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From Rupture to Resilience:

Middle Power Dynamics in EU–ASEAN Cooperation

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Summary

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With much of the global political momentum shifting towards greater fragmentation and uncertainty, closer cooperation between the EU and the Association of Southeast Asian Nations (ASEAN) is not just beneficial—it is strategic. As stabilisers amid uncertainty, by working together during unpredictable times, the EU and ASEAN can project predictability based on a shared commitment to a rules-based order. Faced with a less-reliable America, an aggressive Russia and an assertive China, Europe is stepping up to boost resilience and carve its own way forward. Notwithstanding regional diversity, the ASEAN countries are working on lessening their reliance on major powers and seeking to foster greater intraregional integration in trade and digital connectivity. This policy brief explores the dynamics in EU–ASEAN relations amid the current global uncertainty, and urges the adoption of a flexible and pragmatic strategy to maximise potential and project power. The EU and ASEAN must work from the bottom up and develop strategic maturity to accommodate each other's differences in worldviews and perceptions. The present moment offers an opportunity for the middle powers to exercise greater agency and help to shape what comes next for geopolitics and technology.

Keywords EU–ASEAN relations – Middle powers – Strategic autonomy – Economic security – Indo-Pacific – Multilateralism

Introduction

At the 2026 World Economic Forum in Davos, Canada's Prime Minister Mark Carney warned: 'We are in the midst of a rupture, not a transition'. He said, 'middle powers must act together, because if we're not at the table, we're on the menu'.[1] He also warned that middle powers have the most to lose from a world of fortresses and the most to gain from genuine cooperation.[2] In other words, middle powers across the developed and developing world matter and can make a difference—when they act together. By working together during uncertain times, the EU and the Association of Southeast Asian Nations (ASEAN) can project predictability and seek to deliver both security and prosperity, based on a shared commitment to a rules-based order.

Amid growing geopolitical uncertainty, middle powers in the Global South, such as Indonesia, Singapore and Malaysia, have emerged as instrumental to shaping the next global order as they are interested in driving regional change. Middle powers are states that rank below superpowers and great powers and yet are considered influential as they have convening power and can help to tackle global challenges. With significant regional influence, they often act as bridges between global powers. What is drawing the middle powers in Europe and across Southeast Asia closer is their shared recognition of the fact that the rules-based order that once provided predictability has become weaker. They have also shown a willingness to coordinate to better position themselves vis-à-vis major powers, namely the US and China.

Both the EU and ASEAN are learning to adjust to a multipolar world where international rules no longer seem to matter, deal-making is replacing conventional politics and where 'might is right', as European Defence Commissioner Andrius Kubilius recently acknowledged.[3] The desire and need for certainty and predictability have never been greater, just as interdependence and the tendency to weaponise it have increased. Key assumptions about power, influence and narratives are being contested, with agreement across the Global North and South that multilateralism is in crisis. The world has entered a period of unbalanced multipolarity, and the sense of urgency regarding the need to adapt has

1 World Economic Forum, 'Davos 2026: Special Address by Mark Carney, Prime Minister of Canada' (20 January 2026).

2 Ibid.

3 A. Kubilius, speech at the European Defence Agency Annual Conference, Brussels, 28 January 2026.

increased in both the EU and across Southeast Asia. Yet, the responses of these middle powers to such dynamics are likely to diverge in line with their interests, shaped by domestic factors, as well as by the relations they each maintain with Washington and Beijing.

Nonetheless, aligning on the shared interest in upholding a rules-based global order is likely to strengthen EU–ASEAN convergence. Such alignment will only truly emerge, however, if both sides remain committed to investing in mutual understanding and step up bilateral cooperation in flexible, pragmatic and strategic ways. With the rise in geopolitical tensions, international debates on the future of the global order have intensified, with countries seeking—and often struggling—to reconcile multilateralism and multipolarity, key concepts underlying global governance. These debates have unfolded against the backdrop of US–China competition for global leadership, with both powers seeking to control the balance of power in line with their interests. Their zero-sum rivalry has reduced the space available for the mutually beneficial cooperation necessary in upholding the international order.

Developed and developing countries alike are learning to position themselves vis-à-vis multilateralism and multipolarity. This has often taken the shape of mini-lateral cooperation, entailing a shift from non-alignment to multi-alignment, based on flexible cooperation and balancing or hedging against risks. Strategic autonomy has become a key aspiration for both the EU and ASEAN, albeit they pursue it in different ways. While multilateralism is deeply embedded in the EU's DNA, for ASEAN countries, multilateralism rests on the concept of ASEAN centrality, which entails consensus-based diplomacy. Notwithstanding the different levels of integration within the two regions, both organisations support an open, inclusive and rules-based multilateral trading system in which international institutions play a significant role to uphold the rule of law.

Furthermore, both organisations believe that the international order needs to be reconfigured. Developing countries have long pushed for an adjustment to global governance to reflect the growing relevance of emerging powers. The EU and ASEAN also agree that a shift towards multipolarity is emerging, which would enable the distribution of power among several poles, rather than its domination by one (unipolar) or two (bipolar) superpowers. Yet, a 'multipolar world' means different things in different parts of the world, and there is no universally shared interpretation of what it should or could look like.

As it is viewed in most parts of the Global South, notwithstanding its diversity, a multipolar order would empower emerging countries to craft their own paths.

For some in the developing world, multipolarity would also enable a shift from post–Cold War Western dominance to a more fragmented landscape, with rising powers such as China, India, Brazil or Indonesia playing more prominent roles. Russia and China have joined hands to 'democratize international relations' and promote a 'new multipolar order' by leveraging the resentment felt in the Global South against the West.[4] Moscow and Beijing see the current order as distorted by Western dominance over international institutions, double standards and a 'Cold War mentality'.

In contrast, India has distanced itself from anti-West positions, declaring itself 'non-West' and a leading voice of the Global South, a position that China has also claimed. This framing has allowed India to seek deeper ties with the US and Europe, without being branded as pro-West at home.[5] India has also advocated for a multipolar Indo-Pacific while engaging in mini-lateral formats, such as the 'Quad'—the Quadrilateral Security Dialogue consisting of Australia, India, Japan and the US—and emphasising its commitment to multi-alignment. From the European perspective, navigating a multipolar world requires multilateral solutions. EU leaders see the erosion in the respect for international law and the growing multipolarity as the dynamics most relevant to its future role. To effectively defend the global order, building partnerships is therefore the key to reinforcing multilateralism, with a reformed, rather than replaced, UN as the cornerstone of the multilateral system.[6]

As these dynamics suggest, on a global scale there is no shared understanding of how multipolarity relates to multilateralism, or how multilateralism should be operationalised in order to be effective. ASEAN countries' reluctance to join rigid alliances and their preference for flexible partnerships instead is in line with European efforts to uphold a rules-based international order anchored in the UN, supported by an expanded network of partnerships. Strategic nimbleness has helped the ASEAN countries to pursue their interests in a pragmatic way, as is often claimed by regional leaders. For example, Indonesia's '*bebas dan aktif*' ('free and active') foreign policy, has traditionally allowed it to position itself vis-à-vis great power rivalry, while diversifying relations.[7] Under President

4 Russian Federation and People's Republic of China, 'Joint Statement of the Russian Federation and the People's Republic of China on the International Relations Entering a New Era and the Global Sustainable Development', President of Russia, 4 February 2022.

5 C. Raja Mohan, 'India's New Alignment: "Non-West" but Not "Anti-West"', *Institute of South Asian Studies*, 19 February 2024.

6 A. Costa, speech at Science Po – Paris School of International Affairs, Paris, 24 March 2026.

7 R. Saha, 'Indonesian Foreign Policy Is Still Free, More Active', *The Interpreter*, 11 December 2024.

Prabowo Subianto, who has been in power since October 2024, Jakarta seems committed to hedging. It has not adopted either a pro-China or a pro-US agenda, but rather has sought to forge deals with both, while reaching out to countries across the Global South, including India, Japan and the United Arab Emirates.[8]

In the case of Thailand, according to literature on the conceptualisation of Thai foreign policy, its 'bamboo diplomacy', also referred to as 'flexible diplomacy', has enabled the nation to 'bend with the wind' of geopolitical pressure in contemporary times. Thai scholars have used the concept not only to justify Thai foreign policy in the present but also to explicate Thai diplomacy in the past. This has included explanations for Thailand's survival amid colonialism during the nineteenth century. As some have argued, as a metanarrative that emerged in academia during the mid-1970s, the metaphor of bamboo diplomacy has become the norm in Thai foreign policy.[9] Seasoned Thai diplomats claim that real Thai 'bamboo' knows where and how it will bend in advance.[10]

Faced with a less-reliable US, an aggressive Russia and an assertive China, Europe is stepping up to boost its security and prosperity. Burdened by critical dependencies and exposed to great-power rivalry, Europe's relative economic weight in the world has been declining. Speaking at the World Economic Forum in Davos in January 2026, Ursula von der Leyen, president of the European Commission, said: 'If this change is permanent, then Europe must change permanently too. It is time to seize this opportunity and build a new independent Europe'.[11] She concluded by stressing: 'Europe must speed up its push for independence—from security to economy, from defence to democracy. Engaging in dialogue with our friends and partners, also with adversaries if necessary'.[12]

By 2030 ASEAN is projected to become the world's fourth-largest economy, making it attractive and relevant to European interests and efforts to diversify and boost its resilience. The grouping of 11 Southeast Asian nations sits at the heart of a region that has emerged as a centre of economic gravity. In 2024 EU trade with the Indo-Pacific region amounted to €848 billion; imports were

8 L. Myers, 'Indonesia's Foreign Policy Under Prabowo: Still Free But More Active?', *The Diplomat*, 19 March 2025; Z. A. Ferenczy, *Less Paperwork, More Presence. Why Global Gateway Disappoints on the Ground*, Konrad Adenauer Foundation (September 2025).

9 J. Poonkham, 'A Genealogy of Bamboo Diplomacy: The Politics of Thai Détente With Russia and China', Australian National University, 2022.

10 K. Chongkittavorn, 'An Ever Evolving MFA Turns 150', *Bangkok Post*, 15 April 2025.

11 U. von der Leyen, special address at the World Economic Forum, Davos, 20 January 2026.

12 Ibid.

valued at €450.3 billion and exports reached €397.7 billion.[13] As a group, ASEAN is the EU's third-largest trading partner outside Europe, after the US and China. At the same time, the US is ASEAN's largest investor and China is its largest trading partner. And while China continues its economic ascent and is growing more assertive in the Indo-Pacific, the US under President Trump appears to be shifting its attention and focus to the western hemisphere.

The Trump administration appears less interested than those of previous presidents in enforcing the international order built by the US, which has stood at the heart of US foreign policy for decades. Instead, it is set on dismantling the current order and diminishing American power with it; at least, this is the perception broadly shared across the EU. This will have far-reaching implications for the Indo-Pacific, a region that has traditionally been central to US global power-projection efforts, particularly as China has grown more assertive. Notwithstanding regional diversity, ASEAN countries are reducing their reliance on major powers, seeking to foster greater intraregional integration in trade and digital connectivity, while managing their cooperation with the US, China and Russia. While finding a balance remains at the core of ASEAN's identity, the region in which it is situated is also where US–China competition has played out most fiercely. This intensifying rivalry has heightened pressure on the region, at the same time as elevating Europe's relevance as a predictable—although remote—partner.

Managing the reality of an interdependent, multipolar and transactional world, while also having the capacity to counter the tendency to weaponise interdependencies, requires new strategic thinking from both the EU and ASEAN. Both organisations must embrace a shift in mindset to manage the great-power rivalry, while positioning themselves as middle powers driven by their own interests rather than those imposed and pursued by the great powers. This policy brief assesses EU–ASEAN relations from the perspective of middle power diplomacy and recommends flexibility, pragmatism, and the adoption of a strategy to maximise potential and project power. The EU and ASEAN must move from the bottom up rather than the top down to develop strategic maturity that accommodates each other's differences in worldviews and perceptions.

This approach must be inclusive, start at the local level and in close cooperation with the private sector, and aim to reconcile differences in regional views on the roles of China and the US in ASEAN, as well as the role ASEAN countries would like Europe to play in their neighbourhood. As the next world order is emerging,

13 Eurostat, 'EU Trade With the Indo-Pacific Region: €848.0 Billion' (4 November 2025).

the shared aim should be to ensure that EU–ASEAN cooperation meets its full potential and both sides punch above, rather than below, their weight, both vis-à-vis each other and on the global stage. Neither the EU nor ASEAN wants to be forced to choose sides; rather both want to thrive in a stable, sustainable and just balance of power in the Euro-Atlantic and Indo-Pacific regions. Going forward, rather than choosing sides, the EU and ASEAN should choose each other.

A world in 'rupture'

Mark Carney's speech in Davos, warning about a 'rupture' in the US-led global order, made global headlines. Although political leaders across the globe have opposed the disintegration of the rules-based order, the Canadian prime minister went beyond this. He proposed a middle power strategy, suggesting that the middle powers have the capacity to convene and, by doing so, can help to navigate through this geopolitical disruption. Carney's speech focused on the need to end economic weaponisation, as it creates subservience and uncertainty for countries, including his own. He did not mince his words when he described the current condition of the international order as 'a system of intensifying power rivalry, where the most powerful pursue their interests, using economic integration as coercion'.[14]

Leveraging negative economic statecraft or using economic coercion to advance national interests, often to the detriment of the rules-based order, has become the preferred tool for great powers to use to project power on the global stage and compete for global leadership. In the name of economic and national security, great powers take the measures they deem necessary to protect their interests. They choose to do so even when this means undermining the interests of others, even their allies. Great powers then justify these actions under the banner of security, thereby also entailing a clash with international norms.

For example, in both his first and second terms as US president, Donald Trump has used tariffs to pressure not only US rivals but also the US's closest allies, including Europe and the Southeast Asian nations, into aligning with US policies, while claiming that they were intended to address persistent and harmful trade

14 World Economic Forum, 'Davos 2026'.

imbalances.[15] It was during his first presidency that Washington initially signalled that it would treat economic security as national security.[16] In parallel, under the rule of the Chinese Communist Party, Beijing has gradually expanded its 'comprehensive national security' concept, with the overarching goal of defending the party's hold on power and guaranteeing political stability. First introduced in 2014, the concept currently includes 16 security arenas, including space security, and is enshrined in the party constitution. This presents new risks for other governments engaging with China, and Beijing's 'securitisation of everything' is likely to accelerate as geopolitical competition with the West grows. The concept will also continue to define China's domestic and international behaviour beyond the rule of Xi Jinping, unless there is a substantial ideological shift.[17]

In Trump's second term, tariffs have been a key element in the pressure he has applied to Europe in an attempt to acquire Greenland, a Danish territory, an effort which Europe has managed to thwart—for now.[18] This approach has forced Europeans to understand that Europe is no longer Washington's primary centre of gravity—and it must adapt to the new reality, as EU High Representative Kaja Kallas acknowledged in January 2026.[19] For the ASEAN countries, Trump's tariffs have triggered diverse responses. While some have adopted a wait-and-see approach, most have chosen to negotiate and pursue pragmatic diplomacy rather than retaliation, given the high degree of export dependence on the US market.[20] Nonetheless, while the tariffs have caused disruption, they have also unintentionally accelerated ASEAN's move towards closer intraregional connectivity and economic partnership, highlighting the value of collective action, strategic foresight and adaptability in managing geo-economics.

Using trade as a weapon has also been a preferred tactic for China under Xi's rule. Xi has used economic coercion to intimidate and punish those countries that Beijing believes have undermined Chinese national interests or crossed

15 S. de Lemos Peixoto et al., *US Tariffs: Economic, Financial and Monetary Repercussions*, European Parliament, Economic Governance and EMU Scrutiny Unit, PE 764.382 (July 2025).

16 P. Navarro, 'Why Economic Security Is National Security', *Real Clear Politics*, 9 December 2018.

17 K. Drinhausen and H. Legarda, *'Comprehensive National Security' Unleashed: How Xi's Approach Shapes China's Policies at Home and Abroad*, MERICS (15 September 2022).

18 N. Poitiers, 'What Can Europe Learn From Trump's Greenland Tariff Threats?', *Bruegel*, 26 January 2026.

19 K. Kallas, keynote speech at the European Defence Agency Annual Conference 2026, Brussels, 28 January 2026.

20 P. S. Winanti, 'The ASEAN Members' Response to Trump's Liberation Day', *International Institute for Sustainable Development*, 28 July 2025.

its red lines. Its relations with Australia, Canada, South Korea, Norway and Lithuania provide textbook cases of Chinese economic coercion.[21]

For example, following its decision to leave the 17+1 cooperation format with the People's Republic of China and expand ties with Taiwan in 2021, Lithuania faced disproportionate retaliation from Beijing, of the kind that reverberated across Europe. Beijing's behaviour accelerated the EU's work on an anti-coercion instrument, often called a trade bazooka.[22] As a small country, by standing up to China, Lithuania punched above its weight—standing up for its own sovereignty and also shaping a broader EU policy shift on China.[23]

In Southeast Asia, the Philippines has been on the receiving end of China's weaponisation of trade since 2012, when Beijing banned the import of bananas, mangoes and pineapples from the Philippines, following a serious falling out over the Scarborough Shoal, which both countries claim as their own territory.[24] Since then, tensions in the South China Sea have increased, with China seeking to establish dominance in disputed waters using its coastguard, maritime militias and fishing vessels. Notably, Lithuania has emerged as a vocal supporter of the Philippines, having itself experienced Beijing's anger. Inspired by their mutual alarm over the growing hybrid threats to peace and security, in 2025 the two signed a memorandum of understanding in Manila to foster defence cooperation, particularly in cybersecurity.[25]

Significantly, President Marcos Jr. of the Philippines has also expressed solidarity with Ukraine in standing up to Russia and voiced a clear and principled position against the invasion and in support of Ukraine's territorial integrity and sovereignty. Manila gave its support to Ukraine as both a fellow democracy and a supporter of international law. In his meeting with President Zelenskyy, the Philippines president told his Ukrainian counterpart: '[W]e have ourselves been trying to promote the continuing adherence to international law in our part of the world. The issues that you are facing are similar and in parallel to ours. And

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21 M. Reynolds and M. P. Goodman, 'China's Economic Coercion: Lessons From Lithuania', *CSIS*, 6 May 2022.

22 S. Lau, 'Lithuania Pulls out of China's "17+1" Bloc in Eastern Europe', *Politico*, 21 May 2021.

23 Z. A. Ferenczy, 'Lithuania's Values-Based Foreign Policy Toward a Rebalance in EU-China Relations', *Taiwan Strategist* 13 (2022).

24 A. Karambelkar, 'Philippines: At the Receiving End of Beijing's Banana–Stick Policy', *Institute of Peace and Conflict Studies*, 16 July 2012.

25 *Asahi Shimbun*, 'Lithuania and Philippines Sign a Pact to Build an Alliance Against Aggression', 1 July 2025.

therefore, the position the Philippines takes is always to promote peace and to do everything that we can to promote that peace'.[26]

'Not choosing sides'

The value of convergence between Lithuania and the Philippines, two actors sitting in two deeply interconnected regions, should not be overlooked. Further deepening and widening their relations may, in the long run, inspire broader regional cooperation between the EU and ASEAN and help to reconcile differing regional worldviews and perceptions. It may also provide opportunities to learn from one another on countering economic coercion. Such collaboration has the potential to unleash concrete cooperation at a time when security threats are emerging that are testing the small and middle powers' capacity to find balance. Perhaps the biggest value of such cooperation in the short term lies in its predictability and reliability, precisely because it is based on truth, a scarce and valuable commodity in an era of intense volatility.

By committing to a deeper partnership, Manila and Vilnius are also sending the message that, in the face of isolation and disengagement, they choose cooperation and seek mutually beneficial trade. In contrast, for both Xi and Trump, weaponising trade has been central to their foreign policy, serving as a powerful tool to pursue core interests in the name of economic security, while shaping the security environment of the Indo-Pacific in line with their respective interests. Caught between the US and China, the EU and ASEAN are both looking to counter these tendencies and position themselves as regional blocs. While they both remain vulnerable due to their high dependence on the US and Chinese markets, they are also internally fragmented, albeit to varying degrees.

As a result, individual members often find themselves even more exposed, with both Trump and Xi preferring bilateral deals to multilateral formats. In terms of the EU, Xi and Trump have both sought, in their own ways, to circumvent the bloc and deal with individual member states, exploiting the lack of EU-level strategic unity and leadership. This has impacted member states in various ways, depending on the intensity of their trade ties and political relations with the two rivals, as

26 Office of the President of the Philippines, Presidential Communications Office, 'Zelenskyy Thanks PBBM for PH Support to Ukraine' (3 June 2024).

well as the dynamics of their domestic politics and local sensitivities. China's Xi has used a 'divide-and-rule' approach to try to deepen divisions inside the EU and play member states off against each other by leveraging incentives, or often merely the promise of incentives, and threats of retaliation to obstruct a stronger collective EU approach to China.

European leaders and foreign ministers making individual trips to China in recent months in pursuit of national, rather than European goals, have only helped Beijing's *divide et impera* efforts.[27] The Trump administration's hostile approach to the EU has highlighted the bloc's internal fragmentation as a significant vulnerability. Trump has blatantly criticised EU institutions, regulations and bureaucracy, criticism that the European far right has appreciated, but Brussels has rejected. The US National Security Strategy also reflects this criticism, leaving the EU with the challenge of determining its own course of action on transatlantic relations and other consequential matters, including its ties with China and Russia.[28]

ASEAN's internal dynamics, including diversity, fragmentation and often a lack of cohesion, have shaped its ability to manage relations with both China and the US. As a format, ASEAN has provided an avenue for its small- and medium-sized states to hedge against multiple risks associated with the rise of China, the US–China rivalry and growing geostrategic uncertainties. At the same time, ASEAN members have also pursued bilateral channels for hedging vis-à-vis China and the US, seeking to maintain positive relations with both.

Hedging has two sides: one entails engagement, the active use of multilateral and bilateral processes to forge closer ties with big powers; the other entails constraining the influence of great powers by leveraging the presence of other powers to provide checks and balances. In this framework, ASEAN has enabled smaller states to avoid becoming subservient or overly dependent on their giant neighbour, and to avoid antagonising any power or forgoing economic gains.[29] Yet, ASEAN's ability to hedge is being challenged due to growing uncertainty about big-power intentions and commitments; a more assertive China in the South China Sea, which is economically deeply engaged in the region; and a more unpredictable US.

Maintaining a balanced approach that does not alienate either of the big powers and helps secure stability in the region requires protecting ASEAN's

27 A. Bachulska, 'New Tools: How the EU Can Show China It Means Business', *ECFR*, 1 July 2025.

28 White House, *National Security Strategy of the United States of America* (November 2025).

29 C.-C. Kuik, 'Binary Trap Threatens ASEAN's Hedging Role', *East Asia Forum*, 1 August 2023.

cohesion and centrality. ASEAN's path towards regional economic integration has differed from that of the EU, shaped by its members' keen interest in securing the space and flexibility to act on their own whenever necessary, without feeling constrained by the group. Nonetheless, both the EU and ASEAN have aligned themselves around the belief that economic integration and free trade will lead to higher economic growth, regional stability and peace. ASEAN has also placed greater emphasis on the principle of non-interference and on finding a balance between the great powers, without choosing sides. Furthermore, ASEAN's regional ambitions have been embraced by its individual members to varying degrees, shaped by their differing histories, leaderships, economic sizes and intensity of economic exposure. These factors have all impacted bilateral relations with the US, China and the EU accordingly.

While ASEAN remains diverse, a shared agreement binds its members to uphold ASEAN centrality and to safeguard a peaceful, stable and inclusive regional architecture, with a joint interest in strengthening ASEAN's political–security and economic architectures.[30] For example, Malaysia has insisted on actively signalling a position of non-alignment, which means simultaneously showing an inclination towards China and engaging cautiously with the US, keeping its options open by diversifying its partnerships with the competing powers. The Philippines has implemented a rather robust hedging strategy, displaying a more confrontative approach to China with regard to Beijing's expansive claims over the South China Sea that overlap with its exclusive economic zone and that of several other Southeast Asian states.

While hedging has become more challenging, some experts have argued that the cost of remaining neutral will also likely increase. The growing US–China rivalry has meant that ASEAN countries have faced more pressure to align with one or the other competing power, which goes against their desire to stay strategically ambiguous and maintain ties with both sides. Still, choosing sides—either switching to a pro-US or a pro-China stance—is likely to incur even higher costs and more unacceptable trade-offs than the cost of hedging. In other words, states such as Malaysia opt for hedging not because it is cost-free, but because it is more acceptable than other available alternatives.[31]

Along the same lines of the importance of staying neutral, speaking of its country's foreign policy, Singapore's Foreign Minister Vivian Balakrishnan re-

30 ASEAN, 'Chairman's Statement of the ASEAN Joint Foreign and Economic Ministers' (AMM-AEM) Meeting' (25 October 2025).

31 C.-C. Kuik, 'Assessing Hedging in Trump 2.0', *Yusof Ishak Institute,* Issue 5, 2026.

cently said: 'We refuse to be a vassal state that can be bullied or bought. We will not be a proxy or a stalking horse for any superpower. We will uphold principles, but we will not choose sides'.[32] He noted that Singapore's open economy is highly dependent on doing business with the world and has benefited from being 'a vital node in globalised supply chains': 'If the US and China get along, then Singapore will be ideally positioned to prosper. On the other hand, if things go wrong between them, these strengths can quickly turn into vulnerabilities for Singapore'.[33]

In the pursuit of strategic hedging against regional instability and increasing US–China competition, Singapore is also accelerating its defence capability upgrades to modernise its armed forces into a 'next generation' force by 2040. In January 2026 it acquired up to four Boeing P-8A Poseidon maritime patrol and reconnaissance aircraft and related equipment from the US in a deal potentially worth over $2.3 billion, strengthening its role as a strategic partner in the Indo-Pacific and enabling improved coordination with US and allied forces.[34] The strategic importance of Singapore's defence upgrade for the EU lies in the fact that Singapore is projecting stability and strategic autonomy, both of which are of great benefit to European efforts to better position itself in the region.

In response to growing uncertainty in transatlantic ties, the EU is accelerating investment in its own defence capabilities, seeking to de-risk not only its cooperation with China, but also with the US. There is a shared belief across Europe that it must become more capable and self-reliant, which is ultimately in the interest of the US as well. While it remains committed to NATO, the EU's boosting of its own defence will increase its credibility, which is of great importance to its partners in ASEAN, including Singapore, as they also look for diversification.

Singapore's economy is heavily dependent on its port, one of the busiest in the world, located at the narrow choke point where the Strait of Malacca meets the South China Sea. Maintaining stability in its ties with China, its largest goods trading partner, is therefore of paramount importance, hence the need to continue its careful balancing act. This is reflective of the fact that, deeply dependent on integration into global production networks and capital markets, most ASEAN capitals have signalled their interest in remaining open.

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32 V. Balakrishnan, speech at Singapore Ministry of Foreign Affairs Committee of Supply Debate, 27 February 2023.

33 Ibid.

34 M. Yeo, 'Singapore Cleared to Buy Four P-8A Poseidons for USD2.3 Billion', *Breaking Defense*, 21 January 2026.

Thailand's position in terms of finding a balance is similar to that of its neighbours. At the fourth EU–Indo-Pacific Ministerial Forum in Brussels in November 2025, Thai Foreign Minister Sihasak Phuangketkeow stressed that deeper region-to-region cooperation is essential, as the EU's presence helps to balance the power between the US and China. He added, nonetheless, that Thailand supports a multipolar world and seeks constructive relations with all major powers. China is Thailand's largest trading partner and the US is a key security provider.[35] In fact, as of late 2025, China had maintained its position as ASEAN's largest trading partner for 16 consecutive years, with its other top ASEAN partners including Vietnam and Malaysia.[36]

Meanwhile, negotiations between the EU and Thailand have also gained momentum in recent months, following the entry into force in 2024 of their bilateral Partnership and Cooperation Agreement.[37] In March 2026 the EU, Thailand and Japan held a regional cyber-resilience seminar focused on maritime security and cybersecurity, demonstrating an interest in exploring how to expand bilateral cooperation to a more regional level.[38] While Japan is a key and trusted partner for Thailand, the EU is also stepping up its security cooperation with Tokyo, based on shared threat perceptions linking the security of Europe and the Indo-Pacific. EU–Malaysia and EU–Philippines free-trade area (FTA) negotiations are also making progress. In other words, ASEAN countries continue to hedge against the US–China rivalry by leveraging their strategic value through trade and exercising agency vis-à-vis Europe. The benefits of such regional cooperation for the EU, as it seeks to diversify and become less vulnerable to great-power rivalry, must not be overlooked.

Towards shared solutions

Looking at the broader Southeast Asian region, economic growth has been an important condition for ensuring economic security over the past decades.

35 *Euronews*, 'Thailand's Foreign Minister Hopes EU Will Help Bring Balance of Powers to ASEAN Region', 21 November 2025.

36 State Council of the People's Republic of China, 'China Remains ASEAN's Largest Trading Partner for 16 Consecutive Years' (8 September 2025).

37 Thailand, Ministry of Foreign Affairs, 'Minister of Foreign Affairs Meets With Dip Corp of the EU Delegation, EU Member States and Schengen Area Accredited to Thailand' (4 November 2025).

38 EEAS, 'EU–Thailand–Japan Regional Seminar Explores How to Strengthen Cyber Resilience of Maritime Supply Chains' (25 March 2026).

Economic growth has not only been a source of national power but has also secured regime legitimacy. In other words, an inward-looking economic security strategy in the region would not only cause economic damage but could also present an internal security threat. Furthermore, achieving integration in the globalised economic and regional production networks for electronics and vehicle manufacturing has become foundational for economic security in ASEAN.[39]

At the October 2025 ASEAN Summit, leaders jointly reaffirmed ASEAN's commitment to 'upholding the multilateral trading system, and underscored the importance of predictable, transparent, inclusive, free, fair, sustainable and rules-based multilateral trading system, with the World Trade Organization (WTO) at its core'.[40] They also called for 'greater synergy across the political and economic pillars to respond to the growing economic–security nexus'.[41] ASEAN's call for a rules-based multilateral trading system resonates across Europe, as both regions are exposed to trade weaponisation.

Multilateralism with the US at its core has been a cornerstone of the EU's external policy for decades. Yet the EU has been forced to recognise that multilateralism has failed to respond to the needs of both developed and developing countries, a perception that ASEAN countries share. In Southeast Asia, there is a widely held perception that international organisations, such as the UN and the WTO, are experiencing gridlock and need reform to better reflect the current geopolitical landscape and to allow better representation of emerging economies and small and middle powers. These concerns were also on the agenda of the first-ever EU–ASEAN Summit, held in 2022 to mark 45 years of diplomatic relations.[42]

In line with ASEAN's concerns, in Davos, Canadian Prime Minister Mark Carney stressed that the multilateral institutions on which the middle powers have relied, 'the very architecture of collective problem solving', are under threat.[43] As a result, 'many countries are drawing the same conclusion that they must develop greater strategic autonomy,' he noted.[44] In European perceptions, while there is concern that the current order is shifting and multilateralism is being ques-

39 A. Jaknanihan, 'Economic Security Comes From Openness in Southeast Asia', *East Asia Forum*, 29 December 2025.

40 ASEAN, 'Chairman's Statement of the ASEAN Joint Foreign and Economic Ministers' (AMM-AEM) Meeting'.

41 Ibid.

42 EEAS, 'The EU and ASEAN: Stronger Together' (16 December 2022).

43 World Economic Forum, 'Davos 2026'.

44 Ibid.

tioned, cooperation through effective multilateralism remains the best way to advance national and collective interests. The focus, therefore, is on 'effective' multilateralism, the kind that delivers to all. Similarly, Malaysia's 2025 ASEAN chairmanship pursued efforts to advance 'inclusive multilateralism', underpinned by ASEAN centrality. For example, it hosted the ASEAN—Gulf Cooperation Council—China Summit, demonstrating ASEAN's convening power by bringing together two rising powers to discuss shared priorities in an institutionalised, three-way conversation.[45] Taking over the bloc's presidency in 2026, the Philippines also committed to 'multilateralism and leadership in fostering unity amid diversity'.[46]

At the same time, as a multilateral and consensus-based format, ASEAN has not always effectively managed crises happening closer to home, namely within the region. For example, ASEAN has not been able to address the ongoing crisis in Myanmar following the 2021 military coup, which remains one of the biggest challenges facing the regional grouping. The reason is structural: ASEAN operates on the basis of consensus and non-interference. This has also hindered cohesion on managing tensions in the South China Sea, as China has pressured its closest partners to obstruct a collective response. Recent maritime confrontations have heightened tensions, with the coastguards of the Philippines and China clashing on multiple occasions, undermining regional stability and international law. ASEAN's limited ability to manage regional tension has broader implications, affecting those countries that are working to ensure a free, open and stable Indo-Pacific, including Japan, Australia and India—but also Europe.

Shared interest in a return to a predictable, rules-based order that benefits all countries offers the EU and ASEAN an opportunity to forge deeper cooperation. With trade and technology becoming sources of geopolitical power and vulnerability, economic security requires the better management of economic risks to national security and the foundations of the economy. The EU published its own economic security strategy in 2023, conceived at a time when the EU could rely on the US. The strategy was therefore part of a coordinated transatlantic response to China's weaponisation of economic dependence. At the time, the G7 provided a platform through which like-minded partners could coordinate.[47]

The strategy focused on promoting EU competitiveness by making supply chains more resilient, protecting the EU from economic security risks, countering economic

45 E. Noor, 'Malaysia's Year as ASEAN Chair: Managing Disorder', *Carnegie*, 29 December 2025.

46 J. A. L. Rocamore, 'PH Begins ASEAN 2026 Chairship, Vows to Steer Reg'l Peace, Prosperity', *Philippine News Agency*, 8 January 2026.

47 European Commission, 'An EU Approach to Enhance Economic Security', Press Release, 20 June 2023.

coercion and partnering with countries with common interests. It promised to adapt the EU's approach, while preserving the vast majority of Europe's highly valuable economic links around the world and ensuring that risks are effectively tackled.

However, the geo-economic and geopolitical environment has fundamentally changed under the second Trump presidency. Not only is Washington not interested in coordinated action with allies, but it has also threatened both the EU and ASEAN with coercive action. In response, in 2025 the EU moved away from its economic security strategy to adopt a doctrine that outlines the strategic use of the bloc's economic security tools.

Following the doctrine's publication, some experts have noted that, in 2026, European economic security is more at risk than it was in 2023: dependencies are greater, partners are more willing to resort to coercion while more focused on reducing their own vulnerabilities, and the EU's control over critical technologies remains more precarious than that of its competitors. It is also noteworthy that economic security ultimately rests with member states and their governments.[48]

ASEAN members want a stable geopolitical environment that allows them to focus on their economic development. With the policy space for hedging shrinking, ASEAN is investing more in inclusiveness and resilience to withstand external shocks, thereby making the promotion of regional economic security a policy priority. The March 2026 trilateral between the EU, Thailand and Japan on cybersecurity mentioned above is a good example of this tendency. Economic cooperation, or rather economic security, remains a pathway to regional stability, which requires a comprehensive security framework with economic integration at its core.

The need for the EU and ASEAN to work together has never been greater. Cooperation between the two regions is structured through a biannual ASEAN–EU trade and investment work programme, articulated along the lines of a bilateral dialogue, which includes discussions on trade and investment issues at the ministerial and senior economic official levels, expert dialogue groups and regular ASEAN–EU business summits.[49] Recent developments concerning the imposition of US tariffs on both the EU and ASEAN have threatened economic growth. Uncertainty is also testing ASEAN's long-held strategic neutrality. Assessing the implications of the tariffs, European companies operating in ASEAN have been on high alert.

48 F. Chimits, 'The EU Economic Security Doctrine: Just Hot Air?', *Institut Montaigne*, 23 January 2026.

49 European Commission, 'Association of Southeast Asian Nations (ASEAN)'.

According to the eleventh EU–ASEAN Business Sentiment Survey, 73% of European respondents reported that ASEAN has become more important to their global revenues, with a clear majority planning to expand their presence in key markets such as Vietnam, Indonesia and Thailand. The proportion of respondents who want to see more engagement from EU institutions has tripled from 21% in 2023 to 60% in 2024, and 64% in 2025. This reflects geo-economic uncertainty and a desire to see the EU engage more with ASEAN. When asked whether they would recalibrate supply chains or relocate manufacturing facilities in light of potential US tariff regimes, 69% of respondents said they are still assessing the impact, while 13% have already begun taking steps to adjust. Of the respondents, 39% selected ASEAN as their top relocation destination; India was second, the preference of 13%; and Europe and China were tied in third place at 11%.[50]

Policy recommendations

The 2025 EU–ASEAN Business Sentiment Survey shows that the majority of European businesses (56%), continue to see ASEAN as the region offering the strongest economic opportunities over the next five years, well ahead of India (15%) and China (12%). The message is, therefore, unequivocal. The task now is to convert this confidence into action by deepening cooperation. With much of the global political momentum shifting towards greater fragmentation, closer EU–ASEAN cooperation is not just beneficial—it is strategic. The present moment offers the middle powers an opportunity to exercise greater agency and help shape what comes next for geopolitics and technology.

Seizing the opportunity will require cooperation across both bilateral and multilateral frameworks. In 2020 the two sides elevated the ASEAN–EU dialogue to a strategic partnership, and in 2022 an EU–ASEAN commemorative summit was held to mark this.[51] The EU's strategy for cooperation in the Indo-Pacific, adopted in 2021, explicitly identified ASEAN as a key regional player, affirming the EU's support for ASEAN centrality, ASEAN's commitment to effective multilateralism,

50 EU–ASEAN Business Council, 11th EU–ASEAN Business Sentiment Survey (2025).

51 European Council, 'EU–ASEAN Commemorative Summit' (14 December 2022).

its efforts to build a rules-based regional architecture and the multilateral anchor it provides.[52] There is, therefore, a solid foundation to build on going forward.

First, the EU must significantly strengthen its sustained presence in the region through regular high-level engagement and participation in ASEAN-led regional mechanisms. These include the ASEAN Regional Forum, the East Asia Summit and the ASEAN Defence Ministers' Meeting Plus. Vietnam, as ASEAN chair in 2020, invited the EU, France, the UK, Germany and Canada to speak at the latter meeting in December 2020, paving the way for enhanced European engagement in this format.[53] Interest in playing a stronger role in this structure was clearly articulated in the EU's 2021 Indo-Pacific strategy, which still awaits a much-needed update to upgrade the EU's regional approach. ASEAN members should therefore consider deepening this engagement, also as a way to bring Europe closer.[54] Public perceptions across the region continue to frame the EU as distant, bureaucratic and difficult to engage with, leading many partners to prioritise cooperation with individual member states, rather than working with the EU as a whole.[55] To improve mutual awareness, the EU as a bloc must therefore invest in its presence in ASEAN countries.

At the same time, ASEAN must improve its approach to the EU, and engage the bloc more strategically, with greater agency. The EU remains just one of many partners for ASEAN countries, alongside China, Japan, Korea, the US, Australia and India. As they continue to engage the EU and its member states therefore, they must identify the areas in which they consider that such cooperation would bring added value and would meet their needs. This requires understanding whether and, if so, where, European expertise could complement ongoing cooperation with ASEAN's other partners. As was recently expressed by stakeholders in Malaysia and Indonesia, Europe should not try to compete but should seek to complement projects in ASEAN. Stakeholders in the region have also noted that they see the EU as a preferred partner. In other words, the EU has gravitas in ASEAN, but its member countries demand a partner that respects their decisions, rather than questions them.

52 European Commission and High Representative of the Union for Foreign Affairs and Security Policy, *The EU Strategy for Cooperation in the Indo-Pacific*, Communication, JOIN (2021) 24 final, 16 September 2021.

53 N. Regaud, *ADMM-Plus: More European Engagement?*, RSIS (12 March 2021).

54 European Commission and High Representative of the Union for Foreign Affairs and Security Policy, *The EU Strategy for Cooperation in the Indo-Pacific.*

55 Ferenczy, *Less Paperwork, More Presence.*

Second, making trade, development and investment decisions inclusive through the involvement of local chambers of commerce and trade associations, including for projects under the Global Gateway, the EU's connectivity strategy, must become a priority for both the EU and ASEAN. Ongoing FTA negotiations with Malaysia, the Philippines and Thailand provide an opportunity to negotiate a shared future with the EU, with the corporate sector on board. Businesses on both sides constitute the core of trade cooperation. They must therefore be fully engaged in bilateral discussions and exchanges that seek deeper trade links, beyond the ongoing FTA discussions.

Third, strengthening small business development must be a shared objective in order to build more sustainable, resilient trade. Small and medium-sized enterprises, and micro, small and medium-sized enterprises (MSMEs) are key players. MSMEs account for more than 97% of all businesses in Southeast Asia and 85% of all employment, and drive a significant portion of the economy.[56] Small and medium-sized enterprises are also the backbone of the European economy; they employ close to 100 million people and represent over 99% of businesses.[57] The EU–ASEAN joint ministerial meeting in February 2024 noted that empowering MSMEs is an area where the two organisations 'could expand the breadth and depth' of cooperation.[58]

This should include leveraging existing initiatives, such as the ASEAN Centre of Excellence for MSMEs in Green Transition, launched in Kuala Lumpur in October 2025 under Malaysia's ASEAN chairmanship, or the EU–ASEAN Sustainable Connectivity Package project. The Centre of Excellence is designed as a regional hub for capacity building, training and knowledge exchange, and as a place to foster a more competitive regional business environment that helps MSMEs to better integrate with global value chains. The EU's support, including financing the first year of training provided, will help empower MSMEs in the region as key drivers of innovation and help to consolidate ties with European partners.[59] With a special focus on MSMEs operating in the digital connectivity arena, the EU–ASEAN Sustainable Connectivity Package project, funded by

56 *World Economic Forum*, 'ASEAN Is a Future Driver of Global Growth. Here's How to Unleash It' (1 December 2025).

57 European Commission, 'MSME Day 2024: Leveraging the Power of MSMEs'.

58 Council of the European Union, *EU–ASEAN Ministerial Meeting – Joint Ministerial Statement*, 6074/24 (2 February 2024).

59 ASEAN, 'ASEAN Launches Centre of Excellence to Drive MSME Green Transition' (24 October 2025).

the EU, is designed to provide space for deeper engagement, with the aim of achieving connectivity objectives both in ASEAN and with the EU.[60]

Finally, taking a principled stance against economic coercion and the weaponisation of dependencies, in the shape of a joint high-level statement, would send a strong message to those who ignore the rules that EU–ASEAN cooperation is rooted in respect for such rules. Both ASEAN and the EU believe in free trade and want to play by the rules, despite others increasingly ignoring them. As they prepare to mark a major milestone in their strategic partnership in 2027, namely the fiftieth anniversary of EU–ASEAN relations, there is high strategic value in consolidating the already shared belief that in a rules-based order, economic integration and free trade lead to stability and peace. This is a shared interest and can help ASEAN and the EU to shape what comes next, and to do so together.

60 International Trade Centre, 'ASEAN: Sustainable Connectivity Package (SCOPE) Trade'.

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