

## Asia's century: Will geopolitical tensions slow the continent's ascent?

**Stephen Green, former CEO and Chairman of HSBC, and MBA graduates Jamesy Laya and Ryukichi Miyabayashi highlight the emerging role of Asia and the role it will play in the commercial sector going forward.**



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**Stephen Green, Former CEO and Chairman of HSBC**

We're living through the most convulsive international geopolitical moment since the end of World War II. Yet, despite dizzying uncertainty, anyone gambling on the political, cultural and economic future could still confidently place their money on the 21st century being Asia's century.

Even amid slowing growth in China – and tension between the world's second biggest economy and the United States – the Asian success story is evolving from one driven by cheap labor into a more complex narrative in which country after country in the region is moving up the financial and technological value chains.

Indeed, China now has perhaps the leading global competence in several areas, notably 5G technology. There is no reason to believe this won't spread across other sectors, or that smaller Asian economies won't see their own technological fortunes rise. Traditional Western powers have long operated under the assumption that they'll always find higher ground to retreat to as the flood of Asian competition continues to rise. I wouldn't bet on that.

Certain Western competitors will fare worse than others. Asia and the United States are both well aware of the E.U.'s splintering and are game to take advantage of it. With Europe no longer the front line it was during the Cold War, America's strategic interest in the continent has evolved.

China's Belt and Road Initiative (BRI), a mammoth infrastructure strategy with few precedents in modern history, underscores Europe's fragmentation in the face of Eastern competition, as countries, rather than the continent, grapple with whether or not to sign on to it. The BRI is perhaps the clearest example of both increasing East/West connectivity and Asia's boldness in defining it.

The initiative also lays bare certain fault lines, including shipping lanes surrounding China and tensions across the Korean peninsula. Still, despite Asia's immense geopolitical complexities, the region's ascent is bound to continue.

### **Jamesy Laya, Partner KPMG. MBA '03**

Being Filipino and working in Singapore, with clients across Southeast Asia, I'm especially interested in ASEAN (Association of Southeast Asian Nations). The region has the third largest labor force after China and India, and is one of the world's fastest growing markets. Its governments and private sectors are spending billions of dollars on infrastructure, technology and healthcare to cater to a population of over 600 million people who are relatively young – and quickly getting richer.

This is the second consecutive year in which private equity investors have ranked Southeast Asia as the most attractive investment destination. Clearly, the economies of North and South Asia have been leading the pack, but over the next 25 to 50 years, ASEAN will be a force to be reckoned with. A significant portion of current investments in ASEAN countries are done out of Singapore through Singapore-based vehicles investing in the region. Many experts, therefore, see Singapore, with its stable government and enviable location, as a natural finance hub. I fully expect Singapore to remain at the heart of booming Southeast Asia in the coming decades.

I say this despite underlying tensions with China and fears of crossfire from the U.S.-China trade conflict. But there's also an overwhelming trade pressure to preserve crucial ties with China. Could these tensions weaken the 21st century's potential to be Asia's century? From where I sit, I see 600 million people betting otherwise.

**Ryukichi Miyabayashi, Senior Project Manager, Dentsu Innovation Initiative. MBA '13**

Now that the dream of a borderless single economy is waning, the digital economy across international borders is expanding. In the future, there will be a need for a system to monitor corporate activities across countries, while integrating regulatory rules that already existed in each nation. These rules will include how to manage and monitor unique tax codes and the increasingly contentious issue of personal data, to name just two examples.

This is a global trend, of course, with such digital regulations being a hot topic of political conversation in the United States and Europe, whose General Data Protection Regulation (GDPR) may prove to be a template for such systems going forward.

When it comes to Asia, I believe that the current political and commercial confrontation between China and the United States is accelerating the formation and rule-making prowess of newly potent economic zones in the region. This will give several local players in Asia an important role in determining the economic actions against the companies that dominate today's global economy, including Amazon, Apple, Facebook and Google.

In particular, Cambodia, Myanmar and Laos are growing vigorously. And there exists a tantalizing, if remote, opportunity for a booming country to fill the region's regulatory void. The question is: which Asian player, if any, will take that leap?

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