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ASEAN's Hedging Strategy in a Fractured Order

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ASEAN's Hedging Strategy in a Fractured Order

Donald Trump's decision to implement tariffs, although different for each state, clearly signals that the United States will try to impose its imperium in today's increasingly multipolar world. This time, Washington has been in favor of using "sticks" as its means of diplomacy, leaving behind the Biden administration's infamous "Bidenomics"—a development-centric yet softer attempt to salvage the U.S.'s ailing economy (Scherrer, 2022). The Southeast Asian nations are among the parties that got hit the hardest by what Trump called "reciprocal tariffs." Per Wilson's (2025) coverage on this issue, Cambodia is presented with a 49% tariff, Laos got 48%, Vietnam got 46%, Thailand got 36%, and the list goes on to Singapore, which barely survived the slaughter with a 10% tariff. Although Trump has frequently stated that the tariff's formula is based on the total tariff rates that each respective nation-state had imposed on the U.S.'s goods, many experts have noticed that the numbers only correspond to the amount of trade surplus each country has with the U.S. (Strangio, 2025). Given this divisive and possibly destructive development and China's progressively favorable position with or without BRICS, one might wonder how ASEAN, as a regional organization, should best respond. Ultimately, is this the time to let go of a once-effective hedging strategy? This paper will explore how ASEAN's regional economic development, through economic integration, can serve as a concrete foundation for the future trajectory of its hedging strategy in navigating Great Power rivalry.

Existing literature on ASEAN's hedging strategy primarily focuses on security issues, accentuating how ASEAN's already established normative principles facilitate this approach, leading to a compartmentalized discourse that hinders the important aspect of regional economic development. Wicaksana & Karim (2023) illustrate this with a case where hedging is labeled as an ingrained nature to ASEAN's ability to position itself as a regional international society, one that is familiar with heterogeneity and bonded with a similar diplomatic culture.

In another instance, Kuik (2016) classified hedging as a ‘risk-contingency’ option, one that is driven by the weaker states’ position within the power structure. While existing explanations offer fragments of the causal puzzle, they still fall short of identifying the material foundations that continue to bind ASEAN. The writer pleads that, in light of the increasingly volatile nature of international politics, it is essential to deepen our understanding of how ASEAN can maintain its unity despite its tendency to conceive contradictions.

Hedging could be best understood as the middle power countries’ strategy to mitigate the risks in international affairs by deploying a mix of cooperative and confrontational measures (Ciorciari & Haacke, 2019). This strategy calls for diversification of economic, political, social, and security areas of cooperation between countries or between a regional organization and partners (Kuik, 2021). We can examine its implementation by looking at the popular notion of how SEA states would confidently pursue an economic venture with China, but not with the U.S. Washington, on the other hand, is usually visualized as a safeguard from China’s expansive claims, most notably linked to the case of the South China Sea dispute. This great-power management scheme gives ASEAN room to breathe and bypass the issue of over-dependency that habitually leads to the making of a vassal state. However, given the U.S.’s latest lethal move and China’s ever-growing ambition to revive its Silk Road economic chain, including its hunger for territorial expansion, ASEAN has found itself in a dire situation to reassess its strategy carefully. Despite many scholars arguing on this issue (Kuik, 2016; Ciorciari & Haacke, 2019; Wicaksana & Karim, 2023), the writer contends that ASEAN should pursue a comprehensive hedging strategy rooted in a well-oiled regional economy. A robust economic foundation would not only enhance collective strategic flexibility by decreasing dependency but also act as a buffer against internal irregularities, such as the varying political choices made by individual member states.

ASEAN’s Patchwork of Economic Arrangements: Can the Bloc Maintain Its Autonomy Amid Growing External Dependencies?

Most scholars, such as Kang (2015) or Kawai & Wignaraja (2009), envisage ASEAN’s intra-regional economy as a “noodle bowl” due to its overlapping and tangled regulations. Instead of steadily progressing into a unified trade work, in recent times can be best modeled by the European Union’s single market, ASEAN member states (AMS) have routinely made a patchwork of Free Trade Agreements (FTAs), which can be classified into bilateral, ASEAN plus, and Mega-regionals agreements (Guan, 2004). ASEAN has established five major FTAs with its six dialogue partners, including China, Japan, and South Korea, who are also part of the ASEAN+3 framework, which operates under its own distinct set of arrangements. Although these types of agreements were initially intended to provide ASEAN with the space to assert its economic autonomy, the bloc’s frail internal economic cohesion has, over time, left it increasingly dependent on external economic partners.

According to ASEAN Statistical Highlights 2023, the share of Extra-ASEAN trade has always been consistently higher than the Intra-ASEAN trade, with 2022 being the highest out of the 2010–2022 time period. In the span of 5 years (2018–2023) alone, the amount for Extra-ASEAN Trade rises from 2,163.5 billion US\$ to 2,990.4 billion US\$—a 38% increase. This inadvertently makes the intra-ASEAN trade look fairly stagnant, with only a 32% increase from 644.7 billion US\$ to 856.6 billion US\$. During the period before (2014–2018), the trade share growth was 12% and 6%, respectively. Among ASEAN member states’ trading partners, China, Japan, the USA, and the EU emerge as the key leaders. Furthermore, electrical machinery, mineral fuels and oils, as well as iron and steel, constituted the primary categories of merchandise trade between ASEAN member states (AMS) and their external partners.

The high share of external trade can be considered as a positive source of income, but on the other hand, it might also pose a challenge to ASEAN’s dependency and coherence should a conflict between parties break out. ASEAN might inevitably find itself in a crucial juncture with unfavorable options here and there, forcing it to take sides to avoid being eaten and torn apart by the “Leviathan.” The alignment of Cambodia and Myanmar with China, though subject to debate,

serves as a compelling indicator of the fragility of ASEAN unity. Their economically driven ties with Beijing have significantly influenced domestic policymaking, particularly in the locus of human rights, often resulting in the suppression of dissent in alignment with China's dismissive stance on such violations (Rainsy, 2025). Although some member states have criticized the neglect, the two countries march on with little to no concern for further action from the organization—in the case of Myanmar, we have seen how the 5-Point Consensus serves as nothing more than a normative action (Human Rights Watch, 2022).

In light of Beijing's ambitious plan to deepen its claw in the region, through programs such as the highly anticipated Trans-Asian railway, the region must prepare itself to brace for another political-economy nexus that further deteriorates its unity. With the current state of economic transactions, including aid, Beijing has successfully silenced almost half of the ASEAN member-states on the issue of the South China Sea's disruptive claim—it is worth noting that in some works of literature, such as the one written by Var (2023), Cambodia's foreign policy strategy has been classified as bandwagoning to China's interest. Concurrently, the Philippines, Vietnam, and Singapore exhibit a notably closer alignment with Washington, projecting a strategic divergence within the region. Moreover, the emergence of alternative trading blocs, such as BRICS, of which Indonesia is a member and other SEA countries waiting in line to ascend, may further complicate ASEAN's strategic positioning and its capacity to hedge calculatively amid intensifying great power rivalries (Hildebrandt & Aun, 2025).

Managing Strategic Risk by Deepening Regional Economic Integration

Should the efforts taken to reinforce intra-regional economic integration remain insufficient, ASEAN risks diminished relevance and potential fragmentation or disbandment. Nonetheless, due to its foundational principles of non-interference and consensus, ASEAN could not just elevate its structural mandate to evolve into a supranational authority with regulatory control over its member states, as seen in the case of the European Union. Taking the same path as its counterpart in Europe would violate ASEAN's vision to deliver a prosperous region that is built upon mutual trust and respect for one another. In that sense, the writer would like to once again underscore the importance of increasing the region's economic

integration to increase ASEAN's relevance and to afford the organization greater strategic flexibility amid growing uncertainties. This effort should begin, however, with a concerted mind to enhance what ASEAN already has in store and to chart an undocumented course should the mechanism not have been established yet. Strengthening regional mechanisms for the flow of goods and services may serve as an effective strategy to incentivize member states to prioritize ASEAN in their trade agendas. Such alignment may prove to be beneficial as the region's economic value will increase over time.

In 2006, ASEAN established a trade facilitation mechanism, the ASEAN Single Window (ASW), that aims to simplify and harmonize the trade procedures among the member states. According to Das (2017), this idea encompasses, among other things, customs rules, regulatory formalities, administrative procedures, information technology, and domestic regulation. Its core design lies in the effort to integrate each member state's National Single Window (NSW), reducing transaction time, costs, and barriers significantly in the process (Das, 2017). However, almost two decades after its launch, ASW still struggles to gain traction and prove its importance, mostly due to the absence of political will, a different pace of technological advancement, and limited resources in some countries. Transforming NSW to be interoperable with other states' systems has been proven to be difficult for Cambodia, Laos, and Myanmar, which are plagued by political instability throughout the years.

In the pursuit of accelerating ASEAN economic integration, the challenges faced by less developed member states should also be a shared concern for Indonesia, Singapore, Thailand, and the rest of the AMS, which are well-positioned to provide the necessary support and assistance. Knowledge transfer, human resource development, and technological assistance represent key forms of support that could accelerate the region's progress in achieving free movement of goods and services (Vietnam National Trade Repository, 2024). This free movement of goods and services, which in turn would decrease the cost, could offer a strategic solution to the overlapping commodity profiles among member states and their prevailing tendency to undercut one another in price when it comes to dealing with external partners. As trades are what still hold ASEAN together, the writer believes that the way to redefine its relevance and revive its freedom of choice

should involve the economy in the process.

The Southeast Asia region faces with a rapidly decreasing time in determining its strategy for navigating uncertainties. As we weigh in on the option, bandwagoning and balancing would open up the Pandora's box of regional conflict, as each state's loyalty will lie with the highest bidder. Sadly, these lethal symptoms have been increasingly materialized in Cambodia, Myanmar, and arguably Indonesia's alignment swaying to Beijing. Although the current circumstances cause concern, ASEAN should refrain from resorting to extreme measures to assert authority. Rebuilding member states' confidence in the organization requires a sustained, long-term effort rather than a rapid, short-term fix. ASEAN should start rebuilding its economic resilience by accelerating the regional economic integration and lowering dependence on external parties—seizing the current phase of the U.S.-China rivalry as an opportunity to break through the long-standing conundrum. The writer believes that the existential pressures of China's growing assertiveness and the U.S.'s diminishing commitment to its once-championed rules-based international order will compel ASEAN Member States to reassess the urgency of strengthening ASEAN as a strategic buffer. In this context, a robust and well-connected intra-regional trade network can provide a foundation for greater political autonomy, enabling member states to strategically navigate and shape their international political agreements, especially those related to the affairs of ASEAN.

Lastly, the writer would like to reiterate that hedging is a strategy that requires a degree of freedom to be appropriately executed. Recent disturbances caused by the U.S. tariff and China's increasingly assertive acts must be used as momentum for ASEAN to reassess its hedging strategy. Instead of hastily overhauling its strategic approach, ASEAN should reinforce its hedging strategy by deepening regional economic integration. ASEAN already operates under numerous economic arrangements, such as the ASEAN Single Window (ASW); efforts should begin by consolidating and streamlining these existing frameworks, rather than pursuing yet another FTAs or any other type of agreements that could further entangle the region in great power rivalries.

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