

Opening Remarks by Mr Ho Kwon Ping, Conference Chairman of Singapore Summit, at the Singapore Summit, on 21 September 2019, at 8.00a.m. at Shangri-La Hotel, Singapore

Good morning, distinguished guests and friends, and congratulations for getting up so early, as we have a packed schedule today.

On behalf of the Singapore Economic Development Board, the Monetary Authority of Singapore, GIC, and Temasek, a warm welcome to all our regular as well as first-time participants to the eighth edition of the Singapore Summit.

Last year I spoke about the gathering storm clouds of a possible civilisational conflict between an ageing *Pax Americana* challenged by a rising *Pax Sinica*. Today, we can be relieved that the proverbial thunderstorm has not yet burst forth. However, the prospect we face instead is the grey, chilling and unceasing drizzle of a protracted cold war. This second “Cold War” may persist well into the next decade even after today’s human protagonists have departed the scene. Fundamental civilisational tensions may go deeper than whoever is currently or will be the occupant of the White House or Zhongnanhai.

There is no playbook for managing this conflict should it worsen. The last Cold War was largely a security issue and other historical parallels going further back have not ended well for all sides. If anything, the recent resurgence of ultranationalist, right-wing politics in virtually all the major nations of the last world war, signals only greater frictions ahead.

De-globalisation, particularly in the diminishment of international trade, investment, cross-border people movements, and the role of multilateral institutions and agreements, will only fuel this dangerous trend. Business confidence is fading fast even as global manufacturing has contracted and the services sector is expected to follow suit.

Interest rates have little room for further cuts and the infamous bond yield curve has turned negative – historically a precursor of recession. The erosion of global economic sentiment since we met last year has been quite dramatic, and no one can possibly forecast today where we will be the same time next year.

Four broad trends may become more apparent in future months.

First, as I touched on earlier, we may face a protracted, multidimensional Cold War, not just a trade nor even economic conflict. Across-the-board containment of China in every facet of human or societal behaviour has become the organising principle for the US, with increasing weaponisation of all instruments available in its economic, security, technological and foreign policy arsenal.

Previous advocates of the so-called Washington consensus on convergence – that as China gets richer and more powerful, it will become more “like us” – are busily repudiating their past positions. Anti-China is not only the single issue where Democrats and Republicans agree, it is also the only issue where they are out-competing each other to be the bigger and badder China-basher.

When a senior American foreign policy planner recently proclaimed that the US was facing an unprecedented challenge because the potential conflict involved “a non-Caucasian” civilisation, no one raised an eyebrow. It was a clear signal that the Yellow Peril has returned to Washington.

This has not gone unnoticed in Beijing by the proponents of a Make-China-Great-Again ideology, which proclaims that China’s hundred years of humiliation should end now. Whether the issue is Huawei or Hong Kong, Chinese leaders can afford to, and will play, the long game. China’s ascension can be delayed but impossible to prevent; China is certainly not a pre-collapse Soviet Union playing a few desperate last cards and it would be a disastrous mistake to equate the two.

Second, as America’s influence in Asia continues to wane, Asian nations urgently need to find agreement on their highly emotive, divisive and deep-rooted conflicts going back decades and which remain unresolved.

These issues from WWII and even before continue to overshadow and endanger relations between Japan and Korea, Japan and China, China and Taiwan, and between the two Koreas.

When the US nuclear umbrella protected Japan from re-arming, and Captain America forcefully mediated between Japan and Korea, or Japan and China, simmering issues could be papered over. In the dangerous void left by a gradually withdrawing America, these tensions can rapidly escalate into potentially dangerous conflicts. The depth of bitterness and speed of escalation in Japan-South Korea relations in recent months is a case in point. North East Asia needs to create a new framework for co-operation as American hegemony over the area gradually diminishes.

Third, nations are increasingly pressured to take sides as a US-China Cold War polarises issues. Hopefully this will stiffen rather than undermine the resolve of ASEAN to remain proactively neutral and to speak truth to power rather than succumb to a divide-and-rule strategy by either the US or China.

The South China Sea issue is a good example. China has consistently objected to America’s de facto role as judge, jury and executor of the so-called rules-based international system after WW II. Most grating in the Chinese view is the fact that the US effectively governs the rules of engagement in what China considers its own backyard – the unequal parallel being that the US considers

the Gulf of Mexico or Caribbean Sea to be off-limits to any other superpower to exert any influence.

To demonstrate that the South China Sea is indeed its backyard – an euphemism for sphere of influence – China has proposed a code of conduct for regional states to agree and adhere to. An agreement, which is being finalised, should hopefully reduce tensions between China and other claimant nations. Extremely glaring is the intentional exclusion of the US from the negotiations.

If the US rejects this code of conduct and aggressively challenges Chinese dominance over these waters, an eventual skirmish is not at all impossible as naval stand-offs become increasingly belligerent. ASEAN nations will then find it very difficult to remain neutral against conflicting Chinese and US pressure. This is when ASEAN solidarity and neutrality will be put to the test.

Fourth, whilst previous cold – or for that matter, hot – wars have seen a bifurcation of the *physical* world into geographic blocs, the new cold war may see a bifurcation of the *digital* or virtual world, and that will have enormous ramifications.

The ideal digital world consists of a seamlessly connected global platform with universally accepted operating systems, shared hardware and software standards, and interconnected regulatory protocols. This is good for business and for economically efficient global connectivity. It was also the norm until the American ban on Huawei came along.

China saw the unprecedented, concerted attack on Huawei as a first step of an aggressive blockade of Chinese firms from Western leading edge technologies such as robotics and artificial intelligence. This would lead to a broader, strategic decoupling between China and the US. Indeed, this seems to be the new Washington consensus.

Should this happen, China will not be unduly panicked. After all, China has already intentionally decoupled much of its digital universe, with, for example, WeChat and Weibo completely replacing say, WhatsApp and Facebook.

Whilst a more extensive digital decoupling may delay China's advance into the rest of the global market, it is probably the only country with both the market size and indigenous technologies to create its own ring-fenced digital world of operating standards, systems and platforms. And from there, to overseas neutral marketplaces.

For the rest of the world however, the economic and technological inefficiency of bifurcated digital platforms will not only be extremely costly but also represent a severe setback for globalisation. However, in a bifurcated world, whether geographic or digital, there will always be an important role for the proactively

neutral and yet fervently sovereign countries such as Singapore, to play a critical bridging role.

By 2020 Asian economies, with more than half the world's population, will be larger than the rest of the world combined. Its share of the global GDP will rise to 40 percent by 2030.

Between 2015 and 2030, global middle-class consumption will grow by US\$30 trillion, with only US\$1 trillion or around 3% coming from Western economies. Asia will account for more than three-quarters of the growth. As purely an example, by about 2030, Asians will be buying as many vehicles as the rest of the world combined.

Closer to home, the 600 million people of ASEAN are now poised to be in one of the most prosperous, fastest-growing, and youngest regions of the world. For example, ASEAN is the fastest growing Internet market in the world with 125,000 new users coming onto the Internet every day and its digital economy will add an estimated US\$1 trillion to regional GDP over the next ten years.

Hence, we have introduced the theme of "Asia 2030" for the Singapore Summit. Indeed, it is the aspiration of the Singapore Summit to be the platform of choice for updates and discussion on trends in Asia.

In addition, besides the geographically themed plenary sessions on Northeast and Southeast Asia, we are introducing shorter, tighter-focus sharing sessions that will delve into corporate best practices to tackle pressing issues of the future.

Three such sessions will share our panellists' views on how we can increase the representation of women among executive leaders; how policymakers can be more proactive in governing the Internet; and what successful strategies are enabling economies to be more low carbon and resource efficient.

In curating the content for this year's conference, we have for the first time, included various think tanks in Singapore and I thank them for their contributions, which I hope will be continue into the future.

We are also pleased to have with us Young Societal Leaders from the region who are passionate about a variety of social causes. Intergenerational dialogue continues to be an important priority at the Summit and we look forward to hearing the perspectives of two Young Societal Leaders later.

This year, we have the privilege of four special speakers representing views from different parts of the world.

We will hear from Mr Fumio Kishida on Japan's domestic growth strategies and its role in regional economic integration. Mr Kishida has been the longest-serving Minister of Foreign Affairs in Japan and is now the current Chairman of the Policy Research Council of the Liberal Democratic Party of Japan.

His Excellency U Thaung Tun, Union Minister for the Ministry of Investment and Foreign Economic Relations of Myanmar will share his views on Myanmar's economic aspirations and the opportunities for investment.

Dr Zhou Xiaochuan, President of the China Society for Finance and Banking will give his take on events in China. Dr Zhou was the former Governor of the People's Bank and Chairman of the Monetary Policy Committee of the People's Bank of China.

To start our conference, His Excellency President Uhuru Muigai Kenyatta will share with us his thoughts on Asia's relationship with Africa and areas for potential partnerships as we look ahead to Asia 2030. President Kenyatta is the fourth and current president of Kenya. He is a well-regarded African leader, and a friend of Singapore.

Please join me in welcoming His Excellency President Kenyatta to deliver his remarks.