



# GLOBAL CONFERENCE 2025

ENTERPRISE RISK MANAGEMENT:  
**RISING FROM THE ASHES**

GLOBAL SPOTLIGHT: UNCOVERING EMERGING  
RISKS UNDER CONDITIONS OF FUNDAMENTAL  
UNCERTAINTY

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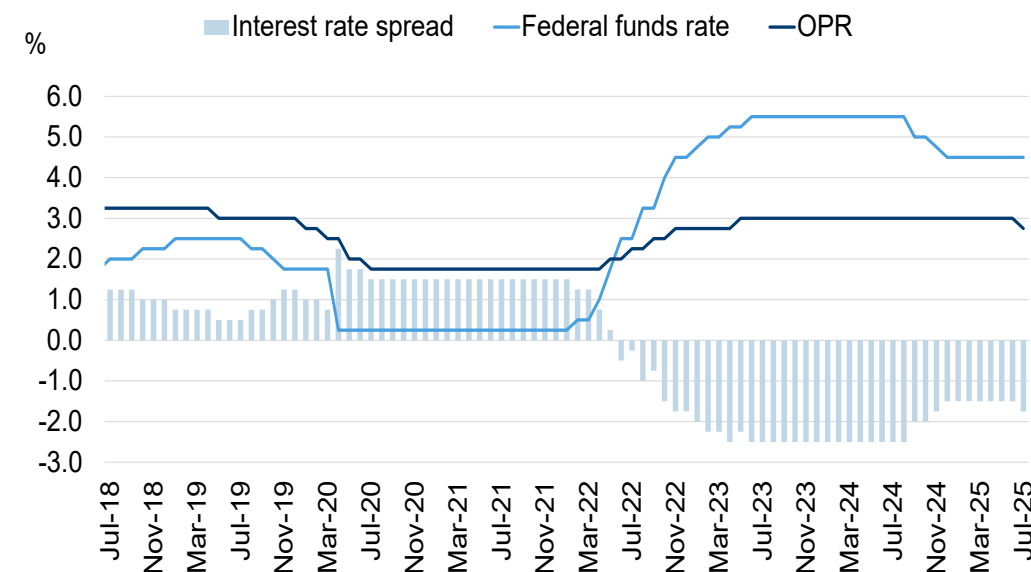
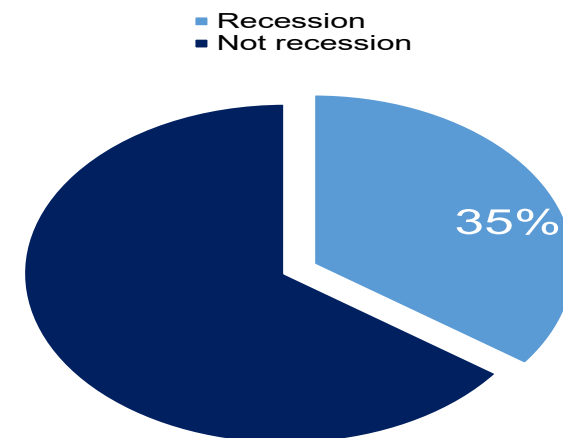
ALAN TAN CHEW LEONG  
GROUP CHIEF ECONOMIST  
AFFIN BANK BERHAD



# Several risks could hinder global GDP growth

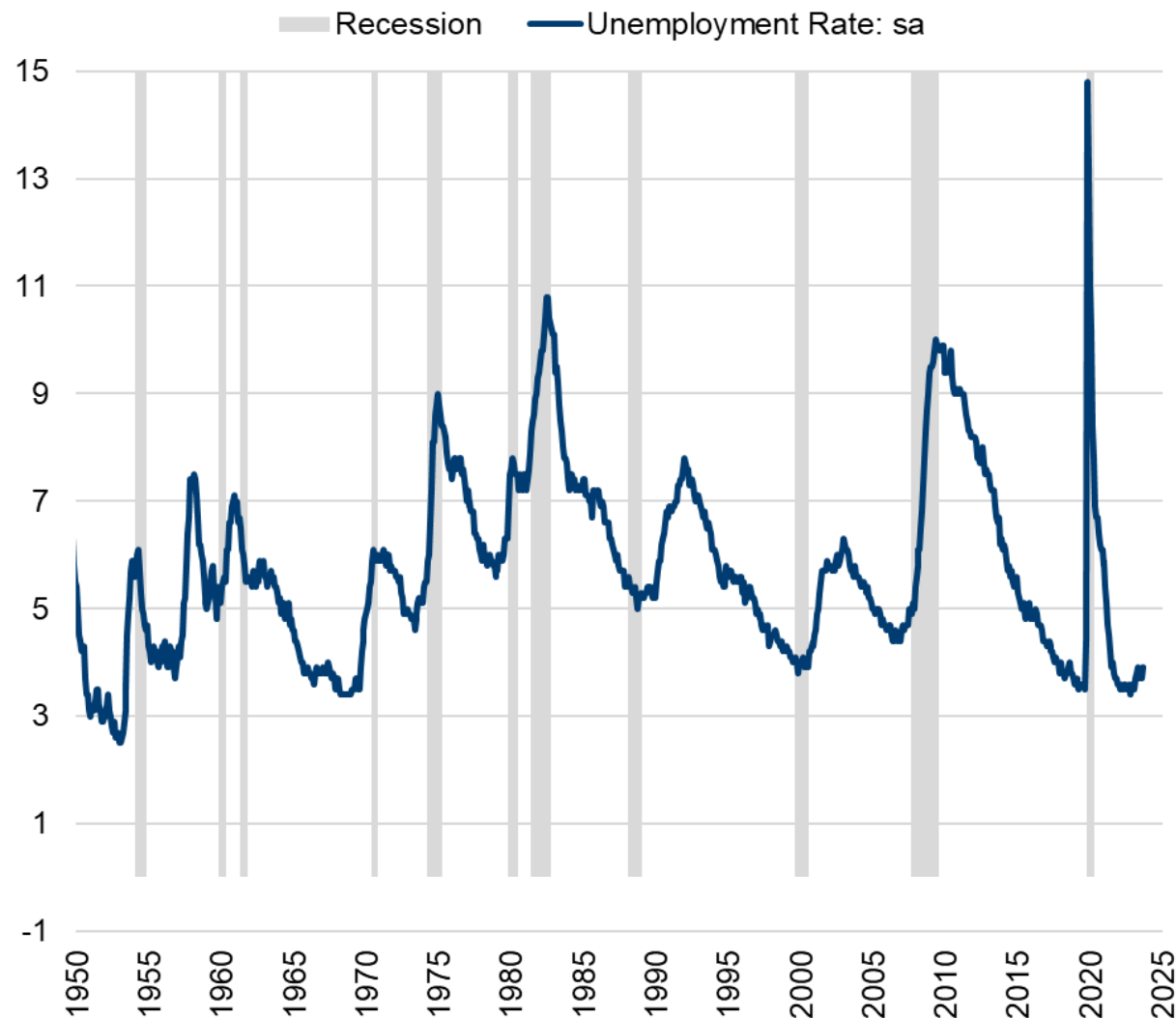
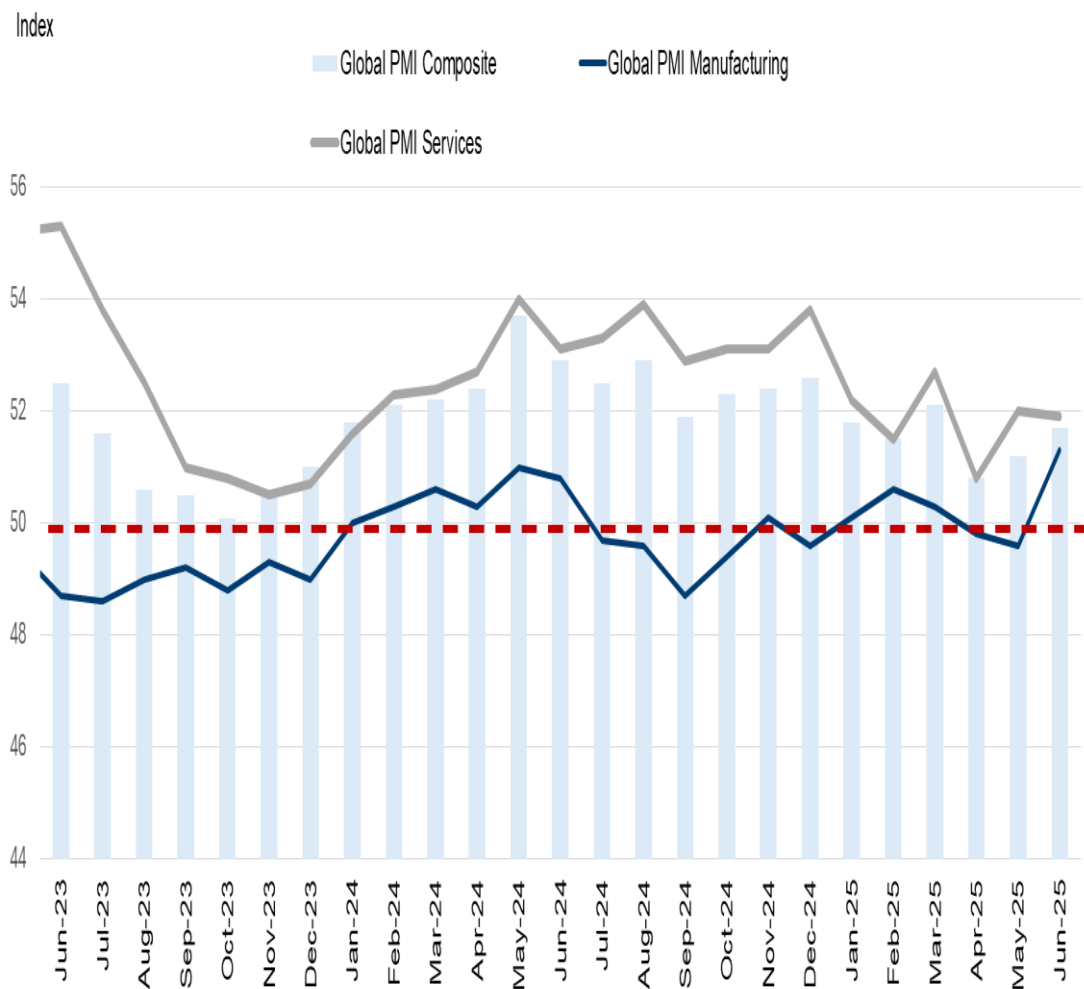
	Forecasts			*Change		
	2024	2025	2026	2024	2025	2026
<b>Global</b>	<b>3.3</b>	<b>3.0</b>	<b>3.1</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>
<b>Advanced economies</b>	<b>1.8</b>	<b>1.5</b>	<b>1.6</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
US	2.8	1.9	2.0	0.0	0.1	0.3
Euro Area	0.9	1.0	1.2	0.0	0.2	0.0
UK	1.1	1.2	1.4	0.0	0.1	0.0
Japan	0.2	0.7	0.5	0.1	0.1	-0.1
<b>Developing economies</b>	<b>4.3</b>	<b>4.1</b>	<b>4.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.1</b>
China	5.0	4.8	4.2	0.0	0.8	0.2
India	6.5	6.4	6.4	0.0	0.2	0.1
<b>Asean-5</b>	<b>4.6</b>	<b>4.1</b>	<b>4.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>
Indonesia	5.0	4.8	4.8	0.0	0.1	0.1
<b>Malaysia</b>	<b>5.1</b>	<b>4.5</b>	<b>4.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.2</b>
Philippines	5.7	5.5	5.9	0.0	0.0	0.1
Singapore	4.4	2.0	1.9	0.0	0.0	0.0
Thailand	2.5	2.0	1.7	0.0	0.2	0.1

Survey by Bloomberg Economist as at 30 June 2025





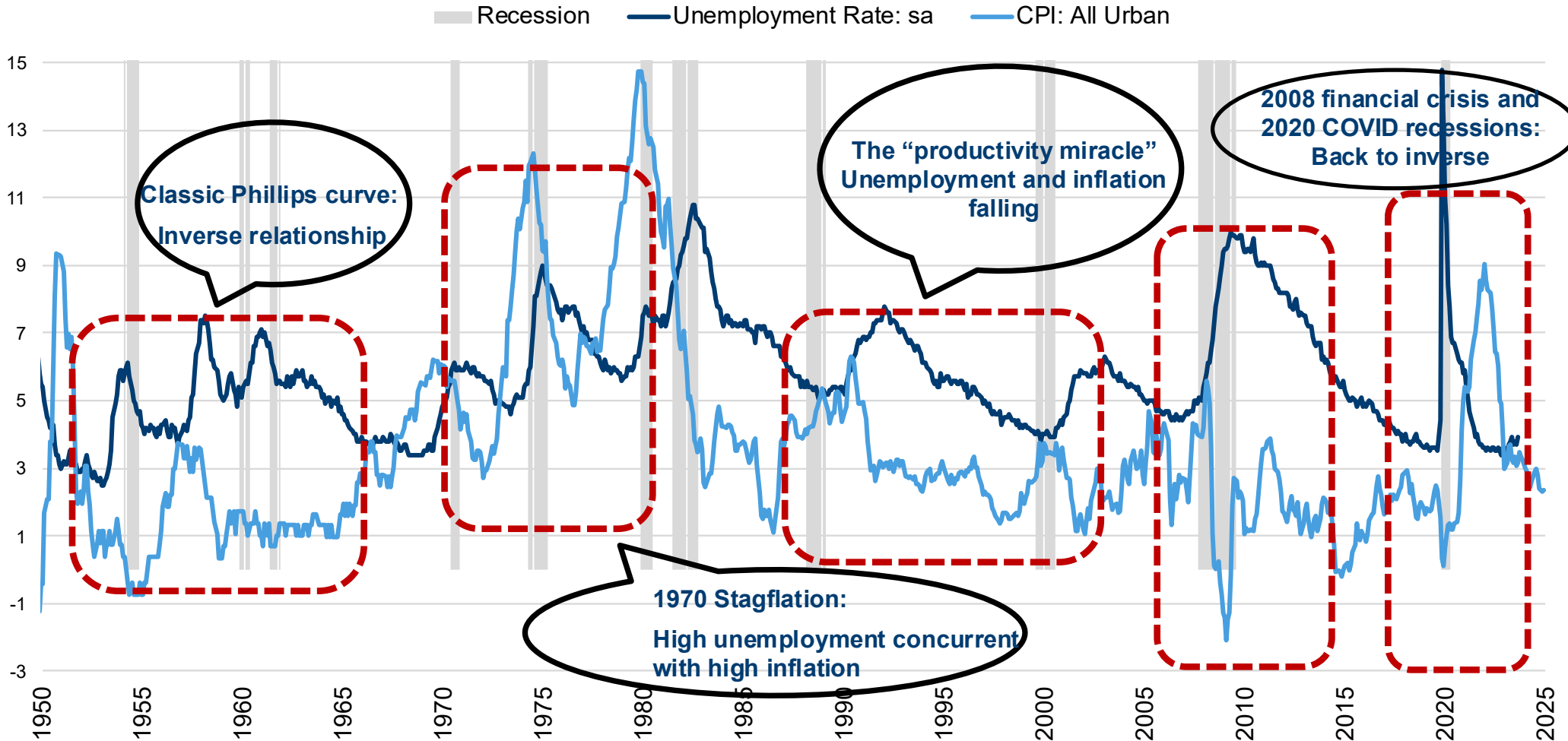
# The latest PMI Global suggests the global economy is not heading into a recession







# Stagflation may occur in the coming months but less severe than stagflation in 1970

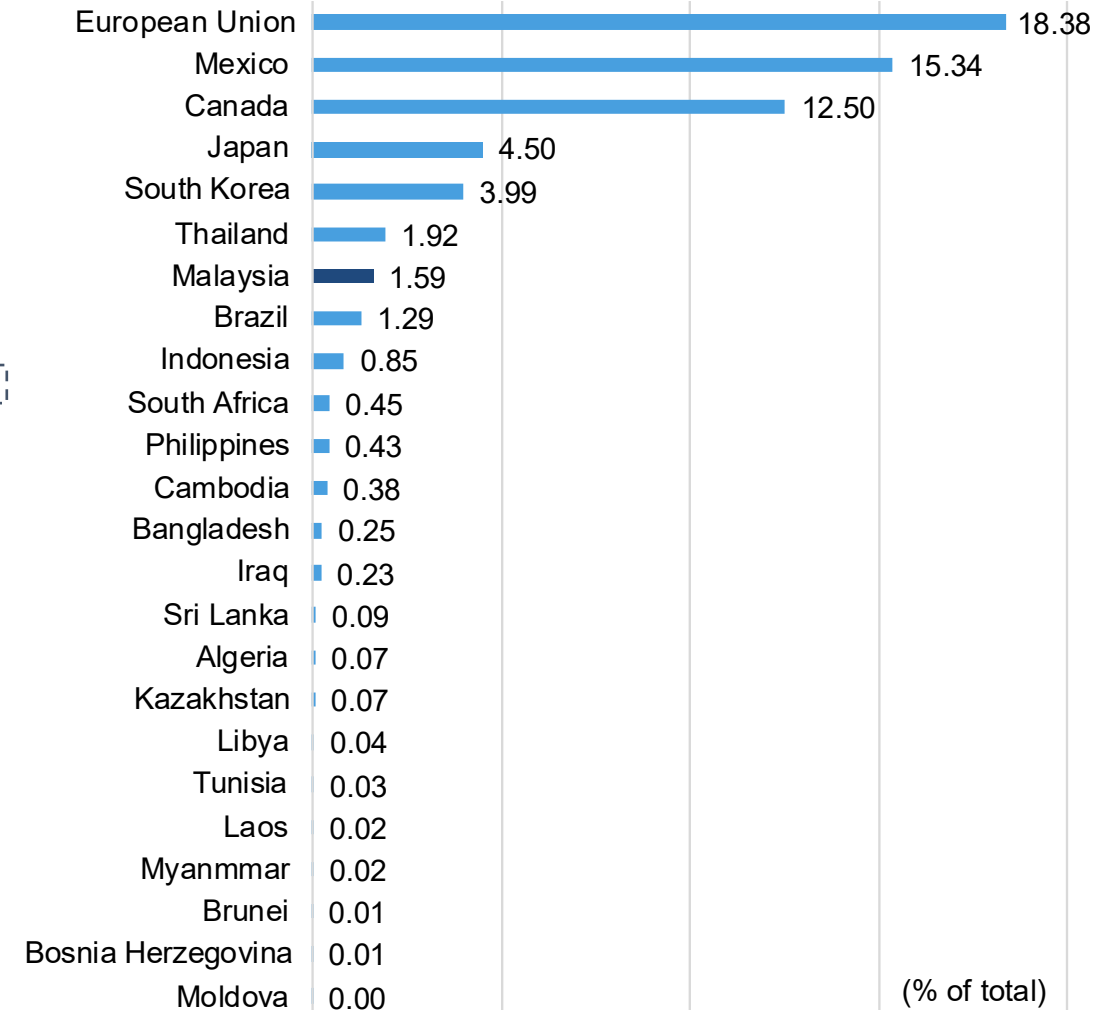




# Malaysia is hit with 19% of tariff, down from initial 24%

Trading Partner	Previously Threatened (1 April)	Newly Announced (as of 31 July)	Value of imports, 2024 (USDbn)
European Union	20%	15%	605.60
Mexico	25%	25%	505.52
Canada	25%	35%	411.89
Japan	25%	15%	148.37
South Korea	25%	15%	131.55
Thailand	36%	19%	63.35
<b>Malaysia</b>	<b>24%</b>	<b>19%</b>	<b>52.49</b>
Brazil	10%	10%	42.35
Indonesia	32%	19%	28.05
South Africa	30%	30%	14.69
Philippines	17%	19%	14.16
Cambodia	49%	19%	12.65
Bangladesh	37%	20%	8.36
Iraq	39%	35%	7.42
Sri Lanka	44%	20%	3.01
Algeria	30%	30%	2.46
Kazakhstan	27%	25%	2.26
Libya	31%	30%	1.47
Tunisia	28%	15%	1.12
Laos	48%	40%	0.80
Myanmar	44%	40%	0.66
Brunei	24%	25%	0.24
Bosnia and Herzegovina	35%	30%	0.18
Moldova	31%	25%	0.14

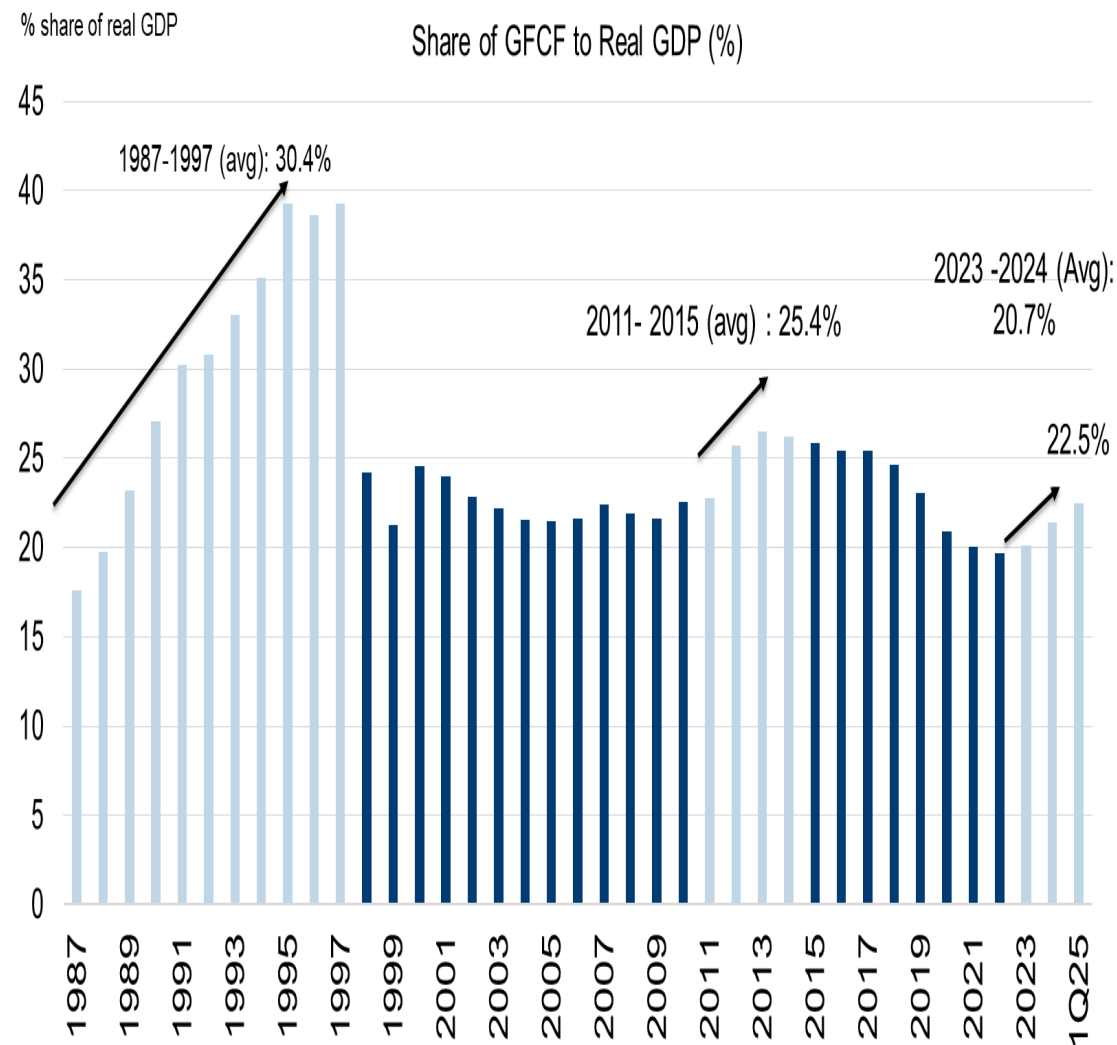
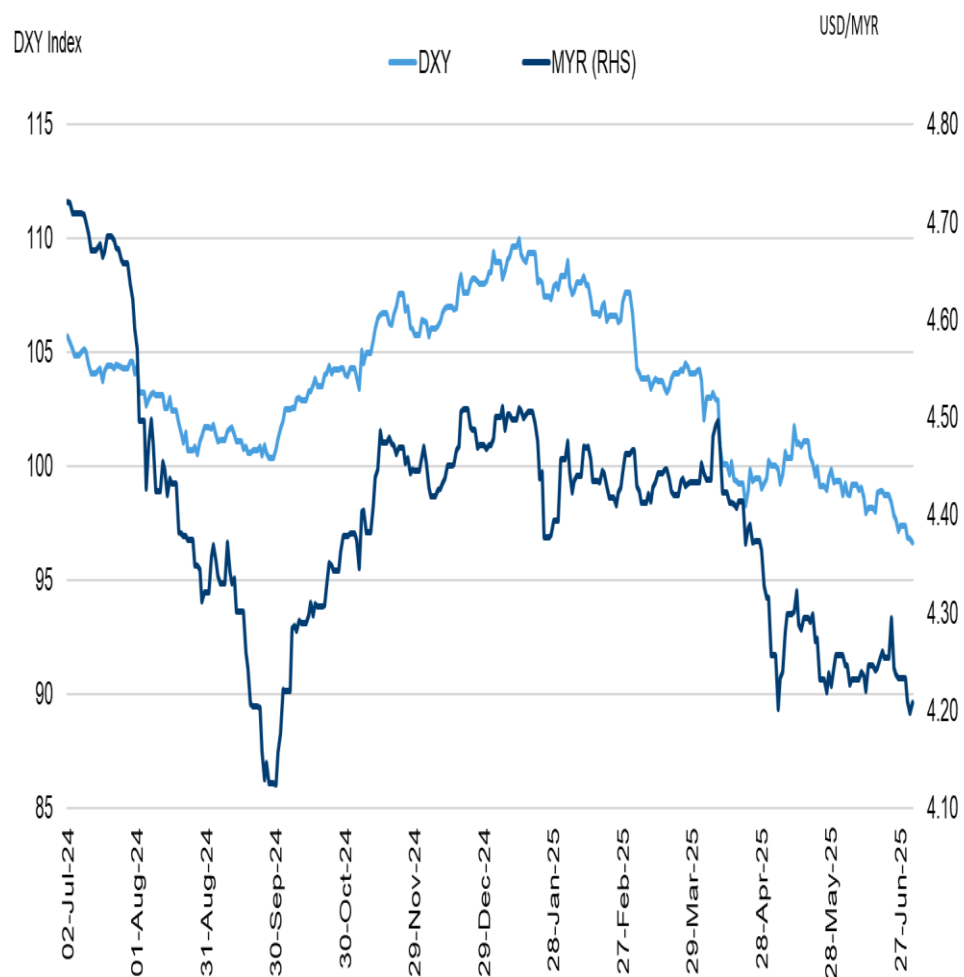
## Share of US Imports 2024



(% of total)



# The dollar weakened as investor shifted to better alternative currencies





# Asean macro fundamentals

	Real GDP (%)			Current account balance (% of GDP)			Fiscal balance (% of GDP)			Inflation rate (% , period average)			Exchange rate (per USD, end-period)			10-Year Government bond yield (% , end-period)		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
Malaysia	8.9	3.6	5.1	3.1	1.6	1.7	-5.5	-5.1	-4.1	3.4	2.5	1.8	4.4	4.7	4.5	4.1	3.7	3.8
Indonesia	5.3	5.0	5.0	2.1	0.1	-1.8	-2.4	-1.6	-2.3	4.2	3.7	2.3	15,615.0	15,513.4	16,023.5	7.0	6.6	7.1
Philippines	7.6	5.5	5.6	-4.7	-2.9	-3.8	-7.3	-6.2	-5.7	5.8	6.0	3.2	55.7	55.6	58.4	6.3	6.4	6.3
Singapore	4.1	1.8	4.4	18.4	17.7	17.6	0.2	-0.4	0.9	6.1	4.9	2.4	1.4	1.3	1.4	3.1	2.7	2.9
Thailand	2.6	2.0	2.5	-3.5	1.4	2.3	-2.7	-3.0	-5.7	6.1	1.3	0.4	34.8	35.0	34.1	2.6	2.7	2.3

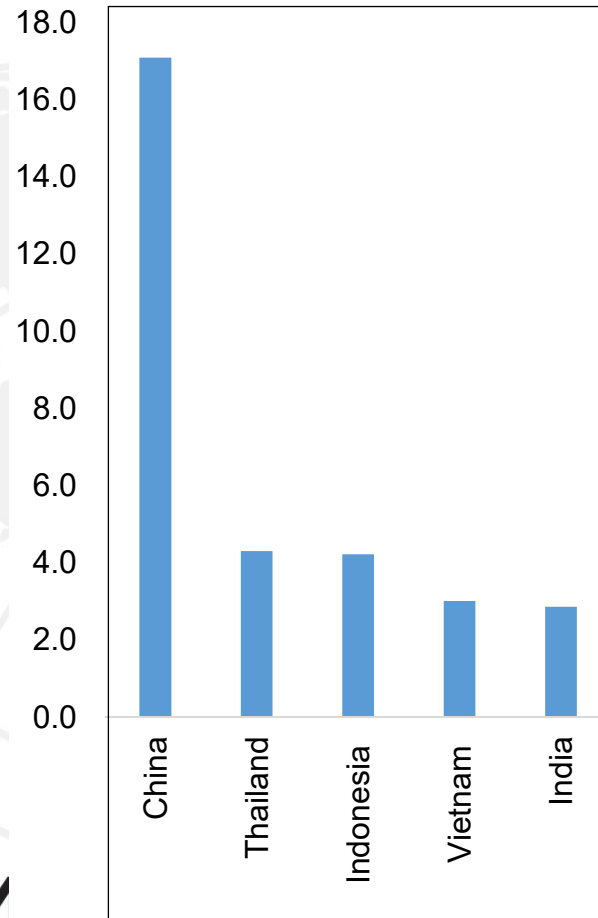




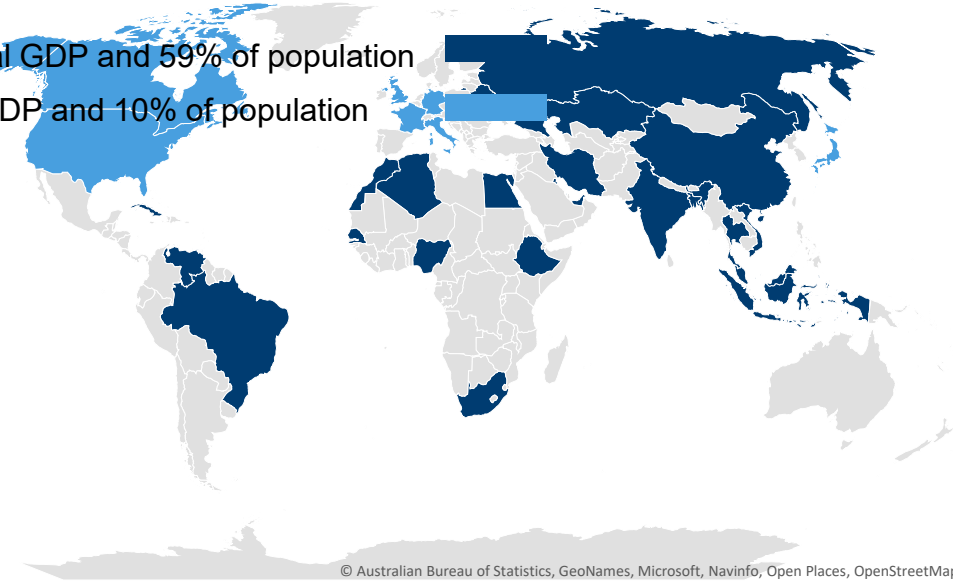
# Malaysia may tap into new market in other regions

## Contribution to Malaysia's total trade

Countries with existing free trade agreement = 31.5%

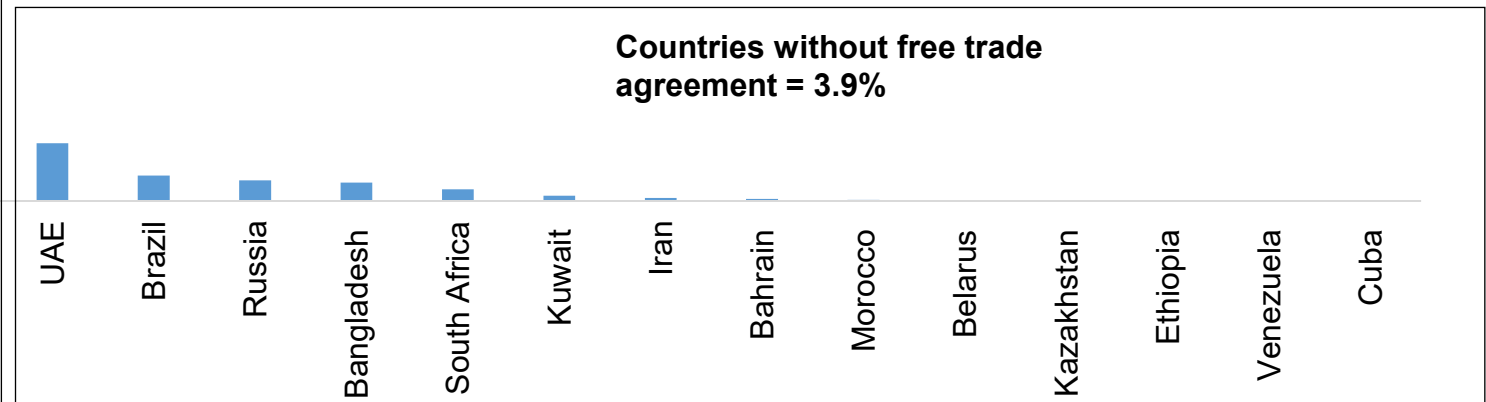


- ▶ BRICS: 30% of global GDP and 59% of population
- ▶ G7: 45% of global GDP and 10% of population



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## Countries without free trade agreement = 3.9%





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ECONOMICS  
UNIVERSITI MALAYA



# Trade Flux & Unfolding Risks

## Global Shifts & Trade Risks

- ✓ **Sector specific** risks (direct/ indirect exposure, export redirection capabilities, relative tariff treatment); for strategic sectors – *semiconductors & pharmaceuticals (excluded), critical minerals, EVs and green tech, and AI* (new competitive battlegrounds).
- ✓ **National industrial policies** supported by targeted trade tools – “techno-nationalism”.
- ✓ Compliance with the **green regulations** (carbon pricing, emission caps, mandatory disclosures).
- ✓ Emerging (divergent) rules of the **new trade game** (data, AI and innovation – America’s AI Action Plan and the AI race).

### ❑ **Uncertainty surrounding US trade policy:**

- 40% tariffs on transhipped products.
- 10% threat of tariffs on BRICS (“alignment” with anti-American policies).
- Tariff removals on agricultural commodities (rubber, cocoa and palm oil).
- done deal? potentials for future tariff reduction? meeting US demand in trade reforms? China-US tariff truce?

### ❑ **Uncertainty over potential US market share loss.**

## Market & Strategic Risks

- **Adapting to tech bifurcation and segmented supply chains**
  - **rethinking partners** (and concentration) in supply chains to **navigating chip blocs and AI** (US line and China line).
  - **challenges for de-risking supply chains.**
- **Redefining traceability for compliance**
  - introducing **new models for advancing supply chain transparency** beyond risk management: track emissions, **(legal?) transshipment and value-added origin.**
  - **challenges to conventional traceability models.**
- **Rethinking strategic priorities for competitive advantage**
  - **scaling investments** (not delaying investments) in decarbonization technologies and digital tools (including **AI-powered solutions etc.**).
  - **challenges for shifting from incremental innovation to accelerated innovation or targeted breakthroughs (scaling challenge).**
- **Confronting other competitive pressures**
  - intensifying competition (China factor and **“China speed”**): FMCG; and REE, EVs and AI eco-systems.
  - **challenges from China’s global positioning.**



# Key Takeaways

- Disruptions from policy-induced shocks and regulatory uncertainty are widespread (OECD, 2025).
- Integration of a **broader (multifaceted) and integrated scope of risk management** is a strategic necessity to ensure risk assessments **do not lag behind reality**:
- ✓ External risks- geopolitical and trade risks; supply chain shocks and segmentation.
- ✓ Transition risks – green- and digital (and broader innovation - technological obsolescence, digital trust, cybersecurity, AI security).

*Firms can no longer focus only on external risks (geopolitical risks) or risks related to foreign supply!*

- Strategic considerations drive trade, trade policy, FTAs and even FDI flows and they are reshaping market access.
- **Strategic assets (“the means” – good quality data; accessible and trusted)** and **strategic imperatives (“the direction” – embedding AI into core business strategy)** are important for businesses to **stay relevant and own the next wave of value creation and capture**.
- ✓ *Transformative firms*: AI pioneers or “standouts” (McKinsey & Company, 2025).
- ✓ *Transformative technological innovation*: AI-driven competitive advantage (**based on personalization, prediction, intelligence etc.**).

*Firms must move beyond incremental innovation or the testing (experimentation) stage!*

## General Reflections

- Trade, tech and capital flows are increasingly shaped by **geopolitical calculations** rather than market logic.
- Tackling **AI readiness** (infrastructure, governance framework and standards) and managing **AI non-alignment** is Malaysia's **current challenge**!
- Dual forces of trade uncertainty and broader economic transitions (decarbonization, digitalization and AI) are **reshaping risk and strategy**, pushing businesses to **reinvent their models** to remain relevant.
- With competitive advantage being redefined by AI-driven technological shifts, businesses must **weave transformation levers** into their strategies and adopt a **mindset beyond resilience**.





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# THANK YOU

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