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As part of the Café Insights series of interviews with insightful speakers, The Insight Bureau recently caught-up with Dominic Ziegler, Senior Asia Correspondent and Banyan Columnist at the Economist. He shares with us his current areas of focus – and concern.



Andrew Vine

Hello, and welcome to another in the series of *Cafe Insights*. I'm Andrew Vine, the founder and CEO of The Insight Bureau, and today, I'm in conversation with Dominic Ziegler from *The Economist*. How are you doing?

Dominic Ziegler

I'm very well, Andrew. Good to see again.

AV

Great to see you again. Well, Dominic is a senior Asia correspondent with *The Economist*. He writes the *Banyan* column each week, and he's one of the few foreign correspondents that have major news organization actually based in the region now. So great to see you. What are you up to these days? You're in Singapore for just this week?

DZ

I'm in Singapore this week partly to look at a problem that a lot of countries have, which is how governments deal with the issue of fake news. Singapore has passed legislation, POFMA, which is quite extreme by the standards of many democracies, but of course, it's very, very relevant now because not only is fake news contagious, but so is the Coronavirus. And some of the fake news that the Singaporean government is worried about is precisely how false rumors might spread about the virus and leads to create panic.

AV

Well, I mean, you spend all of your time, pretty much, on the road around Asian. The whole point is to be the finger on the pulse of Asia and its key developments. We were talking the last time about the China trade war, and Trump and his antics. We were talking about the-- well, then of course, we were faced with Hong Kong's crisis of the protests. We're also concerned a little bit about China flexing its muscles in the region, but all of these issues at the moment are eclipsed, of course, by the Coronavirus, which has broken out in Wuhan, just recently, and we were still getting to grips with what this really means, but it's clear that this is a world problem, not just a China problem, but you're closest to China sitting there in Hong Kong most of the time. How worried should be about this, and how does it fit into the big scheme?

DZ

Well, I'm not in a position, not being an expert, to give you a sense of how worried we should be about the virus itself. And at this stage, it's early days, isn't it, and we still don't have a sense of how this virus will spread, how viral it'll become, and for how many countries it will be a big problem, but it's already clear to me that the virus has huge impact on several dimensions. First of all, in the case of China, it is the most severe challenge to Xi Jinping, the president, the president for life. He has had developed around him an extraordinary personality cult for which he gets credit for everything good that China does, but of course, by the same token, he will be blamed for anything that goes wrong. This is a challenge. The biggest challenge for him until the outbreak of the Corona Virus was Hong Kong and the protests there. In a way, the virus has magnified the crisis in Hong Kong for China, and indeed, pro-democracy protesters in Hong Kong have used the outbreak as a further way to beat up on the government of Hong Kong under Carrie Lam. They have, for instance, demanded that she close the border. She's under increasing pressure to do that despite the certain displeasure from Beijing if that happens. So, it's an example of how all these things play one into another.

One thing that has become clear to me here in Singapore in conversations here with government and business people is that no matter how long or short the outbreak of this virus remains a crisis, it's already affecting the thinking of businesses in the region. Never

mind that these businesses were already thinking about what the impact of their business models is of US-China trade tensions.

AV

Or they're typically worried about anything that shakes China's growth numbers -- we were already slightly alarmed that perhaps it's lower than we thought was going to be healthy, and now, one thing after another seems to be denting those numbers.

DZ

Again, of course, if this is a short-lived epidemic then, to a certain extent the economic costs can be contained, but I wouldn't underestimate the economic impact in the short-term. I flew over the area south of Hong Kong the other day, and below were dozens and dozens of empty container ships, cargo vessels, anchored without freight to pick up in China. So the whole global supply chain seems, for now at least, to have snapped. Growth in China is certainly likely to slow quite sharply, and as I say, I think it's already having an impact on the thinking of businesses that have operations in China. They've already been hedging by moving operations to other parts of Asia. Now, they'll revisit that again, the risk of having too many eggs in the China basket.

AV

Well, I was going to say, there's been one thing after another that has raises question marks about whether China is just 'too important'. There's been this question mark about whether there's too much risk associated with putting all your eggs in one basket, as you said, with China. But where else can you diversify your interests when you've got a huge market the way China is, and its dominance and its growing influence in the world? You just can't de-couple from China that easily.

DZ

Well, a couple of years ago, as US-China trade tensions were rising, some businesses were relocating at least some of their manufacturing to nearby countries in Southeast Asia, in particular Vietnam, but now, with Coronavirus, even Vietnam looks too close for comfort. So, my guess is that the debate in boardrooms in the coming months is about how to build resilience into global supply chains. Now, that may play to President Trump's advantage. His administration has been urging American businesses to come home. Well, I suspect it's that kind of trend and not just for America but for Europe too will accelerate.

AV

You've been spending a lot of you time looking at China -- from the outside more than from the inside in a way -- China and its influence in the world and how it's been developing its footprint across the Belt and Road, for example, which is really very wide. And that's actually the focus of one of your most recent special reports, The Belt and Road.

DZ

Yes, actually, it's out today. I spent quite a bit of time travelling, well, much of the world, to try to get a sense of China's place in the world. So yes, it's about the Belt and Road Initiative, this great infrastructure connectivity scheme that President Xi Jinping launched in 2013. It's since become really a sort of rattle bag for anything China is going overseas. Everything's been lumped into this bucket of the Belt and Road Initiative. My travels took me to the Pacific, to Southeast Asia, Indonesia, Pakistan, Sri Lanka, Ethiopia, Greece, and the conclusions I came away with were several; one is that the infrastructure spending is for real. It's not always clear to see because there's a lot of chaos, a lot of unplanned stuff around Belt and Road, a lot of things that are labelled Belt and Road projects that don't really deserve to be, but there is real infrastructure spending going on, financed by China. It's not a house of cards, as the Trump administration sometimes claims. A broader conclusion I came to is that Belt and Road is the way China thinks it can bend the world, bit by bit, to its will. The branding aspect of it, the political aspect of it is as important as the hard stuff that's getting built that this is a way for China to say, "Look, aren't we great? Aren't we generous? Aren't we peace-loving?" And then when it gets leaders to sign-up to that idea of China, other countries' leaders, then President Xi turns around to his own people and says, "Look, here comes the world to pay us tribute."

AV

And arguably, a collaborative way of expanding their footprint by inviting participation from governments and the international organizations and finance the world to actually

build this together. China absolutely emphasizes the collaboration, and it talks about win-win, neutral cooperation. The silk road spirit is all about cooperation, but it is on China's terms. If you question the silk road spirit, then you're questioning the cosmos, and you're sanctioned for it. You're punished for it.

- DZ** China absolutely emphasizes the collaboration, and it talks about win-win, mutual cooperation. The silk road spirit is all about cooperation, but it is on China's terms. If you question the silk road spirit, then you're questioning the cosmos, and you're sanctioned for it, you're punished for it.
- AV** You're one of the people, I think, that do a very difficult job of actually joining the dots between all of these things. In isolation, you can talk about what's happening with various developments in the world, but to join the dots and help us understand how it all fits together is crucial.
- DZ** Well, I'm very lucky in being able to travel for The Economist and ask people questions. I have to say that what leaders say in Southeast Asian countries say in private about China is rather different than they say in public.
- AV** So just to finish off then, I mean we know we live in an ever-changing volatile world full of risk, but what are you worried about, beyond Coronavirus -- let's just take that as a given now because we have no idea, it's a wild card -- but beyond the virus, what are the other things we should be concerned about in the region?
- DZ** Well, I mean, it used to be that geopolitical risk wasn't something that one can or should plan for, but I think over the last two or three years, such risk has come right to the fore. We have this enormous sort of struggle for supremacy between the US and China, which in Asia is sort of shifting the tectonic plates. And, in a way, many things, including the virus, play into this dynamic in ways that aren't always predictable, but I think that that is going to be the fore for a good, long time to come. There are other aspects that possibly in this part of the world we're underplaying, but which the Australian bush fires have given us a sort of intel and that's the environment stresses that we're placing, and this region, it's-- but this region is particularly vulnerable to climate change, very large megacities perched at sea level. The impacts of global warming and rising sea levels have a profound impact here in Southeast Asia.
- AV** Very interesting times, which is a curse in some ways, but thank you very much for the time you've spent with us, Dominic.
- DZ** Thank you, Andrew. Good to talk to you.
- AV** Great to see again

Dominic Ziegler is a leading Asia commentator, who touches on many of the critical issues shaping Asia's future. As the Senior Asia Correspondent and Banyan Columnist for the Economist, Dominic Ziegler is one of the few international correspondents based in Asia, with extensive knowledge of China, Japan and issues facing the Asia region. He is regularly invited to present at various conferences around the world or to moderate panel sessions, and is often called-upon for his expert moderating skills.

To learn more about Dominic Ziegler's experience and insights, please visit:

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