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As part of the Café Insights series of interviews with insightful speakers, The Insight Bureau recently caught-up with Dr Andrew Staples, Global Director and Chief Economist at The Economist Corporate Network. Andrew shares his insights on how regional MNC executives are having to simultaneously face the immediate challenges of a COVID-19 environment, while keeping an eye on a longer-term Asia strategy. [LINK to recording](#)



Andrew Vine Well, hello and welcome to another in the series of Cafe Insights. I'm Andrew Vine. I'm the head of The Insight Bureau and today, it's my pleasure to be in conversation with Andrew Staples from the Economist Corporate Network. How are you?

Andrew Staples Hi, Andrew. Nice to be here.

AV Good. Well, it's nice that we can actually meet in person. We're right in the middle of this global pandemic, and at least in Singapore, we're able to get out and meet in person.

AS Yes, that's right. It's interesting to see where we are in Singapore vis-a-vis the rest of the world.

AV Well, Andrew, you're the global director of Corporate Network, which is the EIU's briefings and advisory service. And interesting because not a lot of people know that I actually spent 13 years doing a similar job. A less intellectual one, I'd put it. But I used to work at The Economist Corporate Network for 13 great years on conferences and events and briefings, all of those good things. So, it's really nice to be in touch. You, more than anyone that I know in Singapore, really has that touchpoint with corporate executives, running the region, understanding a lot of the things that they're going through. So, I thought it would be a very useful time to have a conversation.

AS Yes, indeed. And great to catch up. Corporate Network is there to help our members to understand and navigate what's going on in the world. Right? It might be looking at megatrends, politics, and economics. Of course, over the past couple of months, we've completely pivoted to be looking at responses to coronavirus. We ran a survey very early on, right at the end of January, amongst our members. But at that time, it was still quite focused on China and the sort of the ripple effects throughout Asia. Now, of course, pictures change, and we're looking at global issues. So yes, I mean, look, we're in constant communication with our members. We're sharing our analysis with them. But more importantly, we're asking them how they're getting on. What are their challenges? Where do they see bright spots? How are they dealing with them, with the problems that they're facing?

- AV** Well, I can imagine a lot of companies are having to put their priorities, firstly, on their staff and business continuity. But how easy is it for them to have any semblance of normality in running a business in the region?
- AS** Yes, very difficult. And remember, this coincided with the Chinese New Year. So, thinking about firms in China, a lot of their people were out of the country, and still, many of them have not gone back. So, you've not only got the challenge of the domestic economy sort of being gummed up, but you've got a lot of your key people out of the region as well. And you're right. The sort of priorities have changed over the past two months from, "Where are our people? Are they safe? How can we keep the business running? How do we work with the local ordinances from governments and working from home?" and all the rest of it to, "Now we're facing a much more severe downturn. How do we shield our business from that, or how do we position for the next few months, which really are going to be very, very challenging?"
- AV** Well, the thing that businesses hate more than anything else, of course, is uncertainty, and nobody has a view. I mean, you and I were talking a little earlier that you can't just come out and say what will happen, but you can talk about various scenarios.
- AS** Absolutely.
- AV** And I suppose at every point in time since Chinese New Year time, we thought we understood what was unfolding, but things have even overtaken expectations of what might happen. It's hard to start to even think about what the new normal is going to be about this, but the economic implications of what's happening now are possibly a little scary.
- AS** So, let me pick up on a couple of points there. So, one of the immediate issues that has emerged over the past couple of weeks, I would say, sort of coming up the agenda is liquidity. And if you go back to the global financial crisis, a credit crunch. And are we looking at something similar there? But it's a slightly different context as I mean, there's dash for cash, for example. So, companies are making sure they've got their credit lines. They're thinking about how they interact with their suppliers and with their customers as well, which is a whole set of issues. Going back to the point when scenario serves, what's really important-- and we do a lot of this. I mean, beginning of last year, we did a session on sort of competing scenarios for the US-China trade war and how that might unfold and how you might position for those, the type of questions that you could be asking your senior leadership team in this type of scenario. So, over the past couple of weeks, the EIU put out some really interesting scenarios for the global economy, for the Chinese economy, looking if there's a baseline there and then an optimistic, pessimistic, and a nightmare scenario. And it's been very interesting to talk those through with a lot of our members. And by and large, most of them were plump for that sort of baseline scenario that we outlined, but there are people in certain sectors who have a far more pessimistic sort of reading of things.

- AV** Well, certainly some sectors are going to be hit more acutely than others. So mostly airlines and hotels, people in the events business which, obviously, we support. But the worry, I think, is that as companies start to fail, there's going to be a downward spiral, and it's going to be quite a crippling period ahead.
- AS** Yes. I mean, let's not sugarcoat this. It's both a demand and a supply-side shock to the economy, which will take a long time to recover from. Now going back to scenarios, one of the scenarios that we were talking about a few weeks ago is preparing for a rebound and where would we see that. Because you would certainly look at other shocks that we've seen, such as SARS, such as the global financial crisis. I mean, as all of that investment and capital and equipment, for example, isn't made at the moment. All of those investment decisions or hiring decisions are all put on hold. You would fully expect those to come roaring back at some point. And I think in Asia, we were looking at that maybe two or three weeks ago, up until the point where things started to really deteriorate in Italy, the rest of Europe, UK, and then North America as well. So, yes. I mean, this is a new normal to be adapting to, and gaining that type of new normal from different scenarios, I think, is a really useful exercise to do.
- AV** I've heard a few people say that in the post-COVID world, we may well find that Asia's going to come out of this looking a lot better. Well, it might have been a China induced crisis, but it may be China that actually recovers and leads us out of the problem as well.
- AS** Yes. So, I think that there are a few things in there. I mean, look, China's a one-party state. If it wanted to be, it could be, very quickly, a majority command economy quite quickly. As we are seeing, places like the UK, a lot of talk about wartime economy, i.e., a much greater role for government directing resources, and so on. So, China could put its resources to work. They did this in the global financial crisis with infrastructure spend. We just published a new piece on what the Chinese physical stimulus package could look like. We think it would be much more targeted around consumption and keeping businesses afloat and so on. But there's sort of underlying trends as well, around, for example, in Southeast Asia, demographics and the adoption of technology. China, the rest of Asia, has been well ahead on, let's say, e-commerce, e-payments, and so on. And clearly, this is going to accelerate those. So, in some areas, yes. We could also look at Japan, an economy that struggles to grow at a percentage point, if it's lucky, in a year. And it will certainly be in recession this year. However, right at the forefront of dealing with those demographic challenges and a lack of people in the labour force, severe labour shortages in Japan. So, automation, IoT, this is the part of the world where we see all that put in place.

- AV** I mean, I'm trying to think back. Because I was working at The Economist during the SARS period, and I'm struggling to remember now quite what it was like then. I think this is obviously much, much bigger, but we have the ability to cope with this so much better. When I think about the technologies that are allowing us to communicate, remote work, like you say, do ecommerce and so on; the more that economies are pushed into the service sector, there's the more chance that they can actually adapt.
- AS** Yes. That's right. I mean, one of the challenges for Asia as a whole, China in particular, is that it's still the manufacturing workshop of the world. And it needs to climb up that ladder towards the higher value-added, the services, and so on. And maybe this will be a spur there. Speaking about ourselves, I mean, Corporate Network is all about bringing people together and sharing insights from our side and hearing from the members. We've had to pivot to do a lot more online. And that's been very well received. We do see that there's a very strong demand for clear, cogent, objective analysis, plus-- and I think this is really important. What are my peers doing? How are they reacting to this? What sort of measures are they taking in that sector, and what can I learn from that as well? So yes, a lot of people are very challenged, but demand for that type of insight analysis, I think, is very, very high.
- AV** And of course, with so many hopes and aspirations for organisations globally resting on Asia, part of the job of being a regional director is thinking about its future. So, it's three horizons: there's today, worrying about people and the business continuity; the medium term, which is like what we're supposed to be doing today; but also chancing the future, the strategy that's a big promise for organisations. Very hard to take that long-term view, at the same time as worrying about everything in the shorter term. How are people coping with that?
- AS** Well, you're exactly right. And one thing that we're trying to do is not take our eye off that ball. Things like the US-China trade war haven't gone away. The geopolitical tensions haven't gone away. In fact, they've probably even been sharpened. Who's going to be building your 5G system and all the rest of it? These things haven't gone away. The challenge for business leaders is multi-faceted. You've got the here and now. You've got the internal, looking after your stuff, making sure the business is running. You've got the external, challenging business environment, government relations, clients, and so on. You've also got your audience here in Asia, but you've also got to be reporting back to people in North America, in Europe, in shaping the message from here as well. So whether it's the here and now, dealing with COVID over the next 6 months, 18 months, how will the trade war unfold and all the rest of it, or the longer term, which is a much more positive story. Of course, those drivers of growth are very apparent within the region. The business leader needs to keep all of these on the desk.

- AV** Well, it may not be very apparent to see while we're right in the middle of the storm, but this shall surely pass at some stage, and it's going to be very interesting to see what that new normal is. We'll get together in six months and we'll have another conversation.
- AS** Excellent. I'll look forward to it.
- AV** Brilliant. Well, Andrew, thank you very much for the time and all the best.
- AS** Good to talk with you.

Based in Singapore, Andrew Staples is the Global Director and Chief Economist for the Economics Corporate Network. In this role, Andrew provides clients with insight and analysis on a range of topics related to ASEAN and the broader Asian economy. He regularly chairs and moderates major Economist events, delivers custom briefings to senior executives, including Fortune 500 companies, and interviews public figures, including heads of state. His areas of expertise which include international political economy, foreign direct investment, corporate strategy and comparative management. He regularly appears in the international media, including BBC, CNN, CNBC, Channel News Asia, and Al Jazeera.

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