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## ***Press release***

*Date* Embargoed until: 17:00 Hong Kong Time  
3 November 2011

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### **Asia-Pacific CEOs have strong confidence in growth**

- *CEOs look to Asia's domestic markets to drive future revenues*
- *Over 40% of CEOs plan to increase headcount by at least 5%*
- *Increased use of emerging technologies on agenda for over 80% of CEOs*

**Hong Kong, 3 Nov 2011** – More than half of CEOs in the Asia-Pacific region are 'very confident' of increased revenue for their companies over the next three to five years, up slightly from a year ago. More than 40% of CEOs say their single greatest opportunity for growth will stem from the rise in spending power in Asia, particularly in China. These were the key findings from a survey by PwC of more than 320 CEOs across 26 countries, including the 21 APEC economies, for the Asia-Pacific Economic Cooperation (APEC) CEO summit.

To drive growth CEOs are seeking to expand in Asia's fast growing consumer markets and to extend their presence in the evolving markets for services. Over 40% of planned investments, both by domestic Chinese and non Chinese companies, are targeted on China.

The CEOs surveyed remain confident that the economy of the Asia-Pacific region will continue to prosper despite the weak economic recovery in the United States, financial uncertainty in Europe and the tsunami and earthquake that struck Japan earlier this year.

However nearly one-third of CEOs said the weak US recovery had impacted their companies 'to a great extent,' while 17% said they had been strongly affected by conditions in Europe.

"The opportunities in the APEC economies for the remainder of this decade will be different from the past 10 years. Going forward, developing domestic Asian markets will replace low-cost manufacturing exports for mature economies as the main driver of economic growth in the region", said Dennis Nally, chairman of PwC International Ltd, who will speak at the opening session of the APEC CEO Summit on November 11<sup>th</sup>.

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Among other findings of the survey:

#### *Trade*

- If they could send a message to political leaders, two thirds of CEOs put a free trade agreement for the region at the top of agenda for issues that APEC leaders need to address.
- Inter-regional trade pacts will play a key role in growth for APEC economies; 64% of CEOs said bilateral and regional trade agreements will be more important to their company than multilateral agreements.
- Nearly 30% of CEOs say protectionist tendencies by their trading partners are a significant barrier to their growth while 32% of CEOs cite corruption as another significant obstacle.

#### *Innovation*

- Companies are changing their approaches towards innovation. More than 80% of CEOs said they plan greater use of emerging technologies such as mobility and cloud computing technologies.
- APEC companies are seeking to lessen their reliance on traditional energy sources. One fifth are 'significantly' raising their commitment to green processes and products.
- One fifth of CEOs are making significant changes to their innovation strategies to protect intellectual property rights.

#### *Talent*

- A majority of CEOs in APEC economies say they face problems with talent shortages. Nearly half of CEOs based in mature economies have difficulty deploying people overseas.
- Nearly 40% of CEOs are making 'significant' change to their talent strategies to deal with new challenges.
- More than 40% of CEOs in the region expect to increase their headcount by more than 5% over the next three to five years.

CEOs in the APEC region recognise that cooperation between business and government is critical to economic competitiveness and social well being in the region. They cited financial sector stability as the top way in which companies can work more closely with government, followed by spreading economic access and opportunity across the population and promoting sustainable growth.

"CEOs in the APEC region see a future in which their countries evolve from 'producer only' economies to 'producer and consumer' markets. That change will require deeper capital markets, streamlined supply and distribution channels, and more consistent regulation with less corruption. Achieving those goals will require unprecedented cooperation and is something that CEOs look forward to political leaders addressing at next week's APEC summit," Mr. Nally said.

"Free trade, increasing innovation and creating the right environment through the rule of law are a key part of the APEC CEO Summit. This survey of APEC CEOs will provide essential context for what we believe will be a very productive meeting next week," said Craig Mundie, chair of the APEC CEO Summit and chief research and strategy officer, Microsoft.



**Notes to Editors:**

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*About APEC:* The Asia-Pacific Economic Cooperation (APEC) forum is the premier economic organisation in the Asia-Pacific region. Established in 1989 by 12 economies, APEC fosters growth and prosperity by facilitating economic cooperation and expanding trade and investment throughout the region. APEC's 21 member economies today account for 55 percent of global GDP

The APEC CEO Summit is the Asia-Pacific's premier business event, drawing thousands of economic and business leaders from around the region and beyond. The 2011 CEO Summit will be held from 10-12 November in Honolulu, Hawaii.

*Survey Methodology:* Carried out by PwC International Survey Unit, the APEC CEO Survey 2011 was conducted between July and September 2011 covering CEOs and industry leaders in 26 countries, including all 21 APEC economies.

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