

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.



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.

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