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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, Asia Columnist and Senior Editor, *The Economist*. I asked him about the key issues facing Asia Pacific and in relation to global affairs.



[\[Link to audio recording\]](#)

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

Dominic Ziegler: Hello, Andrew. Great to see you again.

AV: Well, it's good to see you. We actually live in the same city, but we don't get to see each other so much, do we? So this is great.

DZ: We were last here nearly three years ago. And what a different world it was.

AV: Yes, and it would be interesting to hear your views on how you think the world has changed. Your job, of course, every week is to write *Banyan*, the Asia column for *The Economist*, but you also get more and more involved as a senior editor within the team on the big strategic issues that face the world. So we can go into a lot of that. But quite a region, a disparate set of geographies to cover, isn't it?

DZ: Asia is a kind of artificial construct in terms of how you define it.; and we at *The Economist* define it as anywhere east of Iran, we go down southwest to the Maldives, up to the top of Japan in the northeast, and then down to New Zealand and the Pacific Islands. So that's our vast beat. And of course, it's an incredibly disparate, varied place. It's not a definable polity as Europe is, for instance. And so that's the challenge of covering it. Cultures are enormously different. Religions are wide and diverse and varied, from Islam to Christianity to Buddhism. And languages, of course, and ethnicities are again also extraordinarily diverse and varied. The challenge about finding common themes through this great mosaic, however, is, in my view, becoming clearer because some of the key topics that inform every country are becoming more and more commonly shared. One of them is geopolitics. The region is seeing not only two great superpowers vying for supremacy, the US and China, of course. It's also seeing a third power, India, which has considerable ambitions and whose economy seems to be now taking off in impressive ways.

AV: There's a variety of themes that run through *Banyan*; some of it is trade, some of it is tensions, security issues around the world. What are the main things that you seem to be reporting on most?

DZ: I think probably the first is the geopolitics, how to navigate between China and the US in ways that don't decrease your own country's autonomy and range of options. There are shared problems beyond that. And, of course, climate is one of them. Now this is a region, of course, which is desperately short of strong institutions. It's not the part of the world that is driven by institutionality, but there's a great need for them, particularly dealing with common themes around climate and increasingly around reaching towards an energy future that's typified by more renewables. Other shared problems, overfishing; crime; transnational drugs; and, of course, economic themes, particularly now that supply chains have shortened, have consolidated as a consequence of the great US-China contest.

AV: Well, I remember when we met last time, the US-China tension was quite a big thing that we were talking about. And over the years, we went from a Trump administration to a Biden one, and we were

guessing how things would change. The truth was nothing much did change between one administration the other, essentially, did it?

DZ: The tensions between the two countries have, if anything, cranked up further. And those who predicted that an administration led by President Joe Biden would deal with China in a substantially different way than his predecessor, Donald Trump. Well, those predictions proved wrong. And after all, in trade terms, it's on the Democratic side, probably even more than the-- on the Democrat side, probably even more than the Republican side, that the suspicion of China's trade heft its ability as Americans see it to steal or to take American jobs. The trade tensions between the two countries have only magnified. And we saw last year pretty strong measures introduced by the Biden administration against Chinese acquiring IT, AI, machine learning capabilities. Such measures have been reinforced just a couple of months ago in terms of restrictions on what American private equity and venture capital firms may invest in in China, around AI and around semiconductors. So that has got harsher. I think what has changed is that there isn't any longer the complete chaos of the Trump administration in so many other fields. I think that the US now consistently attempts to find friends in the region to push back against China. You can argue about whether that's the right approach or not, but it's certainly more consistent under Joe Biden than it was under Donald Trump.

AV: And of course, who knows? We may have another Trump administration to come.

DZ: That's absolutely right. I mean, I think that in terms of the politics, the Democrats will be relieved to see so many cases laid against Donald Trump that will certainly colour the coming months leading up to the campaign. But at the same time, there's no guarantee that Joe Biden can beat Donald Trump at the general election.

AV: Yes, and I was thinking as well about the way that multinational organizations have to take all of these issues on board when they're thinking about both running their businesses for today, but also charting the strategy, the future for their organisations as well. Geopolitics obviously matters a lot. It can make an enormous difference to whether you ever get a return on investment or how you enter a country and start to do business there. And it's kind of changed. I think I've seen, and maybe you've seen this too, in terms of how organisations are trying to diversify away from China a little bit. Have you seen that?

DZ: Yes, and I think that is happening. And I think it is because of geopolitics, which as you suggest, is not something boards used to need to worry about, but that's certainly no longer the case. Geopolitics are key. And I think particularly at a time of contestation between the US and China and around supply chains. Some people say that we're in a new Cold War. That's debatable, but certainly, as Condoleezza Rice and Niall Ferguson argued in our pages not long ago, there's precious little room for cooperation and a great deal of room for conflict. And of course that affects companies. And it affects companies at the supply chain level. And we've seen, first of all, China taking up a sharply smaller share of American imports than even five years ago. And in fact, China accounts for the smallest share of American imports for 20 years.

AV: ...replaced by more intra-Asia trade?

DZ: So what's happening is that the US is importing more from Mexico and Europe than it did before. And then within Asia, what we're seeing in terms of supply chain shifts. And partly, it's sort of the China Plus One effect. It's partly a sense of countries in the region -- in Southeast Asia in particular; Thailand, Indonesia, Vietnam above all -- looking at the way the geopolitical winds are blowing and trying to attract production to them. And that is certainly shortening the length of supply chains. Perhaps in Southeast Asia's case, this is arguably a return to something that kind of looks more normal. I mean, bear in mind that the sort of East Asian model for decades consisted of investment from outside the region in factory production and end markets, the customers again outside the region, in Europe and in the US. And perhaps this historically is a sort of trade aberration because, of course typically countries and economies trade most with those nearest them. That's now happening in Asia partly as a consequence of Asian supply chains and distribution networks all tightening up and becoming more focused on the region. That's

certainly happening, and that's certainly a trend that I think companies will need to pay increasing attention to in the years ahead.

AV: Well, the reason why we work together is because organizations need to get a good grip on not only what's happening, but what the implications are. So, you've touched on some of those things there. I mean, this is the thing: trying to stay one step ahead, perhaps anticipating what the next development is going to be that's going to make or break some of their plans. I just wonder what are the things that will be keeping them awake at night? What are the things they've got to be looking out for, do you think?

DZ: Well, I don't mean to hark back on the geopolitics, but I think that is something that has the potential to keep anyone thinking about these things awake at night because the world has got more brittle and other parts of the world and what's happening there. And I'm thinking, for instance, in Ukraine, but also recently we've seen ghastly violence between Hamas and Israel. These factors come into play in Asia. They come into play partly because of, for instance, inflationary pressures. And that has been very clear from Vladimir Putin's invasion of Ukraine. It's affected energy prices in ways that have caused political headaches for leaders in Southeast Asia. It also sharpens geopolitical fault lines because China with Xi Jinping at the head of a very Leninist apparatus is not going to make common cause with the West on any major thing. And I think it's an illusion to think that it might, even over climate. It's put all its eggs in the Russia basket so far as the Ukraine war is concerned, it sits on the fence over Israel and Palestine, and these decisions have consequences in a region that China hopes very much to lead.

AV: Very interesting, Dominic, thank you so much for spending some time with me today. You're always flying off somewhere and trying to get another visa in the passport. Where are you off next?

DZ: I'm off this weekend actually to the Pacific, where indeed the sort of contest between China and the West is really quite live, both sides vying for influence amongst these small islands. But the crucial thing and the thing that I hope to understand better is that the concerns and the priorities of these smaller states are not necessarily those of the great powers. And I think it's very important that we see the agency that smaller countries have, and I think it's very important that we support the smaller countries in having a degree of autonomy as the elephants trample the grass.

AV: Indeed. Okay, Dominic. Thanks very much. Have a good trip.

DZ: Thanks, Andrew.

Dominic Ziegler is a leading Asia commentator, who touches on many of the critical issues shaping Asia's future. He is a Senior Asia Correspondent and Banyan Columnist on Asian Affairs, for the Economist. He writes extensively on Asia's economic and political integration, climate change and competition for resources. With over 30 years' experience with The Economist, he brings strong perspectives on the Asia region, particularly China, India, ASEAN and China's Belt and Road Initiative. He has authored a number of The Economist's major surveys on Asia and China.

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