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MALAYSIA

- Opposition unveils shadow cabinet, pledges to act as check and balance against Anwar administration
- Growing tensions among government MPs as constituency allocations slashed as part of government austerity measures
- UMNO and Pakatan Harapan to work together in six state polls this year

The opposition Perikatan Nasional (PN) coalition unveiled its shadow cabinet — the Perikatan MPs Portfolio Committee — to respond to policies introduced by Prime Minister Anwar Ibrahim’s administration and table policy statements on key issues from time to time. PN chairperson and former-Prime Minister Muhyiddin Yassin will lead the lineup as “Chief of PN MPs,” while PN secretary-general Hamzah Zainudin remains the opposition leader in Parliament. Other notable appointments include former foreign minister Saifuddin Abdullah as the shadow education and higher education minister, among other shadow ministers who served as federal ministers under the past two administrations.

The Anwar administration reduced constituency allocations for parliamentarians, in a bid to curb government spending amid the country’s ongoing economic recovery. While such allocations have primarily been utilized for pork barrel spending towards specific activities within respective federal constituencies, many government MPs rely on these to carry out activities within their constituencies and support NGO initiatives. There are also concerns that this move will negatively impact their standing amongst supporters, and be used as ammunition by the Opposition to attack the incumbent unity government.

On the political front, former political rivals UMNO and Pakatan Harapan this week committed to replicating their cooperation at the federal level for the six state elections later this year. Prime Minister Anwar Ibrahim made this announcement alongside the formation of three committees, including an electoral committee which will start discussions on seat negotiations for the state polls soon. The other committees formed are the government agenda and political monitoring committee, as well as the strategic communications committee. The former will look at the federal administration’s manifesto and priorities such as the cost of living and relations between races and states, while the strategic communications committee will address slanderous statements.

PHILIPPINES

- The Philippines paves the way for the largest U.S. military presence in the country in the last 30 years
- Philippine Senate prepares to ratify the Regional Comprehensive Economic Partnership amid stiff opposition from agri-fishery advocacy groups
- The Philippines set to begin talks with the U.S. on nuclear energy cooperation, while the newly liberalized Philippine renewable sector sees an influx of foreign interest

The Philippines has paved the way for the largest U.S. military presence in the country in the last 30 years under the Enhanced Defense Cooperation Agreement (EDCA), as both countries announced

their commitment to add four more sites to the existing five military bases that U.S. forces have had access to since 2016. Crucially, none of the five original bases included a naval port, making it even more likely that the four new sites will include bases facing two major flashpoints: the disputed South China Sea and Taiwan. The Philippine government is apprehensive about conflict breaking out in either area — Taiwan is home to around 125,000 Filipino nationals, and Chinese vessels have been blocking Filipino fishermen from accessing the South China Sea. The EDCA will bring in much-needed U.S. funds to help modernize the Philippine armed forces, who are badly outmatched by their Chinese counterparts. Nevertheless, the agreement is not without controversy: the impending return of U.S. forces has already been met with opposition from nationalists and leftist groups.

Meanwhile, preparations have begun in the Philippine Senate to ratify the Regional Comprehensive Economic Partnership (RCEP) amid stiff opposition from agri-fishery advocacy groups, with the process expected to be completed within the first quarter of 2023. Although President Rodrigo Duterte signed the China-led agreement in late 2021, the Senate did not ratify RCEP in his term, leaving the Philippines one of the two remaining ASEAN countries that have yet to do so (alongside Myanmar). Given that President Marcos's foreign policy posturing so far has seen him pivot firmly toward the United States, pushing through with RCEP will help rebalance toward China.

At the same time, ratifying the RCEP will increase the pressure on domestic agriculture, which Marcos oversees as the concurrent Agriculture Secretary. Before becoming president, Marcos had openly expressed concerns about domestic agriculture's readiness to compete within RCEP, even under its 10-year protection clause. Agri-fishery groups are staunchly opposed to the trade deal, saying that previous governments failed to boost their sector's competitiveness and provide cold storage and irrigation facilities. Although over 130 groups have signed a new petition against its ratification, the Senate is still expected to push through with RCEP.

In a separate development, the government is set to begin talks with the US on nuclear energy cooperation in the coming weeks, while the newly liberalized Philippine renewable sector sees an influx of foreign interest. Officials are set to discuss a possible "123 Agreement" on civil nuclear cooperation, which will provide the legal basis for U.S. exports of nuclear equipment and material to the Philippines. Meanwhile, the Department of Energy has stated that it is already processing over 1,000 contracts at different stages within the renewable energy sector, and discussions are underway with investors from Denmark, Japan, Spain, and the UK, although nothing concrete has materialized yet. It is highly unlikely that any of these projects will come online in time to address the forced outages that Luzon power plants expect in the summer months of April to June, amid the country's looming energy crisis in the coming years.

INDONESIA

- Prosperous Justice and Democrat parties publicly endorse Anies Baswedan as 2024 presidential candidate
- President Jokowi's planned cabinet reshuffle last week fails to materialize after meeting with NasDem chief Surya Paloh
- Finance Minister Sri Mulyani rumored to be among top candidates for next central bank governor

The Prosperous Justice (PKS) and Democrat parties publicly endorsed Anies Baswedan as their presidential candidate for the upcoming 2024 general elections, following months of negotiation and political horse-trading with the NasDem party. The endorsement of former Jakarta governor Anies breaks the impasse involving Democrat Party chair — and son of former president Susilo Bambang Yudhoyono — Agus Harimurti Yudhoyono, who had earlier demanded the vice president slot on the coalition's ticket. Speculation is rife that East Java Governor Khofifah Indar Parawansa, a

former Jokowi administration official, might take the coalition's vice president slot in order to secure votes in East Java, comprised largely of traditional and rural Muslims, due to her prominence in Nahdlatul Ulama, the largest religious organization in the country. Meanwhile, having secured the backing of PKS and Democrat, Anies' coalition will focus on strengthening his positioning as Jokowi's antithesis and widening the political discourse from the current focus on development-first policies, though this would also be influenced by the coalition's eventual vice-presidential choice.

President Widodo's planned cabinet reshuffle last week failed to materialize after a meeting between the President and NasDem chief Surya Paloh, in which the president likely promised not to remove NasDem ministers from the cabinet in exchange for continued parliamentary support for critical bills, such as the Job Creation Act. NasDem — who publicly endorsed Anies Baswedan for president in October — holds 10 percent of seats in Parliament, making its chair, Paloh, a potential kingmaker. The move also indicates Jokowi's reluctance to lose Paloh as a key ally in the future, given his shaky relationship with Indonesian Democratic Party of Struggle (PDI-P) chair Megawati. If Widodo and Megawati's relationship deteriorates, Widodo will need NasDem's support to avoid an ineffectual lame duck term.

Finance Minister Sri Mulyani is rumored to be a top candidate for the next central bank governor, to replace the current chief whose term ends in May. Jokowi must submit his nominee for the role by mid-February, according to rules set out in the newly passed Omnibus Financial Law. By nominating the former World Bank Managing Director, Jokowi can effectively maintain political influence even in the face of a hostile successor administration following his departure from office next year. The job would also consolidate Sri Mulyani's own political future and set her up for future posts. Other names being considered include current Bank Indonesia deputy governor Doddy Waluyo, Deposit Insurance Corporation (LPS) commissioner Yudhi Sadewa, and Health Minister Budi Gunadi Sadikin.

THAILAND

- Presumptive Pheu Thai Party Prime Minister candidate refuses to rule out alliance with the Palang Pracharath Party
- Deputy Premier Anutin Charnvirakul criticized for rushing tougher drug laws
- E-cigarette ban comes under scrutiny after an extortion case involving a Taiwanese celebrity

Presumptive Pheu Thai Prime Minister candidate Paetongtarn Shinawatra refused to rule out an alliance with rival Prawit Wongsuwon's Palang Pracharath Party (PPRP) to form the next government. This is a stark contrast to the party's categorical rejection of a potential alliance with Prime Minister Prayut Chan-ocha and his United Thai Nation (UTN) Party. While Pheu Thai's openness to form government with PPRP has been an open secret, what remains unclear is its base's reaction to what might be perceived as a deal with the devil — the PPRP had a role in ousting Pheu Thai's last government in 2014. Regardless, this potential alliance between rivals is shaping up to be one of the wildcards in this election season.

Deputy Premier and Minister of Public Health Anutin Charnvirakul was criticized for being opportunistic in his efforts to rush tougher drug laws for political gain. During a campaign rally in Bangkok, Anutin promised to rush through an amendment to the ministerial regulation which would permit law enforcement to charge anyone in possession of one or more methamphetamine tablets for drug trafficking. Current regulations require the government to treat anyone found with less than five tablets as a drug user, instead of a trafficker. Hence, the move ostensibly seeks to close a loophole that allows drug mules to avoid punishment by carrying less than five tablets at a time. However, from a political standpoint, it is an attempt to counter perceptions of Anutin's Bhumjaithai party as being lax on drugs, following their earlier push for cannabis legalization. Critics also fear that the amendment could lead to an abuse of authority by police officers.

Meanwhile, Thailand's arbitrarily enforced e-cigarette ban once again came under immense scrutiny, after several police officers were accused of extorting THB 27,000 (~USD 800) from a Taiwanese celebrity for possessing an e-cigarette. While e-cigarettes and similar products have been outlawed in Thailand, enforcement has remained highly inconsistent, with e-cigarettes continuing to remain easily accessible to the public. The case has led to debates on the illegal status of e-cigarettes, with some government figures like the Minister of Digital Economy and Society calling for the decriminalization and official regulation of e-cigarettes.

MYANMAR

- Myanmar junta extends the country's state of emergency for six more months, previously promised election increasingly uncertain
- Regime announces martial law in 37 more townships across the country, likely in preparation for offensives against the resistance during dry weather season
- Economic volatility expected to continue despite modest GDP growth in 2022

The junta extended the state of emergency for six more months through a dubious constitutional interpretation, casting further uncertainty around the timeline for the previously promised election. The announcement, which cited nationwide instability as a justification for the decision, was accompanied by a few reshuffles in ministerial positions.

In a related development, ruling generals in Naypyitaw announced martial law – which places all administrative and judiciary powers under direct military control – in 37 more resistance-stronghold townships nationwide just one day after extending the state of emergency. This move was likely made in preparation to launch offensives against the resistance during the dry weather season. That said, commercial business operations are not expected to be significantly impacted despite the high possibility of intensified armed clashes and prolonged internet shutdowns in martial law areas, as the country's key trade arteries remain relatively unaffected.

Meanwhile, Myanmar saw a modest GDP growth of 3 percent in 2022, despite political instability, widespread conflict, and restrictive foreign exchange policies. However, the economy has still not returned to pre-pandemic levels, and will continue to remain volatile due to the regime's inefficient and haphazard economic policies. Similarly, foreign currency restrictions – which were recently loosened for foreign companies but have continued to push trade off the radar and into the black market – will also continue to present economic challenges, along with the regime's philosophy of minimizing imports.

SINGAPORE

- Finance Minister and PM-designate Lawrence Wong to deliver Budget 2023 on February 14
- Malaysia Prime Minister Anwar Ibrahim makes first official visit as PM to Singapore
- Preparations for the 2023 Presidential Election underway; Government announces 100-year anniversary of Singapore's founding father Lee Kuan Yew's birthday in September

Singapore's annual Budget debate kicks off next Tuesday (February 14), with Deputy Prime Minister and Finance Minister Lawrence Wong set to deliver his first Budget speech since his appointment as the Prime Minister-designate in April 2022. Budget 2023 will include support measures to cushion the effects of inflation and the recent goods and services tax hike, and is also expected to introduce new incentive schemes to spur continued investments and jobs creation in Singapore, on the back of concerns about Singapore's ability to maintain its competitive advantage as a business hub relative to

other developed economies in the region. In tandem, Singapore's COVID-19 controls will also be further eased from next week: mask wearing will no longer be mandated, and all remaining border restrictions will also be lifted.

Anwar Ibrahim made his first official visit to Singapore as Malaysian Prime Minister on January 30, announcing a raft of cooperation agreements on areas such as the digital and green economy. Both countries' digital ministries also signed a Memorandum of Understanding covering topics such as personal data protection and cross-border data flows. While the new Anwar administration is unlikely to shy away from traditionally sensitive bilateral issues such as airspace management, PM Anwar's visit heralds a step forward for Singapore-Malaysia relations, which have somewhat stagnated amid political change in Malaysia in recent years.

Meanwhile, preparations for the next Presidential Election due by September 13 are ramping up, with new proposed regulations on electoral advertising introduced earlier this month that will involve more requirements for transparency and funding disclosures amid growing concerns about election interference. Separately, the government this week also announced plans to commemorate the 100-year anniversary of Singapore's founding father Lee Kuan Yew's birthday in September. The commemoration is likely to coincide with the election season, as part of efforts to bid to drum up support for establishment-based candidates, though it risks triggering backlash from quarters of the electorate who will view the move as politically opportunistic.

CAMBODIA

- Prime Minister Hun Sen conducting official visit to China from February 9 to 11 to strengthen bilateral ties and secure investments
- Ruling Cambodian People's Party endorses Prime Minister Hun Sen as its candidate for July's general election, and reiterates support for Hun Manet as its future candidate
- Cambodia expresses interest in hosting the Regional Comprehensive Economic Partnership Secretariat in Phnom Penh

Prime Minister Hun Sen is conducting an official visit to China this week, to strengthen bilateral ties and secure further investments for the Cambodian economy. The visit will serve as an opportunity for PM Hun Sen to ease Beijing's concerns about US-Cambodia ties, particularly after Cambodia's decision to co-sponsor the United Nations Resolution against Russia's invasion of Ukraine during its term as ASEAN Chair. The trip is also expected to increase Chinese investment into Cambodia's economy, through infrastructural, manufacturing, and agricultural projects, and with the inflow of Chinese tourists. One of the expected projects is a 190 km high-speed railway line based on the Build-Operate-Transfer mechanism.

The ruling Cambodian People's Party (CPP) has officially endorsed Prime Minister Hun Sen as its Prime Minister candidate for the upcoming general election, and his son, Hun Manet, as the future Prime Minister candidate, during the party's recent extraordinary conference. The CPP is predicted to have a landslide victory at the July polls, while opposition parties, particularly the Candlelight Party, may obtain some seats in the Parliament. The leadership transfer from PM Hun Sen to his son will likely occur in 2024, though this depends on the consolidation of power and arrangements within the CPP.

Cambodia has continued to express its commitment to hosting a Regional Comprehensive Economic Partnership (RCEP) Secretariat in Phnom Penh, following PM Hun Sen's proposal at the 54th ASEAN Economic Minister's Meeting in September last year. Cambodian officials have emphasized that hosting the Secretariat of the RCEP would greatly boost the Kingdom's tourism sector, increase

investment into critical sectors of industry, agricultures, and construction, and enhance the country's reputation at an international level.

VIETNAM

- National Assembly formally dismisses President Nguyễn Xuân Phúc amid ongoing anti-corruption drive
- PM Phạm Minh Chính conducts official visits Singapore and Brunei

The National Assembly formally dismissed President Nguyen Xuan Phuc on January 18 following the Party Central Committee's acceptance of his resignation the day prior, in a further escalation of the "cleaning houses" campaign that has also seen the unprecedented dismissal of two Deputy Prime Ministers. Vice President Ms. Võ Thị Ánh Xuân has been formally elevated to President, in what is expected to be an interim appointment. The Communist Party's Politburo now has 16 members, the fewest since it expanded a decade ago and one less than the supposed minimum. While the stepping down of a President mid-term has never occurred in modern Vietnamese political history, Phuc's departure is more a reflection of power politics rather than the result of any ideological shift within the Party. The coming weeks and months, and the next steps of the Party's anti-corruption campaign, will be closely watched for how the recent developments will lead to policy shifts, if any.

Prime Minister Phạm Minh Chính is on official visits to Singapore and Brunei this week (February 8 to 11). Prime Minister Chinh's visit is the first by a head of the Vietnamese government to Singapore in the past five years, and the first to Brunei in over 15 years. During these visits, PM Chinh will seek to strengthen bilateral ties with the two nations in the areas of economy, trade, investment, security, and national defense, as well as enhance cooperation in emerging fields like the digital and green economy.

The State Bank of Vietnam ("SBV") chaired a conference on real estate credit to discuss resolutions to major challenges facing the real estate industry, announcing its intention to address the credit access challenge by maintaining a flexible monetary policy in line with other economic policies to help stabilize the economy. SBV will also order credit institutions to guarantee safe and effective credit growth and sufficient capital for the economy.

WASHINGTON

- Indefinite postponement of U.S. Secretary of State Antony Blinken's visit to Beijing sets back efforts to manage bilateral tensions
- U.S. and Philippines announce expansion of Enhanced Defense Cooperation Agreement, in the latest U.S. step to counter China in the defense and tech sphere
- Latest round of IPEF negotiations kick off in India as part of active regional U.S. economic negotiating calendar in 2023

The U.S. postponed Secretary of State Antony Blinken's highly anticipated visit to China indefinitely after discovering an alleged PRC surveillance balloon in U.S. airspace, in a move that sets back the mini-thaw in U.S.-China relations since the Biden-Xi meeting in November last year. The key question now is how quickly both sides will agree to return relations to a more constructive path, a task complicated by U.S. domestic politics. Notwithstanding their stern rhetoric, both governments have taken relatively measured responses to avert a downward spiral in relations. Blinken's visit would have been the first by a Biden Administration cabinet secretary and was of particular interest to regional actors, which have beseeched both powers to manage tensions.

Meanwhile, the U.S. and the Philippines last week announced the expansion of the Enhanced Defense Cooperation Agreement (EDCA) to allow the U.S. access to four more military sites in the

Philippines, in the latest U.S. step to counter China in the defense and tech sphere. The U.S. is reportedly eyeing access to sites in the northern Luzon region, to improve its defense posture vis-à-vis the Taiwan Strait and in the western Palawan province adjacent to the disputed Spratly Islands.

On the tech front, the U.S. reportedly reached an agreement with the Netherlands and Japan to restrict advanced chip-making machinery exports to China. This development follows the October 2022 enactment of new U.S. controls for the export of advanced semiconductor and computing manufacturing items to China. The U.S. is also considering restrictions on outbound investment to China in these sectors. U.S.-China strategic competition will continue to complicate the commercial environment in Southeast Asia, even as supply chains and investments shift to take advantage of opportunities and reduce risk exposure.

Finally, the U.S. is pursuing an ambitious timeline for its Indo Pacific Economic Framework (IPEF) negotiations amid some regional skepticism. The U.S. has sketched out a substantive economic calendar for 2023 through the IPEF process and its Asia-Pacific Economic Cooperation (APEC) host year. As IPEF nears its first anniversary in May 2023, Washington may face increased skepticism about the economic impact of an initiative that offers no new access to the U.S. market. Experts have identified digital trade, clean energy, and supply chains as areas where IPEF could offer concrete economic benefits, especially considering the impact on regional supply chains of recent U.S. trade actions against China.