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Asia minus the United States

Susan Thornton The end of the American empire

Adam Posen Trump-proofing East Asia's economy

Tricia Yeoh Southeast Asia builds BRICS+ connections

Dewi Fortuna Anwar Bracing for Trump 2.0 **... and more**

ASIAN REVIEW: Andy Yee on China's techno-industrial transformation

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From the editors' desk

The global economy has been on a trajectory towards catastrophe at least since Trump 1.0, one of the key drivers of which is a more inward-looking United States. The Biden administration has not reversed that process and a second Trump administration will accelerate it, risking the contagion of protectionism, escalation of strategic competition and confrontation, a potential collapse of what's left of global cooperation, including on climate change action, the WTO and the undermining of other global institutions.

Power is now more dispersed globally with the rise of China and other emerging states as well as the increasingly indispensable role of middle and small powers including those in Asia, but the United States is still the largest economy and the most powerful country in the world. America no longer commands the same aspirational global leadership and the same large share of the global economy—it is already smaller than the Chinese economy in purchasing power—and many of president-elect Trump's policies will likely see its global standing diminish further still. But its compulsion for primacy and the tendency for its allies to support this proclivity are a toxic recipe for global disorder.

This issue of *East Asia Forum Quarterly* looks at how Asia might respond to the second Trump presidency. It took a while for the rest of the world to realise the unprecedented repercussions of President Trump 1.0 and his trade war with China, including on the erosion of domestic and international institutions, and to realise what needed protecting as well as what was needed to mobilise cooperative responses to the new US administration.

This time, the sudden, extreme and abrasive policies likely to be unleashed out of Washington DC might catalyse more proactive diplomacy from the rest of the world; a world that still wants to avoid unintended conflicts and wars including in Asia, is deeply worried about catastrophic climate change and wants to keep global markets open to realise its development ambitions.

Asia, comprising some of the largest and most dynamic economies at the heart of global economic disruption, has the cause and capacity collectively to defend the multilateral order and to attend to its worst problems including climate change while the United States goes absent from the provision of these global goods.

The alternative is a poorer, unstable and dangerous world.

The Asian Review section covers the challenges for farmers and government policy in the Mekong Delta and China's techno-industrial transformation.

Shiro Armstrong and Maria Monica Wihardja

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COVER PHOTO: A supporter sits alone in the top sections of seating at 2020 Trump rally in Tulsa. PICTURE: JABIN BOTSFORD / THE WASHINGTON POST VIA GETTY IMAGES

PICTURE: REUTERS

Elon Musk attends a Trump election rally in Madison Square Garden, New York (October 2024).

Trump Act II spells the end of the American empire

SUSAN THORNTON

MANY around the world may joke that they should be allowed to vote in American elections because the results have as big an effect on them as they do on those who live in the United States. The actions of a unipolar superpower reverberate around the world and other countries are forced to respond.

But American voters almost never vote based on events happening in the world, on foreign policy issues or even on things that might affect future generations at home. Voting is an emotional, last-minute impulse. During times when there was consensus around the United States' global roles and responsibilities, the vagaries of elections did not much alter the US approach to the world. But times have changed.

The election of Donald Trump to a second presidential term affirms a fundamental shift in America's relationship with the world. In contrast to other empires, which tended to fall apart slowly over an extended

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period, Americans themselves have decided they no longer want to bear the burdens and distractions of global hegemony.

Americans are no longer confident in the promise and effectiveness of their institutional system, they reject the obligation of answering the world's fire alarms, they are weary of bearing the cost of global security and they see clearly that other states are free-riding on US largesse. The US electorate has been consistently ahead of its politicians in its rejection of the role of 'world policeman'.

The Biden administration's claim that costs borne by the United States in these endeavours are more than returned by having global friends and keeping the wars 'over there' was not sufficient to overcome nagging doubts and grievances. Political gamesmanship over support for Ukraine and other conflicts contributed to the impression that American commitments were optional or, more problematically, 'scams' perpetrated by out-of-touch elites. Those living in other countries, and many living in the United States, might see these issues differently, but they do not vote or they do not vote enough.

Trump, and certainly his national security team, does not appreciate that he was put in power to dismantle US global hegemony. But Trump's bullying transactionalism, his aversion to commitment, his penchant for tariffs and complete indifference to the potential impact that the United States has on other countries can have no other outcome.

It is obvious that permanent damage will be done to the United Nations, international economic institutions, multilateral organisations in which the United States is a member and any international effort to combat transnational challenges. The dissolution began during his first term and will be irreversible after the coming four years. The Americans who elected Trump as their standard bearer will cheer their demise.

But, more worryingly, Trump's national security appointees will not accept the message the Trump electorate has sent them. They will cling to American primacy through ever-escalating military deployments under the rubric of 'deterrence'.

Asian partners should steer clear of whiplash from the collision between Trump's transactionalism and his national security team's fever dreams. This means allies, especially those in the Pacific, can likely continue to count on US security backing, as long as they can demonstrate that they are not free-riding. This has implications for Japan's financing of its defence budget increase, for Taiwan's defence reforms and for other partners stepping up their contributions to their own defence (including purchases of US weapons systems through deals like AUKUS).

DESPITE Trump's claim that he 'doesn't start wars, he stops them', his re-ascension likely portends more turmoil in the world. It is true that Trump's political invulnerability may allow him to make big moves in foreign policy—cultivating personal diplomacy with North Korean Supreme Leader Kim Jong-un and Russian President Vladimir Putin or expanding Israel's diplomatic space. But Trump relishes provoking others. His confidence in being able to avert wars by sowing fear is misplaced and likely to backfire. Biden's modest stabilisation of US–China ties is unlikely to hold and Taiwan is a particularly hot potato in Trump's hands.

The economic implications of

the Trump term will of course be significant, especially for Asia—the most globalised part of the international trading system. The playbook here is familiar, and it revolves around tariffs and bilateral negotiations to increase US exports. It is not clear how much room this strategy has to run in Trump II, but a Trump administration may be more welcoming of foreign investment into the United States, which could alleviate pressure on trade for some countries or sectors.

There will be a further sharp disconnect of the US and Chinese economies. Trump and the Republican Congress are likely to invoke more tariffs, export controls and sanctions leading to global fragmentation, rising costs and slower growth. Businesses will face an ever more complicated picture and are already strategising how to adjust. Many countries in Asia are devising economic hedging strategies and will try to walk a middle line amid deteriorating US–China relations. Whether and how a Trump administration might impose costs for such an approach remains an open question.

We have already entered the transition to a post-Pax Americana world—Trump is an accelerant. This does not mean that the United States will disappear. It will remain the most powerful and wealthy country in the world. But it does leave a vacuum in the international arena and US partners will hopefully step in to provide leadership and public goods.

In this more fragmented, disordered world, US partners in Asia should also pursue more networked security cooperation and regional integration to safeguard peace and mitigate the negative effects of deglobalisation for their economies. Such measures are useful on their own merits, no matter who is in the White House, as the world is set to become a more difficult and dangerous place. EAFQ

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PICTURE: REUTERS / ANN WANG

Diners watch a live broadcast of the US election on the morning news at a restaurant in Taipei (November 2024).

STRATEGIC ALTERNATIVE

Trump-proofing East Asia's economy through elusion

ADAM POSEN

US PRESIDENT-ELECT Donald Trump will put tariffs up across the board, even if only initially as a negotiating tactic. He will increase bilateral tariffs on China and Mexico. The US Congress is likely to withdraw 'Permanent Normal Trading Relations'—that is, most favoured nation treatment—from China, which would be even more aggressive, with even worse consequences.

All else being equal, Trump's tariff increases could yield an economic gain for East Asia in the short term. US exports are likely to become increasingly uncompetitive, while offshoring would continue to flow into the region from China, Europe and the United States—especially if US–Mexico tensions escalate.

But the longer-term damage Trump's policy tactics will do in undermining the open world economy—and the likely political pressures from both China and the United States to choose sides—will quickly overwhelm any benefits. This will increase uncertainty for businesses and governments in the region and right around the world.

PICTURE: REUTERS / BRIAN SNYDER

Donald Trump takes the stage to address supporters at a rally in Palm Beach, Florida (November 2024).

East Asia needs to band together and resist the temptation to play the game that Trump escalates with Xi. The region has advantages in creating its own open markets tied to the rest of the world—both inherently and as an attractive alternative to China and the United States—that it would be well-advised to pursue.

This strategy would emphasise institutional processes and openness, as opposed to doggedly pursuing outcomes in specific industries or trying to cut deals with one or other of the big powers. In contrast to the self-sufficiency driving both Chinese and US industrial policy, this approach would take the agency and markets of third nations seriously, especially in the region's enlightened self-interest.

There are both low-hanging fruits and perennial crops to be harvested from East Asia differentiating its approach from that of the two big powers. In the short term, allowing foreign direct investment from all comers (albeit with extremely narrow national security restrictions) and encouraging cross-border investment in developing economies would rapidly grant a competitive advantage over rivals who restrict technology transfer. East Asia's supply chains would stand out for their efficiency and resilience.

By foregoing the race to high tariffs or rapidly negotiating them into cross-border investment and integration of production, the region would increase the purchasing power of both its households and businesses. Meanwhile, the United States and China would lose price competitiveness in the very industries that they wish to dominate.

Longer-term, the returns to East Asian economies from separate, more open strategies are even greater than those of the United States and China. Those two economies are already on the way to destroying their own competitiveness: by reducing economies of scale; by limiting their competition around protected champions; by supporting 'critical industries' chosen by backward-looking bureaucrats blinded by national security concerns; and by hobbling their ability to invest in research and other public goods by massive escalation of subsidies to production.

AN ASEAN coalition around or with the full membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership that sustains a policy of strategic openness would exert a greater influence over the standards and networks that are essential to today's technology-based trade and consumption.

The vast majority of third nation governments would prefer to play a part in the standards they accept rather than being forced into one or another rival camp. More collaboratively developed standards and functionally interoperable networks can emerge by reaching out to Europe and India or working through plurilateral processes at the WTO.

Of course, there are other goals that matter for foreign and industrial policy beyond exports or manufacturing employment. On all these scores though, the alternative approach to that of China and the United States is clearly superior. More open sourcing of green tech components as well as final products would accelerate the green transition and make it far more accessible to the rest of the world.

The United States and China could end up repeating the self-defeating economic arms race of only paying attention to third nations when the other rival does. This neglect presents not only an opportunity for East Asian foreign policy, but also a need for the region's governments to work with like-minded counterparts on supplying public goods, such as rapid transition to a carbon-neutral economy, that are increasingly under-supplied.

There are both low-hanging fruits and perennial crops to be harvested from East Asia differentiating its approach from that of the two big powers

Sometimes, one cannot beat another at their own game. A better strategy is to choose to do something different. East Asian economies cannot win—either in the narrow sense of achieving industrial parity or in the more meaningful sense of shaping the world's relationship with new technologies—by emulating current US and Chinese trade and industrial policies.

The region simply does not have the fiscal resources, military capacity or ability to make enemies that the United States and China have. Thankfully, there is an alternative strategy, the bastions of open trade and investment, that will benefit the East Asian region and the globe. EAFQ

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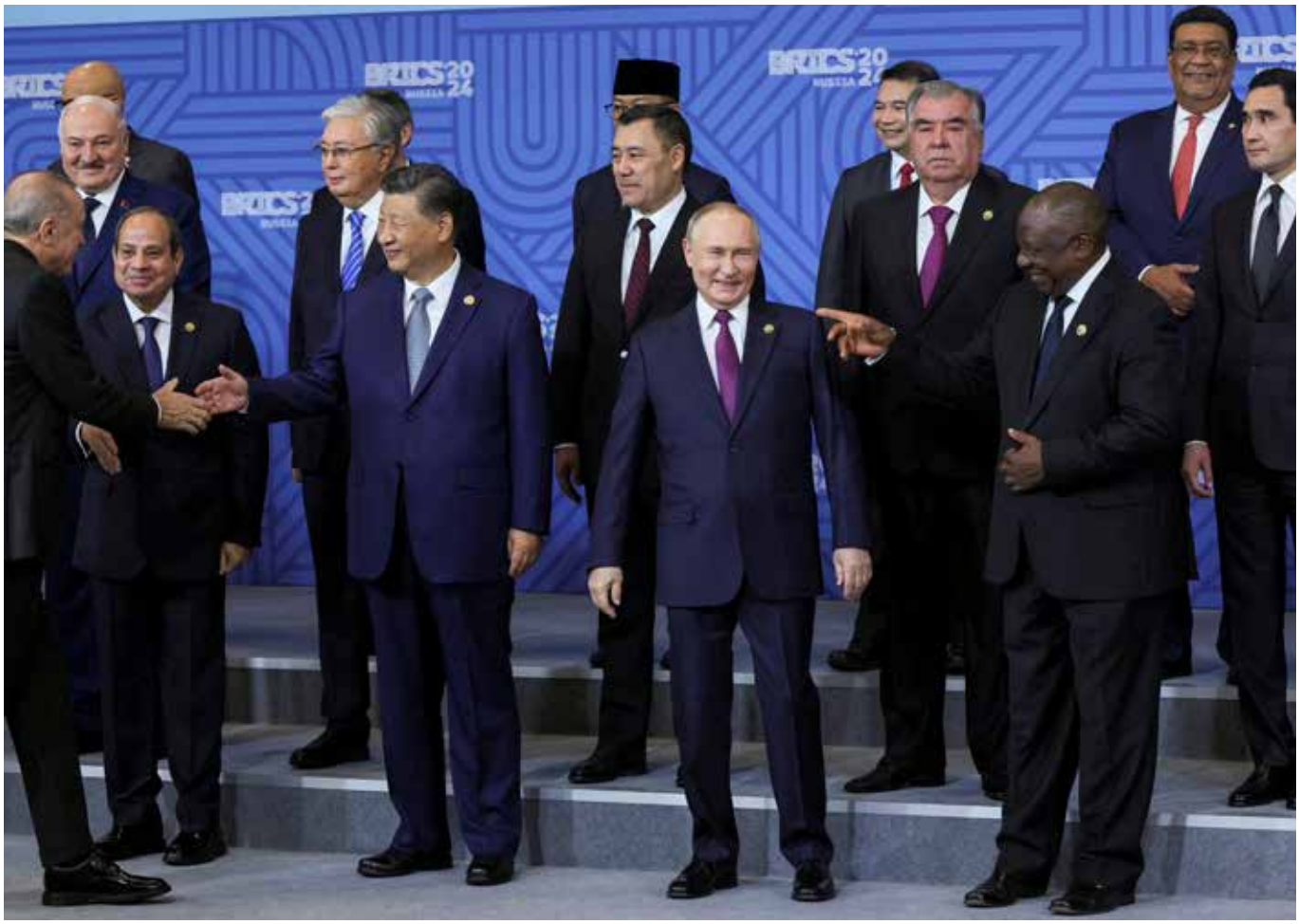
PICTURE: MAXIM SHIPENKOV / POOL VIA REUTERS



BRICS leaders pose for a family photo during the BRICS summit in Kazan (October 2024).

Southeast Asia builds BRICS+ connections as Washington's influence wanes

TRICIA YEOH

AS THE dust settles on the 2024 US election and the world prepares for a second Trump presidency, there is a disquiet that permeates Southeast Asia—the recognition that, as the United States retreats into isolationism, the world order has shifted sharply.

As the United States has been increasingly caught up in managing its domestic politics and economy—primarily by imposing trade barriers on imports for protectionist purposes—the world's attention has moved towards new centres of power.

On 24 October 2024, Malaysia, Indonesia, Vietnam and Thailand, alongside nine other countries from

Africa and Central Asia, became partner countries of BRICS. With these additions, BRICS+ represents 45 per cent of the world's population, 35 per cent of global GDP and nearly 30 per cent of global oil production.

The value of BRICS to Southeast Asia goes beyond statistics, since it is not a formal institutional set-up, nor does it offer concrete market access like multilateral trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership or the Regional Comprehensive Economic Partnership. BRICS is a self-proclaimed 'informal' group of states, and while it does have action plans, agreements and roadmaps, these are non-binding.

The decision of some Southeast Asian nations to join BRICS+ is therefore more of a geopolitical move than an economic one.

As China has risen to power on the back of rapid economic growth and modernisation, Southeast Asia has been increasingly courted by both Western and Asian powers. The region has been historically significant as a trading hub, with valuable goods traversing traditional sea routes, linking markets between East Asia, South Asia and beyond.

Since 2021, various strategies have been put forth by Western powers to boost ties with Southeast Asia, which is geographically well-positioned to counterbalance China and—to a lesser extent—Russia. The EU's 2021 EU–ASEAN Strategic Partnership and Strategy for Cooperation in the Indo-Pacific, as well as the United States' and Canada's respective Indo-Pacific Strategies are Western examples of efforts to actively engage with the region.

From the Southeast Asian perspective, China, a major trading partner for all ASEAN nations, looms large. Territorial maritime disputes in the South China Sea remain a concern, as vessels from Malaysia, the Philippines, Vietnam and Indonesia continue to experience infractions from their mainland Chinese counterparts.

Malaysia's state-owned energy company Petronas has faced objections from China regarding its oil and gas exploration within Malaysia's exclusive economic zone in the South China Sea. While Malaysian Prime Minister Anwar Ibrahim has confirmed that Petronas would continue its exploration activities, his position—especially following escalation in the Middle East since October 2023—has been to publicly tilt towards China and Russia.

The value of BRICS to Southeast Asia goes beyond statistics, since it is not a formal institutional set-up, nor does it offer concrete market access in the likes of multilateral trade agreements ...

BRICS+ membership is hence an indication that Southeast Asian states are hedging against the West to maintain regional strategic autonomy. This enables them to obtain access to a broader market, facilitating increased trade and investment from member nations resulting in economic diversification. It may also facilitate defence cooperation among BRICS+ members, enhancing regional security without relying solely on Western alliances.

Malaysia's decision to join has also been viewed as an attempt to placate domestic sentiment after the Malay majority electorate, whose support is politically crucial, turned increasingly anti-West following the war in Gaza. Anwar's announcement of Malaysia's application to join BRICS was not something that foreign ministry officials were made aware of until after the fact, indicating that this was not part of an overarching strategy.

Recent trends signal that focus is actively shifting towards the Global South. Still, this does not mean that ASEAN centrality has been abandoned.

Southeast Asian countries often consider themselves as individual 'small trading nations', despite the fact that some economies like Indonesia, Malaysia and Vietnam are relatively large and that, collectively, ASEAN is the world's fifth-largest economy. Since individual countries often hedge against both China and the West to safeguard their strategic positions, ASEAN countries have joined a range of multilateral groups, including the Non-Aligned Movement, WTO and APEC.

As a second Trump presidency is likely to become more protectionist and the United States is ever more inward-looking, the rest of the world—Southeast Asia included—is starting to seek alternatives to Western-led minilateralism. While this is a natural consequence of changing global dynamics, there is also a question of what the future of the international

rules-based order looks like.

Moving forward, while hedging against different centres of power globally, ASEAN can and should continue negotiating as a bloc to protect the rules-based environment that it adheres to and benefits from business-wise. To be taken seriously, it should be the beacon that seeks to maintain foreign policy and free trade on the grounds of established norms and guidelines—especially in the areas of energy and climate change as well as supply chain governance—without necessarily waiting for other blocs like the EU to take the lead.

While BRICS is currently the popular bloc, ASEAN nations continue to maintain a robust trade relationship with the United States. Southeast Asian nations gain from maintaining strong ties with Western nations through foreign direct investment and defence.

The question remains as to whether BRICS+ is a positioning tactic that ASEAN nations are willing to use for strategic purposes or a genuine solution that can yield real benefits. While Washington undergoes domestic political consolidation, its foreign reputation will take a hit. Southeast Asia will continue to rely on US investment and trade, but its public positioning may shift elsewhere. BRICS+ is one such example of a geopolitical tool the region will use, but it is just one of many at its disposal. EAFQ

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Will Trump abandon Taiwan?

DAVID SACKS

DONALD TRUMP'S re-election presents Taiwan with a gruelling challenge. Trump, who believes US allies and partners are free riders, has stated 'Taiwan should pay us for defense' and 'doesn't give us anything'. He believes the US–Taiwan trade relationship is stacked in Taiwan's favour, claiming that the island has stolen America's semiconductor industry. He has also questioned whether the United States should or even could defend Taiwan from Chinese aggression.

Most US partners, if they heard such sentiments being expressed about their country, would seek to build other partnerships to hedge their bets, take their security into their own hands or bandwagon and line up behind the other power centre. Taiwan, however, does not have these options. No country other than the United States is willing to underwrite Taiwan's security and Taiwan cannot deter Chinese aggression alone. Deferring to China would, by definition, mean the end of Taiwan's autonomy.

When Trump left office in 2021, Taiwanese officials and citizens were broadly happy with his policies towards the island. On Trump's watch, arms sales to Taiwan and US Navy patrols in the Taiwan Strait increased, while high-level visits by US officials were undertaken. Signalling appreciation for these steps, former president Tsai Ing-wen declared towards the end of the Trump administration that US–Taiwan relations had 'never been better'. In a YouGov , Taiwan was the only place in the Indo-Pacific that preferred Trump over Biden in the 2020 election.

Such sentiment has since shifted. US President Joe Biden declared four times that he would defend the island and has continued to strengthen US–Taiwan ties. Trump, by contrast, has voiced scepticism about defending Taiwan and blamed it for taking the United States' semiconductor manufacturing industry. He reportedly doubted whether the United States could even defend Taiwan if it wanted to. In a July 2024 poll taken just before Biden withdrew from the presidential race, Taiwanese respondents preferred Biden over Trump.

Trump has already signalled that he will pressure Taiwan to rapidly increase its defence budget. Taiwan spends roughly 2.5 per cent of its GDP on defence and has nearly doubled its defence budget over the past decade. But Trump has stated that this figure should be increased to 10 per cent of GDP. Relatedly, while the Biden administration has provided Taiwan with US$900 million in military aid since 2022, Trump's scepticism that the United States benefits from its relationship with Taiwan could also prompt his administration to halt aid on the basis that Taiwan should pay for US military hardware.

While Taiwan is a top 10 trading partner of the United States and plays a critical role in global supply chains, Trump focuses on the bilateral trade balance, viewing it as the best proxy for the fairness of an economic relationship. In 2023, the United States had a bilateral trade deficit of US$48 billion with Taiwan. Trump could very well pressure Taiwan to reduce its trade surplus with the United States by purchasing US goods in bulk or allowing its currency to appreciate.

Even in the effort to onshore semiconductor manufacturing, which received strong bipartisan support in the US Congress under the Biden administration, Trump could chart a fundamentally different course. Through the CHIPS and Science Act, the Biden administration is allocating nearly US$53 billion to expand chip production in the United States and has already awarded TSMC US$6.6 billion to establish a foundry in Arizona. Trump, however, criticised the law for providing 'billions of dollars for rich companies', arguing that a high tariff on imported chips could force companies to 'come and build their chip companies for nothing'. Trump could seek to act on this, halting the awarding of grants and instead levying tariffs on Taiwanese chips.

A second Trump term also raises fundamental questions for Taiwan. Taiwan's leaders have embraced President Biden's framing of this era as 'a battle between democracy and autocracy', arguing that Taiwan stands on the frontlines of that struggle. But this argument is unlikely to move Trump.

Taiwan has also drawn a linkage between Ukraine's fate and its own, with Vice President Hsiao Bi-khim—

> No country other than the United States is willing to underwrite Taiwan's security and Taiwan cannot deter Chinese aggression alone. Deferring to China would, by definition, mean the end of Taiwan's autonomy

PICTURE: US NAVY PHOTO BY MASS COMMUNICATION SPECIALIST 1ST CLASS GREG JOHNSON / ABACAPRESS

A US guided-missile destroyer and cargo ship carry out replenishment operations in the Philippine Sea (March 2023).

formerly Taiwan's representative to the United States—arguing that 'Ukraine's success in defending against aggression is so important also for Taiwan'. Yet many Republicans aligned with Trump believe this demonstrates Taiwan is not addressing the threat that it faces from China with sufficient urgency and should instead support Republican calls for the United States to prioritise China over Europe.

To head this off, Taiwan should convey that it is taking its defence seriously. Setting a goal of spending 5 per cent of GDP on defence and annually increasing its defence budget would be a good first step. Taiwan and the United States could also partner on the development and production of weapons systems such as drones. Despite Trump's statements on the CHIPS and Science Act, Republicans and Democrats both support onshoring, and additional investments by Taiwanese companies in the United States would further demonstrate the value of strong US–Taiwan relations.

While no other country is willing or able to assume the role that the United States has traditionally played in Taiwan's defence, Taipei could strengthen its security partnership with Japan. Such a step would help Taiwan hedge against a United States that may turn inwards or grow more unpredictable during a second Trump administration.

The situation that Taiwan faces, while unique in a sense, also applies to other US partners. They will need to contend with an increasingly capable and aggressive China and a second Trump administration that will likely be transactional and channel the rising isolationism and protectionism in the United States. The continuation of the international order that the United States built following World War II and has underwritten ever since can no longer be assumed. It is premature to speculate what may come in its wake, but Taiwan and other US allies and partners need to prepare for that future. EAFQ

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BUILDING BRIDGES

Japan's balancing act in the Indo-Pacific

KEI KOGA

A NEW regional security architecture in the Indo-Pacific is emerging. The Quad—a strategic consultative grouping including Australia, India, Japan and the United States—has been revitalised since 2017, with regular high-level meetings and the establishment of working groups to address regional challenges, such as disaster relief, climate initiatives, global health, critical and emerging technologies and maritime security.

Other agreements include AUKUS—a trilateral security partnership comprising Australia, the United Kingdom and the United States—established to provide nuclear-propelled submarines to Australia (under Pillar I) and facilitate defence technology and industry cooperation (under Pillar II). The Indo-Pacific Economic Framework for Prosperity (IPEF) also aims to facilitate economic rulemaking in the region. But at the same time, there have been concerns about the potential mutual exclusion of traditional regional institutions, such as ASEAN.

In this evolving regional landscape, Japan has positioned itself as a bridge between traditional and emerging institutional frameworks and must continue to play such a role in today's increasingly turbulent world. Japan is deeply integrated into traditional frameworks—the US 'hub-and-spoke-

system' and the ASEAN-led regional multilateral system, for example—while also being a core member of new initiatives, such as the Quad and IPEF. Japan maintains close ties with AUKUS members and is exploring opportunities for cooperation under Pillar II. This aligns with the strategic interests and objectives of Japan's Free and Open Indo-Pacific vision. These interests include maintaining and enhancing the rules-based international order and there is a strategic opportunity for Japan to redouble its efforts to play such a role.

As no single state can shape an international order alone, Japan has enhanced its diplomatic, defence and economic coalitions with like-minded states and partners.

The Abe administration solidified ties with Indo-Pacific democracies, particularly the United States, Australia and India. The Kishida administration built on this by deepening cooperation with G7 members, particularly following Russia's invasion of Ukraine. This highlighted the importance of the rule of law, democracy and human rights advocacy—all values that Japan considers essential for maintaining peace and prosperity in the Indo-Pacific and across the world.

Japan has also sought to engage with the Global South, a group of developing and emerging states that have different value systems. The Global South has led to the formation of alternative multilateral frameworks, such as BRICS. These frameworks are increasingly influential in shaping sub-regional and regional orders.

While strategic ties within these frameworks are not always stable, they offer alternative standards that could potentially divide the Indo-Pacific. To mitigate this risk, Japan has emphasised the importance of dialogue and collaboration. This is illustrated in former Japanese prime minister Fumio Kishida's 2023 speech, New Plan for a 'Free and Open Indo-Pacific', where he advocated 'rulemaking through dialogues'.

Japan's engagement with the Global South has its advantages. Japan has long cultivated strong political and economic links across Southeast Asia and Africa through the provision of the Official Development Assistance (ODA). More recently, Japan has expanded its cooperative frameworks to include political and security fields, establishing its own Official Security Assistance framework. Through this program, Japan can provide various military capacity-building programs and support soft infrastructure development.

While these efforts are primarily driven by national interests, such as securing natural resources and support for Japan's bid for a permanent seat at the UN Security Council, they are also informed by past criticism. Previously, some of Japan's

PICTURE: THE YOMIURI SHIMBUN

Japan's Prime Minister Shigeru Ishiba uses a smartphone ahead of a session at the APEC summit in Lima (November 2024).

development practices were criticised for being detrimental to the long-term socioeconomic infrastructure of recipient states, leading to issues such as environmental degradation and a lack of human resource development. Japan now emphasises the importance of financial sustainability, economic viability and transparency in its ODA and other development assistance programs.

Tokyo's commitment to sustainable development has driven initiatives such as Japan's own 'Partnership for Quality Infrastructure' and the G7 'Partnership for Global Infrastructure and Investment'. These efforts aim to counter the rise of alternative development standards and practices that may neglect the long-term impacts of ODA on socio-economic infrastructure of recipient states. Japan positions itself in a bridging role between developed and developing states amid the development of the rules-based order in the Indo-Pacific region.

By collaborating with like-minded partners and engaging in dialogue with the Global South, Japan can contribute to maintaining and shaping a rules-based international order

JAPAN still faces major challenges. It has yet to articulate a clear vision for regional institutional architecture. While Japan has emphasised the importance of ASEAN centrality, it remains unclear how new frameworks such as the Quad and IPEF can effectively complement one another. Though there is a growing recognition that these frameworks are not mutually exclusive with ASEAN-led institutions, trilateral arrangements involving Japan, the United States and its allies could risk sidelining ASEAN diplomatically. Instead of choosing between frameworks, Japan needs to present a vision that illustrates how these new and traditional frameworks can work in a complementary manner.

Japan is also likely to face political constraints in taking on diplomatic leadership roles in the future. Japan's October 2024 lower-house election resulted in the loss of a majority among the Liberal Democratic Party and Komeito party, forcing them to negotiate with opposition parties on budgets and policies. Prime Minister Shigeru Ishiba's strategic visions—establishing an 'Asian NATO' and revising the Status of Forces Agreement with the United States—remain controversial. As a strong domestic political foundation is crucial for consistently driving diplomatic initiatives, Ishiba must manage his diplomatic and political capital efficiently in pursuing these strategic visions.

Donald Trump's return to the White House in 2025 will introduce strategic unpredictability to US foreign policy. Favouring bilateral engagements over multilateral ones, the Trump administration may be less active in regional forums in the Indo-Pacific, particularly ASEAN-led multilateral institutions. Trump's transactional approach to diplomacy is likely to diminish US commitments to IPEF. In this scenario, Japan would become essential in maintaining the region's cooperative frameworks. This would require the Ishiba administration to craft a vision of regional institutional architecture in the Indo-Pacific. It must also share this vision with Washington to ensure cooperation and coordination with the United States.

Japan positions itself in a bridging role between developed and developing states amid the development of the rules-based order in the Indo-Pacific region

Despite these challenges, Japan's diplomatic position in the Indo-Pacific region offers important opportunities. By collaborating with like-minded partners and engaging in dialogue with the Global South, Japan can contribute to maintaining and shaping a rules-based international order. These are critical and immediate tasks for Ishiba's administration. Japan's proactive engagement and strategic leadership will be vital for ensuring peace and prosperity in the Indo-Pacific. EAFQ

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PICTURE: COSTFOTO / NURPHOTO

Rows of photovoltaic solar panels cover a hill in Pingjing village in Anqing.

Innovation integral to China's techno-industrial transformation

ANDY YEE

DURING a September 2023 inspection tour of China's northeast rust belt, Chinese President Xi Jinping introduced the phrase 'new productive forces' for the first time officially. Xi later called on officials to 'integrate scientific and technological innovation resources, lead the development of strategic emerging industries and future industries and accelerate the formation of new productive forces.'

By the 2024 Two Sessions, 'new quality productivity' had become a buzzword and was identified by Chinese Premier Li Qiang as the top task in his *Report on the Work of Government*. Fostering new, quality productive forces was reiterated in July's Third Plenum. The concept has become a central feature of Xi's ideological contribution to the Communist Party of China's development theory.

This is not the first time that China has promoted industrial modernisation and technological innovation. Since 2006, China's industrial policy has focused on promoting high-tech industrial sectors, identifying 16 megaprojects ranging from drug discovery to large passenger aircraft construction as priorities. In the wake of the global financial crisis and related stimulus spending, China rolled out a program

in 2010 to promote strategic emerging industries, including information technology, biotechnology and precision machinery. The Made in China 2025 strategy, announced in 2015, identified key technologies—such as 5G, artificial intelligence (AI) and semiconductors—in which China could achieve global leadership.

These industrial programs may have produced some successes. China now leads the world in terms of aggregate research outputs in 53 of the 64 critical technologies identified by the Australian Strategic Policy Institute. In fields such as electric vehicles, high-speed rail and renewable energy, China is at or near the technological frontier.

But significant challenges remain in China's technological innovation capability. With fewer advantages in many established industries, such as semiconductors and pharmaceuticals, China faces chokepoints in critical technology supply chains.

Linkages that connect research institutes and firms are also in need of strengthening—less than four per cent of China's research outputs have been translated into industrial innovation capabilities and commercially successful products. As of 2022, China's Ministry of Industry and Information Technology (MIIT) estimated that strategic emerging industries accounted for around 13 per cent of GDP, lower than its original target of 15 per cent.

Promoting industrial transformation has taken on economic and geopolitical significance. Economically, China is transitioning from double-digit investment-led growth since reform and opening in 1978 towards an economic structure that prioritises quality over quantity. Leveraging technological innovation to develop new growth models and drivers will be key to sustainable economic growth. Geopolitically, China's rise as an industrial superpower has also led to speculation over a possible US–China power transition.

PICTURE: COSTFOTO / NURPHOTO

Workers at Qingdao Wushun Auto Mold Parts manufacture automobile parts on a production line in Shandong province.

TO UNDERSTAND China's industrial transformation, it is helpful to employ the techno-industrialist Aaron Slodov's model of the industrial base comprising three components—capacity, execution and application.

At the capacity layer—represented by production capacity, capital equipment and raw materials—China leads globally with the largest integrated manufacturing economy. It is the only country in the world with output across all the industrial categories in the United Nations industrial classification. China's 12,000 'little giant' enterprises occupy a niche market and supply firms domestically and globally.

In 2023, China's total value-added industrial production approached 40 trillion renminbi (US$5.57 trillion), accounting for 31.7 per cent of GDP. China also accounts for approximately 30 per cent of global manufacturing value-added and, according to statements from the MIIT, it outranks others globally in terms of output in more than 40 per cent of 500 major industrial products.

China's integrated production capacity provides a strong foundation for the development of high-tech industries. Strategic emerging industries including semiconductor and renewable energy are supported by traditional industries such as metallurgy, chemicals and heavy machinery. In turn, traditional industries are often the largest customers of high-tech industries as they catch up to the technological frontier. The vast scale of China's unique industrial base provides favourable conditions for domestic industries to upgrade by redefining technical standards and products. It is in this context that Xi has vowed to 'establish the new before abolishing the old'.

The execution layer—where tacit and trade knowledge turn raw industrial capacity into commercial products and applications—is dependant on skilled engineers and workers with the knowledge to operate factories and equipment and to produce critical goods. China has a well-developed talent pool required for the execution of a complex industrial economy. Its engineering education system is the largest in the world, boasting more than 6.7 million undergraduates majoring in the field. It has more than 200 million skilled workers, constituting 26 per cent of China's total workforce.

But two gaps in China's industrial value chain frequently cause difficulties, as Barry Naughton explains. There is a lag between scientific discoveries and technological solutions and between the realisation of successful products and new technologies. To improve the execution capability of its industrial economy, China has established innovation consortia as a centrepiece policy to bridge all possible gaps in innovation and supply chains.

Numbering in the hundreds, these consortia bring together scientific, technical and commercial entities to foster collaboration for specific engineering or product objectives. These firms and research institutes are brought together in high-tech clusters. For example, Shanghai is building 53 specialised industrial parks, many of which focus on integrated circuits, biopharmaceuticals and AI.

Huawei is by far the most important private sector driver of China's new semiconductor industry policy. It is working with suppliers and research institutes to build a fully domestic semiconductor supply chain encompassing electronic design automation (EDA), lithography, materials and packaging technologies. Included in the consortium are domestic foundry Semiconductor Manufacturing International Corporation, memory chip-maker Fujian Jinhua, EDA developer Empyrean, lithography leader Shanghai Micro Electronics Equipment and key national laboratories and universities. The release of Huawei's Mate 60 smartphone which uses a 7-nanometre chip shows how highly coordinated cooperation can translate engineering achievements into commercially useful products.

At the application layer of the industrial base model—the actual amount of goods produced—China has made significant inroads in high-quality products like electric vehicles, green building materials and smart household appliances. In February 2024, seven ministries released guidelines identifying future industries—from manufacturing, information and communications technologies (ICT) to materials, energy, space and health—and envisioning products ranging from humanoid robots to digital tourism.

To improve the execution capability of its industrial economy, China has established innovation consortia as a centrepiece policy to bridge all possible gaps in innovation and supply chains

But successful applications and products emerging out of a modern industrial system are often driven by the disruptive and profit oriented nature of market forces. It may be necessary to instil a dose of Schumpeterian creative destruction in China's industrial planning, with more clearly defined roles for the government and market.

A more important dimension of application could be the institutional diffusion of new technologies across the economy, leading to broadly distributed productivity growth and industrial competitiveness. In this respect, China's diffusion capacity—the ability to use and adopt emerging technologies—significantly lags behind its innovation capacity.

Historical cases show that an emerging power with a diffusion deficit is less likely to sustain its rise and China's position as an industrial power depends on its ability to deploy general-purpose technologies, such as

In today's age of open technological systems, the developmental benefits of the leading dragon phenomenon could be even more pronounced and widespread

AI and ICT, across industries at scale.

This layered conception of China's industrial system demonstrates how a positive feedback loop has the potential to propel China as an industrial superpower. Starting at the application layer, strategic emerging industries such as AI, 5G and renewable energy provide windows of opportunity opened by new technologies and market space for China's industrial leapfrogging.

At the same time, the application of general-purpose technologies in a broad swath of sectors will lead to substantial improvement in industrial competitiveness. This is akin to the rise of the United States in strategic industries, such as vehicles and chemicals with assembly line production, and Japan in consumer electronics and home appliances with lean production methods.

Using market demand from the application layer, the capacity layer can grow independent technical capabilities across a broad range of traditional industries and suppliers, strengthening their capacity to serve the upper layers of the industrial system. In turn, entities at the execution layer will be incentivised to improve their management and execution capabilities to better coordinate China's industrial resources and respond to competitive pressures at the application layer.

To realise this positive feedback loop, further reforms in China's economic system will be necessary for market forces to operate within and across industrial layers. According to China Pathfinder—a project led by the Atlantic Council and Rhodium Group to track China's trajectory relative to open market economy norms—China has made progress compared to its own 2010 baseline. But further progress has stalled in key dimensions, including market competition, modern innovation systems and trade openness. This partially reflects the recent politically driven prioritisation of national security, self-reliance and wealth redistribution at the expense of economic development and entrepreneurship.

Many of the country's private technology-platform companies such as Alibaba and Tencent suffered crackdowns in 2020. At the same time, the prevalence of state-owned enterprises (SOEs) is crowding out private business dynamism. Given the large productivity gaps between SOEs and private firms, China's total-factor productivity growth has stagnated. As a result of China's turn from market reforms, private investment and foreign capital flows have plunged. In the third quarter of 2023, foreign direct investment into China turned negative for the first time since records began in 1998.

These developments will hinder further industrial upgrading. As Naughton explains, there are fundamental contradictions between the government's emphasis on control and the disruptive profit orientation of a modern industrial system. Excessive government intervention will stifle innovation and obstruct China's technological progress.

In response to slow economic recovery and business confidence post-COVID, China has been easing its regulatory crackdown on technology companies since early 2023. At the 2024 Third Plenum, measures were announced to boost private companies and their equal treatment with SOEs. For China to achieve sustained industrial and productivity growth, it is important that these are not merely tactical adjustments but durable structural reforms.

A CHINA that is moving up the industrial and productivity ladder has ramifications in the world economy. Driven by rapid industrial upgrading and investment surges during the pandemic, a new wave of overcapacity has emerged, extending to traditional and high-end industries, ranging from petrochemical, power battery and mature semiconductors to electric vehicles.

This is exacerbated by geopolitical tensions that counteract existing frameworks for international economic coordination. The result is international economic and trade imbalance. Over the past three years, China's average annual trade surplus in industrial goods has exceeded US$1.6 trillion, nearly double the average of US$860 billion during the period 2010–2019.

This underscores the necessity for an innovation-friendly environment that is sufficiently open and cooperative at home and

abroad. There is still a long way to go in upgrading China's innovation capacity and new productive forces. But future investments and capacity expansion must adhere to supply and demand principles within an open market economy framework to prevent overcapacity. This needs to be complemented with macroeconomic and structural reforms to raise the level of household income, which will fundamentally increase domestic demand and reduce the pressure of overcapacity.

Doing so will alleviate strains on international economic and trade relations and allow China to continue to integrate into global innovation and production networks, bringing economic benefits to the world. As Japan moved up to more capital-intensive industries in the 1950s, the flying geese model spurred industrialisation in developing countries throughout Asia as more labour-intensive industries migrated to the region. Today, China can stimulate similar developments for the Global South at a much larger scale. Former World Bank chief economist Justin Yifu Lin describes this scaled up version of the flying geese model as a 'leading dragon' model.

In today's age of open technological systems, the developmental benefits of the leading dragon phenomenon could be even more pronounced and widespread. The global distribution of industrial resources, talent and research advances are more decentralised than ever. But the spread of digital connectivity, AI, robotics and organisational innovations makes a new wave of technology-oriented supply chains possible. Emulating Japan, China could emerge as a future catalyst of these high-tech supply chains and ecosystems.

As Chinese Academy of Social Sciences researcher He Jun emphasises, no manufacturing power has ever caught up under closed conditions. Adopting an inclusive mindset is required for China to build an international industrial community with both advanced and developing countries, sharing industrial capabilities and benefits. An example is the joint development of the nascent industrial internet ecosystem, combining China's information technology advantages and Europe's production, operation and industrial software strengths.

China is at a critical juncture in its industrial transformation. It now has a complete industrial and manufacturing system encompassing the capacity, execution and application layers. By steering that system towards being more innovation-driven, technology-enabled and market-incentivised, China has the potential to become a world-class industrial power.

Such an achievement will have significant implications for global economic and political balance. Provided that China adopts macroeconomic and structural reforms and continues to be deeply integrated into global innovation markets and production networks, its emergence as an industrial power can be beneficial to the global economy and the industrialisation of developing countries. EAFQ

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PICTURE: REUTERS / FLORENCE LO

A staff member operates a robot developed by UniX AI at the World Robot Conference in Beijing (August 2024).

Vietnam's Mekong Delta farmers caught in overlapping currents

MUCAHID MUSTAFA BAYRAK

MOST commentary on the Mekong Delta and strategies for its adaptation to climate change begins by highlighting the multiple climate stressors affecting the region. But its farmers' livelihoods are shaped by broad political and economic forces that muddy the definition of 'climate adaptation'. These broader and multiple local perspectives are at risk of being ignored by policymakers and analysts.

The delta and other areas in the Greater Mekong Subregion are often observed through a narrow climate-focused lens. Adaptation strategies are discussed in a climate-specific context, ranging from the global to the community scale.

Many studies that focus on initiatives at the national and local levels develop their research and data collection with local communities, governments and other stakeholders in a way that excludes the priorities of the primary stakeholders. Academics usually classify actions responding to

PICTURE: REUTERS / ATHIT PERAWONGMETHA

A farmer prepares a rice field affected by sediment in Mekong Delta's Soc Trang province.

climate change as either 'adaptation' or 'maladaptation'.

This binary approach considers that coping strategies, adaptation initiatives or transboundary challenges to water governance in the Greater Mekong can only be understood as they relate to the adverse impacts of the global climate crisis. While these studies provide interesting insights, they fail to take account of valuable local perspectives and narratives that may not directly relate to climate change—though they are extremely relevant to the communities' livelihoods and wellbeing. There is also no consensus on which impacts can be directly attributed to climate change versus other human led drivers of global change. In other words, what exactly are communities and individuals adapting to?

Based on studies conducted from 2021 to 2024 with experts, government officials and local households for a project on environmental mobilities in the Mekong Delta, it seems that many cases in the delta do not easily fit into the categories of adaptation or maladaptation. For instance, a farmer in Vietnam's Cho Moi district of An Giang province had transitioned from farming rice to other crops like corn and vegetables. He complained that the lack of flooding had forced him to increased reliance on chemical fertilisers due to the absence of natural sediment inflows and soil degradation.

But the average prices of these fertilisers tripled from January 2020 to August 2022 in large part due to Russia's invasion of Ukraine. Even when the community decided to open the floodgates in their fully enclosed dyke system, water levels remained low. The farmer thought that this might be due to upstream hydropower development in the countries along the Mekong River.

Local governments have provided training for mixing compost and cattle manure with chemical fertiliser, but framing these agricultural transitions and adjustments as successful climate adaptation strategies is difficult. Though the farmer's income did increase after transitioning away from rice farming, he faced new vulnerabilities from the effects of climate change and human led drivers of environmental change. He complained that unpredictable weather events largely destroyed his corn yield in 2023. But he was generally focused on issues extraneous to the direct impacts of perceived weather unpredictability.

Another farmer, also from the Cho Moi district said that she transitioned from rice farming to growing corn and mangoes cultivated from Taiwanese seeds and raising cattle. She used 3500 square metres of land to grow mango trees. Chinese middlemen had entered the community and encouraged local farmers to grow Taiwanese-seeded mangoes for export to China. Many farmers who were enticed by the potential profits began cultivating mangoes.

But due to strict COVID-19 lockdowns, farmers in her community could not export their produce to China. Many mangoes had to be thrown away even though the crop required significant growing time and fertiliser. That farmer expressed relief that exports were subsequently opened up but felt that if faced with the same challenge again, she would abandon agriculture entirely and rent out her land to other farmers. She also seemed to care less about the actual impacts of climate change compared with pocketbook issues.

The findings—while anecdotal—highlight the complex, translocal and transboundary forces shaping

> Farmers in the Greater Mekong Subregion, including the Mekong Delta, face numerous challenges, including saline intrusion, unpredictable rainfall, droughts, intensified flooding and severe water shortages

farmers' experiences in the Greater Mekong and beyond. Farmers' pathways to their livelihoods are not solely responses to climate change. Rather, they are intertwined in issues that span from the global to the local. Some farmers send remittances to their children in urban areas—many of whom lost their jobs due to the COVID-19 pandemic but are discouraged from returning to their villages for fear of missing out on new employment opportunities in the cities.

Many Vietnamese women enter overseas marriages with men from countries such as China, Taiwan, and South Korea. These women often come from families that have sold or rented out their land as they struggle to transition away from rice farming. A significant factor in this is the marriage broker business in these communities, with women spreading word-of-mouth advertisements.

Instead of trying to filter out these

considerations from climate change adaptation, policymakers might be advised to embrace all these seemingly irrelevant details to allow for a more community-oriented and complete understanding of climate-related issues in the delta. Communicating and understanding the issues facing rural communities in the delta requires policy that is grounded in the affected population's needs, circumstances and incentives. A community-oriented perspective that unassumingly engages with the delta's residents can complement the more ubiquitous climate lens.

That is not to say that the Vietnamese government and other stakeholders are not concerned about climate change and its consequences in the Mekong Delta. Adopted in 2017, Vietnam's Resolution 120/NQ-CP on sustainable and climate-resilient development of the Mekong River Delta—perhaps the most clearly articulated vision of human-centred development for the delta—aims to restructure agriculture by prioritising aquatic products, fruit trees and rice while promoting the sustainable use of resources.

> Even though a climate-change blame game stands to benefit no one, it is clear that geopolitics and unequal power relations play an enormous role in discussions on the compounding effects of upstream hydropower development

Instead of keeping brackish water out, the government's vision is for residents to live with fresh, brackish and briny water. These three types of water can all be seen as valuable resources. Farmers have thus needed to transition their agricultural systems to accommodate changing priorities. This means that many farmers in the region must transition to extensive shrimp farming or rotational rice–shrimp farming due to the government's adaptive framework for managing brackish and saline water.

During the flood season, farmers grow rice and leave the excess rice straw in the field, which shrimp consume as it decays. The straw left in the field becomes organic fertiliser, a process some experts describe as a nature-based model. Classifying the transition to these systems as bottom-up is difficult.

While transitioning to rice–shrimp farming made some farmers more resilient to climatic change, experts and government officials have acknowledged in interviews that not all farmers could successfully adapt. Some lacked the necessary skills or capacity and others were poor or landless farmers. Some farmers sell or rent out their land or machinery, while others migrate out of the community—either permanently or seasonally. Many of these new rural-to-urban migrants are being classified by both policymakers and academics as 'climate-induced migrants'—a politically charged label.

Water scarcity is a serious challenge in the Mekong Delta. The Vietnamese government and international donors invest significant capital in 'technofixes' such as dyke flood-management systems, levees, sluices and reservoirs. Increasing attention is also being given to green solutions such as optimising delta and wetland systems to absorb and store large amounts of water during the flood season.

GIVEN that the Mekong Delta is one of the most human-modified deltas in the world, a successful adaptation strategy at the local community level needs to be framed with attention to the impacts of human and natural forces. Local governments might decide, for example, to open sluice gates—turning freshwater reservoirs brackish—while arguing that sea level rise will eventually do the same anyway. Local farmers must then adapt to the dual challenges of climate change and top-down decision-making.

Transitioning to rice–shrimp or intensified shrimp farming is often hailed at the local level as a win–win: a win for adaptation and a win for farmers' livelihoods. But policymakers need to keep sight of the losers in this 'win–win' scenario.

Although individual farmers can develop successful initiatives to cope with the adverse impacts of environmental change, treating them as frontline responders to climate change—simply adapting to global shifts—fails to capture the complexities of their pathways to earning a living. It is likely that a farmer who has transitioned to growing mangoes from Taiwanese seeds is not responding to climate

change but to the impacts of broader forces within the political economy of agriculture in the Mekong Delta.

Regional stakeholders continue to underscore the need for integrated solutions to the delta's complex issues, such as climate-resilient policies. They also advocate for improved labour and education systems, industrial decentralisation and regional cooperation to address upstream water management. Industrial decentralisation stands out as a policy option because significant investments are already being made in industrial parks within rural areas and urban outskirts in the delta. Often driven by foreign direct investment, these projects focus on biotechnology and high-tech agriculture among other sectors. Many of the delta's farmers either work in these industrial parks themselves or have children who do so.

Perhaps because of efforts to curb urbanisation or upscale agricultural value chains, the rural–urban dichotomy traditionally associated with the Global South does not apply to the Mekong Delta. Living in rural areas while pursuing livelihoods outside of agriculture is becoming relatively commonplace. Rural factory workers often cause long traffic jams commuting from home and back.

These factory workers are difficult to classify as rural-to-urban migrants, but their situation invites consideration of whether the shift towards non-farming livelihoods can be considered an adaptation strategy. The primary focus on 'vocational training and human resource development' in Vietnam's Resolution 120/NQ-CP suggests that this shift aligns with the government's framework for building climate resilience.

Farmers in the Greater Mekong Subregion, including the Mekong Delta, face numerous challenges, including saline intrusion, unpredictable rainfall, droughts, intensified flooding and severe water shortages. Exacerbating these effects are upstream hydropower dams, severe land subsidence, illegal sand mining and unsustainable agricultural policies. These factors significantly contribute to environmental degradation, disruption of the delta's regular hydrological regime and loss of livelihoods. Transboundary and regional cooperation through initiatives like the Mekong River Commission and Lancang-Mekong Cooperation are essential. Various

REUTERS / FRANCESCO GUARASCIO

Measuring 128 metres high and 970 metres long, Vietnam's Hoa Binh hydroelectric dam is one of the largest of its kind in Southeast Asia.

policy recommendations are being made to enhance this cooperation.

Geopolitical finger-pointing on climate change is best avoided. When policymakers debate whether policy decisions or other climate-related factors are the primary cause of the transboundary issues arising from hydropower development it becomes a zero-sum game. Even though a climate-change blame game stands to benefit no one, it is clear that geopolitics and unequal power relations play an enormous role in discussions on the compounding effects of upstream hydropower development.

Policymakers should not treat communities at the forefront of climate change as homogenous entities that can 'adapt' autonomously to its adverse effects. These residents are entangled in complex top-down environmental, socio-economic and political changes. Global forces can make it unclear what practices can be considered climate change adaptation, maladaptation or more generalised reactions to the intersecting influences in the delta.

Enhanced cooperation among countries with stakes in the Greater Mekong Subregion should move beyond the mere management of transboundary water issues to address the full scale of transboundary interactions beyond water governance. These include the economic and social interactions between communities, economies, value chains and governments in the Mekong Delta that shape farmers' livelihoods.

An approach that is more comprehensive would tackle diverse questions that impact the trajectories of adaptation to environmental change, including climate change. For example, policymakers in the delta could consider whether guarantees can be made that exports of agricultural products to China—such as mangoes grown from Taiwanese seed—will not be disrupted again during a future pandemic. They could also investigate how illegal sand mining in the region contributes to rapid urbanisation and pursue mitigation strategies.

Policymakers promoting climate adaptation could even consider transnational marriage migration, finding methods to reduce human trafficking or human rights abuses that occur through this phenomenon. Centring and boosting community wellbeing in the Mekong Delta will positively impact residents' abilities to adapt to the dynamic transboundary forces affecting their everyday lives.

Viewing adaptation beyond a climate lens opens new avenues for research and policy responses that embrace complexity. Details that may initially seem irrelevant might shed light on the processes that contribute to climate-resilient households and communities in the delta and the Greater Mekong Subregion. EAFQ

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EASTASIAFORUM

Japan–South Korea cooperation could thrive under Trump

YOSHIHIDE SOEYA

PRESIDENT-ELECT Donald Trump's 'America First' approach and 'anti-establishment' governing philosophy suggest that he will stick to his isolationist and exclusionary foreign policy, which could lead to a shift in global power dynamics. International politics and economic institutions founded on rules-based multilateralism may well be restructured without the active participation of the United States.

Trump's domestic support base includes many voters who have distanced themselves from the Democratic establishment. The Republican establishment—particularly globalists and neoconservatives—who were a presence during his first administration from January 2017 to January 2021 appear diminished in the upcoming administration. As a result, the trajectory of international politics and economics under Trump will likely be shaped by more transactional, deal-driven diplomacy, with party

PICTURE: REUTERS / MIKE BLAKE

Diners watch a broadcast in a food court in the Los Angeles neighbourhood of Koreatown as Singapore hosts a summit between US President Donald Trump and North Korean leader Kim Jong-un (June 2018).

politics functioning less effectively.

The second Trump presidency, which will mark a significant departure from US foreign policy approaches, provides a unique opportunity for Japan and South Korea to become a hub for minilateral cooperation in East Asia. Two key minilateral frameworks for Japan and South Korea are trilateral security cooperation between Japan, South Korea and the United States and the security partnership known as AP4, which includes Japan, South Korea, Australia and New Zealand.

The primary focus of Japan–South Korea–United States security cooperation remains North Korea. During Trump's first term, two United States–North Korea summits took place—first in Singapore in June 2018, then in Hanoi in February 2019.

North Korean leader Kim Jong-un's decision to repeatedly leave North Korea for these meetings was a bold decision with uncertain prospects of success. Kim's obvious goal was to ease the economic sanctions imposed by the international community. It is also possible that Kim had a broader strategy: by de-escalating tensions on the Korean peninsula, he aimed to entice Trump to reduce or withdraw American troops stationed in South Korea.

But the strategic landscape surrounding North Korea has shifted since these summits. North Korea has made significant advances in its nuclear and missile capabilities, further bolstering its defences while adopting an increasingly hostile posture towards South Korea. The country has also deepened its military alliance with Russia. Given these developments, the current strategic environment is far less conducive to Trump seeking any kind of deal with Kim.

A surprise could come in the form of Trump attempting to strike a deal acknowledging North Korea as a nuclear-armed state. Such an agreement would require North Korea to make significant concessions, sufficient for Trump to assert a diplomatic legacy of being the US president who made progress on North Korea.

CONVERSELY, Trump could show little interest in addressing the North Korean issue, leaving Japan and South Korea to shoulder the burden of managing regional challenges. In either scenario, such unilateral actions by Trump would signal a weakening of Japan–South Korea–United States security cooperation. Over the next four years, officials in Tokyo and Seoul may find themselves navigating the challenges and unpredictability that Trump's actions could provoke. But this situation also creates an opportunity for Japan and South Korea to take the initiative in strengthening their bilateral communication and cooperation, proactively addressing regional security concerns.

The 2023 Japan–South Korea–United States Camp David Summit demonstrated the potential for enhanced regional cooperation. The meeting was only possible due to improving relations between Japan and South Korea, under the leadership of President Yoon Suk-yeol and then-Prime Minister Fumio Kishida. This suggests that the Trump era and the possible US retreat from the region will offer a unique opportunity for Japan and South Korea to jointly take the lead and become key players in multilateral cooperation in general and a minilateral framework of cooperation in particular.

The Asia-Pacific Four (AP4) group, which includes Japan, South Korea, Australia and New Zealand provides an equally significant avenue for cooperation. The leaders of these four countries have attended NATO summits for three consecutive years, holding AP4 leaders' meetings on the sidelines in June 2022, July 2023 and July 2024. AP4 represents a 'middle-power quad' in the Asia-Pacific with the potential to strengthen the regional security framework while engaging in European security matters.

A practical step forward would be establishing multilateral Acquisition and Cross-Servicing Agreements among AP4 military forces. These agreements could initially focus on non-traditional security areas, such as disaster relief and human security, before expanding into more complex defence cooperation.

The biggest obstacle to rational and effective minilateral security cooperation in the Asia-Pacific remains the tensions between Japan and South Korea. But progress in Japan–South Korea–United States cooperation has shown that if relations between the two neighbours can be improved significantly, the potential for broader minilateral security initiatives in the region would be greatly enhanced.

The next four years of the second Trump administration present a crucial opportunity to institutionalise a minilateral cooperative framework centred around Japan–South Korea collaboration, with minimal US intervention. Such a framework could foster deeper regional security ties and pave the way for a more resilient security architecture in the Asia-Pacific. EAFQ

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Trump's return a spanner in the works

MELINDA MARTINUS

US PRESIDENT-ELECT Donald Trump's second term poses a major risk to climate governance and energy transition among countries in ASEAN, potentially undermining Southeast Asia's efforts to achieve net-zero targets and derailing its shift towards cleaner energy.

During his first term in office from 2016 to 2020, Trump championed fossil fuel expansion, withdrew from the Paris Agreement and dismantled significant environmental protections. His administration rolled back clean air and wildlife regulations and drastically reduced the budget for the United States Environmental Protection Agency, prioritising short-term economic gains over long-term environmental sustainability.

Outgoing President Joe Biden has worked to restore US leadership in global climate diplomacy. His administration embraced climate action through key initiatives, including appointing influential figures like Senator John Kerry as the US special presidential envoy for climate and passing transformative domestic policies such as the Inflation

PICTURE: REUTERS / AJENG DINAR ULFIANA

A vendor pushes a cart through a flooded area affected by land subsidence and rising sea levels in Jakarta.

The incoming Trump administration is expected to prioritise US energy dominance on the global stage, withdrawing support from multilateral climate frameworks and disrupting green trade and supply chains

Reduction Act. The Act incentivises companies to accelerate clean energy production and invest in sustainable infrastructure, strengthening US dominance in green technology while creating new jobs to support the economy's recovery in the post-COVID-19 pandemic era.

Biden's commitment to climate change and multilateralism is evident through the establishment of the Just Energy Transition Partnerships (JETPs) with ASEAN nations, including Vietnam and Indonesia. These partnerships mobilise international financing—US$20 billion for Indonesia and US$15.5 billion for Vietnam—and prioritise private sector involvement, renewable energy development and a 'just transition' that accounts for the socio-economic impacts on local communities, although the rollout of JETPs has faced criticism for lacking attractive funding packages and encountered political challenges in recipient countries.

Through these initiatives, the United States not only demonstrates leadership but also aligns its actions with broader strategic interests in the Indo-Pacific region, particularly as China's dominance in the green technology supply chain and investment in ASEAN continues to grow. According to the *Southeast Asia Climate Outlook* conducted by the ISEAS–Yusof Ishak Institute, China is increasingly seen as a leading provider of climate expertise, practical capabilities and technical know-how in ASEAN. According to some estimates, China currently holds a 90 per cent market share in key photovoltaic solar production and supply chains in Asia.

The incoming Trump administration is expected to prioritise

PICTURE: REUTERS / MURAD SEZER

Global environmental activists protest against the gas industry during COP29, Azerbaijan (November 2024).

US energy dominance on the global stage, withdrawing support from multilateral climate frameworks and disrupting green trade and supply chains.

Amid the volatile fluctuations in global oil and gas prices, driven by the ongoing geopolitical instability in Ukraine and the Middle East, the United States will likely prioritise energy security over its climate commitments. For instance, following Hamas' attack on Israel in October 2023, the Israeli government shut down production at its Tamar gas field, significantly reducing gas flows to neighbouring Egypt. This disruption has impacted Egypt's ability to export roughly half of its gas via seaborne tankers, much of which is destined for Europe. Political instability in the Middle East could lead to increased domestic fossil fuel extraction in the United States as it seeks to shield itself from global energy supply disruptions. Trump's focus on national security and reducing the cost of energy—core tenets of his electoral platform—only reinforce this pivot.

Trump secured millions of dollars in donations from oil executives during his campaign, suggesting a financial influence that may guide his policy decisions. It is likely that Trump's administration will seek to appease the oil and gas sector by enacting policies that favour fossil fuel interests. For ASEAN, the broader implication of Trump's focus on energy security over climate issues would be his prioritisation of fossil fuel exports. This is likely to encourage ASEAN nations to increase their reliance on coal and natural gas and undermine their own clean energy goals.

Trump's administration is also likely to exit the Paris Agreement and reduce US participation in multilateral climate forums. Such a move would be particularly disappointing for ASEAN countries that have received promises under JETPs. The rollout of JETPs under outgoing President Joe Biden has faced challenges. Despite the substantial funds pledged, countries have significant financing gaps in their energy transition plans.

Indonesia needs US$66.9 billion to fund over 400 priority projects to meet its 2030 energy transition goals, and even though it has been promised US$20 billion in JETP funding a 70 per cent funding gap remains. Similarly, Vietnam requires US$135 billion to overhaul its electricity sector, including halting new coal plant permits and investing in renewable energy. Despite receiving US$15.5 billion from JETPs, the country still has an 89 per cent funding gap. Critics also argue that the JETP financing packages are less attractive because much of the funding consists of concessional loans and private financing with limited grants and technical assistance.

TRUMP'S trade protectionism, particularly targeting 'foreign entities of interest' and adding more tariffs on exports, could disrupt Southeast Asia's green energy supply chains. Many renewable energy components, such as solar panels, rely heavily on Chinese manufacturing. ASEAN nations, especially Indonesia and Malaysia, depend on Chinese investments to enhance their capabilities in electric vehicle batteries and semiconductors—key components needed for a clean energy transition. This reliance on China for advanced technology and manufacturing could hinder energy transition efforts if Trump introduces policies that impose trade barriers, such as increased tariffs and sanctions on China, discouraging ASEAN from boosting production for the US export market.

A Trump presidency presents challenges to ASEAN's energy transition; however, the region has opportunities to enhance resilience and adaptability in navigating these global shifts. ASEAN nations have increasingly focused on regional cooperation to address shared challenges, such as the ASEAN Plan of Action for Energy Cooperation, which emphasises renewable energy integration and energy efficiency.

The ASEAN Strategy for Carbon Neutrality, currently under negotiation, is expected to introduce green and sustainability requirements within the ASEAN Trade in Goods Agreement, incentivising businesses and industries to pursue green strategies. Growing private sector interest in ASEAN's renewable energy market presents opportunities for investment, even without significant US involvement.

The second Trump presidency will likely slow ASEAN's energy transition by reducing US engagement in climate diplomacy, scaling back financial and technical support and exacerbating geopolitical tensions. The region's success in transitioning to renewable energy will ultimately depend on its ability to overcome entrenched political and economic interests, strength regional resilience, mobilise diverse funding sources and navigate a complex global landscape shaped by shifting US policies. Regardless of US leadership, ASEAN must remain proactive in advancing its energy transition goals, ensuring sustainability in the face of global uncertainties. EAFQ

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Trump agenda trades US global leadership for tariffs

GARY CLYDE HUFBAUER

THE surprise was not so much Donald Trump's election in the 2024 US presidential race as Republican victories in both the Senate and the House of Representatives. The resulting trifecta will enable the President-elect to reshape the US role on the world stage, making changes that ripple across the international order.

When he takes office on 20 January 2025, Trump can not only deploy the extensive executive authority conferred on the president by past statutes but also pursue new legislation to further his radical economic agenda. Trump seems on course to dismantle four pillars of the Washington Consensus that guided US economic policy before his first election in 2017: relatively free and non-discriminatory trade, open capital markets, modest budget deficits and an independent central bank.

Trump can impose tariffs of any measure, on any country or product through executive orders. During his campaign, Trump advocated a tariff wall of 10 or 20 per cent on all imports on top of existing bound tariffs against all US trade partners, including those with free trade agreements. He also proposed hiking 2019's partial 19 per cent tariffs to 60 per cent on all imports from China. Shortly after the election, Trump threatened Mexico and Canada with 25 per cent tariffs on all US imports unless they stop fentanyl exports and illegal emigration. He also threatened BRICS with 100 per cent tariffs if they seek an alternative currency to the US dollar.

The practical limitation facing Trump is not the scope of executive power but the magnitude of domestic political pushback arising from three main sources. The President-elect's trade policy will be constrained by foreign retaliation against US exports, higher prices on sensitive consumer goods and potential harm to US firms that rely on foreign components.

Yet pre-inauguration threats indicate that Trump may frequently use the threat of new tariffs as leverage to extract concessions from foreign partners.

The annual US National Trade Estimate Report on Foreign Trade Barriers—a document summarising trade concessions that Washington might seek—may foretell the details of Trump's potential demands. He may allow exceptions for 'essential' or price-sensitive products and items dear to important corporate supporters. The tariff wall and its exceptions will create considerable drama, not least at the WTO. The outcome will be considerably less free trade and extensive discrimination between and against partners. Trump has discarded the notion of mutual gain from trade and instead views commerce as a tool of combat between nations.

Trump has discarded the notion of mutual gain from trade and instead views commerce as a tool of combat between nations

AMONG Trump's long-standing complaints about US economic governance is the size and persistence of US trade deficits—the current account deficit is approximately US$950 billion in 2024. Unlike economists, Trump does not see deficits as the outcome of the internal balance between savings, investment and government spending. He perceives the cause to be unfair foreign trade practices and industrial policies. If the US dollar appreciates due to tariffs and the trade deficit widens, the second Trump administration may seek to devalue the dollar as a remedy.

The federal budget deficit reached

US$1.8 trillion in fiscal year 2024, almost 7 per cent of projected GDP at US$29 trillion. Legislation in 2025 will seek to extend and expand the 2017 Tax Cuts and Jobs Act. Trump wants to slash the corporate tax rate from 21 to 15 per cent and eliminate income tax on tips, overtime and Social Security benefits.

Macroeconomists suggest that Trump's tax agenda could add US$800 billion to the annual federal deficit even allowing for higher tariff revenue. This stimulus could overheat the already robust US economy. Inflationary pressure and the impact of tariffs on the cost of living would prompt the Federal Reserve to raise interest rates—a manoeuvre that Trump rejects.

Scarred by its tepid response to incipient inflation in 2021 and 2022, the Federal Reserve will step on the monetary brakes if the economy overheats. Trump could then ask Congress to draft legislation giving the president sweeping powers over the Federal Reserve. These could include the ability to dismiss governors—or to be consulted on monetary policy—potentially eroding the dollar's preeminent role in world trade and finance.

> The tariff wall and its exceptions will create considerable drama, not least at the WTO

Trump's aversion to foreign US military involvement may mean that Washington's alliances no longer guarantee its support against Russian or Chinese aggression. In fact, Trump's penchant for 'big deals' could lead to accommodations with Russia on Ukraine and potentially with China on Taiwan. All told, Trump's economic and foreign policy playbooks could amount to US abdication of global leadership. Short of global war, a more radical outcome is hard to imagine.

EAFQ

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PICTURE: REUTERS / ANDREW KELLY

A Make America Great Again hat displayed on the trading floor at The New York Stock Exchange following a Federal Reserve rate announcement (September 2024).

Has the United States lost Southeast Asia?

ANDREYKA NATALEGAWA

ON 25 October 2024, Indonesian Foreign Minister Sugiono declared Indonesia's intent to join BRICS, a multilateral grouping founded by Brazil, Russia, India and China. This announcement—mirrored by similar moves from three other Southeast Asian countries—suggests that President Prabowo Subianto's recently inaugurated government seeks new opportunities for economic cooperation with Global South countries and does not necessarily indicate increasing alignment with China or Russia over the United States.

These developments coincide with opinion s showing that Southeast Asian policy circles are becoming increasingly pessimistic about the United States' role in the region.

Annual polling of Southeast Asian strategic elites by the ISEAS-Yusof Ishak Institute in Singapore demonstrates that when forced to choose between aligning with the United States or China, over half of respondents select China. This marks a significant reversal from 2023 when just under 40 per cent chose China. The also found that

PICTURE: KIRILL ZYKOV / BRICS-RUSSIA2024 / RU HOST PHOTO AGENCY/ REUTERS

Indonesia's Foreign Minister Sugiono arrives at the BRICS summit in Kazan (October 2024).

the United States has lost ground as a political and strategic power while slightly improving its reputation as an economic power.

These results have led media and analysts to assert that the United States is losing influence in Southeast Asia, though country-level variation and the vagaries of elite opinion mean that such conclusions should be taken lightly. Still, the results highlight ongoing anxieties regarding the United States' commitment to the region at a time when Washington's attention is drawn to tumultuous domestic politics and an increasingly complex international environment.

These shifts in opinion are, paradoxically, happening at a time when Washington has doubled down on its engagement with Southeast Asia. The Biden administration hosted the second US–ASEAN Special Summit in 2022, elevated its relationships with ASEAN, Vietnam and Indonesia to comprehensive strategic partnerships and engaged in numerous bilateral leader- and cabinet-level exchanges with regional counterparts. The Biden administration has also filled its diplomatic gaps in the region, including the post of US ambassador to ASEAN—a position that remained vacant throughout the most of the first Trump administration.

By most reckoning, the United States has increased its presence in Southeast Asia in recent years, even if the Biden administration's efforts were at times imperfect. Yet more engagement does not necessarily equate to better engagement. The next Trump administration will need to think creatively about re-engineering its engagement with Southeast Asia, broadening beyond traditional security-oriented cooperation while leveraging the United States' comparative advantages in soft power, people-to-people engagements and education.

Bolstering US engagement with Southeast Asia is necessary but not sufficient to secure regional support for Washington. The shift in perspectives towards the United States recently captured by ISEAS and other organisations is significantly driven by Muslim-majority nations in Southeast Asia—Brunei, Indonesia and Malaysia—that have expressed alarm over US support for Israel during the Gaza conflict.

As emerging middle powers in Southeast Asia increasingly assert their position on global—rather than just regional or bilateral—affairs, Washington must recognise that its engagement with Southeast Asia cannot be separated from its conduct as a great power globally. With Southeast Asian governments and their publics closely watching how Washington navigates an increasingly complex global environment both in the region and globally, direct engagement with ASEAN and its members will be only one factor that shapes regional perceptions of the United States.

AGAINST this backdrop, the return of former president Donald Trump to the White House will impact regional perspectives of the United States. While Southeast Asian leaders have been quick to congratulate Trump following his victory in November—conscious of the importance of personal ties with the President-elect—the Southeast Asian public appears less receptive.

Public opinion polling by Pew and Gallup during the first Trump administration demonstrated a sharp drop in the perception of US leadership in Southeast Asia, a decline reversed only after Biden's inauguration in 2021. Whether these trends reoccur in 2025 will depend on the second Trump administration's ability to address Southeast Asian concerns about US commitment to the region and the global public good.

But an expected second withdrawal from the Paris Climate Accords and the possible scrapping of the Biden administration's Indo-Pacific Economic Framework will undoubtedly raise alarm in a region facing the escalating impacts of the climate crisis and a perceived lack of US economic engagement. Other proposals—including repealing the Temporary Protected Status program that has benefited thousands of Myanmar nationals who now live in the United States following the 2021 military coup—could further erode Washington's popularity among the Southeast Asian public.

Most importantly, Trump's return to office may both hasten Washington's prioritisation of minilateral and bilateral arrangements over engagement with ASEAN and intensify US rhetoric and actions on competition with China, further narrowing Southeast Asia's diplomatic space as governments try to balance relations with both Washington and Beijing. Southeast Asian capitals may soon face greater scrutiny over their diplomatic and economic manoeuvres with China.

While leaders in the region are no strangers to walking diplomatic tightropes—recently exemplified by Indonesian President Prabowo's back-to-back trips to China and the United States—this balancing act may become increasingly untenable given the uniquely unpredictable nature of Trump's foreign policy. Though US officials are often quick to claim that Washington does not want to force

Southeast Asia to choose between the United States and China, the next administration will need to demonstrate that this ethos extends beyond rhetoric. By the same token, Southeast Asian countries will need to maximise opportunities to attract favourable attention from Washington to manage potential friction points—including those over the region's trade surpluses with the United States. As during the first Trump administration, this could include purchasing more US-produced goods, engaging in high-level leaders' visits to the United States or pursuing targeted reforms and expanding opportunities for US investments in key sectors in the region.

The United States can take comfort in the fact that its loss of ground in Southeast Asia is not necessarily China's gain. Southeast Asian countries have numerous reasons to be wary of overtly aligning with Beijing, regardless of Washington's actions. Perceptions of Washington, Beijing and US–China competition in the region are far more complex than a binary choice between the two great powers.

But faced with a more unpredictable White House under Trump, Southeast Asian governments will aim to revisit their playbook from his first term—diversifying and bolstering relations with middle power or Global South partners while carefully managing relations with both the United States and China. They will also pursue cooperative efforts with either, should opportunities arise. EAFQ

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Trump 2.0 poses new risks for Southeast Asia

STEPHEN OLSON

SURPRISE over Donald Trump's decisive electoral victory is giving way to practical planning for the implications of Trump 2.0. As cabinet appointments proceed and policy pronouncements give shape to the initial direction of Trump's second term, policymakers and business executives in Southeast Asia will face a number of risks.

Economic cooperation on both a global and regional basis will suffer gravely under a second Trump term. For Southeast Asia, the most important threat will be to the cooperative, rules-based global trading system and its guiding institution, the already-hobbled WTO.

The region is characterised by small, trade-dependent countries that have benefited immensely from the orderly and stable trade system established after World War II. Through reduced trade barriers and trade rules that mitigate unfair trade practices, the system has provided Southeast Asia with transformational access to global markets and concomitant development opportunities.

Trump—along with his key trade advisers—views this system with disdain and regards the WTO as a 'globalist' institution that is antithetical to US national interests. Under Trump 2.0, trade rules will be observed only when convenient. Efforts to reform the WTO's internal dysfunction will be met with benign indifference at best and outright opposition at worst.

With Trump's promised tariffs opening the door to the most significant global trade war since the 1930s, along with his administration's indifference to trade rules, the stable and orderly system in place for eight decades will likely crumble.

While trade probably will not return entirely to the pre-war 'law of the jungle' system, a sharp tilt back in that direction is likely. It had already begun under Trump's previous administration and was not substantially reversed under outgoing US President Joe Biden. A trade system in which the 'big fish eat the little fish' will pose substantial risks for Southeast Asia's trade-dependent 'small fish' economies.

Much of the region's beneficial participation in trade has come through regional and global supply chains. Trump's policies will disrupt those supply chains. The promised tariff increases will make US reliance on supply chains more costly and incentivise domestic production, but that is just the start.

Trump's additional tariffs on China will heighten the incentive for manufacturers to move production out of China—and Southeast Asia has been a primary destination for

PICTURE: REUTERS / AARON JOSEFCZYK

A worker cuts a steel coil at the Novolipetsk Steel PAO steel mill in Farrell, Pennsylvania.

relocation of business from China. Since these facilities are intended as export platforms to circumvent tariffs on products shipped to the United States, trade surpluses that Vietnam, Thailand, Malaysia and Indonesia already enjoy with the United States are likely to swell further.

Trump views trade balances as 'scorecards' to judge who is 'winning' or 'losing' in trade. Vietnam already has the world's fourth largest trade surplus with the United States, and several of its neighbours are not far behind. These high-surplus countries are likely to find themselves in Trump's crosshairs for additional punitive tariffs aimed at eliminating their surpluses. There will be a particular focus on countries perceived to be providing a conduit for trans-shipment of Chinese products that undergo little or no processing in Southeast Asia.

Escalating geopolitical tensions between the United States and China will also result in tighter restrictions on technology trade. This will sideswipe Southeast Asian countries that participate in these supply chains, as they face more convoluted US trade regulations, licensing requirements, restrictions and even outright trade bans. Supply chain management will grow more complex.

There will also be a rockier road on renewables. Trump's view of the renewable energy transition is encapsulated in his campaign line, 'drill, baby, drill'. In Trump's view, the United States has unwisely surrendered the wealth and leverage provided by its substantial fossil-fuel energy reserves. He claims that climate change is a hoax and derides the Green New Deal—Biden administration policies to facilitate the renewable energy transition—as the 'Green New Scam'.

Expect green policies to be undone early in the new term and the United States to cease cooperation with all major international or regional climate change initiatives. Trump pulled the US out of the Paris Accord once and there is little reason to expect he will not do it again.

There are several practical implications for Southeast Asia. Any promised or anticipated US funding to support developing countries in making the green transition will be zeroed out. This will be the case with the COP29 agreement in Azerbaijan

PICTURE: REUTERS / NATHAN HOWARD

House Majority Whip Tom Emmer, House Majority Leader Steve Scalise, US House Speaker Mike Johnson and National Republican Congressional Committee descend the steps of the US Capitol ahead of a House Republican leaders press conference (November 2024).

for developed countries to provide US$300 billion per year in funding. No one should expect Donald Trump to sign those cheques.

Withdrawal of constructive US participation from international environmental initiatives will also slow progress towards global goals—a prospect that bodes ill for Southeast Asia, one of the world's most climate-vulnerable regions.

Trump's rejection of climate change policies will bring at least one short-term positive uptick. Many Southeast Asian leaders have grown weary of what they view as tedious lectures and excessive demands from the United States for compliance with ever more stringent and costly environmental standards. Regional officials will not be sad to see US hectoring over climate change virtually disappear under Trump 2.0.

Donald Trump's second term thus poses a variety of risks for Southeast Asia, but one risk rests entirely within the control of regional leaders—the risk of complacency. The fact that the region was generally able to navigate Trump's first term should not spawn complacency over the magnitude of the disruption likely to materialise in his second.

Trump and his new team—many seemingly selected on the basis of fealty to Trump rather than competence—will hit the ground running on 20 January 2025. The institutional guardrails and conventional mainstream Republicans who staffed his first term and mitigated many of Trump's more extreme impulses will be absent.

Backed by a Republican Party in control of both houses of Congress, a federal bureaucracy he hopes to remake and a Supreme Court that has already demonstrated an expansive view of presidential power, Trump will be unconstrained. Having weathered Trump 1.0 should provide little comfort to regional leaders contemplating Trump's return to power. Prepare for the disruption to follow. EAFQ

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Southeast Asia braces for Trump 2.0

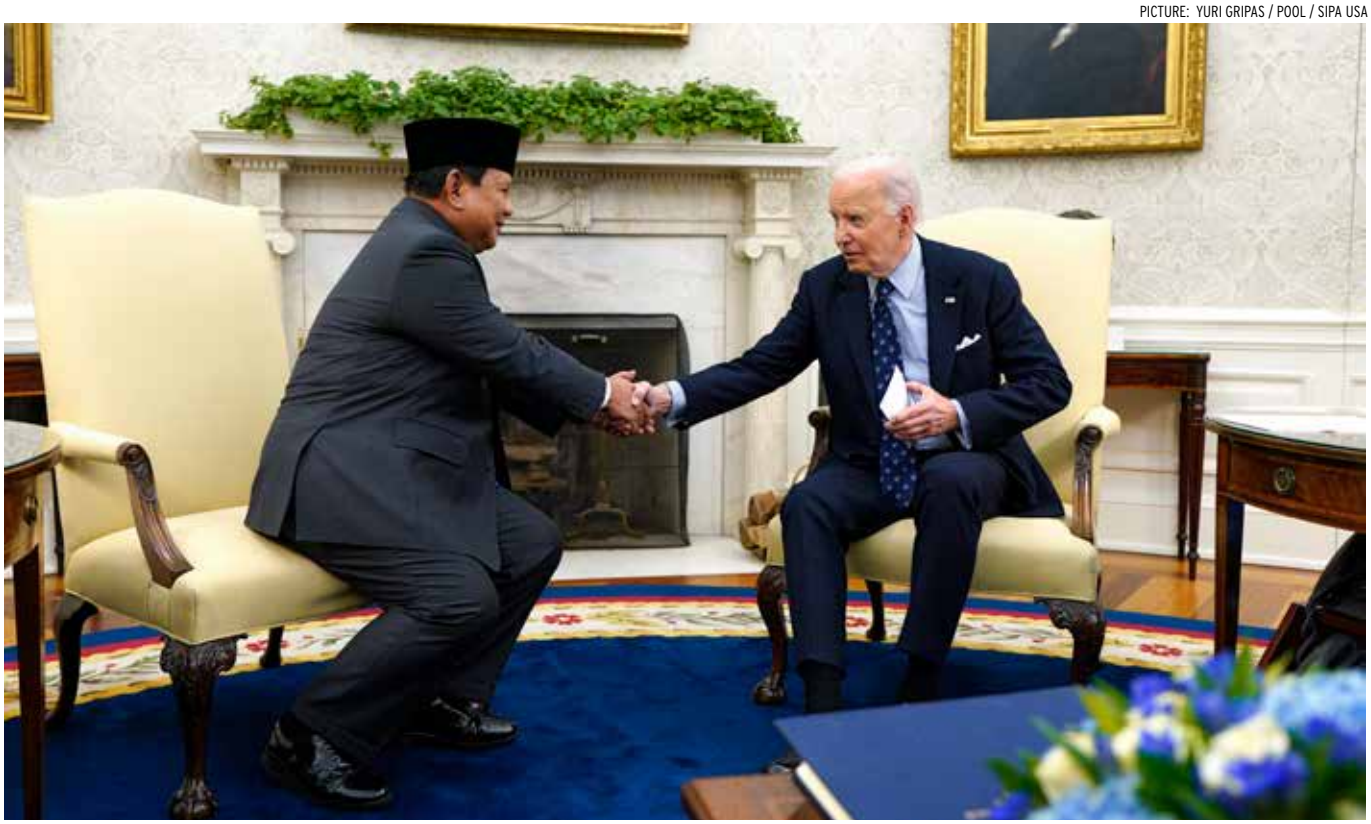
DEWI FORTUNA ANWAR

FOUR years ago, I wrote that Southeast Asians welcomed the Biden presidency after four years of tumultuous US foreign policy under then president Donald Trump. There were great expectations that President Joe Biden's foreign policy would be similar to that of president Barack Obama with his pivot to Asia after Washington's neglect of the region under president George W. Bush.

Trump's neglect of ASEAN—exemplified by his failure to appoint a US ambassador to ASEAN and frequent absences from ASEAN-related summits—contributed to a lack of confidence in the United States as a reliable strategic partner in the region. This was clearly shown in the ISEAS-Yusof Ishak Institute's *The State of Southeast Asia: 2020 Report*, where 47 per cent of respondents had little or no confidence in the United States as a reliable strategic partner and only 34.9 per cent had some or full confidence.

Biden succeeded to some extent in turning around the negative perceptions of the United States that Trump's policy towards the region had engendered. *The State of Southeast Asia: 2022 Report* showed that 42.6 per cent of respondents regarded the United States as a reliable strategic partner, while 32.8 per cent had little or no confidence. Regional confidence in the United States as a strategic partner and security provider went up to 47.2 per cent in 2023, while those with little or no confidence hovered at

PICTURE: YURI GRIPAS / POOL / SIPA USA



US President Joe Biden meets with Indonesian President Prabowo Subianto in the Oval Office, Washington DC (November 2024).

With its sharp swings in foreign policy attitudes in the region, the United States gives a strong impression of unpredictability and unreliability in the long run

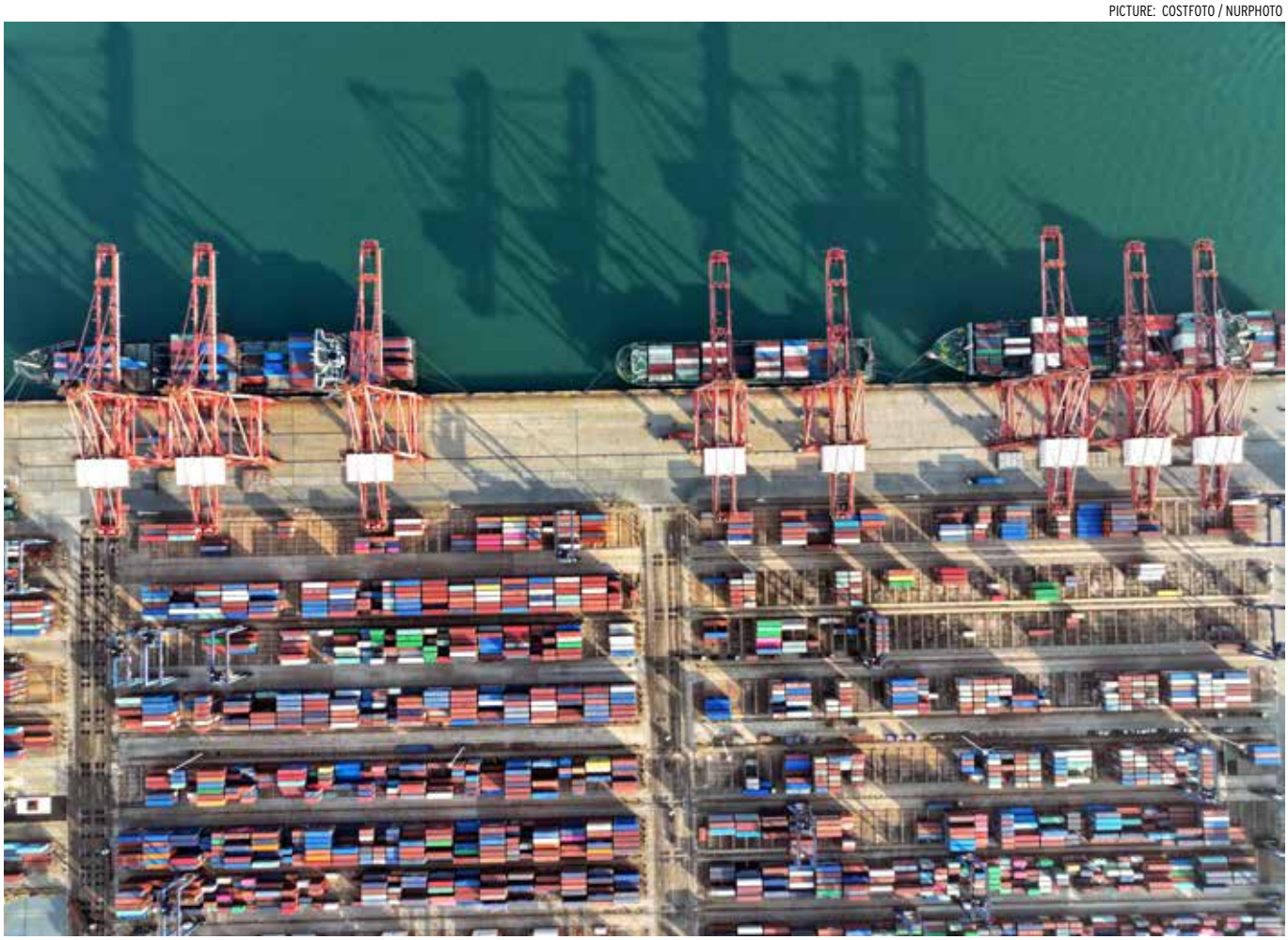
32 per cent.

In the face of US–China rivalry, ASEAN's default position has been to remain impartial and enhance its resilience and ability to ward off external pressure. But if ASEAN were forced to take sides, ISEAS-Yusof Ishak Institute reports show that a majority of respondents favoured the United States over China in 2011, 2022 and 2023. In 2023, 61.1 per cent of ASEAN respondents chose to align with the United States, with only 38.9 per cent choosing China. However, these numbers flipped in 2024 in favour of China, with 50.5 per cent choosing to align with China and only 49.5 per cent choosing the United States.

There are variations among ASEAN members states with three Muslim majority countries namely Indonesia, Malaysia and Brunei Darussalam showing major shifts in attitudes towards the United States vis-a-vis China. In Indonesia, for example, Indonesian respondents favouring China went up from 53.7 per cent in 2023 to 73.2 percent in 2024. In Malaysia, this figure went up from 54.8 per cent in 2023 to 75.1 per cent and in Brunei Darussalam, it went up from 55 per cent in 2023 to 70.1 per cent in 2024.

This change in attitude in the three Muslim majority countries towards the United States has most likely been

PICTURE: COSTFOTO / NURPHOTO



Cargo ships dock at the Lianyungang packing terminal to load and unload containers, Jiangsu province.

influenced by the war in Gaza and the United States' unwillingness to censure Israel for attacks against Palestinians which have caused large numbers of civilian casualties.

With its sharp swings in foreign policy attitudes in the region, the United States gives a strong impression of unpredictability and unreliability in the long run. Commitments and agreements made by one administration have readily been cast aside by the next. Trump abandoned Obama's Trans-Pacific Partnership initiative. It remains to be seen whether he would also formally abandon Biden's Indo-Pacific Economic Framework.

With the re-election of Donald Trump as president and with both the House and Senate controlled by the Republicans, an even stronger iteration of the Trump 1.0 foreign policy with ensuing global turbulence is predicted. Under Trump 2.0—with its Make America Great Again mantra and America First strategy—it is widely expected that multilateralism is going to be undermined further. Tariffs are expected to go up against most US trade partners and a full-scale trade war with highly punitive tariffs will be launched against China. It is likely that the United States will no longer be a major provider of international public goods as in the past and that allies will have to pay more for the US security umbrella.

ASEAN will likely receive little attention from a Trump administration, but unlike the United States' allies in Europe and Northeast Asia, Southeast Asian countries seem to be much less worried about the Trump 2.0 presidency. ASEAN member states believe they can make bilateral deals with Trump with his penchant for quid-pro-quo transactions. Faced with the prospect of heightened US–China rivalry, the majority of ASEAN respondents consistently opt for enhancing ASEAN resilience to fend off pressure from the two major powers and believe that ASEAN should continue its position of not siding with either China or the United States.

ASEAN and most of its member states regard the United States as an indispensable power and would like to see the United States continue to be fully engaged in the region. ASEAN has long emphasised the importance of national and regional resilience to avoid over dependence on or becoming dominated by external powers. But in the economic and technology fields this option will become more challenging.

An intensified US–China trade war, with high tariffs and the US push for decoupling from China on a number of sensitive materials and technologies could have highly damaging consequences for Southeast Asian countries. In the 2020 ISEAS report, most respondents were concerned that the trade war would cause a global economic shutdown, that the 'decoupling' would divide Southeast Asia into exclusive trade blocs led by China and the US and that the trade war would disrupt the global value chain affecting the regional economies.

ASEAN countries with trade surpluses via-a-vis the US are worried that they will become targets of Trump's higher tariffs. The predominance of Chinese investment in industries in Southeast Asia, such as in smelters and manufacturing, means that global exports may also face roadblocks to entering the US market. A trade war will cause a decline in China's demand for imports of raw materials while China remains the largest export market for most Southeast Asian countries. At the same time, excess Chinese manufactured products will likely flood Southeast Asian markets even more, threatening further de-industrialisation in some ASEAN economies. EAFQ

A trade war will cause a decline in China's demand for imports of raw materials while China remains the largest export market for most Southeast Asian countries

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