



# Delhi Policy Group

Advancing India's Rise as a Leading Power

## EAST ASIA EXPLORER

### FEBRUARY 2025

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Delhi Policy Group

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### ABOUT US

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*The views expressed in this publication are those of the authors and should not be attributed to the Delhi Policy Group as an Institution.*

### Cover Image:

Member of the Political Bureau of the CPC Central Committee and Foreign Minister Wang Yi with Australian Foreign Minister Penny Wong at a meeting in Johannesburg. Source: [Ministry of Foreign Affairs, The People's Republic of China](#)  
Representatives of ASEAN states with the Ambassador of India to ASEAN, Jayant N. Khobragade at the 25<sup>th</sup> ASEAN-India Joint Cooperation Committee (AIJCC) Meeting in Jakarta, Indonesia.

Source: [Association of South East Asian Nations \(asean.org\)](#)

President Trump at the White House, signing of the first batch of executive orders after being sworn in as the 47th President of the US. Source: [X/ White House](#)

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## China warships cause alarm in Australia

by

Pradeep Taneja

If a reminder was needed that Sino-Australian relations are unlikely to return to their best years any time soon, it came in the form of three People's Liberation Army Navy warships – a frigate, a cruiser and a replenishment ship – circumnavigating Australia in late February-early March and conducting live-fire exercises. The presence of the PLAN task group was detected by the Australian and New Zealand authorities in mid-February, raising questions about their purpose, mission and intended route.

The Australian department of defence issued a [statement](#) on February 13, saying that it was aware of a PLAN task group operating to the north east of Australia. It identified the Chinese vessels as the Jiangkai-class frigate *Hengyang*; the Renhai cruiser named *Zunyi*, and the Fuchi-class replenishment vessel *Weishanhu*.

The statement also said, "Australia respects the rights of all states to exercise freedom of navigation and overflight in accordance with international law, just as we expect others to respect Australia's right to do the same." All subsequent statements by government ministers stressed that the passage of the Chinese task group through Australia's maritime approaches was legal under international law.

This was in sharp contrast to China's reaction to foreign warships exercising their freedom of navigation through the South China Sea and the Taiwan Strait. It usually reacts very negatively to such operations and accuses foreign militaries of stirring up trouble and sabotaging peace and stability in the region. China also almost never acknowledges that these activities are legal.

Then why were the Australian ministers at pains to stress that the activities of the PLAN task group were legal under international law? The answer to this question was implicit in the above statement by the Australian defence department. Instead of condemning the presence of Chinese warships in its proximity, Australia wanted to send a message to China that when the Royal Australian Navy carries out such missions in the South China Sea, it is operating legally, and it has the right to exercise the freedom of navigation. In other words, Australia wanted to convey the message that while we respect your right to exercise freedom of navigation, you must respect our right to do the same.

Australia's Minister for Defence, Richard Marles, [told](#) Sky News, you are more likely to see the Australian Navy near China than the Chinese Navy near Australia. "We rely heavily on international law to do that work," he added. Having said that, Australia did lodge protests with the Chinese government in Beijing and the Chinese embassy in Canberra regarding the lack of sufficient notice by the PLA-N task group before conducting live-fire exercises in the Tasman Sea on February, 21.

On the same day, Foreign Minister Senator Penny Wong also raised the issue with her Chinese counterpart, Wang Yi, when they met in Johannesburg on the sidelines of the G20 foreign ministers' meeting, although the Chinese foreign ministry [readout of the meeting](#) made no mention of this subject being raised by Senator Wong.

In fact, the issue of the timing of the advance notice by the PLA-N task group of live-fire exercise caused quite a controversy in Australian politics. Prime Minister Anthony Albanese was [accused by the Opposition](#) of misleading the Australian public when he suggested that the Chinese military had given an advance notice to the Australian government before conducting the exercise. It appears that, contrary to international convention, the Australian government was only informed of the live-fire exercise after they had begun. The captain of a Virgin Airlines flight was the first to report that he had picked up mid-flight the warning by the Chinese warships that they were conducting a live fire exercise. Eventually, almost 50 flights were forced to divert because of the gunnery fire by the Chinese task group.

The Chinese defence ministry [denied](#) that it had not given sufficient notice before conducting the potentially dangerous exercise in the Tasman Sea. It said that Australia had made "unreasonable accusations" and deliberately "hyped" the situation.

At the time of writing, the trio of Chinese warships was off the coast of Kalbarri in Western Australia's north, having almost circumnavigated the Australian continent. It has left a number of questions unanswered in its wake.

What was the purpose of the Chinese task group in circumnavigating Australia and conducting live-fire exercise near both Australia and New Zealand at a time when bilateral relations seem to be improving? Will this now become a regular occurrence? Did the Australian prime minister deliberately try to downplay the bad behaviour of the Chinese Navy in not giving sufficient warning before beginning their drills?

It is difficult to answer all these questions here and now. But it seems clear that the deployment of the Chinese naval task group in an area which is not on any transit route was meant to send a signal to Australia and its allies that the Chinese Navy is capable of operating far from its shores, that it can sustain its presence, and it can threaten the sea lanes and flight routes if it chooses to do so.

It was also meant to test Australia and to warn its political elite that they are on their own and the sooner they realise that the better it would be for them. It was possibly also a reaction to AUKUS, the new alliance among Australia, the United Kingdom and the United States to enable Australia to acquire nuclear-powered submarines that can operate for longer and more quietly in areas such as the South China Sea and the Taiwan Strait.

If those were indeed China's intentions, the result is more likely to be higher spending on defence by Australia. Its current surface combatant fleet is the smallest and oldest it has been in decades. Higher defence spending will enhance Australia's defence preparedness, but it will not make it independent. It will still need its 'strong and powerful' ally on its side to defend itself in the event of a war. It will also need to continue to develop closer maritime ties with its other Quad partners.

The activities of the Chinese naval task group have also triggered a debate in New Zealand, whose defence spending as a percentage of GDP has been declining for decades and was only 1.18 per cent in 2022. The Royal New Zealand Navy is one of the smallest navies around. It has only five ships that are operational and the HMNZS Te Kaha, one of its two frigates, was tracking the Chinese naval flotilla as it neared the Tasman Sea. Australia is likely to intensify its pressure on New Zealand to work with it to enhance its defence preparedness as part of an integrated 'Anzac' force.

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## Reshaping Investment Flows between ASEAN and India

by

Prabir De

The multifaceted 'ASEAN-India Comprehensive Strategic Partnership' (CSP) is primarily driven by trade and investment relations. The 'Act East Policy' (AEP), which is a continuation of the Look East Policy (LEP), aims to facilitate economic relations alongside the strategic objectives. ASEAN member states and India are active members of the Global South, and the investment flows between Global South partners are critical to trade and integration in today's complex global order. The 21st 'AEM-India consultation', held on 20 September 2024 in Vientiane, underscored the need for a renewed investment partnership between ASEAN and India.<sup>1</sup> The Meeting also noted that India is ASEAN's eighth largest source of FDI among ASEAN's Dialogue Partners.

Foreign Direct Investment (FDI) is a key driver of economic growth, non-debt finance, employment, and technical know-how. The FDI in ASEAN has increased significantly in recent years, making it a top destination for FDI in the Global South. In 2023, ASEAN received a record US\$ 230 billion in FDI<sup>2</sup>. In the same year, India received approx. US\$ 71 billion in FDI<sup>3</sup>.

**Table 1: Indian FDI to ASEAN**

Year	FDI flow (US\$ billion)
2019	1.54
2020	1.78
2021	1.26
2022	2.31
2023	5.61

Source: ASEAN Stat, Jakarta

The investment partnership between India and ASEAN has made significant progress in recent years. In 2019, the agreement for trade in services and investment came into effect after the completion of ratification. In the same year, India decided to opt out of the RCEP. There is no doubt that the ASEAN-India Trade in Goods Agreement (AITIGA) has indeed helped India to facilitate its' participation in value chain networks. While the trade flow between ASEAN

<sup>1</sup> Refer, <https://asean.org/wp-content/uploads/2024/09/AEM-India-21-Joint-Media-Statement-adopted.pdf>

<sup>2</sup> Refer, ASEAN Investment Report 2024, ASEAN Secretariat, Jakarta, <https://asean.org/book/asean-investment-report-2024-asean-economic-community-2025-and-foreign-direct-investment/>

<sup>3</sup> Refer, <https://www.india-briefing.com>



and India has increased to about US\$ 120.87 billion in 2023-24, India's FDI flow to ASEAN has increased to US\$ 5.61 billion in 2023 - so far the highest FDI from India in a single year (Table 1).

**Table 2: FDI Inflow from ASEAN Member States to India**

Sr. No.	Country	FDI (2000 – 2024) (US\$ billion)
1	Singapore	167.474
2	Thailand	1.451
3	Malaysia	1.238
4	Indonesia	0.659
5	Philippines	0.497
6	Cambodia	0.050
7	Brunei Darussalam	0.039
8	Vietnam	0.013
9	Myanmar	0.009
10	ASEAN total	171.430
	<b>Grand Total</b>	<b>708.776</b>
	Share of ASEAN (%)	24.817

\*Country-wise FDI equity inflow for the period from April 2000 to September 2024

Source: DPIIT, New Delhi

ASEAN, on the other hand, is the source of one quarter of India's FDI for the period of April 2000 to September 2024 (Table 2). A total US\$ 171.41 billion in foreign investment came to India from ASEAN during the period April 2000 to September 2024, of which Singapore alone contributed almost 98 per cent of the inflow. FDI flows from the remaining ASEAN member states were almost negligible. The reasons for Singapore being the major source or destination of the intra-regional FDI flows are the India-Singapore bilateral CECA and Singapore's positioning as a favoured location for Indian MNCs and the Indian Diaspora. Singapore's strategic location and its outstanding air and oceanic networks have made the country a global pivot for attracting trade and investment flows. In particular, investments by Indian enterprises are increasingly shaping ASEAN's FDI landscape. Several Indian companies have picked up Singapore, Manila, Kuala Lumpur, Bangkok, Jakarta, and Hanoi as their Asia-Pacific business headquarters. Besides, many first-time Indian investors and start-ups along with the existing ones have opened their operations in the areas such as Fintech, financial services, education, logistics, etc.

While the FDI between ASEAN and India grew over time, the barriers to FDI have been phenomenal. Today, a large part of investment between ASEAN and India is unrealised mainly owing to complicated regulations, restrictions on



intra-corporate transfer of funds, high facilitation charges, slow and unpredictable responses of some of the ASEAN member states, cumbersome licensing procedures, to mention a few. Very often trade barriers add to the investment barriers, nullifying the advantages of 'ASEAN-India Services Trade and Investment Agreement'. However, ASEAN and India have one feature in common. Both Indian states and ASEAN member states compete among each other to attract FDI through their own packages and policies. The major disadvantage of ASEAN is that it is not a single market for trade and investment purposes; and with a controlled exchange rate regime that varies across ASEAN member states poses a great threat to the FDI flows from India to ASEAN. Apparently, negative effects of investment barriers would continue to accumulate if they are not removed or rationalised.

Areas where ASEAN has been receiving an increasing amount of FDI are financial services, high value-added services, renewable energy, EVs, semiconductors, digital economy, etc. The *ASEAN Investment Report 2024* notes that the transformative trend is the growth of investment in the renewable energy supply chain in ASEAN.<sup>4</sup> This includes investments in upstream (including mining and processing of critical minerals), midstream (component manufacturing) and downstream (renewable energy generation). During 2020–2023, renewable energy-related industries attracted an average of more than US\$ 27 billion annually in announced greenfield investment projects, about 25 per cent of the total. The AIR 2024 also notes that since 2020, the number of international investment projects in renewable energy generation has increased by 15 per cent per year on the average in ASEAN, compared to 11 per cent globally.<sup>5</sup> This is an area which offers many lessons to India and new opportunities for scaling up the ASEAN-India investment relations.

Areas in ASEAN which offer investment opportunities to India are digital economy, logistics, higher education, maritime connectivity, critical minerals, sustainable agriculture, garments, etc. The ASEAN-India Joint Statement on Advancing Digital Transformation aims to speed up digital transformation across ASEAN. On the other hand, India offers FDI opportunities to ASEAN member states in the semiconductor industry, ship building, greening of ports and shipping, EVs, renewable energy, urban infrastructure, electronics, etc. India may consider establishing an ASEAN Investment Zone (AIZ), preferably in India's Northeast or South India.

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<sup>4</sup> Refer, ASEAN Investment Report 2024, ASEAN Secretariat, Jakarta, <https://asean.org/book/asean-investment-report-2024-asean-economic-community-2025-and-foreign-direct-investment/>

<sup>5</sup> Ibid

Reshaping the ASEAN-India investment relations requires adopting a multidimensional strategy. Several ASEAN member states maintain a negative list. It would be useful to identify the gaps and bring a new work plan on reducing the reserved items list and eliminating investment barriers. Besides, strengthening the ASEAN Single Window may help facilitate easier and more efficient movement of goods, leading to the generation of more investments across borders. Expediting implementation of the second iteration of the AITIGA may improve the investment environment. Last but not the least conducting more business summits and expos at regular intervals may stimulate trade and business-to-business interaction. It would be worth undertaking a new study to foster closer business linkages and broadening and deepening of trade and investment linkages between ASEAN and India.

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## Trump 2.0: The Southeast Asian Perspective

by

Arshiya Chaturvedi

Shortly after assuming office, President Donald Trump issued numerous executive orders, providing an early glimpse into his political approach and priorities for his second term. Guided by his "America First" policy, one of the earliest policy actions was the imposition of tariffs on Canada, Mexico and China. This policy action was presented as a punitive measure against these countries for falling short in taking serious action against illicit drug smuggling into the US. However, there was also a trade angle to the tariffs as these policy actions sought to impose reciprocal duties to balance the US's trade deficit with these countries.<sup>6</sup> He also went on to impose commodity-specific tariffs, including on all steel and aluminium imports<sup>7</sup> and even threatened tariffs on Indian pharmaceutical imports<sup>8</sup>. These protectionist measures which are expected to intensify further were also a critical element of Trump's policy in the first term. Other executive orders signed by Trump included directives on Immigration Control, the withdrawal from the Paris Agreement, exiting the World Health Organisation (WHO) and disengaging from the United Nations Human Rights Council<sup>9</sup>, highlighting his consistent sceptical political stance towards multilateralism and global institutionalism.

President Trump's return to power and the revival of his foreign policy vision, characterised by trade protectionism, isolationism, negativity toward multilateralism, and an aggressive stance towards China, will significantly impact countries worldwide. South East Asian countries will be amongst those experiencing a particularly pronounced impact of Trump 2.0 as their strategic positioning is such that it makes both the US and China critical to their interests. They have long balanced their ties with both powers to maximise their gains however, any potential change in US foreign policy could necessitate an alteration in their strategic approach.

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<sup>6</sup> Federal Register. 2025. "Executive Orders." Federal Register. 2025.

<https://www.federalregister.gov/presidential-documents/executive-orders/donald-trump/2025>

<sup>7</sup> Sherman, Natalie. 2025. "Trump Announces 25% Tariffs on All Steel and Aluminium Imports." BBC, February 10, 2025. <https://www.bbc.com/news/articles/c360dz384n5o>

<sup>8</sup> Mishra, Lalatendu. 2025. "Trump Administered 25% Tariff Threat on Pharmaceutical Imports Force India's Pharma Sector to Look beyond the U.S." The Hindu. February 25, 2025. <https://www.thehindu.com/business/Industry/high-tariff-to-force-indias-pharma-sector-to-look-beyond-the-us/article69258752.ece>

<sup>9</sup> Ibid

## The US's relationship with South East Asian Countries

Since the 1950s, the US has established relationships with countries in Asia, primarily through security partnerships aimed at countering communist expansion and aggression in the region. It adopted a "hub-and-spokes" alliance system for the region, signing treaties with countries bilaterally, in contrast to the collective defence framework with the European allies (NATO).<sup>10</sup> In 1977, the US established formal bilateral relationships with the newly formed regional grouping of South East Asian Nations, the Association of Southeast Asian Nations (ASEAN), becoming a dialogue partner of ASEAN. By the 1990s, this relationship expanded into more active economic cooperation encompassing dedicated programs in trade and investment, technology transfer, and education.

During the Obama administration, there was an increased emphasis on the Asia-Pacific region, recognising the geopolitical shift towards the East, driven by rapidly growing economies, a vast market base, and an assertive China. Under this strategic pivot, popularised as the "rebalance to Asia", the US moved away from its "hub-and-spokes" alliance system to adopt a more networked framework of cooperation, exemplified by initiatives such as the Trans-Pacific Partnership (TPP).<sup>11</sup> In 2017, when President Trump came to office, he endorsed the idea of strategic significance of the Asia-Pacific, however he broadened the scope of US involvement in the region by adopting the "Indo-Pacific" as the major theme in his foreign policy strategy document. There were numerous high-level visits by US officials and active participation in ASEAN-related forums, including President Donald Trump's visit to the region in 2017 for the APEC Summit and the ASEAN Summit.<sup>12</sup> However, in the latter half of his term in office, the lack of substantive diplomatic engagements, coupled with Trump's aggressive trade policies and isolationist approach, marked by the withdrawal from the Trans-Pacific Partnership (TPP), led to critical inconsistencies in the relationship between the US and ASEAN. Singapore's then-Prime Minister, Lee Hsien Loong, even criticised this move, remarking, "How can anyone believe in you anymore?"

President Biden's administration sought to repair and enhance US-ASEAN relations by pushing for a 'Comprehensive Strategic Partnership', enabling

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<sup>10</sup> Yeo, Andrew. 2024. "Cultivating America's Alliances and Partners in the Indo-Pacific." Brookings. September 16, 2024. <https://www.brookings.edu/articles/cultivating-americas-alliances-and-partners-in-the-indo-pacific/>

<sup>11</sup> Maizland, Lindsay, Eleanor Albert, Lynn Hong, and Carlos Galina. 2023. "What Is ASEAN?" Council on Foreign Relations. September 18, 2023. <https://www.cfr.org/background/what-asean>.

<sup>12</sup> Ibid.

closer cooperation on key regional challenges, including climate change, global supply chains, and others. He also launched discussions on the Indo-Pacific Economic Framework (IPEF), a regional economic cooperation initiative.<sup>13</sup> However the US-Southeast Asian countries relationships remained stagnant and during the second half of President Biden's term, he was preoccupied with other geopolitical focal points. This period saw a waning of political enthusiasm towards the region with the US leadership even being absent from the 2023 and 2024 East Asia Summits.<sup>14</sup>

## The Power Dynamics in the Southeast Asian Region

Southeast Asian nations are trade-driven economies, actively pursuing agreements facilitating regional economic integration such as the ASEAN Free Trade Area (AFTA), and the Regional Comprehensive Economic Partnership (RCEP), alongside bilateral and multilateral trade pacts. Their strategic location along major maritime trade routes and lucrative socio-political landscape is such that they have attracted huge investments, supporting their development as manufacturing and exporting hubs, thereby making them fundamental to the global supply chain. As per the Lowy Institute's Asia Power Index, which analysed the power dynamics between the US and China in Southeast Asia from 2018 to 2022, China's overall influence has significantly increased in comparison to the US. China has particularly made significant strides in economic terms as it is the leading economic and investment partner for all countries in the region. This is attributed to China's Belt and Road Initiative and its active diplomatic efforts, which were recorded to have a substantially stronger influence than the US.<sup>15</sup>

Another key policy issue to South Asian nations' guiding their foreign policy is ensuring national security and regional stability, especially in light of security challenges posed by China's territorial assertions in the South China Sea. The Asia Power Index indicates that the US still holds significantly greater influence in the region in terms of security partnerships.<sup>16</sup> The US is a preferred defence partner for nations engaged in territorial disputes with China in the South China Sea, including Brunei, Indonesia, Malaysia, the Philippines, and

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<sup>13</sup> Supra Note.

<sup>14</sup> Takahashi Toru. 2025. "U.S. Indo-Pacific Policy Falters as Biden's Presidency Winds Down." Nikkei Asia. January 18, 2025. <https://asia.nikkei.com/Spotlight/Comment/U.S.-Indo-Pacific-policy-falters-as-Biden-s-presidency-winds-down>.

<sup>15</sup> Patton, Susannah, and Jack Sato. 2023a. "Asia Power Snapshot: China and the United States in Southeast Asia | Lowy Institute." [www.lowyinstitute.org](http://www.lowyinstitute.org). April 20, 2023. <https://www.lowyinstitute.org/publications/asia-power-snapshot-china-united-states-southeast-asia>

<sup>16</sup> Ibid.

Vietnam.<sup>17</sup> It also has historic defence treaty alliances with certain countries in the region like the Philippines and Thailand and enjoys a key defence partnership with Singapore despite not having any formal defence treaty. However, countries including Cambodia, Laos, and Myanmar, which don't have territorial disputes with China are more aligned with China.<sup>18</sup> Cambodia has shown active support for China and even blocked ASEAN statements in 2016 that backed the UN-backed tribunal ruling rejecting China's historic claims in the disputed waters.<sup>19</sup>

## **Southeast Asian Nation's Perceptions and Concerns for Trump 2.0**

Southeast Asian nations have historically maintained a delicate balance in their relations with the US and China to effectively achieve their critical national priorities such as economic growth, trade stability, and security. With President Trump returning to office, and his initial policy actions reflecting a continuation of his previous political agenda, regional perceptions of Trump 2.0 in Southeast Asia can be categorically analysed based on past experiences and evolving geopolitical realities as a mix of strategic opportunities and apprehensions.

President Trump's aggressive trade policies with a particular focus on China present significant opportunities for Southeast Asia. Vietnam, the Southeast Asian nation that benefited the most from the US-China trade war during Trump's first term, recorded substantial growth in trade and inflow of investment.<sup>20</sup> It recorded a significant trade surplus with the US and had to negotiate a \$21 billion Boeing aircraft purchase deal to offset its surplus after facing threats of import duties from the Trump administration. Vietnam has maintained a positive trade trajectory as evident by its consistent trade surplus with the US which was recorded at approximately \$104 billion in 2023.<sup>21</sup> It is also expected to continue receiving investment amid global efforts to diversify supply chains. This is also reflected from a recent survey in Vietnam that observed strong support for Trump's second term amongst Vietnamese in the hope of sustained economic growth and continued US security assistance in

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<sup>17</sup> Maizland, Lindsay, Eleanor Albert, Lynn Hong, and Carlos Galina. 2023. "What Is ASEAN?" Council on Foreign Relations. September 18, 2023. <https://www.cfr.org/backgrounder/what-asean>

<sup>18</sup> Supra Note 6.

<sup>19</sup> Supra Note 8.

<sup>20</sup> Kwon, Euihyun. 2022. "The US-China Trade War Vietnam Emerges as the Greatest Winner." *Journal of Indo-Pacific Affairs*. [https://media.defense.gov/2022/Jul/31/2003046339/-1/-1/1/17%20KWON\\_COMMENTARY.PDF](https://media.defense.gov/2022/Jul/31/2003046339/-1/-1/1/17%20KWON_COMMENTARY.PDF)

<sup>21</sup> "Vietnam Must Manage Its Trump-Era Expectations." 2024. East Asia Forum. December 2, 2024. <https://eastasiaforum.org/2024/12/02/vietnam-must-manage-its-trump-era-expectations/>



the South China Sea dispute.<sup>22</sup> Like Vietnam, other countries in the region with comparable export potential such as, Thailand, Malaysia, and Indonesia,<sup>23</sup> will also seek to capitalise on potentially shifting supply chains and other opportunities arising from likely US-China economic tensions.

However, the US-China trade friction in Trump 2.0 could also have significant economic consequences for the region, potentially impacting the perception of Trump in the region. For example, if the US attempts to isolate China or actively restructure global supply chains, Southeast Asian nations which are part of trade networks linked to China, will-face risks of disruptions in their economic and trade activities. Further, the imposition of tariffs on Chinese goods which makes them more expensive in the US market, will likely result in the dumping of Chinese products into Southeast Asian markets. While recently President Trump hinted at the possibility of a trade deal with China, Beijing's latest retaliatory tariffs on US goods have added to the cloud of uncertainty surrounding potential US-China economic relations. ASEAN may also struggle to secure a broad regional trade agreement, leaving member countries to a less advantageous option of bilateral negotiations with weakened bargaining power and limited benefits.

As far as security matters are concerned, countries with territorial disputes in the South China Sea view Trump's return with some optimism. His strong stance against China in the Indo-Pacific, guided by the national interest of containing China's global power influence, aligns well with Southeast Asian countries' strategic interests of addressing Chinese maritime assertiveness. This alignment could lead to deeper defence cooperation and military engagement, translating into enhanced military operations and exercises, arms sales, and other strategic partnerships. However, they might also be wary of Trump's transactional approach, which is to look at international engagements as zero-sum games, seeking to secure an absolute advantage for the US. As President Trump doesn't base strategic relationships on the conventional logic of friends and foes defined by shared interests but on substantial tangible benefits, this can result in fluctuating political stances and faulting commitments.

There is also concern regarding the US's declining soft power in the region. While the Asia Power Index observed that the US holds stronger cultural influence in the region<sup>24</sup>, some of Trump's global policies have met with

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<sup>22</sup> Ibid.

<sup>23</sup> Yanuar, Hilda. n.d. "The Art of Trade War: Spurring Investments in Indonesia amidst the US- China Trade War."

[http://eprints.lse.ac.uk/114464/1/Edited\\_5\\_main\\_text\\_non\\_anonymous\\_vf.pdf](http://eprints.lse.ac.uk/114464/1/Edited_5_main_text_non_anonymous_vf.pdf)

<sup>24</sup> Supra Note 6.



criticism. His response to the Gaza issue for instance has drawn criticism from countries like Malaysia<sup>25</sup> and Indonesia<sup>26</sup>, potentially affecting its favourability in the region.

## Conclusion

President Trump's foreign policy guided by the realist school of thought, as reflected in his "America First" strategy along with his transactional approach, leads to mixed perceptions in the region. While some countries may benefit from the redirection of trade and investment opportunities resulting from Trump's aggressive tariff policies aimed at restructuring China-dominated trade networks, they will also face immediate challenges, including disruptions to their manufacturing capacities and dumping of Chinese goods. As with economic relations, Trump 2.0 is unlikely to bring any significantly favourable developments at the regional ASEAN level and on a bilateral basis. Security relations with the US and most Southeast Asian countries are likely to remain somewhat optimistic, driven by shared strategic interests in countering China's assertiveness. While some unpredictability in US foreign policy may persist, the overarching security cooperation is expected to maintain a degree of continuity.

To effectively navigate the complex geopolitical landscape and effectively realise their national interest, Southeast Asian nations will have a focus on strengthening inter-regional cooperation and strategic diversification. Enhanced inter-regional cooperation is especially important given the differing stances of countries in the region on certain policy issues, for instance, China's territorial assertiveness. The Indonesian President, Prabowo Subianto also recently emphasised this aspect and made a clarion call for "ASEAN unity" against major powers and growing global uncertainties.<sup>27</sup> As far as diversification is concerned, Southeast Asian nations are already engaging with various regional and strategic groupings like the EU, BRICS, and Quad. This is particularly relevant today as President Trump signals strong intent for disengagement from the global system, thereby accelerating its decline.

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<sup>25</sup> Strangio, Sebastian. 2025. "Malaysia 'Strongly Opposes' Forced Resettlement of Palestinians from Gaza." Thediplomat.com. The Diplomat. February 7, 2025. <https://thediplomat.com/2025/02/malaysia-strongly-opposes-forced-resettlement-of-palestinians-from-gaza/>

<sup>26</sup> AFP. 2025a. "Indonesia 'Strongly Rejects' Trump's Gaza Plan." The Times of India. Times Of India. February 6, 2025. <https://timesofindia.indiatimes.com/world/rest-of-world/indonesia-strongly-rejects-trumps-gaza-plan/articleshow/117965214.cms>

<sup>27</sup> "Southeast Asia in the Crossfire of the US–China Trade War." 2025. East Asia Forum. February 2, 2025. <https://eastasiaforum.org/2025/02/03/southeast-asia-in-the-crossfire-of-the-us-china-trade-war/>



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