



LEADING IN A GLOBAL ENVIRONMENT

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Tuesday, October 24th, 2006

The New Wave of Globalization

- More of the Same?
- How Sustained?

Unprecedented New Chapter in Globalization

- Speed
- Scale
- Scope

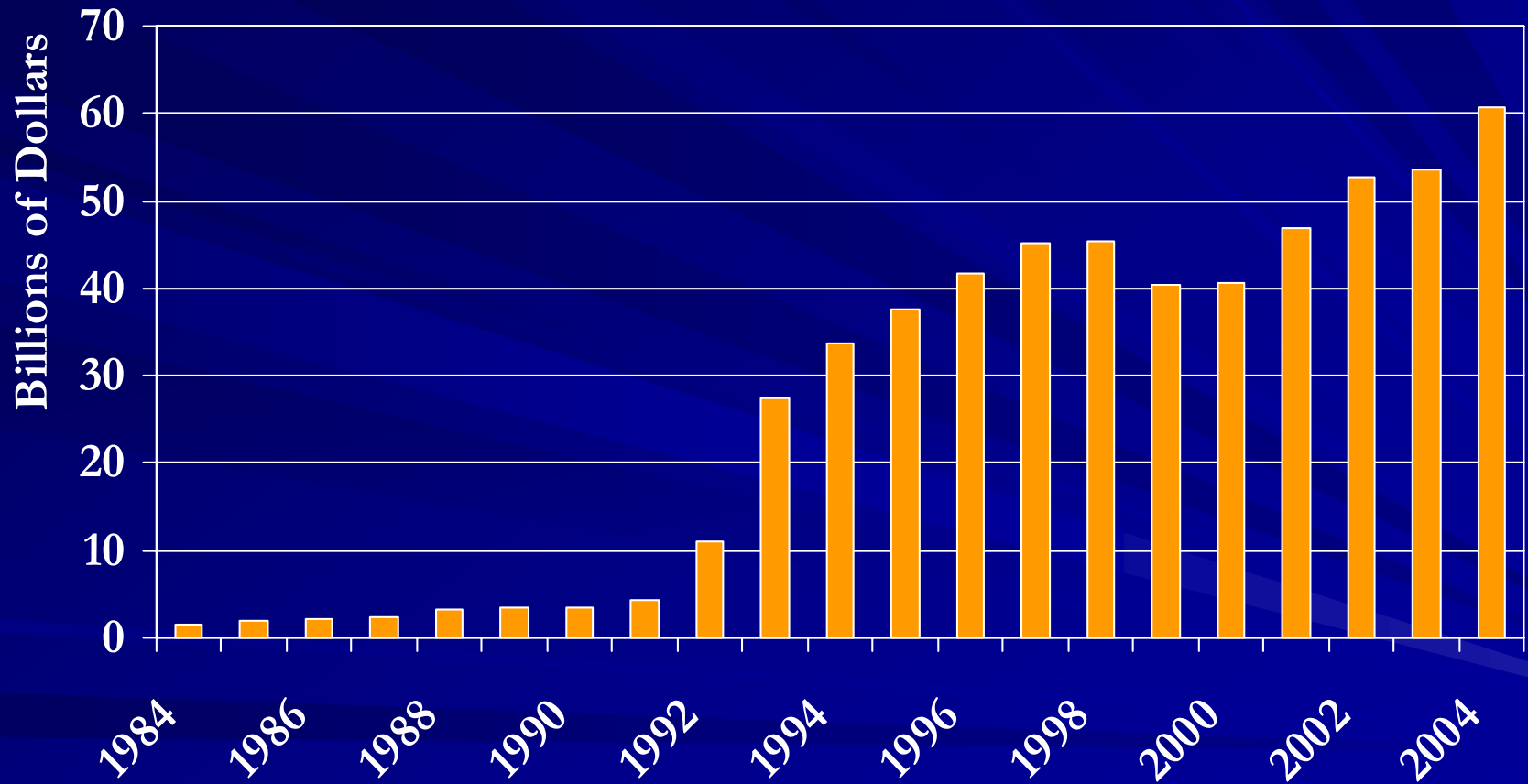
Unprecedented New Chapter in Globalization

➤ **Speed**

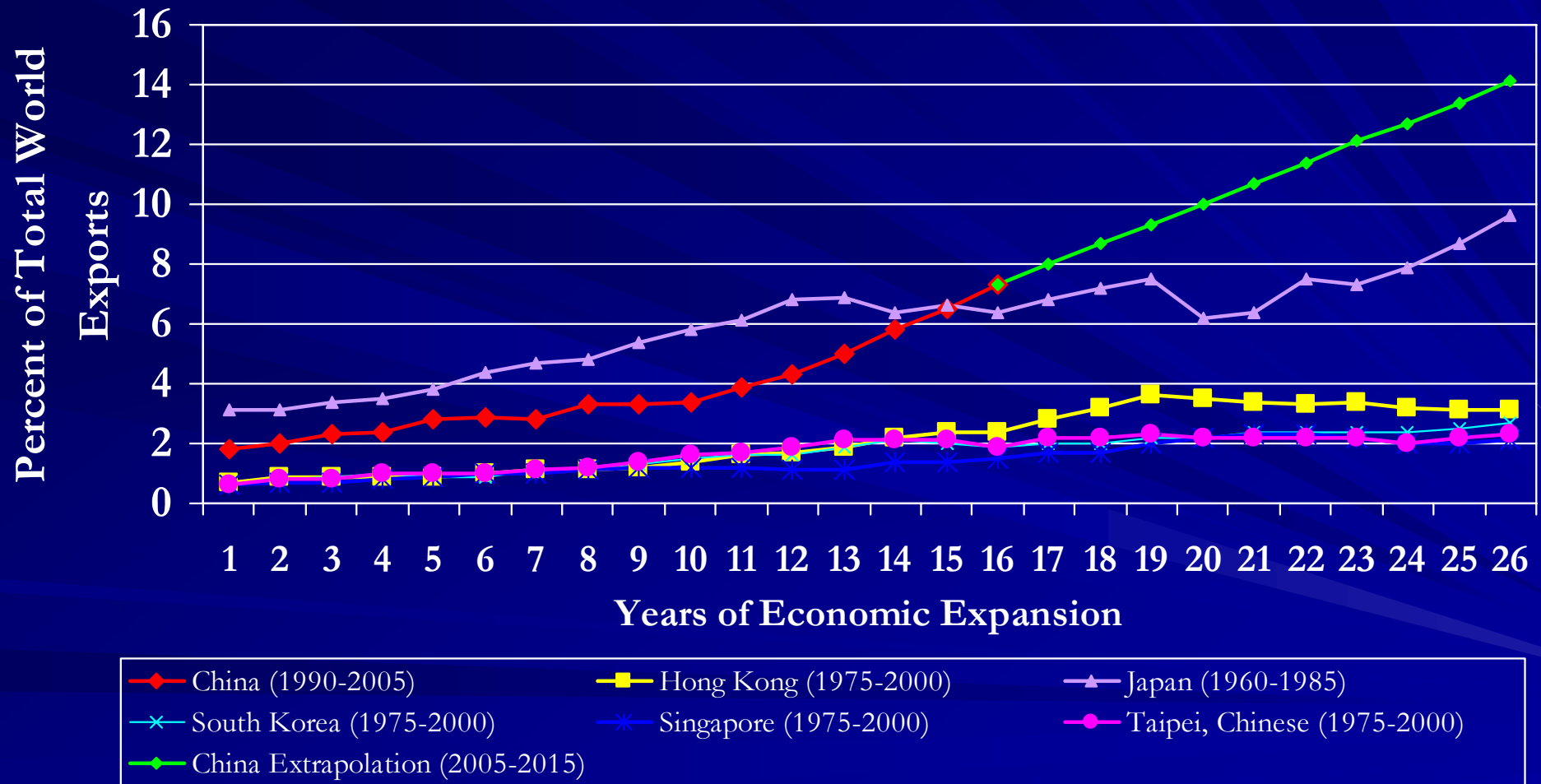
➤ Scale

➤ Scope

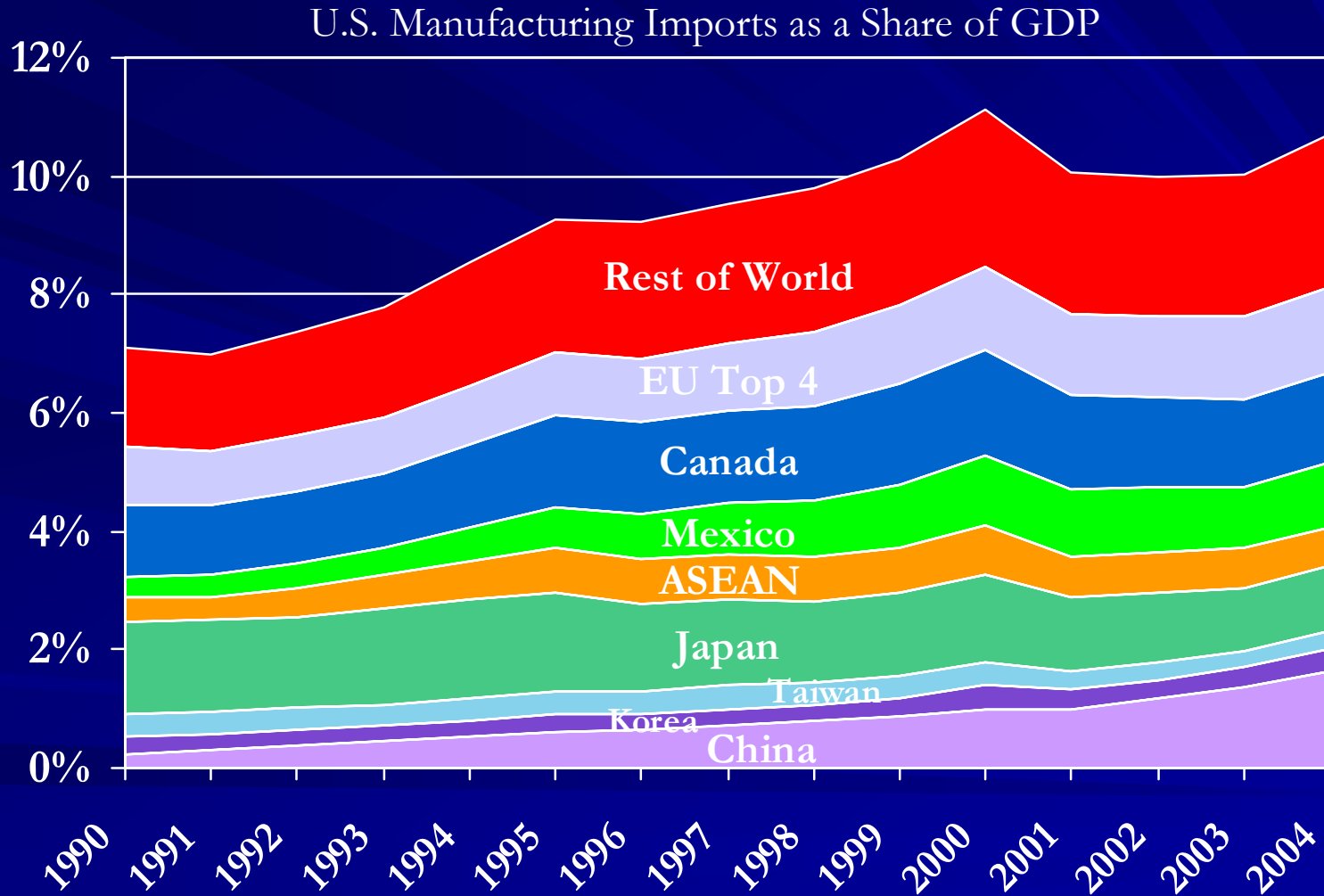
Foreign Direct Investment into China



China – Export Led Growth on Steroids

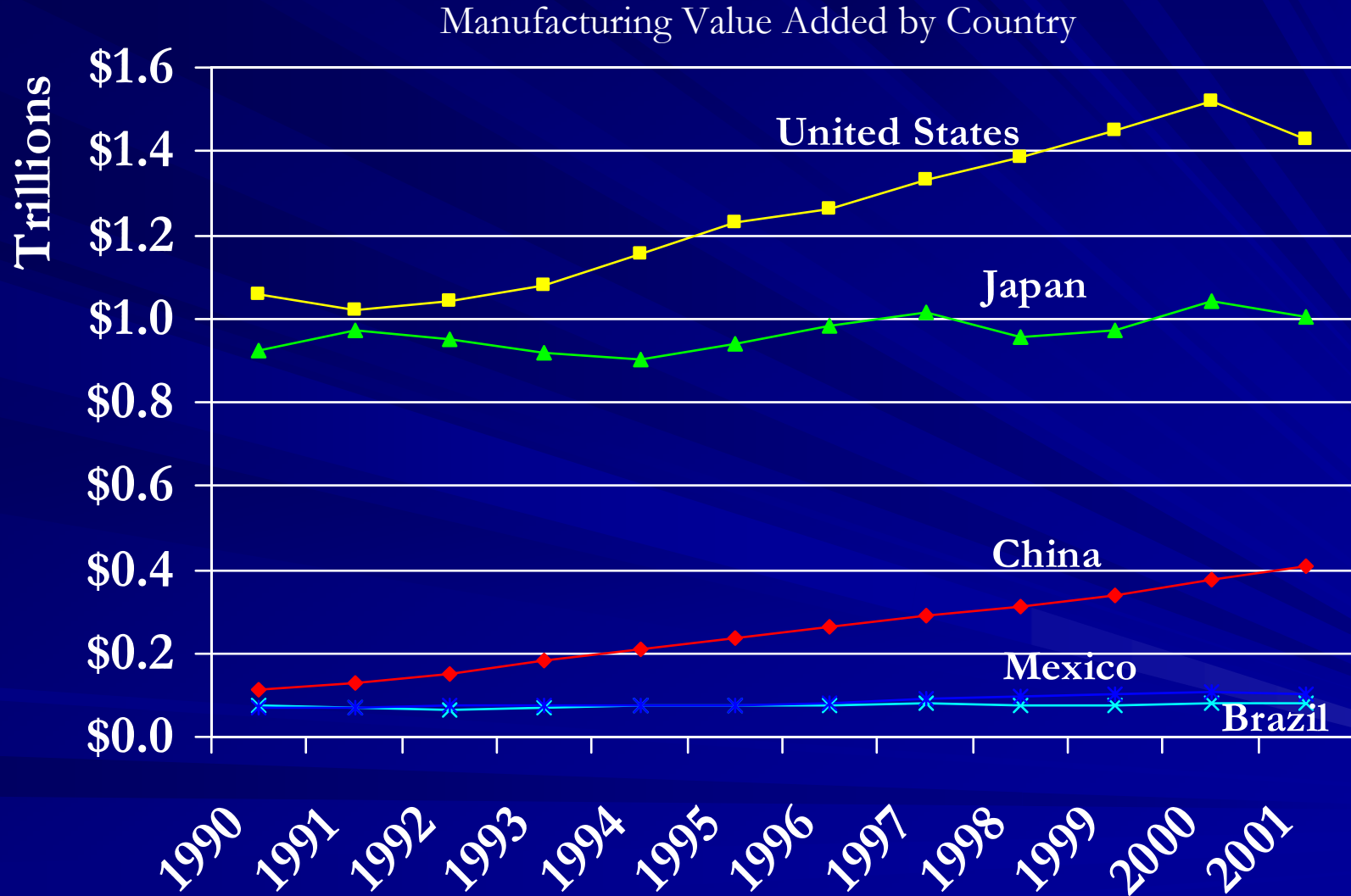


Shift in Origin of U.S. Manufacturing Imports



Sources: GDP: Department of Commerce, Bureau of Economic Analysis; U.S. Imports: United States International Trade Commission.

U.S. Dominates Manufacturing but Challenged

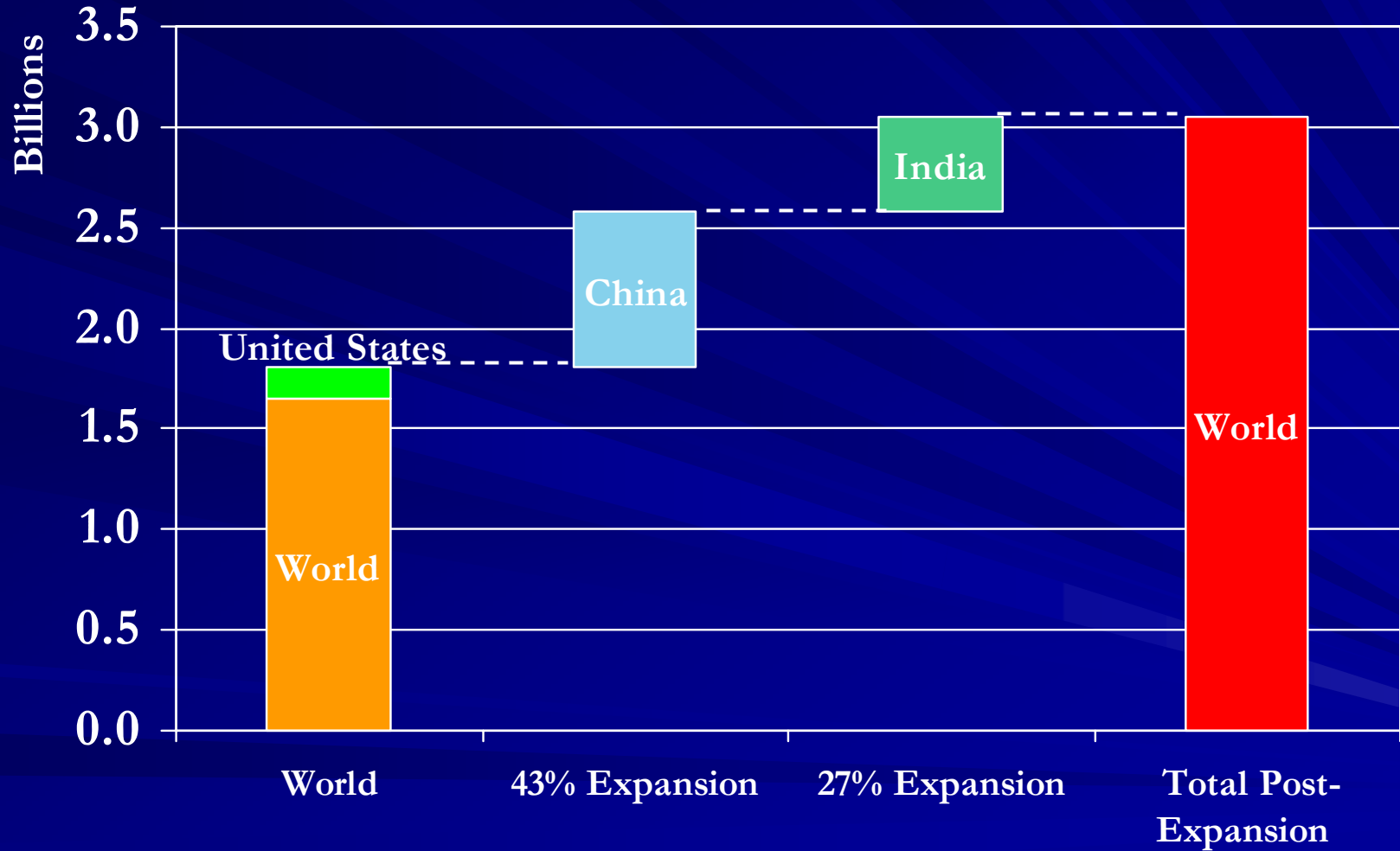


Source: World Development Indicators, constant 2000 US\$.

Unprecedented New Chapter in Globalization

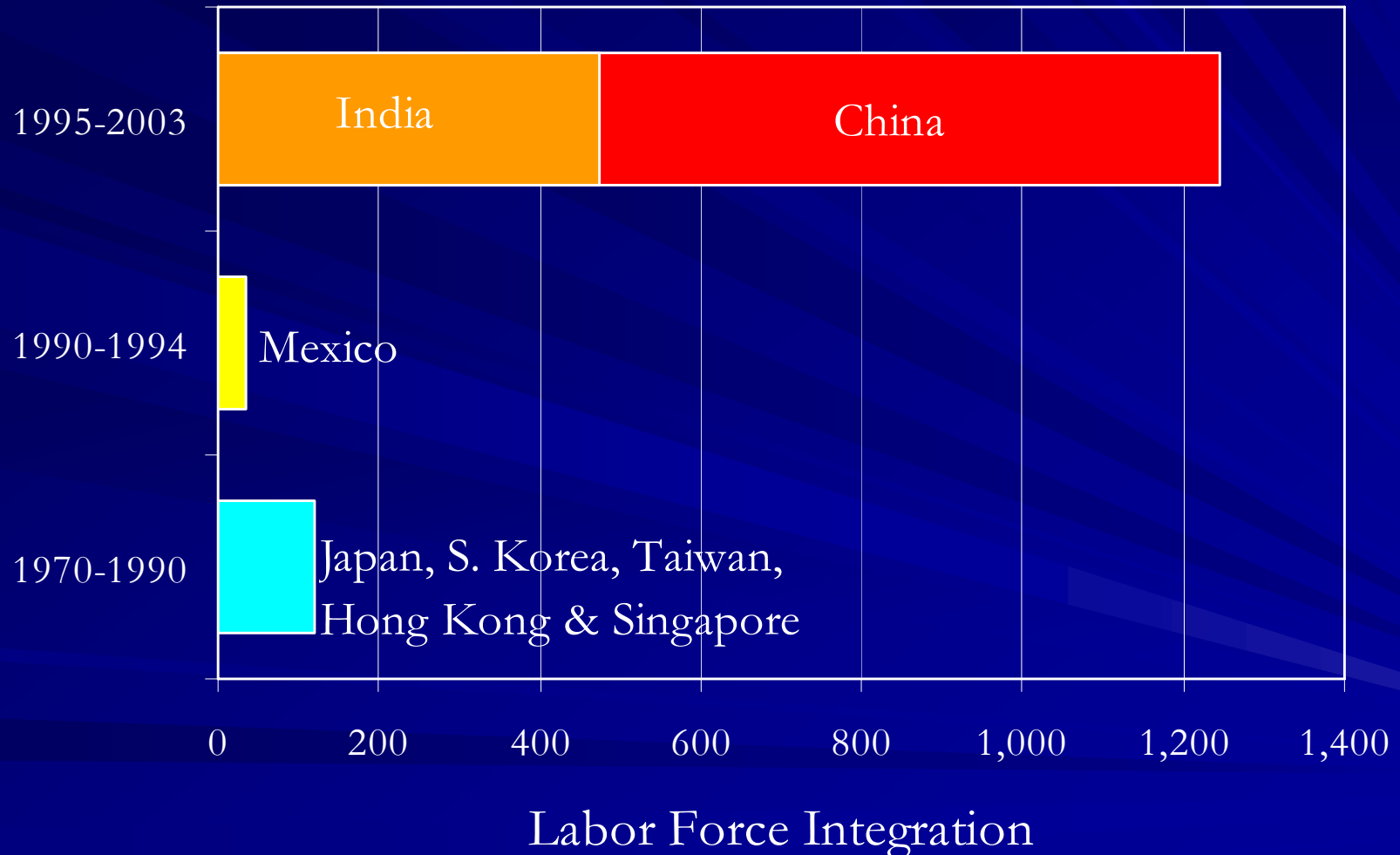
- Speed
- **Scale**
- Scope

Massive Labor Force Integration



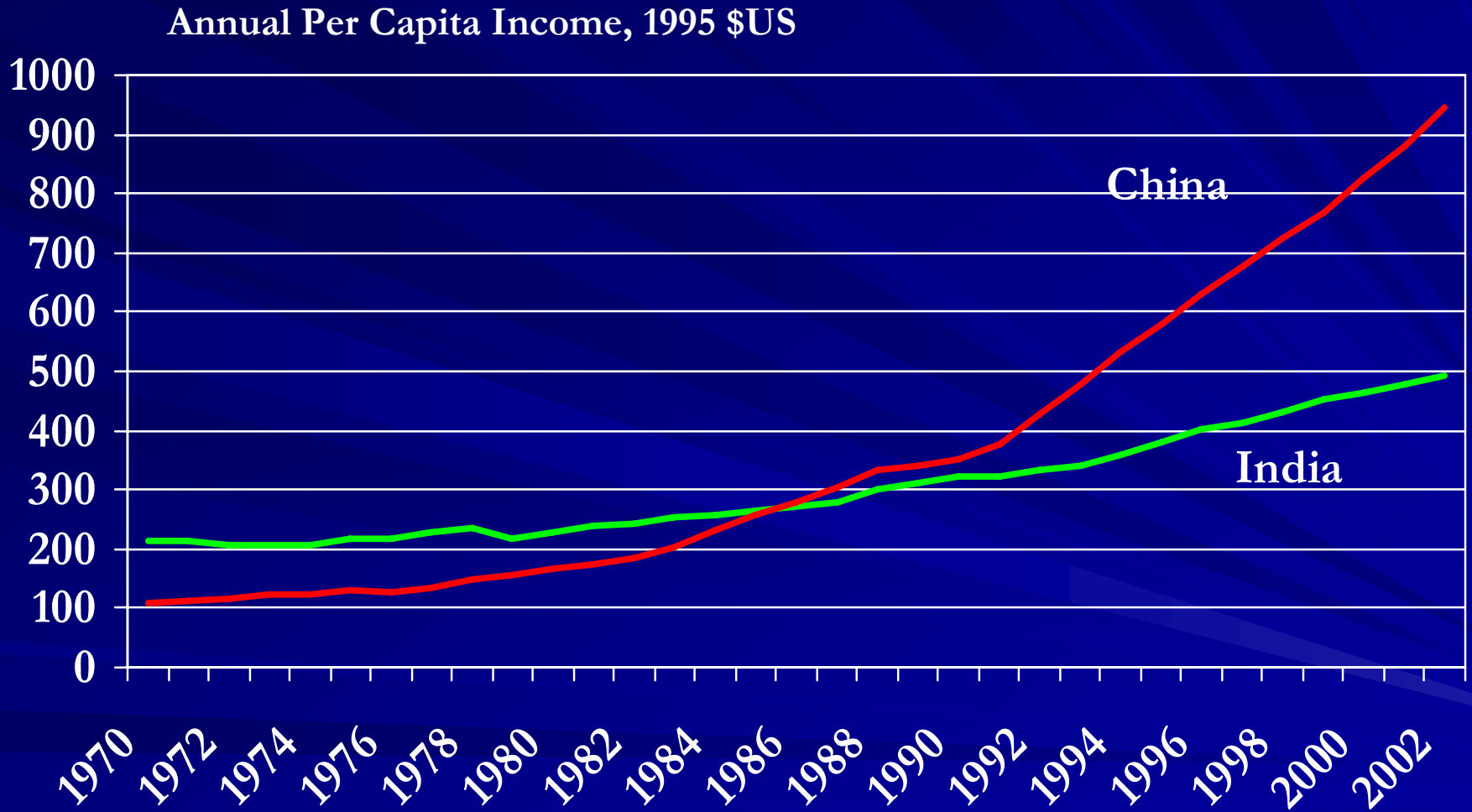
Source: World Development Indicators

Dwarfs Previous Episodes of Integration



Source: World Development Indicators

New Paths out of Poverty



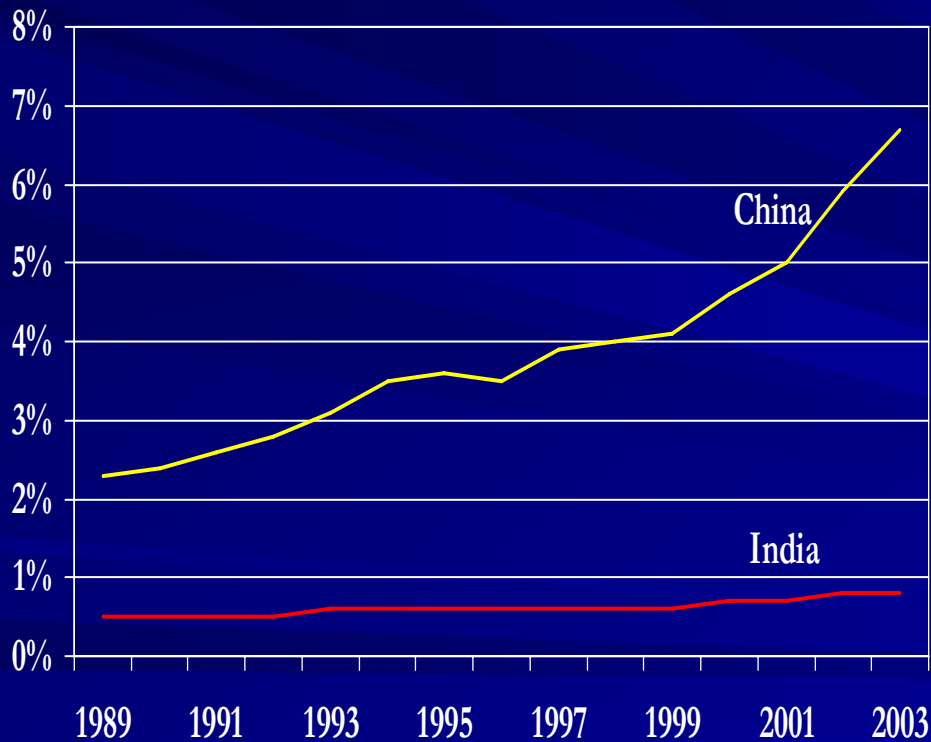
Source: World Bank

Unprecedented New Chapter in Globalization

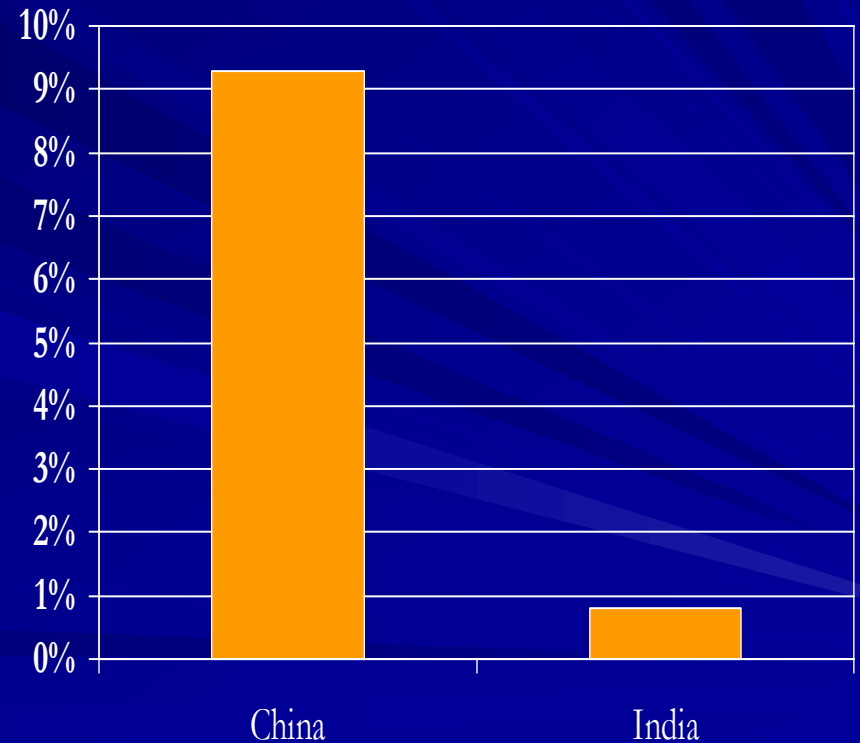
- Speed
- Scale
- **Scope**

Different Growth Models with Different Impacts

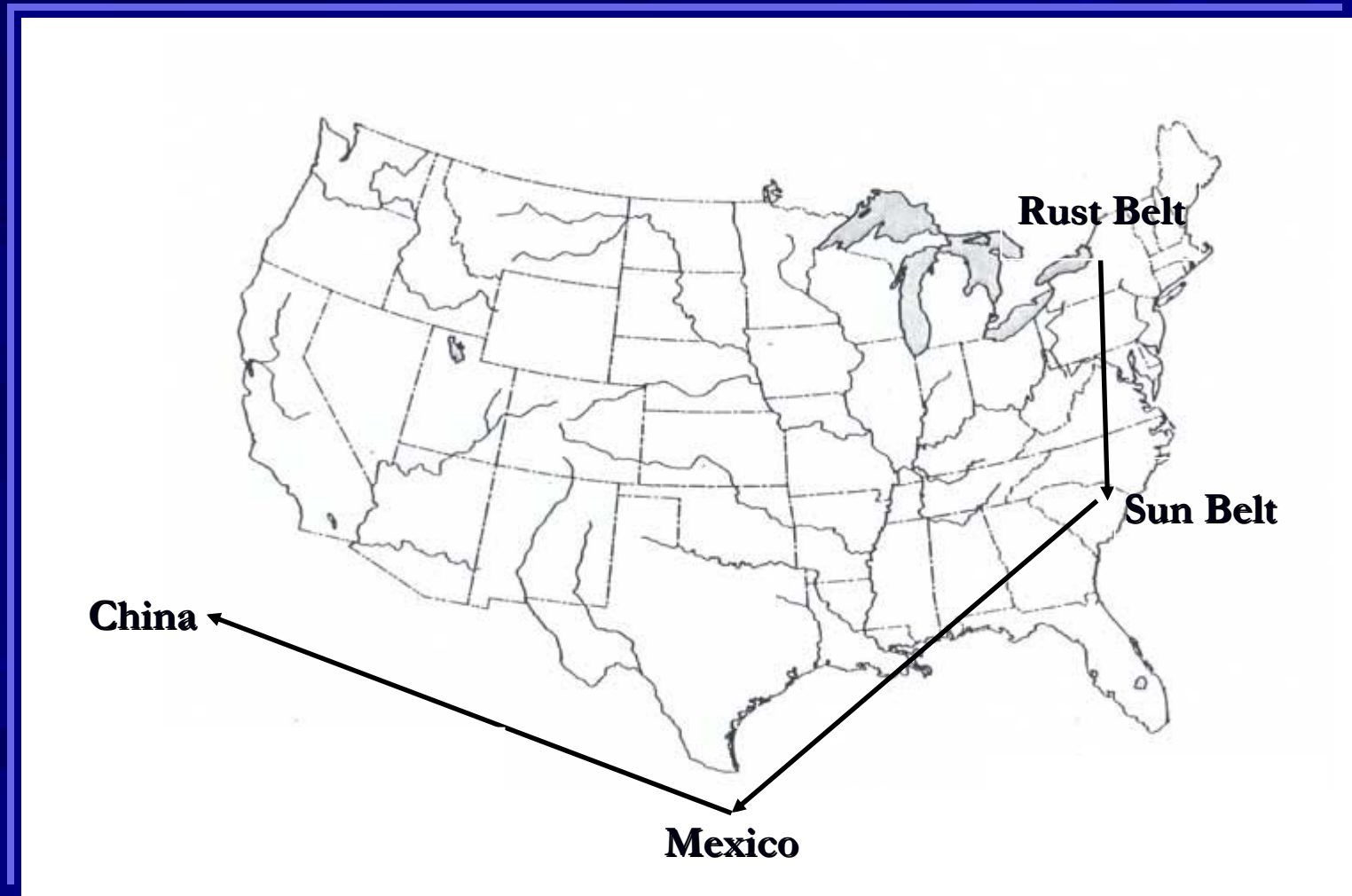
Share of World Exports



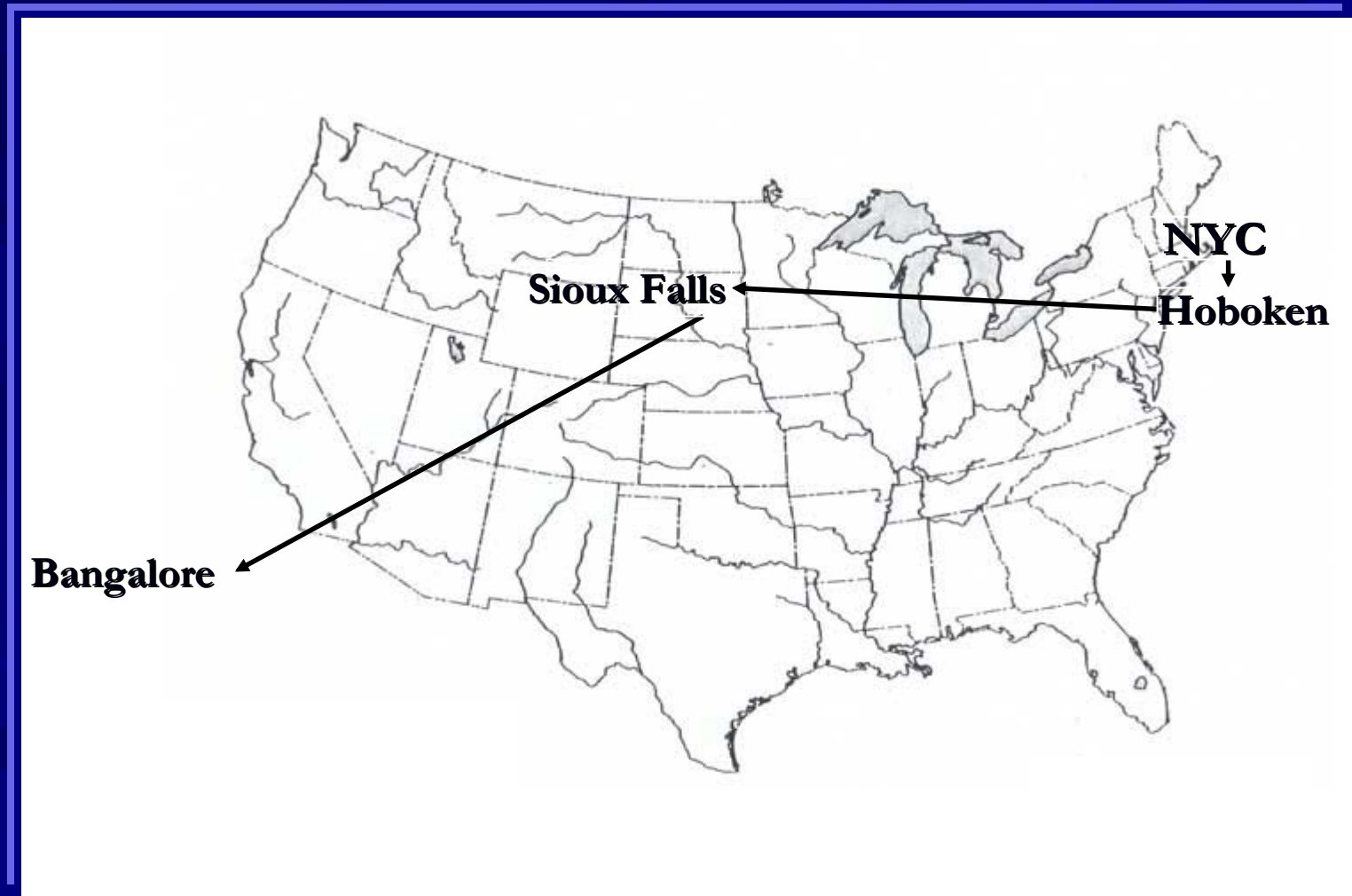
Share of World Inward FDI 2004



Manufacturing Migration

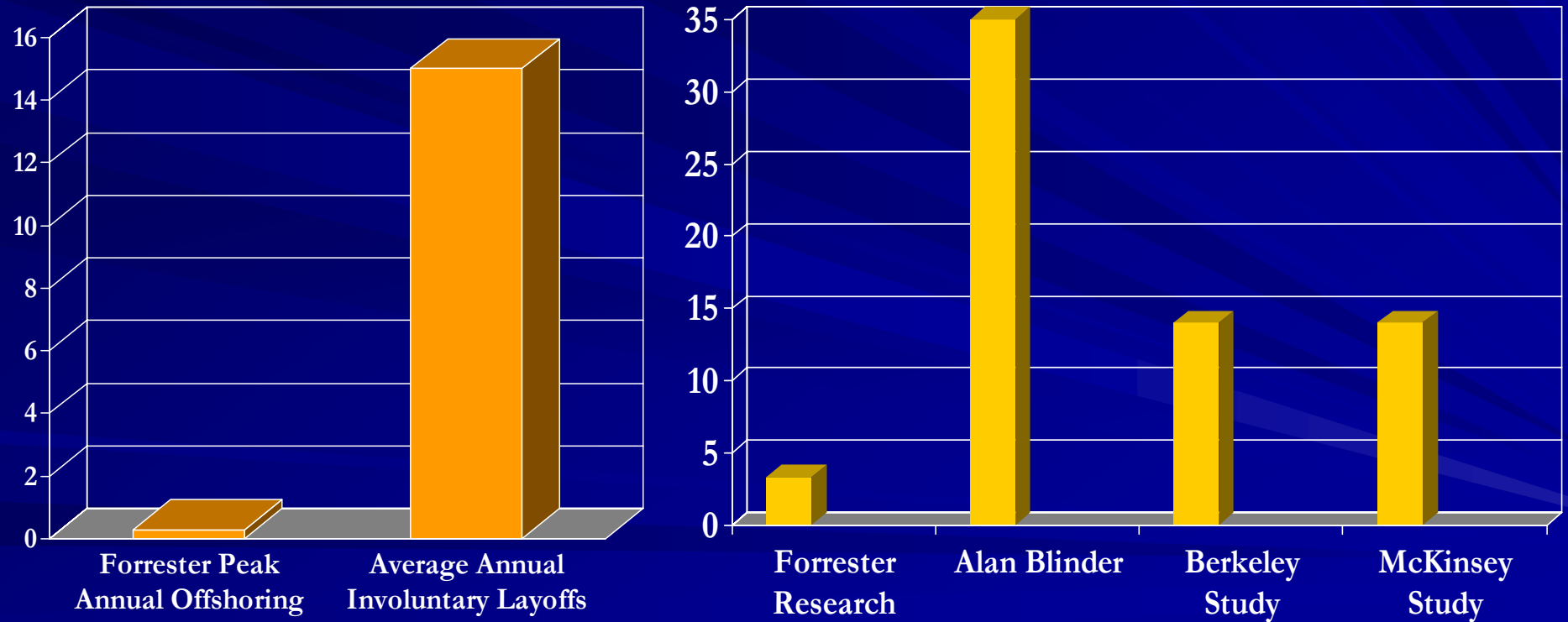


Business Processing Migration



Annual Layoffs Relative to US Total

Millions of Jobs



Perceptions of Complexity Are Complementary

	US FIRMS	UK FIRMS	Indian BPO
UK FIRMS	.89		
Indian BPO	-.47	-.56	
Singaporean BPO	-.54	-.63	.84

CORRELATION: CODIFIABILITY & COMPLEXITY	
US FIRMS	.59
INDIAN FIRMS	-.52

The New Economy

• EACH COUNTRY DOES WHAT IT'S BEST AT.

China

MANUFACTURING



India

SOFTWARE DESIGN



U.S.

I'D LIKE TO TAKE OUT A THIRD MORTGAGE ON MY HOUSE SO I CAN BUY MORE STUFF.

Loans



I'LL HAVE TO ASK CHINA OR INDIA FOR THE MONEY.

TDS

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New Global Distribution of Power

Major Shift in Resources Market

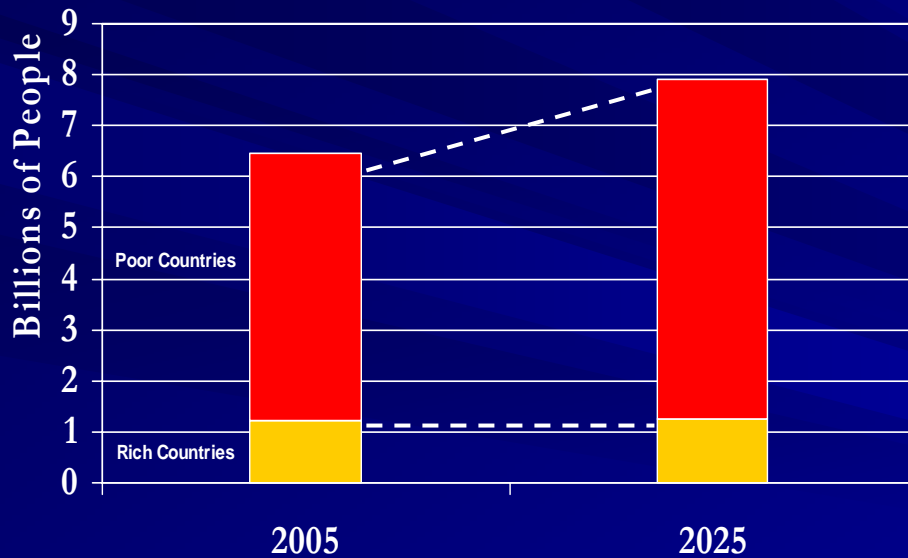
→ Major Shift in Global Distribution of Power

→ New Players

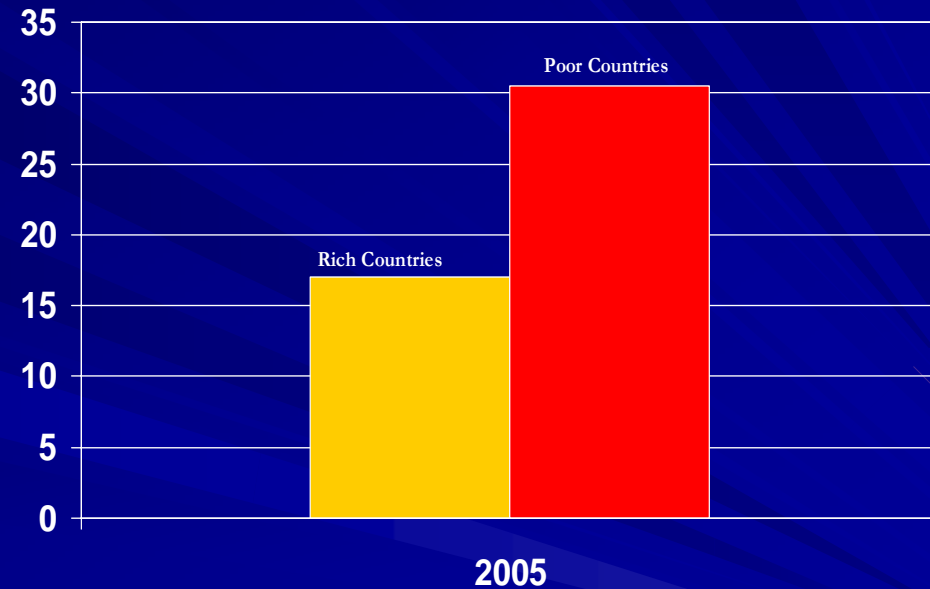
→ New Rules?

Tectonic Demographic Shift

Projected Population in 20 Years

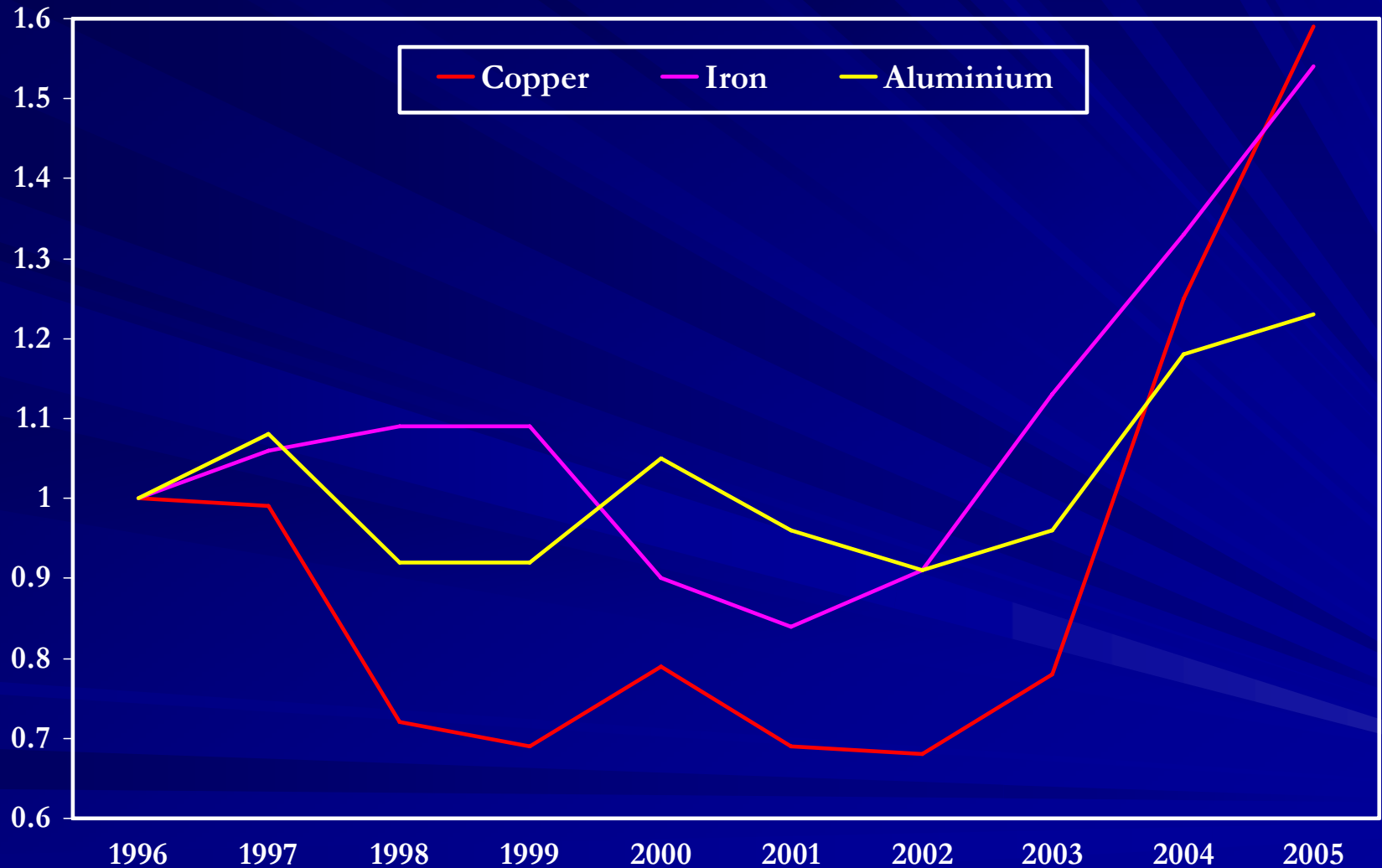


Percentage of Population under the age of 14



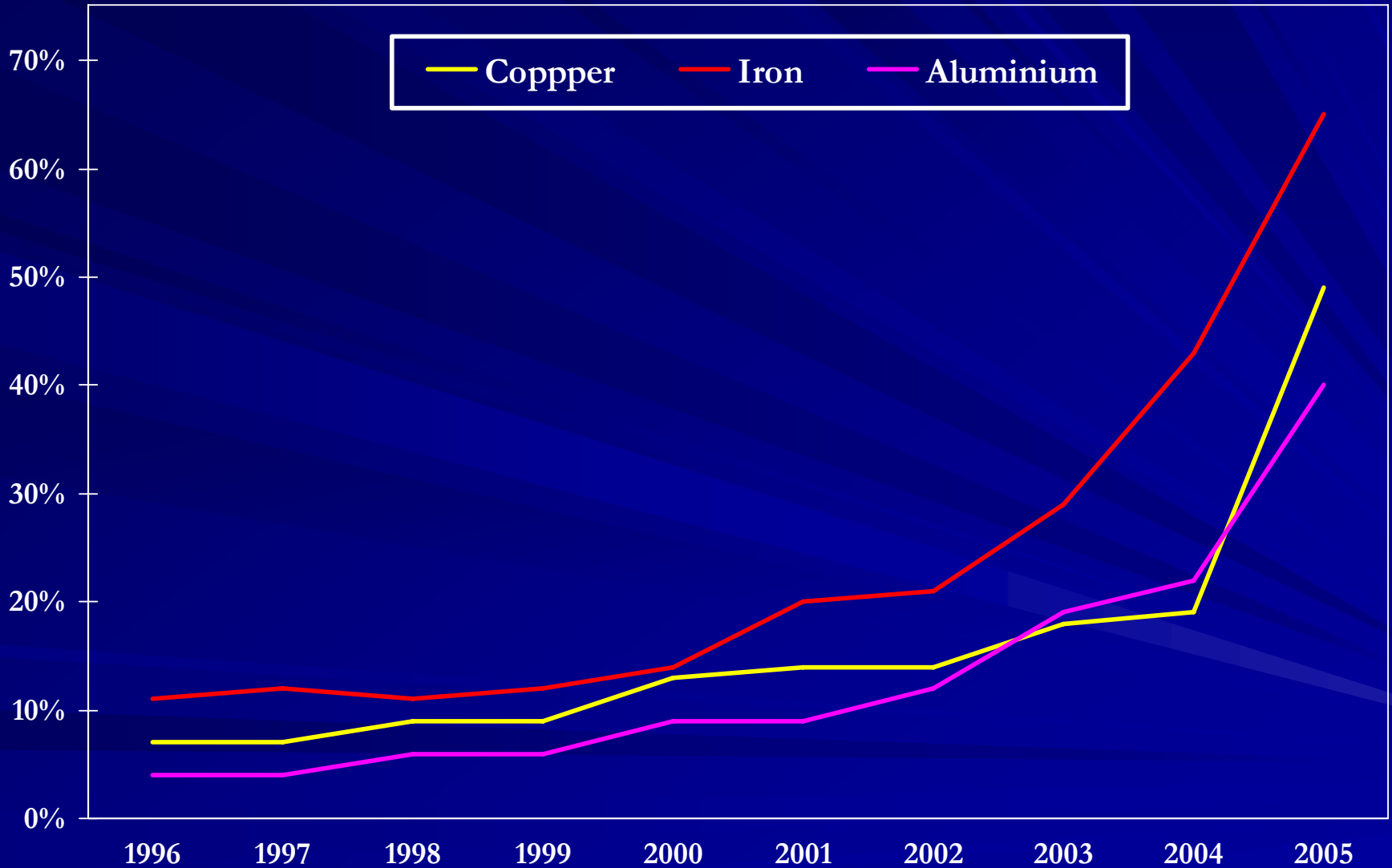
Prices Surge for Key Resources...

Average US Market Spot Prices, Indexed to 1996 Prices



...Where China's Demand has Grown

China's Share of World Imports of Metal Ores & Concentrates



Source:: Robert F. Westcott, Keybridge Research

New Players → New Rules?

“All across Africa today, China is acquiring control of natural resource assets, outbidding Western contractors on major infrastructure projects, and providing soft loans and other incentives to bolster its competitive advantage.”

CFR Task Force

New Players → New Rules?



“Russian Aluminum Producer Seeks Edge in Global Market; Rusal-Sual Combination Would Create Powerhouse Larger Than Alcoa, Alcan”

The Wall Street Journal, August 31st, 2006

“Zambian Hopeful Takes a Swing at China; Presidential Challenger Stirs Resentment at Asian Power's Growing Influence in Africa”

The Washington Post, September 25, 2006

“China Competes With West in Aid to Its Neighbors”

New York Times, September 18, 2006