

CONFERENCE **OVERVIEW**



Anwer J. Sunderji

“ You will be informed, educated and provoked ”

A CONFERENCE OVERVIEW BY FIDELITY GROUP CHAIRMAN & CEO, ANWER J. SUNDERJI

Uncharted Waters...

The recovery in the US economy has been disappointing, especially in terms of jobs. But at least there has been some progress with real GDP more or less back to pre-crisis level. Many hope that future growth expectations, while modest, may help reduce the deficit, but a return to the former economic vitality of the U.S. is many years away. At the same time, the prospects for some of the Eurozone countries are far more uncertain. Ireland, Spain, Portugal and Greece are all ensnared in the “euro trap” – the inability to devalue their currencies to stimulate their economies since they have adopted the Euro. Without withdrawing from the Eurozone, their only hope of recovery is an “internal devaluation” of wages and prices so that economic competitiveness can be restored.

The restructuring and the resulting impoverishment—probably for decades-- of a good part of the developed world does not auger well for global stability. An economically weakened US will not be able to play the role of global policeman, global bank and the bastion of global democracy with the same level of robustness and energy it has displayed for many decades. Yet there are no states who are willing to, or can, fill the space that the US will be forced to concede over time. It is in these uncharted waters, where the new economic reality collides with the geopolitical landscape, that the greatest risk resides in coming years.

China and India continue to experience transformational booms with GDP growth in Asian emerging markets expected to exceed 7.7% in 2011. China’s nominal GDP is expected to match that of the US by 2020. Three of the five largest economies will be in Asia by 2020. With growing wealth and rising standard of living, these countries will become less dependent on the US as a “consumer of last resort”, a role that the US can, in any event, no longer fill.

Meanwhile, the future economic prospects for many industrialized nations looks increasingly bleak as they work through deficit reduction measures resulting in growing unemployment, higher taxes and the threat of sovereign default. It is apparent that the global economy faces strong headwinds that are unlikely to abate any time soon.

This year’s CBO theme “Uncharted Waters - The New Economic, Political and Financial Reality in an Age of Austerity” will attempt to address how these winds of change will shape the future. We expect to provoke and educate you, and hopefully equip you to navigate your way through these rough economic waters.