

THE STRAITS TIMES

Asia report

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December 2017 – January 2018

- Trump in Asia
- Will populism return?
- Inside Kim Jong Un's world

Cyber Security

DANGER LURKS

Are we prepared for the risks arising from increased connectivity, when “smart” devices could be used against us?



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Smarter devices, bigger threats

Dear Readers,

Day to day, our devices seem to be getting smarter, but also more vulnerable to breaches and attacks. Danger lurks when and where we least expect it, exposing consumers, companies and countries to the global threat of cybercrime.

Our Senior Technology Correspondent Irene Tham takes a hard look at the phenomenon and the attempts to regulate this sector.

We also review United States President Donald Trump's recent visit to Asia that took him to Japan, South Korea, China, Vietnam and the Philippines, with reports from our US Bureau Chief Nirmal Ghosh and our bureaus. The full report can be found on www.straitstimes.com. Meanwhile, our contributor Joseph Chinyong Liow shares his view on the ramifications of Mr Trump's visit on US-Asia ties, in his article.

Major changes in China and Japan make for compulsory reading for anyone interested in Asia. Our China Bureau Chief Goh Sui Noi and Associate Editor Ravi Velloor give their takes on developments in the two countries in this issue.

Looking ahead, we can expect several significant elections up in 2018 and 2019. Our writers give you a heads-up on these.

And, with North Korea continuing to hog the headlines, our Associate Editor Rahul Pathak takes you on an inside trip into Pyongyang to experience day-to-day life in the country. You can also view videos filmed while he was there recently, on our website.

Finally, to help you plan some much-deserved time off to recharge next year, our writers offer some insider tips on where to head off to over the many long weekends in 2018.

Enjoy, and thank you for reading The Straits Times Asia Report.

Best regards



Warren Fernandez

Editor-in-Chief
The Straits Times
& SPH's English, Malay and Tamil Media Group





Asia Report
December 2017 – January 2018

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We welcome your feedback and views

Letters can be sent to
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Irene Tham

Senior Technology Correspondent



When smart devices turn into 'zombies'

Cyber criminals are turning to the Internet of Things to wreak havoc on society.

It could have been a scene out of a zombie-apocalypse movie: On Oct 21, 2016, a piece of malware Mirai crept into hundreds of thousands of traffic cameras and used them to bring about the largest Internet disruption of its kind in history.

The victim: the servers of Dyn, a company that controls a chunk of the Internet's domain name system. Access to websites, including The New York Times, Spotify, Twitter, The Guardian, Netflix, Reddit and CNN, was cut off, while Dyn's servers remained under attack for about 24 hours.

The Mirai-controlled traffic cameras turned into an army of "zombies" that repeatedly overwhelmed Dyn's systems with Internet traffic in what was a distributed denial of service attack.

The attack confirmed longstanding fears that "smart" devices, also known as the Internet of Things (IoT), are a rising destructive force to be reckoned with. The disruptions are widely attributed to be the first IoT security breach.

Welcome to the new digital age, where increasingly connected everyday appliances like a refrigerator, Wi-Fi router and Web camera can become a threat to civilisation.

In its 2017 annual Internet Security Threat Report, cyber security solutions firm Symantec estimated that an average IoT device was attacked once every two minutes when the spread of Mirai peaked at the end of last year.

The Dyn attack could just be the beginning. A 2016 Ericsson Mobility

Report predicted that these "smart" appliances and devices will reach 15.7 billion in 2018, exceeding the total number of mobile phones and computers, which are estimated to be 10.4 billion combined.

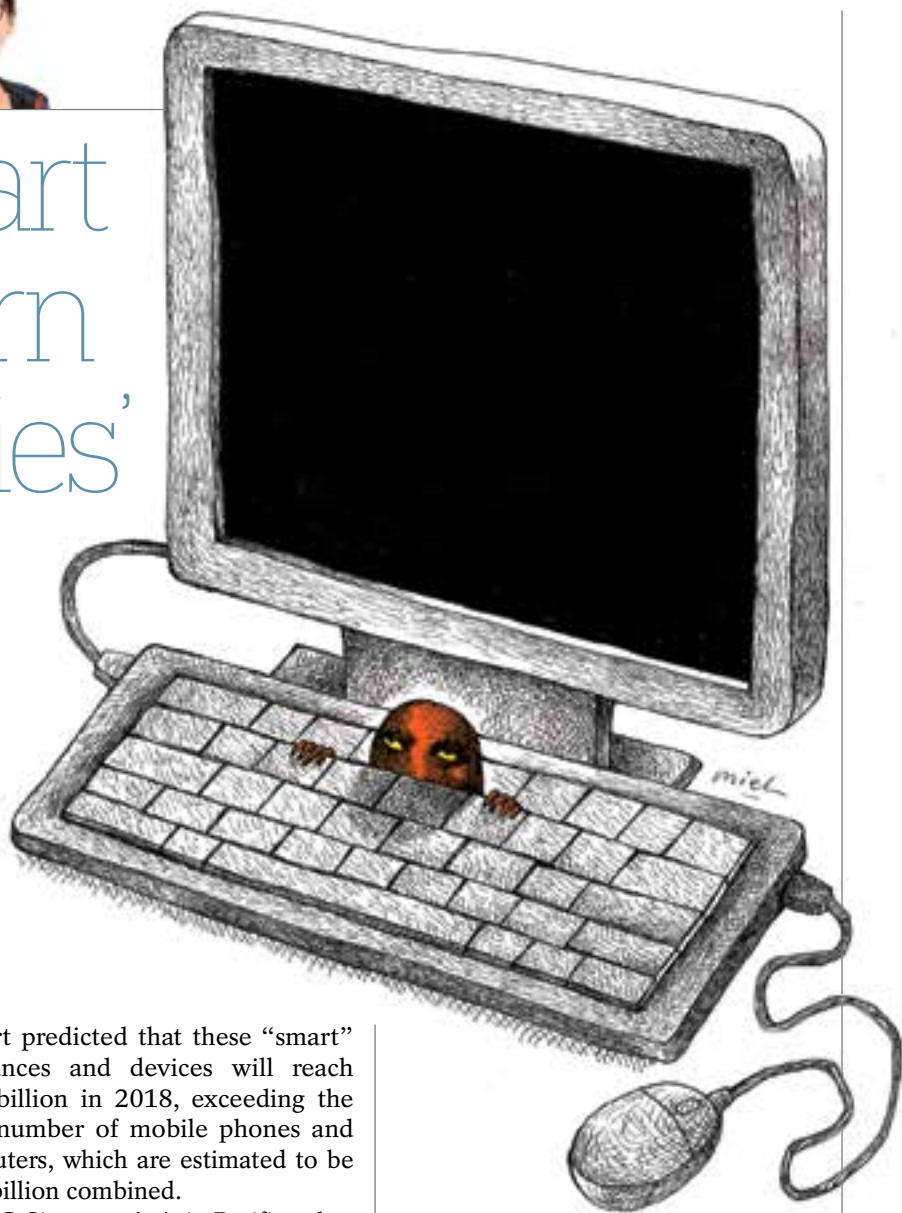
PwC Singapore's Asia-Pacific cyber and financial crime leader Vincent Loy said: "As the prevalence of the Internet of Things increases, the ability to use these equipment as a weapon increases."

The problem is that there is no regulation on how IoT devices should be secured, for instance, by encryption technologies. Device makers are also not required by law to update their firmware regularly with the latest security patches or to alert consumers of such patches. But this could change as lawmakers play catch-up with technological advancements, said experts.

FINANCIAL MOTIVATION

While IoT devices belong to the new frontiers of cyber attacks, traditional desktops and servers were still the most attacked platforms.

Cyber security software firm Trend Micro said the Asia-Pacific was most vulnerable to ransomware and malware infection and online transaction attacks



ST ILLUSTRATION: MIEL

based on data it gathered in the first six months of this year.

For instance, the Asia-Pacific accounted for more than 35 per cent of all ransomware detections, while the Europe, Middle East and Africa region came in a far second at 25 per cent.

Trend Micro said this is because the Asia-Pacific had a large number of unpatched systems through which malware could enter a corporate network and wreck havoc.

For instance, financial losses from the global spread of the WannaCry ransomware in May that disrupted hospitals and factories globally was estimated to be US\$4 billion (S\$5.4 billion), according to cyber risk modelling firm Cyence.

Most hackers are financially motivated. In the case of the WannaCry ransomware, hackers demanded US\$300 in Bitcoin to unlock a company's computers.

Many sectors in the Asia-Pacific could have been hit. But thanks to an accidental move by a 22-year-old researcher in Britain, identified as “MalwareTech”, WannaCry’s spread was halted.

STATE-SPONSORED ATTACKS

An increasing number of sophisticated hacking groups are state-sponsored.

The most high-profile attack last year was committed against the Democratic Party in the run-up to the United States presidential election.

Last December, the US Central Intelligence Agency discovered that Russian hackers were able to break into the Gmail account of top-ranking Democrat John Podesta and access some 60,000 e-mails, presumably to help Mr Donald Trump in the election.

The same hackers are known to have been active for a number of years, engaging in targeted espionage in the US and Europe.

In another example, cyber attacks on Ukraine’s power grid in 2015 cut off power to an area about 20 times the size of Singapore in the depth of winter.

Singapore was not spared. In April this year, it was discovered that hackers had broken into the networks of the National University of Singapore (NUS) and Nanyang Technological University (NTU).



PHOTO ILLUSTRATION: CHNG CHOON HIONG

The hackers were using a roundabout way of stealing government-related information – NTU and NUS are involved in government-linked projects for the defence, foreign affairs and transport sectors.

The hackers had been executing malware or codes stealthily for some time – a technique known as advanced persistent threats, a device employed by well-resourced entities such as political activists and governments. These hackers typically infiltrate networks via phishing.

The attacks on the universities follow the discovery in February this year of the theft of the personal data of 850 national servicemen and Ministry of Defence (Mindef) staff – said to be a “carefully planned” attack that exploited a vulnerability in a Mindef server.

CYBER SECURITY LEGISLATION

Amid global fear of spying and cyber espionage, many countries are stepping up their defences.

For instance, China’s far-reaching cyber security law took effect on June 1 this year. Failure to comply may carry fines of up to 1 million yuan (\$204,000) and criminal charges.

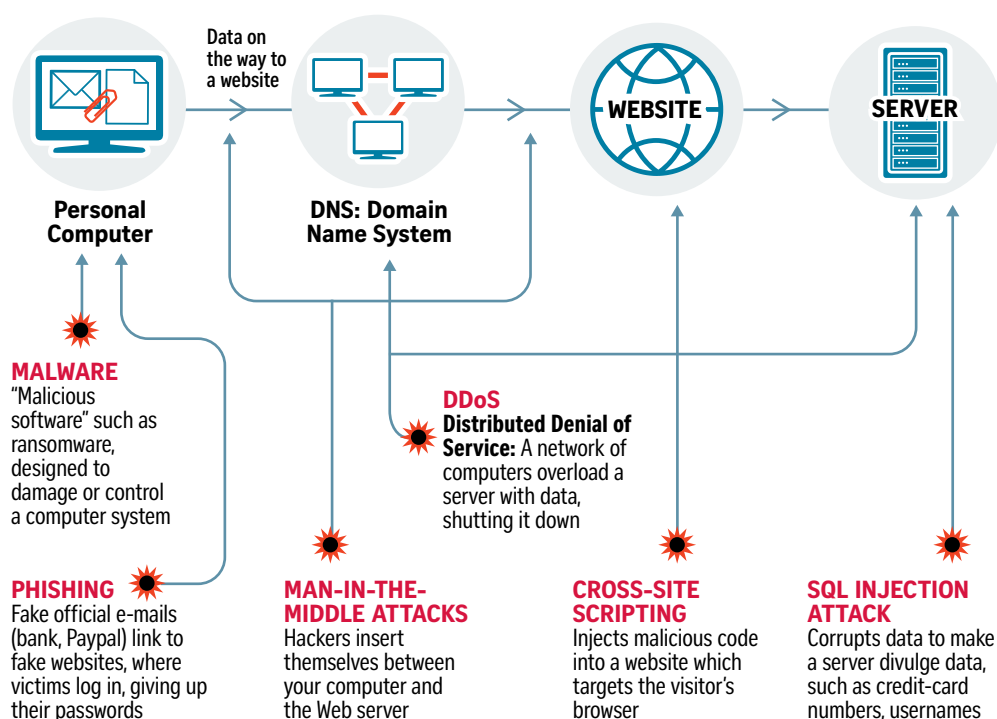
The law aims to protect Chinese data – particularly information on Chinese cit-

The cyberthreat in Asia

- Recent research revealed that the Asean digital economy is expected to grow to about US\$200 billion (\$270 billion) over the next 10 years, with e-commerce accounting for US\$88 billion, raising the need to significantly improve cyber security.
- Ransomware attacks have been soaring, and the number of such incidents increased by 50 per cent last year.
- Two-thirds of Asia-Pacific organisations have increased cyber security budgets from the last financial year, with up to 74 per cent allocating sizeable budgets (5 to 15 per cent of total IT spend) to cyber security.
- In financial year 2016-17, 52 per cent of organisations in the Asia-Pacific reported a cyber security breach. And of them, 30 per cent have reported financial losses of over US\$100,000 from those breaches.
- Delaying cyber security measures could cost businesses to lose US\$3 trillion by 2020. The median time between a breach and its discovery in Asia was 520 days, three times the global average, according to research by Mandiant, an American cybersecurity firm.
- Asia was also 80 per cent more likely to be targeted by hackers than other parts of the world. It said an average of 3.7GB in data had been stolen in each attack, which could be tens of thousands of documents. However, the bulk of the incidents were not made public because the region lacks breach disclosure laws.

Different types of cyber attacks

Cybercrime worldwide cost \$400 billion in 2015 and is forecast to reach \$2 trillion in 2019



Sources: AGENCE FRANCE-PRESSE, SYMANTEC STRAITS TIMES GRAPHICS

SOURCES: SINGAPORE MINISTRY OF COMMUNICATIONS AND INFORMATION WEBSITE, PALO ALTO NETWORKS, VERIZON, KPM, MANDIANT, BBC

izens or relating to national security – from foreign spying by requiring them to be kept on domestic servers. Firms may need to undergo a security review before moving data out of China.

In July 2015, Germany also passed legislation ordering that over 2,000 essential service providers – including those in transport, healthcare and telecom – implement new minimum security standards and notify the German authorities of suspected cyber attacks on their systems. Companies that failed to implement security measures by July this year face fines of up to €100,000 (S\$160,000).

The new rules also oblige telcos to store customer call and Internet traffic data for up to six months to help with investigations following a cyber attack, potentially violating privacy rights.

Singapore's newly proposed Cybersecurity Bill bears similar wide powers. Firms must surrender any information requested when the Cyber Security Agency (CSA) of Singapore investigates a suspected cyber attack, with the proposed Bill taking precedence over bank and privacy rules that prohibit data sharing.

Among other things, the Bill aims to blur the line between cyberthreats to the public sector and the private sector by plugging security gaps in critical information infrastructure, such as those used to run banking, telecoms, transport, healthcare and energy essential services. Whether they are private- or public-sector organisations, they must report attacks and breaches within hours – recognising that cyber criminals do not respect such boundaries.

Explaining why Singapore needs such a Bill, CSA chief executive David Koh had said: "The current legislation, the Computer Misuse and Cybersecurity Act, focuses more on cybercrime. As the (threat) landscape evolves, it is better to have an omnibus Bill that oversees the cyber security of (essential services) as a whole."

Convinced that Singapore should not have it any other way, lawyer Gilbert Leong, a senior partner at Dentons Rodyk & Davidson, said: "The far-reaching Bill is justifiable in the light of the potential damage from state-sponsored cyber espionage."

Major cyber attacks



WannaCry attack

This year, the world was struck by a worm and ransomware program known as WannaCry, which broke out in May and hit 150 countries, locking up hundreds of thousands of computers. Factories, hospitals, shops and schools were among those affected. The United States, Britain, Russia, China and Taiwan were among the hardest hit, according to experts.

Qihoo, a Chinese Internet security company, said the attack infected close to 30,000 organisations in China, with 4,000 being educational institutions. Taiwan was put on high alert after reportedly being one of the top targets.



NotPetya attack

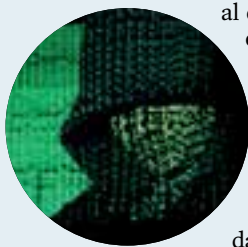
NotPetya struck in June, locking up Windows devices globally, including at multibillion-dollar companies like FedEx, Cadbury and Merck. Danish shipping giant AP Moller-Maersk, which operates one of Mumbai's Jawaharlal Nehru Port Trust's three terminals, also had its operations there ceased due to the attack.

NotPetya is known as a "wiper", with the aim of causing massive irreversible destruction of data. Petya, of which NotPetya is a twisted version, had also affected computers last year, but that had been as ransomware, where money had been demanded for the return of stolen data. Ukraine, the US, China and India were among the worst affected, along with Russia, Britain and Japan. Some software researchers allege that Russian hackers were behind the attack, as Ukraine was the first and worst-hit country.

Malaysian data breach

The Malaysian authorities are in the midst of investigating one of the largest customer data leaks in Asia involving 46 million mobile phone users. According to a police chief, they were most recently investigating an IP address in Oman, which they traced the leak to.

The data breach had taken place in 2014, where at one point, the personal details of tens of millions of Malaysians were put online. Malaysia's total population is 32 million. Information compromised included mobile phone numbers, identification card numbers and SIM card data. It is also possible that the breach could have taken place during a data transfer and could have been a situation that crooked employees took advantage of, according to the Inspector-General of Police in Malaysia.



HBO hack

In August, cable company HBO was the target of a massive breach. Among the information stolen were plot lines of popular TV series Game Of Thrones, unaired episodes of Curb Your Enthusiasm and sensitive internal documents, including actors' personal information. The hackers claimed to have swiped 1.5 terabytes of information in total, demanding a ransom of US\$6 million (S\$8.1 million). Personal details of Game Of Thrones stars were leaked as part of the back and forth demands.

Not long after, hacker group OurMine, which has a history of compromising high-profile sites and Twitter accounts, hijacked HBO's main Twitter account, along with those of several HBO shows.



Bangladesh bank theft

One of the largest-known bank thefts in history to date, the February 2016 Bangladesh central bank theft, will go down in history for not being even worse than it could have been.

Over US\$100 million was compromised in the theft, and could have risen to US\$1 billion if the hackers had not made a crucial spelling mistake in one of the transfers. The Bangladesh bank says it has recovered some of the money and is trying to recover more from the Philippines.

Philippine government website hack

In July last year, at least 68 government websites were subjected to attacks, including attempts of hacking and defacement, slowdowns and distributed denial of service.

According to The Philippine Star, initial investigation supposedly pointed to an entity operating in the Netherlands. Cyber security firm FireEye claims that the hackers are linked to Vietnam's government, likely targeting the Philippines to gather information related to the South China Sea dispute.

— KIRSTIN YIP

PHOTOS: REUTERS, BLOOMBERG, HBO

SOURCES: INDIAN EXPRESS, INTERNATIONAL BUSINESS TIMES, LA TIMES, REUTERS, SC MEDIA, THE PHILIPPINE STAR, THE REGISTER, THE STRAITS TIMES, THE VERGE, VIET NAM NEWS, VOA NEWS, WASHINGTON TIMES, WIRED

Protecting data. Protecting profitability

Prevention is better than cure in cyber security

Irwan Pang

At the turn of this millennium, big cybersecurity threats were easily minimised as information technology (IT) had an iron grip on user access to applications and data.

Today's landscape is different. The recent WannaCry ransomware attack had a huge impact, from British healthcare systems and French carmakers to Russian banks, and Singapore companies, too.

Singapore is charging forward in defence, with the recent draft of the Cyber Security Bill, which aims to improve cyber resilience.

Such moves may lead one to think that cybersecurity has become a top priority for all organisations but this is not the case.

Accenture reports that, in Singapore, only 35 per cent of cybersecurity strategies focus on protecting customer data, compared to the global average of 49 per cent.

This is despite the country facing more than 130 targeted cyberattacks per year, higher than the global average of 106.

A survey found that 91 per cent of Singapore firms sought specialist guidance in cybersecurity but 75 per cent did not have dedicated IT budgets and planning processes.

Global consulting group Oliver Wyman has reported that cybercrime is becoming a greater risk when doing businesses in the Asia-Pacific as compared to North America and Europe.

In Singapore, PwC said that 43 per cent of companies here were affected by cybercrime in 2016, compared to just 15 per cent in 2014.

In 2016, unknown hackers stole more than US\$100 million from Bangladesh Bank by breaching the computer systems.

A police investigator commented that the bank was vulnerable because it lacked a firewall and used cheap, second-hand equipment.

The loss of millions of dollars could have been prevented if the bank had invested in sophisticated equipment.

Such losses go beyond the money to loss of customers, difficulty in acquiring customers, decline in profits and investor confidence.

A cavalier attitude towards cybersecurity can ruin a company. It is no longer the question of whether cybersecurity should be part of a holistic growth strategy; it is now a matter of how to invest.

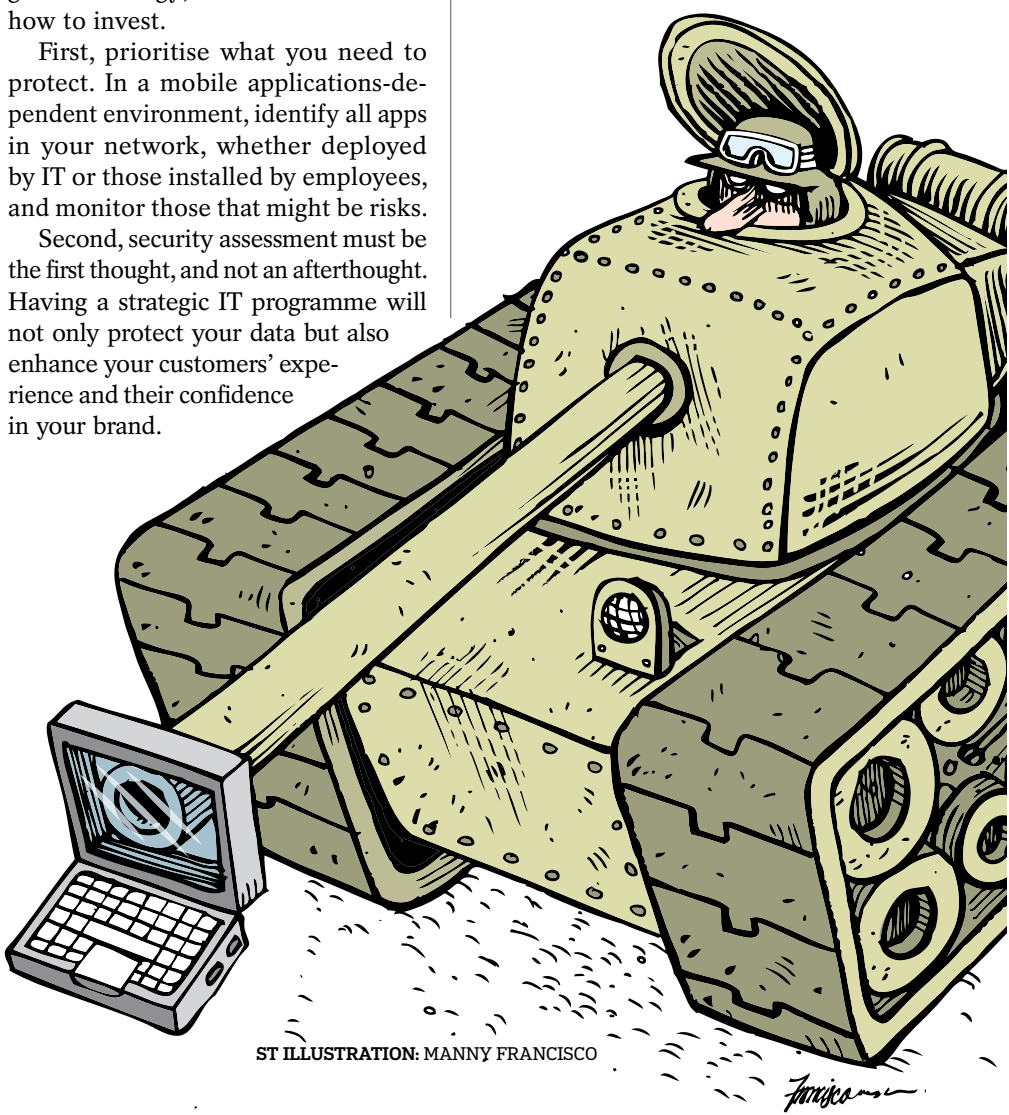
First, prioritise what you need to protect. In a mobile applications-dependent environment, identify all apps in your network, whether deployed by IT or those installed by employees, and monitor those that might be risks.

Second, security assessment must be the first thought, and not an afterthought. Having a strategic IT programme will not only protect your data but also enhance your customers' experience and their confidence in your brand.

Thirdly, keep in mind that cybersecurity is everyone's responsibility, not just the IT department's.

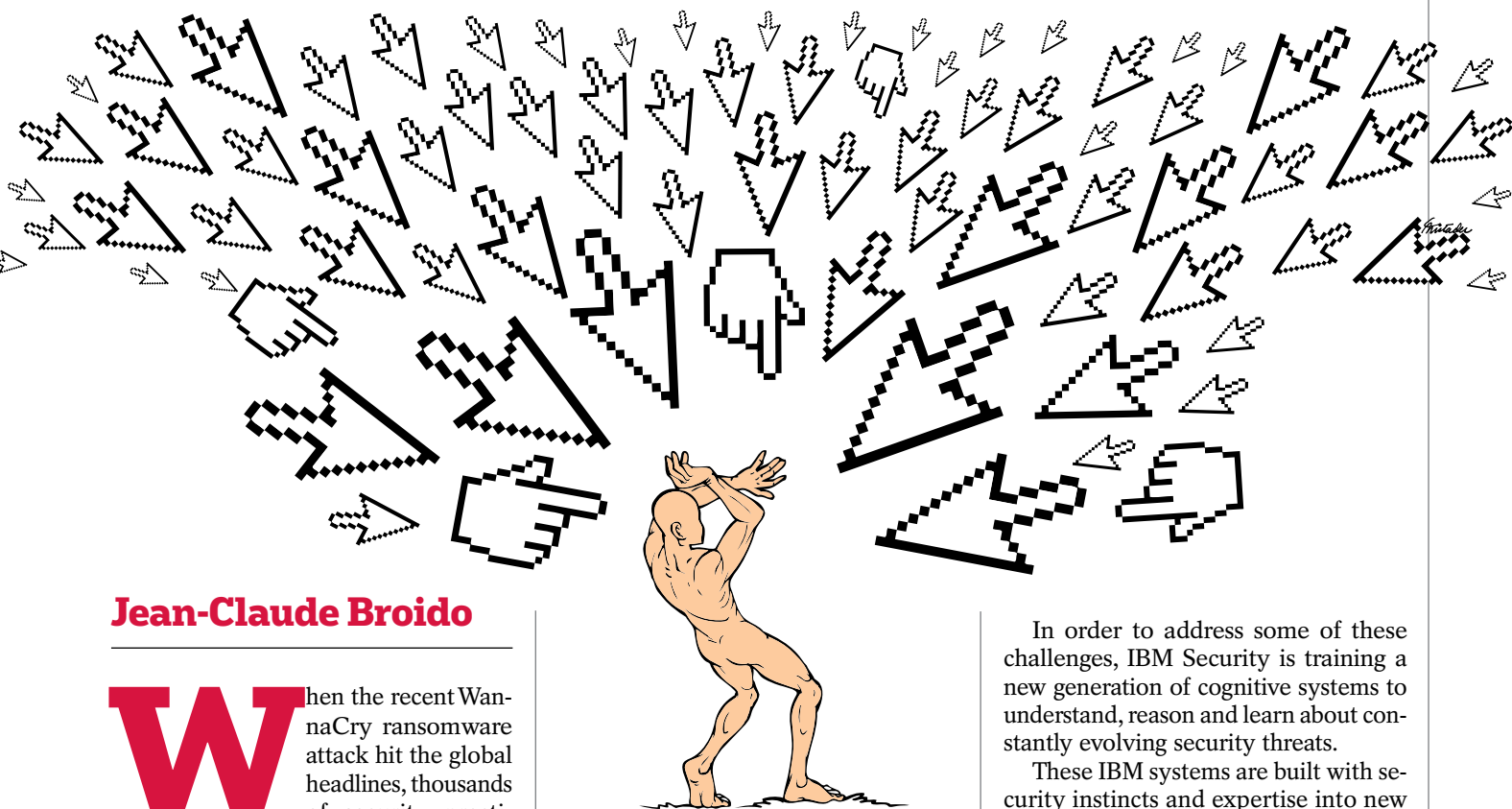
Conversations among different business units let you better identify critical vulnerabilities, understand end-user behaviour, plan for an efficient and robust cybersecurity strategy and get the support needed to roll out business-wide security initiatives to ensure that you retain your customers' trust.

The writer is director, application security, Asia-Pacific, at F5 Networks. □



ST ILLUSTRATION: MANNY FRANCISCO

Building better defences against cyber attacks



Jean-Claude Broido

When the recent WannaCry ransomware attack hit the global headlines, thousands of security practitioners around the world flocked to threat intelligence feeds to help streamline their investigations.

While the security community learnt many valuable lessons from this attack, it is impossible to say that a strike of this magnitude will not happen again.

As WannaCry demonstrated, the cost of ransomware goes far beyond the ransom fee demanded to get access to your files – it brings down businesses and in some cases even threatens lives.

According to a Ransomware Damage Report by Cybersecurity Ventures, it is predicted that global ransomware damage costs will exceed US\$5 billion (S\$6.79 billion) in 2017, up from US\$325 million in 2015.

The 21st century organised crime of cybercrime is a reality today, with 80 per cent of cyberattacks driven by highly organised crime rings in which data, tools and expertise are widely shared. Juniper Research estimates that cybercrime will cost the global economy more than US\$2 trillion by 2019 and that it represents what could be the greatest threat to every company in the world.

Given the rate, pace and sophistication of attacks, the days of using “moat & firewall” security are no longer enough.

Like a human immune system, today’s cybersecurity defences need to find the attacks that will eventually breach a perimeter, quarantine and remediate them

– across an organisation’s data, applications, mobile, IOT and endpoint devices.

Non-integrated, point-product security solutions are insufficient, which is a concern when we consider that many organisations can use up to 50 security products from as many as 80 vendors.

It takes constant monitoring and maximum use of data to find attacks and abnormal behaviour before damage is done. But the world produces over 2.5 quintillion bytes of data every day, and 80 per cent of it is unstructured. This means it’s expressed in natural language – spoken, written or visual – that a human can easily understand but traditional security systems can’t.

The reality is that there are thousands of security blogs posted every day with detailed threat intelligence.

It’s impossible for a security analyst to know everything that’s in them, and traditional security is unable to analyse and apply this insight the way an analyst can.

This is why the most challenging security problems require people to make sound decisions about what to act on and what is a false alarm. In fact, the best security professionals build their body of knowledge every day through experience, talking with colleagues, attending conferences and staying up-to-date on research.

ST ILLUSTRATION

In order to address some of these challenges, IBM Security is training a new generation of cognitive systems to understand, reason and learn about constantly evolving security threats.

These IBM systems are built with security instincts and expertise into new defences that analyse research reports, web text, threat data and other security-relevant structured and unstructured data – just like security professionals do every day – but at a scale never seen before.

This is the essence of what IBM calls cognitive security (also referred to as machine learning or AI in the industry).

Lastly, from a collaboration perspective, IBM has taken a lead in driving collaboration between the private and public sectors, enterprises and security vendors. No single organisation can effectively stop the spread of malware across industries, nations and individuals, and by sharing threat information and new tools, organisations can proactively hunt for, and stop, attacks before they ever take hold.

As humans, we sense and respond to situations using a lifetime of experience and learning. When an organisation’s security systems can do the same, it arms its security professionals with the collective knowledge and instinct to respond to threats with greater confidence at scale and speed. A cognitive business out-thinks and outpaces threats with security systems that can understand, reason and learn.

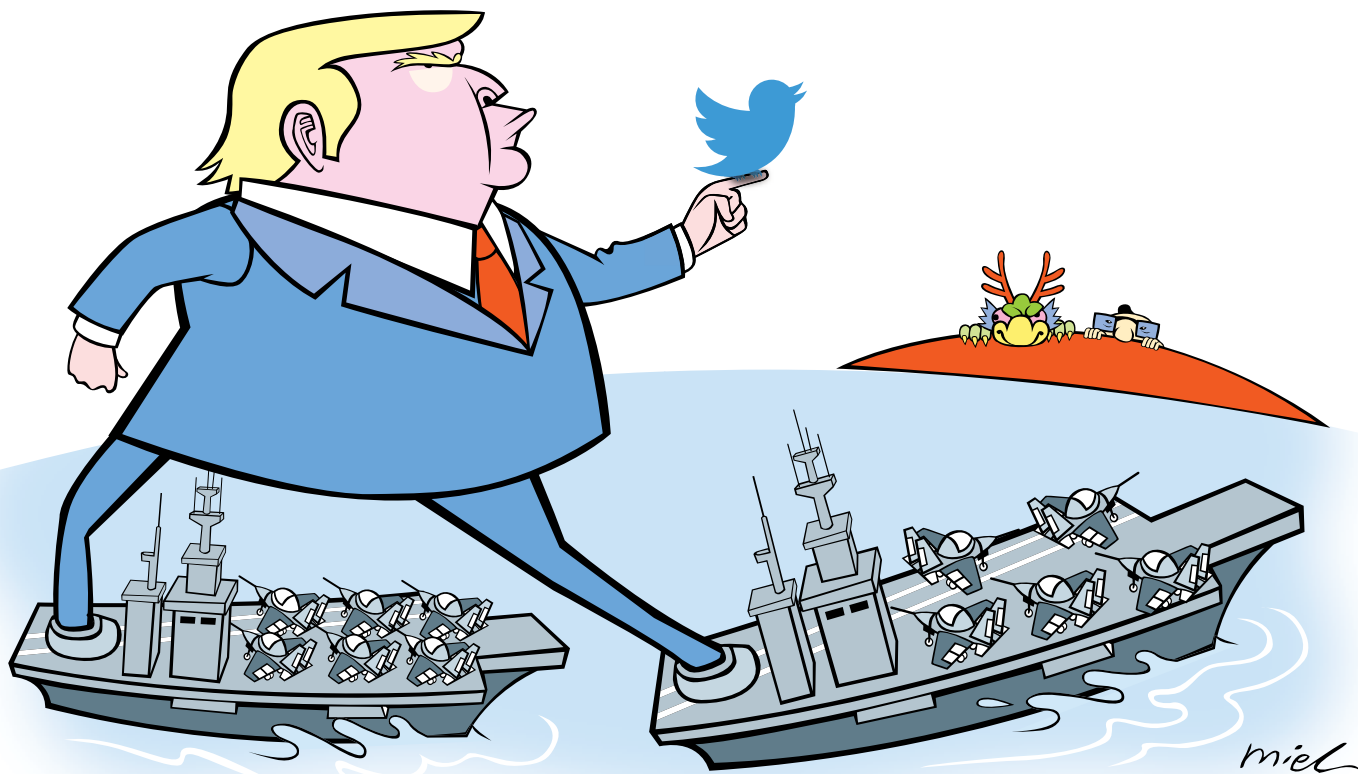
The writer is vice-president, IBM Security for the Asia-Pacific.

The articles in this section are excerpts of those published in The Business Times. □

Nirmal Ghosh
US Bureau Chief



Trump's transactional ties with Asia



ST ILLUSTRATION: MIEL

Asian leaders rolled out the red carpet for the US President on his first trip to Asia, but expected more.

United States President Donald Trump's first Asia trip gets a passing grade, but he was outshone by Chinese President Xi Jinping, US-based Asia analysts said.

Mr Trump exceeded expectations but "only because those expectations were so low", said Ms Shannon Hayden, associate director of the South-east Asia Programme at the Centre for Strategic and International Studies (CSIS) in Washington.

She said: "In his mind, he probably thinks the trip went very well – much pomp and pageantry, lots of attention

on him, and opportunities to present his messages strongly."

However, she added: "He should not mistake the flattery of his Asian hosts with acquiescence, deference or even respect."

The decision of the 11 remaining signatories of the Trans-Pacific Partnership (TPP) to pursue a new version of the trade pact without the US was a harbinger of an era of regional free trade architecture without the US, analysts said. The US pulled out of the TPP in January.

"Other countries are moving on and sending a message that the US will not derail the efforts that they believe are in their interest," Ms Hayden said.

McLarty Associates managing director James Keith – a former US ambassador to Malaysia who also served in China – said Mr Trump had strengthened US' alliances in North-east Asia with this visit.

But he added that Mr Trump looked to have ceded leadership on the economic front, offering little to succeed the TPP

or to rival "the Chinese exercise of soft power through financing and construction of infrastructure in the region".

Ms Bonnie Glaser, senior adviser for Asia and the director of the China Power Project at CSIS, said Mr Trump mostly stuck to the script, and the messages in South Korea were particularly well received.

She added that Mr Trump's performance was "weakest" at the Asia-Pacific Economic Cooperation (Apec) summit in Danang, Vietnam. "Trump doesn't have a credible economic policy. Countries in the TPP who don't already have a bilateral free trade agreement with the US appear not to want one," she said.

Mr Xi's embrace of globalisation, and his "community of common destinies", resonated more than Mr Trump's "America First", she added.

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JAPAN

Friends yes, but partners?

During his visit to Japan, US President Donald Trump flaunted his close friendship with Prime Minister Shinzo Abe, who lavished him with caps emblazoned with “Donald and Shinzo, Make Alliance Even Greater” and a wagyu dinner.

They bonded over golf and exchanged fist bumps.

Much has been made about the meeting and both countries came away confident in their security alliance over issues such as North Korea and the Indo-Pacific. However, moments in their joint press conference gave critics some pause, as these betrayed the leaders’ divergent views on a variety of issues.

On dealing with North Korea, for instance, Mr Trump urged Japan to buy more US weaponry that will allow it to “shoot down North Korean missiles from the sky”. On his part, Mr Abe said any interception will be “closely coordinated with the US”.

While Japan has stressed that it is an equal partner with the US in their bilateral alliance, critics wonder if Mr Trump instead regards Japan as subservient to the US. The US leader implied in a put-down that the Japanese economy is second fiddle to the US’, and even interjected during a question meant for Mr Abe about Japan’s national security.

“The Japanese people are thriving, your cities are vibrant and you’ve built one of the world’s most powerful economies. I don’t know if it’s as good as ours,” said Mr Trump. Then turning to Mr Abe, he added: “I think not, okay? And we’re going to try to keep it that way. But you’ll be second.”

— Walter Sim



THE PHILIPPINES

Mending ties, but at a cost

Mr Trump has mended the United States’ ties with long-time ally the Philippines, but it has come at the expense of the US’ standing as a champion of human rights.

Despite pressure from rights groups for him to take a tough line on the thousands killed by police and vigilantes in Philippine President Rodrigo Duterte’s bloody war on drugs, Mr Trump instead settled for mutual flattery.

He spoke of his “great relationship” with Mr Duterte, who responded by serenading him with a Filipino love song at a gala dinner.

Mr Duterte has come under intense international criticism for his drugs war, which has led to the police killing more than 3,900 suspects since he took office last year.

What Mr Trump brought with him to Manila was his push for fair trade. He reiterated the message he sent during last week’s Asia-Pacific Economic Cooperation summit in Danang, Vietnam, “that it’s high time the US practise reciprocity”.

There was, however, no clear assurance from Mr Trump that South-east Asia remains central to US foreign policy.

— Raul Dancel



SOUTH KOREA

Toned-down rhetoric

Before the visit of US President Donald Trump, there were fears that he would threaten to rain down fire and fury once more on North Korea.

But in South Korea, the unpredictable Mr Trump was praised instead for a “very presidential” speech in the Korean Parliament, which rallied global support in addressing North Korea’s nuclear issue. He was also lauded for showing sincerity in reaffirming American commitment to South Korea’s defence and issuing a firm warning to the North.

He had also refrained from dialling up pressure on Seoul to reduce the trade deficit with the US or to take on more of the defence cost-sharing burden.

Mr Trump and South Korean President Moon Jae In agreed on the need for South Korea to strengthen its own defence against the North, and for South Korea to buy more military equipment from the US. Still, some critics said Mr Trump fell short of offering a concrete solution to the nuclear stalemate.

— Chang May Choon



CHINA

Constructive approach to ties

Chinese media were mostly positive about US President Donald Trump’s visit to Beijing, saying his and Chinese President Xi Jinping’s constructive approach to handling bilateral relations made for smoother ties ahead.

Mr Trump’s three-day visit had infused some warmth into the difficult relationship between the world’s two most powerful nations.

China gave its important visitor not just a red carpet welcome, which included tea at the Forbidden City, but also more than US\$250 billion (S\$340 billion) in commercial deals that Mr Trump said was a “very, very good start” towards reducing the massive trade deficit the US has with China. The deficit hit US\$347 billion last year.

— Goh Sui Noi



VIETNAM

Doubt over offer of help

Mr Trump raised eyebrows when he told his Vietnamese counterpart Tran Dai Quang he could mediate in the South China Sea dispute.

But the offer, made on Nov 12 during Mr Trump’s state visit to Hanoi, was largely dismissed by analysts and politely set aside by regional observers. Hanoi-based analyst Ha Hoang Hop called it a “spontaneous” comment.

Analysts also noted that there were no surprises in the joint statement Vietnam and the US issued. Both sides pledged to deepen trade and investment, as well as defence cooperation and people-to-people ties.

— Tan Hui Yee



PHOTOS: REUTERS, AFP

Joseph Chinyong Liow



Is US engagement back on track in East Asia?

Trump's recent Asia visit suggests new momentum in US-Asia ties.

That American presidential visits to East Asia always assume special significance hardly needs to be said. After all, the US has played the role of linchpin of regional peace and prosperity since the end of the Second World War. Even so, seldom has an American presidential trip to the region prompted as much anticipation and apprehension as Mr Donald Trump's recently-concluded 12-day tour: his first as president, and his longest overseas trip thus far.

Right up to the eve of his trip, many were still lamenting the absence of a coherent strategy of engagement that weaved together the tapestry of American strategic, economic, diplomatic and political interests in East Asia. Others fretted about more prosaic concerns, such as the President's sudden tweets and tendency to veer off-script. Anxiety over these portents were rendered more acute by the distractions of controversies bedevilling his administration.

Among most of the mainstream American media, one strand of opinion continues to prevail: whether it is healthcare, tax reform, or migration policy, Mr Trump is simply incapable of doing anything right. Murmurs of dissent within his own party continue to smart, and investigations over possible Russian interference in the presidential election, a matter which reared its head on the sidelines of November 11's Asia-Pacific Economic Cooperation (Apec) meeting and that hangs like the sword of Damocles over his administration, continue to gather pace.

Not unlike criticisms of his domestic policies, much has been made of Mr Trump's missteps in foreign policy as well. The President has been taken to task for reneging on the Paris climate



ST ILLUSTRATION: MANNY FRANCISCO

accords, cozying up to the Saudi regime, alienating European allies and engaging in petulant name-calling with North Korea's Mr Kim Jong Un.

So, against this pattern of apparent dysfunction, what did Mr Trump's first foray into the region accomplish? At first glance, perhaps not much, since he failed to extract concrete commitments from China to intensify pressure on North Korea and was very much an isolated bystander as regional leaders pressed ahead on free trade talks in Danang and Manila. Nevertheless, I would suggest that despite this, the trip – and Mr Trump's conduct – provided hopeful signs that there is some method to the apparent madness, at least as far as East Asia is concerned. For starters, adjusting his schedule at the behest of his advisers so as to participate in the East Asia Summit – after expressing intent to skip the meeting – suggests he may actually listen to those around him, a character trait his detractors would doubtless be quick to deny. We should further recognise that this is the longest that an American president has spent in Asia since George W. Bush haplessly passed out and vomited on his Japanese host during an exhausting tour of Asia in 1992.

What probably also escapes attention is the fact that this trip caps a year of extensive engagement with Asia. Consider a comparison of the number of visits senior Obama and Trump administration officials (president, vice-president, secretaries of state, defence, and commerce, US trade representative, and national security adviser) made to East Asia in their first year of office. Between January and November 2009, the first year of the Obama presidency, a total of seven visits were made. In comparison, 12 visits to the region (excluding India) have been made by Trump administration office holders since January this year.

In keeping with the President's penchant for personalising bilateral relationships, considerable attention was understandably given to rapport with his counterparts. Mr Trump is known to have developed good personal chemistry with Japanese Prime Minister Shinzo Abe and, intriguingly, also his Chinese counterpart, Mr Xi Jinping. It is clear that he sets great store by these personal relationships, even if, especially in the

case of Mr Xi, their countries remain deeply at odds on a range of issues.

During Mr Trump's "state visit plus" to Beijing, bilateral differences were kept at a prudent remove as he spoke effusively of Mr Xi, calling him "a very special man". Rather than inveigh against China for "raping" the American economy as he did on the campaign trail, Mr Trump instead shifted blame for the more than US\$350 billion (S\$476 billion) trade deficit with China to his predecessors in the White House. In return, Mr Xi proclaimed that bilateral ties were at "a new historic starting point", a view echoed enthusiastically in the Chinese press and social media. Whether it was diplomatic sangfroid or an expression of genuine rapport, the fact is that both leaders acquitted themselves well despite the very real danger that discussions could have easily been derailed.

A NEW ASIA POLICY?

Progress was also made on the crafting of a strategic edifice around which Asia policy will be shaped. Thus far, the administration has yet to complete its national security strategy within 150 days of assuming office, as mandated by Congress. Following an initial announcement by Secretary of State Rex Tillerson on the occasion of his own trip to India last month, Mr Trump articulated a presumptive strategy for Asia predicated on the concept of a "free and open Indo-Pacific", which will likely displace Barack Obama's "Pivot to Asia" – in form if not in substance – in Washington's policy narrative.

A curious, if somewhat familiar, choice of nomenclature for an Asia policy since it omits mention of "Asia", the pronouncement was somewhat short on details. But early indicators are clear that enhanced engagement on the security front will be key.

Seized by North Korea's nuclear and missile development programme, previous statements made on the campaign trail hinting that the US would reconsider its commitments to the security of East Asian allies now sound like a thing of the dim and distant past. Instead, American military activities have been ramped up, not only on the Korean peninsula but also in the South China Sea, with a stronger naval presence and greater frequency of freedom of navigation operations. Both these issues featured prominently in Mr Trump's discussions throughout his Asia trip, and are likely to stay at the

top of the administration's Asia agenda for some time.

Although Mr Trump also offered to mediate the South China Sea disputes, it is not likely to be taken up. Meanwhile, the administration has expressed its intention to press for the lifting of the sequestration cap for defence so as to free up resources to support this enhanced military presence.

If security commitments appear unequivocal, other measures paint a more ambiguous picture, and will prompt concern. In contrast to the evident meeting of minds on a security agenda, Mr Trump struck a discordant note at Apec when he rehearsed his protectionist proclivities on free trade even as the 11 remaining signatories of the Trans-Pacific Partnership agreed to move ahead on a new iteration of the initiative, sans American participation.

So, against this pattern of apparent dysfunction, what did Mr Trump's first foray into the region accomplish? At first glance, perhaps not much, since he failed to extract concrete commitments from China to intensify pressure on North Korea and was very much an isolated bystander as regional leaders pressed ahead on free trade talks in Danang and Manila. Nevertheless, I would suggest that despite this, the trip – and Mr Trump's conduct – provided hopeful signs that there is some method to the apparent madness, at least as far as East Asia is concerned.

This mood even crept into the Da Nang Declaration, which included references to "importance of non-discriminatory, reciprocal and mutually advantageous trade and investment frameworks," "unfair trade practices" and "unfair trade subsidies".

That the Trump administration will continue to pursue a mercantilist approach to trade with little appetite for economic multilateralism, there should be no doubt. Lest we think this is a view unique to him, the President has assembled a team of senior trade officials who not only share his protectionist instincts, but are also working ceaselessly to translate them into policy.

Yet, cognizant of the potential game-changing effect of China's ambitious Belt and Road Initiative, Mr Trump and Mr Abe also sought the opportunity of

their Tokyo meeting to launch several infrastructure investment initiatives aimed at providing much-needed alternative financing for regional states starved of options and pulled slowly but surely into the Chinese orbit. How all this squares with a "free and open" Indo-Pacific then, will be something that will continue to exercise the region.

Another potentially significant strategic takeaway from the trip was the Trump administration's revival of the Quadrilateral Dialogue comprising the US, Japan, India and Australia, which met at the level of senior officials on the sidelines of the Asean summits in Manila.

When originally mooted by Japan in 2007, it was understandably viewed with suspicion from Beijing for its obliquely anti-China slant. The current iteration of the "Quad" is likely to elicit a similar response from a China considerably more influential, powerful and ambitious than it was a decade ago, even if this meeting convened only at senior officials' level. Should the "Quad" succeed, it might also pose a diplomatic problem for Asean, for while some member states may quietly welcome it, the fact that it is being pursued parallel to existing Asean-led institutions raises the larger question of Asean's centrality in the regional security architecture.

A final issue bears reflection. The outcome of Mr Trump's Asia trip hints at an emerging picture of a US pushback against growing Chinese assertiveness in the region in both the security and economic arenas, although in the latter instance, it is doing so without multilateral mechanisms. Whether or not this effort will succeed is, of course, a different matter. But, taken together with other issues, it does indicate that the Trump administration is aware it is in the American interest to remain active in, and attentive to, the region.

Much has been made of Asia policy drift and disconnect in the first year of the embattled Trump presidency. To be sure, there is still much to be done, and indeed, American foreign policy-making under Mr Trump might still remain unorthodox, even erratic. But even the harshest critic must admit that his Asia trip could have gone much worse. All things being equal, Mr Trump's extended tour of East Asia has offered up the prospect of a new momentum to US engagement in the region.

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Xi's strong grip on power causes uncertainty

How China will fare with power centralised in one man's hands is up for debate among country watchers.

President Xi Jinping amassed immense power at the recent national congress of the Chinese Communist Party (CCP), and has vowed to use it to make China great again.

However, the path to realising this dream of national rejuvenation – after more than a century of humiliation from the 1840 Opium War – is unlikely to be smooth.

China's future, say some analysts, is fraught with uncertainties not least because of the concentration of power in one man's hands.

In recent history, China suffered greatly under the excesses of Mao Zedong in his later years; but it also benefited much from Deng Xiaoping's bold push for reforms.

Both were powerful, visionary leaders, and Mr Xi is now considered as being in their league.

How China will fare under yet another powerful leader is at the heart of this debate.

Some have argued that centralised power is needed to turn China into a "modern socialist country" that is "prosperous, strong, democratic, culturally advanced, harmonious and beautiful".

Concentrated power, noted China watcher Robert Lawrence Kuhn, is needed to maintain unity and manage the CCP more strictly in order to

expedite reform to reach the goal of national rejuvenation.

Professor Yang Dali of Chicago University pointed out that, five years ago, at the end of the administration of former president Hu Jintao, "there was a craving among the Chinese for stronger leadership".

Mr Hu's emphasis on collective leadership and consensus building led to relative political inaction that had critics calling his two five-year terms "the lost decade".

At the same time, the CCP is a party of nearly 90 million members from multiple generations and a diversity of backgrounds with a lot of corruption in the official ranks.

"Mr Xi and some of his colleagues saw that this tremendous diversity within the party was not good for cohesion, for the integrity of the party, in the pursuit of his mission," said Prof Yang.

He thought that Mr Xi had over-corrected in his endeavour to make the party more disciplined and more dedicated to its mission.

"It feels very regressive to others especially when information flows are shut down, Internet censorship is stepped up, crackdowns on dissent are enhanced and so on," he said.

"If you are a liberal, this is a challenging moment," he added.

Still, he noted, China's leadership has adapted well to every major crisis since the

1980s; each time it has adopted measures that are sometimes regressive but have ultimately kept the economy growing.

Mr Xi is not likely to face undue resistance if his administration can keep the economy humming along while making sure to spread the wealth and provide social security for the people.

He already has considerable popular support for his anti-corruption drive and policies to alleviate poverty and fight environmental pollution, said Prof Yang.

Mr Xi has also put in place many technocrats to help achieve his goals, he added.

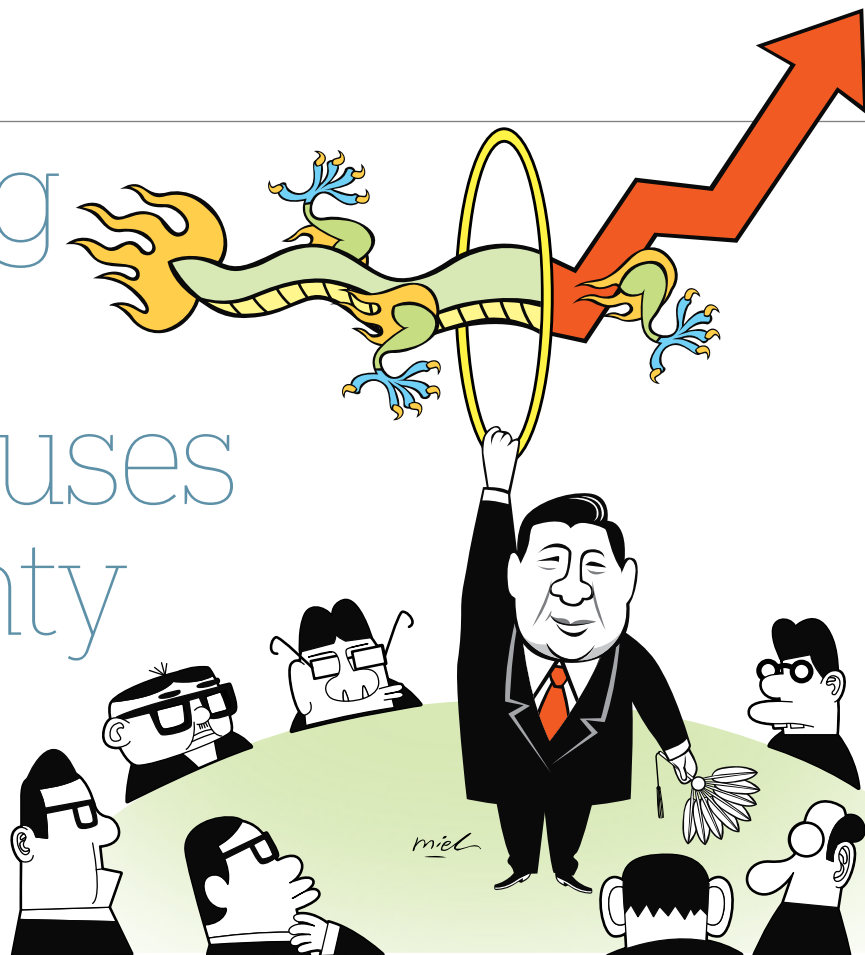
However some, like Chinese historian Zhang Lifan, are worried about a leader with so much power.

Any mistake Mr Xi makes, he said, may cascade down the party ranks as no one would dare to cast doubt on any decision he makes.

Mr Zhang noted that, at the 19th party congress, Mr Xi had also broken with an unwritten norm in failing to name any potential successor to the top decision-making body, the Politburo Standing Committee (PSC).

This, he said, leads to the danger of a power vacuum should the top leader fall ill or a situation arise in which he is unable to lead.

"In such a situation under the CCP system, a power struggle could arise," he warned.



ST ILLUSTRATION: MIEL

In other words, the lack of a succession plan spells instability.

Beyond these worries, Mr Xi's ambitions could also face resistance.

"Real resistance" is likely to come from China's vast bureaucracy, wrote Professor Pei Minxin of Claremont McKenna College.

He noted that China's lower and middle officials care more about raising their privilege and wealth than promoting ideological goals.

Mr Xi has dismantled the system of sharing power and spoils among elite cliques and eliminated the lavish bribes and perks that underwrote the extravagant lifestyles of these bureaucrats through his anti-corruption and austerity drives.

While these bureaucrats may not display their unhappiness openly, "they will do what Chinese bureaucrats have done for thousands of years: passively resist edicts from the top", wrote Prof Pei.

In the long term, controls need to be eased if China is to avoid a backlash, some analysts have said.

There are signs of the possibility of political change.

Among the five newly-promoted members of the apical seven-member PSC is Mr Wang Huning, a political theorist who has served two other leaders of the CCP before Mr Xi: Mr Jiang Zemin and Mr Hu.

While Mr Wang has written that concentration of power is needed for reforms to happen, he has also said that a democratic system is necessary for a country to be modernised.

"Without a highly democratic political system, it is difficult to establish oneself as a modernised, strong country among the advanced people of the world," he wrote.

While not advocating democracy as the West knows it, he was suggesting democratic institutions.

"Wang's notion of democracy, though never explicitly defined, appears to be one of substantive rather than procedural democracy," wrote China watcher Joseph Fewsmith in his book, *China Since Tiananmen: The Politics Of Transition*.

"Wang seemed more interested in building a stable and efficient government that could make good decisions based on widespread consultation – what might be called 'elite democracy' – than democracy per se.

"For instance, Wang called for better policy research and brain trusts, powerful and effective administrative organs, effective propaganda to win the trust of the people and better feedback," wrote Professor Fewsmith.

Some of these were called for by Mr Xi in his report to the 19th party congress, including strengthening the governing capacity of the CCP and

training competent and professional officials. He also called for stronger public participation and rule of law in social governance.

Elsewhere, he has spoken about the need to build new think-tanks that can promote "scientific and democratic decision-making" and "modernisation of the country's governing system and ability".

Some are optimistic about the prospects for political reform.

Political commentator Wu Jiaxiang believes Mr Xi will allow for a multi-party system and popular elections, when conditions are right.

He noted that, in his report to the congress, Mr Xi has spoken about giving more decision-making power to governments at the provincial level and below.

It is hard to see what Mr Wu envisages happening given that what is taking place now is tighter control of the media and civil society, and harsher crackdown on dissent.

But if political reforms do take place, Mr Xi will have proven that he has taken over the mantle of his reformer father, Mr Xi Zhongxun, as many had hoped he would when he first came to power in 2012.

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The seven men who rule China

China's Communist Party unveiled a new line-up for its top decision-making body, the Politburo Standing Committee. Here are the seven members, in order of party hierarchy.



PRESIDENT XI JINPING, 64

- Mr Xi became the top leader in the Chinese Communist Party (CCP) hierarchy in late 2012. Beginning his second five-year term as the party chief on Oct 25, he has amassed enough authority to be considered the most powerful Chinese leader since Deng Xiaoping.
- In a break with party norms, he did not name potential successors to the Politburo Standing Committee (PSC), fanning speculation that he is planning for a third term in 2022.



LI KEQIANG, 62

- Like Mr Xi, Mr Li was first promoted to the PSC at the 17th party congress in 2007.
- Five years later, Mr Xi succeeded President Hu Jintao and Mr Li succeeded Premier Wen Jiabao.
- His key portfolios include economic management and finance. But Mr Li, has had his power reduced with the setting up of high-level steering committees headed by Mr Xi.



LI ZHANSHU, 67

- Ranked No. 3 in the Chinese leadership hierarchy, Mr Li is tipped to head the National People's Congress, China's Parliament.
- His friendship with Mr Xi goes back to the 1980s.
- As director of the CCP Central Committee's General Office, Mr Li is Mr Xi's chief of staff and often accompanies him on foreign trips.



WANG YANG, 62

- Mr Wang, like Mr Li Keqiang, hails from the Communist Youth League faction, also known as tuanpai.
- Seen as a significant figure familiar with foreign policy, he headed the Chinese delegation at the first US-China Comprehensive Economic Dialogue in July.



WANG HUNING, 62

- The director of the Policy Research Office, a think-tank of the party's Central Committee, is a close aide who is often seen beside Mr Xi during important meetings and overseas trips.
- The former dean of Fudan University Law School is also the brains behind Mr Xi's "Chinese Dream" campaign.



ZHAO LEJI, 60

- In 2000, he became Qinghai governor at the age of 42, making him the youngest governor in the country at the time. His promotion to Qinghai party boss three years later made him the country's youngest provincial party secretary, at age 45.
- Elected head of the party's top anti-graft agency, the Central Committee for Discipline Inspection, Mr Zhao will ensure that Mr Xi's anti-graft campaign is carried out more extensively, as well as help to institutionalise party supervision.



HAN ZHENG, 63

- Widely seen as a member of the Shanghai faction led by former president Jiang Zemin, Mr Han was Mr Xi's deputy when the latter served a brief stint as Shanghai party boss in 2007.
- The Shanghai party chief is likely to be the first executive vice-premier, who will be the point man for the Joint Council for Bilateral Cooperation, the highest-level forum between China and Singapore.

Sources: THE STRAITS TIMES, BLOOMBERG, REUTERS PHOTOS: AGENCE FRANCE-PRESSE, BLOOMBERG, REUTERS STRAITS TIMES GRAPHIC

All eyes on...

Lim Yan Liang

China Correspondent



Brains behind the 'China Dream'

For decades, Mr Wang Huning worked his magic quietly behind the scenes as an adviser to three top Chinese leaders.

The political theorist is said to have played a key role in coming up with Mr Hu Jintao's Scientific Outlook on Development and Mr Jiang Zemin's Three Represents – the duo's signature political ideologies.

He is also behind President Xi Jinping's "China Dream" concept, of a rejuvenated and powerful China.

The spotlight is now on the 62-year-old, who has risen to the apical Politburo Standing Committee of the Chinese Communist Party (CCP) without

WANG HUNING, 62

- Ranks No. 5 in PSC.

- Principal Chinese Communist Party theorist and law professor.

- Key architect behind Mr Hu Jintao's Scientific Outlook on Development, Mr Jiang Zemin's Three Represents and Mr Xi's own "China Dream".



PHOTO: BLOOMBERG

experience in regional party leadership positions.

He has served mainly as head of the Central Policy Research Office, a party think-tank.

"He may be the most academic Politburo Standing Committee member in the party's history," said East Asian Institute analyst Chen Gang, noting that the CCP usually prefers PSC members to have experience in the cities and provinces.

Mr Wang, a former law dean at Shanghai's Fudan University was plucked from academia by Mr Jiang. But it was

under Mr Xi that his political career rose meteorically.

He is Mr Xi's top foreign policy aide, a constant companion on overseas tours and part of his inner circle. With his promotion to the PSC, Mr Wang is likely to take over the portfolio of retired propaganda chief Liu Yunshan, and become secretary of the CCP Secretariat.

In Mr Wang's early writings are treatises calling for the party to focus on high-level corruption.

He is also an advocate of a strong central authority - for economic and social stability - over democracy and individual liberty.

His ideas have influenced Mr Xi, said Beijing-based analyst Jude Blanchette of research group Conference Board.

"We see a consistent theme: Clawing power back to Beijing (and) cadres throughout the country now pay homage to the 'core' of the party's Central Committee, Xi Jinping," he wrote.

Professor Steve Tsang of the School of Oriental and African Studies said Mr Wang is "someone Xi can rely on to provide ideological leadership on his behalf".

He said: "With no power base of his own, he is totally dependent on Xi for his power and office, so Xi can rely on him despite Wang having served Hu and Jiang."

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Chong Koh Ping

China Correspondent



Economic adviser who's 'crucial' to Xi

Sixty-five-year-old Liu He and Chinese President Xi Jinping grew up in the same Beijing neighbourhood.

The Chinese leader, who is a year younger, had introduced his chief economic adviser as "very important" to him, when former US national security adviser Thomas Donilon visited Beijing in 2013, reported The Wall Street Journal.

Mr Liu has now been promoted to the powerful 25-person Politburo and is seen as a future state councillor or vice-premier, given his role as the mastermind behind major economic and financial policies.

LIU HE, 65

- Chief economic adviser promoted to 25-member Politburo.

- Seen as forerunner to become a state councillor or vice-premier given his role as mastermind behind major economic and financial policies.



PHOTO: REUTERS

The Harvard-educated Mr Liu is director of the Office of the Central Leading Group on Financial and Economic Affairs, a role he took on in 2013. He was made a member of the Central Committee in 2012.

This group is personally overseen by Mr Xi, and serves as a command centre for the country's macroeconomic policy.

Analysts say Mr Liu's promotion signals a continuity in current policies for the next five years.

Peking University economics professor Cao Heping told The Straits Times that Mr Liu is most likely to take over from

the current fourth-ranking vice-premier Ma Kai to oversee economic issues.

Mr Liu has been a key driver of supply-side reforms such as reducing overcapacity in steel and coal, and excess housing stock.

He was believed to have spoken on behalf of Mr Xi in an article in the party-run People's Daily in May last year, criticising government officials for delays in carrying out supply-side reforms.

Mr Liu cited former Singapore prime minister Lee Kuan Yew in an article published in 2008. He wrote that Mr Lee had told him China's greatest challenge was urbanisation, when they met at the Davos Forum in 1993. "Lee Kuan Yew is right," he added.

Hong Kong's South China Morning Post has reported that Mr Liu could replace Mr Wang Huning as party theorist, after the latter was promoted to the Politburo Standing Committee.

"If Liu takes over Wang's old job, he will provide ideological justifications for whatever Xi intends to say," said Professor Steve Tsang of the School of Oriental and African Studies at the University of London.

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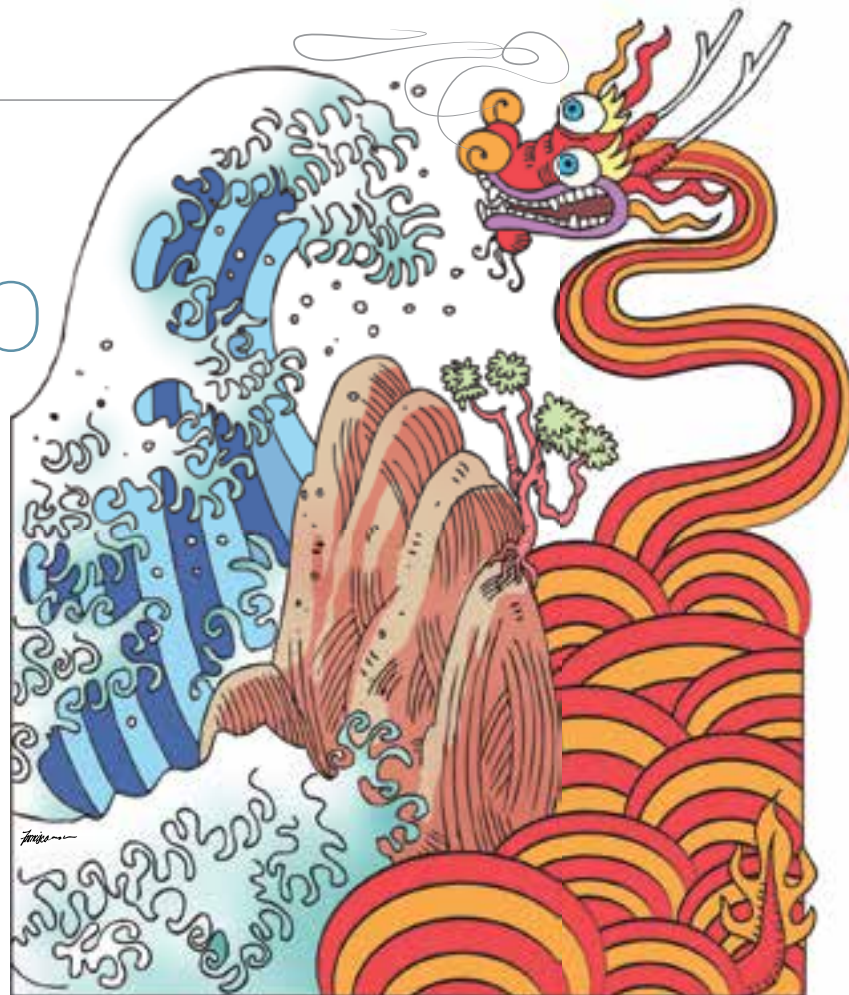


Ravi Velloor
Associate Editor



How will Asia take to a 'normal' Japan?

As Prime Minister Shinzo Abe prepares the ground for a more 'normal' Japan, he will need to show dexterity, perhaps even some subterfuge, before he gets there.



ST ILLUSTRATION: MANNY FRANCISCO

Some time in the not-too-distant future, Japan's Prime Minister Shinzo Abe, as he sets about reorienting its strategic posture and implementing his stated goal of modifying the nation's pacifist Constitution, is certain to come up against a few challenges.

The first of those are ghosts of "hibakusha" such as Mr Sumiteru Taniguchi, who died recently. Another is his nation's sense of complacency and general satisfaction with the way things are.

Hibakusha – literally, "explosion-affected people" – are the dwindling tribe of people who survived the atomic bomb attacks on Hiroshima and Nagasaki that ended World War II. One of the best known among them was Mr Taniguchi, who died in August 2017 of duodenal papilla cancer at age 88. With scarlet burns on his back, the former postal worker in Nagasaki was a lifetime campaigner for denuclearisation as a chair of the Japan Confederation of A- and H-Bomb Sufferers Organisations.

In one of the most dramatic of his public appearances, Mr Taniguchi went before the United Nations review conference for the Nuclear Non-Proliferation Treaty (NPT) in 2010 to show a famous picture of himself during

hospitalisation, and to say: "Please don't turn your eyes away from me. Please look at me again."

As for the sense of satisfaction, the Japan Cabinet Office's most recent Public Opinion Survey on the Life of the People showed that 74 per cent of the people were "more or less satisfied" with their lives, the highest since 1963. While gripes about income persisted, fewer people were complaining.

Clearly, as the recent election which returned Mr Abe to power by a comfortable margin showed, the Japanese are not inclined to make any radical turns of the road.

How to change things significantly in a country where even glacial progress is seen as too rapid? Few doubt that Mr Abe has a job on his hands. But it is perhaps not an impossible one.

The rising number of European marques in Tokyo's parking lots attests to the fact that when it needs to, Japan can indeed adapt. Elsewhere, the nation is contemplating its first casino resorts as gaming gets legal sanction.

Most importantly, attitudes towards the euphemistically named Self-Defence Forces (SDF) may be changing. It was not that far back that Japan changed the name of its Defence Agency to a regular "Ministry of Defence". Mr Abe

has also succeeded in pushing through rule changes to allow Japanese troops to fight abroad. The young, with no memories of the war, are far more positive towards the military than their seniors. In late August 2017, some 26,000 people gathered at the foothills of Mount Fuji to watch live-fire exercises conducted by the SDF, often murmuring appreciatively.

So, how would the man poised to be Japan's longest-serving post-war leader go about his mission?

THE NUCLEAR OPTION

Some clues are available. A decade ago, New Delhi, which declines to sign the NPT, sent an envoy to Tokyo seeking Japanese endorsement for its bid to get a special waiver to be admitted into the Nuclear Suppliers Group (NSG). At the time, Foreign Minister Taro Aso solemnly read out a long brief detailing why Japan could not sign on to the waiver without India signing the NPT as a non-nuclear weapon state and adhering to the Comprehensive Nuclear-Test-Ban Treaty. Mr Aso also referred to strong public opinion in Japan against nuclear weapons.

As recounted by former Indian

foreign secretary Shyam Saran, Mr Aso, having delivered the formal brief, then walked Mr Saran to the lift and conveyed that he was under instructions from Mr Abe to let India know that while Japan may have to “make a lot of noise” at the NSG, it would not oppose a consensus in favour of India.

For Japan, the necessary adjustments will need to come in small doses as it prepares itself and its neighbourhood for the change. As a recent Reuters report suggested, the first of those steps could come as a tweaking of its “Three Principles” adopted five decades ago: Not to possess, manufacture or allow nuclear weapons onto its territory.

“Perhaps it’s time for our three principles to become two,” a senior defence policymaker told Reuters, suggesting that nuclear weapons be allowed into Japan, perhaps in the form of a US nuclear-armed submarine to operate from one of the bases in the country.

Already, in nearby South Korea, polls show that more than two-thirds of the people want the United States to bring back tactical nuclear weapons for battlefield use – weapons that had been withdrawn from the theatre in an earlier era. Can Japan be that far behind?

Few doubt that Japan has the know-how and the atomic material to build a credible atomic arsenal at short notice. Putting that information out in the open and getting its people to accept that the country is a nuclear weapon state is the challenge.

For now, the official word is that Japan would like to do nothing that would exacerbate the tensions in the region, as going nuclear definitely would.

Still, the provocations are rising. In mid-September 2017, North Korea said “the four islands of the archipelago should be sunken into the sea by the nuclear bomb of Juche”. Japan, the statement from Pyongyang said, no longer needs “to exist near us”.

North Korea is but one issue. Worries about the durability of the American nuclear umbrella, under which it has operated for so many decades now, have been mounting since Mr Barack Obama occupied the Oval Office, and even more under its current incumbent, the very transactional Mr Donald Trump.

Japan likes to project the US relationship, now elevated by the seemingly close Abe-Trump personal relationship, as hunky-dory. In truth, there is massive worry in Tokyo about a Sino-US deal that could hurt its interests.

Its response has been to employ several hedging strategies, one of which was an outreach to Chinese President Xi Jinping in May 2017 when Mr Abe asked one of his most trusted political allies,



This file picture shows UN Secretary-General Ban Ki-moon (L) speaking with Sumiteru Taniguchi, one of the Nagasaki atomic bombing victims, standing in front of his picture on display at the Nagasaki Atomic Bombing Museum in Nagasaki. PHOTO: AFP

Liberal Democratic Party secretary-general Toshihiro Nikai, to carry a personal letter to Mr Xi. A Sino-Japanese summit is within the realm of possibility.

THE CHINA QUESTION

Yet, Japan is aware that as China’s comprehensive power rises – six years ago, China passed Japan in gross domestic product to become the No. 2 economy after the US – Washington’s reluctance to confront Beijing, already in evidence after China reneged on a promise to not militarise the islands it has built in the South China Sea, is only set to grow. Indeed, at China’s recent party congress, Mr Xi even highlighted the build-up in the South China Sea as a major achievement of his first term.

All this leaves Tokyo with few options

How to change things significantly in a country where even glacial progress is seen as too rapid? Few doubt that Mr Abe has a job on his hands. But it is perhaps not an impossible one.

at the end of the day but to set itself more fully on the road to “normalcy” – if nothing else, to preserve its credibility and clout in Asia. Besides, to accept subordination would go against the core of what it means to be Japanese.

As the distinguished Singapore diplomat Bilahari Kausikan noted recently, ever since Toyotomi Hideyoshi defied the Chinese world order of the time to invade Korea in the 16th century, refusal to accept subordination to China has been integral to the Japanese sense of identity.

Evidence of this was available at the Manila meeting of East Asia Summit foreign ministers three months ago, when Chinese Foreign Minister Wang Yi publicly chided his Japanese counterpart Taro Kono for criticising the

South China Sea construction, saying he was acting like an American stooge. Mr Kono, who had been in the job for less than a week, countered that “it is necessary for China to learn how to behave as a major power”.

Japan’s China outreach, while welcome, is surely then to be regarded as more tactical than strategic. China, meanwhile, has been making its own tactical adjustments; while increasing its patrols in the East China Sea, it has toned down the aggression of those manoeuvres, thus avoiding incidents as happened in 2013 when Japanese ships turned on their fire-control radars against approaching Chinese craft.

How will the rest of Asia take to a “normal” Japan, with a regular military and announced nuclear weapon capacity?

It will probably get used to it, even silently welcome it perhaps. While there are those, like the hibakusha and their kin, as well as geriatrics across East Asia who abhor memories of a militarised Japan and warn against it, the country has done penance in so many ways since that time.

Much of East Asia’s current prosperity – China’s included – would not have been possible without the massive investment flows from Japan. In recent times, it has opened its pocketbook to South-east Asia significantly and with fewer strings attached, helping with capacity-building in countries such as Vietnam, the Philippines, Malaysia and Indonesia.

As for America, it will likely not stand in Japan’s way, never mind its past opposition to Japan and South Korea building up nuclear arsenals. In the 1970s, then President Richard Nixon was fully aware that the honeymoon period with China, initiated by the Henry Kissinger-led opening to Beijing, would probably last no more than 20 years, yet he went along anyway in the larger interest of containing the Soviets. The current preoccupation is China.

A Japan stirring to life on the strategic front will cause excessively aggressive or assertive powers to pause and ponder. At the war museum adjacent to Yasukuni Shrine in Tokyo, there is a short video clip of a battlefield ceremony where an officer is seen distributing water in place of sake to young soldiers poised to say farewell to life. The look in the eyes of the young soldiers shows no fear.

It is that look in the eye that Asia needs to be wary of, and which anyone needling Japan into acquiring it must take responsibility for, whether he resides in Pyongyang, Beijing or elsewhere.

Kirstin Yip



2018: Populism returns?

Will populism be a dominant theme as several countries prepare to hold elections? Here's a look at what's coming up:

ASIA - 2018

General election, Malaysia

The vote is due by August but Prime Minister Najib Razak, who has full power to decide when it will be held, has not affirmed or denied the possibility of a snap contest. Political observers, meanwhile, are confident polls will be held in March or April.



When called, the vote will be one of the country's fiercest ever political battles, pitting PM Najib against Dr Mahathir Mohamad, the country's 92-year-old former strongman prime minister, who now leads the opposition alliance Pakatan Harapan (PH).

General election, Thailand

Thailand is now ruled by a junta, after it saw a military coup in 2014. Elections are expected in November, but analysts say there will be limits on democracy under the junta's new charter, which curbs the power of elected politicians and calls for a fully appointed Upper House, with several spots reserved for military leaders. After seizing power, the junta enshrined its governmental role by declaring that any future administration must adhere to its "legally binding 20-year plan" for the country.



Regional election, Indonesia

Simultaneous regional elections are due to be held in June, in 171 provinces, cities and districts, after a four-month campaigning period that begins in February. Money politics and security could be key concerns.



Local mayoral and county magistrate elections, Taiwan

The local elections in late 2018 will see the ruling Democratic Progressive Party (DPP) and the Kuomintang (KMT) try to improve their standing with voters. President Tsai Ing-wen's approval ratings have sunk below 30 per cent amid tensions with China, while the KMT has been plagued by infighting and a probe into its allegedly ill-gotten assets.



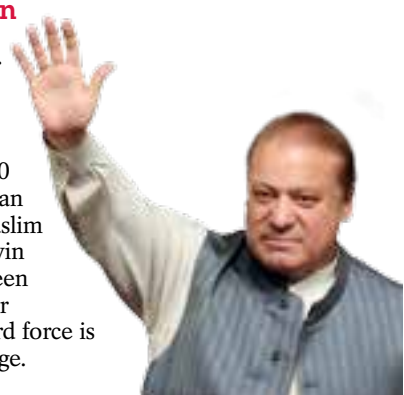
General election, Cambodia

The election on July 29, could have been one of the most watched elections in Cambodia's history, but with the main opposition party, the Cambodia National Rescue Party, dissolved and party leader Kem Sokha arrested for treason, that will not be the case. Prime Minister Hun Sen, whose rule of more than three decades seemed under threat, has said the elections will go ahead "as normal".



General election, Pakistan

Despite the Panama leaks that recently ousted Prime Minister Nawaz Sharif, who heads the PML-N, was embroiled in, former president Pervez Musharraf has said there is a 90 per cent chance that the Pakistan Peoples Party and Pakistan Muslim League-Nawaz (PML-N) will win elections, due to be held between June and September, from their traditional strongholds, if a third force is not formed to mount a challenge.



General election, Bangladesh

Awami League president and current Prime Minister Sheikh Hasina Wazed looks set to come back to power again in 2018 for a third term. Opposition party Bangladesh Nationalist Party will be a strong contender in the next elections, due to take place between October and December, after boycotting in 2014.



Parliamentary elections, Bhutan

There are about seven political parties in Bhutan. Currently, the People's Democratic Party rules Bhutan, having clinched victory over the then-ruling party, Druk Phuensum Tshogpa, which has strong links to the king. Many will be watching to see the outcome of the parliamentary elections due to take place between May and October.



Parliamentary elections, Afghanistan

Problems related to the parliamentary and council elections have been difficult to resolve following the creation of a national unity government led by former rivals, President Ashraf Ghani and Chief Executive Abdullah Abdullah. The infighting between the Ghani and Abdullah camps and issues around voter registration, electoral fraud and security have led to the postponement of the elections since 2016, and there are doubts over parliamentary and council polls planned for July 2018.



ASIA – 2019

General election, India

The ruling Bharatiya Janata Party, is expected to win the general election, to be held in May 2019, with incumbent Prime Minister Narendra Modi returning for another term. Some reports say elections could be brought forward to the fall of 2018.



Indonesian presidential election

Current president Joko Widodo, with an approval rating of 68 per cent, looks set to be re-elected for a second five-year term, when elections are held in April, 2019. It remains to be seen how he will handle job prospects, which are a concern for Indonesians. Former lieutenant-general Prabowo Subianto has also strongly hinted that he will be making a second bid for the presidency against Mr Joko, whom he lost to in 2014.



Parliamentary election, North Korea

As always, voters only have one choice for their district representative and these candidates are chosen by the governing coalition. Power remains with Mr Kim Jong Un, who is supported by the Presidium, a smaller group of senior officials. Votes do not make much of a difference but the elections also serve as a form of census. It will likely be held in March 2019.



Elections elsewhere

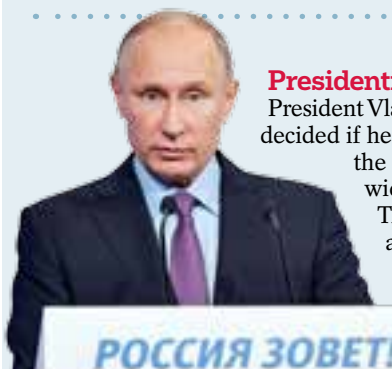
Mid-term elections, United States

Though President Donald Trump's approval rating is at a historic low and he has yet to deliver on most of his major legislative promises, strategists still say the smartest play for many Grand Old Party (GOP) candidates is to tie their campaigns even more tightly to Mr Trump's agenda, to win over the conservative base still staunchly aligned with the President. Mid-term elections will be held on Nov 6, 2018.



Presidential election, Russia

President Vladimir Putin has not decided if he will be contesting in the 2018 elections, but he is widely expected to do so. The presidential elections are to be held in March.



Presidential election, Czechoslovakia

The incumbent President Miloš Zeman is standing for re-election, in polls due in January 2018.

Presidential election, Finland

President Sauli Niinistö is eligible for re-election, for another six-year term, when elections are held in January or February of 2018.

General election, Italy

The Italian general election is due by May 2018 but is widely expected to be held in March. Mr Beppe Grillo's Five Star Movement is currently ahead in most of the recent polling.

General election, Mexico

Incumbent President Enrique Peña Nieto, who is deeply unpopular in Mexico, according to Forbes, is not eligible for a second term when elections are held in July 2018.

Presidential election, Ireland

Many are expecting current President Michael D. Higgins to step forward to essentially walk into a second seven-year term, although he mentioned years ago that he will retire from politics once his term comes to a conclusion. Elections are due in November 2018.

Parliamentary election, Cuba

Incumbent president Raúl Castro, younger brother of the late Fidel Castro, the revolutionary Marxist leader who ruled Cuba for 47 years, will not be seeking a new term after stepping down in February. However he is expected to keep leading the one-party state even after February. Rising star Miguel Diaz-Canel is first in the line of succession for the presidency. Dates to be decided.

SOURCES: THE STRAITS TIMES, REUTERS, BBC, THE STAR, THE DAILY STAR, KUENSEL, DAWN, CAMBODIA DAILY, THE ECONOMIST, THE ATLANTIC, THE STRAITS TIMES, KOMPAS, THE ECONOMIST, REUTERS, FORBES, NEWSWEEK, FOREIGN POLICY
PHOTOS: NSTP, AFP, EPA, REUTERS, BLOOMBERG, YNA, KCNA, SPUTNIK, ST

Free-trade believers must hold fast

As a metaphor for the gains of turning swords into ploughshares there could have been no better venue for the Asia-Pacific Economic Cooperation (Apec) forum than Danang. The Vietnamese port city was once the storage hub for Agent Orange, the deadly defoliant chemical used by the Americans during the Vietnam War. Now striving to be an economic hub, the city's new airport is emblematic of the improving infrastructure being installed in the nation. Vietnam's fortunes hinge on the openness of trade as it woos more foreign investments. The superstitious though would have read an ill wind in the typhoon that battered the city just ahead of the summit.

Unhappily, they were not wrong. The leaders gathered for the Apec summit had hoped for affirmation from the world's pre-eminent power. After all, it was America which once championed the values of openness – qualities that had helped to make it not only the most powerful nation on earth, but also the most admired. Instead, what they got was a harangue by President Donald Trump about “America First”. For

good measure, he advised the summiteers to put their own narrow national interests first. Those who had expected the last 10 tumultuous months in office to mellow the populist notions of the real estate mogul were predictably disappointed. Mr Trump's priorities remain unchanged, as he stokes the sentiments that voted him to power.

It is obvious to US allies, particularly in Asia, that the old order is changing and they must learn to fend for themselves collectively. This is why Japan, under Mr Shinzo Abe, has been fervently working to salvage the Trans-Pacific Partnership Agreement, which Mr Trump has spurned.

It is obvious to US allies, particularly in Asia, that the old order is changing and they must learn to fend for themselves collectively. This is why Japan, under Mr Shinzo Abe, has been fervently working to salvage the Trans-Pacific Partnership (TPP) Agreement, which Mr Trump has spurned. The 45th US President has no appetite

for multilateral agreements, preferring bilateral deals that allow him to push his agenda. Taking this to heart, the other 11 member-nations of the TPP have decided to go ahead with their own trade deal. This is the wise thing to do, even though for many nations the allure of TPP was really about getting improved access to the world's richest marketplace.

The Comprehensive and Progressive Agreement for the Trans-Pacific Partnership, as the new deal is named, dilutes some of the high-aiming provisions of the original TPP, including those on intellectual property protection. The grandstanding by Canadian Prime Minister Justin Trudeau, who did not show up for the signing ceremony at the last minute, underscores the bumps in the road ahead. Yet, this is a small price to pay for keeping the trade locomotion moving forward. Free trade believers must close ranks so the doubters do not succeed in destabilising multilateral trade initiatives. US attitudes towards trade, exemplified in Mr Trump's “zero-sum” thinking, have the potential to unravel the economic knitting painstakingly built over the decades. That would be a great pity. □

What China's new era might hold

The world's eyes were on the Chinese Communist Party's national congress recently because of the absolute power it wields in the most populous nation, one with the heft to cause ripples in the economic fabric of the region. It is precisely its size that makes the Western observer nervous about any abrupt change to the status quo, even as liberals might look askance at the scripted management of the week-long event. So high are the stakes that, from an Eastern perspective, a freewheeling approach to leadership change would be a risky gamble. In a world being shaken by populists, separatists, terrorists and nuclear opportunists, would one want the Asian giant to be rocked by cadre struggles or grassroots upheaval?

Hence the equanimity over the elevation of President Xi Jinping to the ranks of Mao Zedong (who united a nation fractured by war) and Deng Xiaoping (seen as the father of modern China). He was bestowed the rare honour of having his philosophy incorporated in the party's constitution, as “Xi Jinping Thought” on the new era of socialism with Chinese characteristics.

Though he now appears all-powerful, the Communist Party is not a monolith and power is more institutionally based than before. Autocracy, through a Western lens, is pitted against liberal democracy in bad-versus-good terms. But collectivist cultures do not see principled authoritarianism as an oxymoron. In China's context, it is argued that strong leadership is vital to

Though he now appears all-powerful, the Communist Party is not a monolith and power is more institutionally based than before. Autocracy, through a Western lens, is pitted against liberal democracy in bad-versus-good terms. But collectivist cultures do not see principled authoritarianism as an oxymoron.

hold a vast country together and to tackle huge challenges – like fighting corruption, creating quality jobs for the 15 million youngsters entering the workforce annually, and reforming pensions as a quarter of the population will be over the age of 65 by 2050.

Despite such formidable domestic needs, Mr Xi sees China developing into a moderately prosperous society that can stand tall among other nations. There is a grand strategy in his approach which contrasts with American president Donald Trump's focus on discrete deals. For instance, Mr Xi has been striding confidently on the world stage (with an eye on Chinese interests) and he wants to extend China's global influence via his “Belt and Road Initiative”. That, as the Economist magazine noted, “is the kind of leadership America has not shown since the post-war days of the Marshall Plan in Western Europe”.

While the good of such collaborative efforts is not doubted, bad aspects of global influence have surfaced. For example, there is talk in Australia of Chinese interference in domestic politics and “heavy influence” on Chinese student groups at Australian universities. Elsewhere, there are jitters about China's projection of military power abroad. How Mr Xi assuages such concerns will determine whether China's new era is widely associated with benign global leadership or with intrusions reflecting Russian characteristics. □

Vikram Khanna

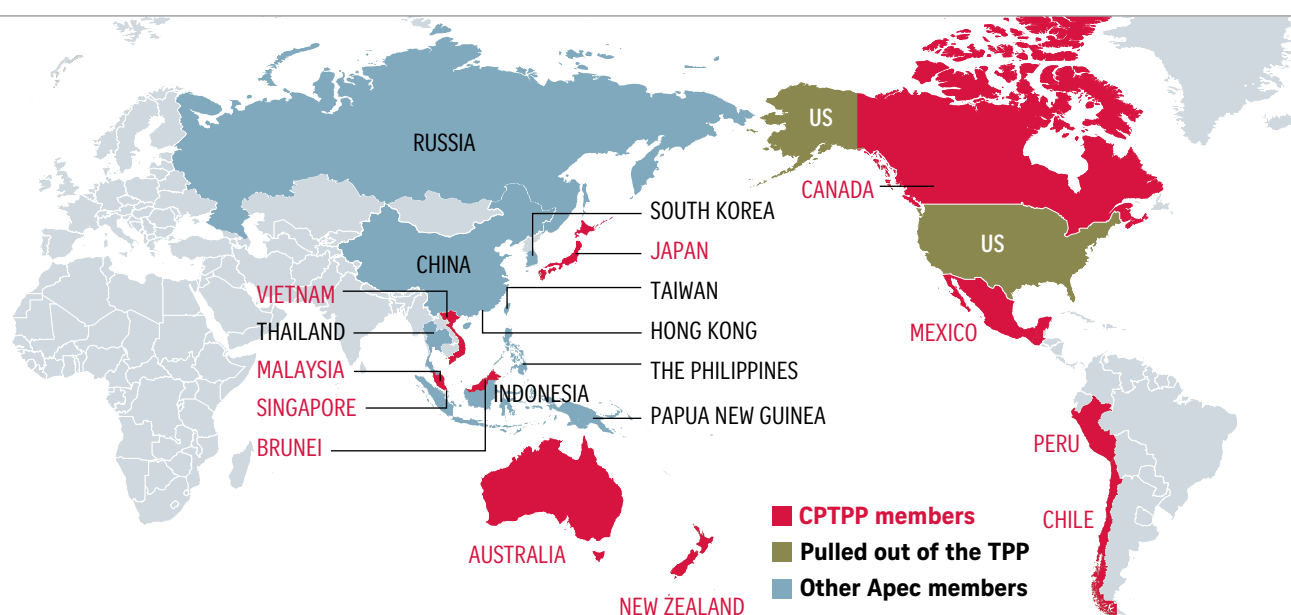
Associate Editor



China and India should now join the TPP

TPP-11 to move forward on trade deal

The 11 remaining members of the Trans-Pacific Partnership (TPP), all of them in Apec, will push ahead on their free trade deal without the United States. They have renamed it the Comprehensive and Progressive Agreement for the TPP (CPTPP).



CPTPP IN NUMBERS

6 No. of members needed to ratify it before it can enter into force

60 Days time needed to enter into force after the ratification requirement is met

20 Provisions from the original TPP that will be suspended, 11 of which dealt with intellectual property

13.5% Share of global GDP, down from 40 per cent had the US stayed in the TPP

S\$13.6 trillion Economic output of members

SUNDAY TIMES GRAPHICS

As a trade agreement, the Trans-Pacific Partnership agreement is superior to the Regional Comprehensive Economic Partnership, which includes China and India.

The Trans-Pacific Partnership (TPP) – the biggest trade deal in history – has got a new lease of life. But it remains limited in its geographical coverage – something that can be substantially remedied if China and India also sign up.

With the addition of the two Asian giants, it would then cover countries with a total population of about three billion instead of 500 million, and a combined gross domestic product of US\$25 trillion (S\$34 trillion) instead of US\$13 trillion.

After US President Donald Trump pulled the United States out of the TPP on his first day in office in January 2017, many observers pronounced the agreement to be all but dead. But thanks to the persistence of the remaining 11 members, led by Japan, it has been formally resurrected following the meeting of the leaders of the Asia-Pacific Economic Cooperation forum in Vietnam in November. However, there are three glaring omissions in the composition of its membership: the US, China and India.

Under the Trump administration at

least, there is little chance of the US coming back on board.

Mr Trump has repeatedly excoriated the TPP as being a job-killer at home and it would be hard for him to backtrack. But China and India, both of which were excluded, should now seriously explore signing up.

The TPP, which was originally mooted by the Obama administration as part of its “pivot to Asia” strategy, was partly intended to limit the dominant influence of China in setting the rules and agenda for trade in the region. But geopolitical rivalry aside, when it came to trade, excluding China made little sense, given that it was the largest trading partner of almost all the members of the TPP. Excluding India, one of Asia’s fastest-growing economies and its third largest, was also an anomaly.

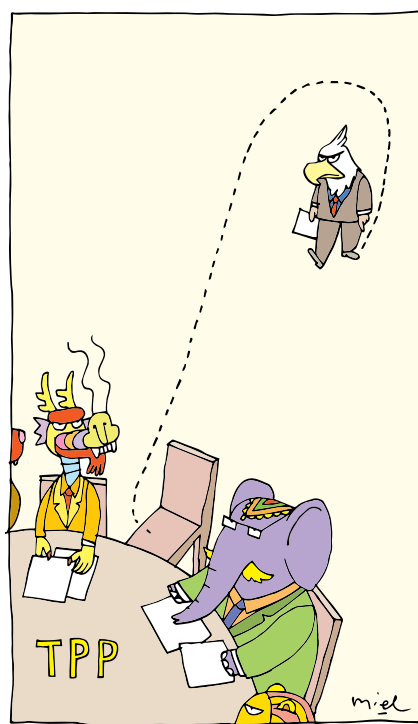
Having been excluded, China and India stand to lose out from the TPP. They will face higher tariffs in TPP member economies than would the TPP members when they trade with each other. China and (especially) India would also lose in the area of services as well as inward foreign investment, where TPP members will be more committed to protecting the rights of investors.

TPP members would in turn face high tariffs on certain goods, including farm products, when they sell to the huge markets of China and India. They would also be subject to non-tariff barriers that would be far less if China and India were part of the TPP. Including China and India in the deal would, in net terms, be a win-win for all concerned.

China’s response to its exclusion from TPP has been to accelerate other agreements to which it is a party, notably the 16-country Regional Comprehensive Economic Partnership (RCEP), which also includes India – although this has moved slower than the TPP.

However, as a trade agreement, the TPP is superior to the RCEP. The TPP covers more goods, with almost every tariff line falling to zero, which would especially benefit China. It also covers more services, which would especially benefit India, whereas the RCEP covers a limited list.

In addition, the TPP is more pro-investment, offering stronger protection for investors and it mandates higher environmental and labour standards. It also has better provisions for intellectual property protection – although many of these have been suspended (though not scrapped) in the latest version of the TPP.



ST ILLUSTRATION: MIEL

To be sure, China and India have so far not been enthusiastic about joining the TPP – even though theoretically, they would be permitted to do so – it is a party they would not like to attend, even though they have not been invited.

The standards set by the agreement would require both to make major reforms such as an overhaul of the way their state-owned enterprises work, the dismantling of several non-tariff barriers, the opening up of their service sectors as well as government procurement to foreign firms, and the dismantling of restrictions on e-commerce that favour local firms.

But China and India have a record of pushing through bold reforms, especially under their current political leaders, both of whom enjoy strong popular support.

They would have to pursue such reforms sooner or later anyway – or else they stand to lose their competitive edge vis-a-vis their TPP-member trading partners.

Besides, if a less developed economy like Vietnam can commit to the provisions of the TPP, China and India can surely make the grade.

Finally, what of the US? Having frozen itself out of the TPP for the moment, it is talking of other architectures like the Indo-Pacific Partnership (IPP) – which is so far undefined, but said to include India, Japan and Australia, besides the US.

But the Trump administration has indicated it is more interested in bilateral

deals than multinational arrangements. So an IPP, if it happens, is likely to take a while and be, again, limited in scope. To many observers, it looks suspiciously like another construct designed to “contain” the influence of China, a bad formula for a trade agreement, which should be about trade, not geopolitical one-upmanship.

Meanwhile, the TPP, which has been rechristened the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership, is going ahead and will likely take effect in 2019. Many other countries, including South Korea, Indonesia, the Philippines and Thailand, have also expressed interest in signing up.

Once China and India join, or even if they indicate an intention to do so, the US will have a hard time justifying to itself why it is staying out. It will face pressure from US companies, which will find themselves at a disadvantage vis-a-vis firms from TPP members when operating in Asia.

Eventually, the US will be compelled to return to the TPP. If not the Trump administration, then its successor will quite likely bring it back in. This could happen as easily as Mr Trump took it out, with the stroke of a pen.

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Read more

World trade in state of ‘managed chaos’

As ministers head for a December meeting of the enfeebled World Trade Organisation, it is clear global trade today needs new institutions that reflect the realities of the 21st century.

<http://str.sg/okk3>



Jean-Pierre Lehmann

How Trump sold out world trade to China

China’s Xi Jinping, in contrast, presents himself as a capable world leader who masters the world’s complex challenges that fail to interest the US president.

<http://str.sg/okkw>



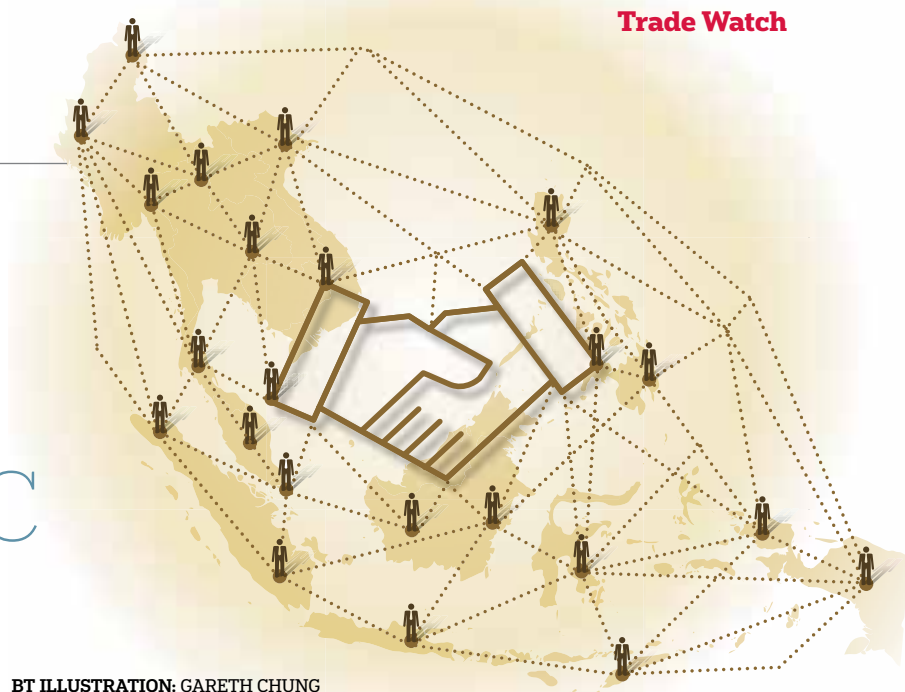
Nayan Chanda

Alan Bollard



A new dawn for Asia-Pacific trade

BT ILLUSTRATION: GARETH CHUNG



The prospects are bright with a billion people already lifted out of poverty in the past three decades.

With the arrival of 2018 comes renewed optimism for Asia-Pacific economies and their trade linkages that will determine the durability of the region's growth turnaround.

The leaders of the world's largest and most dynamic trading corridor, joined by Singaporean Prime Minister Lee Hsien Loong and newcomers including United States President Donald Trump, provided an end-of-year boost during their annual Asia-Pacific Economic Cooperation (Apec) leaders' meeting in Danang, Vietnam.

Together, these 21 leaders took important steps towards aligning their ideas for making trade between Apec economies work better in the common pursuit of growth and job creation back home.

To this end, they agreed to better position people and businesses across the Asia-Pacific to navigate complex shifts in the regional and global landscapes, building on the half century of progress achieved through cooperation between Apec economies that is well-suited for today's new realities.

For all the stakes, Apec, which Singapore helped to found in 1989, has over the years lived up to its name as a cooperative forum for tough economic issues. It is enabled by its enduring focus on voluntary, non-legally binding

policy prescriptions for easing trade bottlenecks like tariffs, administrative red tape at borders and mismatching standards that raise costs for businesses and consumers.

So where do things stand at the dawn of the new year? On the bright side, after three decades of proactive efforts by Apec economies to improve their connectivity and trade-driven growth, we have seen a billion people lifted out of poverty in places like China, Mexico, Thailand and Vietnam, and into the ranks of the middle class.

This breakthrough is translating into vast new market opportunities driven by surging demand for goods like cars, high-end cosmetics and meat, and, increasingly, services such as higher education, financial services, preventive healthcare, travel and tourism that reflect decidedly middle class lifestyles and tastes.

The potential to take advantage of these emerging growth drivers extends to workers, businesses and a new generation of digitally empowered entrepreneurs in advanced economies too — whether they are very large like Japan and the United States, relatively small like New Zealand and Singapore, or somewhere in between like Australia, Canada and South Korea.

These trends are today powering exports and a return to growth in the region, as reflected in the latest forecasts in Singapore and around Apec, and the global economy along with it. Yet challenges in the global trading environment and to the institutions that support it put this momentum at risk.

The swell of populist misgivings towards globalisation in some areas has brought genuine questions about

the fairness of trade and who benefits from it into greater focus.

New, bigger and more sweeping trade agreements such as the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP) are the subject of correspondingly heavy scrutiny by proponents and detractors.

The rules of trade as governed by the World Trade Organisation, intended to keep markets open and trade buoyant, are showing signs of stress over dispute resolutions and modernisation requirements.

The rapid pace of technological change has raised concerns about automation replacing workers like those on assembly lines, at banks and airport check-in desks, and behind the wheel. And e-commerce and big data has fundamentally revised skills demand and the meaning of security in one fell swoop.

In an inextricably interconnected world, these are challenges that we all face. But they are clearly proving hard for the trading landscape and the institutions around the world that underpin it to handle.

Apec's leaders have positioned the region to lead the way forward in dealing with these issues, helped by the flexibility and room for innovation, say, in digitally driven trade, startup promotion and even adjustment schemes and safety nets, made possible by the loose cooperation between them and their economies. Inroads in such areas in 2018 would make a real difference for Singapore and the region.

The writer is Executive Director of the Apec Secretariat. □

Bala Shankar

The disruptor wins it all

Consumer appetite for disruptive products and services has grown.

Ford Motor company sold about three million vehicles last year. Tesla, the electric car maker, has just caught up with Ford's market capitalisation. Guess how many vehicles Tesla sold in 2016? All of 76,000! This is the new world – one that belongs to disruptors. From Apple 10-15 years ago to Amazon and Tesla, the disruption juggernaut has carried on. It has laid low many conventional companies (think Nokia), shifted the technology narratives (think Kodak), shaken up skills and attitudes, and more significantly acquired mammoth scale almost unnoticed. Market cap is just one indicator. Amazon has over 300 million customers, Apple has unspent cash of over US\$250 billion (slightly below Israel's gross domestic product) and Google employs 75,000 people. We are clearly heading for a Jurassic moment in corporate annals.

If the disruptive innovation of these companies is awe-inspiring, so is the rapid acceleration of their path-breaking ideas leading to dominance in 10 to 20 years. Companies in the previous era needed more than 50 years to scale up, and those were not smooth rides. It is equally vital to note that consumer appetite for disruptive products and services has grown astronomically. We are able to digest new technologies, new ways of running our lives and new conveniences as these get thrown at us non-stop. Generation Z and the millennials have skilled themselves up to receiving new things – and they make up over 50 per cent of the global population now, according to Pew Research Center.

What makes a successful disruptive strategy? What common features do we see in companies or products which have gone on to dominate their categories and to even rule our daily lives?

Self-selling products and services

The new age products and services were designed to be self-explanatory and therefore marketed themselves. The underlying disruption did not have



ST ILLUSTRATION

to be explained (electric cars, touch-screen phones, online book sales). The innovations were so glaring (compared to conventional products) that the teaching and familiarisation process for customers was either minimum or obvious. The concepts were simple, the benefits self-evident and the new learning needs minimal. When these products or services were introduced, they focused on getting some early customers which probably involved some marketing dollars. After that phase, the Internet, the novelty of the ideas and their simplicity did the rest of the marketing. This is now easier to achieve in business to consumer (B2C) industries exploiting social media, analytics and affiliate programmes. By contrast, Google Wave did not succeed, as the feature was over-designed and users had to “invest” time to understand and derive full benefits. Simplicity is a hard-won goal.

Continuous improvement

Every successful player in the disruption game has mounted regularly additional services. Amazon kept adding new product categories and even media and entertainment offerings. Google has deployed the “adjacency” model expertly by expanding services from search to mail, maps, docs, Chrome, Google Drive, YouTube, Google Translate, AdWords and more. This

unrelenting spree of extensions has ensured continuous engagement with Google users and kept the company nimble, innovative and attractive. Facebook has extended itself to messaging, customising feed preferences, private scrapbook of photos, etc. Apple's iOS renews itself more times than you can keep count. These companies roll in new changes constantly as new user insights and analytics throw up opportunities. Large packaged software companies like Microsoft have the practice of launching upgrades every few years. The new disruptors however, make this a daily routine. Changes are many times seamless. Thus you do not need a fully fitted product or service to launch (you must, however, meet basic needs). Importantly, these companies can easily abandon old versions, without qualms.

New services or products

When Apple introduced the iPod more than a decade ago, it was priced at around US\$399. It was rumoured that it cost the company under US\$30 to produce each iPod. The advantage of new unknown products or services is the pricing power that they hand you. Even after copycats came on the scene, iPod continued its pricing hegemony by suitably modernising features, storage capacity, indexing conveniences etc. Amazon introduced a subscription

service for delivery of online purchases with pricing plans seen for the first time for such services. Google AdWords and Facebook advertising have pricing plans that are similar to none, as their services are unique. That is the cash engine for these two companies. Electric vehicles are priced almost twice as much as conventional vehicles, partly due to cost differentials – but the price differential is more than the cost differential. Over time, the gap may close, though, but the advantage can be sustained for a long time, with improvised features. Thus, it would almost seem that disruptors set their own prices and thereby enjoy abnormal profitability for many years. By corollary, copycats do not enjoy much pricing power. It is interesting to note that Samsung started off as a me-too product in the touch-screen handphone category, but after lagging behind in pricing for a long time, shifted gears to even achieve favourable comparison versus iPhone on several parameters. This helped them close the price gap.

Outstanding user experiences

Google Chrome usurped the dominance in the Web browser category from Internet Explorer or Safari, thanks to its outstanding user interface, mobile integration, extended ecosystem, robust but non-intrusive security features etc. Everything is in the right place to the right extent, as assessed by the users.

It has put user experience on top of everything, rather than going on a technical overdrive. Apple iPhone is another classic case of excellent user conveniences, many of them designed to work intuitively. The popularity of Instagram is attributed to its simple user interface exploiting visual appeal and instant enjoyment to the full. Uber is in the same category as its first prototype of booking and payment services hit the nail straightaway in user comfort. Facebook is so easy to use that it has many septuagenarian and octogenarian users. By contrast, many Web portals, including airline booking pages, are quite clumsy with too many steps and counter-intuitive algorithms. Not long ago, Iridium phone and Palm organiser suffered from inconvenient features and never really took off. It thus takes some effort to keep it simple and user friendly and the disruptors seem to know it well.

Localisation

Consumption in the Third World has risen faster in the past decade. China, South Korea, India, Indonesia and Brazil have some of the most rapidly increasing device adoption rates, Internet bandwidth growth and cheap data plans. That has produced a multiplier effect for all things under “technology” platforms. So, paradoxically, global demand is governed by local needs. In order to stay in the hunt, content

and language have been substantially localised. According to worldstats.com., Facebook has over 50 per cent of its subscriber base in non-English speaking countries, and it supports over 100 languages. Google Translate is one of its popular uses. But localising content or features is not mere translation. It goes deeper into culture, habits, attitudes, preferences and lifestyles. Fifty per cent of cars sold in India are by Maruti Suzuki, a largely localised company, with local design, parts and manufacture. Ten Cent in China is transforming the mobile digital life of its consumers. It claims to have 868 million users for its messaging service, QQ. Its WeChat has revolutionised social media and entertainment. These are fully local applications. Some of the large e-commerce sites in emerging markets are not Amazon or eBay – they are Flipkart, Alibaba, Bilibili, Submarino, Zalora and the like – all emerging market disruptors with local features. Perhaps Amazon will buy some of them or follow their recipe in order to compete effectively.

As these companies get more innovative and keep a steady lead ahead of others, their winning strategies will become the new normal to succeed as a new player. Disruption will then become a core element of every company's strategy.

The writer is a business consultant □

Asia's top 10 digital disruptors

Top digital companies in the Asia-Pacific region represent both a threat and an opportunity to global enterprises and companies should recognise them early to decide whether to collaborate or compete with them, research and advisory firm Gartner said in a release.

The firm predicts that through 2021, 80 per cent of traditional companies will lose 10 per cent in market share due to disruptive competition and/or the inability to disrupt themselves.

While most corporate leaders in global enterprises are familiar with U.S. based digital giants Google, Facebook, Amazon and Apple, those in Asia are normally shrouded in regard to how they are disrupting the digital business landscape, said C.K. Lu, Research Director at Gartner. But “as Chinese and American digital giants battle to disrupt global markets, no one can afford to sit on the sidelines,” he added.

Gartner's list of top 10 digital disruptors ranks tech firm Tencent as the most disruptive due to its product WeChat's ability to help “people organise their entire life”.

 Tencent 腾讯	Social China	 滴滴	E-commerce China
 Alibaba Group 阿里巴巴集团	E-commerce China	 MI	Device China
 Baidu 百度	Search China	 YAHOO! JAPAN	Search Japan
 蚂蚁金服 ANT FINANCIAL	Financial Technology China	 NAVER	Search South Korea
 JD.com 京东	E-commerce China	 陆金所 Lufax.com	Financial Technology China

Source: GARTNER (October 2017) STRAITS TIMES GRAPHICS

E-commerce firms Alibaba and JD.com make the list because of their global trading platforms while search giants Baidu and Yahoo Japan are included for their consumer reach.

Internet giant Naver makes the list because of its messaging app Line while in financial services, Alibaba affiliate and operator of Ali Pay Ant Financial is included. Ant Financial aims to provide

services who are unbanked.

Others include digital finance service Lufax, which is planning to launch a wealth management platform in Singapore, Chinese ride sharing firm Didi Chuxing, that is attempting a global anti-Uber alliance, and device maker Xiaomi, which is known for its affordable smartphones. □

Tan Ooi Boon

Senior Vice-President



Lessons from the men who made America great

Asian businesses can learn from early American entrepreneurs to cope with challenges in global trade.

We start our cars and drive off daily without pausing to wonder what it would have been like had they not been invented.

Our children go to libraries to study and enrich their minds, as if the institution is a natural part of society.

The present generation may not realise that such “necessities” would not exist but for a few great men in the past century.

Among them are Cornelius Vanderbilt, John Rockefeller, Henry Ford and Andrew Carnegie.

These pioneer American industrialists pushed mankind forward by creating things that made the world a better place to live in.

As Asean marks its 50th anniversary this year, businesses in this part of the world should reflect on the challenges facing global trade.

They should see how they can employ strategies that these early American entrepreneurs used to ride on the next wave of growth.

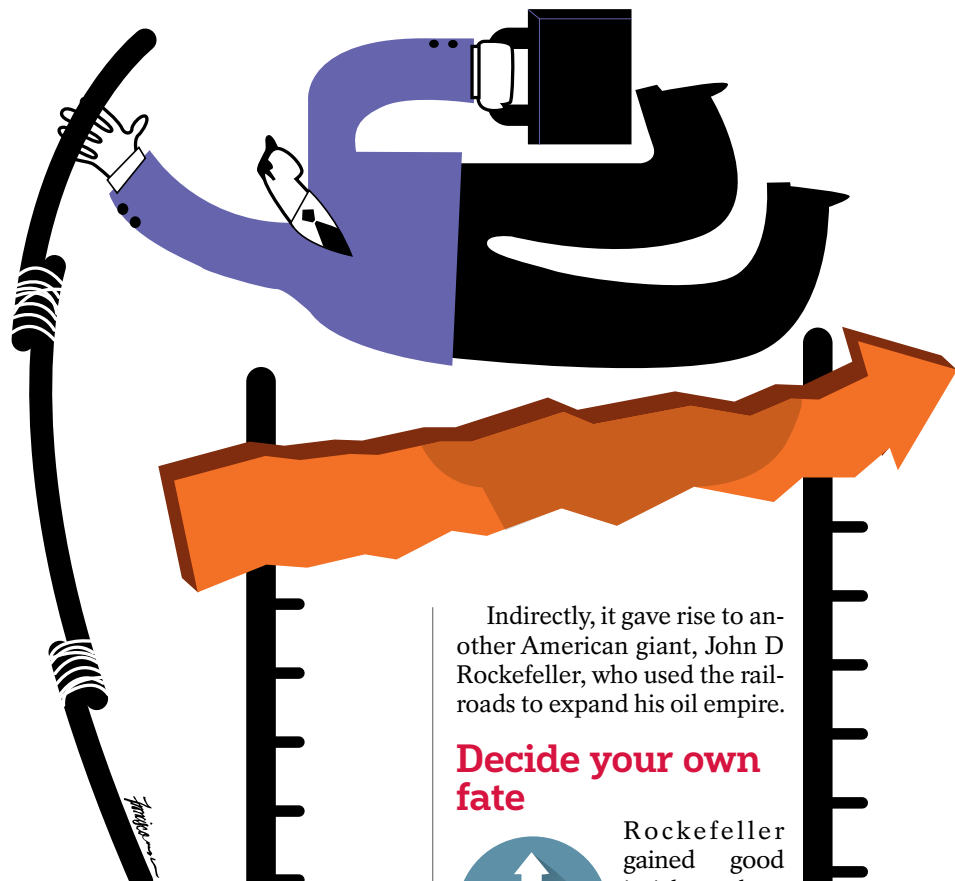
Courage to change



It takes guts to change one's thriving business to something new that has to be built from scratch.

On that score, few can match the courage of shipping magnate Cornelius Vanderbilt who did a major turn-around by trading in all his ships for trains.

He did that at the age of 70, after having spent a lifetime building his shipping empire, which he had started with just a single sailboat.



ST ILLUSTRATION: MANNY FRANCISCO

He could have retired comfortably because his business of shipping foreigners into America during the great Gold Rush was thriving.

But the opportunity to develop a land-based rail network on the hinterland - where gold was found - was hard to resist.

He was so adept in making the change that people thought that he had planned everything in advance. But the real genius was in his ability to seize good opportunities, and his foresight in investing in a new business with wealth generated by the old business.

This is something worth learning especially when many traditional businesses, even lucrative ones, also face the risk of obsolescence in today's world.

In Vanderbilt's case, his effort helped to change the geography of America by spurring the growth of new towns and cities, by moving people and goods around faster and to more places.

Indirectly, it gave rise to another American giant, John D Rockefeller, who used the railroads to expand his oil empire.

Decide your own fate



Rockefeller gained good insights on how to calculate costs and keep accounts as a teenager when he worked as a clerk.

He understood the need to keep operating costs low and this drove him to always plan for contingencies in later years, when he started a kerosene refinery business.

He took pains to keep his price low as the only reason why people would use kerosene for lamps then was if it was cheaper than whale oil.

To create cheaper products, he made his plant more efficient. Indeed, his oil refinery was possibly the first in the world to achieve almost maximum efficiency.

He used by-products from his plant to fuel his machines and sold the rest to other manufacturers.

He even hired his own workers to build oil pipelines and barrels, thus achieving huge cost savings.

It was a brilliant move not to depend on others for key parts of his business

as, when the railway operators sought to raise prices he could use his own interstate pipes to move his products around.

Had he not foreseen and prepared for the threat of price increases, his business could have folded.

Rockefeller also never relied on a single source for his business and made pacts with other transport operators so that he could not be held hostage by any one.

Also, instead of building plants from scratch, he expanded his business by buying out other plants, which could be remodelled and put into production immediately.

In barely 20 years, he had almost absolute dominance of the country's oil business. While his empire was later broken up by anti-trust law, today's oil industry owed it to Rockefeller for his courage to take charge, and not be dependent on others.

Think customer and employee



Henry Ford did that with cars. He didn't invent them but was the first to create a simplified no-frill model that even workers and farmers could buy.

His Ford Model T cost US\$825 in 1908 (about US\$22,000 today). As demand shot up, the price fell by almost half enabling a whole generation of people to drive.

He also astonished the market when he doubled the salary of his workers in a bid to attract the best talents to join him.

He knew that if he had more skilled workers in his factory, he could actually hire fewer people, as good workers could do more.

Not only that, the shrewd entrepreneur knew that if his own workers earned more, they could buy his cars, and thus increase sales.

In addition, he was also an early champion of the five-day work week. He believed that a shorter week could drive up productivity as workers then would put in more effort to complete the assembly of cars in a shorter time.

This strategy had business in mind, too: If workers had more leisure time, they would have more time to buy and consume more goods and this, in turn, would help the economy.

In short, before you sell something, make sure that your product is so desirable that even your employees aspire to own it.

It is easier to market a product that you like than to sell something you won't buy yourself.

Use wealth to help others help themselves



A country is great only because of its people and one wonders what America would be like if didn't have an extensive network of libraries and colleges to

produce educated, enlightened citizens.

In short, imagine an America without Andrew Carnegie.

When he was 14, local businessman James Anderson opened his personal library of 400 books to him and other boys.

Young Carnegie read voraciously and it was this that turned him into an intelligent self-made man.

He was so grateful to Anderson that he vowed that "if wealth ever came to me, I will see to it that other poor boys might receive opportunities similar to those for which we were indebted to the noble man".

Carnegie eventually built his empire in steel by making available a quality material that enabled the nation to build bridges and skyscrapers.

His biggest contribution to mankind, however, was his effort in building knowledge – he made good of his promise to enable children to learn, by funding over 3,000 public libraries not

just in America but also various English-speaking countries.

His investment in education was legendary – he spent the equivalent of over US\$80 billion in today's value on libraries, universities and education-related projects to pursue what he called "the noblest use of wealth, by contributing to enlightenment and the joys of the mind".

He believed it was a disgrace for anyone to die rich and his dictum was:

- To spend the first third of one's life getting well educated.
- To spend the next third making all the money one can.
- To spend the last third giving it all away for worthwhile causes.

Even after a century after his death, Carnegie's name is held in high regard when memories of thousands of other rich people of his time have faded into oblivion.

A final and most important life lesson that we can learn from these great men is that the things that we do for ourselves will die with us, while things that we do for others will live on forever.

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Sumiko Tan

Managing Editor



'Never underestimate the power of a shoe'

The best designs come from the soul, says Giuseppe Zanotti, maker of luxe shoes.

Giuseppe Zanotti, Italian maker of luxury shoes, has never had Teochew cuisine before, but he's game to try it.

We're at Imperial Treasure Fine Teochew Cuisine at Ion Orchard with two of his marketing people – one from Italy and the other from Hong Kong.

He listens intently as his Hong Kong colleague and I explain what Teochew food is about – cold crab, lots of seafood, steamed stuff and duck, we tell him.

We leave the colleague to order, and he looks on with interest when the food arrives.

The chilled slipper lobster is "very good", he pronounces. "I like this restaurant," he declares.

The papaya soup with pork ribs gets his thumbs up, even if the orange hue looks somewhat alarming to me. "Very good," he murmurs, spooning it up.

The dim sum dishes meet with his approval, as do the crab meat dumplings, kai lan and pomfret.

One thing, though, will always stick in his mind when he looks back on this meal – the tiny cups of extremely strong tea served at the start and end.

"This crazy tea, oh my god, I will remember all the time," he says towards the end of our lunch. "From this restaurant I will remember the tea."

In fact, Zanotti's shoes are a little like the tea. They are bold, in your face, and guaranteed to provoke a reaction.

In the rarefied world of luxury shoes where four-figure price tags are the norm, Zanotti's stand out for being loud and luxe. They are unabashedly sexy, big on bling and also a showcase of engineering genius.



Giuseppi Zanotti left school at the age of 17, became a radio deejay, and then went into shoe design. The Italian designer's shoes are now sold in 28 countries and have become a red-carpet favourite with celebrities. His women's shoes are known for their sculptural heels and bold use of jewels like crystals and accessories like feathers. **ST PHOTO: ALPHONSUS CHERN**

Some of his shoes could be described as – to use a favourite word of his – crazy.

There's his famous "cruel" sandal, which has a huge, baroque leaf design smack in front.

The "pyramid" shoe features gold cone-like embellishments, while the "venere" has a snake-like design made of gold coils.

The "picard" comes with a gravity-defying wedge heel that is cut so far in you wonder how anyone can balance on it.

He was in town in October 2017 to officially open his new boutique at Ion.

We arrange to meet at 11.45am and I'm told he doesn't want to eat in a private room because he wants to be among people.

Zanotti, 60, arrives soon after and greets me with a friendly handshake. He

has a shock of white hair with a floppy fringe and a smooth, tan complexion. He's wearing statement black-framed glasses, and his grey blazer looks extremely well-cut – it is tailored, I later find out. He's wearing Giuseppe Zanotti shoes, of course.

His demeanour tends towards deadpan, but he is warm, funny and down-to-earth.

He sees my three voice recorders on the table and pretends to fish out his smartphone from his jacket: "You have three? I put mine. Four."

He had arrived the night before (Nov 4) from Ho Chi Minh City where he had opened a new store. After the Singapore opening, he is headed for Hong Kong for the re-opening of his flagship store in IFC Mall, before flying back to Milan.

I ask if the tastes of his customers vary with cities. He says it used to be more distinct but there are still differences. “Asians are more elegant and sophisticated, Europe is more rock, Boston is very conservative, but New York is like Milan, more fashion. LA is super-crazy, Miami is very South America, very super-super crazy.”

Although more people are shopping online and a brand can get visibility without stores these days, he believes in the value of physical shops. “You cannot see the quality on the Internet. That’s why I need more stores, more boutiques, more showrooms, more frames to show my life’s work. And especially in Asia, because Asia is my first market now.”

He was born in the small seaside town of San Mauro Pascoli in northern Italy, near the city of Rimini which is famous for its shoe-making tradition. It was a town “where everyone was used to the smell of leather”, he once said.

He was the only boy with three sisters, “that’s why I’m very close to the woman universe”.

His mother was a tailor. His father, a collector of antiques and old radios, had a bar that also sold ice cream.

He wasn’t good at school and recounts with glee how he once got into trouble for removing seats from bicycles.

But he loved music and design. He left school at 17 to become a deejay at a local independent radio station, and was there until he was 23. He played music that wasn’t popularly heard in Italy – jazz-funk, soul and groups like the Detroit Emeralds and Jackson 5. He didn’t get paid but he says of his radio years, “this was my university”.

From the designs of record covers, he was introduced to the world of fashion.

Growing up where he did, and with his natural flair for drawing, he decided to go into shoe design. He did freelance work for small artisanal shoe companies, which led to bigger jobs with fashion houses like Gianfranco Ferre and Valentino.

He later bought a shoe factory in San Mauro Pascoli, and started making shoes. In 1994, he presented his first collection of shoes under his own name in New York City. The jewelled creations were well received and celebrities like Madonna became customers, sealing his own fame.

He opened his first Giuseppe Zanotti Design boutique in Milan in 2000, and others in major cities followed.

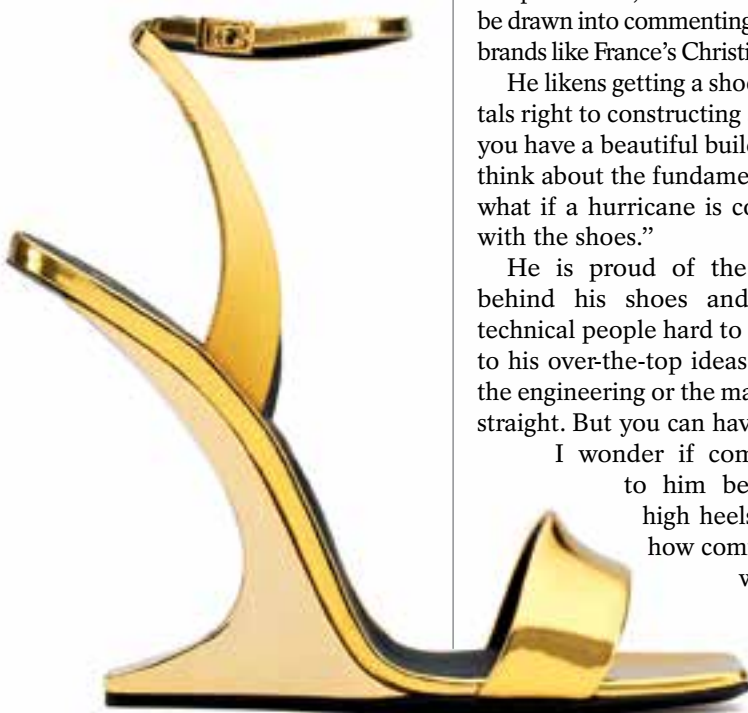
He now has 105 boutiques around the world, some directly operated and others with partners. The Singapore

store at Ion is a mono-brand boutique under a franchise agreement with Valiram Group.

In the last decade, he has added jewellery, sneakers, men’s shoes and a children’s range. All the shoes are made in Italy, and his company had a turnover of €171 million (\$271 million) last year.

Music has always been integral to his design process. He has found inspiration from Janis Joplin to Led Zeppelin, and in more recent times from the world of hip hop. He has partnered singers Kanye West, Zayn Malik and Jennifer Lopez on capsule collaborations.

He is also moved by movies, art and the world around him. Once an



Giuseppe Zanotti's "picard" range features an eye-catching sculpted heel.

PHOTO: GIUSEPPE ZANOTTI

idea comes to him, he creates a story around it, right down to the details of what people are wearing and how the environment looks. “And then we decide the shoes. It’s the last thing, the shoes.”

It is a process he has to restart each time a new season comes around. “On the one hand it’s complicated because I’m never happy, but on the other hand I’m very happy because I’m sensitive and can find inspiration from everywhere.”

He directs his design team like an orchestral conductor, and believes design must come from the soul.

He laments how young design graduates that go to him lack passion, even if they know the technical aspects of shoe-making.

“Change yourself, forget the school teacher,” he tells them. “I want to see your soul, I want to see yourself, not technical (things). I want wrong design, not perfect. I want your hands to be connected with your brain. I don’t like perfection; I like imperfection because that is the real passion.”

He adds: “Never underestimate the power of a shoe.”

He describes his women’s shoes as “full of emotions, powerful”. They are also “more comfortable than others (from) my competitors”. Some shoemakers “spend a lot of time to put fireworks on top, but then inside there is no value, shape, heel stability”.

He doesn’t elaborate on who these competitors are, and also does not want to be drawn into commenting on other luxe brands like France’s Christian Louboutin.

He likens getting a shoe’s fundamentals right to constructing a building. “If you have a beautiful building, you also think about the fundamentals because what if a hurricane is coming? Same with the shoes.”

He is proud of the engineering behind his shoes and pushes his technical people hard to find solutions to his over-the-top ideas. “Sometimes the engineering or the manager are too straight. But you can have fantasy.”

I wonder if comfort matters to him because super-high heels – no matter how comfortable – can wreak havoc on a woman’s back.

He points to our food and says:

“You know, in the lobster, there is cholesterol. This is pork, cholesterol too, but this pork is so good. High heel is very painful and, no, it’s not so comfortable, but you are so beautiful.”

He continues: “High heel is not a drug, it’s not heroin or cocaine. It’s from yourself, your personality. I think for a couple of hours you can have.”

You could always keep a pair of low-heeled shoes in your bag to alternate with, he says, adding: “For that, we have sneakers. Then we have a salad and pork.”

He reveals that although his brand makes headlines for its stilettos, 65 to 70 per cent of sales come from low and medium heels.

He resisted doing men’s shoes for a long time because they “have the funeral dress sense, they’re very serious,



Zanotti's "charleston" design is adorned with jewels and billowy feathers. PHOTO: GUISEPPE ZANOTTI

very boring". When he finally did them, he made them "more aggressive" than his women's shoes.

As for how many pairs he owns, he thinks hard before finally coming up with "only 300". The other two women and I laugh. "Only," we say, shaking our heads.

He has a separate collection of 15,000 pairs of shoes he has collected over the decades from different countries and eras, which he keeps for research.

He has homes in Milan, New York, London and the Seychelles and spends most of his time in Milan.

He is divorced and his two adult sons work in his company.

His Italian girlfriend also works with him.

"My life is crazy. It's difficult for me to have a weekend free. That's why I suppose to be retired at 60 years

old and then to have a better life, now I'm 60, I postpone to 70."

His colleagues signal that our time is running out. He says something in Italian and they dig out a pack of coloured pens from a bag.

He asks for the empty plate beside me and proceeds to sketch a stiletto heel on it. He then takes my notebook and draws me a bouquet of flowers.


He wants to pay for the meal but I say there's no need.

"It's my culture," he insists.

No, no, I say, the format of the lunch is my newspaper pays, and add: "It's my culture."

He laughs, thanks me, pecks my cheeks in goodbye and leaves, striding off in his Zanotti.

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Rahul Pathak
Associate Editor



The Station of Glory at Pyongyang Metro has elegant arches and a picture of the late leader Kim Jong Il against a blazing hillside. ST PHOTO: DESMOND FOO

Inside the 'other' Korea

Four-lane roads. Lexus on the streets. Here's a glimpse of Pyongyang, the public face North Korea wants the world to see.

North Korea dresses up its scars in elegant clothing. A visitor to Pyongyang would see smooth, wide roads – some run four lanes in each direction – with trams and Lexus cars and a string of new taxis that charge US\$1 (S\$1.36) for every 2km. These are different from the red taxis at hospitals that ferry expectant mothers for free.

If he took the 110m-deep escalator to the bowels of the earth – on which people stand perfectly still for fear of

falling – he would be deposited before a Metro station. If it is The Station of Prosperity, he would take in its smooth grey arched ceiling and frescoes of tall buildings and thriving industry.

On the roads he would hear music – bands of housewives in olive-green uniforms beating drums and waving flags to encourage workers on their way to factories in the morning; red-scarfed children marching along the streets, chanting to welcome their parents back in the evening; smiling groups of university girls – each in identical, mandated, China doll hairstyles – railing against the Americans during daytime.

This is the public face of North Korea, the only one that a visitor is allowed to see. It seems a modern metropolis, confident in its skin. Of late, it has perfected its camera smile.

The first chill of winter is blowing over the city when we arrive. The North Korean authorities have agreed to let The Sunday Times see some parts of



Workers packing trams on their way to factories and offices. ST PHOTO: DESMOND FOO

Pyongyang while two of their officers escort us.

They admit that they are showing us “model” facilities in the heart of a capital city that is so pampered that other North Koreans cannot visit it without first obtaining a permit. But sometimes the mask slips to reveal a more painful truth.

At the Pyongyang Orphanage and Nursery, a miniature train rattles along a circular track bearing children who



North Korea celebrates its interpretation of socialist ideology - *juche* or self-reliance - with tall monuments. The one above, in Pyongyang, has the hammer, sickle and calligraphy brush symbolising workers, farmers and intellectuals. **ST PHOTO: DESMOND FOO**

whoop and wave each time they catch your eye. Sixty teachers work in eight-hour shifts to care for 100 orphans from Pyongyang, each aged below four.

Why are there 100 young orphans in Pyongyang? Lecturer Byong Song Ok hesitates, then says that the number of orphans is perhaps 30. The rest are children of sportspeople who are representing the country in international competitions.

But, still, why are there 30 children aged below four who have lost both parents in a city of 2.6 million people?



Completed in 2015, the new sci-tech complex houses museums, computer labs and a library. It is shaped like an atom - the building in the middle a nucleus, with others surrounding it like electrons. **ST PHOTO: DESMOND FOO**

“Natural disasters,” says Ms Byong.

We are shown an infirmary where children lie on bunk beds. “What is he suffering from?” we ask about a boy. She replies: “He can’t sleep. It comes from a lack of nutrition.”

The shortage of food has haunted the country since the 1990s, when flooding and famine conspired to kill up to one million people. North Koreans call it the Arduous March. “I remember growing up when there was so little food to eat,” says Miss Kim Jong-A, 27, from the Committee for Cultural Relations With Foreign Countries, who accompanies us. “Things are much better now.”

Each citizen is given 300g of rice for each meal, fresh vegetables and some fish every two weeks.

But these are subsistence rations and they must buy the rest themselves. Some still seem unable to, and the latest World Hunger Index report released this month says that two in five North Koreans are malnourished. We did not see any overweight people in our seven days in the country.

STATEMENT BUILDINGS

From an orphanage and a hungry child we move to the other extreme. Pyongyang’s new children’s hospital comes with its own helipad, a telemedicine facility that links it to hospitals across the country and top-end equipment from Italy and Germany. It has its own kindergartens and a staff of 180 doctors to tend to 200 children daily.

The eye hospital next door – inspired by the Singapore National Eye Centre, an official tells us – offers free Lasik surgery to those its doctors deem fit.

The country has always attempted to make a statement through striking projects, even if some – like the



A nurse comforting a child at a Pyongyang orphanage. Some children there suffer from malnutrition. **ST PHOTO: DESMOND FOO**

105-storey pyramid-shaped Ryugyong Hotel which stands unfinished 30 years after construction began – failed to deliver a punchline.

Even its currency is a mirage. One US dollar buys you 8,000 North Korean Won at government-run money changers. But to inject it with artificial strength, it insists that the official exchange rate is NKW 900 to a US dollar.

We are shown the Munsu Water Park – just slightly smaller than Universal Studios Singapore – where real sea water has been transported to take its place among nine indoor pools – one just for mothers and children – with temperature kept at a balmy 27 deg C. It also has nine saunas on offer and a giant bucket splashing water on children. The entry charge is US\$1 and for another 13 US cents, you can get a haircut and a half-body massage.

If that sounds cheap, consider this: The average person earns S\$119 a month. Of course, officials are keen to point out that this is offset by the free housing, education and healthcare that the state provides.



The state-run Munsu Water Park covers an area of 15ha and comes with nine pools, nine saunas and water rides. **ST PHOTO: DESMOND FOO**

But a visit to the Pyongyang School Bag Factory shows just how empty some pockets are.

The factory – built in 140 days with its U-shaped structure “like a mother’s embrace” according to its spokesman – produces backpacks for schoolchildren that retail at between NKW26,000 (S\$4.40) and NKW34,000. Asked how much the average worker at the factory takes home, she confesses it is around NKW100,000 a month. In other words, \$17 or the cost of three or four schoolbags.

CHALLENGES ARISING FROM SANCTIONS

Professor Kim Sang Hak from Pyongyang’s Economic Research Institute acknowledges the challenges

facing a country of 25 million people, whose gross domestic product of US\$28.5 billion is less than a third of Mr Bill Gates’ net worth and a tenth of Singapore’s GDP.

He says that the country has been steadily raising food production on its cooperative farms as double – and even triple – cropping kicks in. The sanctions imposed by the United Nations, which economically isolate the country, will make it harder for the state to fund free housing, education and healthcare. “But if we lose these social benefits, we lose our socialism,” he says.

Among the finest examples of free public housing is the new home of Professor Ri Man Kun, a telecommunications scientist from Kim Chaek University of Technology. It is a sprawling, five-room 220 sq m affair on the 19th floor, with

24-hour electricity supply. The average North Korean starts life in a 30-40 sq m home and can graduate to a 100 sq m four-room flat after 30-odd years of contributing to society, and endures power cuts of up to 11 hours a day.

All eyes are drawn to the electricity meter in the corner with its languidly turning disc. “Our electricity quota is so large that I don’t even have to look at the meter,” says Mrs Ri proudly.

Homes are allotted quotas for the amount of power they can consume each month, after which they must buy more. The professor enjoys a quota of 450 kilowatt hours per month, more than three times the average home’s quota. A typical Singapore household consumes 468 kwh each month.

The shortage of power, which Prof Kim assures us is being addressed with new hydroelectric power stations, plays tricks with the landscape.

We drive three hours from Pyongyang to see the demilitarised zone that separates it from South Korea. The North Korea one sees in the evening, while on the way back, is nothing like the preening Pyongyang that we left earlier that morning.

The road is rutted. The silhouettes of the power stations spewing smoke against the orange sky are made more stark by the darkness of the unlit housing blocks in their shadow.

Even Pyongyang, as we enter it, wears a more subdued mood. There are no street lamps lighting up its wide roads. The towering, uncompleted Ryugyong Hotel stands sheepishly visible from anywhere in the city.

This is Pyongyang in its nightclothes. When dawn breaks, it will put on its public face and dress elegantly again.

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At the Liberation War Museum, the story of the Korean War, from 1950 to 1953, is re-enacted on a circular screen 132m-long, 15m-high, with forests, campfires and figurines of dead and dying soldiers arranged in the foreground. Forty artists worked for 18 months to create this warscape. **ST PHOTO: DESMOND FOO**

Walter Sim
Japan Correspondent



Will Japan's creative appeal last?

Japanese film *Kimi No Na Wa* was a runaway box office hit, but concerns prevail over the future of Japan's creative industries.

Shigeru Miyamoto, Toru Iwatani and Satoshi Tajiri may not be household names, but they have clearly left their mark on the world.

They are the creators of Super Mario, Pac-Man and Pokemon respectively, and they can be said to be the “robber barons” of Japan's creative industry, tapping the nation's unique cultural DNA to create characters that have stolen hearts all over the world.

Several events last year ensured that Japan's characters stayed at the top of people's minds. There were the launches of smartphone games Pokemon Go and Mario Run, while Japanese Prime Minister Shinzo Abe appeared in Super Mario's iconic red cap at the Rio Olympics closing ceremony.

Of course, there was also the mega box office hit *Kimi No Na Wa* (Your Name).

Japan's creative scene, often referred to as ACG (animation, comics and games), has the backing of a multibillion-dollar “Cool Japan” fund as part of a strategic push, both at home and abroad.

Popular characters such as Astro Boy and Sailor Moon are also emblazoned on official merchandise for the 2020 Tokyo Olympic Games.

But even so, observers in the ACG industry have spoken about their fears of a bleak future, given an insular mindset and increasing competition.

Japan's Ministry of Economy, Trade and Industry (Meti) is in charge of the country's Cool Japan blueprint, through which Japan wants to raise the presence and appeal of its cultural products



A scene from *Kimi No Na Wa* (Your Name), an animated movie about two body-swapping teenagers which became a huge box office hit in 2016. PHOTO: GOLDEN VILLAGE PICTURES

abroad – including those of its small and medium-sized companies.

A ministry report issued in April, 2016 showed that the market size of Japan's content industry, which includes ACG as well as TV drama and music, in 2013 was around 12 trillion yen (\$144 billion).

The Japanese market for content industries may be second only to the United States – worth over 2.5 times more – but Meti noted that growth was slowing and the industry ought to increase its presence in foreign markets.

It proposed a strategy based on promoting the appeal of Japanese culture overseas in order to boost sales of Japanese content products.

Companies appear to already be doing so – to a certain extent.

As craftsmen, they have very good techniques. That is an advantage. But it is also a disadvantage. Innovation hardly takes place and not many people can be involved in the process. So it will remain a domestic industry without any cross-border collaboration.

”

MR HIDEO UDA

Japanese animation studio Studio Colorido's founder, on how the anime industry still uses traditional pen-and-paper methods.



Manga artist Yuka Okuyama, who won the New Face Award at the Japan Media Arts Festival in 2015, works full time as a librarian and picture book illustrator.
PHOTO: WALTER SIM

The Association of Japanese Animations (AJA) valued the anime industry at 2.01 trillion yen in 2016, up 9.4 per cent from 2015 largely boosted by *Kimi No Na Wa*. Another engine behind this rise was the 768 billion yen recorded abroad, the highest figure ever and a rise of over 30 per cent from 2015. This growth follows a surge of 78.7 per cent between 2014 and 2015.

The evident appeal of Japan's ACG industry also means there is no lack of entrants, both Japanese and foreigners.

It was the love for video gaming that led Mr Michael Susetyo, 28, to the industry. The programmer for Japan's SquareEnix was part of the 200-strong team behind last year's *Final Fantasy XV* game.

The alumnus of DigiPen Institute of Technology in Washington said: "In the past, I was very much into Japanese hairstyles and rock bands, so the designs of the main characters also line up very well with what I consider as 'cool' video game characters, as well as being instantly recognisable as *Final Fantasy* characters."

But working in the industry has got Mr Susetyo worried that Japan will not be able to keep up with Western studios.

He did not cite specific games, but titles that topped bestseller lists in 2016



Studio Colorido's Hideo Uda (left) and Eallin's Hisatsugu Kasajima at the Studio Colorido office near Tokyo's hipster hub of Shimo-Kitazawa. Their companies frequently collaborate with the aim of exporting Japanese work overseas. PHOTO: WALTER SIM

include *Call Of Duty: Infinite Warfare*, published by US firm Activision, and *Grand Theft Auto V*, a British export but now published by New York's Rockstar.

Moreover, Japanese animation studio Studio Colorido's founder Hideo Uda, 38, noted that the anime industry is

hindered "from becoming a major player like Disney or Pixar" because it uses traditional pen-and-paper methods, which he said are increasingly unproductive in a fast-moving industry.

Given that ACG is a costly business, Mr Ishikawa observed how companies are trying to "mitigate risks by sharing the burden across several stakeholders" – which means that the future of the anime industry will "lie in the hands of the financiers, not the creators".

But the industry has had a record of not having a pulse on the market.

The emergence of new publishing platforms has also threatened manga circulation numbers, and editor Yoshinori Iwai of the Comic Beam arm of publisher Kadokawa fears the market is "shrinking day by day", even as market saturation is a growing issue. This trend has resulted in artists becoming more realistic about their chances of succeeding, he observed.

One example is Ms Yuka Okuyama, 40, an up-and-coming name in his stable of 200 artists. Awarded the New Face Award at the Japan Media Arts Festival in 2015 for her debut manga *Tamashii Ippai* (Lots Of Life), she works full time as a librarian in a children's library and freelances as a picture book illustrator.

Mr Iwai said: "In the past, almost all artists were desperate to publish their work because the market is very hard (to break into) and very big. But now it's got to a point where people are less desperate. Many comic artists have had to think about their future."



Cosplayers at last year's Tokyo Game Show, an annual event where gaming companies often showcase their newest products. The ACG industry has the backing of a multibilliondollar "Cool Japan" fund as part of a strategic push, both at home and abroad.
PHOTO: WALTER SIM

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Benson Ang
Lifestyle Correspondent



Nine short getaway ideas for nine long weekends in 2018

Long weekends are perfect opportunities for short getaways.

In 2018, four public holidays - New Year's Day, Chinese New Year, Good Friday and Hari Raya Puasa - will fall on a Friday or Monday, giving workers a three-day weekend. Another five holidays fall on a Tuesday or a Thursday, so those who want a four-day weekend would need only to take a day off.

Here are our top picks.



Touted one of the world's best islands by Travel magazine Travel + Leisure, PALAWAN, THE PHILIPPINES, would make a perfect beach getaway. It is home to the Puerto Princesa Underground River, named one of the world's seven wonders of nature in 2012.

New Year's Day	Dec 30 - Jan 1 (Sat - Mon)
Chinese New Year	Feb 16 - 18 (Fri - Sun)
Good Friday	Mar 30 - Apr 1 (Fri - Sun)
Labour Day	Apr 28 - May 1 (Sat - Tue) *Take leave on Apr 30 (Mon)
Vesak Day	May 26 - 29 (Sat - Tue) *Take leave on May 28 (Mon)
Hari Raya Puasa	Jun 15 - 17 (Fri - Sun)
National Day	Aug 9 - 12 (Thu - Sun) *Take leave on Aug 10 (Fri)
Deepavali	Nov 3 - 6 (Sat - Tue) *Take leave on Nov 5 (Mon)
Christmas	22 - 25 Dec (Sat - Tue) *Take leave on Dec 24 (Mon)



2 **OSAKA, JAPAN**, has gained a reputation for its fine cuisine in recent years, with numerous websites dedicated to its must-visit restaurants. For example, Sushiyoshi in the Kita-ku ward (with its chef Nakanoue Hiroki, seen in the photo), known for its sushi, has two Michelin stars.



3 Those brave enough can head for **DARWIN, AUSTRALIA**, where at the Crocosaurus Cove, you can sign up for an experience in its famous Cage of Death (seen in the photo). It includes 15 minutes in the enclosure with one of the massive reptiles.



4 **CHENGDU, CHINA**, is famous for being a panda paradise. The Chengdu Research Base of Giant Panda Breeding has 152 giant pandas, as well as several red pandas. Reportedly, you can view pandas much closer than in Western zoos.



5 **BANDAR SERI BEGAWAN, BRUNEI**, is home to some of the most beautiful mosques in South-east Asia (such as the Sultan Omar Ali Saifuddin Mosque seen in the photo). The best time to visit the city is Hari Raya Puasa. Sultan Hassanal Bolkiah hosts an open house annually at his official residence, the Istana Nurul Iman.



6 **LUANG PRABANG, LAOS**, is noted for its unaffectedness and languid charm, and an early morning ritual that involves monks receiving alms from the locals (as seen in the photo). A bustling night market stretches from Sisavangvong Road to Settathilat Road, selling shawls, rugs and handbags that showcase Lao weaving and embroidery.



7 **SURABAYA, INDONESIA**, houses the Bromo Tengger Semeru National Park and its two active volcanoes, Mount Semeru and Mount Bromo (as seen in the photo). The overall scene has often been described as unearthly.



8 If you have kids in tow, you will need attractions and activities that can keep the little ones occupied, like in **IPOH, MALAYSIA**. The kids can enjoy the Sam Poh Tong Temple (as seen in the photo), with its colourful statues. Its turtle pond is said to be filled with hundreds of the reptiles, which visitors can feed. You can also check out The Lost World of Tambun theme park.



9 Among **COLOMBO, SRI LANKA**'s many beautiful temples is the Gangaramaya Temple (as seen in the photo), which organises the city's most-talked about annual cultural pageant, the Navam Perahera festival, in February. Another cultural attraction is the Traditional Puppet Art Museum, which was established to preserve the memory of traditional arts.

PHOTOS: SUSHIYOSHI, LA VENTA ESPLORAZIONI GEOGRAFICHE, CROCOSAURUS COVE DARWIN NORTHERN TERRITORY, AGENCE FRANCE-PRESSE, BERITA HARIAN FILE, SILKAI, EXPRESS & EXCURSION BUS ASSOCIATION, BH

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