

Southeast Asia in 2021: crucial challenges for the region's vaccination rollouts

Blog post by Senior Associate Brigitta Kinadi, 26 February 2021

As with much of the rest of the world, countries in Southeast Asia are scrambling to roll out covid-19 vaccines. While the region has weathered the pandemic better than others and has managed to keep fatalities relatively low, the economic impact of the covid-19 outbreak has been severe. It has been the largest growth shock for Southeast Asia since the Asian Financial Crisis in 1997. After several years of collective annual growth of roughly 5%, making it one of the world's best-performing regions, the pandemic led to an [anticipated economic contraction of 3.4% in 2020](#). With many of the region's major economies reliant on trade and tourism, governments are under pressure to roll out vaccines, in the hopes of spurring a much-needed economic recovery. However, a number of practical challenges stand out for Southeast Asian governments in the weeks and months ahead.

The first is that relying primarily on international procurement may prove risky. While some Southeast Asian countries, particularly Vietnam and Thailand, are developing home-grown vaccines, most countries in the region are relying on vaccine supply from Western countries, China, and India. This means that the region is vulnerable to delays and shortfalls in the supply of vaccines by foreign providers. For example, Thailand, which has ordered 61m doses from AstraZeneca, accounting for nearly 97% of the country's total ordered vaccines, experienced a delay in the expected delivery of 50,000 shots due to the British-Swedish firm's supply dispute with the European Union. This pushed back the Thai government's initial plan to inoculate frontline health workers in mid-February.

Similarly, there was widespread concern in Malaysia that the country would have to postpone its inoculation drive due to delays of the Pfizer vaccines due to the same export controls imposed by the EU. While Malaysia managed to receive the Pfizer vaccines this week, these cases underline how Southeast Asia is highly exposed to failures by foreign providers to ramp up vaccine production, and to export control measures, particularly as many Western governments are under pressure to supply their own populations first.

Second, the private sector's role in vaccination programmes is raising concerns about unequal access to limited supply. Governments in the region are increasingly turning to the private sector for assistance with deployment. The Philippines, Thailand, and Indonesia have joined a handful of countries globally that will allow private vaccination programmes. However, creating a market for private vaccination almost inevitably allows wealthy individuals to move to the front of the queue at the expense of vulnerable and at-risk groups.

In the case of Indonesia, authorities tried to allay concerns against private vaccination programmes by imposing conditions for them, including mandating that private operators must use different brands than those in the free rollout and prohibiting inoculations to be done at any state-run medical facility. Even so, public health experts continue to question the wisdom in allowing private sector participation, given the current scarcity of global vaccine supply, and many politicians are uneasy at yet another marker of persistent wealth inequality in much of the region.

Third, logistical and bureaucratic challenges loom large. The covid-19 vaccination drive in Southeast Asia is an unprecedented undertaking for the region. Past immunisation programmes for diseases such as polio were limited to a selected segment of the population, mainly young children. This time, a much larger part of the population needs to be vaccinated. In order to achieve herd immunity, Indonesia and Malaysia, for example, are targeting the first quarter of 2022 to inoculate 66% and 80% of their populations, respectively.

However, most of the inoculation targets set by governments in Southeast Asia are overly optimistic, given major logistical challenges and limited resources for the distribution and storage of vaccines. The sole exception is Singapore, an advanced and geographically smaller economy that was the first to kick off its inoculation drive in the region and is on track to vaccinate its whole population this year. In the case of Indonesia, the sheer size of the country's population of 270m people spread across a vast archipelago present a significant roadblock for the rapid distribution of vaccines. Another major concern is that cold chain logistics in Indonesia are concentrated in Java, the island that contributes to nearly 60% of the country's GDP. This means that transportation and storage challenges will be especially severe outside of Java, exacerbated by inadequate infrastructure in rural parts of the country. The Philippines, also a large archipelago, confronts similar issues and faces a shortage of low-temperature storage facilities, which are primarily found in urban areas.

Given these challenges, Southeast Asia's covid-19 vaccination rollout is far from a straightforward exercise. For most countries in the region, herd immunity is extremely unlikely to be achieved even by the first quarter of next year. The pace of vaccine rollouts also varies greatly within the region. But with Southeast Asia's top three largest economies of Indonesia, Thailand, and the Philippines currently lagging behind their targets, further delays for the easing of travel restrictions and the resumption of wider economic activity should be expected.

This blog is part of Global Counsel's "Southeast Asia in 2021" three-part series, where our Singapore office takes a close look at the region's political and economic drivers for the year, focusing on the key issues that will affect the region's recovery from the pandemic.