

COVID-19: Time for Global Partnership

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Prime Minister Narendra Modi's proposal to engage with SAARC member countries and leaders through video conferencing for chalking out collective strategy for combating Corona virus outbreak is a very timely and laudable initiative. This truly reflects the spirit of the G-20 statement which said that the G20 countries will enhance cooperation and coordination to control the outbreak, protect people, mitigate the economic impact and maintain economic stability. It indeed shows how the leaders at global level articulate positions and how best regional cooperation may help cope-up with the crisis.

The challenge seems to be deepening on all fronts. The globalisation that was already grappling with the rising of nationalism now is facing a much greater crisis of global governance. In this respect, the key question is how the world organises itself, as trust deficit has also

multiplied many times, particularly when economic challenges have also deepened.

Global Overview

Amidst the collapsing share markets across, the economic impact studies are pouring in from all sides. All have their own take and prescriptions. The announcements from the US of travel and other restrictions in engagements have, however, further accentuated panic and fear across the global trading system. According to OECD report on Covid-19, the GDP shrinkage might be 4½ per cent and unemployment may go up by 7 per cent. In this study two shocks were given of 4 per cent in Q1 and 2 per cent in Q2. The shrinkage in the global GDP is estimated to be close to 2.4 per cent. It is also reported that globally almost four thousand flights are affected and several goods consignments have missed their timelines.

It is in this respect that the role of Central Banks has assumed great significance. The Central Banks have come forward with different approaches for supporting the global crisis. The US Fed has generously supported liquidity through treasury bills of the magnitude as high as \$7.49 billion. Along the G7 statement, the Bank of Japan has suggested a very close monitoring of the unfolding payments crisis, while People's Bank of China (PBC) has lowered MLF (Medium-term Lending Facility) and LPR (Loan Prime Rate) by 10 basis points. The PBC has also proposed a provision of RMB 300 billion for banks in provinces where epidemic has gone above a particular threshold, in terms of its economic impact. The budgetary allocation of 12 billion pounds, by the British government, has been further supplemented by the Bank of England with cut in interest rates by half a percentage point to 0.25 per cent. The ECB has already come up with a list of similar suggestions for the EU economies.

With China being a major trading partner for most of the global economies, there is a major blow as supply chains are increasingly getting fragmented. The persistent worsening of corona virus in China and the resultant shutdown signals the potential scarcity of pharmaceuticals across the world as China alone caters to around 40 per cent of global demand of APIs.

Indian Scenario

While auto, electronics, chemicals are prominent sectors that are likely to be affected, we exclusively focus here on possible imperatives for Indian pharmaceuticals. India's global API imports worth USD 2.7 billion, USD 1.5 billion (56 per cent) is coming from China alone.

Further in India's global imports of medical devices worth USD 5,502 million in 2018-19, China's contributed USD 614 million (11.2 per cent). In high technology medical devices including preparations for x-ray examinations, diagnostic reagents designed to be administered to the patient India's import dependence on China is too high. In this specific product category, India's global imports approximated around USD 43.38 million in 2018-19, out of which China alone constituted 32.47 million (75 per cent).

Taking account of the gravity of the situation, India must increase its domestic production of face masks and medical gears. Here also lies the opportunity for India to cater to the growing world demand for face masks and other medical devices, especially coming from USA and Philippines (Global demand for face masks is rising up to 100 times (WHO), UN

News 7th February, 2020). Also, India must build its adequate domestic capabilities in this industry through increasing investment in scientific human resources, R&D, standards & quality control and technological up gradation.

Global Public Goods

The world leadership must take a call on what Prime Minister Modi has suggested in the regional context. As is clear, nationalism is no solution to this major crisis at hand. Together we need to move for creating global public goods. They are required to be strengthened and nurtured, particularly in the realm of connectivity, supporting national medical and other specialised capacities and collective R&D efforts.

Supporting global evacuation missions require greater efforts at this point. India in this regard has undertaken some initiatives that should be scaled up further, of course in partnership with other countries. Under its six evacuation missions India has evacuated 1031 persons including 48 nationals from other countries such as Maldives, Myanmar, Bangladesh, China, US, Madagascar, Sri Lanka, Nepal, South Africa and Peru.

The world needs urgently several initiative of this nature at global level. Supporting each other for improving infrastructure to meet the national challenges is equally important. India also sent teams of senior doctors and scientists to Male and Tehran for expert led crisis management. This is in continuation of India's larger global efforts within the framework of South-South cooperation. Going beyond South, India also sent a team of four doctors from the Ministry of Health to Rome with sufficient material and reagents to collect samples of Indians there for onward testing in India. Most of this comes from India's own experience. The ICMR has expanded the testing capacity for the virus to 52 labs now.

Collective R&D efforts should be the top most priority. India has sent scientists, equipment for labs, reagents and brought back samples for testing to the country. So far, 1199 samples have been collected in Iran and brought to India for testing. The recent development of isolating the coronavirus by the scientists at the National Institute of Virology (NIV), Pune is very encouraging. As reported, they have been successful in getting around 11 strains isolated. The strains are the prerequisite for conducting any research related to viruses. Such collective efforts must lead to light at the end of the tunnel engulfed by the darkness

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