



# Delhi Policy Group

Advancing India's Rise as a Leading Power



## EAST ASIA EXPLORER MARCH 2025

### *Authors*

Jayantika Rao T.V

Divya Rai

Prabir De

Biren Nanda

Volume III, Issue 3



Delhi Policy Group

Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

[www.delhipolicygroup.org](http://www.delhipolicygroup.org)



# Delhi Policy Group

Advancing India's Rise as a Leading Power

## East Asia Explorer

Vol. III, Issue 3

March 2025

### ABOUT US

Founded in 1994, the Delhi Policy Group (DPG) is among India's oldest think tanks with its primary focus on strategic and international issues of critical national interest. DPG is a non-partisan institution and is independently funded by a non-profit Trust. Over past decades, DPG has established itself in both domestic and international circles and is widely recognised today among the top security think tanks of India and of Asia's major powers.

Since 2016, in keeping with India's increasing global profile, DPG has expanded its focus areas to include India's regional and global role and its policies in the Indo-Pacific. In a realist environment, DPG remains mindful of the need to align India's ambitions with matching strategies and capabilities, from diplomatic initiatives to security policy and military modernisation.

At a time of disruptive change in the global order, DPG aims to deliver research based, relevant, reliable and realist policy perspectives to an actively engaged public, both at home and abroad. DPG is deeply committed to the growth of India's national power and purpose, the security and prosperity of the people of India and India's contributions to the global public good. We remain firmly anchored within these foundational principles which have defined DPG since its inception.

### Authors

**Jayantika Rao T.V.**, Research Associate, Delhi Policy Group

**Divya Rai**, Research Associate, Delhi Policy Group

**Prabir De**, Professor, Research and Information System for Developing Countries (RIS)

**Ambassador Biren Nanda**, Senior Fellow for Act East Diplomacy, Delhi Policy Group

*The views expressed in this publication are those of the authors and should not be attributed to the Delhi Policy Group as an Institution.*

### Cover Image:

*Philippine President Ferdinand Marcos Jr. met with US Defence Secretary Pete Hegseth at the Malacanan Palace in Manila, the Philippines, on March 28, 2025. Source: [US Embassy in the Philippines](#)*

*Chinese President Xi Jinping held talks with Sultan of Brunei, Haji Hassanal Bolkiah Mu'izzaddin Waddaulah, at the Great Hall of the People in Beijing, on February 6, 2025. Source: [Ministry of Foreign Affairs of the People's Republic of China](#)*

*US President Donald Trump signed an executive order on sweeping reciprocal tariffs, on April 2, 2025. Source: [X/WhiteHouse](#)*

© 2025 by the Delhi Policy Group

### Delhi Policy Group

Core 5A, 1st Floor,

India Habitat Centre,

Lodhi Road, New Delhi- 110003.

[www.delhipolicygroup.org](http://www.delhipolicygroup.org)

# East Asia Explorer

Vol. III, Issue 3

March 2025

## Contents

### **Strategic Alliance in the Indo-Pacific: The US-Philippines Alliance United Against China**

Jayantika Rao T.V.....1

### **The Quiet Claimants: Indonesia, Malaysia, and Brunei's Balancing Act in the South China Sea**

Divya Rai..... 5

### **Reciprocal Tariff and Opportunities for India-ASEAN Trade**

Prabir De .....11

### **Southeast Asia: Navigating Choppy Waters**

Biren Nanda ..... 15

## Strategic Alliance in the Indo-Pacific: The US-Philippines Alliance United Against China

by

Jayantika Rao T.V.

As critical concerns arose regarding US President Donald Trump's commitment to the Indo-Pacific, especially after the previous administration's pivot to the wars in the Middle East and Europe, under the new administration the United States made a decisive move to reassure its allies in the region, especially the Philippines. During his first trip to Asia, US Defence Secretary Pete Hegseth aimed to dispel any doubts about the United States commitment in deterring Chinese threats to the region. At a joint press conference in Manila on March 28, Hegseth emphasised that the United States has "been fighting shoulder-to-shoulder with the Philippines since World War II" and reaffirmed that they would continue to do so as their "ironclad alliance" would strengthen. He stated that their partnership would not just maintain status-quo but would also "accelerate the progress in [the] U.S. – Philippines alliance"<sup>1</sup>.

Supportive of Pete Hegseth's visit to the Philippines, Philippine President Ferdinand "Bongbong" Marcos Jr said that the "visit to the region, and especially the fact that you (Hegseth) have come to the Philippines as your first stop, is a very strong indication and sends a very strong message."<sup>2</sup> The language of Hegseth's press conference in Manila was well received especially by the Philippine government, as it effectively dispelled any uncertainty regarding Washington's policy for the region. Throughout his conference, Hegseth vocally criticised China's aggression and asserted that the US–Philippines alliance "reflects strength" in the face of China's aggression in the Indo-Pacific. He further emphasised that the United States and the Philippines "do not seek war; we seek peace", yet he underscored that "those who long for peace must prepare for war and the [the US and Philippines] stand united"<sup>3</sup>. To further emphasise his commitment, naval

---

<sup>1</sup> "Hegseth Says U.S., Philippines Agree on Plan to Reestablish Deterrence in Indo-Pacific". U.S. Department of State, March 28, 2025. <https://www.defense.gov/News/News-Stories/Article/Article/4138090/hegseth-says-us-philippines-agree-on-plan-to-reestablish-deterrence-in-indo-pac/>

<sup>2</sup> Lariosa, Aaron-Mathew. "SECDEF Hegseth Announces Marine Anti-Ship Missile Deployment to Balikatan, Defense Industrial Base Cooperation with Manila in Philippines Visit". USNI News, March 28, 2025. <https://news.usni.org/2025/03/28/secdef-hegseth-announces-marine-anti-ship-missile-deployment-to-balikatan-defense-industrial-base-cooperation-with-manila-in-philippines-visit>

<sup>3</sup> U.S. Department of State, March 28, 2025.

forces of the US, the Philippines and Japan conducted a joint patrol near Scarborough Shoal on the same day as Hegseth's visit to Manila.<sup>4</sup>

Hegseth's visit went beyond a symbolic reaffirmation; it conveyed a strong message that encouraged the Philippines in its stance and rhetoric against China, recognising that it cannot confront China alone. The US-Philippines alliance, anchored in the 1951 Mutual Defence Treaty, is a cornerstone of the Philippines partnerships and its policies in Southeast Asia. While the United States is important to the Philippines, the US also has strategic interest in maintaining its relations with the Philippines. Sitting at the crossroads of major sea lanes in the Indo-Pacific and its geographical proximity to Taiwan, makes it vital in the event of a Taiwan contingency. The Luzon Strait, lying between Taiwan and Luzon, the northern portion of the Philippines archipelago, serves as crucial entrance to and exit to the South China Sea and its depth allows nuclear submarines to pass through with a greater chance of remaining undetected.<sup>5</sup> Therefore, the United States' clear reassurances also serve their interests for the region.

The Philippines has been relatively sanguine about the prospects of stronger bilateral relations and this recent visit effectively alleviated any doubts concerning US's support. For the Philippines, Trump 2.0 has been a welcome development from the previous administration. Several prominent members of Trump's cabinet have been recognised for their 'hawkish' stance towards China's actions in the South China Sea, which contributed to the Philippines confidence in the administration and the support from the United States. As tensions between the Philippines and China are at an all-time high, Philippine President Marcos Jr. has articulated the necessity for the nations to "do more" in response to China's "illegal action" in the hotly contested waterway.<sup>6</sup> As such, having a partner that expresses a similar approach has instilled greater confidence within the Philippine administration.

The appointment of members such as Elbridge Colby as Undersecretary for Policy at the Pentagon, who was the key architect of the 2018 US National Defence Strategy alleviated the concerns for many in the Philippines early on. In the past, Colby strongly advocated for an Asia-focused American foreign policy as China was 'a strategic competitor using predatory economics to

---

<sup>4</sup> Lariosa, Aaron-Mathew, "Cooperation with Manila in Philippines Visit."

<sup>5</sup> Kuok, Lynn. "The US-Philippines alliance and the 2024 US elections". Brookings, September 16, 2024. <https://www.brookings.edu/articles/the-us-philippines-alliance-and-the-2024-us-elections/>

<sup>6</sup> Guzman, Chad de. "'We Have to Do More': Marcos Urges Fiercer Response, While Showing Restraint, Toward Chinese Aggression in South China Sea". Time, June 27, 2024. <https://time.com/6992894/marcos-philippines-south-china-sea-response-restraint/>

intimidate its neighbours while militarising features in the South China Sea'. Additionally, discussions led by US Defence Secretary Pete Hegseth, National Security Adviser Mike Waltz, and Secretary of State Marco Rubio further emphasised that maritime security and the South China Sea would be central focus of the United States. Notably, Rubio's first call with a Southeast Asian counterpart was to Philippine Secretary of Foreign Affairs Enrique Manalo where they discussed "issues of mutual concern," particularly China's "dangerous and destabilizing" actions in the South China Sea and reaffirmed the United States' "ironclad support" for the Philippines.<sup>7</sup>

More importantly, although President Trump issued an executive order freezing foreign aid, the Trump administration released "US\$ 5.3 billion in previously approved foreign aid, including US\$ 336 million earmarked to modernise the Philippine security forces"<sup>8</sup>. The action demonstrated to the Philippines that the Trump administration would be extremely committed in supporting its ally. In response to the move, the Philippines defense secretary, Gilberto Teodoro Jr. said that this was the "best proof" that the ties between the countries remained intact.<sup>9</sup>

Additionally, during Pete Hegseth's visit, the United States restored a US\$ 500 million military fund, further dispelling any doubts on Washington's reliability as a security ally for the Philippines. The United States has further taken significant action to ensure that Philippines remains a close ally by imposing lower tariffs to the Philippines as compared to other Asian partners. While Japan faces reciprocal tariffs of 24 percent and Thailand's 36 percent tariff, Philippines was only levied a 17 percent.<sup>10</sup> This move can be seen as the United States way to deepen cooperation with the Philippines by also improving its economic ties with the country.

That said, as Manila seeks to establish itself as a prominent stakeholder in the Indo-Pacific, it has aimed to become a hub for like-minded cooperation. In addition to securing its partnership with the United States, the Philippines is making considerable efforts to look beyond its traditional security alliance by

---

<sup>7</sup> "Secretary Rubio's Call with Philippine Secretary of Foreign Affairs Manalo". U.S. Department of State, January 22, 2025. <https://www.state.gov/secretary-rubios-call-with-philippine-secretary-of-foreign-affairs-manalo/>

<sup>8</sup> "Philippine, US defence pacts to stay intact, envoy to Washington says". Reuters, March 3, 2025. <https://www.reuters.com/world/philippines-us-defence-arrangements-stay-intact-ambassador-washington-says-2025-03-03/>

<sup>9</sup> Wee, Sui-Lee. "As Alliances Fray Under Trump, This Nation Is Confident of U.S. Ties". The New York Times, March 5, 2025. <https://www.nytimes.com/2025/03/05/world/asia/us-trump-philippines-china.html>

<sup>10</sup> "Annex I Country Reciprocal Tarriff." White House, April 3, 2025. <https://www.whitehouse.gov/wp-content/uploads/2025/04/Annex-I.pdf>

pursuing ad-hoc minilateral groupings, such as expanding the Squad. During the Raisina Dialogue, on March 19, 2025, Philippines Armed Forces Chief, General Romeo S. Brawner, emphasised the need to deter China by 'leveraging alliances and likeminded nations' and proposed the idea for India and South Korea to join the Squad.<sup>11</sup> The proposal reflects Manila's concerns of China increasing provocations and highlights the necessity of moving beyond its traditional security allies. Furthermore, it also indicated the Philippines' evolving strategy to transform its 'hubs and spokes alliance system' into a more interconnected and broader security network with other regional players.

## Conclusion

As tensions escalate in the South China Sea, the strategic alliance between the Philippines and the United States demonstrates a united front against the threat posed by China. Compared to its other allies, the Trump administration has reaffirmed its security guarantees to the Philippines, providing not only symbolic assurance but also substantial proof of the United States' willingness to support its ally. Nevertheless, while the reassurance of US backing remains crucial, President Trump's emphasis on increased burden-sharing has encouraged the Philippines to diversify its partnerships. Therefore, the nation has been vocal in engaging with other like-minded countries to effectively address China's expanding influence and ambitions, thereby ensuring its long-term security.

\*\*\*

---

<sup>11</sup> Brawner, Romeo. "LIVE: Top Navy & Army officials from India, Japan, USA, Australia speaks at Raisina dialogue". ANI News, March 19, 2025.  
<https://www.youtube.com/watch?v=6EJfpQ5P17Q>

## The Quiet Claimants: Indonesia, Malaysia, and Brunei's Balancing Act in the South China Sea

by

Divya Rai

### Introduction

The South China Sea's (SCS) turbulent waters remain a cauldron of escalating tensions, with China's live-fire drills, Vietnam's redrawing of its baseline and frequent standoffs between China, the Philippines, and Vietnam. Yet, three ASEAN states – Indonesia, Malaysia, and Brunei – adopted distinct approaches, one which included balancing silence, legal mechanisms, and economic pragmatism to navigate tensions. This scheme sharply contrasts with the Philippines and Vietnam, revealing a spectrum of strategies that individual countries employ to counter Beijing's ambitions in the SCS.

### Indonesia

Indonesia's view and approach toward the SCS disputes have been increasingly complicated. Indonesia has long maintained that it is not a party to the SCS dispute. It does not claim sovereignty over any of the islands in the Spratly Islands or the Paracel Islands; its Exclusive Economic Zone (EEZ) and continental shelf around the Natuna Islands overlap with China's "nine-dash" line. Indonesia claims an EEZ in the southern part of the SCS measured from the straight archipelagic baselines it has drawn from the outermost points of the Natuna Islands<sup>12</sup>. As provided under UNCLOS, it has sovereign rights for the purpose of exploring and exploiting the natural resources in its EEZ. In Jakarta's view, China's nine-dash line has no legal basis and has consistently rejected China's assertion of historical fishing rights in the SCS. This position on maritime entitlements in the SCS has been reiterated in its diplomatic notes issued by Indonesia's Permanent Mission to the United Nations on 8 July 2010<sup>13</sup> and 26 May 2020<sup>14</sup>, regarding the extended continental shelf in the SCS.

---

<sup>12</sup> Adrian Nugraha & Robert Lihtornng Chen. (2023) The current legal regime of the Indonesian outer small islands. *Griffith Law Review* 32:4, pages 455-480.

<sup>13</sup> Indonesia. (2010, July 22). Comments on the Joint Submission made by Malaysia and Viet Nam: Note Verbale dated 22 July 2010. United Nations Division for Ocean Affairs and the Law of the Sea.  
[https://www.un.org/Depts/los/clcs\\_new/submissions\\_files/mysvnm33\\_09/idn\\_2010re\\_mys\\_vnm\\_e.pdf](https://www.un.org/Depts/los/clcs_new/submissions_files/mysvnm33_09/idn_2010re_mys_vnm_e.pdf)

<sup>14</sup> [https://www.un.org/Depts/los/clcs\\_new/submissions\\_files/mys\\_12\\_12\\_2019/2020\\_05\\_26\\_IDN\\_NV\\_UN\\_001\\_English.pdf](https://www.un.org/Depts/los/clcs_new/submissions_files/mys_12_12_2019/2020_05_26_IDN_NV_UN_001_English.pdf)



Over the years, illegal Chinese fishing incursions into Indonesia's North Natuna Sea have repeatedly strained bilateral relations, with Beijing's maritime agencies challenging Jakarta's exclusive economic zone (EEZ) claims. Despite China's persistent encroachment, the Indonesian government tried to downplay and avoided framing these clashes as part of SCS territorial disputes. One major incident in 2016 saw an Indonesian navy vessel fire upon a Chinese fishing boat, injuring a fisherman and detaining others, escalating diplomatic friction. However, this was not an isolated incident: Chinese coast guard ships continued to obstruct Indonesian patrols from apprehending illegal fishing vessels, though such confrontations were often kept from public view.<sup>15</sup> Despite these tensions, bilateral relations between Indonesia and China are generally positive. Since establishing a comprehensive strategic partnership in 2013, Indonesia and China have fostered cordial relations across various sectors, including investment, mining and infrastructure. Initiatives like China's Belt and Road Initiative (BRI) and Indonesia's Global Maritime Fulcrum (GMF) have significantly deepened bilateral collaboration over the past decade.

Jakarta has long maintained the diplomatic outlook of being a "non-claimant" state, but Prabowo's state visit to China on November 9, 2024, might have undermined this position. According to a joint statement released at the end of his visit, the two sides had reached "an important common understanding on joint development in areas of 'overlapping claims' and agreed to establish an Inter-Governmental Joint Steering Committee to explore and advance relevant cooperation"<sup>16</sup>. The statement's reference to 'overlapping claims' directly contradicts Indonesia's historical stance that no jurisdictional overlap exists with China in the Natuna Sea. Adding to the ambiguity, the joint statement does not refer to UNCLOS but only to "their respective prevailing laws and regulations. Facing backlash, Indonesia's foreign ministry recognised the slip-up and issued a press statement that emphasised the cooperation "should not be construed as recognition of China's unilateral claims in the SCS."<sup>17</sup>

---

<sup>15</sup> The Diplomat. "South China Sea: Indonesian Navy Fires at and Arrests Chinese Fishermen", May 31, 2016. <https://thediplomat.com/2016/05/south-china-sea-indonesian-navy-fires-at-and-arrests-chinese-fishermen/>.

<sup>16</sup> "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," n.d. [https://english.www.gov.cn/news/202411/10/content\\_WS67301550c6d0868f4e8ecca9.html](https://english.www.gov.cn/news/202411/10/content_WS67301550c6d0868f4e8ecca9.html).

<sup>17</sup> Ministry of Foreign Affairs. "Press Release on The Indonesia-China Maritime Cooperation in the Joint Statement Between Indonesia and China, 9 November 2024", November 11,

China's aggressive posture, including its contested "nine-dash line" claims overlapping Indonesia's EEZ, has driven Jakarta to bolster defences through military upgrades and international partnerships (e.g., Japan and the U.S.). At the same time, it aims to push back against Chinese maritime incursions, and wishes to attract large-scale Chinese investment by downplaying the problem and avoiding engaging in disputes or disagreements with China over it.

## Malaysia

With Malaysia, its interests are partly driven by access to resources and economic security. Malaysia bases its claims in the SCS on international law, including provisions laid down in the 1958 Convention on the Continental Shelf and the 1982 UNCLOS. This was affirmed in the country's 1979 "Map Showing the Territorial Waters and Continental Shelf Boundaries of Malaysia" (the so-called Peta Baru or New Map)<sup>18</sup>. Malaysia claims sovereignty over twelve features in the SCS. It maintains effective control over a cluster of maritime features in the Spratly Islands through physical occupation, including naval and marine research stations. Namely: Terumbu Mantanani (Mariveles Reef), Terumbu Ubi (Ardasier Reef), Terumbu Siput (Erica Reef), Terumbu Peninjau (Investigator Reef), and Pulau Layang-Layang (Swallow Reef). However, two features within Malaysia's claimed EEZ—Terumbu Laksamana (Commodore Reef) and Pulau Amboyna Kecil (Amboyna Cay)—remain occupied by the Philippines and Vietnam, respectively, reflecting overlapping territorial assertions in the contested waters.<sup>19</sup>

China's growing presence in Malaysian waters in recent years has not gone unnoticed. China has significantly increased its presence in Malaysia's EEZ, targeting resource-rich areas like the Luconia Shoals (Beting Patinggi Ali and Beting Patinggi Raja) and James Shoal (Beting Serupai), which hold an estimated 5 billion barrels of oil and 80 trillion cubic feet of natural gas.<sup>20</sup> At least nine Chinese Coast Guard (CCG) vessels operated in Malaysia's EEZ from January to September 2024, maintaining near-daily patrols near critical

---

2024. <https://kemlu.go.id/berita/keterangan-pers-tentang--kerja-sama-maritim-ri-tiongkok-dalam--pernyataan-bersama-ri-tiongkok?type=publication>

<sup>18</sup> Centre for International Law (CIL), and National University of Singapore. "CLCS Submissions and Claims in the South China Sea," 2010. <https://cil.nus.edu.sg/wp-content/uploads/2009/09/Beckman-Davenport-CLCS-HCMC-10-12Nov2010-1.pdf>.

<sup>19</sup> Mahadzir D. Malaysia's Maritime Claims in the South China Sea: Security and Military Dimensions. In: *Entering Uncharted Waters?: ASEAN and the South China Sea*. Lectures, Workshops, and Proceedings of International Conferences. ISEAS–Yusof Ishak Institute; 2014:208-222.

<sup>20</sup> "International - U.S. Energy Information Administration (EIA)," n.d. [https://www.eia.gov/international/analysis/regions-of-interest/South\\_China\\_Sea](https://www.eia.gov/international/analysis/regions-of-interest/South_China_Sea).

oil/gas projects like Kasawari and Timi.<sup>21</sup> In response, Malaysia employs a three-pronged strategy to navigate its SCS dispute with China. It steadfastly asserts its EEZ claims under UNCLOS, maintaining military outposts on occupied Spratly features while avoiding overt confrontation. Simultaneously, Kuala Lumpur advocates for a binding ASEAN-China Code of Conduct to resolve disputes peacefully and shields vital economic ties with Beijing—its largest trading partner—from geopolitical friction<sup>22</sup>.

Besides, Malaysia has repeatedly stated that discussion regarding the overlapping claims in the SCS should be limited to the claimants.<sup>23</sup> Cautious about internationalising the issue, Malaysia had rejected any suggestions to bring the issue to forums like the ASEAN Regional Forum (ARF) and the East Asia Summit (EAS). Malaysia prioritises bilateral solutions for overlapping claims, exemplified by its 2009 Exchange of Letters with Brunei resolving the Louisa Reef dispute and joint hydrocarbon agreements with Vietnam and Thailand despite unresolved sovereignty issues.<sup>24</sup> It also submitted a note verbale to the UN Secretary-General asserting its rights to delineate its extended continental shelf (ECS) in the northern South China Sea beyond 200 nautical miles, complementing the 2009 joint ECS submission with Vietnam in the southern sector.

Malaysia's stance on the SCS disputes is different from that of Vietnam or the Philippines. Malaysia's three-pronged approach has facilitated intermediate solutions without prejudice to sovereignty claims. With Malaysia assuming the chairmanship of ASEAN in 2025, Malaysian Prime Minister Anwar Ibrahim's position on the SCS disputes remains broadly consistent and he unlikely to deviate from it.

## Brunei

Brunei exemplifies small-state behaviour: preferring a peaceful international system. It is the only claimant state that does not occupy any maritime features or maintain a military presence in the region. It asserts sovereignty

---

<sup>21</sup> Asia Maritime Transparency Initiative. "A Well-Oiled Machine: Chinese Patrols at Luconia Shoals | Asia Maritime Transparency Initiative," October 1, 2024. <https://amti.csis.org/a-well-oiled-machine-chinese-patrols-at-luconia-shoals/>.

<sup>22</sup> FULCRUM. "Malaysia and the South China Sea Dispute: A Sea Change Under Prime Minister Anwar?," August 28, 2024. <https://fulcrum.sg/malaysia-and-south-china-sea-dispute-a-sea-change-under-prime-minister-anwar/>.

<sup>23</sup> Ministry of Foreign Affairs- Malaysia "Malaysia's Position on The South China Sea" April 8, 2023. <https://www.kln.gov.my/web/guest/-/malaysia-s-position-on-the-south-china-sea>

<sup>24</sup> United Nations. "Note Verbale From the Permanent Mission of Malaysia to the United Nations Regarding the Malaysia Partial Submission to the Commission on the Limits of the Continental Shelf", December 12, 2019.

over maritime features such as Bombay Castle, Owen Shoal, and Rifleman Bank, all of which fall within Brunei's EEZ, and with Louisa Reef (part of the Spratly Islands) on its continental shelf. Interestingly, two features, Louisa Reef and the Riflemen Bank (a submerged feature), are part of the Spratly Islands and are simultaneously claimed by China and Vietnam.<sup>25</sup> Brunei maintains a restrained maritime posture, resolving disputes through quiet diplomacy. It contested Malaysia's 1992 claims (based on a 1988 map), leading to a 2009 bilateral swap of Louisa Reef for Limbang<sup>26</sup>.

With a 160-km coastline bordering the South China Sea, Brunei faces overlapping claims with China's nine-dash line, which encroaches within 35 nautical miles of its energy-rich waters. Brunei maintains a notably restrained position regarding China's assertive actions and employs a policy of appeasement. Not to mention it seeks to avoid conflict by making unilateral diplomatic and strategic concessions. Unlike Vietnam, Malaysia, and the Philippines, Brunei avoids openly challenging China's claims or deeming them incompatible with UNCLOS. Instead, it prioritises diplomatic restraint, balancing economic cooperation (e.g., Hengyi Industries and Sultan Haji Omar Ali Saifuddin Bridge) with strategic concessions to maintain stability<sup>27</sup>.

However, Brunei broke its characteristic silence on September 2, 2023, with a rare public statement advocating a two-step approach to conflict resolution. The strategy prioritises bilateral dialogue between claimant states and multilateral advancement of the ASEAN-China Code of Conduct (COC), anchored in adherence to international law, particularly the 1982 UNCLOS.<sup>28</sup> While Brunei refrained from directly condemning Chinese aggressive actions in the SCS, Brunei expressed willingness to peacefully cooperate with China. During a February 2025 meeting between Chinese President Xi Jinping and Brunei's Sultan Hassanal Bolkiah, the two nations pledged joint efforts in oil and gas exploration and resource development in "mutually agreed areas" –

---

<sup>25</sup> Centre for International Law (CIL), and National University of Singapore. "CLCS Submissions and Claims in the South China Sea," 2010. <https://cil.nus.edu.sg/wp-content/uploads/2009/09/Beckman-Davenport-CLCS-HCMC-10-12Nov2010-1.pdf>.

<sup>26</sup> Pacific Forum. "Caught in the Middle: The Measured Voice of Brunei's Foreign Policy Amidst the South China Sea Disputes," March 16, 2024. <https://pacforum.org/publications/yl-blog-60-caught-in-the-middle-the-measured-voice-of-bruneis-foreign-policy-amidst-the-south-china-sea-disputes/>.

<sup>27</sup> Ibid

<sup>28</sup> Ministry of Foreign Affairs – Brunei Darussalam. "Statement On Latest Developments In The South China Sea" September 2, 2023. <https://www.mfa.gov.bn/Lists/Press%20Room/news.aspx?id=1067&source=https://www.mfa.gov.bn/site/home.aspx>

carefully avoiding any explicit reference to “overlapping” or “disputed” zones.<sup>29</sup>

In contrast to the strategies and posture projected by other Southeast Asian claimant states to the SCS, Brunei advocates peaceful dialogues through ASEAN-led mechanisms like the Code of Conduct. In sum, Brunei chose not to pick sides and preferred stability and economic ties over public disputes, even as China’s nine-dash line encroaches near its energy-rich EEZ.

## Conclusion

Three Southeast Asian nations – Indonesia, Malaysia and Brunei – maintain silence on various issues. While not formally a SCS claimant, Indonesia confronts persistent Chinese incursions near its Natuna Islands. Following a joint statement with China (November 2024), Jakarta appears to have compromised its long-standing position. This move, whether intentional or not, legitimises Beijing’s claims at the expense of Jakarta’s principled stance, while yielding no tangible benefits. On the other hand, Malaysia’s 2025 ASEAN chairmanship under Prime Minister Anwar Ibrahim is expected to uphold a dual-track strategy on South China Sea disputes, balancing sovereignty assertions with economic pragmatism to preserve ties with Beijing. Meanwhile, Brunei maintains a “silent claimant” posture, prioritising domestic agendas like Wawasan 2035 economic diversification over maritime disputes with China.

In summary, despite sporadic diplomatic efforts, the SCS disputes remain structurally intractable, with ASEAN’s fragmented strategies, where some members prefer economic collaboration and others cautiously assert sovereignty. This results in a fractured response where bilateralism and restraint continue to dilute collective resistance, perpetuating China’s coercive advantage in the contested waters.

\*\*\*

---

<sup>29</sup> Ministry of Foreign Affairs – Brunei Darussalam. “Joint Statement between the People’s Republic of China and Brunei Darussalam on Advancing the Strategic Cooperative Partnership towards a China – Brunei Community with a Shared Future”. February 6, 2025.

<https://www.mfa.gov.bn/Lists/Press%20Room/news.aspx?id=1186&source=http://mfa-prod.cwh.gov.bn/site/home.aspx>

## Reciprocal Tariff and Opportunities for India-ASEAN Trade

by

Prabir De

The US President Donald Trump announced reciprocal tariffs earlier last week. Trump's reciprocal tariffs hit ASEAN Member States (AMS) hard. Barring Singapore, rest of the ASEAN member states have felt a severe jolt. India is no different. The US tariff on India is 27 per cent (Table 1). Some countries have retaliated, and some have not yet done so. Some have decided not to retaliate. Exports of some of the AMS countries (e.g. Thailand and Vietnam) are US dependent, and they have gained from the so-called China+1 strategy. One thing is clear that high American tariffs are going to slow down the ASEAN's global exports, not only to the American market but also to the rest of the world. India appears to be one of the few countries with something to gain from this tariff rise.

**Table 1: US's Reciprocal Tariff on ASEAN+6**

Country	Tariff Rate (%)
Vietnam	90
Thailand	72
Indonesia	64
Malaysia	47
Cambodia	97
Singapore	10
Philippines	34
Myanmar	88
Lao PDR	95
Brunei	47
China	67
India	27
Korea	50
Japan	46
Australia	10
New Zealand	20

Source: USTR

During the last two months, the US Administration has imposed additional tariffs on many imported products such as steel, automobiles, etc., raising concerns in some Southeast Asian countries. Some of the AMS are working on the potential impact of the US tariffs and prompting them to design countermeasures and/or safeguards and a new strategy to strengthen “rules-based world order”. For example, the Malaysian government has called upon the solar industry to explore the ASEAN market and reduce reliance on the United States. Meanwhile, Vietnam has strengthened its infrastructure in renewable energy. Nonetheless, the collective impact of these tariffs on AMS is likely to disrupt regional supply chains and slow down investment in industrial hubs that cater to the American market. In such an unfolding scenario, strengthening ASEAN’s trade with its Asian dialogue partners away from the US market in a gradual manner is also heavily discussed as an acceptable strategy.

**Table 2: Imports of dialogue partners from ASEAN (US\$ billion)**

	2000	2010	2020	2021	2022	2023
<b>China</b>	22.18	154.35	301.45	394.22	408.20	389.52
<b>India</b>	4.38	29.68	44.04	64.82	89.12	76.03
<b>Japan</b>	59.55	101.00	98.79	113.00	134.39	120.73
<b>Korea</b>	18.17	44.10	54.83	67.71	82.53	78.01
<b>USA</b>	<b>90.72</b>	<b>112.05</b>	<b>231.10</b>	<b>285.90</b>	<b>336.28</b>	<b>310.34</b>

Source: DOTS, IMF

The US is ASEAN's second largest trade partner, next to China. The US's import from the ASEAN in 2023 was US\$ 310.34 billion, sharply increasing from US\$ 231.10 billion in 2020 when the pandemic struck the world. Among ASEAN's original dialogue partners, given their low base, India and Korea offer new trade and supply chain opportunities in relative terms.

As US-China competition intensifies, the AMS closely linked with China faces challenges in mitigating the impact of increased tariffs. Except Singapore, the remaining AMS are vulnerable. The AMS are going to face significant economic downturns including rising inflation, unemployment, political and economic disorders in short to medium term. The US economy is also likely to be impacted. In general, such a trade war has a cascading effect which will slow down the AMS's progress towards economic elevation from LDC (e.g. Cambodia and Laos) to developing and from developing to the developed status.

On top of this, the American sanctions and control on technology may cost the AMS heavily over time. Supply chain disruptions are obvious. For example, President Trump's cancellation of electric vehicle-related subsidies and incentives could also trigger a supply chain crisis for electric vehicles in the region. Malaysia's call for ASEAN unity for the solar industry has gained attention. Similarly, the exports of auto components of Thailand, cell phone and office equipment of Vietnam, Laotian coffee, Cambodia's garments, etc. will be heavily impacted. Moving forward, the AMS will be forced to explore new markets to reduce dependence on the US. Here comes India. With its huge growing 500 million consumer class, India presents an opportunity to ASEAN to make up the loss and build a sustainable alternative.

**Table 3: ASEAN's Tariff Level**

	Simple Average (%)	Weighted Average (%)
ASEAN's tariff on China	6.25	5.93
ASEAN's tariff on India	5.89	5.62
	Simple Average (%)	Weighted Average (%)
India's tariff on ASEAN	13.13	8.76
China's tariff on ASEAN	7.08	3.82

Source: Author's own based on WITS

This tariff war - if it goes on longer than expected - is likely to promote collaboration between ASEAN manufacturers and India and manufacturers in other ASEAN dialogue partners as well. Together, India and ASEAN can jointly address external challenges. Though India's weighted average tariff on ASEAN is higher than that of ASEAN's tariff on India, further adjusting the tariff may help both of them in fostering trade and production networks, provided both agree to place trade facilitation before trade liberalization (Table 3).

Begun in 2002 in Cambodia, ASEAN-India relations have grown from strength to strength and the two sides have never been so close, with growing trade and investment flows, friendshoring, and people-to-people contacts. They are civilizational partners. ASEAN-India relations have been elevated to the comprehensive strategic partnership (CSP) level. Both share both land and



maritime borders. India has been enjoying its strategic location, democracy, market size, natural resources, access to the coast, and the advantage of a young population. So also ASEAN. ASEAN and India together share 7 per cent of the world GDP and 26 per cent of the world population. Their combined strength is, therefore, phenomenal. ASEAN is currently India's 4<sup>th</sup> largest trading partner, and India is ASEAN's 7<sup>th</sup> largest trade partner. Between them, there is a high degree of complementarity. ASEAN has truly become a global economy, where FTAs have played a key role in regional integration.

The US's reciprocal tariff has started adding new momentum to regional integration, particularly driven by the ASEAN. India's democracy, vast domestic market, maritime prowess are a perfect fit to the renewed phase of ASEAN-India CSP. Stronger ASEAN-India economic relations are crucial for a stronger Asian integration.

The way forward is to renegotiate the AITIGA, making it more trade-friendly. While renegotiating the agreement, India's interests should be to strengthen the GVC linkages, both forward and backward linkages, and the products possessing comparative advantages. Both ASEAN and India may like to promote quality trade and resilient production networks and supply chains. Services trade and investment between them also require overhauling these arrangements simultaneously.

To conclude, the global uncertainties are looming large. The growing differences between countries across the world over trade and investment are undermining global growth and trust. It appears is that reciprocal tariffs have successfully united the Asian countries. The current crisis is an opportunity to rebuild the ASEAN-India relationship, leading to further intensification of the comprehensive strategic partnership between them.

\*\*\*

## Southeast Asia: Navigating Choppy Waters

by

Biren Nanda

When we look at the security of Southeast Asia it presents a dismal picture.

**China** continues to make its territorial assertions and indulge in grey zone activities in the South and East China seas and off the coast of Taiwan. China is also in the middle of an unprecedented military buildup in the broader region.

**Southeast Asian countries** are concerned that their main security partner and main economic partner don't get along- thereby undermining future prosperity for the region

Increasingly countries are band-wagoning or moving closer to China (**Laos and Cambodia**) and some like (**Vietnam and Singapore**) seek to balance their relations with China and the United States. Others like the Philippines having tried and failed at conciliating China, have now come closer to the US. Thailand often the subject of criticism in the US has turned to leaning towards the comfort of the Chinese embrace.

**Indonesia** under its new President plans to pursue a more vigorous foreign policy reflecting his vision for Indonesia's role in global affairs. Like other leaders from the Global South, he clearly perceives the emergence of a multipolar world. This is also reflected in Indonesia's decision to seek membership in BRICS, marking a change from its hesitation about joining the grouping during the Jokowi administration. Nevertheless, questions remain – will Prabowo appease China and will Indonesia be able to resist the Chinese embrace?

To the imperatives of economic security and the retreat away from globalization, we have now added the disruptive impact of the Trump tariffs, which have most recently pushed **China, Japan and South Korea** to discuss the rejuvenation of economic ties.

**Myanmar** is in the throes of a bloody civil war. China as usual is fishing in troubled waters. China seeks ingress into the Bay of Bengal. While an unstable Myanmar gives China leverage vis a vis the junta and the opposition, China needs peace and security to enjoy the benefits of its strategic investments in the country.

It would appear that there is no country in Southeast Asia willing and able to speak out against China's bullying tactics in the region. Whether it is soft coercion in trade or hard military power on display in the South China sea, Southeast Asia is bending backwards to accommodate Chinese ambitions. Southeast Asian countries are deeply embedded in China's value chains and a Chinese dominated trade architecture. This together with their dependance on Chinese investment makes it well nigh impossible to push back against China.

**The US** has signaled resolve by showing the flag – including naval patrols and exercises - in the South China Sea and the Taiwan Straits. The US has also focused on building strong ties – including defense and strategic ties - with countries like Singapore, Vietnam, Philippines and Indonesia. But is that sufficient to deter China? Can the distant power overcome limitations of distance vis a vis the proximate power? Are Southeast Asian countries willing to invest in a credible defense and are they - with US support – willing to push back against China? In fact, even these countries do not wish to be seen as pushing back against China -they seek to balance their relations with China and the United States.



**Delhi Policy Group**  
Core 5A, 1st Floor,  
India Habitat Centre, Lodhi Road  
New Delhi - 110003  
India

[www.delhipolicygroup.org](http://www.delhipolicygroup.org)