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THE STRAITS TIMES
Asian Insider

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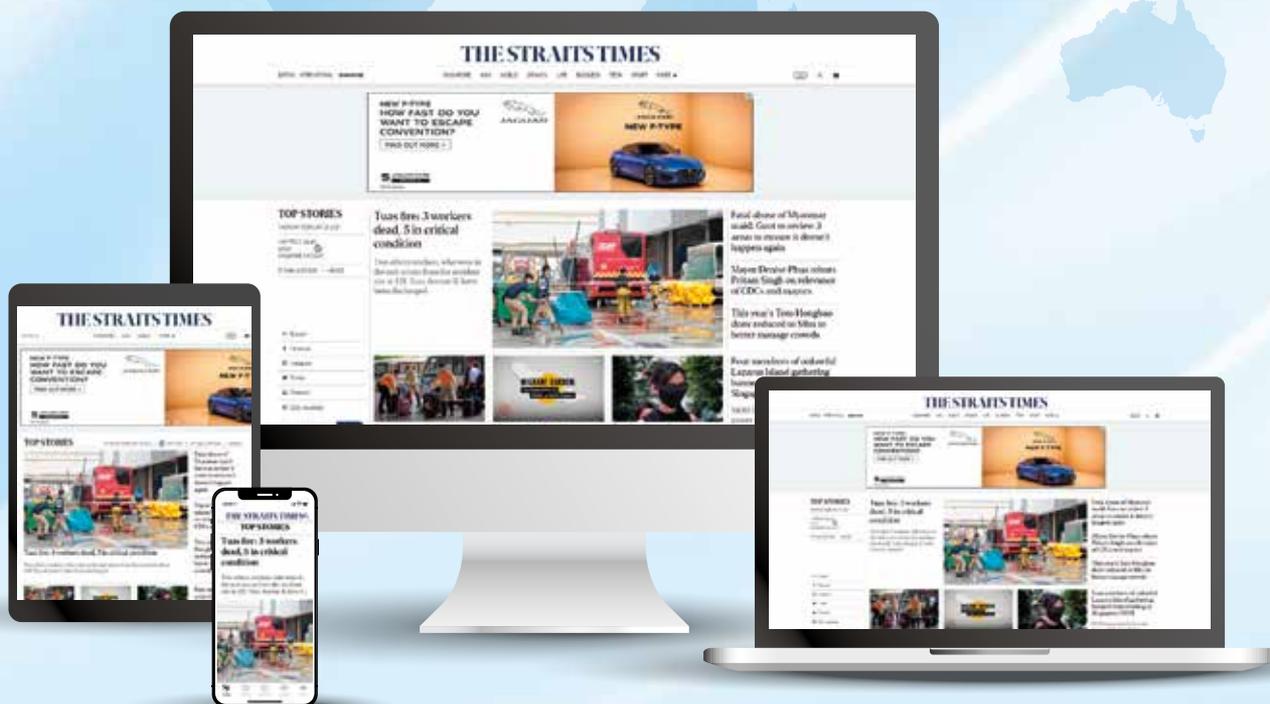
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CAN THE
QUAD
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India and Philippines variants emerge amid list of new strains

AS GOVERNMENTS SCRAMBLE TO CONTAIN THE PANDEMIC through vaccine rollouts, a new issue has surfaced: emerging virus strains in the Philippines and India. Most recently identified in the Philippines as P.3, the strain has the same lineage as the infectious Brazilian variant (P.1). More than 90 cases of the virus type have been reported and was first identified in a Filipino who travelled to Japan.

Meanwhile, India on March 24 reported an unnamed new "double mutant variant" after genome sequencing and analysis of samples from the Maharashtra state found mutations in the virus that do not match previously catalogued "variants of concern", said the Ministry of Health. Double mutations may escape immunity from vaccines and lead to increased infectivity, it added.

The first variant virus strain appeared last December in southern

England (N501Y) and was a more infectious mutated strain. It was quickly followed by a South African mutation (E484K), another in Melbourne (S477N) and Brazil (P.1).

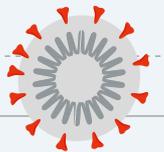
Many of these are now spreading rapidly in Asia. India - which tops Asia in the number of Covid-19 cases - has already detected about 240 new cases of the Brazil, Britain and South Africa strains of the coronavirus amongst more than 11 million cases. Scientists say the more recent mutations have taken D614G as a base and then changed in different ways, further down the road.

A new variant can result from mutations at more than one part of the virus - in other words, changes at multiple locations. Here is a closer look at the more dominant global virus strains. [ST](#)

- Dominique Nelson

Covid-19 variants

Mutations are natural and to be expected in any virus. Several variants of Sars-CoV-2 have been detected.



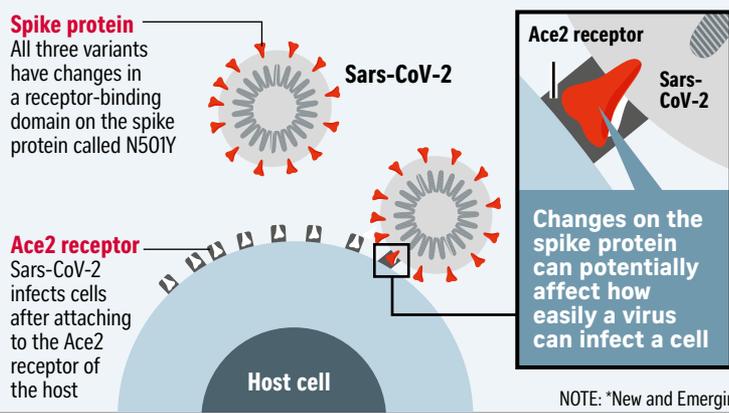
CORONAVIRUS VARIANTS OF HIGH INTEREST

<p>1 BRITISH VARIANT: VOC 202012/01, also known as B.1.1.7</p> <p>Reported to the World Health Organisation (WHO): Dec 14</p> <p>Earliest detection: Traced to Kent in south-east England (last September)</p> <ul style="list-style-type: none"> Responsible for more than 50 per cent of cases in south-east England in the October to December period. Now detected in 70 countries and territories, including the US, India and Russia. 	<p>2 SOUTH AFRICAN VARIANT: 501Y.V2, also known as B.1.351</p> <p>Reported to WHO: Dec 18</p> <p>Earliest detection: South Africa (last October)</p> <ul style="list-style-type: none"> Started in South Africa's Eastern Cape and Western Cape, before largely replacing other variants in the country. Now detected in 31 countries and territories, including Canada, China and Australia. 	<p>3 BRAZILIAN VARIANT: P.1, also known as B.1.1.128</p> <p>Reported to WHO: Jan 10</p> <p>Earliest detection: Japan (Jan 2)</p> <ul style="list-style-type: none"> Found in two adults and two children who arrived in Japan from Brazil. Now detected in eight countries, including the US, Britain and Japan. 	<p>4 PHILIPPINE VARIANT P.3</p> <p>Earliest detection Philippines (March 13)</p> <ul style="list-style-type: none"> The strain was first identified in a Filipino who travelled to Japan. This so-called Philippine variant has the same lineage as the Brazilian strain. Over 90 cases of the strain are being monitored in the Philippines. Health officials said it is not yet a "variant of concern", though it manifests mutations that show it may be more transmissible than the original version of the coronavirus.
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5 INDIA VARIANT
(Unnamed as of
March 25)

Earliest detection:
India, March 24

- The new "double mutant variant" of the coronavirus was found from samples in Maharashtra, India. The country's Sars-CoV-2 Consortium on Genomics found an increase in the fraction of samples with the E484Q and L452R mutations.
- The mutations have been found in about 15 to 20 per cent of samples and do not match any previously catalogued variants of concerns.



MAIN CONCERNS

Transmissibility
British and South African variants appear to be significantly more infectious.

Severity of illness
New studies on British variant submitted to Britain's Nervtag* suggest there could be a link to increased risk of death.

Vaccine efficacy
There is currently not enough evidence to know if any of the Covid-19 vaccines are affected.

NOTE: *New and Emerging Respiratory Virus Threats Advisory Group

Sources: CDC.GOV, SCIENCEMEDIACENTRE.ORG, CIDRAP.UMN.EDU, WHO.INT, SCIENCENEWS.ORG, BIRMINGHAM UNI TURNKEY LAB, NERVTAG, IMPERIAL COLLEGE LONDON, RAPPLER STRAITS TIMES GRAPHICS

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PHOTO: AFP

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ST PHOTO: RONAN O'CONNELL

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The Chinese delegation led by Yang Jiechi (second from left), speaking with their US counterparts at the opening session of US-China talks in Anchorage, Alaska, on March 18. PHOTO: AFP

Cover Story

China-US reset off to chilly start, rocky road ahead

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THE FIRST FACE-OFF BETWEEN CHINESE AND US diplomats since President Joe Biden took office ended in Alaska and the atmosphere was like the weather there: chilly, at least in the beginning.

It was a given that the two-day talks would be tough. There was no way bilateral relations would be reset overnight after four excruciating years under Mr Donald Trump, who plunged ties to a nadir since normalisation in 1979.

On the eve of what China billed a “strategic dialogue”, Washington slapped financial sanctions on 24 Chinese and Hong Kong officials for undermining

While the beginning of the reset was far from ideal, it is a relief the world’s two biggest economies are talking to each other – which is better than not talking at all.

the city’s freedoms. The Trump administration had earlier barred the same officials from travelling to the United States and frozen their assets there.

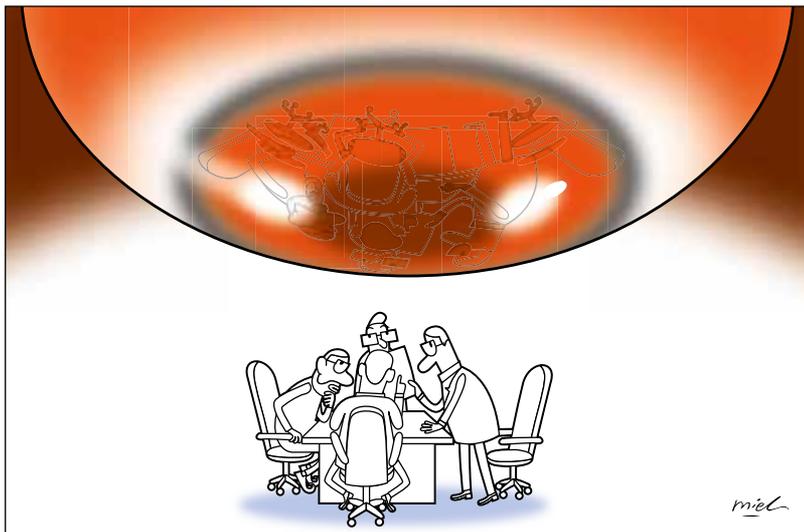
China’s top diplomats flew more than 20 hours to Anchorage for the two-day meeting, that ended on March 19, instead of speaking by phone or virtually. No one expected any major breakthroughs.

“Going to Alaska was a show of our sincerity. But we did not feel or see mutual sincerity or respect on the first day,” a Communist Party insider told The Straits Times.

Playing to their respective domestic audiences, Chinese and American envoys traded barbs and faulted the other side during the first round, keen not to be perceived at home as politically weak.

But the big surprise was: what had initially been scheduled to be a brief photo op turned into an hour-long debate, played out on camera for the whole world to see.

The diplomatic drama came after Secretary of State Antony Blinken said in his opening remarks that the US would bring up its “deep concerns” with actions by China, including in Xinjiang, Hong Kong, Taiwan,



ST ILLUSTRATION: MIEL



as well as cyber attacks on the US and economic coercion towards America's allies that "threaten the rules-based order that maintains global stability"

When it was his turn, China's top diplomat Yang Jiechi spoke at length, much longer than Mr Blinken. Mr Yang mocked the US over its record of using force to "topple other regimes" and "massacre the people of other countries." China hoped, Mr Yang said, the US "will do better on human rights", citing the Black Lives Matter movement.

As reporters were being ushered out of the room, Mr Blinken wanted his response to Mr Yang to be heard and on camera, asking for the press to return.

After Mr Blinken finished, journalists were being led out again when Mr Yang called for them to be allowed back in on grounds that he had a right of reply.

Mr Yang asked why the US, a democracy, is afraid of reporters being in the room?

In his retort, Mr Yang said the US was not qualified to speak condescendingly with China, calling for "mutual respect."

US National Security Adviser Jake Sullivan and Chinese Foreign Minister Wang Yi, who is outranked by Mr Yang, played the good cop.

Mr Wang described Mr Blinken and Mr Sullivan as "true friends" of the Chinese people. But Mr Wang slapped the US on the wrist over the sanctions, saying: "This is not supposed to be the way one should welcome his guests." Mr Wang urged the US "to fully abandon the hegemonic practice of wilfully interfering in China's internal affairs"

But there is no way the US will back down. There is a consensus between Democrats and Republicans and in the Senate and Congress that China is a "strategic competitor", if not a threat to the US, that needs to be contained.

One of the few things the two sides did agree on during the first day: they would not sit down for lunch or dinner together.

Things could have been uglier. Mr Yang and Mr Wang did not accuse the National Endowment for Democracy (NED), which is funded by the

US Congress, of fomenting unrest by granting US\$10 million (S\$13.5 million) last year to Uighur terrorists, Hong Kong democrats and rioters, and exiled Chinese dissidents. The NED's website says the grants were to advance democracy.

After two days of talks, both sides acknowledged differences, but Mr Blinken identified areas where the world's two biggest economies can work together, including Iran, North Korea, Afghanistan and climate change.

Mr Yang described the talks as "candid, constructive and beneficial"

At first glance, the message of the no-holds-barred exchange: China today is not the China 120 years ago and will no longer put up with foreign bullying.

The "Century of Humiliation" is still vivid in the memory of many Chinese. China is aware its people could compare the just concluded talks with 1901, when China's last dynasty, Qing, signed the Boxer Protocol, deemed one of many Unequal Treaties, with an alliance of eight foreign powers that included the US whose troops crushed the Qing-backed xenophobic Boxer Rebellion in Beijing a year earlier.

Chinese social media was inundated with posts by chest-thumping nationalists who gave Beijing the thumbs up for not going down on its knees this time.

An anonymous US official accused the Chinese of "grandstanding, focused on public theatrics and dramatics over substance"

The beginning of the reset was far from ideal. But at least the two world's two biggest economies are talking to each other - which is better than not talking at all.

"We have no illusions. The future will be bumpy," the party insider said. "We should manage ties to avoid confrontation, conflict, show mutual respect and seek win-win cooperation," the insider said, invoking President Xi Jinping.

It takes two to tango. Neither side can or will capitulate. Any concessions can be made only behind closed doors. [ST](#)

The US delegation led by Secretary of State Antony Blinken (second from right) facing their Chinese counterparts at the opening session of US-China talks in Anchorage, Alaska, on March 18. PHOTO: AFP

After two days of talks, both sides acknowledged differences, but Mr Blinken identified areas where the world's two biggest economies can work together, including Iran, North Korea, Afghanistan and climate change.



Summit underscores Biden administration's focus on Asia

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THE DISCORDANT START TO THE FIRST HIGH-level US-China meeting on President Joe Biden's watch – on March 18 afternoon in Anchorage, Alaska – during which top diplomats from both sides lectured each other in public, will only serve to reinforce the underlying rationale of the Quad: China's increasing assertiveness.

The March 12 summit of the Quad – bringing together the leaders of Australia, India, Japan and the US – was notable for the announcement that it will catalyse the delivery of one billion vaccine doses to South-east Asia, combining the manufacturing, financial, logistical and other strengths that all four countries can deploy.

This has broadened the group's focus which has thus far been most visibly maritime. And that the US convened the summit elevates the Quad and underscores the priority the Biden administration is giving to Asia.

The summit was a “very clear illustration in practical terms of exactly what we're trying to achieve here, bringing together the four leaders... for the first time to actually do something together that we couldn't do individually, particularly on the vaccine distribution”, said a senior administration official.

This was big and affirmative for the region, the

official said. “This isn't just about something that is here to counter China; this is actually about doing something that enhances our leverage, enhances the quality of life in the region in meaningful ways.”

China was not even mentioned in a joint statement – also the Quad's first – at the end of the summit. Yet, there is no denying that the US sees the Quad as a centrepiece of an emerging new architecture in the Indo-Pacific to counter China.

Mr Biden believes America's strength is in its alliances with fellow democracies.

“For the United States, this is a big buy-in,” Dr Sheila Smith, a senior fellow for Japan studies at the Council on Foreign Relations in Washington, told Vox. “This is a pretty significant statement of American intent to build with these countries a framework for the region going forward.”

The Quad emerged from the four countries' ad hoc response to the Asian tsunami of 2004. That established a successful track record as a vehicle for collectively addressing an issue of regional concern. After a hiatus, come 2017, the foreign ministers of the Quad began meeting regularly, though the grouping still lacks formal architecture and is not an alliance.

Each Quad country has issues with China, and India is the only one among them which is not a

VIEW FROM JAPAN

Quad grouping viewed in Japan as a means to neutralise China's influence

JAPAN SEES THE QUAD AS AN ALIGNMENT OF democracies to further push its Free and Open Indo-Pacific (FOIP) vision, which has shifted from a narrow maritime focus to a wider ambit that includes Covid-19 vaccines and climate change.

But the seeming convergence in the objectives of the Quad and FOIP belies a realisation that these issues carry national security implications.

“If China leads the discussion, China will set the rules to further its own interests. The Quad is thus trying to neutralise Chinese influence,” Dr Satoru Nagao, a non-resident fellow of the Hudson Institute, told The Straits Times.

Professor Heng Yee Kuang of the University of Tokyo noted that issues like vaccines are “low-hanging fruit” by which the Quad can easily reach a consensus.

“The difficult part is how to agree on more

controversial issues like deterring China and upholding the rules-based order,” he told ST.

“Also, can Quad members maintain a consistency in their commitment, given the diverging perceptions on and interests in China that have been fluid over the years?”

The Quad has its roots as a security forum. The March 12 summit was historic, bringing together for the first time the heads of state of Australia, India, Japan and the United States who, in their joint statement, made no mention of China despite citing maritime tensions.

But a declaration four days later after a meeting between the US and Japanese foreign and defence ministers did.

Dr Tosh Minohara, who chairs the Research Institute for Indo-Pacific Affairs think-tank, saw the declaration as a “layered escalation of rhetoric”,

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formal ally of the US. India is also the only Quad member to have had border clashes with China – and these have nudged New Delhi closer to the US, overcoming its habitual scepticism even as it remains keen on maintaining its own strategic autonomy.

None of the four Quad nations wants a war with China. On the contrary, each wants a working relationship with Beijing.

The Quad has morphed into a coalition of sorts intended to benefit like-minded countries – democracies – in terms of humanitarian needs of the day.

And though the vaccine initiative was the top outcome from the virtual summit, the joint statement also hit key notes – technology standards, infrastructure, supply chains and climate. Enhancing collaboration with other friendly democracies in the region automatically competes with China, but not provocatively. “This is a group based not on targeting (China) but on values and principles,” an Indian official, requesting anonymity, told The Straits Times.

Even if the Quad does not address several bilateral issues the US has with China – trade and intellectual property, for instance – it is a broad and expandable coalition that can potentially bring synergies to the region to compete with China’s influence which, in the last 20 years, has grown considerably, even inducing friction within Asean.

“This is the first bold move in Asia,” Dr Robert Manning, senior fellow with the Scowcroft Centre for Strategy and Security at the Atlantic Council,



The March 12 Quad summit – bringing together the leaders of Australia, India, Japan and the US – was notable for the announcement that it will catalyse the delivery of one billion vaccine doses to South-east Asia.

PHOTO: EPA-EFE

wrote in the Nelson Report newsletter. “And if we have to compete, at least millions of Asians and others in developing nations will benefit from it,” he added.

“Asian multilateralism... is all process-oriented,” Dr Manning told ST. “The Quad is introducing, through the major powers, a functional multilateralism into the region. I think the Chinese were probably shocked when they came out with the vaccine initiative. And I think you’re going to see more of that.” **ST**

Each Quad country has issues with China, and India is the only one among them which is not a formal ally of the US.



adding that it sets the stage for Japanese Prime Minister Yoshihide Suga when he becomes the first world leader to meet President Joe Biden at the White House in April.

The omission of China from the Quad statement was likely to ease Indian reservations, he said. But the fact that the four democratically elected leaders came together for the summit reflected a shared concern that Chinese influence may sway developing nations towards a global order set by an authoritarian communist regime.

Still, Japan would have an eye on the economic impact. Last year, China was simultaneously Japan’s largest trading partner and its largest security threat.

Dr Minohara believes China will be mounting an effort to grow even closer to Japan economically.

Professor Shin Kawashima, an expert on Sino-Japanese ties at the University of Tokyo, told ST that while sentiment towards China in Japan is poor due to security reasons, support for improving ties is “not insignificant”, given the close economic and trade relations.

But what makes Japan susceptible to geopolitical headwinds, Dr Minohara said, is Tokyo’s over-

reliance on the US for its defence.

Dr Nagao agreed, noting that while the US still has the largest military budget in the world, its military spending dropped 15 per cent between 2010 and 2019. Chinese defence spending surged 85 per cent during the same period.

Japan’s rose 2 per cent, Dr Nagao said, as India’s jumped 37 per cent and Australia’s increased by 23 per cent. What this means is that the Quad could have the potential to “maintain military balance to deter China’s aggressiveness” in the East and South China Seas, as well as the Taiwan Strait.

Japan has sought to expand its diplomatic outreach to counter China. Foreign Minister Toshimitsu Motegi not only visited 11 Latin American and African countries last December and in January, but also laid out the FOIP vision to a European Union meeting this year.

Japan must, however, contend with apprehension in its own backyard.

Its deteriorating ties with South Korea are a major obstacle to roping in a fellow US ally, Professor Kan Kimura, who studies Japan-Korea ties at Kobe University, told ST. **ST**

What makes Japan susceptible to geopolitical headwinds is Tokyo’s over-reliance on the US for its defence.



Border row with China alters New Delhi's strategic calculations

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The commitment and delivery on these issues underscore its (the Quad's) continued relevance even when the China factor is missing.



DURING THE RECENT QUAD SUMMIT, INDIAN Prime Minister Narendra Modi described the grouping's agenda as a "force for global good."

Yet, China remains unmistakably a strong factor for all four members of the grouping – Australia, India, Japan and the United States.

India, though, is the only one to have been involved in a military stand-off with China in recent years, suffering casualties in the process.

In the most recent violent clash in the Galwan Valley last year, which triggered a build-up of troops and weaponry on both sides of the ill-demarcated border, 20 Indian soldiers and five Chinese troops were killed.

Both countries have since successfully disengaged their forces in the Galwan Valley and talks are ongoing for the separation of forces in other parts of the Ladakh region.

There is little doubt that the border row has altered India's strategic calculations, clearly evident as New Delhi is no longer hesitant about embracing the Quad fully.

In the first sign of this perceptible change, India threw off its prior reservations about inviting Australia to be part of the annual Malabar naval exercises with Japan and the US in November.

"In a sense, the idea here seems to be that the more India is engaged with the platform of the Quad, it perhaps gives India greater space to manoeuvre with the Chinese," said Professor Harsh V. Pant at King's College London, who is also director of studies at the Observer Research Foundation in New Delhi.

"The India-China disengagement process is taking place. But the message from India is that China needs to resolve the border issue before we can think about normalising relations."

Over the years, New Delhi had always taken a cautious approach when it came to China. Even as it drew closer to the US, Mr Modi's government was mindful of Chinese sensitivities and remained wary of overtly aligning with the US against China.

For instance, in 2016, it dismissed the US suggestion for joint patrolling in the Asia-Pacific.

At the same time New Delhi has been alarmed by the growing Chinese footprint in the Indian Ocean and in its own neighbourhood as several countries embraced the Belt and Road Initiative.

But experts here believe the Quad – and India – have to deal with some challenges as it moves towards a more formal format.

"I think the only issue is that both Japan and Australia are treaty allies of the United States while India is not a treaty ally. And India will need to



ST ILLUSTRATION: MANNY FRANCISCO

reconfigure its position if the Quad moves towards greater formalisation and if it is institutionalised. So this will be a critical shift in India's foreign and security policy as it's a clear shift," said Professor Shankari Sundararaman at the Centre for Indo-Pacific Studies at Jawaharlal Nehru University.

"Second is how Asean countries will see the formalisation of the Quad. While India and Quad members have been stating the importance of Asean centrality, there are areas of both convergence and divergence on how the Quad and Asean complement each other. India will need to balance that carefully."

Some believe the Quad should not shy away from naming China, for instance.

But the overarching view in New Delhi for the long term is that the Quad also has the potential to evolve into something bigger due to the decision at the recent summit to cooperate on vaccines, climate change and emerging technologies.

"The commitment and delivery on these issues underscore its (the Quad's) continued relevance even when the China factor is missing," said Prof Pant.

"In the larger strategic landscape in the Indo-Pacific, there is no institution. The Quad can turn into something more substantive with other powers, like working with Europe. It can potentially be the nucleus of a larger framework," he added. **ST**

Bolstered Quad security partnership addresses Canberra's concerns

THE PROSPECT OF A STRENGTHENED SECURITY partnership with the United States, India and Japan prompted some unusually grandiose expressions of jubilation and delight in Australia.

In a triumphant address to a meeting of MPs from his ruling coalition, Australian Prime Minister Scott Morrison said the elevated status of the four-way partnership – the Quad – was a historic event that sent a message to the region about the merits and value of liberal democracy.

He likened the recent leaders-level online summit to the creation of the post-war Anzus treaty – an alliance between Australia, the US and New Zealand that is viewed as the bedrock of Australian security.

“There are things that happen in the life of a government that transcend the generations,” he said.

“This is, I would argue, the most significant thing to have occurred to protect Australia's security and sovereignty since Anzus.”

The elated tone that emerged in Canberra following the recent summit is perhaps understandable, because Australia is currently desperate to cement alignments and coalitions with like-minded partners after being the target of Chinese economic coercion.

In the past year, China has subjected Australia to a range of trade sanctions and other measures – often unofficial – that have targeted at least A\$20 billion (\$20.8 billion) worth of exports such as beef, barley and wine.

The moves followed deteriorating ties between the two over Canberra's efforts to ward off foreign interference in its domestic affairs and its demands for an inquiry into the origins of the coronavirus.

Australia is keenly aware that, by itself, it can do little to effectively push back against China.

Its economy relies heavily on China, which is its largest trading partner.

And it knows that other countries in the region are also economically reliant on China and may be reluctant to form partnerships that are viewed as vehicles for countering Chinese influence.

The Quad, on paper at least, appears to address some of these concerns. It brings Australia together with three larger economies, which might help to shield Canberra from direct Chinese retaliation. It involves significant partners in the Indo-Pacific region, helping to combat perceptions of Australia as a US deputy

sheriff or an outpost of the West.

And it sends a signal that democracies in the region view their common belief in political freedom as the basis for broader security ties.

Veteran Australian political commentator Paul Kelly noted that the Quad's future is still uncertain, but said its show of “strength in numbers” could help counterbalance China's growing power.

“It sends a message to China and aims to reassure the 10 Asean nations destined to be caught in the US/China power struggle,” he wrote in *The Australian*.

“The Quad is the latest manifestation of an enduring Australian theme – how to integrate our US alliance with our Asian neighbours. Morrison's strategy is to tie Australia into broader coalitions of interest across the region in order to balance China.”

Despite Mr Morrison's lofty comments, though, and the symbolic appearance of four major democracies holding their first leader-level security summit, there are mixed views in Australia about the Quad's potential effectiveness.

Australian National University professor Hugh White, a military strategist and former defence official, said the Quad had come “too late” and that the US' inaction in the South China Sea had already shown it was unwilling to take all necessary steps – including nuclear war – to resist Chinese aggression.

“There has to be a very clear conviction to make it clear to Beijing that an attempt to change the status quo will be met with force,” he told *The Sydney Morning Herald*.

“We all want to contain China, but none of us want to damage our relationship with China.”

In contrast, Professor Rory Medcalf, head of the National Security College at the Australian National University, said the Quad provided “safety in numbers” and enabled the four members to define their future ties with China from a position of strength.

“The Quad leaders have signalled theirs will be a flexible coalition – ready to work with others, issue by issue,” he wrote in *The Australian Financial Review*.

“The choice of cooperation or competition is now China's.” [S1](#)

Despite Australian Prime Minister Scott Morrison's comments that the Quad was a historic event that sent a message to the region about the merits and value of liberal democracy, there are mixed views in Australia about its potential effectiveness. PHOTO: AFP

JONATHAN PEARLMAN

For The Straits Times



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Chilly 'reset' in Alaska sets Asia on uncertain course

By C. Raja Mohan

<https://str.sg/J9h7>



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By Markus Ziener

<https://str.sg/J9aF>



The Quad – that dreaded moment looms closer for Asean

The outcome of the Quadrilateral Security Dialogue suggests that the avoidance of making hard choices between the US and China by South-east Asian nations is going to get harder

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ANYONE WHO HAS READ THE JOINT STATEMENT released by the four powers that gathered for a video summit as the Quad – short for Quadrilateral Security Dialogue – should be left with no illusions about the group’s intent or likely future direction.

The first surprise is that the group – comprising the United States, Australia, Japan and India – held a summit so early in the Joe Biden presidency. In calling the summit, Mr Biden meant to signal clearly that Asia will be the primary focus for geopolitical attention during his term.

An in-person summit will be held by the year’s end. This is extraordinary momentum for a grouping in which at least two members, Australia and India, until not too long ago had deep misgivings about signing on to what surely would be seen as an anti-China coalition.

Each had good reason to drop its reservations – Sino-Indian border clashes and attempts to lean heavily on export-dependent Australia’s access to the lucrative Chinese market being just two.

The Quad’s aura at the very minimum is enlarging; in April, France is leading the grouping’s navies in the La Perouse war games in the Bay of Bengal – a stretch of water which touches, or is adjacent to, half the Asean states.

Britain, which wants to top the French in the region, released its new strategy paper on March 16 promising to be “the European partner with the broadest and most integrated presence in the Indo-Pacific.”



ST ILLUSTRATION:
MANNY FRANCISCO

WHAT DOES IT MEAN FOR ASEAN?

South-east Asia has to cope with this extraordinary build-up of tough love and attention around it, which will only escalate in the months ahead. It is also not clear that it has much say in the matter.

For instance, in its joint statement released, called *The Spirit of the Quad*, the group did emphasise its “strong support for Asean’s unity and centrality, as well as the Asean Outlook on the Indo-Pacific.”

However, the statement’s emphasis on “the urgent need to restore democracy and the priority of strengthening democratic resilience” in Myanmar makes no mention of working with Asean on the subject.

There are many other parts of the statement that merit careful reading. For instance, the Quad has announced it will “prioritise” the role of maritime law in the international domain and facilitate “collaboration, including in maritime security” to meet challenges to the rules-based maritime order in the East and South China Seas.

The Quad vision is sweeping, ranging from health, cyberspace, critical technologies, counter-terrorism and quality infrastructure investment to humanitarian assistance and disaster relief, as well as maritime domains. Because it extends beyond mere security issues, and includes high-minded

principles such as equitable vaccine distribution, it could even be considered a comprehensive one, except that it makes no mention of free and open trading arrangements, the lifeblood of the region.

What all these mean is that large parts of Asia, particularly South-east Asia, are being presented with a potentially credible alternative to what was once thought as inevitable China dominance. While this presents some opportunities, the Quad is taking form in ways that could mostly pose a challenge.

The tug of war will reverberate across the spectrum, including in civil society where elite sympathies and affiliations do not always square with ground sentiments in many countries.

Take the countries along the Mekong, for instance, where drying riverbeds are blamed on Chinese dam-building in its upper reaches. The US, Japan, India and South Korea have separate initiatives targeting the region and individually count for not much against China's massive presence.

But the promised collaboration, if it materialises, could mean not only better coordination of programmes but also intelligence sharing and coordinated operations targeting the Mekong riparian countries.

Other South-east Asian leaders have started making adjustments. Take the Philippines, where anti-China feelings have replaced anti-Americanism as the channel to express nationalism. It has taken the strong personality of President Rodrigo Duterte to stand against such sentiments.

But even Mr Duterte, who in 2016 announced his "separation from the US" and told China he had "aligned myself with your ideological flow", has adjusted to the advice of his defence and foreign policy establishments.

He has reversed his decision to cancel a key military agreement with the US. In early March, his government and New Delhi, which increasingly is a key security partner for the US, inked an agreement for a potential supply of BrahMos cruise missiles.

DIVIDENDS FOR INDIA

The US security embrace has paid some dividends for India, which is now involved in an inch-by-inch disengagement of troops with China along their undemarcated border in the high Himalayas.

Former Central Intelligence Agency official Lisa Curtis, who served as top South Asia expert in the Trump administration, revealed recently that the US had expedited critical winter gear and supplied two MQ-9 Reaper hunter killer drones to India last summer.

Even the China citadel may not be immune to coordinated work by the Quad, especially as key powers such as France and Britain come in.

China leaders probably recognise this risk. There is talk that Beijing's decision to quash Ant Group's share sale, while touted as a move to reduce systemic risk to China's financial system, may also have been a move to stop billions of dollars flowing into the pockets of influential political families who could pose a threat to the current leadership.

At the business level, all this is going to be vexing and even expensive for Asian companies. The Quad



Clockwise from top left: US President Joe Biden, with prime ministers Yoshihide Suga (Japan), Narendra Modi (India) and Scott Morrison (Australia) during their virtual Quad meeting on March 12. An in-person summit of the grouping will be held by the end of the year.
PHOTO: BLOOMBERG

commitment to set new technology standards, for instance, sets the stage for massive decoupling with China technology.

Chief executives of a regionwide financial services company and a telecommunications firm I spoke with in recent months told me separately that they are preparing for a time when their firms may need to operate on two clouds – a Chinese one with, say, Alibaba, and a Western one, perhaps with an Amazon or Microsoft. Beijing has plenty to contemplate as it assesses the lay of the changing geopolitical landscape.

TIGHTENING NOOSE

The aggressive patrolling of the Sino-India boundary and last summer's savage clashes which saw casualties on both sides have chilled sentiments across the South Asian nation.

New Delhi has increasingly dropped its traditional neutral course in global politics to one far more aligned with the US and Japan. Once a China admirer, Mr Modi is now a China sceptic.

Australia used to depend on the China market for 40 per cent of its exports, which are heavily tilted towards commodities. This had raised the perennial dilemma – US for security, China for prosperity. Today, Australian exporters are embarked on diversifying their markets to reduce the dependency and some are seeing success; the barley industry, the initial victim of Chinese ire, is projecting exports to rise by two-thirds in the year to October, according to The Wall Street Journal. This year, Saudi Arabia is shaping to be the biggest buyer of Australian barley.

Similarly, a lot of the metallurgical coal that used to be shipped to China is now going to countries like India, Indonesia and Brazil.

The Australian wine and lobster industries continue to suffer from punitive China tariffs, but, at some point, the measures will lose their bite as businesses adjust, or succeed in developing new markets.

It was revealed recently that the US wants to include allied navies – British, French and other Nato allies, on navigation patrols to push back on Beijing's South China Sea claims, and plans to later enlist Australia, New Zealand, India, Japan, South Korea, Singapore and Vietnam.

Asean is approaching the trickiest period of its existence, an era loaded with menace and hard, even impossible choices. Whether the centrality it so cherishes in Asian affairs turns out to be a blessing, or curse, is not at all clear. **ST**

South-east Asia has to cope with this extraordinary build-up of tough love and attention around it, which will only escalate in the months ahead. It is also not clear that it has much say in the matter.





Chinese coastguard ships giving chase to Vietnamese coastguard vessels (not pictured) after they came within 10 nautical miles of the Haiyang Shiyou 981, known in Vietnam as HD-981, oil rig in the South China Sea, in 2014. PHOTO: REUTERS

Regional affairs

China's coastguard law could jolt region into action, experts say

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WHEN CHINA INTRODUCED THE COASTGUARD law on Jan 22, which took effect on Feb 1, a backlash ensued from its neighbours in the East and South China Sea, and their allies.

The Philippines called it a “verbal threat of war” while US State Department spokesman Ned Price said it “may escalate ongoing territorial and maritime disputes.” Japan’s Defence Minister Nobuo Kishi denounced the law as “absolutely unacceptable.”

In particular, they were all concerned that the new law would allow China’s coastguard to act in waters under its “jurisdiction”, an ambiguous term taking into account Beijing’s nine-dash line which covers about 90 per cent of the 3.5 million sq km of the South China Sea, bordering on many countries including Malaysia, Brunei, the Philippines and Vietnam.

For this reason, experts said the new law could spur countries in the region into beefing up their own coastguards as well as their alliances with partners within and beyond the area.

OVERBLOWN REACTION?

China has argued that the reactions were overblown.

China has never used force against civilians at sea, Dr Yan Yan, director of the Research Centre of Oceans Law and Policy in the National Institute for South China Sea Studies in China told The Straits Times.

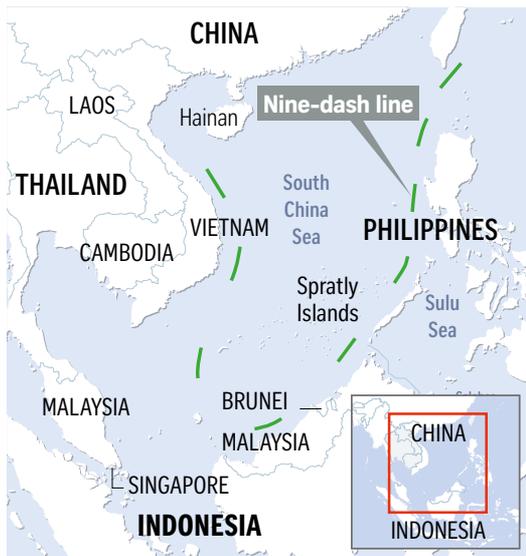
“China’s maritime law enforcement agencies have never used force against ordinary fishermen engaged in normal fishing activities,” said Dr Yan. “They have exercised a high degree of restraint and taken only minimal enforcement measures.”

At a press conference on March 7, Chinese Foreign Minister Wang Yi accused the United States and other Western countries of stirring up the South China Sea.

“Countries in the region and around the world in recent years can all see clearly that the factors for instability and security risks in the South China Sea come mainly from outside the region,” Mr Wang said in response to a question by ST.

China has argued that provisions in the law – including the right of its coastguard to board and fire upon foreign vessels, and to demolish structures on features it claims – fall within international norms. Indeed, legislation in South Korea and Vietnam also authorise the use of firearms. Japan revised its coastguard law in 2001, authorising its coastguard personnel to fire on foreign vessels in cases of self-defence and emergency escape.

Dr Yan also highlighted the stipulations in the law that promote cooperation with neighbours to combat maritime crimes, such as the bilateral forum and joint exercises between the Chinese and the Philippine coastguards. Such exercises are in line with Beijing’s endeavour to promote its white hulls – the coastguard – as a force for stability in the region.



STRAITS TIMES GRAPHICS

In recent years, China has been adding teeth to its coastguard. In 2013, it merged four of its five civilian maritime law enforcement agencies into a unified Chinese Coastguard Bureau (CCB).

Five years later, the government incorporated the CCB into the People's Armed Police, effectively turning the coastguard into a branch of its armed forces.

Today, the coastguard has more than 500 vessels, many of which are equipped with capabilities that even the best warships in some of the region's smallest navies lack.

Professor Raul Pedrozo of the US Naval War College, a retired naval captain, said it is disingenuous for China to say its enforcement agencies had never used force to harm civilians.

"Ask fishermen from Vietnam and the Philippines if that statement is true. China's coastguard and maritime militia boats routinely ram Vietnamese and Filipino fishing vessels operating in the South China Sea," he said. "Two recent incidents include the sinking of a Vietnamese fishing vessel near the Parcel Islands in April 2020 and a Filipino fishing vessel off Reed Bank in June 2019."

FREQUENT AND AGGRESSIVE INCIDENTS

Notwithstanding Beijing's claim that its maritime law enforcers will refrain from using force at sea, their frequent and apparent aggressive activities in disputed waters has left the impression otherwise.

Since January, a Chinese coastguard vessel has maintained a near-constant presence at Luconia Shoals, about 100 nautical miles off (185km) Sarawak, in Malaysia, according to ship-tracking data. Chinese vessels have also been spotted on multiple occasions at close range of Vietnamese vessels and oil and gas facilities. Japan says Chinese coastguard and other government vessels were spotted in its territorial waters on 333 separate days last year, a record number.

"China is already chasing Japanese fishing boats inside the territorial waters of the Senkaku Islands. Japanese Coast Guard boats have been escorting Japanese fishing boats to prevent the Chinese coast guard boats from boarding the Japanese fishing boats," said Professor Yoichiro Sato of the Ritsumeikan Asia Pacific University, referring to disputed islands which China calls Diaoyu.

"With the law, Chinese coastguard boats may fire upon the Japanese fishing boats, coast guard boats, or both. Moreover, the Chinese coast guard is under military command. The lack of boundary between the military and the civilian law enforcement in the Chinese maritime administration is a legitimate concern for Japan," he said.

"China is deploying its coastguard whereas the rest of the region are deploying navies. This gives China the sort of pseudo-cover that they are stabilising Asia," said Dr Collin Koh, research fellow with the S. Rajaratnam School of International Studies in Singapore. "It is based on the theory that the white hulls tend to give a less militaristic impression so therefore, it tends to be more stability inducing."

SELF-DETERRENCE

In fact, Dr Koh said China might have promulgated the coastguard law with an intention to discourage other navies and coastguards from taking action against its vessels, even if they were encroaching into others' territories. "With the law, it is a deterrent signal to the rest: If you put an oil rig in an area that we don't like, we will tow it away. If you do things in our waters or if you try to resist arrest, we will shoot at you," said Dr Koh.

"When the language used is so ambiguous, it tends to let people second guess. For example, if the Chinese were found to be fishing within the Philippines exclusive economic zone, even if the Philippine maritime enforcers are allowed by domestic law to apprehend them, they will think twice if they see the Chinese coastguard nearby."

The law has also aroused concerns about the extent of damage the Chinese coastguard could inflict because a provision included in the original draft of the legislation that prevented the coastguard from firing below the waterline of a vessel – the line where the hull of a ship meets the surface of the water – was deliberately left out.

"Those in the marine industry will know that the waterline is where anything below it is very vulnerable. Once you shoot below the line, the ship will sink. China removed that provision so it means the enforcer can shoot anywhere," said Dr Koh.

"This is worrisome because it gives too broad of an interpretation by whoever is exercising these laws on the ground. If anything it may extend to the other agencies that before were under the ambit of the coastguard itself."

CLOSING THE GAP

Some say China's coastguard law was enacted to stress-test the treaty alliance between the US

Some say China's coastguard law was enacted to stress-test the treaty alliance between the US and its allies in the region under the new Biden administration and the government of Japanese Prime Minister Yoshihide Suga, who assumed office only in September.





A handout satellite image made available by MAXAR Technologies shows Chinese vessels on March 23, 2021, anchored in an area claimed by both the Philippines and China in the South China Sea. PHOTO: EPA-EFE/MAXAR TECHNOLOGIES HANDOUT

and its allies in the region under the new Biden administration and the government of Japanese Prime Minister Yoshihide Suga, who assumed office only in September.

Prof Pedrozo said: “Although the new US administration has reaffirmed its commitments to defend Japanese interests in the Senkaku Islands and to uphold its obligations under the US-Philippines Mutual Defence Treaty, China will allow its coastguard to use force below the threshold of a traditional armed attack to avoid a US response on behalf of Japan or the Philippines, thereby demonstrating that the US is not a reliable treaty ally.”

But the law is also a result of years of debate among Chinese legal experts about the lack of legal foundation to clearly define what its coastguard can and cannot do. With the law, the coastguard may no longer feel its hands are tied, for instance, when the Indonesian navy decided to fire upon a Chinese fishing boat in Natuna waters in 2016, or when it is confronted by foreign warships in a stand-off like that in April 2020 off the coast of Malaysia.

UNINTENDED CONSEQUENCE?

Whatever the objective of the law is, it seems to have, ironically, produced an effect that may not be favourable to China.

In January, Vietnam said it would build up its coastguard from now to 2030 to serve the protection of its national seas better. Lieutenant General Nguyen Van Son, commander of the Vietnam Coast Guard said: “It’s necessary to complete the legal framework to reinforce the coast guard.”

The Philippines said it would deploy more naval assets in the South China Sea, while in a new interpretation of an existing law just outlined in early March, Japan said it will allow its coastguard to directly fire at foreign vessels aiming to land on the Senkaku or Diaoyu Islands.

“China’s neighbours will court US presence and support. Buildup and heavier arming of their coast guard forces will be the outcome of China’s provocations,” said Prof Sato. “Already-close coastguard cooperation among Japan and all South-east Asian countries will likely continue.”

Many countries in Asia have long acknowledged the inadequacy of their coastguard – some do not even have one. If China’s new coastguard law could jolt them into action, Dr Koh said, it might turn out to be a force for good for the region, after all.

“Rather than feeling deterred from coming in, extra-regional powers may feel motivated to engage more with countries in the South China Sea. They may even try to reach out to China’s rivals in the South China Sea like Vietnam and the Philippines. China’s rivals in the South China Sea will also try to reach out and get these extra-regional players to be more involved,” he said.

“If China’s coastguard law serves as a wake-up call and jolts them into action, it might be a good thing,” he added. [SI](#)

Key clauses in China’s Coastguard Law

- The Chinese Coastguard (CCG) may order foreign ships which unlawfully enter national territorial waters to leave immediately, or take necessary measures such as detention, forcible removal, and forcible towing.
- The CCG may board and inspect ships that are sailing, berthing, and operating in the waters under national jurisdiction when conducting maritime security operations.
- The CCG may order foreign organisations and individuals who, without permission from local authorities, construct buildings, structures, and floating devices in the waters, or on the reefs and islands under national jurisdiction to halt their activities.
- The CCG may escort and supervise foreign vessels which are permitted to engage in fishery and natural resources exploration, marine scientific research, submarine optical cables and pipeline laying in the waters under national jurisdiction.
- The CCG personnel may use handheld police weapons on vessels engaging in criminal activities, or foreign vessels entering the waters under national jurisdiction to engage in production activities without permit, if they disobey prior warning to stop their vessels.
- The CCG personnel may use shipborne/airborne weapons on counter-terrorism missions, or when dealing with serious incidents at sea or while under attack.
- The CCG may cooperate with foreign maritime law enforcement agencies to exchange intelligence, conduct joint maritime patrols, inspections, drills and training, and other activities.

Timeline of incidents

Recent incidents involving Chinese coastguard in disputed waters

April 2, 2020: Vietnam says a Chinese coastguard vessel rammed and sank a Vietnamese fishing boat off the Parcel Islands, known in China as the Xisha Islands and as the Hoang Sa Islands in Vietnam. China says it was the Vietnamese boat which rammed into its coastguard vessel after being ordered to leave.

April 13-28, 2020: A months-long stand-off between Malaysia, China and Vietnam involving West Capella, a drillship under contract with Malaysian oil giant, Petronas, to explore the oil and gas fields off Sarawak, escalates after Chinese survey vessel Haiyang Dizhi 8 and its escort vessels entered the scene on April 13.

Feb 9, 2021: Japan announces that it will station a coastguard patrol vessel in Ogasawara islands for the first time to deter Chinese surveillance ships from entering its waters. Japan has protested against the frequent incursions of Chinese deep-sea research vessels in its exclusive economic zone.

March 22, 2021: The Philippines lodges a diplomatic protest with China, complaining about the “swarming and threatening presence” of around 220 vessels anchored at the Whitsun Reef, which Manila calls the Julian Felipe Reef, in the South China Sea. China says they are fishing vessels taking shelter from rough seas.

A sea change in Hong Kong's local politics

The overhaul of the city's electoral system is not surprising, but the greatest danger of the territory becoming more like the mainland is what happens to the ordinary people, say analysts

THE PROPOSED AMENDMENTS TO HONG KONG'S electoral system will irreversibly change the face of local politics in the city and, coming in the wake of last year's national security law, deal a body blow to hopes of free and open elections.

Foreign governments have spoken up about what they say is an end to democracy, but the reaction has appeared to be far more muted domestically, an effect of the national security law imposed on Hong Kong on June 30.

While China insists that these changes are to protect the "one country, two systems" framework, analysts say these actualise fears that Beijing is choosing to focus on only the "one country" aspect of it, and warn of even more potential change.

Since the mass protests of 2019 against a proposed extradition Bill that at times turned violent and hobbled Hong Kong's economy, Beijing has insisted that there are loopholes in the city's political system that need fixing.

The national security law was passed in a similar fashion last year: It was first proposed at the annual parliamentary session in Beijing, then approved by the National People's Congress Standing Committee before it was promulgated into Hong Kong's mini Constitution, the Basic Law.

UNIQUE POLITICAL SYSTEM

These changes, a senior Chinese official said on March 12, are the "combination of punches" needed to quell the city's unrest.

Officially called the "National People's Congress Decision on Improving the Hong Kong Special Administrative Region Election System (Draft)", it will now go to the Basic Law Committee in Beijing where legal experts will craft the specific



amendments to Annexes I and II of the Basic Law, instead of drafting brand new legislation.

Under the changes, a new body vetting whether potential political candidates are "sufficiently patriotic" would be set up, the Election Commission responsible for picking Hong Kong's leader retooled and expanded, and the city's legislature expanded.

Officials insist this is to prevent "foreign interference" in the city's politics, which Beijing claims has been infiltrated by foreign forces who aim to sow chaos in the territory and, by extension, China.

Hong Kong's Legislative Council, the lawmaking body, is split between geographical constituencies and functional constituencies, which means only half of the legislature's 70 members are chosen through direct elections.

In recent years, this has resulted in young pro-democracy activists – the likes of Nathan Law and Agnes Chow – getting elected.

But the pair were among six elected council members barred from taking up their seats after they messed up their oaths of office in protest, infuriating Beijing.

Therefore, the overhaul of Hong Kong's electoral system is not surprising, political watchers said, adding that the changes will only move the city's government closer towards the mainland, and, in turn, turning the territory into just another Chinese city.

"The changes are similar to rural village elections in the mainland. The party boss must agree before a candidate can run in the election," said Associate Professor Alfred Wu of the Lee Kuan Yew School of Public Policy, who said this mainland-style election "is not something that came out of the blue."

Under such a system, there could be just one candidate running for one position in future, similar to the mainland, he noted.

LIKE 'ANY OTHER CHINESE CITY'

Senior fellow Doug Bandow of The Cato Institute believes Beijing's planned overhaul is the final

Barriers surrounding the Bank of China building in Hong Kong in February. Beijing has insisted that there are loopholes in the city's political system that need fixing.

PHOTO: BLOOMBERG

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China's national flag is displayed at a stall where residents can sign in favour of changes to the local electoral system in Hong Kong. PHOTO: AFP

The worry is that Beijing could use the supply of vaccines as leverage to achieve its geopolitical goals in the region, or cut off the supply should there be disagreements.



step in enshrining its dictatorial role through fake elections in Hong Kong.

“The end result of all these changes will be to destroy the essential differences between Hong Kong and the mainland, which undergirded what Beijing called ‘one country, two systems’, and committed to preserve for 50 years, until 2047.

“Hong Kong may remain a bit freer economically than the rest of China, but the territory otherwise will be no different than any other Chinese city,” said Mr Bandow.

Fund management firm Kaiyuan Capital’s chief investment officer Brock Silvers said Hong Kong has long thrived as the West’s financial window into China, but is now increasingly China’s window to the West.

The reforms will help integrate Hong Kong into China’s larger culture and economy, he said, adding that it will concurrently lower the city’s attractiveness as a Western financial centre.

“For those sectors and companies that are unconcerned with Hong Kong’s reforms, Beijing and Shanghai could be more central, less expensive and increasingly attractive. For those who are concerned, Singapore looks likely to gain traction and seems increasingly relevant as an Asian financial hub,” Mr Silvers noted.

Despite assurances by Chief Executive Carrie Lam that the reforms are not aimed at removing opposition but safeguarding national security, local commentators, including senior lecturer Ivan Choy at the Chinese University of Hong Kong, have said it will now be almost impossible for the pan-democrats to run in any future elections in the city.

Essentially, the changes are really to ensure the city remains peaceful and viable for international businesses, said Election Committee member Kennedy

Wong, who represents the import-export sector.

“If the version of ‘one country, two systems’ can continue in a way that the Chinese government is comfortable with, then it can go on for a long time, which allows for businesses to plan even longer term,” he said.

MORE CHANGES LIKELY

Yet during a press briefing, a top Chinese official insisted Beijing is not trying to clear out any potential opposition.

“We don’t want Hong Kong political life to just have one (party) colour,” said Mr Zhang Xiaoming, deputy director of the Cabinet-level Hong Kong and Macau Affairs Office (HKMAO).

There can be patriots among the ranks of pro-democracy politicians who can still stand for office, he said, adding that there will still be a variety of voices in the legislature, “including those criticising the government”, he said.

Yet the greatest danger of Hong Kong becoming more like the mainland is what happens to the ordinary people, said Prof Wu of the Lee Kuan Yew School of Public Policy.

“The ordinary people don’t have much hope. In the mainland, social welfare is poor, so as the system in Hong Kong is replaced by the mainland one, there’s no room for the social welfare system to improve.

“Education spending in the mainland is not high and housing is also an issue there, so these problems will spill over to or be amplified in Hong Kong,” he added.

And more changes are likely in the coming years, said Professor Steve Tsang, director of the SOAS China Institute in London.

In recent months, there have been calls from all sides in the deeply divided city to reform the judiciary amid dissatisfaction with rulings, a move the former chief justice criticised as “not a good starting point or acceptable”.

Others, like Mr Wong, have suggested that following the government’s handling of the coronavirus pandemic, the civil service needs to be overhauled.

“For now, it’s very reactive and there’s no space for innovation. People just want to get their job done to make sure they get their pension at the end of the day,” he said.

The top officials overseeing Hong Kong – Mr Xia Baolong, director of HKMAO, and Mr Luo Huining, who heads Beijing’s liaison office in Hong Kong – were not appointed to be sensitive to what Hong Kongers think, or to deal with the perceptions of the outside world.

“(They) have every incentive to show the big boss how effectively they have tamed Hong Kong and transformed it into a ‘patriotic’ part of the Greater Bay Area,” he said.

“They are likely to do more to show their successes to President Xi (Jinping).” **SI**

Definition of Hong Kong 'patriot' comes under scrutiny

WHEN BEIJING'S TOP OFFICIAL ON HONG KONG Xia Baolong gave the first hints of changes to the city's electoral system in February, he made multiple references to the term "patriots governing Hong Kong."

Patriots, he said, are those who safeguard national interests and sovereignty, while respecting the Constitution and the Communist Party of China.

"The Communist Party of China is the leader of socialism with Chinese characteristics, the founder of the 'one country, two systems' policy," he told a seminar in Beijing. "If a person claims to support 'one country, two systems', but is opposed to the founder and leader of 'one country, two systems', isn't that a contradiction?"

It appears to be a slight deviation from what former leader Deng Xiaoping – whom Chinese officials have been referencing on this issue in recent weeks – said when he first used the term in 1984.

To assuage fears ahead of Hong Kong's 1997 handover, Deng had said "patriots" are those who accept that Hong Kong is a part of China and do not necessarily have to be party loyalists.

"Those who meet these requirements are patriots, whether they believe in capitalism or feudalism or even slavery. We don't demand that they be in favour of China's socialist system; we ask them only to love the motherland and Hong Kong."

This, in a way, is an update for the law to respect the spirit of the times, said Mr Kennedy Wong, a



member of Hong Kong's Election Committee and a representative to the Chinese People's Political Consultative Conference – China's top political advisory body.

"Patriotism has evolved in the past year. 1984 was a totally different era," said Mr Wong.

But what, then, is a patriot?

A new office vetting political candidates in Hong Kong, whose make-up is still unknown, is charged with defining that.

In the decision released on March 12 by China's Parliament, the definition of patriots was broadly set out as "those who love the Motherland", leaving it open to interpretation.

"It's simply someone who is law-abiding, doesn't damage the interest of Hong Kong... Basically, anyone in the city can qualify, but the opposition camp is now worried a lot of them are going to be disqualified because the parameters still aren't clearly set out," said legal scholar Willy Fu.

"Perhaps there will be a list at some point, but even then, it can't be exhaustive," he said, adding that to cater to every scenario, "the legislation will need something that is more open ended?"

– Elizabeth Law

"The people support patriots ruling Hong Kong," reads the banner. China's Parliament defines patriots as "those who love the Motherland", leaving it open to interpretation.

PHOTO: BLOOMBERG

TIMELINE OF CHANGES TO HK'S ELECTORAL LAW

MARCH 5

Proposal to change electoral rules tabled at the National People's Congress (NPC) in Beijing.

MARCH 11

Deputies at the NPC passed the proposal with 2,895 votes for and one abstaining.

MARCH-MAY

The proposal will be handed to the Basic Law Committee of the NPC Standing Committee, which will draft the exact amendments.

MAY

Likely next meeting of the NPC Standing Committee where the changes to Annexes I and II of the Basic Law will be tabled for approval.

Following the change, it will be promulgated in Hong Kong where about 20 or so corresponding pieces of election-related legislation will be changed.

MARCH 2022

Next Chief Executive election.



A flag-raising ceremony in Hong Kong. Former leader Deng Xiaoping had said "patriots" are those who accept that Hong Kong is a part of China and do not necessarily have to be party loyalists. PHOTO: REUTERS



Spotlight

Asian Americans speak out amid surge in hate crimes

People gathering in support of the Asian American community at the Stop The Hate rally at Short Pump Park on March 23 in Henrico County, Virginia.

PHOTO: AFP

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Many protest after recent Atlanta shootings that killed six Asian women

INSPECTING AN EXPERIMENTAL SANDWICH IN his backyard in Flushing, Queens, chef Brian Tsao, 36, knows a thing or two about prejudice and racist stereotypes.

Half-Korean and half-Taiwanese, he was born in Flushing, home to New York City's largest Chinatown. And he has faced prejudice and stereotyping from almost every demographic – even in Beijing, where he was seen as American.

Racial prejudice is nothing new to Asian Americans, dating back to 1834 when Afong Moy, from Guangzhou, China, was displayed in New York for money. The 1882 Chinese Exclusion Act aimed to limit Chinese immigration – and it succeeded in effect until 1965.

In 1982, 27-year-old Chinese Vincent Chin was beaten to death in Detroit by two white men – in the belief that he was Japanese – at a time when the American car industry was in recession and Japan's motor-vehicle industry was growing.

And it is as old as mid-March, when Maura Moynihan, daughter of the late senator Daniel Patrick Moynihan, apparently yelled at an Asian American couple in Manhattan to “Go back to (expletive) communist China.”

DOCUMENTED HATE

In July last year, the Pew Research Centre noted that anti-China sentiment in the US was at a “new historic high” on the back of friction over trade, the coronavirus and human rights.

Memories of recent closed-circuit television footage of elderly Asian Americans in California assaulted and, in one case, killed are still fresh.

Amid this rise in anti-Asian American hate crimes – up 145 per cent last year across 16 American cities, according to one study – the last straw for many was the March 16 shooting rampage by a 21-year-old white male at three spas in the Atlanta area.

He killed eight people, six of whom were Asian women.

VIGILS FOR THE DEAD

Thousands have turned out at vigils for the victims – Soon Chung Park, Hyun Jung Grant, Suncha Kim, Yong Yue, Delaina Ashley Yaun, Paul Andre Michels, Xiaojie Tan and Daoyou Feng.

Many were coming out in protest for the first time.

“It always takes a big tragedy for people to realise there's a problem,” Mr Kobe-Lee Whitfield told The Straits Times at one of the vigils in Manhattan on March 19.

The 20-year-old half-Korean and half-African American student added: “There are always underlying issues but they're unspoken.

“A lot of people are starting to realise there's still a lot of racism towards Asians.

“It's not just a black issue, it is a minority issue.”

In the wake of the massacre, prominent Asian American lawmakers, scholars and advocates, including actor and producer Daniel Dae Kim, testified on March 18 on hate crimes and discrimination against Asian Americans before a House Judiciary Subcommittee on the Constitution, Civil Rights and Civil Liberties.

Many Asian Americans say more policing is not the answer.

In some Asian American communities, the police are seen as part of the problem.

When a Georgia police officer following the Atlanta massacre said the shooter was having a “really bad day”, it shocked, but did not entirely surprise, anyone in the community.

MOMENTUM

Sustaining the momentum will be a challenge. Another challenge is for minorities to see a common cause.

Mr Curtis Chin, 55, a former US ambassador to the Asian Development Bank and managing director of advisory firm RiverPeak Group, told ST: “My hope is that out of the terror, the violence of Atlanta, that there will be change, that this will be an inflection point, that this is a time for hope.”

“But the reality is that I also know there have been many inflection points along the way. How terrible it is that it is incidents like these that will lead at least to some attention, if not lasting change.” **ST**



Asia Watch

Get jab, go travel?

Airlines, hoteliers and tour agencies remain hopeful despite challenges on the road to recovery

IT LOOKED LIKE 2021 WAS GOING TO BE A YEAR without travel. But International Air Transport Association (Iata) director Alexandre de Juniac told The Straits Times in March that personal and leisure travel would resume in the second half of this year.

Talks of an Australia-Singapore travel bubble are also in the works. And Taiwan's health minister has said Singapore is likely next in line after it kicks off its first travel bubble with Palau, an archipelago in Micronesia, on April 1.

Transport Minister Ong Ye Kung has said bilateral travel corridors for vaccinated passengers from places with low to moderate infection rates may be possible in the second half of the year.

Singapore Airlines recently became the first airline to trial the Iata travel pass, which will allow passengers to verify their Covid-19 test results and vaccination status.

If the trial is a success, it could be rolled out

globally and pave the way for travel without stay-home notice or quarantine.

Industry experts say these indicators, coupled with factors such as a global vaccine roll-out and demand for domestic tourism, are encouraging signs.

Hoteliers, airlines and travel agencies who spoke to ST, while cautious, are hopeful that leisure travel will be possible before the year is over.

Ms Joanna Lu, head of consultancy for Asia at Ascend by Cirium, the aviation analytics company's consultancy arm, is betting on travel to return in the third quarter of this year, with the short-haul leisure sector leading the way.

However, she says a return to pre-Covid-19 traffic levels may happen only between 2023 and 2025, depending on the region.

In China, she adds, demand for personal and leisure travel has been encouraging. The company's data reveals that after the pandemic was brought under control last year, Chinese low-cost carriers have had an average load of about 80 per cent - close to pre-pandemic levels.

Ms Jane Sun, group chief executive of online travel services provider Trip.com, has observed a similar trend.

During the seven-day Spring Festival holiday in China in February, typically a time when Chinese travel to visit family, bookings for hotels and scenic attractions increased in comparison with the same period in 2019. Bookings for scenic attractions went up by more than 50 per cent.

Closer to home, the same pent-up demand is evident. When the Singapore-Hong Kong travel bubble was announced last year, bookings soared.

Ms Shirley Tee, senior manager and course manager of hospitality and tourism management

A Buddhist monk feeding an elephant in Ayutthaya, Thailand. Travel experts expect leisure travel to pick up in the next few months. PHOTO: AFP

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Flying amid the pandemic

Here are some of the new services Singapore Airlines has put in place, to allow people to fly safely.



1 Pre-flight



2 Touch-free check-in



- Passengers will be able to check on travel restrictions and requirements in their destination country through SIA's website and mobile app



- Passengers will receive alerts in case their flight is affected by the Covid-19 situation



- Temperature-taking for passengers, who may be asked to do a basic health assessment and provide their travel history



- Passengers can use SIA app to check in and generate boarding pass; bags can be dropped off at automated bag drop kiosks



- Safe distancing markings

3 Lounge



- A la carte food served instead of buffets



- Digital copies of magazines and newspapers on SIA's app
- Digital system to order food



- Hand sanitiser at multiple locations
- Regular cleaning with disinfectants

4 Boarding



- Passengers to get care kit with face mask, hand sanitiser and disinfectant wipe
- Hand sanitiser dispenser at all boarding gates
- Safe distancing markings

5 In the air



- All passengers must wear masks during the flight
- Cabin crew will wear masks, don gloves while serving food



- Additional anti-bacterial wipes available on request in place of towel service



- One-tray service for business-class passengers rather than different courses



- Toilets cleaned more frequently with disinfectant



- SIA app can be used to browse digital menu, control in-flight entertainment system and access e-library

6 Arrival



- Various surfaces like tray tables are cleaned with Calla 1452 disinfectant that can kill Covid-19 virus; fogging is done



- Regular application of long-lasting antimicrobial coating on high-touch surfaces
- UV light technology to disinfect plane being studied



- Customer surveys to get feedback on needs, concerns

at Nanyang Polytechnic, says Singaporeans' limited opportunities to clear their annual leave, as well as more disposable income from savings, have all contributed to a yen for travel.

Anticipating recovery, a cautiously optimistic Singapore Airlines Group will expand its passenger network in the coming months.

After reinstating services to Tokyo's Haneda Airport in March, it will launch parallel services to Taipei alongside budget carrier Scoot from April.

READY FOR TURBULENCE

Even so, travellers will not take to the skies unfettered. Early stages of recovery will likely come in the form of travel bubbles, contingent on countries standardising travel protocols and recognising each other's travel passes.

"Otherwise, we are back to seeking permission, like how we used to do for travel visas, to enter another country. Back in the day, this was a time-consuming and expensive process," says Ms Tee.

"I think the first tranche of leisure travel will be expensive and exclusive. Everyone will be wary of crowds," she adds.

With smaller group sizes and airfare dependent on demand and supply, tours are likely to cost more. For example, when the Singapore-Hong Kong travel bubble was announced last November, flight prices almost tripled from about \$400 to \$1,100 for a round-trip economy class ticket.

Safety management measures, such as restrictions on the number of people who can visit an attraction at one time, means trips will move more slowly.

This is not entirely a bad thing, if you ask Dynasty Travel's director of public relations and communications Alicia Seah.

"People will focus on safety and quality. Land transport arrangements and hotels will likely be of a higher standard," she says. New travel insurance policies that provide pandemic-related coverage such as pre-departure cancellation or post-trip treatment, currently in the works, may also drive up the cost.

Ms Seah says insurance companies are looking to launch such policies this year. And gone are the days of long-weekend jaunts to nearby cities or a spontaneous trip booked days ahead.

People will now take fewer trips but expect more from them, says Ms Sarah Wan, online travel agency Klook's general manager for Singapore.

Even so, there will be new inconveniences to grapple with, such as restrictions on group size or the need to book time slots at attractions.

To mitigate this, Klook is working with vendors to provide live updates on the number of slots available as well as other information on safety measures.

Meanwhile, business travel may be reshaped altogether, with industry players echoing the Iata chief's prediction that the sector will take at least 12 to 18 months to get back on its feet.

Online meetings have become a viable alternative in the past year or so. Ms Lu of Cirium says long-haul business travel, in particular, could be the hardest hit. Companies might find it difficult to

compel employees to undergo Covid-19 tests or take vaccines just for business travel, she says.

OPPORTUNITY IN CRISIS

Still, online travel agencies are confident that when the travel boom comes, it will be immense. They believe measures which helped them stay afloat during border closures, such as enhancing domestic offerings and promoting products via live-stream campaigns, will pay dividends among an international audience.

“Travellers will be looking for hyper-local, unique experiences,” says Ms Wan of Klook. In Taiwan, for instance, it paired with the National Museum of Marine Biology and Aquarium to launch a penguin-feeding experience where visitors can learn about animal conservation at the same time.

Klook also partnered messaging app Line to launch a one-stop booking service for domestic bus routes, with more than 20,000 tickets sold to date.

The Line app, popular in countries such as Japan, Thailand and Indonesia, will make bus bookings more convenient for tourists when they return to Taiwan.

Before global lockdowns caused by the pandemic, buying tourism products such as hotel stays via a live stream was unfathomable. But these campaigns, normalised over the past year, have tremendous potential.

Through live streaming, Trip.com promoted products such as discounted high-end hotel packages with flexible check-in dates, generating more than US\$360 million (\$483 million) in gross merchandise value between March and October last year.

Ms Sun says: “We have faith in our industry’s ability to unite and innovate.” Airlines, too, can capitalise on the downtime to come back stronger.

Since last year, the industry has been rife with talk of consolidation among airlines and aircraft leasing companies. Aircraft overcapacity, lower revenue and higher costs will be the norm for a while, says Ms Lu.

Still, airlines can enhance efficiency by studying destination markets to home in where there is demand. “It will take joint efforts between countries and airports to get routes relaunched, but there are opportunities too,” she adds.

For hoteliers, competing for the staycation dollar of well-travelled Singaporeans over the past year has spurred them to up their game in terms of cleanliness, concepts, digitalisation and novel offerings.

Pan Pacific Hotels Group (PPHG), which owns and manages nine properties here, has launched various themed packages, including a Japanese-themed staycation at Pan Pacific Singapore.

It includes a meal at Keyaki Japanese restaurant and tickets to Gardens by the Bay, which in March launched a sakura and Hello Kitty floral display.

PPHG chief executive Choe Peng Sum says: “The pandemic has taught us that the domestic market is just as important. Many staycation experiences we have rolled out are aimed at providing guests the opportunity to rediscover Singapore. “When travel resumes, these would appeal to international guests as well.” **ST**

Personal travel will return from 2nd half of 2021: Iata chief

PERSONAL AND LEISURE travel will return from the second half of this year as borders reopen to tourists hungry to be free again and to reunite with families and friends, International Air Transport Association (Iata) CEO Alexandre de Juniac said in an interview with The Straits Times.

The recovery in business travel will be slower, and the actual volume of travel by the year end will still be low compared with the pre-Covid-19 period in 2019, he said.

“We will likely start seeing a change in the air travel landscape after May or June this year. We at Iata are already working with states to design and plan protocols and road maps for the reopening of borders.”

Key among these protocols is Iata’s Travel Pass, a mobile health verification app which electronically captures a traveller’s vaccination history and Covid-19 test results for cross-border safety checks.

Singapore Airlines has been the first to officially announce that it will begin testing the Iata Travel Pass on flights from Singapore to London. From early March, passengers on that route using Apple iOS-enabled phones can download the app and create a digital identification with their photo and passport information.

They can submit flight information and book a Covid-19 test at one of seven participating clinics in Singapore, after which the test results can be viewed directly on the app. Check-in staff at Changi Airport can then verify their status via the app, which will speed up the check-in process, according to the carrier.

But due to current regulations, travellers will still need to carry a physical copy of their health certificate issued by the testing clinic.

Mr de Juniac said Iata wants to work with 33 states and territories worldwide on border reopening and international flights. He sees leisure and personal travel coming back more quickly than business travel.

But, even with gradual border openings, Mr de Juniac said air passenger traffic volume by the end of this year will remain relatively weak compared with pre-Covid-19 2019, though better than in mid-2020.

“Governments in many countries are cautious and remain in emergency mode amid the emergence of new Covid variants,” he added. “They have to manage their domestic circumstances first.”

Geographically, Asia-Pacific will emerge as the most robust region for global air traffic, Mr de Juniac predicted.

“We already saw this upswing prior to Covid, and the Chinese market was already No. 1, and ahead of the US. This trend will simply accelerate.”

But the growth could be uneven, he said. “The key will be how individual states and territories open up their borders as the vaccine roll-out and test regime accelerate.” **ST**



Iata is already working with states to design and plan protocols and road maps for the reopening of borders, says CEO Alexandre de Juniac. BT PHOTO: YEN MENG JIIN

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China eases border rules for travellers taking its jobs

China is easing border restrictions to allow travellers from the Philippines, Indonesia and elsewhere outside South-east Asia in again – provided they have taken Chinese-made Covid-19 vaccines.

"This has nothing to do with recognition of Chinese vaccines," Mr Zhao Lijian, a spokesman for China's Ministry of Foreign Affairs, told reporters on March 16.

He said the new rules for foreigners who had been inoculated with any of the four China-produced vaccines "is based on the full consideration of these vaccines' medical safety and effectiveness".

Chinese embassies in the Philippines, Indonesia, the United States, Pakistan, Sri Lanka and Italy

have issued notices saying China will open visa applications for those who have had the China-made jabs at least 14 days before applying for a visa.

This will apply to those visiting the Chinese mainland for work resumption, business or for "humanitarian needs", such as reuniting with their kin. Those arriving in China still face a quarantine of up to three weeks.

Mr Richard Heydarian, a Manila-based political analyst and author, said: "China is really upping its game and trying to make sure more and more countries will be dependent on its vaccines, even though their effectiveness, prices and overall pedigree are far more questionable than for the other available vaccines. **ST**

– The Straits Times



A nurse preparing a dose of China's Sinopharm vaccine. The new rules apply to foreigners inoculated with any of the four China-produced vaccines.

PHOTO: REUTERS

China introduces vaccine passport to facilitate travel

China has rolled out an international vaccine health certificate in anticipation that it will be recognised by other countries soon, making global travel easier.

The country is among the first in the world to issue a vaccine passport with details of a traveller's inoculation, as well as nucleic acid and antibody test results.

Chinese citizens can register for the certificate on a WeChat mini programme launched on March 8, a day after Foreign Minister Wang Yi announced the initiative at his annual press conference.

The passport is available in both digital and paper formats. **ST**

– Tan Dawn Wei

China's new international travel health certificate app is displayed on a smartphone.

PHOTO: EPA - EFE



Taiwan-Singapore discuss travel corridor

A day after confirming the launch of a travel bubble with Palau, Taiwan's health minister said the next on the island's list for a travel bubble would likely be Singapore.

On March 18, Taiwanese Health Minister Chen Shih-chung said discussions have begun between Taiwan and Singapore, as the latter has been hoping for Taiwan to match its unilateral measure.

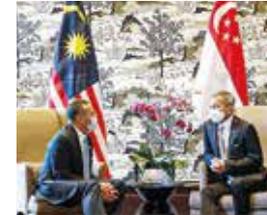
Transportation Minister Lin Chia-lung said that while Japan, South Korea and Vietnam are all discussing the possibilities of travel bubbles with Taiwan, "Singapore is by far the most proactive." **ST**

– Katherine Wei



Rhinos seen at Taiwan Hsinchu's Leofoo Village Zoo. PHOTO: AFP

S'pore, Malaysia to work towards mutual recognition of Covid-19 vaccine certs



Malaysian Foreign Minister Hishammuddin Hussein (left) with Singapore counterpart Vivian Balakrishnan in Putrajaya, Malaysia, on March 23. PHOTO: EPA - EFE

Singapore and Malaysia on March 23 agreed to work towards recognising each other's vaccine certificates to facilitate cross-border travel in the future. The two neighbouring countries also agreed to allow cross-border travel on compassionate grounds in the coming months.

At a meeting in Putrajaya, Singapore Foreign Minister Vivian Balakrishnan and his Malaysian counterpart, Datuk Seri Hishammuddin Hussein, agreed to progressively restore cross-border travel for other groups of travellers in addition to the existing Reciprocal Green Lane and the Periodic Commuting Arrangement. **ST**

– Ram Anand

Australia eyes digital Covid-19 vaccine passport with S'pore

In an announcement that has raised the hopes of Australia's ailing tourism sector, Australia's Tourism Minister, Mr Dan Tehan, said on March 15 the country hopes to set up a travel bubble that would include Singapore and New Zealand, and perhaps other places such as Fiji.

Mr Tehan said Singapore has handled the Covid-19 pandemic in an "exemplary fashion" and is a strong potential partner for Australia's first two-way travel bubble, which would eliminate the need for quarantine.

He said he wants to travel to Singapore

within the next two months to discuss the proposal.

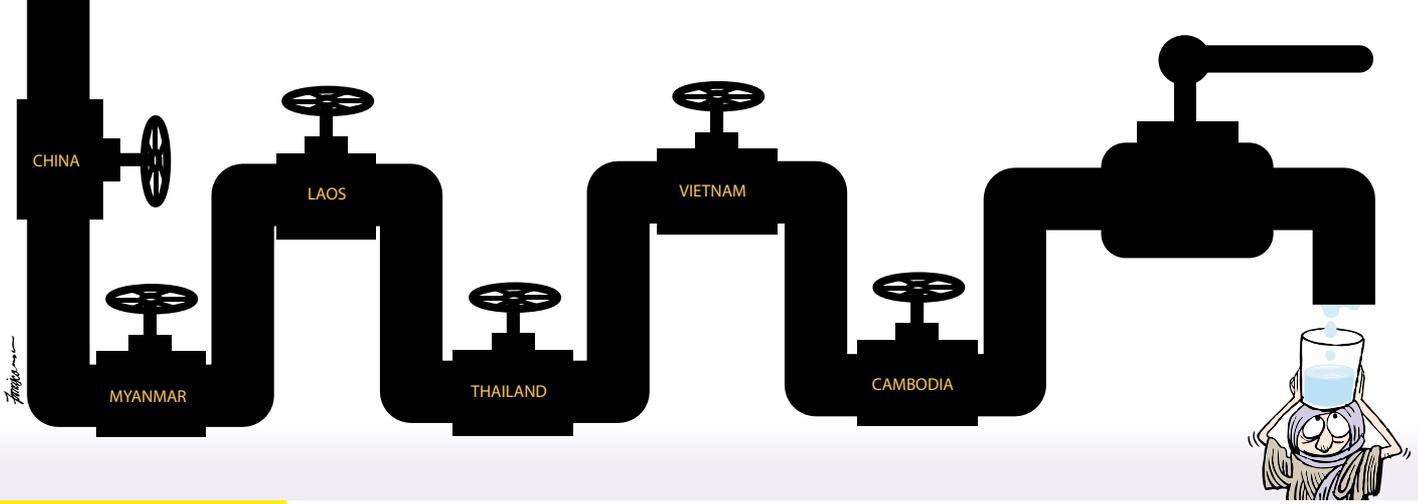
"If we can continue to get the vaccine roll-out right here in Australia, they continue to do what they're doing so well there with their vaccine roll-out in Singapore, I'm optimistic that we might be able to get something up and running by the middle of the year," he told Channel Nine.

The key would be to ensure that travellers have valid vaccine credentials, he noted. **ST**

– Jonathan Pearlman



The Blue Mountains, a popular tourist attraction, in New South Wales, Australia. PHOTO: REUTERS



ST ILLUSTRATION: MANNY FRANCISCO

Power Play

Mekong – a struggle over water, power and mainland SEA’s future

South-east Asia’s longest river not only faces ecological threats, but it is also an arena for superpower rivalry.

IN EARLY FEBRUARY, SATELLITE PHOTOS FROM Thailand’s space agency showed the Mekong River had turned a beautiful aquamarine blue. The problem was that “a blue river is not a healthy river”, as Mekong transboundary issues expert Brian Eyler of the Washington-based Stimson Centre put it.

The river should have been a greenish brown, flush with life-giving fine sediments, but instead was so unusually shallow that sand bars could be seen – an ominous sign for the rice, rubber and tomatoes grown in north-eastern Thailand that depended on the river’s natural flooding cycle for nourishment.

The worrying levels were due to lower rainfall, dams in the Mekong tributaries and outflow restrictions from the Jinghong dam in China’s Yunnan province, said the Mekong River Commission, an intergovernmental organisation comprising Cambodia, Laos, Thailand and Vietnam.

The essential feature of the agreement was that it would provide a basis to coordinate plans for any infrastructure developments linked to the river.

In recent years, extreme weather patterns – severe droughts and heavy rains – exacerbated by hydropower dams, especially those upstream, have been devastating on mainland South-east Asia, where 70 million people depend on the Mekong for their livelihoods.

Vietnamese wet-rice and agriculture farmers mourned crop losses of over US\$1 billion caused by historic droughts in the lower Mekong basin

from 2015 to 2016 and 2019 to 2020, Vietnam’s ambassador to the United States Ha Kim Ngoc said at an East-West Centre event in February.

Droughts and deforestation also threaten the continued existence of Cambodia’s Tonle Sap lake, which fell to record low levels last year, reducing fish stocks and endangering the livelihoods and food security of the millions who depend on the lake’s fish.

Alongside growing concerns about ecological damage come increasing worries about the strategic control that China has over downstream Mekong countries, by virtue of its control over the river’s headwaters and its 11 megadams.

Regional journalist Sebastian Strangio, who describes China’s control of the upper Mekong as “valvelike” in his 2020 book *In The Dragon’s Shadow*, wrote: “The environmental challenges facing the Mekong Delta demonstrate how China’s control of the river’s headwaters has magnified its power over the countries downstream.

“The geography of the Mekong River reflects the region’s geopolitical hierarchy: a powerful China at the top and smaller, less-developed nations below.”

WARRING NARRATIVES AND STRATEGIC COMPETITION

The United States and China are also tussling over the extent to which Chinese dams are responsible for exacerbating downstream droughts, reflecting how the Mekong is becoming the latest arena of strategic competition between the two rival superpowers.

In an April 2020 study funded by the US State Department, the Eyes on Earth consultancy analysed satellite images and daily river heights to conclude that Chinese dams held back water from its downstream neighbours in 2019, even as they suffered a historic drought.

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Floating houses on the Tonle Sap River. Droughts and deforestation also threaten the continued existence of Cambodia's Tonle Sap lake, which fell to record low levels last year. PHOTO: REUTERS

If business continues as usual, nearly the entire Mekong Delta in Vietnam will be underwater by the year 2100, the result of lost sediment and groundwater extraction.



Hitting back, a July study by Tsinghua University and the Chinese government's Institute of Water Resources think-tank argued that the whole region experienced drought that year, China's sections of the Mekong included, and that hydropower reservoirs could alleviate droughts by releasing water in dry seasons.

Regardless of whether China deliberately held back the waters for geopolitical gain, or whether it was an independent economic play by Chinese dam managers who wanted to maximise profits, downstream Mekong countries are suffering at least some of the collateral damage of China's upstream dams.

This very real ecological damage and geopolitical anxieties present Washington with an opportunity to counter China's influence in South-east Asia, which it has seized on.

One key way is by joining South-east Asian countries' calls for China to be more transparent and share its water release plans, to give farmers and fishers downstream early warnings of floods or droughts.

"It's clear that upstream dams are withholding water with limited coordination or notification, unnecessarily exacerbating the water security challenges that Mekong communities are facing," said Mr Atul Keshap, the US principal deputy assistant secretary of East Asian and Pacific Affairs, during February's East-West Centre event.

He added: "Upstream dam operators need to be more transparent and consultative with downstream neighbours."

To this end, the US launched the Mekong Dam Monitor in December last year, an online platform with weekly data and analyses of 26 dams on the Mekong mainstream and tributaries, including the 11 in China.

Run by Eyes on Earth and the Stimson Centre, the monitor is partially funded by the Mekong-US Partnership, a grouping comprising the US and Cambodia, Laos, Myanmar, Vietnam and Thailand.

While the monitor "provides no evidence of an intentional geo-strategic plot by China

to manipulate river flow in a way to expand its influence downstream", it disproves China's claims that its dams were relieving drought in downstream countries, said the Stimson Centre's Mr Eyler, a project lead on the monitor.

It also shows how China's 11 dams "are now coordinated and operated in a way to maximise the production of hydropower for sale to China's eastern provinces with insufficient consideration given to downstream impacts", he added in a commentary on the Stimson Centre's website.

Calling out China in this way is something of a double-edged sword, said Stimson Centre China programme director Yun Sun, who is not involved with the monitor.

On the one hand, it creates external pressure on China, which South-east Asian countries can use as leverage in their negotiations with China, she told *The Straits Times*.

Drawing more attention to the Mekong issue puts extra pressure on China to change its behaviour and be more transparent with data and accountable for its actions, she added.

"Although South-east Asia does not want to appear to be antagonising China, it does enjoy the opportunity to show China that it cannot do whatever it wants in the region," said Ms Sun.

The downside is that China now sees the Mekong River issue as a geopolitical one, as something the US has manipulated to sabotage China's relationship with South-east Asia, she added.

"On the strategic level, it has deepened hostility... and will eventually put the region in a more difficult spot," she said.

While some in South-east Asia are enjoying the great power competition and how the US and China are vying for their favour, others are unhappy with the pressure and the spotlight, preferring that Beijing and Washington work together instead, said Ms Sun.

MULTILATERAL INSTITUTIONS AND SOLUTIONS

The US is also deepening its engagement with the lower Mekong countries through the Mekong-US Partnership, which was launched in September last year and builds on the Lower Mekong Initiative that started under President Barack Obama's watch in 2009.

At its 2020 launch, the US announced more than US\$150 million (S\$202 million) for the Mekong region, including US\$52 million for pandemic recovery efforts, US\$55 million for counter transnational crime, US\$33 million for reliable energy systems and US\$6.6 million to improve energy infrastructure.

As a strategic forum for cooperation, the Mekong-US Partnership appears to be something of a rival to the 2016 Lancang-Mekong Cooperation framework, which involves the same five countries - Cambodia, Laos, Myanmar, Thailand and Vietnam - and China.

In terms of sheer funds, China is outpacing

the US, having announced a US\$300 million fund in 2016 to support small and medium-sized “cooperation projects” proposed by the Lancang-Mekong Cooperation’s six countries. In practice, these projects run the gamut from training agriculture workers to developing e-commerce in rural areas and cross-border economic zones.

Analysts like Mr Eyler argue that the US should assure the region that it does not seek a zero-sum game of US-China competition in the Mekong, and that it should work with regional organisations like the Mekong River Commission, which China has tried to sideline.

The important thing is that in the midst of this strategic competition, neither great power should lose sight of what South-east Asia wants and needs: better transboundary river governance, and solutions to its energy needs.

“A stronger legal framework governing transboundary rivers is long overdue,” said Vietnam diplomat Ha Kim Ngoc at the East-West Centre event.

“Unlike in most other areas, the legal framework for transboundary water resources management remains fragile and non-binding. Strengthening our efforts in international law, regulations and codes of conduct in this area is much appreciated,” he added, a reference to how the Mekong River Commission has no power to compel China to share its water data.

The ambassador also urged the US to implement an energy and infrastructure pilot project or two in the Mekong region, as well as invest in green energy projects and climate resilience.

Thailand’s ambassador to the US Srisodapol Manasvi struck a similar note, urging the US to find ways to address sustainability in the Mekong basin.

“As the economy expands, there is an increasing need for the region to generate more electricity to meet the demand. Hydro power is an obvious, relatively clean option in a region with an abundance of water,” he said at the same East-West Centre event.

“However, too many dams and the effects of climate change can alter the flows of rivers, disrupting not only power generation of downstream dams but also fish stocks, sediments, irrigational farmlands and, along with it, the livelihoods of millions of people along the river,” he added.

One elephant in the room was Laos’ ambitions to build hydroelectric dams, backed by loans from Chinese state banks, despite unhappiness from its downstream neighbours about how their construction might worsen the Mekong River’s predicament.

Things are already bad. The Mekong River Commission found that if all the planned dams on the Mekong went ahead, fish stocks could drop by 40 per cent and sediment flowing downstream could plunge by 97 per cent.

If business continues as usual, nearly the entire Mekong Delta in Vietnam will be underwater by the year 2100, the result of lost sediment and

MAINSTREAM DAMS

China has control over the Mekong’s headwaters and its 11 megadams



SOURCES: STIMSON CENTRE, FOREIGN POLICY STRAITS TIMES GRAPHICS

groundwater extraction, a 2019 study by Utrecht University researchers concluded.

At the end of the day, it will be Laos’ decision on whether building dams and exporting electricity is its best strategy of growing its economy.

“If Laos sees no other option to develop its economy other than developing hydropower, I think the effort from the region and from the great powers should be how to help them achieve that goal while minimising the negative consequences of these hydropower dams”, said Ms Sun, “instead of saying... hey Laos, you are making a silly and bad decision and China is enabling it”.

The US and other countries can also encourage Laos and other Mekong countries to pursue more sustainable alternatives to large-scale hydropower dams, such as wind and solar energy, as environmental activists and analysts suggest.

Such climate-change solutions might be the best way the US can help South-east Asia, while also acknowledging that they have national concerns separate from great power competition. **SI**

BATTLING OVER MEKONG

WHAT US IS DOING

- At the 2020 US-Mekong partnership launch, the US announced more than US\$150 million (S\$202 million) for the Mekong region
- US\$55 million in new funding will be provided to support countries in the Mekong region to combat transnational crime
- US\$1.8 million in new funding will support the Mekong River Commission and its goals to strengthen and expand access to water data
- It has provided \$3.5 billion in assistance to Mekong partners from 2009 to 2020.

WHAT CHINA IS DOING

- China’s Lancang-Mekong Cooperation’s (LMC) Special Fund will support 152 programmes in the Mekong’s six countries, said Chinese State Councilor and Foreign Minister Wang Yi last year.
- Last June, it provided US\$7.22 million to Cambodia under the fund.

SOURCES: mekongpartnership.org, Reuters, Xinhua



Union to successfully land on Mars, currently about 200 million km away from Earth.

Although both missions are scientific in nature – Perseverance is hunting for signs of microbial life, while Tianwen-1 is searching for subsurface water – the news of both spacecraft arriving in quick succession has ignited talk of a geopolitical contest. Is this a new space race, this time between the US and China?

CHINA'S SPACE AMBITIONS

A lot is riding on Beijing's Martian mission. Success will mean that China joins an elite club of space-faring nations that have made it to Mars, which would provide a big boost to its ambitions to be a leading space power.

But it is precisely these ambitions that have caught the attention of Washington, whose officials increasingly see the cosmos as the next frontier for competition with China.

Chinese President Xi Jinping has repeatedly stressed the need to develop the country's space industry and become a space power, calling this China's "space dream".

It is part of Mr Xi's broader "Chinese dream" – a grand goal to seek national rejuvenation and turn China into a strong and modern nation by 2049.

Since it launched its first satellite Dongfanghong I in 1970 – which orbited Earth and broadcast the communist revolutionary song The East Is Red – China's space technology has progressed rapidly.

It was the third country to put a man in space – in 2003 – and has now launched two space laboratories and successful lunar missions, including being the only country to land on the far side of the Moon in 2019.

Government agencies have stated their desire for China to be a world space power by 2045, with plans in the works for a Chinese space station, a reusable space plane and a lunar research station – which some experts say could be the first step towards mining resources in space.

That said, while Chinese experts agree that Beijing has caught up with and surpassed other space-faring nations such as India, Japan and others in Europe, it still plays second fiddle to the US.

In terms of payloads lifted and investments made in its space programme, China ranks second – it launched 103.06 tonnes into space last year, barely a third of what the Americans had launched.

Beijing invests far less in space – an estimated US\$8.9 billion (S\$11.9 billion) last year, compared with the US budget of US\$48 billion, according to a recent research report by Euroconsult. It lacks a vibrant private space sector, and firms like SpaceX and Blue Origin.

It also remains to be seen whether Tianwen-1 will, like Perseverance, be successful in its soft

Power Play

ST ILLUSTRATION: MANNY FRANCISCO

The race for space

Beijing's ambitions have caught the attention of Washington, whose officials increasingly see the cosmos as the next frontier of US-China competition

JUST BEFORE THE CHINESE NEW YEAR, THE Tianwen-1 spacecraft made history for China when it began its orbit of Mars after a 202-day journey.

Zooming through the cosmos, the Chinese spacecraft – whose name means questioning the heavens – was hot on the heels of the United Arab Emirates' interplanetary probe, Hope.

The two were among the three robotic visitors from Earth that made it to Mars in February after taking off in July last year.

The third was the National Aeronautics and Space Administration's (Nasa) Perseverance rover, which despite being the last spacecraft to arrive – on Feb 18 – was the first to touch down on the red planet, where it beamed videos and pictures of the Martian surface back to Earth.

If all goes according to plan, Tianwen-1 will make its landing in May, making China the third country after the United States and the Soviet

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landing on Mars. China's first crack at Mars in 2011 failed after the Russian launcher it was on crashed without leaving orbit.

"We are still running behind the US," said Professor Wang Xiangsui, a retired Chinese senior colonel who teaches at Beihang University in the Chinese capital, adding that it could be several decades before China catches up.

"This is a competition of two scientific systems, (and) of two countries."

PRIDE AND POWER

But China is intent on closing the gap, as this is a matter of both national prestige and security. In 2011, the US Congress had banned Nasa from cooperating with its Chinese counterparts, citing national security concerns - it is also the reason why Chinese taikonauts are not allowed on the International Space Station (ISS), a multinational collaborative project.

The ban also means that Beijing had developed critical technologies required for launching crewed missions, orbital docking, refuelling in space, and long-distance communication and manoeuvring, independent of the US, said Chinese military analyst Chen Guangwen.

"Mastering these technologies and continuing to conduct more space exploration is something that a world power like China must do," said Mr Chen.

SECURITY

But as space technology often has multiple applications, security considerations come into play. Military experts point out that space assets like China's BeiDou satellite constellation, while used for civilian navigation, are also essential for the People's Liberation Army's (PLA) precision strike capabilities.

They are key to its growing arsenal of ballistic missiles and hypersonic weapons, said Mr Alexander Neill, who runs a Singapore-based strategic advisory consultancy.

Beijing also developed anti-satellite weapons as early as 2007, which it sees as crucial to disrupting an adversary like the US.

"The ability to disable the United States' command and control networks, its space-based assets, is very important," said Mr Neill, a former Shangri-La Dialogue senior fellow at the International Institute for Strategic Studies.

It is worth noting that unlike the US, which has distinct civilian and military space programmes - run by Nasa and the Space Force branch of the military respectively - China does not have an independent civilian space programme.

Beijing's human spaceflight programme is run by PLA officers, and the Strategic Support Force branch of the PLA is in charge of space warfare.

A look at Beijing's previous White Papers on space and defence shows that Chinese military thinkers view space as a domain of competition and one in which China must dominate to guarantee its security.

NEW FRONTIER FOR CONFLICT

The trend towards the militarisation and weaponisation of space has led experts to say that space could become a place of potential conflict between the US and China.

Washington is conscious that while it still maintains an edge over China in space capabilities, that gap is narrowing. For those already worried about China's terrestrial claims, Chinese views on space exploration can be discomfiting.

Professor Ye Peijian, a leading researcher at the Chinese Academy of Space Technology who has been called "the father of China's Chang'e lunar probes", outlined Beijing's thinking in an interview with Chinese media: "The universe is just like an ocean, the Moon is like the Diaoyu islands and Mars is like the Scarborough Shoal. If we have the ability to get there first but do not (do so), later generations will blame us for not going. If others get there first and stake their claim, then even if we want to go there later, we would not be able to."

The Diaoyu islands in the East China Sea - known as Senkaku Islands in Japan - and the Scarborough Shoal, located in the South China Sea, are part of two territorial disputes in which China is involved.

Some experts fear that such Chinese attitudes towards space could lead to resource nationalism in the cosmos, or a situation similar to the competing claims in the South China Sea.

And just as the South China Sea has become a potential flashpoint, the US-China space rivalry is expected to intensify, raising the risk of an unanticipated conflict.

That being said, it is, perhaps, some comfort that the current US-China space rivalry is nowhere near the magnitude of the US-Soviet competition during the Cold War. Yet today, American astronauts work alongside Russian cosmonauts in the ISS, doing research that benefits all humanity.

It gives hope that as China becomes an important space power, the country and other space-faring nations will also find ways to work together. [S1](#)

Experts say the space programme has become an example of how China can innovate and develop indigenous technology, and leapfrog its rivals



Two Mars missions at the forefront of space exploration

While Nasa's Perseverance touched down on Mars on Feb 18, China's Tianwen-1 is still in orbit.

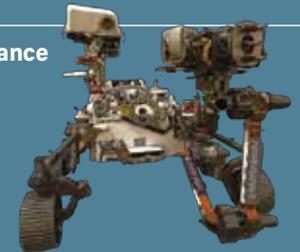
Tianwen-1 orbiter, lander & rover China



- July 23, 2020
- Country's first Mars mission
- 90 days
- Analyse soil and atmosphere, capture images, chart maps, study composition of soil and rocks, look for water and past signs of life

**Entered Mars orbit Feb 10,
due to land in May**

Perseverance rover US



- July 30, 2020
- Nasa's 5th exploratory vehicle for Mars
- At least 687 days
- Study geology and search for signs of ancient life, collect samples from study sites, bring them back to Earth at later date

**Landed in the Jezero Crater
on Mars Feb 18**

The battle between big tech and big media



Google and Facebook logos, words "media, news, media" and Australian flag are displayed in this photo illustration. PHOTO: REUTERS

Australia's news media bargaining code has forced Google and Facebook to agree to deals to pay publishers for content. Will this work for Singapore?

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FROM AUSTRALIA TO EUROPE TO CANADA, governments in developed countries are moving to introduce laws that would make tech platforms pay news publishers for using and sharing their content.

Australia is at the forefront of this battle, with a news bargaining code that drove Google in February and Facebook in March to strike deals with Australian news publishers.

This has brought to the fore two questions: What does this mean for the media business; and what does it augur for Singapore?

THE MARKET FAILURE

But first, why would governments step in to buttress media companies' bargaining power with tech platforms? After all, news publishers are often private companies with commercial interests distinct from the public interest.

The short answer is that the media's role in providing information is a vital part of a functioning democracy.

As the past few years have shown, misinformation is systematically produced online for ideological or commercial gains, such as to sway elections or for profit. Social media companies cynically churn discontent to drive engagement to win audiences who can then be served advertising tailored to their preferences and psychological profiles. In this information wilderness of conspiracy theories, half-truths and outright lies, audiences lose the ability to trust anyone, including traditional authority figures and experts.

While no panacea, public service journalism – defined here as content produced by professional newsrooms that uphold standards of accuracy and fairness – can act as a bulwark against such assaults on facts and objectivity.

But journalism is under threat by the spread of online platforms which share news content freely to be read or viewed. As readers flock to platforms, advertisers have also moved there. In economic terms, digital platforms can be said to be free-riding on content paid for by media companies. Many governments now believe there is a public interest in helping media publishers get a share of revenue when online platforms use their content.

TWO MODELS

They are doing so in two main ways: via competition laws and copyright laws. Australia is using competition law, arguing that Facebook and Google are too dominant in the online advertising business, and their market power hampers other business models that can support public service journalism. One study showed that in 2018, for every A\$100 (\$\$102.50) spent by Australian advertisers, A\$49 went to Google and A\$24 to Facebook.

In February, the country passed into law a News Media Bargaining Code. It is a "negotiate or else" law that orders platform companies to negotiate with media publishers to pay for their content – or face arbitration and abide by the state arbiter's decision.

It also requires platform companies to give media outlets 14 days' advance notice of algorithmic changes that would affect their business.

In the United States, tech firms face a slew of anti-trust suits from both government and private sector firms, over issues such as market dominance in search and search advertising. On March 17, US lawmakers introduced a law in Congress that would allow news publishers to negotiate collectively with tech companies over revenue sharing and other deals. Collective bargaining is a feature of the Australian bargaining code.

Europe, meanwhile, is going after Big Tech using copyright laws. In 2019, the bloc passed a European Union-wide law dubbed the Copyright Directive.

Two key proposals in the EU directive deserve mention. The first lets news publishers demand payment for tech platforms that reuse their content.

Colloquially termed a “link tax”, it means in principle that content publishers and creators can demand payment for search results that link to their content. But the details are unclear: How much of an article has to be linked to warrant payment? The headline? A few sentences or a few paragraphs? Does adding just a URL count? Both tech companies and free speech advocates criticise this for going against the grain of a free and open Internet.

The other contentious proposal requires tech companies to make sure uploaded content is licensed; so just taking down content flagged as violating copyright is not enough. This shifts the liability for copyright infringement onto content-sharing platforms.

EU countries have until June to introduce national versions of this EU-wide directive. France has done so, and Google struck deals with French publishers after months of haggling. Reuters reported that Google agreed to pay US\$76 million (\$102 million) over three years to a group of 121 French news publishers for their content (US\$22 million a year) and for an agreement (additional US\$10 million) not to sue over copyright claims for three years.

BIG TECH'S RESPONSE

Tech platform companies have resisted being made to pay for content for years, arguing that they merely direct readers to content, and that publishers benefit from more links to their content.

In Australia, the new code brought Google and Facebook to the negotiation table. Days before the law was passed, Google signed deals with Mr Rupert Murdoch's global media empire, News Corp, to use its content in Google's News Showcase, a personalised and curated tab showing news items.

While details were not made public, insiders say “Google's deals cover the range from about US\$20 million a year for Seven West Media through to US\$35 million a year for Nine Entertainment Co, and to almost double Nine's number for News Corp”, according to a blog on INMA (International News Media Association) by Mr Robert Whitehead, board member of McPherson Media Group.

The deal with News Corp includes The Wall Street Journal, Barron's, MarketWatch, and the New York Post; the London-based Times and Sunday Times; and Australian national and regional titles.

Facebook responded to the code by upping the ante and blocking Australian news websites from its platforms. After all, it says, just 4 per cent of its content shared is made up of news. However, its algorithms removed not just news but also important government information like weather pages and emergency services, drawing a strong backlash.

Some governments overseas responded with outrage to Facebook's news boycott in Australia. Canada, which wants to adopt an Australia-style media law, pledged a multilateral response. Its Heritage Minister Steven Guilbeault warned Facebook

that its boycott was unsustainable, remarking: “I suspect that soon we will have five, 10, 15 countries adopting similar rules... is Facebook going to cut ties with Germany, with France?”

Within a week, Facebook reinstated its news content in Australia, after winning some concessions. It returned to negotiations and secured deals with media publishers, announcing them on March 16 night. According to Mr Whitehead's blog: “Those familiar with the deals describe the Facebook deals as being worth about half, on average, of the Google totals.”

Like Google, it also pledges US\$1 billion over three years in news partnerships.

IMPACT ON MEDIA SCENE

What's next in this ongoing showdown between Big Tech and Big Media (enabled by Big Government)?

The Australian code drove both Google and Facebook to strike deals rather than submit to state arbitration. This is a not insignificant victory for the Australian government and news publishers.

Based on numbers leaked, the impact running into tens of millions a year will cushion news publishers but not save them. In any case, there is no assurance that the additional revenue will go towards raising quality journalism and will not be used for other purposes, say, distributed to shareholders.

The Australian model favours media companies with clout. It is no coincidence that News Corp was among the first to secure deals with Google. This may leave smaller news publishers, including independent online media companies, to fend for themselves, reducing media diversity.

The European directive while firm in upholding copyright laws, falls short of the backstop measure of the Australian law which holds up state arbitration as the alternative to a negotiated agreement. This means platform companies are moved to negotiate from persuasion, not compulsion. It was the Australian code's forcefulness that arguably drove both Google and Facebook to strike deals with news publishers within days of each other.

Despite the small win, the fact is that the agreements serve only to reinforce the ubiquity of tech platforms. In fact, by aligning themselves to Google News Showcase and Facebook News, news publishers are locking themselves more deeply in the ecosystems of these tech companies and their complex ways of delivering real-time digital ads based on users' online reading and viewing habits.

Meanwhile, these platform companies continue to have the upper hand as they retain overall control over users' data, set the machine learning parameters that determine what users see and engage with, and will increasingly make editorial decisions on what news, images and videos to aggregate and curate to appear on users' screens.

Media publishers may become sub-contractors of news, specialist providers of news content to be served up by the main contractor to its clients.

Why would governments step in to buttress media companies' bargaining power with tech platforms? After all, news publishers are often private companies with commercial interests distinct from the public interest. The short answer is that the media's role in providing information is a vital part of a functioning democracy.

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READ MORE ONLINE

PHOTO: AFP



China's wolf warrior goes after foreign media
<https://str.sg/Jj9u>

PHOTO: AFP



India tightens grip on social and digital media
<https://str.sg/JVD>

IMPACT ON SINGAPORE

Will Singapore go the way of Australia in introducing a similar media bargaining code? Or join the EU in using copyright laws to force payment for content?

Judging from statements by government leaders so far and the legislative calendar ahead, the answer is “no”. (Or perhaps “not yet”, since one never knows how future priorities may change.)

When it comes to regulating Big Tech, Singapore leads the world in combating misinformation, with its Pofma (Protection from Online Falsehoods and Manipulation Act) which lets the Government issue correction or take-down orders over false information online.

Its next priority is to introduce laws to protect against foreign interference, including ways to empower the Government to investigate and respond quickly to hostile information campaigns.

Will Singapore want to be a world leader in regulating Big Tech to pay for media content? It may encourage such negotiations privately but is unlikely to formulate an Australian-style bargaining law.

This is because such a move will enmesh local media companies' commercial fortunes even more closely with American tech companies not accountable to anyone. Given how protective the Government is over local media companies, such a ceding of influence and control is not likely to happen.

In Australia, the powerful News Corp led a sustained campaign to lobby politicians to take on Big Tech. There is no equivalent media lobby here.

Even if it wants to rein in Big Tech, Singapore's ability to do so is limited given its lack of market power. In Europe, it took years for Google to agree to pay for links to news articles, and only after tough legislation was enacted.

Both Google and Facebook, meanwhile, are investors in Singapore. Google houses its Asia-Pacific headquarters in Singapore with 1,500 staff. Facebook has about 1,000 employees in Singapore and is building a \$1.4 billion state-of-the-art data centre in Jurong that runs on renewable energy and starts operations next year.

Both have active programmes to market news products for their media partners, which also rely on them to drive traffic to their websites, so the relationship, while asymmetrical in power and benefits, is interdependent.

So while the world watches the Australian franchise of the Big Tech v Big Media battle with interest, it may be that such mandated negotiation is not the route out for other countries' news publishers.

In any case, many media publishers are realising that the most sustainable revenue model is based on subscriptions – producing good journalism that persuades readers to pay for content – and audience engagement, having a direct relationship with readers to understand and meet their needs better.

The Straits Times has found that its efforts to raise content quality across platforms to drive subscriptions

and audiences are bearing fruit. Audience numbers continue to grow and ST's readership and reach across media platforms have never been higher. The challenge is to find ways to monetise such audience numbers and to extract a profit margin high enough to satisfy shareholders.

As is happening around the world, the search for a sustainable media business model continues. Various options are often talked about, including resorting to tax-funded support; finding a “white knight” investor or buyer; or hiving off the media business into a trust or taking it private. Each has its pros and cons; for now, they remain just options.

Meanwhile, for those of us invested in public service journalism and making it sustainable, audiences and readers are won one at a time, article by article, image by image, one story at a time. It is a hard slog, but a battle worth engaging in. **ST**

Australia's News Media Bargaining Code

Australia has passed a world-first law aimed at making Google and Facebook pay for news content on their platforms. Here's what it means:

- Tech companies and news organisations are encouraged to negotiate payment deals for local digital content.
- If negotiations fail, an independent arbitrator can set the price they pay domestic media.
- Smaller media companies can also bargain collectively, or accept standard offers by digital platforms.
- If Google and Facebook refuse to negotiate, they face a penalty of US\$10 million (S\$13.4 million), 10 per cent of annual Australian turnover or three times the benefit obtained, whichever is the greatest.
- The code also forces tech platforms to notify news publishers to changes to their algorithms, which decides which stories are being displayed.
- An amendment to the law requires the government to consider a tech platform's existing contributions to journalism before the code is applied.
- However, if tech giants can satisfy the government by striking enough commercial deals with publishers, the code may never be enforced through forced arbitration.

Source: BBC, Guardian, Sydney Morning Herald

Pulling Myanmar from the brink will be a fraught effort



With little international appetite for force, negotiation is the only way out for the country, say analysts

MOLOTOV COCKTAILS HAVE BEEN SPOTTED on Myanmar streets as the military regime adopts battlefield tactics for use in urban Yangon.

With at least 320 of their compatriots killed, people resisting the Feb 1 military coup are searching for and sharing information on incendiary devices like pressure cooker bombs and other weapons like slingshots.

In this fog of grief, anger and confusion fuelled by junta-mandated Internet blackouts, “negotiation” has become a dirty word. Protesters are bracing themselves for a lopsided showdown against an institution armed to its teeth.

Many people no longer entertain the idea of reinstating the tenuous power-sharing arrangement between the military and civilian politicians before Feb 1. They want the military out.

One sign pasted on a fence in Yangon warned families of military informers “they will be driven out of the ward and their lives are not guaranteed.”

With little international appetite for a more forceful intervention, negotiation remains the only way for a resolution to the crisis in the country, say

analysts. But any attempt, including external ones from big investors like China, will be a fraught and uphill effort.

“If China is really interested in protecting all its significant economic interests in Myanmar, its energies should now be focused on basically having a dialogue with the wider international community on finding where there can be possible entry points for mediation,” says ISEAS – Yusof Ishak Institute fellow Moe Thuzar. “Mediation is imperative, though the ground sentiment in Myanmar is really hardening on that as well.”

Meanwhile, the military is trying to put out several fires at the same time. Commander-in-chief Min Aung Hlaing is pressing ahead with his aim to prove that the Nov 8 election, which swept the National League for Democracy (NLD) to power for the second time, is fraudulent. It has piled increasingly serious criminal charges against deposed NLD leader Aung San Suu Kyi that will rule her out of politics – if and when fresh elections are called after a one-year state of emergency.

His regime has pressed treason charges against key individuals appointed by the Committee Representing Pyidaungsu Hluttaw (CRPH), a group formed to act on behalf of the elected lawmakers thwarted from being sworn in.

CRPH has, in turn, declared the junta a terrorist group and given its blessings to the people to defend themselves.

TAN HUI YEE

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Protesters using fire extinguishers in clashes against the police and military, which use tear gas, sound grenades and rubber bullets, in Yangon on March 7. PHOTO: NYTIMES

A wide-ranging strike has paralysed the banking sector, stalled imports and exports, and throttled logistics networks. As a result, the cost of fuel in Myanmar has spiked 15 per cent nationwide since the coup, says the United Nations World Food Programme.

The regime's attempts to coerce banks to reopen have inadvertently raised fears of a run on the banks. In a leaked memo, it pressed the central bank to order private banks to resume operations or transfer their deposit accounts to state- or military-owned banks.

Foreign investors are on the edge after over 70 people were reportedly killed on March 14, most of them in Yangon's industrial district of Hlaing Tharyar. That day, 32 Chinese-funded enterprises in Yangon suffered some US\$37 million (S\$49.7 million) worth of damage, according to Chinese media. The declaration of martial law in Hlaing

Tharyar sparked an exodus of workers, a further blow to the manufacturing sector.

Ms Moe Thuzar says: "The military seems to be in no position right now to protect the economic enterprises of investors, beyond taking measures such as we have seen in trying to establish what it perceives as control in the country."

Amid shrill anti-China sentiment stemming from the belief that Beijing was propping up the regime, Beijing was slammed again after its embassy in Myanmar urged protection for Chinese lives and property without mentioning how many locals had been killed that same day.

University of Hong Kong political scientist Enze Han says China is caught in a bind. "You have lots of things at stake and if you antagonise the military, the consequences for your interests can also be

Political crisis pushes Myanmar economy towards cliff edge

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GROCERY SHOPS CAN WEATHER PANDEMICS, BUT can they survive a coup? That's the worry that haunts Mr Kyaw San Min, who sells items such as cooking oil, rice and chilli from his store in northern Yangon.

Resistance against the Feb 1 military takeover in Myanmar has drawn an increasingly violent response from the regime. Police and soldiers are trying to disperse peaceful protests with live rounds on top of rubber bullets and tear gas. At least 320 people have been killed so far and over 2,000 arrested, according to the Assistance Association for Political Prisoners.

Some police officers have also destroyed shops and allegedly taken goods without paying. As an essential business, Mr Kyaw San Min's grocery shop thrived when Covid-19 pandemic restrictions forced other enterprises to shutter. But he now closes shop whenever security forces are sighted.

"I have to close my shop not because of the protesters, but because police and soldiers are stealing and robbing us," he told The Straits Times, referring to local media reports of these alleged incidents. The regime's spokesman could not be reached for comment.

Entrepreneurs contacted by The Straits Times – many of whom declined to be named for fear of reprisals by the junta – describe an increasingly onerous business environment.

A general strike has shuttered banks and severely limited the amount of kyat that can be withdrawn for use in the cash-dependent economy. The regime, which has blocked Internet access from 1am to 9am every day and imposed a nationwide mobile Internet blackout since March 15, has also banned social media applications like Facebook, widely used in e-commerce.



A notice advertising jobs for labourers and construction workers in Yangon on March 18 after mass civil disobedience campaigns idled the economy in Myanmar. PHOTO: NYTIMES

Some importers, wary of delays caused by Customs officials on strike, are putting shipments on hold, said one major commodity distributor. The same is happening for exports.

According to local journal Frontier Myanmar, cargo that cannot be processed is piling up at Yangon ports. This, combined with the difficulty of transporting goods to neighbourhoods which now look like war zones, is nudging up prices of basic goods.

The value of the kyat has yet to recover from its post-coup drop and it continues to trade at more than 1,400 to one US dollar. Analysts and business owners are bracing themselves for a seizure in Asean's poorest economy if negotiations do not start soon to end the political deadlock.

"If there is a total disengagement from the global economy, it's really going to hit us... Recovery will be very slow whichever way the political turmoil turns out," said Ms Cheery Zahau, a human rights activist and board member of the Myanmar Economic Forum think-tank.

"In the worst-case scenario, there would be social

quite bad,” he said. “Many Chinese investments in Myanmar are infrastructural and they do need the military’s blessing for those projects to be maintained in a particular order.”

On top of that, Chinese foreign policy has to balance competing and sometimes conflicting interests among ministries and powerful state-owned enterprises. The latter is often involved in energy and hydropower projects.

But Dr Han says China should be “more forceful” in its engagement with Myanmar’s military. It is likely currently doing “lots of backdoor pressuring, on both the military as well as the NLD, to come into negotiation”, he said.

It must be said that Myanmar has yet to fall into failed state territory. While the Kachin Independence Army, one of 20 armed ethnic groups, clashed with

the military, most of the others have refrained from similar confrontation despite refusing to engage with the junta.

Some believe cooler heads within Myanmar’s anti-coup movement – honed through years of clandestine operations under earlier decades of military rule – will eventually prevail.

Dr Jane Ferguson, an anthropologist from the Australian National University, says: “There are political parties and workplace organisations, unions, experienced civil society organisations and political organisers that are part of this. There are people who really know the language of political organisation and negotiation as well, so I am confident they would have the ability to negotiate.”

Getting the military to the table is another matter altogether. **SI**

unrest if people run out of money and cannot afford basic needs,” she said. “On the other hand, we have experienced this time and again, and people are resilient.”

Commander-in-chief Min Aung Hlaing, now presiding over a regime increasingly isolated by the international community, claims that the 2020 general election won by Ms Aung San Suu Kyi’s National League for Democracy party was fraudulent.

While his junta promises to hold another election after the one-year state of emergency, it has also progressively piled criminal charges on the deposed 75-year-old State Counsellor, in what is widely interpreted as a way to end her political career. It has cancelled the licences of five media outlets and prosecuted journalists.

On March 11, the senior general stressed the need to revive the economy, ramp up production and attract foreign investment. It is unclear how this can be achieved, with a strike that has not only closed public hospitals and railway lines but also shrunk manufacturing activity.

Factory workers have joined the strikes in an attempt to draw away security forces now trying to intimidate civil servants back to work.

“It’s really important that workers from the private sector join the civil disobedience movement. If we don’t, the world may think workers accept the military coup,” Ms Khaing Zar Aung, president of the Industrial Workers Federation of Myanmar, told ST. “Businesses cannot run regularly under the military coup. We have to show that.”

Companies now have to navigate this charged environment, where any hint of cooperation with the military regime can trigger consumer boycotts – or worse. Protesters have threatened to sabotage the oil pipeline running from western Myanmar to China’s Yunnan province in retaliation against Beijing’s alleged support of the regime.

There are few signs that the junta will step back

despite growing sanctions and a standing offer by Asean to broker a political settlement.

“The medium-term growth outlook for Myanmar will deteriorate as a result of the coup, crackdown, and likely move to ‘elections’ that are tilted in favour of the military but do not solve the underlying problem – with economic reform deprioritised during this time,” said Eurasia Group analyst Peter Mumford. “Many investors will be re-evaluating the longer-term business opportunities in Myanmar.”

Mr Pyae Sone Win, who runs a factory producing plastic boxes, said his revenue has plunged 90 per cent since the coup. He will need to retrench workers if these conditions drag on.

“No matter which side wins, it will take almost one year to recover from the economic damage from this coup,” he said. Yangon jeweller Ei Khine Win has kept her shop shut since the coup for security reasons.

“I had this shop for more than 20 years and I never thought my business would end,” she said. “For the first time in my life, I am worrying that my business may collapse.”

A senior business executive said his 200-strong tech start-up, which offers travel and delivery services, cannot function when the Internet goes dark. He is fretting over rumours that the junta may even block access to common cloud-hosting services like Amazon Web Services or Google Cloud. “This can kill almost all start-ups,” he said.

Grocer Kyaw San Min, meanwhile, is trying to maintain his prices despite wholesale prices creeping up.

“The distributors used to send stocks to my shop. Now 60 per cent of them don’t come because they are afraid,” he said. “I have to travel to many places to restock. But there is simply less supply because some factories have closed down.”

He had dreamt of expanding his grocery business before the coup, he said. “Now, I am struggling just to get by.” **SI**

– Additional reporting by Kyaw Za

I had this shop for more than 20 years and I never thought my business would end. For the first time in my life, I am worrying that my business may collapse.



– **MS EI KHINE WIN**, a Yangon jeweller, who has kept her shop shut since the Feb 1 coup for security reasons.



A picture of detained civilian leader Aung San Suu Kyi is seen as Myanmar migrants living in Thailand hold hands during a memorial in Bangkok on March 4, to honour those who died during demonstrations against the military coup in their homeland.

PHOTO: AFP

Suu Kyi slapped with bribery charge

Myanmar's military charged ousted leader Aung San Suu Kyi with violating an anti-corruption law, which carries a maximum of 15 years in prison, according to a broadcast on state-run MRTV on March 18. That adds to four other charges the junta had previously filed at a court in Naypyitaw, the capital.

The broadcast showed a video clip of Say Paing Construction chairman Maung Weik saying that he paid US\$550,000 (\$737,000) to Ms Suu Kyi at her residence in four batches from 2018 to April last year in order to be able to do his projects smoothly. He said there were no witnesses.

The authorities have prevented Ms Suu Kyi from meeting her legal team, which has denied wrongdoing and views all the charges as political.

A court hearing for Ms Suu Kyi scheduled for March 15 and March 25 were postponed due to a lack of Internet access at the court, as the regime cut communications to stem nationwide protests that have left at least 320 people dead.

The junta accused Ms Suu Kyi of using some funds donated to the Daw Khin Kyi Foundation for personal gain, leasing state-owned land for the foundation's office and purchasing land for a vocational training centre in Naypyitaw at a lower price than the market value.

Previously, she was charged under the Export-Import Law, the Natural Disaster Management Law, Telecommunications Law and Incitement under a section of the colonial-era penal code. **ST** - BLOOMBERG

MALAYSIA

PKR seeks to call the shots in Malaysia's opposition but allies resist as Anwar looks to Umno tie-up

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PARTI Keadilan Rakyat's (PKR) push to regain dominance in Pakatan Harapan (PH) has been met with pushback from its partners in the coalition wary of Datuk Seri Anwar Ibrahim's growing closeness to erstwhile nemesis Umno.

The central roles of PKR and its president Anwar in the pact - and indeed Malaysia's opposition since the party's inception in 1998 - eroded after PH allowed Tun Dr Mahathir Mohamad to join five years ago, especially when the elder statesman reclaimed the premiership following their shock 2018 election win.

PH officials and insiders say PKR's unilateral rapprochement with the once-dominant Malay party Umno, recruitment of lawmakers from ally Parti Amanah Negara and insistence on controlling key positions in the coalition are part of a move to ensure Mr Anwar can dictate terms ahead of and after fresh polls expected within months.

He had been denied the chance to succeed Dr Mahathir as promised when the government was ousted by defections last year after just 22 months in power.

The Straits Times has also learnt that the presidential council - the pact's top decision-making body - has called for a showdown retreat in April to lay their cards on the table.

"We need to address the many elephants in the room, especially this talk of cooperation with Umno," a member of the council said on condition of anonymity. "The terms should be beneficial to PH, not just Anwar's PM ambitions."

After Mr Anwar confirmed on March 16 that talks had been held with Umno - currently led by Zahid Hamidi, whose camp includes former premier Najib Razak and several others who cumulatively face hundreds of graft charges - lawmakers from other opposition parties insisted in a joint statement on March 17 they should instead "cement (their) cooperation and unity".

Among the signatories were Amanah deputy president Salahuddin Ayub, who sources say had made his displeasure clear about PKR taking in three former Amanah Johor assemblymen in February.

"We call on Opposition Leader Anwar to strengthen the opposition bloc and reject any cooperation with kleptocrats," said the statement which was also inked by PH partner Democratic Action Party's (DAP) Johor chief Liew Chin Tong.

In the two decades that he led the opposition, Mr Anwar failed to dismantle the Umno-led Barisan Nasional's (BN) hold on power. But PH succeeded in 2018 while he was controversially jailed on sodomy charges, with Dr Mahathir leading the charge after he broke ranks with Najib over the 1MDB saga.

Dr Mahathir's subsequent Cabinet picks from PKR were largely those aligned with Mr Anwar's then deputy Azmin Ali, most of whom then defected in the so-called Sheraton Move a year ago to support current Prime Minister Muhyiddin Yassin.

After Mr Anwar failed to gain sufficient backing for a countercoup, DAP - now the largest opposition party in Parliament following the defections - and Amanah proposed Parti Warisan Sabah president

The PH partners are at loggerheads again as PKR seeks to cement its preeminence.



Shafie Apdal as PM candidate.

Mr Anwar has since made overtures to Zahid, whose faction in Umno feels sidelined by the Muhyiddin administration, but this continues to be met with resistance from PH allies.

Now, the PH partners are at loggerheads again as PKR seeks to cement its preeminence. PKR wants the coalition to use its flag at the next election – as in 2018 when the BN government refused to register PH – instead of the alliance’s logo which it claims “has been tainted by Mahathir”, a source said.

It has also tried to control all national level offices in the pact by staking a claim to the youth and women’s wing leaderships.

PKR secretary-general Saifuddin Nasution Ismail already controls the PH secretariat and while Amanah vice-president Husam Musa is the coalition’s treasurer, he is one of several pro-Anwar leaders in Amanah and DAP who have backed the former deputy premier’s leadership at every turn.

But DAP and Amanah banded together to ensure the former is in charge of the women’s wing and the latter the youth. PKR youth – known as Angkatan Muda Keadilan (AMK) – decried the move to deny their leader Akmal Nasir the leadership as one that would further jeopardise cooperation in the alliance.

“AMK acknowledges current tensions between PH partners. Frankly, AMK members are deeply affected by calls from PH’s top leadership to reform political pacts with individuals who have betrayed our president (Anwar),” said a memo to DAP and Amanah youth chiefs seen by The Straits Times.

“Placing AMK chief (Akmal) as PH youth chief will help bring the grassroots, especially AMK, to the right focus,” added the letter signed off by AMK



secretary Syukri Razab.

DAP youth chief Howard Lee told ST: “PH was founded on the principles of equitability among all partners. All parties should be empowered and entrusted with leadership.”

The upcoming planned retreat is aimed at making headway in resolving the coalition’s internal conflicts, but it could just as well highlight unbridgeable chasms, especially ahead of crucial seat negotiations for the polls PM Muhyiddin has promised once the coronavirus-induced state of emergency expires in August.

With Tan Sri Muhyiddin’s Parti Pribumi Bersatu Malaysia no longer part of PH, this means a whopping 52 out of the 222 parliamentary wards are up for grabs.

Former agriculture minister Salahuddin told ST: “For sure PKR will have more numbers than Amanah, but I think for Amanah we have to fight for reasonable numbers.” **ST**

PKR president Anwar Ibrahim (left) confirmed that talks had been held with Umno – currently led by Zahid Hamidi (right), whose camp includes former premier Najib Razak and several others who cumulatively face hundreds of graft charges. PHOTOS: EPA-EFE, BERNAMA

INDONESIA

All eyes on Jokowi’s response to split in opposition party

President Widodo has yet to comment on the crisis. His silence will only hurt the state of democracy in the country, analysts say.

INDONESIAN PRESIDENT JOKO WIDODO HAS been caught in a showdown between two former military generals over who leads the nation’s top opposition party, and his response will reflect his commitment to democracy, analysts say.

Dr Moeldoko, the President’s chief of staff and a

retired army general, was named chairman of the Democratic Party at an extraordinary congress in North Sumatra province, ousting Mr Agus Harimurti Yudhoyono, the son of Mr Widodo’s predecessor, Dr Susilo Bambang Yudhoyono.

Mr Agus swiftly slammed the congress as “illegal and unconstitutional” and maintained that he was still chairman. His father said the event was not approved by the party’s high council, which he chairs, and the attendance numbers fell short of the minimum set by the party’s Constitution.

Dr Yudhoyono, himself a former army general, called on the President’s “integrity and wisdom” to address Dr Moeldoko’s attempt to take over the

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Dr Moeldoko (left), chief of staff to President Joko Widodo (centre) and a retired army general, was named chairman of the Democratic Party at an extraordinary congress in North Sumatra province, ousting Mr Agus Harimurti Yudhoyono (in blue), the son of Mr Widodo's predecessor, Dr Susilo Bambang Yudhoyono. PHOTOS: BLOOMBERG, ST FILE, ANTARA

Dr Moeldoko is unlikely to give up his post as presidential chief of staff, which is his strength and allure.



party that Dr Yudhoyono founded in 2001.

Coordinating Minister for Political, Legal and Security Affairs Mahfud MD has said the congress could not be prevented as the law protects the right to an assembly. As it stands, the Ministry of Law and Human Rights will now have to decide on the legitimacy of Dr Moeldoko's appointment, being the authority to recognise a political party's internal leadership.

Analysts say Dr Moeldoko - who goes by only one name - was possibly preparing early to run in the presidential election in 2024.

Indonesian election law dictates that a presidential candidate be backed by a group of political parties that hold a total of 20 per cent of parliamentary seats. An alliance comprising the Democratic Party, which currently holds 54 of the 575 parliamentary seats, and a few other parties would fulfil Dr Moeldoko's target, the analysts say.

Democratic Party members, meanwhile, were trying to boost the party's waning popularity by selecting a strong figure who could match Dr Yudhoyono's political standing, analysts say. Some of these members were also unhappy over the alleged nepotism surrounding Mr Agus' succession as party chairman from Dr Yudhoyono last year, and bemoaned his lack of political experience.

"As presidential chief of staff, Dr Moeldoko has power. He is also considered very close to the palace and President Jokowi. Meanwhile, Dr Yudhoyono is no longer in power and Mr Agus is a newcomer to national politics," Indonesian Institute of Sciences political researcher Siti Zuhro told The Straits Times.

What is unclear is whether Mr Widodo, or Jokowi as he is better known, had a hand in the takeover, leveraging the powers of his office to expand his support base, as alleged by critics.

"Like it or not, Jokowi's name will be dragged into the controversy and public trust in the President could decline," she added.

Dr Moeldoko is unlikely to give up his post as presidential chief of staff, which is "his strength

and allure", Mr Ray Rangkuti, executive director of Indonesian politics watchdog Lingkar Madani, told The Straits Times.

Hence to calm critics, the President could "deactivate" Dr Moeldoko until there is clarity on the legality of the congress or dismiss him so as to focus on party matters.

"If Dr Moeldoko keeps both titles, it will be difficult for the (presidential) palace to dismiss rumours linking his activities with the interests of the palace," said Mr Rangkuti.

As far as Indonesian politics go, such incidents of divide and conquer by political figures close to the government are not new. Similar fates have reportedly befallen the National Mandate Party, the Golkar Party and the United Development Party.

Mr Widodo has yet to comment on the crisis. His silence will only hurt the state of democracy in the country, analysts say.

Professor Saiful Mujani, a political scientist and founder of Jakarta-based polling company Saiful Mujani Research and Consulting, said the decision of the Ministry of Law and Human Rights would be weighed more heavily on bureaucratic rather than legal considerations. Hence Dr Moeldoko's appointment could be recognised by the government.

The pro-Yudhoyono camp could then bring the political dispute to court, which would likely take a "long time to settle, long enough to keep them out of the next election", said Prof Saiful.

He added: "If Moeldoko takes over the Democratic Party, the strength of the opposition in Parliament will diminish. There's almost no checks and balances; what kind of democracy is it? The Indonesian democracy is dead."

Without the Democratic Party, the only opposition party left in Parliament would be the Islam-leaning Prosperous Justice Party with 50 seats.

Prof Saiful said: "If Jokowi stays silent, it means he allows the backsliding of Indonesian democracy to happen." **ST**

Getting ready for Spacs

Singapore's regulators and investors must be mindful of the risks and rewards of Wall Street's latest fad.

SPACS, OR "SPECIAL PURPOSE ACQUISITION companies", might soon be coming to Singapore. The Singapore Exchange (SGX) is considering allowing some version of Wall Street's hottest investment product, which provides investors with an unusual route to taking stakes in innovative companies, to list in Singapore this year.

SGX is about to launch a public consultation exercise with financial industry players to assess the appetite for Spacs. It had done this in 2010, but, at that time, the reaction was lukewarm. But as SGX chief executive Loh Boon Chye pointed out in an interview with Bloomberg, "the world has changed. Capital markets have evolved." So has the start-up economy in Singapore and the rest of South-east Asia.

BLANK-CHEQUE COMPANIES

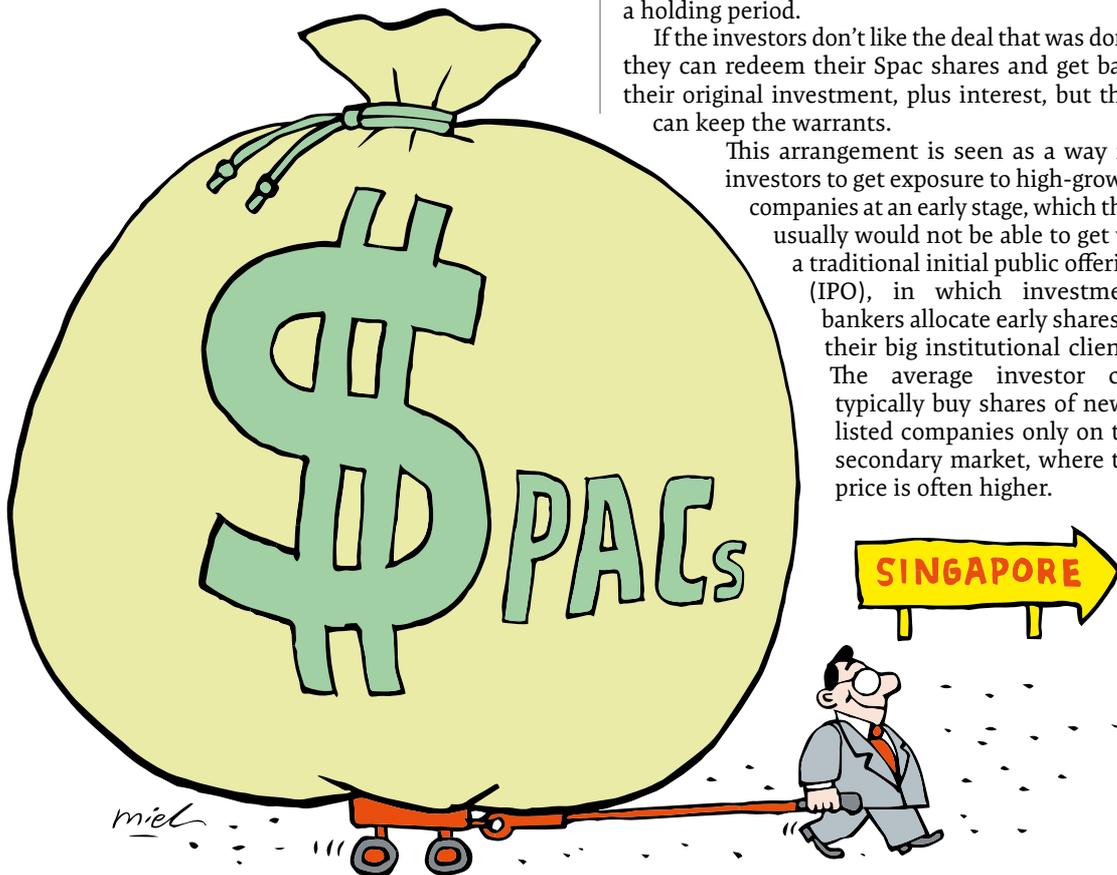
So what is a Spac? Basically, it's a shell company set up by venture capitalists and other professional investors (but lately, also by sports celebrities and former politicians) whose sole purpose is to raise money to buy other companies. Retail and institutional investors invest in the shell, without knowing what it will end up buying. They are betting on the savviness of the Spac's founders to find a great company of the future in which they can invest before it goes public. That's why Spacs are also called "blank-cheque companies."

While hunting for target companies, Spac founders are required to keep the money they have collected from investors in some safe and liquid asset such as short-term US Treasuries. The founders have two years in which to find their target, which is then merged with the Spac.

If they don't find a target, the public investors get their money back. If they do, investors can swap their shares in the Spac for shares in the new, merged entity. They may also get warrants, which give them the right to buy additional shares in the new entity at a 15 per cent premium after a holding period.

If the investors don't like the deal that was done, they can redeem their Spac shares and get back their original investment, plus interest, but they can keep the warrants.

This arrangement is seen as a way for investors to get exposure to high-growth companies at an early stage, which they usually would not be able to get via a traditional initial public offering (IPO), in which investment bankers allocate early shares to their big institutional clients. The average investor can typically buy shares of newly listed companies only on the secondary market, where the price is often higher.



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Spacs are now all the rage. According to the resource website SpacInsider, which tracks these investment vehicles, 248 Spac IPOs were done last year, compared with 216 from 2009 to 2019.



ST ILLUSTRATION:
MIEL

As a reward for putting the deal together, the Spac promoters usually get about a 20 per cent stake in the merged company for a nominal price – typically just US\$25,000 (S\$33,000).

Spacs are now all the rage. According to the resource website SpacInsider, which tracks these investment vehicles, 248 Spac IPOs were done last year, compared with 216 from 2009 to 2019. This year looks even more promising. In just seven weeks, Spacs raised more than US\$45 billion in funding – more than half the US\$79 billion they raised last year.

WHY SPACS ARE HOT

For companies looking for funding, Spacs have the virtue of being able to raise capital faster than a traditional IPO – a Spac transaction can be completed in six weeks, versus about six months for an IPO.

Speed is important because companies are unsure what market conditions will be like six months later – especially if stock markets are near record highs and vulnerable to crashing. Moreover, Spacs are cheaper for the company than an IPO, which involves a lot of paperwork and rigorous vetting.

Spacs also offer target companies greater certainty about how much funding they will get. In a traditional IPO, there is no certainty – the amount raised depends on the pricing of the IPO by investment bankers, based on their judgment of what the market will pay for shares in the company.

IPOs are often mispriced. For example, an IPO that prices a company's shares at \$10, which then pops to \$13 on the day of listing, means the company could have raised \$13 per share instead of \$10. With Spacs, the amount of capital a company will raise is more certain.

Low interest rates are also Spac-friendly. After they buy into a Spac, investors may have to wait for two years before the Spac finds a target company to merge with. But with interest rates at close to zero and expected to remain there till at least 2023,

investors don't mind much leaving their money tied up for two years, especially if they have a chance of making gains after a deal is done. Spacs are therefore seen as cash substitutes with a possible bonus.

THE LURE OF SOUTH-EAST ASIA

Spac sponsors see big opportunities in South-east Asia. The low-hanging fruit are the region's unlisted unicorns – companies valued at over US\$1 billion – which include the ride-hailing, delivery and digital payments companies Grab and Gojek; the e-commerce giants Lazada, Tokopedia and Bukalapak; and the online travel services company Traveloka.

Some of these have ambitions to list and are already being courted by Spacs. Besides the unicorns, there are hundreds of other technology companies across the region that could be potential listing candidates. The success of the gaming, e-commerce and digital payments giant Sea Group – which has had a dazzling run on the New York Stock Exchange – has also whetted the appetites of United States investors in South-east Asian companies, which they had previously ignored.

Spacs could also be a growth opportunity for SGX, which has seen a spate of delistings in recent years, struggled to attract new listings and has also been hit by some high-profile failures or near-death experiences among its listed corporates such as Noble Group Holdings, Ezra Holdings, Hyflux, Midas Holdings, YuuZoo Networks Group and Eagle Hospitality Trust.

And SGX does not have much competition when it comes to becoming a Spac hub for the region. Its traditional competitor, the Hong Kong Exchange, has tough rules against “back-door” listings that would disqualify Spacs. Although these rules could change, Spac sponsors seem to prefer Singapore to Hong Kong as a potential listing venue. But SGX would have a lot of issues to consider before permitting Spacs to be listed here.

Blank-cheque company craze spreads to Asia

A RAFT OF FUNDS AND FINANCIERS IN ASIA is leveraging their deal-sourcing capabilities and understanding of US capital markets to jump on one of the hottest bandwagons on Wall Street – special purpose acquisition companies or Spacs.

Among them are former Deutsche Bank and Lehman Brothers banker Joaquin Rodriguez Torres, who is now talking with more than a dozen companies in the region for his Spac Poema Global Holdings that just raised US\$345 million (S\$458.6 million).

Others diving into the action include LVMH-backed L Catterton's Asia unit, Hong Kong tycoon Richard Li, Singapore-based healthcare entrepreneur David Sin and former hedge-fund manager George Raymond Zage.

With trillions of dollars in stimulus flooding into the global economy and investors betting on a sustained rally in capital markets this year, the flurry of Spacs that has listed is racing against time to identify targets they can acquire before their 24-month post-initial public offering expiration dates arrive.

But anyone looking for targets could run into a supply and demand issue. There aren't that many quality potential companies to merge with vis-a-vis the amount of Spacs currently around, according to Mr Sin, whose 2019 Spac SC Health Corporation raised US\$150 million.

But, at the same time, interest from within the region is growing.

MIND THE RISKS

While there will almost certainly be greater enthusiasm among Singapore's financial community for Spacs today compared with 2010, companies and investors would need to be wise to some of the risks associated with Spacs.

The risks for target companies include the possibility of their merger with Spacs being rejected by Spac shareholders as well as the risk of high redemptions of Spac shares, which would reduce the amount of funds the Spac would be left with to pay for the company. Although Spacs usually try to mitigate this risk by raising extra funding from institutional investors, there is still some risk.

Investors should be mindful of the risks of betting on the sponsors of Spacs rather than on the companies they buy. Many sponsors would be unknown to retail investors here.

Spac deals also involve less rigorous due diligence of companies than regular IPOs. The risk here may be compounded by the two-year time limit that sponsors have to identify a target and complete a merger. The deadline could result in sponsors finding a low-quality target company – just to get a deal done – and/or overpaying for the target they identify. The greater the number of Spacs relative to targets, the higher the chances of low-quality targets being chosen.

Targets should also be ready to go public – which involves having internal controls and compliance processes in place. Many South-east Asian companies are not ready, even if they have good businesses.

Investors should also be aware that they are, in effect, subsidising the sponsors of the Spac, who get to own 20 per cent of the target company – so about 20 per cent of investor funds goes to the sponsor. The stock price of the company bought by the sponsors would have to do extremely well for investors to make money, but the sponsors stand to

benefit even if the stock price disappoints, because they paid virtually nothing for their stake.

There are cases where investors have made handsome gains following Spac acquisitions in the US, as in the space exploration company Virgin Galactic, the online sports betting firm DraftKings and the real estate digital platform Opendoor. But studies show that the majority of Spac acquisitions have not delivered positive returns for retail investors – especially those who do not, or cannot, redeem their shares in Spacs. Spac founders, by contrast, have almost always made huge gains.

While institutional investors will be familiar with these risks, retail investors and many potential target companies may not. A massive effort in investor education will be needed to explain the possible upsides and downsides before the Singapore market can be considered ready for Spacs.

If SGX decides to go ahead with allowing Spac listings, it will have some big decisions to make: among them, what minimum qualifications Spac sponsors will need to have, how funds collected from investors must be deployed before being injected into target companies, whether to mimic or modify the typical US model of allowing Spac founders to get 20 per cent control of Spacs at a nominal price (some US Spacs have modified this structure), and what rights retail investors will have.

It will need to strike a balance between avoiding regulations that are too onerous for Spacs – which would only result in listings of Spac-sponsored Asian companies migrating to the US – and also ensuring that investors get decent levels of protection.

If SGX gets it right, Singapore could become Asia's hub for Spacs, which would energise the venture capital industry, open up new avenues for funding innovative companies around the region and create a new asset class for investors in which risks and rewards are fairly balanced. [ST](#)

“We're going to see a lot of competition among sponsors fighting for companies in Asia,” said Beijing-based Liao Ming, a former Morgan Stanley banker and the founding partner of Prospect Avenue Capital, an investment fund overseeing US\$500 million of assets focusing on mostly tech deals in China.

“To pull off a successful Spac you need to have a famous sponsor but also great deal-sourcing ability.” [ST](#) – BLOOMBERG

LVMH-backed L Catterton's Asia unit, Hong Kong tycoon Richard Li (right) and former hedge-fund manager George Raymond Zage (far right) are also jumping into special purpose acquisition companies or Spacs.

PHOTOS: BLOOMBERG, ST FILE



Global chip shortage drives regional growth

The global scramble to secure scarce semiconductor supplies has driven faster growth in Asia with demand for chips used inside cars, touch screens and work-from-home gear rising during the pandemic. Here's a look at what's happening in China and Taiwan.

ST ILLUSTRATION:
CHNG CHOON HIONG

Business Watch

China has a chip on its shoulder

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Some analysts believe that while the US' blacklisting of Chinese firms last year might have put a dent in China's technological ambitions, it could in fact be a shot in the arm in the long term.

WHEN CHINA'S PARTY LEADERSHIP OUTLINED short- and medium-term economic goals in its 14th Five Year Plan, it pledged to turn the nation into a technological powerhouse and move it towards developing self-reliance in tech.

Key to that is for China to be completely independent of global supply chains in semiconductor chips, the microprocessors used to power everything from artificial intelligence (AI) operations to mobile phones and automobiles.

After threats by Washington to ban chip exports in 2015, Beijing embarked on efforts to create a localised semiconductor industry.

However, in spite of leading the field in areas like the Internet of Things (IoT) and AI, China is still deeply reliant on manufacturers of high-end semiconductor chips in Taiwan, South Korea and Europe.

The risk of such a reliance came to the fore amid the Covid-19 pandemic, when a global shortage in semiconductor chips forced carmakers to warn of delayed vehicle deliveries.

The shortage is the result of manufacturers switching production lines to meet the increasing demand in consumer electronics.

Chinese Premier Li Keqiang announced a 10.6 per cent increase in research and development funding, along with an expansion in "specialised production", a reference to high-tech manufacturing including in semiconductors.

"The layout of emerging industries will be planned in a well coordinated way," he told lawmakers and senior leadership at the annual opening of the National People's Congress.

The country will also put in place a national standard, with an increased emphasis on quality, Mr Li added without going into specifics.

The emphasis on technological development and production coming from the very highest level of government is an indication of the nation's urgency.

A late start means Chinese chipmakers are about two generations behind the current leading standards. The world's top semiconductor makers are now mass producing 5 nanometre chips, which are being used in the Apple iPhone 12.

Semiconductor chips which require more processing power in a smaller footprint are harder

to produce as there is a lower margin for error.

China's largest chipmaker – Semiconductor Manufacturing International Cooperation (SMIC) – has completed making only prototypes of a 7nm chip late last year. Its current top of the line product is a 14nm chip.

This lag is the result of a lack of access to manufacturing equipment and a gap in process knowledge among Chinese engineers.

Five-nanometre chips rely on a process called extreme ultraviolet (EUV) lithography, which uses lasers to carve intricate circuit patterns on wafer boards with an extremely low margin of error.

The technology has been patented by only one company in the world – Dutch firm ASML – which has sold its machines to leading manufacturers, including Taiwan's TSMC, South Korea's Samsung and Intel.

But SMIC's machine order was reportedly blocked after the United States government intervened on the basis that output from the technology could end up in weaponry used by the Chinese military.

There is also a lack of engineers in China who understand the process of chip-making, said technology analyst Matt Sheehan of the Macro Polo think-tank at the Paulson Institute in Chicago.

"It's process knowledge; not something you can write down in a blueprint. You need engineers who have gone through the process of making it because it's problem-solving at every step of the way," Mr Sheehan said. This is a problem China is trying to remedy in the short term by importing engineers from South Korea and Taiwan while the local industry gains maturity, he added.

Beijing has also been implementing tax incentives for Chinese firms making integrated circuits while also offering incentives for companies to streamline their processes to build a smoother supply chain.

But there is another snag in the process: The US government has placed 60 Chinese companies, including SMIC, tech giant Huawei and surveillance equipment firm Hikvision on a restricted trade list.

The US cites national security risks and foreign policy interests as the reasons. American firms or those selling US-proprietary technology would need to apply for a special licence before trading with these companies, the US government said.

Last May, the US Department of Commerce also announced a ban on chipmakers that use US technology from supplying semiconductors to Huawei.

It means that even chipmakers like TSMC, which was contracted by Huawei to manufacture its in-house designed Kirin mobile phone chip, can no longer continue the partnership.

The chip is in Huawei's latest handset release, the Huawei Mate X2. The firm had been stockpiling semiconductors ahead of the US Department of Commerce's September deadline last year.

Some analysts believe that while the US' blacklisting of Chinese firms last year might have put a dent in China's technological ambitions, it could in fact be a shot in the arm in the long term.

China's biggest firms, key to its industrial policy,



are often the top 100 or so state-owned enterprises. Yet because of their links, these companies are often more focused on political objectives than demanding quality, wrote technology analyst Dan Wang of research firm Gavekal Dragonomics in a commentary on Bloomberg News.

While this has produced results in areas like solar panels and high speed rails, these state-owned enterprises struggle in industries like semiconductors and wide-body jets.

"It's possible that US sanctions could hobble companies such as SMIC and Huawei before they can measurably improve the quality of local suppliers," he wrote.

"But technology lives in people's heads and China's tech champions have been eagerly recruiting engineers, scientists and academics; those employees will inevitably find new homes or start companies of their own." [ST](#)

Chipmakers like TSMC, which was contracted by Huawei to manufacture its in-house designed Kirin mobile phone chip, can no longer continue the partnership. PHOTO: AFP

Why do chips matter?

What exactly is a semiconductor?

A computer chip, also called a semiconductor or integrated circuit, is a series of electronic circuits printed onto a conducting material, usually silicon. They form the physical building blocks used to make computers and run software. Over the years, chip designers have managed to squeeze more and more circuits into smaller spaces, making computers exponentially faster and cheaper.

Why don't the chip companies just make more?

Unlike car engines or toys, chips need to be built in factories with highly controlled environments, known as "fabs." Specks of dust, temperature spikes and even static electricity can damage the intricate workings of semiconductors. New chip fabs cost billions of dollars and can take two years to build. Right now, fabs are running at full capacity, but it will take months or years before new ones come online to fill the extra demand.

What other factors led to the shortage?

During pandemic lockdowns, people at home poured money into new computers and video game systems. Electronics companies bought up all extra chips to meet that demand, causing a shortage for motor-vehicle companies who had ordered fewer chips needed to make their cars run. When these companies realised people still wanted cars, it was too late. New 5G phones also use a lot more computer chips than previous generations of handsets. About a quarter of all phones sold in 2020 were 5G-ready, so the industry suddenly put a massive new strain on chip production, said Mr Matt Bryson, a semiconductor company analyst with Wedbush Securities. President Donald Trump's trade war with China also had an impact.

Source: Bloomberg



TSMC and several other major chipmakers have promised to help with the global automotive chip drought that has hit carmakers like Ford, Volkswagen, Nissan and others.
PHOTO: REUTERS

Taiwan can provide only limited help in global chip shortage

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Companies like TSMC haven't been handling that many automotive chip orders in the first place, so these emergency orders would cause a great deal of stress for them in production.



Island's production capacity already stretched even as demand keeps rising

AS THE WORLD SCRAMBLES TO TACKLE A shortage of semiconductor chips, the spotlight has fallen on Taiwan, a major global chip supplier.

Carmakers, in particular, are hoping that Taiwan could help plug the gap in the global supply of automotive chips. The island has received requests for help from countries including the United States and Germany.

But analysts say there is a limit to how much Taiwan can plug the shortage of semiconductor chips, as panic order may persist and the island's production capacity is already stretched.

The global market hit US\$440.4 billion (\$590 billion) in 2020, compared with US\$418.3 billion in 2019, as Covid-19 stay-home measures led to an increase in demand for personal smart devices and other electronics.

Taiwan's Industry, Science and Technology International Strategy Centre said in February that the global demand for semiconductor chips will likely stay strong through this year, and predicted that the island's semiconductor industry will see a record-high output of NT\$3.49 trillion (\$167.4 billion).

"The semiconductor industry has been doing really well, which bodes well for Taiwan in the coming year as well," said Mr Yao Chia-yang, a

senior semiconductor analyst at market consulting company Trendforce.

The island's semiconductor production plays a major role in its IT industry, with a robust supply chain and strong capabilities in wafer manufacturing giving Taiwan companies an edge over others.

Taiwan Semiconductor Manufacturing Company (TSMC) takes up the lion's share of more than 50 per cent of the global contract chipmaking market, having raked in NT\$1.33 trillion last year – a 25 per cent growth from the year before.

TSMC and other chipmakers decline to say how much they will boost their production this year, but Mr Yao believes the companies are already pushed to the limit with the extra orders.

TSMC and several other major chipmakers such as United Microelectronics Corporation and Powerchip have promised to help with the global automotive chip drought that has hit carmakers like Ford, Volkswagen, Nissan and more.

This is even though in January, TSMC reported that automotive chips brought in a mere 3 per cent of its fourth-quarter revenue in 2020. Its main earnings came from smartphones at 51 per cent, and high-performance computing chips at 31 per cent.

TSMC spokesman Nina Kao told The Straits Times: "(TSMC) understands that the chip supply shortage is a shared concern of the automotive industry and we have been working with all parties to alleviate the capacity supply issues."

To ensure that production is not disrupted as Taiwan's reservoir levels fall low due to a lack of rain, TSMC even began buying water by the truckload.

Ms Kao confirmed that the company is reallocating part of its production capacity to making automotive chips and has also distributed production to its Tainan facilities. The other facilities are in Hsinchu and Taichung.

Mr Yao thinks TSMC is already being pushed to its limits, with orders lined up a year ahead of time. There has been panic ordering of chips by carmakers and original equipment manufacturers (OEMs) since early last year after world supply chains were disrupted because of Covid-19, said Mr Yao.

"In fear of running out of chips, these companies began pulling as much inventory as they can from foundries, but the foundries didn't have enough in stock," he explained.

And the panic ordering has continued into the first quarter of this year. "These governments (seeking Taiwan's help) should be aware that it would be almost impossible to fulfil their urgent demands completely," said Mr Yao.

Research fellow Liu Pei-chen from Taiwan Institute of Economic Research (Tier) agrees with Mr Yao. She said: "We can't expect the foundries to scrap the orders that were already lined up a year ago. Taiwan can do its best to help, but the shortage will likely last a couple more quarters at least." 

Virtual influencers gain ground in retail scene

Designed by artists using computer-generated imagery and 3D technology, virtual influencers are poised to be a next big trend in fashion retail.

AVA TAKES SELFIES, DOES PAID BRAND collaborations and graces magazine spreads. Yes, you guessed it – she is an influencer.

But Ava is not flesh and blood. She is among a small group of virtual influencers designed and “living” in Singapore.

Lasalle College of the Arts graduate Reyme Husaini, 28, created Ava as part of his final-year project. After months of extensive market research and designing, Ava (@avagram.ai) was born in August last year.

The following month, she booked her first paid gig with department store BHG. Over four weeks, Ava, who has around 800 followers, shared posts of her daily life wearing BHG’s in-house labels and did an Instagram Stories takeover on the store’s account.

Virtual influencers are poised to be a next big trend in fashion retail. These fictional avatars are designed by artists using CGI (computer-generated imagery) and 3D technology, have backstories and are increasingly being sought after for partnerships by brands.

Arguably the world’s most successful virtual influencer is Lil Miquela (@lilmiquela), who debuted in 2016 and has worked with luxury brands such as Calvin Klein and Prada. She was developed by Los Angeles start-up Brud, which has garnered millions of dollars from Silicon Valley investors.

In a Bloomberg report in October, Britain-based online marketplace OnBuy named Lil Miquela, who charges about £6,550 (\$12,000) a post and has millions of Instagram followers, the industry’s highest earner.

Japanese influencer Imma (@imma.gram) – a face mapped onto a real body – has collaborated with brands such as SK-II and Burberry, posting to her 333,000 followers. OnBuy estimated that she could earn her creators, Japanese start-up Aww Inc, around £500,000 a year.



Over four weeks, Ava, who has around 800 followers, shared posts of her daily life wearing BHG’s in-house labels and did an Instagram Stories takeover on the store’s account. PHOTO: COURTESY OF REYME HUSAINI

The pandemic has boosted the popularity of virtual influencers, as creatives and brands who have to generate content remotely are forced to get more innovative. In Singapore, a small crop of savvy creators are just starting to ride the wave.

To create Ava, Mr Reyme taught himself 3D design, learning from friends and YouTube tutorials. The fashion media and industries major photographed and mapped the faces of peers to achieve the most human-like features.

He surveyed people aged 18 to 40 across different industries on their ideal physical traits and body types, and asked what they wanted in an influencer. Using their answers, he crafted a unique personality for Ava.

More than just an avatar, the racially ambiguous Ava has her own personality and political leanings. Mr Reyme describes her as a “forever 23-year-old cool girl” who is vocal about LGBT (lesbian, gay, bisexual and transgender) rights and racial inclusivity.

“What is largely missing in our local influencers is a voice that has a message to send to viewers that is not just entertainment value or product promotion,” he says.

AMANDA CHAI
Journalist



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Lasalle College of the Arts graduate Reyme Husaini (left), 28, created Ava (right) as part of his final-year project. PHOTO: COURTESY OF REYME HUSAINI

Unable to shoot real models during the circuit breaker, fashion and advertising photographer Shavonne Wong, 30, decided to create her own.

Drawing on her basic knowledge in 3D design which she learnt at Temasek Polytechnic, she created three virtual models – Kade, Lilium and Luna – consulting anatomy books to shape and mould their facial features.

In August last year, she launched Gen V (www.genv.agency), a virtual modelling agency, and is currently in talks with companies about gigs.

“It was a combination of thinking how to future-proof my career since production budgets are likely to shrink post-pandemic, and finding a way to digitise the industry as a whole,” she says.

BRAND APPEAL

The advantages of engaging virtual influencers are immense, say their creators. They are more adaptable and can be moulded to a brand’s desired messaging or image.

Brands also benefit from working with characters such as Ava that come with a strong identity or set of values, says Mr Reyme, a digital marketing executive for a skin health company.

“I created Ava with an aspirational voice and perspective for the Gen Z audience – consumers who want something more than just traditional marketing. They want a message and Ava can provide that.”

Virtual characters are also easier to manage. Ms Wong’s models do not complain or have “diva attitudes” and she can have them work 24/7 in any location.

“I can create my own sets, so it works for brands that want to do ‘impossible’ shoots. There are no boundaries to what I can do,” she says. “It’s not about replacing real models, but giving clients options.”

Sneaker artist and founder of streetwear label SBTG Mark Ong collaborated with Singapore virtual influencer Rae (@[here.is.rae](https://www.instagram.com/here.is.rae)) for a four-piece capsule collection last December.

While Rae’s creators remain anonymous, she is described as a skateboarding and urban culture enthusiast.

She modelled for multi-label brand Monsoon Patrol’s campaign for its 2020 collection and appeared on a magazine cover with China’s top female rapper VaVa in January.

She served as Mr Ong’s design muse for the apparel

collection and a skateboard. The capsule sold out in three days, bought by customers in Singapore, Japan, Australia and the United States.

Mr Ong says: “Being a first-of-its-kind in Asia, the collection redefines the boundaries of brand collaborations and using a virtual influencer shows there is room for brands to be forward-thinking and innovative. It opened up another way for me to showcase designs.”

A BHG spokesman says the department store’s collaboration with Ava was well received and has led to a growing pool of younger customers.

The company chose to work with a virtual influencer as it was in line with the “fresh, young and bold” image for its brand refresh.

“Ava represents anyone – she can be a student or working woman. The malleability of her persona (means we can) create looks in different settings that appeal to different groups of shoppers.”

BETTER THAN THE REAL THING?

Can virtual influencers have real sway? At present, Associate Professor Ang Swee Hoon from the NUS Business School notes, brands stand to gain the most from this marketing tool.

“Retailers have no control over what a human influencer does outside his or her role as an endorser. That person may engage in activities that incur bad publicity and potentially affect the brand,” she adds. “An avatar influencer is under the direct management of the retailer, hence the risk of bad publicity is minimal or non-existent.”

As for consumers, she says they are getting accustomed to all things virtual, such as e-sports and e-wallets. “Having virtual influencers seems to be an expected extension of the virtual world we live in.” But like any new trend, virtual influencers have their sceptics.

Mr Reyme, who is learning motion-capture software to apply moving facial expressions to Ava, says naysayers have called her “not morally right.” They pick at her “unattainable beauty standards” and visual “misrepresentation” of ethnicity, and question her ability to actually sell a product.

Mr Reyme says: “I’ve never seen Ava as something to profit from; her main intent is to be a voice.”

Then there is the insidious nature of virtual influencers being controlled by sometimes faceless creators, which leads to concerns about accountability.

But Mr Ong sees the potential in their becoming a firm part of the retail scene. “Brands can tailor the virtual being’s style and narrative to engage their target audiences. For consumers, this can create new experiences and intrigue,” he says.

“There are so many possibilities... We have only touched the tip of the iceberg on a rapidly developing, vibrant virtual marketing industry.”

Ms Wong, who has been experimenting with animating her models to dance and lip sync, also believes the industry has real legs and will only grow.

“The faster AR and VR improve, the more people will get interested in the virtual world.” **ST**

Virtual models Lilium (bottom) and Rae (below). PHOTO: COURTESY OF SHAVONNE WONG AND RAE



I started with nothing, says man who shook art world

32-year-old who made his wealth in virtual currency feels connection with digital artist

HE MAY HAVE SPENT A RECORD US\$69.3 MILLION (\$93 million) worth of cryptocurrency on a piece of digital art, but entrepreneur Vignesh Sundaresan insists he is just an “ordinary” man with no real estate to his name – at least not in the “real world.”

“I don’t have a car, I don’t have a house. I am a minimalist,” says the 32-year-old over dinner at his favourite restaurant in Little India in Singapore. The bachelor rents a condominium unit nearby.

In person, the man who says he is the chief financier of crypto-based fund Metapurse is an introvert. Metakovan, his alter ego in the virtual world, is a bold, influential persona with more than 20,000 followers on Twitter.

On March 11, Metakovan caused a stir in the art world when he bought the landmark work at a Christie’s auction. The record-smashing piece, *Everydays: The First 5,000 Days*, is a virtual mosaic by Beeple – artist Mike Winkelmann. The image file is linked to a non-fungible token (NFT), its certificate of authenticity recorded using blockchain technology.

Beeple’s work, which drew the highest sum anyone has paid for a digital artwork, is bested only by David Hockney’s and Jeff Koons’ pieces for the auction record of a work by any living artist. Metakovan paid for the work using ether, the world’s second-biggest digital coin.

After days of intense media coverage and speculation over his real identity, Metakovan unmasked himself as Mr Vignesh, a self-described “entrepreneur, coder and angel investor” in blockchain technology.

He and his collaborator Anand Venkateswaran, who goes by the handle Twobadour and is in his late 30s, are from Tamil Nadu in India. The two men run Metapurse, which claims to be the world’s largest NFT fund.

Mr Vignesh, who moved to Singapore three years ago, says: “There are countries like India that are thinking of banning crypto. If my story can inspire someone, and (have them) say, ‘Let’s not ban crypto’, I would be happy to reveal myself for that.”



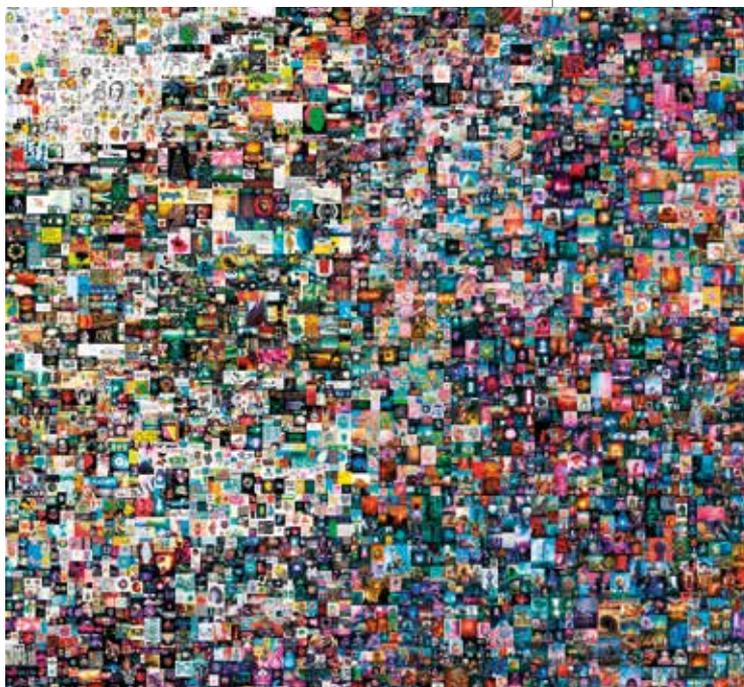
Mr Vignesh Sundaresan, known as Metakovan in the virtual world, caused a stir when he bought a work of digital art for a record US\$69.3 million (\$93 million) worth of cryptocurrency.
ST PHOTO: JASON QUAH

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Digital artwork *Everydays: The First 5,000 Days* which sold for US\$69.3 million (\$93 million).
PHOTO: AFP



**I don't
have a car,
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”

In the past few years, virtual worlds have been springing up. These computer simulations of the real world, with futuristic names such as Decentraland, Somnium Space and Cryptovoxels, are like video games where users can roam and interact with others via avatars.

People like Mr Vignesh – who is also chief executive of Portkey Technologies, a Singapore-based information technology consulting firm – have bought plots of virtual “real estate” in these cities, erecting virtual museums and monuments to house their works and complementing these with soundscapes. His first NFTs, which he bought in 2017 for about US\$200,000, were parcels of land in Decentraland.

The Bleep artworks in his collection are displayed in virtual museums – and he plans to get

a “famous architect” to design a virtual monument for his latest purchase.

He bought his first Bleep works last year because he felt a “soul connection” with the artist, he says. “Those 13 years of Bleep’s work and 13 years of my work, I felt, ran in parallel. He started as an amateur and I started with nothing.”

Singapore FinTech Association founding president Chia Hock Lai says: “The good thing about NFTs is they might create new innovations, but of course it might turn out to be a big bubble and some will get hurt, especially those late in the game.”

Mr Vignesh says: “I started with nothing, so if everything goes to zero, no one can take away the experience, the knowledge... If this goes down, I think I will go down with the ship.” 

AI shines light on human nature in Nobel Laureate Kazuo Ishiguro’s new novel

WHEN NEWS BROKE THAT KAZUO ISHIGURO HAD won the 2017 Nobel Prize for Literature, the British author was at home eating breakfast, ignorant of the chaos that was about to be unleashed on him.

The most exciting thing he had expected to happen that day was that his wife Lorna MacDougall would be changing her hair colour.

“And she had to make this terrible decision, which I will always be grateful for. She told the hairdresser to stop. ‘I’d better go and help my husband,’ she said, ‘he seems to have won the Nobel Prize,’” says Ishiguro, 66, over Zoom from his London home.

Ishiguro, who was born in Nagasaki, Japan, and grew up in England, is one of the most celebrated British authors living.

A four-time Man Booker Prize nominee, he won the prestigious award in 1989 for his novel *The Remains Of The Day* and has a knighthood for his services to literature.

“I feel very honoured to have the prize because I think, in many ways, it is bigger than literature. It is part of a genuine hope that human beings have about progress – not just in a scientific sense, but also in a moral sense.”

Ishiguro has sought in his books to chart the scientific and moral dimensions of such progress, from his acclaimed dystopian novel *Never Let Me Go* (2005) to his latest work of fiction, *Klara And The Sun*.

The narrator of his new novel is Klara, a solar-powered Artificial Friend created to serve as a companion to humans. Ishiguro, who began working on the novel in 2016, has long been interested in how non-human narrators might see human society.



Kazuo Ishiguro has sought in his books to chart the scientific and moral dimensions of such progress, from his acclaimed dystopian novel *Never Let Me Go*, to his latest work of fiction, *Klara And The Sun*. PHOTO: EPA-EFE

“I was attracted to the idea of looking at our world from the perspective of somebody with artificial intelligence, who approaches the world with no prejudices and is rather like a strange child at the beginning, but nevertheless has the ability to learn at a very fast rate.”

In *Never Let Me Go*, set in a boarding school where the students are clones being raised to have their organs harvested, he sought to compress a lifetime.

“It allowed me to show what appear to be young people going through the entire human lifespan in just 20 or 30 years,” he says. “They face a lot of the problems of ageing, becoming ill and then dying while they are still young. I could concertina a lifespan into a small space.”

“I thought I could do the same thing again, but slightly differently, in the life of an AI.” 

– Olivia Ho

Jack Ma told to divest Alibaba's media assets

CHINESE E-COMMERCE TITAN ALIBABA WAS asked by Beijing to divest its assets in the media sector out of concern over the company's growing public influence, The Wall Street Journal (WSJ) reported.

Its founder Jack Ma, the ebullient and unconventional billionaire who officially retired from Alibaba in 2019 but remains a large shareholder, has been in authorities' crosshairs in recent months.

In November, Chinese regulators halted a colossal US\$34 billion (S\$45.7 billion) initial public offering by Ant Group, an Alibaba subsidiary for online payments.

The following month, regulators opened an investigation into Alibaba business practices deemed anti-competitive. Now authorities are asking the tech giant to drastically reduce its presence in the media sector, the WSJ said, citing people familiar with the matter.

Alibaba is most notably the owner of Hong Kong's leading English-language daily, the South China Morning Post. It also has stakes in China's popular



Twitter-like Weibo social media platform and online video platform Bilibili, as well as other media and advertising.

Chinese leaders are worried about growing influence on public opinion exerted by the company founded by Mr Ma, the WSJ reported. The government did not specify whether

Alibaba was requested to completely withdraw from the media or divest part of its shares. [SI](#)

- AFP

Billionaire Jack Ma, who officially retired from Alibaba in 2019 but remains a large shareholder, has been in authorities' crosshairs in recent months. PHOTO: AFP

Quiet Indian tycoon beats Musk, Ambani to add the most wealth in 2021

INDIAN TYCOON GAUTAM ADANI HAS ADDED MORE billions to his wealth than anyone else in the world this year on the back of investor excitement around his ports-to-power-plants conglomerate.

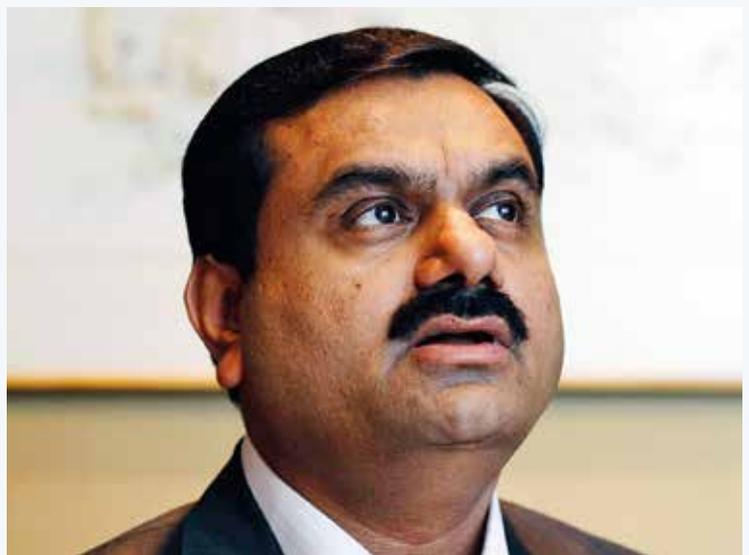
The net worth of Mr Adani, a first-generation entrepreneur who rarely speaks publicly, has jumped US\$16.2 billion (S\$21.8 billion) in 2021 to US\$50 billion, according to the Bloomberg Billionaires Index.

This has made him the year's biggest wealth gainer, beating even Mr Elon Musk, who has tussled with Mr Jeff Bezos in 2021 for the title of world's richest.

Shares of all Adani group stocks, except one, have rallied at least 50 per cent this year. The surge in wealth dwarfs the US\$8.1 billion added by Mr Adani's compatriot and the richest person in Asia, Mr Mukesh Ambani. It also underscores the rising heft of the self-made billionaire, who has lured investment from Total SA to Warburg Pincus.

Mr Adani has been rapidly expanding his conglomerate, adding ports, airports, data centres and coal mines in India, while doggedly proceeding with his controversial Carmichael coal project in Australia. [SI](#)

- BLOOMBERG



Mr Gautam Adani has been rapidly expanding his conglomerate while doggedly pursuing his controversial coal project in Australia. PHOTO: BLOOMBERG



Chinese boy group TFBoys with music director Li Weisong (second from right). PHOTO: LI WEISONG MUSIC SCHOOL

Letter from Beijing

China goes hard on 'soft boys'

TAN DAWN WEI
China Bureau Chief



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Campaign to get schools to expand physical education lessons draws criticism from netizens

WHENEVER EDUCATION BUSINESS OWNER Xiong Xiao's five-year-old son sees androgynous pop stars on TV or on billboards in Beijing, he would point to them and ask: "Why do boys wear makeup?" or "Are they boys or girls?"

Those questions worry Madam Xiong, 32, who fears her son would come under the influence of these "xiao xian rou" and become an effeminate boy.

"I don't just worry that my son would turn out this way, I worry more that my daughter would bring a boyfriend like that home," she said.

"Xiao xian rou" - literally Little Fresh Meat - has become a popular term in China to describe young male celebrities who sport androgynous looks, following in the footsteps of Japanese and

Korean idols whose delicate features, fair skin and impeccable grooming have had wide appeal, especially for young girls.

Chinese singer Lu Han and boyband TFBoys have successfully ridden this wave, bagging advertising campaigns including those for cosmetic brands.

Madam Xiong tells her son that these celebrities are still young, and they may eventually grow up to look "manly".

"Boys should grow up to look like men and develop self-reliance, not like these soft boys who care only about their hair and make-up," said Madam Xiong, who encourages her son to climb trees in their backyard and learn how to use tools for DIY projects.

She also shows him videos of the People's Liberation Army in action. The "xiao xian rou" phenomenon prompted a debate three years ago over China's "masculinity crisis", as calls by parents and educators sprang up over the need to toughen up Chinese boys.

That debate resurfaced recently when the education ministry released a notice urging schools to promote the "yang spirit", or manliness, by boosting

physical education in schools and getting more sports instructors on board.

This came after a government adviser, Mr Si Zefu, submitted a proposal to “prevent the feminisation of young males”, noting that soft Chinese boys are a “threat to the development and survival of the Chinese nation.”

Mr Si blamed pop culture, the over-representation of female teachers in schools, and a generation of boys raised primarily by mothers and grandmothers for making boys “weak, inferior and timid.”

After the education ministry’s plan was made public, social media erupted with criticisms as netizens lambasted the move, saying physical education alone does not make a man, and that the ministry should instead focus on developing qualities such as a sense of responsibility and resilience.

This anxiety over China’s “masculinity crisis” as described by its media has been longstanding, said Associate Professor Song Geng, who studies Chinese masculinity at the University of Hong Kong.

“Since the early post-Mao era, there have been concerns about Chinese men being weak and feminine compared with their Western and Japanese counterparts,” he noted.

“However, the recent backlash against male effeminacy may have a more ‘official’ background, reflecting the government’s concern about presenting the right images of Chinese men to the world in line with China’s rise.

“So I would say there are some nationalist concerns behind the call for stronger and more masculine men.”

Last year, broadcast regulators ordered television channels to mask the pierced ears of male celebrities, another move that brought on a fierce backlash on social media over the authorities’ gender stereotyping.

Organisers of the Hangzhou Marathon were also pressured to take down posters of Chinese boy band S.K.Y. for promoting the event, as they were deemed not masculine enough.



CD cover of Our Tomorrow, by former EXO member Luhan.
PHOTO: LUHAN

How the craze began

- The label “xiao xian rou” is believed to have been coined by Chinese fans of male Korean stars back in 2014
- Typically refers to fresh-faced male teenagers or young men in their early 20s with little dating experience

Parents have been worried enough to send their children to boot camp, costing up to S\$1,000, to toughen them up.

Academics have put the “feminisation” of Chinese males down to societal changes, as the country moves from an agrarian economy requiring hard manual labour to an industrial power.

Its one-child policy has also often been blamed for creating pampered boys who grew up being showered with attention by as many as six adults.

Traditional Chinese medicine practitioners point to a diet of junk food that has caused boys to become weak and effeminate.

“They are consuming more and more cooling foods, such as beer, soda and all kinds of fruit that are making them lose their yang qi (male energy),” complained one such practitioner, stating a scientifically unproven view.

Even as the authorities and official media try to push a tough-guy image, whether through its “wolf warrior” diplomacy or heroic movies, it is facing a stiff fight from commercial forces.

China’s male grooming market has exploded in recent years, becoming one of the country’s fastest-growing consumer segments.

According to Euromonitor, the Chinese market for male cosmetics and skincare grew at an average rate of 13.5 per cent a year between 2016 and 2019, exceeding the global average of 5.8 per cent.

Alibaba’s Tmall shopping platform describes the current phenomenon as the “Male Beauty Era”, with male consumers of personal-care products outgrowing that for women – 31 per cent in 2018 versus 29 per cent.

Said Prof Song: “‘Xiao xian rou’ enjoys popularity among the younger generation, especially young women.

“And many big businesses employ them as ambassadors or models to promote their products. So, they are more market-driven but are disliked by the government and older people.”

Mr Wang Ruoyu, 20, a third-year information engineering student at a Beijing university, does not think much of this touted “masculinity crisis” in the country.

“As society improves, the difference between men and women has narrowed. And there is greater freedom for us to express ourselves,” he said. **SI**

The “xiao xian rou” phenomenon prompted a debate three years ago over China’s “masculinity crisis”, as calls by parents and educators sprang up over the need to toughen up Chinese boys.

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Asian faces of luxe labels

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Check out 12 celebrities who are ambassadors of top fashion houses

THEY ARE YOUNG, STYLISH AND command social media followers in the tens of millions. It is no wonder that these 12 Asian celebrities, all aged 30 and below, are the darlings of global luxury brands.

Their rise in popularity with top-tier fashion houses such as Prada and Chanel, as well as luxury jewellery and watch companies such as Bvlgari and Cartier, has been undeniable.

In the past, these high-fashion brands would have sought Hollywood stars while throwing in a couple of Asian celebrities who have global name recognition, such as actresses Zhang Ziyi and Aishwarya Rai.

In recent years, however, the “Korean Wave” swept the world, unstoppable despite the pandemic, and K-pop idols have become the hottest ticket.

For international brands looking to stay relevant in China, the largest luxury market in the world, it has become important to court celebrities in the country, especially with the economy rebounding quickly after the pandemic.

The power of social media and its reach among the millennials, who are driving the luxury market in China, have also played a part in who gets chosen as brand ambassadors.

Here are 12 big names with high-profile endorsement deals to keep an eye on.



K-pop girl group Blackpink, with members (from left) Jisoo, Jennie, Lisa and Rose. PHOTO: BLACKPINK

BLACKPINK'S JENNIE, JISOO, ROSE, LISA

The four members of top South Korean girl group Blackpink, known for their impeccable style, are brand ambassadors of top French fashion houses. Their star has been rising globally the past year, even with the pandemic curtailing promotional events.

Jennie, 25, who was known by fans as “Human Chanel” even before the endorsement deal, was the first to be chosen. In 2018, she became the face of Chanel with her effortless millennial style, often donning the label for her off-duty outfits.

Meanwhile, classic beauty Jisoo, 26, was picked by another French maison, Dior, to represent its perfume, cosmetics and clothing lines, while Rose, 24, was signed on by Saint Laurent last year and also became the muse of YSL Beauty in January.

The youngest member of the quartet, Thailand-born Lisa, 23, is the brand ambassador of French house Celine. Her exuberant personality is a good fit for the revamped brand, which has been shaken up by designer Hedi Slimane since he took over as creative director in 2018.

The most popular member on Instagram with 47 million followers, Lisa was also chosen by Italian luxury house Bvlgari as its brand ambassador last July, appearing in digital campaigns and fashion shoots in its jewellery.



Blackpink's Jennie posing for a Chanel photoshoot. PHOTO: CHANEL



JACKSON WANG

Straddling the entertainment scenes of South Korea and China, Hong Kong-born Jackson Wang, 26, has become a fashion icon with his clean, minimalist style.

Part of K-pop boy band Got7, he is also a prolific host-rapper in China who caught the attention of big luxury brands like Fendi and Cartier.

Got7 rapper Jackson Wang posing for a Cartier photoshoot. PHOTO: CARTIER



PHOTO: ST FILE

KRIS WU

The first non-British celebrity to represent heritage brand Burberry in 2016, Kris Wu, 30, was hand-picked by its former chief creative officer Christopher Bailey. This collaboration even created a capsule collection for the brand.

The Chinese-Canadian, who is an actor, model and rapper, has also been repping luxury Italian jeweller Bvlgari since 2017.



A still from the 2015 movie Mr Six, starring Kris Wu (above). PHOTO: SHAW ORGANISATION

TFBOYS' KARRY WANG, JACKSON YEE, ROY WANG

China's hottest millennial boy band TFBoys' three members - Karry Wang, 21, Jackson Yee, 20, and Roy Wang, 20 - have been in high demand for all kinds of endorsement deals, ranging from fast food to mobile phones, since their debut in 2013.

The trio have ranked in the Forbes China Celebrity 100 list for four consecutive years since 2015 and are among the youngest and richest celebrities on it. And as the boys became men in recent years, their cachet started rising among top-tier advertisers.

Karry Wang, who is also an actor, has been the brand ambassador for French fashion house Dior since November 2019.

Equally in demand is singer-actor-dancer Yee, who topped the Forbes China Celebrity 100 List last year, the youngest celebrity to do so.

The third member, Roy Wang, was named one of Time magazine's 30 Most Influential Teens in 2017, when he was 16, for his solo singing career as well as acting chops. The next year, he became the youngest brand ambassador for Swiss watch and jewellery brand Chopard.

ZHOU DONGYU

Award-winning China actress Zhou Dongyu, 29, is the darling of advertisers. Sitting at No. 3 on Forbes China Celebrity 100 list last year, and as the top female on the influential list, she has a slew of endorsement deals under her belt, including lucrative ones with fast-food chain KFC and drink companies Pepsi and Wong Lo Kat. She also landed a high-profile gig with Victoria's Secret last April, despite not fitting the American lingerie brand's sexy image.

With her fresh-faced non-conformist style, she has graced the covers of fashion magazines and caught the attention of high-fashion brands such as British label Burberry. However, in the wake of the recent row over brands boycotting Xinjiang cotton, the star severed ties with Burberry in late March.



A cinema still from Chinese film Soul Mate starring Zhou Dongyu. PHOTO: GOLDEN VILLAGE

LUHAN

One of the top-earning stars in China, singer Luhan, 30, has no lack of advertisers vying for him.

He has lent his name to Oppo mobile phones, Puma sportswear, Gap casualwear, Lancome skincare and even Baidu interactive maps.

The former Exo and Exo-M boy band member was the first Asian brand ambassador for French watchmaker and jeweller Cartier in 2016.



Former Exo member and Chinese singer Luhan posing in a Gucci photoshoot. PHOTO: GUCCI

RED VELVET'S IRENE

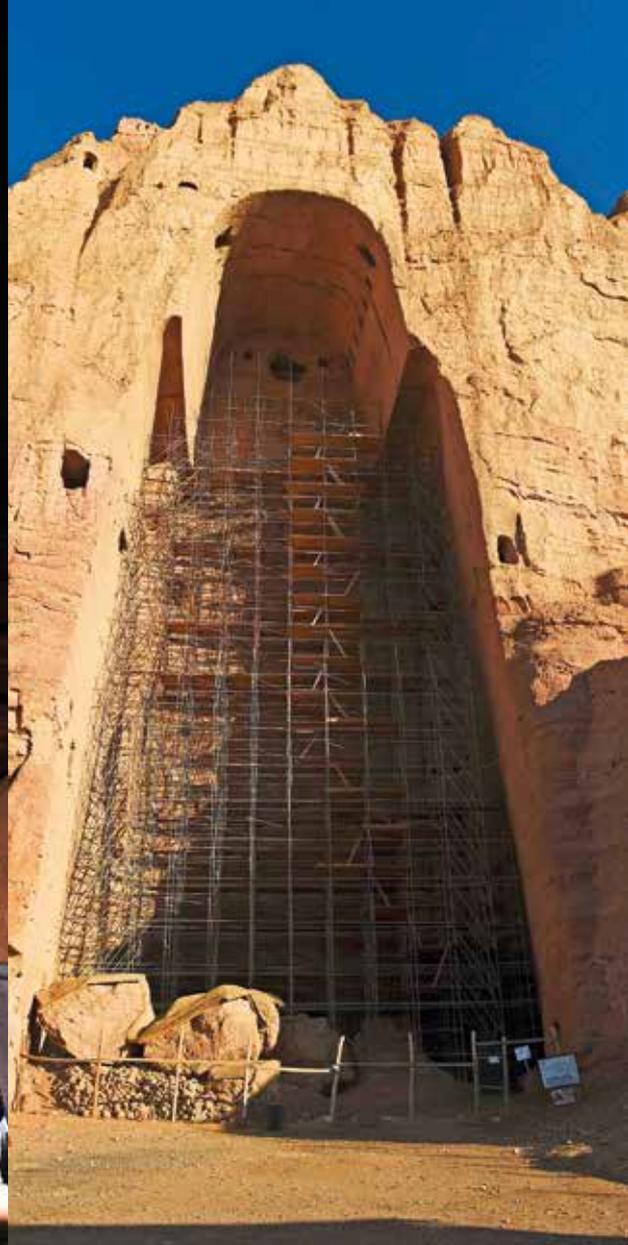
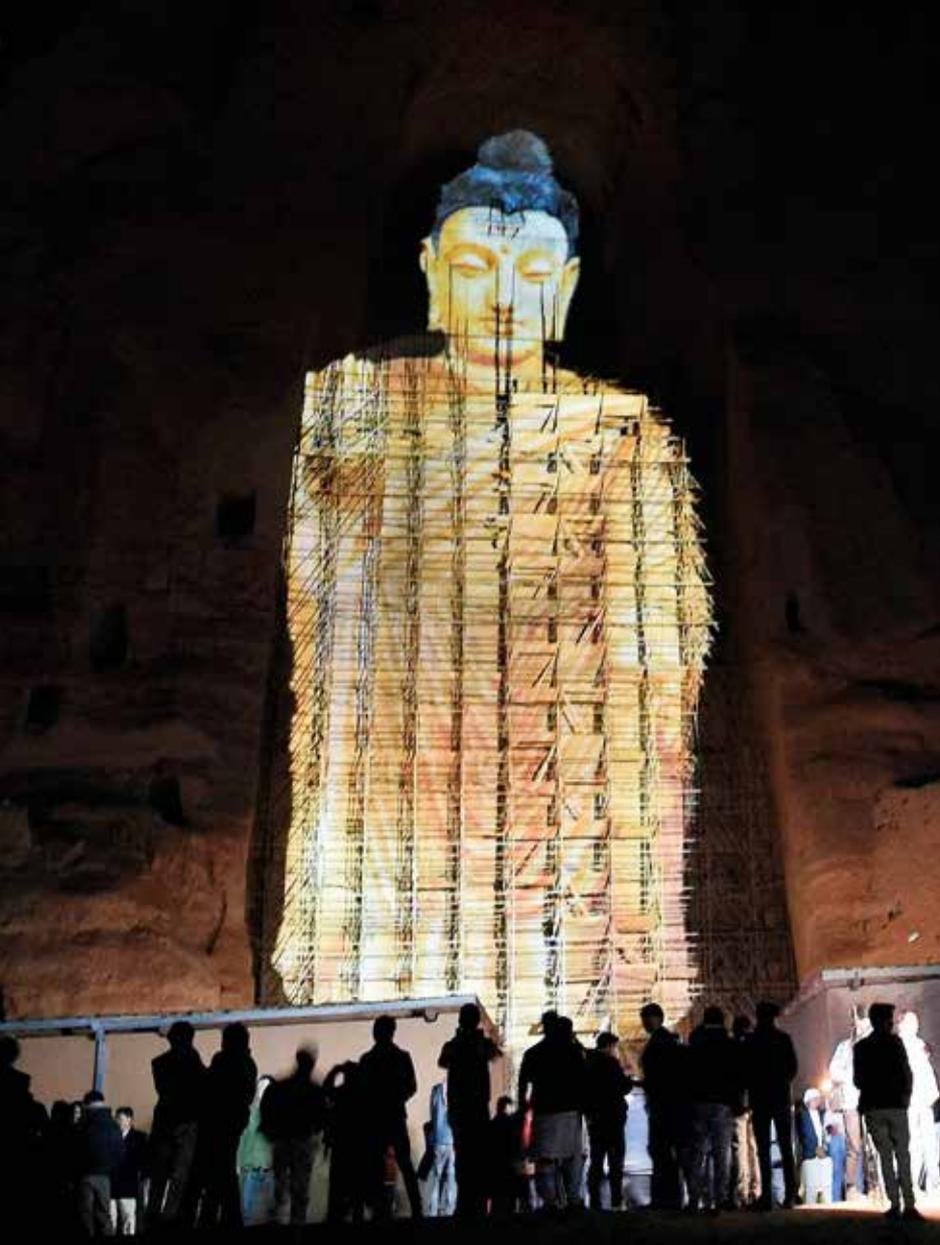
K-pop girl group Red Velvet's Irene, 29, is endorsing everything and anything from cars (Hyundai) to coffee (Maxwell House).

In 2019, she became a "Girl in Miu Miu", the title the chic Italian fashion brand uses for its ambassadors, while another top Italian luxury house, jewellery brand Damiani, snatched her up as its first Asian muse.

A year later, in September, she graduated to become brand ambassador for Miu Miu's older sister brand Prada. However, her new role has not been without controversy, as a mere month after taking on the role, she was embroiled in a scandal.



South Korean girl group Red Velvet members Irene (left) and Seulgi. PHOTO: @REDVELVET.SMTOWN/INSTAGRAM



PHOTOS: AFP

Big Picture

Shining light on the past

THE ANCIENT SANDSTONE CARVINGS IN Afghanistan's Bamiyan Valley were once the world's tallest Buddhas - but they were lost forever when the Taliban blew them up 20 years ago in March 2001.

One made a poignant return in the form of a 3D projection, glowing in the rocky alcove where the 56m-high statue used to stand, the BBC reported.

"We do not want people to forget what a horrific crime was committed here," said the A Night With Buddha event's co-organiser Zahra Hussaini.

The Taliban drew international revulsion when they blew up the centuries-old figures during their brief rule over the country as they went on a rampage against Afghanistan's rich pre-Islamic cultural heritage. With its snowy backdrop and clear

blue skies, Bamiyan has been one of Afghanistan's few popular destinations for outdoor enthusiasts.

The commemoration has been clouded by fears that the Taliban are on the verge of returning to power after signing a landmark deal with the Trump administration that agreed to pull all foreign forces from the country by May 2021.

Critics have expressed concerns that a precipitous departure could embolden the Taliban and erode gains made since 2001, when US-led forces ousted the hardline Islamists in the wake of the Sept 11 attacks.

The Biden administration has signalled it wants to take a hard look at the Trump deal and its repercussions for Afghanistan and regional stability. [S1](#) - AFP

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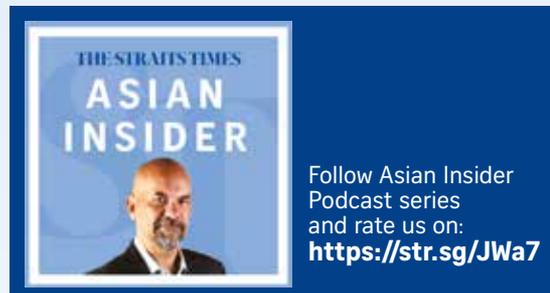
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