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SOUTHEAST ASIAN AFFAIRS 2022

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SOUTHEAST ASIAN AFFAIRS 2022

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Introduction

Khairulanwar Zaini, Daljit Singh and Hoang Thi Ha

There was some optimism that 2021 would mark a turn in the region's fortunes and offer some respite after what was arguably the worst start to a new decade in living memory. Those hopes did not last long. As it turned out, 2021 was significantly much more of the same. The challenges of the previous year did not so much abate as intensify, putting the region's resilience to the test.

Plans for a year of strong post-pandemic recovery were dashed as the region was engulfed by new waves of COVID-19 infections as a result of the more contagious Delta and Omicron variants. The reopening of borders and economies had to be delayed, as many Southeast Asian countries resorted once again to lockdowns and tried to quickly inoculate as much of their populations as possible amidst scarce global vaccine supply, especially in the first part of the year.

Meanwhile, it could have been a triumphant year for the Association of Southeast Asian Nations (ASEAN). The grouping made significant headway with its Regional Comprehensive Economic Partnership Agreement (RCEP), the world's largest trade pact. Final ratifications by Australia and New Zealand in November 2021 meant that the RCEP would go live on the first day of 2022. However, any satisfaction over this feat was overshadowed by the *coup d'état* in Myanmar, which sparked a violent civil conflict and caused strategic and diplomatic ripples beyond Naypyidaw. The military coup put ASEAN at a protracted impasse as the junta resisted the organization's entreaties to resolve the crisis, including forbidding the ASEAN special envoy to meet with Aung San Suu Kyi. At the same time, ASEAN redeemed a measure of credibility for itself with the bold decision to

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exclude the Myanmar military leader from its year-end summit, in what Joseph Chinyong Liow views as an indication that “ASEAN was not about to allow the Myanmar crisis to paralyse the organization” (p. 16).

Furthermore, the region was subjected to more strategic headwinds, as the contest between the United States and China for influence in Southeast Asia and the broader Indo-Pacific region showed little sign of letting up. While China courted the region through trade and vaccine diplomacy, the new Biden administration bolstered its mini-lateral coalition-building, including by hosting the first-ever Leaders-level summit of the Quadrilateral Security Dialogue (Quad) and forming the AUKUS, a new trilateral security pact between Australia, the United Kingdom and the United States.

Learning to Live with COVID-19: Balancing Health and Economic Development

No Southeast Asian country was spared from the rampage of the Delta variant. Tham Siew Yean and Andrew Kam describe the uptick in new infections across the region towards the middle of the year, which then reached an aggregated regional peak of “244 [new daily] cases per million on 26 September 2021”. The picture at the end of the year was, however, more sanguine, with the daily infection rate falling to “only 51 cases per million” by mid-December (p. 22). The mid-year surge and late-year dip in the regional COVID-19 caseload reflected the pace of vaccination in most Southeast Asian countries, which was generally languid in the first half of the year, before picking up considerably in the second half.

The sluggish start to vaccination in most regional countries was primarily due to the global vaccine supply crunch in early 2021. Filling this gap was China. As Chin-Hao Huang attests, Beijing was the “leading source of medical supplies and vaccines” in Southeast Asia (p. 63). Sinopharm and Sinovac became household names throughout the region. Chinese vaccines were put to use in every Southeast Asian country, though some countries relied more heavily on Chinese supplies compared to others. For instance, Jing Jing Luo and Kheang Un disclose that Beijing “provided Cambodia with nearly 37 million doses of COVID-19 vaccine, accounting for nearly 90 per cent” of the latter’s vaccine inventory—enabling Phnom Penh to achieve a laudable vaccination rate of 87 per cent by end-November (p. 110). Phill Wilcox similarly reports on the inflow of Chinese doses into Laos, which also received supplementary donations from the COVID-19 Vaccines Global Access (COVAX) mechanism and countries such as Australia and Poland (p. 179). China’s vaccine assistance also proved timely for Brunei,

as Jatswan Sidhu and Jörn Dosch describe how a donation of “100,000 doses of Sinopharm” on 12 September made it possible for the sultanate to overcome a vaccine shortage and resume its vaccination exercise (p. 93).

However, while waiting for their populations to be sufficiently vaccinated, Southeast Asian governments had to reimpose lockdowns (in various forms) to cope with Delta-driven outbreaks. For instance, Cambodia imposed a cordon sanitaire around affected areas, including its capital Phnom Penh, in April 2021. Singapore introduced new movement restrictions for a month between mid-May and mid-June. Then, the loosening of restrictions in mid-June did not last long as new measures were reintroduced on 22 July as a result of another spike in infections—attesting to the challenge of accurately calibrating the timing and scale of lockdowns against the ever-evolving coronavirus.

Vietnam also introduced tight restrictions of movement in cities and provinces across the country after the Delta variant struck in June. Similarly, on 1 June, the Malaysian federal government imposed a total lockdown. James Chin mentions that during that month-long lockdown many households in “middle-class neighbourhoods around Kuala Lumpur” flew a “white flag outside their gates—a sign that they were in need of food aid” (pp. 206–7), demonstrating the devastating economic impact of the pandemic. Meanwhile, President Joko Widodo of Indonesia long resisted pressure to impose a lockdown, but belatedly implemented “stricter mobility curbs” on 30 June. However, as Sana Jaffrey notes, the outbreak had by then overwhelmed the health infrastructure, which meant that “Indonesia surpassed India to become the global epicentre of COVID-19” (p. 143). The lockdowns continued even in the latter part of 2021. In Laos, a strict lockdown in Vientiane was extended on 19 September, while Brunei imposed an overnight curfew on 4 October 2021.

As for the Philippines, Rosalie Hall argues that President Rodrigo Duterte’s approach to pandemic lockdowns in the country is “indicative of the securitization of many political problems” under his administration (p. 301). Hall examines how Duterte’s deployment of the military to enforce the local lockdowns “broke new ground, not just for the optics of military personnel and their marked vehicles in the streets, but also for their participation in what constitutes adjunct policing” (p. 300).

The stop-start experience at reopening their economies and borders has led most regional states to abandon the “zero-COVID” strategy and instead embrace a future of “living with COVID-19”. It was not much of a choice, since Southeast Asian economies were generally in bad shape after two years of the pandemic. COVID-19 did not merely shutter production, but also necessitated public spending

on social assistance and wage subsidies. Many countries were fiscally stretched: Luo and Un flag that Cambodia's aggregate external debt is expected to "rise to US\$9.6 billion, or 35.2 per cent of GDP" for 2021 because of increased borrowing (p. 112), while Paul Hutchcroft and Ronald Holmes raise concerns about the Philippines' "weak fiscal space" to provide pandemic-related financial assistance, especially in the wake of a new tax law that is projected to "reduce revenue in 2022 and 2023 by 250 billion pesos (US\$5 billion)" (p. 275).

Thankfully, trade appears to be recovering: production indicators for Indonesia, Malaysia, the Philippines, Thailand and Vietnam in November 2021 suggested that their domestic manufacturing sectors were improving, including in terms of export demand. Indonesia also benefitted from the commodity boom in coal and palm oil. However, travel and tourism—the lifeblood of many in the region—remained relatively dormant, save for a few exceptions. Thailand, for instance, introduced a "sandbox" programme in Phuket and Koh Samui that exempted visitors from mandatory quarantine.

The crisis also spurred structural reforms across the region. Tham and Kam highlight the growing importance of digitalization, as the pandemic has created "new habits of work, consumption and business [that] are expected to persist and escalate even further in the years to come" (p. 37). This insight is not lost on policymakers. For instance, as part of its masterplan to develop a digital economy and become a 'Smart Nation' (*Negara Pintar*), Brunei launched a pilot 5G trial in its capital in April 2021. Meanwhile, Laos sought to reform some of its loss-making state enterprises. Five state agencies were roped into a pilot project that includes measures such as "the possibility of dismissing executives who fail to reduce their agencies' financial deficit" (p. 186). In a different vein, Luc Can examines Vietnam's role in the global value chains (GVC), while mulling on the way forward so that Vietnamese businesses "develop competencies that allow them to engage in more complex tasks so as to increase their value-added output" and upgrade Vietnam's participation in the GVC (p. 394).

The pandemic, which will enter into its third year in 2022, has reiterated the need to attend to non-traditional security (NTS) threats. Climate change is another major NTS issue. Describing it as an "existential" challenge for the region, Sharon Seah explains that "climate change is not an anticipated threat but a present and real crisis that has already been affecting Southeast Asia" (p. 73). In 2020 and 2021, regional countries submitted their updated Nationally Determined Contributions (NDCs), outlining their latest emissions targets and climate policies, as stipulated by the Paris Agreement. According to Seah, the new targets show only "an extremely modest increase in ambition, which remains

insufficient to move the needle” (p. 77). Moreover, in a nod to the shifting moods about environmental preservation, President Xi Jinping pledged China’s intentions to pursue “open, green and clean” projects under the Belt and Road Initiative (BRI), in an attempt to dispel criticisms that the BRI consisted of “opaque deals often involving pollution and other environmental damage from large-scale and costly infrastructure projects” (p. 63).

Domestic Politics: Finding Equilibrium

The most disruptive change in Southeast Asian politics in 2021 was the military coup against an elected government in Myanmar and its violent aftermath. The putsch was met with widespread popular resistance, which became a civil war, causing state collapse and calamitous effects on the security and welfare of the population. The military-ruled government suffered a catastrophic loss of legitimacy, whereas the parallel government set up by the resistance did not have support from all segments of society or control any significant territory, and could not defeat the Tatmadaw militarily either. According to Morten Pedersen, the prospects for Myanmar at the end of the year were bleak, as “the different sides remained locked in an existential struggle for the future of the country”. With seemingly “little or no room for dialogue or neutrality” or any “real prospect that either side would be able to secure a decisive victory”, Pedersen gloomily predicts a future of “protracted conflict, further destruction and a growing humanitarian emergency” (p. 251). This is echoed in Romain Caillaud’s assessment of the disastrous economic consequences of the coup. Caillaud reports that “it is not only aid flows that have dried up, but also foreign direct investments into Myanmar”, with local businesses mulling the possibility of “going into hibernation mode” ahead of “a long winter” (p. 259).

While pandemic management and economic recovery primarily consumed much of the attention and energy of most Southeast Asian governments in 2021, there were also factional tussles and political jockeying in countries expecting an electoral contest in the immediate or near future.

In the Philippines, the domestic political preoccupation was with the forthcoming election in May 2022. Paul Hutchcroft and Ronald Holmes suggest that, despite his popularity, President Rodrigo Duterte was unable to influence the succession process to install his own favoured candidate as the country’s next president. They attributed this to the splintering of Duterte’s governing coalition (in line with the past pattern of Philippine politics on the eve of elections) as well as an “intra-familial split” with his daughter Sara over her purported “reluctance

to assume the role he was reserving for her” (p. 272). As of the end of the year, the ticket of Ferdinand “Bongbong” Marcos, the son of the discredited former president Marcos, and Sara Duterte was leading in opinion polls.

In Malaysia, the infighting between two major Malay parties, the United Malays National Organisation (UMNO) and Bersatu, produced instability for much of the year. The Perikatan Nasional (PN) government under Prime Minister Muhyiddin Yassin fell and he was replaced by Ismail Sabri of UMNO. The Melaka state election, called on 20 November 2021 after the state assembly was dissolved following factional infighting, resulted in a resounding victory for UMNO and its Barisan Nasional (BN) coalition. James Chin suggests that “Bersatu is likely to be wiped out by the electorate, while UMNO would regain its crown as the dominant Malay party” if the voting patterns in Melaka were replicated in the next general election (p. 203), which many expect to be called after July 2022.

Meanwhile, Indonesian politicians are keeping their eyes keenly on the next presidential and legislative elections scheduled for 14 February 2024. With President Joko Widodo being term-limited, Sana Jaffrey describes the “intensifying” competition among prospective candidates and “rife [speculation] about possible party coalitions” (p. 154).

Indonesia’s omnibus law promising key economic reforms, initially passed in 2020, remained stalled as the Supreme Court ruled it unconstitutional. The Indonesian parliament also passed a bill in July 2021 to revise the Special Autonomy Law for Papua, following the 2019 civil unrest in the Papua and Papua Barat provinces. According to Jaffrey, this new autonomy law “effectively ends Papuan provinces’ ability to govern themselves”, contrasting significantly with the 2001 version that had “offered significant fiscal and political autonomy to dampen Papuan demands for independence” (p. 147). President Joko Widodo also continued his crackdown against Islamist elements, including the extremist vigilante group Islamic Defenders’ Front (Front Pembela Islam, or FPI), though Sidney Jones determines that the threat of terrorism remained at a low level (p. 172).

Thailand’s general-turned-prime minister, Prayut Chan-o-cha, who is currently halfway through his term, survived a parliamentary ballot to remove him from office in 2021. Paul Chambers discusses the alleged “plot ... among bigwigs in Palang Pracharat”—Prayut’s own party—“to surreptitiously use the censure vote to unseat” him (p. 348), while examining Prayut’s political prospects amidst his “ongoing tiff” with Prawit Wongsuwan, his former close ally and mentor, and the difficulties of managing the “overly factionalized” Palang Pracharat (p. 357). As Thai youths continued to conduct demonstrations in the streets, Chambers

characterizes the movement as “an active challenger to the ideological rectitude of Thailand’s monarch-centred and military-assisted political order” (p. 357).

The youth-led offensive against Thailand’s monarch-centred order is unprecedented. Bruce Lockhart traces the genesis of the current crisis for the House of Chakri, which is “now being directly and publicly challenged for the first time since 1932” (p. 362). Lockhart attributes the “core problem” to the fact that the reigning king “does not have his father’s popularity and therefore does not enjoy Bhumibol’s relative immunity from direct criticism” (p. 371), concluding that the survival of the ruling house is “perhaps not yet directly at stake, but its future is undeniably cloudy” (p. 372).

Meanwhile, the ruling communist parties of Laos and Vietnam held their party congresses, allowing a chance for leadership renewal as well as power consolidation.

The 11th Party Congress of the ruling Lao People’s Revolutionary Party (LPRP) elected Thongloun Sisolith as the party’s general secretary in January 2021. Thongloun had served as the prime minister prior to his ascendancy and is the first party chief without a military background. As the head of the LPRP, Thongloun is also now the president of Laos, assuming the office in March 2021. The handover did not prompt any departure from what Phill Wilcox describes as a state of “heightened authoritarianism without any meaningful options for dissent” (p. 182). In May, the new government sought to exercise greater control over cyberspace in the name of fighting online misinformation on COVID-19, though Wilcox notes that the new measures afford the authorities “far greater ability to monitor online behaviour” and to identify specific internet users through their mobile SIM cards (p. 182).

The 13th National Congress of the Vietnam Communist Party (VCP) featured the re-election of the incumbent general secretary, Nguyen Phu Trong, to an unprecedented third term. Trong’s re-election, as Carlyle Thayer explains, was considered the best option at a “grand bargain” to maintain the delicate balance among competing factions within the VCP (p. 386). According to Thayer, Trong’s continued presence at the political apex means that his trademark policies of “party-building and anti-corruption will continue to have high priority” (p. 380). Meanwhile, Pham Minh Chinh was elevated to become the country’s new prime minister, and his governance track record thus far in this position suggests that he would push ahead with the necessary economic and institutional reform in Vietnam.

Less than a year after its July 2020 general election, Singapore was unsettled by the announcement in April 2021 that Heng Swee Keat would “relinquish his role as the fourth generation (4G) prime minister–elect”, which Chan-Hoong

Leong identifies as a “setback” for Prime Minister Lee Hsien Loong’s succession plan (p. 313). With no replacement yet identified, the race to become Singapore’s fourth prime minister remained wide open. The issue of identity politics received much attention in 2021, following a series of viral recordings showing racially and religiously aggressive incidents that emerged during the pandemic. Terence Chong and Khairulanwar Zaini reflect on the “perception of growing racism in Singapore” (p. 329), especially in the context of “imported concepts” such as critical race theory and “Chinese privilege” (p. 334). Given that multicultural harmony requires “constant work and vigilance from both the state and its citizens” (p. 336), Chong and Zaini underscore the importance of acknowledging the “changing expectations of the young about race relations and racism” and of addressing the emerging “generational gap in interracial norms” (p. 337).

Cambodia marked the thirtieth anniversary of the Paris Peace Agreements (PPA) in 2021. The current Cambodian body politic, however, could not be more different than how the West had envisioned it when the agreements were signed. As Luo and Un explain, Western governments intended for the PPA “not only to end Cambodia’s protracted civil war and to reconstruct Cambodia, but also to build liberal democracy in the country” (p. 115). This was not to be. The Cambodian People’s Party under Prime Minister Hun Sen continued to entrench its rule through party discipline and the suppression of political dissent, assisted also by its successful containment of the COVID-19 pandemic. Meanwhile, the prospects for a political comeback by the banned opposition Cambodian National Rescue Party remain low, especially in light of the emerging rift between the two senior figures of the party, Sam Rainsy and Kem Sokha.

Regional Geopolitics: No Let-Up in the US-China Rivalry

In the broader strategic landscape, there was no let-up in US-China rivalry with the coming to power of the Biden administration in January 2021, though after a tense start the relationship seemed to find a more stable footing.

The United States stepped up engagement with Southeast Asia in the second half of the year, with visits of high-level officials. This was a welcome change for Southeast Asia and ASEAN after the neglect and uncertainty felt during the Trump presidency. While diplomatic visits and high-level meetings were seen as important, more critical to regional countries were concrete actions by the United States to deepen economic cooperation and deliver solutions to the region’s pressing problems. The Biden administration sought to demonstrate that it was more responsive to regional concerns by prioritizing Southeast Asia in its global vaccine

outreach and launching various climate change and green technology initiatives in ASEAN member states. But Washington still has not introduced a significant economic agenda for the region after the ditching of the Trans-Pacific Partnership (TPP) by President Trump in 2017. The contemporary currents of US domestic politics make it highly unlikely that the Biden administration would revive the TPP or engage its successor, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Robert Sutter points out that “the absence of a coherent US economic plan for the region ... was widely criticized in Southeast Asia as a major failing” (p. 45).

Parallel to the stronger engagement with Southeast Asia, the Biden administration also stepped up mini-lateral coalition-building with its allies and like-minded partners, notably by upgrading the Quad to the leaders’ level and establishing AUKUS. The defence pact, which would see Australia acquire nuclear-powered submarines, was publicly or quietly welcomed by a few Southeast Asian countries who were concerned about maintaining a balance of power to countervail China’s military ascendancy in recent years. AUKUS was criticized, however, by other countries that wanted to minimize military competition in the region by outside major powers. According to Liow, these Washington-led initiatives have sparked divergent opinions among ASEAN member states, which “draws attention to the absence of strategic coherence” within ASEAN (p. 10). And although the United States has insisted that it did not ask regional states to take sides between Washington and Beijing, Liow argues that “there was still the lingering sense that Southeast Asia continued to be viewed primarily through the optics of China” (p. 7).

Meanwhile, China—Southeast Asia’s biggest trading partner—has been patiently nurturing and building upon the significant influence it has gained in the region over the years through diplomatic activism and economic statecraft, including the Belt and Road Initiative. In the light of Sino-US tensions and China’s estrangement from the West, Beijing has accorded greater emphasis and urgency to intensifying its neighbourhood diplomacy towards ASEAN and Southeast Asian countries. China responded to the more active American profile in the region with its own high-level diplomacy with ASEAN and its individual member states, substantial and timely vaccine offerings, and big-ticket infrastructure projects.

Huang observes that, through trade, investment and infrastructure financing, China has “worked hard to sustain pervasive production chains with China at the centre, underscoring to the region that China was its engine of economic growth” (p. 62). China’s centrality in regional trade and production networks would gain greater momentum with the entry into force of the RCEP. On the diplomatic

front, the establishment of the ASEAN-China Comprehensive Strategic Partnership and the convening of the ASEAN-China special summit with the attendance of President Xi Jinping in November 2021 promoted China's status as *primus inter pares* among the ASEAN Dialogue Partners. China has also gained significant diplomatic heft across the region thanks to its extensive vaccine supplies to many Southeast Asian countries.

The sharp edge of China's power, however, has been felt in the region. China has continued with its military build-up in the South China Sea with regular naval manoeuvres, while intensifying the use of grey zone tactics with its expanded maritime militia and Coast Guard presence. In 2021, China demonstrated greater determination to harass oil and gas activities of Southeast Asian states in their own exclusive economic zones—waters that China claims within its nine-dash line. Huang points out that given the high level of distrust among Southeast Asians towards Chinese strategic influence, Beijing's "continued reassurance to its neighbours implies the persistent challenges of translating China's increasing material power capabilities into benign sources of regional and global influence" (p. 70).

As strategic competition becomes the new baseline of Sino-US relations, more strategic attention and contestation will concentrate in Southeast Asia—a focal theatre of the Indo-Pacific—and the pressure on regional states to take sides between the two great powers will heighten. At the same time, Washington and Beijing's increased engagement in pursuit of their geopolitical agendas also presents significant dividends to the region, as demonstrated in the substantial inflows of COVID-19 vaccines, green and critical technologies, trade, aid, investment and infrastructure financing. Southeast Asian countries can prove that small states are not fated to become mere pawns on the great powers' chessboard.

Note: Authors were asked to present their chapters in early December 2021 and had minimal opportunity to update their submissions thereafter. As is true of the previous volumes, contributors were also instructed to only discuss events happening up until 31 December of the year. Due to unforeseen circumstances, there is regrettably no country review chapter for Timor Leste in this edition.