

April, 2025

As part of the Café Insights series of conversations with insightful speakers, The Insight Bureau was recently in conversation with global trade expert, Stephen Olson, Visiting Senior Fellow at the Yusof Ishak Institute of ISEAS. We spoke about the current times and what to expect: Trump, trade, and turmoil!



**Andrew Vine:** Hello and welcome to another in the series of Café Insights. I'm Andrew Vine, CEO and founder of The Insight Bureau, and today my special guest is Stephen Olson. How are you?

**Stephen Olson:** Great. How are you, Andrew?

**AV:** Stephen is an expert in the area of international trade -- a topic of the moment -- and that's why I wanted to invite him in. He's a visiting senior fellow with the Yusof Ishak Institute at ISEAS, the Institute of Southeast Asian Studies here in Singapore, and was previously a research fellow with the Hinrich Foundation. So welcome. What brings you to Singapore this time?

**SO:** Well, I was speaking at a seminar yesterday at Yusof Ishak.

**AV:** You're being asked by companies, of course, really worried about their future, and this is where, of course, we come in with the Insight Bureau. I usually like to ask my guests when I do these things, what keeps you busy these days? Well, we know exactly what keeps you busy at the moment. It's talking about Trump, trade, and turmoil.

**SO:** Well, that's exactly right. We're living through crazy times, Andrew.

**AV:** I've done interviews with other people recently about the geopolitical landscape, and the big question from November has been, what can we really expect? Should we really take this seriously? And I think, well, we know now the answer that it's not just bluster. He is actually pretty serious.

**SO:** He is. This whole question of his extreme trade policies -- are they really a negotiating ploy, or does he really mean it? From my point of view, the question really misses the point because while he certainly enjoys the leverage that these tariffs provide him with, and he's always looking to cut a deal, if he's not able to bring the concessions that he wants out of people, he's perfectly willing to put these tariffs in place, leave these tariffs in place, and potentially even escalate them over time. So yeah, I do think we have to take him seriously.

**AV:** Yes. At heart, he does believe in tariffs, and this is not just a negotiating lever.

**SO:** I think it's important to understand the extent to which his protectionism is deeply baked into his DNA. If you go back 30 years, 35 years, 40 years, listen to some of his interviews, he expresses clear-cut views that foreigners are, quote-unquote, "ripping off" the United States. And the primary target for his ire in the 1980s was Japan. It's now primarily China, although I would argue that the European Union

isn't far behind, but his views on trade have been remarkably consistent over the years and remarkably negative.

**AV:** Beyond just trade itself, it seems to be used as leverage for geopolitical reasons too. I mean, concern about China's rise and how to curtail that. There are wider things at play than just what comes into America.

**SO:** Yes, it's an important point. Trump's approach to trade is really everything's on the table. So, think about the threatened tariffs on Canada and Mexico. They were not about a trade dispute. They were not about an unfair trade practice. They were about immigration and fentanyl. We saw in the early days, a 24-hour mini trade war flare up with Colombia had nothing to do with trade. It was about a disagreement over whether US military planes could be used to deport Colombians. So, he views access to the US market as leverage he can use to extract concessions on any issues, not just limited to trade.

**AV:** Yes. You recently said in a CNBC interview that we should just try not to fixate ourselves on the logic about this. It doesn't necessarily make sense to the trade itself. It might be something else in play.

**SO:** Well, that's exactly right. I mean, Trump firmly believes that unpredictability and chaos are his greatest assets. So, trying to discern logic or coherence in his trade policy just doesn't make a lot of sense. He prefers to keep trading partners on their back foot. If everybody's running around with their hair set on fire, he thinks those are the conditions under which he thrives.

**AV:** Yes, well, when we look at the economics of trade tariffs, it just doesn't make any sense. No one wins out of a trade war, but this is what we seem to be heading towards.

**SO:** You won't find a lot of economists arguing on behalf of tariffs. Almost invariably, they're going to be passed along to consumers, and it means more costly inputs for manufacturing companies. So, the old adage about nobody wins a trade war is true but unfortunately is lost on President Trump.

**AV:** Looking at the bigger picture here, we have to think much more broadly. It's not just about America's trade. It's about China and China's position in the world. And how does Southeast Asia sit in all of this? We're sitting here in Singapore ...

**SO:** Well, a couple things; Southeast Asia was able to emerge largely unscathed from Trump 1.0, but I don't think there's any realistic chance that it will emerge unscathed the second time around. The region has been used as a platform to help Chinese companies get around the tariffs that the first Trump administration placed on trade from China. That's not going to be permitted this time around. I think certainly the reciprocal tariffs that are coming down the road are going to hit this part of the world hard. And I think a lot of countries in the region, which are for understandable reasons, deeply integrated with China, are going to come under a lot of scrutiny to see if either intentionally or unintentionally whether they're helping China circumvent technology restrictions or again being used to circumvent some of those tariffs. So, the bad news for the region is, I think they're going to have to brace themselves.

**AV:** Yes, so a lot of countries in Southeast Asia are going to be looking at this quite closely because they don't want to be inviting the ire of America but want to stay in China's orbit too.

- SO:** Well, for most of the countries in Southeast Asia, their national interests are typically best served as sitting firmly on the fence and avoiding tilting too far in one direction towards the United States or China. That, in my judgment, is going to be progressively harder to do. We understand the problems they're going to have with the Trump administration, but there's also going to be some challenges with China because as the tariff walls go up in the United States, a lot of products from China that formally would have gone to the US or the EU are now going to end up in Southeast Asian markets. And we've already seen some Southeast Asian countries being forced to take anti-dumping actions against unfairly low-priced goods from China. I think you're going to see more of that, and I think you're going to see some antagonisms, not just with the United States, but also China as well.
- AV:** But fundamentally, what we're facing now is the end of an era. The free trade era that's been around for 80 years or so, right?
- SO:** I think that's the larger takeaway here, Andrew. There are some things in human life that we only fully miss when they're gone. And I think we're going to miss this rules-based global trade system set up by visionary founders at the end of the Second World War. It's really been a primary driver of economic growth and development everywhere in the region, nowhere more than the city we're sitting in right now. And for eight decades, we've been progressively reducing tariff and non-tariff barriers, strengthening trade rules, abiding more stringently to trade rules. We're now moving in the opposite direction, and we're starting to tilt back in the direction of the pre-1948 system, which was law of the jungle, might makes right, and the big fish eat the little fish. And that's not going to be good for the little fish.
- AV:** And so, for businesses, international businesses, this is a nightmare. Many organizations have taken multi-billion-dollar decisions to manufacture in certain markets, and the game just changes, just like that!
- SO:** Well, look, my advice to anyone responsible for managing supply chains is to go into your boss's office and ask for a raise, because I don't know how you do your job under these circumstances where things are so changeable. And again, coming back to Trump's strategy, he wants to be unpredictable. He does not want these issues ultimately to be resolved. He wants to keep the circumstances changing. So, with tariffs coming on, tariffs going off, I don't know how you make potentially multi-million decisions about production facilities when you don't know what the tariff landscape is going to look like.
- AV:** Yes, it's going to be an unsettling time, to say the least. But are there certain industries that you can see are going to be disrupted quicker and faster and more significantly than others?
- SO:** Well, look, I think certainly from a North American perspective, the automotive industry is really concerned that their North American Free Trade Agreement, subsequently the USMCA, is going to be uprooted. We've got 31 years of a progressively deepening North American automotive industry. There's no real meaning to talking about a US-built car, a Mexico-built car, a Canadian-built car. These cars are constructed across all three countries, across the border multiple times, and not even the cars themselves. Even something as simple as a windshield wiper cannot be constructed by itself in one country. The rubber is made in one place, the metal is made from another place, and even a small piece like that has to transit the North American borders multiple times. So, if we're moving

towards disintegration in North America, that's very bad news for the automotive industry.

**AV:** Yes, I'm just thinking how this is going to impact businesses and their decision-making?

**SO:** Well, I think the first question is to see what actually happens, because we've seen so many false starts. We've seen so much zigzagging back and forth. I think we're going to have to see which of these tariffs actually get put into place. There is a more benign scenario here. There is a more favorable scenario here in which Trump is open to negotiations, and these negotiations are able to roll back some of these more onerous tariffs in whole or in part.

**AV:** I know you have a good understanding of how American politics works. You were involved in the NAFTA negotiations back in the day, and you understand how power is wielded in America. Is there a chance, though, that as inflation inevitably starts to bite, businesses are going to find they're being constrained, is there going to be pushbacks? Can the Trump administration be stopped in its tracks here?

**SO:** Potentially, at least. I think the only guardrails here are no longer the so-called adults in the room who participated in the first administration. I think the only potential guardrails here that could mitigate some of Trump's more extreme impulses are the financial markets and the business leaders who have his ears. If we see a deep and sustained drop in the markets, I think that will get Trump's attention and will potentially get him to moderate his behavior or any of the CEOs that have his ears.

**AV:** Well, we live in interesting times, don't we?

**SO:** We do indeed. We do indeed.

**AV:** Stephen, thank you so much for spending a bit of time with me.

**SO:** Great pleasure.

Stephen Olson is a renowned expert on global trade, geopolitics and economics, with 30 years of experience across government, private sector, academia and research institutions spanning Asia, the Middle East and the United States. His career encompasses leadership roles across private sector, government, research institutions and academia.

To learn more about Stephen Olson, please visit:  
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