



CHINA'S 'SOFT POWER' ON SHOW IN SOUTHEAST ASIA

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The year 2021 was when most governments tried to find a new normal in an ever-changing Covid-world. For Southeast Asia, it meant launching national immunisation programmes and managing local economies while keeping a watchful eye on geopolitical developments. While the pandemic brought about a host of new challenges, foreign relations have not been impacted the way domestic issues were.

Rather, 2021 underscored the importance of maintaining external relations, as they are not only crucial to uphold regional stability but also receive Covid-19-related health assistance that has aided the region's ability to manage the pandemic and work towards recovery.

One country's assistance stands out from the rest. China's vaccine diplomacy, medical aid and increased trade engagement are unparalleled to any other country's assistance to Southeast Asia during these two years of Covid-19. While this speaks of the strong and enduring friendship between Beijing and Southeast Asia, the regional dynamic is not as simple.

China's engagement in Southeast Asia, its relations and cooperation with Malaysia will be used as a case study. This article seeks to examine three areas which have shaped Asean-China cooperation during the pandemic, namely Covid-19 health assistance, the South China Sea and economic relations.

Healthy bodies, healthy friendship

The Asean-China friendship was evident in the pandemic assistance. "Vaccine diplomacy" describes Beijing's Covid foreign policy, which aimed to portray China as an equal partner and a reliable friend. This strategy was particularly effective in contrast to the West's stockpiling of vaccines, which left developing countries waiting for scraps. Instead, Beijing designated Asean countries as priority recipients of its home-made vaccines.

By November 2021, China had distributed nearly 200 million doses to Southeast Asia and pledged to donate another 150 million doses. Due to its population size, Indonesia and the Philippines were the largest recipients of China's vaccine diplomacy. Malaysia stopped acquiring Sinovac vaccines after receiving 16 million doses in July 2021, of which half a million doses were donated by China.¹ Beijing pledged another three million doses of Sinovac to Malaysia.²

Beijing's vaccine diplomacy injected momentum into the national immunisation programmes of countries, such as Cambodia and Indonesia.³ Alongside other medical donations, China's assistance helped enable the region to work towards a post-pandemic recovery.

Malaysia has a diverse vaccine portfolio comprising mainly of Pfizer, AstraZeneca and Sinovac. In February 2021, the country received the first batch of Sinovac in a grand ceremony a week after kicking off the national immunisation programme. Apart from receiving early shipments, procuring from China was also an affordable choice as the price of the Sinovac vaccine was cheaper since the fill-and-finish process could be carried out in Malaysia. Although the Malaysian government concluded its procurement of the Sinovac vaccines in July 2021, the Chinese vaccine remained a dominant feature in the national immunisation programme.⁴

The Malaysian public's perception of Sinovac has been mixed. On the one hand, Sinovac was the preferred choice for many who trusted in its traditional technology of an inactivated virus.⁵ On the other, the lack of transparency of clinical trials and its halal status were called into question. Some also regarded Sinovac as inferior due to its lower efficacy rate, a perception further fuelled by the reported deaths of Indonesian doctors inoculated by Sinovac in July 2021. However, vaccine hesitancy in Malaysia was not limited to Sinovac and the Chinese-made vaccine was the second most used in Malaysia.⁶

Vaccine diplomacy defined China's relations with Southeast Asia in 2021 and this is true for Malaysia. The donations and priority access to vaccines generally improved the perception of bilateral relations in Malaysia. Vaccine diplomacy demonstrated the strong friendship in bilateral relations and moving forward, Malaysia, like the rest of Southeast Asia, anticipates greater cooperation with China.⁷

No less trouble in the South China Sea

Throughout the pandemic, tensions in the South China Sea did not simmer down. With the Code of Conduct delayed further, the issues in the South China Sea continue to pose a challenge between China and Southeast Asian claimant states. China continued to carry out activities in the disputed waters by establishing its administrative claims⁸ and engaging in standoffs with Southeast Asian claimant states. Most notable was the March 2021 standoff with the Philippines when 200 Chinese vessels, some of which were maritime militia, showed up in the disputed waters of Whitsun Reef. Manila responded cautiously, lodging a diplomatic protest and warning the vessels to withdraw immediately. Careful to prevent an escalation of the situation, Manila's diplomatic response protected its bilateral relations with China as the Philippines continued to receive donations of Covid-19 vaccines and trade remained unaffected.

Similarly, Malaysia faced a diplomatic issue with Beijing when 16 military planes flew into Malaysian-claimed exclusive economic zone in tactical formation in May 2021. Putrajaya mounted a diplomatic protest against China's actions,

accusing the latter of breaching Malaysian airspace and sovereignty and summoned the Chinese ambassador. Foreign Minister Hishammuddin Hussein intended to raise the matter with his Chinese counterpart at the Asean-China Foreign Ministers' Meeting. However, during the meeting, both sides appeared eager to move on from the issue.⁹ The incident demonstrated Malaysia's strong resolve to defend its sovereignty while careful not to let the incident drag on or spill over into other aspects of bilateral relations.

Although this incident was quickly resolved and did not affect other aspects of bilateral relations, it left an impression on the Malaysian public that Beijing could not be trusted and demonstrated that the various government agencies would not hesitate to take on a more strident approach when calling out infringements. The incident created some scepticism over the sincerity of Malaysia-China relations, as Beijing was portraying itself as a friendly partner via vaccine diplomacy but did not hesitate to infringe on Malaysia's sovereign territory during a volatile political time. This led the public to become more critical of China, undermining its efforts in vaccine diplomacy.

Trade reigns supreme

Despite pandemic conditions and a series of lockdown measures in both Southeast Asia and China, bilateral trade grew steadily. Asean became China's largest trading partner in 2020, overtaking the European Union, and in the first half of 2021, trade expanded at a 38.2% year-on-year growth.

For Malaysia, trade is the cornerstone of its relations with China. For 13 consecutive years, China has been Malaysia's largest trading partner, and Malaysia is China's second largest partner in Asean after Vietnam.

The Malaysia-China trade volume grew by 4.2% year-on-year in the pandemic's first year and by 34.5% in 2021.¹⁰ This can be attributed to increased exports in electrical and electronic (E&E) goods, as well as a boost in online trading and shopping.

While these figures are impressive, given the Covid context, trade represents only one aspect of the economic relationship. An overview of economic relations would not be complete without assessing the progress of China's signature Belt and Road Initiative (BRI). Since the outbreak of the pandemic, many critics have pointed to the slowdown of BRI investments and activities. Chinese-led projects, such as the high-speed railways in Indonesia and Thailand, have been delayed, while power plants in Cambodia and Myanmar were reportedly disrupted. Similarly in Malaysia, the Covid-19-induced lockdowns slowed progress and disrupted the property market of the reclaimed-island mega-project, Forest City. The Melaka Gateway project was also cancelled in November 2020 after years of inactivity. Despite the challenges, Beijing is determined that the BRI brand remains successful and claims that most projects remain uninterrupted.

Instead of dwelling on impeded infrastructure projects, Beijing is focusing on its new economic paradigm dubbed the Dual-Circulation Strategy, which provided momentum in BRI and directing growth towards public health, digital transformation and green development.¹¹ This not only addresses the immediate concerns of the pandemic, such as through vaccine diplomacy, the Dual Circulation strategy also offers a digital and green road map to the future.

Working towards post-pandemic cooperation, Malaysia and China have indicated interest in strengthening partnership on digital economy. The real opportunities that the Malaysian economy needs lie in digital transformation and green development, which China is ready to explore.

There is recognition that Malaysia's MyDIGITAL initiative aligns with the BRI's tech focus, yet there are no clear plans for its direction. China's Digital Silk Road can bridge the gaps in the Malaysian digital economy. The pandemic revealed challenges in digital adoption in Malaysia, especially among small-medium enterprises which represent the backbone of the economy. China can help address these challenges through assisting with financing digitalisation and collaborating on innovation programmes that can cultivate local digital talent.¹² There should be more emphasis on sustainability in developing Malaysia's digital economy and this can be done in collaboration with China's newly launched global development initiative.¹³

Conclusion

In times of crisis, true friendship is revealed. The pandemic posed many challenges and China stepped up to address the region's needs. If anything, Covid-19 has only enhanced China's role in Southeast Asia. While relations have grown steadily, the highlight of China's engagement in Southeast Asia in the past two years has been its vaccine diplomacy.

This soft-power strategy to win the hearts and minds of Southeast Asians may have been hindered by vaccine hesitancy but, as a whole, it boosted Beijing's image as a reliable partner. Vaccine diplomacy might have improved cooperation with Southeast Asian partners but soft power has its limits. The true test of the Asean-China relation lies in the South China Sea.

For Malaysia, vaccine cooperation and the ever-growing bilateral trade have only enhanced relations with China, but the relationship dynamics remain unchanged. China retains its position as an important partner to Malaysia and will continue to advance on areas of cooperation, but the South China Sea continues to be a thorn in the bilateral relationship.

Malaysia should pursue a strategic policy towards China. As the world shifts towards an endemic phase of Covid-19, vaccine cooperation will slowly lose its lustre as a foreign policy.

Nevertheless, Malaysia should continue to pursue health diplomacy with China beyond vaccine cooperation, such as collaborating in the healthcare industry, expanding medical tourism, mutual learning on healthcare policies and regulation, and building public health capacity.

On the economic front, as Malaysia ventures into the fourth industrial revolution, it is vital that it develops a strong digital economy. The Asean region is predicted to become the world's top five digital economies by 2025, and Malaysia should ensure that its digital economy is competitive. This article has highlighted that Malaysia should upscale its digital economy through seeking financing digitalisation and collaborating on innovation programmes that will cultivate local digital talent with China. This necessarily requires a clear and targeted plan that aligns Malaysia's MyDIGITAL with the Digital Silk Road.

In security, the prospects of the South China Sea remain as uncertain as ever. Malaysia should exercise leadership within Asean and urge for the finalisation of a Code of Conduct to manage maritime disputes. While this may not be an end-all to the security situation in the South China Sea, it will introduce mechanisms to manage maritime disputes and tensions.

The road ahead is still filled with challenges. The sincerity of China's partnership must be reflected in security challenges as much as it is expressed in diplomacy and economic relations.

Endnotes

- ¹ Latiff, R., & Sipalan, J. (2021, July 15). Malaysia to stop using Sinovac vaccine after supply ends – minister. *Reuters*. Retrieved from: <https://www.reuters.com/world/asia-pacific/malaysia-stop-using-sinovac-vaccine-after-supply-ends-minister-2021-07-15/>
- ² 1 million doses of Sinovac in September 2021 and 2 million in December 2021.
- ³ By September 2021, Cambodia was 8 months ahead of schedule for its national immunisation plan with 95% vaccinated with at least one shot of the Covid-19 vaccine. Cambodia dominantly relied on Chinese vaccines, which makes up over 27 million of the 30 million doses it has procured; see Barrett, C. (2021, September 7). Phnom Penh turned to China, now it's the "world's most vaccinated capital city". *The Sydney Morning Herald*. Retrieved from: <https://www.smh.com.au/world/asia/phnom-penh-turned-to-china-now-it-s-the-world-s-most-vaccinated-capital-city-20210906-p58pbk.html>; Indonesia also dominantly used Chinese vaccines with 79% of its vaccinated population using Sinovac; Al Jazeera. (2022, February 7). *Can Sinovac protect Indonesia from the Omicron wave?*. Retrieved from: <https://www.aljazeera.com/news/2022/2/7/can-sinovac-protect-indonesia-from-the-omicron-wave>
- ⁴ Dzulkifly, D. (2021, July 28). Khairy: Sinovac Covid-19 vaccine still in immunisation portfolio, can order more if needed. *Malay Mail*. Retrieved from: <https://www.malaymail.com/news/malaysia/2021/07/28/khairy-sinovac-covid-19-vaccine-still-in-immunisation-portfolio-can-order-m/1993399>
- ⁵ Goh, N. (2021, June 27). As Malaysia's Covid-19 vaccination drive revs up, sceptics threaten to spoil the party. *South China Morning Post*. Retrieved from: <https://www.scmp.com/week-asia/health-environment/article/3138655/malaysias-covid-19-vaccination-drive-revs-sceptics>
- ⁶ As of 15 March 2022, Pfizer dominates Malaysia's national immunisation programme taking up 60.1% of vaccinations. Sinovac comes second with 31.3%, followed by AstraZeneca at 8.3%; COVIDNOW, Ministry of Health Malaysia. (2022). *Vaccinations in Malaysia*. Retrieved from: <https://covidnow.moh.gov.my/vaccinations/>
- ⁷ Birruntha, S. (2021, December 2). Vaccine cooperation improves Malaysians' perception of China. *The Malaysian Reserve*. Retrieved from: <https://themalaysianreserve.com/2021/12/02/vaccine-cooperation-improves-malaysians-perception-of-china/>
- ⁸ In April 2020, China announced two newly established administrative districts in territories under dispute with Vietnam. In 2021, Beijing passed new maritime laws which enables Chinese coastguards to open fire on foreign vessels, demolish foreign structures in Chinese-claimed territories, and enforce new reporting requirements on foreign vessels that enter Chinese-claimed maritime territories.
- ⁹ Ngeow, C.B. (2021, July 16). *Have friendly Malaysia-China relations gone awry?*. Carnegie Endowment for International Peace. Retrieved from: <https://carnegieendowment.org/2021/07/16/have-friendly-malaysia-china-relations-gone-awry-pub-84981>
- ¹⁰ Trade with China expanded by 4.2% to RM329.77 billion in 2020; see Ministry of International Trade and Industry. (2021, January 30). *Malaysia external trade statistics* [Media statement]. Retrieved from: https://www.miti.gov.my/miti/resources/Media%20Release/Media_Statement_-_Malaysia_External_Trade_Statistics.pdf; in 2021, bilateral trade grew 34.5% year-on-year to RM740 billion; see The Star. (2022, January 26). *China-Malaysia trade hit RM740bil in 2021*. Retrieved from: <https://www.thestar.com.my/news/nation/2022/01/26/china-malaysia-trade-hit-rm740bil-in-2021>
- ¹¹ Tan, A. (2021, September 28). *China's Dual Circulation Strategy: Implications and opportunities for Malaysia* (ISIS Policy Brief). Retrieved from: <https://www.isis.org.my/2021/09/28/chinas-dual-circulation-strategy-implications-and-opportunities-for-malaysia/>
- ¹² Azahar, S. (2021, October 20). *Challenges in digital adoption* (ISIS Insights). Retrieved from: <https://www.isis.org.my/2021/10/20/challenges-in-digital-adoption/>
- ¹³ In September 2021, China launched the Global Development Initiative, which calls for international cooperation to work towards the UN's Sustainable Development Goals.