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Member News

- ✦ [Morris Chang](#) of Taiwan Semiconductor Manufacturing Co. was the subject of a *Forbes* profile on his career and how he came to found the company that would transform Taiwan into a global hub for semiconductor manufacturing
- ✦ [Chey Tae-won](#) of SK Holdings featured in a *Korea Times* profile of defining moments in the company's history, from the oil shock of the 1970s to Chey's acquisition of Hynix in 2012, a move that would make the conglomerate one of the world's largest semiconductor manufacturers.
- ✦ [Ted Chung](#) of Hyundai Card, Capital and Commercial told *Bloomberg* the pandemic won't put a stop to Hyundai Capital's plans to expand into overseas markets and grow the business beyond auto financing and consumer lending. Chung will focus on building up cash reserves in the recovery and is also ramping up the company's data science capabilities.
- ✦ [Charles Li](#) of Hong Kong Exchanges and Clearing Ltd. will step down when his term ends in October 2021. The [South China Morning Post](#) called Li's decade-long tenure a "hard act to follow," given his skill in balancing the international and China markets. Li told *Fortune* Hong Kong will become more important as an intermediary between the U.S. and China.
- ✦ [Federico R. Lopez](#) of First Philippine Holdings Corp. aided in the retrofitting of a convention center for front-line medical workers. The Lopez Group of companies also donated P100 million to retrofit a terminal into a medical facility.
- ✦ [Hiroaki Nakanishi](#) of Hitachi Ltd. told the *Financial Times* that governments must reconsider propping up struggling companies. More fundamental economic restructuring could be needed if COVID-19 deepens into a long-term economic crisis, he warned. That could mean a hollowing out of the retail, entertainment, and travel sectors.
- ✦ [Amin H. Nasser](#) of Saudi Aramco announced some of the company's tanks were being used to store over 6,000 tons of raw sterilizing materials to aid in the fight against COVID-19.
- ✦ [Penny Pritzker](#) of PSP Partners spoke about former Vice President Joe Biden's presidential bid in a *Yahoo Finance* interview, saying Biden would be decisive in his response to the economic crisis and rely on the expert advice of medical professionals.
- ✦ [Serge Pun](#) of the Yoma Group said he expects the government-owned New Yangon City project to move forward this year due to a government infrastructure stimulus plan, despite the economic slowdown in Myanmar and China and controversy over Chinese involvement. The project could ease unemployment in the wake of COVID-19, he says.
- ✦ [Nazir Razak](#) of Ikhlas Capital said in an interview that COVID-19 will change relative valuations significantly and that the post-pandemic new normal will have very different sectoral outlooks.
- ✦ [Weijian Shan](#) of PAG authored a Project Syndicate column arguing, with Yale economist Stephen S. Roach, that President Donald Trump's attempts to pin the blame for the pandemic on a Chinese cover-up are conspiracy theories designed to distract attention from his government's own failed response to COVID-19.
- ✦ [Chartsiri Sophonpanich's](#) Bangkok Bank Public Co. completed the purchase of an 89 percent stake in Bank Permata from PT Astra International and Standard Chartered. Sophonpanich says the deal will grow the bank's retail, SME, and corporate lending and strengthen its position in Indonesia. Sophonpanich also [joined](#) the Advisory Board of Nomura Holdings Inc.
- ✦ [Jane Sun](#) of Trip.com Group Ltd. spoke in a Brookings Institution webinar on reopening and revitalization in Asia, detailing her experience with the post-pandemic recovery in China and strategies taken to improve consumer confidence in the travel industry. The next stage of the recovery will involve travel agreements between countries that have controlled the virus well, Sun said.
- ✦ [George Tahija](#) of PT Austindo Nusantara Jaya Tbk is funding 610 COVID-19 diagnostic tests per day—with faster results than those conducted by the health ministry in Jakarta—through the Tahija Foundation Diagnostic Laboratory at Gadjah Mada University. Before COVID-19, the laboratory conducted research into *Aedes aegypti* mosquitoes, which carry diseases like dengue.
- ✦ [Mark E. Tucker](#) of HSBC Holdings plc is pushing for a more assertive board to steer the company as it revives a proposal to carry out its most significant restructuring ever, noted the *Financial Times*. The reshuffle could go further than originally planned and might involve downsizing HSBC's U.S. and other non-core businesses in order to focus on more profitable opportunities in China.
- ✦ [Yuanqing Yang](#) of the Lenovo Group spoke at the annual meeting of China's legislature. Yang, a National People's Congress deputy, told the body that the pandemic will spur a restructuring of the global industrial supply chain. Yang was also quoted in [Nikkei Asian Review](#) saying that demand for Lenovo's PCs and data centers will see a long-term increase despite a 63 percent drop in Q1 profit.
- ✦ [Francis Yeoh Sock Ping](#) of YTL Corp. Bhd., through the YTL Foundation, is providing free SIM cards to students and faculty at the Universiti Kebangsaan Malaysia's Faculty of Social Sciences and Humanities to facilitate distance learning during the movement control order.
- ✦ [Jaime Augusto Zobel de Ayala](#) of Ayala Corp. told participants of a UN Global Compact Academy webinar that he sees a silver lining from the pandemic in the form of increased government-private sector cooperation. Daily dialogues have helped the government determine what kind of economic stimulus to pursue and how the sectors can support one another.

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Summary of Asia Business Council Members' Group Call

The Asia Business Council held its second [members' group call](#) on May 13, 2020 to discuss supply chain challenges arising out of COVID-19. With countries representing more than 60 percent of global GDP under some form of COVID-19 lockdown, supply chains are under unprecedented pressure. The pandemic has exacerbated pre-existing Sino-U.S. tensions, which already had put pressure on companies to reconfigure manufacturing arrangements.

Participants in our call said the pandemic is accelerating moves toward digitization, automation, and smaller-scale localized manufacturing. It is also ushering in an era of more powerful governments: Political and regulatory boundaries may constrain companies to a greater degree. Despite these challenges, participants did not predict a rapid, large-scale remaking of supply chains. Globalization isn't by any means finished. But it faces some powerful headwinds.

Companies with major operations in China will by and large stay there, despite home-government pushes to diversify. Companies with more regional supply chain models found that they were shielded to some extent from pandemic-related hits to their supply chains, and this experience will lead them to pursue further supply chain regionalization. Companies that can rely heavily on automation will also pursue more localized supply chain strategies. Japanese manufacturers are committed to China, not least as a major market, and do not plan for supply chains to shift out of China in any systematic way, despite government incentives. They do view rising tensions between the U.S. and China as a threat to supply chains. Supply chains may be bifurcated or fragmented.

Firms in Europe are experiencing increased pressure to localize manufacturing and this may be possible for some industries, particularly those that are highly automated and can produce cost-effectively on a smaller scale. Stockpiling not just of health products but also of food and beverage and agricultural goods is under consideration as a strategic priority. With a pan-European Marshall Plan-style stimulus becoming a real possibility, the COVID-19 era could help shore up a shaky EU. But unemployment will remain a major challenge. If stimulus takes place only at the national level it could threaten the future of the Euro. European integration is being tested to its limits.

The impact of the crisis, which has varied by sector, has been tempered for the ICT industry due to increased digitization. Semiconductors saw only a mild decline in demand, down two percent when excluding memory chips, and the supply chain held up relatively well, though a drop in material supply capacities has caused a re-think of how much inventory to keep on hand.

Companies in most sectors can take advantage of the present market conditions by driving automation and digitization so they will be better prepared to compete on a cost and a technology basis when demand returns to the market. Member companies are shifting to different planning modes, but not retreating from globalization.

A Post-COVID World?

The COVID-19 pandemic is accelerating economic and technological change and exposing fault lines in societies across the world. This has raised hopes that a more just and sustainable economic order will arise from the crisis. Andrew Sheng argued in the [South China Morning Post](#) that meritocracy is broken and the pandemic must usher in a new era of social fairness. A system in which an elite technocratic class draws exorbitant wages while essential workers put their lives on the line is no longer viable. Perhaps in a future society the social value of jobs might guide salaries, Sheng wrote.

The crisis is also bringing issues of governance and sustainability to the fore. Council Adjunct Fellow [Jill Baker](#) interviewed Hiro Mizuno, former Executive Managing Director and Chief Investment Officer of Japan's Global Pension Investment Fund, for *Forbes*. Mizuno spoke about his crusade to promote environmental and social governance (ESG) investing at the world's largest pension fund, and why he thinks engagement is more effective than divestment. Council Program Associate [Colleen Howe](#) wrote in the *South China Morning Post* that the crisis could usher in a new wave of innovation among Asian businesses, but that workers may lose out in a world of automation. A stronger social safety net could help to ease the human cost of the transition.

But geopolitical tensions threaten to shatter this vision, as the U.S. and China devolve into tit-for-tat confrontations, expelling journalists, sanctioning firms, and trading blame for missteps in the COVID-19 pandemic. This is counterproductive, wrote [Robert B. Zoellick](#) in the *Wall Street Journal*. The U.S. must still work with China to address global challenges from financial risk to environmental degradation. Proponents of America's "New Cold War" should learn from the *old* Cold War: the U.S. can achieve its goals by offering allies a worldview that emphasizes freedom and human aspiration, not complaining and name-calling.

Asia Business Council Member Reflections on Leadership in a Time of Crisis

As we come up on three months since the World Health Organization declared COVID-19 a pandemic, on March 11, members continue to share insights into how they are addressing the evolving crisis. This month, Council Chairman [Lim Boon Heng](#) spoke about how Temasek and its portfolio companies helped mobilize the aggressive testing and quarantine system that characterized Singapore's response to COVID-19. The response was community-wide—employees volunteered their time to launch grassroots initiatives, and the company leveraged relationships with communities in neighboring countries to obtain needed supplies. Chairman Lim also discussed the Singaporean ethos of leading by example in a crisis, an ethos that was evident in the C-suite's resolution to take voluntary wage cuts and the government's decision not to sequester mask production for domestic use.

[Aloke Lohia](#), Group CEO of Indorama Ventures pcl, discussed challenges ranged from providing support for workers who agreed to stay locked down for 21 days in a Chinese factory to maintain the supply of essential mask-making materials, to overseeing safety for 24,000 workers on six continents at a time of global logistics and financial disruptions. All this came along with a severe oil price shock whose tremors are felt throughout Indorama's entire business. Aloke and a small team of core managers, including his wife Suchitra, applied what they have learned from earlier crises to manage relationships with banks, customers, and suppliers. Aloke concluded with the thought that the current crisis could spur a greater focus on plastics recycling and an increased sense of social responsibility on the part of big business, a heartening thought in these difficult times.

Upcoming Forum Dates

2020 Autumn Forum: Bangkok, October 15-17

2021 Spring Forum: Tokyo, March 25-27

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