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SOUTHEAST ASIAN AFFAIRS 2021

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SOUTHEAST ASIAN AFFAIRS 2021

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Introduction

Khairulanwar Zaini and Daljit Singh

The year 2020 was not a good one for Southeast Asia. The international trade environment continued to deteriorate as a more inward-looking America sought to protect its domestic industry from foreign competition. Deborah Elms in her chapter in this volume explains how the penchant of the Trump administration for using tariffs (notably against China) as a protectionist policy tool undermined an already “creaking” global trading system. Southeast Asian states, particularly the more export-dependent ones, had already been affected by these trends for more than a year. The arrival of the COVID-19 pandemic in early 2020 was a new shock that severely disrupted public health and economic well-being.

To be sure, the effects of these disruptions were uneven. In terms of public health, Indonesia and the Philippines were the most severely affected by the pandemic, while the mainland Southeast Asian countries, apart from Myanmar, were much less so. The degree of state effectiveness and preparedness to mount decisive early action to contain the spread of the virus largely accounted for the differences. Even so, the lockdowns and closing of borders damaged the economies of all, particularly those most dependent on foreign trade and tourism. Towards the end of the year there were hopes of a better 2021 as vaccines against the virus were developed, but much uncertainty remained about timely vaccine availability, the logistics for and pace of vaccinations, and the prospects for economic recovery.

In the midst of the pandemic, Thailand and Malaysia had to cope with difficult domestic politics that absorbed the energy and attention of their leaders. The revival of large student demonstrations in Thailand against the military-backed government put new pressure on the pillars of the traditional bureaucratic-military

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ruling elite, generating uncertainty about political stability for the near future. In Malaysia the political flux arising from the defeat of the Barisan Nasional coalition in the 2018 elections continued as no single party commanded sufficient support in Parliament to emerge with a strong mandate. There was little prospect of the early amelioration of political unsteadiness in Thailand or Malaysia. Myanmar and Singapore held elections amidst the pandemic. The incumbent ruling parties won the elections handsomely, though in Myanmar this was against the backdrop of a troubling deterioration in relations between the ruling National League for Democracy and the country's powerful military. The politics of the rest of the region were marked more by continuity than change.

The changing strategic and security landscape within and around Southeast Asia brought no comfort. The continuing deterioration of relations between the United States and China in 2020 was a source of anxiety as it was bound to affect Southeast Asian countries, probably in ways more unpleasant than pleasant. The incoming Biden administration in Washington DC held out some hope for a reduction in tensions, even if just in rhetoric, though early indications suggest the American hard-line policy on China will continue—leading to renewed pressure on Southeast Asian states to work more closely with one or the other of the two great powers.

The South China Sea remained a source of tension as China continued to impose unilateral fishing bans and harass oil exploration activities of other states in parts of their exclusive economic zones (EEZs) that overlapped with China's nine-dash line. The freedom of navigation operations by the navies of the United States and its allies continued in order to enforce the international character of the South China Sea—with the ever-present risk that a miscalculation could lead to a clash between the two great powers.

Still, despite the turbulence of a global pandemic and a trade war, the countries of Southeast Asia did carve out some strategic space through which they could enhance and exercise their collective agency, including shepherding the Regional Comprehensive Economic Partnership (RCEP) to completion in November 2020. The RCEP—which gathers the ten member states of ASEAN together with Australia, China, Japan, New Zealand and South Korea into a single free-trade bloc (though with the regrettable absence of India)—may only deliver modest economic benefits in the immediate future. It has the potential, however, to “enhance trade competitiveness and stimulate innovation in the region” in the long run, as Sithanontay Suvannaphakdy notes in his regional economic review chapter. Suvannaphakdy also suggests the RCEP can provide further impetus for ASEAN member states to eliminate some of their non-tariff barriers.

Some countries have also chosen to use the economic downturn as an opportunity to hasten their economic transformation and diversification. The Cambodian government and private sector have moved to better harness digital technology, while the country's investment law is being amended to spur more local and foreign development in key economic sectors. Indonesia's President Joko Widodo has taken the opportunity to pursue the passage of an Omnibus Law to address the country's regulatory bloat in order to improve its investment competitiveness and stimulate job creation.

The authors of the twenty-one chapters of this volume share their insights and analyses of the political, economic and social developments in the region and its individual states in what has been a turbulent year. The following four issues represent thematic threads that connect the various chapters together.

Responding to COVID-19

Being in China's backyard, it did not take long for COVID-19 cases to emerge in the region. All the country review chapters in this volume include discussions of the various containment measures adopted by the governments. Other than lockdowns and social distancing regulations, Southeast Asian countries also pursued what Chris Baker and Pasuk Phongpaichit describe as a "fortress strategy of closed borders". This is not to say that the region's COVID-19 response was always smooth: Marcus Mietzner and Malcolm Cook demonstrate in their respective review chapters of Indonesia and the Philippines how the presidents of both countries were initially slow and reticent about recognizing the severity of the COVID-19 threat.

Also pertinent was the politics of pandemic management, which the thematic chapters on the COVID-19 experiences of Malaysia and the Philippines highlight. The trio of Eugene Mark, Jose Ricardo Sto. Domingo and Nawaljeet Singh discuss how domestic political instability adversely affected Malaysia's pandemic response. Cleve Arguelles explains how President Rodrigo Duterte was able to strengthen his populist credentials by "securitizing" the COVID-19 pandemic despite his general mismanagement of the outbreak. Meanwhile, Hai Hong Nguyen's review chapter of Vietnam underscores how effective pandemic management can help to burnish the performance legitimacy of authoritarian regimes.

COVID-19 was as much an economic crisis as a public health emergency. With trade and tourism disrupted by border closures and economic activity grinding to a halt as a result of lockdowns, Southeast Asian governments attempted to keep their economies alive through expansive fiscal stimulus measures, often financed

by deficit spending. Both businesses and the public were recipients of the largesse. Eugene Tan shows how a wage subsidy programme was introduced in Singapore to enable firms to retain their manpower, while Baker and Phongpaichit detail Thailand's relief packages of monthly cash handouts. Mark, Domingo and Singh spell out how the Malaysian government disbursed both wage subsidies and cash relief. Meanwhile, Nguyen Duc Thanh's thematic chapter on Vietnam's COVID-19 experience reveals the shortcomings of the country's welfare relief programme. There were also efforts to boost domestic consumption, with Mustafa Izzudin and Supalak Ganjanakhundee discussing in their respective review chapters of Brunei Darussalam and Thailand the government campaigns to promote spending on local businesses. COVID-19 also foregrounded more starkly the socio-economic disparities that are sometimes neglected when discussing Southeast Asia's success stories. Izzudin, for instance, points out that school closures in Brunei exposed the gap between rich students and their lesser-privileged peers, while Tan notes that migrant worker dormitories were the sites of "virulent outbreaks" even as the mainstream population in Singapore was mostly spared from the worst of COVID-19.

As the year came to an end, countries began to turn their attention towards securing vaccines to inoculate their population while preventing a resurgence of the coronavirus in the interim. Mark, Domingo and Singh highlight the formidable logistical challenge involved in Malaysia's efforts to vaccinate its population, while Mietzner discusses how Jokowi's optimistic expectation in August 2020 that vaccines would be able to restore normalcy by early 2021 has left the country without a proper plan to manage the pandemic, and the task of fully vaccinating at least 270 million people remains ongoing. Mark, Domingo and Singh also comment on the late-year surge in Malaysia as a result of a state election held in September, while Vannarith Chheang describes similar fears in Cambodia after a spike in infections following a November visit by an official delegation from Hungary.

Elections and Politics

Despite concerns about the risks of "super-spreader" events, Myanmar and Singapore held general elections in 2020. In their respective review chapters on Singapore and Myanmar, Tan and Robert Taylor enumerate the assorted modifications to electoral procedures and political campaigning that were implemented to accommodate pandemic safety requirements. The need for social distancing meant online media platforms became increasingly salient for political outreach, as Taylor and the

duo of Carol Soon and Neo Yee Win (in their thematic chapter examining the role of digital media in Singapore’s general election) explain. In both countries the incumbents were returned to power comfortably, while the opposition made some strides in Singapore but underperformed in Myanmar. Nevertheless, the electoral victories of the National League for Democracy in Myanmar and the People’s Action Party in Singapore did not erase all political uncertainties about the immediate future. Taylor points to the strong criticisms of the conduct of the elections by Myanmar’s powerful military and the increasingly strained relations between the military leadership and Aung San Suu Kyi. Tan, in the very different political environment of Singapore, mulls the implications of a delayed leadership transition in light of Prime Minister Lee Hsien Loong’s vow to steer Singapore out of the COVID-19 crisis first before stepping down.

Malaysia underwent a change of administration without an election. As Johan Saravanamuttu carefully recounts in his review chapter of Malaysia, the political shenanigans “catapult[ed] to power the low-key, uncharismatic Muhyiddin Yassin”, who as the new prime minister had to rely on a fragile and ever-shifting parliamentary coalition, which included the very party that had been deposed in Malaysia’s momentous 2018 general election. Saravanamuttu also examines Muhyiddin’s remarkable success in retaining his razor-thin parliamentary majority and securing the passage of key pieces of legislation such as the national budget for 2021. Similarly, in his review chapter of Thailand, Supalak Ganjanakhundee narrates how Prime Minister Prayut Chan-ocha, who also leads an unwieldy governing coalition, survived legislative and legal challenges to remove him from power. Instead, Prayut emerged at the end of 2020 in a stronger position, having tightened his grip over his party and coalition while boosting his support in Parliament through defections and by-election victories. Prayut’s breakthrough has been due in part to the dissolution of Future Forward—a progressive opposition party popular among Thailand’s youth—by Thailand’s constitutional court for campaign finance violations. According to Ganjanakhundee, youth discontent towards the disbandment has unleashed the long-dormant Thai student movement, whose demands have grown in intensity and now include calls for monarchical reform—hitherto a taboo topic in Thailand.

Meanwhile, Laos and Vietnam geared up for their party congresses that were expected to take place in early 2021. In both these one-party communist states, preparations for the party congress occurred amidst a leadership drive to eradicate corruption. While Kearrin Sims reports in his review chapter of Laos that Prime Minister Thongloun Sisoulith’s reform efforts “have slowed considerably” over the years, Hai indicates that President Nguyen Phu Trong’s *đốt lò*, or “furnace

blazing”, campaign in Vietnam is still going strong, ensnaring a number of senior party-state officials in 2020 alone. Trong, who is also the secretary-general of the Communist Party of Vietnam, sees the upcoming party congress as an opportunity to cleanse the party of corrupt cadres. The coming party congresses have also made both regimes a little jumpier in 2020. Sims draws attention to the citizens who have been arrested by Lao authorities for their anti-establishment posts on social media, including the case of activist Houayheuung Xayabouly, who has become an international cause célèbre. Similarly, Hai rues the deteriorating human rights record in Vietnam as activists and journalists have been arrested and imprisoned, while raising the possibility that the vigorous suppression of critics was due to party officials flexing their muscles to demonstrate their potential for leadership.

It has to be said, however, that silencing dissent is an art form for many of Southeast Asia’s ruling regimes, and not just the one-party states. Among the civil rights issues around the region, media freedom in particular took a hit in Myanmar and the Philippines. Other than the ongoing internet shutdowns in certain restive regions of Myanmar, Taylor emphasizes the difficulties faced by journalists covering Rakhine. Cook documents the travails of the media outlets that found themselves in President Duterte’s crosshairs, including the non-renewal of ABS-CBN’s broadcasting franchise and the unrelenting legal challenges faced by Maria Ressa, the chief of the news portal *Rappler*.

Costing the True Price of Development

For many Southeast Asian countries, especially those burdened with democratic deficits, economic growth is a crucial ingredient for regime survival. However, not only can the pursuit of growth at all costs prove counterproductive in the wake of accelerating climate change, but rapid development does not necessarily guarantee equitable socio-economic outcomes. Sims, for instance, reflects on how the “technocratic and extractivist development model” has caused “widespread social and environmental harm” to the detriment of many who rely on natural ecosystems for their food and livelihoods. Taylor commiserates the deaths of labourers who were caught in landslides as they toiled in jade mines—mining being a poorly regulated industry in Myanmar. Chheang ponders whether the October flash floods in Cambodia—the worst in decades—might have spared the capital of Phnom Penh if the government had not filled in the city’s natural lakes that would otherwise have served as a natural water catchment. These incidents suggest that more work needs to be done in ensuring regional development proceeds in an inclusive and sustainable manner.

Choosing Not to Choose

It was another year in which most countries of the region had to contend with the tightrope between China and the United States. Mietzner may very well have been speaking for most of the region when he describes how Indonesia sought “to avoid being dragged into the escalating trade and strategic conflict”. In a similar vein, Tan discusses how Singapore’s Prime Minister Lee recommended that Beijing and Washington strike a “modus vivendi”, while cautioning them about forcing the region “into invidious choices of being compelled to choose between the two”.

The lure of China can, however, be hard to resist. For countries like Cambodia and Myanmar, their friendlier disposition towards China is also a function of their estrangement from the West. Chheang conveys how Cambodia looked to China for rescue following the suspension of tariff preferences by the European Union and the imposition of sanctions by the United States, something that Sovinda Po and Lucy West reiterate in their thematic chapter on Cambodia’s foreign policy. Andrea Passeri’s thematic chapter on Myanmar’s foreign policy similarly conveys how the end of the “honeymoon” with the West over the Rohingya issue prompted “an increasingly isolated Myanmar” to rely on China for “diplomatic protection and economic assistance”.

Chinese money can, however, be a poisoned chalice. Sims shows concern at the growing debt dependency of Laos on China, especially since the latter currently holds almost half of the public debt of Laos. Taylor raises how the auditor general of Myanmar sounded a warning about the country’s US\$10 billion debt, of which a considerable 40 per cent is owed to China. The Myanmar auditor general had also called on the government to rebuff loan offers from the Chinese since more favourable terms can be found from international financial institutions. In the battle between the great powers for the hearts and minds of the region, the Philippines is an interesting case. Its flirtation with China is primarily driven by President Duterte’s “personal ... animus towards America”, Cook says, while relating how the Philippines’ defence and diplomatic bureaucracy worked to temper the president’s excesses, including pushing back against his decision to withdraw from the Visiting Forces Agreement with the United States.

China’s economic assistance does not assuage Southeast Asian concerns about Chinese behaviour in the South China Sea. Malaysia would have much to complain about in 2020. Saravanamuttu records the “stand-off” between a Malaysian exploration ship and *Haiyang Dizhi 8*, a Chinese government survey vessel that has disrupted many rival exploratory activities in the South China Sea.

In response, two warships from the United States, accompanied by an Australian vessel, were deployed to the area around the outer edge of Malaysia's exclusive economic zone. Malaysia was not enthused, however, by this show of force, expressing concern that "the presence of warships in the South China Sea had the potential to increase tensions". This reflects Lavina Lee's observation in her regional overview chapter about the "state of strategic indecision" among the region's maritime countries on "whether they can handle Chinese aggression on their own ... or seek greater US support". Doubts about the reliability of the United States in particular has meant regional countries are often circumspect when it comes to pushing back against China. Lee identifies lawfare as the preferred regional mode of rebuffing China, pointing to the official statements issued in 2020 by Indonesia, Vietnam and the Philippines rejecting China's nine-dash-line claim in the South China Sea—their first definitive pronouncement in the four years following the 2016 arbitral tribunal ruling. The three countries, together with Malaysia, also dispatched notes verbales to the United Nations to dismiss China's South China Sea claims as inconsistent with international law. Izzudin also flags how Brunei had "broken its deliberate silence as a dormant claimant" in July with a "terse but explicit statement" that insisted the South China Sea dispute should be resolved in accordance with international law.

These developments should not imply, however, that China is finding itself marginalized in the region. As Po and West specify, Cambodia professed its full-throated support for Beijing in October, praising China's consultative approach to the South China Sea issue while pointedly warning other powers, particularly the United States, against "provocations". In both chapters on Cambodia, the authors investigate speculation about a Chinese naval base in Reap offering China a strategic addition to its "string of pearls" across the South China Sea. Cambodia has sought to debunk these rumours, claiming its facilities are open to all countries.

Note: Authors were asked to present their chapters in December 2020 and had minimal opportunity to update their submissions thereafter. As is true of the previous volumes, contributors were also instructed to only include events happening up until 31 December of the year.

Unfortunately, there is no country review chapter for Timor Leste in this edition. The author commissioned for this chapter fell ill and was unable to submit it. This eventuated too late to find an alternate contributor.