

ISBN: 978-4-86482-163-6

NIDS Joint Research Series No. 23

**NIDS ASEAN Workshop**  
**ASEAN in the Trump 2.0 Era**

**The National Institute for Defense Studies, Japan**

**NIDS ASEAN Workshop**  
**ASEAN in the Trump 2.0 Era**

**The National Institute for Defense Studies, Japan**

**NIDS JOINT RESEARCH SERIES No. 23**

Published by:

The National Institute for Defense Studies

5-1, Ichigaya-Honmuracho, Shinjuku-ku, Tokyo, 162-8808, Japan

Phone: +81-3-3260-3011

Fax: +81-3-3260-3034

[www.nids.mod.go.jp](http://www.nids.mod.go.jp)

ISBN: 978-4-86482-163-6

The views expressed in this publication are solely of the authors, and do not necessarily represent those of the institutions or governments of the authors.

Copyright © 2026 The National Institute for Defense Studies

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise) without the written permission of the publisher.

Edited in collaboration with INTERBOOKS

# Contents

<b>CHAPTER 1</b> .....	5
<b>Opportunity in a Crisis?: Cambodia in an Era of Trump 2.0</b>	
<i>Dr. Sovinda Po</i>	
Introduction .....	5
Trump 2.0's Trade Policy and Its Impacts on Cambodia .....	5
Cambodia's Concessions .....	7
Cambodia's Future Foreign Policy Direction .....	11
Cambodia's Underlying Constraints .....	16
Conclusion .....	18
<b>CHAPTER 2</b> .....	20
<b>Trump 2.0: Opportunities and Challenges for ASEAN</b>	
<i>Dr. TANG Siew Mun</i>	
Introduction .....	20
Overview of ASEAN's Strategic Alignment .....	20
The Catalyst for Strategic Diversification .....	23
The Role of the Middle Powers in the ASEAN Conundrum .....	24
The Increasing Visibility of Defense Diplomacy in US Engagement with ASEAN .....	25
The Decline of US Soft Power .....	26
Emerging Trends of US Diplomatic Practices in the Region.....	27
Conclusion .....	28
<b>CHAPTER 3</b> .....	30
<b>U.S. Allied Burden-sharing and Supplementary Security in Southeast Asia</b>	
<i>Dr. Peter K. Lee</i>	
Introduction .....	30
Alliance Burden-sharing Beyond the Alliance .....	31
Regional Burden-sharing Under Trump 1.0 .....	33
Regional Burden-sharing Under Biden .....	34
Regional Burden-sharing Under Trump 2.0 .....	36
Case Study: Philippines Maritime Capacity-building .....	38
Allied Burden-sharing Without the Ally? .....	40
Conclusion .....	41

<b>CHAPTER 4</b> .....	43
<b>A New Realism at the Indo-Pacific’s Edge: India, ASEAN, and the Perils of Transactional Power in a Post-Trump Order</b>	
<i>Dr. Jagannath Panda</i>	
Recalibrating Asia: Trump’s New Indo-Pacific Outlook .....	44
Tariffs, Tensions, and the Fracturing of Economic Trust .....	45
Trump’s China Policy and the Indo-Pacific Rivalry .....	47
ASEAN’s Balancing Act Between Washington and Beijing .....	49
Toward Functional Cooperation .....	50
Middle Powers and the Search for Strategic Balance .....	52
India-U.S. Relations on a Shaky Platform .....	55
Scenarios for the Indo-Pacific Beyond Trump .....	56
Can the Indo-Pacific Survive America’s Cold Realism? .....	58
<b>Contributors</b> .....	60

# CHAPTER 1

---

## Opportunity in a Crisis?: Cambodia in an Era of Trump 2.0

*Dr. Sovinda Po*

### **Introduction**

Throughout history, Cambodia-U.S. relations have oscillated between engagement and estrangement, often influenced by the U.S. emphasis on democratic values, human rights, and good governance. The previous Cambodian leadership under Prime Minister Hun Sen resisted implementing these principles, favoring a close alliance with China. This geopolitical orientation has continuously pushed U.S. interests to the periphery of Cambodian policy considerations. However, the ascendance of Hun Manet, Hun Sen's eldest son, has created a notable shift in Cambodia's political landscape that has paved the way for renewed diplomatic engagement with the United States. Moreover, with Donald Trump's reelection, significant shifts in U.S. foreign policy are anticipated. Key developments, including the dismantling of international aid programs, the deportation of undocumented immigrants, and the imposition of "reciprocal tariffs," particularly target smaller states like Cambodia and carry profound implications for its socio-economic landscape. The Cambodian government under Hun Manet has been trying to recalibrate its foreign policy, suggesting opportunities for strategic reconnection with Washington. This dynamic raises critical questions about how Cambodia can effectively navigate the geopolitical tensions of its relationships with both the United States and China, while maximizing economic and security benefits and minimizing political costs.

This paper explains the nuanced implications of Trump 2.0's trade policies on Cambodia, examining the potential economic ramifications of rising tariffs and shifting investment patterns. It further analyzes Cambodia's adaptive strategies, including tariff negotiations, procurement initiatives, and regulatory reforms, as Cambodia seeks to reposition itself within an increasingly competitive global landscape. The following sections will elucidate the challenges and opportunities ahead for Cambodia, revealing the intricate interplay among national interests, international relations, and economic imperatives in a rapidly evolving geopolitical context.

### **Trump 2.0's Trade Policy and Its Impacts on Cambodia**

The re-election of Donald J. Trump as President of the United States in November 2024 marks a critical shift toward a more aggressive economic policy framework. Characterized by increased tariffs, deregulation, and a revitalization of domestic industries, this "America First" agenda is fundamentally reshaping both the internal dynamics of U.S. politics and its economic landscape. The implications of these policy changes are far-reaching, exerting considerable influence on global trade,

financial markets, and international economic relations. The unprecedented speed and scale of these policy changes in the United States have sparked strategic realignments and prompted micro- and macroeconomic adjustments worldwide, raising significant concerns about the stability of the global trading system and the viability of multilateralism.

For Cambodia, the economic repercussions of Trump's trade policies are particularly dire. A significant consequence of these new directives is the potential for substantial job losses and declining revenues across various manufacturing sectors. On April 2, 2025, President Trump unveiled a sweeping trade policy known as "Liberation Day," which included a universal 10% tariff on all imports, along with additional reciprocal tariffs targeting specific nations. Cambodia emerged as one of the most adversely affected countries, facing a staggering 49% tariff—the highest in the ASEAN region—due to its considerable trade surplus with the United States.<sup>1</sup> At the end of 2024, the United States was the top export destination for Cambodia, accounting for nearly 38% of its export value totaling approximately \$9.92 billion, predominantly in the garment and footwear sectors, which employ over 800,000 workers.<sup>2</sup> This imbalanced trade profile and the abrupt introduction of elevated tariffs pose significant threats to Cambodia's garment industry and could jeopardize thousands of jobs.

Moreover, on July 1, 2025, the U.S. government officially dismantled the U.S. Agency for International Development (USAID), merging its remaining operations with the State Department.<sup>3</sup> Historically, Cambodia has benefited from substantial USAID support since the 1960s, with the total aid exceeding \$3 billion over the past three decades. In 2024 alone, USAID allocated approximately \$98.47 million to Cambodia for enhancing health, democracy, human rights, and governance initiatives.<sup>4</sup> Additionally, the United States contributed around \$10 million annually to mine clearance operations.<sup>5</sup> Reports indicate that the termination of USAID's framework resulted in the elimination of 30 contracts in Cambodia, totaling \$260 million; of these, only nine had been fully paid, and the remainder were subject to termination.<sup>6</sup>

Another critical challenge to Cambodia's economy stems from the expiration of the Generalized System of Preferences (GSP) in 2020. As of 2025, this trade privilege has not been reauthorized, primarily due to ongoing concerns about Cambodia's democratic regression and human rights

---

<sup>1</sup> Pisei Hin, "Cambodia Tops List of New Trump Tariffs, 49%," *Phnompenhpost.com*, 2025, <https://www.phnompenhpost.com/national/cambodia-tops-list-of-new-trump-tariffs-49->.

<sup>2</sup> Roland Chauville, "Cambodia's Women Garment Workers Have Been Promised a Decent Life: Now We Must Support Them to Claim Their Rights," *Views & Voices*, July 19, 2022, <https://views-voices.oxfam.org.uk/2022/07/cambodias-women-garment-workers/>.

<sup>3</sup> Leila Fadel and Fatma Tanis, "USAID Officially Shuts down and Merges Remaining Operations with State Department," *NPR*, July 2025, <https://www.npr.org/2025/07/01/nx-s1-5451372/usa-id-officially-shuts-down-and-merges-remaining-operations-with-state-department>.

<sup>4</sup> Sophia Datta, "From Democracy to Diplomacy: The New U.S. Strategy in Cambodia Post-USAID | New Perspectives on Asia," *Csis.org*, 2025, <https://www.csis.org/blogs/new-perspectives-asia/democracy-diplomacy-new-us-strategy-cambodia-post-usaid>.

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

violations. Under the GSP, Cambodia previously secured duty-free access to the U.S. market for approximately 5,000 products, significantly enhancing the competitiveness of its exports, including garments, footwear, agricultural goods, and travel products.<sup>7</sup> In the absence of this preferential treatment, Cambodia's exports are subject to higher duties, leaving tariff relief and sector-specific trade agreements as vital bargaining tools in the context of Trump 2.0's trade policies.

## Cambodia's Concessions

Such potential losses are significant for Cambodia, given its small economy. To court and please President Trump, Cambodia has taken the decisive measures outlined in this section. First, Cambodia has slashed its tariffs on American imports to zero percent. Such a decision needs to be interpreted in tandem with the Cambodia-Thailand border conflict from July 24 to 28, 2025.

For President Trump, the tariff negotiation in the context of the Cambodia-Thailand conflict presented him with two opportunities. On the one hand, he could use tariff threats as a diplomatic leverage to force both Thailand and Cambodia to sign the joint declaration to uphold peace and end fighting. In a private phone call with the Cambodian and Thai prime ministers regarding the Cambodia-Thailand conflict, the U.S. President used the prospect of economic measures as leverage to pressure both governments toward a ceasefire and negotiations. To quote an online post by President Trump, "When all is done, and Peace is at hand, I look forward to concluding our Trading Agreements with both."<sup>8</sup> That said, President Trump's approach to the heavy fighting that broke out along the Cambodia-Thailand border illustrates how tariffs and trade instruments have become active levers of U.S. diplomacy. This led Cambodia to nominate President Trump for the Nobel Peace Prize.

On the other hand, President Trump was able to achieve highly favorable trade agreements with Cambodia (and Thailand). In the process of negotiating the ceasefire agreement, Cambodia was to make concessions as a token of the U.S. tariff reduction from initially 49 percent to 19 percent, and Cambodia agreed to slash tariffs on American imports from a maximum of 35 percent to zero in the US-Cambodia Agreement on Reciprocal Trade signed on October 26, 2025. This elimination of 100 percent of U.S. industrial goods and U.S. food and agricultural goods was based on "staggering categories" detailed in an Annex to the agreement, and Cambodia also committed to imposing no quotas on U.S. imports unless otherwise agreed by both parties.<sup>9</sup> Furthermore, the deal extends beyond

---

<sup>7</sup> Arunputhirith Kong, "What Can Cambodia Expect from 'Trumponomics 2.0'?" *cambodianess.com*, 2024, <https://cambodianess.com/article/what-can-cambodia-expect-from-trumponomics-20>.

<sup>8</sup> Quoted in Hong, Raksmei. July 27, 2025. "Trump: Cambodia and Thailand agree to ceasefire after US mediation, trading table after fighting stop." *The Phnom Penh Post*. <https://www.phnompenhpost.com/national/trump-cambodia-and-thailand-agree-to-ceasefire-after-us-mediation-trading-table-after-fighting-stop>.

<sup>9</sup> Please consult the official U.S. website for details: <https://www.whitehouse.gov/briefings-statements/2025/10/joint-statement-on-united-states-cambodia-agreement-on-reciprocal-trade/#:~:text=Key%20terms%20of%20the%20Agreement,has%20already%20implemented%20this%20commitment>.

tariffs, as Cambodia has pledged to eliminate numerous non-tariff barriers, including streamlining import licensing, accepting U.S. vehicle safety and agricultural health standards, and committing to enforce robust labor, intellectual property, and environmental protection standards in the name of “strengthening their commercial relationship.”<sup>10</sup>

On the bright side, eliminating tariffs on U.S. goods such as vehicles, spare parts, capital equipment, and pharmaceuticals will make these products significantly more affordable, thereby lowering production costs for Cambodian firms and providing local consumers with better access to essential products. However, analysts also highlight the heightened competition for import-competing industries, particularly those linked to Japan, South Korea, and China, which were previously the go-to sources for these inputs. In addition, Cambodian domestic industries, such as local food processors or vehicle assemblers, suddenly face stiff competition from cheaper, high-quality, duty-free U.S. alternatives, putting intense pressure on them to increase efficiency or risk being undercut on price. All in all, the removal of tariffs creates a cost advantage for the United States, as it gains access to Cambodian markets at a lower cost than others.<sup>11</sup>

Cambodia’s second measure in response to President Trump is its pledge to buy 10 Boeing 737 MAX 8 planes, with the option to buy 10 more in the near future for its national carrier Air Cambodia, at \$90 million to \$120 million per aircraft.<sup>12</sup> The primary reason behind Cambodia’s commitment to purchase Boeing aircraft is to serve as an immediate major economic and diplomatic concession to the United States in exchange for favorable trade terms. This purchase aligns perfectly with a broader U.S. Indo-Pacific strategy, as observations show a pattern of President Trump consistently pushing for Boeing sales in trade packages with key partners like Vietnam, South Korea, and Turkey to reduce the U.S. trade deficit, promote American manufacturing jobs, and use the aerospace sector as a tool for geopolitical leverage to curb Chinese industrial influence.

For Cambodia, the deal also signals a foreign policy orientation shift away from Chinese aircraft manufacturer Commercial Aircraft Corporation of China, Ltd. (COMAC), which had been lobbying Air Cambodia to consider its C919 jet as an alternative, demonstrating a calculated policy recalibration to strengthen ties with the United States. (That being said, it is noteworthy that Cambodia is carefully maintaining relations with China, considering the memorandum of understanding (MoU) between Air Cambodia and COMAC signed on September 8, 2025, with a commitment to purchase 20 Chinese-

---

<sup>10</sup> Scott E Diamond, “United States and Cambodia Sign Reciprocal Trade Agreement,” SmarTrade, October 28, 2025, <https://www.thompsonhinesmartrade.com/2025/10/u-s-cambodia-sign-reciprocal-trade-agreement/>.

<sup>11</sup> Sum Manet, “Cambodia Eliminates Tariffs on All Imports from the US,” *Khmer Times*, October 27, 2025, <https://www.khmertimeskh.com/501780112/cambodia-eliminates-tariffs-on-all-imports-from-the-us/>.

<sup>12</sup> Sum Manet, “Cambodia Mulls \$1.2 Billion Purchase of Boeing Jets from US,” *Khmer Times*, August 4, 2025, <https://www.khmertimeskh.com/501732389/cambodia-mulls-1-2-billion-purchase-of-boeing-jets-from-us/>.

made C909 regional jets.<sup>13</sup>) The purchase of the Boeing jets is also beneficial to the enhancement of Techno International Airport (KTI), newly inaugurated on October 10, 2025, to modernize its aviation fleet with more fuel-efficient, lower-emission aircraft, as the Boeing 737 MAX 8 is known for its improved fuel efficiency, quieter operation, and reduced environmental footprint.<sup>14</sup>

However, the purchase faces several significant challenges for Cambodia. The most immediate issue is the long delay time; due to high global demand and production backlogs, the first aircraft is not expected to be delivered until 2031, meaning the commercial and operational benefits are years away. Furthermore, financing a multi-million-dollar commitment is a massive undertaking for a relatively small, state-backed airline, which must also develop specialized maintenance infrastructure and provide extensive training for pilots and technical staff to operate the new aircraft type.

Beyond tariffs and purchases, the Trump administration also pressed Cambodia to address practices that undermine U.S. trade policy, particularly illegal transshipment. This fraud, primarily orchestrated by Chinese manufacturers, involves shipping goods into Cambodia, relabeling them “Made in Cambodia,” and exporting them to the United States to evade applicable tariffs and origin rules. This pressure intensified following the U.S. imposition of a massive tariff of more than 3,500% on solar panels exported from Cambodia due to findings of circumvention and dumping. In response, Cambodia’s Ministry of Economy and Finance and the Ministry of Commerce (MOC) issued an Inter-Ministerial Prakas on April 30, which came into effect on May 12, 2025.<sup>15</sup> These regulations are aimed at preventing origin fraud and enhancing the transparent enforcement of the Laws on Rules of Origin for exports of certain goods to the U.S. market, outlining key requirements such as:

- Producers and exporters of specified goods must obtain an Origin Certification Letter (OCL) from the Ministry of Commerce and attach it to their Customs Declaration when exporting to the United States.
- Exchanges of information between the General Department of Customs and Excise (GDCE) and the General Directorate of Trade Support Services (GDTSS) are implemented to ensure comprehensive data sharing and compliance with rules of origin.
- In cases where the origin of goods is doubted, or upon request from the importing country, the United States, the GDCE, and GDTSS are authorized to conduct joint investigations to verify uncertainty.

---

<sup>13</sup> Khmer Times, “Air Cambodia Signs MoU to Purchase 20 Chinese C909 Aircraft, Plans to Purchase 10 American Boeing 737-800 MAX Aircraft,” *Khmer Times*, September 11, 2025, <https://www.khmertimeskh.com/501755514/air-cambodia-signs-mou-to-purchase-20-chinese-c909-aircraft-plans-to-purchase-10-american-boeing-737-800-max-aircraft/>.

<sup>14</sup> Sum Manet, “Cambodia mulls \$1.2 billion purchase of Boeing jets from US,” *Khmer Times*, August 5, 2025, <https://www.khmertimeskh.com/501732389/cambodia-mulls-1-2-billion-purchase-of-boeing-jets-from-us/>.

<sup>15</sup> Clint O’Connell, “Cambodia Issues Inter-Ministerial Prakas to Combat Origin Fraud with Respect to the Export of Certain Goods to the US,” DFDL, May 8, 2025, <https://www.dfdl.com/insights/legal-and-tax-updates/cambodia-issues-inter-ministerial-prakas-to-combat-origin-fraud-with-respect-to-the-export-of-certain-goods-to-the-us/>.

- Lastly, if producers and exporters are found to be committing origin fraud, including concealment of transshipment or misdeclaration, they face penalties as stipulated in the Laws on Rules of Origin and Customs.<sup>16</sup>

By addressing illegal transshipment, Cambodia protects the integrity of its legitimate export industries, especially garments and footwear, from reputational damage and the risk of collateral U.S. sanctions targeting origin fraud. In addition, this regulation also promotes good governance in Cambodia, laying a foundation for a more transparent business environment capable of attracting legitimate long-term investment. Conversely, this move has put pressure on foreign manufacturers, particularly those of Chinese origin, who relied on Cambodia as a transshipment loophole, creating a potential friction point while simultaneously imposing a massive operational burden on Cambodia's government to implement the new, strict OCL requirements effectively and to police them across all relevant departments.

Additionally, the U.S. administration also linked economic incentives to security and law-enforcement cooperation, such as the request for Cambodia to combat online scam operations that target American citizens. Cambodia has set up many high-level task forces and mechanisms to coordinate law enforcement against cyber-enabled fraud activity, including the recent establishment of a committee to combat online scams on July 2, 2025, including the Commission for Combating Online Scams (CCOS) and the National Counter-Cybercrime Committee (NCCC), in an effort to address these transactional crimes. Those government officials caught involved in these transaction crimes face dismissal from the government for non-compliance. These operations have arrested over 5,000 suspects and dismantled 92 sites across the nation, signaling a new, more serious resolve to tackle the issue and improve Cambodia's international standing.<sup>17</sup> According to the Secretariat of the Commission for Combating Cybercrime (CCC), Cambodian cybercrime efforts led to the arrest of 2,418 people in 18 operations in the first six months of 2025. Subsequently, from late June to October, Cambodian authorities sent a total of 75 suspected ringleaders and accomplices to court and arrested more than 3,400 suspects of 20 different nationalities in connection with cybercrime.<sup>18</sup> In essence, rising cybercrimes are perhaps the most significant immediate barrier to maximizing gains from the Trump 2.0 administration, even if Cambodia were to play its cards right. Moreover, with relation to forced labor in cybercrime, Cambodia has remained at tier 3 (the lowest ranking) in the U.S. State Department's Trafficking in Persons Report for the last four consecutive years, in which Cambodia

---

<sup>16</sup> Ibid.

<sup>17</sup> David Mineo, "Cambodia's Crackdown on Online Scams Balances Sovereignty and Strategic Cooperation," BowerGroupAsia, October 19, 2025, <https://bowergroupasia.com/cambodias-crackdown-on-online-scams-balances-sovereignty-and-strategic-cooperation/>.

<sup>18</sup> Khmer Times, "More than 3,400 Arrested in Four-Month Crackdown on Online Scams across Cambodia," October 16, 2025, [https://www.khmertimeskh.com/501774178/more-than-3400-arrested-in-four-month-crackdown-on-online-scams-across-cambodia/#google\\_vignette](https://www.khmertimeskh.com/501774178/more-than-3400-arrested-in-four-month-crackdown-on-online-scams-across-cambodia/#google_vignette).

has been labeled as a “state sponsor”<sup>19</sup> of human trafficking.<sup>20</sup>

## **Cambodia’s Future Foreign Policy Direction**

What one should expect from Cambodia’s foreign policy is that it will likely continue to enhance its partnership with the United States across all domains while balancing that with its traditional partner, China. Such a policy is commonly known as hedging.

### ***Hedging in the “Quiet but Not Silent” Way***

The catchy phrase “quiet but not silent,” used by Prime Minister Hun Manet during heightened military tension with Thailand following a ceasefire in July 2025, has quickly become a trend in discourse. The phrase was mainly used to clarify that the government’s restraint and patience were not signs of weakness or inaction. Instead, this approach was a calculated, round-the-clock effort to seek a peaceful resolution through patience and adherence to the rule of law. It sustained international engagement, rather than resorting to military force or aggressive rhetoric, to achieve a lasting peace agreement, which was signed on October 26, 2025. To an extent, this conflict provided leverage for Cambodia to further a good relationship with the United States. Prime Minister Hun Manet has strategically used geopolitical events to leverage diplomatic goodwill, including by publicly acknowledging and thanking the U.S. administration for its role in securing and facilitating the ceasefire agreement. To demonstrate his gratitude, he nominated President Trump for the Nobel Peace Prize on August 7, 2025.<sup>21</sup>

This strategy is seen as a sophisticated move to secure economic relief, while avoiding damage to relations with Cambodia’s long-term partner, China. By publicly framing the U.S. intervention as a momentum of “peace diplomacy,” Cambodia appeals to international sympathy and critically to the United States that punitive economic tariffs applied to a government currently managing a fragile border truce risk regional destabilization, a cost the United States would be hesitant to incur in a strategically vital area. The strategic balancing that Cambodia demonstrates here is that the interaction between Cambodia and the United States was kept on a transactional basis, with Cambodia showing tactical gratitude to the United States for its support of the ceasefire without alienating or upsetting its most significant partner, China.

Additionally, President Trump’s talk of tariffs and the subsequent deal between the United States

---

<sup>19</sup> Coby Hobbs, “US State Department Labels Cambodia ‘State Sponsor’ of Human Trafficking,” *Cambojanews.com*, October 2025, <https://cambojanews.com/us-state-department-labels-cambodia-state-sponsor-of-human-trafficking/>.

<sup>20</sup> Sreypich Mao, “Cambodia Stays Tier 3 as US Report Slams Human Trafficking Failures,” *Kiripost*, 2024, <https://kiripost.com/stories/cambodia-stays-tier-3-as-us-report-slams-human-trafficking-failures>.

<sup>21</sup> “Cambodia PM Says He Has Nominated Donald Trump for Nobel Peace Prize,” *CNN*, August 8, 2025, <https://edition.cnn.com/2025/08/07/world/cambodia-trump-nobel-prize-intl-hnk>.

and Cambodia, discussed above, have served as an open pathway toward reconnecting with the U.S. military. This includes the notable U.S. Navy warship visit to Sihanouk port for the first time in eight years, as well as the discussions between the U.S. defense attaché and Royal Cambodian Armed Forces (RCAF) Commander-in-Chief on resuming the Angkor Sentinel joint military exercise. This is significant because Cambodia suspended military cooperation with the United States in 2017.<sup>22</sup> By July 2025, high-level bilateral defense dialogues were underway, explicitly exploring “potential pathways” to revive the exercise, and confirming renewed momentum in defense collaboration after eight years without contact.

After the signing of the Peace Treaty between Cambodia and Thailand in Malaysia on October 26, 2025, the United States lifted its arms embargo on Cambodia, a restriction imposed since 2018 due to U.S. claims of China’s growing military influence in the country at the time.<sup>23</sup> In addition, the United States will also increase seats for Cambodian officers at U.S. military colleges such as West Point and the Air Force Academy, unlocking new opportunities for both practical and diplomatic purposes for Cambodia, which signals a major restoration between the two countries after years of strained relations. At the same time, the United States and Cambodia announced the resumption of the Angkor Sentinel exercise.

This military rapprochement between the United States and Cambodia should be understood in two ways. On the one hand, Cambodia is seeking more security assistance from the United States on the defense front, as China remains quiet. The recent Cambodia-Thailand border conflict starkly exposed Cambodia’s limited military capability and technological gap, a core vulnerability that has driven Phnom Penh’s military re-engagement with the United States. The two nations had asymmetric forces, with Thailand possessing a larger arsenal than Cambodia. Thailand is equipped with up-to-date weapons from various countries, including the U.S.-made F-16 Fighting Falcons as well as Swedish-made JAS-39 Gripen, Israeli Negev machine guns, Chinese-made T-69 tanks, domestically produced suicide drones, and precision glide bombs, alongside a variety of tanks and armored vehicles.<sup>24</sup> Cambodia, by contrast, is still heavily reliant on outdated Chinese weaponry, like Chinese-made PHL-90 122mm rocket launchers and HQ-12 (KS-1C) surface-to-air missiles alongside multiple models of Type 56 rifles, 69-1 rocket launchers, LG4 grenade launchers, Type 54 pistols, and even a battered M16 that was almost entirely Chinese in origin.<sup>25</sup>

---

<sup>22</sup> Torn Chanritheara, *Cambodia, U.S. Reignite Defense Talks, Eye Angkor Sentinel’s Return*, Cambodianess. <https://cambodianess.com/article/cambodia-us-reignite-defense-talks-eye-angkor-sentinels-return>.

<sup>23</sup> Simon Lewis and Doina Chiacu, “U.S. Imposes Arms Embargo on Cambodia over Chinese Military Influence,” *Reuters*, December 8, 2021, <https://www.reuters.com/world/asia-pacific/us-imposes-new-restrictions-cambodia-over-human-rights-corruption-commerce-2021-12-08/>.

<sup>24</sup> Zhen Han, “‘Civil War of Chinese Weapons?’ Thai-Cambodian Clash Exposes a Regional Divide in Military Modernization,” *The China-Global South Project*, July 30, 2025, <https://chinaglobalsouth.com/2025/07/31/china-weapons-thailand-cambodia-conflict-analysis/>.

<sup>25</sup> *Ibid.*

In Cambodia's efforts to fight Thailand, China plays no significant role. Although Cambodia is considered an "ironclad" ally, China would neither publicly confirm the arms it allegedly sent to Cambodia weeks before the fighting nor stop selling weapons to Thailand. Moreover, its "neutrality" stance on the Cambodia-Thailand border conflict further serves as an eye-opener for how shieldless Cambodia truly is, as it is evident that China views Thailand as a valuable customer whose business it will not jeopardize, even if it risks arming a party in conflict with its "ironclad" ally, Cambodia. This explains the need for Cambodia to re-engage with the United States, as the lingering ambiguity and unresolved issues between Cambodia and Thailand continue to pose a significant threat to Cambodia, especially given the detainment of 18 Cambodian soldiers at the Thailand border who have yet to arrive home since July 28, 2025, and Thailand's inconsistency in its diplomacy, including the recent halt of the peace agreement on November 10, 2025. This has further illustrated the need for Cambodia to seek security assurances from the United States.<sup>26</sup>

On the other hand, the Cambodian government recognizes that the United States routinely ties economic access to geopolitical conduct, meaning a reconciliatory security partnership is required to unlock trade relief. A series of actions and rewards confirms this transaction. Once Cambodia signaled its commitment to resume the "Angkor Sentinel" joint military exercise on November 3, 2025, the United States offered immediate, high-value rewards, lowering its tariff rate to a manageable 19%, granting more RCAF seats at U.S. military colleges (West Point, Air Force Academy), and lifting the arms embargo imposed since 2021 on November 7, 2025.<sup>27</sup> These U.S. rewards were not random; they were direct compensation for Cambodia's security diversification away from China, which in turn protected the economy. In the long run, by successfully diversifying its defense ties away from an exclusive reliance on China, Cambodia is immunizing its economy. If Cambodia were to sustain military cooperation with the United States, it would serve as a powerful deterrent against politically motivated sanctions and trade restrictions that Washington might otherwise impose solely on a China-aligned state, thereby securing Cambodia's vital Western market access and ensuring long-term economic stability.

### ***Economic Diversification***

As touched on above, Cambodia is pursuing further economic diversification. Economic diversification is more than just a monetary policy. It serves as a strategic foreign policy tool. Its concept involves expanding a country's economy by developing a wide range of industries and sectors rather than relying on a few dominant ones. It thus helps broaden the nation's income growth, generate a stable path for equitable growth and development, and strengthen resilience to external threats. This concept is particularly crucial for Cambodia's economic growth and stability amid global geopolitical and

---

<sup>26</sup> Al Jazeera, "Thailand Suspends Cambodia Peace Deal after Landmine Blast," Al Jazeera, November 10, 2025, <https://www.aljazeera.com/news/2025/11/10/thailand-suspends-cambodia-peace-deal-after-landmine-blast>.

<sup>27</sup> Reuters Staff, "US Lifts Arms Embargo on Cambodia after Trump Oversees Ceasefire Deal," *Reuters*, November 6, 2025, <https://www.reuters.com/world/asia-pacific/us-lifts-arms-embargo-cambodia-after-trump-oversees-ceasefire-deal-2025-11-06/>.

geoeconomic uncertainty between the United States and China.

Cambodia's markets have long been both overly reliant on those two major powers: the United States and China. This creates a striking asymmetry of dependence. Cambodia is dependent on Chinese foreign direct investment (FDI) for capital and infrastructure. Data from 2024 shows that Chinese investments remain the most significant source, valued at \$3.43 billion and accounting for nearly 50% of the total approved foreign investment.<sup>28</sup> Conversely, Cambodia is simultaneously reliant on the U.S. market for its core industrial output. Garments and related products, which employ nearly one million workers, are heavily exported to the United States, Cambodia's number one market, with exports reaching about \$9.9 billion in 2024, accounting for approximately 38% of Cambodia's exports.<sup>29</sup> This concentration makes the entire economy acutely sensitive to U.S. and China political decisions, as tariff threats or sanctions can trigger mass unemployment and economic downturn. With this information in mind, Cambodia has been working on diversifying its export markets.

However, the process has been relatively slower than in other Asian countries. According to the Ministry of Commerce, successful cases that highlight Cambodia's economic diversification efforts include the increasing export of non-garment manufacturing products such as bicycles and parts, electric goods and parts, solar panels, electric cables and wires, and vehicle parts and tires, all of which rose by 7 percent to a combined \$1,473 million in the first semester of 2025, increasing from \$1,376 in the same period last year.<sup>30</sup> Other than the United States, the markets for these products include the EU, Japan, and Korea (as well as Thailand before the war). Every dollar earned from these diversified, higher-value exports makes the overall economy less sensitive to a punitive U.S. tariff shock on the vulnerable garment sector.

On the other hand, in terms of FDI, China remains the largest investor, supplying approximately 50% (\$3.43 billion) of total approved capital (\$6.9 billion) in 2024, as noted above. Domestic investors accounted for another 34%. The remaining percentage reflects the success of Cambodia's diversification hedge. Key strategic partners, such as Vietnam (8.11%) and Singapore (3.83%), along with investors from South Korea and Japan (4%), are becoming significant contributors.<sup>31</sup> Ultimately, Cambodia is actively pursuing export and market diversification as a strategic hedge to neutralize the political leverage of its major trading partners, thereby bolstering its national resilience and political autonomy in an unstable geopolitical environment.

---

<sup>28</sup> Khmer Times, "China Remains Cambodia's Largest FDI Source," January 13, 2025, <https://www.khmertimeskh.com/501623409/china-remains-cambodias-largest-fdi-source/>.

<sup>29</sup> Arnaud Darc, "Opinion: Impact of a 36% US Tariff on Cambodian Exports – A Comparative Analysis," Cambodia Investment Review, July 9, 2025, <https://cambodiainvestmentreview.com/2025/07/09/opinion-impact-of-a-36-us-tariff-on-cambodian-exports-a-comparative-analysis/>.

<sup>30</sup> Pengly Horng, "Exports of Non-Garment Products Surge," *Khmer Times*, August 5, 2025, <https://www.khmertimeskh.com/501733063/exports-of-non-garment-products-surge/>.

<sup>31</sup> Sinorn Thang, "414 Investment Projects Worth \$6.9 Billion Approved in 2024," Kiripost, 2024, <https://kiripost.com/stories/414-investment-projects-worth-69-billion-approved-in-2024>.

### ***Strengthening Internal Structural Resilience***

There is no doubt that internal structural resilience is essential when dealing with uncertainty. The Cambodian government has adopted a policy known as the Pentagonal Strategy, phase 1, which is centered on growth, employment, equity, efficiency, and sustainability. The purpose of this policy is to lead Cambodia toward becoming a high-income country by 2050 through the building of structural resilience.<sup>32</sup> That said, the focus of the strategy's five key priorities is technology and efficiency. The reforms, meaning the Cambodian government's strong efforts to invest more in technology development and strengthening efficiency of the government's work, represent a strategic, proactive effort to manage the geopolitical rivalry between the United States and China by reducing Cambodia's economic and political vulnerability to external shocks and leverage.

The technology priority focuses on digital transformation and industrial upgrading to accelerate market diversification. As the world evolves with Fourth Industrial Revolution (4IR) technologies such as AI and advanced manufacturing, Cambodia is adopting major policy frameworks, including the Digital Economy and Society Policy Framework 2021–2035. This framework, which seeks to (1) develop digital infrastructure, (2) build digital governance, and (3) foster digital innovation, is the operational blueprint for moving beyond traditional, low-wage industries.<sup>33</sup> This effort is evident in the establishment of 21 new international standards (ISO, IEC, and ISO/IEC) across key areas like electronics, automotive parts, and textiles.<sup>34</sup> This commitment led Cambodia to upgrade to full ISO membership in October 2025, laying the foundation for higher-value-added manufacturing.<sup>35</sup> By focusing on advanced standards, the government seeks to shift the economy from tariff-vulnerable sectors to more competitive industries, ensuring Cambodia remains an attractive destination for high-quality investors from partners like RCEP member states, South Korea, and Japan, thereby accelerating diversification and fundamentally reducing dependence on the United States as a single export destination.

The efficiency priority is focused on good governance and risk mitigation, directly targeting the removal of political pretexts used by Western powers to impose sanctions. Cambodia demonstrated its commitment by successfully strengthening its AML/CFT (Anti-Money Laundering/Countering the Financing of Terrorism) regimes. This progress, highlighted in the U.S. Department of State's Investment Climate Statements, led to Cambodia's removal from the Financial Action Task Force

---

<sup>32</sup> Sereyrath Sok, "Pentagonal Strategy-Phase I Focuses on Five Key Priorities," Cambodian People's Party website, August 24, 2023, <https://www.cpp.org.kh/en/details/355509>.

<sup>33</sup> "Cambodian Digital Government Policy 2022-2035 [English]," [Opendevdevelopmentcambodia.net](https://data.opendevdevelopmentcambodia.net/laws_record/cambodian-digital-government-policy/resource/0d0ed197-9361-4b58-8123-689e2bfbd54), 2022, [https://data.opendevdevelopmentcambodia.net/laws\\_record/cambodian-digital-government-policy/resource/0d0ed197-9361-4b58-8123-689e2bfbd54](https://data.opendevdevelopmentcambodia.net/laws_record/cambodian-digital-government-policy/resource/0d0ed197-9361-4b58-8123-689e2bfbd54).

<sup>34</sup> Sommana Yan, "Cambodian Government Approves 21 New Standards to Enhance Industrial Competitiveness," *Construction & Property News*, September 9, 2025, <https://construction-property.com/cambodian-government-approves-21-new-standards-to-enhance-industrial-competitiveness/>.

<sup>35</sup> May Kunmakara, "Cambodia Marks First World Standards Day, Celebrates ISO Full Membership to Boost Industrial Competitiveness," *Kampuchea Thmey Daily*, October 15, 2025, <https://www.kampuchearthmey.com/kpt-english/1004170>.

(FATF) “grey list” in February 2023, a list the country had struggled to be removed from since 2019.<sup>36</sup> Subsequently, Cambodia was delisted from the EU’s high-risk third-country jurisdictions in May 2023.<sup>37</sup> Since the EU is also one of Cambodia’s major trading partners, accounting for approximately 16 percent of the kingdom’s total exports in the first nine months of 2025, this action has a profound effect as it removes a key political restriction previously used to impose trade restrictions. The efficiency priority also significantly increases investor confidence, particularly for those looking to bypass the compliance burdens associated with countries on the grey list.<sup>38</sup>

## Cambodia’s Underlying Constraints

### *Cambodia’s Reliance on China’s Raw Materials for Its Garment Sector*

China has been Cambodia’s closest and most consistent ally since the establishment of formal diplomatic relations in 1958.<sup>39</sup> Between 2000 and 2021, China allocated \$17.7 billion in loans, grants, and donations to Cambodia under the Belt and Road Initiative (BRI).<sup>40</sup> Recently, amidst the Cambodia-Thailand border conflict, China granted Cambodia approximately \$2.8 billion for humanitarian aid while reiterating its pledge of “ironclad friendship.”<sup>41</sup>

According to a Cambodian General Department of Customs and Excise (GDCE) report, in the first half of 2025, Cambodia-China bilateral trade reached \$9.2 billion, up 26 percent from the same period last year. Cambodia’s exports to China slightly declined by 7.9 percent year-on-year to \$750.61 million, while imports from China rose approximately 31 percent.<sup>42</sup> While this report underscored the strength of Cambodia-China economic relations, it revealed a more profound structural vulnerability: Cambodia’s heavy reliance on Chinese raw materials for its garment exports to the United States and the EU. However, the United States under Trump frames China as its primary rival. This structural contradiction places Phnom Penh in a difficult balancing act: leaning too far toward Washington risks jeopardizing billions of dollars in Chinese projects, while leaning too heavily on Beijing risks losing preferential access to U.S. and Western markets. Cambodia, therefore, faces an enduring dilemma between its economic lifeline to China and potential diversification opportunities with the United States.

<sup>36</sup> Chanritheara Torn, “Cambodia Removed from the FATF’s Grey List,” *Cambodianess*, February 25, 2023, <https://cambodianess.com/article/cambodia-removed-from-the-fatfs-grey-list>.

<sup>37</sup> European Commission, “Daily News 17 / 05 / 2023,” [https://ec.europa.eu/commission/presscorner/detail/en/mex\\_23\\_2805](https://ec.europa.eu/commission/presscorner/detail/en/mex_23_2805).

<sup>38</sup> Huaxia, “Cambodia’s Export to EU up 13.7 Pct in 9 Months,” *News.cn*, October 22, 2025, <https://english.news.cn/asiapacific/20251023/3a29df4a01684e8682485a63c0c672fd/c.html>.

<sup>39</sup> “China People’s Daily Written Interview with H. E. Prak Sokhonn, Senior Minister and Minister of Foreign Affairs and International Cooperation of the Kingdom of Cambodia,” n.d., <https://mfaic.gov.kh/publish/wp-content/uploads/2018/07/SMs-Interview-with-Chinas-Peoples-Daily.pdf>

<sup>40</sup> Sangeetha Amarthalingam, “Cambodia and China – An Ironclad Friendship Built on Aid, Credit and Trust,” *Kiripost*, 2024, <https://kiripost.com/stories/cambodia-and-china-an-ironclad-friendship-built-on-aid-credit-and-trust>.

<sup>41</sup> Khuon Narim, “China Pours in \$2.8M Aid for Border Affected Families, Reiterates Support for Cambodia to Be Self-Reliant,” *Cambojanews.com*, September 2, 2025, <https://cambojanews.com/china-pours-in-2-8m-aid-for-border-affected-families-reiterates-support-for-cambodia-to-be-self-reliant/>.

<sup>42</sup> Pengly Horng, “Cambodia-China Trade up 26%, Tops \$9.2B in H1,” *Khmer Times*, July 15, 2025, <https://www.khmertimeskh.com/501717596/cambodia-china-trade-up-26-tops-9-2b-in-h1/>.

### ***Former Prime Minister Hun Sen’s Lingering Influence***

Despite Prime Minister Hun Manet’s leadership since 2023, former Prime Minister Hun Sen remains a dominant force within the Cambodian People’s Party and continues to chair the Senate. His political influence is deeply tied to Cambodia’s alignment with China, which has provided the ruling party with partially conditional financial and diplomatic support. This institutional continuity ensures that Chinese influence remains embedded in Cambodia’s decision-making structures. Even if Hun Manet wishes to broaden ties with the United States, his room to maneuver is constrained by party loyalty, elite networks, and the political capital Hun Sen has built with Beijing. China’s presence in Cambodia is physically and symbolically entrenched through high-profile BRI projects such as the Sihanoukville Expressway, Phnom Penh and Siem Reap international airports, and the Funan Techo Canal, which serve as visible reminders of China’s role in shaping Cambodia’s development trajectory.<sup>43</sup> The construction of Xi Jinping Boulevard in Phnom Penh, named in honor of the Chinese president, further reflects the symbolic depth of the bilateral relationship. These projects not only enhance connectivity but also tie Cambodia’s economic future to Chinese capital, creating sunk costs that limit how far Phnom Penh can shift toward the United States without incurring massive economic risks.

Hun Manet’s administration requires skillfully leveraging strategic ambiguity in his political moves to continue his balancing act and reconnect with the West without provoking his father or China. The most crucial aspect lies in the framing of his political agenda. He justifies the concessions made to the United States as an economic necessity to safeguard the domestic economy, arguing that sacrifices like the multi-billion-dollar Boeing purchase and new anti-transshipment laws are a pragmatic “sunk cost” necessary to protect the garment export industry vital for economic stability, which is a core pillar of Hun Sen’s legacy. He also employs strategic ambiguity through dual sourcing, notably in aviation, where Cambodia’s national carrier has negotiated to purchase the U.S. Boeing 737 MAX 8 for its international fleet while simultaneously signing an MoU for 20 Chinese COMAC C909 regional jets, ensuring both major powers receive significant, high-profile contracts.

### ***Cybercrime***

Pervasive cybercrime operations constitute another underlying constraint to Cambodia. They are a profound structural issue, directly contradicting Cambodia’s desire to strengthen its financial and security ties with the United States. According to the FBI’s annual International Crime Report, the United States logged a \$16.6 billion loss in connection with online scams in 2024, a staggering increase of 33 percent from the previous year. Adding insult to injury, the U.S. government estimated that Americans lost at least \$10 billion to Southeast Asia-based scam operations in 2024, a 66 percent

---

<sup>43</sup> Jayant Menon, “The Belt and Road Initiative in Cambodia: Costs and Benefits, Real and Perceived,” March 2023, [https://www.iseas.edu.sg/wp-content/uploads/2023/03/ISEAS\\_EWP\\_2023-1\\_Menon.pdf](https://www.iseas.edu.sg/wp-content/uploads/2023/03/ISEAS_EWP_2023-1_Menon.pdf).

increase over the prior year, naming Cambodia as the main operation base.<sup>44</sup> The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and Financial Crimes Enforcement Network (FinCEN) have recently begun work in close coordination with the United Kingdom's Foreign, Commonwealth, and Development Office (FCDO) to take actions against these criminal networks, and have implemented sanctions against approximately 146 targets within the Prince Group Transnational Criminal Organization, led by Chen Zhi. They have also severed the Huione Group (suspected to be linked to a cousin of former Prime Minister Hun Sen) from the U.S. financial system, based on the finding that the Group laundered at least \$4 billion in illicit proceeds, including funds from "pig butchering" cyber scams and the Democratic People's Republic of Korea (North Korean) cyber heists between January 2021 to August 2024.<sup>45</sup> The U.S. government has explicitly linked these scam centers to Transnational Criminal Organizations (TCOs) that employ modern-day slavery and are responsible for billions in losses to American citizens. The combination of cybercrime and human rights abuses in Cambodia, as highlighted in the U.S. State Department's Trafficking in Persons Report which ranks Cambodia in Tier 3 (the lowest ranking), further complicates the relations between Cambodia and the United States, as it suggests the United States believes the problem is more systemic and politically protected, not just a law enforcement failure.

## Conclusion

This paper has examined the complex and evolving relationship between Cambodia and the United States in the context of Donald Trump's return to the presidency in January 2025. The introduction outlined the historical trajectory of Cambodia-U.S. relations, characterized by oscillation between cooperation and estrangement. The ascension of Hun Manet, the eldest son of former Prime Minister Hun Sen, has led to signs of a turning point in diplomatic engagement. This shift raises critical questions about Cambodia's ability to navigate its distinct yet intertwined relationships with both the United States and China, especially amid shifting geopolitical dynamics.

The analysis of Trump 2.0's trade policy revealed the implications of an assertive economic agenda on Cambodia's socio-economic landscape. The threat of the introduction of a universal 49% tariff on Cambodian exports, even though it was reduced to the 19%, along with the dismantling of USAID, have posed significant risks, particularly for the garment industry, a cornerstone of Cambodia's economy. This section underscored the challenges posed by the expiration of the Generalized System of Preferences (GSP), which historically facilitated duty-free access for thousands of Cambodian products to the U.S. market. The substantial tariff increases threaten to disrupt export revenues, jeopardizing employment for hundreds of thousands of workers in the garment and footwear sectors.

---

<sup>44</sup> "U.S. And U.K. Take Largest Action Ever Targeting Cybercriminal Networks in Southeast Asia," U.S. Department of the Treasury, October 14, 2025, <https://home.treasury.gov/news/press-releases/sb0278>.

<sup>45</sup> Ibid.

In response to these challenges, Cambodia's strategic concessions to the United States were discussed in detail. The decision to eliminate tariffs on American imports and the commitment to procure Boeing aircraft represent significant diplomatic gestures aimed at securing favorable trade terms. These initiatives are not mere economic maneuvers; they reflect Cambodia's broader strategy to reposition itself in an increasingly competitive global marketplace. This section highlighted the delicate balancing act Cambodia must perform to secure its economic interests while maintaining its historical alliances, particularly with China.

The examination of challenges and opportunities further emphasized the structural vulnerabilities inherent in Cambodia's economic framework. Cambodia's reliance on Chinese investment, juxtaposed with the need to diversify trade partnerships, is acute. Moreover, the pervasive issues of cybercrime and human trafficking were identified as critical impediments to enhancing Cambodia's international reputation and diplomatic leverage. The Cambodian government's efforts to address these problems are essential to foster a stable business environment that attracts legitimate investment.

The future direction of Cambodia's foreign policy suggests an inclination toward hedging, reinforcing relationships with both the United States and China. The phrase "quiet but not silent," articulated by Prime Minister Hun Manet, encapsulates a nuanced diplomatic approach that seeks to balance national interests without antagonizing either superpower. This paper indicates that Cambodia's path forward will require astute governance and strategic engagement, with the potential for both economic growth and political stability, provided it manages its international relationships effectively. In summary, the interplay of domestic politics, economic imperatives, and geopolitical realities will critically shape Cambodia's trajectory in the coming years.

In light of these points, the Cambodian government can consider these suggestions in navigating the complex geopolitical landscape effectively. First, Cambodia should pursue comprehensive trade agreements with a wider range of countries to reduce its economic reliance on both the United States and China. Second, enhancing internal governance, particularly regarding anti-corruption measures and economic transparency, will bolster investor confidence and facilitate a more favorable business climate. Third, implementing robust programs to address cybercrime and human trafficking will not only improve Cambodia's international standing but also ensure compliance with U.S. standards for economic partnership. Finally, strengthening diplomatic communications with both the United States and China while pursuing a hedging strategy will enable Cambodia to maintain its sovereignty and better navigate the intricacies of global politics. Together, these recommendations aim to foster economic resilience and diplomatic stability.

# CHAPTER 2

---

## Trump 2.0: Opportunities and Challenges for ASEAN

*Dr. TANG Siew Mun*<sup>1</sup>

### Introduction

Although barely touching the one-year mark, the impact of the second Trump administration (Trump 2.0) on the international geopolitical and geoeconomic landscapes has been profound. If the first Trump administration (Trump 1.0) was marked by dysfunctional and incoherent policies, its second iteration has been more efficient in implementing the President's agenda, especially in transforming his "Make America Great Again" (MAGA) ideas into policies and actions. For ASEAN and the international community, adjusting to Trump 2.0 has been a steep learning curve. This chapter attempts to provide a preliminary view of the impact and implications of Trump 2.0 on ASEAN and the region. The first section draws out the main findings of the Anatomy of Choice Alignment Index, the State of Southeast Asia Survey 2025, and the Southeast Asia Influence Index in the context of the region's strategic conundrum of choosing sides between China and the US. The second section discusses the dynamics of Trump 2.0 and its impact on the region's views of the US. The third section provides a snapshot of the US diplomatic practices in the region. It argues that in light of the perception of the US's growing sense of disinterest in regional affairs, ASEAN needs to assert its agency, consolidate existing partnerships, and establish new ones to mitigate these strategic uncertainties.

### Overview of ASEAN's Strategic Alignment

ASEAN Member States have often been pressured by analysts and the media to state their choice of alignment with either China or the US. In response, their leaders have declared unequivocally that ASEAN's choice is not to take sides. Scholars and practitioners have conceptualized this response as a position of hedging or neutrality. Indeed, it is a difficult choice to choose between the two major powers that are integral to the peace and prosperity of the region. Choosing sides puts ASEAN in a precarious position and opens the possibility of punishment or abandonment by the side that it did not choose. Hence, "not taking sides" is a prudent strategy to avoid punitive measures or antagonizing either of the major powers. This approach also enables ASEAN to reap benefits from both sides.

However, recent research by scholars at the Lee Kuan Yew School of Public Policy (LKYSPP) has shed a different light on ASEAN's strategic options and indicated that while "not taking sides" is a predictable and oft-quoted response, it is by no means a unanimous option (refer to Table 1). The

---

<sup>1</sup> These views are solely the author's and do not reflect or represent the views of his affiliation.

Anatomy of Choice Alignment Index, which studies the alignment choices of ASEAN Member States vis-à-vis China and the US from 1995 to 2024, showed that five ASEAN Member States, namely, Brunei, Indonesia, Malaysia, Singapore, and Thailand, have maintained a position of “non-aligned” or “hedging.” At the same time, the study reported that other ASEAN Member States have leaned towards one major power or the other. Cambodia, Laos, Myanmar, and Vietnam have demonstrated their affinity towards China, whereas the Philippines is aligned with the US.

A comparison of the index scores from the periods 1995–2009 and 2010–2024 yields additional insights into China’s growing influence in the region. Overall, all ASEAN Member States, with the exception of Vietnam, seem to be moving closer to China. Vietnam moved from “aligned with China” to “non-aligned.” It is the only ASEAN Member State in this period to lean towards the US. Notable swings in China’s favor are Cambodia’s shift from “aligned” to “strongly aligned,” Indonesia’s shift from aligned with the US to aligned with China, and Thailand’s move from “non-aligned” to “aligned with China.”

**Table 1: Anatomy of Choice Alignment Index (1995–2024)**

Country	1995–2024	1995–2009	2010–2024	Trending
Brunei	48 NA	50 NA	45 NA	+5 CN
Cambodia	38 C	43 C	33 C+	+10 CN
Indonesia	50 NA	56 US	44 C	+12 CN
Laos	29 C+	33 C+	25 C+	+8 CN
Malaysia	50 NA	52 NA	47 NA	+5 CN
Myanmar	25 C+	26 C+	24 C+	+2 CN
Philippines	62 US	64 US	60 US	+4 CN
Singapore	51NA	54 NA	48 NA	+6 CN
Thailand	47 NA	51 NA	44 C	+7 CN
Vietnam	43 C	41 C	45 NA	+4 US

0–33: Strongly aligned with China (C+)

34–44: Aligned with China (C)

45–55: Non-aligned, hedging range (NA)

56–66: Aligned with the US (US)

67–100: Strongly aligned with the US (US+)

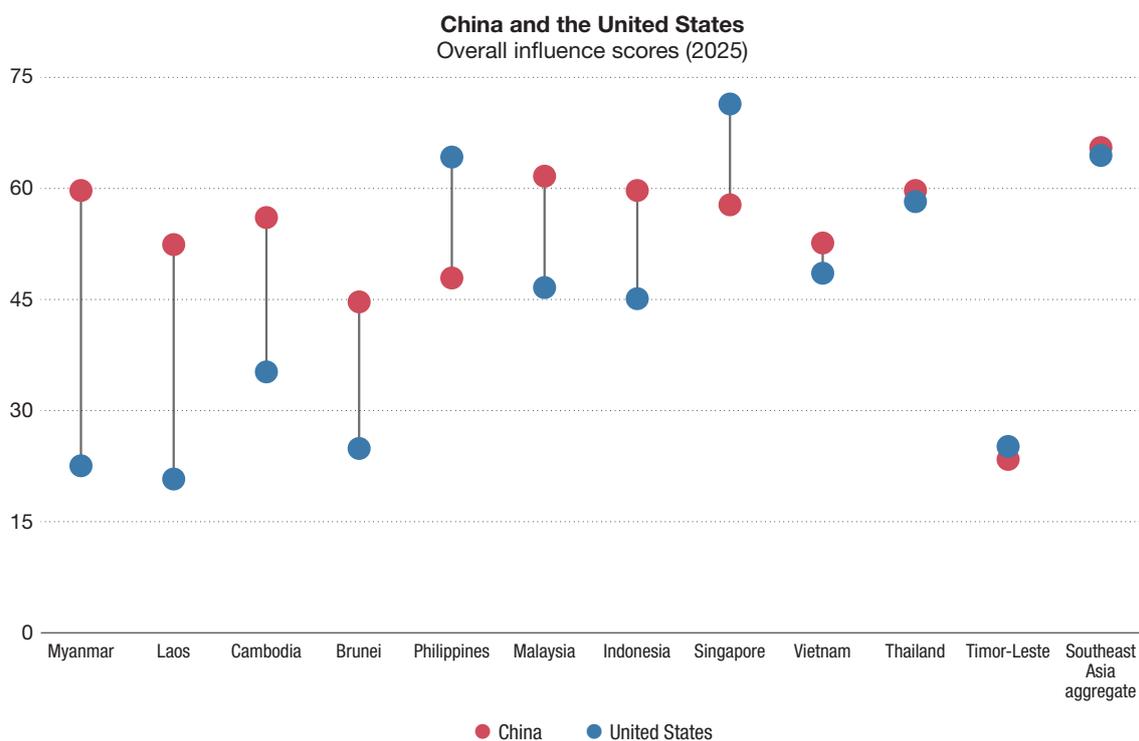
Source: Adapted from Yuen Foong Khong and Joseph Chinyong Liow, *Anatomy of Choice Alignment Index*, <https://lkyspp.nus.edu.sg/cag/research/aocai>.

China’s sway in the region is also supported by the results of two regional surveys, namely, the State of Southeast Asia 2025 survey conducted by the ISEAS - Yusof Ishak Institute and the Southeast Asia Influence Index 2025 survey conducted by the Lowy Institute. The State of Southeast Asia 2025 survey found that 56.4% of the ASEAN-10 respondents contend that China is the most influential

economic power in the region.<sup>2</sup> China is perceived to be the top economic actor in all ASEAN-10 countries. It is also viewed as the most influential political and strategic power in Southeast Asia by the highest plurality (37.9%) of the respondents.<sup>3</sup> All but one of the ASEAN-10 countries (the Philippines) ranked China over the US in terms of political and strategic influence. Notwithstanding the pervasive influence and perceived high standing of China, the US emerged as the “choice” of the majority of respondents (52.3%) if ASEAN were forced to align with either China or the US. It remains to be seen if the region’s strategic perception will turn away from the US in light of the unpopularity of Trump’s reciprocal tariff policy in the next iteration of the survey in 2026.

In terms of overall influence in the region, the Southeast Asia Influence Index study showed that China is marginally ahead of the US (refer to Figure 1). However, China has a distinct advantage in Brunei, Cambodia, Indonesia, Laos, Malaysia, and Myanmar, and holds a small advantage over the US in Thailand and Vietnam. In spite of China’s expanding influence in the region, the US’s influence is strong in the Philippines and Singapore.

Figure 1: Influence of China and the US in Southeast Asia



Source: *Southeast Asia Influence Index - Key Findings Report*, Lowy Institute.

<sup>2</sup> Sharon Seah et al., *The State of Southeast Asia: 2025 Survey Report* (Singapore: ISEAS-Yusof Ishak Institute, 2025), p. 32.

<sup>3</sup> *Ibid.*, p. 34.

Read together and broadly, the results of the Anatomy of Strategic Choice Index, State of Southeast Asia 2025 Survey, and Southeast Asia Influence Index point to China's expanding power and influence as the most consequential major power in the region. The US has lost ground in the region, with the notable exception of the Philippines, where the US continues to be held in high regard. This development is not surprising given Washington's strong and consistent support for Manila in asserting the latter's sovereign rights in the South China Sea.

## **The Catalyst for Strategic Diversification**

In many ways, the coming of Trump 2.0 is a wake-up call for the region. Trump's indiscriminate application of reciprocal tariffs without any distinction between allies and non-allies came as a shock. In particular, Vietnam felt particularly let down with an initial tariff rate of 46% despite having a comprehensive strategic partnership with the US in place. Two US treaty allies – the Philippines and Thailand – were similarly not spared from punitive tariff measures, with the former being charged an initial rate of 17% and the latter subject to a rate of 36% when the tariffs were rolled out. Even Singapore, which has a trade deficit with the US, was charged a baseline tariff of 10%.

One key takeaway from Trump's reciprocal tariffs is the danger of economic overdependency on a single market. The upshot of the Trump tariffs is that they incentivize states to diversify their trade relations. In this regard, Indonesia concluded a Comprehensive Economic Partnership Agreement (CEPA) with the European Union (EU) in September 2025. The long-stalled EU-Malaysia trade negotiations were resumed in January 2025. EU negotiations with the Philippines and Thailand are ongoing. Work is also ongoing to conclude the ASEAN-Canada free trade agreement by 2026. Under Malaysia's chairmanship, the ASEAN-Gulf Cooperation Council-China Summit was convened on May 27, 2025 to deepen economic cooperation, trade and strategic ties between the three regions. Some regional countries have sought additional strategic cushion by joining "non-Western" groupings such as BRICS, wherein Indonesia is a full member, and Malaysia, Thailand, and Vietnam are partner countries.

The search for new partners and deepening of new partnerships extends beyond the realm of trade and economics. In the past year, the Philippines has concluded Status of Visiting Forces agreements (SOVFA) with New Zealand and Canada. The Philippines also signed a Reciprocal Access Agreement (RAA) with Japan. Vietnam also upgraded its relations with the United Kingdom to a comprehensive strategic partnership in October 2025.

The broadening of ASEAN's economic partnerships with its external partners is not a new development. But Trump 2.0 gave expanding such partnerships added urgency to minimize the region's overdependency on the US market. Similarly, the striking political and security partnerships are a hedge against the uncertainties of the US commitment to regional peace and security. Diversification

is an astute response to the problem of overdependency on the US. This response also reduces US leverage in using economic warfare as a political tool.

## **The Role of the Middle Powers in the ASEAN Conundrum**

The ASEAN conundrum is a complex interplay of three strategic imperatives. First, ASEAN's mantra of open and inclusive regionalism means that it would endeavor to engage a wide range of external partners. Second, ASEAN's preference for a non-aligned posture compels it to balance the competing interests of the major powers. Third, ASEAN needs to maintain its centrality to ensure its relevance and autonomy. This conundrum is more acute in the wake of rising strategic rivalry between China and the US. It is imperative that ASEAN maintains a delicate balance of engagement with China and the US. Similarly, seeking to avoid taking sides between two major powers serves to maintain ASEAN's strategic autonomy. In this context, one of the notable inferences of the Anatomy of Choice Alignment Index is to render the "taking sides" question moot. The region's strategic tilt towards China effectively takes the option of "taking sides" out of ASEAN's hands.

If this tilt towards China continues into the medium and long term, the possibility of Southeast Asia becoming a Chinese sphere of influence cannot be ruled out entirely. With the US under the Trump administration taking what appears to be a relatively inward-looking posture and reducing its global commitments, ASEAN would have to look to its other external partners to support the region's strategic ballast in preventing the rise of a hegemonic power.

Specifically, the region's middle powers – Australia, India, Japan, and South Korea – hold the key to maintaining a regional strategic balance by making up for the US's "absence." Australia and Japan had demonstrated their regional leadership qualities by corralling like-minded partners to form the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) when the US withdrew from the Trans-Pacific Partnership (TPP). Likewise, the establishment of the ASEAN-led Regional Comprehensive Economic Partnership (RCEP) of which Australia, Japan, New Zealand and South Korea are parties, underlined the importance of broad-based cooperation. More importantly, the CPTPP and RCEP proved that the middle powers have the potential and capacity to fill the void vacated by the US in advancing the free trade agenda.

In particular, Japan holds the highest potential to make up for the US's strategic shortfall. Japan has a deep reservoir of goodwill in the region. It has consistently been viewed as the most trusted major power by respondents of the State of Southeast Asia Survey for the past nine years. In the latest iteration of the survey in 2025, 66.8% of the respondents regarded Japan as the most trustworthy

major power.<sup>4</sup> From a practical perspective, results from the Southeast Asia Influence Index showed that “Japan is the only partner other than the United States and China that is active across all domains of influence and across all Southeast Asian countries.”<sup>5</sup> The Index affirmed Japan’s influence in the region’s economic and cultural affairs (refer to Table 2). It is notable that, notwithstanding Japan’s past aversion to a security role, it is ranked fourth after the US, Australia, and Thailand in “defence networks.” Among others, this success demonstrated that Japan’s Official Security Assistance (OSA) has had a meaningful impact on its security cooperation in the region. The Japan-ASEAN Ministerial Initiative for Enhanced Defence Cooperation (JASMINE) and One Cooperative Effort Among Nations (OCEAN) initiatives announced at the ASEAN Defence Ministers’ Meeting Plus (ADMM Plus) in November 2025, which emphasizes humanitarian assistance and disaster relief,<sup>6</sup> as well as maritime security, will provide additional impetus to deepen Japan’s security cooperation with ASEAN.

**Table 2: Influence of the Middle Powers in Southeast Asia**

Country	Economic Relationships		Defence Networks		Diplomatic Influence		Cultural Influence		Regional Engagement	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Australia	23.8	9	58.6	2	61.6	6	23.5	9	64.5	5
India	21.3	10	33.1	10	54.2	11	11.2	19	68.9	4
Japan	48.6	3	40.5	4	68.4	2	34.4	4	86.9	2
South Korea	27.9	5	32.5	11	53.5	12	22.1	10	81.4	3

Source: Adapted from *Southeast Asia Influence Index - Key Findings Report*, Lowy Institute.

It might be beyond the capacity of the middle powers, either individually or collectively, to replace the US. It is also not in the interest of the region to displace the US. ASEAN’s strategic preference remains keeping the region open and inclusive, and the priority is to “ride out” the Trump wave and to facilitate continued US engagement in the region. Until the Trump or future administrations rekindle their interest in Southeast Asia and ASEAN, the region should turn to middle powers, especially Japan, Australia, and South Korea, to mitigate the externalities of major power rivalry, as well as to compensate for the US’s lower regional profile and commitment.

## **The Increasing Visibility of Defense Diplomacy in US Engagement with ASEAN**

Trump’s participation at the 13<sup>th</sup> ASEAN-United States Summit and 20<sup>th</sup> East Asia Summit was one of the highlights of the 47<sup>th</sup> ASEAN Summit and Related Summits in October 2025. However, the

<sup>4</sup> Ibid., p. 68.

<sup>5</sup> Susannah Patton, Jack Sato, and Rahman Yaacob, *Southeast Asia Influence Index - Key Findings Report* (Lowy Institute, 2025), p. 12.

<sup>6</sup> Fuad Nizam and Luqman Hakim, Japan unveils new defence cooperation frameworks to boost Asean security, *New Straits Times*, November 1, 2025.

President's participation belies the administration's engagement with ASEAN. The Southeast Asia Influence Index ranked the US sixth in terms of "regional engagement" after China, Japan, South Korea, India, and Australia. This finding is not surprising considering Trump's noted disdain for multilateralism. He has dismissed the Indo-Pacific Economic Partnership (IPEF), which was initiated by his predecessor. In addition, Trump has yet to nominate an ambassador to ASEAN. Beyond the showmanship of "appearances" at ASEAN Summits, the US will continue to pay minimal lip service to ASEAN and tread lightly on multilateral processes. It is also notable that ASEAN did not merit a single mention in the 2025 US National Security Strategy. ASEAN should come to terms with the fact that it is not a priority in the Trump administration.

The US's preferred bilateral mode of engagement will have an impact on ASEAN-US relations and its level of engagement and commitment in ASEAN-led processes such as the EAS, ADMM Plus, and ASEAN Regional Forum (ARF). This would also mean that any effort on the part of ASEAN or its external partners to reinvigorate the East Asia Summit is unlikely to draw much interest from Washington. From an economic perspective, Trump's implementation of "reciprocal tariffs" runs counter to free trade and multilateralism. Its withdrawal from the TPP effectively means that the US is locked out of the region's multilateral trade frameworks. In contrast, China is a party to RCEP and has applied to join the CPTPP.

The Trump administration's track record in the past year has shown a relatively more active role in defense affairs compared to diplomacy. Secretary of State Marco Rubio has only made two visits to the region. All these visits were to Malaysia for engagements under the ASEAN framework: ASEAN Regional Forum, ASEAN Post-Ministerial Conference, and the ASEAN Summit. In contrast, Secretary of Defense Pete Hegseth has made multiple visits to the region, including official visits to Malaysia, the Philippines, Singapore, and Vietnam. It is also noteworthy that Hegseth's first visit to the Indo-Pacific region was to the Philippines. He also attended the 22<sup>nd</sup> IISS Shangri-La Dialogue in Singapore, where he declared that "America is proud to be back in the Indo-Pacific — and we're here to stay."<sup>7</sup> The US continues to be actively engaged with regional partners in the security and defense spaces. It has conducted military exercises with all ASEAN-10 countries, with the exception of Cambodia, Laos, and Vietnam. The relative weight and frequency of US defense diplomacy suggest that the US regional engagement is likely to be led by the Department of Defense rather than the Department of State. In other words, the driver for US engagement with the region is first and foremost security.

## **The Decline of US Soft Power**

The imposition of reciprocal tariffs has all but damaged the US's image as a proponent and champion

---

<sup>7</sup> Pete Hegseth, "Remarks by Secretary of Defense Pete Hegseth at the 2025 Shangri-La Dialogue in Singapore," Shangri-La Dialogue, Singapore, May 31, 2025.

of free trade. Its reputation has been further damaged by the shuttering of the US Agency for International Development (USAID). Almost overnight, US assistance and aid in supporting refugee camps, demining operations, decommissioning of unexploded ordnance from the Vietnam War era, and health programs such as the prevention and treatment of HIV/AIDs, have dried up. In the aftermath of the Mandalay earthquake in March 2025, “Russian and Chinese first responders rushed in to help, while the United States was nowhere to be found”<sup>8</sup> as a result of the USAID’s closure. Cutbacks also led to the termination of services by Voice of America and Radio Free Asia, “depriving citizens in mainland Southeast Asia honest news about both their own governments and those of US competitors like China and Russia.”<sup>9</sup> Collectively, these events eliminated some of the most effective tools of American soft power in the region. Furthermore, the withdrawal of the US from humanitarian assistance and public information spaces has the effect of ceding the strategic ground to China and Russia. In addition, Trump’s allegations of fake news and sowing seeds of suspicion in the US political process have undermined the US’s reputation as a defender of freedom of the press and the rule of law, and as a beacon of democracy. As a result, US soft power is waning as it loses the attributes that make it “attractive” as a role model for the global community.

## **Emerging Trends of US Diplomatic Practices in the Region**

Trump’s interest in the region, as indicated by his ambassadorial nominations and appointments to ASEAN Member States and ASEAN, has shown a high degree of consistency between his first and second administrations. As of October 2025, Trump has either nominated or appointed eight ambassadors and left three positions vacant. This is the same number as in the first Trump administration (refer to Table 3). Trump has also demonstrated his disinterest in multilateralism by keeping the ASEAN ambassadorship position vacant for both his terms of office. Not having a US ambassador to ASEAN is particularly significant as the US was the first Dialogue Partner to appoint an ambassador and to establish a permanent mission to ASEAN in 2008 and 2010, respectively. The other notable trend in Trump’s ambassadorial appointments to the region is the prevalence of political appointees over career professionals. In his first administration, Trump posted one political appointee (Thailand), and this number has risen to four (Malaysia, Philippines, Singapore, and Vietnam) in the current administration. The increasing preference for political appointees over career professionals reflects Trump’s personal leadership style.

---

<sup>8</sup> Gregory B. Poling, “Southeast Asia navigates Trump’s return: quick deals, lasting dread,” in *Navigating Disruption: Ally and Partner Responses to U.S. Foreign Policy*, ed. Victor Cha, Nicholas Szechenyi, and Will Todman (Washington D.C.: Center for Strategic and International Studies, 2025), p. 51.

<sup>9</sup> Ibid.

**Table 3: Background of US Ambassadors to Southeast Asian States and ASEAN  
in the Obama, Biden, and Trump Administrations**

Country/ Organization	Obama Administration	Trump 1.0	Biden Administration	Trump 2.0 (Oct. 2025)
Brunei	Career	Career	Career	Career
Cambodia	Career/Political	Career	Vacant	Career
Indonesia	Career	Career	Career	Vacant
Laos	Career	Career	Career	Career
Malaysia	Career	Career	Career	Political (N)
Myanmar	Career	N/A	N/A	N/A
Philippines	Career	Vacant	Career	Political (N)
Singapore	Political	Vacant	Political	Political
Thailand	Career	Political	Career	Career
Timor-Leste	Career	Career	Career	Vacant
Vietnam	Career	Career	Career	Political (N)
ASEAN	Political	Vacant	Political	Vacant

Key: N= nominated

Source: American Foreign Service Association

## Conclusion

The region – much like the rest of the world – has been consumed with a high degree of anxiety and trepidation over Trump’s reciprocal tariffs. The shadow of the upward revision of tariff rates goes beyond profits and losses, and has the potential to cause serious economic disruptions. For most ASEAN Member States that are export-driven economies, the US’s unilateral imposition of tariffs is an existential threat to their economic well-being and political stability. As dangerous and disruptive as the tariffs are, it is myopic to ignore the other aspects of Trump 2.0. The US withdrawal from the World Health Organization (WHO), UNESCO, UN Human Rights Council, and the Paris Agreement, as well as freezing its contributions to the United Nations (UN), has damaged the US’s global standing and reputation. Similarly, the US’s push for its European partners to shoulder greater financial responsibility for their security in general, and NATO in particular, is making Southeast Asia rethink its heavy reliance on the US for security. One Southeast Asian defense minister has offered that “the [US] image has changed from liberator to great disruptor to a landlord seeking rent.”<sup>10</sup> If the US cannot be depended on to defend Europe, can it be trusted to come to Southeast Asia’s assistance in a crisis? Would these doubts concerning America’s dependability and trustworthiness influence regional powers to develop their own independent nuclear deterrents, potentially sparking a nuclear arms race?

<sup>10</sup> Ng, E. H., “Remarks at the BMW Foundation Herbert Quandt Annual Leaders Roundtable, “On The Horns of A Trilemma: Geopolitical Recession, Technological Leadership And Energy Security,” 14 Feb 2025, [https://www.mindef.gov.sg/news-and-events/latest-releases/15feb25\\_speech/](https://www.mindef.gov.sg/news-and-events/latest-releases/15feb25_speech/)

The Trump-Xi meeting at the sidelines of the APEC meeting in Gyeongju, South Korea gave renewed hope that a reset of the most important bilateral relationship is possible. The meeting also resuscitated discussions of a “G2” between China and the US, following Trump calling the discussion a “G2 meeting.”<sup>11</sup> A rapprochement between the two major powers and cooperation to address global concerns such as climate change are certainly welcomed. But the advent of a world in which the two major powers dictate terms and set boundaries for the rest of the world is a nightmare scenario. The fact that ASEAN would be relegated to price takers should give the region grave cause for concern. While ASEAN sings the mantra of “centrality,” its invocation is most urgently needed today more than ever. ASEAN must double down on establishing its agency and work with other middle powers to ensure the rule of law and multilateralism remain the mainstay of international diplomacy.

At the same time, ASEAN needs to come to terms with the fact that Trump has remade the US in his own mold. Lawmakers from both sides of the US political divide appear to be averse to multilateral free trade frameworks such as the TPP or CPTPP. ASEAN will continue to be a low priority. Although it is premature to draw any firm conclusion on the US’s engagement trajectory, there is a possibility that the US might retreat as an offshore balancer and take on the role of an “absentee” power. These are sub-optimal and worrisome outcomes for ASEAN. But they are outcomes that ASEAN must prepare for out of an abundance of caution, given the growing sense of isolationism in the US.

---

<sup>11</sup> Wang Xiangwei, “US and China as co-equals? Trump-Xi meeting hints at new G2 world,” CNA, 5 November 2025, <https://www.channelnewsasia.com/commentary/us-china-g2-trump-xi-trade-tariff-truce-5444476>

## CHAPTER 3

---

# U.S. Allied Burden-sharing and Supplementary Security in Southeast Asia

*Dr. Peter K. Lee*

### **Introduction**

How can the United States' most capable allies in the Indo-Pacific region—Australia, the Republic of Korea (ROK), and Japan—constructively shape U.S. foreign and defense policy towards Southeast Asia during the second Trump administration? The United States has encouraged these countries to increase their security contributions to Southeast Asia since the 2000s as part of the expansion of bilateral alliance burden-sharing agendas. In recent years, both the first Trump and Biden administrations have also tried to better coordinate and, where possible, combine U.S. and allied efforts towards Southeast Asia through minilateral channels. However, these collective efforts to support Southeast Asia's security resilience against Chinese coercion risk fracturing during the second Trump administration as the objectives of the United States and its allies diverge.

The Trump administration has so far prioritized trade over security in its approach towards Southeast Asia, such as imposing tariffs, demanding concessions on critical sectors, terminating development assistance programs, defunding governance initiatives, and monetizing its security role. Meanwhile, its security agenda has primarily targeted allies themselves in the context of increasing defense burden-sharing. This presents a dilemma for Australia, the ROK, and Japan. Should they persist with their previous Southeast Asia policies that in key respects were designed to complement U.S. efforts? Or should they instead try to supplement the deficiencies in the Trump administration's Southeast Asia strategy, even if this is not duly credited as regional burden-sharing?

This article argues that U.S. allies should coordinate amongst themselves on how they can support the security capacity needs of Southeast Asian partners in areas that continue to be a U.S. priority. They should also rethink whether they have the resources to continue funding those lines of effort that have been downgraded by the Trump administration. Put simply, they will have to prioritize how their limited budgets can make the largest possible impact without relying on U.S. commitments and resources. They should instead review lines of effort and resources based on a hierarchy of needs that plays to their own niche strengths.

The article proceeds as follows. First, it discusses how the United States has expanded burden-sharing demands on allies beyond bilateral issues to encompass regional security. Second, it reviews how the first Trump administration (2017–2020) began minilateral efforts through the Quad but mostly continued with deconfliction in the case of the ROK. Third, it reviews the Biden administration's

more successful efforts to forge a coalition of allies to work together in Southeast Asia. Fourth, it examines the second Trump administration's sharper focus on military deterrence in Southeast Asia while abandoning many of the regional governance tools for winning influence funded during President Trump's first term in office. It analyzes the dilemmas facing allies in responding to U.S. signals and how they need to balance between complementing, supplementing, or unilateralizing their provision of public goods to Southeast Asia. Fifth, it briefly discusses a case where there is strongest alignment between the Trump administration and allies on the need to increase maritime security capacity building in Southeast Asia. By choosing a hard case for the trade-off argument presented, it seeks to show that, even where there is clear alignment in priorities, potential gaps in cooperation can still emerge. The case of the Philippines' maritime security agenda is a most likely case for cooperation that nonetheless will require calibrating the trade-offs. Finally, it concludes by highlighting how the time has come for Australia, the ROK, and Japan to expand consultations among themselves without the United States present to better coordinate their regional engagement strategies, not to mention their respective alliance management strategies.

## **Alliance Burden-sharing Beyond the Alliance**

Since the end of the Cold War, the United States has wanted its most economically and militarily capable allies in the Indo-Pacific region—particularly Australia, Japan, and more recently the ROK—to help shoulder the burden of upholding regional public goods.<sup>1</sup> This has in many ways been a natural outgrowth of these countries' bilateral alliance cooperation and the greater role they have come to play as their alliances with the United States have evolved from historically asymmetrical relationships into more equal partnerships. Periods of U.S. military drawdowns, economic crises, and global distraction, such as during the War on Terror, have particularly amplified these calls by the United States for its allies to do more to supplement its leadership role throughout key subregions such as Southeast Asia, the Pacific Islands, South Asia, and Central Asia.

Part of this shift has been a change in U.S. thinking about the alliance architecture in the Indo-Pacific. Since the 2000s, the United States has sought to complement the existing hub-and-spokes alliance model with a growing patchwork of 'spoke-to-spoke' minilateral and multilateral partnerships among its allies. For example, the United States has been conducting a Trilateral Strategic Dialogue with Australia and Japan since 2002,<sup>2</sup> and more recently formalized trilateral cooperation with the ROK

---

<sup>1</sup> Tomohiko Satake, "From 'Collective Defence' to 'International Security': Security Burden-sharing in the US-Japan and the US-Australia Alliances During the Post-Cold War Era," Australian National University (2010).

<sup>2</sup> U.S. Department of State, "Trilateral Strategic Dialogue Joint Statement" (March 20, 2006), <https://2001-2009.state.gov/r/pa/prs/ps/2006/63411.htm>.

and Japan,<sup>3</sup> as well as with Japan and the Philippines.<sup>4</sup> Given the outsized security role played by the United States in the security requirements of each ally, the nature of their spoke-to-spoke cooperation has naturally focused on economic and diplomatic exchanges, as well as emerging opportunities to coordinate or cooperate in their respective regional strategies.

The nature of U.S. allies' own relations with subregions of importance has also evolved since the Cold War. Strong economic growth, trade liberalization, transnational supply chains, and labor migration have tied the broader region together.<sup>5</sup> This has created "functional" incentives to cooperate on not just economic issues, but also common security challenges such as nuclear proliferation, civil wars, and transnational piracy and terrorism which threaten regional prosperity.<sup>6</sup> In recent years, this has led to more frequent references in U.S. joint statements with these allies on issues, threats, and challenges beyond the scope of bilateral security cooperation. For example, in 2023 Australia and the United States announced "climate and clean energy" as the third pillar of their alliance.<sup>7</sup> In 2021, the ROK-U.S. joint statement for the first time mentioned the importance of "preserving peace and stability in the Taiwan Strait" as a priority for the alliance.<sup>8</sup>

For Australia, the ROK, and Japan, the most important subregion in terms of trade and economic security has become Southeast Asia. The changing relative power between U.S. allies and the rapidly growing economies and militaries of Southeast Asia in the decades since the end of the Cold War has resulted in a more balanced partnership between Australia, the ROK, and Japan with ASEAN as a grouping. For example, in the late 1980s Australia alone had a larger defense budget than all ASEAN states combined, but today it is roughly only two-thirds that of annual ASEAN defense spending.<sup>9</sup> Similarly, total bilateral trade between the ROK and ASEAN increased from USD 10 billion in 1990 to USD 200 billion in 2022, growing more than 20-fold,<sup>10</sup> and is almost 4.5 times larger than bilateral trade between the ROK and Australia, which was USD 45 billion in 2024.<sup>11</sup> Moreover, the ROK

---

<sup>3</sup> The White House, "FACT SHEET: The Trilateral Leaders' Summit at Camp David" (August 18, 2023), <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2023/08/18/fact-sheet-the-trilateral-leaders-summit-at-camp-david/>.

<sup>4</sup> Ministry of Foreign Affairs of Japan, "Japan-U.S.-Philippines Summit," press release (April 11, 2024), [https://www.mofa.go.jp/sa/sea2/ph/pageite\\_000001\\_00267.html](https://www.mofa.go.jp/sa/sea2/ph/pageite_000001_00267.html).

<sup>5</sup> Desmond Ball and Chong Guan Kwa, *Assessing Track 2 Diplomacy in the Asia-Pacific Region: A CSCAP Reader* (S. Rajaratnam School of International Studies, 2010).

<sup>6</sup> Ernst B. Haas, "Why Collaborate? Issue-Linkage and International Regimes," *World Politics* 32, no. 3 (1980): 357–405, <https://doi.org/10.2307/2010109>.

<sup>7</sup> "Australia-United States Joint Leaders' Statement – An Alliance for Our Times," U.S. Embassy in Canberra (May 22, 2023), <https://au.usembassy.gov/australia-united-states-joint-leaders-statement/>.

<sup>8</sup> "U.S.-ROK Leaders' Joint Statement," U.S. Mission Korea (May 21, 2021), <https://kr.usembassy.gov/052121-u-s-rok-leaders-joint-statement/>.

<sup>9</sup> Andrew Mack, "Australian Security in the 1990s," Working Paper 1993/9, Department of International Relations, The Australian National University (December 1993), p.14, <https://openresearch-repository.anu.edu.au/server/api/core/bitstreams/f541d6e0-5c2a-4e83-9c5b-5a4d724e01db/content>.

<sup>10</sup> Jaehyon Lee, "South Korea Must Sharpen Its Strategy for Southeast Asia," *Global Asia*, June 2024, [https://www.globalasia.org/v19no2/cover/south-korea-must-sharpen-its-strategy-for-southeast-asia\\_jaehyon-lee](https://www.globalasia.org/v19no2/cover/south-korea-must-sharpen-its-strategy-for-southeast-asia_jaehyon-lee).

<sup>11</sup> Cho Hyun, "Special Keynote Address by H.E. Cho Hyun, Minister of Foreign Affairs of the Republic of Korea at the 4th Korea-Australia Future Forum" (August 28, 2025), [https://www.mofa.go.kr/eng/brd/m\\_5689/view.do?seq=319671](https://www.mofa.go.kr/eng/brd/m_5689/view.do?seq=319671).

signed a free trade agreement (FTA) with ASEAN in 2005,<sup>12</sup> nine years before concluding one with Australia, while it has never signed one with Japan.

In recent years, alliance cooperation with third parties, and in other subregions, has emerged as a new pillar alongside traditional bilateral military cooperation, economic cooperation, and socio-cultural exchanges. For the United States, increasing allied contributions to key subregions and priority strategic partners has been a useful way to complement its own initiatives and ensure that they do not work at cross-purposes with U.S. interests. This has been implicitly built around sharing the burden of defending regional and global public goods from Chinese influence.

## Regional Burden-sharing Under Trump 1.0

What does the Trump administration want to achieve in Southeast Asia? The past year has suggested his primary focus is on securing favorable trade balances using the threat of tariffs, as well as winning praise as a peacemaker in ending the border skirmishes between Cambodia and Thailand.<sup>13</sup> Otherwise, President Trump and his cabinet members have made few comments about the major challenges facing Southeast Asian governments, such as the United States' "ironclad commitments"<sup>14</sup> to the Philippines in upholding the rule of law in the South China Sea, ending the ongoing civil war in Myanmar,<sup>15</sup> or supporting ASEAN community-building initiatives.

But history offers clues. The first Trump administration's declassified *United States Strategic Framework for the Indo-Pacific* from 2018 stated its core national security challenge as seeking to "maintain U.S. primacy" and "preventing China from establishing new, illiberal spheres of influence."<sup>16</sup> Its desired end state was to ensure that "Southeast Asia is bound more tightly together in business, security, and civil society - including through a strengthened ASEAN - and works closely with the United States and our allies and key partners," and that "Southeast Asia is capable of managing terrorist threats with minimal assistance from non-ASEAN states." The three policy objectives that the Trump administration set for itself in Southeast Asia were to encourage ASEAN to "speak with one voice on key issues," "prevent the spread of terrorism," and "promote and support Burma's transition to democracy." Operationally, in Southeast Asia, the United States would try to "preserve and where possible expand foreign development assistance and defense engagement, including access, exercises and training, and interoperability."

---

<sup>12</sup> ASEAN-Korea Free Trade Area, "Background of AKFTA," <https://akfta.asean.org/index.php?page=background-of-akfta>.

<sup>13</sup> The White House, "Fact Sheet: President Donald J. Trump Secures Peace and Prosperity in Malaysia" (October 26, 2025), <https://www.whitehouse.gov/fact-sheets/2025/10/fact-sheet-president-donald-j-trump-secures-peace-and-prosperity-in-malaysia/>.

<sup>14</sup> U.S. Department of State, "Secretary Rubio's Call with Philippine Secretary of Foreign Affairs Manalo" (January 22, 2025), <https://www.state.gov/secretary-rubios-call-with-philippine-secretary-of-foreign-affairs-manalo>.

<sup>15</sup> Noland D. McCaskill, "Pence calls on U.N. to take action on humanitarian crisis in Myanmar," *Politico* (September 20, 2017), <https://www.politico.com/story/2017/09/20/mike-pence-united-nations-myanmar-242934>.

<sup>16</sup> The White House, "2018 United States Strategic Framework for the Indo-Pacific," (2018), <https://trumpwhitehouse.archives.gov/wp-content/uploads/2021/01/IPS-Final-Declass.pdf>.

To achieve these objectives, the first Trump administration's policy was to "strengthen the capabilities and will" of Australia, the ROK, and Japan to contribute to U.S. regional efforts in Southeast Asia and the rest of the region.<sup>17</sup> This was partly framed through a realist balancing lens in which the United States would need to mobilize a coalition to compete against China's growing global influence. But it also stemmed from President Trump's America First agenda, in which economically prosperous U.S. allies that had benefited from security protection would be urged to increase their global security responsibilities from a burden-sharing perspective. Most of the minilateral coordination was centered on the revitalized Quadrilateral Security Dialogue among the United States, Australia, Japan, and India.<sup>18</sup>

The first Trump administration's regional cooperation with the progressive Moon Jae-in administration of the ROK was limited to consultations between their respective Indo-Pacific Strategy and the ROK's New Southern Policy. For instance, in 2019, cooperation between the two sides was limited to "[pledging] to pursue harmonious cooperation between the ROK New Southern Policy and the U.S. Indo-Pacific strategy under the regional cooperation principles of openness, inclusiveness, and transparency."<sup>19</sup> By 2021, both sides had announced more concrete areas, such as "regional coordination on law enforcement, cybersecurity, public health and promoting a green recovery [as well as] sustainable development, energy security, and responsible water management in the Mekong sub-region."<sup>20</sup> But, as Michael Green has noted, "Fearful of offending China, the Moon government kept the NSP unilateral and thus lost opportunities for alignment with other like-minded states beyond explaining what Korea itself was doing."<sup>21</sup>

## Regional Burden-sharing Under Biden

During the Biden administration, working with allies to uphold regional public goods became one of the central pillars of the administration's national security strategy, which mentioned 'allies' or 'alliances' 96 times and emphasized, "A free and open Indo-Pacific can only be achieved if we build collective capacity."<sup>22</sup> At the same time, the Biden administration made significant efforts to strengthen and empower its treaty alliances, such as the AUKUS partnership with Australia, improving extended

---

<sup>17</sup> The White House, "2018 United States Strategic Framework for the Indo-Pacific" (2018), <https://trumpwhitehouse.archives.gov/wp-content/uploads/2021/01/IPS-Final-Declass.pdf>.

<sup>18</sup> Tanvi Madan, "The Rise, Fall, and Rebirth of the 'Quad,'" *War on the Rocks* (November 16, 2017), <https://warontherocks.com/2017/11/rise-fall-rebirth-quad/>.

<sup>19</sup> U.S. Department of Defense, "Public Summary of Future Defense Vision of the Republic of Korea – U.S. Alliance," (November 19, 2019), <https://media.defense.gov/2019/Nov/19/2002213369/-1/-1/1/PUBLIC-SUMMARY-OF-VISION-FOR-THE-FUTURE-OF-THE-ALLIANCE-FINAL.PDF>.

<sup>20</sup> Ministry of Foreign Affairs, Republic of Korea, "U.S.-ROK Leaders' Joint Statement" (May 21, 2021), [https://overseas.mofa.go.kr/us-en/brd/m\\_4497/view.do?seq=761810](https://overseas.mofa.go.kr/us-en/brd/m_4497/view.do?seq=761810).

<sup>21</sup> Michael Green, "Putting Korea back in the diplomatic game," *JoongAng Ilbo* (March 12, 2023), <https://koreajoongangdaily.joins.com/2023/03/12/opinion/columns/Korea-US-China/20230312195632309.html>.

<sup>22</sup> The White House, "National Security Strategy" (October 2022), <https://bidenwhitehouse.archives.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>, p.37.

nuclear deterrence assurances with the ROK by establishing the Nuclear Consultative Group (NCG) as per the Washington Declaration, and changes to command and control of the Japan Self-Defense Forces (JSDF).

Of relevance to this article, the Biden administration also sought to connect these two parallel lines of effort—one with Southeast Asia and one with its allies—into a latticework of interweaving security linkages and cooperation. Its 2022 Indo-Pacific Strategy expanded on this by declaring, “We will support and empower allies and partners as they take on regional leadership roles themselves, and we will work in flexible groupings that pool our collective strength to face up to the defining issues of our time, particularly through the Quad.”<sup>23</sup> The Biden administration strengthened relations with ASEAN as a grouping, including upgrading ties to a comprehensive strategic partnership,<sup>24</sup> hosting all ASEAN leaders at the White House,<sup>25</sup> and launching new initiatives on health, climate and environment, energy, transportation, and gender equity and equality.<sup>26</sup>

U.S. cooperation with Australia and Japan has been more advanced, with a focus on Quad-led efforts. The Biden administration built on the Trump administration’s Quad work during the COVID-19 pandemic, leading to the Quad Vaccine Partnership and also funding new maritime domain awareness initiatives such as the Indo-Pacific Partnership for Maritime Domain Awareness (IPMDA).<sup>27</sup> Notably, the September 2024 Wilmington Declaration reaffirmed the four countries’ “consistent and unwavering support for ASEAN centrality and unity,”<sup>28</sup> and would in essence frame their activities as supportive of ASEAN decisions and priorities rather than seeking to impose their own or narrow their resourcing to only a small number of member countries. By contrast, the second Trump administration’s Quad Foreign Ministers’ Meeting led by Secretary of State Marco Rubio was more pointed in its focus on priority issues to the United States in Southeast Asia, especially “maritime law enforcement cooperation with the region, which will support efforts to curtail illicit maritime activity, including piracy, drug trafficking, infringements on border security, and illegal, unreported, and unregulated (IUU) fishing.”<sup>29</sup>

---

<sup>23</sup> The White House, “Indo-Pacific Strategy of the United States” (February 2022), <https://bidenwhitehouse.archives.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf>, p.9.

<sup>24</sup> The White House, “FACT SHEET: President Biden and ASEAN Leaders Launch the U.S.-ASEAN Comprehensive Strategic Partnership” (November 12, 2022), <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2022/11/12/fact-sheet-president-biden-and-asean-leaders-launch-the-u-s-asean-comprehensive-strategic-partnership/>.

<sup>25</sup> Michael D. Shear, “Biden Hosts Southeast Asian Leaders as He Tries to Return Focus to China,” *New York Times*, May 12, 2022, <https://www.nytimes.com/2022/05/12/us/politics/biden-asian-nations-china.html>.

<sup>26</sup> U.S. Department of State, “The United States-ASEAN Relationship” (July 26, 2024), <https://2021-2025.state.gov/the-united-states-asean-relationship-3/>.

<sup>27</sup> The White House, “Fact Sheet: 2024 Quad Leaders’ Summit” (September 21, 2024), <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2024/09/21/fact-sheet-2024-quad-leaders-summit/>.

<sup>28</sup> The White House, “The Wilmington Declaration Joint Statement from the Leaders of Australia, India, Japan, and the United States” (September 21, 2024), <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2024/09/21/the-wilmington-declaration-joint-statement-from-the-leaders-of-australia-india-japan-and-the-united-states/>.

<sup>29</sup> U.S. Department of State, “2025 Quad Foreign Ministers’ Meeting” (July 1, 2025), <https://www.state.gov/releases/office-of-the-spokesperson/2025/07/2025-quad-foreign-ministers-meeting>.

With the ROK, the Biden administration actively supported the conservative Yoon Suk Yeol administration's Indo-Pacific Strategy released in December 2022 and its commitment to increase the ROK's regional contributions. This featured as a key third pillar of ROK-U.S.-Japan trilateral cooperation that was also deepening in tandem. For example, the August 2023 Camp David summit, which featured trilateral agreements to cooperate, stated, "They aim to bolster existing regional architecture, such as ASEAN and the Pacific Islands Forum, and enhance our respective capacity-building and humanitarian efforts through greater coordination," including trilateral development finance cooperation, maritime security capacity-building, and humanitarian response dialogues.<sup>30</sup> Subsequently, in November 2024, the three countries announced additional efforts, such as regional digital infrastructure, and especially development assistance to the Philippines, including port modernization, energy infrastructure, agribusiness, and large-scale transportation projects.<sup>31</sup> In May 2025, the ROK, Japan, and the United States made progress on their Trilateral Maritime Security and Law Enforcement Cooperation Framework, which was announced in November 2024, to provide coast guard capacity-building support to ASEAN member states.<sup>32</sup>

## Regional Burden-sharing Under Trump 2.0

There was significant continuity between the first Trump administration and the Biden administration in pursuing a comprehensive Indo-Pacific strategy to compete with China for influence by working with like-minded allies and partners, including the Quad. During the second Trump administration's first year in 2025, there has been a clear break from this eight-year trend. The second Trump administration has shown limited interest in minilateral cooperation on issues such as health, climate and environment, and gender equity and equality. It has taken a much more mercantilist approach to not just Southeast Asia but the entire world, and has looked to shift the burden for many of the cooperation agendas and policies that constituted U.S. statecraft in Southeast Asia. These shifts have included opening market access and free trade, providing official development assistance, supporting democratic and transparent governance through free media platforms, and being the preferred partner for security cooperation and capacity-building.<sup>33</sup>

It is not clear whether the second Trump administration even wants allies to contribute resources to

---

<sup>30</sup> The White House, "FACT SHEET: The Trilateral Leaders' Summit at Camp David" (August 18, 2023), <https://bidenwhitehouse.archives.gov/briefing-room/statements-releases/2023/08/18/fact-sheet-the-trilateral-leaders-summit-at-camp-david/>.

<sup>31</sup> Ministry of Foreign Affairs, Republic of Korea, "Joint Statement of Japan, the Republic of Korea, and the United States" (November 18, 2024), [https://overseas.mofa.go.kr/eng/brd/m\\_5674/view.do?seq=321087](https://overseas.mofa.go.kr/eng/brd/m_5674/view.do?seq=321087).

<sup>32</sup> U.S. Department of State, "Joint Statement from the Trilateral Meeting of the United States of America, Japan, and the Republic of Korea in New York City" (September 22, 2025), <https://www.state.gov/releases/2025/09/joint-statement-from-the-trilateral-meeting-of-the-united-states-of-america-japan-and-the-republic-of-korea-in-new-york-city>.

<sup>33</sup> United States Senate Committee on Foreign Relations, "Ranking Member Shaheen and Senate Foreign Relations Committee Democratic Members Publish Major New Report on the Consequences of the Trump Administration's Global Retreat and China's Strategic Gains," press release (July 14, 2025), <https://www.foreign.senate.gov/press/dem/release/ranking-member-shaheen-and-senate-foreign-relations-committee-democratic-members-publish-major-new-report-on-the-consequences-of-the-trump-administrations-global-retreat-and-chinas-strategic-gains>.

U.S. security efforts elsewhere. Under the second Trump administration, Southeast Asia is primarily a focus of trade rebalancing and military deterrence for a Taiwan contingency. As U.S. Secretary of War Pete Hegseth stated in his address at the 2025 Shangri-La Dialogue in Singapore, “Ultimately, a strong, resolute, and capable network of allies and partners is our key strategic advantage [...] But it’s up to all of us to ensure that we live up to that potential by investing. U.S. allies in the Indo-Pacific can, and should, quickly upgrade their own defenses.”<sup>34</sup> In his view, the most urgent burden-sharing that allies should be undertaking is increasing their own defense spending. This is why, for example, he told European countries to not send their naval and air assets to the Indo-Pacific region for exercises where they symbolically showed solidarity with the United States, stating, “We would much prefer that the overwhelming balance of European investment be on that continent.”<sup>35</sup> Likewise, the Trump administration has so far shown little interest in the NATO Indo-Pacific Four partnership to encourage the ROK, Japan, Australia, and New Zealand to increase their military and economic support for Ukraine.

Should allies persist with their previous Southeast Asia policies that in key respects were designed to complement U.S. efforts? The difficulty with this approach is that U.S. strategy in Southeast Asia is increasingly prioritizing military preparedness and maritime security issues over a holistic public goods agenda. Or should allies instead try to supplement the deficiencies in the Trump administration’s Southeast Asia strategy, even if this is not duly credited as regional burden-sharing? For example, they could decide that the vacuum caused by the closure of free media broadcasting services such as Radio Free Asia and Voice of America cannot be allowed to be filled by authoritarian disinformation, and therefore want to fund their own suitable replacement. However, it is doubtful that the Trump administration would view such efforts with gratitude in lieu of redirecting those funds to other U.S.-led regional efforts. A third option that emerges is whether U.S. allies should decouple their Southeast Asia strategies entirely and return to their own individual national strategies towards Southeast Asia, such as the Moon administration’s New Southern Policy.

U.S. efforts are increasingly characterized by reliance on a military-focused strategy aimed at securing territorial and maritime access, and a transactional approach to economic security issues. That is, the United States is losing the broader competition for influence against China in Southeast Asia while doubling down on its key partners and strengths in defense and security cooperation.<sup>36</sup> These competing rationales for Australia, the ROK, and Japan—complementary cooperation, supplementary cooperation, and unilateral cooperation—reflect different conclusions about the need for allies to

---

<sup>34</sup> U.S. Department of War, “Remarks by Secretary of Defense Pete Hegseth at the 2025 Shangri-La Dialogue in Singapore” (May 31, 2025), <https://www.war.gov/News/Speeches/Speech/Article/4202494/remarks-by-secretary-of-defense-pete-hegseth-at-the-2025-shangri-la-dialogue-in/>.

<sup>35</sup> See, Noah Robertson, “Europeans map out Pacific aims as some in US want them to stay home,” *Defense News* (June 3, 2025), <https://www.defensenews.com/pentagon/2025/06/03/europeans-map-out-pacific-aims-as-some-in-us-want-them-to-stay-home/>.

<sup>36</sup> Susannah Patton, Jack Sato, and Rahman Yaacob, “Southeast Asia Influence Index,” Lowy Institute (September 2025), <https://influence.lowyinstitute.org/>.

harmonize their approaches to issues and countries that are not of direct bilateral relevance in their alliances with the United States.

In this sense, complementary cooperation would seek to persist with policies designed to support and enhance U.S. strategic objectives and efforts, even if those aims are not fully shared by allies themselves. That is, this would be an America First agenda. Examples that fit this category include many of the trade deals that allies have signed in 2025 in which they offered to share with the United States their niche industrial strengths, such as critical minerals or shipbuilding. The second model would be to prioritize supplementary cooperation by looking to fill the gaps and repair the deficiencies in U.S. regional engagement. Most obviously, any retreat from U.S. funding of public goods would therefore be covered by allies to ensure those goods continue to be delivered to regional recipients. For example, in early 2025, the Australian government announced that it would redirect \$100 million in development assistance funding from international organizations to Southeast Asia to fill the void left by the U.S. State Department's freeze and review of aid.<sup>37</sup> The third model would be to abandon any need to align or coordinate the regional engagement strategies of the United States with its allies, and for allies to simply push ahead with their own regional engagement separate from the United States.

### **Case Study: Philippines Maritime Capacity-building**

The example of the Philippines helps to illustrate the trade-off problem facing U.S. allies in terms of complementing, supplementing, or unilateralizing their security-provider efforts. As the article has cited thus far, one of the persistent top U.S. priorities over the past decade has been to improve the maritime security capacity of key Southeast Asian partners, as well as ASEAN member states more generally, to defend their maritime sovereignty. This has been due to ongoing transnational issues such as piracy, illegal fishing, and people smuggling. But from a strategic perspective, it is also driven by China's escalating militarization of the South China Sea, its coercion of Southeast Asian governments, and its violations of the right to freedom of navigation in the exclusive economic zones of countries. As such, nearly all of the U.S. bilateral and unilateral agendas for cooperation with allies identify improving maritime security capacity as a priority.

In the case of the Philippines, which has borne the brunt of China's maritime coercion, the United States has high stakes involved as a treaty ally and former colonial power. It has devoted considerable effort and resources to expanding bilateral alliance cooperation, particularly through combined military exercises, rotational force deployments, and recent announcements of joint maritime patrols. The Philippines has maintained a consistent policy of calling for international support to its maritime

---

<sup>37</sup> Stephen Dziedzic, "Federal budget redirects aid spending to Pacific, South-East Asia as region braces for Trump administration cuts," *ABC News Australia* (March 26, 2025), <https://www.abc.net.au/news/2025-03-26/federal-budget-foreign-aid-spending/105095584>.

sovereignty, which has been reaffirmed through international legal rulings. Australia, the ROK, and Japan all have major commercial and naval maritime interests at stake in the Philippines that incentivize them to support Manila's sovereignty. Australia and the Philippines have been operating joint sea and air patrols for maritime surveillance in the South China Sea.<sup>38</sup> The ROK has longstanding shipbuilding and sustainment contracts to deliver frigates, corvettes, and patrol boats to the Philippines.<sup>39</sup> Japan provides and gifts coast guard vessels<sup>40</sup> and offers overseas security assistance financing.<sup>41</sup> In addition, all three countries operate shipyards in the Philippines, with the ROK's presence in Subic Bay under HD Hyundai, Australia in Cebu under Austal, and Japan in Cebu under Tsuneishi Shipbuilding.

Even in the most likely case where the strategic interests of all parties, including the Philippines, are in alignment, as in the case described above, there will nevertheless be tensions in prioritization. For example, one of the flagship U.S. initiatives to strengthen Southeast Asia's maritime security resilience was a financing program for Philippine patrols as part of the \$300 million Counter PRC Influence Funds (CPIF). Similarly, in November 2024, the Biden administration launched the Maritime Security (MARSEC) Consortium with \$100 million in annual funds, bringing together public and private sector capital to deliver "low-cost, commercially available solutions to strengthen maritime domain awareness, logistics and sustainment, and maritime defense in Southeast Asia."<sup>42</sup> However, in March 2025 the CPIF was frozen as part of the State Department review into aid.<sup>43</sup> Meanwhile, the Trump administration has made allied contributions to "restoring U.S. maritime dominance" a priority in 2025, demanding huge financial and industrial investments on the part of allies such as the ROK. These costs will inevitably put pressure on allies' budgetary capacity to contribute to other regional maritime security efforts or cooperate with partners such as the Philippines.<sup>44</sup>

In the case of maritime security cooperation with the Philippines, U.S. allies could complement the Trump administration's policy as it evolves. For example, they could focus their own regional maritime security funds more narrowly in the Philippines and only those areas and capabilities deemed a priority by the United States, especially in northern Luzon island. Alternatively, they could supplement any weaknesses or vacuums that appear, such as in training or local community maritime resilience,

---

<sup>38</sup> Australian Associated Press, "Australia and Philippines begin joint patrols in South China Sea as regional tensions rise," *The Guardian* (November 25, 2023), <https://www.theguardian.com/world/2023/nov/25/australia-and-philippines-begin-joint-patrols-in-south-china-sea-as-regional-tensions-rise>.

<sup>39</sup> Max Broad and Evan A. Laksmna, "South Korea's defence relations in Southeast Asia," International Institute for Strategic Studies (September 29, 2023), <https://www.iiss.org/online-analysis/online-analysis/2023/09/south-koreas-defence-relations-in-southeast-asia/>.

<sup>40</sup> Ministry of Foreign Affairs of Japan, "Prime Minister ISHIBA Shigeru's Visit to the Philippines (Visit to the Philippine Coast Guard)," press release (April 30, 2025), [https://www.mofa.go.jp/sa/sea2/ph/pageite\\_000001\\_00953.html](https://www.mofa.go.jp/sa/sea2/ph/pageite_000001_00953.html).

<sup>41</sup> Ministry of Foreign Affairs of Japan, "Signing and Exchange of Notes for Official Security Assistance (OSA) FY2024 project to the Republic of the Philippines," press release (December 5, 2024), [https://www.mofa.go.jp/press/release/pressite\\_000001\\_00791.html](https://www.mofa.go.jp/press/release/pressite_000001_00791.html).

<sup>42</sup> "DOD Launches Industry-Government Maritime Security (MARSEC) Consortium to Advance Maritime Security Across Southeast Asia," press release, U.S. Department of Defense (November 18, 2024), <https://www.war.gov/News/Releases/Release/Article/3968018/dod-launches-industry-government-maritime-security-marsec-consortium-to-advance/>.

<sup>43</sup> Martin Petty, "House panel presses Rubio to secure Philippines funding to counter China threat," *Reuters* (September 25, 2025), <https://www.reuters.com/world/china/house-panel-presses-rubio-secure-philippines-funding-counter-china-threat-2025-09-23/>.

<sup>44</sup> Peter K. Lee, "MAASGA: Making American and Allied Shipbuilding Great Again," *Asan Issue Brief* 2025-07, August 29, 2025.

funding for other Southeast Asian countries that might receive less U.S. support, or competing for influence in continental Southeast Asian countries such as Cambodia that also have maritime security needs. Finally, they could push ahead with their own maritime security cooperation.

### **Allied Burden-sharing Without the Ally?**

In addition to U.S.-centered minilateral consultation mechanisms, the Indo-Pacific region will increasingly need minilateral formats without the United States for these countries to calibrate their commitments with alliance management considerations. Most recently, Australia, the ROK, and Japan have also quietly established trilateral dialogue channels to complement their U.S.-led alliance regional cooperation. Compared to Japan, Australia and the ROK have relatively limited national resources, and thus face capacity constraints in engaging with Southeast Asian countries or ASEAN as an institution. This structural condition means that they must make trade-off decisions when it comes to undertaking any substantial cooperation activities or financial investments in the region.

In response, U.S. allies have quietly begun to consult with each other in the absence of the United States to calibrate their regional strategies, and perhaps implicitly their alliance management strategies as well. In June 2024, senior diplomats from Australia, the ROK, and Japan met on a trilateral basis for the first time to hold the track-one Indo-Pacific Dialogue in Canberra, Australia.<sup>45</sup> The official readout, and the subsequent meeting in December 2024, succinctly noted that “the three countries shared their assessments of the situation in the Indo-Pacific region and exchanged views on potential areas of trilateral cooperation, particularly in Southeast Asia and the Pacific, focusing on fields such as maritime security and development cooperation.”<sup>46</sup> A trilateral track-two policy workshop that was held in Sydney in 2024 pushed the discussions further, bringing together leading researchers and former diplomats to consider how the three countries might coordinate their regional strategies in Southeast Asia and to explore “joint representations to the United States, including in strengthening multilateral regional mechanisms, strengthening US commitments to regional economic development and development assistance, and strengthening US extended deterrence.”<sup>47</sup>

Another allied response has been to build out the nascent NATO Indo-Pacific Four meetings that have taken place on the sidelines of NATO summits, including Australia, the ROK, Japan, and New Zealand.<sup>48</sup> These dialogue channels, which have recently included defense ministers, likewise offer a

---

<sup>45</sup> Republic of Korea Ministry of Foreign Affairs, “Outcomes of ROK-Australia Indo-Pacific Dialogue and Second ROK-Japan-Australia Indo-Pacific Dialogue,” press release (December 12, 2024), [https://www.mofa.go.kr/eng/brd/m\\_5676/view.do?seq=322725](https://www.mofa.go.kr/eng/brd/m_5676/view.do?seq=322725).

<sup>46</sup> *Ibid.*

<sup>47</sup> Christopher J. Watterson. “Seizing the moment: Outcomes of the inaugural Australia-Japan-South Korea trilateral dialogue,” (September 18, 2024), United States Studies Centre, <https://www.ussc.edu.au/outcomes-of-the-inaugural-australia-japan-south-korea-trilateral-dialogue>, p. 14.

<sup>48</sup> Kester Abbott, “Beyond Alignment: Moving the NATO–IP4 Partnership Forward,” United States Studies Centre at the University of Sydney, December 2025, <https://www.ussc.edu.au/beyond-alignment-moving-the-nato-ip4-partnership-forward>.

potential channel for U.S. allies to consult with each other on how to coordinate their regional efforts. These emerging conversations reflect the uncertainties that now hang over U.S. announcements and commitments to see through particular lines of effort with its allies in Southeast Asia. While some issues, such as humanitarian assistance and disaster relief, might be relatively easier to commence or wind back at short notice, other issues, such as infrastructure financing and long-term grants and loans, are not.

Canberra, Seoul, and Tokyo should have regularized channels of communication in which they can share relevant developments in their bilateral relations with Washington that could have implications for collective regional public goods provision. For example, how could Australia's decision to undertake the AUKUS partnership have been more effectively messaged in Southeast Asia, where concerns about nuclear proliferation, military escalation, and antagonizing China led to diplomatic criticism throughout much of 2021 and 2022? Could the ROK and Japan have been more effective advocates for AUKUS if they had been briefed? This is particularly significant given President Trump's sudden announcement to share naval nuclear propulsion technology with the ROK during his visit to Gyeongju in the ROK for the Asia-Pacific Economic Cooperation (APEC) Summit in November 2025. While alliance negotiations about sensitive military cooperation are, by necessity, classified and generally not permitted to be shared with foreign nationals, it would be valuable to set up a mutually agreed protocol for how the three allies can notify each other and offer an opportunity to answer questions and coordinate diplomatic messaging before the rest of the world finds out, including adversaries. At least, it would limit the degree of misinformation that the other allies would produce, such as from their politicians and media commentators.

## **Conclusion**

U.S. allies, rather than adversaries, have so far faced the brunt of the second Trump administration's wrath. The extractive demands for niche industrial and economic assets, from Australian critical minerals to ROK shipbuilding expertise, will continue. The demand for all allies to increase defense spending will also not go away. U.S. allies will therefore need to decide which aspects of regional governance they might have to step back from, and which they will need to go all out on. Resources will also have to be targeted for depth rather than disbursed for breadth if U.S. allies are to have a meaningful chance of making a difference compared to other potential partners in Southeast Asia. This will put downward pressure on these countries' aid and development budgets towards Southeast Asia, as shown by the ROK's decision to reduce its 2026 foreign aid budget by 15 percent. Only projects that meet a three-fold strategic triage are likely to survive the coming period of efficiency and streamlining: Is the capability, asset, or knowledge something that Southeast Asian partners would not otherwise be able to eventually acquire through their own means? Is the capability, asset, or knowledge something that Australia, the ROK, and Japan have an asymmetric advantage over China in terms of quantity or superior quality? And, is the capability, asset, or knowledge something that

the United States will not or cannot provide for the foreseeable future? This more demanding period of alliance burden-sharing will force allies to make trade-offs in what they can acceptably contribute to the regional public goods agenda. Adopting a clearer framework for measuring resource allocation would help stretch their finite resources to benefit as many partners as possible.

### *Acknowledgements*

An earlier version of this article was presented at a November 2025 conference hosted by the National Institute for Defense Studies in Tokyo, Japan. I thank Dr. Yusuke Ishihara for the invitation and his thoughtful comments on the draft. Ms. Esther Dunay at the Asan Institute provided valuable research assistance. The NIDS editor did a great work clarifying my expression throughout. As always, any and all errors or omissions are mine alone.

## CHAPTER 4

---

# A New Realism at the Indo-Pacific's Edge: India, ASEAN, and the Perils of Transactional Power in a Post-Trump Order

*Dr. Jagannath Panda*

The Indo-Pacific of 2025 has entered another phase of strategic recalibration. The region, once animated by promises of a “free and open” order, is again navigating uncertainty under President Donald Trump’s second term.<sup>1</sup> His return to the White House has reignited a familiar sense of unpredictability across Asian capitals. Trump’s policy instincts remain consistent with his first tenure: transactional, tariff-driven, and grounded in the belief that American leverage is best projected through coercive economic power rather than cooperative alliance-building.

For India and ASEAN, the twin anchors of the Indo-Pacific, Trump 2.0 represents both a challenge and an opportunity. His renewed 50 percent tariff on Indian goods, coupled with a hard-bargaining stance on defense, technology, and immigration, has shaken one of Washington’s most promising partnerships. Southeast Asian states, already uneasy about the intensifying great-power rivalry, face the task of navigating between Trump’s revived protectionism and China’s relentless expansion of economic reach through the Belt and Road Initiative (BRI).

The key question defining the Indo-Pacific today is deceptively simple yet deeply consequential: Does Trump 2.0 still see India and ASEAN as the fulcrum of America’s Indo-Pacific strategy, or merely as competitors to be contained through tariffs and transactional diplomacy? And, if America continues to turn inward under Trump’s “economic nationalism,” can Asia sustain its Indo-Pacific vision? And, equally important, can ASEAN, India, and Japan find collaboration pathways to do so?

This paper argues that Trump’s renewed “America First” realism, designed to reclaim leverage from both adversaries and allies, is inadvertently pushing Asia toward self-correction. His cold, mercantile posture is forcing India, Japan, and ASEAN to explore new trilateral linkages, accelerating an Asia-led recalibration of the Indo-Pacific narrative beyond Washington’s orbit. The result is an emergent strategic pluralism, one that may reshape the region’s architecture for years to come.

---

<sup>1</sup> “Trump’s first 100 days: America First president is overturning world order,” *Straits Times*, April 29, 2025, <https://www.straitstimes.com/world/united-states/trumps-first-100-days-america-first-president-is-overturning-world-order> (accessed October 18, 2025).

## Recalibrating Asia: Trump's New Indo-Pacific Outlook

Trump's re-election in 2024 was greeted in Asia with a mix of curiosity and unease. His victory speech made no mention of the Indo-Pacific, a symbolic omission reflecting his transactional worldview. While administration officials later insisted that the Indo-Pacific remains vital to U.S. prosperity, as stated in the 2022 Indo-Pacific Strategy,<sup>2</sup> Trump himself perceives the region through a narrow economic prism: less a strategic geography than a marketplace for American exports and tariff leverage.

In practice, Trump's Indo-Pacific outlook rests on four defining instincts. *First*, re-nationalization of trade, expressed through tariff barriers against both adversaries and allies. *Second*, selective bilateralism, replacing multilateral frameworks with one-on-one deal-making that privileges U.S. advantage. *Third*, strategic burden-shifting, pressing partners like India, Japan, and ASEAN to shoulder more of their own security costs. *Fourth*, containment of China through economic rivalry rather than through cohesive alliance systems.

This inward economic turn has left the Indo-Pacific's institutional framework in disarray. The Biden-era momentum around the Indo-Pacific Economic Framework (IPEF) has largely dissipated. The Quad, once touted as a cornerstone of regional resilience, has devolved into irregular meetings without strategic coherence. Even initiatives like AUKUS or the Blue Dot Network have slowed, leaving regional partners questioning Washington's staying power, or worse, its commitment.

For India, this shift is unsettling. New Delhi's own Indo-Pacific vision, built on the principles of inclusivity and strategic autonomy, depends on economic openness and maritime cooperation. Trump's preference for zero-sum trade calculations clashes directly with that logic. For ASEAN, the discomfort runs deeper still. Southeast Asian states have long balanced between China's assertive state capitalism and America's normative rhetoric; now, with Washington itself adopting transactional methods, ASEAN's strategic room for maneuver has narrowed.

Across Asia, Trump's new realism has triggered a quiet recalibration. The region's middle powers—India, Japan, and Indonesia, (and Vietnam)—are revisiting assumptions about U.S. reliability and exploring self-reliant defense postures. The Indo-Pacific under Trump 2.0 thus stands at a decisive crossroads: between the unilateralism of “America First” and the pluralistic instinct of an emerging Asia. Despite their uneven progress, informal “minilaterals” such as the Quad, trilateral partnerships like India-France-Australia, and economic initiatives like the IPEF are redefining how power and

---

<sup>2</sup> The Biden White House, “Indo-Pacific Strategy of the United States,” February 2022, <https://bidenwhitehouse.archives.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf> (accessed January 10, 2026).

influence are exercised.<sup>3</sup>

## Tariffs, Tensions, and the Fracturing of Economic Trust

Beyond the immediate shock of tariffs and visa restrictions, Trump 2.0 signals a deeper withdrawal from the institutional foundations of economic multilateralism that have long underpinned the Indo-Pacific order.<sup>4</sup> Unlike earlier periods of U.S. protectionism, this moment is marked not by selective trade disputes but by a sustained skepticism toward rules-based economic governance itself. The Trump administration's indifference toward the World Trade Organization's dispute settlement mechanisms, its effective abandonment of the IPEF as a meaningful regional instrument, and its preference for coercive bilateral bargaining together point to a systemic retreat from multilateral economic leadership.

This withdrawal has significant implications for Asia's strategic geometry. For decades, U.S.-anchored economic openness functioned as the ballast that allowed security competition to remain manageable. Trump's insistence on transactionalism—measuring partnerships almost exclusively through trade surpluses and tariff leverage—has eroded this stabilizing function. As a result, regional actors are compelled to consider new forms of coordination that are neither alliance-driven nor ideologically rigid. It is in this context that the prospect of Japan-India-ASEAN trilateral cooperation acquires renewed relevance.

The logic of trilateralism here is not aspirational but corrective. Japan, India, and ASEAN each face distinct vulnerabilities under Trump's economic nationalism. Japan confronts pressure to decouple from China while remaining exposed to U.S. tariff threats; India finds itself penalized despite its strategic alignment with Washington; and the ASEAN economies face the dual risk of American protectionism and Chinese economic dominance. Trilateral coordination offers a mechanism to mitigate these pressures and to identify critical areas for cooperation without formalizing any bloc or alliance politics. It allows regional actors to pool resilience in supply chains, infrastructure standards, and digital connectivity while preserving strategic autonomy.<sup>5</sup>

Crucially, this emerging trilateral impulse is not anti-American. Rather, it reflects a hedging response to the erosion of predictability in U.S. economic engagement. Trump's approach has unintentionally accelerated a shift toward Asia-led economic self-help, where cooperation among regional stakeholders becomes a substitute for absent U.S. stewardship. In this sense, trilateralism is less a challenge to the

---

<sup>3</sup> Sarah Teo, "The rise and endurance of minilaterals in the Indo-Pacific," *The Interpreter*, Lowy Institute, December 27, 2024, <https://www.lowyinstitute.org/the-interpreter/rise-endurance-minilaterals-indo-pacific> (accessed October 28, 2025).

<sup>4</sup> Mercy A. Kuo, "Trump 2.0 and US Leadership in the Indo-Pacific," *Diplomat*, February 12, 2025, <https://thediplomat.com/2025/02/trump-2-0-and-us-leadership-in-the-indo-pacific/> (accessed October 20, 2025).

<sup>5</sup> Jagannath Panda (ed.), *India-Japan-ASEAN Triangularity: Emergence of a Possible Indo-Pacific Axis?* (Routledge, 2023).

Indo-Pacific order than an attempt to salvage its core economic logic under conditions of American retrenchment.

Prior to the April 2025 reciprocal tariffs announcement,<sup>6</sup> Southeast Asian states were relatively optimistic about Donald Trump's renewed presidency. The 2025 ISEAS State of Southeast Asia survey reflected this, showing a stronger preference for the United States over China compared to 2024.<sup>7</sup> Trump's imposition of steep tariffs jolted the region out of this sense of complacency.<sup>8</sup>

The tariffs also disrupted the broader "China-plus-one" diversification strategy that had encouraged firms to relocate manufacturing from China to India and Southeast Asia. Many multinationals began to hesitate, fearing new waves of American protectionism. By undermining the economic stability of its own partners, the Trump administration paradoxically slowed the decoupling from China that it had once championed.

For ASEAN, the message was particularly sobering. Southeast Asia thrives on predictable market access; Trump's tariff unpredictability threatens that foundation. Vietnam's garment exports, Malaysia's semiconductor supply chains, and Thailand's automobile industry all rely on consistent access to Western markets.<sup>9</sup>

At the May 2025 summit, ASEAN leaders issued a relatively strong statement, pledging to refrain from retaliatory or unilateral actions and to pursue deeper regional economic integration.<sup>10</sup> The fear of being the next target of Trump's tariff diplomacy has made ASEAN capitals wary, pushing some closer to Beijing's financial umbrella. Despite its inability to match the scale or structure of the U.S. market, China occupies a position from which it can derive notable geopolitical leverage.

Anchored in the center of the Indo-Pacific and rapidly developing as a manufacturing rival to China, India has become a strategic player impossible for either Washington or Beijing to ignore.<sup>11</sup> But New Delhi has been deeply rattled by Trump's 50 percent tariff on Indian exports. Justified under claims of "unfair trade practices" and "energy transactions with Russia," the move struck at the heart of India-

---

<sup>6</sup> The White House, "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits," April 2, 2025, <https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/> (accessed October 28, 2025).

<sup>7</sup> S. Seah, et al., *The State of Southeast Asia: 2025 Survey Report* (Singapore: ISEAS - Yusof Ishak Institute, 2025), <https://www.iseas.edu.sg/wp-content/uploads/2025/03/The-State-of-SEA-2025-1.pdf> (accessed October 20, 2025).

<sup>8</sup> Karishma Vaswani, "US trade war is splintering South-east Asia," *Business Times* (Singapore), October 24, 2025, <https://www.businesstimes.com.sg/opinion-features/us-trade-war-splintering-south-east-asia> (accessed October 28, 2025).

<sup>9</sup> Susannah Patton and Robert Walker, "Trump tariffs tilt Southeast Asia towards China," Lowy Institute, September 23, 2025, <https://www.lowyinstitute.org/publications/trump-tariffs-tilt-southeast-asia-towards-china> (accessed October 28, 2025).

<sup>10</sup> ASEAN, "ASEAN Leaders' Statement on Responding to Global Economic and Trade Uncertainties," May 26, 2025, <https://asean.org/asean-leaders-statement-on-responding-to-global-economic-and-trade-uncertainties/> (accessed October 18, 2025).

<sup>11</sup> Walter Ladwig, "The Indo-Pacific in Indian Foreign Policy," RUSI, April 30, 2024, <https://www.rusi.org/explore-our-research/publications/policy-briefs/indo-pacific-indian-foreign-policy> (accessed October 20, 2025).

U.S. economic interdependence. India's continued purchase of discounted Russian oil, framed by Trump as "indirect support to Moscow's war economy," invited sweeping punitive tariffs on Indian pharmaceuticals, textiles, and IT hardware.<sup>12</sup>

External Affairs Minister of India, Dr. S. Jaishankar, firmly rejected the new tariff rate, describing it as unfair and unwarranted.<sup>13</sup> The levies, Washington's highest against any trading partner, followed five rounds of bilateral negotiations that failed to yield a trade agreement. Prime Minister Narendra Modi also reacted strongly, asserting that India would not compromise on its core interests, even if doing so came at a significant cost.<sup>14</sup>

The fallout was swift. Indian exporters faced order cancellations and supply-chain disruptions, while U.S. tech companies, heavily reliant on Indian outsourcing, struggled with rising costs. Trump followed up with an unprecedented hike in H-1B visa fees to \$100,000—effectively excluding Indian professionals from America's digital economy.<sup>15</sup> These combined measures sent a chilling signal: Trump's trade policy was about leverage, not partnership.

Strategically, the tariffs have eroded mutual trust at a time when global supply chains are already fragile. India, once celebrated as the democratic counterweight to China, suddenly found itself labeled a "non-compliant economy." ASEAN states, observing the spectacle, drew their own conclusions. If Washington could weaponize trade against a strategic partner like India, what assurances remained for smaller economies such as Vietnam, Indonesia, or the Philippines?

Trump's tariff diplomacy thus reveals the contradictions of his Indo-Pacific narrative: while preaching self-reliance and "fair trade," it simultaneously undermines the very partnerships needed to sustain a stable Indo-Pacific economy. The outcome is an environment of economic distrust, one that Beijing, with its patient and transactional diplomacy, has exploited with quiet efficiency.

## **Trump's China Policy and the Indo-Pacific Rivalry**

Trump's second term has revived the language of strategic competition with Beijing, but without the alliance coordination that characterized previous administrations. His China policy oscillates between aggressive confrontation and opportunistic accommodation, producing volatility across

---

<sup>12</sup> David Lawder and Manoj Kumar, "Trump's doubling of tariffs hits India, damaging ties," *Reuters*, August 28, 2025, <https://www.reuters.com/world/india/trumps-doubling-tariffs-hits-india-damaging-ties-2025-08-27/> (accessed October 18, 2025).

<sup>13</sup> Karishma Mehrotra and Supriya Kumar, "In tariff spat, Trump wields India-Russia trade against Modi," *Washington Post*, August 7, 2025, <https://www.washingtonpost.com/world/2025/08/07/india-russia-oil-tariffs-trump-modi/> (accessed October 18, 2025).

<sup>14</sup> Gulam Jeelani, "PM Narendra Modi's strong message amid Trump tariffs: 'Ready to pay a heavy price'," *Mint*, August 7, 2025, <https://www.livemint.com/news/india/india-will-never-compromise-on-the-interests-of-farmers-pm-narendra-modi-after-trump-tariffs-threats-11754542238511.html> (accessed October 18, 2025).

<sup>15</sup> Soutik Biswas and Nikhil Inamdar, "Trump's \$100,000 H-1B visa shock: Why US may lose more than India," *BBC*, September 22, 2025, <https://www.bbc.com/news/articles/ce3yy58lj79o> (accessed October 18, 2025).

Asian capitals.<sup>16</sup>

Unlike the Biden administration, which sought guardrails amid rivalry, Trump 2.0 treats China almost exclusively as an economic adversary. His renewed sanctions on Chinese tech giants, restrictions on rare-earth imports, and continued naval patrols in the South China Sea signal confrontation. Yet his periodic overtures to Xi Jinping, floating “grand deals” on trade balances or currency stabilization, expose his unpredictability.

For ASEAN, this volatility is deeply unsettling. Southeast Asian economies are structurally intertwined with both China and the United States; their prosperity depends on predictable trade flows. Trump’s tariff threats and sanctions on firms “aiding Chinese expansion” have chilled investor confidence. Vietnam and Malaysia, which initially benefited from supply-chain relocation, now fear collateral damage from U.S. tariffs or Chinese retaliation.

Beijing continues to court the region through economic instruments—the Regional Comprehensive Economic Partnership (RCEP),<sup>17</sup> new digital-currency pilots,<sup>18</sup> and the Belt and Road’s second-phase green infrastructure projects<sup>19</sup>—while Washington appears focused on punitive economics. For ASEAN, the contrast is stark. The perception gap between coercion and cooperation has widened, with long-term implications for regional alignments.

ASEAN holds a central role in the Indo-Pacific vision, advancing a region founded on openness, inclusivity, and adherence to international rules,<sup>20</sup> which closely aligns with India’s Indo-Pacific Oceans Initiative (IPOI). Both ASEAN and India share a strategic commitment to maintaining stability in the Indo-Pacific, strengthening maritime cooperation, and building resilient, diversified supply chains through partnerships and trade agreements. Their relationship continues to deepen, marked by the 2022 upgrade to a Comprehensive Strategic Partnership and forward-looking initiatives such as the 2026 “ASEAN-India Year of Maritime Cooperation,” which further reinforce this shared vision.<sup>21</sup>

---

<sup>16</sup> James Jay Carafano, “Understanding President Trump’s China strategy,” GIS Reports, November 5, 2025, <https://www.gisreportsonline.com/t/u-s-china-strategy/> (accessed December 3, 2025).

<sup>17</sup> Zhai Kun and He Jiabei, “China is a key driver for RCEP’s cross-regional connectivity,” *Global Times*, December 7, 2025, <https://www.globaltimes.cn/page/202512/1349966.shtml> (accessed December 8, 2025); Ministry of Foreign Affairs of Japan, “The 5th Regional Comprehensive Economic Partnership (RCEP) Summit,” October 27, 2025, [https://www.mofa.go.jp/ecm/saep/pageite\\_000001\\_01328.html](https://www.mofa.go.jp/ecm/saep/pageite_000001_01328.html) (accessed October 28, 2025).

<sup>18</sup> Alice Li, “The world is going all in on stablecoins. Is China’s digital yuan any different?” *South China Morning Post*, July 2, 2025, <https://www.scmp.com/economy/china-economy/article/3316651/world-going-all-stablecoins-chinas-digital-yuan-any-different> (accessed October 28, 2025).

<sup>19</sup> “From megaprojects to green corridors, Belt and Road enters a new phase,” *South China Morning Post*, September 9, 2025, <https://www.scmp.com/presented/news/hong-kong/topics/belt-and-road-summit-2025/article/3324686/megaprojects-green-corridors-belt-and-road-enters-new-phase> (accessed October 28, 2025).

<sup>20</sup> ASEAN, “ASEAN launches inaugural edition of ASEAN Maritime Outlook at 13th ASEAN Maritime Forum (AMF).” August 1, 2023, <https://asean.org/amo/> (accessed October 18, 2025).

<sup>21</sup> ANI, “India and ASEAN designate 2026 as Year of Maritime Cooperation to boost Indo-Pacific partnership,” TV BRICS, October 27, 2025, <https://tvbrics.com/en/news/india-and-asean-designate-2026-as-year-of-maritime-cooperation-to-boost-indo-pacific-partnership/> (accessed October 28, 2025).

India, too, faces a dilemma. On one hand, Trump's anti-China rhetoric aligns with India's concerns about border aggression and technological dependency. On the other hand, Washington's unilateralism complicates coordinated deterrence. The Galwan clashes of 2020 had once cemented India's convergence with the United States and its allies; in 2025, however, Trump's economic coercion has eroded that momentum. New Delhi is quietly recalibrating, engaging Beijing through diplomatic channels at the Tianjin SCO Summit and reopening the long-stalled Russia-India-China dialogue.<sup>22</sup>

Sensing this shift, Beijing has softened its posture toward India, resuming limited critical-mineral exports and proposing incremental border management talks.<sup>23</sup> The strategy is clear: portray China as a pragmatic stabilizer while the United States appears erratic. Trump's confrontational approach, therefore, has paradoxically expanded China's diplomatic room, fragmenting what was once a cohesive Indo-Pacific coalition.

## **ASEAN's Balancing Act Between Washington and Beijing**

ASEAN's predicament under Trump 2.0 should not be understood solely in terms of vulnerability. While Southeast Asia is undoubtedly squeezed between American unpredictability and Chinese assertiveness, ASEAN Centrality continues to function as a form of strategic infrastructure—one that shapes regional behavior even when great-power commitment wavers.<sup>24</sup> ASEAN Centrality is not merely diplomatic symbolism; it is an institutional architecture that sustains dialogue, moderates competition, and legitimizes external engagement through ASEAN-led mechanisms such as the East Asia Summit, the ASEAN Regional Forum, and the ADMM-Plus.

India and Japan approach ASEAN Centrality from distinct historical and strategic trajectories, yet their methods increasingly converge. India's engagement with ASEAN has emphasized inclusivity, developmental partnership, and maritime cooperation, grounded in its Act East policy and the Indo-Pacific Oceans Initiative. New Delhi has consistently framed ASEAN not as a theater of rivalry but as a partner in sustaining an open maritime commons and resilient regional connectivity. This approach resonates in Southeast Asia precisely because it avoids securitization and respects ASEAN's preference for consensus-driven regionalism.

Japan's approach, while more institutionally dense, shares this underlying logic. Tokyo has long

---

<sup>22</sup> Krishna N. Das and Tamiyuki Kihara, "Modi seeks closer ties on Asia tour to offset fallout from US tariffs," *Reuters*, August 28, 2025, <https://www.reuters.com/world/china/modi-seeks-closer-ties-asia-tour-offset-fallout-us-tariffs-2025-08-28/> (accessed October 20, 2025); "After SCO Summit, buzz grows around Russia-India-China troika. Is RIC set to return?" *First Post*, September 1, 2025, <https://www.firstpost.com/explainers/russia-india-china-ric-troika-revival-explained-13908388.html> (accessed October 20, 2025).

<sup>23</sup> "Ties thaw between Asian rivals India and China," *Reuters*, August 29, 2025, <https://www.reuters.com/world/china/ties-thaw-between-asian-rivals-india-china-2025-08-29/> (accessed October 20, 2025).

<sup>24</sup> Simon Tay, Shiro Armstrong, Peter Drysdale and Ponciano Intal Jr, "ASEAN Vision 2040 Volume II: Collective Leadership, ASEAN Centrality, and Strengthening the ASEAN Institutional Ecosystem," ASEAN, 2019, <https://asean.org/book/asean-vision-2040-volume-ii-collective-leadership-asean-centrality-and-strengthening-the-asean-institutional-ecosystem/> (accessed October 20, 2025).

invested in ASEAN capacity-building, infrastructure financing, and rule-setting, particularly in areas such as quality infrastructure, supply-chain resilience, and digital governance. Under conditions of U.S. disengagement, Japan's role as a stabilizing economic actor has become even more pronounced. Importantly, Japan has refrained from imposing strategic binaries on ASEAN, instead reinforcing ASEAN-led norms as the foundation of regional order.

The convergence between India's Indo-Pacific Oceans Initiative, ASEAN's Outlook on the Indo-Pacific, and Japan's recalibrated Free and Open Indo-Pacific vision reflects an emerging consensus: that ASEAN Centrality remains indispensable to preserving regional autonomy in an era of great-power volatility. For both India and Japan, ASEAN offers not only strategic depth but also normative legitimacy. Any durable regional cooperation, particularly trilateral arrangements, must therefore be embedded within ASEAN's institutional framework rather than positioned above it. In this sense, ASEAN Centrality functions as the connective bridge linking India-Japan cooperation to Southeast Asia. It allows external partners to contribute to regional stability without undermining ASEAN unity, even as individual member states navigate divergent economic and political pressures.

Despite growing convergence among Japan, India, and ASEAN on supply-chain resilience and maritime stability, ASEAN remains institutionally cautious about formal trilateral arrangements. This hesitation is not rooted in a lack of strategic interest, but in a deeply ingrained concern over antagonizing major powers—most notably China, but increasingly also the United States under Trump's transactional leadership. A formalized trilateral framework risks being interpreted as a de facto alignment structure, something ASEAN has historically sought to avoid to preserve its autonomy and unity.

## **Toward Functional Cooperation**

ASEAN's preference is not for bloc formation but for functional cooperation. The region's diplomatic culture favors issue-based, project-specific engagement over institutionalized alignments that might provoke retaliation or political pressure. This explains why ASEAN member states have been more receptive to cooperation with Japan and India in areas such as quality infrastructure financing, sustainable development, digital connectivity, undersea cable networks, maritime domain awareness, and disaster-resilience mechanisms. These domains allow ASEAN to enhance strategic capacity without formally subscribing to adversarial postures.

Importantly, this approach aligns with ASEAN's broader hedging strategy. By compartmentalizing cooperation, ASEAN can simultaneously engage China through RCEP and BRI-linked projects while deepening selective partnerships with Japan and India. In this sense, ASEAN's reluctance toward formal trilateralism should not be misread as strategic passivity. Rather, it reflects a sophisticated attempt to manage risk in an era where both Washington and Beijing increasingly instrumentalize

economic interdependence for strategic ends.

For Japan and India, recognizing this distinction is crucial. The success of any trilateral engagement will depend less on institutional branding and more on ASEAN's comfort with flexible, deliverable-driven cooperation that reinforces—rather than challenges—ASEAN Centrality.

From a broader perspective, if India feels economically bruised by Trump's policies, ASEAN feels strategically cornered. The region's hallmark, its ability to hedge between competing great powers, is now harder to maintain. Trump's unpredictable tariff diplomacy and China's assertive economic statecraft have left Southeast Asian governments scrambling for equilibrium.

Vietnam, once America's rising strategic partner, has seen tensions resurface over currency and steel exports. Indonesia, Southeast Asia's largest economy, views Trump's tariff threats as a blow to its industrialization agenda under President Prabowo Subianto. Singapore and the Philippines, longstanding U.S. security partners, have struggled to reconcile their defense cooperation with their dependence on Chinese trade and investment.

At the diplomatic level, ASEAN's collective voice has weakened. Trump's administration rarely engages the ASEAN Secretariat, preferring bilateral dealings with select members. By individually seeking tariff relief from the United States, nations from Malaysia to Indonesia have actually eroded the power of collective leverage. Meanwhile, Beijing attends ASEAN-led forums with symbolic largesse, pledging infrastructure funds and pandemic-recovery packages. The contrast is not lost on regional observers: while China offers carrots, Trump offers contracts and conditions.

At the same time, to reinforce the rules-based order in the South China Sea while preserving ASEAN unity, ASEAN's collective interests must outweigh any individual member's bilateral ties with Beijing. Failing to do so could alienate key partners and jeopardize progress on the long-pending Code of Conduct negotiations, which have been ongoing since 2002.<sup>25</sup>

The bloc's recent initiatives, such as Indonesia's "ASEAN Outlook on the Indo-Pacific"<sup>26</sup> and Vietnam's call for enforcement of the maritime code of conduct, reflect a desire to preserve autonomy. Yet without sustained U.S. engagement, ASEAN's balancing act risks turning into quiet accommodation of Chinese preferences.<sup>27</sup> For the first time in two decades, Southeast Asia is beginning to visualize an

---

<sup>25</sup> Mohd Harith Ramzi, "Why 2025 Is a Make or Break Year for ASEAN Unity," *Diplomat*, October 25, 2024, <https://thediplomat.com/2024/10/why-2025-is-a-make-or-break-year-for-asean-unity/> (accessed October 20, 2025).

<sup>26</sup> ASEAN, "ASEAN Outlook on the Indo-Pacific," June 23, 2019, <https://asean.org/speechandstatement/asean-outlook-on-the-indo-pacific/> (accessed October 18, 2025).

<sup>27</sup> Zhai Kun, "Crisis as catalyst: How Trump 2.0 could strengthen China-ASEAN ties," *Think China*, March 26, 2025, <https://www.thinkchina.sg/politics/crisis-catalyst-how-trump-2-0-could-strengthen-china-asean-ties> (accessed October 18, 2025).

Indo-Pacific less dependent on American leadership.

## **Middle Powers and the Search for Strategic Balance**

Amid this flux, Asia's middle and rising powers/agencies have begun to fill the void left by Washington's disengagement. Japan, Australia, the Republic of Korea, and the European Union (EU) are all recalibrating their Indo-Pacific strategies to safeguard multilateralism and open connectivity.

The elevation of Sanae Takaichi to Japan's premiership marks an important inflection point in Tokyo's Indo-Pacific strategy, particularly in Southeast Asia. While Japan's commitment to ASEAN predates Takaichi, her leadership has sharpened the strategic intent behind this engagement. Takaichi's approach reflects a dual imperative: to counter Chinese economic coercion more explicitly, while insulating ASEAN from the destabilizing effects of great-power confrontation.

Unlike previous administrations that emphasized cautious diplomacy toward Beijing, Takaichi has articulated a firmer stance on economic security, supply-chain resilience, and maritime deterrence. In ASEAN, this translates into a strategy that prioritizes diversification away from China-centric production networks, enhanced maritime domain awareness, and infrastructure projects aligned with transparency and sustainability standards. Yet Tokyo remains careful not to frame this engagement as containment. Instead, Japan positions itself as a reliable partner offering alternatives rather than ultimatums.

India emerges as a critical cooperative partner in this strategy. From ASEAN's perspective, India is viewed neither as a hegemonic power nor as an intrusive security actor. Its growing economic footprint, demographic scale, and manufacturing ambitions complement Japan's capital and technological strengths. Under Takaichi, Tokyo increasingly sees India as a partner capable of amplifying Japan's ASEAN engagement without provoking regional anxieties.

A logical extension of Japan-India cooperation in Southeast Asia lies in revisiting India's relationship with the RCEP. India's withdrawal from RCEP in 2019 reflected domestic anxieties over market access, manufacturing competitiveness, and asymmetric exposure to Chinese imports.<sup>28</sup> Yet the strategic context of 2025 is markedly different. Trump's renewed protectionism and China's growing leverage within RCEP have altered the cost-benefit calculus for all participants.

Japan is uniquely positioned to play a bridging role in this regard. As a principal architect of RCEP and a trusted economic partner for ASEAN, Tokyo has both the credibility and convening power

---

<sup>28</sup> Mie Oba, "The Implications of India's RCEP Withdrawal," *Diplomat*, November 14, 2019, <https://thediplomat.com/2019/11/the-implications-of-indias-rcep-withdrawal/> (accessed October 18, 2025).

to initiate confidence-building discussions around India's phased or sector-specific re-engagement. Such an approach would not require immediate full accession but could focus on calibrated entry points—standards harmonization, digital trade frameworks, or supply-chain cooperation—where India's participation would strengthen RCEP's resilience rather than dilute it.<sup>29</sup>

For ASEAN, India's re-engagement would serve as a strategic counter-balance within RCEP itself. An India-inclusive RCEP would reduce over-dependence on China, diversify production networks, and reinforce ASEAN's central role in shaping regional economic norms. For India, the process would restore its voice in Asia's most consequential trade framework without undermining domestic priorities.

Crucially, Japan's leadership would be essential in aligning ASEAN consensus and mitigating Chinese sensitivities. By framing India's return as stabilizing rather than revisionist, Tokyo can help transform RCEP from a China-weighted platform into a genuinely pluralistic economic architecture.

Strategically, India's own discomfort with U.S. economic coercion under Trump 2.0 aligns it more closely with Japan's emphasis on economic resilience and institutional stability. Both countries share an interest in preventing ASEAN from drifting into excessive dependence on China while resisting U.S.-driven economic fragmentation. Cooperation in areas such as supply-chain diversification, digital public infrastructure, and maritime capacity-building offers a pragmatic pathway for Japan and India to contribute jointly to ASEAN stability.

Takaichi's ASEAN strategy thus reinforces a broader shift toward distributed leadership in the Indo-Pacific. Rather than relying on American primacy, Japan seeks to anchor the regional order through partnerships that combine economic credibility with strategic restraint. India's participation strengthens this approach, lending it scale, legitimacy, and balance. Together, they offer ASEAN a model of cooperation that preserves autonomy while enhancing resilience in an increasingly uncertain regional environment.

In fact, Japan's response to the overall regional dynamics, arising primarily out of Trump 2.0 and China's assertiveness, has been particularly forthcoming. Just three days into her premiership, Japanese Prime Minister Takaichi declared that Japan would reach its defense spending target of 2 percent of GDP by March 2026, two years earlier than planned, and reiterated her support for "security partnerships" like the Quad, which includes India.<sup>30</sup> Through initiatives such as the Japan-

---

<sup>29</sup> Seiya Sukegawa, "A Chance for India to Return to RCEP?" *Diplomat*, June 9, 2025, <https://thediplomat.com/2025/06/a-chance-for-india-to-return-to-rcep/> (accessed October 18, 2025).

<sup>30</sup> Suhasini Haider, "Japan's new PM commits to higher defence spend, ties with India, Quad," *The Hindu*, October 24, 2025, <https://www.thehindu.com/news/international/japans-new-pm-commits-to-higher-defence-spend-ties-with-india-quad/article70198094.ece> (accessed October 28, 2025).

India Digital Partnership and infrastructure investments in Southeast Asia, Tokyo seeks to anchor regional stability through economic cooperation rather than coercion.

Japan's diplomatic outreach to Europe, particularly its deepening ties with France and the European Union, has introduced a distinct trans-Eurasian dimension to the evolving Indo-Pacific architecture.<sup>31</sup> In recent years, Tokyo and Paris have intensified security and defense cooperation, including joint naval exercises and coordination in the South Pacific, while Japan-EU relations have advanced through frameworks such as the EU-Japan Economic Partnership Agreement (EPA) and the Strategic Partnership Agreement (SPA).<sup>32</sup> These initiatives reflect a shared commitment to upholding a rules-based international order and ensuring a "free and open Indo-Pacific," linking the strategic interests of Europe and Asia more closely than ever before. Japan is also said to be pushing back against U.S. efforts to form a trade bloc targeting Beijing, fearing that joining such an initiative could strain its crucial economic ties with China, still its largest trading partner.<sup>33</sup>

The European Union, too, has stepped in with its Global Gateway strategy,<sup>34</sup> aiming to offer transparent infrastructure financing as an alternative to China's BRI and a complement to U.S. retrenchment. Brussels' engagement with ASEAN on digital connectivity, green energy, and maritime governance signals that Europe sees the Indo-Pacific as a theater of both economic opportunity and normative competition.<sup>35</sup> Although the EU has strengthened ties with ASEAN, India, Japan, and others in recent years, its relationship with Australia remains central to its regional strategy. As Western allies, the EU and Australia combine complementary strengths—Europe's economic and diplomatic weight with Australia's strategic location and regional experience.<sup>36</sup>

Canberra has long acknowledged the importance of the Indo-Pacific democracies of Indonesia, India, Japan, and the Republic of Korea to Australia.<sup>37</sup> The middle power convergence is further underscored by its increased attention to the Indian Ocean region. Visits to both the Maldives and Sri Lanka were on the itinerary in 2025 for Deputy Prime Minister and Minister for Defence Richard Marles, alongside

---

<sup>31</sup> Satoru Kohda and Ayaka Hiraki, "Charting Japan's 'third path' under Trump 2.0," East Asia Forum, June 13, 2025, <https://eastasiaforum.org/2025/06/13/charting-japans-third-path-under-trump-2-0/> (accessed October 28, 2025).

<sup>32</sup> Ministry of Foreign Affairs of Japan, "Japan-EU Relations," <https://www.mofa.go.jp/region/europe/eu/index.html> (accessed October 28, 2025).

<sup>33</sup> "Japan to resist Trump efforts to form trade bloc against China," *Straits Times*, April 25, 2025, <https://www.straitstimes.com/asia-east-asia/japan-to-resist-trump-efforts-to-form-trade-bloc-against-china> (accessed October 28, 2025).

<sup>34</sup> European Commission, "Global Gateway," March 2023, [https://commission.europa.eu/topics/international-partnerships/global-gateway\\_en](https://commission.europa.eu/topics/international-partnerships/global-gateway_en) (accessed October 28, 2025).

<sup>35</sup> Valentin Grangier, "Europe's Indo-Pacific Pivot: Strategy, Challenges, and the Quest for Influence," *European Relations*, July 15, 2025, <https://europeanrelations.com/europes-indo-pacific-pivot-strategy-challenges-and-the-quest-for-influence/> (accessed October 20, 2025).

<sup>36</sup> Jagannath Panda and Richard Ghiasy, "Navigating the Indo-Pacific: How Australia and the EU Can Partner for Peace, Stability, and Prosperity," Institute for Security & Development Policy, September 6, 2024, <https://www.isdp.eu/wp-content/uploads/2024/09/Brief-Policy-Australia-2-final.pdf> (accessed October 28, 2025).

<sup>37</sup> Australian Government, "Indo-Pacific partnerships," Chapter 3, 2017 Foreign Policy White Paper, <https://www.dfat.gov.au/sites/default/files/minisite/static/4ca0813c-585e-4fe1-86eb-de665e65001a/fpwhitepaper/foreign-policy-white-paper/chapter-three-stable-and-prosperous-indo-pacific/indo-pacific.html> (accessed October 28, 2025).

a trip to India and Indonesia.<sup>38</sup> Despite domestic political debates over Trump's tariffs, Australia remains committed to maintaining regional deterrence, enhancing cooperation with Japan and India, and sustaining the Quad as a practical, if not ideological, platform. The Albanese government has already demonstrated Australia's intent to exercise strategic independence while remaining within the framework of its alliance with the United States by pushing back against Washington's call for Australia to boost defense spending to 3.5 percent of its GDP, well above the government's stated goal of increasing defense spending to 2.3 percent of the GDP by 2033.<sup>39</sup>

This growing network of middle powers marks an important evolution: an Indo-Pacific order sustained less by American primacy and more by distributed leadership. The emerging geometry, Tokyo-Delhi-Brussels-Canberra, could define the next phase of regional stability, even as Washington vacillates between engagement and withdrawal.

## India-U.S. Relations on a Shaky Platform

India-U.S. relations, once heralded as “a defining partnership in the 21st century” by President Barack Obama,<sup>40</sup> are navigating their most uncertain phase since the Cold War. The tariff war, visa restrictions, and moral criticism of India's Russia ties have, to an extent, eroded goodwill. When Prime Minister Narendra Modi skipped the 2025 ASEAN Leadership Summit ostensibly due to scheduling conflicts, many read it as a deliberate attempt to avoid a tense encounter with Trump. The symbolism resonated widely: New Delhi was signaling disapproval, and Southeast Asia took note.

Defense cooperation has similarly cooled. Talks on India's potential F-35 acquisition have stalled, while New Delhi leans toward expanded Rafale purchases from France and deeper technological cooperation with Japan. Joint naval drills continue, but the sense of strategic enthusiasm has dimmed. The once-ambitious \$500 billion trade target for 2030 now appears distant.

Yet the logic for cooperation endures beneath the turbulence. The U.S. defense establishment recognizes that India's role in balancing China, especially in the Indian Ocean, remains indispensable. For India, American technology transfers and intelligence collaboration remain valuable assets—even

---

<sup>38</sup> Australian Government, “Travel to South and Southeast Asia,” June 1, 2025, <https://www.minister.defence.gov.au/media-releases/2025-06-01/travel-south-southeast-asia> (accessed October 28, 2025).

<sup>39</sup> Sarah Basford Canales, “‘We’ll determine our defence policy’: Albanese responds to US push for huge rise in spending as Hegseth stokes China fears,” *Guardian*, June 1, 2025, <https://www.theguardian.com/australia-news/2025/jun/01/anthony-albanese-responds-to-us-pete-hegseth-push-for-huge-rise-in-defence-spending-as-it-stokes-china-fears> (accessed October 28, 2025).

<sup>40</sup> Council on Foreign Relations, “Timeline - U.S.-India Relations 1947-2025,” August 2025, <https://www.cfr.org/timeline/us-india-relations> (accessed October 20, 2025); “US Embassy calls India-US partnership as ‘defining relationship of 21st century’ amid PM Modi’s Xi-Putin meet,” *The Economic Times*, September 1, 2025, <https://economictimes.indiatimes.com/news/india/us-embassy-calls-india-us-partnership-as-defining-relationship-of-21st-century-amid-pm-modis-xi-putin-meet/articleshow/123631532.cms> (accessed October 20, 2025); The Obama White House, “Remarks by the President at U.S.-India Strategic Dialogue Reception,” June 3, 2010, <https://obamawhitehouse.archives.gov/the-press-office/remarks-president-us-india-strategic-dialogue-reception> (accessed January 10, 2026).

as the political tone has soured. The problem is psychological as much as strategic: Trump's reduction of the relationship to a trade ledger undermines the narrative of shared democratic values that once animated the partnership.

New Delhi's response has been pragmatic. Rather than confront Washington head-on, India is diversifying its strategic bets—reviving channels with Russia, deepening trade with the EU, and exploring quiet understandings with Japan and Indonesia. In doing so, it reinforces its doctrine of multi-alignment—cooperating without dependency, engaging without subordination.

For Washington, this recalibration should serve as a warning. If Trump's America treats India as expendable, ASEAN and other regional partners will inevitably recalibrate their own hedging strategies. The perception of U.S. unpredictability could outlast Trump's presidency, reshaping the Indo-Pacific balance for a generation.

India's growing role in driving global economic growth, coupled with Southeast Asia's strong economic momentum, offers new opportunities for collaboration in trade, investment, green infrastructure, and resilient supply chains. India has reinforced its engagement in the region through its Act East policy—an evolution of the Look East policy—fostering distinct partnerships with individual ASEAN member states.<sup>41</sup> Initiatives like the Security and Growth for All in the Region (SAGAR) vision, now expanded into MAHASAGAR,<sup>42</sup> and the Indo-Pacific Oceans Initiative further strengthen this sustainable partnership. Additionally, India's active participation in the Quad has elevated its strategic profile, underscoring its potential to contribute to regional stability.

## Scenarios for the Indo-Pacific Beyond Trump

As 2026 approaches, four scenarios appear plausible for the Indo-Pacific's trajectory under Trump 2.0 and beyond.

First, a fragmented multipolarity, where the Indo-Pacific devolves into overlapping sub-regions led by distinct powers—India in the Indian Ocean, Japan in maritime East Asia, and China across continental Southeast Asia. In this scenario, the United States would act as a sporadic participant rather than a systemic leader, engaging primarily through arms transfers, selective defense agreements, and bilateral trade deals. Regional organizations such as ASEAN would struggle to maintain cohesion, while sub-regional frameworks like the Quad could fracture under divergent priorities. This

---

<sup>41</sup> Apila Sangtam, "Southeast Asia's shifting geopolitics: A challenge for India's Act East policy," 9Dashline, July 18, 2025, <https://www.9dashline.com/article/southeast-asias-shifting-geopolitics-a-challenge-for-indias-act-east-policy> (accessed October 20, 2025).

<sup>42</sup> Sandeep Bhardwaj, "SAGAR to MAHASAGR: India's Cautious Maritime Strategy Continues," ISAS Briefs, Institute of South Asian Studies, National University of Singapore, July 31, 2025, <https://www.isas.nus.edu.sg/papers/sagar-to-mahasagr-indias-cautious-maritime-strategy-continues/> (accessed October 20, 2025).

fragmentation could heighten strategic uncertainty and create pockets of localized stability rather than a coherent Indo-Pacific order. The balance of power would thus be fluid, transactional, and regionally compartmentalized.

Second, a coalition of middle powers, in which Japan, India, the EU, and Australia take the lead in sustaining open trade and digital connectivity frameworks. This “distributed leadership” model would prioritize pragmatic cooperation over ideological alignment, enabling middle powers to preserve regional pluralism even amid U.S. retrenchment. Initiatives such as the Supply Chain Resilience Initiative, the Blue Dot Network, and the EU’s Global Gateway could serve as vehicles for economic and technological engagement. By pooling resources and aligning strategic visions, these actors could institutionalize a stable, rules-based order that mitigates both Chinese dominance and U.S. unpredictability. However, sustaining coherence across diverse political systems and priorities would remain a persistent challenge.

Third, renewed attention to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, particularly in relation to India. While CPTPP’s high-standard rules have historically been viewed as incompatible with India’s domestic regulatory framework, the agreement’s strategic value is evolving in response to geopolitical fragmentation and the U.S. absence. Japan’s stewardship of CPTPP places it at the center of any future expansion debate.<sup>43</sup> Rather than immediate accession, CPTPP could explore flexible engagement pathways for India, such as associate membership, sector-specific participation, or regulatory convergence dialogues. These mechanisms would allow India to align selectively with CPTPP norms in areas like digital trade, intellectual property, and sustainability without committing to wholesale liberalization.

Here, the India-EU Free Trade Agreement assumes strategic significance. A successfully concluded India-EU FTA would signal India’s readiness to engage with high-standard trade regimes while preserving policy space. For Japan and ASEAN CPTPP members, this would offer a concrete benchmark for assessing India’s compatibility with CPTPP disciplines. More importantly, it would normalize India’s role as a rule-shaping actor rather than a reluctant participant in trade governance.

An India-linked CPTPP ecosystem—formal or informal—would enable Japan and ASEAN to engage India within a structured economic framework that complements regional integration without replicating U.S.-centric trade models. In doing so, CPTPP could evolve into a platform for middle-power rule-making, reinforcing the Indo-Pacific’s economic resilience amid great-power volatility.

Fourth, a managed U.S.-China accommodation, if Trump and Xi negotiate a transactional understanding

---

<sup>43</sup> “Expansion of CPTPP: Make Framework a Bulwark to Protect Free Trade,” *Japan News*, December 1, 2025, <https://japannews.yomiuri.co.jp/editorial/yomiuri-editorial/20251201-295768/> (accessed December 3, 2025).

on trade and technology. Such a deal could reduce market volatility and restore predictability to global supply chains, but at the cost of sidelining secondary players. ASEAN and India might find themselves peripheral, forced to navigate a bipolar order shaped by elite bargains in Washington and Beijing. Such a compact could dampen regional tensions temporarily but undermine long-term multilateralism by normalizing great-power condominium. Smaller states would likely hedge through selective alignment, while multilateral frameworks could lose strategic relevance.

Which scenario or mix of scenarios prevails will depend not only on Washington and Beijing but also on the choices of regional actors. The Indo-Pacific's resilience will hinge on whether its stakeholders can institutionalize cooperation independent of American cycles of engagement and withdrawal.

### **Can the Indo-Pacific Survive America's Cold Realism?**

The Indo-Pacific under Trump 2.0 is neither collapsing nor consolidating; it is recalibrating under stress. The United States remains a consequential power, but its leadership has become increasingly conditional, episodic, and narrowly transactional. Trump's cold realism, anchored in tariffs, bilateral leverage, and economic nationalism, has weakened the normative and institutional foundations that once sustained America's regional primacy. The result is not an immediate vacuum, but a diffusion of authority across the Indo-Pacific's political and economic landscape.

What distinguishes the current moment is that regional actors are no longer waiting for U.S. course correction. India, Japan, ASEAN, and key middle powers are beginning to internalize strategic uncertainty as a structural condition rather than a temporary disruption. This shift has profound implications. Instead of organizing the Indo-Pacific around alliance hierarchies or great-power binaries, regional actors are gravitating toward issue-based cooperation, economic resilience, and institutional flexibility. The emerging order is less ideological and more functional—designed to absorb shocks rather than project dominance.

For ASEAN, survival under America's cold realism depends on preserving centrality without paralysis.<sup>44</sup> This means doubling down on ASEAN-led mechanisms while allowing selective, project-driven partnerships with Japan, India, and Europe to mature below the threshold of formal alignment. For Japan, the challenge lies in translating strategic clarity into economic leadership—bridging trade fragmentation, sustaining high-standard frameworks, and preventing Asia's rule-making space from being hollowed out by U.S. absence or Chinese overreach. For India, the test is whether it can convert strategic autonomy into institutional influence, re-entering Asia's economic architecture without

---

<sup>44</sup> Mari Pangestu and Julia Tijaja, "ASEAN must help to fill the global leadership vacuum to protect its regional backyard," East Asia Forum, October 5, 2025, <https://eastasiaforum.org/2025/10/05/asean-must-help-to-fill-the-global-leadership-vacuum-to-protect-its-regional-backyard/> (accessed October 20, 2025).

surrendering domestic priorities.

The future Indo-Pacific will not be shaped by a single hegemon but by the capacity of its actors to coordinate without coercion. If America continues to define engagement through tariffs and transactions, it may remain powerful yet peripheral to the region's evolving economic logic. Conversely, if Asia's middle powers succeed in embedding resilience, openness, and inclusivity into regional institutions, the Indo-Pacific may not only survive America's cold realism—it may outgrow it.

Ultimately, the question is no longer whether the Indo-Pacific can endure without consistent U.S. leadership, but whether it can construct a stable equilibrium that accommodates U.S. interests without depending on U.S. patronage. The answer will define the next phase of the Indo-Pacific order—and the limits of transactional power in shaping Asia's future.

# Contributors

---

(Affiliations and titles are correct as of the time of the publication)

**Dr. Sovinda Po** is Senior Lecturer and PhD Program Coordinator at the Institute for International Studies and Public Policy (IISPP), Royal University of Phnom Penh (RUPP), and a Fellow (2026-2028) in the Transpacific and Asian Dialogue on China Project of the University of Pennsylvania, the United States of America. He is also a 2024 IISS Southeast Asian Young Leader and Cambodian delegate to the 2024 Shangri-La Dialogue, a former visiting fellow at ISEAS-Yusof Ishak Institute, Singapore, and a former director of the Center for Southeast Asian Studies, IISPP. His research agenda explores the relationship between China and mainland Southeast Asia. His journal articles have appeared in *The Pacific Review*, *Australian Journal of International Affairs*, *Asian Studies Review*, *Journal of Current Southeast Asian Affairs*, *European Journal of East Asian Studies*, *Southeast Asian Affairs*, *Journal of Greater Mekong Studies*, *Explorations: A Graduate Student Journal of Southeast Asian Studies*, and *UC Occasional Paper Series*. He received his PhD in Political Science with an Award of Excellence in Thesis Research from Griffith University, Australia.

**Dr. TANG Siew Mun** is Senior Fellow at the Regional Strategic and Political Studies Programme (RSPS), ISEAS – Yusof Ishak Institute. He previously served as Director of the Political and Security Directorate at the ASEAN Secretariat and Head of the ASEAN Studies Centre at ISEAS. Prior to these appointments, he was Director for Foreign Policy and Security Studies at the Institute of Strategic and International Studies (ISIS) Malaysia and Senior Lecturer at the National University of Malaysia (UKM). He holds a Doctor of Philosophy in Political Science from Arizona State University, as well as a Master of Arts in War Studies from King's College London, Master of Arts in International Studies from Claremont Graduate University and a Bachelor of Arts (Hons.) in Political Science from UKM.

**Dr. Peter K. Lee** is a research fellow in the Center for Regional Studies at the Asan Institute for Policy Studies. He is also a non-resident fellow at the United States Studies Centre at the University of Sydney and a member of the Konrad Adenauer Stiftung Philippines Maritime Security Advisory Network. Dr. Lee's research explores security dynamics in the Indo-Pacific, including U.S. alliances with a focus on South Korea and Australia. His recent maritime security publications include "MAASGA: Making American and Allied Shipbuilding Great Again" (*Asan Issue Brief*, August 2025), *An Indo-Pacific Allied Shipbuilding Enterprise* (Asan Report, December 2024), "Should South Korea Join AUKUS Pillar 2?" (*Asan Issue Brief*, December 2024), "South Korea's Pacific Islands Strategy and Cooperation with Like-minded Partners," (*Asan Issue Brief*, October 2024), and the edited report *Many Hands: Australia-U.S. Contributions to Southeast Asian Maritime Security Resilience* (USSC Report, November 2022). Dr. Lee received his Ph.D. in strategic studies from the Australian National University, where he also taught courses on international relations and strategic studies.

***Dr. Jagannath Panda*** is the Head of the Stockholm Center for South Asian and Indo-Pacific Affairs (SCSA-IPA) at the Institute for Security and Development Policy (ISDP), Sweden. Dr. Panda is a Senior Fellow at The Hague Center for Strategic Studies in the Netherlands. As a senior expert on East Asia and Indo-Pacific affairs, Dr. Panda has testified to the US-China Economic and Security Review Commission at the US Congress on 'China and South Asia'. He is the Series Editor for Routledge Studies on Think Asia. Dr. Panda is named as one of the Strategic Affairs Thinkers of the Next Decade by The Print.