



Counterpoint Southeast Asia

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How Should Southeast Asia Strengthen Economic Security in the Face of Current Geopolitical Challenges?

By Barbora Valockova

ASEAN's economic model, built on open markets and deep integration into global supply chains, has historically driven regional growth and prosperity. However, this same openness now creates significant vulnerabilities, as global shocks can rapidly ripple through ASEAN economies—disrupting manufacturing, export revenues, and employment—due to the region's heavy dependence on external demand and foreign direct investment.

The emergence of new US tariffs exemplifies these risks, particularly for Vietnam, Thailand, and Malaysia. These

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trade barriers threaten to undermine the export-driven growth model that has underpinned regional development while simultaneously disrupting established supply chains. Beyond raising costs for ASEAN exporters, the tariffs are prompting multinational corporations to reassess their supply chain strategies, with some considering production shifts to alternative regions or **reshoring** operations back to their home markets. Compounding these challenges, the broader environment of weakening multilateralism and rising geopolitical fragmentation poses additional obstacles to ASEAN's pursuit of economic integration and prosperity.

At the same time, ASEAN continues to demonstrate strategic adaptability. At the 46th ASEAN Summit in Kuala Lumpur, leaders adopted the **ASEAN Economic Community (AEC) Strategic Plan 2026–2030**, which aims to deepen integration, accelerate digital transformation, and strengthen supply chain resilience. The AEC Strategic Plan is notable for its comprehensive scope, featuring six strategic goals, 44 objectives, and 192 measures. It was developed through extensive consultations with stakeholders from business, academia, and civil society. The summit also established a **Goeconomics Task Force** to address emerging risks and reaffirmed the importance of regional cooperation through agreements like the Regional Comprehensive Economic Partnership (RCEP). Furthermore, ASEAN is expanding partnerships with new markets, including the **Gulf Cooperation Council**, and

advancing the ASEAN **Digital Economy Framework Agreement** (DEFA). These efforts reflect a proactive stance in safeguarding economic security.

Nevertheless, these aspirations also face several obstacles. ASEAN's integration process is challenged by significant differences in economic development, regulatory standards, and political systems among its members. The so-called **“two-tier”** gap between higher-income members like Singapore and Malaysia and less developed states such as Cambodia and Laos results in uneven access to resources, skilled labour, and technology, making it difficult to harmonize trade policies and standards across the bloc. Finally, persistent **non-tariff barriers** and slow policy implementation hinder progress toward achieving a deeper integration.

Given this context, it is essential to ask: How can ASEAN safeguard and enhance its economic security in an era of global uncertainty? What risks and opportunities do these changes present, and how should the region respond to ensure long-term stability and growth? To address these questions, the Centre on Asia and Globalisation (CAG) invited four experts for its 15th Counterpoint Southeast Asia (CSA) public **panel discussion** on 4 June 2025: Denis Hew (CAG, LKYSPP, NUS), Joanne Lin (ISEAS-Yusof Ishak Institute), Catharine Kho (ASEAN+3 Macroeconomic Research Office), and Pasha L. Hsieh (Yong Pung How School of Law, Singapore Management University).

Denis Hew rethinks the concept of economic security for ASEAN, tracing its evolution from macroeconomic stability to a broader agenda encompassing resilience, inclusiveness, and the ability to withstand external shocks. He contends that while ASEAN's integrationist way has served the region well, the current environment demands recalibration toward greater resilience, adaptability, and strategic coordination, especially through new frameworks such as the AEC Strategic Plan.

Joanne Lin explores the increasingly intertwined economic and security dimensions of regional policy. She highlights how external actors, including the US and China, are leveraging economic tools for strategic purposes, and how ASEAN must respond by deepening integration, enhancing supply chain resilience, and diversifying partnerships. She also notes the importance of internal policy coordination and innovation to address new vulnerabilities.

Catharine Kho argues that ASEAN+3's collective resilience—rooted in diversified demand, robust domestic markets, and established mechanisms for cooperation—positions the region to weather unprecedented trade shocks. She emphasizes that leveraging complementary strengths and deepening intra-regional integration will be key to navigating external disruptions and sustaining growth.

Pasha L. Hsieh situates ASEAN's economic security within the context of “hegemonic

instability” and the shifting global order. He argues that ASEAN-centred frameworks, especially the RCEP and ongoing efforts to upgrade regional trade agreements, are essential for enhancing resilience. He calls for institutional reforms, regulatory harmonization, and the consolidation of ASEAN's centrality to ensure the bloc's continued relevance and security in a multipolar world.

A key takeaway from this CSA issue is that ASEAN is not merely a passive actor: the region retains agency to shape its economic future. Through adaptability, innovation, and collective action, ASEAN can leverage its diversity and institutional strengths to turn challenges into opportunities. The next test will be whether ASEAN can translate its ambitious visions into concrete, measurable progress in economic security as it charts a course through this new period of uncertainty.

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Recalibrating Economic Security in ASEAN

By Denis Hew

ASEAN's traditional approach to economic security through regional integration faces unprecedented challenges from US protectionism and geopolitical tensions. The region must prioritise resilience and deeper cooperation while maintaining its multilateral commitments.

As global geopolitical tensions rise and the foundations of multilateralism are tested, economic security has emerged as a defining concern for nations worldwide—none more so than those in Southeast Asia. Once largely understood through the narrow lens of economic cooperation and macroeconomic stability, economic security now encompasses a broader, more nuanced agenda: it is about resilience, inclusiveness, and the ability to withstand external shocks. For ASEAN, its approach to promote regional economic security has increasingly become a policy priority.

What Is Economic Security?

The concept of economic security gained prominence in the late 1980s as part of efforts to broaden traditional notions of security to encompass economic, environmental, human, and health dimensions.



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The neo-liberal approach to economic security emphasises deeper economic integration and interdependence as mechanisms for reducing the risk of conflict. In contrast, the realist perspective underscores the strategic link between economic power and national security, often prioritising self-reliance and state-centric resilience. Meanwhile, the human security framework—articulated in the UNDP's 1994 Human Development Report—shifts the focus from the state to individuals and communities, promoting “freedom from want” and “freedom from fear” as core tenets of security.

Advancing Economic Security the ASEAN Way

Southeast Asia—through its regional institution, ASEAN—has pursued a distinctive, organic approach to economic security that aligns more closely with the

neo-liberal tradition, emphasising economic cooperation as a pathway to regional stability. Since its founding in 1967, ASEAN has promoted a comprehensive security framework in which economic integration is central. The underlying logic is clear: the deeper the economic interdependence among states, the higher the economic costs of conflict—and the greater the incentives for peace.

The flagship of this strategy is the ASEAN Economic Community (AEC), launched over two decades ago with the goal of transforming ASEAN into a single market and production base. Supporting this vision are a series of economic agreements, including the ASEAN Trade in Goods Agreement (ATIGA), the ASEAN Comprehensive Investment Agreement (ACIA), the ASEAN Trade in Services Agreement (ATISA), the ASEAN+1 Free Trade Agreements, and most recently, the Regional Comprehensive Economic Partnership (RCEP)—a mega-FTA that links ASEAN's supply chains with key partners such as China, Japan, and South Korea.

Trump Liberation Day and Implications

On 2 April 2025, President Trump unveiled a sweeping new round of reciprocal tariffs on US trading partners, ranging from 10 percent to over 50 percent—his so-called “Liberation Day”. These tariffs consist of two main components: i) 10 percent baseline tariff increase applied across the board; and ii) targeted reciprocal tariffs imposed on over 60 countries, including all ASEAN member states.

This aggressive trade policy was framed as a corrective to “unfair trade” due to decades of asymmetric tariffs. These trade actions also aim to force multinational corporations (MNCs) to reshore their supply chains, with the goal of bringing manufacturing back to the US, reviving domestic investments and creating new jobs for American citizens.

In Southeast Asia, the heaviest tariffs were imposed on Cambodia (49 percent), Laos (48 percent), and Vietnam (46 percent), while Singapore and the Philippines faced lower rates of 10 percent (baseline) and 17 percent respectively. On 9 April, President Trump announced a 90-day pause on tariffs above the 10 percent baseline—except for China. In China's case, tariffs on imports were raised from 34 percent on 2 April to 145 percent by 11 April. China retaliated, raising tariffs on US imports from 34 percent to 125 percent over the same period. As of 12 May, both countries agreed to a 90-day mutual reduction of tariffs and resumed trade negotiations.

Despite the temporary reprieve, the introduction of reciprocal tariffs has amplified economic uncertainties, undermining investor confidence and posing long-term economic risks to the region. Given the deep interlinkages between trade and foreign direct investment (FDI) in Southeast Asia, these recent developments threaten to weaken the region's sustainable economic growth and development. Given the strong commercial presence of both US and Chinese companies in Southeast Asia, growing US-China trade tensions are also testing ASEAN's long-held strategic

neutrality.

Current Regional Approach Still Relevant?

ASEAN's long-standing approach of promoting economic security through regional economic cooperation and integration has, until now, been remarkably successful. The close linkages between trade liberalisation and investment openness have fostered robust participation in Global Value Chains (GVCs). MNCs have leveraged ASEAN's conducive policy environment to fragment production across borders based on comparative advantage. Today, ASEAN's combined GDP of almost US\$4 trillion positions it to become the world's fourth largest economy by 2030.

However, the renewed protectionist stance of the United States—coupled with pressures for supply chain onshoring—is disrupting these deeply embedded supply chains and production networks. These shifts raise a fundamental question: Is ASEAN's current economic security approach still fit for purpose?

At the 46th ASEAN Summit held in Kuala Lumpur on 26–27 May 2025, regional leaders acknowledged the mounting challenges posed by geoeconomic uncertainties and instability. In the ASEAN Chairman's [Statement](#), ASEAN members affirmed their commitment to refrain from retaliatory measures in response to US tariffs. Instead, they pledged to strengthen economic resilience through deeper regional integration, leveraging agreements such as the ASEAN+1 FTAs and

RCEP.

The Path Forward for ASEAN

The global economic landscape has shifted in fundamental ways. It seems clear that the US' more assertive and protectionist trade policies have profoundly altered the global economic order and eroded the support for multilateralism. US-China economic rivalry will likely continue to intensify, further exacerbating geoeconomic fragmentation and disrupting global supply chains.

Against this backdrop, ASEAN must rethink its approach to economic security. ASEAN's distinctive, homegrown model has served the region well for decades. But it now requires recalibration to prioritise resilience, adaptability, and stronger regional coordination—enabling more effective and timely responses to external shocks. The inaugural ASEAN–China–Gulf Cooperation Council (GCC) Summit, held on 27 May 2025, illustrates one such effort: a new mechanism aimed at diversifying beyond traditional markets.

A key policy priority must be to reinforce and future-proof ASEAN's participation in GVCs by upgrading existing FTAs and forming new strategic economic partnerships—not only to safeguard supply chain continuity, but also to enhance value-added integration, technological upgrading, and market diversification.

Another crucial step forward will be the implementation of the newly launched AEC

Strategic Plan 2026–2030, unveiled at the 46th ASEAN Summit. Building on the AEC Blueprint 2015–2025, the new plan seeks to deepen regional economic integration while enhancing resilience and competitiveness across member states. Ideally, the plan’s policy recommendations should reflect a heightened sense of urgency, underpinned by concrete and actionable measures to address the region’s emerging challenges.

The task ahead for ASEAN is urgent. It is not about abandoning its established approach to economic security but about recalibrating it to meet new realities and global challenges—by strengthening resilience and stepping-up regional economic integration.

Denis Hew is a Senior Research Fellow at the Centre on Asia and Globalisation, Lee Kuan Yew of Public Policy, National University of Singapore. He tweets at [@denishew](https://twitter.com/denishew).

Guest Column

Steering the Economic-Security Nexus: ASEAN's Strategy Amid Geopolitical Shifts

By Joanne Lin

Rising US-China tensions threaten ASEAN's economic security. Over 40 percent of survey respondents call for accelerated regional integration and 30 percent support deeper external partnerships. ASEAN must strengthen coordination, diversify trade, and deepen cooperation.

As Southeast Asia faces increasing geopolitical fragmentation and intensified protectionist trade policies, economic security has emerged as a strategic imperative for ASEAN. Recent US tariffs on imports from ASEAN countries, ranging from **10 percent to 49 percent**, underscore the urgency for the region to reassess economic resilience and strategic autonomy.

ASEAN has **traditionally** pursued economic openness, regional integration and interdependence, driven by frameworks such as the ASEAN Trade in Goods Agreement (**ATIGA**), ASEAN Trade in Services Agreement (**ATISA**) and the Regional Comprehensive Economic Partnership (**RCEP**). However, the intensifying US-China rivalry has disrupted vital global supply chains and challenged the region's ability to maintain economic stability and security autonomy.



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The Evolving Economic-Security Nexus in Southeast Asia

Economic and security dimensions are increasingly intertwined through trade and investment frameworks like the Indo-Pacific Economic Framework (IPEF), China's Belt and Road Initiative (BRI) and BRICS. These frameworks, embedding security dimensions, have emerged as **strategic responses** to geopolitical tensions. According to the **State of Southeast Asia (SSEA) 2025 survey**, the rise of informal groupings may affect ASEAN's cohesion, with 23.8 percent of respondents cautioning that ASEAN member states joining external groupings could undermine ASEAN centrality.

Countries frequently leverage economic and security tools interchangeably. Under Trump 2.0, the US administration has coupled tariff negotiations with **security considerations**, exemplified recently in trade discussions with

Japan and South Korea, where defence commitments directly influenced economic negotiations. Similarly, Vietnam recently considered increasing **defence** procurements from the US to mitigate tariff threats, exemplifying security procurement as economic leverage.

China similarly deploys its **economic tools** strategically to achieve political and security aims. Beijing has employed “economic coercion” tactics, as seen against **Australia** between 2020-2023 and previously against **South Korea** following Seoul’s deployment of the US THAAD missile defence system in 2016-2017. These actions illustrate how economic dependence can be weaponised to enforce geopolitical compliance. Additionally, China’s application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) showcases how **geopolitical** considerations can dominate trade decisions, with member states weighing economic benefits against potential security risks.

Strategic Responses to Geopolitical Pressures

ASEAN’s Outlook on the Indo-Pacific (AOIP) addresses the **economic-security nexus** by proposing economic collaboration designed to mitigate geopolitical tensions and associated security risks, integrating economic stability into broader regional security strategies. Meanwhile, the EU’s implementation of security **screening** for foreign direct investments demonstrates the

global trend toward securitising economic interactions. Singapore has similarly introduced the Significant Investments Review Act (**SIRA**) in 2024 for investments in entities critical to national security interests.

Nevertheless, these protective measures may not sufficiently address the broader economic threats posed by external actors. Trump administration’s renewed protectionist measures threaten ASEAN’s export-driven economies, particularly in electronics, agriculture and textiles **sectors**, risking employment, investment and supply chain stability. ASEAN producers also face rising non-tariff barriers and market volatility, highlighting the need for diversified trading partnerships.

Malaysia, as ASEAN chair, **proposed** an ASEAN-US Summit to President Trump, aiming to maintain diplomatic communication and multilateral dialogue despite the US’s preference for unilateral measures. However, differing national economic priorities among ASEAN members necessitate **bilateral** trade negotiations, potentially weakening ASEAN’s collective bargaining power.

Recalibrating ASEAN’s Economic Security Framework

In the face of geo-economic realities, ASEAN must redefine economic security, aligning with the **ASEAN Community Vision 2045** and ASEAN Economic Community **Strategic Plan** 2026–2030. The plan emphasises digital

trade, innovation, intellectual property protection among other critical elements directly contributing to economic resilience and national security.

Strategically, ASEAN should prioritise several actions to strengthen economic security: Firstly, deepening regional economic integration remains essential. Intra-regional trade stands relatively low at approximately **22 percent**, with ASEAN members often competing due to similar economic structures and product portfolios. The **SSEA 2025 survey** indicates over 40 percent of respondents advocate accelerating regional integration among ASEAN member states amid rising protectionism. However, achieving a genuine single market and production base requires significant efforts to differentiate products and foster complementary economic roles among ASEAN states, which is a considerable challenge.

Secondly, ASEAN should enhance supply chain resilience through targeted infrastructure investments, adopting advanced digital technologies and establishing strategic regional stockpiles to reduce vulnerabilities and ensure production continuity during disruptions.

Thirdly, diversifying trade partnerships is crucial. The recent **ASEAN-GCC-China Summit** highlights the importance of South-South cooperation. This aligns with the findings of the SSEA 2025 survey, where over 30 percent of respondents supported deeper

cooperation with like-minded partners outside ASEAN in response to rising protectionism. This trilateral partnership holds substantial potential for collaboration in infrastructure, energy and digital sectors.

Fourthly, internal policy coordination should be strengthened through initiatives like Malaysia's proposed **Goeconomic** Task Force. This task force should prioritise aligning economic strategies with security considerations and developing coordinated responses to external economic pressures. Singapore's Prime Minister recently highlighted ASEAN's implementation **challenges** across various economic agreements, such as non-tariff barriers removal. As such, effective monitoring and compliance mechanisms, such as a regional trade facilitation committee, should be established and efforts should be made towards promoting greater harmonisation of standards and simplified customs procedures.

Innovative approaches beyond current frameworks could bolster economic security, including expanding the **Chiang Mai Initiative Multilateralization** to cover broader financial risks. ASEAN might creatively integrate explicit security cooperation clauses within trade agreements to reinforce broader strategic objectives.

Lastly, investing in human capital, education and innovation is critical. Developing future-ready skills and enhancing innovation capabilities will significantly strengthen ASEAN's economic resilience and

competitive advantage in an uncertain global environment.

Ultimately, ASEAN's capacity to manage intertwined geopolitical and economic challenges relies on strategically recalibrating its economic security framework and ensuring effective coordination among its member states.

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Guest Column

ASEAN+3: Harnessing Complementary Strengths to Navigate Global Trade Shocks

By Catharine Kho

ASEAN+3 faces unprecedented trade disruptions from sweeping US tariffs. However, the region enters this turbulent period from a position of relative strength and resilience built on diversified economies and established regional cooperation mechanisms.

ASEAN+3—comprising the 10 ASEAN economies, China (including Hong Kong), Japan, and Korea—is a dynamic region that has driven about 45 percent of global growth over the past decade.

On 2 April—now referred to as “Liberation Day”—the US announced sweeping tariffs on imports from over 60 countries, including all ASEAN+3 economies. Implementation details have remained remarkably fluid, as the US administration continues to adjust tariffs in response to market reactions and countermeasures. On 9 April, a 90-day suspension was announced for 70 economies, excluding China, where tariffs were raised to 145 percent before being reduced to 30 percent by 15 May. On 28 May, legal challenges led to the tariffs being suspended before being reinstated the next day.

If fully implemented and sustained, these



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tariffs would represent the most severe escalation in trade protectionism in recent history. ASEAN+3 was initially subject to an average effective tariff rate of 22 percent. While the direct impact on ASEAN+3’s total exports varies by economy and continues to vary with policy adjustments, the broader implications would be substantial. Supply chain uncertainties, heightened investor caution, and the possibility of cascading trade measures contribute to the complexity of the situation.

Prolonged Uncertainty Could Weigh on Outlook

Under the initial “Liberation Day” scenario, ASEAN+3 growth would slip below 4 percent in 2025 and 2026, compared to earlier projections of above 4 percent for both years. Under the ‘Pause’ scenario—where most economies face a 10 percent tariff and China a reduced 30 percent—regional growth would

still fall short of initial 2025 expectations prior to the tariff shock. However, these projections are subject to considerable uncertainty. The shifting magnitude and scope of trade measures, due to multiple rounds of actions and counteractions, and their cascading effects on growth, inflation, financial markets, and investor confidence have created an unusually wide range of possible outcomes. Downside risks to the forecast remain acute.

ASEAN+3 Has the Resilience to Withstand These Shocks

While these trade shocks are undoubtedly daunting and will weigh on regional economies, the ASEAN+3 region enters this period of global trade turbulence from a position of relative strength and resilience.

First, the region's economies are now more balanced than before, with domestic demand—both consumption and investment—and intra-regional trade being primary drivers of growth. While the shock to external demand will spill over into the broader economy, robust domestic demand will likely remain, supported by policymakers' continued focus on fiscal and structural measures to bolster domestic-driven growth.

Second, the region is now supported by a more diversified external demand structure. The share of exports going to the US has fallen steadily from about 24 percent in 2000 to below 15 percent currently. Meanwhile, intraregional trade now accounts for 45 percent of the total exports, with China becoming the region's largest final demand

market, helping to stabilise regional supply chains and demand flows.

Third, many regional economies have fiscal and monetary space, which can be used to support growth and manage downside risks as needed. Foreign exchange reserves are adequate, offering a key buffer against external shocks. Regional economies also have extensive experience from past crises in effectively combining fiscal, monetary, and other policy measures to navigate challenging economic conditions. This proven ability to calibrate policy mix will be particularly valuable as policymakers work to mitigate trade disruptions while maintaining economic stability in the months ahead.

Leveraging Complementary Strengths to Move Forward Together

As the region faces this unprecedented trade disruption, ASEAN+3's collective resilience becomes its greatest asset. The region has weathered previous external shocks—from the Asian Financial Crisis to the Global Financial Crisis and the COVID-19 pandemic—each time emerging with stronger institutional frameworks and deeper cooperation.

This latest challenge presents an opportunity to further strengthen regional collaboration. ASEAN+3's established mechanisms for policy dialogue, financial cooperation, and market integration provide platforms to coordinate responses and minimise negative spillovers. The ASEAN+3 Macroeconomic Research Office, Chiang Mai Initiative

Multilateralisation, and other regional forums demonstrate the proven value of institutionalised cooperation.

At the same time, the region's considerable economic weight—representing nearly a third of global GDP, total trade, and the world's population—provides significant leverage in navigating a more fragmented global landscape. By deepening intra-regional trade, investment flows, and financial integration, ASEAN+3 economies can further insulate from external shocks while creating new avenues for growth. The accelerating digital and broader technological transformation across the region offers additional pathways for innovative collaboration.

Most importantly, the diversity within ASEAN+3 region represents a source of complementary strengths. Economies at different development stages, with varied resource endowments and comparative advantages, can forge more resilient supply chains and create mutual opportunities. This diversity, when leveraged through coordinated policies and integration initiatives, transforms potential vulnerabilities into collective resilience.

What lies ahead is, in many ways, uncharted territory. The sweeping nature of recent US protectionist trade actions has introduced a new level of uncertainty into the global trading system. While the outlook is clouded

and the road ahead may be uneven, ASEAN+3 retains the macroeconomic fundamentals and policy capacity to weather this storm. More than ever, regional cooperation and policy coordination will be vital—not just to stabilise the economies, but to safeguard the region's future in a more fragmented world.

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Guest Column

Facing Hegemonic Instability: ASEAN's Economic Security in New Asian Regionalism

By Pasha L. Hsieh

Trump 2.0's hegemonic instability disrupts ASEAN's economic security framework amid intensifying US-China rivalry. The bloc must deepen RCEP-centred integration to enhance resilience and preserve regional centrality.

The global economic architecture is confronting unprecedented challenges. “Hegemonic stability,” which posits the essential status of a dominant power as a stabiliser, has underpinned the rules-based development of international trade. Trump 2.0 has nonetheless converted US leadership into “hegemonic instability” premised on populist nationalism. Unilateral “Make America Great Again” policies contradict the objectives of international organisations such as the World Trade Organization (WTO), which the United States played a key role in establishing. US scepticism toward these institutions has been buttressed by the “China Reckoning.” This refers to US policymakers' frustration that promoting China's integration into the West-led market mechanism failed to transform its political system and instead elevated its economic power to challenge US dominance.

Southeast Asia now stands at the crossroads of the US-China rivalry, which has resulted in



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geoeconomic fragmentation and supply chain disruptions. China is the top trading partner of the Association of Southeast Asian Nations (ASEAN), while the United States is the bloc's largest export market and source of cumulative foreign direct investment. ASEAN countries have benefited from corporations' China+1 or de-risking strategy by moving manufacturing plants out of China. Yet, the strategy faces a dilemma as Trump's “reciprocal tariffs” are expected to impose more than 30 percent tariffs on key ASEAN states such as Indonesia, Thailand, and Vietnam.

ASEAN-Centred Frameworks for Enhancing Resilience

ASEAN is set to become the world's fourth-largest economy by 2030. Irrespective of geoeconomic fragmentation, ASEAN-centred frameworks have forged the normative integration process for [new Asian regionalism](#) that emerged in the WTO Doha

Round. To navigate the dynamics of hegemonic instability, ASEAN should reconceptualise economic security, which conventionally aims to safeguard access to goods and services for prosperity. It is vital for ASEAN to be institutionally reframed to ensure resilience against weaponised trade and climate-related risks. As articulated in the [ASEAN Community Vision 2045](#), adopted during the recent 46th ASEAN Summit, the overall goal is to develop the bloc “as the epicentre of growth in the Indo-Pacific region.” This is in line with ASEAN centrality, as outlined in the [ASEAN Outlook on the Indo-Pacific](#), which aims “to maintain its central role in the evolving regional architecture.”

With ASEAN soon expanding to 11 members including Timor-Leste, the bloc’s continued relevance depends on actively fortifying its centrality through existing internal and external agreements and mechanisms. ASEAN’s economic architecture encompasses the ASEAN Economic Community (AEC) and multiple ASEAN+1 Free Trade Agreements (FTAs) that laid the foundation for the world’s largest trade deal, the Regional Comprehensive Economic Partnership (RCEP). The [AEC Blueprint 2025](#) underscores resilience when facing “global economic shocks and volatilities.” However, the institutional design that allocates security matters to the separate ASEAN Political-Security Community curtails the streamlined response to economic security. ASEAN’s establishment of the special Geoeconomics Task Force in response to US trade measures manifests the necessity for a concerted

institutional effort. In the long run, the economic security of ASEAN can only be safeguarded by the effective implementation of the ASEAN Community Vision 2045 to “ensure seamless coordination across pillars and sectors.”

New Visions and Challenges for the ASEAN Economic Community

ASEAN’s supply chain resilience first and foremost relies on its own integration as a single market. The AEC’s most notable success is creating an almost tariff-free zone. However, non-tariff barriers have steadily grown to more than 6,000 measures ranging from sanitary requirements to technical standards. The existing soft-law approach such as enhancing transparency through the ASEAN Trade Repository has not meaningfully remedied these drawbacks.

Moreover, ASEAN’s great potential for services should be unlocked. Current intra-ASEAN professional mobility has been rather limited. Despite mutual recognition arrangements for selected professionals including medical doctors and engineers, divergent rules of national bodies on qualifications or the labour market test often inhibit the process. Regulatory harmonisation thus constitutes the essential step for services liberalisation.

Dispute settlement is essential to managing economic security. The ASEAN Protocol on Enhanced Dispute Settlement Mechanism was concluded in 2004. It closely resembles the WTO mechanism but not a single ASEAN

country has invoked it. With the paralysed WTO Appellate Body contributing to the problem of “appealing into the void,” the regional mechanism can provide a strong incentive for ASEAN countries.

ASEAN centrality is embedded in the AEC’s “Global ASEAN Agenda,” which emphasises keeping the ASEAN+1 FTAs and the RCEP “fit-for-purpose for the 21st century.” The upgraded ASEAN-Australia-New Zealand FTA came into force in April 2025. The negotiations of the ASEAN-China FTA 3.0 Upgrade and the new ASEAN-Canada FTA are poised to conclude this year. These efforts to upgrade FTAs are significant for the RCEP to be a “living agreement” and a robust tool for economic security amid hegemonic instability.

The RCEP as the Existing Platform for Economic Security

As a mega-regional comprising 15 parties, the ASEAN-led RCEP is the pivotal tool for ensuring economic security amid hegemonic instability. Compared to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the RCEP is often portrayed as a lower-level agreement. This proposition ignores the reality that the RCEP is used as a framework that converges consensus, thus leaving controversial areas for future implementation and negotiation. For instance, the transition from positive-list to negative-list scheduling of services commitments and the development of investor-state dispute settlement rules need to

be closely monitored. The RCEP Support Unit that was created within the ASEAN Secretariat in 2024 should be incrementally expanded to become an independent RCEP Secretariat.

ASEAN’s coordination and dialogue with the RCEP, as well as the CPTPP, the EU and the Gulf Cooperation Council, will amplify ASEAN centrality in a multipolar order. For broader economic security, ASEAN should advance digital trade and sustainability initiatives. In tandem with its ongoing endeavour for the ASEAN Digital Economy Framework Agreement, ASEAN ought to expedite **green regionalism** as a core evolution in new Asian regionalism.

Distinct from EU and US approaches to enforcing sustainability rules in FTAs, ASEAN should focus more on market-driven mechanisms. Innovative examples include sectoral agreements such as the Agreement on Climate Change, Trade and Sustainability and the Green Economy Agreement, which focus on liberalising environmental goods and services, reforming fossil fuel subsidies, and promoting eco-labelling. The consolidation of the AEC, ASEAN+1 FTAs and the RCEP that collectively incorporate cutting-edge digital and sustainability rules will buttress ASEAN’s economic security and normative power on the global stage.

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