

News Release

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Report shows COVID-19 will accelerate Asia's path to the centre of global economy

The global economic recovery from the COVID-19 pandemic is likely to accelerate an existing trend which will place Asia firmly at the centre of the world economic order, according to a new report by ANZ and Eurasia Group.

'Asia's economy: taking centre stage' is the first of three reports on the impact of the COVID-19 crisis and recovery in a G-Zero world, featuring ANZ Chief Economist Richard Yetsenga and Eurasia Group & GZERO Media President Ian Bremmer.

The G-Zero world refers to an emerging vacuum of power in international politics created by a decline of Western influence and the domestic focus of the governments of developing states, resulting in a geopolitical environment in which no country or group of countries can effectively meet global challenges.

Report highlights:

- Geopolitical tensions between the US and China will increase the complexity of the business environment in countries trying to balance relations with the two powers.
- Economic fallout related to COVID-19 has accelerated the relative decline of the US as the world's economic engine and increased the centrality of Asia — and particularly, of China — to the global economic cycle.
- The combined effects of US-China trade and technology conflict, the global downturn triggered by COVID-19, and the rapid growth of China's neighbours have reduced the importance of the US consumer market for Asian economies.
- This trend is likely to continue as trade and supply-chains become more regionally concentrated, and as Asian economies recover more quickly than the US.

Eurasia Group & GZERO Media President Ian Bremmer said: "The fragile geopolitical backdrop in this G-Zero world will result in a longer and deeper coronavirus crisis than any of us would like to see. The pandemic has further weakened US global leadership and economic influence. These geopolitical shifts will undoubtedly lead to a higher degree of risk and business complexity for countries across the globe."

ANZ Chief Economist Richard Yetsenga said: "Asia's resilience to the pandemic has allowed many countries to emerge from the crisis with a more central role in the world economy.

"China is likely to help lead a global demand recovery, while ASEAN countries have already surpassed the US to become China's largest export customers in the first quarter of 2020. We believe the trend will continue, placing Asia at the centre of the global economy."

ANZ Group Executive International, Farhan Faruqui said: "The pandemic has changed the way we live and work forever. The forces that shape this new post-COVID world won't be unfamiliar but the pace at which these forces move will be vastly accelerated. Digitisation, data, robotics, automation, and cloud investment will be more critical considerations for

business than they have been before. We're also seeing a big move towards de-risking of supply chains."

For the full report click [here](#).

For media enquiries contact:

Phoebe O'Sullivan, +61 466 533 682 Phoebe.O'Sullivan@anz.com

Noel Cheung, +852 3918 2841 noel.cheung@anz.com