



Prime Minister Lee Hsien Loong (left) at an Asean Leaders' Meeting in Jakarta in April. Asean needs to be seen as not merely a location, market or platform, but a regional strategy in its own right, say the writers. From the present and troubled stage of the coronavirus pandemic, a new regional policy and suite of business strategies can emerge. PHOTO: MINISTRY OF COMMUNICATIONS AND INFORMATION

# Asean – more than just a market

Singapore should approach the region with fresh eyes, exploring new forms of partnership and enabling the growth of South-east Asia as it emerges from the pandemic

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Calls to re-emphasise the importance of Asean have been made as Singapore looks to reopen its economy progressively and re-establish itself as a key regional hub. This would seem timely given positive sentiments about Singapore's recovery – the 2021 CEO Outlook Survey by KPMG found that 92 per cent of chief executive officers here were confident about growth prospects. Yet these calls by the Government and some larger companies risk passing unheeded, for a few reasons.

First, not all will see what is new or different in the appeals to look to the region. Singapore businesses have already plugged into the region, especially many multinational corporations based here. The largest investment flows

into key Asean economies, such as Vietnam and Indonesia, come from Singapore.

Second, the current surge of Covid-19 cases across the region causes concern. Beyond the health crisis, growth rates for this year for all of Asean have been cut, with new estimates by the Asian Development Bank trending downwards from 4 per cent to 3.1 per cent.

But look beyond the current headline pandemic concerns and you will find more positive dynamics emerging. It is timely to adopt new strategies to adapt and move forward with confidence.

## GETTING PAST THE PANDEMIC SURGES

Signs are emerging that the worst of the Covid-19 surges may be over and that economies are preparing to return to growth. Outside Singapore, this intention is clearest in neighbouring Malaysia, where vaccination rates among adults are now over 80 per cent. Others in Asean are also

experimenting with reopening, like Thailand's trial to allow vaccinated tourists into Phuket and Vietnam's easing of lockdowns in urban areas such as Ho Chi Minh City and industrial zones. Implicitly, Asean governments are moving to treat the coronavirus as endemic. As vaccination rates rise and economies progressively reopen, better prospects should be anticipated.

External conditions assist. Reopening in the United States and Europe has given an immediate and palpable fillip to consumption and economic growth. China, while not free from Covid-19 concerns, is expected to enjoy a robust 8.5 per cent growth this year, according to the World Bank. This rise in global demand will contribute to Asean's economic recovery, especially for sectors in Vietnam and other countries that are integrated into global value chains.

Another factor that can potentially assist Asean's economic recovery is the Sino-American competition. While great power contestation remains a major worry, there can be a silver lining in vaccine provision and other assistance.

Consider Vietnam again. The country received visits from both US Vice-President Kamala Harris and, scant weeks later, Chinese

Foreign Minister Wang Yi. Vaccine donations and aid to increase its medical capabilities from both powers have followed. Singapore too received both VIP visitors and this exemplifies the continuing interest of both great powers in the region.

As a global node and regional hub, Singapore is well positioned to both gain and contribute. Singapore should increase efforts to provide vaccines and other assistance. As the situation improves and stabilises, we should prepare to reopen borders with our neighbours in the near to medium term. Singapore's economic role, moreover, can and should go beyond what was already present pre-pandemic.

## NEW NEEDS, NEW ENGAGEMENTS

Trade and Industry Minister Gan Kim Yong last month called for "continuous efforts to strengthen regional economic integration and maintain free and open trade with our regional and global partners... to help us recover from the pandemic and position ourselves for future growth".

In particular, he emphasised the opportunities in the digital economy and sustainability. This does not neglect other needs like finance and infrastructure. However, both the digital economy

and sustainability are not discrete opportunities but elements that cut across all business sectors.

Singapore has a good foundation in both areas and can help develop capabilities in the region.

For the Asean digital economy to flourish, it is best to create a more integrated bloc with policies, rules and standards that are more aligned, predictable and interoperable across borders. Similarly, there are both ecological and economic reasons that climate action initiatives would be best carried out and most efficient on a regional scale. There is significant complementarity between Asean countries in capital, human and physical resources to make this a reality.

These efforts can be made in tandem with the ambitions of key regional countries seeking to step up the economic value chain, especially Indonesia and Vietnam. New kinds of partnerships can arise to enable these neighbours to attract the right and better kinds of investment and collectively anchor global supply chains in Asean for the longer term.

For Singapore to be effective in this, there is a need to undertake new approaches and forms of partnership and collaboration. This was recognised by National Development Minister Desmond Lee, co-chair of the Emerging

Stronger Taskforce. Speaking at the recent launch of the New Horizons report on global and regional growth strategies by the Singapore Institute of International Affairs, he said: "Besides establishing physical and digital links, we need to find new ways to be useful to our region, and forge win-win partnerships with our neighbours... at all levels, including at the business-to-business level and the person-to-person level."

In our view, this should include Singapore serving as an enabler. Singapore is the regional hub for major MNCs, and these now include both US and Chinese tech giants. Our region suffers from a shortage of skilled workers to meet the demands of the future economy, both in cutting-edge technical research and in vocational training. Singapore's educational institutes and educational technology sector can play a greater role in providing online and in-person skills upgrading for Asean, helping build a regional talent pool that can be mobilised to deliver tangible economic and social outcomes for Asean as a whole.

In this and other areas, the Singapore Government should help set the direction. But government-led efforts must be complemented by "private-public" partnerships where, conversely, it is the private sector that takes the initiative, and is then supported by the Government. Singapore's Alliances for Action – industry-led coalitions that set up new consortiums with support from the Government – are early examples and more should follow.

Another type of partnership that needs further encouragement is that between foreign MNCs based here and Singapore companies. Joint ventures between Singapore core companies and MNCs should be nudged to specifically venture into regional markets. Singapore can test-bed innovative approaches and products before they are rolled out into the region.

Singaporeans can gain from this. But much depends on our people remaining open to the world and becoming more knowledgeable and capable in a regional context. Asean needs to be seen as more than just a location, market or platform, but as a regional strategy in its own right.

What is new here is not so much the area but the approach. Not just where to focus and what to do, but the new ways in which Singapore can partner, enable and contribute efforts that go beyond financial investment and what is already obvious. From the present and troubled stage of the pandemic, a new regional policy and suite of business strategies can emerge.

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