ASEAN LAW AND POLICY ACADEMY 2026

ASEAN Legal Frameworks and Regional Dynamics

ASEAN’s Resilience in a Time of Global Disruption

CIL-NUS ASEAN Distinguished Lecture 2026

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Monday, 27 July 2026

Presented by the Special Envoy of the President for International Trade and Multilateral Cooperation, Republic of Indonesia

AGENDA

What we will cover today

01 This Time it is Different: Changing World Order, Shocks, and Emerging Issues

02 ASEAN Response: Building Resilience and Agency Role

THIS TIME IT IS DIFFERENT

For four decades, openness has been ASEAN's engine.

It lifted hundreds of millions out of poverty, built globally competitive industries, and woven the region into the fabric of world trade.

But the rules-based multilateral order that made this possible is in retreat. The WTO’s dispute settlement system remains paralyzed, trade restrictions are increasingly imposed unilaterally, and major powers are turning away from negotiated rules in favor of bargaining through economic power.

For ASEAN, this is not just concerning – it is existential. The region’s growth model depends on openness and predictable rules. The question is whether ASEAN can build its own resilience rather than simply absorb shocks decided elsewhere.

THE RUPTURE

However, the rules-based order that allowed ASEAN and other developing countries to industrialize, raising incomes and lifting millions out of poverty, is now in crisis.

THE WTO

Dispute settlement mechanism is paralysed. There is no one left to hear appeals.

THE SHOCKS

Reciprocal tariffs, geopolitical tension, and disruption through the Strait of Hormuz.

WHAT COMES NEXT

Digital and green transformation.

RULES-BASED CRISIS

The Retreat From Multilateralism

The multilateral system that underpinned decades of trade integration is losing its ability to deliver cooperation. The WTO is paralysed, the Appellate Body has been unable to function since 2019, and negotiations have struggled to produce meaningful new agreements. As multilateral rules weaken, countries are turning increasingly to unilateral measures, from tariffs and export controls to industrial subsidies and other forms of protectionism.

THE BREAKDOWN

The WTO is struggling to deliver new rules. Negotiations have stalled across key areas, while the dispute settlement system remains paralysed.

THE SHIFT

Unilateral action is replacing negotiated outcomes. Trade restrictions, subsidies and other measures are increasingly deployed outside - or at the margins of - established multilateral rules.

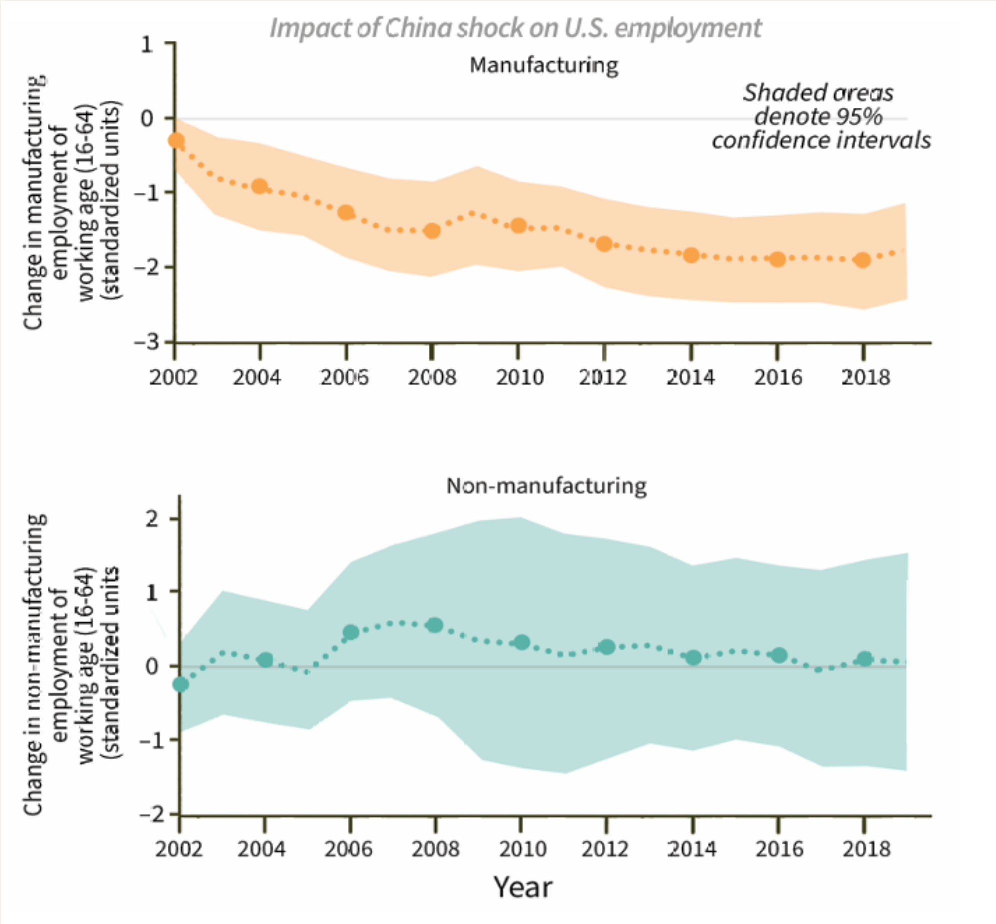
THE FRAGMENTATION

A more fragmented trading system. As confidence in multilateral cooperation declines, protectionism rises and the rules become less predictable for all.

THE CHINA SHOCK

The China Shock and its enduring effect

A large, rapid and unexpected surge of Chinese manufacturing exports after market reform and WTO accession sharply raised import competition for US manufacturing. The broader manufacturing decline was not driven by trade alone: automation and productivity-enhancing technologies also reduced labour demand. The estimates below isolate the additional effect of Chinese import competition.



Change in US employment attributable to the shock, manufacturing versus non-manufacturing

59.3% of all US manufacturing job losses between 2001 and 2009, concentrated in labour-intensive industries where fewer workers held college degrees

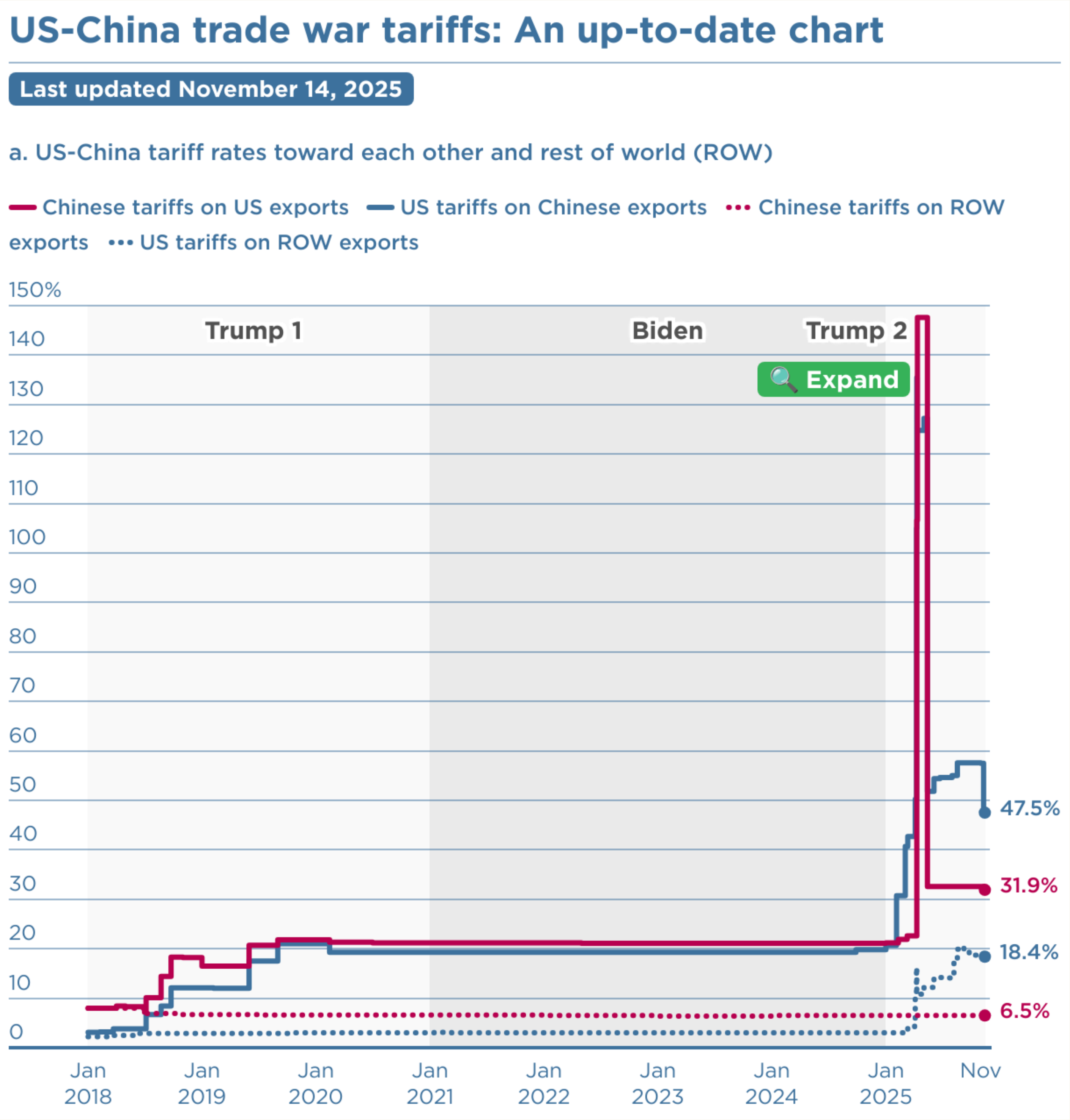
6.3% of the US population still saw net losses in real income, despite the lower consumer prices that imports from China delivered

Two decades of adverse effects beyond the initial trade shock — and a full decade past its peak intensity in 2010

Source: Autor et al (2021)

THE US TENSION

Started under Trump. Continued by Biden. Escalated again.



Source: Peterson Institute for International Economics

TRUMP 1

The trade war opens. Section 201, Section 232, and Section 301 tariffs hit Chinese goods from 2018. Beijing retaliates.

BIDEN

The rupture becomes policy. The tariffs stay, and export controls extend the contest into advanced technology.

TRUMP 2

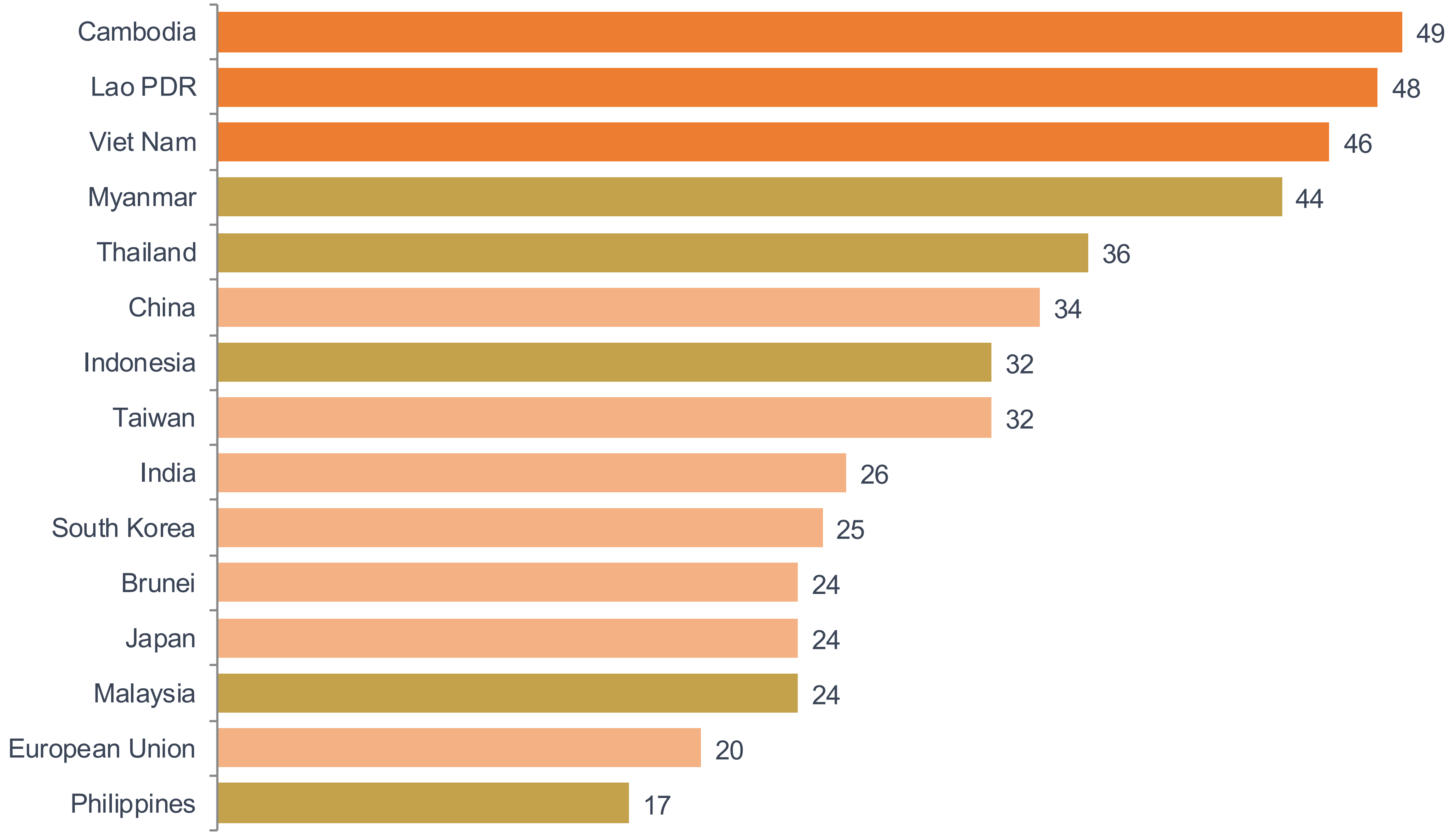
Reciprocal tariffs. The contest widens from China to the world – and ASEAN is caught inside it.

Liberation Day – 2 April 2025

The announcement

On 2 April 2025, President Trump announced the Reciprocal Tariff, aiming to increase the amount of tax raised by the government, encourage consumers to buy American-made goods, boost investment in the US, and reduce the US trade deficit.

Liberation Day tariffs of selected countries (%)



USTR launches investigation on new tariffs

Section 301 lets the United States act unilaterally against practices it judges **unreasonable or discriminatory**.

Deals with the US

AGREEMENT ON RECIPROCAL TRADE
Indonesia, Malaysia, Cambodia

JOINT STATEMENT ON A FRAMEWORK
Viet Nam, Thailand

	ISSUES UNDER INVESTIGATION				
ASEAN members*	**Excess capacity***	**Forced labour***	**IPR***	**Section 301 duty**	**Key exemptions**
Cambodia	●	●	—	**10%**	Common list + agriculture and natural products, tropical wood and rattan, silk and textile inputs, gemstones, metals and minerals. Textile TRQ planned.
Indonesia	●	●	—	**10%**	Common list + agriculture and natural products, tropical wood and rattan, silk, gemstones, metals and minerals. Textile TRQ planned.
Malaysia	●	●	—	**10%**	Common list + tropical wood and rattan, silk, gemstones, metals and minerals. Textile TRQ planned.
Philippines	—	●	—	**12.5%**	Common list only.
Singapore	●	●	—	**12.5%**	Common list only.
Thailand	●	●	—	**12.5%**	Common list only.
Viet Nam	●	●	●	**12.5%**	Common list only.

Common list includes: selected agricultural and food products; pharmaceuticals and chemical inputs; energy, minerals and critical raw materials; civil aircraft and aerospace components; selected machinery and electronics; and specified Section 232-covered products such as metals, vehicles and parts, wood products, semiconductors, and patented pharmaceuticals.

*Navy dot: investigation open. Gold dot: action concluded, duties in force. Other AMS (Brunei, Lao PDR, Myanmar, and Timor-Leste is not part of Section 301 investigations)

Sources: USTR

US RECIPROCAL TARIFFS

What matters is how countries respond to shock

If all nations respond with 15% tariffs on each other, the impact on ASEAN is far worse than the direct Liberation Day tariff effect alone.

GDP

−11%

Impact on GDP under global contagion, **versus −2%** from the direct tariff alone

Exports

−17%

Impact on exports under global contagion, **versus −3%** from the direct tariff alone

Employment

−24.7%

Impact on employment under global contagion, **versus −2%** from the direct tariff alone

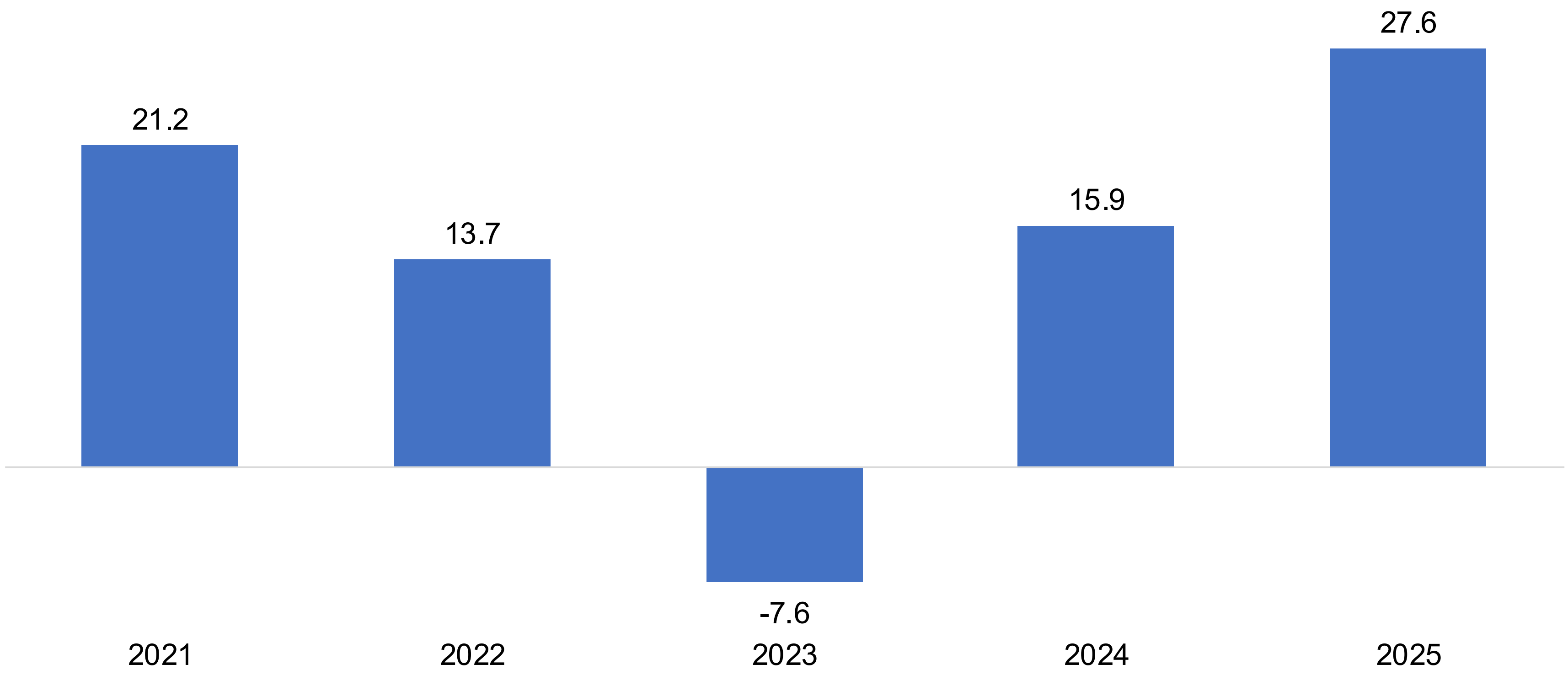
Source: EABER-CSIS (2025)

IMPACT SO FAR

The blow has landed softer than feared

ASEAN's goods exports to the United States rose **27.6% in 2025**, from $312 billion to $398 billion — the strongest year in the series. The question is how much of that survives 2026.

ASEAN exports to the US, annual % change



+31.9%

ASEAN imports to the US in October 2025 – January 2026, after the shipping grace period expired, against the same months a year earlier

FRONT-LOADING

US buyers pulled orders forward ahead of each tariff deadline, inflating 2025 volumes.

RATES BELOW THE ANNOUNCEMENT

Final reciprocal rates settled near 19-20%, far below the April 2025 headline numbers, and the exemption lists are wide.

RELOCATION FROM HIGHER TARIFFED ECONOMIES

Tariff differentials encouraged buyers to redirect sourcing toward ASEAN—for example, as US tariffs on China rose more sharply than those on the region.

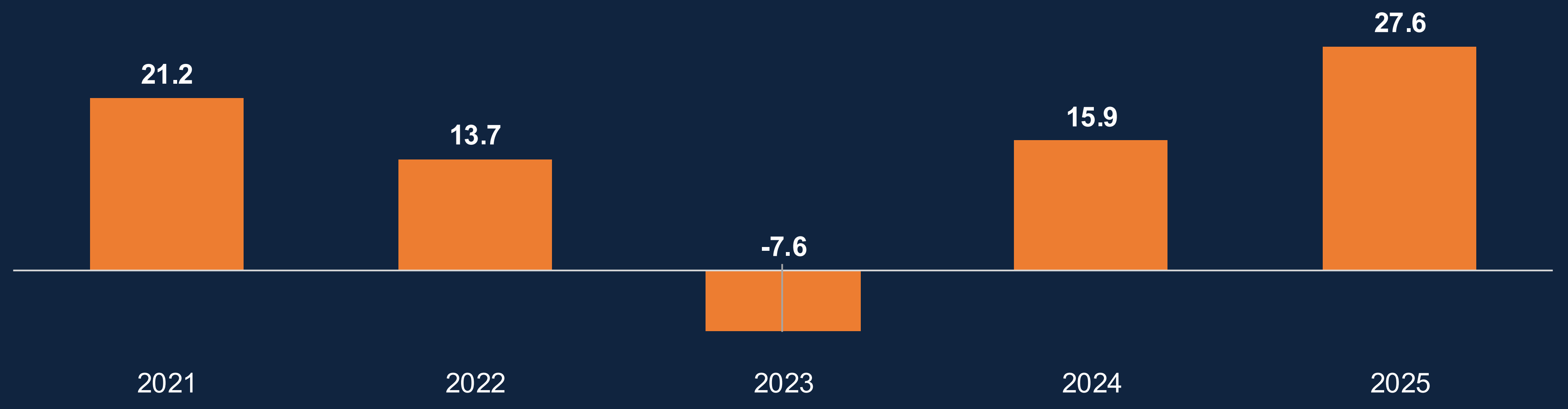
Sources: national trade statistics as compiled by the author; Lowy Institute (2025) on substitution away from China

MANAGING CHINA

The surge of imports risk from China

Tariffs are only half of ASEAN's exposure. As Chinese goods are pushed out of the US market, the region is the nearest large destination.

ASEAN IMPORTS FROM CHINA, % CHANGE



in 2025, taking China's shipments from US$481 billion to US$606 billion

How should ASEAN manage the risk?

01

Safeguard

Assess the adequacy of the trade remedies commitment in existing agreements and explore the need for supplementing instruments and dialogue to address import surges during periods of emergency.

02

Coordinate

Members export similar goods, so uncoordinated measures risk a spiral of competing remedies. ASEAN needs agreed guidelines and a consultative mechanism.

03

Measure

Monitor diversion with shared trade data, exchange of experience and targeted capacity building for analytical capacity.

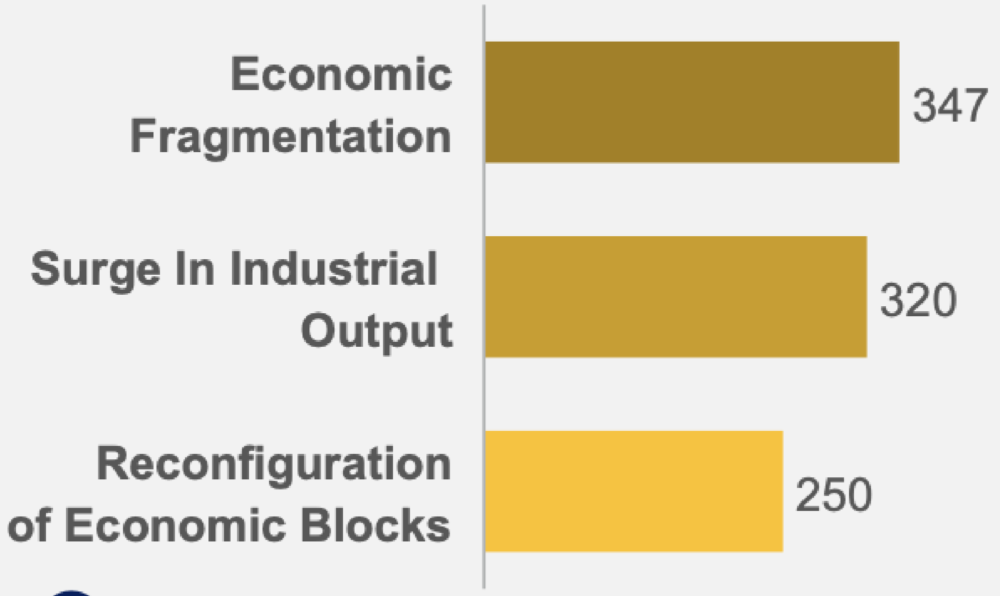
PRIVATE
SECTOR

Private Sector Views

Economic fragmentation ranked the highest impact on businesses in ASEAN…

Q: Which of the following risk themes are you most impacted by?

Ranking Index[1] (N=100)



*"We are **experiencing multiple impacts**, from the US tariffs to competing with cheap imports. We are aware that this may continue; we find ourselves reading the news a lot more these days"*

Consumer Durables Firm

…but different sectors experienced disproportionate impacts

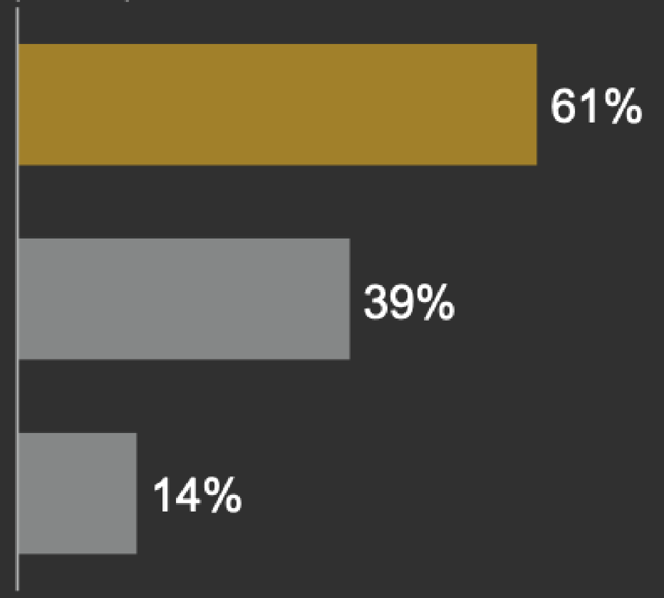
Consumer Durables / Consumer Electronics

Automotive / Machinery

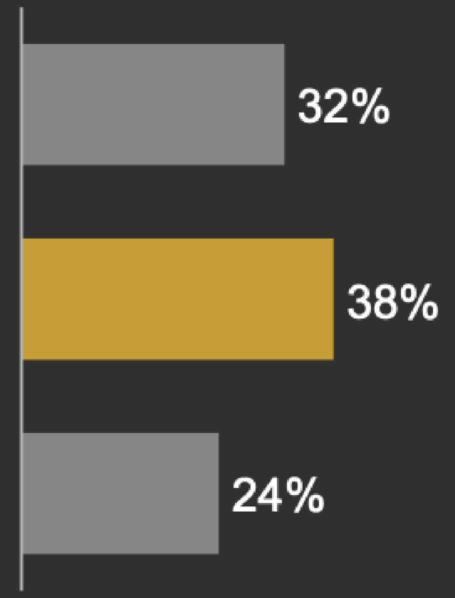
Fashion & Luxury

% of Respondents who chose Rank 1

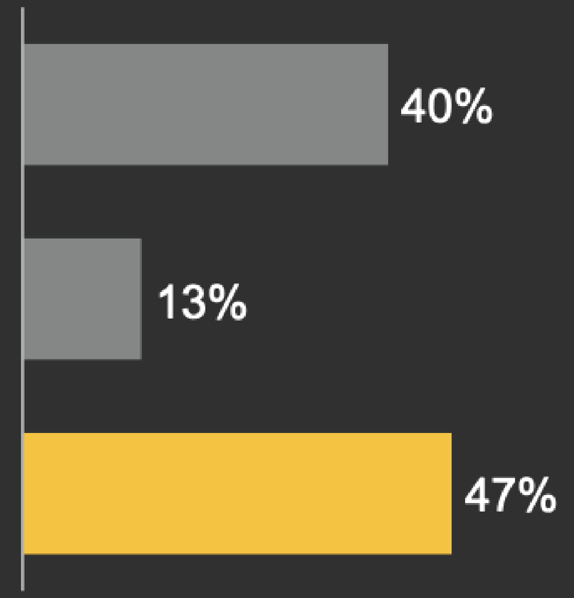
(N=28)



(N=37)



(N=15)



*"The tariffs has led us to **rethink our sourcing strategy**"*

Consumer Electronics Firm

*"We see an influx of cheap EV cars, making it **difficult to compete**"*

Automotive Firm

*"**Sustainability standards in Europe** means our products are not ready"*

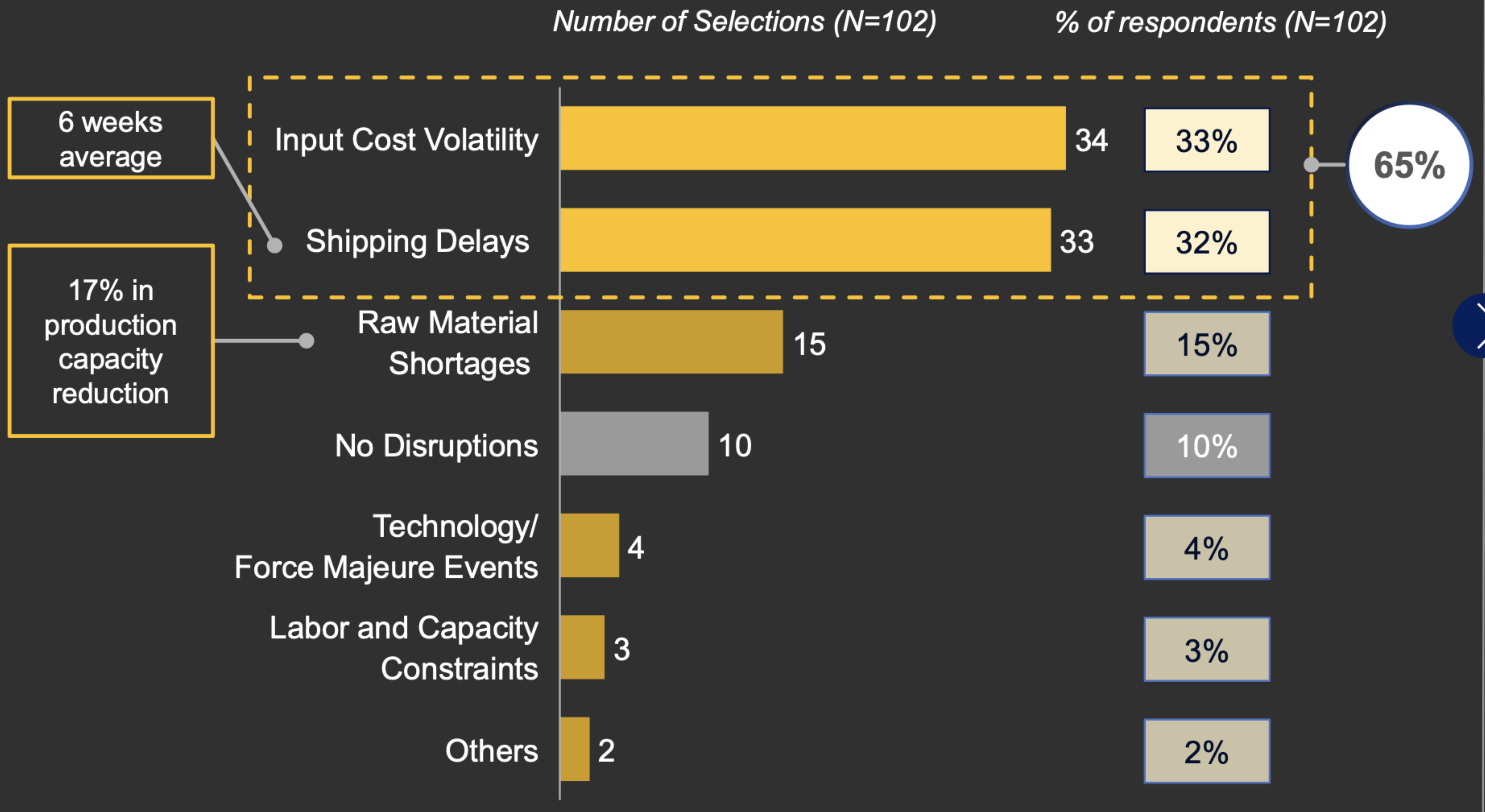
Fashion & Luxury Firm

Source: Business Sentiment Survey on Geoeconomic Trends and Resilience, n=102 (August 2025)

Overall, businesses remain confident in their supply chain

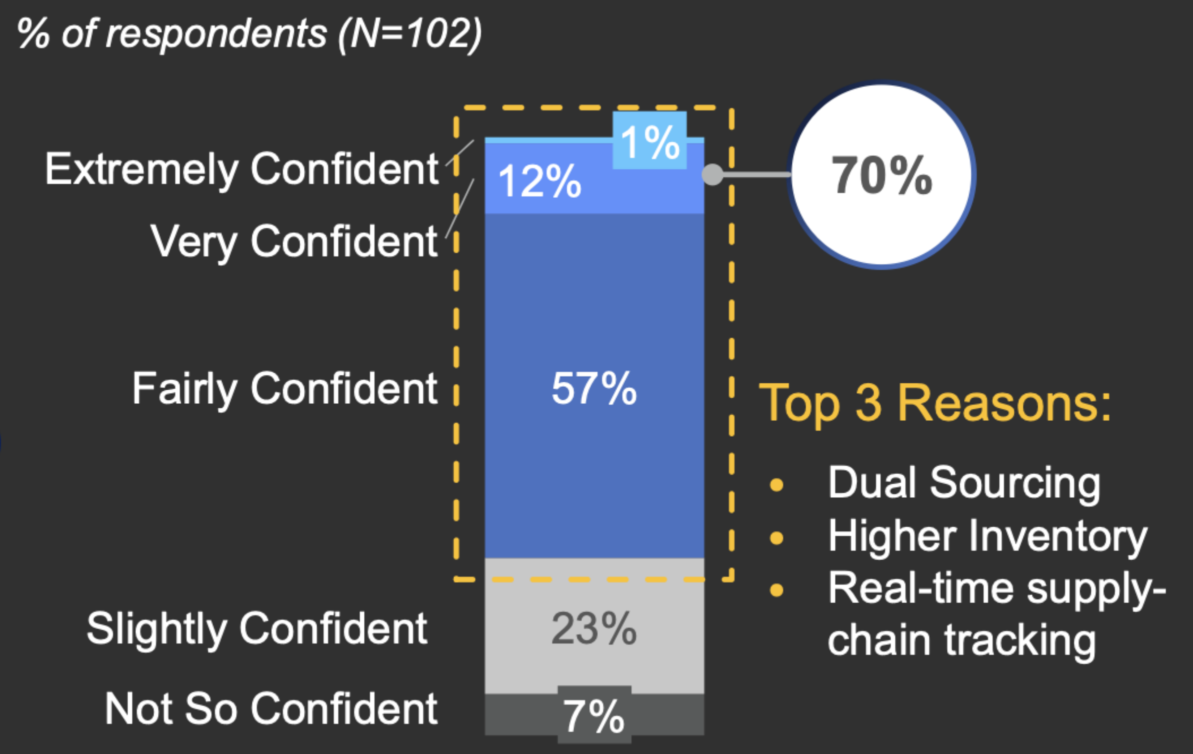
65% of business are facing input cost volatility and shipping delays…

Q: What was the primary source of your supply chain disruption over the last 6-12 months?



… but 70% are confident in their supply chain

Q: How confident are you in your supply chain's resilience to future shocks?



"COVID-19 has forced us to expand our supply chain to be more resilient; this geoeconomic shift is a continuing of our pathway towards resiliency"

Source: Business Sentiment Survey on Geoeconomic Trends and Resilience, n=102 (August 2025)

ENERGY DISRUPTION

The Strait of Hormuz crisis

30%

of global seaborne oil trade

passes through Hormuz

20%

of global LNG trade at risk

80% of Hormuz LNG goes to Asia

~8M

barrels/day supply decline

IEA March 2026 estimate

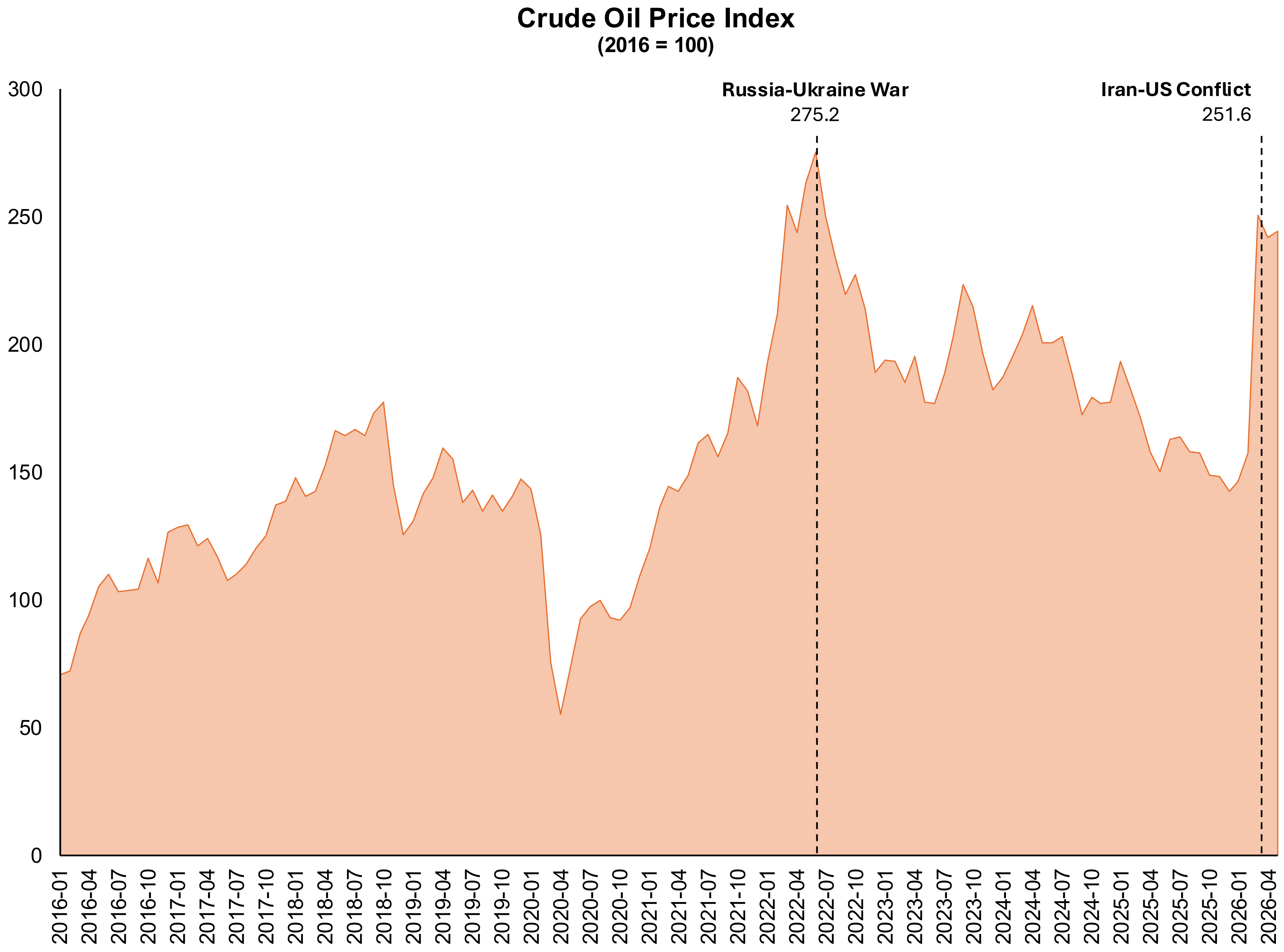
200-300%

shipping cost surge

at peak disruption

Iran closed the Strait of Hormuz in February 2026 after US-Israel strikes. Bypass pipelines (Saudi Petroline, UAE ADCOP) operate near capacity but cannot fully replace Hormuz throughput.

Oil Price Hike and ASEAN’s Exposure



Source: IMF (2026)

ASEAN's exposure

~3M bpd

ASEAN’s oil demand is ~5M bpd but domestic production covers only ~2M. The most exposed: Viet Nam (85% import-dependent), Singapore (77%), Thailand (69%), Philippines (52%).

28%

of ASEAN's final energy consumption directly disrupted by the Hormuz closure

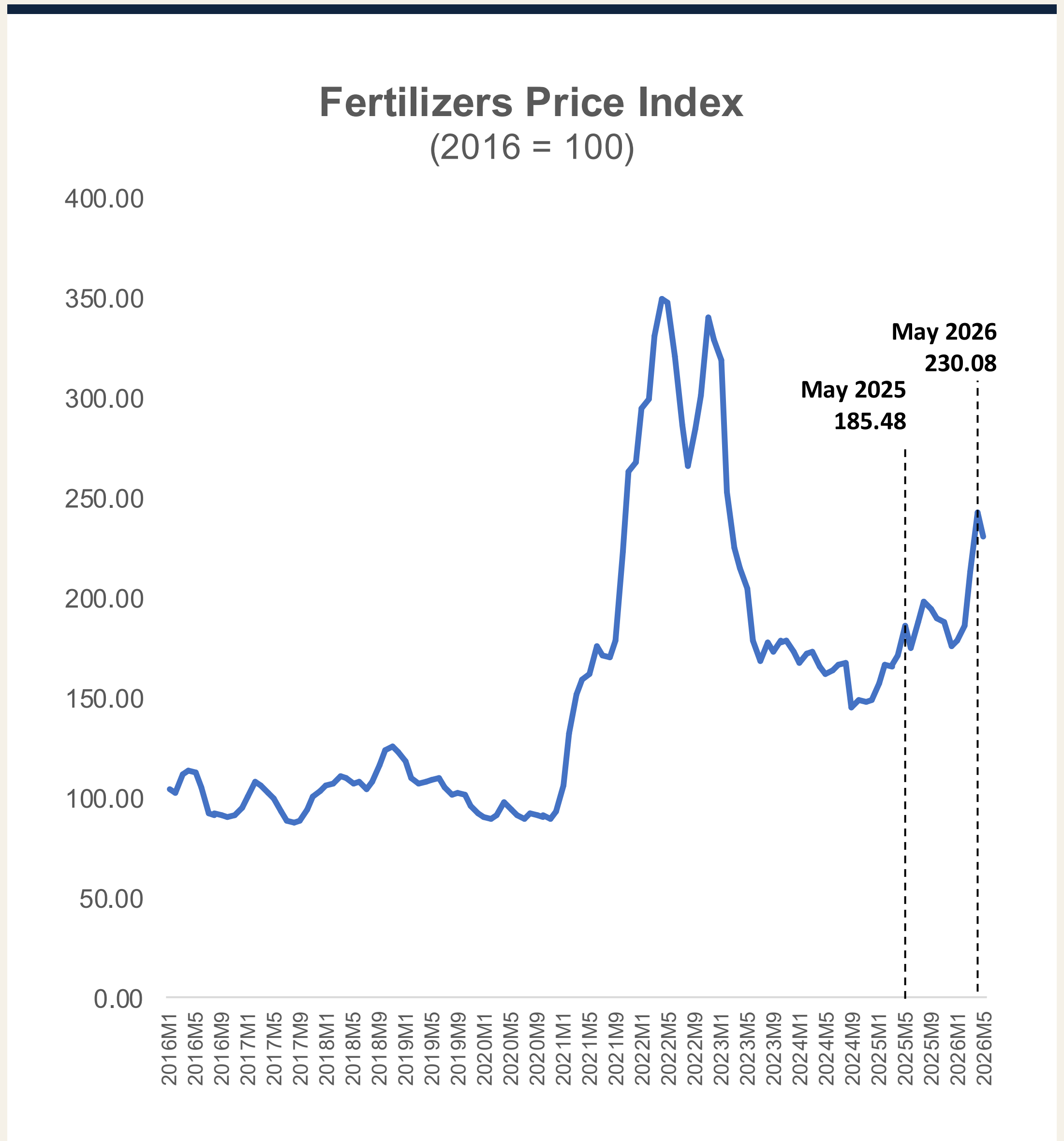
US$3.36B

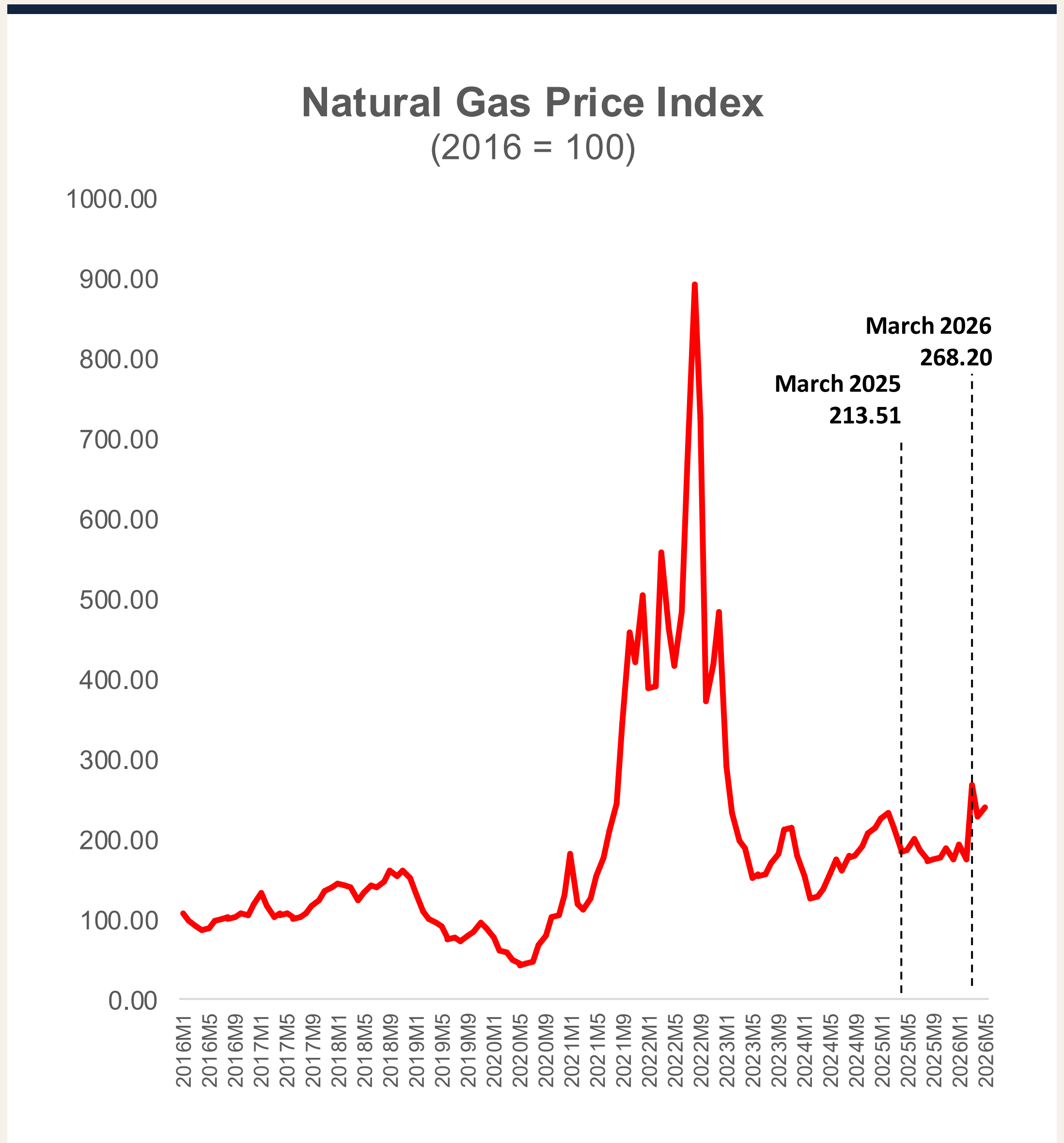
per month in additional import costs at crisis prices, above 2026 expectations

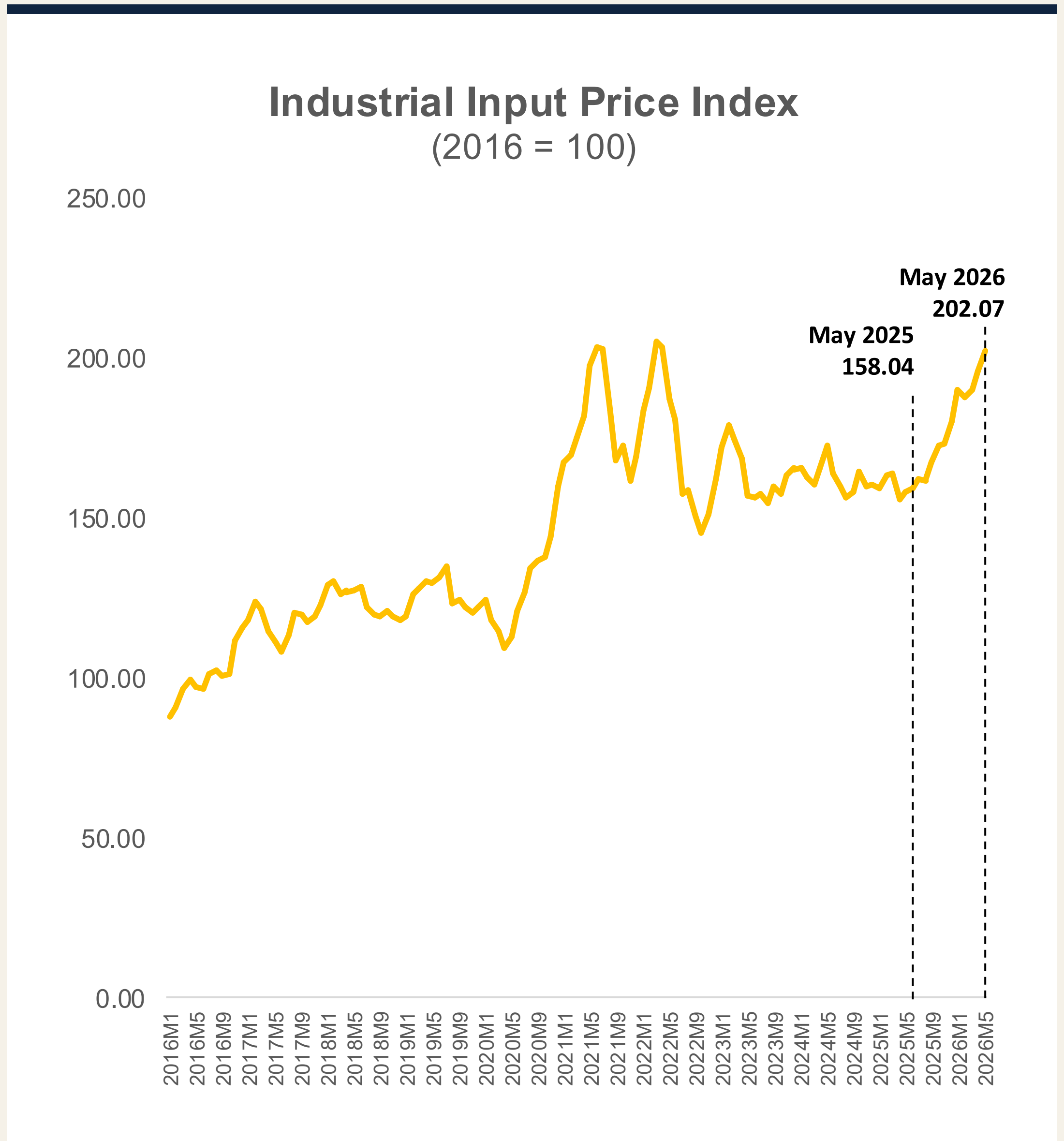
Source: Observer Research Foundation (2026)

The Hormuz crisis has also moved other commodity prices

Fertilizer, natural gas and industrial inputs have all been impacted.

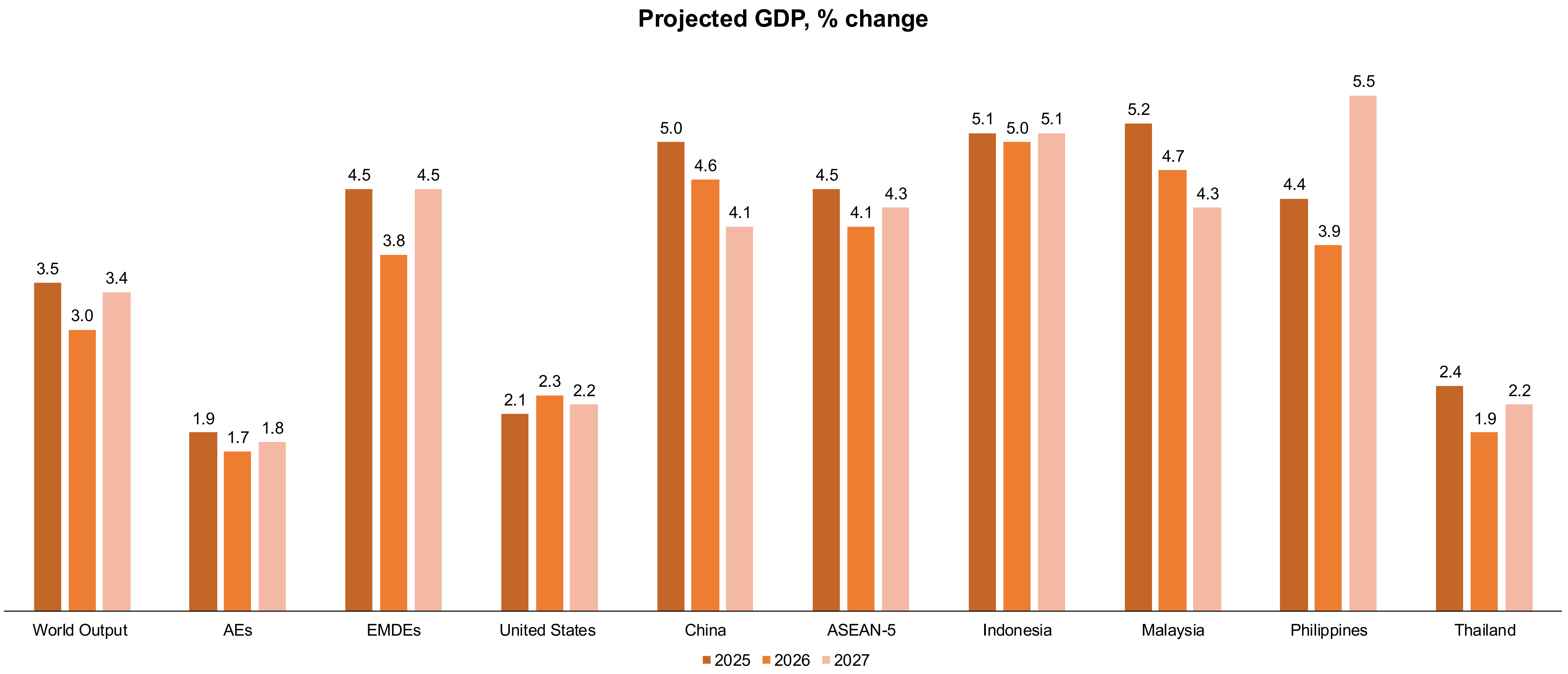






Source: IMF Primary Commodity Price System (2016 = 100)

The Impact: Projected Growth Slowdown in 2026



2026 and 2027 is projection.

AEs: Advanced Economies. EMDEs: Emerging Market and Developing Economies. ASEAN-5: Indonesia, Malaysia, Philippines, Singapore, Thailand

Source: World Economic Outlook, July 2026

Emerging Issues: Green Transformation, the Example of CBAM

In its initial phase, the EU CBAM applies to imports of carbon-intensive goods with the highest risk of carbon leakage: cement, iron and steel, aluminium, fertilizers, electricity, and hydrogen.

Sectors covered by the EU CBAM

- Iron & steel
- Cement
- Aluminium
- Ammonia & fertilizer
- Electricity
- Hydrogen

Why are these sectors covered?

Emission-intensive: production processes require high temperatures and high energy consumption.
Trade-intensive: commodities are traded into the EU in large quantities.
High risk of carbon leakage: need to protect EU industries and create a level playing field.

AMS Exposure to CBAM

AMS	Share of CBAM Exports to EU (% of CBAM Exports to World)	CBAM exports to EU (% GDP)	Most exposed product
Cambodia	19.2%	0.02%	Iron and steel
Indonesia	6.2%	0.04%	Iron and steel
Malaysia	5.5%	0.11%	Cement
Philippines	1.6%	0.0008%	Cement
Singapore	1.0%	0.004%	Iron and steel
Thailand	4.0%	0.03%	Iron and steel
Viet Nam	5.6%	0.11%	Iron and steel

Source: ADB (2023)

Emerging Issues: the rapid rise of AI…

…into a world already fractured by trade wars, energy shocks, and institutional strain, the most consequential technology in a generation arrived.

It is reshaping productivity, employment, trade, energy demand, data flows, and strategic power at a speed institutions are struggling to match.

02

SECTION TWO

ASEAN Response: Building Resilience and Agency Role

02

THREE MESSAGES

How ASEAN should respond: three messages for ASEAN

One argument, carried in three moves.

01

Regional integration and new partnership complements domestic resilience

No country can navigate alone. Collective action through RCEP and ASEAN frameworks strengthens each member's capacity to withstand shocks.

02

A new mindset, new ways of work, new institutions

The old model of consensus-based, lowest-common-denominator responses is not enough. ASEAN must coordinate across pillars and act with speed.

03

From reactive response to institutionalising resilience

Resilience is here to stay. Move from fire-fighting to future-proofing: build systems before the next crisis.

Domestic Reforms

The UK Growth Gateway–BCG Survey (2025) identified six top challenges for business in ASEAN.

1. Intra-ASEAN trade still faces non-tariff barriers.
2. Cross-border documentation is complex and unharmonised.
3. Talent mobility
4. Rules of origin miss sector-specific nuance.
5. Firms want to diversify but find new markets hard to enter.
6. Moving up critical global value chains needs support.

Highlights the need for domestic reforms to go along with regional integration

WHAT NEEDS TO BE DONE

Deregulation. Simplify licensing. Harmonise documentation. Make enforcement predictable, with published timelines and scope. Regional guideline for deregulation.

→

WHAT IT DELIVERS

Lower costs, restored competitiveness, and increased confidence.

Regional integration as complement to domestic resilience

Collective voice

A united ASEAN of 680 million people and $4 trillion GDP carries far more weight than any single member state in negotiations with major powers.

Deeper integration

The architecture exists: ATIGA, ASEAN+1s, RCEP. What is needed is political will to implement and deepen these agreements, not new declarations.

Supply chain resilience

The region's diversity is its strength. Regional cooperation can reduce dependence on any single market and buffer against external shocks.

Institutional readiness

Joint energy stockpiling, financial safety nets, and crisis coordination protocols must be in place before they are needed, not improvised during a crisis.

The tariff and energy shocks show that no country can navigate these disruptions alone. Regional cooperation is not a substitute for domestic reform – it is its necessary complement.

Regional integration: buffering shocks, shaping rules

When the multilateral system stalls, ASEAN's frameworks do more than shelter the region. **RCEP, CPTPP and the ASEAN+1 FTAs** set standards and extend global rules where the WTO no longer can and serve as building blocks for eventual multilateralisation.

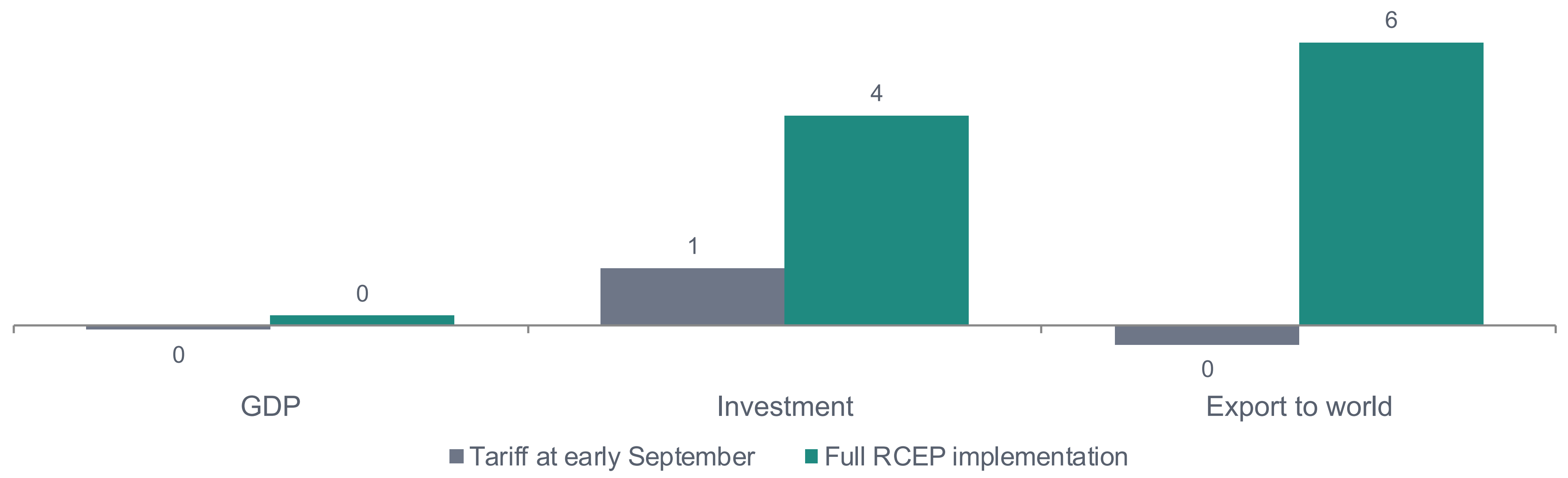
RCEP as a Geoeconomic Buffer

15
Member countries

30%
of global GDP and trade

2.2B
People covered

Impact of full RCEP implementation under the US reciprocal tariff scenario



Source: ERIA (2025)

Why RCEP matters now

Full RCEP implementation, at zero intra-RCEP tariffs, can turn the negative GDP impact of the US reciprocal tariff into positive growth.

Investment gains of **+4.41%** and exports to the world rising **+5.95%** show regional integration working as a counterweight to unilateral protectionism.

Deeper regional supply chains allow ASEAN to absorb external shocks, diversify sources of demand and inputs, and remain globally competitive.

New partnership to enhance resilience

The partnerships with EU is the most concrete, but it is not the only one. Members are negotiating on several fronts at once, and ASEAN itself has three region-to-region agreements moving toward conclusion.

AMS partnership with the EU

Member	Status
Singapore	In force since November 2019 (EUSFTA).
Viet Nam	In force since August 2020 (EVFTA).
Indonesia	Substantively concluded September 2025. The Commission sent it to Council for signature in June 2026; entry into force targeted for early 2027.
Philippines	Seven rounds since 2024. Agriculture is the remaining sticking point; Manila wants conclusion before it hosts the November summit.
Thailand	Fifteen of twenty-four chapters closed. Bangkok targets conclusion by end-2026.
Malaysia	Both sides aim to conclude by 2027

Beyond the EU

ASEAN-CANADA FTA

Both sides aim to announce conclusion at the November 2026 summit.

ASEAN-CHINA FTA 3.0

Upgrade protocol signed in Kuala Lumpur, October 2025. Ratification now under way.

ASEAN-INDIA (AITIGA)

Negotiations remain ongoing, with target of substantial conclusion in 2026.

CPTPP

Brunei, Malaysia, Singapore and Viet Nam are members. Indonesia and the Philippines opened preliminary accession talks in June 2026.

A new mindset, new ways of work, new institutions

The old ways of working: siloed pillars, annual summits, consensus at the pace of the slowest. Not fit for a world of rapid, compounding shocks.

Constructive Incrementalism

- **Build coalitions of the willing beyond the WTO:** use initiatives such as MPIA, DEPA, EGA, GEFA and WAICO to advance cooperation among like-minded members.
- **Advance open plurilateralism within the WTO:** E-commerce, investment facilitation and domestic regulation of services as building blocks towards broader multilateral outcomes.
- **Reform and strengthen the WTO itself:** pursue practical progress on digital trade, subsidies, services, dispute settlement and economic security.

ASEAN Institutional Readiness

- **Strengthen cross-pillar coordination:** use the ASEAN Coordinating Council strategically and continue Joint AMM-AEM meetings.
- **Equip the CPR and Secretariat** with cross-pillar representation, expertise, and analytical capacity
- **Strengthen monitoring and follow-up** on implementation by member states, beyond just the adoption of documents

MESSAGE THREE

From reactive response to institutionalising resilience

Resilience is here to stay. The question is whether ASEAN builds the systems now or scrambles again next time. The ASEAN Leaders' Statement on the Middle East crisis (May 2026) is a start — the test is follow-through.

ENERGY

Ratify APSA, operationalise joint oil stockpiling, and accelerate the ASEAN Energy Grid.

TRADE

Resilience through the AEC Strategic Plan, with ATIGA and ASEAN's wider network of 'Plus One' agreements providing the foundations for deeper regional integration and diversification.

FINANCE

Strengthen the CMIM and regional financial safety nets for rapid crisis response.

DIGITAL

DEFA, concluded May 2026, signing Nov 2026, sets the framework. Next task is to implement.

What is new : a proposed Foreign Ministers' crisis-coordination protocol, the proposed regional joint oil stockpiling study, and an explicit cross-ministerial mandate with ACC oversight.

A framework for economic security, with guardrails

Economics and security no longer sit in separate domains. Recognizing that ASEAN countries will need to introduce economic security policies, the region must also develop common disciplines and guardrails to prevent economic concerns from becoming over-securitised.

ASEAN should lead this process. Without coordination, the danger is not only great-power rivalry but fragmentation within ASEAN itself. Uncoordinated national responses could leave every member worse off.

Five principles for the framework

01
Integration across domains

Security understood holistically: traditional security linked with economic resilience, environmental stewardship, technological cooperation and human security.

02
Responsible sovereignty

Non-interference aligned with today's realities: no beggar-thy-neighbour policies, adherence to ASEAN commitments, transparency, and consistency with multilateral rules.

03
Unity and centrality

Cohesion prevents external actors from exploiting divisions. Centrality must be earned through shared vision, effective coordination and delivery.

04
Open regionalism

Maintain openness, support international law and uphold WTO disciplines, with guardrails against misuse of security exceptions or economic coercion.

05
Shared outcomes

People-centred cooperation: peace and stability, prosperity through job creation, sustainability, and resilience in critical supply chains.

ASEAN needs a framework for working, but one with guardrails.
The goal is collective resilience, not the securitisation of everything. Openness must remain the foundation.

ASEAN's GREEN AGENDA

The Green Economy Framework Agreement (GEFA)

An ASEAN-led initiative to unify the region's transition toward a sustainable, low-carbon economy

1 **Decarbonisation**

Accelerate emission reductions across regional supply chains and build long-term climate resilience.

2 **Carbon markets**

Ensure interoperable carbon markets with credible, harmonised standards for green economic growth.

3 **Policy alignment**

Supports the ASEAN Strategy for Carbon Neutrality and goals under the AEC Strategic Plan.

4 **Green value chains**

Move from isolated national climate policies toward collaborative regional green value chain integration.

GEFA is not about following – it is about ASEAN setting the pace on green trade standards for the region.

ASEAN's AI GOVERNANCE

AI governance: a space ASEAN must not cede

AI governance is being shape amid US-China competition – no obvious multilateral fora. ASEAN should navigate and not choose between either approaches. What is happening to date? Good news: May 2026, the US and China agreed to launch an intergovernmental AI dialogue – not clear on effectiveness. Then in July, China launched WAICO with 29 founding members – five from ASEAN (Cambodia, Indonesia, Laos, Malaysia, Myanmar).

ASEAN's path: understand the technology, build capacity, and govern proportionally – a measured response, not a lack of ambition.

WHAT ASEAN HAS BUILT SINCE 2024

2024	2024	2025	2025	2025
Guide on AI Governance & Ethics	Working Group on AI Governance	Expanded to Generative AI	Responsible AI Roadmap 2025-30	Digital Economy Framework (DEFA)

ASEAN's approach – measured, capacity-first, proportional – is a strength, not a lack of ambition. But speed matters: the window to shape rules is closing.

CLOSING

Resilience by design, not by default

Three messages to carry forward:

01 Integrate regionally to strengthen domestically

Continue to champion the region's existing rules-based frameworks, particularly its regional FTAs, and move from coexisting agreements towards deeper integration.

02 Change how ASEAN works

Break down silos, empower institutions, act at speed. The consensus model must evolve from a ceiling that constrains to a floor that enables.

03 Institutionalise resilience

Build the systems before the next crisis. ASEAN’s diversity is its strength – but only if that diversity is woven into institutions designed to hold together under pressure.

CLOSING STATEMENT

Adding to ASEAN's resilience agenda is the easy part.

The real question is how we **leverage ASEAN itself** to strengthen resilience at every level: national, regional, and global.

Thank you