

Baker Tilly Singapore Business Leaders' Connect 2025

16 July 2025
2.30PM - 5.00PM

Now, for tomorrow



Opening Address



Joshua Ong
Managing Partner

2025 Mid-Year Outlook: The New Global Tariff Order



Francis Tan

Chief Strategist for
Asia at Indosuez
Wealth Management



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Number

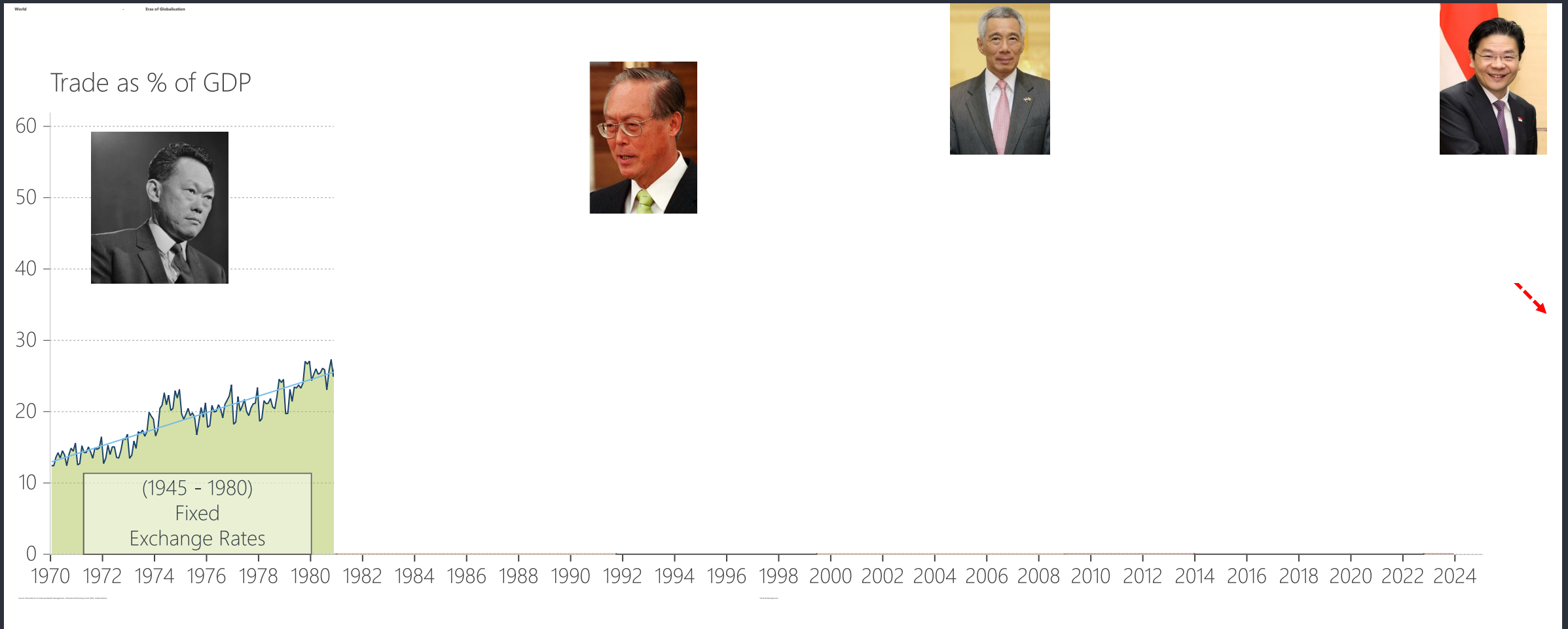
5

Why Trade war?

Proof of de-globalisation?

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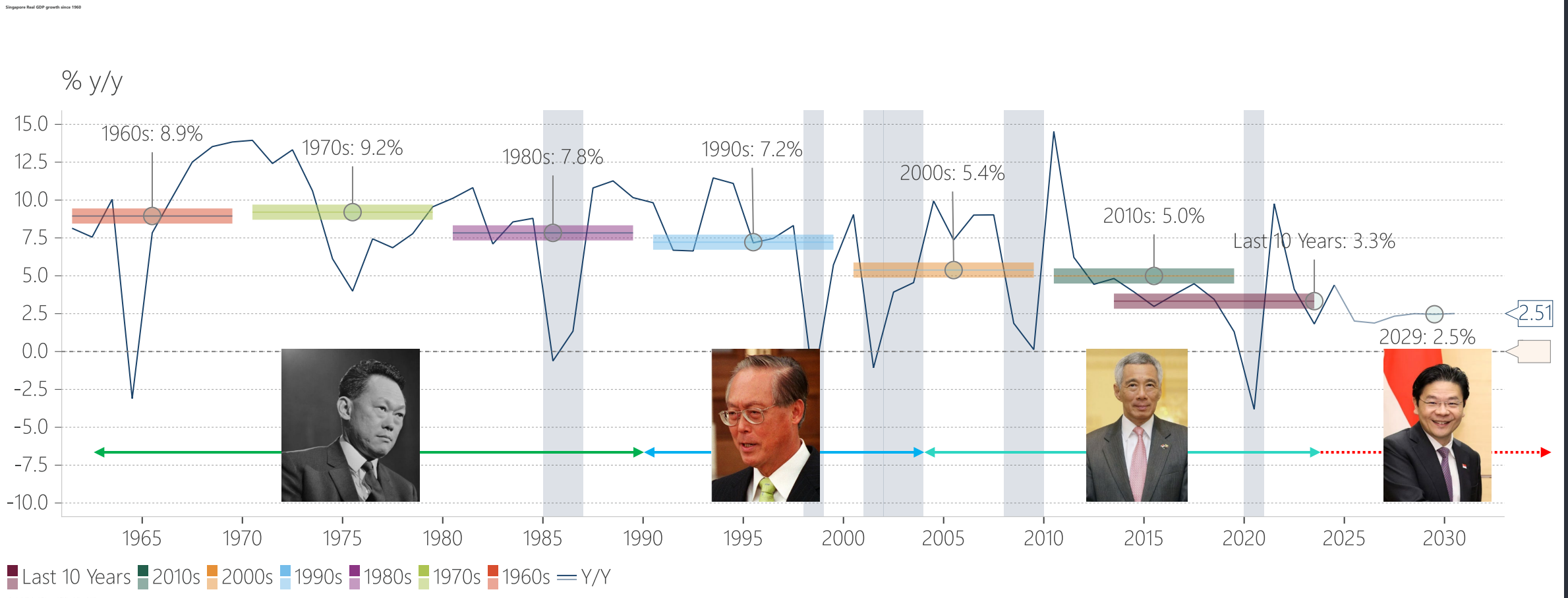
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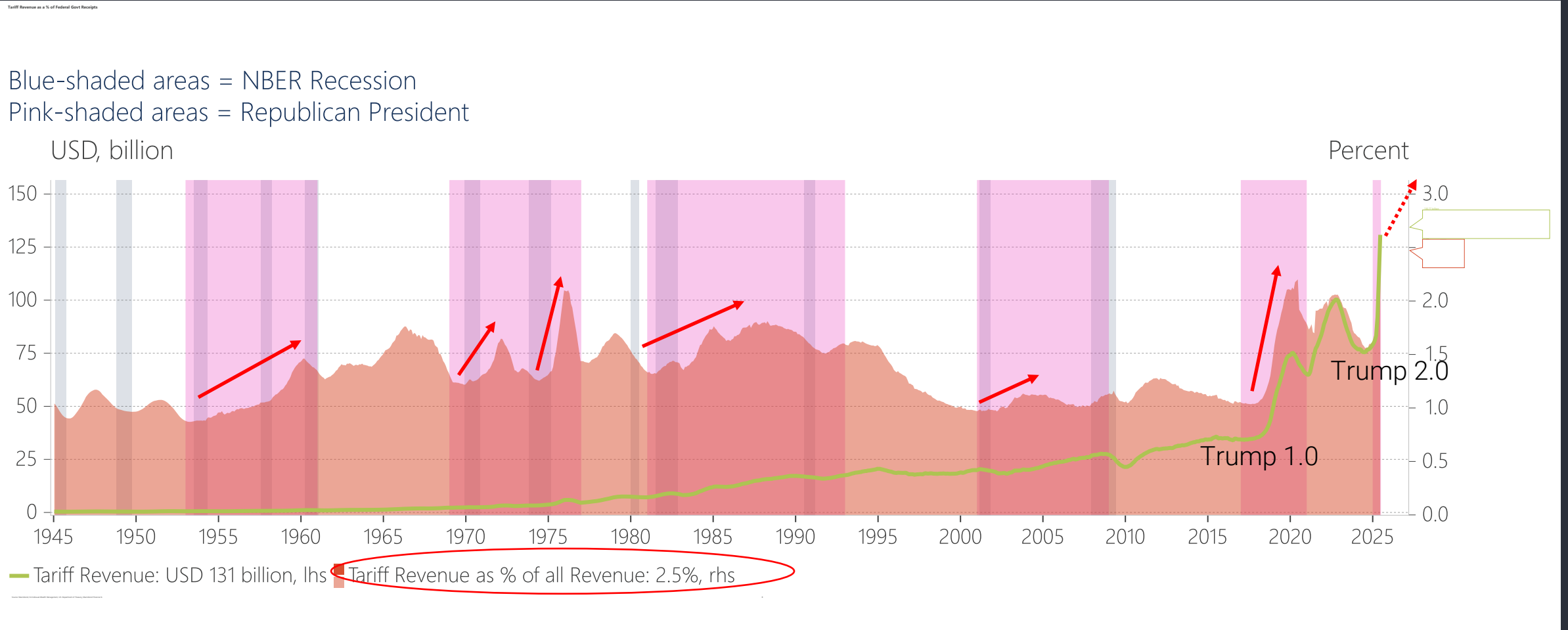
A large part of Singapore's economic miracle was due to "TRADE"

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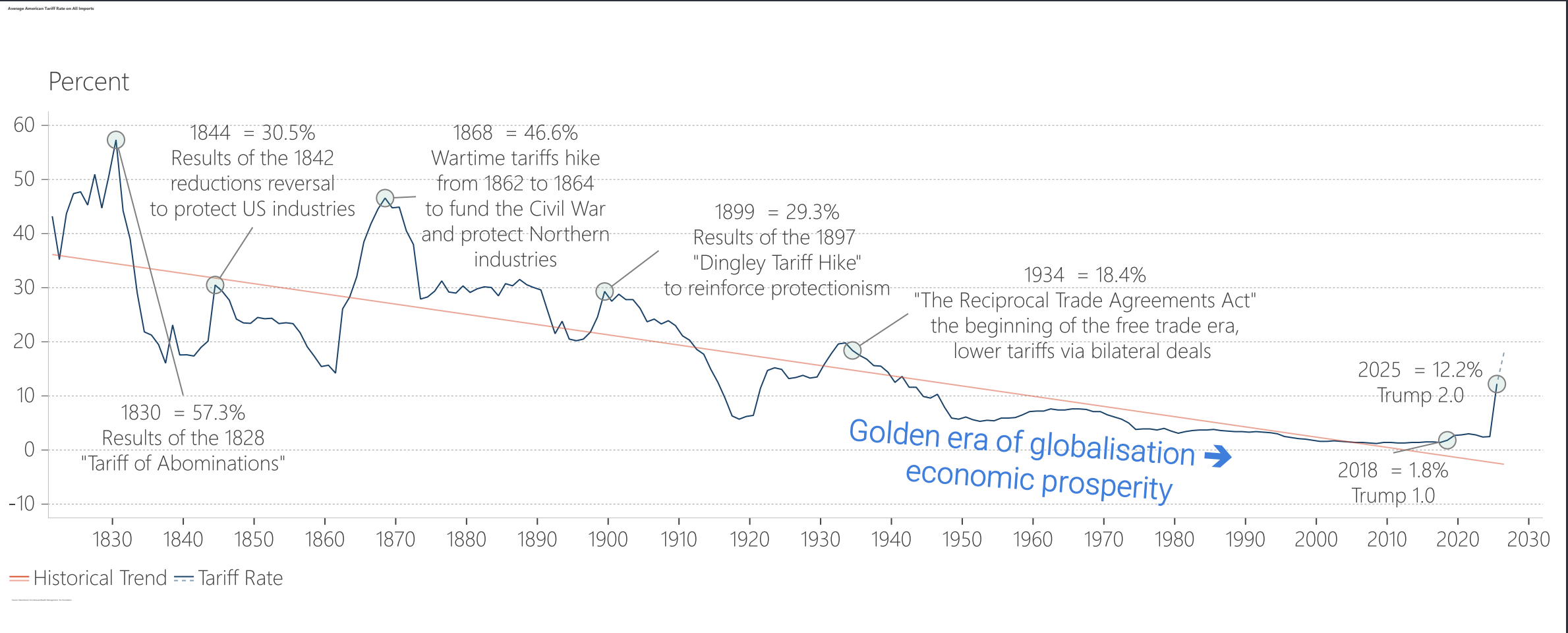
Tariffs are a way to reduce fiscal deficits?



Tariff hikes were regularly used in the past

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Who said this? When? And Why?

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*"The market
in
competitiveness"*

*producer
are
jeopardized"*



1987

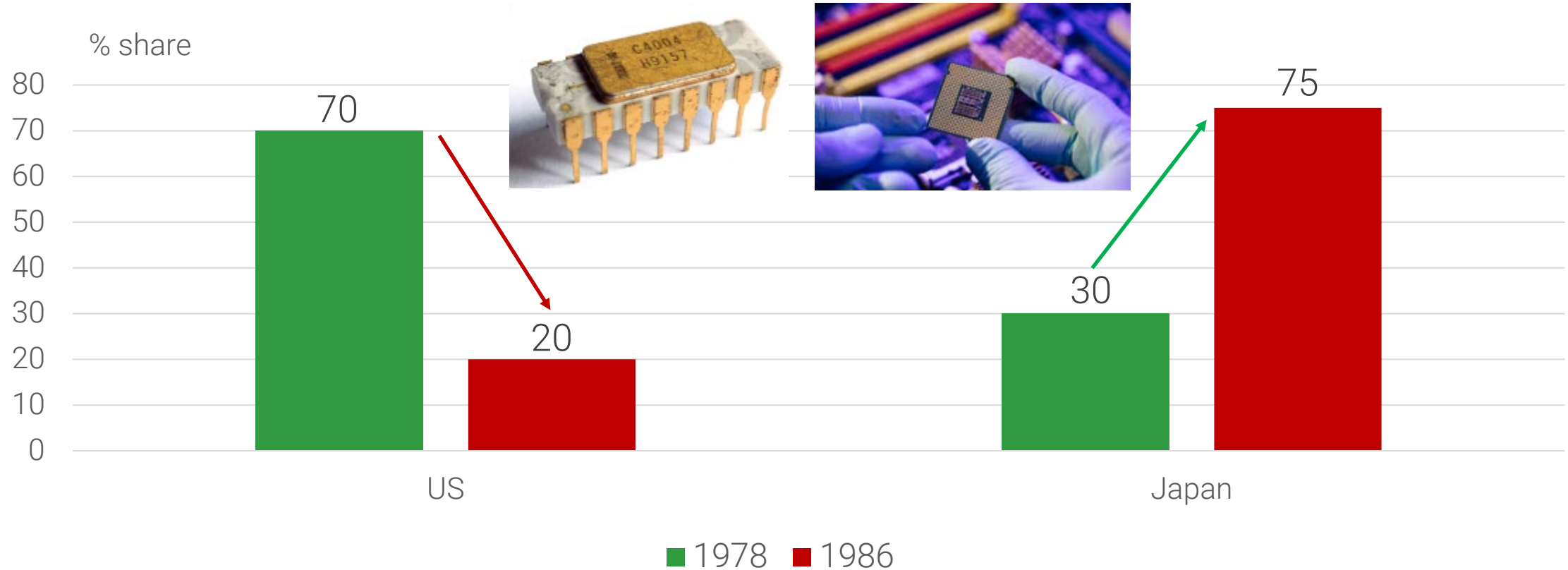
TRADE WAR

Japanese products/culture ruling the world 1970-1990



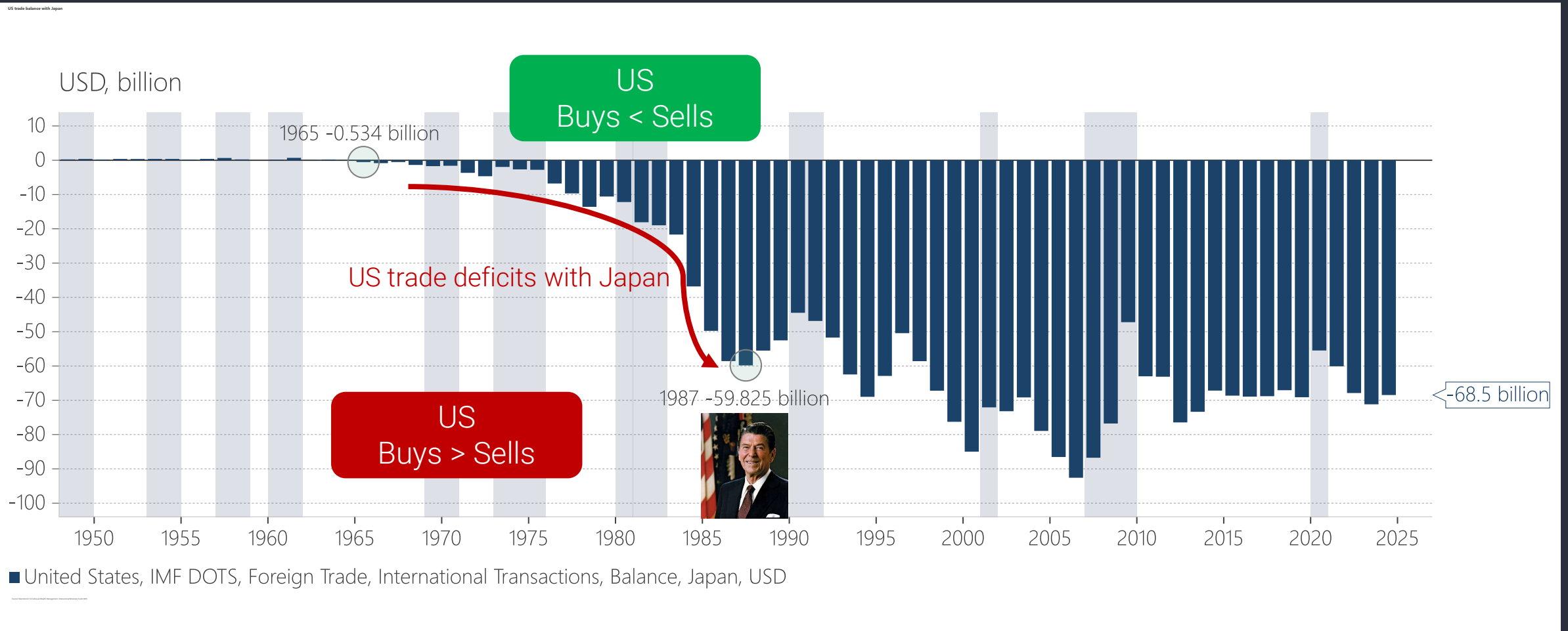
Chip war, tech war, trade war

Global DRAM market share during US-Japan "chip war"



Source: "The U.S.-Japan semiconductor trade conflict," Douglas A. Irwin, The Political Economy of Trade Protection, (p 7), 1996

US runs a consistent trade deficit with Japan since 1965



Who said this? When? And Why?

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*"I beat the p
China if you
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for the
M*

*win against
give state
ate dinners
them to
"*



2015 TRADE WAR

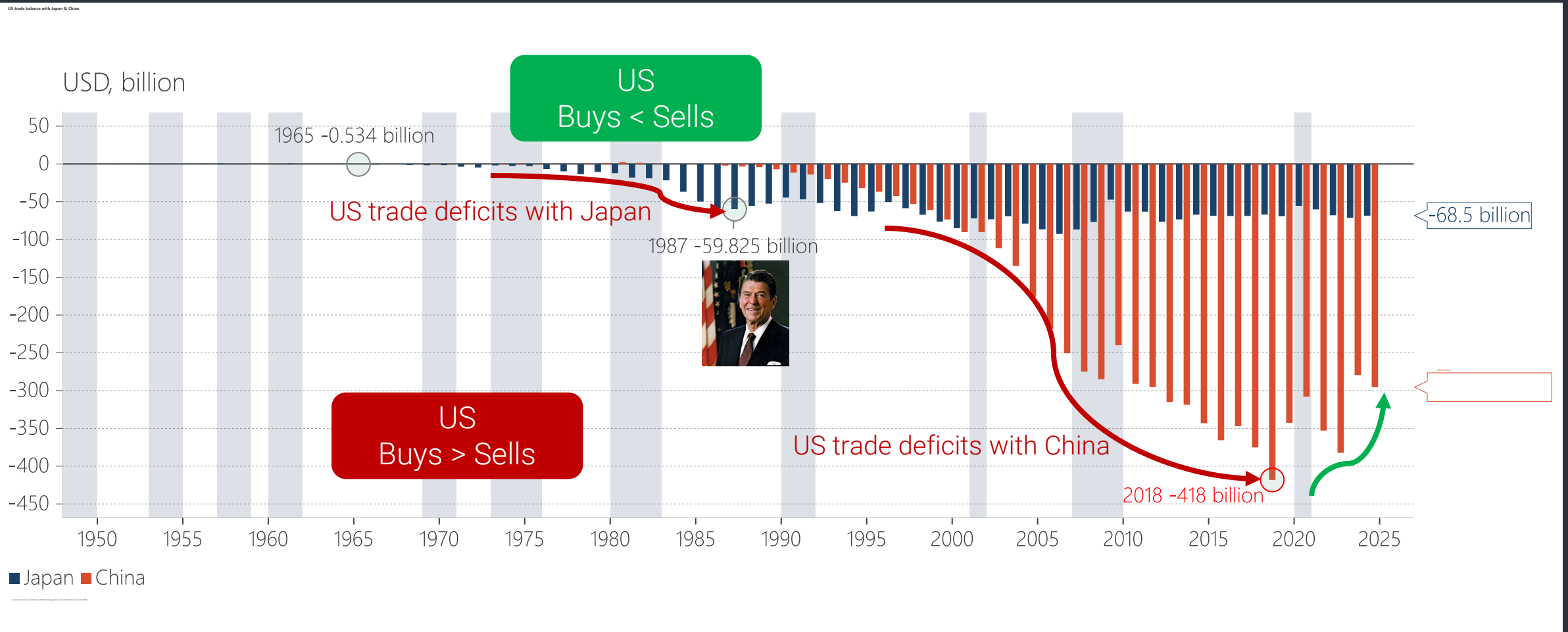
Chinese products/culture ruling the world 2000-current

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US runs a consistent trade deficit with China since 1986



Relying on the works of 2 prodigies

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John von Neumann

(December 28, 1903 – February 8, 1957)



John Forbes Nash Jr.

(June 13, 1928 – May 23, 2015)

Case Study: Shoplifting



Prisoner's Dilemma Payoff Matrix

<div></div>		Keeps Quiet	Betrays
Keeps Quiet			
Betrays			



Nash Equilibrium

Case Study: Marriage woes



Marriage Payoff Matrix



Nash Equilibrium

Case Study: Trade war



Trade War Payoff Matrix		
<div></div>	Trump Cooperates	Trump Fights
China Cooperates		
China Fights		

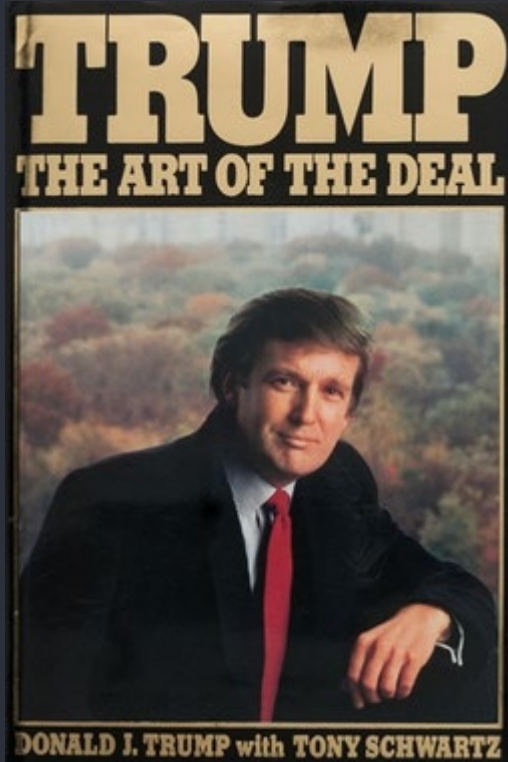


Nash Equilibrium

What is Trump trying to do?

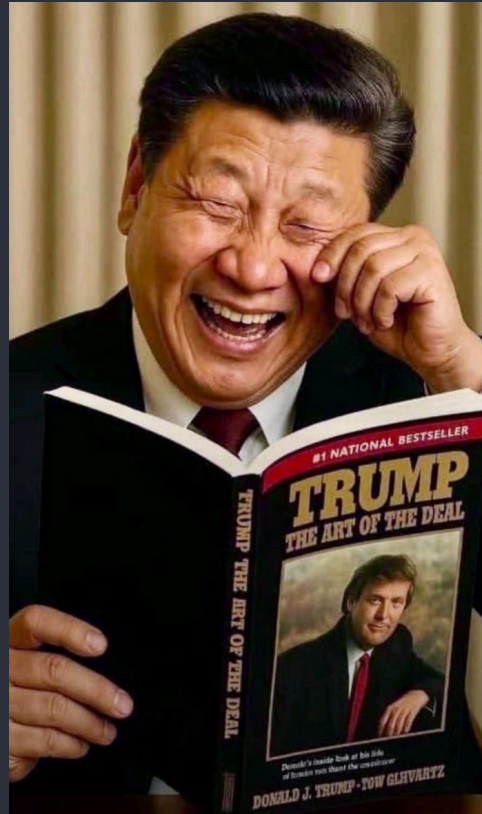
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Step 4 Narrative *Matters*

- Control how the outcome is perceived
- The story matters more than details
- Frame concessions as wins


A screenshot of a CNBC Squawk Box Asia news broadcast. Three hosts are visible in a studio setting. The title 'SQUAWK BOX ASIA' is prominently displayed in white text on a blue background. Below the video frame, there is a headline in bold black text: 'In this trade war standoff, China is not 'blinking at all', U.S. may fold first: Indosuez'. Below the headline, a short paragraph of text reads: 'Indosuez Wealth Management's Francis Tan says China can withstand tariff pressure due to lower U.S. export reliance, and sees value in Chinese equities amid healthy valuations.' At the bottom, the date and time 'TUE, MAY 6 2025 • 4:44 AM EDT' are shown.

SQUAWK BOX ASIA

In this trade war standoff, China is not 'blinking at all', U.S. may fold first: Indosuez

Indosuez Wealth Management's Francis Tan says China can withstand tariff pressure due to lower U.S. export reliance, and sees value in Chinese equities amid healthy valuations.

TUE, MAY 6 2025 • 4:44 AM EDT



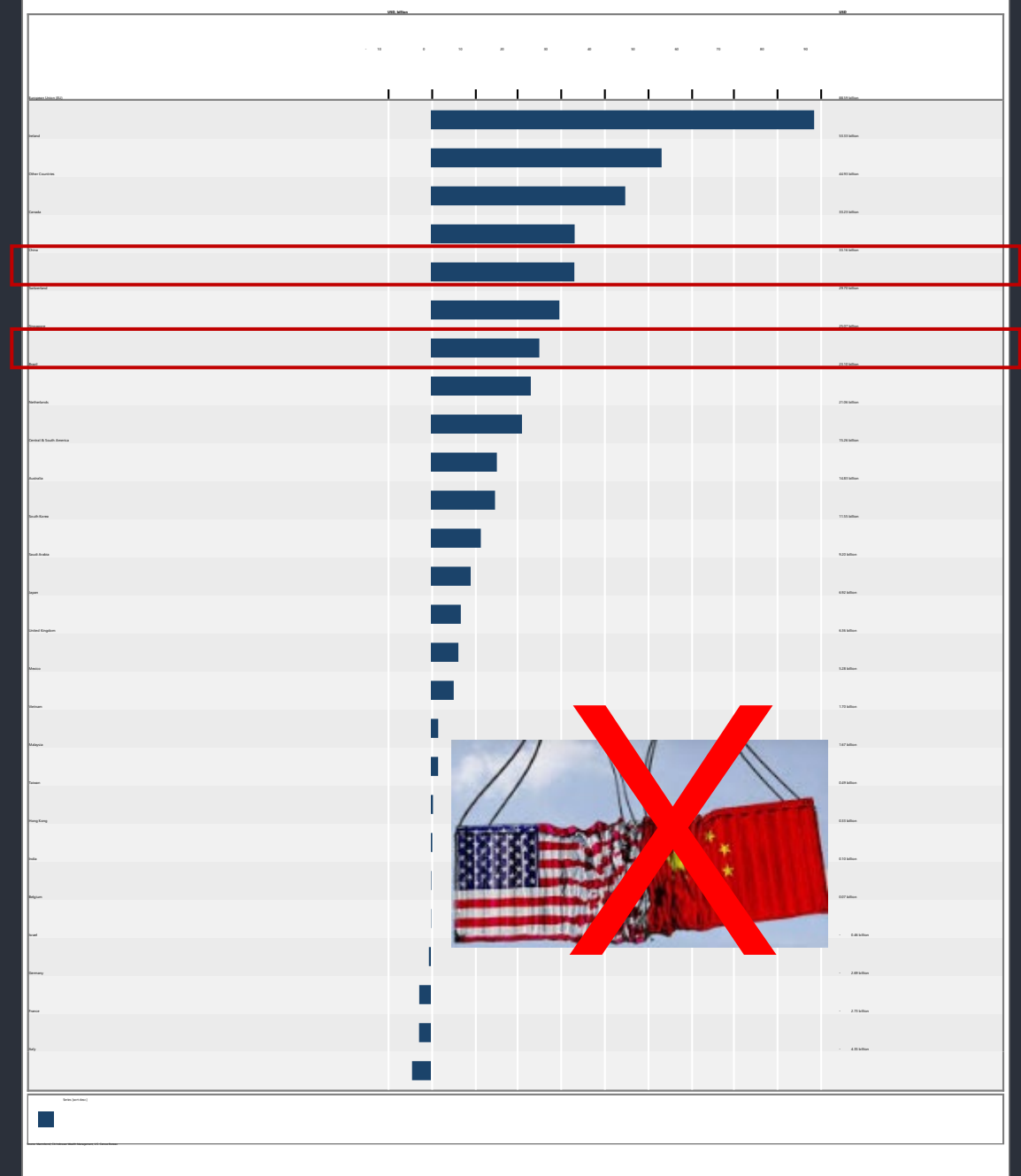
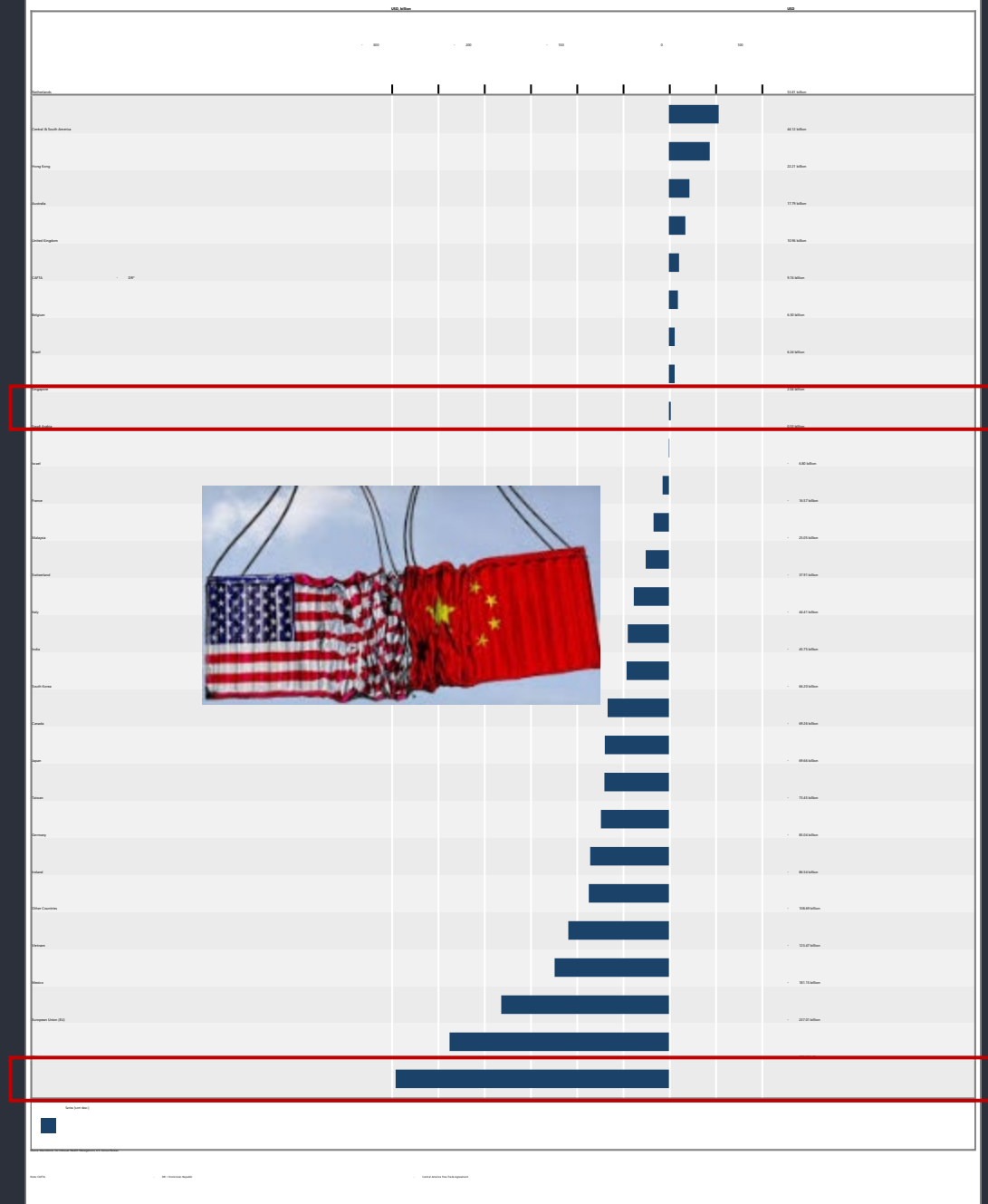
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Number

4

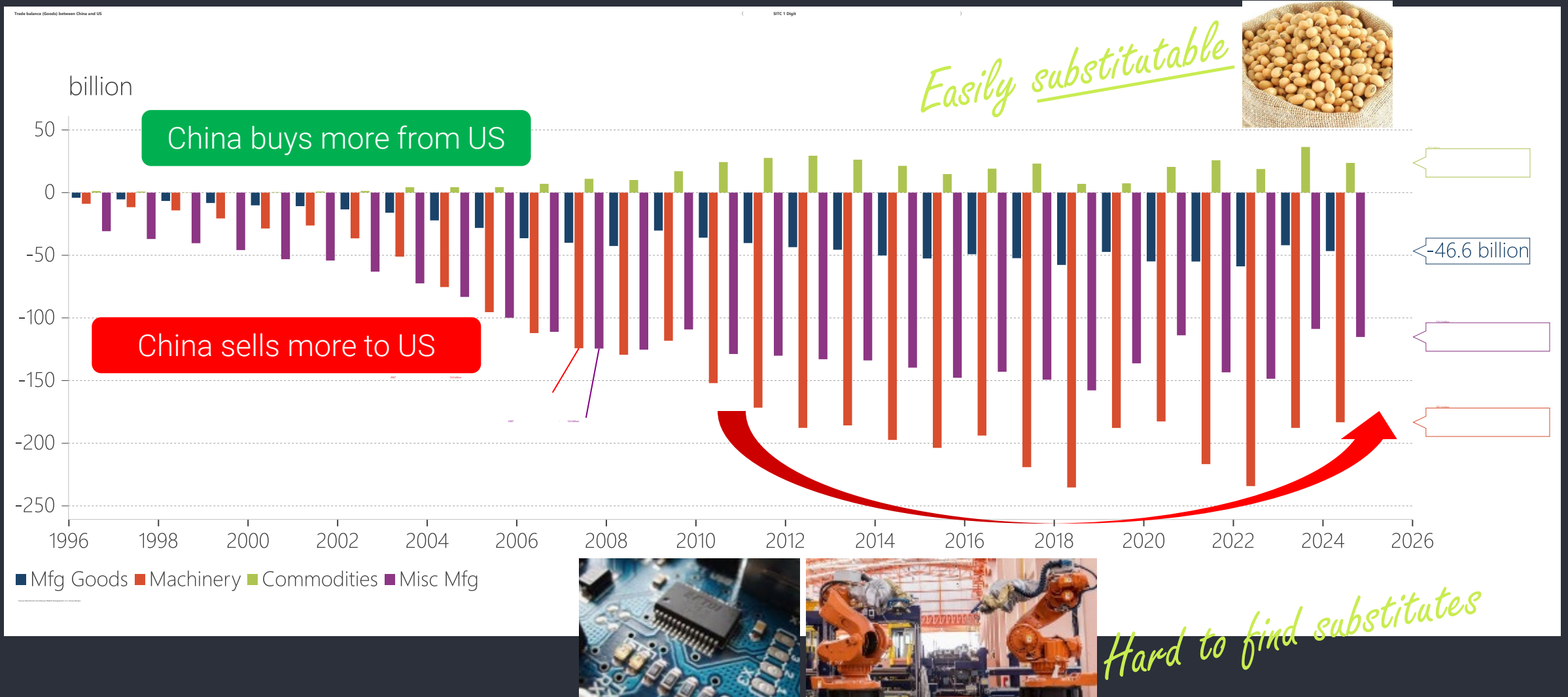
How much at
stake?



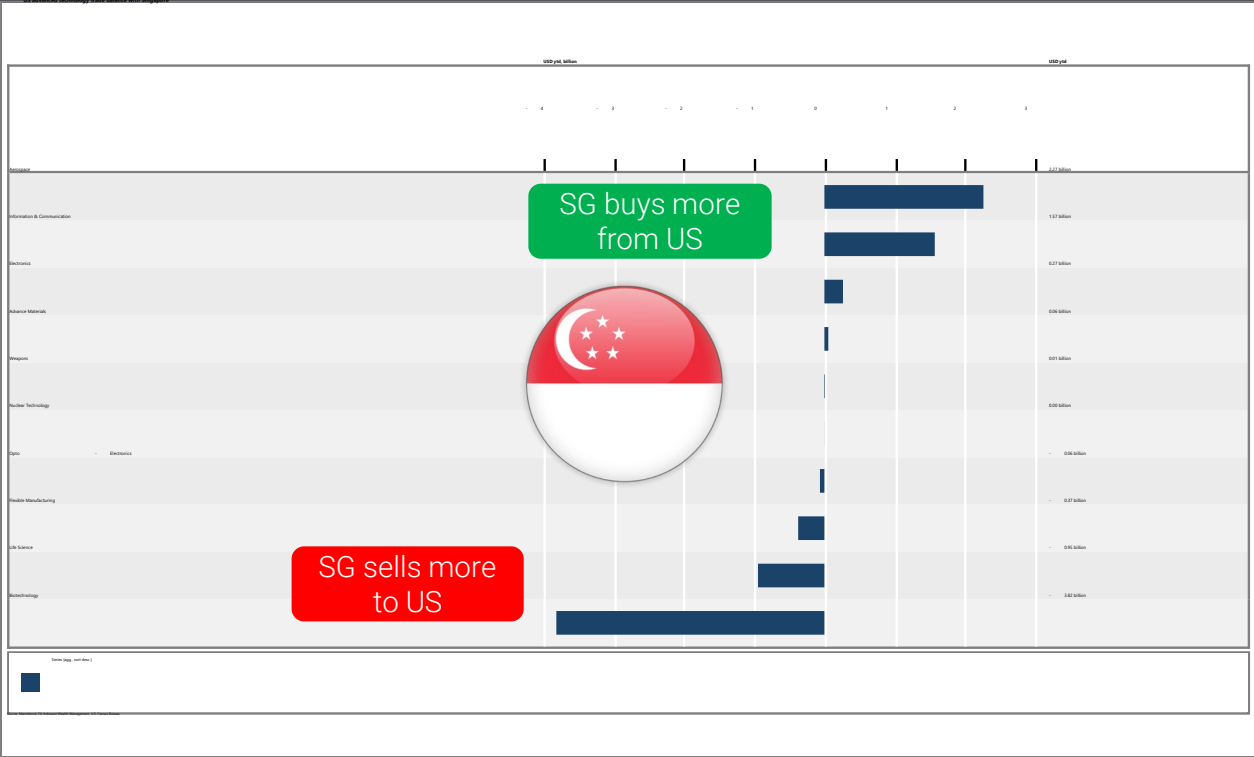
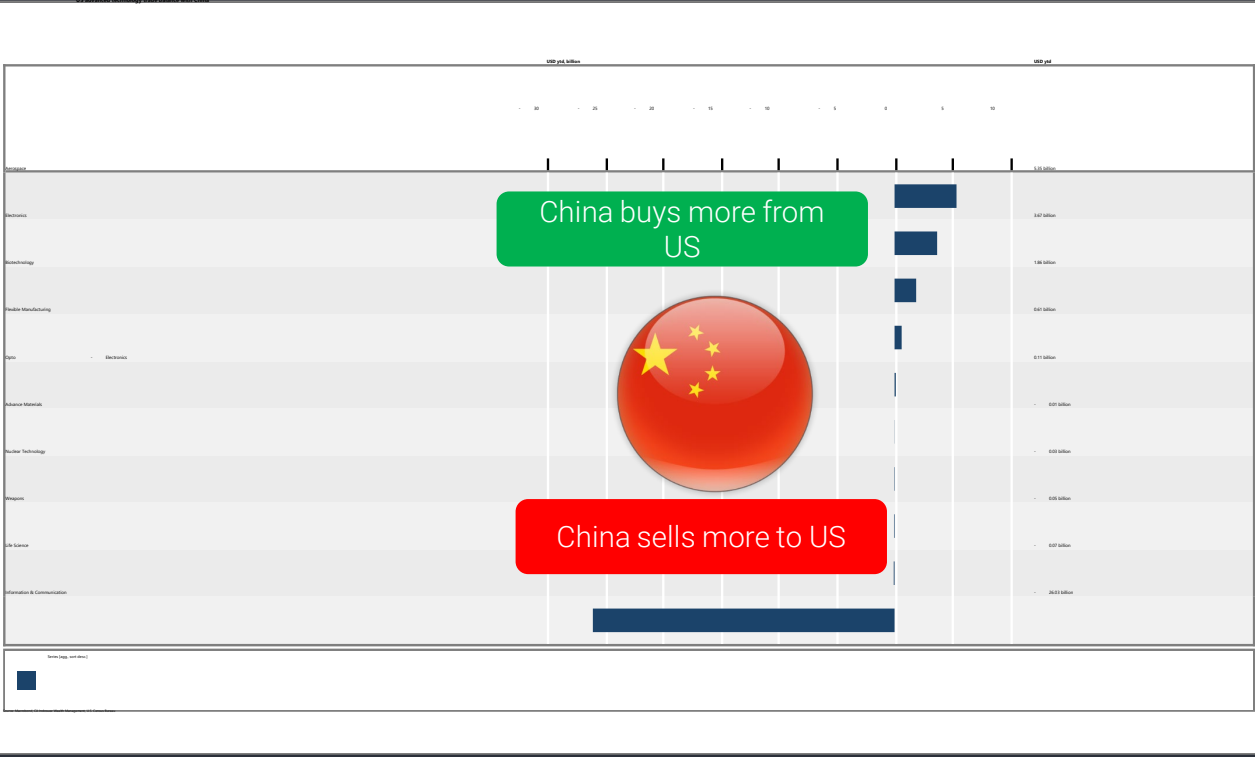
China is not just exporting simple, consumer goods only...

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What hi-tech products are Americans buying from China & SG?

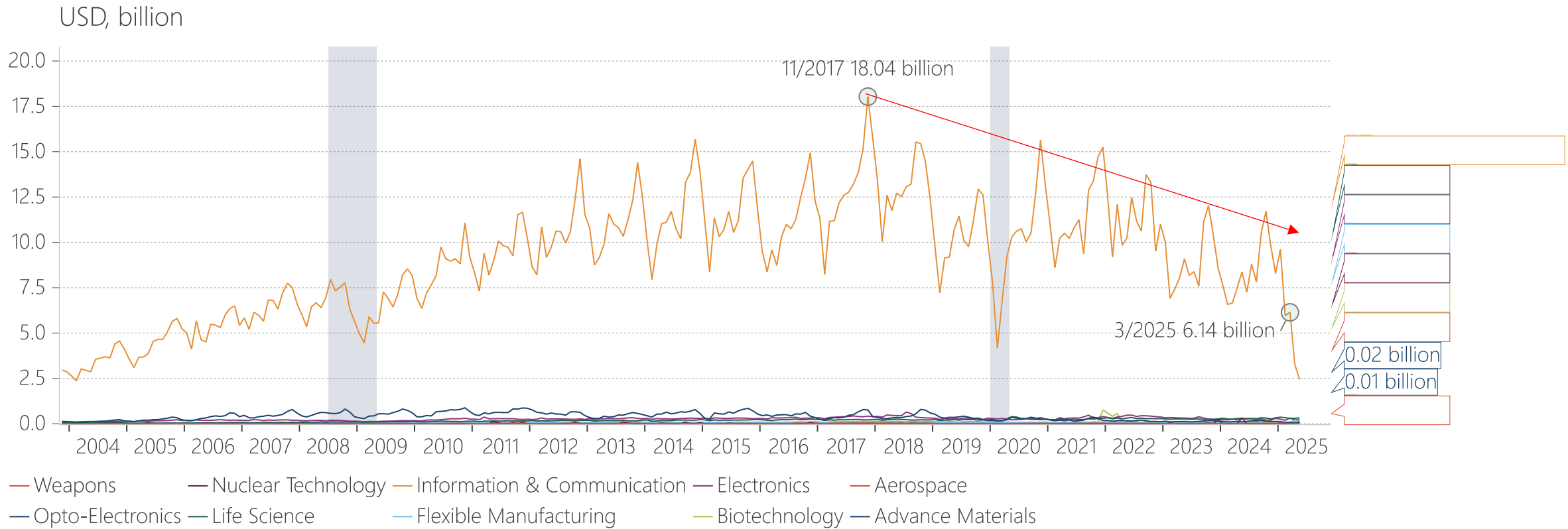


What hi-tech products are Americans buying from China?

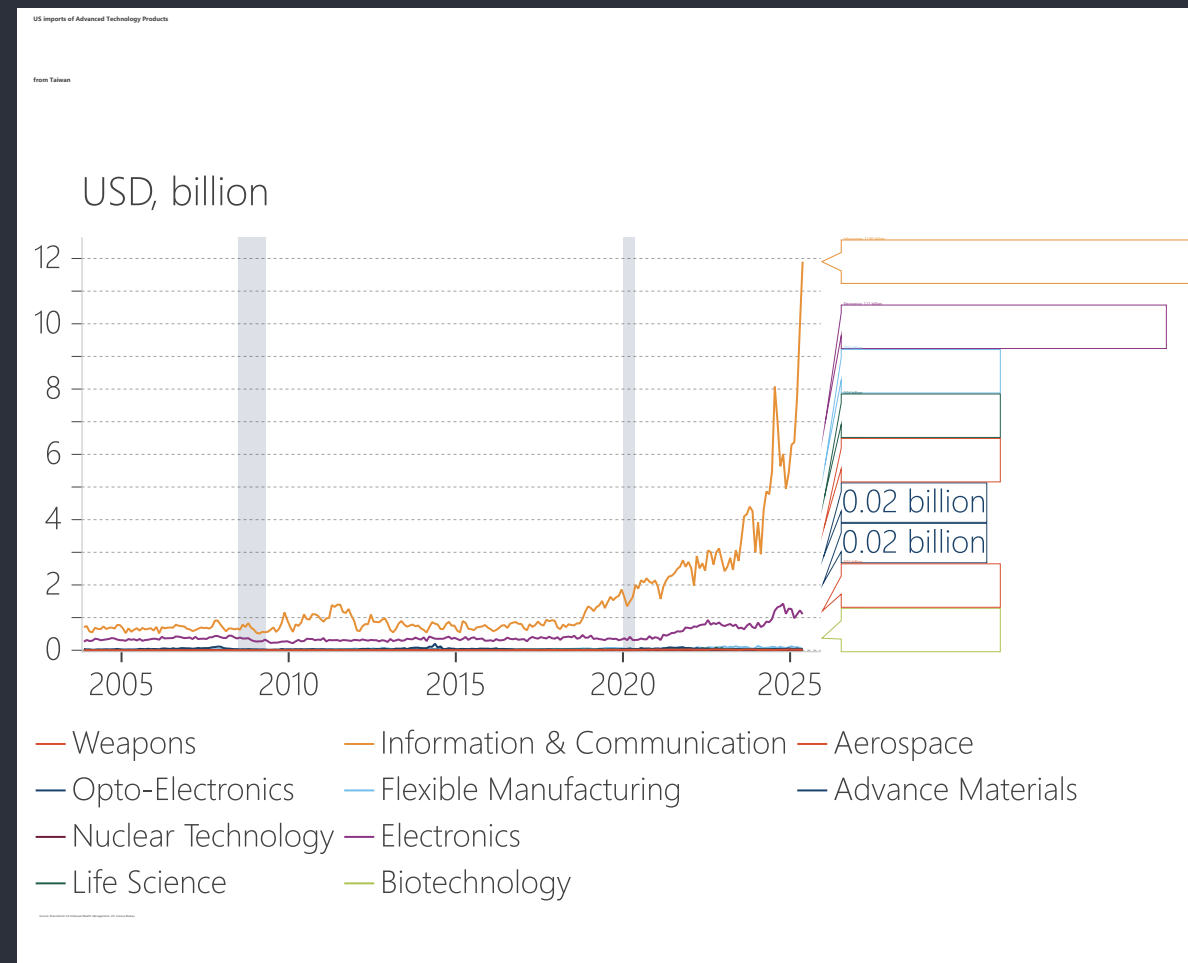
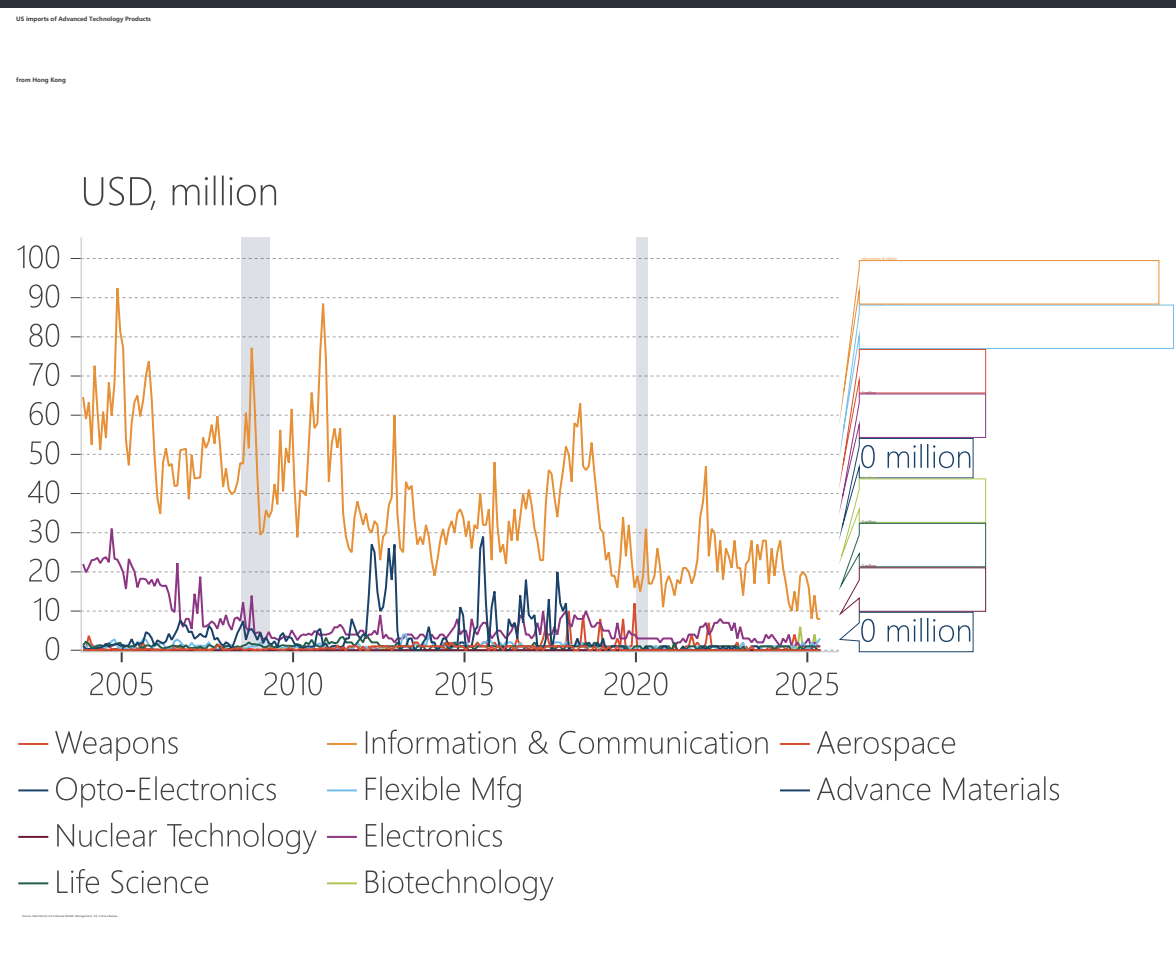
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US Imports of Advanced Technology Products from China



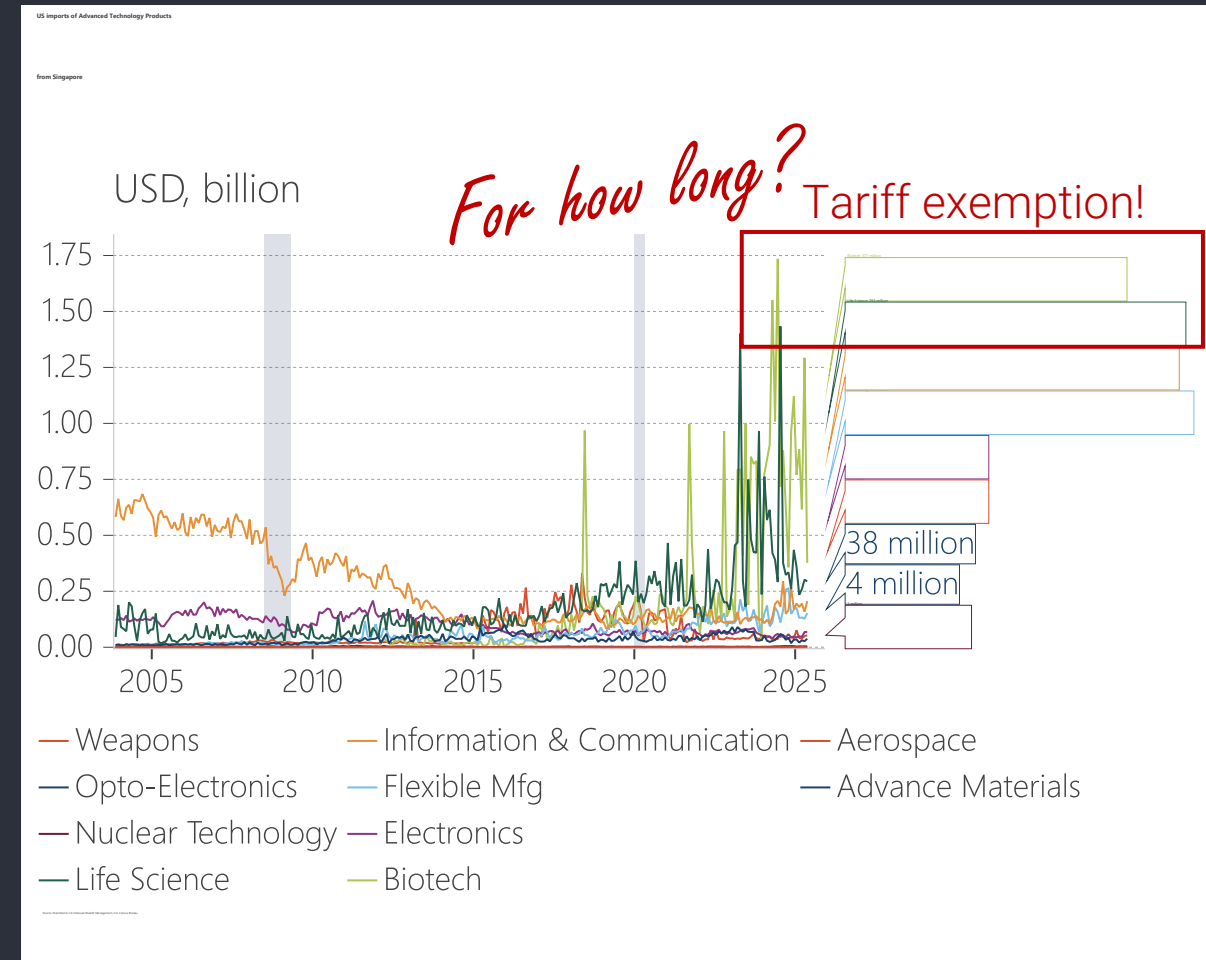
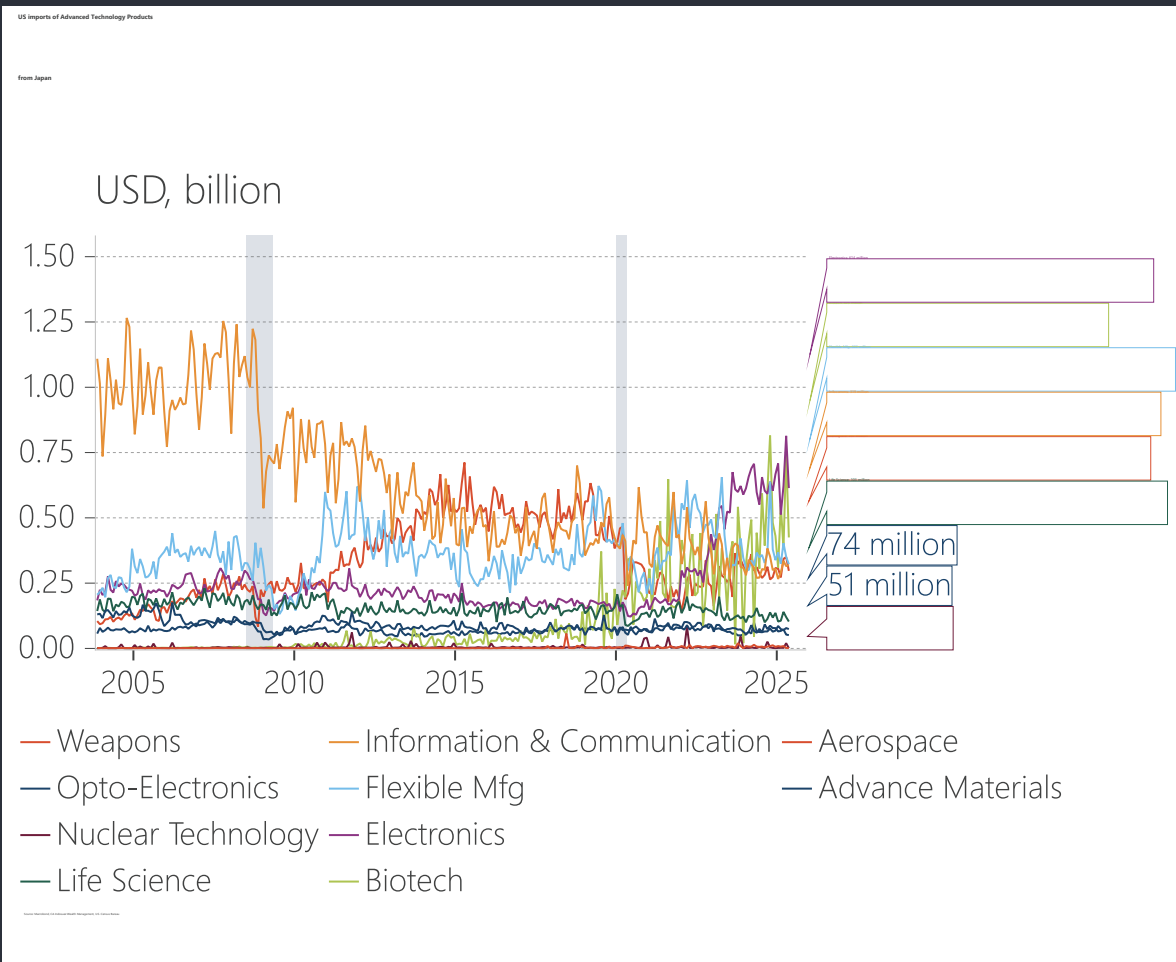
What hi-tech products are Americans buying from HK and TW?



What hi-tech products are Americans buying from Japan & SG?

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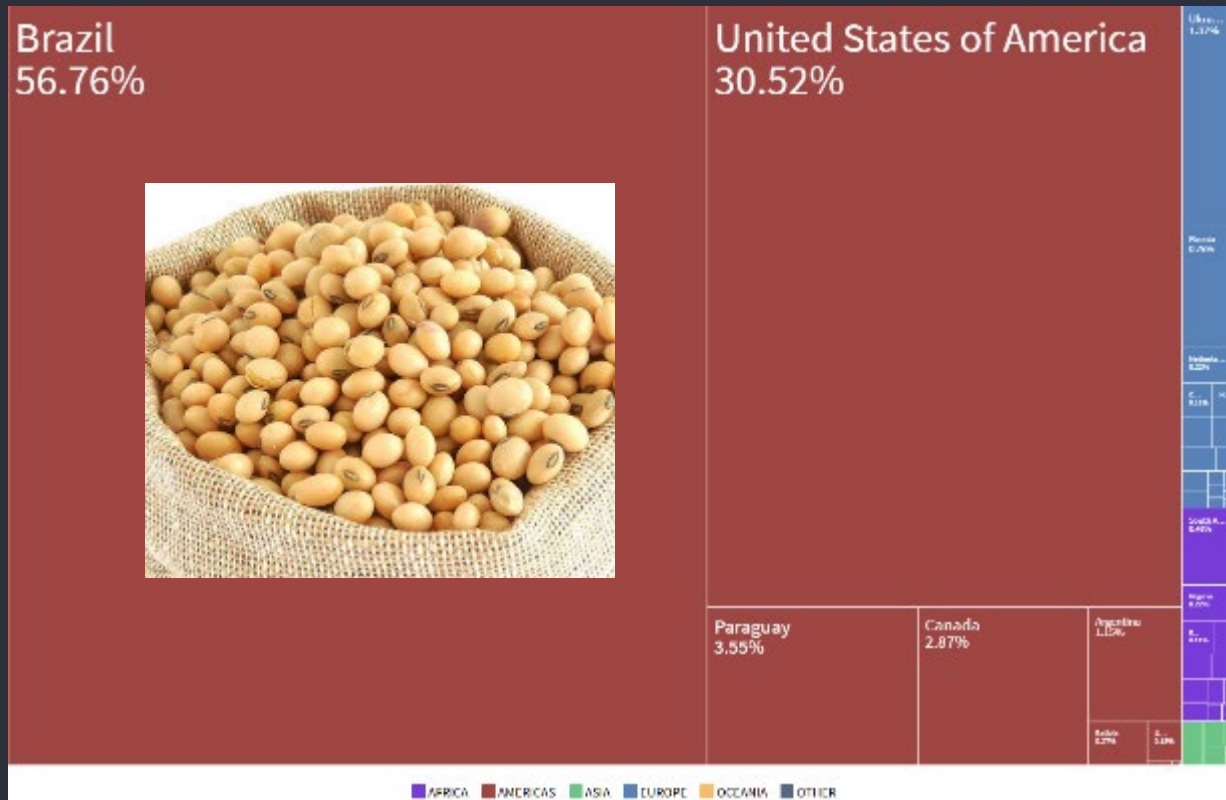


Who relies more on whom?

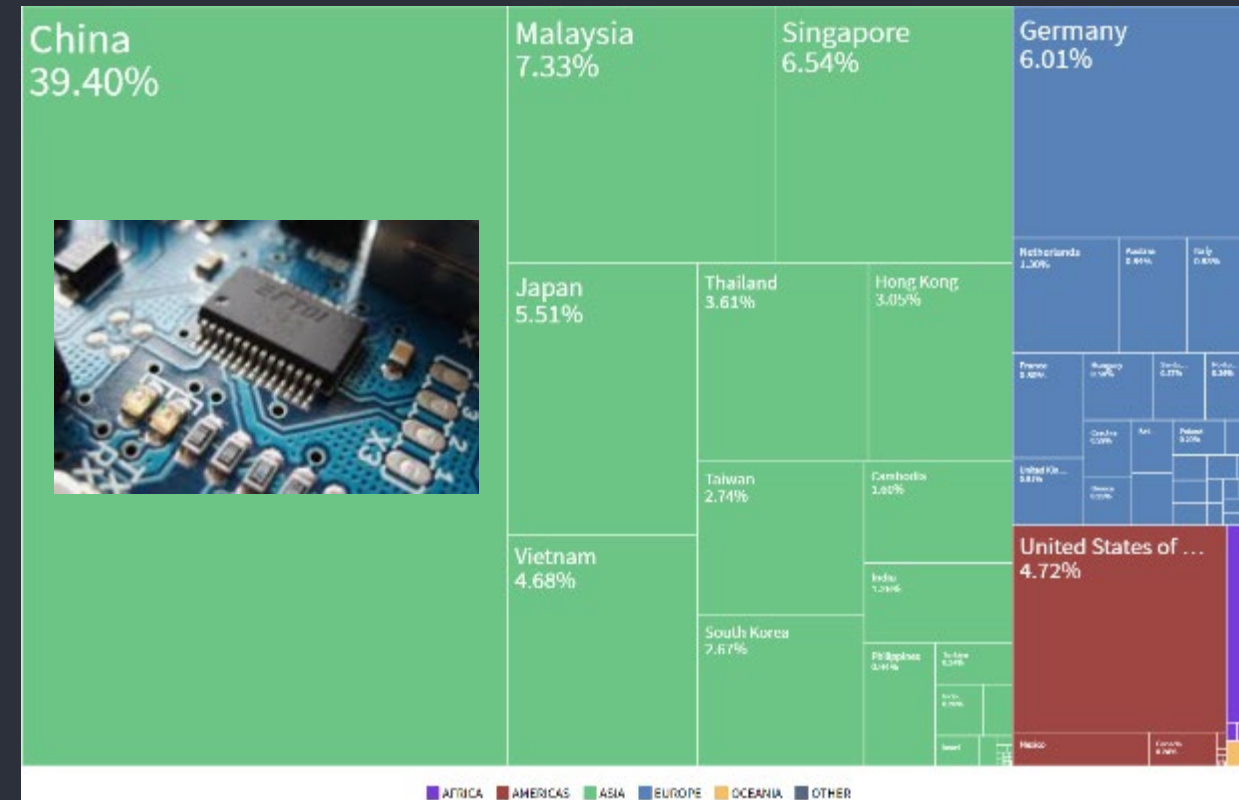
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Largest soya bean exporters
Total (2023) = US\$90bn



Largest semiconductor devices exporters
Total (2023) = US\$140bn

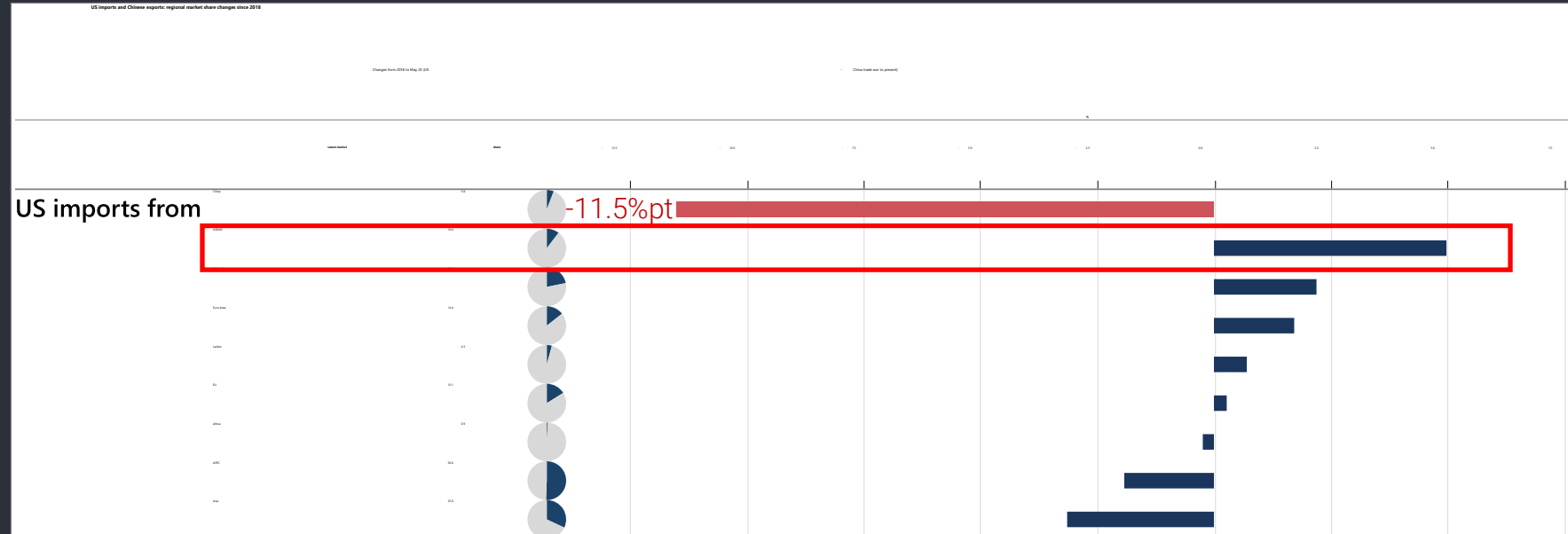


Everyone plays the musical chair



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If iPhones are a lot more expensive, consumers simply delay purchase



\$2,300 iPhone? Trump Tariffs Could Force Apple To Hike Prices



Source: https://www.linkedin.com/posts/subhash-km-6b5443123_iphone-components-cost-activity-7315625457104683008-4FwY



Source: https://www.linkedin.com/posts/harshadshah1953_president-trumps-tariffs-could-increase-activity-7314133600814219264-m7E-

Product	Hike to cover for tariff cost
iPhone	43%
Apple Watch	43%
iPad	42%
Mac	39%
Airpod	39%

Source: <https://www.reuters.com/technology/will-trump-tariffs-make-apple-iphones-more-expensive-2025-04-03/>



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Number

3

Can Asia/China
“tahan” it?

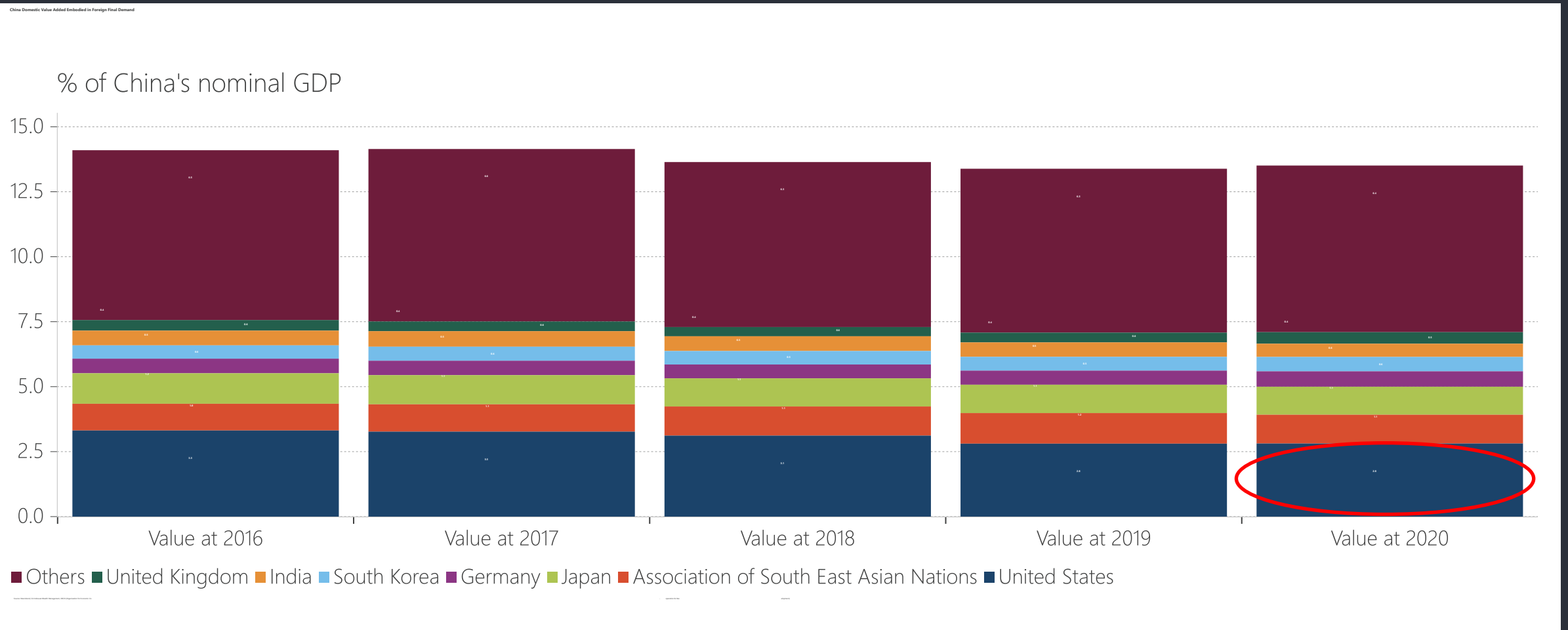
World trade is actually more complicated...

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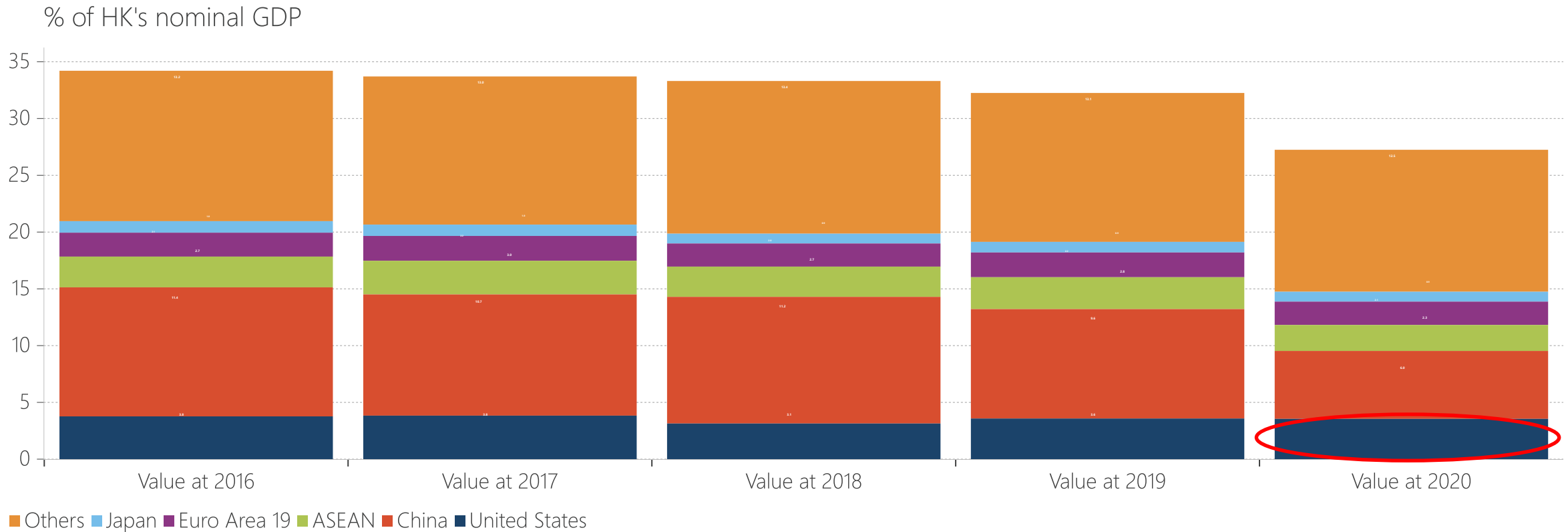


China's "real impact" from US tariffs is much smaller

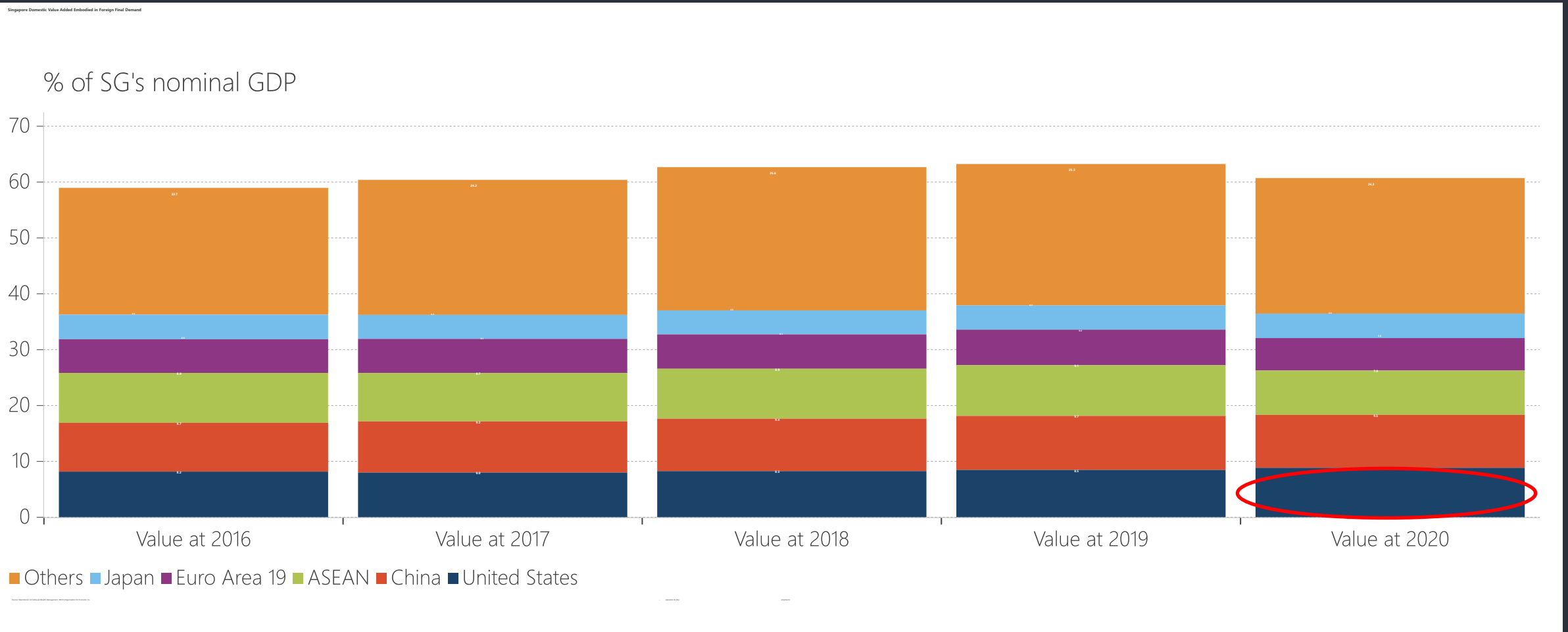


HK's economy a lot more reliant on China's final demand than the US

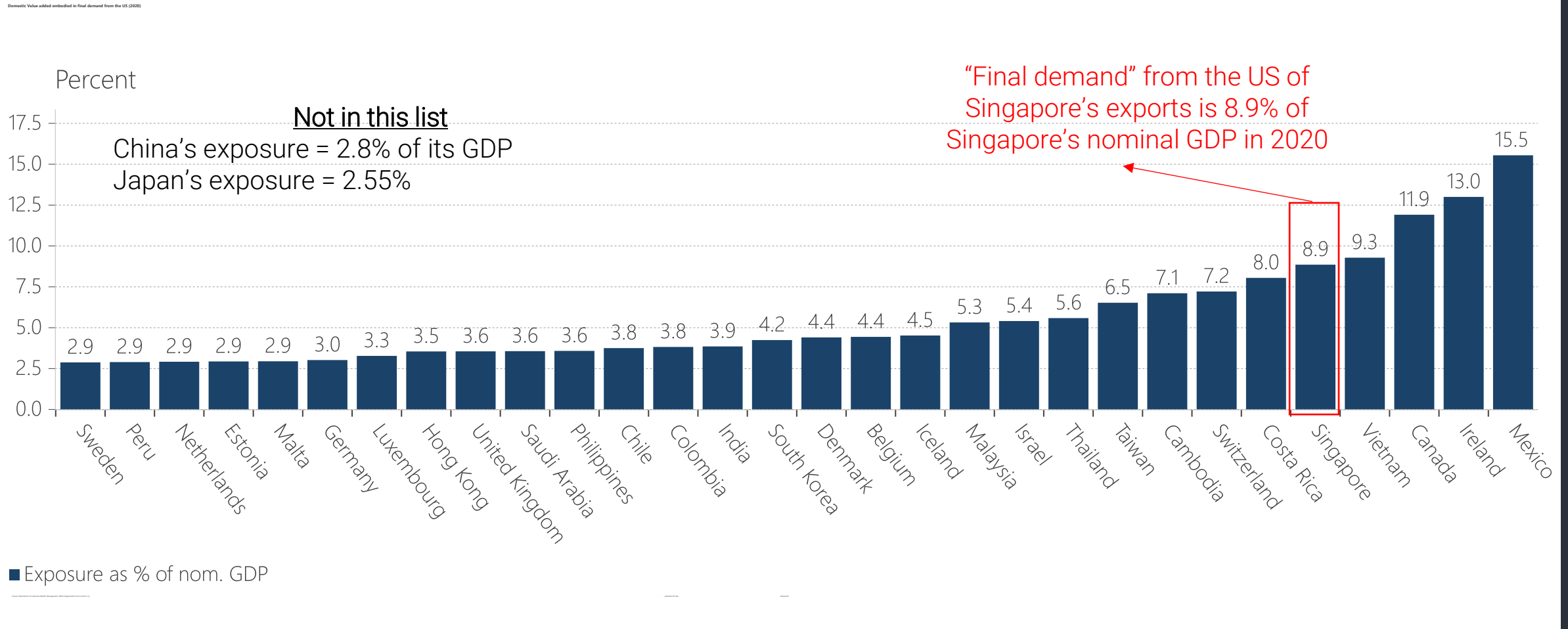
Hong Kong Domestic Value Added Embodied in Foreign Final Demand



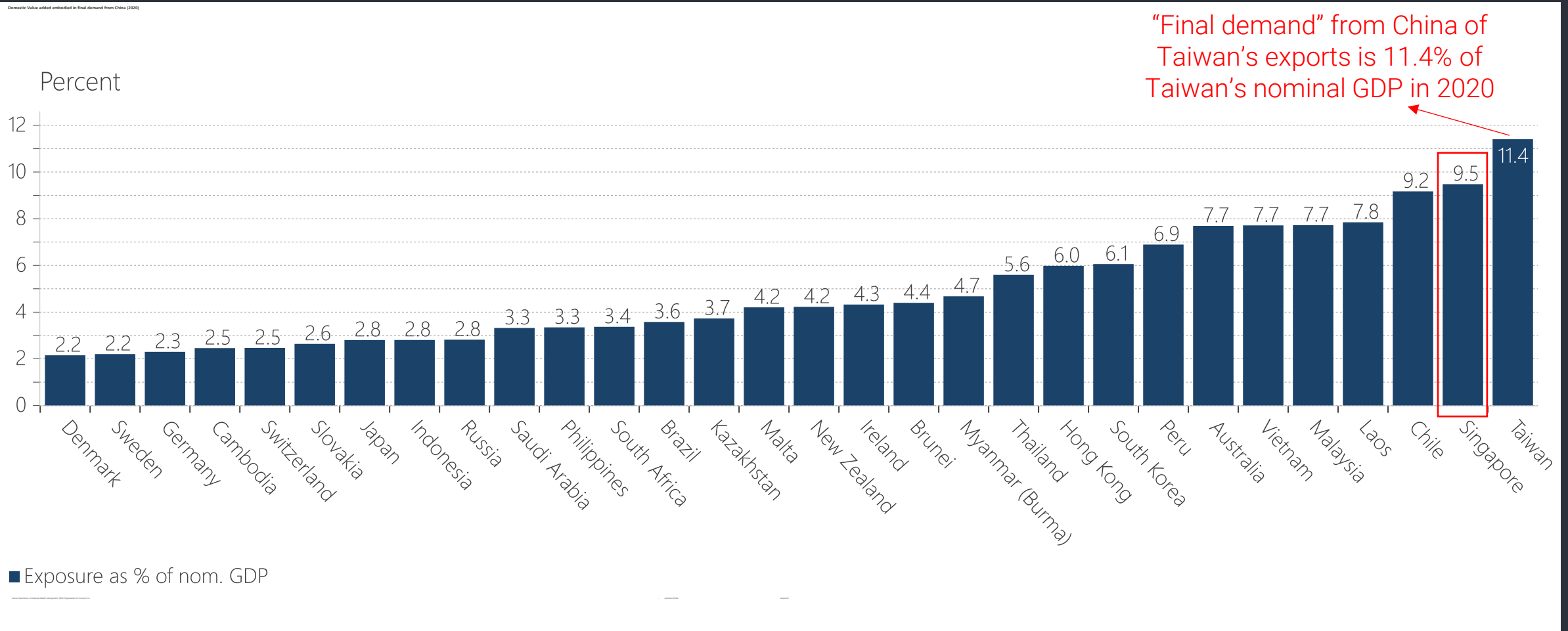
Singapore's "real impact" from US tariffs is considerably large



While Singapore did not “export much” to the US than it imports



Showing countries' reliance on Chinese final demand



What are the key technologies that China is leading the world today?

The logo for Indosuez Wealth Management, featuring a stylized 'I' and 'S' icon to the left of the text 'INDOSUEZ' and 'WEALTH MANAGEMENT' stacked vertically.The logo for Bakertilly, featuring a stylized circular icon to the left of the word 'bakertilly' in a lowercase, sans-serif font.The logo for Microsoft Copilot, featuring a colorful, multi-colored icon to the left of the word 'Copilot' in a bold, sans-serif font.

China is currently leading the world in several key technologies. These include:

- **Artificial Intelligence (AI):** China has made significant advancements in AI research and applications.
- **5G Networks:** China is at the forefront of 5G technology, with extensive deployment and development.
- **Electric Vehicles (EVs):** China is a global leader in the production and adoption of electric vehicles.
- **Renewable Energy:** China is heavily investing in renewable energy sources, including solar and wind power.
- **Quantum Computing:** China is making strides in quantum computing research and development.
- **Biotechnology:** China is advancing in biotechnology, particularly in areas like gene editing and biopharmaceuticals.

What are the key technologies that China is leading the world today?

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Australian Strategic Policy Institute (ASPI): China is leading the world in **37 out of 44** critical technologies.

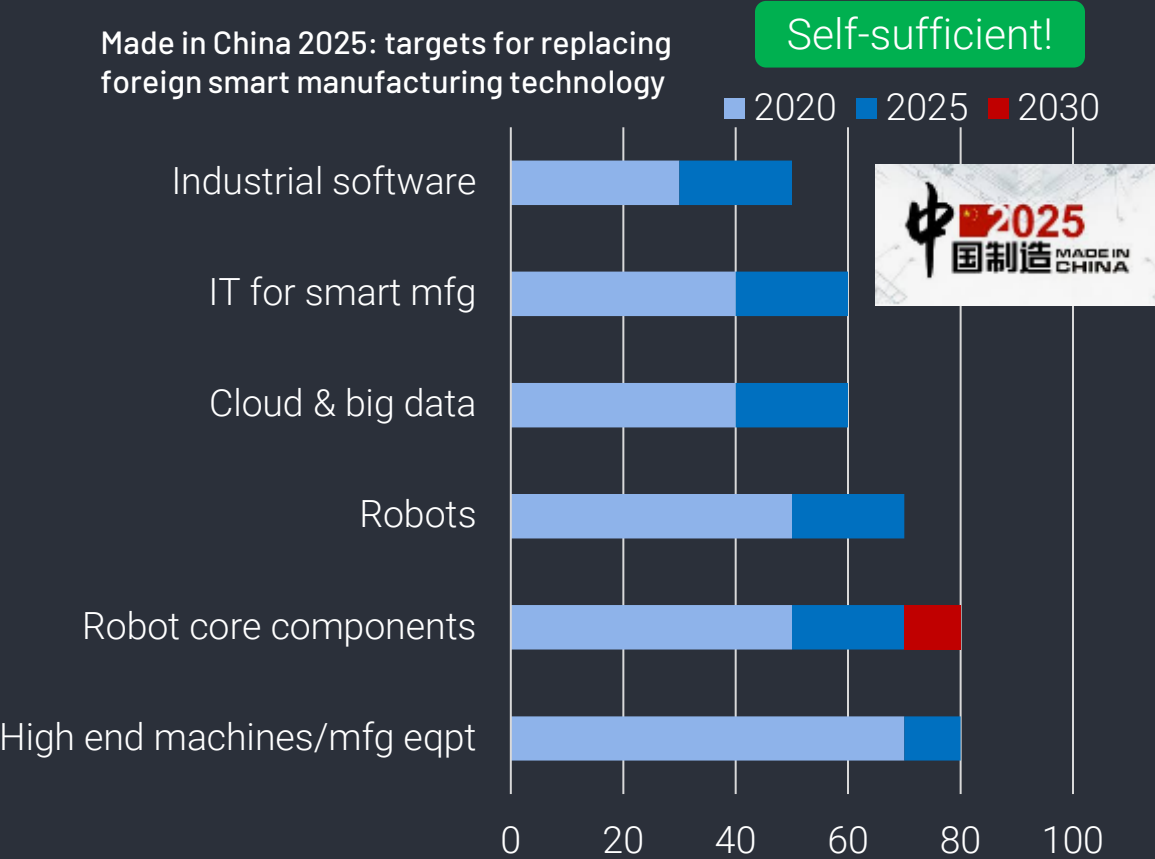
Some of the areas where China excels include **defense, space, robotics, energy, the environment, biotechnology, artificial intelligence, advanced materials,** and key **quantum technology** areas.

Information Technology and Innovation Foundation (ITIF): China has rapid progress in advanced industries such as **robotics, chemicals, nuclear power, semiconductors, display technologies, electric vehicles and batteries, artificial intelligence, quantum computing, biopharmaceuticals, and machine tools.**

China has more weight at the negotiation table

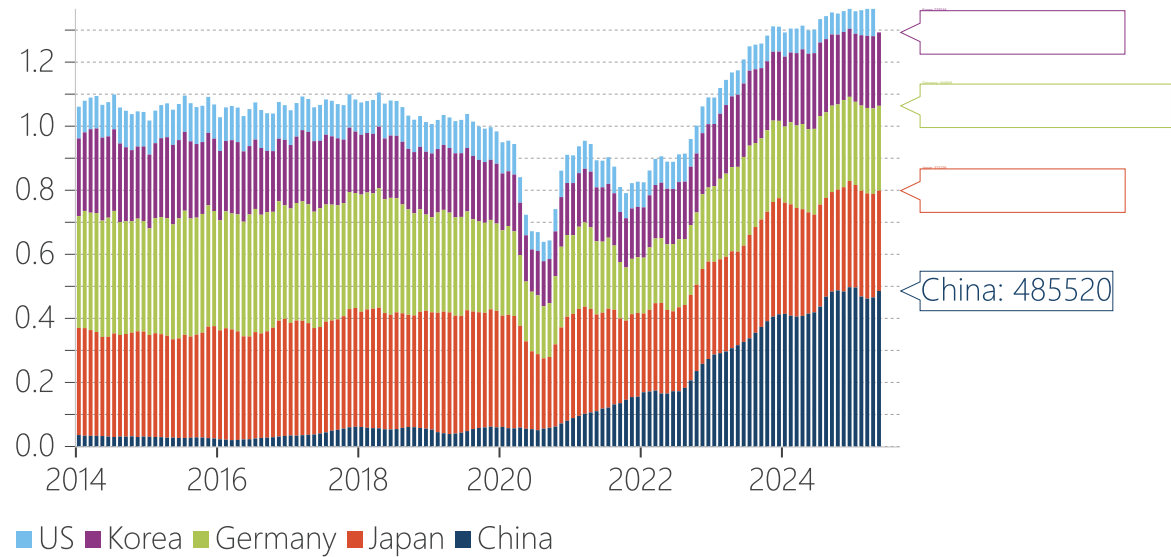


China has more 'Weight' at the negotiation table



Source: Expert Commission for Construction of a Manufacturing Superpower, 2016 Merics, Indosuez Wealth Management

Selected country car exports per month
million



What I saw in China...

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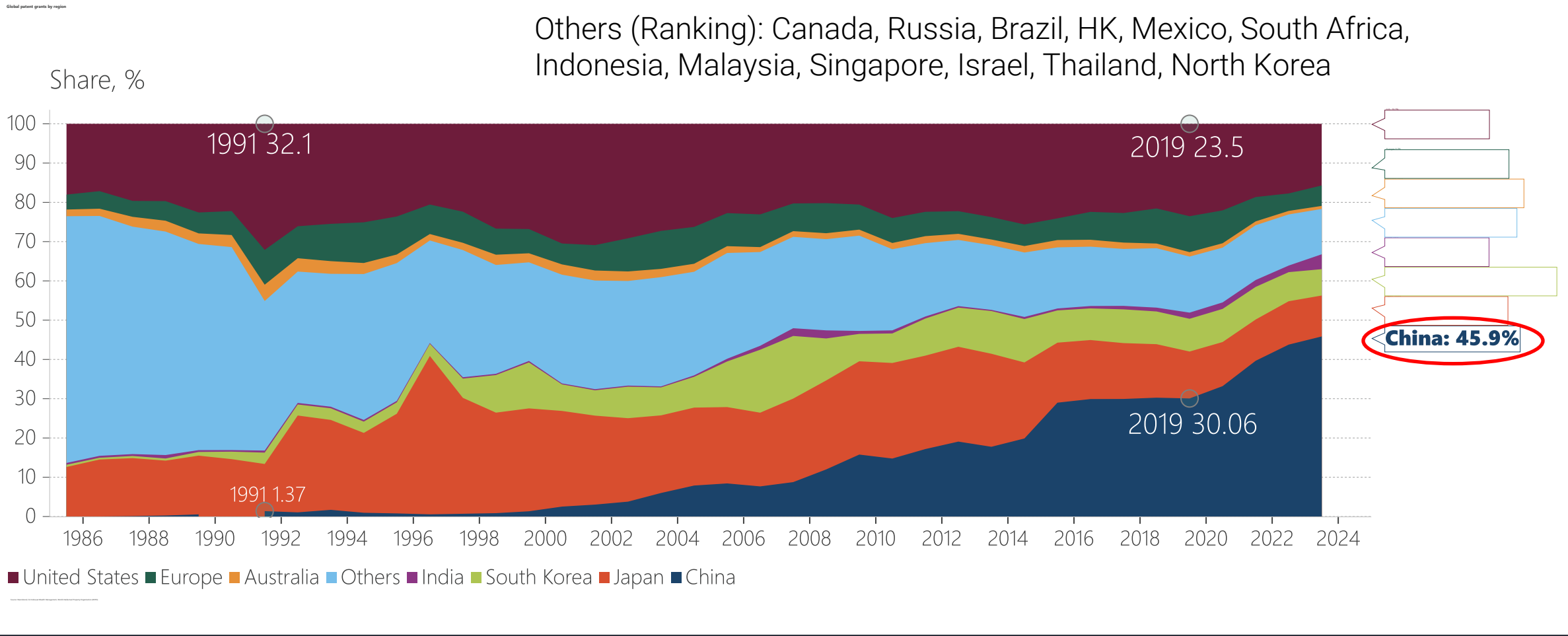
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China is global leader in patents



Others (Ranking): Canada, Russia, Brazil, HK, Mexico, South Africa, Indonesia, Malaysia, Singapore, Israel, Thailand, North Korea



Chinese influence not just from China...



Chinese AI Team



USA AI Team

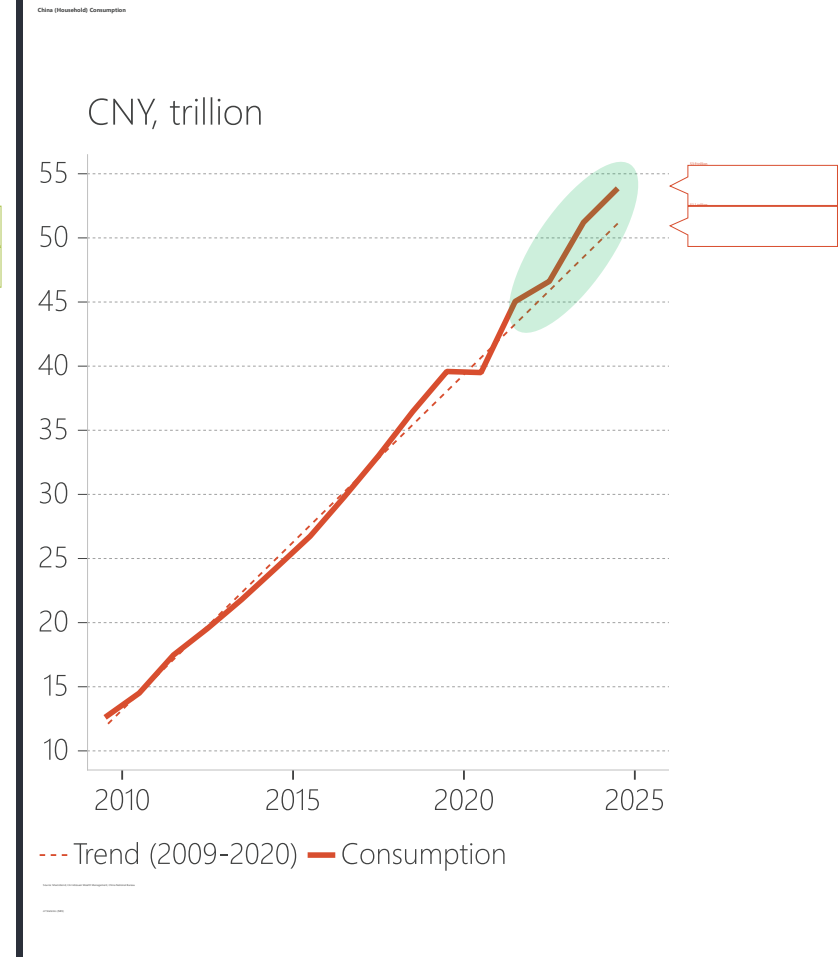
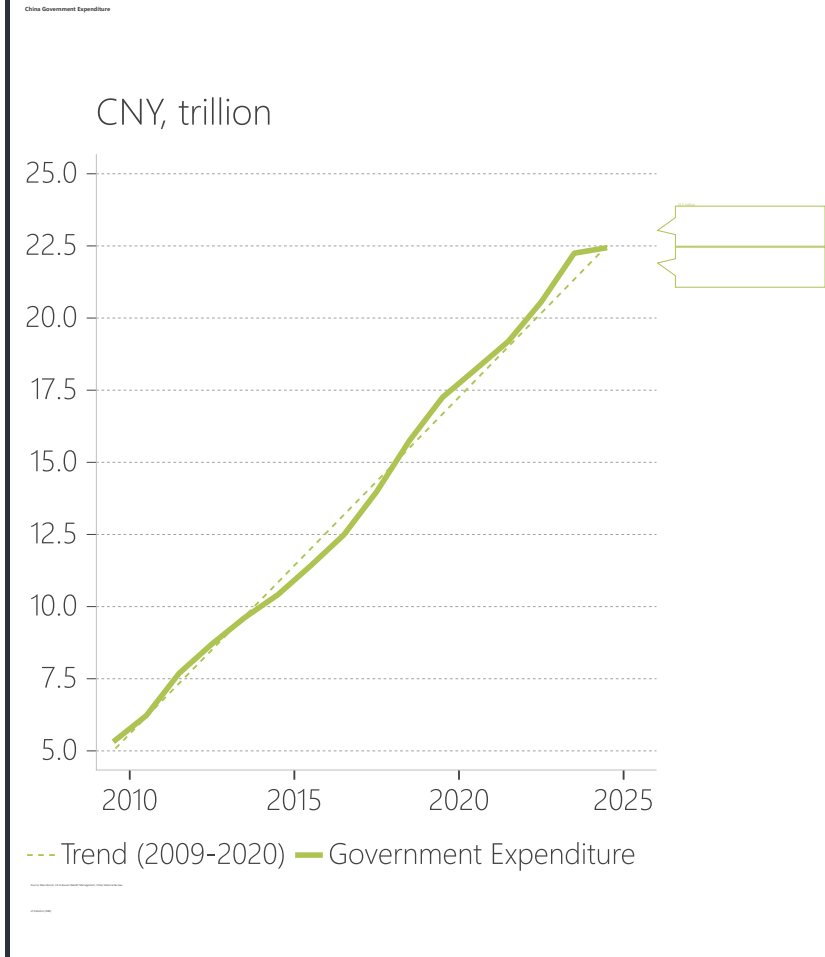
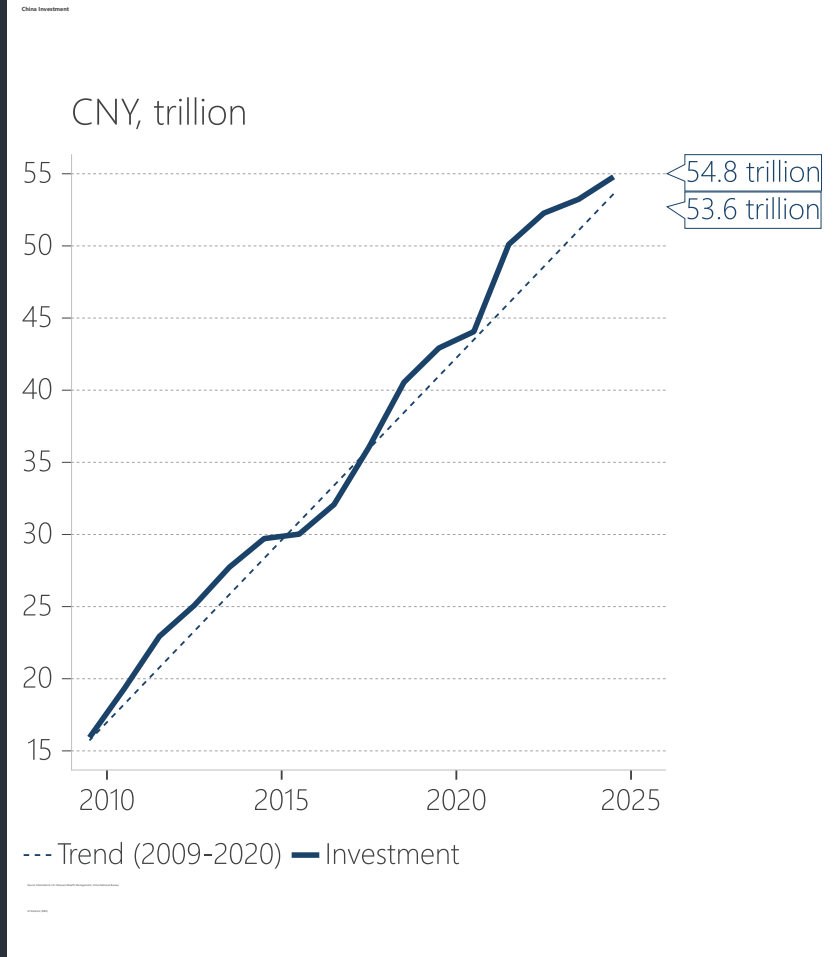
Here's the American Math Team
That beat China in a Math Competition 💪



Let data do the talking and ignore the noise...

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Number

2

Is the US(D) still
exceptional?

Markets are fickle. Stories fit prices, prices fit stories

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De-dollarisation concerns

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Firstpost.

'De-dollarization' in emerging markets picks up
By Sun Chi | chinadaily.com.cn | Updated: 2023-04-14 17:47

CHINADAILY 中国日报网
.COM.CN

APINDO: Indonesia Can Drive De-dollarization through 2023 ASEAN Chairmanship

Kementerian Kominfo 26 April 2023



A BRICS Currency Could Shake the Dollar's Dominance

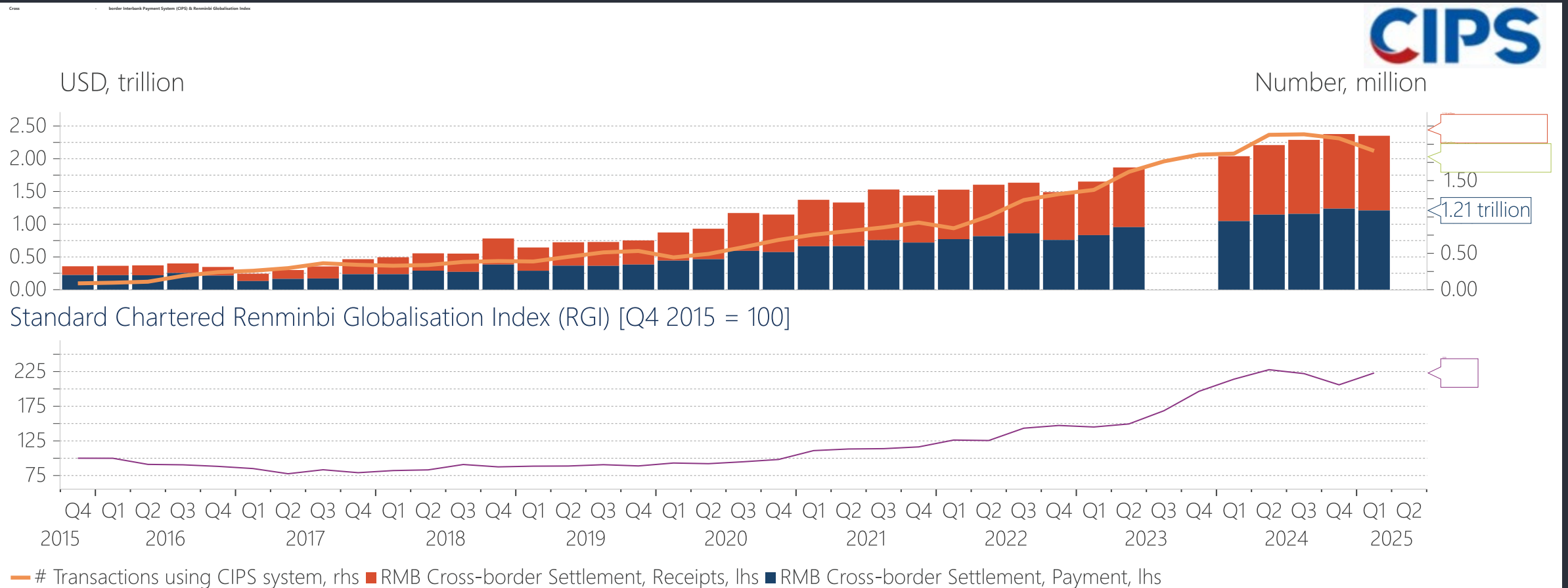
De-dollarization's moment might finally be here.

By Joseph W. Sullivan, a senior advisor at the Lindsey Group and a former special advisor and staff economist at the White House Council of Economic Advisers during the Trump administration.

INSIDER

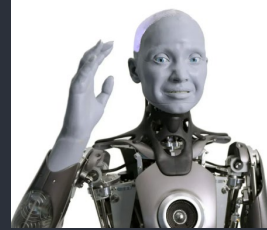
You can't replace the dollar, but here are 5 alternative assets that are chipping away at the greenback's supremacy

Usage of RMB getting strong traction



Will we witness de-dollarisation?

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As an AI language model, I can't predict the future with certainty, and the topic of **de-dollarization is complex and subject to various factors and geopolitical dynamics**. However, I can provide you with some information on the subject.

Several factors could influence the pace and extent of de-dollarization. These factors include **geopolitical tensions, economic shifts, and the development of alternative financial systems** or currencies. Some countries, such as Russia and China, have taken steps to reduce their reliance on the US dollar in international trade and have increased their use of local currencies or alternative payment systems. Additionally, the European Union has been exploring mechanisms to strengthen the role of the euro in global transactions.

While some countries may seek to reduce their dependence on the US dollar, **a complete and rapid de-dollarization is unlikely in the near term**. The US dollar's status as a global reserve currency has been built over many decades, and any major changes to the international monetary system would require careful coordination among countries and the development of viable alternatives.

It's always wise to stay informed about global economic trends and geopolitical developments, as they can have an impact on the future of the international financial system.

De-dollarization refers to a **reduction in the dominance of the US dollar as a global reserve currency** and a decrease in its use in **international transactions**. There have been discussions and efforts in recent years by certain countries and regions to diversify away from the US dollar due to concerns over its potential vulnerabilities and the influence it grants the United States in global economic affairs.

However, it's important to note that the **US dollar remains the world's dominant reserve currency**, and any significant shift away from it would likely be a gradual and complex process. The US dollar's **stability, liquidity, and the depth** of the US financial markets contribute to its continued appeal.

A short history on global currency dominance

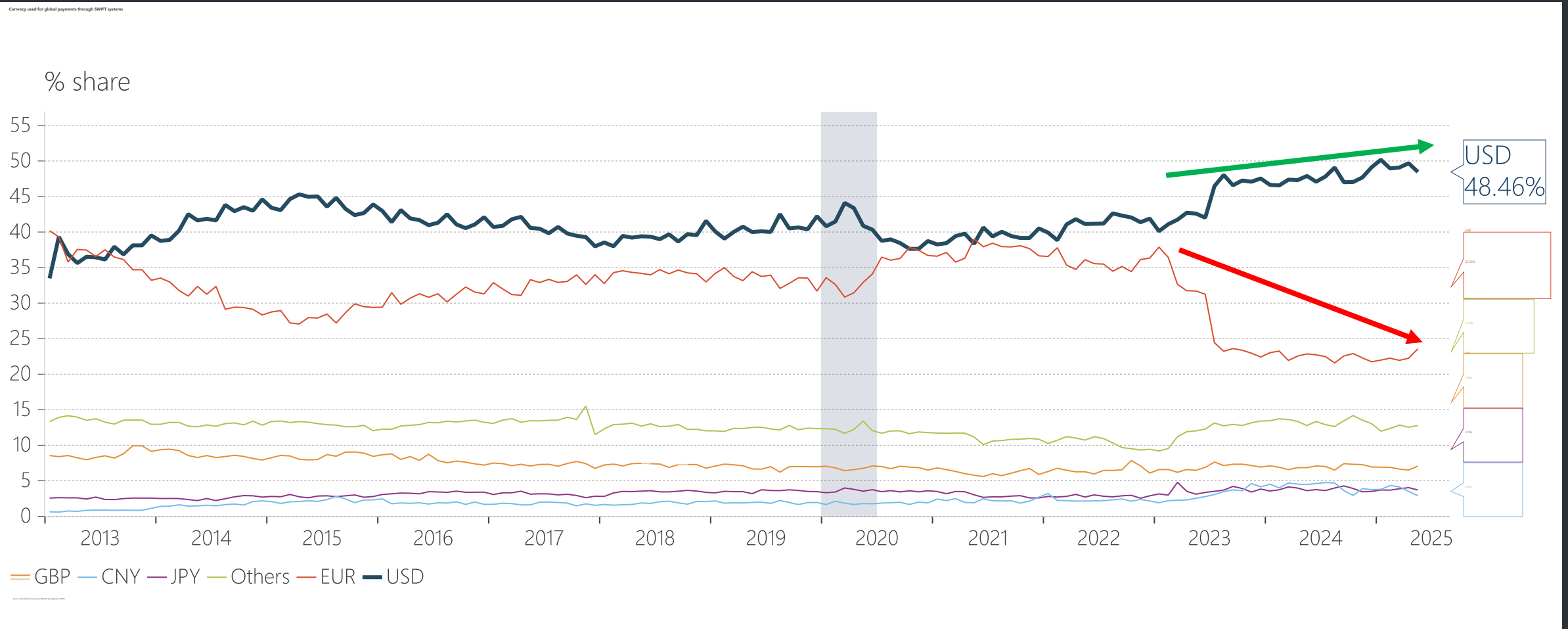


Dominant Global Currency	Period (approx.)	No. of Years	Dominant Navy?	What ended the dominance?		
				Loss of Naval Supremacy	Invasion/Revolution	Sovereign Defaults

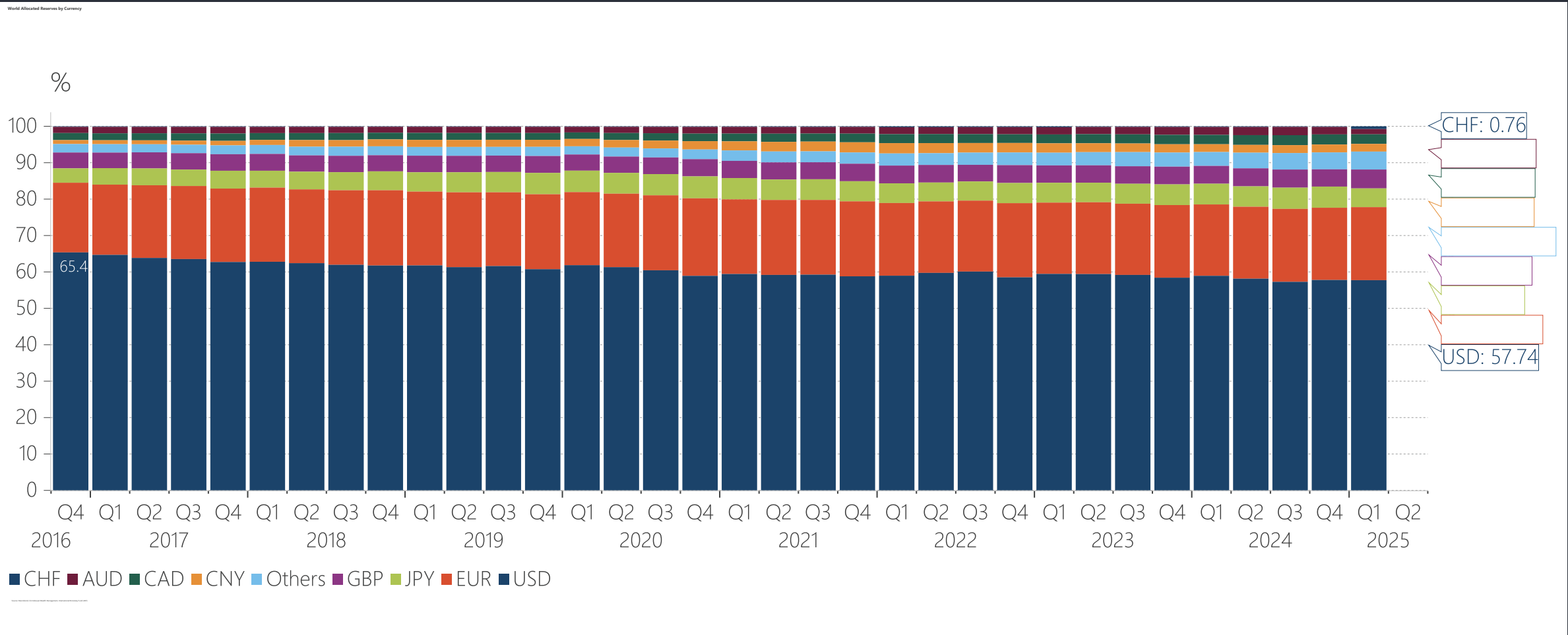
USD is still the undisputed dominant payments currency

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USD remains the preferred, dominant reserve currency



Criteria of global currency dominance



	USD	EUR	CNY	Crypto	SDR	BRICS Currency	Gold



Number

1

What's keeping
me awake at
night?



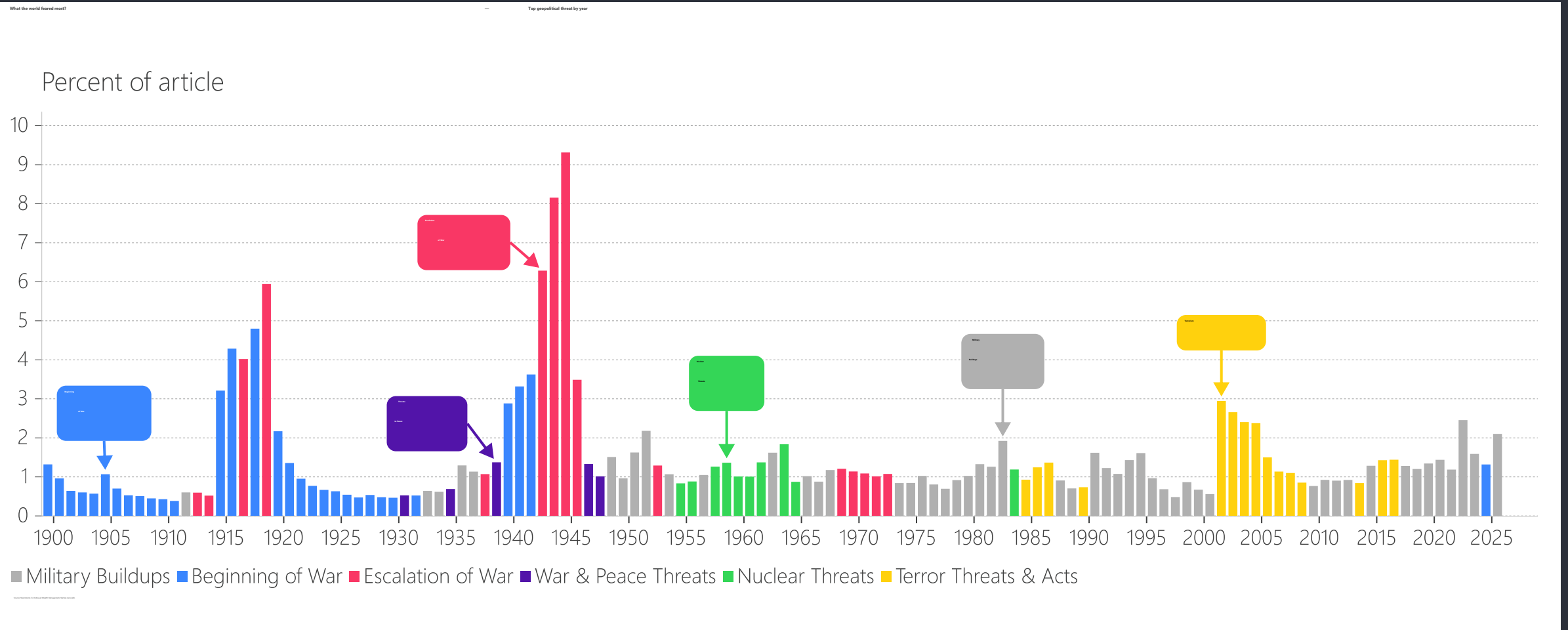
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What's keeping the World awake at night?

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A proxy of what the World is fearing?

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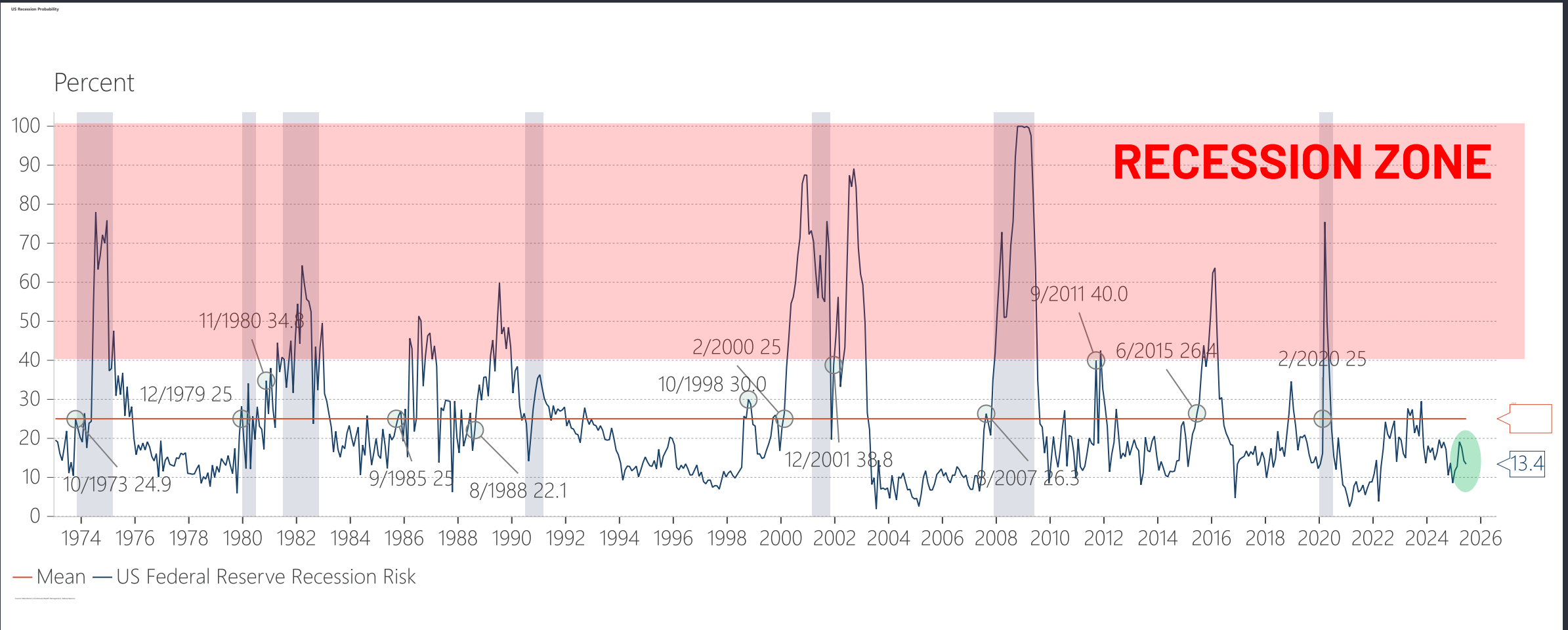
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US recession risk is low, but this is a coincident indicator

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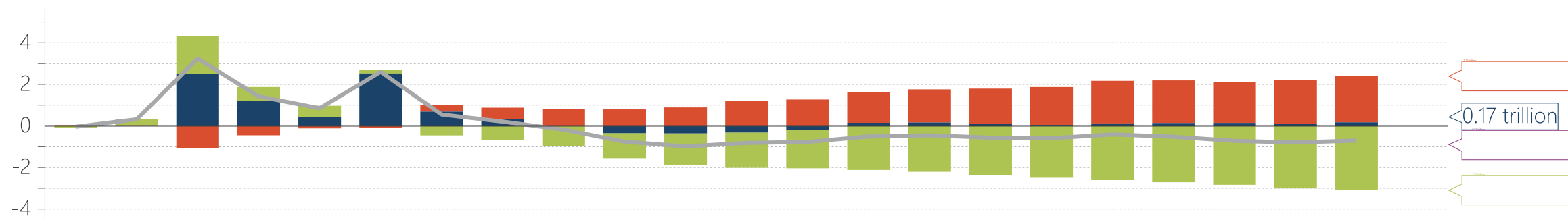
US excess savings are depleting... US growth will be slower

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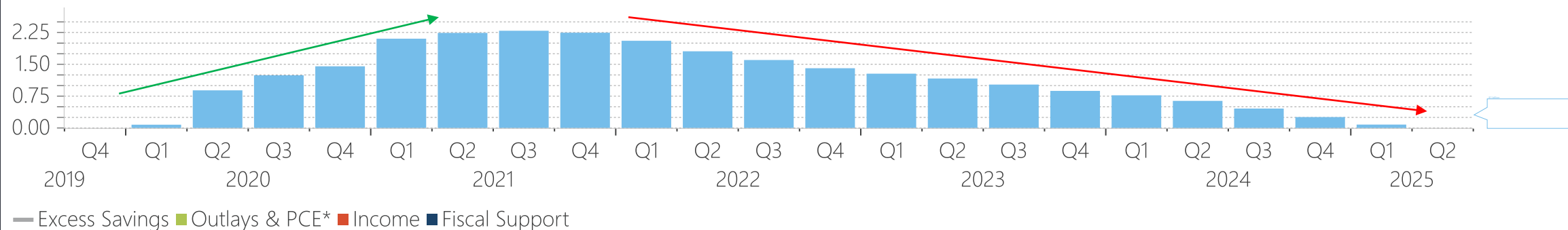
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US consumers' excess savings are depleting

Annual Rate, USD, trillion



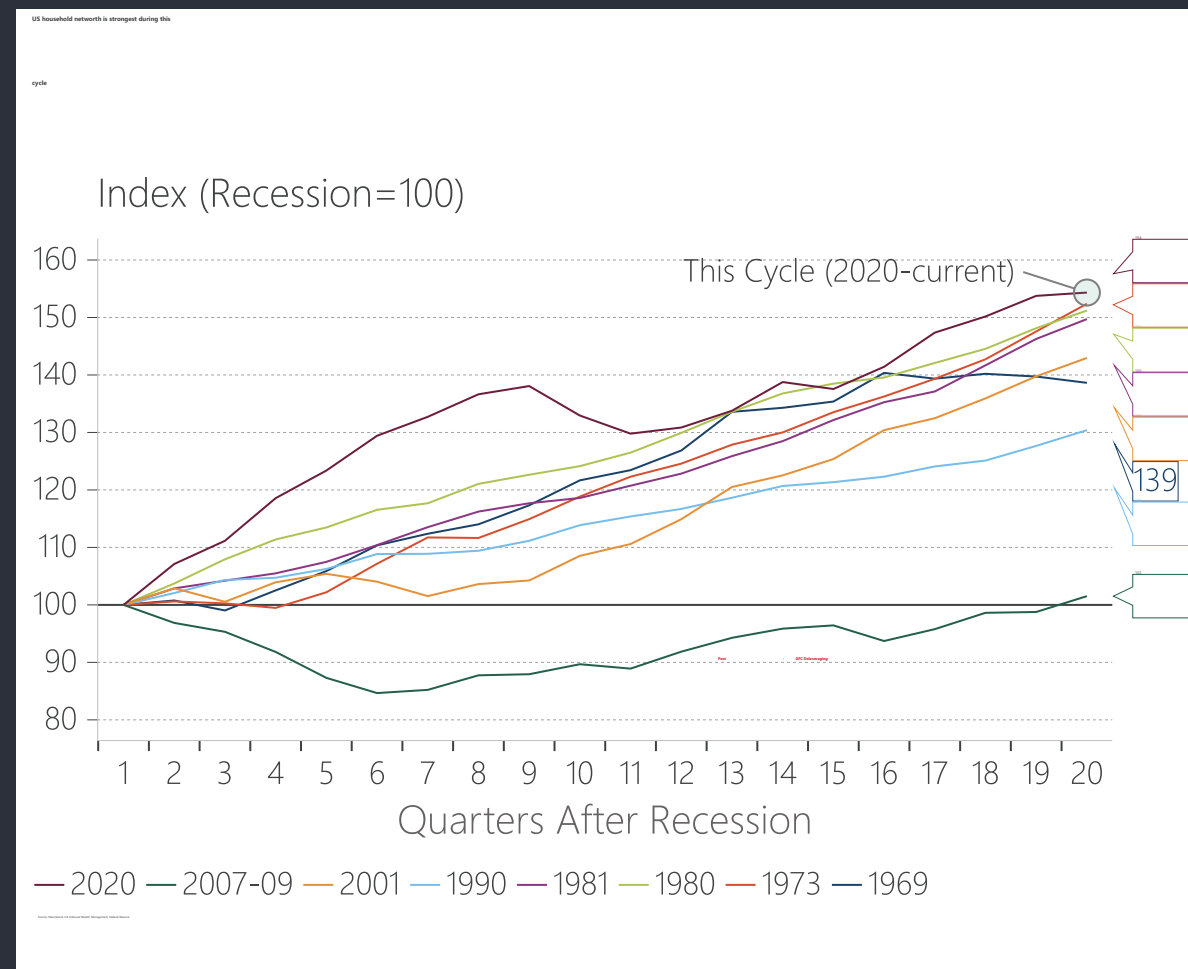
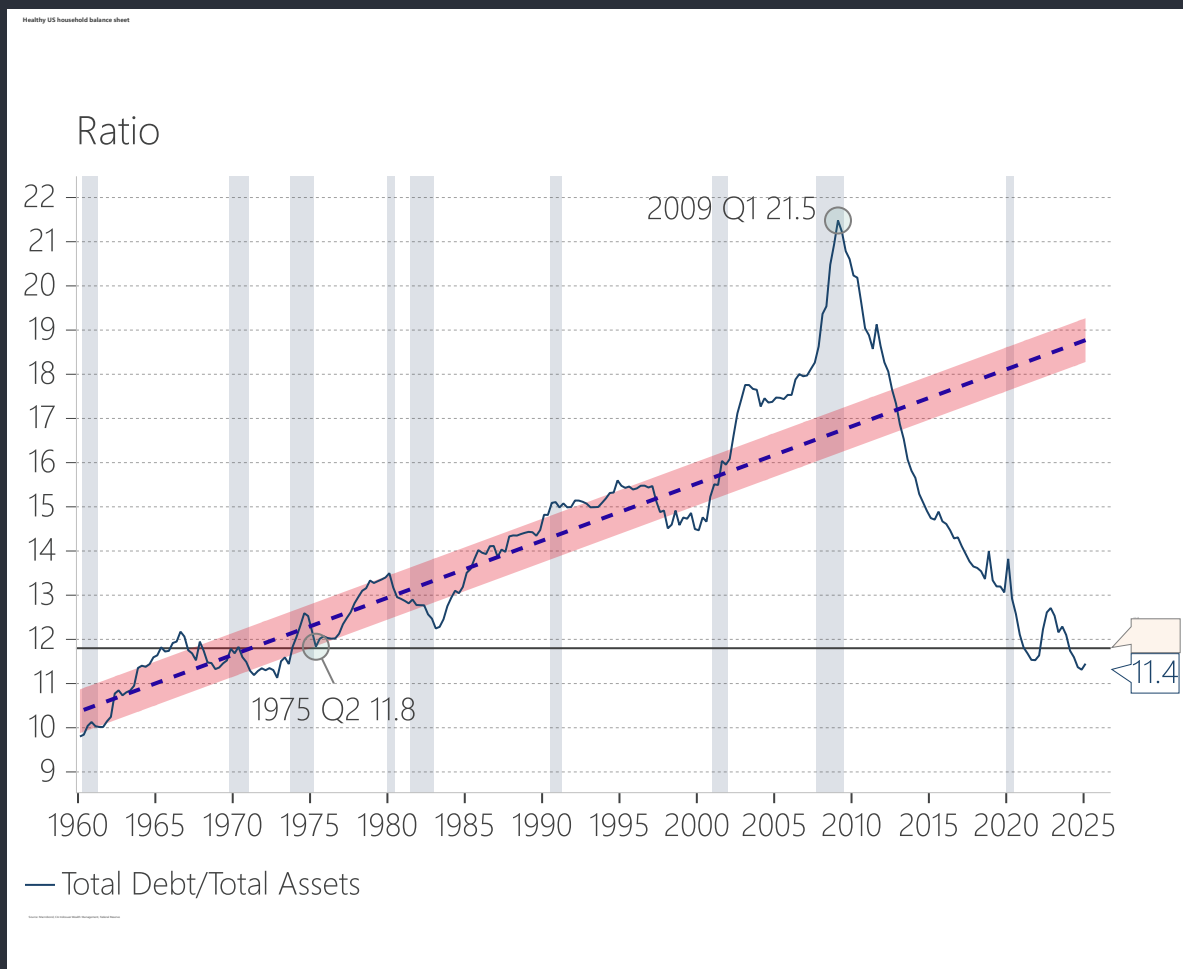
Aggregated stock of excess savings (USD billions)



But no risk of a balance-sheet recession a-la 2008

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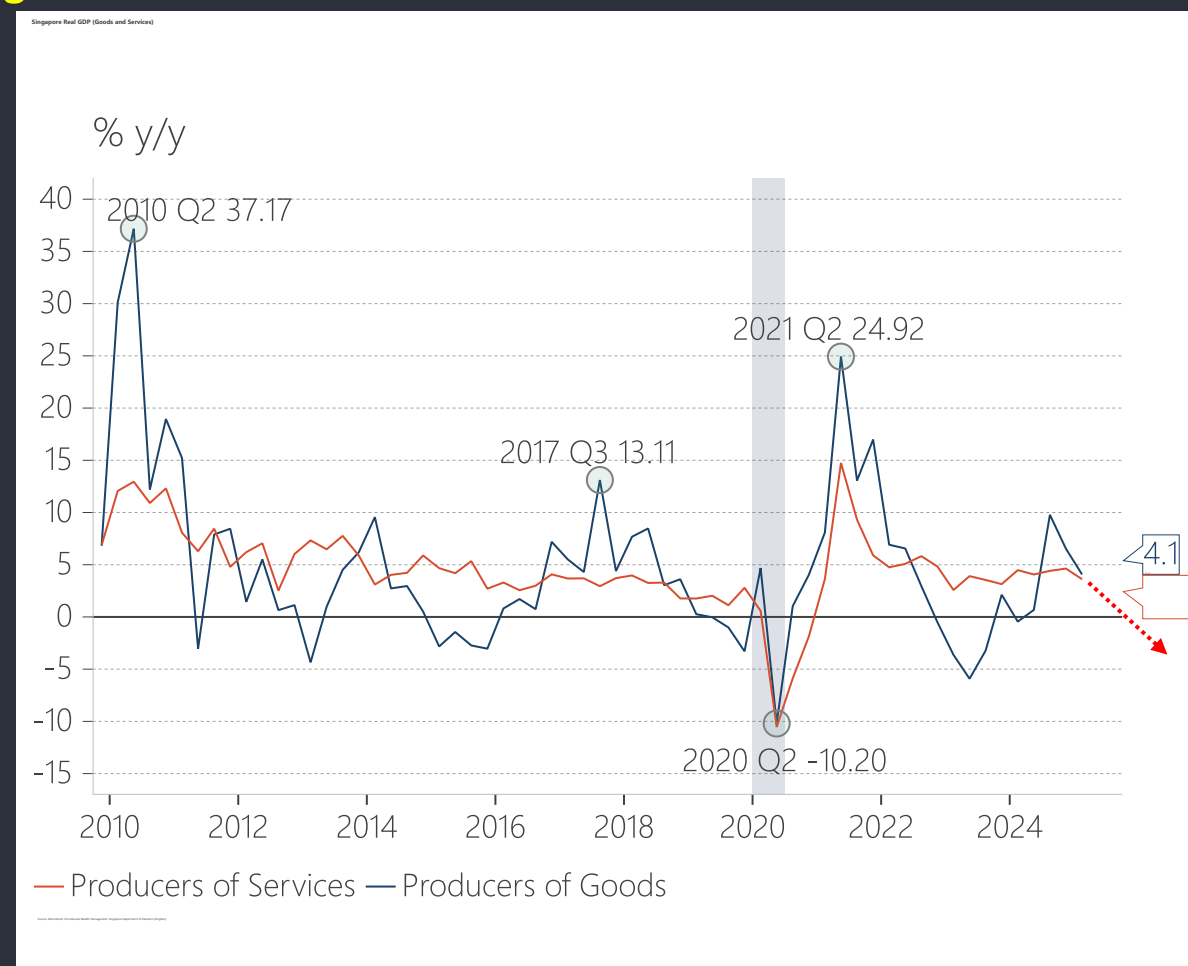
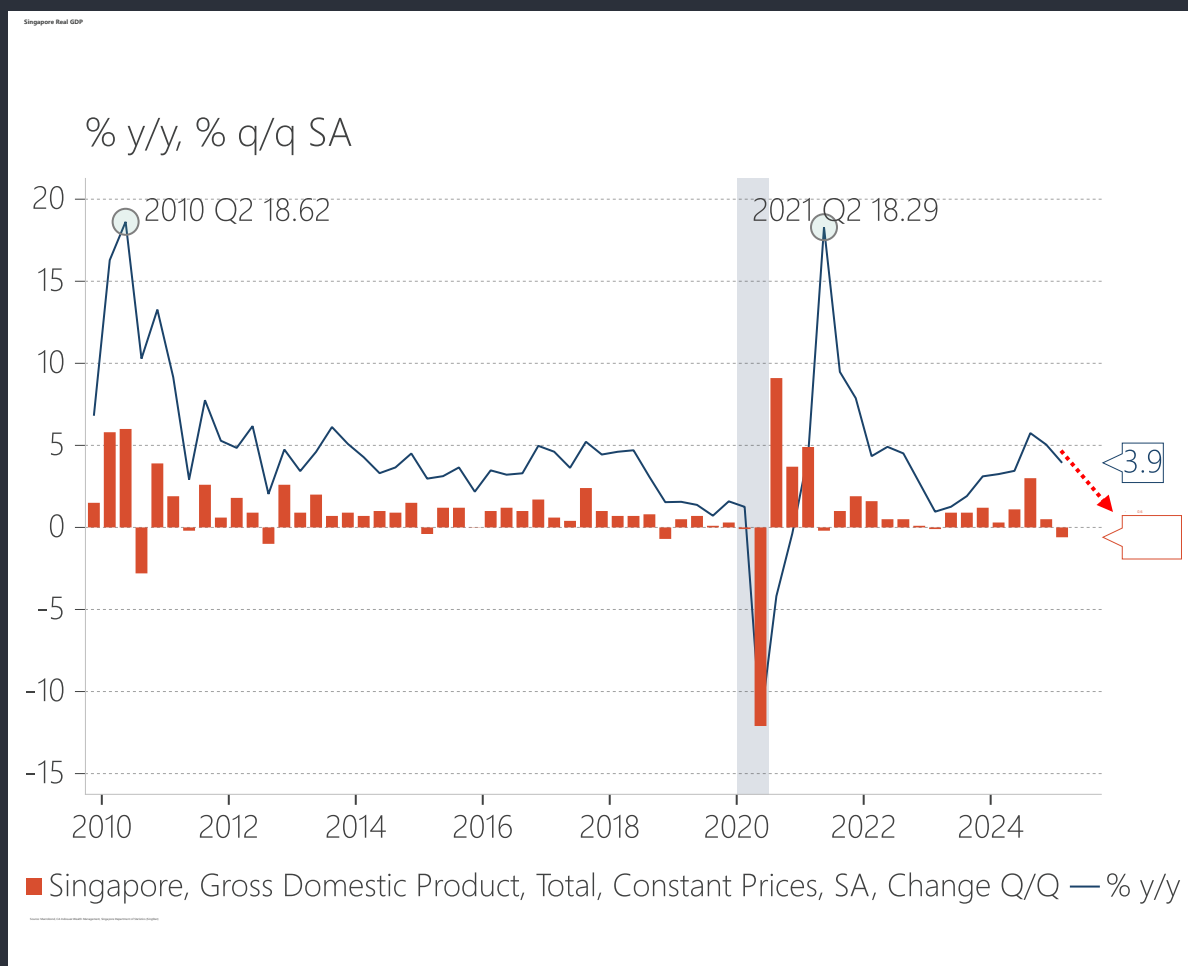


Singapore's 2025 growth will be impacted by global slowdown

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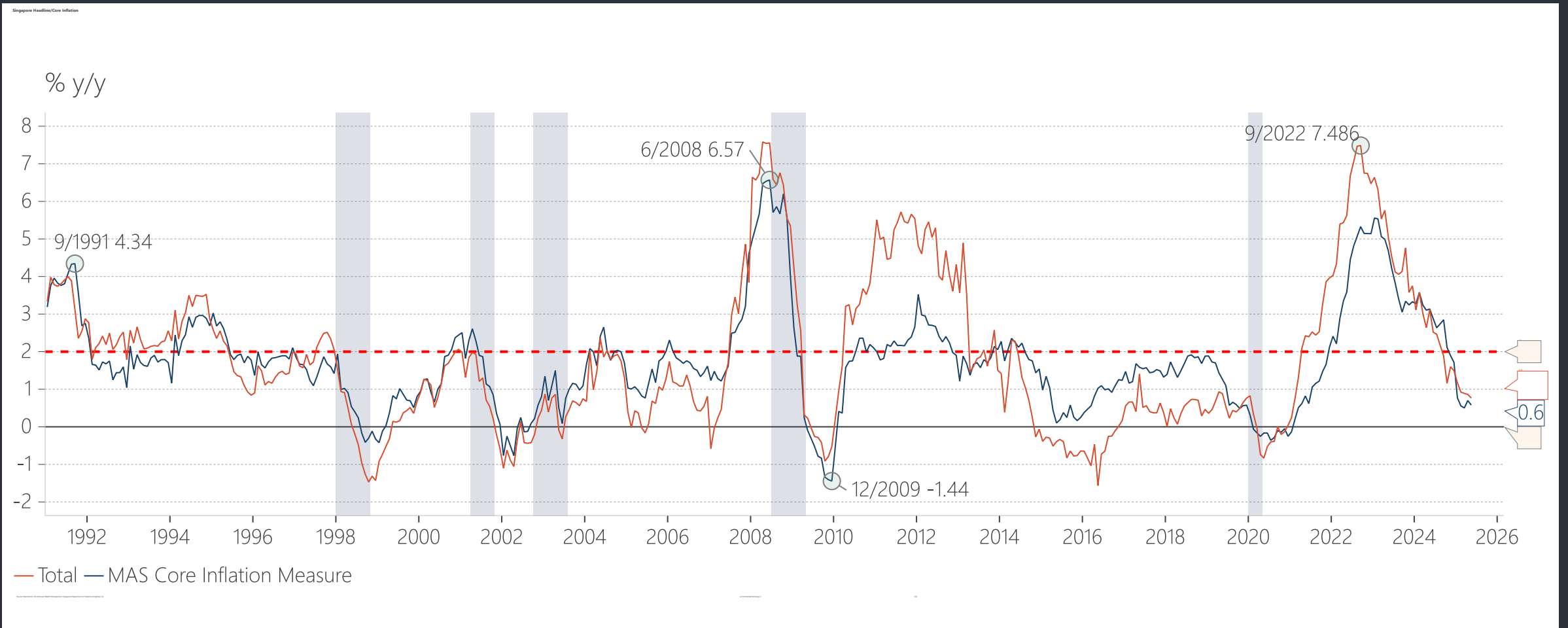
Singapore downgrades 2025 GDP growth forecast to 0 to 2%, citing impact of Trump tariffs on global trade



Past months of strong SGD allowed us to slow inflation rate down

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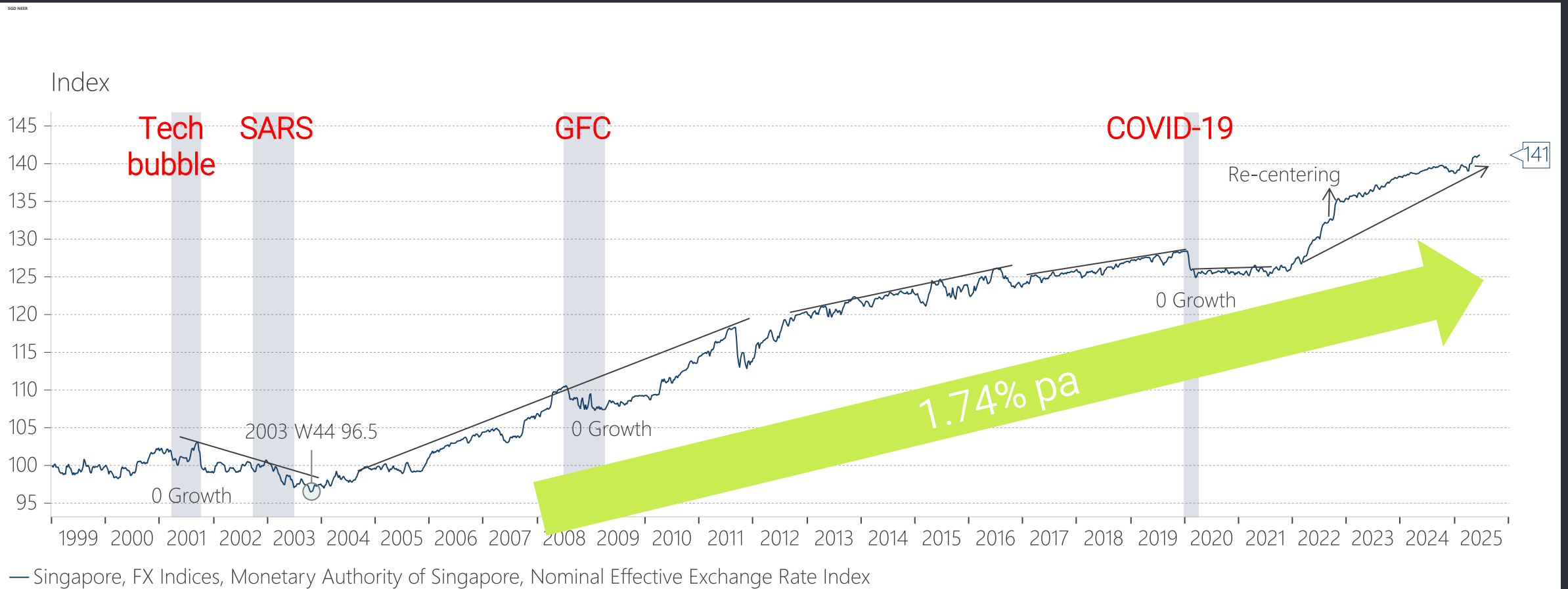
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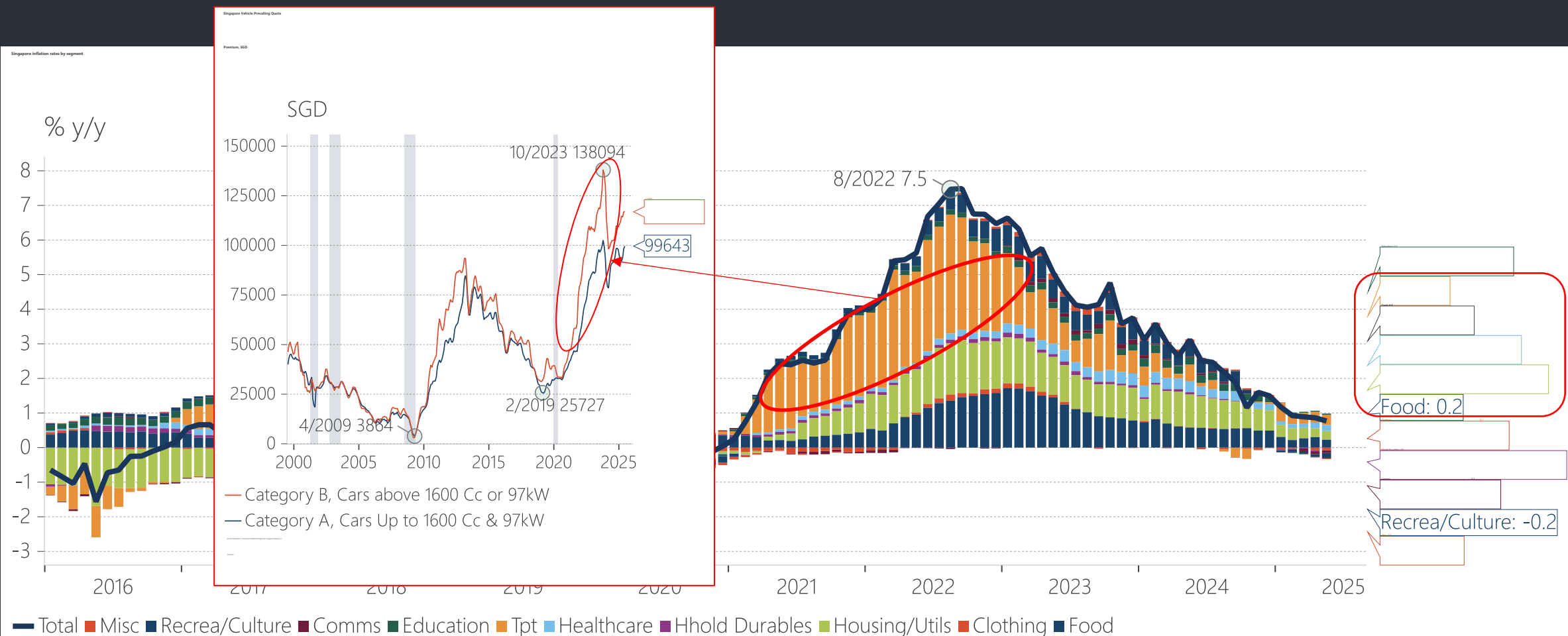
The power of the SGD

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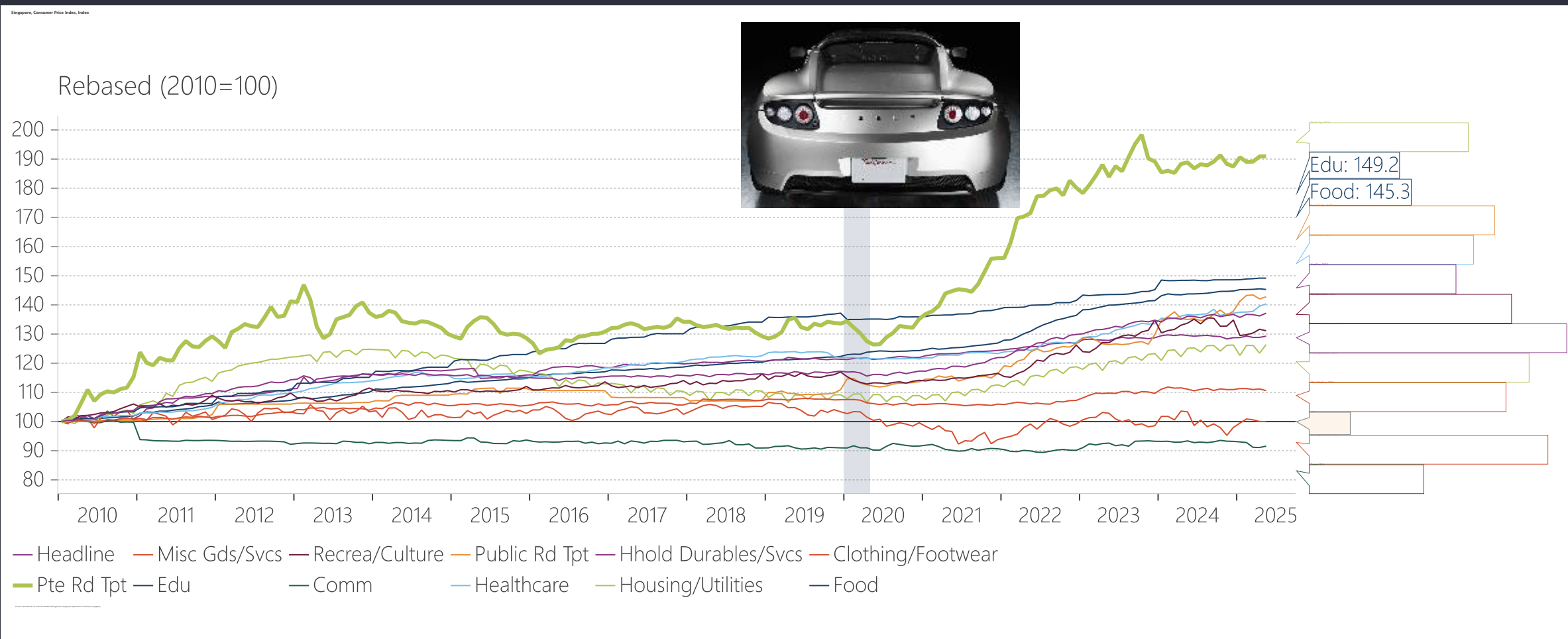
Singapore's inflation by segments



SG CPI basket trends

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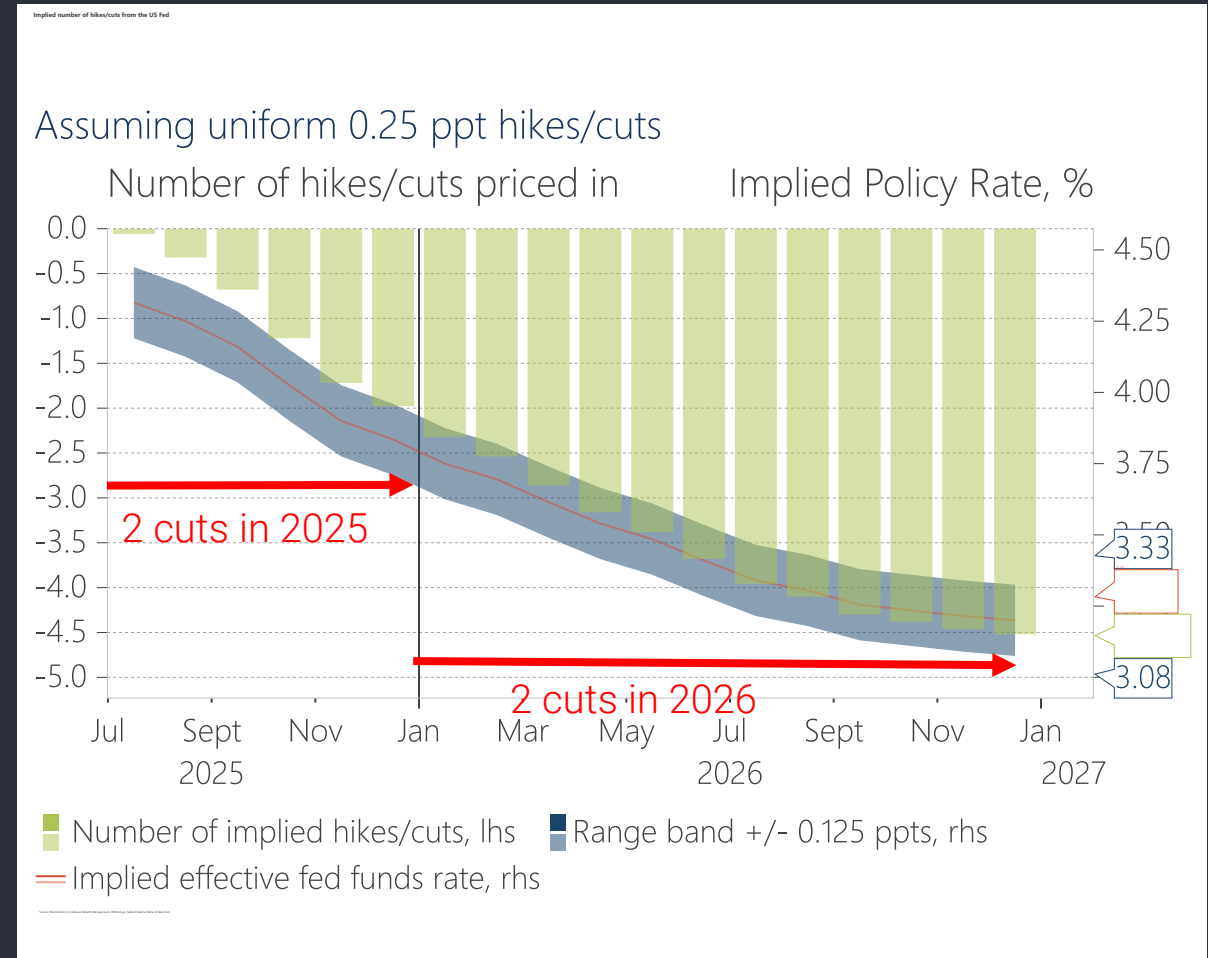
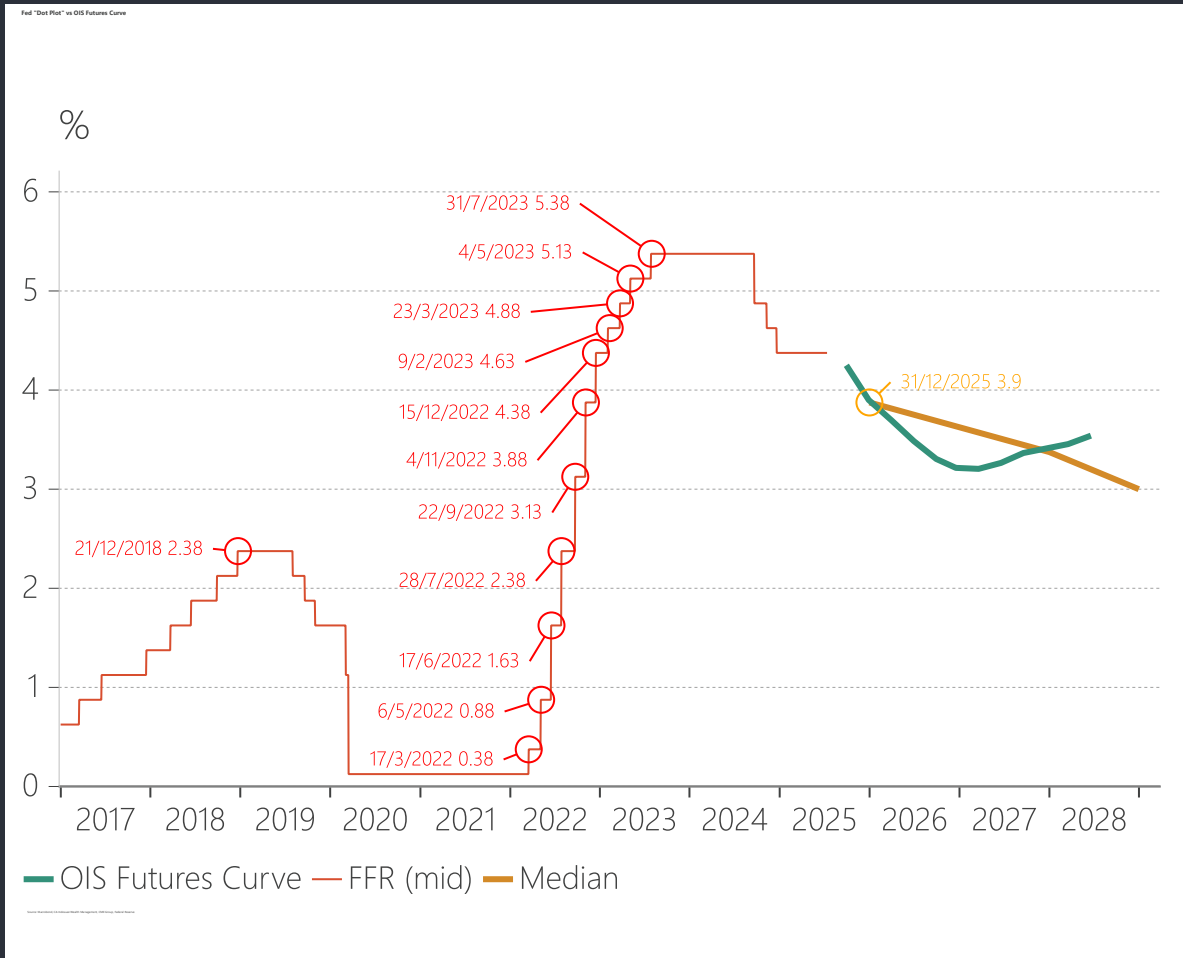
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Market now expects a much more dovish Fed

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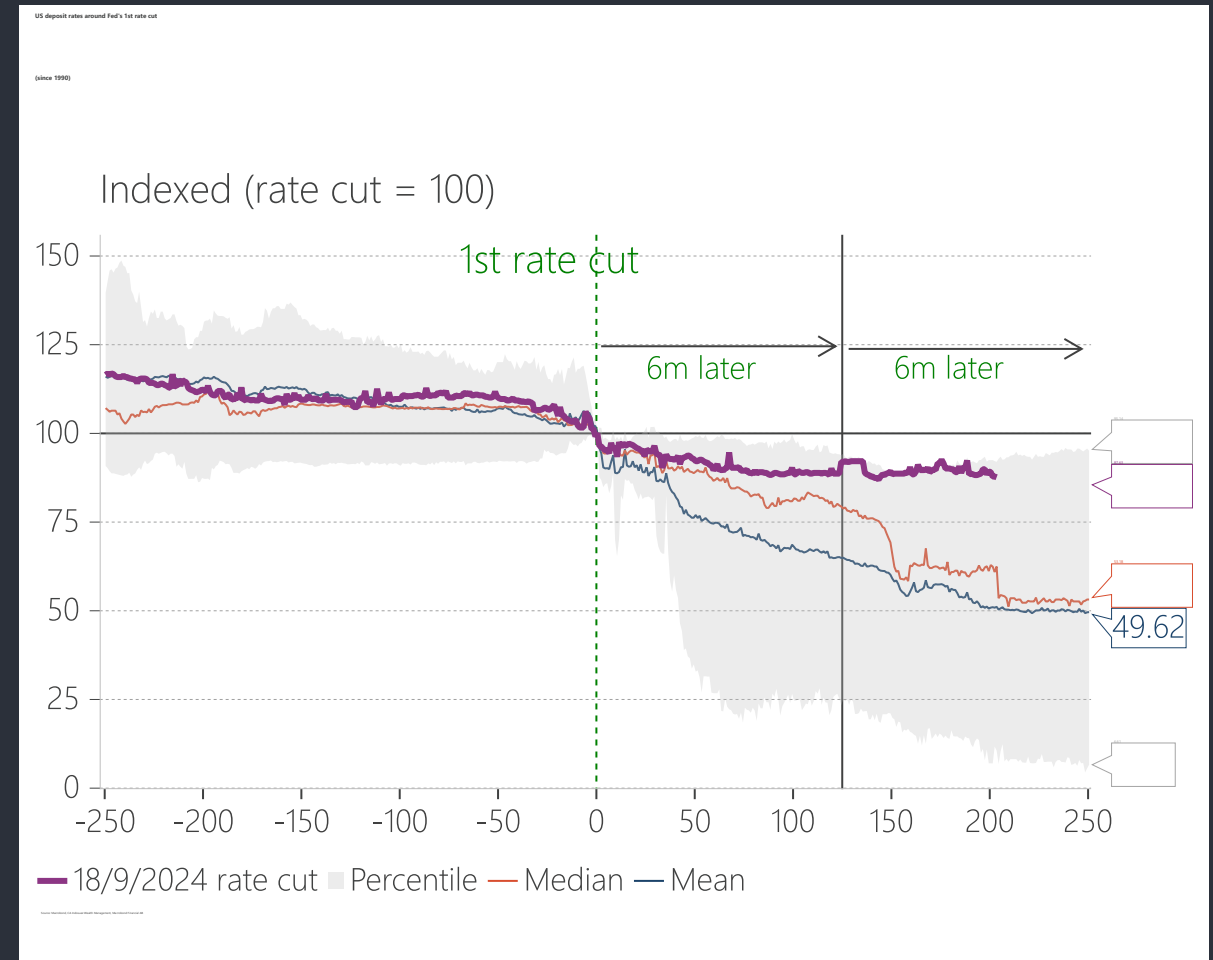
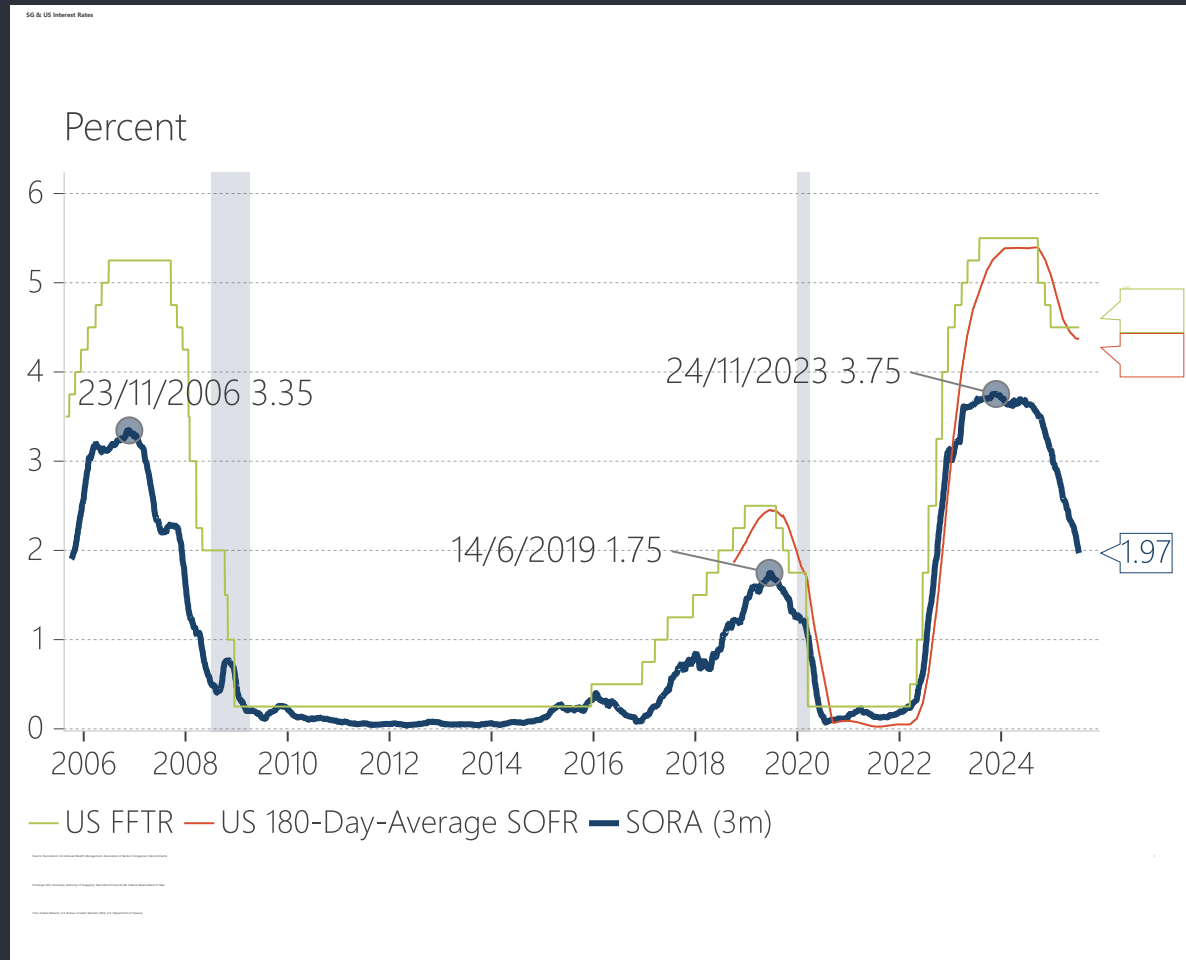
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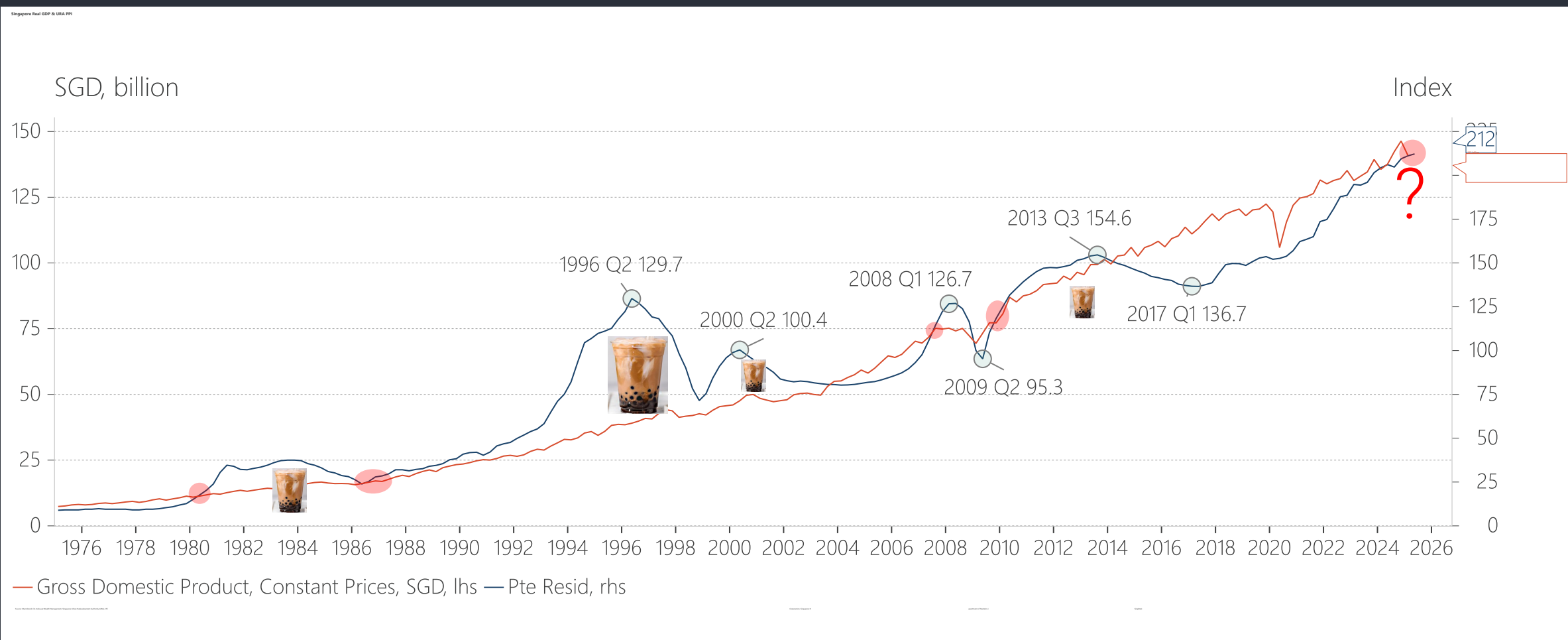
One thing for SURE → rates will still trend lower...

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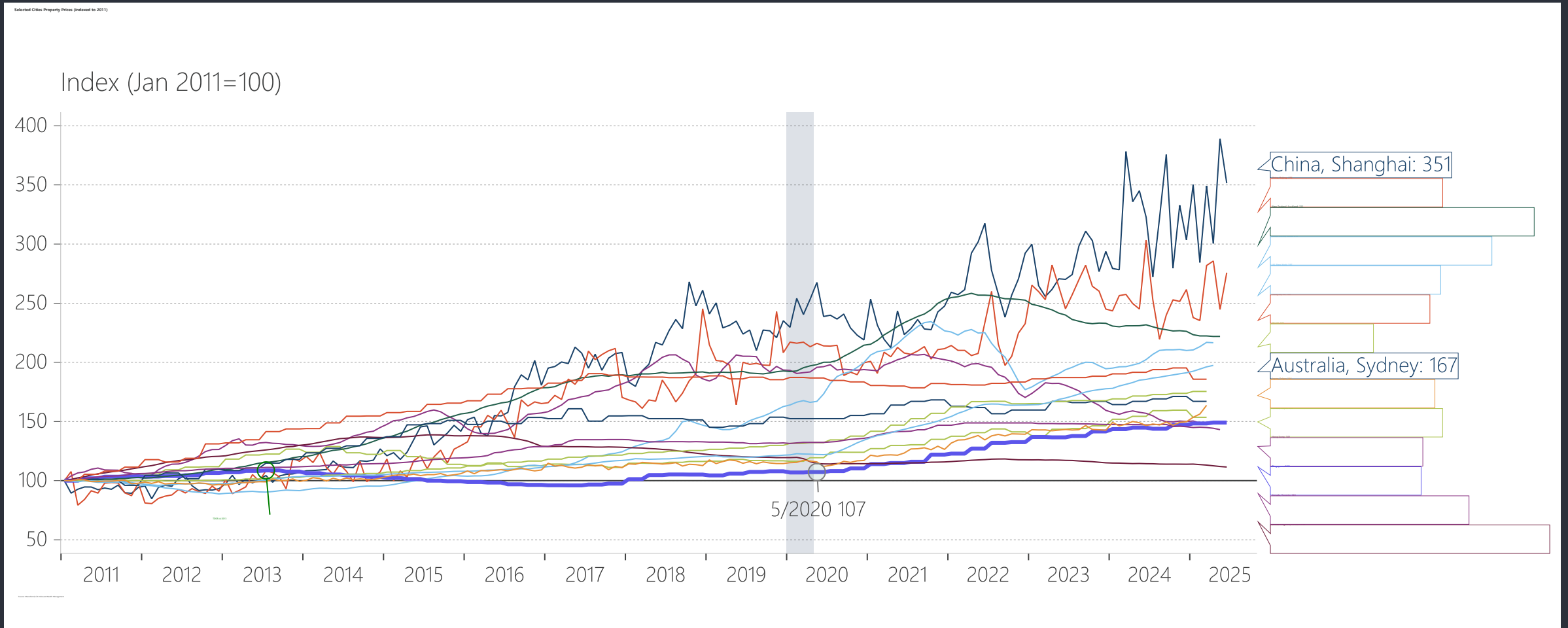
Income (GDP) could slow more than PPI for the first time since 2013



Singapore's real estate price increases reflected global trends

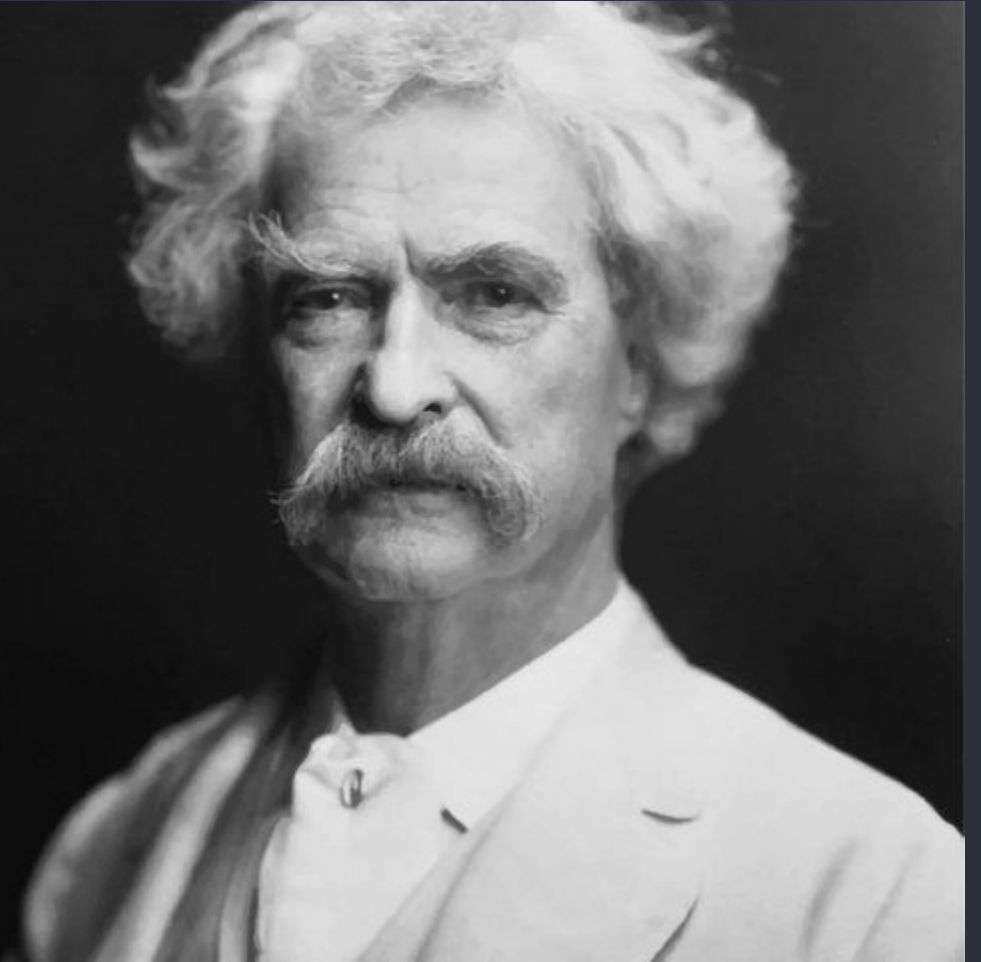
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It ain't what you don't know
that gets you into trouble. It's
what you know for sure that
just ain't so.

Mark Twain



About the presenter



Francis Tan is the Chief Strategist, Asia, at Indosuez Wealth Management. Francis joined Indosuez in July 2024 after a distinguished career across both public and private sectors. Representing the Indosuez Global CIO office in Asia, Francis is responsible for formulating and articulating Indosuez's Global Investment Strategies in Asia, and translating them into actionable portfolio construction solutions for our clients.

Prior to his role at Indosuez, Francis was at United Overseas Bank for 12 years, first serving as Asian Economist within the Global Economics & Markets Research Team, before being appointed Investment Strategist at UOB Private Bank, where he worked on the investment strategy across multi-asset classes, while supporting in both the advisory and discretionary segments of the private bank.

Francis started his career with the Singapore Tourism Board, where he specialised in tourism economics. He subsequently served as Investment Manager in the wealth management arm of the Royal Bank of Scotland and Investment Strategist at Phillip Capital, where he led the development of portfolio allocation strategies for clients based on their risk-return preferences and mutual fund analyses.

Francis holds a Master of Social Sciences in Applied Economics (2003) and a Bachelor of Social Sciences (Honours) in Economics from the National University of Singapore (2002).



Refreshments & Networking



Thank you



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