

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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