

# **PART THREE**

## **Significant Issues Affecting the Security of the Indo- Pacific Region**



# Chapter 12

## COVID-19 Pandemic and the Indo-Pacific Order

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### I. Introduction

Since the emergence of novel coronavirus pneumonia (COVID-19) in late 2019, the cumulative number of confirmed cases worldwide has exceeded 233 million by September 30, 2021, with more than 4.77 million deaths. This pandemic has had a tremendous economic and social impact on humanity, and there is no end in sight. Although vaccines have been introduced to strengthen human defenses against the virus and reduce severe illness and mortality rates, rapidly evolving viruses continue to threaten humanity. This chapter examines the impact of the outbreak and the adaptation of countries in the Indo-Pacific region since the end of 2020, the recovery or stagnation of the industry in each country, and the responses of countries since the outbreak and the introduction of vaccines, including the progress of vaccine procurement and vaccination. Finally, this paper compares the order of the Indo-Pacific region before the outbreak with the current situation in the region and looks into the possible future development direction of the Indo-Pacific region.

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## II. Countries in the Indo-Pacific Region under the COVID-19 Pandemic

Compared with the European, American, and Central and South American countries, the control of the COVID-19 pandemic in Asia was relatively good in 2020, but the situation changes significantly in 2021. Due to the rampant variant of the virus, Asian countries, with the exception of China, do not have their vaccine makers, and the pace of vaccination is significantly slower than in Europe and the United States. As of September 28, the vaccination rate per 100 population was still below the global average of 44.9% in many Indo-Pacific countries, including Thailand, Laos, Indonesia, Vietnam, the Philippines, and Myanmar (Figure 12-1). Malaysia and Thailand, which were relatively mild last year, have experienced severe outbreaks. Ten countries in the Indo-Pacific region have diagnosed more than one million people, including the United States, India, Russia, Indonesia, the Philippines, Malaysia, Japan, Bangladesh, Thailand, and Pakistan.<sup>1</sup>

### 1. Pandemic Conditions in the Indo-Pacific Countries

After vaccination began in late 2020, the number of new diagnoses and deaths in the United States gradually decreased, with the highest number of one-day diagnoses dropping from 400,000 in December 2020 to less than 10,000 in June 2021. The pandemic in India slowed down at the end of last year and the beginning of this year, but a new wave of outbreaks broke out in late March, and by early May, the number of confirmed cases exceeded 400,000 on a single day. In Indonesia, which has the highest number of confirmed cases in Southeast Asia in 2020, the strategy is to restart economic activities and start vaccination in January 2021, hoping to vaccinate 70% of the population within a year to achieve herd immunity. However, due to slow vaccine supply and delivery and the increased infectivity of the Delta virus, the pandemic did not slow down in Indonesia in 2021 and increased rapidly in late June, with more than 4 million confirmed cases by the

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<sup>1</sup> For information on the number of confirmed cases and deaths of COVID-19 reported by countries, see “Reported Cases and Deaths by Country or Territory,” *Worldometers*, <https://www.worldometers.info/coronavirus/>.

end of August.

The Philippines also hopes to achieve herd immunity by the end of 2021, but vaccination progress has been slow, with a rate of 22.7% per 100 population as of September 9. Daily confirmations have risen since March, surpassing 10,000 in a single day in April and then, after a slight slowdown, surpassing 18,000 in a single day at the end of August. In Malaysia, the outbreak continued to grow despite the procurement of multiple and large quantities of vaccines, with a wave of confirmed cases starting in May and surpassing 20,000 per day by the end of August. Thailand also ordered more than 130 million vaccines from China's Sinovac, BNT, AZ, and Moderna. However, the pandemic began to rise in April and peaked at 23,000 confirmed cases in a single day on August 13. Cambodia and Laos are the countries that received the most significant number of vaccine doses from China. Cambodia has a population of 3.803 million, and China has donated 2.2 million vaccine doses. As a result, Cambodia leads most Association of Southeast Asian Nations (ASEAN) countries in vaccination rate per 100 people (77.9% as of September 27).

In Vietnam, the number of confirmed cases per day mainly remained below ten until the end of April, but the outbreak deteriorated rapidly in July, reaching more than 10,000 cases per day by August, with the outbreak not yet under control. In Japan, the outbreak began to warm up in April, and a new wave of outbreaks emerged in late July, with the number of confirmed cases exceeding 25,000 per day on August 22. In South Korea, the outbreak was relatively stable, but the daily number of confirmed cases also exceeded 1,000 in July and over 2,000 in August. China had better control of the pandemic, with a moderate number of new confirmations, and continued to vaccinate people in all provinces and cities, reaching a rate of 76.2% per 100 people as of September 18.

### Share of people who received at least one dose of COVID-19 vaccine, Sep 28, 2021



Total number of people who received at least one vaccine dose, divided by the total population of the country.

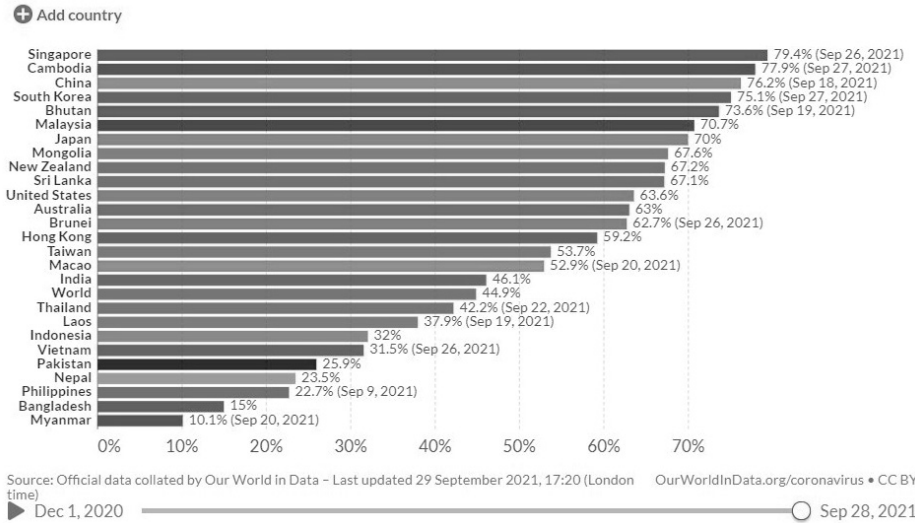


Figure 12-1 Share of People in the Indo-Pacific Countries Who Received at least One Dose of COVID-19 Vaccine, September 28, 2021

Source: Our World in Data as of September 29, 2021.

## 2. Economic Development in the Indo-Pacific Region

In 2021, the economies and trade of countries in the Indo-Pacific region continue to regain momentum. While vaccines are arriving and starting to be administered, most countries are still far from the goal of herd immunity. As many countries were hit by a new wave of Delta variant viruses in April and May, the Asian Development Bank’s Asian Development Outlook 2021 lowered its economic growth forecast for “Developing Asia,” a group of 45 developing countries in the Asia-Pacific region, from 7.3% in April 2021 to 7.2% in July and then to 7.1% in September. Economic growth in East Asia was revised upward from 7.4% to 7.6%. Growth in Southeast Asia is revised from 4.4% to 3.1% in 2021 due to the more severe epidemic in several countries. Inflation in Asia is generally moderate,

expected to be 2.2% in 2021.<sup>2</sup>

China's economic growth rate is estimated to remain at 8.1%. India's growth rate was reduced from 11% to 10% due to the epidemic's impact. South Korea's investment and export growth exceeded expectations, revised from 3.5% to 4% in 2021. Taiwan's growth rate for the first quarter of 2021 increased 8.9% year-over-year due to strong export demand, and investment growth was 9.1%, with GDP growth for 2021 revised upward from 4.6% to 6.2%. The U.S. economy is forecast to grow at a 6.0% rate, while Japan's growth rate has been reduced to 2.2% from 2.9% in April due to the epidemic's impact. Growth in Southeast Asian countries, which are more affected by the epidemic, is also revised downward. Indonesia was revised from 4.5% to 3.5%, and Malaysia was revised from 6.0% to 4.7%. As the outbreak worsens, Thailand and Vietnam have also seen their growth rates reduced from 3% and 6.7% to 0.8% and 3.8%, respectively. In Singapore, where the epidemic was better controlled, growth was revised upward from 6.0% to 6.3%.

Southeast Asia is second only to China as a global manufacturing powerhouse. According to the Federation of Korean Industries (FKI), China accounts for 31.2% of Asia's total trade as of 2019, while the six ASEAN member countries (Philippines, Indonesia, Vietnam, Thailand, Singapore, and Malaysia) have reached 30.8%. Moreover, between 2016 and 2020, global direct investment in the 10 ASEAN countries reached US\$731 billion, exceeding the US\$698.9 billion invested in China during the same period. As a result, ASEAN replaces China as the center of the global supply chain.<sup>3</sup> In early 2021, the strong rebound in demand in the global shipping market led to a severe supply shortage and port congestion. However, a new wave of infections caused by the Delta mutant virus forced many factories in Southeast Asia to shut down, impacting the global industry chain.

<sup>2</sup> "Asian Development Outlook 2021 Update," *Asian Development Bank*, September 2021, <https://reurl.cc/Q6bjN0>.

<sup>3</sup> See "South Korean Industry Group: ASEAN is Replacing China as Global Supply Chain Hub," *Liberty Times*, September 13, 2021, <https://reurl.cc/35NrzL>; Lisa & May, "ASEAN May be Replacing China as a Global Manufacturing Center," *Science and Technology Industry Information Room*, Science and Technology Policy Research and Information Center, National Academy of Experimental Research, August 26, 2021, <https://reurl.cc/q18EnD>.

### III. International Factors of the Indo-Pacific Pandemic

#### 1. COVAX Vaccine Structure

COVAX is one of the four pillars of the vaccine, diagnosis, treatment, and health system under the Access to COVID-19 Tools Accelerator (ACT-Accelerator), created by the World Health Organization and other organizations. Its mission is to provide equitable access to COVID-19 vaccines, especially to countries with lower income. In addition to WHO, COVAX is operated by the United Nations Children's Fund (UNICEF), the Global Alliance for Vaccines and Immunization (GAVI), and the Coalition for Epidemic Preparedness Innovations (CEPI). By early 2021, 192 countries and economies have joined COVAX, including 92 low- and middle-income countries and 100 self-funded countries/regions.

In December 2020, vaccination began across the United States. At that time, developed countries had purchased more than 10 billion vaccine doses in advance from major vaccine manufacturers. Without the help of international mechanisms, low-income countries may not receive vaccines until 2023 or 2024. However, thanks to the efforts of the COVAX mechanism, the first 600,000 doses of the AstraZeneca vaccine arrived in Ghana on February 24, 2021. This is a significant advance in the global public health governance system.

COVAX originally planned to distribute at least 2 billion doses of vaccine worldwide by the end of 2021, with 1.3 billion doses going to 92 low- and middle-income countries, enabling 20 percent of the world's population to be vaccinated. However, COVAX falls seriously behind schedule due to production delays at various vaccine plants, stockpiling in wealthy countries, and a severe epidemic in India, which was initially responsible for primary vaccine production. As of September 30, 2021, COVAX had delivered vaccines to 144 countries and regions worldwide, but only 559 million doses of vaccines had been delivered, an achievement rate of 27.95%, which is still far from the scheduled progress.<sup>4</sup>

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<sup>4</sup> COVID-19 Vaccine Deliveries, COVID-19 Vaccine Market Dashboard, UNICEF, <https://reurl.cc/jgG1WM>.



## 2. China and Russia's Vaccine Diplomacy

After obtaining the emergency use authorization, the COVID-19 vaccine was implemented in the United States and Europe. Although most authorized vaccines were developed and manufactured by U.S. and European manufacturers, only very limited vaccine doses were exported from Western countries between the end of 2020 and April 2021. The only exception is India's export of more than 60 million doses of the Covishield vaccine (the Indian version of the AZ vaccine), licensed by AstraZeneca. During this period, the international market saw mainly vaccines produced in China and Russia. This was also the "golden hour" of Russian and Chinese vaccine diplomacy.

### (1) China's vaccine diplomacy

The primary vaccines exported from China were those produced by Sinopharm and Sinovac. According to tracking statistics from Beijing-based Bridge Consulting, as of September 27, 2021, China had sold 1.284 billion vaccines abroad, donated 68.55 million doses of vaccines, and shipped 884 million doses of vaccines.<sup>5</sup> But for all the hype surrounding China's vaccine diplomacy, Beijing has donated only 5.33% of all the vaccines it exports. (see Table 12-1 for details).

Table 12-1 COVID-19 Vaccine Sold, Donated and Delivered by China to Major Regions

(millions)

	Asia Pacific	Latin America America	Europe	Africa	Total
Purchases	700.13	388.09	118.72	77.60	1,284.54
Donations	50.76	2	1.48	14.31	68.55
Total	750.89	390.09	120.20	91.91	1,353.09
Delivered	520.90	241.40	47.50	61.90	871.50
Delivery ratio	69.37%	61.88%	39.52%	67.35%	64.41%

Source: Author's calculations based on Bridge Consultant data (as of September 27, 2021).

<sup>5</sup> China COVID-19 Vaccine Tracker, Bridge Consulting, August 23, 2021, <https://reurl.cc/0j5Q1K>.

In terms of region, China's vaccine diplomacy has clear strategic considerations. Its main export regions are Asia and Central and South America, followed by Europe and Africa. A late April 2021 report by the Council on Foreign Relations (CFR), a U.S. think tank focused on international public health issues, also noted that 63 of the 65 countries to which China has committed to providing vaccines are participants in the Belt and Road Initiative. Indonesia and Cambodia are the largest exporters and donors of vaccines from China on a country-by-country basis. Cambodia is almost like a Chinese vassal country, while Indonesia is the largest country in Southeast Asia with the most severe epidemic, which shows China's strategic consideration. In addition to bilateral vaccine deals and aid, Beijing is also trying to use the vaccine initiative to further strengthen China's leadership in the region. on June 23; Wang Yi hosted a high-level video conference on international cooperation in the Asia-Pacific region, where 29 countries, including all 10 ASEAN member countries, participated in the "Belt and Road Vaccine Partnership Initiative."<sup>6</sup>

## (2) *Russia's Vaccine Diplomacy*

Russia's Sputnik V vaccine was developed by the Russian Direct Investment Fund (RDIF) in cooperation with the Gamaleya National Research Center of Epidemiology and Microbiology in Moscow. According to Statista, Sputnik V vaccines are mainly exported to Central Asia, Eastern Europe, and some countries in Latin America; sales and partnerships in the Indo-Pacific region are limited to China, India, South Korea, Nepal, and Vietnam, with minor impact on the regional order.

Despite the fact that Sputnik V has been authorized for emergency use in 70 countries worldwide, production is not progressing smoothly. The company's customers in the Indo-Pacific region include India for 250 million doses, Nepal for 25 million doses, and Vietnam for 20 million doses. In addition, Russia has licensed the production of the Sputnik V vaccine in South Korea, India, and China,

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<sup>6</sup> "The Belt and Road Vaccine Partnership Initiative," *Ministry of Foreign Affairs of the People's Republic of China*, June 24, 2021, <https://reurl.cc/VEKraA>.

with a production volume of 3,345 million doses (see Table 12-2).

Table 12-2 Sales and Production of Russian Vaccines in the Indo-Pacific Region  
(millions)

Country	Purchased Volume	Authorized Production Quantity
China	-	260
India	250	1,152
Nepal	25	-
South Korea	-	1,850
Vietnam	20	

### 3. Vaccine Countermeasures in the Quadrilateral Security Dialogue

India owns the world's largest vaccine manufacturer, Serum Institute of India Pvt. Ltd., which has been a significant supplier under the COVAX vaccine regime.<sup>7</sup> In March 2021, in the Quadrilateral Security Dialogue (QUAD) summit between the United States, Japan, India, and Australia, New Delhi also committed to providing 1 billion doses of vaccine in the Indo-Pacific region by the end of 2022. However, the QUAD's original strategy of countering Chinese and Russian vaccine diplomacy was discontinued when the outbreak worsened in March in India and the Indian Ministry of External Affairs announced that it would stop exporting vaccines and prioritize its supply to India.

After the U.S. epidemic slowed in April, President Biden announced on May 17 that 80 million doses of vaccine would be provided to foreign countries at no cost (25% directly from the U.S. and 75% distributed through COVAX) and without any strings attached. According to the U.S. release, of the first 25 million doses, 7 million doses were donated to Asia (including the Pacific Islands) through COVAX, and an additional 6 million doses were delivered by the U.S. itself to regional priority countries and partners countries, including South Korea and India. Of the second 55 million doses, 16 million were donated to Asia through COVAX, and the U.S. delivered 14 million doses to regional priority countries and

<sup>7</sup> Serum Institute of India (SII), licensed by Oxford University and AstraZeneca to manufacture Covishield vaccine (the Indian version of AZ vaccine) for export from January 2021.

partner countries, including Bangladesh, Pakistan, the Philippines, Vietnam, and Indonesia.<sup>8</sup> Biden announced another 500 million doses of BNT vaccine in Europe in early June and began shipping to 92 low- and middle-income countries and the African Union in August. According to the U.S. Department of State, Biden's pledge to donate 580 million doses of vaccine had resulted in 160 million doses being shipped to more than 100 countries by September 26.<sup>9</sup>

Japan also began vaccine diplomacy in June. In June and July, Japan donated 3.3 million doses to Taiwan and 1 million doses to Vietnam; 1 million doses to Malaysia and 1 million doses to Indonesia on July 1; and 1 million doses to the Philippines and 1 million doses to Thailand on July 8 and 9. In September, Japan launched another wave of vaccine donations. On September 23, Prime Minister Suga Yoshihide said Japan would donate up to 60 million vaccines. Japan's vaccines were quickly delivered to the recipient countries after the announcement. Although the U.S. and Japan started vaccine diplomacy late, both countries are generally recognized and welcomed for providing better quality vaccines without conditions and at no cost.

## IV. Outlook for the Indo-Pacific Regional Order

### 1. China's Vaccine Diplomacy Has Not Won Universal Recognition

Although China has taken the lead in filling the vaccine gap in the Indo-Pacific region, its vaccine diplomacy has had limited success. In June 2021, at least 10 of the 26 doctors who died of the disease in Indonesia had completed two doses of the Sinovac vaccine, raising widespread concern. However, China did win some recognition for helping the countries concerned obtain the vaccine as early as possible. On the other hand, the Western vaccines provided unconditionally

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<sup>8</sup> "FACT SHEET: Biden-Harris Administration Unveils Strategy for Global Vaccine Sharing, Announcing Allocation Plan for the First 25 Million Doses to be Shared Globally," *The White House Press Release*, June 3, 2021, <https://reurl.cc/kZGnGr>; "FACT SHEET: Biden-Harris Administration Announces Allocation Plan for 55 Million Doses to be Shared Globally," *The White House Press Release*, June 21, 2021, <https://reurl.cc/NrzYVe>.

<sup>9</sup> "COVID-19 Vaccine Delivery," *U.S. Department of State*, Last Updated: September 26, 2021, <https://reurl.cc/mLeY3A>.

by the United States and Japan have generally been welcomed by the recipient countries. However, since July, Russia, Israel, the United Kingdom, France, Germany, the United States, and China have announced that they will begin administering booster shots (commonly known as the third dose of the vaccine) in response to the more contagious Delta virus. Many people are concerned that this may weaken vaccine support for low- and middle-income countries in the West. Fortunately, India's Health Minister Mansukh Mandaviya has announced that vaccine exports will resume in October, and at the first physical leaders' summit of the Quadrilateral Security Dialogue on September 24, Prime Minister Narendra Modi further stated that 8 million doses of vaccine would be exported by the end of October.<sup>10</sup>

## 2. Vaccine Choice is Highly Relevant to the Position of Each Country

Before the outbreak of the COVID-19 epidemic, many countries were already worried that they might be forced to take sides between the U.S. and China as the confrontation between the two countries intensified. When the U.S.-China relationship continues to deteriorate in 2021, it seems that vaccine policies of various countries are also affected by their inclinations. For example, the U.S. has not granted emergency access to the Russian and Chinese vaccines, and China has only licensed the five vaccines it has developed and has delayed granting emergency access to the BNT vaccine. In addition, according to Duke University, allied partners with close ties to the U.S., such as Japan, Australia, New Zealand, Taiwan, and South Korea, have chosen Western vaccines rather than Chinese vaccines. Countries with close ties to China, such as Cambodia and Pakistan, use almost all vaccines made in China and Russia. Countries trying to maintain a balance between the U.S. and China or refusing to choose sides, such as Indonesia, Malaysia, and Vietnam, show an almost 50/50 "coincidence" between their purchases of Russian and Chinese vaccines and Western vaccines. Singapore

<sup>10</sup> "India to Resume Export of Covid Vaccines from October: Health Minister Mansukh Mandaviya," *Times of India*, September 20, 2021, <https://reurl.cc/r1RZkZ>; "India Tells Quad Will Allow Export of 8 mln Indo-Pacific Vaccine Doses," *Reuters*, September 25, 2021, <https://reurl.cc/ARoyLQ>.

has adopted a different strategy—procuring and administering Moderna and BNT vaccines, but not disclosing the quantities; not including the Sinovac vaccine in its vaccination data, but agreeing to private clinics purchasing the Sinovac vaccine (200,000 doses).<sup>11</sup>

### **3. Countries may be Forced to “Live With the Virus”**

Vaccination has brought the epidemic under some control, but COVID-19 continues to mutate, and many experts have pointed to the possibility of “viral influenza.” Previously, some countries in the Indo-Pacific region had to take control measures to restrict the movement of people due to insufficient vaccines and provide stimulus and subsidies for economic impact. However, repeated subsidy policies have led to fiscal strain and weakened monetary policy in some countries. In addition, prolonged blockades have left vulnerable populations in economic distress and increased dissatisfaction with their governments. Likewise, the uncertainty of the epidemic prevention policy prevents companies from making medium- to long-term production adjustments and strategic planning. If stringent vaccination measures persist, companies must consider relocating some of their production to other countries to ensure their supply chains are not affected. As a result, many countries may have to learn to “live with the virus.” On the one hand, vaccination and personal protection measures will be strengthened, and on the other hand, the movement of people will be deregulated, so that economic and social activities can be resumed.

## **V. Conclusion**

From an optimistic point of view, after the epidemic’s impact in 2020, countries are gradually mastering how to deal with the virus, and economic data are gradually turning positive. However, in the short term, the global economy will not recover to the level before the emergence of the COVID-19 epidemic. The

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<sup>11</sup> Launch and Scale Speedometer, *Duke University*, <https://reurl.cc/W312D7>.

introduction of several vaccines has helped alleviate the epidemic to a certain extent, but they are still unable to eliminate the evolving COVID-19. Given the dilemma of public safety and economic and social order, humans may have to learn to coexist with the COVID-19.

When the outbreak began in 2020, there were many calls for the United States and China to put aside their differences and work together to combat the epidemic, but instead of easing the confrontation, even the vaccine has become part of the competition. Although the call for “vaccine justice” from the World Health Organization and public health experts has been echoed, the COVAX mechanism is still no match for the “vaccine nationalism” domestic-first mentality and is seriously lagging in the progress of vaccine acquisition and delivery. As for the issue of Indo-Pacific countries being forced to choose sides politically, it is clear from the vaccine procurement and administration policies that most countries have already tacitly chosen sides. A few countries that do not wish to take sides have quietly reflected their positions through their vaccine policies.

