

**Trump faces prosperity and insecurity in Southeast Asia** by  
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It has become axiomatic to note power shifts in geopolitics and geoeconomics. China is on the rise with launch pads such as the Belt and Road Initiative, the Asian Infrastructure Investment Bank, and the Regional Comprehensive Economic Partnership, while the United States is in relative decline, withdrawing from landmark international cooperation like the trade-liberalizing Trans-Pacific Partnership and the Paris Climate Agreement. The degrees of these shifts are contentious but undeniable against the backdrop of a broad unravelling of the seven-decade-old liberal international order.

These fluid power dynamics are on display during President Donald Trump's visit to Asia. After stops in Japan, South Korea, and China, Trump will be landing in Southeast Asia, arguably the world's most consequential axis of prosperity and insecurity. Trump must learn to engage and navigate a region that represents the vortex of the Indo-Pacific with caution, nuance, and balance to ensure that Southeast Asia's geopolitical interests and US geostrategic aims are aligned for the future. North Korea poses an existential threat to the US and Northeast Asia but Trump will likely find in the longer term that there is much more to Asia than North Korea.

To frame the Trump visit to Southeast Asia, it is instructive to recall how his predecessor, Barack Obama, dealt with the region. Respected for his intellect and international outlook, Obama staunchly supported the rules-based global order that was constructed after World War II. Accordingly, watershed agreements on climate change, denuclearization, and regional trade liberalization came into effect during his tenure. Obama hosted and attended top meetings with Southeast Asian leaders more than any other US president. His "pivot" or "rebalance" strategy showcased Southeast Asia, partly because of his personal affinity with the region where he spent boyhood years.

Ironically, Southeast Asia was effectively "lost" to China during the Obama years. From 2012, China took over a string of artificial islands, building and stationing military installations and other assets. Despite an Arbitral Tribunal ruling to the contrary in July last year, Beijing has kept what it took. Obama stood by, and ASEAN governments had no choice but to acquiesce and appease. In turn, Beijing divided and had its way with ASEAN by picking off Southeast Asian governments bilaterally. The authoritarian resurgence in the region, from Thailand and Cambodia to Malaysia and the

Philippines, further played into Beijing's hands, because Obama's agenda that prioritized democracy and human rights over geopolitical expediency alienated certain Southeast Asian regimes.

President Trump has a different geostrategic playbook, prioritizing interests over values. With apparent distaste for and distrust of regionalism and multilateralism, Trump is transactional with a bilateral bent whenever he can, and unilateral whenever he can get away with it. This explains his renegotiations of the North American Free Trade Agreement and the Iran Nuclear Deal, quitting the TPP and UNESCO. On a bilateral basis, he has hosted leaders of Vietnam, Malaysia, Thailand, and Singapore at the White House in succession since May. Each came home with multibillion dollar pledges to buy more US goods and services, such as Boeing aircraft, and to invest more in the United States. Such role reversals, whereby the US used to be the aid donor, investor, and buyer when it comes to Southeast Asia, underlined the relative geoeconomic catchup from developing economies and Trump's fixation with US trade deficits with 16 countries, led by China and including four ASEAN members (Vietnam, Malaysia, Thailand, and Indonesia).

Trump's transactional bilateralism has allowed the US to reengage and claw back its diminished influence in Southeast Asia, a welcome maneuver for regional states that accommodate and concede to Beijing only when they have no better choice. With the US back in the regional mix, reinforced by middle powers like Japan and Australia, ASEAN ends up with more geopolitical balance. When Trump arrives in Vietnam and the Philippines for the APEC, ASEAN-US, and East Asia summits, together with a host of meetings on the sidelines, he will have an opportunity to up his bilateral game with regional leaders to counterbalance Beijing's recent dominance. Because of China's recent geopolitical gains, Trump's visit to Southeast Asia will be seen favorably by Southeast Asians despite all the controversy and contention it will likely generate. Moreover, this presidential journey is unlikely to be Trump's last in view of Southeast Asia's economic rise and promise of prosperity.

Southeast Asia's 635-million person market and \$2.6 trillion GDP has been the world's fastest growing region. ASEAN is the fourth-largest trading partner of the US. As two-way trade has tripled over the past two decades, the US is the fourth largest investor in ASEAN, with more than \$226 billion parked in the region, exceeding all other US investment in other Asian destinations, according to the ASEAN Secretariat. On the flipside, ASEAN investment in the US has reached \$27 billion, after increasing 28 percent annually since 2004.

Southeast Asia's outward foreign direct investment (OFDI) is limited but has been expanding robustly. From 0.45 percent of total world OFDI stock in 1990, Southeast Asia's share rose

to 3.9 percent in 2016. Among developing economies, the share of Southeast Asia's OFDI stock grew from 6.5 percent in 1990 to 17.4 percent last year. This growth is startling when compared to other emerging areas. In 1990, Latin America accounted for 39.7 percent of OFDI from emerging economies, while Asia represented 46.4 percent. In less than three decades, according to UNCTAD, Asia has become the main OFDI engine, accounting for 85.4 percent of total OFDI from developing economies, while the share of Latin America was reduced to 9.8 percent. Within the region, intra-ASEAN investment has shot up markedly and became the top source of investment in the region, accounting for 18.5 percent of total investment flows, even though intra-ASEAN trade has stayed steady at 25 percent over the past two decades.

Trump will have a lot to work with and much to think about in his transactional approach. ASEAN as a motley regional grouping may be a geostrategic hassle for a White House occupant steeped in the "art of the deal." But in the longer term, ASEAN represents good business for the US. When and where there's good business, Trump will be interested, as he is the chief US businessman for "America First."

To be sure, ASEAN needs the US for regional security maintenance and balance, whereas the US will want to partake in Southeast Asia's prosperity. Not only ASEAN has been good with and to the US commercially, intra-ASEAN investment and trade patterns mean the region will keep growing regardless of how ugly and nasty the domestic politics of its disparate regimes becomes. More than geopolitical machinations, Trump will pay attention and keep coming back to Southeast Asia because the region offers unrivalled good business not as available elsewhere.

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