

Trade in Southeast Asia: Recent developments, challenges and opportunities

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Moving Forward at Time of Global Uncertainty, 11 June 2025

Southeast Asia and ASEAN at a Glance

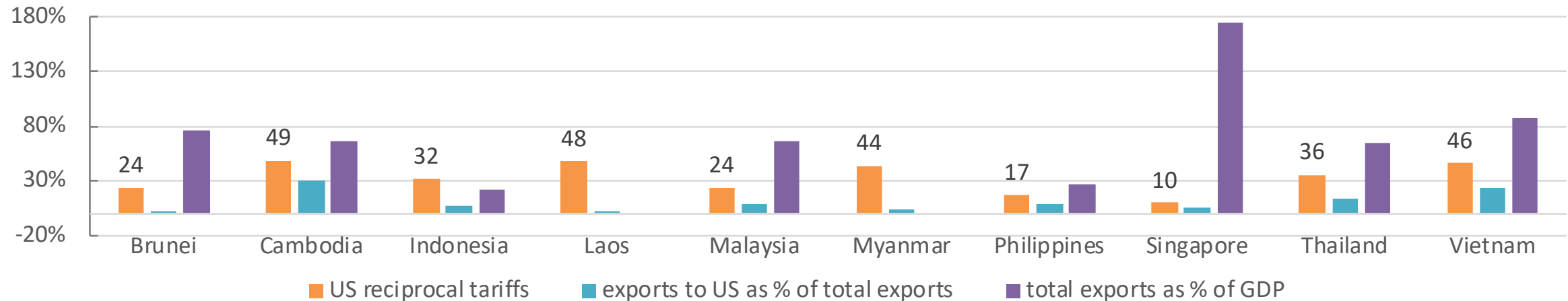
ASEAN's economic significance and relations with

- \$3.8T GDP in 2023, 5th largest, 4th by 2030. 680mio ppl. Top FDI 17% global \$230b.
- Diverse: from Indonesia to Singapore to Lao. TL expected to be a member this year.
- China largest trading partner (20% total, US 12%), US largest FDI (74%, China 18%).
- Internal goods, services, investment agreements. DEFA underway.
- 7 ASEAN+ FTAs, RCEP. Canada ongoing.
- BN MY SG VN are CPTPP members.
- Except 3 LDCs, all are in APEC and IPEF.
- Chile TAC in 2016, ASEAN dev partner 2019, PCA 2021, 2025, FTAs

How has recent trade events affected ASEAN

- Total ASEAN-US trade of US\$ 327bn, ASEAN runs US\$ 171bn surplus with US in 2024. While US runs services surplus with ASEAN.
- No ASEAN-US FTA. Only Singapore has bilateral FTA. Malaysia and Thailand standstill. With China, ACFTA and RCEP.
- During Trump 1.0, SEA benefited from SC restructuring to avoid US tariffs on China.
- Under Trump 2.0 tariffs no AMS was spared.
- 9 April 2025 – [Economic Ministers joint statement](#). No retaliation, pursue dialogue, commit to strengthen regional integration and external links,² high value sectors. 26 May 2025.

Impact varies: on tariffs level, exposure to US market, and significance to the economy, risking regional economic stability



Source: Own calculation - Forthcoming publication

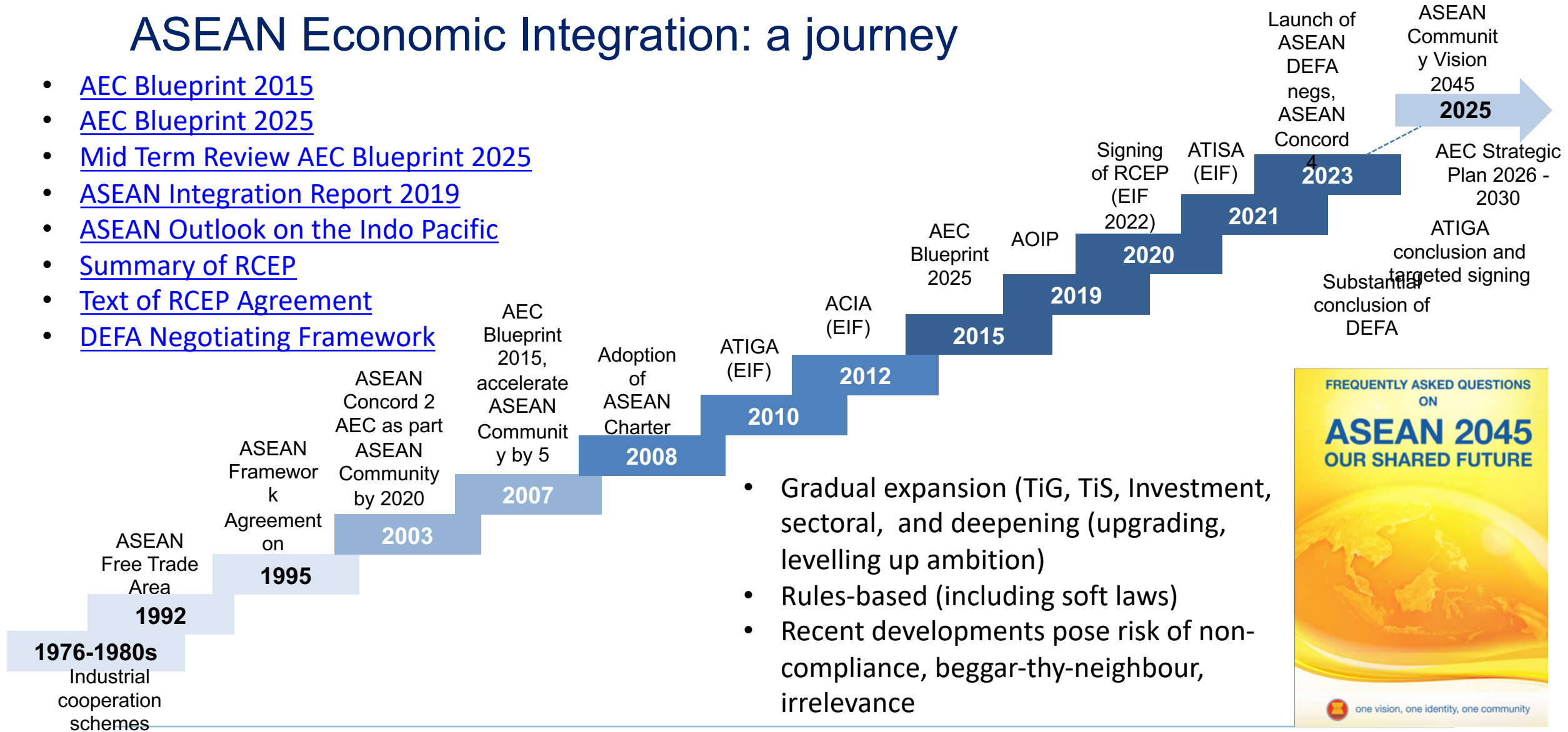
- Viet Nam may be hit hardest, followed by Thailand and Malaysia (due to tariff rates and US exposure).
- Indo less US exposure but sectoral, indirect impact.
- Singapore and Philippines – low tariffs.
- Among LDCs, Cambodia will be hit hardest.
- Uneven US interest in bilateral negotiations.

%YoY	Previous forecast (2025)	Revised forecast (2025)	Change in GDP growth
Vietnam	6.2	5.0	-1.2
Thailand	2.8	2.0	-0.8
Malaysia	4.5	4.3	-0.2
Indonesia	4.9	4.7	-0.2
India	6.2	6.0	-0.2
Singapore	2.2	2.1	-0.1
Philippines	6.0	5.9	-0.1

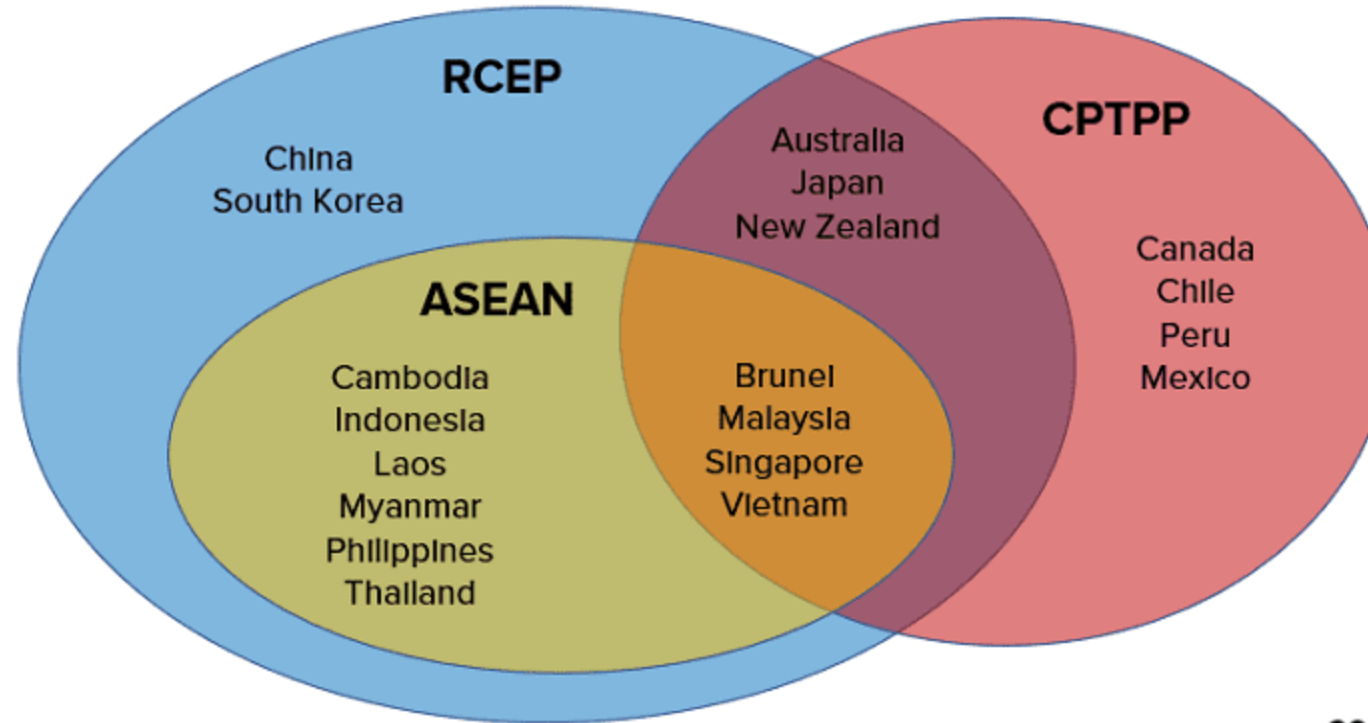
Source: OCBC.

ASEAN Economic Integration: a journey

- [AEC Blueprint 2015](#)
- [AEC Blueprint 2025](#)
- [Mid Term Review AEC Blueprint 2025](#)
- [ASEAN Integration Report 2019](#)
- [ASEAN Outlook on the Indo Pacific](#)
- [Summary of RCEP](#)
- [Text of RCEP Agreement](#)
- [DEFA Negotiating Framework](#)



Trade groupings involving Asia-Pacific nations



SOURCE: The Economist Intelligence Unit



Strategic, targeted, and coordinated engagement – in parallel to bilaterals

Managing the Impact of Trade Policy Uncertainties

- With US: Regional discussions in parallel with bilaterals but coordinate (statement of principles, addressing illegal transshipment, key products of interests), strategic sector cooperation (CM. semicon), but not just reciprocal (section 232).

Strengthening Internal market integration & economic resilience

- Strengthen regional integration (intra trade 20%, intra inv 22%. Upgraded ATIGA, services competitiveness, DEFA, long term - carbon neutrality, power grid.
- Cross-pillar coordination, geoeconomic TF
- Parallel plurilateral frameworks risk diversion of focus and resources. AOIP

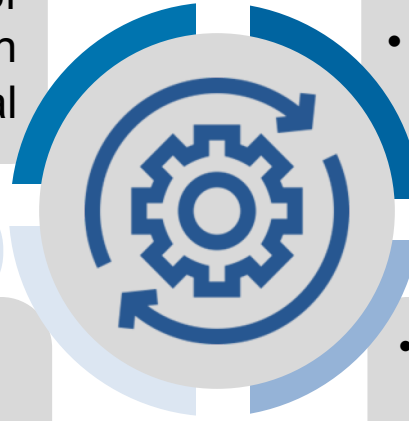
Optimising and Upgrading Existing FTAs, Negotiating New Ones

- AANZFTA and ACFTA upgraded. AIFTA under review. AJCEP upgraded.
- RCEP implementation and utilisation, built-in agenda, general review in 2027.
- ASEAN Canada FTA, still under negotiations.

Need a closer look on whether

Expanding Partnerships and Cooperation across Platforms

- Expand partnership: RCEP accession (Chile, HK, Bangladesh). ASEAN + GCC, ASEC – PIF, ASEC – IORA. CPTPP accession (INA)
- Better coordination across platforms (APEC, G20, CPTPP, BRICS; whither IPEF?)
- Contribute to global trade rules reform e.g. the use of security exemptions, disciplines around subsidies (but also public goods subsidies), unfair trade practices.





Thank You