News Release

WORLD ECONOMIC FORUM

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Economic growth of developing countries at risk – A supply constraint for infrastructure implementation

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DAVOS 2008 – The World Economic Forum, through its Engineering and Construction (E&C) Communityand Center for Strategic Insight, has launched " Engineering & Construction – Scenarios to 2020 " . This publication marks a new phase in an initiative which is based on the need for a long-term, multi-stakeholder,industry-wide approach to deepen insights into the future of the E&C industry. " Engineering & Construction – Scenarios to 2020 " paints four very different pictures of the businessenvironment for E&C in 2020. These are not attempts to predict the future, but to sketch the boundaries ofthe plausible: they aim to enable stakeholders to tease out underlying forces of change, to make betterstrategic decisions and to proactively shape their industry ' s future.

The scenarios are the result of a year-long, multi-stakeholder process. They emerged from discussions andworkshops in London, Jordan, Singapore, Paris and China involving over 100 participants – industry leaders, clients, academics and government representatives – from Asia, the Middle East, Europe, LatinAmerica and North America. Throughout 2008, the Forum will work with its communities in bringing these scenarios back to today ' s environment and considering their implications.

Roger van der Marel, Project Manager of the Forum ' s E&C Community, said: " The Engineering andConstruction industry is historically not a shaper but responds to the needs of its customers. However, bytaking a holistic view and better understanding the uncertainties that could have a high impact on theindustry, it can become better prepared and more pro-active in shaping the future of capital projects development. "

" Scenarios help to make sense of complexity, develop a common vision and initiate action to shape a betterfuture, " added Kristel Van der Elst, Associate Director of the Scenario Planning Team and Global LeadershipFellow at the World Economic Forum. " As an independent international organisation with unique convening power, the World Economic Forum is ideally placed to develop robust and relevant multi-stakeholder scenarios. "

The four scenarios emerged from two key questions identified by project participants:

- Will the corporate environment become more global, or will it evolve towards a multitude of local markets?
- Will the demand – and E&C ' s relations with its clients – be transactional or value-based?

Described in greater detail in the publication, the worlds they envisage for 2020 are:

The Race: While the global economy continues to integrate and grow, security concerns and lack of trustafflict relationships between both nations and businesses. With companies from the BRIC countriesestablishing a strong global presence, and investors in capital projects having a speculative and short-termmindset, the E&C market is in a fiercely competitive race.

The Collaborative Leap: Globalization gathers pace amid geopolitical stability and internationalcollaboration; regulatory harmonisation and environmental awareness enable a collaborative leap in E&C.State agencies, research institutes and shifting coalitions of specialist companies combine to tackle novel andambitious projects for clients who value sustainability, spurring multiple innovations and systems-levelthinking.

The Zero-Sum Game: Wars, shortages and recession fuel a worldwide upsurge in nationalism, withmounting

security worries and the politics of fear locking countries and business environments into a zerosumgame. Slumping demand, cost-conscious clients and the increasing difficulty of working internationallyspell tough times for E&C companies.

The Aspirational Communities: Amid international tensions and economic difficulties, globalisation stalls.As societies look inwards, visionary leaders emerge at the head of aspirational communities who see E&C asstrategically important for local socio-economic development. They catalyse collaboration betweenbusinesses and academia to find innovative solutions to local infrastructure needs caused by environmentaland social change.

Industry leaders involved in the initiative added:
"This E&C 2020 Scenario Planning process offers those of us who lead E&C companies a uniqueopportunity to make our strategic planning processes more effective, and allow us to respond more quicklyand confidently to future changes in our dynamic industry. This is a rare opportunity to thoughtfully considerthe longer-term aspects of our business environment and our client relationships; aspects that are difficult totackle within our normal business and strategic planning horizons. We live in a world that is full ofuncertainty, and the E&C 2020 process lets us tackle that uncertainty head-on in a systematic way that willhelp us make our resource allocation decisions – and our response to unfolding events – more robust andeffective." **Ralph Peterson, Chairman and CEO, CH2M HILL**

"The Forum's E&C 2020 scenarios project has helped us to identify critical issues and uncertainties that havethe greatest potential to impact our company and our industry over the next decade. It's also highlighted the merits of industry collaboration-providing all of us in the project with a forum and framework for shaping,rather than simply responding to, our future." **Steve Hanks, President & CEO, Washington Group International**

" The demand for new infrastructure in the emerging economies and for renewal of infrastructure in thedeveloped economies is practically insatiable and so is the demand for energy and communication. Concernfor the environment has created a whole new ' environmental ' market with endless opportunities. This presents E&C companies with unprecedented opportunities for growth in the traditional way and by way ofprivatization of infrastructure. Yet so great are the economic, social and political uncertainties that traditionalplanning is proving to be woefully inadequate. E&C 2020 asks and studies what is most likely to happenand what has already happened that can create the future. It is a wonderful tool that can enable businesses tomake their future. "**Mr Ajit Gulabchand, Chairman and Managing Director, Hindustan Construction Company Limited**

" Work accomplished through E&C 2020 should provide considerable substance to the strategic planningactivities of individual companies. The E&C 2020 process helps fill a significant gap as it provides athoughtful, informed and analytical view of the longer term future, a perspective that has not typically been apart of our industry-wide thinking. "**Alan L. Boeckmann, Chairman and Chief Executive Officer, Fluor Corporation**

The World Economic Forum ' s World Scenario Series also includes previously-published scenarios on India,China, Russia, The Gulf Cooperation Council (GCC) countries, The Kingdom of Bahrain, The Kingdom ofSaudi Arabia, The United Arab Emirates, the Digital Ecosystem and Technology and Innovation in Financial Services.

The World Economic Forum is an international institution committed to improving the state of the world through public-private cooperation in the spirit of global citizenship. It engages with business, political, academic and other leaders of society to shape global, regional and industry agendas.

Incorporated as a not-for-profit foundation in 1971 and headquartered in Geneva, Switzerland, the Forum is independent, impartial and not tied to any interests. It cooperates closely with all leading international organizations (www.weforum.org).

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