ASEAN: A raft of hope?

Choppy waters, storms ahead. Can the regional lifeboat weather the global uncertainty?
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Time for Asean to step up its game

Dear Readers,

The coming weeks could mark some of the most defining moments of the year. The trade war between Washington and Beijing continues to escalate and might come to a head.

Pyongyang’s game plan in agreeing to talks with South Korea, and thereafter with the United States, remains a bit of a mystery. Nor is it clear that its professed commitment to denuclearisation is more than a ploy.

In Malaysia, the long-awaited elections have been called on May 9. Meanwhile, concern mounts over the unregulated behaviour of Facebook and ways to deal with the spread of fake news.

Asean leaders, when they meet in Singapore, will have these and many more issues to discuss. Foreign Editor Zakir Hussain maps some of the key challenges before the grouping and shares his hope that the regional alliance will build on its resilience.

In Seoul, ST South Korea Correspondent Chang May Choon has been following North Korean leader Kim Jong Un’s moves since he began his peace overtures earlier this year. Through conversations with several observers, she tries to unravel what could be on his mind as he prepares for his summits with South Korean leader Moon Jae In, and later, possibly with US President Donald Trump, in her report.

Closer to home, one of the most significant developments has been regional company Grab taking over American rival Uber’s South-east Asian business. ST Transport Correspondent Christopher Tan shares his view on the upcoming disruption.

Also, an eight-day public hearing by the Select Committee on deliberate online falsehoods drew to a close in Singapore, after hearing from around 70 speakers. Read our report on highlights of the discussions and likely recommendations that could emerge.

I hope you enjoy this issue of the ST Asia Report, which showcases some of the best work of our growing network of seasoned correspondents around Asia and the world. Our aim is to give you independent, insider insights into the news from Asia, which we have been covering from Singapore since 1845.

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Best regards

Warren Fernandez
Editor-in-Chief
The Straits Times
& SPH’s English, Malay and Tamil Media Group
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Room for optimism amid global turbulence

Asean’s commitment to trade is a key strength that can help the regional alliance tide over the uncertainty

As America and China lurch further down the path towards a trade war, many in South-east Asia are concerned that they will suffer some collateral damage from the tension.

There is, however, room for optimism. Economic ministers from all 10 Asean countries who met in Singapore in March, for their retreat, as well as finance ministers and central bank governors from the region who were in town in early April, resolved to remain committed to deepening the region’s economic integration.

International trade and investment, the officials noted, are important engines of growth and development.

Amid a rise in protectionist sentiment globally, Asean’s continuing commitment to lower barriers to trade and integrate financial sectors across the region is a key strength of the grouping.

Asean members registered strong economic growth of 5.2 per cent overall last year. Economists expect this momentum to be sustained this year, risks notwithstanding, given the backdrop of a broad global economic recovery, rising consumer demand and growing demand for infrastructure as well as investments in the sector across the region.

When Asean leaders meet for the first of two annual summits in Singapore’s chairmanship year in April, trade and the future of the global economic order will no doubt be top of their minds – including concluding the Asean-led Regional Comprehensive Economic Partnership (RCEP) trade agreement being negotiated with Australia, China, India, Japan, New Zealand and South Korea.

But another item set to be on the agenda is the ongoing humanitarian crisis that has led many to question the grouping’s effectiveness in managing crises affecting one of its own.

Economic liberalisation is a necessity for a region that is still reliant on foreign direct investment and trade to grow. But it must also be accompanied by help for citizens to seize opportunities in a changing economy.

The arrival in recent days of two boats of refugees from Myanmar in Malaysia and Indonesia is a reminder of what many see as one of the grouping’s shortcomings.

The crisis in Rakhine state, which has seen members of the Rohingya minority expelled from their homes, has made international headlines since last year. Some 700,000 Rohingya have made their way across the border to Bangladesh, where the vast majority seem set to remain for the foreseeable future. And observers expect more boatloads of mi-
grants to take to sea in the weeks ahead.

Efforts are under way to manage the situation and assist Myanmar in its efforts to start repatriating refugees – and officials from Myanmar and beyond appear keen to get this message out.

Former Thai foreign minister Surakit Sathirathai, who chairs an advisory board to implement recommendations to address the crisis, held an unusual press conference to update reporters on the issue when he was in Singapore in early April.

His board also urged Asean members to help make Rakhine state a safe and desirable place for the Rohingya to return to, such as by setting up public health facilities and vocational training schools.

Many remain sceptical over how many refugees these efforts will persuade to return to their homes, especially when the underlying roots of the conflict – a history of distrust and tension between communities, squabbles over land and the role of social media in inciting hatred – are not likely to be resolved any time soon.

Little wonder many activists feel the grouping’s current approach of giving a member state the space it needs to resolve its issues, while standing ready to help where needed, may not be enough.

More so today, when the global economic order is being disrupted in dramatic fashion, and citizens in South-east Asia are not spared.

Economic liberalisation is a necessity for a region that is still reliant on foreign direct investment and trade to grow.

But it must also be accompanied by help for citizens to seize opportunities in a changing economy.

One initiative that could be tapped is the network of Asean smart cities which Singapore hopes to kick-start as chairman of the grouping this year. This network could help individuals seize advantages in the digital economy, and enable lesser-developed areas to level up with the rest of the region through technology.

There is no doubt that Asean’s economic integration – while still a work in progress – has lifted the lot of many of the region’s 640 million people. But the region also runs the risk of being saddled by rising inequality, uneven growth and conflicts – trends that have fanned anti-globalisation sentiment and support for protectionism in parts of the US and Europe.

There is also no shortage of entrepreneurial individuals and groups from the region, whose ability to ride on disruption has created jobs for many, and is set to continue generating opportunities.

A study by Google and Temasek estimates that Asean’s digital economy has the potential to grow to US$200 billion (S$263 billion) by 2025, with e-commerce making up some US$88 billion.

A number of unicorns have made a mark. Grab – headquartered in Singapore and founded by Malaysians Anthony Tan and Tan Hooi Ling – is acquiring Uber’s South-east Asia business as the American company exits the region.

Go-Jek, founded by Indonesian Nadiem Makarim, is making plans to expand to Singapore, the Philippines, Thailand and Vietnam, and compete in these markets.

The region could do with more such companies, and ought to set aside resources to help them innovate and flourish.

At the same time, the growth of social media in South-east Asia has also contributed to the spread of communal conflict and exacerbated divisions in many societies. In some cases, it could cause more harm all round, with individuals sympathetic to the Rohingya crisis running the risk of becoming radicalised.

Every Asean country is multiracial and multi-religious.

Some have more hot spots than others, but by and large, their various governments as well as community and religious leaders are concerned about harmony.

Asean civil society groups and religious leaders could exchange views and share their experiences, as Indonesia did in hosting leaders from Myanmar’s Rakhine Buddhist and Rohingya Muslim communities earlier this year to share views on dealing with sectarian conflict.

One key aim was to show how relations between communities can improve again after communal violence.

There is also a strong reason to patch crises: Social tensions affect investor confidence.

There is no doubt that Asean’s economic integration – while still a work in progress – has lifted the lot of many of the region’s 640 million people. By 2030, Asean is projected to be the world’s fourth-largest economy after the United States, China and the European Union.

But the region also runs the risk of being saddled by rising inequality, uneven growth and conflicts – trends that have fanned anti-globalisation sentiment and support for protectionism in parts of the US and Europe where many feel they are left behind.

While Asean seeks to play to its strengths and prepare for the future amid the current global uncertainty, its members would do well to keep an eye on present tensions and steer clear of social divisions that could derail the region’s promising prospects.

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**World’s longest name**

Bangkok’s full name, in English, means “City of Angels, Great City of Immortals, Magnificent City of the Nine Gems, Seat of the King, City of Royal Palaces, Home of Gods Incarnate, Erected by Visvakarman at Indra’s Behest.”

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**World’s top supplier of nurses**

Philippines is the top supplier of nurses in the world, with about 25 per cent of all overseas nurses coming from the country.
Singapore will be an honest broker as chair of Asean: Vivian

Foreign Minister Vivian Balakrishnan says he does not want to put a deadline on South China Sea code

As chairman of Asean this year, Singapore will be an honest broker in tackling major challenges and potential crises, said Foreign Minister Vivian Balakrishnan.

“We call it as it is, we don’t sugarcoat things and we don’t stick our heads in the sand, but at the same time we don’t just complain or highlight that there’s a problem, we actively look for solutions,” he said.

“And even if we can’t have a complete solution, we at least don’t make it worse. We try to explore at least some preliminary steps which can improve the situation.”

Dr Balakrishnan was speaking in an interview with The Straits Times, in February.

As Asean chair, Singapore will help broker talks on a Code of Conduct (COC) on the South China Sea. The talks start formally this year after Asean and China agreed on a framework for the code last year.

Dr Balakrishnan said the South China Sea situation is “much more calm now”, and added he does not want to put a deadline on the code.

“The whole point of the COC is that it’s not going to resolve the competing or overlapping claims, but it is meant to maintain the peace, prevent accidents, prevent misunderstandings and to prevent escalation to a situation that nobody wants to get into,” he said.

China has overlapping territorial claims in the South China Sea with four Asean states – Malaysia, Vietnam, the Philippines and Brunei.

Dr Balakrishnan said the relationship between China and Asean should not be seen only through the lens of territorial disputes.

Instead, it is “one aspect of a much broader, deeper and mutually beneficial relationship”.

During the hour-long interview, Dr Balakrishnan was also asked about developments in Asean countries, including the upcoming general election in Malaysia this year.

Asked if there would be an impact on the dynamics within Asean should the opposition alliance led by former Malaysian prime minister Mahathir Mohamad win, he said Singapore has to work with whoever is the government of the day.

As for the crisis in Myanmar’s Rakhine state, he said it would not be amenable to “a quick fix”.

Nearly 700,000 Rohingya refugees have fled the country’s Rakhine state to Bangladesh after an Aug 25 militant attack triggered a military crackdown on these Muslim minorities. Dr Balakrishnan said he did not think “grandstanding and loud political pronouncements” are useful in resolving the crisis.

Before any move, he would ask: “Is it stopping the violence? Is it making a positive step towards a political solution? Or is it delivering humanitarian assistance?”

Noting the stand-off between the military and militants in the southern Philippine city of Marawi last year, he said the last thing South-east Asia needs is “another focal point where extremism and violence and terrorism takes root”.

“So it is a clear and present danger not just to Myanmar but indeed to all of us,” he said.

There are steps towards progress, he noted. Myanmar and Bangladesh – where many refugees now live – have committed to beginning a repatriation process.

On a strategic level, he said Asean faces four key challenges: the changing global balance of power, the digital revolution, the fraying of the consensus on free trade, and constant pulls and tugs on Asean’s unity.

Powers such as China, India and the United States have looked to advance
Facilitating business opportunities with Smart Cities Network

Take a problem in a city in South-east Asia that needs to be tackled and match the city with businesses from across the region, to come up with innovative solutions.

Such is the idea behind a key project that Singapore will spearhead as Asean chair this year.

The Asean Smart Cities Network is an effort to not only ride the digital wave, but also step up engagements across South-east Asia and beyond.

In the interview, Foreign Minister Vivian Balakrishnan said the network will facilitate business opportunities for start-ups and small and medium-sized enterprises across the region.

It will also help Asean businesses engage with countries such as China, India and the United States.

The network is one of the ways in which Singapore is pushing for economic integration, collaboration and openness.

Also on the horizon is the Regional Comprehensive Economic Partnership, an ambitious trade pact involving Asean and six of its key trading partners, including China, India and Japan.

So far, negotiations have been slow, but Dr Balakrishnan noted that Asean leaders have said during the Asean-India Commemorative Summit in January that they were keen to settle talks by the end of the year. "So this is something which all our leaders have prioritised," he added.

"The most important thing, I tell my colleagues here, for both diplomats and for surgeons, is the ability to sleep. Fall asleep quickly whenever you can so that you have the energy to deal with the challenges or the crises that will erupt."

Yasmine Yahya

Taking the Asean trade horse to the water

Asean leaders have an opportunity to discuss far-reaching initiatives that could change the face of regional commerce

Ravi Velloor
Associate Editor

Singapreans, it is sometimes said, are more familiar with the Appalachian mountain ranges of America than the Visayas of the Philippines.

Seized by the distant beauty, they often fail to spot how much of it exists in their backyard as well.

Perhaps familiarity breeds contempt, because when it comes to business opportunities, those farther away seem not to be able to take their eyes off the region.

The Australian Foreign Policy White Paper released at the end of last year notes that within the next 15 years, four of the world’s five biggest economies in purchasing power parity terms are likely to be in Asia: China, India, Japan and Indonesia. China and India together make up more than 60 per cent of Asia’s economic activity.

Over the next 10 years, a billion more Asians will join the middle class, creating a consumer market larger in number and spending power than the rest of the world combined. Their choices will reshape global markets.

By 2030, the region will produce more than half of the world’s economic output and consume more than half of the world’s food and 40 per cent of its energy.

By then, more than 600 million additional people will live in the region’s cities.

Bang in the middle of this starburst sits Asean, with a combined population that is some 113 times Singapore’s size and an economy of about US$2.7 trillion (S$3.6 trillion) which is expanding steadily.

World’s largest archipelago
Indonesia has 17,000 islands, out of which 6,000 are inhabited by people. New Guinea, Borneo (also known as Kalimantan), and Sumatra island are on the list of the top 10 largest islands in the world.

World’s most heavily bombed country
Over two billion tonnes of bombs were dropped in Laos during the Vietnam War, making it the most heavily bombed country.
With trade-driven Singapore now installed as Asean’s chair, there is no better time for both Singaporeans and their regional peers to see how best they can leverage this unique opportunity for their mutual profit.

It is not that there has not been much movement in recent years.

Last year, Singapore’s merchandise trade with Asean accounted for nearly 26 per cent of its total trade, 11.5 per cent of total services exports and almost a fifth of direct investment abroad.

That makes Singapore Asean’s biggest investment destination and third-largest market for services.

The question, of course, is whether more could be done together, and the answer is an unequivocal “yes”!

But this calls for concerted efforts by Asean member states to deepen economic integration, not only in the familiar areas of trade liberalisation, but also to find new areas to grow.

One area is e-commerce.

Mr Amol Gupta, head of Asean for Citigroup, notes an interesting dynamic at play in the combination of e-commerce operations and faster payment networks, such as mobile wallets, across South-east Asia. “A lot of the Asean fabric has similarities,” he told me recently.

“Asean e-commerce companies may not be looking to conquer Australia or Japan, but they feel that if you can do well in Indonesia, you might be able to replicate the model in Vietnam.

“Such companies will drive a level of infrastructure alignment that hasn’t happened as yet in Asean.”

THE PAYOFF

It is an opportunity waiting to be seized, and the reason Singapore has decided on the deepening of regional connectivity as an economic objective for its chairmanship. The goal is to position Asean as the region for increasingly seamless economic activity, especially in the areas of innovation and the digital economy.

Wisely executed, the payoffs for the region could be significant.

By some estimates, the Asean digital economy has the potential to grow to US$200 billion by 2025, with e-commerce alone accounting for US$88 billion.

From proliferating e-payments that will fetch new opportunities for companies in fintech and digital authentication, to the devices, equipment, vehicles, factories, warehouses and headquarters that will be connected digitally through the Internet of Things, new business opportunities will emerge.

The pickings will be richest for those that can help others make sense of the growing pool of data, and who can assure consumers and businesses that their data and digital transactions are secure.

Ancient civilisations tended to thrive at the junctions of major river systems or along them.

The future hot spots of growth will be at the crossroads and hubs of digital highways.

Critical to this enterprise will be the challenges of creating an enabling environment. This is where initiatives such as the Asean Agreement on E-Commerce and Asean Financial Innovation Network among businesses and innovators need to be pushed.

The development of an Asean Digital Integration Framework Scorecard is also on the cards.

It is not as though the traditional sinews of commerce are flagging.

And it needs no saying that even as Asean moves to take advantage of the future economy, there is nothing lost with the legacy architecture that served it well over the decades being strengthened and brought up to date.

A small but potentially significant step for better trade flows was made at the start of the New Year, with the launch of the Asean Single Window. This enables the businesses of participating countries to electronically exchange the so-called Form D, which is Asean’s Trade in Goods Agreement’s Certificate of Origin.

There are issues with it at the moment and the benefits will be uneven in the initial years.

As trade economist Sanchita Basu Das pointed out, it takes only about six to 10 days for goods to be exported out of Malaysia or Singapore, while some Asean countries take double the time.

Still, there is no question that the single window, once it works smoothly, will accelerate the release of cargo and help businesses everywhere cut transaction costs and time.

Enhanced framework agreements for investments and services are also being planned.

THE RESISTANCE

The challenge is that in these times when the region is enjoying a lift from the cyclical upturn in the global economy, there will be less incentive to break out of old moulds.

But it needs no saying that things cannot stay that way forever and the inevitable downcycle will come eventually.

So, even as initiatives to expand the current trade architecture are attempted, it is critical to build an enabling environment for the digital economy in tandem.

Beyond is the wider vision of Asia, with the Asean-driven Regional Comprehensive Economic Partnership, which will aggregate all free trade agreements signed by the 10-member group into a single agreement.

RCEP, which has already missed its end-2015 deadline, is the building block for a wider Free Trade Area of the Asia-Pacific.

This journey will not be an easy one, let there be no doubt about that. Geopolitical rivalries, domestic political considerations and fears of economic dominance stand in the way.

Also, the big-population economies of Asia are all pushing to have more manufacturing done onshore. Time then for even the most faint-hearted businessman to step out of his comfort zone to test the Asian waters, perhaps by expanding into Asean as the first step towards an internationalisation strategy.

At the end of the day, trade ministers can only make it convenient for horses to reach the pond. They cannot be the judge of their levels of thirst.

To drink from it has to be the steed’s own decision.

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Reconciling consensus with new realities

Asean's rapid expansion in the 1990s further deepened diversity and complexities within the organisation

Hoang Thi Ha

The only path towards all Asean decisions and agreements is through consultation and consensus, a decision-making model subjected to both praise and criticism over the past five decades.

A hallmark of the Asean Way, consensus guarantees that all member states, big or small, are equal in Asean’s decision-making. It is credited for bringing Asean members together and keeping them united.

In Asean’s early years, consensus ensured self-confidence and mutual trust as the member states learnt how to cooperate with one another. Being nascent nation-states that had just thrown off colonial shackles, Asean countries embraced consensus as a “twin brother” of non-intervention to guard against any potential infringement on their national sovereignty.

As described by former Philippine foreign secretary Delia D. Albert, “building consensus was time-consuming, but in the end it was the only way to go in those early days of building Asean”.

Asean, however, has evolved significantly from a loose association towards a more integrated community. Its rapid expansion to include all mainland Southeast Asian states in the 1990s further deepened diversity and complexities within the organisation.

The world itself has also moved on from the rigidly bipolar Cold War to a more complex and fluid state. In the Asia-Pacific, the power shift precipitated by the US’ relative decline and China’s re-emergence is intensifying major power rivalries, pulling Asean members into different vectors.

Meanwhile, politics within some Asean countries has inched towards greater democratisation, resulting in a faster turnover of national leadership.

While the older generation of Asean leaders had decades to cultivate their personal bonding, friendship and mutual understanding, less time and political capital could be invested into forging camaraderie among today’s regional leaders.

As a result, the sense of familiarity and give-and-take approach built up at the highest level is giving way to more entrenched national perspectives to the detriment of Asean unity and the “we-feeling”.

In the exercise of consensus, the line between preserving legitimate national interests and free-riding at the expense of the region’s overall interests is increasingly blurred and subjective.

Building consensus has become a tall order on sensitive security issues such as the situations in Rakhine state, Myanmar, or the South China Sea. Where consensus is reached, decisions most likely end up being the lowest common denominators, affecting Asean efficiency and credibility.

Dr Syed Hamid Albar, former foreign minister of Malaysia, therefore strongly urged Asean to re-examine its decision-making process with a view to formulating a cohesive stand on issues of regional and international concerns, and reasserting Asean’s relevance when it comes to preventive diplomacy and conflict management.

As Asean’s ambition of building an integrated community and enhancing its concerted voice and action to address emerging challenges requires a more effective decision-making process, there have been suggestions from both within and outside of Asean policy circles on institutional reforms.

In this regard, it bears reminding ourselves of the words by Singapore’s late Foreign Minister S. Rajaratnam at the meeting that gave birth to Asean in August 1967: “We must accept the fact, if we are really serious about it, that regional existence means painful adjustments to thinking in our respective countries. We must make these painful and difficult adjustments. If we are not going to do that, then regionalism remains a Utopia.”

The writer is a Lead Researcher at the Asean Studies Centre, ISEAS-Yusof Ishak Institute, Singapore.
More work to be done on labour migration

A consensus between Asean countries is a relief but the 2017 Asean Consensus does not carry legal weight

Moe Thuzar

Nearly seven million – or two-thirds – of approximately 10 million international migrants living and working in Asean come from within the region. In 2017, the 8 per cent of the world’s migrants were from the Asean countries. The majority of these are low-skilled and undocumented workers in the construction, plantations and domestic services sectors.

Asean member states such as Cambodia, Indonesia, Myanmar, the Philippines and Vietnam are the main “sending” countries, and Thailand, Malaysia and Singapore are the main “receiving” countries.

Bilateral agreements between the sending and receiving countries usually have reference to the domestic laws and regulations in the receiving countries.

Migrant workers are also affected by their own country’s labour export policies and exploitative practices of unscrupulous employment agencies. Many of them fill the gaps vacated by nationals of the destination countries.

Female migrant workers from countries such as Cambodia, Laos, Myanmar, Thailand and the Philippines are also vulnerable to sexual exploitation and modern-day slavery in the entertainment or service industries.

Uneven pre-departure preparation procedures have affected the lives of many domestic helpers. There are cases of abuse by employers, as well as cases of murder or violence committed by domestic helpers.

Yet many still indelb themselves to recruitment agencies to get the job. Not all migrants have recourse to assistance and redress, although civil society organisations in both sending and receiving countries try hard to bridge information gaps.

The annual Asean Labour Ministers Meeting provides a venue for discussion of region-wide concerns on labour and employment, with bilateral issues discussed on the sidelines.

Labour migration as a regional priority gained prominence in 2007 when the Philippines – then Asean chair – led the drafting and adoption of the Asean Declaration on the Protection and Promotion of the Rights of Migrant Workers.

The Asean Committee on Migrant Workers (ACMW) was established in July 2007 as the negotiating body for a regional instrument. The ACMW created the annual Asean Forum on Migrant Labour, the first of its kind for a regional organisation, to bring together government, civil society and international organisations’ inputs.

When regional negotiations started in 2009, the sending and receiving countries found that their positions clashed on issues such as the legal or moral nature of the instrument, and whether to include undocumented workers and migrant workers’ families in its scope.

Indonesia and the Philippines pushed for a legal instrument with the inclusion of undocumented workers and migrant workers’ families, while Singapore, Malaysia and Thailand expressed their concern that this may invite higher numbers of undocumented migrants, placing more strain on existing policies, regulations and infrastructure.

In February 2017, Asean labour ministers reached agreement on “almost all aspects of the three principal issues”, and the Philippines, once again Asean chair, ceded that the instrument would be morally binding.

An eleventh-hour insistence by Indonesia to keep the instrument legally binding stalled adoption till November 2017, when the Asean heads of state/government signed the Asean Consensus on the Promotion and Protection of the Rights of Migrant Workers.

The sheer fact that labour-sending and labour-receiving countries in Asean have managed to reach a compromise on a divisive issue after nearly eight years of negotiation is something of a relief. But the 2017 Asean Consensus does not carry legal weight, and will not require member states to ratify the document nationally for implementation.

Asean has stated that the document carries a moral weight for national governments to implement measures that address the commitments expressed in the document. This satisfies neither sending nor receiving countries, nor the civil society and stakeholder groups which participated in regional negotiations. Civil society groups are concerned that some Asean member states may drag out national ratification processes, affecting enforcement of the provisions.

The document’s Chapter 7 highlights that commitments of the Asean members states will be “in accordance with national laws, regulations and policies”. This reflects the nature of reaching agreement in an Asean setting, and the negotiated compromise that Asean governments are willing to accept at this juncture.

As a general rule, Asean member states’ conclusion and implementation of regional agreements are subject to their national capacities and domestic political consensus. Therefore, even after the advent of the Asean Charter, Asean countries still prefer non-binding declarations to enjoy flexibility in the transposition of regional commitments to their national plans.

Even if Asean governments can agree for the instrument to be legally binding, civil society stakeholders have highlighted their concern that some Asean members may drag out the national ratification processes, which will in turn affect enforcement of the instrument’s provisions.

As such, issues and concerns of migrant workers will not disappear from the regional agenda.

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The articles on pages 8 & 9 are adapted from commentaries published in the ASEAN Focus magazine, of the institute.
With several deftly calculated moves, North Korean leader Kim Jong Un has got the major powers exactly where he wants them. Since declaring his country’s nuclear programme complete last November, he has launched a charm offensive. To woo Seoul, he sent his sister to the Winter Olympics hosted by the South. He also made his first trip out of the country and met Chinese President Xi Jinping. He even offered to denuclearise, to draw the United States into dialogue. With each step, he is turning out to be more of the “shrewd and mature” politician praised by Russian President Vladimir Putin than the “madman on a suicide mission” described by US President Donald Trump. But what made the young leader confident his grand plan would work? And what is his end goal in this round of high-stakes diplomacy?

Experts say Mr Kim is seeking to consolidate his power on the global stage and normalise ties with the US, North Korea’s long-time foe. He wants to gain concessions to give his regime some breathing space amid choking economic sanctions imposed by the United Nations over the past two years. But the experts also warn that the denuclearisation card is likely a bluff. North Korea, they say, will never compromise its dual-track Byungjin policy to pursue both nuclear and economic development, and that global security could be undermined if the world is cornered into accepting North Korea’s status as a nuclear weapons state. Dr Park Jee Kwang of the Sejong Institute think-tank believes Mr Kim has matured since assuming control in 2011 to become a strong and powerful leader capable of negotiating with the US.

At age 34, the Swiss-educated Mr Kim is one of the world’s youngest leaders and the third in his family to rule North Korea with an iron fist. Said to be brutal and ruthless, he swiftly purged his father’s loyalists and embarked on widespread economic reforms and nuclear development. “Kim Jong Un is very confident about regime survival. His political foundation is strong domestically and no one can challenge him. Now he wants to deal with foreign affairs and normalise relations with the US,” Dr Park told The Straits Times.

Declaring the completion of North Korea’s nuclear programme – even though experts say it is still missing some critical final-stage tests – is the first step towards a path of dialogue with the US and other members of the stalled six-party denuclearisation talks. They are South Korea, Japan, China and Russia.

“He needs to justify that he is stopping all these tests because the programme is complete and not because of external pressure,” said Dr Park.

Dr Graham Ong-Webb, research fellow at the S. Rajaratnam School of International Studies in Singapore, told ST that Mr Kim is seeking to “achieve complete consolidation of his power” by becoming the first North Korean leader to meet a sitting US president.

He added: “Mr Kim Jong Un clearly understands the power of perception, and knows that optically, this will be seen as a meeting of equals in the eyes of his own people... (It is) extremely valuable because it affirms their identity as a sovereign nation. In meeting with the current leader of the world’s incumbent superpower, Mr Kim achieves the double effect of strengthening his national authority and establishing North Korea as a ‘normal’ country.”

Dr Ong-Webb believes Mr Kim pushed hard on missile tests and then swung equally hard towards dialogue and denuclearisation to “entice the egotistical businessman in President Trump, in the run-up to the mid-term
Return of the neocon

Americans were turning against the US military intervention in Vietnam and President Lyndon B. Johnson’s handling of the war in South-east Asia, Eugene McCarthy, a lawmaker from Minnesota running on an anti-war platform, decided to challenge LBJ in the 1968 Democratic primaries.

Though he was initially given little chance of winning, the 1968 Tet Offensive galvanised opposition to the war and its chief architects, including then National Security Adviser McGeorge Bundy, providing Mr McCarthy with political momentum to finish in second place in the New Hampshire primary.

He failed to win the Democratic presidential nomination, and Republican Richard Nixon ended up winning the race to the White House in 1968. But there is no doubt that if the anti-war McCarthy had been sitting in the Oval Office in 1969, one decision that he would not have made would be to nominate the pro-war Mr Bundy as his national security adviser.

JOHN BOLTON
US national security adviser

Fast forward 50 years, when the presidential candidate, who during the Republican primaries and the general election had blasted former president George W. Bush and all the other architects of another disastrous US military intervention, this time in Iraq,
Regional Watch

North Korea's announcement of its willingness to revive an inter-Korean hotline earlier this year was delivered by a man viewed as one of the regime's key military negotiators.

On Jan 3, Mr Ri Son Gwon, chairman of North Korea's Committee for Peaceful Reunification, spoke on behalf of leader Kim Jong Un, saying that North Korea would reopen its own communication channel at the truce village of Panmunjom, in response to Seoul's proposal for high-level talks.

The Committee for Peaceful Reunification is a North Korean organisation handling inter-Korean affairs. "(Kim) gave instructions to open the Panmunjom liaison channel between the North and the South from 3 pm (North Korean time) on Jan 3, so that the issues related to the opening of talks, including the dispatch of the delegation to Pyeongchang Olympic Games, would be timely communicated to the South," Mr Ri said on North Korea's state-run broadcaster Korean Central Television.

The senior colonel of the North Korean military has often represented his country, having participated in inter-Korean military talks during the liberal Roh Moo Hyun administration and when tensions gradually escalated in the following years. He has been sighted at 27 meetings held between the two Koreas since 2004.

After Mr Kim rose to power in 2011, Mr Ri was appointed director of the policy department of North Korea's now-defunct National Defence Commission (NDC). The NDC was later replaced by the State Affairs Commission, which is chaired by Mr Kim.

Mr Ri is known as the right-hand man of Mr Kim Yong Chul, another top North Korean military official who is allegedly responsible for the sinking of the South Korean naval ship Cheonan in 2010 and the bombing of a South Korean island near a disputed maritime border that followed.

Media reports in the past have underlined Mr Ri's fiery temper displayed at inter-Korean meetings. Within the first 10 minutes of a South-North meeting in February 2011, Mr Ri reportedly shouted, "We are completely irrelevant with the Cheonan warship incident", before bolting out of the meeting room.

— The Korea Herald/Asia News Network

North Korea’s peace negotiator

Mr Ri Son Gwon, Chairman of North Korea's Committee for Peaceful Reunification

Mr Ri is known as the right-hand man of Mr Kim Yong Chul, another top North Korean military official who is allegedly responsible for the sinking of the South Korean naval ship Cheonan in 2010 and the bombing of a South Korean island near a disputed maritime border that followed. Media reports in the past have underlined Mr Ri’s fiery temper displayed at inter-Korean meetings. Within the first 10 minutes of a South-North meeting in February 2011, Mr Ri reportedly shouted, “We are completely irrelevant with the Cheonan warship incident”, before bolting out of the meeting room.

— The Korea Herald/Asia News Network
American ride-hailing company Uber’s sale of its South-east Asian business to arch rival Grab should not come as a complete surprise.

In a world which has seen a proliferation of ride-hailing providers in the last five years, Uber needs to retreat to focus on markets where it enjoys dominance.

In South-east Asia, it is evident that Uber does not have that sturdy foothold. Grab does. In fact, Uber has openly admitted to incurring “hefty losses” in the region.

Its sale of the regional business to Grab - which neither party has officially confirmed - is similar to its pull-out from China in 2016, and Russia last year.

In the fast-evolving ride-hailing market, players not only have to contend with competition from each other, they have to continue to claw market share away from traditional ride providers - namely, taxis. This is a money-draining exercise.

Hence companies have to target resources at markets where they have a fighting chance. It is better to flourish in say, 50 markets, than continue to be an also ran in 100.

It is not dissimilar to American car companies’ apparent disinterest in the South-east Asian region - even if it is a very sizeable market. They prefer to concentrate in markets where they already have reasonable penetration. Or which are too big to ignore, like China.

Uber’s sale will of course strengthen Grab’s position in the ride-hailing arena. It will allow Grab - a Malaysian company co-founded by Anthony Tan, a scion of the motor-and-property Tan Chong family - to compete with other ride-hailing giants.

The biggest of them is currently

REGIONAL PROBE

The Philippines, Vietnam and Malaysia have said that they will look into whether Uber Technologies’ move to sell its South-east Asian business to ride-hailing rival Grab hinders competition, days after Singapore began a probe into the deal on similar concerns.

The expanded scrutiny of the deal in South-east Asia could pose a major hurdle to the US firm’s attempt to improve profitability by exiting its loss-making regional operation.

In a rare move, Singapore proposed in March interim measures to require Uber and Grab to maintain their pre-transaction independent pricing until it completes a review of the deal, saying it had “reasonable grounds” to suspect that competition had been infringed.

“The Grab-Uber acquisition is likely to have a far-reaching impact on the riding public and the transportation services. As such, the PCC is looking at the deal closely,” the Philippine Competition Commission (PCC) said in a statement.

Malaysia has also said that it will monitor Grab for possible anti-competitive behaviour.

- Reuters
China’s Didi Chuxing, which has already surpassed Uber in market value. It will only be a matter of time before Didi - which bought out Uber’s China business two years ago, and which is currently a substantial shareholder in Grab - moves southwards in its quest for growth.

India’s Ola is also a hefty player which is at Grab’s doorstep.

Meanwhile, the Uber-Grab deal has a few implications for Singapore’s taxi industry. Grab already has allied itself with all cab operators except ComfortDelGro. The leading taxi player had chosen to go to bed with Uber instead.

ComfortDelGro now appears to have picked the wrong horse. Uber, in this case, is akin to a suitor who was wooing two parties at the same time. And it has succeeded on both fronts.

For commuters and drivers in Singapore, the deal paves the way for two well-matched rivals who will now compete - on more or less equal footing - for their patronage. It would be the first time too, as ComfortDelGro’s sheer size had for the longest time given it a stranglehold of the market.

That is, if ComfortDelGro does not pull out of its deal to buy a majority stake in Uber’s Lion City Rentals. It would be interesting how the Competition Commission of Singapore - which had been deliberating on the ComfortDelGro-Uber deal - now views the Uber-Grab deal.

The next several months will be interesting indeed, as Grab - with an enlarged regional footprint - redraws its battle plans. If this start-up can elbow out Uber, it can do bigger things.

Besides the Competition Commission, the Land Transport Authority is also watching the development closely, to ensure that commuters and drivers are not worse off.

The implications extend beyond the point-to-point transport industry. Card companies such as EZ Link and Nets should also be worried, as Grab’s GrabPay mobile payment platform grows in coverage.

Ditto food delivery players. As well as the emerging fintech industry, which Grab has already dipped its toes into.

Armed with powerful data garnered in the five years it has been a ride-hailing rival to Uber, Grab is poised to be a serious contender in the financial services arena. Its two-week-old venture with Japan’s Credit Saison to provide micro loans is just a start.

In the words of a Grab insider, “our new businesses will be 100 times larger than ride-hailing”.

Financial institutions should keep an eye on this ambitious disruptor, indeed.

For a start, it would be prudent for EZ Link and Nets to consider an alliance of their own. After all, there is far too much duplication in what they both currently offer.

Whichever way the cards fall, there is one clear winner in an Uber-Grab transaction: Softbank. The Japanese group is a sizeable backer of both Grab and Uber. It also has stakes in Didi and Ola.

As a financial backer, it will naturally prefer a consolidated state rather than a fragmented one. Hence Grab’s purchase of Uber’s South-east Asian business makes sense.

Looking ahead, there will be more consolidation in the ride-hailing sphere. There will be more mergers, acquisitions and alliances ahead. And they may not necessarily be confined to deals between ride-hailing firms.

In the end, there will likely be far fewer players than there are today. Those remaining will of course, see their fortunes improve. For despite all the penetration that these apps companies have thus far, there is little sign that they are making serious money, if at all.

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Stage set for prolonged US-China battle on trade

What US trade hawks are effectively seeking is an overhaul of China’s state-led economic model

The tit-for-tat tariffs that we are witnessing between the United States and China are not merely unpleasant trade measures. They are the early salvos in the battle for industrial dominance that could play out for a long time.

After imposing two rounds of tariffs – first on steel and aluminium and then on US$50 billion (S$66 billion) worth of Chinese goods, US President Donald Trump has raised the ante by proposing tariffs on another US$100 billion of Chinese exports.

To see where the US is coming from, it’s instructive to read the report of the US Trade Representative (USTR) on China’s World Trade Organisation (WTO) compliance, which was released in January. The report has all the fingerprints of the China hawks in the Trump administration who are masterminding the evolving hardline policies towards China, namely US Trade Representative Robert Lighthizer and Mr Trump’s top trade adviser Peter Navarro, who wrote a book entitled Death By China.

Running to 161 pages, the USTR report is a sweeping indictment of China’s trade and industrial policies. It claims that while these policies were never particularly fair for the 17 years that China has been a member of the WTO, since the change in China’s leadership in 2013, they have gotten worse.

“The state’s role in the economy has increased, as the Chinese government has continued to pursue and expand industrial policies that promote, guide and support domestic industries while simultaneously and actively seeking to impede, disadvantage and harm their foreign counterparts,” the report points out.

In addition, the report elaborates on a long list of other malpractices, including “massive subsidies; severe excess capacity; investment restrictions; ‘secure and controllable’ ICT (infocomm technology) policies; overly broad and discriminatory cyber-security restrictions; data transfer restrictions; serious problems with intellectual property rights enforcement; export restraints; unique national standards; troubling agricultural policies that block US market access; restrictions on services market access and inadequate transparency”.

TRADE: IN NUMBERS

<table>
<thead>
<tr>
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<th>Value of goods bought by</th>
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<tr>
<td>US$462.6b</td>
<td>by US from China</td>
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<tr>
<td>US$115.6b</td>
<td>Value of goods bought by</td>
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<tr>
<td>US$347b</td>
<td>China from US</td>
</tr>
<tr>
<td>US$129b</td>
<td>US trade deficit</td>
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<tr>
<td>US$14b</td>
<td>Value of China-made electrical machinery bought by US</td>
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REASONS FOR UNILATERAL ACTION

It takes particular aim at China’s grand strategy for industrial upgrading that was announced in 2015, called “Made in China 2025”, which targets 10 advanced manufacturing industries with the aim of making them occupy the highest parts of global production chains.

These industries are: information technology; numerical control tools and robotics; aerospace equipment; ocean engineering and high-tech ships; railway equipment, energy-saving and new energy vehicles; power equipment, new materials; medicine and medical devices and agricultural machinery.

The report says these industries are to be built “at the expense of, and to the detriment of, foreign industries and their technologies through a multistep process over 10 years”. The eventual goal, it suggests, is “to replace foreign products with Chinese companies’ products in the China market through a variety of fair and unfair means, including through the extraction of foreign technologies”.

Vikram Khanna
Associate Editor
Winners and losers

A US-China trade war would affect not just businesses in the two countries but also many others. A look at some of the winners and losers.

Losers

U.S. CARMAKERS
• China announced plans to impose tariffs on most passenger vehicles.
• That would have a significant impact on America’s car industry – including major car manufacturers General Motors (right) and Ford Motor, and electric carmaker Tesla, which depends on China for 17 per cent of its revenue.

BOEING AND U.S. AIRCRAFT MANUFACTURING
• The Chinese list of goods that will be hit with a 25 per cent tariff also includes aircraft up to 45 tonnes in weight – a move that would affect some older Boeing narrow-body models.
• The company already saw its shares fall as a result, along with fellow manufacturing company 3M.

U.S. AGRICULTURE AND CHEMICALS
• DowDuPont’s agriculture unit could be affected by China’s move to impose tariffs on US soya beans.
• Same goes for grain traders Archer Daniels Midland and Bunge, and seeds and agrochemical firm Monsanto.

CHINESE PIG FARMERS
Soya beans are mostly crushed and fed to pigs in China. The soya tariffs could ultimately drive up costs for pig farmers and meat prices for 1.3 billion Chinese.

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U.S. GENERIC DRUGMAKERS
Though the US tariffs target Chinese drug makers, American pharmaceutical companies that make generics such as Mylan NV (right) would have to pay more for raw ingredients, such as insulin used by diabetics and the anti-allergic-reaction drug epinephrine.

U.S. MEAT COMPANIES
The prospect of a drop in prices of soya beans – a key feedstock – following higher Chinese tariffs is a boost for meat companies such as processor Tyson Foods and meat exporter Hormel Foods Corp.

PALM OIL COMPANIES
Rising soya oil prices in China, which relies heavily on soya bean imports, will make palm oil a cheaper, more attractive option.

TAYVANESME COMPANIES
• Many Taiwanese tech hardware firms, a pillar of the island’s economy, manufacture in China and export to the US. The prime example is Hon Hai Precision Industry, also known as Foxconn, which assembles iPhones for Apple.
• Taiwanese firms also sell precision parts to Chinese electronics developers, whose products are bound for the US.

U.S. TECHNOLOGICAL MAJORS
• China’s position as an assembly hub for electronic devices makes it the biggest consumer of semiconductors. US chipmakers such as Intel Corp and Nvidia Corp in particular have seen their shares tumble.
• Tech giant Apple and Lenovo would also face higher supply costs.

JAPANESE COMPANIES
• Many have sourced production in China, and many Chinese-made tech exports, such as smartphones, contain Japanese parts.
• Panasonic, the key battery supplier to Tesla, has seen its share price fall in tandem with the US carmaker’s.
• Beijing’s retaliatory tariffs could also hurt Japanese trading houses such as Marubeni Corp that export grain to China through their American subsidiaries.

U.S. METALWORKS
The latest round of proposed US tariffs target several specific categories of steel and aluminum made in China. That is on top of duties announced last month, meaning that some forms of those products will face a 50 per cent fee to reach the US.

WINNERS

U.S. MEAT COMPANIES
The prospect of a drop in prices of soya beans – a key feedstock – following higher Chinese tariffs is a boost for meat companies such as processor Tyson Foods and meat exporter Hormel Foods Corp.

Palm OLIO COMPANIES
Rising soya oil prices in China, which relies heavily on soya bean imports, will make palm oil a cheaper, more attractive option.

SOUTH AMERICAN FARMERS
Brazil and Argentina are the main competitors to US growers in the market for soya beans and corn.

Sources: REUTERS, BLOOMBERG, AFP, VOICE OF AMERICA, JAPAN TIMES  PHOTOS: REUTERS, BLOOMBERG, AFP  STRAITS TIMES GRAPHICS
Elaborating on the weaknesses of the WTO dispute settlement mechanism, the report strongly hints at the need for unilateral action against China.

It claims that the WTO rules “were not formulated with a state-led economy in mind”, and can deal only with “good faith disputes”. It adds that the problem is complicated by China’s “incomplete rule of law”, including through government officials’ “abuse of administrative processes” – suggesting that even if China were to commit to abide by WTO rules, administrators get away with ignoring these commitments.

Thus, it says that besides taking its disputes with China to the WTO, the US will also use “other needed mechanisms, including mechanisms available under US trade law”.

“The United States is determined to use every tool available to address harmful Chinese policies and practices, regardless of whether they are directly disciplined by WTO rules,” it says.

And so it is that the US has invoked Section 301 of its 1974 Trade Act to unilaterally impose tariffs on China.

The latest rounds of US tariffs are targeted at 1,300 categories of US$50 billion worth of mostly high-end Chinese goods, including flat screen TVs, medical devices, aircraft parts, batteries, machinery and high-tech components and uranium. The US also plans to restrict Chinese investments in technology and has lodged a complaint at the WTO on China’s technology licensing policies. China has also dragged the US to the WTO over the Section 301 tariffs.

While Chinese-made consumer goods such as clothing, toys and shoes have, so far, been excluded from the tariffs, this does not mean US consumers won’t be affected.

### SUPPLY CHAIN IMPACT

As Mr Rod Hunter, partner of law firm Baker & McKenzie, pointed out in an e-mail: “US manufacturers handle the processes they are efficient at and buy from those making components more efficiently. If you put taxes on inputs for US manufacturers, then it will ultimately make US products more expensive. A lot of US manufacturers will look at this list and see input costs going up. If the administration imposes 25 per cent taxes on US$50 billion in goods... it’s very hard not to affect US consumers and workers.”

Companies outside the US and China will also feel the impact. Many of the products targeted by the US are made in production chains.

While the final products are shipped out of China, they often contain components from other countries. All the companies involved in these chains would be hit by the tariffs – including American companies.

So while the US tariffs aim to hit higher-end areas of Chinese industry, they will cause collateral damage to American companies and consumers as well – and to companies elsewhere.

However, some economists speculate that countries such as Malaysia, Singapore and Thailand could also benefit as some supply chains from China migrate to Southeast Asia.

China’s retaliation over the US tariffs has been stronger than most observers expected.

It started cautiously. In response to the March 23 tariffs on steel and aluminium, it imposed tariffs on US$3 billion worth of imports from 128 categories of US goods, including pork, wine, nuts, fruit and stainless steel pipes. But then, on Wednesday, in response to the Section 301 tariffs, it hit harder. In a barbed quip, China's government pointed out “it's only polite to reciprocate” and then promptly targeted US$50 billion worth of 106 categories of US goods, including soya beans, cars, chemicals, beef, cigars and whisky.

Many of China’s tariffs will hit US states with big concentrations of Republican supporters, including farm states, as well as the Midwest and parts of the south. California – a big wine and fruit producer – and Washington state (where Boeing is based) will also be hit.

China is taking a risk. As the country with the trade surplus, it has more to lose if there is a trade war – but it is likely counting on a negotiated truce, with the US forced to soften its position, in part, by domestic political pressure.

This is a fair bet. The Section 301 US tariffs will not go into effect until at least June. Meanwhile, there will be a public consultation period; companies have until May 22 to file objections.

There will likely be a flood of them.

While US business groups are broadly in agreement that some of China’s trade practices are unfair, they have problems with the Trump administration’s use of tariffs as a remedy.

### LONG AND DIFFICULT TALKS

Several have already complained about the potential unintended consequences in terms of the impact on costs and jobs. They include the US Chamber of Commerce, the US-China Business Council, the National Association of Manufacturers, the Information Technology Industry Council, the National Retail Federation and the agricultural lobby group, Farmers for Free Trade.

Republicans in Congress, whose constituents will be among the victims of the tariffs and of China’s retaliation, may also join the protests.

China does not face political or business opposition. First of all, it is more the victim than the perpetrator of the tariff battle. Nor are Chinese Communist Party leaders or Chinese companies likely to protest against the defensive actions China is taking.

While the tariff brinkmanship continues, both the Trump administration and Chinese officials have indicated a willingness to negotiate. The negotiations are likely to be drawn out and difficult. If the USTR report is any guide, the US is seeking no less than an overhaul of China’s state-led economic model. This is unlikely to happen. It is also too late to check China’s strength in several areas, such as artificial intelligence, robotics, railway technologies and supply chain coordination.

However, the pressure on Beijing to make concessions will be intense, especially on issues such as state subsidies, government procurement and policies on technology transfer – about which some of China’s trade partners other than the US have also raised objections.

In the end, the chances are that we will not see a trade war.

What we will more likely see is prolonged tension in the trade and broader economic relationship between the US and China that will only gradually ease as China moves closer to a market economy.
The close of China’s annual political season saw a major reorganisation of the central government that will assist President Xi Jinping in the next five years. Here’s a look at all the important faces to know:

**TOP TIER**

**Wang Qishan, 69, Vice-President**
- The man behind Mr Xi’s thumping anti-corruption campaign which has claimed countless high-profile scalps – like former security chief Zhou Yongkang – Mr Wang’s appointment as Vice-President will likely reshape a previously ceremonial office. His experience in fixing commerce problems, which he accrued when he was vice-premier, means the Xi confidant is likely to play a lead role in managing United States-China relations, especially as the threat of a confidential is likely to play a lead role in managing United States-China relations.

**Li Keqiang, 62, Premier**
- A one-time rival to Mr Xi, the former Henan and Liaoning party boss who rose up through the Communist Youth League (CYL) has seen the responsibilities of the premiership shrink on his watch. An economist by training, Mr Li is still nominal head of government and exerts influence over economic policy, but the appointment of Mr Wang and top economic aide Liu He means he enters his second term with less direct power over government affairs.

**Li Zhanshu, 67, chairman of National People’s Congress**
- Mr Xi’s chief of staff and key adviser, the No. 3 in China’s leadership hierarchy has been a fixture at important meetings with foreign leaders, such as at the Xi-Trump summit, and has also served as Mr Xi’s personal emissary to Russia. A long-time ally of Mr Xi, their friendship stretches back three decades to when the two men were party secretaries of their home provinces.

**VICE-PREMIES**

**Hu Chunhua, 54, Vice-Premier**
- Once seen as a potential successor to Mr Xi, Mr Hu’s political prospects dimmed after Mr Xi declined to promote the former Guangdong party chief to the elite Politburo Standing Committee (PSC), the top echelon of political power in China. But his age and appointment as vice-premier means Mr Hu, a Hu Jintao protege (no relation) who also rose up through the CYL, may yet be groomed for higher office.

**Han Zheng, 63, Executive Vice-Premier**
- The former Shanghai party boss is first among equals on the next rung of the leadership, as the only vice-premier who also sits on the elite seven-man PSC. Trained in economics, Mr Han will run the State Council, or Cabinet, together with Mr Li Keqiang. He is also likely to have a diplomatic role, as he was Mr Xi’s envoy to the Winter Olympics in South Korea.

**Sun Chunlan, 67, Vice-Premier**
- The only woman occupying a top government position, Ms Sun is a former party boss of the politically important Tianjin. Ms Sun heads the Chinese Communist Party’s (CCP) United Front Work Department, the organ in charge of spreading the CCP’s influence abroad, which includes getting Chinese students overseas to uphold the party line and limiting Taiwan’s space on the international stage.

**Liu He, 66, Vice-Premier**
- The Harvard-educated economist who represented China at Davos last year serves as Mr Xi’s top economic adviser, and is a close confidant having grown up in the same elite circles in Beijing. Mr Liu double-hats as director of the General Office serving the CCP’s Leading Group for Financial and Economic Affairs, the highest body coordinating China’s economic matters, putting him at the heart of Mr Xi’s inner circle.

**Sun Chunlan and Liu He take an oath to the Constitution at the seventh plenary session of the National People’s Congress on March 19.**
Hu Chunhua, 54, Vice-Premier also rose up through the CYL, may vice-premier means Mr Hu, a Hu Mr Xi declined to promote the political prospects dimmed after problems, which he accrued when he experience in fixing commerce Vice-President will likely reshape a Mr Wang’s appointment as chief Zhou Yongkang – scalps – like former security countless high-profile anti-graft campaign Mr Xi’s thumping The man behind he was Mr Xi’s envoy to the Winter likely to have a diplomatic role, as with Mr Li Keqiang. He is also State Council, or Cabinet, together elite seven-man PSC. Trained in is first among equals on the next • Vice-Premier The former Shanghai party boss Premier Li Keqiang, 62, affairs. He means he enters his second term of Mr Wang and top economic aide Liu government and exerts influence over their friendship stretches back to Russia. A long-time ally of Mr Xi, served as Mr Xi’s personal emissary Xi-Trump summit, and has also leadership hierarchy has been a the No. 3 in China’s Congress • • Li Ganjie, 53, Ecological Environment Minister An environment protection official for 18 years, Mr Li heads the expanded ministry with a mandate now covering areas such as air, water and soil protection, which were previously divided among different ministries. With environment protection now a political priority, he will oversee a ministry with expanded powers to implement and enforce environment protection policies. • Guo Shuqing, 61, head of China Banking and Insurance Regulatory Commission Considered a reform-minded bureaucrat, the former top banker and deputy central bank governor heads the new super agency created through the merger of China’s banking and insurance regulators. Mr Guo is expected to lead a sustained crackdown on risks in China’s finance sector, such as shadow banking and risky investment and lending practices by both banks and insurers. • Lu Hao, 50, Natural Resources Minister A rising political star, the former Heilongjiang governor who became CYL first secretary at 41 now heads the ministry that combines agencies previously in charge of land, resources, maritime protection and surveying. Mr Lu will be watched for how his new ministry oversees land use and urban planning amid greater competition for land, as well as allocation of rights over water resources, grasslands and forests. • Luo Shugang, 62, Minister of Culture and Tourism A senior propaganda official, Mr Luo was appointed to this newly-created ministry that merges the Ministry of Culture and the National Tourism Administration at a time when China sees tourism and culture working in tandem to enhance its soft power and global influence. The ideologue is expected to strengthen China’s overseas links at a time when its soft power is taking on a sharper point. • Wang Yi, 64, Foreign Minister A seasoned diplomat who has served as ambassador to Japan and headed China’s Taiwan Affairs Office, Mr Wang not only retained his foreign minister post but was also promoted to state councillor, China’s top diplomatic job. This is a sign that Beijing is boosting its foreign affairs apparatus, once a second-tier office, just as perception of China as a threat is gaining ground.
Helping citizens to keep it real online

Intense debates arose during the public hearings of the Select Committee on Deliberate Online Falsehoods on whether new laws are needed to deal with a scourge that has been put on steroids by the online world. Despite the pervasiveness of fake news, activists maintain that existing legislation suffices because they fear overreaching laws might be abused. Others, however, pointed to the untam-merled power of giant tech firms who have contributed to the hyper speed at which fake news travels. Their lack of transparency over how they operate – from the algorithms that promote stories to the organisations that pay for content to be produced and played up – not to mention the shocking recent revelations about misuse of users’ data, do not inspire confidence that relying on self-policing will produce results. Old remedies are insufficient for new ills; yet strong prescriptions might have unintended results, like curbing news reporting and fair comment. Striking the right balance for the nation is the challenge facing the committee.

A tactic of black propaganda operations of the past, fake news is being leveraged determinedly now for political purposes because the results are often spectacular, as witnessed during the 2016 American presidential election and the Brexit referendum.

Old remedies are insufficient for new ills; yet strong prescriptions might have unintended results, like curbing news reporting and fair comment. Striking the right balance for the nation is the challenge facing the committee.

Here, half of those surveyed by Reach, a government feedback unit, identified WhatsApp and Facebook as the main sources of bogus news. This circulates widely because it evokes suspicion, fear and anger. The truth might sound bland in comparison, especially when presented in officialese and jargon, as well as when there is inordinate delay in fashioning a response. Not surprisingly, facts take about six times longer to reach sceptical minds – to check the spread of false claims.

Gambits threaten rule-based order

This has been a challenging and frenetic month for global trade. Earlier this month, American President Donald Trump announced import tariffs of 25 per cent on steel and 10 per cent on aluminium in the name of national security, initially on all countries. Then on March 22, Mr Trump called for tariffs on US$60 billion (S$79 billion) worth of Chinese goods, in addition to tighter restrictions on inward investment from China. Beijing promptly responded that it would, if necessary, retaliate.

To some extent, and at least so far, the protectionist threats have been more bark than bite. For example, soon after announcing the metal tariffs, Mr Trump allowed several countries to be exempted - first, Canada and Mexico (with whom the US is renegotiating the North American Free Trade Agreement); and later, Argentina, Australia, Brazil, the European Union and South Korea. Given that collectively these countries account for more than two-thirds of US imports of steel and aluminium, the exemptions significantly dilute the potential impact of the tariffs.

The tariffs on Chinese goods - the list of which will be published by mid-April - are not due to take effect until June. Prior to that, a public consultation will be held, during which there will almost certainly be pushback. Large sections of US industry would stand to lose from the tariffs, as well as from the potential retaliation by China. These would include much of the organised retail sector as well as the information technology industry and agricultural interests.

What is worrying is that the World Trade Organisation (WTO) has been largely reduced to the role of a spectator in the ongoing trade drama.

Meanwhile, US and Chinese trade officials are engaged in talks. The Chinese, who have long favoured a negotiated solution, have already indicated a willingness to be flexible. Issues which the US and many of China’s other trade partners attach high priority to include requiring foreign companies to transfer technologies, and inadequate protection of intellectual property rights.

Thus, since the tariffs were announced, US officials have indicated that they are “cautiously hopeful” of reaching mutually satisfactory trade arrangements with China. This is by no means assured, but hopefully, what threatened to be a potentially disastrous trade war just a week ago, might turn out to be a resolvable trade skirmish.

What is worrying is that the World Trade Organisation (WTO) has been largely reduced to the role of a spectator in the ongoing trade drama.
Three months after Singapore’s Parliament voted unanimously to form a Select Committee to study the issue of deliberate online falsehoods, the panel completed the public hearings phase of its work on March 29.

Over eight days, the committee heard from 65 speakers in public hearings that lasted 50 hours. It also considered 170 written submissions. It will reconvene in May to deliberate on a report of its findings to Parliament.

A number of clues on what to expect from the committee’s report were revealed during the public hearing phase, with committee members showing their thinking through the questions they asked and the themes they focused on.

Here’s a look at five recommendations that could emerge from the fake news Select Committee, compiled by our political writers Tham Yuen-C, Ng Jun Sen and Seow Bei Yi.

Defining fake news

A key question asked of the Select Committee had to do with how deliberate online falsehoods would be defined.

During the exchanges, committee members gave a hint of what factors could be considered in defining it: the deliberate intent of the person or organisation spreading the information; that it appears on an online platform; that it is demonstrably false; and has a significant impact, such as affecting national security or racial and religious harmony.

Home Affairs and Law Minister K. Shanmugam stressed several times that the committee was not dealing with opinions, no matter how irresponsible, as long as they are based on a substratum of facts.

A few said that any new laws to counter deliberate online falsehoods must be clear in their definitions.

Other witnesses suggested that the Government should not be the sole definer of truth, with some saying that independent bodies should define it instead.
Enacting new legislation

The issue of legislation was mentioned every day during hearings. Several committee members, such as Law and Home Affairs Minister K. Shanmugam, MP Edwin Tong and Nominated MP Chia Yong Yong said several times that they personally felt new legislation was necessary.

This was also the sentiment of Singapore Management University School of Law dean Goh Yihan, who said that the current legislative tools “run up against limitations - of scope, speed and adaptability”.

Many recommendations during the hearings involved some kind of mechanism that can quickly remove or prevent access to online falsehoods, whether by compelling people or technology platforms such as Facebook and Twitter to remove the illegal content or blocking them.

Some who supported the idea of a new law also said it should be carefully calibrated, so that it is not too sweeping and broad, and does not punish those who inadvertently share falsehoods or crimp the ability of journalists to do their job.

Several activists and content producers running alternative news websites strongly objected to new legislation, suggesting that it will be used to curtail free speech and stifle legitimate dissenting views.

But some speakers made a distinction between deliberate online falsehoods and free speech.

National University of Singapore (NUS) law professor Thio Li-ann, an expert in constitutional law, said untruths - designed to mislead people, manipulate election results and turn groups against one another - harm society and undermine democracy, and belong to a category of speech that does not warrant protection.

Regulating tech companies

At several points over the eight-day hearings, the committee showed a grotesque cartoon of male, ethnic minority migrants abusing a semi-nude white woman and killing her baby - accompanied by a Twitter hashtag “#DeportAllMuslims”.

It was an image seemingly created to inflame anti-immigrant sentiments around the world. But during a British parliamentary hearing, a Twitter executive said the tech giant would not remove the image as “it was not in breach of its hateful conduct policy”.

In Singapore, representatives of tech giants Google, Facebook and Twitter could not answer when Law and Home Affairs Minister K. Shanmugam used this same example to show that self-policing by the tech firms was insufficient.

As self-regulation appears to be lacking, several speakers tell Insight that the committee is likely to deliberate on ways to regulate social media platforms, which in recent years have become very dominant forums carrying a great deal of citizen discourse.

These rules could force tech firms to take more active steps, such as flagging disputed content, strengthening their detection of falsehoods, deprioritising unreliable online news sources and removing fake accounts.

Enhancing media literacy

Including media literacy as part of a multi-pronged approach to counter the spread of online falsehoods was a recurring call by academics, students and civil society alike.

The building of such literacy, and urging against the sharing of information without checks, could form long-term measures to counter disinformation, said Mr Benjamin Ang, a senior fellow at the S. Rajaratnam School of International Studies, who was a witness at the hearings.

Singapore Management University law don Eugene Tan noted in his written submission that “there will always be falsehoods deliberately sown; no legislation can, and will, put an end to such activity”.

This is why “our first line of defence has to be a population of media-savvy individuals”, he said, adding that it would be “too late” to rely on the authorities to step in each time.
Disinformation in action

Foreign and local experts at the Select Committee for Deliberate Online Falsehoods brought up examples of deliberate falsehoods and disinformation they have come across in their countries and the region. Lester Hio looks at eight countries mentioned during the hearing, where disinformation has been and is in action.

France
- The French presidential election last year was hit by falsehoods spread during the election campaign.
- Eventual presidential winner Emmanuel Macron was the target of fake news articles which accused him of harbouring secret offshore accounts.
- These rumours circulated hours before a televised debate with his opponent Marine Le Pen, complete with falsified documents posted online.
- In January, Mr Macron said he would present new legislation to fight the spread of fake news.

United States
- The term “fake news” gained prominence during the 2016 United States presidential election, popularised by eventual presidential winner Mr Donald Trump.
- The election has since been discovered to have suspected Russian involvement, which Mr Trump allegedly worked with to sway the campaign in his favour.
- The election also saw the use of online botnets – automated accounts run by computers – to spread rumours and false news reports discrediting the candidates.

Germany
- In 2016, a 13-year old girl named Lisa of Russian descent claimed she was abducted and raped by three men of Middle Eastern appearance in Berlin.
- Russian media accused German police of not taking action, and featured emotional interviews with family and community.
- While the Berlin police issued a statement after interviewing the victim that there was neither abduction nor rape, and that the girl had retracted her initial story and had actually spent the night at a friend’s place instead.
- Russian-language media continued to report on the story without giving equal play to the Berlin police’s response.
- This led to activists accusing the authorities of a cover-up, resulting in hundreds of ethnic Russians and anti-migrant activists holding protests against Germany.

Indonesia
- A fake news factory, Saracen, charged its clients tens of millions of rupiah to publish and spread fake news and even hate speech against others.
- It is thought to be involved in spreading rumours against former Jakarta governor Basuki Tjahaja Purnama, which included attacks on his Chinese ancestry and Christian religion. Current Indonesian president Joko Widodo is also an ongoing target.
- Online fake news factories continue to flourish in Indonesia based on the lucrative nature of the trade, with one estimate suggesting that a single popular post on Saracen could bring in 100 million rupiah ($9,500).

Ukraine
- Russian-led disinformation campaigns make up most of the fight against falsehoods in Ukraine, as the Kremlin seeks to consolidate its control over the country.
- Russian media, such as RT and Sputnik, have carried out long, sustained disinformation campaigns in Ukraine for years, especially after Russian military incursions in 2014.

Malaysia
- A data firm which uses profiling to send unique messages, which could include disinformation, to voters might be at play in Malaysia.
- Cambridge Analytica, which also worked with Mr Donald Trump during the 2016 United States election, might have been hired by people involved in the upcoming general elections, said Dr Shashi Jayakumar of the S. Rajaratnam School of International Studies.
- The firm can send targeted ads to users based on survey behaviour and online profiles, including content which might be false or fake.

Latvia
- Latvia is a target of Russian-sponsored disinformation, due to its history and proximity.
- Russian propaganda targets Russian-speakers in Latvia, downplaying its growing economy and playing up its structural problems such as high social inequality and poor healthcare.

South Africa
- Sophisticated botnets on Twitter were used to influence the results of the election of a new leader for the African National Congress last December.
- These accounts were created to impersonate genuine Twitter users in order to seem more legitimate. They shared same names with Twitter users, but replaced lower-case “Ls” with “1s” and “Os” with numerical zeros.
- While they did not appear in large numbers, this serves as a warning of future tactics in the upcoming presidential election in 2019, said defence and disinformation analyst Ben Nimmo.

Asia report
Should tech companies be more tightly regulated?

Facebook currently looks like a special case

In the wake of recent high-profile tech scares, such as a fatality involving an Uber self-driving car and Facebook’s alleged mishandling of users’ personal data, stricter regulation of the industry – along the lines of, say, the financial sector – has become the policy question du jour. Stock market values for leading tech companies are down – or perhaps just becoming more volatile – in the light of such concerns.

Obviously, rules regarding motor vehicles need to be examined carefully. In the United States, this is generally a state-level decision, though the federal National Transportation Safety Board has a very good reputation for its investigations and often changes how we think about best practices. The NTSB is investigating the Uber crash and previously assessed a fatality involving a Tesla vehicle.

As for Facebook, press reports suggest that the company may have made some egregious mistakes. One hopes we will learn more about the details of its decision-making on data privacy when its chairman and CEO, Mark Zuckerberg, testifies before Congress, as he has agreed to do.

But responding with tighter regulation at the federal level seems premature, even for these specific activities – let alone for the broader tech sector.

Finance is regulated because of major potential spillover effects: bank failures can bring down the whole economy. That is why safety nets, such as deposit insurance, have been put in place. But the existence of deposit insurance creates room for abuse, in the form of excessive risk-taking, because bank executives get the upside if things go well, and any potential losses are imposed on the insurance fund. Preventing abuse and encouraging appropriate caution requires rules, and the US Federal Deposit Insurance Corporation is one of the world’s best examples of how to make these work.

The world of high technology – computer hardware, software, and digital services – is very different. There is plenty of competition for hardware. If one firm gets into trouble, it will not bring down the system. Of course, some policymakers like to favour “national champions” vis-à-vis international competitors, but this raises issues that are different from regulating behaviour.

Amazon is a powerful and rising company, spanning multiple activities – now including grocery stores and the delivery of fresh food. But it has plenty of competitors in this area, and existing rules and regulations (such as those covering how food is handled) seem sufficient.

Other digital-based companies, such as Google and Apple, are very strong in specific activities. But they do not exhibit the kind of monopoly pricing behaviour that triggers anti-trust action by the government. And it is not clear what other kind of regulation would be helpful to customers.

A major step forward

The European Union is considering more regulation of digital firms, and insisting on greater care for the handling of data may make sense. But the EU also substantially missed out on the round of digital entrepreneurship that began in the 1990s, and it is not generally at the forefront of this sector currently – so few people in the US are rushing to follow its example.

To avoid misunderstanding, let me be clear: not everything is going well with regard to US government policy in this area. In particular, the impending repeal of the “net neutrality” rule by the Federal Communications Commission (FCC) appears to be a major step toward...
Facebook currently looks like a special case, in the sense that network effects mean millions of people will stick with this service, regardless of how they are treated. And there may have been some misunderstanding or (allegedly) miscommunication regarding how their personal data would be treated. Facebook faces understandable political pressure to change its practices, but what it really needs is new competitors that prove they can be profitable while putting privacy first.

Cryptocurrencies reflect a growing overlap between finance and tech. It would not be a surprise if the US Securities and Exchange Commission determined that a great deal of recent money-raising activity (known as Initial Coin Offerings) in this industry actually amounts to the issuance of securities, which would trigger the application of various rules and requirements. But such a decision would not amount to new regulation – just the application of existing regulations. The principles applied by securities regulators since the 1930s remain sensible: protect investors and require sufficient disclosure of all the risks involved in an investment.

The same is true of self-driving cars. There were 40,000 road fatalities in 2016 in the US, and more than one million worldwide, according to the latest World Health Organisation data. As in all previous years, human error of various kinds was responsible for most of these deaths. Reducing road fatalities is an important goal, and the growing engagement of tech companies (and competition with the established auto companies) should be welcomed, in the interest of improving road safety. Here, too, existing regulatory principles, and the agencies that apply and enforce them, should be given an opportunity to prove themselves. PROJECT SYNDICATE.
I have a love-hate relationship with Facebook. If there was a status update for Facebook, it would read: It’s complicated.

I’ve been on Facebook for years, and come to love it. I check it frequently for work reasons, to read what others are posting and commenting on. As Opinion editor, I use it to promote and share commentaries published in The Straits Times. I use Messenger to harangue contributors, asking them to write for The Straits Times. I’m sometimes able to identify topics that whet their interests, by looking at what they have been posting.

I obsessively click through on my Facebook friends’ many, interesting articles. I selectively Like, Feel Sad or Love them. I count the number of times friends Like my post, Comment on it, or Share it.

When I’m feeling lonesome, it gives me a sense of community and connection with others. Never mind if I’m in a foul mood that day; on Facebook I can post cheery updates, engage people I have never met in serious conversations or bantering ones, and then feel better.

Facebook can be an emotional crutch, and I, of all people, who work, eat, live and breathe news and information, should know.

Then, last Wednesday, I sat in my office Toast Box cafe, and slowly scrolled through my list of Facebook apps, and deleted them one by one. After about 30 minutes, I had only removed about 50 of them. I hadn’t even known I had given permission to these apps to reside on my Facebook account, let alone to mine my account for my personal data, and my friends’ data.

By Wednesday evening, as more information about Cambridge Analytica broke, I had enough. I started drafting a Facebook post that said: “Fed Up. Going on Facebook fast for the rest of Lent.”

Then the irony of taking to Facebook to announce my intention to withdraw from it – which would compel me to check feverishly to see what my friends thought of the decision – struck me.

I deleted that post. Instead, I went to settings, clicked on general account settings, picked manage account, and hit Deactivate.

I couldn’t bring myself to #deleteFacebook. I could only deactivate it. Like I said, it’s complicated. There might be some co-dependency going on.

Deactivating my Facebook account was an act of pique, a gesture of annoyance at the social media giant for the way it has acted. It has certainly been less than upfront about the fact that it had let third-party apps access users’ data and users’ friends list, without their permission.

When it found out that such data, from 270,000 users who took part in an initial survey in 2014, had been passed on to data analytics company Cambridge Analytica (CA), it requested that CA delete the data. CA said Okay. This was in 2015. Facebook didn’t check if it had done so, and kept mum about it.

Until March 2018, when a whistleblower went to the media with the story. CA reportedly used some of those data to build a database of 50 million profiles of voters and used it to help its client, Mr Donald Trump, win the 2016 United States presidential campaign, so the stakes are high.

The social media giant is now in hot soup. Its executives have been grilled in the British and Singapore Parliaments, and likely, the United States Congress is next. The US Federal Trade Commission (FTC) is investigating if Facebook violated an earlier promise to get users’ consent before harvesting their data.

As a Facebook user, I’ve often found it sneaky when it comes to privacy issues.

Many of us will take some care to set privacy settings when we first set up an account, or once we get the hang
of using it. I’ve certainly gone into Facebook to specify who can see what information, or who can post items to my timeline, and even who can send me friend requests.

A few years ago, I was puzzled as to why those settings did not appear to be respected. Then I read in the news that Facebook was changing default settings without telling users!

In 2011, it was taken to task by the FTC over its privacy settings policy and was asked to get user consent for certain changes to privacy settings.

At that time, a news report highlighted FTC’s description of Facebook’s “deceptive and unfair practices”: “For example, it said Facebook promised users that it would not share personal information with advertisers, but it did. Also, the company had failed to warn users that it was changing its website in December 2009 so that certain information that users had designated as private, such as their ‘Friends List’, would be made public.”

As part of that investigation and subsequent settlement, Facebook was also forced to subject itself to 20 years of independent audits.

So, one would think Facebook would have learnt to take data privacy much more seriously right? For example, surely the privacy settings you set are cast in stone?

Unfortunately, no. Because there are settings, and there are settings, and smartphone apps and Facebook apps are so smart, most of us have no clue what permission we are giving them and what liberties they are taking with our personal information when we download an app.

After all, Facebook is just a platform on which thousands of apps ride. Smart developers are designing fun, interactive games and quizzes that lure you into taking part. For example, I’m a sucker for psychological quizzes. What mythological Greek goddess do I take after? What colour appeals to me naturally? What does my profile picture say about my sociability/physical age/sociopathic tendencies?

I often while away minutes on quizzes and preferences, and not be some rag doll jerked here and there by some master-puppeteer.

Apart from the US, Facebook is also facing the heat in Germany for consent issues.

Reuters reported last month: “The Federation of German Consumer Organisations (VZVB) said that Facebook’s default settings and some of its terms of service were in breach of consumer law, and that the court had found parts of the consent to data usage to be invalid.”

Many netizens are willing to trade some privacy for the convenience and connections of being on social media networks. But that relationship with the social media platform must be based on trust.

I wouldn’t mind so much if advertisers targeted me to sell things like handbags. At one phase, I was clicking through many handbag ads, and I was quite pleased to see more such ads popping up on my feed. I enjoyed watching videos from crowdfunded stores promising the world’s best office laptop handbag for women, or a smart travel jacket with pockets for all your devices.

But I would hate for my personal data to be sold to people who want to get into my brain to influence my vote or my ideas, or to manipulate me into joining a protest, an organisation or a riot.

Personal agency is very important, especially in an age of social media nudges and algorithm-defined news that pull us along predefined paths. I would like to think I can remain an autonomous person with my own views and preferences, and not be some rag doll jerked here and there by some master-puppeteer.

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Facebook hides default settings that are not privacy-friendly in its privacy centre and does not provide sufficient information about it when users register, said Mr Heiko Duenkel, litigation policy officer at the VZVB.”

The report added: “The Federal Cartel Office, in an interim update on an investigation into Facebook, said in December that it objected to the way the company gains access to third-party data when an account is opened.

“This includes tapping information from its own WhatsApp and Instagram products – as well as how it tracks which sites its users access.

“One concern highlighted by the consumer rights group was that, in Facebook’s app for smartphones, a service was pre-activated that revealed the user’s location to the person he was chatting to.

“Also, in the privacy settings, ticks were already placed in boxes that allowed search engines to link to the user’s timeline, meaning that anyone would be able quickly and easily to find a user’s profile.

‘The judges ruled that all five of the default settings on Facebook that VZVB complained about are invalid,’ the group said in a statement, adding that several other of Facebook’s terms of use were found to be illegal.”

This was just a month ago. It does not look like Facebook’s track record on user privacy has substantively improved.

Many netizens are willing to trade some privacy for the convenience and connections of being on social media networks. But that relationship with the social media platform must be based on trust.

Platforms have to show they are trustworthy custodians of data. After all, data is their gold. They should be treasuring it, protecting it, and harvesting it for only the highest yields, not hawking it like some tawdry ware and handing it over lock, stock and barrel to any third-party app.

Facebook has to evolve from being sneaky to being responsible. Its sneakiness may have sprung from its roots as an undergrad jock page to rate girls. But these days, with over two billion users and US$40 billion (S$52.6 billion) in annual revenue from selling those data, it has to grow up.

Deactivating Facebook means I’m taking time out from my relationship. But a part of me hopes the frat boy grows up real fast and learns not to take its users for granted.

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Regional Focus

Asia’s growth hubs

Several countries in Asia are focusing on developing growth zones that will create thousands of jobs, develop areas into metropolises and encourage investments. Here’s an overview of some of them:

A new multimillion-dollar technology park in Batam was launched in March, and it aims to bring digital entrepreneurs from the region together in an environment where its developers hope they can “work, live and play”.

The 100ha Nongsa Digital Park, slightly larger than Singapore’s Botanic Gardens, is Batam’s first large-scale commercial project. It was mooted by Infinite Studios, a Singapore-based integrated media entertainment and creative services company, and developed by its parent, Citramas Group.

The foreign ministers of Indonesia and Singapore said it was an example of how both neighbours can work together through the private sector for mutual benefit.

Indonesian Foreign Minister Retno Marsudi said it was “a concrete follow-up” to discussions between President Joko Widodo and Prime Minister Lee Hsien Loong at their retreat last September to develop Batam as a “digital bridge” between Singapore and many of Indonesia’s fast-growing cities.

“This Nongsa Digital Park is a beginning, a pilot project of our further efforts to achieve Indonesia’s digital economy potential,” she told 350 guests at the launch ceremony. “A journey of a thousand miles begins with a first step, and this is a good step.”

Singapore Foreign Minister Vivian Balakrishnan said the park shows how both neighbours can work together with the private sector for a “win-win outcome”. He said: “We are happy to encourage more mutually beneficial projects with Batam. A thriving, confident, creative digital hub in Batam will be good for Indonesia, good for Singapore, and good for our region.”

The park is expected to rake in more than US$500 million ($659 million) in potential investments, its senior director...
Marco Bardelli said in a statement. So far, three of nine office blocks have been completed in the first phase, which will create some 1,500 jobs. There are plans for pathways for eco-friendly electric bicycles and buggies, and more retail and food and beverage outlets.

Four main tenants now occupy two office blocks. One is Glints, a recruitment platform which helps to build engineering teams for companies in Singapore and Indonesia. More than 30 Indonesian developers and software engineers currently work out of a 150 sq m open-plan office space in a two-storey bungalow overlooking a lake. Said its chief executive Oswald Yeo, 25: “We can help our Singapore client companies tap a regional and cost-effective tech talent pool.”

Ms Ho Semun, executive director of Singapore IT industry association SGTech, said: “There is interest from local companies in the Nongsa Digital Park but work is still in progress.”

A spokesman for Singapore’s Economic Development Board said the park “provides a valuable digital bridge across the region”.

Singapore companies are able to further their opportunities and expand into Indonesia’s market, while Indonesian and regional companies are able to co-create new solutions, test new ideas and be involved in joint digital projects in the region, she said.

“The park serves to support companies, not just in the e-commerce sector, but also other sectors that require digital talent, as they grow their businesses,” she added.

Mr Lukita Dinarsyah Tuwo, chairman of the Batam Indonesia Free Zone Authority, said the authorities are looking into carving the park into the island’s first special economic zone, with more tax allowances and tax holidays.

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Digital Free Trade Zone in Sepang, Malaysia

Trinna Leong
Malaysia Correspondent

Malaysia and the world’s largest retailer Alibaba launched a regional logistics hub in November, aimed at small and medium-sized businesses.

“We want to redefine global trade... I look forward to the rebirth of the new Silk Road,” said Malaysian Prime Minister Najib Razak at the launch of the Digital Free Trade Zone (DFTZ), alongside Alibaba founder Jack Ma.

“When DFTZ, small businesses can use the digital way to sell and buy things. They can also buy global and sell global,” said Mr Ma in his speech.

The first phase of DFTZ is a warehousing facility close to Kuala Lumpur’s international airport to be operated by national courier, POS Malaysia. The former cargo terminal has already been transformed into a full-fledged warehouse with sorting, shelving and pick-pack facilities that deploy automated guidance vehicles.

The facility will initially serve Lazada, the region’s largest online retail mall. Alibaba holds an 83 per cent stake in Lazada after injecting US$2 billion ($$2.7 billion) in investments into the Singapore-based startup.

Datuk Seri Najib and Mr Ma, who was made digital economy adviser to the Malaysian government in November 2016, also held a groundbreaking ceremony for the zone’s second phase, a 24ha new facility to be jointly developed by Malaysia Airways Holdings Berhad and Cainiao Network, Alibaba’s logistics arm. This facility will only begin operations in 2020.

Both facilities hope to halve border clearance and handling times for cargo to three hours.

DFTZ has been touted by Malaysian officials and Alibaba as a platform that will propel small and medium-sized enterprises, particularly in Asia, on to the online marketplace. Alibaba has set up a similar hub in Hangzhou, China.

The DFTZ comprises eFulfilment and satellite service hubs while the eServices platform serves as a virtual zone, making it easier for customers’ clearance, warehousing and logistics.

It also allows global market players to source from Malaysia’s producers and sellers, making the country a regional fulfilment hub for global brands.

The government hopes that the DTFZ will see the involvement of over 9,000 SMEs by the end of 2018.

Estimates suggest it could also create 60,000 jobs and double SME exports to RM162.9 billion ( ) by 2025.

- Additional information from The Star/Asia News Network.

Myanmar plans massive Yangon development

Tan Hui Yee
Indochina Bureau Chief

Singapore’s former foreign minister George Yeo has been tapped to help lead the development of a Yangon city extension billed to spur growth for Myanmar, just like what Shenzhen city did for China.

The massive industrialisation effort will cover an area over twice the size of Singapore, lying west of the river by Myanmar’s commercial capital. It will contain homes, factories, power plants and water treatment plants.

Its development will be driven by the New Yangon Development Co (NYDC), which is fully owned by the Yangon region government but will have Myanmar tycoon Serge Pun as its chief executive. Mr Yeo is an independent director in NYDC.

Mr Yeo, the chairman of Hong Kong-headquartered Kerry Logistics, told The Straits Times that he has known Mr Serge Pun since the 1990s and was invited by him to sit on the NYDC board.

Yangon, Mr Yeo said, has developed much of late, but “the city needs much better infrastructure”.

“Like Shanghai and Suzhou, new space has to be opened up so that the old city can be refurbished and renewed.”

Given its massive size, governmental
Xiongan holds out promise for firms

By Fu Jing

To the south of Beijing, Xiongan New Area is taking shape not only to offload non-capital functions from Beijing but also to become a “world-class water and forest city”. The new city in Hebei province will be larger than London, which covers about 1,500 square kilometers.

Essentially, Xiongan New Area is a strategy to reduce congestion in the Chinese capital and create a new high-tech economic engine for China.

According to the vision plan, the new city will restrict the population to 5 million with modern living conditions. It will attract the best brains from across the world.

Work has already started on a high-speed railway linking Beijing and Xiongan, where the authorities have plans to build Asia’s biggest railway station. Dozens of China’s leading high-tech companies have agreed to set up representative offices in the core district while many construction projects are in full swing.

As a new “Silicon Valley” in the making, Xiongan holds out a lot of promise for foreign investors in the years to come. But given China’s four decades of opening-up and reform, foreign investors must realise the conditions in

Xiongan will be different compared to Shenzhen or Pudong New Area, China’s two leading high-tech and economic powerhouses in the south and east.

Unlike the 1980s or 1990s when Shenzhen and Pudong New Area were opened up to the outside world, China today is a full member of the World Trade Organisation, so foreign investors can no longer enjoy preferential policies such as tax breaks and low-cost land. Besides, Chinese investors have become much more competitive and technologically advanced.

Still, there are lots of opportunities for foreign investors as China further opens up to the outside world. For example, to build Xiongan into a modern, eco-friendly city, European countries could offer their experiences in water treatment, environmental protection and ecological conservation.

There are plans to build a world-class university in Xiongan. This is a visionary idea but not easy to realise. Cambridge, Oxford and Harvard could provide expertise while Peking University and Tsinghua University could also lend a helping hand.

Moreover, Xiongan will consistently need large amounts of capital, and the Asian Infrastructure Investment Bank has said financing China’s projects will not be its priority. This leaves space for other commercial and multilateral financial institutions to invest in the new area, either through proposals to build a financial district or through financial services such as loans.

– China Daily/Asia News Network
Indonesia is hoping there will soon be many more unicorns such as travel site Traveloka, that employs nearly 300 people. PHOTO: REUTERS

Govt pushes for more local tech start-ups, as digital economy is poised to lift growth rate

Think Indonesia and animal, and the komodo dragon may come to mind. But the country is also associated with a much rarer creature.

Four of South-east Asia’s seven “unicorns” are in Indonesia, and the country is set to spawn more of these tech start-ups worth at least US$1 billion (S$1.3 billion).

The four are ride-hailing company Go-Jek, travel site Traveloka, as well as marketplaces Bukalapak and Tokopedia.

The other three are gaming and e-commerce firm Sea from Singapore, ride-hailing app Grab from Malaysia, and the Philippines’ prefabricated property firm Revolution Precrafted.

Indonesia’s Minister of Communication and Information Rudiantara is expecting a fifth unicorn from the education sector by next year.

“Businesses of the future are not about big capital, but about creativity. There are no barriers to entry and anybody can be a part of it,” the ministry’s director-general of applied informatics Samuel Pangerapan told The Straits Times.

Indonesia hopes to produce more unicorns. Three years ago, President Joko Widodo pledged to create 1,000 local digital start-ups worth US$10 billion (S$13 billion) by 2020 to help the country leap into the new economy.

And millennials are rising to the challenge. Around 36,000 people have signed up for the National Movement of 1,000 Digital Start-ups to see if they have what it takes to be a technopreneur.

The initiative was launched in June 2016 by Kibar, an Indonesian start-up hub and incubator, and supported by the Indonesian Ministry of Communication and Information.

The programme offers aspiring entrepreneurs networking sessions with creatives and programmers, as well as workshops to test their business ideas and study potential markets.

Without seed funding from the government, unlike their peers in neighbouring Malaysia and Singapore, these Indonesian start-up founders often have to slog without pay as they build their user base.

Angel funders, corporate sponsors and venture capitalists step in only after they have gained traction and are ready to be valued.

In Indonesia, home to 66 million people aged 10 to 24 and where Internet penetration is over 50 per cent, the global digital economy boom is a potential game changer to lift the country’s growth rate, which has not been rising much above 5 per cent for years.

Mr Joko had promised to revive growth to 7 per cent during his five-year term.

The programme has produced 128 start-ups, many of which provide impactful and innovative solutions to problems in sectors such as agriculture, health, education, tourism and logistics, Kibar’s chief executive Yansen Kamto told The Straits Times.

Kibar builds up the capacities of young aspiring entrepreneurs and links
them to stakeholders such as mentors, markets and financiers.

He said: “Entrepreneurship is one of the key things for our country to progress, but now it’s not about selling at mamak stalls, selling satay or tahu goreng only. We have to build the foundation for the ecosystem.”

Some of the most promising start-ups are in Surabaya, East Java, which boasts some of the country’s best universities in information technology, design and business. It has good infrastructure and is led by a visionary and hands-on mayor.

Now in her eighth year as mayor, Ms Tri Rismaharini is best known for turning the derelict plots of Indonesia’s second-largest city into landscaped parks and green spaces.

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### Start-up: Karapan
**Founder:** Mr Badrut Tamam Hikmawan Fauzi, 24

Started in 2016, Karapan trains 3,000 farmers to manage cattle and sell beef products directly to more than 10 main suppliers, including government agencies, via an online marketplace.

The start-up that buys cows from farmers and sells the beef online has riled the “cattle mafia” so much that they have sent shamans to cast magic spells on Mr Badrut Tamam Hikmawan Fauzi. But he could not care less.

His cattle-farming family in Madura, an island in East Java, has been getting the short end of the stick all these years, being forced to sell the animals at low prices to middlemen who resold them at a handsome profit to beef suppliers.

“Those cattle mafia don’t pay in full and some would even vanish after taking the cattle. We pay farmers upfront,” he said.

He teaches farmers how to care for their cattle, from feeding them good grass to bathing them thrice a day to cleaning their sheds regularly.

This is to ensure a good quality of meat. He also teaches them to turn the animal waste into fertiliser for their crops. He then hires butchers to slaughter the animals and cut the beef, and tech-savvy staff to upload pictures and handle beef sales online.

Cattle farmer Mohammad Agus Burhanudin, 20, said: “It’s tiring to care for them, but when I see the cows grow big and happy and I can sell them at high prices, the fatigue disappears.”

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### Start-up: Riliv
**Founder:** Mr Audrey Maximillian Herli, 25

Riliv, a counselling app started in 2015 for people to chat anonymously about their problems with professional psychologists.

Broken hearts in Indonesia would rather pour out their woes online than see a psychologist, for fear of being labelled an “orang gila”, or a madman.

This led Mr Audrey Maximillian Herli to set up Riliv, an app for people with personal problems to speak anonymously to psychologists. So far, more than 50,000 people have registered with the app.

“People like to write about their problems on social media, which exposes them to bullying. It would be better for them to seek an expert’s help so they can solve their problems the right way,” Mr Audrey said.

Users pay 300,000 rupiah (S$28) for four two-hour online counselling sessions, and can choose from around 40 freelance psychologists hired by Riliv.

Mr Audrey said the experts speak to all except those with suicidal thoughts, which they ask users about upfront.

Entrepreneurship, he said, is a world full of uncertainties, but starting young means “it is okay to fail many times”.

He added: “We build start-ups to fill a need. If there is a problem in society and we have the solution, the business will thrive.”
Using music, cool venues to jazz up blood drives

Start-up: Reblood
Founder: Ms Leonika Sari Njoto Boedioetomo, 24
Reblood, an app started in 2015 that encourages people to donate blood.
Ms Leonika Sari Njoto Boedioetomo makes donating blood cool. Instead of dreary hospitals and office buildings, she and her team hold blood donation drives at hip working spaces for techies where “every corner gives you a chance to take nice selfies”.
And instead of the groceries which the Indonesian Red Cross Society (PMI) used to dish out to draw blood donors, she works with corporate sponsors to give freebies such as online shopping vouchers or jazz concert tickets, and even invites local musicians to perform. Ms Boedioetomo also makes money from these corporate sponsorships.
“When I ask my friends what they think of blood donation, they say it’s scary, serious and for old people. But millennials care about looking cool so we must rebrand,” she said.
Some 12,000 people are currently registered on the Reblood app, which informs them of blood drives and encourages them to donate routinely. It hopes to draw 50,000 new donors this year.

Seamlessly connecting clients to seamstresses

Start-up: Jahitin
Founder: Ms Asri Wijayanti, 22
Jahitin, an app that connects home-based seamstresses with customers.
A frantic hunt in the middle of the night for a seamstress to sew her a new dress for her sister’s wedding sparked an idea in Ms Asri Wijayanti to create a tailoring service app, which she launched in 2016.
“It’s a tradition in Indonesia for families to wear clothes in matching fabrics for big events like weddings and graduations,” she said. “It was stressful riding my motorcycle around the entire neighbourhood to look for a seamstress.”
A textile shop owner finally found her a seamstress. The economics undergraduate then decided to set up Jahitin, or “to sew” in Indonesian.
Jahitin charges customers market prices, but sets itself apart by making home visits to take measurements and promising to get the outfits ready in two weeks. The clothes are delivered to the customer’s doorstep by courier.
Ms Asri hires five seamstresses, mainly women “who are in need”, such as main family breadwinners and single mothers.
“Despite being skilful, they tend to charge lower prices to get customers. This is unfair to them,” she said. “Once they have built a good reputation through my company, they are free to strike out on their own. I can then focus on helping other women.”

Ms Asri Wijayanti set up her tailoring service app Jahitin after a frantic late night search for a seamstress. She hires mainly women in need. 

ST PHOTO: ARLINA ARSHAD.

Some 12,000 people are registered on the Reblood app founded by Ms Leonika Sari Njoto Boedioetomo. It hopes to draw 50,000 new donors this year. 
ST PHOTO: ARLINA ARSHAD.
Yen for daikou

Side-job culture gains traction in Japan as anything from the quirky to the creative is game for outsourcing

What do you do if you’re driving to a party but would like to have a tipple? In Japan, you call a daikou driver to take you home in your car.

Daikou means “replacement” or “outsourcing”, and these drivers usually hang around popular pubbing or clubbing areas to offer their services.

The peak demand times for replacement drivers – late at night and especially on Friday and weekend nights – have made it a popular moonlighting option for salarymen looking to earn some extra pocket money.

If they worked for a daikou driver service provider, they could earn between 1,000 yen and 1,500 yen (S$12 to S$18) an hour on their shift.

In recent years, this service has grown more popular, partly because of the proliferation of smartphone applications that link daikou drivers with users.

Mr Kenji Miyake, 28, who works as a salesman for a printing firm, has been daikou driving on the side for six months. “The tips you get from your usually drunk client if you get along with them well are a welcome bonus, and sometimes I make some handy contacts,” he said.

The daikou market has flourished in recent years, with a growing range of tasks being outsourced and more people

WHAT IT COSTS

An apology via phone or mail:
From 10,000 yen (S$120)

For an apology in person:
From 20,000 yen

For divorce notice delivery with one witness:
3,000 yen

For divorce notice delivery with two witnesses:
5,000 yen

For temple/shrine visit with prayers and collection of amulet:
5,800 yen (5,000 yen for the visit and 800 yen for the amulet)
Field Notes

offering their labour via apps or online platforms.

Nowadays, anything is up for daikou. From the surprising – paying respects at a relative’s grave, going on pilgrimage, apologising to someone you’ve offended, prison visits – to the mundane, such as dog-walking, doing housework, queueing up for a popular restaurant, securing a prime spot for cherry-blossom viewing.

“Long working hours leading to a lack of personal time and the stress of double-income families has fuelled demand for daikou services, while job insecurity, a slow rise in pay and a lack of job satisfaction have made the idea of having a side job more common,” said Dr Natsuko Hagiwara, a sociology professor at Rikkyo University.

A survey of 1,600 workers aged 25 to 39 conducted this year by One Japan, an organisation that aims to promote corporate work-style innovation, found three out of four employees interested in a side job. Among them, 80 per cent were working for major conglomerates with a staff size of over 10,000, such as manufacturers and banks.

Respondents said their reasons for moonlighting include a desire to hone their skills, increase their take-home income, widen their network and a disillusionment in employment for life at large corporations.

In recent years, major conglomerates from Sony and Sharp to Toshiba have found themselves in turmoil, shaking the belief that there is job security in working for a big organisation.

“Another reason is a longer life expectancy, leading to the need to have some form of employment after retirement,” said Dr Hagiwara.

Riding the daikou trend is Singapore-based online concierge and delivery service firm Honestbee, which has been helping people in Japan do their grocery shopping and delivering it to their doorsteps since July. It charges a concierge fee of 490 yen and delivery fee of 490 yen, but waives these for purchases above 3,000 yen.

Signing up as a worker “bee” is a popular option especially among housewives, students, freelancers and young workers looking to make some spare cash. They have to work at least two hours a day. Compensation depends on their experience and the number of hours they work.

“Traditionally, having house help or house managers is not common in Japan. The introduction of a service that offers personalised shopping and delivery also helps address time management and logistic difficulties faced by many Japanese people,” said Mr Vivek Sampath, Honestbee’s country manager for Japan.

Japan’s Ministry of Health, Labour and Welfare has put the size of the household-chores daikou market at 100 billion yen in 2012 and expects the market to grow six times in the coming years.

Daikou jobs are popular with people looking for a flexible side job.

Facilitating this trend are firms such as Lancers, which launched in April an “open-talent platform” application called Pook, where people sign up to offer skills from cooking, assembling furniture, babysitting, sports coaching and event organising to offering advice or a listening ear, at their desired rate.

It also has an online platform called Lancers for more skilled freelancing jobs, from editing and website design to app creation.

“The idea is to help create a society where anyone can find work they want to do anytime and anywhere through the online network,” said a spokesman for the company.

torchingli@gmail.com
Businessman Keith Chua, 64, is a trustee of a fund which has given away millions to causes in education, healthcare and heritage.

The executive chairman of ABR Holdings, the food and beverage firm that owns Swensen’s in Singapore, credits his family and his Christian faith with inspiring him to be a philanthropist.

His great-grandmother, Mrs Lee Choon Guan, also known as Madam Tan Teck Neo, was founding president of the Chinese Women’s Association. She died in 1978 at the age of 100, after years of giving generously to promote education for girls and protect women and children.

Mr Chua said: “My parents were also very generous individuals and their generosity caught my attention. The simple act of being able to help someone else gives me a sense of meaning.”

His grandfather is the late Chua Cheng Liat, one of the Chua brothers who founded car dealership Cycle & Carriage. His late father Chua Boon Yew worked in the family business.

Today, Mr Chua is a trustee of the Mrs Lee Choon Guan Trust Fund, started by his great-grandmother in 1974 with a $1 million donation.

In 2011, Mr Chua, a father of four, set up the SymAsia Nehemiah Foundation with an initial $1 million pledge. Named after the biblical figure Nehemiah, the foundation supports social entrepreneurship, mental health initiatives and other causes.

Mr Chua is one of 25 philanthropists featured in a book released last week by the Asia Philanthropy Circle, a charity that brings together donors to collaborate and address social problems.

Its director Stacey Choe told The Straits Times it hopes to inspire others to give by showcasing the impact philanthropists in the region have had in effecting large-scale changes.

Here’s a look at some of the other philanthropists featured in the book and their areas of focus:
Stay informed as Malaysia votes and get regular updates on happenings in the region.

The Straits Times has launched a weekly newsletter that gives readers highlights of its correspondents’ reportage from across the region every week. The **ST Asia Report newsletter** is part of the newspaper’s efforts to ramp up its coverage of developments across Asia and globally.

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