SOUTHEAST ASIA: Approaches continue to vary

- An increase in COVID-19 cases in many countries this week is likely to lead to more restrictions on movement and business in the coming days.

- Approaches continue to vary, from the relatively light measures of Myanmar and Laos to the stringent tightening in the Philippines and Malaysia—all with potentially different political consequences.

- With this development disruptions in supply chains are a possibility as borders are vulnerable to closure due to public fear, further heightening the economic disruptions for those on the continental mainland.

All countries in the region face the risk of being seen as mismanaging the crisis after a pronounced increase in cases this week, but Singapore and Vietnam are the most secure in their approach and political stability—reflecting the credibility derived from their early action and well-developed response systems.

- Singapore saw 40 new cases on Friday and will likely continue to pursue calibrated responses that emphasize social distancing and active monitoring. The city-state continues to maintain that it can manage the outbreak without resorting to overly disruptive measures yet.

- Malaysia has already put in place measures that are only just slightly less restrictive than those in the Philippines because of a spike in cases for days, many traceable to a religious gathering.

- Thailand and Indonesia are attempting to avoid more severe responses, but the progression of the outbreak will likely determine their actions in the coming week and are therefore the two countries where the most significant change in containment policy are possible.

- Myanmar and Laos deny having any cases, which are highly unlikely. They incur the risk, similar to the Philippines, of having to rush towards building capacity after having underestimated the severity of their problems.

Vietnam and Cambodia still seem relatively confident in their approaches, although Hanoi’s stance is more justified.

The domestic uncertainty is greatest in the Philippines, where the government is enforcing a home quarantine on the main northern island of Luzon. The country’s limited testing capacity—the only national laboratory today can carry out a maximum of 450 tests daily—makes it difficult to effectively trace the outbreak. The government has promised to increase the rate in coming weeks with test kits arriving from China and South Korea, and one being manufactured domestically, as well as more laboratories operating across the country. Unless the testing rate increases substantially and contact or cluster tracing become more effective, it will raise the question of how the government will know by the second week of April, when the quarantine is supposed to end and whether its strategy has been successful. The status of infections the densely populated slums of Manila is also largely a black hole.

On mainland Southeast Asia, Myanmar and Laos claim to not have any cases, but this is unlikely. Myanmar’s actions have so far been limited to shutting down entertainment venues and banning workers from traveling abroad, in the hope that they
will not catch the virus. Vientiane has already shut down schools and entertainment venues and stopped issuing visas to foreign tourists.

The new government in Kuala Lumpur recognizes its political vulnerability as it now has the third highest number of cases in East Asia after Japan and Korea, which has led it to institute restrictions on movement. Private companies are shuttered, and only essential services and businesses can operate. People are being asked to stay at home. However, Malaysia plans on ending its “movement control order” on 31 March, two weeks ahead of the Philippines.

Indonesia and Thailand may be running the risk of underestimating the potential for a more serious outbreak, although Jakarta has over the past week taken its most substantial steps so far. Fatality rates in Indonesia are at about eight percent, similar to the Philippines, indicating under-testing. Unlike Manila, however, Jakarta has already announced plans to purchase 500,000 test kits for its population of 275 million. Jakarta has already announced more stringent steps, such as limiting public transportation and shutting down public entertainment starting Monday.

Thailand has so far cancelled the major Songkran festival of April and closed schools and entertainment venues, but similarly refused to impose tighter home quarantine requirements. Compared to the Philippines and Indonesia, Thailand has the best capacity to test, with 35 labs across the country able to each run about 200 tests per day, which allows the government the ability to conduct more aggressive contact tracing and monitoring should it decide to pursue this strategy. The country has suffered substantially from tourism losses, but a worsening of the crisis could cause border closures with neighboring countries – already rumored – which could affect domestic labor needed for factories.

Among the emerging markets in the region, Vietnam has performed best. Similar to the other countries that performed well in terms of limiting the domestic spread of the virus, Hanoi prepared early in terms of developing its testing capabilities and enforcing quarantine and containment procedures. As early as the SARS outbreak in 2003, Vietnam had already shown its ability to adjust quickly and mobilize resources, from ensuring community support for those undergoing containment to aggressive monitoring of cases and those exposed. However, Vietnam has closed its borders with Cambodia, citing fears of the virus spreading.

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