



REMARKS
SECRETARY-GENERAL OF ASEAN, H.E. DATO LIM JOCK HOI

CARI Briefings | Covid-19 Economic Recovery Plan Series Webinar
How Can ASEAN Bounce Back:
Can the AEC Retain its Vision in a Post-Pandemic World?

3 July 2020; 15:00-16:00

Good afternoon. It is great to be here and I would like to thank the CIMB-ASEAN Research Institute (CARI) for inviting me to this important dialogue. The theme of today's dialogue cannot be timelier and more important for ASEAN as the region is currently mitigating the impact of COVID-19 pandemic.

Economic impact

The world is facing an unprecedented health and economic crisis. The global confirmed cases have surpassed 10 million and the death toll has gone over half a million. In parts of the world, the situation is worsening or has not reached the peak. With projected 4.9% contraction, global economy will be faced with a broad-based recession unseen since the global depression in the 1930s.

Global trade and investment are likewise expected to plummet. Merchandise trade may drop by up to 32% in the worst-case scenario. Services trade will be even more directly affected by the travel and movement restrictions, given that it has no "inventory" to draw upon. Global foreign direct investment (FDI) is expected to decrease by up to 40% in 2020, bringing it down to below USD 1 trillion for the first time since 2005, while FDI flows to the developing Asia is expected to decline between 30% to 45%.¹

ASEAN is not spared. While many ASEAN Member States have – for now – demonstrated some success in containing the spread of the pandemic, a few continue to observe rising numbers. The region also needs to remain vigilant over the possibility of a second wave. As of 2 July 2020, the region's total confirmed cases reached 154,888, and 4,475 recorded death toll.

Economically, the outlook is likewise downcast. The region's economy is expected to contract by 2.7%, the first contraction in 22 years since the Asian Financial Crisis. The outlook varies across member states. While some are expected to see considerable contraction, others will be faced with stagnation, and just a few can still observe growth, albeit much more muted than the previous years. More than 40% of the region's workforce

¹ UNCTAD (2020: 2; 38).

and 50 million enterprises are in the hard-hit sectors, while over 200 million informal sector workers have their livelihood at risk.

How ASEAN has responded

ASEAN, individually and collectively as a region, has been quick to respond. In the immediate instance, national governments stepped in to ensure financial liquidity and macroeconomic stability. Stimulus measures were rolled out, at unprecedented scale and speed, to bolster the health system to save lives and to safeguard the livelihood of the most vulnerable groups.

Regionally, the early announcement of commitment to work together in the fight against the pandemic was critical to set the tone especially as the immediate reaction of many countries around the world maybe to turn inward. But commitment alone is insufficient, this needs mechanisms to allow this to take place effectively. The establishment of the ASEAN Coordinating Council Working Group on Public Health Emergencies, with membership from across the three community pillars, was the right step in that direction. The Working Group reports directly to the ASEAN Coordinating Council, the highest body after the ASEAN Summit, its cross-sectoral, cross-pillar membership allows for coordinated and holistic response, stronger political buy-in, and prompt decision making.

As early as early March, ASEAN Economic Ministers also announced the resolve to keep markets open and ensure supply chain connectivity particularly for essential goods. This commitment has since materialised as the Ha Noi Plan of Action on Strengthening Economic Cooperation and Ensuring Supply Chain Connectivity (adopted 4 June by AEM, endorsed 19 June by AEC Council).

At the sectoral level, the commitment to work together was also made by the most affected sectors such as food and agriculture and tourism. The food and agriculture sector, in particular, recognises the impact of COVID-19 on food security and committed to cooperate to ensure food security, safety, and nutrition in the region. The tourism sector committed to coordinate measures in the new normal and to work together for a more resilient and sustainable recovery. Other sectors are also looking at how COVID-19 has affected or raised issued relating to their work, such as consumer protection, digital economy, and transport.

At the highest political level, ASEAN Leaders have continued to lead the region's response effort. Following the Special ASEAN Summit on COVID-19 on 14 March, the 36th ASEAN Summit was held virtually on 26 June, during which Leaders announced the establishment of the ASEAN COVID Response Fund. In addition, Leaders also announced i) the setting up of regional reserve of medical supplies for public health emergencies; ii) development of the standards of procedures for public health emergencies; and iii) development of a comprehensive recovery plan. The Leaders also proposed for the feasibility of ASEAN safe travel corridors to be explored to facilitate movement of priority categories of people such as business people as the region slowly enters into the new normal, whilst mindful of the need to strike the right balance between protecting public health and livelihoods.

How we should move forward

First, the region must have a coordinated, whole-of-community, comprehensive recovery plan, that will take ASEAN through the recovery stages, from reopening to recovery, and to long term resilience. Such a plan shall be robust, credible, and pragmatic. It needs to articulate clearly on how the region will work together across different areas affected by COVID-19.

We appreciate the interest shown by the private sector to be involved in the process. ASEAN Secretariat is ready to work with the ASEAN-Business Advisory Council and the Joint Business Council to help further distill and prioritise the recommendations, including the idea of the High Level Special Commission (HLSC) and the Special Business Advisory Body and to take these through the appropriate channel. ASEAN will also work on its recovery with dialogue and other external partners. The world is facing a collective hardship and there is never a better time for cooperation and partnership.

Second, the work of ASEAN must continue. Progress in ASEAN community building and regional integration effort is more important now than ever. The global economy will significantly slump, and recovery will be long. Neither the external economy nor the domestic/regional economy can act as an automatic engine for recovery. At the same time, global supply chains will experience accelerated restructuring. The region must be prepared to seize the opportunities presented by the post-pandemic world.

To this end, enforcement of implementation of AEC commitments will be key. Commitments and initiatives that are critical for market integration and regional competitiveness must forge ahead. Here, I will highlight a few:

- More effort should be needed to expand documentation to be exchanged on the ASEAN Single Window. Similarly, the feasibility of expansion to other partners should be explored;
- The operationalisation of the ASEAN-Wide Self Certification is expected by 1 September, but remaining countries must accelerate domestic process to ratify the relevant protocol in time;
- The general review of the ASEAN Trade in Goods Agreement will need to be sufficiently ambitious to help the seamless flow of goods in the region and address past implementation challenges;
- The signing and ratification of the ASEAN Trade in Services Agreement need to be accelerated so as not to lose out the competitiveness rendered by our services sector;
- Much more needs to be done to promote and facilitate investment into the region. Not just any odd investment, but those that are sustainable, environmentally and socially, and that can better prepare the region for the new digital era;
- Remaining ASEAN Member States should also complete the ratification of the ASEAN Agreement on Electronic Commerce to allow for its entry into force, so that work in this areas can be reinvigorated; and

- On external trade agenda, the signing of the RCEP this year, as mandated by Leaders, will boost the confidence needed for a faster and more resilient recovery.
- ASEAN is undertaking the important exercise of the mid-term review of the ASEAN Community Blueprints, the Master Plan of ASEAN Connectivity 2025, and the review of the IAI Work Plan III 2016-2020. This exercise will shed light on areas where implementation has not been progressing well and why. The region must address this head on, while at the same time taking into consideration challenges and emerging issues unforeseen when the Blueprints were adopted.

Third, ASEAN should take this as an opportunity to build for a stronger, more resilient, inclusive, and sustainable future.

Building back better

This pandemic and its socio economic impact is a reality at our doorstep. Until effective treatment or vaccine is found, produced, and distributed, we will need to live alongside the virus to safeguard livelihood while minimising public health risks.

But the post-pandemic world will not be a return to the business as usual. The onus is on us to make sure we take this period as an opportunity to be even stronger after the pandemic. For this, I would like to highlight a few key areas for consideration.

First, internally, ASEAN should use the mid-term review and the pandemic as an opportunity to really modernise our market and business/investment environment, and realise the full potential of intra-ASEAN market.

Second, the crisis has accelerated and boosted momentum for digital transformation. Digital technologies have kept us connected, businesses running, and learning to continue, albeit to a lesser extent and unevenly. To this end, ASEAN must now really forge ahead with its digital agenda that will also underpin the region's future growth potential. Digital transformation is not a standalone sector in ASEAN's work. Its impact and effect permeates through all cooperation areas in ASEAN. We need to build the right digital infrastructure, develop digital skills, and formulate digital policies and regulations. The development of the consolidated strategy on the fourth industrial revolution and the ASEAN Digital Master Plan will contribute to this effort.

Third, this crisis is like no other has exposed the vulnerabilities in our societies. The need for greater human security and a more inclusive future becomes increasingly urgent. Human capital development must therefore play a key part of the ASEAN agenda, and the focus must be to expand opportunities for all segments of society, particularly the vulnerable groups. Similarly, more effective and participatory stakeholder engagement is needed for a more inclusive ASEAN.

Fourth, as we look forward to a post-pandemic world, we need to address the region's long-term resilience by promoting sustainability in all aspects. We need to re-think our existing approaches to sustainability, which cannot be tackled from the environmental

perspective alone, but also from the perspective of financing, production, consumption, energy, standards, and so on.

Finally, as the pandemic may risk further destabilisation of the rules-based multilateral order, it may be inevitable for ASEAN to play a more pro-active role in the global area. ASEAN shall continue to advance the interest and priorities of its people while contributing to an open, rules-based, and non-discriminatory multilateral system, which will best benefit small and medium sized economies like ASEAN. ASEAN should participate in relevant reform efforts, to ensure that the multilateral system remains effective, relevant, fair, and inclusive.

Thank you very much.