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China’s Vaccine Diplomacy in Malaysia: Problems and Prospects

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A medical staff member administers a dose of the Sinovac Covid-19 coronavirus vaccine on an elderly man outside a mobile vaccine truck in Kuala Lumpur on 21 June 2021. Photo: Mohd RASFAN, AFP.

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EXECUTIVE SUMMARY

• China-manufactured vaccines are part of a diverse portfolio that Malaysia relies on to inoculate its population out of a devastating Covid-19 wave. But concerns over its relative effectiveness have led to China’s Sinovac being relegated to a secondary supporting role in Malaysia’s national immunization programme.

• The downgrading notwithstanding, China’s vaccine diplomacy remains crucial for containing the Covid-19 pandemic in Malaysia and other developing countries. This is because China continues to produce vaccines that are more readily available, affordable, and easier to administer.

• Vaccine diplomacy is also part of Beijing’s broader strategy to strengthen global public health governance within the Health Silk Road (HSR) initiative. The ‘fill-and-finish’ agreement that Malaysia has with Sinovac facilitates technology transfer and develops local vaccine production capability.

• Meanwhile, as Malaysia and the developing world continue to face a tight supply of and inequitable access to vaccines, and with the crisis fast transmuting into a two-track pandemic of the haves and the have-nots, the richest nations can and should do more in helping the poorest.
INTRODUCTION

Malaysia’s National Immunization Programme (NIP) chose Pfizer, AstraZeneca (AZ) and Sinovac as its vaccine portfolio. At the outset, Beijing assured Putrajaya of prioritized allocation and timely delivery of its vaccines. However, issues of vaccine effectiveness have affected the agreement. In July, Sinovac was removed from Malaysia’s mainstream vaccination rollout.

Beijing’s campaign also faces competition from geopolitical rivals who have stepped up their vaccine donations to Malaysia. Despite these setbacks, China’s vaccine diplomacy has two redeeming features:

a. The first pertains to prevailing criticism of ‘vaccine nationalism’ directed at the wealthier nations. By contrast, though not considered the best, China’s vaccines remain accessible, ensuring a fairer allotment to the developing world.

b. Secondly, aside from one-off donations, the United States’ longer-term commitment to aid countries like Malaysia to contain the pandemic remains unclear. China’s current campaign can in contrast be seen as part of Beijing’s broader and comprehensive strategy to strengthen global public health governance within the Health Silk Road (HSR) initiative.

OVERVIEW: MALAYSIA’S COVID PANDEMIC

Malaysia is still in the trough of a devastating fourth wave of Covid-19 infections. The Delta variant is crippling efforts to flatten the curve, and the number of daily infected cases has risen past the 23,000-per-day mark. The cumulative infections are now over 1.3 million and the casualty toll has passed the grim 13,000 milestone.

An ineffective lockdown has been blamed for the worsening situation, reflecting the government’s failure to strike the right balance between saving lives and saving livelihood. Some economic sectors were allowed to operate, and this resulted in factories and construction sites being responsible for super-spreader clusters. The inconsistent enforcement of movement control orders fuelled perceptions of double standards, undermining public confidence in the government.

Another compounding factor is the slow start to Malaysia’s vaccination rollout. In February 2021, the National Immunization Programme (NIP) secured advance purchase agreements of a portfolio of vaccines for emergency use, of which 30% were to come from China’s manufacturers.\(^1\) The NIP’s ‘three-phase plan’ was to inoculate the country’s entire adult population by February 2022. But right from the start, the campaign was hobbled by erratic vaccine delivery, especially of the highly sought-after Pfizer vaccine. As a result, by June 2021, only 10% of the targeted population was inoculated.

Vaccine shipments have since come through and the vaccination rate has picked up. Most adults in the country are now expected to be fully immunized by October 2021, a target date brought forward in lieu of the worsening infection caseload. The vaccination rollout was also plagued by ‘empty syringe’ allegations, further eroding public confidence in the
government. The recent change of government has undoubtedly added another complication to Malaysia’s fight against the deadly virus.

**CHINA’S VACCINE DIPLOMACY**

At the onset of the pandemic, China adopted ‘face mask diplomacy’, and supplied Malaysia with shipments of pharmaceutical inventories, hospital equipment and medical personnel. Later, as the vaccination campaign got underway, Beijing promised Putrajaya supplies of its vaccines. In February, the first batch of Sinovac was received in a high-profile airport ceremony. The Minister in charge of the NIP, Khairy Jamaluddin became the first recipient of the Sinovac jab in a show of personal confidence in the vaccine. All the tranches of Sinovac were subsequently delivered on schedule. By July 2020, Malaysia had received in total 12 million doses of Sinovac, of which 500,000 shots were donated, and the rest purchased. Earlier in June, two additional China vaccines, CanSino and Sinopharm, were added to the list of vaccines awaiting approval for emergency use in Malaysia.

**PROBLEMS: CONCERNS AND COMPETITION**

Despite Beijing’s enthusiastic outreach, its vaccine diplomacy is hitting some speed bumps. One issue pertains to the ‘halal’ status of Sinovac. In a related development, Saudi Arabia granted permission to those vaccinated with Sinovac to undertake the Mecca pilgrimage on condition they receive a 3rd booster from an authorized vaccine. Underpinning this qualified approval was the deeper concern and pervasive perception of Sinovac’s relatively low effectiveness.

International bodies expressed worries over the lack of transparency where Sinovac’s clinical trials were concerned. Accurate assessments of China’s vaccine performance in real-life situations were also stymied by shortage of data. Together with anecdotal accounts of subpar performance, these criticisms fanned public apprehensions that eventually led to the removal of Sinovac from the NIP list. Pfizer is now the sole vaccine anchoring the remaining phases of Malaysia’s national immunization campaign.

China’s vaccine diplomacy in Malaysia is not happening in a vacuum; it is taking place in the midst of bilateral tensions, the most serious of which concerns sovereignty claims in the South China Sea. That said, leaders from both countries have thus far been able to compartmentalize these contentions in order to pursue broader common interests such as those within the Belt and Road Initiative.

Another issue that affected China’s standing pertains to controversies over the origins of the Covid-19 virus, albeit that these were mostly confined to social media platforms. The Malaysian government has stayed out of the controversy.

China’s overture to Malaysia is also taking place against the backdrop of increasingly tense big power rivalry. In July, the US and Japan stepped up their vaccine diplomacy, each donating to Malaysia their spare inventory of one million doses of the Pfizer and AZ vaccines respectively. And in August, Malaysia received a contribution of 415,000 doses of AZ from England. Vaccine diplomacy is now the new arena for soft power contestation, as geopolitical rivals compete for dominance and influence in countries like Malaysia.
Concerns over low efficacy and big power rivalry notwithstanding, China’s vaccines remain a vital component in the global fight against Covid-19. This is largely because they remain as some of the more accessible, relatively affordable, and easier vaccines to administer.

**Vaccine Availability and Equity**

According to the British life science analytics firm Airfinity, China has administered a third of all Covid vaccines globally, underscoring China’s role as a lead manufacturer and contributor to the world’s supply of vaccines. As China was able to contain the pandemic relatively quickly at home, its vaccine makers were able to export the bulk of their production. However, outbound shipment has since slowed as China seeks to vaccinate its entire population by the middle of 2022. Even so, at the recent International Forum on Covid-19 Vaccine Cooperation in August, President Xi Jinping pledged to continue contributing 2 billion doses to the global stockpile throughout this year. Thus, though not considered the best, China’s vaccine is likely to remain one of the most accessible and widely used in the world.

By comparison, in the West, the devastating virus outbreak early in the pandemic meant that vaccine productions were mostly retained for use at home. Some observers have faulted the wealthy vaccine producing countries for unconscionable export-ban and hoarding, purported four times over what is necessary, with widespread reports of stockpiles being left unused and disposed of once past their expiration date.

WHO’s Director-General Tedros Adhanom Ghebreyesus has called out the wealthy countries’ ‘me first policy’ with a blunt chastisement of hoarding as ‘a catastrophic moral failure’. In Malaysia, the government decided at the outset to keep immunization free of charge to ensure that every citizen is guaranteed equal access to the vaccine. Amidst global talk of a third booster shot, WHO has pleaded with richer nations to hold off from offering supplementary jabs to allow low-income countries access to vaccine supplies.

**Vaccine Affordability and Equity**

Initiated in April 2020, COVAX aimed to pool resources and distribute vaccines equitably to the developing world. Yet the WHO-led programme has struggled to acquire doses, as wealthy countries prioritized their domestic use. India was to be a key supplier but after cases surged in March, the government halted vaccine exports. China had joined COVAX in May 2021, only after WHO greenlighted its vaccines for use.

Vaccine supplies are starting to come through but the COVAX pricing mechanism designed to ensure equitable distribution has floundered. Countries, rich and poor alike, are competing with each other for the limited supplies. And the wealthier ones have scrambled to secure advance purchase agreements, pushing those with lesser means to the back of the queue. Malaysia, for example, has complained of the long waiting time where COVAX is concerned. COVAX’s failure underscores another hindrance to vaccine equity. As pharmaceutical companies scale up production, the cost of vaccines becomes the next restriction on access.
Some countries are approaching the vaccine makers directly, bypassing the COVAX programme altogether. Due to non-disclosure agreements (NDA), specific procurement costs are not made public. Manufacturers however do provide a range of prices, and based on the information available, Moderna is at the top end of the price scale while AZ is at the lower end. Pfizer is mid-range, although its high handling cost offsets this advantage. China’s vaccines are not the cheapest. But as state-owned-enterprises, Chinese manufacturers have shown greater latitude to subsidize and have organized more competitive packages. In Malaysia, for example, the Sinovac deal allows the ‘fill-and-finish’ process to be carried out locally, to facilitate technological transfer and an opportunity for Malaysia ‘to buy at a good price’ according to Minister Khairy Jalamuddin. Despite that, Pfizer is Malaysia’s preferred vaccine and the government is negotiating a new contract that is expected to further strain the country’s finances amidst reports of a price hike in the hugely popular but increasingly pricey vaccine. The ‘gold-standard’ vaccine carries a price-tag that is beyond the reach of lesser economies.

**Vaccine Administration and Equity**

Another outlay often overlooked in the vaccination rollout are the handling costs. The inoculation process requires supporting facilities for transportation, storage and administration of the shots. In some of the poorest countries, these basic logistical supports are not readily available. A plight highlighted in a recent New York Times report on how some African states struggled to get donated vaccines from the airport tarmac into the arms of the people. This is a difficulty most pertinent where Pfizer and Moderna are concerned, as these mRNA vaccines require ultra-cold refrigeration. All the other vaccines, including China’s Sinovac, need only standard refrigeration, making them easier and less costly to handle. Requiring lighter logistical support, these are more easily dispatched to ‘low-resource’ countries, especially those in the tropics. In Malaysia, for example, the one-shot CanSino vaccine will be deployed to inoculate villagers living in the remote interiors of Sabah and Sarawak.

**Commitment and Strategy**

The same NYT report alleged that the struggle to get vaccines to end users was aggravated by the Biden’s administration diverting funds initially designated for the vaccination drives to pay for the donated Pfizer doses. The re-directing of funds calls into question the US’s commitment and priorities. The Americans signed on to COVAX only in February 2021, after the US under the Biden administration rejoined WHO, reversing the Trump administration’s earlier withdrawal from the international body. This turnaround cast doubts over Washington’s reliability.

This brings us to a key feature in China’s vaccine diplomacy, namely its role in the broader Health Silk Road (HSR), an offshoot of the BRI (Belt and Road Initiative). First touted in 2016, Xi Jinping framed HSR as a ‘global public good’ initiative to strengthen regional and global health governance. The aim is to build an integrated network of healthcare and medical aid infrastructure. In the current vaccine drive in Indonesia and UAE, for instance, in addition to harnessing local vaccine production capacities, plans are afoot to also set up R&D facilities for medical training and scientific research. Some observers have ascribed
these investments as part of China’s ‘medical diplomacy’ to develop a comprehensive international healthcare eco-system to better prepare the world for future pandemics.¹⁶

By contrast, aside from its one-off donation of Pfizer doses, it remains unclear what the US’s next course of action is in assisting countries like Malaysia to recover from the pandemic. That said, the recently launched B3W (Build Back Better World) initiative may provide an opening for America to maintain a strategic longer-range engagement with the developing world. The B3W’s stated goal is to generate uplift across a broad spectrum of industries including the medical sector and public healthcare. If actualized, this US-led initiative can play a pivotal role in reviving the pandemic-stricken global economy.

CONCLUSION

In Malaysia, Pfizer is the vaccine of choice, anchoring the national immunization program as China’s boosters are relegated to a supporting role. The downgrading notwithstanding, China’s vaccine diplomacy remains a prime mover in the unfinished worldwide battle against the coronavirus pandemic. And this is because China’s manufacturers still offer some of the more accessible, relatively affordable, and easier to administer vaccines. Thus, though not considered the most efficacious, China’s ‘good enough’ vaccine, and the ‘only one available’ in some lower-income countries, is crucial in curbing the global spread of the lethal virus. But China’s effort alone is not enough. As the world continues to face an acute shortage of vaccines, and with the crisis fast transmuting into a two-track pandemic of the haves and haves not, the richest nations can and should do more in helping the poorest.

¹ According to the National Covid-19 Immunisation Programme, the remaining advance acquisitions were apportioned between Pfizer (50%) AZ (20%), and Sputnik (10%).


² “Malaysia has received 8.59 mil vaccine doses from Pfizer, Sinovac, AstraZeneca so far – MOH”, The Edge Markets, 21 June 2021, www.thedegemarkets.com/article/malaysia-has-received-859-million-vaccine-doses-pfizer-sinovac-astrazeneca-thus-far-%E2%80%94-moh

³ Social media, online disinformation gave rise to vaccine hesitancy and vaccine choosiness. See https://www.thedebates.com/articles/news/30169/dont-be-choosy-about-brand-khairyl-tells-elderly-vaccine-recipient. Not all the scepticism was directed at China vaccines. Some were concerned with the mRNA vaccines and their side-effects. See https://www.scmp.com/week-asia/health-environment/article/3138655/malaysia-first-started-vaccinations

⁴ The Malaysia government has been careful not to stigmatize any race or religion in relation to the pandemic. All reported data on infection, hospitalization, death, and vaccination rates, were presented without race or religion categorization.

⁵ China has administered about 37.4 % of all COVID vaccines globally. Airfinity. 23 June, 2021,

https://www.airfinity.com/insights/analysis-1


10 The non-disclosure agreement (NDA) makes it difficult to evaluate the commercial values and relative cost competitiveness of different brands of vaccines. The NDA also raised concerns over the lack of transparency and risk of graft. See https://www.freemalaysiatoday.com/category/nation/2021/06/04/waive-the-nda-tell-us-cost-of-vaccines-say-anti-graft-groups/
China and Malaysia also signed an agreement to facilitate expertise and knowledge sharing, as well as cooperation in the fields of science and technology. These are in line with the aspiration to develop the vaccine industry of both nations. See https://www.vaksincovid.gov.my/pdf/National_COVID-19_Immunisation_Programme.pdf