

# The State of Southeast Asia: 2021

## ISEAS-RIETI Discussion

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# Regional Outlook

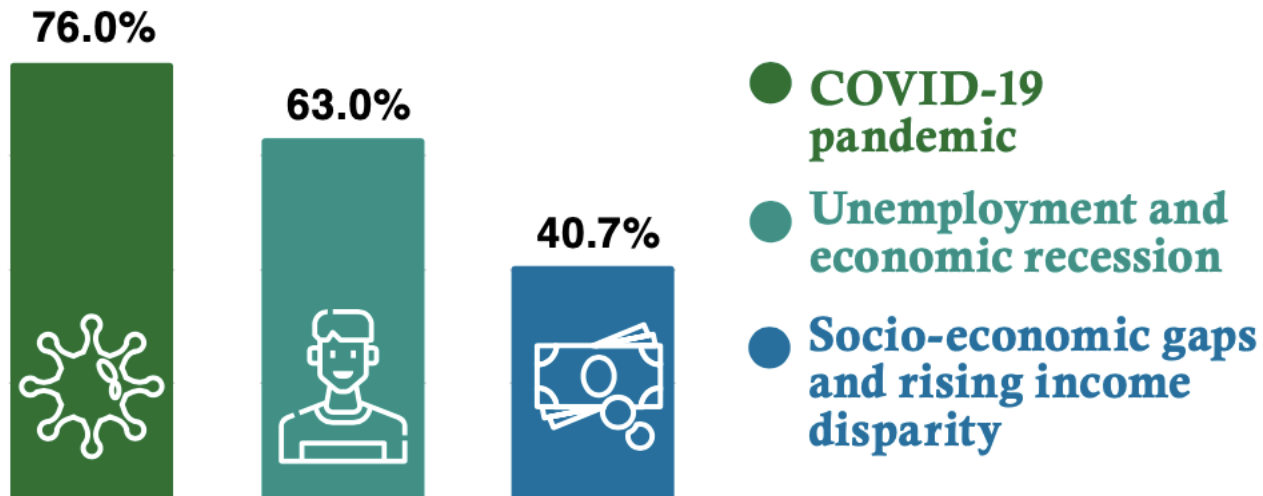


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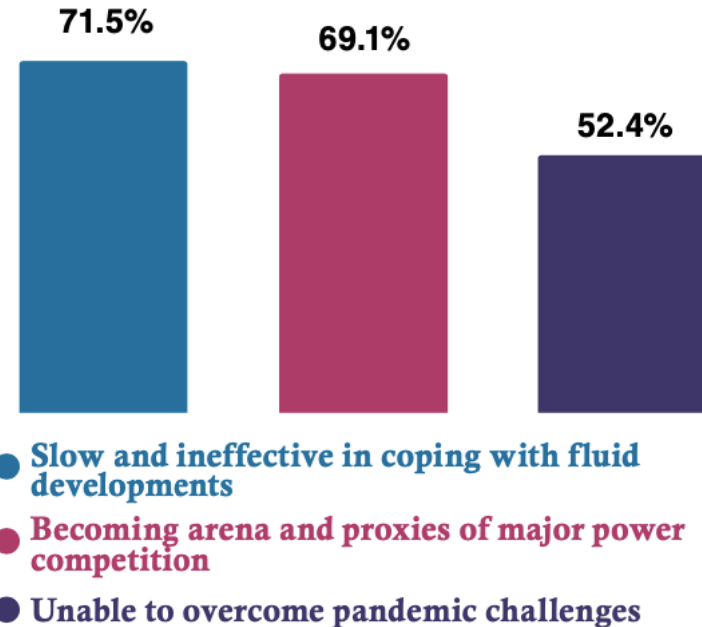
# What are the top 3 challenges facing Southeast Asia?



- Top 3 challenges in 2021: **Threat to health from COVID-19** (76.0%), **Unemployment and economic recession** (63.0%), **growing socio-economic gaps and income disparity** (40.7%).
- Traditional security challenges such as **domestic political instability**, **terrorism** and **increased military tensions** dropped dramatically due to preoccupation with COVID-19.
- **Domestic political instability** – the top security concern in 2020 – dropped to 5th place in 2021.

# What are your top 3 concerns about ASEAN?

- Concern that ASEAN is **slow and ineffective** heightened in **Thailand** (77.1%), **Myanmar** (75%) and **Singapore** (74.7%) viz **Indonesia** (66.7%), **Cambodia** (61.5%) and **Brunei** (60.6%).
- Concern that ASEAN **risks becoming an arena of major power competition** dropped from 73.2% last year.
- **Indonesia** (72.1%), **Laos** (67.5%) and **Myanmar** (66%) are most concerned about ASEAN's **ability to overcome pandemic**.



# COVID-19



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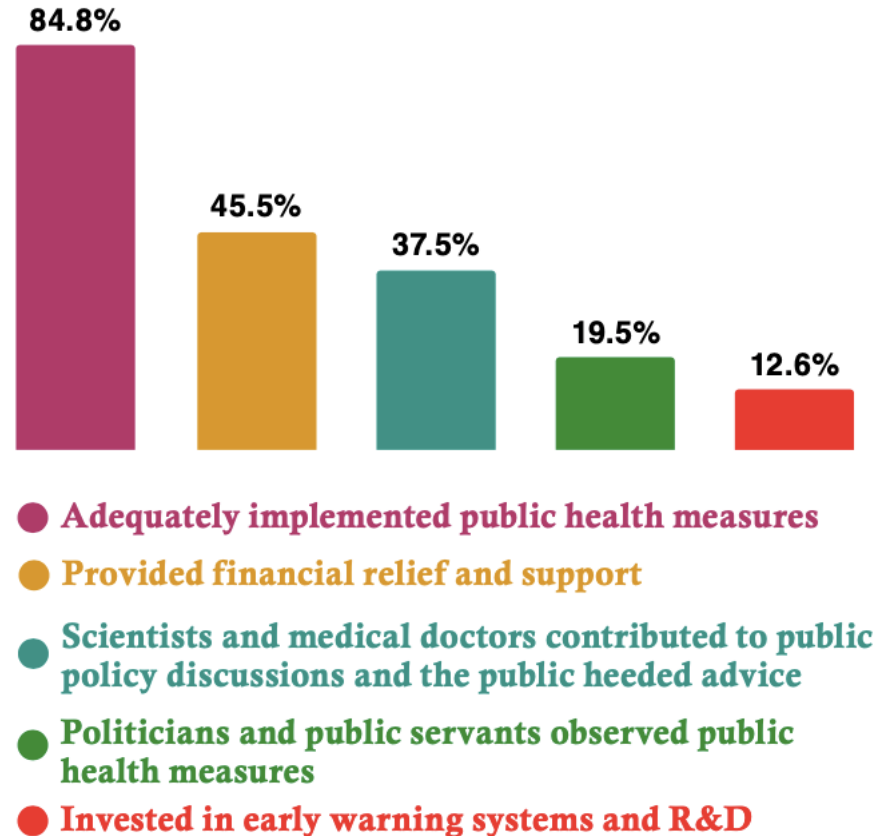
# What is your assessment of your government's response to COVID-19 thus far?



- **Majority** of respondents (60.7%) approve of their governments' handling of COVID-19.
- **Vietnam** (96.6%), **Brunei** (93.9%) and **Singapore** (92.4%) enjoy strong approval ratings.
- **Philippine** respondents most disapproving (53.7%), followed by **Indonesia** (50.4%).

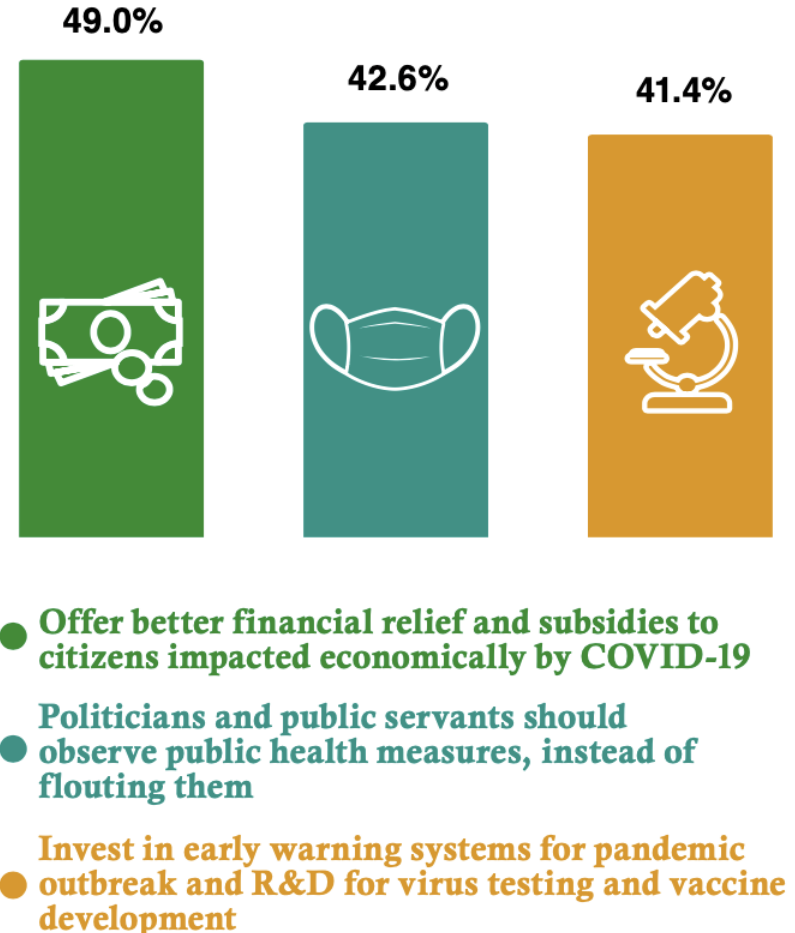
# Why do you approve of your government's response to COVID-19?

- **Majority (84.8%) approve** of their **governments' effective implementation of public health measures.**
- **45.5%** feel that their governments have **provided financial relief and support for affected citizens and businesses.**
- **37.5%** feel that **scientists and medical doctors have contributed to public policy discussions and the public has heeded their advice.**
- Small minority (**12.6%**) think that their governments have **invested in early warning systems and R&D.**



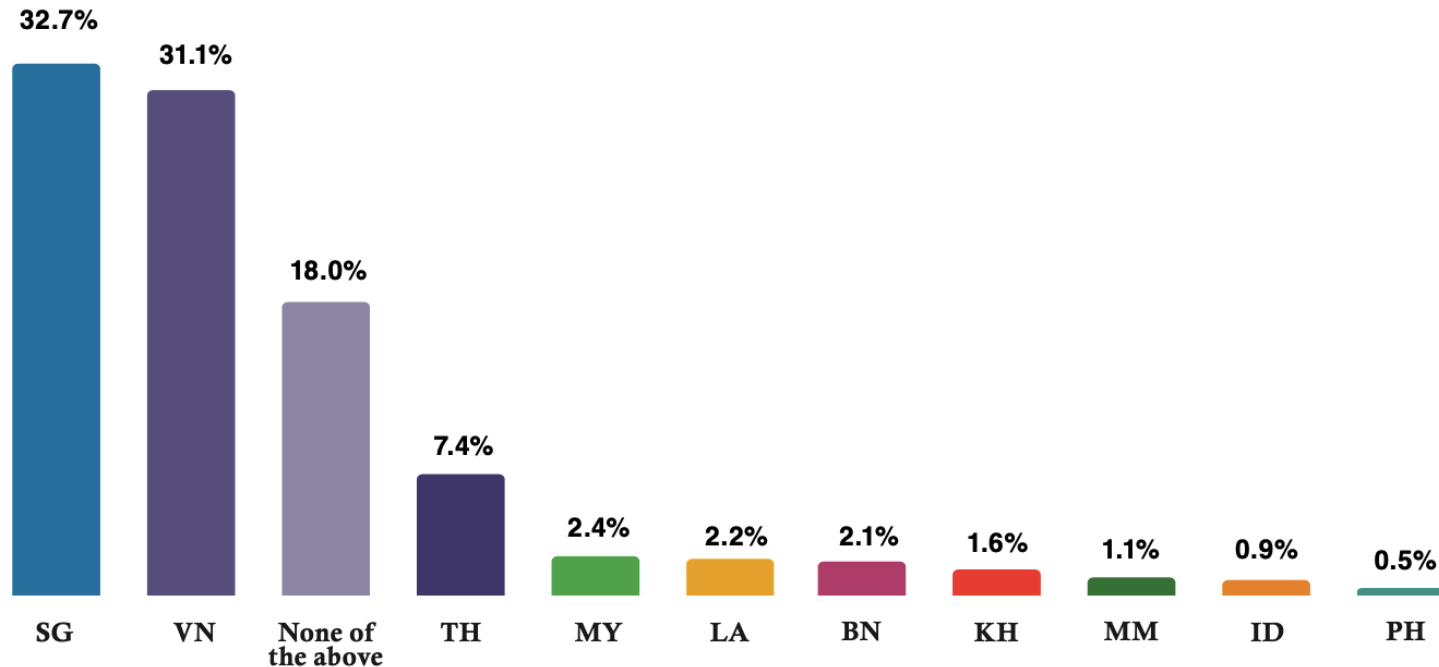
# What should your government do to better address COVID-19?

- **49.0%** of respondents across the region want **governments to offer better financial relief and subsidies to citizens impacted economically by COVID-19**; top choice for **Thailand (77.1%)**.
- **42.6%** feel that **politicians and public servants should observe public health measures, instead of flouting them**.
- **41.4%** suggest that their governments should **invest in early warning systems for pandemic outbreak and R&D for virus testing and vaccine development**.



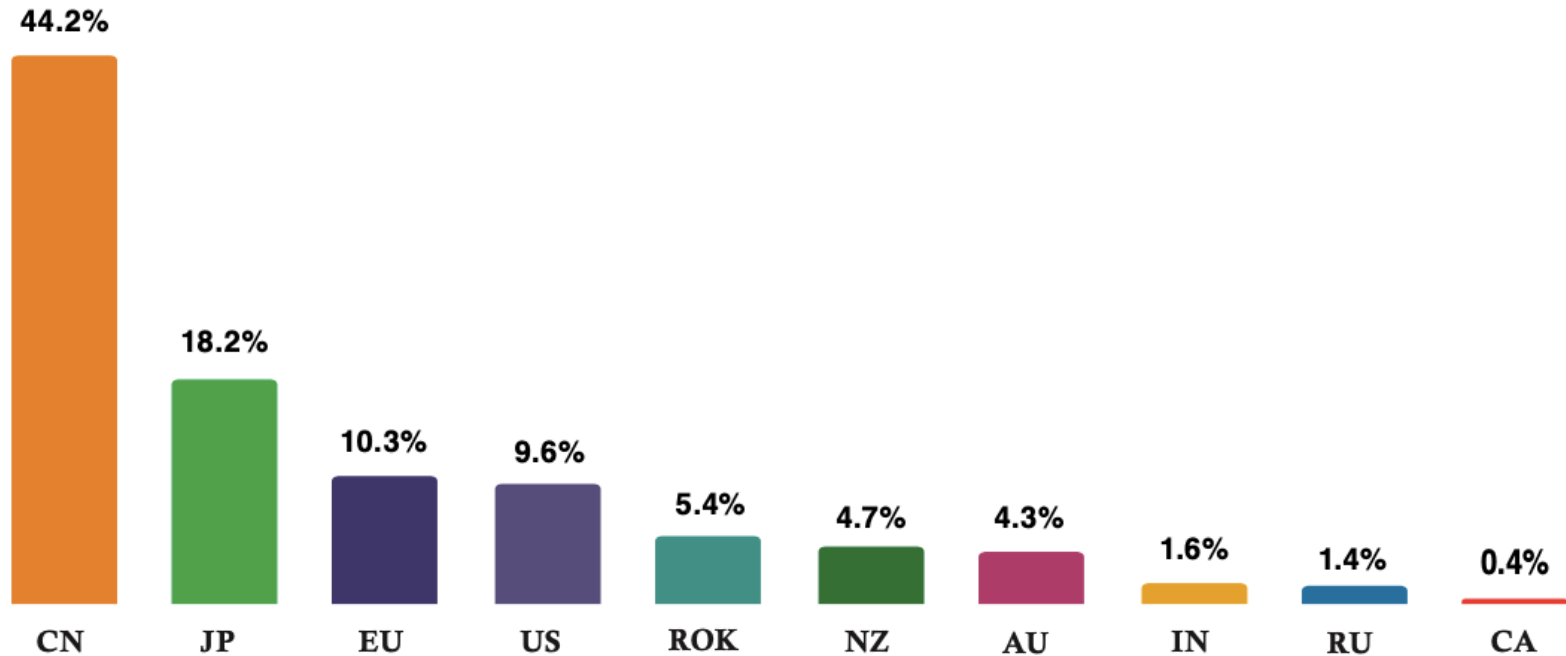


# Which ASEAN country has provided the best leadership to ASEAN on COVID-19?



- **32.7%** of respondents pick **Singapore** as the country that has provided the best leadership to ASEAN.
- Another **31.1%** choose **Vietnam** as the second-best leader.

# Which ASEAN Dialogue Partner has provided the most help to the region on COVID-19?



- **China** (44.2%) seen as having provided the most help to the region during the pandemic.
- This is followed by **Japan** (18.2%) and the **EU** (10.3%).

# Issues of Concern to ASEAN



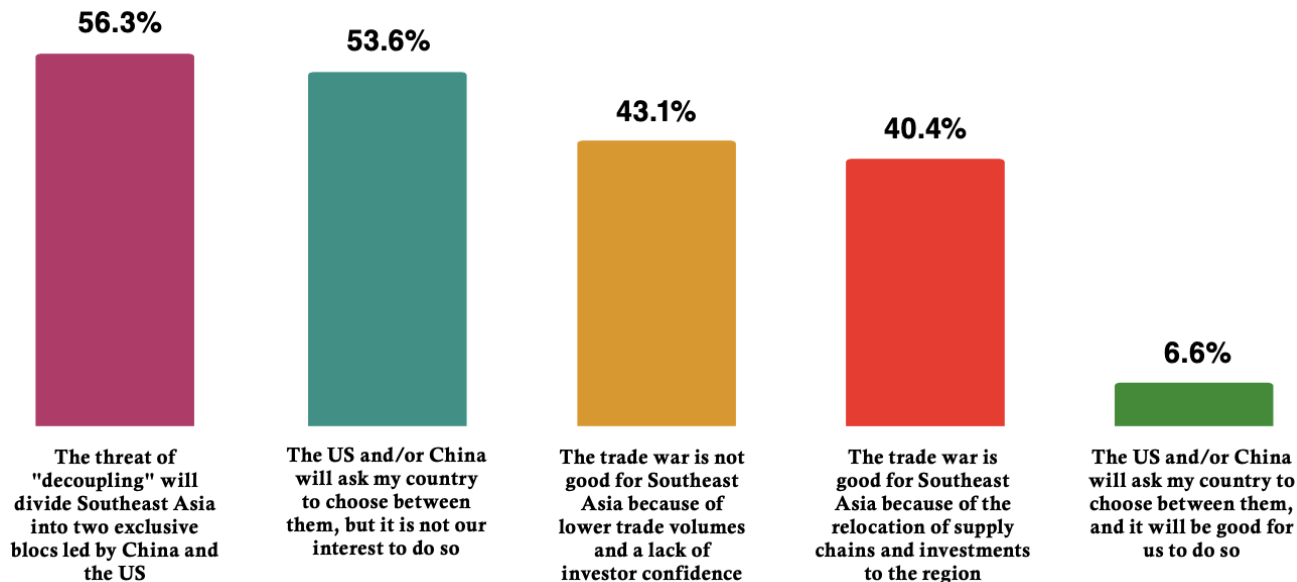
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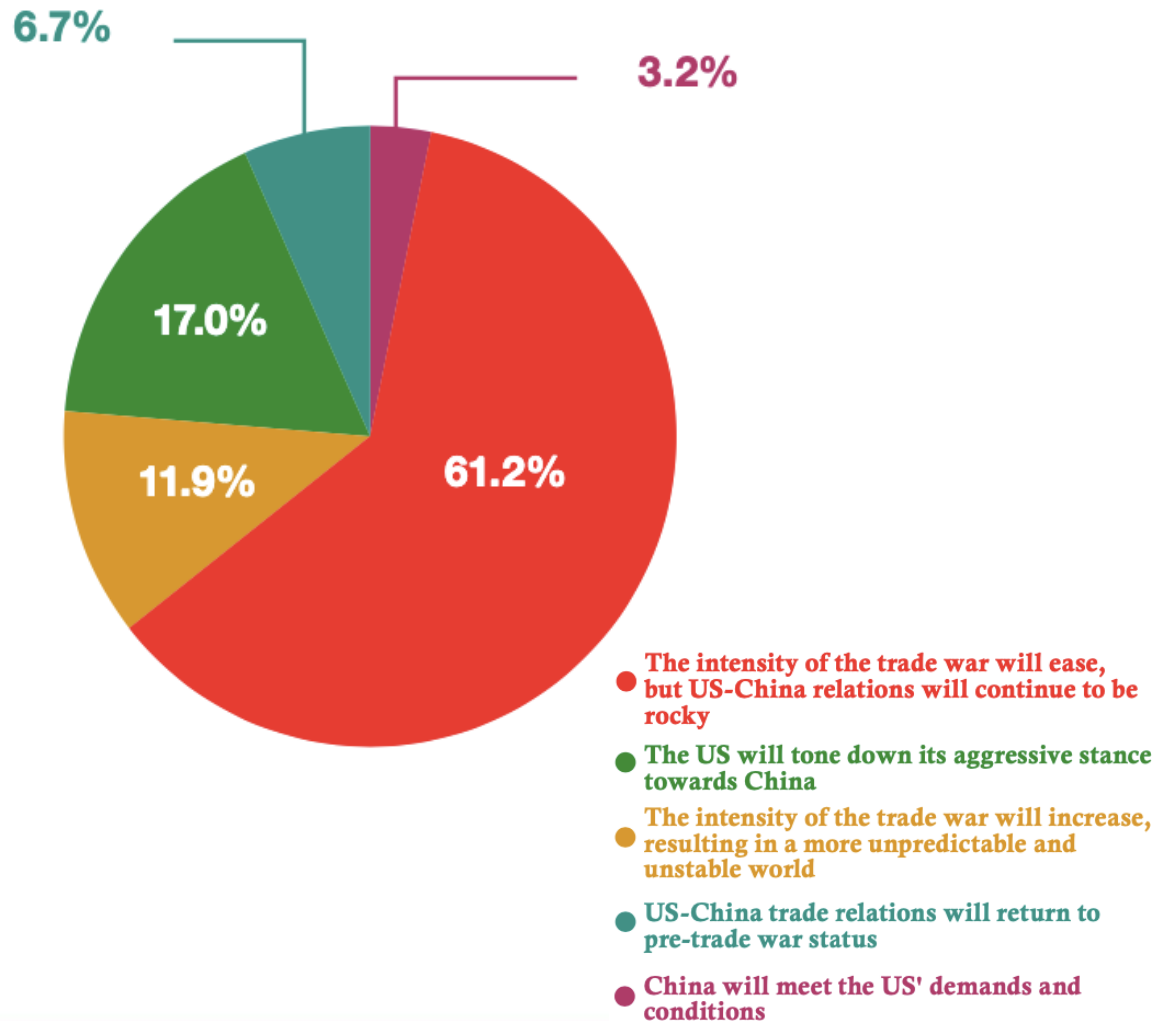
# After more than a year of the US-China trade war, which options best reflect your sentiments?

- Top concern: **Threat of “decoupling” will divide Southeast Asia into two exclusive blocs led by China and the US** (56.3%).
- Close second: **US and China would ask countries to choose sides though it is not in their national interest to do so** (53.6%).
- Perhaps due to pandemic restrictions, 40.4% think that **the trade war is good for the region due to relocation of supply chains and investments**; top response for **Vietnam** (58.3%) as potentially biggest beneficiary of relocation of manufacturing bases from China.



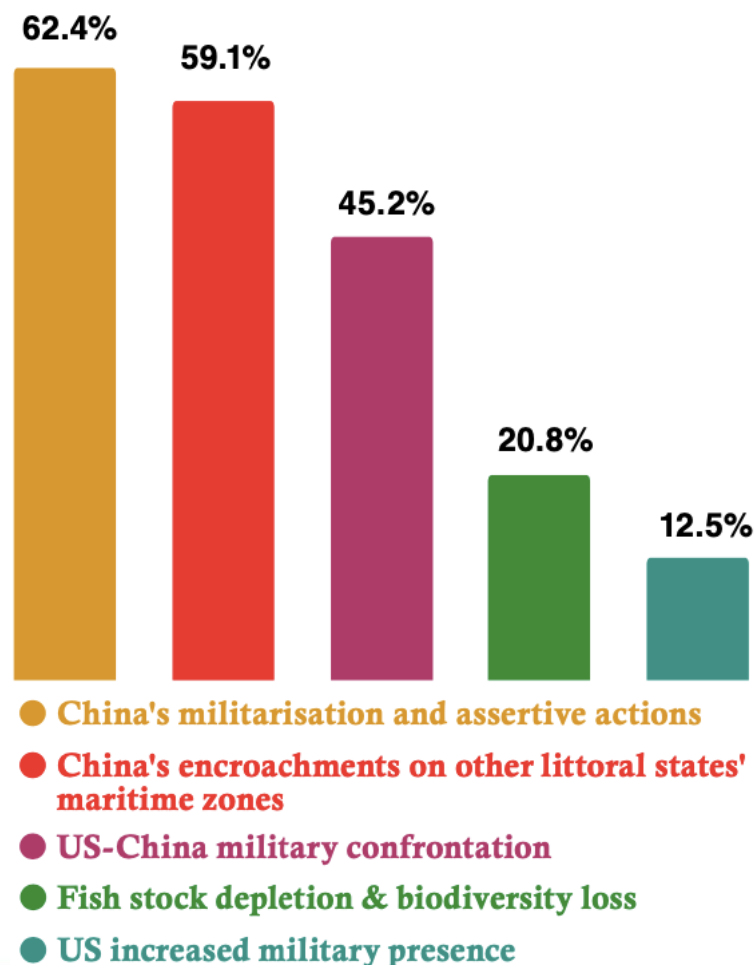
# How do you think the US-China trade war will evolve one year from now?

- **Majority (61.2%)** think that **the trade war's intensity will ease but US-China relations are expected to continue to be rocky.**
- **17.0%** expect **the US to tone down its aggressive stance towards China, possibly due to the change of leadership in the US.**
- **Very few (6.7%)** harbour **hope that US-China trade relations will return to the pre-trade war status.**



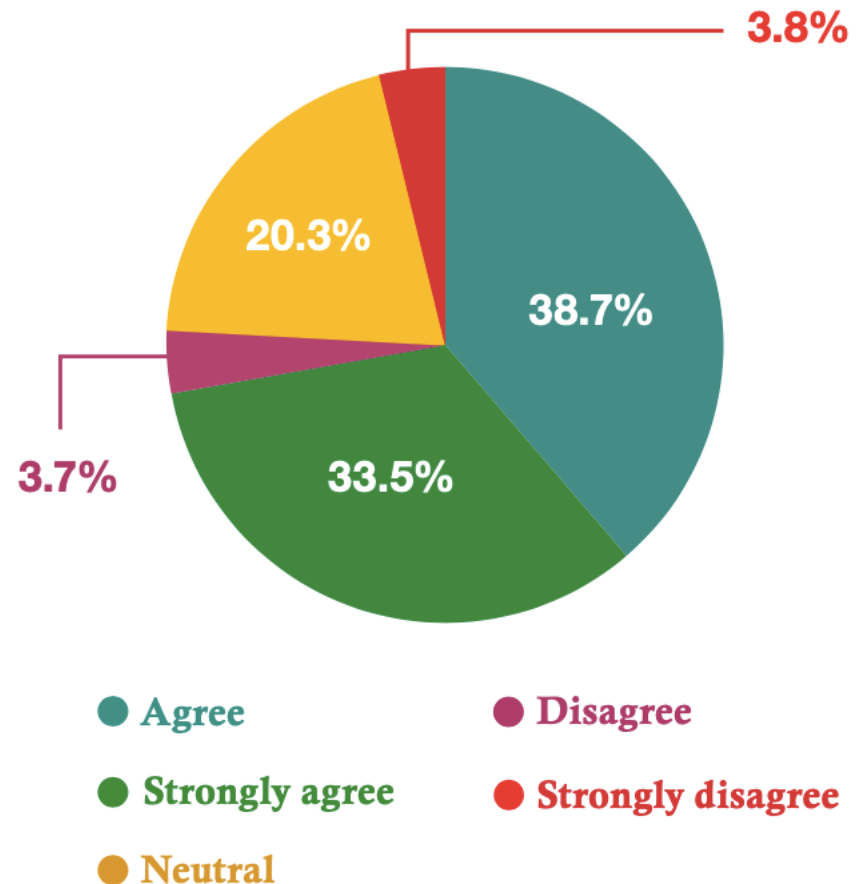
## What are your top concerns over the South China Sea (SCS) situation?

- **62.4%** concerned about **China's militarisation and assertive actions**.
- Followed by **Chinese encroachments in the exclusive economic zones and continental shelves** (59.1
- Third-ranked concern is a **US-China military confrontation that may lead to a political crisis** (45.2%).



# Do you agree that ASEAN should include Mekong River issues in its agenda?

- **Majority of respondents (72.2%) agree that ASEAN should include Mekong River issues in its agenda.**
- This is most pronounced in downstream riparian states, namely **Vietnam (92.6%), Thailand (87.8%)** and **Cambodia (73.0%)**.



# Do you agree that ASEAN should include Mekong River issues in its agenda?

Reasons for ASEAN involvement:

- **Environmental problems and their impact on regional food security (46.3%),**
- **Mekong considered a geo-political space where ASEAN should play a more active role (32.9%).**



**46.3%**

**Environmental problems in the Mekong will impact food security and are too important for ASEAN to ignore**



# Regional Influence and Leadership



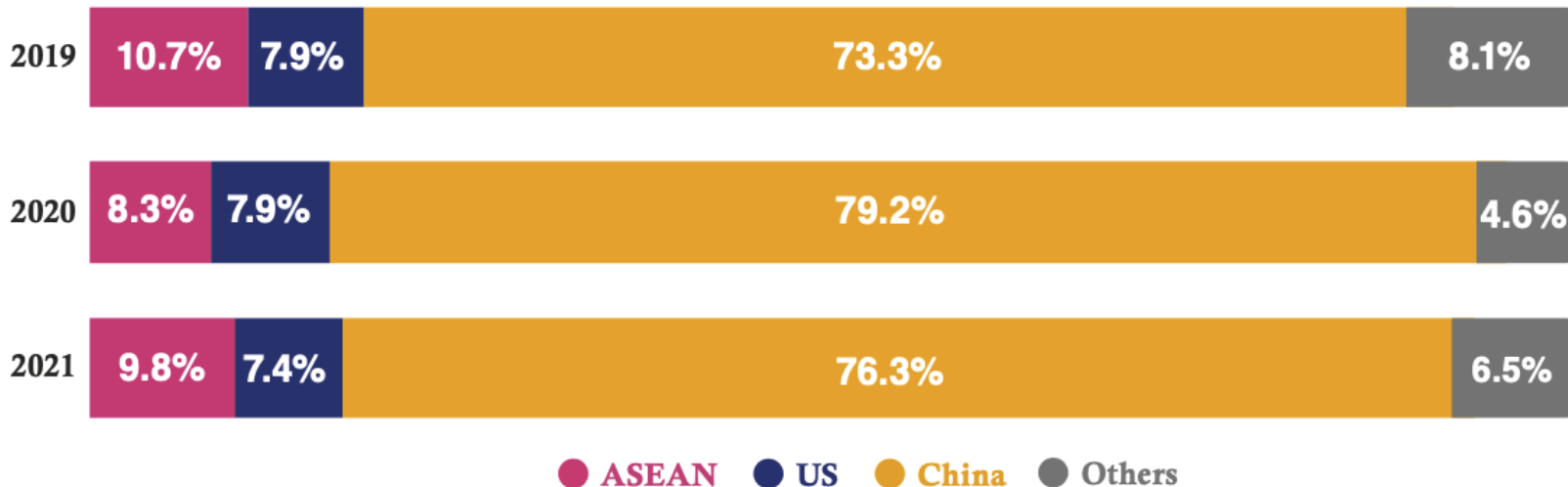
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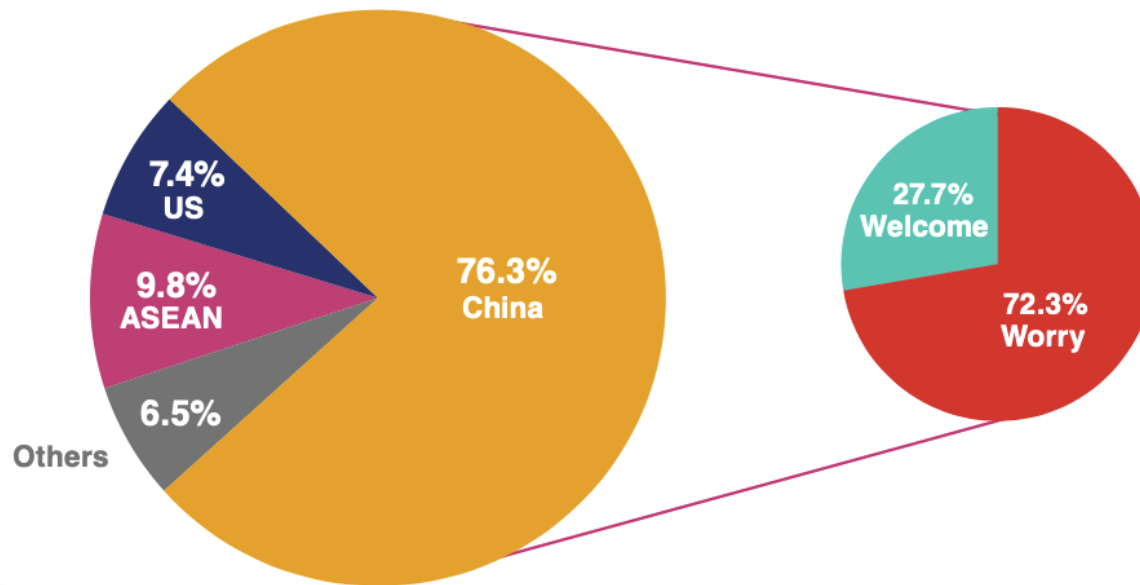
# Which country/regional organisation is the most influential economic power in Southeast Asia?

- **China** remains the undisputed influential economic power in the region though its percentage share decreased from **79.2% in 2020** to **76.3% of 2021** respondents.
- Highest levels of recognition of China's economic influence recorded by **Laos (87.5%), Thailand (84.7%), Singapore (83.5%), Myanmar (83.3%)** and **Cambodia (80.8%)**.



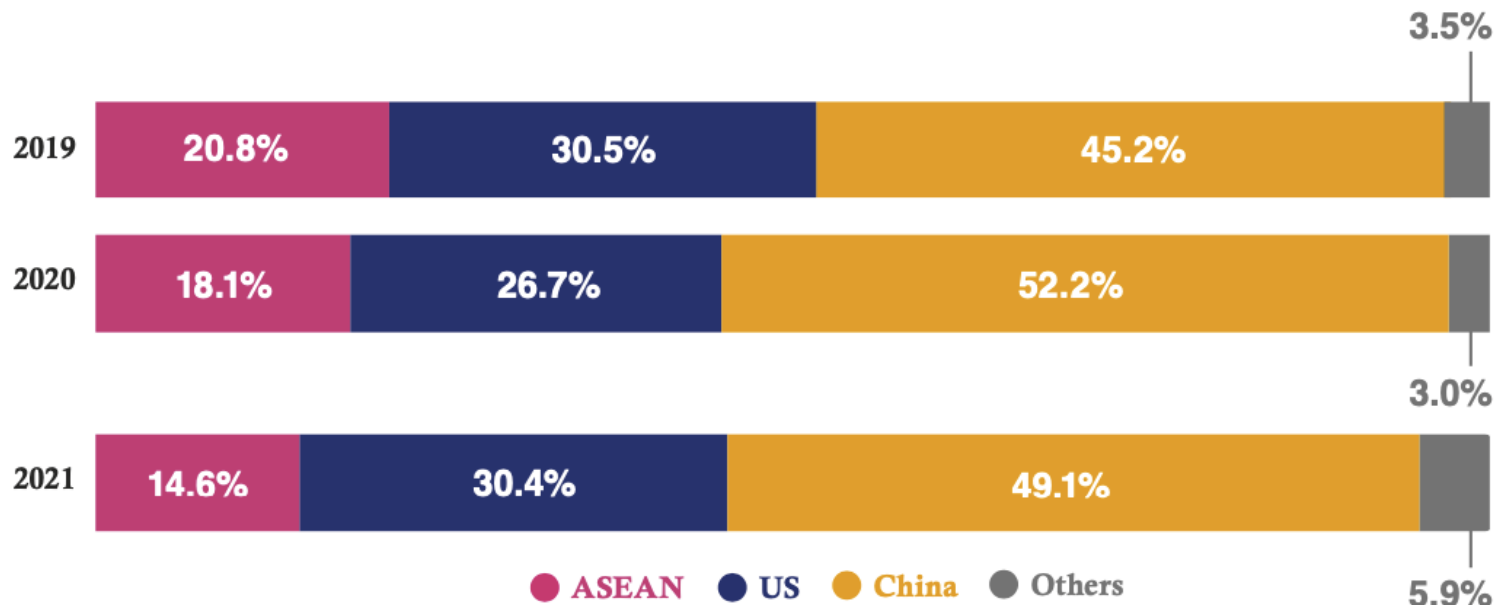
# What is your view of this economic power's influence on your country?

- Majority of respondents remain **worried about China's growing regional economic influence.**
- The percentage share of this view increased slightly from **71.9% in 2020** to **72.3% in 2021.**



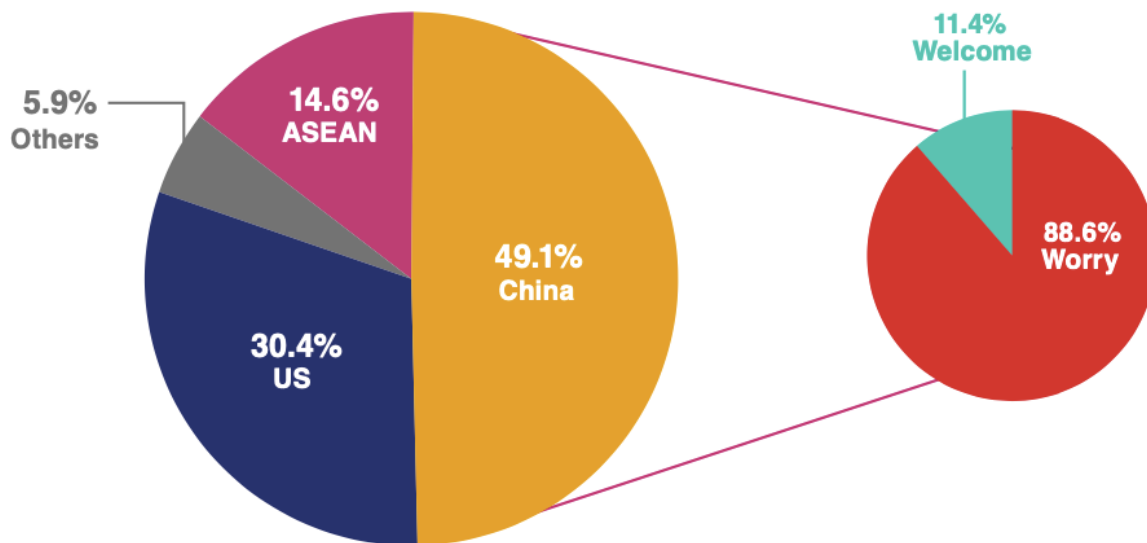
# Which country/regional organisation has the most political and strategic influence in Southeast Asia?

- **China** continues to be seen as the most influential political-strategic power though its percentage share decreased from **52.2% in 2020** to **49.1% in 2021**.
- **US** trails behind China in terms of perceived political-strategic influence but its vote share increased from **26.7% in 2020** to **30.4% in 2021**.

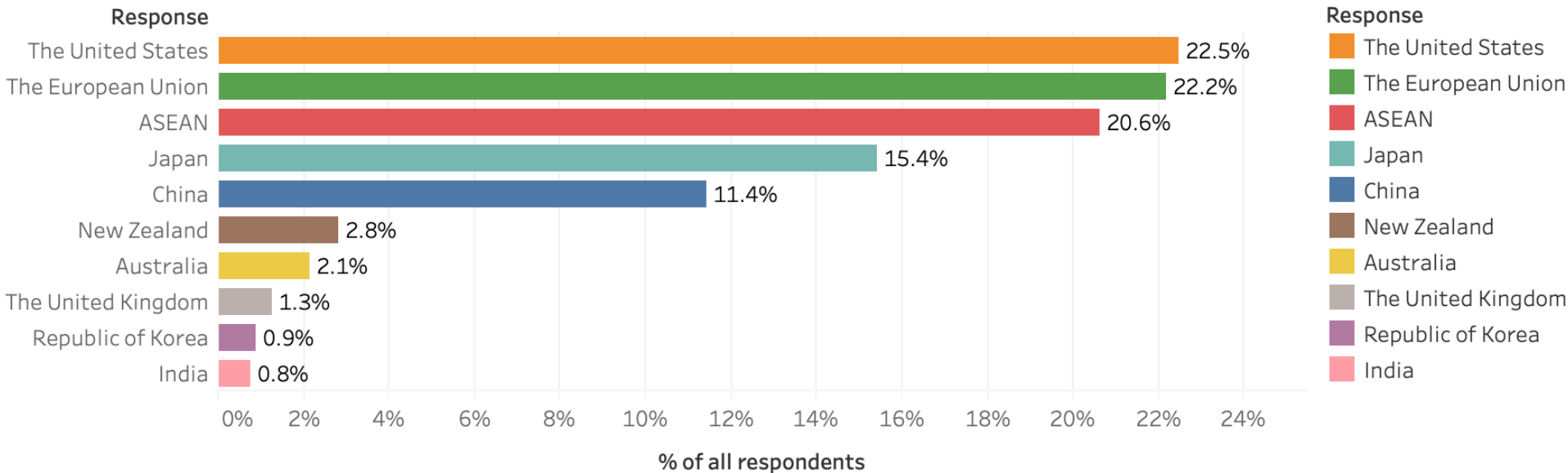


# What is your view of this power's political and strategic influence on your country?

- Region's anxiety over Beijing's growing strategic clout has increased from **85.4% in 2020** to **88.6% in 2021**.
- Anxiety as pronounced in mainland as in maritime Southeast Asia: **Vietnam** (97.7%), **Philippines** (95%), **Thailand** (92.2%), **Myanmar** (91.4%) and **Singapore** (87.1%).

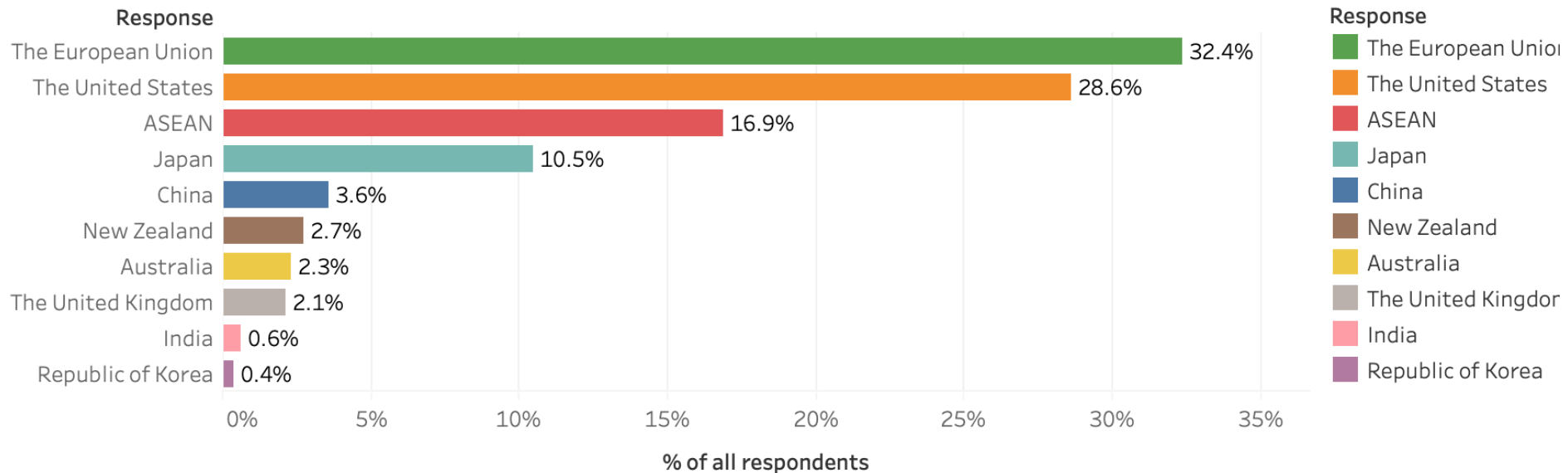


# Who do you have the **strongest** confidence in to provide leadership in championing the global free trade agenda?



- Respondents are equally split between the **US** (22.5%), the **EU** (22.2%) and **ASEAN** (20.6%) in their ability to champion international free trade.
- The **US** – which recorded **14.5% in 2020** – rebounded to **22.5% in 2021**, most likely due to the Biden effect.
- Japan ranked 4<sup>th</sup> place at 15.4% just behind ASEAN (new option)

# Who do you have the **strongest** confidence in to provide leadership to maintain the rules-based order and uphold international law?



- Southeast Asia continues to place strongest confidence in the **EU** in maintaining the rules-based order and upholding international law despite a marginal decrease in percentage share from **33.0% in 2020** to **32.4% in 2021**.
- Japan is at 4<sup>th</sup> place at 10.5%

# ASEAN in the Middle



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# ASEAN is caught in the crossfire as Beijing and Washington compete for influence and leadership in Southeast Asia.

## How should ASEAN best respond?

- ASEAN's default has always been **not to choose sides**. This position receives support from **29.9% in 2021**'s respondents, down from **31.3% in 2020**.
- Instead, **53.8% in 2021** prefer to have ASEAN **enhance its resilience and unity to fend off pressures from the two major powers**, up from **48% in 2020**.

2020 3.1%

2021 4.0%

2020 14.7%

2021 12.3%

2020 31.3%

2021 29.9%

2020 48.0%

2021 53.8%

● Choose between one of the two major powers as remaining impartial is impractical

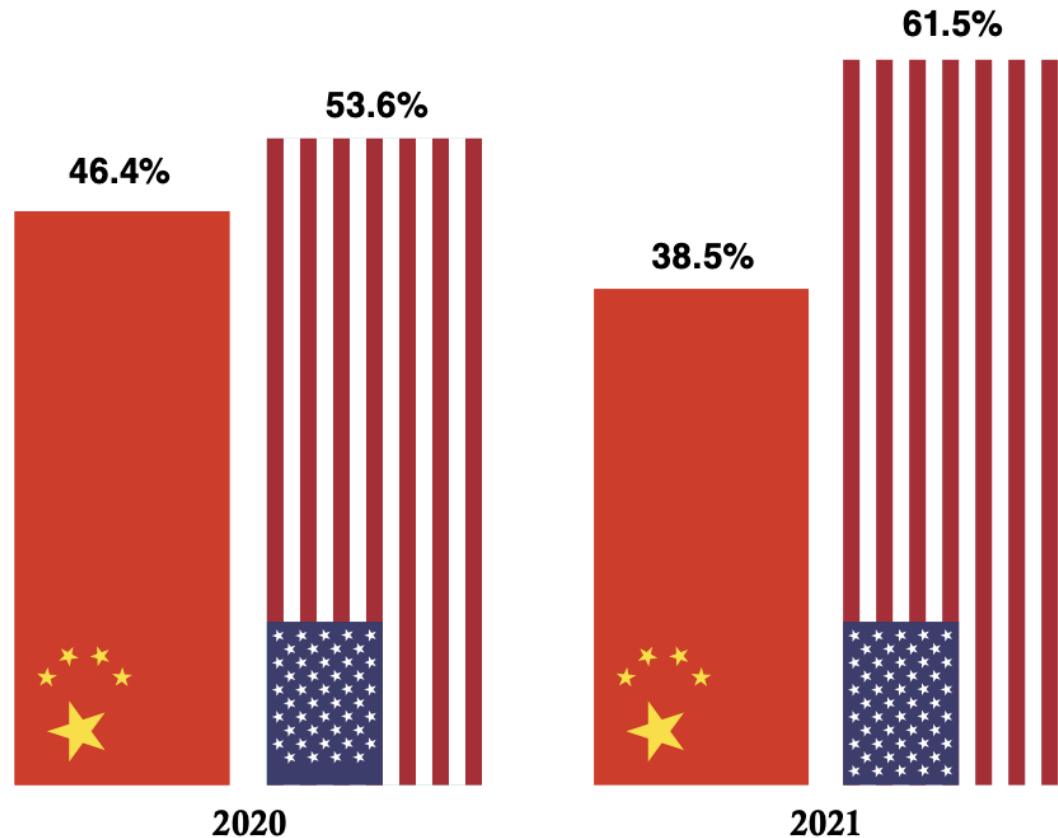
● Seek out "third parties" to broaden its strategic space and options

● Continue its position of not siding with China or the US

● Enhance its resilience and unity to fend off pressure from the two major powers

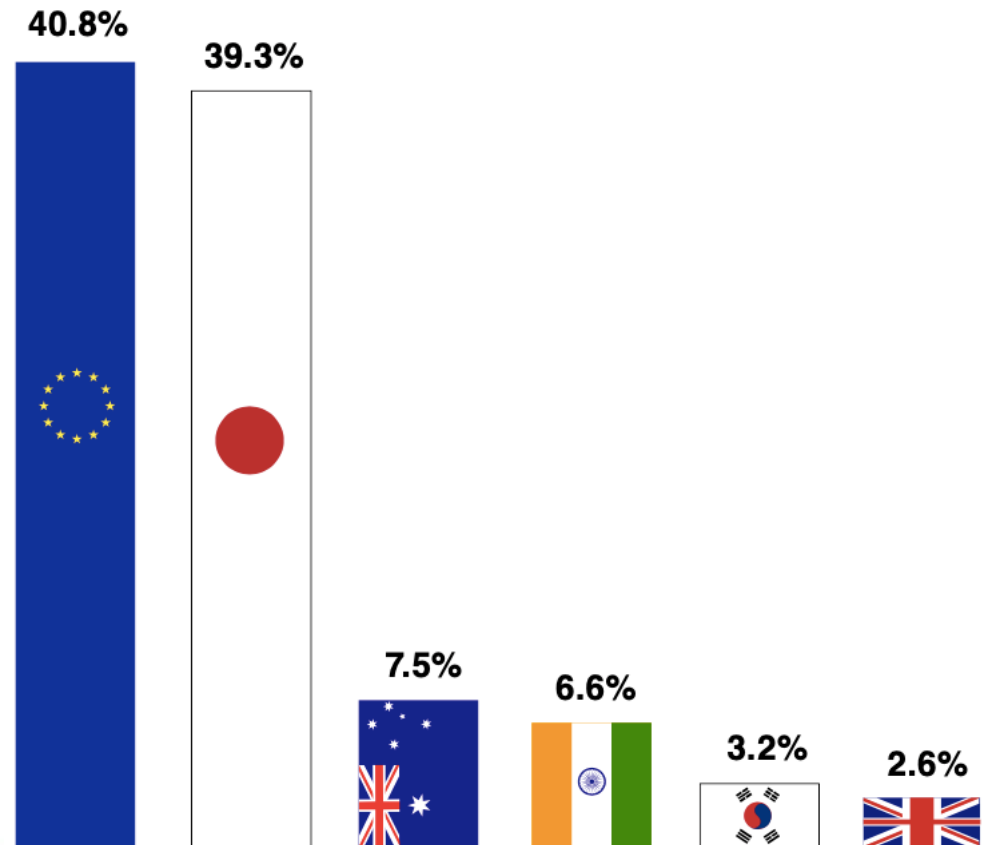
# If ASEAN were forced to align itself with one of the two strategic rivals, which should it choose?

- ASEAN appears to be leaning more towards Washington this year: **61.5% of 2021's** respondents **choose the US**, up from **53.6% in 2020**.
- In comparison, **China** was chosen by **38.5% in 2021**, down from **46.4% in 2020**.



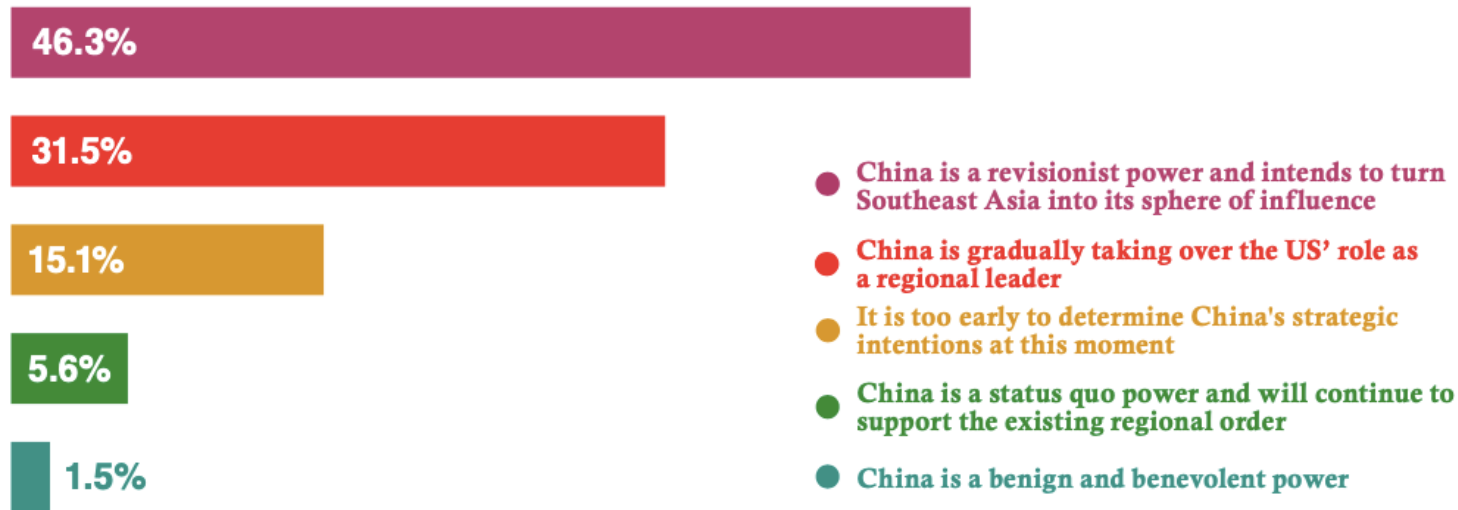
# If ASEAN were to seek out “third parties” to hedge against the uncertainties of the US-China strategic rivalry, who is your most preferred and trusted strategic partner for ASEAN?

- Frontrunners remain:
  - **EU (40.8%, up from 31.7% in 2020)**
  - **Japan (39.3%, up from 38.2% in 2020)**
- **Australia** distant third option (7.5%), similar to 8.8% share in 2020 survey.



# Which statement most accurately reflects your view of China's re-emergence as a major power with respect to Southeast Asia?

- **46.3% in 2021** hold view of China as **revisionist power with intentions to turn Southeast Asia into its sphere of influence**, up from **38.2% in 2020**.
- **31.5% in 2021** think that China is **gradually taking over US' role as regional leader**, down from **34.7% in 2020**.



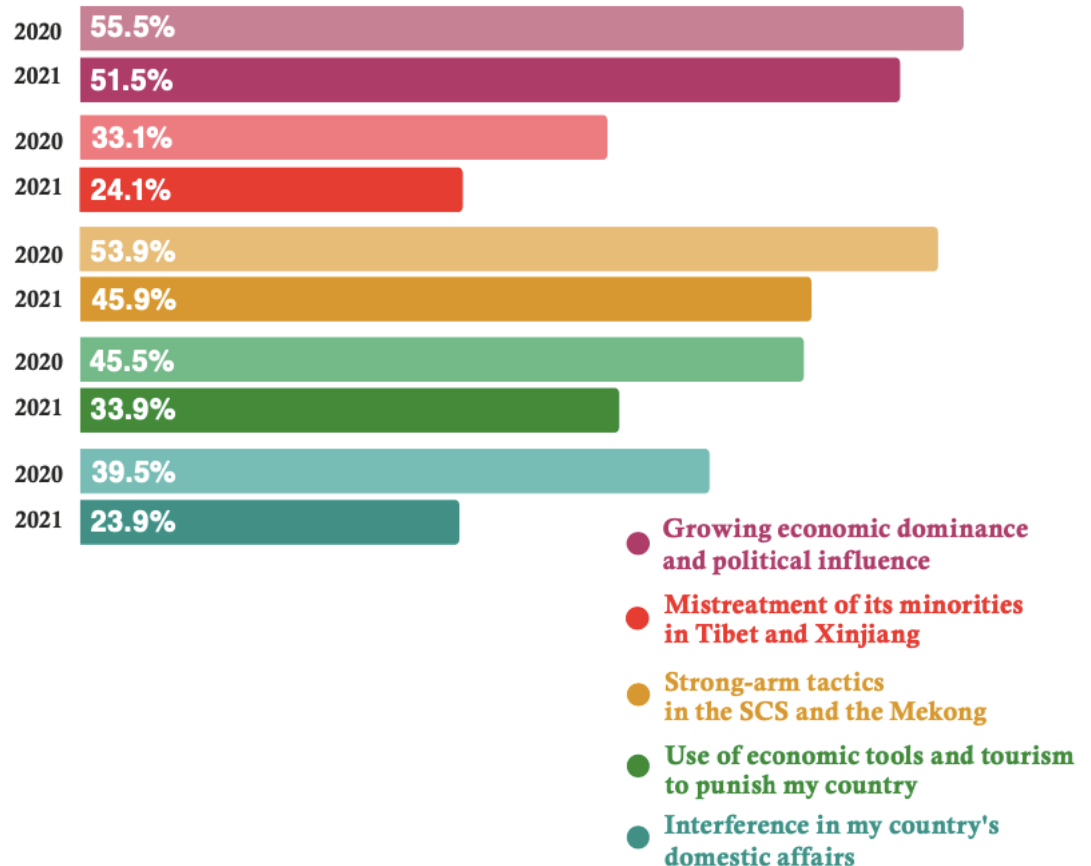
# How do you see China's relations with your country evolving in the next three years?



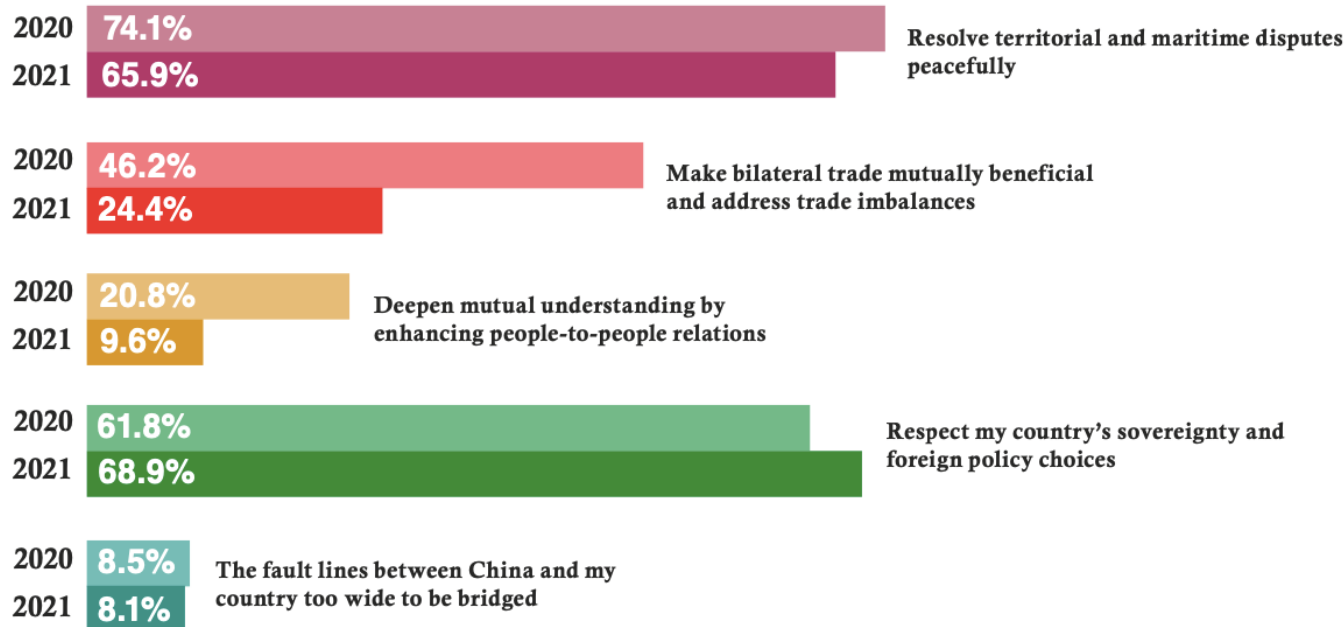
- Majority (47.1%) expect status quo in bilateral relations, up from **45.5% in 2020**.
- **Minority** (13.1%) expect **bilateral relations to worsen**, down from **16.2% in 2020**.
- **Sizeable proportion** (39.8%) expect bilateral relations to improve, up from **38.3% in 2020**.
- Respondents from **Philippines** (29.9%) and **Vietnam** (25.7%) most pessimistic.

# What are the concerns that could potentially worsen your positive impression of China?

- **Majority (51.5%)** are concerned about **China's growing economic dominance and political influence in their country**.
- **China's strong-arm tactics in the South China Sea and the Mekong** are a close second (45.9%).
- Lastly, **33.9%** of respondents are concerned about **China's use of economic tools and tourism to punish their country's foreign policy choices**.

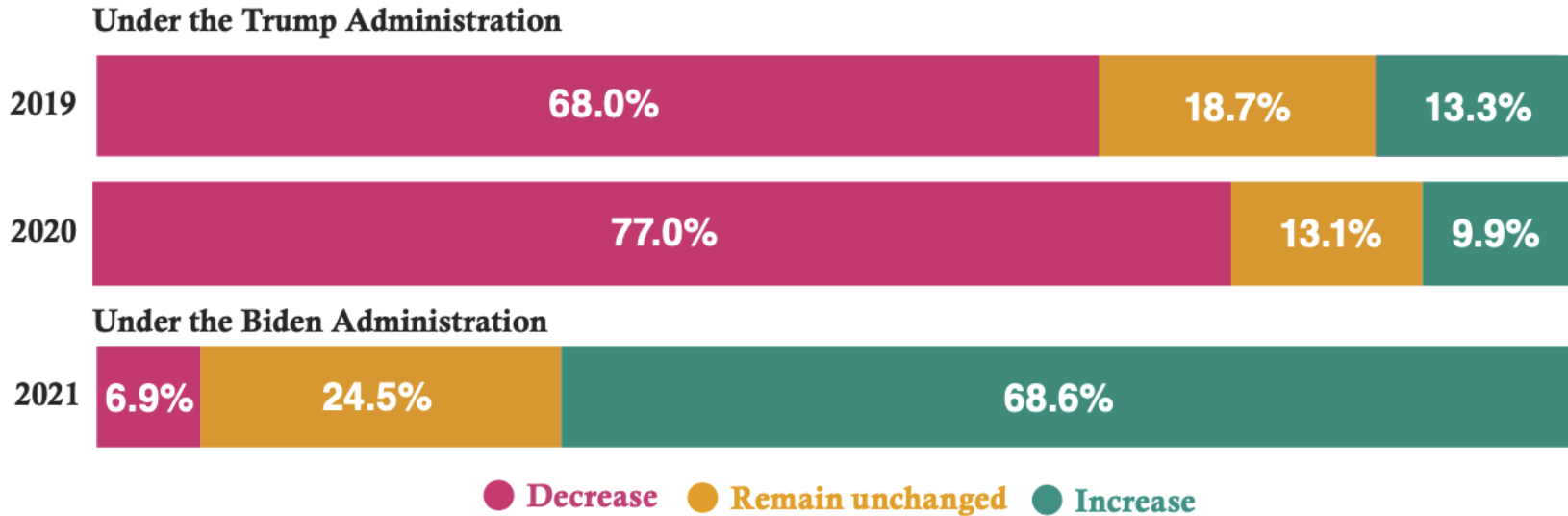


# What are the concerns that could potentially improve your positive impression of China?



- **68.9%** feel that **China should respect their country's sovereignty and not constrain their country's foreign policy choices.**
- The SCS disputes also loom large: **65.9%** feel that **China should resolve all territorial and maritime disputes peacefully in accordance with international law** so as to improve bilateral relations with their countries.

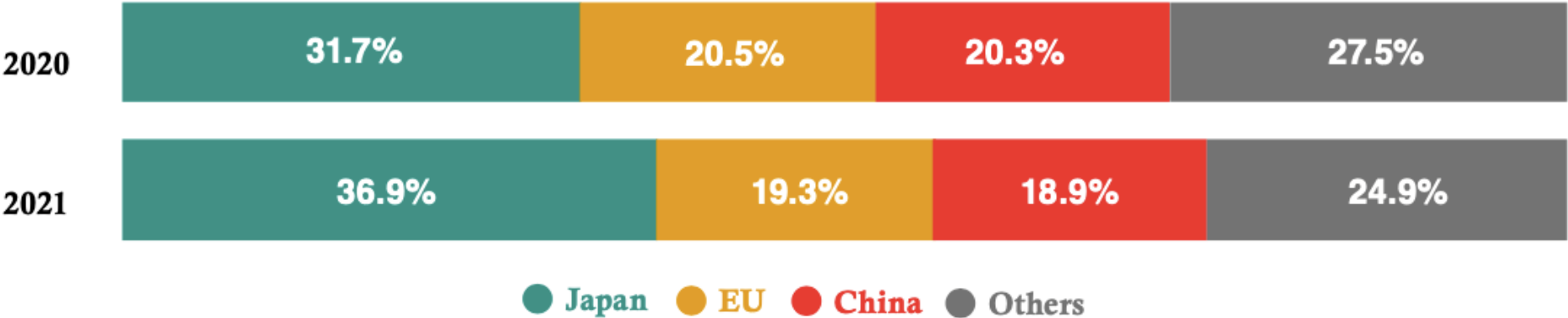
# The level of US engagement with Southeast Asia under the new Biden Administration will...



- Expectations are that the Biden Administration will **elevate US engagement with the region.**
- **68.6%** of the respondents predict that US engagement will either **“increase” or “increase significantly”**.
- Sense of optimism most prevalent in **Brunei (87.9%), Thailand (78.6%) and Singapore (77.3%).**



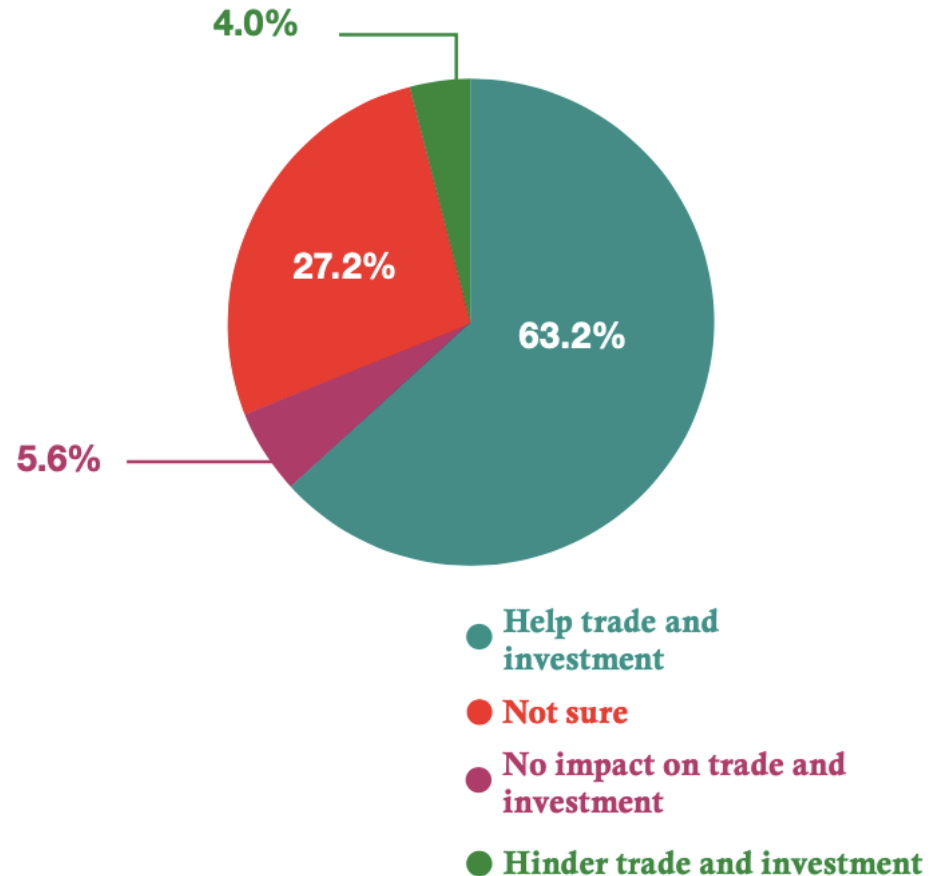
# If the US is perceived as unreliable, who would you look to as your country's preferred strategic partner?



- Most preferred partner: **Japan** (36.9%).
- Top choice for **Vietnam** (66.7%), the **Philippines** (54.5%), **Myanmar** (47.7%), **Laos** (42.9%), **Singapore** (41.4%), **Cambodia** (37.5%) and **Thailand** (28.9%).
- **EU** (19.3%) as distant second choice.
- **China** ranks as the third choice at 18.9%.

# What is your view on the impact of the Regional Comprehensive Economic Partnership (RCEP) on trade and investment in your country?

- **63.2%** of ASEAN respondents agree that RCEP will **help trade and investment in their country** while **27.2%** express **uncertainty**.
- Respondents from **Singapore** are most enthusiastic about RCEP (75.9%), followed by **Cambodia** (73.1%).
- **Philippine** respondents most unsure of RCEP's effects on their economy (40.3%).



# Perceptions of Trust



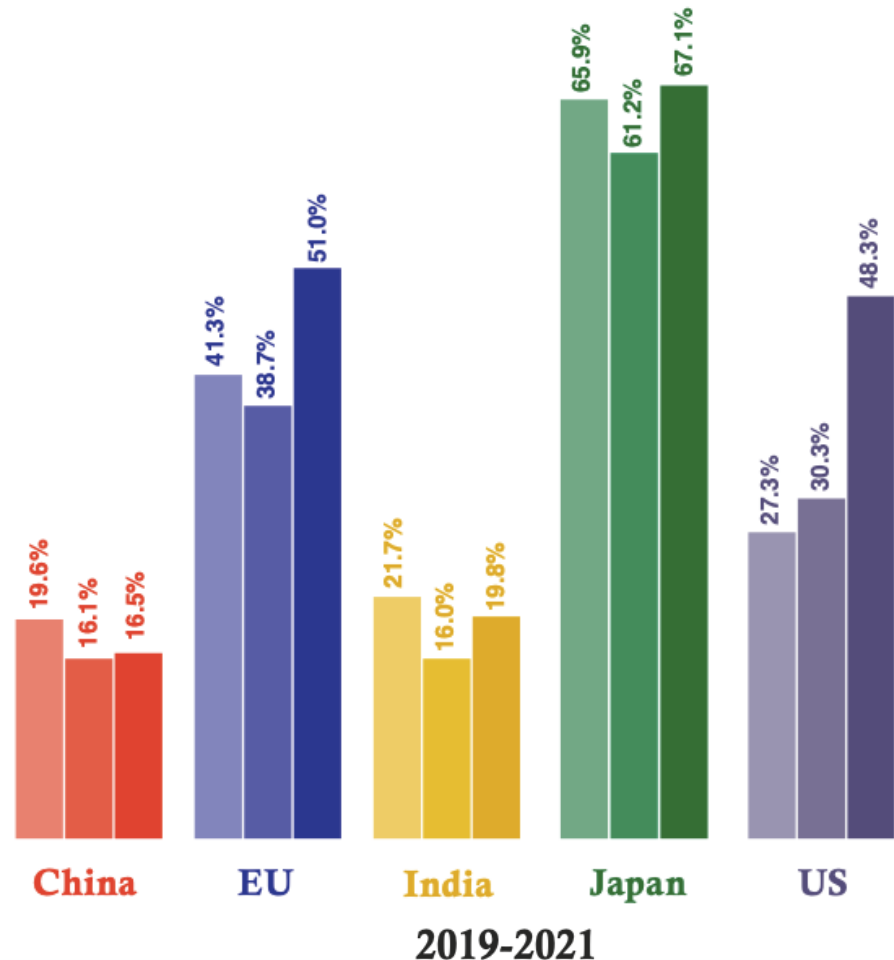
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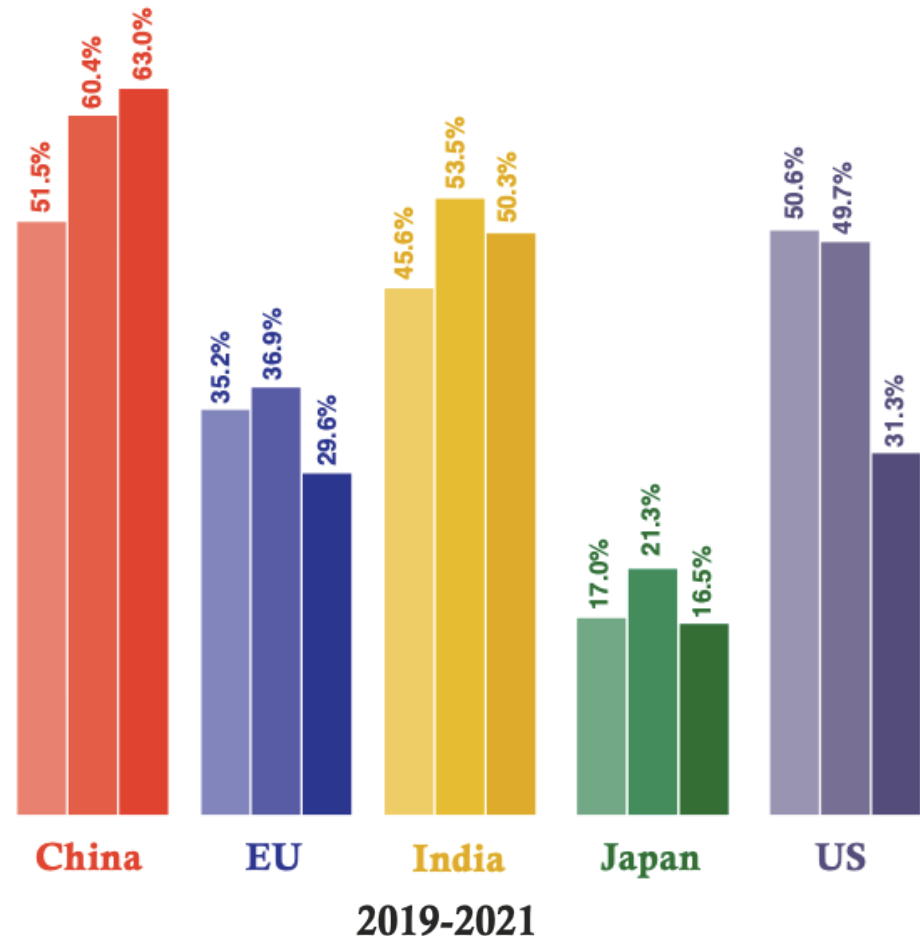
# Perceptions of Trust among Southeast Asians in the Major Powers

- **Japan**, with its strong soft power and commitment to the region, remains **most trusted** major power; its overall share of **trust** increased from **65.9% in 2019** to **61.2% in 2020** to **67.1% in 2021**.
- 2<sup>nd</sup> position: **EU's** reputation as a reliable champion of global collective action afforded it an overall gain in **trust** from **41.3% in 2019** to **38.7% in 2020** to **51.0% in 2021**.
- **US'** reservoir of trust in the region is resilient as seen in its increase in **trust** over the years continued, from **27.3% in 2019** to **30.3% in 2020** to **48.3% in 2021**.



# Perceptions of Distrust among Southeast Asians in the Major Powers

- **China's** growing economic and political influence increased its **distrust** ratings in the region from **51.5% in 2019** to **60.4% in 2020** to **63.0% in 2021**.
- **US** reversed its overall ratings in the region with **distrust** in US decreasing significantly from **50.6% in 2019** to **49.7% in 2020** to **31.3% in 2021**.
- **Japan** has the lowest **distrust** ratings, decreasing from **17.0% in 2019** to **21.3% in 2020** to **16.5% in 2021**.



# Implications for Japan:

1. Foreign Policy
2. Soft Power
3. Business Sectors



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# The State of Southeast Asia: 2021

Question & Answer session



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