Navigating US-ASEAN Economic Relations After the 2024 US Presidential Election

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SYNOPSIS

The potential impact of the 2024 US Presidential Election on US-ASEAN economic relations will be significant and Southeast Asian policymakers must act quickly and strategically to manage it. Two distinct paths based on the election outcome are outlined with recommendations for ASEAN to navigate the likely scenarios.

COMMENTARY

As the US presidential race enters its final stretch, Southeast Asia is closely watching. The outcome could significantly reshape America's engagement with one of the world's most dynamic regions, where US-Southeast Asia economic ties are substantial and growing.

With a US$3.6 trillion GDP and nearly 700 million people, Southeast Asia is a critical economic partner for the United States, ranking as its fourth-largest trading partner. Last year, bilateral trade approached US$500 billion, driven by high-tech and manufactured goods. The region maintains a US$200 billion trade surplus with Washington, and earlier this year, the US overtook China as Southeast Asia's largest export market. US foreign direct investment in the region reached US$480 billion, double its combined investments in China, Japan, South Korea, and Taiwan.

Southeast Asia's significance is expected to grow as it becomes [the fastest-growing trade area](#) in the world offering opportunities to deepen US-ASEAN economic ties. US engagement is supported by mechanisms, notably the Association of Southeast Asian Nations (ASEAN), which helps align national priorities with broader regional goals through frameworks like the ASEAN Economic Community (AEC).

ASEAN's experience with US administrations has varied significantly. The Trump administration's "America First" policy and preference for bilateral deals led to a perceived disengagement from the region, exemplified by the US withdrawal from the Trans-Pacific Partnership. While some Southeast Asian nations benefited from supply chain shifts due to US-China trade tensions, they also faced increased uncertainty.

In contrast, the Biden administration has re-emphasised multilateralism and regional engagement, upgrading the US-ASEAN relationship to a Comprehensive Strategic Partnership in 2022 and launching new initiatives, including ministerial dialogues and the US-ASEAN Center in Washington, while increasing investments in areas like infrastructure, the digital economy, and clean energy.

The Biden administration also spearheaded the Indo-Pacific Economic Framework (IPEF), which includes seven ASEAN member states. ASEAN views IPEF with cautious optimism, recognising opportunities in supply chain resilience and clean energy, but also expressing concerns about the framework's high labour and environmental standards and the absence of new market access.

At the same time, ASEAN continues to pursue its own regional economic integration through free trade agreements like the Regional Comprehensive Economic Partnership (RCEP), an upgraded ASEAN-China Free Trade Area 3.0 (ACFTA), and several bilateral and sector specific deals.

The 2024 US Presidential Election: Two Distinct Paths

This forthcoming election offers two distinct paths for the future economic engagement between the US and Southeast Asia, each bringing opportunities and risks.

Prospects Under a Harris Presidency

A Kamala Harris presidency is likely to offer a path of continuity and predictability, which would be welcomed by regional states. She would build on the Biden administration's focus on partnerships and regional cooperation, continuing work on supply chain resilience and clean energy development through initiatives like IPEF and the Partnership for Global Infrastructure and Investment.

Harris' focus on partnerships could extend to emerging areas, particularly artificial intelligence (AI) and climate change, potentially deepening US-ASEAN cooperation. As vice president, she has led efforts on AI governance and long championed climate action, suggesting these issues would likely be priorities under her administration. These areas could align well with Southeast Asian countries' interests, potentially leading to deeper US partnerships on innovation, data privacy, secure digital ecosystems, and sustainable infrastructure development.

However, her progressive stance on labour and environmental standards could complicate negotiations on IPEF's trade pillar and the renewal of the Generalized System of Preferences, which grants some ASEAN Member States duty-free export status and enhances their competitiveness. The pace and robustness of these efforts would be an early indicator of her administration's approach to economic engagement in the region.

Harris has established a track record of engagement with Southeast Asia through multiple visits to the region as vice president and meetings with key leaders. She would likely continue supporting ASEAN Centrality, helping ensure the group remains a driver of regional integration and cooperation. This stance will be well-received by the Southeast Asian nations eager for sustained US engagement in the region.

Harris is also expected to continue the Biden administration's selective "de-risking" approach to China. This policy, which emphasises reducing reliance on Chinese supply chains while avoiding full-scale decoupling, offers ASEAN opportunities to capitalise on diversification but could also test its ability to avoid entanglement in US-China tensions.

Prospects Under a Trump Comeback

A second Donald Trump term would revive "America First" policies, prioritising bilateral over multilateral frameworks. He has threatened to withdraw from IPEF. His return would likely entail volatility, characterised by sudden policy shifts and unpredictability, especially around tariffs and trade agreements.

A cornerstone of Trump's economic strategy is the aggressive use of tariffs. He has proposed a 10-20 per cent tariff on all imports and up to 60 per cent on Chinese goods, aiming to reduce the US trade deficit and boost US manufacturing. His unpredictability and willingness to impose tariffs may deter businesses from making significant long-term commitments in the region.

Strategic decoupling from China would intensify under Trump. While ASEAN economies like Malaysia, Thailand, and Vietnam may benefit from supply chain relocations from China, they could also be targeted by Trump's tariffs due to their growing trade surpluses with the United States.

His administration would likely tighten rules on US technology exports and investment, which could reshape Southeast Asia's tech landscape. Some ASEAN Member States might position themselves as trusted alternatives to Beijing in high-tech supply chains. Others could gain from increased investment and technological know-how as Chinese tech firms offshore their activities in the region.

Trump's preference for bilateralism could erode the roles of ASEAN and ASEAN-centric initiatives in shaping regional cooperation. Yet, some Southeast Asian leaders may welcome Trump's focus on quick and tangible deals, viewing it as an opportunity to bypass lengthy policy dialogues and negotiate directly. His transactional approach could appeal to those seeking pragmatic interactions, especially those looking to leverage US-China trade tensions to their advantage.

Proposed Strategies for Southeast Asian Policymakers

To navigate these potential outcomes, Southeast Asian policymakers need to act quickly and strategically.

Strengthening regional integration should be a priority. For instance, they should accelerate the AEC post-2025 agenda to reduce trade barriers, harmonise

regulations, and enhance supply chains among themselves. A more integrated ASEAN can better handle shifting US policies and improve ASEAN's bargaining power.

In addition, Southeast Asian nations should further diversify trade relationships to help mitigate potential disruptions from external pressures, including shifts in US policy or geopolitical risks. Such diversification can be achieved by deepening ties with partners such as Australia, the European Union, India, Japan, and South Korea and concluding ongoing free trade agreement negotiations with Canada.

Fostering regional innovation ecosystems and accelerating digital transformation will also be key to reducing external dependencies. ASEAN Member States have envisioned expanding their green and digital economies, and digital transformation as outlined in the ongoing ASEAN Digital Economy Framework Agreement negotiations and post-2025 ASEAN Community building blueprint drafting.

Another step will be to put more effort into balancing trade relations with Washington. This could involve exploring ways to reduce surpluses and increase US imports to create more balanced trade relationships.

Finally, Southeast Asian policymakers should focus on enhancing engagement and dialogue with US counterparts. They can foster bipartisan relationships at various levels of the US government, including key members of Congress, governors, and local officials, while also strengthening ties with the US business community. Additionally, ASEAN could propose a US-ASEAN Special Summit to reinforce cooperation under the next administration.

By taking these proactive steps, ASEAN Member States can better prepare for potential policy shifts under either a Harris or a Trump administration, positioning ASEAN as a strong, unified economic bloc capable of engaging productively with the United States while safeguarding its own interests.

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