Guest Column

Living in Trump 2.0: Southeast Asian Fears and Hopes with a Changed America

By Hoang Thi Ha

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While Donald Trump's second term introduces uncertainty, Southeast Asia is now more resilient and able to wield significant agency in shaping its own future.

Trump's victory signals the desire among many Americans to pivot away from the global leadership that primarily defined America's post-World War II foreign policy; instead, they favour self-prioritisation and exhibit scepticism towards foreign entanglements and aid, particularly among Americans who feel economically marginalised or disillusioned by the unfulfilled promises of globalisation. American foreign policy under Trumpism not only adopts a transactional approach but also redefines America's identity on the world stage, from guardian of the global order to a staunch defender of its own self-interests, characterised by a sharp, unapologetic nationalism.

This structural change transcends Trump himself. While the Biden administration attempted to reconcile American foreign policy's liberal internationalist traditions with a more pragmatic focus on narrowly defined national priorities, it had also demonstrated a greater willingness to act unilaterally, when necessary, particularly in the realm of international economic policy making.

Southeast Asia's Fears and Hopes with Trump 2.0

Historically, the four-year cycle of the United States (US) presidential election creates periodic uncertainties in Southeast Asia, prompting the region to adapt to the shifting dynamics under successive US administrations.

What are their fears?

Southeast Asia has endured and navigated through the challenges of Trump 1.0 relatively well, despite significant shocks and disruptions. However, Trump 2.0 promises to be even more emboldened and less restrained, raising two major concerns for the region.

The first major concern is the unprecedented strain on the globalisation model that Southeast Asian countries have relied on for decades to achieve economic prosperity. The region’s economies are deeply integrated into global supply chains, importing a significant amount of intermediate goods from China for final exports to the US. Similarly, Chinese exports to the US also utilise commodities and intermediate goods sourced from Southeast Asia. Trump’s threat to impose tariffs as high as 60 percent on Chinese-made goods, alongside 10 to 20 percent tariffs on all imports, if realised and implemented, would create severe disruptions to global trade and impair global growth. Thereby, sending shockwaves through the global economy. Estimates from the **OCBC Bank** suggests that such measures could lead to 0.7 to 1.3 percent decline in economic growth for the Association of Southeast Asian Nations (ASEAN) economies and a 1 percent decline in China’s economic growth.

Given Trump’s obsession with US trade deficits, Southeast Asian countries with trade surpluses with the US will come under intense scrutiny and pressure. In particular, Vietnam, Thailand, and Malaysia–whose exports to the US have nearly or more than doubled between 2017 and 2023–are likely to be the most vulnerable to such measures. Ironically, much of this growth stems from Trump 1.0’s trade war with China, which positioned Southeast Asia as a key hub of supply chain relocations from China and as a transshipment point for relabelled Chinese goods to circumvent US tariffs.

On a **regional scale**, ASEAN’s imports from the US make up only 7.4 percent of its total imports, but its exports to the US is much larger at 14.9 percent, highlighting the significant trade surplus ASEAN holds with the US–the largest among its external economic partners.

Diversifying export markets beyond the US is a logical solution for Southeast Asia, but it is easier said than done. Intra-ASEAN trade has remained relatively consistent at 20 to 23 percent for decades, and crucially, it is closely tied to the region’s trade with major partners like the US and China. Meanwhile, the long-held hope that China might absorb more Southeast Asian exports remains unfulfilled, largely due to China's dominance in the manufacturing ecosystem and low domestic consumption, which drives its export of excess production capacity. As the US continues to restrict Chinese exports, the risk of China dumping more goods—already evident in sectors like solar panels, steel, textiles and other sundry goods—into Southeast Asia is increasing.

Trump’s return serves as a stark reminder for elites around the world to rethink globalisation and recalibrate their economic policies to be more redistributive and inclusive, while remaining competitive and adaptable. Singapore’s Transport Minister Chee Hong Tat **highlighted** this in his comments on the incoming Trump 2.0 and implications for the region; he emphasised that governments not only needed to “grow the macroeconomic pie” but also support individuals and families at the micro level, helping them navigate these transitions.

The second major concern is the impending volatility in US-China relations, which will have profound implications for regional security and stability. This serves as a reminder that the shift in the US' China policy from engagement to strategic competition, which began under Trump 1.0, has now become a central organising principle of US foreign policy.

Trump's leadership style introduces significant uncertainty into this equation. His tendency to prioritise "deal-making" raises concerns–especially among US allies—that he might bypass them in favour of negotiating bilateral deals directly with China. In such an uncertain environment, Southeast Asia finds itself in a precarious position, caught between the escalating tensions of the US-China rivalry and the risk of being sidelined in key decisions due to Trump's isolationist and unilateral instincts. Moreover, infighting within Trump's team is likely to complicate matters, particularly regarding how best to compete with China.

Is there any hope?

Southeast Asian countries, known for their foreign policy pragmatism, may find common ground with Trump's transactional and pragmatic approach at some point. By focusing on tangible economic exchanges, such as increasing imports of American goods and facilitating US investments, Southeast Asian countries can potentially maintain good relations with Trump 2.0. Vietnam has already exemplified this approach by green-lighting a USD 1.5 billion **golf course and hotel project** by the Trump Organisation, while also courting investment from SpaceX, whose CEO Elon Musk may wield considerable influence in the Trump 2.0 administration. The **recent meeting** between Vietnam's party chief and SpaceX representatives in the US further underscores this potential alignment of interests.

The best hope for Southeast Asia under Trump 2.0 is that the region is now more prepared, resilient, and capable. Together with other partners, Southeast Asia now wields significant agency in shaping its own future. The region has already endured Trump's withdrawal from the Trans-Pacific Partnership (TPP) and responded by not only revitalising it through the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) but also established the world's largest free trade agreement–the Regional Comprehensive Economic Partnership (RCEP)—and is currently negotiating the world's first region-wide Digital Economy Framework Agreement (DEFA).

While the US still plays a key role in Southeast Asia's success, the region has diversified its strategies and pathways, driven by its connectivity with other nations and its indigenous strengths, especially its young populations, growing middle class, and sustained economic dynamism.

Hoang Thi Ha is a Senior Fellow, Co-coordinator of Regional Strategic and Political Studies Programme, ISEAS – Yusof Ishak Institute.