

Imperialist pressures on Southeast Asia to free up supply chains, amid COVID catastrophe

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As they struggle with some of the world's worst COVID-19 outbreaks, countries across Southeast Asia are under pressure, from the imperialist powers and manufacturing conglomerates, to remove COVID-19 control measures and free up crippled global supply chains.

An article in *Fortune* on September 13 declared that Vietnam, Malaysia and Singapore have realized “they can no longer afford their strict COVID control measures.” While low vaccination rates make many vulnerable to the Delta variant, their “stretched” state finances and “dwindling monetary policy firepower” mean lockdowns are “less tenable by the day,” the magazine intoned.

While governments have begun winding back protective measures, finance capital and big business are making sure that they realise the necessity of “opening up.” In what amounts to a threat, *Fortune* declared that addressing global supply-chain blockages is vital “to avoid dampening foreign investor appetite for the dynamic region.”

Amid escalating geo-strategic tensions, Washington is preparing an offensive over control of essential resources. The “Quad” meeting of leaders from the US, Australia, India and Japan last weekend, led by US President Biden, committed to bolster supply chain “security” for semiconductors, components and software, to reduce dependence on China, as part of the build-up for war.

An article in *Forbes* on September 12 described semiconductors, which are vital for military equipment, as “the most essential physical resource of the 21st century,” and warned the fight over access to semiconductors is the main “economic factor” that could trigger war between the US and China.

Currently, the uncontrolled spread of the Delta COVID-19 variant is producing shortages of semiconductors and computer chips, disrupting production and driving up the prices of cars and electronic goods, with a growing impact on the global economy.

A surge of COVID-19 cases in Vietnam and Malaysia, has

contributed to the shortage of computer chips and vehicle parts. Toyota, the world's largest carmaker, announced that it was slashing production for September, from 900,000 units to 540,000. Other auto companies, including Ford, General Motors, Jaguar Land Rover and China's Geely have had to cut production in plants in Europe, Japan, the US and China.

The threat to profits is substantial. The WSWs reported in April that the global auto industry could see a \$US61 billion drop in revenue in 2021. Ford is expecting that shutdowns will cut profits by \$1 billion from \$2.5 billion in the first half of the year, while GM revealed pre-tax profits could be hit by \$2 billion. The global chip shortage will last for at least another year, according to Flex, one of the world's largest electronics contract manufacturers.

The *Wall Street Journal* reported on September 17 that the surge in COVID-19 cases has also “throttled ports,” and locked down plantations and processors, sparking extended disruptions of raw materials, including palm oil, coffee and tin.

The Delta strain has become rampant in recent months, with the daily death rate in many Southeast Asian countries exceeding the global average. There is growing pressure by big business to resurrect profits, by treating COVID-19 as endemic and imposing the homicidal policy of “learning to live with the virus.”

Singapore, a global trade and travel hub, ranks among the most vaccinated, at above 80 percent of the population fully vaccinated. After shutting its borders in March 2020, Singapore entered the deepest recession in its history, with the government spending \$US100 billion, or 20 percent of GDP, to shore up the economy.

However, despite the high vaccination rate, there has been a resurgence of the virus. As of September 25, Singapore reported 1,443 new COVID-19 cases, the fifth consecutive day new infections have exceeded 1,000, and bringing the total to nearly 86,000 cases. And there have been 21 deaths

so far in September, a new monthly record.

Malaysia and Vietnam, which play critical roles in producing electronics, as well as packaging and testing components, used in everything from vehicles to smartphones, are facing their worst outbreaks since the pandemic began.

Vietnam has become an increasingly important part of the tech supply chain, with companies from Samsung Electronics to Apple suppliers relocating from China, amid rising costs and trade and geopolitical risks. Early in the pandemic, Vietnam remained mostly open, allowing Intel to increase production volume by 30 percent, in the first half of 2020.

Beginning in April, however, the government imposed strict lockdowns to contain the new Delta surge, with strict stay-at-home orders in Ho Chi Minh City and Hanoi. Samsung was forced to cut back production at one of its big electronics factories, after an outbreak sparked demands to find accommodation for thousands of workers at the industrial complex.

The trade ministry warned that Vietnam risked losing overseas customers, because of shuttered factories. The European Chamber of Commerce in Vietnam estimated that 18 percent of its members had relocated part of their production to other countries, to ensure their supply chains were protected, with more expected to follow.

Bloomberg reported that the new rules had “riled exporters” as lockdowns impacted manufacturers and businesses, while failing to halt Delta’s spread. Vietnam is now testing a strategy of limited target lockdowns, which has seen Hanoi instituting travel checkpoints, as officials vary restrictions based on virus risk in different areas of the city.

Vietnam, however, is reporting record-high infection rates, with new cases averaging 7,950 per day and deaths surging to 360 daily. In total, 263,543 infections have been reported in one month, according to Johns Hopkins. Vietnam has recorded 747,000 cases and over 18,000 deaths.

The outbreak has seriously impacted Vietnam’s health care system. Just 7.5 percent of its population is fully vaccinated, while 30 percent of 98 million people have at least one jab. The slow vaccine rollout is due, in part, to the fact that wealthy nations garnered the majority of early vaccine supplies.

In Malaysia, COVID-19 infections are also soaring. The country recently imposed its fourth lockdown, as it reported consecutive daily records of coronavirus cases. Malaysia has one of the highest infection rates and deaths per capita in the world. Daily new infections are currently running at nearly 16,000, with a total of 2.17 million cases. The death toll stands at more than 25,000.

More than 50 international chip vendors operate fabrication plants in Malaysia, which is also home to semiconductor packaging and testing facilities. The global supply of tin, used to connect computer chips to circuit boards, has been hit by interruptions at a major smelter in Malaysia. Tin exports decreased 29 percent in June, from a year earlier. Restrictions have also prevented migrant laborers from traveling to Malaysia’s plantations, raising prices of widely used palm oil.

With Malaysia’s 2021 growth forecast set to halve to 3–4 percent, companies were allowed to keep operating, with 60 percent of their workforces, during partial lockdowns. Factories and workers’ crowded dormitories became major transmission sites for the virus. Businesses will now be able to resume full operation, when more than 80 percent of their workers are fully vaccinated. Meanwhile, vaccines are being directed to economically vital regions, rather than poorer residential areas.

Indonesia, with the region’s largest population, persists as an epicentre of infections and deaths. Yet in the capital Jakarta, a drop in case numbers to 2,500 per day from 50,000 has seen authorities junking the “red zone” status and partial lockdowns in many city districts and declaring the disaster over.

Thailand announced last month that it will shift away from a COVID-zero strategy, to one that tolerates the virus, amid its own wave of new infections and a lagging vaccine campaign. More than 1.5 million people have been infected with over 16,000 deaths, mostly since April. The government has lifted most of its limited lockdown measures, in a bid to revive tourism and manufacturing.

Under conditions of deepening poverty and a public health catastrophe, broad political opposition is erupting. In Malaysia last month, Prime Minister Muhyiddin Yassin was forced to resign. The failure of the government to contain the virus, together with the worsening economic and social crisis, fueled protests by young people and a strike by overworked junior doctors.

Street protests against the Thai military-backed regime, that predate COVID, have evolved into pandemic-related rallies. The latest wave of protests began at the end of June, and has escalated over the past two months, despite police crackdowns. More than 10 demonstrations were broken up with force last month.



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