

A new way for Asia to lead in global Covid-19 recovery

The strategy calls for Asean and its partners to coordinate financial, trade, public health and food security action to spur international collaboration despite the US-China impasse

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For *The Straits Times*

Covid-19 continues to devastate the global economy. Now, more than ever, international cooperation is desperately needed to escape the slump due to the pandemic shutdown.

Global collaboration will be vital both to managing the health crisis and to supporting economic recovery through stabilising markets and restoring confidence, reigniting international trade, and enabling global supply chains and world travel to resume. Without international cooperation, the world faces a prolonged health emergency and lasting economic stagnation on a scale not seen since the Great Depression.

But in today's geopolitically fractured world, international cooperation is no easy call. The United States, the world's No. 1 superpower, faces deep domestic unrest, has no appetite for multilateral cooperation, and is enmeshed in geostrategic rivalry with China, the world's other superpower.

China is grappling with not only US attempts at strategic containment, but also a profound reset of its own economic growth and nation-building trajectory. Both domestic and geostrategic developments confronting China and the US are severely limiting their capacity and willingness to contribute leadership in global recovery.

A new starting point is needed – a compact for multilateral cooperation between Asian



nations can provide exactly that.

Because of their weight and potential in the world economy, Asian economies are central to recovery from the Covid-19 crisis. Struck first by the coronavirus, they are positioned to restart their economies sooner. Asia can help lead the exit from the pandemic and be a vital driver of global economic recovery.

An Asian expert group, of which I am a member, will release today its Asian Covid-19 recovery strategy. It calls for the Asean+6 nations (Asean plus China, Japan, South Korea, India, Australia and New Zealand) to move rapidly to coordinate financial, trade, public health and food security action to overcome the pandemic crisis and avoid prolonged stagnation.

This expert group, convened by the Asian Bureau of Economic

Research, urges further that the US and Europe join Asean+6 to coordinate on such actions.

The foundations for gearing up policy action in Asia were laid at an Asean+3 summit (with China, Japan and South Korea) on April 14 committed to health and economic policy coordination.

Asean needs to work with its key neighbours – Australia, China, India, Japan and South Korea – in meeting the challenge posed by the virus.

The report lays out six important objectives for regional policy cooperation:

- Get global central banks and finance ministries to expand bilateral currency swap arrangements and agree on a new issuance of Special Drawing Rights to create a stronger regional financial safety net. This would

provide macroeconomic policy space and financial stability simultaneously to combat the public health and economic dimensions of the crisis in developing countries in the region.

- Support the development, production, and equitable distribution in Asia of diagnostic tests, vaccines and treatments through collective commitment of funds to the World Health Organisation's Covid-19 Tools Accelerator; as well as seek expansion of the Covid-19 Asean Response Fund to include all Asean+6 nations.

- Keep open regional medical and food markets. It is essential to allow trade in medical equipment and supplies after critical domestic needs have been met. This requires regional commitment to reduce barriers to trade in medical goods

and services. Similarly, regional food security will depend on risk-sharing access to international markets. Current bilateral initiatives to keep food trade open should be consolidated into a regional agreement.

- Speed up development of health certification protocols for international travel, to safely fast-track the resumption of tourism and international commerce, travel for study, scientific exchange, and temporary labour movement. Singapore has a central role to play in this coordination.

- Embrace the digital transformation that Covid-19 has brought to telecommuting and health management. Asia can initiate a proactive agenda for collective governance of digital infrastructure that includes regulatory coherence, privacy standards and data-sharing. This is already on Singapore's policy agenda. Digital transformation is essential to new work practices, innovation in production, supply chain management and delivery of goods and services, not least government services.

- Conclude the Regional Comprehensive Economic Partnership (RCEP) agreement as quickly as possible to ensure regional trade solidarity. Early conclusion of RCEP with 15 members will send a global signal on this region's commitment to keep trade open, ensure food security and allow cross-border markets to function smoothly in East Asia. Pathways need to remain for eventual new membership, not least India's and others across South Asia.

Asia can act to implement this six-item agenda through its Asean, Asean+3 and Asean+6 arrangements. This agenda should engage all East Asian Summit nations, including the US, and the Asia-Pacific Economic Cooperation (Apec) and Group of 20 forums.

This agenda is in step with many World Trade Organisation and International Monetary Fund reform proposals. Coordinating along this agenda through regional and multilateral frameworks will reduce geostrategic conflict, and increase the capacity of all Asian nations to contribute constructively to regional and global recovery.

We need to do this now.

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Global collaboration will be vital both to managing the health crisis sparked by the coronavirus pandemic and to supporting economic recovery through stabilising markets, reigniting international trade and enabling global supply chains to resume, among other things, says the writer.
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