

## Asia Pacific Cooperation in the Post Pandemic Era

### Brief Presentation by Simon Tay

#### Introduction

Allow me to begin by thanking the organizers for this year CIRD-China and JEF-Japan. This is a long-standing and valued discussion among us in the region, organized by the JEF and each of us as partners in turn. I also wish to welcome to Toyoda-san as new Chairman and CEO of JEF. Much has been said, and I have just five minutes. So may I emphasize three words that perhaps have not been mentioned as much:

- Politics – geopolitical, but also bilateral among countries in our region, and within our societies.
- Transformation – going beyond efforts to recover ground but how to move forward, especially for digitalisation and sustainability, as issues that cut across sectors, to emerge stronger, better and greener from the pandemic.
- Agency – looking at how each country, even smaller ones, can try to find paths forward.

#### Now and Next:

- Re-opening for ASEAN and most in Asia. This has become clear for ASEAN after its recent summit. The re-opening comes after the bad surges of 2021, and it is predicated on the speed of raising vaccination rates. There are dangers from emerging variants of concern and it will be an important effort to re-open linked to efforts to harmonize standards and procedures and to use science and data while dealing with politics and sensitivity.
- Recovery and Resilience
- Reform and Transformation

#### Pre-existing agenda:

- **RCEP and CPTPP:** These are complete and ratifications are being received, so are applicants to the CPTPP. There is a need to make these agreements work and deliver. For the CPTPP, there is a need not only for consensus but to be assured that the quality can be maintained by any prospective new member, and by the existing members in implementation. This is being complicated by geo-politics and competition between the major powers, and by bilateral differences also involving trade.
- **BRI and infrastructure:** This too has been politicised by some, while others including Singapore have welcomed China's initiative. We are now seeing infrastructure initiatives by the USA and the EU, and this will change the context. There may be one competition, but hopefully rational competition with more alternatives, rather than Cold War thinking.
- **Asean Community and Centrality:** In this context, for its members like Singapore, ASEAN will be central. It can also be of help to its key partners, who share similar concerns, like South Korea. On some issues however ASEAN will need to accept and even encourage bilateral and minilateral initiatives – when the group as a whole may not be ready. ASEAN is important even more important amid the great power rivalry. But it cannot always answer all needs and initiatives, and there is a need for flexibility.

### Accelerating tensions:

- Sino-American conflict: We can hope that the Biden-Xi summit can lead to a more stable relationship with “guardrails” and understanding of the sensitivities and legitimate concerns that each side has. There is little or nothing any one of us can do to influence this bilateral relationship. But we can hope not to make it worse by band-wagoning. Instead, I believe that countries must take a rational look at their national interests issue-by-issue and explain their choices accordingly.
- **IRBO:** There are concerns that the IRBO is not just unable to move forward but failing to even keep pace. There is a growing politicization of trade, using trade measures against others. There is also a need to avoid over politicization over decisions like 3<sup>rd</sup> accession to the CPTPP; we need to rationally focus on the quality of the agreement and ability and will of any party to accept and implement those undertakings.
- **Domestic constituencies:** There will also be need to adapt trade and economic integration to concerns of equality, opportunities and social changes within countries. Each country will need to give attention to concerns from their citizens and show the benefits from economic integration. It may also need to explain to partners the limits they face domestically and again find ways to resolve this based on rules.

### Next integration agendas

- **Digitalisation:** This has been booming during the pandemic and has much promise. But there are insufficient agreed rules on many issues. There is a need for thining as a region like ASEAN being an interoperable unified bloc with a harmonized approach. There is also scope for Digital Economy Agreements (DEAs) with other partners, to help address issues and be potential pathfinders.
- **Sustainability and carbon:** There are economic and trade issues that arise from the increased attention and commitments to climate action. As more Asian countries commit to carbon neutrality their investment and supply chains across the region must adjust. There may also be concerns over the effects of Carbon-Based Adjustment Measures (CBAM) proposed by the EU or other carbon leakage policies set by our non-Asian trade partners. At the same time, opportunities for cooperation arise and Green Economy Agreements be another path-finding effort.
- **Bilateral initiatives:** The economic ties with other regions like the EU and with the Pacific Alliance in Latin America will be of importance. In themselves they are important and with Sino-American tensions, there is even more need for multilateralism and many partners and supply chains. Beyond these FTAs with DEAs and GEAs, there is a need for bilateral and mini-lateral efforts to move forward as path finders. These can augment the economic focus of the FTAs. In this regard, what I see is somewhat like the bilateral FTAs in the early 2000s that then were expanded into ASEAN-wide agreements. We may be in a similar time with the inability of major powers to agree, and the multilateral system is so stuck that bilateral effort are needed to serve as pathfinders in sustainability and on digitalization. As they progress, these can later be open to more partners and also integrated into economic trade and investment agreements.

### **Singapore's Approach and Initiatives**

My small country has declared an endemic strategy to Covid-19 and has started to re-open both domestically and with travel lanes with key partners – of course with due regard to health and safety concerns. We have also had a private-public dialogue called the Emerging Stronger Taskforce to look at strategies and private sector alliances to move forward. The SIIA think tank I chair served as a knowledge partner to the Taskforce and we are happy to see that the region (especially key ASEAN economies), sustainability and digitalization are writ large as we move forward. Singapore is also actively discussing and negotiating DEAs and GEAs bilaterally, and in ASEAN we are supporting similar initiatives for sustainability and digitalization. There are many issues to manage both domestically and internationally, but we remain positive about our region and our abilities to not only recover but to transform to address issues of equity, competitiveness, openness and sustainability as we integrate.