

## CHAPTER 4

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# 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.

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<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

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<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

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<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-

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<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

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<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>

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<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

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<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

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<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

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<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-

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<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

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<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

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<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

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<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

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<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

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<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.