

Divided We Fall:

ASEAN's Response to Trump's Illiberal Trade Agenda

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Summary Points

- The Association of Southeast Asian Nations (ASEAN) countries are among the primary targets of President Trump's punitive tariff campaign, which has dominated the trade policy scene in 2025.
- The range of tariff rates on ASEAN countries has narrowed since the original announcement, with ASEAN's major exporters now all close to the non-baseline average of about 20%. ASEAN's smaller economies have been left with their revised rates, which include 40% rates on Myanmar and Laos and 25% for Brunei.
- The economic impacts of tariffs have been less than commonly expected, with ASEAN exports, economic growth and inflation all remaining resilient.
- ASEAN was quick to condemn the tariffs and to call for constructive dialogue with the United States (US). It was also quick to rule out retaliatory tariffs and to establish monitoring mechanisms to study potential impacts and policy options.
- But even before this happened, individual countries had undermined a collective response by announcing individual actions, including unprecedented concessions for US imports.
- ASEAN's major exporters prioritised negotiation with Washington. The deals resulting from these talks have been lopsided, undermine the multilateral system, and link ASEAN economic policies to US national security interests. All they secured in return were tariffs that, while lower than originally announced, remain higher than before Trump began his coercive campaign.
- Other ASEAN countries had limited avenues or little incentive to negotiate.
- To varying degrees, ASEAN and its member states also increased efforts to diversify trade and economic partnerships. Agreements have come to earlier conclusions, have been newly commenced, or are being progressed with greater vigour.
- Only a few countries have pursued domestic economic policies in response to expected tariff impacts. These measures were likely untargeted and premature.
- ASEAN responses hit the mark in several key respects. These include condemning the tariffs and not retaliating, establishing consultation and monitoring mechanisms, deepening relationships within and outside the region, reforms to improve competitiveness, and maintaining constructive engagement with the US.
- ASEAN responses fell short in other areas. These include: prioritising individual over collective action, forging lopsided and securitised trade deals, rewarding US bullying, being reactive and narrowly focused in response, and being insufficiently urgent in efforts to promote ASEAN centrality and deeper partnerships.
- Looking ahead, ASEAN should act to restore and deepen its centrality, emphasise mutually beneficial partnerships for development, keep to its deals with the US and adapt as necessary, and prepare for further instability.

Introduction

It has been a frantic and unprecedented year for tariff and trade policies, headlined by President Trump's destabilising 'reciprocal' tariff agenda. Since early April, every country in the world has had to contend with his economically and diplomatically damaging coercive tariff campaign. While there was some warning surrounding Trump's intent, few could have expected the rollercoaster ride that his unstable tariff setting has entailed.

ASEAN countries have been front and centre among Trump's tariff targets, owing to the proportionally large trade deficits many have with the US. When tariffs were first broadly announced on 'Liberation Day', ASEAN countries faced some of the highest tariffs globally; with six countries staring down tariffs of between 32 and 49%. As several view trade as a central contributor to their economic development, the prospect of high tariffs — both nominally and especially relative to other countries — created shockwaves throughout the region.

This paper takes stock of and seeks to learn from ASEAN's experience with Trump tariffs during 2025. It begins by tracking the evolution of reciprocal tariff rates for the now 11 ASEAN member states. It follows this with a brief capture of the impacts of tariffs on exports, economic growth and inflation; noting that the main economic story is as yet untold. It then details how ASEAN and individual countries responded to Trump's tariff threat across three dimensions: negotiating with Washington, engaging with the region and beyond, and domestic economic measures. Thereafter it analyses the responses, highlighting what worked and what did not. Finally, the paper concludes with a four-pronged strategy for navigating the continuing threat of Trump's uncertain tariff agenda.

How ASEAN countries were targeted and where they are now

On 2 April 2025 when President Trump dropped his 'Liberation Day' tariffs, the countries of ASEAN were among the prominent targets. Four of the ten highest tariff rates were reserved for ASEAN countries, and only two of the (now) 11 received the lowest 'baseline' 10% tariff rate (Picchi, 2025).

Cambodia topped the list at 49%, with Laos at 48%, Vietnam at 46% and Myanmar at 44%. Thailand (36%), Indonesia (32%), Malaysia and Brunei (24%) all faced significant punitive tariffs. The Philippines (17%), Singapore and Timor Leste (10%) were hit with lower rates (Figure 1).

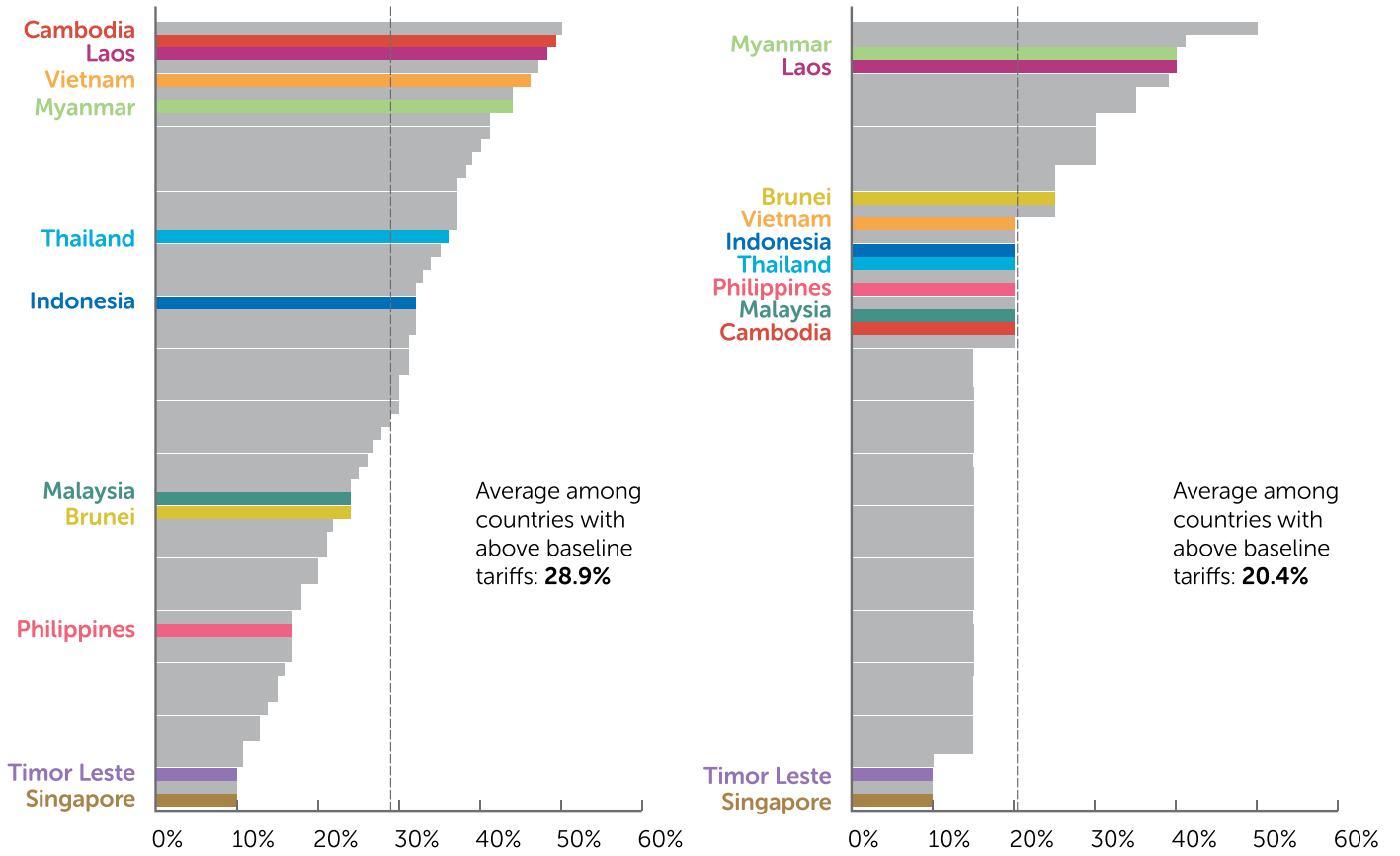
These rates would never take effect however, with a 90-day pause announced within a week (Chu, 2025). The Trump administration recalculated the 2 April tariffs and issued ultimatum letters with the revised rates in July, with new rates coming into effect on 7 August. The 7 August rates reflect either those presented in the July letters or bilaterally negotiated rates.

The new rates saw the ASEAN countries that negotiated with Washington cluster at 19 or 20%, while those that did not secure deals remained at rates similar to those originally announced. Myanmar and Laos were reduced slightly to 40%, Brunei remained at 25%, Vietnam was lowered to 20%, the Philippines' rate increased to 19%, and Indonesia, Thailand, Malaysia and Cambodia all converged at 19% (Figure 1). Timor Leste and Singapore remain at 10%. The rates for the ASEAN countries and most others remain at these levels at the time of writing.

Cambodia, Vietnam, Thailand and Indonesia have seen the largest reductions between April and August, going from above the global average for above-baseline tariffs to at or below it. Brunei's rate did not change but its relative positioning has worsened significantly as tariffs have fallen 8.5% on average. Likewise Malaysia and the Philippines have seen their position relative to other global targets suffer somewhat, alongside their disadvantage relative to countries facing baseline tariffs having improved.

It bears remembering that comparing April and August is a false counterfactual. Every country's exporters face higher US tariffs now than they did before Trump began his coercive campaign. And for the countries that engaged in negotiations, US exporters were granted greater access and competitive advantages in those countries.

Figure 1: Liberation Day tariff rates (left) and August 7 revised tariffs (right)



Sources: The White House, 2025a, 2025b; BBC, 2025a.

The impacts of tariffs to date

This paper does not attempt a fulsome analysis of the tariff impacts, rather it presents simple economic data to situate the responses of ASEAN countries in the short-term economic context.

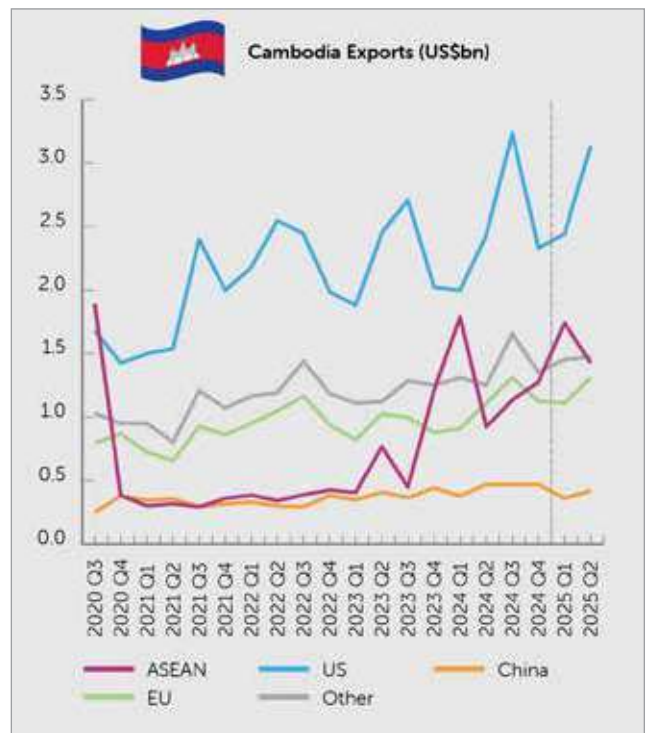
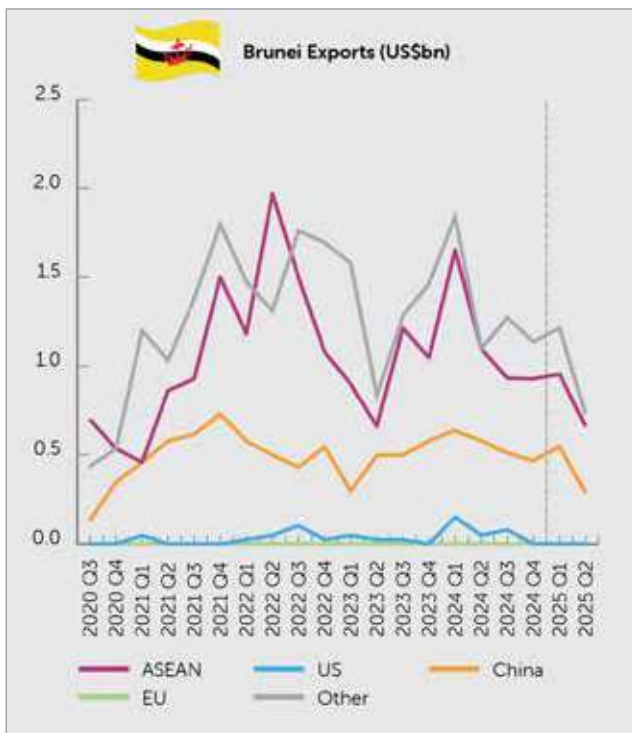
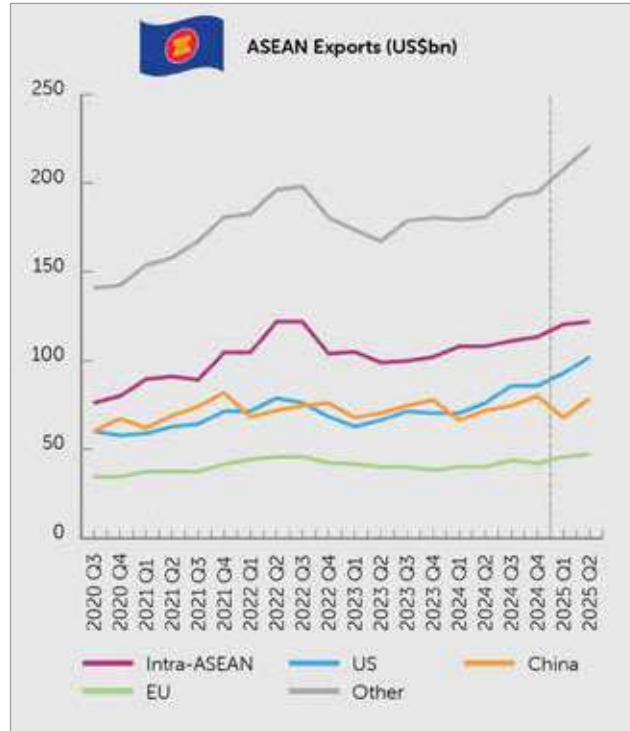
As the end of 2025 approaches, the tariff impact story is only just beginning. There are several reasons for this. The original reciprocal tariffs were postponed and only took effect from August, with detailed data since then only beginning to emerge. Traders also got ahead of the tariffs where possible, frontloading trade in goods with flexible supply chains. Some trade is also subject to long-term contracts that limit short-term adjustments. The importance of the US to global trade, and of trade to economic growth in many countries, may also have been overestimated. And modelled trade predictions suffer from false assumptions, especially by not accounting for asymmetry between the gains from tariff liberalisation and the (much lower) losses from trade restriction.

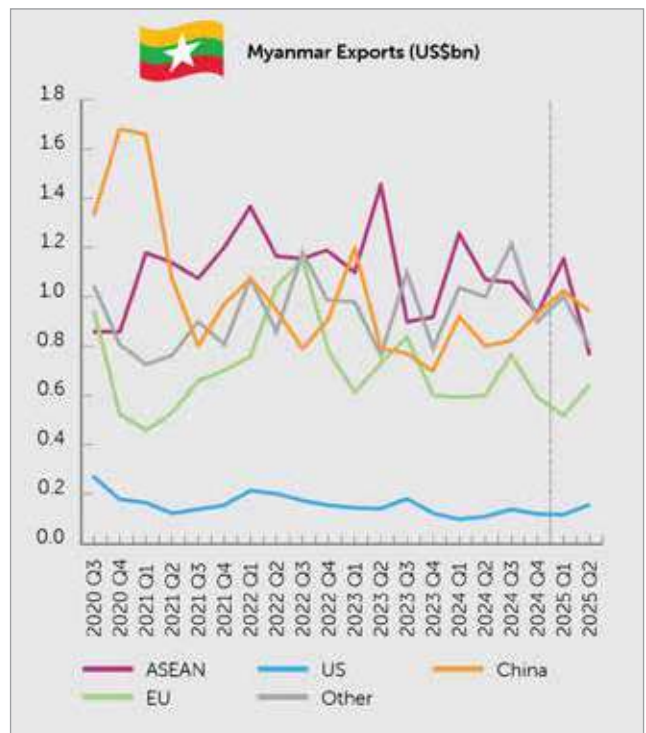
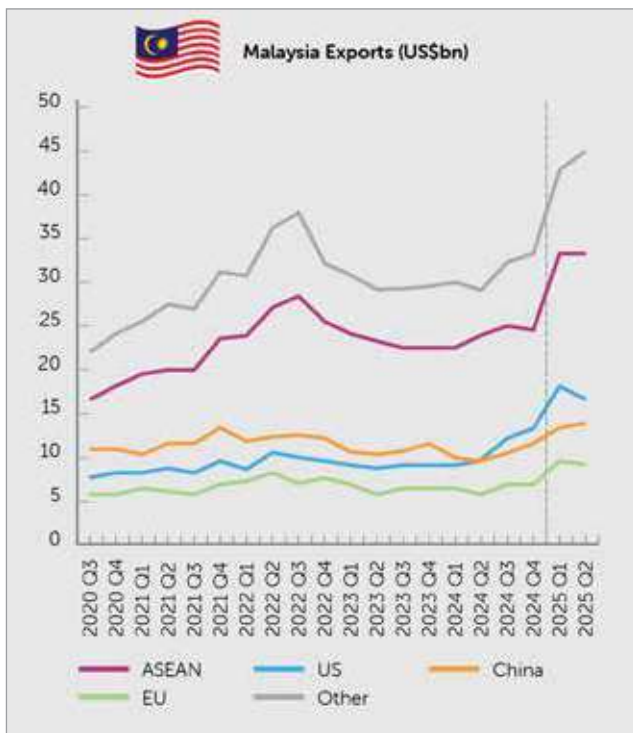
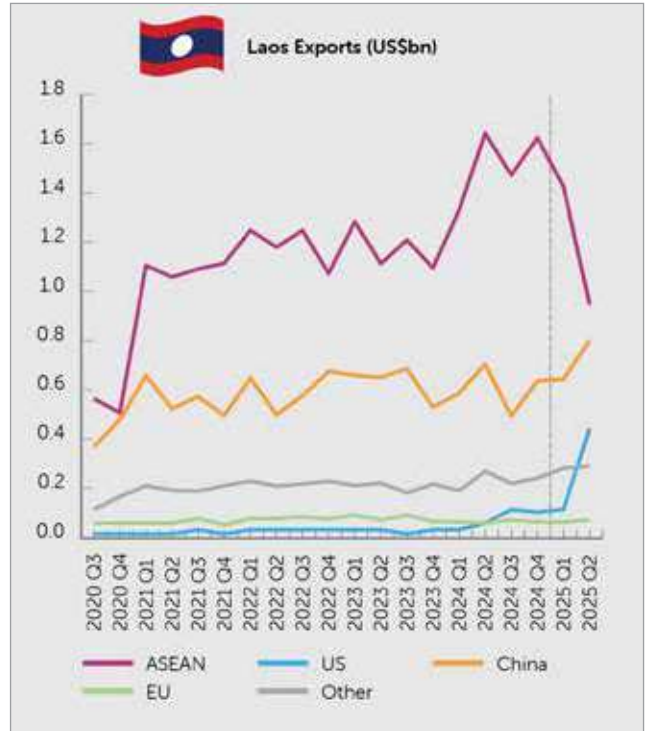
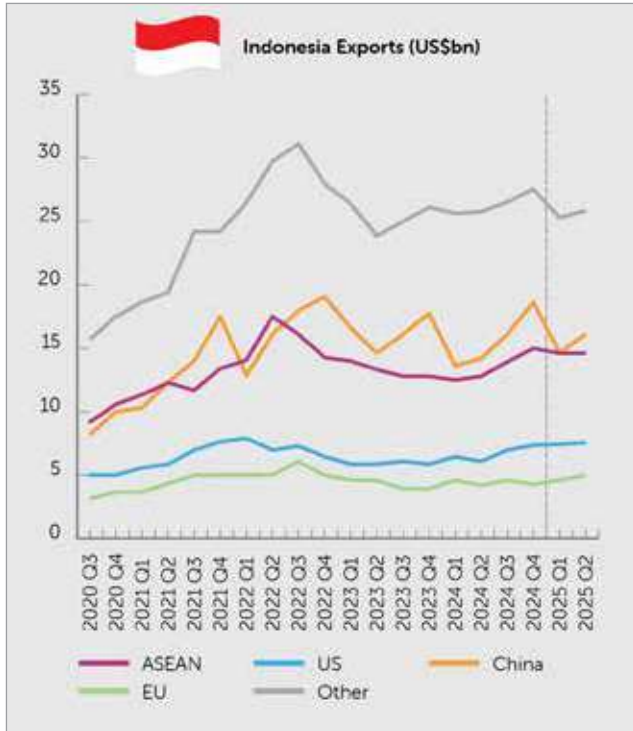
The overall story is relatively unremarkable. Despite unprecedented economic policy uncertainty out of Washington, including attempts to overthrow the multilateral trading system, trade and growth are continuing without significant disruption.

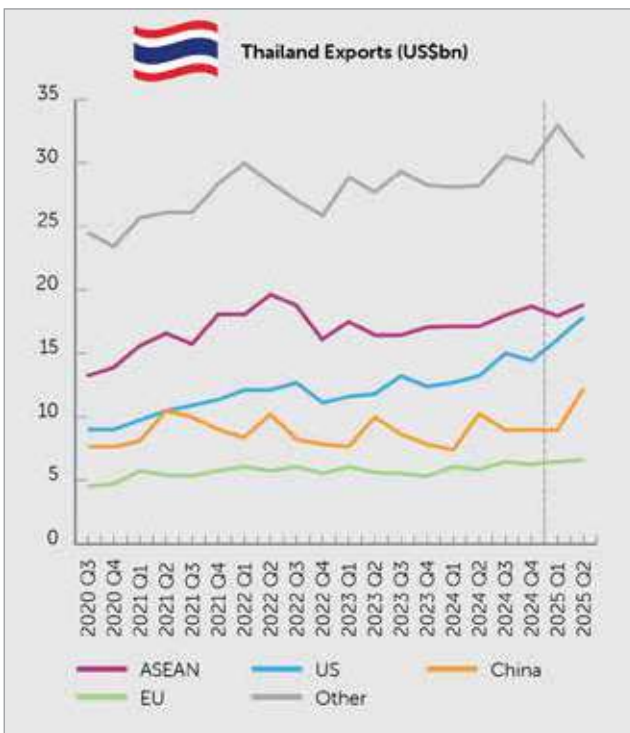
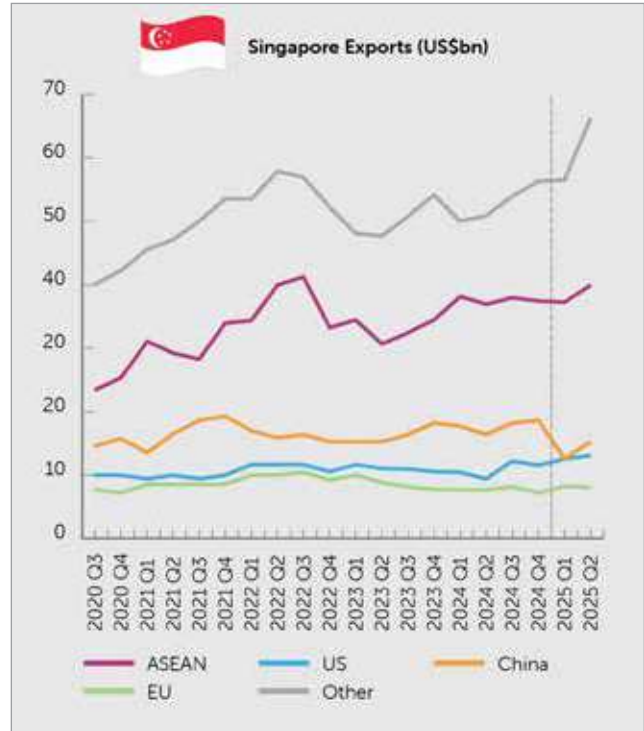
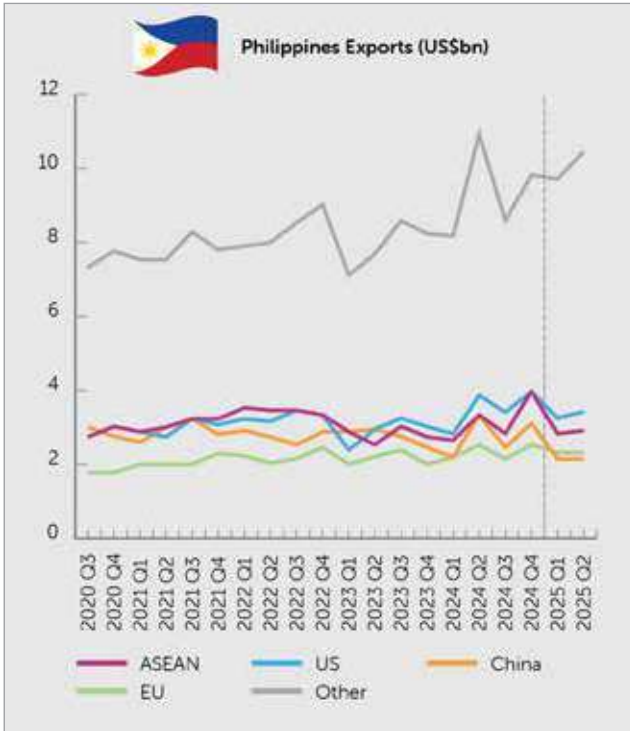
ASEAN's second quarter exports are almost 20% higher year-on-year, supported by a 36.5% jump in exports to the US (Figure 2). Exports have also increased significantly to the EU (15.2%), within ASEAN (13.6%), China (9.2%) and everywhere else (21.6%). This boost is likely to be temporary, but it highlights that providing financial support to exporters is not an immediate concern for policymakers.

The boost in exports is widespread across the region with only a few exceptions. The biggest trading countries mobilised quickly during the tariff pause, with most increasing trade to the US without reducing trade elsewhere and some seeing a minor reduction in exports to China (Figure 2). Brunei is a noteworthy exception, with its exports falling significantly despite little direct exposure to the US. Laos, which ordinarily trades little with the US, appears to have shifted trade from ASEAN to the US to get ahead of the high tariffs it faces. The Philippines' exports have fared relatively poorly, and certainly have not seen a benefit from an initially lower tariff rate than other ASEAN countries.

Figure 2: Exports largely increased in the first half of 2025 despite tariff uncertainty







Source: ASEANstats, 2025. Note that equivalent data is not available for Timor Leste.

Economic growth has also remained relatively robust, with late-year forecasts experiencing upwards revisions (Figure 3). According to AMRO’s October update, ASEAN’s overall GDP growth is forecast to be 4.6% this year and 4.3% next, with both numbers up slightly on July’s figures. These rates for 2025 and 2026 are only slightly down on the 4.9% growth achieved in 2024. Growth expectations have risen for Indonesia, Malaysia, Singapore, Thailand and Vietnam as trade continues to hold up.

Except for Indonesia, consumer price inflation (CPI) forecasts have also improved slightly. Other than in Laos and Myanmar, which have high inflation for non-tariff reasons, the inflation picture remains well contained.

Figure 3: GDP Growth is proving more resilient than expected and CPI benign

	GDP growth (year-on-year %)					CPI growth (year-on-year %)				
	2024	July Update		October update		2024	July Update		October update	
		2025e	2026f	2025e	2026f		2025e	2026f	2025e	2026f
ASEAN	4.9	4.4	4.2	4.6	4.3	3	2.4	2.7	2.5	2.8
Brunei	4.1	1.7	2.3	1.2	1.8	-0.4	0.2	0.3	0	0.3
Cambodia	6	5.2	4.7	4.9	5	0.8	2.5	2.3	2.6	2.3
Indonesia	5	4.8	4.7	5	4.9	2.3	1.5	1.9	1.9	2.2
Laos	4.3	4.4	4.2	4.4	4.2	23.1	10.1	6.4	8.5	7.6
Malaysia	5.1	4.2	3.8	4.3	4	1.8	2	2.2	1.6	2
Myanmar	2.9	-1.0	1.5	-1.0	1.5	29.6	30	28	30	28
Philippines	5.7	5.6	5.5	5.6	5.5	3.2	1.8	3.2	1.8	3.2
Singapore	4.4	2.3	1.6	2.6	1.7	2.4	1	0.8	0.9	0.8
Thailand	2.5	2.1	1.8	2.2	1.9	0.4	0.5	0.8	0.5	0.8
Vietnam	7.1	7	6.5	7.5	6.4	3.6	3.4	3	3.3	2.9

Source: AMRO, 2025. Note: Improvements in forecast growth and inflation are highlighted in green, while worsening is highlighted in red.

Overall, the economic impact of tariffs is still to fully unfold but does not provide cause for panic. Countries should continue to monitor developments and remain vigilant in their policy preparations, while avoiding untargeted measures to mitigate tariff impacts that are yet to eventuate.

How ASEAN has responded to Trump's tariffs

While the previous section suggests little economic cause for alarm, ASEAN and its members responded with a sense of urgency to Trump's provocations. The region and individual countries mobilised swiftly and heterogeneously, to engage with Washington, to engage with others, and to buttress the domestic economy. This section presents the diversity of approaches and their intersections.

ASEAN's collective response

ASEAN leaders were quick to unite in opposition to Trump's Liberation Day tariffs. A joint statement of economic ministers on 10 April expressed deep concerns regarding the tariffs, committed to not imposing retaliatory tariffs, and signalled a common intention to engage in constructive dialogue with the US and within the region to deepen integration (ASEAN, 2025a). The ASEAN Geoeconomics Task Force was quickly established to monitor US policy developments, evaluate impacts and recommend policy responses (Arunmas, 2025). Malaysia as ASEAN Chair offered to negotiate with Washington on behalf of the bloc, though ASEAN disunity prior to and following this offer gave Trump zero incentive to engage (The Nation, 2025). ASEAN's greater negotiating power as a bloc was unable to be leveraged as countries went it alone (Jones, 2025).

Despite lacking the urgency and resources that ASEAN countries dedicated to negotiating with Trump, ASEAN rallied to buttress regional integration and deepen partnerships. It was a busy year under Malaysia's leadership. In May, ASEAN countries adopted the *ASEAN 2045: Our Shared Future*, including the ASEAN Community Vision 2045. It sets aspirations for deeper regional integration that is more inclusive, sustainable, resilient, digital, and a greater force in global affairs (Hassandarvish, 2025). May also saw the first ASEAN-GCC-China summit, which while short of tangible outcomes signalled the forging of diverse partnerships (Kuik, 2025). The ASEAN Summit in October included several notable measures, including an upgrade to the ASEAN Trade in Goods Agreement (ATIGA) to better support SMEs, supply chain resilience and dispute resolution (Wicaksono, 2025). It also saw the signing of an upgrade protocol for the ASEAN-China Free Trade Area and, momentously, Timor-Leste officially joined the bloc (Sukri et al., 2025; ASEAN, 2025b). ASEAN has also substantively concluded negotiations on the Digital Economy Framework Agreement (Vethasalam et al., 2025) and is accelerating negotiations on a new free trade agreement (FTA) with Canada (Prime Minister of Canada, 2025b). The Second Protocol upgrading the ASEAN-Australia-New Zealand FTA came into effect in April, modernising and extending a longstanding trilateral partnership (Medina, 2025a). And in a significant show of force for ASEAN-centred partnerships for development, leaders of the Regional Comprehensive Economic Partnership (RCEP) agreement met for the first time since the agreement entered into force. The leaders' statement reaffirmed commitments to

the WTO-led multilateral trading system, ASEAN centrality, and promoting open and inclusive economic integration (ASEAN, 2025c).

In its inaugural report *'This Time is Different: ASEAN's Agency in Shaping the New Global Agenda'*, the ASEAN Geoeconomics Task Force concludes what experts have been saying from the beginning – that a united ASEAN has agency to shape its own destiny (Tong, 2025; Nixon, 2025a; Armstrong, 2025). This agenda remains largely unfulfilled at the time of writing.

Individual countries' approach to negotiating with Washington

The responses of individual ASEAN countries can be divided into three broad categories. Those that sought to negotiate with Washington and had credible avenues, interest and resources to do so. Those that had insufficient resources or negotiating clout to gain traction with the White House. And those that had little incentive or desire to negotiate.

Countries that prioritised engagement with Washington

Vietnam was the first to commence negotiations with Trump and to sign a preliminary deal. Within days of Trump's Liberation Day announcement, Vietnam's leader To Lam offered Washington the complete elimination of tariffs on US imports, setting an awkward precedent for other ASEAN negotiators (Vietnam Law & Legal Forum, 2025; Head, 2025). When an agreement was announced in early July, it not only included zero tariffs on US imports but a game-changing differential tariff for goods 'trans-shipped' through Vietnam – without defining the new concept (The White House, 2025c). Vietnamese goods were hit with a 20% instead of 46% tariff, while trans-shipped goods would attract a 40% rate (Moreau, 2025). Vietnam also courted Trump by ramping up intellectual property enforcement, purchasing Boeing aircraft, providing special treatment for SpaceX (when Elon Musk was still working for Trump) and fast-tracking a Trump Organisation golf course approval, among other activities (Chapman, 2025). A framework (not final) agreement on reciprocal trade was announced on 26 October on the sidelines of the ASEAN Summit, with Vietnam curiously being overtaken by other countries that concluded bilateral deals.

Cambodia was another early mover as the most exposed to the US in terms of direct exports. It faced the highest Liberation Day tariff among ASEAN countries at 49%. Prime Minister Hun Manet wrote to Trump on 4 April calling for negotiations and immediately offering to reduce some tariff lines from 35 to 5% (Fresh News Asia, 2025). Cambodia quickly proceeded with the tariff cuts, providing the US with concessionary treatment before negotiations had even begun (Raba, 2025). Cambodia found an audience in Washington and secured a framework agreement on 4 July that reduced tariffs to 19%, though no details surrounding agreement terms were released (Khmer Times, 2025).

However, details would ultimately be forthcoming as it joined Malaysia on 26 October as the only two ASEAN countries to conclude an agreement with the US (The White House, 2025d). The agreement includes commitments to eliminate tariffs on industrial and agricultural goods imports, to remove import licensing on US products, to improve intellectual property protection and waive any rights to require technology transfer by US firms, and to implement equivalent restrictions on third countries where requested by the US on national security grounds (The White House, 2025d). Negotiations were explicitly tied to Trump being portrayed as peacemaker in border hostilities with Thailand, with resumed fighting since the agreement was signed putting the deal at risk.

Indonesia was early among ASEAN countries in ruling out retaliation against Trump's tariffs, announcing on 6 April that it would seek stakeholder inputs to formulate a response strategy (Reuters, 2025a). Together with Malaysia as ASEAN Chair, it set the wheels in motion for the calm and deliberate ASEAN response. In the same breath however, Jakarta said it would send a delegation to Washington, joining the queue of ASEAN exporting nations seeking to negotiate bilaterally. Indonesia secured one of the first deals in mid-July, with the 'Framework for US-Indonesia Agreement on Reciprocal Trade' announcing that the original 32% tariff rate would be lowered to 19% (or potentially zero for seven commodities not produced in the US; The White House, 2025e). In return, Indonesia committed to eliminating tariffs on over 99% of US imports, removing a range of non-tariff barriers (including local content requirements and burdensome certifications), supporting 'rules of origin' uplift, and purchasing about US\$22 billion worth of energy, agricultural products and jets (Strangio, 2025). A further concession to be included following further negotiations is for US firms to bypass competitive bidding processes when selling to state oil and gas firm Pertamina (Soeriaatmadja, 2025). The agreement remains to be formally concluded, with reports in mid-December suggesting talks are in danger of collapsing (Shofa, 2025).

Malaysia's early response mirrored that of Indonesia, with coordination evident in their individual comments and efforts to corral the region. Officials pre-positioned Malaysia to eschew retaliatory tariffs and to seek talks with US counterparts (Tan, 2025). The initial response sought to calm domestic fears, criticise the tariffs for violating the principles of open trade, to boost regional cooperation, and to open negotiation channels with Washington (Leong, 2025). As ASEAN Chair it coordinated a regional statement and offered to negotiate on behalf of ASEAN. Malaysia's trade minister led a delegation to Washington in late April to understand US demands and begin negotiations on a deal (Malay Mail, 2025a). In the thick of negotiations during July, Minister Zafrul noted that a core objective was to ensure that any agreement upholds open, fair and rules-based trade, and highlighted encroachments on sovereignty as a red-line for Malaysia (Malay Mail, 2025b). Perhaps this created expectations that were not met when Malaysia secured the joint first deal in the region on 26 October. The Agreement on Reciprocal Trade (ART; The White House, 2025f) – substantively agreed ahead of the August tariff revisions to

secure a 19% tariff rate (and in some cases 0% tariffs (Ayub & Idris, 2025), down from 24% originally and 25% in the update letter) — has been widely criticised for being lopsided (locking in punitive tariffs and creating demands on Malaysia alone), undermining the international system, and encroaching on Malaysia’s sovereignty (Malaysiakini, 2025; Chai, 2025). Particular opposition is reserved for provisions that require Malaysia to match US economic restrictions on third countries where pursued for US national security reasons. While the ART’s terms may not reflect it, Malaysia has done well to shift Washington’s perception of it from primary trade target to regional partner.

The Philippines’ immediate response to Trump’s tariff threat was relative optimism not a call to arms. Manila hailed the original 17% rate as ‘the second lowest in ASEAN’ and an opportunity to “take advantage of this development” to boost exports (Fortune, 2025). It nonetheless signalled a willingness to engage with the White House and would soon find itself doing so as regional leaders jockeyed for position and after Washington revised the rate to 20%. Negotiations in July resulted in a preliminary deal that would shave 1% off the tariff and set a precedent for many ASEAN agreements to follow (Office of the President of the Philippines, 2025). President Marcos received a sour reception back home having secured so little return for reportedly offering to eliminate tariffs on US imports and deepen military cooperation (Palatino, 2025). While Manila could feel the most reassured among ASEAN countries regarding its bilateral security ties with Washington, this bestowed little benefit in trade negotiations and pundits were quick to label the deal a ‘betrayal’ (Poling, 2025; Tamayo et al., 2025). Curiously, there has been no official documentation or progress updates since the deal was announced on social media, beyond generic references in White House press statements to it having been done. A progress report was noteworthily absent from the press release surrounding deals for Malaysia and Cambodia and progress with other negotiations (The White House, 2025g).

Thailand was late to the negotiating party, reflecting both domestic political challenges to mobilising and unrelated policy developments that drew Washington’s ire (returning Uyghurs to China and detaining a US academic; Head, 2025). Bangkok was much faster in announcing pre-emptive measures to increase purchases of US electronic, processed food and agricultural imports in response to the Liberation Day announcement (Gokmen, 2025). It met with USTR officials in June and followed up with proposed concessions in hopes to reduce the announced 36% tariff rate (Thaichareon & Staporncharnchai, 2025). Negotiations went down to the wire ahead of the 90-day pause deadline, with a lower 19% tariff rate secured by promising to greatly improve market access in sensitive agriculture sectors. A framework agreement on reciprocal trade was announced on 26 October following Trump’s overseeing a Thailand-Cambodia ‘peace deal’, but the resumption of hostilities days later cast a cloud over the finalisation of trade talks (BBC, 2025b; Holmes, 2025; The White House, 2025h). That a formal agreement remains elusive suggests Thailand’s concessionary tariff rate is on a shaky footing.

Countries with limited resources or avenues to engage

Laos was among the hardest hit under both the initial and revised tariff announcements, facing rates of 48 and 40% respectively. As a less-developed and landlocked economy it has few avenues to increase US imports and has a large proportional but small nominal trade surplus with the US. Coupled with US concerns surrounding rising economic dependency on China, Laos is an easy target with very little leverage to negotiate. Where other ASEAN countries were able to secure early and high-level negotiations with Washington, Laos had to wait. Talks appear to be ongoing but with little urgency or fanfare, with Laos signalling some willingness to reduce tariff and non-tariff barriers (Lao News Agency, 2025).

Myanmar's junta has more pressing concerns than Trump's punitive tariffs, which were originally set at 44% and recalculated to 40%. It has opportunistically sought to portray Trump's letter as recognition of its governing legitimacy and not economic coercion (Banerjee, 2025). Shortly after the tariffs took effect, news broke that the regime had hired a US lobby group to rebuild relations with Washington, building on earlier positioning as a potential source of critical rare earths (The Irrawaddy, 2025; Hunnicutt et al., 2025). The junta is seeking to cut a deal with Washington, offering tariffs of between zero and 10% on US imports in return for a 10 to 20% tariff on its exports (Banerjee, 2025). But no deal appears to be coming.

Brunei faced a 24% tariff rate per the Liberation Day announcement and this was revised up to 25% in August. It sought to engage Washington, but in contrast to its much larger neighbour Malaysia, Brunei has made little progress in its engagements with Washington (Ministry of Finance and Economy Brunei Darussalam, 2025). The government has been quiet throughout, conducting internal reviews of potential impacts while engaging with US officials (Medina, 2025d). It lacks the resources and leverage to mount a serious negotiation with the Trump administration and instead is aligning itself with ASEAN's multilateral approach.

Countries with little incentive to engage

Singapore was quick to condemn the tariffs, criticising the US for fundamentally rejecting the World Trade Organization and multilateral trading system (Tang, 2025). Prime Minister Wong highlighted the perils of negotiating with the US, noting that: "Small countries have limited bargaining power in one-on-one bilateral negotiations, so the major powers will dictate the terms and we risk being marginalised and sidelined." PM Wong said Singapore would not retaliate to the 10% baseline tariff levied on it (Satriawan, 2025). The Singapore Economic Resilience Taskforce (SERT) was quickly established to monitor business developments and consult widely, and subsequently to undertake an economic strategy review aimed at reinforcing Singapore's international

competitiveness (Government of Singapore, 2025). Singapore has continued bilateral talks with the US, though being subject to baseline tariffs only, its discussions are not proceeding towards a formal agreement and instead seek to avoid steep sectoral tariffs (Ang, 2025; Baharudin, 2025).

Timor Leste was also hit with the 10% baseline tariff; a rate that has remained unchanged since April. It does not appear to have sought a tariff deal despite the potential economic implications (Kurlantzick & Richter, 2025). The potential impact of tariffs on Timor Leste reduced to near zero following Trump's mid-November announcement removing tariffs on over 200 commodities, including coffee – which represents at least 85% of its exports to the US (for Starbucks; Shalal & Lawder, 2025).

Individual countries' engagement with other countries

As ASEAN Chair, **Malaysia** has been central to most regional conversations on diversifying partnerships. Bilaterally, Prime Minister Anwar has undertaken a formidable international travel schedule, as even prior to Trump's tariffs he has prioritised partnership diversification (Wikipedia, 2025). Forging new and deeper partnerships to hedge against US export risk is being pursued with vigour. Negotiations towards an FTA with the EU were reanimated in January following a 12-year hiatus (Sucedaram, 2025). Malaysia also launched negotiations for an FTA with the Gulf Cooperation Council (GCC) in May (Indiplomacy, 2025). It also signed an FTA with the EFTA countries (Møller, 2025) and concluded negotiations on a deal with South Korea (Ikram, 2025). Malaysia is also reviewing for possible extension agreements with Australia, New Zealand, Pakistan, Turkey and Palestine (The Star, 2025b; Baharin, 2025). And it has joined the FIT partnership and wants BRICS membership (Ng, 2025a; Tang, 2025).

Singapore is perhaps the most strongly weighted towards trade diversification and partnership building among the ASEAN country responses to tariffs, reflecting both its pre-Trump disposition and its deep unhappiness with facing US tariffs. Singapore's dissatisfaction reflects it having a trade deficit with the US, longstanding security ties, and tariffs breaching the US-Singapore FTA. It is pushing both individually and through ASEAN to forge new and deepened ties that reinforce the multilateral trading system against the US administration. Digital connectivity is a particular focus and leadership area, with Singapore having signed digital trade agreements with the EU and EFTA countries in recent months (Tan, 2025; Chiang, 2025) and is pushing for an ASEAN to sign similar deals with the EU, GCC and CPTPP (The Tech Buzz, 2025). Singapore has also launched green trade negotiations with New Zealand and Chile and is exploring an FTA with Egypt (Ng, 2025; Fast Company Middle East, 2025). Singapore co-founded and hosted the first meeting of the Future of Investment and Trade (FIT) Partnership; a coalition of countries seeking to uphold and reinforce the multilateral rules-based trade and investment system (MTI, 2025).

Indonesia has been rushing to conclude and ratify trade agreements as it seeks to counter the impact of US tariffs. It concluded negotiations on Comprehensive Economic Partnership Agreements with the European Union (EU) and Canada in September, signalling reduced barriers on bilateral trade and investment (EC, 2025; Prime Minister of Canada, 2025a). Negotiations on a trade deal with the Eurasian Economic Union have also concluded (Slepnev, 2025). Indonesia has also applied to join the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP) and will begin talks in 2026 (PortCalls Asia, 2025).

The Philippines has been relatively proactive in seeking to diversify its trade partnerships. Most significantly it applied to join the CPTPP and will similarly begin talks in 2026 (PortCalls Asia, 2025). Manila is also fast-tracking negotiations on an FTA with the EU, with talks continuing apace (Desiderio, 2025). The commencement of FTA talks with Canada was also announced on the sidelines of the ASEAN summit (The Star, 2025c). Meanwhile, negotiations with India have begun and the Philippines and Chile have expressed urgency to conclude a Philippines-CEPA trade deal (Financial Express, 2025; Daily Guardian, 2025).

Vietnam upgraded ties with Kuwait, seeking to add impetus to negotiations towards a trade agreement with the Gulf Cooperation Council (Viet Nam News, 2025). It also promoted the commencement of negotiations towards a free trade agreement with the Mercosur bloc (five South American countries) in August (Việt Nam News, 2025).

Laos has a relatively limited bilateral trade negotiating footprint and benefits mostly from agreements forged by ASEAN. It is otherwise continuing to strengthen ties with Vietnam, with a new border trade agreement and infrastructure connectivity projects (Lwadmin, 2025; The Star, 2025d).

Brunei has aligned itself with ASEAN's multilateral approach and has not noticeably changed its approach to trade agreement negotiations in response to Trump tariffs (Medina, 2025d).

While principally unrelated to Trump tariffs, **Timor Leste's** ascension to ASEAN membership is a significant development in its trade diversification efforts. Joining the ASEAN Free Trade Area lowers trade barriers while sending a signal of credibility and stability to international investors (Medina, 2025e). With just the baseline tariff rate, Timor Leste is also positioning itself to be a re-exporter for Indonesia (Indonesian Chamber of Commerce and Industry, 2025). It is otherwise not a big player in seeking bilateral deals, having only last year joined the WTO.

Myanmar has limited room to manoeuvre internationally with its domestic conflict and widely unrecognised leadership. It already faced heavy sanctions from western countries before Trump began his tariff campaign. Two exceptions are relations with China and Russia. China has been supporting the junta economically to safeguard its economic and strategic interests in Myanmar, increasing efforts in the past year (Bissinger, 2025). With Russia it recently concluded an agreement to promote and protect investments (Interfax, 2025).

Domestic economic policy responses

Thailand pre-empted the formal introduction of tariffs when it announced a sizable stimulus package in May. The package represents about 20% of the annual government budget (US\$15 billion) and reprioritised digital cash handouts to invest in infrastructure, SME financing, export market diversification, and tourism sector initiatives (Medina, 2025b; Durongkaveroj, 2025). Intervening prematurely has attracted criticism for prioritising large and untargeted initiatives rather than tailoring support to sectors most affected by tariffs. Bangkok's ad hoc policymaking continued in October with a consumer subsidy programme (Reuters, 2025c). And in November, amid mounting concerns over rising Chinese imports undercutting local SMEs, Thailand announced a 10% duty on low-cost imports starting 1 January (Reuters, 2025d).

Indonesia was another early mover in providing economic stimulus prior to Trump's tariffs coming into force. The early June stimulus, worth around US\$1.5 billion, targeted domestic demand by offering wage subsidies, transport discounts, and a subsidy for electric motorcycle purchase among other measures (Medina, 2025c; Inoue et al., 2025). Jakarta released another US\$1 billion 'cash-for-work' focused stimulus package in September, though this was not directly attributable to tariffs (rather domestic tensions; Armandhanu, 2025).

In addition to swiftly mobilising to negotiate with Washington, **Vietnam** has sought to reinforce domestic economic growth with efforts to support the localisation of import – and foreign investment-dominated 'supporting industries' (Nguyen, 2025). It has announced corporate tax concessions, incentives for technology transfer, and a US\$20 billion low-interest loan package to support technology and infrastructure investment (such as AI, semiconductors and logistics; Nguyen, 2025; Industry and Trade Magazine, 2025). Hanoi has also sought to fast track public infrastructure spending to stimulate investment (Bradley, 2025).

Malaysia sought to reinforce solid economic growth with modest measures in response to Trump's tariffs. In anticipation of Liberation Day, it created the National Geoeconomics Command Centre to monitor sanctions, tariffs and supply chain risks (Bernama, 2025). In early May it announced a US\$356 million financial assistance

and guarantees package for SMEs together with additional funds for export market diversification (Chua, 2025). In the absence of significant impacts since – with both exports and economic growth remaining robust – Malaysia’s October Budget resisted any major stimulus measures.

Singapore’s SERT has created Business Adaptation Grants (available since early October) to provide advisory and reconfiguration support for businesses on a co-payment basis (50% for SMEs, 30% for larger businesses; Goh, 2025; Liang, 2025). The grants aim to provide targeted support for tariff-affected businesses to diversify export markets. The economic imperative to provide support is weak, with Singapore’s economy and exports performing better than feared through the first three-quarters of 2025 (Ng, 2025b).

Laos created a taskforce to work with businesses to understand the impacts of tariffs (The Star, 2025a). It has not pursued tariff-specific response measures but is undertaking economic reforms in response to mounting economic challenges (Zhao, 2025).

Cambodia had not pursued domestic measures specifically in response to Trump tariffs. In a further evolution of post-COVID-19 recovery support, the Credit Guarantee Corporation of Cambodia launched a US\$200 million Economic Stimulus Guarantee Scheme in July, which could support SME exporters to access finance (CGCC, 2025).

The Philippines, Timor Leste and Brunei have not pursued domestic measures in response to Trump tariffs. **Myanmar** is at war and lacks the political and social stability needed to pursue economic reforms of the kind considered here.

Lessons to date — What has worked?

The paper so far has presented Trump's provocation, its preliminary economic impacts, and the international and domestic responses of ASEAN and individual countries. This section identifies where responses have worked well with the benefit of both foresight and hindsight. It presents success stories thematically rather than prosecute each individual response.

Condemning the tariffs and avoiding retaliation

ASEAN collectively and several individual countries were quick to condemn the tariffs and America's deviation from mutually beneficial, open and rules-based trade. ASEAN uniting to deliver a joint statement sent a powerful message to the world that it remained committed to trade for economic prosperity under a multilateral and plurilateral system — a system built on equal treatment not the exercise of power asymmetry. It stated to Washington that ASEAN countries do not agree with Trump's revisionist model for trade and economic development.

All ASEAN countries chose not to retaliate against the US with tariffs of their own. Eschewing retaliation is both economically sound — a tariff arms race or unilateral tariffs would add to the potential economic costs — and helped deescalate simmering tensions. It created space to engage the Trump administration and temper its wilder instincts.

Establishing consultation, study and monitoring mechanisms

Kneejerk decisions made without the benefit of evidence and consultation are never a recipe for good policy. Unfortunately, the Trump administration believes otherwise and in tariffs and wider international engagements is pressuring countries to adopt its bad practices.

As the economic data to date vindicates, the direct impacts of tariff shocks involve a lag that provides policymakers with time to assess their options and calmly formulate a response strategy. The early priority is to establish a sense of calm and order to ensure other stakeholders (businesses and households) do not panic but themselves pursue proportionate adjustments. And to establish and organise processes to understand the shock's evolving characteristics and what this means for trade, investment and the overall economy in the months ahead.

Creating the ASEAN Geoeconomics Task Force soon after Liberation Day was a prudent move that sought to put deliberation and monitoring at the heart of ASEAN's response. It combined both ministerial leadership and expert input to assess the potential and

actual impacts of tariffs on trade and growth in the region. Business stakeholders also routinely fed into this process.

Several individual countries also beneficially created monitoring committees or taskforces to gather evidence and engage closely with the business community. Where these preceded domestic support or tariff negotiations, the policy or negotiating approach has appeared better targeted and more informed by an understanding of impacts.

Deepening relationships within and outside the region

The potential benefits of trade diversification have been a point of contention elevated by Trump's tariff endeavours. Some commentators argue that tariffs provide a wake up call for ASEAN and likeminded partners to deepen their relationships to reduce dependence on the US (Wan Razali, 2025; Ng & He, 2025), whereas others argue the limits of such a strategy because US consumers are the ultimate destination for much trade (Kishore, 2025, Uren, 2025).

Both sides make important points. Diversification built on reducing trade and investment barriers and greater facilitation can increase economic activity within the group of countries pursuing it. That is, diversification can increase end-consumption outside of the US. The diversification sceptics meanwhile usefully point out that alternative choices for many traders are not an adequate replacement for the US market. These businesses face either shutting up shop or maintaining access to the US via any means necessary to minimise costs including tariffs. The risk that policymakers need to be alive to for this group is tariff circumvention and rising informal trade. While the costs of informality are largely borne by the US in the short-term (lower tariff revenue), the additional risk to trade is not costless and people who engage in unethical or illegal risks are unlikely to stop with cheating US Customs.

Deepening and diversifying partnerships with countries that, unlike the White House, believe in upholding the open and rules-based international trading system is therefore critical. Gradually reducing dependency on US consumers is possible and tackling the rising threat of informality and international governance breakdown is essential.

To their credit, ASEAN and several member countries have taken Trump's provocation as impetus to deepen partnerships with others. There is greater urgency in talks with Europe, Canada, Australia and New Zealand for example, reanimating and concluding stalled negotiations or revitalising longstanding partnerships. New partnerships are also being forged with the Middle East, within Asia and with parts of South America and Africa.

These processes need not reinvent the wheel but mobilise and uplift existing forums. The convening of an RCEP Leaders' meeting, accelerating membership expansion for both RCEP and CPTPP, and the upgrading of existing ASEAN-plus agreements are all steps in the right direction. As is modernising and deepening ties within the region, as the ATIGA and DEPA efforts on goods and digital trade respectively seek to achieve.

Reforms to improve competitiveness

The coercive circumstances may be cringeworthy, but the tariff episode has provided a wake up call to ASEAN countries that there remain significant opportunities for policy reforms to boost competitiveness. There is never a bad time for countries to review barriers to trade and investment and other policies that limit economic development potential.

As highlighted across two reports, non-tariff barriers to trade within the region remain formidable and particularly damaging to small businesses (Suntherasegarun et al., 2024; Suntherasegarun et al., 2025). There are countless opportunities to harmonise standards, better codify and consistently apply existing laws, to increase access to information, and to adopt technical solutions like digital supply chain tracing.

A glimmer of hope from the lopsided agreements that ASEAN countries have negotiated with Trump are provisions that bring ASEAN countries into greater alignment with international best practice. These include the adoption of stronger labour standards across supply chains, environmental protections and transparency to boost the competitiveness of producers that adopt greener practices, greater mutual recognition of standards, and stricter market discipline on state-owned enterprises.

The key to realising these benefits is to have them adopted in agreements with stronger partners and firmer safeguards. Agreements with the US are fragile by construction, creating a real risk that any benefits conveyed will be lost if the deal falls through. Agreements according with WTO rules and made between partners with clear shared interests are much more likely to be implemented and become the norm, to the betterment of ASEAN's international competitiveness.

Maintaining constructive dialogue with Washington

An important clarification before the next section critiques less wise choices including the approach to negotiations with Washington, ASEAN and individual countries were right to keep up dialogue with the US. Maintaining dialogue is sound diplomacy in all but the most extreme relationship crises in which space for conversation has essentially closed.

Many countries first and then ASEAN about a week after Liberation Day were quick to call for constructive dialogue with Washington. They stated a desire to better understand US interests and to forge a common understanding on trade and other areas of mutual interest. This supported deescalation and gave face to Trump, though it also had drawbacks as discussed in the next section.

Dialogue is important to highlight the big picture and long-term trajectory of international partnerships. Relations between countries outlive presidents and other key political and policy figures, with both history and aspiration requiring a wider view and greater reverence. So ASEAN and its members were well served by seeking to convey this context and better understand how this moment in history fits within the broader tapestry.

Lessons to date — What has not worked?

Regional disunity that prioritised individual over collective action

The most formidable adversary ASEAN has faced during this episode is not Trump or the US but its own inability to act in unison. Both globally and regionally, Trump's ability to exploit countries is derived from a collection action problem, in which countries act individually out of perceived self-interest when they should use their combined weight to either build resilience against him or negotiate on more favourable terms. Trump has painfully exposed the limits and fragility of ASEAN and global integration. However, when faced with a negotiator that has significant leverage — such as the EU, China or Japan — Trump's team has demonstrated how ill-prepared and unsophisticated it is in negotiating trade deals, securing outcomes that benefit the US much less than they believe (Krugman, 2025a; Krugman, 2025b).

Negotiating individual deals played right into Trump's hands. Especially approaching negotiations with an air of desperation and vigour that was less evident in uplifting regional integration and wider partnerships. The outcomes of deals to date are unequivocally lopsided in favour of the US, represent previously unthinkable compromises concerning strategic and geopolitical consequences, and arguably leave the countries that engaged with Trump no better off than those that did not.

The early individual clamouring before ASEAN leaders could gather to craft a collective strategy was particularly counterproductive and costly. Vietnam gets special attention for being the first to unilaterally declare that it would remove all tariffs on imports from the US, which within hours of Trump's Liberation Day announcement set a high benchmark that Trump's negotiators could use to their advantage. Cambodia quickly followed and other countries were not shy in broadcasting concessions in the hopes of securing an audience with the White House.

It is very difficult to argue ASEAN countries are better off for having negotiated, especially not individually against the counterfactual of collective bargaining. Beyond Trump's geopolitical targets that still face higher tariffs, the August 7 rates have a two-tiered clustering at around 19% and 15% that suggest premeditation on the part of the White House. Most ASEAN countries have ended up on the higher tier regardless of what they offered in return. The EU is on the lower rung and has offered very little by way of actionable promises.

It is a moot point now, but the leaders of ASEAN and the world had at least three clear choices and the best course of action was left on the table. They could have (and most did) negotiate on Trump's terms, they could have retaliated or escalated the situation (as a few tried), or they could have ignored Trump and refused to negotiate on his terms

(which some also did but were hung out to dry). While the failure of the WTO to mobilise (to call for an emergency meeting to forge unity) and the self-interest of countries ensured that this was never a realistic possibility, Trump would have looked mightily silly and forced into retreat if every country chose to ignore rather than negotiate his deals. With dealmaking so intrinsic to his personal and political identity, the blow could have been swift and devastating.

Forging lopsided and securitised agreements that undermine multilateral rules

The countries that chose to negotiate have done so at considerable cost, reflected in final or near final agreements that heavily favour the US and undercut the international trading system. The agreements also pioneer provisions that weaponise trade and investment for geopolitical and national security purposes, in contrast to most traditional and emerging trade deals that support economic development and resilience.

There is nothing reciprocal about the agreements ASEAN countries have forged with the US, despite the word featuring in both titles and preambles. The overwhelming majority of provisions in both the Malaysia and Cambodia deals require action from these countries and not the US. The deals read like shopping lists of punitive actions dictated by the US.

The pursuit of exploitative bilateral deals with the US damages the WTO-centred multilateral system in several ways. The agreements largely operate outside of and are minimally backed by the multilateral system, especially with the US undermining the WTO and its dispute resolution processes. The deals lack the sophistication of modern treaties, missing key provisions supporting mutually beneficial trade, trade facilitation, and handling of disputes between the parties and users, among others. They introduce ill-defined provisions like “transshipment” that appear to legitimise certain illegal trade and delegitimise ordinary re-routing and value added, while also undermining the synchronisation of regional rules of origin. In its deal Cambodia explicitly waives certain WTO rights. And any deal that is made for the purpose of reducing a trade deficit by increasing tariffs is not consistent with WTO values.

Provisions that explicitly link ASEAN countries’ trade and investment policies to US national security and geopolitics are extremely counterproductive. The expectation that Malaysia or Cambodia (or any other country that finalises a deal) would impose equivalent restrictions on a third country, or exercise domestic policies to advance the competitive interests of US businesses, because the US said it was for its national security is deeply concerning. It creates provisions that bring ASEAN countries into the US’ geopolitical and strategic contest with China and its weaponisation of trade. It is unclear how this will work in practice, but Washington is sure to test the waters in

the coming months. There are legitimate reasons to build resilience into future trade agreements, but the way these deals go about it sets an unwelcome and unhelpful precedent.

Forgoing transparency, impact analysis and consultation

Quality trade agreements are a collaborative exercise involving a wide range of stakeholders and both public and parliamentary scrutiny. Agreements with the Trump White House are secretive affairs that exclude expert input and emphasise speed over completeness.

ASEAN countries with relatively robust institutions surrounding trade agreement negotiations capitulated to Trump's demands to the detriment of both processes and outcomes. Malaysia is a primary example, with ordinary consultations, public and parliamentary scrutiny, debate within government and detailed economic impact analysis all being abandoned to cut a deal. Unrest regarding compromised processes is exemplified by members of the government itself calling for a Royal Commission of Inquiry to investigate the deal (Iskandar & Sallehuddin, 2025).

The dealmaking process sets an alarming precedent for how significant decisions concerning international partnerships and economic development are undertaken. The priority appears to have been to secure urgent deals not terms that benefit businesses and households. No policy decision with large potential consequences should be taken this flippantly.

Cutting a special deal for the bully

Related to some of the above points, a difficult question for the leaders that cut deals to answer is *why suddenly give special treatment to a US president who is bullying you?*

Liberalisation of market access should be a good thing for ASEAN countries, both in terms of reducing prices for consumers and in encouraging more productive and efficient local firms. Only the most protectionist voices are arguing against what are in many cases long overdue efforts to reduce tariff and non-tariff barriers.

But why now and why to an antagonist that is trying to reduce other countries' trade comparative advantages and has no interest in economic development for all? Countries and their negotiators would have been asked for similar concessions numerous times over the years and stood to gain improved treatment in return, whereas under the Trump deals the reward was to lock in a coercive tariff rate that is higher than before the president took office.

There is honestly no good answer, only a hope that the countries that cut deals will seek to extend similar treatment to their friends and neighbours. For some countries and measures there is an obligation to do so under most favoured nation provisions.

Pre-emptive domestic measures

While a relatively minor concern in the scheme of things, some countries can be said to have acted prematurely in taking domestic measures to boost the economy or support exporters. Supporting exporters, particularly smaller businesses, to diversify markets and to navigate policy uncertainty is not inherently wrong. But doing so too quickly creates needless panic, encourages business rent-seeking, provides untargeted support to businesses and households that do not need it, and expresses vulnerability and desperation to Washington negotiators.

As described in the previous section, for a relatively slow moving and complex shock like the US imposing tariffs on 190 or so countries, it is better to restore calm and study the pockets of hardship that may be more deserving of government support.

Reactive and narrowly focused response

For ASEAN and practically all of its member states, responses to Trump's tariffs show little sign of prior planning. Mechanisms were hurried into place not already there, impact projections were done on the fly, lines of communication with Washington cobbled together, and domestic policy responses correspondingly lacked the benefits of foresight. While the exact nature of Trump's actions was impossible to predict, similar scenarios were foreseeable at least six months earlier — providing a solid runway for policymakers to arm themselves with greater understanding of what might happen and what they should do.

More broadly, the series of major shocks since the first Trump presidency has established an imperative for policymakers to engage in greater strategic foresight. If a trade war, 1-in-100-year pandemic, and the outbreak of several military conflicts of global consequence have not prompted governments and bureaucracies across ASEAN to invest in shock analysis and preparedness, then there are greater worries afoot.

Part of why ASEAN was able to (reactively) establish a geoeconomics taskforce so promptly was that Malaysia had recently created a similar body itself. This demonstrates the benefits of preparedness.

But neither geoeconomics body is mature enough to have developed the wider analytical worldview necessary to understand the potential fallout of a globally significant tariff shock. As this author has been at pains to point out since April (Nixon, 2025a; Nixon,

2025b), the market for US treasury bonds got perilously close to dysfunction and long-term investment decisions remain under an uncertainty cloud that shows little sign of lifting. A tariff shock that impacts the stock — not just flows — of investment and financial wealth can be orders of magnitude more damaging than the impact through trade flow disruptions. This risk has eased but remains elevated, yet there is little evidence that it even factors into policymaker calculations.

Insufficient urgency to uplift ASEAN (and ASEAN plus) processes

The positive remarks regarding the deepening of regional partnerships notwithstanding, the relative urgency and energy dedicated to engaging Washington individually is a black eye for ASEAN. Countries were too quick to throw resources at engaging with Trump that would have been better deployed reinforcing ASEAN centrality and forging partners with countries that were not engaging in threats.

ASEAN's consensus model has always been slow moving on matters when speed is imperative. Perhaps even reaching consensus on the initial, impactful statement by economic ministers and creating the ASEAN Geoeconomics Task Force could be considered significant and uncharacteristically speedy wins. But it needs to move faster or anticipate better in a geopolitically supercharged world that spins ever faster.

What should be the strategy going forward?

"You can't go back and change the beginning, but you can start where you are and change the ending." **C.S. Lewis**

ASEAN may not be able to start over with the benefit of hindsight and wise counsel, but it can learn from its experiences to date and chart a better course from here. Reversing some of what has already happened may be counterproductive, at least in the short-term.

Four key pillars of a forward strategy are presented here by way of advice and conclusion.

Restore and deepen ASEAN centrality

With most Washington misadventures having reached a crescendo, ASEAN countries can now refocus on prioritising the region and collective interests. Resources that should never have been concentrated on Washington in the first place can be redeployed to support urgent deepening of ASEAN and ASEAN-centred partnerships.

Despite many ASEAN countries having entered Trump's good books, his respect for and engagement with ASEAN is negligible. Where previous administrations have supported ASEAN centrality, the US now represents a serious threat to the peace and prosperity model that ASEAN leadership is best placed to deliver.

There are many avenues through which to reinforce centrality, of which the most promising is to uplift RCEP. RCEP has both the membership and institutional foundations to be the ideal platform for forging deeper and wider regional integration. It already embodies ASEAN centrality and advances ASEAN interests globally under principles of cooperation, equality, liberalisation, and economic prosperity. RCEP benefits from its formative agreement being relatively comprehensive, providing a strong base from which to deepen cooperation (Sta Maria & Nixon, 2025).

The recently revitalised RCEP leaders' meeting is a strong step towards broader mobilisation. It is the starting point for fleshing out the institutional architecture needed to position RCEP as a forum for continuous ambition and growth. It needs supplementing with the summits, ministerial, senior official and business engagements, and purposeful agendas that support more mature platforms. Top of the first agenda should be to reaffirm multilateralism and increase efforts to deepen and diversify partnerships with countries that support open and rules-based trade. Tackling entrenched market access and non-tariff impediments to trade is also an immediate priority, including by delivering any liberalising measures granted to the US to regional partners.

Emphasise and pursue mutually beneficial partnerships for development

Underpinned by ASEAN centrality and through groupings like RCEP, ASEAN's trade agenda needs a fresh injection of development focus. Trump's recidivist trade deals that seek to stifle rather than support economic development cannot become the new normal, as this would only serve to worsen global inequality.

That the ASEAN members and many other countries remain steadfast in their pursuit of economically beneficially trade and investment is welcome but cannot be taken for granted. Momentum for diversification must be matched by commitments to forge partnerships and reduce policy barriers while mutual interest is strong.

Greater connectivity with developing economies is already happening and can continue to grow as the US heads another way. US withdrawal from certain international forums need not be a diminution of their functioning or purpose but an opportunity to reform institutions that have long needed to give greater voice to the large but late developers.

Keep to agreements, but be ready to adapt

Concerns regarding the content of bilateral deals notwithstanding, there may be greater consequences should ASEAN countries back out now. Trump regularly demonstrates how fragile his support for countries and their leaders can be, and how volatile policies towards them can be as a result.

There is perhaps nothing that Trump truly believes in and stands for more than tariffs and dealmaking. He is irrationally overconfident as a negotiator and has distorted but entrenched views on who pays for tariffs (he believes the exporters pay) and how trade has impacted America. He believes America is the victim of foreign exploitation as long as it runs a trade deficit, and tariffs are his weapon of choice to correct this and extract tribute instead.

Reneging on a deal now can be considered the nuclear option, no matter how unfavourable its contents. Perhaps no other policy choice could irreparably damage relations and reverse any goodwill gained through dealmaking.

It would be better to recognise that the deals are fragile and the US far more likely to breach terms than the ASEAN signatories. Trump does not bind himself to anything and is usually weeks if not days away from pursuing a policy that contradicts a prior agreement. If any ASEAN country wants out of a deal, it would be better to stall over implementation and wait for a combustible White House to make the first move. And if that does not happen, to navigate the difficult choices that the national security reciprocity provisions create.

Recognise that this is not over and prepare better

A serious error of judgment would be to assume that tariffs are settled and order has been restored. Nothing about Trump's policymaking approach makes stability a fair assumption.

As previously noted, Trump considers all deals unbinding. Any deal conceived in this way cannot provide certainty, with any policymakers or businesses believing otherwise engaging in wishful thinking. The deals are additionally fragile because the partner countries equally see red-lines that have been included but they will not cross if called upon in the future.

Trump sees unpredictability as intrinsic to his political effectiveness and power. To him it is not a phase or transition as he pursues major policy change, but a state of being that keeps his opponents (and everyone else) unsteady and at his mercy.

The deals also exclude 'sector' tariffs, that is tariffs on major sectors of strategic interest to Trump. The elephant in the room for the US-Malaysia ART for example is that semiconductors and electronics are not included, and the deal makes no promises regarding preferential treatment under sector tariffs. In effect the ART only covers about 40% of Malaysia's current goods export bundle, providing no reassurance surrounding the sizable remainder.

Even if nothing further changes, the most significant economic impacts are almost certainly yet to arrive. Between the frontloading of exports to beat the tariffs, the delays in tariff implementation, and US importers bearing the brunt of tariff costs, the impacts to date have been tempered. Financial markets have been buttressed by the relentless surge of AI investment, which has masked weakness in other sectors. While meaningful investment data is scarce, if investment has been frozen or falling as anecdote would suggest, the supply impacts will start to be felt if demand continues to remain robust. And while a significant investment or financial shock is far from inevitable, the risk is not trivial with an unpredictable president occupying the White House and the world simultaneously navigating an increasing range of human and natural threats.

The ASEAN Geoeconomics Task Force and national policymakers need to prepare more for future uncertainty. They need to be analysing a range of plausible scenarios, including their transmission through investment and financial channels. This should then inform the preparation of policy responses that are ideally coordinated across the region and with like-minded partners. And it should provide impetus to forge the people connections across the region that would be called upon were a larger shock to occur.

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