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What Must Southeast Asia Do to Secure Its Future?[1]

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Southeast Asia is facing two key challenges. First, the crisis in global governance and multilateralism threatens the world order that has undergirded economic growth, peace, and stability in the region. The decline of global institutions has long been in the making, but the policies of the Trump administration have accelerated the crisis. With the withdrawal of the United States from underwriting the international order, multilateralism, and global governance, the region has been undergoing a flurry of activities. Nonetheless, crises present opportunities to rewrite and reshape the rules of the game.

Second and relatedly, the intensification of US-China rivalry is fundamentally altering the Asian regional order. While the United States remains the leading power in the region, it is less preponderant than before, and China no longer acquiesces to its dominance in the region. The region is thus no longer unipolar, but bipolar. With bipolarity, competing and overlapping spheres

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of influence have emerged. The United States is enhancing ties with its treaty allies and security partners, particularly in maritime Southeast Asia, while China is consolidating its economic and security ties with countries in mainland Southeast Asia. The competition for spheres of influence destabilizes the region and threatens ASEAN unity.

Furthermore, the manifestations of US rivalry with China, viz., the trade war and the technology war, are impacting and reconfiguring global supply chains. While some Southeast Asian countries appear to benefit in the short term, the longer-term prognosis is less rosy. Growing protectionism threatens regional economic prosperity and hence, the economic underpinnings of the regional order. The region's security order is deeply intertwined with its economic order, framed around the idea of "comprehensive security" (Alagappa, 2003) – "East Asian states share a sense of ontological security that is deeply entrenched in the imperatives of economic viability and success" (Goh, 2013, p.118). Additionally, while China's economic growth has benefited the region, regional countries' economic dependence on China poses significant risks, making them vulnerable to China's economic downturns and use of economic coercion to gain political and strategic leverage.

US-China competition for dominance in the region is also challenging the region's institutional and normative structure, centered on ASEAN and the "ASEAN Way." The growth of minilaterals as the two rival powers construct smaller groupings aligned to themselves undermines ASEAN-centered multilateralism and calls into question ASEAN's relevance. As the two great powers seek to increase their influence and leverage with individual countries in ASEAN, their actions risk fracturing ASEAN. They are also weakening the region's ASEAN-centered collective identity as they seek to build values and norms based on their own belief systems rather than ASEAN values of inclusivity and diversity.

Despite these challenges, Southeast Asia has significant advantages. We are the fastest growing region in the world, a key node in major trade routes and the global supply chain, important economic partners of both the United States and China, and a source of critical minerals. We are also a stable region with minimal conflict – this is good for business. I recommend four actions items to leverage on these advantages to secure our future:

1. Reinforce the economic foundations of our region
2. Set rules and standards for new technologies and new forms of economy
3. Strengthen our dispute mitigation and management mechanism
4. Build regional resilience by strengthening the ASEAN-centered regional identity

Action Item 1: Reinforce the Economic Foundations of Our Region

Trade is our economic lifeblood, underpinning economic prosperity in the region. The Regional Comprehensive Economic Partnership (RCEP), the world's largest free trade agreement (FTA), was signed in November 2020 by Australia, China, Japan, New Zealand, South Korea, and ten ASEAN members. Since coming into force in 2022, the RCEP's rules and tariff reduction policies have strengthened integration and optimized the regional value chain (Tang & Sun, 2026). Trade and investment within the bloc will grow as additional members (Bangladesh, Chile, Sri Lanka, and Hong Kong) join. Southeast Asian countries can do more to enlarge the RCEP.

Southeast Asia also needs to expand its network of trade partners to other regions. In 2014, ASEAN established an annual meeting with the Pacific Alliance – a Latin American FTA comprising Chile, Colombia, Mexico, and Peru. The focus is on sustainable development, digital and green transitions, support for small and medium-sized firms, and people-to-people exchanges.

There is now an FTA between the Pacific Alliance and Singapore which could become a template for other ASEAN members. These cross-regional collaborations are critical for counteracting the fragmentation of the global trading regime.

Most recently, in late 2025, the Future of Investment and Trade Partnership (FIT-P), was launched. With 19 members, the aim is to advance ideas, innovations, and solutions to overcome trade and investment barriers. Brunei, Malaysia, Singapore, and Thailand are members of FIT-P. More Southeast Asian countries can join FIT-P, work together to foster new ideas, and bring them to the World Trade Organization (WTO).

Southeast Asian countries' initiatives in upholding trade and the global trading system act as a stabilizing force in the face of US protectionism and retaliatory tariffs. Such forums can prevent a total fragmentation of the global trading system by diversifying supply chains, using new technology to streamline global commerce, aligning rules on digital trade and clean energy, and fostering cross-regional collaborations. The WTO has not been functioning well for a while now, but delivering to it a set of rules that work and have broad support may help restore some of its capabilities (Ho and Herz, 2026).

Action Item 2: Set Rules and Standards

The setting of global standards and ethical principles on the use of Artificial Intelligence (AI) and rules and regulations for the protection of personal data are falling behind the rapid development of new technologies and the digital economy. Southeast Asian countries have made advancements in setting standards and rules in this area. In 2020, Chile, New Zealand, and Singapore signed the Digital Economy Partnership Agreement, the first of its kind to establish collaborations in digital trade issues.

Even more significantly for the region, ASEAN also launched negotiations for the world's first regionwide Digital Economy Framework Agreement (Tan, Chan, & Foo, 2024) in 2023 to strengthen regional digital integration and transformation. It should continue to advance towards an ASEAN digital economy that will allow the seamless and secure flow of goods and services, and data underpinned by rules and regulations.

These initiatives will help mitigate regulatory fragmentation resulting from "tariff wars" and technological derisking. Over time, these regional frameworks need to expand and converge to ensure uniformity of standards and rules, and facilitate the growth of trade and investment across regions.

Action Item 3: Dispute Mitigation and Management

Regional institutions need to step up to manage global conflicts as traditional peacekeeping institutions, such as the United Nations, face decreasing support and reduced funding. Southeast Asia has shown how this can be done through a set of informal norms known as the "ASEAN Way," which promotes consensus building, noninterference, and voluntary cooperation among member states. The "ASEAN Way" has historically helped prevent disputes from erupting and destroying regional peace. Indonesia's mediation, for instance, helped the Philippine government and the Moro National Liberation Front, a Filipino separatist group, sign a peace agreement in 1996.

A more recent example of regional efforts at keeping the peace was the Cambodia-Thailand border clash in July 2025. ASEAN approached the most recent confrontation in the typical "ASEAN Way" and prevented it from escalating into a region-wide crisis. Together with the United States and China, Malaysia as the Chair of ASEAN, helped facilitate a ceasefire. Malaysia exercised quiet diplomacy and coordinated communication. Its willingness to act and its

acceptability to both parties helped it play a bridging role, eventually leading to a ceasefire agreement — the Kuala Lumpur Peace Accord signed in October 2025. Malaysia also put together a peace monitoring force by first assembling and deploying a Malaysian military team which subsequently expanded to become the ASEAN Observer Team (AOT). The AOT is the first of its kind in the region – a regional force focused on monitoring the implementation of the ceasefire.

This form of dispute mitigation and management could prove to be a template for other regional conflicts. The use of quiet diplomacy, practical efforts, and trust-building instead of resorting to force and sanctions could provide a blueprint to prevent clashes and disputes between neighbors from escalating into full-scale war. But more needs to be done. Dispute mitigation and management processes need to be institutionalized rather than be dependent on the ASEAN Chair or inter-personal relationships (Him, 2025; Lin & Martinus, 2025).

Action Item 4: Building an ASEAN-centered Regional Identity

There is evidence of a collective regional identity in Southeast Asia. A survey that we (Ho & Lee, 2025) conducted in 2023 revealed that Southeast Asian elites aspire for ASEAN to lead the region – an overwhelming majority of respondents (80.4 percent) identified most with ASEAN. The formation of collective identity at the national level is considered an integral part of state-building and nation-building. National identity, however, could be at odds with the formation of regional identity.

Since its founding in 1967, ASEAN has sought to construct an ASEAN identity through a series of documents and practices (Singapore Research Nexus, 2025). The ASEAN identity is one that is premised on a set of values, commonly known as the “ASEAN Way,” and it is an identity that seeks to be inclusive, embracing diverse cultures, political regimes, and ethnicity. National identities, by contrast, tend to be exclusive, often based on race, religion, language, and shared

history and political values within national boundaries. With the 11 ASEAN states still engaging in the process of nation-building, the focus of national governments has been on strengthening national identity. National identity therefore trumps regional identity.

However, a strong regional identity is necessary for regional resilience. In the same way that national identity formation is critical for national resilience, without regional identity, building resilience at the regional level will be hard. Without a cohesive regional identity centered on ASEAN, ASEAN's unity and centrality will be at risk. Intra-regional disputes and great power rivalry can potentially pull ASEAN apart as a result. It is imperative for Southeast Asian countries to layer a shared ASEAN identity on top of multiple layers of national identities by emphasizing the "ASEAN Way," pride in the achievements of the region, and a broad sense of shared cultures. Political will and leadership will be needed to underwrite the construction of a strong and cohesive ASEAN-centered regional identity.

Outlook

The task of securing Southeast Asia's future is now more urgent than ever. Great power rivalry driving trade and technology wars, the decline of global institutions, and the expansion of ASEAN present significant challenges for Southeast Asia in the years ahead. ASEAN has weaknesses – internal cohesion and intra-ASEAN disputes are key challenges. There is also the concern that ASEAN may no longer be fit-for-purpose as a 20th century organization born from the Cold War. But ASEAN also has its strengths in the quiet diplomacy it practices, the norms and soft laws that help build regional identity, and the willingness to innovate. We are strong supporters of UN multilateralism, free trade, and globalization, which have undergirded peace and stability in the region, allowing the region to grow and prosper. Our approaches to trade, rule-setting, and dispute mitigation and management are pragmatic, practical and adaptive. They contribute to global

governance and help strengthen ASEAN. We need to continue building on these efforts, adapting to changing circumstances, and strengthening regional resilience to secure our future in the 21st century.

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