



BRUNO LAFONT

Chairman & CEO, Lafarge

Good morning. Thank you very much. Lafarge is an international company of French origin. We are the global leader in cement manufacturing and Asia now represents 20% of our sales. Asia accounted for zero percent of our sales 20 years ago. We are presently active in most important countries in Asia. Cement is a very local business, so when I travel to Asia, as I have done five to six times a year for the last 15 years, I see a very small circle of people because we sell in a vicinity of 200 kilometres around our plants. Our plants are generally not in the main city of the relevant country, so I see many things that nobody ever sees. I meet with our employees and our customers and they do not live in five-star hotels and many of them are struggling. I have seen many evolutions in the past. The first thing I want to confirm is that there is not one Asia. There are many different places in Asia, including China and India, and even when you look at Indonesia there are many, many different places within Indonesia. It is difficult therefore to speak about the overall weaknesses of Asia because there are so many differences. I will just try to focus on the strengths I see in Asia both in terms of situations and also the very strong dynamics which are at work.

Asia is very similar to the rest of the world in some basic ways. It has cultures that are very strong and very local, as the rest of the world does. It has environmental challenges in terms of industry that are as strong as anywhere else in the world. It has a strong weight of bureaucracy. There is no paradise in terms of bureaucracy anywhere in the world and that includes in Asia. There are differences between states, as there are in other parts of the world. What is common throughout Asia, on the other hand, is that labour is cheap while energy is expensive.

Asia is rising and what is very interesting to see is the development of the cities in Asia. I think the most important trend in Asia today is harmonisation, which is very well managed, and probably better managed than in many other parts of the world. Harmonisation is critical. It is happening very quickly and it is an enormous challenge. Our company plays an important part in that because cities cannot be built without concrete and it is very challenging to innovate in the concrete business in order to provide more housing for the poor and to take part in big infrastructure projects. Each time I land in Calcutta I enjoy the trip between the airport and the centre of the city. In the first five years I did not see much change in my visits, but after those first five years I saw big differences each year. The first year it was cleaner. The second year I saw cranes. The third year I saw tramways or highways. The highways were done with cement bags at the beginning and then expanded to include many other things. There is tremendous change and I think it is very important.

Asia has fabulous strengths. Besides cities, I want to speak about the people. The people in Asia want to learn. They are eager to learn. We have 60,000 employees worldwide. We have a strong network with a lot of best practice systems that our employees can access. The Asian people are hungry for success. They access our best practice systems the most, ahead of Europeans and Americans. Asians have been the first to try to learn. What you see is that the learning curve is extreme and the education systems are excellent. It has been said that South Korea has the best education system in the world. I think that is very promising. The Asian people are optimistic. They believe in growth. In all of my many meetings with Asian employees, many of whom are young, they ask me about doing the next CAPEX and about what our next investment will be and about growth. They ask about how we become the biggest competitor in our field. They aim to be the biggest because they are eager and they are ambitious. However, they are also pragmatic. I saw them in the crisis they had and they were very pragmatic during the crisis. I attended a meeting of a group of Asian businessmen in Vietnam at the beginning of the financial crisis and the way those very important people looked at the unfolding crisis was very interesting for a western businessman such as me.

The last thing I want to talk about in terms of strength is speed. Speed in Asia is different. In that regard I would not differentiate between Asian countries. Of course they are not exactly the same in every sector in every place, but the speed at which they move in Asia is fascinating. The speed with which people are able to mobilise themselves and achieve things is tremendous. That is what I wanted to say about the strengths of Asia. You can find the best companies in Asia. You can find the best cities in Asia. You can have the best level of growth in living standards in



Asia. In a lifetime you can raise your living standard by 1,000 times in most of Asia, although of course that does not include Japan.

I also like the fact that all Asian societies are trying to implement the seven pillars, namely to have a free market economy, mastery of science and technology, a meritocracy, pragmatism, a culture of peace, the rule of law and education. These are all things which are extremely good to have when developing a business. It is a great strength to have in Asia because there is a common will to make progress and to learn how to do so. That is very inspiring to my company. I have learned a lot in Asia. I go to Asia not just to manage but to learn. There are two questions that arise to my mind: whether this will generate a new type of global economic, cultural and political leadership and, if so, what that leadership will look like. I am very curious about what the answers to those questions will be. What values could Asia bring to the global community? There can be no leadership without values. Thank you.

Michael Yeoh, Chairman and CEO, Asian Strategy & Leadership Institute, Malaysia

Thank you very much, Mr Lafont for your perspective.