

Published Date: 17 November 2021

# Keynote Address by Mr Lawrence Wong, Minister for Finance and Deputy Chairman, MAS at the Morgan Stanley's 20th Asia Pacific Summit on 17 November 2021

Distinguished Guests,  
Ladies and Gentlemen,

## **Introduction**

1. I am very happy to join you today at this 20th edition of the Asia Pacific Summit to share some thoughts on the future of globalisation and living with COVID-19.
2. It has been almost two years since COVID-19 emerged, and the virus has had wide-ranging impact all over the world.
  - a. We have seen lockdowns of varying severity imposed worldwide, along with closures of international borders.
  - b. We have also seen major disruptions in the global supply chain, resulting in shortages and delays everywhere.
  - c. Increasingly, countries are all moving to a path of learning to live with the virus. But at the same time, we all have to deal with the fact that the virus comes in waves, and we are continuing to experience rolling waves of infection.
  - d. So each time you think the situation is under control, you open up, then a fresh wave starts again, and it threatens to overwhelm your healthcare system; you have to put back some restrictions. You see this happening in many European countries now.
  - e. Understandably, this puts tremendous strains and pressures on the entire society. But we should have some confidence that we will be able to get through this, and the best way to do so is still through vaccinations and boosters.
  - f. Over time, with vaccines, with boosters, with more exposure to the virus, we build up our collective immunity. At the same time, we get better treatment and therapeutics, then countries worldwide can gain continued progress towards living with Covid-19, and I am confident that we will be able to do so in the coming year.

3. Of course, in times like this, there will be occasions when we have to hunker down and ride through the storm.
  - a. For some, such periods may be an occasion for renewal, growth and reflection.
  - b. For others, it is a period of isolation and languishing.
  - c. It really is up to us how we want to respond – whether to seize the opportunity for change and reform, or to squander it.
4. It reminds me of the story of what happened during the Great Plague of London in 1665 – a fifth of the population died of the plague; students were sent home from their universities. They also had home quarantine and social distancing.
5. One such student was Isaac Newton.
  - a. Despite being alone, having no teachers to guide him, he flourished and thrived. You know how some people like home-based learning, and some do not; Isaac Newton clearly liked home-based learning.
  - b. At home,
    - i. He wrote papers which became the genesis of calculus.
    - ii. He experimented with prisms and light, from which emerged his theories on optics.
    - iii. And of course, we all know the story of how he sat under a tree, an apple fell, and he developed the theory of the law of gravity and laws of motion. All these happened in the year when he was doing home-based learning. He later referred to this period as his annus mirabilis – his “year of wonders”. All happening in the year of plague. It is quite remarkable.
6. We now live in the shadow of another great plague.
  - a. It has been a difficult period for all of us.
  - b. And it remains difficult to predict the trajectory of the pandemic.
  - c. But at some point, this pandemic will end.
  - d. So the question before us is how can we turn this crisis into an opportunity to refresh and renew ourselves, and to build back better for the future, to build a better model of globalisation.

### **Building a Better Model of Globalisation**

7. Clearly, the pandemic has exposed frailties in our existing global system.

- a. We saw this in the scramble for essential medical supplies last year.
- b. We saw this in the fragmented system of pandemic response. We urgently need better early warning indicators, and better coordination of public health measures to better deal with future pandemics.
- c. More worryingly, we continue to face an uneven distribution of vaccines worldwide. This threatens to prolong the pandemic, because if we do not get the vast majority of the world's population vaccinated, the chances of viral mutation will continue to be there, so it will threaten to prolong the pandemic and hinder global economic recovery, and leave developing countries even further behind.

8. Supply chain disruptions were also triggered by the pandemic, along with other events, like the Suez Canal blockage. This has led some policymakers and corporates to look towards domestic production and onshoring their supply chains.
9. All this is magnifying the geopolitical tensions that were already at play before the pandemic. And it has fuelled concerns that we are entering a new world order – one that will be more bifurcated, where global trade and technology will decouple, and where countries will drastically reduce their links with one another, to protect their economic and national security interests.
10. These are worrying trends – if we were to retreat inward or go down this path of deep bifurcation, it will have a detrimental impact on both people and companies, and we will all be worse off and less secure.
11. The alternative is not to go back to business as usual, or to settle for how things were before the pandemic. Instead, this crisis should spur us to forge a stronger model of globalisation that is grounded on better cooperation and partnership.
12. Realistically, of course, we recognise that there will always be elements of competition and rivalry amongst countries – these forces are not going to disappear. No one is naïve in assuming that this will happen overnight, or even for a long time. In fact, we are seeing the return of one of the oldest stories in international relations – the rise of a new great power, and the unease this creates in the existing hegemon.
13. But the pandemic has also shown how connected and interdependent we are. No country can afford to go it alone. No single country can organise the entire world. So there can be no substitute for coordinated and concerted multilateral actions to respond to many of the global challenges we face.
14. Take the example of pandemic prevention preparedness and response.

- a. The current system is fragmented and severely underfunded.
- b. The status quo is not tenable and is grossly inadequate to deal with the next pandemic, which is a matter of “when”, not “if”.
- c. So there are ongoing discussions now to see how we can strengthen this system, including through improved global governance, through a reformed and strengthened World Health Organisation, and additional funding for global health security.

15. Another existential global challenge is climate change.

- a. Every country must do their part, be it to reduce emissions, or to decarbonize their economies, and get to net zero as soon as possible.
- b. There is still much work to be done after the COP26 deal.
- c. But one encouraging development in Glasgow is that the US and China have agreed to work together to address climate change and reduce emissions. And the recent virtual summit between President Biden and President Xi is also a positive step forward. This can only be good for the whole world, although there is still a long road ahead.

16. This stronger sense of partnership must apply, not just between countries, but also between the public and private sectors.

- a. We have seen throughout this pandemic that our responses are often more effective when we work together.
- b. For example, the rapid development and distribution of vaccines worldwide is only possible with close collaboration between the government and international agencies as well as the private sector.

17. So, we need to deepen such public-private partnerships, including in tackling climate change.

- a. Some have estimated that the world needs to invest around US\$150 trillion over the next 30 years to rein in carbon emissions and switch to more sustainable energy sources.
- b. To put things in perspective, that is nearly two times the world’s current GDP – it took several hundred years for us to get to where we are today; and we now have to build a new green economy that is almost twice the size of what we have today, and in a much shorter timeframe.

18. That is a massive undertaking.

- a. It cannot be done by governments and the public sector alone.
- b. We will need more collaborations to bring together the innovativeness and expertise of the private sector, to crowd in private financing,
- c. And to find new technological solutions that can be deployed efficiently and at scale.

19. In Singapore, we have long had a long tradition of close tripartite partnership between the Government, employers and our unions.

a. We value the partnership we have with our stakeholders, and we are continually looking for ways to strengthen this partnership.

b. That is why we recently prototyped a new modality of engagement – we call it “Alliances for Action” – where industry-led coalitions, coalitions formed by the private sector, can work in partnership with the Government to seize new opportunities for Singapore.

20. Such partnerships are also important in sustainable financing.

a. For example, we are seeing how Singapore can serve as a “connector” to bring in capital from different sources through blended finance.

b. Partners may include Multilateral Development Banks or philanthropic organisations, which are prepared to provide concessionary capital.

c. This will then improve the overall returns profile of the project, making it more attractive to commercial capital.

d. We can structure the deal to unlock financing for green projects all over the region, which might have been viewed as more marginally bankable. This is much needed because the fight for climate change will be won or lost in Asia. Asia needs to move towards decarbonisation, and we do need a lot more financing to get transition activities and transition projects going in order for Asian countries to make this shift while continuing to ensure that millions of people in the region have access to utilities and electricity.

### **More Resilient Supply Chains**

21. Another pressing issue that we are all working hard to address is the complexity and weakness of global supply chains.

a. Here, there are legitimate security issues that need to be addressed.

b. But the emphasis on resilience and self-sufficiency also needs to be carefully judged.

22. All countries want to maintain and in fact enhance some domestic production for certain essential and strategic items, like food supplies.

a. Even in Singapore, a little city state which imports almost all our food, we are working towards a ‘30 by 30’ food security goal, which means we want to build up sufficient capability and capacity to produce 30% of our nutritional needs locally and sustainably by 2030.

23. But it depends on how far you carry this logic because domestic production is not a silver bullet. If we go too far, it can prompt reactions and unintended consequences. We may all end up with higher prices, poorer quality goods and services, and a reduction in choices.

- a. This is especially so for more complex products, like semiconductors and biomedical products. It will be far too costly and challenging for any country to onshore these supply chains and produce them alone.
- b. It is bad for growth, as companies can no longer take advantage of the capabilities around the world to complement their own strengths.
- c. It is also clearly not resilient, because if you rely heavily on domestic suppliers, they can similarly go down in a pandemic, or be crippled by other factors.

24. So, instead of dismantling the global supply chains which have been painstakingly built up and optimised over the years, a much better way would be to enhance resiliency.

25. That involves shifting the philosophy of “just in time”, where there is little redundancy and spare capacity, to “just in case”, where there are in-built buffers throughout the supply chains.

- a. We need to enhance resilience in both supplier networks as well as transportation networks. And we should diversify across suppliers and transportation network, especially for critical inputs and essential supplies.
- b. We should also continue our international coordination to ensure that key inputs and supplies remain available, and transport networks remain open.
- c. Such preparations will enable us to be better prepared for future supply chain disruptions.

### **Singapore’s Approach**

26. As a business, financial, logistics and transport hub, Singapore takes all of these responsibilities very seriously. We uphold international rules, and undertake our obligations fully and faithfully.

27. That is why throughout this pandemic, we have kept our supply lines open. We ensured uninterrupted flow of supplies through our air and sea ports.

- a. We vaccinated port workers and crew to keep them safe.
- b. We increased our port capacity to help shippers expedite urgent cargos.
- c. We made full use of digital platforms for shippers and cargo owners to track shipments more efficiently.
- d. Even at the height of uncertainty and when we were short of certain items, like last year, we never contemplated any export control on any goods produced or transhipped here, not even goods we urgently needed like N95 respirators and vaccines. Instead, we stepped up to become a distribution hub for vaccines through our logistics capability, our airport, and our ultra-cold chain facilities, and contributed actively through the donations of supplies and vaccines.

28. So this is how we strive to be a trusted and reliable node in the global network. There are many others doing the same, and hopefully in time, this network of reliable nodes will establish their reputations and a more secure and resilient global network will develop.
29. Ultimately, we are redoubling our efforts to strengthen our connections with the world.
- a. We do not take our hub status for granted.
  - b. Because you can look back at history and it is littered with examples of cities that have stagnated and declined because they turned inward and were not able to keep pace with the changes in the world.
30. Singapore has defied the odds since we became independent in 1965.
- a. We are determined to continue doing so, even in a post-pandemic world that will be more uncertain and volatile.
  - b. And that is why we are doubling down on our connectivity as a trusted hub for commerce, trade and talent. We will continue to work hard to strengthen our value proposition as the gateway to Asia and the world.

## **Conclusion**

31. To conclude, throughout this pandemic, we have been focussing on vaccines and the antibodies they provide against the virus.
- a. But there are other viruses we should worry about – the dark forces of fear and xenophobia, or protectionism and nationalism.
  - b. These are no less deadly or infectious.
  - c. So we need our antibodies to kick in against these other viruses and threats.
32. Building such antibodies require us to resist the temptation to look inward. Instead, all countries, as well as the public and private sectors, must work even closer together, and forge better and stronger cooperation. This is how we can build a more sustainable and resilient model of globalisation for a post-pandemic world. Thank you.