

Asia Trade in the New Global Order

Singapore 2018



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Conference highlights

Asia Trade in the New Global Order



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Asia House assembled more than 300 delegates in Singapore for its major 2018 trade dialogue.

Asia Trade in the New Global Order took place on 22 November and saw speeches, presentations and panel discussions on the key issues driving change in the world economy.

By bringing together speakers from governments, businesses, academia and the media, Asia House pushed the trade conversation forward, creating unique opportunities for delegates from more than 100 organisations.



Keynote speeches



Singapore Trade Minister, Chan Chun Sing, calls for greater economic integration in Asia

Asia must “create relevance” by redoubling its economic integration efforts. That was the key message from Singapore’s Minister for Trade and Industry, **His Excellency Chan Chun Sing**, during his opening keynote speech. The Minister stressed the importance of collaboration in the world economy to ensure the challenges facing global trade are overcome.

Taking part in a Q&A with Asia House Chief Executive **Michael Lawrence** after his speech, Minister Chan spoke frankly on the US-China trade war, the Belt and Road Initiative and Brexit.

Asked by the UK’s HM Trade Commissioner for Asia Pacific, Natalie Black, on the proposed entry of the UK to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Minister Chan said member countries would “welcome” discussions.

“There are many other countries that request to join the CPTPP,” he said. “For Singapore, we see it as a positive development, as it fits in with the wider posture that we like to see of countries working together for greater integration rather than fragmentation.”

“When the system is ready and the UK is ready, I am quite sure that countries will welcome discussions with the UK,” he added.



Artificial Intelligence: China catching up with the US

China is catching up with the US in the Artificial Intelligence (AI) race, according to **Dr Kai-Fu Lee**, one of the world's leading authorities on AI and innovation. In a fascinating presentation, the Chairman and CEO of Sinovation Ventures outlined the latest capabilities in AI, and how US and Chinese approaches to the technology differ.

“China may not be ahead in research – the US has 11 times more researchers than China,” Dr Lee said. But it is data that is crucial to the implementation of AI technologies, with a higher quantity of data generating better outcomes. “There is no data like more data.” And in this respect, China is well ahead of the US, with more consumers and a dynamic digital economy.



“In the age of AI, if data is the new oil, China is the new OPEC.”

Kai-Fu Lee



Asia is leading the digital revolution, Twitter VP says

“Asia is leading the digital revolution, both as a consumer market and in terms of the technology being built,” **Maya Hari**, Twitter's Vice President, Asia Pacific, said during a speech at the conference. “Last year, we saw nearly 1.9 billion internet users in Asia and that continues to grow by eight per cent year on year.” Half of the world's millennials will be in Asia by 2020, Hari said – a fact that will have huge implications for businesses in the region.

“The millennial consumer is deeply driven by purpose, by equality and concern for things like the environment,” she said, adding that this poses interesting implications for how commerce will evolve. “They are pushing businesses to do the right thing. They will vote with their dollars on what to buy. They don't just buy your goods or services anymore, they buy what you stand for as a company.”

Panel sessions

- The Shifting Trade Landscape in Asia and Beyond
- Creating a Digital Ecosystem
- The Politics of the Belt and Road

Panellists from government, business and innovation, the media and academia



Conference Chair
Michael Lawrence
Chief Executive
Asia House



Dr Robert Koopman
Chief Economist
World Trade
Organization



Kiren Kumar
Assistant Managing
Director
Singapore Economic
Development Board



Luong Huong Thai
Director General
Multilateral Trade
Policy Department
Vietnam Ministry of
Commerce



Anne Ruth Herkes
Former State
Secretary
German Federal
Ministry for Economic
Affairs and Energy



Gregory Hodkinson
Chairman
Arup Group



Donald Kanak
Chairman
Eastspring
Investments



Syed Shahid Hussain
Managing Partner
Financial Services
Sector for ASEAN
IBM



Sopenendu Mohanty
Chief FinTech Officer
Monetary Authority
of Singapore



Dr Wang Huiyao
Founder and
President
Center for China
and Globalization



Goh Sui Noi
East Asia Editor
The Straits Times



Marcus Treacher
Senior Vice
President of
Customer Success
Ripple



**Professor Xiang
Bing**
Dean of the Cheung
Kong Graduate
School of Business



Steven Okun
Senior Advisor
McLarty Associates



Reforms required to cool global trade tensions

There is a growing momentum towards reform within the World Trade Organization (WTO), delegates at the conference heard, but it's not just the WTO that needs reform – China must also change its economic practices if trade tensions with the US are to ease. That was the assessment of leading commentators on a panel exploring the challenges facing world trade today, and what needs to happen to overcome them.

According to **Robert Koopman**, Chief Economist at the WTO, there is “definitely” an appetite for reform among members. “There is a growing momentum to have a deep discussion about reform,” he said, highlighting areas of focus including “transparency... the notifications for subsidies, and how quickly disputes are handled.” He added that the WTO is “a more flexible organisation than many people think.”

But how flexible is China willing to be in addressing concerns about its own trade practices? For **Dr Wang Huiyao**, Founder and President of the Center for China and Globalization, China “is trying to make a lot of progress,” and has already opened up to the benefit of Western businesses. “Companies, particularly from the US, have made enormous inroads in China. Every year they make US\$500 billion revenues in China,” he said.

Offering a European perspective, **Anne Ruth Herkes**, former State Secretary, German Federal Ministry for Economic Affairs and Energy, noted a hardening of views within the EU towards China. “My country has changed its attitude towards China trading and investing in Germany, to the degree that we are more cautious,” she said. “China hasn't given way in

terms of how it prevents a level playing field to come into existence, and it has not given way in terms of intellectual property issues.” But she questioned the wisdom of current US policy on China. “Going for full blown-out trade friction in a world that is as interdependent as ours is not a smart move.”

For **Steven Okun**, Senior Advisor at McLarty Associates, the era of the US accommodating and engaging with China on trade and economics “is over.” He argued that relations will not improve until the fundamental question of China's economy is addressed. “Until there's a discussion on how China's going to transform from a state-led economy to a market-driven economy, and how the US and the West are going to be part of that discussion, I don't see any change happening.”

Given these tensions in the global economy, do agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) take on heightened importance? That was a question **Michael Lawrence**, Chief Executive of Asia House, put to **Luong Huong Thai**, Director General of the Multilateral Trade Policy Department, Vietnam Ministry of Commerce, who is involved in CPTPP negotiations. “The CPTPP is something that we are trying to do a little bit quicker because of what is happening,” he confirmed.

The panel gave delegates a frank and honest take on the big issues shaping trade policy today from those at the heart of global trade.

Data policies risk undermining ASEAN's booming digital economy

The digital economy in Southeast Asia is thriving, but the advent of data nationalism could derail progress. That was the view from the 'Creating a Digital Ecosystem' panel, which focused on new technologies and their regulation.

Kiren Kumar, Assistant Managing Director, Singapore Economic Development Board, emphasised the robust nature of the region's tech sectors. "We are seeing the digital economy taking off in a very big way in Southeast Asia and ASEAN," he said. "It will be a \$240 billion market in the next five years, there will be 1.7 million new jobs and 350 million users of technology."

The optimism being felt towards the region was reinforced by **Marcus Treacher**, Ripple's Senior Vice President of Customer Success. Offering an insight from Ripple, Treacher said: "We work globally, but we're seeing that most of the energy and drive is in Southeast Asia, the Middle East, and South Asia." He described a commitment to growth, energy, dynamism and investment, and "a can-do mentality around the Asia region."

"Most of our groundbreaking innovation is happening here," he added.

Interestingly, there is an emerging trend of incumbent businesses regaining ground against

FinTech disrupters in the region, IBM's **Syed Shahid Hussain**, Managing Partner, Financial Services Sector for ASEAN, revealed.

"It is a matter of survival – if you don't invest, you won't be there," he said, highlighting the greater resources at the disposal of established companies that are driving this trend. But data is just as important, and incumbents have an advantage here too.

"We are seeing incumbents coming back, striking back at FinTechs and driving innovation," Hussain said. However, despite a lively, competitive and fast-growing digital economy in Southeast Asia, the region has exposure. For **Sopnendu Mohanty**, Chief FinTech Officer, Monetary Authority of Singapore, there are worrying clouds on the horizon. "There's a reverse thinking happening," he said. "Countries are getting nationalistic about data. They're saying 'my data, my country, my data stays in my country'. If that starts happening, all the AI companies trying to take advantage of data will start struggling."

The discussion, chaired by Asia House Chief Executive **Michael Lawrence**, also explored the key technologies driving change in the trade landscape, with blockchain coming under particular focus. The panel also looked to the future, and to the shifts that will likely take place across business models and regulation.





Assessing the bump in the Belt and Road

China's Belt and Road Initiative (BRI) experienced a bumpy ride in 2018, with countries cancelling Beijing-backed infrastructure projects and escalating criticism of the programme from the US.

However, for the Chairman of one of the world's leading design and engineering firms, some of these concerns have strong political motives.

"We should call out the elephant in the room," **Gregory Hodkinson**, Chairman of Arup Group, said during a panel discussion on "The Politics of the Belt and Road". "It's geopolitics. It's not quality concern, it's not debt concern, it's geopolitics.

Hodkinson was joined on the panel by **Donald Kanak**, Chairman of Eastspring Investments, who questioned whether there really was a global pushback against the BRI.

"If you get on a plane and go to other parts of ASEAN... if you go to Cambodia, to Laos or Indonesia, you wouldn't hear that it's become unpopular or that the wheels are falling off," Kanak said.

However, the Chinese "do recognise that there are problems with the projects in host countries and that there is some unhappiness over the way these projects are managed," according to **Goh Sui Noi**, East Asia Editor for *The Straits Times*. Many of these problems are down to the lack of involvement of local labour, she said. "The Chinese bring an entire production chain to these countries, even down to the cooks and cleaners, and so the sense is that the local

community does not have a share from this economic activity. The local communities don't benefit from it."

Also on the panel, moderated by Asia House Chief Executive **Michael Lawrence**, was **Professor Xiang Bing**, Dean of the Cheung Kong Graduate School of Business, who highlighted the need for infrastructure to create regional prosperity, using China's own success as an example.

"Look at the experience of China. Without roads and bridges, there was no possibility to develop," he said, adding that China's capacity and vast experience in developing infrastructure quickly should not be of detriment to the BRI as a concept.

Despite Chinese self-interest in the project, "the whole idea should be hugely welcome," he said.

The panel brought fresh insights to what has already become a fast-moving public debate on the BRI – a project that promises to transform global infrastructure and bring much-needed connectivity to the region.

You can watch all the panel discussions, speeches and interviews from the conference at Asia House TV

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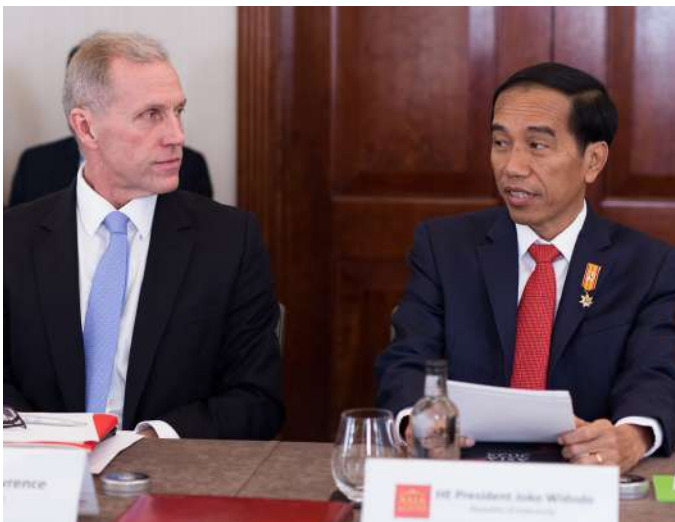
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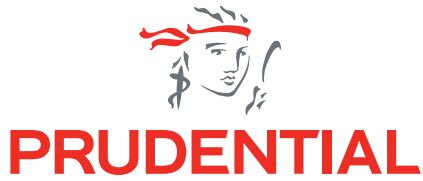


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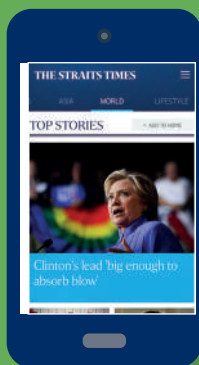
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