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IAFEI News

Letter of the Editor **December 16, 2013**

Dear Financial Executive,

You receive the **IAFEI Quarterly XXIII rd Issue**.

This is another issue of the **IAFEI Quarterly**, the electronic professional journal of IAFEI, the International Association of Financial Executives Institutes.

This journal, other than the IAFEI Website, is the internal ongoing information tool of our association,

destined to reach the desk of each financial executive,
or reach him, her otherwise,
at the discretion of the national IAFEI member institutes.

This issue again offers a broad variety of articles on financial subjects, all of which merit the reader´s attention.

The geographical spread of the subjects is this time especially large.

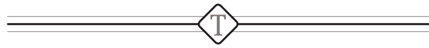
Once again:

I repeat our ongoing invitation to IAFEI member institutes, and to their members,
to send us articles for inclusion in future IAFEI Quarterlies,
and to also send to us your suggestions for improvements.

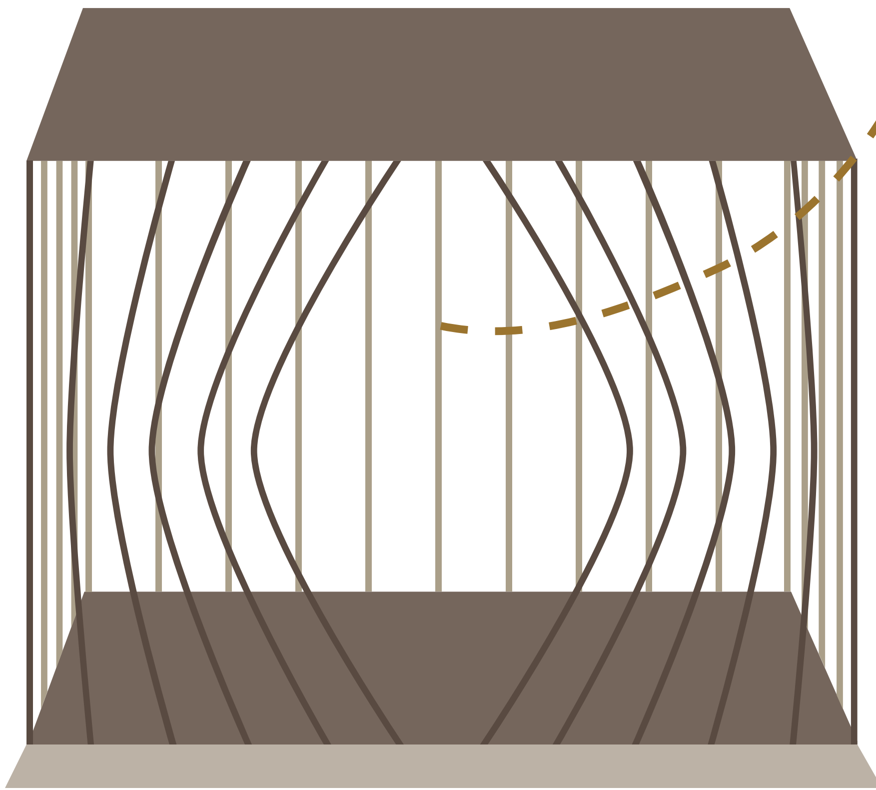
With best personal regards

Helmut Schnabel

SETTING THE RENMINBI FREE



Chinese authorities are speeding up the pace of currency liberalisation. Rupert Walker explains what this means for treasurers



The internationalisation of the renminbi is a seemingly irreversible trend. Its trajectory is directed by Chinese policy measures and its momentum is fuelled by widespread adoption of the currency throughout the world. The renminbi's role as a means of exchange for trade payments, investment, borrowing and hedging is growing rapidly, and its increasing importance for corporate treasurers and their businesses cannot be exaggerated.

Trade activity in renminbi has surged since China began allowing settlement of international transactions in its currency in the third quarter of 2010. The People's Bank of China (PBOC) reported that renminbi-denominated trade settlement was RMB 2 trillion in the first half of 2013, which was 14%-15%

RENMINBI INTERNATIONALISATION DEVELOPMENTS IN 2013

10 April
Direct trading of the Australian dollar and the renminbi commenced. It was the third currency allowed to directly trade with the renminbi, after the US dollar and Japanese yen.

3 June
Singapore launched CNH clearing services, the third CNH clearing centre after Hong Kong and Taiwan.

24 June
The Bank of England signed a RMB 200bn bilateral currency swap agreement with the PBOC.

10 July
The PBOC announced policies to simplify and facilitate cross-border renminbi transactions, including provisions for onshore companies to provide intercompany loans to their offshore subsidiaries and the streamlining of documentation.

29 September
China launched the Shanghai FTZ, in which the Chinese government intends to implement pilot schemes for the liberalisation of capital account transactions and convertibility of the renminbi.

10 October
The PBOC announced that foreign entities could use their CNH funds to invest in onshore financial institutions, subject to regulatory approval.

10 October
The PBOC and the European Central Bank signed a RMB 350bn bilateral swap agreement.

15 October
The Chinese government granted London-based investors a RMB 80bn quota under the RQFII programme.

SOURCE: MOODY'S INVESTORS SERVICE, REUTERS

of total China trade, compared with 11% in 2012. Standard Chartered Bank reckons it could leap to 28% by 2020, as the country's share of international trade doubles by the end of the decade.

Other indications are the continued surge in offshore renminbi (CNH) deposits held in Hong Kong, Singapore and Taiwan, as well as the large daily turnover in renminbi in the FX market, estimated by HSBC to amount to RMB 5-6bn for spot and more than RMB 10bn in swaps – presumably for hedging.

What treasurers want next

In Standard Chartered's CNH survey of its global corporate customers in June 2013, 92% of respondents said they would increase their use of CNH products as they increase their engagement with China. The attractions of using renminbi as a trade settlement currency include risk mitigation, cost savings and improved access to Chinese buyers and suppliers.

Appreciation of the CNH, regulatory liberalisation, and streamlined processes and procedures for cross-border payments and lending emerged as the top factors that would drive further usage. Many items on their wish list were subsequently realised in the following month when the PBOC lifted a host of restrictions on renminbi cross-border trade settlement.

"The reforms introduced in July in particular addressed many of the requirements of treasurers expressed in Standard Chartered's global survey," says Frankie Au, renminbi product head, transaction banking Asia at Standard Chartered.

"China implemented several measures that facilitate companies' activities in renminbi and that demonstrate that the momentum for liberalisation of the currency remains powerful. These include allowing onshore lending to overseas affiliates, enhancing trade

"The easing of the administrative burden and the simple reduction in paperwork is going to incentivise us to do more business in China"

FACTS AND FIGURES

SWIFT calculated that renminbi ranked number 12 in global payments as of October 2013, up from number 20 a year and a half previously. Strong growth of 163% year-on-year in Q3 puts Europe on a path to overtake Asia in renminbi customer payments.

The CNH FX options turnover is now the most actively traded offshore currency options market in Asia, according to the 2013 Bank for International Settlements *Triennial Central Bank Survey*. Deutsche Bank estimates daily turnover averaged about US$7bn, 700 times the 2010 level, and Standard Chartered reckons daily CNH spot turnover of RMB 5-6bn and swaps at twice that level. Data released by SWIFT in October indicated that 62% of renminbi trading outside China and Hong Kong was through London.

By October 2013, the PBOC had signed bilateral swap lines worth a total of RMB 2.2 trillion with 23 countries and regions, including the EU.

Renminbi deposits in Hong Kong registered 26% year-on-year growth in August 2013 to RMB 709.5bn and, including certificates of deposits (CDs), by 33% year-on-year to RMB 904bn (Hong Kong Monetary Authority). Renminbi deposits in Taiwan rose to RMB 98.66bn at the end of September 2013 compared with RMB 17.45bn in 2012 (Central Bank of Taiwan); and increased to more than RMB 140bn in Singapore at the end of July after the Industrial and Commercial Bank of China began offering clearing services in early 2013 (Monetary Authority of Singapore).

The combined amount of RMB 576bn held by foreign investors through quotas exceeds outstanding dim sum bonds/ CDs, at RMB 512bn (Hong Kong Monetary Authority).

16 **institutions** – including the central banks of Hong Kong, India, Indonesia, Korea, Malaysia, Singapore and Thailand – are operating on the onshore China Foreign Exchange Trading System through quotas granted by the PBOC.

settlement procedures and streamlining documentation," he explains.

Cross-border payments that are capital account-related – such as renminbi qualified foreign institutional investor (RQFII) funds, and overseas and foreign direct investment – are closely controlled either by quotas or specific approvals, but the PBOC Circular 168 issued in July pointed to an easing of restrictions.

Radical July reforms

Onshore companies can apply to conduct cross-border renminbi lending through onshore banks, without needing the approval of the PBOC, and lending is also no longer limited to intercompany transactions. Unrelated entities can also now enter into renminbi cross-border lending agreements through entrustment loans, allowing companies to bring trapped cash out of China to meet overseas working capital needs. In effect, the renminbi can be fully integrated into regional and global cash pools.

"Corporate treasurers are increasingly amalgamating renminbi flows within their global liquidity pools. This heightens visibility, strengthening control by identifying where funding is needed within a company's worldwide operations and optimising yield. Renminbi payments and receivables are now being managed by regional treasury centres, such as Hong Kong, Singapore and London," says Au.

Equally important for efficient cash management and ease of doing business, documentation has been simplified for renminbi cross-border trade settlement of goods and services, based now on normal due diligence processes. This reform should enable

companies to achieve real-time collections and payments.

"The easing of the administrative burden and the simple reduction in paperwork is going to incentivise us to do more business in China," says a Hong Kong-based regional CFO of an international conglomerate.

He is encouraged by the other measures implemented and believes that more reforms will be introduced next year to break down barriers on the capital account and extend the internationalisation of the renminbi.

"China's policymakers are receptive to our needs as businessmen, and have also recognised that making things easier for us will help satisfy their own objectives," he says.

In addition, foreign companies in China can now issue cross-border renminbi guarantees to offshore entities to support their funding needs and optimise their balance sheets; and renminbi funds from bonds issued overseas can be placed in special accounts with onshore banks.

This should lead to a significant change in how companies manage their renminbi cash flows.

"The opening up and liberalisation of the renminbi FX market will continue to go forward. The currency will play an even greater role as commercial trading activity increases and foreign companies invest in China. Overseas firms should look to raise renminbi from dim sum bonds and then invest the proceeds directly in China, where they receive renminbi revenues that can be used to service the interest offshore," says Andreas Weindel, head of group treasury and portfolio management at German confectionery company Haribo, commenting in a personal capacity.

This would be good news for investors. "There is clearly strong investor demand for dim sum bonds now that yields have risen to market-clearing levels, but there is a lack of supply," says Clifford Lee, managing director and head of fixed income, DBS Bank.

Shanghai FTZ will be a test ground

More measures are likely to be introduced to further open up the capital account and are likely to be tried first in the Shanghai free trade zone (FTZ), which opened in September. It will be subject to fewer financial and business regulations than the rest of the country and is likely to allow full foreign ownership in more industry sectors. Also proposed are greater interest rate liberalisation, easier cross-border lending, foreign debt quota reforms and freer renminbi convertibility.

"Medium-size companies are likely to congregate around Shanghai – and in the FTZ – where production costs are lower and they have access to a large, skilful service sector," observes Weindel.

Broadly, the FTZ will be the testing ground for further currency internationalisation.

"Although it is difficult to predict the next stage of the renminbi's liberalisation, the development of the Shanghai FTZ is expected to play a key role as it will be used as a pilot for the rest of the country, both for currency reform and for the incentives it provides for overseas companies to operate in it," says Au.

Irresistible trajectory

Momentum towards full convertibility is clearly under way. Of course, while the offshore renminbi is considered convertible, the onshore renminbi is not. But, already the onshore FX intraday rate has widened to 1%, and analysts expect further widening in phases – perhaps to 2% by the end of 2014, and maybe achieve complete convertibility by 2020, predicts Standard Chartered (or even earlier, according to forecasts from HSBC).

> "China's policymakers are receptive to our needs, and have also recognised that making things easier for us will help satisfy their own objectives"

Changes to the domestic interest rate structure are also taking place. China has already removed the lending policy rate, and the next step is likely to be the freeing up of deposit rates, which are subject to an upper limit of 1.1 times the benchmark rate. The extension of deposit insurance, as well as the creation of a more market-driven interest rate benchmark, could follow, according to China economists at HSBC.

These measures reflect an overall strategy of loosening official control over critical levers of the economy, and suggest to analysts that policymakers at the PBOC have the upper hand over more cautious government officials who fear the unintended consequences of market forces.

"The Chinese regulators are continuing to open and expand both the onshore and offshore renminbi markets, notably with recent agreements with the UK, Singapore and other countries, such as implementing direct cross-currency swaps and allowing qualified investment in renminbi financial instruments," says Lee.

Although China is a large, trade-oriented economy, accounting for 10% of global trade, the renminbi makes up only 1% of international payments, so clearly there is plenty of room for its share to grow. More companies want to do business with China, the country's authorities are trying to make it easier for them to do so, and corporate treasury departments are adjusting to a new world order where the renminbi is entering the currency mainstream.

Rupert Walker is a freelance financial journalist based in Hong Kong

CONFUSION REIGNS

THE DEADLINE FOR MANDATORY REPORTING OF OTC DERIVATIVE TRADES IS 12 FEBRUARY 2014, BUT UNCERTAINTY REMAINS OVER HOW REGULATORY REQUIREMENTS SHOULD BE MET, SAY DANIEL CORRIGAN AND DANIEL JUDE

In September 2009, in the wake of the financial crisis, the G20 leaders descended upon Pittsburgh in the US state of Pennsylvania, for the third instalment of talks on the state of the global economy. At this time, there was a general acceptance of the need to improve transparency, mitigate systemic risk and protect against market abuse in the OTC derivatives markets.

The summit resulted in a specific mandate: that all standardised OTC derivative contracts should be traded on exchanges or electronic trading platforms and, where appropriate, cleared through central counterparties. In addition, OTC derivative contracts should be reported to trade repositories. This instruction was implemented through the Dodd-Frank Act in the US, and in the European Market Infrastructure Regulation (EMIR) in Europe.

In the US, the new rules on derivatives were applied at the end of 2012, leading to the introduction of swap data repositories, centralised clearing and swap execution facilities in the OTC derivatives market. EMIR is set to come into effect in the EU in 2014, beginning on 12 February with the requirement to report information on all European derivative transactions to trade repositories. This will be followed by the requirement to clear all standard derivative contracts through central counterparties halfway through the year.

All parties defined as participants in the OTC derivatives market in the EU will have to report relevant trades to registered or recognised trade repositories. But national regulators appear to have differing approaches as to which asset classes are mandated and which types of market participant need to report.

How market participants carry out their reporting, also known as 'delegation of reporting', is central to EMIR. A common misconception surrounding exchange-traded derivatives and centrally cleared OTC transactions is that the clearing houses or central counterparties are likely to report to trade repositories on behalf of their clearing members. While clearing members may report on behalf of their clients, it is currently far from clear which clearing members are willing to accept the delegation of reporting.

Implications for treasurers

The impending EMIR legislation will have a number of implications for treasurers. All corporate entities, whether they are financial or non-financial, will have to report their relevant derivative contracts in commodities, credit, equities, FX and interest rates no later than the trade date plus one day. Corporates must also report their outstanding transactions and new trades to an approved trade repository. Corporates need to start by applying for a legal entity identifier, then decide which trade repository they want to use.

Market participants should select a trade repository based on its coverage and technological capability, for example, whether it can leverage technologies that it uses for other services, such as trade execution and clearing. They also need to consider factors such as cost, ease of connectivity, regulatory efficiency and simplicity.

With the implementation deadline of 12 February 2014 fast approaching, Europe is scrambling to become compliant with the reporting requirements. Clients are asking trade repositories for advice on the options available to them in terms of delegation of reporting or self-reporting. Meanwhile, regulators are continuing to review and refine the reporting requirements. For example, in August the European Securities and Markets Authority published a final report containing a proposal for an amendment to Article 5 of the implementing technical standards associated with EMIR that would postpone the reporting start date of exchange-traded derivatives by one year.

While the Dodd-Frank Act in the US and EMIR in Europe have both moved to adopt swap data repositories and trade repositories respectively, confusion exists as to how the landscape of reporting in a multi-jurisdictional world will look. In addition, there are still critical unanswered questions in regards to extraterritoriality and equivalence across jurisdictions.

For more information on trade repositories and reporting requirements in a multi-jurisdictional world, the ACT invites you to attend its special webinar on the subject on 21 November 2013 at 12.30pm. For more information, see www.treasurers.org/events

Daniel Corrigan is adviser to the chairman and CEO at CME Europe

Daniel Jude works in client development and sales – asset managers at CME Group

GET SET FOR EMIR

THERE ARE SOME PRACTICAL STEPS YOU CAN TAKE TO PREPARE FOR TRADE REPORTING. DANIEL CORRIGAN EXPLAINS

Trade reporting of derivatives will be mandated and start on 12 February 2014, when existing and new trades must be reported to a registered trade repository. This is a major milestone for the European Securities and Markets Authority (ESMA) in terms of the European Market Infrastructure Regulation (EMIR). While it is a major milestone for ESMA, it is an operational headache for the financial industry as a whole and, in particular, for the financial and non-financial counterparties (NFCs) that will be affected. There are concerns across the industry regarding being compliant in time, and there is still confusion surrounding definitions and work flows, and the lack of clarity is making it difficult to comply.

EMIR allows for counterparties to use a delegated service provider, such as a bank, to report on their behalf. These providers could be a counterparty, an operations provider or a third party.

Here is a checklist of actions you can take now while the rest of the landscape unfolds (see right). Included below is a brief overview of the EMIR reporting obligations.

EMIR reporting obligation checklist to help you get ready for reporting on 12 February 2014

1. Obtain a legal entity identifier (LEI) from your LEI local operating unit (the list is found at www.leiroc.org).
2. Decide which transactions, including intragroup transactions, fall under EMIR reporting requirements.
3. Speak to your counterparties about your delegated reporting options, including unique transaction identifier generation.
4. Receive all relevant counterparties' static data, including their LEI. Do not rely on searching for this on an LEI provider's website as this is prone to error.
5. Decide whether to report directly or use delegate reporting.
6. Understand different trade repositories' offerings in terms of:
   - a. security and reliability
   - b. fees
   - c. technical efficiencies
   - d. customer service
7. Select your trade repository and undergo user testing.
8. Sign user agreements.
9. Start reporting.

EMIR REPORTING OBLIGATION OVERVIEW

Which trades must be reported?
Subject to limited exceptions, all exchange-traded derivatives and OTC derivatives traded must be reported to a trade repository. Intragroup transactions must be reported as well.

By whom?
All financial counterparties, NFCs and central counterparty clearing houses will have to report their trading data.

How quickly?
Trades must be reported to the trade repository by the end of the following working day (End of Day T+1).

When does it start?
12 February 2014.

What data has to be reported?
Twenty-six information fields of counterparty data (participant IDs, valuations, etc) and 59 fields of common data (trade details, clearing, contract type, etc) must be reported for each trade. Reporting of certain collateral information will be delayed by a further 180 days from the reporting commencement date.

What records must be kept?
Records of any derivatives trades must be kept by counterparties for at least five years following termination of the contract.

Is there any historical or back-reporting?
Trades outstanding on 16 August 2012, and still outstanding on 12 February 2014, will have to be reported within 90 days of the reporting start date. Trades outstanding on 16 August 2012, or which were entered into on or after this date and are not outstanding on or after 12 February 2014, will have to be reported within three years of the reporting start date.

We suggest that you engage with the trade repositories to determine which is appropriate for you. Our experience with companies reporting under the Dodd-Frank Act in the US was that many waited until the deadline, thereby minimising their options and ability to negotiate documentation. The industry still has a long way to go in a short period. We urge counterparties to start sooner rather than later.

Daniel Corrigan is executive director and CEO of European Trade Repository at CME Group. CME European Trade Repository, a CME Group company, has applied to ESMA for registration as a trade repository under EMIR in order to provide repository services

For more information, visit **www.cmegroup.com/etr**

European
Union, article: **The Banks and Their Allies**

By **Holger Steltzner**, Editor of Frankfurter Allgemeine Zeitung, Frankfurt am Main, Germany, December 10, 2013

Banks have led the world economy over the brink. Banks have rolled over to the taxpayer unbelievable losses. Banks, by way of socializing their billions of losses, have pushed up government debts and driven countries into bankruptcy. Banks are said to have manipulated the most important interest rate of the world as well as the price of gold and foreign exchange rates. Naturally, not all banks were part of this. But many banks have first cheated on their customers, and then on the general public. And what follows from this?

The collusion between bankers and politicians continues as before. The politicians have sworn after the last financial crisis, that they will not again be taken hostage by the banks. Indeed, they have given a few placebos to the voters. Internationally, a few regulations for the equity have been tightened a bit (Basel III). Europe has decided on the introduction of a financial transactions tax, which is nonsense, and which will at best be such, that it will not hurt banks. In Brussels there is wrangling about the details of a banking union, which is so complicated, that nobody is understanding it. In fact, the German finance minister is promising tax payers, that in the future the owners, the creditors and the depositors of banks shall be held liable for their shaky bank. How credible is this, when his Southern European colleagues provide for numerous exceptions from the regulation and already are spreading fear about contagion ? The bitter truth is, that before the state heads had decided, to use the Euro Bail Out Fund ESM, funded with tax money, will also be used for the recapitalization of these banks.

In the United States, voluminous legislation is meant to contain the proprietary trade of banks. Thanks to the lobbying of Wall Street, the regulations there are so complex, that they disguise more, than they prevent. In the rest of the world, the banking business is going on as usual. It is as if there had never been a world economy crisis. The fight against excessive bonus schemes has also failed. There is still speculation continuing on the banks own accounts, to still hold other people liable in the case of misfortune. Here in Germany the talk about the culture change at Deutsche Bank is just about as credible as the “we have understood” advertisement of Commerzbank.

In the Euro zone, the crisis countries more depend more than ever with their excessive state debt on their local banks. These are pumped up by the European Central Bank with liquidity, in order that they can, with this gift of money, buy even more government bonds. Briefly stated, six years after Lehman Brothers, countries continue to tremble about the banks. Therefore, and in spite of the government debt haircut in Greece, one is adhering to the illusion, that state bonds are safe and must not be, like other loans, matched with underlying equity. Therefore, banks continue to be allowed, to value their risks with questionable evaluations by the rating agencies, and therefore they are also allowed in the future, to make their profits look more beautiful with questionable accounting.

Walter Eucken, one of the founding fathers of the German political and economic model " Social Market Economy" has already decades ago described, what has led to the financial crisis: " Investments are being made the more so carefully, the more the responsible for the investments is also liable for it. Only when being held liable is missing, will there be excesses and licentiousness." Who is taking this fundamental principle of a market economy order seriously, does not have to dream, that an overextended supervisory agency may protect a country from being taken hostage by a bank. Would one make sure, that in a bank, decision and being held liable, are being held in one hand, one would not need a winding down fund, to be funded by banks, and no help for Zombie banks by the ECB.

What is being negotiated in Brussels, is the opposite of market economy. Such a Fund makes the permanent sticking of the hand into the pocket of other to the new principle of the currency union, says the president of the German Association of Savings Banks. A redistribution of burdens from risky large banks on to small local banks is putting the principle of cause upside down, is adding the president of the Association of Mutual Banks.

Banks only understand the language of money. The proprietary trade is the only lever, in order to limit the risk for the financial system in a sustainable way. Banks should show more equity and liquidity. That would diminish the danger of systemically relevant banks, and it would limit at the same time the urge for size. In the manufacturing industry a high equity quota is an expression of high solidity. Why should not apply to banks, what banks require from their corporate customers or from their retail customers for a house investment - one fifth of equity - why not apply this also for banks ? Many successful corporations have no debt at all. But the Deutsche Bank wants to tell, that it must work with 97 % debt capital, because it is especially good in a special industry. This is nonsense. The collusion between bankerss and politicians must come to an end.

Source: Frankfurter Allgemeine Zeitung, December 13, 2013. All rights reserved. Copyright Frankfurter Allgemeine Zeitung GmbH. Provided by Frankfurter Allgemeine Archiv.
Responsible for translation: GEFIU, the Association of Chief Financial Officers Germany; translator: Helmut Schnabel

Germany,

Interview: **“The time for harvesting is just beginning for us”**

An interview with Dr. Matthias Zieschang, CFO of Fraport AG, about the potential for growth in the existing business and about patience in auctions for further airport investments abroad.

Interviewed by Peter Olsen, Börsen-Zeitung, Frankfurt am Main, Germany, November 30. 2013

Mr. Zieschang, Fraport had great hopes for winning the contest for the airport of Rio de Janeiro. Why did it not work out?

We have made an economically attractive offer, but we have been outbid. When our self set limit is being reached, we must reasonably step out of an auction. When making such an acquisition, as well as also at other investments like for example in a runway or a terminal, the value creation must be secured. Beyond a certain price, this is not any longer given.

How free are such auctions in reality? Was there not enough political support for you?

We have not encountered political resistance so far. We are never making an offer alone on our own for airport projects in emerging markets, also for the reason that we, as a matter of principle, wish to have a partner in the our boat who is well locally and politically represented. The auctions, in which we have participated so far, have all been decided in accordance with economic terms and in line with the level of the offer.

It is said that the winning offer was 50 % higher than the offer of your group. Have you been surprised by this, given that with Changi an airport manager was also on board?

The highest offer was significantly above all other offers. After that the three best other offer-groups could have made further auction rounds. The price offered by us of roundabout 13 Billion Real would not have been the last word. However, against the background of our own price limit, we would not have reached the highest offer price, which a consortium had offered and which we cannot understand with a view to our business plan. Within the framework of our strategic objectives, we want to further build our international portfolio, but subsequently we also want to benefit financially from our engagements. Therefore, we make an offer, we do this with a right measure and with the sense for reality.

It is said that you have put around 4 Billion Euro on the table. Would you have been successful, what would have been the subsequent needs for financing?

We would have had to put in a reasonable amount of equity and we would have had to prove that we have enough credit lines for our commitment to expand further, which credit lines would also have been used at the later stage. The sum of the purchasing price results from the confession fees to be paid annually and would have had to be financed in the medium and long term from the cash flow.

Are there internationally interesting airport auctions for you in foreseeable future or do you have to put up with the development of your portfolio?

Indeed, the growth is not only coming from acquisitions. We can and will benefit a lot from our portfolio of international airports, that is, we shall grow organically and overproportionately. The time for harvesting is just about now beginning for us, like for example at our participation in the airport at St. Petersburg and Xiang. There will always be new auctions of concessions for airports – we remain patient and we are observing the market with great attention. Purposely I do not mention any names – the M & A-business is highly sensitive.

Which countries are interesting for Fraport, in order to strive there for a management contractual engagement?

As a matter of principle, airports in countries with high growth rates are attractive, of course. But in spite of this, we are not focussed on such regions, as also airports in mature countries can be attractive. Our horizon of investment is therefore not limited.

Has anything changed in the situation of competition? Are there new auction participating groups?

The competition for contracts for concessions concerning airports continues to be hard as we have just seen again at Rio de Janeiro. Our impression is that financial investors are presently playing a rather smaller role than formerly. Instead, big pensions insurance corporations seem to have interest in real property values in the infrastructure. They like to invest into large projects with stable cash flows.

Fraport at a Glance

Group in Numbers

January to September*

Turnover in Mill. Euro

Operation Profit in Mill. Euro

Group Profit in Mill. Euro

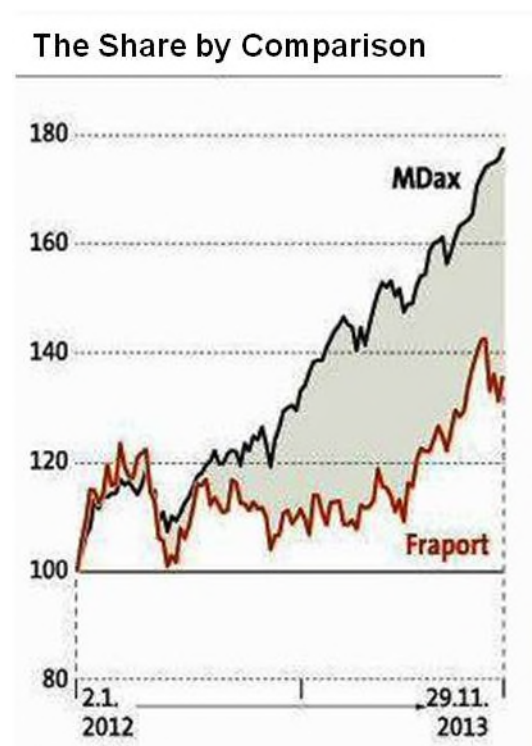
Serviced Passengers in Mill. Euro

Dividend per Share in Mill. Euro

* Dividend for full Year

Do you not have to adjust your requirements for the return on capital to the downside, in order to stand on the top of the stage once more?

We stick to our approach of 9.5 % before taxes (WACC) which is derived from the asset-pricing-model by the way and which is not a discretionary adjusting screw. In a case of a successful auction, we want also to have financial returns in the long run. If we make a too expensive acquisition, our shareholders will turn out to have nothing from it.



Source: Corporation, Thomson Reuters

You have returned a significantly positive free cash-flow lately. How did you achieve that?

For this, there are several reasons. So the operating cash flow has performed well and slightly improved in the way, how we have planned it. The main reason for this is that in terms of investment we are standing on the breaks. We have reduced significantly our capital expenditures, also versus planning. And the plan for 2013 was already below the level of 2012.

How does that show up in your numbers?

In the first 9 months of 2012, we had invested roundabout 430 Million Euro at the site Frankfurt, now – in the same period in 2013 – it was only 290 Million Euro.

How does that work?

This is naturally the result of the fact that we are largely finished with the great projects like the North-West-landing way and the Terminal A Plus. But we also look much stronger at what has to be done and what not or what can be postponed when it comes to capital expenditure management.

By which priority list you are thereby proceeding?

Our first priority was to create the necessary capacities for future growth. We achieved this with the mentioned infrastructure construction measures. From the point of view of the passenger, it was then to focus on investments which are leading to a realizable improvement of comfort and quality. As an example, we want to improve significantly our sanitary installations. Our toilets in the terminals shall have a high standard. This we are continuing to do.

So are there large manoeuvring rooms that the achieved savings are not only singular but also permanently?

Naturally, there are expenditures which can only be moved to the future. These are temporary reliefs. But there are also capital expenditures, which can be arranged in a cost-efficient way as regards their size and their qualifications. If one takes this approach, one can sustainably reduce costs. These are the most beautiful savings.

What are the capital expenditure plans, before costs will rise again with the construction of Terminal 3 ?

Here in Frankfurt, we shall be able to decrease once more. The pure maintenance investments are below 300 Million Euro per year. Extensions like Terminal 3 come then in addition.

And the Terminal 3 will come?

As a matter of principle, we continue to assume the sustainable growth in an unchanged way at Frankfurt am Main. We will account almost 58 Million passengers this year – and this after a year with a relatively weak development in the first part of 2013. Our present terminal capacity is at 68 million passengers. Therefore we still have 10 million reserves in the present infrastructure.

When will you have achieved this limit?

When we assume a 2 % annual growth, then the capacity would be just about sufficient until 2021.

And to this you direct your construction-plans?

At present, we expect to finish the planning until end of 2014. Thereby we achieve a planning quality, as we had never had it in a project. We will attain quite a different safety about the cost situation.

Is the higher planning precision helping you, when stearing the financial means for capital expenditures?

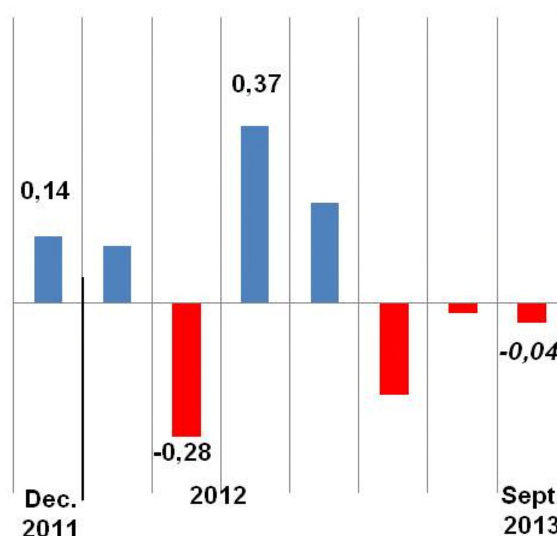
In every budget one has planning reserves. But when one is indeed a bit better in the application, then the planning reserves do increase for example for possible additional expenditures and unforeseen expenditures.

How will you portion the capital expenditure for Terminal 3 ?

With our partly already completed outside field positions, we effectuate already capital expenditures for Terminal 3 today. This is helping us with additional parking positions, which are now being used. So the capital expenditures really would be going up with the start of 2016 and then we shall have roundabout equally high amounts per year during the construction period.

What does that mean for financing? And how you are acting in the environment of low interest rates?

Group-wide we are having around 1,5 billion Euro liquidity presently. And our declared intention is not to go below 1 billion Euro in order to have financial means at any time and in order to never depend on the capital market. With this, we have done well. In addition to this, we have non-used credit-lines.



Does the holding of cash not cost money?

This is asked to us by the analysts every time. We are looking at the costs of carry and they are fluctuating around 0 (see graph). Indeed, we take up capital for the longer term, but only partly at fixed interest rates. And when we invest ourselves, then we do this also in the short term. However, the interest duration of liquidity is somewhat higher than refinancing, whereby we even have temporarily a positive cost of carry.

How are your stearing your depreciation?

Because of the completed constructions according to plan these have run up in the past years. Now old depreciations are running out and only new, smaller depreciation needs are added to this. With this, the depreciations overall are levelling out on a plateau until Terminal 3 will be built.

With the new Terminal A Plus you wanted to come closer to the target to earn 4 Euro with every passenger in the retail shops at the airport. Why has this not worked out this year?

In this year we have an increase of the revenues by about 10 % versus the previous situation, but we have not attained our target to achieve an increase of 20 % versus the previous year. However, we are not giving up this target, but we have deferred it for two years.

How much are you impacted by the consolidation in the airline industry? The addition of capacities is proceeding slower, isn't it?

Before opening the new landing way, we had a demand in high times of up to 100 movements per hour requested by the airlines. What nobody had on the radar, was the degree and the duration of the European debt crisis with all its effects. Statistically proven is the correlation between economic growth and the increase of the passenger numbers. As the European continental traffic is generating about 60 % of all passengers of the Airport Frankfurt am Main, and from this again a significant portion is coming from Western and Southern Europe, we therefore feel also the effects of the debt crisis. In contrast to that, the intercontinental business is running very strongly. We do not assume, however, that the debt crisis in Europe will be solved quickly.

For the airlines, the costs for gasoline are the highest block of costs. But they are also complaining about the high fees to be paid to the airports, is that right?

The present contract for fees to the airport with the airlines is running until the end of 2015, and it embodies moderate annual increases by 2.9 % each. Due to our high capital expenditures into the capacities and the quality of our infrastructure, the airlines receive a significantly better product as a counter value. In addition, the airport fees play a comparably small role in the profit and loss statement of the airlines. For the airlines the big cost blocks are cerosin and staff which collectively account for up to 80 % of the total costs of an airline.

The airport chairman Schulte has announced that the ground traffic services have lately written losses and that they need a significant swing of returns into positive. What is going on there?

Here, we are not inactive. We already have a wage tariff for new employees, for whom the wages are on average of 40 % lower than the old contracts. Naturally, the employees who have been employed so far, are being grandfathered. Now it remains to be seen, how the natural fluctuation will develop and how thereby the proportion between old contracts and new contracts is developing.

And that is not enough by now?

The driver for the revenues in the segment of ground traffic services is the maximum weights of the airplanes when they are starting and the number of movements of airplanes on the ground. Both of them, lately, have decreased because of the European debt crisis. Therefore, we could not reduce structurally the costs so quickly as we had planned it. Therefore, we have to steer against it and to increase the productivity.

How can this be achieved?

We need more flexible working hours, we must do something in administration and also in the internally and externally purchased services.

Responsible for translation: GEFIU, the Association of Chief Financial Officers Germany; translator: Helmut Schnabel

Italy, Article: THE INTEGRATED REPORT 2012 of Aspiag Service – Despar Nordest

by **Raffaele Trivellato**, CFO Aspiag Service Srl

Starting from last year, Aspiag Service (AS)[1], a company which operates in the large-scale retail trade in North-East Italy, decided to transform the way it communicates its annual results. Hence, the company started an ambitious and innovative path towards Integrated Reporting, which shows the willingness of this enterprise to operate not just with the greatest transparency but also with the aim to combine its own commercial success with the wellbeing of the people, the communities and the territories in which it operates.

Only one report, representing – along with economic-financial results and information about social and environmental performance – these intangible assets accumulated through the years and which constitute the distinctive capabilities that create value for AS. In fact, intangibles such as the quality of costumers, brand reputation, the existence of strong relations of trust with capital providers, the skills and talents of employees, management's credibility, etc. are the determinants of future potential growth.

The report represents a mature example of real and effective integration between financial and non-financial information; between the strategic objectives and the capitals at a company's disposal; and between the business model and related performance. That is quite different from other "integrated reports" that present a mere aggregation, as a booklet, of the financial statement/consolidated report together with the sustainability report.

This process of reporting integration gave origin to a much broader vision – indeed an 'integrated' vision – of all the activities and results of the firm, together with a renewed capacity of AS to adequately respond to the challenges of long-term, sustainable growth. As affirmed by the IIRC (International Integrated Reporting Council), "*above all, integrated reporting is about good business*". In fact, AS believes that sustainable growth is based on the attempt to anticipate, monitor and manage market risks and opportunities that can concern different areas of impact – economic, human, social and environmental – trying to foster innovation and quality of actions in order to create a long-term competitive advantage.

In fact, Integrated Report has proved a crucial informational vehicle which is able to show, above all, how and on which basis a firm creates value in the short, medium and long term.

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[1] Aspiag Service Srl is the concessionaire for Italy of the Despar brand and is part of the Spar Austria Group based in Saltsburg. The Company is the result of the acquisition, back in the 1990s, of three groups operating in large-scale retail trade in the North-East side of Italy. The acquisition led to the integration of three different organisational structures, that is the distribution centres of Bolzano, Padua and Udine. During the last few years, the Italian company has rapidly grown through new openings and acquisitions of numerous retail stores from its competitors, reaching a turnover of € 1.5bl and becoming the leader in the territory in which operates (with 15% of the market share). Up to now, Aspiag Service manages 204 stores branded Despar, Eurospar and Interspar in the Italian North-East (and in part of the Emilia Romagna region) with 6,464 employees, and it supplies a networks of 355 affiliated retail shops.
The Group of which Aspiag Service is part operates in Austria, Hungary, Czech Republic, Slovenia and Croatia and manages 2,890 retail stores, reaching a turnover of € 12.6bl.

This Report allows representing, evaluating and monitoring in a systematic, coherent and structured – but also clear and concise – manner the whole set of actions, resources – also intangible ones – and results that are not traditionally included in analytical parameters; activities of measuring; and statutory reporting practices, trying to serve as a proactive subject, able to promote ideas and proposals in a market that, since few decades, increasingly focuses its attention on intangible assets in order to estimate the value of a company.
As regards the specific content of the Report, this is organised into eight sections in order to better represent the information that connect the various content elements, which are the same suggested by the *Consultation Draft of the International <IR> Framework*, even though they are presented in a slightly different sequence.

For that matter, the IIRC affirmed that relevant content elements should not be understood as attributing Integrated Reports any rigid structure.

The sequence of the *Content Elements* is the following:

1. Identity;
2. Governance;
3. Business Model;
4. Organisation and operating context;
5. Risks and opportunities;
6. Strategy and resources allocation;
7. Performance;
8. Future perspectives.

In order to support reliability and completeness of data contained in the Integrated Report, two final sections have been added to the eight presented above.
The ninth section, related to the Sustainability Report, concerns the set of social and environmental information and metrics adopted drawing on the guidelines GRI G3.1, issued by the Global Reporting Initiative (level of application: B+) and the standard created by the Commission on Environmental, Social and Governance Issues (CESG) of the European Federation of Financial Analysts Societies (EFFAS). Finally, the tenth and final section contains the mandatory annual financial statements as required by the Italian Civil Code and in accordance with the standards issued by the Italian accounting standard setter (OIC).

The data have been verified with a non-qualified opinion by one of the leading audit firms.

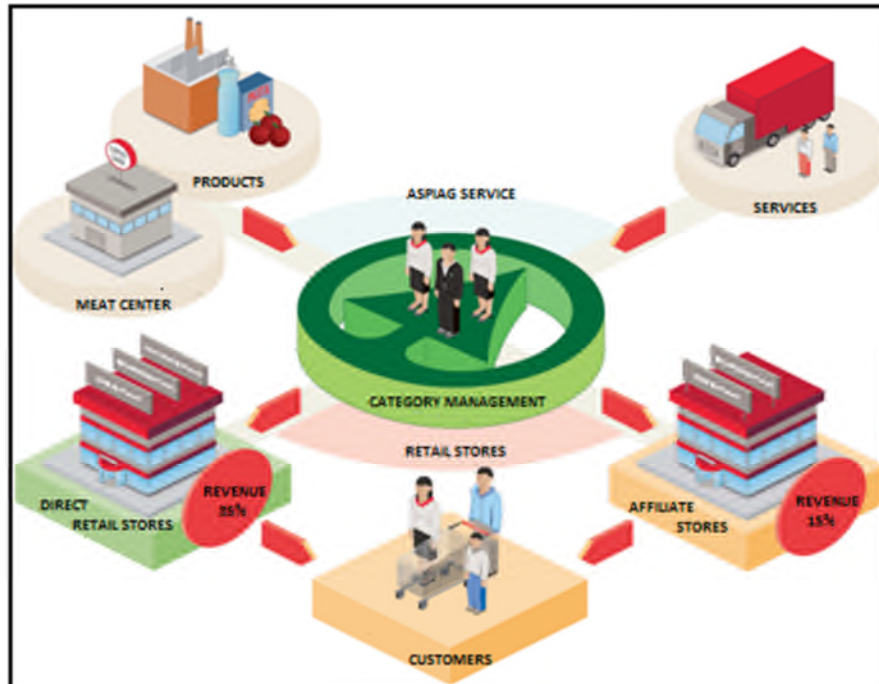
The first section, "*Identity*", contains the historical-introductory profile of the company. It is functional to delineate the identity and development over time of AS, stressing the ethical values on which it has been established and the mission pursued.

The section comes after a highlight containing the main financial and non-financial (intangible) indicators representing the capacity of the firm to create value over time.

The following section, "*Governance*", provides exhaustive documentary evidence of the mechanisms of governance and the institutional safeguards that characterise Aspiag Service. Furthermore, the section makes reference to the Organisational Model 231/01, which has been adopted by the enterprise and to its main features.

The third section of the report, rich in notions and contents, explicates the "*Business Model*" (see Figure 1 for a synthesis) and the lines of action pursued by the Company in the continuous process of value creation, and it also makes reference to the main stakeholders.

Figure 1 – Business Model



Source: *Integrated Report Aspiag Service*, p. 30

Moreover, the section underlines the distinct competences of the firm and concisely depicts the process of value creation that will be further explained in the following sections.

The 2012 Integrated Report uses six notions of capitals, as conceived by the IIRC, elaborating and further expanding the concepts of capitals adopted in the 2011 version of the Report. Namely, the six concepts of capitals employed in 2012 are:

1. **Financial Capital**: the pool of funds that is available to an organization for use in its activities, generated through grants or obtained through financing, such as debt or equity.
2. **Material or infrastructural capital**: ('manufactured capital' in IIRC terminology) they are retail stores and platforms; the company's buildings; equipment and infrastructures together with stocks of products.
3. **Organizational capital**: ('intellectual capital' in IIRC terminology) includes the various processes and procedures, largely knowledge-based, adopted to manage AS and the activities aimed to guarantee the quality and security of its products.
4. **Human capital**: concerns the endowment of people's competences, capabilities and knowledge, including these involved in AS' governance organisms.
5. **Social and relational capital**: is represented by these intangible resources attributable to AS' relationships with external stakeholders (clients, suppliers, banks, public authorities) that are necessary to increase the value of its image, reputation, costumers' satisfaction as well as valorising the broader social context.

6. **Natural capital**: within this form of capital are addressed all the activities of AS that impact, positively or negatively, the natural environment within which the other five capitals operate.

Though comprising the "traditional" concepts of net profit and equity, this innovative approach also recognizes other forms of capital – different from financial capital – as an integral part of the company's performance, thus transforming the very concept of performance in something much more diversified and complex.

As suggested by the IIRC, it has been acknowledged that the firm generates and absorbs not only financial capital but a much more articulated series of intertwined forms of capitals that allow the firm to perform its activity and create value over time[2].

The section "*Organisation and operating context*" contextualises the Company within the market in which it operates – that is large-scale retail trade – with a particular focus on its geographic trading areas, in which AS is the market's leader.
Furthermore, it shows the organisational structure adopted by the Company, as regards both the retail network and related retail brands and the internal organisational structure, based on the identification of category management that are characterised by a distinct managerial logic for each sales channel. The aim of this operational process is to improve the profitability of each category and, therefore, of the whole Company, in order to generate a sales volume that would guarantee the market leadership within the different territories where the firm operates.
One will also find represented in this section more information about the commercialised products, with particular reference to the choice of private labels covering all the commodities sectors; in 2012, in particular, the Company has obtained the 'GP01P Bureau Veritas' compliance certificate for the selection of products 'Despar Vital', i.e. the line of functional and health-related products created by Despar.

The section of the Report also describes the company's structure, which consists of three retail centres (based in Bolzano, Udine and Padua); seven platforms, which guarantee a constant supply of products; and about 560 retail points organised – according to their size and assortment of products – as Despar, Despar Express, Eurospar and Interspar.
Particular attention has been given to the Meat Centre (*Centro Carni*), owned by the Group but managed by Superdistribuzione S.r.l. and based in Bolzano. This Centre currently employs over 100 employees and has reached a turnover of €75m. It supplies high-quality meat to all the supermarkets of the Group, as demonstrated by the attainment of the prestigious certification ISO 22000:2005, which defines the international standards for food safety and hygiene.

Furthermore, Superdistribuzione has been the first Meat Centre in Italy to provide a service of traceability that goes beyond existing legal requirements, which guarantees the possibility of tracking down – from the package of the product available in the supermarkets – the origin and the nutrition regime of the head.

The fifth section analyses "*Risks and opportunities*". Here, the Report identifies, through a swot analysis, factors – both internal and external to the Company – that are able to influence, through different outcomes, the achievement of the firm's objectives.

[2] In effect, capitals should not be seen as stand-alone concepts but in relation amongst them and as characterised by flows and transformations. For instance, human capital increases when employees are effectively trained. The immediate effect of better training is an increase in company's human capital and a consequent decrease in financial capital (from the point of view of the firm, financial capital has been transformed into human capital). In fact, the firm is convinced that the consequence of creating value through more productive and better trained employees will eventually result in higher revenues.

The Chapter "*Strategy and allocation of resources*" illustrates the virtuous circle of value creation, expressed through a series of strategic objectives and shown below, which have allowed and are currently allowing the development of AS over time.

In particular, strategic objectives can be split between the fundamental one:

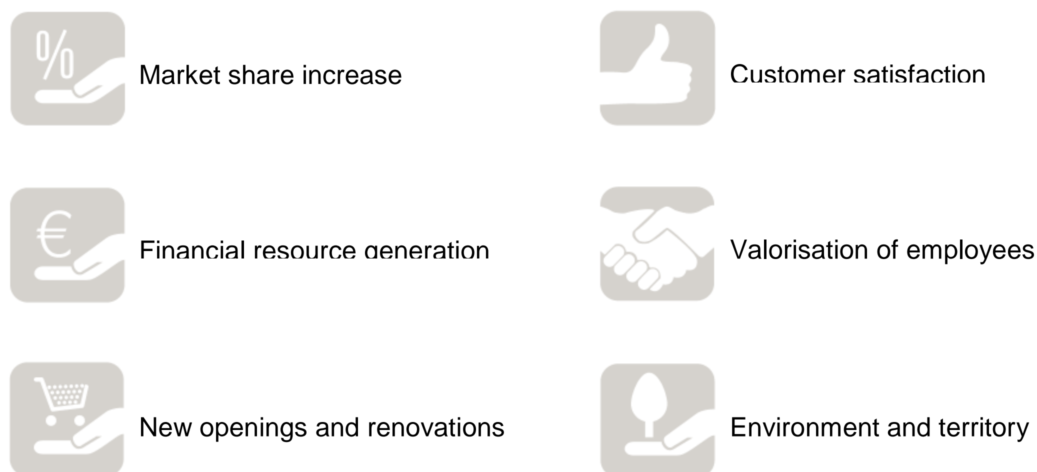
- Market share increase,

and a sub-set of five objects that are functional to its achievement, namely:

- Financial resource generation,
- New openings and renovations,
- Customer satisfaction,
- Valorisation of employees,
- Attention to the environment and territories.

Each of these five strategic objectives, ancillaries to the fundamental objective, has been marked using a specific graphic icon, in order to facilitate its identification, as represented in Figure 2. The icon has been used to link performance indicators, capitals and objectives. Such icons, associated with KPIs directly related to the process of value creation, acquire the colour of the capital that is influenced (increased, absorbed or transformed) through the process and help to identify whether and to what extend this object has been achieved.

Figure 2 – The icons identifying the strategic objectives



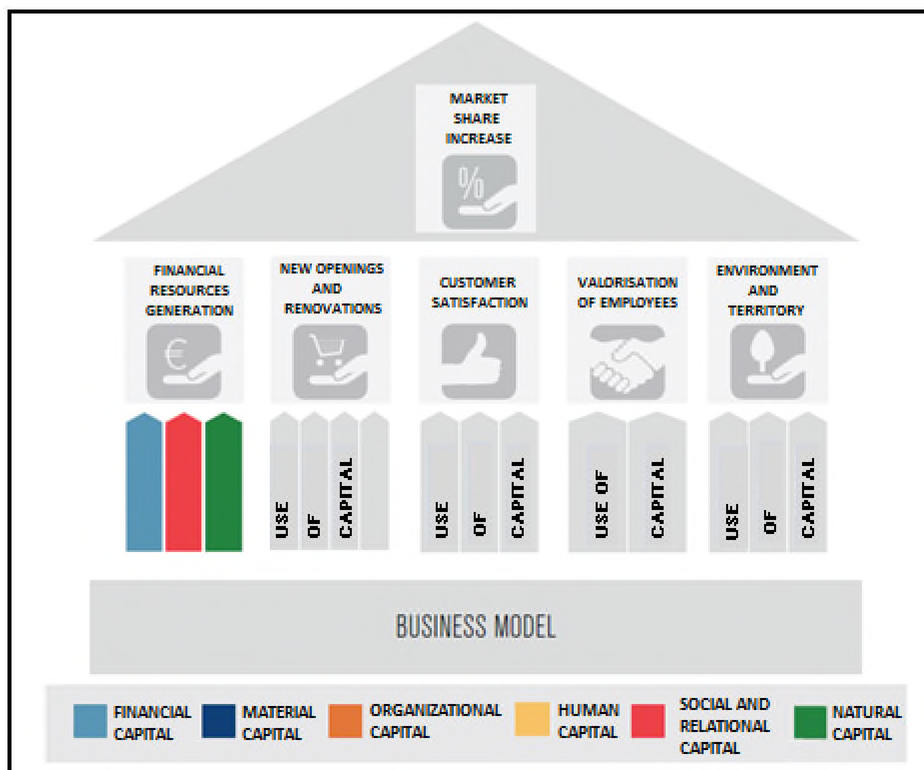
Source: *Integrated Report Aspiag Service*, p. 53

Within that section, the Report relates the matrix of materiality, which has been realised with the participation of the top management, together with all the branches of the firm, to the end of verifying and aligning the company objectives and the expectation of stakeholders. As regards strategy and innovation, this chapter also shows the initiatives regarding the firm's communication, both internal and external, of employees' development, environmental strategy and marketing.

The seventh section, "Performance", underlines how, in order to achieve each of these strategic objectives, AS employs the Capitals described above, which despite all their differences, "work together" in an interrelated manner, thanks to the organisational structure, giving substance to the process of value creation.

A concise representation of such vision can be observed at Figure 3, where each objective can be distinguished by a graphic icon and the contribution of each capital by the colour of the arrows[3].

Figure 3 – The contribution of Capitals to the achievement of strategic objectives



Source: *Integrated Report Aspiag Service*, p. 66

Figure 3 is an example of the methodology adopted, which allows a multi-dimensional vision of the performance and explains the concatenation that exists between:

- The Business Model of AS;
- The Capitals used as part of its activities;
- The two levels of strategic objectives, which are functional to value creation over time.

This allows exposing the story of how the firm creates value in the interest of its stakeholders.

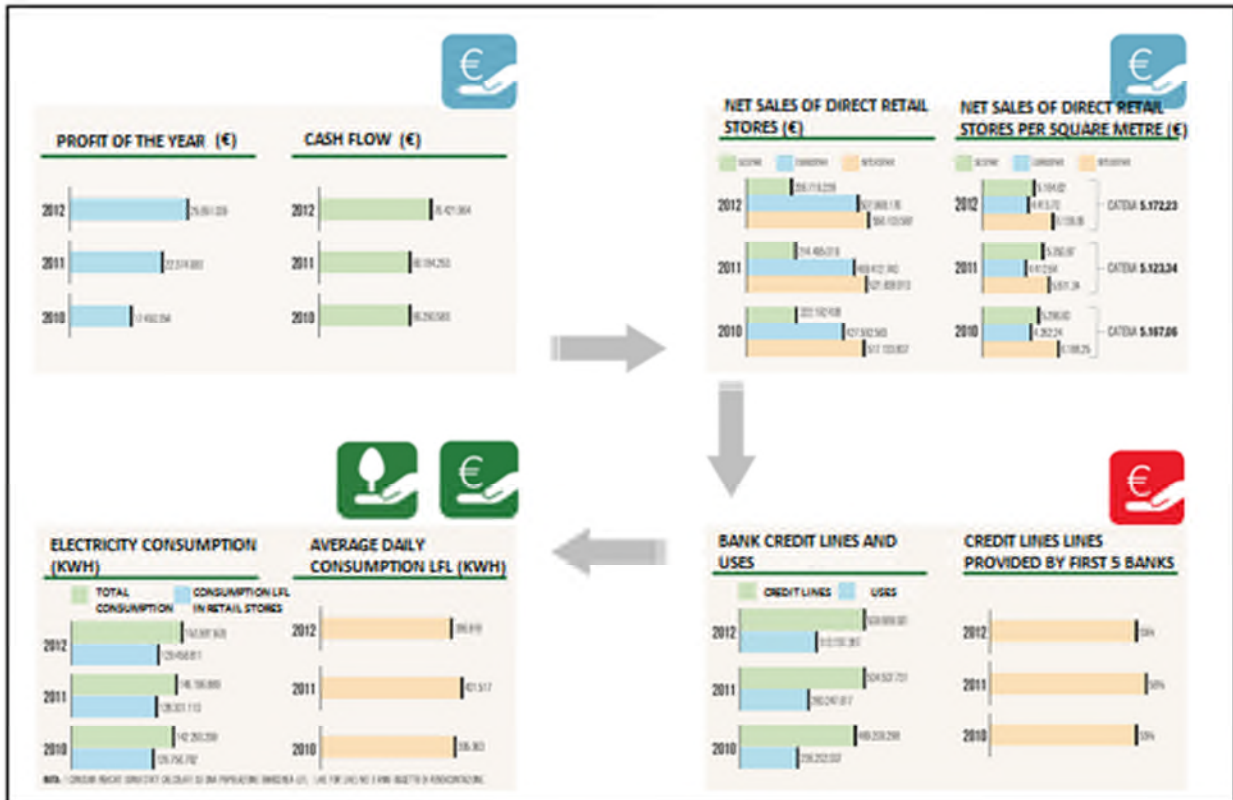
In addition to this new and more complex conceptualisation of performance, an Integrated Report also requires considering the need for identifying and stressing existing connections between the different activities of the firm, all focused to the common objective of creating value, as already mentioned above. As stressed by the IIRC, *"Integrated Reporting is about Integrated Thinking"*.

The necessity of establishing connectivity amongst the different set of information obviously concerns also the concepts of performance associated to the various capitals used by the firm, with the aim of drawing attention to and appreciating in a more holistic manner the various, complex dimensions of AS strategic activity and its results.

[3] The graphic adopted by the 2012 Integrated Report always uses the same colours to identify different forms of capital, in order to make them immediately recognisable to the reader.

Figure 4 presents an example of some indicators that express in details the extent to which a certain objective has been achieved and the connectivity with the capitals used, as represented by the colour of the icons that identifies each capital.

Figure 4 – Examples of connectivity



Source: *Integrated Report Aspiag Service*, p. 68

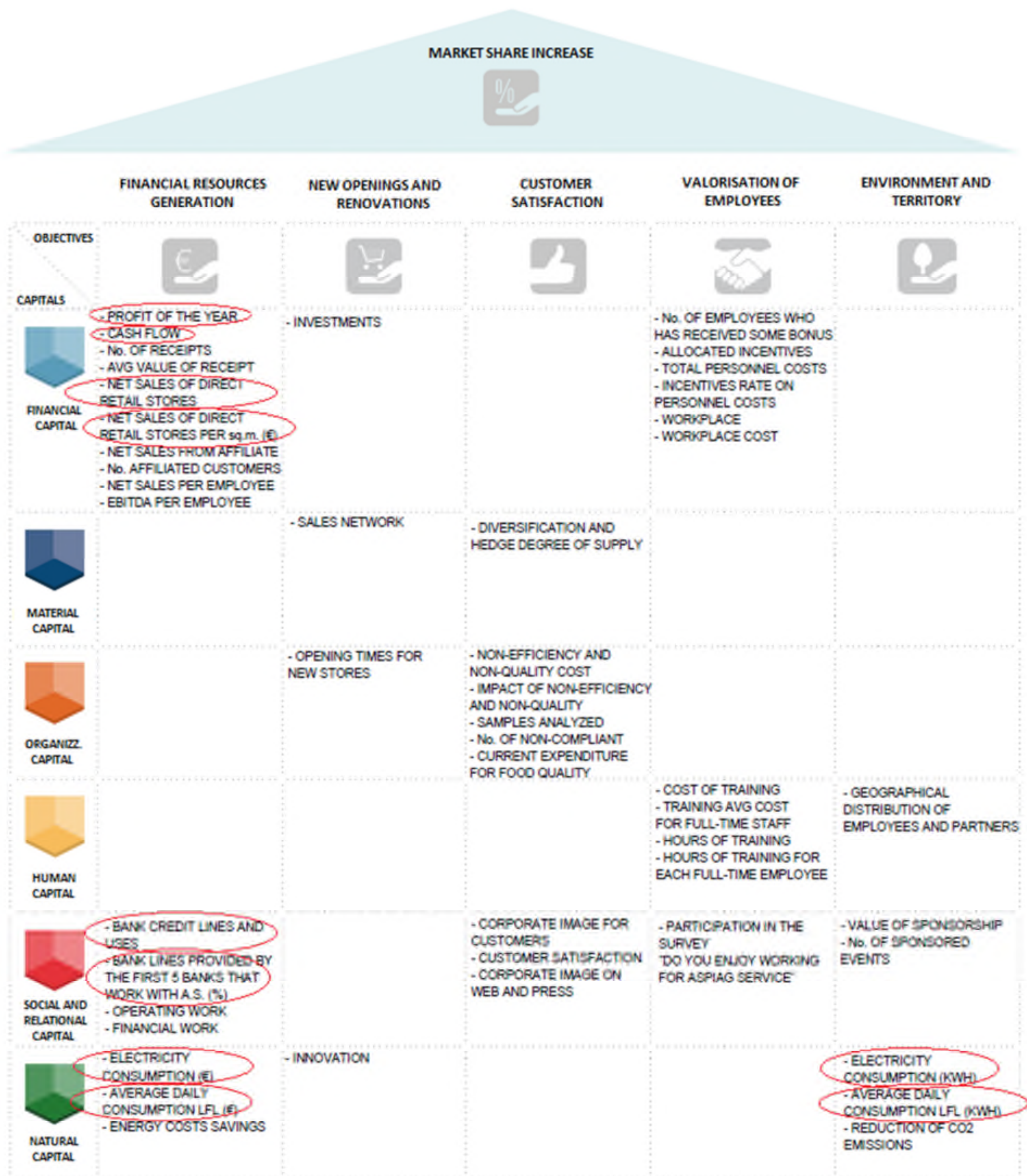
Within the Integrated Report, indicators are presented and commented through an economic and business-like logical sequence, using also an innovative formula, in a way that allows to fully appreciate the development of AS' value creation in 2012 and its outlook in the medium-long term. As regards the more traditional and less articulated balance sheet, a further element that differentiates AS' Integrated Report is the search for connectivity of information usually belonging to disparate spheres of reporting (such as economic-financial; intellectual capital; and sustainability or social and environmental).

In fact, the Report aims to integrate financial and non-financial material information (*materiality principle*) in the light of the strategies pursued, acquiring from this connection a superior capacity of explaining the situation of the firm.

Figure 5 effectively represents this connectivity of information as regards the performance of the firm in 2012. It shows how the five strategic objectives of AS are intertwined with the six capitals that "nurture" these objectives, therefore creating a "matrix of performance connectivity", in which various financial and non-financial indicators can be located. The latter are AS *Key Performance Indicators (KPIs),* which allow to measure and visualise the fundamental ties existing between

strategies and capitals. In particular, the indicators in red circles correspond to the examples of indicators utilised in Figure 4.

Figure 5 – Examples of matrix of performance connectivity



Source: *Integrated Report Aspiag Service*, p. 78.

The last section of the Report, "*Future perspectives*", synthesises the growth prospect for the next three years, which seems to confirm and support the object of achieving 18% of the market share by the year 2015.

The 2012 Integrated Report has been publicly presented on the 11th of June, in front of more than 170 professionals attending the *International Conference on "Integrated Reporting"*, organized in

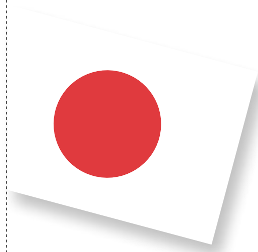
Milan by the *Italian Network for Business Reporting* (NIBR), which is the Organism of reference for the Italian context. It was praised as one of the best examples in Italy, raising considerable interest. It has been selected as one of the three finalists for the 2013 Italian Best Annual Report for large non-listed companies.

The 2012 AS Integrated Report has been the result of a complex process, run by a project group led by Raffaele Trivellato, CFO of Aspiag Service, and which included also Prof. Stefano Zambon, Chair of Accounting and Business Economics at the University of Ferrara and Chairman of the World Intellectual Capital Initiative (WICI) for Europe (www.wici-global.com).

The future perspective is to further sharpen the model and methodology adopted for this Integrated Report, introducing in the near future innovations and improvements aimed to accomplish an ever more effective connectivity of the data and information included in this innovative document of communication.

The Integrated Report is publicly available on the company's website (www.despar.it).

Article provided by ANDAF, the Italian IAFEI Member Institute



Japan

The world's third-largest economy is heading up, up and away on the back of Shinzō Abe's bold fiscal, monetary and socio-economic policies, says Charlie Metcalfe

The landslide victory of Japan's ruling coalition in the country's upper house elections in July was a big boost to Abenomics, the policy of expanding the economy through aggressive quantitative easing, public infrastructure spending and devaluation of the yen. Since 2005, the merry-go-round of changing prime ministers (there have been eight leadership switches in as many years) had created an absence of political leadership and a vacuum of creative long-term strategic thought. The two-thirds majority achieved by the Liberal Democrat/New Komeito parties in July's election indicates a level of consensus unprecedented in modern Japanese history and makes Shinzō Abe arguably the country's most powerful prime minister in the post-war period.

A nation that normally dislikes rapid change now seems to be crying out for it after two decades of deflation and stalemate. The bureaucracy-heavy, process-oriented government ministries will now step back from their usual obstructionist behaviour, if for no other reason than for fear of being seen as blocking the three-year window that Abe has until the next election.

Abe's speech in London following the meetings of the G8 leaders in June resembled a Reaganite/Thatcherite call to arms, confirming that nothing less than a shock to the Japanese system was required. In his speech, he referred to the three 'arrows' of economic revival, effectively making a comparison with the Yamaguchian legend of the three arrows whereby if three arrows are held together they are said to become unbreakable. In the same way, Abe's three-pronged policy will only work if it is applied in totality.

Now that the election has passed, Abe can be more specific and more assertive about his key social reforms, which constitute the third arrow along with his fiscal and monetary reforms. The Japanese people are already seeing the benefits of these first two arrows – massive and unprecedented fiscal stimulus and an unconventional and aggressive monetary policy aimed at stimulating inflation (Japan aims to double its monetary base by the end of 2014 through quantitative easing). The effects are startling. Data from early August show pipeline inflation (year-on-year) at 3.7% and annualised GDP growth (second quarter) at 3.8%. The economy is suddenly powering ahead faster than any other G8 country. Abe himself has openly said that failure to implement is not an option. He has told the world that his own name and dynastic political reputation is tied to success. Having disappointed once in 2007, when he served as prime minister for less than a year, and with a family tradition steeped in Japanese political leadership, Abe has nailed his colours to the mast. To hear him speak is to hear total conviction.

Super Abenomics

The sudden take-off of Japan's economy is now shifting Abenomics into what we can call Super Abenomics. The vicious cycle of deflation and contraction can be transformed into a virtuous circle of inflation, consumption, investment and growth. This transformation will be aided by the fact that Tokyo has been given the honour of hosting the 2020 Olympics, now considered to be the fourth arrow of Abenomics. Increasingly, there is empirical and anecdotal evidence that the Japanese themselves are taking their leadership revolution as a once-in-a-generation change, to be grasped and enthusiastically nurtured. Providing the government continues along the path of reform, a positive feedback mechanism between the real economy and the markets should ensure that both economic and market expansion are sustained.

The confidence created by the government's stability is already helping to drive consumer demand, which will lead to increased corporate capital expenditure and eventually greater housing investment. With Japanese companies now sitting

Country file

Population size in 2012: 127.6 million
Geographical area: 377,923.1 sq km
% growth in 2012: 1.9
Type of govt: Constitutional monarchy, parliamentary system
Official language: Japanese
Capital city & largest city: Tokyo
GDP in 2012: $5.960 trillion
Central govt debt as a proportion of GDP: 230%
Currency: Japanese yen

TOP TIPS FOR DOING BUSINESS IN JAPAN

1. **When exchanging business cards, pay due consideration to those given to you and acknowledge them with respect.**
2. **When using a translator, speak slower than normal and use shorter sentences to get your point across.**
3. **If you are invited to a restaurant, assume that the food served will be chosen to suit a Western palate and simply follow the lead of your host.**
4. **If people in service roles honour you with a low bow, acknowledge this with a polite nod. Westerners are not expected to bow in return.**
5. **Sometimes 'yes' does not really mean yes. Japanese people may seek to avoid appearing negative to your proposal or idea.**

Tokyo's dramatic cityscape, with Mount Fuji towering in the distance, behind the commercial area of Shinjuku

on record cash reserves of ¥225 trillion, according to the Bank of Japan, they can afford to spend. While the government's 2% inflation target is a slogan, it is designed to change people's expectations, shock them into action and get cash moving through the economy. When one factors in the $15 trillion in savings held by Japanese households (half of which earns nothing sitting on deposit), the potential impact of this 'wall of money' is monumental.

Interestingly, the special interest groups and low tax campaigners – which many feared would be insurmountable barriers to the implementation of structural reforms – are weakening in the face of the growing coalescence around a desire to see full execution of the reform agenda. Japan's touted 3% VAT hike, to be introduced next April, is now all but a done deal. Meanwhile, the bold approach taken by Haruhiko Kuroda, the governor of the Bank of Japan, has earned him credibility and plaudits, so that the planned tax rise is no longer considered the bogey that once drove a prime minister from office.

Other changes will come following the resumption of Trans-Pacific Partnership (TPP) negotiations in July. The TPP is a free trade agreement that aims to further liberalise the economies of the Asia-Pacific region. If Japan ends up participating in the TPP by the end of the year, some of its protected industries, such as farming, will be affected. And if Japan does become a member of the TPP, the geopolitical ramifications for the region – especially *vis à vis* China – will be immense. Super Abenomics is as much about a pivot in the regional balance of power as it is a domestic economic strategy. Again, like Reaganomics and Thatcherism, Super Abenomics – with the support of the US – may fundamentally change the position of Japan on the global scene.

Back on the domestic front, Super Abenomics is intended to underpin some bold socio-economic policies. In 1995, Japan's working population peaked at 87 million. That number is set to fall to 44 million by 2060. Labour market and immigration reforms, coupled with the creation of nearly 500,000 new day care places by 2018, will enable women to play a larger role in the workforce and help to offset the challenge of a declining working-age population. Likewise, restarting domestic nuclear power plants will create cheaper energy and dramatically reduce the trade deficit. Japan is also likely to permit the establishment of a controversial gambling industry and large-scale casino resorts, on top of kick-starting a $15 trillion infrastructure capex programme, which will add to economic regeneration.

Government policies, coupled with the fact that Japan's banking sector is in excellent health with robust capitalisation ratios (despite years of economic difficulties), mean that the country's economy is well primed to turn. Years of bank and corporate retrenchment and managed decline are coming to an end. Critics of optimistic forecasts have pointed out that the significant government expenditure that the third arrow may require could further increase Japan's already high debt-to-GDP ratio (its national debt is ¥1 quadrillion, according to its finance ministry – more than twice the size of its GDP). The counter argument is that while debt will no doubt increase, so will GDP – potentially at a faster rate. And since over 90% of Japanese government bonds are in domestic ownership, the success of Super Abenomics will not depend upon the support of participants from international bond markets.

Now that Abe has an approval rating that will allow him an unfettered three-year period of bold execution and a determination to fulfil his reforming zeal, we can hope that crises will stay away and Super Abenomics will become a much longed-for solution for Japan.

Charlie Metcalfe is president of Nikko Asset Management Europe

Korea, article: The Stock Exchange in Seoul Looks Optimistically into 2014

Hardly any country is profiting so much from the recovery of the world economy. Optimists among the analysts expect an increase of the Kospi index by roundabout 20 percent.

By Carsten Germis, Tokio, business journalist East Asia of Frankfurter Allgemeine Zeitung, December 10, 2013

Tokio, December 9, 2013 – The South Korean President Park Geun-hye, has set, a few days ago, a great target for the economy of the East Asian country. Until the year 2020, South Korea shall be the fifth largest trading nation of the world. Presently the country, from which such famous groups like Samsung Electronics or Hyundai Motor are supplying the world, is on place eight of the world. The large investment banks are expecting, that the South Korean economy shall grow next year by 3,5 percent. For this year a growth of 2,8 percent is being expected.

The President, in her strategy for growth, is not counting on the large corporate conglomerates like Samsung, LG Electronics or Hyundai. In the coming years, the 3.2 million small and medium sized companies shall copy the success of the large groups and conquer with their products the service industries and high value niche markets. So far, only 2.7 percent of these companies are exporting. The potential is said to be big. Park does hope for a second layer of South Korean export successes.

The investors have carefully registered the speech of the President. Seoul, without reason, as stock exchange location is standing in the shadow of Tokio. In the past years, though, the Kospi, the index of the South Korean Stock exchange, has fluctuated up the hill and down the valley. For 2014 however, most of the analysts are optimistic, as show the numbers which were released last Monday. JP Morgan expects that the Kospi will stand at 2270 points at the end of next year. The Citigroup and UBS even see it at 2400 points. At the beginning of the week it was fluctuating around 2000 points.

Forgotten are the military threats from the communist North Korea, which depressed the stock prices until the early summer. The new uncertainty for the Korean stock exchange in Seoul now comes from Washington. The lately good economic data from the United States let now grow the worry among investors, who have been used to the cheap central bank money, that the American central bank could now again roll back its aggressive monetary policy. " This is the black cloud, which is hanging over Korea", is being said. Already, when in the summer the first speculations have been voiced about a slow exit by the Fed from its ultra accommodative monetary policy, had warned the economist Jeon Hyo Chan from Samsung Economic Research Institute. Cheap money, which now flows into the rising emerging countries and into South Korea, could then turn around and flow back into the United States.

Also when last week good economic data were reported from the USA, the Kospi lost 1.2 percent because of worry about a less accomodative monetary policy. At the same time, the South Korean Won rose against the US Dollar - which is regarded by the strongly export

dependent Korean economy as a threat. The Won has gained strength, though, in the last months against the US Dollar and the Yen. Larger effects on the exports, however, this has not had so far.

The framework situation for the upturn is good. The famous Group Samsung, heavy weight in the Kospi and the number one in the world in the field of smartphones, reported this year quarter by quarter record sales and profits. In the fourth quarter this trend should continue. From a recovery of the world economy, South Korea, the GDP of which depends by more than 50 percent on exports, should profit more than other countries. In the last quarter, the economy has grown by 1,1 percent versus the previous quarter. Already in the second quarter the economy had grown by 1,1 percent, as well.

Even a slow exit by the Fed from its ultra accommodative monetary policy, should not have the feared negative effects because of the good fundamental data of the South Korean economy. In addition, the regulations prevent excessive capital outflows. Also, the banks are having less short term debts in US Dollar - the lowest since six years. The foreign exchange reserves have grown to a volume of 330 billion US Dollars. Optimists even believe, that the stock exchange location Seoul could benefit from a slow retreat by the Fed. As proof for this they say, that foreign investors have remained with 1,5 billion Won net purchasers in August, in spite of the uncertainty about the end of the accommodative monetary policy. Investors are said to regard Seoul increasingly as a safe heaven.

In addition, the government is prepared for all scenarios. President Park already now is supporting the economy by expansion programs. The governor of the bank of Korea, Kim Chong Soo, has announced, that in the case of emergency he could react with bond purchases. As well, the South Korean central bank still has maneuvering room at its interest rate policy.

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Poland,

Country Report: Worrying Outlook after the Boom

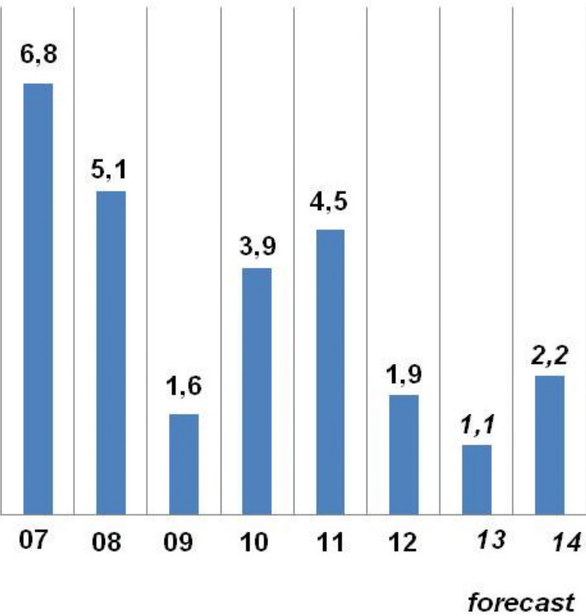
After years of frenzy, the country stands at the cross section: Is a new boom coming early enough or the political change?

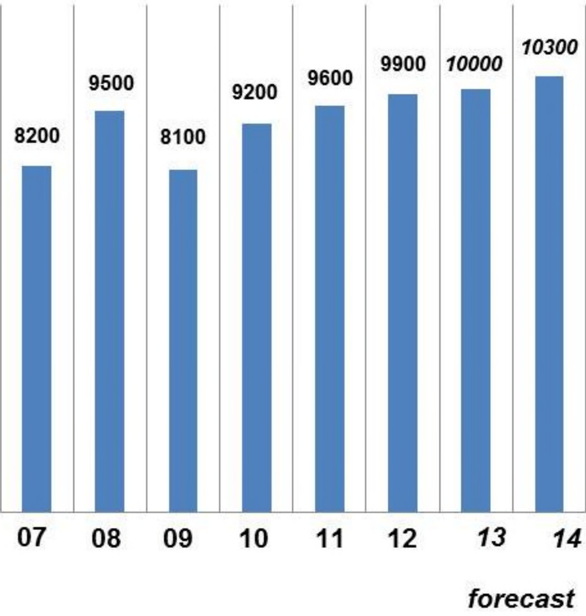
By Sven Astheimer

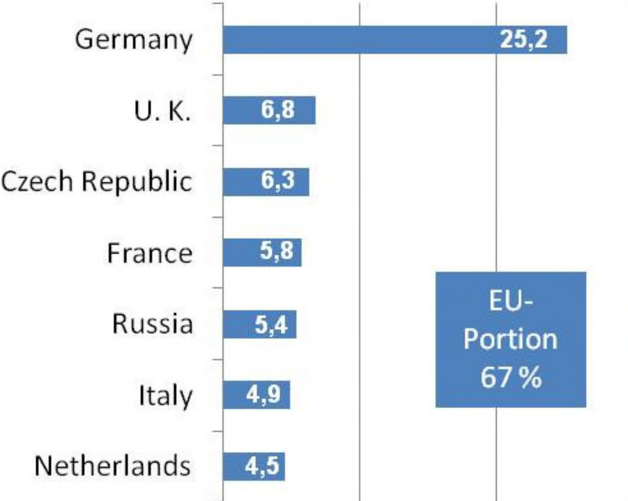
Warsaw, October 6, 2013 – At the first look, Warsaw is offering the usual view to the visitor: In the centre around the main railroad station, the new skyscrapers are pointing into the autumn sky, new building projects are in process. Criticizers are talking about the not outspoken plan to enlarge the skyline to the point where the palace of culture will be completely surrounded. For many Polish, the Russian "gift" in the style of a sugar bakery represents a painful remembrance to a gloomy period in its history until today. What could more unfold a symbolic force than a wrapping of glass and concrete which stands for the economic boom of the country in the past ten years?

Also elsewhere in the city industrious work is going on, even the construction of the longed for second metro-line makes progress. But behind the glittering facades of the new office towers, the situation is becoming critical. Many Polish have the impression that they must pay for the economic excesses. In mid-September the discontent exploded, when a group of several labour unions, including Solidarnosc, made it possible to get a hundred thousand participants from all over Poland into the streets of Warsaw at the height of a several day long protest. They were demonstrating against the lowering of social and working rights standards through the liberal conservative government. Even when the Polish, in this regard, compared with their western neighbours, are not spoiled, and even if the demonstrations were relatively tame compared to similar events at Madrid or Athens – the pressure in the cattle remains high.

Times are long gone, when Prime Minister Donald Tusk could celebrate Poland as “green island” in the crisis-striken Europe. Billions of subsidies from Brussels and a gigantic infrastructure-program before the European soccer-championship 2012, contributed to that Poland closed even the crisis-year 2009 with an economic growth of 1.6 %. An at least in the cities the pro-European and consumer-oriented population made this largest of the middle-eastern European member countries of the European Union become a really new motor for the European integration, which was stuttering.

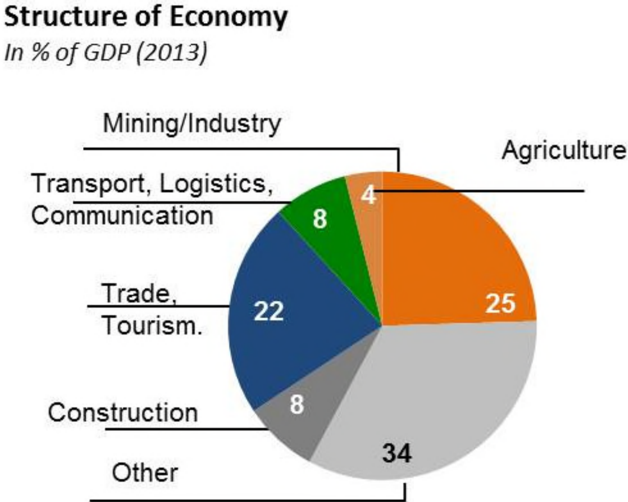






Not much is remaining from this new spirit now. The slow economic growth this year of about 1.1 %, slow by Polish standards, is not enough, in order to give the feeling to the majority of the population, that more than the privileged upper class is profiting from the economic dynamics. In addition to this, the many-year-long lessons in the Euro-area with regard to the Euro have changed the mood of the Polish since a long time. In surveys, the majority of the population is against giving up the Zloty in favour of the common currency of the Euro-area.

For this reason, the government in Warsaw will not have much regrets, for that the country is not fulfilling the access criteria for the Euro at present – apart from the fact that the majority in the parliament seems to be very far away for the necessary changes in the constitution in this legislative period, for an introduction of the Euro. For this year, like for 2012, a government deficit of 3.9 % of the GDP is being expected. For the coming year, the European statistics administration Eurostat is even expecting a deficit of more than 4 %.



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On the other hand, the country is in a relatively good position in the European context, with an official government debt in % of GDP of roundabout 57 %. But critics are having doubts concerning the reliability of the numbers. Lately, the popular economist Leszek Balcerowicz has presented his calculations in the Polish media, according to which the real number of state indebtedness is at 250 % if one adds the disguised state indebtedness. The former president of the Polish national bank is viewed as the father of the Polish market economy which had been introduced on the basis of his plans in 1990, after the political and economic change of the system in an expedited way. The words of Balcerowicz still have a very high importance in Poland.

Key Figures Poland:

Area (in square kilometers):	**312 685**
Population (2012, in Millions)	**38,9**
Inhabitants per square kilometer (2012)	**124**
Growth of population (2012, in %)	**- 0,1**

The head of the government Tusk is in a difficult situation: the government must consolidate the budget without endangering growth. Lately, his reform for the pensions systems caused enormous anger. After the change, the country had added an additional capital-funded column to the legal pension system. Every employee had to pay 2,8 % of his income into these open pension funds. These funds – again – invested the money in equities and in Polish government debt. The government now decided to take all government bond assets, which are owned by such private pension-funds, into the state-owned pension-insurance-system. In future, such funds are only permitted to invest money into equities and the employees can choose between the two systems. Experts are believing

that the funds will thus remain interesting only for the more well-to-do-Polish and the less-risk-averse-Polish. By contrast, millions of younger and middle-aged employees are worried about the value of their forced-investments after the restructuring of the system. And the foreign managers of the funds are thinking about going to court. Tusk was arguing that this restructuring resulted in savings of one billion Euros for the government budget, because now, in this complicated retirement scheme system, high equalizing payments are not any longer necessary.

But for this, he had to pay, however, a high price. Because the former minister of justice, Jaroslaw Kaczynski, used the reform, in order to leave the party of Mr. Tusk, the citizen platform (PO), and he was talking of a "nationalization of private savings".

Since then, the present coalition of PO and the party of the peasants only has a very thin majority in the parliament by one vote. The opposition leader Jaroslaw Kaczynski and his national conservative PIS-party are leading in the polls. Therefore, one does not expect large reforms from Tusk anymore. His hopes will therefore be, to a large extent, in the private economy. Still: official estimates for 2014 are expecting a plus of the GDP of more than 2 %, the economists of Commerzbank even expect a growth of 3.2 %. This could turn out to be a support for the shaken prime minister.

Sources for graphs and charts numbers: European Commission, Eurostat, F.A.Z.-Archive, German Trade & Invest

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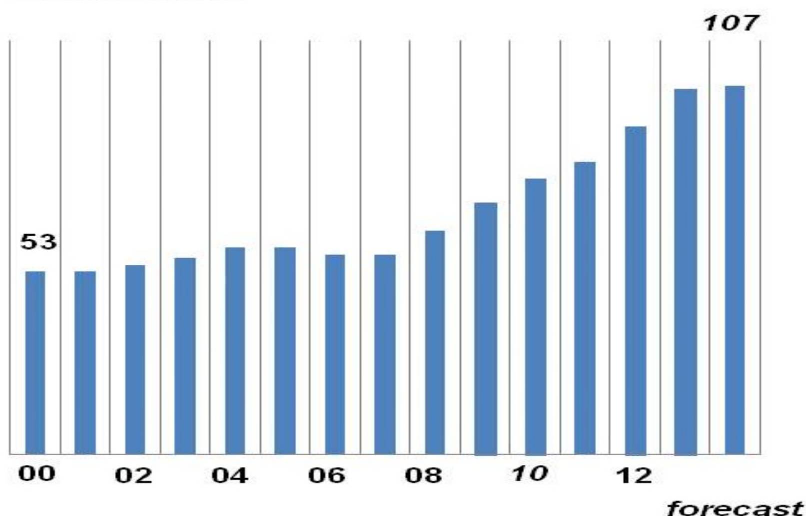
USA

Country report: **"Up to the Next Fiscal Cliff"**

Advantage for Obama: Energy prices and unemployment are going down. Recovery of America, however, covers up new structural weaknesses.

By Patrick Welter

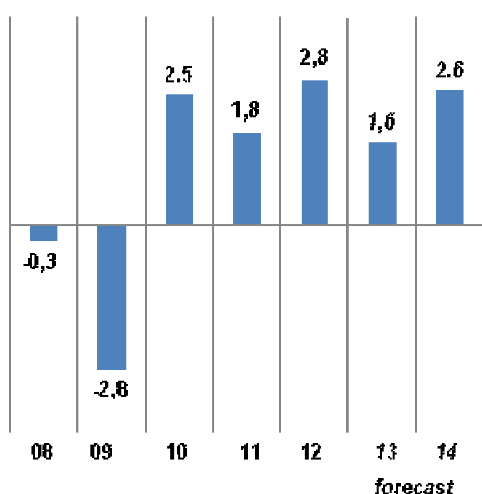
Washington, November 3, 2013 – One year after re-election, the popularity of the president of the United States, Barack Obama, has reached a low point. After the fiscal disputes about the increase of the debt limit, a temporary shut-down of the government administration and the failed introduction of internet-marketplaces for health-insurances, every second American is not any longer believing in his way of governing. Though 42 % of the Americans regard this one still as good, but 51 % are against it, as shows an actual poll

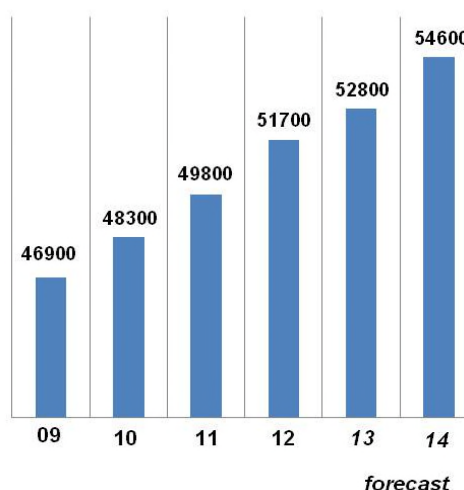


The first year of the second term of Obama seems already a lost period by now. The great projects are halted, like the remaking of the immigration law, which was already promised before the election of 2008. Or such projects are not so important for the White House, like the reform of intransparent corporate tax laws which the economy is urgently requesting. Government and congress are walking from one fiscal crisis to the next one. At the end of the year, the fiscal cliff has just about being avoided, and also the partial stand still of the government has just about been finished. But the agreement of the budget and the right increase of the debt limit have been adjourned to the beginning of 2014.

But the United States, in terms of the business cycle, are on the high side among the large industrial countries. The economy is growing since summer, though not as quickly as usually after recessions, but still very regularly with an average of more than 2 %. Banks and private households have advanced well in making their balance sheets healthier. In the housing market a significant recovery has started. With this, increasingly the most important limiting factors are going away which have stopped the growth in the past years.

In the coming year, it is expected that the economy will grow even stronger. The International Monetary Fund (IMF) expects a growth of 2.6 % after 1.6 %. Main reason is that the present year´s strong fiscal reduction by way of tax increases and expenditure decreases will probably be significantly lower next year, and by this at least more growth percentage points will be made possible. According to the calculation of the IMF the structural government's deficit, which excludes business cycle fluctuations, will decrease this year from 6.2 to 3.9 % of GDP. Such a speed and

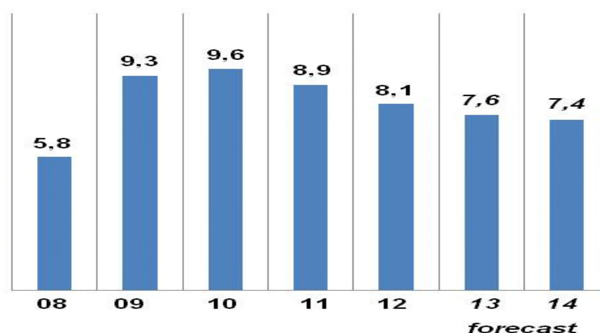




extent of budget improvement has not happened in the United States in the past three decades. In terms of degree, this relates roundabout to the saving efforts of Portugal in the last years. This strong savings impulse will be lower in the coming year.

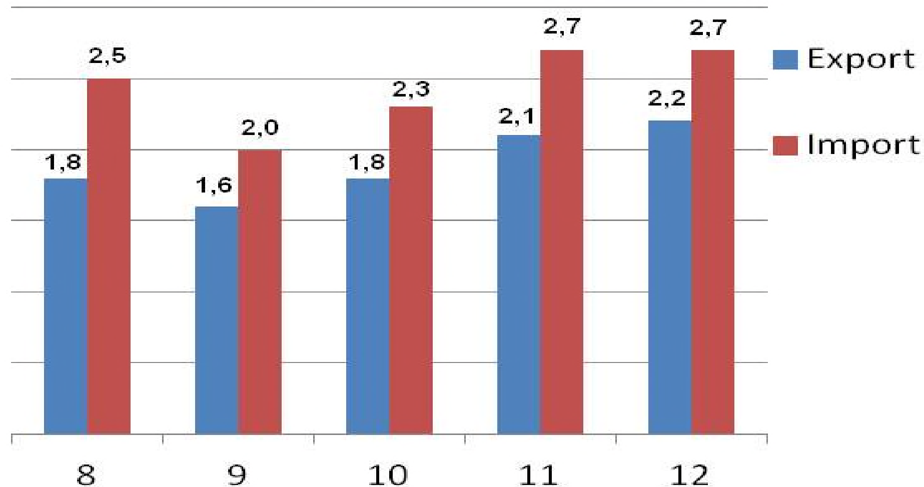
But the economic recovery is turning away the attention from structural problems which are increasingly building up. At this, the common focus is at the financial disequilibriums which the ultra-loose monetary policy is producing and the debt of the federal government, the states and the cities which are greater than the GDP.

The unemployment rate is increased to 7.2 %. For the American situation this is still much. After 10 % in the fall of 2009, however, still a significant improvement. The still ongoing bad situation in the labour market is, however, mirrored by another ratio much better: the employment quota, the number of employed and unemployed in % of the total population has, since the height of the financial crisis in the fall of 2008, decreased from 66 to at last 63.2 %. The employment quota was so low the last time in 1987. Roundabout a half of the present decrease is according to an approximate calculation caused by demography, and the consequences of the aging of the population by which evermore people are withdrawing from active work employment. The other half, however, is alone caused by that people, who are willing to work, are disappointed by the labour market, and are retreating. The longer a sustained upturn is not taking place, the more it becomes probable that these hundreds of thousands of people will never come back to a regular employment.



The government is presently not speaking much about another bad development. In 2010, Obama has announced to wish to double the exports within 5 years. The probability, that this is still going to happen, is close to zero. In 2012, after 3 years, the export amounted to 2.2 Billion US$, or only 40 % more than 2009.

And this was still the simple part of the exercise, because up to then it was all about to catch up from the drastic export breakdown during the crisis. But since 2011 the increase has already drastically slowed down. In the first 8 months of the present year, the exports of the USA only increased by 2.3 %. This is by far not enough, in order to attain the target of Obama.



Related to this is the open question, whether the often spoken about renaissance of manufacturing industry in the United States is really progressing. In the speeches of Obama to the corporate world, the strengthening of the manufacturing is a recurring theme. Thanks to the shale gas boom, the energy prices in the United States are low, and in China the wages are increasing.

These are the arguments, from which a new advantage for America is being derived. So far, however, there are only anecdotal reports and euphoric analyses of consulting firms, which show only few proofs for a broad re-emergence of the manufacturing industry. The computer maker Apple, for example, since recently is compiling its most expensive computers again in America.

The core proof of Obama is, that since 2010, on a net basis, 500,000 new jobs have been created in the manufacturing industry of the USA. Since summer 2012, however, this development has stopped. Analysts like Harm Bandholz, the economist of Unicredit for the USA in New York, is guessing that the increase of employment in the manufacturing industry was owed to the recovery from the crisis, but is less a precursor for a new spring of the industry.

The development of foreign direct investment in the USA shows no broad interest in America as a site for production for the manufacturing industry. In the past year, the country attracted direct investment for roundabout 160 billion US$, this is roundabout half of the record inflow of 320 billion US$ in the year 2008. For the manufacturing industry, still, there was a plus of 3 % in this comparison. This is predominantly caused by the chemical industry, which is benefitting from low energy prices. In other industrial areas the foreign direct investments instead decreased. Even worse: with the rise of the emerging countries, the market share of the USA in the global foreign direct investments has sunk from 37 % in 2000 to 17 % in 2012.

Key Figures USA:

Area (in million square kilometers):	**9,83**
Population (2013, in Millions)	**317**
Inhabitants per square kilometer(2013)	**32**
Growth of population (2012, in %)	**0,9**
Fertility rate (2011, births per woman)	**1,9**
Birth Rate (2012, per 1000 inhabitants)	**13,7**

The minister for the economy, Penny Pritzker, just celebrated an investment conference at Washington with 2200 guests from corporations as signal for the openness of the USA for investments. Foreign, and especially German investors, are complaining at the same time unisono about the insufficient qualification of the workers. The protests of the domestic business associations against the regulatory offensive of the Obama administration, against the not happening tax reform and immigration reform and against the bad infrastructure, show, in addition, where impediments for investments are lying also for foreign direct investors.

The not coming authorisation of the Key-stone XL-pipeline from Canada to the United States is regarded as a symbol, that the government is friendly for the business world especially by words. Should Obama not hurry up, he will end up in his second term as a “lame duck”, before he is still getting much done, regarding important aspects of the quality of the USA as a location for investments.

Sources for graphs and charts numbers: IMF, GTAI, Bureau of Labor Statistics, F.A.Z.- Graphic

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Vietnam,

Country Report: Order only against Intermediator Fee

After the heavy crisis the government is acting like having been re-born. Food is not any longer costing more every day. But corruption remains.

By Christoph Hein

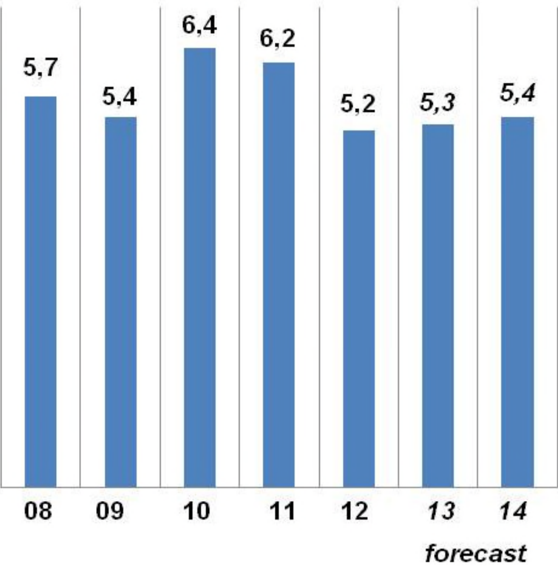
Hanoi, November 17, 2013 – They are grey and they are really soft. Gently they are gliding through the fingers of the needlewomen. Hundreds of sleeping gowns which Lufthansa is giving as a gift in first class to its well-paying clients, are being stitched together in the higher floor of the textile factory of the luxury-shirt-tailor van Laack at Hanoi. Such as the shirts for the company trademark, like clothes for Escada, as well as parts of the two Australian subsidiary trademarks of the textile enterprise van Laack from Mönchengladbach in Germany.

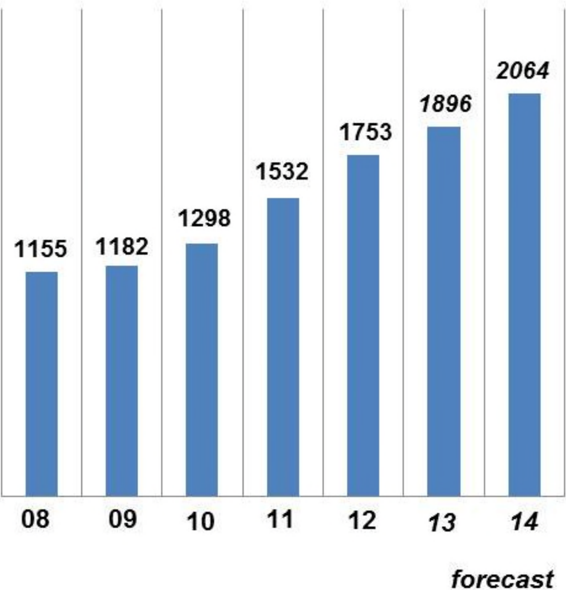
The factory, which had been opened 20 years ago is a prestige operation at Hanoi. Even though not all objectives for employment has been achieved, the factory is still doing so well, that the Germans have closed their production in Indonesia and have transferred it to here. The country needs such light tower-projects. Because difficult years are lying behind the former favourite country of western analysts.

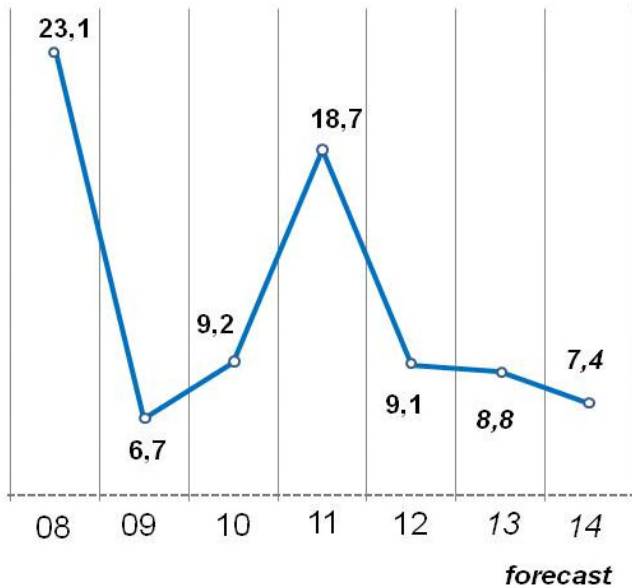
According to official data, in the last year, two out of three corporations in the capital Hanoi had produced a loss. Prime Minister Nguy-en Tan Dung had to admit having made mistakes in the National Assembly, in order to remain in office. "As the head of government I would like to take on me the responsibility for the shortcomings and weaknesses. The controls and the inspections have not really been effective", he said in a speech which was transmitted countrywide.

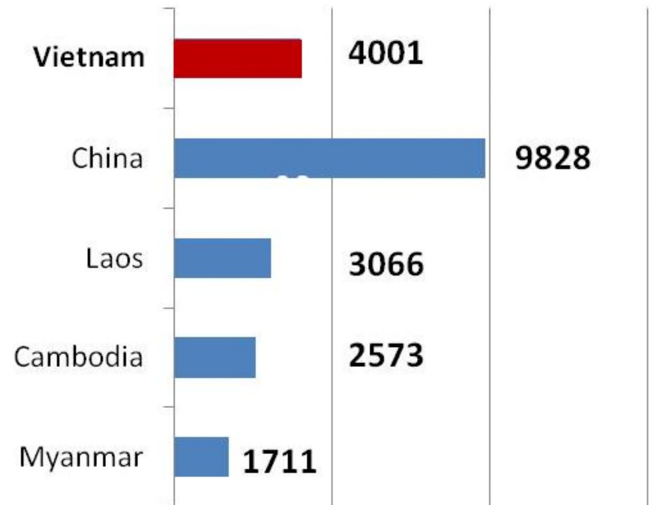
Dung was under heavy pressure, because the collapse of the state owned conglomerates Vietnam Shipbuilding Industry Group (Vinashin) under a debt burden over 4.5 Billion US$ had left deep traces that summer. The former prestigious group had 289 subsidiaries – from animal food to hotels. In the weeks after, bribery scandals were popping up and the overindebtedness of banks became evermore threatening. The people were suffering under the double-digit inflation, the stock market was melting away. The prime country of South-East Asia showed an ugly face. Vietnam was going through the worst crisis since at least one decade.

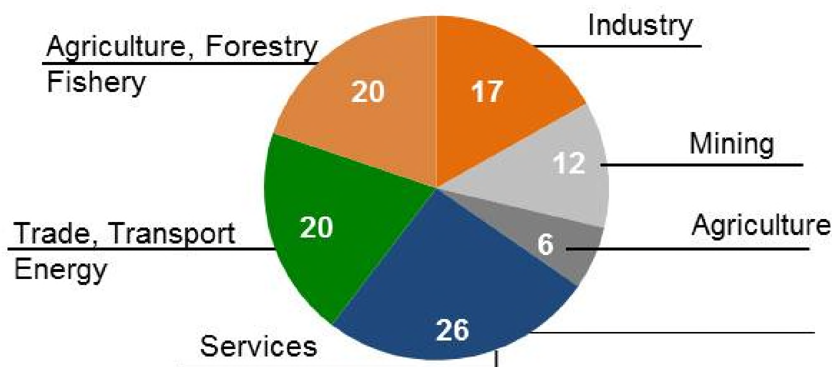
The state-owned groups of Vietnam, incorporated as the backbone of the economy, are in reality its Achilles heel. “They are the source of economic vulnerability”, is warning the International Monetary Fund (IMF). Throughout the decades, the slow corporate giants had easy excess to loans and land, laws were bent for the benefit of their interests. Until today, the government has reduced the number of such conglomerates from 12,000 to 1,300 – but the dangerous overindebtedness remains. Still, such corporate groups are standing for roundabout 40 % of the production of this country of exports. Also for this reason the banks of Vietnam are those with the highest burden of unperforming loans among the six leading national economies of South-East-Asia, is warning the rating agency Fitch. According to data of the Central Bank, the portion is at 6.5 % of all loans made. Western observers, however, are rather calculating with roundabout 17 %. “The weakness of the banks remains a challenge in Vietnam”, says the IMF.











The wakeup calls seem to be heard in Hanoi. Dung was sacrificing the extreme growth policy in favour of a more stable way which is dampening the inflation. The government shows itself as re-born, and in fact it has halved the inflation rate down to short of 7 %. “Only a few can still afford to rent an apartment, but food is not getting more and more expensive every day out”, says Ha Nguyen Kha who is managing a souvenir shop in downtown Hanoi.

Also the senior class, which has become rich with black money and speculations, is again investing in the country: The sales of automobiles were 28 % above the volume of the previous year in September. The speed of growth in the third quarter increased to 5.3 % - little, compared to the full-mouthed announcements of the government only a few years ago, which said that Vietnam will have double-digit growth annually. But still more than in the past years. This better climate was making sure that the registration of new enterprises in the first nine months has risen dramatically. Also the stock exchange is enjoying a welcome increase of roundabout 40 % within the present year.

The positive development is also reflected by the airlines: the state owned Vietnam Airlines is working on an order for the large plane A 380. It wants to almost double the number of its planes until 2020 to almost 150. The first private airline of the country, the cheap airline Vietjet, signed purchasing orders for 92 airplanes of the type Airbus for the list price of a good 9 billion US$. “We want to become a cheap airline across nations, and penetrate the regional market”, says managing director Luu Duc Khanh. The US-American technological giant General Electric is also profiting: It is supplying turbine engines for more than 1.6 billion US $ to Vietnam.

Key Figures Vietnam

Area (in square kilometers):	**331 210**
Population (2012, in Millions)	**90,4**
Inhabitants per square kilometer (2012)	**273**
Growth of population (2012, in %)	**1,1**

The country could progress faster, would it play out more skilfully the ace card America. Because, geopolitically, the Americans are looking for even more closeness to its former war opponent and later close trading partner, because they want to build it as a block against China. The trade volume between USA and Vietnam within this year has grown from 21 to almost 25 billion US $. The Obama-administration has promised, to supply the Vietnamese with atomic

energy for 23 reactors until 2030. However, the Vietnamese are making the getting of closer together more difficult for the West, because they interpret human rights still arbitrarily: criticisers go to jail for a long time – also like Christians.

The business climate remains challenging: Tran Duc Luong, the deputy chief inspector of the government, announced that 70 % of the roundabout 400,000 corporations of the country do, upon their own initiative, pay out bribery money. The others are also paying, when they are asked for by the government employees. “Tarnished as intermediator fee they already become due, when a corporation is applying for a public order”, Luong said.

No surprise that more than 100,000 people said farewell to Vo Nguy-en Giap, when he was carried to grave with 102 years. Because general Giap was a national hero of the people, because he organized the war against the French and the Americans. But the people were also loving him, because he was criticising, at a very advanced age, the government and he explicitly spoke against corruption. Vietnam shall miss one like Giap.

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IAFEI News — December 16, 2013

IAFEI Board of Directors Meeting, Warsaw, Poland, October 15, 2013

This Board of Directors Meeting made the following elections/ reelections of IAFEI Officers, for 2013:

Elections, reelections of IAFEI Officers, for 2014:

Luis Ortiz Hidalgo, Mexico	Chairman IAFEI
Fausto Cosi, Italy	Vice Chairman IAFEI
Victor Y. Lim, Jr., the Philippines	Secretary IAFEI
Emilio Pagani, Italy	Treasurer IAFEI
N.N, Mexico (to be determined)	Area President the Americas, IAFEI
Yoshiyuki Hijikata	Area President Asia, IAFEI
Armand Angeli, France	Area President Europe, Africa, Middle East, IAFEI

IAFEI Executive Committee Meeting, Mexico City, Mexico, March 2014
(exact date still to be determined)

Please turn over

IAFEI Executive Committee Meeting, Manila, The Philippines, October 15, 2014

IAFEI Board of Directors Meeting, Manila, The Philippines, October 15, 2014

44th IAFEI World Congress 2014, Manila, The Philippines, October 15 to 17, 2014

Hosting IAFEI member institute will be the Financial Executives Institute of the Philippines, FINEX

45th IAFEI World Congress, 2015, Milano, Italy, October 15 to 17, 2015

Hosting IAFEI member institute will be the Financial Executives Institute of Italy, ANDAF