ASIA HOUSE

The Asia House Global Trade Dialogue

Highlights and analysis from the Asia House conference in Singapore

7 November 2019
Mandarin Oriental Singapore

The Asia House
Global Trade Dialogue

IN NUMBERS

10
SESSIONS

21
SPEAKERS

350+
DELEGATES

250+
ORGANISATIONS

The Asia House Global Trade Dialogue returned to Singapore in November 2019

Asia House returned to Singapore on 7 November 2019 to convene its major international conference: The Asia House Global Trade Dialogue.

Senior figures from policy, technology, business and regulation took part in the forum, which brought together more than 350 delegates and media from around the world.

Sponsored by Accenture, Arup and Pfizer, the conference put the key issues facing global trade in the spotlight, with the US-China trade war, RCEP developments, and the influence of tech and big data in global trade all on the agenda.

The key word of the conference was

DATA

It was invoked on every panel, from discussions on future trade policy to the transformation of urban life

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The Asia House Global Trade Dialogue was also sponsored by Accenture

KEYNOTE SPEECH AND Q&A | S ISWARAN, MINISTER FOR COMMUNICATIONS AND INFORMATION, SINGAPORE

Singapore's Minister for Communications and Information: inclusive digitisation can counter anti-globalisation

The spoils of the digital revolution must be shared equally to counter the rise of populism, Singapore's Minister for Communications and Information told the conference.

S Iswaran, who is also Minister-in-Charge of Trade Relations, warned that the effects of globalisation and digitisation are exerting pressure on jobs and businesses, leading to pushback against the current global system and "the rise of populist sentiments."

An inclusive approach is required to restore faith in the system and secure a positive digital future for Singapore, he said.

"Globalisation and technological change can create much value and opportunities, yet cause profound dislocations for workers and businesses," the Minister said during the keynote speech.

"Unless there is a fair distribution of the larger benefits, the natural instinct is to push back against greater competition and disruptive change. Our efforts to embrace technology and economic integration must therefore be matched by an equitable distribution of the benefits."

The Minister also took part in a Q&A with Asia House Chief Executive Michael Lawrence during the conference.

WATCH Minister Iswaran's speech and interview with Michael Lawrence at **asiahouse.org**

Gloom for global trade outlook amid tech and data tensions

Victor Chu
Chairman and CEO, First Eastern Investment Group

Barbara Weisel
Managing Director, Rock Creek Global Advisors and former US Trade Representative for Southeast Asia

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

Victor Gao
Vice President, Center for China and Globalization

Tensions over technology are driving the US-China trade dispute, which is rapidly evolving into a tech war, according to former US Trade Representative for Southeast Asia and the Pacific, Barbara Weisel. The Managing Director, Rock Creek Global Advisors, said the 'phase one' deal being negotiated between the US and China "hasn't touched what's really at the heart of this, which is the tech war." Weisel said structural concerns, such as tech and IP issues, aren't covered by the "transactional" deal, which leaves room for uncertainty. "The tech war is expanding," she said. "And it's not being addressed."

Weisel was joined by senior figures from policy and investment at the dialogue to discuss the global trade outlook, with US-China tensions emerging as the key conversation point. Asked by Michael Lawrence, Chief Executive of Asia House and conference chair, whether Beijing needs to pick up the pace of market reforms, Victor Gao, Vice President, Center for China and Globalization, said China has been reforming for decades.

"For the last 41 years China has always been reforming itself, politically and economically," Gao said. "Without major reforms in China, how could you explain the Chinese economy's transformation?"

For Victor Chu, Chairman and CEO, First Eastern Investments, current global conditions are not conducive to investor confidence. Citing the trade war, Brexit and President Trump's impeachment proceedings, Chu said the private sector "will be second guessing" the markets in the months ahead. "We're going to withhold a lot of our investment decisions," he said. "It really makes me worry about FDI around the world."

However, Anne Ruth Herkes, former State Secretary, German Ministry of Economic Affairs and Energy, saw cause for optimism in the EU-Singapore FTA and the Regional Comprehensive Economic Partnership. "This is what we need and where we want to be," Herkes said. "We live in an interdependent world. That is what we wanted – now we have to shape that world."

IN CONVERSATION | ARANCHA GONZÁLEZ, UNDER-SECRETARY GENERAL, UNITED NATIONS

LORD GREEN, CHAIRMAN, ASIA HOUSE

Arancha González: Governments ill-prepared for digital revolution

Governments around the world must invest in re-skilling their populations as the digital revolution transforms the global economy, Arancha González, Under-Secretary General, United Nations, said during a discussion with Asia House Chairman Lord Green.

González, who also serves as Executive Director, International Trade Centre, urged policymakers to recognise the tech-driven changes taking place.

"A country like Denmark, where there is big support for international trade, spends two per cent of GDP on active labour market policies, meaning those who lose their jobs because of the digital revolution get support to go back into the labour market," she said. "Germany spends 1.2 per cent of GDP on active labour market policies. In the US it's 0.1 per cent."

González stressed that such domestic issues must be addressed if the global trade system is to endure. If they aren't, "political support for open markets will gradually erode."

In a wide-ranging conversation, González also revealed ongoing debates within the World Trade Organization (WTO) around data and its implications.

"Where will the data sit? Who will own it? How will we protect it?" are all being asked by member states, González said, as data issues disrupt global trade and policymaking.

The ongoing question of WTO reform also arose, with Lord Green identifying "work that needs to be done" to bolster the organisation. "We want a WTO which has strong arbitration, makes strong dispute resolutions, and is authoritative, so that counties around world respect its decisions and abide by them," he said.

Banking sector faces "tremendous threat" from big tech, Stuart Gulliver warned

Global banking faces a "tremendous threat" from big data companies, the former Group CEO of HSBC, Stuart Gulliver, said during a Q&A with Asia House Chief Executive Michael Lawrence.

Gulliver said challenges to the banking industry are "primarily coming not from FinTech, but big tech."

While digital innovation across personal finance will impact on retail banking, "big tech, the big platforms, absolutely are a threat to traditional banks," he said.

Gulliver cited the huge data pools that big tech companies can draw on as a key area of concern for the banking sector, as these will enable tech platforms "to bank companies, particularly SMEs, that the traditional banking system would struggle to."

Data driven decisions

"A lot of very small SMEs don't have audited accounts or tonnes of collateral to put up. But if you have the data going through to make decisions based on AI and machine learning – because you are in the ecosystem in which the SME buys its supplies and sells to consumers – you can make probably a better-informed credit decision than a human could within a bank."

> " The industry absolutely has to deal with this. "

Gulliver, who currently serves as Non-Executive Director at Jardine Matheson Holdings, said the industry "absolutely has to deal with this."

Offering a prediction for the future of banking, Gulliver also suggested that business models may well change as FinTech makes incursions into the retail banking space.

"It wouldn't surprise me if in ten years' time, HSBC looked more like it did in 1865, when it first started," he said. "It was a corporate bank that financed maritime trade, banking small, medium sized and large corporates, and it didn't have a retail piece."

US-China trade deal

Gulliver also addressed the US-China trade tensions and the outlook for the global economy. Commenting on the 'phase one' deal between the US and China, Gulliver opined that the deal fails to address key issues at the heart of the current tensions, including Intellectual Property rights and "the business model of the Chinese state." But he was broadly optimistic about the state of the world economy, citing a stronger-than-expected US performance and a flattening yield curve.

Bull market

"We've got reasonably strong signs of a prolongation of US GDP growing in a positive way," he said. "What's going to be in the back of everyone's mind is that we're at the very late stage of a bull market, and the extent to which that bull market can continue, and on what basis it continues, is the question that everyone investing money has to deal with."

PANEL SESSION | CAPTURING THE VALUE OF ASIA'S DIGITAL ECONOMY

Capturing the value of Asia's digital economy

Stephanie Davis
Managing Director of Sales and Operations for Southeast Asia, Google

Pierre Gaudreault
President, Asia Emerging Markets Region, Pfizer Biopharmaceuticals Group

Lay Lim Teo
Senior Managing Director of Accenture ASEAN

Fajrin Rasyid
Co-Founder and President, Bukalapak

George Raymond Zage III
CEO, Tiga Investments and member of Gojek's Board of Commissioners

Southeast Asia's internet economy will be worth US$300 billion by 2025, according to a new Google and Temasek report. Alongside the commercial opportunities this will bring, the digital revolution could see companies "completely re-imagine" their business models and herald unprecedented social benefit, a panel of leading industry figures told the forum.

Stephanie Davis, Managing Director of Sales and Operations for Southeast Asia, Google, said the growth rate of the region's digital economy has hugely outstripped expectations. "In 2015 we estimated that by 2025 the digital economy would be US$200 billion," she said. "Then in 2018 we said US$240 billion, and this year we said US$300 billion."

Rapid progress in five out of six key digital areas "has really spurned things along faster than we had imagined," Davis added.

The speed of this transition will bring profound change, even to sectors that have traditionally been slow to embrace digitisation, according to Pierre Gaudreault, President, Asia Emerging Markets Region, Pfizer Biopharmaceuticals Group. "It's fascinating and perplexing to see how resistant healthcare was and still is to digital disruption," Gaudreault said. But this will change as digital technologies redraw the process in which health products are developed and brought to market.

"AI technologies and machine learning will accelerate that life cycle tremendously, and will be of huge benefit for patients and society," he said, adding a prediction that "new healthcare algorithms to predict better outcomes will grow exponentially in the next few years." However, the biggest disruption "will be around how we use data to provide better outcomes for patients," Gaudreault added.

Data is, of course, at the heart of the digital economy. But its implementation goes beyond the commercial context between business and consumer. That same data can help SMEs access trade finance in ways previously unimaginable, as Fajrin Rasyid Co-Founder and President of the Indonesian unicorn Bukalapak, pointed out. "We can only grow so long as the merchants inside our ecosystem can grow," he said, "so we also look at how we as a platform can help them grow."

To stimulate that growth, Bukalapak is partnering with banks and FinTech companies to facilitate data-driven financing to help SMEs. "If merchants need financing we will ask them if they want their data shared with our financing partners," Rasyid said. "We use the data to decide the amount of financing we want to give."

But data is, of course, an increasingly controversial and contested commodity, exposed to regulatory and political risk. For George Raymond Zage III, CEO of Tiga Investments and a member of Gojek's Board of Commissioners, this presents a challenge to investors.

"If you're obsessed with trying to protect data, it is fundamentally unrealistic," he said, highlighting the role of mobile usage in companies gaining a wealth of information on consumers.

"In terms of creating value, I think it's easier if people just assume that it's out there and to not be that bothered by it. If you're in a country that's trying to hammer that [data] down, that would make me nervous."

Despite the challenges, digitisation offers exciting opportunities to reshape the commercial environment, as Lay Lim Teo, Senior Managing Director of Accenture ASEAN, colourfully conveyed with a case study. Teo cited a comedy club in Spain which is using digital technologies to explore new business models.

"They have installed screens in front of every seat, and they now charge by the laugh. Sensors tell if you're laughing or not," she said. "They've seen a 35 per cent increase in audience sizes and a seven-euro-per-head lift in revenues." For Teo, this example encompasses the potential of the digital economy to find new value in established services. "Digital allows us to completely re-imagine what we do," she said.

Attitudes to data could hold back AI potential

Artificial Intelligence (AI) and machine learning technologies are already transforming the trade and investment landscape. But a "growing trend globally" towards data localisation is a cause for concern, a leading AI figure and regulator told the conference.

Dr David Hardoon, Special Advisor (Artificial Intelligence), Monetary Authority of Singapore, warned against an approach to data that would see innovation stifled.

Echoing earlier comments made by Singapore's Minister for Communications and Information, S Iswaran, Hardoon urged the corporate world to "stop referring to data as like oil, because it elicits this emotive response of 'I need to keep this as close as possible'."

In a lively presentation, Hardoon outlined the big issues facing AI and its application to global trade, in which he called for an approach which ensures privacy issues are addressed but does not encourage localisation.

"Locking data down" along geographical lines will not only disrupt consumer experiences, but will also lead to a fragmentation of risk, Hardoon said.

Asia's FinTech revolution is forcing change

Eddie Lee
Regional Director of Operations, Revolut

Marjan Delatinne
Global Head of Banking, Ripple

Dr David Hardoon
Senior Advisor (Artificial Intelligence) MAS

A recent report by McKinsey suggests that established banks risk becoming "a footnote of history" if they fail to embrace the opportunities emerging from FinTech. But how do disrupters and regulators anticipate the FinTech revolution playing out?

"It's obvious that banks can no longer ignore FinTechs," Marjan Delatinne, Global Head of Banking, Ripple, said. "It's a question of survival at this stage," Delatinne said, citing "large incumbents" such as Visa and Mastercard moving towards new business models. Banks need to change, she added, while noting the substantial challenges they will face in making such transformations.

For Eddie Lee, Regional Director of Operations, Revolut, collaboration is the way forward. "Partnerships are quite critical," Lee said, adding that companies such as Revolut – which focus on creating a seamless experience for end users – see value in a collaborative approach with established banking players. "When we first started in 2015, many of the banks viewed us as a pure competitor, but the dialogue has evolved," he said. "Revolut can be an incredible acquiring engine and partner for banks to [enable] a better customer experience."

Asked by Michael Lawrence, Chief Executive of Asia House, if banks do indeed risk becoming "a footnote of history", David Hardoon, Senior Advisor (Artificial Intelligence), Monetary Authority of Singapore, predicted a shift in approach.

"People need banking services. They don't necessarily need banks," Hardoon said. "I don't think banks will become a footnote, but there will definitely be a change in what they look like and how they operate."

WATCH the discussion in full at **asiahouse.org**

PANEL SESSION | FUTURE CITIES

Resiliance and tech should be central to Asia's future cities

Peter Chamley
Chair, Arup Australasia

Yasser Helmy
Head of Smart and Connected Communities, Asia Pacific, Cisco

Jessie Yu
Senior Product Lead, Alibaba Cloud

Aileen Zosa
Executive Vice President, Bases and Conversion Development Authority, The Philippines

Asia is urbanising rapidly, with 350 million more people expected to be living in its cities by 2035. This trend will place pressure on current infrastructure and bring fresh challenges for city planners and policymakers – from issues around sustainability to the task of attracting talent.

Perhaps the biggest challenge relates to the environmental impact of urbanisation and the increasing threat of climate change. For Peter Chamley, Chair, Arup Australasia, a focus should be on resilience. He said cities should plan on the understanding that extreme weather events will happen, and ensure integrated systems are in place to enable water, power and food supplies to be restored quickly. "Cities working hard to build up their resilience is the key to dealing with climate change," he said. "Rather than thinking "how we are going to resist [extreme weather]", we should think about how we can get back on our feet."

Having a vision which drives all areas of planning is also key to meeting emerging urban challenges, Yasser Helmy, Head of Smart and Connected Communities, Asia Pacific, Cisco, opined. "When Copenhagen announced that it's going to be carbon neutral by 2025, that was the vision," he said. "It translates to that vision being baked-in to every department in the city. So if they're in the roads department and are building a new road, they'll always benchmark against whether it contributes to the goal or takes them a step back."

Technology will, of course, be integral to the cities of the future. Its role in urban infrastructure has already given rise to the phrase 'smart cities', and emerging tech is being embraced by planners across the region. One example was offered by Aileen Zosa, Executive Vice President of the Bases Conversion and Development Authority, The Philippines, who shared details of Artificial Intelligence and facial recognition being integrated into New Clarke City. "Facial recognition is vital for a special economic zone, for safety," she said. "We are opening-up a new terminal building in Clarke airport, and technology can be harnessed to enhance safety and protection."

While there is controversy around facial recognition, as Michael Lawrence, Chief Executive of Asia House and conference chair pointed out, it was a compelling example of how digital technologies are likely to shape the future urban experience.

Looking ahead, Alibaba Cloud's Senior Product Lead, Jessie Yu, shared her insights on "the next phase of the smart city," highlighting a strategic partnership with the Singapore Board of Tourism aimed at bringing physical infrastructure into the digital space and enabling global payments. "In our perspective, this is the next phase of the smart city. It's about people. It's beyond the traditional theme of traffic – it's about how we can help people collaborate with the rest of the world."

A high-profile media event

The Asia House Global Trade Dialogue attracted media from across the region, putting speakers and sponsors in the spotlight.

South China Morning Post

This Week in Asia / Economics

Dominance of state-owned firms in China must be 'seriously confronted', former US trade negotiator says

- Barbara Weisel faces off at forum with ex-interpreter for late Chinese leader Deng Xiaoping over access to the country's markets and alleged technology theft
- Former translator Victor Gao says Beijing will never succumb to US pressure as surrender would herald the collapse of the Chinese government

Dewey Sim
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THE STRAITS TIMES

A6 | TOP OF THE NEWS | THE STRAITS TIMES | FRIDAY, NOVEMBER 8, 2019

S'pore must stay open and inclusive to thrive in digital age: Iswaran

Grace Ho
Senior Political Correspondent

KEY VALUES

Staying open and being inclusive has underpinned the Singapore story and our journey thus far. I believe these values will endure as our cardinal points as we work with our partners from around the world...

MINISTER FOR COMMUNICATIONS AND INFORMATION S. ISWARAN

Globalisation and technological change create much value, yet can cause profound dislocation to workers and businesses.

To deal with these challenges and thrive in a digital age, Singapore must stay open to seize opportunities, and be inclusive so that these opportunities are equitably distributed, said Minister for Communications and Information S. Iswaran yesterday.

"Unless there is a fair distribution of the larger benefits, the natural instinct is to push back against greater competition and disruptive change," he said.

"Sustaining such a mindset is challenging in normal times, but especially so in times of economic uncertainty when you have to stand on principle, conviction, and go against the grain and popular sentiments. That requires political will and strong leadership."

Addressing 300 business and government leaders at the Asia House Global Trade Dialogue held at the Mandarin Oriental hotel, Mr Iswaran said that the volume of cross-border data flows in 2017 was nearly 150 times that of the amount in 2005.

In South-east Asia alone, the digital economy is expected to treble in size to US$300 billion by 2025. The digital transition will also disrupt jobs, businesses and economies, said Mr Iswaran, who is also Minister-in-charge of Trade Relations.

Global consultancy McKinsey estimates that by 2030, 14 per cent of the global workforce, or about 375 million workers, may have to find new occupations.

Trade agreements that were conceived in a pre-digital era are not designed for these new economic realities and trade patterns, Mr Iswaran said. "It is therefore in our collective interest to update global trade agreements or strike new arrangements, to facilitate the flow of data and digital transactions," he noted.

Mr Iswaran also added, had embarked on negotiations for Digital Economy Agreements (DEAs) with like-minded countries such as Australia, New Zealand and Chile.

These pacts seek to establish clear and harmonised international rules, and allow free data flow between countries with appropriate safeguards.

Other initiatives include the Asean Cross-Border Data Flows Mechanism, the Apec Cross-Border Privacy Rules, and the Joint Statement Initiative on E-commerce at the World Trade Organisation.

But it is critical that gains from trade and globalisation translate into benefits at the micro level, he said, so that small and medium enterprises (SMEs) and less skilled workers who may disproportionately bear the burden of adjustment...

Call to keep RCEP door open for India despite its rejection of deal

Linette Lai
Political Correspondent

Keep the door open for India, even though it has rejected the Regional Comprehensive Economic Partnership (RCEP) deal for now, said Minister-in-charge of Trade Relations S. Iswaran yesterday.

"Is it a disappointment? Yes. But is it something that has to be a permanent outcome? No," he said at the Asia House Global Trade Dialogue.

He added that the countries that have already come to an agreement will be considering to "keep the door open for India to come in at the appropriate time, but without compromising the disciplines and protocols that we have all agreed to".

"I think it's important we keep up the engagement in order to realise the full potential. India is going to be not just a big market but also an important part of the supply chains in the region. And so, its integration into RCEP is key."

Indian Prime Minister Narendra Modi said at the Asean Summit earlier this month that his "...

Minister-in-charge of Trade Relations S. Iswaran (right) said at yesterday's Asia House Global Trade Dialogue moderated by Asia House CEO Michael Lawrence that it is important to keep up the engagement with India. ST PHOTO: GAVIN FOO

Bloomberg

Economics

Singapore-EU Free-Trade Pact, Long Debated, Takes Effect Nov. 21

By Michelle Jamrisko and Ishika Mookerjee
8 November 2019, 12:30 GMT

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20 | GOVERNMENT & ECONOMY

Singapore must stay open and inclusive to thrive in digital age: Iswaran

In South-east Asia alone, the digital economy is expected to treble in size to US$300 billion by 2025

Trade pacts conceived in a pre-digital era are not designed for the new economic realities and trade patterns, says Mr Iswaran. Hence the need to update agreements or strike new arrangements. ST PHOTO: GAVIN FOO

GLOBAL MEDIA IN ATTENDANCE

- BBC World News
- Bloomberg
- Business Times
- Channel News Asia
- CNBC
- The Economist
- Economic Times
- Financial Times
- FX Street
- South China Morning Post
- The Straits Times
- Tech in Asia

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- Our knowledge – our team in London and our network of advisors across the region have experience operating in multiple markets and sectors
- Our expertise – receive impartial, accurate, and pragmatic advice on issues across policymaking, market opportunities, political risk, and stakeholder engagement
- Our independence – Asia House is not funded by any government and we pride ourselves on our neutrality, objectivity and discretion

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singapore Passion Made Possible

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