

....in the future

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Drivers of our Strategy

- Emerging markets growth > developed
- Global trade growth > gdp
- Ageing Populations

GDP Growth Rates

	2010	2011	2012
Emerging	7.6	6.0	5.9
Developed	2.6	1.3	1.4
UK	1.8	1.0	1.3

Drivers of Change

- Improved transport
- IT connectivity
- Capital mobility
- Labour mobility – internally/externally
- Removal of tariff barriers
- Improved governance / rule of law
- Education
- Aspiration/drive/”hunger” etc

Ten South South Tasters

1 The number of Chinese tourists in Dubai increased 50% in 2009 and a further 50% in 2010.

2 42% of the workforce in the United Arab Emirates is from either India or Pakistan

3 Sinopec's USD7.1bn acquisition of a large stake in Repsol-YPF was the second-largest Brazilian M&A deal in 2010 while CNOOC's USD3.1bn investment in Bridas Corp was Argentina's largest M&A deal in 2010.

4 In 2009, Korea secured a USD20bn deal with the Emirates to build nuclear power plants in the Gulf, its biggest ever export order.

5 During Premier Wen's December 2010 Indian visit, USD16bn of trade deals were signed, outstripping the USD10bn signed by President Obama during his November visit.

6 ICBC's 20% equity stake in Standard Bank represents the biggest FDI deal in South Africa since the end of apartheid in 1994.

7 China is the largest foreign investor in Brazil, Laos, Myanmar, Iran, Mongolia and Afghanistan.

8 China accounts for five of the world's top ten biggest container ports: twenty years ago, not one Chinese port was in the top twenty.

9 Riversdale, the Australian-listed company developing coalfields in Mozambique, is 8% owned by China's Wuhan Iron and Steel, 22% owned by India's Tata and 16% owned by Brazil's CSN.

10 Korean exports to the emerging world jumped from half to three-quarters of total exports over the last ten years.

In the future, it will take many imports to make an export.



By 2025, the value of Japan's total imports of automotive components, from markets as diverse as Vietnam and Poland, is forecast to overtake its total car exports globally.*

As businesses increasingly operate within supply chains that span multiple countries it's critical to have a wider perspective of how a business operates not just now, but in the future.

At HSBC we make it our business to know your business, intimately and thoroughly. Our Trade and Supply Chain teams are on the ground in the major and emerging trading economies, helping your business to take advantage of opportunities as they emerge, wherever they emerge.

For more information visit www.hsbc.co.uk/trade

*Source: Delta Economics 2011

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In the future, new trade corridors will be the norm not the novelty.

Over the next 15 years, it is forecast that exports from Brazil to China will increase by approximately 125%.* And this kind of direct trade between emerging economies is growing much faster than the global average.

HSBC Trade and Supply Chain teams are on the ground in the major and emerging trading economies speaking the languages, knowing the people and getting business done.

We can help you see both the impact and the opportunities brought about by shifting trade patterns.

For more information visit www.hsbc.co.uk/trade

*Varies by sector, Source: Delta Economics 2011.

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Impact

- Mindset change
- Exports matter and so does fdi
- Shanghai moment
- Value of “known niches”
- There’s nothing wrong with a smaller share of a bigger cake
- Change and uncertainty might strengthen the value of incumbency
- Supply chains vs countries
- Drivers of attractiveness

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