With an apparent renaissance in the US-Philippine alliance, spurred by rising tensions in the South China Sea and the Taiwan Strait, the Biden administration ramped up diplomatic activity with Manila as the two countries moved toward an official visit from President Ferdinand “Bongbong” Marcos, Jr., in May. At the same time, the 42nd iteration of Cobra Gold, which returned to full strength for the first time since the 2014 coup in Bangkok, suggested momentum in the US-Thailand alliance, albeit with a lower profile. While the international environment continued to be roiled by US-China rivalry, the Russian war in Ukraine, and high food and commodity prices, Southeast Asia’s own internal turmoil was evident. The junta in Myanmar extended the state of emergency and stepped up aerial bombing of areas held by the opposition and armed ethnic groups. As Indonesia takes up the ASEAN chair, prospects for implementing the Five-Point Consensus Plan are dim, if not dead. Vietnam and Thailand began leadership transitions—Hanoi with an anti-corruption purge and Bangkok with the launch of general elections—while Cambodian Prime Minister Hun Sen continued to eviscerate the opposition ahead of his near-certain re-election in July.
As Southeast Asian leaders work to grow their economies in the wake of the COVID-19 pandemic, competition among them to attract foreign domestic investment is intensifying, particularly in technology and electric vehicles. In the meantime, the region awaits the conclusion of negotiations for the Indo-Pacific Economic Framework (IPEF), which will offer insight into Washington’s vision of an economic order for the region.

The Philippines: “Modernizing” The Alliance

Although momentum in the US-Philippines alliance in the early months of 2023 shows forward movement, it was essentially back-and-fill for the informal announcement in 2022 that the two partners would add four new projects to refurbish basing sites in the Philippines under the Enhanced Defense Cooperation Agreement (EDCA), adding to five previous ones. This was formally confirmed by the two governments in February. Apart from pre-positioning equipment and the use of these facilities for repairs and refueling, EDCA sites have the potential to host rotating US military personnel. The announcement of the new projects bodes well for the alliance, which had been in doubt at various times in the Duterte administration, but it is also an acknowledgement of the changing security environment in the Indo-Pacific. Although scattered, the new EDCA bases are intended to strengthen cooperation for defense of the Philippines’ east coast, which includes Philippine islands facing the Taiwan Strait.

Washington and Manila raised the level of diplomatic activity in the four months of 2023. The formal announcement of the addition of four basing sites to EDCA was made while Secretary of Defense Lloyd Austin visited Manila in February. Assistant Secretary of State for East Asia and the Pacific Daniel Kritenbrink traveled to Manila for the US-Philippines Strategic Dialogue in January, and Undersecretary of State for Political Affairs Victoria Nuland visited in March. In April the two countries revived 2+2 Dialogue, which brought together US Secretaries of State and Defense Anthony Blinken and Lloyd Austin with their Philippine counterparts Enrique Manalo and Carlito Galvez. The 30th round of the Balikatan Exercises April 11–28 were the largest–ever, with a combined total of 17,000 military personnel. Over this time period, the State Department also issued two statements in support of the Philippines in the face of harassment from China in the South China Sea.

Throughout this heightened engagement are underlying issues of what Washington has labeled the “modernization” of the US-Philippine alliance. The lines drawn on the definition of mutual defense will be central to this discussion. In April, in response to a Chinese Foreign Ministry statement warning that US troop deployment in the Philippines would increase tensions in the region, Marcos said that the EDCA bases would only be used for Philippines’ defense. An ongoing issue is the extent to which “gray zone” Chinese harassment of the Philippine vessels would invoke the US-Philippines Mutual Defense Treaty. Inter-operability between the two alliances raises issues of additional equipment transfers and the possibility of joint patrols, the latter of which are sure to rile Beijing further.

Accordingly, in early 2023 Marcos staked out the parameters of Philippine foreign policy with three major visits: to China in January, Japan in February, and a planned visit to Washington in May. In Beijing, he played up the trade and investment aspects of Philippine-China relations, not least because he had campaigned on a promise to deliver greater economic engagement with Beijing. Although security was not cited in formal statements, Marcos later said that he emphasized his concern for Filipino fishermen denied access to parts of the Philippine EEZ by Chinese vessels, as well as the risk of accidental clashes in the South China Sea.

Figure 1 Philippine President Ferdinand Marcos arrives in Beijing for a state visit on Jan. 3, 2023 and is greeted by Tang Renjian, Chinese Minister of Agriculture and Rural Affairs. Photo: Office of the Press Secretary, Malacanang
In contrast to his visit to Beijing, discussions between Marcos and Japanese Prime Minister Kishida Fumio were more evenly balanced between economic and security cooperation. The two governments announced 35 investment deals covering infrastructure, energy, health care and agriculture, estimated to be worth a total $13 billion. Also important was the $3 billion in loans pledged by Kishida for the completion of infrastructure programs, such as the North–South Commuter Railway for Malolos–Tutuban.

More notable were “deliverables” on the security side. The two leaders announced they would finalize a defense aid package, the first in Japan–Philippine relations, and also signaled they would sign a Reciprocal Access Agreement between their armed forces, which would enable the militaries to train on each other’s territory, among other things. They discussed in principle the possibility of a Japan–US–Philippine triangular alliance, in keeping with the growing but cautious momentum in the US alliance system in Asia to bend the “hub and spokes” framework to reflect the more complex challenges in the region’s security environment.

Developments in the US–Philippine alliance largely overshadowed other aspects of US security relations with Southeast Asia in early 2023, but in Feb. 28–March 10 the US–Thailand alliance restored full cooperation in the annual Cobra Gold Exercises, which had been curtailed first by the 2014 coup and later by the COVID–19 pandemic. The largest multinational exercises in the Asia–Pacific, the 2023 iteration encompassed 7,000 combined personnel. China was invited by Thailand to participate as an observer and included in exercises to deliver disaster relief and humanitarian assistance. The invitation underscored Bangkok’s inclination to build bridges along the regional powers, particularly through cooperation on non-traditional security threats.

Political Transitions

In February, the Politburo of the Vietnamese Communist Party (VCP) ousted President Nguyen Zuan Phuc and replaced him with Vo Van Thuong. Nguyen Zuan Phuc was the highest-ranking official to be pushed out of office in Party Secretary-General Nguyen Phu Trong’s anti-corruption campaign—popularly dubbed the “burning furnace”—initiated in June 2022. The campaign centered on embezzlement scandals related to the government’s program to repatriate overseas Vietnamese during the COVID-19 pandemic. However, Trong, in his late 70s and rumored to be in shaky health, has expanded the campaign to address corruption more broadly, hoping to ensure the Party’s future as the sole political authority in Vietnam by refurbishing its image. Apart from rising public discontent over this issue, particularly in the younger population, Trong hopes to reassure foreign investors, who frequently complain about corruption in the system.

Since June, more than 16,000 corruption or corruption-related investigations have been launched, producing over 30,000 defendants. Roughly 7,300 members of the VCP have been officially disciplined, four of whom were in the Politburo and 29 on the Central Committee. Fifty general officers of the People’s Army of Vietnam have been censured. However, the purge has hit some sectors of the Vietnamese economy hard, particularly the stock exchange and the real estate sector. Moreover, it has created hesitancy within the system on some projects, particularly infrastructure, out of fear that investigations may slow or skill them. Additional political changes may be made at the top—Prime Minister Pham Minh Chinh is also under scrutiny—but they are not likely to bring significant shifts in the Party’s direction.

In the meantime, Vietnam and the United States continue to discuss elevating relations from a Comprehensive Partnership to a Strategic one. In April Secretary of State Antony Blinken visited Hanoi and met both Secretary-General Trong and Prime Minister Chinh. Since Trong’s
visit to Washington in 2015, the first-ever for a secretary-general of the VCP, the relationship has broadened to include dialogue with party as well as state leaders.

**Thailand and Cambodia**

Thailand is preparing for general elections on May 14, which promise to be more fluid than the 2019 polls, in which Prime Minister Prayuth Chan-ocha’s election was virtually assured. Prayuth has consistently run third in the polls, behind Pheu Thai Party candidate Paethongtarn Shinawatra, daughter of former Prime Minister Thaksin Shinawatra, and Pita Limjaroenrat, leader of the Move Forward Party. The 2017 constitution allows Parliament appoint a prime minister who is not an elected member and gives sufficient weight to the military-appointed Upper House to block a prime minister from the opposition if it chooses to.

To form a ruling coalition, Pheu Thai must muster 376 votes in Parliament. This would likely require going beyond a coalition of opposition parties to include at least one party with military support. The most likely candidate would be Deputy Prime Minister and leader of the Phalang Pratcharath Party Gen. Prawit Wongsuwan, who was reportedly close to Thaksin during his administration from 2001 to 2006. However, the current leadership of the Royal Thai Armed Forces will be wary of a return to a government led by Pheu Thai and could intercede on Prayuth’s behalf.

Washington seldom takes partisan positions in Thai elections, but US–Thailand relations will be impacted if the May elections spark another round of political instability in Thailand. If Pheu Thai is able to command a ruling coalition – and particularly if Thaksin becomes involved in that process—the chances of an eventual coup will increase significantly, with resulting disruption in the alliance. However, if Prayuth is turned out of office Bangkok is likely to move closer, if only to a small degree, to Western concerns over the deteriorating situation in Myanmar. Although Thailand has professed neutrality on the conflict, Prayuth’s personal relationship with junta leader Min Aung Hlaing will constrain Bangkok from helping to broker talks between the parties if the opportunity arises.

In Cambodia, longtime incumbent Prime Minister Hun Sen, leader of the Cambodia People’s Party, is assured of a solid victory in July general elections. Nevertheless, in January his government sentenced Kem Sokha, former leader of the Cambodia National Rescue Party, to 27 years of house arrest on charges of treason. This was intended to intimidate remnants of the opposition from mounting a bold campaign, although the possibilities of toppling the CPP are remote at best.

Hun Sen has long been a known quantity, and his inevitable victory will not alter the current trajectory of US–Cambodia relations. However, a robust percentage for the CPP will encourage him to hand power over to his son, Armed Chief General Hun Manet, sooner rather than later. Although Washington has some ties to Hun Manet, who is a West Point graduate, an early test of the US–Cambodia relationship will be if the new leader responds positively to pressure to curtail China’s use of Ream Naval Base on the Gulf of Thailand.

**Myanmar Deteriorates Further**

Required by the constitution to extend the state of emergency (SOE) imposed in the 2021 coup or give up power, the State Administrative Council (SAC) declared a six-month extension of the SOE on Jan. 31, the eve of the second anniversary of the coup. In February the junta issued martial law orders for 37 townships in eight regions and states, including the Chin, Karen, and Karen States and prohibits political activities, including political party organization. The state of emergency and continued conflict make it difficult for the regime to set a date for elections, but it continued to promulgate regulations to suppress the political opposition in the early months of 2023. Short deadlines were set for political parties to register without risking dissolution; many parties missed the due date and others, such as the National League for Democracy, chose not to comply with the new regulations. In March the SAC officially dissolved 40 political parties, including the NLD. The regime also tightened laws aimed at the National Unity Government, having declared it a terrorist organization in 2021. On March 1 the SAC amended the Anti-Terrorism Law to criminalize individuals and entities providing financial support to terrorist groups, which by definition includes thousands of overseas Burmese who provide the core of the NUG’s funding.
Without resolution to the conflict in sight, both ASEAN and the West have increased their engagement with the NUG without signaling official recognition of the opposition group. The NUG has opened a liaison office in Washington and has met with State Department officials. The ASEAN Five–Point Consensus Plan, launched in April 2021, continues to be the flagship game plan for mediating the conflict. However, as the 2023 ASEAN chair, Jakarta has made little progress in advancing it. In January Indonesian President Joko Widodo said he hoped to persuade the junta that militaries could function (and protect their own interests) in countries with civilian rule, but as yet to interest the Tatmadaw in the Indonesia model. In the meantime, Washington—in concert with the European Union and other Western nations—has targeted sanctions on individuals and entities that provide the military with aircraft and fuel for aerial bombings of opposition-held territory.

The Race for Investment

Supply chain coordination and restoring of foreign investment—both strengthened by US-China rivalry, the COVID–19 pandemic, and the economic impact of the Russian war in Ukraine—continue to make Southeast Asia an attractive region for foreign direct investment, particularly investment redirected from China. For the major Southeast Asian destinations—Vietnam, Indonesia, the Philippines, Malaysia, Singapore and Thailand—competition for foreign investment is ramping up in two cutting-edge sectors: semiconductors and electric vehicles.

The more sensitive of these sectors is clearly semiconductors, which sharpens competition for them not only among potential Southeast Asian investment sites but also between the China and the West. China remains the largest manufacturer of chips but consumes more than it makes, which is driving Chinese companies to Southeast Asia. Taiwan is the leading manufacturer of high-end chips but, because of changing economic and security conditions, is also considering the region for relocation of some of its production. Western companies also jockey for Southeast Asian sites, most notably Vietnam.

Southeast Asia is a prime target for foreign manufacture of products in the semiconductor sector, but has slim chances of climbing that ladder in the near future; at present, only Singaporean companies have the potential to fabricate chips themselves. Technology transfer is likely to be quicker and more widespread in the production of electric vehicles, which has made Southeast Asia another promising destination for foreign investors.

Indonesia, the Philippines, and Thailand have all expressed an intention to become regional hubs for the production of electric vehicles as automobile manufactures target the region as an extremely promising EV market. Vehicle sales are expected to double and reach 5 million by 2040. Japan dominates the market at present but is losing ground to China and South Korea. Moreover, Southeast Asian governments are putting into place new subsidies and fuel economy regulations that make production of EV’s and lithium batteries more attractive.

In contrast to semiconductors, signs are emerging that Southeast Asian companies are entering the market or will in the near future. Vinfast, owned by a large Vietnamese private conglomerate, has begun sales of its EVs in-country and expects to export them to the European Union later this year and to open a manufacturing plant in the United States in 2024. State-owned energy companies in Thailand and Indonesia are investing across the EV value chain to stimulate local production. Electric vehicles stand to be a barometer for Southeast Asian confidence in its own products. In previous decades, the choice of for Southeast Asian consumers of big-ticket items, such as motor bikes, was usually between those manufactured by Japan on the one and China on the other. Southeast Asian alternatives, which stand to be less expensive, will likely have economic and political advantages and help to boost intra-regional trade.

Lastly, subtle signs are emerging that Southeast Asian governments are again considering adopting nuclear power in their clean energy plans. In recent months Indonesia, Vietnam and the Philippines have all expressed interest in building nuclear power plants, which will likely spark competition among major economic powers and stir regional rivalries. Prior to the Ukraine war, Russia would have been a top contender for nuclear power projects, particularly in Vietnam; Moscow will still push to form partnerships with Southeast Asian governments, possibly at bargain prices. However, a serious move toward nuclear power
in the region could also pit the United States against Japan. Southeast Asian governments will likely attempt to spread their contracts over multiple partners; before the Fukushima nuclear disaster in 2011, Vietnam issued tenders for the construction of three nuclear power plants and was in serious negotiations with Russia for the first; Japan for the second; and the United States for the third.

This more vibrant investment environment in Southeast Asia offers multiple opportunities for the United States, as well as some concerns. Although Washington has increased its rhetoric on the need to support infrastructure development in the region, US companies no longer focus on road or rail networks. However, promoting clean energy through the development of electric vehicles and the development of nuclear energy programs dovetail into current US government policy concerns and American private sector interests. But competition for production of semiconductor chips has the greatest immediate policy application for the United States. The Biden administration has made supply chain coordination on semi-conductor chips a high priority with Southeast Asia, and is likely to figure prominently in the Indo-Pacific Economic Framework, which is expected to be finalized in late 2023.

Figure 3 Visitors check out an electric vehicle at the Bangkok EV Expo. Bangkok from Feb. 16-19, 2023. Thailand is one of several Southeast Asian countries seeking competing for foreign investment in the manufacture of EV’s. Photo: Varuth Hirunyatheb/Bangkok Post

Looking Ahead

In June the “dialogue season” will begin in Southeast Asia with the Shangri-la Dialogue in Singapore, followed by the ASEAN Regional Forum and concluding with the East Asia Summit (and related bilateral summits) in the fall. In 2023 the APEC leaders’ meeting, chaired by the United States, and at the G20 Summit, chaired by India, will contribute to the dynamic. The Southeast Asia meetings in particular will have a strong subtext—if not an overt display—of US-China rivalry. Southeast Asian leaders will uphold their categorical position that the region should not be made to choose between rival powers; however, events of the past year, particularly in the South China Sea and the Taiwan Strait, could prompt subtle shifts below that general principle. Absent a dramatic shift in the war in Ukraine, Southeast Asia will attempt to remain below the political radar on this issue while protecting their economic interests.

ASEAN’s own immediate direction will become clearer in the near term. The first ASEAN Summit of the year will be held in Labuan Bajo on May 9-11 and will show whether Jakarta can define an agenda for the group that incorporates the crisis in Myanmar but does not overwhelm the agenda, as it has done for the past two years. In the West rhetorical support for the National Unity Government in Myanmar will increase, but the United States and Europe have little interest in helping to create a proxy war in a conflict with little hope for resolution at this point.

Political contests will define the next few months for Thailand and Cambodia. Whether the Thai political establishment exercises the mechanisms within the constitution to maintain Prayuth in power is an open question. More certain is Hun Sen’s continued rule unless and until he hands power to his son Hun Manet, which could come shortly after the July election. Vietnam’s political process is more opaque, but Trong will come under increasing pressure to temper the anti-corruption purge before it inflicts serious damage on the country’s competitive edge in international investment.
Jan. 3-5, 2023: Philippine President Ferdinand “Bongbong” Marcos makes a state visit to China and meets with Chinese President Xi Jinping.

Jan. 5, 2023: Sonexay Siphandone is named prime minister of the Lao People’s Democratic Republic. Sonexay, former deputy prime minister, was elevated to his position by the Parliament on Dec. 30, 2022.

Jan. 17, 2023: Vietnamese State President Nguyen Xuan Phuc resigns ahead of the near certainty that he would be pushed out in Vietnamese Communist Party Secretary-General Nguyen Phu Trong’s “Burning Furnace” anti-corruption campaign.


Jan. 31, 2023: To hold onto power under the current constitution, the State Administrative Council in Myanmar extends the State of Emergency imposed during the coup on Feb. 1, 2021 for another 6 months.

Jan. 31, 2023: United States joins several other countries and the European Union in a joint statement on the second anniversary of the military overthrow of civilian government in Myanmar. The statement underscores reports that air strikes, bombardments and the mass burning of villages and places of worship have targeted civilians and civilian infrastructure.

Feb. 2, 2023: Philippine President Marcos and US Secretary of Defense Lloyd Austin, on a visit to Manila, formally announce that the United States and the Philippines will add four new basing sites to the five existing ones under the Enhanced Defense Cooperation Agreement (EDCA).

Feb. 2, 2023: Myanmar’s junta imposes new martial law orders in 37 townships in 8 regions and states, including the Chin, Karen and Karen States. The martial law order prohibits political activities, including political party organization.

Feb. 3, 2023: In its capacity as the 2023 ASEAN Chair, Indonesia convenes a Foreign Ministers Retreat in Jakarta. Myanmar declines to attend, but Timor Leste participates as an observer, an early step toward eventual ASEAN membership.

Feb. 9–14, 2023: President Marcos makes an “official working visit” to Japan. This was Marcos’ ninth visit abroad since his inauguration in June 2022. Marcos met Prime Minister Kishida, and he and his wife were given an audience with Emperor Naruhito and Empress Masako.

Feb. 13, 2023: State Department issues a statement of support for the Philippines in the face of reports that on Feb. 6 the People’s Republic of China Coast Guard’s used laser devices against the crew of a Philippine Coast Guard ship in the South China Sea.

Feb. 14, 2023: Deputy Secretary of State Wendy Sherman meets in Washington with senior representatives of Burma’s National Unity Government (NUG), including Zin Mar Aung. She welcomed the NUG’s establishment of a liaison office in Washington.

Feb. 28–March 10, 2023: US and Thailand co-host the 42nd round of Cobra Gold Exercises in three provinces of Thailand. Seven nations participated fully, with 20 observes or partial participants, including China, which was included in exercises for humanitarian assistance. The largest multinational exercises in the Asia-Pacific region, the 2023 exercises included 7,000 combined military personnel.

March 1, 2023: Military regime in Myanmar amends the Anti-Terrorism Law to designate anyone who provides support, financial or otherwise, to a terrorist organization will also be designated as a terrorist. In 2021 the junta declared the National Unity Government and the People’s Defense Force as terrorists. The
addendum also allows the regime to eavesdrop on suspects and confiscate their assets.

**March 3, 2023:** A Cambodian court **convicts** former leader of the Cambodia National Rescue Party (CNRP) Kem Sokha of treason and sentenced him to 27 years of house arrest. Under detention since 2017, his sentencing was a clear warning to the remnants of the Cambodian political opposition ahead of general elections on July 23.

**March 6–9, 2023:** Under Secretary of State for Political Affairs Victoria Nuland **travels** to Manila, Philippines, and Tokyo, Japan. In the Philippines she **discusses** strengthening the US–Philippine alliance and cooperation on a number of global issues.

**March 7–11, 2023:** Assistant Secretary of State for East Asia/Pacific Daniel Kritenbrink **travels** to Jakarta, Indonesia, and Kuala Lumpur, Malaysia. In Jakarta he **participates** in the ASEAN–US Dialogue and the ASEAN East Asian Summit Senior Officials Meeting in Jakarta.

**March 24, 2023:** US Treasury Department **imposes** sanctions on two individuals and six entities in Myanmar and advises that the provision of jet fuel to the Tatmadaw will come under US sanctions.

**March 28, 2023:** Myanmar’s State Administrative Council officially **dissolves** 40 political parties, including the National League for Democracy, the party of Aung San Suu Kyi and the winner of the November 2020 elections that the military set aside with the coup of Feb. 1, 2021.

**March 29–30, 2023:** Biden administration **convenes** the second Summit for Democracy, co-hosted with the governments of Costa Rica, the Netherlands, Republic of Korea, and Republic of Zambia. Indonesia, the Philippines and Timor Leste participate from Southeast Asia. Malaysia had been invited to the first summit in 2021 but declined, on the grounds that the group would be viewed as anti-China.

**April 11, 2023:** United States and the Philippines **conduct** third iteration of the US–Philippines 2+2 Dialogue in Washington, the first such meeting since 2016. US Secretaries of State Antony Blinken and Defense Lloyd Austin hosted Enrique Manalo, Secretary of Foreign Affairs and Carlito Galvez, Senior Undersecretary of Officer in Charge of the Department of National Defense. The dialogue focused on strengthening security relations under the Enhanced Defense Cooperation Agreement and extending economic ties with the Indo-Pacific Economic Framework.

**April 11–28, 2023:** US and the Philippines **conduct** the 38th iteration of the *Balikatan* ("Shoulder-to-Shoulder") exercises. 5,400 personnel from the Armed Forces of the Philippines and 12,200 US military personnel participate, making it the largest *Balikatan* held to date and a dramatic increase over the 2022 exercises which totaled 9,000 participants.

**April 14–16 2023:** Secretary of State Blinken travels to Vietnam, his first trip to the country in his current capacity. He **meets** Vietnamese Communist Party Secretary Nguyen Phu Trong and Prime Minister Pham Minh Chinh to discuss progress toward elevating US–Vietnam relations from a Comprehensive Partnership to a Strategic Partnership and to break ground on a new US Embassy in Hanoi.

**April 18–20, 2023:** United States and Thailand **conduct** the third bilateral energy dialogue in Washington, DC. The discussion includes strengthening clean energy supply chains for electric vehicles and their batteries, and taking advantage of opportunities for energy-related investment and trade through the Inflation Reduction Act.

**April 29, 2023:** State Department **issues** a statement declaring solidarity with the Philippines over Chinese infringement of freedom of navigation in the South China Sea and incidents of harassment and intimidation of Filipino vessels in the Philippine Exclusive Economic Zone (EEZ).