

June 2018

As part of the *Café Insights* series of interviews with inspiring speakers, The Insight Bureau recently caught up with Dominic Ziegler, “Banyan” Columnist for *The Economist*. On a trip to Singapore to cover the Trump-Kim summit, I asked him about this and other strategic issues facing the region.



Andrew Vine: Hello and welcome to another in the series of Café Insights. I'm Andrew Vine, CEO of The Insight Bureau, and today I'm in conversation with Dominic Ziegler from *The Economist*. How are you?

Dominic Ziegler: I'm well, Andrew. Great to be here.

AV: So, Dominic writes the “Banyan” column for *The Economist*, which covers Asia's strategic issues, but he's a real veteran -- one of the very few, a dying breed I suppose -- of foreign correspondents who are actually based overseas.

DZ: Well, yes, veteran makes me sound, and grizzled and old, (laughs) and possibly that's what I am now. But, yes, I mean I'm incredibly fortunate because lots of other publications have seen their foreign bureau networks being cut right back. At *The Economist*, we've done the reverse. We've- we've invested in those because we believe that reporting from the ground around the world is crucial, and no more so than in Asia, the most vibrant part of the world.

AV: Indeed. And of course, you know, in typical Economist style, they've moved you around from place to place; I think you were Finance Editor at one stage, Asia Editor, you were in Japan ... and of course, the “Banyan” column is your baby: you set this up.

DZ: Yes, about a decade ago, several of us inside *The Economist* made the case for launching a column on Asia. Now that had some challenges, because all the other columns in the newspaper write about a defined political entity, or a political project. In fact, there's a column for the US, for Britain, for the European Union. Of course, there is no project in Asia but, uh, two things. One's got fast and vibrant growth, and two, the geopolitics really matter here. So that's justified the column.

AV: Yes. And so, what are typically the issues that you follow as you're coming up with the agenda each week for the column?

DZ: Well, the column covers nearly half the world's population, and geographically I go from Afghanistan in the northwest, New Zealand's in the southeast, the

Maldives at the southwest, to the top of Japan. And including two powers, India and China, the two most populous countries in the world. So, it's a challenge and ...

AV: You have your work cut out! (laughs)

DZ: ... well yes, and there's never a shortage of things to write about! But the real challenge is to think conceptually about how we look at the region and, yeah, the rise of China, the rise of India, that provides two polls. Another big theme is how China's rise comes up against an order that's been led by America, in East Asia, since the Second World War. And a lot of what we see in terms of the geopolitics is this kind of rivalry between China and the US.

AV: And someone was saying an inevitable one, because it would be back to centuries ago when China had a much bigger role

DZ: Well, that's right. In many ways China's rise is, in fact, as China's leaders would see it, a return to historical greatness to a long period when China was at the centre of the Asian world. That's the order it would like to see reestablished. So that's absolutely a- a big part of what we write about. And then, of course, vibrant, rapid economic growth and development that has had extraordinary benefits in terms of lifting hundreds of millions of people out of poverty. It's a success story, but with that success story come issues, not least, um, to do with the environment. And it's at that point that we see that Asia lacks the kind of sort of institutional structures that we see elsewhere in the world. There's- there's- there's- there's no grouping that thinks about the environment, there's no security grouping, um, as there is for instance in the west with NATO. There are still remaining cold war foot lines, that's something that's been occupying us this week here in Singapore, and that's North Korea, and the other is down the Taiwan Strait between China and Taiwan.

AV: But is that because growth and development's been just so rapid, and it just takes time for these institutions and that kind of thing to be set up?

DZ: Yes. I mean the growth is so rapid that actually it has, until now, papered over a- a lot of the cracks that might have become more visible. A lot of the sort of geopolitical cracks that might have become more visible before. But with growth comes power, particularly in the case of China, and it's at this point that this lack of institutions in the region becomes more visible, and the need for such institutions becomes more obvious.

AV: There are attempts at that, I mean, obviously China is taking the lead now, you know, with America pulling away from TPP etc, they're trying to fill that gap. And China's Belt and Road is an initiative which is gathering quite a lot of pace, and I you know you talk about that a lot. And ASEAN has been trying to get itself integrated more in terms of an entity, the economic community, although there are limits, I think, to how successful that's been so far. But like I say, it's a matter of time until some of these things will develop.

DZ: That's absolutely right. All the initiatives you point to are very relevant and they have in them the kind of kernel of new institutional structures. But these things, certainly in the case of ASEAN, tend to go at the pace of the slowest, and ASEAN doesn't feel that it's in a position to push things harder when there are bigger powers around it. Certainly, you know, a big part of what a lot of countries in the region want to do is not to be dominated by one or other great power, the US or China. They certainly don't want to be part of a Chinese-led order, and so it's something of a balancing act many countries in the region are playing. And Singapore hosting the summit this week just past, between Donald Trump and Kim Jong-un, is a sort of example of how countries in the region, you know, want to find that point of balance. They don't want to be trampled by the giant elephants, as the Singaporean Prime Minister pointed out.

AV: Well, I wanted to ask you, because you're here because of this Kim-Trump summit, from our point of view, it's been quite a spectacle, quite an event. But I think we're all left scratching our heads wondering what was it all about? What did it really achieve? Now you've written the cover story and some other editorial for this week's Economist, so no better person (laughs) to ask for an opinion today.

DZ: Well, we're sitting down today, just a day after the Trump-Kim circus left town, and it was, as you say, an extraordinary spectacle. And watching it for the past few days, I think has brought home to me how much in fact the spectacle was a major point, *the* major point of this summit. That was the purpose. There was a time, not long ago, when it looked as if the point of the summit was to produce a commitment from North Korea for complete and verifiable denuclearization. Dismantling, uh, it- it- its nukes, but that didn't happen. This was more of a showpiece.

I mean, it was an extraordinary thing, uh, surreal in many ways. Trump trying to sell to Kim the idea of a sort of real estate dream. He said, "Imagine building condos on the beaches from which you currently fire missiles." So, there we saw from Donald Trump, something of the real estate mogul, but in fact it was his reality TV side that was most in- in evidence. And even Kim Jong-un himself said this is something like a fantasy out of a Sci-Fi movie. There were however serious points at stake. At the beginning of the year, it looked as if East Asia might be teetering on the brink of war, so belligerent where they- where the- the- the messages that were being passed between Trump and Kim Jong-un, the North Korean dictator. From that point of view, the summit has achieved something good.

AV: Yes.

DZ: That's to say, tensions have been reduced. But I do still worry about the outcome. I think it's one that works almost entirely to Kim Jong-un's advantage, and I worry that Donald Trump has given away a lot in terms of leverage, in terms of concessions, that would be very hard to, to reimpose.

AV: It wasn't very long ago that we were seriously concerned with, you know, whether a misstep could lead to a catastrophe. It seems like we've stepped away from that level of danger at least, but perhaps back to the game that North Korea has always played.

DZ: It's very hard to measure the level of danger, because a big part of the American strategy was for Trump to sound almost like a madman. Nixon called it the "madman theory of deterrence." The point was to convince your opponent that you really were crazy enough to launch an all-out assault. So, there was a lot of bluster in this, but the risks were there of war. Now we're in this position, I feel, where Kim has come away after an extraordinary canny performance with a hell of a lot.

First of all, this guy who runs a mafia state like a capo, a state with the world's most efficient secret policemen, and with the world's worst human rights record, he's come away now validated, just because he's come across as jovial, good natured, bright, intelligent, almost huggable. (laughs) Well, he's come away with the makings of a statesman. He's going to be at the UN General Assembly in September. He's got from Trump, uh, an invitation to the White House. So, this is an image makeover, which for him is hugely important. It's hugely important, uh, at home. His father and grandfather -- he runs a hereditary tyranny wanted to meet a sitting US President and failed. He's done it. For legitimacy at home, that's hugely important, and these pictures in Singapore were beamed back to North Korea. That's a first. And on the international stage, again, he's been validated, so that's a huge prize.

The second big prize is an easing of sanctions. Now, President Trump did say in his surreal rambling press conference after the summit, that sanctions mandated by the UN would remain in place, but that's not going to happen. Already for instance, China is easing up. President Trump himself doesn't want to keep up the maximum pressure, as it was once called, on North Korea.

It'll also be very hard to reimpose pressure now that it's being relaxed, should Kim Jong-un not stick to his promises to dismantle his nukes. And that's the third point: that the language of the documents that both Kim and Trump signed is pure old North Korean boiler plate. We've been here before, more than once. Now promises were made, vaguely, that were never fulfilled, and nothing to me suggests that anything to-date that Kim Jong-un has offered, shows that he's really serious about dismantling his nukes. My guess is that for a guy who's looking to stay in power, to stay alive, not be assassinated, die peacefully in his bed decades hence, is that his tactical, uh, task now is to outlast Trump, who may be gone in the elections in 2020.

AV: And this has eclipsed all the other things that we were previously worried about. I mean, when you look at the state of the world economy, it's a really great story at the moment, and it seems to be firing on all cylinders. Yet, looming large is this whole threat of trade war. If you're a big business, you know, running the region, or running the world, you're looking at things that are happening in Asia at the

moment. What are those things that we should be- should be top of mind for a big company, do you think?

DZ: Well, I think it's part of the same story. In a way, this issue with North Korea, in- in a way a subset of this contest between China and the US, but it finds its heart in trade. Now of course, the story of Asia is the story of growth and of tremendous increase in trade-driven prosperity. Trade is what Asia has been all about, and it's important to remember that trade was able to happen because of the order that the US laid down at the end of the Second World War. It's prize, as it were, for defeating Japan in the Pacific, is that it was able to set the terms for the region's prosperity after that.

And by and large, with a certain amount of hypocrisy at times, but by and large, it provided the basis for free and open rules-based trade, and all countries benefited from it. But the country that knows best how it prospered from it, is China itself. So, here's the curious thing, that we now have in the White House, a President who doesn't believe in this order that America has underwritten for more than seven decades. Uh, he is, he says it himself, a protectionist. He doesn't understand or grasp the benefits of trade. He thinks that trade is a zero-sum game, rather than something that raises all boats.

And so here is where politics, for the first time that I can remember, really poses a threat to business in Asia. It's, as you say, uh, certainly the US economy is going at full tilt. The Chinese economy is accelerating. The picture here in Southeast Asia is pretty good.

In the past, certainly from a sort of investment point of view, it was usually foolish to think about politics when making business decisions. I think that that assumption has now changed profoundly, and I think that there are storm clouds on the horizon in ways that really, I think, you know, challenge the whole basis of what the- what has driven Asian economies to-date.

AV: Good. Well, it's great to see you. You're quite an avid sailor, and you just did a trip ...

DZ: Yes, up to the Outer Hebrides. I've got an ancient old boat -- it's 130 years old -- that I love sailing. It kind of connects me to old journeys made by forebears. The sea is the 'great connector', and it's the sort of unwritten actor in so many of our stories, not least here in Asia, you know, whose prosperity has been basically down to the sea. Singapore is a great port, as is Hong Kong where I live. These cities, histories are- are tied to the sea and that fascinates me.

AV: And you wrote a book just recently, *Black Dragon River*.

- DZ: That's absolutely right, it's about the Amur River, or L'Amour in French, or Heilong Jiang, the Black Dragon River in Chinese. It's the river that forms a big part of the border between Russia and China. It's the ninth longest river in the world, depending on how you measure it. And I like to say that it's the longest river that most people have never heard of. I traveled from the top of the Amur, which rises in Mongolia, down to its mouth in Russia opposite the top of Sakhalin Island near the Sea of Japan. And the story of the river is really the story of Russia's push eastward.
- AV: Strategic affairs covers everything you do in your life, doesn't it? (laughs)
- DZ: Well, I guess that's right.
- AV: Well, it's lovely just to meet you again and have a chat. Thank you very much, Dominic, and have a good trip back to Hong Kong.
- DZ: Andrew, thank you very much. It's been a great visit.

Dominic Ziegler is a speaker and writer on global and Asia strategic issues.

He is a senior member of The Economist's editorial team based in Hong Kong from where he writes the weekly Asia Column, "Banyan". He was formerly Asia Editor and has held many other roles around the world.

To learn more about Suman Bery experience and insight, please visit:

<http://www.insightbureau.com/DominicZiegler.html>

To hire Dominic for a briefing or conference

Email: engage_us@insightbureau.com