# Contents

# Introduction

Last year we published *Industries in 2013* and made a number of predictions about developments in our six key industries—Automotive, Consumer Goods and Retail, Energy, Financial Services, Healthcare and Telecommunications. Some of our predictions were prescient, others were premature. In particular:

- **We predicted that global car markets would become less volatile.** They did. In 2012 the Greek and Portuguese car markets had contracted by about 40%, whereas the Thai market had expanded by 60%. In 2013 these extreme highs and lows evened out as Asian markets moderated and Europe's slump bottomed out. The commercial vehicle market still registered large peaks and troughs, but we expect calmer times in 2014.

- **We said that showrooming would be a retail game-changer.** It was. A 2013 Deloitte study reported that over one-half of smartphone owners use their devices when in stores. M-commerce in all its forms has continued to experience explosive growth throughout 2013. Next year will be no different, with mobile devices influencing online and in-store behaviour.

- **We expected the US to inspire others to tap unconventional hydrocarbons.** We were slightly premature. Canada has seen heavy investment in tar sands, but in the UK efforts to kickstart fracking have encountered opposition, while Royal Dutch Shell will begin its delayed exploration programme in the Arctic next year.

- **We forecast that higher bank capital requirements would hurt.** They have. One effect of Basel III has been a continued squeeze on corporate lending, particularly in Europe, which has arguably prolonged the recession. Big US banks have been protesting against their even higher capital levels, saying they will hurt the economy.

- **We anticipated that China and India would step up support for local pharma companies.** To some extent, they did. China's crackdown on corruption has so far focused on foreign companies, while India's courts have continued to strike down foreign patent applications. Yet policy has been more moderate than we expected; India recently decided against limits on foreign investment in local pharma companies, while China has not used its compulsory licensing powers for drugs.

- **We expected massive investment in super-fast broadband.** We were right, for both mobile and fixed broadband investment. Vodafone is spending US$7bn of its Verizon sale proceeds on increasing network speeds, while AT&T aims to bring 4G-LTE to 95% of the US population by the end of 2014. China Mobile, meanwhile, is spending over US$30bn to prepare for the launch of 4G services next year.

# The year ahead

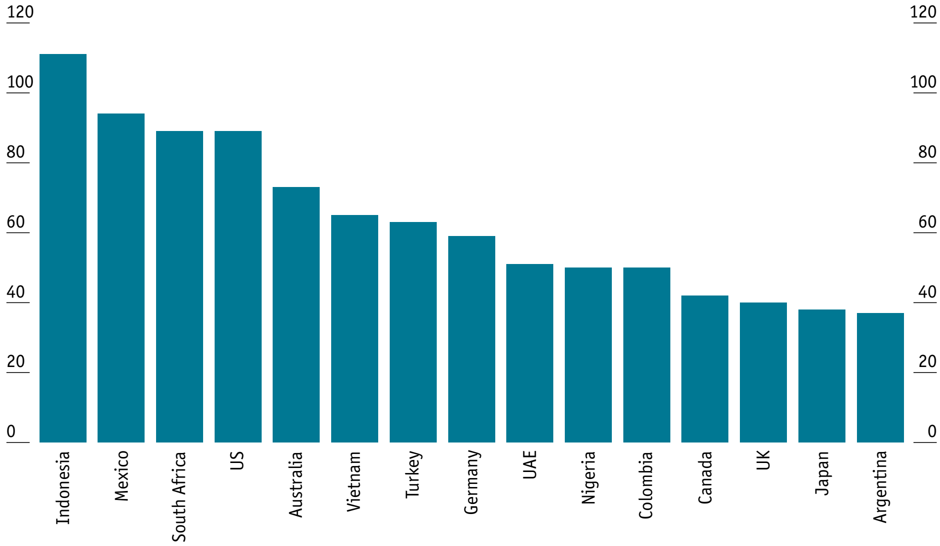
Our hope is that this year's predictions will also come true, not least because they are noticeably more positive than in previous years. The biggest change for most of our industries is that Europe finally appears to be in recovery mode. For the **automotive** sector that will mean an end to the five-year slump in car registrations, for **consumer goods** it means a rise in retail sales and for the **financial services sector** it means more stability. In North America, meanwhile, the recovery has already taken hold in some sectors, and we see no reason to expect a real downturn in 2014. In the **energy** sector, for example, the US is vying with Russia as the top producer of hydrocarbons, thanks to the North American shale oil and gas boom.

Developing market growth, however, is moderating as the boom of recent years recedes and pent-up demand tails off. Chinese growth will remain crucial for most of our industries, and looks likely to be satisfactory, if not stunning. India's economy should also pick up, but Brazil and Russia will disappoint for a year or two at least. Moreover, in some markets strong local players are mopping up many of the growth opportunities. That is particularly true in China's **telecoms sector**, where the three big Chinese telecoms companies will continue to dominate.

Other problems will linger, too. In the **healthcare sector**, European governments and insurance funds are still struggling to reduce deficits and cope with the additional demand entailed by the region's ageing population. Financial stability in Europe and the US is far from assured; still-high debt levels mean that a sharp rise in interest rates could result in an equally sharp rise in insolvencies. In many developing markets, notably in the Middle East, political risk remains high and regulation, often arbitrary, threatens consumer confidence and business investment.

Nonetheless, there are growth opportunities to be found in many parts of the globe, for both local and foreign investors. Each year, we conduct a survey of

**Beyond the BRICs, in which countries do you see the greatest growth opportunities?**
(by number of respondents)

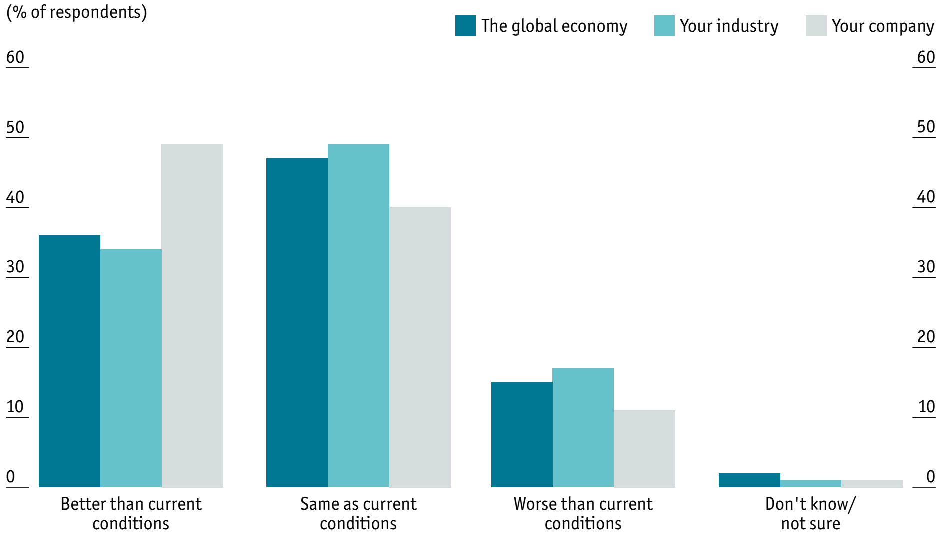



Note. Top three answers combined, from 647 respondents.
Source: The Economist Intelligence Unit.

business leaders to gauge their opinions about the outlook for their industries and their investment plans. In this year's survey, conducted in November 2013, respondents pinpointed Indonesia, Mexico and South Africa among the most promising developing markets. In addition, nearly 60% of respondents agreed with a statement that emerging markets offer stronger growth prospects (see table).

A surprising number, however, opted for more mature markets such as the US, Australia, Germany and Canada, suggesting that developed countries still offer

**Business conditions in 2014 will be...**
(% of respondents)



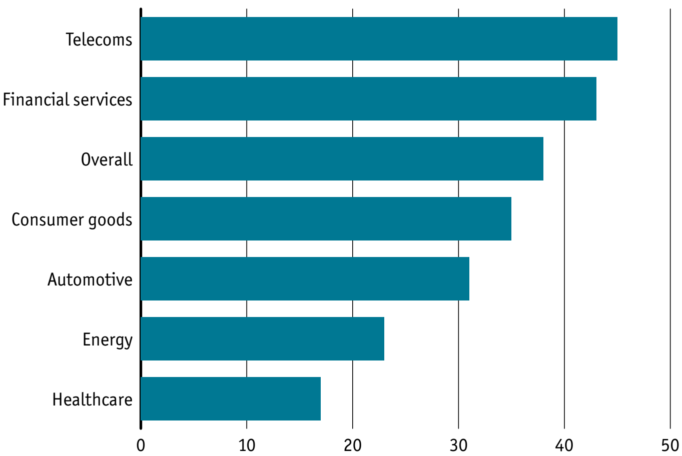

Note. Answers from 647 respondents.
Source: The Economist Intelligence Unit.

opportunities. However, confidence in Europe and the US was far from universal: over 30% were doubtful that the euro zone would return to sustainable growth in 2014, and nearly 70% thought political stalemate in the US could act as a constraint on growth. Furthermore, nearly 70% of respondents were wary of relying too much on growth in China, for fear that its economy will undershoot in 2014.

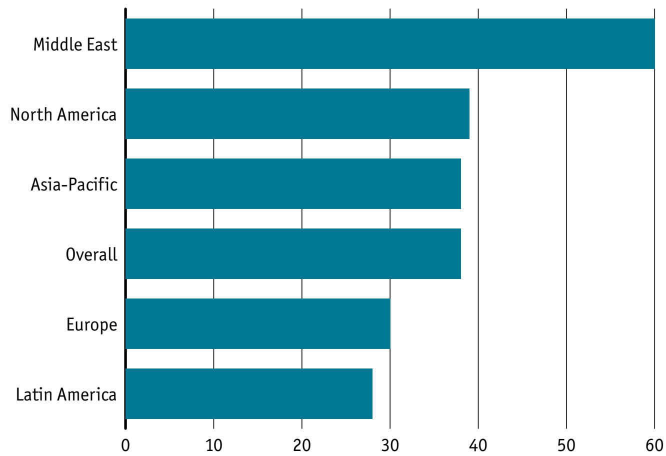
If that all seems pessimistic, there was brighter news in terms of overall sentiment. When we asked respondents whether business conditions are likely to improve for their company, industry and the global economy in 2014, most were generally optimistic about their own company's progress. As in previous years, they were less bullish about their industry and the global economy, but still far more positive than in the past two years. The balance of sentiment about the global economy (positive opinions minus negative ones) has rallied from -18 in November 2012 to +20 this year. The balance of sentiment about the respondents' own companies is now very positive, at +48.

In terms of industries, respondents in the **telecoms** and **financial services industry** were by far the most optimistic, while **healthcare** respondents were relatively downbeat. In terms of regions, sentiment was brightest in the Middle East, where fully 65% of respondents expected their own company to fare better next year, although they were less sure about the economy in general. The opposite was true in Europe, where most respondents felt that the economy will stabilise or improve, but were unsure whether any recovery will feed through to their own business. Latin American respondents were even less positive, yet in not one industry or region was the balance of sentiment negative this year. Business confidence certainly seems to have taken a turn for the better.

**Balance of sentiment* for your company by industry**
(all regions)




**Balance of sentiment* for your company by region**
(all industries)




*Those expecting conditions to improve minus those expecting them to worsen. Answers from 647 respondents.
Source: The Economist Intelligence Unit.

# About the survey

The Economist Intelligence Unit surveyed 647 executives in November 2013 on their expectations for business conditions in 2014. The survey sample was global, with 29% of respondents based in Europe, 24% in Asia, 22% in North America, 13% from the Middle East and Africa, and 12% from Latin America. The respondents are relatively senior—33% hold C-suite positions, while 6% are board members and 17% directors. They work in organisations of varying sizes, with 43% earning annual revenue of US$500m or more.

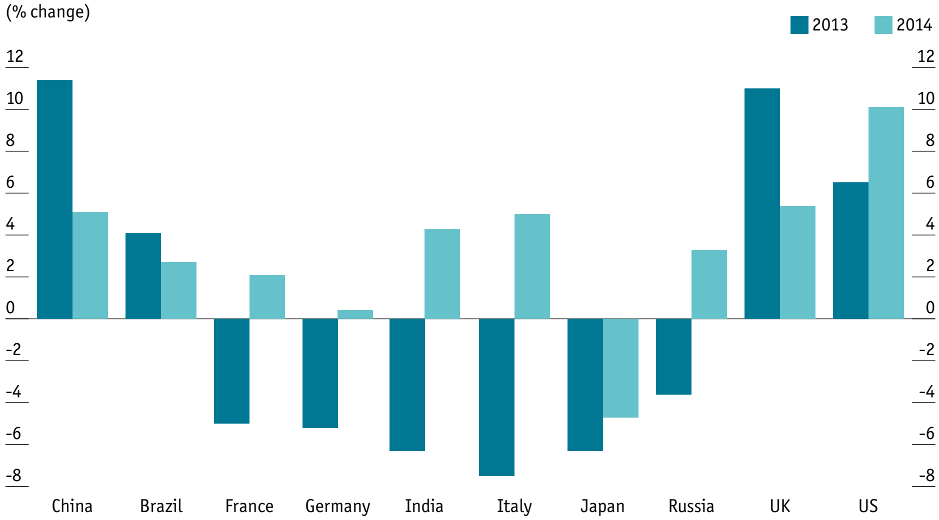
| Survey question | Agree | Neither agree nor disagree | Disagree |
|---|---|---|---|
| Global competition will intensify in 2014 | 88.4% | 9.4% | 2.2% |
| My company will focus on developing/emerging markets as they offer stronger growth prospects than developed markets | 67.4% | 16.8% | 15.9% |
| Reliance on China will hamper growth if that country's economy undershoots in 2014 | 67.5% | 21.5% | 11.0% |
| My company will devote more resources to business expansion in 2014 than in the previous year | 63.1% | 20.9% | 16.1% |
| My company faces difficulties in employing and retaining the talented staff we require | 56.2% | 22.6% | 21.3% |
| The euro zone will see a return to sustainable growth in 2014 | 36.3% | 30.3% | 33.4% |

# Automotive: The year of Europe's recovery?

*The end of Europe's slump and a slowdown in emerging markets mean that 2014 will be a mixed year for auto.*

2014 should finally be the year that the EU's vehicle market returns to annual growth, ending its prolonged slump. The recovery has come several years later than most vehicle-makers hoped or expected, but in the last few months of 2013 the upturn has become undeniable—at least in the car market. The commercial vehicle market, although surging of late, may just be benefiting from a temporary boost before Euro 6 regulations are introduced next year. There is still room for back-sliding.

**Car registration forecasts for top ten markets by unit sales**
(% change)




Source: The Economist Intelligence Unit.

We expect Western Europe's vehicle markets to expand, along with those in the transition economies of Eastern Europe. The US market will still be strong, while India and Russia will recover some momentum after their recent slumps. China is likely to slow, however, while Brazil may well disappoint and Japan could well carry on contracting. Much also depends on what happens to interest rates as economies recover. Nevertheless, in 2014 global vehicle markets should stop being as uneven as they have been in recent years. Developing market growth is likely to stay moderate, and most developed markets will pick up speed.

Carmakers will continue to face a number of challenges, including the long-term shift away from mature markets. In 2014, Asia will account for 43% of the global car market, up from less than 30% just six years ago, with Latin America and other emerging market regions adding up to 15%. That leaves around 25% for North America. But it is Europe's fall, from 26% in 2009 to less than 17% in 2014, that will continue to force a shift in production capacity.

So far, investment in new plants in fast-growing markets has outpaced downsizing in slower ones. Despite shutting plants in Europe and North America, the industry will still need to tackle overcapacity in 2014, even as demand recovers. Tie-ups, such as the one being negotiated between PSA Peugeot Citroen and Dongfeng Motor of China, could help to open up new opportunities, but they will not protect European workers from job losses.

The slowdown in some developing markets will also bring overcapacity problems, as plants that were planned during boom years come on stream. China's plants, for example, could soon be capable of making 30m cars between them, while national sales will take several years to reach that level. The issue is becoming apparent in ASEAN markets, too, with Vietnam's plants currently running at around 50% of capacity. Russia and the Ukraine are starting to grow again, but still have some way to go to justify the investment made five or so years ago. In some markets, including China and Indonesia, there is also the threat of more restrictions on ownership as the authorities try to combat rising pollution problems.

Combining global overcapacity with falling trade barriers in many markets means that international competition will become more intense, pressuring prices and putting margins at risk. In the ASEAN region carmakers are jostling for position as tariff barriers continue to fall, while in Latin America governments are still tempted to resort to protectionism as pressures increase. Chinese plants are already responding to the market slowdown at home by seeking out new export markets.

So far the Chinese have focused on markets in the Middle East and Africa, where safety and emission standards are less stringent. In future years, as product standards improve, they will start to target developed markets too. In September 2013, a Qoros sedan became the first Chinese car to score a five-star rating in the

Euro NCAP safety tests. More will follow. Environmental standards are a bigger hurdle, and will rise still further in 2014 as Euro 6 regulations are introduced and Europe prepares for the 2015 deadline for the 130g/km fleetwide limit on CO2 emissions.

Yet the day when Chinese car imports start to make serious inroads into US and EU markets is not far away. That is why, in 2014, Europe's carmakers will continue to lobby hard over the free trade agreements being negotiated with India and China. Although global automakers want better access to the Chinese and Indian car markets, they are also concerned by the threat of future competition in their own back yard.

## What else to watch for

- **Restrictions on car ownership**—High traffic volumes, inadequate infrastructure and increasing concern over emissions could prompt more cities to introduce restrictions in 2014. Several Chinese cities already have licensing restrictions, and more are likely. Indonesia and some Indian cities are contemplating them, while congestion charging and other measures are being used in cities such as London.

- **Self-driving cars**—While autonomous cars are not yet on the roads (Nissan says it may have driverless cars in dealerships by 2020), carmakers are increasing their investment. From next year, some Mercedes models will allow drivers to take their hands off the wheel at low speeds. Self-parking and accident avoidance will become more mainstream.

- **Management changes**—Peugeot has already announced that its chief executive, Philippe Varin, will give way to Carlos Tavares in 2014. There are also retirement rumours about Dan Akerson of General Motors (aged 65), Alan Mulally of Ford (aged 68) and Ferdinand Piëch , chairman of Volkswagen (aged 76), although the first is unconfirmed and the last two have been denied. One person who will not quit in 2014, according to Mr Tavares, is Carlos Ghosn of Renault-Nissan, his former boss.

- **Hydrogen fuel cells**—The adage that hydrogen fuel cell cars are always a decade away is starting to ring hollow. Hyundai is launching a hydrogen fuel cell version of the Tucson SUV in the spring of 2014, available on an innovative lease basis. Toyota launched its concept fuel cell car in November 2013 and will be gearing up for mass-market sales in 2015.

| Survey questions | Agree | Neither agree nor disagree | Disagree |
|---|---|---|---|
| Vehicles sales in developing/emerging markets will outweigh developed markets | 84.6% | 0.0% | 15.4% |
| The European market will remain subdued, forcing job cuts and consolidation | 69.2% | 15.4% | 15.4% |
| Credit conditions will ease again in major markets, providing a boost to growth | 30.8% | 38.5% | 30.8% |
| Tightening emissions controls and fuel economy standards will play to the advantage of Western carmakers | 69.2% | 7.7% | 23.1% |
| Chinese and Indian car brands will start to take off in developed markets | 30.8% | 15.4% | 53.8% |
| Rising fuel prices will have a dampening effect on car sales in major markets | 46.2% | 38.5% | 15.4% |

The Economist Intelligence Unit

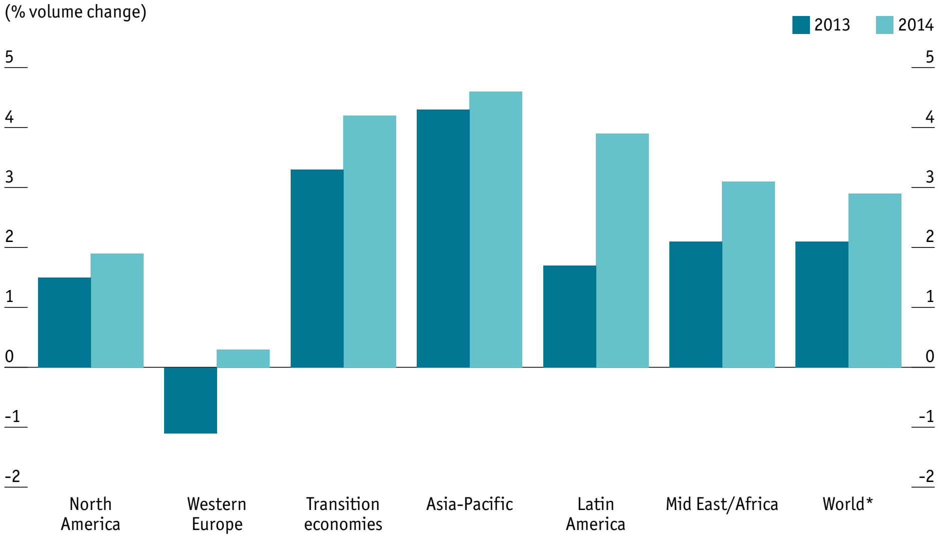
# Consumer goods/ retail: Stepping out of the shadows

*The coming year will be one of transition, as retail and consumer goods firms address changing consumers and markets.*

Retail trends that have emerged in recent years will continue to bed in during 2014, becoming mainstream in the process. In the meantime, consumption patterns from before the 2007 crisis will resume as European incomes recover.

Globally markets will move towards stable retail growth. Western Europe will see sales volumes swing from negative figures to modest growth, as some economies recover while others see the rate of decline slow. All regions are

**Retail sales**
(% volume change)




* 60 countries.
Sources: The Economist Intelligence Unit; Planet Retail.

expected to register improvements in sales volume growth. The biggest swing in fortunes will take place in Western Europe, but the biggest regional growth potential remains in Asia.

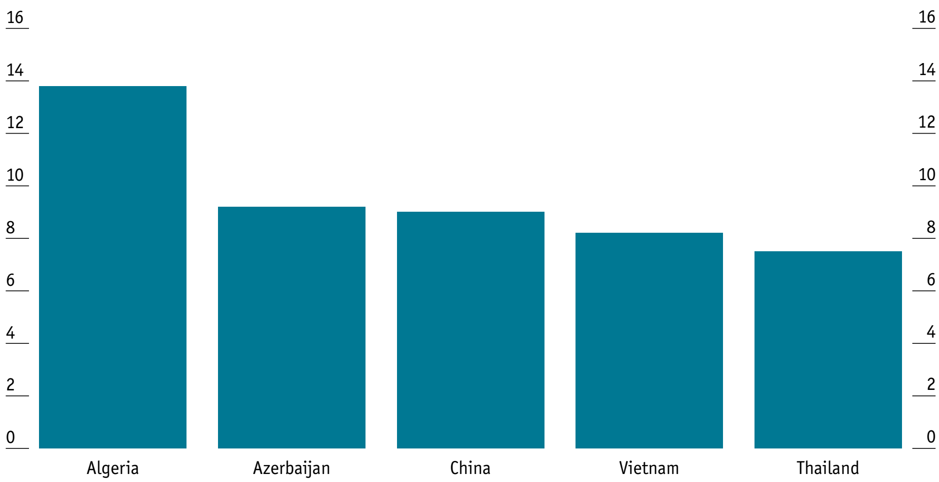
This sense of cautious optimism was very much reflected by our survey panel. One-half of respondents expect business conditions to improve for their company in 2014 and 42% expect improvements in the global economy. However, this optimism is tempered for the wider retail and consumer industry. Only 32% of respondents saw improvements for the industry as a whole.

# China and India add uncertainty

China and India will be closely monitored by retail and consumer goods firms in 2014. For India, opening the retail sector to foreign direct investment (FDI) will remain the burning issue. While a liberalisation of single-brand retail investment has been relatively successful, multibrand investment has been more difficult. Despite receiving government approval in 2012, legislation has been diluted by opposition, bureaucracy and some unworkable clauses. WalMart has already effectively opted out, by ending its joint venture agreement with local firm Bharti. Elections, due in May 2014, will dictate the outcome of this saga, with some opposition parties threatening to reverse the concessions already granted by the current government if they come to power.

In China, fears of a slowdown in demand have been a concern for some years now. These have been compounded by a recent campaign against corruption and ostentatious displays of wealth, as well as concerns in recent months that regulators are placing Western firms under a higher level of scrutiny. This does not

**The five fastest-growing retail markets in 2014**
(% volume change)




Sources: The Economist Intelligence Unit; Planet Retail.

mean that the industry in China is in crisis—far from it. Retail volumes in China are forecast to grow by 9% in 2014, driven largely by e-commerce and rising demand from emerging cities in the interior. Luxury firms and retailers such as WalMart are continuing to unveil ambitious store opening plans for the coming year, while goods suppliers have invested in production and distribution. If growth does undershoot in 2014, firms may find themselves heavily exposed.

## Markets old and new

Uncertainty over China and India will give other fast-growing markets an opportunity to step out of the shadows. Africa, seen as the "final frontier" in many long-term retail investment strategies, is moving up the retail and fast-moving consumer goods (FMCG) agenda. Although growth in South Africa—where WalMart has purchased local player Massmart—is modest, it is expected to provide a springboard into other markets to the north. Carrefour's investment in West Africa reflects a similar strategy. Asian markets such as Thailand, Vietnam, Indonesia and Malaysia will also become more prominent.

Further recovery in mature markets will allow pre-crisis emphases on quality, sourcing and sustainability to reassert themselves, albeit against a backdrop of cost consciousness. Consumers will continue to economise on staples to support pent-up demand for bigger ticket purchases, especially of household goods. As a result, respondents to our survey saw opportunities in a mixture of developing markets and developed ones for 2014, with the US topping the list of choices and Mexico coming second.

## What else to watch for

The movement of e-commerce into the mainstream will be matched in 2014 by the accelerated role of mobile devices. This was previously driven by smartphones, but tablets and hybrid “phablet” devices are also becoming key drivers of e-commerce growth. Meanwhile, desktop computers will continue to decline as the online channel of choice. While 2013 was the year of showrooming, so 2014 will see retailers implementing technology, data and service standards to do battle through online, traditional and, increasingly, hybrid sales channels. Here are our top five trends for 2014:

**1 Data Data Data!**—2014 will see retailers squeezing utility out of every last scrap of information. At its simplest they will generate online product offerings based on user profiles. Data will also influence bricks and mortar strategies. Tools for analysing big data will dictate stock levels for products based on information such as weather forecasts. Meanwhile, facial recognition software is just a step away from “Minority Report”-style targeted adverts. Smartphones will also drive mobile check-ins that share user data to facilitate better customer service. However, all this data usage could lead to a backlash from consumers made wary by surveillance scandals.

**2 The experience of shopping**—With bricks and mortar retailers struggling to compete with pure players on price, traditional shops will create shopper experiences that drive footfall and maintain loyalty. These will be facilitated by technology through multimedia or app-based aids, but stores such as the Louis Vuitton townhouse in London’s Selfridges are also reinventing retail as theatre to attract curious shoppers.

**3 Enhanced service**—Service is currently an area where physical stores have the upper hand, but online players are seeking to bridge this gap through real-time web assistants or by recruiting regular customers as mentors for new ones. The emergence of social media as a means of engagement and service rather than direct selling, along with factors such as the “mayday” button on the Amazon Kindle, reflect a desire to add a personal touch to a virtual space. Bricks and mortar retailers, meanwhile, are responding with more training for staff to foster better in-store expertise and keep customer relations strong.

**4 The race to the doorstep**—Amazon’s speculative announcement that it is experimenting with using unmanned drones for delivery may have been a PR stunt, but it highlights a key battle to provide the quickest and most effective delivery service. While click-and-collect reflects a multichannel approach, delivery is the final obstacle for pure-play retailers. Amazon has invested heavily in spreading distribution centres to enable faster deliveries in certain areas, while eBay has bought Shutl, which uses an efficient courier system to shorten wait times significantly.

**5 Social branding?**—While the economic crisis of 2007 caused consumers to put ethical concerns on the back-burner, reviving incomes and events such as the collapse of garment factories in Bangladesh in 2013 have pushed such considerations further up the consumer agenda. Retail brands will increasingly find themselves judged on their ethical reputation, as well as pricing and quality. This is likely to become crucial in PR activities, as well as influencing products, sourcing and contentious issues such as tax avoidance.

| Survey questions | Agree | Neither agree nor disagree | Disagree |
|---|---|---|---|
| Slower growth and greater scrutiny on foreign firms will detract from China's appeal in 2014 | 50.0% | 29.4% | 20.6% |
| Elections and the resolution of concerns around FDI legislation will prompt significant inbound retail investment in India in 2014 | 23.5% | 58.8% | 17.7% |
| Store closures in mature markets will continue in 2014 as e-commerce sales grow | 73.5% | 8.8% | 17.7% |
| M-commerce will be a strategic priority in 2014 as showrooming and smartphone penetration rise | 70.6% | 26.5% | 2.9% |
| Pure-play—online-only—retailers will make inroads into developing physical stores and showrooms in 2014 | 47.1% | 20.6% | 32.4% |
| Consumer behaviour will be more influenced by ethical and sustainability concerns in 2014 | 52.9% | 26.5% | 20.6% |

# Energy: Uneven expansion

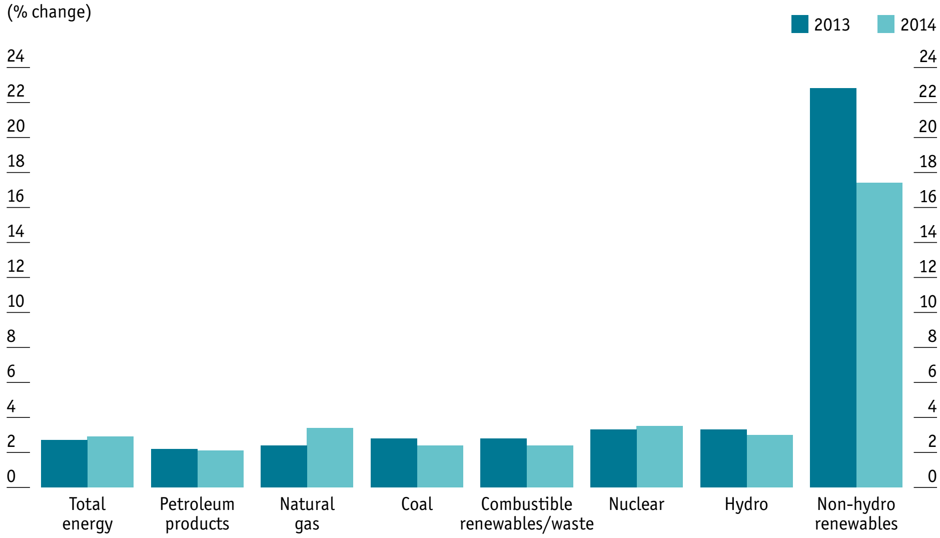
## *It will be a year of revolution, environmental activism and rapid growth—depending what kind of energy business you are in.*

Unsurprisingly, global energy use will grow in 2014 as emerging-market vitality makes up for sluggish old-world demand. Beneath the surface, however, quite distinct stories are unfolding in individual energy sub-sectors.

Oil production will continue to rise as prices remain high and ever-expanding car fleets in emerging markets guzzle more fuel. Gas has been the less desirable hydrocarbon, but demand is now rocketing, while pipelines and investors in liquefied natural gas (LNG) facilities scamper to catch up. Low North American gas prices will play a big part, supported by policies to tilt electricity utilities away from coal power. The dirtiest fuel is nonetheless proving resilient, as developing countries such as China—the largest energy consumer—and India struggle to extend their power grids. One difficulty they face is incorporating cleaner but less dependable sources of electricity such as solar and wind power. Despite this, renewables are on a steep upwards trajectory.

Such differences between sub-sectors may well explain why our survey respondents were so divided on their capital-expenditure plans for next year: 46% said they would lift spending, while 40% said they would not (see table). What is certain is that the long-term trends affecting each sub-sector will undergo new twists in the coming year.

Global energy consumption growth*
(% change)




* 69 countries.
Source: The Economist Intelligence Unit.

# Revolutionary changes in oil and gas markets roll on

Although some analysts warn that global oil output cannot keep rising for much longer, "peak oil" will remain an abstraction in 2014. With Brent oil prices above US$100/barrel, production will pick up after a fitful 2013. New activity will centre on the US, Canada, Brazil and Iraq (developing countries are surprisingly under-represented on this list, which on one level may be because resource nationalism is on the rise, as 70% of our survey respondents attested). Iraq is a perennial great hope. Security risks there will linger, but we forecast that output is finally set for steady growth.

It is the US, however, that is poised to displace Russia as the top producer of hydrocarbons, thanks to the North American shale oil and gas boom. By the beginning of 2014 production in the major Bakken shale formation in North Dakota is expected to top 1m barrels/day. For the US, the implications run deep: net oil-import dependence will edge towards scarcely one-half of its 2005 peak of 60%. Pressure to lift the ban on US oil exports will intensify.

North America will be awash with oil, as flows from Canada's oil sands gather momentum, adding to supplies for the US market. However, the infrastructure for carrying all this petroleum is under strain. In 2014 the US will make some improvements. Supplies will flow more smoothly from the hub of Cushing in Oklahoma, where West Texas Intermediate (WTI) prices are set, as pipelines are added. As a result, although WTI and Brent, the international seaborne standard, have recently drawn apart, in 2014 they will align much more closely. And the US president, Barack Obama, is finally expected to make a decision on whether the proposed Keystone XL pipeline, designed to pump Canadian oil to the US, can go ahead. Antipathy between greens and the oil industry over the issue runs high, so controversy will ensue whatever the outcome.

US regulators also face tough decisions on turning the country's shale-gas wealth into LNG for sale overseas, as demand from Asia grows quickly. The US has a chance to capitalise on its early mover advantage. Although land in Argentina's potentially prodigious Vaca Muerta shale is reportedly due to be auctioned in March, a global shale-gas "revolution" will not get underway in 2014. By contrast, many US projects await final approval: regulators must balance the case for exports against fears of pushing up prices at home by constraining supply. Again, their decisions will have important ramifications in Canada, where infrastructure lags that of the US, but a handful of projects want to compete for the same Asian customers.

Yet it is Australia that leads the charge against Qatar's pre-eminence in LNG exports. Though delays and cost-overruns are hampering progress, in 2014 two giant liquefaction facilities—Queensland Curtis LNG and Gorgon LNG—will boost Australian capacity by 24m tonnes, or as much as the total annual capacity of Malaysia, another significant LNG player. Like future exports from North America, cargoes will mainly be destined for Asia, with its alluringly high gas prices.

## Tragedy of the Commons: Part 20

The elevated prices on offer for hydrocarbons also lie behind Royal Dutch Shell's plans to pursue costly drilling in the Arctic off the coast of Alaska next summer, despite past failures. Again, expect a wave of outrage from environmentalists—but they are unlikely to make significant inroads in 2014.

If progress in international negotiations on climate change could be plotted on a graph against advances in renewable energy, the trends would diverge sharply. Hot air from the November 2013 climate talks in Warsaw—which ended with the usual eleventh-hour compromise—has barely dissipated. The next round of annual climate negotiations ("COP 20", scheduled for December 2014 in Peru) already look unlikely to yield substantial movement. Developed countries will be pressured to reveal their own "contributions" (note: not "commitments") to global greenhouse-emissions cuts well before this. Expect much soul-searching in the EU, where funding the economically troubled bloc's worthy green commitments is increasingly problematic.

Meanwhile, developing countries will continue to point the finger at rich countries. As a result, no big decisions on global climate policy will be reached in 2014 (our scepticism is broadly mirrored by sentiment among survey respondents). After all, the world has until December 2015 to reach a final agreement on replacing the Kyoto protocol and avert a potential environmental catastrophe. Why hurry?

Still, even without a strong climate accord renewable energy will chart clear progress, in line with expectations among our survey participants. Global capacity will exceed 1,500 gigawatts: China will generate much of the growth, thanks to its clear targets and strong incentives in a mounting campaign against air pollution. The likes of the US and Germany will also boost capacity, despite having less predictable regulatory regimes. Combating climate change is only one reason for the expansion: equipment prices have fallen; energy security and a desire on the part of governments to support domestic equipment-manufacturers will also play a part.

These motivations also help the other main non-fossil fuel. Despite the anti-atomic mood in certain countries following the explosions at Japan's Fukushima Daiichi plant in 2011, global nuclear capacity will edge up in 2014, thanks partly to Russian and Indian reactor building. But China is again the main dynamo: four new reactors will come online in 2014, and work will begin on still more.

Capacity expansion among low-carbon fuels will be limited, however, by surging supplies of cheap natural gas. In the US, for instance, the Vermont Yankee atomic plant will be closed, partly because of historically low gas prices. Power from the most climate-warming fuel, coal, will also go out of fashion in the world's second-largest energy consumer (despite having made a modest comeback in 2013). Stringent carbon-emissions standards for new US power plants are due to be finalised in 2014—probable legal challenges notwithstanding—and rules for existing plants will follow. Yet so far these moves have barely dented US coal production, thanks to vast overseas demand. China, the source of almost one-half of the world's coal supply and consumption, is once more pivotal, and next year long-awaited improvements to rail infrastructure for transporting coal around the country should finally materialise.

Even some European countries have been burning greater quantities of the sooty stuff, thanks in part to the availability of cheap imports. Another big reason for coal's resilience is that the costs of emitting carbon dioxide are not properly priced in. Prices in the main carbon market, the EU, are weak in the face of an oversupply of emissions credits, a situation that will last into 2014.

How different it could be if climate negotiators agreed on forceful global action. As it is, efficiency improvements will be held back, and renewables (excluding combustibles and waste) will only fulfil 4% of the world's needs. Fossil-fuel emissions will reach nearly 160% of 1990 levels. Progress on countering global warming will have to wait until 2015, at the earliest.

| Survey questions | Agree | Neither agree nor disagree | Disagree |
|---|---|---|---|
| Negotiations over climate change policy will be concluded, culminating in an agreement adopted at the UN Conference on Climate Change in 2015 | 20.8% | 14.6% | 64.6% |
| The price of benchmark Brent crude oil will average less than US$95 per barrel in 2014 | 45.8% | 14.6% | 39.6% |
| My business will allocate more to capital expenditure in 2014 than it did this year | 45.8% | 14.6% | 39.6% |
| Risks to oil prices resulting from Middle East tensions will be greater in 2014 than in 2013 | 19.2% | 25.5% | 55.3% |
| Governments in developing/emerging markets will adopt a more "resource nationalist" approach to investment in the resources sector through raising taxes and royalties | 70.2% | 14.9% | 14.9% |
| Prospects for growth in the renewables sector will be better in 2014 than they were this year | 52.1% | 22.9% | 25.0% |

# Financial services: Rosier prospects for global finance

*Players in financial markets can look forward to better times ahead in 2014, after years of gloom following the 2008-09 crisis.*

The industry will not bounce back exactly in its earlier form, however. Instead, activity will be distributed more widely around the world, reshaped by new restrictions and new technologies and business models that favour low-cost offerings and customer self-help.

Firms are already putting the ill-effects of the crisis behind them. Many have rebuilt their base capital, paid back extraordinary state aid and returned to profit. Even those still mired in red ink appear ready to make a fuller recovery. On top of this, many of the legal legacies of the US subprime crisis and European sovereign debt turmoil have been resolved.

Financial companies in most markets have also benefited from recent rises in asset prices, primarily in equities and property, which have bolstered their balance sheets and generally stimulated financial activity. This trend is set to continue: central banks will remain cautious about pulling back from monetary stimulus, so asset prices should continue to climb in 2014.

Since the fortunes of financial firms are closely tied to the economic cycle, the ascending arc of global growth will improve company results. The recovery in global output will accelerate to 3.5% in 2014, up from 2.9% in 2013, according to The Economist Intelligence Unit's forecasts of real GDP at purchasing power parity (PPP). Rich countries in the OECD will share in this recovery, although developing economies will continue to outpace them.

Meanwhile, a gentle tapering by the US Federal Reserve, which we expect to begin in early 2014, will begin to lift interest rates. On balance, this is positive for banks, who earn much of their revenue through maturity transformation (the process of borrowing low by taking short-term deposits and lending high in long-term credit). High rates will also help insurers and asset managers who are heavy investors in bonds.

Responses to the survey we conducted for this report reflect this rosier outlook. Of the 152 participants from the financial industry, 77 (51%) believe conditions for their companies will be better in 2014 than at present. Another 61 (40%) foresee little change, while only 12 (8%) expect conditions to deteriorate. Respondents were less confident, however, about prospects for their industries and the global economy as a whole.

# Out of balance

Despite the mayhem it caused, the financial crisis has, in fact, had some useful impacts. One is to bring about a much better geographical distribution of financial services. Western companies in many cases reeled back from far-flung operations, or are still retreating, in an effort to slim their business profiles and balance sheets. Companies from the developing world, on the other hand, have expanded, both through organic growth and acquisitions. Most notably, by some metrics the big Chinese state-controlled banks have risen to count among the top firms in the sector.

Nonetheless, the industry's products for saving, lending, transferring and investing money remain badly out of balance with potential demand worldwide. According to our calculations, developed economies account for about 54% of global GDP at PPP. Yet rich countries continue to hold around 77% of bank assets, 79% of stockmarket capitalisation, 84% of insurance premiums and 91% of non-government funds under management. It will take decades for these proportions to shift in favour of developing economies.

In the meantime, the "Global South" has huge unmet needs in banking, insurance, and the handling and trading of securities. By contrast, most of the North will muddle through with mature financial markets and relatively weak growth, in the face of gathering regulatory headwinds.

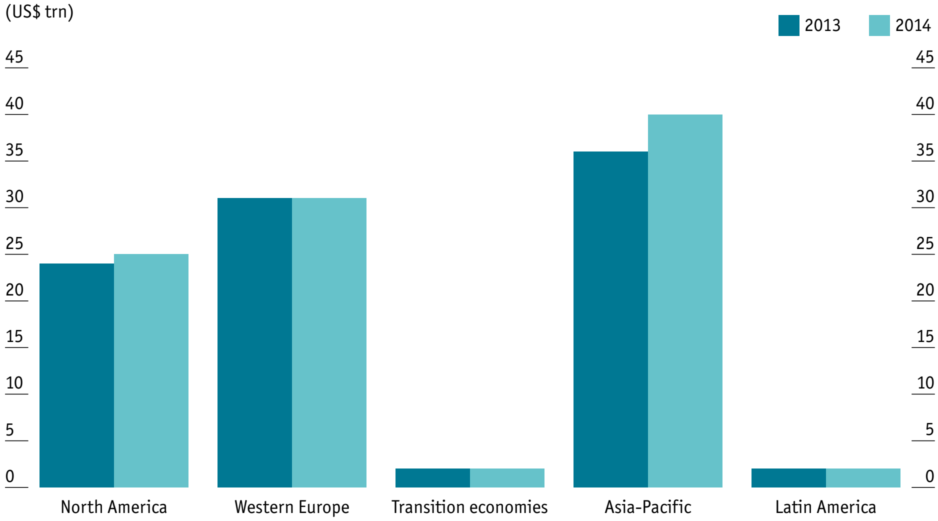
Progress on the re-regulation of finance will nonetheless be gradual in 2014. Internationally active banks will have to lift their capital ratios another notch under Basel III, an exercise in global standard setting that runs until the start of 2019. The EU is slated to create a banking union with some centralised oversight of lenders, although its exact shape is still unclear.

National regulations will also begin to kick in. Measures such as those under the

Dodd-Frank Act in the US will eventually turn the industry into something more like a regulated utility. On the positive side, survey respondents believe that such reforms have made banks safer. Fully 70% of those surveyed either strongly or slightly agree that lenders are less likely to fail as a result.

**Bank loans by region***

(US$ trn)




* 60 countries.

Source: Source: The Economist Intelligence Unit.

# A twist in the tail: technological innovation

In short, financial firms are on a surer footing than they have been for years. So far as the stockmarket recovery in recent years is concerned, it is the technology industry, not the financial sector, that has benefitted the most. Yet financial firms are about to draw power from tech's success.

A wave of technological innovations promises to transform finance. Financial activities are increasingly conducted not in bank branches, insurance agencies or the offices of financial advisors. Instead, ever more take place via electronic devices or in unconventional locations such as bank offices in the corners of grocer's shops.

Already, new approaches have changed the way we pay bills, contract auto insurance and trade stocks. Innovations now in their early stages will alter how people transfer money to family members, pay for food at the farmers market, secure loans from peers and raise capital to fund business ventures.

| Survey questions | Agree | Neither agree nor disagree | Disagree |
|---|---|---|---|
| Five years after the financial crisis, banks in my market are less likely to fail because of stricter capital rules, ring-fencing and other reforms | 70.4% | 14.5% | 15.1% |
| Investors worldwide will continue to flock to low-cost options such as index funds and exchange-traded funds | 66.0% | 23.3% | 10.7% |
| Key financial centres like New York and London will lose ground to China/Hong Kong, Singapore and developing countries | 58.6% | 17.1% | 24.4% |
| Banks in my market ought to be closing branches and shifting to alternative such as online and mobile banking | 51.0% | 21.9% | 27.2% |
| The global market for initial public offerings will come roaring back in 2014 and regain the high levels of activity last seen in the middle-2000s | 41.1% | 27.8% | 31.1% |
| Big European and North American financial groups will pull back from developing/emerging markets in the coming years | 40.1% | 15.8% | 44.1% |

The Economist Intelligence Unit

# Healthcare: The American revolution

## *Governments and insurers will try to control the seemingly inexorable rise in healthcare spending, in many cases while pushing through far-reaching reforms.*

The global healthcare sector has seen two big contrasting trends over the past few years. On the one hand global healthcare spending continues to rise, with developing markets starting to narrow the gap with developed markets. Yet at the same time the squeeze on costs has become more intense, with the pharmaceutical sector often bearing the brunt of the cuts.

Next year will see more of the same, apart from one important factor: 2014 is the year when the US will implement its landmark healthcare reforms, resulting in major changes in the one market that still dominates the sector. From January, the individual mandate kicks in, obliging Americans to take out health insurance or face a fine. Although other deadlines have been delayed, including the obligation for small companies to provide cover, the administration says that up to 7m new people will be brought into the healthcare insurance system by April 2014, helped by tax credits and the expansion of Medicaid.

If all goes to plan, the reforms are likely to push up healthcare spending in the US by nearly 5% in 2014, but that expansion will not come without pain for market players. The rollout of the reforms has been chaotic, with computer glitches and changes to existing insurance policies, and many (although not all) of our survey respondents expect more disruption next year. That will bring problems for many healthcare companies, from insurers to suppliers, as they try to rejig their strategies to benefit from the new competitive situation.

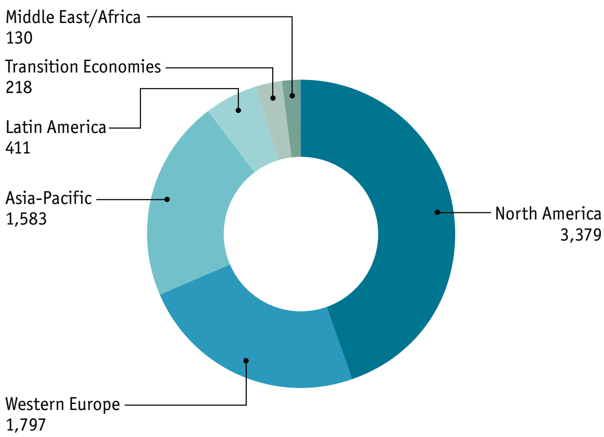
# Rising demand

At least they will be working within a faster-growing market, both nationally and globally. Global healthcare spending should pick up in 2014, not just because of the US reforms but also thanks to better access to healthcare in developing markets. Global pharmaceutical sales are likely to rise even faster, with the transition economies leading the pace and most other regions not far behind.

This growth will be driven partly by rising population, increasing life expectancy and expanding wealth. But government policies will play a role too, and not just in the US. Many developing markets—including China, India, South Africa, Brazil and the UAE—are aiming to expand insurance systems, ease access to drugs, or even roll out universal healthcare systems during 2014. Several countries are also trying to step up investment in healthcare provision, not just for locals but also to attract medical tourism.

Western Europe, however, will continue to lag behind in terms of health spending growth, even as its economy starts to recover. Although ageing populations and increased awareness of personal health will carry on pushing up demand, the region's governments will battle to bring down budget deficits, while high unemployment and pressure on tax revenue will put generous healthcare systems under strain. Many countries have already pushed through regulation

**Healthcare spending by region*, 2014**
(US$ m)




* 60 countries.
Source: The Economist Intelligence Unit.

to bring down costs, but that will not prevent further protests as the effects feed through to healthcare providers. Pharmaceutical companies are often an easier target, and will continue to be affected by price controls and pressure to boost the use of generics.

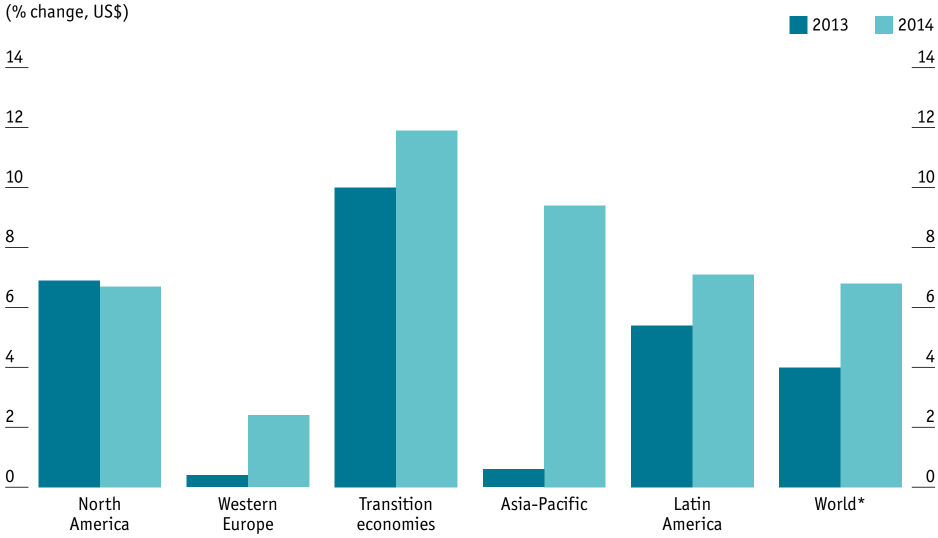
# International competition

In some ways, the pressures on the pharma industry are starting to ease. Next year will not, for example, be a particularly bad year for patent expiries, with 2013 and 2015 far worse. Expiries are, however, likely to include those of Copaxone, Teva's treatment for multiple sclerosis, and Nexium, AstraZeneca's acid reflux drug. Those two companies are already pushing through drastic restructuring measures to cope.

Other research-based companies are also still managing the market pressures. Next year Pfizer will split into three business divisions, in what could be a precursor to a full spin-off. Mergers and acquisitions picked up steam in 2013, and many of the respondents to our survey expect next year to bring more consolidation. In some cases companies will be motivated by a desire for new products, while others will want to expand in faster-growing markets. Some governments are likely to discourage this, although India recently rejected calls to limit foreign investment in local pharma companies.

China, meanwhile, has embarked on a crackdown that so far has focused on the business practices of foreign pharmaceutical companies, although locals are not immune. At the same time, pharma companies in emerging markets are becoming more assertive in international markets. Rising global demand for generics has seen Indian companies press into Latin America and the Middle East. India is also stepping up its investment into research, in a bid to generate more lucrative original drugs. Other countries, such as China and Brazil, are following the same route, often with help from international health organisations keen to diversify supplies.

**Pharmaceutical sales growth**
(% change, US$)




* 60 countries.
Source: The Economist Intelligence Unit.

Safety will remain a major concern as these developing market companies expand, as will intellectual property regulations. The debates are still fraught, but nearly all the respondents in our survey expect global competition in the healthcare and pharmaceuticals sector to intensify in 2014, and the pace will quicken if international trade agreements, including the Trans-Pacific Partnership, come to fruition. That could push down prices still further, allowing more people to get treatment. The cost could be slower investment in innovation, with next year unlikely to see a sharp upturn in R&D spending.

## What else to watch for

- **Revisions to clinical trial regulations**—In early 2014, the European Commission is expected to approve a directive revamping clinical trials procedures in order to improve transparency and create regulation that better matches the risks. Pharma companies in India are also hoping that the government will clarify its new rules, after it tightened regulations in response to safety problems.
- **Indonesia's healthcare reforms**—In 2011 the government passed a much-delayed social security law to create a new agency, the Social Security Administering Body (BPJSI), which brings together existing state health insurance providers. The country is aiming to have universal healthcare by 2019.
- **Birthing revolution**—The Odón device, which uses a plastic-bag to pull babies from the womb during difficult births, is undergoing global clinical trials. Invented by an Argentinian car mechanic, Jorge Odón, and backed by the World Health Organisation, it is expected to prove safer and cheaper than either the forceps or the ventouse, saving millions of lives.

| Survey questions | Agree | Neither agree nor disagree | Disagree |
|---|---|---|---|
| Developing/emerging market spending on healthcare will rise rapidly despite efforts to contain costs | 90.2% | 4.9% | 4.9% |
| International health tourism will become a major source of competition between providers | 61.0% | 14.6% | 24.4% |
| US health reforms will cause market chaos, forcing substantial new legislation | 41.5% | 34.2% | 24.4% |
| Developing/emerging market firms will see their share of global health and pharma markets rise substantially | 78.1% | 17.1% | 4.9% |
| The research-based pharma sector will see another round of consolidation | 70.7% | 19.5% | 9.8% |
| Asia will be a more important pharma market than Europe | 63.4% | 22.0% | 14.6% |
| Global spending on pharma R&D will decline in real terms because the payback is falling | 58.5% | 14.6% | 26.8% |

# Telecoms: Renewed confidence

*Operators will begin to see their investments in 4G and superfast broadband pay off in 2014, but revenues will remain under pressure.*

In 2014 we expect to see more evidence of an unfamiliar sentiment in the telecoms industry—optimism. Deal activity is resurgent, 4G revenues are up, and specialised content such as pay-TV is helping operators reduce churn and compete directly with cable firms, tech companies and device makers. Headwinds are still strong though—operator revenues will remain under pressure even with the success of 4G, equipment manufacturers will continue to struggle, and hopes for a lightening of regulatory burdens are uncertain.

This renewed optimism is reflected in our survey, in which more than 50% of respondents (across the telecoms and technology industries) shared that they believe business conditions will be better for their company. Only 8% believe conditions will get worse. There are fewer optimists when the question turns to the outlook for the telecoms and tech industries generally, yet nearly 40% believe conditions will be better in 2014, compared with only 10% who think things will get worse.

## The year for mega-mergers

We expect more consolidation in 2014. The need to reduce competition, boost top-line revenues and create cost synergies presents a compelling argument for mergers and acquisitions (M&A) in the coming year. These reasons will hold even

| World telecoms key indicators | | | |
|---|---|---|---|
| World telecoms key indicators* | 2013 | 2014 | % growth |
| Telephone main lines (m) | 780.6 | 750.6 | -3.8% |
| Telephone main lines (per 100 people) | 14.7 | 14.1 | -4.1% |
| Mobile subscribers (m) | 5,437.3 | 5,754.1 | 5.8% |
| Mobile subscriptions (per 100 people) | 102.7 | 107.7 | 4.9% |
| Broadband subscriber lines | 676.8 | 739.6 | 9.3% |
| Broadband subscriptions (per 100 people) | 12.8 | 13.8 | 7.8% |
| * 60 countries | | | |
| Source: The Economist Intelligence Unit. | | | |

more sway against a backdrop of rising global GDP and merger momentum from 2013. Deals in the telecoms sector from January to November 2013 were worth US$343bn globally, compared to US$164bn in the same period a year earlier, according to Dealogic, an investment technology company. This was in large part due to Verizon's US$130bn buyout of Vodafone's 45% stake in the US mobile operator in September, one of the biggest deals in corporate history, but even excluding this deal, telecoms M&A was up 30% from 2012 to 2013.

The biggest potential deal on the horizon is a much-discussed acquisition of Vodafone by AT&T. Even if the Vodafone deal does not take place, there will be others on AT&T's shopping list. Consolidation at a national level will continue to be a major point of contention in Europe, with no clear resolution. The European Union-level regulator sees the need for M&A to drive investment in new networks, but the agency has less sway with individual market regulators, which are not always keen to reduce the number of competitors.

# 4G revenue – great expectations

We expect operators to begin to monetise their investments in 4G in 2014. Operators that have deployed 4G networks seemed to have learned from their earlier mistakes in pricing 3G data too low. According to the GSMA, an industry group, in developed countries where 4G-LTE has been deployed, average revenues per user are rising by between 10% and 40%. Two-thirds of our survey respondents agree that telecoms operators will start to see a return on their investment in 4G networks in 2014, with 20% agreeing strongly with the statement. In addition, almost three-quarters of respondents agree that "data service revenue will make up for lost voice and SMS revenue in 2014".

This optimism must be tempered by the fact that 4G networks are still relatively new. Rising competition over time is certain to drive down prices, and commoditisation cannot be ruled out. For example, favourable licensing arrangements allowed EE to roll out 4G ahead of competitors in the UK, gaining 1.2m customers as of October. But it may not fare so well when three rivals, Vodafone, O2 and Three, step up their efforts.

# China Mobile—the 4G leader

The Chinese 4G rollout will begin in earnest in 2014, and we expect China Mobile, the state-backed operator and the country's largest, with 750m subscribers, to win the 4G race. The TD-LTE standard favoured by China Mobile was the government's preferred option when licences were announced in late 2013. The company has committed RMB20bn (US$3.2bn) to create what will be the world's largest 4G-LTE network. China Telecom and China Unicom, the second- and third-largest operators, will run hybrid networks of TD and FDD technologies.

Although China Mobile will need to address the question marks that bedevil its 3G service, such as slow speed and poor indoor coverage, it remains the most likely candidate to become the country's LTE leader. China, along with India and Brazil, will be responsible for the largest slice of revenue growth during the next five years, and our survey respondents recognise this; 78% believe developing markets "provide better opportunities for growth than developed markets".

## What else to watch for

- **Content is king**—We expect more operators to look closely at owning specialist content, following BT's foray into sports television. In November 2013, the company announced that it had attracted 2m subscribers to its new sports channels, which had helped the operator gain new broadband customers and reduce churn. Later that month the UK operator bought exclusive rights to broadcast Champions League and Europa League football matches, in a three-year deal worth £897bn (US$1.4bn). Vodafone has indicated an interest in entering the UK pay-TV market, and operators around the world will invest further in pay-TV, if not through full ownership of content, then through the more traditional route of content partnerships.

- **Big decisions on net neutrality in the US**—Net neutrality will receive its toughest test yet in the US. The FCC, the telecoms regulator, established net neutrality rules in 2010 to prevent network operators such as AT&T, Comcast and Verizon from blocking or giving preferential treatment to their own web traffic, or hampering competitors and over-the-top (OTT) providers who serve consumers on their networks. At issue is the operators' desire to place a surcharge on the OTTs that send and receive the most data. Verizon challenged the FCC policy in US Federal Court in September 2013. A decision is expected by early next year, after which it may be appealed to the US Supreme Court.

- **Locating the upside of big data**—We have heard much about the dark side of big data, but this will not stop operators from moving forward with plans to monetise the troves of data they collect on customers. They will also compete with the tech giants such as Facebook and Google through location-based services. Here our respondents see reason for optimism too, with 72% believing that telecoms companies will sell more big data products in 2014.

| Survey questions | Agree | Neither agree nor disagree | Disagree |
|---|---|---|---|
| Telecoms operators will begin to monetise their investments in 4G networks in 2014 | 65.0% | 21.7% | 13.3% |
| Data services revenue will make up for lost voice and SMS revenue in 2014 | 75.0% | 11.7% | 13.3% |
| Developing/emerging markets provide better opportunities for growth in the telecoms sector than developed markets in 2014 | 78.3% | 13.3% | 8.3% |
| Regulatory agencies will change rules to allow telecoms operators to monetise more of their customers' data in 2014 | 33.3% | 36.7% | 30.0% |
| Telecoms companies will sell more "big data"-related products and services in 2014 | 71.7% | 18.3% | 10.0% |
| The "digital divide" between those who have access to broadband and those who do not will increase in 2014 | 56.7% | 15.0% | 28.3% |

# Important business milestones and meetings in 2013

## AUTOMOTIVE

**January**

13-26: North American International Auto Show, Detroit

14-15: Automotive News World Congress, Detroit

22-24: SAE 2014 Government/Industry Meeting, Washington, DC

**February**

5-11: 12th Auto Expo, New Delhi

**March**

4-16: 84th International Motor Show, Geneva

18: Automotive World Megatrends USA, Dearborn

**April**

20-29: International Automotive Exhibition, Beijing

**June**

2-6: FISITA World Automotive Congress, Maastricht

**August**

27: Moscow International Automobile Salon

**September**

1: Euro 6 emission regulations come into force

18-28: 22nd Indonesian International Motor Show, Jakarta

**October**

2-19: Mondial de l'Automobile, Paris

**November**

19-30: Los Angeles Auto Show

# CONSUMER GOODS / RETAIL

**January**
Apple to open first store in Turkey
2: EU Regulation 432/2012 on permitted health claims for food comes into force
**February**
16-20: Euro Shop 2014 Conference, Düsseldorf
20: WalMart Q4 results
**March**
Apple to open first store in Brazil
**April**
Uniqlo to open flagship store in Berlin
Abercrombie & Fitch to open flagship store in Shanghai
**May**
Elections in India will help decide the future of FDI in retail legislation
15: WalMart Q1 results
**June**
18-20: The Consumer Goods Forum: Global Summit, Paris
**August**
Kuntsevo Plaza Shopping Centre to open in Moscow
14: WalMart Q2 results
**September**
8-11: International Manufacturing Technology Show 2014, Chicago
29-Oct 1: World Retail Congress, Paris
**October**
Hermes restoration and expansion of London flagship store to be completed
13: WalMart Q3 results
**December**
Debenhams flagship store in Moscow to be completed

# ENERGY

**January**
20-22: World Future Energy Summit, Abu Dhabi
**March**
4: The Economist's Arctic Summit, London
25: The Economist's European Energy Horizons, Stockholm
**April**
9-11: Sustainable Nuclear Energy Conference, Manchester

**June**
US Environmental Protection Agency (EPA) to release greenhouse gas emissions rules for existing power plants
3-5: Renewable Energy World Conference & Expo Europe, Cologne
**September**
UN Climate Summit, New York
**December**
1-12: 20th Session of The Conference of the Parties to the UNFCCC (COP 20), Lima

# FINANCIAL SERVICES

**January**
1: Capital adequacy rules tighten for globally active banks
31: Ben Bernanke makes way for Janet Yellen as chairman of the US central bank
**February**
24-27: SuperReturn International, Berlin
27: The Economist's Insurance Summit 2014, London
**March**
India to issue new licences for private banks, the first in a decade
European Central Bank to start regulating at least 150 of the region's largest banks
13: The Economist's The Future of Banking, Paris
**April**
South Korea to open independent financial consumer protection agency
**July**
Financial Stability Board names trigger date for reinsurers to be assessed as global systemically important institutions
**August**
The Fed holds its annual meeting in Jackson Hole
**September**
First deadline for OECD countries to take action against tax avoidance
13-18: Les Rendez-vous de Septembre, Monte-Carlo
**November**
15-16: G20 Summit, Brisbane

# HEALTHCARE

**January**
Patent expiry for Boehringer Ingelheim's Micardis (hypertension)

1: China's deadline for drug-makers to secure GMP certification
1: Key elements of US health reforms come into operation, including the insurance marketplace, prohibition on insurance discrimination, tax credits and expansion of Medicaid
2: EU Regulation 432/2012 on permitted health claims for food comes into force
**March**
Patent expiry for Eli Lilly's Evista (osteoporosis)
13: The Economist's Pharma Summit, London
20-21: The Economist's Healthcare in Asia Summit, Bangkok
31: End of open enrollment period for US healthcare exchanges
**May**
Patent expiry for several major drugs: Teva's Copaxone (multiple sclerosis), AstraZeneca's Nexium (acid reflux), Allergan's Restasis (dry eye syndrome)
World Health Assembly, Geneva
6-8: European HIMSS Health Summit, Berlin
21-23: World Pharma Congress, Boston
**June**
23-24: 3rd Annual Global Healthcare Conference, Singapore
**September**
Patent expiry for Sanofi's Renagel (chronic kidney disease)
**October**
Value-based assessment comes into force in the UK

# TELECOMS

**January**
Canada to begin auction of 700 megahertz spectrum
Japan auctions spectrum
India expected to auction more than 400MHz of airwaves
7-10: International Consumer Electronics Show, Las Vegas
14: US Federal Communications Commission (FCC) to start an auction of the 1900 MHz PCS H block
**February**
Chile expected to auction spectrum in the 700MHz band
Mexico to award 90MHz of 700MHz spectrum to state operator Telecomm Telegrafos
24-27: Mobile World Congress, Barcelona
**March**
27: The Economist's Innovation Forum 2014, Berkeley
31-Apr 11: Sixth World Telecommunication Development Conference, Sharm el-Sheikh

**May**
Smart Grid World Conference 2014, London
**June**
Nextel de Mexico to launch LTE services
**July**
15-16: Broadband Latin America 2014, Sao Paulo
**September**
26-27: International Conference on Wireless Networks, Bali
**October**
8-14: Internet of Things Conference, Cambridge, UK
**November**
11: Digital Music Africa, Cape Town
**December**
ITU Telecom World Conference, Doha