

Credit Suisse Supertrends Webinar Series 2020: Can US and China co-exist in a multi-polar world?



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Ms. KT McFarland, former Deputy National Security Advisor to Donald Trump and Author of *Revolution: Trump, Washington and "We The People"*

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Can US and China coexist in a multipolar world?

Divisive trading policies and rising protectionism in recent years have resulted in a US-China trade war with global repercussions. Held on September 2, the ninth edition of the Credit Suisse Supertrends webinar series examined this important issue; offering insights into the future of US-China relations and its impact on Asia.

“Rising tensions between the US and China have resulted in tariffs, trade wars and technology bans with global repercussions on consumers, investors and companies,” said Mr. Benjamin Cavalli¹, Chief Executive Officer, Singapore and Head of Private Banking, South Asia, Credit Suisse, in his opening remarks.

Moderated by Mr. Lito Camacho¹, Vice Chairman, Credit Suisse Asia Pacific, the session featured Ms. KT McFarland², former Deputy National Security Advisor to US President Donald Trump and Author of Revolution: Trump, Washington and “We The People”, as well as Dr. Shirley Yu², Fellow at the Ash Center, Harvard Kennedy School and Senior visiting fellow, Institute of Global Affairs, the

London School of Economics.

Said Mr. Camacho: “Lurking behind the pandemic perhaps is a much bigger and longer term threat that’s looming. And when this pandemic is over, I’m sure all of us will focus again on these particular risks that the world is facing, and I’m really talking about the looming cold war between the US and China.”

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A Level Playing Field

One key aspect of the current tensions between China and the US is in the area of trade, with both sides imposing tariffs on hundreds of billions of dollars' worth of goods. According to Ms. McFarland, the US decision to impose tariffs was an effort to level the playing field with China and other countries. "We're all for free and fair trade. We're happy to be competitors with you, but we are not going to do it at our expense."

Dr. Yu noted that top American officials have in recent months characterized the US-China strategic conflict as a two-pronged challenge. The first prong is economic and involves China trying to take over the US at the "commanding heights of the global economy". The second is ideological, and sees the Chinese Communist Party looking to create a hegemony.



The Pandemic's Influence

The Covid-19 pandemic that emerged at the start of the year has impacted the direction of US-China relations. In the US, the crisis has changed attitudes across the country, with both American presidential candidates talking about forging a new relationship with China, said Ms. McFarland.

“The attitude of the United States is very different than it was, say, even six months ago. The thing about democracies is we're very slow to respond and to react. We don't have 10 or 20 year plans, but when we come to the breaking point where we realize things have really changed, then democracies get their act together,” she said.

For one thing, the pandemic has highlighted the need to bring critical supply chains – whether in pharmaceuticals or medical equipment – onshore. “So the United States is now going to bring home the supply chains.”

In response to China's behavior following the outbreak of the pandemic, Ms. McFarland said that the US has approached its allies to form an economic, moral and political bloc to pressure China to “play fair”.



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Mr. Lito Camacho, Vice Chairman, Credit Suisse Asia Pacific

Impact on industries

The US-China trade war is also impacting industries to varying degrees. In the US, for instance, the “rust belt” states have lost many manufacturing jobs to China. To regain its competitiveness, the US government will accelerate its investment in energy and technology to help manufacturers get an edge over its rivals, said Ms. McFarland.

In China, meanwhile, Dr. Yu said the country’s financial services sector is likely to benefit from increased US competition under the two countries’ Phase 1 trade deal, which includes improved access to China’s financial services market for American companies.

“It’s going to cause Chinese domestic investment banking firms and asset management firms to innovate. The US-China phase 1 trade deal has given China an opportunity to start a more market-oriented, efficient approach to liberalize its capital market and build up the depth and the width of the financial market,” she said.



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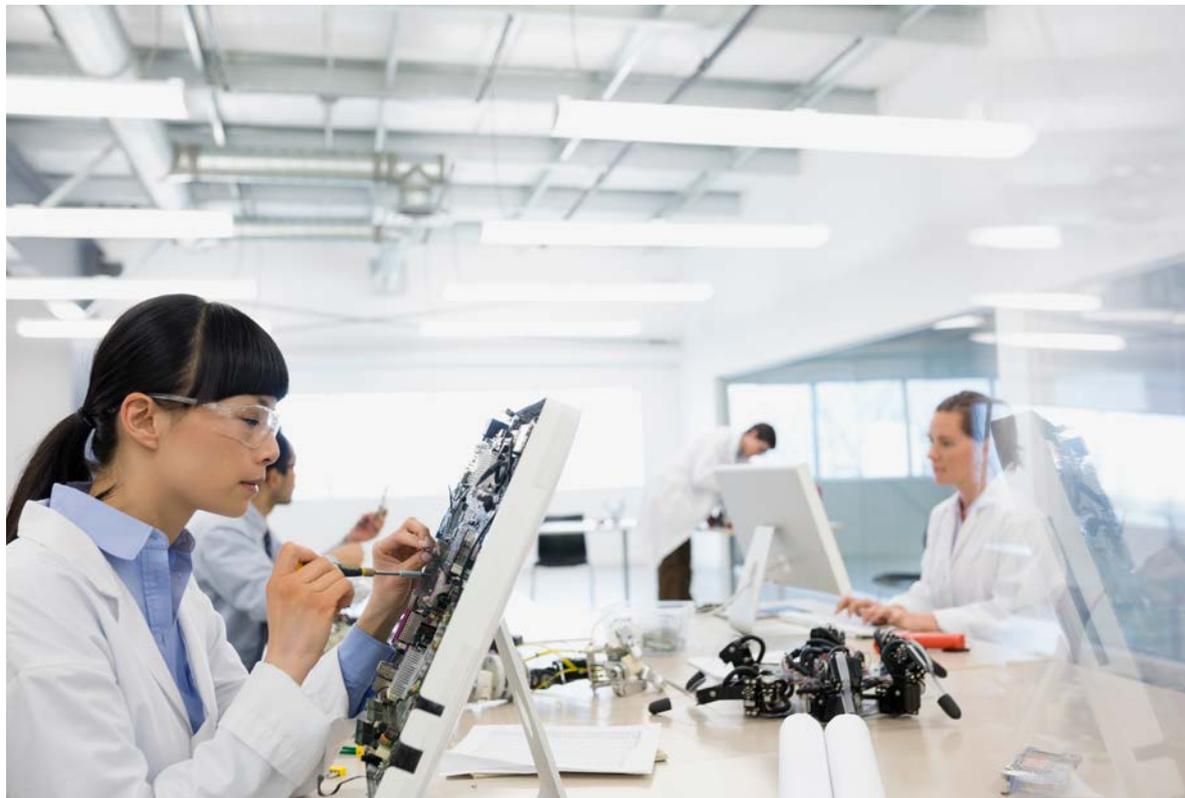
Dr. Shirley Yu, Fellow at the Ash Center, Harvard Kennedy School
and Senior visiting fellow, Institute of Global Affairs, the London School of Economics

The battle for technological supremacy

Another key front in the US-China faceoff is the battle for global supremacy in technology. In the past year, the US government has taken action against Chinese tech companies such as TikTok and Huawei. Meanwhile, China has long banned services from American firms such as Google and Facebook.

Dr. Yu noted that economic growth will now be contingent on technological breakthroughs, and that is why it is important for the US to stay on

the cutting edge of digital innovation. On its part, China is vying to create a “technological multilateral framework” that is underpinned by its 5G and FinTech infrastructure. “China is aiming to launch its sovereign digital currency. With the digital sovereign currency, it’s fundamentally trying to revamp the 20th century multilateral currency order.”



A New World Order

While uncertainties remain, what is clear is that a new global order is developing in which the US and China will look to optimize their own interests first; although this may not result in a strictly bi-polar world emerging anytime soon.

“In the coming three decades, we are moving into this anarchic world order where every country will fight to try to maximize their own national interest, and that’s not necessarily a bad thing. But we are not going to see, say, next year a world that is going to be carved into two camps. The world might be carved out in many camps,” argued Dr. Yu.

Ms. McFarland said that while competition between the two superpowers will probably

continue on many fronts, it is unlikely to result in military confrontation. “I don’t think there’ll be a hot war, but I do think the competition will play out economically, play out diplomatically, play out over trade, play out over technology. On the other hand, anybody who’s got a strong military, and anybody who’s studied military history knows that you’d never rule out hot war.”

On the upcoming US elections, she said that President Donald Trump is not shying away from making politically unpopular decisions, such as banning TikTok, despite the looming polls. “He’s doing that because he knows that with the Chinese we either stand up to them now, or we don’t get a chance to stand up to them later.”



Rising tensions between the US and China have resulted in tariffs, trade wars, technology bans with global repercussions on consumers investors and companies.

Mr. Benjamin Cavalli, Chief Executive Officer, Singapore and Head of Private Banking, South Asia, Credit Suisse



Benjamin Cavalli

Chief Executive Officer, Singapore and
Head of Private Banking, South Asia,
Credit Suisse



Mr. Benjamin Cavalli is a Managing Director, and was appointed to the role of Head of Private Banking South Asia in August 2018, based in Singapore. In addition, he took on the role of Singapore Chief Executive Officer from January 2017.

In his senior leadership role, Mr. Cavalli leads the Private Banking business in South Asia. He also focuses on collaboration opportunities within Credit Suisse to capitalize on the synergies and business opportunities in the region, drive profitable business growth and advance market share.

In his role as Singapore CEO, Mr. Cavalli works closely with the business heads in Singapore to support the bank's business and client strategy. He also works with the Corporate Functions to ensure that the requisite governance and control framework is in place for the bank's business in Singapore.

Mr. Cavalli joined Credit Suisse in November 2009 from UBS Wealth Management, where he was a Managing Director and the Head of Key Clients Singapore. He started his career in the Export Finance department at UBS in Switzerland in 1992 and headed the Commodities, Structured Trade and Export Finance at UBS Investment Bank in Hong Kong from 1997 to 2000, before beginning his career in wealth management.

He has over 25 years' experience in both Investment Banking and Wealth Management across Switzerland and Asia, 18 of which were focused on the Singapore market and in senior management capacity.

Mr. Cavalli is accredited under IBF Advanced (IBFA) by the Institute of Banking and Finance (IBF) in Singapore.

KT McFarland

Former Deputy National Security Advisor to Donald Trump and Author of Revolution: Trump, Washington and “We The People”



Ms. Kathleen Troia “KT” McFarland is one of the country’s most prominent conservative foreign policy experts. She was President Trump’s first Deputy National Security Advisor and helped turn Trump’s campaign promises into his America First foreign policy. Prior to joining the Trump Administration, she was FOX News’ National Security Analyst. McFarland appeared regularly on all FOX and FOX Business News programs, hosted FOXNews.com’s “DEFCON3,” and wrote a regular column for the FOX Opinion page.

She held national security posts in the Nixon, Ford, and Reagan Administrations, including as an aide to Dr. Henry Kissinger on the National Security Council. She received the Defense Department’s highest civilian honor, the Distinguished Service Award, for her work in the Reagan Administration. She is an alumna of George Washington University (BA), Oxford (MA), and Massachusetts Institute of Technology PhD program (all but dissertation). She is a lifetime member of the Council on Foreign Relations, and a board member of the American Conservative Union.

Ms. McFarland was named Woman of the Year by the Clare Booth Luce Foundation.

Dr. Shirley Yu

Fellow at the Ash Center, Harvard Kennedy School
and Senior visiting fellow, Institute of Global Affairs,
the London School of Economics



Dr. Shirley Yu is currently a fellow at the Ash Center, Harvard Kennedy School; Senior visiting fellow, Institute of Global Affairs, the LSE. Formerly a China National Television News Anchor, senior executive and board member, she has been a frequent speaker on China's political economy and geopolitics, most recently on the global impacts of China's tech rise and fintech development. She is author in a Palgrave Macmillan 2020 book Huawei Goes Global: Made in China for the World. She has also published three books in Chinese: 1) Fearless Pursuit, 2) On China, by Ambassadors, and 3) The Rise of the RMB and the Fall of the Yen.

Dr. Yu is a frequent guest on BBC News, Bloomberg, Channel News Asia on China. She is a column contributor to the FT among others, and appointed to the Expert Network by the South China Morning Post. Her interviews also appear in Al Jazeera, PBS Frontline, and Asia Society publications. She is also a keynote speaker at leading global think tanks including the Chatham House, Asia Society, the Wilson Center, Harvard Kennedy School and the LSE, among many.

She was Vice President of strategies and innovation of Xin Yuan Group (NYSE and HKEX-listed), in charge of global strategies and fintech (blockchain) startups. One of the blockchain companies was ranked in global top 5 in 2017 by patent numbers. She was also the deputy director of the Xin FIntech center under the Tsinghua PBOC School of Finance and co-led teams to draft policy white papers for the Chinese central bank on Fintech reforms

She has a Ph.D. in political economy from China's Peking University, and a Master's degree in Government from Harvard University. She is also senior advisor to the G20 Young Entrepreneurs Alliance China Council, and a former mentor for the Cherie Blair Foundation for International Women.

Lito Camacho

Vice Chairman, Credit Suisse Asia Pacific



Mr. Jose Isidro N. (Lito) Camacho is Managing Director in the Asia Pacific Division of Credit Suisse, based in Singapore. He is also the Vice Chairman for Credit Suisse Asia Pacific.

Mr. Camacho joined Credit Suisse in March 2005 after a distinguished career in government and international banking. He was appointed Secretary of Finance for the Philippines in 2001, a position he held until November 2003. As Secretary of Finance, Mr. Camacho led the country's economic team and supervised the fiscal and financial sectors.

Prior to that, Mr. Camacho was the Secretary of Energy for the Philippines where he was credited with the successful passage of the country's power sector reform legislation. He was also Chairman of Land Bank of the Philippines, Philippine Deposit Insurance Corporation, Trade Development and Investment Corporation (PhilExim), Home Guaranty Corporation, National Power Corporation (NPC), Power Sector Asset and Liability Management Corporation (PSALM), National Transmission Corporation (Transco), Privatization Council, Capital Market Development Council, and National Credit Council.

Prior to joining the government, Mr. Camacho was a Managing Director and Chief Country Officer for the Philippines at Deutsche Bank, AG in Manila. Before Deutsche Bank, Mr. Camacho worked for Bankers Trust Company for over twenty years in New York, Japan, Hong Kong, Philippines and Singapore. His last position at Bankers Trust was Head of Investment Banking for Southeast Asia. Mr. Camacho became a Managing Director at Bankers Trust in 1990 and obtained Partner status in 1996.

Mr. Camacho is currently a Director of SymAsia Foundation (Singapore), a board member of the National Gallery Singapore, a member of the Capital Markets Advisory Group of the Securities Commission (Malaysia) and a Founding Member of Asia Peace and Reconciliation Council. He is also the Non-Executive Chairman of Sun Life of Canada (Philippines), a board member of Sun Life Grepa Financial, Inc (Philippines), Sun Life Malaysia Assurance Bhd, Sun Life Malaysia Takaful Bhd and a Senior Advisor to The Boston Consulting Group (Singapore). He was previously a board member of National Heritage Board of Singapore (2007-2013), member of the Securities Industry Council of Singapore (2010-2017) and member of the Group of Experts of the ASEAN Capital Markets Forum. Mr. Camacho was also formerly the Chief Executive Officer of Credit Suisse Singapore (2007-2016).

Mr. Camacho obtained his Bachelor's degree in mathematics (cum laude) from De La Salle University in 1975. He received his MBA with concentration in Finance from Harvard University in 1979. On February 2017, Mr. Camacho was awarded an Honorary Degree of Doctor of Business Administration from Eastern Asia University, Thailand.



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