



ASEAN's Strategic Assets in An Uncertain World

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By Arvind Raj

SYNOPSIS

The prevailing narrative about ASEAN in the current geoeconomic context emphasises its vulnerability to tariff shocks, export controls, and great power competition. While not entirely incorrect, this view is incomplete. Over decades, ASEAN has built a network of engagement platforms that collectively give the region geoeconomic leverage. The core strategic question is whether it can organise them effectively to promote its collective interests.

COMMENTARY

ASEAN has been facing a challenging external environment. The 2025 Liberation Day Tariffs prompted ASEAN members to undertake a strategic recalibration to counter increased statecraft, where economic influence is used to pursue geopolitical aims. Middle East conflicts, now in a new phase involving war with Iran, have disrupted energy supplies passing through the Strait of Hormuz, prompting [ASEAN foreign ministers to meet on 13 March 2026](#) to discuss energy security and supply chain resilience.

In such moments, the instinct is to focus on ASEAN's institutional shortcomings – its lack of collective bargaining power, reliance on consensus for decision-making, and weak enforcement mechanisms. However, this perspective obscures what ASEAN has quietly amassed: a network of strategic alignment tools that, if used adroitly, can build substantial geopolitical influence in a multipolar world.

The Architecture ASEAN Has Built

ASEAN's external engagement structure is more comprehensive than often recognised. The East Asia Summit brings together major powers, such as the United States, China, Japan, South Korea, India, Australia, and Russia, within an ASEAN-

focused forum. No other regional organisation gathers this range of actors on economic and security issues simultaneously. This agenda-setting authority prevents the formation of exclusive, rival blocs that could pressure Southeast Asia into binary choices.

More substantially, the Regional Comprehensive Economic Partnership (RCEP) is the world's largest trade agreement, connecting ASEAN with China, Japan, South Korea, Australia, and New Zealand. The ASEAN+3 grouping – ASEAN plus China, Japan, and South Korea – accounts for over a quarter of global GDP, a population exceeding 2.2 billion, and a consumer market that no major economy can afford not to be included.

The Chiang Mai Initiative Multilateralisation (CMIM) mechanism provides a regional financial safety net, and ASEAN's network of Plus One Free Trade Agreements (FTAs) creates a web of preferential market access, enhancing the region's role as a production and investment hub.

These are more than just abstract institutional arrangements; by integrating a region capable of encompassing entire value chains from primary resources to final products, they embody accumulated strategic capital that safeguards ASEAN's strategic autonomy.

From Supply Chains to Strategic Shields

The evidence is strongest at the ASEAN+3 level. Recent research by the ASEAN+3 Macroeconomic Research Office (AMRO) shows that ASEAN+3 has become the [world's largest market](#) for final goods. Domestic demand now drives growth, with a declining reliance on US export markets amid expanded intraregional trade. China has developed into both a significant consumer market and a source of capital for regional productive capacity.

This structural resilience was demonstrated in 2025. Despite US tariff escalations, ASEAN+3 growth reached [4.3 per cent](#) – an upward revision – supported by strong domestic demand, AI-driven technology exports, and vigorous ASEAN investment. Semiconductor exports increased [21.7 per cent in the second half of 2025](#), reflecting the region's central role in global technology supply chains. Most economies maintained fiscal and monetary flexibility, while inflation remained below [one](#) per cent, reinforcing the stability premium that attracts global investment.

The region's value chain completeness is a strategic advantage. For example, in semiconductors, the ASEAN+3 footprint spans key production stages: Japan supplies critical equipment and materials; South Korea manufactures memory chips; China provides mature chip manufacturing and assembly capabilities; and ASEAN members are increasingly hosting global assembly, testing, and packaging operations. Similar complementarities exist in green energy and critical minerals, making complete decoupling unlikely while providing both economic efficiency and geopolitical leverage.

Perhaps most notably, ASEAN+3 has maintained economic cooperation despite

security tensions defining the wider Indo-Pacific. China, Japan, and South Korea – nations with historical animosities and territorial disputes – operate within the same RCEP framework, demonstrating that economic priorities can, under certain circumstances, limit geopolitical rivalry.

Major Powers Contributing to Ongoing Vulnerability

This strategic capital remains vulnerable. Firstly, external powers may bypass ASEAN through bilateral deals, fragmenting collective leverage. Washington's patchwork of country-specific tariff exemptions in 2025 illustrates this: by negotiating individually, the US reduced ASEAN's ability to bargain as a unified group.

Secondly, the technological rivalry between major powers might force the region to take sides. US export controls extend into semiconductor and advanced-technology supply chains, while China's restrictions on critical minerals and dual-use items expand in tandem. ASEAN members face increasingly incompatible compliance frameworks – a situation that could fracture the integration of the value chain that makes the region important to both sides.

Thirdly, economic coercion from external partners could threaten cohesion. China's response to Japanese Prime Minister Sanae Takaichi's November 2025 remarks about Taiwan – escalating from suspended seafood imports to export bans on dual-use items and rare earths by January 2026 – demonstrated willingness to weaponise economic interdependence when core political interests are at stake.

If such measures become a regular feature of regional relations, the fundamental assumption that economic cooperation endures despite security disagreements over the East China Sea, South China Sea, the Korean Peninsula, and the Taiwan Strait would face serious challenges.

Finally, the Middle East crisis adds another layer: External shocks beyond the region's control can disrupt energy supplies and trade routes on which ASEAN+3 economies depend. The case for deeper integration is not merely about managing great power competition – it is about creating collective buffers against a wider range of strategic vulnerabilities.

What Else Can Be Done?

Despite the above challenges, the region can adopt additional measures to safeguard its stability. Several suggestions from the [ASEAN Geoeconomics Report 2025](#) are worth exploring.

Firstly, the RCEP's scheduled general review is a chance to improve utilisation rates by strengthening production networks and economic interdependencies that underpin the region's strategic position.

Secondly, the AGR 2025 proposal for more open plurilateral arrangements – in investment facilitation, digital trade, and services – is especially relevant: Since

achieving consensus among all members is difficult to achieve quickly, coalitions of the willing provide a practical way to advance rule-making in specific areas.

It would also position ASEAN as a rule-shaper rather than a rule-taker, creating governance frameworks in areas where global standards remain contested. These initiatives can serve as “pathfinders” for other interested states to join later, thereby expanding ASEAN's regulatory influence without requiring upfront unanimity.

These strategies require resources and strong enforcement mechanisms to ensure efficient implementation. Furthermore, there is a fundamental timing conflict. Institutional reform and trade diversification can take years, while tariff shocks, export controls, and energy disruptions can occur within weeks. Bridging this mismatch remains a considerable challenge.

ASEAN's institutional structures embody more geopolitical equity than current narratives recognise. Whether the region can transform this latent power into unified strategic action depends on political will – specifically, whether regional states will prioritise bloc cohesion and long-term regional autonomy over the short-term transactional gains of opportunistic bilateralism and immediate national interests.

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