

The Big Read US foreign policy

Will Trump push south-east Asia towards China?

For years, Washington viewed its relationship with the region as a way to limit Beijing's influence, but tariffs now strain the partnership

Owen Walker in Kuala Lumpur and **A. Anantha Lakshmi** in Jakarta

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Malaysian Prime Minister Anwar Ibrahim felt comfortable enough in the presence of Donald Trump on Sunday morning to make a joke at the expense of the notoriously thin-skinned US president.

“We share a lot of things in common — I was in prison, but you almost got there,” Anwar told Trump, referring to his own [nine years in jail](#) and the US president’s [conviction on 34 counts](#) last year.

Anwar’s dig reflected a bonhomie between the leaders, resulting from Malaysia rolling out the red carpet for Trump on his first trip to Asia in his second term — a period marked by rising geopolitical tension between the US and many of its biggest trade partners in the region.

Malaysian fighter jets escorted Air Force One on its approach to Kuala Lumpur, before Trump was given centre stage and heaped with praise during the signing of a peace agreement between Thailand and Cambodia.

The flattery worked. Within two hours, a [blitz of trade deals](#) and agreements over critical minerals had been signed between the US and members of the Association of Southeast Asian Nations, an 11-country bloc.





Thailand's PM Anutin Charnvirakul and Cambodia's PM Hun Manet at the signing of a ceasefire agreement between the two countries on the sidelines of the Asean summit in Malaysia last weekend © Mohd Rasfan/Pool/Reuters

With a total population of just under 680mn, Asean has one of the fastest-growing middle classes and is tipped to become the fourth-largest economy by 2030.

“Our message to the nations of south-east Asia is that the United States is with you 100 per cent and we intend to be a strong partner for many generations,” Trump told his fellow leaders on Sunday afternoon.

Yet the US president’s words stood in stark contrast to the way his administration is viewed by many in south-east Asian countries, which were initially among the hardest hit by his “liberation day” tariffs and cuts to foreign aid.

“The tariffs have certainly impacted America’s standing in south-east Asia — there is no doubt,” Lawrence Wong, Singapore’s prime minister, [told the Financial Times](#) last week.

While concern about whether the US has turned its back on the region has grown this year, China has redoubled its efforts to extend its sphere of influence. South-east Asian countries that for decades have stayed close to Washington are increasingly [finding a more reliable partner](#) in Beijing.

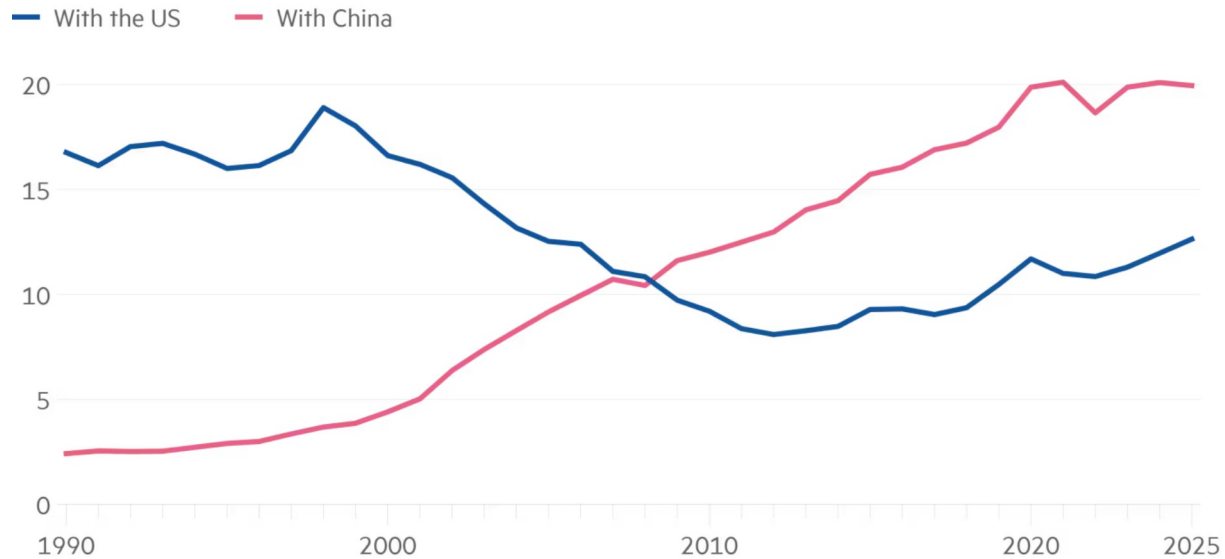
Though often overshadowed by its larger regional neighbours, south-east Asia has grown into one of the most important regions in the global manufacturing and supply chains of essential goods, from semiconductors and electric vehicles to petrochemicals and pharmaceuticals — many of which end up in the US.

Yet after decades of attempting to straddle the divide between China and the US,

many countries in south-east Asia are finding it harder than ever to maintain close relations with both superpowers as they grow further apart.

China has been the largest trading partner with the Asean bloc since 2009

Asean trade (exports and imports, % of total)



2025 = first half
Source: IMF DOTS

“South-east Asian states are confronting the harsh reality that maybe their preliminary instinct to hedge and work with both the US and China is not sustainable,” says Evan Laksmana, the Shangri-La Dialogue senior fellow for south-east Asian security and defence at the Institute for Strategic Studies.

Asean was set up in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand as a bulwark against the spread of communism in Asia.

From its early days, Asean maintained close ties with the US and over the years it has been used to strengthen business, investment and defence links between the allies. Washington saw Asean as a key tool to limit China’s influence.





Barack Obama was one of its greatest supporters, attending more meetings than any other US president during his eight years in office. In 2011, Obama said the US would focus on advancing its presence in Asia-Pacific, prioritising the region over its long-standing ties with Europe and the Middle East.

“The Obama pivot to Asia was very much a pivot to south-east Asia,” says Susannah Patton, director of the Lowy Institute’s south-east Asia programme. His attendance at Asean meetings was “often seen by officials as a barometer of US interest in the region”, she adds.

But since Obama left office nine years ago, there have been only three presidential visits to Asean summits: Trump in Manila in 2017 and Joe Biden in Phnom Penh in 2022, although Biden did host Asean leaders in Washington later that year, and Trump again last week.

Parag Khanna, a geopolitical strategist and chief executive of AlphaGeo, traces America’s rocky relationship with south-east Asia to Trump aborting the US’s membership of the Trans-Pacific Partnership free-trade area at the start of his first term.

The pact was meant to cement ties between countries around the Pacific Rim, including Australia, Malaysia, Singapore and Vietnam. Within 100 hours of becoming president, [Trump withdrew the US](#) from a trade agreement that had taken 10 years to draw up.

“The notion that the US can’t be trusted in the region goes back to then,” Khanna says. “The US is much more multi-aligned to make sure they get the best deal for

says. “The US is much more multi-aligned to make sure they get the best deal for themselves.”

Since then, Asean members — along with China, Japan, South Korea, Australia and New Zealand — have established the Regional Comprehensive Economic Partnership, the largest trade bloc in history. Despite its origins as an Asean initiative, China has become the dominant power in the trading pact.



South Korean President Lee Jae Myung, right, talks with Malaysian Prime Minister Anwar Ibrahim during a summit involving South Korea and Asean in Kuala Lumpur on Monday © YNA/dpa

Even so, there are still deep ties between the US and Asean. The US is Asean’s largest source for foreign direct investment, accounting for \$74.4bn in 2023 — the latest figures available — or a third of inward flows. By comparison, China accounted for \$17.5bn, the third largest behind the EU.

There are more than 6,000 US companies that operate in the region and trade with south-east Asia supports 625,000 US jobs. The US briefly overtook China as Asean’s biggest export market last year.

But Trump’s [reciprocal tariff regime](#) is threatening to unravel those close trade and business ties. South-east Asia was among the hardest hit by the proposed levies, with countries such as Vietnam and Cambodia told to expect rates of 46 per cent and 40

countries such as Vietnam and Cambodia told to expect rates of 40 per cent and 49 per cent, respectively. Both are key suppliers of footwear and apparel to the US. Analysts said that [“Factory Asia” had been hit hard](#) by moves that undermined the “China plus one” strategy used by companies to establish alternative manufacturing hubs in the region.

During the months of negotiations over tariffs that followed, most south-east Asian countries were able to bring down their headline rate to around 19 per cent, but the ordeal has left them distrustful of the US. There is also wariness that future sector-specific tariffs on areas like semiconductors could be particularly damaging.

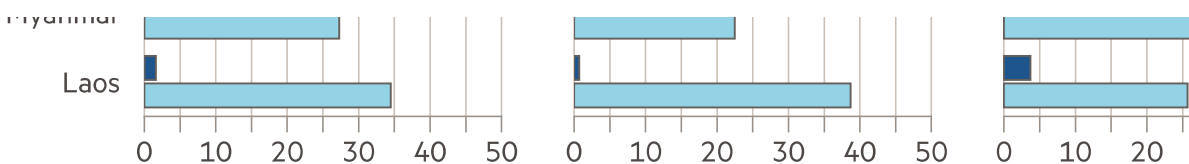
The recently announced 100 per cent tariff on [branded pharmaceutical products](#) has the potential to undermine America’s trade with Singapore, which is a big exporter. Wong says his government is in discussion with Washington officials over negotiating an exemption.

Asean countries vary in their trade orientation towards the US and China

Member states' trade in goods with the US and China, 2024 (% of total)

□ US □ China





Meanwhile, the Trump administration's strict stance on the alleged rerouting of Chinese goods through south-east Asia could also have a big impact. The US has threatened to impose 40 per cent tariffs on so-called transshipped goods.

Through those tariffs, Trump is also forcing south-east Asian countries to reduce reliance on China — a difficult task for the region as most raw materials and intermediary goods for production in south-east Asia come from China.

"The transshipment tariffs are a really big issue," says Gaurav Ganguly, head of international economics at Moody's Analytics. "In the short term, this is likely to create huge problems for south-east Asian supply chains."

Another major blow to south-east Asian countries this year was Trump's [decision to gut](#) the US Agency for International Development, which allocated more than \$837mn to Asean states last year and funded a wide range of projects, from malaria and tuberculosis prevention to tackling human trafficking and landmine clearing. For more than six decades this was a crucial tool in America's efforts to head off the spread of communism and Chinese influence in the region.

"Global policies like the USAID funding cuts have a big long-term impact on US soft power in south-east Asia," says Patton of the Lowy Institute.

Trump's interest in south-east Asia has appeared limited in his second term. That changed briefly in late July when a deadly skirmish broke out on the border between Thailand and Cambodia. The five-day conflict claimed nearly 40 lives and resulted in 300,000 people being displaced.

Trump saw it as an opportunity to boost his credentials as the “president of peace”. While Malaysia’s Anwar prepared to host ceasefire talks between the leaders of Thailand and Cambodia, [Trump called them up](#) and threatened to cut off trade negotiations if they did not agree to end the fighting.

After the peace negotiations concluded, Trump was praised by the leaders for his intervention and Cambodia nominated him for the Nobel Prize. In the weeks that followed, all three south-east Asian countries involved in the talks had their reciprocal tariff rates dropped to 19 per cent, from 49 per cent for Cambodia, 24 per cent for Malaysia and 36 per cent for Thailand.

“The ceasefire discussions changed the dynamic for those countries significantly,” says Peter Mumford, south-east Asia practice head for Eurasia Group. “That was the first time that their negotiations over trade were taken seriously by the US.”

Trump’s attitude to transactional diplomacy has not been universally appreciated across south-east Asia. He has also caused offence with some of his picks for diplomats.



Filipino soldiers prepare for joint military exercises between the US and the Philippines, near New Clark City, in 2023. From Asean's early days, it was viewed by Washington as a key tool to limit China's influence in the region © Geng Shou Yi/NurPhoto/Bettmann

Ceng Shou Ti/INUPHOTO/REUTERS

For Singapore, Trump put forward Anjani Sinha, a Florida-based orthopaedic surgeon who has taken part in golf tournaments alongside Trump at his Mar-a-Largo resort. Sinha's suitability for the position was questioned in Singapore following his [painful confirmation hearing](#) in July where he was unable to answer questions about the city-state or Asean's relationship with the US.

The decision to nominate Nick Adams, an Australian-American conservative commentator, as Malaysian ambassador was met with a backlash within the Muslim-majority country. Adams, who describes himself as an "alpha male", has expressed his love of beer, rare steaks and Hooters, the US restaurant chain known for its scantily clad waitresses.

He also voiced support for Israel's war in Gaza, a position that is at odds with most countries in south-east Asia, where more than 40 per cent of the population are Muslim.

The Philippines has been a clear exception to Washington's hot-and-cold interest in south-east Asia.

The US has repeatedly vowed to [back and defend Manila](#) in any disputes in the South China Sea, where Beijing has become increasingly forceful. Manila and Beijing have had repeated confrontation in the disputed waters of the South China Sea in recent years under President Ferdinand Marcos Jr, who has taken an assertive stance against Beijing's claim since taking office in 2022.

The US and its former colony the Philippines have a mutual defence treaty, which the Trump administration has promised to honour.

"Asean nations would like to get some reassurance that the United States is not just treating them in a sort of transactional fashion, but values these long-standing relationships," says Ted Osius, regional managing director of the US-Asean Business Council and former US ambassador to Vietnam.

"In many cases, these are nations that have stood up to China at different times. We

really need them as our friends, allies and partners amid the rise of China.”

As Washington has become largely indifferent to south-east Asia, Beijing has sensed an opportunity to solidify its influence.

China has been the largest trading partner with Asean since 2009. It is also one of the top sources of foreign direct investment, particularly in nickel and EV batteries.

Beijing’s Belt and Road Initiative — which is focused on links throughout south-east Asia — has also been crucial to cementing its place in the region as an important partner for infrastructure development.

According to a survey of professionals by Singapore’s Iseas-Yusof Ishak Institute, China remains the most influential economic and political-strategic power in the region. However, the US overtook China this year to become the prevailing choice if the region were forced to align itself with one of the two strategic rivals. The survey was conducted in January and February, before tariffs and USAID cuts were announced.

Just days after Trump announced his tariffs in April, Chinese [President Xi Jinping visited](#) several south-east Asian countries, seeing another opportunity to advance Beijing’s interests. He travelled to Vietnam, Malaysia and Cambodia, advocating multilateralism and co-operation with developing countries, as well as warning against protectionism — in sharp contrast to Trump.

“Trade war and tariff war will produce no winner, and protectionism will lead nowhere,” Xi wrote in a column in [Vietnamese media](#) in April. “We will continue to pursue the policy of forging friendship and partnership with our neighbours.”

The overtures from Beijing have continued. Premier Li Qiang was the guest of honour at a special meeting of [Asean and Gulf leaders](#) in May and last week called in on Singapore.

As rare earths emerge as the [latest battleground](#) in the US-China trade war, south-east Asia's natural resources have become another point of tension. While the US has [sought deals with Australia](#), Thailand and Malaysia over access to their critical minerals, China has also focused its attention on Malaysia.

The country — which supplies around 13 per cent of global critical mineral demand — has vast rare earth deposits that are estimated to be valued at more than \$200bn. Anwar has announced a five-year strategy for Malaysia to develop domestic capacity in extraction and processing to produce up to \$3bn of revenue a year. During Xi's visit to Malaysia in April, rare earth processing was discussed as an area of potential collaboration.

It is not only to China that south-east Asian nations are looking to for closer alliances. America's increased protectionism has forced many to seek out free trade agreements with countries and blocs outside the region.



The Bukit Bintang shopping area in Kuala Lumpur. South-east Asia was initially among the hardest hit by President Trump's proposed levies © Agoes Rudianto/NurPhoto/Reuters

“This shows how adaptable Asean is,” said Kishore Mahbubani, Singapore's former permanent representative to the UN. “Asean knows how to bend and be flexible as

..

geopolitical winds change.”

Last month, Singapore was one of three founding members of the [Future of Investment and Trade Partnership](#), a new grouping of small and medium-sized nations that are trying to forge deeper ties and promote open trade. The other founders, New Zealand and the UAE, are expected to be joined by countries from across Africa, Latin America and Europe, along with Malaysia.

The EU has meanwhile been wrapping up trade deals with several south-east Asian countries, including Indonesia, nine years after initial talks began. Even before the tariffs were announced, Indonesia joined the Brics bloc and Jakarta is also in talks with Latin America’s Mercosur bloc and the Gulf Cooperation Council countries, as is Vietnam.



Workers operate sewing machines at a garment factory in Ho Chi Minh City, Vietnam, in April. Asean is tipped to become the fourth-largest economy by 2030 © Linh Pham/Bloomberg

Wong said last week that there was potential for closer ties between Asean and the EU and called on like-minded countries to reinforce existing trade relationships. “We see [these] as new opportunities to reinvigorate trade,” he said.

But as south-east Asian countries attempt to navigate a world where the US is

upending the status quo, switching allegiances can be risky.

“These countries will try for as long as possible to be pragmatic and find winners on all sides,” says Moody’s Ganguly. “But it’s a very tough balancing act.”

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