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putting "America First" and claiming: "Protection will lead to great prosperity and strength."

### UNCLEAR USA POLICY

Dr. rer. pol. Kristyna Ters, Research Fellow at the Bank for International Settlements and lecturer at the FHNW, claimed that the world has become uncertain and nobody has a clear perspective on Trump's agenda. "We must wait and see whether this is only a political power game, right after his inauguration," Ters said. The interconnectedness of the USA, through trade linkages with various countries, has played a key part in today's globalisation; in fact the USA has stood as the world's economic leader for decades.

"We have seen after the collapse of Lehman how fast the USA financial market crisis spilled over contagiously to Europe. Since the election of Trump we have an elevated uncertainty in financial markets," Ters asserted. "Economic recovery is still either fragile or moderate in most countries in Europe as we are still in the aftermath of the euro area sovereign debt crisis. This makes us extremely vulnerable to any future development in the USA".

Economic weaknesses complicate America's position to spearhead globalisation, and meanwhile Trump has asserted that free-trade policies are destructive and keeps pushing protectionist plans. According to Ters, the USA already experienced decreasing corporate revenues and investments over several quarters before the election, and growth currently depends solely on consumption. Moreover, inflation is at almost 3%, with the USD is now overvalued against the EUR.

"The FED must increase interest rates in the medium term due to inflation, unless the oil price falls below 20 USD per barrel. However with increasing interest rates the FED will face the problem of completely choking off investments and further increase prices on exports. Trump's

announcement that he will increase government spending on infrastructure and decrease tax points towards a further increasing debt level in the USA could lead to a worst case scenario that we will again experience a stagflation as in the 1970's," Ters explained.

Janwillem Acket downplayed concerns over the threat to globalisation by Trump's policies. "I am not so worried about Trump. It is also in the interest of the USA to have international trade which functions," Acket said. "The Trump government is looking for easy victims, China is not an easy victim, because it is in the mutual interest of China and the USA to have good trade relationships." Furthermore, Acket believes that "realpolitik" is expected to prevail in the future. This means that given situations and circumstance will be acknowledged, even by ideological standards from Trump, according to Acket.

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### GLOBALISATION & INDIA

© LEONI Studer AG recently acquired a majority share in ETH spin-off Adaptricity, which provides access to skills in the fields of software, simulation and cloud-based data analysis and thus adds opportunities to countries like India. Its Project Manager Valérie Herzog believes globalisation with such tools offer the opportunity for accelerated development.

*"India has the chance to boost its development by using new digital methods. For large and populous countries like India, new technologies such as digital payments, mobile solutions and online access to government offices can be a major support in developing the country because these technologies ease the access for everyone. At the same time, India will profit using, for example, the latest solar technology to cope with its constant power deficit. Moreover, India can gain access to some additional export markets in the globalized world – provided that products and services are of high quality,"* Herzog said. ● CH



Janwillem Acket, Chief Economist Julius Bär, examines China's future role in the global economy. Photo: MT