



ASEAN'S STRATEGIC RESPONSE

Navigating US-China Competition through Institutional Hedging

INTRODUCTION

- All-encompassing strategic competition between the US and China
 - **Economic and trade contention**
 - Southeastern Asian region as the main hotspot
 - Association of Southeastern Asian Nations (ASEAN) underpins its centrality in the region
 - Competitors essential to the development of ASEAN members
- Forging partnerships with both Compelling situation of “**either-or**” choices

Research question

How does ASEAN **respond** towards the strategic competition between the US and China in its trade dimension?

Argument

ASEAN **preserves** trade relations with **both** the US and China. Not making clear-cut decisions contributes to build a fallback position to avoid uncertainties and take advantage of existent systemic benefits

THEORETICAL FRAMEWORK

- Rejection of traditional security-seeking behaviours: ≠ tackle a direct threat
- Hedging as a relative new term
- **Middle** position: avoid having to choose one side at the obvious expense of another
- Individual state ≠ **Institution-led strategy**

Objective: mitigate and offset risks or potential harms in an uncertain situation to continue benefitting from structural opportunities

Kuik's institutional hedging (2022)



Impartiality: insist on **not taking clear-cut** alignment **decisions**



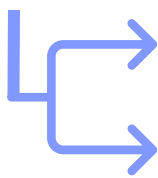
Inclusivity: engage **all** key players regardless geopolitical tensions

METHODOLOGY

Qualitative data approach

- 1 Scholarly work
- 2 Official government statements, speech records, trade agreements documents
- 3 Policy papers, press articles, books and journals

Case study: analysis of two economic agreements between ASEAN and the competing powers

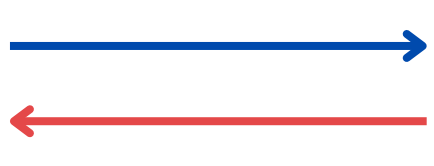


Regional Comprehensive Economic Partnership (RCEP) with China
Indo-Pacific Economic Framework (IPEF) with the US

Trade dimension of US-China competition

- China reaching parity as a peer economic competitor of the US: network-based competition
- Round of mutual **accusations** between the US-China: **Trade War**

Intellectual property theft and unfair trade practices



Unilateral and protectionist behaviour

Results: tariff war and deterioration of WTO multilateral mechanisms

- Consequences for ASEAN: injection of **uncertainty** in the region



Full economic unlinking from the West and China



Decisively hedge against unpredictable long-term risks

ANALYSIS

ASEAN's institutional hedging

RCEP, 2020, ASEAN-China

- Ten ASEAN member states + six ASEAN FTA partners
- Achieve a modern, comprehensive and mutually beneficial economic partnership agreement

Maintain stability and prosperity in the region by “**demonstrating the right path of multilateralism and free trade**”



IPEF, 2022, ASEAN-US

- Excludes three ASEAN members
 - Cooperation framework to fuel economic activity and benefit workers and consumers across the region
- Negotiations with **future prospects** to achieve a “**free, secure and resilient**” Indo-Pacific
US re-engagement in the region



Commensuration of the agreements with the **ASEAN Outlook on the Indo-Pacific (AOIP)**

- “Enhance ASEAN’s Community building process and strengthen existing ASEAN-led mechanisms to better face challenges and seize opportunities arising from current and future global environments”: **assure ASEAN’s centrality**
- Example of taking **cautious measures** to reduce exposure to **undesired eventualities** that may undermine ASEAN strategic autonomy and manoeuvrability

CONCLUSIONS

- High uncertainty in the Southeastern region due to the escalation of US-China competition
- **Dual-track** strategy: two agreements as a proof that ASEAN **does perform institutional hedging**
- Maintain trade closeness with both powers by **not making stark decisions** and taking **prudent contradictions** to build a **fallback position**, to avoid uncertainties and to continue benefitting from existent opportunities
- ASEAN prioritizes **immediate** political gains over potential external dangers in the unknown future



BIBLIOGRAPHY