

ECONOMICS IS SECURITY: REBUILDING U.S. STRATEGY IN SOUTHEAST ASIA

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Chairwoman Young Kim, Ranking Member Ami Bera, distinguished Members of the Subcommittee, thank you for the opportunity to testify today.¹ It is an honor to contribute to this important conversation on strengthening U.S. engagement with Southeast Asia to counter growing Chinese influence.

The United States has prioritized the Indo-Pacific, noting that the “loss of U.S. preeminence in the Indo-Pacific would weaken [the United States] ability to achieve U.S. interests globally.”² Yet, it is ceding influence to China in Southeast Asia, a region at its geographic and strategic heart. With a population of nearly 700 million, Southeast Asia is projected to be the world’s fastest growing region, offering a vast market and economic opportunities. Its location also makes it critical to U.S. Indo-Pacific strategy, and allies and partners offer access to military facilities. Despite its economic and strategic importance, Southeast Asia represents a weak link in U.S. engagement in the Indo-Pacific.

This is reflected in regional sentiment. In the 2024 ISEAS–Yusof Ishak Institute survey³—the only annual, region-wide measure of elite opinion—a majority of respondents, for the first time, said they would align with China over the United States, if forced to choose. While the 2025 poll showed a modest rebound in U.S. standing,⁴ it preceded the April 2 announcement of sweeping new tariffs (see Annex), which hit even Southeast Asia’s poorest countries—Cambodia, Laos and war-torn Myanmar face a 49, 48 and 44 percent tariff respectively—and extended to Singapore, with which the United States enjoys a trade surplus.

“Liberation Day” tariffs triggered a strong backlash. Leaders at the recent ASEAN Summit expressed “deep concern over unilateral tariff measures.”⁵ The Prime Minister of Singapore warned that the tariffs undermine the very global order the United States helped build. Their effects are not only

¹ This testimony draws upon my testimony “‘America First’ cannot mean ‘America Alone’: Engaging Southeast Asia” before the U.S. China Economic and Security Review Commission on 22 March 2025.

² *U.S. Strategic Framework for the Indo-Pacific*, declassified on 5 January 2021 (approved in February 2018).

³ *The State of Southeast Asia 2024*, ISEAS-Yusof Ishak Institute, Singapore, 2 April 2024.

⁴ *The State of Southeast Asia 2025*, ISEAS-Yusof Ishak Institute, Singapore, 3 April 2025.

⁵ “Chairman’s Statement of the 46th ASEAN Summit,” Kuala Lumpur, Malaysia, 26 May 2025.

economic, but strategic as well: they risk accelerating drift toward Beijing and complicating U.S. engagement.

Over the past decades, U.S. economic engagement in Southeast Asia has weakened, especially in contrast to China's expanding trade, investment and infrastructure projects. Key policy choices—the withdrawal from the Trans-Pacific Partnership, limited market access, and underinvestment in regional development, including much-needed infrastructure—have contributed to this decline. Although the United States remains the largest foreign investor, its investments are concentrated in Singapore. Meanwhile, U.S. strategic influence has been sustained through its role as a security guarantor and counterweight, ensuring that no single power dominates in the region.

Today, however, U.S. influence is under pressure on multiple fronts. The United States is now seen not only as a limited economic partner, but one that is inflicting real damage—through broad tariffs and sudden aid cuts. Simultaneously, governments are increasingly questioning its security commitments, especially as Washington disengages from long-standing allies and partners in Europe. The Gaza crisis has drawn sharp criticism, particularly in Muslim-majority countries, and will continue to do so, especially if casualties mount. **The combined economic, strategic and reputational fallout is weakening U.S. influence at a critical moment.**

None of this is to say that the U.S. cannot regain ground in Southeast Asia. The United States, through decades of providing the region with a security umbrella, has contributed to its peace and prosperity and is valued for it, even as contributions have brought benefits to the United States as well. Southeast Asia still does not want to have to choose between the United States and China. Without U.S. presence, the region's strategic options will shrink and, with them, its ability to demand better behavior from China.

A loss for the United States, moreover, does not necessarily mean a win for China. Southeast Asia is actively seeking to diversify its economic and strategic partnerships. ASEAN, for example, recently hosted the second ASEAN–Gulf Cooperation Council Summit (and the inaugural ASEAN–GCC–China summit). But China—with its proximity, economic heft (it is already the region's largest trading partner and one of its top investors) and sustained diplomatic outreach—stands to benefit most from U.S. disengagement. Soon after the Liberation Day tariffs, President Xi Jinping visited Vietnam, Malaysia and Cambodia, announcing 113 agreements in under a week. Some were binding, many preliminary. Yet, even if few agreements materialize, the message is clear: China is a reliable economic partner. As Beijing holds itself out as a champion of free trade while Washington swings a wrecking ball at the global trading system, Southeast Asia's economic ties with China are likely to deepen. Over time, strategic alignment could follow—either by design or necessity.

The Subcommittee's decision to focus on Southeast Asia is an important step toward reversing the loss of U.S. influence and enabling more effective competition with China in the Indo-Pacific. Ignoring Southeast Asia, treating it as peripheral, or failing to grasp how economics and security are deeply intertwined in the region, risks further strategic drift. When asked about concerns over tariffs at last month's Shangri-La Dialogue, the U.S. Secretary of Defense Pete Hegseth replied that he was "happily in the business of tanks, not trade."⁶ But in Southeast Asia, **economics is security**—and failing to understand that leaves Washington on the back foot.

⁶ Pete Hegseth, "[United States' New Ambitions for Indo-Pacific Security](#)," First Plenary Session, Q&A, Shangri-La Dialogue, Singapore, 31 May 2025.

My testimony today is structured as follows:

1. Southeast Asia's perceptions of China and the United States
2. Why China is gaining ground in Southeast Asia
3. Factors driving the decline of U.S. influence in Southeast Asia
4. Strategic implications for the United States
5. Rebuilding U.S. influence: Policy and legislative recommendations

1. Southeast Asia's perceptions of China and the United States

In September 2024, I argued in *Foreign Affairs* that the United States was losing Southeast Asia.⁷ My assessment drew on the 2024 ISEAS survey of Southeast Asian government and non-government elites, which for the first time showed a majority favoring alignment with China over the United States if forced to choose, as well as on conversations with officials in the region.

China's edge was slim—50.5 percent to 49.5 percent. Breaking down the result by country, however, revealed a sharp decline in support for the United States among respondents in Laos (-30 percentage points), Malaysia (-20), Indonesia (-20), Cambodia (-18), and Brunei (-15).⁸

The erosion in U.S. standing in 2024 likely reflected dissatisfaction with U.S. foreign policy, especially the country's support for Israel in the conflict in Gaza, and its limited economic engagement in the region relative to China's growing footprint. These factors gave China the edge, notwithstanding the fact that more than half of respondents expressed "little" or "no" confidence in China to "do the right thing" in global affairs.

The 2025 survey, which was released on 3 April—a day after Liberation Day—showed the United States regaining a narrow lead: 52 percent of respondents said ASEAN should side with the United States and 48 percent with China, if forced to choose.

The 2025 rebound appears to have been driven above all by growing alarm over China's behavior in the South China Sea. This year, 52 percent of respondents cited "aggressive behavior in the South China Sea" as their top geopolitical concern, up from second place at 40 percent in 2024. Perceptions of stronger U.S. leadership under President Donald Trump may also have shifted perceptions.⁹

But the improved U.S. standing in the 2025 survey should not be mistaken for a decisive shift. The survey was conducted from early January to mid-February—before Trump's April 2 tariff announcement, abrupt cuts to foreign development assistance, and the administration's sharp turn away from long-standing European allies and partners. Moreover, the survey likely overstates the number of governments that would align with the United States over China if forced to choose, as it includes non-government elites, who are more likely than government officials to favor the United

⁷ Lynn Kuok, "[America is Losing Southeast Asia](#): Why U.S. Allies in the Region are Turning Toward China," *Foreign Affairs*, 3 September 2024.

⁸ The United States has also lost ground in Myanmar (-10) and Thailand (-9).

⁹ Among the 41 percent of respondents who expected greater U.S. engagement in Southeast Asia under the new administration, 39 percent cited Trump's tough stance on China as helping to maintain regional balance; 32 percent believed strong U.S. leadership could help resolve global conflicts. *The State of Southeast Asia 2025*, ISEAS-Yusof Ishak Institute, Singapore, 3 April 2025.

States. Although a majority of respondents in five of the ten ASEAN countries—the Philippines, Vietnam, Myanmar, Cambodia, and Singapore—leaned toward the United States, several of those governments, including Myanmar and Cambodia, depend heavily on Beijing. Even among countries with defense ties or strategic cooperation with the United States, alignment is not a given—and in some cases, remains unlikely.¹⁰

2. Why China is gaining ground in Southeast Asia

China is gaining ground in Southeast Asia primarily because of the vital and sustained economic role it plays. China has outperformed the United States across multiple economic dimensions, including trade, multilateral engagement and infrastructure development.

China became ASEAN’s largest trading partner in 2009, and its economic ties with the region have only deepened since. While the United States has withdrawn from multilateral trade agreements, China concluded the Regional Comprehensive Economic Partnership (RCEP) and applied to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), portraying itself as a staunch supporter of the multilateral trading system.

Despite criticism and setbacks, China’s Belt and Road Initiative (BRI) has delivered major infrastructure projects across Southeast Asia. Southeast Asia’s first high-speed rail, the Jakarta-Bandung High-Speed Rail (Whoosh), began commercial operations in 2023. Plans are now underway to extend the rail network across Java, potentially connecting Jakarta and Surabaya. In December 2021, the Boten-Vientiane railway connected Laos to China’s high-speed rail network, transforming Laos from landlocked to land-linked, boosting trade, tourism, local businesses and investment.

China’s economic strength and regional perceptions of it as a growth engine, rather than its governance model, drive China’s influence in Southeast Asia. Even democratic-leaning ASEAN countries continue to engage with China despite differences in political systems. Any effective U.S. response in the region must recognize and address China’s economic pull. The sectors in which this pull is strongest—and in which U.S. presence is either missing or vulnerable—include digital and physical infrastructure, and critical minerals and green energy supply chains.

Complementing China’s economic engagement has been its bilateral and multilateral diplomacy in Southeast Asia, which has been consistent and sustained. Beijing has successfully cultivated formal strategic partnerships with nearly all ASEAN members and ASEAN itself. Of the ten ASEAN countries, all but Singapore have signed strategic partnerships with China, though the depth of these relationships varies.¹¹ Even U.S. treaty allies—the Philippines and Thailand—have entered into high-level strategic agreements with Beijing.¹² In 2021, China also elevated its relationship with ASEAN to a Comprehensive Strategic Partnership.

¹⁰ Discussion of the 2025 poll results draws from my article, “[How Trump’s Coercion Could Backfire in Asia: Forcing the Region to Choose Sides Pushing It Toward China](#)”, *Foreign Affairs*, 14 April 2025.

¹¹ Singapore and China concluded an “All-Round High-Quality Future-Oriented Partnership” in 2024, but it is not explicitly labelled a “strategic” partnership. Given both countries’ precision in diplomatic language and the agreement’s focus on non-strategic areas, it appears to be a deliberate choice to avoid framing the relationship in strategic terms.

¹² The Philippines and China established a Comprehensive Strategic Cooperation (CSC) agreement in 2018 under President Rodrigo Duterte; Thailand signed a Comprehensive Strategic Cooperative Partnership in 2012.

China's pandemic diplomacy was particularly effective in Southeast Asia. While its pandemic response drew criticism in Europe, Beijing's rapid provision of vaccines, medical supplies and financial assistance strengthened diplomatic goodwill across much of the region.

The South China Sea—a thorn in China's ties with Southeast Asia

China's actions in the South China Sea are the main thorn in the side of its relations with its neighbors and risks being a flashpoint, particularly in interactions with the Philippines. Beijing's militarization of disputed land features and low-tide features under the sovereign rights and jurisdiction of its neighbors, as well as its encroachments into its neighbors' exclusive economic zones (EEZs) have strained ties, particularly with the Philippines and Vietnam. In April, China unfurled its national flag on Sandy Cay—its first-on-the ground, formal assertion of sovereignty over a previously unoccupied land featured in more than a decade. This triggered skirmishes in May with the Philippines, including the use of water cannons and a collision near the feature.¹³

Beijing could consolidate greater influence by seeking to resolve maritime disputes with its neighbors and setting aside territorial disputes—or at least not pushing its claims on the ground. All its Southeast Asian neighbors want good ties with China. Beijing, however, shows no indications that it is open to shifting its approach to the South China Sea.

Still, China has been remarkably effective in minimizing diplomatic fallout through economic incentives and diplomatic outreach. Despite repeated Chinese incursions in Indonesia's exclusive economic zone near the Natuna Islands, Jakarta continues to engage closely with Beijing on multiple fronts. In August 2024, China and Indonesia agreed to resume joint drills for the first time in a decade. In November 2024, both sides issued a joint statement agreeing to elevate defense and security cooperation, as a sign of “strong mutual trust between the two countries.”¹⁴ The joint statement included a “common understanding on joint development in areas of overlapping claims,” which could be interpreted as a shift from Jakarta's long-standing refusal to acknowledge overlapping maritime claims with China. The statement also included language aligning with China's position on Taiwan,¹⁵ prompting strong protests from Taipei.¹⁶ Similarly, Malaysia's political elites have maintained pragmatic ties with China, opting to quietly manage or downplay disagreements over the South China Sea whenever possible. Indonesia and Malaysia consistently rank as the top recipients of Chinese BRI funding in Southeast Asia.

3. Factors driving the decline of U.S. influence in Southeast Asia

Several factors are driving—and compounding—the decline of U.S. influence in Southeast Asia, including perceptions of weak economic engagement, growing strategic uncertainty, backlash over Gaza, and the abrupt withdrawal of aid.

¹³ For a discussion of China's aims and the implications of ignoring these micro-contests, see Lynn Kuok, “Beijing's Play for Sandy Cay: China's salami-slicing in the South China Sea is eroding U.S. credibility,” *Foreign Policy*, 1 June 2025.

¹⁴ “Joint Statement Between the People's Republic of China and the Republic of Indonesia on Advancing the Comprehensive Strategic Partnership and the China-Indonesia Community with a Shared Future,” Beijing, 9 November 2024.

¹⁵ The joint statement affirmed that “the Government of the People's Republic of China is the sole legal government representing the whole of China and that Taiwan is an inalienable part of China.” *Ibid.*

¹⁶ Ministry of Foreign Affairs Republic of China (Taiwan), “MOFA response to false claims regarding Taiwan in joint PRC-Indonesia statement issued by PRC,” 11 November 2024.

U.S. economic engagement

The first is the perception that U.S. economic engagement in the region has been weak, particularly when compared to China's expanding trade, investment and major infrastructure projects. While the United States remains the largest foreign investor in Southeast Asia, its investment is concentrated in Singapore. The U.S. withdrawal from the Trans-Pacific Partnership (TPP) in 2017 dealt a major blow to its credibility on trade. Although the Indo-Pacific Economic Framework (IPEF), introduced in 2022, was designed to fill the gap, its lack of market access remains a core limitation. That said, withdrawal from IPEF would further erode confidence in U.S. economic engagement.

The imposition of tariffs has now worsened perceptions: U.S. economic engagement may have been relatively limited before, but it is punitive now. What began as frustration over weak U.S. economic engagement has, after Liberation Day, morphed into concerns over unconstructive, even harmful, engagement. As Singapore's PM Lawrence Wong said, "Protectionism is bad—unstable protectionism is worse."¹⁷ If tariffs are not reversed or are expanded, the United States risks further alienating the region.

The United States has also struggled to compete with China in infrastructure development. Since launching the Belt and Road Initiative (BRI) in 2013, China has delivered large-scale infrastructure projects that have transformed regional connectivity. By contrast, U.S. or U.S.-led efforts—reforms to the BUILD Act in 2018, the Blue Dot Network (with Japan and Australia) in 2019, and the G7's Build Back Better World (B3W) in 2021, rebranded in 2022 as the Partnership for Global Infrastructure and Investment (PGII)—have yielded few tangible results in Southeast Asia.

The United States' relatively weak economic engagement with Southeast Asia is reflected in regional perceptions. In the 2025 ISEAS survey, 56 percent of respondents identified China as the most influential economic power, compared to just 15 percent who chose the United States. While this marks a slight improvement for the United States over 2024 figures, in a region where economics and security are deeply intertwined, such perceptions undermine U.S. influence.

Strategic doubts about U.S. reliability

Second, there are growing doubts about the reliability of U.S. security commitments. Southeast Asian governments have long harbored concerns about U.S. dependability, but Washington's recent recalibration away from long-standing European allies and partners has only amplified those anxieties. Even the Philippines, a treaty ally that has received multiple expressions of support from this

¹⁷ Wong Pei Ting, "PM Wong on 3 implications US tariffs have on global trading system," *The Straits Times*, 8 April 2025.

administration¹⁸ and enjoys bipartisan support in Congress,¹⁹ remains uncertain about whether U.S. support would hold in a crisis. The President's strong aversion to military entanglements and public questioning of defense commitments have not gone unnoticed in the region.

Lack of clarity about U.S. goals and strategy in the Indo-Pacific compounds these concerns. It remains unclear whether Washington sees China as a long-term strategic competitor or is instead edging toward accommodation in pursuit of political or economic deals. A grand bargain, or even a more limited economic deal, could entail concessions on issues vital to regional allies and partners, whether related to Japan and the East China Sea, Taiwan, the South China Sea, or the U.S.–Philippines alliance. Uncertainty over U.S. goals, and whether regional interests could be sacrificed in the process of achieving them, sow doubt about U.S. reliability.

The Gaza factor

Third, Washington's handling of the Gaza crisis since 7 October 2023 has eroded its standing, especially in Muslim-majority Southeast Asian countries. The 2024 ISEAS poll revealed a particularly steep drop in support for the United States in Muslim-majority countries. Seventy-five percent of Malaysian respondents, 73 percent of Indonesian respondents, and 70 percent of Bruneian respondents indicated a preference for alignment with China over the United States, if forced to choose, up from 55 percent, 54 percent, and 55 percent, respectively, in 2023. In 2025, the support for China remained high, with 72 percent of Indonesians, 71 percent of Malaysians, and 55 percent of Bruneians expressing the same preference.

Respondents were not explicitly asked why they made this choice, but the U.S. stance on Gaza was likely a major factor. In 2024, nearly half of all respondents ranked the Israel-Hamas conflict as their top concern, surpassing even the South China Sea dispute. The numbers were even higher in Muslim-majority countries, where 83 percent of Malaysian, 79 percent of Bruneian, and 75 percent of Indonesian respondents ranked Gaza as their foremost concern.²⁰

In the 2025 survey, Gaza remained a significant concern, though it dropped to fourth overall among Southeast Asian respondents, with 37 percent identifying it as their top geopolitical concern. It remained especially salient in Muslim-majority countries: it was the top concern in Malaysia (76 percent) and Indonesia (65 percent); and ranked second in Brunei (56 percent), just behind the South China Sea (58 percent).

¹⁸ As I noted in my April 2025 *Foreign Affairs* piece, U.S. Secretary of State Marco Rubio has reaffirmed the “ironclad” U.S. commitment to the Philippines under the U.S.–Philippine mutual defense treaty; and the State Department has reiterated that the treaty covers attacks on Philippine armed forces, public vessels, or aircraft, including its coast guard, anywhere in the South China Sea. “[Secretary Rubio’s Call with Philippine Secretary of Foreign Affairs Manalo](#),” readout, U.S. Department of State, Office of the Spokesperson, 22 January 2025; “[U.S. Support for the Philippines in the South China Sea](#),” press statement, Tammy Bruce, Department Spokesperson, U.S. Department of State, 19 February 2025. Further reassurances came during U.S. Secretary of Defense Pete Hegseth’s late-March visit to Manila, where he met with Philippine President Ferdinand Marcos, Jr. The two sides reaffirmed their security ties and announced planned initiatives, including the deployment of additional advanced military capabilities, bilateral training for high-end operations, greater defense industrial cooperation, and a joint cyber campaign—all aimed at restoring deterrence.

¹⁹ “[Senators Coons, Ricketts introduce resolution celebrating the 73rd anniversary of our mutual defense treaty with the Philippines](#),” 3 September 2024.

²⁰ In Singapore, where 15 percent of the population is Malay-Muslim, 58 percent of respondents also ranked Gaza as their top geopolitical priority.

The fallout from the U.S. approach to the Gaza crisis is likely to persist, waxing or waning with the severity of the situation on the ground and the U.S. response. That said, Southeast Asian countries are pragmatic and will welcome deeper economic and diplomatic engagement with Washington.²¹

U.S. aid withdrawal

Finally, the abrupt withdrawal of U.S. foreign aid has further harmed America's image in the region. While some Southeast Asian governments were wary of U.S. support for democracy and education initiatives, regarding them as meddling in domestic affairs, and the strategic return on U.S. aid was unclear,²² the sudden termination of programs—including humanitarian assistance, health programs and demining—has sent an unfortunate message of American callousness. These cuts can mean the difference between life and death. Meanwhile, China has stepped in to fill some of the gaps, including by funding a Cambodian mine-clearing project, positioning itself as the more responsive partner.

4. Strategic implications of diminishing influence for the United States

Southeast Asian countries will continue to hedge between the United States and China for as long as possible. However, China's growing sway hampers Washington's ability to engage bilaterally and multilaterally to strategic effect.

The most obvious example is ASEAN's cautious approach to the South China Sea. Despite Beijing's increasingly assertive actions within the Philippines' exclusive economic zone, including physical confrontations between Chinese and Philippine vessels, the bloc has issued no statement calling China out by name.

Another example is how frayed ties with Thailand, a U.S. ally, have complicated U.S. efforts to deepen interoperability and weakened Washington's ability to build a cohesive regional security architecture. Since the 1997 Asian financial crisis, when the United States declined to provide direct financial assistance, and subsequent downgrades in military ties following coups in 2006 and 2014 (although multilateral engagement in the form of the annual Cobra Gold exercises has continued), China has steadily expanded its role. It became Thailand's top trading partner and, by 2016, overtook the United States as its primary arms supplier.²³ Although the United States still provides more bilateral training and conducts more defense dialogue, Beijing has increased joint military exercises (such as the "Strike-2024" drill), technology transfers, and defense-related investments.

²¹ Malaysia's Prime Minister Anwar Ibrahim has been the most outspoken of Southeast Asian leaders in condemning Washington's approach toward the Gaza crisis. But even Malaysia would welcome further economic and diplomatic engagement with the United States. Writing before Malaysia assumed the Chair of ASEAN, he stated that as ASEAN Chair, Malaysia would seek to bolster ties with ASEAN+ partners, "China, Japan, South Korea, India, Australia and New Zealand." There was no mention of the United States in his piece: Anwar Ibrahim, "[ASEAN's Second Renaissance is Now](#)," *Project Syndicate*, 16 December 2024. More recently, however, he explained that Malaysia has no interest in taking sides in the Sino-American rivalry and its decision to join BRICS was not about aligning with an anti-US bloc but about expanding its strategic options in turbulent times and addressing development gaps between the Global South and the Global North. Anwar Ibrahim, "[The Global South's Path to Economic Resilience](#)," *Project Syndicate*, 14 March 2025.

²² According to the Lowy Institute's Southeast Asia Aid Map, the United States disbursed more aid in grants than China between 2015 and 2022—\$8.0 billion compared to \$1.9 billion (although China disbursed far more in loans—\$51.8 billion compared to \$597 million). Yet, these investments did not translate into clear geopolitical advantages for Washington.

²³ Jack Sato and Abdul Rahman Yaacob, "[Is China Replacing the US as Thailand's Main Security Partner?](#)", *The Diplomat*, 2 December 2023, citing data from the Stockholm International Peace Research Institute (SIPRI).

The erosion of U.S. standing in Southeast Asia also weakens Washington's ability to rally support on key global issues—from condemning Russia's invasion of Ukraine to garnering even limited sympathy or understanding for its Middle East policies. While national interests ultimately drive foreign policy decisions, Washington's reduced credibility has made it harder to persuade regional governments that a particular U.S. position might serve their interests. The previous U.S. administration's appeals for stronger action against Russia's flagrant violations of international law, which undermine the interests of all countries, including Southeast Asian ones, largely fell on deaf ears. Meanwhile, Chinese and Russian narratives about the war gained traction. Perceptions of U.S. double standards and self-interested goals, especially regarding China, have constrained U.S. diplomatic effectiveness.

Despite waning U.S. influence, countries will continue to try to hedge for as long as they can—unless forced to choose, as occurred recently in the case of Panama when Washington demanded a rollback of Chinese “influence and control.” In the same vein, a National Security Presidential Memorandum signed on February 21 established a “fast-track” investment process for “specified allies and partners,” conditioned on avoiding partnering with “foreign adversaries” in corresponding areas.²⁴ In an April 2025 *Foreign Affairs* piece,²⁵ I examine the emergence of a more coercive U.S. approach and its potential consequences. Forcing Southeast Asian countries to choose would run counter to their preference for hedging and non-alignment, shaped by the legacy of colonialism and Cold War entanglements. Countries will weigh U.S. leverage, the reliability of its promises, their economic ties with China, and potential alternatives. Ultimately, forcing a choice on Southeast Asia risks backfiring, driving countries closer to Beijing. The United States could force a choice—but it might not like the answer.

5. Rebuilding U.S. influence in Southeast Asia: Policy and legislative recommendation

Rebuilding U.S. influence in Southeast Asia demands a comprehensive, coherent and sustained strategy that integrates all elements of American power—and that draws on both Congress and the executive branch. A single-dimensional or piecemeal approach will fall short. In particular, tariffs will have strategic repercussions, limiting the extent to which countries are willing to align with Washington. U.S. strategy must include greater economic engagement, strengthening alliances and partnerships, and a firm commitment to international law.

5.1. Deepening U.S economic engagement

Economic engagement is central to rebuilding U.S. influence. Congress has a critical role to play—through trade legislation, development finance authorizations, and appropriations that anchor long-term U.S. engagement in the region. While existing frameworks such as IPEF and PGII provide a foundation for engagement, they must be reinforced by targeted, high-impact initiatives and sustained commitments. Promising early bilateral initiatives include the U.S.–Singapore Digital Economic Cooperation Roadmap (July 2024), the first U.S.–Indonesia Digital Technology Bilateral Dialogue (June 2024), and a \$3.25 million USAID–Vietnam digital trade memorandum of understanding (2023), though the latter faces uncertainty amid ongoing USAID restructuring and cuts.

Policy recommendations for the U.S. government:

²⁴ The White House, “[Fact Sheet: President Donald J. Trump Encourages Foreign Investment While Protecting National Security](#),” 21 February 2025.

²⁵ Lynn Kuok, “[How Trump's Coercion Could Backfire in Asia: Forcing the Region to Choose Sides Risks Pushing It Toward China](#),” *Foreign Affairs*, 14 April 2025.

1. *Review and reverse unwarranted tariffs* on Southeast Asian countries.
2. *Sustain U.S. commitment to IPEF.*
3. *Negotiate sector-specific trade agreements in strategic industries*, e.g., digital infrastructure, semiconductors and critical minerals. This would enhance U.S. technological leadership and economic security. Indonesia, the world's largest nickel producer, has become an emerging hub for mineral processing since its 2020 ban on raw nickel exports. The United States lacks domestic nickel reserves and should pursue deeper cooperation with Indonesia to diversify and secure nickel and other critical mineral supplies.
4. *Increase U.S. International Development Finance Corporation (DFC) funding* to incentivize private-sector infrastructure investment.
5. *Prioritize funding for USAID initiatives that more directly align with U.S. strategic interests*, such as maritime security capacity-building and digital infrastructure.

Legislative proposals:

- *Southeast Asia Fair Trade and Strategic Alignment Act*: To require executive review of tariffs on Southeast Asian countries, with a view to reversing those that undermine U.S. strategic alignment.
- *Southeast Asia Trade and Supply Chain Resilience Act*: To encourage U.S. private investment in key regional sectors to reduce reliance on China and strengthen supply chains in industries critical to U.S. interests (e.g., digital infrastructure, semiconductors and critical minerals).
- *Southeast Asia Infrastructure Development Act*: To expand DFC support for private-sector investment in transportation, digital connectivity and clean energy. Investing in transport links will enhance U.S. access, limit Beijing's ability to dominate key trade routes, and reduce Chinese leverage over regional countries. Investing in digital connectivity aligns regional standards with U.S. norms. Clean energy projects help prevent China from dominating the critical mineral supply chains essential to the energy transition. Legislation should include good governance, sustainability and anti-corruption safeguards, but avoid overly complex eligibility criteria.

5.2. Strengthening alliances and partnerships

U.S. influence in Southeast Asia depends on strengthening alliances and partnerships through clear, consistent and credible commitments. This requires reinforcing existing security relationships while expanding economic engagement with key regional players.

Policy recommendations for the U.S. government:

1. *Reaffirm U.S. security commitments to the Philippines* via a statement in a White House National Security Strategy (NSS), a formal presidential statement, or joint declaration. The Philippines grants access to key military facilities near Taiwan and the South China Sea under the U.S.-Philippines Mutual Defense Treaty (MDT) and the Enhanced Defense Cooperation Agreement (EDCA), amplifying U.S. power projection. The Luzon Strait's depth allows nuclear submarines to pass undetected. Manila's high-profile legal and physical clashes with China also highlight Beijing's flouting of international law and reinforce the U.S. narrative that China is a rule-breaker and there is regional demand for U.S. counteraction.
2. *Enhance U.S. force posture in the Philippines in a measured, non-confrontational manner*—focusing on domain awareness cooperation, joint maritime patrols and intelligence sharing. This balances

Manila's—and the region's—desire to avoid outright confrontation with China while enhancing U.S. credibility and deterrence.

3. *Expand cooperation with key partners:*

- *Singapore and Vietnam.* Deepen defense and economic ties with both countries. Singapore is one of the United States' most reliable security and economic partners in Southeast Asia.²⁶ When the Philippines decided to close Clark and Subic bases in 1990 and regional countries opposed U.S. basing, Singapore stepped up by granting the United States access to its air and naval facilities. In 1998, it allowed U.S. use of the newly constructed Changi Naval Base, a facility designed to accommodate aircraft carriers, even though Singapore does not have one of its own. Defense ties have expanded through multiple agreements. Singapore continues to offer military access to its naval and air bases, without seeking a formal U.S. security guarantee. Its stable government, advanced economy and diplomatic influence within ASEAN make it a cornerstone of U.S. regional presence. Economically, Singapore strongly supports U.S. regional economic integration and hosts over 5,800 U.S. companies, contributing significantly to U.S. employment.

Vietnam's 2023 Comprehensive Strategic Partnership with the United States presents opportunities to advance defense, economic and technological cooperation. Washington should continue to support Vietnam's efforts to diversify its security partnerships and technological supply chains.

- *Cambodia.* Enhance engagement, particularly on economic issues. China is reportedly establishing a presence at Ream Naval Base and increasing activity there. Despite Phnom Penh's pro-China leanings, 57% of Cambodians in the 2025 ISEAS poll still preferred aligning with the United States. Prime Minister Hun Manet, a West Point graduate, appears more open to leveraging great power competition to secure concessions. While the country is highly dependent on Beijing economically, its lower development levels provide Washington an opening for deeper economic engagement and influence. The 49 percent tariff rate on Cambodia militates against meaningful engagement.
- *Indonesia and Malaysia.* Strengthen ties as their regional and global clout grow. Malaysia is this year's ASEAN Chair. Indonesia is not only a major producer of nickel but also of other critical minerals, including copper, cobalt, tin and gold. Jakarta is actively seeking a Critical Minerals Agreement with the United States to facilitate trade and access to U.S. tax credits under the Inflation Reduction Act.²⁷ It has been disappointed with the slow progress. Advancing this agreement would help Indonesia diversify its exports beyond China and establish itself as a reliable U.S. partner in the clean energy transition. Both Malaysia and Indonesia have pursued BRICS membership—Indonesia became a full member this year—a move motivated by a desire to expand economic options, but one that could still lead to a shift away from the West if not carefully managed.

4. *Bolster engagement with ASEAN* as an institution, reinforcing its central role in regional diplomacy. Deepen U.S. support for ASEAN by investing in institutional capacity, increasing high-level participation in ASEAN-led forums, and aligning U.S. initiatives with ASEAN priorities. Strengthening ASEAN as an institution reinforces regional unity, helps resist China's divide-and-rule tactics, and complements bilateral U.S. engagement by embedding it in a broader multilateral framework.

²⁶ Lynn Kuok, "[The U.S.-Singapore partnership](#): A critical element of U.S. engagement and stability in the Asia-Pacific," Brookings Institution, 13 July 2016.

²⁷ Gracelin Baskaran, "[Diversifying Investment in Indonesia's Mining Sector](#)," CSIS, 11 July 2024.

5. *Increase training, joint exercises (e.g., Balikatan with the Philippines and Cobra Gold with Thailand), defense technology transfers, and selective arms sales* focused on defensive capabilities. These steps strengthen regional deterrence and align Southeast Asian militaries with U.S. defense systems.
6. *Avoid a transactional or coercive approach.* U.S. alliances and partnerships provide strategic advantages that cannot be measured solely in financial terms.

Legislative proposal:

- *Southeast Asia Maritime Security Assistance Act:* To expand existing initiatives, such as the Indo-Pacific Maritime Security Initiative (MSI) by providing increased Foreign Military Financing (FMF) and facilitating transfers of surplus U.S. defense equipment (patrol vessels, surveillance aircraft and radar systems) to key allies and partners. While Excess Defense Articles (EDA) already allows transfers, this legislation provides additional financing and explicit prioritization for Southeast Asian allies and partners.

5.3. Defending international law and maritime rights

International law reduces conflict risks and advances concrete U.S. interests. The second Trump administration should maintain the strong stance it adopted during its first term on the South China Sea tribunal ruling and the United Nations Convention on the Law of the Sea (UNCLOS). Under the first Trump administration, the United States made regular, lawful assertions of passage rights and freedoms of the seas, preserving these in practice and under international law. It also, in 2020, accepted the merits of the 2016 international tribunal ruling²⁸—a stance the previous administration had failed to take. This helped reassure coastal countries that Washington valued not only navigational and other maritime freedoms, but also their economic rights.

Beyond the maritime domain, a stronger U.S. legal strategy—one that invests in legal capacity and deploys international law in a systematic, integrated and sustained manner—can help contest China’s efforts to shape and reshape international rules and norms to its advantage.

Policy recommendations for the U.S. government:

1. Sustain regular, lawful assertions of passage rights and freedoms of the seas. While regional sensitivities exist,²⁹ these actions are critical to ensuring rights and freedoms are preserved and that the South China Sea does not become a Chinese lake.
2. Reaffirm that the United States accepts the merits of the 2016 South China Sea tribunal ruling.
3. Accede to UNCLOS to bolster U.S. credibility when contesting China’s illegal maritime claims and denial of lawful passage and freedoms.
4. Signal clearly that occupation of previously unoccupied features in the South China Sea is destabilizing and will have consequences for U.S.–China relations.

Legislative proposal:

- *South China Sea Freedom of Navigation Act:* To mandate and fund continued Freedom of Navigation Operations (FONOPs) and to revitalize the broader U.S. Freedom of Navigation program; to reinvigorate a Track 1 or Track 1.5 U.S.-China maritime dialogue to resolve disagreements over passage rights and freedoms of the seas. Even during the Cold War, the

²⁸ Michael R. Pompeo, “[U.S. Position on Maritime Claims in the South China Sea](#),” press statement, 13 July 2020.

²⁹ Malaysia, for instance, views foreign warships in the South China Sea as tension-inducing.

United States and the Soviet Union reached agreement on the rules of innocent passage in the territorial sea.³⁰ The United States and China should pursue similar understandings to lower tensions and enhance regional maritime stability.

Conclusion

Expanding U.S. influence in Southeast Asia demands strategic vision and a coherent, sustained approach—one that integrates economic engagement, strong alliances and partnerships, rejection of coercive diplomacy, and a commitment to international law.

For years, relatively weak U.S. economic engagement was offset by its security role. That role is now under strain. Doubts are growing as Washington signals reduced support for long-standing allies and partners in Europe, and the President expresses aversion to military entanglements. Meanwhile, recent economic measures—sweeping tariffs and abrupt aid cuts—are causing real harm, both to Southeast Asian countries and to the global trading system the United States once championed.

The U.S. Secretary of Defense at the Shangri-La Dialogue last month struck many good notes—underscoring that the United States does not seek war with China, that it prioritizes deterrence, and that it values its allies and partners. But the broader context undercut his message. “Our futures are bound together,” he declared. Yet, harsh tariffs and cuts to development aid suggest otherwise.

Washington aims to counter China, but its recent actions amount to strategic self-harm, undermining relations with allies and partners who bolster U.S. power and legitimacy. These missteps—coupled with the possibility of a U.S.–China deal that sacrifices regional interests—have raised grave doubts about American intent, strategy, consistency and staying power. This risks further drift away from the United States, complicating its foreign policy goals.

Support for a robust U.S. presence in the region could break down if Washington is seen as contributing more to instability than to order. At the Munich Security Conference in February, Singapore’s then Defence Minister captured deteriorating perceptions, bluntly observing that regional views of the United States had shifted—from “liberator” to “disruptor” to “landlord seeking rent.”³¹

China builds influence through sustained, long-term engagement. If the United States fails to do the same, it risks creating a strategic vacuum that Beijing will seek to fill. Without allies and partners, U.S. leadership in Asia—and globally—will erode, leaving the country weaker abroad and ultimately poorer at home.

Lee Kuan Yew, the founder of modern Singapore, once warned that Asia is not a movie America can pause and return to later with its ability to shape the region’s strategic trajectory unchanged.³² His words remain as relevant today as ever.

The time to build bridges is now.

³⁰ Lynn Kuok, “China can learn from Soviet approach to the law of the sea,” Brookings Institution, 27 March 2018.

³¹ Philip Hejmans, “Singapore Says Asia Sees US as ‘Landlord Seeking Rent,’” Bloomberg, 16 February 2025.

³² Graham Allison and Robert D. Blackwill, *Lee Kuan Yew* (Cambridge, MA: Belfer Center for Science and International Affairs, 2012), p 28.

ANNEX
Tariff Burdens on ASEAN countries

Country	Universal Tariff (%)	Reciprocal Tariff (%)	Total Tariff (%)
Cambodia	10	39	49
Laos	10	38	48
Vietnam	10	36	46
Myanmar	10	34	44
Thailand	10	26	36
Indonesia	10	22	32
Malaysia	10	14	24
Brunei	10	14	24
Philippines	10	7	17
Singapore	10	0	10