

HOW SOUTH-SOUTH INVESTMENTS ARE ACCELERATING THE RISE OF THE REST

Announcer 00:03

Please welcome the panel on "How South-South Investments are Accelerating the Rise of the Rest," moderated by Steven Ciobo, Milken Institute Asia Fellow.

Steven Ciobo 00:30

Good morning, everybody. It's a delight to have you all here for this session on the Global South. My name is Steven Ciobo. I'm a fellow with the Milken Institute, and for my sins, former politician in Australia. But now delighted to be able to convene on behalf of Milken on what I think will be a very interesting conversation today, talking about the Global South and the way in which, in this more multipolar world, the Global South is interacting and leading to, as they said, "the rise of the rest." Today's panel is comprised of some great individuals who will be making contributions. Can I start with Jang Ping Thia, who's the lead economist at AIIB. Thank you for joining us. We've got Arsjad Rasjid, the founder of Sriwijaya Capital, followed by Ingrid Castillo, the co-founder and CEO of Capitel from Mexico, and Renat, the governor of the Astana International Financial Centre. To all of you, thank you so much for joining us. In terms of my introductory comments, I made the remark about the Global South really coming to prominence in this more multipolar world. For each of you, could I ask you to reflect on your thoughts around the way in which the status quo is evolving? Are we seeing, for example, that the Global South sees this as part of a geostrategic repositioning where they can have more influence, as you see the rise of the great power competition between the United States and China, or is this a case of being forced to pick sides rather than choosing to do so? I'd be interested in your comments. JP, why don't we start with you?

Jang Ping Thia 02:00

Thank you. Thank you, Steve. My name is Jang Ping. I come from the Asian Infrastructure Investment Bank. I'm a Singaporean, but I have lived in Beijing for the nine, past nine years, since the beginning of the bank's start operations. I like to quote my president, and I think my president quotes another Italian philosopher: all things have

to change in order for all things to remain the same. So in the past couple of decades, we have witnessed the rise in terms of GDP, terms of the Global South. The world is no longer dominated by the few existing powers post World War II. So just by sheer GDP size, many of the developing institutions, many international institutions, have to evolve. And AIIB is founded on a principle that is bank—that is majority owned and led by the Global South, with European participation, also, as a key governance and key ingredients of governance. But that, I think, is the way where AIIB participates in the change and evolution of a global MDB system towards a, kind of, a more representative kind of governance, but yet at the same time maintaining multilateralism as the heart of a international cooperation. That's what I meant by things are changing in order to stay the same. The same means multilateralism at the heart of international governance, and AIIB wants to be part of that change. Thank you.

Steven Ciobo 03:30

Arsjad.

Arsjad Rasjid 03:31

Yes, so my name is Arsjad Rasjid, and actually, Sriwijaya Capital is a baby. It's actually, I just got a license from MAS in August, and it's a growth fund for Southeast Asia. And I'm from Indonesia, and so it's a new world for me. But going—talking about South to South. I think it's very important that, with all the current situation geopolitically, it is for us to strengthen each regional on supply chains and so forth. Because if I look at the numbers and trade and investment over the years, right now, the intra trade is much higher. The South of South trade is about 41% of the total trade. And that's where you look at in the in the year 2033. It will be 14 trillion US dollars. This is huge. And so with all the situation today—and I was just saying just now, let's create a new world. Yes, creating a new world by connectivity. For example, ASEAN, Southeast Asia with the Middle East, Southeast Asia, with South America, Southeast Asia with—this is where I think the connectivity we need. We have to get access to what we call a new market. And I think it's not—now it's becoming not just necessity, but it is something that we must embrace in a whole of what is significant for the development of each of the region. And for example—when I went— was in ASEAN. I was doing ASEAN business. How we can actually put this together with 650 million people—that is are very strong, actually, foundations of a market. Just imagine 650 million people accessing to—with connectivity to Middle East, to South America and so forth—this is something that we should not just say. And we should do it. She's here from Mexico and first time in this part of the world. And this is, I think, a signal, a signal of connectivity, connectivity between Southeast Asia and even to South America that we never thought before. But this is a reality today.

Steven Ciobo 05:53

Ingrid.

Ingrid Castillo 05:54

Thank you. I think you put it perfectly. We are very interested in collaborating. I think this is a very good opportunity for Latin America, for Asia, for Africa, to choose our new path. And as to your question, the beginning, I think we have been pushed to choose very quickly sides with this new geopolitical stage. But in that quick taking sides, I still think we have the opportunity to actually go further in our strategy and do more collaboration to actually improve our opportunities of what we can do. What I can tell you is that, I mean—this is a token of faith that we are very interested in collaborating. We believe to bring institutional capital, and institutional capital allocators to Latin America, to Asia, and to actually cross our knowledge, our capital, our best practices—could actually improve what we could do in the future and not be on a corner that someone put us there. I think there is a lot of opportunity now with over the reconfiguration of the supply chains and the reconfiguration of the capital flows—there is an opportunity for us to choose where those capital and where those supply chains can strengthen. And we're very optimistic on what we can do going forward. Because, as you mentioned, as JP mentioned in the beginning. Think with all this change, there is a lot of opportunity to arise from it, so we're very excited about it.

Steven Ciobo 07:28

Renat.

Renat Bekturov 07:28

Well, yeah, first of all, good morning everyone. I'm happy to be in this room and to speak at the behalf of Kazakhstan and CIS I guess at large. I'm the governor of Astana International Financial Centre. It's a special jurisdiction that is based in the capital of Kazakhstan in Astana, called jurisdiction that based on common law in a country with a civil law. Going back to your question, and it was already mentioned, I think in last few decades—what we call Global South, or the developing economy, is definitely gaining more weight in the global economy—and then not just the economy—and I think in global politics. We don't anymore, like talk about G7 right? It's G20, and probably should be even larger. And just recently, at the annual 80th, actually, GA of the UN, our president, His Excellency President, Tokayev, mentioned that maybe—not maybe—he actually said that the UN itself probably needs reinvention, especially the Security Council. And he thinks that the developing countries, this Global South, needs more representation. If we need more—if we want more secure world— that these countries should be more represented. But going back to the economy again, I think that the number was already quoted, that the more than 40% of the global trade now happens South to South is one of the examples. But I think also the investment flows are increasing between the Global South. And a lot of us has a lot to offer to the world. If I talk about the CIS, there are many opportunities, and we already see that the investments are coming from the Middle East, especially the Gulf and the Asia. And they think this big triangle of Middle East, Eurasia and Southeast Asia is the triangle where a lot of the economic activity and investments will happen. And the investment thesis in the region of first is infrastructure. It's soft and hard. We know that the transportation routes are being reinvented. Belt and Road Initiative is there. It's about the railroads. It's some call it re-emergence of ancient Silk Road and etc. Second big thing is, of course, the energy including renewable energy—and, again, energy security in our part of the world, generally in the world, is a huge challenge, but also an opportunity. And then, of course, agriculture. And then we come to the topic of food security, right, especially as the population growth, and especially for the regions that have risks of water scarcity and etc. Yeah, and another big topic and investment thesis, I would say, is in IT, that includes digitalization, digital economy, and, of course, now emergence of AI. And we already see, again, as I said, that—we still think, in my mind, regionally, like ASEAN APAC region—I think, like, you are the representative of

LATAM here, but also the Central Asia and Eurasia—I'm probably the only representative here. So I think, like, we need to collaborate and participate on these events more. And we in Eurasia are—again, we talk a lot with each other, but not just on a regional context. And of course, I think that the Africa is not represented at this conference quite well as well. So I think that more and more collaboration and exchange of ideas, that will lead to common projects. But of course, all of us are concerned about creating the environment. If we want investments, we understand the investor wants to have a clear understanding, and they want to mitigate the risk possible going to the emerging markets. So one of the solutions, I think, that we are working in, what we implemented—is creating these financial centers. We've seen that it worked for Dubai, it worked for Abu Dhabi. We did it in Astana about 10 years ago. And we see now that it is really gaining traction and trust. We see that Vietnam is embarking on this journey. Oman is embarking on this journey of creating a special jurisdiction where international investors would come in and feel comfortable. So I think that this could be one of the solutions that the Global South will start to use more and more.

Steven Ciobo 11:38

So, I mean, that's interesting, because certainly where I'm based in Abu Dhabi, and just up the road in Dubai, you see the operation of these, the Dubai International Financial Centre, DIFC, ADGM in Abu Dhabi—and providing surety around application of common law brings a lot of stability to institutional investors. But across the panel, you've raised a lot of really interesting points, from collaboration through to growing complexity around supply chains. Can I ask—and feel free to jump in, whoever would like to but—but can I ask? Are we seeing a profound change? Because if I think back five or 10 years ago, we saw significant push towards, for example, the CPP, the CTPP, the Comprehensive and Progressive Trans-Pacific Partnership. We saw the regional, Comprehensive Economic Partnership—these big, multilateral trade deals being done. There's no doubt that the second Trump administration has doubled down on their tariff policy. We're now seeing a more bifurcated world between China and the US. For those in the Global South, what's your experience with respect to being able to react to that? I mean, are we seeing market opportunities closing down because you're seeing supply chain being ripped back to either sort of being a US or China supply chain? Or are we seeing the exact opposite, where there is a desire to increase and diversify your supply chains and your markets.

Ingrid Castillo 13:05

I mean—probably I can tell you, from my experience, we're the closest geography to the United States, so we have a very first row seat to what's happening there. And I can tell you that, at least for our experience, it has been—they have been pushing us to close supply chain, and this friend—

Steven Ciobo 13:23

Friend sharing?

Ingrid Castillo 13:26

Exactly, friend sharing is the term that I was looking for. And at least in our case, as you mentioned in the beginning, we were asked to decide and decide quickly. And we have been moving really fast in trying to negotiate priorities between both countries. And this is what's happening right now, we have been pushed to decide, and it is friend sharing, at least on our case, very primarily, the way that we do trade with the US. However, we shouldn't forget that Mexico is the seventh country with the largest amount of free trade agreements. So this is on our DNA. As you were mentioning. These have been policies that have been built throughout the years and throughout the last three decades. And I think this is a very good opportunity to pull that thread and to remind us of where we can find important collaborations and where we are more essential for the South-South new story. Yeah, that was at least our case.

Arsjad Rasjid 14:43

Let me just—for example—I just want to give one example. Indonesia, we just joined BRICS, right? And everybody was looking at—it was this political, what is what? No, you know. Like for us, we just want to have access to market, a bigger market. And this is a part that—sometimes we are misunderstood—thinking is "always about politics." We are not thinking about politics. We're thinking about economy. We're thinking about how to create prosperity for our people. And this is a point. And sometimes you are judged by political first, without looking at, you know, the necessity of looking for prosperity. And that's what we are doing. And so I think joining up with different blocks is not trying to be to have blocks, but to have access to market. And this is something I think is important for everyone to understand—that we are talking about economy. We are talking about prosperity for the people, not about politics.

Ingrid Castillo 15:41

Yes, agree.

Jang Ping Thia 15:42

Thank you. It's a very complicated question, and I don't really want to underplay the uncertainty around trade tariffs, but there are several—silver linings. So one of the interesting aspects of this round of trade tariffs is that none of the countries actually retaliated against the US increase in tariff, with the exception of China, for maybe political reasons. And in fact, most of the countries have reached some kind of accommodation with us, about 15%, 10%, 20%. These are, I think, in the range of tolerable, kind of, range with a little bit of currency movement, with a little bit of price movement, you can absorb this kind of trade right? So there are a lot of reconfigurations of trade patterns or production patterns, but not necessarily the wholesale dismantling of a global trade law. So you do see third countries—the middle countries, the middle group of countries who are non aligned to either side—starting to benefit. I can name Vietnam, I can name Morocco, I can name several countries that will stand to benefit just by being friendly to both sides and having a favorable kind of tariff. But I want to add a word of caution. This model is, in my mind, still a little bit fragile, and let me describe the fragility. Initially, US ran a large trade deficit with China. China has a large trade deficit with—a trade surplus—with the US. Now that part of China's trade surplus with the US has really come down. Trade has come down, but China now runs very large surplus against those middling countries and these middling countries—not "middling countries", middle countries, okay—let me be

very clear—also run a surplus against US. US still has a large deficit, but a composition change. It's not to China, but to the rest, and the rest now has a large deficit against—with China because of supply chain issues and the dependency issue, right? So in my mind, there is still some fragility, at least politically, with this kind of arrangement. But what can what can improve? What can strengthen this? What can remove the fragility going forward? It's really for more investments from China into the third countries, into the middle countries that really spurs the economic development technology transfers to these countries. I think that is the part that really allows this—a helpful industrialization of these countries that I mentioned—that will really strengthen the willingness, the incentive to engage in this trade, despite the short term deficits that they're going to face. I think that part is super important.

Steven Ciobo 17:09

So Renat, I want to come to you. But to pick up on your point, JP, and we're sitting here in Singapore. You're Singaporean, living in Beijing. The phrase that I've heard used, which I really like, is talk about the geopolitical swing states, not in the sense of US domestic politics, but in the sense of global politics. You hear Singapore. Let's call them the pragmatic states: Singapore, the UAE, Saudi, others. Which turns me to you Renat., which is that for a country like Kazakhstan—geographically placed where it is between, in many respects, China and Russia—does that in some way erode the proposition that you're trying to make to the market to say, look, come here to Kazakhstan, the CIS is a whole new market, a new opportunity—because you see institutional money or other sovereigns who perhaps are hesitant to invest because of that geographic alignment? Or is it an opportunity for Kazakhstan?

Renat Bekturov 19:30

Well, definitely, it's an opportunity. We've started actually seeing that the flows and interest in the country and the region in general have increased. And again, if we go back to the tariff policy. We're not that much affected by it, because the bilateral trade with the US is very small. Our largest trading partners is China, and then EU and Russia, of course, and then the other Central Asian states. And then in the last three years, we have seen that the trade volume between China and Kazakhstan have more than doubled from 20 [b]illion, I think, in 2021 to 43 last year—billion trade. And that is part of the re-export, the transit that goes through us. And that's how we see it, as a connector between east-west, east and the Middle East and etc. And with other investment flows, also from the Middle East—again, we've seen that—there was a period of hesitance in 2022, but then they saw that we are open for business. We are neutral, very pragmatic. We want to work for win-win solutions. And we've already seen that, for example, sovereigns from the UAE ADQ portfolio companies. Investments from Mubadala, from Oman, are coming to the region, to the country, in many areas as I've mentioned, infrastructure, renewable energy. You probably know Masdar is very active in renewable energy in the region in Uzbekistan, Kazakhstan. Abu Dhabi ports is very active in the transit and etc. And we see that the investments from China are coming in, and they're coming in many forms. Especially I'm happy that also they're coming through the public market. Just recently, we had the first ever dual IPO on Hong Kong market and our Astana International Exchange, and was super successful. And no surprise, it was in mining. It was a tungsten mine. So I think that the more of more of these flows will come in, and we also—another, I think big trend is that a lot of the sovereigns, including in Kazakhstan and the big issuers—they are coming for liquidity to China, given the interest rate, differential rate between the US dollars and the yuan. I think that is another big flow that we will see, and more and more countries will try to tap in that. And I want to echo on what JP said is, I think that—I mean, we cannot avoid not talking about China, right? This China Plus One

policy, and how these countries, surrounding China, including us, we see these investments, or BRI. I think the first decade of BRI was really about debt financing, and not everyone was happy with that. What we really now want to see is taking equity risk in those projects in our countries. And we want the technology. We don't want to be just the resource country. We want some of the processing to be in our country. We want to see the technology. And I believe that if China could elevate millions—of hundreds of millions—of its people from their living standards, we see that it's possible. We want to transfer it to our countries as well.

Steven Ciobo 22:33

So can I keep this issue around—the discussion point around trends—going. Arsjad, you mentioned earlier about Indonesia joining BRICS, not for the politics, but for the market access. What are some of the trends that you're seeing in the Global South? I mean, is it tied to a lot of the same initiatives around climate change, around energy security, around food security, resiliency, domestic sovereignty, or are there other opportunities sets? What are the trends that you're seeing take place?

Arsjad Rasjid 23:03

Looking at what's happening, for example, in this part of the world, in Southeast Asia. The way I look at it is the energy transition is still the key part of this. That's why we're looking at, how can we connect the power grid of ASEAN as an example. It's always been in the plan for like, four years, but I think now it's going to happen. Why? Because the source of the power itself and the demand is so very apart. So the connectivity of our grid as an example—this is an opportunity of energy transition, and I think there's a lot of investment—will be moving towards that direction, including because of the development of AI. When you have AI, then you need more energy and more energy. And this is the part where we are now in, for example, Indonesia really moving forward on how our renewable energy, how our geothermal, how is our solar and so forth. And now the discussion even with Singapore that—let's, let's work together, and let's work with all of ASEAN. So I think this is one trend that I look at, because of the AI development, digitalization. And we need a lot of power, right? We end up in deficit of power with this AI. And more than that, is also about sustainability. Talking about nature based solution. It is this something that actually also for Indonesia as an example—that we have a lot of you know, like in Brazil, in part of the world—we have all this forest that we have, we have this ecology that we have. We have this carbon credit, that we can actually do carbon trades. And this is what actually Indonesia right now, as an example, is pushing forward, and how we can actually be part of this so called the carbon credit world. And I think those are at least two trends, but I think there's a—within ASEAN itself, the realization of right—last time, we only compete. Now we don't think just to compete, but complementary and also collaboration. Because previously, before, I think this is before, maybe before COVID—we don't realize that we need each other. We live here, but sometimes we thought we just compete, but now it's about collaboration. That's why the reality of ASEAN together and this interconnectivity with other regional economy, I think, are keys moving forward. And so those are the trends.

Steven Ciobo 25:42

Ingrid, can I ask, I mean, in many respects, LATAM is similar to Asia, in the sense that it's not homogenous. You've got different levels of development, although LATAM has high proportion, obviously, for developing economies—

but for Mexico, and then to the extent you want to extrapolate into the other economies across the LATAM—what are the trends that you're seeing there? Are they, again, tied to the same sort of global thematics, or are there specific regionals?

Ingrid Castillo 26:10

I think we have the same global thematics. AI, I mean, it's been a global trend, and we're all trying to figure out how are we going to play in this new trend and how it affects our domestic economies now. And we have many colors on that trend. But what I can see, and what I've been hearing from the Milken conference and from this panel is that we have a lot of common gaps. Infrastructure is a main one. So Latin America has a strong need of infrastructure. We still need ports. We're investing heavily in railways, we're investing heavily in highways. So there is a basic need to actually pull the infrastructure so we can start thinking about AI, no? That there are many layers before that that we have to cover. I think another one is energy, of course. I mean, Mexico has a very specific issue with energy because of our state run companies, but we are going to need that. And for example, in Latin America, there's 40%–45% of the lithium of the world is in Latin America. 30% of the copper of the world is produced in Latin America. So this is a very essential region for this energy transformation that we're all going to need. Because I can tell you, I mean, if you want to do it by a show of hands—how many of you have an AI program in your phones?

Steven Ciobo 27:29

Everyone?

Ingrid Castillo 27:32

So we're all going to need this energy to actually just work with our own trends. So I see these common gaps and these common investment opportunities for our regions.

Steven Ciobo 27:46

JP, Renat?

Jang Ping Thia 27:48

So Steve, you mentioned very good investment team. Energy transition is definitely there, ongoing. I'll just say that we partner with many Middle Eastern companies, like ACWA, like Masdar, like Governor mentioned to invest actually in different countries, including in Central Asia. You mentioned food security. Very good, team as well. I'll just complement with another one or two, right? So the one thing that is also a big opportunity is logistics. And the logistics around Asia, the growing economy is a trade, right? One particular area that I begin to see the real

potential is with the middle corridor through Kazakhstan, through Turkey. I'm seeing so much investment need. We are partnering in Kazakhstan to upgrade the highways, upgrade the roads. We are partnering East Turkey to upgrade the highway—the east and west highway, east and west railway. We are talking to Azerbaijan to upgrade a port so that the goods can ship through the Caspian Sea and so on. We are seeing a lot of opportunities along logistics. And that is one corridor. Another corridor that we are seeing, a lot—interest is actually, of course, in India. The India into Central Asia corridor is also beginning to— we are hearing more and more investment thesis approaches coming out from the India to Central Asia corridor. Those are very interesting for me. Sitting in Singapore, maybe you— we probably don't realize it—but if you travel more in the region, definitely, you will hear that. Data centers. Definitely, we're also partnering with many private investors and data centers in Malaysia, data centers in different parts of the world. Super important. Energy security is super important. Let me just highlight one last thing and I'll stop. Jobs are important. I think that job teams, no matter what we do, whether it's manufacturing infrastructure, that job team, is coming out very strongly. Unless the local population sees the jobs, it is going to be an investment that continues to be politically fragile, if I may say so. So they must see the benefits, they must see the jobs, and then that will really help. Thank you so much.

Renat Bekturov 30:08

I echo all these trends, but here my thoughts based on what I see internationally, but also under the influence of TOKEN2049, that's happening. I think one of the emerging trends is the idea that the Global South wants to settle trade between each other in some other—less used, less dollar, right? And then the second trend I see is that the use of the digital finance—whether it's a stable coins, cryptocurrencies or CBDCs—I think this is going to increase. And here is a questionable idea. But who knows? Some think that the this switch may have similar effect to the Bretton Woods and then the idea of linking the gold standard. So as we start to moving more into settlement in digital finance, it may have on the international trade, and therefore in global economy—similar effect. I think that is possible. This is like, again, to diversify from dollar dependency—to diversify from this very big infrastructure behind it—we all know, like correspondent banks and et cetera, et cetera, that Swift—which is a quite old technology, if you look at it—and then actually the idea of efficiency, sovereignty, independence and security of your payment. So I think that's another trend that will unfold and actually play a big role on international stage in the next, I don't know, five years probably.

Steven Ciobo 31:41

Ingrid do you want to talk?

Ingrid Castillo 31:43

No, I just wanted to comment on the on the labor thing. I heard something very interesting. At the beginning of this conference. A person from one of the sovereign wealth funds told me that they were implementing AI in their workforce. And I will mention, well, how many jobs are you reducing? Because—says the opposite is happening. We're actually increasing jobs. Because since we're able to do so much more with AI, we actually need more people to manage these new opportunities that we're having. So that was—it's the first time that I hear something

on the opposite side of what AI is going to do to the labor force. And I thought it was very interesting because of what you were saying, JP.

Steven Ciobo 32:26

Arsjad.

Arsjad Rasjid 32:28

Yeah, just because jobs, I think—that's one of the very, very important—particularly for like Indonesia, we have a bonus demography. So the first time in our lifetime that we have so many—a young generation at the same time—which then relates to jobs. Because can investment accelerate—acceleration of investment, and with all the digitalization, AI and so forth, the reduction of this house jobs? So I think also in our own [inaudible] of skills, right? So education is also very important. I think that the trend of education, that's another thing that is actually—I do believe, is a lot of investment will be put into into that direction, as one of—another trend of investment in this part of the world, particularly for Indonesia.

Steven Ciobo 33:14

So Jang Ping, you started delving into the opportunity set. And I'd like to explore that with the panel now in the 12 or so minutes that we have remaining. But if you look at what that opportunity set looks like based on the trends we've just been discussing, I mean, you touched on some of it, in particular the focus on the corridor between China and potentially through to the Middle East. If you look at initiatives around the India-Middle East-Europe Corridor, for example, IMEC, I'd just be interested in your thoughts from the panel around what those opportunity sets look like. We've touched on many of them already, but perhaps dig a bit deeper.

Jang Ping Thia 33:52

Yeah, so logistics, infrastructure, green transitions—all these are very important digitalization, all these are big, important teams in those emerging markets, right? At the risk of oversimplifying things—things are complicated. I will say that if you see a country that is young and growing, I think the infrastructure play should really be just many of those things that create jobs, data centers and so on and so forth. I will do a small pivot, right? But there are some of our members, AIIB members, that actually face advanced demographics. In those countries that are facing a little bit more advanced demographics, the investment set—the infrastructure investment set—changes a little bit. So AIIB is now thinking more towards social infrastructure for those member countries that are facing advanced demographics, health care, for example, and we're even thinking of community care. Is community care part of infrastructure? We think it is. Is social infrastructure for aging part of infrastructure set? I think it is right? Because unless you have populations, there are aging well, they have opportunities to live good lives—the economy cannot be productive when you hit a certain—when you have advanced demographics, right? So the opportunities that will change a lot for certain countries, just to add on to the several kind of investment teams—so

I make a small distinction between fast growing EMDs versus those that are already more mature and are facing some demographic issues. We help them.

Steven Ciobo 35:32

Thanks. Renat. Can I ask you, I mean in terms of some of those specific opportunities, whether you want to focus specifically on Kazakhstan or the CIS more broadly—what do you—what should institutional investors, sovereigns, and family officers be looking at?

Renat Bekturov 35:47

Well, it's similar way. I think we have already mentioned few. It's infrastructure. But then I guess we have to divide, right, in terms of infrastructure. First of all, its connectivity. We see that the companies I mentioned already who are part of the sovereign institute in parts of the world—they're investing into the logistics infrastructure, warehouses, ports, dry ports, railroads, roads in general. And of course, we now see that the big GPs general partners are also coming in and looking at these opportunities. For the portfolio construction point of view—even like adding this part of the world, I think that this balances out their portfolio, quite good and diversifies the geographic risk, also for the big institutional investors. And of course, as we've mentioned already, energy—and again, this is not just only in renewables, which is a big story, but I guess it's a little bit not on top of the agenda anymore for a lot of the big financial institutions—what is coming on top is more investing into a cleaner way to work with the same fossils, right? Oil and gas. I think that the uranium is going to be big story. It is becoming a big story. We see it as one of the countries, as the largest producer of uranium in the world, and of course, rare earth and mining in general, but particularly rare earth, because of the new economy, EV, how EV is developing. We definitely see that the interest in this is very big. And of course, finance, and again, I've mentioned it, like all these needs capital flows—effective, efficient—so this kind of financial industry needs to reinvent itself, whether this will be through the digital finance, using of AI, different technologies to process faster payments, international settlements, and, of course, democratize the access to capital. So I think that again, any institution, whether it's bank or challenging fintechs, etc—and we see big stories, right, like Revolut, like and others—this is going to this is already a big investment thesis in opportunity in our part of the world. We already have champions like Kaspi.kz It's a bank/FinTech that listed on NASDAQ, and its capitalization in within a year have jumped fourfold, and there will be other local stores. There is an startup in Uzbekistan that's already a unicorn, exactly in the financial services industry. So this is, I think, another big opportunity that international investors are looking at in our part of the world.

Steven Ciobo 38:36

Ingrid, can I ask—for LATAM? I mean, given its obvious size as a market—for institutional investors that might be looking at the Global South and LATAM context. Can you touch on that? But can I add one additional part, which is that—if you look on a risk adjusted basis for institutional investors, maybe it's a cliché, maybe it's not this one, I'll get your comment on. Is there a higher risk profile in LATAM, and how do you counter for that in terms of your return profile, to ensure that you can be as attractive as a developed economy, in terms of attracting that institutional money?

Ingrid Castillo 39:10

Sure, I think—I mean, Renat made an excellent point in terms of finance—and I will touch on that with institutional investors. What you see in Latin America is growth. So you're seeing these stories of growth, and these stories that are just receiving institutional capital at the venture stage. And we're in need of more venture—or institutional venture capitals to actually push entrepreneurs in the right way at the beginning of the stage of the business. And then we need private equity for them to go into the next stage. And I think we are still very slim on those institutional investors in Mexico, on the whole part of the capital allocators, not just public markets or not just at the beginning, the whole chain. And then when you look at what we've been doing with private equity, there has been some very interesting success stories that have, I think, are in the line, or in the limit to go into public markets. That is the next stage. I was just listening to a prior conference here that they were saying that in Asia, you have the same challenges that we have. There are many entrepreneurs. You have very good businesses, investment in infrastructure, pension funds, insurance companies, coming into the market, but that we just fall short into bringing them into public markets, to actually have these champions, these local champions, that no—lead the way in their in their respective industries. So I think we're at the same stage. That's why I think it's so important that we share this knowledge, that we share these opportunities, so that, no—I can see that there are many opportunities in ASEAN, and you can see there are many opportunities in LATAM, and we share this capital. And remember that capital follows return and follows growth. It doesn't follow regions. So I mean, if we have the growth, if we have the story, if we have the good narrative, I think capital will follow us. Let me give you an example of what I'm saying. Mexico. Pension funds were barely new. We have 25 years with our pension funds, independent pension fund system, aside from the government, and the pension funds will be 50% of GDP of Mexico in the next 10 years. That's a huge amount of capital looking for returns. Mexico will not be big enough for this, and then we will have to look for other geographies to put this capital to work. And I hope these other geographies sense that we have these many opportunities, and then we can bring it back to Latin America, and we close this virtual cycle of capital that we can actually do something. I'm very optimistic about that.

Steven Ciobo 41:52

Arsjad, can I ask? I mean, Southeast Asia, Indonesia, in particular, forecast with your population demographics, to become, I think the seventh largest economy by—

Arsjad Rasjid 42:02

That's right.

Steven Ciobo 42:03

—within the next sort of decade or so. Opportunity sets that you see that you'd like to speak to?

Arsjad Rasjid 42:10

Yeah, when you talk about that, talk about consumers—consumer goods is also another thing. But I think it's important also for this part of the world—is when you talk about capital, we need a lot of capital. But it's not only capital. I think what's needed by the businesses locally is a sparring partner, not just—because capital alone is not enough. So we need to actually—because there are a lot of fears to grow, but at the same time we have—we, so we need to put that capital in and to become their sparring partner, to actually mentor it up, to go growing within the region, and even to another region. And I think this is where important—when thinking about capital—because usually when PE comes in, they're just thinking about this, putting in capital. But it is more than that. It has to be a sparring partner. And this is where I think the—needed of—to grow, and when we talk about capital itself. So we need capitals. But at same time, our consumers, we have 750 million people in ASEAN. We are growing by 140 million people by the year 2033. And so this is a lot of big consumers that is there. And at the same time, the middle class is also growing up, and our average earnings per capita is also increasing as a whole. So I look at that—there is big opportunities that, you know—of this growing population that give an opportunity to many investments—that is, we talk about energy, talk about that—all of this. But don't forget about food, because at the end, this is where then food security that we need to have food. For example, Indonesia is also pushing, very much our president to be able to have our own food security in all aspects. That's another.

Steven Ciobo 44:01

We're almost out of time. Can I finish on a controversial note and ask—we've had discussion around AI and opportunity sets around AI. And there's no doubt that for many people, AI is seen and viewed as being the key driver of the future. In a more bifurcated world, with China and the US, is the Global South going to be forced to choose around its AI? Will it be a choice between US-based NVIDIA GPUs or Chinese-based GPUs? Or do you feel that, you know, we have data centers that are either Chinese data centers or American data centers? Or do you think that the AI opportunity actually can be more pragmatic and a combination of both? Whoever would like to venture—

Renat Bekturov 44:55

I think that this is—there is important question about the AI sovereignty. So I think it's not about the hardware, really. It's about the LLMs that we employ. I think that the regions, countries—they're more and more concerned. We definitely are. We're working on the few models of Kazakh LLM because AI—given that it is and still—it tries to interact with you as a human. You have to put the cultural context in it. You know? Some answers to certain cultural questions may be interpreted differently in different parts of the world. What I mean is—and also the data security right—sovereignty and security of your data. So I think that this is—be about the software and the sovereign software rather than hardware. So yeah.

Steven Ciobo 45:44

So we're out of time. And so if you've still got questions or you want to hear their answers, then grab the panelists in the networking break now. But can I thank you all for your time? I know there's a networking break that's taking place now. And please join me in thanking the panelists today..

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