Trump Tariffs and the ASEAN Way: Road to Integration or Fragmentation?

Introduction

On 2 April 2025 – a date he self-proclaimed "Liberation Day" – US President Donald Trump declared the most sweeping tariff increase in US history since the Smoot-Hawley Tariff Act of 1930 – the law that triggered a global trade war and deepened the Great Depression.[1] The Trump 2.0 administration raised tariffs on nearly all US trading partners to historic highs, bringing the average effective tariff rate to 22.5% and sending markets tumbling down. A year after (as of April 2026), tariff levels remained very high – the highest level recorded since the mid-1930s.[2]

Some ASEAN countries were among those imposed with the highest US tariffs of more than 40%, while others received the baseline 10%. Due to their strong dependence on exports to the US, many ASEAN countries reacted almost immediately to the tariffs, at both the regional and individual country levels. Despite the frequent exhortations of ASEAN centrality and support for rules-based multilateralism, the regional response was relatively limited compared to the significant efforts of some individual ASEAN members in pursuing bilateral trade deals with the US. The fragmented ASEAN response raises questions on the importance and effectiveness of ASEAN's governance principles – the "ASEAN Way" – in shaping regional and national responses to external shocks, especially towards coercion by larger countries such as the US and China.

This case study examines the tensions that ASEAN countries faced in pursuing both flexible individual responses but also coordinated or collective regional action to the Trump tariffs. First, it briefly describes Trump's "Liberation Day" "reciprocal" tariffs, ASEAN's commitment to multilateralism, and the key principles of the ASEAN Way. Following that, the case study discusses the joint and individual responses of ASEAN countries and the short-term impact of the Trump tariffs. Alternative policy options in response to the tariffs are explored, with some comparison of ASEAN and the European Union (EU), before the case study concludes. The objective of the case study is to scrutinise whether ASEAN's governance style is an asset or liability for effective collective action under stress.

Eschewing Multilateralism: Trump's "Liberation Day" Tariffs

"Liberation Day" was declared within the first 100 days of President Trump's second term. In line with Trump's priority agenda of fundamentally restructuring US trade policy in his second term, the White House imposed higher tariffs on around 60 trading partners (including the European Union as a single entity) by declaring a national emergency due to the large US goods trade deficit and justifying the tariffs using the International Emergency Economic Powers Act (IEEPA).[3] The stated policy objectives for the tariffs were to reshore US manufacturing, reorient trade away from China (ie address trade diversions under Trump's first term) and

[1] Barath Harithas et al., ""Liberation Day" Tariffs Explained," Center for Strategic and International Studies, April 3, 2025, https://www.csis.org/analysis/liberation-day-tariffs-explained.

[2] Inu Manak et al., "A Year After 'Liberation Day,' Experts Review the Costs of Trump's Tariffs," Council on Foreign Relations, April 2, 2026, https://www.cfr.org/articles/a-year-after-liberation-day-experts-review-the-costs-of-trumps-tariffs.

[3] "Regulating Imports With a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits," The White House, April 2, 2025, https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/; Inu Manak and Allison Smith, "Tracking Trump's Trade Deals," Council on Foreign Relations, March 17, 2026, https://www.cfr.org/articles/tracking-trumps-trade-deals.

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ultimately reduce the US trade deficit.[4] Soon after the "Liberation Day" declaration, the US president announced a 90-day grace period to force trading partners to negotiate tariff rates with the US bilaterally – eschewing multilateralism and heavily skewing power relations in its favour. As negotiations ensued, an across-the-board tax on imports of 10% was instituted, along with a whopping 125% tariff rate on China.[5]

The announcement of the reciprocal tariff agenda marked a frantic and unprecedented period for the international trade regime.[6] Except for China, India and Russia – countries with sufficient security and economic clout to not cave to US pressure – virtually all countries in the world were affected by the US president's "economically and diplomatically damaging coercive tariff campaign."[7] Among the hardest hit were Southeast Asian economies. As prominent targets, four out of the ten highest tariff rates were imposed on ASEAN countries, with only two ASEAN member states receiving the lowest 'baseline' tariff rate of 10% (ie Singapore and Timor Leste). On top of the list was Cambodia with 49%, followed by Laos (48%), Vietnam (46%) and Myanmar (44%). Thailand (36%) and Indonesia (32%) also faced sizable punitive tariffs. Malaysia and Brunei both received 24% tariffs, while the Philippines was slapped with a 17% tariff rate.[8] The EU, as a bloc, was imposed a single 20% reciprocal tariff rate, ie non-exempted exports from all EU countries to the US paid the same 20% reciprocal tariff rate.[9]

Nonetheless, these rates were not enforced – given the 90-day pause. The Trump administration revised the previously announced tariffs and sent ultimatum letters in July 2025 outlining the updated rates. These new rates took effect on 7 August 2025 and corresponded either to those specified in the July letters or to rates agreed upon through bilateral negotiations. The US president's scheme became clear: drop an enormous bomb, step back, then make your trade partners approach you with trade offers. Through the "Liberation Day" tariff announcement and the subsequent 90-day grace period, the Trump 2.0 administration was able to forge "lopsided and securitised agreements" that disproportionately favour the US, undermine the global trading system, and weaponise trade and investment for national security and geopolitical objectives.[10]

Multilateralism and ASEAN Countries as Small States

Tagged as "the most consequential multilateral institution in the region," ASEAN[11] was built by small states – not by great powers.[12] With limited military and economic power, these neighbouring countries recognised the value of a multilateral system that offers rules-based international cooperation and common frameworks for dialogue to promote development and uphold peace and security.[13] It is cognisant that "a strong and effective multilateral system based on international law is not just beneficial for small states, but also an existential issue."[14] By championing open and inclusive multilateralism, ASEAN sought to build an environment in which small states could help set the general direction of the regional order while also gaining leverage over

[4] William Jones, "ASEAN Unity Cracks Under Trump Tariff Pressure," East Asia Forum, August 27, 2025, https://eastasiaforum.org/2025/08/27/asean-unity-cracks-under-trump-tariff-pressure/; Manak et al., "A Year After."
[5] Manak & Smith, "Tracking Trump's Trade Deals"; Manak et al., "A Year After"; Jones, "ASEAN Unity."
[6] Stewart Nixon, "Divided We Fall: ASEAN's Response to Trump's Illiberal Trade Agenda," Institute for Democracy and Economic Affairs, January 2026, https://www.ideas.org.my/publications/divided-we-fall-aseans-response-to-trumps-illiberal-trade-agenda/.
[7] Jones, "ASEAN Unity"; Nixon, "Divided We Fall."
[8] Nixon, "Divided We Fall."
[9] The White House, "Regulating Imports With a Reciprocal Tariff."
[10] Jones, "ASEAN unity"; Manak & Smith, "Tracking Trump's Trade Deals"; Manak et al., "A Year After"; Nixon, "Divided We Fall."
[11] See Annex 1 to know more about ASEAN's institutional setup and Annex 2 for ASEAN's economic integration agenda
[12] Denis Hew, "Small States, Big Stakes: ASEAN's Narrowing Space for Collective Agency," Fulcrum, July 13, 2026, https://fulcrum.sg/aseanfocus/small-states-big-stakes-aseans-narrowing-space-for-collective-agency/
[13] Hew, "Small States, Big Stakes"; Adam Lupel, Kaewkamol Pitakdumrongkit, and Joel Ng, "Small States and the Multilateral System: Transforming Global Governance for a Better Future," September 2024, https://www.ipinst.org/wp-content/uploads/2024/09/Small-States-and-the-Multilateral-System-web.pdf.
[14] Arvind Jayaram, "Small States Need to Join Hands to Uphold Multilateral System in Era of Conflict: PM Wong," *The Straits Times*, September 20, 2024, https://www.straitstimes.com/world/united-states/small-states-need-to-join-hands-to-uphold-multilateral-system-in-an-era-of-conflict-pm-wong

the interests of stronger states.[15] ASEAN brings together relatively smaller Southeast Asian states to form a larger regional grouping that could present a united position and potentially confer greater bargaining power when dealing with larger countries. ASEAN's combined economic clout is witnessed in the multiple ASEAN+1 free trade agreements, and its central role and position in bringing about the Regional Comprehensive Economic Partnership, a larger regional trading bloc that also includes Australia, China, Japan, New Zealand and South Korea.

Through its declaration on upholding multilateralism adopted in October 2021, ASEAN reaffirmed its firm belief in multilateralism which espouses rules-based order, transparency, inclusivity, openness, and mutual benefit and respect. It committed to a "multilateral approach in responding to emerging opportunities and challenges and actively shaping a rules-based regional architecture that is capable of tackling pressing common regional and global issues." ASEAN's commitment to multilateralism includes the strong support for an open, transparent, inclusive and non-discriminatory rules-based multilateral trading system led by the World Trade Organization (WTO).[16] ASEAN's free trade agreements are meant to be inclusive, ie countries interested in becoming partners/members are invited to apply, and compliant with WTO rules.

The 'ASEAN Way'

The 'ASEAN Way' is ASEAN's governance and diplomatic style that serves as the foundation for the code of conduct and rules of engagement for ASEAN member states and dialogue partners. It is based on the principles of sovereignty, non-interference and peaceful dispute settlement, and builds on shared norms, such as the importance of personal relations, interactions and consultations, avoidance of confrontation and acrimony, as well as a preference for informality and less institutionalised and non-legalistic and hence, non-binding approaches to regional engagement. ASEAN leaders and policymakers often contrast the ASEAN Way, which stresses pragmatism, patience and evolution, with Western style of diplomacy regarded as too focused on formal, legalistic procedures and codified rules.[17] They regularly emphasise the importance of reaching consensus among all members as a key feature of ASEAN decision making. In reality, this could be euphemism for a resistance to institutionalised majoritarian decision making (eg, voting) at the regional level that would override minority interests.

The ASEAN Way also espouses flexibility – it provides a nuanced way to facilitate and enable a considerable degree of flexible interpretation and leeway for negotiation. This applies even for legally binding agreements like the ASEAN Charter.[18] The flexibility allows member states to "go as far as they want to go in their cooperation and in the regional integration process."[19] The ASEAN Way seeks to build a certain level of comfort among member states in tackling contentious issues and pursuing ambitious initiatives, with a pace characterised as "not too fast for those who want to go slow, and not too slow for those who want to go fast."[20]

The seemingly incongruent ASEAN approach of blending both flexibility with consensus is an attempt to accommodate huge disparities in political and economic development among highly diverse members and yet

[15] Byron Chong, "The Future of Multilateralism in Southeast Asia," Asia Research Institute, September 13, 2024, https://ari.nus.edu.sg/app-essay-byron-chong-wenzhong/

[16] ASEAN Secretariat, "ASEAN Leaders' Declaration on Upholding Multilateralism," October 2021, https://asean.org/wp-content/uploads/2021/10/3.-FINAL-ASEAN-Leaders-Declaration-on-Upholding-Multilateralism.pdf

[17] David Capie and Paul Evans, "The Asia-Pacific Security Lexicon," 2007, ISEAS – Yusof Ishak Institute.

[18] Eugene Tan, "Quest for Relevance: Whither the ASEAN Charter in Shaping a
Shared Regional Identity and Values," Singapore Management University, December 2018, https://ink.library.smu.edu.sg/sol_research/3630/.

[19] Ludo Cuyvers, "The 'ASEAN Way' and ASEAN's Development Gap with Cambodia, Laos, Myanmar and Vietnam: A Critical View," *Asia Pacific Business Review* 25, no. 5 (2019): 683–704, https://doi.org/10.1080/13602381.2019.1652980.

[20] Capie and Evans, "The Asia-Pacific Security Lexicon."

find some common ground among them.[21] However, this also means there can only be consensus at the minimum common denominator agreeable to all members, which could constrain the scope and strength of available collective actions at the regional level. It also explains why, when there are bold initiatives and sensitive issues, the ASEAN Way constrains the organisation's ability to move beyond rhetorical commitments, and unresolved issues are set aside to avoid hindering cooperation on other matters.

The ASEAN Way of decision making is repeatedly criticised as time consuming, often unable to set clear objectives and well-defined responses as no action can be undertaken without agreement from all member states. In practice, the ASEAN Way's emphasis on sovereignty, non-interference and conflict avoidance effectively incentivises each member state to act individually and to thwart collective action whenever it goes against its own national interests. Regional cooperation tends to be driven less by a shared commitment to the common good of members, and more by the pursuit of each country's own interests. Although ASEAN is founded on the notion of a shared regional identity, its code of conduct and core principles arguably impede the development of a collective identity strong enough to prioritise a unified action over individual response.[22] In some instances, such as the Trump tariffs and China's actions in the South China Sea, individual members take different positions instead of achieving regional consensus and pursuing collective action.

Responding to Trump Tariffs the 'ASEAN Way'

Following the announcement of the reciprocal tariffs on 2 April 2025, ASEAN countries responded both collectively at the regional level and individually at the country level. The tariffs posed an urgent challenge because some ASEAN countries were imposed much higher tariffs than other countries, which could substantially reduce ASEAN exports to the US that contribute significantly to economic growth of the region. Even as some ASEAN members were arranging a joint response, a couple of members had approached the White House to discuss possible bilateral trade negotiations before a joint statement was issued.

Joint ASEAN Statement and Position

Barely three days after the US' announcement of reciprocal tariffs, on 5 April 2025, the media team of Indonesian President Prabowo Subianto revealed that he had conducted a teleconference with the King of Brunei Darussalam Sultan Hassanal Bolkiah, Malaysian Prime Minister (PM) Anwar Ibrahim; President of the Philippines Ferdinand Marcos Jr., and Singaporean Prime Minister Lawrence Wong to discuss the matter. PM Anwar of Malaysia, which held the ASEAN chair in 2025, said that the teleconference was "to exchange views and coordinate a collective response to the issue of reciprocal tariffs imposed by the United States", and that ASEAN economic ministers will be meeting the following week to discuss a joint response.[23] He also said that "Malaysia, as ASEAN chair, will lead efforts to present a united regional front, maintain open and resilient supply chains, and ensure ASEAN's collective voice is heard clearly and firmly on the international stage."[24] The quick response of ASEAN leaders reflected their strong personal relationships and preference to reach preliminary consensus through informal interactions before formal discussions.

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[21] Martin Russell, "The Association of Southeast Asian Nations (ASEAN): The EU's partner in Asia?" European Parliamentary Research Service, November 11, 2020, https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2020)659338; Capie and Evans, "The Asia-Pacific Security Lexicon."

[22] Russell, "The Association of Southeast Asian Nations (ASEAN)"; Jones, "ASEAN Unity"; KPMG, "The ASEAN Way and Sustainable Development," July 26, 2021, https://kpmg.com/au/en/insights/esg-and-sustainability/asean-sustainable-development.html.

[23] Rahmad Nasution, "Prabowo, ASEAN Leaders Discuss Trump Tariffs," *Antara News*, April 5, 2025, https://en.antaranews.com/news/350733/prabowo-asean-leaders-discuss-trump-tariffs.

[24] Hadi Azmi, "Malaysia's Anwar Urges ASEAN to 'Hold Its Nerve' over Trump's Tariffs," *South China Morning Post*, April 8, 2025, https://www.scmp.com/week-asia/politics/article/3305648/malaysias-anwar-urges-asean-hold-its-nerve-over-trumps-tariffs.

On 9 April 2025, the White House announced that the tariffs would be put on hold as countries scrambled to hold bilateral discussions with the US over the reciprocal tariffs.[25] Following the meeting on 10 April 2025, ASEAN issued a "Joint Statement of the ASEAN Economic Ministers on the Introduction of Unilateral Tariffs of the United States". The statement expressed concern over the unilateral tariffs which "caused uncertainty", and would "bring significant challenges to businesses" and "disrupt regional and global trade and investment flows, as well as supply chains, affecting businesses and consumers worldwide, including those of the US." The tariffs would "also impact economic security and stability," and "affect livelihoods of millions of people in the region, and hinder economic progress in ASEAN". ASEAN committed to non-retaliation to US tariffs, closer cooperation with the US to address trade and investment issues, support for the rules-based WTO-centred multilateral trading system, and further regional economic integration within ASEAN and with other countries.[26] Beyond these broad positions, there was no mention of a unified approach to negotiations with the US at the regional level or a coordinated approach to ASEAN countries' bilateral trade negotiations with the US. At the 46th and 47th ASEAN Summits in May and October 2025 respectively, ASEAN leaders reaffirmed the counterproductivity of unilateral tariffs and retaliatory trade action, ASEAN's commitment to the multilateral trading system, and the importance of deepening intra-ASEAN trade and investment while leveraging trade agreements with external partners.[27] The statements showed ASEAN's pragmatism and preference for avoiding conflict, especially with the US economic powerhouse.

Following the April ASEAN Economic Ministers meeting, an ASEAN Geoeconomic Task Force (AGTF) was formally created. The AGTF was first proposed by Indonesia at the 31st ASEAN Economic Ministers' Retreat on 28 February 2025 and comprised experts and relevant senior members from ASEAN countries. It was "tasked to prepare a Report that will assess the impact, key risks and opportunities arising from external uncertainties, formulate policy recommendations for ASEAN to navigate these challenges, and coordinate responses to ensure regional resilience."[28]

The AGTF presented its ASEAN Geoeconomics Report 2025 to the Joint ASEAN Foreign and Economic Ministers' Meeting on 25 October 2025 in Kuala Lumpur. Reaffirming the approach of the April 2025 ASEAN meeting, the Report proposed the following ASEAN action on four fronts:

1. Manage short-term risks to shield the region from external shocks, eg, managing illegal transshipment and rules of origin, spillover effects and contagion from uncertainty, and trade diversion;
2. Advance regional integration and resilience, leveraging domestic reforms and internal market potential, eg, enhancing intraregional trade supply chains within ASEAN, and deepening trade agreements beyond ASEAN;
3. Strengthen multilateralism and institutions, embedding cross-pillar coordination and mechanisms for economic-security alignment, eg, emphasising ASEAN's agency, strengthening ASEAN collective action and economic security, strengthening ASEAN mechanisms and institutions, and building on plurilateralism and regionalism to sustain a rules-based system;

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[25] "Modifying Reciprocal Tariff Rates to Reflect Trading Partner Retaliation and Alignment," The White House, April 9, 2025, https://www.whitehouse.gov/presidential-actions/2025/04/modifying-reciprocal-tariff-rates-to-reflect-trading-partner-retaliation-and-alignment/.

[26] "Joint Statement of the ASEAN Economic Ministers on the Introduction of Unilateral Tariffs of the United States," ASEAN, April 10, 2025, https://asean.org/wp-content/uploads/2025/04/04-Special-AEM-Joint-Statement-Unilateral-Tariffs-Adopted.pdf.

[27] "ASEAN Leaders' Statement on Responding to Global Economic and Trade Uncertainties," ASEAN, May 26, 2025, https://asean.org/wp-content/uploads/2025/05/Final-ASEAN-Leaders-Statement-on-Responding-to-Global-Economic-and-Trade-Uncertainties-1.pdf; "Chairman's Statement of the 47th ASEAN Summit," ASEAN, October 26, 2025, https://asean.org/wp-content/uploads/2025/11/CHAIRMANS-STATEMENT-47TH-ASEAN-SUMMIT.pdf.

[28] ASEAN Geoeconomic Task Force, *ASEAN Geoeconomics Report 2025 – This Time It Is Different: ASEAN's Agency in Shaping the New Global Agenda*, ASEAN, October 2025, https://asean.org/book/asean-geoeconomics-report-2025-this-time-it-is-different-aseans-agency-in-shaping-the-new-global-agenda/.

4. Pursue ambitious goals that transform the region, including a common external tariff, coherent industrial policy, and a new mindset on implementation.[29]

The ultimate aim was to advance ASEAN's agency and centrality amid the environment of geostrategic competition and great power rivalry. Notably, the AGTF's recommendation for a common external tariff and coordinating industrial policy marked a potential move towards greater institutionalisation of ASEAN and pooling of sovereignty on external trade policy.

Individual ASEAN Countries' Tariff Deals with the US

Despite rhetoric of a collective and united ASEAN response to the reciprocal tariffs, most ASEAN countries focused efforts on achieving bilateral trade deals with the US. The initial declaration of "a collective response", a "united regional front" and "ASEAN's collective voice" did not go beyond the joint ASEAN statement, and quickly gave way to bilateral trade negotiations between several ASEAN members and the US. These bilateral negotiations and the lack of a collective ASEAN response might have undercut ASEAN centrality in leading responses to the reciprocal tariffs and contributed to the Trump administration's disinterest in engaging ASEAN at the regional level.[30] By October 2025, five of the 11 ASEAN countries – Cambodia, Indonesia, Malaysia, Thailand and Vietnam – had negotiated bilateral deals.

Responding to media questions at the 46th ASEAN Summit on whether ASEAN countries' bilateral negotiations contradicted a more coordinated ASEAN response, Singapore PM Lawrence Wong said that the ASEAN and bilateral responses were "complementary and reinforcing". He noted that ASEAN countries were diverse with different levels of economic development, trade balances and "issues" with the US. Hence, ASEAN countries preferred the flexibility to negotiate with the US which "may very well prefer to engage countries individually, precisely because the issues are so diverse".[31] Bilateral negotiations allowed countries to focus on issues and sectors that were important to them. To the extent that ASEAN countries competed in exporting to the US, each country also had an incentive to obtain a lower tariff rate than its competitors. However, this could potentially lead to a "race to the bottom" dynamic as ASEAN countries offered more concessions to obtain lower tariff rates from the US. The principles of sovereignty and non-interference meant that it could be difficult for ASEAN countries to coordinate bilateral negotiations with the US. Through their actions, ASEAN members appeared to indicate their preference for flexibility over consensus and collective action. In addition, while Trump did not explicitly dismiss negotiations with regional blocs, his aversion to multilateralism made bilateral negotiations the de facto approach, as it would give the US greater bargaining power. The only exception was the EU which was a customs union with common external tariffs.

Some ASEAN countries – Cambodia, Indonesia, Malaysia and Vietnam – responded quickly within days of the tariff announcement. Malaysia and Indonesia declared that they would not retaliate against the US for the reciprocal tariffs. In particular, Vietnam's Minister of Industry and Trade sent an official diplomatic note to the US on 3 April 2025 which was followed by General Secretary To Lam's telephone call with Trump a day later to discuss bilateral trade negotiations.[32] Vietnam was the first mover in commencing negotiations, proposing to completely eliminate tariffs on imports from the US for concessions on the reciprocal tariffs. This set a high bar for subsequent offers by other ASEAN countries. Vietnam was also the first ASEAN country to reach an agreement to reduce US reciprocal tariffs.[33] PM Hun Manet and the Minister of Commerce of Cambodia had

[29] ASEAN Geoeconomic Task Force, *ASEAN Geoeconomics Report 2025*.
[30] Nixon, "Divided We Fall."
[31] Sharon See, "Not Contradictory for Individual ASEAN Members to Engage US on Tariffs: PM Wong," *The Business Times*, May 27, 2025, https://www.businesstimes.com.sg/international/not-contradictory-individual-asean-members-engage-us-tariffs-pm-wong.
[32] Tam An, "After Tariff Turbulence, Vietnam Eyes Fair Trade Deal With the US," *Vietnamnet Global*, December 19, 2025, https://vietnamnet.vn/en/after-tariff-turbulence-vietnam-eyes-fair-trade-deal-with-the-us-2474045.html.
[33] Nixon, "Divided We Fall"; Ana Elena Sancho and Marius Risse, "Tariff Deals Booklet: A Visual Guide to the US Tariff-Related Deals," Global Trade Alert, updated February 12, 2026, https://globaltradealert.org/reports/Tariff-Deals-Booklet; "Fact Sheet: President Donald J. Trump Secures Peace and Prosperity in Malaysia," The White House, October 26, 2025, https://www.whitehouse.gov/fact-sheets/2025/10/fact-sheet-president-donald-j-trump-secures-peace-and-prosperity-in-malaysia/.

also corresponded with the US on 4 April 2025 to indicate Cambodia's intention to enter bilateral negotiations, by committing to reducing tariffs on 19 categories of US goods from 35% to 5%.[34]

Following bilateral trade deals with ASEAN countries, the US reduced Vietnam's reciprocal tariff rates from 46% to 20%, Cambodia's from 49% to 19%, Indonesia's from 32% to 19%, Malaysia's from 24% to 19%, and Thailand's from 36% to 19%. In exchange, the US extracted commitments from the countries to providing preferential market access for US exports; removing their tariff and non-tariff barriers on US agricultural and industrial goods, digital trade, services and investment; purchasing more US products; and strengthening intellectual property protection, labour protection and environmental regulation (see Annex 3).[35] ASEAN countries with trade deals saw their reciprocal tariff rates bunching around 19-20%, lower than the original rates announced in April 2025 but still higher than rates before "Liberation Day" (see Annex 4).

Malaysia's trade agreement with the US drew particular attention because it committed Malaysia to invest approximately US$70 billion (about 15% of Malaysia's 2025 GDP) in the US over ten years and purchase US$150 billion (about 32% of GDP) of US semiconductor, aerospace and data centre products over five years. The agreement also obligated Malaysia to adopt comparable trade restrictions that the US imposed on third countries on reasons of economic and national security. In addition, the US can unilaterally terminate its bilateral agreement with Malaysia, if Malaysia enters a bilateral free trade or economic agreement with a country that jeopardises US interests.[36] Cambodia's agreement with the US also included the provisions of imposing comparable trade restrictions on third countries and the US' prerogative to terminate the agreement if Cambodia enters economic agreements that are deemed detrimental to the US.[37]

The Philippines initially had a reciprocal tariff rate of 17% announced in April, which was subsequently raised to 20% in July. Following Philippines President Marcos' meeting with President Trump in the US in July, the rate was reduced to 19%.[38] Brunei, Laos and Myanmar did not make much progress in tariff negotiations with Washington. However, in July 2025, Laos' reciprocal tariff rate was reduced from 48% to 40%, Myanmar's rate was reduced from 44% to 40%, while Brunei faced a slightly higher tariff of 25% from the initial 24%. Singapore and Timor-Leste, which both received the minimum 10% reciprocal tariff rate, did not pursue tariff reductions with the US.[39] The uncoordinated approaches of ASEAN countries highlighted the ASEAN Way's principles of flexibility and sovereignty, and gave the US greater leverage to extract concessions from individual countries due to their dependence on the US market.

In July 2025, the White House revised reciprocal tariffs rates which would be effective in August 2025. Many countries that had negotiated trade deals with the US received lower tariff rates than the ones announced in April. President Trump signed the US' bilateral trade agreements with Cambodia and Malaysia, and issued joint trade statements with Thailand and Vietnam during the 47th ASEAN Summit in October 2025. This fragmented ASEAN response to the reciprocal tariffs presented a picture of the ASEAN Way's emphasis on

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[34] "Cambodia–U.S. Trade and Origin Compliance Measures," KPMG Insights, May 2025, https://kpmg.com/kh/en/insights/2025/05/corporate-update.html.

[35] Nixon, "Divided We Fall"; Hoang Thi Ha, "Southeast Asia Navigates Trumpian Storms: Disruptions, Recalibrations and Adaptations," ISEAS-Yusof Ishak Institute Perspective Iss. 2026 No. 6, January 26, 2026, https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2026-6-southeast-asia-navigates-trumpian-storms-disruptions-recalibrations-and-adaptations-by-hoang-thi-ha/; Ana Elena Sancho and Marius Risse, "Tariff Deals Booklet"; The White House, "Fact Sheet: President Donald J. Trump Secures Peace and Prosperity in Malaysia."

[36] "Agreement Between the United States of America and Malaysia on Reciprocal Trade," The White House, October 26, 2025, https://www.whitehouse.gov/briefings-statements/2025/10/agreement-between-the-united-states-of-america-and-malaysia-on-reciprocal-trade/?cst.

[37] "Agreement Between the United States of America and the Kingdom of Cambodia on Reciprocal Trade," The White House, October 26, 2025, https://www.whitehouse.gov/briefings-statements/2025/10/agreement-between-the-united-states-of-america-and-the-kingdom-of-cambodia-on-reciprocal-trade/.

[38] Darryl John Esguerra, "PH Opted Out of US Tariff Perks to Shield Local Sectors – Palace," *Philippine News Agency*, October 29, 2025, https://www.pna.gov.ph/articles/1262085.

[39] Nixon, "Divided We Fall."

sovereignty and flexibility for individual countries and its stress on pragmatism and conflict avoidance. It could have precluded other potential options that required greater collective action on the part of ASEAN. This was a missed opportunity for ASEAN to project its centrality with a collective regional response to the tariffs.

Impact of Trump's Tariffs on ASEAN Countries' Exports

Although a stated objective for the high reciprocal tariffs was to improve the US trade balance, the US' aggregate trade deficit with ASEAN rose substantially and offset the reduction in the US' trade deficit with China by the end of 2025. This was driven by an increase in many ASEAN countries' exports and a drop in China's exports to the US respectively. In 2025, total goods exports from seven ASEAN countries to the US increased by about 29%, while China's goods exports to the US declined by close to 30% (see Annex 5). A few factors could have contributed to the counterintuitive situation, where higher tariffs did not decrease aggregate US imports from ASEAN.

Global AI-Related Demand Boost

First, following the launch of ChatGPT and other generative Artificial Intelligence (AI) models after November 2022, there was a global frenzy of business and government interest and investment in AI and related industries, such as energy infrastructure, data centres, semiconductors, large language models and applications. These boosted demand and growth in countries seeking to develop niches in AI, especially in the US where most of the innovation was taking place. The ASEAN economies that were embedded into global supply chains, especially for semiconductors, saw their exports and growth buoyed by this development. In addition, ASEAN countries attracted large amounts of foreign direct investment into sectors such as advanced electronics and semiconductors, data centres, electric vehicles, and digital services.[40]

Sectoral Exemptions from Reciprocal Tariffs

Several sectors were exempt from the reciprocal tariffs, including petroleum and coal products, critical minerals and metals, wood products, pharmaceuticals, and semiconductors and electronics such as smartphones, laptops computers and televisions.[41] ASEAN countries exporting these goods to the US did not have to pay reciprocal tariffs, and would therefore have lower trade-weighted effective tariff rates. These tariff exemptions, coupled with the inability to raise domestic US production rapidly to meet rising AI-related demand, could have prevented a collapse in exempted ASEAN exports to the US, especially in semiconductors and electronics.

Frontloading of Exports to the US

Another factor for increased ASEAN exports to the US was the frontloading of US imports of ASEAN goods by businesses in anticipation of higher tariffs in future, particularly when Washington paused the implementation of the reciprocal tariffs from April to August 2025. In the second quarter of 2025, ASEAN exports to the US, its largest export market, rose sharply by 37% year-on-year, leading to a significant 20% increase in total ASEAN

[40] *ASEAN+3 Regional Economic Outlook 2026*, ASEAN+3 Macroeconomic Research Office, 2026, https://amro-asia.org/asean3-regional-economic-outlook-2026/.

[41] The White House, "Regulating Imports With a Reciprocal Tariff"; "Executive Order 14346: Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements," The White House, September 5, 2025, https://www.whitehouse.gov/presidential-actions/2025/09/modifying-the-scope-of-reciprocal-tariffs-and-establishing-procedures-for-implementing-trade-and-security-agreements/; "President Trump Announces Three New Section 232 Investigations After Suspending Reciprocal Tariffs, Excluding Certain Electronics, and Increasing Tariffs on China," WilmerHale, April 17, 2025, https://www.wilmerhale.com/en/insights/client-alerts/20250417-president-trump-announces-then-suspends-reciprocal-tariffs-defers-tariffs-on-certain-electronics-and-increases-tariffs-on-china.

exports. ASEAN exports to other regions increased by smaller amounts, 15% to the EU, 14% within ASEAN, 9% to China, and 22% to the rest of the world.[42]

Trade Diversion and Transshipment of US' Imports from China to ASEAN

Despite higher tariffs after August 2025, many ASEAN countries' exports were still more competitive than China's, which faced an even higher reciprocal tariff rate of 34%, not including earlier tariffs from the US-China trade war in 2018 and other sector-specific tariffs. In industries where ASEAN and China exported the same goods to the US, trade diversion of US imports from China to ASEAN occurred when the US imported less China-produced goods and more ASEAN-produced goods due to lower US tariffs on ASEAN countries compared to tariffs on China.

In addition, China's producers might have redirected or transshipped their exports to the US through some ASEAN countries to take advantage of lower ASEAN tariffs. Trade was deflected when China's exports to the US were rerouted/transshipped through ASEAN countries without substantial value added in those ASEAN countries. Transshipment is illegal if the goods did not undergo substantial value added but are relabelled as made in the transit country to circumvent the importing country's higher tariffs on the origin country. Transshipment had grown since the US-China trade war in 2018, as a portion of China's exports to the US were rerouted through Malaysia, Thailand and Vietnam.[43] This undermined US efforts to reduce its trade deficit and import dependence on China, its strategic rival.

Goods exports from China to the ASEAN countries rose more than 13% in 2025, while goods exports from China to the US fell by close to 20% (see Annex 6). This could partly be attributed to trade diversion and transshipment. However, it was difficult to distinguish between trade diversion and transshipment in practice, because 45% of manufacturing foreign direct investment by China firms between 2018 and 2024 had been to ASEAN countries.[44] This implied that some production could have shifted from China to ASEAN.

Washington's attempt to reduce the trade deficit with China while preventing transshipment motivated the 40% tariff rate on transshipped exports from Vietnam to the US included in their bilateral trade deal.[45] In the White House's announcement of revised reciprocal tariff rates in July 2025, this 40% tariff rate was extended to include all goods exports to the US determined by the US Customs and Border Protection to have been transshipped.[46]

Evaluation of Tariffs' Impact on the US

The short-run impact of the reciprocal tariffs was ambiguous when evaluated against Trump's stated objectives of reshoring manufacturing, reorienting trade away from China, and reducing the US trade deficit. It might be too early to see if the tariffs substantially reshore manufacturing to the US, as it takes time to adjust supply chains and for investments to translate into production. However, the increased imports from ASEAN meant that, rather than raising domestic US production, the tariffs had more likely diverted and deflected some imports from China to other lower-cost exporters. Hence, the overall US trade deficit did not improve in the short term (see Annex 5). The conclusion of bilateral deals with countries, including those that the US had large trade deficits with, undermines the objective of reducing the overall US trade deficit. In addition, Trump's use of tariff threats to pursue other foreign policy goals – including reducing illegal migration

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42 Nixon, "Divided We Fall"; ASEAN+3 Macroeconomic Research Office, *ASEAN+3 Regional Economic Outlook 2026*.
43 Vaibhav Tandon, "Transshipment: Asia Gets Caught in the Crossfire," Northern Trust Weekly Economic Commentary, August 22, 2025, https://www.northerntrust.com/europe/insights-research/2025/weekly-economic-commentary/transshipment-asia-gets-caught-in-the-crossfire.
44 Vaibhav Tandon, "Transshipment."
45 Nixon, "Divided We Fall."
46 "Executive Order 14326: Further Modifying the Reciprocal Tariff Rates," The White House, July 31, 2025, https://www.whitehouse.gov/presidential-actions/2025/07/further-modifying-the-reciprocal-tariff-rates/.

and fentanyl trafficking through Canada and Mexico, stopping regional conflicts (Cambodia-Thailand, India-Pakistan), pressuring Brazil to drop the court case against its former President Jair Bolsonaro, and discouraging India from importing sanctioned Russian oil – casts doubt on the seriousness of the industrial and trade rationale for the tariffs.

Before turning to possible policy options, it is useful to contrast ASEAN's intergovernmental, consensus-based approach – the so-called 'ASEAN Way' – with a more supranational style of regional governance: the European Union (EU) model (Box 1).

Box 1. Comparison of ASEAN and EU

As a regional organisation, ASEAN is often compared with the EU. Both blocs have a shared belief in an open, inclusive and rules-based multilateral system, are deeply committed to regional integration, and continuously aspire to promote prosperity, peace and stability in their respective regions. Yet there are key institutional differences, which reflect the differing philosophies towards regionalism in Southeast Asia, ie the ASEAN Way, and Europe. Most prominent is the fact that the EU is a customs union with common external tariffs – ie all EU members have the same tariff rates for imports from external countries and no internal tariffs among member countries, whereas ASEAN member countries have an ASEAN Free Trade Area but do not have common external tariffs. This means that individual EU countries have no autonomy over external trade and tariff policies, which are made at the union level, as compared to greater trade autonomy for ASEAN countries. In addition, ASEAN does not have a common currency unlike the EU (the Euro, €) where 21 out of 27 EU members are in the eurozone. To adopt the common currency, individual eurozone countries give up their monetary policy autonomy. Hence, while individual EU countries can project a united front at the union level, they have less autonomy in trade/tariff and monetary policies than ASEAN countries.

Due to these and other key functional differences, the two organisations also operate in starkly different ways. Whereas the EU is supranational, ASEAN is strictly an intergovernmental organisation. In the EU, member states have agreed to pool sovereignty in certain areas, such as international trade, by allowing EU institutions to exercise that authority on their behalf. Unlike ASEAN, the EU has a parliament – the European Parliament – which possesses authority to legislate and the power to veto appointments and budgets. The ASEAN Inter-Parliamentary Assembly only has the power of moral suasion.[47] In addition, the Heads of State or Government of all EU member countries form the European Council which is chaired by a President. The Council decides the EU's overall direction and political priorities, sets the common foreign and security policy, and nominates and appoints key EU-level roles such as in the European Commission.[48] Hence, there are some similarities with the ASEAN Summits which gather the ASEAN Heads of Government that set ASEAN's direction and agenda.

The ASEAN Secretariat mainly provides administrative support for cooperation and coordination among member states. In contrast, the European Commission is the politically independent executive arm of the EU and the only EU institution that is responsible for tabling EU laws to the European Parliament and European Council and implementing their decisions.[49] Most importantly, the EU and ASEAN have contrasting decision-making processes. Except for common foreign and security policy (decisions based on unanimity), the EU can decide through qualified majority voting that requires a double majority (ie 55% of EU member states and 65% of entire EU population). On the other hand, ASEAN makes all decisions by consensus.[50]

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[47] Tommy Koh and Lay Hwee Yeo, "ASEAN-EU Partnership: The Untold Story," 2020, World Scientific; Russell, "The Association of Southeast Asian Nations (ASEAN)."

[48] "European Council," European Union, https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/search-all-eu-institutions-and-bodies/european-council_en.

[49] "European Commission," European Union, https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/search-all-eu-institutions-and-bodies/european-commission_en.

[50] Koh and Yeo, "ASEAN-EU Partnership"; Russell, "The Association of Southeast Asian Nations (ASEAN)."

Policy Options for Future Similar Adversity

To better prepare for future adversities similar to the Trump tariffs, ASEAN should pursue a strategy that combines economic, political and diplomatic measures – a deeper institutional and economic integration, flexibility in upholding national interest, along with better-coordinated regional action. Specific policy options that align with this approach include the following: establishing an ASEAN Common External Tariff for a more unified external trade regime; institutionalising collective negotiation to prevent member states from engaging in a "race to the bottom" concession competition; and strengthening the ASEAN Free Trade Area (AFTA) to expand intra-regional trade and bolster supply-chain resilience.

Create an ASEAN Common External Tariff

As mentioned in the ASEAN Geoeconomics Report 2025, it may be high time to revisit the proposal to create an ASEAN Common External Tariff (CET).[51] A CET pertains to a single, unified tariff schedule that all members of a free trade area, common market or customs union agree to implement: the tariffs imposed on imported goods from non-member countries should be the same irrespective of which country within the bloc it entered.[52] There are several regional trade blocs that adopt the CET system, with the EU as the most prominent. Other examples include the Southern African Customs Union (SACU), the world's oldest customs union, and the Southern Common Market (Mercosur) in South America.[53]

With unified tariff rates applied to all goods imported from outside the bloc, the ASEAN CET framework has the potential to: help build a more cohesive regional trade policy, foster deeper economic integration among member states, promote freer movement of goods within their borders and bolster their overall competitiveness.[54] The CET setup may help elevate the bargaining leverage of ASEAN as a regional bloc when it faces future challenges similar to the Trump tariffs situation. The leverage though is not about trade retaliation – ASEAN leaders have a consensus not to engage in retaliatory trade actions – but relates to the advantages of negotiating as a single market of regional scale, with members having identical tariff schedules for imported goods from non-member countries and a harmonised position on customs, standards, supply chain and market access concerns. The ASEAN CET framework opens up the possibility of a common, predictable ASEAN external trade regime that supports multilateralism while also providing the bloc with the institutional capacity to address coercive trade actions collectively.

Although the creation of an ASEAN CET has been mooted for years, the proposal has never gained traction because of differing tariff structures across ASEAN member states and several thorny issues, including customs revenue sharing arrangements, institutional restructuring and financing concerns. If ASEAN decides to pursue this policy option, the ASEAN Geoeconomics Report 2025 reiterated that its implementation should undergo rigorous political economy analysis and extensive stakeholder consultations. The report also suggested to adopt a phased implementation approach, especially if consensus is not possible. For instance, the bloc may consider applying a CET initially on products in priority sectors that rely on regional and global supply chains for inputs that are not produced competitively within ASEAN. A two-track ASEAN CET may also be considered. Brunei and Singapore have eliminated most of their tariffs whereas the other member states still maintain

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[51] ASEAN Geoeconomic Task Force, *ASEAN Geoeconomics Report 2025*.

[52] ITAXA Knowledge Center, "Common External Tariff," accessed August 19, 2026, https://www.itaxa.it/blog/en/dizionario/common-external-tariff/.

[53] Montague Lord, "Moving Towards a Common External Tariff Regime in ASEAN," Munich Personal RePEc Archive, December 2008, https://mpra.ub.uni-muenchen.de/41154/.

[54] ASEAN Geoeconomic Task Force, *ASEAN Geoeconomics Report 2025*; Lord, "Moving Towards a Common External Tariff Regime in ASEAN"; ITAXA Knowledge Center, "Common external tariff."

varying tariff levels. ASEAN may implement a CET track with zero tariffs for Brunei and Singapore, and another CET track for the remaining member states with applicable tariffs gradually moving towards zero.[55]

However, given the diverse economic structures of ASEAN members, it would be complicated to reach an agreement on the appropriate levels of CETs for different types of products. For example, a country like Singapore with a small agriculture sector would prefer lower CETs on agriculture imports to reduce food costs, whereas another country like Thailand or Vietnam with a larger agricultural sector might prefer higher CETs on agriculture to protect domestic farmers. There is also the additional issue of distribution of CET revenues among ASEAN countries: should they be distributed according to country of import or country most impacted if these were different? These considerations have equity implications and make agreement on CETs difficult.

Institutionalise Collective Negotiation

When it comes to issues that have substantial regional impact – tariffs, subsidies, rules of origin, investment screening, and data transfers among others – ASEAN member states would be better off negotiating collectively. This collective negotiation setup can be institutionalised by introducing a "collective negotiation clause" as part and parcel of ASEAN's internal rules. With this mechanism in place, collective negotiation as a regional bloc will be prioritised. In cases when national interest forces members to negotiate individually with powerful trade partners such as the US, they are expected to adhere to the minimal set of joint principles (ie prior notification, short-term consultations and rapid impact assessment) and not to undercut the predetermined "common lower limit" for concessions. Before finalising any bilateral agreement, member states will be required to notify the ASEAN Secretariat in advance and will have to participate in intra-ASEAN consultations. These consultations facilitate transparency among members, but more importantly, they determine whether the proposed individual negotiation is inimical to regional interest and hence, collective negotiation is necessary. Indeed, the collective negotiation clause is meant to maximise regional economic welfare and avoid a "race to the bottom" concession competition among member states.[56]

Strengthen the ASEAN Free Trade Area (AFTA)

If establishing a common external tariff and institutionalising collective negotiation are too ambitious, ASEAN may instead focus on improving its existing frameworks that help shield member states from collective vulnerability brought about by external shocks such as the Trump tariffs. A top priority should be strengthening the ASEAN Free Trade Area (AFTA). Boosting intra-regional trade flows and further deepening economic integration via the AFTA will not only help cushion the impact of external trade disruptions, but the enhanced regional cooperation that can be attained through this arrangement also positions ASEAN to propose a more unified offer in future trade negotiations.

The AFTA is built around three major agreements: the ASEAN Trade in Goods Agreement (ATIGA), the ASEAN Framework Agreement on Services (AFAS) and the ASEAN Comprehensive Investment Agreement (ACIA).[57] The signing of the upgraded ATIGA in October 2025 is a significant step towards bolstering the AFTA, as the ATIGA is an integral component of AFTA and thus crucial to ASEAN's commitment to expand regional linkages.[58]

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[55] ASEAN Geoeconomic Task Force, *ASEAN Geoeconomics Report 2025*; Lord, "Moving towards a Common External Tariff Regime in ASEAN".
[56] Seiya Sukegawa, "Restoring ASEAN's Collective Negotiating Function," The Diplomat, November 10, 2025, https://thediplomat.com/2025/11/restoring-aseans-collective-negotiating-function/.
[57] Enterprise Singapore, "ASEAN Free Trade Area (AFTA)," April 20, 2026, https://www.enterprisesg.gov.sg/grow-your-business/go-global/international-agreements/free-trade-agreements/find-an-fta/afta.
[58] Ministry of Trade and Industry (MTI) of Singapore, "ASEAN Powers Ahead With Next-Generation Trade Agreements and Global Engagement at the 47th ASEAN Summit," October 28, 2025, https://www.mti.gov.sg/newsroom/asean-powers-ahead-with-next-generation-trade-agreements-and-global-engagement-at-the-47th-asean-summit/.

The revised ATIGA overhauls the original ATIGA by incorporating key reforms geared towards enhancing the efficiency, resilience and responsiveness of ASEAN's trade framework amidst a contested and constantly shifting global trade environment. The ATIGA upgrade aims to accelerate intra-ASEAN trade, fortify supply chain connectivity, reduce trade barriers in the green economy, promote cross-border data flows and facilitate end-to-end digital trade, and provide micro, small and medium enterprises (MSMEs) in the region with better support, especially in integration into regional trade networks.[59]

Taken together, the amended ATIGA strengthens ASEAN's stance as a regional bloc and boosts its ability to engage the world economy with greater credibility and coherence. The deeper regional integration and enhanced cooperation espoused by the upgraded ATIGA are critical to promoting more efficient production networks and addressing risks like illicit trade. This enhanced institutional reliability and predictability reinforces stakeholders' confidence in ASEAN's trade regime.[60]

The ASEAN Way: Road to Integration or Fragmentation?

In February 2026, the "Liberation Day" reciprocal tariffs were overturned by the US Supreme Court which ruled that "IEEPA does not authorize the President to impose tariffs."[61] Following this ruling, the Trump administration immediately reimposed tariffs of 10% on most imports under Section 122 that "empowers the President to take action through surcharges and other special import restrictions to address fundamental international payments problems."[62] When Section 122 authority expired in July 2026, these were replaced by Section 301 tariffs of 10% or 12.5% on 60 economies for their failure to impose or enforce prohibitions on imported goods produced with forced labour.[63]

These Trump tariffs were one key manifestation of the decline of a rules-based multilateral world order. The decline of adherence to multilateral rules meant that more powerful countries could exploit their strength to pursue their own interests at the expense of less powerful ones. In a world where "might makes right", regional and plurilateral institutions such as ASEAN and the EU face both opportunities and challenges. They present a way for medium and small powers to unite and take collective action when threatened by larger powers. However, geopolitics may also pull diverse institutions such as ASEAN in different directions as some members seek to pursue their individual self-interests over the collective regional interest or to align closer to one major power against another. In particular, the Trump tariffs revealed how individual ASEAN countries prioritised their own interests, sovereignty and flexibility of action over a more coordinated and collective response.

This raises the important question of whether, with the changing world order, ASEAN can remain relevant as an institution that unites its members in pursuit of common interests and is able to stand up against coercion of larger powers. Or will the institution be pulled apart by differing interests and alignments of its members?

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[59] MTI, "ASEAN powers ahead"; Ministry of Industry and Trade of Vietnam, "Handover Ceremony of the Second Protocol to Amend the ASEAN Trade in Goods Agreement (ATIGA)," November 12, 2025, https://vntr.moit.gov.vn/news/handover-ceremony-of-the-second-protocol-to-amend-the-asean-trade-in-goods-agreement-atiga; ASEAN Secretariat, "Upgraded ASEAN Trade in Goods Agreement (ATIGA): A New Trade Playbook for Regional Business," March 2026, https://asean.org/wp-content/uploads/2026/03/ASEAN-for-Business-Bulletin-First-Edition-2026.pdf.

[60] ASEAN Secretariat, "Upgraded ASEAN Trade in Goods Agreement (ATIGA)."

[61] Rebecca A. Womeldorf, "Volume 607, U.S. Part 2: Official Reports of the Supreme Court – Learning Resources, inc., et al. v. Trump, President of the Unted States, et al.," Supreme Court of the United States, February 20, 2026, https://www.supremecourt.gov/opinions/25pdf/607us2r12_8nj9.pdf.

[62] "Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems," The White House, February 20, 2026, https://www.whitehouse.gov/presidential-actions/2026/02/imposing-a-temporary-import-surcharge-to-address-fundamental-international-payments-problems/.

[63] "Actions by the United States in the Investigations under Section 301 of the Trade Act of 1974 of the Acts, Policies, and Practices of 60 Economies Related to the Failure of Each Economy to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor," The White House, July 23, 2026, https://www.whitehouse.gov/presidential-actions/2026/07/actions-by-the-united-states-in-the-investigations-under-section-301-of-the-trade-act-of-1974-of-the-acts-policies-and-practices-of-60-economies-related-to-the-failure-of-each-economy-to-impose-and/.

Should aspects of the ASEAN Way be reviewed, and how can ASEAN reform or reposition itself to be relevant and effective in the new world? More generally, how can small states navigate and thrive in a world where "might makes right"?

Discussion Questions

1. How and why does the US trade and tariff treatment of ASEAN countries and the EU differ for Trump's reciprocal tariffs?
2. Is the approach of ASEAN and its member countries the best response to the Trump tariffs? Should ASEAN countries adopt a more collective or coordinated approach in response to the Trump tariffs? Why?
3. Is there a way to balance greater flexibility for individual countries with coordination within ASEAN to achieve a better outcome? Explain.
4. What are the advantages and disadvantages for ASEAN to develop regionalism similar to the European Union? How could that possibility affect Trump's treatment of ASEAN countries and their response to the Trump tariffs? What are the challenges of pursuing a customs union and common external tariffs in ASEAN?
5. How can small states protect their interests in the face of a decline in rules-based multilateralism?

Annex 1. ASEAN's Institutional Setup

Established in 1967 through the signing of the ASEAN Declaration (Bangkok Declaration), the Association of Southeast Asian Nations (ASEAN) is a regional organisation aimed at accelerating economic growth, social progress and sociocultural development, as well as promoting and maintaining peace, security and stability in Southeast Asia through multilateral cooperation.[64] It is composed of 11 member states: five founding members – Indonesia, Malaysia, the Philippines, Singapore and Thailand – along with Brunei Darussalam (joined in 1984), Vietnam (1995), Laos (1997), Myanmar (1997), Cambodia (1999) and Timor-Leste (2025).[65]

The legal and institutional framework of the ASEAN is enshrined in the ASEAN Charter. Constituted as a legally binding agreement among member states, it provides ASEAN with a formal legal personality, outlines the organisational structure, sets out its aims and purposes, codifies rules, principles, norms and values that members should uphold, and stipulates mechanisms for accountability and compliance. Entered into force on 15 December 2008, the Charter transformed ASEAN from a loosely structured regional association into a formal, rules-based international organisation.[66]

The ASEAN Charter designates the ASEAN Summit as the "supreme policy-making body of ASEAN" (Article 7.2(a)). Comprised of the heads of states or governments of member states, the ASEAN Summit is held twice in a year and hosted by the member state holding the ASEAN chairmanship. It is tasked to provide policy guidance, deliberate and take decisions on key issues that affect the realisation of ASEAN's objectives, as well as other matters of interest to member states. It presides over the whole gamut of ASEAN institutions, with the authority to establish and dissolve sectoral ministerial bodies and other institutions. The ASEAN Coordinating Council (ACC), composed of ASEAN Foreign Ministers, prepares the meetings of the ASEAN Summit and coordinates the implementation of its decisions and agreements.[67]

Located in Jakarta, Indonesia, the ASEAN Secretariat provides administrative support to the bloc. It helps coordinate various ASEAN institutions and facilitates stakeholder collaborations geared towards the effective implementation of various ASEAN programmes and activities. The Secretariat is headed by a secretary-general who is appointed by the ASEAN Summit for a non-renewable five-year term.[68]

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[64] ASEAN Secretariat, "What We Do: ASEAN Aims," 2026, https://asean.org/what-we-do#asean-aims.

[65] ASEAN Secretariat, "About ASEAN," 2026, https://asean.org/about-asean.

[66] ASEAN Secretariat, "About ASEAN"; National Library Board, "ASEAN Charter comes into force," October 27, 2025, https://www.nlb.gov.sg/main/article-detail?cmsuuid=c9c9cf89-ad36-46dc-901f-5d7b8b2d0941

[67] ASEAN Secretariat, "Charter of the Association of Southeast Asian Nations," September 2021, https://asean.org/wp-content/uploads/2021/09/21069.pdf

[68] ASEAN Secretariat, "About ASEAN"; ASEAN Secretariat, "Charter of the Association of Southeast Asian Nations."

Annex 2. ASEAN's Economic Integration Agenda

In 2015, the ASEAN restructured its institutional framework as a community (ie the "ASEAN Community") built on three main pillars: economic, political-security and sociocultural. The economic pillar represents ASEAN's regional economic integration agenda which envisions the bloc as a seamlessly integrated, globally competitive single market and production centre, with free flow of goods and services, and freer movement of labour, capital and investments.[69]

ASEAN has consistently prioritised openness, dialogue, and avoiding retaliatory measures, viewing economic integration not simply as a growth strategy, but also as a key pillar of resilience, stability and shared prosperity. To preserve its relevance in a progressively fragmented global economy, the bloc highlights its position as an open, trusted and predictable platform for trade, investments and regional cooperation.[70] ASEAN's emphasis on economic integration over the past decades has been a key driver in elevating the bloc to be one of the most important regions in the global economy. With 700 million people and a combined gross domestic product (GDP) of more than US$4 trillion in 2024, it is currently the third largest economy in Asia – after China and Japan. But by 2027, ASEAN is expected to surpass Japan's economic size, catapulting it to be the fifth largest economy in the world. With GDP growth consistently above the global average since the 1980s, ASEAN is also known as one of the fastest-growing regions in the global economy. It is expected to account for around 7% of global GDP and contribute about 10% to global economic growth by 2030. As a region deeply integrated into the world market, ASEAN has a trade-to-GDP ratio of above 95% and contributes approximately 8% to global exports.[71]

A key component of the ASEAN Community's economic pillar is trade liberalisation. With the creation of the ASEAN Free Trade Area (AFTA) in 1992, tariffs between ASEAN member states were either eliminated or gradually reduced. By 2002, tariffs within the AFTA ranged from 0–5%, and by July 2026, tariffs were already close to zero. ASEAN expanded its trade liberalisation strategy by concluding free trade agreements (FTAs) with economies within the broader Asia-Pacific region, namely, China, India, Japan, South Korea, Hong Kong, Australia and New Zealand. To further boost trade, ASEAN negotiated with its dialogue partners under the "ASEAN+1 FTAs" – Australia, China, Japan, New Zealand and South Korea (India opted out) – to establish the Regional Comprehensive Economic Partnership (RCEP) in 2020, the world's largest free trade area.[72]

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[69] ASEAN Secretariat, "ASEAN 2045: Our Shared Future," May 2025, https://asean.org/wp-content/uploads/2025/05/ASEAN-2045-Our-Shared-Future.pdf.

[70] ASEAN Secretariat, "ASEAN Economic Integration Brief – July 2026 number 19," July 2026, https://asean.org/serial/asean-economic-integration-brief-july-2026-number-19/

[71] Allen Ng et al., "ASEAN at a Crossroads: Pathways for Deeper Economic Integration," ASEAN+3 Macroeconomic Research Office, April 2026, https://amro-asia.org/wp-content/uploads/2026/03/Working-Paper_ASEAN-at-a-Crossroads_Passways-for-Deeper-Economic-Integration_publication.pdf

[72] ASEAN Secretariat, "Free Trade Agreements with Dialogue Partners," 2026, https://asean.org/free-trade-agreements-with-dialogue-partners/; Ethan Teekah, "ASEAN," Encyclopaedia Britannica, July 19, 2026, https://www.britannica.com/topic/ASEAN.

Annex 3. US Trade Negotiations and Frameworks with ASEAN Countries (as of January 2026)

	Indonesia*	Vietnam	Thailand	Malaysia	Cambodia
Provide Preferential Market Access for the US	✓	✓	✓	✓	✓
Receive Tariff Exemptions for Specified Products	×	✓	✓	✓	✓
Break Down Non-Tariff Barriers for US Industrial Exports	✓	✓	✓	✓	✓
Break Down Non-Tariff Barriers for US Agricultural Exports	✓	✓	✓	✓	✓
Remove Barriers for Digital Trade, Services & Investment	✓	✓	✓	✓	✓
Protect Intellectual Property	✓	✓	✓	✓	✓
Protect Geographical Indications	✓	✓	✓	✓	✓
Strengthen Economic Security Alignment	✓	✓	✓	✓	✓
Strengthen Labour Protections	✓	✓	✓	✓	✓
Strengthen Environmental Enforcement	×	✓	✓	✓	✓

**Note: US Trade Negotiations with Indonesia are still ongoing*

Source: Compiled by author from multiple sources • Created with Datawrapper

Source: Hoang Thi Ha, "Southeast Asia Navigates Trumpian Storms: Disruptions, Recalibrations and Adaptations," ISEAS-Yusof Ishak Institute Perspective Iss. 2026 No. 6, January 26, 2026, https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2026-6-southeast-asia-navigates-trumpian-storms-disruptions-recalibrations-and-adaptations-by-hoang-thi-ha/.

Annex 4. US Reciprocal Tariff Rates on ASEAN countries, European Union and China, Effective Tariff Rates, and Competitive Impact (%)

Country	April 2025 Announced Tariff Rates	August 2025 Announced Tariff Rates	Change in Announced Tariff Rates	Tariff Deal	Effective Tariff Rates*	Competitiveness Impact#
Brunei	24	25	1	Nil	20.4	-7.3
Cambodia	49	19	-30	26 October 2025	29.0	5.3
Indonesia	32	19	-13	22 July 2025	24.0	3.0
Laos	48	40	-8	Nil	37.8	-18.3
Malaysia	24	19	-5	26 October 2025	11.9	2.5
Myanmar	44	40	-4	Nil	49.3	-15.3
Philippines	17	19	2	Nil	17.5	2.8
Singapore	10	10	0	Nil	8.0	3.9
Thailand	36	19	-17	26 October 2025	20.0	3.3
Timor-Leste	10	10	0	Nil	10.1	10.1
Vietnam	46	20	-26	26 October 2025	21.9	6.1
European Union	20	15	-5	27 July 2025	NA@	NA@
China	34	10	-24	12 May 2025	47.3	-28.6

* Effective tariff rates are trade-weighted average tariff rates inclusive of reciprocal, Most-Favoured-Nation, sectoral and country-specific tariff rates.
# Competitiveness impact rate is a country's trade-weighted average tariff difference vs competitors selling the same products to the US. A positive rate implies improved market access to the US relative to competitors. A negative rate implies reduced market access to the US relative to competitors.
@ Effective tariff rate for entire European Union is not available.
Source: Information on announced tariff rates from the US White House. https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/, https://www.whitehouse.gov/presidential-actions/2025/07/further-modifying-the-reciprocal-tariff-rates/.
Information on tariff deals, effective tariff rates and competitiveness impact from Global Trade Alert. https://globaltradealert.org/reports/Tariff-Deals-Booklet, https://globaltradealert.org/reports/US-Market-Access-Scorecards.

Annex 5. Changes in US' Goods Imports and Trade Balance with Seven ASEAN Countries and China Between 2024 and 2025 (in millions of US$)

Country	2024 US' Goods Imports	2025 US' Goods Imports	Change US' Goods Imports	2024 US' Goods Trade Balance	2025 US' Goods Trade Balance	Change US' Goods Trade Balance*
Brunei	239	105	-134	-115	-6	109
Indonesia	28,069	34,760	6,691	-17,939	-23,748	-5,809
Malaysia	52,521	59,673	7,152	-25,050	-30,923	-5,873
Philippines	14,021	17,567	3,546	-4,719	-8,366	-3,647
Singapore	42,922	37,789	-5,133	2,044	3,701	1,657
Thailand	63,398	91,347	27,949	-45,505	-71,849	-26,344
Vietnam	136,518	193,795	57,277	-123,474	-178,147	-54,673
Total ASEAN7	337,688	435,036	97,348	-214,758	-309,338	-94,580
China	439,564	308,807	-130,757	-295,316	-201,469	93,847
World	3,292,516	3,451,540	159,024	-1,212,786	-1,259,620	-46,834

* A positive figure for trade balance represents a reduction in US' trade deficit or increase in US' trade surplus with the country. A negative figure represents an increase in the US' trade deficit or a reduction in the US' trade surplus with the country.

Source: US Bureau of Economic Analysis, https://www.bea.gov/data/intl-trade-investment/international-trade-goods-and-services.

Figures for Cambodia, Laos, Myanmar and Timor-Leste are not available.

Annex 6. Changes in China's Goods Exports with Six ASEAN Countries and the US Between 2024 and 2025 (in millions of US$)

Country	2024 China's Goods Exports	2025 China's Goods Exports	Change in China's Goods Exports
Indonesia	76,698	85,325	8,627
Malaysia	101,463	103,682	2,219
Philippines	52,277	55,583	3,306
Singapore	79,220	82,670	3,450
Thailand	86,036	103,505	17,469
Vietnam	161,890	198,147	36,257
Total ASEAN10	586,524	665,215	78,691
US	524,656	420,050	-104,606

Source: General Administration of Customs of the People's Republic of China, http://english.customs.gov.cn/statics/report/preliminary.html. Figures for Brunei, Cambodia, Laos and Myanmar are not available. Figures for ASEAN10 do not include Timor-Leste.