

Chia Der Jiun: Reform and cooperation in global financial governance

Opening remarks by Mr Chia Der Jiun, Managing Director of the Monetary Authority of Singapore, at the Lujiazui Forum Plenary Session II "Reform and cooperation in global financial governance", Shanghai, 17 June 2026.

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Good afternoon and it is a pleasure to be back at the Lujiazui Forum.

I would characterise the situation facing the global economy as one facing more frequent shocks and persistent uncertainty, buffered by a measure of resilience in the system and an ability to adapt, but building up risks that could damage the global financial and monetary system in the future.

The response needed from all economies is: first, to build greater resilience of individual economies; second, to expand regional economic and financial cooperation; and third, to support international institutions that provide the important basis for sustainable trade and global financial and monetary stability. Let me elaborate.

In the last six years, the global economy has experienced no fewer than five major demand and supply shocks.

- The COVID pandemic, which led to a demand shock and fortunately relatively contained supply disruption.
- The war in Ukraine, which led to an energy supply shock in Europe and an energy price shock globally.
- A tariff shock in 2025 that spiked uncertainty for corporates and households.
- A positive demand shock from artificial intelligence (AI) investments accelerating from 2024 and 2025.
- An unprecedented energy supply shock this year.

The consequence has been substantial volatility in the global economy. For example, deep economic contraction in 2020, followed by a rebound in 2021. The highest global inflation in decades, peaking at 8.8% in 2022. Energy prices, interest rates, exchange rates and financial markets have all undergone large and sometimes abrupt adjustments.

At the same time, there has been a measure of resilience and agility to adapt in the global economy. Economic growth recovered strongly from 2023 onwards, and inflation was closer to target by 2024. Global trade has continued to expand in 2025 in spite of the tariff shock. My region, Southeast Asia, saw trade expand with every region. Trade with China expanded strongly. Trade with Europe and the US also expanded.

Importantly, there has not been a major financial shock. There have been some localised fires that were put out relatively quickly.

Global oil prices have been relatively contained notwithstanding the unprecedented scale of supply disruption of about 10 million barrels per day. Average Brent prices since March are below US\$110; these are below prices during the Ukraine shock, and

since the news of an agreement has been around US\$80. This reflects the agility of both supply and demand adjustments.

But this resilience and adaptability is not to be taken for granted as risks are building up.

Fiscal space for policy response is now lower with persistent deficits and higher debt, after governments have had to respond to multiple shocks. Many major advanced economies now have debt to GDP ratios higher than 100%, while debt to GDP of Emerging Market and Developing economies are about 70%.

Debt markets are more vulnerable to inflationary pressures and unsustainable fiscal policies. The average fiscal deficit among major advanced economies is above 5% of GDP.

Global economic growth and equity market valuations are highly reliant on AI, and could slow sharply or reverse if investment assumptions are reassessed. The returns on investments in AI are uncertain, while the costs of energy and chips have been climbing.

The use of AI in the medium term also poses many uncertainties. Risks can accumulate if safety is not sufficiently safeguarded and economic benefits are not widely shared.

While an agreement to cease hostilities and reopen the Strait of Hormuz will be positive, its durability is uncertain. If supply does not recover conclusively, the energy shock could have greater effects in the second half of this year as inventories are run down, and reduced supply of refined products exerts more of an impact.

These risks, amid an environment of high policy uncertainty globally, could bring economic and financial market volatility in the future. What should be done?

First, economies will have to invest in their own resilience and growth.

- Sound macroeconomic policy frameworks, especially prudent fiscal and monetary policy management;
- Sound regulation of the financial sector so that it can absorb rather than amplify risks;
- Deepening local currency capital markets and increasing domestic capital resource mobilisation to support domestic financing needs;
- Strengthening and diversifying trade relationships and critical supply chains;
- And of course, implementing policies to promote growth, enable efficient resource allocation, and provide support for labour market resilience.

Second, there is much scope to increase regional trade and investment to boost both growth and resilience.

China and ASEAN are already each other's largest trading partner. There are two areas which can be strengthened. First, much of the trade involves regional production networks, and we can do more to grow demand linkages in China and ASEAN. Second is to grow intra-regional investment.

Trade has expanded rapidly and crossed US\$1 trillion in 2025. With the ASEAN-China Free Trade Area 3.0 (ACFTA 3.0) concluded in 2024, this will further encourage intra-regional trade and investment. China and ASEAN can tap more into consumption and investment demand in our fast-growing middle-income region.

We can also do more to boost investment between China and ASEAN. Chinese FDI investment into ASEAN was almost US\$20 billion in 2024, while Singapore remains one of China's largest foreign investors.

Beyond encouraging more FDI between China and ASEAN is to promote capital markets connectivity. The ETF link between Singapore Exchange, the largest stock exchange in ASEAN by market capitalisation, and the Shenzhen Stock Exchange and Shanghai Stock Exchange allows Singapore-based investors to access eight of China's onshore equity ETFs, while China-based investors can access three of Singapore's ETFs.

Third, let me mention the importance of global and regional platforms for cooperation in monetary and financial stability.

The G20, International Monetary Fund, Bank for International Settlements, Financial Stability Board (FSB), and regional arrangements such as ASEAN+3 and the Chiang Mai Initiative (CMIM) continue to be relevant bodies for surveillance, information sharing, standard and guidance setting, and crisis response. Discussions at these bodies help enhance the common understanding that all economies face common shocks, and the impact does not stop at national borders.

There is of course a tension. Policy-making in each country will fundamentally have regard to both domestic priorities as well as shared interests. If domestic priorities are seen in competitive win-lose terms, and if we are not able to maintain a strong perspective of shared interest, then international cooperation will weaken.

This risk is clearly present in global trade, but less in evidence in the area of financial and monetary cooperation.

The shared interest and commitment among central banks and regulators to cooperation in financial and monetary stability is still present. There is good recognition that financial shocks and instability spread rapidly across borders, and there is benefit to coordinate and cooperate on information-sharing and standard setting.

We cannot take for granted that this shared interest will not change. So it is of utmost importance that there is frequent engagement among financial policymakers on common risks, that discussions are based on objective data, risk, and analysis, and that broad-based support is forged for common action, for example in standard setting.

I will give two examples where institutional commitment is strong.

- The FSB, on which both China and Singapore are active participants, identifies risks to global financial stability and coordinates with standard-setting bodies on collective responses to these risks.

- The CMIM has grown in its scope, with the support of ASEAN+3 members, and recently added a Rapid Financing Facility to help members respond to sudden shocks and makes available financing in a few freely usable currencies, including the RMB.

Let me wrap up my comments. Our response to an environment of frequent shocks, persistent uncertainty and fraying commitment to international cooperation on some fronts requires each economy to build resilience and recognise the benefits from greater cooperation. There are opportunities in Asia, in particular for more regional cooperation and integration in trade and investment. There is also a strong case to continue to support global cooperation in financial and monetary stability.