

August 2021

Projecting Asia's Future

POLITICAL – ECONOMY ANALYSIS



The Lacey Lectures
on international trade

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About Me |



ADELAIDE

INSIDE STORY

SIMON LACEY

Former VP of Global Government Affairs, Huawei Technologies, Shenzhen

Senior Lecturer, University of Adelaide

International Trade Lawyer

ALJAZEERA



Underlying Assumptions



Geopolitical rivalries will continue
between China, US and India.



Low-Intensity/Grey-Zone Conflict
Will continue to replace large-scale armed conflagrations.



Autarkic strategies in advanced technologies
Will continue for the US, China, India and others with similar aspirations.



Known- Unknowns
Speed of development and adoption of advanced AI and quantum computing



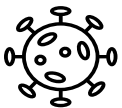
Cooperation and Integration versus Decoupling
The benefits of continued economic cooperation and integration will continue to outweigh the costs of decoupling.



Big demographic slowdowns in China
Will continue to put pressure on public finances and thus economic growth.



Countries' efforts to achieve carbon neutrality will continue
And impose huge infrastructure costs but also act as a massive stimulus.



The Stress-Testing Effects of Covid-19
The pandemic has demonstrated the value of basic bureaucratic competency.



Methodology

Dynamic National Attributes “DNA”

01

**Consumer Market
Strength**

02

**Military Capabilities
(incl. grey zone)**

03

**Technological
Leadership**

04

**Geo-Strategic
Positioning**

05

**Supply Chain
Centrality**

06

**Systemic Financial
Strength**

07

**Quality of
Governance**



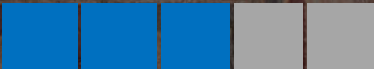
India

Dynamic National Attributes (DNA) Analysis

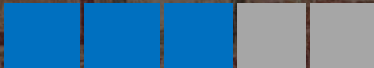
Consumer Market Strength



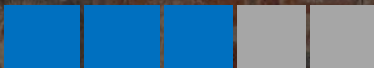
Military Capabilities



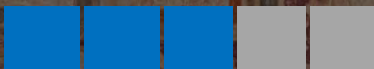
Technological Leadership



Geostrategic Positioning



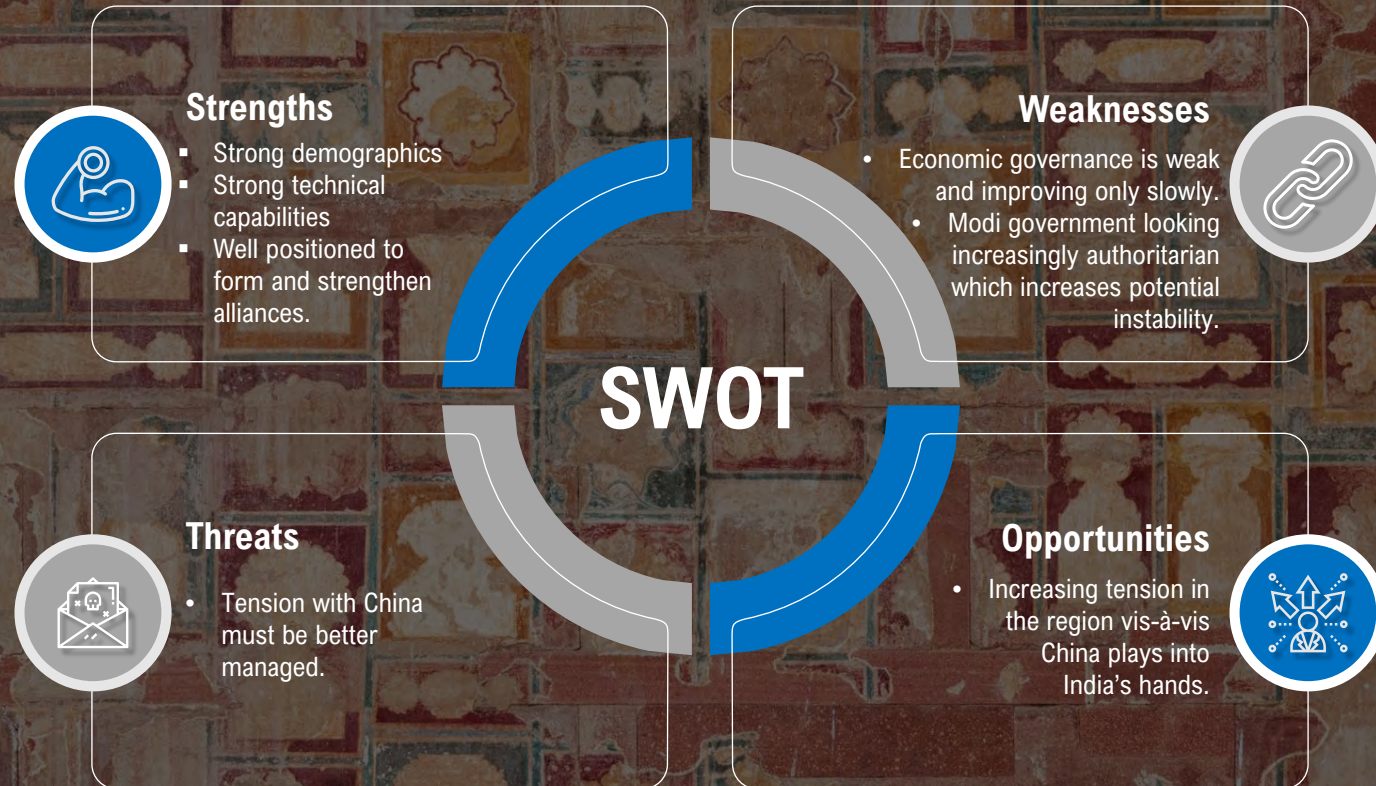
Supply Chain Centrality



Systemic Financial Strength



Quality of Governance



Punchline:

India's prospects are sound but are almost outweighed by the significant challenges it faces.

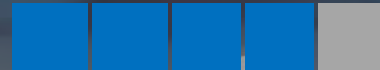


China



Dynamic National Attributes (DNA) Analysis

Consumer Market Strength



Military Capabilities



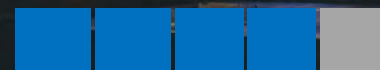
Technological Leadership



Geostrategic Positioning



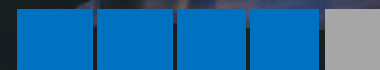
Supply Chain Centrality



Systemic Financial Strength



Quality of Governance



Punchline:

China is on course to achieve its long-held ambitions, but it must do a better job of easing others' apprehensions.



Rest of Asia |

Dynamic National Attributes (DNA) Analysis

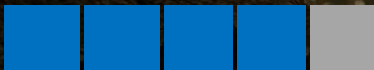
Consumer Market Strength



Military Capabilities



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Geostrategic Positioning



Supply Chain Centrality



Systemic Financial Strength

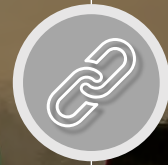


Quality of Governance



Strengths

Taken together the rest of Asia are a formidable force across all metrics. Still the most dynamic region for growth.



Weaknesses

Heterogeneity of interests makes it impossible to speak with one voice.



Threats

As China rises further, Asia will need to learn to exist in its shadow.



Opportunities

Increased tensions between China and the West could benefit those agile enough to reposition themselves.

SWOT

Punchline:

Asia will continue to prosper for as long as peace can be maintained in the region.



USA

Strengths

- Technological leadership.
- Innovation ecosystems.
- Demographic resilience.
- Powerful network of alliances.
- The Greenback

Threats

- The military-industrial complex is very real.
- Prospects for the Biden administration beyond 2024 are shaky.
- Increasing political instability and sclerosis in Congress.

Weaknesses

- Broken political system.
- Shrinking middle class.
- Financialization of the economy.

Opportunities

- The emergence of China has shaken the US out of its complacency.
- They will have learned the painful lessons of military adventurism for a time.

SWOT

Dynamic National Attributes (DNA) Analysis

Consumer Market Strength



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Quality of Governance



Punchline:

If the US can restore the middle class and return to its 'moon-shot mentality', its best days could well still be ahead of it.



Three Takeaways

Wrap up |

01

We need to maintain the post-war peace if we want to maintain our post-war prosperity.

02

American leadership at the multilateral level is as important today as it ever was.

03

China can only succeed if it can learn to appear less “scary” to others.

