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High Stakes for Malaysia's 2025 ASEAN Chairmanship

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SYNOPSIS

Malaysia's 2025 ASEAN chairmanship represents high stakes not just for Malaysia but also for Southeast Asia's global role and management of intra-regional challenges in a more geopolitically and geoeconomically contested world.

COMMENTARY

Speaking at Davos in January, Malaysian Prime Minister Anwar Ibrahim said in reply to a question about Malaysia's plans as the ASEAN Chair in 2025, "It's not just me assuming the chairmanship of ASEAN". Anwar's response captures the wider stakes at play. As he recognises, Malaysia's ASEAN chairmanship represents high stakes for him and Malaysia in addressing wider regional issues in a more contested world, including flashpoint management, growth prospects and interest alignment.

ASEAN Chairmanships in a Challenging Regional and Global Context

Regional watchers understand that Malaysia's 2025 ASEAN year is the latest in an annually rotating chairmanship marked by manifold challenges. Just when the region was beginning to adjust to the COVID-19 pandemic that struck in 2020, it witnessed a coup in Myanmar in 2021, the Russia-Ukraine war in 2022, escalating South China Sea tensions in 2023 and 2024 – particularly between Manila and Beijing – and growing worries around US-China rivalry over flashpoints like Taiwan.

The region's newly-elected leaders are navigating the race for global post-pandemic growth, with rising demands from their people that extend beyond ASEAN's promise as an investment hotspot over the past few years. The regional grouping has also struggled to manage a growing range of intra-regional and extra-regional issues, with

the lack of an East Asia Summit joint statement in October 2024 in Vientiane being only one recent manifestation of the difficulties.

Expectations for Malaysia's Chairmanship Year

Given this context, it is little surprise that Malaysia's 2025 ASEAN chairmanship has attracted attention. Malaysia is one of five original founding ASEAN members, and its past chairmanship years have seen inflexion points in the grouping's history. This included holding the first East Asia Summit in 2005 and launching ASEAN's last community-building vision in 2015. Officials have also long been aware that Malaysia is expected to help make progress on 2025 ASEAN-related priorities, including the official unveiling of ASEAN Vision 2045.

In 2025, Malaysia is led by Anwar, a statesman with the experience and ability to articulate a regional narrative beyond his own Malaysia-specific comments on issues ranging from the Global South to perceived Sinophobia. Those familiar with the country's politics know that this is a marked contrast to the three prime ministers that preceded him following the shock results of the May 2018 elections that brought the opposition to power for the first time in the country's history.

Malaysia has also signalled a big-picture approach to its chairmanship early on with its slogan around "Inclusivity and Sustainability". In his remarks after officially taking over the chairmanship from Laos in October 2024, Anwar previewed various priorities beyond the rolling out of ASEAN's new twenty-year community-building vision to 2045, including speeding up East Timor's integration as a full ASEAN member and a first-of-its-kind summit between ASEAN, China and the Gulf Cooperation Council. He has also been weaving in the ASEAN chairmanship in his international trips, reflecting the connectivity between his global ambitions and the country's regional obligations.

As important as Malaysia's agenda is for ASEAN, officials also understand that the experience of the past few chair years suggests that the country's chairmanship in 2025 will arguably be defined as much, if not more, by its contributions to managing more structural challenges than any single agenda item. As such, there will be heightened expectations that Malaysia will have to manage the issues at stake and what it can reasonably deliver within a consensus-based grouping in a more contested world.

This will mainly be the case in three areas: reinforcing Southeast Asia's growth story at a time of heightened geo-economic and geopolitical tensions, strengthening ASEAN's role in managing pressing intra-regional issues, and linking national interests and objectives to evolving regional priorities.

Navigating the Challenges Ahead

Globally, the challenge is to reinforce Southeast Asia's growth story at a time of heightened geopolitical and geo-economic tensions. Southeast Asia's trajectory from fears of a potential "Balkans of Asia" in the 1960s to the world's fifth-largest economy today is well regarded by businesses looking for growth opportunities, and economies like Vietnam and the Philippines are actively looking for gains in areas like semiconductors or critical minerals.

But as Anwar pointed out at the 2023 Asia-Pacific Roundtable, the current “age of flux” is shifting the foundations upon which Southeast Asia’s growth story was built. This is taking place amid trends of intensified big-power rivalry and sectoral bifurcation in trade and technology, among others.

In this environment, Malaysia’s chair year offers an opportunity to find new pathways to advance regional growth and manage challenges, including closing development gaps, tackling climate change, and avoiding the middle-income trap. Of note will be seizing opportunities in the digital and green sectors and moving forward on shared agenda items like connectivity. These sectors are closely tied to the region’s wider quest for regional integration and tend to attract more attention in terms of process-driven deliverables.

Regionally, the challenge is in reinforcing ASEAN’s role in managing issues in the subregion and Asia more generally. While ASEAN’s initial role following its founding was in managing serious intra-ASEAN challenges, it has conceived its position as one of “centrality” within Asia’s regional architecture – after the institution expanded in the 1990s and set up new mechanisms like the East Asia Summit in the 2000s.

That said, former diplomats like Indonesia’s Marty Natalegawa have pointed out that some of ASEAN’s mechanisms have yet to live up to their full promise in an increasingly complex world and amid trends, including the proliferation of Indo-Pacific minilaterals.

During Malaysia’s chairmanship, the twin flashpoints of Myanmar and the South China Sea will likely continue testing ASEAN unity amid worries about a forthcoming election and continued Chinese maritime assertiveness, even as Malaysia is currently the country coordinator for ASEAN-China dialogue relations. Given this context, Malaysia’s chair year is an opportunity to take steps to shore up the region’s institutional foundations.

Malaysia’s challenge is to link its national interests and objectives to evolving regional priorities. This link was present even at ASEAN’s founding, with Singapore’s then-foreign minister S. Rajaratnam telling his counterparts, “if we do not hang together, we will hang separately”. Recalibrating these linkages is critical today at a time when ASEAN unity is being tested by issues including intra-regional sectoral competition and differences over managing major power alignments.

Most of the countries in Southeast Asia have also undergone leadership changes recently, including Indonesia, where President Prabowo Subianto displayed early foreign policy activism like Anwar did when he first took office. Anwar’s framing of the ASEAN chairmanship as a shared regional effort at Davos and some of his engagements reflect the reality that success will be partly contingent on the state of shifting regional relationships.

While this requires effort by all ASEAN countries, Malaysia is well-positioned regionally given its stakes across major issues, including being a hub of semiconductor supply chains amid US-China tensions, as a claimant in the South China Sea disputes, and one of the world’s largest recipients of Rohingya refugees from Myanmar. The challenge will be to manage national divisions that can undermine regional unity.

On Myanmar, officials know that an election engineered by the military junta risks exacerbating current divides within ASEAN about how to respond to far more than the current dynamics Malaysia is managing around the role of the special envoy and management of multi-track dialogues.

Similarly, another Sino-Philippine crisis in the South China Sea could easily complicate Malaysia's preferred quieter approach to managing its ties with Beijing. On both flashpoints, a related question is how developments may affect US-Malaysia relations under President Donald Trump.

Nationally, the ASEAN chair year also provides an additional opportunity to further build on the Anwar administration's foreign policy outlook after the turbulent domestic politics that preceded it. Much has changed since the country issued two publicised foreign policy frameworks in 2019 and 2021, both of which tried to explain the continuities and changes in this domain.

The Anwar government has tried to connect its foreign policy approach to the MADANI slogan, a multithemed acronym that means "modern" or "civilised" in Arabic. But there are still questions around how rhetoric will cohere into longer-term policy change.

To be sure, there are few illusions that aspects of these vexing challenges will persist beyond Malaysia's ASEAN chairmanship year in 2025. Nonetheless, Malaysia's leadership offers opportunities to at least better define approaches in managing some of them ahead of what is expected to be a few active subsequent chair years, starting with the Philippines in 2026.

From this perspective, as Anwar himself said during the ASEAN chairmanship handover ceremony in Laos, it will be critical for Malaysia to "keep the future firmly in sight" as it moves forward with key priorities that will help shape the regional agenda for years to come.

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