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SEPTEMBER 2019

**Member News**

- ✧ [Erramon Aboitiz](#) of Aboitiz Equity Ventures spoke of employees' efforts to plant native trees as part of the company's sustainability initiative to restore forests and reduce its carbon footprint.
- ✧ [Dominic Barton](#) of Teck Resources discussed the importance for businesses to strike a balance between short-term financial gains and the kind of long-term capitalism that promotes inclusive growth.
- ✧ [Ronnie C. Chan](#) of Hang Lung Properties said the U.S.-China trade conflict shows no signs of waning and spoke of the uncertainty in maintaining revenue growth from property leasing in light of the political turmoil in Hong Kong.
- ✧ [Morris Chang](#) of TSMC highlighted the importance of nurturing technology talent to Taiwan's economic development.
- ✧ [Cheng Wai Keung](#) of Wing Tai Holdings said that the outlook for Singapore's home market is subdued due to greater new property supply.
- ✧ [Tae-Won Chey](#) of SK Holdings announced the launch of a foundation aimed at conducting research on measuring the social value created by companies. He also **stressed** the importance of using innovative technologies such as artificial intelligence to drive deep change in SK's businesses.
- ✧ [Jamshyd Godrej](#) of Godrej & Boyce Manufacturing Co. called for prompt actions to tackle climate change as well as better water pricing and regulation in India.
- ✧ [Lance Gokongwei](#) of JG Summit introduced a sustainability framework for the company aimed at empowering people, improving the lives of customers and employees, and caring for the environment.
- ✧ [Charles Li](#) of Hong Kong Exchanges and Clearing said that there has yet to be any tangible impact on its earnings outlook amid protests in Hong Kong and the U.S.-China trade conflict. He also stressed the importance of Hong Kong remaining an international financial hub.
- ✧ [Aloke Lohia](#) of Indorama Ventures said that the company has pledged \$1.5 billion of investment in recycling plastics over the next five years.
- ✧ [Takeshi Niinami](#) of Suntory Holdings announced the launch of a new sustainability initiative to address environmental and social issues that aligns with the United Nations' Sustainable Development Goals.
- ✧ [Dong-Bin Shin](#) of Lotte Group met Israel's Economic Minister Eli Cohen to discuss plans to invest in innovative Israeli startups focused on agriculture, robots, and artificial intelligence.
- ✧ [Raghupati Singhania](#) of JK Tyre & Industries announced the launch of India's first smart tire, which is equipped with sensors to detect problems and failures in real time.
- ✧ [Marcus Wallenberg](#) of SEB talked about the danger of the U.S.-China trade conflict and protectionism, saying that Europe should boost technological investment to prepare for a bifurcated technological future.
- ✧ [Yuanqing Yang](#) of Lenovo cautioned that tariff hikes and shifting manufacturing outside China as a result of the U.S.-China trade conflict would cause the company to raise its product prices.
- ✧ [Jaime Augusto Zobel de Ayala](#) of Ayala Corp. discussed the company's effort to design a sustainability blueprint, one which lays out actionable targets to tackle environmental, social, and governance challenges facing the Philippines.

To send us member news, or for member news questions, please click [here](#).

**After G7 Talks, Prospect of U.S.-China Trade Conflict Still Unclear**

U.S. President Donald Trump ended the G7 Summit taking a softer tone on China, after threatening another escalation in their trade conflict with new tariffs and a call for U.S. companies to leave China. Despite a change of tone, [Bloomberg](#) suggested that the prospect of a trade deal remains elusive as little real progress has been made in negotiations recently. Nonetheless, Trump's mixed messages about the trade conflict has injected fresh uncertainty into the global economy, according to a [South China Morning Post](#) editorial, which suggested that preventing a breakdown of talks offers the best hope of avoiding a global recession. While the G7 Summit has delivered some diplomatic breakthroughs for the U.S. with Japan over agricultural trade and with Iran over Tehran's nuclear program, Hervé Lemahieu noted in [The Interpreter](#) that G7 countries are preoccupied by their own problems that prevent them from speaking with a single voice on global issues. William Pesek wrote in [Nikkei Asian Review](#) that since the summit has not offered greater clarity on the development of trade relations between the U.S. and major economies such as China and Japan, Asia is set to face more economic shocks arising from the escalation of trade conflicts.

**Continued Protests in Hong Kong Pose New Risks To Businesses**

As protests in Hong Kong enter their third month, businesses are increasingly exposed to economic and political pressures resulting from the crisis. An article on [The Conversation](#) summarized how the protests would incur extra costs for business by hurting consumer spending in the short run, and causing capital outflow and a brain drain in the long run. Citing the troubles of Hong Kong-based airline Cathay Pacific amid the protests, Asia Business Council Executive Director Mark Clifford wrote in the [South China Morning Post](#) that vetting workers over their political stance was reminiscent of the politics-first approach in Mao's China and suggested that businesses would have to adapt to this new norm or rethink their China investment. While some are worried about a military crackdown in Hong Kong, a [Channel News Asia](#) commentary argued that it would not be in Beijing's interests to do so as Hong Kong's special trading status matters to China amid a trade war with the U.S. Chandran Nair wrote in [The Diplomat](#) that instead of framing the protests as a battle against Beijing, the root cause of Hong Kong's crisis is a fundamental

crisis of belief that the city's administration is strong enough to represent its people and resolve pressing social issues such as soaring property prices.

#### *Asian Metropolises Unveil Plans to Battle Rising Sea Levels*

As wildfires rage across the Amazon rainforest and ice sheets melt in Greenland, some Asian countries are also coping with the effects of climate change. Singapore's Prime Minister Lee Hsien Loong in his National Day address has proposed adaptation measures such as building seawalls and dykes at a cost of some \$72 billion over the next century to save the low-lying nation from rising sea levels, but a [South China Morning Post](#) article cited environmentalists saying that Singapore should not lose sight on mitigation through reduction of carbon emissions. James Crabtree wrote in [Nikkei Asian Review](#) that Indonesia's plan to relocate its capital from the sinking and polluted Jakarta to East Kalimantan province on Borneo island serves as a practical solution to Asia's climate crisis, as few developing countries can afford Singapore's hefty investments. Nonetheless, a [Channel News Asia](#) article noted that the relocation plan, if not handled with caution, will cause more environmental problems than it tries to solve, as the new site is home to endangered wildlife species and protected forests. Maa Zhi Hong wrote in an article for [Asia Times](#) that tackling climate change with bold adaptation efforts is key in safeguarding Asian countries' economic interests.

#### *Asia Business Council Annual Survey Results 2019*

The Asia Business Council annual survey of members found business optimism for the year ahead has plunged to the lowest level since the global financial crisis in 2008. The overwhelming reason cited was the U.S.-China trade conflict. Other reasons included concerns about a trade war-induced recession, Japan-South Korea trade disputes, and the impact of Persian Gulf tensions on oil prices. The survey was conducted in July 2019 and yielded a response rate of 76%.

The majority of respondents viewed the impact of the U.S.-China trade conflict on Asian business to be negative. Technology and export-oriented companies, and other businesses with China exposure, are most directly affected. The trade conflict has also led respondents to rethink their investment, especially in China. While the U.S. and China remained top investment destinations for members (excluding their home countries), a smaller proportion of respondents are planning investments in the two countries due to trade tensions, and future investment destinations of choice have shifted from primarily the U.S. and China to many more destinations in Asia and beyond. Vietnam, a beneficiary of shifting supply chains amid the trade conflict, replaced China as the most popular planned investment destination in the near future. India was the joint second runner-up with the U.S. as top planned investment destinations. But not all ASEAN countries will benefit from the investment diversion from the trade conflict, owing in part to domestic challenges.

Technology tied with geopolitics as primary topics of concern for members who responded. Digitization, seeking talent, and keeping pace with technological innovation are cited as challenges for business, as are threats ranging from weaponization of trade policies to the spillover of geopolitics into technology, such as the bifurcation of technology systems.

For an executive summary of the survey results, please click [here](#).

#### *Upcoming Forum Dates*

2019 Autumn Forum: New Delhi, September 26-28

2020 Spring Forum: Tokyo, March 26-28

2020 Autumn Forum: Riyadh, October 22-24

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