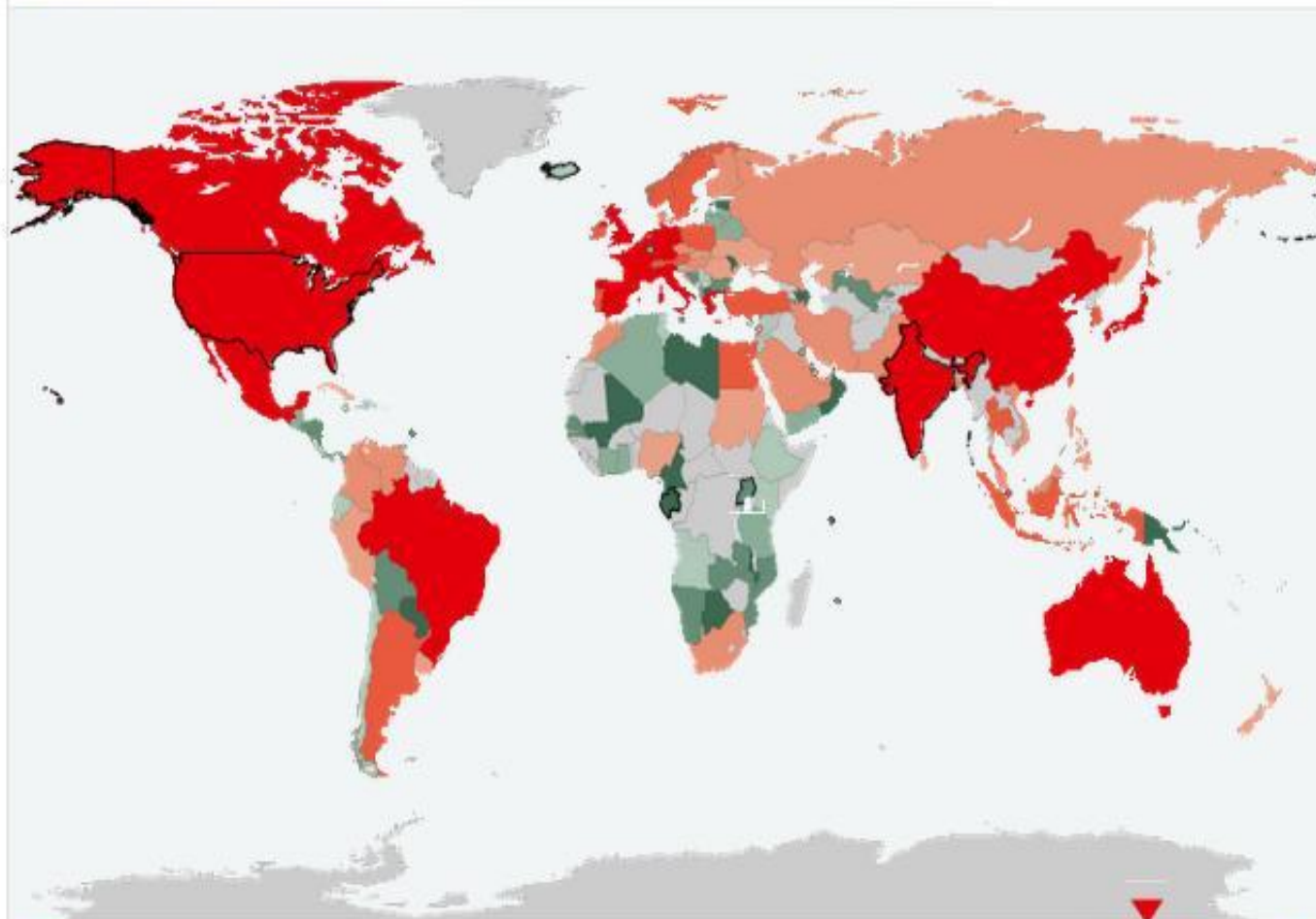


\$ 048,812,475,847,251

CURRENT GLOBAL PUBLIC DEBT

Total public debt

Higher debt Lower debt



COMPARE COUNTRY DEBT

Greece

Public debt: \$422,960,109,290
Public debt per person: \$37,431.04
Population: 11,293,825
Public debt as % of GDP: 159.2%
Total annual debt change: -7.2%

Close

Germany

Public debt: \$2,795,346,994,536
Public debt per person: \$34,227.78
Population: 81,690,737
Public debt as % of GDP: 82.5%
Total annual debt change: 0.3%

Close

Choose a country...

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

Who is Having the Money ?

Sovereign Funds



Abu Dhabi Investment
Authority \$627bn



Government Pension Fund
\$611bn



SAFE Investment company
\$567.9bn



SAMA Holding
\$532.8bn



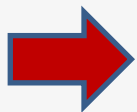
China Investment Corp
\$439.6 bn



Kuwait Investment
Authority \$296bn

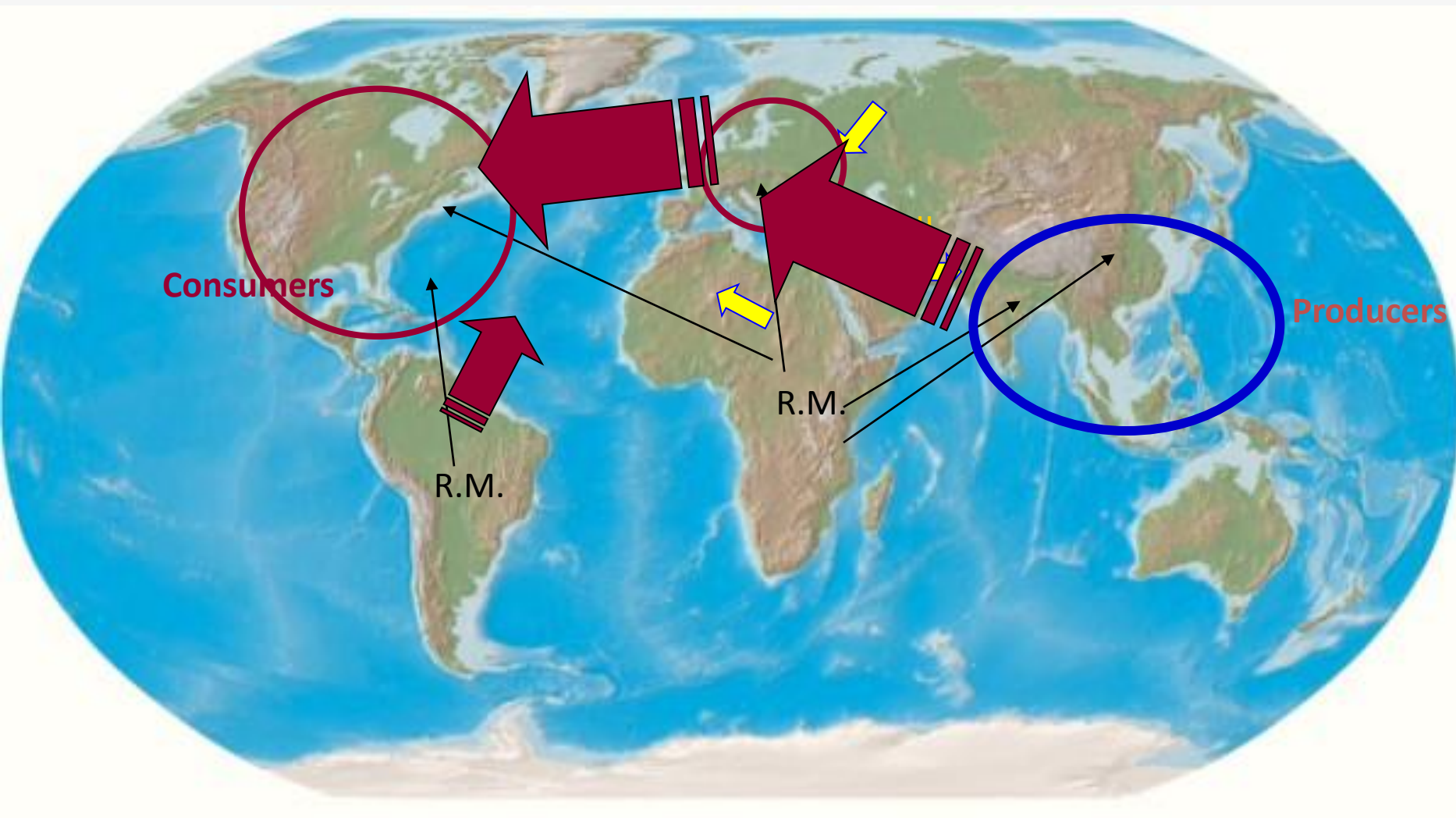


Hong Kong Monetary
Authority
\$293.3bn



Capital flow

The world after 2007



Change in GDP from 2007 to 2010

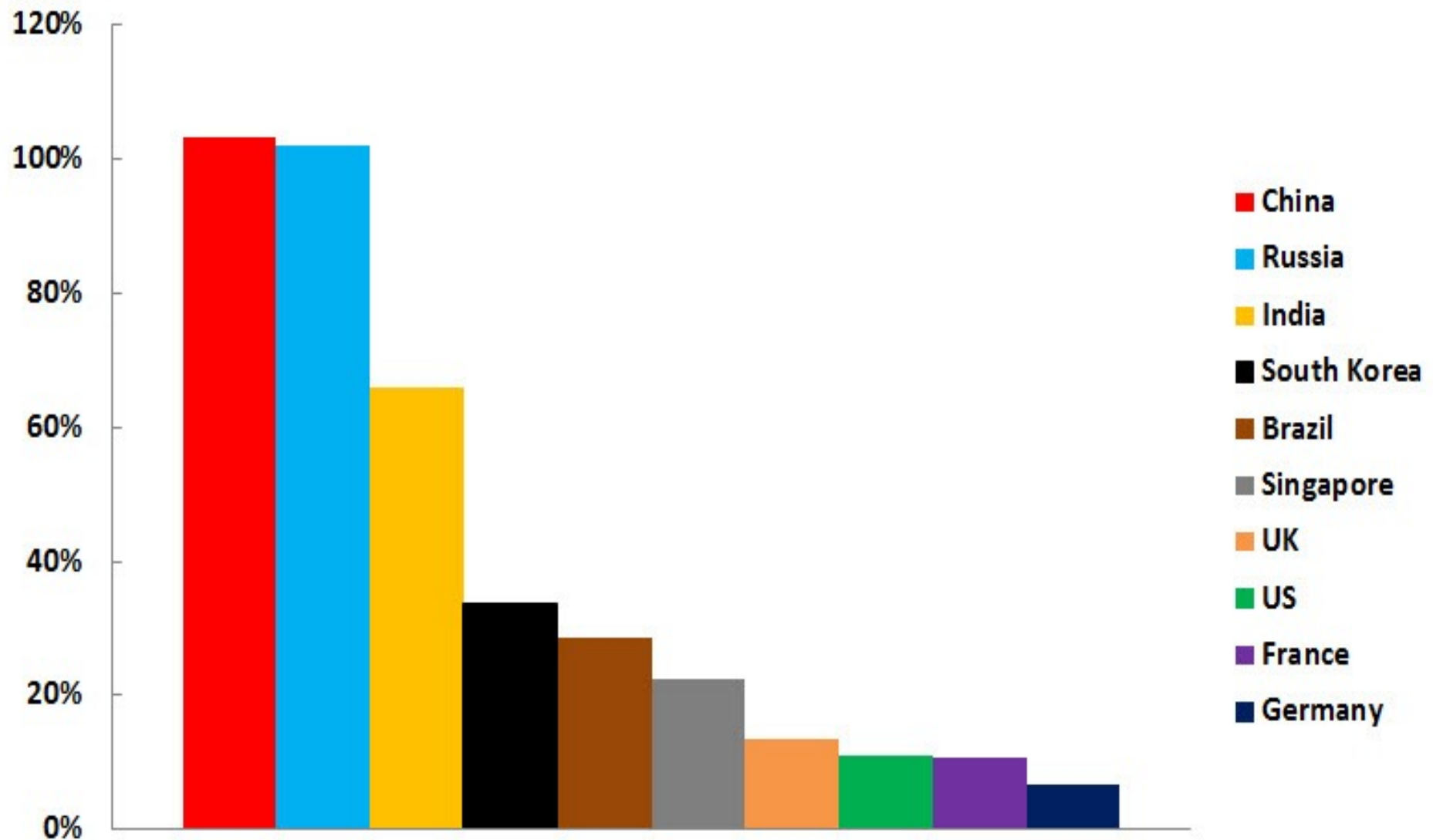
Change in GDP 2007-2010 - Current Prices & Current Exchange Rates

	Change - \$ billion	% of world increase
China	2,436	33.4%
Latin America & Caribbean	1,256	17.3%
Japan	1,081	14.9%
US	592	8.1%
South Asia	576	7.9%
Developing East Asia & Pacific exc. China	506	7.0%
Middle East & North Africa	445	6.1%
Developing Europe and Central Asia	328	4.5%
Sub-Saharan Africa	209	2.9%
Developed Europe	-668	-9.2%
BRIC	3,819	52.5%
All developing economies	5,716	78.6%
All developed economies	1,558	21.4%

Source: Calculated from World Bank World Development Indicators

% Increase in Total Consumption Per Capita

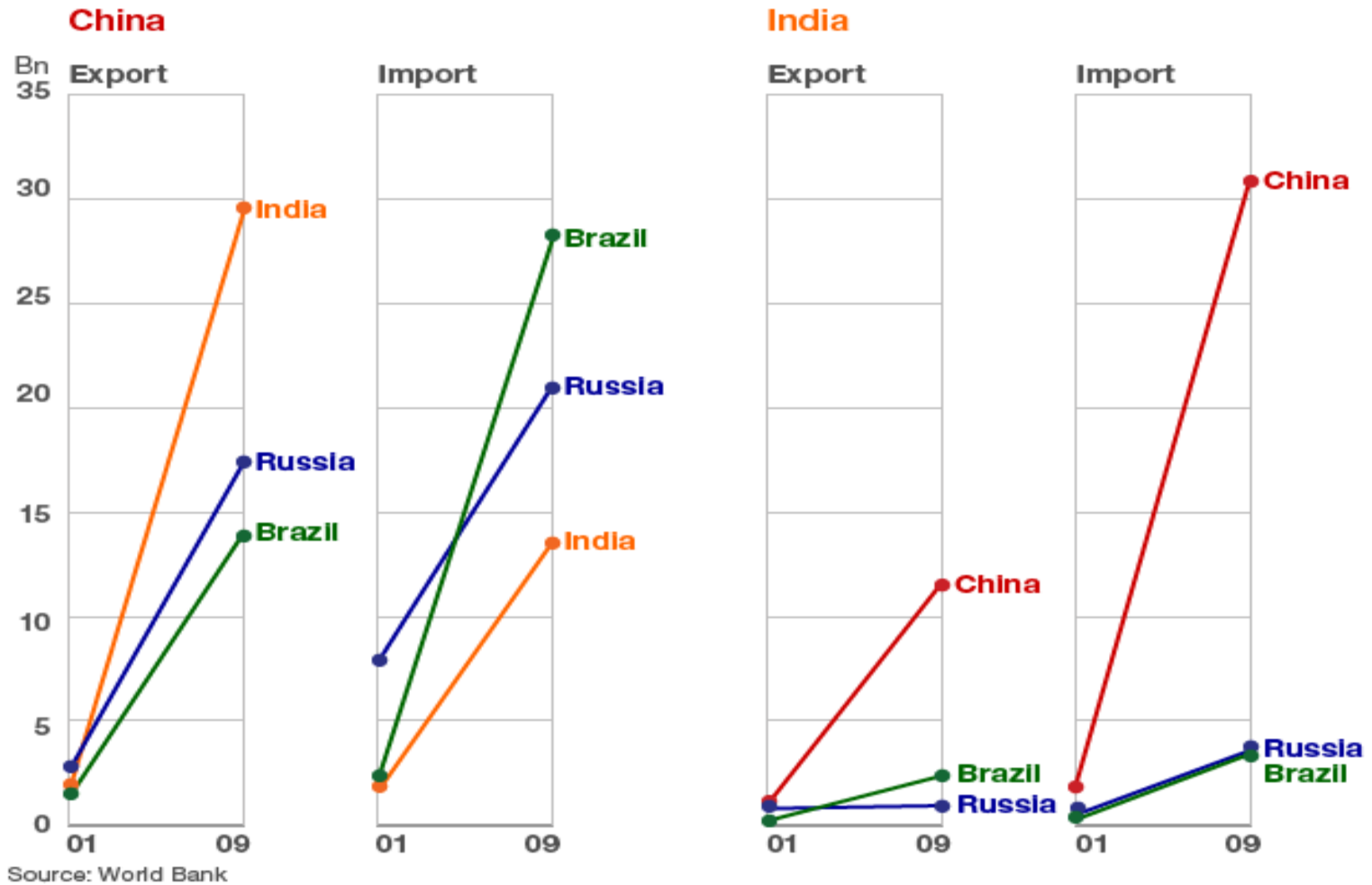
2000-2010, \$ US - constant prices of 2000



Source: Calculated from World Bank World Development Indicators

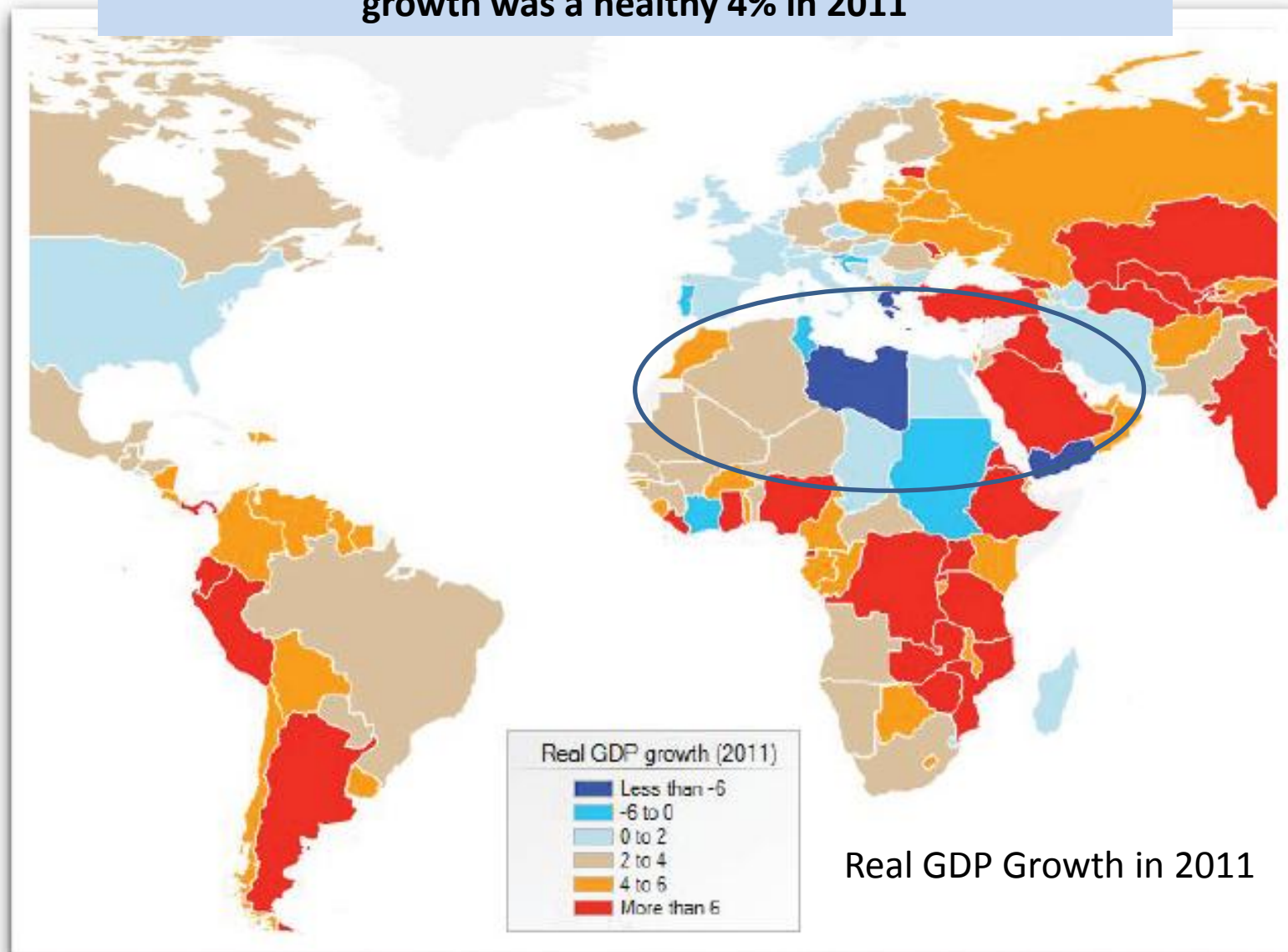
Trades : South to South

Imports/ exports to BRIC countries 2001/9 - (\$ billion)



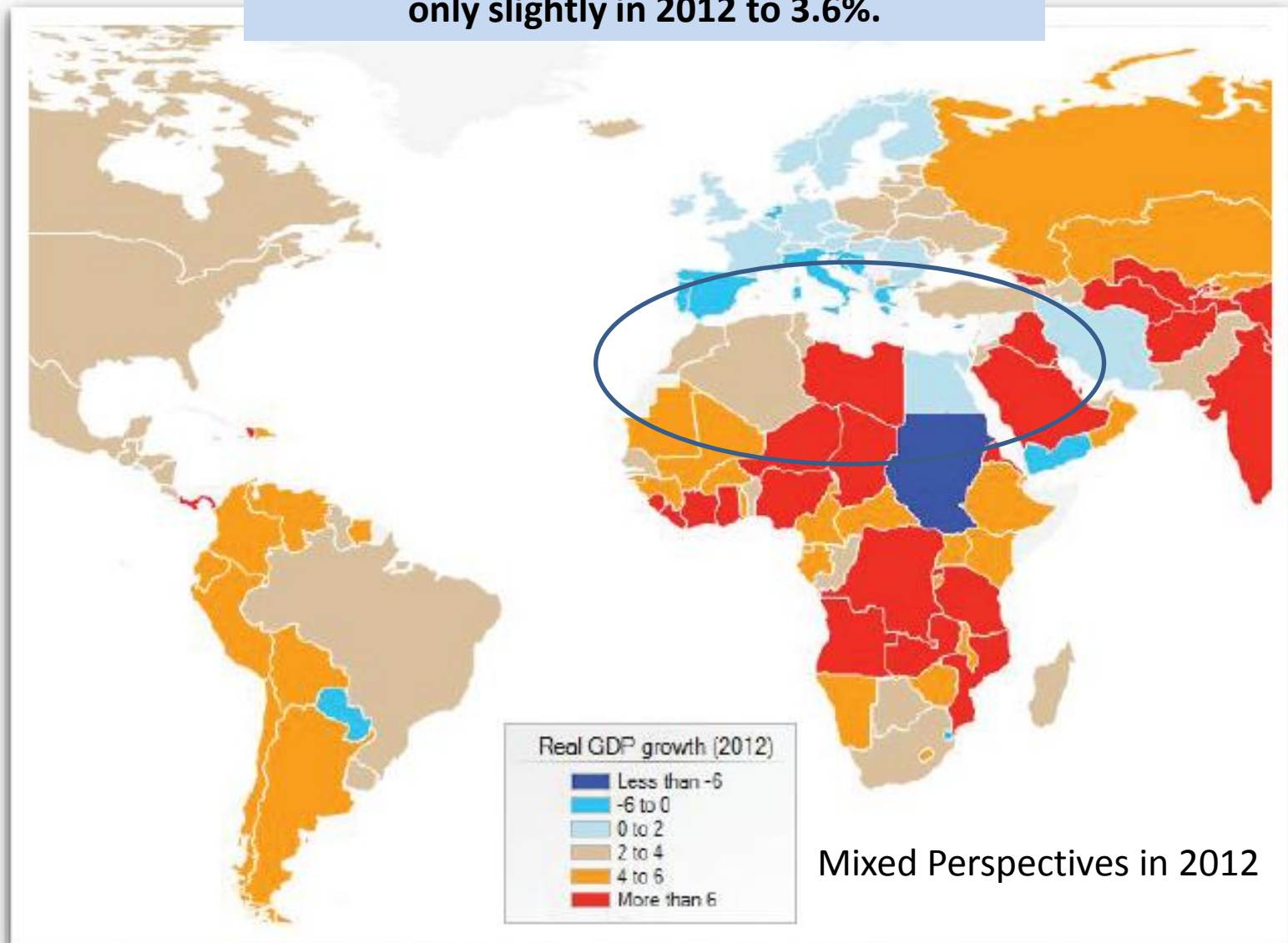
Middle East & North Africa

Despite the political turmoil in the MENA region, economic growth was a healthy 4% in 2011



Source: IMF, *World Economic Outlook*.

forecast to fall
only slightly in 2012 to 3.6%.



Oil exporters lead growth in 2011 at 5% which is expected to moderate at around 4% in 2012.

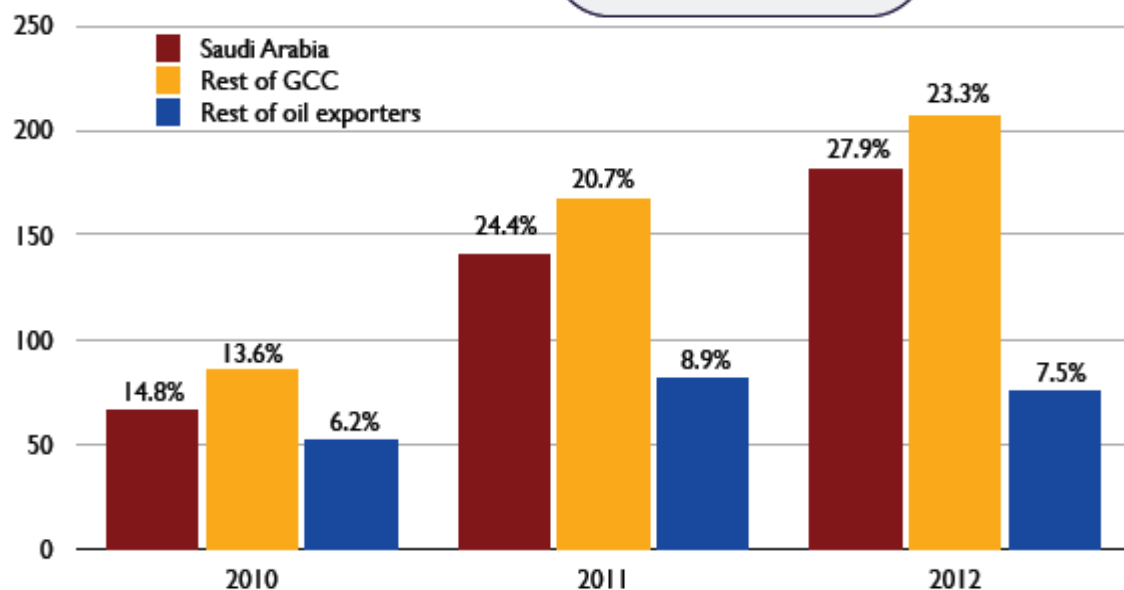
surplus expected to exceed \$300 billion in 2012

Current account surpluses to keep growing

Current account balance

Billions of U.S. dollars and percent of GDP

Surpluses have allowed a build-up of gross reserves to over \$1 trillion



Sources: National authorities; and IMF staff calculations.

Governments in oil exporting countries will need to use this additional fiscal space to move towards more diversified economies. In many such countries, large public investment has been increasing and job creation is on the top of the agenda

Oil Importers Countries in the MENA

economic uncertainty
clouding the region
over the past year.

real growth was a
mere 1.4% in 2011 and is
only projected to increase
to 2.6% in 2012.



Challenges for Oil Importers Countries in the MENA

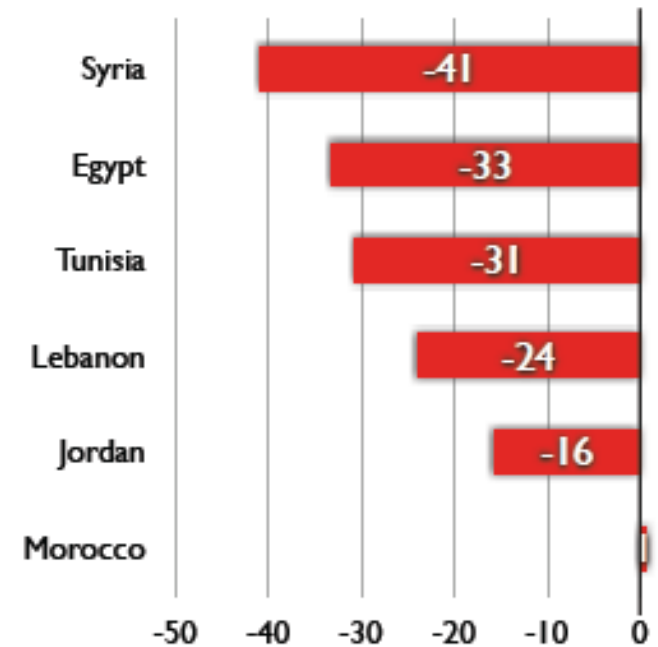
Mashreq region will be hit badly in 2012 with large current account deficits projected in
Syria **(-6.1%)**,
Jordan **(-8.4%)**,
and Lebanon **(-13.8%)**

High oil prices, while benefiting oil exporters in the region, are depleting external reserves for oil importers -- Egypt saw a decline of nearly 40% in foreign exchange reserves. Foreign Direct Investment (FDI) and portfolio inflows have also declined in many countries.

Hit by the decline of in capital inflows and tourism

Tourism arrivals

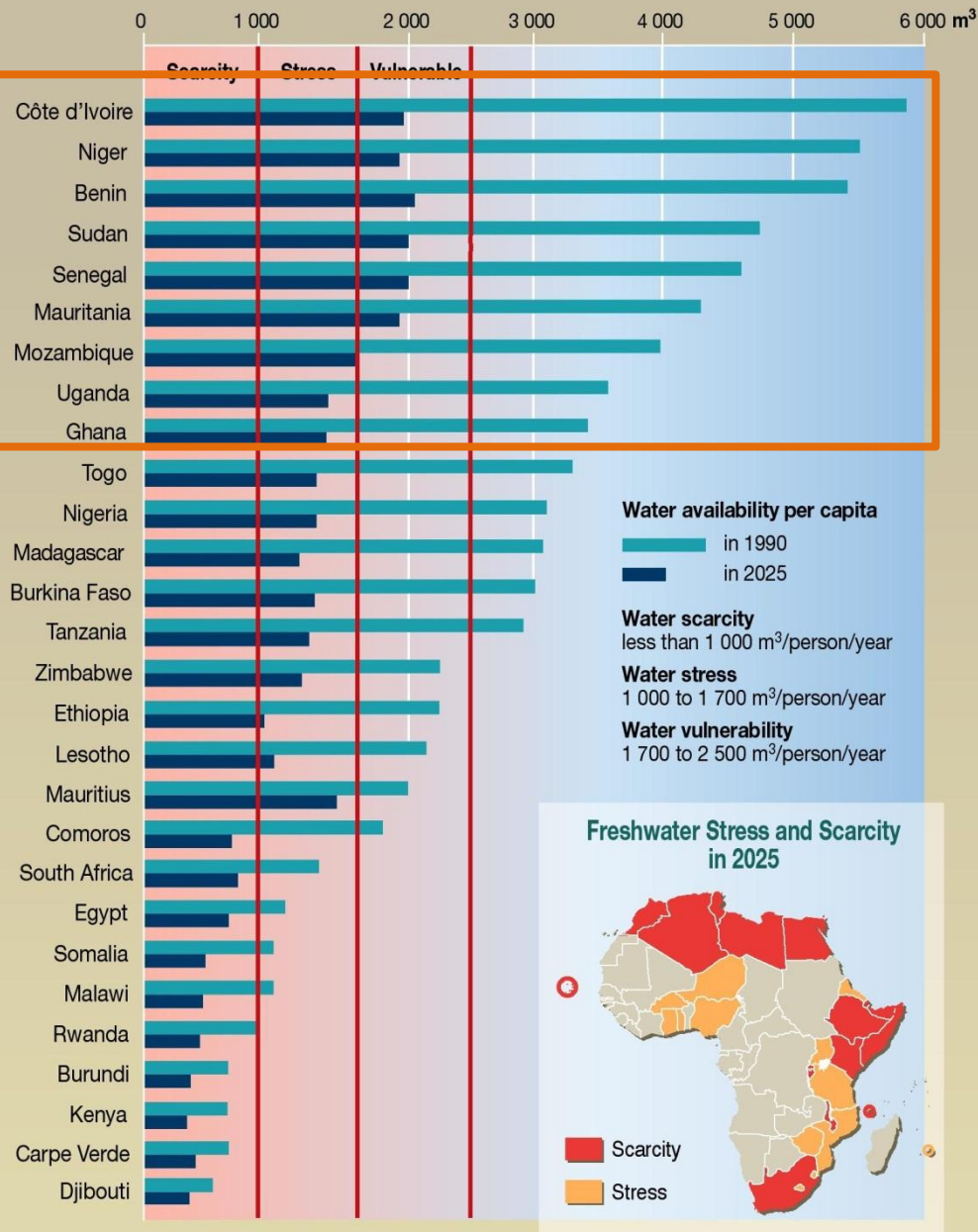
Annual percent change, 2011



Source: World Tourism Organization (UNWTO).

More Challenges

Water



Source: United Nations Economic Commission for Africa (UNECA), Addis Abeba;
Global Environment Outlook 2000 (GEO), UNEP, Earthscan, London, 1999.

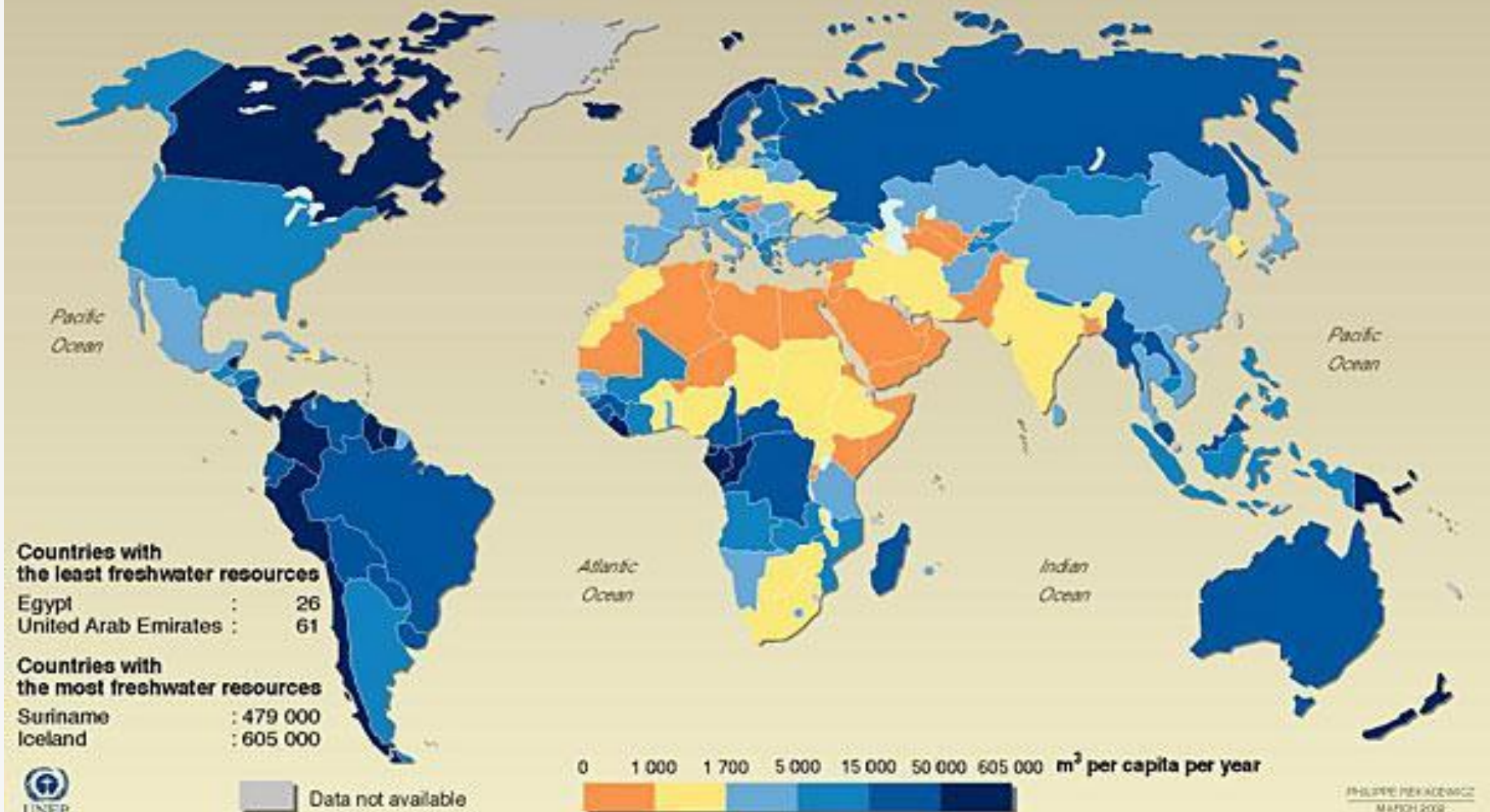
PHILIPPE REKACEWICZ
MAY 2002

A recently released Water Stress Index assesses the vulnerability of 159 countries to water stress and the risks it poses to governments, populations and business.

Countries in the Middle East and North African region only receive **one percent** of the world's precipitation of which **85 percent** is lost through evaporation.

Availability of Freshwater in 2000

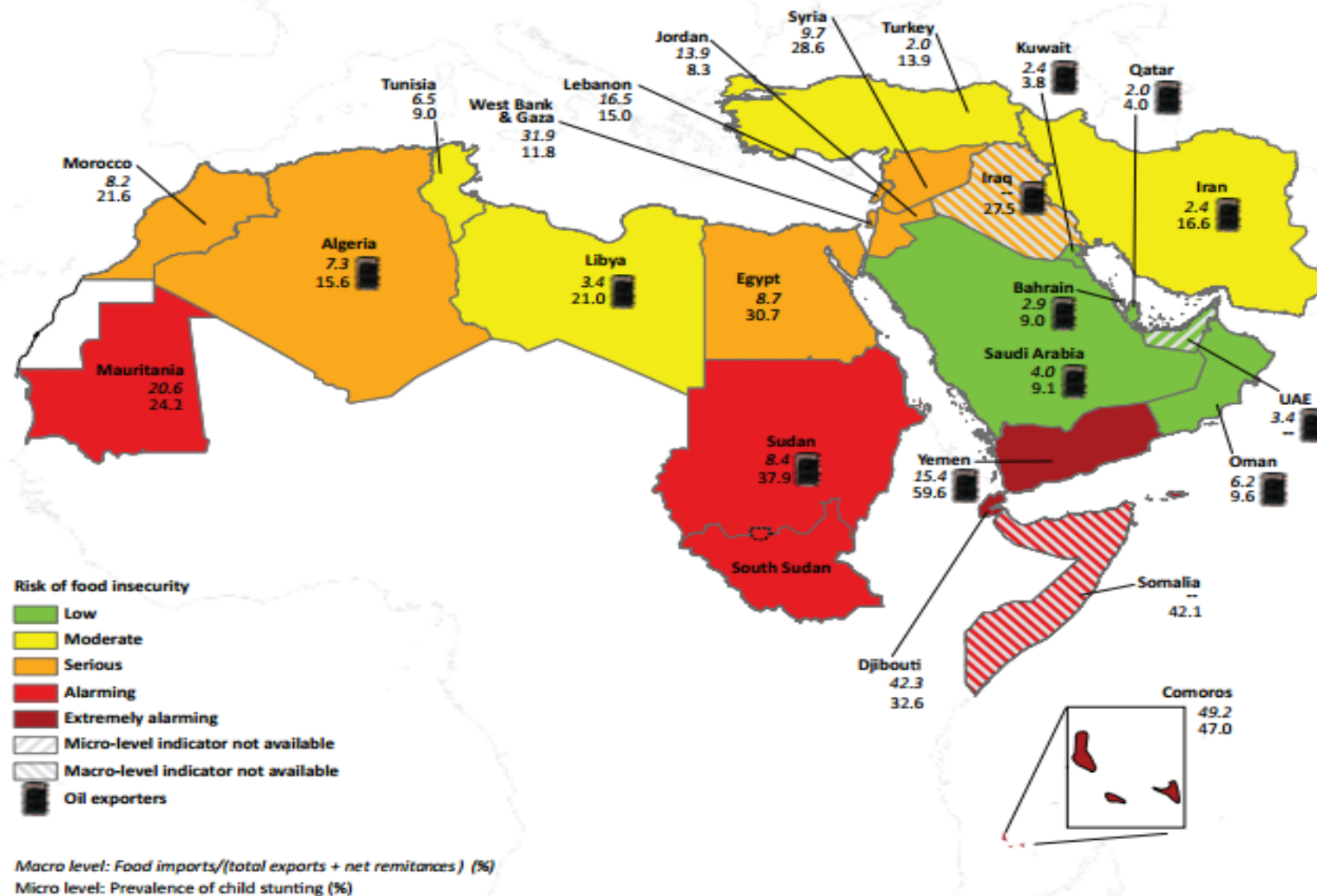
Average River Flows and Groundwater Recharge



Source: World Resources 2000-2001, People and Ecosystems: The Fraying Web of Life, World Resources Institute (WRI), Washington DC, 2000.

Figure 4—The risk of food insecurity in Arab-TI countries

Food Security



Sources: Authors' calculations based on data from the FAO 2011b and World Bank 2011a.

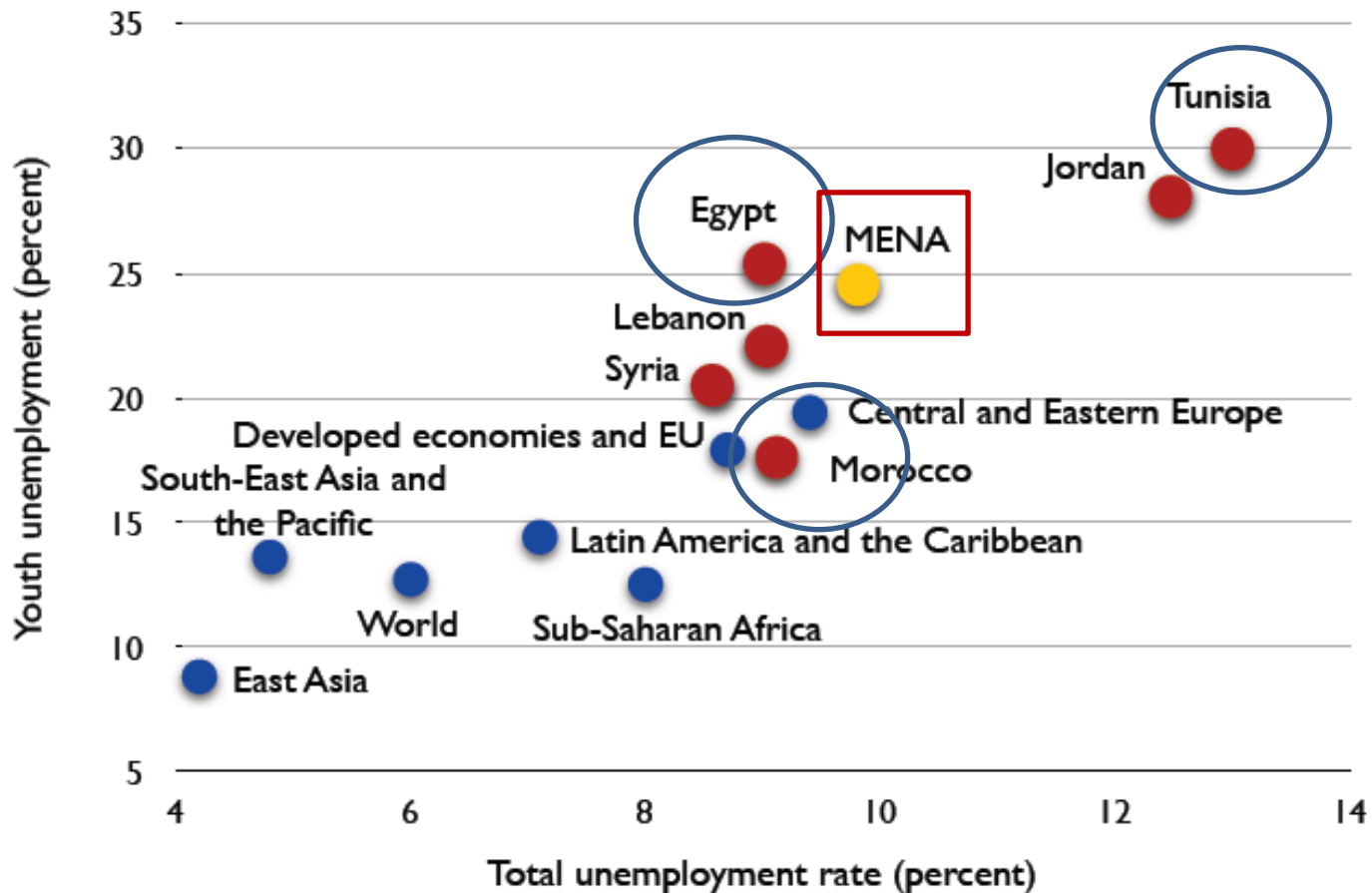
Challenges

Can't wait any more

Need new dynamic for Job creations

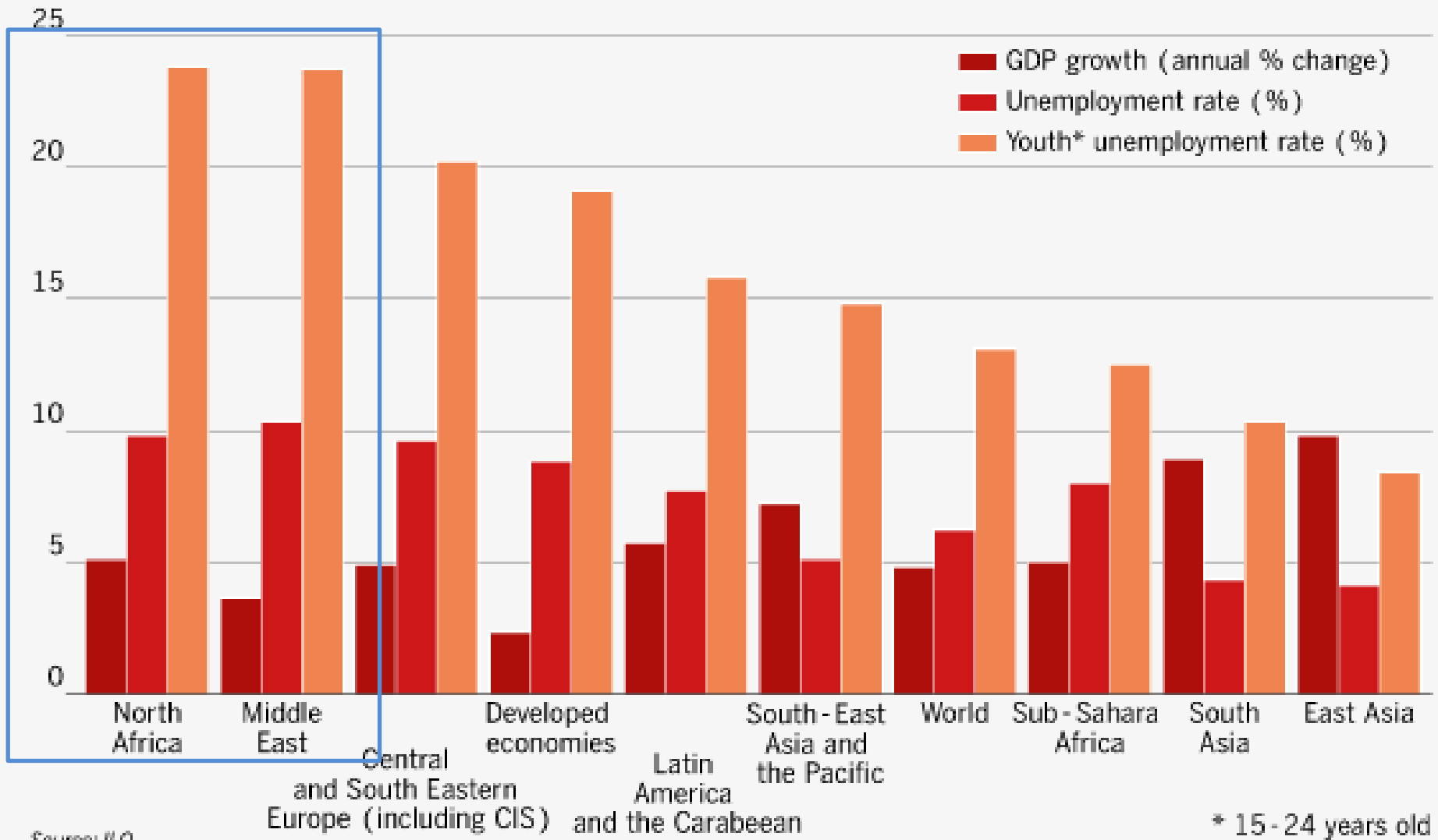
Unemployment rates by region

2010



Sources: International Labor Organization; national authorities; and IMF staff calculations.

Economic growth and unemployment in 2010



Source: ILO

on average North Africa has **23% youth unemployment** but the **rate is 41%** if the discouraged are included

Business Leaders will have to innovate

2010 IBM Survey for more than 1,500 chief executive officers from 60 countries and 33 industries worldwide,

Business challenges

Management are confronted with massive shifts due to:

- ❑ New government regulations,
- ❑ Changes in global economic power centers,
- ❑ Accelerated industry transformation,
- ❑ Growing volumes of data,
- ❑ Rapidly evolving customer preferences

2010 IBM Survey for more than 1,500 chief executive officers from 60 countries and 33 industries worldwide,

60 % of global CEOs believe industry transformation is the top factor contributing to uncertainty,

CEOs expect **revenue from new sources** to double over the next five years and **76 % of CEOs** foresee the shift of economic power to rapidly developing markets

Chief executive officers in Southeast Asia anticipate greater complexity in the future and believe that creativity is the most important leadership quality they intend to focus on in the future

Change Drivers

Global competition



Business turbulence



**Frequent change in
competitive dynamics**

**Fast introduction of
new technologies**

**Shortened product
lifecycles**

**Political and Social
pressures**

Changes that will impact the way we do ...

☐ think and plan

☐ Create value and manage

☐ lead and motivate

☐ Interconnect and enable



**But You will be challenged
to change people mindset**

It requires new ways for doing business

Thank you

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