

fOCUS

INSTITUTE OF STRATEGIC & INTERNATIONAL STUDIES (ISIS) MALAYSIA



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Recalibrating Asia's Frontiers

China Plus One vs world minus one

US' shift and Asia's response

Good minilateralism, bad minilateralism



ISIS Malaysia

The Institute of Strategic & International Studies (ISIS) Malaysia was established on 8 April 1983 with a mandate to advance Malaysia's strategic interests. As an autonomous research organisation, we focus on foreign policy and security, economics and trade, social policy and nation-building, technology and cyber, and climate and energy.

For more than four decades, ISIS Malaysia has been at the forefront of evidence-based policymaking, as well as Track 2 diplomacy, promoting the exchange of views and opinions at the national and international levels. We also play a role in fostering closer regional integration and international cooperation through various forums, such as the Asia-Pacific Roundtable, the ASEAN Institutes of Strategic & International Studies network, the Council for Security Cooperation in the Asia-Pacific, the Pacific Economic Cooperation Council, the Network of East Asian Think-Tanks, the Network of ASEAN-China Think-Tanks and the ASEAN-Australia-New Zealand Dialogue.

Contents

4	Foreword Datuk Prof Dr Mohd Faiz Abdullah	26	Good minilateralism, bad minilateralism Dr Joel Ng
6	Quiet power in Indo-Pacific: predictability over military might Lizza Bomassi and Dr Steven Everts	29	Enabling blocs: global response to US trade illiberalism Assoc Prof Giuseppe Gabusi
8	Geographic isolation is no longer a safeguard Suzannah Jessep	33	China Plus One vs. world minus one Prof Danny Quah
11	Recalibrating Asia's frontiers: an Indian perspective HE BN Reddy	36	Moving beyond China Plus One YB Liew Chin Tong
15	Australia-Malaysia ties: building a relationship for the region HE Danielle Heinecke	39	Humanitarian action amid complexities in Myanmar Arnaud de Baecque
19	Thailand's domestic turmoil, regional tensions, and the road ahead Prof Chanintira na Thalang	43	US' shift and Asia's response Ashok Malik
22	South China Sea at crossroads Dr Do Thanh Hai	46	ASEAN, pragmatism and a more belligerent United States Thomas Daniel

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Editors' Note

This edition of *focus* puts forth reflections on key discussions in the 38th Asia-Pacific Roundtable (38APR), the signature international conference of the Institute of Strategic and International Studies (ISIS) Malaysia.

Held from 17–19 June 2025, the 38APR was steered by the theme “Recalibrating Asia’s Frontiers”. The roundtable explored how frontiers in the Asia-Pacific respond to geopolitical and geoeconomic fluctuations within and outside the region.

Over two days, five plenary and two concurrent sessions, role-players initiated discussions on normative and ideological considerations that influence peace, security and conflict in this region, the conceptual boundaries shaping maritime security, Asia’s trade relationships with the wider world and the United States’ role in a changing Asia. To ground the debates in the realities of the region, particular attention was accorded to the Myanmar polycrisis and Southeast Asia’s leadership dynamics.

In his keynote address, Prime Minister Anwar Ibrahim underscored the endurance of ASEAN’s convening power – which could be easy to take for granted and to dismiss as routine summitry – but stressed the need to strengthen regional cooperation beyond rhetoric. Additionally, he asserted Malaysia’s efforts in reaching out to like-minded partners in the Global South and elsewhere to kickstart action-oriented cooperation on all levels.

Central to the pieces in this issue is the deliberation on how nations in the Asia-Pacific negotiate the impact of the United States’ tightening policy and China’s place in the global geoeconomic equation. The first section addresses the strengths and gaps in regional and national systems – namely Southeast Asia, Europe, India, New Zealand and Australia – in their efforts to reckon with contemporary wars and to facilitate peace.

Articles on Myanmar and Thailand ponder upon national crises within ASEAN from a humanitarian and political perspective, respectively. One article reviews the persistent quandary that is the South China Sea and how ASEAN and Track 2 diplomacy can contribute towards a resolution. These are followed by pieces that explore the prospect of minilaterals in recalibrating the global order, the viability of the China Plus One paradigm and the Asia-Pacific’s options in absorbing the pull and push of the US’ increasingly protectionist trade policy.

These articles are written by 38APR role-players and partners, as well as members of the ASEAN-ISIS network.

We are immensely grateful to our contributors, who have generously given some time towards putting their discussions down in writing. Finally, we are indebted to our readers, whose continued support and quality engagement encourage us to keep this publication held to a high standard. ■

This edition of focus is sponsored by the Delegation of the European Union to Malaysia

Foreword



Datuk Prof Dr Mohd Faiz Abdullah

Chairman

Institute of Strategic & International Studies (ISIS)

Malaysia

In his poem *The Statues*, WB Yeats speaks of “All Asiatic vague immensities”, where he critiques the abstract, often philosophical ideas associated with Eastern cultures as overly vague. While “immensities” suggests vastness, “vague” points to a lack of clarity.

This notion of ambiguity and amorphousness could well be extended to the semantics on Asia’s frontiers. They are geographical and strategic, but also normative and imaginative – defining the boundaries of cooperation, values and identity. Conversely, they could delineate zones of conflict, control and exclusion. As the international order evolves, these frontiers are being redrawn – sometimes by design, often by circumstance.

Contests over norms and influence are intensifying, reshaping partnerships and alignments. The maritime domain remains under strain, while trade and investment flows are being redirected by new supply-chain imperatives, often warranted by unilateral considerations. These shifts unfold amid technological disruption, climate risks and domestic political transitions – each influencing how regional states see their place in an increasingly fluid geopolitical landscape.

This issue of ISIS *focus* takes its cue from the theme of this year’s Asia-Pacific Roundtable, “Recalibrating Asia’s Frontiers”. The phrase itself captures the urgency of recognising and responding to the profound transformations reshaping our region. The frontiers we once took for granted are shifting before our eyes – and in many ways, have already moved beyond our imagination. The question now is not whether these changes will continue but how we as a region choose to respond: collectively, creatively and purposefully.

I am heartened that this edition brings together diverse perspectives that engage directly with these realities. The articles gathered here explore how the region is being consciously recalibrated – through shifts in strategic posture, evolving technological and trade capabilities, rearticulations of regional norms and values, and responses to humanitarian crises. Together, they remind us that the challenge before us is not only to interpret change but to act with foresight in shaping Asia’s future.

Recalibrating Asia’s frontiers ultimately requires imagination and will. It compels us to revisit long-held assumptions about partnerships, multilateralism and governance and to build frameworks that are both adaptive and principled. As we reflect on the analyses in this edition, may they encourage us to think more deeply about the kind of region we wish to build – one defined not by the divisions of frontiers but by the bridges we choose to build across them. ■



Biển Phu

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RALIA

MEMORIA

VIỆT NAM

HÒA BÌNH
PAIX
PEACE
TR-LUONG
NĂM QUỐC TẾ HÒA BÌNH 1986

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USA

Korea & S.E. Asia 1950-1951

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Quiet power in Indo-Pacific: predictability over military might

In Asia's shifting order, Europe's currency is reliability

Lizza Bomassi and Dr Steven Everts

In the shifting power landscape of the Indo-Pacific, it is tempting to treat Europe's presence as peripheral. After all, the EU itself has no major military muscle in the region: no bases, no fleets and certainly no illusions about competing in the military domain with Beijing or Washington. Yet over the past few years, Europe has been stepping up its engagement in and with Asia in a more strategically rounded way.

Indo-Pacific states and the EU overall have drafted dedicated regional strategies, concluded FTAs and clocked up many high-level visits. Beneath it all lies a familiar story: the desire to preserve an international order, where international law, agreed rules and predictability still hold. At its core, this has become about keeping agency, engagement and choice alive – three things now under real pressure.



The EU's style does not always mesh well with the Indo-Pacific's tempo.

These challenges are present everywhere, but in Asia the pace of geopolitical change is accelerating. Great power rivalries are sharpening, regional actors are hedging more than ever, and the idea that “might makes right” appears increasingly normalised.

This is especially true in a world where the UN can no longer stop the proliferation of

conflicts. International law is no longer enforced. Instead, it is continuously invoked, politely, out of habit. The Indo-Pacific, home to several flashpoints, remains a region where miscalculation can easily escalate into conflict.

Consistency and balanced partnership

So, what exactly is Europe's role in all this, or more sharply, what is it offering? The answer is not a military pivot nor a hard security umbrella. It is something more modest, yet arguably more useful: consistency, dependability and being a partner that understands the value of being reliable and one that eschews coercion.

Because the reality is that alliances now come with fine print, conditioned by transactional terms and conditions. The old model of stable alignments is gone. Power politics is back. But this is no longer about who has the most aircraft carriers. Economic tools now carry strategic weight, since they are increasingly used for coercive purposes – from trade restrictions to investment limitations.

In this environment, Europe's greatest contribution is not force projection. It is predictability. And that is exactly what the Indo-Pacific, or at least parts of it, want more of – a partner that does not demand binary alignments and does not change its position depending on the mood swings of the day. Perhaps this is less headline-grabbing, but it is both relevant and in demand.

The EU signs binding trade deals and sticks to them. It offers regulatory transparency

and consistency. It builds capacity without insisting on ideological conformity. These things do not make the front pages, but they build trust. And seemingly, they are noticed. Malaysia's decision to award its 5G rollout to Sweden's Ericsson, not Huawei, was not a moral gesture. It was a calculated decision. And it reflects something Europe sometimes undervalues: the factor of balance in a region with a surplus of power politics and countries throwing their weight around.

Staying relevant: steady engagement and reliability

None of this is easy. The EU's style does not always mesh well with the Indo-Pacific's tempo. The EU's FTA negotiations with Indonesia are a case in point: Brussels is meticulous. Jakarta is looking for pace and optics. These frictions exist. But they are also the reality of any serious partnership. And this takes work: give and take. If one side is doing all the adjusting, dissatisfaction is inevitable.

At the same time, Europe's engagement is increasingly driven by necessity. Around 40% of its trade flows through the Indo-Pacific, making it a strategic lifeline. And as the US becomes less predictable, with political cycles increasingly shaping security guarantees, Europe is forced to recalibrate. That includes a more sober look at its relationship with China.

Here too, Asia and Europe share a strangely similar logic: deep economic ties, but an almost constant sense of unease. China's support for Russia's war in Ukraine – not just symbolic but increasingly seen as materially enabling the conflict – has caused alarm in Europe. Nor have Beijing's influence in Myanmar or its economic coercion – on Lithuania, Australia and others – gone unnoticed.

These are not one-offs. They are part of a broader pattern that raises legitimate questions not just about mixed signalling and ambiguous intentions but about reliability. And in both regions, this has become a currency that matters.

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What Asian states tend to ask is for Europe to stay engaged, not be consumed or distracted by crises closer to home.

What Asian states tend to ask is for Europe to stay engaged, not be consumed or distracted by crises closer to home. In a region already navigating around great-power tensions, the EU can play a stabilising role as long as it engages with consistency. This does not mean that Europe should chase relevance or concede its principles.

It means that both sides need to invest if they want more than just tactical transactionalism. Because the real test, on both sides, is whether Europe and the Indo-Pacific can preserve the conditions that made prosperity possible in the first place: openness, rules and predictability. Unexciting but indispensable. If Europe and Asia cannot hold that line, others will fill the space and impose their ideas.



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Geographic isolation is no longer a safeguard

New Zealand's response to conflict and instability in the Asia Pacific

Suzannah Jessep

At first glance, New Zealand's geographic isolation – over 13,000 kilometres from flashpoints in East Asia, 16,000 km from Gaza and 17,000 km from Ukraine – might suggest a degree of insulation from global conflict and regional instability. Since the end of World War II, this has been largely true.

Geographic distance has afforded New Zealand the freedom to pursue an independent foreign policy with a focus on trade liberalisation, multilateralism and normative leadership, and to contribute to offshore peacekeeping, capacity-building and defence cooperation without facing a direct military threat itself. Today, however, that strategic buffer is eroding.

Island states in a changing geopolitical landscape

The convergence of intensifying great power rivalry, the wars in Ukraine and Gaza, tensions in the Taiwan Strait, competing claims in the South China Sea, accelerating militarisation, a renewed nuclear arms race and the proliferation of grey zone tactics – spanning cyber, AI, space, sea and undersea domains – are driving a rapid recalibration of New Zealand's foreign and defence outlook.

Underpinning the reset is a concern that the Asia-Pacific region is witnessing not just the return of great power rivalry but the active erosion of the rules and norms that once constrained it. Countries such as New Zealand have been compelled to invest in more credible defence capabilities but also to forge resilient coalitions that help

safeguard their sovereignty and uphold the rules-based system that underpins their strategic autonomy.

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In troubled times, the ability to act in concert with others, to enhance strategic and defence connectivity and interoperability, offers reassurance.

In 2025, New Zealand announced a new Defence Capability Plan which increases defence spending to 2% of GDP and supports the deepening of security partnerships across the Asia-Pacific, including with Australia, partners in Southeast Asia, ASEAN and like-minded democracies further afield.

In troubled times, the ability to act in concert with others, to enhance strategic and defence connectivity and interoperability, offers reassurance. While independence remains a core tenet of New Zealand's foreign policy and its geography is hardwired, diplomatic isolation is something that it can ill afford.

New Zealand's outlook is also shaped by its dual character as both an island and a Pacific Ocean state. With the fourth largest exclusive economic zone globally and a search and rescue area covering 11% of the planet, New

Zealand's sense of security is inextricably linked to maritime stability. With 99% of New Zealand's goods trade being by sea, the nation's security is also directly linked to its prosperity. Freedom of navigation, safety at sea and the integrity of maritime law are vital national interests for New Zealand and fellow island and ocean states.

Navigating great power rivalry

New Zealand's past experiences – from deploying its troops to distant wars through to its strong opposition to nuclear testing in the South Pacific – have fed an anti-war, anti-nuclear ethos amongst many New Zealanders.

More recently, China's missile testing in the South Pacific, as well as live-firing military exercises in the Tasman Sea, have reignited these worries and placed New Zealand in a difficult position, caught between its deep economic ties with China and mounting concerns over Beijing's increasingly assertive military posture in the region.

Longitudinal research conducted by the Asia New Zealand Foundation reveals a growing sense of vulnerability among New Zealanders and a deepening unease about major powers, particularly nuclear powers. The belief that the post-war order is not merely fraying but being fundamentally reconstituted around the strategic self-interest of these powers is gaining traction.

The Gaza conflict has ignited protests and polarised public discourse, while Russia's invasion of Ukraine has led New Zealand to pass into legislation its first autonomous sanctions regime outside a UN mandate: the 2022 Russia Sanctions Act.

Public "friend and threat" perceptions are also changing, with the United States and China both on a downward trajectory, and friends across other parts of Asia and the democratic world being seen as progressively more important and trustworthy. Public perception

is, in large part, shaped by media, and there is no question that digital technologies are making it both easier and harder to gain an accurate reading of what is happening in the world. Conflicts are now mediated through social media channels, facilitating real-time, on-the-ground updates but also aiding misinformation and deepening polarisation.

For policymakers, it is becoming increasingly difficult to sustain public support for foreign policy decisions, particularly those involving long-term commitments or contested narratives. Foreign interference is also playing its part, seeding particular viewpoints and undermining others, and putting pressure on members of diaspora communities.

A complex frontline

Climate change, with sea level rise and the possibility of more extreme weather events, is a core focus for the South Pacific and feeds a sense of vulnerability. Building resilience to climate disruption, while also responding to US tariffs and other disruptions to trade, is a tough ask for any small island state. Many feel their voices are overlooked in regional conversations.



New Zealand's outlook is also shaped by its dual character as both an island and a Pacific Ocean state.

In addition, the international community's capacity to respond to conflicts and disasters is increasingly constrained by institutional gridlock, funding withdrawals and vetoes. In short, it is a tough time to be small in a world tilting back toward "might is right".

New Zealand will never be able to match major powers in economic scale or firepower,

but Wellington is endeavouring to exercise the agency it has to strengthen strategic partnerships, scale up its investment in regional architecture and norm-building, build its defence capability and take clear and principled stands where international law has been broken.

Building resilience domestically, so that New Zealand is better placed to absorb external shocks, is also another priority. New Zealand's success will ultimately come down to whether its leadership can maintain public trust in foreign, trade and defence policies, particularly as it is forced to adapt to ever more assertive and possibly damaging decisions taken in capital cities elsewhere.

One thing is for certain. The Pacific is no longer on the strategic periphery. It is another frontline of contestation and geopolitical flux, with particular vulnerability to climate change, maritime insecurity and grey zone activities. For New Zealand, geographic isolation is no longer a safeguard.



Suzannah Jessep

Chief Executive

Asia New Zealand Foundation

Recalibrating Asia's frontiers: an Indian perspective

As Asia's power dynamics shift, India's assertive Indo-Pacific vision fosters partnerships, regional security and sustainable growth Pacific

HE BN Reddy

Speaking at the Shangri-La Dialogue in 2018, Prime Minister Narendra Modi outlined India's perspective of firmly placing the Indo-Pacific at the heart of its engagement with the world. This is reflective of a profound recalibration of the concept of Asian frontiers from an Indian perspective.

The rising Asia in the 21st century is well understood. The "Asian Century" is marked by Asia's economic rise, with strategic rebalancing becoming an inherent part of this process. The Asian frontier – once seen through the lens of geography and land boundaries – is today defined by strategic, economic, technological and maritime domains.

Moreover, Asia is no longer a passive backdrop to global affairs; it is the stage on which the defining contests and collaborations of 21st century are unfolding. In this new dynamic in Asia, India's role is becoming more evident – anchored in its civilisational heritage, driven by economic dynamism and informed by contemporary strategic imperatives.

The geopolitical configuration of Asia is significantly more complex now. The unfolding great power competition, the rebalancing efforts by the US, transnational threats, and evolving economic alliances place newer challenges on the security architecture of the region.

India, situated at the confluence of the Indian and Pacific Oceans and historically engaged

with the East, is shaping this recalibration through a more assertive, confident and multifaceted foreign policy.

Such recalibration of India's engagement with Asia manifests in its Indo-Pacific construct, including India's Act East Policy, now into its second decade; the Indo-Pacific Economic Framework; India's association with emerging mini-lateral frameworks, such as the Quadrilateral Security Dialogue (Quad), I2U2 (India, Israel, the UAE and the US), India-France-UAE Trilateral and the Supply Chain Resilience Initiative (India, Japan, and Australia); and a renewed focus on regional inclusivity and maritime security through various initiatives, such as SAGAR (Security and Growth for All in the Region) and MAHASAGAR (Maritime Association for Harmonious and Sustainable Action for Growth and Regional Cooperation).

India's recalibration of its Asian engagement, as a result, reflects both continuity and change – continuity in civilisational linkages and change in strategic and economic approaches.

India's Indo-Pacific vision: expanding strategic horizons

The Indo-Pacific region has become an engine of economic growth and a theatre of strategic importance, as it accounts for 60% of the global population, 60% of the global GDP, 60% of the international maritime trade and 66% of the global economic growth.



India's active role in the Quad, alongside the US, Australia and Japan, demonstrates its willingness to engage in issue-based coalitions.

India's Indo-Pacific construct has brought together the Indian and Pacific Oceans into a single strategic canvas. It also represents geographic extension from the shores of East Africa to the Western Americas, a recognition of the centrality of sea lanes for trade, energy security and strategic deterrence and in developing partnership networks, including the Quad, the Indian Ocean Rim Association, Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Indian Ocean Naval Symposium.

Apart from respect for sovereignty and international law, India has been emphasising on a free, open and rules-based Indo-Pacific. It is also promoting inclusivity, not alliances, where prosperity and security are co-created through cooperation rather than coercion.

India's articulation of an "inclusive and open Indo-Pacific" rests on various foundational pillars, including ASEAN centrality, freedom of navigation, adherence to international law, and peaceful resolution of disputes. India's Indo-Pacific Oceans Initiative (IPOI), launched by Prime Minister Modi at the East Asia Summit in 2019, further operationalises this vision, focusing on seven pillars, including maritime security, marine ecology, disaster risk reduction and capacity building, where it seeks partnerships based on functional cooperation.

While speaking at the 2023 Munich Security Conference, Dr S Jaishankar, External Affairs

Minister of India, said, "The Indo-Pacific is the strategic locus of the world. India does not see itself as a bystander, but as a participant shaping that agenda with like-minded partners."

India's IPOI does not envisage a new institutional framework but will rely on the leaders-led East Asia Summit process, its framework and its activities. India's approach towards Indo-Pacific under the IPOI looks at establishing a safe, secure and stable maritime domain.

Some of the East Asia Summit countries have taken the lead in leading various pillars of the IPOI initiative. Australia is leading on the Maritime Ecology pillar, Indonesia and France on the Marine Resources pillar, Singapore on the Science, Technology and Academic Cooperation pillar, to name a few.

Second decade of India's Act East Policy: a strategic upgrade

India's Act-East Policy, which builds upon its earlier "Look-East" policy, provides the operational features of India's engagement with the region. The policy aims to deepen India's engagement with ASEAN as a whole, emphasising economic integration, infrastructure and maritime security. It emphasises that India's engagement with the ASEAN region and beyond is not transactional but civilisational, built on centuries-old cultural, religious and trade linkages.

ASEAN remains a cornerstone of India's Act East Policy. India recognises ASEAN's centrality in the Indo-Pacific and engages through existing institutional mechanisms, such as ASEAN-India summitry, wherein efforts are underway to fully realise the goals and objectives of the ASEAN-India Comprehensive Strategic Partnership, which came into effect in 2022. At the heart of this engagement are efforts to constantly expand trade, economic and investment relations, where ASEAN is India's fourth-largest

trading partner, with trade crossing USD130 billion. Efforts are currently underway to substantially conclude the review of the ASEAN-India Trade in Goods Agreement in 2025 under Malaysia's chairmanship of ASEAN.

Another foundational feature of this engagement is people-to-people links, where millions of Indian-origin people in Malaysia, Singapore, Myanmar and other ASEAN countries act as living bridges. To further cement maritime cooperation, the ASEAN-India Maritime Exercise was held in 2023, which demonstrated joint operational readiness.

India's active role in the Quad, alongside the US, Australia and Japan, demonstrates its willingness to engage in issue-based coalitions. While the Quad is not a military alliance, its activities, including joint military exercises, critical technology exchanges and pandemic response coordination, underscore India's growing role in the regional security architecture.

Maritime initiatives: SAGAR and MAHASAGAR

As a country with over 11,098 km of coastline marked by its reputation as the net security provider, India views the oceans not merely as transit routes but as zones of strategic opportunity and vulnerability. The Indian Navy has evolved into a blue-water force capable of extended operations, disaster relief and humanitarian assistance across the Indo-Pacific.

Through bilateral and multilateral naval exercises, including Malabar, Indra, SIMBEX and MILAN, India enhances interoperability and strengthens maritime partnerships. The Navy's presence in the Gulf of Aden for anti-piracy operations and its rapid humanitarian response to natural disasters in Mozambique, Sri Lanka and Indonesia have significantly improved its regional standing.

India's Security and Growth for All in the Region (SAGAR) vision highlights inclusive maritime development. Under this framework, India has helped build port infrastructure in the Seychelles, Mauritius and Sri Lanka and offered coastal surveillance systems and capacity-building to several Indian Ocean Island states.



In its effort to re-calibrate Asian frontiers, India strongly supports ASEAN centrality in the evolving Indo-Pacific architecture.

Furthermore, the Information Fusion Centre–Indian Ocean Region, hosted by India, promotes real-time maritime domain awareness and information sharing among partner nations, thus enhancing maritime security and trust in the region.

Institutional mechanisms

India's participation in regional and trans-regional multilateral institutions reflects its commitment to a rules-based international order, inclusivity and constructive dialogue. Within ASEAN-led mechanisms, such as the East Asia Summit, ASEAN Regional Forum, and ASEAN Defence Ministers Meeting–Plus, India brings to the fore the significance of regional security, counterterrorism cooperation and maritime dialogue.

In the Bay of Bengal region, India actively promotes multi-sectoral cooperation through BIMSTEC, which enables India to implement practical regional initiatives related to energy, connectivity and disaster response. India is also a key member of the Indian Ocean Rim Association, where it works with littoral states to promote maritime safety, blue economy development and ecological preservation.

These platforms serve as essential venues for India to participate in regional governance, push for equitable and sustainable development, and address common challenges.

In its effort to recalibrate Asian frontiers, India strongly supports ASEAN centrality in the evolving Indo-Pacific architecture, recognising it as a vital component of collective security and economic integration.

In an era of global uncertainty, India positions itself as a stabilising force in Asia and beyond by investing in connectivity, strengthening partnerships and leveraging its soft power.

India's recalibration of its Asian frontiers is both a strategic necessity and a civilisational calling. The Indo-Pacific, with ASEAN at its core, has emerged as the new arena of engagement for India. It seeks not dominance but balance – between openness and security, sovereignty and interdependence, heritage and modernity.



HE BN Reddy

High Commissioner of India to Malaysia

Australia-Malaysia ties: building a relationship for the region

Strengthening partnership through regional security, economic cooperation and shared commitment to ASEAN's future

HE Danielle Heinecke

2025 is a year of anniversaries for us at the Australian High Commission in Malaysia. Seventy years ago, in December 1955, Dato' Tom Critchley arrived in Kuala Lumpur to establish Australia's Commission in what was then Malaya. In his time here, he became close to Prime Minister Tunku Abdul Rahman and laid the foundations for decades of strong friendship that endures to this day.

Just 10 years earlier, significant events were unfolding in the region that cemented our close bond. In March 1945, Australian Special Forces landed in Bario, Sarawak, as part of Operation SEMUT to help build the local community's resilience at the end of World War II.

A few months later, in June 1945, Australian amphibious forces landed at Brown Beach in Labuan to support resistance efforts in the last days of the war. Tragically, in August the same year, Australia lost more than 1,700 service personnel in the Sandakan death marches, whose sacrifice we remember at Sandakan Day commemorations on 15 August annually.

These were all significant events in the Allied countries' victory in the Pacific, which saw Southeast Asia liberated and countries of the region start on their journeys toward independence.

Importantly, these tumultuous times also catalysed deeper Malaysia-Australia ties and boosted cooperation to help build a region

capable of withstanding future challenges. They were followed shortly after by Malaysia's independence in 1957.

Sixty-eight years later, the achievements of Malaysia's ASEAN Chair year are a testament to how far the country has come and its emergence as a regional leader and as an active and influential middle power. Prime Minister Anwar Ibrahim's facilitation of ceasefire negotiations between Cambodia and Thailand, along with his efforts to build ASEAN consensus to welcome Timor-Leste as a member and his leadership on Myanmar issues, are just some examples of Malaysia's critical role.

Prime Minister Anwar has also driven efforts to progress ASEAN economic integration through initiatives on a regional power grid, digitalisation and responding to geoeconomic shocks.

Unity to strengthen ASEAN and regional security

But there are more challenges ahead. As Australian Foreign Minister Penny Wong has said, the world faces the most dangerous set of circumstances since World War II. Threats from climate change, trade disruptions, transnational crime and the ongoing crisis in Myanmar are compounded by conflicts in the Middle East and Europe and the increasing risks associated with sharpened competition between great powers. The institutions and rules our nations helped build to manage these challenges are being tested. But as

Prime Minister Anwar has also said, “stability is not guaranteed, but neither is chaos inevitable.”



The institutions and rules our nations helped build to manage these challenges are being tested.

Malaysia and Australia are two medium-sized trading nations that have a fundamental interest in reinforcing the rules, norms and international laws that have underpinned our region’s prosperity for more than 70 years. This is why Australia’s efforts to deepen its relationship with Malaysia during the 70th anniversary are aimed at reinforcing our collective responsibility and sense of regionalism.

Firstly, we both continue to back ASEAN as the core of regional engagement. We are committed to promoting ASEAN centrality and ASEAN-led architecture, which are indispensable to regional stability, security and cooperation. Australia was ASEAN’s first Dialogue Partner in 1974 and became its first Comprehensive Strategic Partner in 2021. And in 2024, Australia hosted the ASEAN-Australia Special Summit to mark 50 years of partnership, during which nearly RM1.4 billion in new initiatives were announced.

This included more than RM175 million to enhance Australia’s Southeast Asia Maritime Partnerships. This year, Australia is supporting Malaysia’s priorities as ASEAN Chair on green jobs, EV transformation, care economy and the agenda on women, peace and security.

Secondly, Malaysia and Australia continue to deepen bilateral defence ties with a view

to ensuring a secure region and safeguarding our sovereignty. Since the end of World War II, over 70,000 Australian Defence Force personnel have served or trained in Malaysia, including under the Five Power Defence Arrangements, and 5,000 Malaysians have done similarly in Australia.

Our military officers are embedded within each other’s services in a rare arrangement built on mutual trust and deep operational cooperation, providing an anchor for regional security. Together, we conduct joint maritime domain awareness exercises over the Andaman Sea and South China Sea, protecting vital waterways in accordance with international law.

Deepening economic ties and development partnerships

Thirdly, our economic links tell a story of growing interconnectedness between Australia and the region projected to become the world’s fourth-largest economy by 2040 under *Invested: Australia’s Southeast Asia Economic Strategy to 2040*. Our more than RM5.5-billion Southeast Asia Investment Financing Facility is building a strong pipeline of projects to drive Australian trade and investment in the region.

And on the sidelines of the ASEAN Summit, Prime Ministers Anwar and Albanese launched a new Monash University campus valued at RM2.8 billion to be located in central Kuala Lumpur.



Australia knows our future is intimately linked to Southeast Asia.

We are also deepening our collaboration in future-facing sectors, such as the ASEAN Power Grid and responsible AI, laying the groundwork

for a cleaner, more secure and connected future. Earlier this year, we facilitated two business and investment missions from Australia to fast-track business engagement focused on energy transition and building connections in Johor's Special Economic Zone.

And fourthly, on development assistance, Australia remains fully committed to high-quality programmes in Southeast Asia, as international development funding to the region contracts. We now dedicate 75 cents of every Australian development dollar to the Indo-Pacific.

This year, we will provide over RM3.5 billion to respond to the region's priorities, including economic resilience, health security and taking action on climate change. This includes a fourfold increase to our contribution in Malaysia, which focuses on inclusive economic reform, governance and institutional strengthening, gender equality

and the energy transition.

These examples show that when two capable and conscientious regional players with agency come together as friends, their contribution can have an outsized impact in the region. Now more than ever, deepening our ties benefits us all. In such times, we – Australia, Malaysia and our partners across Southeast Asia – must speak and act together to shape a region we all want. Australia knows our future is intimately linked to Southeast Asia. When the region succeeds, and when ASEAN succeeds, we succeed together.



HE Danielle Heinecke

Australia's High Commissioner to Malaysia



KEPENGKERUSIAN ASEAN-MALAYSIA 2025
ASEAN-Malaysia Chairmanship 2025



Malaysia 2025

Việt Nam

Thailand's domestic turmoil, regional tensions, and the road ahead

Latest political troubles and renewed border clashes with Cambodia: what does this mean for the region?

Prof Chanintira na Thalang

Much of Thailand's political instability – marked by a recurring cycle of tensions, protests, coups, new constitutions and elections – has revolved around Thaksin Shinawatra since his dramatic rise to power in 2001. Deemed as a threat, the conservative establishment, comprising royalists, the military and the judiciary, successfully removed Thaksin from power via a military coup in 2006 but failed to diminish his political influence, which persisted for the next two decades despite his self-imposed exile. After reportedly forging a deal with the conservative establishment, Thaksin returned to Thailand in 2023, while his party, Pheu Thai, led a precarious coalition government despite coming in second in the 2023 election. However, by September 2025, Anutin Charnvirakul, the leader of the Bhumjaithai Party, known for spearheading the legalisation of cannabis in Thailand, successfully outmanoeuvred the Pheu Thai-led coalition by gaining the support of the People's Party, formerly the dissolved Move Forward Party, which won the 2023 election. In addition, Thailand's relations have reached an all-time low with Cambodia due to an unresolved border dispute, complicated by personal ties between the Shinawatras and the Huns. This begs the question: what does all this mean for the region?

Despite a shift from a military-dominated government to a fragile civilian-led one, the region has not witnessed a significant change in foreign policy, largely because Thai leaders have been focused on their battle for political survival. For this reason, the unruly

2,400-kilometer-long border Thailand shares with Myanmar and the close personal ties between the two countries' militaries will continue to play a pivotal role in shaping Thailand's position toward the Five-Point Consensus and may at times lead to a divergence from the broader ASEAN agenda. The Bangkok Process, initiated in 2005 by Thaksin, as well as an informal ministerial meeting held in 2023 to "re-engage" with the Myanmar junta hosted by then-Foreign Minister Don Pramudwinai, are examples of this. As a non-claimant state, Thailand generally takes a bystander posture towards the South China Sea dispute. In contrast, it has a direct stake in developments affecting mainland Southeast Asia, particularly the impacts of unseasonal droughts and floods – partly driven by China's control over 70% of the Mekong River's flow through its dam system. This concern underpins Thailand's support for the Ayeyarwady–Chao Phraya–Mekong Economic Cooperation Strategy.

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Despite a shift from a military-dominated government to a fragile civilian-led one, the region has not witnessed a significant change in foreign policy.

Leaked call fuels outrage

Although Thailand's contemporary stance on existing regional issues indicates more continuity than change, military clashes between Thai and Cambodian troops in May 2025 have precipitated a new crisis at the domestic level, notwithstanding the impact on bilateral relations. While the cyclical nature of Thai-Cambodian relations is well documented, what has most perplexed the Thai public is the government's unexpectedly conciliatory stance, led by Thaksin's daughter, then-Prime Minister Paetongtarn Shinawatra, on a matter of national sovereignty – especially when contrasted with the Thai military's combative rhetoric and the confrontational posture of Cambodian leaders. On 18 June, this sense of bewilderment quickly turned into outrage when Cambodia's former Prime Minister Hun Sen released a taped telephone conversation between Paetongtarn and himself to the public. In the recording, Paetongtarn is heard pleading with Hun Sen to help resolve bilateral tensions, while urging him to disregard comments made by Lt. Gen. Boonsin Padklang, the commander of Thailand's Second Army Region, whom she refers to as "our opponent" who only wants to look "cool". Thanks to this leaked audio, which made Paetongtarn appear weak and deferential to Hun Sen, this "opponent" is now enjoying a surge of support from the Thai public.

Fragile leadership, rising tensions

This charade makes it clear that Paetongtarn, a political novice who entered politics in 2023, is no match for Hun Sen, a seasoned battalion commander under Democratic Kampuchea, who later became Cambodia's youngest foreign minister at 26 before ascending to the position of prime minister at 33. While Thaksin and Hun Sen managed to resolve a hiccup in bilateral relations after the Thai embassy and businesses in Phnom Penh were burned down in 2003, it is difficult to see how their three-decade-old friendship

can survive these challenges, considering that the political casualties are not buildings but Thaksin's own daughter. More worrying is how the five-day military clash in late July between the two countries has resulted in destruction, numerous deaths, displacement and a sharp deterioration of mistrust. While an "unconditional" ceasefire brokered by Malaysia's Prime Minister Anwar Ibrahim in July has brought a halt to the fighting, the "online war" still rages on. Ultranationalist sentiment and fake news on both sides will continue to fester open wounds if not dealt with properly.

Recent events have plunged Thai politics into a new episode of uncertainty. As Pheu Thai's ratings plummet, Thaksin was sentenced to one year in prison on 9 September after the court ruled he improperly served a 2023 sentence in a hospital room rather than a cell for corruption charges. In addition, the new Bhumjaithai government is bound by an agreement made with the People's Party to dissolve the parliament within four months and hold a referendum to rewrite the constitution. This is not to mention other existing challenges, including an underperforming economy amidst an impending trade war, a host of high-profile legal cases made against Bhumjaithai party executives and a no-confidence motion expected to be filed in November by Pheu Thai. While the military's popularity grows and political infighting continues to impact the country's fragile democracy, renewed tensions between Thailand and Cambodia will undoubtedly pose a critical test for ASEAN.



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South China Sea at crossroads

Contestation, control and risk of conflict: rising tensions and shifting tactics risk triggering clashes with far-reaching consequences

Dr Do Thanh Hai

Over the past two decades, the South China Sea has transformed from a host of simmering sovereignty and maritime disputes into one of the world's most combustible flashpoints. Occasional standoffs and tensions were once managed through diplomatic dialogues but now risk escalating into direct confrontations.

This trend reflects not only the complexity of unresolved disputes but also the deliberate pursuit of exclusive control over one of the world's most strategic waterways. Unless international rules and norms are reinforced, the region could be on the verge of an armed clash with global consequences.

Escalating risks of armed skirmishes

The security situation has worsened significantly since the mid-2000s. While incidents of harassment have long occurred, recent years have seen a surge in face-offs at sea involving coast guards, survey vessels, maritime militias and, increasingly, naval vessels. The recurring collisions, ramming and water cannoning incidents around the Second Thomas Shoal and the Scarborough Shoal recently illustrate the growing frequency and severity of unfriendly encounters.

The open sea has increasingly been subjected to territorialisation through permanent deployment of naval and civilian assets. With arms build-up and frequent exercises, the risks of accidental escalation are higher than ever.

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At the heart of this destabilisation lies an extreme conception of security – one that equates national existence with absolute control of broad maritime space.

An unintended collision or miscalculated response could easily spiral into a clash, drawing in regional and external powers alike. The trajectory suggests that armed confrontation, once considered unlikely, is now increasingly possible.

Roots of insecurity: extreme security and control

At the heart of this destabilisation lies an extreme conception of security – one that equates national existence with absolute control of broad maritime space. This mindset has resulted in particular expansive territorial and maritime claims, disregarding established international law and the rights of others.

Excessive claims are enforced not just through legal or diplomatic manoeuvres but with overwhelming military presence, advanced surveillance networks and the deployment of paramilitary forces.

Grey-zone operations – activities deliberately kept below the threshold of kinetic conflicts – have become the preferred tool to establish *faits accomplis*. Maritime militia swarms, aggressive coast guard patrols and illegitimate maritime surveys have all been designed to gradually shift control without triggering outright war. By exploiting the ambiguity of international responses, these tactics allow one side to expand influence, while denying others access to their rightful maritime zones.

These actions are not isolated, as they represent a deliberate strategy of pressure that pushes the boundaries of acceptable state behaviour at sea. For smaller states, this approach leaves little room for manoeuvre and forces them to confront a dilemma between submission and confrontation.

Challenge to stability and international law

The implications of these dynamics extend far beyond localised disputes. At stake is the very bedrock of maritime stability – the United Nations Convention on the Law of the Sea (UNCLOS) and the principle of peaceful settlement of disputes. If excessive claims and coercive tactics prevail, the UNCLOS risks being sidelined, its authority eroded by selective compliance.

Equally threatened is the principle that disputes should be resolved without force. When harassment and blockades become routine, they normalise coercion and blur the line between peace and conflict. If unchecked, such tactics could encourage military posturing, undermine diplomacy and deepen regional insecurity.

As part of the global commons, the South China Sea is not just a regional concern. Nearly one-third of global trade passes through its waters, and millions depend on its resources. Instability here reverberates across supply chains, energy markets and global security at the expense of all nations.

ASEAN: something but not everything

Against this backdrop, ASEAN inevitably comes into focus. The association has helped frame the South China Sea as a regional issue, issued statements of principle and pushed forward negotiations on a Code of Conduct with China. It remains one of the few platforms where claimant and non-claimant states exchange views and seek consensus on security norms.

Yet ASEAN is never designed to resolve sovereignty disputes or enforce international law. Its foundational principles – consensus and non-interference – preserve cohesion but simultaneously constrain decisive actions. ASEAN offers specific but limited utility in the South China Sea context. It can soften tensions, sustain dialogue and cultivate norms. However, it can neither substitute for the UNCLOS nor offset raw power politics.

Track 2 diplomacy: lifeline amid tensions

In such a combustible environment, Track 1 diplomacy alone is insufficient. It is often hostage to national positions and geopolitical rivalry. Track 2 diplomacy – informal dialogues among scholars, retired officials and think tanks – provides an important pathway to reduce misperceptions and explore creative solutions.



ASEAN is never designed to resolve sovereignty disputes or enforce international law.

These platforms have a record of usefulness, from workshops on conflict management to initiatives on environmental cooperation and crisis prevention. They nurture trust among individuals who may shape future policymaking and help keep communication alive when official channels falter.

At a time when nationalistic rhetoric dominates and confrontation intensifies, Track 2 diplomacy offers a modest yet essential safeguard. It is not a substitute for binding agreements or political will, but it helps prepare the ground for both. In a region where mistrust runs deep and stakes are high, even modest confidence-building measures can serve as firebreaks against escalation.



Dr Do Thanh Hai

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Good minilateralism, bad minilateralism

ASEAN's dilemma with external initiatives

Dr Joel Ng

Minilateral initiatives have proliferated in recent years, stemming from two points of discontentment. The first is the perceived ineffectiveness or unsuitability of formal multilateral arrangements at addressing specific issues.

The second is the insufficiency of unilateral or bilateral cooperation to attain the desired goals. These are legitimate concerns for pursuing minilateral frameworks.

Almost by nature, then, minilateral initiatives are hard to define: because they tend to be organised around issues that are not well addressed by multilateralism, they take on all types of forms. Once upon a time, the World Trade Organisation (WTO) frowned upon regional trade arrangements (RTAs) because RTAs threatened to reduce momentum for the global system.

But after the WTO Doha Rounds of negotiations got stuck permanently, RTAs became the only way to level up trade agreements and represented the main source of progress for developing free trade.



ASEAN has tended to be firm on the principle but tepid on actual violations, never mind more subtle undermining of its credibility.

Rise and role of minilateralism

Southeast Asia has also long had “growth triangle” arrangements, from the SIJORI (Singapore-Johor-Riau) growth triangle to more recent ones, such as the Lancang-Mekong Cooperation.

Thus, minilateral initiatives may be conceived as being organised around the principles of a common problem or goal, with interested and relevant stakeholders who can best address the issues at hand. Many of these can be constructive additions to multilateral frameworks.

Yet some new minilateral partnerships engender another problem, when they take off and sideline the formal multilateral mechanisms, whether by drawing attention and resources away, creating a more exclusive “club” type of arrangements or actually supplanting multilateralism altogether. This is most especially if the perceived problem is a third state not party to that minilateral grouping, whether or not this is implicitly or explicitly stated.

Exclusivity and regional tensions

Take, for example, the Quad. While its self-declared aims of addressing disaster preparedness, infrastructure, and maritime security are admirable (notwithstanding criticisms from China), its channelling of resources and attention around ASEAN has been a source of tension – particularly if it is ASEAN members that are to be its purported beneficiaries.

US Secretary of State Marco Rubio attended

the Quad summit after inauguration, but following the fallout with India over tariffs, the chances are slim that the Quad convenes again this year.

Moreover, the narratives painted at Quad meetings can be deeply antagonistic particularly against China, where in the context of ASEAN, such pronouncements look rightly out of place. In such contexts, ASEAN should be very concerned if signals show that alignment with the US is the price for access to the Quad's club goods.

Slipping in suggestions of NATO expansion or else building alliance systems through such groupings only leads to doubts and concerns among those outside the grouping.

It was for this reason that ASEAN devised its ASEAN Outlook on the Indo-Pacific (AOIP) to address the issues of proliferating minilateralism, especially through the raft of Indo-Pacific strategies that mostly had in common the fact of their origins from outside the region. The AOIP insisted that the region must be inclusive and animated by dialogue and cooperation.

Yet, having taken that stand, ASEAN has been much more circumspect about calling out actual instances of egregious behaviour that is contradictory to the AOIP's principles. This is not only about antagonistic narratives delivered at minilateral groupings but also aggressive actions in the South China Sea.

In short, between the general and the specific, ASEAN has tended to be firm on the principle but tepid on actual violations, never mind more subtle undermining of its credibility.

Balancing inclusivity and realism

ASEAN has tried to extend efforts to implement the AOIP, yet it does not do enough to consider whether the partners involved in the AOIP's cooperation areas are acting consistently with the principles of the AOIP. If one dialogue partner offers a maritime domain awareness

programme but simultaneously badmouths another dialogue partner, how much are they really serving ASEAN's purposes?



The great strength of ASEAN's early years was its informality, which allowed leaders to settle grave issues through dialogue.

If another dialogue partner were to support sustainable development programmes but is acting aggressively and dangerously in a particular shared region of ASEAN's, is that really an implementation of the AOIP? Cooperation programmes must come with good-faith behaviour and not just towards ASEAN but in their totality of interactions. ASEAN needs to expect more from its partners.

Looking at the varieties of minilateralism, the forms that emerge because multilateral formats are not suited to every transnational problem need not weaken multilateralism per se.

But minilateralism that stems from real discontentment with multilateralism will inevitably weaken the broader format because multilateralism requires the inputs of its members. As those members find their aims thwarted or ignored, they will increasingly direct their energy and resources elsewhere.

This, fundamentally, is what has happened as the US signalled its review of participation in all multilateral treaties and organisations to which it is a party. ASEAN may not be designed to address all transnational issues, and expectations should be realistic, but it also cannot afford to let its members' faith in its relevance and effectiveness collapse.

While ASEAN still needs a rules-based

community, this should not preclude flexibility in its formats and summits.

The great strength of ASEAN's early years was its informality, which allowed leaders to settle grave issues through dialogue. At the summit level, a loosening of the formal practices may be required, including promoting constructive minilateral meetings that have the capacity to strengthen ASEAN.

More attention also needs to be paid to what happens between summits, when early

decisive actions may stem problems before they fester and spill over into other areas.



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Enabling blocs: global response to US trade illiberalism

Protectionism is rising, but global trade is adapting, splintering and reshaping around power, politics and new alliances

Assoc Prof Giuseppe Gabusi

For many, President Trump's "Liberation Day" in April 2025 was a watershed moment in global politics. On this day, Washington announced reciprocal tariffs against all countries and territories, including allies and foes alike. Indeed, it is a watershed moment, given the impact that US protectionism has had on the liberal international order established after WWII, which was founded on trade openness.

However, if we take a step back from the daily news from Washington and adopt a longer-term approach, we will discover unexpected elements of continuity in the global trade regime.

The crisis within the World Trade Organisation (WTO) began at the WTO Ministerial Conference in Cancun in 2003, two years after the launch of the Doha Development Round. Developing countries called for market access and an end to subsidies in developed countries, but the US and the EU only proposed a modest reduction in some subsidies.

Consequently, India and Brazil – soon joined by China – rejected the offer and formed the G20 trade group. Emerging powers were thus able to block the deal, while exposing the West's hypocrisy. In other words, for developing countries, free trade and the WTO have never been a matter of values but of national interest.

The self-empowerment of these member states altered the traditional political

structure of the General Agreement on Tariffs and Trade and the WTO, in which the EU and the US set the agenda and parameters of decisions, bargaining for consensus from other influential states, while leaving those at the bottom of the pyramid with no choice but to accept the final outcome.

Emerging powers were not against free trade; they simply advocated opening up sectors and issues that the West had been less keen to liberalise.

From multilateralism to hybrid governance

However, since the 1990s, the global trade regime had already been under strain due to the proliferation of preferential trade agreements (PTAs), some of which were regional trade agreements (RTAs), for a variety of reasons, including the US moving from a multilateralism-only approach to "anything goes" narratives.

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Emerging powers were not against free trade; they simply advocated opening up sectors and issues that the West had been less keen to liberalise.

A hybrid trade governance model has emerged, whereby certain matters are dealt with at the WTO, while other topics are negotiated within the network of PTAs/RTAs. Consequently, new rules are being developed, but the hybrid model is discriminatory by nature and generates a complex rulebook. Indeed, the system becomes less rules-based and more power-based. Even before Trump 1.0, we lived in a world where free trade, selective protectionism – with China deserving a mention in this respect – and discrimination coexisted.

The second element of continuity, paradoxically, concerns globalisation. While it is clear that we cannot return to the previous cycle of globalisation, when free trade was widely accepted and there was little opposition in developed countries, abandoning free trade without incurring significant costs in terms of efficiency is almost impossible, unless transnational producers completely restructure their global value chains (GVCs).

President Trump's announcement of tariff exemptions on car components traded within the interconnected production system in North America is clear evidence of this dilemma. If the current administration's real aim is to bring manufacturing back home, many countries regard the reconfiguration of GVCs as not feasible, or at least very costly and inefficient, due to automation processes and competitive advantages. A better alternative for them would be to keep trade open, at least among like-minded partners.

Adaptation, not reversal

Economists argue that PTAs are inefficient if they merely divert existing trade without generating new exchange flows. Even if they were to generate new trade, however, PTAs (as “stumbling blocs”) could hinder the multilateral trade regime: member states would be content with the benefits of PTAs and would not invest in strengthening the WTO system.

Conversely, PTAs could be viewed as “building blocs” if partners adopt common rules and standards that could be presented as proposals for reforming the global trade regime at the multilateral level (and as an incentive for states outside the PTAs to modify their political and economic frameworks accordingly).

President Obama's 2011 vision for the Trans-Pacific Partnership (TPP) as a means of setting standards for the 21st century was a prime example of this.

Today, while America is turning protectionist, other PTAs are expanding their membership. The United Kingdom has joined the (TPP minus US) Comprehensive and Progressive Trans-Pacific Partnership, and countries as diverse as China, Costa Rica, Ecuador, Taiwan, Ukraine and Uruguay have applied to join. Chile and Sri Lanka have also expressed interest in joining the (ASEAN+5) Regional Comprehensive Economic Partnership.

The European Union is not standing still either: it has signed a free trade agreement (FTA) with Mercosur and adopted an FTA with Chile. In Asia, it has recently signed a Comprehensive Economic Partnership Agreement with Indonesia and it is also engaged in advanced negotiations with India, Malaysia and the Philippines, which are at different stages.

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As hybrid trade governance continues and a new cycle of globalisation emerges, the new blocs are neither stumbling nor building blocs.

As hybrid trade governance continues and a new cycle of globalisation emerges, the new blocs are neither stumbling nor building blocs: negotiating partners are neither abandoning the WTO nor claiming that their blocs will establish a new, potentially global, trade regime.

PTAs and FTAs enable partners to find alternative routes to free trade, which is not a value in itself, but a necessary instrument with which to cope with the reality of GVCs. Thus, in the name of the national interests of individual countries, “enabling blocs” become an act of both resistance and adaptation to a new, less neoliberal international order.

If you accept the argument of the Global South that the open trade regime has served the interests of the West very well, then defending free trade in these new circumstances is as much a sign of continuity as it is of change.



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China Plus One vs. world minus one

Amid US-China tensions, nations face tough choices in trade and supply chain strategies

Prof Danny Quah

With no sign of retreat in geopolitical tensions between China and the US, other nations – those not immediately frontline in that conflict – are choosing either to align (choose a side) or to adapt (take conflict as the new normal and adjust the best one can, but without picking sides).

A third option, mitigation – limiting the severity of impact by going to the source of disruption and actively changing the terms of engagement – is hardly ever explicitly considered. This is because many of us take as given Thucydides' observation: "The strong do what they will and the weak suffer what they must." We view ourselves as mere price takers and never think to exercise agency to influence the direction of conflict and disruption.

Certainly, it would be foolish to stand across a battlefield from a major power and seek to change its intentions through military force. But the world of trade, production and economics is not a nuclear warzone, where armaments' weight alone determines outcomes. Agility and networking matter importantly: we waste valuable opportunities if we do not recognise and use these.

Rethinking supply chains: beyond cost to resilience and responsibility

Diversifying supply chains out of China, or the "China Plus One" production and trade strategy, is one such example. Three points are notable.

First, there are good reasons and bad reasons for rewiring supply chains. We should

definitely reconfigure to reduce costs. We should all rewire supply chains to reduce our carbon footprint and help save the planet. We should reconfigure supply chains to diversify risk and increase resilience. Supply chains came into being not randomly but to efficiently solve a production and distribution problem.

However, just as in finance, where risk-adjusted returns and not pure expected returns are what now get optimised, so too it is easy to conceptualise resilience-adjusted efficiency in production and distribution. Rewiring supply chains to optimise resilience-adjusted efficiency is a reasonable thing to do.

But do not chain-wash: do not add in trans-shipment in a supply chain whose only purpose is to avoid sanctions or evade laws and regulations along the supply chain. These add unnecessary costs and emit unnecessary carbon, and fool exactly no one, much less the US authorities.



But the world of trade, production and economics is not a nuclear warzone, where armaments' weight alone determines outcomes.

Second, interrogate the permanence of the geopolitical disruption that is motivating the supply-chain reconfiguration. For decades, we were warned that China was the revisionist power, seeking to undermine world order and remake the world in its authoritarian image and exercising veto power over other nations' economic, social and political choices. All that time, it was the US that sounded that warning most loudly.

Today, it is the US that is the revisionist nation, disrupting the international economic system and using its size and might to shape other nations' decisions.

But how long and how sustainable are these disruptive considerations? Tariffs are painful, but only as long as you continue to trade with the US. However high a tariff rate, if you do zero trade, you make zero tariff payments. Sure, it is painful not to sell to the US market. But that pain is economically quantifiable, as are tariffs. At some point, the cost-benefit ratio will make the decision compelling to no longer do business with a bully.

This is not to suggest the international economic system will be better without the US in it. Far from it – everyone wants America in the international system. But the world faces a tradeoff, and it cannot force the US to be part of the system if the US does not want to be.

In 2024, the total world GDP was over US\$110t, or three times the total world exports (and imports) at US\$35t. The US, that year, imported over US\$4t and exported a little less. In arithmetic terms, therefore, the US trade was 11% of the total world trade.

Imagining a new multilateral world order beyond US dominance

This means that, outside the US, the world traded eight times more with itself than it did with the US. The loss of the US in the global economy would be extremely painful. But it is not existential. If we need to, we can

imagine an international economic system that is just the old international economic system minus one.

(The obvious thing to say at this point is that this arithmetic does not take into account imports into a nation, from say, China, that have value added in that nation and are then re-exported to the US for final consumption. This, of course, is exactly the global supply chain. However, if we take the US out of the equation, aside from pure trans-shipments, those imports from China are not likely to shrink all the way to zero even if they end up diminished. If it were profitable to build that part of the global supply chain when the US was the final endpoint of consumption, it would still remain profitable to keep that part of the global supply chain running, simply exporting instead to some other part of the world instead of the US for final consumption. In the process, the nation might need to lower prices and face reduced profitability at the margin. Just as in labour-market economics, the lump of labour is a fallacy, and so the lump of trade in international economics should be viewed as a fallacy.)

Third, many economies in the world continue to believe in the effectiveness of open markets and free trade, following the rules of the World Trade Organisation. The question then is, do we choose a world where the US holds us to ransom and we cling to our steadily fracturing global supply chains, putting in “plus one” spaghetti-bowl patchwork every time the US decides to impose a new tariff? And we do so in the hope of getting just some part of the US' 11% of world trade?



Tariffs are painful, but only as long as you continue to trade with the US.

Or do we move to a new world order that benefits us all because it is multilateral and rules-based? The US can then choose whether it wants to join us or remain outside, content in an autarky surrounded only by friends and fish. It will be an 11%-pain international economic system. But we will live.



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Moving beyond China Plus One

ASEAN's growth depends on creating demand, building a middle class and embracing a multipolar economy

YB Liew Chin Tong

If China Plus One is defined as a diversification strategy to avoid over-reliance on a single supply chain in China and thus involves setting up manufacturing capabilities outside China, this act of derisking in the current turbulent geoeconomics is probably still relevant.

However, if China Plus One refers to circumventing US tariffs on China by relocating production sites to a third country, it is of diminishing relevance.

More importantly, the fact that there are still talks of China Plus One means many still think in the context of an export-led industrialisation strategy with the United States as the consumer of the last resort and, in many instances, the market of the first resort.

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Our conversations always centre around supply, but we rarely consider where and how to create demand.

After all, since the end of the Second World War, Asian societies grew rich by exporting to the United States. As the US becomes increasingly insular and nationalistic in trade and economy, it is imminent that new markets be discovered or built.

When the “Liberation Day” announcement was made, many around the world spoke of the need to “diversify” markets. But if the whole world is

looking at exporting to others, yet there is not enough demand, deflation awaits us, which is certainly not a desirable outcome.

However, if Europe becomes a stronger consumer market, if China can have a stronger domestic demand and if ASEAN becomes a middle-class society, then we will have a world with more markets outside the US.

Fostering ASEAN unity to thrive in a multipolar world

In the long run, we need a middle-class society where a large portion of the society has discretionary spending power. We need to create demand in our society. But to get there, we need to rewire how we think about labour policy and wages, and also how not to race to the bottom and how not to compete fiercely, especially among ASEAN countries, but instead focus on how to complement each other.

For example, if an investor asks Malaysia for incentives and tells us that “Vietnam is giving me more incentives, can you give me more?”, we will have to answer with clarity: “Whatever you can do for Vietnam, please do it (with Vietnam only), because I too want to see Vietnam being more prosperous. And it is also good for Malaysia because Malaysia can then export more to Vietnam.” If we can have this conversation, then we are asking the right questions for our time.

Should we start thinking about creating an ASEAN industrial policy? Should we start thinking about creating some form of ASEAN fund so that we can utilise the capacity of our industry? We may have to ask these questions because we will have to deal with not just the supply side, but

also the demand side. Our conversations always centre around supply, but we rarely consider where and how to create demand.

How do we create demand? Can we purely rely on the private sector, or do we need more public involvement? Can ASEAN coordinate it?

We have to think beyond the traditional framework of free trade agreements. One potential pathway is to repurpose free trade agreements to negotiate for voluntary export restraint on products with excess capacity.

How do we deal with it?

We will have to start asking these questions, because these are the questions that we are going to face, and we are actually facing on a daily basis, especially, for instance, in the steel industry.

We now see the world transitioning away from a unipolar world dominated by US leadership in the economy. Some think that we will end up with a bipolar world split between the US and China.

I do not agree with that.

We are most likely to be moving from a unipolar world to a multipolar world – where the EU can play a role, where ASEAN can play a role – and the challenges for us are how do we empower ASEAN, the EU and the middle ground so that not only do we not see a bipolar world in economy and politics, and more importantly, how do we ensure that there is no technological bifurcation?

Building ASEAN's middle class and shared prosperity

Therefore, the role of the EU, Asia and other regions becomes very important. We should accept that there is a technological middle ground and we do not need to bifurcate, as far as technology is concerned.

I want to point out the history of the development of China's middle class: when China joined

the WTO in 2001, roughly 100 million of the Chinese population were considered middle-class. Today, the Chinese government claims that there are 600 to 700 million Chinese living a middle-class life.



We now see the world transitioning away from a unipolar world dominated by US leadership in the economy.

But by and large, most scholars would agree that at least 400 to 500 million Chinese live a middle-class life. So, within the time span of about 25 years, Chinese society saw an increase by fourfold, fivefold or sixfold of its middle class. Can that happen in ASEAN?

I think it's possible, but it requires ASEAN to think through whether we extract more value from technology in ASEAN. Because a technological rent is needed in order to create a prosperous society.

How do we deal with technology? How do we deal with a market? How do we create a more prosperous society – by paying people better but also ensuring that the companies are extracting more value in order to pay people better?

So those are questions that we will have to ask in order to deal with a set of different challenges.



YB Liew Chin Tong

Deputy Minister
Ministry of Investment, Trade and Industry
Malaysia

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Humanitarian action amid complexities in Myanmar

Amid ongoing conflict and a devastating earthquake, displaced communities struggle with rising needs, requiring urgent and impartial support

Arnaud de Baecque

Four years after Myanmar's political transition, the country faces not only protracted armed conflicts but a growing humanitarian emergency. I have seen first-hand the deepening suffering of communities caught between cycles of violence and layers of displacement. And while efforts to find a political solution continue, humanitarian needs are rising sharply, demanding sustained, principled and impartial action.

The powerful earthquake that struck central Myanmar in March 2025 compounded an already dire humanitarian landscape shaped by armed conflict, economic fragility and the breakdown of essential services. The communities most affected by the quake were, in many cases, already displaced by fighting.

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The fragmentation of humanitarian needs and access across Myanmar has made it increasingly difficult to deliver assistance equitably.

With little to fall back on – temporary shelters, limited access to water and sanitation, and

no safety net – the disaster further deepened their vulnerability. It served as a stark reminder that in Myanmar, emergencies rarely arrive in isolation.

The fragmentation of humanitarian needs and access across Myanmar has made it increasingly difficult to deliver assistance equitably. Communities often face vastly different realities depending on their location and the challenges affecting their environment.

Decades of trusted, neutral aid for communities in crisis

The International Committee of the Red Cross (ICRC) has been working in Myanmar for nearly 40 years. Our approach is grounded in neutrality, independence and impartiality. These principles are not abstract. They are what enable us to operate across lines of control, gain access to places of detention and reach areas where others cannot go. We do this through confidential dialogue, long-term presence, established trust and a steadfast focus on people's needs.

We provide emergency relief, healthcare, physical rehabilitation, access to clean water and sanitation, and support for reconnecting families separated by conflict, promoting international humanitarian law and assistance to help restore livelihoods.

In the aftermath of the earthquake, we

delivered essential aid to displaced communities, helped repair damaged water systems and worked with the Myanmar Red Cross Society to distribute hygiene items, solar lamps and tarpaulins. Yet we know this support, while essential, is just the beginning. Recovery will take time, and for many families, the road ahead remains uncertain and long.

What stands out in these moments is not only the scale of the suffering but the strength and solidarity shown by those affected. Some of our ICRC colleagues lost their homes or saw loved ones injured in the earthquake – yet they continued their work, serving others even while facing their own hardships. Their actions reflect what we often call our humanity in action: a quiet but powerful commitment to stand by those in need, no matter the circumstances.

Barriers jeopardise aid delivery and protection efforts

But humanitarian access is increasingly strained. Security concerns, political sensitivities and administrative hurdles make it difficult to plan and implement activities. Moreover, global attention to Myanmar's crisis has waned, and with it, funding for humanitarian response. As needs increase, resources are stretched thinner.

What is required now is not only more aid, but more space for humanitarian action. States in the region have a key role to play. By ensuring that humanitarian access is upheld and that principles are respected, regional actors can help preserve a lifeline for those caught in crisis. Greater humanitarian access and better acceptance of humanitarian principles are critical to address urgent needs, as well as to pave the ground for political dialogue.

In this context, the ICRC's Global Initiative on International Humanitarian Law (IHL) is especially relevant. This diplomatic and policy effort seeks to renew international commitment to the respect

and implementation of IHL worldwide – particularly in contexts such as Myanmar, where civilians are bearing the brunt of sustained conflict and neglect.

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Upholding the rules of war and ensuring access to those affected are not just legal obligations – they are lifelines.

The initiative encourages states to take concrete action to uphold IHL obligations, improve compliance and protect those most affected. It provides a framework for collective responsibility, which is essential in today's fragmented humanitarian landscape. It seeks to overcome political divides and stalemates, if only for the sake of restoring a minimum of humanity in war.

This includes protecting the humanitarian space from politicisation. Neutral, impartial and independent organisations, such as the ICRC, must be allowed to engage with all parties to the conflict – not to legitimise or condemn any side but to assist and protect civilians and others most at risk. In conflict settings, access is not granted through public denunciation. It is earned through trust, discretion and a consistent record of principled engagement.

Immediate support essential amid crisis

The road ahead for Myanmar remains uncertain, shaped by ongoing armed conflict, recurring disasters and growing humanitarian needs. But humanitarian action cannot wait for certainty. We respond in the present, with and for those who cannot afford to wait: the families rebuilding after the earthquake, the displaced communities bracing for the monsoon, the detainees seeking medical

care, and the children still out of school – they all need our presence and action, not passivity or delay.

As needs continue to rise and the space for neutral and impartial humanitarian action narrows, now is the time to reinforce our collective commitment. Upholding the rules of war and ensuring access to those affected are not just legal obligations – they are lifelines. Protecting humanitarian space today is essential to alleviating suffering and preserving the possibility of future recovery.

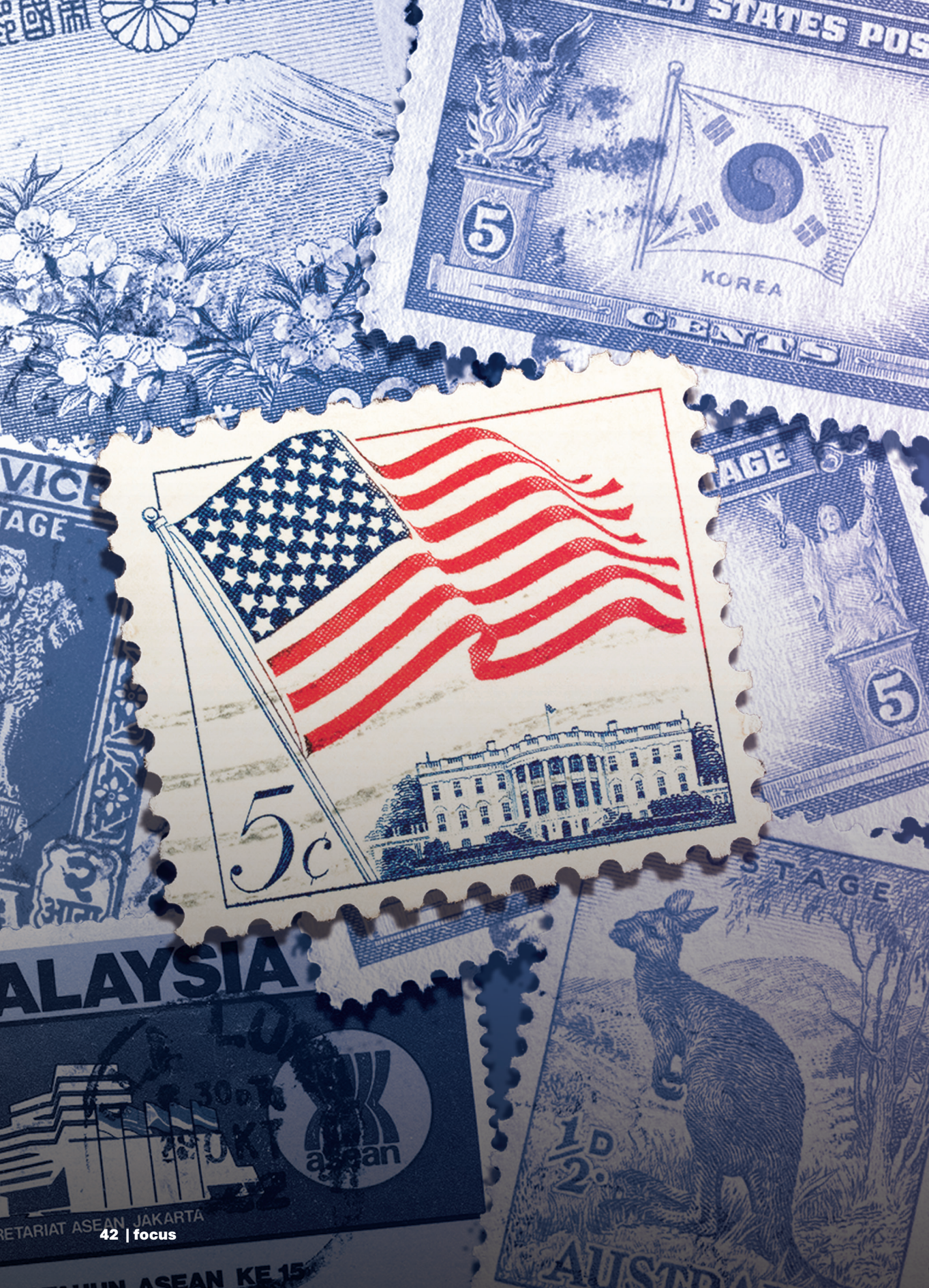
There is no humanitarian solution to political challenges. But principled humanitarian action remains essential to alleviate

suffering, protect dignity and maintain the conditions for longer-term recovery. By remaining engaged, even amid uncertainty, we help ensure that people are not left behind and that the door remains open for something better.



Arnaud de Baecque

Head of Delegation in Myanmar
International Committee of the Red Cross



VICE
PAGE

3
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MALAYSIA

RETARIAT ASEAN, JAKARTA

42 | focus

ASEAN KE 15

US' shift and Asia's response

Navigating change, building partnerships and strengthening regional institutions

Ashok Malik

How will the changes in the United States affect Asia? It is important to frame this as a conversation beyond one individual. President Donald Trump – or Trump 2.0 – is more of an accelerator of trends that have been visible for some time. He did not create these trends; they predate even his first term, and one suspects they will outlast him.

Those of us invested in a deep relationship with the United States need to recognise this evolution. One could trace it back to at least President Barack Obama's election 17 years ago. Since then, there has been a churn in American society, a pushback against ambitious and expeditionary international engagement and against what is seen as an overcommitment of resources to global systems.

This sentiment has manifested in every US presidential campaign since the 2008 financial crisis. It has called into question American resourcing of the international architecture – the global trade and economic systems, security frameworks, and provision of international public goods.

US tariffs: short-term deals and long-term impact

Different presidents have approached these issues differently, but there is a thread of continuity. For instance, if you compare Vice President JD Vance's critique of globalisation with that of former National Security Advisor Jake Sullivan, you will find their substantive concerns, especially on the impact on US manufacturing communities and economic resilience, overlap significantly.

Trump brought this to a head with tariffs, which have hurt and unsettled many of us in Asia who export to the US. This has led to frustration and an understandable quest for alternatives to the American market. That's a valuable long-term aspiration. In the short term, we all still rely heavily on that demand sink called America. That is why countries across the board, including Malaysia and India, are pursuing trade and tariff deals with the US.

Within the Trump political coalition, there are two distinct schools on tariffs. One views tariffs as short-term, transactional tools – levers to extract better deals, open markets and boost US exports.

The other sees tariffs as long-term instruments, not just bilateral but also sectoral, targeting various areas, such as semiconductors, copper, steel and even lumber. It may be easier to negotiate the former, but the latter – sectoral tariffs – are likely to be more durable.

Balancing US retrenchment and emerging regional partnerships

As the US withdraws from arcs of the global trade and security architecture, how does Asia respond? There's no single answer. Is ASEAN central to the regional response? Absolutely. However, in a world of multicentric-ism, ASEAN may not be the centre, while it is certainly a centre.

Other regional initiatives, such as the Quad, the Partners in the Blue Pacific, or, for India, bilateral and multilateral partnerships across the Indo-Pacific, including with ASEAN itself, will also matter.

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While the US is stepping back from some of these domains, it is by no means absent – and we don’t want it to be.

Do these efforts collectively compensate for the US pullback? That’s complicated. The US remains the 800-pound gorilla, now becoming a 700-pound gorilla, but it is not shedding those 100 pounds evenly across all sectors, regions or geographies. There is a “known unknown” in the quantum of decline and an “unknown unknown” in its consistency of decline.

The gap created by even a limited American retrenchment is simply too large for any single country, coalition or plurilateral grouping to fill. As such, two parallel trends are emerging. In certain strategic domains, such as semiconductors, quantum computing and AI, the space for hedging between the US and China is shrinking.

Countries are increasingly being forced to choose. In other areas – industrial supply chains and defence cooperation, for example – the space for hedging is actually growing. US partners are seeking to work not just with the US, but also with ASEAN, Europe, Australia, the Gulf Cooperation Council and others. Countries, such as India, are actively expanding this network of partnerships.

To borrow from Ronald Reagan, when it comes to the US, we trust – perhaps because we have to – but we diversify.

Strengthening institutions and shared leadership

Our priorities in the Indo-Pacific are clear: freedom of navigation, a free and open regional order, a more equitable global trade architecture, greater diversity and resilience in

supply chains, and the capacity to collectively address existential challenges, such as climate change. While the US is stepping back from some of these domains, it is by no means absent – and we don’t want it to be. So, what should we do?

There are three trajectories here. First, in stepping up ourselves – individually, collectively, bilaterally and plurilaterally. Second, in finding ways to encourage and incentivise the US to remain engaged, even if with a smaller footprint. We can do this through persuasion, cajoling and, above all, burden-sharing.

The most persuasive and enduring response to a leadership vacuum is not in individuals – whether people or states – but in institutions. There is fear that new institutions will displace old ones. Among the questions asked is whether the Quad is more important than ASEAN. Frankly, both are important, and we will need many more. Consider how institutional proliferation took place in postwar Europe and the Euro-Atlantic region – first after the Second World War, then again after the Cold War. That ecosystem of overlapping and complementary institutions helped preserve peace and prosperity.

The Indo-Pacific is much larger and far more diverse. It is at the beginning of a similar institutional journey. ASEAN, the East Asia Summit and the Quad are early milestones. Many more will emerge. In the end, we as Asians, working with our partners outside the region, must have the confidence to build strong and resilient institutions. That is the only path to sustainable leadership in the Indo-Pacific.



Ashok Malik
Partner and Chair of India Practice
The Asia Group
India



ASEAN, pragmatism and a more belligerent United States

Caught between assertive powers and policy shocks, ASEAN must stay nimble or risk being sidelined in its own region

Thomas Daniel

ASEAN member states have been left deeply vulnerable and anxious over the policy upheavals wrought by the second Trump administration. Some may be looking to dilute their dependence on the US as a trade and security partner, but this is a delicate and time-consuming process.

The consumption patterns of the US market and the strength of its economic and defence fundamentals also render any talk of replacement moot in the short-to-medium term. Simply put, many of Southeast Asia's key economies are too deeply integrated into the US supply chains to afford any significant disruptions.



BRICS remains a part of this diversification agenda for ASEAN member states that have joined either as full members or partners.

In the long term, ASEAN will have to reconcile with, and plan for, the evolving realities of US politics which Trump has built his America-first platform on. Globalisation has not worked out as well for most Americans as it has in this part of the world. Likewise, many American voters are tired of the domestic

costs of foreign intervention. The first and second Trump administrations are both a symptom and accelerator of this sentiment, not the cause. ASEAN and its member states must therefore prepare for a scenario where US tariffs are not just short-term reciprocal instruments but a long-term feature, varying by sectors, interests and popularity with the domestic polity.

Navigating a shifting US relationship

In the interim, ASEAN's much vaunted pragmatism should see its members pursue a multi-pronged, incremental, painful but necessary policy of accommodating key US demands to retain access, balancing China's aggressive push for alignment against the US, cultivating partnerships beyond both major powers and enhancing intra-ASEAN collaboration and trade.

BRICS remains a part of this diversification agenda for ASEAN member states that have joined either as full members or partners. While the US is concerned over China's sway in the group and with Russia as its reluctant subaltern, the latter's influence will likely be tempered by the expansion of BRICS.

More than a few of its new members or partners—Egypt, the UAE, Indonesia, Malaysia, Thailand, Türkiye and Vietnam—have assorted vested interests with the US, while founding members India and Brazil have no desire to turn BRICS into an anti-US grouping, making engagement more palatable for ASEAN members.

But it is not an option without risks, given Trump's hostility toward the grouping and threats of increased tariffs, meaning that ASEAN members of BRICS will have to convince Washington that their engagements are based on national interests that will be non-detrimental to the US. At the top of the list will be especially dissuading a deliberate undermining of the US dollar and being prepared to make extra concessions to curry favour, as Vietnam and Indonesia have done at the time of writing.

Diversifying without alienating

In the longer term, however, ASEAN and its member states must fundamentally ask themselves what they want from the US, as well as other dialogue partners, and whether the costs will be commensurate with the benefits, whether catering to the fickle demands of this administration will be sustainable in the long-run and whether ASEAN should work toward meaningful reforms to improve its own resilience.

A commonly cited example is the boosting of intra-ASEAN trade, which despite over three decades of various mechanisms, such as the ASEAN Free Trade Area, only hovers around 22%–25% of the region's total trade.



ASEAN has not only survived for almost six decades, but it has also grown and thrived, at its own pace and on its own terms.

While ASEAN is no stranger to operating in a contested regional order, the stakes are higher, as is the makeup and realities of the regional organisation. The US will likely deprioritise ASEAN, preferring instead

to pursue specific interests with specific member states.

While the Trump administration's recent nominations of a social media loyalist and golfing buddy as its ambassadors to Malaysia and Singapore have caused further consternation in the region, the broader trend of de-prioritisation is merely a continuation of approaches from the Biden administration. ASEAN and its member states will just have to accept that and find ways around it.

A coming litmus test for ASEAN on the cohesion and commitment of its member states is whether those favoured by the Trump administration, or those which are granted lower tariffs, will be able to advocate for the wider grouping and not just their own national interest. The same applies to ASEAN member states which are party to ongoing and emerging minilateral initiatives with active US involvement.

Pragmatism amid pressure

On the flipside, ASEAN has not only survived for almost six decades, but it has also grown and thrived, at its own pace and on its own terms. It still has the buy-in of many of its dialogue partners and a growing list of sectoral partners which it can use both as a buffer and a buttress when dealing with the US.

While many observers may fret about the slow and bifurcated pace of ASEAN's processes, its bureaucrats and diplomats are crystal clear on what the organisation is and is not and on how best to employ ASEAN mechanisms in practical or performative terms.

If ASEAN and its member states were pragmatic and flexible enough to engage with a growing and "belligerent" China, which never shied from reminding the regional organisation who was the bigger country, while utilising its economic prowess for influence, then they surely would be similarly

adaptable to an increasingly “belligerent” US, which under this administration seems to have no qualms in openly utilising a range of punitive measures to ensure its dominance and interests.

ASEAN’s consensus-building pragmatism might not always lead to the most elegant solutions, but they have resulted in workable compromises.



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