

SPECIAL REPORT

Covid-19 Implications for the Indo-Pacific

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Edited by David Engel
and Alex Bristow

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Contents

Introduction	4
David Engel	
Covid-19 and global health governance	7
Haruka Sakamoto	
The impact of Covid-19 on globalisation in the Asia–Pacific region	14
David Uren	
Building a post-Covid supply-chain strategy	22
Kensuke Yanagida	
The Philippines, Australia and Japan in the post-pandemic world	32
Yusuke Takagi	
Indonesia: Covid-19 and domestic politics	38
David Binns	
The Indo-Pacific military balance after Covid: more of the same, so far	46
Ulas Yildirim and Malcolm Davis	
Vaccine diplomacy and Southeast Asia: lessons learned from Covid-19	52
David Engel	
Covid-19 through the lens of human security	65
Akiko Fukushima	
About the authors	73
Acronyms and abbreviations	74

Introduction

David Engel

The past three years have reminded the world that human insecurity comes in various forms. Russia's brutal invasion of Ukraine, as well as other conflicts across the world, have confirmed the death, destruction and misery that war inevitably brings to nations and their citizens, combatants and non-combatants alike. Natural disasters across the world, such as the terrible bushfires from late 2019 to early 2020 and, more recently, the floods that have devastated vast areas of Australia's east coast and killed dozens of people, have offered numerous examples of the increasing impact of climate change. The combination of Vladimir Putin's actions and climate change has brought food insecurity to 345 million people across the globe (up from 135 million in 2019) and 50 million to the edge of famine.¹

Nothing has made this point more impactfully, however, than SARS-CoV-2, otherwise known (and hereafter referred to) as Covid-19. The first reported cases of what evolved into the worst global pandemic since the 1918–20 Spanish flu occurred in the Chinese city of Wuhan in late November / early December 2019. Since then, according to the World Health Organization (WHO) at the time of writing, the number of confirmed cases has exceeded 760 million and more than 6.9 million people have died.² The global economic impact is so far incalculable and is set to persist for years in the form of high debt levels, rampant inflation and reduced human resource development.

Understanding the impact of the pandemic is a work in progress. That it has left a significant impression on the Indo-Pacific region, and specifically in Southeast Asia, has become increasingly evident. But the dimensions of that impression, particularly on the region's economies, domestic politics and strategic circumstances, remain far from crystallised.

This collection of papers by Japanese and Australian academics, journalists and think tankers explores some aspects of the regional impact by looking at regional trade, case studies of two Southeast Asian nations, and three different domains of foreign and strategic affairs and security.

It begins by looking at what Covid-19 means for global and regional health governance, including preparedness for the next pandemic. Haruka Sakamoto tackles this issue by underscoring 'the importance of global solidarity frameworks in the fight against pandemics, particularly in Asia'. Successful 'infectious-disease crisis management', she explains, 'demands more than the development of vaccines or the strengthening of quarantine'. Countering a pandemic, as for any other threat, is best managed using the DIME concept (diplomacy, intelligence, military operations and economy), transposed into the fields of public health and medical science. In this context, she considers the role of 'new actors in global health' such as the G7, the G20 and the Quad, as well as touching on such issues as China's use of vaccine diplomacy.

Akiko Fukushima focuses on the pandemic as a 'human security crisis', pointing out that it 'has impacted not only health but also the global economy, politics and security', affecting 'the safety of people, communities and states'. The death toll from Covid-19 'is comparable to, or even exceeds, the war deaths during the two world wars 'relative to those events' duration'. The nature and impacts of a pandemic, she argues, necessitate a response premised on the concept of human security, which the UN has defined as 'an approach ... in identifying and addressing

widespread and cross-cutting challenges to the survival, livelihood, and dignity of ... people'. The pandemic's impact on the Indo-Pacific region's security has extended beyond its negative effect on regional militaries' deployments, stalled talks on a code of conduct in the South China Sea, and US–China relations, to an increase in transnational criminal activities such as smuggling. The region has responded by using security-focused bodies and mechanisms ranging from ASEAN-centred forums such as the East Asia Summit and the ASEAN Regional Forum to the Quad, all of which, argues Fukushima, have acted 'consistent with the concept of human security ... without using the term'. She recommends that the human security approach should be taken more consciously to prepare the region for future disease threats after studying lessons learned from the pandemic response.

David Uren and Kensuke Yanagida look at how the pandemic has affected globalisation and supply-chain issues specifically in the region. Uren notes the new caution that governments have been displaying towards globalisation and their interest in repatriating as much production as possible in the wake of the pandemic. These Covid-19-related stresses, he notes, 'occurred at a time when a four-decade-long process of globalisation was losing political momentum', partly as a function of the 2007–08 global financial crisis. Yet, as Uren observes, there's 'strong inertia behind the commitment to the internationalisation of business', particularly among regional governments and private companies. Moreover, the 'business logic behind globalisation hasn't changed' despite the pandemic: 'companies will seek to exploit economies of scale and the global diversity of labour forces to maximise their competitive advantage.' As a result, he observes, 'foreign direct investment is continuing to flow both into the region and from Asia into the global economy', and that support for trade liberalisation in Asia is both ongoing and 'strongly China-centric'. For the most part, governments should avoid trying to shape investment decisions through subsidies and incentives for 'reshoring'. The 'most valuable role that government can perform is to ensure that business investment decisions are well informed', including by alerting the private sector to any geopolitical or national security risks through peak bodies and lobby groups.

Yanagida looks more narrowly at supply-chain issues that the experience of the pandemic has brought to the fore. Those potential problems were already evident before the pandemic, notably in relation to the impact that natural disasters had already had on regional and global supply chains. But the crisis resulting from the pandemic was unprecedented in its scale, especially in such sectors as automobiles and electronics. He recounts the policy responses that Japanese governments have taken to mitigate the consequences and risks to production of such disruptions, including initiatives with other partners such as the US, Australia and India. He also notes similar measures adopted by the US and Europe, as well as international cooperation among partner countries to address such problems. 'The pandemic's effects', he concludes, together with the more recent impacts from Russia's invasion of Ukraine, 'have created a momentum to institutionalise governments' supports for supply-chain resilience'; and those policies are aimed not only at securing supplies of necessary goods 'but also at strengthening strategic autonomy in areas such as semiconductors and batteries'.

Unsurprisingly, the pandemic has played into countries' domestic politics, as the two case studies in this collection show. While he recognises the enormous impact the pandemic had on Philippine society and on some aspects of Philippine politics, Yusuke Takagi sees it neither as a 'game changer in terms of Philippine democracy, which was already in trouble before Covid-19', nor as a catalyst for closer ties between Manila and Beijing, despite China's efforts at vaccine diplomacy and provision of other aid. On the contrary, then-president Duterte found it necessary to rely increasingly on ex-generals in his government's response to the pandemic—a group traditionally predisposed to close links with the country's ally, the US. Those former officers tended to replace more left-wing civilians, in whom Duterte was already losing confidence by the time the pandemic struck. Takagi attributes the 'harshness of the Philippine response to Covid-19 [such as severe mobility restrictions and quarantine measures] to the obvious presence' of former military commanders schooled in anti-insurgency campaigns. He also sees the ex-generals' increased authority and influence bearing on domestic political debates and the passage of legislation such as a controversial anti-terrorism law. They have also weighed on decisions both to deny Chinese business interests commercial opportunities that had strategic implications and to strengthen the Philippine (and US) military footprint in contested maritime areas. Finally, he identifies ways for the Philippines' middle-power partners such as Japan and Australia to engage the country and influence its political and strategic direction.

David Binns observes a similar trend towards the security apparatus in Indonesia's management of Covid-19, placing it in the context of a wider drift in Indonesian politics away from liberal democracy under President Joko Widodo. While the domestic political impact of the pandemic wasn't as dramatic as those that earlier comparable external crises caused, it nonetheless contributed significantly to the decline in Indonesia's 'democratic quality'. Binns notes that the Widodo government, working with a largely compliant legislature, has been widely criticised for using the restrictions imposed during the pandemic to shield its passage of controversial legislation from public protest and adequate scrutiny. Anticorruption institutions, already weakened over the past decade, have been a casualty, with potential long-term implications for Indonesian governance. Additionally, Widodo has reacted to the pandemic's retardation of his developmentalist agenda by applying measures that, among others, have empowered police to 'escort and safeguard ... investments from the private sector and SOEs' with the aim of accelerating infrastructure development regardless of public opposition. At the same time, however, the relatively impressive pandemic response of some regional governors has brought them to national attention, underscoring their credentials as presidential candidates and supporting 'a view that decentralisation is adding significant leavening to oligarch-dominated party politics in Jakarta'.

The final two papers look at Covid-19's strategic and diplomatic impact on the region. ASPI's Malcolm Davis and Ulas Yildirim argue that the pandemic hasn't materially changed the threatening, pre-existing trend in the military balance, given that it hasn't seriously affected military spending and the evolution of regional force structures. That said, by exposing the fragility of global supply chains and, specifically, the implications of that fragility for military alliances and relations, the pandemic has underlined hitherto unimagined challenges posed by the region's worsening security outlook.³ The pandemic has also had an impact at a tactical level by bearing on aspects of military readiness. Several cases involving rampant infection among naval crews highlighted that militaries were unprepared, which could have serious consequences for readiness and operational effectiveness during a potential geopolitical crisis. Moreover, should the global economy experience a sustained and deep economic downturn caused in part by the pandemic's lagging effects, any commitments governments have made to sustain or increase defence spending will come under growing challenge, at least in countries where governments are systemically accountable to the popular will. The implications for the regional strategic balance could therefore be markedly greater than the immediate post-Covid trend suggests.

The final paper examines the impact of 'vaccine diplomacy' on interstate relations in Southeast Asia, including its significance for the 'soft power' of the competing major powers. China's early provision of vaccines and other medical assistance to ASEAN states, in contrast with the relative inactivity by the US and its partners, prompted concerns in Washington and elsewhere that Beijing was gaining influence over regional governments and swaying public opinion in its favour. By mid-2021, the Biden administration and its partners were dramatically overtaking China in terms of donations (if not sales) of vaccines, the superior quality of which became evident with the arrival of the especially lethal Delta variant. Despite that, the scant empirical evidence available suggests Beijing may enjoy lingering gratitude among regional elites for having been quickest to respond when their need was acute. In terms of soft power, however, neither China nor the US is likely to have gained much (if anything) over the other from its vaccine diplomacy for reasons related to pre-existing perceptions of their motives, moral obligations and broader geostrategic and political behaviour. The main lesson that the US, Japan and Australia should learn from the pandemic is the strategic importance of readily partnering Southeast Asian states in their pursuit of what they value most, including security, independence and development. It's a lesson they should apply no less in helping the region's recovery from Covid-19 and resilience in the face of future non-traditional security threats than in other areas of economic and strategic cooperation.

Notes

- 1 World Food Programme, 'A global food crisis', United Nations, 2023, [online](#).
- 2 'WHO Coronavirus (COVID-19) Dashboard', World Health Organization, 2023, [online](#).
- 3 'Supply chains during the COVID-19 pandemic', Reserve Bank of Australia, May 2021, [online](#).

Covid-19 and global health governance

Haruka Sakamoto

Even now, over three years after the outbreak of the Covid-19 infection that began in December 2019, our daily life hasn't entirely returned to the way it was before the pandemic, which is still having a significant impact on our socio-economic activities. What was particularly shocking was the considerable number of deaths, even in so-called high-income countries that are considered to have robust healthcare systems. It also reminds us how helpless we are against the threat of novel infectious diseases, even in the 21st century with our advanced medical technology. On the other hand, we could learn so many lessons from the Covid-19 pandemic. Even as the most disruptive effects of Covid-19 recede, concerns remain over preparedness for the next pandemic. It's therefore important that we learn from this experience. In this respect, this essay looks at the importance of global solidarity frameworks in the fight against pandemics, particularly in Asia, which has experienced many pandemic outbreaks in the past.

The biggest lesson learned from the Covid-19 pandemic: the importance of global solidarity

Among the many lessons learned from Covid-19, including about non-pharmaceutical intervention, border control and rapid development and distribution of medical countermeasures, one of the most notable is the importance of global solidarity: the more the international community unites and collaborates to address a global problem, the greater its chances of success in solving it. In the case of Covid-19, that solidarity didn't work well, resulting in such a large and prolonged outbreak. First, in today's interconnected world, once an infectious disease breaks out somewhere, it can rapidly spread around the world. In terms of the absolute volume and speed of cross-border traffic, the Covid-19 pandemic is therefore not comparable with the influenza pandemic, commonly known as the Spanish flu, that broke out in 1918. Many countries prioritised national response over international coordination. Although many countries introduced enhanced border control measures during Covid-19, the virus had already spread throughout the world, resulting in a pandemic on a global scale.

The second failure of global solidarity was the Covid-19 vaccine gap. For Covid-19 vaccination, while developed countries were among the first to advance vaccine roll-outs, low- and middle-income countries were slow to do so due to their constrained resources, resulting in a cycle of repeated viral mutations, which in turn prolonged the pandemic. As WHO Director-General Tedros Adhanom Ghebreyesus said, 'no one is safe until everyone is safe': until vaccines are available to all countries, every country will continue to be at risk of infectious disease. Equitable distribution of vaccines is necessary for the containment of the infection (preventing the emergence of new variants from a country with a low vaccination rate), and that's difficult to achieve without global solidarity.

Another example of the importance of global solidarity that Covid-19 has demonstrated is the global collaborative R&D of vaccines and related medicines. To combat a pandemic, we must have the means to do so. Specifically, those are known as vaccines, therapeutics and diagnostics (medical countermeasures, or MCMs). Vaccines for Covid-19 were developed at an extraordinary rate and continue to save many lives. Similarly, rapid R&D of MCMs

will be key in preparing for and responding to the next pandemic. It isn't realistic, however, for a single country to be responsible for R&D, stockpiling and manufacturing of MCMs alone. In fact, many of the newly developed Covid-19 vaccines aren't completed in any one country, but involve multiple countries in the process, from basic research to production. Again, global collaboration is required for the rapid R&D and fair distribution of MCMs.

Infectious disease crisis management: turning on a DIME

Successful infectious-disease crisis management on a global scale demands more than the development of vaccines or the strengthening of quarantine procedures. To develop an effective response to a pandemic, we should learn from the DIME concept applied to other forms of international crisis, which divides such measures into four areas: 1) diplomacy, 2) intelligence, 3) military operations, and 4) economy.¹ When applying this perspective to infectious-disease crisis management, the four areas are 1) global health diplomacy (= D), 2) infectious-disease intelligence (= I), 3) actual operations (actual infectious-disease control measures) (= M), and 4) securing MCMs (= E). Leveraging these four areas is critical for successful infectious-disease crisis management.

First, for global health diplomacy, one of the main characteristics of a pandemic is the synchronisation of crises in one's own country with crises around the world. It's necessary to determine the domestic response not only within one's own country but also within the context of the international situation; and, in this sense, cooperating with the WHO and other international organisations and other countries is extremely important. As for the second point, infectious-disease intelligence, it's impossible for anyone to predict when and where an infectious-disease crisis will occur. Therefore, it's necessary to monitor signals from around the world through an early warning system for infectious diseases and to be able to take immediate action when a crisis signal is detected. The third, the actual operation, is a series of measures taken to prevent the influx and spread of infectious diseases in a country, which includes the strengthening of quarantine measures, testing and isolation systems, and a healthcare delivery system for the infected. Finally, with regard to MCMs, it's obvious that countermeasures against infectious disease-causing pathogens—specifically, diagnostics, treatments and vaccines—are indispensable in order to combat infectious diseases, and it's necessary to research, develop, manufacture and deliver them quickly and equitably to those who need them.

Governments need to consider all four of those elements when preparing for and responding to infectious-disease crises. Only when all are well coordinated can an infectious-disease crisis be properly managed.

The MCM supply chain

The MCM supply chain is at the core of infectious-disease crisis management. It's a critical economic part of the DIME framework and is itself multifaceted. It's generally divided into three stages: upstream, midstream and downstream.

The upstream part involves detecting and understanding the details of the threat; that is, the characteristics of the pathogen that will cause a pandemic. Without a detailed understanding of the threat, there's no way to develop MCMs, and it's extremely important to obtain this information quickly if R&D of MCMs is to be done promptly.

The midstream part relates to actual R&D, clinical trials and so on, which can happen only after the details of the pathogen causing the pandemic are understood. The developed drug is then approved by the pharmaceutical authorities based on clinical trials' findings, before being manufactured, delivered, stockpiled and distributed, which corresponds to the downstream part.

The lesson that became clearer during Covid-19 is that infectious-disease crisis management and the MCM supply chain can't be completed in a single country and that collaboration with international organisations and other countries is essential. For example, for the midstream to the downstream part of the MCM supply chain, it's difficult for a single company to complete all the processes, and it's more common to conduct joint clinical trials internationally and to outsource manufacturing to other countries.

Downstream, while it's difficult for a single company or country to achieve the fair distribution of MCMs around the world, there are various global collaborative frameworks for delivery, stockpiling and supply management, including Gavi² and the Access to COVID-19 Tools Accelerator (ACT-A).³ Gavi is an alliance whose mission is to save children's lives and protect people's health worldwide through the expansion of child immunisation programs. It's responsible for the distribution of routine childhood immunisations in low- and middle-income countries during normal times. The ACT-A is a global collaboration to accelerate development, production and equitable access to Covid-19 tests, treatments and vaccines. ACT-A is a new framework established in the wake of the Covid-19 pandemic through cooperation between the public and private sectors. These frameworks of solidarity might not have been perfect during the unprecedented pandemic, but there's no doubt that they played an important role in infectious-disease crisis management. Without these frameworks, the global Covid-19 vaccination coverage would be even worse than it is today.

The global framework led by the WHO

As we've seen, global solidarity is undoubtedly important in crisis management. Also important is what kind of global solidarity framework is being used, by whom, and how it's being managed. Several such frameworks exist, notably the WHO as the main actor in this area, as well as those of the G7 and other political platforms that have rapidly increased their presence in recent years. The role that they've played over the past three years has been significant, but the pandemic has posed challenges to each of them.

For many a symbol of global solidarity, the WHO has long played a central role in infectious-disease crisis management. Nonetheless, by the time the pandemic hit, the WHO had already come in for criticism over its performance, notably with respect to the Ebola outbreak in West Africa in 2013.⁴ In the early stages of Covid-19, some countries were again critical of the WHO, even arguing that an international collaborative framework such as the UN and the WHO was unnecessary.

However, the WHO continues to play a major role in the global fight against infectious diseases. In particular, the WHO's International Health Regulations (IHRs) have been a central tool for infectious-disease crisis management.⁵ The IHRs require member countries to promptly report to the WHO when a public-health crisis is detected in their territory, including an obligation to share their sequencing of new or altered viruses, thus enabling early risk detection and information sharing at the global level. This system for early crisis detection and information sharing is equivalent to the intelligence function of DIME, and in this respect the WHO plays a crucial role at the global level. The IHRs have also had their problems pointed out many times in the past. For example, the regulations define the core capacity required for each country to respond appropriately to infectious diseases and require countries to report annually to the WHO on their progress. The credibility of the assessment has been questioned, however, due to its reliance on self-reporting, and since the Ebola outbreak a third-party evaluation called 'joint external evaluation' has been introduced. Other issues include the fact that there are no penalties for failure to comply with the IHRs, and no incentive for countries to report to the WHO. On the contrary, countries are generally reluctant to report because doing so risks having excessive restrictions on travel and trade imposed as a consequence. Discussions are currently underway to revise the IHRs based on the experience of Covid-19, but, in any case, the regulations will continue to play an important role in intelligence functions at the global level to the extent that countries comply with their obligations.

Similarly, the intelligence function in the Indo-Pacific, where Japan and Australia are located, is basically centred on the WHO, while there are still challenges at the regional level. The WHO Western Pacific Region (WPRO), of which Japan and Australia are members, consists of China, Japan, South Korea, Australia, New Zealand, parts of ASEAN, and Pacific island countries; on the other hand, the WHO Regional Office for Southeast Asia (SEARO) includes India and the remaining ASEAN countries (Thailand, Indonesia etc.). In other words, the WHO-based intelligence function for the Indo-Pacific is divided into two, and there's no single system of intelligence covering the entire region. While it isn't practical to merge the two separate secretariats, a collaborative intelligence function mechanism between

WPRO and SEARO would strengthen the intelligence function for the region as a whole. The inefficiency of the WHO's governance—the complexity of decision-making due to the three-tier structure of headquarters, regional offices and country offices—has been evident for some time. While structural reform of the WHO is being discussed, it's also necessary to explore the contribution that other institutions could make to intelligence in the Indo-Pacific region, including the recently established ASEAN Centre for Public Health Emergencies and Emerging Diseases.

The WHO also plays a central role in the area of emergency response operations (corresponding to the military part of the DIME framework). Once the signs of public-health emergencies are detected at an early stage through the IHRs (especially at the country level), WHO country offices provide a variety of technical assistance to national governments and ministries of health.

As noted above, the IHRs recommend a core capacity for emergency pandemic response that each member country should meet. Member countries have been making an effort, and a significant amount of donor assistance has been provided in order to support the achievement of IHR core capacity in each country. The Covid-19 outbreak has affected other regions, such as Europe, more than the Indo-Pacific, especially in terms of the number of deaths per capita.⁶ This may have much to do with the fact that the proportion of older adults, who are at the highest risk of serious illness or death, is smaller in the Indo-Pacific than in Western countries. Even so, the steady efforts of the WHO may have contributed to better outcomes in the Indo-Pacific, where the WHO has worked effectively with national ministries of health to help countries meet IHR core capacity targets. Another reason may be the good cooperative relationships that have been established between WHO regional and country offices and national governments. That cooperation reflects lessons learned from other infectious-disease outbreaks in the Indo-Pacific earlier in the 21st century, including SARS and Middle East respiratory syndrome.

New actors in global health: the G7, G20 and Quad

In addition to the WHO, various other international forums, including the G7, the G20 and the Quadrilateral Security Dialogue (Quad) are playing roles of rapidly increasing importance. This institutional development is largely due to the fact that infectious-disease crises are now being viewed not simply as public-health issues but also as security issues.

There's been significant pressure on political leaders to prioritise national access to critical supplies over international cooperation. Securing vaccines and therapeutic supplies directly affects the lives of the public, and, if the wrong policy measures are taken, many people's lives will be put at risk. In the early stages of the Covid-19 pandemic, there was competition among countries to procure masks, personal protective equipment, respirators, oxygen and other medical supplies. In addition, sharing of supplies and information had been affected by concerns over intellectual property, including information about the Covid-19 pathogen and its variants. The sharing of pathogen genetic information is called for in the Nagoya Protocol, a supplementary agreement to the Convention on Biological Diversity, but in practice sharing remains imperfect.⁷

These issues aren't just about public health. They're also directly related to economic security in each country. In fact, even before the Covid-19 outbreak, there had been a tendency to view infectious-disease crisis management as an economic-security issue, at least since the Ebola outbreak. For example, at the G7 Elmau Summit held in Germany in 2015, while the Ebola turmoil was still ongoing, infectious-disease crisis management was included in the summit's main agenda.⁸ At the G7 Ise-Shima Summit held in Japan the following year, it was again one of the main issues.⁹

As infectious-disease crisis management has come to be regarded as directly related to security issues, it's natural that like-minded countries increasingly turn to established mechanisms such as the G7 to deepen cooperation.¹⁰ This trend, which had been observed even before Ebola, was reinforced after Covid-19. For example, for MCM management, the G7's '100 Days Mission' was presented at the G7 summit in the UK in 2021, with a particular focus on the MCM supply chain. While the mRNA vaccine for Covid-19 was developed in less than a year, this mission aims

to complete vaccine R&D in 100 days or less for the next unknown pandemic. The mission's goal is not only to save lives by accelerating R&D through strengthened global collaboration but also to establish collective economic security by establishing an MCM supply chain that's completed as much as possible among the G7 and other like-minded countries. The trend to managing public-health crises as an aspect of economic security, including strengthening cooperation between like-minded countries for that purpose, will accelerate.

The Quad is also rapidly gaining importance in terms of strengthening both the intelligence function among like-minded countries and the MCM supply chain. The Quad partnership, consisting of Japan, the US, Australia and India, existed before Covid-19, but pandemic response and recovery became a major line of collective effort after the outbreak. The four leaders formed the Quad Vaccine Partnership at their inaugural summit in March 2021.¹¹ Activities to date have been limited to the provision of vaccines to low- and middle-income countries, but there are various ways the Quad could play a larger role in the future. For example, for the upstream part of the MCM value chain, it would be possible to strengthen the intelligence function within the Quad; that is, for the Quad and like-minded partners to establish a mechanism for the early detection of new viruses. The Quad is well placed to contribute to the midstream, which stretches from R&D to clinical trials for MCMs, as the four countries include those with major pharmaceutical companies as well as life science ventures. It's becoming more common for the R&D of new drugs to be conducted through a division of labour, such as collaborations between major pharmaceutical and venture capital firms, rather than one company being responsible for everything from R&D to production. The midstream part also includes clinical trials, which are essential for the manufacture and approval of pharmaceuticals, and it would be possible to conduct collaborative clinical trials among Quad countries.

As for downstream manufacturing, India has already become a global manufacturing base for pharmaceuticals, but its presence is still small compared to that of China. The other three Quad countries could provide finance and technology to support India increasing its share of global production. As Covid-19 has shown, the world's current vaccine production capacity is insufficient to meet global demand. Therefore, it's necessary to increase manufacturing capacity worldwide in anticipation of future pandemics, and India has a huge potential to be a global manufacturing hub. Although it's difficult for any single Quad country to complete the upstream and downstream processes domestically, with cooperation among the four countries, a significant portion of the R&D and production could be carried out within the Quad in the future.

Today, it would be difficult to solve any global issue without the G20's involvement, including those in the field of global health related to policy development and implementation. Since decisions made by the G7 and like-minded developed countries risk provoking division in the world (as the format excludes major low- and middle-income countries), decisions taken by the more diverse G20 are preferable, and the forum has emerged as a key arena for discussion and decision-making in relation to various aspects of global health. For example, following a G20 proposal, the World Bank established a new financial mechanism, the Financial Intermediary Fund for Pandemic Prevention, Preparedness and Response, which has already attracted pledges of over US\$1.6 billion.¹²

Japan and Australia, which are both G20 members, are joining forces with like-minded countries to promote solidarity at the G20. That said, for various geopolitical reasons, public-health crisis management in the G20 also faces difficulties. Conflict rather than solidarity is more likely over sensitive issues, such as economic security and the MCM supply chain. It would be imprudent, therefore, to rely solely on the G20 in addressing such matters. Rather, support for the G20 should take place alongside more exclusive partnership frameworks such as the Quad, which are more focused on economic security.

China and global health: vaccine diplomacy

The rise of China is an important factor behind the emergence of the Quad and more recent deliberations of the G7. In recent years, China has rapidly increased its presence in global health diplomacy, and Covid-19 in particular seems to have accelerated that trend. In June 2020, while many high-income countries, which are considered traditional donors, were struggling to cope with Covid-19 in their own territory, China invited the leaders of

African countries to a summit meeting and promised to provide them with the necessary support for Covid-19. China also succeeded in developing its own vaccine at an early stage, although that vaccine's efficacy relative to Western vaccines remains open to question. Since then, China has been actively providing vaccines to low- and middle-income countries in what's commonly referred to as 'vaccine diplomacy'. China has used this as leverage over recipient countries. For instance, Beijing has demanded that some countries review their diplomatic relations with Taiwan in return for the provision of vaccines, which has provoked some opposition. Nevertheless, there's no doubt that China's inexpensive vaccines have been welcomed by many low- and middle-income countries because vaccines produced in Europe and the US are too expensive or in short supply. The fact that China has actively provided inexpensive vaccines has transformed the nature of global health cooperation to date.

In addition, from the perspective of the MCM supply chain, the manufacture of pharmaceuticals is no longer possible without China's involvement, in part because of dependence on Chinese raw materials. India is becoming a competitor to China as the world's factory, but its absolute manufacturing volume is still far behind that of China. Efforts to reduce dependence on a single country in the supply chain are accelerating, and, as a corollary, collaboration among like-minded countries, especially in the G7 and Quad, is increasing.

For the future

Over three years have passed since the Covid-19 outbreak started, and society is regaining its normal routine, helped by vaccines. As the Omicron variant showed, strains that became dominant have tended to carry a lower risk of serious illness than earlier variants. Overall, the turmoil of the pandemic seems increasingly behind us.

However, the risk of another infectious-disease outbreak is ever present. Covid-19 has undoubtedly been a great calamity for humanity, causing large numbers of deaths worldwide and plunging socio-economic activities into chaos and stagnation. Still, despite such tragedy, it has offered a guide for the future in terms of the importance of global solidarity. The need for collaboration goes beyond simply ending infections. As infectious diseases have become more directly linked to the economic security of a country in recent years, a major challenge is how to secure MCMs, which are the main tool in the fight against such diseases. To achieve this, the G7 and Quad are likely to become more influential as frameworks for like-minded cooperation. Areas of focus must include strengthening intelligence functions among like-minded countries, sharing virus data necessary for MCM R&D, conducting joint R&D as well as global collaborative clinical trials, completing the supply chain necessary for manufacturing within the like-minded countries, and establishing the financial mechanisms necessary for the execution of those MCM value chains. Like-minded countries, including Japan and Australia, should continue exploring options for further cooperation.

At the same time, the G20 will remain an essential platform for increasing solidarity on global health, notwithstanding the challenges posed by geopolitical differences within the group. Close partners within the G20, such as Japan, Australia and other G7 countries, should work together with others within the forum with the aim of making it a better platform for global solidarity on matters of global health and of avoiding unnecessary, dangerous divisions. When it comes to infectious-disease crisis management, it's the virus that we should be fighting against, not each other.

Finally, I would like to emphasise that the important thing is not to repeat 'panic and neglect'. Humanity has experienced many pandemics in the past. However, as the pandemics have ended, interest in and funding for infectious-disease control have waned. During Covid-19, the report titled *COVID-19: Make it the last pandemic*¹³ by the Independent Panel for Pandemic Preparedness and Response was submitted to the UN Secretary-General, and one of the issues discussed in the report was how to maintain momentum for infectious-disease control after Covid-19 was over, including by establishing a mechanism at the head-of-state level. In order to be better prepared for the next pandemic, we must stay engaged in discussions about coordination and funding mechanisms and avoid losing momentum.

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The impact of Covid-19 on globalisation in the Asia–Pacific region

David Uren

The Covid-19 pandemic delivered two shocks to globalisation. The first, at the outbreak of the pandemic in the first half of 2020, demonstrated the preparedness of governments around the world to disrupt international supply lines when it suited them, while the second, as demand surged in the latter half of 2021, exposed the fragility of ‘just in time’ manufacturing when it depended on distant international supplies.

Both ends of the pandemic have made governments more cautious about the benefits of globalisation and renewed their interest in strengthening domestic manufacturing capability and policies to ‘repatriate’ international supply lines.

That trend has been augmented by geopolitical tensions between China and the US and its allies, which have found expression in trade policy, including the spread of controls on technology exports to China and China’s economic coercion, particularly of Australia. It’s arguable that the emerging alliance between China and Russia will intensify the geopolitical pressure for a ‘decoupling’ of the West from the Chinese economy.

In this paper, I argue that, while governments have played a facilitative role, globalisation has been driven by business decisions. The logic that’s driven business to expand globally still prevails, while most governments in the region still see benefits flowing from maximising trade. Even in the darkest moment of the pandemic, governments in Asia reaffirmed the importance of trade when the trade ministers of 15 Asia–Pacific nations signed one of the world’s most far-reaching regional trade agreements in November 2020.

The complexity of a modern economy means that attempts to ‘re-shore’ supply chains are unlikely to bring any more than marginal gains. Efforts to build emergency stockpiles will similarly fail to provide effective insulation from international disruption.

Governments are in a better position than business to appraise geopolitical and national-security risks. They should focus their efforts on ensuring that business investment decisions are made with as comprehensive information as possible. Governments should work with business associations to ensure that their membership is alert to government concerns. Where a strong case can be made, governments can support industry restructuring. Governments should also work to strengthen the institutional structure governing trade, including the World Trade Organization (WTO) and the networks of regional trade agreements, to ensure that the rules that govern trade are fit for purpose in an increasingly digital world and that they’re enforced.

The Covid shocks

The pandemic struck China first, and lockdowns there slashed the country’s exports by 17% in January and February 2020 relative to a year previously, disrupting supply chains around the world.

The motor vehicle industry, with complex webs of suppliers, was seriously affected: manufacturers in Japan, South Korea and Europe were forced to shut plants because of shortages of Chinese-originated parts. Unexpected vulnerabilities were exposed in industries from construction to household goods and electronics.

A report from consulting firm PwC, published less than two months after the outbreak in China was confirmed, concluded that ‘The situation has further exposed the inherent vulnerabilities arising from just-in-time delivery, low supplier diversity and low input country of origin visibility.’¹

As the pandemic spread beyond China, there was an explosion in demand for personal protective equipment (PPE) that overwhelmed any emergency stocks held by governments. The result was a scramble for supplies that flouted basic commercial principles.

For example, a shipment of face masks donated by China to Italy was seized *en route* by the Czech Republic in what it said was an ‘anti-trafficking’ operation. French officials claimed that US agents appeared at Shanghai Airport offering three times the price they had paid for a consignment of face masks that was already loaded onto an aircraft and ready to depart. Brazil similarly complained about the US gazumping its purchases of PPE from China, and its trade minister alleged that the US had sent 23 of its largest cargo aircraft to scoop up all available supplies.

Those raids on PPE supplies were followed by the erection of export controls on medical supplies and also, in some nations, on food supplies. A paper by the World Bank and the Global Trade Alert database recorded the imposition 230 export restrictions on food and 855 export restrictions on medical and PPE supplies between February and October 2020. The study estimated that the trade restrictions affected medical goods trade worth US\$135 billion and food trade worth US\$39 billion.²

For many nations, both the disruption of supply chains from China in early 2020 and the subsequent barriers to trade in medical goods and food shook assumptions about the free flow of commerce in a world of increasing globalisation. Japan, which already had a program to support firms repatriating operations from China, provided the equivalent of US\$2 billion in April 2020 to promote the domestic relocation of supply chains and offered a similar amount in 2021.

Taiwan also had a program in place to subsidise its companies repatriating operations from China ahead of the pandemic, which accelerated in the pandemic’s wake. By early 2021, the scheme had attracted investment commitments in Taiwan equivalent to US\$28 billion.

The Trump administration promoted ‘decoupling’ from China and provided funding to strengthen supply chains and the domestic production of resources needed to combat the pandemic. The Australian Government announced a A\$1.3 billion program to subsidise domestic manufacturing, along with a further A\$100 million for projects strengthening supply chains, framing the issue as the defence of ‘economic sovereignty’.³

In April 2021, the governments of Japan, India and Australia announced a ‘Supply Chain Resilience Initiative’ under which there would be sharing of best practices and the holding of trade and investment events to promote supplier diversification. The initiative reflected closer collaboration among the nations under the Quad, which also includes the US, and which had been formalised by leaders of the four nations the previous month.

Some nations emphasised the need to keep global trade and investment channels open. Singapore Prime Minister Lee Hsien Loong said that, while the pandemic would fundamentally change globalisation, ASEAN nations had ‘a responsibility to rebuild domestic confidence in the value of cooperating with one another, and maintaining an open approach to our partners in the region and around the world, even during this extraordinary period’.⁴

However, China itself saw a need to strengthen domestic supply chains and reduce its vulnerability to an uncertain global economy. China had, at least since its accession to the WTO in 2001, relied upon globalisation to fuel its growth and development, but its faith in that was shaken by the Trump administration’s unilateral and punitive tariffs imposed from 2018.

In May 2020, President Xi Jinping unveiled a ‘dual circulation’ economic strategy under which, while the nation would continue to engage internationally, growth would increasingly be driven by the domestic market. China would retain its position as the pre-eminent global manufacturer, but would achieve greater self-sufficiency.

Over the course of 2021, the character of the stress on supply chains changed radically. In 2020, at the outset of the Covid crisis, world trade plunged. The WTO predicted that the drop could reach 32%; however, by the end of the year, the fall was only 5.3%. That was followed by a powerful 25% surge in 2021, when trade far exceeded pre-pandemic levels.

That was partly due to the power of both monetary and fiscal stimulus measures in response to the pandemic and also to the suppression of spending on international travel and other services, which resulted in a far greater share of advanced nations' consumer spending being devoted to goods.

Shortages started to appear in late 2020. The motor industry, which had cancelled orders for microchips in the early days of the pandemic, found itself unable to secure enough supplies when demand bounced back. Through 2021, shortages became more widespread, while shipping costs skyrocketed. The resulting surge in consumer prices led to a debate among monetary authorities about whether the lift in inflation was transitory or more entrenched and whether, if caused by supply shortages, it would respond to monetary policy. It's no longer seen as transitory, but debate about the causes and cure continues.

It wasn't only the trade in goods that was affected. Covid brought international tourism to a standstill along with much business travel and travel-related services such as international education and health travel. Bans on international travel were among the first responses to the pandemic in early 2020 and were slow to be lifted.

The rises in international travel and migration were both manifestations of globalisation, reflecting the reduction in travel costs, growth in the size and wealth of middle classes and the increasingly wide geographical spread of business.

On the eve of the pandemic, around 800,000 international flights were carrying more than 100 million people across international borders every week, but, within a few months, volumes had fallen by more than 90%. In the first half of 2021, international arrivals into Asia-Pacific nations were still 96% below those in the equivalent 2019 period.⁵

Migration flows also fell. Between April and August 2020, 627 people entered Japan on work visas, compared with 123,000 in the same period of the previous year. There were steep, if less dramatic, falls in other parts of the Asia-Pacific region.⁶

The halt to the flow of people has been most striking and long-lasting in China. A ban on Chinese citizens travelling abroad has been in place since the beginning of the pandemic, with only minor relaxations for business and education travel. The number of Chinese citizens travelling abroad had almost tripled over the decade before the pandemic, reaching 155 million in 2019, but dropped to 20 million in 2020.

Geopolitical tensions

These Covid-related stresses occurred at a time when a four-decade-long process of globalisation was losing political momentum. The WTO—the institution established to defend the freedom to trade, which was the bedrock of globalisation—lost its ability to push forward trade liberalisation with the collapse of the Doha Round of negotiations in 2005. The body then lost its ability to adjudicate trade disputes on 10 December 2019—a few weeks before the pandemic—when the Trump administration refused to confirm new judges for its appellate tribunal.

The 2007–08 global financial crisis was seen as a product of globalisation and the unregulated proliferation of financial derivative products across national boundaries. The election of Trump in 2016 was among a series of elections of populist and nationalist leaders in the wake of the crisis, including in Brazil, Hungary, Poland and the Philippines, all of whom voiced criticism of globalisation. The Brexit referendum, also in 2016, was another manifestation of that political reaction.

The concept of globalisation had taken hold in the 1980s as technological innovation and the lowering of trade and investment barriers fuelled the growth of international trade, investment, capital and people movement.

Key technologies included widespread container shipping from the 1980s, the rapid growth of air freight, the development of electronic communications and financial transfers and, from the mid-1990s, the internet.

Those technologies facilitated new and highly efficient models of manufacturing. Toyota's 'just in time' philosophy spread globally, bringing far greater focus on efficient logistics. In the 1990s, Hong Kong logistics firm Li & Fung gained attention for its distributed manufacturing, in which the company contracted different elements of production to manufacturers in different Asian countries, depending on their costs and skills, but took responsibility for marketing to US and European customers. While multinational companies had long exploited national differences in production costs, the idea of making supply-chain management the heart of it was new.

Just as important was the lowering of global tariff barriers and the embrace of market economics by developing nations, particularly China. The formation of the WTO in 1995 following the successful conclusion of the Uruguay Round of global trade talks extended tariff reductions and instituted a formal tribunal to settle trade disputes. The commitment of APEC nations to unilaterally lower tariffs in 1994 contributed to the development of Asia as the global hub for manufacturing.

Trade rose from 35% of global GDP in the 1980s to 60% on the eve of the global financial crisis. The share of trade that was conducted within global value chains—in other words with partially completed manufactured goods crossing borders for further processing or assembly in another country—rose from 40% in 1990 to 50% by the time of the crisis.⁷

Accompanying that trade growth has been an enormous rise in prosperity. Average incomes, after allowing for inflation, have more than trebled across the developing nations of the Asia–Pacific region over the past three decades.⁸

But globalisation has always had its critics. On the left, it was seen as delivering undue and untaxed returns to multinational companies, while on the right it was criticised for suppressing the role of the nation-state. Some nations were concerned that lowering trade barriers would undermine politically and socially important domestic industries. While globalisation was credited with reducing the number of people living in extreme poverty by more than 1 billion, it was blamed for increasing inequality in advanced nations.⁹

Attempts to further lower trade barriers through multilateral negotiations have foundered. The 1999 WTO ministerial meeting in Seattle was deadlocked amid anti-globalisation riots, while efforts to forge a new world trade agreement were finally abandoned in 2005. Leftist 'Occupy' movements opposed to globalisation in the wake of the global financial crisis flourished around the world in 2011.

In the US, academic work established that competition from China had permanently destroyed jobs in US manufacturing towns, challenging the notion that increased trade brings bilateral benefits.¹⁰ US President Donald Trump exploited political discontent with the erosion of US manufacturing to initiate a trade war with China, pushing average US tariffs on Chinese goods up from 3% to 21%, while Chinese retaliation imposed similar barriers.

In addition to the trade conflict, the US and its allies in the region became increasingly concerned by China's geopolitical ambitions following the construction of artificial islands as military bases to support Beijing's expansive claims in the South China Sea. The deteriorating security relationship has led the US to impose increasingly far-reaching controls on exports of technology to China. Those controls have extraterritorial effect, so high-technology manufacturers in Japan, Taiwan or Korea that deploy US-originated technology may be prevented from exporting to China. The US's concerns are to some extent shared around the region. Japan, Taiwan, Australia and New Zealand all aligned with the US in banning the participation of Chinese telecommunications firms Huawei and ZTE in their 5G internet networks for national-security reasons.

US controls on exports to China were significantly tightened in October 2022, when the Biden administration banned the export of all advanced computer chips, chip-design software, chip-manufacturing equipment and US components of that equipment. The rules covered both US firms and foreign firms using US equipment, while they also banned US citizens, residents and green card holders from working in Chinese chip firms. It's arguable that the

US's awareness of the vulnerability of its technological leadership was a product of the interruption to microchip supply chains during Covid.

The geopolitical concerns have led to greater scrutiny of foreign direct investment (FDI), particularly among the US and its allies and particularly of investment flowing from China. The UN Conference on Trade and Development (UNCTAD) reports that 28 nations have established screening systems to vet FDI for national security, and that 15 of those systems were established between 2011 and 2019. In the Asia–Pacific region, nations with national-security screening of FDI are Australia, China, India, Japan, New Zealand and the Republic of Korea.¹¹ A number of nations tightened their foreign investment screening in the immediate aftermath of the outbreak of the pandemic on the basis that depressed share prices could make national businesses vulnerable to predatory foreign takeovers. The US may go a step further with a draft bill, the National Critical Capabilities Defence Bill, establishing that outbound FDI may also be scrutinised for its national-security implications.

China responded to Australia's increasingly critical stance towards it on national-security grounds, including the rejection of a series of proposed investments and the banning of Huawei, with a series of boycotts on Australian export products, including coal, copper, cotton, beef, seafood and timber, while anti-dumping duties were levied on wine and barley. China had earlier subjected a series of nations in the region to similar, though smaller scale, unilateral trade embargoes, including Japan, Korea and the Philippines.

It's too soon to assess the long-term repercussions that the war in Ukraine may have on relations between China and US-aligned nations in the region or on the process of globalisation more generally. There's been criticism among the US and its allies of China's neutral stance towards the conflict and speculation that the exclusion of select Russian banks from the global SWIFT cooperative will accelerate efforts by both China and Russia to develop alternative international payment mechanisms to the US dollar, with the ambition of dividing global finance into two blocs.

There are concerns in financial markets that the pressures on globalisation that have been emerging over the past decade will become overwhelming. The chief executive of one of the largest funds managers, Larry Fink at BlackRock, declared that 'The Russian invasion of Ukraine has put an end to the globalisation we have experienced over the last three decades.' He said that both companies and governments would be reviewing their dependencies on other nations, and that companies would be repatriating operations.¹² As critics noted, his letter to shareholders gave no sign that BlackRock is backing away from its significant investment in the Chinese market.¹³

Globalisation's continuing momentum

There's strong inertia behind the commitment to the internationalisation of business. There's the sunk investment—Japanese firms have direct investments offshore worth US\$2 trillion, Singapore's offshore direct investments are US\$1.2 trillion, and Korea's and Australia's are both about half that. China and Hong Kong have offshore investments between them worth around US\$4 trillion. Globally, the stock of outward direct investment is around US\$40 trillion. Those are assets that their owners will want to protect and enhance.

The business logic behind globalisation hasn't changed: companies will seek to exploit economies of scale and the global diversity of labour forces to maximise their competitive advantage. Goods and services with global markets can expect to have globally distributed supply chains.

Many governments across the region also see continuing benefit in trade liberalisation, which has been accompanied by rising prosperity over the past three decades. Average incomes, after allowing for inflation, have more than trebled across the developing nations of the Asia–Pacific region since the beginning of the 1990s.¹⁴

After decades at the forefront of new manufacturing and logistics models, trade is now equivalent to around 100% of GDP for Thailand and Malaysia and is much higher than that in both the trading hubs of Singapore and Hong Kong and in lower income developing nations, including Vietnam and Cambodia. Those nations have a deep commitment to open markets.

The governments of Asia have continued to press for closer integration. Negotiations for the Regional Comprehensive Economic Partnership (RCEP) began in 2011 and continued through 31 rounds of talks over the course of a decade. While it often appeared that agreement would never be reached, the scope of the agreement became more ambitious, particularly after nations vowed in early 2019 to bring the deal to a conclusion. India pulled out in late 2019, to the disappointment of some members who wanted it to balance the influence of China.

The final deal, which entered into force on 1 January 2022, is comprehensive: it has chapters on services, digital technology, intellectual property, government procurement and trade in services, among others. The RCEP makes greater allowance for members being at different stages of development than the other major regional trade agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which was signed in March 2018.

The RCEP 'rules of origin', which allow trade to benefit from reduced tariffs, have been designed to foster intra-regional trade. Any stage of manufacture among members can be counted towards the 'local content' in the exporting country. For example, components made in China for a product made in Japan would be included in the assessment of local content when the finished goods are exported to an ASEAN member. Modelling suggests that, by 2030, the RCEP will add US\$245 billion to regional income.

Despite the downturn in global trade in 2020, intra-regional trade in Asia rose in the midst of the pandemic to account for 58.5% of its global trade, which was the highest share in 30 years. Analysis by the Asian Development Bank shows that intra-regional trade is higher in Asia than in North America and isn't far short of the 63.8% regional trade share in the European Union plus the UK.¹⁵

The Asian Development Bank highlights the extent to which intra-regional trade is driven by China. Excluding China, intra-regional trade in Asia accounts for only 38.2% of its trade. Intra-regional trade excluding China has remained constant at around that level for three decades, while the share of Asian trade involving China has risen from 6% to 27%. China's share of Asian trade has risen as that of the US has halved to 12.6% since 1990.

Globally, trade stopped growing as a share of GDP after the global financial crisis, slipping from 60% of GDP in 2011 to 56% in 2019, ahead of the pandemic, and just 51% in 2020, after the pandemic struck. However, it bounced to around 57% in 2021, according to estimates by the Peterson Institute for International Economics.¹⁶

The active trade diplomacy within Asia, which brought both the CPTPP and the RCEP agreements into being, contrasts with the US, where concern about the erosion of American manufacturing jobs by Asia has made trade agreements politically impossible. Although the US Obama administration was the prime mover behind the negotiation of the Trans-Pacific Partnership, the deal was rejected by both major candidates in the 2016 US presidential election. The Biden administration allowed its trade negotiating authority to lapse in Congress and has said it has no appetite for fresh trade deals. The protectionism of the Trump administration has outlasted his presidency, and the US has yet to make any move to restore the WTO's ability to resolve trade disputes.

Amid the geopolitical tension, China has been capitalising on the US's distrust of trade, seeking to deepen its engagement with Asian nations. China has made formal application to join the CPTPP and has also applied to join the innovative Digital Economy Partnership Agreement forged between Singapore, New Zealand and Chile.

China faces challenging issues to meet the requirements of either agreement—the CPTPP, for example, requires free trade unions, while the Digital Economy Partnership Agreement requires the free flow of data across international borders and bans localisation requirements for data storage. However, the fact that China has applied means that it believes it can surmount the hurdles, and the fact that it wants to join highlights its belief that agreements underpinning globalisation are to its benefit, in contrast to the views of the US.

FDI is continuing to flow both into the region and from Asia into the global economy. Foreign investment weakened in most countries in the first year of the pandemic, but India and China were the main exceptions. Preliminary data from 2021 shows investment across Asia rising 18% in 2021 to just under US\$700 billion, of which China accounts for about half.¹⁷

Despite the invocation from former President Trump for US firms to repatriate operations from China, data from the US Bureau of Economic Analysis shows that the stock of US investment in China grew in every year of his presidency, including in 2020 when FDI globally suffered a 47% fall.¹⁸

UNCTAD records that, while China was the second largest recipient of FDI after the US in 2020, it was the largest source of outward FDI, overtaking Japan. Chinese investment reflected both mergers and acquisitions, particularly in the finance sector, and continuing investments through its Belt and Road Initiative.

Those data points and the continued pursuit of trade liberalisation in Asia show that globalisation retains its momentum, despite the pressures that have arisen from both the pandemic and geopolitical concerns. They also underline that, particularly in Asia, globalisation has a strongly China-centric flavour. In principle, everyone benefits, but China benefits more than everyone else.

Managing globalisation's risks

The experience of disruptions and threats to supply chains over the past three years has nevertheless made both governments and businesses more keenly aware of the risks associated with models of just-in-time manufacturing with complex and widely distributed value chains.

Government agencies may make a better appraisal of geopolitical risks than businesses, which tend to place a higher priority on identifiable opportunities for profit than on the indeterminate possibility of future business disruption. Governments certainly regard themselves as uniquely able to determine national-security risks.

However, there are dangers when governments seek to shape business investment and procurement decisions. The experience of governments offering subsidies or incentives for 're-shoring' of operations is that there's no shortage of takers, but governments wind up subsidising some business decisions that would have been made in any case, while the aggregate flow of offshore investment continues unabated. The incentives can lead to poor business decisions. For example, there are concerns that huge sums being poured by advanced nations' governments into semiconductor self-sufficiency will result in oversupply and a collapse of prices.

Policies to support self-sufficiency inevitably invite claims for protection from foreign competition that are no more than protectionism exploiting geopolitical uncertainty.

Some governments have endeavoured to identify 'critical' industries that would jeopardise national economic welfare were their operations to be disrupted, with a view to providing focused assistance to increase self-sufficiency. Sectors such as health, food and finance are obvious candidates, but, for nations with advanced manufacturing, microchips and the availability of speciality minerals have also been identified. Industries that are indispensable to modern economies, such as those producing the vast range of speciality chemicals, can readily be overlooked, while industries that might not make the 'critical' list at the first cut are essential nonetheless. For example, packaging may seem superfluous, but a large swathe of manufacturing and food processing would halt without it.

The multitude of inputs to a modern economy undermines efforts to make rational choices about what to support, and also points to the futility of stockpiling all but the most essential of basic inputs, such as oil and medicines.

The most valuable role that government can perform is to ensure that business investment decisions are well informed. If there are geopolitical or national-security risks, government should work through peak enterprises and business lobby groups to ensure that company managements and boards are aware of the government's concerns when investment decisions are being made. Government can encourage business to seek diversity in supply chains and markets. Businesses will, to some extent, be making those decisions themselves in the wake of the disruptions of the past three years.

The growing geopolitical tensions have made many governments more conscious of the national-security implications of the engagement of foreign businesses in their domestic economies. There's a risk that national-security authorities won't understand the economic importance of investment flows—one security agency refers to its role in advising government on the 'foreign investment threat'.¹⁹ It's important that economic decision-makers are involved in considerations over barriers to investment flows and that national security isn't used as a facade for protectionism.

The web of international connections is never so binding that it can't be sundered, as Russia is discovering in the wake of its invasion of Ukraine. However, the gains from the international division of labour and the global spread of enterprise to exploit it remain compelling.

The other key role for government is to strengthen the institutional structures that govern trade. The RCEP and CPTPP trade agreements essentially establish new institutions to govern commerce across the region. The WTO remains pivotal, and every effort should be made both to reinstate its ability to adjudicate international trade disputes and to update its mandate to make it fit for purpose in the digital age.

The broader political challenge is to ensure that globalisation both is, and is seen to be, to the benefit of nation-states. There are political agendas around steps to reduce inequality, to ensure that all enterprises pay their fair share of tax and to support local enterprise and innovation. There can also be a case for government to assist with industry restructuring when international competitive pressures undermine the economics of established industries.

But any nation that turns its back on globalisation risks losing out while so many within the Indo-Pacific region are advancing their own prosperity through trade.

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Building a post-Covid supply-chain strategy

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Over the past two decades, with the development of global supply chains, the risk of supply-chain disruption due to natural disasters, including infectious diseases, has become evident. According to a report by the UN Office for Disaster Risk Reduction, the number of disasters, including geological disasters such as earthquakes, tsunamis and volcanoes, weather-related disasters such as hurricanes, droughts, forest fires, and biological disasters increased significantly from an average of 90–100 per year between 1970 and 2000 to an average of 350 to 500 per year between 2001 and 2020.¹ During the Covid-19 pandemic, lockdowns and stringent border restrictions were imposed in almost all countries and regions to contain the spread of infection, resulting in severe supply-chain disruptions. In recent years, threats to supply chains have come not only from natural disasters, but also from the geopolitical competition associated with the decoupling of high-tech sectors, and the war in Ukraine has created energy and food crises. In the wake of the pandemic, strengthening supply chains has become a global point of discussion, and policies promoting supply-chain resilience are being developed in many countries.

This chapter discusses three supply-chain issues that have been highlighted through the Covid-19 pandemic:

1. supply-chain disruption due to natural disasters and infectious diseases
2. responses to the risk of supply-chain disruption, including the securing of critical supplies
3. the restructuring of supply chains in East Asia, including policy development in Japan.

Supply-chain disruption due to natural disasters and infectious diseases

The 2011 earthquake and tsunami in Japan and flooding in Thailand

The Great East Japan Earthquake in March 2011 and the Chao Phraya River flood in October 2011 in Bangkok, Thailand, were two significant events that raised Japanese awareness of the increasing risks of supply-chain disruptions caused by natural disasters.

In the 2011 earthquake and tsunami, factories and production bases located in northeastern Japan were severely damaged, causing a massive disruption in both domestic and overseas supply chains. Particularly affected were Japanese firms that play a significant upstream role supplying high-tech core components, such as storage batteries, semiconductors and displays, to manufacturers downstream. Because those upstream firms were forced to cease or reduce their production, entire supply chains, including overseas, were paralysed for some time.² That raised the alarm about supply-chain disruption in other countries as well. China and South Korea, for example, implemented policies to support R&D investments and the attraction or acquisition of foreign companies in order to secure domestic supply of industrial materials after the 2011 earthquake and tsunami.³

The flooding of the Chao Phraya River, starting in July 2011, caused widespread and prolonged flood damage from Thailand's northern region to Bangkok. Seven industrial complexes along the river where many Japanese companies resided were completely flooded, forcing most factories to suspend production for long periods. The affected areas included industrial clusters for the automobile and electronics industries, some of whose products

were produced only in those affected complexes, resulting in a complete halt to supply. In addition, the flooding damaged factories that were producing nearly 40% of the world market share of hard disk drives at the time, significantly affecting the global market for drives.⁴

Looking at the period required for recovery from the disasters' damage, it's noteworthy that supply-side supply-chain disruptions without demand shocks can be addressed in a relatively short time. About 60% of affected companies resumed operations one month after the Great East Japan Earthquake, and recovery progressed in a relatively short period. In the case of the Bangkok floods, it took several months for the flooded industrial complexes to drain completely, and about six months to recover to pre-disaster levels.⁵ Learning from these experiences, Japanese companies have strengthened their efforts to develop supply-chain management and business continuity plans, including diversification of production bases and suppliers, as well as inventory management.

As part of the policy to support reconstruction after the Great East Japan Earthquake, the Japanese Government implemented a ¥500-billion program to strengthen supply chains by supporting domestic investment in production bases and R&D investments for high-value-added parts and materials, for which 245 applications were approved. In addition, the government provided support for domestic investment amounting to a few billion yen through the Act on Promotion of Establishing Business Centers in Asia and the Project for Promoting Domestic Locations of Innovative Low-Carbon Technology-Intensive Industries.⁶ However, those government support measures for strengthening the supply chain were either one-off or small in scale, limiting their long-term effect on how institutions operate.

The impacts of the Covid-19 pandemic

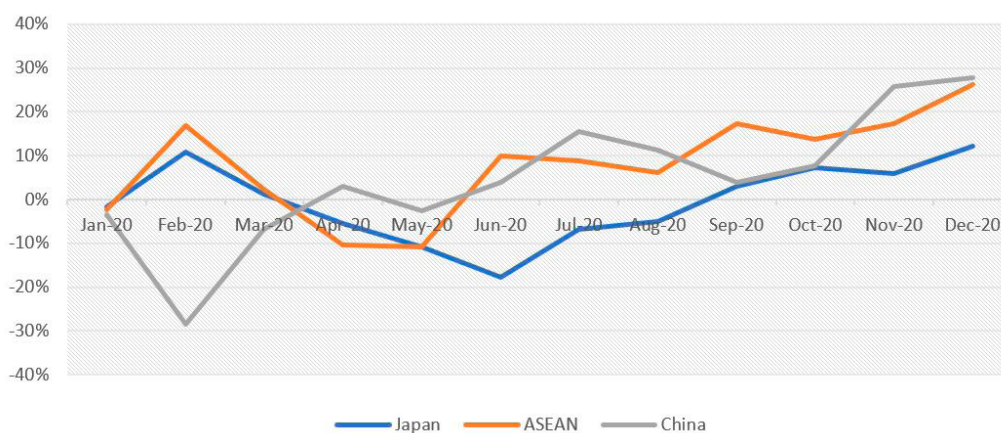
The outbreak of Covid-19 led to an unprecedented economic crisis due to restrictive domestic and border measures to prevent the spread of the virus. That resulted in supply-chain disruptions, a sharp drop in overseas demand, and serious economic consequences for much of the services sector, such as restaurants and tourism operators.

In December 2019, the first Covid-19 case was confirmed in Wuhan City, Hubei Province, China. The fact that the first case of Covid-19 was confirmed in Wuhan had significant implications for the global automobile industry, as many of the world's automakers had operations in Wuhan. Wuhan had become a major production centre for automobile-related parts, so the temporary shutting of factories due to the spread of the virus disrupted overseas supply, forcing the suspension of downstream production in Japan and a switch to suppliers from other regions.

Figure 1 shows the monthly export growth rates for Japan, ASEAN and China in 2020 for the electric/electronics and automobile industries, which form large regional supply chains in East Asia.

Figure 1: Export growth rates of Japan, ASEAN, and China (monthly, year-on-year, 2020)

Electrical and electronic equipment (HS 85)



Motor vehicles (HS 87)



Source: Compiled by the author from UN Comtrade and CEIC data.

In the electrical and electronics industry, China's exports fell by 28% in February 2020 from the previous year, and Japan's and ASEAN's exports registered negative growth after April. After that, exports recovered in a short period and turned to positive growth as demand for IT equipment increased due to the spread of online tools during the Covid-19 pandemic.

The auto industry followed a similar trend to electronics: China's exports fell by 45% year-on-year in February, and Japan and ASEAN experienced significant negative growth after April. Growth turned positive from September onwards, although the recovery was somewhat slow, as companies curbed production because customers were buying fewer durable goods during the recession. In addition, a global shortage of semiconductors, especially for automotive applications, became evident from the autumn of 2020, forcing automakers again to cut production or suspend operations. In the longer term, the emergence of viral variants, such as Delta and Omicron, and delays in vaccination in developing countries further prolonged the pandemic and its economic effects.

The Covid-19 pandemic has further increased Japanese companies' awareness of the risk of supply-chain disruptions, building on their experience of managing natural disasters. Due to the Covid-19 pandemic, private companies became more focused on strengthening their supply chains by diversifying production bases, including onshoring to Japan, diversifying their overseas suppliers, strengthening cooperation with other companies, and standardising their products and parts.⁷ Academic research on Covid-19 and supply chains has provided evidence that geographically dispersed sourcing has increased supply-chain resilience.⁸

In addition to natural disasters and pandemics, supply-chain risks now increasingly include geopolitical risks such as the US–China competition, cyberattacks and Russia's invasion of Ukraine. The Covid-19 pandemic prompted the incorporation of supply-chain resilience into a bill for promoting economic security, which is discussed in the next section.

Responding to the risk of supply-chain disruption and securing critical supplies

Supply-chain resilience measures after the outbreak of Covid-19

During the Covid-19 pandemic, domestic stocks of protective items such as masks and gowns, as well as other medical supplies, were in short supply due to dependence on overseas production in many countries and the general prioritisation of domestic demand. As the coronavirus spread around the world, many countries introduced temporary export controls or restrictions on medical supplies and foods. Some basis for government intervention

is allowed for in Article 11, paragraph 2 (a) of the General Agreement on Tariffs and Trade, which allows the introduction of restrictions ‘to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party’.

In Japan, in response to the shortage of medical supplies and the supply-chain disruption caused by the Covid-19 pandemic, the Ministry of Economy, Trade and Industry implemented the Program for Promoting Investment in Japan to Strengthen Supply Chains and the Overseas Supply Chain Diversification Support Project as part of emergency economic measures.

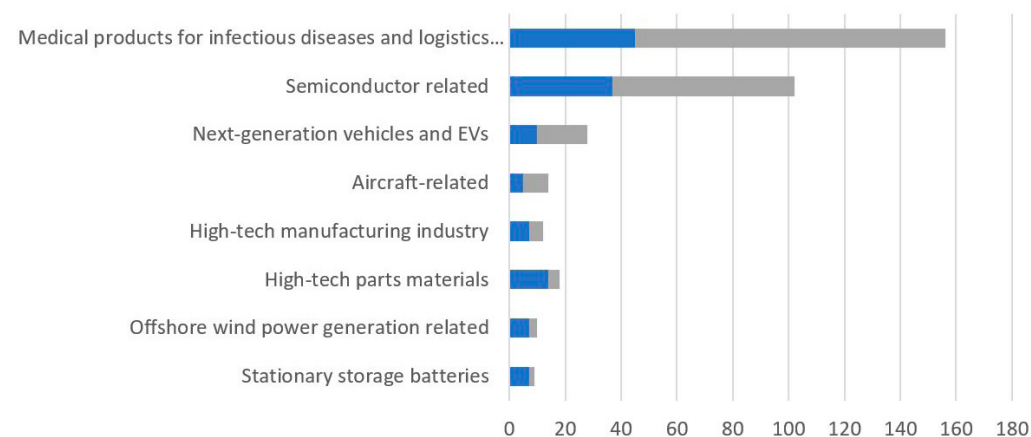
The Program for Promoting Investment in Japan to Strengthen Supply Chains was established as a subsidy program for the development of domestic production bases (¥10–15 billion per project). The program’s Project A aimed ‘to develop production bases to secure the supply of critical products and materials at high risk of disruption’. Two fields were targeted: digital products and materials (semiconductors, next-generation automobiles, robot parts, drone parts, displays, optical fibre, etc.) and ‘green’ products (electric vehicles, offshore wind power generation, aircraft, high-efficiency gas turbine components, stationary storage batteries, etc.).⁹

The program’s Project B aimed to ‘develop production bases for products whose supply and demand may become tight due to the spread of infectious diseases, and which are essential for responding to infectious diseases and ensuring a system for providing medical care’. They included factories and logistics facilities that produce PCR (polymerase chain reaction) testing equipment and medical supplies related to vaccination.

The total size of the program was ¥576.8 billion. In 2022, 1,950 applications (¥2.08 trillion yen) were submitted and 354 (¥516.8 billion) were approved. The fact that the sum of applications far exceeded the budgetary limit indicates a large potential demand for domestic investment. Figure 2 shows the number of companies selected for the program, by product category. The largest group of selected companies are involved in infectious-disease response, producing protective masks and gowns, medical supplies and logistics equipment for vaccination, and developing domestic vaccines. Semiconductor-related enterprises are the second largest group, which includes a large number of small and medium-sized enterprises. Next-generation vehicles, electric vehicles and aircraft-related industries include companies that produce engines, motors, automotive semiconductors and automotive storage batteries. The high-tech manufacturing industry and materials sector includes companies that have almost monopolised the domestic market or have a high global market share because of their high technological capabilities. Only a few companies that produce offshore wind farms and stationary storage batteries were selected, but demand is expected to increase as the share of renewable energy increases towards the 2050 goal of becoming carbon neutral.

Figure 2: Number of companies selected for the Program for Promoting Investment in Japan to Strengthen Supply Chains, by product category

EVs = electric vehicles.



Source: Compiled by the author from Ministry of Economy, Trade and Industry data.

The Overseas Supply Chain Diversification Support Project is another subsidy program (up to ¥1.5 billion per project) that assists Japanese firms to invest in ASEAN countries. Applications are evaluated based on several criteria, such as the degree of risk due to supply-chain disruption; the ratio of overseas production dependence, and geographical concentration; the effects of diversification; and the tightness of domestic supply and demand for medical supplies, among others. Those that qualify can receive subsidies for equipment installation, demonstration projects and feasibility studies for production bases in ASEAN countries.

The total budget size of the program was ¥35.1 billion. At time of writing in 2022, 381 applications had been submitted, and 92 had been approved. By destination, Vietnam had the highest number of selected applications with 22, followed by Thailand with 12, the Philippines with 8, and both Indonesia and Malaysia with 7. By product category, medical products held the largest number of selected applications at 27, followed by automobiles with 24, semiconductors with 10, machinery and manufacturing with 10, and parts and materials with 8.

In April 2021, Japan, Australia and India launched the Supply Chain Resilience Initiative, and the Indo-Pacific Regional Supply Chain Resilience Project adopted several demonstration projects targeting digital technology to visualise supply chains, enhance logistics, facilitate trade procedures and diversify production bases. In March 2022, a Japan–Australia–India trade ministers’ meeting was held. The ministers welcomed the results of the sharing of best practices for strengthening supply chains and the holding of events to promote investment and link up businesses. They also urged further cooperation among investment-promotion agencies such as the Japan External Trade Organization (JETRO), the Australian Trade and Investment Commission (Austrade) and Invest India.

Institutionalisation of supply-chain resilience measures as part of the Economic Security Promotion Act

In June 2022, the Diet of Japan passed the Economic Security Promotion Bill to institutionalise policy initiatives that secure critical supplies and strengthen supply chains.¹⁰ The Economic Security Promotion Act consists of four pillars and aims to ensure ‘the stable supply of products that have a significant impact on the lives of the people and the economy’.¹¹ Designated important products are defined as those that are indispensable for survival or widely relied upon for everyday life. The Act says that it’s essential to secure a stable supply of these designated important products to protect the nation from harm should there be ‘competition with outside parties for these goods and raw materials’.¹² At the time of writing, a list of designated important products hadn’t been specified, but such as list would be likely to include pharmaceuticals, semiconductors, high-tech materials and storage batteries, which were also targeted in the above-mentioned supply-chain resilience programs.

Companies handling critical products are expected to prepare plans for the development of production bases and diversification of suppliers, including stockpiling in order to ensure stable supplies. If a company’s products are certified as designated important products, it can receive subsidies or special loans. In addition, when it’s difficult to secure a stable supply through the private sector, the government may designate ‘important products that require special measures’, which allows for interventions such as stockpiling. In its statement on the Economic Security Promotion Bill, the Keidanren (Japan Business Federation) stated that, since the development of supply chains is based on the business strategies of individual companies from the viewpoint of economic rationality, it’s important for the government to support the efforts of companies through incentives rather than regulations. It also points out that it’s important that the support measures be implemented in a manner consistent with the WTO and other international trade rules.¹³

The effort to strengthen supply chains is becoming a global trend. In the US, soon after his inauguration, President Biden signed an executive order requiring 100-day reviews of supply chains in four areas: semiconductors, electric-vehicle batteries, rare-earth minerals and pharmaceuticals. The report, released in June 2021, assessed supply-chain vulnerabilities in the four areas, as well as suggestions for efforts to improve the resilience of supply and bolster domestic production.¹⁴ In response to the short-term disruptions to the supply chain caused by the Covid-19 pandemic, the Supply Chain Disruptions Task Force was established, bringing together agencies from the commerce, transportation and agriculture departments to work together on issues such as logistics disruptions,

semiconductor supply shortages and food supplies. Domestic investment and other measures have been targeted to improve supply-chain resilience. For example, in connection with the US Government's push to bring semiconductor plants from TSMC and Samsung to the US, Congress approved \$50 billion in domestic production and R&D investments in the semiconductor industry. The Department of Energy also committed \$7 billion in infrastructure investment to support a domestic battery supply chain. The US says that it will reduce reliance on China and other geopolitical competitors for key products and that 'friend-shoring' should be promoted in cooperation with like-minded countries.¹⁵

In Europe, where the importance of supply-chain resilience in securing essential resources in the green and digital sectors had long been discussed, the pandemic accelerated the EU's efforts in this area. Based on the concept of open strategic autonomy, the EU set out a policy for strengthening technological sovereignty and strategic autonomy in key areas while promoting its traditional efforts in trade liberalisation and rulemaking. The policy expands the 'important projects of common European interest', which allow for government subsidies to industries such as microelectronics and batteries. This policy aims to establish a closer ecosystem of supply chains in the EU and mitigate the risk of disruptions by promoting industrial networks. The EU is also reviewing R&D investments in strategic industries and government procurement practices.¹⁶

International cooperation is also being strengthened, mainly bilaterally and among like-minded countries. The Trade and Technology Council (TTC) was established between the US and the EU in June 2021, its members agreeing to promote cooperation and coordination in 10 areas, including international standards for emerging technologies such as AI and the 'internet of things' (IoT), supply-chain resilience for semiconductors, data governance, export controls and investment regulations. Through the TTC, the US and the EU reached an agreement to resolve tariffs on steel and aluminium under Article 232 of the Trade Expansion Act in the US. The TTC is playing an important role in strengthening cooperation and coordination on trade between the US and the EU, including on new issues. Such cooperation has supported coordinated economic sanctions against Russia.

Beyond Europe, the Japan-US Summit in May 2022 established the Japan-US Economic Policy Consultative Committee (the Economic 2 + 2), which has subsequently met at ministerial and vice-ministerial levels.¹⁷ The Economic 2 + 2 is similar to the TTC, as it's a framework for economic and security consultations among ministers in charge of the economy and foreign affairs and aims to promote cooperation and coordination in areas such as export controls, international standards, supply chains and technology investment. At the Economic 2 + 2 ministerial meeting in July 2022, under the pillar of strengthening the resilience of the supply chain, both sides committed to further cooperation in strategic areas such as semiconductors, batteries and critical minerals through R&D, investment and financial support. While in Tokyo for the Japan-US summit, President Biden announced the launch of the Indo-Pacific Economic Framework (IPEF), which includes South Korea and several Southeast Asian countries alongside the Quad members. IPEF's four pillars relate to trade; supply chains; infrastructure and decarbonisation; and tax and anti-corruption.¹⁸ Subsequent ministerial meetings have announced more specifics and clarified that the IPEF members will continue negotiations across the four pillars, although India won't participate in the trade negotiations.¹⁹ IPEF is significant as a framework for the US to engage economically in the Indo-Pacific region after its withdrawal from the Trans-Pacific Partnership, but questions remain about its effectiveness while it doesn't include market access.

The Quad, comprising Japan, the US, Australia and India, has also been active on supply-chain resilience. The Quad held its 2022 summit the day after the Japan-US summit announced the Economic 2 + 2. Picking up similar themes, the Quad summit agreed to develop cooperation on international standards and industrial partnerships in critical supply chains, including semiconductors. The Quad aims to provide more than \$50 billion in infrastructure assistance and investment in the Indo-Pacific region over the next five years.²⁰ The 2023 Quad summit reiterated the member countries' 2022 commitments and added a new initiative to boost infrastructure expertise across the Indo-Pacific: the Quad Infrastructure Fellowships Program.²¹

Reflecting vulnerabilities exposed during the pandemic and geopolitical developments, Japan has used its position as G7 chair to develop the work of the group and select partners, including Australia, on supply-chain resilience. The 2023 G7 communique included numerous references to supply chains, notably in the context of economic resilience

and security and the principle of ‘de-risking’. The communique includes a commitment to ‘reduce excessive dependencies in our critical supply chains’.²² Australian Prime Minister Anthony Albanese, who attended as a guest, supported the G7’s direction on these issues.²³

Table 1 summarises recent international cooperation on supply chains.

Table 1: International cooperation through bilateral and multilateral agreements

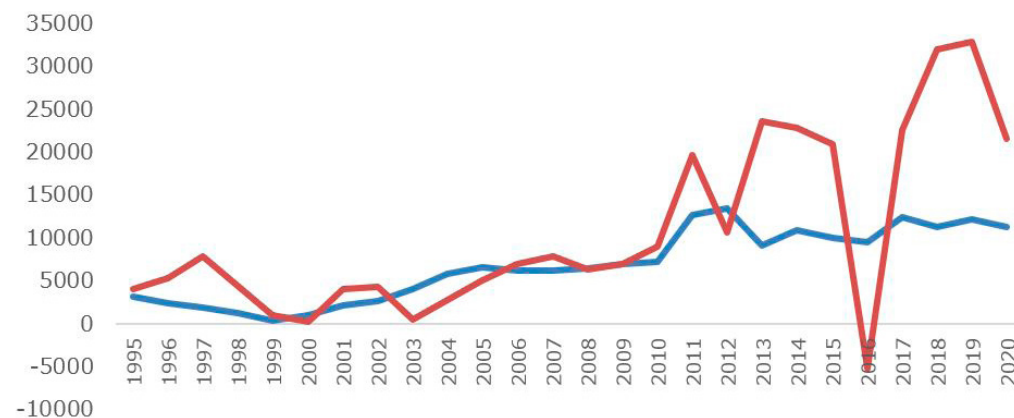
Trade and Technology Council (TTC)	Ten areas including international standards for emerging technologies such as AI and IoT, supply-chain resilience for semiconductors, data governance, export controls and investment regulations.
The Japan–US Economic Policy Consultative Committee (the Economic 2 + 2)	Export controls, international standards, supply chains and technology investment (including promotion of R&D in next-generation semiconductor technology).
Quadrilateral Security Dialogue	International standards and industrial partnerships in the supply chain for semiconductors and other critical technologies; infrastructure investments of \$50 billion in the Indo-Pacific region over next five years.
Indo-Pacific Economic Framework (IPEF)	Trade; supply chains; infrastructure and decarbonisation; and tax and anticorruption.
G7	Economic resilience and economic security, including de-risking (rather than decoupling) and reducing dependencies in critical supply chains.

The restructuring of supply chains in East Asia

Relocation to ASEAN: China plus one

Since 2010, Japan’s direct investment in China and ASEAN has undergone structural changes. China continues to be viewed as an attractive investment destination because of its size and growth potential, but it’s changing from a production base seeking cheap labour to one for a domestic consumer market. More significantly, investment in ASEAN has recently outpaced investment in China, as shown in Figure 3. In terms of scale, Japanese outward investment in ASEAN was US\$32.8 billion in 2019, or approximately three times the US\$12.2 billion invested in China.

Figure 3: Japan’s direct investment in China and ASEAN (net, flow) (US\$ million)



Note: the 2016 decline reflects SoftBank’s recouping of ¥2 trillion from its Singapore subsidiary.

Source: Compiled by the author from JETRO data.

That trend was mainly due to rising wages in China and started before US–China trade frictions ramped up during the Trump administration. In what’s sometimes referred to as the ‘China plus one’ investment strategy, production is transferred to emerging countries such as ASEAN members as an alternative production base to China. In the Japan Bank for International Cooperation’s survey of overseas business development by Japanese manufacturers in 2020, the ASEAN countries in the top 10 were Vietnam (third), Thailand (fourth), Indonesia (sixth), the Philippines (seventh), Malaysia (eighth), and Myanmar (tenth). The average annual growth rate (2000–2015) of foreign direct investment sales of Japanese companies by industry in selected ASEAN countries is shown in Table 2, revealing Japanese corporate investment across manufacturing sectors in these countries, notably in Vietnam.²⁴

Table 2: Average annual growth rate of foreign direct investment sales by Japanese Firms in ASEAN, 2000 to 2015, by industry

	Malaysia	Thailand	Indonesia	Philippines	Vietnam
Basic metals	6%	9%	15%	15%	22%
Chemicals	6%	10%	6%	14%	17%
Electrical machinery and equipment	-1%	9%	16%	5%	23%
Fabricated metal products	4%	23%	20%	12%	27%
General machinery	7%	18%	128%	23%	
ICT electronic equipment	-1%	3%	1%	1%	15%
Other industries	16%	29%	20%	23%	29%
Other manufacturing	6%	13%	12%	39%	25%
Textiles	1%	6%	2%		19%
Transport equipment	21%	20%	15%	14%	21%
Wholesale and retail	6%	14%	21%	25%	40%

Source: Compiled by the author from RIETI data.

Looking at trends, investment tends to be concentrated where industrial clusters have formed, such as for automobiles in Malaysia and Thailand and for textiles in Vietnam. With abundant and cheap labour, the Philippines and Vietnam have high growth rates in labour-intensive light industry. Thailand, Indonesia, the Philippines and Vietnam, which have large domestic markets, have high growth rates in the wholesale and retail sectors and service industries.

Geopolitical tensions between the US and China have accelerated the 'China plus one' movement. Since 2018, when the US imposed additional tariffs on China, companies have shifted production from China to ASEAN countries in order to avoid being subject to additional tariffs. For instance, South Korea's Samsung Electronics stopped producing smartphones in China in 2019 and personal computers in 2020, and moved to Vietnam. Equally, Chinese electronics giant TCL Group built a new TV production base in Vietnam for overseas markets in the Philippines, Thailand, the US and Europe. Trade statistics show that exports of smartphones and electrical equipment from China have decreased since 2018, while exports from ASEAN countries such as Vietnam have increased, confirming the trend for relocations from China to ASEAN.

The weaponisation of economic interdependence

Since the Covid-19 pandemic, the salience of supply-chain resilience has been demonstrated again by the global impact of Russia's invasion of Ukraine. Russia's moves to cut off Ukrainian grain exports and to use energy supplies as a geopolitical tool, and the economic sanctions imposed on Russia by a range of countries, show that economic interdependence has the potential to be weaponised. Aimed at isolating Russia from international economic and financial systems in order to raise the price of its actions, the economic sanctions imposed by Washington, Tokyo, Canberra and many others have been unprecedented in their comprehensiveness. They include the exclusion of Russia from the SWIFT international settlement system, financial sanctions such as freezing the assets of the Central Bank of Russia, export controls on semiconductors and high-tech products, revocation of the most-favoured-nation status of the WTO, and restrictions on imports of energy resources from Russia.

On the other hand, the EU's and Japan's high dependence on oil and natural gas from Russia exposed them to spiking energy prices. Russia's blockade of sea lanes in the Black Sea has also disrupted Ukrainian grain shipments, raising prices and increasing the risk of a food crisis, despite Russia's periodic willingness to accept a deal to allow limited exports of grain from Ukraine. In short, both Russia and Ukraine's supporters have used economic interdependence as leverage to increase pressure on their opponents, even when those imposing sanctions are themselves forced to suffer economic losses stemming from them.

Looking forward

While there's greater awareness of the risks arising from economic interdependence, our region shouldn't lose sight of the unprecedented economic development achieved through the development of global supply chains, especially over the 30 years since the end of the Cold War.

To help restore and maintain global prosperity post-Covid-19, Japan should continue playing a leadership role, alongside like-minded partners such as Australia, to support and strengthen the rules-based international economic order and the international trading system, including through the WTO and CPTPP. Diversification is essential to make supply chains more resilient, but Japan and its partners should promote diversification in a manner consistent with the economic realities that private companies face. In this regard, Japan, Australia and others should further step up support for infrastructure investment in emerging countries, which should improve connectivity and thereby support both prosperity and supply-chain resilience across the region.

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The Philippines, Australia and Japan in the post-pandemic world

Yusuke Takagi

Introduction

Covid-19 was a disaster for Filipinos' health and their nation's economy. The government closed schools and workplaces, and people suffered from the disease and the resulting serious economic downturn. But that didn't affect the Philippines' position on democracy. Despite China's relative success in containing the virus's spread and maintaining economic activity (at least in 2020 and 2021), Filipinos didn't look to China as an alternative model of governance; nor did Beijing increase its influence on Manila. Neither the military nor the technocrats, on whom President Duterte relied heavily in his Covid-19 response and to govern the country in general, have struck a closer relationship with China. Instead, the Philippine military has maintained close relations with the US, and the technocrats have stayed neutral in market activities, standing apart from private businesses looking for opportunities in China.

I've divided this chapter into three sections. In the first section, I sketch the Covid-19 situation in the Philippines and the government's response, paying special attention to the prominent role of ex-generals in government. In the second section, I consider the pandemic's political and security implications by tracing important events for the military in 2020, when the Philippines Government was too busy to handle the Covid response. Finally, I discuss the way middle powers, such as Australia and Japan, enhanced their cooperation with the Philippines. I argue that those middle powers are in a flexible position that allows them to enhance cooperation more easily compared to the great powers, relations with which are often politicised by Filipino leaders.

Covid-19 in the Philippines

The number of confirmed deaths calculated by *Our World in Data* shows that the Philippines' performance in Covid response was neither impressive nor a complete failure.¹ Comparing the highest ratio of confirmed deaths per million people on a seven-day rolling average in Southeast Asia, Malaysia was the hardest hit (12.71 on 14 September 2021), followed by Indonesia (6.47 on 1 August 2021), Vietnam (4.17 on 28 August 2021), Thailand (3.72 on 30 August 2021) and the Philippines (2.40 on 25 August 2021). But, from the beginning of the pandemic in February 2020 to June 2021, the Philippines was one of the worst performers among those five countries, along with Indonesia, and it was the hardest hit in April and May 2021, after which the other countries surpassed it. This complex picture requires a nuanced analysis of the Philippines' response to Covid-19.

The Philippines Government mobilised civil and military-bureaucratic capacity to manage the pandemic. In January 2020, the government set up the Inter-Agency Task Force (IATF), which was headed by the Health Secretary and supported by seven government agencies, including the Department of Interior and Local Government, the Department of Tourism and the Department of Foreign Affairs. The Department of Tourism was important because

the IATF initially focused on Chinese tourists in January and February. In March, when the government imposed mobility restrictions, it bolstered the IATF with the National Task Force (NTF) to carry out its policies. The NTF was headed by Defense Secretary Delfin Lorenzana, who was a graduate of the Philippine Military Academy (PMA) and had served in the Armed Forces of the Philippines (AFP) for more than 30 years.

After that, ex-generals were on the front line in the fight against Covid-19.² Lorenzana's deputy at the NTF was Eduardo Año, who was also a PMA graduate and had served as the AFP's chief of staff. Duterte appointed Año as the Secretary of the Department of Interior and Local Government to supervise the police force and local governments. Carlito Galvez and Roy Cimatu, also PMA graduates and former AFP chiefs of staff, were made chief implementer and deputy chief implementer of the Covid-19 response for the Visayan Islands.

Critics have linked the harshness of the Philippines' response to Covid-19 to the prominent presence of ex-generals in the NTF. According to *Our World in Data*, the Philippines introduced the most stringent mobility-restriction measures from 24 March to 29 April 2021. Although the Philippines relaxed the measures to some extent after August 2021, it maintained the toughest measures among the above-mentioned five countries from December 2021 to April 2022.

Several incidents illustrate the harsh nature of the government's measures. First, Cimatu sent uniformed soldiers and tanks into the streets of Cebu in June 2020, when the city experienced a rapid increase in confirmed cases.³ Second, the news outlet *Rappler* reported that 2,692 people were detained across the country because they didn't adhere to mobility restrictions.⁴ Meanwhile, a medical doctor and former NTF member commented that the quarantine measures imposed by the ex-generals reflected their experience in anti-insurgency campaigns against the New People's Army of the Communist Party of the Philippines and the Abu Sayyaf Group.⁵

Ex-generals have also played an important role in the vaccination program. Galvez, the NTF chief implementer, was made a vaccine czar overseeing the newly formed vaccine cluster in November 2020. Despite that, the Philippines' vaccination program performed poorly in terms of vaccination rates compared to other comparable countries in the region.⁶ Malaysia, Thailand and Vietnam achieved 100 doses per 100 people (100% coverage of the first shot out of the two shots) by November 2021, but Indonesia and the Philippines didn't achieve that until January 2022, and the gap between the two groups remained as the first group of countries progressed to the second dose.

Meanwhile, the Department of Health, which should have played a leading role in containing the virus and promoting vaccination, was distracted by a series of scandals. In August 2020, the president of PhilHealth (the national health insurance authority) resigned during a senatorial investigation into budget irregularities relating to anti-Covid measures. In the most striking case, the office for the procurement services of the Department of Budget and Management paid ₱8.68 billion (over A\$2 billion) to Pharmally Pharmaceutical Corporation, a private company providing face shields to the government.⁷ The Senate's suspicions were raised by the fact that one of Pharmally's financial backers, Chinese national Michael Yang, had once served as an economic adviser to President Duterte. The Philippines Government also increased the demand for Pharmally's products by enforcing the regulation to wear face shields, even outside medical facilities, until October 2021.⁸

Compared to the military establishment, medical professionals were relatively reluctant to support the government's Covid-19 response because of the mismanagement of the Health Department and dubious expenditure from the special budget. For instance, five former health secretaries and three undersecretaries publicly supported the Senate's investigation despite President Duterte's order not to cooperate.⁹

China was a relatively minor contributor of vaccines to the Philippines, despite offering its support in early 2021. According to a survey by the *Launch and Scale Speedometer* of the Duke Global Health Innovation Center, the US had donated the most vaccine doses to the Philippines by March 2022 (43.46% of total donations), while China's contribution accounted for only 4.56%.¹⁰ Meanwhile, Australia and Japan had sent 3.28% and 2.81% of total donations, respectively. The remaining 46% came from Germany, France and others.¹¹ Therefore, China's so-called vaccine diplomacy policy for winning influence had limited success in the Philippines.

The Philippines had relatively low levels of government spending on the Covid-19 response. According to an Asian Development Bank survey on Covid-related spending, the Philippines spent only 5.9% of GDP on the response in the first year of the pandemic, whereas Indonesia, Thailand and Malaysia spent 10.9%, 16% and 22.7%, respectively.¹²

The political and domestic security implications of Covid-19 management in the Philippines

The implications of the Philippines' approach to managing the Covid-19 pandemic can be seen in President Duterte's cabinet changes. The pandemic strengthened Duterte's tendency to rely on ex-generals to govern.¹³ He initially accommodated the left in his cabinet and attempted to maintain a balance against the military, which had clashed with the left over the anti-insurgency campaign. But Duterte changed tack when faced with difficult peace talks with Communist Party leaders. Having lost the president's support, most of the left-wing cabinet members resigned in the second year of Duterte's administration, and ex-generals filled the vacancies.

The military's increasing presence in the cabinet has had paradoxical effects on Philippine domestic politics and international relations in the region.

Domestically, the military's presence consolidated an illiberal approach. In the middle of the pandemic in June 2020, President Duterte faced vocal opposition from the Philippine people against the passage of a controversial anti-terrorism law. On 1 June, he pushed Congress to pass the anti-terrorism bill and signed it into law on 3 July. The bill's supporters argued that its predecessor hadn't done enough to counter the terrorists who conducted suicide bombings or laid siege to Malawi City in 2017, but the bill's opponents were concerned that it would be misused by the authorities, as happened during the anti-drug campaign. Mendoza and others have argued that the law increasing the maximum length of pre-charge detention from three days to 14 days faced more opposition because of the pandemic and the legacy of the drug war, which left the impression that the administration prioritised the military's interests over public health.¹⁴

The response to Covid-19 exacerbated pre-pandemic pressures on Philippine democracy and civil liberties. President Duterte had already carried out his controversial drug war despite criticism domestically and from abroad. From Duterte's inauguration to 31 January 2020, police records show that law enforcement killed 5,601 people.¹⁵ Former Senator Leila de Lima, who criticised Duterte's war on drugs, has been detained since 2017. Duterte has also harassed the media for maintaining its independence in news coverage. As Mendoza and his co-authors argue, the administration's loss of credibility generated valid concerns over the anti-terrorism law. Duterte's more draconian measures on Covid followed the illiberal course he had already set in other areas.¹⁶

In geopolitical terms, the military's increased presence in government consolidated the country's connections with the US. Although President Duterte got closer to China, the AFP maintained its links to the US, which are based on the Mutual Defense Treaty and anti-terror operations in the southern Philippines, such as Operation Enduring Freedom—Philippines from 2001 to 2014, in which the US military worked with the AFP against the Abu Sayyaf Group.¹⁷

One of the legacies of Operation Enduring Freedom was Coast Watch South, which was later upgraded to the National Coast Watch System for maritime domain awareness. Under the Duterte administration, the National Coast Watch System was enhanced, with financial support from the US. Raytheon designed and built the National Coast Watch Center's headquarters in Manila and provided facilities in Cebu and Palawan facing the West Philippine Sea.¹⁸ In this way, the AFP has cooperated closely with the US while facing assertive actions by China, especially in the South China Sea.

Although differences over China policy complicated working relations between Duterte and the ex-generals in his cabinet, the latter generally prevailed on key issues of national security.¹⁹ Several incidents generated concern among security experts in 2020, but all were settled in the military's favour.

First, Hanjin Heavy Industry, which maintained the country's largest shipbuilding facility in Subic Bay, went bankrupt and sought possible investors, including from China. Some were concerned about Chinese investment in a strategic bay that had accommodated a US base during the Cold War, and in the end Cerberus Capital Management, a US private-equity company, secured the deal in April 2022.²⁰

Second, a Chinese company proposed building a 'smart' city on Fuga Island, which is a small island close to the Bashi Channel linking the Philippines and Taiwan. Considering the proposal's security implications, the AFP opposed the idea. After several inquiries regarding the business plan, the authorities categorically refused the plan.²¹ The Navy established a new detachment on the island in August 2020.

Third, the Philippines Government completed two projects to prepare for further rehabilitation of the runway on Thitu Island (known as Pag-asa Island in the Philippines) in the Spratly Islands, where the government rotationally stations Navy and Air Force personnel. Manila had hesitated in carrying out the rehabilitation, fearing repercussions from China. Defense Secretary Lorenzana, who visited Thitu Island when the rehabilitation projects were completed, disclosed that he came to the island despite opposition from the Chinese Ambassador to the Philippines.²²

More recently, in January 2022, the Philippines Government announced its intention to procure BrahMos anti-ship missiles in order to have 'anti-access / area-denial' capabilities as part of a credible defence system.²³ Although the AFP spokesperson didn't mention China, experts see this as an attempt to enhance deterrence against China, especially in the South China Sea.²⁴

Therefore, despite Duterte's predilections and China's attempts at vaccine diplomacy, the Philippines maintained a multifaceted stance towards Beijing, reflecting Manila's growing national-security concerns and its preference for US security assistance.

International implications of Covid-19 management and the role of middle powers

As regional partners to the Philippines, Australia and Japan could cooperate more to help manage current and future Covid-related challenges. Australia and Japan are in a more flexible position than the US and China to enhance their cooperation with the Philippines.

Unlike the Philippines' relations with the US and China, diplomacy with Australia and Japan isn't politicised by Filipino leaders. As we've seen, the US is the largest vaccine donor to the Philippines and has enjoyed the highest rate of public trust (42% according to *Social Weather Stations*).²⁵ But US influence has varied depending on the outlook of the incumbent Philippines President, and relations were particularly strained during the Duterte administration. For instance, at one point, Duterte threatened to cancel the Visiting Forces Agreement until the US reversed its refusal to grant a visa to his close aide, Senator Ronald Dela Rosa.²⁶

China has been an important economic partner for the Philippines but it has difficulty gaining trust among the people. Even after its so-called 'mask diplomacy', which sought influence through the provision of medical supplies, China had a -36% trust rating in July 2020.²⁷ Filipinos' traditional distrust of China was exacerbated by Beijing's assertive actions in the South China Sea in the midst of the pandemic in April 2020. The current President, Bongbong Marcos, has adopted some policies that show continued wariness of China, including strengthening security ties with the US.

In contrast, Australia and Japan have steadily developed their relations with the Philippines. President Duterte visited HMAS *Adelaide* when it visited Manila in 2017. He has visited Japan four times since his inauguration in 2016 and has maintained stable relations. Moreover, the public in the two countries recorded high levels of trust in the Philippines: 27% in Australia in July 2020, and 35% in Japan in September 2019.²⁸

After the Covid-19 outbreak, Australia and Japan provided various types of support to the Philippines, including vaccine doses and cold-storage equipment. As we move into a Covid-normal environment, Australia and Japan should consider ways to help the decentralised governments of the Philippines learn best practices from one another. Australia and Japan should also consider support for the newly formed Bangsamoro Autonomous Region for Muslim Mindanao, the government of which has been working on capacity building.

Lastly, Canberra and Tokyo should support the idea of India as an emerging medical hub for Indo-Pacific countries. India wasn't a traditional partner to the Philippines but succeeded in sealing a deal over the BrahMos missile system. In cooperation with Australia and Japan, India could build socio-economic relationships within Southeast Asia.

In terms of democracy and human rights, Canberra and Tokyo should tailor their approach to be effective without needlessly stepping on toes in Manila. Gross and systematic violations of human rights should be called out wherever they occur. But that needs to be coupled with quieter work to effect change. For instance, the Australian and Japanese governments could help support human rights and liberal causes at the grass roots by promoting an independent media and offering technical assistance to support due process and the rule of law.

Notes

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Indonesia: Covid-19 and domestic politics

David Binns

At its peak, the Covid-19 pandemic represented the largest external shock to Indonesia since the regional economic crisis of 1997–98 that precipitated the demise of President Suharto's New Order regime. Indonesia's contemporary democracy is obviously much more robust than the ageing autocracy that preceded it, yet it's still noteworthy that the political effects of the pandemic have been comparatively mild. Nevertheless, as in many other countries, the health crisis highlighted several problems, and some strengths, in Indonesian politics.

In the early months of the pandemic, the central government's response was constrained by policy rigidity on economic development goals. Anti-democratic impulses were also manifest as the pandemic worsened: security forces assigned to civilian health roles used heavy-handed approaches, and controversial legislation was pushed through while social-mobility restrictions inhibited public protests. At the same time, the systemic advantages of post-2005 political decentralisation were reaffirmed in the public mind as some regional leaders exhibited superior responsiveness to the crisis. While the peak of the health crisis has passed, there may yet be political consequences because President Joko Widodo (Jokowi) has been left with a shortened time frame and diminished fiscal capacity to complete his signature program of major infrastructure building.

This chapter starts with a brief outline of the health and economic effects of the pandemic in Indonesia. I then provide an overview of the interplay between political dynamics and government policy. I conclude with an assessment of ongoing consequences and the implications for foreign partners.

The health crisis and economic effects

Covid-19 arrived in Indonesia in early 2020, resulting in a particularly long 'first wave'. The second wave in July–August 2021, involving the more virulent Delta variant, put Indonesia at the global epicentre of the pandemic. Distressing scenes were witnessed as the health system failed to cope. With hospitals filled beyond capacity, queues formed to buy oxygen canisters at inflated prices, large numbers of people were reported to have died at home, and new cemeteries were opened to cope with demand. Reports of daily deaths jumped from 150 to 1,500. But reported statistics understated the number of cases and mortalities: Indonesia had low rates of testing and contact tracing, and official reporting from regions outside the capital was patchy at best. Based on estimates of 'excess mortalities'—the gap between expected and actual deaths from all causes—*The Lancet* concluded that 736,000 Indonesians may have died from Covid-19 during 2020 and 2021, compared with an official recorded total of 144,000.¹ A vaccination program, which started relatively early, was accelerated in late 2021 and achieved a double-dose rate of 60% and a single-dose rate of 72% by 8 May 2022.²

The economic effects hit hardest in 2020, consistent with global trends. GDP shrank over four successive quarters, producing the first recession in 20 years. Real monthly earnings decreased by 10% on average in August 2020 compared to the previous year. Low-skilled workers in the informal economy fared worse than their educated peers in salaried or contractual positions. When the economy picked up strongly in 2021, the balance between

the proportions of the workforce in the formal and informal sectors had shifted towards the latter. Governmental social-protection programs had significant positive impact, mitigating an estimated 78% of the potential effect on poverty rates.³

The pre-pandemic political context

The pandemic occurred at a time when, in the judgement of many local and foreign observers, a number of negative political trends had become entrenched.⁴ Signs of democratic ‘regression’ and ‘decline’, consistent with regional and global patterns, had been identified since the early 2010s and had been noted in international comparative measures of democratic quality, including those produced by Freedom House and the *Economist* Intelligence Unit.⁵ Freedom House had downgraded Indonesia’s overall rating from ‘free’ to ‘partly free’ in 2014.⁶

Increased polarisation between Indonesia’s secular-nationalist and Islamist political traditions had been a key feature of that decline. The manipulation of communal divisions by the government’s opponents on the Islamist side prompted illiberal countermeasures. They included legislation that allowed the government to ban community organisations selectively;⁷ the use of a law against ‘hate speech’ to prosecute political opponents and critics, contributing to a rise in public hesitance about expressing political opinions;⁸ the re-entry of security services to some civilian roles; and the involvement of police in efforts to find political opponents guilty of criminal offences.

Some of those measures have reflected competition within the political elite; others, however, help politicians on all sides to protect their collective interests.⁹ Examples of measures that benefit established politicians include weakening the powers of the Corruption Eradication Commission (*Komisi Pemberantasan Korupsi*, KPK), which has prosecuted numerous parliamentarians and other senior political figures, as well as regulations to restrict the establishment of new parties. The tendency to form large coalitions in government supports the view that Indonesian politics has a cartel-like quality.¹⁰ The current government coalition includes seven of the nine parliamentary parties, including the Greater Indonesia Movement, led by Prabowo Subianto, who was Jokowi’s rival in the past two elections.

The rise of popular figures in the regions has also prompted defensive reactions from national-level politicians. Since 2005, direct elections of local leaders have produced a trickle of new politicians with strong grassroots support who become viable candidates for positions on the national stage. Polling indicates a broad community preference for such figures.¹¹ Yet politicians at the centre have repeatedly proposed a return to a system in which local leaders are instead chosen by local parliaments, which are inevitably dominated by centrally based parties.

Public policy in the years leading up to the pandemic was characterised by the prioritisation of economic development and modernisation. Some analysts have argued that a single-minded ‘new developmentalism’—a focus on tangible signs of development such as GDP growth rates, modern infrastructure and technologically advanced industries—has overtaken the Jokowi administration’s earlier priorities, such as human rights, good governance and the elimination of corruption.¹² Jokowi has been criticised for deprioritising the delivery of services to the poor, such as education and health. He has pushed back against the criticism, arguing that infrastructure, widely regarded as neglected in the past two decades, is key to international competitiveness and ultimately to community welfare. It’s clear that he also regards the construction of new infrastructure as central to his personal legacy.

Political comorbidities

When the pandemic arrived, these concurrent trends in politics and policy hampered effective government responses and were in some cases exacerbated by it. In the initial stages, a strong tendency to downplay the seriousness of the health risk, largely out of concern that social movement restrictions would damage the economy, resulted in missed opportunities to prepare for the disease even when it was clear from trends in nearby countries

that a large outbreak was inevitable. The national government's perceived lack of leadership at that stage became a target of sharp domestic criticism.¹³ Various wildly anti-scientific claims asserting that Indonesia wouldn't be greatly affected, including from a highly idiosyncratic health minister, contributed to government failures to introduce social restrictions to limit the spread of the virus. The WHO cautioned Indonesia to take the risk more seriously.

Even when it became clearer that Indonesia was being severely affected, the promotion of tourism and other economic interests wasn't curtailed.¹⁴ In May 2020, the President's call to adapt to a 'new normal', effectively living with the virus, gave at least equal emphasis to productivity as it did to community health. The government's Covid-19 Task Force was dominated by economic figures.¹⁵ The prioritisation of the economy was still evident during the Delta wave a year later, when Jokowi refused to implement a sweeping lockdown recommended by health officials. After receiving representations from business leaders, he introduced a more limited series of measures instead.¹⁶

There were good reasons for the government to worry that lockdowns would drive up poverty and exacerbate the economic downturn. There was also obviously a need for people in Indonesia's large informal sector to remain mobile in order to deliver services and goods. But other governments in the region with comparable challenges seemed to do better balancing economic and health priorities, and particularly in setting up testing regimes.¹⁷

The religious polarisation that affected the Jakarta election in 2017 and the presidential election in 2019 also had an impact in the early stages of the pandemic. The government feared a backlash from the Muslim community if movement restrictions were imposed during Indonesia's major religious holiday season, Lebaran. Confusing official advice resulted in a surge of domestic travellers that accelerated the spread of the virus.¹⁸

Dysfunctional relations between political rivals at both the national and the regional levels were also a problem. In the absence of national-level direction in the early weeks of the pandemic, community groups and local governments stepped up with their own public-health measures.¹⁹ Jokowi pushed back when his rival, Jakarta's Governor, Anies Baswedan, tried to implement lockdown measures. The Jokowi administration established a system to approve subnational public-health measures but delayed providing the approvals. Even so, many regional government leaders, including lower profile figures at the city and rural *kabupaten* levels, were perceived as having responded better than the national government in areas such as movement restrictions, sourcing testing kits and establishing testing regimes.²⁰

The administration's tendency to involve the military (*Tentara Nasional Indonesia*, or TNI) in an expanding range of civilian affairs was again evident during the pandemic.²¹ Many governments mobilised militaries during the pandemic but Indonesia went further than most. Senior TNI and National Police (Polri) figures were given leadership roles in the Covid-19 Task Force. A presidential instruction in August 2020 mobilised 340,000 TNI members to help oversee compliance with Covid-19 protocols and assist in dispensing vaccines. The legality of this was questioned and TNI drew criticism for imposing on-the-spot corporal punishments for violations of public-health measures. One non-governmental crowd-sourced Covid-19 information site said, for example, that the TNI's involvement had resulted in a 'heavily militarised approach, leaving public health elements and principles behind'.²² The securitisation of the government's pandemic response also raised concerns about the military trying to resume a political role, although some longstanding observers of civil-military relations have discounted this prospect.²³

The pandemic also exacerbated an existing trend towards the weakening of anticorruption institutions. For example, a new law on financial stability drew criticism for appearing to provide immunity from prosecution to those involved in managing pandemic-response programs, ostensibly to speed up disbursement.²⁴ There was clear corruption in some cases. The Social Affairs Minister was convicted for receiving bribes from suppliers of food packages. He was replaced by a famously scrupulous figure, Tri Rismaharini, a former mayor of Surabaya. In other cases, the whiff of corruption damaged public confidence. Much media attention in late 2021 focused on two senior ministers' links to a company conducting PCR tests for Covid-19. Both explained that they had received no financial benefits, but accusations persisted that they had at least failed to avoid a conflict of interest.

One of the more trenchant accusations against government in this period is that policy and legislative measures expected to be unpopular were advanced at a time when health-related regulations prevented public protests.²⁵ In one case, a large package of economic legislation (the ‘omnibus bill’), which included controversial provisions for employment and the environment, was submitted to parliament in 2020 with only a truncated time frame for debate. Protesters against the bill were detained for violating Covid-19 restrictions, and some were allegedly beaten in police stations.²⁶ In another case, 57 corruption investigators at the KPK were dismissed after failing a ‘national vision test’ of political and cultural views that seemed aimed at weeding out diligent staff.²⁷ The resulting demonstrations, which were constrained by pandemic public-health restrictions, were much more muted than the huge protests against the revision of KPK legislation in 2019.²⁸ In the same vein, a mining law that attracted protests in 2019 was fast-tracked and pushed through in 2020. Lastly, the high-profile Islamist opponent of the government, Rizieq Shihab, and several of his followers were jailed for breaches of Covid-19 protocols.²⁹

Long Covid politics?

Analysts and commentators continue to debate the long-term political consequences of the pandemic. After the early months, when inadequate responses led to sharp public criticism, there was speculation that Jokowi’s political standing might be damaged and that voters might register their disapproval in future elections. Jokowi’s approval ratings did indeed decline to five-year lows of around 59% in mid-2021 but they recovered to be over 73% in early 2022. His authority within the coalition government also appeared robust: indeed, key coalition partners even lobbied to have his presidency extended beyond the current constitutional limit.

Other analysts identified a risk that the government’s pandemic response would accelerate democratic decline. Yet with the worst of the health crisis appearing to have passed by late 2021, and, as vaccine distribution and receptiveness to scientific advice improved,³⁰ it became possible to assert that, notwithstanding the serious loss of life, Indonesia had ‘not been deeply scarred’ by the pandemic and that political and economic stability had been maintained.³¹

Even so, at the time of writing in mid-2022, the full political and economic consequences of the pandemic remain unclear. The pandemic has compressed the time frame available for Jokowi to cement his historical legacy through an ambitious program of infrastructure construction. In May 2020, he stated that the infrastructure program should continue to be implemented despite the pandemic.³² Not surprisingly, however, by August 2021 the Minister of Public Works had reported that a number of ‘national strategic projects’ had been delayed as a result of absences of workers and the inability to meet landowners to negotiate acquisition deals.³³ Jokowi subsequently stipulated that no project should be left incomplete at the end of his term in 2024.³⁴

Financing for infrastructure was also affected by the pandemic. In 2022, the government acknowledged that its budget, intended to support 37% of the costs of the infrastructure program, had been under stress as a result of pandemic-related expenditure.³⁵ The 2023 budget included a 7.8% increase in the infrastructure budget;³⁶ state-owned enterprises and private investors are covering the remainder. Part of the strategy is for the government’s new sovereign wealth fund, the Indonesia Investment Fund, which is open to international investors, to buy state-owned assets (for example, toll roads) from state-owned enterprises (SOEs) in order to provide those entities with funds for new infrastructure.³⁷

Infrastructure project governance is also a concern. Finance Minister Sri Mulyani Indrawati counselled officials to keep a close eye on governance even when under pressure to speed up construction projects.⁴¹ The sector has historically been one of the largest sources of corruption cases in Indonesia. The NGO Indonesia Corruption Watch warned in 2017 that the establishment of the National Strategic Projects program necessitated additional government efforts to ensure that the vast funds involved didn’t become a new ‘bank’ for corrupt politicians, bureaucrats and businesses.⁴²

The potential for major public scandals in the infrastructure program may have been minimised in part by the government's efforts to reduce red tape and simplify bureaucratic processes, which is Jokowi's preferred approach to reducing corruption.⁴³ But the number of investigations has also declined, and the main focus for the KPK has recently been at village level. Critics have questioned whether major infrastructure projects have faced similar scrutiny.⁴⁴ Some news media, however, have continued to look for evidence of corruption in major projects.⁴⁵ Any significant allegations involving senior government figures could be used for populist anti-elite messages ahead of elections in 2024.

The authoritarian trends in government observed before and during the pandemic may also affect the infrastructure program. Addressing regional police chiefs as the pandemic ebbed in late 2021, Jokowi threatened to dismiss officers who failed to 'escort and safeguard' (*kawal dan jaga*) investments from the private sector and SOEs.³⁸ Indonesian commentators observed that this could be interpreted as asking police to support investment projects legitimately opposed by local governments or communities, as many have been.³⁹ An NGO, the Consortium for Agricultural Reform, reported that the number of conflicts between rural communities and national strategic projects over land had more than doubled in the past year.⁴⁰

A further effect of the pandemic has been to highlight the added complexity that decentralisation brings to Indonesian national politics and public administration. The pandemic exposed regional disparities in service-delivery capacity, driving calls for improved coordination and national support. For example, there have been efforts to improve processes for disbursement of national health-related funds.⁴⁶ Consistent with prevailing patterns of patronage-style politics at the local level, some regional politicians reportedly attempted to re-badge pandemic assistance provided by other tiers of government for pork-barrelling advantage.⁴⁸

At the same time, good performance in some regions enabled a few regional leaders to demonstrate superior responsiveness to community needs. This strengthened the claims of high-profile provincial governors in Java such as Ganjar Pranowo, Anies Baswedan and Ridwan Kamil for nominations in forthcoming presidential elections.⁴⁷ The overall effect of these dynamics is likely to be the reinforcement of public support for the system of direct popular elections, against the background of sporadic efforts by politicians in Jakarta to revert to the pre-2005 system of having regional leaders appointed by local legislatures (which are dominated by Jakarta-based parties).

On balance, regional government performance during the pandemic supports a view of decentralisation and has functioned as a leaven to oligarch-dominated party politics in Jakarta. Regional leaders have recently constituted a substantial proportion of prospective candidates for nomination in presidential elections. Most who rise to that level have reputations for being 'clean', service-focused and reform-oriented, and for having relatively tenuous relations with the political parties. Such figures may ultimately be 'captured' or co-opted by established elites in Jakarta, but their continuing emergence at least offers some prospect of separating older elites from the levers of formal state power and injecting into governance some measure of policy dynamism derived from public service delivery. This interaction between central and regional politicians is, however, a two-way street. Prominent political figures from Jakarta with dynastic aspirations have shrewdly started putting forward their own children as candidates in local elections.

Implications for foreign partners

The pandemic impeded international governmental and commercial engagement. Politics is now (mid-2022) increasingly focused on the 2024 presidential election, but there remains strong interest in attracting foreign investment in infrastructure. Early participants in the program, notably the United Arab Emirates appear to have been able to leverage substantial investments for enhanced diplomatic standing.⁴⁹

Whether an emphasis on infrastructure will continue under a post-Jokowi government is unknown. That injects an element of risk for investors, as is occasionally noted by Indonesian commentators.⁵⁰ But it's also clear that Jokowi's prioritisation of infrastructure building is more reflective of a historical norm, and Indonesia's abiding economic

needs, than the preceding decade of relative inattention to the sector.⁵¹ It would therefore not be surprising if Jokowi's successor maintained an emphasis on infrastructure. In the meantime, the electoral cycle may increase pressure for quick results, potentially raising governance risks for foreign partners. Even in less pressured times, the Australian Government's 'aid investment concept' for infrastructure in Indonesia in 2015 noted that fraud risks were 'high'.⁵²

Finally, the good performance of a number of regional leaders at provincial and subprovincial levels during the pandemic should encourage foreign partners to broaden their outreach beyond Jakarta, getting closer to decision-makers and policy innovators in the regions.

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The Indo-Pacific military balance after Covid: more of the same, so far

Ulas Yildirim and Malcolm Davis

As countries across the Indo-Pacific region started experiencing the devastating impact of Covid-19, analysts pondered the pandemic's geostrategic consequences, including its effect on military power. With China and the US by then deeply engaged in strategic competition, the security outlook for the region was already threatening. The central question for the region's security outlook was how the pandemic would affect the military balance, especially its relative effect on the great powers. Now, in 2023, as the pandemic recedes in its intensity, the short answer is that the pandemic has not, in itself, had a major impact on the balance of power; nor has it been a significant driver of regional insecurity.

Nonetheless, the pandemic left a mark on militaries' preparedness, which could have had serious strategic repercussions had the effects persisted longer. In addition, the pandemic's longer term economic impact, both regionally and globally, may skew current or planned defence expenditure in the coming years, especially for those governments most answerable to political scrutiny and social pressures.

Even though the pandemic hasn't transformed the strategic landscape, at least in the short term, the experience of the past few years yields lessons that the US and its partners should learn from.

The Indo-Pacific outlook then and now

The Indo-Pacific security environment was already complex at the onset of the pandemic, including with a range of non-traditional security problems such as terrorism and transnational crime. It was already evident that the effects of accelerating climate change would exacerbate insecurity for decades to come, including second-order effects such as mass migration and civil disorder.¹

The region was also facing an array of traditional security threats. North Korea's nuclear weapons and missile programs have long threatened to create a major crisis on the Korean Peninsula and drive further proliferation.² In 2019, Pyongyang resumed regular ballistic missile testing, ending a brief hiatus around the Kim–Trump summit in Singapore in 2018.

But the most profound strategic problem shaping the region over the past decade has been the return of great-power politics, which was evident before the onset of the pandemic. Since Xi Jinping became paramount leader of China in 2012, Beijing has made clearer its intent to end US primacy in the region, exclude the US's forward military presence and alliance network, and establish in its place a Chinese-led 'community of common destiny'. In parallel, the US has spent much of the past decade reorienting its grand strategy away from international terrorism, and back towards deterring and preparing for major-power conflict with China (the 'pacing threat')³ or Russia ('the acute threat').

The potential for this strategic competition to turn into a military conflict in the Indo-Pacific has been growing for years. Tensions have risen due to a range of factors, including China's militarisation of the South China Sea, its territorial disputes with India and Japan, and its involvement in the Southwest Pacific, including its security

agreement with Solomon Islands, which could ultimately lead to a Chinese military presence a mere 2,000 kilometres from Australia's east coast.⁴

However, China's intentions regarding Taiwan have been the primary threat to regional peace and stability. Beijing has long expressed its ambition for China's 'complete reunification' by extending Beijing's rule over Taiwan and has never renounced the use of force if that can't be achieved peacefully. The pandemic hasn't changed Beijing's stance towards Taiwan, which Xi reiterated in his opening speech to the 20th Communist Party Congress in October 2022.⁵

No marked strategic-level impact

The pandemic didn't fundamentally alter existing trends in the regional military balance, although some existing trends in capability development accelerated. The pandemic didn't seriously affect military spending or the evolution of regional force structures, although there may be longer term effects that aren't evident yet. Key states didn't make significant cuts in defence spending to finance the fight against the virus.⁶

China also maintained its strategic focus and capability development despite the pandemic. Beijing has been building the PLA's capabilities for years. At the onset of Covid-19, the PLA was already in the process of rapid modernisation, including expanding its space and nuclear forces,⁷ its capability for so-called counter-intervention operations (known in the West as anti-access/area-denial or 'A2/AD') and developing a power-projection capability based on the PLA Navy's growing force of aircraft carriers.⁸ The PLA Navy is the world's largest navy in terms of numbers of vessels, and the PLA Air Force now fields 5th-generation combat aircraft.⁹ The modernisation of the PLA has significantly increased Beijing's prospects for mounting a successful invasion of Taiwan, and some officials and commentators have expressed concerns that this could happen as early as the second half of this decade.¹⁰

In the face of a growing challenge from China, defence relationships that existed prior to the pandemic have remained in place and in some cases have deepened. The signing of the AUKUS agreement between Australia, the UK and the US in September 2021 and the re-establishment of Quad leaders' meetings both occurred during the pandemic. In addition, the China threat is prompting greater defence spending in the Indo-Pacific region, despite the economic effects of the pandemic. In its analysis on Asian defence spending, the International Institute for Strategic Studies' *Military balance* report for 2022 states that:

Asian defence budgets have proved resilient, with little evidence to suggest the pandemic has derailed planned investments in the defence sector. Regional defence spending growth slowed from 5.3% in 2019 to 3.4% in 2020, but crucially only a handful of countries implemented cuts, with others choosing to rein in spending plans instead. Indeed, defence budget increases were maintained in 2021, with real growth reaching 2.8%. This is still far below the average 4.9% rate of growth seen between 2008 and 2018 but is an indication of the resilience of defence spending to wider economic pressures.¹¹

Strategic implications of supply-chain disruption

In contrast to its limited effects on the military balance and spending, the pandemic has revealed the fragility of global supply chains,¹² which could have long-term implications for military preparedness and alliance structures.

The threat to global and regional supply chains, whether in economic or strategic terms, has been heightened by the shift to 'just in time' logistics, which assume a steady flow of resources without accounting for disturbances such as wars, natural disasters and pandemics. Covid-19 exposed this inherent vulnerability. The pandemic highlighted how strategic shocks and 'black swan' events, which happen without warning, affect global supply chains and strain states' capacity to respond and adapt.

The pandemic has raised questions about which areas of industrial capability require greater sovereignty, rather than relying on fragile supply chains. As serious as this issue is in economic terms, it's even more vital when

geostrategic interests are at stake. For example, the prospect of a major crisis over Taiwan occurring as early as the second half of this decade has generated greater attention to national resilience and sustainability for military forces, including potentially for protracted high-intensity major-power warfare. To ensure supply in a conflict, countries in the region would need to manufacture advanced weapons locally, and either produce their own fuel or hold greater reserves, rather than relying on overseas supplies.

To address this challenge, some allies, such as the US and Australia, have taken further steps towards common capability development and a shared industrial base. The US's allies have also stepped up burden sharing, including through investment in key capabilities that align with the US's concept of integrated deterrence.¹³ AUKUS is a prime example of these trends.

Australia is also moving in this direction by investing in its sovereign guided weapons and explosive ordnance (GWEO) enterprise.¹⁴ This will support not only the ADF's operational requirements but also, ultimately, other US and Australian defence efforts. These trends also underpinned the Defence Strategic Review published in April 2023.¹⁵

Covid-19's tactical-level military impacts

The pandemic also had an impact at the tactical level by bearing on aspects of military readiness. It disrupted the conduct of annual large-scale military exercises,¹⁶ affecting the preparedness of individual military elements and force-generation activities in the region. This demonstrated how unprepared militaries and governments alike were for an event like a global pandemic.

What happened to the US aircraft carrier, USS *Theodore Roosevelt*, best illustrates this lack of readiness and loss of capability. In March 2020, an outbreak of Covid-19 on board infected more than 1,000 of the ship's 5,000-strong crew.¹⁷ Ninety per cent of the crew spent several weeks quarantined on Guam, leaving just a small crew on board to maintain the ship's nuclear reactors. The ship's captain was removed from command due to a perception that he had mismanaged the outbreak, although he was later reinstated.¹⁸

In short, the virus put out of action one of the US Navy's aircraft carriers for a number of weeks. The incident exposed the fact that, while the US Navy had assiduously rehearsed responses to emergencies such as battle damage and fires, it wasn't ready to address the unique characteristics of a viral pandemic that proved just as capable of reducing the readiness and operational effectiveness of capabilities during a critical period.

That shortcoming wasn't limited to the US Navy. Similar incidents were reported on the French aircraft carrier *Charles de Gaulle*,¹⁹ the UK aircraft carrier HMS *Queen Elizabeth*,²⁰ the UK nuclear ballistic-missile submarine HMS *Vigilant*²¹ and the Dutch submarine HNLMS *Dolfijn*,²² further demonstrating the inherent difficulties in containing viral spread in the confined space of a fully crewed naval vessel.

Another tactical consequence of Covid-19 was the demands it placed on militaries across the region to respond to the pandemic itself. In many countries, national authorities sought military support to combat the spread among the population, and the military was seen as a critical component of national crisis response.²³ In Europe, for example, the military was used for transporting patients and supporting hospitals and nursing homes, as well as sample collection, diagnostic testing and tracing of contacts—all of which directly affected the preparedness of the military. Across Southeast Asia, too, militaries found themselves doing everything from providing logistical functions to enforcing lockdowns and quarantine.

The situation was similar in Australia. Operation Covid-19 Assist was established under the Defence Assistance to the Civil Community arrangements and headed by a lieutenant general. At its peak, this required thousands of ADF personnel to assist in emergency activities, including hotel quarantine and contact tracing.²⁴ Notably, Operation Covid-19 Assist was established shortly after the devastating national bushfires of 2019–20, during which 6,500 personnel had already performed tasks assisting local communities dealing with the fires and their aftermath.

While the bushfire and pandemic responses were considered exceptional for the ADF,²⁵ they're part of a growing trend that's seen military assets diverted to civil operations.²⁶ The effect that this trend has had on the ADF's ability to perform its national-security role was highlighted in a 2020 report released by the Royal Commission into Natural Disaster Arrangements in relation to the bushfires.²⁷ It provided an insight into the impact that the Defence Assistance to the Civil Community measures were having on ADF preparedness and concurrency issues. In the report, the chair of the commission stated that the ADF didn't have an endless capacity or capability for activities that took it away from its primary role of defending and protecting the nation. Similar points were made in the Defence Strategic Review, which argued that the ADF should provide domestic aid to the community only as a 'last resort'. The same principle would apply in a pandemic as in a bushfire. The Australian Government has agreed to develop alternative mechanisms to alleviate the strain on the ADF as part of next year's National Defence Strategy.²⁸

Functioning in a Covid environment tested the operational flexibility of the ADF. For instance, quarantine requirements to and from overseas operations—such as the ADF's commitment to the international effort to enforce UN Security Council sanctions on North Korea (Operation Argos)—meant that ADF personnel were spending extended periods in quarantine and out of action.²⁹ The varying application of isolation rules among Australia's states and territories imposed an additional strain, especially when some were implementing a Covid-zero strategy and closed borders, adding extra time and bureaucratic layers for travelling ADF personnel.³⁰ That not only affected the ADF's mobility but also delayed collective training and exercises for force-generation activities. Therefore, at its peak, the pandemic left a mark on the ADF's readiness and preparedness, as it did for other militaries to greater or lesser degrees.

However, the operational effects of the pandemic were relatively short-lived and were mitigated to some degree. Military exercises such as Pitch Black and RIMPAC have been reconstituted, and the joint US – South Korea Ulchi Freedom Shield exercise in August 2022 was the largest exercise of its kind since 2017.³¹ But, had the pandemic's peak not been dramatically shortened by the rapid development of vaccines and treatments, the mark left by the virus could have been deeper and more enduring.

Known unknowns

A more significant consequence of the pandemic for the regional strategic balance is its longer term impact on the global economy, such as countries' fiscal situations and political conditions, as those factors affect countries' capacity to sustain military expenditure.

While many economies recovered relatively quickly, particularly in terms of employment and growth, the cost of pandemic-response measures has driven up national debts. The ongoing effects of extraordinary monetary policy during the pandemic have combined with a range of factors, including Russia's invasion of Ukraine, the effects of climate change, pent-up demand, and China's maintenance of a zero-Covid policy until December 2022, to raise and entrench inflation globally.

The International Monetary Fund is predicting that the global economic slowdown will be more pronounced in developed economies.³² The US is among the Western countries expected to move into a recession in 2023.³³ Countries in economic stress will struggle to sustain or increase defence spending, but this is particularly the case for democracies. However, the US has the advantage that it can borrow more reliably and cheaply to support military spending because the dollar is the global reserve currency.³⁴

The long-term economic consequences of the pandemic could affect ambitious plans for defence spending increases in some Western countries. In the UK, Prime Minister Rishi Sunak has set an ambition for defence spending to rise to 2.5% of GDP, without specifying a time frame.³⁵ In the Indo-Pacific, Japan must implement its plans for a dramatic increase in defence spending to 2% by 2027.³⁶ Prime Minister Anthony Albanese has pledged that defence spending will rise to pay for AUKUS and the other capabilities required to meet the challenging strategic environment outlined in the Defence Strategic Review, but no new money has yet been announced, and analysis by ASPI has revealed declining defence spending in real terms.³⁷

Autocracies like China have greater means to prioritise military spending regardless of popular sentiment, which they can shape or suppress with tools such as surveillance, propaganda and coercion. Given that the long-term economic effects of the pandemic are still unwinding, that could have implications for the relative balance of power. It would also be relevant to the next ‘black swan’ event affecting the Indo-Pacific.

Lessons

In summary, the Covid-19 pandemic has as yet had limited effect on the regional military balance. The pre-pandemic trend of rising great-power competition in the region has continued on broadly the same trajectory. In general, military budgets across the region proved resilient to economic pressures, although the long-tail effects aren’t yet fully known. It’s also yet to be seen whether governments of democracies such as Australia can persuade the public to accept significant increases in military spending against economic headwinds. It’s likely that autocracies like China will be less prone to such popular pressure.

Covid-19 showed how militaries and governments alike were ill-prepared to deal with the effects of a pandemic, even though the risks posed by epidemics were foreseeable. Levels of military preparedness dipped during the acute phase of the pandemic, reflecting the direct effects of public-health measures and the transfer of military personnel to pandemic-response roles. However, the region-wide impact of the pandemic militated against a marked shift in the balance of power. There were instances of military opportunism, notably by China, but they reflected pre-pandemic behaviour more than a shift in strategy.³⁸

The pandemic has provided valuable lessons that can help preparations for the next disruptive ‘black swan’ event in this region. It highlighted the potential of bioweapons, especially if advances in gene-editing give malign states the capability to tailor such weapons to target specific populations.³⁹ While all countries eventually abandoned zero-Covid policies, the pandemic revealed that states’ capacity and populations’ receptivity to draconian crisis-response measures differ between countries, which could have implications for other crises, including wars. The pandemic also exposed the fragility of supply chains, which again has implications for deterrence and conflict preparedness.

The pandemic has given countries the chance to take stock of their vulnerabilities and take corrective action. This includes de-risking precautions when engaging with China, as announced at the G7 summit in Hiroshima in 2023,⁴⁰ diversifying defence cooperation, and building more resilient supply chains among trusted partners.

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Vaccine diplomacy and Southeast Asia: lessons learned from Covid-19

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Within months of Covid-19's emergence outside China in early 2020, observers of international politics were starting to identify a new phenomenon in foreign affairs: vaccine diplomacy. There have been multiple assessments made of who was 'winning' this new front in the evolving geopolitical contest between China and the US (and its partners).¹ This chapter reviews this issue as it stood in December 2022, at the end of the pandemic's third year. I consider how, and to what extent, the experience of the pandemic has added to, or detracted from, the influence and 'soft power' of the major powers within Southeast Asian nations. I also considers policy options stemming from lessons learned from the region's experience.

First come, first served

The pandemic's first year provided case studies in a state's capacity to limit reputational damage and advance its interests by restoring its standing and influence through adroit behaviour and diplomacy; and, conversely, to harm its interests and weaken its standing and influence by doing the opposite.

China exemplified the first of those phenomena. The source of the virus, China was criticised after it became apparent that Beijing hadn't met reporting obligations to the World Health Organization (WHO). The Chinese Government was alert to the risk that sentiment posed to China's regional influence and set about changing it, with some success. Even before vaccines started appearing, China used its domination of the PPE market to reshape perceptions of itself as the critical actor. After initially suspending exports of respirators, masks and face shields, medical gloves and gowns, and other PPE,² and even importing some PPE to battle its own outbreak, China began resuming PPE exports by April 2020. By the year's end, China's exports had more than doubled as global demand for PPE soared with the rapid spread of the disease, notwithstanding a surge in the goods' prices.³

Under what became known as 'mask diplomacy', a proportion of those supplies to foreign countries took the form of donations from both the Chinese Government and private donors eager to keep in lockstep with the regime. Regional states, especially ones Beijing deemed close or geopolitically significant partners, were among the early recipients. China's closest friend in the region, Cambodia, received donations of PPE and medical supplies as well as an anti-epidemic medical team by late March 2020. In the same month, Thailand and Vietnam received similar donations. So did Myanmar, Laos, the Philippines, Malaysia and others over the following months.⁴

Beijing was equally quick to use its information dissemination and communication tools, ranging from its network of embassies to media outlets, to promote its Covid response in those countries.⁵ In March 2020, President Xi Jinping started widely promoting the concept of a 'Health Silk Road'—a health-sector adjunct to China's Belt and Road Initiative that would focus on combating the pandemic.⁶

Given the pandemic's Wuhan origins and the biological data that first yielded to its scientists, China was unsurprisingly an early contestant in the race to a vaccine. By May 2020, President Xi was already touting China's vaccine development and distribution plans as a 'global public good' that would give developing countries access to

affordable supplies.⁷ China reserved for Southeast Asian states almost half of an initial commitment of 250 million doses of vaccines destined for foreign partners.⁸

Beijing soon found willing partners across the region for its vaccine cooperation. In June 2020, Indonesia became the first country to strike a deal with China that extended beyond vaccine procurement when its state-owned firm, PT Bio Farma, agreed to cooperate with the Chinese firm Sinovac Biotech Ltd on clinical studies and vaccine manufacturing. The first of the trials for Sinovac's 'CoronaVac' was conducted in August in Bandung, after which Indonesia secured priority access to 40 million doses of bulk vaccine to be delivered by March 2021 as part of a licence to produce CoronaVac.⁹ By July 2020, then-Philippine President Rodrigo Duterte was among those appealing to his counterpart for priority access to Chinese vaccines, in the process pledging not to confront China over its actions in the South China Sea. Malaysia signed an agreement with China in November aimed at boosting bilateral cooperation on vaccine development and production.¹⁰

Offers of vaccine assistance became a central plank of Chinese Foreign Minister Wang Yi's outreach to ASEAN states, especially during his visits in the region in late 2020 and early 2021. Those offers first came to fruition in Indonesia in January 2021 when, months in advance of the WHO's approval of the vaccine and despite concerns emerging elsewhere¹¹ about the transparency of China's clinical trials and its vaccines' efficacy, President Joko Widodo became the first non-Chinese leader to get a jab of CoronaVac; nearly 800,000 medical workers and others followed suit soon after. In February, Cambodia received its first shipment of 600,000 doses—its arrival greeted on the tarmac by Prime Minister Hun Sen.¹² A day later, Laos got its first shipment of 300,000 doses.¹³ With Thailand's hopes for licensed domestic production of AstraZeneca vaccine faltering,¹⁴ Thai Premier Prayut Chan-o-cha also turned to China and was reportedly among the first to be vaccinated after Bangkok received its initial order of 2 million Sinovac shots.¹⁵ The first Malaysian to get the vaccine was the then-minister responsible for the national immunisation program, Khairy Jamaluddin, after the first batch of Sinovac's vaccine also arrived in February, to be followed by another 12 million doses (of which half a million were donated) in the subsequent four months.

In May 2021, Duterte received the Chinese Sinopharm vaccine, injected by his own Health Minister, even before his national authorities had approved its use.¹⁶ He welcomed 1 million donated doses several months later, describing China's Covid support as 'a testament to the goodwill of the Chinese government and the deep strong relations between the Philippines and China'.¹⁷ By August, an average of 5 million doses was arriving per month from China. Even Vietnam, which had resisted appropriating large supplies of Chinese vaccines due to historical antipathy and tensions caused by China's actions in the South China Sea, accepted several million doses from both official and Chinese corporate sources (albeit under certain conditions).¹⁸

A striking exception to this regional pattern was Singapore. While it, too, received some Sinovac doses in February 2021,¹⁹ it had already received its first batch of the Pfizer–BioNTech vaccine in December 2020 and begun vaccinating healthcare workers. The key reason for Singapore's distinction was its wealth. Like other developed nations, it had been able to secure contracts for Western vaccines at prices the region's developing countries struggled to meet. It lost little time in approving the Pfizer and Moderna vaccines but hadn't done the same for Sinovac by the time its shipment arrived.

By mid-2021, therefore, China was meeting its commitment to provide the region with affordable, reasonably effective vaccines and other Covid-related support, earning plaudits from regional leaders and governments. Media images of leaders getting injections of China's vaccines were a shot in the arm for China's regional standing, shifting the narrative from China as the source of the pandemic to China as its solution. However, China's use of that support to 'expand its political influence' in recipient countries wasn't lost on some officials and civil-society representatives.²⁰

‘America first’ means American vaccine diplomacy lags

In contrast, the US and other Western nations were largely missing in action in Southeast Asia throughout the first year of the pandemic’s impact on the region. US President Donald Trump hardly won any regional friends when it came to the pandemic. His ‘America first’ rhetoric exemplified his Covid response and the broader trend among wealthy nations of ‘vaccine nationalism’. In April 2020, with the disease already starting to devastate the US, Trump imposed short-lived export bans on US-produced PPE. Once US-developed vaccines appeared, his administration hoarded enough of them to fully inoculate US citizens twice over.²¹ His administration refused to join the WHO-backed, Gavi-administered COVID-19 Vaccines Global Access (COVAX) initiative that aimed to deliver billions of vaccine doses to developing nations, and generally showed no inclination to share US vaccines.²² And, as Chinese vaccines flooded into the region in the final days of his presidency, news leaked out about Trump’s proposals to slash foreign aid by US\$27 billion, including support for global vaccine distribution.²³ The disparity between the actions and optics of the Trump approach and those of Beijing couldn’t have been more glaring for Southeast Asians.

In contrast, President Joe Biden changed the US approach almost immediately after gaining office. He announced that the US was rejoining the WHO and COVAX. Beset by the persisting domestic impact of the pandemic, the administration took some months to authorise the export of US-produced vaccines. But, in May 2021, Biden announced that the US intended to donate 80 million doses worldwide, of which 20 million would be US-produced vaccines (the remainder consisted of AstraZeneca vaccine that the administration had purchased but not authorised for domestic use).²⁴

Two months earlier, in March, President Biden had taken an even more geopolitically significant step by convening the first leader-level meeting of the Quad countries, from which emerged a joint commitment to respond to various global security challenges, including ‘the economic and health impacts of COVID-19’. As the summit’s joint statement put it:

Building on the progress our countries have achieved on health security, we will join forces to expand safe, affordable, and effective vaccine production and equitable access, to speed economic recovery and benefit global health. With steadfast commitment to the health and safety of our own people, we also recognize that none of us can be safe as long as the pandemic continues to spread. We will, therefore, collaborate to strengthen equitable vaccine access for the Indo-Pacific, with close coordination with multilateral organizations including the World Health Organization and COVAX.

The statement also announced that ‘We will combine our nations’ medical, scientific, financing, manufacturing and delivery, and development capabilities and establish a vaccine expert working group to implement our path-breaking commitment to safe and effective vaccine distribution.’²⁵ Under that commitment, Japan and the US agreed to finance the production of 1 billion doses of non-mRNA Covid-19 vaccines in India (including those of US firms Novavax and Johnson & Johnson), which Australia would then distribute across the Indo-Pacific region.

By mid-2021, then, the US and its main strategic partners in the region were starting to offer Covid- related support in Southeast Asia. ASEAN states finally started receiving donations of non-Chinese (and non-Russian) vaccines in significant quantities. In July, Vietnam received a US donation of 5 million Moderna doses through the COVAX facility, along with US\$20 million of additional Covid-related assistance. The Philippines received a US bilateral donation of 3.2 million Janssen (that is, Johnson & Johnson) doses, just before a visit by US Defence Secretary Lloyd Austin. A further 3 million Moderna doses arrived in Manila a few days later. Indonesia, Cambodia, Laos, Malaysia and Thailand all received vaccine donations of 1 million doses or more.

The developed nations among the US’s Quad partners donated smaller amounts of vaccines and provided financial support to COVAX and other bilateral health-sector support. In mid-2021, Japan donated nearly 1 million AstraZeneca doses to Vietnam and 1.1 million doses to the Philippines. It also donated US\$800 million to COVAX and gave more than 600,000 shots to Laos via COVAX.²⁶ Similar donations went to Thailand, Indonesia and Malaysia.

Despite problems with its own vaccine rollout, Australia committed at the June 2021 G7 Summit to sharing 20 million doses with Pacific and Southeast Asian neighbours by mid-2022. By September, it had delivered 2.5 million doses across the Indo-Pacific, as well as over A\$100 million to support Indonesia's vaccine rollout, along with A\$130 million to COVAX and another A\$100 million to the Quad's vaccine partnership. For example, it provided nearly 300,000 doses to East Timor and 1.5 million doses to Vietnam in July, and in September it delivered 500,000 of the 2.5 million doses it had pledged to provide to Indonesia by the end of 2021.²⁷ Those doses came from Australia's surplus AstraZeneca vaccines.

The EU and its individual member states (such as Germany, France and the Netherlands) also joined the effort to vaccinate ASEAN states. Besides contributing €2.2 billion to COVAX by the first quarter of 2021, the EU provided €800 million in grants and other aid to ASEAN and its members for pandemic-related health campaigns—a far greater figure than any other ASEAN partner.²⁸ By May 2021, it had already exported commercially over 6 million doses to Singapore and Malaysia and was planning to donate 32 million doses to ASEAN states through the COVAX facility by the end of that year.²⁹ Separately, the UK donated doses of AstraZeneca, including more than 400,000 to Malaysia, as well as other forms of health-sector aid to the region.

India, by then the world's largest manufacturer of Covid vaccines, also began supplying the Indo-Pacific region with its locally produced vaccines as well as others made under licence. Its focus was on the subcontinent and Indian Ocean states, but it also delivered significant stocks to Myanmar. The Quad's plan to massively ramp up production in—and distribution from—India struck a major hurdle, however, when a second, devastating, wave of Covid infections battered the country from April. That led the Indian Government to prioritise domestic needs and suspend vaccine exports, seriously depleting the Quad's capacity to meet its vaccine commitments to the wider Indo-Pacific.

The quality question flares

By mid-2021, therefore, China's competitors in vaccine diplomacy were still behind in the volume of doses delivered to Southeast Asia, and the relative unreliability of Indian-sourced supplies compared unfavourably with China's logistical performance. But the contest for regional vaccine diplomatic primacy took another turn when the region was hit by the Delta variant. By August, many Southeast Asian countries were suffering their deadliest Covid outbreaks to date. Indonesia's toll was particularly high, but Thailand, Malaysia and Myanmar also suffered huge spikes in infections and mortality.

That revived doubts over the efficacy of Chinese vaccines, still dominantly used in those countries, in some cases prompting public protests against governments for depending on China's supplies. Before long, the Indonesian and Thai governments announced that non-Chinese vaccines such as AstraZeneca, Pfizer and Moderna would now be used for second and booster shots instead of Sinovac.³⁰ Malaysia likewise announced that it would stop using Sinovac once its supply ran out.³¹ By September, large shipments of non-Chinese vaccines were arriving from the US and other donors, including COVAX.

The Philippines also steered away from Chinese vaccines and towards Pfizer in particular. While Chinese-vaccine procurement in the Philippines spiked in August, the following month saw more non-Chinese than Chinese vaccines procured. A massive increase to over 19 million (mainly) Pfizer doses in October (versus just 5.5 million Chinese vaccine doses) resulted in non-Chinese vaccines becoming the majority in the total inventory.³²

Sales versus donations

The Philippines situation illustrates the differences between China's mainly sales-oriented vaccine supply to the region and the greater emphasis that the US and others placed on donations. By October 2021, China had sent 43.5 million Sinovac doses, of which just 2 million were donated (along with 1 million Sinopharm doses). In contrast,

the Philippines received roughly 49 million doses of AstraZeneca, Pfizer, Moderna and Janssen vaccines, of which nearly 14 million were donated.

By the end of the first year of Covid-19 vaccinations, the Philippines case was part of a wider pattern in Southeast Asia. With many countries facing another wave and desperate to quickly vaccinate their citizens, China was still selling significant quantities of vaccines, and locally produced or packaged versions of Sinovac were still making up a large proportion of many countries' stocks. But donations constituted a relatively small percentage of the total amount of Chinese vaccines, and the region had lost confidence in the vaccines' efficacy against the Delta and Omicron variants.

In contrast, US and other Western vaccines had become popular across the region, replacing Chinese vaccines because of their greater efficacy against the new strains. By the year's end, the distribution of those vaccines had stepped up markedly, and a far higher proportion was donated by the US, Japan, Australia and other US partners than by China. In August, the US announced that it had already donated 'more than 23 million vaccine doses and over \$158 million in emergency health and humanitarian assistance to ASEAN members', besides also contributing US\$2 billion and 500 million Pfizer doses to COVAX.

2022 trends

That broad pattern persisted in 2022. According to Beijing-based consultancy firm Bridge, China continued to ship considerable stocks of vaccines to Asia-Pacific states, including some ASEAN countries.³³ By April, the Philippines had received a total of 60 million Chinese vaccine doses, while Myanmar's figure had grown to 54 million doses. Besides the production facility in Indonesia run jointly with China and a smaller packaging facility in Malaysia, another joint vaccine-packaging facility was being planned for Cambodia. The Malaysian Government was also exploring opportunities for a joint production facility.

Besides the 938 million doses China had sold thus far to 39 Asia-Pacific countries (which, by Bridge's definition, include Syria, Georgia, Kazakhstan and Oman), China had donated another 97 million doses from the start of the pandemic to the end of August, the vast majority of which was the Sinopharm vaccine. The largest recipient of Chinese vaccines was Indonesia, at 268 million doses.

By comparison, over the same period, the US had donated worldwide more than 610 million doses—roughly half of the 1.2 billion that President Biden has pledged—through both COVAX and bilateral arrangements. Of those, 126 million went to East Asian and Pacific countries (as well as another 191 million to 10 countries in South and Central Asia). Indonesia received nearly 36 million Pfizer and Moderna doses through COVAX. The US also donated (either bilaterally or through COVAX) more than 1 million doses to Malaysia, 3 million to Cambodia, 34 million to the Philippines, 2.5 million to Thailand, 40 million to Vietnam, and 200,000 to Timor-Leste.³⁴ Japan and Australia also increasingly shared their vaccines with regional partners.

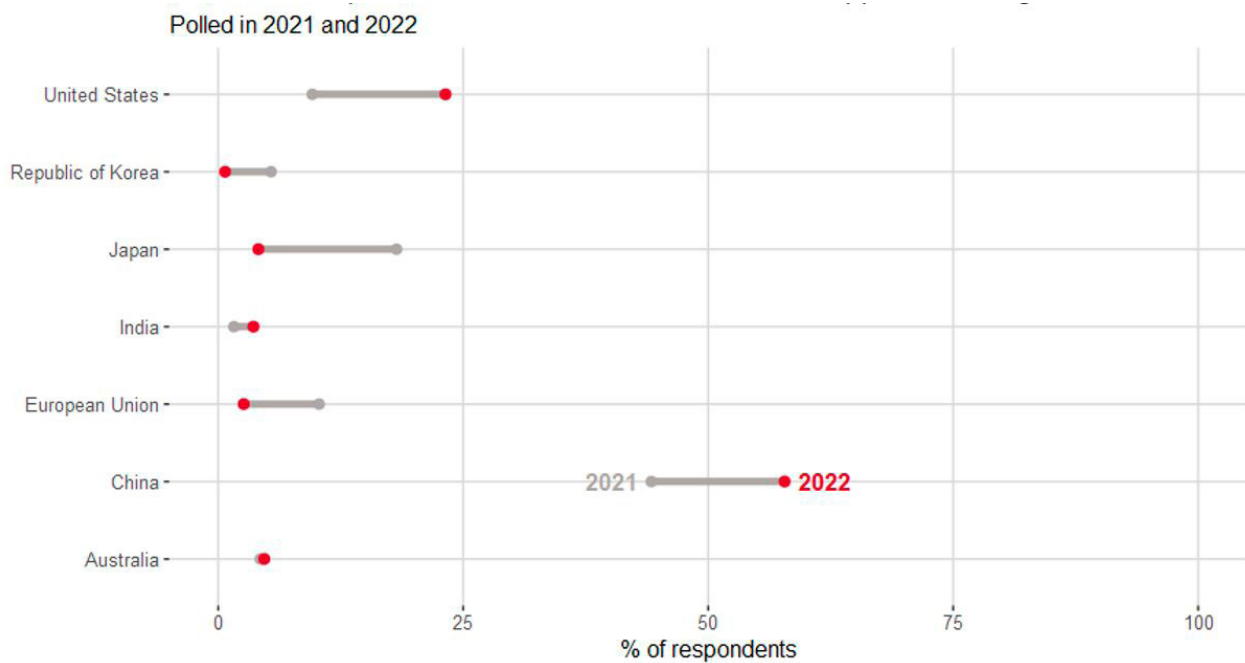
Those donations come on top of countless millions more US-made vaccine doses procured commercially by ASEAN governments. Additionally, Quad member India began to realise ambitions for its role as the region's principal vaccine pharmacy, ramping up production and exporting increasing numbers of relatively cheap non-mRNA vaccine doses. However, problems detected in a manufacturing plant in March 2022 halted exports and raised questions about India's regulatory capabilities.³⁵

Vaccine diplomacy: gratitude and elite influence

These trends, especially the distinct shift away from Chinese vaccines after the Delta variant hit and the high rate of vaccine donations from the US and its partners, pose the question of whether China's early lead in Southeast Asian vaccine diplomacy had dissipated; and by extension, whether any soft power China had accrued from its Covid-related cooperation was also waning compared to that of geostrategic rivals.

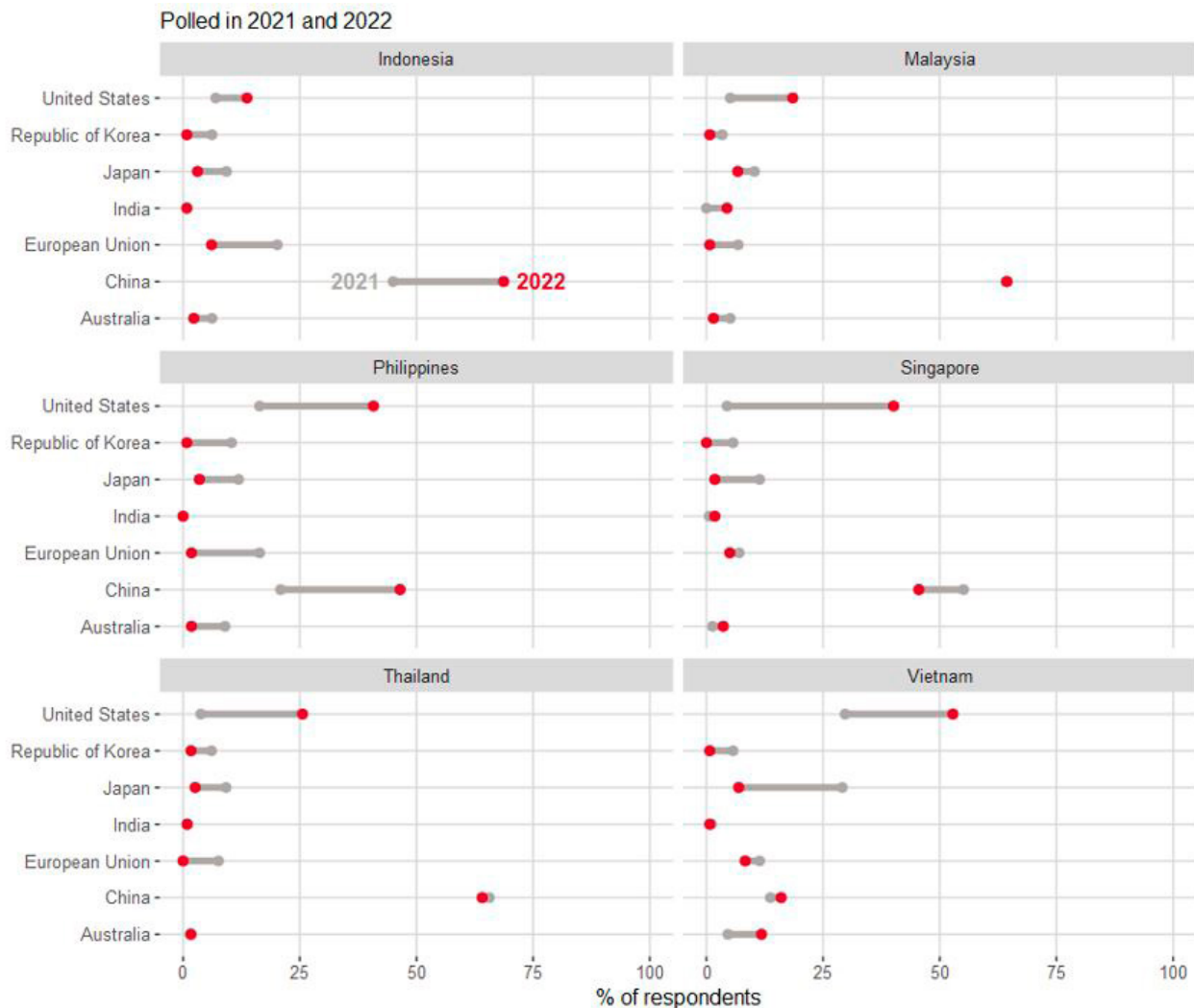
What little empirical evidence is available doesn't support the first of those contentions. One dataset that offers insight into opinion in the region is the annual State of Southeast Asia survey conducted by the ISEAS – Yusof Ishak Institute,³⁶ which posed the question 'Which ASEAN dialogue partner has provided the most COVID-19 vaccine support to the region?' in its 2021 and 2022 surveys. This poll has limited sample size, given the size of the region surveyed, and its focus is elite rather than overall public opinion.³⁷ Even so, it's a helpful tool for gauging sentiment within the respondents' countries. While the two data points these reports provide can't define a trend, comparing them nonetheless offers some interesting insights (figures 4 and 5).

Figure 4: Public attitudes about which ASEAN dialogue partner provided the most Covid-19 support to the region, overall findings



Source: *State of the Southeast Asia survey*, ISEAS-Yusof Ishak Institute, 2022 and 2023.

Figure 5: Public attitudes about which ASEAN dialogue partner provided the most Covid-19 support to the region, by nationality of respondents



Source: *State of the Southeast Asia survey*, ISEAS-Yusof Ishak Institute, 2022 and 2023.

Unsurprisingly, a strong plurality (44.2%) of the respondents in the 2021 survey identified China as having provided the most support, with Japan coming a distinct second (18.2%), the EU third (10.3%), and Trump's US chosen by just 9.6%. Notably, Indonesian, Malaysian and Singaporean respondents gave it to China over the US by wide margins (45% versus 7%, 64% versus 5% and 55% versus 4.4%, respectively). Only the Vietnamese respondents placed the US above China. Australia (4.3%) fell below New Zealand (4.7%) in the table. India garnered just 1.6%.

The 2022 findings are surprising, given the changes that took place over 2021. China actually improved its position, with 57.8%. The US climbed up to second place, but with only 23.2%. Japan's score fell to just 4.1%, behind a marginally improving Australia (4.7%). The EU also plummeted to just 2.6%, below India (3.6%).

At the nation-state level, Indonesian and Cambodian respondents dramatically increased their backing of China, with 68.7% and 91.4%, respectively. The US's ranking among Philippine respondents rose significantly (from 16.4% to 40.8%) but still lagged China's (46.5%, up from the previous year's 20.9%). Vietnamese respondents went the opposite way, selecting the US (52.8%) far above China (16.0%). Malaysian respondents scored China identically to 2021 but marked up the US (18.5%).

Asked the broader question, ‘Which country/regional organisation has the most political and strategic influence in Southeast Asia?’, the same groups of respondents were just as apt to nominate China over the US. In 2021, 49.8% voted for China and 28.5% for the US. In 2022, China’s vote rose to 54.4%, while the US’s vote also rose marginally to 29.7%. Not one individual country placed the US ahead of China.

However, when asked for their view of those powers’ political and strategic influence in the ASEAN region, the respondents were generally positive towards the US and negative towards China. While the proportion of those welcoming China’s growing influence grew marginally from 13.5% to 23.6%, those worried about it remained a clear majority (dropping slightly from 86.5% to 76.4%). Only Cambodian respondents considered China’s rising influence more welcome than worrisome.

Even so, a closer look at the national numbers confirms noteworthy improvements in China’s standing in several states. In 2021, all but the Lao and Myanmar cohorts were worried about China at a rate above 80%. In 2022, however, the numbers fell below 80% for Indonesians (66%, down from 86%), Cambodians (45.9%, down from 81.3%) and Thais (76.9%, down from 92.2%).

By the same token, the US’s 2022 scores rose in all but Brunei, Vietnam and Singapore, although those cohorts still strongly welcomed growing US influence. Notably, Indonesian respondents were equally worried and welcoming of it, although that still represented a 10% positive shift for the US since the previous survey.

Another survey suggesting that the pandemic enhanced China’s standing in Malaysia, at least among that country’s ethnic Chinese citizens, is the one conducted by Malaysian opinion research firm Merdeka Center.³⁸ It asked 1,204 randomly selected respondents in March 2022 about perceptions of China and compared the results with those from a similar survey in 2016.

Overall, it found that opinions on China and its relations with Malaysia³⁹ had slightly improved in the previous six years. Thirty-nine per cent of Malaysians viewed China favourably, up 4% since 2016. This was driven by a steep rise in ethnic Chinese support from 41% in 2016 to 67% in 2022. Fewer ethnic Malays viewed China favourably compared to before (28%, down from 33%).⁴⁰

During the first two years of the pandemic, a clear plurality (38%) of ethnic Malays had unchanged ‘impressions towards China’, and the remainder were equally divided as to whether their impressions had improved or worsened. A distinct majority (55%) of ethnic Chinese Malaysians had a better view of China, but ethnic Indian impressions soured, with 56% saying their impressions had worsened and only 22% that they had improved.

One plausible explanation for all this can be found in the charts titled ‘Country that aided Malaysia on COVID-19’. Fifty per cent named China. Just 12% named the US.⁴¹

Again, the ethnic breakdowns of this data are notable, such as 59% of ethnic Chinese choosing China compared to just 6% of the same cohort who chose the US. That said, ethnic Malays also gave it to China overwhelmingly (42% to 12%); and Muslim Bumiputera and non-Muslim Bumiputera⁴² identified China as the most helpful country on Covid to an even greater extent than ethnic Chinese Malaysians. Ethnic Indians, however, were equally divided on the question (36%).

To summarise these findings from both the ISEAS and Merdeka polls: in the first quarter of 2022 China was a clear winner regarding ASEAN-wide perceptions of its pandemic support relative to that provided by other external powers. Favourable impressions of China’s pandemic support to the region probably affected slightly improved scores for China in other areas of the polls. By helping regional leaders and governments deliver public-health goods to their citizens, Beijing earned their gratitude and gained some influence with those wielding power, even if at times its links to those leaderships generated controversy.

At the same time, under the Biden administration, regional perceptions of the US improved from their Trump-era nadir. That probably reflected a wider range of US policy shifts than just the international pandemic response. The Biden administration’s generous practical support on the pandemic probably contributed to the change, alongside a broader move back to international engagement in US foreign policy. However, the benefits weren’t as significant as the Biden administration might have hoped if the ISEAS and Merdeka polls reflect wider community perceptions.

Soft-power dividends

How much the two powers' vaccine diplomacy has enhanced their soft power is a related but different question. Joseph Nye, one of the concept's primary theorists, has argued that soft power is 'the ability to affect others through the co-optive means of framing the agenda, persuading, and eliciting positive attraction in order to obtain preferred outcomes'.⁴³ He distinguishes the hard power derived from 'tangibles such as force and money', including aid and other financial assistance, from soft power derived from 'intangible factors such as institutions, ideas, values, culture and the perceived legitimacy of policies'. He observes that the 'production of soft power by attraction depends upon both the qualities of the agent [in this case China and the US and its partners] and how they are perceived by the target [the ASEAN states]'. He stresses that aid efforts—which would include vaccine donations—'have both a hard and a soft power dimension', adding that an 'aid program that is seen as manipulative may undercut soft power'.⁴⁴

Referring to the work of Alexander Vuving, Nye points to 'three clusters of qualities that are central to attraction: benignity, competence, and beauty (charisma)'. A state that presents as benign can generate sympathy, trust, credibility and acquiescence in target states. Likewise, it will generate admiration, respect and emulation if targets perceive it as especially competent or brilliant. How beautiful or charismatic it's perceived to be is a function of how well it projects (and lives up to) its ideals, values and vision, as well as to the extent to which those are shared by the target. These clusters 'are crucial for converting resources (such as culture, values, and policies) into power behaviour'.⁴⁵

China has centred its soft-power pitch to ASEAN countries around its self-image as a great and benign emerging economy that's acutely conscious of, and determined to address, the needs of disadvantaged developing states suffering from global injustice and inequity. Designed to evince sympathy and trust and evoke collectivist ideals and values, that approach has some resonance in ASEAN states, of which all but Thailand endured colonialism and all bar Singapore are developing economies. As Southeast Asians also embrace collectivist values and ideals of social justice, they were always likely to have regarded the rich nations' self-interested efforts at securing advance orders of vaccines as emblematic of the persisting injustice in the international order. China's success in developing vaccines virtually as fast as the West would have registered well with Asian constituencies attracted to the idea of an incipient 'Asian century' and celebrations of 'Asian ways' and identity; and China's rapid and reliable deployment of those vaccines at affordable prices would have been proof of China's competence and ability to solve problems fast, earning it respect and even admiration.

At the same time, however, polling and other evidence indicates that Southeast Asians remain far from convinced that China is a benign power. On the contrary, as the ISEAS surveys reveal, many view China with concern and even fear, especially those most affected by its assertive behaviour in the South China Sea. Consequently, many respondents also probably detected an underlying manipulative purpose to China's vaccine diplomacy. Moreover, the evident inefficacy of Chinese vaccines in the face of the virus's later strains would have dented assessments of China's technological prowess, adding to pre-existing evaluations of some Chinese exports and infrastructure projects (such as underperforming power stations) as second rate compared to those of Japan and the West. China's soft-power return on its vaccine diplomacy investment is therefore likely to be less than it banked on, even if its influence with some regional elites may have grown.

Washington's Covid engagement with Southeast Asia over the past two years presents an equally ambivalent picture with regard to soft power. The weight of evidence indicates that the Trump administration's international conduct damaged the US's image and influence in Southeast Asia. Southeast Asians would have viewed Trump's 'America first' slogan as selfish and a contradiction of the ideals and values that US governments have long sought to project. Denying those already suffering global inequities the means to combat the pandemic would have been seen by many as in keeping with the West's historical exploitation of the region.

Biden has gone some way towards rectifying that view, especially in states that cherish the US's role as an external strategic balancer. Biden's policies on Covid and international aid would have helped restore some trust and sympathy among ASEAN constituencies. The superiority of US vaccines would also have enhanced pre-existing perceptions of the US as the leading scientific and technological nation, boosting its soft power.

But the Biden administration's vaccine donations, which were showcased in US public diplomacy, have probably not impressed Southeast Asians or translated into soft power as much as the US Government probably expected. First, irrespective of how grateful they were for the vaccines, many Southeast Asians would be inclined to see that generosity as driven largely by Washington's fear of losing ground to Beijing, and hence no less self-serving than China's proclaimed beneficence. Many Southeast Asians would also believe the world's richest nation had a duty to use its resources for humanitarian good, rather than interpreting that as an act of generosity.

With regard to Washington's Quad partners, the ISEAS polls can't offer much insight on regional perceptions of their efforts on Covid-19, or on any influence they may have gained or lost as a result. Given that the question polled was about which country did the most for the region, inevitably the US and China dominated. The Trump administration's policies account for the US rating so poorly in the 2021 poll. Japan's decline in the 2022 poll probably reflected the Biden administration's re-engagement more than any action by Tokyo. Any claims that the Australian and Japanese governments gained widespread appreciation and gratitude for their vaccine donations and other support can rest only on anecdotal evidence and official statements by recipient governments. That gratitude may well be genuine, but official statements are weak grounds for assuming that gratitude has been converted into greater influence or enhanced soft power.

India's significant provision of vaccines to Myanmar, or at least to its military regime, might translate into greater political influence in that country, but, more generally, the very low numbers for India in the ISEAS poll suggest that it lacks recognition and hence influence in most Southeast Asian countries irrespective of its vaccine diplomacy. Moreover, India's problems with vaccine production might have fed pre-existing prejudices in Southeast Asia about India and its low level of technological development relative to China and the West. On balance, that might have harmed Indian soft power.

Future impacts: how much will vaccine diplomacy come to matter?

As the region becomes accustomed to a Covid-normal future, other concerns have come to the fore. ISEAS's State of Southeast Asia survey 2023 observed that 'Almost three years since Covid-19 was declared a global pandemic, Southeast Asia has moved beyond the health concerns of the pandemic to focus on socio-economic impacts that confront them, the effects of climate change and evolving geopolitical tensions.'⁴⁶ This was inevitable, as the 2023 survey substituted 'US-China decoupling' for 'the COVID-19 pandemic's threat to health' when asking respondents to choose the top challenges facing Southeast Asia.

Unfortunately, it's not possible to extend the time-series analysis of which ASEAN dialogue partner provided the most vaccine support, as the question was dropped from the survey in 2023. However, the survey revealed a significant decline in the number of respondents who saw China as the most influential economic power in Southeast Asia, from 76.7% in 2022 to 59.9% in 2023. The survey's authors attributed that decline to the economic disruption that China suffered by clinging to its zero-Covid policy, which officially ended in January 2023.⁴⁷ The majority of respondents continued to view Beijing's economic influence as a source of concern. The gap left by the perceived diminution of China's economic influence was filled by growing confidence in ASEAN's economic clout. The US's perceived economic influence increased only marginally.

Any assessment of the long-term soft-power implications of vaccine diplomacy is therefore largely conjecture. The region and the world have largely moved on to other concerns, although that may yet change if a new, more dangerous, Covid-19 variant takes hold. Even so, Southeast Asians' perceptions of the US, China and other regional powers might continue to be coloured by their different approaches to vaccine provision and health assistance during the primary phases of the pandemic.

It's safe to assume that the long-term impact of vaccine diplomacy on countries' standing and influence in Southeast Asia will diminish over time. A historical example can be seen in Australia's support to Indonesia and other regional states in the aftermath of the 2004 tsunami. The A\$1 billion of grants and interest-free loans that

Australia donated to Indonesia certainly helped reshape Australia's standing with President Susilo Bambang Yudhoyono and his government, which had been strained by the 1999 East Timor crisis, but whether any of that good feeling extended to the wider Indonesian community was always in doubt. Any benefits had almost certainly dissipated by the time Yudhoyono left office a decade later, in part due to developments that affirmed negative biases about Canberra, such as revelations of Australian spying.

Over the long term, affronts to national pride and identity, threats to territorial sovereignty and support for economic development will shape Southeast Asian perceptions of outside powers more than the ephemeral experience of vaccine diplomacy. China's pandemic assistance hasn't assuaged the anger of Filipinos, Vietnamese and others over Beijing's assaults on their sovereign rights in the South China Sea. Further instances of bullying will only poison sentiment further, wiping out whatever goodwill and soft power Beijing's vaccine diplomacy accrued. But China's development financing bolsters Beijing's influence in Southeast Asia in a significant and sustained fashion, as regional leaders regard such financing as vital to their nations' development, which their populations generally prize as much as their sovereignty.

Policy recommendations

For the US and its partners, lessons from the pandemic should guide policy not with respect just to future outbreaks but also to their general engagement with Southeast Asia. First, the Trump administration's wilful inaction should serve as an example of how not to behave. Electoral imperatives mean that democratic governments must prioritise their own people's interests, especially in matters of life and death. However, they should do that without using rhetoric and actions that not only alienate foreign governments but also reinforce negative biases among Southeast Asians, many of whom already view the US and the West as self-interested. In future, the US and other Western governments should avoid again giving China the advantage that Trump gave it in 2020, allowing Beijing to paint itself as the great power most attuned to the needs and wants of the global South.

The US, Japan, Australia and other advanced economies should act with as much humanity, generosity and alacrity as possible when the region faces a catastrophe, including by providing generous humanitarian assistance such as large-scale vaccine donations. They should do so, first, because it's the right and prudent thing to do; second, because not doing so will damage their national standing in Southeast Asia, as reflected in the 2021 ISEAS poll; and, third, because generous aid creates channels for further engagement with Southeast Asian governments, which may translate into influence, including soft power through attraction. But donors should be careful about how they show off their generosity: for example, the Biden administration's use of the term 'sharing' is better than emphasising 'giving'. And, while donors can expect gratitude and some increase in influence as a result, they shouldn't assume that they'll gain a lasting strategic advantage or soft-power boost.

The larger lesson that the Quad and like-minded partners elsewhere should learn is the importance of partnering with Southeast Asian governments in pursuit of what those governments value most: security, independence and sovereignty, and economic development equal to that of advanced economies. Leaving aside questions of peace and mitigating China's hegemonic ambitions, the Quad and others should, *inter alia*, pursue trade policies and practices that encourage perceptible economic cooperation. They should continue focusing on practical measures that offer Southeast Asians genuine alternatives to China's forms of economic cooperation, thereby demonstrating a commitment to engaging the region on its own terms and alleviating the risk of dependency on China that Southeast Asians desperately want to avoid. Above all, this means that the US needs to implement policies that yield greater trade and investment flows into the region. For example, the Biden administration's Indo-Pacific Economic Framework needs to deliver more than just hope and fine sentiment.

One aspect of engagement should be encouraging Western vaccine producers to look at regional manufacturing options, either by building more plants in Southeast Asia or by granting licences to local partners. Moderna's exploration of arrangements with regional partners such as Singapore and Malaysia (as well as Japan and Australia) to build and operate local production facilities for mRNA vaccines offers a fine example.⁴⁸

All this will, of course, be harder for liberal democracies to realise than for China, which can direct its economy in ways the West can't. But, to the extent that Western countries can succeed, they'll need more solid grounds than just vaccine supply on which to compete with China over the long term.

Notes

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Covid-19 through the lens of human security

Akiko Fukushima

Introduction

Since its outbreak in December 2019, the Covid-19 pandemic has ravaged the globe. It has differed from preceding infectious diseases such as HIV/AIDS or the Ebola virus in many ways, including the magnitude of its spread and the geographical distribution of its victims. The pandemic wasn't just a health crisis; it has affected all walks of life and demanded responses from economic, political and security perspectives to prevent a prolonged impact on regional peace, stability and prosperity.

This paper views the pandemic through a human-security lens, including the role of regional security-oriented architecture, and concludes with policy recommendations to better prepare for another outbreak of infectious disease in the Indo-Pacific.

The Covid-19 pandemic as a human-security crisis

The Covid-19 pandemic isn't merely a health crisis but also a human-security crisis affecting the economy, politics and security.

The pandemic and its knock-on effects

When Covid-19 infection rates suddenly surged at the end of 2019, the world initially identified the pandemic as a health crisis similar to previous infectious diseases such as HIV/AIDS and Ebola. But, since then, it's been recognised that the impact of Covid-19 is far wider. The Spanish flu from 1918 to 1921 is a better comparator in terms of magnitude.

In terms of the number of deaths, the global impact of Covid-19 can be compared to the world wars. We know that, by December 2022, there were more than 6.7 million Covid deaths worldwide, according to the Covid-19 Dashboard run by Johns Hopkins University.¹ According to Japan's Research Institute for Humanity and Nature, the death toll is comparable to, or even exceeds, the 8.5 million military deaths of World War I and the 9.1 million military deaths of World War II, when adjusted for the duration of these events.² And, like war, the pandemic has left people feeling insecure.

Emerging first in China, the virus spread primarily through the developed economies of Europe, Japan, the US and others before moving into the developing nations of the 'global South'. Developed countries feeling the early effects of the pandemic were less willing and able to assist the global South, widening disparities in vaccine availability and causing lasting resentment.

The coronavirus prompted some governments to impose local and national lockdowns to halt its spread. Lockdowns were used in the initial stages of the pandemic to cope with the lack of effective vaccines and proven medical treatments and were reintroduced to manage the subsequent emergence of variants such as delta and omicron. People were deprived of their freedom to move, causing a strong sense of anxiety and fear. That affected broader economic activities, which suffered from the sudden decline of consumption. The International Monetary Fund observed that Covid-19 brought ‘economic life to a standstill’ and ‘created the worst recession since the Great Depression’.³

People also suffered inadequate access to medical care, medical supplies and daily items such as food. The reduction of human contact caused acute stress and other mental and physical health problems. Information and communication technology filled that gap only to a certain extent.

The impact of the pandemic was, therefore, comprehensive. Covid-19 has demonstrated that an epidemic demands a prompt and effective response, not only to protect the population from the direct effects of the infectious agent, but also to address people’s fears and needs.

Covid-19 as a human-security crisis

A challenge such as a pandemic demands a response based on the concept of ‘human security’, which emerged in 1994.⁴ By 2020, after some debate over the definition of human security, in which Japan played a leading role, the UN reached a common understanding of human security as ‘an approach to assist Member States in identifying and addressing widespread and cross-cutting challenges to the survival, livelihood, and dignity of their people’.⁵

Human security thus includes both freedom from fear (focused on violence) and freedom from want (focused on lack of food, healthcare, education etc). It also includes the freedom to live with dignity. The UN resolution also noted that human security doesn’t substitute for national security; rather, the two are mutually inclusive.

In Southeast Asia, there was scepticism about the notion of human security when it was first conceived in 1994. Amitav Acharya argued that ‘some Asian governments and analysts see human security as yet another attempt by the West to impose its liberal values and political institutions on non-Western societies’.⁶ Most ASEAN member states avoided using the term ‘human security’ because of concerns over humanitarian intervention, instead preferring the term ‘non-traditional security’. Only Thailand supported the idea of human security, and then-Foreign Minister Surin Pitswan joined the Ogata–Sen committee that sought to define the concept.

In February 2022, the UN Development Programme (UNDP) launched a special report on human security titled *New threats to human security in the Anthropocene: demanding greater solidarity*.⁷ It identified security challenges including Covid-19, digital technology, climate change and biodiversity and said that they were interconnected.⁸ It emphasised that ‘health is fundamental to human security’ and that the pandemic had made the interconnection between different threats more apparent.⁹ It went further than the 2003 Ogata–Sen report in calling for ‘solidarity’ when responding to multiple, transnational and interconnected threats.¹⁰

Measured in terms of fear, want and the deprivation of human dignity, the Covid-19 pandemic has created human insecurity comparable to that experienced through war—the focus of traditional national security.

The implications of Covid-19 for regional security

To varying degrees, governments in the Indo-Pacific implemented strict public-health measures to manage the pandemic, in some cases mobilising the military to impose lockdowns. In some cases, military medical staff have also been deployed to treat Covid patients and vaccinate the public.

At the same time, militaries themselves were affected by the pandemic. Navies were hit particularly hard because they couldn’t avoid the ‘three Cs’: closed spaces, crowded places and close-contact settings. For example, in March 2020, the USS *Theodore Roosevelt*, one of US’s aircraft carriers, was put out of operation after some of the crew

contracted the disease following a visit to Vietnam. China apparently took advantage of that and dispatched the Liaoning Carrier Task Group to the northern South China Sea to conduct flight operations and combat exercises.¹¹

Coastguards also suffered from the pandemic and couldn't maintain the same tempo of patrols and exercises, undermining maritime security. There's evidence that China exploited this. On 18 April 2020, the *South China Morning Post* reported that China had established two new administrative districts in the South China Sea—one for the Paracel Islands and Macclesfield Bank, the other for the Spratly Islands,¹² despite protests from Vietnam and the Philippines.

Furthermore, the sparse presence of law-enforcement units has increased transnational crimes such as smuggling, including of pandemic-related medical supplies and food. Drug and human trafficking increased as well.¹³

Perhaps reflecting worsening maritime security and Chinese opportunism in the region, non-ASEAN countries have increased their naval activities. In 2021, a French Navy submarine and the UK Royal Navy Carrier Strike Group 21 (CSG 21) were deployed in the South China Sea. In the same year, the Japan Maritime Self-Defense Force (JMSDF) and the Indo-Pacific Deployment 2021 (IPD21) task group, which included the JMSDF's helicopter destroyers *JS Kaga* and *JS Murasame*, conducted training in the South China Sea with the USS *Carl Vinson* Carrier Strike Group. Royal Australian Navy ships have conducted drills in the region with India, the US and Japan. In November 2021, the German Navy frigate *Bayern* (F217) participated in monitoring and surveillance activities in support of the UN sanctions on North Korea to control ship-to-ship transfers of goods.¹⁴

Lastly, debate over the origin of Covid-19 has been a factor in the deterioration of China–US relations, exacerbating existing strategic competition and leaving countries in the Indo-Pacific feeling pressured to pick a side.

The role of regional institutions, especially defence and security-oriented bodies, in the Covid-19 response

This section analyses how regional institutions in Europe and the Indo-Pacific responded to Covid-19.

European cooperation through the human-security lens

Italy was the first European country hit hard by Covid-19, in February 2020, followed quickly by Belgium and France, and then the rest of the continent.

Initially, European governments were occupied in dealing with domestic infections and lacked the capacity to consider regional cooperation. Even so, NATO delivered medical and pharmaceutical supplies to Italy and other countries in the region suffering shortages. As early as April 2020, a meeting of NATO foreign ministers authorised the Supreme Allied Commander Europe (SACEUR) to unilaterally carry out coordination activities for air transport and surplus goods. NATO also formed the Covid-19 Task Force to speed up SACEUR's decision-making, enabling a quick military response.

The EU recognised the urgent need for cooperation, launching the Corona Bond in October 2020 to tackle the economic impact of the pandemic, as well as securing €3 billion to assist vaccine development and production. The initiative led to the export of much-wanted vaccines by BioNTech–Pfizer to the region and beyond.

Although the EU hasn't described its response to the pandemic expressly in human-security terms, it has effectively applied the concept's principles. The EU has taken comprehensive, interlinked measures beyond those related solely to health. It recognised that Covid-19 had economic and security effects and approached those using multiple disciplines. This is reflected in EU policy documents: its strategy for cooperation in the Indo-Pacific and the Digital Compass in 2021 (designed to protect people from abuse through digital means and data trafficking) and the Strategic Compass in 2022. Those documents show that EU has taken a human-security approach combining protection, empowerment and solidarity.

Europe launched the European Health Union in the autumn of 2020 to secure pharmaceuticals, monitor medical supplies, coordinate vaccine testing and surveillance systems, and share data on the availability of hospital beds and the medical profession. Looking across the Health Union, the EU's Strategic Compass and NATO initiatives, Europe adopted an integrated approach covering health, digital protections and the security implications of future epidemics.

Europe's comprehensive approach is evident in the wording of the EU's Strategic Compass, in which it said that health crises such as pandemics impose 'considerable strains on societies and economies, with far-reaching geopolitical implications'. It also noted that Covid-19 has 'fuelled international rivalry and showed that disruptions of key trade routes can put critical supply chains under pressure and affect economic security'.¹⁵

In addition, the Strategic Compass highlights the military's role, as a last resort, in providing logistical, medical and security support to civilian agencies in complex crises like pandemics.¹⁶

Thus, both the EU and NATO have identified Covid-19 as a common challenge among member states bearing on health, the economy, geopolitical stability and social welfare. Consistent with the concept of human security—if not expressly labelled as such—the measures they have taken are comprehensive and multifaceted, including future prevention, protection and empowerment to respond to future pandemics. Consistent with the concept of human security, they acted in solidarity across disciplines.

The Indo-Pacific response to Covid-19 from a security perspective: the conceptual backbone in the region's response

Countries in the Indo-Pacific, particularly the ASEAN member states, Taiwan, South Korea and Japan, began cooperating on regional security early in the pandemic. ASEAN-centric regional architectures drove that cooperation, while the region's security-oriented institutions also responded.

There were two explanations for that trend.

First, the region had learned from previous infectious disease outbreaks, such as severe acute respiratory syndrome (SARS) in 2002–2004 and Middle East respiratory syndrome (MERS) in 2013, that such phenomena had broader ramifications beyond health. SARS had a lingering economic impact across Southeast Asia, stalling manufacturing activities and reducing the number of visitors to affected areas by approximately 30% between March and May 2003.¹⁷ That led the ASEAN countries, Taiwan and South Korea to build mechanisms for protection to halt or slow the spread of infection.

Second, prior to the emergence of Covid-19, there had already been a shift to conceptualise security threats as more than just military in nature. For example, Japan introduced the notion of 'comprehensive security' in 1980 after it suffered two oil crises in the 1970s. Comprehensive security included not only military security, but also economic, food, energy and environmental security, all aimed at protecting life and the core values of the region.¹⁸ The concept employs not only military but also diplomatic and economic measures to tackle those broad threats.

ASEAN member states introduced initiatives to improve domestic national resilience based on a similarly broad understanding of security,¹⁹ while Australia also recognised comprehensive security as a multifaceted approach to security cooperation.²⁰

The concept of human security is similar to comprehensive security in its broad identification of threats but has different objectives. Comprehensive security regards the state's security as the ultimate goal, while human security regards people, and communities, as the ultimate beneficiaries of security.²¹ Nevertheless, the precedents set by comprehensive security initiatives meant that the region addressed Covid-19 as a security threat as well as a health threat.

The Covid-19 response by security-related architectures in the Indo-Pacific

The Indo-Pacific regional architecture includes several institutions with varying memberships that have security as part of their remit. Each has responded to Covid-19 from a security perspective, complementing the work of other bodies that have responded from health and economic perspectives.

The regional body with the broadest security agenda is the East Asia Summit (EAS), which provides a venue for debate and cooperation on political, economic and security themes. Launched in 2005 in Malaysia as a group of ASEAN member states plus Japan, China, South Korea, India, Australia and New Zealand, it expanded to include the US and Russia in 2011. On 14 November 2020, the EAS Leaders' statement on strengthening collective capacity in epidemics prevention and response recognised 'the need to adopt an effective and comprehensive response to the health, well-being, livelihood and safety of our peoples and its adverse impacts on the socio-economic development and socio-cultural aspects of EAS participating countries'.²²

The EAS has treated the pandemic as a threat to people's safety and has worked on the distribution of vaccines and treatments, as well as pandemic-related mental health problems. Notably, in 2021, the EAS launched the Biological Threats Program as part of its pandemic response.²³ This was to tackle a concern that the devastating impacts of Covid-19 sent a dangerous signal to any strategic actor intent on developing virus-based biological weapons of mass destruction.

Another regional institution focused on security is the foreign minister-led ASEAN Regional Forum (ARF), established in 1994, which focuses on confidence-building measures and conflict prevention and has a broader membership than the EAS. The ARF was prompt in recognising the security risks of the pandemic. In his official statement as ARF chair in 2021, Erywan Pehin Yusof, Minister of Foreign Affairs of Brunei Darussalam, noted the pandemic's 'multi-faceted impacts on societies and economies, as well as on the stability, prosperity and security of the region'. Similarly to the 2022 UNDP report calling for solidarity, the ARF recognised the wide-ranging impact of Covid-19 on security, demanding 'cross-sectoral and cross-pillar cooperation in border management and combating terrorism, illegal weapons smuggling, trafficking in persons, and illicit drugs'.²⁴

The ARF statement reflected concern among ASEAN member states that the pandemic might be exploited for trafficking people, illegal weapons and illicit drugs. The ARF response to the pandemic clearly extended beyond the health domain, comprehensively addressing important security risks. Although the ARF didn't use the term 'human security', by understanding security risks in terms of multiple, interconnecting domains and in using policy levers beyond health, its approach was consistent with the concept.

A third ASEAN-centric regional security forum, the ASEAN Defence Ministers' Meeting Plus (ADMM-Plus), has also responded strongly to Covid-19 from a security perspective. The ADMM-Plus was inaugurated in Vietnam in 2010 and brings together the defence ministers of the ASEAN member states and eight of ASEAN's dialogue partners (Japan, the US, China, India, Russia, South Korea, Australia and New Zealand). Starting in June 2021, the annual declarations of the ADMM-Plus have included both traditional and non-traditional security themes.²⁵

Like the ARF, the ADMM-Plus identified Covid-19 and other public-health emergencies along with cybersecurity threats, terrorism threats, chemical, biological and radiological threats and natural disasters as security threats. The 2021 declaration stated the members' commitment to strengthening defence organisations' contributions to prevent, detect, control and respond to the spread of infectious diseases, including Covid-19, and emphasised the importance of utilising the ADMM-Plus Expert Working Group (EWG) on Military Medicine. The ADMM-Plus has seven EWGs: on humanitarian assistance and disaster relief (HADR); maritime security; military medicine; counterterrorism; peacekeeping operations; humanitarian mine action; and cybersecurity. The EWGs are a unique feature of the ADMM-Plus, providing a platform for cooperation, information sharing and capacity building.

Member states have been comfortable creating EWGs on a broad range of security issues, such as terrorism, because they recognise concrete benefits in capacity building. Each EWG is co-chaired by an ASEAN member state and a 'plus' partner, thus also offering a platform for capacity building for non-ASEAN members. In the case of

Covid-19, the EWG on military medicine shared information and provided tabletop exercises to enhance prevention and protection measures in the region.

That stands in contrast to the lack of cooperation in regional forums on traditional, military-focused security issues, which reflects US–China rivalry. As an illustration: ADMM-Plus statements can't use the term 'Indo-Pacific' due to Chinese objections, instead using 'Asia-Pacific' or 'Asia-Pacific and Indian Ocean'. In 2015, the ADMM-Plus failed to issue a joint statement because the US wanted to insert a phrase on the South China Sea that China rejected. Despite those difficulties, during the pandemic, the ADMM-Plus at least offered a platform for functional cooperation to address its multifarious impacts.

In addition to the ASEAN-centric Indo-Pacific regional architecture, Australia, Japan, the US and India launched the Quadrilateral Security Dialogue (the Quad) in 2007. After its suspension in 2008, the format lay dormant until 2017, when the Quad members resumed dialogue, initially at senior officials level and subsequently (from 2019) at foreign minister and (from 2021) leaders' levels.

The four Quad members have different policies and levels of cooperation on traditional security, which became more apparent after the Russian invasion of Ukraine in 2022. India has refused to directly criticise Russian aggression or impose sanctions, in contrast to the US, Japan and Australia. India's approach reflects a range of long-term factors, including continued dependence on Russian arms. Even so, the Quad leaders have affirmed their joint commitment to regional peace and stability.²⁶

Compared to Ukraine, Covid-19 provided a common agenda for the four Quad partners, despite their differing needs and circumstances. The group identified Covid-19 as an important element of its agenda in 2021. In March that year, US President Biden hosted a virtual dialogue, and in September a face-to-face leaders' meeting. Originally focused on maritime security, the Quad has expanded to include health-related security issues alongside issues including climate change, cybersecurity, critical technologies, counterterrorism, high-quality infrastructure investment and humanitarian assistance.

In their initial virtual meeting, the Quad leaders agreed to cooperate on strengthening 'equitable vaccine access for the Indo-Pacific'.²⁷ When the Quad leaders met in person in September 2021, their joint statement identified Covid-19 as 'a historic new focus for the Quad'.²⁸ The Quad Vaccine Experts Group has coordinated initiatives and finance to expand vaccine manufacturing capacity at Biological E Ltd, based in Hyderabad, supporting India's commitment to exporting vaccines to the Indo-Pacific and the world. The Quad's focus has expanded from deploying medical means to combat Covid-19 into future-facing health-related security, including pandemic preparedness tabletop exercises.²⁹

In their joint statement in Tokyo in May 2022, the Quad leaders said that they would continue 'to lead global efforts for Covid-19 response, with a view to building better health security and strengthening health systems'. The Quad leaders reaffirmed support for 'vaccine production at the Biological E facility in India under the Quad Vaccine Partnership' for current and future epidemics. Vaccines produced in India have been donated to many countries across the region, including Cambodia and Thailand. According to the 2023 leaders' statement, 'In 2021 and 2022, Quad partners stepped up to help meet the region's most pressing need, delivering more than 400 million safe and effective Covid-19 vaccine doses to Indo-Pacific countries and almost 800 million doses globally, bilaterally and in partnership with COVAX'.³⁰

In 2022, the Quad leaders also announced measures aimed at strengthening 'the global health architecture and pandemic prevention, preparedness, and response ... to build better health security, including by enhancing finance and health coordination and bolstering on-going science and technology cooperation, such as through clinical trials and genomic surveillance'.³¹

At their meeting in Tokyo in 2023, the Quad leaders announced the evolution of the Quad Vaccine Partnership into a broader Quad Health Security Partnership, focused on preparedness for regional outbreaks of diseases with epidemic and pandemic potential. Those activities include support for health workforce development, disease

surveillance, electronic health information systems and the coordination of outbreak responses, such as the Quad Pandemic Preparedness Exercise.³²

The Quad is therefore addressing the pandemic consistently with the concept of human security, again without using the term. Covid-19 has compelled the Quad to broaden its cooperation beyond the group's original priority of maritime security, and in the process derive tangible benefits, most significantly in India's case, given its interest in enhancing its pharmaceutical manufacturing capability.

The way forward: protection, empowerment and solidarity

Covid-19 has rekindled the debate on human security due to its impact across borders and disciplines. However, with the exception of Japan, neither European nor Indo-Pacific countries have used the term 'human security' in addressing their cooperation on Covid-19, instead using terms such as 'non-traditional security' or 'health security'. As described in this paper, that reflects concerns that 'human security' may enable intrusive policies, most notably humanitarian intervention, or disease surveillance in the case of a pandemic. Nevertheless, countries and regional institutions have taken what amounts to a human-security approach by coupling prevention and the protection of the population with measures to build preparedness for future epidemics. Countries and regional institutions have also linked the pandemic with other disciplines and transnational threats—a sign of the 'solidarity' called for in the 2022 UNDP special report.

This approach should be used in preparing the Indo-Pacific region for future epidemic threats, building on the cooperation during, and lessons learned from, the Covid-19 pandemic.

Security-related regional architectures such as the ADMM-Plus should further analyse the politico-security impact of Covid-19, reviewing achievements and shortcomings. Based on the findings, the ADMM-Plus's EWG on military medicine should expand tabletop exercises to prepare future epidemic responses, focusing on solidarity. Such exercises would be more effective if they can be linked to other EWGs on HADR, maritime security and cybersecurity. Sharing the findings of such exercises would help make the region more resilient to future threats.

Countries in the Indo-Pacific should consider launching new platforms or mechanisms to enhance their preparedness, bringing together multiple disciplines. Regional institutions should further consider how they can deliver protection, empowerment and solidarity across the health, economic and politico-security domains, developing an Indo-Pacific common framework for people's security. The Quad, which started as a forum for maritime security cooperation, has broadened its remit to include pandemic response. The Quad could work together with ASEAN-centric mechanisms to improve the region's preparedness for the next pandemic.

The Covid-19 pandemic taught us that we should work in solidarity to effectively respond to the multiple threats we face in the 21st century. This should lead us to prepare better for future epidemics by using resilient and interconnected frameworks. This should be an extension of existing frameworks such as the EAS or the ARF—we could call it the 'Indo-Pacific human security cooperation in solidarity framework'. Whatever form it takes, we must all recognise that a pandemic isn't simply a health crisis but a threat to human security.

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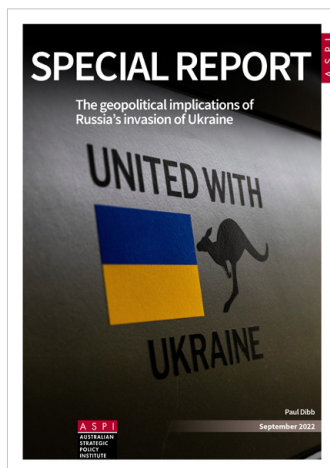
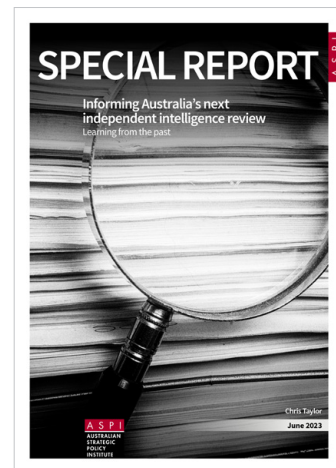
Ulas Yildirim was a visiting fellow at ASPI.

Acronyms and abbreviations

ACT-A	Access to COVID-19 Tools Accelerator
ADMM-Plus	ASEAN Defence Ministers' Meeting Plus
AFP	Armed Forces of the Philippines
AI	artificial intelligence
APEC	Asia–Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
COVAX	COVID-19 Vaccines Global Access
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DIME	diplomacy, intelligence, military operations, economy
EAS	East Asia Summit
Economic 2 + 2	Japan–US Economic Policy Consultative Committee
EU	European Union
EWG	expert working group
FDI	foreign direct investment
GDP	gross domestic product
HADR	humanitarian assistance and disaster relief
IATF	Inter-Agency Task Force (Philippines)
IHRs	International Health Regulations
IPEF	Indo-Pacific Economic Framework
IT	information technology
JMSDF	Japan Maritime Self-Defense Force
KPK	<i>Komisi Pemberantasan Korupsi</i> (Corruption Eradication Commission) (Indonesia)
MCMs	medical countermeasures
MERS	Middle East respiratory syndrome
NATO	North Atlantic Treaty Organization
NGO	non-government organisation
NTF	National Task Force (Philippines)
PCR	polymerase chain reaction
PMA	Philippine Military Academy

PPE	personal protective equipment
Quad	Quadrilateral Security Dialogue
R&D	research and development
RCEP	Regional Comprehensive Economic Partnership
SACEUR	Supreme Allied Commander Europe (NATO)
SARS	severe acute respiratory syndrome
SEARO	WHO Regional Office for Southeast Asia
SMEs	small and medium-sized enterprises
SOE	state-owned enterprise
TNI	<i>Tentara Nasional Indonesia</i> (Indonesian National Armed Forces)
TTC	Trade and Technology Council (US, EU)
UN	United Nations
UNCTAD	UN Conference on Trade and Development
UNDP	UN Development Programme
WHO	World Health Organization
WPRO	WHO Western Pacific Region
WTO	World Trade Organization

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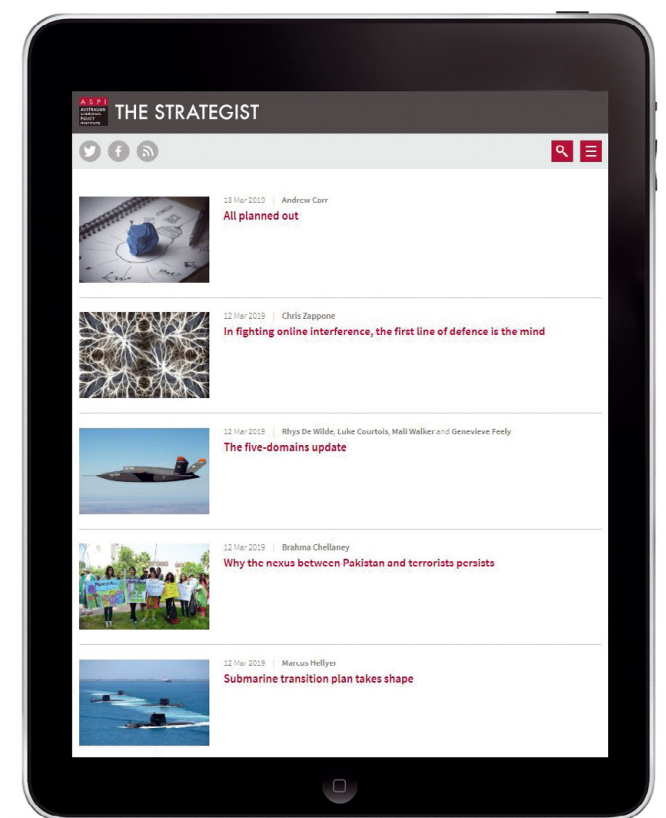


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