

Laos committed to Asean centrality

Next chair urges region to play balance game, steer away from US-Sino rivalry

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Asean clings to "centrality" as its major tenet but recent events in Southeast Asia are testing the limits of that concept.

Laos PDR is a small, landlocked nation situated between some of Southeast Asia's fastest-growing economies. It assumes the Asean chair in 2024 and urges the bloc to tread carefully as the major-power rivalry between the United States and China unfolds in the region.

The region has emerged as a competing ground between the US and China on a few fronts. The two major powers have extensive and intricate ties with Southeast Asia. To re-establish an American presence in the region, the US introduced the Indo-Pacific Economic Framework for Prosperity, while China has played a vital role through initiatives like the Belt and Road Initiative (BRI).

Double-edged sword

Moves by the US to "decouple" from China have led to massive trade disruptions in the region. At the same time, the world's second-largest economy is showing signs of slowing down.

Asean is not immune to the impact of a downturn in the Chinese economy because of their close trade ties. While FDI inflows from both the US and China have contributed to overall economic growth in Asean, a heavy reliance on major-power investments also poses risks.

For instance, if there is a sudden withdrawal or reduction of FDI from these countries because of geopolitical tensions, it could have a detrimental impact on regional economies.

More importantly, the influx of FDI from major powers can also create dependencies and vulnerabilities. It could lead to unequal power dynamics, where foreign companies might exert significant influence over local industries and markets. This would hinder the growth of domestic businesses and limit the ability of Asean member states to develop their own industries and technologies.

On the other hand, the US efforts to counter China's influence in the region have led to increased diplomatic engagement and economic cooperation – both of which could benefit Asean member states' economic growth and development.

Additionally, the US and China are driven to lessen their technological dependence on one another and developing their own autonomous tech eco-



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systems. As American businesses look to diversify their supply chains away from China, this trend will increase investment and growth prospects in the region. As tech firms look to grow their operations in Asean, one of the benefits would be technology transfer from the US or China.

Promoting economic integration, resilience

As major powers reset their economic relationships, it is important for the region to promote further integration and resilience through initiatives like the Asean Economic Community (AEC), which could bolster our competitiveness, reduce trade barriers, attract foreign investment and foster growth.

Investing in innovation capacity and digital connectivity is crucial for Asean to stay competitive in the global landscape. By nurturing a tech-savvy workforce, encouraging research and development, and fostering regional cooperation in technological advancements, the bloc can enhance its resilience against external shocks and uncertainties.

As Asean navigates Southeast Asia's strategic crossroads amid major-power contestation, it is essential to adopt a proactive and pragmatic approach by embracing opportunities for cooperation.

It could navigate this complex geopolitical landscape by choosing not to take sides, while deepening partnerships with other regional and global actors, such as Japan, South Korea, India, Australia and the European Union.

Such a move will allow the bloc to balance divergent interests without being overshadowed by external influences.

Embracing Asean centrality

For such reasons, Laos believes firmly in maintaining neutrality and embracing win-win cooperation with all stakeholders. Laos has done its part to maintain positive ties with its neighbours and beyond to ensure our stability and support for development cooperation.

Cooperation is at the heart of our foreign policy. Laos also wants to maintain friendly relations and cooperative efforts with regional and international partners on the political and economic fronts.

The US-China strategic competition might have far-reaching implications for Laos' political, economic, and security interests. Therefore, Laos needs to navigate this complex geopolitical situation to protect its national interests and maintain economic and political stability.

As an Asean member state, Laos recognises the essence of maintaining the bloc's centrality and the collective role to shape the regional order. Utilising our Asean chairmanship next year, Laos can play a critical role to facilitate dialogue and cooperation among nations, promote peace and advance regional interests while ensuring our voice is heard on the global stage.



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