

“Crazy Rich Asians?”

Southeast Asia's billionaires and their empires in the age of China's rise

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South East Asia Program
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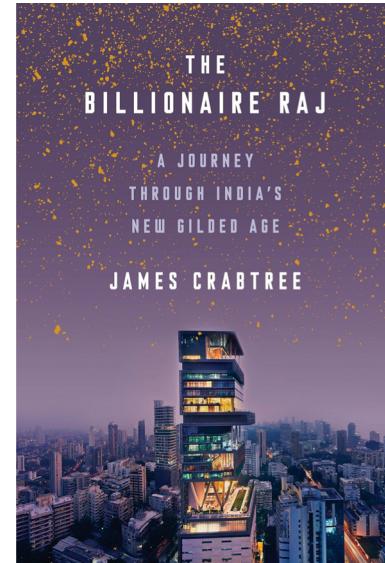


Thailand's richest man took out a front-page adverts in a trio of Hong Kong newspapers last August — the question was: why?





- The Lee Kuan Yew School's CAG conducts research on geopolitical developments in the Asia-Pacific and beyond.
- Provide academics, decision-makers, and the public with quality research and objective analysis on issues of regional and global significance.



- The Billionaire Raj, published in 2018, focuses on India's rise as a future superpower
- Short-listed for the FT / McKinsey Business Book of the Year 2018, and named one of Amazon's top 100 books of the year.

The film **Crazy Rich Asians** shone a light on the region's super-rich, and portrayed a specifically ethnically Chinese variety of extreme business wealth

“Okay, sorry, time out. So you're not from the Taiwan Chu family?”

Nope.

Hong Kong Telecom Chus?

No.

Malaysian packing peanut Chus?

Is that really a thing?

Yeah, it's everywhere...”

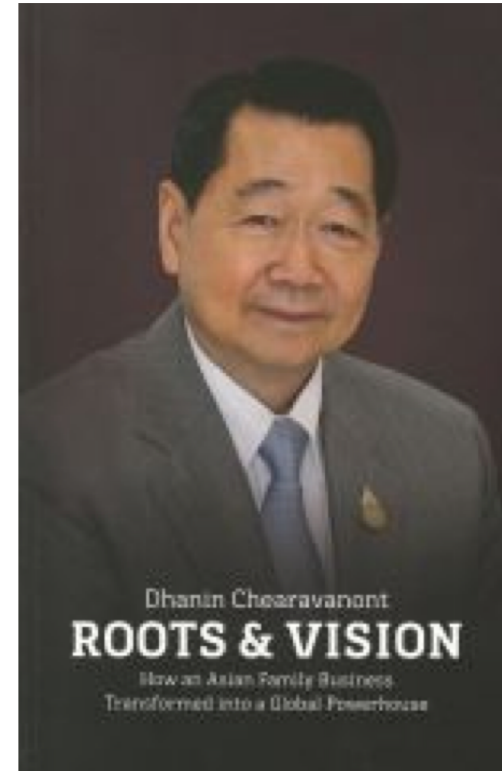
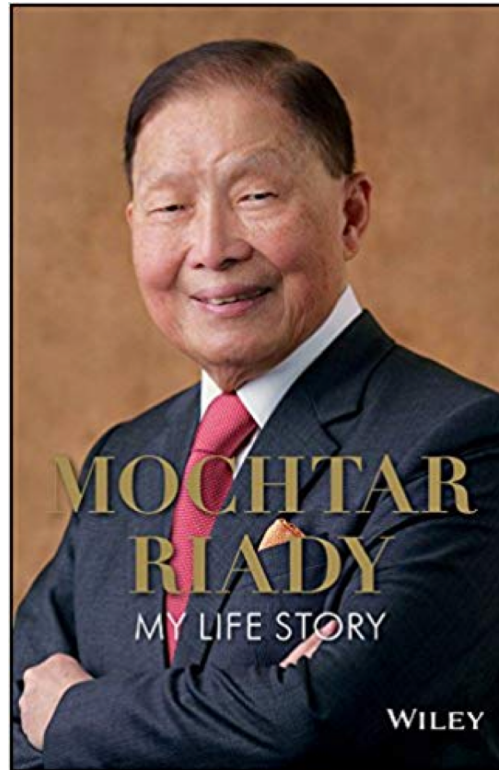




Overview

- **How did SE Asia's ethnically Chinese business elite come to be so dominant?**
- **What has changed in the age of globalization and China's rise?**
- **What are the consequences of this for these businesses, for China, and the world?**

The upper echelons of Southeast Asian capitalism has long been dominated ethnically Chinese tycoons



China’s diaspora is 60m+, with its largest populations beyond the US and Canada all being in South East Asia

TABLE 1

	Population	% Chinese
Thailand	6.9	14
Singapore	5.7	76
Indonesia	235	1.5-3
Philippines	100	1.3
Malaysia	32.4	23
Myanmar	5.3	3
Vietnam	9.5	1

Huaren (華人)
Foreign citizens who are Chinese by descent and ethnicity

Huaqiao (华侨)
citizens of China living abroad.

Today the financial dominance of ethnic Chinese business tycoons is clear from the region's billionaires



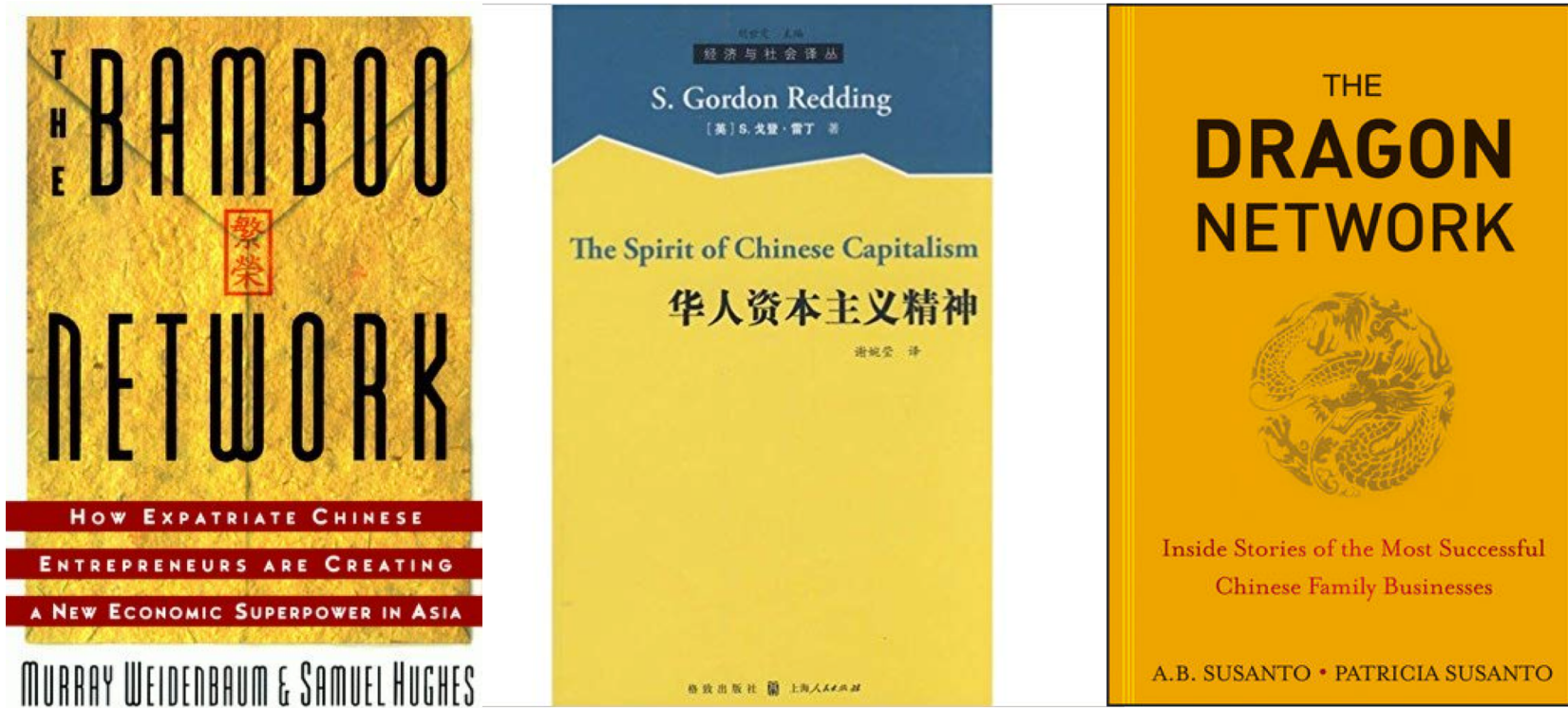
Today the financial dominance of ethnic Chinese business tycoons is clear from the region's billionaires



TABLE 2 — Taken from 2019 Forbes Billionaire list

	Billionaires	Ethnic chinese?	EC (%)	Wealth (bn)	EC wealth (bn)?	EC wealth (%)
Thailand	31	20	64.51612903	94.8	69.3	0.7310126582
Singapore	22	20	90.90909091	71.3	66.8	0.9368863955
Indonesia	21	12	57.14285714	78.5	59.4	0.7566878981
Philippines	17	15	88.23529412	49.6	37.4	0.7540322581
Malaysia	13	11	84.61538462	61.6	53.7	0.8717532468
Vietnam	5	0	0	13.6	0	0
Total	109	79	0.72	369.4	286.6	0.77

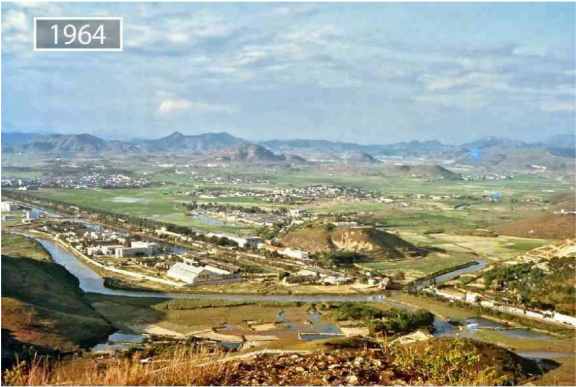
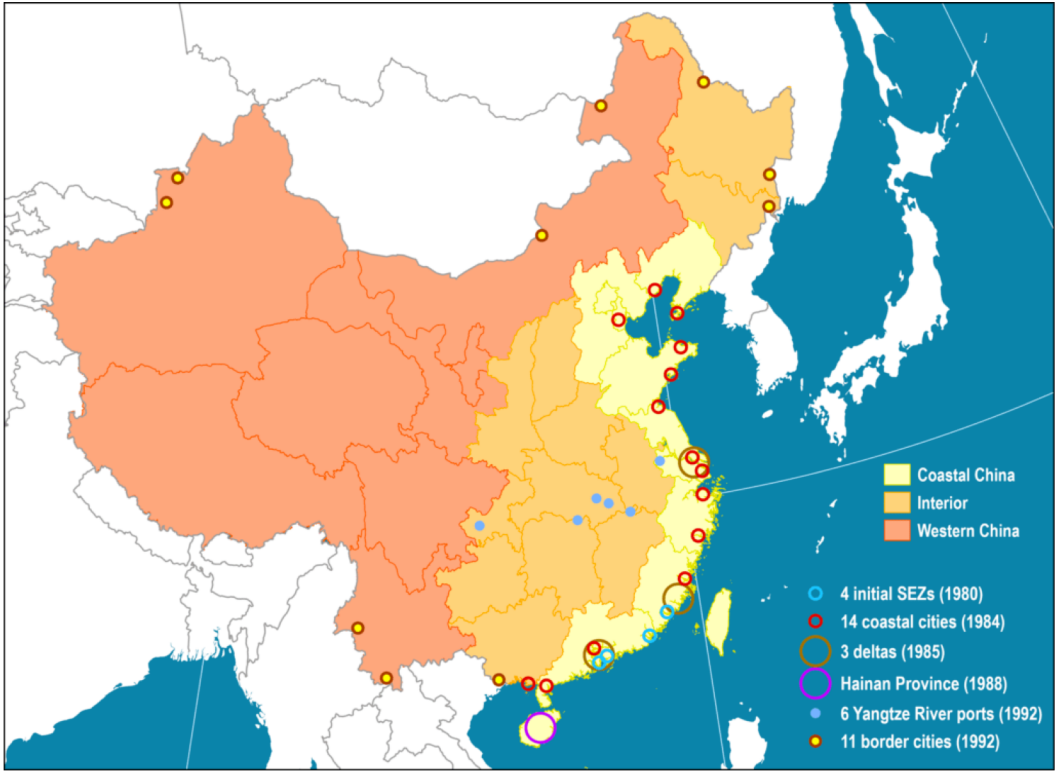
The dominance of ethnic Chinese business was once explained with reference to the idea of a “Bamboo network”



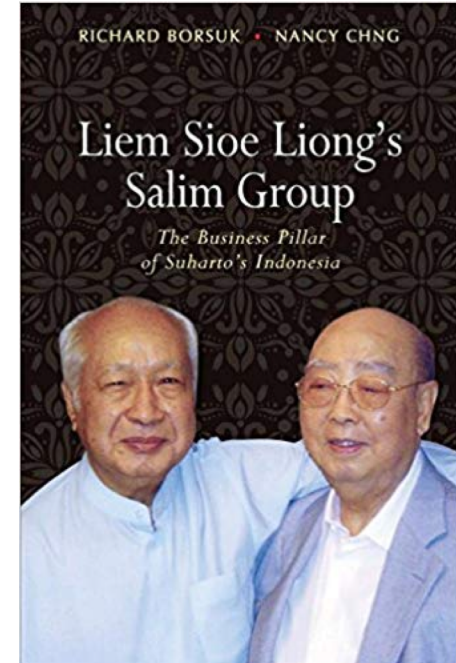
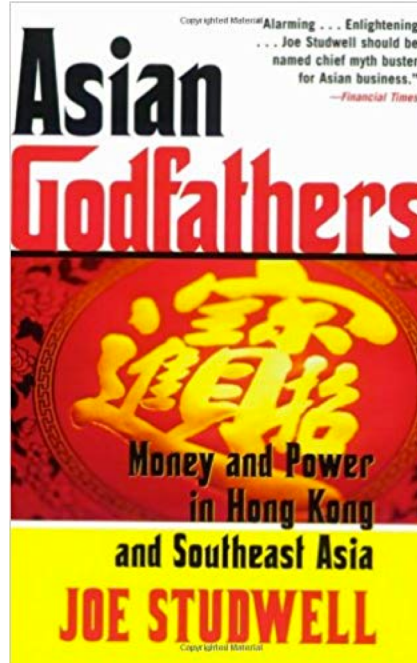
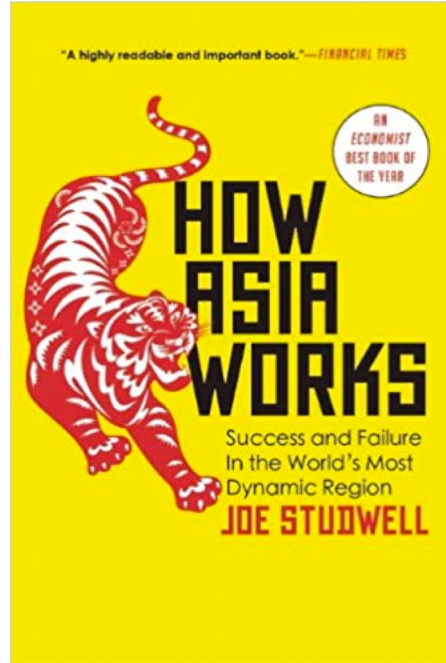
Ethnically Chinese entrepreneurs are an important part of the wider Chinese diaspora, which is increasingly important to Xi's China as well



Historically, ethnically Chinese entrepreneurs played an important role in China's reemergence



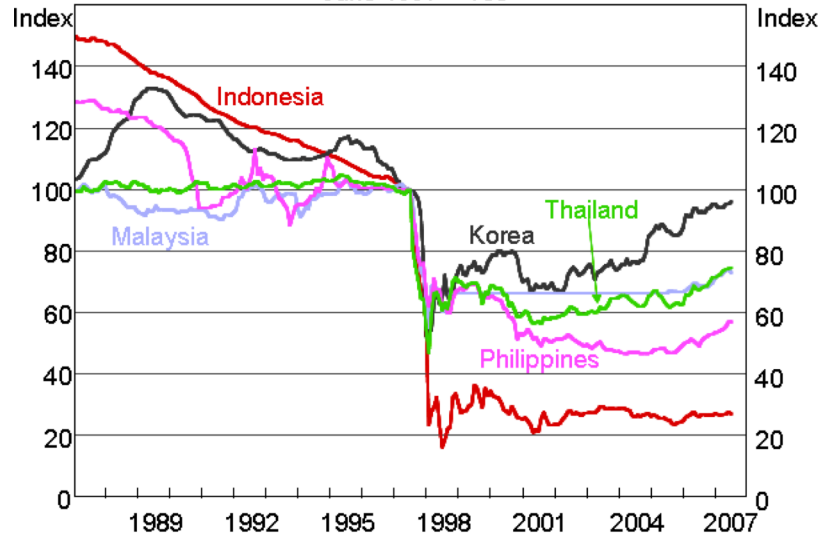
Other factors linked to crony capitalism and Chinese ethnicity have also played a role in the group's success



The image of SE Asia's tycoons took a heavy beating during the 1997 Asian crisis, coming notorious for bewildering governance, debt and political favours.

Selected Asian Exchange Rates Against US\$

June 1997 = 100



Source: Bloomberg; IMF

THE STRAITS TIMES

Indonesian tycoon known for Asia's biggest default dies at 98

JAKARTA (BLOOMBERG) - Eka Tjipta Widjaja, who became a coconut and palm oil trader at the age of 15 before building a multi-billion dollar empire with businesses spanning paper and pulp to financial services, has died.

Widjaja, 98, passed away at his home in Jakarta on Saturday (Jan 26), Gandhi Sulistiyanto, a managing director at Sinar Mas Group, said. The founder of Sinar Mas was Indonesia's fourth-richest person with a net worth of US\$9.3 billion (S\$12 billion), according to the Bloomberg Billionaires Index.

The Indonesian tycoon of Chinese origin will also be remembered for the US\$14-billion default by his flagship Asia Pulp & Paper after the 1998 Asian financial crisis. While several of Sinar Mas' businesses were taken over by the government after the fall of the dictatorship of General Suharto, Widjaja managed to rebuild his empire, which employs around 380,000 people in Indonesia.



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A new stage is developing between *huaren* businesses and China, reflecting the latter's economic clout and the former's ambition to become multinationals.



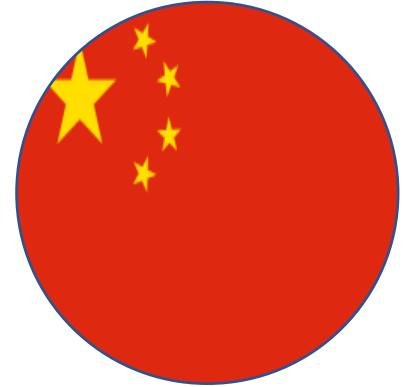
Over recent years, SE Asia largest conglomerates have also changed in three significant respects



1. Globalisation



2. Professionalisation



3 Sinofication

Thailand's CP Group earned revenues of 2trn baht (\$66bn) in 2018, roughly two fifths of which came from China.

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Bloomberg

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Wealth

Thailand's Richest Family Is Getting Richer Helping China

By [Blake Schmidt](#) and [Natnicha Chuwiruch](#)

23 April 2019, 14:00 GMT-7 *Updated on 24 April 2019, 01:27 GMT-7*

- ▶ Clan's CP Group is key to China-backed coastal development
- ▶ Messy general election could raise criticism of program

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CP Group does significant business in China, and has become a partner of choice of Chinese businesses in Thailand

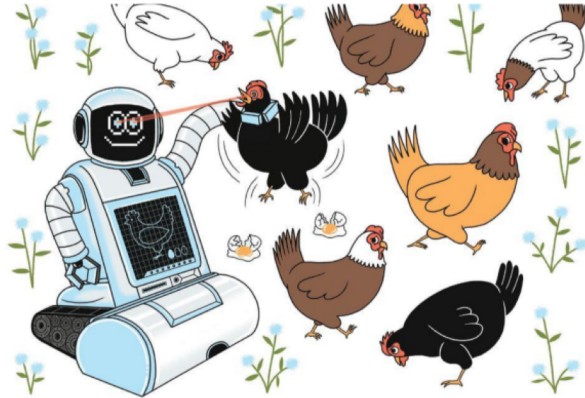
Bloomberg Businessweek

Robot Nannies Look After 3 Million Chickens in Coops of the Future

"Problems sometimes involve human error, so full automation enhances the safety level."

By Prudence Ho

January 13, 2017, 5:00 AM GMT+8



BUSINESS

CP Group inks deal with China's Foton

PUBLISHED : 2 MAY 2019 AT 04:00

NEWSPAPER SECTION: BUSINESS



Charoen Pokphand (CP) Group and China's Foton Motor Group have set up a joint venture in Thailand to make all vehicles types under an investment of 500 million baht.

The two conglomerates signed a contract on April 25 during the second Belt and Road Forum for International Cooperation in Beijing.

This is part of a broader trend in which many ethnically Chinese conglomerates are now trying to take advantage of China's rise in two ways



1. Doing more business in mainland China

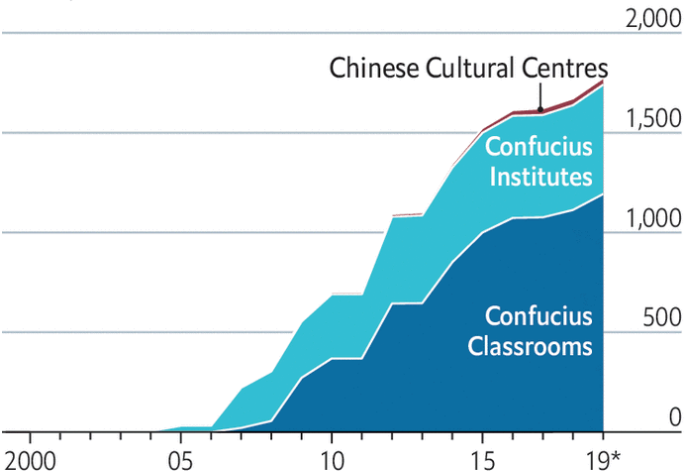


2. Partnering with businesses in SE Asia

China is increasingly trying to develop business diaspora ties as a function of state policy

Can't buy me love

Number of Chinese cultural institutions overseas
Global, cumulative



Sources: Joshua Nederhood, Development Reimagined; Gallup

The Economist

Average net approval of China's leadership
In 123 selected countries



China is increasingly trying to develop these ties as a function of state policy



Central United Front Work Department 中央统一战线工作部

- 1. Minor Parties Work Bureau 党派工作局(oversees China's eight "democratic parties")
- 2. Ethnic and Religious Work Bureau 民族、宗教工作局
- 3. HK, Macau, Taiwan and Overseas Liaison Work Bureau 港澳台、海外联络局
- 4. Cadre Bureau 干部局 (oversees training of united front cadres)
- 5. Economics Bureau 经济局 (united front work on businesspersons and private companies)
- 6. Non-Affiliated and Minor Party Intellectuals Work Bureau 无党派、党外知识分子工作局
- 7. Tibet Work Bureau 西藏工作局 (oversees Tibet policy)*
- 8. New Social Strata Individuals Work Bureau 新的社会阶层人士工作局 (targets urban professionals such as employees of foreign companies)
- 9. Xinjiang Work Bureau 新疆工作局 (oversees Xinjiang policy)*

China's BRI also creates opportunities and potentially financing for opportunistic local tycoons.





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China needs to strike a balance between developing diaspora ties and collapsing the distinction between Huaren (華人) and Huaqiao (华侨)



Opinion

Wu Xiaolan

Huaren or huaqiao? Beijing respects the difference and is not coercing foreigners to toe its line

- Beijing has taken great care to tailor distinct policies for both its citizens overseas and Chinese descendants of foreign nationality
- The former are subject to China's domestic policies while the latter come under foreign affairs, and Beijing is careful not to blur the distinction



Wu Xiaolan

Published: 9:30am, 7 Oct, 2019 ▾

Many ethnically Chinese tycoons must continue managing a complicated political balance related to their heritage and nationality

HOME / MALAYSIA

Group claims support for Buy-Muslim-First campaign 'overwhelming'

Thursday, 31 Oct 2019 02:20 PM MYT
BY DANIAL DZULKIFLY



IN MALAYSIA

JUST IN POPULAR

1 minute ago
Teresa Kok continues duty as usual in Sabah

malaymail

There remains a debate about the extent to which “Chinese-ness” helps in the forging of business new links with China or Chinese companies abroad



Many ethnically Chinese business groups face a generational challenge in sustaining ties with China

The New York Times

Henry Sy, 94, Dies; Philippines' Richest Man and a Shopping Mall Tycoon



Henry Sy, the richest person in the Philippines, at the opening of a new mall outside Manila in 2013. His company, SM Investments, owns 62 department stores, 56 supermarkets and more than 200 smaller grocery stores.

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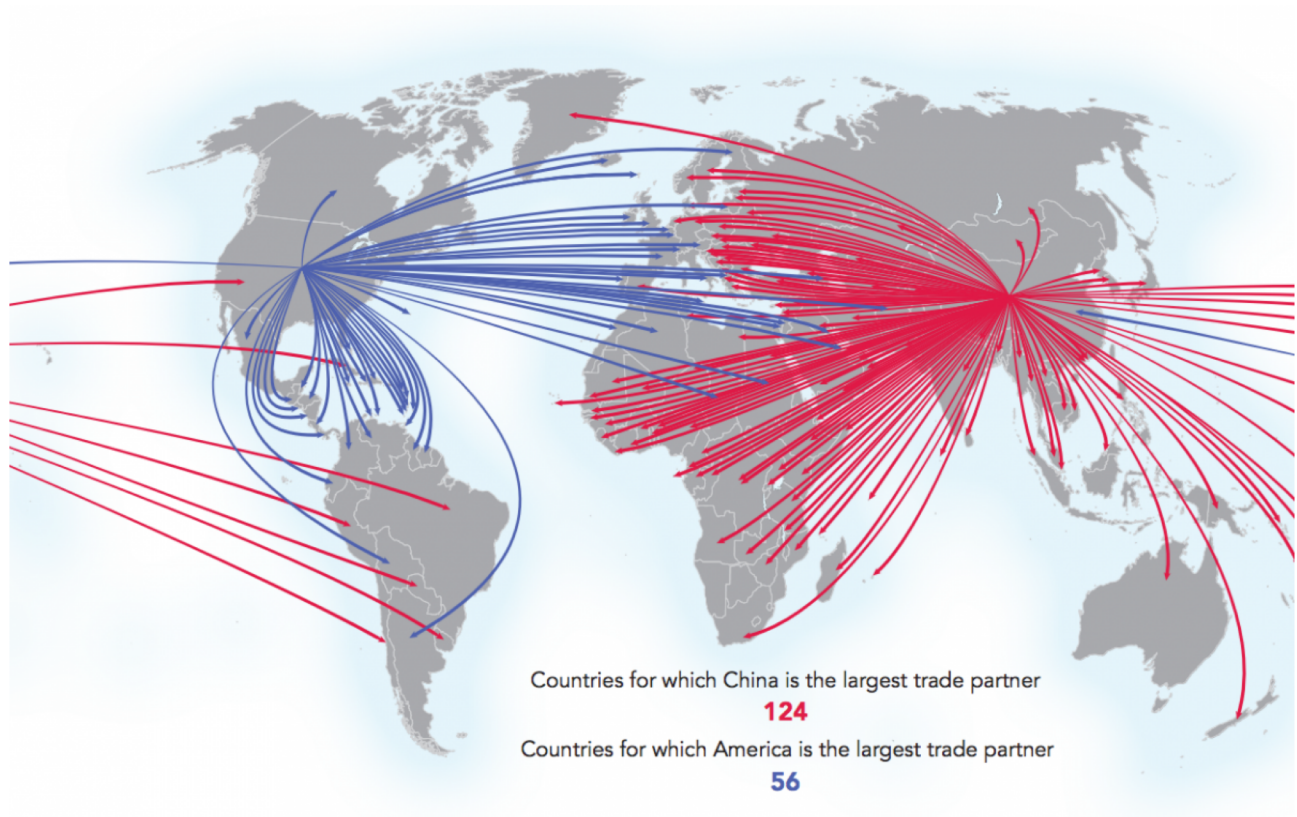
ASIA > East Asia SE Asia South Asia Australia/NZ

Filipino tycoon John Gokongwei dies at 93



A 2017 file photo shows Philippine billionaire John Gokongwei Jr, who has died aged 93. PHOTO: PHILIPPINE DAILY INQUIRER/ASIA NEWS NETWORK

China's economic influence is growing globally, and especially so in Southeast Asia, in part because of the US / China trade war



Ethnically Chinese business groups recognize they, like other multinationals, now need to pay much greater awareness of China's political dynamics



This Week in Asia / Politics

Former Philippine diplomat Albert Del Rosario, who criticised China, back in Manila after Hong Kong deportation

- The former foreign affairs secretary is a noted critic of Chinese President Xi Jinping and his detention came one day after he said Beijing was 'not to be trusted'
- Last month his fellow Xi critic Conchita Carpio Morales encountered a similarly frosty reception



Jeffrey Maitem

Published: 11:34am, 21 Jun, 2019 ~



Frosty reception: the former foreign secretary of the Philippines Albert del Rosario arrived in Hong Kong on Friday. Photo: AP

Ethnically Chinese business groups recognize they, like other multinationals, now need to pay much greater awareness of China's political dynamics



**“This is a new era....We all need a kind of ‘foreign policy’ to deal with big countries like China.”
— John Riady**

Chinese business families have a grown adept at managing political and regulatory risk

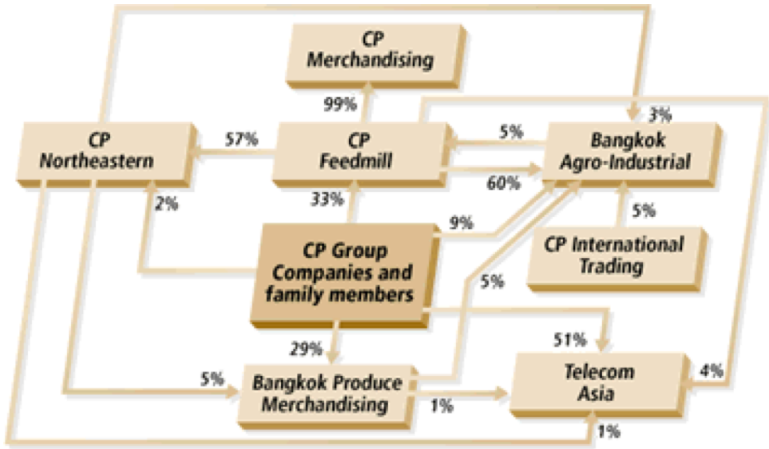


EXHIBIT I
AN INVESTMENT "MAP" OF THE CHAROEN POKPHAND GROUP

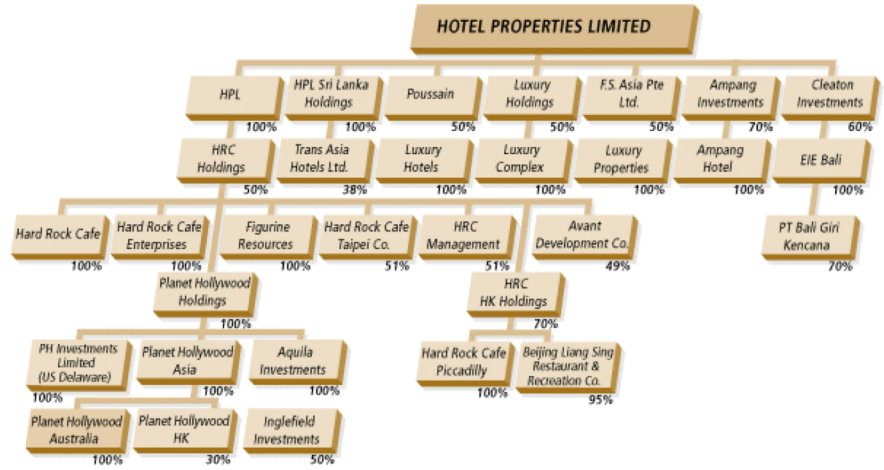


EXHIBIT III
HOLDINGS OF HOTEL PROPERTIES LTD. (ONG BENG SENG GROUP)

The next generation of *huaren* tycoons will be well-placed to exploit opportunities that come from an increasingly Sinocentric world



Thank You! Here are three ways to keep in touch



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School of Public Policy

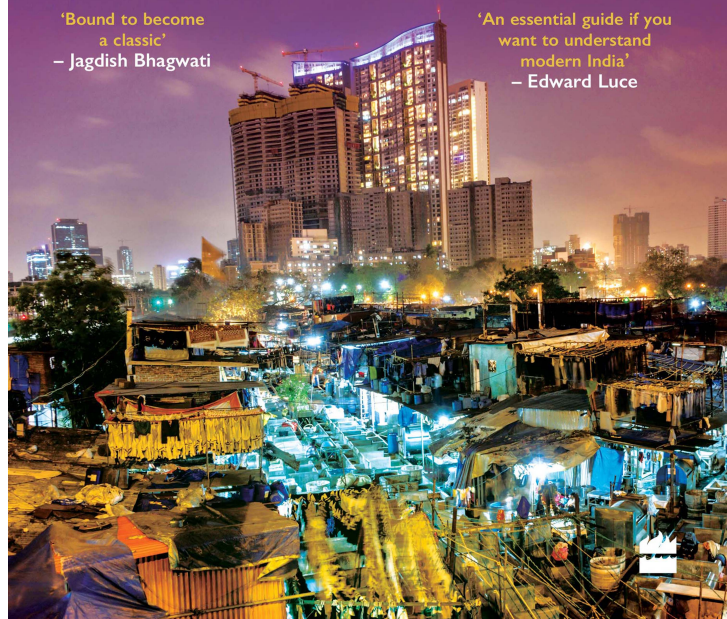
A Journey Through India's New Gilded Age

THE BILLIONAIRE RAJ

JAMES CRABTREE

'Bound to become
a classic'
— Jagdish Bhagwati

'An essential guide if you
want to understand
modern India'
— Edward Luce



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