

# Privately held businesses: the lifeblood of the global economy.

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International Business Report 2009 – Global overview



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# Foreword

The global financial crisis has sent many economies around the globe spiralling into recession and has dramatically changed the plans and outlook for privately held businesses (PHBs) the world over. Such businesses, including entrepreneurs, family businesses and non-listed entities, account for over 98 per cent of businesses worldwide and are considered the lifeblood of the global economy.

The Grant Thornton International Business Report (IBR) 2009 examines the thoughts and opinions of 7,200 leaders of privately held businesses from 36 economies. This year's research, the 17th time that Grant Thornton has gathered this data, coincided with an almost unprecedented level of global economic turbulence; a combination of a severe banking crisis in many mature economies, the squeezing of credit lines, colossal house price corrections and a widespread collapse in fixed investment.

## Financial turbulence

The world economy plunged into recession in the second half of 2008. This deepened in the early months of 2009, as global trade contracted sharply, investment was slashed and consumer demand faded. During that nine-month period, the global economy experienced its steepest decline in post-war history. By mid-2009, however, there are signs that the worst of the recession may be over as massive fiscal stimulus measures, loosened monetary policies and bank bailouts have underpinned demand and confidence.

While the recession may be easing, recovery is likely to be slow and patchy. Even if the recent improvement in key indicators is not followed by a renewed collapse, the figures for 2009 as a whole make grim reading:

- global GDP will decline for the first time in decades, falling by over one per cent
- more mature (OECD<sup>1</sup>) economies are expected to see a decline of near four per cent whilst growth in emerging economies will slow dramatically to around 1.5 per cent
- inflation is forecast to ease sharply, to well below one per cent in many countries with some mature economies expected to experience deflation for part of the year
- global unemployment has soared and is forecast to exceed eight per cent in many economies.

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<sup>1</sup>economies comprising the Organisation for Economic Co-operation and Development

### Impact on privately held businesses

The IBR research shows that PHBs globally were, predictably, much less optimistic about the year ahead compared with last year (see figure 1). Declining demand was perceived as the major issue facing businesses, while shortage of orders was seen as damaging balance sheets in the short term and reducing growth prospects in the longer term. A decline in employment was expected by PHBs globally for the first time since 1994.

### Looking ahead

Increased consumer and business confidence are expected to drive a return to growth of around 0.5 per cent in 2010 in the OECD area, a fragile recovery that could be blown off course by further shocks, for example from oil or food price rises. Emerging economies are likely to see much stronger growth rates.

However, the customary lag between output recovery and jobs growth means that unemployment rates are likely to continue to rise in 2010, which will weigh on consumer demand. Moreover, huge levels of public debt built up by many of the largest economies to prop up the global economy – forecasts suggest that the gross public debt of the ten richest countries in the world will reach 106 per cent of GDP in 2010, up from 78 per cent in 2007 – could further stifle economic growth.

Figure 1: Key indicators for privately held businesses

|                                                                        | 2007<br>Global<br>average | 2008<br>Global<br>average | 2009<br>Global<br>average |
|------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| <b>Outlook for the economy over the next 12 months</b>                 |                           |                           |                           |
| Balance of optimists over pessimists                                   | +45%                      | +40%                      | -16%                      |
| <b>Issue of greatest concern in the next 12 months</b>                 |                           |                           |                           |
| Fall in consumer demand                                                | n/a                       | n/a                       | 39%                       |
| Shortage of business credit                                            | n/a                       | n/a                       | 19%                       |
| <b>Change in employment levels</b>                                     |                           |                           |                           |
| Balance of PHBs expecting an increase over those expecting a reduction | +45%                      | +33%                      | -4%                       |
| <b>Constraints on expansion</b>                                        |                           |                           |                           |
| Shortage of orders/reduced demand                                      | 29%                       | 31%                       | 49%                       |
| Regulations/red tape                                                   | 38%                       | 31%                       | 30%                       |

Source: Grant Thornton IBR 2009

Any recovery in the global economy will need privately held businesses to be at the forefront to drive new business, employment and trade. To achieve this:

- businesses need to ensure their operations are as efficient as possible
- they need to adjust to the new level of demand while working on innovative ways to develop product and market share
- their access to credit needs to improve to help working capital and long term funding needs.

What is clear is that during the months and years ahead, all businesses will face a number of key threats and opportunities which will require senior management to make some very 'big decisions'. Businesses surviving the downturn will look back on these decisions as pivotal moments in their company's history. Focusing on the right things will give businesses under pressure more room for manoeuvre, while for others it will provide opportunities to realise their ambitions more quickly than they had planned.

At Grant Thornton we help businesses to make these decisions on a daily basis, to guide them through the good and bad times. Talk to us to find out how we can help you make the right choices for your business.



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**Alex MacBeath**

Global leader – privately held business services  
Grant Thornton International



# 1 The global economy

## A year of turmoil

The Grant Thornton IBR 2009 survey was conducted in October/November 2008, a time of almost unprecedented global economic turbulence. The financial crisis was deepening and the vast scale of the banking sector's problems was becoming increasingly apparent. It was also becoming abundantly clear that the financial crisis was affecting the real economy with sharp housing market corrections, lines of credit being crunched and an abrupt fall in fixed investment. This, in turn, severely constrained domestic demand, while exports suffered from a darkening global economic backdrop.

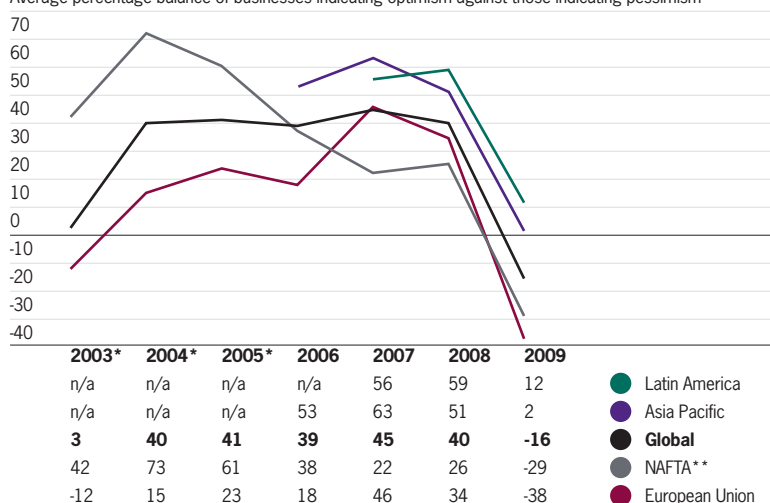
The deteriorating economic climate was most severely affecting countries in North America, western Europe and Japan, but at the time it still seemed possible that some emerging markets could escape the worst effects. This is reflected in figure 1.1, which shows a significant swing into pessimism about prospects for the year ahead in the North American Free Trade Agreement (NAFTA) group of countries and the European Union, but in Latin America and Asia Pacific (even though it includes Japan with its deep pessimism) sentiment was still marginally positive.

The view that the local economy could ride the storm with little damage was strongest in India, the Philippines and Botswana which, as figure 1.2 shows, all remained extremely optimistic. However, in India and the Philippines the figures were well down on the 95 per cent optimism/pessimism balance recorded in the 2008 survey, while in Botswana the figure represented an increase, the only country to show an upturn.

The chart also shows that several other countries, notably Brazil and Armenia, were optimistic about prospects in the year ahead, given still buoyant performances at the time of the survey.

**Figure 1.1: Outlook for the economy over the next 12 months**

Average percentage balance of businesses indicating optimism against those indicating pessimism

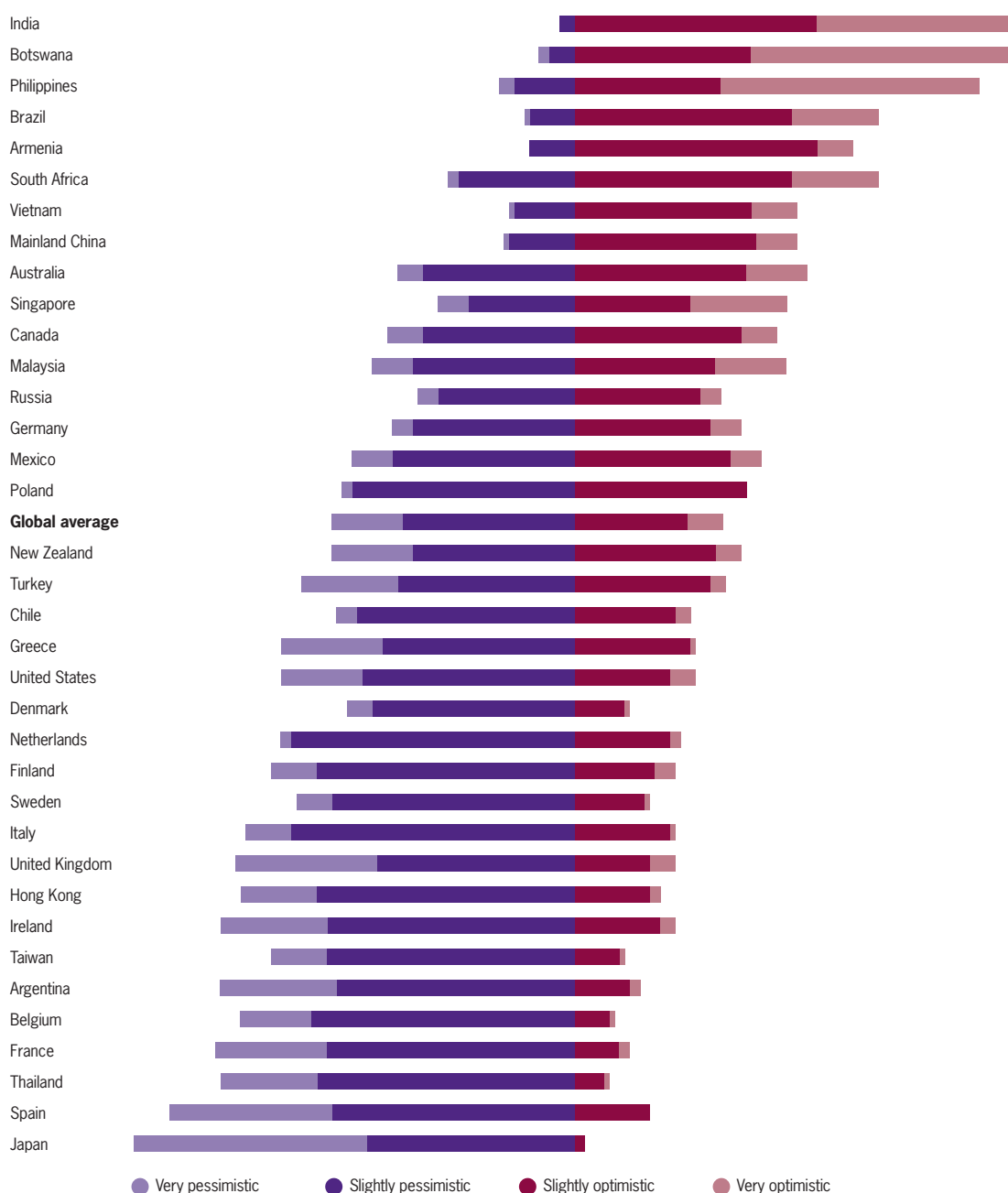


\*not including mainland China

\*\*North American Free Trade Agreement countries

Source: Grant Thornton IBR 2009

**Figure 1.2: Outlook for the economy over the next 12 months – by economy**  
Percentage balance of businesses indicating optimism against those indicating pessimism



Source: Grant Thornton IBR 2009

“Indicators show that the recession in the UK economy is easing towards mid-2009. Continued growth in China, India and other emerging economies is providing some stimulus for UK businesses and anecdotal evidence supports the overall view that the worst might now be behind us.”

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**David Campbell**  
Grant Thornton, United Kingdom



## Uncertainty ahead

The rapid deterioration in the global economic background in the final quarter of 2008 seriously constrained exports with countries such as Germany, Russia and Poland becoming increasingly pessimistic, joining others that had been clearly sliding into recession for several months. Consequently, in contrast to recent surveys when only a handful of countries were pessimistic, the number of pessimistic countries on this occasion far outweighs those expressing optimism.

## Pessimism prevails

Three countries are extremely pessimistic:

- Japan's exceptionally low balance of -85 per cent reflects their experience of deflation with businesses well aware of the damage another bout of this could cause. In addition, falling global and domestic demand, along with a strong yen, have caused exports and industrial production to collapse
- Spain's prospects have been clouded by a property market crisis aggravated by credit tightening, weakening external demand and sharply rising unemployment
- Thailand's political uncertainties continue to drag down its balance which, after collapsing from +30 per cent in 2007 to -30 per cent last year, plummeted further to a new low of -63 per cent in 2009.

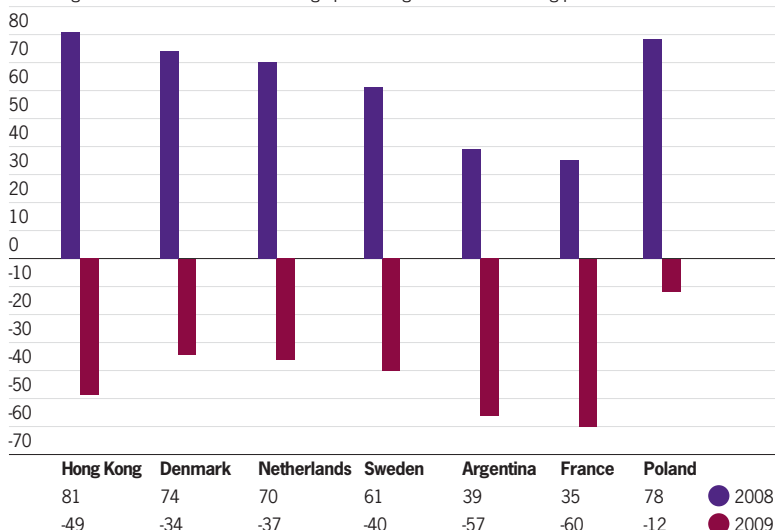
In addition to the sharp drop in sentiment in the three countries highlighted above, there were very marked declines in many other economies. Seven stand out with precipitous falls of around 100 percentage points (for example a fall in Sweden from a balance in 2008 of +61 per cent to -40 per cent on this occasion produces a 101 percentage point fall) see figure 1.3.

Although the dire global outlook explains these steep falls, the specific reasons vary. Hong Kong, which shows the sharpest swing of all, is suffering from a double hit. On the one hand its major western markets are in recession, while on the other its important trade partner, mainland China, is feeling the effects of the global downturn.

In Denmark, optimism was still high at the end of 2007 as the economy was operating at full capacity. Government action to address strong evidence of overheating was reinforced within a few months by the escalating financial crisis and the abrupt slowdown in major export markets. The combination plunged Denmark into recession, dramatically changing the optimism/pessimism balance.

**Figure 1.3: Sharpest falls in optimism between 2008 and 2009**

Percentage balance of businesses indicating optimism against those indicating pessimism



Source: Grant Thornton IBR 2009

Other western European countries also suffered a marked reversal in their fortunes during 2008 which has clouded the outlook. Eastern Europe, whose prospects looked buoyant in the previous survey, has been caught in the turmoil and economic expectations have turned sharply down in recent months, explaining the reversal in Poland's balance.

The volatility of the economic cycle is illustrated by Argentina, which appears in the chart of major movements in the optimism/pessimism balance for the second year in a row. Having declined from 68 per cent in 2007 to 39 per cent last year, the balance has fallen to -57 on this occasion, a cumulative swing in two years of 125. The country's extremely vigorous recovery from the recession of the early years of this decade, which boosted the optimism/pessimism balance in 2007, has ended and Argentina now faces the prospect of minimal growth or renewed recession in 2009.

# 2 Performance

Four years of economic boom ended in 2008, when the record highs registered by all key indicators of business performance in the previous year dipped as conditions became less favourable. But the declines between 2007 and 2008 were small compared with what has been seen this year. The rapid slide of the global economy into recession was well under way at the time of the 2009 survey and respondents were gloomy about prospects for the year ahead. The most substantial fall, from a balance of +63 per cent to +11 per cent, was in revenue expectations (see figure 2.1), but on two indicators, profitability and employment, balances turned negative.

## Revenue (turnover)

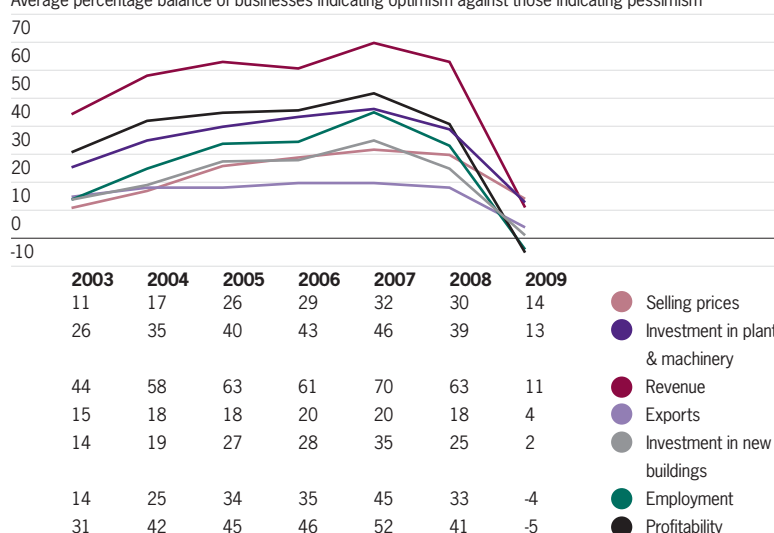
Revenue expectations suffered large declines across the board, and more than one third of countries now show balances indicating that the majority of local businesses expect revenue to fall over the coming year. Figure 2.2 shows that economies in the Asia Pacific region are most downbeat, led by Hong Kong which fears weakening demand in its key western and mainland Chinese markets. The only European economy in the table is Spain where the impact of declining exports is aggravated by especially steep declines in domestic demand.

Some countries, though less upbeat than last year, retain their buoyancy. While not altogether immune, these countries appear to be weathering the storm better than most. Vietnam leads the way with a balance of +91 per cent, followed by India (+71), Botswana (+70), Armenia and South Africa (both +54).

The largest fall in revenue expectations over the past year was in Hong Kong, a massive 122 percentage points, see figure 2.3, but there were many other substantial declines and only one increase, a modest nine percentage points in Thailand.

**Figure 2.1: Global business performance expectations**

Average percentage balance of businesses indicating optimism against those indicating pessimism



Source: Grant Thornton IBR 2009

**Figure 2.2: Revenue expectations**

Top and bottom five economies

Percentage balance of businesses indicating optimism against those indicating pessimism



Source: Grant Thornton IBR 2009

**Figure 2.3: Largest rises and falls in expectations for key business performance indicators 2008-2009 – by economy**

Change in percentage balance of businesses indicating optimism against those indicating pessimism

| Economy               | Greatest rise/least steep fall in expectation | Largest fall in expectation         |
|-----------------------|-----------------------------------------------|-------------------------------------|
| <b>Argentina</b>      | Investment in new buildings -28               | Revenue -77                         |
| <b>Armenia</b>        | Selling prices +14                            | Investment in plant & machinery -29 |
| <b>Australia</b>      | Exports -10                                   | Profitability -51                   |
| <b>Belgium</b>        | Exports -20                                   | Profitability -74                   |
| <b>Botswana</b>       | Investment in plant & machinery 0             | Profitability -38                   |
| <b>Brazil</b>         | Selling prices -2                             | Profitability -52                   |
| <b>Canada</b>         | Exports +1                                    | Profitability -44                   |
| <b>Chile*</b>         | n/a                                           | n/a                                 |
| <b>Mainland China</b> | Investment in plant & machinery -1            | Revenue -62                         |
| <b>Denmark</b>        | Investment in new buildings -16               | Profitability -62                   |
| <b>Finland*</b>       | n/a                                           | n/a                                 |
| <b>France</b>         | Exports -16                                   | Revenue -64                         |
| <b>Germany</b>        | Investment in new buildings -13               | Revenue -58                         |
| <b>Greece</b>         | Investment in new buildings -12               | Profitability -56                   |
| <b>Hong Kong</b>      | Investment in new buildings -45               | Revenue -122                        |
| <b>India</b>          | Turnover -13                                  | Employment -46                      |
| <b>Ireland</b>        | Exports -18                                   | Profitability -63                   |
| <b>Italy</b>          | Investment in new buildings -9                | Revenue -45                         |
| <b>Japan</b>          | Exports -11                                   | Revenue -47                         |
| <b>Malaysia</b>       | Investment in new buildings -37               | Revenue -87                         |
| <b>Mexico</b>         | Selling prices -11                            | Employment -50                      |
| <b>Netherlands</b>    | Exports -21                                   | Revenue -75                         |
| <b>New Zealand</b>    | Exports -8                                    | Profitability -65                   |
| <b>Philippines</b>    | Exports -14                                   | Employment -49                      |
| <b>Poland</b>         | Exports -27                                   | Revenue -52                         |
| <b>Russia</b>         | Exports -11                                   | Profitability -79                   |
| <b>Singapore</b>      | Investment in new buildings -13               | Revenue -86                         |
| <b>South Africa</b>   | Selling prices -4                             | Employment/profitability -32        |
| <b>Spain</b>          | Exports -14                                   | Revenue -76                         |
| <b>Sweden</b>         | Exports -27                                   | Revenue -76                         |
| <b>Taiwan</b>         | Investment in new buildings -7                | Revenue -77                         |
| <b>Thailand</b>       | Profitability +32                             | Investment in plant & machinery -1  |
| <b>Turkey</b>         | Exports -28                                   | Employment -66                      |
| <b>United Kingdom</b> | Exports -3                                    | Profitability -63                   |
| <b>United States</b>  | Exports/selling prices -14                    | Employment -43                      |
| <b>Vietnam</b>        | Investment in new buildings +7                | Employment -23                      |

\*economy did not feature in the 2008 survey

Source: Grant Thornton IBR 2009

## Profitability

Expectations regarding profitability have been severely dented by the downturn with the global balance of -5 per cent reflecting the difficulties businesses expect in the year ahead. The majority of countries in the survey show negative balances, with Hong Kong lowest on a balance of -52 per cent followed by Japan and Taiwan, both at -45 per cent. In Latin America expectations are mixed with Argentina (-43 per cent) and Chile (-41 per cent) contrasting with Brazil (+19 per cent) and Mexico (+15 per cent).

Most positive is Vietnam with +94 per cent, in line with very upbeat revenue expectations, followed by India (+59 per cent) and the Philippines (+33 per cent).

## Investment

Investment intentions are extremely depressed in most countries in the light of the bleak outlook for demand, declining revenues and resultant cash flow problems, and the constraints imposed by the continuing credit crunch. However, a few emerging markets remain buoyant, though less so than last year and well below the peak of the investment cycle in 2007. Figure 2.4 shows the five most optimistic and most pessimistic economies for investment in both new buildings and plant & machinery in this year's survey.

**Figure 2.4: Investment expectations**

Top and bottom five economies

Percentage balance of businesses indicating optimism against those indicating pessimism

| New buildings         |          | Plant & machinery     |           |
|-----------------------|----------|-----------------------|-----------|
| Vietnam               | 48       | Vietnam               | 67        |
| Botswana              | 42       | Botswana              | 62        |
| Philippines           | 30       | Armenia               | 55        |
| Armenia               | 26       | Greece                | 42        |
| Greece, India         | 17       | Philippines           | 36        |
| <b>Global average</b> | <b>2</b> | <b>Global average</b> | <b>13</b> |
| Ireland               | -10      | Finland               | -2        |
| New Zealand, Spain    | -14      | France                | -5        |
| Sweden                | -15      | Belgium, Chile        | -8        |
| Chile                 | -19      | Sweden                | -12       |
| Belgium, Hong Kong    | -21      | Hong Kong             | -13       |

Source: Grant Thornton IBR 2009

Along with the emerging markets, which at the time of the survey were escaping the worst of the downturn and in general remain less severely affected than mature economies, is Greece. The inclusion of this EU country as one of the most buoyant regarding both new building and plant & machinery intentions is surprising, and contrasts with the experience of most other EU countries, notably those appearing as very pessimistic in figure 2.4. Increasing investment in plant & machinery is of particular importance for a country such as Greece that has lost competitiveness in recent years as a result of strong labour cost increases. However, evidence for the first half of the year points to these buoyant expectations being disappointed.

## Employment

Employment prospects for 2009 are grim in the majority of economies. Most expect a decline in employment numbers, led by Spain (-42 per cent) and Hong Kong (-35 per cent) where the economic crisis is among the most severe.

But there are some bright spots as shown in figure 2.5, notably in smaller emerging markets, with strong positive balances in Vietnam (+60 per cent), Botswana (+49 per cent) and Armenia (+35 per cent). Businesses in these countries, as noted in figure 1.2, are still optimistic about economic prospects.

Among the larger economies, India (+28 per cent) shows the healthiest employment expectations, buoyed by still optimistic perceptions of the economic background. Although the domestic market is weakening and exports are suffering from the bleak international backdrop, GDP growth of six to seven per cent is still expected.

**Figure 2.5: Employment expectations**

Top and bottom five economies

Percentage balance of businesses indicating optimism against those indicating pessimism



Source: Grant Thornton IBR 2009

“In contrast to the collapse of exports in many countries, Australia has seen strong shipments of commodities and agricultural goods. This has helped the country avoid the worst of the global recession.”

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**Tony Markwell**  
Grant Thornton, Australia



## Selling prices

The upsurge of recent years in the balance of businesses globally expecting selling prices to increase was sharply reversed in the current survey. The global balance fell from +30 to +14 as businesses in many countries were faced with the reality of declining demand undermining possibilities of increasing prices to consumers. In a number of countries prices are expected to decrease, notably in Asia Pacific. Six economies in the region led by Hong Kong (a balance of -34 per cent) Taiwan (-29 per cent), Malaysia (-27 per cent) and Japan (-26 per cent) forecast a cut in selling prices. Outside of that region, price reductions are expected in Finland and Ireland (both with balances of -11 per cent).

## Exports

Expectations for exports were remarkably stable during the economic boom, with the global balance lying within a narrow range from +15 per cent to +20 per cent in each year between 2003 and 2008. However, this year has seen a sharp decline, to +4 per cent, the lowest balance on record as the slump in world demand hits exports.

The vast majority of countries registered falls in expectations from last year's levels, most notably in Asia Pacific. But with exports globally expected to be sharply down in 2009 the impact is widespread, and affects all regions. Thus countries from a diversity of regions – Argentina, India, Poland Sweden and Turkey – all feature prominently in figure 2.6.

**Figure 2.6: Expectations for exports**

Economies with greatest percentage point fall in balance of optimism from 2008 to 2009



Source: Grant Thornton IBR 2009

In mainland China, the decline from last year was a relatively modest six percentage points. However, this masks the fact that there was a significant fall of 23 percentage points between 2007 and 2008. Growing economic problems in the United States prompted an early recognition of tough times ahead, with a cautious perception of export potential in 2008 reflected in a balance of +3 per cent. This year's balance of -3 per cent reflects expectations of an even more difficult year.



# 3 Raising finance

With the financial sector in many countries under severe pressure, banks have been forced to adopt more risk averse behaviour to restore balance sheet viability. Consequently, PHBs can see finance channels drying up over the next year. Indeed 61 per cent of PHBs globally believe finance will become less accessible in the coming 12 months, whilst just 14 per cent believe it will become more accessible.

Restricted access to finance is seen as a threat to PHBs across the globe; 67 per cent of PHBs within NAFTA, led by the United States, believe finance will become less accessible over the coming 12 months, a little ahead of Latin America (65 per cent) and the EU (60 per cent). Asia Pacific economies are the least concerned by contracting finance channels, but even so over half of PHBs in the region expect finance to become less accessible during the course of 2009.

How supportive lenders are of PHBs could hold the key to survival in the continued economic uncertainty. It is encouraging in this context that 69 per cent of PHBs feel their lender is supportive of them, whilst just ten per cent feel their lenders are unsupportive.

Interestingly, lenders to PHBs within NAFTA are perceived as the most supportive of businesses (79 per cent), which might help cushion the large expected fall in finance availability. Around two thirds of respondents in the EU, Asia Pacific and Nordic regions feel their lender is supportive compared to just half of those in Latin America, a low figure driven by a lack of faith in the robustness of the Argentinian banking system.



Figure 3.1: The ease of raising finance over the next 12 months – by economy



When these two aspects of raising finance are considered together (see figure 3.1), PHBs in countries such as Australia, India and Poland appear most confident, believing their lenders are currently more supportive and their access to finance better than the global averages. PHBs in some mature economies such as the United States, United Kingdom, Japan and New Zealand feel they have the support of their lenders but are significantly less confident about the likelihood of those lenders actually providing finance. The worst off appear to be in Belgium, Thailand, France and Argentina where not only do PHBs fear that finance will be less accessible than the global average, but also feel they have the least supportive lenders.

These results give a fascinating insight into how lenders are viewed by PHBs in different parts of the world at this time of global financial crisis. These perceptions reflect the different economic, political and cultural characteristics of each domestic market but also of the differing quality of lenders' customer relationship management. With a few exceptions it is PHBs in economies that are relative newcomers to globalisation who feel their lenders are being unsupportive, perhaps due to those lenders lacking experience of cross border recessions. The question is whether the PHBs who do feel their lenders are currently supporting them will persuade those lenders to actually deliver the cash when it is needed.

# 4 Constraints

## Shortage of orders/reduced demand

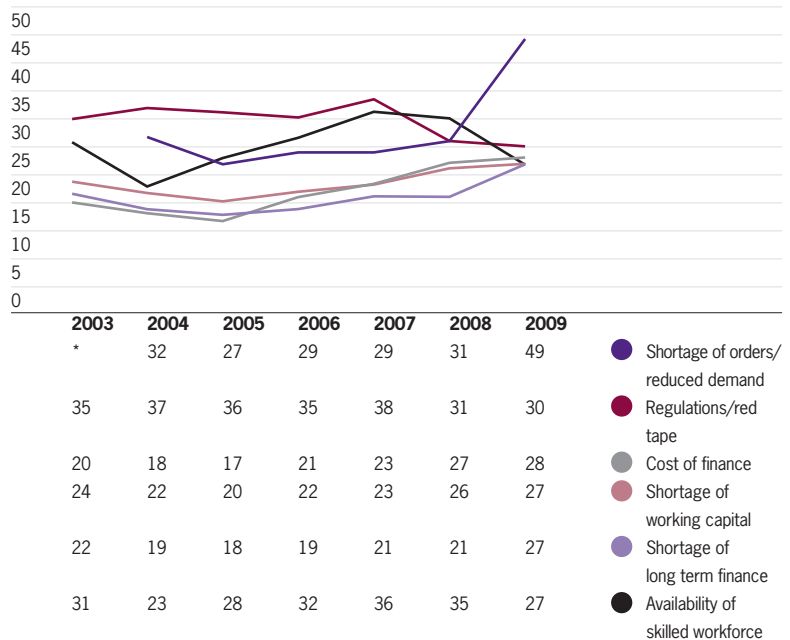
Shortage of orders/reduced demand has emerged as by far the most significant constraint on expansion for PHBs, an outcome consistent with the extremely depressed state of the global economy. Close to half of all businesses (49 per cent) rated this as a constraint, a record for IBR in its 17-year history, the previous highest being 38 per cent for regulations/red tape in 2007 (see figure 4.1).

Consumer demand and fixed investment in machinery and buildings, the key drivers for orders, have fallen in many countries or slowed abruptly in others as the economic downturn has intensified. This is a natural feature of downswings, but the impact on this occasion has been exacerbated by the credit crunch and banking system fragility.

Shortage of orders/reduced demand is the most pressing concern for PHBs in 25 of the 36 economies surveyed (see figure 4.2). Japanese businesses are the most concerned (78 per cent), followed by Italy (70 per cent). Regionally, PHBs in Asia Pacific (53 per cent) and the EU are most concerned by this constraint (52 per cent), with Latin America, which at the time of the survey was only beginning to feel the effects of the international downturn, the least concerned (39 per cent). The number of businesses citing this factor rose very strongly compared with the 2008 survey in Germany, the United States and the United Kingdom.

**Figure 4.1: Constraints on expansion globally 2003-2009**

Percentage of respondents rating this 4 or 5 on a scale of 1 to 5, when 1 is not a constraint and 5 is a major constraint



\*this option was not surveyed in 2003  
Source: Grant Thornton IBR 2009

“Finland’s high-tech, export-oriented businesses have suffered acutely in this recession. Skilled workers have been released, but this has not alleviated skill shortages in many parts of the country.”

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**Joakim Rehn**  
Grant Thornton, Finland



**Figure 4.2: Most significant constraint on growth in 2009 – by economy**

Percentage of respondents rating this 4 or 5 on a scale of 1 to 5, when 1 is not a constraint and 5 is a major constraint

| Shortage of orders<br>reduced demand | Lack of availability<br>of skilled workforce | Shortage of<br>long term finance | Cost of finance | Regulations/<br>red tape |
|--------------------------------------|----------------------------------------------|----------------------------------|-----------------|--------------------------|
| Belgium                              | Australia                                    | Argentina                        | India           | Poland                   |
| Brazil                               | Botswana                                     | Armenia                          | Vietnam         |                          |
| Canada*                              | Canada*                                      | Mexico                           |                 |                          |
| Chile                                | Netherlands                                  |                                  |                 |                          |
| Mainland China                       | Philippines                                  |                                  |                 |                          |
| Denmark                              | South Africa                                 |                                  |                 |                          |
| Finland                              |                                              |                                  |                 |                          |
| France                               |                                              |                                  |                 |                          |
| Germany                              |                                              |                                  |                 |                          |
| Greece                               |                                              |                                  |                 |                          |
| Hong Kong                            |                                              |                                  |                 |                          |
| Ireland                              |                                              |                                  |                 |                          |
| Italy                                |                                              |                                  |                 |                          |
| Japan                                |                                              |                                  |                 |                          |
| Malaysia                             |                                              |                                  |                 |                          |
| New Zealand                          |                                              |                                  |                 |                          |
| Russia                               |                                              |                                  |                 |                          |
| Singapore                            |                                              |                                  |                 |                          |
| Spain                                |                                              |                                  |                 |                          |
| Sweden                               |                                              |                                  |                 |                          |
| Taiwan                               |                                              |                                  |                 |                          |
| Thailand                             |                                              |                                  |                 |                          |
| Turkey                               |                                              |                                  |                 |                          |
| United Kingdom                       |                                              |                                  |                 |                          |
| United States                        |                                              |                                  |                 |                          |

\*tied with another constraint

Source: Grant Thornton IBR 2009



### **Regulations/red tape**

Whilst remaining the second largest constraint on growth for PHBs globally, regulations/red tape has fallen to its lowest level since the international survey began in 2003. 30 per cent of businesses cite this factor compared with a peak of 38 per cent in 2007.

The issue is perceived as most serious in Latin America, where regulations/red tape is viewed as the most significant constraint for the second year running. 49 per cent of PHBs in the region cite this factor, ranging from 39 per cent in Brazil, to 66 per cent in Mexico. Outside of Latin America, 45 per cent or more of businesses perceive this as a major constraint in Italy, the Philippines, Vietnam and Poland.

The figures suggest that although progress continues to be made in the effort to reduce the burden of regulations on businesses, PHBs in Latin America, as well as in some EU and Asia Pacific economies, continue to be hindered by levels of bureaucracy.

### **Financial constraints**

The grave nature of the economic downturn and the impact of credit crunch on PHB operations is highlighted by the fact that the financial factors (shortage of working capital, cost of finance, shortage of long term finance) have all reached record highs in this year's survey. The proportion of PHBs globally citing shortage of working capital and cost of finance has increased only marginally. But shortage of long term finance has risen from 21 per cent to 27 per cent illustrating business fears that lack of finance could jeopardise long term growth plans.

The impact of the credit crunch has been most marked in mature economies. In the EU, the proportion of businesses citing each of the three financial constraints has risen by seven percentage points, with particularly sharp increases in Greece, Italy and Spain. In NAFTA, the balances for cost and shortage of long term finance have risen by eight percentage points and 13 percentage points respectively.

In emerging markets, the three financial factors have traditionally been regarded as stronger constraints than in the EU and North America. Balances highlighting these constraints are still much higher than in the mature economies, but the increase compared with last year's survey is less severe.

### **Lack of availability of a skilled workforce**

Skilled workforce shortages rose steadily as a constraint during the global upswing, and emerged as the most important factor in last year's survey, which was conducted just after the peak of the economic boom. The change in economic circumstances in the past year means that this factor is now seen as (jointly) the least important constraint. In current depressed economic conditions, just 27 per cent of businesses cited this as a constraint, the lowest proportion since 2004.

With unemployment rising dramatically in the mature economies over recent months, and businesses thinking about shedding labour rather than recruiting, workforce skill shortage as a constraint has seen a particularly substantial decline in the EU – down from 36 per cent in 2008 to 23 per cent this year. In NAFTA the percentage is down from 29 per cent in 2008 to 21 per cent.

However, a lack of skilled labour is still perceived as the most significant factor affecting growth in six countries, including Botswana and South Africa and in two, Canada and Australia, which seem to be riding the economic downturn better than most.

# 5 Business planning

Sound business planning could be of vital importance in helping PHBs navigate the economic downturn. Almost half of all PHBs have a formal plan covering 1-3 years, with the highest incidence reported in Denmark where 64 per cent have such a plan, followed by New Zealand and the United Kingdom (both 60 per cent).

However, formal planning has less than a one year horizon in 21 per cent of businesses globally (see figure 5.1). Short term plans covering less than one year are especially common in Latin America, with Mexico at 73 per cent, Argentina at 71 per cent and Chile at 43 per cent. Brazil at 30 per cent is also well above the global average of 21 per cent. Only four per cent of businesses either do not have a formal plan, or are unsure whether or not they have one.

**Figure 5.1: Length of time formal planning process accounts for – globally**  
Average percentage of businesses



Source: Grant Thornton IBR 2009

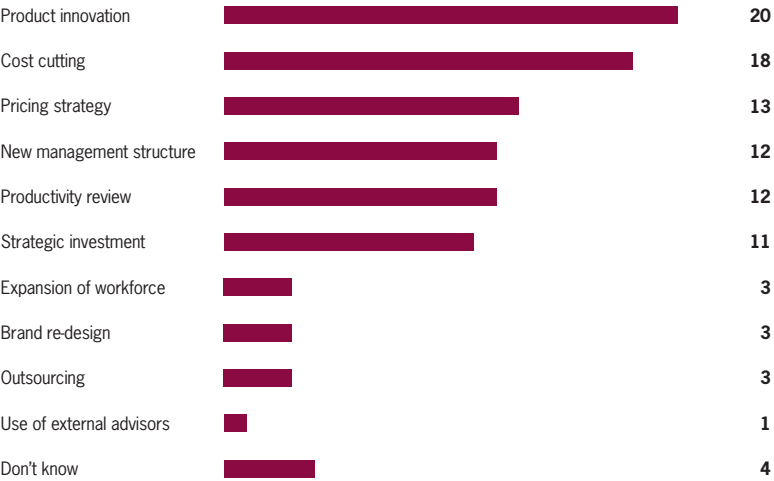


For more detailed information on business planning please see:  
Business planning: navigating the global downturn, available at:  
[www.internationalbusinessreport.com](http://www.internationalbusinessreport.com)

To inform these business planning procedures, this year businesses were asked what single initiative they had introduced which had seen the most success in boosting profitability (see figure 5.2). The most successful initiative, cited by one fifth of respondents, was product innovation. Regionally, this was most popular in Asia Pacific (22 per cent), with mainland China leading the way at 32 per cent, and the EU (22 per cent), led by Italy (39 per cent) and the Netherlands (32 per cent).

Cutting costs, cited by 18 per cent of respondents, has been almost as successful an initiative and is close behind product innovation as a strategy to boost profitability. At 28 per cent and 26 per cent respectively, this initiative has been especially productive in Taiwan and Spain. Regionally, NAFTA, Latin America and Asia Pacific all report figures above the global average. Additionally, 15 per cent of respondents globally also cited two other initiatives closely related to cost reduction, namely productivity reviews and outsourcing, suggesting that lowering costs is being, and will continue to be, looked at closely by PHBs around the world.

**Figure 5.2: Most successful initiatives put in place to increase business profitability – globally**  
Average percentage of businesses



Source: Grant Thornton IBR 2009



# 6 The workforce

## Women in senior management

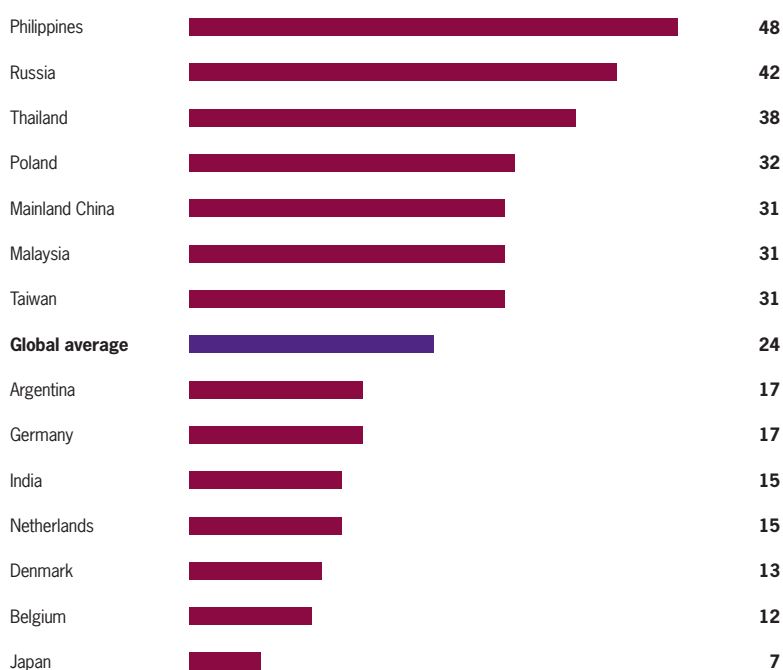
The survey found that women still hold less than a quarter of senior management positions in PHBs globally. In 2009, 24 per cent of senior management positions are currently held by women – a figure identical to 2007 and only a marginal improvement from 2004 when only 19 per cent of senior level positions were held by women (see figure 6.1).

The greatest percentage of women in senior management is in the Philippines where women hold 48 per cent of senior positions. They are followed by Russia (42 per cent) and Thailand (38 per cent). The lowest percentage continues to be in Japan where only seven per cent of senior management positions are held by women. Also appearing low down the league table are Belgium (12 per cent) and Denmark (13 per cent).

**Figure 6.1: Women in senior management – by economy**

Top and bottom seven economies

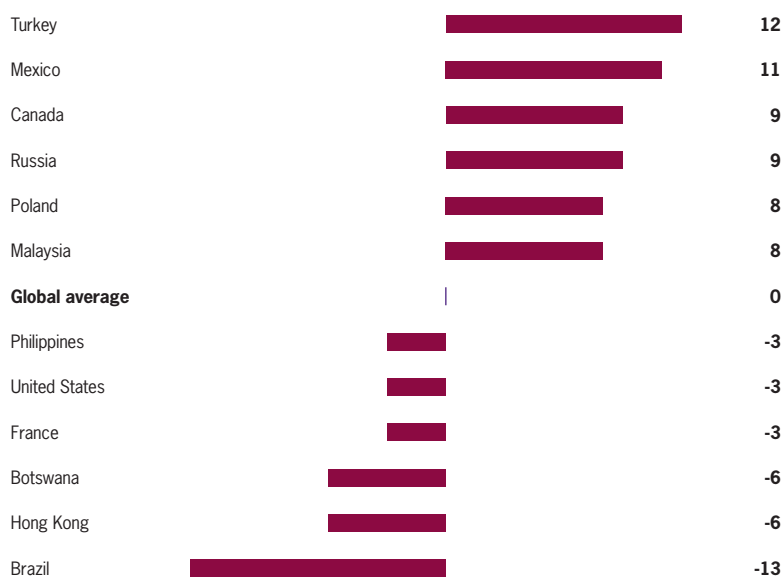
Percentage of senior management positions held by women



Source: Grant Thornton IBR 2009

Women have become most successful in increasing their share of senior management roles from 2007 to 2009 in Turkey (up 12 per cent) and Mexico (up 11 per cent). The biggest falls were in Brazil, where the figure fell 13 per cent, followed by Hong Kong and Botswana whose figures both fell six per cent, see figure 6.2.

**Figure 6.2: Percentage of women in senior management – 2007-2009**  
Top six rising and falling economies



Source: Grant Thornton IBR 2009

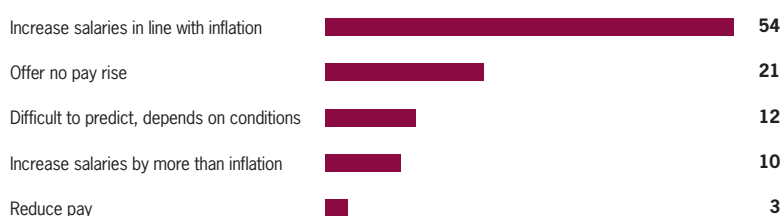


## Salaries

Almost two third of PHBs globally expect to increase employee salaries over the course of 2009, with 54 per cent expecting to increase salaries in line with inflation and a further ten per cent expecting to increase salaries by more than inflation (see figure 6.3). PHBs in the Philippines (44 per cent), Poland (33 per cent) and the Netherlands (25 per cent) appear most likely to award pay rises above the level of inflation.

However, whilst over 70 per cent of employees in PHBs in Nordic nations, the EU, NAFTA and Latin America can expect a pay rise, less than half of their peers in Asia Pacific economies can expect the same. Just nine per cent of PHBs in Taiwan expect to increase employee salaries, followed by Japan (22 per cent), Singapore (33 per cent) and Thailand (43 per cent).

**Figure 6.3: Expectations for employee salaries over the next 12 months – globally**  
Average percentage of businesses



Source: Grant Thornton IBR 2009

“Mexico is a country that is standing up firmly and constantly for women’s rights and equality. It is known that women need an elevated education level to compete with men in employment, so the Mexican female sector is preparing itself more and more, and the results can be seen with the rise of ten percentage points in this survey. However, there is still much to do regarding equal salaries compared with men, but I am certain that sooner rather than later the salary differences will decrease.”

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**Verónica Galindo**  
Grant Thornton, Mexico

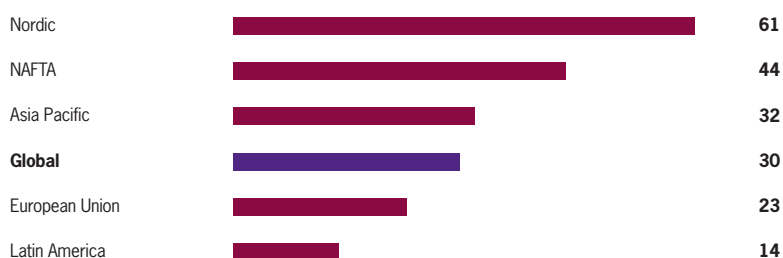


# 7 The environment

Many environmentalists fear that the economic downturn will see PHBs across the world shelve environmentally friendly practices, whilst they focus on cutting costs, until better economic times. IBR 2009 asked respondents firstly to rate the environmental friendliness of their business community and secondly their own appetite for introducing green practices, resulting in the emergence of some interesting global variations.

A balance of +30 per cent of all businesses believe the business community in their country to be 'environmentally friendly', although regionally the results range from +61 per cent in Nordic countries to just +14 per cent in Latin America (see figure 7.1). The Philippines leads the country averages at +78 per cent, followed by India (+69 per cent) and Thailand (+68 per cent), whilst Denmark, Finland and Sweden are all in the top seven most environmentally friendly business communities. At the other end of the scale, Turkey (-42 per cent), Greece (-41 per cent) and Argentina (-34 per cent) all report large negative balances.

**Figure 7.1: The environmental friendliness of business communities across the globe – regionally**  
Average percentage balance of businesses indicating friendliness against those indicating unfriendliness



Source: Grant Thornton IBR 2009



**Figure 7.2 Environmental friendliness against willingness to introduce practices**



\*net balance percentage of businesses stating 'very friendly' and 'friendly' less those stating 'unfriendly' or 'very unfriendly' when asked "How environmentally friendly do you consider the business community in your country to be?"  
Source: Grant Thornton IBR 2009

“The green agenda is very pertinent in Thailand right now – Energy Minister Wannarat Charnnukul recently announced the government’s target of boosting the share of renewable energy from the current six per cent to 20 per cent of overall energy consumption over the next 15 years – and the overwhelming majority of businesses are very keen on promoting environmentally friendly practices, even if this means lower profits.”

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**Peter Walker**  
Grant Thornton, Thailand



Just over half of all PHBs globally say they would introduce environmentally friendly practices even if this would hit profitability, although over a third of PHBs said they would not. PHBs in Asia Pacific (57 per cent) and Latin America (56 per cent) are the most likely to introduce such practices. Conversely, 45 per cent of PHBs within NAFTA and 43 per cent in the EU would not introduce environmentally friendly practices if they were to negatively impact on the bottom line of their business.

Plotting the responses from both questions against each other throws up some interesting contrasts as shown in figure 7.2. For example, the top left quadrant, including Greece, Turkey, Argentina and mainland China, contains economies with low perceptions of environmental friendliness within the business community but where, nonetheless, PHBs are most willing to introduce green practices. But in other countries with similar perceptions about the environmental friendliness of their business communities, like Russia, Armenia, Belgium, France and the United Kingdom, PHBs said they were much less likely to introduce green practices that might affect their bottom line.



# 8 Succession

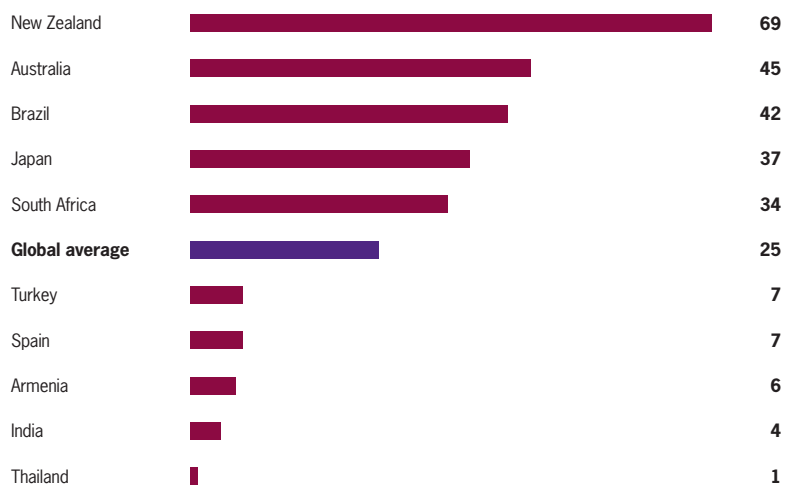
A change of ownership can have a major impact on the strategy and operations of a business affecting long standing practices and employment patterns. The issue of succession planning therefore demands careful consideration by PHBs around the world.

This year, 25 per cent of PHBs globally are considering a change of ownership over the next ten years, representing a three percentage point drop from 2007 (see figure 8.1). This suggests that changing business conditions have not made business owners much less likely to change the ownership of their business. Regionally there is very little variation, with Nordic nations (28 per cent) most likely, and EU nations (22 per cent) least likely, to be considering changing ownership.

However, there are some interesting variations by country; PHBs in New Zealand (69 per cent) are the most likely to be considering a change of ownership in the next ten years, followed by Australia (45 per cent) and Brazil (42 per cent). PHBs in Thailand (one per cent) and India (four per cent) are least likely to be considering such a change.

It is interesting to note that four of the six countries most likely to be considering a change of ownership this year were also in the top five in 2007 – namely South Africa, New Zealand, Canada, and Australia. Meanwhile, the proportion of PHBs in Japan considering a change of ownership over the next decade has risen from 16 per cent in 2007 to 37 per cent this year.

**Figure 8.1: PHBs considering a change of ownership over the next 10 years – by economy**  
Top and bottom five economies  
Percentage of businesses



Source: Grant Thornton IBR 2009

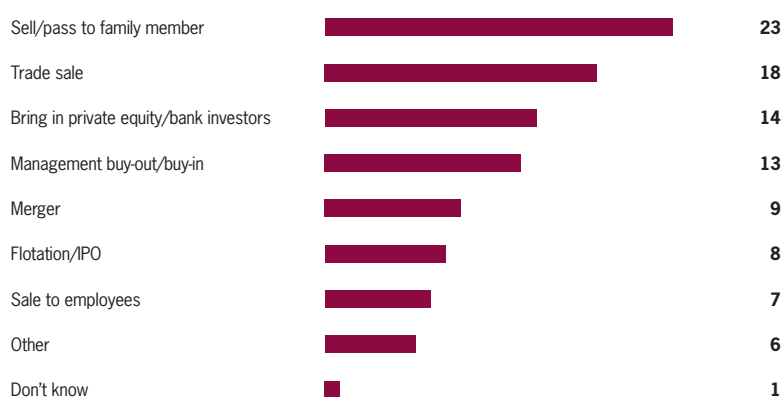
21 per cent of PHBs expect a change of ownership to take place within two years, down from 25 per cent in 2007. Regionally, PHBs in Latin America expect changes in ownership most quickly with 39 per cent expecting a deal within two years, followed by the EU (22 per cent). 44 per cent of PHBs globally expect a change of ownership within three to five years. 54 per cent of PHBs in Asia Pacific economies expect a deal to be done in the same period followed by 46 per cent in the EU.

The proportion of PHBs expecting a change in ownership to take six to ten years has risen from 23 per cent in 2007 to 34 per cent this year, reflecting current higher levels of uncertainty in the marketplace. 47 per cent of PHBs within NAFTA do not expect to conclude a deal in less than six years.

As shown in figure 8.2, sale or passing the business to a family member is viewed as the most likely method (23 per cent). This figure is boosted by those in Asia Pacific where 30 per cent expect this method of transfer. The next most likely change is considered to be by way of a trade sale (18 per cent) where the Nordic regional result stands out with a much higher figure (38 per cent).

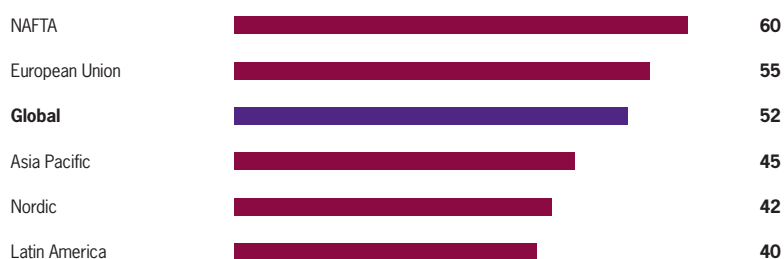
Among businesses that expect a change in ownership, just over half have a formal strategy in place (see figure 8.3). PHBs within NAFTA (60 per cent) are most likely to have a formal strategy in place, followed by the EU (55 per cent). Conversely, 60 per cent of PHBs in Latin America have no formal strategy in place.

**Figure 8.2: The types of ownership changes expected by PHBs – globally**  
Average percentage of businesses



Source: Grant Thornton IBR 2009

**Figure 8.3: Prevalence of formal ownership change strategies – regionally**  
Average percentage of businesses



Source: Grant Thornton IBR 2009

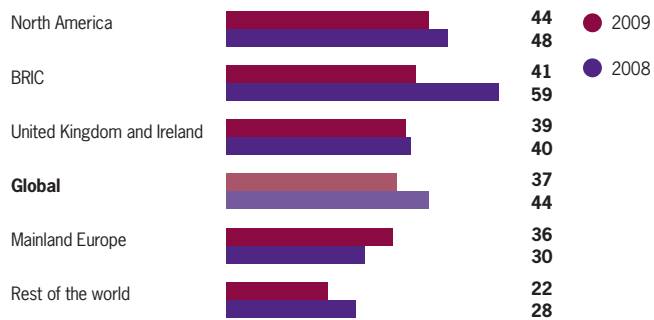
# 9 Mergers and acquisitions

Findings show that the medium term outlook for M&A amongst PHBs remains robust. This is despite the current difficult economic environment and a drop in the value of the global M&A market in 2008.

The research reveals that over one third of PHBs globally expect to expand by making acquisitions in the next three years (37 per cent), although this represents a seven percentage point drop from IBR 2008 (see figure 9.1). There are some interesting regional differences, notably that PHBs in the BRIC economies (Brazil, Russia, India and mainland China) are planning to be much less acquisitive. But the medium term acquisition plans of PHBs in mainland Europe have actually increased and those in many other mature economies have held comparatively steady. The research suggests that PHBs in Latin America and NAFTA will be most busy with M&A activity (42 per cent), with those in Asia Pacific the least busy (30 per cent).

**Figure 9.1: Plans to grow through acquisition in the next three years – regionally**

Average percentage of businesses



Source: Grant Thornton IBR 2009



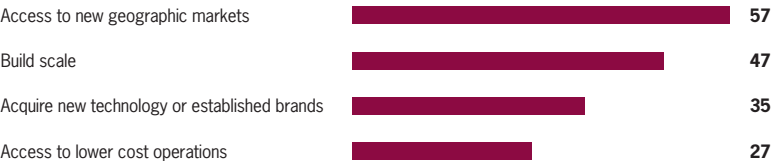
For more detailed information on mergers and acquisitions please see: Mergers and acquisitions: looking beyond the global downturn, available at: [www.internationalbusinessreport.com](http://www.internationalbusinessreport.com)

Similarly to last year, 79 per cent of those planning to grow through acquisition in the next three years expect such activity to be confined by national borders. Interestingly, however, the proportion of businesses globally who expect to grow through cross border acquisition has risen from 23 per cent in 2008 to 30 per cent this year.

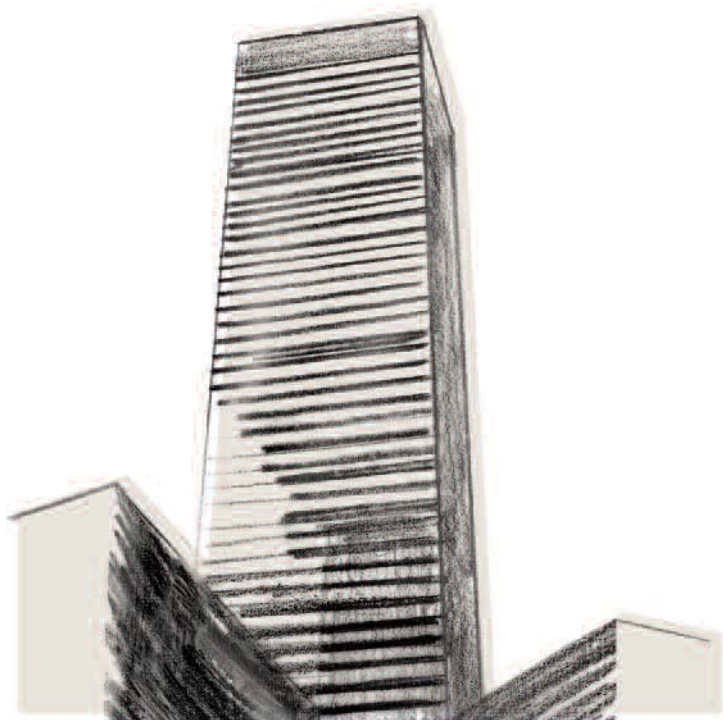
Globally, 57 per cent of respondents stated that access to new geographic markets was the most important driver behind their acquisition plans (see figure 9.2). This is the primary reason in NAFTA (70 per cent), the EU (61 per cent), Nordic nations (60 per cent) and Latin America (43 per cent) as well as in Poland (80 per cent) and Canada (78 per cent).

Building scale (47 per cent) is the second most important driver behind PHBs looking to grow through acquisition. This is the most important driver for PHBs in Asia Pacific (44 per cent) but was even higher amongst PHBs within NAFTA (55 per cent) and in Nordic nations (53 per cent).

**Figure 9.2: Key drivers behind acquisition plans – globally**  
Average percentage of businesses



Source: Grant Thornton IBR 2009



“The freezing of credit markets in the wake of Lehman Brothers’ collapse has hit would-be borrowers hard this year. Businesses are shelving investment plans and a shortage of working capital is exacerbating the problems caused by falling orders.”

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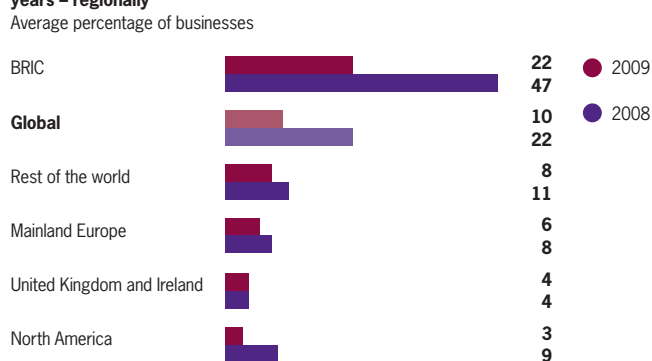
**Mike Hall**  
Grant Thornton, United States



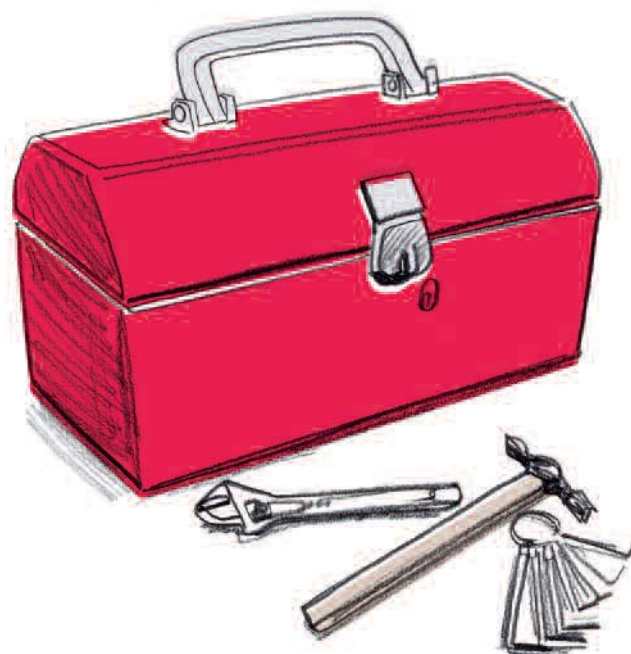
Acquiring new technology or established brands, cited by 35 per cent of PHBs globally, is a key driver behind plans to grow through acquisition for more than 50 per cent or more of PHBs in Argentina, South Africa, Canada, Malaysia and India.

Unsurprisingly in light of the economic difficulties, the results from IBR 2009 show a slight fall in business owners anticipating selling their business in the next three years, down from eight per cent to six per cent (see figure 9.3). Moreover, the survey reveals that the turmoil in the financial markets has reduced the appetite of PHBs to raise capital through a public listing, with the proportion of respondents globally falling from 22 per cent to a meagre ten per cent. The steepest fall is observed amongst the BRIC economies, but a fifth or more of PHBs in Brazil, India and mainland China still expect to undergo a public listing in the next three years. Conversely just three per cent and six per cent of PHBs in NAFTA and the EU, respectively, expect to raise capital in this way.

**Figure 9.3: Plans to under take a public listing in the next three years – regionally**



Source: Grant Thornton IBR 2009



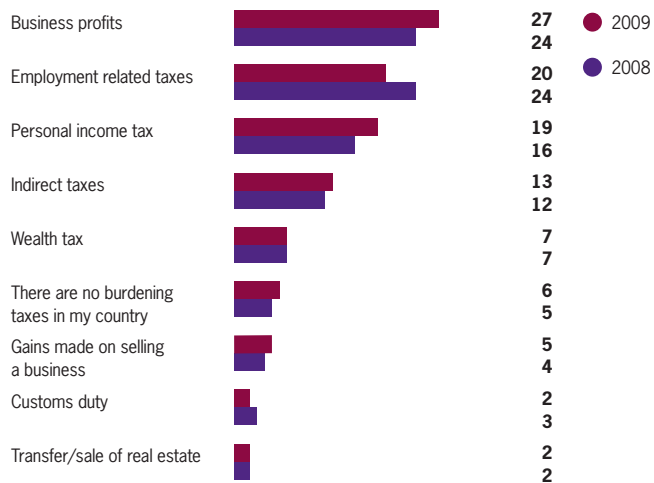
# 10 Taxation

## Burdensome taxes

As PHBs across the globe look to tighten their belts, the taxes they have to bear are brought into sharper focus. Similarly to last year, taxes on business profits are perceived as being the greatest tax burden, up from 24 per cent in 2008 to 27 per cent in 2009. Although last year business profits shared top spot with employment related taxes, this year taxes on business profits is cited as the most burdensome by PHBs by a wide margin (see figure 10.1).

Regionally, there are wide variations of opinion with 31 per cent and 30 per cent of PHBs in NAFTA and Asia Pacific respectively rating taxes on business profits as the most burdensome, compared with just six per cent and nine per cent of PHBs in Latin America and the Nordic regions respectively. Interestingly, a quarter of PHBs in Latin America cite gains made on selling a business as the most burdensome compared with less than eight per cent in all other regions.

**Figure 10.1: The most burdensome taxes – globally**  
Average percentage of businesses



Source: Grant Thornton IBR 2009



For more detailed information on taxation please see the specific IBR focus on taxation, available in September 2009 at:  
<http://www.internationalbusinessreport.com>

There are also some significant country variations; in Chile for example, where corporate taxes are relatively low (at 17%), just three per cent of respondents viewed this as the most burdensome tax (see figure 10.2). However, there is little correlation between corporate tax rates and the level of responses citing this as the most burdensome tax. Brazil, with a high corporate tax rate of 34%, also appears in the group with low responses citing this as burdensome. In Europe, Sweden and Ireland also show very low responses. This is not surprising in Ireland's case, (the corporate tax rate of 12.5% is the lowest among the countries surveyed), but Sweden's corporate rate is about average for Europe. At the other extreme, 47 per cent of Japanese responses identify this as the most burdensome tax. Italy (44 per cent) and Malaysia (41 per cent) are also well above the global average.

Employment related taxes are viewed as the second most burdensome tax by PHBs globally; at 20 per cent this is four percentage points down on 2008. Again, country variations are huge; in France, 59 per cent of businesses regard this as the greatest burden, followed by 56 per cent in Sweden and 53 per cent in Poland. Indeed, it is rated as the most burdensome tax by PHBs in the EU (34 per cent). Conversely, only one per cent of respondents in Thailand cited this tax as the main burden, and there were also low figures in Botswana and Malaysia, both at four per cent.

Figure 10.2: Taxes on business profits as a burden vs. corporate tax rates

|                       | Tax on business profit as the greatest burden | Corporate tax rate    |
|-----------------------|-----------------------------------------------|-----------------------|
|                       | Percentage of businesses                      | Percentage of profits |
| Japan                 | 47                                            | 30                    |
| Italy                 | 44                                            | 33                    |
| Malaysia              | 41                                            | 28                    |
| Vietnam               | 39                                            | 28                    |
| United States         | 35                                            | 15-39                 |
| <b>Global average</b> | <b>27</b>                                     | <b>–</b>              |
| Poland                | 7                                             | 19                    |
| Brazil                | 5                                             | 34                    |
| Mexico                | 5                                             | 28                    |
| Sweden                | 5                                             | 28                    |
| Chile                 | 3                                             | 17                    |

Source: Grant Thornton IBR 2009/Grant Thornton International

Personal income tax is marginally behind employment related taxes, cited as the main burden by 19 per cent of respondents. It is the most burdensome tax for PHBs in the Nordic region (35 per cent) – led by Denmark (61 per cent) and Finland (41 per cent) – and within NAFTA (32 per cent). In Vietnam (one per cent), Argentina (three per cent) and Hong Kong (three per cent) this was not viewed as a serious burden.

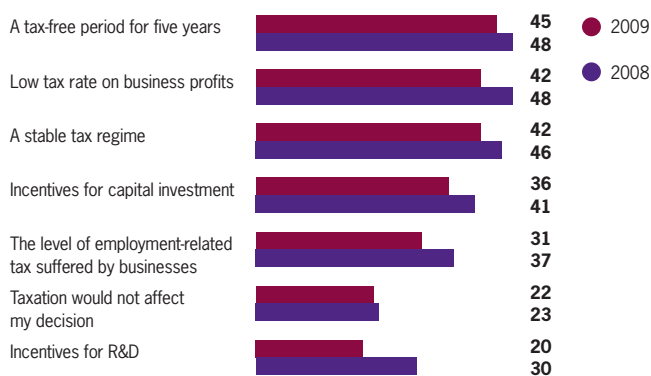
### Influence of tax when investing overseas

As shown in figure 10.3, similarly to last year, the most attractive aspect of a tax regime for businesses considering establishing an overseas operation is a tax free period for five years (45 per cent of respondents). Regionally, this aspect is the most important for PHBs in the EU (44 per cent) and is also attractive to those within NAFTA (58 per cent) and Latin America (48 per cent).

The next most important aspects of taxation regimes for overseas investors are a low tax rate on business profits and a stable tax regime (both 42 per cent). A stable tax regime is the most important aspect for PHBs within NAFTA (61 per cent) and Latin America (52 per cent) but is of lesser importance to PHBs in Asia Pacific (29 per cent). Indeed 45 per cent of PHBs in the Nordic region state that taxation would not affect their decision to establish an operating base outside their country.

**Figure 10.3: Factors considered when setting up operations overseas – globally**

Average percentage of businesses



Source: Grant Thornton IBR 2009

The most significant drop is observed in terms of incentives for R&D with ten per cent fewer PHBs citing this aspect as important to an overseas investment decision this year compared with 2008.

Interestingly the variances of taxation regimes in different economies seem to be of particular importance to PHBs in Argentina, Spain, Chile and Taiwan; these four economies cite all aspects as more influential than PHBs in any other country.

Overall, it should be noted that all percentages were down on 2008 which can perhaps be attributed to the fact that fewer businesses are considering setting up operations as a result of global economic conditions.



# Further information

## IBR methodology

Grant Thornton IBR 2009 surveyed a sample of 7,200 chief executive officers, managing directors, chairmen or other senior executives in medium to large PHBs across 36 economies. This unique survey draws upon 17 years of trend data for most European participants and seven years for many non-European economies. The sample was randomly selected by number of employees or revenue of the businesses.

A minimum sample size of 100 per country was surveyed in order to guarantee statistical reliability, although this number was higher in larger economies. The global sample includes businesses from all industry sectors with robust global data available for eight industry sectors: construction and real estate, technology, retail, financial services,

health and education, manufacturing, transport and hospitality.

Data was collected using 15-minute telephone interviews in most countries, and face to face interviews or postal questionnaires where cultural differences required a different approach. Fieldwork was conducted locally from October to November 2008.

The survey was commissioned by Grant Thornton International and conducted by an independent market research agency, Experian Business Strategies.

Further details about the IBR methodology are available at:  
[www.internationalbusinessreport.com/Results](http://www.internationalbusinessreport.com/Results)

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**This list represents the countries and territories where Grant Thornton International member and correspondent\* firms currently have operations. July 2009.**

Economies who participated in IBR 2009 are shown in **bold**.

|                    |                  |                    |                       |
|--------------------|------------------|--------------------|-----------------------|
| Antilles*          | El Salvador      | Kosovo             | Romania*              |
| <b>Argentina</b>   | <b>Finland</b>   | Kuwait             | <b>Russia</b>         |
| <b>Armenia</b>     | <b>France</b>    | Latvia*            | Saudi Arabia          |
| <b>Australia</b>   | Gabon*           | Lebanon            | Serbia*               |
| Austria            | <b>Germany</b>   | Liechtenstein*     | <b>Singapore</b>      |
| Bahamas            | Ghana*           | Luxembourg         | Slovak Republic       |
| Bahrain            | Gibraltar        | Macedonia          | Slovenia              |
| <b>Belgium</b>     | <b>Greece</b>    | <b>Malaysia</b>    | <b>South Africa</b>   |
| Bermuda*           | Guam             | Malta              | <b>Spain</b>          |
| Bolivia            | Guatemala        | Mauritius          | Sri Lanka*            |
| <b>Botswana</b>    | Guyana*          | <b>Mexico</b>      | <b>Sweden</b>         |
| <b>Brazil</b>      | Honduras         | Morocco            | Switzerland           |
| Bulgaria           | <b>Hong Kong</b> | Mozambique         | <b>Taiwan</b>         |
| Cambodia           | Hungary          | Namibia            | <b>Thailand</b>       |
| <b>Canada</b>      | Iceland          | <b>Netherlands</b> | Tunisia               |
| Cayman Islands     | <b>India</b>     | <b>New Zealand</b> | <b>Turkey</b>         |
| Channel Islands    | Indonesia        | Nicaragua          | Turks and Caicos*     |
| <b>Chile</b>       | Iran*            | Nigeria*           | Uganda                |
| <b>China</b>       | <b>Ireland</b>   | Norway             | Ukraine               |
| Colombia           | Isle of Man      | Oman               | United Arab Emirates  |
| Costa Rica         | Israel           | Pakistan           | <b>United Kingdom</b> |
| Croatia            | <b>Italy</b>     | Panama             | <b>United States</b>  |
| Cyprus             | Jamaica          | <b>Philippines</b> | Uruguay               |
| Czech Republic     | <b>Japan</b>     | <b>Poland</b>      | Venezuela             |
| <b>Denmark</b>     | Jordan           | Portugal           | <b>Vietnam</b>        |
| Dominican Republic | Kenya            | Puerto Rico        | Yemen                 |
| Egypt              | Korea            | Qatar              | Zambia                |

\*for a detailed explanation of the differences between correspondent and member firms please visit [www.gti.org](http://www.gti.org)

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