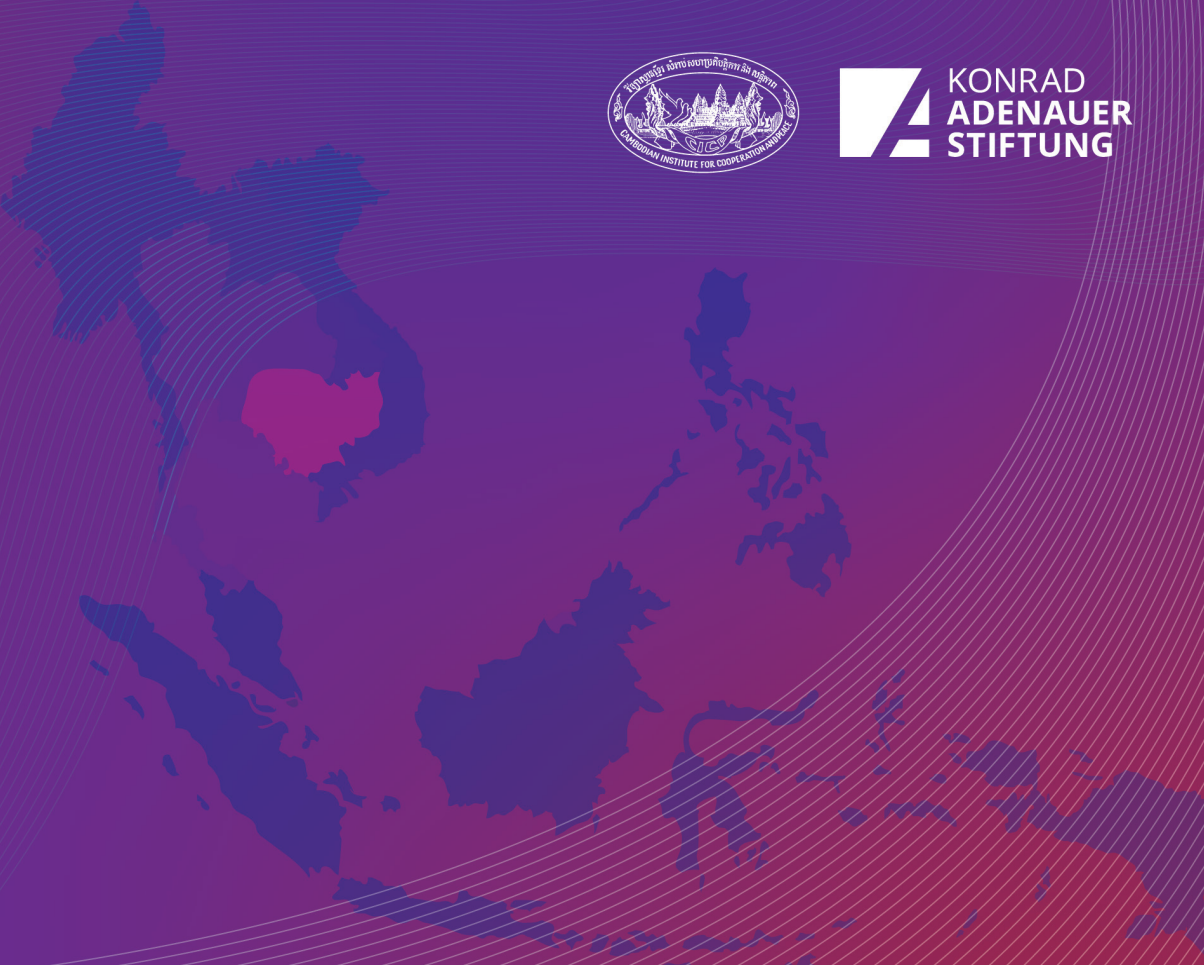




**KONRAD  
ADENAUER  
STIFTUNG**



THE IMPACT OF  
**COVID-19 PANDEMIC:  
NATIONAL & REGIONAL  
IMPLICATIONS**

Edited by

Pich Charadine | Robert Hör





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# **THE IMPACT OF COVID-19 PANDEMIC: NATIONAL AND REGIONAL IMPLICATIONS**

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*Edited by*

Pich Charadine  
Robert Hör



## ABOUT CAMBODIAN INSTITUTE FOR COOPERATION AND PEACE

The Cambodian Institute for Cooperation and Peace (CICP), founded in 1994, is a neutral, non-governmental, non-profit and non-partisan foreign policy think-tank institution based in Phnom Penh. CICP has undertaken various activities to promote and stimulate policy dialogue including organizing public forums, conducting research, distributing publications, participating in international conferences and widening networks, directing skills training, disseminating information, and formulating policy recommendations that are well presented to policymakers at both national and regional frameworks. We aspire to become a leading institution in Cambodia that dedicates to the study of political, security, social, and economic trends in Cambodia and the region of Southeast Asia as a whole, with the aim to cultivate broader interests among the scholarly community, policymakers, and the public at large, in order to facilitate the search for viable policy-based solutions to tackle the confronting challenges.

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## ABOUT KONRAD-ADENAUER-STIFTUNG CAMBODIA

Freedom, justice and solidarity are the basic principles underlying the work of the Konrad-Adenauer-Stiftung (KAS). The KAS is a political foundation, closely associated with the Christian Democratic Union of Germany (CDU). As co-founder of the CDU and the first Chancellor of the Federal Republic of Germany, Konrad Adenauer (1876-1967) united Christian-social, conservative and liberal traditions. His name is synonymous with the democratic reconstruction of Germany, the firm alignment of foreign policy with the trans-Atlantic community of values, the vision of a unified Europe and an orientation towards the social market economy. His intellectual heritage continues to serve both as our aim as well as our obligation today. In our European and international cooperation efforts we work for people to be able to live self-determined lives in freedom and dignity. We make a contribution underpinned by values to helping Germany meet its growing responsibilities throughout the world.

KAS has been working in Cambodia since 1994, striving to support the Cambodian people in fostering dialogue, building networks and enhancing scientific projects. Thereby, the foundation works towards creating an environment conducive to economic and social development. All programs are conceived and implemented in close cooperation with the Cambodian partners on central and sub-national levels.

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# Editorial Note

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2020 has proved to be a testing year due to the unprecedented crisis caused by the Covid-19 pandemic which has shaken the world we live in on many fronts including politics, economics, and society at large. By November, there were already more than 49 million people infected and more than 1 million deaths worldwide. Global economic activity gradually came to a near standstill, owing to the restriction of movement, disruption of supply chains, closure of manufacturing production and further containment measures, costing the world economy trillions of dollars and forcing millions of people out of their jobs — this is in fact the most severe economic shock the world has experienced in decades. As of today, the 23rd of November 2020, the World Health Organization reported a total of 57,882,183 confirmed Covid-19 cases, resulting in 1,377,395 deaths.

Southeast Asia remains vulnerable in many aspects. Although the respective countries have taken consecutive, far-reaching measures to contain the spread of the virus and to cure the infected, more precaution guidelines are still needed. It is hence more timely and important than ever to assess and try to shed a new perspective on the enduring struggles now and the prospective challenges in the future. The discussion surrounding the Covid-19 pandemic has been widely conducted on various platforms in every corner of the globe in the form of op-ed, short commentary and articles, video-conferences and virtual panel discussions alike. Nevertheless, it fell short of scientific research and constructive analysis in a more concrete, in-depth format, e.g., a book compilation, for future reference and extended outlook.

We, the Cambodian Institute for Cooperation and Peace (CICP) and Konrad-Adenauer-Stiftung (KAS) Cambodia, are particularly proud of having undertaken this book project. The framework resides in three main categories, namely politics and diplomacy, economics, and social contexts. The discussions cut-cross various issues ranging from individual countries' measures in combating the pandemic to an evaluation of socio-economic impacts and their implications, highlighting political and diplomatic battle between major powers amidst the global emergency threat, to pinpointing a future outlook on a post-Covid-19 societal state, just to name a few.

This project would not have been possible without strong collaboration from our contributors whose expertise helped shed light on the enduring crisis that we are all facing. We want to express a great deal of gratitude, hoping that this book will serve its purpose of facilitating and forwarding discussion and academic debate, raising public awareness, and serve as a useful resource for interested stakeholders at all levels in Southeast Asia and beyond.

Enjoy reading!

*Pich Charadine\* and Robert Hör\*\**

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\* Pich Charadine is currently the Deputy Director of the Cambodian Institute for Cooperation and Peace (CICP) and concurrently serving as the Coordinator of the Global Center for Mekong Studies (GCMS-Cambodia Center, a Track II think tank network of Lancang-Mekong Cooperation). She also serves as the Advisor to the Ministry of Foreign Affairs and International Cooperation of the Kingdom of Cambodia. She obtained her B.A. in Political Science and International Relations with High Honors from Zaman University (Cambodia) and holds an M.A. in International Politics (concentrated on political dialogue) with Merit from Keele University (United Kingdom). She was nominated to the 2019 U.S. Department of State's International Visitor Leadership Program (IVLP), Visiting Fellow at China Institute for International Studies (CIIS) in 2018 and Visiting Scholar at China Foreign Affairs University (CFAU) in 2019. She has written and published on various issues concerning Cambodia's political development and its subsequent foreign policy implications including Sino-Cambodia relations, ASEAN regional framework, ASEAN-China partnership, and Mekong sub-regional cooperation, especially on Mekong-Lancang Cooperation (MLC).

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# POST-COVID-19 WORLD ORDER

Ambassador Pou Sothirak\*

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\* Pou Sothirak has been holding a position as Executive Director of the Cambodian Institute for Cooperation and Peace (CICP) since June 2013. He also serves as Advisor to the Royal Government of Cambodia since February 2014. He was appointed as Secretary of State of the Ministry of Foreign Affairs and International Cooperation of Cambodia from September 2013 to January 2014. He was Visiting Senior Research Fellow at the Institute of Southeast Asian Studies (ISEAS) in Singapore from January 2009 to December 2012. He was appointed as Cambodian Ambassador to Japan from April 2005 to November 2008. He served as elected Cambodian Member of Parliament twice during the general election in 1993 and 2003. He was appointed as Minister of Industry Mines and Energy of the Royal Government of Cambodia from 1993 to 1998. He has written extensively on various issues confronting the development of Cambodia and the region.

## I. Introduction

Covid-19 is more than a global health pandemic. This virulent disease has also hit extremely hard across a wide variety of sectors, including the world economy, which prospered before the outbreak, and imposed a 'new normal' that ultimately changes the ways we live and affects people's individual security. More than this, the virus has started to test our imagination of how the world will look after the pandemic passes.

Scientists have warned that global warming, due to excessive carbon emissions adversely speeding up climate change, imply a dismal future and warn: "Human life on earth may be on the way to extinction".<sup>1</sup> Coronavirus, as an unanticipated shock to the system, seems to accelerate this prediction with its cataclysmic potency creating panic across the globe with a constantly increasing death toll, triggering a dangerous shift in the international system, the liabilities of which the world will have to bear in its aftermath.

Stephen Walt, the eminent American international relations scholar, has predicted that the post-Covid-19 world will be less open, less prosperous, and less free. Others of equal statures, such as Robin Niblett, Kishore Mahbubani, and Joseph Nye, Jr. have forecasted the demise of globalization as we know it, towards a more Sinocentric model of globalization owing to the inadequacy of U.S. security strategy based on great power competition in its dealing with Covid-19.<sup>2</sup>

The 'new normal' created by the outbreak of Covid-19 has brought about greater anxiety than the world has ever experienced in the post-Cold War era and intensified broader debates of a more dangerous geopolitics in the Asia-Pacific region. The virus has exacerbated the U.S.-China strategic contest over world leadership and that competition has reached new heights. The danger of all out confrontation has become more real than ever. It is rather difficult to see a reality where the U.S. and China will work together to lead the world, given the deep-seeded animosities between them. They are more likely to work independently or in conflict to safeguard their respective national interests in the post-Covid-19 world.

This chapter attempts to describe how a new world order will look like after the pandemic sweeps through. It examines factors driven by Coronavirus, contending that it will precipitate a transition to a more fragmented world order. Specifically, the chapter forecasts a situation where the international system as we know will fundamentally change or at least alter in accordance to three distinct scenarios. Each of these is set out in the following paragraphs.

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- 1 See "The end of the world: a history of how a silent cosmos led humans to fear the worst", article by Thomas Moynihan, dated 8 august 2019. Available at: [https://theconversation.com/the-end-of-the-world-a-history-of-how-a-silent-cosmos-led-humans-to-fear-the-worst-120193?utm\\_source=TCUK&utm\\_medium=linkback&utm\\_campaign=TCUKengagement&utm\\_content=InsightsUK](https://theconversation.com/the-end-of-the-world-a-history-of-how-a-silent-cosmos-led-humans-to-fear-the-worst-120193?utm_source=TCUK&utm_medium=linkback&utm_campaign=TCUKengagement&utm_content=InsightsUK)
  - 2 See "How the World Will Look After the Coronavirus Pandemic", a publication of Foreign Policies, dated 20 March 2020. Available at: <https://foreignpolicy.com/2020/03/20/world-order-after-coronavirus-pandemic/>

**The first scenario** is that of a new unipolar world with China emerging as a leader instead of the US. This situation will occur if the following conditions are met.

After China's rapid rise to the first rank of economic and military powers, Beijing will take over the helm from Washington as the world leader. This prediction is somewhat far-fetched at this stage as it will take many more years for China to become stronger than the U.S. militarily. Nonetheless, there is significant evidence suggesting that China has an even more ambitious long-term agenda, displaying a superpower's ambition.<sup>3</sup> Since taking power in 2012, Chinese President Xi Jinping has been relentless in developing China's economic, diplomatic, and political influence on a global scale as well as building up its military strength and power projection capabilities. At the 2017 party congress, President Xi said his country will become a global leader by the middle of the century and amplified policies to accelerate the growth of China's comprehensive national power in support of the country's "great rejuvenation" by 2049 through the assertive use of all instruments of national power, including both economic and military.<sup>4</sup>

China's path to primacy is also possible if and when Beijing is able to build a new form of great power relations to avoid the 'Thucydides Trap', coined by Graham Allison, which depicts the dangerous dynamic that occurs when a rising power threatens to displace a ruling power resulting in war.<sup>5</sup> By avoiding direct confrontation with the U.S., China initiated a grand scheme known as the Belt and Road Initiative (BRI) in autumn 2013 where strong overseas investment is designed to push forward the next phase of China's domestic development facilitate the expansion of its state and non-state enterprises to enter new markets and growth opportunities; to avoid the middle-income trap; and, ultimately, to increase the country's external influence gradually and to subdue pressure from Washington. China may well be a better world leader than the U.S. if Beijing can ensure that BRI continues to reinvigorate itself and if Beijing is able to prove its credibility of having "no political strings attached" nor the practice of predatory debt-trap diplomacy while delivering on its promise that there would be huge opportunities to tap on the diverse resources to propel national development for sustainable growth and inclusive livelihood among less developed economies.

In this scenario, China would take over the role of the dominant state in a new unipolar system when the arrangements of the old system of U.S. bilateral alliance fails to check China's rise as a peaceful emerging power. The premise of the alliance system is to uphold the alliance partners' commitment to mutual defense in opposing China's aggressiveness in asserting its territorial claims. One of the *raison d'être* of the alliance system is to prevent the shifting of the balance

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3 See "China Has Two Paths To Global Domination", by Jake Sullivan and Hal Brands, dated 22 May 2020. Available at: <https://carnegieendowment.org/2020/05/22/china-has-two-paths-to-global-domination-pub-81908>

4 See "Competing with China" by Aaron L. Friedberg, 1, June 2018. Available at: <https://www.tandfonline.com/doi/full/10.1080/00396338.2018.1470755>

5 See "Escaping the Thucydides Trap", by Graham Allison, 29 March 2019. Available at: <https://www.chinausfocus.com/foreign-policy/escaping-the-thucydides-trap>

of power to the disadvantage of Washington as China is regarded as a revisionist power and determined to replace the US as the dominant power in Asia.<sup>6</sup> However, the U.S. presidency under Donald Trump has done much to damage the alliance system as U.S. allies in Asia and Europe have raised concerns and questioned the United States' ability to restore itself as a credible security guarantor in the global context.<sup>7</sup> The present U.S. president had publicly renounced American leadership of the global system when he retracted his endorsement of the joint communique he signed at the end of the G7 meeting in Charlevoix, Quebec, and threatened further tariffs against America's closest allies, whom he viewed as free riders who have relied unfairly on American security largesse for decades while mistreating America.<sup>8</sup> Trump has pulled America out of myriad Western-initiated global institutions such as the Paris climate change agreement, the Trans-Pacific Partnership, and the Iran nuclear deal. If Washington continues along this path, there is no plausible way to uphold the rules-based liberal international order and China will most probably be the number one superpower in the future, barring internal turmoil within China or some unforeseen development in the country's domestic politics.

**The second scenario** is the emergence of a bipolar order where the world will be characterized by a de facto China-US G2-world after the pandemic ends.

As the U.S. and China push-and-shove one another in order to extend their spheres of dominance globally, all countries are inescapably drawn into the complexities of this global power play. International stability now hinges on whether the world order will be reshaped, elevating China's position, or downgrading U.S. influence. The distribution of the capabilities of both states, both soft and hard, will be determined by their relentless rivalries, signaling the arrival of a new bipolar world. The drivers for such a bipolarity world led by both the U.S. and China can be seen unmistakably in the post-Covid-19 crisis world where both Washington and Beijing exert, uncompromisingly, their bilateral diplomacy in the multilateral sphere, i.e. the UN, G20, APEC, EU, or ASEAN.

America appears at present to be relatively weaker in light of China's growing presence across the world, while China is becoming stronger by fostering ever-closer ties to countries in Africa, Latin America, and its own neighborhood of Southeast Asia. China's commanding economy, wealth, and deep pockets have allowed Beijing to extend its authority, challenging America's

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6 See "Doing More and Expecting Less: The Future of US Alliances in the Asia Pacific", p. 98, by Carl Baker and Brad Glosserman. Available at: [https://www.files.ethz.ch/isn/161906/IssuesInsights\\_vol13no1.pdf](https://www.files.ethz.ch/isn/161906/IssuesInsights_vol13no1.pdf)

7 See "Saving America's Alliances", Mira Rapp-Hooper, March/April 2020. Available at: <https://www.foreignaffairs.com/articles/united-states/2020-02-10/saving-americas-alliances>

8 See "America Alone?", Krishnadev Calamur, 10 June, 2018. Available at: <https://www.theatlantic.com/international/archive/2018/06/trump-g7/562493/>

strategic influence across the globe. From global investments to diplomacy and foreign aid, China has outstripped U.S. investments in foreign affairs and development.<sup>9</sup>

A bipolar world dominated by the U.S. and China is also a possibility if multilateral groupings such as the EU, G20 and ASEAN take a “bystander attitude” regarding what is taking place between Washington and Beijing. They should not be complacent, basing policy on the idea that because the United States and China are interdependent economically, they will find a way to co-exist because they will have too much to lose. Rather, they should see to it that their styles of multilateralism will help guide China to rise peacefully and at the same time provide better options to recalibrate Washington’s script of containment policy toward China. As China pursues its own course with its own approach to economics, domestic politics, security, and global order, neither the status quo, liberal international order nor U.S. military power has been able to prevent China from seeking to displace core components of the U.S.-led system.<sup>10</sup> Therefore, the emerging bipolar world is possible and dangerous if there is no mechanism that can effectively manage the ongoing U.S.-China tensions after Covid-19 is behind us.

**The third scenario** is the continuation of the ‘status quo’ world order, albeit with intensifying US and China competition and confrontation.

It is very likely that the situation in the aftermath of Covid-19 will not alter the global order too much, but rather expose greater anxiety and deepen the complexity deriving from power relationships in international relations that continue to reinforce the fundamental dynamics of contemporary geopolitics. Most probably is the intensification of the U.S. and China’s tussle for greater influence in the Asia-Pacific region. In this scenario, we can expect to see a further waning of American leadership, a stronger ascent by China, less global cooperation, and more intense rivalry and discord between a relatively declining United States and an ascendant China.

Nearly four years since Donald Trump took office, America’s global influence is declining, raising the spectrum of a fresh debate over the changing world order in which the United States has less of a central role. The ‘Pax Americana’ continues with a worrying trend, with increased perceptions of a slide down the slippery slope toward a potential tipping point.<sup>11</sup> By putting “America First”, President Trump appears to have forsaken the US-led international order. In trying to “make America great again”, his administration is now rejecting globalization as a positive force. With its move towards protectionism, the US today is often seen as relinquishing

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9 See “China’s Growing Influence: Is America Getting Left Behind?”, U.S. Global Leadership Coalition, 19 October, 2019. Available at: <https://www.usglc.org/media/2018/04/USGLC-Fact-Sheet-Chinas-Growing-Influence.pdf>

10 See “The China Reckoning: How Beijing Defied American Expectations”, Campbell, Kurt and Ratner, Ely, *Foreign Affairs*, Vol. 97, Iss. 2, Mar-Apr 2018. Available at: <https://china.usc.edu/sites/default/files/campbell%20and%20ratner%202018%20the%20china%20reckoning.pdf>

11 See “America First and the End of Pax Americana”, by Stuart P.M. Mackintosh, 31 July 2018. Available at: <https://www.europanowjournal.org/2018/11/07/america-first-and-the-end-of-pax-americana/>



its leading role in the multilateral rules-based order that was once a cornerstone of America's policy – and a source of American hegemony.

On the other hand, China's President Xi Jinping has presented himself as a savior of globalization, free trade, and climate change at both the World Economic Forum and the United Nations. In terms of security, President Xi coined the "Asian security concept" in May 2014, and has expressed the unique Chinese understanding of regional and international security based on a common, comprehensive, cooperative, and sustainable Asian security concept and advocated a path of building, sharing and achieving win-win security in Asia. China has been practicing this new concept of security with an aim to establish a community of shared future for mankind, in which countries work towards a world of common security.<sup>12</sup> If Beijing can prove that it has played a positive role in regional security; manage well the disputes with neighboring countries; and constructively engage with ASEAN to achieve a credible code of conduct in the South China Sea - China will certainly emerge as a reliable global player and deserve to be called a responsible member of the international community.

At present, cooperation between U.S. and China is nearly impossible as mounting domestic and international pressures confine both states to remain at odds with one another over trade tensions, technological rivalries, strategic issues (such as flash points related to the Korean peninsula), Cross-Strait relations, the South China Sea problems, and the origin of the Coronavirus. The eruption of the pandemic hits both America and China so severely, compelling the two global powers to quarrel with each other instead of searching for—and strengthening—global responses thereto. Washington focuses even more on blaming Beijing for its failure to contain the initial outbreak and for not acting in a timely manner, thus contending that China has misled the world regarding human-to-human transmission. However, China's performance in containing the virus was much better than the U.S. as illustrated by Beijing's effective handling of Covid-19 in Wuhan. How much the pandemic could reshape the world order remains an open question, but if China recovers faster from the outbreak and finds the cure first and offers it as global public good, as President Xi Jinping has promised,<sup>13</sup> Beijing is sure to have the edge to advance its 'politics of generosity' and as a result undercut U.S. policy and the American narrative regarding Covid-19 responsibility.

At present, the world has increased concerns deriving from the strategic politico-security rivalry and dissention between its two most powerful countries. The status quo power dynamic in the post-Covid-19 world will entail a stronger and more aggressive China as Beijing is prepared to continue more antagonistic policies on Taiwan, Hong Kong, and the South China Sea.

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12 See "Why does Asia need a 'new' security concept?", Su Xiaohui. Available at: <https://news.cgtn.com/news/3d3d774e3351444f34457a6333566d54/index.html>

13 See "Xi Vows China Will Share Vaccine and Gives WHO Full Backing", Corinne Gretler, 18 May, 2020. Available at <https://www.bloomberg.com/news/articles/2020-05-18/china-s-virus-vaccine-will-be-global-public-good-xi-says>

A new and rising China is already becoming more confident and assertive. According to Beijing, reunification with Taiwan is inevitable and any move toward formal independence would be met with military force.<sup>14</sup> Beijing is set on a confrontational course with Washington when China announced the enactment of national security law recently to prevent and punish acts of secession, subversion, terrorism or foreign interference in Hong Kong affairs.<sup>15</sup> China called the U.S. a “trouble-maker” over Secretary of State Mike Pompeo’s statement of 13th July calling China’s claims in the South China Sea illegal.<sup>16</sup>

On the other hand, the US-led, multi-layered strategy framed by the “Asian Pivot” of the last administration has been transformed into the Free and Open Indo-Pacific Strategy (FOIP) as enunciated by the White House and is designed to ensure that America remains unobstructed and that Washington will not hesitate to counter any challenge to the existing, so-called rules-based international order. On 1 June 2019, the U.S. Department of Defense released the Indo-Pacific Strategy Report.<sup>17</sup> Deriving from the National Security Strategy and the National Defense Strategy, the report describes how the Pentagon should approach the Asia-Pacific region in the next few years. FOIP encapsulates four specific principles– respect for sovereignty and independence; peaceful resolution of disputes; free, fair, and reciprocal trade; and adherence to international rules and norms. With the intention of turning rhetoric into reality, the U.S., while protecting its own national security interests, is keen to address the multifaceted nature of threats it faces in the Indo-Pacific region – i.e., China, Russia, North Korea, and transnational threats. How Washington intends to operationalize FOIP remains to be seen but to be sure, addressing China’s assertive behavior in the South China Sea is high on the list of U.S. preoccupations, as illustrated by U.S. Secretary of State Mike Pompeo’s statement on the U.S. Position on Maritime Claims in the South China Sea released on 13 July 2020 which he stated “We [America] stand with the international community in defense of freedom of the seas and respect for sovereignty and reject any push to impose “might make right” in the South China Sea or the wider region.”<sup>18</sup>

Great power rivalry is sure to continue in the post-Covid-19 world. Ground-zero is now set for fierce competition between the established powers, which inclines to resist any other power that challenges its hegemonic influence, and the rising power, which seeks its own expansion and hegemony, and therefore provoke the inevitability of conflict between the two most powerful states – U.S. and China.

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14 See “As China Strengthens Grip on Hong Kong, Taiwan Sees a Threat”, Javier C. Hernández and Steven Lee Myers, New York Times, 1 July, 2020. Available at: <https://www.nytimes.com/2020/07/01/world/asia/taiwan-china-hong-kong.html>

15 See “A ‘golden goose’ loses its luster: Why Beijing is willing to risk Hong Kong”, Clay Chandler and Grady McGregor. Available at: <https://fortune.com/2020/06/06/china-hong-kong-law-risk/>

16 See “South China Sea: Beijing calls US ‘troublemaker’ after criticism”, Lily Kuo, 14 July, 2020. Available at: <https://www.theguardian.com/world/2020/jul/14/south-china-sea-us-says-beijings-claims-to-disputed-area-completely-unlawful>

17 See “Free and Open Indo-Pacific – Advancing a Shared Vision”, U.S. Department of Defense, 1 June 2019. Available at: <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>

18 See “U.S. Position on Maritime Claims in the South China Sea”, Press Statement by U.S. Secretary of State Mike Pompeo, 13 July 2020. Available at: <https://www.state.gov/u-s-position-on-maritime-claims-in-the-south-china-sea/>

## II. Conclusion

Covid-19 has devastated lives, upset markets and exposed world governments' competency or lack thereof to the unknown-facts of exactly how this disease can fundamentally change the conflictive nature of world politics, the Coronavirus will lead to inevitable shifts in the international system where the effects of its after-shock will become apparent only later.

In the aftermath of Covid-19, the world will witness greater conflict between the United States and China in Asia and Washington-Beijing relations will definitely be redefined. There is a general consensus among U.S. policymakers today about the challenges that China's rising power presents for the United States.

From 'standing up for China', under the leadership of Mao Zedong, to 'China growing rich', under Deng Xiaoping, President Xi Jinping appears firm in casting the Communist Party of China in an idealized image - wherein authoritarianism will prevail in a conflict with liberal democracy as the dominant global norm for national governance, setting the stage for China to become an influential force in world affairs.

It is most unlikely that China emerges as the sole, new world order in the foreseeable future and can dictate the setting of a unipolar arrangement of power in the conduct of international affairs. This is simply because it is unthinkable that the U.S. would voluntarily allow this to happen and to relinquish its preponderant role in the liberal international order that Washington created 75 years ago.

Nonetheless, China is running out of options but to strive to change the unipolar world to a bipolar structure in which it will be the other superpower. This ambition will enable China to challenge the U.S. in the Asia-Pacific, allow Beijing to seek hegemonic regional influence and to reduce the U.S. role in the Asia-Pacific region. A post-Covid-19 world with a bipolar power arrangement is doubtful but not impossible as Beijing is sure to dispute America's global leadership and spread its own political theory of 'socialism with Chinese characteristics'. Given time, Beijing can succeed in transforming itself into a global leader and create a bipolar world, if Washington fails to rally its alliance partners to uphold U.S. hegemony and safeguard American values and principles that have defined the global order of the world since the end of the Cold War.

When Covid-19 is over, the status quo power competition between the US and China will most likely be fiercer and more intensified. The U.S.-led Free and Open Indo-Pacific (FOIP) and the China-led Belt and Road Initiative (BRI) are powerful tools that can draw this world into a long-term conflict between two blocks: 'Pro-U.S.' and 'Pro-China'. The world order at that time will be significantly more unstable and disturbing.



People wear costumes with face masks celebrating Halloween at Lan Kwai Fong

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# WITH GREAT POWER COMES GREAT RESPONSIBILITY? DIPLOMATIC BATTLE AMIDST THE COVID-19 PANDEMIC

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## I. Introduction

The year 2020 has ushered in a period of social and economic calamities across the globe owing to the outbreak of Covid-19, which was declared a pandemic by the World Health Organization (WHO) in March 2020. In addition to creating constraints on the democratic process and civil liberties in various countries,<sup>1</sup> the Covid-19 pandemic has also deepened the tension between major powers and shaken multilateral institutions of an already volatile world order. As Bobo Lo, a Nonresident Fellow at the Lowy Institute, recently commented, “The coronavirus pandemic has thrown a harsh spotlight on the state of global governance. Faced with the greatest emergency since the Second World War, nations have regressed into narrow self-interest. The concept of a rules-based international order has been stripped of meaning, while liberalism faces its greatest crisis in decades.”<sup>2</sup>

In an ideal world, this would be a time for nations across the globe to embrace collective responsibility, solidarity, and cooperation to fight against the ongoing global health and socio-economic crises. In reality, instead of cooperation among the major powers, we have witnessed an escalation of global power rivalry and geopolitical uncertainty.

Against this backdrop, this chapter discusses the diplomatic battle between the two superpowers, namely the United States and China, amidst the ongoing Covid-19 pandemic. In doing so, it examines their blame-game narratives and regional responses to this diplomatic battle. Given the context of this edited volume, the discussion focuses, particularly on Southeast Asia. The chapter concludes by assessing the relative success/failure of these two major powers’ approaches as well as the geopolitical implications for the region in the post-pandemic era.

## II. The U.S.-China Narrative Battle

In mid-January 2020, there were encouraging signs of improvement in U.S.-China relations after the two global powers signed the Phase One trade deal following their escalated trade war in the preceding months. The agreement would commit China to purchase 250 billions U.S. dollar worth of goods, while the U.S. would lower its tariffs on imported goods from China. In the following weeks, a series of tweets by President Trump highlighted the hope and belief that relations with China would improve. In a tweet dated January 22, 2020, for instance, Trump wrote: “One of the many great things about our just signed giant Trade Deal with China is that it will bring both the USA & China closer together in so many other ways. Terrific working with

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1 Richard Youngs and Elene Panchulidze, “Global Democracy and COVID-19: Upgrading International Support” (International IDEA, July 15, 2020), <https://www.idea.int/sites/default/files/publications/global-democracy-and-covid-19.pdf>.

2 Bobo Lo, “Global Order in the Shadow of the Coronavirus: China, Russia, and the West,” Lowy Institute, July 29, 2020, <https://www.loyyinstitute.org/publications/global-order-shadow-coronavirus-china-russia-and-west>.

President Xi, a man who truly loves his country. Much more to come!”<sup>3</sup> In another tweet on January 24, President Trump even praised China for “working very hard to contain the Coronavirus.” He added, “The United States greatly appreciates their efforts and transparency. It will all work out well. In particular, on behalf of the American People, I want to thank President Xi!”<sup>4</sup>

Until the end of February 2020, Trump’s messages about China continued to hold a positive tone and were primarily focused on trade and support for China’s fight against the coronavirus outbreak in China. During the same period, however, senior members of the Trump administration were largely critical of China. At a press conference with Costa Rican President Alvarado on January 21, for example, U.S. Secretary of State Mike Pompeo remarked: “economic cooperation with the Chinese government often produced debt, dependency, and even the erosion of sovereignty.”<sup>5</sup> Similarly, Secretary of Defense Mark Esper also accused the Communist Party of China of creating a surveillance state that uses artificial intelligence to repress Muslim minorities and pro-democracy demonstrators. Speaking at the Center for Strategic and International Studies, U.S. Attorney General William Barr contended, “China has emerged as the United States’ top geopolitical adversary.” On February 18, the U.S. State Department designated five Chinese media firms as government entities under the Foreign Mission Act. The very next day, China revoked the reporting credentials of three Wall Street Journal reporters and expelled them from the Beijing bureau.<sup>6</sup>

By March, things started going downhill. On the 4th, the U.S. House of Representatives passed the Taiwan Allies International Protection and Enhancement Initiative (TAIPEI) Act, which promotes Taiwan’s participation in the international community and reaffirms the U.S. Congress’ strong support for a free, open and democratic Taiwan. The following week, during an appearance at the Heritage Foundation, National Security Advisor Robert O’Brien said that China’s response to the coronavirus “cost the world community two months to respond.” Still, President Trump himself only began turning his rhetoric against China after Chinese Foreign Ministry spokesman Zhao Lijian accused the U.S. military of bringing the coronavirus to Wuhan in October 2019. The U.S. president began to use the term “Chinese Virus” in a series of tweets afterwards. After criticisms that his remarks could incite racial tensions for Asian Americans, Trump mentioned in a Fox News interview that he would stop using the term “Chinese Virus” and remarked: “Look, everyone knows it came out of China, but I decided we shouldn’t make any more of a big deal out of it. I think I made a big deal. I think people understand it. But that all began when they said our soldiers started it. Our soldiers had nothing to do with it.”<sup>7</sup>

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3 Bonnie S. Glaser and Kelly Flasherty, “US-China Relations: US-China Relations Hit New Lows Amid Pandemic,” *Comparative Connections* 22, no. 1 (May 2020): 27–42, <http://cc.pacforum.org/2020/05/us-china-relations-hit-new-lows-amid-pandemic/>.

4 Ibid.

5 Ibid.

6 Glaser and Flasherty, “US-China Relations: US-China Relations Hit New Lows Amid Pandemic.”

7 Ibid.

To alleviate the diplomatic tension, Chinese Ambassador to the U.S. Cui Tiankai wrote an op-ed in *The New York Times* on April 5, 2020 calling for greater cooperation between the U.S. and China. He opined that “This is a time for solidarity, collaboration, and mutual support.” The call for this diplomatic truce was to no avail. As Ralph Cossa and Brad Glosserman suggested: “Washington and Beijing each seem to be its own worst enemy in their dispute over the virus. At a time when Beijing was largely being applauded for its effective handling of the pandemic, China unconvincingly started a diplomatic campaign aimed at blaming others for the virus and/or conditioning Chinese assistance to a nation’s praise of Beijing’s efforts.”<sup>8</sup> Such narratives and tactics followed the same patterns that China had been embracing even prior to the Covid-19 outbreak. As Nadège Rolland observed:

*The CCP wants to be seen as a responsible actor standing on the moral high ground; the Party therefore amplifies voices and content that reflect well on its deeds while seeking to silence criticism. In keeping with this, Beijing’s propaganda organs are vigorously projecting three main positive tropes: “China sacrificed,” “China is helping,” and “China is the best.” In parallel, the regime is trying to fend off outside criticisms of how Beijing handled the crisis, especially when it was in its first stages. These positive and defensive themes are often interwoven and reinforce each other.*<sup>9</sup>

Amidst the spread of Covid-19, there was also a visible rise of the so-called “Wolf Warrior diplomats” in the Chinese camp. These refer to Chinese diplomats who take a tough stance in their defense of China, especially on social media platforms. The term “Wolf Warrior” is borrowed from a movie sequel by the same name, whose famous tagline goes: “Even though a thousand miles away, anyone who affronts China will pay.” An example of such a Wolf Warrior diplomat is Hua Chunying, Director General of the Department of Information of China’s Foreign Ministry, who has now more than half a million followers on Twitter. In response to the U.S.’s Covid-19 narrative, for instance, she tweeted: “Some politicians ignore the basic facts and make up countless lies and conspiracy theories concerning China. The longer the list, the more it says about how low the rumor-mongers are willing to go and the more stains they will leave in history.”<sup>10</sup> While receiving applause from certain corners of the domestic political circle,<sup>11</sup> the “Wolf Warrior” diplomats are not winning the hearts and minds of the international community.

As Craig Kafura recently noted, “rather than seeking to ameliorate the tensions between China and its potential partners, the Wolf Warriors seem set on making things worse with wild

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8 Ralph A. Cossa and Brad Glosserman, “Regional Overview: The Pandemic Spreads and the World Responds,” *Comparative Connections* 22, no. 1 (May 2020): 1–14, <http://cc.pacforum.org/2020/05/the-pandemic-spreads-and-the-world-responds/>.

9 Nadège Rolland, “China’s Pandemic Power Play,” *Journal of Democracy* 31, no. 3 (July 2020): 28, <https://doi.org/10.1353/jod.2020.0043>.

10 Ben Westcott and Steven Jiang, “China Is Embracing a New Brand of Foreign Policy. Here’s What Wolf Warrior Diplomacy Means,” CNN, May 29, 2020, <https://edition.cnn.com/2020/05/28/asia/china-wolf-warrior-diplomacy-intl-hnk/index.html>.

11 Richard McGregor, “Beijing Hard-liners Kick Against Xi Jinping’s Wolf Warrior Diplomacy,” Lowy Institute, July 29, 2020, <https://www.loyyinstitute.org/publications/beijing-hard-liners-kick-against-xi-jinping-wolf-warrior-diplomacy>.

conspiracy theories and Twitter trolling.”<sup>12</sup> Public perception of China in the West, especially in the United States, Canada, and Australia, is increasingly negative. Kafura rightly observed that:

*this undiplomatic initiative comes at a time when the United States is seen as performing poorly in coping with the simultaneous crises of the Covid-19 pandemic and a severe economic recession. Yet rather than offering an alternative to the current US administration, the Wolf Warriors seem dead-set on emulating aspects of it; the Trump administration’s “America first” agenda is not entirely dissimilar to that of Beijing’s Wolf Warriors. Neither seems likely to produce the international successes they seek.*<sup>13</sup>

### III. The U.S.’s “Missing Leadership”

Even prior to the Covid-19 pandemic, American leadership in multilateral institutions and the international order was already dissipating thanks to President Trump’s “America First” stance. Recently, this trend has accelerated. Amidst the pandemic, pundits have generally lashed out against the apparent missing global leadership by the United States. The Economist recently asserted that “Covid-19 is a new challenge. A vacuum exists where the world would normally look for American leadership. Instead, it sees President Donald Trump making a fool of himself, suggesting wacky cures. Mr. Trump has been more interested in blaming China for the pandemic than rallying an international response...”<sup>14</sup> Similarly, Stewart Patrick criticized the U.S. under Trump for forfeiting “any authority and credibility to judge what constitutes responsible international behavior.”<sup>15</sup>

Such criticisms came in light of a series of actions (and inaction) by the United States. Instead of leading a coordinated effort to fight the pandemic (as it had done in response to earlier global health crises such as AIDS and Ebola in the past),<sup>16</sup> the U.S. decided to cut its funding and withdrew its membership from the World Health Organization, accusing it of being “a puppet of China.” By unilaterally closing borders without consultations and blaming Europeans for the spread of the virus in the United States, President Trump shocked and dismayed America’s European allies amidst an already shaken transatlantic alliance.<sup>17</sup> A recent survey commissioned by the

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12 Craig Kafura, “PacNet #42 -- China Needs Diplomats, Not Wolves,” Pacific Forum, July 21, 2020, <https://pacforum.org/publication/pacnet-42-china-needs-diplomats-not-wolves>.

13 Ibid.

14 “Global Leadership Is Missing in Action,” The Economist, June 18, 2020, <https://www.economist.com/special-report/2020/06/18/global-leadership-is-missing-in-action>

15 Stewart M. Patrick, “Under Trump, the U.S. Has Become an Irresponsible Stakeholder,” World Politics Review, June 1, 2020, <https://www.worldpoliticsreview.com/articles/28802/under-trump-the-u-s-has-become-an-irresponsible-stakeholder>.

16 Steven Erlanger, “Another Virus Victim: The U.S. as a Global Leader in a Time of Crisis,” The New York Times, March 20, 2020, <https://www.nytimes.com/2020/03/20/world/europe/trump-leadership-coronavirus-united-states.html>.

17 Erik Brattberg, “The Pandemic Is Making Transatlantic Relations More Toxic,” Carnegie Endowment for International Peace, April 29, 2020, <https://carnegieendowment.org/2020/04/29/pandemic-is-making-transatlantic-relations-more-toxic-pub-81675>.



European Council on Foreign Relations showed that more than 60 percent of the respondents in major European countries have lost trust in the U.S. as a global leader.<sup>18</sup> And despite its immense resources, the surge of Covid-19 cases at home and its seemingly ineffective response have prevented the U.S. from actively providing global assistance and further diminished its image as a global leader.

#### IV. China's Approaches and Regional Reactions

In order to bolster its regime legitimacy, the Chinese Communist Party (CCP)'s propaganda typically presents itself domestically as the only viable option for the country, while other political regimes, especially Western liberal democracy, tend to bring failure, inefficiency, and chaos. To the outside world, the CCP strives to project the image of China as a country whose generosity and selflessness provide global public goods to a world in need.<sup>19</sup> China's intensified discursive campaign during the Covid-19 pandemic could be viewed within the larger context of China's struggle to be a global power. As Nadège Rolland put it:

*The CCP sees itself as locked in a perpetual struggle against hostile foreign forces, and believes that material strength is key but "discourse power" is needed to back it up. The current pandemic, as big a challenge as it poses, is not a sufficient reason for Beijing to defer, abandon, or scale back its longstanding strategic goals. For a regime that has proclaimed the country's entry into a "new era" of strength and power, there is no turning back to the old posture of low-key patience. The CCP is not changing its tactics, either. If anything, the current crisis has accelerated the use of the "influence operations" that are part of the CCP's regular playbook.<sup>20</sup>*

As the pandemic hotspots subsided in Chinese cities and shifted to Western countries, China began to step up its international diplomatic presence with the so-called "mask diplomacy." When Italy experienced a surge of Covid-19 cases in March, China took the opportunity to extend its medical aid and led media campaigns to sway Italy's public opinion from being pro-EU to being pro-China, especially given the initial lukewarm response by the EU in providing support to Italy. Notwithstanding the Covid-19 Recovery Fund agreement of 750 billion Euros recently reached by the EU in the form of grants and loans to facilitate the recovery of its member

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18 Katherine Butler, "Europeans' Trust in US as World Leader Collapses during Pandemic," The Guardian, March 29, 2020, <https://www.theguardian.com/world/2020/jun/29/europeans-trust-in-us-as-world-leader-collapses-during-pandemic>.

19 Rolland, "China's Pandemic Power Play."

20 Ibid., 26.

states,<sup>21</sup> a poll in Italy had shown increasingly favorable views toward China as a potential partner country for Italy – which is already an official signatory of China’s Belt and Road Initiative.<sup>22</sup>

China also launched its public relations offensive in other parts of Europe, for instance by casting doubt on the origin of the virus. Carnegie Endowment for International Peace senior fellows Erik Brattberg and Philippe Le Corre postulated that China’s PR campaign was meant to deflect attention away from the fact that the virus originated in Wuhan; to promote the success of China’s own strict handling of the situation; as well as to project the image of China as a generous and responsible international actor.<sup>23</sup> According to Brattberg and Le Corre, “The strategic relevance of Europe is further amplified by the escalating competition and trade war between Beijing and Washington under President Donald Trump and the need to improve access to European technology and market while undermining a coherent common transatlantic pushback.”<sup>24</sup>

China’s diplomatic success records in Europe thus far have been rather mixed, however. Apart from Italy, some Western European countries (such as Spain, the Netherlands, and Slovakia) described Chinese medical equipment as defective and discarded them,<sup>25</sup> or closed down Confucius Institutes as Sweden did in response to China’s worsening human rights records,<sup>26</sup> while other countries in Central and Eastern Europe have also cooled down their relationship with China, with some opting to increase cooperation with Taiwan instead.<sup>27</sup> The Conversation’s editor Misha Ketchell reasoned that many Central and Eastern European countries realized that actual investments from China had not been as high as expected or promised, and China’s democratic crackdown in Hong Kong, as well as increasing pressure from the U.S. and the EU, might have created this reversal effect of distancing the region from China.<sup>28</sup>

Southeast Asia, which is becoming a critical diplomatic battleground for U.S.-China rivalry, has received substantial Covid-19-related aid from both powers (and from countries/institutions

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21 “Coronavirus: EU Leaders Reach Recovery Deal after Marathon Summit,” BBC, July 21, 2020, <https://www.bbc.com/news/world-europe-53481542>.

22 Valbona Zeneli and Federica Santoro, “China’s Disinformation Campaign in Italy,” *The Diplomat*, June 9, 2020, <https://thediplomat.com/2020/06/chinas-disinformation-campaign-in-italy/>.

23 Erik Brattberg and Philippe Le Corre, “No, COVID-19 Isn’t Turning Europe Pro-China (Yet),” *Carnegie Endowment for International Peace*, April 15, 2020, <https://carnegieendowment.org/2020/04/15/no-covid-19-isn-t-turning-europe-pro-china-yet-pub-81571>.

24 *Ibid.*

25 “Why China’s Support to Coronavirus-Hit Europe Stirs Controversy,” *Al Jazeera*, April 6, 2020, <https://www.aljazeera.com/news/2020/04/china-support-coronavirus-hit-europe-stirs-controversy-200404160742616.html>.

26 Sofia Flittner, “Sweden Has Closed All Confucius Institutes and Classrooms,” *ScandAsia*, May 20, 2020, <https://scandasia.com/sweden-has-closed-all-confucius-institutes-and-classrooms/>.

27 Misha Ketchell, “How China Lost Central and Eastern Europe,” *The Conversation*, July 27, 2020, [https://theconversation.com/how-china-lost-central-and-eastern-europe-142416?utm\\_source=facebook&utm\\_medium=bylinefacebookbutton&fbclid=IwAR1mLxM\\_C36cmGBX1RND5P45mdEWBA0b-ll6ks4oUbb-kZqRMYqGOhK0SpA](https://theconversation.com/how-china-lost-central-and-eastern-europe-142416?utm_source=facebook&utm_medium=bylinefacebookbutton&fbclid=IwAR1mLxM_C36cmGBX1RND5P45mdEWBA0b-ll6ks4oUbb-kZqRMYqGOhK0SpA).

28 *Ibid.*

such as Japan, South Korea, and the EU).<sup>29</sup> During the early phase of the pandemic, Singapore, Indonesia, and Vietnam tightened travel rules quickly, while Cambodia, Laos, Myanmar, and Thailand opted to maintain road and air transport routes with China.<sup>30</sup> Thai scholar Thitinan Pongsudhirak reasoned that these four mainland Southeast Asian countries “have depended on China for tourism, trade, investment, and superpower support in the face of Western criticisms against human rights and authoritarian proclivities.”<sup>31</sup>

In a speech delivered at the 73rd World Health Assembly in early May, China’s President Xi Jinping pledged a USD 2 billion international aid package (including for countries in Southeast Asia). Chinese Ambassador to ASEAN Deng Xijun also said China was ready to provide training to and share experience with health professionals in Southeast Asia to help them treat patients infected by Covid-19.<sup>32</sup> In general, Southeast Asian governments have welcomed China’s medical assistance, typically consisting of surgical masks, medical supplies and equipment, technical experts, and low-interest loans.<sup>33</sup> The Philippines, Cambodia and Myanmar were among the first in line to receive China’s Covid-19 material aid. Vietnam and Singapore, on the other hand, received the least material assistance, and at a later date.<sup>34</sup> Of particular interest is that only two ASEAN countries, namely Myanmar and Laos, received additional military medical teams from China. According to Lye Liang Fook, “Military medical teams rank a rung higher than civilian medical teams and are considered better trained and have a higher political signature. They underscore the added importance China attaches to these two mainland Southeast Asian countries with which it shares a common border. In addition, Laos and Myanmar, like Cambodia, have committed to work with China to build a ‘community with a shared future.’”<sup>35</sup> Besides China’s official state assistance, Chinese giant companies like Alibaba, Tiktok, and Ping An have also launched sizable assistance efforts across Southeast Asia.<sup>36</sup>

Overall, China’s relations with ASEAN countries have been relatively stable, with the notable exception of the South China Sea conflict. As Fook observed, there was “an absence of ‘wolf

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29 Luke Hunt, “EU More than Doubles Covid-19 Aid for ASEAN,” UCA News, July 22, 2020, <https://www.ucanews.com/news/eu-more-than-doubles-covid-19-aid-for-asean/88872>.

30 Thitinan Pongsudhirak, “China Wants to Know If You Are with It or against It,” Nikkei Asian Review, May 16, 2020, <https://asia.nikkei.com/Opinion/China-wants-to-know-if-you-are-with-it-or-against-it>.

31 Ibid.

32 Pizaro Gozali Idrus, “China ‘Ready’ to Include ASEAN in \$2B COVID-19 Aid,” Anadolu Agency, May 29, 2020, <https://www.aa.com.tr/en/asia-pacific/china-ready-to-include-asean-in-2b-covid-19-aid/1857846>.

33 Joel Buan and Patricia Sarmenta, “Interactive: The Bilaterals Funding the COVID-19 Response in Southeast Asia and Pacific” (DevEx, May 29, 2020), <https://www.devex.com/news/interactive-the-bilaterals-funding-the-covid-19-response-in-southeast-asia-and-pacific-97266>.

34 Lye Liang Fook, “China’s COVID-19 Assistance to Southeast Asia: Uninterrupted Aid amid Global Uncertainties,” ISEAS Perspective, June 4, 2020, 1.

35 Ibid.

36 Adam Schwarz, “COVID-19 Is Increasing Strategic Uncertainty in Southeast Asia,” Atlantic Council, May 8, 2020, <https://www.atlanticcouncil.org/blogs/new-atlanticist/covid-19-is-increasing-strategic-uncertainty-in-southeast-asia/>.

warrior' diplomacy involving Chinese officials in the region as had happened in France, Australia and Sri Lanka. This has largely been due to the lack of issues warranting such a practice.<sup>37</sup> He rightly argued that China's provision of COVID-19 assistance to ASEAN member states "cannot be divorced from the wider context of China's deteriorating relationship with other major partners" and has been done to promote "China's interests, including the shaping of a positive image of itself in the region."<sup>38</sup> Similarly, most, if not all, ASEAN member states "welcome an engagement with China that brings mutual benefits and that does not preclude them from growing their ties with other key players such as Japan, Australia, the EU and the United States."<sup>39</sup>

Based on the data collected by DevEx, the U.S. State Department and USAID have committed \$1 billion to the global response, 15.8% (\$157.95 million) of which has gone to country-specific funding in Southeast Asia and the Pacific – generally by training medical professionals, increasing screening capabilities, and strengthening national health systems.<sup>40</sup> Although U.S.-ASEAN diplomatic cooperation was interrupted when the planned summit was cancelled in late March, in the sphere of security cooperation, the U.S. still maintained a strong presence in the region. Between February 25 and March 6, 2020, Thailand, the United States, Singapore, Japan, Indonesia, Malaysia, and South Korea participated in Exercise Cobra Gold 2020, which focused on humanitarian assistance, disaster relief, and arms live fire exercises.<sup>41</sup> Later in March, Cambodia and China took part in the third annual Golden Dragon exercise in Cambodia's Kampot province, focusing on counter-terrorism and humanitarianism.<sup>42</sup> This took place following an earlier visit in February by Cambodian Prime Minister Hun Sen to Beijing, which was generally interpreted as Cambodia-China's deepening friendship and Cambodia's trust in China's ability to control the pandemic. At the same time, Cambodia also attracted global media attention and even praise from President Trump after Prime Minister Hun Sen allowed the stranded U.S. cruise ship MS Westerdam to dock at Cambodia's Sihanoukville port and facilitated for its more than 2200 passenger to fly out to their home countries from Cambodia in mid-February.<sup>43</sup>

Still, the intensification of U.S.-China's "decoupling" is indeed creating anxiety in the region, as many Southeast Asian countries are fearing that they may be compelled to choose sides if the escalation continues. While the U.S. presence against an increasingly assertive China is welcomed (albeit silently perhaps) by some countries in Southeast Asia, especially the South China Sea claimant states, the economic reality is that all Southeast Asian countries rely on China to varying

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37 Lye Liang Fook, "China's COVID-19 Assistance to Southeast Asia: Uninterrupted Aid amid Global Uncertainties," 5.

38 Ibid., 6.

39 Ibid.

40 Buan and Sarmenta, "Interactive: The Bilaterals Funding the COVID-19 Response in Southeast Asia and Pacific."

41 Cossa and Glosserman, "Regional Overview: The Pandemic Spreads and the World Responds."

42 Ibid.

43 "Trump Tweets Praise for Cambodia Docking Cruise Ship," TheStar, February 17, 2020, <https://www.thestar.com.my/news/regional/2020/02/17/trump-tweets-praise-for-cambodia-docking-cruise-ship>.

degrees for trade, and perhaps for Covid-19 vaccines as well (especially as China is ramping up its “Vaccine Diplomacy”).<sup>44</sup>

## V. China’s “Missed Opportunity”

Joel Wuthnow of the World Politics Review opined that China’s alarming activities in the South China Sea and border clashes with India, among other things, “constitute a strategic blunder, sacrificing the propaganda value of its contributions to regional pandemic responses and weakening its long-running attempts to dilute US influence. This gives Washington a second chance at drawing a contrast with China and demonstrating concrete leadership for a region still reeling from Covid-19’s effects.”<sup>45</sup>

Why did Beijing choose to tarnish its soft power through these actions? Wuthnow argued that China’s line of thinking could be that “the gains from opportunism in regional disputes outweighed the anticipated regional repercussions. Perhaps Beijing assessed a window to consolidate its influence in the South China Sea, intending to shift back towards a conciliatory posture once initial criticisms have subsided.”<sup>46</sup> The problem with these “myopic calculations” would, at a minimum, blur “the weak US response to Covid-19 within the Indo-Pacific; at worst, they increased the demand for US leadership, stoking fears that Beijing cannot be trusted.”<sup>47</sup> This is evident, for instance, in the case of the Philippines, which has suspended an earlier decision to cancel the Philippines-United States Visiting Forces Agreement. Following the recent flare-ups between the Philippines and China in the disputed waters, Manila said it would invoke its defense agreement with the United States if China attacked its naval vessels in the South China Sea.<sup>48</sup>

Apart from diplomatic setbacks, China’s BRI infrastructure projects across the globe are also encountering difficulties or have been halted thanks to the disruption of global supply chain and the restriction of foreign workers needed for the projects amidst the Covid-19 pandemic. According to Wang Xiaolong, Director-General of the International Economic Affairs Department of China’s Ministry of Foreign Affairs, 40% of BRI projects had been delayed and another

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44 Simone McCarthy, “Coronavirus: China Positions Itself for ‘Vaccine Diplomacy’ Push to Fight Covid-19,” South China Morning Post, August 4, 2020, <https://www.scmp.com/news/china/science/article/3095935/china-positions-itself-vaccine-diplomacy-push-fight-covid-19>.

45 Joel Wuthnow, “China’s Inopportune Pandemic Assertiveness,” The Diplomat, June 10, 2020, <https://thediplomat.com/2020/06/chinas-inopportune-pandemic-assertiveness/>.

46 Ibid.

47 Ibid.

48 Alan Robles, “South China Sea: ‘If China Attacks Our Navy, We’ll Call the US’, Philippines says,” South China Morning Post, August 26, 2020, <https://www.scmp.com/week-asia/politics/article/3098992/south-china-sea-if-china-attacks-our-navy-well-call-us>.

20% had been seriously affected by the Covid-19 pandemic.<sup>49</sup> On the other hand, “the pace of digital BRI activity has ramped up, as has investor interest in Chinese tech companies and the general healthcare industry.”<sup>50</sup> It remains to be seen how these BRI projects will unfold within the next 5 years given the intensification of the decoupling between the two superpowers and its impacts on the region.

## VI. Conclusion

Despite committing billions of dollars worth of aid to fight against the Covid-19 pandemic, both the U.S. and China have not reaped the benefits of their diplomatic battle. If anything, both countries have tarnished their reputation for selfish national interests and/or short-sighted strategic moves. Amidst this deepening rivalry, former Australian Prime Minister Kevin Rudd warned that:

*despite the best efforts of ideological warriors in Beijing and Washington, the uncomfortable truth is that China and the United States are both likely to emerge from this crisis significantly diminished. Neither a new Pax Sinica nor a renewed Pax Americana will rise from the ruins. Rather, both powers will be weakened, at home and abroad. And the result will be a continued slow but steady drift toward international anarchy across everything from international security to trade to pandemic management.*<sup>51</sup>

While that may be true, other trends are worth pointing out. Although the U.S. did not fully take up its role as a world leader nation (thanks to Trump’s “America First” approaches before and during the Covid-19 pandemic), China’s moves in the recent months have in fact prompted the Quad nations (i.e. the U.S., India, Japan, and Australia) to adopt tougher rhetoric and stance against China and hold joint military exercises – thereby indirectly invigorating the U.S.’s Indo-Pacific Strategy.<sup>52</sup> With a notable exception in Italy (and that may also change in the future), most European countries and Canada have also cooled down relations with the Chinese government. In Southeast Asia, China’s increasing presence in the South China Sea has also caused the claimant states to either backpedal their close engagement with China (as in the case of the Philippines) or has emboldened them to take a tougher stance against China and

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49 Sebastien Goulard, “Recovering from Covid-19 and Developing New Priorities for the BRI,” OBOREurope, June 22, 2020, <https://www.oboreurope.com/en/belt-road-video-conference/>.

50 Bee Chun Boo, Martin David, and Ben Simpfendorfer, “How Will COVID-19 Affect China’s Belt and Road Initiative?,” World Economic Forum, May 4, 2020, <https://www.weforum.org/agenda/2020/05/covid-19-coronavirus-disrupt-chinas-bri/>.

51 Kevin Rudd, “The Coming Post-COVID Anarchy,” Foreign Affairs, May 6, 2020, <https://www.foreignaffairs.com/articles/usa/2020-05-06/coming-post-covid-anarchy>.

52 Ken Moriyasu and Wajahat Khan, “US, Japan, India and Australia Simulate ‘Quad’ Drill in Indo-Pacific,” Nikkei Asian Review, July 22, 2020, <https://asia.nikkei.com/Politics/International-relations/US-Japan-India-and-Australia-simulate-Quad-drill-in-Indo-Pacific>.

cooperate more closely with the U.S. (as in the case of Vietnam).<sup>53</sup> Similarly, the U.S.'s loss of its global role and dominance is not yet a foregone conclusion but will depend on the results of the November presidential election. Will Joe Biden's presidency resuscitate the U.S. global leadership and engagement? That remains to be seen, but it is something that is worth observing in the near future.

Apart from the two superpowers, the European Union could emerge out of the pandemic relatively less fractured and more unified as a regional bloc, despite the lack of substantial support response to the member states during the early phase of the outbreak.<sup>54</sup> The EU will continue to be a strong regional institution and can be expected to remain an important actor in global affairs. Similarly, Japan and Australia will continue to be significant regional powers insofar as Southeast Asia is concerned, especially given the unpredictability and low level of trust toward both the U.S. and China. For now, the most important thing for all nations – global powers or not – would be to secure access to Covid-19 vaccines when they are available and to rebuild the economy and address the related social problems arising out of this pandemic. One could only hope that this will happen sooner, rather than later, and that the post-pandemic era will witness international cooperation in addressing global problems (from fighting diseases to climate change), and that powerful nations would embrace the maxim: *With Great Power Comes Great Responsibility*.

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53 For individual stance of each ASEAN member state's toward China, see Shi Jangtao, "China Woos Asean Neighbours in Bid to Avoid US-Led Coalition on Its Doorstep," South China Morning Post, July 29, 2020, <https://www.scmp.com/news/china/diplomacy/article/3095006/china-woos-asean-neighbours-bid-avoid-us-led-coalition-its>.

54 Susi Dennison and Pawel Zerka, "Together in Trauma: Europeans and the World after Covid-19," Policy Brief (European Council on Foreign Relations, June 29, 2020), [https://www.ecfr.eu/publications/summary/together\\_in\\_trauma\\_europeans\\_and\\_the\\_world\\_after\\_covid\\_19](https://www.ecfr.eu/publications/summary/together_in_trauma_europeans_and_the_world_after_covid_19).



President Ursula von der Leyen delivered her first State of the European Union address at the European Parliament in Brussels  
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# BETWEEN NATIONAL AND REGIONAL RESPONSES TO THE COVID-19 CRISIS: EXPERIENCES FROM THE EU AND ASEAN

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## I. Introduction

The Covid-19 pandemic has wreaked havoc on the whole world. No country is immune from the monumental multiple crises caused by the pandemic. The early instinctive response to the crisis is to close the border and prioritize national security and safety. Stringent movement control measures such as lockdown or circuit breaker (stringent measures to restrict the movement of people) have resulted in supply and demand shocks, as well as disruptions to cross-border movement of people. Inter-state political tensions, mainly due to mutual misunderstanding and the exercise of exclusive nationalism, also erupted as a result of abruptly, unilaterally imposing cross-border travel restrictions. This chapter aims to shed light on the hard choices between national and regional interests in dealing with the crisis by using ASEAN and the European Union (EU) as case studies.

## II. National Response and Regional Response

The National response here refers to the acts of a national government to international issues by promoting national solidarity and identity through political and social construction under the slogan “my country first”. This is similar to the concept of “imagined community” developed by Benedict Anderson who argues that a nation is a socially constructed community which is collectively imagined by the citizens who consider themselves as part of the group. A nation is “imagined because the members of even the smallest nation will never know most of their fellow-members, meet them, or even hear of them, yet in the minds of each lives the image of their communion”,<sup>1</sup> and “it is imagined as a community, because, regardless of the actual inequality and exploitation that may prevail in each, the nation is always conceived as a deep, horizontal comradeship”.<sup>2</sup>

The Regional response here refers to the conviction and action in promoting regional cooperation and coordination to achieve shared objectives and interests among key stakeholders (state and non-state actors) who are geopolitically located within a specific region. The region can be formed by geography, historical, social and cultural linkages, and economic and security interdependence, among others. The key characteristic of regional response to cross-boundary issues are the formation of multi-actor coalitions among state actors, private

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1 Anderson, Benedict (1991) *Imagined communities: Reflections on the origin and spread of nationalism*. London: Verso, p.6.

2 *Ibid.*,7.

corporations and civil societies.<sup>3</sup> There are varying degrees of regional responses reflecting the level of enforcement and compliance of different regional institutions. For instance, the EU is a supra-national body with robust enforcement of the regional policy, while ASEAN is the inter-governmental organization with no enforcement power.

National response and regional response are neither contradictory nor harmonious. The two approaches can co-exist and compete with one another, depending on the quality and inclusiveness of leadership and governance at both the national and regional levels. The common source of legitimacy in advancing national and regional agenda is through the promotion of representation and people's meaningful participation. However, in some cases, exclusive nationalist leaders choose to mobilize mass support against external threats instead of providing a national solution to the crisis. The case in point here is how the U.S. President Donald Trump's response to the pandemic. Instead of providing effective crisis leadership and building national capacity, he aggressively launched a blame game against China by linking the virus to Wuhan lab<sup>4</sup> and accused the World Health Organization (WHO) of being a 'puppet of China'.<sup>5</sup>

The Covid-19 pandemic has boosted both nationalism and cosmopolitanism.<sup>6</sup> On one hand, the Covid-19 pandemic has flared up and accentuated pre-existing nationalist dynamics across the globe.<sup>7</sup> The crisis creates a buy-in for nationalist leaders who are interested in prioritizing national security and wellbeing, sometimes at the expense of other countries, while bringing out a selfish mentality among nations which threatens the free flow of goods, services, ideas, data and people.<sup>8</sup> The pandemic has also led to the rise of protectionist policies such as the ban on the export of medical supplies and other essential needs, the repatriation or relocation of critical industries and supply chains particularly away from China,<sup>9</sup> the "buy local" campaign,<sup>10</sup> the exacerbation of xenophobia and racism,<sup>10</sup> and vaccine nationalism.<sup>11</sup> With regard to

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3 Soderbaum, Fredrik (2003) "Introduction: Theories of new regionalism", in Frederick Soderbaum and Timothy M. Shaw (eds., pp.1-21) "Theories of New Regionalism", London: Palgrave Macmillan.

4 Charissa Yong, (2020, May 1) US Intensifies blame game; Trump officials said to be pressuring spy agency to link Coronavirus to Wuhan lab, Straits Times, <https://www.straitstimes.com/world/united-states/us-intensifies-blame-game-trump-officials-said-to-be-pressuring-spy-agencies-to>

5 BBC (2020, May 19) Coronavirus: Trump accuses WHO of being a 'puppet of China' <https://www.bbc.com/news/health-52679329>

6 Emma Batha (2020, June 11) Coronavirus boosts community spirit and nationalism. The Jakarta Post. <https://www.thejakartapost.com/news/2020/06/11/coronavirus-boosts-community-spirit-and-nationalism.html>

7 Florian Bieber (2020) Global nationalism in times of the Covid-19 pandemic. Nationalities Papers, 1-13. <https://doi.org/10.1017/nps.2020.35>

8 Torsten Riecke (2020, April 14) Covid-19 causes a new wave. Mercator Institute for China Studies. <https://merics.org/en/analysis/covid-19-causes-new-wave-economic-nationalism>

9 Chris Smith (2020, May 19) Covid-19 and nationalism are rocket fuel for automation. Forbes. <https://www.forbes.com/sites/chris-smith/2020/05/19/covid-19-and-nationalism-are-rocket-fuel-for-automation/#69024f173f31>

10 Andy Mukherjee (2020, June 9) Economic nationalism is a wrong turn for Covid-hit India. Bloomberg. <https://www.bloomberg.com/opinion/articles/2020-06-08/india-s-modi-uses-economic-nationalism-in-covid-19-china-crises>

11 Misha Ketchell (2020, June 17) How 'vaccine nationalism' could block vulnerable populations' access to COVID-19 vaccines. The Conversation. <https://theconversation.com/how-vaccine-nationalism-could-block-vulnerable-populations-access-to-covid-19-vaccines-140689>

vaccine nationalism, the US, Russia and India have opted out from joining the Access to Covid-19 Tools Accelerator launched by the World Health Organisation to promote collaboration among countries in the development and distribution of Covid-19 vaccines and treatments.

On the other hand, in some silver lining cases, there are some leaders who are advocating regional cooperation and international solidarity spirit in fighting against the pandemic in areas such as sharing information and best practices, coordinating fiscal measures, and maintaining open international supply chains and trade.<sup>12</sup> In other words, the pandemic helps strengthen the community spirit or cosmopolitanism.<sup>13</sup> The question here is how to enhance the legitimacy, effectiveness and efficiency of a multilateral system. Josep Borrell Fontelles, High Representative of the European Union for Foreign Policy and Security Policy told the United Nations Security Council meeting on 28 May 2020 that the pandemic is a test of multilateral system's ability to overcome global challenges.<sup>14</sup> It was suggested that multilateral systems need to be renewed or reinvented with new ideas, enlightened leadership and a stable and favourable global geopolitical development.<sup>15</sup> Moreover, a more inclusive global leadership, a new multilevel coalitions and stakeholder partnership, and a smooth process of developing and distributing of Covid-19 vaccines need to be promoted.<sup>16</sup>

Regardless of divergent interests and different governance ideology, the bottom line is that the virus can only be defeated through concerted and cohesive international response. In this connection, the multilateral institutions must strengthen their institutional and leadership capacity and invest more resources in public health risk assessment, monitoring and notification, and capacity-building support to developing and least developed countries. In addition, the multilateral system needs to provide early-warning mechanisms and technical assistance when needed, and enforce disciplines on state behaviours in compliance with international rules and norms.<sup>17</sup> The core issue here lies in leadership and institutional capacity. Poor crisis leadership and bad governance result in bad outcomes, whatever the political system. The perception, calculation, and action of the leader matters the most in responding to any crisis. The leaders must be realistic and think long-term. It is easy and convenient to use nationalist cards and play a blame game.

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12 Anastasia Kalinina (2020) What the world can learn from regional responses to Covid-19, World Economic Forum, <https://www.weforum.org/agenda/2020/05/covid-19-what-the-world-can-learn-from-regional-responses/>

13 Terri-Anne Teo (2020, May 18) Global health security: Covid-19 and its impacts- nationalism and cosmopolitanism: A post-pandemic balance? RSIS Commentary No. 096. [https://www.rsis.edu.sg/rsis-publication/cens/global-health-security-covid-19-and-its-impacts-nationalism-and-cosmopolitanism-a-post-pandemic-balance/#.Xv\\_0OpMzai5](https://www.rsis.edu.sg/rsis-publication/cens/global-health-security-covid-19-and-its-impacts-nationalism-and-cosmopolitanism-a-post-pandemic-balance/#.Xv_0OpMzai5)

14 UN Security Council, SC/14197, 28 May 2020, <https://www.un.org/press/en/2020/sc14197.doc.htm>

15 Patrick, Stewart (2020, June 29) Could the Coronavirus pandemic revive international cooperation? <https://www.worldpoliticsreview.com/articles/28875/could-the-coronavirus-pandemic-revive-international-cooperation>

16 Bertrand Badre and Yves Tiberghien (2020, June 23) Covid-19: 3 myths and 5 solutions for the future of multilateralism. <https://www.weforum.org/agenda/2020/06/pandemic-covid19-coronavirus-multilateralism-global-leadership/>

17 Lamy, Pascal and Redrosa, Eduardo (2020) "Economics: Trade and connectivity in the Post-Covid-19 World" in World Economic Forum's Insight Report on "Challenges and opportunities in the post-Covid-19 world", [http://www3.weforum.org/docs/WEF\\_Challenges\\_and\\_Opportunities\\_Post\\_COVID\\_19.pdf](http://www3.weforum.org/docs/WEF_Challenges_and_Opportunities_Post_COVID_19.pdf)

But the core of the matter is whether such an exclusive nationalist approach can solve such a global issue.<sup>18</sup> The world needs educated and enlightened leaders who recognize the risks, make swift decisions, and take prompt action. In addition, governance and institutional capacity at both the national and international levels are essential in responding to the crisis. The efforts by small states and middle powers also matter in providing global solutions to the pandemic.<sup>19</sup>

Dealing with the Covid-19 pandemic and its associated socio-economic impact demands international solidarity and action at all levels. The global and regional community must work together.<sup>20</sup> To effectuate international cooperation in the combat against the pandemic, countries need to agree common rules and empower an institution to oversee them especially the World Health Organisation (WHO), accommodate and embrace diverse political regimes. The future of regional institutions depends much on the underlying shared values, institutional capacity and capabilities, and the buy-in of the member countries and citizens.<sup>21</sup> In this connection, regional institutions such as the European Union (EU) and the Association of Southeast Asian Nations (ASEAN) embody important roles in dealing with the crisis.

### III. Experiences from the EU

Regionalism in Europe is a source of inspiration and admiration for other regions. It has evolved from a customs union to a single market and an Eurozone - this is made possible thanks to the dynamic and robust collaboration and partnership building among relevant stakeholders-states, markets, and civil societies. A successful model of regionalism in Europe can act as “moderating forces on politics and drive much needed economic development across entire societies”.<sup>22</sup> The key underlying factors that led to the success of regional integration in Europe are visionary politicians who believed in a supranational community, political leadership and political will to share sovereignty and advocate for strong regional institutions, and a consensus approach combined with solidarity and tolerance. Historical reconciliation plays a critical role in promoting trust and creating strong political will for regional cooperation and integration.<sup>23</sup>

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18 Kevin Rudd (2020, March 9) COVID-19 trumps nationalism. The Korea Herald, <http://www.koreaherald.com/view.php?ud=20200308000261>

19 Solis, Mireya (2020, July 10), The post Covid-19 world: Economic nationalism triumphant? Brookings Institute, [https://www.brookings.edu/blog/order-from-chaos/2020/07/10/the-post-covid-19-world-economic-nationalism-triumphant/?utm\\_campaign=Foreign%20Policy&utm\\_medium=email&utm\\_content=91588792&utm\\_source=hs\\_email](https://www.brookings.edu/blog/order-from-chaos/2020/07/10/the-post-covid-19-world-economic-nationalism-triumphant/?utm_campaign=Foreign%20Policy&utm_medium=email&utm_content=91588792&utm_source=hs_email)

20 Lim Jock Hoi (2020, June 2) ASEAN solidarity and response in the face of COVID-19. The Jakarta Post. <https://www.thejakartapost.com/academia/2020/06/02/asean-solidarity-and-response-in-the-face-of-covid-19.html>

21 Alter, Rolf (2020) Regional governance: An opportunity for regional organizations? Insight Report on Challenges and Opportunities in the Post-Covid-19 World, pp. 8-11. World Economic Forum. [http://www3.weforum.org/docs/WEF\\_Challenges\\_and\\_Opportunities\\_Post\\_COVID\\_19.pdf](http://www3.weforum.org/docs/WEF_Challenges_and_Opportunities_Post_COVID_19.pdf)

22 Richards Kols (2019, September 4) Rising regionalism: A new trend or an old idea in need of better understanding. Atlantic Council. <https://www.atlanticcouncil.org/blogs/new-atlanticist/rising-regionalism-a-new-trend-or-an-old-idea-in-need-of-better-understanding/>

23 Fraser Cameron (2010, September 24) The European Union as a model for regional integration. Council on Foreign Relations. <https://www.cfr.org/report/european-union-model-regional-integration>

However, the global economic crisis followed with the Eurozone crisis from 2008 to 2010 and the migration of 2015-2016 mainly driven by the Syrian and Lybian civil wars bred a new strong wave of nationalism and populist politics across Europe. Some key characteristics of this nationalist and populist movement are the “isolationist proposals” against migration, particularly the rejection of the Global Pact on Migration of 2018, a Euroscepticism calling for the return of the nation-state against the alleged bureaucratic abuses by the EU, and the exclusive definition of a nation state against external threat.<sup>24</sup> And the Covid-19 crisis has accentuated this nationalist and populist political movement.

The EU’s regional economy and political projects have been severely affected by the Covid-19 pandemic. A slow regional response to help its member states to deal with the pandemic crisis has exposed internal frictions within the EU. In the early stage of the crisis, the EU member states took national responses without consultation with other members. They decided to close borders unilaterally and focused on their national crisis management. The European solidarity and unity were largely absent, and the survival of the EU projects is at stake.<sup>25</sup> Mats Engman puts it this way, “the Covid-19 crisis has laid bare nationalistic tendencies within Europe and is putting a strain on the Union’s credibility and internal solidarity. In the aftermath of the crisis, the credibility of some European politicians not being able to protect their own citizens may also be called into question.”<sup>26</sup>

Italy and Spain, the most affected countries, particularly felt abandoned by other members and the EU institutions. In early April 2020, Italy’s Prime Minister, Giuseppe Conte, warned that the EU risks falling apart if leaders cannot work together to fight the pandemic due to the split among the EU members over the issue of ‘Corona Bonds’ which would seed debts shared among Eurozone countries. Conte said, “If Europe fails to come up with a monetary and financial policy adequate for the biggest challenge since World War Two, not only Italians but European citizens will be deeply disappointed”.<sup>27</sup> There is a sharp difference between eurozone countries regarding public debt and government deficits.<sup>28</sup> Also in early April 2020, Spain’s Prime Minister, Pedro Sanchez, warned that the Covid-19 crisis put the future of the EU to the test. He called for regional solidarity and strong intervention from the EU. He said, “either we rise to this challenge or we fail as a union”. He added, “we have reached a critical juncture at which even the

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24 Felipe Andres Oreliana Perez and Pedro Pérez Herrero (2019) ‘The shadow of nationalism in the new populist proposals in Europe’, *The Conversation*, May 20, 2019, <https://theconversation.com/the-shadow-of-nationalism-in-the-new-populist-proposals-in-europe-117127>

25 Heather A. Conley (2020, April 2) An ending European Union. <https://www.csis.org/analysis/eroding-european-union>

26 Mats Engman (2020, April 23) In the wake of Covid-19: Troubled waters ahead for the European Union. <https://isdpeu/publication/in-the-wake-of-covid-19-troubled-waters-ahead-for-the-european-union/>

27 Isabel Togoh (2020, April 9) ‘Risk of failure is real’: Italy’s PM warns that the Coronavirus Pandemic could break the European Union. *Forbes*. <https://www.forbes.com/sites/isabeltogoh/2020/04/09/risk-of-failure-is-real-italys-pm-warns-that-the-coronavirus-pandemic-could-break-the-european-union/#766ebcf75029>

28 Silvia Amaro (2020, March 18) With Europe now the coronavirus epicenter, fears rise over a breakup of the euro zone. *CNBC*. <https://www.cnbc.com/2020/03/18/a-euro-zone-break-up-coronavirus-crisis-tests-the-euro-area-again.html>

most fervently pro-European countries and governments, as is Spain's case, need real proof of commitment. We need unwavering solidarity."<sup>29</sup>

*The European oft-touted solidarity is indeed at risk. Some have suggested that good governance and the reforms of the European institutions are required for Europe to overcome the crisis. Being trapped into the attractiveness of national sovereignty in a globalised world would be a mistake for Europe.<sup>30</sup> In addition, coordinating budgetary and fiscal policies, anticipating risks, building regional industrial sovereignty, and strengthening the sense of community among Europeans is essential to create the conditions for regional resilience.<sup>31</sup>*

Concrete regional response measures took place in late April 2020. On 21 April, the European Council and the European Commission presented a joint roadmap for recovery focusing on four areas, namely a fully functioning and revitalised single market, an unprecedented investment effort, global engagement, and a functioning system of governance.<sup>32</sup> On April 23, EU leaders agreed to work towards establishing a recovery fund. At the same time, EU leaders endorsed a €540 billion package to support jobs and businesses. On May 27, the European Commission presented its proposal. On June 9, the Ministers for economy and finance discussed the proposal with the aim to leverage about €3.1 trillion funds to ensure a sustainable recovery and achieve common policy objectives such as a green and digital transition.<sup>33</sup> In July 2020, the EU leaders agreed on a massive €750 billion Covid-19 recovery deal to help its 27 member countries to recover from the crisis - it is part of the €1.8 trillion EU budget for the next seven years. The Covid-19 recovery package was proposed by Germany and France with the aim to strengthen internal solidarity and unity within the EU.<sup>34</sup>

The EU has formed 'Team Europe' to develop regional approaches tailored to meet different needs of different parts of the world. It managed to mobilise more than € 35 billion for the EU global response fund to Covid-19 to assist partner countries, especially developing countries, in emergency response, supporting healthcare systems, economic response, business response,

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29 Pedro Sanchez (2020, April 5) Europe's future is at stake in this war against Coronavirus. The Guardian. <https://www.theguardian.com/world/commentisfree/2020/apr/05/europes-future-is-at-stake-in-this-war-against-coronavirus>

30 Guy Verhofstadf (2020, March 25) The Union and COVID-19: Is there a future after failure? [https://u4unity.eu/document3/Verhof\\_20200325.pdf](https://u4unity.eu/document3/Verhof_20200325.pdf)

31 Maurice, E., Bloj, R., Buzmaniuk, S., Antonini, C. & d'Angelo, C. (2020) Covid-19: European responses, a complete picture. Foundation Robert Schuman. <https://www.robert-schuman.eu/en/doc/actualites/covid19-26032020-en.pdf>

32 European Council, A recovery plan for Europe. <https://www.consilium.europa.eu/en/policies/eu-recovery-plan/>

33 European Council, A recovery plan for Europe. <https://www.consilium.europa.eu/en/policies/eu-recovery-plan/>

34 "EU leaders agree on a massive, €750 billion Covid-19 recovery deal", The Economist, 21 July 2020. <https://www.economist.com/europe/2020/07/21/eu-leaders-agree-on-a-massive-eu750bn-covid-19-recovery-deal>

an equitable, and the promotion of an equitable, sustainable and inclusive recovery.<sup>35</sup> To materialise the EU's global response effort, it is suggested that:

The Team Europe approach should become a rallying point for the active engagement of EU member states and financial institutions, for the Covid-19 response and achievement of the SDGs. While keeping its priorities, notably towards a value-based approach, resilient health systems, a greening of the recovery and digitalisation, the EU should put greater emphasis on food security and sustainable food systems. Moreover, women should have a central place in the EU Global Response 2.0 to Covid-19.<sup>36</sup>

## IV. Experiences from ASEAN

Nationalism and national sovereignty have been the core element of nation-building and international relations in Southeast Asia. The establishment of ASEAN initially aimed to prevent the spread of communism in the region. Gradually ASEAN has been transformed to cover a wide range of areas of regional cooperation under the political security, economic, and socio-cultural pillars. Different from the EU, which is the supranational body, ASEAN is an inter-governmental organisation. While the EU has legal competence and enforcement mechanisms, ASEAN functions based on political volunteerism. The existence of ASEAN over the past 53 years very much depends on the ASEAN Way, which refers to consultation and consensus-based decision making, non-interference, peaceful settlement of disputes, and equal sovereignty.

ASEAN pursues an open, flexible, and functional regionalism. The lack of common values and identities is not a constraint but a strength of the region. Being able to build unity within diversity is a key source of resilience of ASEAN, and the political will and commitment, especially among the political elites, is the cornerstone of this regional grouping. Southeast Asian economic development strategies shifted from protectionist and inward-looking to being dominantly outward-looking.<sup>37</sup> The ASEAN-driven domestic reforms have been robust especially in CLMV countries (Cambodia, Laos, Myanmar and Vietnam). In general, the maintenance of regional peace and stability, robust and open regional economic integration, regional policy coordination and regulatory harmonisation are the key strengths of ASEAN.

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35 European Commission (EC), EU global response to Covid-19, [https://ec.europa.eu/international-partnerships/topics/eu-global-response-covid-19\\_en](https://ec.europa.eu/international-partnerships/topics/eu-global-response-covid-19_en)

36 San Bilal (June 2020) Towards an EU global Covid-19 response 2.0: Boosting smarter finance. Ecdpm Discussion Paper No. 273, p.15. <https://ecdpm.org/wp-content/uploads/Towards-EU-Global-COVID-19-Response-2.0-Boosting-Smarter-Finance-ECDPM-Discussion-Paper-273-June-2020.pdf>

37 Peter Drysdale (2017) 'ASEAN: The experiment in open regionalism that succeeded' in Rebecca Maria, Shujiro Urata, and Ponciano Intal (eds) *The ASEAN Economic Community into 2025 and beyond*. Jakarta: Economic Research Institute for ASEAN and East Asia (ERIA), pp 64-86.

Learning from the experience in dealing with the severe acute respiratory syndrome (SARS) in 2003, some ASEAN members were quite well prepared for the Covid-19 pandemic. ASEAN has organised a series of sectoral meetings and summits to coordinate regional emergency response, maintain open markets and international trade, and minimize the disruptions to regional supply chains. This demonstrates that ASEAN members do not turn inward and become protectionist.<sup>38</sup> Regional coordination has been focusing on containing the pandemic outbreak, preventing the second or third waves of the outbreak, easing the curtailment measures to contain the economic crisis, and the acceleration of regional economic recovery through the facilitation of trade and investment.<sup>39</sup>

The key regional mechanisms in response to the pandemic include the ASEAN Plus Three Senior Officials Meeting for Health Development (APT SOMHD) currently chaired by Cambodia, ASEAN Public Health Emergency Operations Centre (PHEOC) Network led by Malaysia, ASEAN Plus Three Field Epidemiology Training Network (ASEAN+3 FETN) currently chaired by Malaysia and coordinated by Thailand, ASEAN BioDiaspora Virtual Centre for big data analytics and visualization (ABVC) led by the Philippines, ASEAN Risk Assessment and Risk Communication Centre (ARARC) led by Malaysia, Public health laboratories network under the purview of ASEAN Health Cluster 2 on Responding to All Hazards and Emerging Threats, and Regional Public Health Laboratories Network (RPHL) led by Thailand through the Global Health Security Agenda platform.<sup>40</sup>

In the early stage, ASEAN faced strong criticism for its slow response to the pandemic in initial stages and the lack of unity in actions.<sup>41</sup> The Covid-19 crisis challenges ASEAN to act as a united front.<sup>42</sup> Due to the focus on national crisis management measures and policy divergence of member states, ASEAN has a limited role in fighting against the pandemic. ASEAN is unable to provide viable solutions for those members that failed to contain the outbreak, and does not produce concrete outcomes as expected in promoting action-oriented regional cooperation.<sup>43</sup> From April onwards, ASEAN took a more active response with concrete measures to deal with the pandemic by holding a series of meetings and summits to share information and knowledge and coordinating collective policy response. Against the backdrop of exclusive nationalism and

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38 Tommy Koh (2020, June 6) Asean's response to Covid-19: A report card. Straits Times. <https://www.straitstimes.com/opinion/aseans-response-to-covid-19-a-report-card>

39 Jayant Menon (2020) Covid-19 and ASEAN+3: Impacts and responses. ISEAS Perspective, Issue 2020, No. 54. [https://www.iseas.edu.sg/wp-content/uploads/2020/03/ISEAS\\_Perspective\\_2020\\_54.pdf](https://www.iseas.edu.sg/wp-content/uploads/2020/03/ISEAS_Perspective_2020_54.pdf)

40 OECD (2020) COVID-19 crisis response in ASEAN Member States. [https://read.oecd-ilibrary.org/view/?ref=129\\_129949-ehsuoqs87y&title=COVID-19-Crisis-Response-in-ASEAN-Member-States](https://read.oecd-ilibrary.org/view/?ref=129_129949-ehsuoqs87y&title=COVID-19-Crisis-Response-in-ASEAN-Member-States)

41 Alexi Demetriadi (2020, May 15) ASEAN's Covid-19 response: United in name, divided in practice. Southeast Asia Globe. <https://southeastasiaglobe.com/asean-covid-19-response/>

42 Hoang Thi Ha (2020, March 31) Covid-19 challenges Asean to act as one. Straits Times. <https://www.straitstimes.com/opinion/covid-19-challenges-asean-to-act-as-one>

43 Phuong Pham (2020, July 7) Covid-19 has revealed ASEAN's institutional weaknesses. Lee Kuan Yew School of Public Policy. <https://lkyspp.nus.edu.sg/gia/article/covid-19-has-revealed-asean-s-institutional-weaknesses>



protectionism being practiced by some countries, ASEAN members are committed to keeping their markets open and continue to sustain the flow of essential goods such as food and medical supplies.<sup>44</sup>

At the Special ASEAN Summit on Covid-19 held on 14 April 2020, ASEAN leaders issued a statement calling for information and knowledge sharing, proposing post-pandemic recovery plans and the proposed establishment of the Covid-19 ASEAN Response Fund, while stressing the “Whole of ASEAN Community” approach. Proactively engaging external dialogue partners helps ASEAN to better position itself in the global alliance against the pandemic and pool necessary resources to assist ASEAN member states in effectively managing the crisis. ASEAN has held a series of bilateral meetings with key partners. It held a meeting with China on 20 February with a focus on risk communication and community engagement readiness and response,<sup>45</sup> with Japan on 22 February with a focus on developing a joint economic resilience action plan,<sup>46</sup> with the EU on 20 March focusing on economic and social mitigation,<sup>47</sup> the United States on 23 April stressing the enhancement of the resilience and capacity of public health systems across ASEAN,<sup>48</sup> with Russia on 12 June focusing on a timely, equitable access to affordable, safe and quality vaccines and new drugs,<sup>49</sup> and Australia on 30 June with a focus on health security, stability and economic recovery.<sup>50</sup>

The ASEAN Plus Three (APT) mechanism is the most relevant mechanism in terms of resource mobilisation in responding to the crisis - it was formed after the Asian Financial Crisis in 1997. The APT Summit taking place on 14 April issued a statement to further enhance national and regional capacities to prepare for and respond to pandemics, share information and knowledge in a timely manner, and pooling regional resources especially under the framework of the Covid-19 ASEAN Response Fund.<sup>51</sup> In addition, the ASEAN Plus Three Economic Ministers issued a joint statement on June 4 to reaffirm their commitment to keep the markets open for trade and investment, further promote the flow of goods and services in supply chains, support

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44 Tommy Koh (2020, June 6) Asean's response to Covid-19: A report card. Straits Times. <https://www.straitstimes.com/opinion/aseans-response-to-covid-19-a-report-card>

45 ASEAN Secretariat, <https://asean.org/storage/2020/02/ASEAN-China-SFMM-Statement-on-COVID-19-20-Feb-2020-Final.pdf>

46 ASEAN Secretariat, <https://asean.org/storage/2020/04/AJ-EM-Joint-Statement-on-Economic-Resilience-in-Response-to-COVID-19-FI...pdf>

47 ASEAN Secretariat, <https://asean.org/storage/2020/03/ASEANEU-Video-Conference-CoChairs-Press-Statement-1.pdf>

48 ASEAN Secretariat, <https://asean.org/storage/2020/04/Final-Co-Chairs-Statement-for-the-Special-ASEAN-U.S.-Foreign-Ministers-Meeting-on-COVID-19.pdf>

49 ASEAN Secretariat, <https://asean.org/storage/2020/06/Statement-of-ASEAN-Ru-SFMM-FINAL-1.pdf>

50 ASEAN Secretariat, <https://asean.org/storage/2020/07/Co-Chairs-Statement-Special-ASEAN-Australia-Foreign-Ministers-Meeting-SAAFMM-on-COVID-19-30-June-2020.pdf>

51 ASEAN Secretariat, [https://www.asean2020.vn/xem-chi-tiet1/-/asset\\_publisher/ynfWm23dDfpd/content/joint-statement-of-the-special-asean-plus-three-summit-on-coronavirus-disease-2019-covid-19-](https://www.asean2020.vn/xem-chi-tiet1/-/asset_publisher/ynfWm23dDfpd/content/joint-statement-of-the-special-asean-plus-three-summit-on-coronavirus-disease-2019-covid-19-)

businesses, particularly the micro, small and medium enterprises and the vulnerable economic sectors, and commit to sign the Regional Comprehensive Economic Partnership (RCEP) in 2020.<sup>52</sup>

ASEAN's external relationship building with international organisations has contributed to the strategic weight of this regional body. The ASEAN-UN partnership in particular has been enhanced over the years in order to better respond to global issues and challenges. In 2019, a complementarities road map (2020-2025) was signed to promote synergies between the ASEAN Community Vision 2025 and the 2030 Agenda for Sustainable Development in which humanitarian assistance, prevention and control of infectious diseases and counter-terrorism efforts are among the areas where ASEAN and the United Nations have pursued cooperation.<sup>53</sup> Concerning the response to Covid-19 pandemic, information sharing among the ASEAN health officials and collaboration between ASEAN and the World Health Organization and engagement with external partners are critical to emergency response, including through exchange of timely data and information on prevention, detection, control and response measures.<sup>54</sup>

## V. Conclusion

The Covid-19 crisis has accentuated nationalism across the world and worsened the declining multilateralism. Regional integration projects in Europe and Southeast Asia have been disrupted as nationalism and national sovereignty has gained more traction and ground in both regions. The pandemic crisis has not only caused a public health crisis but also a social and economic crisis. The EU and ASEAN have been criticized for a slow and uncoordinated response to the crisis, especially in the initial state of the pandemic outbreak. Both organisations have been impaired by national priority in the capitals. The nationalist leaders in both regions have seized their opportunity to trump up national sovereignty at the expense of regional cooperation.

Nevertheless, the spirit of regional cooperation prevails as the member countries of both the EU and ASEAN, after a lengthy tough negotiation, have come up with various ways to contain, mitigate and recover from the crisis. ASEAN has come up with the Covid-19 ASEAN Respond Fund and is in the process of developing a comprehensive regional recovery plan. The EU has also reached a recovery deal. Both organisations have managed to have a political breakthrough in developing a coordinated regional response. It is hard to say which model is more effective. An analyst argued that ASEAN has responded reasonably better than the EU.<sup>55</sup>

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52 ASEAN Secretariat, <https://asean.org/storage/2020/06/29052020-ASEAN-Plus-Three-Economic-Ministers-Statement-on-COVID-19-FINAL.pdf>

53 United Nations Security Council, <https://www.un.org/press/en/2020/sc14093.doc.htm>

54 Lim Jock Hoi (2020, June 2) ASEAN solidarity and response in the face of COVID-19. The Jakarta Post. <https://www.thejakartapost.com/academia/2020/06/02/asean-solidarity-and-response-in-the-face-of-covid-19.html>

55 Frederick Kliem (2020, May 21) Leveraging ASEAN to respond to Covid-19. East Asia Forum. <https://www.eastasiaforum.org/2020/05/21/leveraging-asean-to-respond-to-covid-19/>

History informs that both the EU and ASEAN are quite resilient as these two regional organisations could leverage adversity and bounce back stronger from previous crises. Of course, there were multi-speed approaches, bumps and tensions along the recovery journey. The EU and ASEAN are resetting their regional cooperation and integration projects to ensure a sustainable, inclusive, and resilient recovery. As both regions are going to have a great reset, a firm political will and commitment to embrace a more inclusive, sustainable and people-centred regionalism is required. The EU and ASEAN must double their efforts to shore up the battered globalism and multilateralism. Moving forward, both regional organisations need to stand tall and strong against exclusive nationalism, unilateralism and protectionism.



Three people wear a face mask sitting one seat from one another in order to keep social distance to reduce the risk of a Covid-19 infection

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# COVID-19 AND REGIONALISM: WHAT CAN AND SHOULD ASEAN DO?

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## I. Introduction

The Covid-19 pandemic has resulted in unprecedented costs not only to public health, but also to the global economy. Southeast Asia has not been spared, although responses to the outbreak vary across the region. Some governments foresaw the severity of the outbreak and enacted preventative measures at the expense of short-run losses, while others downplayed the crisis for fear of economic repercussions. Nonetheless, as the outbreak worsened, most governments across ASEAN eventually restricted movement and economic activity, and ordered a “lockdown” with travel bans, work-from-home arrangements, safe distancing measures and other restrictions. With some levelling in the number of infections and concerns with increasing economic impacts, most ASEAN governments eased restrictions by early June, and embraced a “new normal”.

This essay puts forth ways in which ASEAN may best involve itself and assist its members to address the impacts of Covid-19. The primary respondents to the pandemic have been national governments and this will remain the case going forward. However, ASEAN can best respond with four complementary functions: (1) to maintain baseline efforts by governments; (2) defend and deepen regional economic integration; (3) help ensure strategic balance and regional autonomy; and (4) recognize the importance of social protection. This essay will first assess current efforts and then recommend next steps.

## II. Maintain Baseline Efforts Amongst Governments

As an intergovernmental organisation, ASEAN cannot coerce its members to enact policy, but it can offer perspectives and nudge governments towards formulating a baseline of effective and prudent action plans. By forging platforms for information sharing and dialogue, ASEAN can help the region coordinate policies based on a common framework.

Existing regional mechanisms are already at work in enabling the timely exchange of information and best practices. One example is the ASEAN Emergency Operations Centre for Public Health (ASEAN EOC),<sup>1</sup> led by Malaysia. The ASEAN EOC provides public health officials across the region with daily updates of new cases in each state and measures taken by national governments in response. With access to information on each individual state’s national circumstances, member states are able to assess the merits of their neighbours’ responses and lend a helping hand when the need arises.<sup>2</sup>

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1 “ASEAN Health Sector Efforts in the Prevention, Detection and Response to Coronavirus Disease 2019 (COVID-19),” Home, ASEAN, February 13, 2020 (accessible at: [https://asean.org/?static\\_post=updates-asean-health-sector-efforts-combat-novel-coronavirus-covid-19](https://asean.org/?static_post=updates-asean-health-sector-efforts-combat-novel-coronavirus-covid-19)).

2 Other noteworthy cooperative mechanisms include the ASEAN BioDiaspora Virtual Centre led by Philippines, the Regional Public Health Laboratories Network led by Thailand, the ASEAN+3 Field Epidemiological Training Network, the ASEAN Risk Assessment and Risk Communication Centre and more.

Enabled by technology, ASEAN has been able to fulfill its role in facilitating dialogue between its members. On top of ministerial meetings, a virtual Special ASEAN Summit was held on 14 April 2020 to specifically address a regional response to the pandemic. The Summit endorsed several collective steps to fight the pandemic, including the establishment of a Covid-19 ASEAN Response Fund which health ministries of member states will be able to tap on to procure medical supplies and equipment for frontline workers<sup>3</sup>

ASEAN also convened the Special ASEAN+3 Summit on the same day, where leaders of its member states, alongside China, Japan, and South Korea, discussed measures to strengthen healthcare capabilities. Later on, the 36th ASEAN Summit was convened on 26 June, with the post-pandemic recovery and ASEAN regionalism taking centre stage.<sup>4</sup> An ASEAN+3 Senior Officials Meeting was also held virtually on 20 July 2020, where countries affirmed their commitment to regional integration and completing the Regional Comprehensive Economic Partnership (RCEP) on schedule.<sup>5</sup> In addition to these dialogues, ASEAN has also engaged external partners, such as the World Health Organisation (WHO), the European Union (EU), the USA and Northeast Asian countries. All in all, these are promising signs. International cooperation has allowed ASEAN members to draw upon a wealth of knowledge to enact effective policy.

### Next Steps

As restrictions and lockdowns ease, ASEAN can do more to promote communication and cooperation especially on testing and contact tracing capabilities. This may be in the form of encouraging donations of test kits that are reliable in quality to member states facing shortages, as Singapore<sup>6</sup> and Vietnam<sup>7</sup> have done. ASEAN can also facilitate information-sharing on contact tracing know-how. Countries with greater technological capabilities should assist in establishing smart solutions for others in the region. For example, Singapore could share how its mobile application, “TraceTogether”<sup>8</sup> and palm-sized device, the “TraceTogether Token”<sup>9</sup> designed for the elderly and those who do not own smartphones, are envisioned to assist officials in conduct-

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3 Dian Septiari, “Leaders support establishment of ASEAN COVID-19 response fund,” The Jakarta Post, April 14, 2020 (accessible at: <https://www.thejakartapost.com/seasia/2020/04/14/leaders-support-establishment-of-asean-covid-19-response-fund.html>).

4 “The 36th ASEAN Summit: Leaders Underscore Unity, Amid Challenges New and Old,” Insights, Singapore Institute of International Affairs, July 8, 2020 (accessible at: <http://www.siaonline.org/the-36th-asean-summit-leaders-underscore-unity-amid-challenges-new-and-old/>).

5 “Deputy Foreign Minister Nguyen Quoc Dung chairs ASEAN+3 Senior Officials’ Meeting,” ASEAN Viet Nam 2020, July 21, 2020 (accessible at: [https://www.asean2020.vn/xem-chi-tiet1/-/asset\\_publisher/ynfWm23dDfpd/content/deputy-foreign-minister-nguyen-quoc-dung-chairs-asean-3-senior-officials-meeting](https://www.asean2020.vn/xem-chi-tiet1/-/asset_publisher/ynfWm23dDfpd/content/deputy-foreign-minister-nguyen-quoc-dung-chairs-asean-3-senior-officials-meeting)).

6 Jean Lau, “Singapore sends coronavirus test kits to the Philippines,” The Straits Times, March 24, 2020 (accessible at: <https://www.straitstimes.com/singapore/health/singapore-sends-coronavirus-test-kits-to-the-philippines>).

7 Minh Phuong, “500 Vietnamese-manufactured COVID-19 test kits arrived in Indonesia,” Vietnam Times, April 8, 2020 (accessible at: <https://vietnamtimes.org.vn/500-vietnamese-manufactured-covid-19-test-kits-arrived-in-indonesia-19257.html>).

8 For more information, see <https://www.tracetgether.gov.sg/>.

9 “COVID-19: Vulnerable seniors to receive first batch of TraceTogether tokens from Jun 28,” CNA, June 28, 2020 (accessible at: <https://www.channelnewsasia.com/news/singapore/covid-19-seniors-receive-first-batch-trace-together-tokens-12878362>).

ing contact tracing domestically. These efforts complement the country's digital check-in system known as "SafeEntry", which keeps a log of individuals who enter and exit an area through the scanning of QR codes or Identification Cards. Working together, ASEAN member states may in the short-term even be able to develop similar applications or processes that can assist in regional contact tracing. This could accelerate the formation of travel bubbles.

At present, levels of testing across the region differ greatly – with Singapore having tested 199,887 per million people and Myanmar on the other end of the spectrum, having only tested 2,030 per million people.<sup>10</sup> An accurate assessment of infection levels and transmission rates, alongside more efficient contact tracing techniques can not only prevent a second outbreak, but also increase trust.

With higher confidence in their neighbours' abilities to contain the outbreak, member states will be more willing to ease travel restrictions and form travel "bubbles" to restart cross-border movement of people. While intra-ASEAN travel may be more challenging in the short term due to uneven testing and infection levels, individual countries can negotiate bilateral travel arrangements with countries or cities deemed to have the pandemic contained. For example, Singapore has put in place a fast lane arrangement for essential business travellers with six provinces in China<sup>11</sup> and is slated to commence a similar arrangement with Malaysia on 10 August<sup>12</sup>. Indonesia is also currently finalising a quarantine-free travel corridor for essential business with the United Arab Emirates.<sup>13</sup> Similar arrangements with South Korea, Japan, New Zealand and Australia have also been mooted by several ASEAN member states.<sup>14</sup> Resuming travel safely and responsibly should be a key priority, as this will facilitate labour mobility and restore tourism, a key growth driver in many ASEAN countries.

### III. Defend and Deepen Regional Economic Integration

Covid-19 has brought disruptions to supply chains and cross-border flows of essential goods, people and services. The World Trade Organisation has predicted that world trade will plummet

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10 "Reported Cases and Deaths by Country, Territory or Conveyance," Worldometer, as of 27 July 2020 (accessible at: <https://www.worldometers.info/coronavirus/>).

11 Janice Lim, "Singapore to gradually reopen borders from June 8, starting with 'fast lane' arrangements with China," Today Online, June 3, 2020 (accessible at: <https://www.todayonline.com/singapore/singapore-gradually-reopen-borders-june-8-starting-fast-lane-arrangements-china>).

12 Amir Yusof, "Singapore, Malaysia have settled arrangements for cross-border travel from August 10, not ready yet for daily community: Vivian Balakrishnan," CNA, July 26, 2020 (accessible at: <https://www.channelnewsasia.com/news/singapore/covid-19-singapore-malaysia-cross-border-travel-daily-commuting-12963164>).

13 Ivany Atina Arbi, "Indonesia finalising 'travel corridor' with UAE," The Jakarta Post, July 24, 2020 (accessible at: <https://www.thejakartapost.com/news/2020/07/24/indonesia-finalizing-travel-corridor-with-uae.html>).

14 Maya Taylor, "Thailand's Tourism Minister urges government to revisit travel bubble idea," The Thaiger, July 24, 2020 (accessible at: <https://thethaiger.com/hot-news/tourism/thailands-tourism-minister-urges-government-to-revisit-travel-bubble-idea>); Dian Septiari, "Indonesia eyes 'travel bubble' for four countries in Asia Pacific," June 17, 2020 (accessible at: <https://www.thejakartapost.com/news/2020/06/16/indonesia-eyes-travel-bubble-for-four-countries-in-asia-pacific.html>); "Tourism minister: Malaysia mulling travel bubbles with Covid-19-free regions," Malay Mail, July 24, 2020 (accessible at: <https://www.malaymail.com/news/malaysia/2020/07/24/tourism-minister-malaysia-mulls-implementing-travel-bubbles-with-green-stat/1887824>).

between 13% and 32% in 2020 as a result of the pandemic.<sup>15</sup> ASEAN has a key role to play in reiterating to its members the importance of maintaining their productive capacity and supporting a rule-based international trading system. A Consistent flow of food and medical supplies remain essential to ensure the region's wellbeing. More broadly, keeping markets open and supply chains moving will be key to maintaining external and internal confidence in the region as a trade and investment hub.<sup>16</sup>

Since the inception of the ASEAN Economic Community in 2015, greater economic and trade integration has been at the forefront of regional policy.<sup>17</sup> Reducing barriers to trade such as tariffs and other non-tariff barriers has seen a rapid increase in trade flows between member states and the world. ASEAN's efforts towards promoting itself as a Single Window and an integrated supply base have also reaped results as recent years have evidenced an increase in foreign investment into the region. By 2018, ASEAN's combined Gross Domestic Product (GDP) stood at USD 3.0 trillion, making it the fifth largest economy in the world.<sup>18</sup>

While talk of de-globalisation is rife, ASEAN members remain committed to regional integration. Supply chains have largely been kept open, both within ASEAN and with some of its key partners. New initiatives have also been taken. Singapore and New Zealand have agreed to a trade pact to ensure the continued flow of essential items through seas and airports. Seven other countries followed, including Brunei, Laos and Myanmar from ASEAN, and pledged their commitment to keep supply chains for essential products working.<sup>19</sup> Similarly, the trade ministers of the Asia-Pacific Economic Cooperation (APEC), of which seven ASEAN states are also members, emphasised the need for "targeted, proportionate, transparent [and], temporary" emergency measures to ensure food, medical and other essential goods remain in adequate supply.<sup>20</sup> On 26 June 2020, the Hanoi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to Covid-19 was also adopted, demonstrating the region's concerted

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15 "Trade set to plunge as COVID-19 pandemic upends global economy," Press Release, World Trade Organisation, April 8, 2020 (accessible at: [https://www.wto.org/english/news\\_e/pres20\\_e/pr855\\_e.htm](https://www.wto.org/english/news_e/pres20_e/pr855_e.htm)).

16 Tan Hsien-Li, "From SARs to COVID-19: Reflections on ASEAN's collective response to public health crises," The Business Times, June 1, 2020 (accessible at: <https://www.businesstimes.com.sg/asean-business/from-sars-to-covid-19-reflections-on-asean%E2%80%99s-collective-response-to-public-health>).

17 At the 27th ASEAN Summit in 2015, ASEAN leaders endorsed the ASEAN Community Vision 2025, a roadmap which articulates ASEAN political, economic and socio-cultural goals. The ASEAN Economic Community (AEC) Blueprint 2025 outlines ASEAN's economic aspirations. The ASEAN Secretariat, "ASEAN Economic Community Blueprint 2025," ASEAN, 2015 (accessible at: [https://www.asean.org/storage/2016/03/AECBP\\_2025r\\_FINAL.pdf](https://www.asean.org/storage/2016/03/AECBP_2025r_FINAL.pdf)).

18 The ASEAN Secretariat, "ASEAN Key Figures 2019," ASEAN, 2019 (accessible at: [https://www.aseanstats.org/wp-content/uploads/2019/11/ASEAN\\_Key\\_Figures\\_2019.pdf](https://www.aseanstats.org/wp-content/uploads/2019/11/ASEAN_Key_Figures_2019.pdf)).

19 Lena Loke, "New Zealand sends first batch of essential supplies to Singapore, as part of pact to keep trade flowing amid Covid-19," Today Online, April 22, 2020 (accessible at: <https://www.todayonline.com/singapore/new-zealand-sends-first-batch-essential-supplies-singapore-part-pact-keep-trade-flowing>).

20 "Statement on COVID-19 by APEC Ministers Responsible for Trade," Meeting Papers, Sectoral Ministerial Meetings, Asia-Pacific Economic Cooperation, May 5, 2020 (accessible at: [https://www.apec.org/Meeting-Papers/Sectoral-Ministerial-Meetings/Trade/2020\\_trade](https://www.apec.org/Meeting-Papers/Sectoral-Ministerial-Meetings/Trade/2020_trade)).



determination to work closely to identify and address trade disruptions during the pandemic and strengthen economic resilience in the long-term.<sup>21</sup>

### Next Steps

The disruption of the pandemic should also be seen as an opportunity for ASEAN to strengthen its commitment to economic integration and fortify trade flows. The group is undertaking a Mid-Term Review of its plans for closer integration by 2025. ASEAN should step up to remove any barriers and obstacles to trade. This is especially true for essentials, medical supplies and their intermediate materials. In doing so, the needs of smaller and more import-dependent states should be recognized and protected and where an exporting state may face a shortage of essentials domestically, an arrangement should be brokered for equitable sharing and win-win outcomes. Further efforts can also be made to increase the pool of essential resources regionally. This may be through joint sourcing or joint production by two or more member states. Additionally, governments can also endeavour to collaborate with the private sector, which may be incentivised to repurpose their production lines in light of greater demand for essential goods.<sup>22</sup>

The pandemic has forced many businesses to shift operations online, and correspondingly, ASEAN should enhance its commitment to digitalisation to adapt to a decline in physical interactions. ASEAN should thus continue to encourage its members to wholly embrace and digitalize commerce so as to unlock a wider consumer and supplier base both during the pandemic and in the long-run. To tap into this potential, ASEAN must work on addressing the digital divide across and within member states, in terms of infrastructure, skills, and also in terms of rules and regulations concerning digital privacy, security and ethics.<sup>23</sup> The digital economy had been highlighted during Singapore's chairmanship of ASEAN and continued to be prioritised with Thailand and Vietnam's chairmanship. Significantly, Singapore had formalised a Digital Economy Partnership Agreement (DEPA) with Chile and New Zealand in June<sup>24</sup>, which will improve efficiency, deepen connectivity and lower the cost for digital trade activity between the countries. Agreements such as these can serve as a model for more regional digital partnerships.

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21 "Hanoi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to the COVID-19 Pandemic," Statement and Communiqués, Home, ASEAN, June 26, 2020 (accessible at: <https://asean.org/hanoi-plan-action-strengthening-asean-economic-cooperation-supply-chain-connectivity-response-covid-19-pandemic/>).

22 "Coronavirus: manufacturing change in the fight against Covid-19," Out-Law Analysis, Pinsent Masons, March 25, 2020 (accessible at: <http://pinsentmasons.com/out-law/analysis/coronavirus-manufacturing-change-covid-19>).

23 Lim Hock Joi, "ASEAN solidarity and response in the face of COVID-19," The Jakarta Post, June 2, 2020 (accessible at: <https://www.thejakartapost.com/academia/2020/06/02/asean-solidarity-and-response-in-the-face-of-covid-19.html>).

24 Joanna Seow, "Singapore, Chile, NZ ink deal to boost digital economy cooperation," The Straits Times, June 13, 2020 (accessible at: <https://www.straitstimes.com/business/economy/singapore-chile-nz-ink-deal-to-boost-digital-economy-cooperation>).

## IV. Help Ensure Strategic Balance and Regional Autonomy

With Covid-19, tensions between China and the USA have intensified. The USA has resorted to finger-pointing with President Donald Trump, terming Covid-19 the “Chinese virus”<sup>25</sup> and blaming the “incompetence of China” for causing “mass worldwide killing”.<sup>26</sup>

ASEAN members live in the intersection of the interests of both China and the USA and must avoid being caught in the middle and forced to choose between the two.<sup>27</sup> This was already a concern for ASEAN even before the pandemic, and the region must continue to maintain a balance in its relations with both China and the USA so that ASEAN can remain united, and, collectively reinforce its strategic autonomy. This way, smaller countries need not succumb to security or economic pressures of either powers.

Thus far, ASEAN members have largely been able to avoid partisanship by balancing their great-power relations, in its engagements with both China and the USA. On 20 February 2020, ASEAN met with China’s Foreign Minister in a Special ASEAN-China Foreign Ministers Meeting in Laos to discuss the impacts of Covid-19.<sup>28</sup> ASEAN later engaged with China again in April, but it did so at a Special ASEAN+3 Summit and managed to frame China’s assistance within a broader “plus three” arrangement that includes Japan and South Korea.

On 23 April 2020, ASEAN also convened a virtual meeting with US Secretary of State Mike Pompeo. Notably, while Mr. Pompeo had voiced sharp criticisms against China during the session, ASEAN had managed to remain at some distance from such criticisms and steer the agenda towards knowledge-sharing and cooperation between the USA and ASEAN in combating the virus.<sup>29</sup> When the health ministries of ASEAN and the USA convened virtually a week later, on 30 April, their discussion was focused and kept to how both sides can continue to cooperate and support each other in fighting the pandemic.<sup>30</sup>

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25 “Coronavirus: Trump warns that China could face consequences for outbreak,” The Straits Times, April 19, 2020 (accessible at: <https://www.straitstimes.com/asia/east-asia/coronavirus-trump-warns-china-could-face-consequences-for-outbreak>).

26 “Trump blames China for ‘mass worldwide killing,’” The Straits Times, May 21, 2020 (accessible at: <https://www.straitstimes.com/world/united-states/trump-blames-china-for-mass-worldwide-killing>).

27 Lee Hsien Loong, “The Endangered Asian Century: America, China and the Perils of Confrontation,” Foreign Affairs, June 4, 2020 (accessible at: <https://www.foreignaffairs.com/articles/asia/2020-06-04/lee-hsien-loong-endangered-asian-century>).

28 Tan Hui Yee, “Coronavirus: China, Asean ministers vow to boost cooperation to fight epidemic,” The Straits Times, February 20, 2020 (accessible at: <https://www.straitstimes.com/asia/se-asia/coronavirus-china-asean-ministers-vow-to-boost-cooperation-to-fight-epidemic>).

29 Grant Peck, “US blasts China at Southeast Asian meeting on coronavirus,” ABC News, April 23, 2020, (accessible at: <https://abcnews.go.com/US/wireStory/us-blasts-china-southeast-asian-meeting-coronavirus-70306609>).

30 “[Joint Statement] Special Video Conference of Health Ministers of ASEAN & the United States in Enhancing Cooperation on Covid-19 Response,” News & Events, Home, U.S. Mission to ASEAN, (accessible at: <https://asean.usmission.gov/joint-statement-special-video-conference-of-health-ministers-of-asean-the-united-states-in-enhancing-cooperation-on-covid-19-response/>).

## Next Steps

As tensions continue to rise, it seems that neither the USA nor China can offer global leadership from the pandemic and its economic impacts. In navigating an uncertain global order, ASEAN can and should deepen cooperation with key regional partners including Japan, South Korea and New Zealand. These countries have not only proven effective at managing the pandemic, but also share ASEAN's concerns of balancing relations with China and the USA. The broad effort would be to offer a plurilateral alternative to regional order. Cooperation should also be increased for inter-regional efforts, working with others further away such as the European Union.

With uncertain established leadership, like-minded countries can nonetheless begin to help themselves and each other, and their efforts can form a patchwork of necessary initiatives.<sup>31</sup> History has shown that ASEAN has the ability to initiate small efforts which, in time, deliver a big impact. For example, in the early 2000s, when negotiations slowed at the World Trade Organisation, ASEAN implemented their own Free Trade Agreements (FTAs) as a contingency. These FTAs have grown, with the Regional Comprehensive Partnership (RCEP) covering almost all major economies in Asia, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) spanning the Pacific. It is also significant that the earliest bilateral regional trade agreement in 2000 did not involve China or the USA, but New Zealand and Singapore<sup>32</sup>. Chile and Brunei Darussalam later joined the two countries to launch a Trans-Pacific Strategic Economic Partnership, the precursor to the CPTPP, which has prevailed despite the USA's retreat.<sup>33</sup>

## V. Recognize the Importance of Social Protection

Migrant workers, ethnic minorities, the elderly, the poor and people with disabilities are especially vulnerable; not just to the virus, but also to its economic impacts. These groups, and other marginalised people, need more recognition and assistance from their government.

In the Philippines, a three-month-long lockdown for Metro Manila resulted in dozens of slum residents staging protests due to hunger and poverty, having not received relief supplies or aid promised by the government.<sup>34</sup> In Thailand, the decision for construction work to continue

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31 Simon Tay and Jessica Wau, "As the US and China clash, what can other countries do?" South China Morning Post, May 21, 2020 (accessible at: <https://www.scmp.com/week-asia/opinion/article/3085306/what-third-countries-can-do-improve-global-cooperation-amid-us>).

32 "Singapore and New Zealand sign upgraded agreement," Press Release, Ministry of Trade and Industry Singapore, May 17, 2019, (accessible at: <https://www.mti.gov.sg/Newsroom/Press-Releases/2019/05/Singapore-and-New-Zealand-sign-upgraded-agreement#:~:text=The%20ANZSCEP%2C%20which%20entered%20into,concluded%20on%2017%20August%202018.>).

33 "Trans-Pacific Strategic Economic Partnerships," Trade, New Zealand Foreign Affairs and Trade (accessible at: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/p4/>).

34 Jason Gutierrez, "Will we die hungry? A Teeming Manila Slum Chafes under Lockdown," The New York Times, April 15, 2020 (accessible at: <https://www.nytimes.com/2020/04/15/world/asia/manila-coronavirus-lockdown-slum.html>).

during the country's lockdown exposed hundreds of migrant construction workers to heightened risks of contracting Covid-19.<sup>35</sup> In Singapore, the poor conditions in migrant worker dormitories have caused a wave of infections, resulting in more than 47,000 infections among the migrant worker population and accounting for more than 95% of the total number of cases.<sup>36</sup>

Some progress has been made towards addressing these concerns. In Singapore, free treatment and counselling have been extended to affected migrant workers, and aggressive testing has brought daily infection rates under control.<sup>37</sup> The Singapore government has announced that all foreign worker dormitories will be cleared of Covid-19 by early August, except for 17 standalone blocks which will serve as quarantine facilities for the final batch of 28,000 workers under isolation.<sup>38</sup> Yet, on a regional level more must be done. ASEAN should step in and continue to give voice to these special and vulnerable groups across the region.

### Next Steps

First and foremost, affected communities must be given immediate protection and treatment through increased testing, more accurate pandemic numbers, and essential goods provision. ASEAN may assist its member governments through humanitarian mechanisms such as the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management.<sup>39</sup> Funding for such efforts could be sourced at a regional level and the Covid-19 ASEAN Response Fund may come into play. Overall, this is in line with the goal of centrality and calls for solidarity.

Looking ahead, this highlights the need for broader social protection mechanisms. The ASEAN Declaration on Strengthening Social Protection<sup>40</sup> enacted in 2013 states that each individual in the region is entitled to equitable access to "social protection that is a basic human right". It also defines social protection as "social welfare and development, social safety-nets, social insurance, social assistance, [and] social services", calling on governments to "allocate adequate financial resources for social protection". This should serve as the basis for further efforts towards enhanced social protection, with ASEAN coordinating efforts region-wide.

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35 Rina Chandran, "Thai coronavirus lockdown leaves migrant workers exposed," Reuters, March 23, 2020 (accessible at: <https://www.reuters.com/article/us-health-coronavirus-construction-thail/thai-coronavirus-lockdown-leaves-migrant-workers-exposed-idUSKBN21A1XW>).

36 Number of Cases, Covid Situation Report Data Updated as of: 26 July 2020, Ministry of Health, Singapore, (accessible at: <https://covidstrep.moh.gov.sg/>).

37 Prisca Ang, "Coronavirus: We will look after you, ministry assures foreign workers," The Straits Times, April 19, 2020 (accessible at: <https://www.straitstimes.com/singapore/we-will-look-after-you-ministry-assures-foreign-workers>).

38 Toh Ting Wei, "All worker dormitories expected to be cleared of Covid-19 by Aug 7," The Straits Times, July 25, 2020, (accessible at: <https://www.straitstimes.com/singapore/health/all-worker-dorms-expected-to-be-cleared-of-covid-19-by-aug-7>).

39 Beginda Pakpahan, "Asean: Mobilize AHA Centre, all partners for Covid-19," April 20, 2020 (accessible at: <https://www.thejakartapost.com/academia/2020/04/20/asean-mobilize-aha-center-all-partners-for-covid-19.html>).

40 The ASEAN Secretariat, "ASEAN Declaration on Strengthening Social Protection," ASEAN, 2016 (1st Reprint 2018) (accessible at: <https://asean.org/storage/2019/01/26.-November-2018-ASEAN-Declaration-on-Strengthening-Social-Protection-1st-Reprint.pdf>).

While Covid-19's impact on livelihoods has prompted ASEAN members to announce economic stimulus packages and hand-outs to the less privileged, these are stopgap measures. To make an effective post-pandemic recovery and to be more prepared for future crises, governments must take on long-term commitments and do more.

From a long-term perspective, economic stimulus packages and hand-outs are merely stopgap measures. Governments must adjust their outlook to the long-term and fortify their systems against future economic shocks. Therefore, ASEAN should encourage increases in welfare projects and improve their social protection systems. Compared to Europe, which spends an average of 25% of their GDP on social protection programmes, ASEAN countries spend an average of 6%.<sup>41</sup> Furthermore, ASEAN governments' social protection funding is primarily dispersed through pensions and health insurance, which only covers salaried employees with stable jobs. As such, informal, part-time and migrant workers who make up about 70% of ASEAN's workforce often fall through the cracks.

ASEAN must emphasise that both documented and undocumented migrants need protection. Continued neglect of these communities will likely lead to a higher risk of Covid-19 transmission and risks to society at large. Additionally, their tendency to move across borders also exposes them to an increased probability of contracting the virus and mistreatment from local people. To this end, ASEAN must facilitate discussion on social protection to ensure that these groups are not left behind as each government tries to restart the economy.

## VI. Conclusion

ASEAN is an intergovernmental organisation and not a supranational body; the responsibility to contain and effectively manage the pandemic thus lies with national governments. Nevertheless, ASEAN is not powerless in how it can best respond to Covid-19. There are clear ways it has helped and much more that it can do. Its primary function must remain that of an intermediary, which it can fulfill through various means such as facilitating dialogue, exchange and cooperation amongst its member states; holding the region to its economic commitments; maintaining the region's strategic position; and reminding member states of their moral obligations. These functions are even more vital during a crisis. Given the interconnectedness of the region, ASEAN must respond with a coherent, multi-sectoral and multi-stakeholder approach between member states. If this is done, the Covid-19 pandemic can surely prove to be a pivotal point of growth for ASEAN integration and solidarity.<sup>42</sup>

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41 Lee Chen Chen, "Outbreak exposes weak social protection for poor," Bangkok Post, April 8, 2020 (accessible at: <https://www.bangkokpost.com/opinion/opinion/1895365/outbreak-exposes-weak-social-protection-for-poor>).

42 Tan Hsien-Li, "From SARs to COVID-19: Reflections on ASEAN's collective response to public health crises," The Business Times, June 1, 2020 (accessible at: <https://www.businesstimes.com.sg/asean-business/from-sars-to-covid-19-reflections-on-asean%E2%80%99s-collective-response-to-public-health>).



An official wearing a face mask looks on as Vietnam's Prime Minister Nguyen Xuan Phuc attends a special video conference with leaders of the Association of Southeast Asian Nations (ASEAN) on the coronavirus disease.

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# ASEAN'S EXTERNAL COOPERATION IN A GLOBAL PANDEMIC: AN EXPANSION OF THE CONCEPT OF NATIONAL SECURITY

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## I. Covid-19 Pandemic: What Security & Whose Security?

For centuries, security has been the principal pursuit of states, driving both domestic and foreign affairs. Regardless of the geographical, political, and economic footprint of states, states around the world are devoted to increase their capacities and power to achieve security, which has also long been perceived as a prerequisite for secondary objectives, either domestic or international. Security is a concept with complex and contested nature and carrying itself multiple, occasionally conflicting, interpretations. Thus, two questions that need to be probed further are: “What is security?” and “Who is being insecure against what threat(s)?” Actors, source of threat, issues, and measures of strength shall be examined in this context. More often than not, security has been viewed from a state-centric position. The concept of security has been attached to the Westphalian model of statehood, which has dominated international discourse after the end of the World War II and which attaches importance to consolidation of state territory, among other factors. Thus, security is understood as a state of being free from foreign influence, foreign aggression, or foreign invasion. In this framework, the main referent entity is the state, which is treated as a single whole unit. States would be regarded as insecure if their defensive systems are comparatively weaker than those of other states, which can be sources of threat. Thus, military strength characterized by robust defensive systems functions as a key measure of strength. The prioritization of defense spending within the national budget is a natural consequence of this framework. However, is military strength alone a sufficient condition for national security, as traditional thinking would suggest? Are states now secure if their defense systems or defense shelters are strong or reliable and their borders are safe?

While uncertainties and political conflict prevail within the global order and the need for strong defense cannot be disregarded, global developments in recent history, such as the Covid-19 pandemic, suggest that military strength alone is no guarantee of a state’s ability to achieve national security. By looking inside the abstract state and not taking the state as the referent object, it is clear that states are only human communities at base and that there could instead be the general population having been at the front lines to fight certain forms of threat. The transnational nature of economic, political, ecological, environmental, social, and cultural life renders the concept of the nation-state as no less central to human wellbeing and human security. Most salient threats to security—for instance, infectious diseases, famines, natural disasters, terrorism—are transnational issues that transcend national borders and national management. That regional food scarcity and infectious disease are certainly capable of bringing profound destruction to human communities induces an analytical shift away from utilizing “states” as a relevant base entity. As a case in point, the Black Death, which was a global epidemic of bubonic plague, has caused over 50 million deaths<sup>1</sup> in the fourteenth century

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1 “Plague,” World Health Organization, [https://www.who.int/health-topics/plague#tab=tab\\_1](https://www.who.int/health-topics/plague#tab=tab_1)

while World War I resulted in fewer deaths at 40 million deaths.<sup>2</sup> As the relevant threat landscape has evolved, it might not be too early to take a human-centric approach to security. How would such a reconceptualization of security affect relevant parameters, such as actors, source of threat, threat, and measurements of strength? In a human-centric conceptualization, the main actor or the ultimate referent object of security is not just the abstract state per se but human beings that make up a state. In addition, sources of threat are not necessarily from other states, (i.e. non-state forces could also be sources of threat,) and threats can evolve instead of remaining static, as what the traditional reading of security suggests. The concept of threat is also expanded to include any transnational forces, from famine and pandemics, to terrorism. Moreover, globalization and interdependence make existing threats spread even faster and side effects spill over even more rapidly across borders. In many circumstances, no one can be called secure inside their own borders if others outside are insecure. Non-military crises can lead to an economic and social crisis and evolve to become a political crisis. In other words, what can endanger the security of human beings can also endanger the security of a nation.

In this context, the traditional reading of security is challenged in its tendency to overlook threats to the security of individuals or groups and to neglect sustained political and economic commitment to be prepared to address threats of a variant nature. A report on findings provided by the Global Health Security Index, which was released just a few months before the outbreak of Covid-19, shows that national health security is fundamentally weak around the world as all countries at all income levels have major gaps in their capabilities. This suggests that no country is fully prepared for epidemics or pandemics even though many pandemics have taken place in history, and that most countries have not allocated funding to fill the preparedness gap that is needed to prevent, detect, and respond to outbreaks. The political will of states to address the issue and strengthen health security remains confined to a perpetual cycle of neglect and panic.<sup>3</sup>

Not long after the report was released, Covid-19 caught the world by surprise. As the latest in a long series of epidemics and pandemics in the 20th and 21st century, the Covid-19 pandemic has been a non-state, non-military, and transnational threat which has been more infectious than other diseases including the Spanish Flu (1918 -1919), SARS (2002 -2003), swine flu (2009- 2010), MERS (2012), and Ebola (2014- 2015). The Covid-19 pandemic may well produce economic aftershocks far worse than those of the global economic crisis.<sup>4</sup> At the time of this writing, the world had reported approximately 18 million cases of Covid-19 and 691,000 deaths. America has the highest record of 9 million confirmed cases while Europe has been the

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2 Nadege Mougel, "World War I Casualties," in Reperes, 2011.

3 NTI and Johns Hopkins's Bloomberg School of Public Health, Global Health Security Index: Building Collective Action and Accountability (2019)

4 Dan Mangan, Berkeley Jr. and Will Feuer, "Corona Economic Fallout 'Way Worse than the global financial crisis,' IMF Chief Says," CNBC, last modified April 3, 2020, [cnbc.com/2020/04/03/coronavirus-way-worse-than-the-global-financial-crisis-imf-says.html](https://www.cnbc.com/2020/04/03/coronavirus-way-worse-than-the-global-financial-crisis-imf-says.html)



second front with 3 million cases and South and East Asia with 2 million cases.<sup>5</sup> In addition to the casualties, the pandemic has severely restricted people's freedom of movement and disrupted most sectors of the global economy, including trade, tourism, agriculture, transportation, and manufacturing. Around 400 million full-time jobs were lost worldwide in the second quarter of 2020 alone.<sup>6</sup> According to World Bank forecasts, the global economy will decline by up to -5.2% this year, making it the deepest recession since World War II.<sup>7</sup> The majority of countries are projected to go into recession this year, with US growth at -6.1%, European growth at -9.1%, Japanese growth at -6.1%, and Chinese growth at +1%. If the same questions of what security is and who is being insecure against what threat are repeated, it suggests that states are currently not seeking freedom from foreign military invasion or aggression, but freedom from excessive damage to health, livelihoods, and economics by an infectious disease just as small as 125 nanometers in a particle size. Citizens of all nationalities have been made insecure when faced with Covid-19, a small and practically invisible, yet formidable enemy. In such a landscape, the security of one nation's people depends on that of other nations. Utilizing the framework of security studies, however, we should ask what appropriate measures of strength are in this new dimension of security. What constitutes strength in facing the pandemic?

## II. Covid-19 Pandemic & Cooperation: Are We in this Together?

The pandemic has demonstrated that joint and coordinated efforts between nations are required to address the transnational threat of the pandemic. The ability to cooperate and competence in cooperation at all levels—local, national, bilateral, sub-regional, regional, and global—is arguably the most essential measures of strength for this new form of security. Cooperation precedes strong prevention, control, and recovery systems. Traditionally, acquiring military strength or allies with military strength of their own leads states to gain security at the expense of other states or in what is known as a win-lose game. In the current crisis, sustaining a strong military defense shelter may still be important due to, among others, securitization, populism and political motivations, but probably not as important as a strong defensive health system for maintaining human health. Furthermore, any gain in the security of one state can be interpreted as a gain for all, because victories, as well as losses, against the pandemic are shared. Cooperation, thus, needs to be not only multi-leveled and timely, but also inclusive of all state actors regardless of state size. Each person, community, province, association, and state can have opportunities to save lives and contribute to ending the pandemic. As a case in point, Cambodia's decision to grant the Westerdam entry reflects the embrace of its leadership

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5 "WHO Coronavirus Disease (Covid-19) Dashboard", World Health Organization, <https://covid19.who.int/>

6 "ILO Monitor: Covid-19 and the World of Work," International Labor Organization, last modified June 30, 2020, [https://www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/documents/briefingnote/wcms\\_749399.pdf](https://www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/documents/briefingnote/wcms_749399.pdf)

7 "Covid-19 to Plunge Global Economy into Worst Recession since World War II," the World Bank, last modified June 8, 2020, <https://www.worldbank.org/en/news/press-release/2020/06/08/covid-19-to-plunge-global-economy-into-worst-recession-since-world-war-ii>

in the practical requirements of human security. The country decided to allow the Westerdam cruise ship, which carried 1,455 passengers and 802 crew members, to dock at Preah Sihanouk province, after this ship was suspected of carrying Covid-19 cases and had been rejected for entry by many countries including Thailand, Japan, Taiwan, Guam, and the Philippines.<sup>8</sup> While individual state actors or specific provincial and regional authorities may undertake cooperative measures demonstrating their understanding of security interdependence, what results has that produced for cooperation at the global level?

The World Health Organization (WHO) has outlined five global strategic objectives to respond to Covid-19: 1) Mobilize all sectors and communities to participate in preventing and responding to Covid-19, 2) Control sporadic cases and clusters and prevent community transmission, 3) Suppress community transmission, 4) Reduce mortality, and 5) Develop safe and effective vaccine and therapeutics.<sup>9</sup> Thus far, states have largely fought for themselves and retained separate and distinctive approaches to the pandemic. Hoping to achieve herd immunity, countries like Sweden have pursued a 'soft' approach towards the pandemic; the Swedish government has not imposed lockdown, has made compliance with precautions and restrictions mostly voluntary, and even made schooling mandatory for young children. Other countries have chosen to impose only partial closure and travel restriction, and many have pursued 'hard' approaches—implementing statewide, region-wide, or even nationwide lockdowns, declaring a state of emergency, and completely closing their borders against outsiders except for their own citizens. Even though some countries like New Zealand have seen their Covid-19 curve flattened, it is too early to declare any model of combating the Covid-19 pandemic a success.

Regardless of different strategies states have pursued, some countries around the world have tried to share information and best practices with one another, provide technical training and medical assistance to those in need, and boost investment in research and development for vaccinations. The crisis has also deepened political divides. Thus, at the global level at large, we have seen the emergence of unprecedented solidarity and unprecedented divides and tension. As a case in point, many countries and entities have donated to the World Health Organization for the common cause. Japan has contributed USD 50,646,751, the United States USD 34,189,300, China USD 25,100,000, the UK 108,354,100, the World Bank 47,190,034, and the European Commission 82,665,394.<sup>10</sup> Globally, the race in vaccination development also carries itself an essence in cooperative effort if any working vaccine will be made available to other countries at no or affordable costs. As a case in point, Japan is one of the seventy-five countries

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8 McCurry, Justin. "Cruise Ship Refused Port over Virus Fears to Dock in Cambodia – Operator." *The Guardian*, February 12, 2020. <https://www.theguardian.com/world/2020/feb/12/westerdam-cruise-ship-with-2000-onboard-refused-port-by-four-countries-amid-coronavirus-fears>.

9 World Health Organization. *Covid-19 Strategy Update*. (Geneva, Switzerland: 2020). [https://www.who.int/docs/default-source/coronaviruse/covid-strategy-update-14april2020.pdf?sfvrsn=29da3ba0\\_19](https://www.who.int/docs/default-source/coronaviruse/covid-strategy-update-14april2020.pdf?sfvrsn=29da3ba0_19).

10 "Coronavirus Disease (Covid-19) Donors & Partners: WHO Says Thank You!", 2020, accessed July 30, 2020, <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/donors-and-partners/funding>.

that have submitted Expressions of Interest in COVAX to work on guaranteeing rapid, fair, and equitable access to Covid-19 vaccines not just for their populations but also for other countries worldwide.<sup>11</sup> In addition, the EU has also mobilized almost 36 billion Euros to help partner countries around the world to tackle the impacts of the Covid-19 pandemic.<sup>12</sup> The US have contributed more than USD 775 million in emergency health, humanitarian, economic and development assistance for the Covid-19 pandemic in addition to having been known as a long-standing leader in global health.<sup>13</sup> China has also provided medical supplies to over 150 countries and medical expert teams to 27 countries.<sup>14</sup> Additionally, China has set up a fund of up to USD 2 billion to help other countries respond to the pandemic for a period of two years.<sup>15</sup>

In addition to these cooperative efforts, we have also witnessed a large divide growing at the global level between the world's two largest economies, the United States and China. The recent forced closure of China's consulate in Houston and the US' consulate in Chengdu have illustrated the increase in deep political distrust and diplomatic tension. The tension is magnified by China's economic strength and growing military strength, and the U.S.' pursuit of an "America First" foreign policy under the Trump Administration. The U.S. even submitted its formal withdrawal from WHO participation. Even though the tension could be the result of many factors including the desecuritization of what has happened domestically and the push for nationalism and could probably subside over time, the divide, however, starts to be felt strongly across the globe. A recent release of a blog post published on July 31, 2020 by an EU High Representative, entitled "China, the U.S., and Us [the European Union]," suggests the EU stands by the U.S. While countries around the globe are racing to control and survive the pandemic, the large divide at the global level unfortunately means that countries will have to take sides in the ongoing disputes and spend resources on issues that should not be prioritized during the crisis initiated by the pandemic.

At the global level, states are enduring the Covid-19 pandemic together and in a search for security. Yet, how we will achieve security depends largely on our preparedness, our strategic importance to others, the commitment of others on the pandemic, and, most importantly, our cooperation. Combating this Covid-19 pandemic, in this context, is more like controlling a wildfire; it spreads fast and can destroy everyone's cropland. Securing your cropland depends

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- 11 World Health Organization. "More Than 150 Countries Engaged in Covid-19 Vaccine Global Access Facility." news release, July 15, 2020, <https://www.who.int/news-room/detail/15-07-2020-more-than-150-countries-engaged-in-covid-19-vaccine-global-access-facility>.
  - 12 European Council. "'Team Europe' Global Response to Covid-19: Council Welcomes the Mobilisation of Almost €36 Billion and Approves Conclusions." news release, June 8, 2020, <https://www.consilium.europa.eu/en/press/press-releases/2020/06/08/team-europe-global-response-to-covid-19-council-welcomes-the-mobilisation-of-almost-36-billion-and-approvesconclusions/>.
  - 13 U.S. Embassy Colombo. "U.S. Contributions to the Global Fight against Covid-19." news release, May 6, 2020, <https://lk.usembassy.gov/update-the-united-states-is-continuing-to-lead-the-response-to-covid-19/>.
  - 14 State Council Information Office of the People's Republic of China. "Fighting Covid-19: China in Action." news release, June 7, 2020, <http://www.chinaconsulate.org.nz/eng/zlgxw/t1786731.htm>.
  - 15 Cheng, Evelyn. "China's Xi Pledges \$2 Billion to Help Fight Coronavirus." CNBC, May 18, 2020. <https://www.cnbc.com/2020/05/18/chinas-xi-pledges-2-billion-to-help-fight-coronavirus-at-who-meeting.html>.

largely on how the community can put off the fire and, thus, on how each household has been prepared for the case, how much support the ones with the biggest water supplies will share to others and how committed everyone is to the operation. If many prefer to argue over who started the fire rather than rushing to stop the fire, surely all of the crops will be destroyed. Securing some water may help one to temporarily safeguard their own crops, but it could never protect the land permanently and from re-emerging and ongoing fires.

### **III. Cooperative Efforts during the Covid-19 Pandemic: A Closer Look**

Following the above discussion on new forms of threat and the importance of cooperation in the pursuit of the security against transnational threats, this section will turn to look at how the ones with more resources such as the US, China, EU and Japan have contributed to helping ASEAN as their important regional geo-strategic and economic partner as well as Cambodia as the latest member of ASEAN to address the ongoing health crisis at regional and national levels. Each subsection will firstly discuss the contribution from the two geographically close neighbors first and then from the United States and the European Union.

#### **Cooperative Efforts of ASEAN's External Partners in Combating the Pandemic in ASEAN**

In Southeast Asia, the Covid-19 pandemic was first imported before spreading through community transmissions. At the time of this writing, Southeast Asia has a record of 281,000 sporadic cases, cluster cases, and community transmission cases.<sup>16</sup> Due to ASEAN's increasing geo-strategic importance and economic potential, ASEAN has managed to forge partnerships with many major countries and entities including the US, China, Japan and the EU. Through these partnerships, ASEAN has continuously sustained cooperation in responding to Covid-19. Cooperation with these countries predated the crisis. However, currently, cooperative mechanisms within ASEAN are being leveraged to combat the pandemic and absorb economic shocks generated by Covid-19 and discussing plans in order to recover from the crisis. To illustrate, the US has invested more than USD 3.5 billion to help the development of ASEAN's health sector over the past 20 years; this assistance comes in the forms of research projects, health system capacity building, and human capital development.<sup>17</sup> Currently, in response to the ongoing pandemic, the four main external partners—the U.S., China, Japan, and the EU—have provided complementary assistance to countries in ASEAN. Forms and amounts of assistance, however, have varied across the four major partners and across the ten member states of the regional organization.

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16 World Health Organization. "WHO Coronavirus Disease (Covid-19) Dashboard." August 5, 2020. <https://covid19.who.int/table>.

17 U.S. Embassy Singapore. "Fact Sheet: U.S.- ASEAN Health Futures." news release, April 23, 2020. <https://sg.usembassy.gov/fact-sheet-u-s-asean-health-futures/>.

As a close neighbor of ASEAN, China has swiftly turned to ASEAN, which was China's top-trading partner in the first quarter of 2020 with the amount of trade up to USD 140 billion.<sup>18</sup> The year 2020 is actually China-ASEAN Year of Digital Economy Cooperation and has, thus far, been the year of closer partnership even though the relation between China and Vietnam has been lately turned sour over disputes related to the South China Sea. Remarkably, whereas the West including Europe has taken a skeptical view of China's handling of Covid-19 and China's assistance, the assistance from China has received more praise than criticism in ASEAN countries. From the beginning of the outbreak, ASEAN and China have cooperated and showed their solidarity a through Statement of the Special ASEAN-China Foreign Ministers' Meeting on the Coronavirus Disease 2019 in February and a Joint Statement of the Special ASEAN Plus Three Summit on Coronavirus Disease 2019 in April. ASEAN and China have since committed to exchange information and best practices in a timely and transparent manner, mitigate disruptions of supply chains for urgent medical goods, promote research and development of medicines and vaccines, support small and medium-sized enterprises, and work together to reduce Covid-19 impacts on economic and social development of the region.<sup>19</sup>

On top of that, ASEAN, China, Japan, and South Korea have also shown their resolution to strengthen an early warning system, set up an ASEAN Plus Three reserve of medical supplies, strengthen scientific cooperation in epidemiological research, and stabilize the manufacturing and supply of essential goods, among other measures. In terms of medical supplies, assistance from China to the ASEAN Secretariat has included 75,000 surgical masks, 300 bottles of hand sanitizers, and 35 infrared thermometers.<sup>20</sup> China's assistance to countries in ASEAN is seen to also include different rounds of shipment of medical supplies such PCR kits, ventilators, surgical gowns, KN95 masks and normal surgery masks. Malaysia, the Philippines, Thailand, Laos, Indonesia, Cambodia, Myanmar, Brunei and Singapore have all received million medical supplies from China, with Malaysia, the Philippines, Thailand, Indonesia, and Cambodia having received at least three batches of medical supplies. China has also dispatched different teams of medical experts to train and help the local health care practitioner infectious disease management. This major power has sent medical expert teams to Cambodia, Laos, Myanmar and the Philippines, with Myanmar receiving a total of up to three medical teams from China. In addition, support from China contains even some food supplies. As a case in point, the Philippines has received 3,000 tons of rice for families affected by Covid-19.<sup>21</sup> China's Alibaba Foundation and the Jack Ma Foundation have also been active in helping countries in

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18 "ASEAN Overtakes EU to Become China's Top Trading Partner in Q1 2020." ASEAN Briefing, Updated May 15, 2020, accessed August 1, 2020, <https://www.aseanbriefing.com/news/asean-overtakes-eu-become-chinas-top-trading-partner-q1-2020/#::-:text=ASEAN%20overtook%20the%20EU%20as,the%20first%20quarter%20of%202020>.

19 ASEAN. Statement of the Special ASEAN-China Foreign Ministers' Meeting on the Coronavirus Disease 2019 (Covid-19). (February 20, 2020). <https://asean.org/storage/2020/02/ASEAN-China-SFMM-Statement-on-COVID-19-20-Feb-2020-Final.pdf>.

20 ASEAN Secretariat. "China Donates Medical Supplies to ASEAN Secretariat for Covid-19 Prevention." news release, April 21, 2020, <https://asean.org/china-donates-medical-supplies-asean-secretariat-covid-19-prevention/>.

21 Center for Strategic and International Studies. "Southeast Asia Covid-19 Tracker." July 30, 2020. <https://www.csis.org/programs/southeast-asia-program/southeast-asia-covid-19-tracker-0>.

Southeast Asia to address the crisis. The two foundations have provided 2,000,000 masks, 150,000 test kits, 20,000 sets of PPE, and 20,000 face shields to Indonesia, Malaysia, the Philippines, Myanmar, and Thailand.<sup>22</sup> In late May, China has also declared to allocate up to USD 2 billion in its international aid and committed to providing the aid to, among others, the Southeast Asian region over a period of two years to address shocks created by the pandemic.<sup>23</sup>

In addition to China, Japan as an ASEAN's traditional major donor and also close neighbor has recently provided Southeast Asian countries an opportunity to become a new home for its manufacturers and has also showered ASEAN with its support in the fight for health security. Remarkably, due to the manufacturing disruption in China because of the Covid-19 pandemic, Japan has earmarked up to USD 2.2 billion to help its manufacturers shift production from China back to either Japan or other countries in Southeast Asia.<sup>24</sup> This helps turn the crisis into an opportunity to address the ongoing problems of job loss in many Southeast Asian countries. In addition, Japan's commitment to help the region can be seen explicitly through the April's Special ASEAN Plus Three Summit on Coronavirus Disease 2019, April's ASEAN-Japan Economic Ministers' Joint Statement on Initiatives on Economic Resilience in Response to Covid-19 Outbreak, and July's Mekong-Japan Foreign Ministers' Meeting, where Japan announced USD 115.3 million in aid to help Cambodia, Laos, Vietnam, Myanmar and Thailand.<sup>25</sup> Earlier in February 2020, Japan provided Cambodia, the Philippines, Laos, and Mongolia with around 220,000 items including six different types of goods such as isolation gowns, which were taken from the stockpile at Asia-Europe Foundation (ASEF). In Cambodia and the Philippines, Japan provided 9,360 isolation gowns, 480 alcohol hand rubs, 540 safety goggles, and 24,400 gloves while Laos and Mongolia received 4,680 gowns, 240 hand rubs, 270 safety goggles, and 12,200 gloves.<sup>26</sup> Japan has also provided financial assistance to countries in Southeast Asia. A case in point, Japan has announced to provide at least USD 1.8 million in aid to help Vietnam and around USD 1 billion worth Crisis Response Emergency Support Loan to the Philippines.<sup>27</sup>

In addition to government-to-government support, Japan has also partnered with other government and UN agencies to extend medical supplies to countries in need. To illustrate, the Japan International Cooperation Agency, Korea International Cooperation Agency, UNICEF,

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22 Ibid.

23 Idrus, Pizaro Gozali. "China 'Ready' to Include ASEAN in \$2b Covid-19 Aid." Anadolu Agency, May 29, 2020. <https://www.aa.com.tr/en/asia-pacific/china-ready-to-include-asean-in-2b-covid-19-aid/1857846>.

24 Reynolds, Isabel, and Emi Urabe. "Japan to Fund Firms to Shift Production out of China." Bloomberg, April 8, 2020. <https://www.bloomberg.com/news/articles/2020-04-08/japan-to-fund-firms-to-shift-production-out-of-china>.

25 CSIS, "Southeast Asia Covid-19 Tracker."

26 Ministry of Foreign Affairs of Japan. "Novel Coronavirus Infection: Offer of the Stockpiled ASEF Equipment to Asian Countries." news release, February 14, 2020. [https://www.mofa.go.jp/erp/ep/page4e\\_001178.html](https://www.mofa.go.jp/erp/ep/page4e_001178.html).

27 CSIS, "Southeast Asia Covid-19 Tracker."

and USAID have jointly donated USD 3 million worth of PPE to the Philippines.<sup>28</sup> Japan and the WHO have also partnered to provide ventilators to countries in Southeast Asia. Besides that, Japan and ASEAN have jointly produced an ASEAN-Japan Economic Resilience Action Plan to help strengthen economic resilience between the two parties in another response to Covid-19 pandemic.<sup>29</sup>

As the first non-ASEAN country to name an ambassador to ASEAN in 2008, the United States has actively engaged with ASEAN since it was a dialogue partner in 1977 and has also significantly contributed to the fight against the Covid-19. Quite different from Chinese and Japanese aid, assistance from the US does not focus on providing medical supplies, due to the high demand of the supplies in the US itself. The US' funding is largely channeled through, among others, the Department of State, USAID, and the US Centers for Disease Control and Prevention (CDC). Explicitly, ASEAN-US's commitment to partner against Covid-19 has been documented in its April's Joint Statement from the Co-Chairs of the Special ASEAN-United States Foreign Ministers' Meeting on Coronavirus Disease 2019. To help ASEAN countries in the fight against Covid-19 pandemic, the US has provided around USD 18.3 million in emergency health and humanitarian assistance to countries in ASEAN.<sup>30</sup> The primary goals of the US in its funding support to ASEAN are on, among others, preparing laboratories for large-scale Covid-19 testing, supporting infection prevention and control, activating case-finding and event-based surveillance, and training and equipping rapid-responders in investigation and contact-tracing. It has provided financial assistance to ASEAN countries in the amount ranged from USD 1.2 million to nearly USD 4 million, with the Philippines receiving the highest amount in health assistance of nearly USD 4 million.<sup>31</sup> In addition to financial assistance, other support given by the US has included technical assistance given to local health officials and the dispatching of US CDC specialists to provide training on epidemiology, surveillance, and lab in ASEAN countries. To join forces, US businesses have also made a donation of at least USD 40 million to ASEAN to counter the Covid-19 pandemic.<sup>32</sup>

The other main ASEAN's external partner in the journey of building a strong and resilient ASEAN Community and in the fight against Covid-19 is the European Union. Unique in its own approach, the European Union tends to largely focus on intensive engagement with vulnerabilities on the ground. The European Union has created a "Team Europe" package in order to help its partner countries address the Covid-19 pandemic and has managed to mobilize

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28 Ibid.

29 Ministry of Economy, Trade and Industry. "Japan and ASEAN Produced ASEAN-Japan Economic Resilience Action Plan." news release, July 29, 2020, [https://www.meti.go.jp/english/press/2020/0729\\_001.html](https://www.meti.go.jp/english/press/2020/0729_001.html).

30 Office of the Spokesperson. U.S. Support for ASEAN in Fighting Covid-19. U.S. Department of State (March 31, 2020). <https://www.state.gov/u-s-support-for-asean-in-fighting-covid-19/>.

31 Ibid.

32 U.S. Embassy in Georgia. "The U.S. Fights Coronavirus Worldwide [Rolling Updates]." 2020. <https://ge.usembassy.gov/the-us-fights-coronavirus-worldwide-rolling-updates/>.

roughly 800 million Euros for ASEAN.<sup>33</sup> Funding from Team Europe comes from the EU itself, its member states, the European Investment Bank and the European Bank for Reconstruction and Development. The EU's support is largely on immediate health crises; improvement of health, water, and sanitation systems; improvement of capacities and preparedness to address the pandemic; and the mitigation of the immediate social and economic consequences. Support given to individual countries in ASEAN, however, varies in accordance with the needs on the ground. Support could be on the protection of livelihoods and resilience of vulnerable communities, on health care facilities and testing capacities, and/or on humanitarian assistance. While some countries such as Myanmar, Laos, Vietnam, and Cambodia have received budget support for economic recovery, others countries see cooperation priorities in other areas. For instance, while, in Myanmar, the EU works to support laid-off female garment workers with its 5 million Euros to support their livelihoods, the EU focuses on supporting European and Indonesian NGOs in public health and hygiene measures in Indonesia and on providing masks, hygiene kits, temporary washing facilities and food and cash to vulnerable communities in the Philippines.<sup>34</sup> On top of that, ASEAN and the EU had also held their first virtual EU-ASEAN Foreign Ministers Meeting in March 2020 to discuss ways to mitigate socio-economic impacts, to keep supply chains open, and to advance scientific research. On top of that, the first ASEAN-EU webinar was also conducted recently on 10 July to discuss High-Performance Computing (HPC) Covid-19-related modeling and diagnostic.

Overall, the Covid-19 pandemic, in addition to posing unprecedented and tremendous challenges to socio-economic development, has also presented an opportunity for countries and entities to test and build their bonds, solidarity, and trust through cooperation and to perhaps emerge as stronger partners. All the cooperative efforts from the four main external partners are of great significance as they have focused on helping ASEAN cope with Covid-19 through providing funds, dispatching medical teams, strengthening the local healthcare system, donating medical supplies, or helping to ease vulnerabilities in communities. Even though the assistance differs slightly in forms, they are largely complementary and considered helpful.

### **Cooperative Efforts of ASEAN's External Partners in Helping Cambodia Combat Covid-19**

In the battle against the Covid-19 epidemic, Cambodia has developed its National Covid Masterplan, and the country's national and provincial public health responses are led by: 1. Inter-Ministerial Committee, chaired by the Minister of Health with secretariats of state, 2. National Covid-19 Committee, chaired by Samdech Prime Minister, 3. Provincial Covid-19 Committee, chaired by provincial governors, and 4. Committee on Economic and Financial Policy (CEFP)

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33 Press and Information team of the Mission to ASEAN. "Team Europe Response to Coronavirus in ASEAN." news release, July 21, 2020, [https://eeas.europa.eu/headquarters/headquarters-homepage/80708/team-europe-response-coronavirus-asean\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/80708/team-europe-response-coronavirus-asean_en).

34 Press and Information team of the Mission to ASEAN. "EU Mobilises €350 Million to Assist the ASEAN Region in Fight against the Coronavirus." news release, April 27, 2020, [https://eeas.europa.eu/delegations/association-southeast-asian-nations-asean/77984/eu-mobilises-%E2%82%AC350-million-assist-asean-region-fight-against-coronavirus\\_en](https://eeas.europa.eu/delegations/association-southeast-asian-nations-asean/77984/eu-mobilises-%E2%82%AC350-million-assist-asean-region-fight-against-coronavirus_en).



MEF.<sup>35</sup> The implementation of the National Covid Masterplan has been supported by the country's main traditional and non-traditional donors including China, Japan, the US, and the EU. This support given to Cambodia is drawn from its membership inside ASEAN as well as its bilateral relations with the countries. As illustrated below, the aid from these four countries carries special characteristics.

#### A. China's Cooperative Efforts in Cambodia's Fight Against Covid-19

Being Cambodia's largest non-traditional donor and the largest source of foreign tourists and investment in recent years, China has shown a strong solidarity with Cambodia on the issue of Covid-19. The relation between these two countries was upgraded into a Comprehensive Strategic Partnership of Cooperation in 2013 and has remained close. In early 2020 when China was at the height of the Covid-19 outbreak, Cambodia provided China with some medical supplies including masks. In addition, Cambodia's Prime Minister also became the first foreign head of government to visit China amid the then-ongoing health crisis. In Cambodia, there have been three Covid-19 positive cases of Chinese nationals; all have been treated by Cambodia's local health authority and have recovered.<sup>36</sup> In response to this fight against the Covid-19 pandemic, China has provided Cambodia with tremendous support, ranging from medical supplies to medical teams to raw material supplies and funding. The cooperation in the Covid-19 battle is multi-leveled and can be categorized into three forms: Chinese government (including the central government, PLA, and autonomous region government) to the Cambodian government Chinese cooperation with Cambodia's central government and local authorities, and Chinese non-state actors to Cambodia's state and non-state actors.

On a government-to-government level, there have been several rounds of medical supplies and medical teams shipped and dispatched to Cambodia at the national level, ministerial level, and provincial level. In addition to these supplies, China also made available to Cambodia raw materials for the latter's garment factories. Specifically, following Cambodia's Prime Minister's visit to China during the pandemic in February and Cambodia's contribution of medical supplies, including masks, in early 2020, China provided Cambodia with many rounds of assistance. Particularly noteworthy was China's dispatch of two teams of medical experts from the Health Commission of Guangxi Zhuang Autonomous Region and from China's People Liberation Army in March 2020, the onset of the pandemic in Cambodia. The first team of seven government experts that China sent to Cambodia on 23rd March to work with Cambodia's Ministry of Health was actually the first of its kind to be sent to an ASEAN country. In addition to that, the PLA's medical team which worked closely with Cambodia's

35 World Health Organization. Cambodia: Coronavirus Disease 2019 (Covid-19) Situation Report #3. (July 20, 2020). [https://www.who.int/docs/default-source/wpro---documents/countries/cambodia/covid-19/covid-19-joint-who-moh-sitrep-03.pdf?sfvrsn=36adf63f\\_2](https://www.who.int/docs/default-source/wpro---documents/countries/cambodia/covid-19/covid-19-joint-who-moh-sitrep-03.pdf?sfvrsn=36adf63f_2).

36 ក្រសួងសុខាភិបាលនៃព្រះរាជាណាចក្រកម្ពុជា. "ស្ថានភាពនៃជំងឺកូវីដ-១៩ នៅកម្ពុជា." August 4, 2020. <https://www.facebook.com/MinistryofHealthofCambodia/photos/pcb.3225938210778596/3225937854111965/?type=3&theater>.

Ministry of Defense was also one of the first to have been sent by China globally.<sup>37</sup> The medical teams were of crucial importance as they have shared experiences and best practices in treating Covid-19 patients. In addition to that, on the government-to-government level, there have also been many rounds of medical supplies. A first package of detection reagent for 2,000 tests arrived in Cambodia from China on 17th March,<sup>38</sup> which was followed by 23rd March's medical supplies,<sup>39</sup> 1st April's medical supplies shipped by PLA's airplane, and 11th and 13th May's medical supplies including 50,016 test kits, 180,000 protective suits, 30,000 protective goggles, and 200 thermometers.<sup>40</sup> On 25th April and 2nd June, China's Ministry of Defense also provided 16 tons<sup>41</sup> and 2.5 tons of medical supplies to Cambodia's Ministry of Defense.<sup>42</sup> In addition to these main rounds of medical support given to Cambodia, there have also been different contributions from the Chinese Embassy in Cambodia and autonomous regions in China to Cambodia's ministries and provinces.

To illustrate, on 24th and 31st March, the Chinese Embassy in Cambodia provided Cambodia's General Department of the National Police with 200 protective suits and 500 pairs of medical gloves<sup>43</sup> and the State Secretariat of Civil Aviation with disinfection gel and spray as well as other medical supplies.<sup>44</sup> On 10th April, the Autonomous region of Zhuang of Guangxi also provided Cambodia's Ministry of Health with masks, protective suits, thermometers, and other medical supplies including Nuclei Acid Auto, worth nearly 4 million RMB and, on 11th April, also provided the Siem Reap provincial government with 20 boxes of surgical masks worth 100,000 RMB. In addition to that, China, or more particularly Shanghai, also contributed 20,000 surgical masks, 3,000 N95 masks, and 500 protective suits to Cambodia's Phnom Penh Capital Hall in April.<sup>45</sup> On

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- 37 Embassy of the People's Republic of China in New Zealand. "State Councilor and Foreign Minister Wang Yi Visits King Norodom Sihamoni of Cambodia in Beijing." news release, May 9, 2020, <http://www.chinaembassy.org.nz/eng/zgyw/t1777491.htm>.
  - 38 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. "តាមរបាយការណ៍តួលេខនៃក្រសួងកសិកម្ម រុក្ខាប្រមាញ់ និងនេសាទបានឲ្យដឹងថា ក្នុងរយៈពេល៥ខែនាឆ្នាំ២០២០នេះ." March 17, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/3009679349117652>.
  - 39 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. "នាព្រឹកថ្ងៃទី២៣ ខែមីនា យន្តការ:មួយគ្រឿងដែលបានដឹកក្រុមអ្នកជំនាញវេជ្ជសាស្ត្រប្រយុទ្ធប្រឆាំងនឹងជំងឺកូវីដ-19 និងសម្ភារៈប្រឆាំងនឹងជំងឺកូវីដ." March 23, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2799070913511831>.
  - 40 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. "សម្ភារៈទប់ស្កាត់នឹងជំងឺកូវីដ-covid-19ដែលជាជំនួយថ្មីមួយទៀតរបស់ចិនជូនចំពោះកម្ពុជា និងមកដល់ប្រទេសកម្ពុជា." May 12, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2912389428846645>.
  - 41 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. "នាថ្ងៃទី២៥ ខែមេសា សម្ភារៈប្រយុទ្ធប្រឆាំងនឹងជំងឺកូវីដ-Covid-19 ចំនួន១៦តោន ដែលជាជំនួយលើកទី១០ដល់យក្រសួងការពារជាតិចិន." April 26, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2875953795823542>.
  - 42 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. "នាថ្ងៃទី២៥ ខែមិថុនា សម្ភារៈប្រយុទ្ធប្រឆាំងនឹងជំងឺកូវីដ-covid-19ចំនួន២.៥តោន ដែលជាជំនួយលើកទី១០ដល់យក្រសួងការពារជាតិចិន ជូនចំពោះភាគីកម្ពុជា." June 3, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2967723113313276>.
  - 43 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. "នាថ្ងៃទី២៤ ខែមីនា ស្ថានទូតចិនប្រចាំកម្ពុជា បានផ្តល់សម្លៀកបំពាក់ការពារជំងឺកូវីដ-covid-19ចំនួន២០០កំប៉ៅ និងស្រោមដៃពេទ្យចំនួន៥០០គូ ជូនដល់មន្ត្រីនគរបាលនៃអគ្គស្នងការដ្ឋាន នគរបាលជាតិកម្ពុជា ដែលមានតម្រូវការចាំបាច់ និងបន្ទាន់។" March 26, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2805797119505877>.
  - 44 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. "តបតាមការស្នើសុំនៃរដ្ឋលេខាធិការដ្ឋានអាកាសចរស៊ីវិលកម្ពុជា នាថ្ងៃទី៣១ ខែមីនា ស្ថានទូតចិនប្រចាំកម្ពុជាបានផ្តល់ជំនួយជាទឹកកម្រាត់មរាគ និងឧបករណ៍បាញ់ថ្នាំលើយន្តហោះ." March 31, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2817181471700775>.
  - 45 "China Donates Medical Supplies to Cambodia's Phnom Penh Capital Hall for Covid-19 Fight." Xinhua News Agency, April 21 2020. [http://english.www.gov.cn/news/international/exchanges/202004/22/content\\_WS5e9f98ecc6d0b3f0e949614d.html](http://english.www.gov.cn/news/international/exchanges/202004/22/content_WS5e9f98ecc6d0b3f0e949614d.html).

another important note is China's commitment and contribution of raw materials to supply Cambodia's local garment factories. This presents a very important move to help Cambodia sustain employment and economy as one major income of the country stems from import and a large majority of its working age population work is employed in this sector. More specifically, over 1,000 containers of garment raw materials were sent from China to sustain Cambodia's garment factories.<sup>46</sup> In addition to these, Cambodia and China have also engaged through the Special ASEAN Plus Three Summit on Coronavirus Disease 2019, the High-level Video Conference on Belt and Road International Cooperation on Combating Covid-19 with Solidarity, and the fifth meeting of the China-Cambodia Intergovernmental Coordination Committee, where the agreement between Cambodia and China to create a "fast track" for the movement of people and a "green corridor" for the flow of goods during the Covid-19 pandemic was made.<sup>47</sup> The recent conclusion of the Cambodia-China Free Trade Agreement in late July is also expected to help boost bilateral trade and help with the Cambodian economy during the difficult time of Covid-19.

In addition to the government-to-government level, Chinese corporations have also provided aid to Cambodia. The contributions come from both China's inland corporations and China's overseas corporations in Cambodia. Private firms have also played an important role contributing to combating the pandemic in Cambodia. As evidenced, on 19th March, China's Wuxi Techstar Technology and Chinese Bacterial Molecular Medical Laboratory gave the Ministry of Health Covid-19 Detection Reagent Kits,<sup>48</sup> and on 28th of the same month, China's Jack Ma Foundation and Alibaba Foundation also provided Cambodia with 20,000 fast test kits via the Chinese Embassy in Cambodia.<sup>49</sup> On 1st and 7th April, Bank of China in Cambodia and Huawei also provided Cambodia's Ministry of Health with medical supplies and Health Cloudlink for video conferencing together with 1 million masks, respectively.<sup>50</sup> The Ministry of Health was also given 50 thousands masks, 1 ton of disinfection water, 1,000 packages of Chinese medicines, and USD 50,000 by the Cambodia-China Chamber of Commerce in Cambodia on 8th May.<sup>51</sup> Furthermore, Cambodia's Ministry of Tourism has also received 10,000 masks, 3,000 dis-

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46 "Over 1,000 Containers with Garment Raw Materials Arrive in Cambodia from China." Updated March 16, 2020, 2020, accessed July 14, 2020, [http://www.xinhuanet.com/english/2020-03/16/c\\_138883724.htm](http://www.xinhuanet.com/english/2020-03/16/c_138883724.htm).

47 Embassy of the People's Republic of China in New Zealand. "Major Achievements Made at Fifth Meeting of China-Cambodia Intergovernmental Coordination Committee." news release, June 6, 2020, <http://www.chinaembassy.org.nz/eng/zgyw/t1789526.htm>.

48 Chinese Embassy in Cambodia-中华人民共和国驻柬埔寨王国大使馆. "នាថ្ងៃទី១៩ ខែមីនា ពិធីប្រគល់ និងទទួលប្រអប់សារធាតុតេស្តរកជម្ងឺ Covid-19 (Detection Reagent) ចំនួន៣០០០សម្រាប់." March 20, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2792705574148365>.

49 Chinese Embassy in Cambodia-中华人民共和国驻柬埔寨王国大使馆. "នាថ្ងៃទី២៨ ខែមីនា ឯកអគ្គរដ្ឋទូតចិនប្រចាំកម្ពុជា បានប្រគល់ប្រអប់សារធាតុតេស្តរកជម្ងឺរក Covid-19." March 28, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2810407012378221>.

50 Chinese Embassy in Cambodia-中华人民共和国驻柬埔寨王国大使馆. "នាថ្ងៃទី០៧ ខែមេសា ពិធីផ្តល់ជំនួយជាប្រព័ន្ធកិច្ចប្រជុំវីរជម្ងឺ Cloudlink និងម៉ាស សម្រាប់ប្រើមួយលើកចំនួន១សែនម៉ាស." April 8, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2832506103501645>.

51 Chinese Embassy in Cambodia-中华人民共和国驻柬埔寨王国大使馆. "នាថ្ងៃទី៨ ខែឧសភា លោក Jing Jun ប្រធានសភាពាណិជ្ជកម្មចិនកម្ពុជា បានដឹកនាំគណៈប្រតិភូសហគ្រាសចិនចូលមជ្ឈមណ្ឌលជំនួយជាសម្ភារៈទប់ស្កាត់និងជម្រុះ Covid-19." May 11, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2910260535726201>.

infection gel, 5,000 bottles of medical alcohol and other medical supplies from the Chamber of Commerce in Zhejiang province of China.<sup>52</sup> On top of these, cooperation such as China Huadian Corporation Group has also provided medical supplies to Cambodia's EDC<sup>53</sup> and HODO Group has also provided Cambodia's Red Cross with 1 million masks.<sup>54</sup>

On top of this, China's non-state actors also contributed to Cambodia's state and non-state actors. This could be observed, for example, on 22nd March, as the China Asia Economic Development Association gave 100,000 medical masks to the Ministry of Health.<sup>55</sup> Furthermore, on 3rd April, under the Civil Society Framework, the China Foundation for Peace and Development (CFPD) also provided Cambodia's Civil Society Alliance Forum with 1500,000 disposable medical masks, 50,000 facial masks (3D), 7,940 suits of medical disposable protective clothing and 840 packages of traditional Chinese medicine for Covid-19 treatment with a total value of 1,131,400 yuan, or about USD 159,192.<sup>56</sup> In addition to these, on the 4th May, Blue Sky Rescue Team, known as China's largest NGO, also gave medical equipment including 280,000 masks, 200 disinfection machines and 900 protective suits to Cambodia's Civil Society Alliance Forum.<sup>57</sup> These different levels of contribution show bonding and cooperation of different levels of society.

### B. Japan's Cooperative Efforts in Cambodia's Fight Against Covid-19

As Cambodia's largest traditional donor and an important strategic partner to ASEAN, Japan has become Cambodia's strategic partner in 2013 and actively engaged in the socio-economic development of the country. In Cambodia, Japan's assistance has been welcomed with a lot of praise by the locals. To help Cambodia get through the Covid-19 pandemic, this main traditional donor has provided funding support and medical supplies and has continuously invested in human security projects in Cambodia.

Different from the main non-traditional donor, China, Japan has, thus far, not included any dispatching of medical teams to Cambodia even though Japan has a long history of invest-

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52 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. “ភាគីចិនបន្តផ្តល់ជំនួយក្នុងកិច្ចប្រយុទ្ធនឹងជំងឺវីរុសនៅក្នុងប្រទេសកម្ពុជា នាថ្ងៃទី១៩ ខែឧសភា សហព័ន្ធប្រជាជនចិនក្រៅប្រទេស (សភាពាណិជ្ជកម្មចិនក្រៅប្រទេស) នៃទីក្រុងថៃប៉េ ខេត្តជាងស៊ី.” May 21, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2936765399742381>.

53 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. “នាថ្ងៃទី២០ ខែមេសា ឯកឧត្តម Wang Wentian ឯកអគ្គរដ្ឋទូតចិនប្រចាំកម្ពុជា និងឯកឧត្តម កែវ តនៈ ប្រតិភូរាជរដ្ឋាភិបាល.” April 21, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2864087437010178>.

54 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. “នាថ្ងៃទី១១ ខែមេសា ក្រុមហ៊ុន Hodo គ្រប់ បានផ្តល់ម៉ាស៊ីនមួយចំនួនក្នុងចំណោម១លានម៉ាស ដែលទើបតែដំឡើងមកដល់រាជធានីភ្នំពេញ.” April 3, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2823604484391807>.

55 Chinese Embassy in Cambodia-中华人民共和国駐柬埔寨王国大使馆. “នាថ្ងៃទី២២ ខែមីនា ម៉ាស៊ីនចំនួន១០ម៉ឺន ដែលជាជំនួយរបស់សមាគមអភិវឌ្ឍន៍សេដ្ឋកិច្ចអាស៊ី.” March 23, 2020. <https://www.facebook.com/ChineseEmbassyCambodia/posts/2798016943617228>.

56 Ministry of Foreign Affairs and International Cooperation. “H.E. Deputy Prime Minister Prak Sokhonn and H.E. Wang Wentian, Presided over the Handover Ceremony of Assistance under Civil Society Framework from China Foundation for Peace and Development (CFPD).” news release, April 3, 2020, <https://www.mfaic.gov.kh/site/detail/41777>.

57 “China's Humanitarian Ngo Sends Volunteers, Donates Medical Supplies to Cambodia for Covid-19 Fight.” Updated May 04, 2020, accessed July 17, 2020, [http://www.xinhuanet.com/english/2020-05/04/c\\_139029746.htm](http://www.xinhuanet.com/english/2020-05/04/c_139029746.htm).

ing in human security projects in the country. In February 2020, Japan declared to provide Cambodia, the Republic of the Philippines, Lao People's Democratic Republic and Mongolia with approximately 220,000 items of medical supplies to help address the Covid-19 outbreak. At the time, Cambodia received 9,360 isolation gowns, 480 alcohol hand rubs, 540 safety goggles, and 24,400 gloves, which were taken from the stockpile of Asia-Europe Foundation.<sup>58</sup> Furthermore, in April, Japan provided Cambodia financial assistance in the amount of USD 20 million in the fight against Covid-19. On 5th June, the government of Japan also extended its ODA Grant Aid of around USD 41 million for three projects in Cambodia, which are: 1.) The Project for Improvement of Referral Hospitals in Siem Reap province, 2.) Project for Human Resource Development Scholarship, and 3.) The Economic and Social Development Program. In the Economic and Social Development Program, the government of Japan pledged around USD 18.4 million to fund the preparation of ambulances, ICU beds and other medical equipment that will be primarily used to deal with challenges related to Covid-19.<sup>59</sup> Furthermore, on 12th June 2020, the government of Japan also decided to extend to provide Emergency Assistance to the Royal Government, comprising of medical supplies and technical assistance of up to USD 6,320,167 through the United Nations Office for Project Services (UNOPS).<sup>60</sup> Cambodia and Japan have also committed to address the Covid-19 pandemic together in a series of meetings including bilateral consultation at the senior official level between Cambodia and Japan in March and the 12th Mekong-Japan Foreign Ministers' Meeting in July. Japan, Cambodia, and other member states of ASEAN have also committed to a region of economic resilience as they jointly produced July's ASEAN-Japan Economic Resilience Action Plan, whose objectives are to sustain the close economic ties, mitigate the adverse impact on the economy, and strengthen economic resilience through, among others, promoting new business models including start-ups with digital technological solutions to address the challenges posed by the Covid-19 pandemic.<sup>61</sup>

In addition to all of this support, Japan has also provided Cambodia with assistance and funding to support other projects related to its socio-economic development. As a case in point, in March, Japan extended its Official Development Assistance to around USD 310 million that would cover three grant aid projects and two soft loan projects. The projects are on the expansion of the water supply system in Ta Khmau, integrated mine clearance and landmine victim assistance, economic and social development programs, the National Road No. 5 improvement project

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58 Ministry of Foreign Affairs of Japan. "Novel Coronavirus Infection."

59 Ministry of Foreign Affairs and International Cooperation. "On 5 June 2020, H. Deputy Prime Minister Prak Sokhonn, Minister of Foreign Affairs and International Cooperation, and His Excellency Mikami Masahiro, Ambassador of Japan to the Kingdom of Cambodia, Will Sign the Exchange of Notes on the Extension of Grant Aid." news release, June 4, 2020, <https://www.mfaic.gov.kh/site/detail/43233>.

60 Ministry of Foreign Affairs and International Cooperation. "The Government of Japan Extends an Emergency Assistance to Cambodia." news release, June 12, 2020, <https://www.mfaic.gov.kh/site/detail/43533>.

61 Ministry of Economy, Trade and Industry. "Japan and ASEAN Produced ASEAN-Japan Economic Resilience Action Plan." news release, July 31, 2020, [https://www.meti.go.jp/english/press/2020/0729\\_001.html](https://www.meti.go.jp/english/press/2020/0729_001.html).

II, and the National Road No. 5 improvement project III.<sup>62</sup> Japan has also provided KUSANONE or grants assistance for grassroot human security projects in Cambodia in the total amount of USD 312,417 for the construction of a maternity ward, a health center building and for the installment of assistive devices at a local association. In addition, Cambodia's Ministry of Education and Japan's Hanamaru Lab Company, together with JICA, have also started offering free online lessons with its "Think! Think!" app for Cambodian students to be able to learn to improve their IQ, deep thinking and social skills at home. This initiative is helpful to sustain the learning motivation of students as all schools in Cambodia were physically closed and conducted only online teaching.<sup>63</sup>

### C. The US' Cooperative Efforts in Cambodia's Fight Against Covid-19

Despite certain political hiccups in the diplomatic relations between Cambodia and the US, the US has remained Cambodia's largest export market with a total volume of USD 5,356.8 million in exports to the US in 2019 resulting in USD 4,842.8 million in trade surplus.<sup>64</sup> This year, 2020, marks the 70th anniversary of diplomatic ties between the US and Cambodia and also witnesses just another US' coordinated assistance in helping ASEAN and Cambodia combat a health crisis. At the time of this writing, there have also been six Covid-19 positive cases of American nationals in Cambodia; four have recovered and two are undergoing treatment.<sup>65</sup> To help Cambodia with its battle against Covid-19, the US has contributed financial and technical assistance and dispatched medical teams. Quite different from China and Japan, the US has not contributed medical supplies, such as masks, to Cambodia given the high demand of medical supplies in the US. Also, different from China's way of contribution, the US' method of contribution happens mainly through its implementing agencies.

In terms of financial support in response to Covid-19, the US has initially pledged a total amount of USD 2 million in health assistance to help Cambodia prepare laboratory systems, activate case-finding and event-based surveillance, and support technical experts for response and preparedness.<sup>66</sup> In late April, the US decided to commit an additional USD 1.5 million to help

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62 Ministry of Foreign Affairs and International Cooperation. "On 24 March 2020, at 09:00 A.M., at the Peace Palace, Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, Will Preside over the Signing Ceremony of the Exchange of Notes on the Extension of Japanese Government's Official Development Assistance (Oda), Which Will Be Signed by His Excellency Deputy Prime Minister Prak Sokhonn and His Excellency Mikami Masahiro, Ambassador of Japan to Cambodia." news release, March 23, 2020, <https://www.mfaic.gov.kh/site/detail/41575>.

63 JICA Cambodia Office - JICA カンボジア事務所. "ក្រសួងអប់រំ យុវជន និងកីឡា រួមសហការជាមួយក្រុមហ៊ុនជប៉ុន Hanamaru Lab និង ទីភ្នាក់ងារ JICA." April 23, 2020. <https://www.facebook.com/JICACambodia/posts/2949543761758357>.

64 Census Bureau. "Trade in Goods with Cambodia." 2020. <https://www.census.gov/foreign-trade/balance/c5550.html>.

65 ក្រសួងសុខាភិបាលនៃព្រះរាជាណាចក្រកម្ពុជា. "ស្ថានភាពនៃជំងឺកូវីដ-១៩ នៅកម្ពុជា." August 4, 2020. <https://www.facebook.com/MinistryofHealthofCambodia/photos/pcb.3225938210778596/3225937854111965/?type=3&theater>.

66 Office of the Spokesperson. "Fact Sheet: U.S. Support for ASEAN in Fighting Covid-19." news release, March 31, 2020, [https://kh.usembassy.gov/u-s-support-for-asean-in-fighting-covid-19/?\\_ga=2.183155107.489132971.1596521062-1102303698.1593751556](https://kh.usembassy.gov/u-s-support-for-asean-in-fighting-covid-19/?_ga=2.183155107.489132971.1596521062-1102303698.1593751556).

Cambodia on its journey to fight the Covid-19 pandemic.<sup>67</sup> These two rounds of funding were followed by May's funding. In May, the US provided an additional USD 7.5 million to assist Cambodia in addressing health and economic impacts caused by the Covid-19 pandemic; the assistance is delivered through the US Agency for International Development (USAID).<sup>68</sup> Apart from all of this, the Council for the Development of Cambodia, on behalf of Cambodia's Royal Government, and the US Agency for International Development, on behalf of the US government, also signed an agreement to provide USD 38 million for health and education programs in June.<sup>69</sup>

Contribution from the US can also be found in Cambodia's health system and the response to Covid-19. The US Centers for Disease Control and Prevention (CDC) has been working with Cambodian health authorities such as the Ministry of Health and Cambodia CDC on contact tracing, clinical management, lab testing, and surveillance and infection control. Of a particular note, the US CDC has been present in Cambodia since 2002 and collaborated with the Cambodian Communicable Disease Center (CCDC) and the WHO to establish the Field Epidemiology Training Program (FETP) in 2011. Up to date, the program has produced around 150 Cambodian disease detectives, which are helpful to Cambodia's Covid-19 response.<sup>70</sup> In addition to that, in March 27, four US navy members from the US Naval Medical Research Unit 2 Detachment Phnom Penh have also been working closely with Cambodian health authorities to develop and evaluate interventions and products to mitigate infectious disease threats including the Covid-19 disease.<sup>71</sup> In April, the US Embassy's medical researchers have also worked with Pasteur Institute and Cambodia's related local health authorities to track the spread and mutation of Covid-19. US' non-state actors have also played a significant role in this fight against Covid-19. The Chan Zuckerberg Initiative, the Chan Zuckerberg Biohub, and the Bill and Melinda Gates Foundation have provided researchers in Cambodia with training on molecular biology and bioinformatics, free access to computing on IDseq platforms, and other supplies in order to be able to prep and sequence the full genome of the SARS-CoV-2 coronavirus in Cambodia, instead of needing to send samples to other countries to be analyzed in their laboratories.<sup>72</sup>

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67 U.S. Mission Cambodia. "United States Provides Additional \$1.5 Million for Cambodia's Response to Covid-19." news release, April 27, 2020, [https://kh.usembassy.gov/united-states-provides-additional-1-5-million-for-cambodias-response-to-covid-19/?\\_ga=2.56930991.489132971.1596521062-1102303698.1593751556](https://kh.usembassy.gov/united-states-provides-additional-1-5-million-for-cambodias-response-to-covid-19/?_ga=2.56930991.489132971.1596521062-1102303698.1593751556).

68 U.S. Mission Cambodia. "The United States Provides Additional \$7.5 Million to Cambodia's Covid-19 Response." news release, May 21, 2020, <https://kh.usembassy.gov/the-united-states-provides-additional-7-5-million-to-cambodias-covid-19-response/>.

69 "Joint Press Announcement on the Signing of the 2020 Development Objective Agreement Grants between the Royal Government of Cambodia and the Government of the United States of America." news release., June 29, 2020, [https://kh.usembassy.gov/joint-press-announcement/?\\_ga=2.212448657.489132971.1596521062-1102303698.1593751556](https://kh.usembassy.gov/joint-press-announcement/?_ga=2.212448657.489132971.1596521062-1102303698.1593751556).

70 U.S. Embassy Phnom Penh, Cambodia. "More than 70 Countries across the Globe Have Participated in the U.S. CDC-Supported Field Epidemiology Training Program (FETP)." May 29, 2020. <https://www.facebook.com/us.embassy.phnom.penh/videos/2875473742579262>.

71 U.S. Embassy Phnom Penh, Cambodia "U.S. Naval Medical Research Unit 2 Detachment Phnom Penh Is Here in Cambodia to Identify Infectious Disease Threats of Mutual Interest to the United States." March 27, 2020. <https://www.facebook.com/us.embassy.phnom.penh/posts/10157194468918224>.

72 "IDseq Helps Researchers in Cambodia Confirm the Country's First Case of Covid-19." Updated March 09, 2020, accessed July 23, 2020, <https://chanzuckerberg.com/newsroom/idseq-helps-researchers-in-cambodia-confirm-the-countrys-first-case-of-covid-19/>.

#### D. The European Union's Cooperative Efforts in Cambodia's Fight Against Covid-19

Despite quite a sour start with the EU's 2020 decision to impose a partial withdrawal of tariff preferences granted to Cambodia under the Everything But Arms (EBA) trade scheme, the EU has been among the most important donors and partners for Cambodia's socio-economic development and has been playing an essential role in helping Cambodia combat Covid-19. Up to date, there have been 41 Covid-19 positive cases among EU citizens in Cambodia including 1 Belgian, 40 French and 5 British nationals; all have recovered.<sup>73</sup> To help Cambodia combat the pandemic, the EU has provided assistance following a slightly different approach. Slightly different from the assistance from all the main actors discussed above, the European Union strongly focuses on helping the most vulnerable groups to get through the pandemic, and works on addressing different socio-economic challenges the pandemic has created.

In response to the Covid-19 pandemic, "Team Europe", which comprises of the EU itself, its member states, the European Investment Bank and the European Bank for Reconstruction and Development, provided Cambodia with around 443 million euros or around USD 505 million in grants and loans to address the Covid-19 pandemic and mitigate its socio-economic effects.<sup>74</sup> The fund is channeled through the Royal Government's institutions and partner organizations including civil society organizations. Team Europe focuses on three priorities regarding the fight against Covid-19 in Cambodia: 1. Support Health, 2. Support people, livelihood and employment, and 3. Support economic recovery and job creation.<sup>75</sup>

Regarding the first priority, the EU seeks to expand research and Covid-19 testing capacities, support the implementation of Cambodia's National Covid Masterplan and strengthen the health system in Cambodia. Nutrition, hygiene, clean water, and sanitation programs have been reinforced and reoriented in order to timely respond to related needs arising from the pandemic. In this context, the EU strongly supports the World Health Organization by funding the WHO's related programs in Cambodia. Following the second priority, Team Europe focuses on supporting people, their livelihood, and employment during the crisis. In a situation where jobs, livelihood and food security are in danger, Team Europe will help support the most vulnerable through social protection programs, scholarship programs, improved access to education, and support for workers and labor migrants who return to Cambodia. Team Europe will help support the livelihood of the people through the development of aquaculture, fishing, rural infrastructure, which, in turn, will help address challenges related to managing the microfinance crisis. In the third priority, Team Europe seeks to support economic recovery and job creation. Team Europe's support will contribute to strengthening Cambodia's main areas of economy and involve

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73 ក្រសួងសុខាភិបាល. "ស្ថានភាពនៃជំងឺកូវីដ."

74 Delegation of the European Union to Cambodia. "#Team Europe Supports Cambodia in Coronavirus Crisis." news release, June 11, 2020, [https://eeas.europa.eu/delegations/cambodia/80721/teameurope-supports-cambodia-coronavirus-crisis\\_en](https://eeas.europa.eu/delegations/cambodia/80721/teameurope-supports-cambodia-coronavirus-crisis_en).

75 Ibid.



public investment. Support from Team Europe will help create resistance in private sectors and support job creation.<sup>76</sup>

In Cambodia, the EU has, been working on providing social protection support as well as technical and financial support to protect the most vulnerable population and to mitigate the crisis socio-economic impacts. The support given by the four countries, thus far, is largely complementary and very helpful to Cambodia's battle. Despite being a small state with limited medical technology, Cambodia has managed the Covid-19 pandemic well.

#### **IV. Cooperative Efforts for the New Security: Sufficient?**

At this time of global crisis, the translation of commitment of major powers into actions through providing financial support, technical support, medical supply, teams of medical experts, and social protection support is worth praise. These actions actually have come at the time when these major powers themselves have faced high rates of casualties and tremendous impact on their society and economy. Even though the support is in alignment with their political interests and their foreign policy strategies and responsibilities as major powers, the support provided to ASEAN and Cambodia thus far has to be acknowledged as it has contributed to improving local authorities' capacities and medical infrastructure, needed to save lives and the livelihood of many. To recap, at the regional level, there has been both spiritual support provided to one another through a series of meetings and physical support in terms of financial, technical, social protection, and in-kind support.

Remarkably, the cooperative efforts from the partners come in slightly different forms; while China has provided a very large amount of medical supplies and dispatched many teams of medical experts to countries in ASEAN and Japan has committed on aid and medical supplies and on human security projects, the US has focused on providing emergency and humanitarian fund to prepare for Covid-19 responses with local health authorities and, in some cases, dispatched medical teams. The EU, on the other hand, focuses a lot more on addressing the social and economic impacts of Covid-19 and helping the most vulnerable population out during the crisis. Remarkably, the amount of assistance provided by the major partners to ASEAN member states depends largely on practical needs on the ground and the levels of bilateral cooperation between countries concerned. In Cambodia, despite certain diplomatic hiccups with the US and EU over what the Cambodian government calls domestic affairs intervention and double-standard on human rights in relation to the partial withdrawal of the EBA agreement, Cambodia has received support from China, Japan, the US and the EU of the same extent than its ASEAN neighbors. Support from China is multi-leveled and

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76 Ibid.

has come in the form of government-to-government, private cooperation to government, and non-state actors to state and non-state actors; this major non-traditional donor has provided Cambodia with several rounds of official medical supplies and different teams of medical experts. Likewise, to help Cambodia, Japan has not only focused on giving Cambodia aid and medical supplies but also on continuing many grassroots human security projects. Moreover, the US has also provided Cambodia with medical teams as well as financial and technical support to help Cambodian health authorities strengthen their testing, contact-tracing, and response system. The European Union has also stood with Cambodia during this crisis as it has created different initiatives to help the vulnerable population in Cambodia overcome the challenges posed by this global health crisis.

While the cooperative efforts are very helpful for ASEAN and Cambodia to be more responsive to the current and urgent needs on the ground, the question whether these cooperative efforts alone are sufficient to achieve the so-called new security remains. The efforts alone are, arguably, not sufficient. First of all, the financial, technical and in-kind support by major powers alone would not be sufficient without their commitment to cooperate and prioritize this common battle against the Covid-19 pandemic. While addressing the Covid-19 pandemic is already tough considering the lack of understanding of the pandemic's nature and the virus' ability to spread and mutate quickly, geopolitical tension between the major powers constitutes a great challenge to the already hard race to exit the pandemic. If the question on, "Who is/are being insecure against what threat?" is repeated, then the ongoing deep divide and the history of conflicts suggests that it might not be naive for states to now also feel insecure against the threat of being trapped in the divide and conflict among those powers.

Secondly, while the value and importance of cooperative efforts cannot be discounted, there can still be seen a gap between the desire to overcome the socio-economic impacts and the presence of actual, concrete programs and steps taken to address the impacts. As people in the communities are the main subjects of vulnerability to both the infection, job insecurity, and food insecurity, more concrete and holistic action needs to take place to help people and local businesses adapt to a new normal and manage to live and operate under manageable risks.

In addition, we can see a lack of concrete initiatives taken to address crisis shocks, including debt crisis, and to work together to be prepared for any unexpected occurrences, such as terrorist activities, which opportunists may undertake during such a long and catastrophic pandemic. Thirdly, while helpful, any assistance would be only a band-aid solution because addressing this human tragedy requires a commitment of all states to prioritize human security above political interests, be innovative in their responses, push together for vaccination and universal access to the vaccine(s), and, most importantly, agree that other states' security is a prerequisite for their own states' security and vice versa and that is an urgent need to build better human-centered infrastructures. Fourth, cooperative efforts from major partners and state actors alone are not sufficient without non-state actors' support and contribution to combat the pandemic. As

states are only human communities at base and humans are the main agent of the virus' transmission, it needs sustained commitment from, for instance, human communities to cooperate by practicing social distancing, wearing masks, and following other hygiene practices. It is important that non-state actors, including the public, business, and civil society, take responsibility for themselves and the society while cooperating with their respective governments.

To leave this pandemic behind, however, is challenging. Firstly, it would be somewhat naive not to expect a deeper divide between the major powers and to expect this divide to subside any sooner than the pandemic. With an ever-increasing number of casualties, and troubling domestic issues at home, it is tough to facilitate better cooperation between and among major states; in this case, small states will be hit the hardest because they have to suffer from the pandemic's side effects due to the limitations of their social protection systems in place and from needing assistance while being indirectly forced to choose one side. Secondly, it is quite challenging for cooperative efforts to include timely concrete actions on how to address socio-economic impacts and other shocks generated by the Covid-19 pandemic. States have not been well-prepared for such a large-scale catastrophic event due to the overwhelming focus on traditional security. Thirdly, it is hard to focus on human security', with military security being states top priority. To be prepared for such catastrophes, it requires one to view security from a human-centric approach in order to shift priority onto the question of how to prepare systems for such threats. A key challenge, however, is whether all states are on the same page; otherwise, it is difficult to not prioritize military defense while military threats are at the doorstep. Fourth, it is also hard to strike a good balance between imposing restrictions and measures to combat Covid-19 and sustaining the economy. Closure of business, loss of jobs, and poor socio-economic performance of countries have led to a very hard choice that states need to make in order to strike a balance between preventing and controlling the pandemic and not turning the health crisis into socio-economic crisis and into political/ state crisis while there is no "catch-all" model to follow. Fifth, it is quite tough to keep people of all demographics to obey by the rules given the prolonged nature of the pandemic. As the new normal restricts people's movement and human nature generally outlines the need to feel connected and socialize, certain groups of people have eventually given up on precautionary measures and became silent spreaders of the virus.

## **V. Covid-19 Pandemic: A History in Making on Systems**

On top of the already cumbersome direct and indirect impact of the pandemic, which has become one of the largest (if not the largest) global challenges of the 21st century, this crisis has also mirrored different systemic challenges within the international system. This pandemic has not only challenged the legitimacy of globalization efforts and states' commitment to interconnectedness, but also put the systems of "more developed" states to the test, bred unfortunate nationalism, and initiated major powers taking on unexpected roles in the international system.

At the outset, the onslaught of the pandemic has put at least a temporary pause on processes of globalization, free trade, and movement in the ASEAN region and the world. While it has taken decades of coordinated efforts and technological advancement to bring about the free and fast movement of goods, services, and people, it has taken only several months for the Covid-19 pandemic to halt this process. Based on an annual trade forecast by the World Trade Organization (WTO) published in April 2020, world merchandise trade would contract by 13% in the best case scenario and contract by up to 32% in a worst case scenario. While recovery from these sharp declines can take place in 2021, any recovery is uncertain in terms of scale, scope, and time, as recovery largely depends on the actual duration of the pandemic and response effectiveness on the ground.<sup>77</sup> This global health crisis has also led to a collective confrontation about the feasibility, practicality, and effectiveness of many political plans and activities. While many political conferences and summits have taken place virtually, the pandemic has put a limit on what some other large-scale conferences could or could not do. As a case in point, the 13th Asia-Europe Meeting (ASEM) Summit needs to be suspended from November 2020 to mid-2021 due to the pandemic and challenges the pandemic has posed to the practicality of virtual meeting. Covid-19 has also put a boundary to cultural globalization as it has disrupted international travel, restricted social relations and limited transmission and exchanges of cultural values and ideas. In May alone, there was a drop of up to 98 percent in international tourists worldwide, and the recovery from this retreat of cultural globalization largely depends on a successful development and open access to Covid-19 vaccines and states' readiness to re-host tourists.

The global pandemic has also challenged states' commitment to interconnectivity and resurrected a traditional understanding of borders as impermeable. States have begun to reinstate borders and border controls, in effect closing their territories to others, even their close allies and partners in integration, the prime example being the EU. In just three months after the outbreak of Covid-19, a large number of up to 142 countries around the world completely closed or partially closed their borders.<sup>78</sup> As of August 6, 2020, a total of 219 countries, territories and areas have issued up to 80,884 travel restrictions.<sup>79</sup> Countries with a complete border closure have put a ban on entry of all people including their citizens, residents, tourists and business travelers with only a few exceptions for certain individuals such as diplomats and humanitarian personnel. Those who have imposed a partial border closure have put restrictions on entry for foreign nationals from certain countries with a perceived high risk of Covid-19. This closure, either completely or partially, has reintroduced fear of "others", produced a politics of

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77 World Trade Organization. "Trade Set to Plunge as Covid-19 Pandemic Upends Global Economy." news release, April 8, 2020, [https://www.wto.org/english/news\\_e/pres20\\_e/pr855\\_e.htm](https://www.wto.org/english/news_e/pres20_e/pr855_e.htm).

78 "More Than Nine-in-Ten People Worldwide Live in Countries with Travel Restrictions Amid Covid-19." Pew Researcher Center, Updated April 1, 2020, accessed August 5, 2020, <https://www.pewresearch.org/fact-tank/2020/04/01/more-than-nine-in-ten-people-worldwide-live-in-countries-with-travel-restrictions-amid-covid-19/>.

79 International Organization for Migration. IOM Covid 19 Response - Situation Report 26 (7 August 2020). IOM (August 10 2020). <https://migration.iom.int/reports/iom-covid-19-response-situation-report-26-7-august-2020?covid-page=1>.

inclusion and exclusion, and reflected a clear, traditional divide between “we” and “they” and “our” security versus “their” security. The health crisis, thus, retrieves the traditional strategic rationale of man-made borders, which are mainly for the protection and sanctuary of people within their borders with necessary physical control of migration and goods in place. While the world has long been under the force of globalization, pushing for more relaxed and permeable borders, Covid-19 has reversed the trend and conveyed a message that not enough attention had been paid to preparedness for threats to human security.

The global pandemic has also illustrated an unprecedented change in the nature of states, away from liberal democracy towards stronger executive power, with severe limitations imposed on individual freedom and civil liberties. The global pandemic has bred greater faith in the primacy of state or the executive power. Many countries regardless of their political systems are seen to have exercised strict control on how much liberties a person could enjoy during the pandemic. Australia, for instance, has imposed severe restrictions on what Australians, especially its Victoria region citizens, could do and even how far they could travel. citizens’ daily exercise is limited to a maximum of one hour per day, and people are advised not to gather with more than one other person and not to travel more than five kilometers away from home with the purpose of travelling having to be about shopping for groceries and necessary goods or visiting hospitals. Its government has also made wearing masks mandatory and imposed a fine of up to AUS 200 for failure to do so.<sup>80</sup> While such measures are in place for safety of individuals and communities at large, they are seen to intrude lives and liberties of individuals. In addition, the rise of the state or executive power has also challenged the neoclassical beliefs that markets alone could regulate economic needs and that states should not intervene in free markets. In this pandemic, however, many governments have rushed to secure medical supplies, change focus of local production, and even limit exports. One of the side-effects of Covid-19 may be the primacy of executive power, forming a post-neoliberal world.

A global rise of nationalism has, likewise, accompanied the outbreak of Covid-19. The last several months into 2020 have seen significant increases in nationalism and national responses to the yet common problem of the global pandemic. While nationalism is generally expected during pandemics and crises, this particular wave of nationalism is seen as an undesirable addition to the already strong wave of nationalist sentiments and discrimination having been spread across Europe, America and even Asia in recent years. This interplay of the global pandemic and nationalism can be reflected in states’ prioritizing solving the pandemic within their borders moving to close borders, stockpile medical supplies, limit exports, and race to buy vaccines for mainly their citizens. This nationalism trend could be alarming considering the tendency of certain countries to politicize and use emergency politics to justify their crackdowns on freedom. There has also been an increase in discrimination and hate crimes during this period.

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80 “Covid 19 Coronavirus: Melbourne, Victoria, Begins Lockdown after State of Disaster Declared in Australia.” NZ Herald, August 3 2020. [https://www.nzherald.co.nz/world/news/article.cfm?c\\_id=2&objectid=12353054](https://www.nzherald.co.nz/world/news/article.cfm?c_id=2&objectid=12353054).

These two trends, if prolonged, will negatively affect the hard-earned trust underneath international cooperation and liberal interdependence and hurt mainly the population especially the poor and the needy in small states with limited power on the international stage.

This global health crisis has also produced shifts in the dynamics between the major powers and the international community, particularly the relationship of the post-Cold War power, the U.S., to the world. Even though the US has continued to provide funding under bilateral and regional frameworks to other countries and regional organizations, the US has increasingly acted as an outlier and refused to cooperate with the WHO on joint global efforts against Covid-19 due to what the US calls a failure of the WHO and its favor to China. Despite having been the top fund provider to the WHO, the US has declared to unilaterally withdraw itself from the WHO, and this withdrawal, once in effect, would mean not only a shortfall of funding at the WHO but also a limitation to major data access for vaccine research and development.<sup>81</sup> While it would need up to one year for the US' decision, if legal at all, to come into effect<sup>82</sup> and even though the dynamics might change again if there is a change in US' leadership in the upcoming election, the current sideline of the US' in global response via the WHO has sparked a growing lack of trust and has caused a lot of uncertainties, fear and disappointment in the fight against Covid-19. China, by contrast, is seen to have shown much greater willingness to cooperate with the WHO, other states, and NGOs. This emerging global power has promised a funding of up to USD 2 billion in the fight against Covid-19 during its speech at the World Health Assembly of the World Health Organization in May.<sup>83</sup> The Covid-19 pandemic has revealed many ominous truths about the serious cracks in the foundations of international order. However, it also revealed some reason for optimism, e.g. China's active engagement in the global fight against Covid-19.

## VI. Covid-19 Pandemic: Recommendations

Today's security landscape, which is essentially transnational in nature and more determined by human affairs, as opposed to military affairs, demands greater state investment in cooperation. The above discussion on the cooperative efforts made in the search for the new security or being free from being extensively damaged in health, livelihood, and economy by the pandemic has given some implications on the nature of threat, state-to-state relations and the nature of cooperation. First and foremost, the Covid-19 pandemic is a wake-up call for states to treat other sources of threats as important and urgent as traditional sources of threat, and to treat human security as important as military security in formulating the country's national security

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81 "Here's What We'll Lose If the U.S. Cuts Ties with the WHO." National Geographic, Updated July 10, 2020, accessed August 5, 2020, <https://www.nationalgeographic.com/science/2020/07/what-we-will-lose-if-united-states-cuts-ties-with-world-health-organization/>.

82 Ibid.

83 Cheng, Evelyn. "China's Xi Pledges \$2 Billion to Help Fight Coronavirus." Consumer News and Business Channel, May 18, 2020. <https://www.cnbc.com/2020/05/18/chinas-xi-pledges-2-billion-to-help-fight-coronavirus-at-who-meeting.html>.

strategy. States and people would be better served if governing entities in the international system can change the center of their focus from states as abstract units to people. Such an interpretation would help to increase commitment to cooperation and minimize unnecessary divisions between states and people that exacerbate problems in human communities all over the world. More importantly, it would help generate better preparedness on scientific research and produce innovative solutions to tackle new threats.

Secondly, states of all sizes and powers need to set aside their political agendas and provide help to the upper limit of their capacities. While this Covid-19 pandemic tends to draw back the process of regionalism and globalization, this crisis also indicates that there is an urgent need now more than ever for such collaboration between actors of all levels and great coordination across states at regional and global levels. In times of crisis, more powerful states might need to pay attention to mitigating socio-economic impacts faced by people in their funding recipient countries on the top of their emergency funds used to prevent and control Covid-19. Studies of vulnerabilities such as that conducted by the EU also have the potential to reduce burdens on the silent victims of Covid-19. Smaller countries could also help by pooling resources available to make necessary supplies such as masks and timely exchange information and experiences on combating the pandemic. It is of crucial importance that bigger and smaller states and entities are willing to listen and learn from each other in terms of experiences and models in order to compare levels of effectiveness and, importantly, to proceed to a gradual exit and recovery together. Thirdly, it is vital to introduce human-centered programs to tackle everyday needs of human populations, including their physical and mental health. Programs that broaden access to psychological consultation programs and mental health support, either through and the telephone, online platforms, or in person, will help people stay connected, calm, and, importantly, resilient during this unprecedented time. Remarkably, while this Covid-19 pandemic is unprecedented, it is only one of the many pandemics which have taken place in human history. If states and non-state actors do not alter the way they have perceived and behaved and choose to compete rather than cooperate, such catastrophic crises will be repeated. In conclusion, it might be relevant for policymakers to take the following statement by United Nations' Secretary General António Guterres as a guiding principle: "There should only be one fight in our world today: our shared battle against Covid-19."<sup>84</sup>

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84 UN News. "Un Chief Urges Unity in Mobilizing 'Every Ounce of Energy' to Defeat Coronavirus Pandemic." April 3 2020. [https://news.un.org/en/story/2020/04/1061012?fbclid=IwAR0joFbaQ30NQ-6MD1qUC3110IWyzdUa8z6bj\\_VwfufNwDvb10k42GVPXNs](https://news.un.org/en/story/2020/04/1061012?fbclid=IwAR0joFbaQ30NQ-6MD1qUC3110IWyzdUa8z6bj_VwfufNwDvb10k42GVPXNs).



Empty check-in counters at and demon guardian at Suvarnabhumi Airport departure floor during Covid-19  
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# COVID-19 AND THE ECONOMIC FALLOUT IN THE REGION

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## I. Introduction

On 29 December 2019, Chinese authorities identified a cluster of similar cases of pneumonia in the city of Wuhan, capital of the Hubei Province in China. These cases were soon determined to be caused by a virus called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), which causes the disease called coronavirus disease (Covid-19). There is still a lot that remains unknown about the virus, mainly because it continues to evolve in uncertain ways. Despite that, a lot more is now known about how the virus is affecting different countries and communities, as well as how policy responses to contain the spread of the virus are impacting different countries in the region. This chapter examines the economic impact that the virus, and the different types of social distancing measures implemented to try and contain its spread, is having on countries in Southeast and East Asia, and actions that the region can take in response in order to mitigate the economic impacts.

The Covid-19 pandemic is first and foremost a human tragedy. After more than seven months since the first cluster of Covid-19 infections was identified, about 17 million infections and almost 700,000 deaths have been reported worldwide. Recently, these numbers have been increasing at an accelerating rate, heightening concerns over an uncontrollable exponential spread. In the Association of Southeast Asian (ASEAN) countries, there are almost 280,000 reported infections and 7,500 deaths. In ASEAN+3, which includes the ten member countries of ASEAN plus China, Japan and South Korea (hereafter referred to as East Asia), the reported numbers rise to 315,000 infections and 13,500 deaths.<sup>1</sup>

There is a great variation in both infection and mortality rates, and in response measures across East Asia. While China, the original epicentre, had the highest number of deaths (4600) originally in the region, it has been surpassed by Indonesia (5200), followed by the Philippines (2,100) and then Japan (1000). Both Indonesia and the Philippines report having more than 100,000 infections, and recently cases have been rising rapidly. While all countries have restricted international travel, domestic activities have been curtailed to varying degrees. Malaysia, the Philippines, Singapore and Thailand had extended their lockdowns several times, but have started to ease restrictions. South Korea was the first to ease its lockdown, followed by Vietnam, but both have reintroduced more stringent social distancing measures following new waves of infections. Japan and Indonesia have resisted imposing lockdowns and employed selective social distancing measures instead, as have several of the Mekong countries.

The measures introduced to deal with the pandemic could save lives but are having wide-ranging economic effects and inducing economic contagion.

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<sup>1</sup> These estimates are derived from Worldometer (2020).

The IMF predicted in April that the world's economic output would contract by 3 percent this year (IMF 2020a), but revised their forecast to a reduction of 4.9 percent in June (IMF 2020b), with growth in most ASEAN countries either flat or negative (see Table 1). There is significant variation in projected growth across ASEAN this year, however, ranging from -6.7 percent in Thailand to 2.7 percent in Vietnam. In contrast, regional organisations such as the Asian Development Bank (ADB, 2020) and the ASEAN+3 Macroeconomic Research Office (AMRO, 2020) are less pessimistic (see Table 2). While the ADB sees Thailand as the worst affected in the region this year, contracting by 4.8 percent, AMRO expects Singapore to contract by 8 percent. Both ADB and AMRO see Vietnam as the least negatively affected by the pandemic in the region. The ADB projects that ASEAN's economy will grow by 1 percent this year, AMRO sees it contracting by about the same rate.

**Table 1: Economic Growth Rates (%) in East Asia, 2019-2021, IMF**

	WEO April 2020		WEO Update June 2020		June - April (Revision)		
	Actual	Forecast		Forecast		Change in Forecast	
	2019	2020	2021	2020	2021	2020	2021
Indonesia	5.0	0.5	8.2	-0.3	6.1	-0.8	-2.1
Malaysia	4.0	-1.7	9.0	-3.8	6.3	-2.1	-2.7
The Philippines	5.9	0.6	7.6	-3.6	6.8	-4.2	-0.8
Singapore	0.7	-3.5	3.0	n.a.	n.a.	n.a.	n.a.
Thailand	2.4	-6.7	6.1	-7.7	5.0	-1.0	-1.1
Vietnam	7.0	2.7	7.0	n.a.	n.a.	n.a.	n.a.
ASEAN-5 (a)	4.8	-0.6	7.8	-2.0	6.2	-1.4	-1.6
Development Asia	5.5	1.0	6.3	-0.8	7.4	-1.8	-1.1
China	6.1	1.2	9.2	1.0	8.2	-0.2	-1.0
Japan	0.7	-5.2	3.0	-5.8	2.4	-0.6	-0.6
South Korea	2.0	-1.2	3.4	-2.1	3.0	-0.9	-0.4
World	2.9	-3.0	5.0	-4.9	5.4	-1.9	0.4

Sources: IMF (2020a; 2020b)

Notes: (a) Includes Indonesia, Malaysia, Philippines, Thailand and Vietnam

*Table 2: Economic Growth Rates (%) in East Asia, 2019-2021, ADB and AMRO*

	ADB-ADO			AMRO	
	Actual	Forecast		Forecast	
	2019	2020	2021	2020	2021
Brunei	3.9	2.0	3.0	2.2	2.9
Cambodia	7.1	2.3	5.7	-1.8	6.6
Indonesia	5.0	2.5	5.0	0.9	5.3
Lao PDR	5.0	3.5	6.0	1.1	5.4
Malaysia	4.3	0.5	5.5	-3.2	7.0
Myanmar	6.8	4.2	6.8	2.5	6.9
The Philippines	5.9	2.0	6.5	-2.5	7.4
Singapore	0.7	0.2	2.0	-8.0	5.5
Thailand	2.4	-4.8	2.5	-6.0	4.0
Vietnam	7.0	4.8	6.8	3.2	7.0
ASEAN	4.4	1.0	4.7	-1.2	5.8
China	6.1	2.3	7.3	2.3	7.0
Japan	n.a.	n.a.	n.a.	0.1	2.3
South Korea	2.0	1.3	2.3	-5.7	4.5
ASEAN +3	n.a.	n.a.	n.a.	0.3	6.2

Sources: ADB (2020); AMRO (2020)

This variation in rates across countries, as well as between forecasters, suggests two things. Greater focus is needed on the transmission mechanisms of the economic contagion and in critically assessing the economic impacts. This will enable a more informed appreciation of the assessments, and a better understanding of the underlying processes to gauge the impacts of an uncertain and evolving shock.

ASEAN and ASEAN+3 have been slow to respond to the pandemic. But they have been strenuously ramping up their efforts. But more needs to be done, and quickly. There are many

things they can do immediately, employing their machinery to increase consultation and cooperation to limit contagion – both medical and economic – and beggar-thy-neighbour policies. But in some areas, turning rhetoric into action will necessitate large-scale funding, requiring the Plus Three countries to contribute at a time when they are themselves struggling. Since global efforts have been wanting, a regional response is more important than ever, to complement national actions.

This chapter is organised into 5 sections. Section 2 examines the mechanisms through which curtailment measures are transmitted to the macroeconomy. Section 2.1 canvasses the issues we should be aware of in assessing the different assessments, in order to better understand the findings. Since global leadership has been wanting, Section 3 considers the role the region can play in responding to the crisis. Since ASEAN+3 was born out of a crisis, and designed to avert or respond to future crises, the special role that it can play is considered in Section 4. The final section concludes.

## II. Economic Transmission Mechanisms

There are direct and indirect channels emanating from internal and external sources that affect demand and supply – this is how the effects of the measures designed to curtail the spread of the pandemic are transmitted to the domestic economy.

To begin with, it is worth noting that the effects of Covid-19 are hitting ASEAN economies at a time when other risk factors, such as a global growth slowdown, were already rising.

Covid-19 is disrupting tourism and travel, supply chains and labour supply. Uncertainty is driving negative sentiment. This all affects trade, investment and output, which in turn affects growth. Tourism and business travel, as well as related industries, especially airlines and hotels, were the first to be affected. But they are unlikely to be the first to have restrictions eased.

The WTO (2020) projects world merchandise trade to plummet by 13-32% in 2020, with exports from Asia in sectors with complex value chains among the hardest hit. The supply disruptions emanating mostly from China will reverberate throughout the value chain and disrupt production. Since China is the regional hub and accounts for 12 percent of global trade in parts and components, the cost of the disruption in the short run will be high.

The negative effects of quarantine arrangements on labour supply could also be high depending on duration and sector. Manufacturing has been hit harder than service industries, where telecommuting and other technological aids limit the fall in productivity.

All these disruptions will lead to sharp declines in domestic demand, and their impact on economic growth will further propagate these disruptions. This compounding effect can magnify and extend effects into the long run.

The highest economic cost could come from the so-called intangibles. The effects of negative sentiment about growth and general uncertainty — which is already affecting financial markets — will feed into reduced investment, consumption and growth beyond the short run.

Rolling recessions around the world now appear inevitable, despite the stimulus measures being contemplated.<sup>2</sup> The contraction is not only likely to be greater than the Global Financial Crisis of 2008, an economic depression is not off-the cards. Even in a best-case scenario, there will be a sharp increase in unemployment and poverty.<sup>3</sup> Some degree of decoupling from China, and de-globalisation in general, may also become a permanent reminder of this pandemic.

Among ASEAN countries, Singapore, Malaysia, Thailand and Vietnam are heavily integrated into regional supply chains and will be the most affected by a reduction in demand for the goods produced within them. Indonesia and the Philippines have been increasing supply chain engagement and will also not be immune. Japan and Korea are significant investors in the supply chain in ASEAN, while China is both an assembly hub for the supply chain and an increasingly important investor in the ASEAN region.

Given time, supply-side adjustments will alter trade and investment patterns. There could be a further shortening of supply chains, with the pandemic providing added impetus for near-shoring or reshoring. Within the region, the main adjustment will involve relocating certain activities along the supply chain from China to ASEAN countries. Although the pandemic will disrupt the relocation phase, ASEAN countries can benefit from the new investments, mitigating overall negative impacts. Vietnam and Malaysia could be major beneficiaries.<sup>4</sup>

The three top tourist destinations in Asia are China, Japan and Thailand. Tourism-related receipts contributed almost USD 400 billion to the economy of ASEAN in 2019.<sup>5</sup> Thailand and Malaysia will be the most affected nations in ASEAN by the drop-off in tourist arrivals. Although intra-ASEAN tourism flows have been growing, spearheaded by Malaysia, the three main sources of tourist arrivals are China, Korea, Japan. In short, East Asia is not only heavily dependent on tourism flows, but is an important source for such flows in the region.

Cambodia and Laos receive most of their investment and aid from China, and a marked growth slowdown in China will affect them the most. A slowdown in the Plus Three countries will affect investment flows in the region as a whole.

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2 For a regularly updated tracker of stimulus and other measures being undertaken by governments, see IMF (2020b).

3 For a discussion on the social consequences of the curtailment measures, and how they are affecting the poor, see Brown et al. (2020) and Menon (2020b); (2020c).

4 In this regard, the pandemic is likely to provide further impetus to the relocation that was triggered by the US-China trade war (see Menon, 2019; Nicita, 2019).

5 For a breakdown of these data and related details, see Moore (2019).

The Philippines and the Mekong countries have large overseas foreign worker populations and restrictions on their movement or employment prospects due to Covid-19 outbreaks will affect sending and receiving countries.

Brunei and Malaysia are net oil exporters and the price war indirectly induced by the pandemic will hit them hard. Others will benefit from lower oil prices, as will the struggling transport sector.

### **Assessing the Assessments**

In measuring the impacts of Covid-19, it is important to separate its marginal impact from observed outcomes. This is important because the remedy may vary depending on the cause of the disruption. This requires an analytical framework that can measure deviations from a baseline scenario that incorporates pre-existing trends. A model-based analysis, rather than casual empiricism, is required to reduce the problem. In addition, what is explicitly modelled and what is assumed, and what those assumptions are, needs to be considered in understanding differences in projections.

Even before the outbreak, risks of a global growth slowdown were rising. The restructuring of regional supply chains had started, driven initially by rising wages in China and accelerated by the US-China trade war. While Covid-19 may further hasten the pace and extent of the restructuring, it is only partly responsible for what may happen. It would be misleading to attribute all of the current disruptions to Covid-19. Had the trade war not preceded it, Covid-19 may have resulted in greater disruption to supply chains.

Any assessment of impacts must recognise that the spread of Covid-19 is unpredictable, and so too the response by governments. It is difficult to estimate the impacts of a shock that is uncertain in itself. This reiterates the need for rigorous modelling and scenario analyses. The current trend points to risks rising, often accelerating, as with previous epidemics. This is why the IMF found it necessary to revise its forecasts just two months after producing its original set in April 2020. This uncertainty underscores the need for caution in assessing, and regular recalibration in producing assessments.

### **III. Absent Global Leadership, Can the Region Step Up?**

The massive negative economic effects require governments to respond with support measures to ameliorate the impacts on businesses and households. Although the main response will occur at the national level, Covid-19 is a global health problem best addressed through a coordinated multilateral response. But this has yet to happen. The G7 could not even release a communique because President Trump insisted on using “Wuhan virus” instead of coronavirus. The G20 communique appeared “big on rhetoric, but short on substance”, unlike its response to

the Global Financial Crisis.<sup>6</sup> Since global efforts have been wanting, a regional response is more important than ever to complement national actions. Furthermore, while variation in infection rates across countries underscores the primacy of national responses, it also increases the potential benefits from regional coordination.

ASEAN's first response was to convene a Special ASEAN-China Foreign Ministers' Meeting in Vientiane on 20 February, where both sides agreed to strengthen cooperation to fight the disease without specifying any concrete actions. It took four more weeks before the ASEAN Senior Health Officials met, agreeing on the need to involve the Plus Three countries, as with previous epidemics. The ASEAN+3 Health Ministers need to meet on a regular basis to draft specific actions, as they did quite successfully with H1N1 in 2009.<sup>7</sup> The virtual Summit of leaders on 14 April which created a Covid-19 Response Fund – without additional funding – and a regional reserve of essential medical supplies further increased the urgency for the health ministers to meet regularly to operationalise matters.

The role of consultation and cooperation should not be downplayed. When Malaysia implemented its lockdown in March, the measure had direct and immediate impacts on the livelihoods of 300,000 of its residents employed in Singapore. To minimise the disruption, Singapore hastily arranged a temporary domicile to accommodate affected Malaysian workers in Singapore. This has raised economic and social costs for employers and employees. Had there been earlier consultation prior to the unilateral action, measures could have been pursued to reduce such costs, or to share them more equitably. As an honest broker, ASEAN is well placed to deal with bilateral issues such as these, to maximise collective welfare rather than often narrow, if not misguided, national interests.

In ASEAN for instance, it is estimated that there are more undocumented migrant workers than there are documented ones.<sup>8</sup> As illegal workers, they are denied any kind of social protection. If the aged and immune-compromised are the most at risk of succumbing to the virus, then the undocumented migrant workers are the most vulnerable, to both infection and spread, as they are often as 'invisible' as the virus itself.<sup>9</sup> The surge in infections in Singapore amongst (documented) foreign workers in crowded dormitories raises concerns that undetected outbreaks could be occurring elsewhere in ASEAN, amongst documented and undocu-

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6 The lack of global leadership during this pandemic has been frequently noted, including by the EAF Editorial Board (2020).

7 This was widely recognised in press reports, as highlighted by ASEAN (2009).

8 Given their nature, there are no official statistics on undocumented workers, although various surveys have been done to try and estimate the numbers in ASEAN. The Malaysian Employers Federation, for instance, estimated the number of undocumented workers at 3.3 million, 150 percent higher than documented ones. World Bank (2019) highlights the large variation in estimates in Malaysia, with unofficial data suggesting that the number of undocumented workers could be as high as 4 million. See also Thuzar (2018).

9 Apart from the risk this poses to their health, it also threatens the curtailment measures of host countries.

mented migrant workers living under similar conditions. The ASEAN Parliamentarians for Human Rights (2020) have called on ASEAN to address these issues urgently, but ASEAN has remained characteristically silent.

## **IV. ASEAN+3 was Created to Avert or Respond to Crises**

The Plus Three have more than their experience and expertise to share, having been at the epicentre. They also have the appropriate financial firepower, if tangible actions are to accompany pronouncements. ASEAN has very limited resources, not least because its richest members are small and the appetite to surrender sovereignty to a supranational body is very limited. If actions require funding, the ASEAN+3 must be involved.

ASEAN+3 was created to respond to the Asian Financial Crisis, and is therefore well-equipped to deal with emergencies like this one. The ASEAN Surveillance Process was established as a regional surveillance mechanism to complement the surveillance mechanism of the International Monetary Fund (IMF) and the national surveillance process of each country. As a peer review mechanism, it can be employed to ensure that the health crisis does not become an economic crisis.

Should an economic or financial crisis erupt, however, the Chiang Mai Initiative Multilateralization (CMIM) - the ASEAN+3 financial safety net - is available. The CMIM is the regional financial insurance scheme designed to provide emergency liquidity support in the event of a crisis. Its secretariat is the ASEAN+3 Macroeconomic Research Office (AMRO) located in Singapore, which also coordinates and contributes to the regional economic surveillance effort. As a series of promises rather than a fund, however, the CMIM has never been used.<sup>10</sup> But again, the regional effort could complement rather than a substitute for national (and the first line of defence, foreign reserves) and global (the lender of last resort, IMF) efforts.

An emergency ASEAN+3 Finance Ministers Meeting should be called to reassess risks and vulnerabilities, and to coordinate actions, both pre-emptive and remedial. Coordinated monetary and fiscal responses will increase their impact nationally, and reduce free-riding. Divergent national policies, even if they are all in the same direction of monetary or fiscal easing, can add to financial market volatility. Coordination would limit exchange rate instability, as it could may result in competitive devaluations and other beggar-thy-neighbour attempts, as well as destabilise inflation expectations.

And when we finally control its spread, the exit strategies of countries from lockdowns should also be coordinated to the extent possible in order to minimise the risk of recurrence, and

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<sup>10</sup> Although financial safety nets in Asia have come a long way since the Asian Financial Crisis of 1997–98, difficulties in operationalising them in order to provide a workable alternative to the IMF remain. For more details, see Hill and Menon (2014).



to speed up the economic recovery. For instance, for members of ASEAN or ASEAN+3 that feel comfortable with the conditions in other countries, a quarantine-free travel corridor between pairs or more of these member countries could be set up (as being considered between Australia and New Zealand). To avoid duplication of quarantine requirements, and to facilitate tourism and intra-regional flows, quarantine periods in participating countries could be mutually recognised. Fast-tracking of customs procedures for essential items such as food and medical supplies, and accelerated efforts to restart logistics networks across air, sea and land freight could also be pursued.

## V. Conclusion

Covid-19 is a human tragedy exacting a huge toll in terms of human life. Measures introduced to deal with the pandemic could save lives but are having wide-ranging economic effects and inducing economic contagion in East Asia. The disease is disrupting tourism and travel, supply chains and labour supply. Seven months after the first case was identified, uncertainties continue to grow and there is no end in sight. The uncertainty over the evolution of the pandemic and the measures required to contain it is driving negative sentiment. This will affect trade, investment and output, which in turn will affect growth, setting in train a vicious cycle. The end result is likely to be rolling recessions, or even a depression, producing sharp rises in unemployment of capital and labour, and poverty.

The massive negative economic effects will mainly require a national response, but both ASEAN and ASEAN+3 could play a bigger role, especially since global leadership has been wanting. ASEAN has a well-oiled machinery that can facilitate consultation and cooperation, while ASEAN+3 will need to be involved if concrete actions require large-scale funding, as they have in the past. Apart from minimising free-riding, the impact of stimulus measures will be enhanced nationally if they are regionally coordinated. And as countries start to ease curtailment measures to contain the economic crisis, coordination will again be important to help prevent a second wave of the health crisis, and to accelerate economic recovery.



Container ship loading and unloading in sea port  
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# REGIONAL SUPPLY CHAINS AND ECONOMIC INTEGRATION IN POST-COVID-19 SOUTHEAST ASIA: A POLITICAL ECONOMY PERSPECTIVE

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## I. Introduction

At the outset of 2020, all signs pointed to another year of 7% growth for Cambodia, continuing its gradual march up the ladder of production and human development. The Covid-19 pandemic dashed that expectation and has brought severe consequences to the economies of Southeast Asia, resulting in the devastation of the tourism sector, across the board declines in GDP, the shuttering of factories, rising unemployment, a stagnant construction section, the closure of borders, and the repatriation of migrant workers.<sup>1</sup>

In terms of supply chains, Rebecca Liao and Ziyang Fan summarized the realities well: “Global trade and supply chains are going through an unusual and massive shock, which strikes from both ends – the supply and the demand side. Companies, whether buyers or suppliers, are facing tremendous challenges in keeping the goods and services flow at a time of global lockdowns. Countries, especially developing countries, are carrying the direct consequences of supply chain breakdowns aggravated by trade restrictions.”<sup>2</sup> While Jim Kilpatrick was one of the first to note the radical nature of Covid-19 on supply chains, commenting earlier this year: “Could Covid-19 be the black swan event that finally forces many companies, and entire industries, to rethink and transform their global supply chain model? One fact is beyond doubt: It has already exposed the vulnerabilities of many organizations, especially those who have a high dependence on China to fulfill their need for raw materials or finished products.”<sup>3</sup>

In short, Covid-19 has been a classic “exogenous shock” to the existing economic and institutional equilibria across the region. Such shocks to the system, however, have both positive and negative implications. In the language of political economy, they act as “critical junctures” – opening space for the renegotiation of existing institutions; altering incentive structures for key actors; and creating massive breaks in path dependence.<sup>4</sup> At the same time, interpreting the future of supply chains and broader trade patterns through a punctuated equilibrium model of institutional change (wherein institutions remain “frozen” until a critical juncture occurs) and viewing the pandemic as an all-determining variable significantly oversimplifies the realities of the situations and ignores the fact that while critical junctures are key, they take place within longer-

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- 1 The economic effects of Covid-19 in Cambodia have, to date, been most thoroughly explored in Angkor Research and Future Forum’s joint, longitudinal study on the topic. <https://www.futureforum.asia/publications/covid-19-economic-impact-study/>
  - 2 Rebecca Liao and Ziyang Fan. 2020. “Supply Chains have been Upended. Here’s How to Make Them more Resilient.” Geneva: World Economic Forum. <https://www.weforum.org/agenda/2020/04/supply-chains-resilient-covid-19/>
  - 3 Jim Kilpatrick. 2020. COVID-19: Managing Supply Chain Risk and Disruption. (Analytical Brief). Toronto: Deloitte Canada.
  - 4 James Mahoney. 2000. “Path Dependence in Historical Sociology.” *Theory and Society* 29 (4): 507–48. Also, see: James Mahoney. 2001. “Path Dependent Explanations of Regime Change: Central America in Comparative Perspective.” *Studies in Comparative International Development* 36 (1): 111–41. James Mahoney and Dietrich Reuschemeyer (eds). 2014. *Comparative Historical Analysis in the Social Sciences*. Cambridge: Cambridge University Press.

term processes of gradual change and interact with other key variables in order to yield new outcomes, and altered equilibria.<sup>5</sup>

While the near term implications of the pandemic remain dire for Cambodia and other Southeast Asian states – and are likely to worsen before they improve – the Covid-19 shock, in concert with other, pre-Covid-19 geopolitical shifts, most notably the worsening of US-China relations and the likely end or at least significant curtailment of Washington’s decades-long policy of “engagement” with China, create significant opportunities for improving the position of ASEAN in general and Cambodia in particular as regards their respective places in global and regional supply chains. The pandemic is best understood as a critical juncture but one that interacts with longer term processes of structural change that pre-date the diagnosis of the first Covid case.

Broadly framed by a Neo-Institutionalist theoretical approach, this chapter examines the future of supply chains and economic integration in both the Greater Mekong Subregion and ASEAN as a whole (paying particular attention to the case of Cambodia), highlighting how the Covid-19 shock is likely to impact the future development of both areas.

## II. Supply Chain Development: Pre-Covid-19 Realities

The Greater Mekong Subregion’s place in regional and global supply chains was anything but optimal before the onslaught of the pandemic. The slow pace of economic reforms, lack of skilled labor, and weaknesses in connectivity were regularly cited as the primary impeding factors, together with significant infrastructure gaps and rapidly rising production costs. Lack of urgency in the adoption of new technologies, such as automation and 3D printing, was also a cause for concern, according to the World Bank.<sup>6</sup>

The traditional, decades-old supply model – the “just-in-time delivery system” for key components and products was already viewed as broken before the health crisis began. The Japanese-created system, often termed the Toyota Production System (TPS) owing to that firm’s pioneering role in supply chain development, at one point revolutionized global manufacturing. It led to much-needed reforms in American manufacturing in the 1980s, reducing waste and inventory costs while requiring firms along the supply chain to accurately forecast demand, or risk disrupting the entire production process. However, a model designed for the 1960s and 1970s is woefully out of date for 2020 and a world entering a new era of Industrial Revolution 4.0.

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5 Wolfgang Streeck and Kathleen Thelen (eds). 2005. *Beyond Continuity: Institutional Change in Advanced Industrial Economies*. Oxford: Oxford University Press.

6 World Bank. *World Development Report 2020: Trading for Development in the Age of Global Value Chains*. Washington, DC: World Bank.

In addition to the antiquity of the system, as discussed below, it appeared that many wage workers and small businesses involved in cross-national supply chains were simply not seeing the benefits of global partnerships and were often left behind. These issues had been left unresolved before the critical juncture of Covid-19 arrived.

For Cambodia, it has been noted that the kingdom had “weaker Global Value Chain (GVC) participation than the ASEAN average and has a high concentration of low-skilled and labor-intensive industries, resulting in minimal impacts for the economy.” The report noted that SMEs in Cambodia were “weak in terms of entrepreneurial capacity and technology application. They operate inefficiently and face difficulties in establishing supply networks with large companies.”

A recent ADBI working paper on Cambodian SMEs identified “missing links” in the supply chain that included “limited production capacity, lack of financing, poorly maintained supply of raw materials and finished products, [and the] absence of information on potential businesses and market opportunities.”<sup>7</sup> The authors, Sok Kha et al, examining the case of Cambodia, highlighted the fact that the kingdom was hampered by relatively low productivity, higher electricity and logistics costs, and corruption. They went on to demonstrate how existing gaps “will continue to hamper growth in SMEs at large and preclude them from benefiting from the opportunities presented by the evolving regional and global environment, including the dramatic development in digital technology and the growing number of regional and subregional cooperation and integration initiatives.”<sup>8</sup> They conclude by calling on the government to “galvanize reforms,” build more trust with supply chain SMEs, establish an SME information center, and “further mobilize donors’ support to help SMEs develop products that are in line with foreign firms’ requirements.”<sup>9</sup> Clearly all was not well; however, the Covid-19 shock presents precisely the moment the authors’ seek, i.e., a moment in which necessary reforms can in fact be galvanized and the reform of existing institutions.

While the realities of pre-Covid-19 supply chains in Southeast Asia were certainly problematic, some changes were already beginning to take place, specifically a gradual shift of production outside of China. On one side were economic factors within China itself that have been long-standing, particularly rising labor costs and stricter environmental regulation. Beijing itself recognized the challenges of an eventual offshoring of production out of China in its “Made in China 2025” policy initiative, a core component of the country’s 13th and 14th five-year plans, designed to avoid the dangers of falling into the middle-income trap. In historical terms, this should come as no surprise to anyone familiar with the economic histories of Japan, South Korea, and Tai-

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7 Kha Sok, Runsinarith Phim, Socheat Keo, and Veara Kim. 2020. Connecting Cambodia’s SMEs to Regional Value Chains: The “Bridging Gap” and “Missing Link.” Tokyo: Asian Development Bank Institute. <https://www.adb.org/sites/default/files/publication/616756/adb-1150.pdf>

8 Ibid.

9 Ibid.

wan – all of which confronted (successfully) the challenge of gradually increasing labor costs and the need to continue to climb the ladder of production and moving into higher value-added industries as low-skilled production was shifted overseas.

Both Thailand and Vietnam were early beneficiaries of this shift in production. However, it was geopolitics that ultimately resulted in the first rush to the exit China as the movement of production was significantly accelerated in 2018-19 as the world confronted the new economic realities of the US-China trade war and the necessity of avoiding American tariffs on China-produced products. The “China Plus One” strategy of avoiding investment only within China became a standard strategy for firms seeking to avoid overconcentration of production owing for a diversity of reasons. Hanoi has seen the most significant gains as “China Plus One” mainstreamed due to its lower labor costs and geographic proximity. The government of Vietnam took full advantage of the situation by increasing efforts to attract foreign direct investment (FDI) via a series of inter-ministerial initiatives directed by Prime Minister Nguyen Xuan Phuc. Vietnam saw its textile exports alone grow by ten percent in 2019. At the same time, Bangkok rolled out its “Thailand Plus” initiative, specifically designed to attract firms relocating production from China while Malaysia began to implement a set of incentivization measures to take advantage of potential new streams of relocating FDI.

Finally, it should be noted that the development of initiatives such as the Master Plan on ASEAN Connectivity (MPAC) and the ASEAN East-West Economic Corridor have progressed and have been integrated into national development plans. Improvements to both hard and soft connectivity, while certainly not ideal and suffering from continued, long-standing investment gaps has laid a solid groundwork upon which policymakers can build in order to reap the gains from and to strengthen regional and subregional supply chains.

### **III. The Pandemic, its Impacts, and The Future of Supply Chain Development**

Most fundamentally, the pandemic made abundantly clear the weaknesses and vulnerabilities of existing global supply chains, particularly the enormous risk of single-sourcing models and overconcentration of investment. For Southeast Asia, a region where forty percent of exports are dependent on global supply chains – the realities were also particularly stark in light of its massive exposure to supply chain risks. At the same time, for countries such as Cambodia, is heavily dependent on tourism, construction, and textile exports – the perils of lack of economic diversification became painfully apparent (further exacerbated by the removal of its EBA benefits by the European Union in 2020).

When China went into full lockdown following the disclosure of the Covid -19 pandemic in Wuhan, as factories closed, it became apparent that myriad firms were unable to pivot

production in light of the absence of flexibility in their supplier base.<sup>10</sup> This has only served the exacerbated prior trends discussed previously.

The creation of new production supply chains is a complicated, multi-year process where a myriad of open questions abound. While Southeast Asia's geographic advantage (particularly in the Greater Mekong Subregion) provides a distinct edge – that alone will be insufficient to guarantee success. The capacity of states to absorb significant amounts of new investment is central here; in that bottlenecks continue to exist both in terms of logistics and human capital at various levels of seriousness across the region. For ASEAN as a whole, it has been well-noted that: "In addition to ensuring supply chain connectivity, ASEAN will need to optimize the role of trade in post-pandemic economic recovery, leverage on digital technologies to boost trade, take a more proactive role in the reform of the global trading system, and support the role of the private sector and other stakeholders in restoring confidence in the post-pandemic world."

One consistent theme across the diverse discussions concerning the future of supply chains has been the importance of digitalization. Loh noted earlier this year: "[T]he COVID-19 pandemic has also been a catalyst and impetus in exposing the critical need for business and commerce to further digitalize and explore the usage of new technologies."<sup>11</sup>

While Southeast Asia in general is likely to benefit in the medium to long term as supply chains develop and the "China Plus One" model of production becomes the standard, it is essential to further underline that the rising tide here will not necessarily lift all boats. There exists significant diversity in the manufacturing capabilities within the ASEAN states themselves as well as within the Greater Mekong Subregion. As noted above, Vietnam is remarkably well-prepared to take advantage of production shifts out of China and has long been viewed as the main "winner" of the US-China trade war, seeing a 12.3% growth in manufacturing.<sup>12</sup> Yet even Vietnam is confronted with the importance of continued policy reform and the diversification of its export markets.<sup>13</sup>

Utilizing the current period of change to strengthen manufacturing capabilities, making long term investments in human capital, the continuation of infrastructure upgrading, and improving overall competitiveness will be essential – particularly for Cambodia, Myanmar, and Laos – if they are to fully take advantage of shifts in supply chains. Cambodia scored a less-than-

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10 Jesse Lin and Christian Lanng. May 21, 2020. "Here's how global supply chains will change after COVID-19," at World Economic Forum. [Here's how global supply chains will change after COVID-19](#)

11 Jason Loh. 2020. "Supply Chain Reset In A Post-COVID ASEAN," in ASEAN Post, August 8, 2020. <https://theaseanpost.com/article/supply-chain-reset-post-covid-asean>

12 Samantha Kaylee. August 21, 2020. "US-China Trade Tensions and Relocation of Supply Chains to Vietnam," in Vietnam Insider. <https://vietnaminsider.vn/u-s-china-trade-tensions-and-relocation-of-supply-chains-to-vietnam/>

13 Lam Thanh Ha and Nguyen Duc Phuc. 2019. "The US-China Trade War: Impacts on Vietnam," in Perspective, issue 2019, No. 102. Singapore: ISEAS-Yusof Ishak Institute.

impressive 52.1 (out of a possible 100) on the 2019 Global Competitiveness Index, placing it at 106 – just behind Bangladesh and the second worst ranked ASEAN state with only Laos coming in lower at 113.<sup>14</sup> Cambodia also remains at the bottom of Transparency International's Corruption Perceptions Index, achieving an unenviable rank of 162.<sup>15</sup> There is ample room for improvement – and such improvement is a necessity should Cambodia and other, lower income ASEAN states seek to be more fully integrated into regional and global supply chains. Simply “not being China” is insufficient to achieve the gains that are available.

#### IV. Known Unknowns: An Abundance of Uncertainty

Finally, it is important to recognize that there continues to exist a set of “known unknowns,” i.e., variables which will certainly impact the trajectory of supply chains in the region but the future development of which remains unclear. The first and most glaring is the duration of the Covid-19 pandemic and whether the economic impacts thereof have been already been fully felt. This is a point of debate – with some analysts arguing for a “V-shaped” recovery in which annual growth rates absorb the shock; others anticipating a “U-shaped” recovery wherein growth resumes but with a long term loss of output; and the dreaded “L-shaped recovery in which a major supply side shock yields a significant, long term decline.<sup>16</sup> As the pandemic works through its second wave and the possibility of a third wave next year, the length of the Covid-19 shock and the form of economic recovery cannot be predicted with any real level of confidence at this time.

Second, there is the question of the future of US-China economic relations. At the time of writing, the outcome of the U.S. election remains uncertain. However, even with a change in administration in the White House, it is difficult to see how American policy towards China could significantly divert from the path that has developed over recent years. President Trump's approach – variously termed “Con-Gagement” (a combination of containment and engagement) and straight out “Containment” – was, despite popular views to the contrary, more of an intensification of prior trajectories in U.S. policy than a volte face. The Obama Administration's prior “pivot to Asia” served as a precursor to Washington's approach under Mr. Trump and the economic objections to China's actions are historic long-standing: unfair trade practices, violations of WTO commitments, and intellectual property theft. At the same time, American popular opinion towards China is now at its lowest point since the polling began, with Pew reporting a 66% unfavorable view of Beijing earlier this year.<sup>17</sup> There aren't many votes in a

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14 Myanmar was not ranked in 2019. Klaus Schwab (ed) . 2019. The Global Competitiveness Report 2019. Geneva: World Economic Forum.

15 Transparency International. 2019. Corruption Perceptions Index. <https://www.transparency.org/en/cpi#>

16 Philipp Carlsson-Szlezak, Martin Reeves and Paul Swartz. 2020. “What Coronavirus Could Mean for the Global Economy,” in Harvard Business Review. Cambridge: Harvard Business School Press.

17 Kat Devlin, Laura Silver, and Christine Huang. 2020. U.S. Views of China Increasingly Negative Amid Coronavirus Outbreak. Washington DC: Pew Research. <https://www.pewresearch.org/global/2020/04/21/u-s-views-of-china-increasingly-negative-amid-coronavirus->



“pro-China” position in the United States these days. The question here is not whether the United States will continue its policy of “de-coupling” the American and Chinese economies, but rather to what extent will that continue. The greater the de-coupling, the stronger the incentive to offshore production from China to Southeast Asia.

Finally, while Southeast Asia has seen an abundance of infrastructure development over the last two decades, significantly strengthening ASEAN connectivity and lowering transaction costs, it is also important to note the increasing mainstreaming of climate change concerns into infrastructure provision. Asian Development Bank president, Masatsugu Asakawa, said in August this year that the regional economy must be rebuilt with “green, resilient, and inclusive measures.” Asakawa continued: “Investing in infrastructure that satisfies ‘G20 quality infrastructure principles’ should be an important part of post-pandemic recovery packages.”<sup>18</sup> Whether planned infrastructure investment is consistent with those principles and the SDGs and the potential for re-evaluation of those projects remains unclear.

## V. Conclusion

Southeast Asia is likely to be one of the largest beneficiaries of supply chain re-alignment – it’s geographic proximity to China; the fruits of long-standing commitments to regional and subregional economic integration; and the likelihood of the de-coupling of the American and Chinese economies all bode well for the region in the medium to long term. The Covid-19 pandemic has provided a once in a generation critical juncture to re-negotiate and restructure supply chains, creating an enormous incentive for governments across the region to make the reforms necessary to reap significant new FDI and support sustainable, long term growth and human development.

Nevertheless, it is unlikely that all states will benefit equally – differing levels of competitiveness, corruption, economic openness, and human capital differentiates the Southeast Asian state significantly in terms of their attractiveness to relocating foreign firms. These governments have the significant agency to make the reforms necessary to optimize outcomes; the question that remains outstanding: will the incentivizes be sufficient to overcome long-standing and sub-optimal economic policies? If the necessary reforms are not made – the responsibility for those misplaced decisions and the opportunity costs that come with them will lay entirely with national governments.

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outbreak/

18 Asian Development Bank. August 31, 2020. “Rebuilding from COVID-19 Requires Green, Resilient, Inclusive Actions — ADB President.” Manila: Asian Development Bank. <https://www.adb.org/news/rebuilding-covid-19-requires-green-resilient-inclusive-actions-adb-president>



# CAMBODIA'S FISCAL RESPONSE TO THE COVID-19 PANDEMIC

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## I. Introduction

The Covid-19 pandemic is crippling Cambodia's economy, with 2020 GDP possibly witnessing a negative growth rate of 2.9 percent, the lowest figure since 1994.<sup>1</sup> To flatten the recession, the Cambodian government has embarked on an expansionary fiscal policy to forestall the public health and socioeconomic impacts of the pandemic. So far, the positive assessment from the World Health Organisation (WHO) and the prevention of community transmission of Covid-19 have arguably been a key national health success. However, regarding the economic target, the fiscal response could be complicated by Cambodia's limited fiscal capacity and the vast informal sector. The risks of this fiscal response are also explored, focusing on Cambodia's deficit and debt conundrum. Nevertheless, despite certain Covid-19 paradoxes, the possibility of fiscal reform is discussed; crucially the formalisation of Cambodia's vast informal economy. Thus, the paper explains why having a transparent and forward-looking fiscal response is of the utmost importance. The paper starts by offering a theoretical discussion of fiscal policy followed by an overview of Cambodia's public finance and fiscal policy. Then the paper discusses Covid-19's impact on Cambodia, with an emphasis on the tourism sector and garment industry before moving on to an assessment of Cambodia's fiscal response. Policy recommendations are then offered.

## II. Understanding Fiscal Policy

Fiscal policy refers to government's intervention to adjust the economy, using expenditure and taxation. The government can influence a country's macroeconomics either by increasing or decreasing levels of taxation and public expenditure to influence aggregate demand, which covers savings, investments and income distribution. Government spending can be financed by tax, money printing, borrowing and asset selling. When the economy suffers from a recession, the government uses expansionary fiscal policy; that is, increasing expenditure and cutting taxes to stimulate aggregate demand. However, during an episode of inflation, contractionary fiscal policy is endorsed by decreasing expenditure and raising taxes to reduce the aggregate demand.

Government revenue can be current and capital. Current revenue is the money generated on a regular and daily basis, most of which comes from taxation; the capital revenue is the money mobilised on an irregular or once-off basis, e.g., the sale of state assets or foreign borrowing.<sup>2</sup>

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1 World Bank. "Country Summaries and Key Indicators." World Bank, 2020. <https://www.worldbank.org/en/country/cambodia/overview>.

2 International Monetary Fund. "Guidelines for Fiscal Adjustment - How Should the Fiscal Stance Be Assessed?" International Monetary Fund. Accessed August 19, 2020. <https://www.imf.org/external/pubs/ft/pam/pam49/pam4902.htm>.

Similarly, Government expenditure can be current and capital. Current expenditure is money spent by the government on a regular or ongoing basis, the majority of which involves the provision of daily public services, e.g., wages of public servants; the capital expenditure is the spending on once-off projects or infrastructure that have long-term benefits for the country economy, e.g., bridges.<sup>3</sup>

Fiscal balance refers to the differences between revenue and expenditure in a fiscal year. A surplus occurs when the balance is positive – and a deficit when it is negative. Fiscal balance can be measured based on the overall fiscal balance, or the current fiscal balance. Notably, the current fiscal balance represents the difference between current revenue and current expenditure, providing a measure of the government's contribution to national savings. When positive, it indicates that the government can, at least, finance consumption from its own revenue.

A deficit is different from debt. The deficit means government earning is outpaced by spending in a given year; surplus is the opposite. Debt is derived from the accumulation of deficits. According to Keynesian economics, although a deficit is fiscally undesirable, it is acceptable, because, in the long run, the deficit would be offset by a surplus when the economy returns to equilibrium.<sup>4</sup> Put simply, if a country's economy grows well, a surplus will be generated to compensate for the deficit, thus mitigating the growth of debt. However, if the economy grows slowly, the deficit increases, causing more borrowing to finance the shortfall, which then might turn into debt .

Fiscal management refers to the government's ability to manage expenditure and raise adequate levels of tax revenue.<sup>5</sup> Good fiscal policy should include five characteristics.<sup>6</sup> First, it should supply public goods that support welfare and long-term economic growth. Second, it should entail low borrowing (good credit). Next, it should involve prudent budgeting to avoid a deficit, while stimulating public and private investment. Lastly, it should help to stabilise the economy. To achieve these goals, are required fiscal rules for a budget transparency process and an independent fiscal institution.<sup>7</sup> The fiscal rules limit the government from how much tax and spending it can press for. The budget transparency process demands that the government

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3 Ibid.

4 Keynes, J. M. "The General Theory of Employment." *The Quarterly Journal of Economics* 51, no. 2 (1937): 209–23. <https://doi.org/10.2307/1882087>.

5 Stewart, Miranda. "Fiscal Polkcy, Globalisation and Development." Crawford School of Public Policy, 2020

6 Murray, Alasdair, and Giles Wilkes. "Fiscal Rules Ok." The British Library, 2007, London, UK.

7 Stewart, Miranda. "Fiscal Polkcy, Globalisation and Development." Crawford School of Public Policy, 2020.

publicise its budget and legal documents. The independent fiscal institutions then play a key role in monitoring government spending which is essential for good governance that in turn contributes to the improvement of economic development and the economic growth of a country.<sup>8</sup> To put the above fiscal theories and principles into practice, Cambodia's fiscal policy is briefly discussed next.

### III. Cambodia's Public Finance and Fiscal Policy

In principle, Cambodia's fiscal policy design seems to endorse some elements of good fiscal policy. Its public expenditure targets domestic savings, investment and the efficient allocation of resources. Furthermore, regarding fiscal discipline, Cambodia has made some progress, particularly in terms of transparency. For instance, fiscal budgeting and planning information, as well as budget review, are regularly published on the MEF's website.<sup>9</sup> Still, 'the lack of comprehensive capital budgeting somewhat distorts the picture, preventing a complete measurement of execution performance'.<sup>10</sup> There is also a need for an independent fiscal audit (besides the existing National Auditing Authority) and dedicated outreach that better facilitates public access to the government's fiscal policy reports.

Achieving fiscal balance is one of the government's fiscal objectives. Cambodia's fiscal goals include maintaining a sustainable fiscal balance with a gradual expansion of the budget. This is achieved by limiting and rationalising public expenditure while enlarging the tax base, curbing leakages and enhancing the tax administration to collect more revenue. These efforts have produced notable fiscal success in recent years. For instance, concerning the current fiscal balance, Cambodia has enjoyed a rising surplus. As shown in table 2 below, Cambodia's current fiscal revenue relative to GDP rose from 16.78 in 2016 to 22.08 percent in 2018, compared to the current expenditure, 12.72 and 16.48 percent; the success attributed to Cambodia's noticeable tax reforms.<sup>11</sup> The tax to GDP ratio was 17.5 percent in 2018, compared to 15.78 in 2017.<sup>12</sup> Consequently, the government's deposition increased to 15 percent of the GDP in 2018.<sup>13</sup>

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8 Ibid.

9 World Bank. "Improving the Effectiveness of Public Finance: Cambodia Public Expenditure Review." World Bank, 2019.

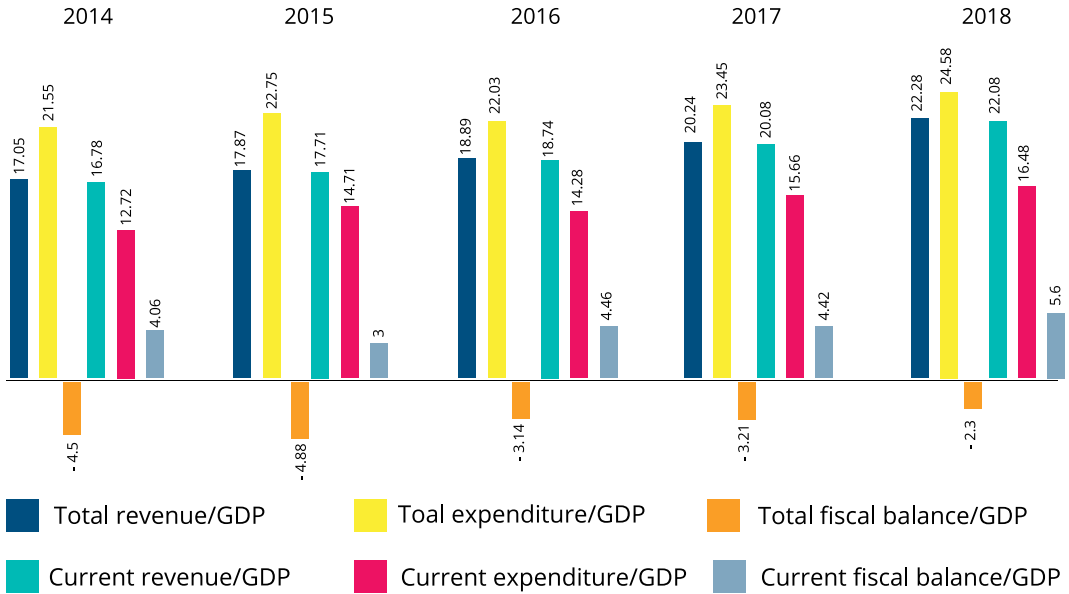
10 World Bank. "Cambodia - Joint Bank-Fund Debt Sustainability Analysis." World Bank, 2019. <http://documents.worldbank.org/curated/en/517691549645264694/Cambodia-Joint-Bank-Fund-Debt-Sustainability-Analysis-2018-Update>.

11 World Bank. "Improving the Effectiveness of Public Finance: Cambodia Public Expenditure Review." World Bank, 2019.

12 World Bank. "Improving the Effectiveness of Public Finance: Cambodia Public Expenditure Review." World Bank, 2019.

13 International Monetary Fund. "Recent Developments, Outlook and Risk." International Monetary Fund, 2020. <https://www.imf.org/~media/Files/Publications/CR/2019/1KHMEA2019001.ashx>.

Table 1: Cambodia's total vs current fiscal balance from 2014 to 2018



Source: World Bank Group, <http://documents1.worldbank.org/curated/en/843251556908260855/pdf/Cambodia-Economic-Update-Recent-Economic-Developments-and-Outlook.pdf> (2020)

However, looking at the total fiscal balance reveals a different story. According to table 1 above, concerning the total fiscal balance, Cambodia's revenue outpaced expenditure. In 2018, the total expenditure was 24.58 percent of GDP compared to 22.28 percent of revenue, thus resulting in a 2.3 percent deficit. Furthermore, although this deficit declined from 4.5 to 2.3 percent between 2014 and 2018, respectively, fiscal concerns remain. A considerable amount of Cambodia's capital revenue is funded by grants, accounting for 1.5 percent of GDP in 2018 compared to 2.5 percent in 2016.<sup>14</sup> With grants expected to fall, achieving a total fiscal balance could be particularly challenging, requiring further fiscal reforms, especially regarding taxation.<sup>15</sup> Table 2 below illustrates the World Bank's projection of Cambodia's fiscal policy (before Covid-19).

14 World Bank. "Improving the Effectiveness of Public Finance: Cambodia Public Expenditure Review." World Bank, 2019.

15 Ibid.

**Table 2: Cambodian fiscal projection before Covid-19**

Fiscal	2016	2017	2018	2019	2020	2021
Revenue (% of GDP)	20.7	21.4	22.3	21.2	21.6	22.0
Expenditure (% of GDP)	22.1	23.1	24.2	23.9	23.6	23.6
Overall Fiscal Balance (% of GDP)	-1.4	-1.6	-1.9	-2.6	-2.0	-1.6
Primary Fiscal Balance (% of GDP)	-1.0	-1.2	-1.5	-2.1	-1.5	-1.1
General Government Debt (% of GDP)	29.1	30.3	30.6	30	30.1	31.1

Source: World Bank Group, Cambodia Economic Update, 2019, 53, <http://documents1.worldbank.org/curated/en/843251556908260855/pdf/Cambodia-Economic-Update-Recent-Economic-Developments-and-Outlook.pdf>

## IV. Covid-19's Impact on Cambodia's Economy: Garment Industry and Tourism Sector

Tourism and the garment industry have been the dominant drivers of Cambodia's economy, representing 16 and 12 percent of the 2019 GDP respectively.<sup>16</sup> The fall of these industries as a result of Covid-19 has considerable socioeconomic consequences. Note that around 700,000 Cambodians are employed in the garment and footwear industry (or around 941,000 if workers in travel goods are included), compared to an estimated 600,000 in the tourism sector. In 2019, Cambodia earned around USD 4.9 billion, welcoming nearly 6.6 million international travelers. As a result of the Covid-19 pandemic, Cambodia's revenue loss from the tourism sector could range between USD 346 million to USD 856 million.<sup>17</sup> Like the tourism sector, the garment industry has also been decimated. As of July 2020, out of a total of 708 garment and footwear factories, 400 are reportedly closed, with around 150,000 (out of a total 660,000) workers currently laid off.<sup>18</sup>

Unemployment and income losses are critical. The layoff in the garment industry and tourism sector would have adverse direct and indirect spillover effects. A single worker in the garment

16 Chhut, Bunthoeun. "Tourism Sector to Lose over \$850 Million, Warns the ADB." Khmer Times, 2020. <https://www.khmertimeskh.com/699917/tourism-sector-to-lose-over-850-million-warns-the-adb/>.

17 Sorn, Sarath. "Tourism 'May Take 7 Years to Recover.'" Khmer Times, August 5, 2020. [https://www.khmertimeskh.com/50752225/tourism-may-take-7-years-to-recover/](https://www.khmertimeskh.com/50752225/tourism-may-take-7-years-to-recover/Schill, Andrea. )Schill, Andrea. "New Opportunities for Cambodia?" ILO Better Factories Cambodia, 2019. [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_714915.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_714915.pdf).

18 Khmer Times. "400 Factories in Cambodia Suspend Operations, Affecting over 150,000 Workers Due to Covid-19." Khmer Times (blog), 08 2020. <https://www.khmertimeskh.com/50740479/400-factories-in-cambodia-suspend-operations-affecting-over-150000-workers-due-to-covid-19/>.

industry could earn around USD 245 per month when in full employment.<sup>19</sup> Almost 2.6 million Cambodians have outstanding loans from microfinance institutions, valued at a total of USD 10 million. The country also has a high rate of micro-loan financing, estimated at USD 3,804 per person, almost twice that of GDP per capita.<sup>20</sup> An accumulated credit to these individuals could be a grey rhino (impactful yet negligent) to Cambodia's economy as a whole when borrowers cannot pay the debt.

### V. Cambodia's Fiscal Response to Covid-19

The Cambodian government said it had reserved up to a USD 2 billion in order to set up a stimulus package to mitigate Covid-19 related impacts.<sup>21</sup> The immediate fiscal response is oriented towards the prevention and containment of Covid-19, with the Ministry of Health being given USD 70 million.<sup>22</sup> Also, a cash transfer program has been established to support the hard hit tourism and garment industries. Laid-off workers in the garment industry receive USD 70 per month – USD 40 paid by the Government and the rest by garment employers. Suspended workers in the tourism sector would get only USD 40.<sup>23</sup> At the same time, to support poor households affected by the pandemic, the government has also allocated USD 25 million per month in a cash transfer program through ID poor program. Families designated as IDPoor 1 and the IDPoor 2 who live in Phnom Penh and other cities will obtain USD 30 per month. Those living in rural areas will get USD 20 per month.<sup>24</sup> Next, the government is disbursing low-interest loans to support SMEs.<sup>25</sup> The government also announced different tariff and tax concessions. Employers in garment-related industries are entitled to a tax holiday until the end of the year, in addition to a deferral tax payment for the aviation and tourism sector, and suspension of stamp duty tax on property.

Cambodia's fiscal response to Covid-19 targets health and economic fallout. Concerning the health objective, Cambodia has arguably done very well. As of August 14, Cambodia confirmed

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19 Sen, David. "Only Half of Workers Receive Out-of-Work Subsidies." Khmer Times (blog), May 28, 2020. <https://www.khmertimeskh.com/50728074/only-half-of-workers-receive-out-of-work-subsidies/>.

20 Hutt, David. "Cambodia Poised to Be Big Covid-19 Loser." Asia Times, 2020. <https://asiatimes.com/2020/05/cambodia-poised-to-be-big-Covid-19-loser/>.

21 Kann, Vicheika. "Cambodian Government Allocates Up to \$2 Billion for Economic Fallout from Coronavirus." VOA, 2020. <https://www.voacambodia.com/a/cambodian-government-allocates-up-to-2-billion-dollars-for-economic-fallout-from-coronavirus/5322557.html>.

22 Amarthalingam, Sangeetha. "Making Sense of Cambodia's Covid-19 Budget." Phnom Penh Post, 2020. <https://www.phnompenhpost.com/special-reports/making-sense-cambodias-Covid-19-budget-0>.

23 Sen, David. "Each Laid-off Worker to Get \$70 a Month." Khmer Times, 2020. <https://www.khmertimeskh.com/710752/each-laid-off-worker-to-get-70-a-month/>.

24 Phal, Sophanith. "Cash Relief Programme for Poor Households Reaches 94 Percent in First Phase." Khmer Times, July 21, 2020. <https://www.khmertimeskh.com/50746829/cash-relief-programme-for-poor-households-reaches-94-percent-in-first-phase/>.

25 International Monetary Fund. "Policy Responses to COVID19." IMF, 2020. <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-Covid-19>.



a total of 273 Covid-19 cases; 225 has recovered and there are no deaths.<sup>26</sup> The key success nevertheless has been centered around Cambodia's prevention of the community transmission, which has earned a positive assessment from the World Health Organization and World Bank. Still, concerning the economic objective, recent reports seem to suggest that areas for improvements are plentiful. For example, the scope of the cash transfer for formal workers appears to be narrowed and its delivery of the cash transfer for suspended workers has been questioned. More than 150,000 workers in the garment industry are reportedly laid off as a result of 400 factory closures.<sup>27</sup> Similarly, over 3000 tourism establishments are closed, resulting in over 110,000 job losses.<sup>28</sup> However, only around 58,000 workers in both sectors have received liquidity support.<sup>29</sup> Also, as of 20 July, 530,000 of 560,000 households had reportedly received the government's cash transfer, amidst a report by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in Cambodia that there are two million Cambodians so far registered for the ID poor program.<sup>30</sup> The next section further explores the economic challenges facing Cambodia in its fiscal response to Covid-19.

## VI. Fiscal Challenges: Limited Fiscal Space and the Informal Sector

There are three main challenges to Cambodia's Covid-19 fiscal response. The first is the country's vast informal sector. In 2019, nearly 82 percent of Cambodians aged over 15 were employed, yet over 80 percent of them are in the informal sector.<sup>31</sup> Although the government's cash transfer program can help workers in the garment industry and tourism sector, they represent only a fraction of the labour force. For instance, the garment industry accounts for only around 10.7 percent of the total employment.<sup>32</sup> Furthermore, with 95 percent of an estimated 510,000 SMEs unregistered, the government's fiscal support through wage subsidies or tax expenditure might struggle to reach them.<sup>33</sup> In addition, a sizable informal sector could

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26 Khann, Chanvirak. "Cambodia Records 15 New Covid-19 Cases, Bringing Tally to 266." Khmer Times, August 11, 2020. <https://www.khmertimeskh.com/50753826/cambodia-records-15-new-covid-19-cases-bringing-tally-to-266/>.

27 Dickison, Michael, and Sokhorn Nhim. "EU Says Cambodia Should 'Restore Political Freedoms' as Tariffs Kick In." VOD (blog), August 12, 2020. <https://vodenglish.news/eu-says-cambodia-should-restore-political-freedoms-as-tariffs-kick-in/>.

28 Sorn, Sarath. "Tourism 'May Take 7 Years to Recover.'" Khmer Times, August 5, 2020. <https://www.khmertimeskh.com/50752225/tourism-may-take-7-years-to-recover/>

29 Lay, Sopheavatey, and Vantha Phoung. "More than 130,000 Cambodians Affected as 256 Factories Suspend Operations." Cambodianess. Accessed June 12, 2020. <https://cambodianess.com/article/more-than-130000-cambodians-affected-as-256-factories-suspend-operations>.

30 Phal, Sophanith. "Cash Relief Programme for Poor Households Reaches 94 Percent in First Phase." Khmer Times, July 21, 2020. <https://www.khmertimeskh.com/50746829/cash-relief-programme-for-poor-households-reaches-94-percent-in-first-phase/>.

31 World Bank. "Cambodia's Future Jobs: Linking to the Economy of the Tomorrow." World Bank, 2019. <http://documents.worldbank.org/curated/en/224811567668159930/pdf/Main-Report.pdf>.

32 Ibid.

33 Pisei, Hin. "Ministry: SMEs Vital to Economy, but 95% Not Registered." Phnom Penh Post, 2020. <https://www.phnompenhpost.com/business/ministry-smes-vital-economy-95-not-registered>.

also reduce the stimulatory effect of Cambodia's fiscal tools. A case in point is that a tax cut on the payroll in Cambodia might not benefit low-income households in the informal sector. Provided they spend extra income, this could reduce not only the effectiveness of the stimulus but also make the stimulus less equitable. In a nutshell, Cambodia's vast informal economy means conventional fiscal tools could be less suitable.

Second, Cambodia's limited fiscal space generates significant fiscal dilemmas. For instance, how much to spend, what, and whom to spend on. Therefore, despite a call for help from everyone, it seems that not everyone might be considered. This pandemic has caused a unique impact of tightening fiscal space in developing countries;<sup>34</sup> thus, such tradeoffs are not exclusive to Cambodia.

Finally, given the above challenges, the temporary cash support for garment and tourism workers, as well as ID poor program for poor people seem most suitable for assisting the masses in Cambodia. However, experience suggests that these programs could be notoriously bureaucratic and prone to malpractice. For example, to get liquidity support in the cash transfer case, there needs to be a lengthy bureaucratic process and coordination between the Ministry of Labor and employers. More reports are also emerging, highlighting alleged failures and irregularities of the delivery of liquidity support for garment and tourism workers, as well as cash transfer through ID poor for poor households. For example, more than 700 workers protested the failure of the cash transfer.<sup>35</sup> Other reports highlighted that workers had received only USD 30 despite government's promise of USD 70. Furthermore, who gets to identify the poor and how the poor are identified remain a major challenge facing the ID poor program. Also, the identification process depends heavily on political party agents, community chiefs. Concerns arise from their capability to identify the poor and political impartiality. Recent reports appear to highlight just that - more than 6000 families were revoked from the ID poor program after the discovery of fraud.<sup>36</sup>

## VII. Fiscal Risks

Like many developing countries, Cambodia might need fiscal support from developed countries or the international financial institutions to cushion the far-reaching impacts of the Covid-19

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34 Organisation for Economic Cooperation and Development. "Tax and Fiscal Policy in Response to the Coronavirus Crisis: Strengthening Confidence and Resilience - OECD." <https://www.oecd.org/ctp/tax-policy/tax-and-fiscal-policy-in-response-to-the-coronavirus-crisis-strengthening-confidence-and-resilience.htm>, 2020. <https://www.oecd.org/ctp/tax-policy/tax-and-fiscal-policy-in-response-to-the-coronavirus-crisis-strengthening-confidence-and-resilience.htm>.

35 Danielle, Keeton-Olsen, and Sokun Khut. "As Workers Block Road, Industry Groups Ask EU to Delay EBA Pullout." Voice of Democracy, 2020. <https://vodenglish.news/as-workers-block-road-industry-groups-ask-eu-to-delay-eba-pullout/>.

36 Khann, Chanvirak. "IDPoor Cards Revoked from 6,000 Families over Discovery of Fraud." Khmer Times (blog), July 20, 2020. <https://www.khmertimeskh.com/50746782/idpoor-cards-revoked-from-6000-families-over-discovery-of-fraud/>. Over 6,000 families from the first two rounds of IDPoor registration were found to have manipulated their socio-economic status to benefit from the government-funded cash aid scheme, the Ministry of Planning said yesterday.

pandemic. While borrowing seems understandable, inherent fiscal risks should be considered. Cambodia's current public debt remains manageable but sustained external shocks could quickly darken this outlook, making Covid-19 particularly ominous, since large external shocks are exactly what this pandemic has caused. A fiscal deficit is acceptable if a country can prevent it from accumulating into unsustainable debt. Before the Covid-19 pandemic, Cambodia was a case in point.

The pandemic will lead to a sharp fall in revenue and a dramatic rise in expenditure, thereby weakening Cambodia's position to manage its deficit and debt. In 2020, Cambodia could experience its highest fiscal deficit, 9 percent of GDP in the last 22 years with public debt expected to surge to 35 percent of the GDP by 2022.<sup>37</sup> Relative to the 40 percent debt threshold as advocated by international standards, this anticipated 2022 debt figure still seems manageable; however, quite considerable is that, of the total Cambodian public debt – 99.96 percent (USD 7,6 billion) is external. Even more concerning, politically, is that half of the debt is owed to one country – China.<sup>38</sup> For some, owing too much to China could make the country precariously dependent on this rising power.

Well-intended policy choices could result in adverse or unintended consequences. Fiscal tools such as deferral tax and tax cuts would be a good example. In fact, the problem does not lie within these fiscal tools per se; however, in Cambodia, concerns centre around the limited capacity of the tax administration to quickly manage the tax deferral. What is critical is that these fiscal interventions, especially in times of a crisis, are highly vulnerable to fraud and abuses if poorly administered.<sup>39</sup> In Cambodia, such risks could result in eroded tax compliance and thus falling revenue – now or in the future. Furthermore, under financial stress, tax units are incentivised to move their activities to an underground economy in the absence of the government's monitoring.<sup>40</sup> That, too, means a potential revenue loss for Cambodia.

## VIII. Fiscal Opportunity: Formalisation of the Informal Economy

Despite its paradoxes, the Covid-19 pandemic brings fiscal opportunities, which the Cambodian government may harness. The pandemic intensifies liquidity constraints on informal businesses. Therefore, these informal businesses could accept the formalisation if entry conditions and

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37 Ibid.

38 World Bank. "Cambodia - Joint Bank-Fund Debt Sustainability Analysis." World Bank, 2019. <http://documents.worldbank.org/curated/en/517691549645264694/Cambodia-Joint-Bank-Fund-Debt-Sustainability-Analysis-2018-Update>.

39 Organisation for Economic Cooperation and Development. "Tax and Fiscal Policy in Response to the Coronavirus Crisis: Strengthening Confidence and Resilience - OECD." <https://www.oecd.org/ctp/tax-policy/tax-and-fiscal-policy-in-response-to-the-coronavirus-crisis-strengthening-confidence-and-resilience.htm>, 2020. <https://www.oecd.org/ctp/tax-policy/tax-and-fiscal-policy-in-response-to-the-coronavirus-crisis-strengthening-confidence-and-resilience.htm>.

40 Bird, Richard M, and Pierre-Pascal Gendron. "Is VAT the Best Way to Impose a General Consumption Tax in Developing Countries?," 2006, 10.

benefits are presented. While supporting them now means more expenditure, the Cambodian government can think of future benefits, particularly tax revenue. With 95 percent of SMEs in Cambodia currently unregistered, the potential revenue to be gained is very significant.<sup>41</sup> Beyond this visible revenue are long-term implications for Cambodia's growth. The government should ramp up efforts to legalise the underground economy because its formalisation would promote tax equity, growth and better governance. For example, tax compliance fosters good governance and political accountability by strengthening relations between government and the public.<sup>42</sup>

However, political, financial and administrative constraints could inhibit Cambodia from realising this fiscal ambition. Ultimately, fiscal policy is inherently political. Widening tax units and bases could be unfavored if deemed politically unpopular. Such challenges are magnified in a country with poor governance. Because good governance fosters tax morale and compliance, whilst bad one results in the opposite.<sup>43</sup> This seems quite relevant in Cambodia, where delivering good governance, though improving, remains a work in progress. Beyond this political hurdle is the technical and financial feasibility. Fiscal reforms should be considerate of the country's fiscal capability. In Cambodia, formalising the informal economy, especially in the Covid-19 crisis, could substantially increase the government's already-constrained expenditure following the Covid-19 pandemic's impacts. Also, the formalisation process could overwhelm the tax administration.

Still, amidst these challenges, Covid-19 seems to present a fiscal turning point for Cambodia to make a major decision. Cambodia could choose to avoid the reform, continuing its current development and fiscal strategy. Alternatively, it can pursue a bold reform, legalising its large informal economy. Although the costs might be considerable, the benefits could outweigh the costs. The next section explores fiscal policy options of which the Cambodian government may adopt to overcome the above challenges of this formalisation.

## IX. What Fiscal Approach Should Cambodia Take?

Unlike a textbook economic recession, the Covid-19-caused recession involves demand, supply and financial shocks at the same time, indicating that a conventional fiscal stimulus might be less effective. The Conventional fiscal policy advises that to mitigate the demand shock, the government should spend more. This might not work in the Covid-19 crisis. Regardless of

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41 Pisei, Hin. "Ministry: SMEs Vital to Economy, but 95% Not Registered." Phnom Penh Post, 2020. <https://www.phnompenhpost.com/business/ministry-smes-vital-economy-95-not-registered>.

42 Joshi, Anuradha, Wilson Prichard, and Christopher Heady. "Taxing the Informal Economy: The Current State of Knowledge and Agendas for Future Research." *The Journal of Development Studies* 50, no. 10 (October 3, 2014): 1325–47. <https://doi.org/10.1080/00220388.2014.940910>.

43 United Nations Economic and Social Commission of the Asia Pacific. "Economic and Social Survey of Asia and the Pacific 2017: Governance and Fiscal Management," 2017. <https://www.unescap.org/publications/economic-and-social-survey-asia-and-pacific-2017>.

income, people would rather stay at home for their own safety. Similarly, on the supply side, the closures of firms and disrupted materials for production due to the pandemic, worsened by low consumption, means firms cannot produce goods and services. In Cambodia, the Covid-19 caused recession has been felt very hard. Given Cambodia's fiscal limits, fiscal tradeoffs are certainly inevitable, underlining the utmost importance for Cambodia to arrange and prioritise its fiscal response in the short, medium and long term.

### **X. Short-term**

Containment and economic recovery are central to Cambodia's Covid-19 response. Only when the pandemic is brought under control, can the recovery take place. Therefore, first and foremost is to continue financial support for the health sector. For Cambodia, more expenditure should be oriented towards the strengthening of healthcare capabilities, for example, testing equipment, masks and medical gears for healthcare workers. Given Cambodia's fiscal constraints, the government may explore cooperation with private firms specialising in producing those medical supplies. Regarding technical and medical expertise, Cambodia may seek experience and advice from overseas, particularly the WHO. For instance, in the end, Cambodia needs to ease restrictions and lockdowns to restart its economy, necessitating a balancing act. We cannot eradicate the risks posed by the Covid-19 pandemic, but reducing them could be possible. For Cambodia, a recovery roadmap is critically essential. Experience, knowledge and advice from the WHO are necessary to endure a well-informed recovery.

A specific government institution should be tasked to develop a recovery roadmap that should be consistent and predictable but flexible in terms of sub plans. Note that the risks of easing the restrictions too soon or too much can be significant. The 1918 Spanish flu tells us that the second wave of the outbreak was extremely deadly. Given the financial, technical and capacity constraints facing Cambodia, prevention is better than cure, thus in part explaining Cambodia's heavy restrictions placed on travelers arriving in Cambodia to deter imported cases of Covid-19.

Equally important is the support for households and firms. The scope of household grants and wage subsidies should be expanded. The rich and the poor alike will feel the effects of Covid-19, yet the burden is disproportionate. Everyone needs help (equality), but not the same help is needed (equity), thus targeted energy and housing subsidies are essential, assisting the households most affected and vulnerable. Similarly, a school feeding program should be established to support students, primarily in rural areas, during school closures. Understandably, at this point, information about who most needs the support can be limited and identifying means to support them can be difficult. The implication is that we cannot be right but only less wrong. For implementation, Cambodia should establish a national committee assisted by local networks to identify those targeted households. Crucially, coordinated actions are required to ensure consistency in the measures implemented. Again, history suggests that such programs could cause great confusion and often are prone to corruption and misuse; therefore, central

and local call centres should be established to answer public inquiries. Also, the names of those who receive household grants and wage subsidies should be publicised to strengthen transparency and deter corruption.

In supporting businesses, tax concessions and cuts should be continued. However, in mitigating fiscal risks, particularly tax compliance, Cambodia's tax administration is advised to address the issue on risk-based measures. This includes regular monitoring and identifying businesses that have good or bad tax payment histories through indicators of tax compliances (for businesses that have yet to register, the tax administration might initiate this); for example, late filings and tax evolution arrears. The process could be strengthened through the establishment of dialogue between the tax administrator and taxpayers, arguing that this could contribute to a tax compliance culture. The establishment of the conversation platform, e.g., online website, mobile apps, telephone or social media, that allows taxpayers to complain or tax administration to give advice.

Similarly, if borrowing is inevitable, the Cambodian government shall ensure a regular disclosure of risks associated with financial instability. As earlier discussed, over half of Cambodia's public external debt is owed to China, underpinning that diversification is ultimately key to future borrowings, such as loans and aid, which should endorse terms or conditions of international practices. Furthermore, how much the government should borrow should be carefully formulated, communicated and publicised, so that any fiscal risks could immediately be drawn to attention and thus discussed in a timely fashion. This borrowing could increase the fiscal deficit, which, if left unchecked, could legitimately threaten Cambodia's long-maintained and hard-earned fiscal discipline. Separately, in terms of credit risks to individuals, the government, through the National Bank of Cambodia, is advised to ramp up efforts to provide financial literacy, while strengthening the need for sound practices of individual borrowing. Most prominently, in mitigating predatory lending, more rules and regulations should be reinforced as well.

## **XI. Medium and Long-Term**

Cambodia should also think of medium and long-term fiscal planning because Covid-19 related socioeconomic impacts could be profound and long-lasting. First of all, a primary assessment of Covid-19 socioeconomic effects is vital. In addition to finding out which sectors are most impacted, the question should centre around who is the most affected. Based on this assessment, the government might formulate some economic scenarios useful for precipitating and adapting to changing Covid-19 caused risks.

Ultimately, efficiently allocating scarce resources is crucial for Cambodia. To maximise its expenditure, where possible, Cambodia should incorporate elements of the country's development policies into its Covid-19 fiscal response. For example, skills training should be strengthened to help unemployed workers so that they could reintegrate into the economy in a post-Covid-19 crisis. Such a program, while minimising long-term loss of human capital,

also aligns with Cambodia's economic diversification strategy. In fact, overreliance on China concerning the garment and tourism sectors make Cambodia vulnerable to external shocks. The Covid-19 pandemic highlights this perfectly. Alternatively, the Cambodian government may also spend more on building the country's resilience to health risks. That includes expenditure aimed at fostering and modernising the health sector, ensuring that this sector is well equipped to fight Covid-19 specifically – and addressing Cambodia's struggling healthcare system in general.

The earlier section discussed the possibility for Cambodia to formalise the informal economy. Political challenges aside, there are fiscal directions it may follow. The World Bank states that 'currently, tax incentives in Cambodia are not being used to achieve national objectives such as supporting innovation, linking the domestic private sector to global value chains, training workers, or focusing on higher value-added sectors'.<sup>44</sup> That implies that Cambodia should first aim at formalising businesses whose operations could contribute to the further development of Cambodia; for example, the formalisation of the businesses that produce public goods such as education and infrastructure – or ones that can absorb considerable labour, particularly agriculture.

Tax compliance needs to be simplified in addition to tax incentives. In the case of Cambodia, informal SME owners willing to register could receive the government's liquidity support and tax benefits (tax holiday now and tax concessions in the future). Also, they can reclaim a tax refund if their business revenue does not reach a minimum tax threshold. To avoid confusion, the needed tax requirements and incentives should be updated and published both in Khmer and English. Notably, instead of rolling out this formalisation nationwide, the process should be incremental. That can be a useful experiment through which the Cambodian government can examine what works and thus should be scaled up – and what does not and should be disregarded; helping the government to avoid large scale failures and costs.

For all these recommendations to work, having a transparent, predictable and consistent fiscal response is of the utmost importance. In a time of crisis, public and legislative oversight on the government's spending is going to be reduced. However, the Cambodian government shall ensure that the public is kept informed of the country's fiscal directions. What sectors, what programs, and how much the government would spend on should be regularly publicised. For the government, doing so is useful in exchange for public support and legitimacy. Besides, having a transparent Covid-19 fiscal response could help deter misuse of the state's resources and corruption. More broadly, transparency and accountability are crucial for trust-building which in turn is fundamental in a time of crisis management, especially a time of radical

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44 World Bank. "Improving the Effectiveness of Public Finance : Cambodia Public Expenditure Review." World Bank, 2019. <http://documents.worldbank.org/curated/en/387991561557367581/pdf/Improving-the-Effectiveness-of-Public-Finance-Cambodia-Public-Expenditure-Review.pdf>.

uncertainty like Covid-19. This is because, during the crisis, the absence of trust and confidence could worsen outcomes – for example facilitating panic buying, and bank runs. Put simply, the sooner Cambodians feel comfortable going about their lives, the better the health of Cambodia's economy.

## XII. Conclusion

Cambodia's fiscal response to the Covid-19 pandemic through increased spending and tax cuts seems appropriate to its fiscal capability and economic structure. Against the health objective, the prevention of the Covid-19 community transmission and substantial outbreak (as yet) has been the key success; however, Cambodia's fiscal constraints and large informal sector are significant hurdles to the economic target. Despite Covid-19's economic paradoxes, there could also be fiscal opportunities (tax revenue in particular) for the Cambodian government if it aims to formalise the informal economy.

As demand for more fiscal spending is anticipated to flatten the Covid-19-caused recession, what to spend on, how much spending, and how to spend will be a question of fiscal tradeoffs, underlining the importance of having forward-looking fiscal planning and prioritisation. Decisive moves on border closures and a timely nation lockdown have arguably helped Cambodia prevent a 'health crisis', as noted by World Bank.<sup>45</sup> Fiscal support for employers and employees in the garment and tourism sector, and cash transfers to poor households have contributed to the mitigation of the economic impacts. Furthermore, recent policy moves by the government to promote domestic tourism and revitalise the agricultural sector are particularly prudent, as these sectors could hold the key to Cambodia's economic recovery and beyond. Tourism, for example, offers means for SMEs, formal or informal, to thrive in this difficult time.

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45 World Bank. "Cambodia in the Time of Covid-19: Economic Update." Phnom Penh: World Bank, 2020. <http://pubdocs.worldbank.org/en/357291590674539831/pdf/CEU-Report-May2020-Final.pdf>.







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# COVID-19, VULNERABILITIES, AND THE EFFECTS ON INFORMAL ECONOMY IN CAMBODIA

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## I. Introduction

As of July 2020, the number of Covid-19 infections surpassed 17 million cases worldwide, with the death toll reaching 600,000, and 210 countries and territories infected.<sup>1</sup> While vaccine testing and development is still underway, national governments have responded with full or partial lockdowns while practicing social distancing at the individual level to curb transmission, affecting more than 5 billion people. Of those, 1.6 billion informal workers were estimated to bear the cost of halving their income, especially in lower- and low-income countries.<sup>2</sup> Women, in particular, are generally over-represented in the most hard-hit sectors such as in the entertainment and tourism industries.

Although Cambodia reportedly had just 240 cases with no casualty over the same period, the Cambodian government has taken a high level of precautionary measures including extensive contact tracing, temporary suspension of foreign visas, travel restrictions, cancelling the Khmer New Year celebrations, temporary school and business closures, amongst others. Exacerbated by major disruption to global supply chains and demand shocks of Cambodia's key economic sectors, particularly tourism, garment and construction sectors, many people, especially those in the informal economy, have been tremendously affected or are in a risky situation vis-a-vis unemployment, underemployment and reduced revenue, and are consequently facing deepening poverty. An estimate of 390,000 people in Cambodia will lose their jobs, and the poverty rate is projected to increase from 11 percent to 15 percent this year alone.<sup>3</sup> These economy-wide structural impacts will likely push more people into the informal sector which is already quite overstretched. In 2017, 93.3 percent of Cambodia's labour force was employed in the informal sector, the highest figure in the ASEAN region.<sup>4</sup> In response, the Cambodian government has taken a number of mitigation measures to ease the negative impacts of Covid-19 including but not limited to, an emergency cash transfer program to poor and especially vulnerable groups, measures to assist impacted businesses with tax exemptions, and the economic reopening of selected sectors.

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1 Worldometer. 2020. Reported Cases and Deaths by Country, Territory, or Conveyance. Accessed August 3, 2020. <https://www.worldometers.info/coronavirus/>.

2 ILO. 2020a. COVID-19 crisis and the informal economy: Immediate responses and policy challenges. Policy Brief, ILO.

3 ADB. 2020. Asian Development Outlook: Supplement June 2020. Manila: Asian Development Bank; Fresh News. 2020. Senior official at MEF: Poverty rate rises amid Covid-19 pandemic (Unofficial translation). July 8. Accessed July 10, 2020. <http://freshnewsasia.com/index.php/en/localnews/164678-2020-07-08-08-45-10.html?fbclid=IwAR1onDa5YcarLtDvrazh3X8svzNp4k8ZwSBeBHaFuDKUVkanPmBCs8B3jW8>.

4 ILO. 2019. Extension of social security to workers in informal employment in the ASEAN region. Bangkok: International Labour Organization.

This paper aims to examine the key characteristics of informal workers in Cambodia; assess the socio-economic impacts of Covid-19 on the informal economy; evaluate existing policy responses; and propose policy options to assist informal workers at a more systematic level.

## II. Definition and Characteristics of Informal Workers in Cambodia

The International Labor Organization (ILO) introduced and popularized the term ‘informal sector’ or ‘informal economy’ about 50 years ago to denote paid and unpaid activities and businesses that are not registered, regulated and protected by the public authorities.<sup>5</sup> People whose primary jobs are dependent on this sector are called “informal workers”. By nature, they generally do not have secured employment contracts, employment benefits, social protection or workers’ representation.<sup>6</sup>

By the above definition, the informal sector consists of all forms of ‘informal employment’ that operates without social and labour protection, including both self-employment in small unregistered enterprises and wage employment in unprotected jobs.<sup>7</sup> This also means the sector is highly heterogeneous as regards the scales, forms, activities, and actors.<sup>8</sup> The informal economy represents a large, and in some countries, a growing share of employment—82 percent in South Asia, around two-thirds in sub-Saharan Africa and East and Southeast Asia, and over half in Latin America.<sup>9</sup> The share of the informal workforce has also grown in most developed countries in recent years.<sup>10</sup>

### Key features of the informal economy in Cambodia

This paper employed the conceptual framework developed by Chen (2007) to examine the key characteristics of the informal economy in Cambodia, including its significance and permanence, the continuum of economic relations, segmentation, and legality of the informal economy.

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5 ILO. 2003. Guidelines concerning a statistical definition of informal employment. International Labour Organization; Bangasser, Paul E. 2020. The ILO and the informal sector: an institutional history. Employment Letter: 2000/9, Geneva: International Labour Organization.

6 Ibid., 5.

7 Chen Martha Alter. 2007. Rethinking the Informal Economy: Linkages with the Formal Economy and the Formal Regulatory Environment. DESA Working Paper No. 46.

8 Adoho, Franck and Djeneba, Doumbia. 1997. Informal sector heterogeneity and income inequality: Evidence from the Democratic Republic of Congo. Society for the Study of Economic Inequality.

9 Chen, Martha, Chris Bonner, and Françoise Carré. 2015. Organizing Informal Workers: Benefits, Challenges and Successes. UNDP Human Development Report Office.

10 Vanek, J, M Chen, F Carré, J Heintz, and R Hussmanns. 2014. Statistics on the Informal Economy: Definitions, Regional Estimates and Challenges. Cambridge, Massachusetts: WEIGO Working Paper (Statistics) Number 2.

**Significance and permanence:** The informal economy was once perceived as a marginal or peripheral sector found largely in traditional, less advanced economies and thus would become insignificant and die with modern, industrial economies.<sup>11</sup> However, growing evidence from the last few decades has disproved such a conventional belief, suggesting that the sector is growing and is a permanent—not a short-term—phenomenon, and is a feature in all forms of economies, including capitalist and traditional societies, irrelevant of economic growth.<sup>12</sup> Glancing into Cambodia, despite robust economic development and transformation of economic structure over the past decades, the share of the informal sector appears to remain critically significant at 90 percent in 2005<sup>13</sup> and 93.3 percent in 2017, respectively.<sup>14</sup> In terms of scale, the informal sector in Cambodia provides between 60 percent and 80 percent of the Gross Domestic Product.<sup>15</sup>

**Continuum of economic relations:** Employment in the production and distribution of goods and services tends to fall at some point on the continuum between pure 'formal sector' businesses that are registered and protected and pure 'informal sector' that are unregistered and unprotected, while many of them are in between the continuum.<sup>16</sup> Depending on the circumstances, workers and businesses usually move along the continuum at varying speed and ease and/or operate on different continuums at the same time. In other words, formal and informal economies are often linked sophisticatedly. In Cambodia, many formal enterprises (i.e., in the construction and garment industries) have strong production and distribution relations with informal companies through either direct transaction in supplying intermediary and finished goods and services or through sub-contractual arrangements. In some other instances, formal workers or civil servants in Cambodia supplement their income with other afterwork, seasonal or temporary employment. Consider, for example, a full-time high school teacher in Phnom Penh who provides private tutoring in the evening, or a garment worker who does cleaning services at the weekend. Even in formal enterprises, some workers are hired informally without a contract. ILO estimated that such a non-binding arrangement accounted for approximately 15 percent of Cambodia's total employment share in 2017 (Figure 1).

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11 Straub, S. 2005. "Informal economy: The credit market channel ." *Journal of Development Economics* 78: 299-321; Heinonen, Ulla. 2008. *The hidden role of informal economy: Is informal economy insignificant for Phnom Penh's development?* Helsinki: World and Development Publications - Helsinki University of Technology, 123-132.

12 Ibid., 7.

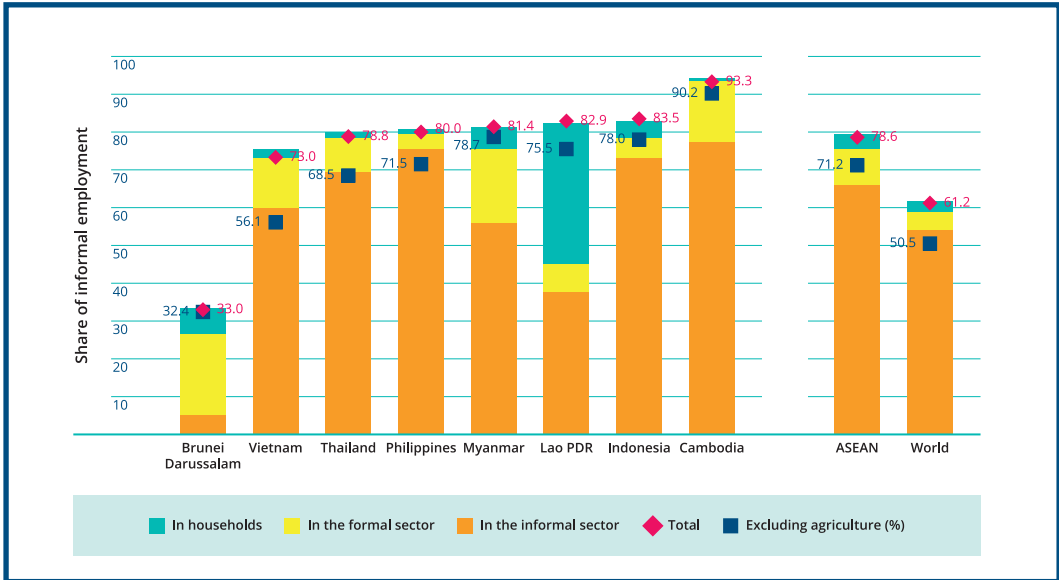
13 Nuth, Monirath. 2005. *The Informal Economy in Cambodia: An Overview*. Phnom Penh: Economic Institute of Cambodia.

14 Ibid., 4.

15 Ibid., 13.

16 Ibid., 7.

**Figure 1: Informal employment outside agriculture (% of total employment) in the informal, formal, and household sectors in selected ASEAN countries in 2017.**



Source: ILO (2019)

**Segmentation:** In terms of employment, Cambodia’s informal sector is comprised of a wide array of activities such as survival or subsistence occupations, the self-employed in micro- and small-and-medium enterprises (MSMEs) as well as other waged and unpaid workers in formal and informal business entities.<sup>17</sup> In Cambodia, they can be segmented into three categories—informal wage workers, self-employed and own-account workers, and domestic and household workers.

Informal wage workers usually earn modest hourly, daily, weekly or monthly wages from formal or informal enterprises. Typical occupations include street cleaners, construction workers and female entertainment workers. Self-employed and own-account workers in urban areas include, for example, self-operators of tuk-tuk and motor-taxi drivers, street vendors, hairdressers, shoe-shiners, tailors and street-level vehicle mechanics while employment under this category in rural settings includes farmers and handicraft producers, among others. Domestic and household workers include caretakers, housewives and domestic workers.

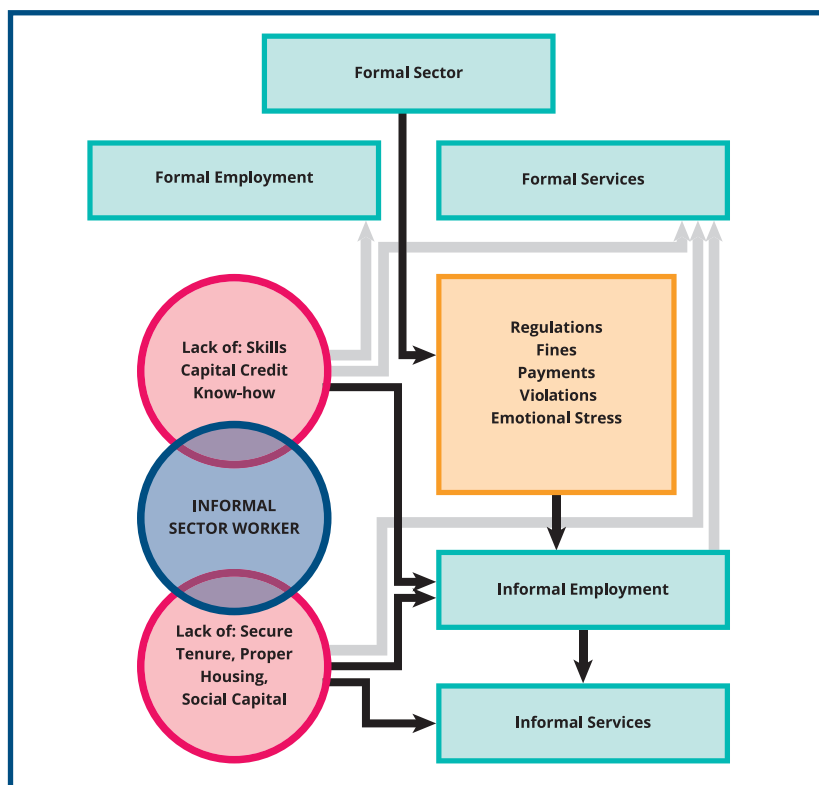
**Legality or Semi-Legality:** Previously, a generally accepted assumption was that informal business owners choose to remain informal because they want to avoid registration and thus do not have to fulfill legal compliances including tax obligations. However, evidence suggests this

17 EIC. 2006. Decent Work in the Informal Economy in Cambodia: A Literature Review. Bangkok: International Labour Organization Office.

assumption is not absolute. First, many informal workers/business owners operate semi-legally and illegally because the regulatory environment is too complicated, too punitive or non-existent. Second, many informal activities do not generate adequate economic outputs, employment or income to fall into the tax brackets.<sup>18</sup>

Figure 2 presents the challenges of a typical impoverished informal worker trying to attain a formal employment in the capital, Phnom Penh. Many of them live in slums, without access to land tenure, basic sanitation, proper housing or public services.<sup>19</sup> Neither do they have adequate skills required in the limited, and competitive formal employments, nor do they possess sufficient capital, know-how and resources to start a proper business, to access low-interest rate credit, and to register their businesses.<sup>20</sup> Thus, informality is, in most instances, not a freedom of choice but reflects a lack of opportunities and socio-economic hindrances to integrate into the formal economy.

Figure 2: Challenges faced by informal workers in urban Cambodia



Source: Heinonen (2008)

18 Ibid., 7.

19 Heinonen, Ulla. 2008. The hidden role of informal economy: Is informal economy insignificant for Phnom Penh's development? Helsinki: World and Development Publications - Helsinki University of Technology, 123-132.

20 Ibid., 19;17.

The ILO has developed four indicators to constitute the “decent work deficit,” facing informal workers everywhere including Cambodia,—that are employment, rights, social protection, and representation.<sup>21</sup> Informal activities are often subjected to a wide range of potential issues including extortion, harassment and fines by public authorities since they have no legal rights recognized by the labour laws, nor can they access social and employment protection, occupational safety and health standards.<sup>22</sup> Bribes for street-level bureaucrats (i.e., police and market inspectors) are also common, especially for micro-enterprises and street vendors, affecting their livelihood and eliciting emotional stress.<sup>23</sup> As there are very few informal economy unions<sup>24</sup> and most of the informal workers are rarely organized, the lack of representation usually hinders their ability to negotiate with public authorities compared with those in the formal economy.<sup>25</sup>

### III. The Effects of Demand Shocks and Containment Measures on the Informal Sector

Perhaps the global demand shocks of key Cambodia’s export industries and domestic containment measures are the two major factors affecting the informal workers in Cambodia. In particular, the Covid-19 crisis has instigated demand shocks in Cambodia regarding the garment industry, foreign direct investment, and tourism. Representing over two-thirds of Cambodia’s total export, the garment industry has been substantially hit by the pandemic due to the decline of the global demand especially in the US and the European Union to where 52 percent of its garment exports were destined in 2019.<sup>26</sup> Garment export dropped by 5.4 percent to USD 3.78 billion in the first half of 2020.<sup>27</sup> Consequently, about 130 garment and footwear factories (12 percent of total) have suspended operations since mid-April, laying off nearly 100,000 workers.<sup>28</sup> As regards the foreign direct investment (FDI) inflows, which have gone largely into the construction sector in recent years, have also experienced similar contraction. According to the National Bank of Cambodia, FDI inflow into real estate declined by 24 percent while fell by 8 percent in the first six months of 2020.<sup>29</sup> The third major growth engine—tourism which accounted for 18.7 percent of GDP in 2019—seems to be

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21 ILO. 2004. Reducing the decent work deficit in the infrastructure and construction sectors. Turin: International Labour Organization.

22 Ibid., 13; 17; 19.

23 Ibid., 19.

24 In Cambodia, some more organized informal economy associations/unions include, for example, the Independent Democracy of Informal Economy Association (IDIEA) and Cambodian Association for Informal Economy (CAIE).

25 Ibid., 13.

26 World Bank. 2020. Cambodia Economic Update: Cambodia in the Time of Covid-19. Phnom Penh: World Bank.

27 Chan, Sok. 2020. Exports rise in value, lower imports. July 30. Accessed August 20, 2020. <https://www.khmertimeskh.com/50749966/exports-rise-in-value-lower-imports/>.

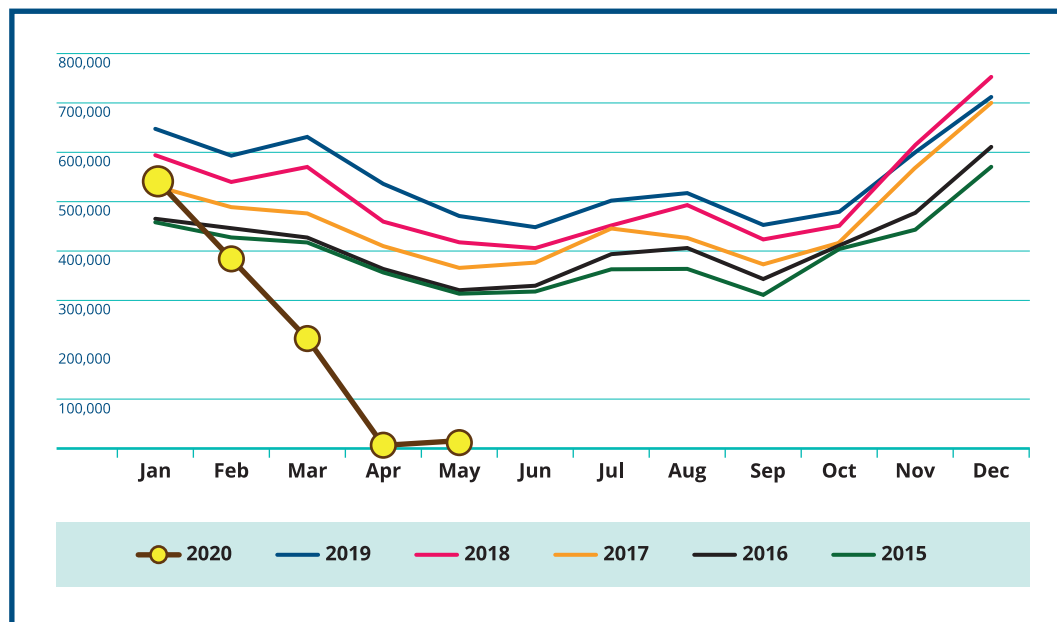
28 Ibid., 26.

29 Boken, Jason. 2020. Property sector sees more development projects taking shape. August 26. Accessed August 28, 2020. Property sector sees more development projects taking shape.



affected most severely because of the prolonged international travel restrictions, fear among prospective tourists, and internal lockdowns. During the first two months of 2020, tourist arrivals contracted by 25.1 percent and by 99.6 as of April.<sup>30</sup>

**Figure 3: International Tourist Arrivals to Cambodia**



Source: Tourism Statistics Department, Ministry of Tourism (2020)

These external demand shocks have been deteriorated by strict containment measures in Cambodia. As the country began to register a substantial increase in Covid-19 cases while the global infection rates did not abate, the Royal Government of Cambodia (RGC) increasingly exercised stricter containment, precautionary measures, most notably starting from mid-March 2020. In particular, on 16th March, the government shut down public and private schools before quickly proceeded to businesses, many of which employed informal workers, including karaoke bars, clubs, beer gardens, cinemas, and casinos while simultaneously preventing public gatherings such as concerts and religious gatherings.<sup>31</sup> In March, Cambodia banned travel entry from six viral Covid-19 affected countries, namely the United States, Spain, Italy, Iran, Germany, and France,<sup>32</sup> and later in that month, Cambodia and its neighbors also unilaterally closed borders

30 Ibid., 26.

31 Kann, Vicheika. 2020. Government to continue school and business closures despite no new cases for 22 day. May 4. Accessed May 10, 2020. <https://www.voacambodia.com/a/government-to-continue-school-and-business-closures-despite-no-new-cases-for-22-day/5404166.html>; US Mission in Cambodia. 2020. Covid-19 information. July 12. Accessed July 30, 2020. <https://kh.usembassy.gov/covid-19-information/>.

32 Medina, Ayman Falak. 2020. Cambodia lifts entry ban on six countries. June 12. <https://www.aseanbriefing.com/news/cambodia-lifts-entry-ban-six-countries/>.

to prevent more imported cases.<sup>33</sup> Despite the low number of cases in the country as of March 2020, the RGC assessed the novel global pandemic as still of “high risk”, and then, on 28th March, suspended the e-visa and visa-on-arrival programs until further notice. In early April, Cambodia took another major step in cancelling the Khmer New Year holiday (to be celebrated in mid-April) to prevent people from travelling and stop mass gatherings at religious sites.<sup>34</sup>

Stricter measures followed in May and June. While Cambodia lifted its travel entry bans from the six countries on 20th May, it set tighter travel requirements. Travelers from all countries were required to possess a negative Covid-19 health certificate issued maximum at 72 hours before departure together with a premium health insurance with a minimum coverage of USD 50,000.<sup>35</sup> Then, in June 10th, the authorities announced that foreign travelers will also need to deposit USD 3,000 for Covid-19 service charges at the airport on arrival, including mandatory Covid-19 testing and potential treatment services.<sup>36</sup> Provided that one or more passengers on an arriving flight test positive, all passengers must undergo a 14-day quarantine at a location designated by the Cambodian authorities. If none of the passengers test positive, they will be required to self-isolate for 14 days.

In addition to the government measures, many Cambodian citizens also voluntarily exercise some degree of precautionary measures by limiting their travel, restricting access to dense areas, practicing social distancing, and adhering to health and safety measures.<sup>37</sup> These containment and preventive measures have dramatically affected the employment situations and livelihoods of hundred thousand of informal workers especially their earnings and access to loan capital, food security, health and safety. Of those, women and children are among the most vulnerable segments.

### Direct and knock-on effects on livelihoods

The first major consequence for informal workers is reportedly a decline of primary income due to business closures, unemployment, underemployment, and the decline of sales volume and other main sources of livelihood. According to a recent survey conducted by Future Forum and Angkor Research,<sup>38</sup> between January and April 2020, the average household income has seen a

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33 Sun, Mesa, and Chan Sok. 2020. Cambodia almost sealed off after borders close. March 23. Accessed July 20, 2020. <https://www.khmertimeskh.com/704526/cambodia-almost-sealed-off-after-borders-close/>.

34 Sun, Narin. 2020. Gov't cancels new year holidays, fears spread of virus through the provinces. April 8. Accessed July 25, 2020. <https://www.voacambodia.com/a/gov-t-cancels-new-year-holidays-fears-spread-of-virus-through-the-provinces-/5364158.html>.

35 Ibid., 32.

36 US Mission in Cambodia. 2020. Covid-19 information. July 12. Accessed July 30, 2020. <https://kh.usembassy.gov/covid-19-information/>.

37 Men, Kimseng. 2020. Luck, culture helped Cambodia contain Coronavirus. July 3. Accessed July 20, 2020. <https://www.voanews.com/covid-19-pandemic/luck-culture-helped-cambodia-contain-coronavirus>.

38 The survey was conducted in April in Phnom Penh and four provinces across 10,87 households including key informant interviews

40 percent decrease as a result of business and factory closures, reduced working hours, or a lack of customers. Over the same period, there was also reportedly a decline in remittances of one third from a median amount of USD 150 to USD 100.<sup>39</sup> In separate interviews with 54 village chiefs across the five locations, 1,083 household enterprises (10.5 percent) reportedly closed from January to April.

Informal workers and enterprises in the entertainment and tourism sectors appear to be hit the hardest by the pandemic. According to the Ministry of Tourism, nearly 1,300 entertainment venues such as karaoke parlors, night clubs and entertainment clubs were closed in March, affecting nearly 20,000 workers. But the figure could be higher as there are in fact over 80,000 workers being employed in this sector across the country, according to the Cambodian Food and Service Workers Federation.<sup>40</sup> Likewise, in the tourism industry, about 3,000 tourism enterprises including hotels and restaurants closed operations while many others suspended operations, and 50,000 workers employed in the sector lost their jobs as of July 2020.<sup>41</sup> Other vulnerable informal occupations include street vendors, micro vendors at schools, and transport workers, among others. Tuk-tuk drivers, for instance, were affected by declining transport demand as people restrict their travel. If they do, they tend to use their personal vehicles rather than ride-hailing services for fear of Covid-19 infections. According to informal interviews with street vendors, market sellers and several other informal workers, most of them complained about the substantial decline of income, causing them to struggle to pay rents, debt and other services.

Over the past months, there were demonstrations by informal workers in some key affected industries seeking financial assistance from the government during the time of unemployment. For example, on 25th June, workers in the food and services industry demonstrated and submitted a petition to the relevant state institutions, requesting USD 40 monthly financial assistance from the government during the pandemic.<sup>42</sup>

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with 54 village chiefs to evaluate the impacts of Covid-19 on three types of informal employment (farmers, wage labourers, and micro enterprises).

39 Future Forum; Angkor Research. 2020. Covid-19 Economic Impact Study. Headline Results Brief Round 1 Data Collection. May 2020 . Phnom Penh: Future Forum.

40 Sereywith, Hun. 2020. Entertainment workers seeking help from the government (unofficial translation). June 19. Accessed June 20, 2020. [https://vodkmer.news/2020/06/19/entertainment-worker-asking-help-from-government/?fbclid=IwAR1MocSNPDZwq1CtEdQjtqdSlweKAFPb\\_ribzJmD18ZpeXsT3QaZ11VKDmM](https://vodkmer.news/2020/06/19/entertainment-worker-asking-help-from-government/?fbclid=IwAR1MocSNPDZwq1CtEdQjtqdSlweKAFPb_ribzJmD18ZpeXsT3QaZ11VKDmM).

41 Nai, Ngay. 2020. Covid-19 led to closure of 3,000 enterprises and over 50,000 become unemployed. August 1. Accessed August 1, 2020. [https://thmeythmey.com/?page=detail&id=94255&fbclid=IwAR2sw-0Edk7O1YXcOs4JAp\\_b-V8rL8HlJkjtKAfoIQxii6Gfioa\\_0pRZxU](https://thmeythmey.com/?page=detail&id=94255&fbclid=IwAR2sw-0Edk7O1YXcOs4JAp_b-V8rL8HlJkjtKAfoIQxii6Gfioa_0pRZxU).

42 Sereywith, Hun. 2020. Entertainment workers seeking help from the government (unofficial translation). June 19. Accessed June 20, 2020. [https://vodkmer.news/2020/06/19/entertainment-worker-asking-help-from-government/?fbclid=IwAR1MocSNPDZwq1CtEdQjtqdSlweKAFPb\\_ribzJmD18ZpeXsT3QaZ11VKDmM](https://vodkmer.news/2020/06/19/entertainment-worker-asking-help-from-government/?fbclid=IwAR1MocSNPDZwq1CtEdQjtqdSlweKAFPb_ribzJmD18ZpeXsT3QaZ11VKDmM); Lay, Sopheavatey. 2020. Food and entertainment workers appeal again for government support. June 26. Accessed June 28, 2020. <https://cambodianess.com/article/food-and-entertainment-workers-appeal-again-for-government-support>.

The petition read:<sup>43</sup>

*Workers in the entertainment industry who are unemployed have been trying to find new jobs but have still not been able to find any. They barely have money to buy food. As this pandemic...is still keeping their workplaces closed, all these 169 workers would like to call upon the government to provide them with urgent support.*

While garment workers in the formal economy are likely to receive their monthly allowance of USD 40 during the factory suspension, other sectors, especially in the informal ones, are not entitled to the same unemployment security nor the minimum wage and other benefits.<sup>44</sup>

### **Vulnerabilities to informality and illegal migration**

Those who have lost jobs in the formal economy during the pandemic are likely to be prone to become illegal immigrants (amid border closures) or underemployed in informal activities as an income coping strategy. Due to the global demand shock of Cambodia's garment products, many garment and footwear factories have shut down and about 400 suspended their operations by mid-2020, leaving 150,000 workers unemployed.<sup>45</sup> Although unemployed and suspended workers have received modest financial assistance from the government and their employers, the assistance packages are generally not sufficient to make a decent living and pay back their debts.<sup>46</sup> As a result, they tend to take on informal jobs to earn additional income to support their families, putting more pressure on the already overwhelming informal economy in terms of the percentage of total labour share.

This trend is exacerbated by the rising unemployment rates in other services and manpower industries such as tourism and construction, and the influx of returning migrant workers from Thailand in recent months. There are approximately 2 million Cambodian migrant workers in Thailand, and about half of them are undocumented.<sup>47</sup> Of those, about 90,000 returned to Cambodia before the border was closed by the Thai government on 23rd March. Those returnees tend to work in the agricultural sector in their hometown or migrate to find employment opportunities in urban areas. For some people, due to the difficulty in finding decent jobs domestically, they have attempted to cross the border to Thailand illegally with facilitation from "local brokers", as

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43 Lay, Sopheavatey. 2020. Food and entertainment workers appeal again for government support. June 26. Accessed June 28, 2020. <https://cambodianess.com/article/food-and-entertainment-workers-appeal-again-for-government-support>.

44 Yon, Sineat. 2020. Cambodian hospitality, tourism workers in dire straits due to pandemic. May 21. Accessed June 20, 2020. <https://www.licas.news/2020/05/21/cambodian-hospitality-tourism-workers-in-dire-straits-due-to-pandemic/>.

45 Fernsby, Christian. 2020. 400 factories in Cambodia suspend operations due to coronavirus. July 2. <https://www.poandpo.com/news/400-factories-in-cambodia-suspend-operations-due-to-coronavirus/>.

46 Joseph, Ben. 2020. Cambodian garment workers struggle to stitch lives together. July 3. Accessed July 20, 2020. <https://www.ucanews.com/news/cambodian-garment-workers-struggle-to-stitch-lives-together/88650>.

47 Bangkok Post. 2020. Closed borders give rise to trafficking in Cambodia. May 28. Accessed June 20, 2020. <https://www.bangkokpost.com/world/1925820/closed-borders-give-rise-to-trafficking-in-cambodia>.

regular venues of recruitment were shutting down during the lockdown.<sup>48</sup> Such an unlawful attempt would expose them to the risk of imprisonment, human trafficking, extortion, and exploitation by brokers and employers.

### Greater exposures to the “missing middle” problem and poverty

Past and current crises have exposed the extreme vulnerability of informal workers to poverty. According to the Cambodia Socio-Economic Survey 2017, a large proportion of middle-income households subsist just above the poverty threshold.<sup>49</sup> External shocks such as loss of employment or a catastrophic unexpected health spending could easily drag them back into poverty as they are not covered by any social protection schemes such as the National Social Security Fund (NSSF), nor are they eligible for an ID poor registry (Equity Card). Technically, this is called the “missing middle” problem faced by most informal workers. Losing income will trigger a profound multiplier effect in the broader economy as the typical low-wage worker, in theory, has a higher propensity to spend than a high-income earner. This in turn may create a vicious poverty cycle in the community. In fact, according to H.E. Mr. Vongsey Visodh, Secretary of State of the Ministry of Economy and Finance, the poverty rate in Cambodia may increase up to 15 percent in 2020, up from 11 percent the previous year due to the Covid-19 pandemic.<sup>50</sup>

The inclination to poverty also poses several socio-economic implications including access to basic needs and the ability to pay back debts. It is estimated that about 2.6 million Cambodians have outstanding microfinance loans worth over USD 10 billion collectively, according to the Cambodia Microfinance Association (CMA). At an average of USD 3,804 microloan debt per borrower, the figure represents over twice Cambodia’s GDP per capita.<sup>51</sup> Because of the Covid-19 outbreak, many people could not pay back their debt and requested loan restructuring. As of May 2020, Cambodia’s microfinance institutions approved loan restructuring to more than 180,000 clients.<sup>52</sup> Meanwhile, there was also a reported uptake of new loans by 11 percent from January to April. Of these, one third were taken to repay other loans or to support daily expenses such as food consumption.<sup>53</sup>

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48 Ibid., 47.

49 NIS. 2018. Cambodia Socio-Economic Survey 2017. Phnom Penh: National Institute of Statistics.

50 Fresh News. 2020. Senior official at MEF: Poverty rate rises amid Covid-19 pandemic (Unofficial translation). July 8. Accessed July 10, 2020. <http://freshnewsasia.com/index.php/en/localnews/164678-2020-07-08-08-45-10.html?fbclid=IwAR1onDa5YcarLtDvrzh3X8svzNp4k8ZwSBeBHaFuDKUvkanPmBCs8B3jW8>.

51 Hutt, David. 2020. Cambodia poised to be big Covid-19 loser. May 12. Accessed July 20, 2020. <https://asiatimes.com/2020/05/cambodia-poised-to-be-big-covid-19-loser/>.

52 Sorn, Sareth. 2020. MFIs approve loan restructuring of more than 180,000 customers. June 4. Accessed July 20, 2020. <https://www.khmertimeskh.com/730390/mfis-approve-loan-restructuring-of-more-than-180000-customers/>.

53 Ibid., 39.

At the macro level, according to the Asian Development Bank's (2020) forecast, Cambodia will experience a negative growth rate of 5.5 percent in 2020 due to the pandemic. The World Bank and the International Monetary Fund had a more moderate estimate at -1 and -1.7 percent, respectively.<sup>54</sup>

### Exposure to health and safety risks

"To die from hunger or from the virus" is the legitimate dilemma faced by many informal economy workers amid the pandemic.<sup>55</sup> Most informal workers are self-pressured to remain in business despite fear of a Covid-19 infection and without proper health and safety measures in place. Although the cost of treatment of Covid-19 is currently being covered by the Cambodian government, most informal workers tend to have higher occupational health and safety risks as they have neither access to medical care nor social and employment protection and income security if they fall sick. Sickness would incur out-of-pocket payment, making them vulnerable to indebtedness or selling productive assets, plunging them deeper into poverty.<sup>56</sup>

### Women and children at higher risks

In low- and lower-middle-income countries, women are more likely to be exposed to informality and are in a more vulnerable situation than that of their male counterparts.<sup>57</sup> In Cambodia, for example, 54.6 percent of informal workers are women, many of whom are employed in vulnerable categories of work such as domestic workers and do an average of two extra hours of work per day than men.<sup>58</sup>

According to Figure 5, the vulnerabilities of women in the informal economy in Cambodia follows a similar trajectory to those in other countries, whereby men tend to be over-represented in the top segment and women largely in the bottom segments.<sup>59</sup>

During the Covid-19 outbreak, the sudden closure of the entertainment industry such as karaoke clubs and beer gardens, whose workers are mostly women, has left many women unemployed and with no alternative livelihood options. Some have been facing food shortages and debt repayment burdens, and experienced evictions for their inability to pay rent.<sup>60</sup>

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54 Ibid., 26.

55 Ibid., 2.

56 Ibid., 19; 2.

57 Ibid., 2.

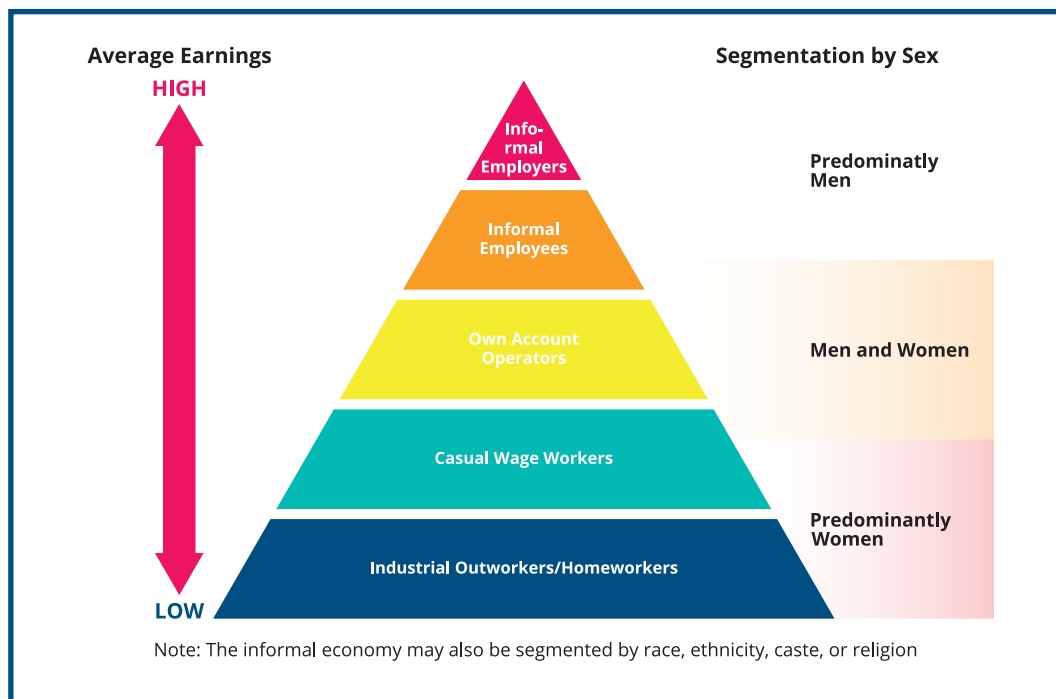
58 Ibid., 4.

59 Ibid., 7.

60 Ros, Sokunthy. 2020. Women workers in Cambodia under the COVID pandemic. May 7. Accessed June 20, 2020. <https://focusweb.org/women-workers-in-cambodia-under-the-covid-pandemic/>.

Similarly, school closures have intensified the workload and child-care responsibilities for many women which unfavorably affect their economic participation, productivity and earnings.<sup>61</sup>

Figure 5: Segmentation of the informal economy



Source: Chen (2007)

The following anecdote of a former waitress at a beer garden talking to a journalist during a recent protest may provide more insights into this issue.

*Since my workplace closed, I have been unemployed. Now I wash dishes, peel garlic and wash clothes for other people in exchange for a small daily wage. Sometimes I earn 10,000 riels, sometimes 5,000 riels<sup>62</sup> and on some instances cannot even afford a daily meal. Sometimes I need to skip breakfast or dinner. I cannot afford milk for my child, so now I just feed him porridge water.<sup>63</sup>*

The effects on children are also noteworthy. The loss of income, worsening poverty and school closures has the potential to trigger a sharp rise in child labour, high school dropout and

61 Moussié, Rachel, and Silke, Staab. 2020. Three ways to contain COVID-19's impact on informal women workers. May 18. Accessed June 2020, 2020. <https://data.unwomen.org/features/three-ways-contain-covid-19s-impact-informal-women-workers>.

62 One USD is equivalent to about 4,000 riels

63 Ibid., 42.

lower enrollment rates, especially for girls.<sup>64</sup> Additionally, they risk experiencing neglect, violence, abuse and child marriage which can have a long-term impact on their lives.<sup>65</sup>

## IV. Mitigation Measures Concerning the Informal Sector

The Cambodian government has taken several measures to mitigate the impacts of Covid-19. This chapter discusses three of them that are most applicable to the informal sector in Cambodia, i.e. the emergency cash transfer program, business tax exemption, and economic reopening/relaxation.

### Emergency cash transfer program

Having been first operationalized in June 2020, the Cash Transfer Program for Poor and Vulnerable Households is the most prominent of the government's Covid-19 response instruments, aimed at assisting the most affected and vulnerable households with temporary cash assistance. In the first round, about 560,000 households (covering approximately 2.3 million people) were eligible to receive a cash-based transfer per household of USD 20 in rural areas and USD 30 in Phnom Penh, with more benefits for additional household members, families with the elderly, people with disabilities, HIV positive, pregnant women and kids under five years old.<sup>66</sup> The program draws on the existing ID Poor database of the Ministry of Planning (MoP) while the cash transfer operation is managed by the Ministry of Social Affairs, Veterans and Youth Rehabilitation (MoSAVY). In addition, the program also features the "On Demand ID Poor" component, allowing those who recently fell into poverty, including because of Covid-19, to apply for financial assessment via their commune councils, village chief or a local NGO representative to determine their eligibility for cash transfers without having to wait for the regular three-year poverty listing circle.<sup>67</sup> As of May, over 50,000 additional households were added to the registry for the first round of fund transfer. The second round of on-demand ID poor list found over 50,000 additional households to be eligible, bringing the total number to 610,000 households.<sup>68</sup>

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64 Ibid., 2.

65 UNICEF. 2020. COVID-19 Cash Transfer Programme helping families with the most basic needs. July 27. Accessed July 30, 2020. <https://www.unicef.org/cambodia/stories/covid-19-cash-transfer-programme-helping-families-most-basic-needs>.

66 Phoung, Vantha. 2020a. Hun Sen Warns against officials abusing the pandemic relief fund. June 30. Accessed July 15, 2020. <https://cambodianess.com/article/hun-sen-warns-against-officials-abusing-the-pandemic-relief-fund/>; Yeang, Sothearin. 2020. ID Poor vs. Covid-19. June 22. Accessed June 30, 2020. <https://focus-cambodia.com/article/id-poor-vs-covid-19/>.

67 UNICEF. 2020. COVID-19 Cash Transfer Programme helping families with the most basic needs. July 27. Accessed July 30, 2020. <https://www.unicef.org/cambodia/stories/covid-19-cash-transfer-programme-helping-families-most-basic-needs/>; Yeang, Sothearin. 2020. ID Poor vs. Covid-19. June 22. Accessed June 30, 2020. <https://focus-cambodia.com/article/id-poor-vs-covid-19/>.

68 Oeung, Bunthorn. 2020. Ministry found over 4,000 families cheated to get ID poor (Unofficial translation). July 17. Accessed July 25, 2020. <https://www.rfi.fr/km/%E1%9E%80%E1%9E%98%E1%9F%92%E1%9E%96%E1%9E%BB%E1%9E%87%E1%9E%B6-%E1%9E%9F%E1%9E%84%E1%9F%92%E1%9E%82%E1%9E%98-%E1%9E%80%E1%9E%BC%E1%9E%9C%E1%9E%B8%E1%9E%8A%E1%9>



The government has reserved about USD 40 million for the relief fund for an initial period of two months, with a possible extension if the situation does not abate.<sup>69</sup> As of July 2020, over 90 percent of the eligible 560,000 poor families received a cash transfer in the first round, equivalent to over USD 23 million. Despite its significant Covid-19 mitigation effectiveness, the scheme also comes with some critiques. Some residents claimed they are denied an Equity Card due to discrimination or alleged nepotism by local authorities although they are in fact living in extreme poverty.<sup>70</sup> The Prime Minister Hun Sen recently warned taking serious action against any local authorities who commit corrupt actions during the listing process.<sup>71</sup> According to the MoP, in July, over 4,000 households were found not to be poor yet ironically possessed an Equity Card, but their cards have now been revoked.<sup>72</sup>

### Tax exemptions

The Cambodian government has also provided monthly tax exemptions to businesses impacted by the Covid-19 crisis especially in the tourism industry whereby many informal workers are being employed. In particular, in a notification issued on 25th February, the Ministry of Economy and Finance (MEF) exempted registered entities that operate business activities related to hospitality and accommodation in Siem Reap from paying all monthly taxes for four months from February to May 2020.<sup>73</sup> Tax exemptions were later also extended to the aviation industry to stimulate the tourism industry, according to a government press release on 31st March.<sup>74</sup> Due to the ongoing Covid-19 crisis, on 26th May, the government decided to extend the tax exemption to the tourism and aviation industries for another two months. Additionally, the government also agreed to reduce the withholding tax rate on loans from local and overseas lenders from 14 to 15 percent to 5 percent for new loans and 10 percent for existing loans to encourage deposits and liquidity for the banking industry.<sup>75</sup> These stimulus measures aim at keeping affected businesses as well as their staff in operation and thus reducing their risks of falling into the informal economy. However, the tax exemption is provided only to a few, specific industries while many other affected industries such as entertainment and construction, whose workers operate mostly informal, have not been granted any relief fund or tax exemption packages.

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69 Ibid., 66.

70 Phoung, Vantha. 2020b. Education Ministry Greenlights Reopening of 20 Private Schools. July 22. Accessed July 30, 2020. <https://cambodianess.com/article/education-ministry-greenlights-reopening-of-20-private-schools>.

71 Ibid., 70.

72 Ibid., 68.

73 DFDL. 2020a. Cambodia Update: Relief provided for businesses affected by COVID-19 and EBA. February 23. Accessed June 2020, 2020. <https://www.dfdl.com/resources/legal-and-tax-updates/cambodia-update-relief-provided-for-businesses-affected-by-covid-19-and-eba/>.

74 DFDL. 2020b. Cambodia Tax Update: Additional Tax Relief Provided for Businesses Affected by COVID-19. April 1. Accessed July 20, 2020. <https://www.dfdl.com/resources/legal-and-tax-updates/cambodia-tax-update-additional-tax-relief-provided-for-businesses-affected-by-covid-19/>.

75 Khim, Sivila, and Bunhuy, Lee. 2020. Additional tax relief in the fourth round of stimulus measures to respond to the ongoing Covid-19 pandemic. May 29. Accessed July 2020, 2020. [http://www.vdb-loi.com/kh\\_publications/additional-tax-relief-in-the-fourth-round-of-stimulus-measures-to-respond-to-the-ongoing-covid-19-pandemic/](http://www.vdb-loi.com/kh_publications/additional-tax-relief-in-the-fourth-round-of-stimulus-measures-to-respond-to-the-ongoing-covid-19-pandemic/).

## Economic reopening and relaxation

There are three promising signs economic reopening is kickstarting on a gradual and cautious basis. First, international flights from major economies such as the US and Germany, except from Indonesia and Malaysia—recently determined to be Covid-19 high-risk countries—are allowed entry to the kingdom following temporary bans.<sup>76</sup> However, as discussed in Section III, stricter safety, health and financial requirements have been enforced to contain the spread of infections. Second, schools have recently been allowed to reopen in three stages.<sup>77</sup> In the first stage, 20 private schools with high safety standards were allowed to reopen on 1st August. If successful, the education ministry will assess the feasibility of Phase two and three for school reopenings. Third, entertainment businesses were recently given the green light to resume operations on the condition that they apply for permission to become restaurants and abide by high health and safety standards.<sup>78</sup> These signs will give hope to many desperate informal workers to get back to work and regenerate their sources of income.

## V. Moving Forward

Striking for the right balance is usually difficult as regards assistance to tax-paying formal business entities on the one hand and impoverished informal workers on the other hand. Yet, amid the catastrophic Covid-19 pandemic, no one should be left behind or starve to death as PM Hun Sen often reiterated. Looking into the future, this chapter suggests two structural interventions that could be leveraged to assist informal workers as well as to revitalize the broader economy: Sector-specific interventions and economy-wide interventions.

### Sector-specific interventions

Both formal and informal sectors present a high degree of heterogeneity; policy interventions should be therefore designed to address the very diverse characteristics, needs and circumstances of workers and economic units. By far, only the hospitality, aviation, banking and garment industries have been assisted. The Cambodian government may consider sector-specific rescue plans both for affected formal and informal sectors in other areas. Regarding the formal economy, as ILO (2020) noted, measures to mitigate the downfall of the formal economy, especially MSMEs are critically important to prevent further “informalization”, especially those on the verge of informality that could easily shift to the informal economy in order to survive.

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76 New Strait Times. 2020. Cambodia bans flights from Malaysia, Indonesia. July 27. <https://www.nst.com.my/world/region/2020/07/611887/cambodia-bans-flights-malaysia-indonesia>.

77 Ibid., 70.

78 The Star. 2020. Phnom Penh karaoke bars to reopen as Cambodia controls Covid-19. July 07. Accessed July 20, 2020. <https://www.thestar.com.my/aseanplus/aseanplus-news/2020/07/07/phnom-penh-karaoke-bars-to-reopen-as-cambodia-controls-covid-19>.

Similarly, specific bailouts or rescue plans should also be developed in consultation with relevant stakeholders especially those who are working closely with the impoverished informal workers such as the informal sector unions and associations. The plans should lay out mechanisms to help informal workers maintain their employment or shift toward better skill-based employment opportunities.<sup>79</sup> Construction workers, for example, may need skill and reskilling training whereas street vendors may need to secure their locations and access preferential loans to resume their businesses. In Mexico, for instance, low-interest rate loans of USD 1,000 are being provided to microenterprises and informal family businesses affected by the pandemic while in Indonesia, subsidized vouchers are distributed to unemployed informal workers to attend skills and re-skilling programs.<sup>80</sup>

### Economy-wide interventions

Covid-19 has triggered a much stronger call to rethink the mainstream economic approach to the informal economy for its vulnerabilities and flaws.<sup>81</sup> Economy-wide interventions should be therefore holistically integrated to support the informal sectors to formalize yet with a more ambitious agenda—not only for registration and taxation purposes in a traditional sense but also to increase earnings/productivity and access social and employment protection.

Formalization should have the following characteristics:

- 1. Quick and simple registration process.** In June, the Cambodian government launched a business e-registration platform to reduce cost and expedite registration of new businesses and enterprises. The registration now takes an average of eight days instead of three to six months previously.<sup>82</sup> However, from the review of it, the platform seems to target well operated, structured businesses rather than micro or small, informal business units. Moving forward, simple registration platforms for informal workers and enterprises should also be integrated. For example, in Australia, everyone can apply for a unique tax file number and/or an Australian Business Number (ABN) by answering several, quick questions.
- 2. Means-tested tax obligation.** As discussed above, many informal workers usually earn below the tax bracket, so tax obligations should be contingent on disposable income to encourage formalization. While in developing countries like Cambodia, wage or profit is hardly

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79 WIEGO. n.d. Support to Informal Workers During & After Economic Crises. Accessed July 20, 2020. <https://www.wiego.org/support-informal-workers-during-after-economic-crises>.

80 Ibid., 2.

81 Ibid., 79.

82 Thou, Vireak. 2020. Registration of firms soars to 1,687 with online process. August 4. Accessed July 21, 2020. <https://www.phnompenhpost.com/business/registration-firms-soars-1687-online-process>.

recorded in official accounts, innovative measures should be explored to encourage digital or properly recorded transactions for bookkeeping and fair taxation purposes.

**3.** Legal and social protection. Formalization should be an incentive for informal workers to be legally recognized and protected by certain welfare regimes. In so doing, the Cambodian government may consider designing and piloting a voluntary social protection program to address the “missing middle” problem whereby registered workers are encouraged to pay a trivial sum of the monthly contribution to the National Social Security Fund (NSSF) to access decent health insurance and other social protection entitlements. Cooperation with existing e-commerce and ride-hailing companies such as Grab, PassApp, Food Panda and Nham24 should be a feasible entry point.

**4.** Mechanisms to accumulate earnings and productivity growth. Incentives of registration should be extended to help registered workers and companies fine-tune their skills and productivity. A pilot project working with micro-finance institutions to help informal workers access better lending terms or access training opportunities if they register in the tax system, should be explored to encourage formalization.

Despite the indescribable losses and many socio-economic vulnerabilities associated with Covid-19, the pandemic presents a unique opportunity to tackle many underlying structural issues. Having tackled these issues, the post-Covid-19 ‘new normal’ is therefore envisioned to be more inclusive, resilient and robust.

The Covid-19 Relief Fund has garnered strong support and commitment from the international community, for example, foreign embassies, international and local organizations, United Nations agencies, and international lending institutions such as ADB to help the Cambodian government with emergency responses and addressing wider structural issues such as the country's health care system, social assistance and social protection interventions.<sup>83</sup> Government-led collective efforts in partnership with these stakeholders will indeed bring these systematic reforms closer to reality.

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83 Romdoul, Chetra, and Sopheavatey Lay. 2020. Hun Sen: Pandemic relief fund only temporary. June 26. Accessed July 5, 2020. <https://cambodianess.com/article/hun-sen-pandemic-relief-fund-only-temporary>; White, Harrison. 2020. ADB approves \$250 million loan to Cambodia to combat Covid-19. July 8. Accessed July 20, 2020. <https://www.khmertimeskh.com/50742799/adb-approves-250-million-loan-to-cambodia-to-combat-covid-19/>.





Women wearing protective masks stand outside a shopping mall at Tanah Abang textile market

© REUTERS/Willy Kurniawan

# POST COVID-19 ECONOMIC RECOVERY: ASEAN RESILIENCE, ADAPTATION AND GROWTH

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## I. Introduction

There is no doubt that the pandemic has wreaked havoc in the lives and livelihoods of South-east Asian societies. As the ASEAN region grapples with this existential threat, it must face an equally significant challenge – how to mitigate the negative impact of Covid-19. The limitations on physical activities and mobilities have paralyzed economic life in the world's most economically dynamic region. What is troubling is the fact that the end of the pandemic is still nowhere in sight. Thus, the manifestations of its economic consequences are still incomplete. This has raised dire uncertainty on the future economic prospects of Southeast Asia (SEA).

While it might be premature to discuss how the economies of ASEAN can recover from an on-going pandemic, there is value in mapping its various economic impacts. This exercise serves as preliminary input to planning for economic recovery programs as well as building resilience and fostering adaptability in the coming years. On the surface, Covid-19 has demonstrated the glaring economic interconnectedness of economies worldwide, particularly the region's supply chains.

This chapter discusses the preliminary impact of the pandemic on the region's economies and how it has radically undermined decades of economic growth and development in ASEAN. It then proceeds to identify the various national initiatives to reinvigorate the economy of ASEAN member states as well as regional cooperation endeavors within the ambit of the ASEAN Economic Community. This chapter argues that the prospects for economic recovery and resilience within Southeast Asia lie in controlling the pandemic, maintaining economic confidence, and implementing strategic economic stimulus plans. Moreover, domestic politics, the quality of political institutions, and political leadership can undermine even the most well-thought economic recovery packages.

## II. Pre-Pandemic Regional Economic Performance

The ASEAN economy got off to a good start in 2020 given the optimism and confidence of continued economic growth for most of its member-states. The region remained steadfast in implementing the next phase of economic integration through the ASEAN Economic Community (AEC). Moreover, it was predicted that ASEAN stood to benefit from the heightened trade war between China and the United States. The reality is the fact that impact has been uneven since Indonesia, Cambodia, and Vietnam are estimated to experience a negligible effect given the low participation in Chinese global value chains as compared to Malaysia, Singapore, and Thailand who will be more heavily hit by trade war escalation.<sup>1</sup> In addition, even as ASEAN can

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1 Mohamed Aslam. "US-China trade disputes and its impact on ASEAN," *Transnational Corporations Review*, 11:4 (2019), 332-345.

benefit from the trade war due to the relocation of foreign firms from China to ASEAN, China has a big role in manufacturing products. SEA countries are key suppliers for China's imported intermediate and final inputs.

The Japanese investment bank, Nomura Securities predicted that Vietnam stands to gain product orders diverted from China. Indeed, Vietnamese exports to the US in the first five months of 2019 have surged by 36%. The trade war merely expedited a process that was already ongoing, given that FDI inflows for manufacturing in SEA, particularly to Vietnam and Indonesia increased steadily over the past years, as UNCTAD data shows. Moreover, trade and investment diversion to SEA is not guaranteed in the light of the lack of absorptive capacity in the region (poor infrastructure, and logistics network that increases business costs). Furthermore, the US trade war is a move toward protectionism. On May 28, 2019, the US Treasury Department included Vietnam, Singapore, and Malaysia in the watchlist for potential currency manipulation. Countries that have large trade surpluses are also suspects.<sup>2</sup>

### III. The Preliminary Economic Impact of Covid-19 in Southeast Asia

As of June 2020, the projections by the International Monetary Fund (IMF) indicate that the economies of Thailand, Philippines, Malaysia, and Cambodia will be most severely affected or disrupted by the pandemic in terms of lost growth potential.

**Table 1: Gross Domestic Product (GDP) Growth Rate Projections in ASEAN**

Country	Pre-Covid-19	Current	Adjustment
Brunei	4.7	1.3	-3.4
Cambodia	6.8	-1.6	-8.4
Laos	6.5	0.7	-5.8
Myanmar	6.3	1.8	-4.5
Singapore	1.0	-3.5	-4.5
Vietnam	6.5	2.7	-3.8
Indonesia	5.1	-0.3	-5.4
Malaysia	4.4	-3.8	-8.2
Philippines	6.2	-3.6	-9.8
Thailand	3.0	-7.7	-10.7

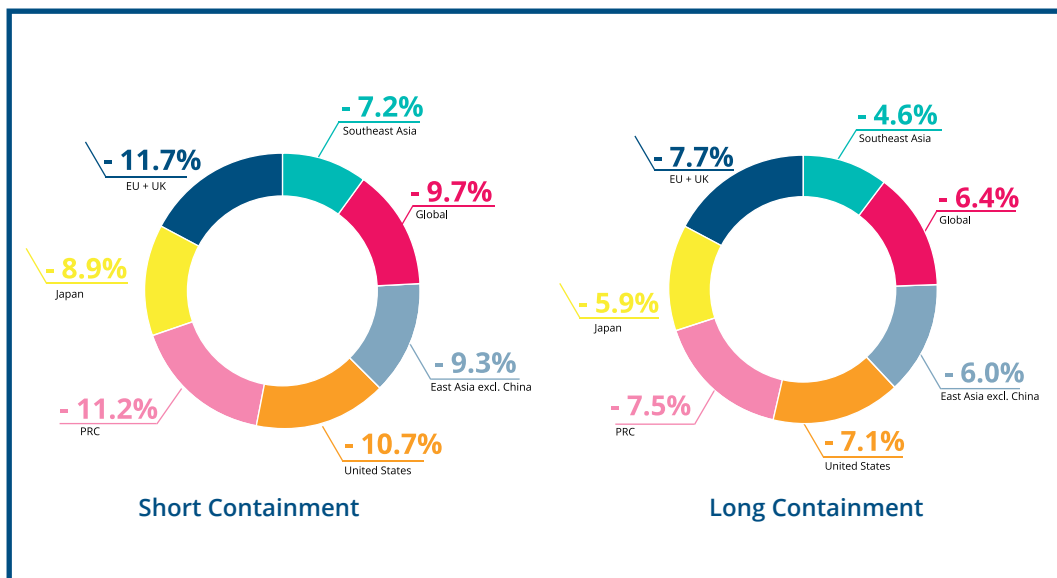
Source: IMF (Projections for Indonesia, Malaysia, Philippines, and Thailand as of June 2020. The rest areas of April 2020)

2 Alec Lei. "Is Southeast Asia Winning the US-China Trade War? Not so fast," The Diplomat, September 5, 2019. <https://thediplomat.com/2019/09/is-southeast-asia-winning-the-us-china-trade-war-not-so-fast/>



Comparatively, SEA is poised to weather the decline in national economic output better than the global average and the East Asian tiger economies. Nonetheless, the region’s economy is expected to fall to US\$163 from US\$253 billion, or 4.6 percent to 7.2 percent of GDP. Figure 2 below shows forecasted GDP as a percentage in a scenario where the world did not experience the Covid-19 pandemic.<sup>3</sup>

Figure 2: Projected GDP: Impact Deviation from Non-Covid-19 Baseline (%)



Source: An Updated Assessment of the Economic Impact of COVID-19, Asian Development Bank (2020)

Various forecasts from the IMF, the ADB, and the World Bank project bleak economic growth rates in 2020. Nevertheless, the IMF and the ADB project a rebound in 2021, meaning the shock will be huge but short term. Vietnam is unique in forecasts as the only ASEAN economy to maintain moderate growth rates a clear dividend of effective containment of the pandemic from the onset.<sup>4</sup> This can be attributed to its very early pandemic containment response compared to other ASEAN member-states.

There are two major economic areas to be affected by Covid-19. First, various quarantine, lock-down, or mobility reduction measures severely slow down consumption, which represents 60

3 Asian Development Bank. 2020. "An Updated Assessment of the Economic Impact of COVID-19," ADB Briefs No. 133. Accessed at <https://www.adb.org/sites/default/files/publication/604206/adb-brief-133-updated-economic-impact-covid-19.pdf>

4 Amy Searight, "The Economic Toll of Covid-19 on Southeast Asia: Recession Looms as Growth Prospects Dim," Center for Strategic & International Studies, 2020. Accessed at <https://www.csis.org/analysis/economic-toll-covid-19-southeast-asia-recession-looms-growth-prospects-dim>

percent of GDP in major ASEAN economies, with the exception of Singapore.<sup>5</sup> A particular sector to be heavily hit by this is tourism. Cambodia, Philippines, and Thailand are the most vulnerable among the ASEAN countries since they have the largest share of GDP, employment, and export revenues from tourism.<sup>6</sup> Neighbors hit by Covid-19 - China, South Korea, and Japan- are among the largest sources of tourists for ASEAN.

The other sector is trade and investment. The biggest economic blocs which are hard hit by the current economic slump: China, US, and the European Union, are ASEAN's biggest trading partners and investment sources. The World Trade Organization (WTO) estimates a decline in global trade between 13 percent to 32 percent, which exceeds the 2008 Global Financial Crisis. The United Nations Conference on Trade and Development (UNCTAD) also anticipates a 40% decline in foreign direct investment. ASEAN's export and import data in April and May 2020 stated that economies plunged by as much as 50 percent.<sup>7</sup>

This compounds the 1.5 percent contraction in total trade in ASEAN in 2019. Furthermore, ASEAN member states adopted trade and trade-related measures during this pandemic. Indonesia, Thailand, and Vietnam have five measures each, Malaysia with three, and Cambodia, Myanmar, the Philippines, and Singapore with two, and Laos with one. Critically, "out of the 28 trade measures issued by member-states, 15 were liberalizing, whilst the rest were restrictive". Globally, the ITC noted that there is a surge in the number of export restrictions (127), the majority of which were export prohibitions (89). Meanwhile, there appears to be liberalization with respect to imports.<sup>8</sup>

Most of the liberalizing measures introduced by ASEAN member states are the temporary elimination of duties and sales tax on PPE and medical equipment. Restrictions were mostly to maintain a buffer stock of sorts for medical supplies. Food security will also be an issue, as only Singapore and Thailand are not net importers of food products. the Philippines, Cambodia, and Myanmar are the largest net importers. Cambodia and the Philippines for example have introduced restrictions on the import and export of food supply.

Uncertainties during this pandemic caused capital flight, indicated by depreciation and dive in stock markets as shown by the data below. In Indonesia, the Philippines, Thailand, and Vietnam, about one-fourth of the stock market value was wiped out as of April 2020. Depreciation was felt in Indonesia, Singapore, and Thailand.<sup>9</sup>

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5 Ibid.

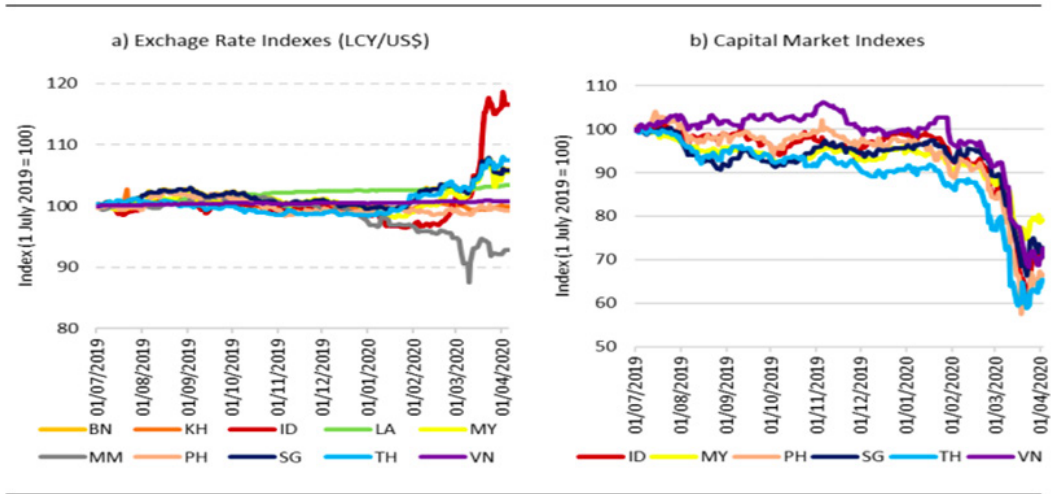
6 ASEAN Secretariat. "Economic Impact of COVID-19 Outbreak on ASEAN," ASEAN Policy Brief, Jakarta: ASEAN Secretariat, 2020.

7 Asia House. "COVID 19 in Focus: Imports and Exports in ASEAN," <https://asiahouse.org/news-and-views/covid-19-in-focus-imports-and-exports-in-asean/>

8 Alexander Chandra, Irfan Mujahid, and Ruth Mahyassari, "Trade Measures in the Time of COVID-19: The Case of ASEAN," ASEAN Policy Brief No. 03. Jakarta: ASEAN Secretariat, 2020.

9 ASEAN Secretariat, "Economic Impact of COVID-19 Outbreak on ASEAN," 2020.

Figure 3: Fiscal Market Impact of Covid-19



Source: CEIC (April 2020)

It is predicted that ASEAN will be hardest hit in three sectors of the economy (a) travel and tourism, (b) services, (c) supply chains, especially those integrated with Chinese global manufacturing processes and industrial base, and (d) business confidence, as reflected in foreign direct investment. Indonesia, Malaysia, and Brunei whose exports are fuel, oil, and gas will be negatively affected by the collapse of oil prices due to low energy consumption during lockdowns.<sup>10</sup>

In relation to the impact of the Covid-19 pandemic on economic inequality, scholars noted that if past pandemics are a guide, adverse distributional impacts are to be expected, particularly income inequality and employment prospects of those with only basic education. A study showed that “inequality increases despite the efforts of governments to redistribute incomes from the rich to the poor to mitigate the effects of pandemics. After five years, the net Gini has gone up by nearly 1.5 percent, which is a large impact given that this measure moves slowly over time”.<sup>11</sup>

10 Searight, “The Economic Toll of Covid-19 on Southeast Asia”.

11 Davide Furceri, Prakash Loungani, and Jonathan Ostry, “How Pandemics Leave the Poor Even Farther Behind”. IMFBlog, 2020. Accessed at <https://blogs.imf.org/2020/05/11/how-pandemics-leave-the-poor-even-farther-behind/>

**Table 4: Covid-19 Economic Impact Assessment Template**

	Decline in Consumption Growth (%)		Decline in Investment Growth (%)		Decline in Tourism Receipts (% of GDP)	
	Shorter Containment	Longer Containment	Shorter Containment	Longer Containment	Shorter Containment	Longer Containment
Cambodia	4.27	6.40	6.26	9.39	-11.00	-15.92
Indonesia	5.00	7.50	6.50	9.75	-0.84	-1.21
Laos	3.67	5.50	5.42	8.13	-2.36	-3.41
Malaysia	6.70	10.05	8.60	12.90	-3.39	-4.91
Philippines	6.20	9.30	12.30	19.95	-1.64	-2.37
Singapore	7.30	10.95	7.70	11.55	-3.13	-4.53
Thailand	6.60	9.90	8.90	13.35	-7.22	-10.45
Vietnam	3.57	5.35	5.13	7.70	-2.30	-3.32

Source: Asian Development Bank (2020)

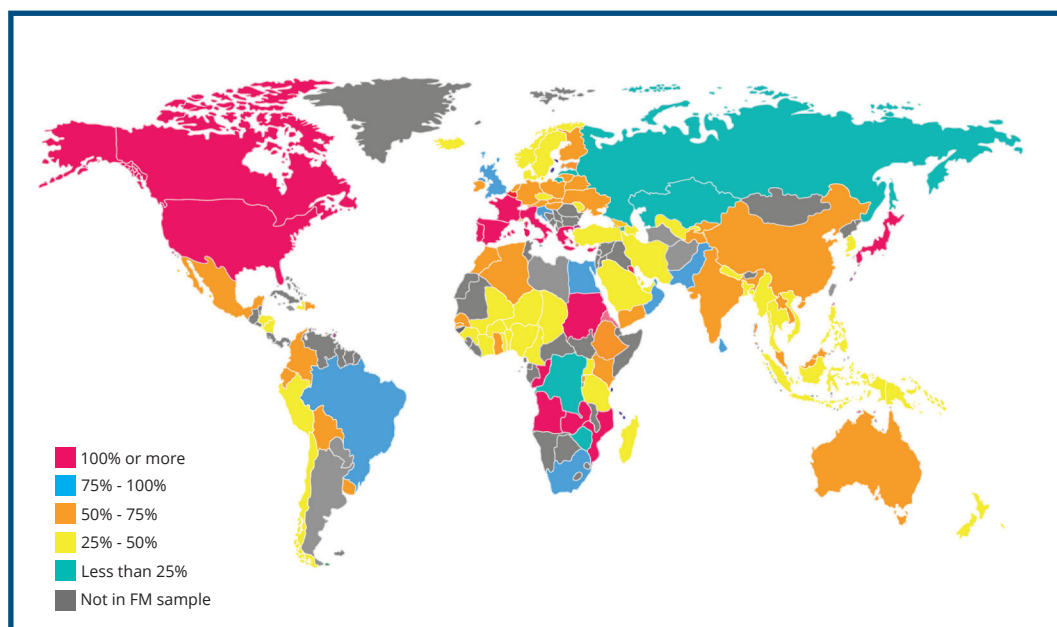
To summarize, it seems that it will get worse for ASEAN economies before it will get better. Covid-19-related fiscal effects on the trajectory of consumption, investment, and tourism receipts are shown in the table above. The Philippines stand to lose big on investment growth and Thailand on tourism receipts. Singapore, the Philippines, Thailand, and Malaysia will be the most severely hit by a decline in consumption growth.

#### **IV. The Long and Arduous Road to Recovery: Early Economic Initiatives from ASEAN**

The consensus is clear. Fiscal spending will be the most critical factor in the economic recovery worldwide. However, fiscal deficits in most ASEAN member-states also limit the extent of stimulus measures that governments can use to address the crisis. Some of these countries have let go of fiscal deficit targets and increased borrowings to finance spending to fight the Covid-19 outbreak, to allocate budget to the health sector, and to cushion the impact on economy and society.

Borrowings could again raise the issue of debt sustainability and exchange rate risks, especially if the government taps foreign credit lines or capital markets".<sup>12</sup> The optimistic news is the relatively good fiscal standing of ASEAN economies as shown. At face value, public debt in Southeast Asia is generally manageable.

**Table 5: General Government Gross Debt 2020 as percentage of the national GDP**



Source: IMF, *Fiscal Monitor* (April 2020)

The economic uncertainty to be introduced by the pandemic is twofold: first, the epidemic curve of each country which would determine government expenditure levels particularly on health. As the crisis drags on and local tax revenues plummet from decreased activity, governments turn to borrowing domestically and via external actors. Second is the ability to pump-prime the economy during a recession. Access to credit and serviceability of debt is an important question at this time, especially when “expansionary fiscal and monetary policies come with expensive costs, in particular, if the economies are not particularly healthy, e.g. with a high debt burden, high current account deficit, high unemployment, or low tax revenue” (p.1). The longer the pandemic drags on, the more anemic an economy becomes, and by extension, the government’s revenue base.

12 ASEAN Secretariat, “Economic Impact of COVID-19 Outbreak on ASEAN,” 2020.

A protracted crisis heightens the importance of credit for governments but also undermines the economic environment that makes borrowing cheaper and sustainable in the first place.<sup>13</sup>

The most up-to-date estimate of the economic stimulus packages of major ASEAN economies shows massive government stimulus expenditures in Malaysia and Singapore, both at above 19 percent of their 2019 GDP. On the other hand, Indonesia and the Philippines, both with the highest numbers of active cases of Covid-19 in the region and widely criticized for a delayed and laggard response, mustered only 4.3 percent and 8.4 percent of their GDP, respectively.

**Table 6: Estimated stimulus packages as of 9th June 2020 as a percentage of 2019 GDP**

Country	Value	% of GDP
Indonesia	\$48 billion	4.3%
Malaysia	\$68.2 billion	19%
Philippines	\$30 billion	8.4%
Singapore	\$66 billion	19.2%
Thailand	\$63.79 billion	12.3%

Source: Zen and Kimura (2020)

According to an ADB study, economic recovery measures across the Asia-Pacific are overwhelmingly devoted to “direct support to income” or cash/assistance for workers and firms. Southeast and East Asia are on the same levels in this area. Southeast Asia, however, along with South Asia, devotes more toward “credit creation” (16.1 percent for SEA vs 2.5 percent for Northeast Asia) and leads on lending to the non-financial sectors of the economy. It is also noteworthy that such priorities have remained the same from April to June 2020.<sup>14</sup>

13 Fauziah Zen and Fukunari Kimura. “Maintaining Fiscal Sustainability During the Pandemic Crisis,” Policy Brief no. 2020-04. Jakarta: Economic Research Institute for ASEAN and East Asia, 2020.

14 ADB. “Key Responses to COVID-19 by the Asia-Pacific Economies: An Update from the ADB COVID-19 Policy Database”, 2020. <https://data.adb.org/story/key-responses-covid-19-asia-pacific-economies-update-adb-covid-19-policy-database>

**Table 7: Economic Recovery Measures in the Asia-Pacific Region**

Measures	Southeast Asia	Northeast Asia	South Asia	Pacific	Central and West Asia
Direct Support to Income	47%	49.5%	41.1%	35.9%	76.9%
Functioning money markets	7.5%	17.4%	41%		13.1%
Equity claims on private sector		0.4%			
Credit Creation	16.1%	2.5%	17.4%	1.1%	3.9%
Lending to non-financial sector	21.1%	6.4%		9.5%	2.5%
International Assistance (Lender/Donor)	4.2%	0.4%			
No breakdown	4%	23.4%	0.5%	53.5%	3.6%

Source: Asian Development Bank (2020)

Within ASEAN, the same trend for prioritization of direct support to income can be observed a most universally observed (see table below). Specifically, these take various forms such as salary subsidies (Brunei and Thailand), rent support (Malaysia), support for the decreased income of workers (Indonesia), and general cash grant (Philippines) locally known as “social amelioration”.<sup>15</sup>

15 Organization for Economic Cooperation and Development (OECD), “COVID-19 crisis response in ASEAN Member States,” 2020. Accessed at <http://www.oecd.org/coronavirus/policy-responses/covid-19-crisis-response-in-asean-member-states-02f828a2/>

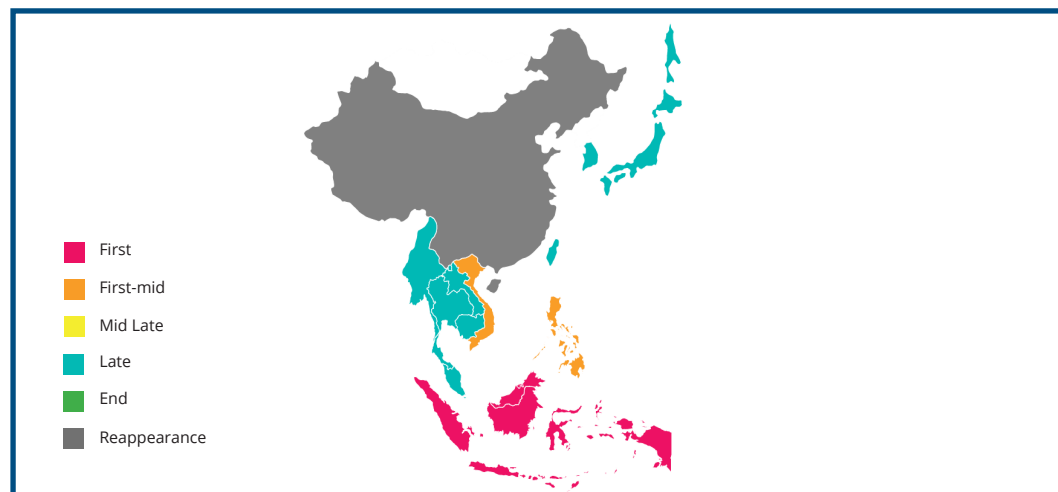
**Table 8: Economic Recovery Measures in East Asia (Northeast Asia and Southeast Asia)**

Type of measure	Japan	South Korea	China	Association of Southeast Asian Nations (ASEAN)									
				Brunei	Cambodia	Indonesia	Lao	Malaysia	Myanmar	The Philippines	Singapore	Thailand	Vietnam
Function money markets (%)	9.85	0	18.95	0	0	39.77	0	3.74	0	21.08	0	0	0
Credit Creation (%)	0	2.27	0.14	0	0	15.36	0	36.09	0	11.89	0	31.48	0
Lending to non-financial sector (%)	0	56.37	3.69	100	0	0	0	4.46	72.31	1.39	31.33	16.67	51.52
Equity claims on the private sector (%)	8.00	4.85	0	0	0	0	0	0	0	0	0	0	0
Direct support to income	82.14	18.14	42.13	0	2.91	44.87	100	55.31	27.69	49.06	68.67	51.85	48.48
International assistance (lender/donor) (%)	0.02	0.22	0.002	0	0	0	0	0	0	0	0	0	0
No breakdown (%)	0	18.14	35.08	0	97.09	0	0	0	0	15.86	0	0	0
Total (%)	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: Asian Development Bank (2020)

Fiscal spending toward revitalizing a country’s economy will depend on the particular stage or phase of the pandemic that the country finds itself exposed to. Expenditures by Indonesia and the Philippines for example may be different from Vietnam because the latter, having been subjected to less stringent lockdowns due to success in initial containment, has a totally different set of problems to solve.

**Table 9: Interactive Map – ASEAN+3: Stage of the Covid-19 Cycle of 19th May 2020**



Source: Hinojales and Oeking (2020)



The ASEAN Macroeconomic Research Office developed what they call “the COVID Cycle”, which is an indicator of the rate of infection and recovery, ergo the infectiousness and maturation of the pandemic. The first stage are the first and second waves, the mid-stage is the peak of the epidemic curve (falling new cases, rising active cases), and the last stage is where there are falling new and active cases.<sup>16</sup>

A significant source of funding for the economic stimulus programs in Southeast Asia is their own central banks under direct lending, purchase of government bonds, and reserve draw-downs. According to the ADB “since April, significant increases in central bank financing have been seen in India, Indonesia, Singapore, the Republic of Korea, and the Philippines”. An example is the Philippines central bank which bought PHP 300 billion worth of government securities. Data from ADB also show that among major ASEAN economies, Malaysia, Vietnam, and Thailand sourced a small proportion of their response package from international assistance, such as swaps, grants, or loans. Indonesia and the Philippines, having the highest case numbers in ASEAN, also invest noticeably less capita value into their response packages.<sup>17</sup>

**Table 10: Components of Estimated Economic Response Packages of Major SEA Economies**

Country	International Assistance (USD)	Total Response Package (USD)	Response (% of GDP)	Package per Capita (USD)
Indonesia	140 B	63 B	6.0%	237.02
Malaysia	8 M	78 B	22.07%	2,488.18
Philippines	4.06 B	21 B	5.92%	197.33
Singapore	60 B	92 B	26.19%	16,331.80
Thailand	1 B	84 B	15.95%	1,211.20
Vietnam	271 M	26 B	10.2%	277.40

Source: Asian Development Bank COVID-19 Policy Database, as of July 2020

In East Asia and the Pacific, major funding by a source as of July 2020 is shown in the table below. The top source of funding is government-raised revenues, followed by private sector lend-

16 Marthe Hinojales and Anne Oeking. “Where are We in the Covid Cycle?”. ASEAN Macroeconomic Research Office. Accessed on July 16, 2020 at <https://www.amro-asia.org/blog-where-are-we-in-the-covid-cycle/>

17 ADB, “Key Responses to COVID-19 by the Asia-Pacific Economies”.

ing and donation.<sup>18</sup> A smaller proportion is sourced from multilateral bodies such as the ADB, WB, and the China-led Asian Infrastructure and Investment Bank (AIIB).

**Table 11: Sources of Economic Response Packages for Economies in East Asia and the Pacific**

Funder	Value (US\$)
Government	1,698,765,496,000
Private Sector	280,292,639,175
Asian Development Bank	57,326,130,000
World Bank	33,189,434,400
Asian Infrastructure and Investment Bank	15,728,700,000

Source: Cornish (2020)

Even before Covid-19, levels of debt worldwide were already high, and have been increasing since the 2008 Global Financial Crisis. According to economists, “Asia’s emerging economies show remarkable differences in levels of total debt. Some have entered the Covid-19 crisis with significant overall debt. Among the most indebted countries are Vietnam, India, and Cambodia — with 189, 126 and 116 percent of GDP respectively — followed by the Philippines (99 percent), Pakistan (89 percent), Bangladesh (75 percent), Malaysia (73 percent) and Indonesia (69 percent).”<sup>19</sup>

Most of the Covid-19 donations and lending facilities are channeled through multilateral bodies. However, Japan and China are stepping up aid programs earmarked specifically for bilateral purposes. China in particular has had a focus on Southeast Asia through its so-called “mask diplomacy” through the provision of medical supplies. In contrast, the US Agency for International Development (USAID) has programmed 15 percent (US\$157 million) of the total funding of its Covid-19 response for Southeast Asia under country-specific funding.<sup>20</sup>

18 Lisa Cornish. 2020. “Interactive: Who’s funding the COVID-19 response and what are the priorities”. DEVEX. Accessed at <https://www.devex.com/news/interactive-who-s-funding-the-covid-19-response-and-what-are-the-priorities-96833>

19 Paola Subacchi, “A Covid-19 Debt Shock in Asia?”. East Asia Forum, 2020. Accessed on June 17, 2020 at <https://www.eastasiaforum.org/2020/06/01/a-covid-19-debt-shock-in-asia/>

20 Buan, Joel and Patricia Sarmenta, “The Bilaterals Funding the COVID-19 Response in Southeast Asia and Pacific,” 2020. DEVEX. Accessed at <https://www.devex.com/news/interactive-the-bilaterals-funding-the-covid-19-response-in-southeast-asia-and-pacific-97266>

**Table 12: Bilateral and Multilateral Sources of Funding in the Asia - Pacific**

Bilateral Efforts		Multilateral Efforts	
Institution	Amount (USD)	Institution	Amount (USD)
JICA	1 B	ADB	29 B
China Development Bank	500 M	New Development Bank	17.68 B
Agence Francaise de Developpement	382 M	Multiple donor consortium	9.9 B
ADB	200 M	AIIB	7.3 B
Japanese Govt	155 M	World Bank	3.03 B
European Union	72 M	IMF	1.48 B
USAID	48 M	ITFC	850 M
US Govt	26 M	EU	780 M

Source: Buan and Sarmenta (2020); Cornish (2020)

The Philippines is the top regional recipient of U.S. assistance in Southeast Asia. In terms of ADB support during the early stage (March-April) of the pandemic, the Philippines was able to secure a number of projects in rapid succession.

**Table 13: Examples of ADB's Responses of Covid-19**

Target Economies	Project Title	Amount (USD)	Approval Date
Indonesia	Covid-19 Emergency Response	3 M	20 March 2020
	Covid-19 Active and Expenditure Support Program	1.5B	23 April 2020
	Covid-19 Emergency Response	3 M	13 March 2020
Philippines	Implementing a Rapid Emergency Supplies Provision (RESP)	5 M	26 March 2020
	Assistance to Design a Sustainable Solution for Covid-19 Impact		

Target Economics	Project Title	Amount (USD)	Approval Date
Philippines	Covid-19 Active Response and Expenditure Support Program	1.5 B	23 April 2020
	Social Protection Support Project (Second Additional Financing)	200 M	27 April 2020
China	Covid-19 Emergency Response (Non-sovereign)	18.6 M	20 February 2020
	Covid-19 Emergency Energy Supply (Non-sovereign)	20 M	30 April 2020
Southeast Asia	Policy Advice for Covid-19 Economic Recovery in Southeast Asia	5 M	24 April 2020

Source: Asian Development Bank COVID-19 (Coronavirus): ADB's Response <https://www.adb.org/what-we-do/covid19-coronavirus> (accessed 19 May 2020).

## V. Policy Divergence and Mixed Outcomes among ASEAN Member-States: Economic Consequences

At the state level, economic responses to the Covid-19 pandemic most probably will defend the effectiveness of overall containment policy responses. Within the ASEAN region, there is a mixed record of policy successes and weaknesses. For example, Indonesia declared a public health emergency on March 31, 2020, which imposed restrictions on gatherings, workplaces, and the deployment of military and police personnel. It also imposed a temporary ban on foreign visitors. A stimulus package was announced as early as February 2020, worth \$725 million for tourism, aviation, and low-income households. Another one was issued on March 31, 2020 for healthcare, social protection, and tax incentives (e.g. discounted corporate tax payments). An additional \$34 billion was announced in May to support state-owned enterprises and for social safety nets. Indonesia has one of the lowest testing rates in the world. Public trust in President Jokowi Widodo's handling of the health crisis has declined.<sup>21</sup>

The Philippines imposed an island-wide lockdown for Luzon on March 16th, which greatly reduced mobility, and responded in a “decidedly militaristic fashion” to the pandemic. Roughly 120,000 people have been arrested for violating curfew. On March 30th, the Philippines' government allocated \$3.9 billion for social protection (“amelioration”) for low-income families and workers. As of July, the Department of Social Welfare and Development revealed that only 1.3

21 CSIS, “Southeast Asia COVID-19 Tracker”.

million of the 17 million eligible citizens received emergency cash aid. At the onset of the pandemic, the Philippines quickly sourced funding from its own existing government budget under R.A. 11469 (Bayanihan Law) which realigned \$5.35 billion from various agencies toward pandemic response. In April 2020, US\$1 billion wage subsidy was announced for 3.4 million workers, and another \$610 million was allotted to local governments.<sup>22</sup>

Both Indonesia and the Philippines had a delayed response to the virus, often downplayed by its national leaders in late January and early February. Both Indonesia and the Philippines relied heavily on military and police forces as the core of their response measures, even if inappropriate. Both countries had response decision-making teams led by acting and retired generals.<sup>23</sup> Indonesia has begun course-correction: its new Covid-19 Handling and National Economic Recovery Committee now joins both the previously militaristic Covid-19 Task Force and the Economic Recovery Task Force, with 3 of 4 leadership positions being economic ministers.<sup>24</sup> As of writing, the Philippines has yet to recalibrate its pandemic response.

In terms of successful cases, Vietnam is widely regarded as a successful case of mitigating the impact of Covid-19. It quickly imposed travel restrictions in late January and implemented localized quarantine measures in mid-February. Vietnam is the first country in ASEAN to lift lockdown measures. On May 7, its government allowed public and commercial transport to operate at full capacity and frequency. Vietnam's success at isolating transmission is impressive "given that it is a lower middle-income country, poorer than neighbors like Indonesia and the Philippines".<sup>25</sup> Even when the virus was confined to China in January, the Vietnamese government publicly declared war on the coronavirus and issued statements that the virus will reach their country. It employed early contact tracing and quarantine measures. In the first week of February, its government was already imposing a mandatory 14-day quarantine on foreign visitors. It also shouldered the costs of quarantine (even for foreign nationals). On March 24, 2020, Vietnam prevented the export of rice to ensure national food security.<sup>26</sup>

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22 Michael Beltran, "The Philippines' Pandemic Response: A Tragedy of Errors," *The Diplomat*. May 12, 2020. Accessed at <https://thediplomat.com/2020/05/the-philippines-pandemic-response-a-tragedy-of-errors/>

23 Zachary Abuza and Bridget Welsh, "The Politics of Pandemic in Southeast Asia," *The Diplomat*. June 2, 2020. Accessed at <https://thediplomat.com/2020/06/the-politics-of-pandemic-in-southeast-asia/>; Evan Laksmana and Rage Taufika. "How militarized is Indonesia's COVID-19 management?" *The Jakarta Post*, May 27, 2020.

24 Jefferson Ng, "Indonesia's COVID-19 Response Pivots to Support Economic Recovery," *The Diplomat*. July 23, 2020.

25 Huong, Le Thu. "Vietnam: A Successful Battle Against the Virus," Council of Foreign Relations, 2020. Accessed at <https://www.cfr.org/blog/vietnam-successful-battle-against-virus>

26 *Ibid.*

## VI. Future Economic Prospects for ASEAN

This chapter has three main concluding points. First, Covid-19's economic impact on Southeast Asia has and is expected to be unprecedented in the region's economic history. No economic sector will be spared as labour and capital markets as well as supply chains have taken a major beating as the pandemic effectively wiped years of economic growth. The ability of ASEAN economies to recover partially depends on structural conditions before the pandemic. This means that even with successful control of the pandemic, some ASEAN economies will recover at a faster pace given that it was well-managed and was in a robust position before Covid-19.

Second, ASEAN economies have reverted to their nationalist dispositions which is unsurprising but could derail the pace of economic integration in the region. One of the spaces that ASEAN leaders must exploit is the opportunity for more effective economic cooperation as envisaged in the ASEAN Economic Community.

Finally, the success of the economic policy responses by individual member-states and ASEAN as a whole will depend on the effective containment of the pandemic within their borders. Economic confidence will only be restored once governments are able to successfully control the spread of the pandemic. In this regard, the institutional strength of the health system, the responsiveness of the political leadership, and data-driven policymaking will be key considerations. All major economic studies so far have indicated that ASEAN economies have the ability to bounce back, though some might be able to do so quicker than others.





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# COVID-19: ADDRESSING PUBLIC HEALTH CARE IN SOUTHEAST ASIA

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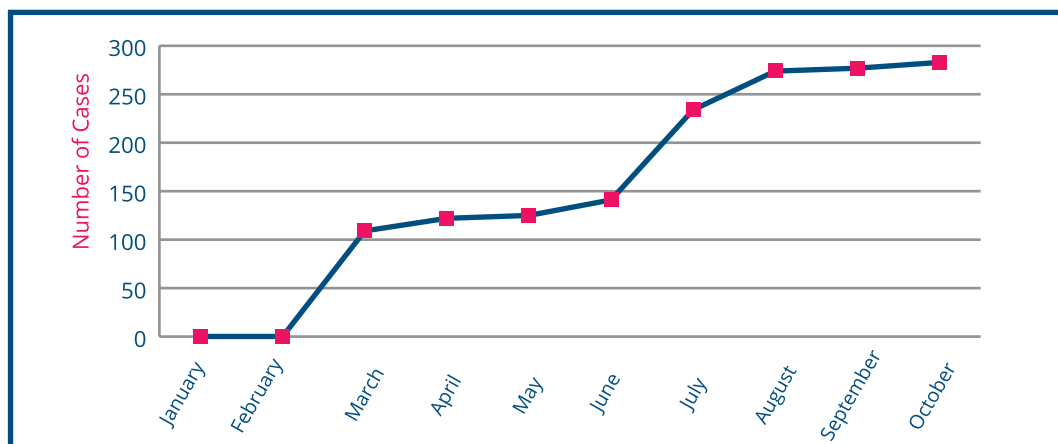


## I. Covid-19: Addressing Public Health Care in Southeast Asia

The Covid-19 virus first appeared in China and has since been spreading throughout the world for almost a year. By October 2020, the number of cases worldwide rose to 37,109,851 with 1,070,355 deaths.<sup>1</sup> Southeast Asia, consisting of more than 650 million people, has 777,582 confirmed cases as of October 2020; however, the number of cases is not consistent throughout the region. Indonesia, the Philippines, Singapore, Malaysia, and Myanmar have a relatively high numbers, of while Thailand, Vietnam, Cambodia, Brunei, and Laos have significantly less. Moreover, several countries in Southeast Asia with weaker healthcare systems might be overwhelmed if they experience a further rise in cases. However, a comparatively weak healthcare system may not be a deciding factor as, according to Fukuyama (2020), three other separate factors also underpin pandemic response success: state capacity, social trust, and leadership.<sup>2</sup> The pandemic is above all a public health issue, but it also interlinks with social and economic issues. The overwhelming problems that each country faces prove that the pandemic's impact is hard-hitting and long-lasting throughout Southeast Asia and the rest of the world. That's why public health measures and initial government responses are essential to combat the virus and prevent further negative repercussions. This paper analyzes public health measures and initial governmental responses in the South East Asian region, focusing on Cambodia while also examining its neighbors as well.

## II. Covid-19 cases in Cambodia

Figure 1: Covid-19 cases in Cambodia updated 1 August 2020 February

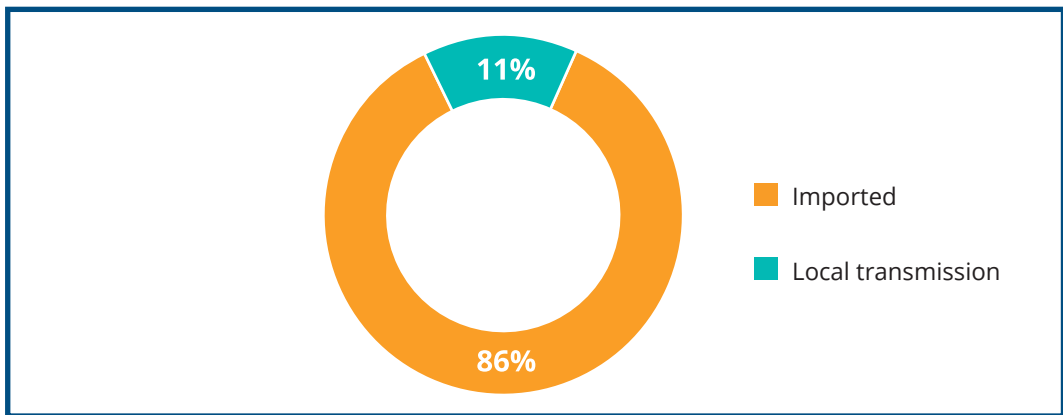


Source: Communicable Disease Control Department (CDC), July 31, 2020, [https://covid19-map.cdc.moh.gov.kh/?fbclid=IwAR29DjPwYCLbkqtreXbXnRg-sAVjOqEAA0HnX96NqnLLdeT4XKep\\_PDWh-3U](https://covid19-map.cdc.moh.gov.kh/?fbclid=IwAR29DjPwYCLbkqtreXbXnRg-sAVjOqEAA0HnX96NqnLLdeT4XKep_PDWh-3U)

- 1 World Health Organization, Coronavirus disease (COVID-19), <https://www.who.int/emergencies/diseases/novel-coronavirus-2019>
- 2 Francis Fukuyama, "The Pandemic and Political Order," *Foreign Affairs*, July, 2020, <https://www.foreignaffairs.com/articles/world/2020-06-09/pandemic-and-political-order>

By October 11<sup>th</sup>, the total number of confirmed cases in Cambodia was 283 (278 recovered and 5 active) with no deaths, leaving the nation content with its handling of the pandemic. One study found that Cambodia is one of the 43 countries in the top quintile for the highest risk of Covid-19 transmission;<sup>3</sup> yet the number of confirmed cases is comparatively low compared to some of its neighbors. Cambodia confirmed its first case on January 27<sup>th</sup>, with the number of cases increasing somewhat over time, as shown in Figure 1. Figure 2 shows that most cases are imported, and only a few are linked to community transmission. As such, Dr. Li Ailan, WHO Representative to Cambodia, confirmed that Cambodia is still only in stage 1 of the pandemic.

Figure 2: Percentage of Imported Cases and Local Cases by 04th October 2020



Source: MOH, and WHO, "Cambodia Coronavirus Disease 2019 (COVID-19) Situation Report #14", October 05, 2020

### III. Initial Measure and Response

On January 27<sup>th</sup>, Cambodia detected its first case in Sihanoukville province. The Cambodian government did not initiate any specific measures until it became clear that local transmission had taken place in Siem Reap. On March 14<sup>th</sup>, the Ministry of Education, Youth, and Sports (MoEYS) announced the closure of all educational institutes in Phnom Penh and nationwide beginning on March 16<sup>th</sup>.<sup>4</sup> The number of cases intensified on March 17<sup>th</sup> as 11 Cambodian returnees from a religious congregation in Malaysia were tested positive. More preventive measures were then taken to ban public gatherings such as religious events, night-clubs, karaoke, bars, cinemas, casinos, and museums. Even though there were no new cases detected

3 Najmul. Haider, et al., "Passengers' destinations from China: low risk of Novel Coronavirus (2019-nCoV) transmission into Africa and South America", *Epidemiol infect*, 148 (2020)

4 Khemara Sok and Narin Sun, "Cambodia Announces Nationwide School Closures as COVID Response Ramps Up", VOA, March 16, 2020, <https://www.voacambodia.com/a/cambodia-announces-nationwide-school-closures-covid-response-ramps-up-/5330402.html>

for almost a month, the government still decided to cancel the Khmer New Year celebration, which restricted people from traveling across provinces and districts outside the city, except in necessary cases.

On March 23rd, the Thai government announced that Thailand would close its border with Cambodia for at least two weeks, causing around 40,000 Cambodian workers to rush home.<sup>5</sup> The situation demanded that assiduous attention to the border checkpoints. The government acknowledged that migrant workers are a vulnerable group easily prone to infection and potentially a hot spot for transmission. Accordingly, the government required migrant workers to complete a health check for Covid-19 and undergo mandatory self-quarantine for 14 days. However, Interior Minister Sar Kheng admitted that the government would not test all the workers, but only those with the symptoms.<sup>6</sup>

To prevent further Covid-19 transmission from imported cases, the government imposed travel restrictions on all foreigners. On May 20th, Cambodia lifted an entry ban on several high-burden countries; however, foreigners who wish to travel to Cambodia must still undergo strict healthcare measures. They have to request a visa via the Cambodian mission abroad and a medical certificate issued no more than 72 hours before the travel date.<sup>7</sup> Additionally, travelers have to pay a \$3000 deposit by cash or credit card as part of a “Covid-19 service charge” once they arrive at the airport, while also purchasing \$50,000 worth of travel insurance cover.<sup>8</sup>

### IV. Is the Initial Response Effective? Successes and Challenges

The Royal Government of Cambodia has put much effort into combating the pandemic by implementing various measures. Take a look at the number of confirmed cases shown in Figure 3 in percentage terms; there are 283 cases, 278 patients cured, and only 5 patients which received treatment by October 11th. Based on this data, the government’s initial response and public health response were deemed to be effective as there was no significant community transmission during this period. Cambodia has kept a good record a for having low case numbers, especially without any deaths or infected healthcare workers, proving its competency to the international community despite being criticized for having a precarious healthcare system.

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5 Vantha Phoung, “Interior Minister Sar Kheng Says 40,000 Cambodians Working in Thailand Came Home”, *Cambodianess*, March 26, 2020, <https://cambodianess.com/article/interior-minister-sar-kheng-says-40000-cambodians-working-in-thailand-came-home>

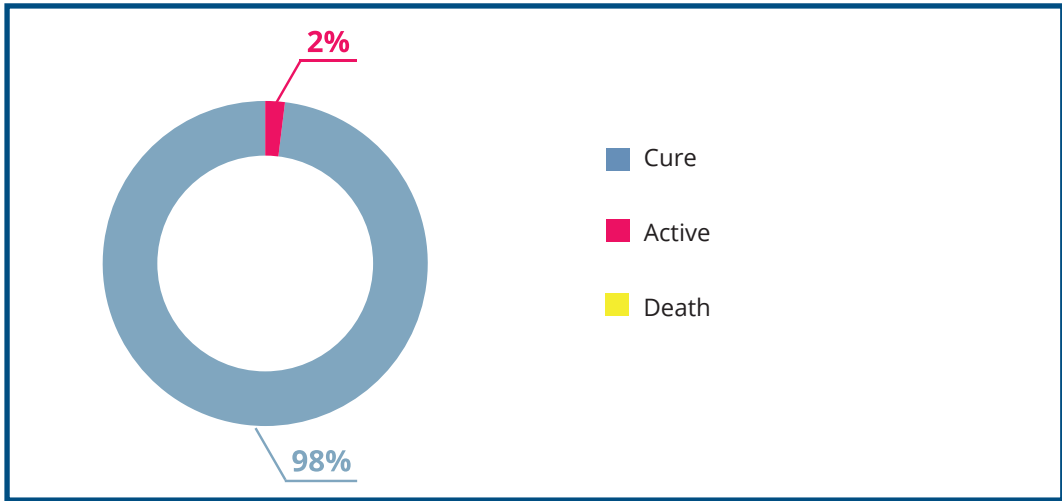
6 Narin Sun, “Sar Kheng: All Migrants Workers Cleared of COVID-19, But No Incomes”, *VOA*, April 23, 2020, <https://www.voacambodia.com/a/sar-kheng-all-migrant-workers-cleared-of-covid-19-but-no-incomes/5388148.html>

7 Vida Taing, “Cambodia to impose travel restrictions from Tuesday”, *Khmer Times*, March 28, 2020, <https://www.khmertimeskh.com/706863/cambodia-to-impose-travel-restrictions-from-tuesday/>

8 “Visitors to Cambodia must pay \$3000 deposit”, *Bangkok Post*, June 19, 2020, <https://www.bangkokpost.com/world/1937796/visitors-to-cambodia-must-pay-3-000-deposit>

Even though the country has had fewer confirmed cases than other ASEAN countries, as shown in Table 1, it has also been devastated by the pandemic. The restriction of large-scale gatherings, closure of entertainment venues, the shutdown of schools, and travel bans for foreigners all negatively impact many businesses economically, especially the tourism industry. Besides the pandemic, the partial withdrawal of the “Everything But Arms” scheme is an additional factor slowing down the Cambodian economy. After the impact of the pandemic, it will be difficult to return to the old normal, despite the fact that the virus may seem to be under control.

Figure 3: The percentage of Covid-19 patients cured and active cases, dated 5th October, 2020



Source: MOH, and WHO, “Cambodia Coronavirus Disease 2019 (COVID-19) Situation Report #14”, October 05, 2020

The Cambodian government has allocated about \$564 million of its \$1.16 billion stimulus package for health and social assistance.<sup>9</sup> This number is relatively low compared to most ASEAN member states, as Thailand has injected \$1.4 billion out of an approximately \$60 billion stimulus package for healthcare capacity.<sup>10</sup> Even though Cambodia seems to have a comparatively limited budget, the country has been successful in keeping its number of cases low. There are several underlying reasons for this success. First, Cambodia opted for proactive preventive measures. For instance, the temporary restriction of foreign entry and suspension of visas.<sup>11</sup> Social distancing measures were also imposed, such as the cancellation of the Khmer New Year celebration, school closures and the suspension of many types of entertainment venues, all of which moderately reduce the risk of transmission.

9 Xinhua, “Cambodia allocates 1.16 bln USD for economic, social supports during COVID-19”, July 08, 2020, [http://www.xinhuanet.com/english/2020-07/08/c\\_139197388.htm](http://www.xinhuanet.com/english/2020-07/08/c_139197388.htm)

10 Athira Nortajuddin, “Saving Thailand’s Virus-Hit Economy”, THE ASEAN POST, June 05, 2020, <https://theaseanpost.com/article/saving-thailands-virus-hit-economy>

11 Allison Smith, “With recent cases, Cambodia remains in Stage 1 of COVID-19 outbreak, WHO confirms”, WHO, May 29, 2020

However, Cambodia's success has not only been due to the government's initial response, but also that of its healthcare workers. Given the Cambodian healthcare system's limited capacity, it seems as though the health care force and the Ministry of Health have been effective at countering early cases, which was confirmed by the WHO representative in Cambodia. The 115 hotline as a surveillance component for example enables the public to report suspected cases.<sup>12</sup> Additionally, contact tracing is a public health measure that identifies people exposed to the virus, quarantines, follows, tests and treats them if they have developed symptoms.<sup>13</sup> The Rapid Response Teams and national team at the Communicable Disease Control Department (CDC/MOH) have worked through a laborious process and found 27 new cases after spending time and effort tracing over 2,300 people.<sup>14</sup> The approach seems to be done based on manual contact tracing, which is highly time-consuming and inefficient. Alternatively, almost half of the other Southeast Asian countries, such as Indonesia, Malaysia, the Philippines, Thailand, and Vietnam, are using digital contact tracing through smartphones, bluetooth, and mapping interfaces, which is far quicker and more efficient.<sup>15</sup>

## V. Current Healthcare System

Despite the success of Cambodia's public health response, the healthcare system is widely known to be weaker than that of its neighbors. "The healthcare system is constrained by inadequate resources, under-staffing, limited diagnostic capacity, and an insufficient supply of medicines and health commodities," all of which results in inadequate quality health services in both the public and private sectors.<sup>16</sup> According to the Health Strategic Plan 2016-2020, Cambodian public health has a limited capacity to deal with diseases and health problems related to communicable diseases, non-communicable disease, mental health, and public health emergency response related to infectious diseases and disaster. This inadequacy makes the country lag behind others in responding to the emergence of infectious diseases, requiring the government to be extra vigilant in light of the Covid-19 outbreak.

The Health Strategic Plan 2016-20 reveals that there are approximately 1,000 public healthcare facilities and 8,000 private healthcare facilities or providers across Cambodia.<sup>17</sup> However, only three hospitals in Phnom Penh and 25 provincial referral hospitals are designated as eligible and capable medical facilities for ordering Covid-19 tests and treating patients or suspected

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12 Suy Lan Channe, et al., "Cambodia's 115 Hotline: Successful Covid-19 Digital Response", ICTWorks, May 06, 2020, ICTworks,

13 WHO, Digital tools for COVID-19 contact tracing Annex: Contact tracing in the context of COVID-19, June 02, 2020

14 World Health Organization, The first 100 days of the COVID-19 response: past investments in health security system pay off, and learning lessons for the future, (WHO, 2020)

15 UN, "Policy Brief: The Impact of COVID-19 on Southeast Asia", July 20, 2020

16 Department of Planning & Health Information, Health Strategic Plan 2016- 2020, 2016

17 Ibid.

cases.<sup>18</sup> The country has only two testing laboratories both of which are located in Phnom Penh with a capacity for approximately 600 tests per day.<sup>19</sup> A new Covid-19 testing laboratory at Siem Reap is ongoing; simultaneously, the University of Health Sciences has received approval for testing for a one-month trial period, which could enhance the country's laboratory capacity very soon.<sup>20</sup> There are approximately 19,457 health personnels, most of which are nurses and midwives, with only 2,157 doctors. However, doctors are mainly concentrated at the provincial and central level; the number of nurses and midwives being far greater in the rural areas.<sup>21</sup>

According to the Prime Minister Hun Sen's remark on 25th March, "Cambodia has over 20,000 health practitioners, of which more than 2,000 were ready to combat the Covid-19 pandemic."<sup>22</sup> However, the number of physicians is still low compared to other countries in Southeast Asia. For instance, Cambodia had only 1.7 physicians per 10,000 people, while Singapore had 23.1 physicians per 10,000, the highest number in the region from 2010 to 2018.<sup>23</sup> Another significant concern is that hospitals in rural areas have a lack of skilled staff and medical equipment. A few Covid-19 patients in the provinces have been transferred to Phnom Penh after failing to be cured undergoing initial treatment at the provincial hospital. To avoid future problems and insufficiency, the PM said that "Cambodia has reserved 3,000 hotel rooms, school buildings, dormitories, and other public buildings across the country for Covid-19 patients."

Despite the healthcare system's weaknesses, Cambodia managed to maintain a low number of cases. However, if the outbreak intensified from sporadic imported cases to large scale community transmission and then from the local transmission to the stage in which infection is untraceable and uncontrollable, the current system could easily become overwhelmed. Moreover, the healthcare systems of other countries in Southeast Asia, such as Indonesia, the Philippines, and Myanmar, are under severe strain; suggesting that a weak healthcare system is particularly vulnerable to becoming overwhelmed. Therefore, Cambodia must combat the outbreak using any feasible approach based on government capacity. Moreover, it is worth investing in building a robust health care system to deal with the possibility of another unexpected pandemic in the future.

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18 Galileo, "Cambodia COVID-19 Situationer", Focus on the Global South, June 07, 2020, <https://focusweb.org/cambodia-covid-19-situationer/>

19 Khan Leakhena, "Ministry to Add Covid-19 Testing Labs as Foreign Arrivals Increase", VOD, July 03, 2020, <https://vodenglish.news/ministry-to-add-covid-19-testing-labs-as-foreign-arrivals-increase/>

20 MOH, and WHO, "Cambodia Coronavirus Disease 2019 (COVID-19) Situation Report #14", October 05, 2020

21 Peter Leslie Annear, et al., *The Kingdom of Cambodia Health System Review*, (WHO, 2015)

22 PM Speech, "More Than 3,000 Rooms Reserved for COVID-19 Patients", March 25, 2020, <https://pressocm.gov.kh/en/archives/65192>

23 UN, "Policy Brief: The Impact of COVID-19 on Southeast Asia", July 20, 2020

## VI. At a glance: Covid-19 in Southeast Asia

*Table 1: Number of confirmed cases, recovered cases and deaths in Southeast Asia, updated 11 October 2020*

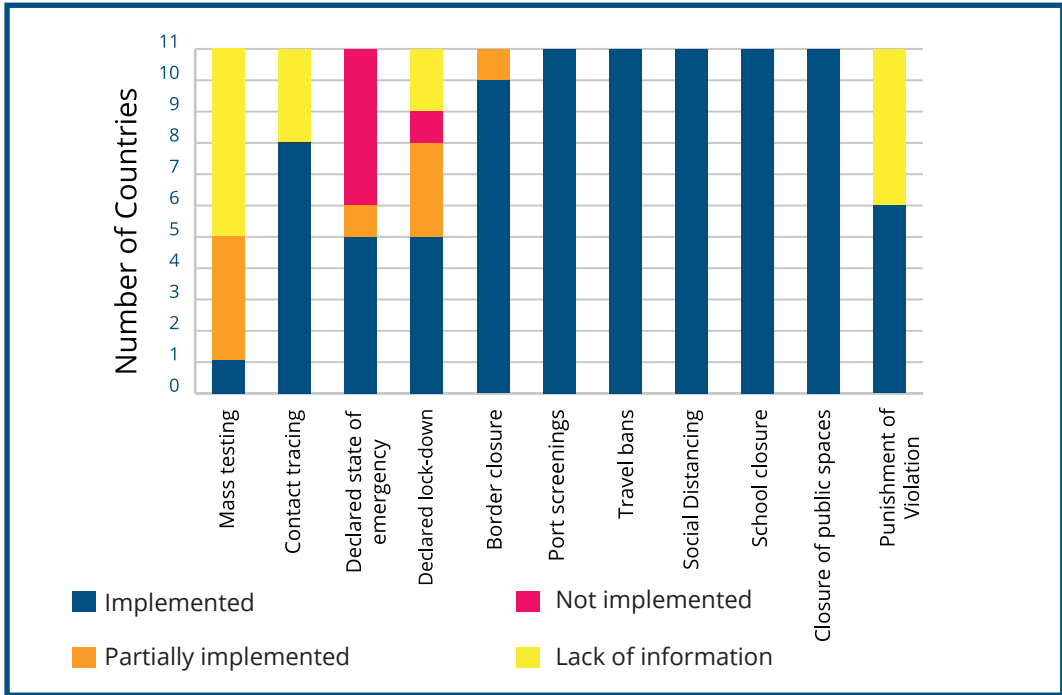
Country	Confirmed cases	Recovered	Death
Philippines	339,341	293,075	6,321
Indonesia	333,449	255,027	11,844
Singapore	57,876	56,698	27
Myanmar	26,064	7,050	598
Malaysia	15,657	10,913	157
Thailand	3,636	3,451	59
Vietnam	1,107	1,024	35
Cambodia	283	278	0
Brunei	146	143	3
Lao PDR	23	22	0
<b>Total</b>	<b>777,582</b>	<b>628,681</b>	<b>19,044</b>

Source: COVID-19 Overview, (CoronaTracker, 2020), <https://www.coronatracker.com/analytics/>

Southeast Asia was one of the first regions affected by the COVID-19 outbreak as it is geographically close to China with many business, tourist, and supply chain links between the two regions.<sup>24</sup> Each national government has tried to cushion the impact with its response; however, each state has experienced different outcomes as a result. Vietnam has received praise for an effective response with early measures managing to keep the pandemic under control. Singapore has a relatively high number of cases, but has experienced only 27 deaths. Indonesia and the Philippines have a comparatively high number of cases and a high death toll due to their slow response to the outbreak. Nevertheless, all countries have implemented common strategies, focusing on preventive measures such as quarantine and contact tracing, social distancing, banning social gatherings, border restrictions, and visa suspensions. Some aggressive responses, such as locking down an entire city or country, have also been implemented to keep the outbreak under control in cases where the number of people infected surged significantly.

24 OECD, COVID-19 crisis response in ASEAN Member States, May 04, 2020

Figure 4: Containment Measures across Southeast Asia (including Timor Leste)



Source: UN, "Policy Brief: The Impact of COVID-19 on Southeast Asia", July 20, 2020

Vietnam, one of the countries sharing a border with China, has managed to maintain a low number of cases due to its early response. Since January 11th, it has restricted entry points, such as airports and border gates, by checking visitors' temperature on arrival and quarantining those with symptoms.<sup>25</sup> Rather than mass testing, Vietnam focused on tracing people who have contacted or been exposed to those infected and then isolating them.<sup>26</sup> Moreover, Vietnam uses a digital measure to combat Covid-19. The NCOVI app allows Vietnamese citizens to update their status and update suspected cases in their residential areas.<sup>27</sup> Even with a comprehensive healthcare system, however, Vietnam still lacks medical resources. WHO and international media admired Vietnam's response for effectively lowering the case numbers and preventing local transmission with a limited budget in early 2020. However, the Covid-19 situation is unpredictable; Da Nang was closed down in July after 15 tourists were found to have brought in and then transmitted the virus locally.

25 Quynh Thuy, "WHO lauds Vietnam response to COVID-19 epidemic", VNExpress, February 16, 2020, <https://e.vnexpress.net/news/news/who-lauds-vietnam-response-to-covid-19-epidemic-4055918.html>

26 Athira Nortajuddin, "Vietnam's Exemplary Response To COVID-19", The ASEAN POST, April 09, 2020, <https://theaseanpost.com/article/vietnams-exemplary-response-covid-19>

27 Giang Huong, "Health declaration app launched in support of COVID-19 combat", VGP News, March 09, 2020, <http://news.chinhphu.vn/Home/Health-declaration-app-launched-in-support-of-COVID19-combat/20203/39108.vgp>



As a travel hub and crowded city-state, Singapore was one of the first countries affected by Covid-19 and had the highest number of confirmed cases outside of China in early 2020.<sup>28</sup> Singapore currently has the third-highest number of cases in Southeast Asia, as shown in Table 1. However, the country has experienced even fewer deaths than Vietnam. With a combination of effective measures and healthcare capacity, Singapore was able to contain the outbreak successfully. Like the rest of the world, the country focused on preventive measures such as quarantining, social distancing, etc. With strong financial and human resources, Singapore has activated more than 800 Public Health Preparedness Clinics (PHPCs), enabling citizens to seek care and enhance respiratory infection management.<sup>29</sup> As the number of cases significantly increased, the country also began testing at all public hospital laboratories.<sup>30</sup> However, it has failed to pay adequate attention to more than 300,000 migrant workers living in overcrowded and poor conditions, a mistake which arguably caused the second wave of transmission accommodations.<sup>31</sup>

At the time of writing, the Philippines has the highest number of confirmed cases in Southeast Asia. In early 2020, the government underestimated the novel coronavirus enduring impact by encouraging people to travel across the country.<sup>32</sup> Following the rising levels of local transmission, the government cautiously responded to the outbreak. Rather than implementing simple preventive measures, however, the country imposed a strict lockdown, referred to as “enhanced community quarantine”, in Metro Manila and broad Luzon on March 16th and other areas, respectively.<sup>33</sup> Having closed many places for several months, the government faced a dilemma between reopening the country to rebuild the economy and maintaining the lockdown status quo until the situation improved. In July, the President decided to reopen the economy; however, on July 31st, he decided to extend restrictions in the capital Manila until mid-August.<sup>34</sup>

Fairing worst, Indonesia became the epicenter and a hotspot of the new novel coronavirus outbreak. The country has at the time of writing the second-highest number of cases

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28 Vernon J. Lee, et al., “ Interruption transmission of COVID-19: Lessons from containment efforts in Singapore”, *Journal of Travel Medicine*, 27 (2020)

29 Ibid.

30 Ibid.

31 UN, “Policy Brief: The Impact of COVID-19 on Southeast Asia”, July 20, 2020

32 Gaea Katreena Cabico, “Travel with me: Duterte urges Filipinos to visit local destinations amid COVID-19 scare”, *Philstar*, February 14, 2020, <https://www.philstar.com/headlines/2020/02/14/1993110/travel-me-duterte-urges-filipinos-visit-local-destinations-amid-covid-19-scare>

33 Southeast Asia Covid-19 Tracker, CSIS, <https://www.csis.org/programs/southeast-asia-program/southeast-asia-covid-19-tracker-0#National%20Responses>

34 Associated Press, “ Philippines Virus Cases Past 50,000 as Lockdown Eases”, *VOA*, July 08, 2020, <https://www.voanews.com/covid-19-pandemic/philippines-virus-cases-soar-past-50000-lockdown-eases>; Aljazeera, “Endure some more: Philippines extends coronavirus lockdown”, July 31, 2020, <https://www.aljazeera.com/news/2020/07/philippines-extends-coronavirus-lockdown-200731031132604.html>

after the Philippines, and a death toll of 11,844, which is the highest number among all ASEAN countries. Acknowledging the outbreak of Covid-19, Indonesia combated the pandemic with a softer approach through social distancing policies. President Joko Widodo opposed the lockdown due to the concern that the measure would disproportionately hurt the poor.<sup>35</sup> Large-scale social restrictions were introduced to contain the viral transmission by closing public places, public transport, and travel.<sup>36</sup> After four months of lockdown, Indonesia experienced a continual increase in cases, calling into question the lockdown's effectiveness. Despite the national measures, local governments continued to allow their citizens to worship together in mosques.<sup>37</sup> While they were required to wear a mask, this did not eliminate the possibility of community transmission.

Alternatively, Malaysia managed to maintain a relatively stable number of cases despite allowing people to perform religious celebrations. The Malaysian government allowed Muslim Malaysians to perform Aidiladha in the context of 'New Normal' with the complying Standard Operating Procedure by requiring people to wear masks and maintain physical distance.<sup>38</sup> During the early months of the outbreak, Malaysia was in the midst of a massive religious celebration, "Tabligh Akbar", which involved the gathering of as many as 16,000 pilgrims at Kuala Lumpur's oldest places of worship at the end of February. The vast majority of the attendees came from abroad and it was discovered that people from at least five other countries brought Covid-19 with them.<sup>39</sup> Cambodia also detected 11 cases related to the religious celebrations in Malaysia.

Despite being an attractive tourist hub, Thailand has maintained a moderate 3,636 cases as of October 2020. The government extended its state of emergency for the fourth time until 31 August despite zero new cases of local transmission for two months.<sup>40</sup> While continuing the state of emergency, the country has opened the door to foreigners, including migrant workers from neighboring countries for resuming business operations.<sup>41</sup> During the lockdown

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35 Channel News Asia, "Jump in Jakarta funerals raises fears of unreported COVID-19 deaths", April 02, 2020, <https://www.channelnewsasia.com/news/asia/jakarta-funerals-indonesia-covid-19-coronavirus-deaths-12608648>

36 New Straits Times, "4-months lockdown will hit Indonesia hard", June 04, 2020, <https://www.nst.com.my/world/region/2020/06/597800/4-month-lockdown-will-hit-indonesia-hard>

37 Ayu Purwaningsih, "Ramadan gatherings raise coronavirus infection fears in Indonesia's Aceh province", DW, May 04, 2020, <https://www.dw.com/en/ramadan-gatherings-raise-coronavirus-infection-fears-in-indonesias-aceh-province/a-53325399>

38 malaymail, "Muslims in Malaysia celebrate Aidiladha in new normal amid Covid-19", July 31, 2020, <https://www.malaymail.com/news/malaysia/2020/07/31/muslims-in-malaysia-celebrate-aidiladha-in-new-normal-amid-covid-19/1889955>

39 Anne Barker, "Coronavirus COVID-19 cases spike across Asia after a mass gathering in Malaysia", ABC News, March 19, 2020, <https://www.abc.net.au/news/2020-03-19/coronavirus-spread-from-malaysian-event-to-multiple-countries/12066092>

40 Randy Thanthong-Knight, "Thailand Extends State of Emergency for Fourth Time to Curb Covid-19", Bloomberg, July 29, 2020, <https://www.bloomberg.com/news/articles/2020-07-29/thailand-extends-state-of-emergency-to-aug-31-to-curb-covid-19>

41 Bernama, "Despite low Covid-19 cases, Thailand extends state of emergency", Straits Times, July 30, 2020, <https://www.nst.com.my/world/region/2020/07/612745/despite-low-covid-19-cases-thailand-extends-state-emergency>

period, the number of cases fell significantly, clearly showing that the measures and restrictions effectively prevented the second wave of the pandemic. Thailand's effective containment also derives from adequate investment in its healthcare system and health security capacity.<sup>42</sup> Thailand is well known for having an effective healthcare system as it is the only middle-income country ranked in the top six in the world for Global Health Security.

Myanmar seemed to detect the novel coronavirus later than its neighbors, discovering its first case on March 23rd. The country had a total of 353 confirmed cases and 6 deaths in July. Over the course of the next three months, the country experienced a massive surge in infections, reaching 30,437 cases with 693 deaths as of October 13th.<sup>43</sup> Myanmar's healthcare system has for a long time been neglected as only 0.9% of GDP was being allocated to the Ministry of Health's budget, a relatively low percentage compared to other Southeast Asian countries.<sup>44</sup> Consequently, the healthcare system is currently under strain in countering the pandemic. The country had only one laboratory in March, which might be the reason for Myanmar's initially low number of detected cases.<sup>45</sup> In June, the country's laboratories grew from one to six; however, the overwhelming number of required tests caused made it hard for the laboratory to perform smoothly. The National Health Laboratory has temporarily suspended new samples between October 9th and 12th due to undercapacity.<sup>46</sup> There are approximately 1.1 hospital beds per 100,000 people, and only 600 critical care beds (including 180 ICU beds) across the country, which demands that the government invests in hospital beds and quarantine centers. At the time of writing the country has been on partial lockdown since October. However, the overwhelming number of cases has not stopped Myanmar from launching a political campaign attended by 20,000 people, Although regulations do not allow for gatherings of more than 50 people.<sup>47</sup> Myanmar's most significant concern related to currently is displaced people at an overcrowded camp in Rakhine, Kachin, Shan, Chin, and Karen Statesan.<sup>48</sup> In mid-August, community transmission occurred at the Rakhine capital, prompting another significant outbreak.<sup>49</sup>

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42 Amy Searight, "Strengths and Vulnerabilities in Southeast Asia's response to Covid-19 Pandemic", CSIS, April 20, 2020, <https://www.csis.org/analysis/strengths-and-vulnerabilities-southeast-asias-response-covid-19-pandemic>

43 <https://elevenmyanmar.com/news/myanmar-has-1123-more-covid-cases-and-29-deaths-in-a-single-day>

44 The WORLD BANK, Myanmar Public Expenditure Review 2015, September 2015, <http://documents1.worldbank.org/curated/en/504121467987907393/pdf/103993-WP-P132668-PUBLIC-Myanmar-PER-Dec-2015.pdf>

45 Thar Hein, "Coronavirus-testing laboratory struggles with resource crunch", Frontier, March 24, 2020, <https://www.frontiermyanmar.net/en/coronavirus-testing-laboratory-struggles-with-resource-crunch/>

46 Hmue Angel, "Yangon healthcare staffs annoyed by complaints of delayed test results", MYANMAR TIMES, October 11, 2020, <https://www.mmtimes.com/news/yangon-healthcare-staff-annoyed-complaints-delayed-test-results.html>

47 Kay Zon Nway, "Kayah parties rally thousands in Loikaw despite national Covid-19 outbreak", Myanmar Now, October 05, 2020, [https://www.myanmar-now.org/en/news/kayah-parties-rally-thousands-in-loikaw-despite-national-covid-19-outbreak?fbclid=IwAR2QVL-XZRorLy8Z5gy0nc\\_IOMkbP8XoDjnVu7354yn8g6KrFnyo4\\_acd\\_U](https://www.myanmar-now.org/en/news/kayah-parties-rally-thousands-in-loikaw-despite-national-covid-19-outbreak?fbclid=IwAR2QVL-XZRorLy8Z5gy0nc_IOMkbP8XoDjnVu7354yn8g6KrFnyo4_acd_U)

48 Human Rights Watch, "Myanmar: Displacement Camps Are COVID-19 Tinderboxes", March 30, 2020, <https://www.hrw.org/news/2020/03/30/myanmar-displacement-camps-are-covid-19-tinderboxes>

49 Zsombor Peter, "Soaring Myanmar COVID-19 Cases Test Long-Neglected Health Care System", VOA, October 16, 2020, <https://www.voacambodia.com/a/5624051.html>

Brunei on the other hand managed to contain the virus relatively well with very few cases. One noticeable and admirable measure was the closure of mosques and other social gatherings. At the same time, religious celebrations still operate as usual, but preaching is echoed through speakers instead of in crowded settings.<sup>50</sup> Among all member states, Laos is the only country with exceptionally low case numbers; it has only 23 cases without fatality as of October 2020. However, at the time of writing, there is not enough transparent evidence to comment on the effectiveness of the country's response measures.

## VII. The Measures and Underpinned Factors of the Response

The Covid-19 outbreak has been affecting the world for more than half a year; some countries have succeeded in combating it while others still struggle to fight the second or third wave of the pandemic. States worldwide have implemented measures with different timelines and regulations, resulting in different outcomes. Yet, there is no specific measure to evaluate the overall preparedness and responsiveness of each country's response. Some country-based health indicators, such as Joint External Evaluations, Global Health Security Index, and Universal Health Coverage, can't measure countries' effectiveness in combating the pandemic.<sup>51</sup> Despite the fact that the US has the best rank in all the aforementioned indicators, the fact remains that it is one of the countries with the highest number of infected cases and fatalities.

The public health response experience of the ten ASEAN countries has highlighted the underlying factors behind their success and revealed the current concerns and how to deal with the pandemic as it continues. It has been observed that countries with a large number of cases and quality healthcare systems tend to find themselves in a good position to combat the epidemic. Moreover, the effectiveness of government response depends on how fast and early measures are introduced to prevent local transmission. One of the critical success tools for containing the outbreak is the prioritization of health issues over other concerns, including the economy, religion, education, etc. Without this priority, the country will likely experience a surge in cases, just like Indonesia and the Philippines. Moreover, the Covid-19 pandemic has reminded each government of the importance of protecting vulnerable groups that have received less attention as they are often the most susceptible to becoming infected. In addition, the most important strategy is good leadership and effective government communication in determining the well-being, life, and death of the population.

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50 The Star, "Brunei continues cleaning of mosques", March 25, 2020, <https://www.thestar.com.my/news/regional/2020/03/25/brunei-continues-cleaning-of-mosques>

51 Sawyer Crosby, et al., "All Bets Are Off for Measuring Pandemic Preparedness", ThinkGlobal Health, June 30, 2020, [https://www.thinkglobalhealth.org/article/all-bets-are-measuring-pandemic-preparedness?fbclid=IwAR1xagtnj0ZWRRebv3GCtCOA\\_63qgwSQ5Pqb6yujn-SNg9xrmLzJbqD\\_XrHI](https://www.thinkglobalhealth.org/article/all-bets-are-measuring-pandemic-preparedness?fbclid=IwAR1xagtnj0ZWRRebv3GCtCOA_63qgwSQ5Pqb6yujn-SNg9xrmLzJbqD_XrHI)

In October 2020, some countries in Southeast Asia began to lift restrictions and lockdown measures, reopening the economy under the so-called 'New Normal', which requires citizens to comply with social distancing, hand-washing, mask wearing and other measures.<sup>52</sup> The most significant concern for Southeast Asian countries is to prevent the second-wave and local transmission. Moreover, governments are currently facing common challenges in balancing health, economic, and social concerns after easing restrictions.<sup>53</sup> One study has identified five pre-conditions for lifting Covid-19 lockdowns and restrictions: "knowledge of infection status, community engagement, adequate public-health capacity, adequate health-system capacity, and border controls".<sup>54</sup> Based on these prerequisites, it seems more than half of Southeast Asian countries are not in a good position to lift their restrictions. Countries like Myanmar, the Philippines and Indonesia have been hit hard by an overwhelming number of Covid-19 cases, causing their health care systems to be currently overstretched.<sup>55</sup>

### VIII. The Way Forward

Many developed countries have been working on the Covid-19 vaccines; however, a final date for the official vaccine hasn't been confirmed yet. Even though the rise in infection numbers has slowed down in many countries, this does not mean that we are now in a safe position. Each state has to think about the way forward to deal with the current pandemic and the potential for future outbreaks. The Covid-19 pandemic has shown the world the value of investment in healthcare systems since it is a long-term investment and a shield for all nations to fight health crises. Many Southeast Asian countries have rapidly integrated technological tools in contact tracing, which is more effective and less time-consuming. The idea should be introduced to some Southeast Asian countries that haven't yet used them to increase the effectiveness of their Covid-19 containment efforts. However, big data might impact individual's privacy, demanding the government to incorporate data protection rights and safeguards, public health objectives, and other necessary laws. The novel coronavirus requires close cooperation and collective solutions from within the region and the world as a whole as we all recognize that "no one is safe unless everybody is safe."

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52 Lisa Lockered Maragakis, "The New Normal and Coronavirus", Johns Hopkins, May 29, 2020, <https://www.hopkinsmedicine.org/health/conditions-and-diseases/coronavirus/coronavirus-new-normal>

53 Han, Emeline, et al., "Lessons learnt from easing COVID-19 restrictions: an analysis of countries and regions in Asia Pacific and Europe", *Health Policy*, September 24, 2020, [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(20\)32007-9/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)32007-9/fulltext)

54 Ibid.

55 UN, "Policy Brief: The Impact of COVID-19 on Southeast Asia", July 20, 2020



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# EXPLORING THE IMPACTS OF COVID-19 ON EDUCATION IN SOUTHEAST ASIA: CHALLENGES AND OPPORTUNITIES

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## I. Introduction

The Covid-19 pandemic has brought the world to a standstill. At the end of October 2020, more than 42 million people have been infected by this new strain of coronavirus, with more than one million deaths from it. The World Health Organisation declared the Covid-19 outbreak as a pandemic on 12th March 2020 about two months after the outbreak was first reported.<sup>1</sup> With no end in sight, the pandemic continues to wreak havoc across the world. Although some countries have flattened the curve of Covid-19 and have eased their restrictions, or are planning to do so, others remain in lockdown, fighting or fearing the second wave of infections.

In Southeast Asia, at least 877,000 cases and 21,000 deaths from Covid-19 have been reported by mid-October.<sup>2</sup> Compared with countries in Europe and America, Southeast Asian countries have not been hit hard by Covid-19 as far as the total number of deaths and infections is concerned; however, their economies are severely affected. With health and an economic crisis caused by the pandemic simultaneously engulfing countries in this region and beyond,<sup>3</sup> it is important to assess the consequences of Covid-19 on the livelihoods of millions of people in this region. Such an assessment would provide a better understanding of how the ASEAN countries cope with the pandemic and what policy responses are needed to contain the spread of the virus, build a post-Covid-19 society, and prepare for a possible recurrence of a similar pandemic.

This chapter examines the impact of Covid-19 on education in ASEAN countries, with a particular emphasis on Cambodia. It briefly discusses key education-related measures that ASEAN countries have adopted to contain the spread of Covid-19. This is followed by a discussion of the challenges Covid-19 poses for the education sector. The chapter then examines the educational opportunities afforded by the pandemic. It concludes with implications for bringing about positive changes to the education system in Cambodia.

## II. Measures Adopted to Combat the Covid-19 Pandemic

To mitigate the Covid-19 pandemic, various measures have been taken by the individual ASEAN member states. Some of the common measures, as also implemented by other governments around the world, include full or partial lockdowns; quarantine and self-isolation; travel restrictions and border closures; suspension of social events, religious gatherings and celebra-

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1 World Health Organization, "WHO announces COVID-19 outbreak a pandemic," 13 March 2020, <https://www.euro.who.int/en/health-topics/health-emergencies/coronavirus-covid-19/news/news/2020/3/who-announces-covid-19-outbreak-a-pandemic>

2 Author's calculation of data available on Worldometer (<https://www.worldometers.info/coronavirus/>). Accessed on 24 October 2020.

3 United Nations Development Programme, "The social and economic impact of Covid-19 in the Asia-Pacific region," 28 April 2020, <https://www.undp.org/content/undp/en/home/librarypage/crisis-prevention-and-recovery/the-social-and-economic-impact-of-covid-19-in-asia-pacific.html>

tions; closure of entertainment venues and educational institutions; testing and contact tracing; stay-at-home encouragement or orders, public health education and declaration of states of emergency.<sup>4</sup> Various forms of economic stimulus packages have also been announced to cope with the socioeconomic impact of Covid-19 and revive the economy.<sup>5</sup>

Measures that have direct consequences on education are the closure of schools and universities. Across the world, 194 countries had closed schools nationwide by 04th April 2020, affecting more than 1.5 billion learners.<sup>6</sup> By 04th June, schools in 134 countries remain closed, affecting more than 1.1 billion learners, or about 64% of total enrolled learners in the world.<sup>7</sup>

**Table 1. Date of school closures in each ASEAN country**

Country	Date of the first confirmed case	Date of school closures	No. of confirmed cases when schools were ordered closed
Brunei	09 March	11 March*	6
Cambodia	27 January	16 March	12
Indonesia	02 March	16 March	117
Laos	24 March	17 March	0
Malaysia	27 February	18 March	553
Myanmar	23 March	16 March	0
Philippines	30 January	13 March	52
Singapore	23 January	08 April	1,375
Thailand	13 January	18 March	177
Vietnam	23 January	03 February	7

Source: Author's synthesis of various media sources such as Straits Times, Khmer Times, Jakarta Post, The Star, Reuters, Bangkok Post, and Hanoi Times, (2020)

\* Term break was announced about one week earlier than originally scheduled.

4 Muhammet Ali Guler, "ASEAN countries' coronavirus fight: Numbers and disputes," Daily Sabah, 08 May 2020, <https://www.dailysabah.com/opinion/op-ed/asean-countries-coronavirus-fight-numbers-and-disputes>; Zheng Yan, "Unprecedented pandemic, unprecedented shift, and unprecedented opportunity," Human Behavior and Emerging Technologies 2, no. 2 (2020): 110-112. <https://onlinelibrary.wiley.com/doi/full/10.1002/hbe2.192>

5 Hannah Ritchie, et al., "Policy responses to the Coronavirus pandemic," Our World in Data, <https://ourworldindata.org/policy-responses-covid>

6 UNESCO, "COVID-19 impact on education," <https://en.unesco.org/covid19/educationresponse>; Russell M. Viner, et al., "School closure and management practices during coronavirus outbreaks including COVID-19: a rapid systematic review," The Lancet Child & Adolescent Health 4, no. 5 (2020). [https://www.thelancet.com/journals/lanchi/article/PIIS2352-4642\(20\)30095-X/fulltext](https://www.thelancet.com/journals/lanchi/article/PIIS2352-4642(20)30095-X/fulltext)

7 UNESCO, "COVID-19 impact on education," <https://en.unesco.org/covid19/educationresponse>



As the pandemic quickly spreads, each ASEAN country has taken steps to control the outbreak by closing schools and universities to avoid an outbreak among students, particularly school children. As detailed in Table 1, each country in Southeast Asia opted to shut down educational institutions in their respective countries at different times depending on the severity and transmissibility of the coronavirus. Some adopted such measures early; others were reluctant at first.

As for Cambodia, educational countermeasures to combat the spread of the virus were adopted relatively quickly, considering the fact that schools were ordered closed when the total of cases were only 12 (see Table 1). The country confirmed its first Covid-19 case in late January.<sup>8</sup> Almost two months later, the number of cases rose to more than 10, prompting the Cambodian Ministry of Education, Youth and Sport (MoEYS) to close all public and private educational institutions in the country.<sup>9</sup> However, there are challenges caused by the implementation of national school closures as part of the larger social/physical distancing measures in Cambodia and other ASEAN countries.

### III. Challenges Covid-19 Poses for Education

The localised and country-wide closures of schools and universities, albeit temporary, present significant challenges to education systems, learners, and teachers across the globe.<sup>10</sup> School closures impact not only students, teachers and families, but also the whole community and society at large. The impact is particularly severe for disadvantaged and vulnerable children, their families, and women who generally have to shoulder the burden of domestic work and care for children and at-risk elderly relatives.<sup>11</sup>

According to UNESCO, many students across the world have lost the opportunities for learning and growth, while others are deprived of opportunities for healthy nutrition or meals they normally receive at school.<sup>12</sup> There are numerous other challenges including, among others, stress and frustration for students, teachers, and parents; high economic costs for working parents who are more likely to stay home to look after their children; increased pressure on education institutions that have to shift in-person classes to online learning; and social isolation faced by students who lose the opportunity to interact with peers and teachers.<sup>13</sup>

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8 Channel News Asia, "Cambodia confirms first case of Wuhan virus: Health minister," 27 January 2020, <https://www.channelnewsasia.com/news/asia/wuhan-virus-cambodia-confirms-first-case-china-health-minister-12358724>

9 Khemara Sok, and Narin Sun, "Cambodia announces nationwide school closures as COVID response ramps up," VOA Cambodia, 16 March 2020, <https://www.voacambodia.com/a/cambodia-announces-nationwide-school-closures-covid-response-ramps-up-/5330402.html>

10 Joseph Crawford, et al., "COVID-19: 20 countries' higher education intra-period digital pedagogy responses," *Journal of Applied Teaching and Learning* 3, no. 1 (2020): 1-20, [https://researchrepository.ucd.ie/bitstream/10197/11344/2/covid-19\\_edu\\_2020.pdf](https://researchrepository.ucd.ie/bitstream/10197/11344/2/covid-19_edu_2020.pdf)

11 UNDP, "The social and economic impact of Covid-19 in the Asia-Pacific region."

12 UNESCO, "Adverse consequences of school closures," <https://en.unesco.org/covid19/educationresponse/consequences>

13 Sir John Daniel, "Education and the COVID-19 pandemic," *Prospects* 49 (2020). doi: 10.1007/s11125-020-09464-3

The closure of schools and universities are also likely to increase inequality in human capital development for student cohorts affected by the pandemic.<sup>14</sup> In the Cambodian context, school closures have revealed the issue of a digital divide and educational inequality in rural areas for students who lack access to a stable internet connection and digital devices as well as the experience of navigating online learning platforms.<sup>15</sup> As the Ministry of Education, Youth and Sport (MoEYS) has initially allowed some private international schools that have the capacity to meet Covid-19 safety standards to reopen in August, the educational inequality was on display. No doubt, students from low socioeconomic backgrounds will continue to be at the disadvantaged end of the education divide.

There have been reports of increased risk of school bankruptcy as many private educational institutions that experience a substantial loss of income cannot afford to pay rents, wages, utilities, etc.<sup>16</sup> As most schools and all universities remained closed until at least October 2020, the delay in reopening schools was believed to have a long-term negative impact on students' learning and future employability.<sup>17</sup>

A study by the OECD in collaboration with Harvard Graduate School of Education, which involved more than 300 respondents from 98 countries including seven ASEAN countries (excluding Brunei, Indonesia and Laos), identified a number of key educational challenges caused by Covid-19.<sup>18</sup> These include "ensuring the continuity of academic learning for students, supporting the students who lack skills for independent study, ensuring continuity and integrity of the assessment of student learning, ensuring support for parents so they can support student learning, and ensuring the well-being of students and of teachers."<sup>19</sup> Other challenges concern the availability and management of technological infrastructure.

There are also challenges related to cybersecurity, privacy concerns and the proliferation of misinformation as schools and universities made an unprecedented shift from the regular face-to-face teaching to online teaching.<sup>20</sup> Other problems include increased exposure to violence, online sexual exploitation and cyberbullying, as well as emotional and psychological challeng-

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14 Simon Burgess, and Hans Henrik Sievertsen, "Schools, skills, and learning: The impact of COVID-19 on education," VoxEU, 01 April 2020, <https://voxeu.org/article/impact-covid-19-education>

15 Kanika Som, "E-learning highlights educational inequality," Khmer Times, 31 March 2020, <https://www.khmertimeskh.com/707759/e-learning-highlights-educational-inequality/>

16 Chan Sok, "Financial ruin for private schools?" Khmer Times, 15 April 2020, <https://www.khmertimeskh.com/713130/financial-ruin-for-private-schools/>

17 Sambath Touch, "A long delay in reopening schools will have a long-term negative impact on Cambodia," Cambodianess, 28 May 2020, <https://cambodianess.com/article/a-long-delay-in-reopening-schools-will-have-a-long-term-negative-impact-on-cambodia>

18 Fernando M. Reimers, and Andreas Schleicher, "A framework to guide an education response to the COVID-19 pandemic of 2020," OECD, [https://www.hm.ee/sites/default/files/framework\\_guide\\_v1\\_002\\_harward.pdf](https://www.hm.ee/sites/default/files/framework_guide_v1_002_harward.pdf)

19 Ibid., 15.

20 Zheng Yan, "Unprecedented pandemic, unprecedented shift," 111.

es caused by uncertainties, fears and worries surrounding Covid-19;<sup>21</sup> problems related to the lack of expertise and sophistication required by online education; and challenges regarding the reduction in public expenditures and investments in education.<sup>22</sup> Specific to higher education are challenges faced by faculty members who lack online teaching experience, adequate preparation time for online teaching and technological support.<sup>23</sup> Students are also constrained by difficulties associated with their lack of active academic involvement and good learning attitudes, as well as a “lack of self-discipline, suitable learning materials, and good learning environments when they are self-isolated at home.”<sup>24</sup>

Moreover, other research studies have shown that the Covid-19 crisis has posed other great challenges for the education sector in ASEAN countries, including problems concerning teacher retention, especially retention of expat teachers;<sup>25</sup> problems related to planning, implementation, and assessment;<sup>26</sup> and challenges regarding the lack of a quiet place to study in their home and access to computers, software, other electronic devices and the Internet.<sup>27</sup> Despite a lack of empirical evidence, Covid-19 has also led to a decrease in the overall performance of Grade 12 students as media reports have shown.<sup>28</sup>

#### IV. Opportunities Covid-19 Provides for Education

The Covid-19 pandemic may, however, has a silver lining.<sup>29</sup> The pandemic provides an unprecedented opportunity for the education sector to make use of technologies to “upgrade its educational mode of delivery and transfer its attention to emerging technologies” to ensure that their curriculums and education practices are responsive to the needs of students and communities in the changing world.<sup>30</sup> There are also opportunities for teaching and learning

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- 21 Sir John Daniel, “Education and the COVID-19 pandemic.”; UNICEF, “Children at increased risk of harm online during global COVID-19 pandemic,” 14 April 2020, <https://www.unicef.org/press-releases/children-increased-risk-harm-online-during-global-covid-19-pandemic>
  - 22 LSBF Staff, “How COVID-19 has impacted the education sector,” London School of Business & Finance, 01 June 2020, <https://www.lsbfi.org.uk/blog/online-learning/how-covid-19-has-impacted-the-education-sector>; World Bank, *The Impact of the COVID-19 Pandemic on Education Financing* (Washington, DC: World Bank, 2020)
  - 23 Wei Bao, “COVID-19 and online teaching in higher education: A case study of Peking University,” *Human Behavior and Emerging Technologies* 2, no. 2 (2020): 113-115.
  - 24 *Ibid.*, 114.
  - 25 Anh-Duc Hoang, “Pandemic and teacher retention: Empirical evidence from ex-pat teachers in Southeast Asia during COVID-19,” *International Journal of Sociology and Social Policy* (2020). [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3595413](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3595413)
  - 26 Cathy Mae Toquero, “Challenges and opportunities for higher education amid the COVID19 pandemic: The Philippine context,” *Pedagogical Research* 5, no. 4 (2020). <https://www.pedagogicalresearch.com/download/challenges-and-opportunities-for-higher-education-amid-the-covid-19-pandemic-the-philippine-context-7947.pdf>
  - 27 Fernando M. Reimers, and Andreas Schleicher, “A framework to guide an education response”.
  - 28 Bundit Kertbundit, Covid-19 presents big challenges for schooling,” *Bangkok Post*, 16 April 2020, <https://www.bangkokpost.com/opinion/opinion/1900890/covid-19-presents-big-challenges-for-schooling>
  - 29 Kimkong Heng, “COVID-19: A silver lining in the crisis for Cambodia’s education sector,” *Cambodian Education Forum*, 05 July 2020, <https://cambodianeducationforum.wordpress.com/2020/07/05/covid-19-a-silver-lining-in-the-crisis-for-cambodias-education-sector/>
  - 30 Cathy Mae Toquero, “Challenges and opportunities for higher education,” 3.

adjustment. One option is to embrace and take advantage of asynchronous learning – a self-paced learning approach that does not require students and teachers to be present or online at the same time.<sup>31</sup> This learning approach “gives teachers flexibility” in preparing and delivering learning materials to students who can engage with them “using wikis, blogs, and e-mail to suit their schedules.”<sup>32</sup>

Other educational opportunities that tend to work well with more mature or older students involve taking advantage of a blended learning approach<sup>33</sup> – blending technology with face-to-face learning – by utilising high-quality learning materials and courses available online through open universities and online learning platforms such as Coursera, Udemy, Future Learn and OpenLearn.<sup>34</sup> Some of the courses available on these and other platforms may be rigorously adopted and integrated into student assessment mechanisms in the post-Covid-19 education system. After the Covid-19 crisis, many education institutions may be versed in the design and conduct of online learning; and the mechanisms they put in place during the pandemic will be useful after the Covid-19 crisis is over.

Moreover, Covid-19 has ironically increased opportunities for connectivity and collaboration.<sup>35</sup> Although the virus has forced the world into isolation, ordinary people started to connect, help and seek out support from each other, while government bodies began to engage in multi-sectoral cooperation in the fight against Covid-19.<sup>36</sup> Despite the decrease in education investment, as mentioned above, Covid-19 may also lead to “a reconsideration of investments in educational technology” as investors, policymakers and education technology companies see the potential of online learning during the pandemic.<sup>37</sup>

Other unexpected educational opportunities generated by the Covid-19 crisis are “the introduction of technologies and other innovative solutions and an increase in the autonomy of students to manage their own learning.”<sup>38</sup> Parental involvement in children’s education has also increased, as well as the intensity of public-private partnership and societal interest in educa-

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31 Sir John Daniel, “Education and the COVID-19 pandemic.”

32 Ibid., 3.

33 Randy D. Garrison, and Heather Kanuka, “Blended learning: Uncovering its transformative potential in higher education,” *The Internet and Higher Education* 7, no. 2 (2004): 95-105. <https://doi.org/10.1016/j.iheduc.2004.02.001>

34 Sir John Daniel, “Education and the COVID-19 pandemic”.

35 Hsien-Li Tan, “A collective ASEAN response to COVID-19,” *East Asia Forum*, 16 July 2020, <https://www.eastasiaforum.org/2020/07/16/a-collective-asean-response-to-covid-19/>

36 ASEAN, “ASEAN Plus Three senior health officials reaffirm cooperation to stop spread of 2019-nCoV,” 04 February 2020, <https://asean.org/asean-plus-three-senior-health-officials-reaffirm-cooperation-stop-spread-2019-ncov/>

37 Dimitrios Vlachopoulos, “COVID-19: Threat or opportunity for online education?” *Higher Learning Research Communications* 10, no. 1 (2020): 16-19. <https://scholarworks.waldenu.edu/cgi/viewcontent.cgi?article=1179&context=hlrc>

38 Fernando M. Reimers, and Andreas Schleicher, “A framework to guide an education response”.

tion. In Cambodia, as also seen elsewhere, there has been much collaboration and partnership between the MoEYS and the private sector, as well as donor agencies, to develop online educational resources that cater to the needs of learners affected by Covid-19.<sup>39</sup>

Thus, while the education sector in Southeast Asia and across the world is severely impacted by the Covid-19 pandemic, there are opportunities for online education, better adoption of blended learning, strengthened involvement and cooperation of parents, and better preparation and experience for the next possible pandemic. In the Cambodian education context Covid-19 has helped to pave the way for wider adoption of online learning, greater attention to the digitalisation of education<sup>40</sup> and increased public-private partnerships.<sup>41</sup>

## V. Conclusion and Implications for Cambodia

Given the magnitude of the impacts of the Covid-19 pandemic on the Southeast Asian region and beyond, various measures and policy responses have been put in place. Examples of such, as mentioned above, include school and workplace closures, cancellation or restrictions of public events and gatherings, public information campaigns, stay-at-home restrictions, restrictions on international and domestic travel, testing and contact testing, and income support and debt relief.<sup>42</sup> To mitigate the effects of Covid-19 on the education sector and to bring about positive changes in the post-pandemic education system in Cambodia, the following suggestions and policy implications, some of which might be applicable to other less developed ASEAN countries, should be considered.

***Bridging the gap in digital divide.*** As the lack of access to computers, electronic devices and the internet poses considerable challenges for many students, especially those in the region's least developed countries such as Cambodia, Laos and Myanmar,<sup>43</sup> it is imperative that the governments in these countries take measures both individually and collectively to bridge the gap in access to appropriate electronic devices and reliable internet connection. Collaboration between industries and the education ministry as seen in Cambodia<sup>44</sup> and other ASEAN countries<sup>45</sup> is a

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39 Darren Touch, "Digitalising Cambodia's education system: Transforming the learning experience for the future," Asian Vision Institute, 09 May 2020, <https://asianvision.org/archives/publications/avi-commentary-issue-2020-no-18/>

40 Nithatevy Kuch, "Digital education will continue to be a priority," Khmer Times, 14 September 2020, <https://www.khmertimeskh.com/50763513/digital-education-will-continue-to-be-a-priority/>

41 Dara Voun, "New data-free distance education app on roll," The Phnom Penh Post, 16 July 2020, <https://www.phnompenhpost.com/national/new-data-free-distance-education-app-roll>

42 Riyanti Djalante, et al., "The ASEAN's responses to COVID-19: A policy sciences analysis," PsyArXiv, no. February (2020): 1-32; Hannah Ritchie, et al., "Policy responses to the Coronavirus pandemic."

43 Nuurrianti Jalli, "Lack of internet access in Southeast Asia poses challenges for students to study online amid COVID-19 pandemic," The Conversation, 17 March 2020, <https://theconversation.com/lack-of-internet-access-in-southeast-asia-poses-challenges-for-students-to-study-online-amid-covid-19-pandemic-133787>

44 Darren Touch, "Digitalising Cambodia's education system."

45 Bundit Kertbundit, "Is Thailand ready for schools to teach remotely?" Bangkok Post, 08 May 2020, <https://www.bangkokpost.com/>

viable approach towards transforming the existing learning platform into a temporarily TV-based or online learning environment, as well as digitalising the wider education system. However, some of these e-learning initiatives fall short when it comes to providing education support for marginalised and socially disadvantaged learners, particularly those residing in remote communities. Thus, education responses and initiatives tailored at identifying and addressing the learning needs of underprivileged students in rural areas are welcomed, so are the initiatives that aim to enhance local capacities to provide education to less fortunate children and young people.

The various initiatives that have been implemented by MoEYS through collaboration with the private sector and NGOs are helpful; however, a lot more are needed to be done. One way to address this issue is through active engagement with local authorities and the community. MoEYS and local education departments should, for example, engage school principals, community chiefs and students' parents to seek appropriate solutions to support less privileged school children in rural areas.<sup>46</sup> Installing a television set in primary schools to allow a small group of students to gather together to learn from televised video lessons could be an option; however, Covid-19 safety measures must be strictly observed.

Another possible solution is to provide temporary individualized support through interventions by the local authority or home visits by teacher (i.e. teacher visits children at home to provide lessons or support) to children who have been unable to continue their education due to various reasons such as lack of access to online lessons or having to work at home or on the farms to support their families.<sup>47</sup> These initiatives are crucial as they can help contribute to bridge the educational inequalities exposed and exacerbated by the Covid-19 pandemic.<sup>48</sup>

***Investing in establishing online learning platforms.*** Although there are many online learning platforms available on the internet, many of them do not offer specific learning contents that are directly relevant to learners in a particular geographical location or country. In Cambodia, before the pandemic, there seems to be a serious lack of online learning platforms and resources provided by schools, universities and the education ministry itself. Despite various "emergency" initiatives recently adopted by MoEYS and the individual educational institutions to cope with the consequences of the pandemic, these initiatives and other innovative education solutions are needed and must be sustained in the post-Covid-19 era. Universities in Cambodia have to reconsider their approach to online education by investing in the establishment or

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opinion/opinion/1914636/is-thailand-ready-for-schools-to-teach-remotely-

46 Sokna Sun, "Rural primary education in Cambodia during the pandemic: Challenges and solutions," Cambodian Education Forum, 22 August 2020, <https://cambodianeducationforum.wordpress.com/2020/08/22/rural-primary-education-in-cambodia-during-the-pandemic-challenges-and-solutions/>

47 Sokna Sun, "Rural primary education in Cambodia during the pandemic,"

48 Gerald Flynn, and Jazmyn Himel, "School closures highlight inequality in education as classes move online," Cambodianess, 23 March 2020, <https://cambodianess.com/article/school-closures-highlight-inequality-in-education-as-classes-move-online>

improvement of online learning modules and beginning to rely less on in-person courses by adopting the blended learning or flipped classroom model which has the potential to promote learner autonomy and independent learning.<sup>49</sup> To achieve this end, it is important that all schools and universities in the country take steps to improve their library capabilities and technological infrastructure, especially the provision of stable internet access within their premises.

This recommendation, however, needs to be taken with caution. On the one hand, there are concerns about the impact of technology used on children. For example, a review of previous research on the potential risks and benefits of technology use by children has shown adverse associations between screen time and children's sleep quality, stress levels, increased sedentary behaviors, overweight, discomfort, postural risks (i.e. asymmetrical postures), eyestrain, radiation exposure, and other health risks such as brain cancer.<sup>50</sup>

On the other hand, it is important to understand that technology or online learning is important, yet it may not completely replace the significant role of face-to-face learning, at least not in the current decade. Modern technologies are vital, but online learning through mobile devices can "make students feel bored and exhausted," especially when they spend long hours in front of the screen.<sup>51</sup> Thus, blended learning - a combination between face-to-face and online learning - seems to be the way forward for education in Cambodia (and elsewhere) in the post-Covid-19 world.

***Increasing collaboration with all stakeholders.*** As mentioned above, the Covid-19 pandemic is, to some extent, a silver lining in the crisis. It has helped to strengthen the public-private partnership – an area that has the potential to improve the education system in Cambodia and other developing countries in the region and beyond. Research has shown that stakeholder involvement in the higher education sector in Cambodia, and more likely in the whole education system, remains very limited, which poses severe impediments to the development of the sector.<sup>52</sup> Thus, earnest efforts and policy interventions should be made to address this issue once the pandemic is over and the economy recovers.

To enhance public-private partnership and stakeholder involvement in education, the Cambodian government has a pivotal role to play. The government needs to "provide policy

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49 Sopheap Kaing, "COVID-19 forces Cambodian higher education to adopt hybrid teaching and learning," Cambodian Education Forum, 15 July 2020, <https://cambodianeducationforum.wordpress.com/2020/07/15/covid-19-forces-cambodian-higher-education-to-adopt-hybrid-teaching-and-learning/>

50 Francesca Gottschalk, "Impacts of technology use on children: Exploring literature on the brain, cognition and well-being," OECD Education Working Paper No. 195. <https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=EDU/WKP%282019%293&docLanguage=En>

51 Kakada Uon, "Impact of COVID-19, online learning and challenges facing Cambodian students," Cambodian Education Forum, 29 August 2020, <https://cambodianeducationforum.wordpress.com/2020/08/29/impact-of-covid-19-online-learning-and-challenges-facing-cambodian-students/>

52 Chanphirun Sam, and Heidi Dahles, "Stakeholder involvement in the higher education sector in Cambodia," *Studies in Higher Education* 42, no. 9 (2017): 1764-1784.

intervention and financial support” to higher education institutions.<sup>53</sup> In addition, through MoEYS, the government should give higher education institutions (HEIs) more autonomy in terms of institutional governance and operation. Strict regulations and evaluation mechanisms need to be in place to ensure quality in teaching and research and to build the capacity of HEIs to produce high-quality research that could allow them to diversify their sources of income (i.e. generate income through research activities) rather than rely solely on tuition fees.<sup>54</sup>

**Expediting higher education reform.** It is commonly known in Cambodia that skill-mismatch among university graduates is a significant problem the country and its higher education sector in particular, have to solve immediately.<sup>55</sup> Until now MoEYS has made considerable progress in terms of reforming secondary education<sup>56</sup> as evidenced in the reform of the national Grade 12 examination, the introduction of New Generation School, and the implementation of programs aimed at upgrading the quality of teachers and school directors, just to mention a few.<sup>57</sup> In its Education Strategic Plan 2019-2023, MoEYS outlines some of the achievements in the education priority reforms it has introduced since 2014. Among them, the outcomes of higher education reforms were least achieved. This calls for more attention and policy interventions to speed up the reform process to achieve an inclusive, equitable and competitive quality higher education system that can produce highly skilled and competent graduates needed to realise Cambodia's vision to become a higher-middle-income country by 2030 and a high-income economy by 2050.

**Promoting research and publication.** Research has shown that Cambodia lags behind many ASEAN countries in terms of research and publication.<sup>58</sup> This is a critical issue which requires serious policy attention as Cambodia aspires to transition into a knowledge-based society. All stakeholders in the education sector, particularly the MoEYS, must commit to the promotion of research and publication in the country. Thus far, various initiatives aimed at promoting research and publication have been introduced by MoEYS, HEIs, NGOs, and Cambodia-based think tanks.<sup>59</sup> This book is a telling example of such initiatives. Nevertheless, more projects and initiatives of this kind, particularly those that aim to develop and support research students as well as novice researchers are clearly needed.<sup>60</sup>

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53 Chanthirun Sam, “Higher education in transition: Stakeholder involvement and challenges for academic institutions in Cambodia,” (PhD thesis, Vrije Universiteit Amsterdam, 2016), 146, <https://research.vu.nl/ws/portalfiles/portal/42168151/complete+dissertation.pdf>

54 Ibid.

55 Chivoïn Peou, “On Cambodian higher education and skills mismatch: Young people choosing university majors in a context of risk and uncertainty,” *Journal of Education and Work* 30, no. 1 (2017): 26-38.

56 Visal Sot, Soth Sok, and Gail Dickinson, “Four decades of teacher development: Teacher preparation and teacher upgrading programs in Cambodia from 1979 to 2018,” *Cambodian Education Review* 3, no. 1 (2019): 115-139.

57 See also Melissa Donaher, and Nuoya Wu, “Cambodia's New Generation Schools reform,” In *Empowering Teachers to Build a Better World*, ed. Fernando M. Reimers (Singapore: Springer, 2020), 103-120.

58 Kimkong Heng, “New hope for a research culture in Cambodia,” *Cambodianess*, 27 October 2020, <https://cambodianess.com/article/new-hope-for-a-research-culture-in-cambodia>

59 Ibid.

60 Kimkong Heng, “Kingdom should promote university research,” *The Phnom Penh Post*, 06 May 2019, <https://www.phnompenhpost>.



At the time of writing, MoEYS, with the support of the World Bank, has been implementing a US\$92.5 million higher education improvement project aimed at improving the relevance and quality of higher education and research in science, technology, engineering and math (STEM) and agriculture at selected public universities.<sup>61</sup> The project has a grace period of six years starting in 2018; thus, it remains to be seen how the project will contribute to the development of research in the country. Despite this, it is imperative that all stakeholders, including the government, HEIs, development partners, think tanks, the industries and individuals, join hands to aggressively promote research and publication activities in Cambodia.

In conclusion, the Covid-19 pandemic has caused disruption across all sectors of society, and education is, unfortunately, not an exception. Despite its adverse consequences, Covid-19 has set in motion a number of positive changes in the region, one of which is the proliferation of e-learning platforms – a short-term education solution that can be sustained and embraced in a post-Covid-19 education system in many Southeast Asian countries. The Cambodian education ministry's e-learning portal ([elearning.moeys.gov.kh](http://elearning.moeys.gov.kh)) and the establishment of the Centre for Digital and Distance Learning are a few examples of such welcome changes that we could never have anticipated prior to the pandemic. Thus, in a sense, Covid-19 is an unprecedented and complex phenomenon that acts as a change agent and a catalyst for the digital transformation of the education system in less developed ASEAN nations like Cambodia. All concerned stakeholders, especially high-level policymakers, may have to keep the momentum of this digital transformation of education going, increase its quantity and quality and ensure its effectiveness and sustainability. Cambodia needs more initiatives that aim to equip students with the knowledge and skills necessary to meet the needs of the changing job market and the demands of an inclusive, progressive, and sustainable Cambodian society.

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[com/opinion/kingdom-should-promote-university-research](https://www.moeys.gov.kh/en/opinion/kingdom-should-promote-university-research)

61 World Bank, "Cambodia Higher Education Improvement Project," <https://projects.worldbank.org/en/projects-operations/project-detail/P162971?lang=en>



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# THE IMPACT OF COVID-19 ON EMPLOYEE'S PSYCHOLOGICAL WELL-BEING AND WORKPLACE CULTURE

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## I. Introduction

In December 2019, the first news emerged of a new strain of acute respiratory disease (SARS) originating in Wuhan, China. Although alarming, it was initially perceived as localized, and no threat to countries in the region, such as Cambodia. By January 2020, SARS-CoV-2 or Covid-19 had started spreading rapidly around the world, fueled by international travel and porous borders, leading the World Health Organization (WHO) to declare a public health emergency of international concern. With its close ties to China, vis-a-vis tourism and investment, Cambodia remained optimistic about the potential impact. Prime Minister Hun Sen voiced his support for China, and for citizens of other countries on who were caught on cruise ships in the rapid border closures that followed the WHO declaration. Cambodia appeared safe, with only one case of Covid-19 identified on the 27th of January 2020.

The mood at our university was cautious, but not yet overly concerned. The leadership team had started planning for contingencies should the university have to close, even though this did not seem to be an imminent threat. However, on the 16th of March 2020, the Royal Government of Cambodia declared the closure of all public and private schools in Cambodia, with restrictions on businesses such as hospitality, entertainment, and manufacturing. With less than 48 hours to prepare for the closure of the campus and to ensure a rapid change to online teaching and provision of infrastructure to enable this, there was a level of shock and stress in responding to the announcement. Similar situations have most likely played out in institutions across Cambodia and the rest of the world.

To date, there has been a low number of reported cases of Covid-19 in Cambodia and no reported death as a direct consequence of the virus. However, with the rampant spread of Covid-19 in other countries, the Royal Government of Cambodia has been careful to ensure that public health measures stay in place to mitigate a predicted second wave. Although the prevalence of Covid-19 appears low in Cambodia, nevertheless there has been a significant impact on workplaces and the psychological well-being of employees related to job and financial security, altered working conditions and challenges of adopting new technologies, and the real and existential threat that Covid-19 poses. Covid-19 has not only had an immediate impact on the workplace, but it is predicted that the financial and psychological impact will continue for some time after the virus has been eliminated or brought under control.

This chapter explores the impact of Covid-19 on the psychological well-being of employees and the implications both nationally and globally. The authors argue that there have been negative impacts in the workplace, but also positive influences such as changing work culture which considers human capital alongside economic stability. The global pandemic has also reinforced a division of labor, with wealthier nations who have higher use of technology, being able to outsource work to 'home', thereby decreasing the risks of job insecurity or unemployment. However, working from 'home', with the blurring of work-life and family-life, has added

another set of psychological stressors alongside the continuing existential threat that the pandemic poses. For less wealthy nations, with limited options to work from home, threats of unemployment and poverty means the focus is on economic survival rather than a professional or social identity that is associated with employment in many wealthier nations. With job insecurity and unemployment associated with the highest rates of psychological stress, the burden of mental illness is most likely to be borne by those who are already vulnerable to adverse situations. Looking ahead, it is important that governments and organizations consider both economic development and human capital by creating supportive environments that could contribute toward resilience and the psychological well-being of people.<sup>1</sup>

## II. Psychological Well-being and Workplace Culture During Covid-19

In essence, a workplace is any place or location where people do a job for an employer, and includes places such as offices, factories, manufacturing facilities, shops, cafes/restaurants, hotels, farms, or any place where work is undertaken. For most people, undertaking work brings psychological benefits, such as social connection, a sense of purpose and identity, usefulness, and financial stability.<sup>2</sup> In the workplace, people's health and well-being are shaped by economic, social, and environmental factors including the amount of money a person earns and job security, a safe working environment, and the culture of an organization. Legal protection in the shape of labor laws helps provide job security for people and ensures there is a safe working environment that does not expose employees to harm, including physical and/or psychological harm. The culture of an organization includes the underlying beliefs, principles and attitudes that influence how organizations function and how people (employees and employers) interact with each other – all of which contribute to the ambience of a workplace and the psychological well-being of employees.

Previous work on psychological well-being in the workplace identified workplace organization, leadership styles, work/life/individual balance and workplace culture as contributing to increasing or decreasing psychological stress.<sup>3</sup> Places of work where employers regard employees as their greatest asset, providing a positive working environment and adequate remuneration, are more likely to have employees who report positive psychological well-being. This in turn has a direct impact on employees' sense of commitment and productivity within the organization. New or unknown risks such as renewed forms of work, job insecurity, changing social relations, demographic changes or migration, new technologies and economic crisis have also been

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1 This chapter does not address the psychological well-being of frontline health care professionals as these workers face additional stressors and risks that the general population are not exposed to. There is a large and emerging body of work on this area.

2 Hagler, Matthew, Sherry Hamby, John Grych, and Victoria Banyard. "Working for well-being: Uncovering the protective benefits of work through mixed methods analysis." *Journal of Happiness Studies* 17, no. 4 (2016): 1493-1510.

3 Fernandes, Cláudia, and Anabela Pereira. "Exposure to psychosocial risk factors in the context of work: a systematic review." *Revista de saúde pública* 50 (2016): 24.,4

identified as contributing to psychological stress.<sup>44</sup> The unprecedented arrival of Covid-19 has exposed employees to the new and unknown risks and the workplace organization and culture has either exacerbated or ameliorated the impacts of these. To date, much of the focus on the Covid-19 pandemic has been around the impact on financial and economic capital, but attention is also turning to the impact on human and social capital, including the loss or gain of skills in the workplace and changes to work and social environments. Amartya Sen, who won the Nobel prize for economics, argues that the goal of economic development should be the freedom for people to lead the lives they have reason to live. Sen argues that poverty, social deprivation, and poor economic opportunities, limit a person's choices to attain freedom and security.<sup>5</sup> Arguably, the pandemic has already restricted people's choices and will, therefore, have an impact on local and global economics alongside human capital and potential.

The Covid-19 pandemic has been labelled as a social, health and economic crisis. For the workplace this means a double burden of potential infection and psychological stress related to employment conditions. The Centre for Disease Control (2020) describes common stressors related to Covid-19 in the workplace as concerns of being exposed to the virus at work; competing responsibilities of caring for family and children while working; different workloads, blurring of work/home boundaries; lack of technology needed to do the job (for example, no computer or laptop, or poor internet connectivity); having to learn new technologies; and uncertainty about the future – related to the global and national context and future job security.<sup>6</sup> Research on psychological stress in previous epidemics such as SARS or Ebola found the impact included not feeling safe, fear of being infected, fear of quarantine and social stigma or exclusion, information overload and job insecurity.<sup>7</sup> In Cambodia, the uncertainty about transmission of Covid-19 has caused a climate of fear, created a risk of rumors and false information, and stigmatization and discrimination of certain groups such as foreigners, women working with foreigners and Muslim groups.<sup>8</sup>

Early studies on psychological distress due to Covid-19 experienced by employees in China found that 12.7% of workers reported anxiety, 13.5% depression, and 6.6% insomnia and somatization,<sup>9</sup> and over 50% of workers reported moderate to severe psychological distress.<sup>10</sup> It was found that within the population of Chinese workers in Chongqing experiencing severe psycho-

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4 Ibid, 4.

5 Sen, Amartya. *Development as freedom*. Oxford Paperbacks, 2001., 3-37, 87-92.

6 Center for Diseases Control. "Employees: How to Cope with Job Stress and Build Resilience During the COVID-19 Pandemic". (March 2020). <https://www.cdc.gov/coronavirus/2019-ncov/community/mental-health-non-healthcare.html>

7 Hamouche, Salima. "COVID-19 and employees' mental health: stressors, moderators and agenda for organizational actions." *Emerald Open Research* 2, no. 15 (2020): 15.

8 Katrin, van der Dellen. *CARE Rapid Gender Analysis for COVID-19 Cambodia* (July 2020).

9 Song, Lili, Yong Wang, ZhengLin Li, Ying Yang, and Hao Li. "Mental Health and Work Attitudes among People Resuming Work during the COVID-19 Pandemic: A Cross-Sectional Study in China." *International journal of environmental research and public health* 17, no. 14 (2020): 5059.

10 Wang, Cuiyan, Riyu Pan, Xiaoyang Wan, Yilin Tan, Linkang Xu, Cyrus S. Ho, and Roger C. Ho. "Immediate psychological responses and associated factors during the initial stage of the 2019 coronavirus disease (COVID-19) epidemic among the general population in

logical distress, 10.8% met the criteria for PTSD.<sup>11</sup> In Cambodia, with existing high levels of mental illness, any additional stressor is likely to add to the burden of psychological distress on people, as well as increase the demand for already-stretched mental health services.<sup>12</sup> Pre-epidemic mental health statistics in Cambodia reported rates of depression (16.7%), anxiety (27.4%) and PTSD (7.6%), some of which are attributed to people's experiences during the Khmer Rouge regime.<sup>13</sup> These are high in comparison to global rates of depression (2% - 6%), anxiety (2.5% - 7%) and PTSD (2.1%).<sup>14</sup> Suicide rates are also higher in Cambodia than in other parts of South East Asia at an estimated 12.8 per 100,000.<sup>15</sup> Currently, it is not clear what additional impact Covid-19 has had on these statistics. However, the impact on people's lives is already visible. In June 2020, the Royal Government of Cambodia expressed concerns over an emerging possible mental health crisis because of the pandemic, as thousands of Cambodians experienced physical and psychological hardship.<sup>16</sup>

Consistently, one of the biggest concerns for people related to their workplace and psychological well-being is job security. A study of 1,073 Canadian workers who were suspended from work found an association between reported perceptions of low job security with lower measures of well-being,<sup>17</sup> whilst in China worrying about unemployment was associated with higher risks of mental health issues.<sup>18</sup> Women, migrant workers, low income workers with limited job protection rights, and those already facing financial hardship have reported higher job insecurity and increasing levels of psychological distress.<sup>19</sup> The impact of unemployment on psychological well-being has also been clearly established, with an associated increase in poor

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China." *International journal of environmental research and public health* 17, no. 5 (2020): 1729..

- 11 Tan, Wanqiu, Fengyi Hao, Roger S. McIntyre, Li Jiang, Xiaojiang Jiang, Ling Zhang, Xinling Zhao et al. "Is returning to work during the COVID-19 pandemic stressful? A study on immediate mental health status and psychoneuroimmunity prevention measures of Chinese workforce." *Brain, behavior, and immunity* (2020).
- 12 Sao Phal Niseiy. The Ministry of Health Warns of the Effects of COVID-19 on Mental Health (July 2020). <https://cambodianess.com/article/the-ministry-of-health-warns-of-the-effects-of-covid-19-on-mental-health>
- 13 Seponski, Desiree M., Cindy J. Lahar, Sareth Khann, Sovandara Kao, and Tanja Schunert. "Four decades following the Khmer rouge: sociodemographic factors impacting depression, anxiety and PTSD in Cambodia." *Journal of Mental Health* 28, no. 2 (2019): 175-180.
- 14 Ritchie, Hannah and Max Roser (2018) - "Mental Health". Published online at OurWorldInData.org. Retrieved from: '<https://ourworldindata.org/mental-health>' [Online Resource]; Koenen, K. C., A. Ratanatharathorn, L. Ng, K. A. McLaughlin, E. J. Bromet, D. J. Stein, E. G. Karam et al. "Posttraumatic stress disorder in the world mental health surveys." *Psychological medicine* 47, no. 13 (2017): 2260-2274.
- 15 Sakisakai, Kayako, Koji Fujitai, Yoshihiro Kanekoi, and Yutaka Motohashii. "Trends of suicide and suicide countermeasures in Cambodia." *Suicide* 2, no. 1 (2018): 8-15.
- 16 Sao Phal Niseiy. The Ministry of Health Warns of the Effects of COVID-19 on Mental Health (July 2020). <https://cambodianess.com/article/the-ministry-of-health-warns-of-the-effects-of-covid-19-on-mental-health>
- 17 Pacheco, Tyler, Simon Coulombe, Christine Khalil, Sophie Meunier, Marina Doucerain, Émilie Auger, and Emily Cox. "Job security and the promotion of workers' well-being in the midst of the COVID-19 pandemic: A study with Canadian workers one to two weeks after the initiation of social distancing measures." *International Journal of Well-being* 10, no. 3 (2020).
- 18 Song, Lili, Yong Wang, ZhengLin Li, Ying Yang, and Hao Li. "Mental Health and Work Attitudes among People Resuming Work during the COVID-19 Pandemic: A Cross-Sectional Study in China." *International journal of environmental research and public health* 17, no. 14 (2020): 5059.
- 19 Pacheco, Tyler, Simon Coulombe, Christine Khalil, Sophie Meunier, Marina Doucerain, Émilie Auger, and Emily Cox. "Job security and the promotion of workers' well-being in the midst of the COVID-19 pandemic: A study with Canadian workers one to two weeks after the initiation of social distancing measures." *International Journal of Well-being* 10, no. 3 (2020).

mental health, substance abuse and increasing social deprivation, the effects of which can persist after the period of unemployment has ended.<sup>20</sup> Some theorists suggest that employment is tied to a person's social identity, so the degree of psychological impact depends on how central employment is to their social identity.<sup>21</sup> Others suggest the impact is more at the level of survival, as unemployment deprives workers of the means to cover social needs such as food and housing.<sup>22</sup> Many of the studies that link employment with social identity have been carried out in Europe. More recent studies in China, Bangladesh and Pakistan (with arguably a closer demographic profile to that of Cambodia) suggest that economic survival rather than social identity is a major contributing factor to increased psychological distress and mental illness.<sup>23</sup> With increasing rates of unemployment due to Covid-19 predicted for Cambodia, it could be argued that this will further push people into situations of economic survival and psychological stress.

Lockdown of communities and workplaces to curb the spread of the virus has had a significant impact on workers globally, with the ILO estimating that since April 2020, 81% of the global workforce has been affected.<sup>24</sup> The closure of workplaces has seen a loss of 14% of working hours globally, representing the loss of 400 million full-time jobs.<sup>25</sup> It is estimated that income will decrease by 82% in low to middle-income countries and relative poverty will increase to 56%.<sup>26</sup> A drop in global economies will adversely impact unemployment social security, and the well-being of workers most vulnerable to an economic downturn.<sup>27</sup> Those in the informal sector have been the most impacted, as they often lack access to social safety nets.

In Cambodia, the economic impact of Covid-19 has been most severe for small businesses, rural communities, garment manufacturing, and women in the formal and informal sector, sex and entertainment industry.<sup>28</sup> In March 2020, 80,000 Cambodian women lost their jobs in en-

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20 Mousteri, Victoria, Michael Daly, and Liam Delaney. "The scarring effect of unemployment on psychological well-being across Europe." *Social Science Research* 72 (2018): 146-169.

21 Ezzy, Douglas. "Unemployment and mental health: a critical review." *Social science & medicine* 37, no. 1 (1993): 41-52.

22 Nordenmark, Mikael, and Mattias Strandh. "Towards a sociological understanding of mental well-being among the unemployed: the role of economic and psychosocial factors." *Sociology* 33, no. 3 (1999): 577-597.

23 Xiong, Jiaqi, Orly Lipsitz, Flora Nasri, Leanna MW Lui, Hartej Gill, Lee Phan, David Chen-Li et al. "Impact of COVID-19 pandemic on mental health in the general population: A systematic review." *Journal of affective disorders* (2020); Mamun, Mohammed A., and Irfan Ullah. "COVID-19 suicides in Pakistan, dying off not COVID-19 fear but poverty? The forthcoming economic challenges for a developing country." *Brain, behavior, and immunity* (2020); Mamun et al, "Financial threat, hardship and distress predict depression, anxiety and stress among the unemployed youths: A Bangladeshi multi-city study". 1149-1158.

24 International Labor Organization (ILO)(2020). ILO Monitor: "COVID-19 and the world of work". 5th edition. Retrieved on the 29th of August, 2020 from [https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS\\_749399/lang-en/index.htm](https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS_749399/lang-en/index.htm)

25 Ibid.

26 Ibid.

27 Ibid.

28 Business Human Rights Org. "Cambodia labor rights groups say 80000 workers in entertainment service sector lose their job as govt shuts down enterprises to curb COVID-19 spread". (March 2020). Retrieved the 1st of September 2020 from <https://www.business-humanrights.org/en/latest-news/>

tainment businesses such as Karaoke clubs or beer gardens.<sup>29</sup> Many of these women are informally employed and therefore had no access to legal protection, compensation packages or reassurance of future employment.<sup>30</sup> These women have been placed in desperate situations with little prospect of finding work, left with existing heavy debt burdens and fears the banks or micro-finance companies will take their homes.<sup>31</sup> In June 2020 approximately 200 garment factories had closed (1/3 of all factories) which has resulted in the loss of thousands of jobs – mainly for women<sup>32</sup> — with UNICEF expressing concerns about the risks for a rollback in labour rights and the risk of increasing child labour.<sup>33</sup> It is estimated that 100,000 migrant workers returning from Thailand are unemployed, 600,000 jobs have been lost in tourism and over 200,000 jobs have been lost in construction, representing a significant impact not only for job security but also economic survival.<sup>34</sup> The World Bank estimates the economy of Cambodia will contract by negative 1 to 2.9 percent, with the risk of pushing 1.3 million Cambodians into poverty.<sup>35</sup>

In Cambodia, there are populations who are more vulnerable to the impact of Covid-19 due to the lack of legal protection and precarious living and working conditions, with increased risks of exposure to the disease and economic impact from lockdown measures.<sup>36</sup> People who have a low socioeconomic status (vis-a-vis employment) are more likely to live in crowded housing with unstable employment and low income, which exacerbates stress related to financial uncertainty. This in turn has a direct impact on mental health. Poverty reveals the multiple burdens of the disease as a low socio-economic status not only increases people's exposure to the risks of the disease but also their ability to combat it from an economic and health perspective.<sup>37</sup> A recent UN policy brief stated that “without alternative income, formal social protection systems or

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29 Sokunthy Ros. “Women workers in Cambodia under the COVID pandemic”. Focus on the Global South. (May 2020). Retrieved on the 1st September, 2020 from <https://focusweb.org/women-workers-in-cambodia-under-the-covid-pandemic/>

30 Ibid.

31 Business Human Rights Org. “Cambodia labor rights groups say 80000 workers in entertainment service sector lose their job as govt shuts down enterprises to curb COVID-19 spread”. (March 2020). Retrieved the 1st of September 2020 from <https://www.business-humanrights.org/en/latest-news/>

32 Japan Times. “Laid off due to Coronavirus, garment workers compete for jobs”. (June 2020). Retrieved 1st of September, 2020 from: <https://www.japantimes.co.jp/news/2020/06/18/asia-pacific/cambodian-garment-workers-coronavirus/>

33 Business and Human Rights Resource Centre. Cambodia: “ILO & UNICEF warn that millions of children are at risk of being pushed into child labour due to COVID-19 pandemic”. Retrieved on the 28th of August 2020 from: <https://www.business-humanrights.org/en/latest-news/cambodia-ilo-unicef-warn-that-millions-of-children-are-at-risk-of-being-pushed-into-child-labour-due-to-covid-19-pandemic/>

34 The Diplomat. “Will Cambodia's Shift in Focus to Small-Scale Farming Work? Is the COVID-motivated shift enough to support all the laid-off garment industry workers? Who will really benefit?” (July 2020). Retrieved on the 1st of September 2020 from: (<https://thediplomat.com/2020/07/will-cambodias-shift-in-focus-to-small-scale-farming-work/>)

35 The World Bank. “COVID-19 Epidemic Poses Greatest Threat to Cambodia's Development in 30 Years: World Bank”. (March 2020). Retrieved on the 28th of August, 2020 from: <https://www.worldbank.org/en/news/press-release/2020/05/29/covid-19-coronavirus-epidemic-poses-greatest-threat-to-cambodias-development-in-30-years-world-bank>

36 Social Science in Humanitarian Action. May 2020. Key considerations for COVID-19 management in marginalized populations in Southeast Asia: transnational migrants, informal workers, and people living in informal settlements. Retrieved on the 29th of August 2020 from <https://www.socialscienceinaction.org/>

37 Patel, J. A., F. B. H. Nielsen, A. A. Badiani, S. Assi, V. A. Unadkat, B. Patel, R. Ravindrane, and H. Wardle. “Poverty, inequality and COVID-19: the forgotten vulnerable.” *Public Health* 183 (2020): 110.



savings to buffer these shocks, workers and their families will be pushed into poverty, reversing decades of poverty reduction".<sup>38</sup>

Although Covid-19 has had a global impact, affecting both rich and poor nations, Galasso argues that it has not been a great equalizer, as it has disproportionately impacted on those with lower educations working in low income whose work cannot be done from home.<sup>39</sup> Policies implemented to contain, and control Covid-19 such as social isolation have had a significant impact on the workplace. The implementation of social distancing policies to curb the spread of Covid-19, and the move for many organizations to encourage employees to work from home, has highlighted what jobs can or cannot be done working from home, and in many instances reinforced inequities.<sup>40</sup> A survey of 57 countries, including Laos, Vietnam and Sri Lanka, found that the likelihood of being employed in a job that could be done by working from home increased with the level of economic development of a country.<sup>41</sup> Working from home was lower in developing countries due to higher physical/manual work, underdeveloped communication technologies, and poor internet connectivity at home.<sup>42</sup> Those employees with degrees who held salaried or formal jobs found it easier to work at home, whereas employees in the hospitality industry, construction and agriculture were not able to work at home.<sup>43</sup>

Although working from home has provided a way for people to continue to be maintain employment, and for many employers to ensure their business continues to exist, the blurring of work – home boundaries has had a significant effect on employee's lives. As one commentator said, 'I don't just work from home, but I am living at work'. Interviews with students and staff working in a private higher education institution (HEI) in Cambodia, revealed the additional challenges of having to undertake work and study at home. These include having to work and provide schooling and childcare, sharing a home with multiple people, difficulties in finding a quiet place to work or having online meetings, lack of electricity or internet connectivity and, for students, the expectation that they would work in a family business as they were 'home', and not at 'school'.<sup>44</sup> For others, the positive aspects of working from home included increased flexibility, not having to spend money or time on transport and commuting, the additional benefit of spending more

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38 Allard, Tome. "Southeast Asia poverty to surge in 'socio-economic crisis': U.N". (2020). <https://www.reuters.com/article/us-health-coronavirus-un-southeast-asia-idUSKCN24W071>

39 Galasso, Vincenzo. "Covid: not a great equaliser." *Covid Economics* 19 (2020): 241-265.

40 Ibid.

41 Hatayama, Maho, Mariana Viollaz, and Hernan Winkler. "Jobs' Amenability to Working from Home: Evidence from Skills Surveys for 53 Countries." (2020).."

42 Ibid.

43 Ibid.

44 Chea, Sin, Sreyeov Tun, Vontanak Ouk, Sarath Chim, Sophannary Kong, Richard Huijbreghts, Lynette Bayly, and Tineke Water. Cambodian health science students' perceptions of online learning during COVID-19. (2020). Manuscript submitted for publication.; Hoer, Sethul, Vibol Boy, Sopheakpanha Saut, Daniel Gillard, and Tineke Water. (2020). The experiences of Cambodian HEI teaching staff during COVID-19. A process of 'Being'. Manuscript submitted for publication.

time with family, and feeling 'safer'.<sup>45</sup> From a university management perspective, it was noted that there was an increase in trust between staff and management as the focus shifted to more autonomous modes of working and completing projects/tasks rather than just physical "presence" at work.<sup>46</sup> Perhaps one of the biggest unintended consequences of the rapid physical closure of HEIs Cambodia has been the technological leapfrog into new ways of digital learning and teaching.<sup>47</sup> Here, the working culture of HEIs in Cambodia has been able to respond and adapt, providing transformative possibilities and fast-tracking ways of working towards Industry 4.0.<sup>48</sup>

However, being at home has not only exposed inequalities for those who have an occupation where working from home is not an option, but also inequalities for women whose contribution to 'unpaid' work in the home is likely to increase but is not valued. There are concerns that this will see a decline in empowerment for women, which has been previously linked to their financial contribution to the home.<sup>49</sup> As with any disaster or national emergency, there is always a corresponding increase in Gender-Based Violence.<sup>50</sup> With populations in self-isolation and working from home, there has also been a dramatic increase in intimate partner violence (IPV) against women, which is compounded by them being unable to access health or social services.<sup>51</sup>

There is a fear that there will be an increase in inequalities nationally and regionally, as low income, self-employed, female, or informal workers are less likely to have income protection or access to social safety nets. There are also those people who lack legal status, and therefore fall outside of social and legal safety nets, with poor access to health and social services.<sup>52</sup> Migrant workers are particularly vulnerable and are often not included in public health planning that applies to other working groups. It is argued that this is a political issue that has implications on human and employment rights.

Although the initial impact and shock of Covid-19 was acute for employees and employers, it is predicted the long-term impact of psychological stress will be felt long after the

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45 Ibid.

46 Ibid.

47 Leng, Phiom, Sothy Kieng, and Tineke Water. *Going Digital: The Second Phase of Cambodian Higher Education Transformation*. University World News, (2020).

48 Ibid.

49 Katrin, van der Dellen. *CARE Rapid Gender Analysis for COVID-19 Cambodia* (July 2020).

50 UNFPA. "Gender Equality and Addressing Gender-based Violence (GBV) and Coronavirus Disease (COVID-19) Prevention, Protection and Response. Coronavirus Disease (COVID-19) Preparedness and Response". UNFPA Technical Briefs V March 23 (2020).

51 UNFPA. "Gender Equality and Addressing Gender-based Violence (GBV) and Coronavirus Disease (COVID-19) Prevention, Protection and Response. Coronavirus Disease (COVID-19) Preparedness and Response". UNFPA Technical Briefs V March 23 (2020).

52 *Social Science in Humanitarian Action*. May 2020. Key considerations for COVID-19 management in marginalized populations in Southeast Asia: transnational migrants, informal workers, and people living in informal settlements. Retrieved on the 29th of August 2020 from <https://www.socialscienceinaction.org/>

virus has been contained or eliminated. A systematic review of the impact of psychological risk factors on peoples' health noted increased risks to physiological well-being (decreased immune response), physical well-being (increased pain, ischemic heart disease, diabetes and gastrointestinal disorders), emotional well-being (increased anxiety, depression, and apathy), cognitively (decreased creativity and decision making) and behavioral well-being (increased substance abuse).<sup>53</sup> Therefore, strategies to promote psychological well-being for people in the workplace need to include immediate and long-term goals that will address both the economic and psychological impact that Covid-19 exerts on workers.

### III. Post Virus Recovery in the Workplace – Going Forwards

As efforts focus on economic recovery from the virus, it is argued that organizations should not just rebuild from past models but implement long-term perspectives to 'develop strategies that create resilience for future crises'.<sup>54</sup> This includes responding to and ensuring the current and future psychological well-being of workers. As poverty and job security are two of the biggest contributors to increased psychological stress, any interventions or strategies must include the inclusion of social safety nets and legal protection for all workers. Authors of the previous chapters in this book have described these in detail. Workplaces which have established disaster preparedness plans, policies to protect workers and which invest in social capital (not just financial capital) have reported higher levels of resilience and well-being amongst their staff.<sup>55</sup> To promote resilience and well-being, it is put forward that systemic changes are needed to support communities, especially vulnerable groups such as women or migrant workers who are often marginalized in the workplace, and who are now experiencing a higher degree of job insecurity during Covid-19<sup>56</sup> pandemic. This can be achieved by taking a multi-disciplinary approach between experts, professionals, and decision-makers to improve job security and employment stability, thereby decreasing psychological stress for workers and contributing to increased resilience – both short and long term.<sup>57</sup>

How the workplace has been traditionally viewed will also have to change. This includes changing the physical layout of the workplace to enable physical distancing, acknowledging the reduced need to travel with the adoption of communication technologies, and re-examining the utility of flexi-time and working from home arrangements. These changes will increase worker safety

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53 Fernandes, Cláudia, and Anabela Pereira. "Exposure to psychosocial risk factors in the context of work: a systematic review." *Revista de saúde pública* 50 (2016): 24.

54 Linda M. Hite & Kimberly S. McDonald (2020) Careers after COVID-19: challenges and changes, *Human Resource Development International*, 23:4, 427-437, DOI: 10.1080/13678868.2020.1779576

55 Pacheco, Tyler, Simon Coulombe, Christine Khalil, Sophie Meunier, Marina Doucerain, Émilie Auger, and Emily Cox. "Job security and the promotion of workers' well-being in the midst of the COVID-19 pandemic: A study with Canadian workers one to two weeks after the initiation of social distancing measures." *International Journal of Well-being* 10, no. 3 (2020).

56 Ibid.

57 Ibid.

and be more cost-effective, but also change the culture and fabric of the traditional workplace. For organizations that must implement social distancing, this will mean fewer people in one location and the need to work from home continuing for the time being. Guidelines to support reopening include social distancing, wearing of masks, tracking of who and how many people are on site, and strict hygiene procedures such as handwashing and cleaning protocols. For HEIs not to exceed the maximum numbers of students on campus, blended learning (a mix of online and in-class) is now the norm and for many businesses working 'online' and 'onsite' will continue. For some, the opening of workplaces will be a welcome return to a new 'norm', and the opportunity to reconnect with colleagues.<sup>58</sup> For others, the flexibility that online environments offer is valued addition to their future workplace environment.<sup>59</sup>

It is also predicted that efforts to protect manufacturing and trade will see an increasing in automation, which, although future-proofing businesses, will increase unemployment for workers. ICT is a major factor that can minimize the digital divide and social inequities. Therefore, investing in digital technologies and broadband infrastructure should be considered by governments.<sup>60</sup> This aligns well with the Royal Government of Cambodia's focus on Industry 4.0 and supporting the upskilling of young people to meet the demand of the labor market. Focusing on ICT infrastructure and education will also promote a change in educational pedagogy to blended, flipped and inquiry-based learning – future-proofing young people for future employment or adverse events. This will require organizations to balance workplace cultures that include exploration and exploitation frameworks. Exploration includes considering product diversification, risk taking, increasing international links, and experimenting with new forms of knowledge (exploration) which can promote increased creativity, engagement and productivity as well as supporting psychological well-being.<sup>61</sup> Exploitation is also needed to continue to build on existing knowledge and strengths and maintaining production and efficiency.<sup>62</sup>

During and following any stressful event, self-care alongside workplace initiatives are also important. Raising awareness and developing better mental health services for the public, in addition to those targeted at workplaces, will help to enhance people's subjective well-being.<sup>63</sup> On July 20th, the Cambodian Ministry of Health issued guidelines on personal mental healthcare

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58 Chea, Sin, Sreypeov Tun, Vontanak Ouk, Sarath Chim, Sophannary Kong, Richard Huijbreghts, Lynette Bayly, and Tineke Water. Cambodian health science students' perceptions of online learning during COVID-19. (2020). Manuscript submitted for publication.

59 Hoer, Sethul, Vibol Boy, Sopheakpanha Saut, Daniel Gillard, and Tineke Water. (2020). The experiences of Cambodian HEI teaching staff during COVID-19. A process of 'Being'. Manuscript submitted for publication.

60 Hatayama, Maho, Mariana Viollaz, and Hernan Winkler. "Jobs' Amenability to Working from Home: Evidence from Skills Surveys for 53 Countries." (2020).

61 Lavie, Dovev, Uriel Stettner, and Michael L. Tushman. "Exploration and exploitation within and across organizations." *Academy of Management annals* 4, no. 1 (2010): 109-155.

62 Ibid.

63 Parry, Sarah J., Nil Ean, Shirley P. Sinclair, and Ewan Wilkinson. "Development of mental healthcare in Cambodia: barriers and opportunities." *International journal of mental health systems* 14, no. 1 (2020): 1-13.

to encourage early support for potential psychological distress such as anxiety and depression.<sup>64</sup> The intent of the guidelines was to raise awareness of the issues of psychological distress and to encourage people to seek early counselling and treatment services.<sup>65</sup> It is argued that integrating mental health services led by an interdisciplinary team including psychologists, psychiatrists, social workers, counsellors, nurses, and pharmacists, and supported by local and national authorities would ensure targeted approaches in providing accessible and appropriate psychological support.<sup>66</sup> This is underpinned by the Cambodian Mental Health and Psychological and Social Support (MHPSS) strategy which advocates for strengthening psychological well-being through, firstly, addressing basic security (such as food and housing) and aligning this with enhancing family and community support alongside individual support by specialized services.<sup>67</sup>

Promoting psychological capital (PsyCap), alongside economic capital (GDP), human capital (what you know), and social capital (who you know), allows for opportunities to focus on who a person is, as well as whom they would like to become.<sup>68</sup> It is suggested this helps to support confidence for employees when faced with challenging circumstances; foster optimism for the present and the future; perseverance; flexibility and hope in achieving goals in order to succeed; and resiliency in the face of adversity.<sup>69</sup> Goal setting, framing different responses to worst case scenarios, vicarious learning, and positive feedback are micro strategies that can foster hope, resilience and realistic optimism.<sup>70</sup> PERMA (Positive Emotion, Engagement, Relationships, Meaning and Accomplishment) is another framework that includes five measurable elements of psychological well-being.<sup>71</sup> Authors of the PERMA framework suggest researchers use objective and subjective measures to assess psychological well-being underpinned by the central questions of what sort of life do people want and how society can improve.<sup>72</sup> This

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64 Sao Phal Niseiy. The Ministry of Health Warns of the Effects of COVID-19 on Mental Health (July 2020). <https://cambodianess.com/article/the-ministry-of-health-warns-of-the-effects-of-covid-19-on-mental-health>

65 Ibid.

66 Abhimanyu, Chopra, and J. K. Mittal. "Psychosomatic impact of social networking sites on society and its subtle but real consequences." *Indian Journal of Public Health Research & Development* 11, no. 1 (2020): 1348-1352.; Parry, Sarah J., Nil Ean, Shirley P. Sinclair, and Ewan Wilkinson. "Development of mental healthcare in Cambodia: barriers and opportunities." *International journal of mental health systems* 14, no. 1 (2020): 1-13.

67 Parry, Sarah J., Nil Ean, Shirley P. Sinclair, and Ewan Wilkinson. "Development of mental healthcare in Cambodia: barriers and opportunities." *International journal of mental health systems* 14, no. 1 (2020): 1-13.

68 Luthans, Fred, James B. Avey, Bruce J. Avolio, Steven M. Norman, and Gwendolyn M. Combs. "Psychological capital development: toward a micro-intervention." *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior* 27, no. 3 (2006): 387-393.

69 Luthans, Fred, Carolyn M. Youssef, and Shannon L. Rawski. "A tale of two paradigms: The impact of psychological capital and reinforcing feedback on problem solving and innovation." *Journal of Organizational Behavior Management* 31, no. 4 (2011): 333-350.

70 Luthans, Fred, James B. Avey, Bruce J. Avolio, Steven M. Norman, and Gwendolyn M. Combs. "Psychological capital development: toward a micro-intervention." *Journal of Organizational Behavior: The International Journal*

71 Seligman, Martin. "PERMA and the building blocks of well-being." *The Journal of Positive Psychology* 13, no. 4 (2018): 333-335.

72 Forgeard, Marie JC, Eranda Jayawickreme, Margaret L. Kern, and Martin EP Seligman. "Doing the right thing: Measuring well-being for public policy." *International journal of well-being* 1, no. 1 (2011)

way both a standard of living and what makes life meaningful can be accounted for.<sup>73</sup> Both PsyCap and PERMA are underpinned by models of positive psychology which support a view that positive emotions and orientation to life can support individuals and communities to thrive and become more resilient to ongoing adversity.<sup>74</sup>

Drawing on local knowledge, culture and practices that support psychological well-being and resilience is important. In Cambodia, Buddhism and family are two important factors of what it means to be Khmer. Previously, the boundary between home and work was more delineated. However, as the home increasingly becomes a place of work, and with family and community support essential for the support of positive psychological well-being, focusing on Buddhism and family are important considerations for workplace psychological well-being in the Cambodian context.

It is argued in Cambodia that "Buddhist definitions of self and community sit squarely at the center of the articulation of what it means to be a Khmer".<sup>75</sup> As a philosophy that underpins many aspects of Khmer life, culture, and practices, Buddhist teachings on mindfulness offer a means of self-care. In Buddhist philosophy, compassion and care go hand in hand and mindfulness is a way for a person to observe the impact that suffering has had on how they are thinking, feeling, or behaving. This then offers the person a way to practice self-kindness through relaxing from the anxious feelings and consider other self-care practices such as eating and resting. Mindfulness also offers an opportunity to observe changes in life between positive and negative thinking without trying to suppress or deny the presence of it. As suffering is seen as part of the human condition, it also acknowledges the individual and collective impact of Covid-19 in shaping both an individual and collective response. A Mindfulness-Based Stress Reduction program which is influenced by Buddhism and the Theravada tradition of Vipassana would be an example of best practice to support the psychological well-being of workplaces in Cambodia.

More recently, mindfulness has been adopted by large organizations such as Google and Aetna and has been linked to improved efficiency amongst staff <sup>76</sup> with 13% of United States' organizations reporting mindfulness practices in their workplaces.<sup>77</sup> A systematic review of

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73 Forgeard, Marie JC, Eranda Jayawickreme, Margaret L. Kern, and Martin EP Seligman. "Doing the right thing: Measuring well-being for public policy." *International journal of well-being* 1, no. 1 (2011).

74 Kobau, Rosemarie, Martin EP Seligman, Christopher Peterson, Ed Diener, Matthew M. Zack, Daniel Chapman, and William Thompson. "Mental health promotion in public health: Perspectives and strategies from positive psychology." *American journal of public health* 101, no. 8 (2011): e1-e9.

75 Marston, John, and Elizabeth Guthrie. *History, Buddhism, and New religious movement in Cambodia*. University of Hawai'i Press. (2004).

76 Good, J. Darren, Christopher J. Lyddy, Theresa M. Glomb, Joyce E. Bono, Kirk Warren Brown, Michelle K. Duffy, Ruth A. Baer, Judson A. Brewer, and Sara W. Lazar. "Contemplating mindfulness at work: An integrative review." *Journal of management* 42, no. 1 (2016): 114-142.

77 Good, J. Darren, Christopher J. Lyddy, Theresa M. Glomb, Joyce E. Bono, Kirk Warren Brown, Michelle K. Duffy, Ruth A. Baer, Judson A. Brewer, and Sara W. Lazar. "Contemplating mindfulness at work: An integrative review." *Journal of management* 42, no. 1 (2016): 114-142.

mindfulness practices in the workplace showed a positive association between mindfulness and increased workplace functioning and a decrease in the impact of psychological distress, burnout and associated PTSD.<sup>78</sup> As this research has been predominantly carried out in Global North contexts, it would be interesting to explore how existing Buddhism mindfulness practices in Cambodia influence workplace psychological well-being. Meditation (as part of mindfulness practices) has also been shown to help decrease levels of work-related stress and psychological distress; increases employees job satisfaction and employer rated job performance; and supports enhanced psychological and physiological self-regulation.<sup>79 80</sup>

Another integral aspect of Cambodian culture and life is that of collectivism and the importance of family. Collectivism, which is common in many Asian, Pacific, African, Central American, and South American nations, differs from individualistic approaches that dominate many Global North nations.<sup>81</sup> Living with an extended family is common in Cambodia and can include grandparents, husband and wife, and their unmarried children all living under the same roof. The value of kinship is important and creates ties between family and community. In this collectivistic approach, the value and needs of family, neighbors, or the society are more important than the wishes of an individual.<sup>82</sup> For those individuals and communities experiencing psychological stress and mental illness, family and community represent an important avenue for help and support. It is argued that workers do not leave their experience - be it physical, psychological or social - at work, resulting in a 'spillover effect' into workers' personal and home lives.<sup>83</sup> Equally, it could be argued that personal and home experiences can spill over into the work life. As workplace boundaries blur and the ongoing impact of Covid-19 continues to exert an influence on individuals and communities, acknowledging the role of family/community in future workplace practices could be used to enhance the psychological well-being of workers and work environments. Taking a holistic approach to workplace well-being also supports definitions of health and well-being as more than just the absence of disease: it also includes the importance of multiple influences on what makes a person feel physically, psychologically and

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78 Hilton, Lara G., Nell J. Marshall, Aneesa Motala, Stephanie L. Taylor, Isomi M. Miake-Lye, Sangita Baxi, Roberta M. Shanman, Michele R. Solloway, Jessica M. Beroesand, and Susanne Hempel. "Mindfulness meditation for workplace wellness: An evidence map." *Work* 63, no. 2 (2019): 205-218.

79 Shonin, Edo, William Van Gordon, Thomas J. Dunn, Nirbhay N. Singh, and Mark D. Griffiths. "Meditation awareness training (MAT) for work-related well-being and job performance: A randomised controlled trial." *International Journal of Mental Health and Addiction* 12, no. 6 (2014): 806-823.

80 Hölzel, Britta K., Sara W. Lazar, Tim Gard, Zev Schuman-Olivier, David R. Vago, and Ulrich Ott. "How does mindfulness meditation work? Proposing mechanisms of action from a conceptual and neural perspective." *Perspectives on psychological science* 6, no. 6 (2011): 537-559."

81 Burger, Jerry, M. *Personality* (Fifth edition). USA: Wadsworth. (2000).

82 Sriwarakuel, Warayuth, ed. *Cultural traditions and contemporary challenges in Southeast Asia: Hindu and Buddhist*. Vol. 3. CRVP, 2005.

83 Danna, Karen, and Ricky W. Griffin. "Health and well-being in the workplace: A review and synthesis of the literature." *Journal of management* 25, no. 3 (1999): 357-384.

socially well, including economic security, the ability to set and attain goals, and the importance of family, community, culture, and belief systems.<sup>84</sup>

### IV. Conclusion

The impact of Covid-19 has rippled throughout almost every corner of the globe and life, including economic, physical, social, and psychological well-being. The impact on the workplace has been particularly hard, with decreased job security, changing work environments and the multiple stressors of economic and physical survival. Evidence points to the impact this has already had on psychological well-being, with predictions that this will continue long after the virus is controlled or eliminated. However, although Covid-19 has changed the landscape of workplaces and employees' roles, this has also been an opportunity to move towards different modes of working and fast track some areas of the economy towards Industry 4.0. Going forward, there is a need to think about how future workplaces may function, upskilling workers for new technologies and implementing contingency planning for future disruptive events similar to Covid-19. But, arguably most importantly, acknowledging the value of human lives and well-being as essential to building human capital means supporting people in the workplace through economic recovery packages, social safety nets and adequate mental health support. This way there is an opportunity for not just economic survival, but also a future where people will be able to enjoy their lives with a strong but mindful sense of purpose, contribute to the well-being of future generations, and feel that they really matter.

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84 World Health Organization (WHO). Constitution of WHO (p.1). retrieved on the 2nd of October 2020 from: <https://www.who.int/about/who-we-are/constitution>



# Epilogue

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*Robert Hör*

While the past few years, some might even say decades, have been characterized by almost unprecedented economic stability and security cooperation for both Cambodia and my native country of Germany, the year 2020 has brought numerous challenges and changed aspects of our lives we considered unchangeable before.

As an optimistic and positive person, please allow me to write a positive outlook and conclusion to this book, despite the still ongoing search for solutions. Nihilistic and negative gazes at the future, depression or detachment from problems and cynical conclusions, never contributed to cooperative attitude and actions.

We started this book project in February 2020 in close cooperation with our longstanding partner, the Cambodian Institute for Cooperation and Peace as an academic reaction to the Covid-19 pandemic. At that point, it was unpredictable to what extent the pandemic would redefine international relations and our personal lives. And while some began by trying to laugh off the severity of the situation, we have now all come to realize this crisis' immense consequences.

In Cambodia, we are struggling with the severe impact on key economic sectors like tourism, the garment industry and agriculture, threatening the positive developments and the achievements of past years which, in the worst cases, has led to permanent closure and complete loss of existences. Globally, we have seen supply chains strained, exposing macro- and microeconomic vulnerabilities. Sadly, this is a development which has accelerated many of the challenges we were already facing before.

While we all had a hard time following lockdown regulations, suspending our travel plans and following hygiene protocols, we have experienced such measures' effectiveness, with the pandemic being brought back under control in Cambodia.

Following such news over the past year, some of us may have experienced moments of concern or even despair. Yet recent breakthroughs in the development of a Covid-19 vaccine administered jointly by the German company BioNTech and its US partner Pfizer, which studies acknowledged to be effective in 90 percent of cases,<sup>1</sup> make for great news and constitute the "light at the end of the tunnel" we have all been waiting for.

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<sup>1</sup> Deutsche Welle. "Coronavirus vaccine 90% effective, say Pfizer and German company BioNTech". DW.com. 2020. Accessed November 14, 2020. <https://www.dw.com/en/coronavirus-vaccine-90-effective-say-pfizer-and-german-company-biontech/a-55542947>.

Another good news was the US-American turn to science with president-elect Joe Biden, who promised to work closely with leading scientists, deviating far from the denialist approaches of his predecessor. The necessary link between science and politics has become much more of a silver bullet in recent years. While the importance for the connection between science and governance cannot be denied, I feel concerned about the fact that some feel the need to question it at all.

I put forward the positive notion I want this epilogue to conclude the book with. And indeed, this pandemic has redirected the spotlight onto society's ability to overcome crises. We have come to see a great realization of international and cross-border solidarity over the past year. In the case of Germany, this meant taking care of Covid-19 patients from our European partners suffering more than we were.<sup>2</sup> All this was made possible not only by prudent politicians, but by responsible citizens aware of what is at stake.

Furthermore, we learned important lessons with respect to the challenges ahead of us. At KAS, we have successfully digitized our seminars, migrating to Zoom or Webex formats, where we managed to achieve just as interesting and thoughtful discussions and solutions as we would have during physical meetings. While we were far more pessimistic about this in the past, we now see the great potential this brought about for our work.

I hope for experiences such as these to constitute an infamous beacon of hope with respect to the aforementioned challenges. We will only be able to stop the collapse of our eco-systems stemming from climate change if we foster cooperation and self-responsibility. One can easily see the parallels to the Covid-19 pandemic in these future challenges. Simultaneously we need to develop innovative solutions and allow their dissemination, much like we did when relocating our work life to the digital sphere, in order to not fall behind in an increasingly digitalized economy.

2020 might have constituted a sobering start to the new decade ahead of us, but we must keep in mind that the decade has in fact only just started. While it will provide more challenges for us, we shouldn't fear taking them on, realizing our chances to transform the future in a positive direction. I hope this publication positively influenced your attitude and inspired you to do so. We have often seen cooperation and partnership during the crisis, we occasionally have seen nationalistic responses, but we rarely have seen the complete loss of hope. Keeping this in mind, I hope we all evolved during this time and share solidarity with the ones hardest struck.

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2 The Brussels Times. "Germany prepared to take in Covid-19 patients from other EU countries, foreign minister says". The Brussels Times. 2020. Accessed November 14, 2020. <https://www.brusselstimes.com/news/136386/coronavirus-germany-patients-other-eu-countries-heiko-maas/>.





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