

# What the new geoeconomics means for ASEAN

---

Prepared by StoneBench  
in partnership with Public Policy Asia Advisors (PPAA)

# Contents

Introduction: an era of uncertainty	4
Walking a geopolitical tightrope	6
Responding to a changing landscape	8
ASEAN's collective response: reality vs potential	11
Future scenarios for ASEAN	13
Strategic recommendations for ASEAN	15
Stepping into the unknown	19



# Foreword

We're in an era of deep and disorienting flux. Globalisation, which has, for a long time, been the engine of economic success for the Association of Southeast Asian Nations (ASEAN), is no longer everyone's friend. Geopolitical stress has mounted over the past 24 months. Together, these trends have resulted in tariffs, sanctions, export restrictions, investment controls and technological bifurcation becoming tools of economic coercion.

For a region like ASEAN, whose success has long hinged on trade openness and external investment, this is a moment of reckoning. This report explores how ASEAN is being reshaped by a shifting geoeconomic order. It examines how President Trump's tariff manoeuvrings\*, geopolitical conflict and economic uncertainty are impacting the region's economies and political calculations. And it asks what ASEAN can do in defending its economic interests, strengthening strategic autonomy, and better serving its 670 million people.

ASEAN doesn't need to be a "price taker" in the new geoeconomic landscape. It has enough demographic and economic clout to find its own ground, through smart coalitions, stronger internal integration and strategic partnerships. A more assertive ASEAN will be a good thing, but the question is whether it has the will to transform.

This paper is both a timely nudge and a practical guide. ASEAN's next chapter is unclear, but as this work argues, its choices now will define the region's role for decades to come.

\*The information on tariffs in this report is up to date as of the time of writing—August 1, 2025.

# Introduction: an era of uncertainty

The global landscape today is defined by uncertainty, with trade tensions, geopolitical and technological competition, and environmental pressures all colliding, forcing businesses and political leaders to reconsider strategies.

This volatile cocktail of factors is accelerating geoeconomic shifts that warrant immediate action, particularly from political and business leaders. Amid this chaos, the Association of Southeast Asian Nations (ASEAN) finds itself at an inflection point. From armed conflict in the Middle East and Europe to President Trump's tariff flip-flops, to technological bifurcation and the competition for critical minerals, global developments are tugging at ASEAN in different ways.

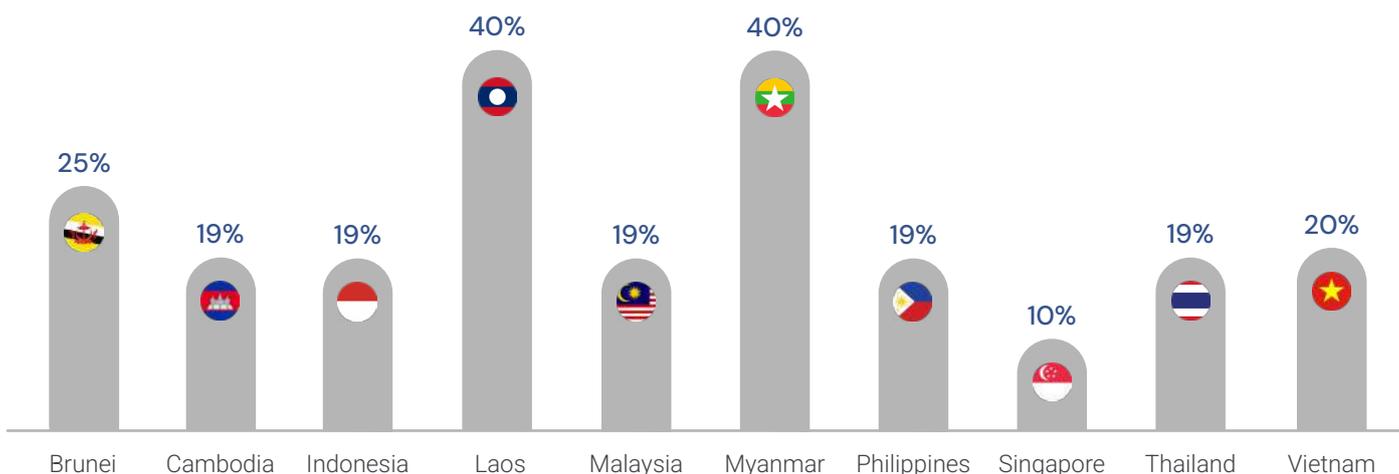
The most recent wholesale tariff announcement on August 1 2025 is not particularly good news for ASEAN economies. Most have been slapped a tariff of 19%<sup>1</sup>—which while lower than the initially announced tariffs—are higher than the tariffs imposed on several other countries

globally. For a region that has thrived on an export-led economic model, this is a sweeping jab, with countries like Laos and Myanmar bearing some of the worst effects with a tariff of 40%.

Only Singapore seems to have emerged mildly impacted by these tariffs, with a 10% baseline rate imposed on all their goods entering the US,<sup>2</sup> but given it is an entrepot, the city-state's economic fortunes are somewhat dependent on that of its neighbours.

Soon after the reveal of President Trump's Liberation Day tariffs, the administration announced a 90-day pause to allow states room to negotiate, but that reprieve did not last for long.<sup>3</sup> After a series of hastily arranged meetings and talks, a fresh set of tariffs—mostly higher than the baseline 10%—was announced on August 1. This announcement could settle tariff conversations for a while, but it also marks a radical shift in the role of tariffs in global trade and geoeconomics.

**Exhibit 1: Current US tariffs on imports from ASEAN**



Source: The White House

<sup>1</sup> The White House. "Presidential Actions: Further modifying the reciprocal tariff rates." <https://www.whitehouse.gov/presidential-actions/2025/07/further-modifying-the-reciprocal-tariff-rates/>

<sup>2</sup> The Diplomat. "Southeast Asia Slammed By President Trump's 'Liberation Day' Tariffs." <https://thediplomat.com/2025/04/southeast-asian-slammed-by-president-trumps-liberation-day-tariffs/>

<sup>3</sup> American Malaysian Chamber of Commerce. "Malaysia: 90-day pause on US reciprocal tariffs." <https://amcham.com.my/41695-2/>

“Across the world, tools once used to generate growth are now wielded to pressure, isolate and contain,” Malaysian Prime Minister Anwar Ibrahim said in Kuala Lumpur in July 2025. “Tariffs, export restrictions and investment barriers have now become the sharpened instruments of geopolitical rivalry.”<sup>4</sup>

Part of the problem lies in that, for a long time now, many ASEAN economies have relied on trade as a key pillar of growth, so it’s no surprise that President Trump’s tariffs have hit governments hard. For example, the tariffs on Vietnamese goods and a slowdown in their exports could result in drops in the value of the Vietnamese dong and higher import costs, potentially damaging the country’s attractiveness as an FDI destination and global manufacturing hub.<sup>5</sup>

Prior to the August 1 announcement, a few ASEAN members were going their own way. For example, negotiations between Vietnam and the US yielded a much lower tariff rate for the former: 20% instead of 46%.<sup>6</sup>

Other ASEAN economies such as Indonesia and the Philippines were also able to negotiate lower tariffs on their exports to the US—Philippines from 20% to 19%, and Indonesia from 32% to 19%.<sup>7</sup> Both economies agreed to not levy tariffs on US goods entering their markets. Moreover, Indonesia has made several other concessions, such as removing non-tariff barriers (NTBs), eliminating taxes on digital service revenue, and pre-shipment inspection or verification requirements on American goods. It also accepted following US Federal Motor Vehicle Safety Standards and to remove export restrictions on critical minerals.<sup>8</sup>

This is a story playing out across ASEAN, and the differing treatment faced by each country is emerging as a major stumbling block to regional collaboration. Rather than negotiating with the US as a single bloc, each country is incentivised to go at it alone, even though working together would give the region greater leverage.

Working together is, of course, easier said than done. Negotiating as a bloc would require a more assertive

ASEAN with a shared sense of purpose to collectively argue its case. Most importantly, there is no mechanism for collective action in ASEAN, when it comes to tariffs.

The past few decades of relative geopolitical stability brought economic growth, globalisation and the deeper integration of markets—all of which worked well for ASEAN’s economies. But geopolitical uncertainty and a fracturing of the trade system, thanks to globalisation’s discontents, and

accelerated by President Trump’s transactional approach and nationalist instincts,<sup>9</sup> mean that ASEAN has arrived at a moment of reckoning.

We’re now in what geopolitical strategist Tina Fordham refers to as a “geopolitical risk supercycle,”<sup>10</sup> which follows a period of geopolitical stability that allowed companies to grow beyond borders as the financial markets became more deeply integrated. We are in a period in which countries are increasingly using tools such as tariffs, sanctions, cyberattacks, regulations and investment controls to project power beyond borders.

The question is, how will ASEAN respond? The bloc’s next moves may define its future—will it successfully lead, or lag?

**“Across the world, tools once used to generate growth are now wielded to pressure, isolate and contain. Tariffs, export restrictions and investment barriers have now become the sharpened instruments of geopolitical rivalry.”**

- Malaysian Prime Minister **Anwar Ibrahim**, speaking at the opening of the ASEAN foreign ministers’ meeting

<sup>4</sup> Nikkei Asia. “Malaysia’s Anwar warns tariffs now used to ‘pressure, isolate’ others.” <https://asia.nikkei.com/Politics/International-relations/Malaysia-s-Anwar-warns-tariffs-now-used-to-pressure-isolate-others>

<sup>5</sup> Friedrich Naumann Foundation. “How Trump’s Tariff Threatens Vietnam’s Economy.” <https://www.freiheit.org/vietnam/how-trumps-tariff-threatens-vietnams-economy>

<sup>6</sup> Dezan Shira & Associates. “US Tariffs on Vietnamese Exports: Analyzing the Executive Order of July 2025.” <https://www.vietnam-briefing.com/news/new-tariffs-on-vietnamese-exports-analyzing-the-new-tariff-framework.html/>

<sup>7</sup> Nikkei Asia. “Trump tariff limbo blights Singapore, Thailand as ASEAN states deal.” <https://asia.nikkei.com/Economy/Trade-war/Trump-tariffs/Trump-tariff-limbo-blights-Singapore-Thailand-as-ASEAN-states-deal>

<sup>8</sup> CNN. “Trump announces trade agreement with the Philippines and terms of deal with Indonesia.” <https://edition.cnn.com/2025/07/22/business/trump-philippines-trade-deal>

<sup>9</sup> Papic, Marko. *Geopolitical Alpha: An Investment Framework for Predicting the Future*. Hoboken, NJ: Wiley, 2020.

<sup>10</sup> Fordham Global. “Never Going ‘Back to Normal’: Evidence of the Geopolitics Supercycle.” <https://marketing.fordhamglobal.com/supercycle-signup>

# Walking a geopolitical tightrope

Perhaps the greatest challenge facing ASEAN—both as a region, and for its individual member economies—is how it navigates the great power rivalry between the US and China.

The US has been one of the largest investors in ASEAN over the decades. FDI inflow from the US to ASEAN grew from US\$18.35 billion in 2012 to US\$84.42 billion in 2023, making it ASEAN's largest source of inward investment.<sup>11</sup>

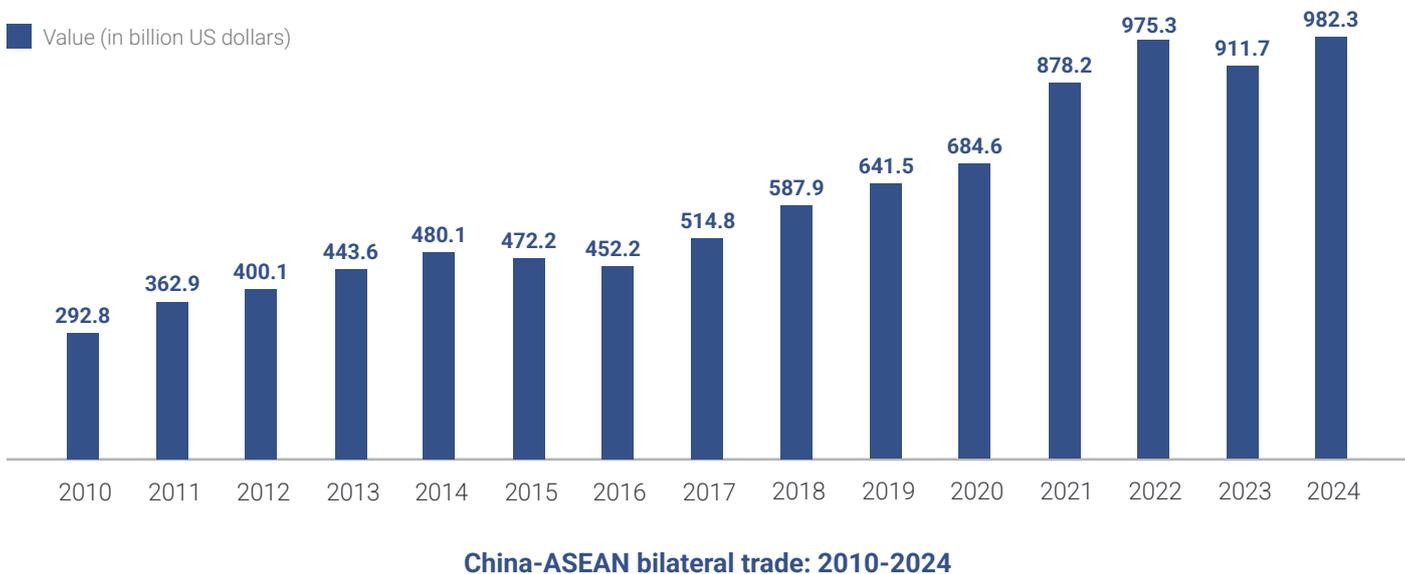
The US also maintains close defence and security ties with a few ASEAN countries such as Singapore, Thailand, the Philippines and Vietnam. These can, at times, go beyond military exercises, as in the case of the Philippines, whose 1951 agreement with the US commits the latter to intervening in the event of an armed attack on the former. This partnership was further strengthened in May 2023 through the US-PH Bilateral Defence Guidelines, which

gives the US a say in the Philippines' defence budget, military investment and other fiscal aspects relating to peace and security.<sup>12</sup> It has similarly provided substantial military and security funding to Vietnam<sup>13</sup> and Thailand<sup>14</sup> to strengthen its Indo-Pacific strategy.

In Thailand, the US has a key security ally and a major market for defence exports, with more than US\$3 billion in foreign military sales currently active. The two countries regularly participate in military exercises, and maintain a number of defence-related agreements.<sup>15</sup>

At the same time, China is an increasingly important economic partner of ASEAN, and its largest trading partner. Between 2010 and 2024, bilateral trade between the two countries more than tripled, growing from US\$292.8 billion to US\$982.3 billion.<sup>16</sup>

## Exhibit 2: Trade between ASEAN and China has grown manifold in recent years



Source: MOFCOM, ASEAN-China Center, NDRC, Chinese mission to ASEAN, various

<sup>11</sup> ASEAN Stats. "Flows of Inward Foreign Direct Investment (FDI) to ASEAN by Source Country and Industry (in million US\$)." <https://data.aseanstats.org/fdi-by-sources-and-sectors>

<sup>12</sup> Asia Pacific Research Network. "US military presence in the Asia Pacific." <https://www.aprnet.org/us-military-presence-in-the-asia-pacific/>

<sup>13</sup> U.S. Department of State. "U.S. Security Cooperation With Vietnam." <https://www.state.gov/u-s-security-cooperation-with-vietnam/>

<sup>14</sup> U.S. Department of State. "U.S. Security Cooperation With Thailand." <https://www.state.gov/u-s-security-cooperation-with-thailand/>

<sup>15</sup> Ibid

<sup>16</sup> Global Times. "China-ASEAN bilateral trade: 2010-2024." <https://www.globaltimes.cn/page/202504/1332251.shtml>

Beyond trade, China also enjoys an outsized influence in several ASEAN economies, with tourists and cultural exports flowing across borders in both directions. Just before the pandemic hit, more than 32 million Chinese tourists visited ASEAN, with Thailand enjoying the arrival of most Chinese tourists (11 million), followed by Vietnam (5.8 million) and Singapore (3.6 million). Chinese tourists comprised 27.5% of all tourists in Thailand, 32.2% in Vietnam and 18.9% in Singapore.<sup>17</sup>

Additionally, China is also an increasingly important investor in several ASEAN economies, accounting for 50.3% of all foreign investment in Cambodia and 27.3% in Myanmar.<sup>18</sup>

As ties between the US and China continue to fracture, there's a real chance of a sustained decoupling between the two economies. Even if not a total divorce, it is likely that supply chains will continue to bifurcate, with ASEAN having to carefully balance its significant trade relationship with China against its need for US-sourced FDI and security architecture. Until recently, this arrangement seemed to work for all parties, but over time, it's become a growing strategic headache for ASEAN.

Supply chain relocation from China to Southeast Asia has benefitted the region in myriad ways—from boosting Indonesian commodity exports, to electronics in Vietnam and chip-packaging in Malaysia. The upgrade to the ASEAN-China Free Trade Agreement (ACFTA) promises to further economic relations between the two, but this has gone together with increasing Chinese assertiveness in the South China Sea. Reconciling this is a big challenge for ASEAN. Balancing prosperity with sovereignty remains one of ASEAN's toughest tests.

With the US, on the other hand, economic relations have become transactional, as demonstrated by President Trump's tariff push. For ASEAN leaders, it is not hard

to imagine a future in which the US makes its security provisions in the region conditional on economic favours too.

The closure of USAID—the agency in charge of implementing development programmes in health, education, economic and disaster relief—only underscores the abrupt heel-turn the US has taken in terms of its role as a global leader. In 2024, USAID disbursed US\$670 million to countries across ASEAN, and the cutting off that crucial source of foreign aid will leave many in some of the world's poorest in countries such as Cambodia and Indonesia without access to life-saving services and resources.<sup>19</sup>



The departure of USAID also opens a void in the region's delicate power balance: with the US abandoning its reputation as a benevolent power, China has an opportunity to further bolster its presence in the region. This results in a conundrum: ASEAN cannot afford to choose—indeed, it does not want to choose. Pragmatic non-alignment has worked thus far, but how much longer can this balancing act continue?

<sup>17</sup> ASEAN Stats. "Visitor Arrival to ASEAN Member States by Origin Countries (in person)." <https://data.aseanstats.org/visitors>

<sup>18</sup> ASEAN Stats. "Flows of Inward Foreign Direct Investment (FDI) into AMS by Source Country (in million US\$)." <https://data.aseanstats.org/fdi-by-hosts-and-source-inward>

<sup>19</sup> US ForeignAssistance.gov. "US foreign assistance by country." [https://s3.amazonaws.com/files.explorer.devtechlab.com/us\\_foreign\\_aid\\_country.xlsx](https://s3.amazonaws.com/files.explorer.devtechlab.com/us_foreign_aid_country.xlsx)

# Responding to a changing landscape

In a joint statement released days after Trump's Liberation Day tariffs on April 2, 2025, ASEAN economic ministers reacted with studied restraint. The communique ruled out retaliation and called upon the WTO "to serve as a forum for dialogue to help prevent escalating trade conflict and to utilise the WTO for constructive engagement and to seek cooperative solutions."<sup>20</sup> They also reaffirmed their commitment to deepen intra-ASEAN commerce and investment.

ASEAN also emphasised its willingness to work with the US under the ASEAN-US Trade and Investment Framework Agreement (TIFA) and Expanded Economic Engagement (E3) Workplan. These structures, it said, would help "[facilitate] two-way trade and investment, deepen strategic trade partnerships, and enhance supply chain connectivity and resilience through digital technology and innovation," and in doing so, "promote stronger regional cooperation."<sup>21</sup>

This welcome posture should not be mistaken as the bloc's only approach—the lessons from President Trump's first term remain instructive, and ASEAN is also looking to hedge its bets.

Led by Malaysian Prime Minister Anwar, in late May 2025, ASEAN brought together its members and the member states of the Cooperation Council for the Arab States of the Gulf (GCC) and China for the ASEAN-GCC-China Summit in Kuala Lumpur. The event was widely seen as the region's effort to open the doors to new friends and cleave closer to old ones, a perspective underscored by a joint statement released post-summit.

In the statement, ASEAN members noted the "close and mutually-beneficial economic collaboration and cooperation among ASEAN, GCC and China" while also "[reaffirming its] desire to further promote ASEAN-GCC-China relations, guided by fundamental principles and shared values, norms and commitments, including those enunciated in the United Nations Charter."<sup>22</sup>

Furthermore, a region-to-region agreement between ASEAN and the EU remains a long-term objective, though progress has been slow. First announced in 2007, the initial framework of a cross-regional FTA has given way to a bilateral format of negotiations that will form "the building blocks towards a regional trade agreement," as EU Ambassador to ASEAN Sujiro Seam noted at the 2025 ASEAN Summit.<sup>23</sup>

The EU currently has bilateral FTAs with Singapore and Vietnam, and its FTA with Indonesia is expected to be finalised by September. It is also in negotiations with Thailand, the Philippines and Malaysia.<sup>24</sup>

ASEAN has also been in talks with Canada on an FTA since 2021.<sup>25</sup> Negotiations have been ongoing and may soon be finalised, given countries are keen to find workarounds in the face of hefty tariffs being imposed unilaterally by the US. "The work is being done with alacrity to finalise the text of the free trade agreement," said Canadian foreign minister Anita Anand in July 2025.<sup>26</sup> "It is complex but we are very much looking forward to it being completed as soon as possible."

<sup>20</sup> ASEAN Secretariat. "Joint statement of the ASEAN economic ministers on the introduction of unilateral tariffs of the United States." <https://asean.org/wp-content/uploads/2025/04/04-Special-AEM-Joint-Statement-Unilateral-Tariffs-Adopted.pdf>

<sup>21</sup> Ibid

<sup>22</sup> ASEAN Secretariat. "Summit of the Association of Southeast Asian Nations (ASEAN), the Cooperative Council for the Arab States of the Gulf (GCC), and the People's Republic of China (ASEAN-GCC-China Summit)." <https://asean.org/wp-content/uploads/2025/05/Final-Joint-Statement-of-the-ASEAN-GCC-China-Summit-27-May-2025.pdf>

<sup>23</sup> Jakarta Globe. "EU-ASEAN trade deal remains long-term objective: Envoy." <https://jakartaglobe.id/business/euasean-trade-deal-remains-longterm-objective-envoy->

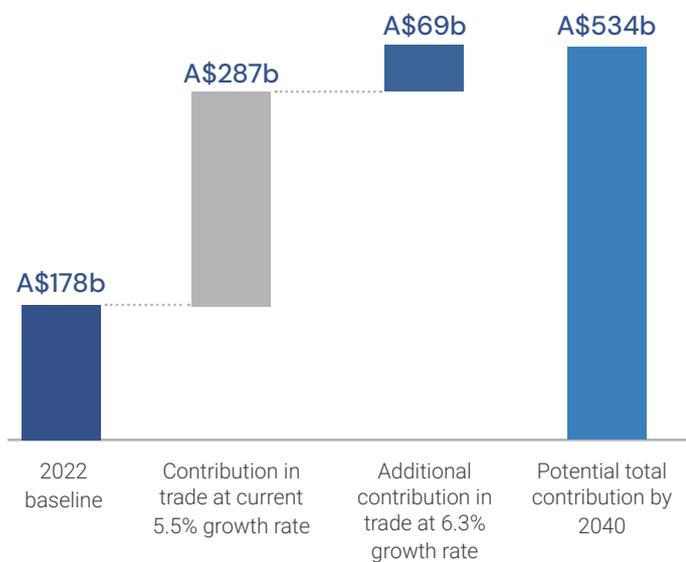
<sup>24</sup> European Commission. "Association of South East Asian Nations (ASEAN)." [https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/association-south-east-asian-nations-asean\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/association-south-east-asian-nations-asean_en)

<sup>25</sup> Government of Canada. "Canada and the Association of Southeast Asian Nations (ASEAN)." [https://www.international.gc.ca/world-monde/international\\_relations-relations\\_internationales/asean/index.aspx?lang=eng](https://www.international.gc.ca/world-monde/international_relations-relations_internationales/asean/index.aspx?lang=eng)

<sup>26</sup> Reuters. "Canada seeks pact with Southeast Asian countries to diversify trade." <https://www.reuters.com/world/americas/canada-seeks-pact-with-southeast-asian-countries-diversify-trade-2025-07-10/>

Separately, ASEAN could seek a further strengthening of trade ties with Australia and New Zealand through the ASEAN-Australia-New Zealand FTA. The interest goes both ways, with Australia making concerted efforts to expand its partnership with ASEAN member states. In FY 2023-24, Australia dispersed official development assistance (ODA) worth AU\$322.6 million to ASEAN, with the ODA budget expected to increase to AU\$334 million in FY 2025-26.<sup>27</sup> In a sign of the deepening importance of the relationship, Australia has developed a comprehensive economic strategy to significantly increase Australia–Southeast Asia trade and investment by 2040.<sup>28</sup>

**Exhibit 3: Potential value of two-way trade between Australia and Southeast Asia by 2040**



Source: Direction of Goods and Services Trade, July 2023, Department of Foreign Affairs and Trade (DFAT)

With the UN framework weakening, ASEAN members are exploring other international forums: Indonesia has joined BRICS, while Malaysia and Thailand are in the process of applying. Vietnam is weighing its options.<sup>29</sup> Meanwhile, ties with Japan and South Korea are being elevated under the ASEAN–Japan Comprehensive Strategic Partnership and parallel Seoul initiatives. These dovetail with the

<sup>27</sup> Department of Foreign Affairs and Trade, Australian Government. "Australia's Regional Partnership with Southeast Asia." <https://www.dfat.gov.au/geo/southeast-asia/development-assistance/australias-regional-partnership-southeast-asia>

<sup>28</sup> Department of Foreign Affairs and Trade, Australian Government. "Invested: Australia's Southeast Asia Economic Strategy to 2040." <https://www.dfat.gov.au/sites/default/files/invested-southeast-asia-economic-strategy-2040.pdf>

<sup>29</sup> CSIS. "The Latest on Southeast Asia: Indonesia joins BRICS." <https://www.csis.org/blogs/latest-southeast-asia/latest-southeast-asia-indonesia-joins-brics>

<sup>30</sup> ASEAN Secretariat. "ASEAN and Japan Strengthen Ties to Advance Comprehensive Strategic Partnership." <https://asean.org/asean-and-japan-strengthen-ties-to-advance-comprehensive-strategic-partnership/>

<sup>31</sup> Modern Diplomacy. "ASEAN Blueprint for Resilient Unity in a Divided Era." <https://modern diplomacy.eu/2025/05/30/asean-blueprint-for-resilient-unity-in-a-divided-era/>

<sup>32</sup> ASEAN Stats. "Trade in Goods (IMTS), Annually, HS 2-digit up to 8-Digit (AHTN), in US\$." <https://data.aseanstats.org/trade-annually>

<sup>33</sup> ASEAN Secretariat. "Digital Economy Framework Agreement (DEFA): ASEAN to leap forward its digital economy and unlock US\$2 Tn by 2030." <https://asean.org/asean-defa-study-projects-digital-economy-leap-to-us2tn-by-2030/>

ASEAN Outlook on the Indo-Pacific, which emphasises centrality, openness and a rules-based order.<sup>30</sup>

In short, when faced with adversity, the bloc's first instinct is diversification, not alignment. Expect ASEAN to widen its circle of economic partners while preserving strategic equidistance between Washington and Beijing—a posture that safeguards both sovereignty and growth. However, this outward-looking approach, while strategically sound, must be underpinned by stronger internal cohesion and collective resolve. Otherwise, ASEAN's expanding partnerships risk stretching its consensus model and weakening its collective voice on sensitive regional issues.<sup>31</sup>

**Expect ASEAN to widen its circle of economic partners while preserving strategic equidistance between Washington and Beijing—a posture that safeguards both sovereignty and growth. However, this outward-looking approach, while strategically sound, must be underpinned by stronger internal cohesion and collective resolve.**

Looking ahead, we expect ASEAN to strengthen its trading relationships with other partners to lower dependence on exports to the US. Intra-regional trade has always been important to ASEAN, representing nearly a quarter (21.5%) of the region's overall annual trade and US\$759 billion in value.<sup>32</sup>

In recent years, the bloc has continued to expand on its free trade plans, with initiatives such as the ASEAN Digital Economy Framework Agreement (DEFA), which would provide a baseline for driving further integration and trade growth with new technologies.<sup>33</sup> Pending ongoing negotiations, DEFA will be the world's first region-wide, binding agreement that will harmonise digital trade rules, enable trusted cross-border data flows, and help establish a coherent regulatory framework for paperless trading,

e-commerce, cybersecurity, digital identity and digital payments. DEFA could build on ASEAN's immense digital potential and unlock as much as US\$2 trillion in additional value for the region's digital economy.<sup>34</sup>

More and bolder steps can be taken to build on that growth to transform ASEAN into an example of what a zero-tariff environment can achieve. Speaking at the S. Rajaratnam School of International Studies in Singapore, Singapore Prime Minister Lawrence Wong urged ASEAN member states to aim for the complete elimination of tariffs to boost intra-regional trade, and to further reduce NTBs.<sup>35</sup>

ASEAN has largely eliminated tariffs, yet true free trade remains hindered by persistent NTBs. These non-price measures, which include divergent standards and complex customs, are embedded in domestic regulations, making their removal challenging. Overcoming these pervasive NTBs is crucial for unlocking ASEAN's economic potential and integrating regional supply chains, as they significantly inflate business costs.<sup>36</sup>

These changes cannot be made by member states at an independent level; ASEAN must find ways to respond to global headwinds collectively. Collaborative action could lead to reduced import dependency, and greater negotiating power on the external front. A greater diversification of export markets, with a focus on the EU, Australia, Japan, India and the Middle East, will augur well.

Alongside its partners in the EU, the GCC, Latin America, Oceania and elsewhere, ASEAN is part of a cohort that makes up "a significant part" of the global economy, said Singapore Prime Minister Wong recently. "If [we're] together, we can push back and uphold a rules-based trading system, [and] that would enable us to strengthen multilateralism and make our overall economic foundations a lot more robust and resilient."<sup>37</sup>



<sup>34</sup> ASEAN Secretariat. "Digital Economy Framework Agreement (DEFA): ASEAN to leap forward its digital economy and unlock US\$2 Tn by 2030." <https://asean.org/asean-defa-study-projects-digital-economy-leap-to-us2tn-by-2030/>

<sup>35</sup> Malay Mail. "Asean must fast-track tariff-free trade, says Singapore PM Wong." <https://www.malaymail.com/news/singapore/2025/04/17/asean-must-fast-track-tariff-free-trade-says-singapore-pm-wong/173409>

<sup>36</sup> Vietnam Investment Review. "Time to Dismantle Non-Tariff Barriers within ASEAN." <https://vir.com.vn/time-to-dismantle-non-tariff-barriers-within-asean-131142.html>

<sup>37</sup> British Chamber of Commerce Singapore. "ASEAN can aim for 100% tariff-free trade to boost integration efforts, says PM Wong." <https://britcham.org.sg/news/asean-can-aim-100-tariff-free-trade-boost-integration-efforts-says-pm-wong>

# ASEAN's collective response: reality vs potential

Despite potentially benefiting from greater cooperation in the face of ad hoc tariffs imposed by the US and growing geopolitical volatility, ASEAN economies have struggled to put up a united negotiating stance. Instead, we have seen several economies in the region engaging directly on a bilateral basis with the US to negotiate lower tariffs on their exports. Indonesia, the Philippines and Vietnam have been successful in getting tariffs reduced somewhat.

Notably, Malaysia, as ASEAN Chair, is calling for a regional approach, with Prime Minister Anwar initiating discussions with his regional counterparts to chart a collective approach that balances their economic and trade interests.<sup>38</sup> However, it is unlikely a regional approach will be adopted formally because ASEAN simply does not have a mechanism to do so.

However, ASEAN does have other levers it can pull internally. It should explore ways to leverage regional integration mechanisms such as the ASEAN Free Trade Area (AFTA) to spur intra-regional trade.<sup>39</sup> There's already proof that this works: as of 2023, ASEAN had successfully eliminated tariffs on 98.6% of all tariff items, resulting in US\$759 billion inter-ASEAN trade—that's one-fifth (21.5%) of ASEAN's overall trade value. As such, ASEAN leaders are continuing to refine the ASEAN Single Window Tax Notification System to reduce trade costs and encourage business growth in the region,<sup>40</sup> with some calling for a "100% tariff-free" policy to deepen AFTA's impact on regional economic integration.<sup>41</sup>

Another area for ASEAN to address is regulatory convergence and the harmonisation of standards, both of

which will help increase investment inflows into the region and between different markets within the region. Investors have, for long, sought greater clarity around harmonisation of standards, which has not been forthcoming in many instances. Regulations around halal products are a case in point.

Separately, DEFA will be integral in this regard, by providing a framework for greater interoperability between each country's legal frameworks and regulations, and standardising governance of the digital economy.<sup>42</sup>

ASEAN should also look to strengthen the Regional Comprehensive Economic Partnership (RCEP), an FTA comprising 30% of the global economy and 28% of global trade.<sup>43</sup> While it does hold immense potential, RCEP doesn't protect its members from external shocks stemming from US tariffs. The reality is that Washington's attempt to try and create supply chains sans China remains a stumbling block, particularly given China's central role in the region's manufacturing web.

There is also a fear that the RCEP Certificate of Origin could be challenged due to a lack of interoperability between states' rules of origin, insufficient information, or non-compliance with regulations, thus destabilising trade flows. Standardising the rules of origin in RCEP is vital to its success, and there are lessons to be gained from older agreements such as NAFTA and the USMCA, which have worked out the complexities regarding certificate of origin.<sup>44</sup>

<sup>38</sup> Dezan Shira & Associates. "ASEAN's Response to US Tariffs: Toward a Unified Regional Strategy." <https://www.aseanbriefing.com/news/aseans-response-to-u-s-tariffs-toward-a-unified-regional-strategy/>

<sup>39</sup> ASEAN Secretariat. "Southeast Asia: A free trade area." <https://asean.org/wp-content/uploads/images/archive/pdf/AFTA.pdf>

<sup>40</sup> Asia News Network. "ASEAN Free Trade Agreement spurs growth in regional trade by 21 percent." <https://asianews.network/asean-free-trade-agreement-spurs-growth-in-regional-trade-by-21-percent/>

<sup>41</sup> Channel News Asia. "ASEAN can aim for 100% tariff-free trade to boost integration efforts, says PM Wong." <https://www.channelnewsasia.com/asia/asean-100-tariff-elimination-strengthen-integration-efforts-lawrence-wong-5153091>

<sup>42</sup> World Economic Forum. "Why ASEAN's new Digital Economy Framework Agreement is a game-changer." <https://www.weforum.org/stories/2025/05/asean-digital-economy-framework-agreement-a-gamechanger/>

<sup>43</sup> ERIA. "The Regional Comprehensive Economic Partnership: Challenges and Opportunities for ASEAN and East Asia." [https://www.eria.org/uploads/5\\_ch\\_1-RCEP-Challenges-and-Opportunities1.pdf](https://www.eria.org/uploads/5_ch_1-RCEP-Challenges-and-Opportunities1.pdf)

<sup>44</sup> Asian Development Blog. "Making RCEP Successful Through Business-Friendly Rules of Origin." <https://blogs.adb.org/blog/making-rcep-successful-through-business-friendly-rules-origin>

A key challenge, both for ASEAN and RCEP, is that individual countries will look to strike their own deals with the US, a move that will dilute the bloc's original promise of non-discriminatory rules. For ASEAN, a focus on the virtues and benefits of multilateralism is imperative, but there is little it can do to prevent individual member states from looking out for their own interests and strike deals with the US, as some have done.

a rare diplomatic success for the bloc.<sup>45</sup> The ASEAN Chair has also deployed a monitoring team to oversee ceasefire implementation, bolstering confidence in the truce.<sup>46</sup>

Looking ahead, ASEAN must capitalise on this diplomatic breakthrough by facilitating further high-level dialogue and operationalising a joint border committee scheduled for early August. Sustaining long-term stability will depend on ASEAN's ability to manage nationalist narratives, resume bilateral talks, and strengthen mechanisms—like the observer team—to ensure adherence to peace.<sup>47</sup>

For years now, ASEAN has failed to take effective steps to resolve the political situation in Myanmar. ASEAN must find pragmatic ways to enhance its effectiveness. The bloc can achieve this by strengthening the implementation of existing agreements and pursuing flexible diplomatic approaches. This involves more robust enforcement of mechanisms like the Five-Point Consensus and appointing a permanent ASEAN envoy for Myanmar or fostering parallel diplomacy, where willing member states or informal channels can advance solutions without requiring complete bloc-wide agreement on every step. Such adaptability allows for more agile responses to critical regional issues, helping to maintain ASEAN's relevance.<sup>48</sup>

The need for consensus, which has served the region well since inception, arguably poses the biggest challenge today. All member states must agree on key decisions, a policy that has left many issues on the backburner. There are few brave calls, because no member wants to rock the boat.

There was a little glimpse into what success could look like, recently. Tensions along the long-disputed Cambodia–Thailand border erupted into deadly fighting in late July 2025, resulting in over 30 deaths, large-scale displacement and an escalating diplomatic fallout. With Malaysia as the ASEAN Chair, Prime Minister Anwar led mediation efforts that culminated in an immediate and unconditional ceasefire effective July 28–29, signalling

In the current geoeconomic landscape, the search for consensus can be a weakness that will hobble ASEAN's ability to respond to a crisis. But it is a weakness ASEAN must live with—or work around. There is little likelihood that the grouping will deviate from its guiding principles, irrespective of the global landscape. This is going to be ASEAN's big challenge—how it can find the right balance between consensus and actually getting something done.



<sup>45</sup> The Straits Times. "Truce between Cambodia and Thailand Secured Under Asean Chair Malaysia, but Can It Hold?" <https://www.straitstimes.com/asia/se-asia/truce-between-cambodia-and-thailand-secured-under-asean-chair-malaysia-but-can-it-hold?>

<sup>46</sup> Nation Thailand. "ASEAN Chair Deploys Observer Team to Monitor Thai-Cambodian Ceasefire." <https://www.nationthailand.com/news/asean/40053229>

<sup>47</sup> Ibid

<sup>48</sup> Lowy Institute. "Myanmar and ASEAN's Parallel Diplomacy Trap." <https://www.lowyinstitute.org/the-interpreter/myanmar-asean-s-parallel-diplomacy-trap>

# Future scenarios for ASEAN

In this section, we look at two scenarios that we might see play out in response to the geopolitical and trade headwinds ASEAN faces.

## Scenario 1: ASEAN strengthens internal political cohesion and collective trade policy

ASEAN doubles down on intra-regional integration, and moves from declarations to action. From an economic perspective, this could include the creation of a regional digital single market, or a sustainable finance taxonomy that draws capital from around the world into the renewable energy sector.

In this scenario, the RCEP potentially acts as the backbone of supply chain integration in East and Southeast Asia, with the agreement deepened further into a high-quality trade deal that goes beyond the reduction of tariffs on goods. RCEP's common rule-of-origin clause benefits the region's economies in many ways—for example, an electronics manufacturing plant in Vietnam can import intermediate goods from Malaysia and still qualify for zero duty into Japan or Australia; this can help cushion the loss of price competitiveness in the US following tariffs imposed by the Trump administration.

Moreover, rallying behind the success of the RCEP will also give ASEAN economies more clout as a “middle power,” allowing it to negotiate more favourably with the US and the EU and other trading partners, not only tariffs, but also other kinds of restrictive trade measures that are sometimes unilaterally imposed.

The CPTPP is another avenue through which ASEAN can look to fortify its future. With four ASEAN member states—Brunei,

Malaysia, Singapore and Vietnam—already part of the grouping, an Asia-led CPTPP could usher in a new era of greater market access and economic integration.<sup>49</sup>

The FTA is already demonstrating immense success in Vietnam, where FDI flows from CPTPP countries have increased from US\$9.5 billion to nearly US\$11.5 billion within three short years (2019-2022).<sup>50</sup>

Outside of the economy, success will hinge on practical ways of adhering to the principles of consensus and non-interference, which have been at the core of ASEAN since its inception. In this scenario, ASEAN members will acknowledge changed geopolitical realities and adopt a collective stance when it comes to political affairs, such as the territorial disputes in the South China Sea and the civil war in Myanmar.

In short, this scenario will see ASEAN members integrate more deeply to strengthen their clout and bargaining power. ASEAN was never designed to be like the EU, but it can become a lot more than a trade grouping.



<sup>49</sup> Global Relay Communications. “Trump, tariffs, and the prospects of an EU-Asia trade coalition.” <https://www.grip.globalrelay.com/trump-tariffs-and-the-prospects-of-an-eu-asia-trade-coalition/>

<sup>50</sup> Vietnam Chamber of Commerce and Industry. “Vietnam makes most of CPTPP to join global supply chains.” <https://wtocenter.vn/tin-tuc/26484-vietnam-makes-most-of-cptpp-to-join-global-supply-chains>

## Scenario 2: Individual member states deepen bilateral ties to protect their strategic interests

ASEAN remains a bloc in name, but members drift, pulled by geoeconomic forces and circumstances. Unable to agree on a collective stance on issues—and a collective bargaining position—ASEAN member states start forging their own paths for the future. Members look to strike their own deals with the US, and bilaterally with others. Vietnam potentially courts the US with arms purchases and commitments to purchase more US goods,<sup>51</sup> Indonesia offers to increase its US energy imports,<sup>52</sup> Malaysia chooses to hedge by holding talks in parallel with the US and with the countries of the GCC,<sup>53</sup> and countries such as Laos and Cambodia double down on their economic ties with China.

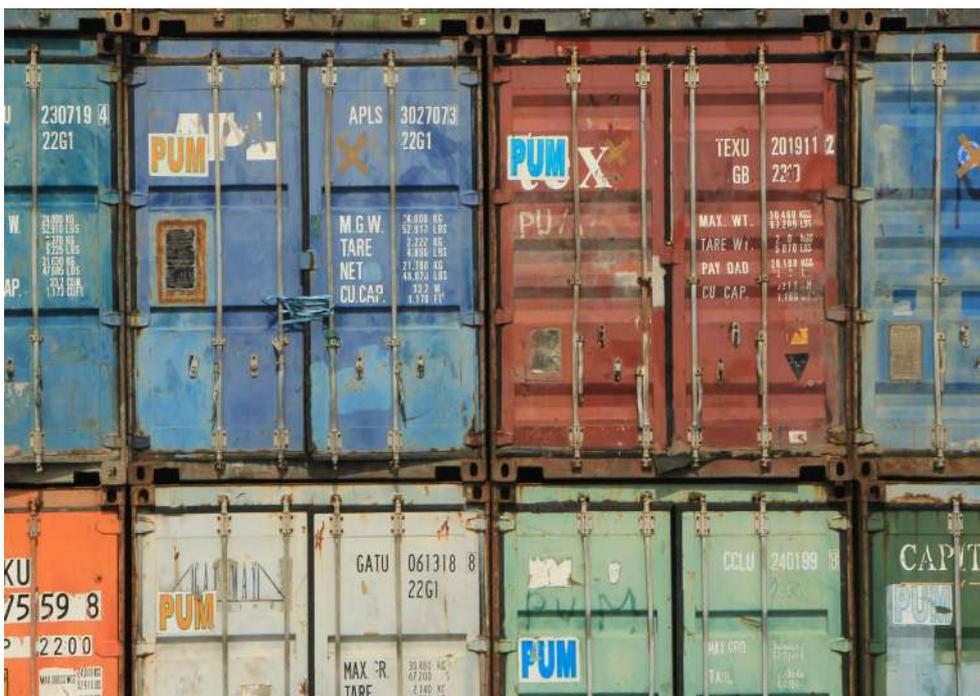
In this scenario, ASEAN's consensus culture ruptures and rifts over regional and global issues are exposed. Increasing bilateral action results in ASEAN centrality becoming nothing more than a buzzword.

There's already evidence that this could happen, most clearly in terms of Vietnam's response to Trump's demands.

Elsewhere, Thailand has pledged to eliminate import duties on 90% of US goods and to remove various NTBs,<sup>54</sup> while Indonesia traded promises to purchase US energy, agri-products and Boeing jets in exchange for lower tariffs.<sup>55</sup>

In an extreme scenario, ASEAN could see two distinct production corridors form: a US-aligned electronics chain running from northern Vietnam through Thailand into

Malaysia's west coast, and a China-anchored heavy-industry belt stretching from the Gulf of Tonkin down Malaysia's east coast to Indonesia's nickel smelters. ASEAN members continue looking to placate the US and China in turns, and this results in overlapping standards and higher compliance costs. This results in intra-ASEAN trade growth slowing considerably.



This would also lead to a disintegration of whatever political cohesion ASEAN has built over the years, reducing its influence on regional and global forums at a time the stakes are highest.

<sup>51</sup> Channel News Asia. "Vietnam to buy US defence and security products to address trade gap." <https://www.channelnewsasia.com/asia/vietnam-buy-us-defence-security-products-address-trade-gap-5051036>

<sup>52</sup> Reuters. "Indonesia to propose \$10 billion US energy imports increase in tariff talks." <https://www.reuters.com/business/energy/indonesia-propose-lifting-us-oil-lpg-imports-by-around-10-billion-2025-04-15/>

<sup>53</sup> Fortune. "Malaysia will work with both the U.S. and China in developing AI, says top minister." <https://fortune.com/article/malaysia-united-states-china-ai-tech-development-gcc-asean/>

<sup>54</sup> Bangkok Post. "Thailand makes fresh proposals to reduce US tariff pain." <https://www.bangkokpost.com/business/general/3070280/thailand-makes-fresh-proposals-to-reduce-us-tariff-pain>

<sup>55</sup> News on Air. "Indonesia gives full access to American firms in lieu of lowered tariffs." <https://www.newsonair.gov.in/indonesia-gives-full-access-to-american-firms-in-lieu-of-lowered-tariffs/>

# Strategic recommendations for ASEAN

Increasing trade protectionism, coupled with growing economic uncertainties, greatly impacts the next ASEAN growth trajectory. It is imperative that ASEAN takes a collective approach on two fronts: economic, and political and security.



## Economic

### Deepen intra-ASEAN integration and trade resilience

- At the 46th ASEAN Summit, ASEAN leaders "agreed to advance cooperation in areas such as green finance, sustainable investment, digital transformation, and supply chain connectivity, to ensure ASEAN's competitiveness in a rapidly evolving global economy."<sup>56</sup>
- Raise the share of intra-ASEAN trade by eliminating the remaining sensitive-list tariffs and synchronising non-tariff measures—especially differing halal and food-safety rules.
- Fast-track the ASEAN DEFA so that by 2028 all members share a common cross-border payments QR standard and a single window for customs declarations. These frictions cost exporters an estimated USD4 billion a year.
- Build a regional supply-chain stress-test facility (housed potentially at the ASEAN+3 Macroeconomic Research Office) to map choke points and prioritise dual sourcing for medical supplies and critical minerals.

### Broaden strategic partnerships beyond the US and China

ASEAN should look to diversify its economic partnerships to minimise the impact of a potential US-China bifurcation in trade and supply chains. Natural choices for closer ties are Japan, Australia and India.



**Japan:** In 2023, ASEAN and Japan signed a comprehensive strategic partnership, that saw a marked increase in two-way trade between both the countries. Total two-way trade between Japan and ASEAN stood at US\$241.1 billion in 2023—accounting for 6.8% of ASEAN's total merchandise trade. "Japan is ASEAN's fourth largest trade partner and fifth largest external source of FDI among ASEAN Dialogue Partners in 2023."<sup>57</sup>

<sup>56</sup> ASEAN Secretariat. "Chairman's statement of the 46th ASEAN Summit." <https://asean.org/wp-content/uploads/2025/05/01.-FINAL-Chairmans-Statement-of-the-46th-ASEAN-Summit.pdf>

<sup>57</sup> ASEAN Secretariat. "Overview of ASEAN-Japan Comprehensive Strategic Partnership." <https://asean.org/wp-content/uploads/2024/07/Overview-of-ASEAN-Japan-CSP-full-version-as-of-July-2024.pdf>

## Broaden strategic partnerships beyond the US and China



**India:** Use the ASEAN–India trade in goods agreement upgrade (currently under negotiation) to unlock services and digital-trade chapters, positioning ASEAN as India’s export platform to RCEP markets. A high-level trade delegation from India visited Malaysia, ahead of the 46th ASEAN Summit. Both the countries are already party to the ASEAN-India Trade in Goods Agreement that has eliminated tariffs on over 90% of products traded between the two countries. However, both sides will need to first address New Delhi’s frustration over the review’s slow and meaningful progress, including concerns about broader trade imbalances as voiced by Indian officials.<sup>58</sup>



**Australia:** ASEAN shares a comprehensive strategic partnership with Australia that has been in place since October 2021. Other than this, both parties are also part of the ASEAN-Australia-New Zealand Free Trade Area and the RCEP. ASEAN countries such as Thailand, Malaysia, Singapore, Indonesia, Vietnam and the Philippines have a robust two-way trade with Australia, particularly Singapore. ASEAN should look to create an ASEAN–Australia project pipeline for clean-energy corridors and critical-mineral downstreaming, supported by Canberra’s A\$2 billion (\$1.3 billion) Southeast Asia Investment Financing Facility.<sup>59</sup>



**Canada:** Canada has been a dialogue partner with ASEAN since 1977. In 2023, the two launched the ASEAN-Canada Strategic Partnership, further deepening their relationship. As of 2025, Canada has fully accredited diplomatic missions in all 10 ASEAN member state countries. Negotiations on a FTA between ASEAN and Canada have been ongoing since November 2021.<sup>60</sup> Recently, owing to growing uncertainty around global trade, Canada is moving quickly to finalise the text of the FTA “as soon as possible”.<sup>61</sup>

<sup>58</sup> Hindustan Times. “India May Consider Terminating Asean Pact as FTA Review Drags.” <https://www.hindustantimes.com/india-news/india-may-consider-terminating-asean-pact-as-fta-review-drags-101751827717359.html>

<sup>59</sup> Reuters. “Australia to create \$1.3 bln fund to invest in Southeast Asian projects.” <https://www.reuters.com/world/asia-pacific/australia-create-13-bln-fund-boost-southeast-asia-trade-2024-03-04/>

<sup>60</sup> Government of Canada. “Canada and the Association of Southeast Asian Nations (ASEAN).” [https://www.international.gc.ca/world-monde/international\\_relations-reactions-internationales/asean/index.aspx?lang=eng](https://www.international.gc.ca/world-monde/international_relations-reactions-internationales/asean/index.aspx?lang=eng)

<sup>61</sup> Reuters. “Canada seeks pact with Southeast Asian countries to diversify trade.” <https://www.reuters.com/world/americas/canada-seeks-pact-with-southeast-asian-countries-diversify-trade-2025-07-10/>

## Broaden strategic partnerships beyond the US and China

**EU:** Both the EU and ASEAN are each other's third-largest trading partners after China and the US. The EU is also the third-largest source of FDI for ASEAN countries. The EU also funds regional projects in ASEAN relating to trade, such as ASEAN Regional Integration Support from the EU, ASEAN Project on the Protection of Intellectual Property Rights, Enhanced Regional EU-ASEAN Dialogue Instrument, and the like. Negotiations on the EU-ASEAN FTA, which had begun in 2007, had been paused in 2009, to give way to bilateral trade agreements between the EU and individual ASEAN countries.<sup>62</sup>

**BRICS:** The increasing involvement of ASEAN member states in BRICS should not be seen as a challenge, but as a strategic opportunity to strengthen their collective voice in global governance. With Indonesia already a member and Malaysia, Thailand and Vietnam as partners of BRICS, ASEAN can benefit from parallel engagement by utilising these memberships to promote multipolarity, fairer financial institutions, and South-South cooperation.<sup>63</sup>

---

## Strengthen multilateral agreements

ASEAN should make a commitment to avoiding the weaponising trade policies in the garb of national interest or citing security concerns. The region can use the RCEP as a foundation, and built on its scale as it looks strengthen the trade architecture. Given it is one of the world's largest FTAs, ASEAN states should look to deepen the agreement with more integration in trade in services, investment, and economic and technical cooperation so the economies can upgrade. All kinds of trade and non-trade barriers should be removed.

Further developments are likely as the region's leaders continue to meet throughout the year. In October 2025, ASEAN is set to call its first joint meeting of foreign and economic ministers in 26 years. "This meeting may not resolve structural weaknesses overnight, but it does offer a foundation to build on, if member states are prepared to act on the momentum," says Khoo Ying Hooi, associate professor of international relations and human rights from Universiti Malaya's International and Strategic Studies Department.<sup>64</sup>

<sup>62</sup> European Commission. "Association of South East Asian Nations (ASEAN)."  
[https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/association-south-east-asian-nations-asean\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/association-south-east-asian-nations-asean_en)

<sup>63</sup> Channel News Asia. "Why more Southeast Asian countries have signalled interest to join BRICS."  
<https://www.channelnewsasia.com/asia/brics-malaysia-thailand-indonesia-bloc-asean-4426441>

<sup>64</sup> Channel News Asia. "Why is ASEAN planning a rare joint meeting of foreign and economic ministers?"  
<https://www.channelnewsasia.com/asia/why-asean-planning-rare-joint-meeting-foreign-and-economic-ministers-5240576>



## Political

ASEAN must be able to project a unified, coordinated stance and responses to issues of regional and global consequence. At present, there is no mechanism to do this, and the ASEAN Way is about consultation, consensus, non-interference and taking a middle path with everyone on board. This impedes ASEAN from being assertive and prevents the establishment of binding mechanisms or formal institutions to enforce decisions.

Take the case of the ASEAN-China talks to formulate a Code of Conduct in the South China Sea, where negotiations have been ongoing for the past two decades.<sup>65</sup> The lack of movement prompted Philippines President Ferdinand Marcos Jr. to recently say: “We underscore the urgent need to accelerate the adoption of a legally binding code of conduct in the South China Sea. This is to safeguard maritime rights, promote stability, and prevent miscalculations at sea.”<sup>66</sup>

### Establish credible joint-response mechanisms

- **Must have:** Create a rapid response taskforce like ASEAN has for natural disasters, but this would be a small, staffed unit under the Secretariat that is mandated to coordinate responses to any political events. ASEAN already has the ASEAN Geoeconomics Task Force (AGTF). In its preliminary recommendations, the AGTF has “called for ASEAN to deepen regional economic integration, fully implement trade agreements such as the Regional Comprehensive Economic Partnership (RCEP) Agreement, and leverage its Centrality to shape the emerging economic order.”<sup>67</sup>
- **Nice to have:** Operationalise the “ASEAN minus X” decision rule for crisis statements so that proactive members are not vetoed by other members.<sup>68</sup>

### Project measured assertiveness

- **Must have:** Negotiate a legally binding South China Sea Code of Conduct with a 2026 deadline,<sup>69</sup> coupled with a shared maritime domain-awareness network that fuses data from Indonesian, Philippines and Singaporean centres.<sup>70</sup>
- **Nice to have:** A broadened mandate for the ASEAN Secretariat’s, such that it can fund a policy research arm comparable to the Directorate-General for Economic and Financial Affairs (EU’s DG-ECFIN), a department in the European Commission responsible for the EU’s economic and financial policies. This would give ASEAN an independent analytical voice rather than relying on external partners.

<sup>65</sup> IISS. “ASEAN needs a regional crisis-response architecture.” <https://www.iiss.org/online-analysis/online-analysis/2025/05/asean-needs-a-regional-crisis-response-architecture/>

<sup>66</sup> ABS-CBN Corporation. “Marcos renews call for South China Sea code of conduct at ASEAN summit.” <https://www.abs-cbn.com/news/nation/2025/5/26/marcos-renews-call-for-south-china-sea-code-of-conduct-at-asean-summit-1234>

<sup>67</sup> ASEAN Secretariat. “Joint communiqué of the 58th ASEAN foreign ministers’ meeting.” <https://asean.org/wp-content/uploads/2025/07/FINAL-Joint-Communique-of-the-58th-AMM.pdf>

<sup>68</sup> RSIS. “CO17199 | ASEAN minus X: Should This Formula Be Extended?” <https://rsis.edu.sg/rsis-publication/rsis/co17199-asean-minus-x-should-this-formula-be-extended/>

<sup>69</sup> East Asia Forum. “ASEAN’s elusive code of conduct for the South China Sea.” <https://eastasiaforum.org/2024/11/21/aseans-elusive-code-of-conduct-for-the-south-china-sea/>

<sup>70</sup> Indian Council of World Affairs. “Maritime domain awareness in the Indo-Pacific region.” <https://icwa.in/pdfs/MaritimeDomainAwarenessweb.pdf>

# Stepping into the unknown

The world today is very different from the one in which ASEAN was established, but against all odds, the regional compact has stood the test of time and grown in strength. It has weathered the peak of the Cold War and thrived in a period of unfettered globalisation and relative geopolitical stability from the fall of the Berlin Wall through to the COVID-19 pandemic. In this time, it has also dealt with the Asian Financial Crisis of the 1990s and the Global Financial Crisis of 2008.

ASEAN has succeeded against many odds, but today's geoeconomic headwinds require its leaders to show bold vision and act. ASEAN must emerge from its shell and put up a united front to better deal with its challenges. From trade to geopolitics, and security to economic resilience, ASEAN's leaders have a job on their hands.

With or without US President Trump, the US' position on tariffs looks like it's here to stay. ASEAN economies must work their way around the tariffs and adapt their export-driven models to new economic realities. Treat this as a wake-up call and an awakening that existing economic models must be tweaked or adapted. Doing so against the backdrop of growing geopolitical stress is not going to be easy.

For its own people and for the sake of the world, ASEAN must emerge as an example of restraint, common sense and supporter of multilateralism and the rules-based order, to be a rock of stability in an increasingly fragmented landscape.



## About StoneBench

---



StoneBench is a strategic editorial advisory and thought leadership studio specialising in topics at the intersection of economics, geopolitics, trade, finance, sustainability and policy. Our rigorous approach and deep understanding of key global trends have earned the trust of leading institutions, including banks, multinationals, consulting firms, industry associations and policy firms, for whom we produce white papers, research reports, insights, commentaries and op-eds.

[www.stonebench.sg](http://www.stonebench.sg)

[www.stonebench.work](http://www.stonebench.work)

## About Public Policy Advisors Asia

---



Public Policy Asia Advisors (PPAA) is a leading strategic advisory firm headquartered in Singapore, with coverage across the Asia-Pacific. We help businesses navigate emerging markets by crafting winning strategies, driving timely action and delivering measurable results. Through PPAA Publishing, we promote thought leadership on policy and regional affairs. Our PPAA Academy provides specialised executive training in trade, government affairs and sustainable development across Asia.

[www.ppaa.co](http://www.ppaa.co)



T : +65 94247300 | 1 North Bridge Road  
High Street Centre | Singapore 179094  
[www.stonebench.sg](http://www.stonebench.sg)  
[info@stonebench.sg](mailto:info@stonebench.sg)