Center for Geopolitics | JPMorganChase

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From Resilience to Ascendance

How Southeast Asia is navigating global shocks on its path to broader prosperity



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Key Takeaways

- **Southeast Asia has pragmatically navigated a relentless series of shocks.** COVID, the trade war, and the Iran energy shock have all imposed costs on the region while climate impacts remain challenging. While these shocks have sparked renewed effort to diversify their economies and resource bases, they also carry long half-lives.
- **After decades of benefiting from globalization and China's rise, the region must now find a new path to sustained, broad-based prosperity.** Much of the region is in a race against time: to escape the middle-income trap before it loses its demographic dividend.
- **The region has the potential to offer a model for middle powers in a world increasingly riven by the capriciousness of its largest countries.** More than a frontline in U.S.-China competition, Southeast Asia is strategically significant in its own right as the world's third largest population center, fifth largest economy, and the crossroads of three global religions.
- **The region's long-term trajectory will ultimately depend to a significant degree on the choices its individual countries make.** Countries are taking steps to formalize and further urbanize their economies, accelerate connectivity, strengthen governance and capital markets, and support the growth of the digital economy. Nonetheless, progress trails ambitions in ways that are difficult to ignore.

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Southeast Asia stands at a pivotal moment.

After decades of benefiting from globalization, the region now faces a different challenge: transforming resilience in the face of repeated global shocks into sustained, broad-based prosperity. Whether Southeast Asia becomes the world's next major engine of growth will depend less on the trajectory of U.S.-China competition than on the choices its governments make to strengthen competitiveness, deepen capital markets, improve governance, and invest in the industries of the future. This report argues that while geopolitics will shape the region's environment, Southeast Asia's long-term success will ultimately be determined by its own policy choices.

"One vision, one identity, one community," serves as the Association of Southeast Asian Nations' motto. On one hand, it belies the region's diversity of peoples, systems, histories, and present trajectories. But it also captures the reality of a region that is pragmatic, resilient, and interdependent. That spirit has been repeatedly tested in recent years as a series of shocks – to trade, energy, and the global order itself – have borne down on the region with a force reminiscent of its typhoons.

Southeast Asia, or at least much of it, is in a race against time: to escape the middle-income trap before it loses its demographic dividend and to offer a model for middle powers in a world increasingly riven by the capriciousness of its largest. It is the latter dynamic that disproportionately captures the attention of the world's commentariat.

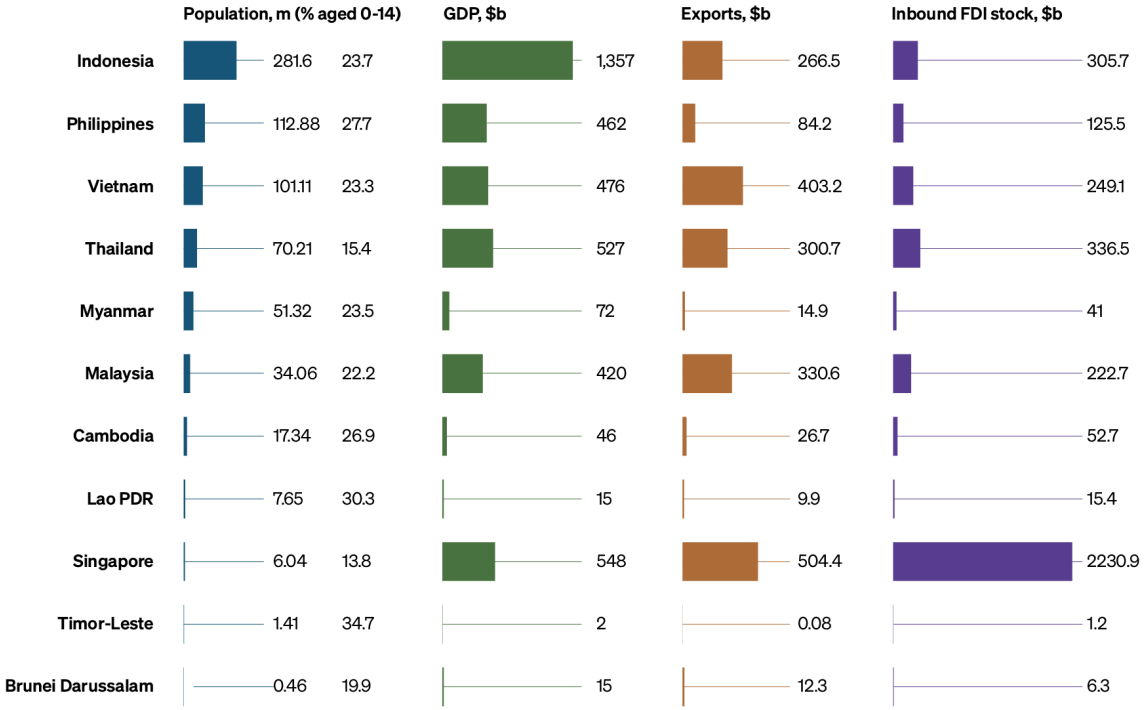
A region that prospered under *Pax Americana and Commercium Sinicum* is buffeted by American reevaluation of its role in the region's security; the opportunity of trade diversification away from China; and the competitive weight of China's relentless exports redirected to its shores. Developments in the Taiwan Strait would have significant economic and security implications for Southeast Asia, and many countries are involved in their own territorial disputes with Beijing, which carry the ever-present risk of accidental escalation.

Apart from the tragic civil war in Myanmar and flare-ups on the Thai-Cambodian border over their long-running border dispute, the region is at peace. But that has not stopped military spending from marching higher.

Southeast Asia is more than its role in U.S.-China competition. Collectively, it is the world's third largest population center, fifth largest economy, and the crossroads of three global religions. It is the chokepoint through which a quarter of the world's maritime trade passes. Well beyond the Strait of Malacca, it is sailors from the region, principally the Philippines, who constitute as much as a third of the global seafaring workforce. The region is marked both by the abundance, if unevenness, of its resources – as well as their relative scarcity, as evidenced by the energy impacts of the Strait of Hormuz's closure.

The region is densely connected with each other and the outside world – but in other ways not yet enough. Trade among ASEAN members was 21% of their collective total; in comparison to 61% for the European Union. One country, Singapore, accounts for the majority of the region's services trade, inbound, and outbound FDI.

Figure 1. Southeast Asia by the Numbers



Source: ASEANstats, UNCTAD (2024)

The fate of the region is ultimately at the mercy of the choices of its individual countries. For all of the high drama of geopolitics, it is the choices made closest to home that will have the greatest bearing on the region's people and, in fact, the rest of the world's. The region has both the world's top-ranked country in government effectiveness and one of its lowest; an 80x differential separates its richest country on a per capita basis from its poorest. The potential of the region's largest country by population, Indonesia, remains ever challenged by the logistical reality of its other superlative as the world's largest archipelago nation.

It is for all these reasons that the better motto for Southeast Asia might come from Whitman: the region contains multitudes. This report will explore some of them: reaffirming Southeast Asia's importance to the global system; exploring how it has navigated a relentless series of external shocks; reflecting how its countries are evolving their postures due to changing U.S.-China dynamics; and capturing its countries' progress towards unlocking the next phase of growth.

Section One

Navigating relentless shocks

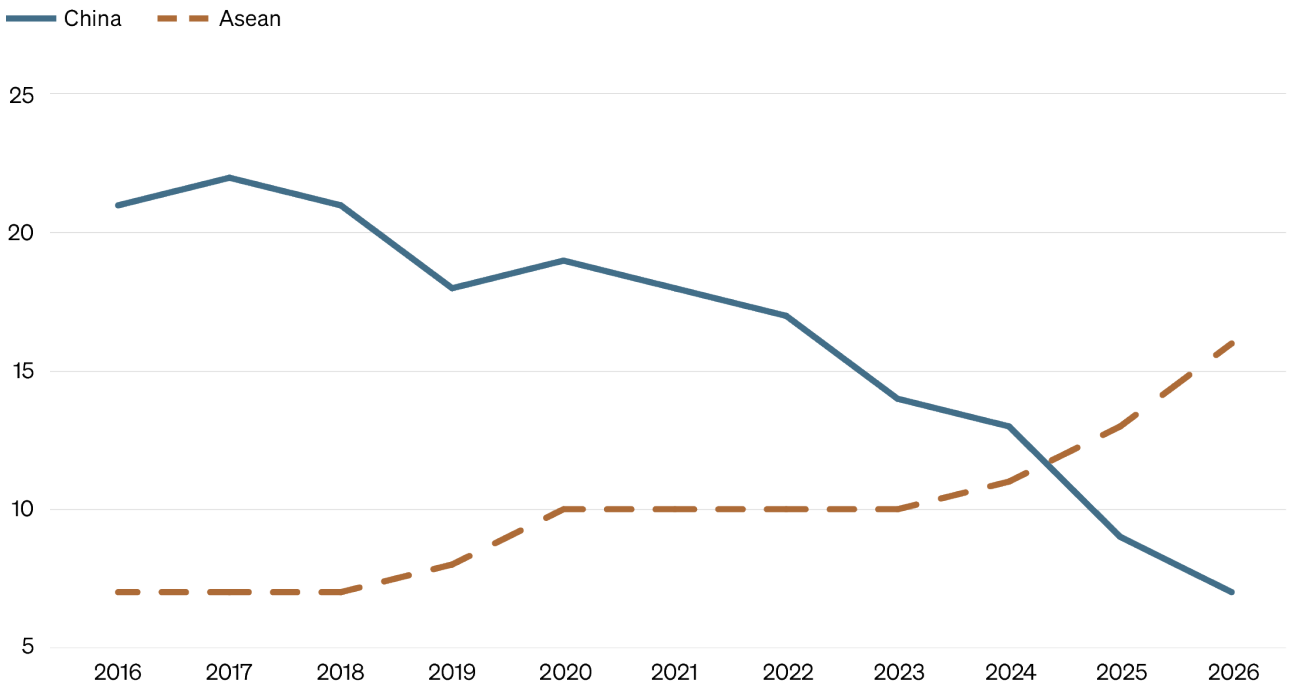
Whether it is the 1997 financial crisis, SARS, or the 2004 Indian Ocean tsunami, ASEAN is no stranger to shocks. As sobering as all of these crises were, none carried with them the undoing of the fundamental tenets of the global order. In just the past year, ASEAN is simultaneously confronting an upending of global trade, the collateral damage of war in the Middle East on global energy markets, and an evolving U.S.-China competition. Meanwhile, the chronic crisis of climate change, to which Southeast Asia is acutely exposed, continues. In the pages that follow, we take a look at how the region is navigating each shock.

Trade war

In the years following the first U.S.-China trade war and the supply chain disruptions of COVID-19, Southeast Asia emerged as one of the principal beneficiaries of firms' China+1 diversification strategies. The region, which at the beginning of the first Trump administration accounted for 7% of U.S. imports (compared to 21% for China), had climbed to 11% of U.S. imports by the start of President Trump's second term, just 2 percentage points less than China, and is on track to double China's exports to the U.S. in 2026.

The first phase of China+1 was driven largely by firms seeking to diversify production away from China. The next phase, however, will be defined less by relocation and more by competitiveness. Countries that can deepen domestic supply chains, increase local value-added, develop skilled workforces, and improve infrastructure will be best positioned to capture higher-value manufacturing and sustain investment.

Figure 2. U.S. Imports, %



* through April 2026, Source: U.S. Census

It was therefore unsurprising that, when the Trump administration announced its reciprocal tariff rates on Liberation Day, **Southeast Asian countries faced the second-highest tariff rates after China.** The administration was seeking to reduce U.S. import dependence on China, maintain a slight rate advantage for Southeast Asia, followed by successively lower effective rates for East Asian allies and Europe, with Mexico and Canada facing an uncertain path to broadly tariff-free USMCA renewal. **In practice, even with the tariff differential, China remains cost competitive with many economies, blunting the rationale for further diversification.** J.P. Morgan Research, in an April 2025 analysis, found that 52% of U.S. imports from China had a 0-50% price discount from China compared to other countries and another 21% of imports from China had a price advantage of greater than 50%.[1]

As it assessed the surge of imports from Southeast Asia, the U.S. expressed concerns about transshipment, the rerouting of goods through an intermediate market for the purpose of avoiding tariffs without material transformation. Evidence of widespread transshipment remains limited, but in practice the administration used the term as a catch-all for exports where the region's share of value added remained limited to assembly of Chinese inputs.[2] It began negotiating a series of agreements on reciprocal trade that had notable provisions on economic security unmistakably directed against Beijing.

An agreement with Vietnam has remained elusive as Hanoi awaits clarity on U.S. Section 301 tariffs targeting excess capacity and remains reluctant to accept economic security commitments that could jeopardize its trade relationship with China. Despite progress through seven rounds of negotiations, significant issues remain unresolved. After the Supreme Court struck down the use of emergency economic powers to impose tariffs, the U.S. responded with more familiar trade authorities, premised on forced labor and overcapacity concerns and, for Vietnam, an additional investigation related to intellectual property rights.

The growing U.S. focus on transshipment reflects a broader shift in trade policy. **Washington is no longer concerned solely with where products are assembled, but increasingly with where value is created and supply chains are rooted.** Research by Federal Reserve economists has found that the share of Vietnam's exports to the U.S. attributable to firms with Chinese foreign direct investment has doubled from 11% from 2018-19 to 25% from 2020-2023. Newer foreign firms in Vietnam, both Chinese and third-country, source a higher share of their imports from China than pre-existing firms.[3] Going forward, maintaining preferential access to major export markets will increasingly require demonstrating genuine industrial capacity rather than serving as an assembly platform.

At the same time as ASEAN navigates rising trade tensions with the U.S., its trade with China continues to grow.[4] The region surpassed the EU and the U.S. to become China's largest export market in 2025 in part driven by recent trade agreements such as ACFTA 3.0, the Regional Comprehensive Economic Partnership, and bilateral FTAs between China and Malaysia, Vietnam, Cambodia and Thailand. Meanwhile, rising Chinese exports to ASEAN have significantly outpaced ASEAN exports to China, leading some governments to push back against a surge in low-cost goods from China. Since 2021, the region has reportedly imposed 104 new trade restrictions on Chinese products, ranging from EVs and solar panels to textiles and apparel.[5]

Amid growing uncertainty in trade with the U.S. and China, ASEAN has begun to diversify its partnerships by strengthening trade with the EU, India, Japan, and GCC countries, among other partners. Singapore and Vietnam maintain FTAs with the EU and Indonesia, Thailand, Malaysia, and the Philippines are exploring similar agreements. ASEAN and the GCC have also discussed deepening trade ties through their 2024-2028 Framework of Cooperation, while the UAE has signed FTAs with Malaysia and the Philippines, and is in talks with Indonesia to finalize an agreement in late 2026.

Even as it diversifies its global markets, ASEAN is also seeking to deepen trade within the bloc. Malaysia's trade minister has characterized growing intra-ASEAN trade as a "strategic imperative" for resilience and competitiveness.[6] Despite the near absence of tariffs, trade remains low both because the region's economies are competing against each other for roles in global value chains and because of the pervasive use of non-tariff barriers. According to ASEAN, "customs surcharges" make up the lion's share of regional non-tariff barriers—accounting for nearly 70 percent of the total.[7] ASEAN countries have taken steps to reduce procedural complexity and make non-tariff barriers less burdensome. The region is also taking steps to harmonize digital services trade, power grid interconnections, regional payments, transport and logistics networks, cross-border customs declarations, and technical standards.

Figure 3. Who's Trading with Whom, $m, 2024.

Importer \ Exporter	BRN	IDN	KHM	MMR	MYS	PHL	SGP	THA	VNM
BRN	$-	$228	$8	$0	$1,244	$84	$2,336	$112	$164
CHN	$2,048	$62,740	$1,750	$3,457	$41,008	$9,423	$70,678	$35,231	$64,885
IDN	$375	$-	$95	$514	$11,888	$1,051	$39,826	$9,456	$6,129
KHM	$27	$833	$-	$41	$668	$43	$3,197	$9,228	$5,509
LAO	$-	$15	$17	$0	$15	$3	$63	$4,929	$532
MMR	$7	$620	$1	$-	$692	$45	$2,313	$4,170	$324
MYS	$803	$12,548	$147	$238	$-	$2,214	$52,338	$12,326	$5,171
PHL	$311	$10,748	$48	$262	$6,079	$-	$10,150	$7,719	$5,924
SGP	$1,464	$12,204	$295	$127	$50,446	$2,935	$-	$10,841	$5,637
THA	$602	$7,508	$845	$2,904	$12,889	$2,954	$21,926	$-	$8,193
USA	$179	$26,593	$9,932	$473	$43,435	$12,122	$44,030	$55,107	$116,280
VNM	$487	$9,508	$3,616	$238	$11,769	$1,655	$17,280	$11,760	$-
Rest of world	$4,956	$122,777	$9,911	$6,670	$149,321	$40,456	$240,643	$139,880	$286,252

Source: UN Comtrade | Note: Vietnam's 2024 export data were unavailable in UN Comtrade at the time of extraction. Bilateral exports are estimated by applying each partner's 2023–24 import growth rate to Vietnam's 2023 exports to that partner. Exports to Laos are held at their 2023 level because 2024 import data are unavailable. The rest-of-world residual equals OEC's rounded 2024 export total of $505 billion less estimated exports to the listed partners.

Energy shock

Southeast Asia is expected to be the second fastest driver of global energy demand over the next decade, fueled by population growth, rapid urbanization, and sustained economic expansion. Yet despite mounting energy needs, regional generation has struggled to keep pace, facing a number of challenges from production bottlenecks, fragmented cross-border interconnections, and supply shocks—stemming from both natural and geopolitical crises—most recently, the closure of the Strait of Hormuz.

According to the International Energy Agency, the region "accounts for 9% of the world's population and 4 percent of its GDP, but nearly 20 percent of global energy demand growth to 2035."[8] Fossil fuels currently make up nearly 80 percent of the region's energy mix, with over 60 percent of the region's pre-Iran war oil imports sourced from the Middle East.[9] As a result, Southeast Asia has been particularly exposed to spillovers from the Iran war. Despite the region's efforts to transition to more reliable fuel sources, the region's negative energy trade balance is expected to triple by 2035 to reach over $240 billion, driven by rising oil and gas imports.[10]

More than any other region, Southeast Asia has felt the shock from the Strait of Hormuz closure, owing to a combination of heavy reliance on imported fuel from the Middle East combined with relatively low oil inventories. J.P. Morgan Research estimates that, following the Strait closure, gasoline prices in Southeast Asia spiked higher than in any other region.[11] Beyond the immediate impact on inflation and interest rates, rising energy prices have worsened balance of payments and strained fiscal resources as governments try to cushion the blow. For all these reasons, **Singapore's foreign minister described the Iran conflict as "an Asian crisis."**[12]

In response, Southeast Asian governments rolled out domestic fuel rationing programs and deepened energy partnerships abroad. The Philippines, Indonesia, and Malaysia have been especially aggressive, combining strict rationing with fuel subsidies.[13] Governments reactivated or increased coal power output.[14] Vietnam, Cambodia, and the Philippines reduced import or other excise taxes; Thailand ended its cap on diesel prices; multiple countries increased the blend rate of biofuels;[15] the Philippines announced a four-day work week, and Vietnam cut flights to save jet fuel.[16]

Southeast Asian governments have not let the crisis in the Middle East go to waste, doubling down on longstanding efforts to improve energy resilience and sustainability. Foremost among the region's strategies is the ASEAN Plan of Action for Energy Cooperation (APAEC) 2026-2030.[17] The Plan sets ambitious targets to achieve a 30 percent share of renewable energy in total primary energy supply (TPES) and a 45 percent share of renewable energy in installed power capacity by 2030, up from 22% and 35% currently. Renewable production targets have been paired with initiatives to expand pipeline capacity, harmonize cross-border grid interconnections through ASEAN Power Grid, and raise power efficiency, among other initiatives. Achieving these goals will shape whether the region is able to maintain secure and affordable energy to fuel its next stage of economic growth.

Coordinated ASEAN action, however, has been less aggressive. At May's ASEAN summit, leaders backed renewing an agreement on petroleum security, which lets members voluntarily activate the pact if they face a supply deficit of 10% or more for 30 days or longer.[18] So far, over half of ASEAN members have ratified the agreement, which is expected to be finalized at the ASEAN Summit in November. The Asian Development Bank announced a $30 billion aid package, including $5 billion to support the acceleration of the ASEAN Power Grid. Indonesia also submitted an offer to host an ASEAN petroleum reserve, though the proposal did not materialize over what observers have referred to as a regional "trust deficit."[19] Several weeks before the summit, Indonesia's Finance Minister ruffled feathers by suggesting that Jakarta could leverage its strategic position along the Strait of Malacca to charge tolls similar to what Iran now seeks; since then, the Indonesian government walked back its comments and reaffirmed the regional position that the Strait should remain "safe, open and accessible" to all.[20]

Southeast Asian governments have also expanded energy diplomacy elsewhere. Russia and China have been particular beneficiaries, as regional governments look to Moscow as an alternative supplier of oil and gas, and to China as a key supplier of green technology products. Notably, Indonesian President Prabowo visited Moscow to secure an agreement to purchase 150 million barrels of oil, while the Philippines requested U.S. sanctions waivers to purchase Russian crude for the first time in five years.[21] Philippine President Marcos Jr. also expressed openness to joint oil exploration with China in the South China Sea, although the proposal remains under development.[22] Iran itself engaged the region, as Malaysia, Thailand, and Indonesia secured agreements allowing the "safe passage" of their vessels through the Strait of Hormuz.[23]

When the Strait reopened on June 19, oil flows partly normalized, offering the region a lifeline. By early July, JPMorgan Research estimated that "volumes over the last ten days...recovered to about 19 mbd, just 3 mbd below pre-war levels."[24] Nonetheless, the collapse of the 60-day ceasefire on July 8th and the reescalation of hostilities again disrupted oil flows through the Strait. Going forward, regional governments are unlikely to remain satisfied with heavy reliance on energy flows from the Strait of Hormuz and will instead seek to transition toward more reliable sources of energy.

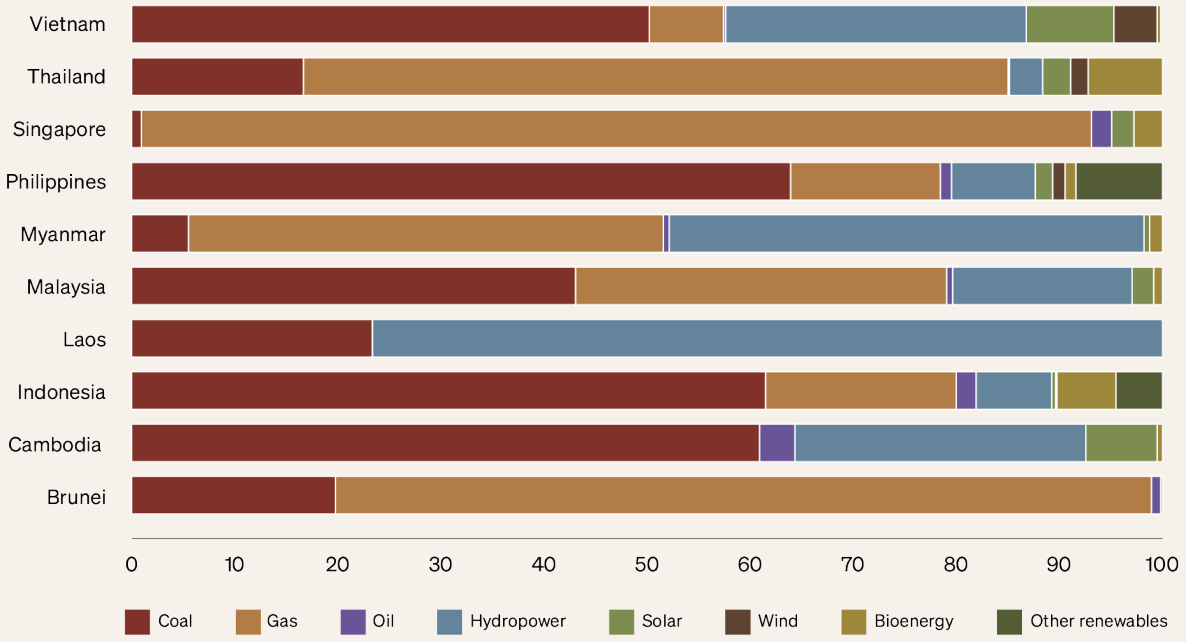
Energy Policy Outlook

Beyond the Iran war's immediate energy impacts, a broader shift is underway. **Energy is becoming a defining determinant of Southeast Asia's future competitiveness.** Reliable, affordable, and increasingly clean sources of power will shape where advanced manufacturing, AI infrastructure, data centers, and other energy-intensive industries choose to invest. As the basis of competition shifts from low-cost labor toward industrial ecosystems, energy policy is increasingly becoming economic policy.

Governments increasingly view energy security not simply as protection against external shocks, but as a prerequisite for sustained economic growth, industrial competitiveness, and greater strategic autonomy. The crisis has reinforced efforts to increase local energy supply, transition to renewables, and strengthen regional power integration.

Southeast Asia has the potential to meaningfully increase its own oil production. Today, Indonesia and Malaysia are Southeast Asia's leading producers of oil.[25] In January, U.S.-based Murphy Oil confirmed the largest oil discovery in Southeast Asia of the last twenty years, with as much as 430 million barrels of oil equivalent in recoverable reserves off Vietnam's shores.[26] There is confidence that more oil is to be found across the region – but territorial disputes with China, regulatory hurdles, and, in the case of Vietnam, the lingering presence of Russian joint venture partners, are all limiting factors.

Figure 4. Coal Continues to Fuel the Region's Power: Over 60% of Generation in Indonesia, the Philippines, and Cambodia



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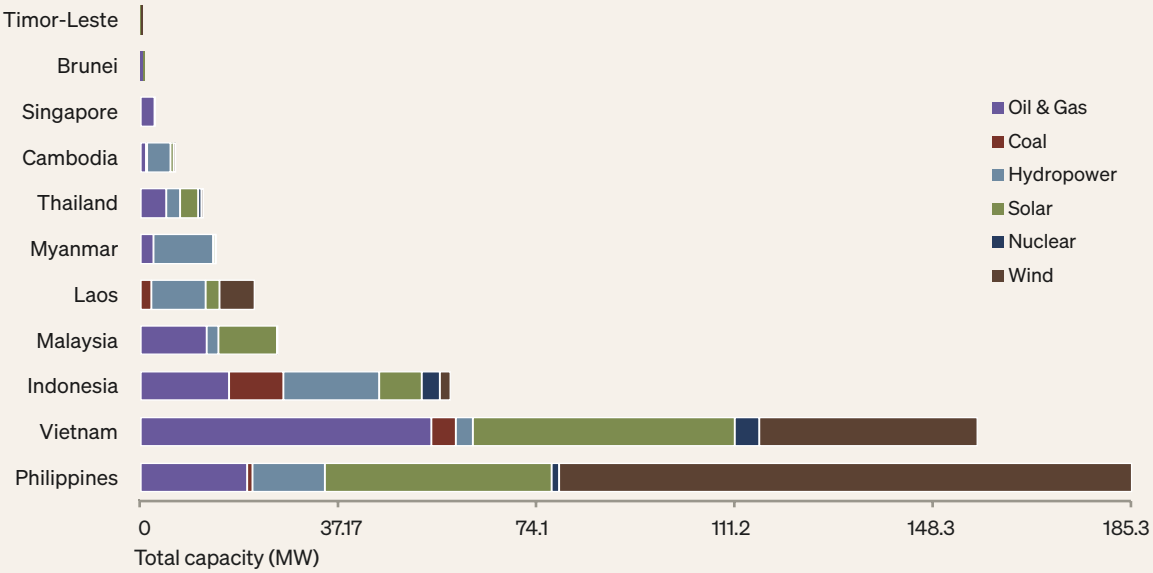
Source: Ember, Yearly Electricity Data (2025 release), via Our World in Data, 2024[33]

Hydropower accounts for a majority of the region's renewables production.[27] The Lower Mekong Basin has installed hydropower capacity of 13,000 MW and projects under construction and planning that could more than double that capacity, according to the Mekong River Commission.[28] For Laos, hydropower accounts for more than 70% of total electricity output, and enables more than $2 billion, or close to a quarter, of its exports.[29] China is a major investor in these projects; its own upstream damming has accelerated subsidence and saltwater intrusion.

Nuclear power is also on the agenda. Vietnam is furthest along, having in late 2024 voted to restart its nuclear program.[30] Indonesia, the Philippines, Malaysia, and Thailand have all incorporated nuclear power into their energy roadmaps.

Despite significant progress, the region faces challenges on the path to realizing its sustainability goals. To meet midcentury net-zero targets, for instance, McKinsey estimates that the region will need to increase its renewables deployment by "seven to 12 times for solar and onshore wind power" versus the 2018 to 2021 average.[31] The International Energy Agency identifies high costs of capital, creditworthiness of state-owned utilities, local content requirements, and foreign equity caps as key bottlenecks to accelerated renewables deployment.[32]

Figure 5. Energy Pipeline by Country and Source



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Source: Global Energy Monitor, 2026

The geopolitics of climate change in Southeast Asia

Southeast Asia is simultaneously one of the world's most climate-exposed regions, fastest-growing sources of energy demand and emissions, and sources of raw materials for renewable technologies, highlighting the complex challenges before the region's policymakers.

Southeast Asia's extensive coastlines and densely populated, low-lying river deltas propel three of its countries – Philippines, Myanmar, Vietnam – into the top ten most affected globally according to the Climate Risk Index.[34] Even if temperature rise is held to 2°C, Swiss Re has warned that ASEAN's largest economies could be approximately 20% smaller by mid-century relative to a no-climate change scenario.[35] Flooding, heat stress, and impacts to agricultural yields are all key concerns.

J.P. Morgan Research finds this year's El Niño, one of the worst on record, could boost food inflation throughout Southeast Asia, with CPI potentially rising by over 1% in Indonesia and Vietnam.

McKinsey estimates that the region is investing $12 billion annually in climate adaptation, less than the $37 billion that would be required at developed country standards. By 2050, the consultancy estimates that the region will need to invest $84 billion to mitigate heightened climate hazards.[36]

While most of the region's countries have net-zero or carbon-neutrality pledges, progress towards low-carbon economies trails their ambition. China plays an important role in the region's climate trajectory: as a driver of economic growth, as an investor in mining and processing, as a source of renewable technology, and influence over damming. Myanmar, even amid its current turmoil, remains a major source of heavy rare earths, processed via China, used in electric vehicle and wind turbine production.

The diasporas abroad and at home

Southeast Asia is both the source of a large global diaspora on the frontlines of recent geopolitical disruptions and home to the largest ethnic Chinese population outside of China. Both of these dynamics are consequential in and beyond the region.

The United Nations reports that there are more than six million Filipino migrants abroad, contributing remittances equivalent to 9% of their home country's GDP.[37] Those flows assure not only the welfare of millions of households, but offset the Philippines' structural current account and trade deficits. During COVID, economic disruptions impacted the ability of many workers to send remittances while others were at heightened direct personal risk given their significant presence in health and caregiving roles.[38] This year, the Iran conflict highlighted that more than two million Filipinos are based in the Gulf, from where they send nearly a fifth of the Philippines' global remittances.[39] As Manila prepared for mass repatriation, a Filipino caregiver died, reportedly from shrapnel from an Iranian strike while helping an Israeli woman enter a bomb shelter.[40] Multiple South Asian workers also died amid the fighting.[41]

More restrictive immigration policies in advanced economies are also coming into tension with their dependence on Southeast Asia's labor force, particularly in care roles – even as the region itself experiences shortfalls in some countries. As much as a quarter of foreign-born nurses working in developed nations trained in the Philippines.[42] The United Kingdom now prevents migrant care workers from bringing partners or children with them.[43]

Geopolitics has also viscerally affected tens of thousands of Filipino and Indonesian seafarers, the largest and fifth largest nationalities powering maritime trade.[44] They have been stranded aboard past contract during the pandemic, compelled to take longer journeys to avoid Houthi attacks, and were at risk in the Strait of Hormuz. Despite the seeming impersonality of global supply chains, Southeast Asia's importance to global trade is not just geographic but profoundly human.

The Chinese diaspora in Southeast Asia have a long, nuanced, and varied history. The community's commercial influence has been the source of occasional backlash and China's attempts to exert political influence through its diaspora communities have also raised concerns. Singapore, as a majority ethnic Chinese nation, has had to navigate not just the influx of high net worth Chinese individuals and companies seeking to establish a presence in the country, but has also had to push back at the suggestion that ethnic Chinese, regardless of nationality, must be responsive to China's interests. In 2021, it passed a law intended to counter improper foreign influence, a model that the Philippines has also considered.[45] China has nonetheless continued its overseas influence efforts and, earlier this year, passed a new Ethnic Unity and Progress Promotion Law that has been criticized for its transnational scope.[46]

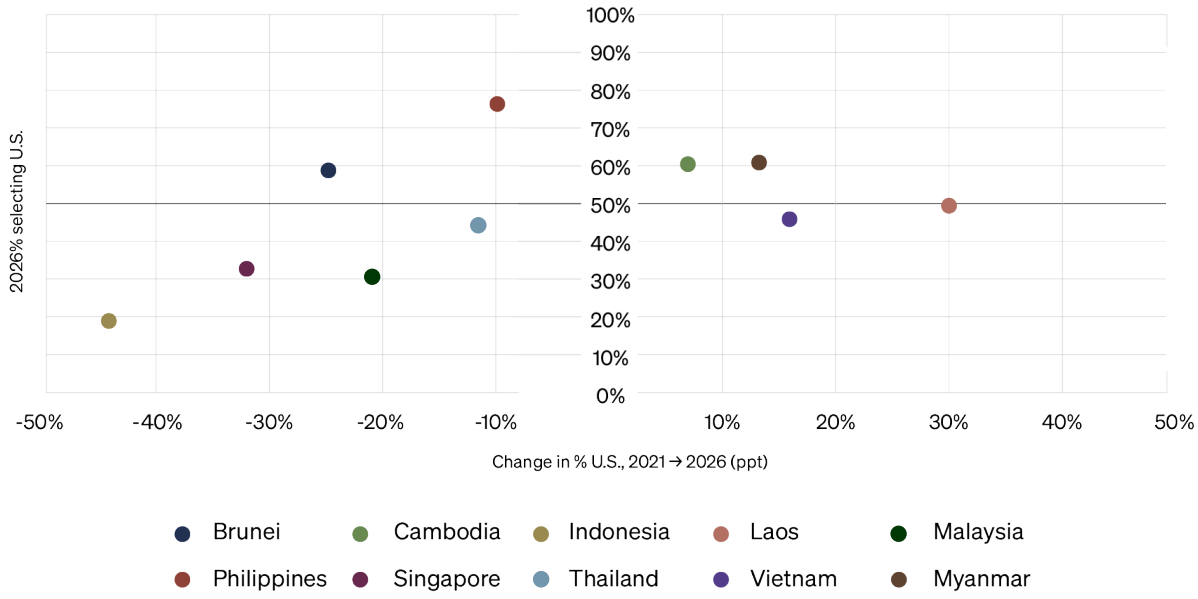
Section Two

An evolving U.S.-China dynamic

Southeast Asia has long sought to avoid choosing between its principal security partner, the United States, and its largest trading partner, China. This approach has enabled countries across the region to benefit from U.S. security guarantees while deepening economic integration with China. Today, however, that balance is becoming increasingly difficult to sustain. As technology, trade, investment, and national security become more tightly intertwined, decisions once viewed as purely economic increasingly carry strategic consequences.

Recent polling underscores the complexity of this shifting environment. The latest ISEAS survey of regional elites finds a region that remains divided over how to navigate intensifying U.S.-China competition. While respondents from Vietnam, the Philippines, Cambodia, and Myanmar favor alignment with the United States, other countries – including Indonesia, the region's largest economy – have shifted toward China. (These results are not necessarily indicative of how any particular country's government would respond in a given scenario and, in recent years, views of the U.S. have been particularly impacted in the Muslim-majority countries of Indonesia and Malaysia because of the conflict in Gaza.[47]) Concerns about both U.S. reliability and China's growing influence will continue to shape policymaking across Southeast Asia.

Figure 6. ISEAS Survey Shows the Region's Economically Largest Countries Shifting away from U.S.



Source: ISEAS

View table version

Security

For much of the post-Cold War era, Southeast Asia enjoyed a relative peace dividend creating a stable environment conducive to economic growth and reduced defense spending. Faced with rising external pressures and mounting intra-regional tensions in select hotspots, many analysts argue that the peace dividend may be coming to an end. The region's response, however, is not a simple shift toward one side of a great-power competition, but an effort to strengthen deterrence while preserving strategic autonomy.

Externally, the region has navigated pressures from rising U.S.-China competition, the ongoing conflict in the Middle East, and persistent spillovers from the Russia-Ukraine war. Within Southeast Asia, longstanding disputes in the South China Sea and along the Mekong River remain sources of friction, while instability along the Thai-Cambodia border and in Myanmar have undermined regional cohesion. Longer term, tensions in the Taiwan Strait present perhaps the greatest external contingency for a region that would almost certainly experience significant economic and security consequences in the event of a conflict.

Figure 7. Military Spending is Growing Across Southeast Asia

Country	Spend, latest yr (US$m)	5-yr CAGR (real)	Manpower ('000)
Singapore	16,901	7.5%	59
Indonesia	15,330	9.6%	676
Vietnam	10,914	7.1%	522
Philippines	6,300	5.2%	157
Thailand	5,566	(4.8%)	455
Myanmar †	4,652	8.7%	463
Malaysia	4,546	5.8%	136
Cambodia	716	0.6%	191
Brunei †	560	4.2%	8
Laos ‡	n/a	n/a	129
China	**335,018**	**5.5%**	**2,535**
ASEAN total (excl. Laos)	**65,485**	**5.9%**	**2,796**

Spend in constant 2024 US$ (SIPRI real-terms basis); CAGR 2020–25. † Latest SIPRI data 2024; CAGR is 2020–24. ‡ No SIPRI data since 2013. Manpower = armed forces personnel incl. paramilitary, latest available (2020). Sources: SIPRI Military Expenditure Database (Apr 2026); World Bank / IISS Military Balance.

China's maritime disputes with several Southeast Asian countries remain the region's most significant security challenge, not only because of the possibility of escalation, but because they increasingly blur the line between economic activity and national security. Vietnam, the Philippines, Malaysia, and Brunei all have competing claims with China of varying intensity, causing an ever-present risk of accidental conflict and disrupting economic activity ranging from fishing to resource exploration.

A 2016 United Nations Convention on the Law of the Sea tribunal rejected China's historical "nine-dash line" claims and argued that disputed areas like Mischief Reef and the Second Thomas Shoal lie within the "exclusive economic zone and continental shelf of the Philippines." Both the Scarborough and Second Thomas shoals, the latter where the Philippines has kept sailors stationed on a rusting ship intentionally run aground, have continued to be the site of ramming and water cannon incidents.[48] Vietnam's land reclamation in the Spratlys is believed to have triggered China to resume its own island-building activities.[49]

Regional efforts to establish a code of conduct with Beijing have lacked momentum, in part due to China's ability to exercise influence over some of ASEAN's members. China has most recently concentrated its ire on Japan and the Philippines over talks on their maritime border east of Taiwan.[50]

China's militarization of artificial islands throughout the South China Sea allows it to project power into Southeast Asia. At the same time, it is selectively deepening security ties as it leans on economic and infrastructure connectivity to reduce its vulnerability to the Strait of Malacca. It operates a joint facility on Cambodia's Ream Naval Base and has been a key arms exporter to Cambodia, Laos, and Myanmar. From 2021-2025, Thailand has sourced 49% of its arms imports from China compared to 15% from the U.S., its treaty ally.[51]

The U.S. is returning to an emphasis on bilateral security relationships, a shift from the previous administration's focus on moving from a hub-and-spoke model of partnerships to a "latticework" of interconnected regional partnerships. While deemphasizing the Japan-Korea trilateral and Quad with India, Australia, and Japan, the White House has reaffirmed its support for AUKUS, the submarine-centric partnership with Australia and the United Kingdom.[52] It has also recommitted to its defense relationship with the Philippines via the Enhanced Defense Cooperation Agreement. The U.S. continues to maintain treaty alliances with the Philippines and Thailand and serves as a primary supplier of arms for Singapore.

Other countries, led by Japan, are stepping up their engagement with Southeast Asia, taking advantage of concerns about Washington's reliability and Beijing's assertiveness. Tokyo has sought to deepen regional defense cooperation, leveraging its status as the region's most-trusted major power according to recent ISEAS polling. Prime Minister Takaichi chose Vietnam as part of her first regional visit following her re-election in February. Japan has participated alongside the U.S. in the Philippines' annual Balikatan military exercises for the first time; increased official security assistance; and proposed Jasmine, a joint ASEAN defense ministerial initiative.

Australia has further strengthened regional security ties through a new treaty with Indonesia requiring consultations if either country faces a security threat. India is also expanding maritime cooperation and defense exports to countries including the Philippines, Indonesia, and Vietnam.[53] Meanwhile, Italy, South Korea, and Germany have become important suppliers of defense equipment to Indonesia, the Philippines, and Singapore respectively in recent years.[54] Russia continues to play a significant role through arms sales to Vietnam, although Hanoi is increasingly seeking to develop domestic alternatives.

The result is a more diversified security landscape. Southeast Asian countries are seeking to avoid dependence on any single external partner while building the relationships necessary to preserve their strategic autonomy in an increasingly contested environment.

Economics

China plays a central role in Southeast Asia's economy as its largest trading partner, a major source of investment, and an increasingly important provider of infrastructure and technology. Yet China's economic rise is creating both opportunities and challenges for the region. As Beijing moves up the value chain and expands exports of higher-value manufactured goods, Southeast Asian governments are increasingly focused not only on capturing investment from China, but also on ensuring that domestic industries remain competitive.

Concerns about overdependence on China helped drive investment into Southeast Asia through China+1 strategies as multinational firms diversified portions of their supply chains. Increasingly, however, the challenge is shifting from dependence to competition. China's industrial overcapacity in sectors such as electric vehicles, batteries, solar panels, steel, and other manufactured goods is creating growing pressure on producers across Southeast Asia. Governments are responding by strengthening trade remedies, supporting domestic industries, and seeking to attract higher-value investment that will help move their economies further up the value chain.

China's infrastructure investments have also reshaped Southeast Asia's economic landscape. Through ports, railways, industrial parks, energy projects, and digital infrastructure, Beijing has expanded regional connectivity while increasing its economic influence. Projects linking southwestern China to transport corridors in Myanmar and elsewhere are particularly important to Beijing's long-standing effort to diversify access to the Indian Ocean and reduce its dependence on the Strait of Malacca. For Southeast Asian countries, these investments offer important development opportunities but also require careful management to balance economic benefits with strategic considerations.

Rather than reducing economic engagement with China, Southeast Asian governments are pursuing diversification. They are seeking to preserve access to Chinese trade, investment, and technology while broadening economic relationships with the United States, Japan, Europe, India, Australia, and other partners. Their objective is not decoupling, but building greater resilience by reducing vulnerabilities and expanding strategic options.

The result is a more complex regional economic landscape. China will remain indispensable to Southeast Asia's growth, but governments across the region are increasingly seeking to ensure that economic integration does not come at the expense of strategic flexibility. As in the security domain, the region's objective is not to choose between Washington and Beijing, but to maximize the benefits of both while reducing vulnerabilities to either. Ultimately, Southeast Asia's long-term success will depend not only on navigating U.S.-China competition, but on strengthening its own competitiveness and resilience so that it retains greater freedom of action regardless of how the relationship evolves.

Section Three

Unlocking the next phase of growth

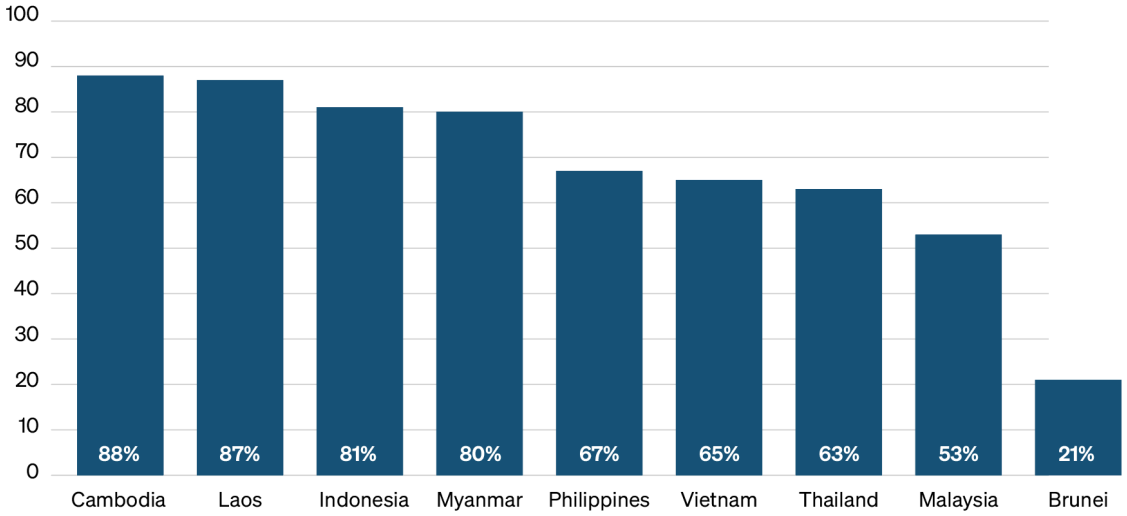
The next phase of Southeast Asia's development will depend less on the external tailwinds that fueled its rise over the past three decades and more on domestic reforms that raise productivity, strengthen competitiveness, and attract investment. Doing so will require greater formalization of its economy; continued urbanization; effective governance; deeper capital markets; and support for the digital economy.

Formalization

Millions across Southeast Asia remain part of the informal economy, resulting in lower productivity, shallower financial systems, and a smaller public revenue base. Governments are seeking to guide businesses and workers into the formal economy through a combination of tax reforms, digitalization, and social safety net incentives.

- Indonesia has established a single business number and incentivizes formality through access to subsidized financing for micro and small enterprises.[55] It is also developing a "super app" for small businesses that will integrate government services and provide access to financing and B2B marketplaces.[56]
- Vietnam has begun mandating e-invoices, a transition that even official news agencies acknowledged gave small business owners limited time to adapt.[57] The government has promised free accounting and digital tools to minimize the compliance burden and has also instituted a three-year corporate income tax exemption, and the abolition of business license fees.[58]
- Elsewhere, Malaysia has also imposed e-invoicing requirements, while the Philippines and Thailand have taken steps to encourage informal workers to join safety net programs, the former by allowing workers to be sponsored by others and the latter by pairing contributions with eligibility for prize draws.[59]

Figure 8. Informal Employment Rates



Sources: International Labour Organization, OECD

Singapore, meanwhile, is seeking to arrest projected citizen population declines by balancing the immigration flows necessary for its global competitiveness without inflaming popular tensions.[60] The rise of gig employment has also prompted the city-state to adopt one of the world's most comprehensive frameworks. The Platform Workers Act mandates safety net contributions, workplace health and safety protections, and the right to representation by Platform Work Associations.[61] Other countries are also seeking to enhance worker supports without discouraging growth of their e-commerce sector.

Urbanization

ASEAN, well known for major cities including Jakarta, Bangkok, and the city-state of Singapore itself, only in 2020 became a majority urban region.[62] Urbanization is a powerful driver of economic growth, contingent upon the necessary jobs, climate-resilient infrastructure, and housing: the Asian Development Bank estimates that the region's annual infrastructure investment needs will near $200 billion per year through 2030.[63]

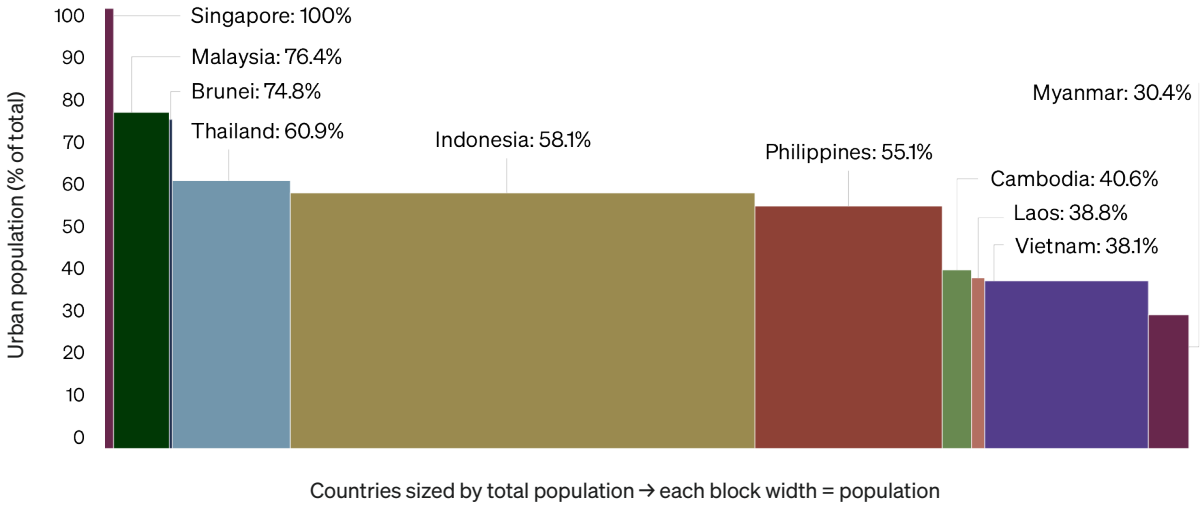
Multiple countries are seeking to urbanize while decentralizing beyond their flagship cities. Manila's congestion alone is estimated to cost the economy $20 billion annually at current exchange rates.[64] Accordingly, the Philippines is seeking to encourage development of secondary cities such as Cebu, Davao, and Clark. Thailand is promoting the Eastern Economic Corridor to balance its Bangkok-centric economy, where it aims to attract everything from data centers and Chinese FDI to a Disney theme park.[65]

By far, the most ambitious project is Indonesia's effort to relocate its capital from Jakarta, the world's most populous city and one acutely threatened by sea-level rise. The new city, Nusantara, on the island of Borneo, is planned to be three times the area of New York City. While the core government district is nearly complete, the broader project has been beset by delays and, even if it meets projections, will be home to only two million people by 2045.[66]

Infrastructure investment, between and within cities, is also a priority. Vietnam aims to break ground by year-end on its north-south high speed railroad, which is intended to cut travel times from Hanoi to Ho Chi Minh City from 30 hours to 5. The estimated $67 billion project, targeted for completion by 2050, would strengthen the economic pull of the country's largest cities.[67] Multiple cities are investing in their mass transit systems; in the air, Indonesia has recently announced plans to build 39 new airports as air connectivity across the region accelerates and Vietnam is building a new airport outside Ho Chi Minh City that will serve up to 100 million annual passengers.[68] Boeing estimates the region will acquire 4,800 new aircraft from 2025 to 2044.[69]

Housing – availability and affordability – is high on the agenda. The Philippines' Marcos administration is seeking to build 1 million new homes towards a backlog estimated as high as 10 million units.[70] On a price-to-income basis, townhomes in metropolitan Manila exceed even Hong Kong at 33 times, according to The Urban Land Institute Asia Pacific.[71] In Indonesia, President Prabowo has pushed to accelerate progress toward his country's goal to build three million new homes per year.[72]

Figure 9. ASEAN Became Majority-Urban as a Whole in 2020



Source: World Bank (2023)

Governance

High-quality, stable governance will be critical to the region's next phase of growth. Many countries are actively seeking to strengthen their policy and regulatory environment, but confront various forms of political and macroeconomic instability. The quality of governance will increasingly differentiate the region's economies. As global investors become more selective, policy predictability, institutional effectiveness, and execution will matter as much as labor costs or market size in determining where capital flows.

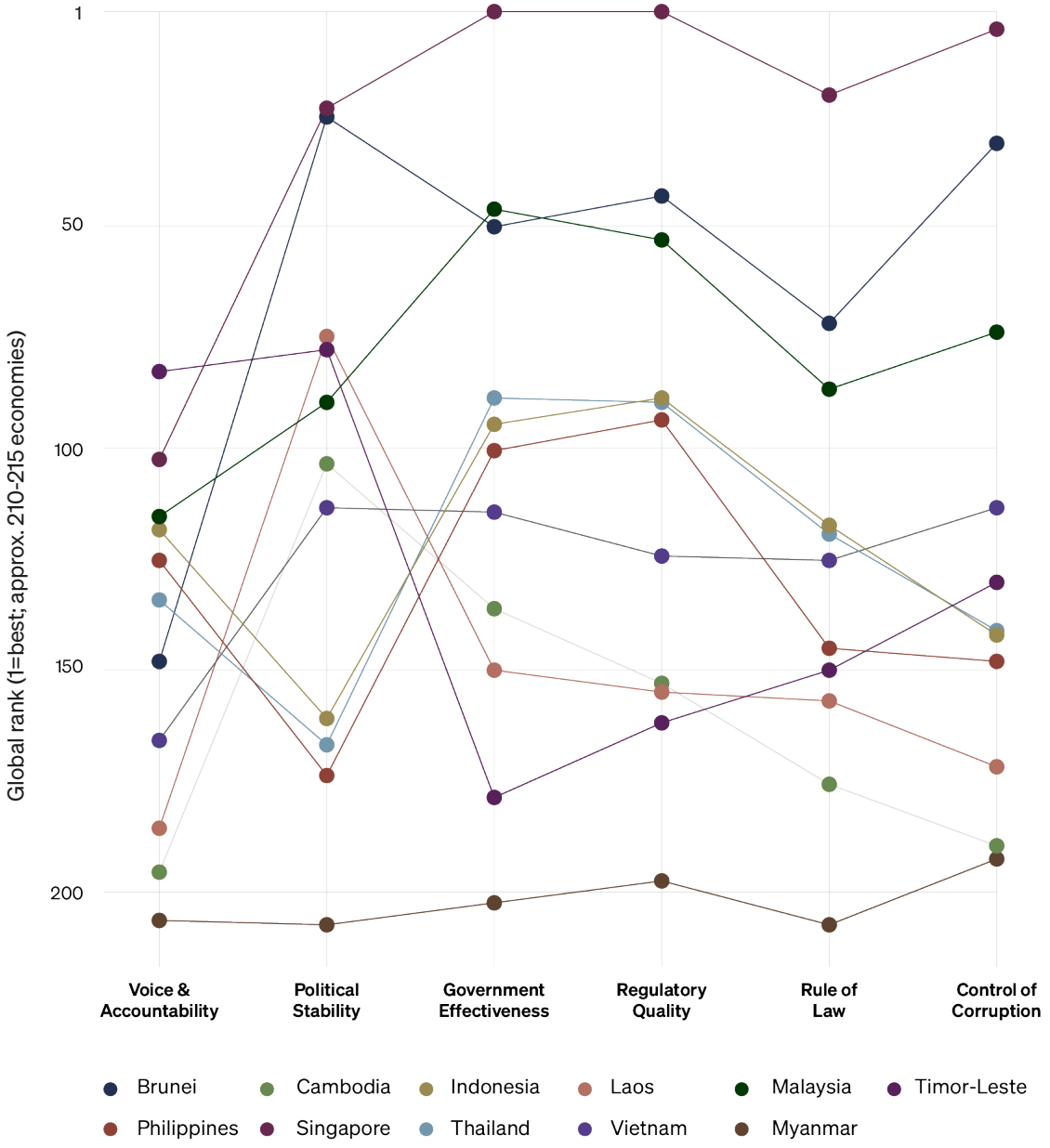
Both Indonesia and Thailand are seeking to become the first countries from the region to join the OECD, using the prospect of membership to drive structural reform.[73] A similar rationale is driving the Philippines and Indonesia to seek membership in the CPTPP trade group. Nonetheless, challenges remain. Indonesia in recent months has raised concerns about its fiscal and resource management.[74] In the Philippines, political tensions between the President and Vice-President have become a prominent feature of the domestic political landscape.[75] Thailand is seeking to address years of constitutional strife and economic stagnation by voting to launch a new constitutional process this year and announcing a twelve-year plan to reach high-income status.[76]

Vietnam has consolidated power under To Lam, who now occupies two of the country's four main leadership positions, and has led a reform blitz seen as comparable to the country's initial opening. The country has consolidated provinces by half, eliminated the district level of government, and reduced communes by two-thirds in a bid to speed decisions.[77] In the short term, these and other changes have caused disruption even as stakeholders are optimistic about what they herald for the country's execution capacity longer-term. The government has elevated the importance of the private sector in official policy and cleared the way for large conglomerates to operate as national champions not unlike South Korea's development approach.[78]

In Myanmar, civil war continues without the prospect of near-term resolution.[79] The military government controls an estimated fifth of the country's territory, half that of rebel forces and ethnic armies. China has stepped up its involvement, hosting the junta's president in Beijing this past June.[80] China's interests include stability along its border, access to critical minerals, and greater connectivity to the Indian Ocean.[81] Thailand has been the region's most active in engaging Myanmar, following China in hosting the junta's leader, with the aim of spurring its neighbor to make progress towards peace.[82]

Figure 10. Southeast Asia: Global Governance Rank by Dimension, 2024

Rank among ~210-215 economies per dimension (1=best). Higher on the chart=stronger governance.



View table version

Source: Worldwide Governance Indicators (World Bank), 2025 release.

Deeper capital markets

Nearly thirty years after the Asian Financial Crisis, Southeast Asia is in the midst of a new wave of reforms intended to strengthen its economies' ability to attract and channel capital. Deeper capital markets can reduce reliance on foreign financing and allow more domestic savings to be directed toward long-term investment. While much of the region's financing remains bank-driven, capital-market depth varies significantly across Southeast Asia, with policymakers

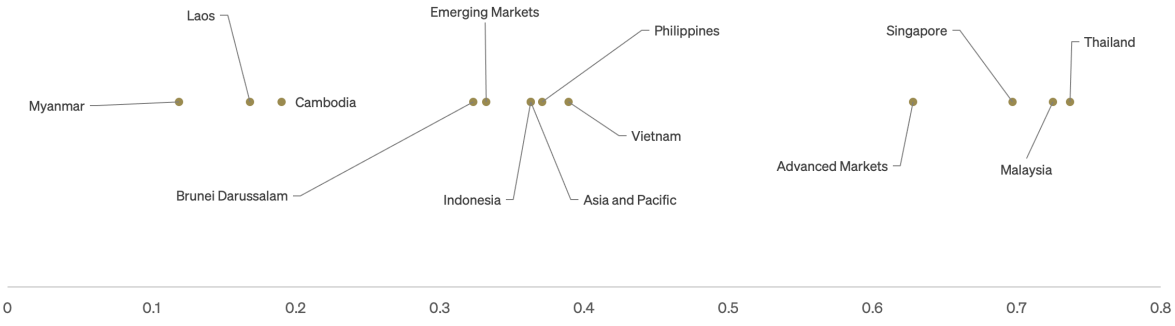
increasingly focused on deepening equity and local-currency bond markets, broadening institutional participation and mobilizing domestic savings.

Singapore, a major global financial center in asset management, foreign exchange, and trade-related financial services, is working to grow an equity exchange that trails regional rival Hong Kong by several times. A combination of reforms, incentives, and a planned shift of retirement savings from government bonds to equities are all being put in play.[83] The other key dynamic has been the growth in offshore Chinese wealth, direct investment, and redomiciling of Chinese companies. Singapore has had to balance openness without compromising standards or drawing China's ire.[84] Beijing's push to unwind Meta's attempted acquisition of Manus, a Chinese-origin AI firm that had relocated to Singapore, marked the end of a trend in which Chinese companies underwent "Singapore washing" as a way of downplaying their Chinese roots. The city-state's offshore assets under management are expected to grow to $3.3 trillion by 2030, behind only Hong Kong and Switzerland.[85]

Southeast Asian countries are undertaking varying combinations of regulatory, governance, and savings reforms to upgrade their financial systems. Vietnam has taken steps to lower limits on foreign ownership in listed firms, allow institutional investors to use non-local brokers, and require financial disclosures to be published in English. Ongoing formalization of employment and pension reform are seen as additional structural tailwinds.[86] Indonesia has permitted its pension and insurance funds to increase their equity allocations[87] and the Philippines has enacted measures to reduce its stock transaction tax and incentivize contributions to tax-advantaged retirement accounts.[88]

Global indices hold considerable influence. Vietnam's upgrading by FTSE Russell from frontier to secondary-emerging status could unlock up to $3-5 billion in near-term portfolio flows and up to $25 billion by 2030 contingent upon continued reforms, according to the World Bank; the country is now pursuing a similar upgrade by MSCI.[89] Indonesia, by contrast, is defending its emerging markets status against a possible downgrade due to shareholder transparency and other concerns.[90]

Figure 11. Financial Development Index (2020)



Source: IMF

Investors see further reforms as necessary. Corporate governance and listing reforms and establishing a legal structure for PE and VC funds are seen as key priorities for Thailand.[91] In Vietnam, some market participants question the impact of IPO rules which require firms be profitable on fast-growing fintech firms. To support the region's continued development, the Asian Development Bank earlier this year announced $6 billion in policy-based financing and technical assistance to deepen ASEAN capital markets, with the goal of catalyzing $30 billion in total investment by 2030.[92]

Malaysia plays an underappreciated role in Islamic finance. While Indonesia has the distinction of being home to the world's largest Muslim population, it is Malaysia that is ranked as the world's most developed Islamic finance center, boasting $761 billion in Islamic finance assets, third only to Iran and Saudi Arabia. Its global influence is further reinforced by being the headquarters to the standards-setting Islamic Financial Services Board and the International Islamic Liquidity Management Corporation, which provides cross-border liquidity management. The global Islamic finance market is projected to increase by 62% from 2024-2029.[93]

Support for the digital economy

The digital economy is becoming one of Southeast Asia's most important growth engines, encompassing a broad range of rapidly growing sectors across e-commerce, AI, online media, cloud services, and electronic payments. ASEAN's digital economy investment rose from $777 million in 2015 to $4.4 billion in 2024, while in 2023, 71% of ASEAN venture-capital deals were digital-economy related, well above the global average. The region is also attracting hyperscaler capital: more than $50 billion has been invested by AWS, Google, Microsoft, and other hyperscalers in AI data-center and cloud infrastructure across Southeast Asia.[94] Bain & Company counts some 700 active AI startups across the region.[95]

According to the OECD, between 2005 to 2022, ASEAN digital trade grew at an average annual rate of 9.9%, almost four percentage points faster than the rest of the world. By 2022, ASEAN ranked fourth among major economies in digital trade, accounting for more than 6% of the global total, or around $387 billion. Digital trade represented around 19% of ASEAN exports in 2022, up from 13% in 2005. Singapore remains dominant, accounting for almost two-thirds of ASEAN digital trade, or $246 billion.[96] Meanwhile, Malaysia, Singapore, Thailand, and Vietnam continue to benefit from strong electronics exports driven by global AI infrastructure demand.[97]

The success of ASEAN's digital economy depends on harmonized digital rules, clean and reliable power, and workforce transition policies. ASEAN's flagship digital policy initiative, the Digital Economy Framework Agreement (DEFA), is designed to address many of these challenges, while promoting integrated digital policies across ASEAN's 11 members. Senior ASEAN economic officials have reportedly resolved outstanding DEFA issues with the agreement expected to be signed at the 49th ASEAN Summit in November.

Divergent rules on data, e-payments, cybersecurity, privacy, and digital product classification impose an estimated $15-20 billion in annual compliance costs on firms operating across ASEAN.[101] DEFA may also serve to reduce cross-border transaction costs through unified digital customs and interoperable e-invoicing, particularly important for ASEAN's 71 million SMEs, 70% of which reportedly lack resources to navigate conflicting national digital rules. Altogether, estimates suggest that successful DEFA implementation could help double ASEAN's digital economy from a current trajectory of roughly $1 trillion to as much as $2 trillion by 2030.[99]

Online scams are the darker underside to Southeast Asia's digital story. Scams originating from the region are estimated to cost victims $40 billion annually.[100] The immediate perpetrators are often victims themselves of trafficking while the U.S. alleges the ultimate beneficiaries are state-linked. Both the U.S. and China are pushing for action with respective sanctions and extradition requests.[101]

The region's digital infrastructure is not immune to geopolitical frictions. U.S. trade agreements with several countries in the region seek to block a future role for Chinese firms in digital infrastructure including 5G/6G, communications satellites, and subsea cables. (After years of effectively excluding Chinese firms from its 5G network, Vietnam in recent months has awarded small contracts for equipment.[102]) Under the sea, the U.S. has demanded that hyperscaler cables avoid mainland China and Hong Kong while China's territorial claims in the South China Sea have led some projects to bypass the area entirely. The region is also watching disruptions of subsea cables around the world warily.

Taken together, these reforms—formalizing economies, accelerating urbanization, strengthening governance, deepening capital markets, and embracing digital technologies—will determine whether Southeast Asia can move beyond middle-income status. External conditions will continue to matter, but the region's long-term trajectory will increasingly depend on the quality of its own institutions and policy choices.

Data centers

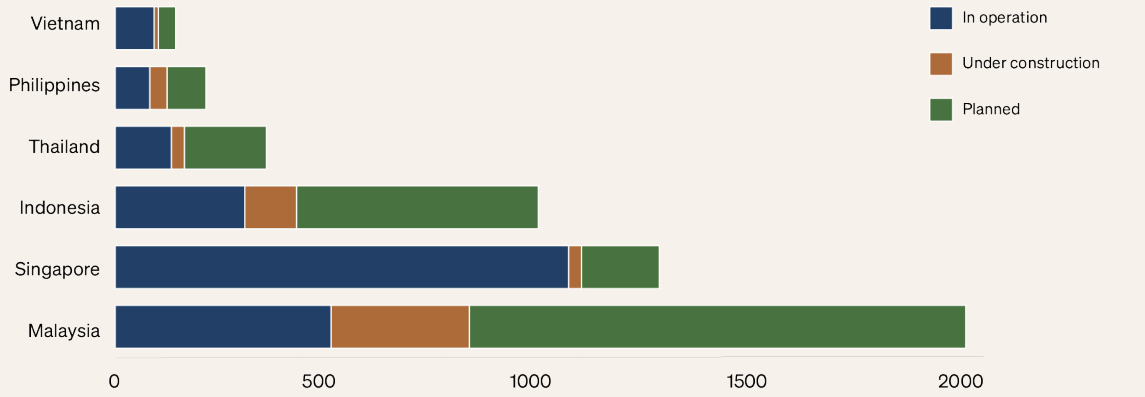
The most physical expression of ASEAN's digital transformation is the rapid buildout of AI data centers driven by fast-growing digital demand, improving connectivity, and relatively low land and power costs. Singapore currently accounts for 1.4 GW, or 54%, of regional data-center load, followed by Malaysia at 0.6 GW. By 2035, Malaysia and Thailand are expected to lead the region, with data-center load demand of 4.5 GW and 2.6 GW, respectively, compared with 1.9 GW in Singapore.[103]

Despite the economic opportunities, the politics of the digital economy are becoming increasingly complex due to energy cost impacts, environmental sustainability, and worker displacement concerns. In 2019, Singapore imposed a moratorium on new data centers but lifted it in 2022 alongside energy efficiency and sustainability standards. Malaysia is moving in a similar direction through the Digital Ecosystem Acceleration (DESAC) scheme, which ties tax incentives to power and water efficiency standards.

Some local communities have begun to push back on the rapid AI infrastructure buildout. In February 2026, the first-ever protest against a data center in Malaysia took place in Johor over public opposition to dust pollution and proximity to residential neighborhoods.[104] The Johor state government has reportedly rejected almost 30% of data-center applications, citing energy efficiency among the reasons.[105]

Another risk is the potential for uneven regional development. While Singapore and Malaysia are on track to capture a significant share of data center and cloud investment, less-developed ASEAN members may lag because of weaker connectivity, skills gaps, regulatory capacity, and power constraints. AI also presents worker displacement risk in some sectors. For instance, the IMF describes the Philippine business process outsourcing (BPO) sector—accounting for 3% of the workforce and 7.4% of GDP—as highly exposed to AI.[106]

Figure 12. ASEAN's Data Center Boom is Spreading, with the Pipelines Led by Malaysia, Indonesia, and Thailand



View table version

Source: Ember, 2025

Section Four

Looking ahead

Southeast Asia is at an extraordinary moment: determined to grow and pragmatically navigating a changing global order. Much of the region's success is within its control. Nonetheless, the pressures of U.S.-China competition; growing protectionism; and the breakdowns in maritime rule of law and norms will continue to shape the region's environment.

This report is far from an exhaustive assessment of the opportunities and challenges before Southeast Asia. Rather, it seeks to affirm the region's resilience, growing importance, and extraordinary opportunity. This report does not take for granted that the region – with strikingly limited, but tragic exceptions – is at peace. Despite mounting security pressures, ASEAN's longstanding approach to regional cooperation has proven remarkably resilient.

Indeed, even as other leaders talk up the importance of middle powers, it is ASEAN that is quietly showing the way forward. ASEAN's more flexible and consensus-driven model offers a different example of regional cooperation that may hold lessons for other regions. Southeast Asia is under no illusion that it is anything other than a community of nations. It is neither bemoaning the loss of the world as it was nor advocating for one that may not come. It is, as it has done for some time, pragmatically finding a way forward no matter what comes.

Southeast Asia has proven it can weather external shocks. The question before it is whether the region can convert that resilience into lasting competitiveness and sustained prosperity. The answer will depend less on the actions of Washington or Beijing than on the choices made in Jakarta, Hanoi, Manila, Bangkok, Kuala Lumpur, and beyond. The 700 million people of this region are arguably Southeast Asia's greatest reason for optimism.

What we're watching

- **Brunei:** how much headway will be made toward the Wawasan 2035 vision of diversifying the economy before economically recoverable oil is exhausted over the next 20 to 30 years?
- **Cambodia:** does the December 2025 ceasefire with Thailand – stopping a flare-up over their long-contested land border – hold?
- **Indonesia:** can the government restore investor confidence in its economic trajectory?
- **Laos:** is it possible to find a way out of its debt distress without deepening economic dependency on Beijing, having already ceded control over its electric grid to a Chinese firm?[107]
- **Malaysia:** can Anwar Ibrahim deliver on high-stakes reforms – such as dismantling fuel subsidies and rolling out nationwide digital tax enforcement – before political compromises break his fragile coalition?
- **Myanmar:** as China shifts from hedging to active stabilization of the junta, can Beijing's intervention reshape the civil war or will a fractured ASEAN and persistent internal resistance ensure a prolonged stalemate?
- **Philippines:** will the Marcos-Duterte feud derail the country's economic priorities and pivot to the U.S. before the 2028 election?
- **Singapore:** will the Wong administration successfully leverage Singapore's reputation as a neutral, trusted "bridge" or will its open economy be the frontline "casualty" of a fracturing trade order?
- **Thailand:** can an upcoming constitutional rewrite, intended to rein in the interventionist powers of unelected judicial and military bodies, break the cycle of chronic political instability?
- **Timor-Leste:** can ASEAN's newest member leverage its accession to diversify its post-oil economy, or will fiscal pressure force a gamble on the Greater Sunrise gas project?
- **Vietnam:** will the country's ambitious double-digit growth targets prove both feasible and sustainable?

Data Explanation

Figure 4. Coal Continues to Fuel the Region's Power: Over 60% of Generation in Indonesia, the Philippines, and Cambodia

Country	Coal	Gas	Oil	Hydropower	Solar	Wind	Bioenergy	Other renewables
Vietnam	152.77	21.83	0.62	88.72	25.86	12.75	1.03	0
Thailand	33.26	136.37	0.28	6.41	5.43	3.38	14.39	0
Singapore	0.57	54.93	1.17	—	1.28	—	1.66	0
Philippines	79.36	18.05	1.34	10.09	2.08	1.5	1.32	10.43
Myanmar	1.2	10	0.12	10	0.12	0	0.27	0
Malaysia	85.3	71.32	1.15	34.52	4.12	0	1.71	0
Laos	12.18	0	0	40	0.09	0	0.04	0
Indonesia	228.43	68.78	7.12	27.29	1.35	0.47	21.33	16.77
Cambodia	9.43	—	0.53	4.37	1.07	—	0.08	0
Brunei	1.1	4.4	0.05	0	0.01	0	0	0

View chart version

Figure 5. Energy Pipeline by Country and Source; MW=Total Capacity

Country	Coal (MW / Projects)	Hydropower (MW / Projects)	Nuclear (MW / Projects)	Oil & Gas (MW / Projects)	Solar (MW / Projects)	Wind (MW / Projects)
Brunei	—	—	—	500 / 1	30 / 1	—
Cambodia	265 / 2	4,400 / 6	—	900 / 2	580 / 4	250 / 2
Indonesia	10,165 / 28	17,963 / 33	3,500 / 7	16,402 / 75	7,949 / 15	1,900.5 / 18
Laos	1,900 / 4	10,158 / 27	—	—	2,700 / 2	6,520 / 9
Malaysia	—	2,235 / 5	—	12,205.6 / 14	10,970 / 19	100 / 1
Myanmar	—	11,227 / 29	—	2,316 / 4	317 / 5	200 / 1
Philippines	970 / 4	13,481 / 50	1,240 / 3	19,840.2 / 31	42,593.4 / 306	107,202.9 / 315
Singapore	—	—	—	2,470 / 4	323 / 3	—
Thailand	—	2,480 / 3	600 / 2	4,770 / 8	3,457.2 / 28	286 / 4
Timor-Leste	—	—	—	—	72 / 1	50 / 1
Vietnam	4,573 / 8	3,173 / 7	4,600 / 4	54,285 / 50	48,960.4 / 348	40,895.8 / 259

View chart version

Figure 6. ISEAS Survey Shows the Region's Economically Largest Countries Shifting away from U.S.

Country	X: change 2021→2026	Y: 2026 % U.S.
Brunei	+16.2%	46.5%
Cambodia	+7.2%	61.0%
Indonesia	(44.4%)	19.9%
Laos	+30.3%	50.3%
Malaysia	(21.0%)	32.0%
Myanmar	+13.3%	61.4%
Philippines	(9.8%)	76.8%
Singapore	(32.1%)	33.7%
Thailand	(11.5%)	45.0%
Vietnam	(24.8%)	59.2%

View chart version

Figure 10. Southeast Asia: Global Governance Rank by Dimension, 2024

Country	Voice & Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Brunei	149	25	50	43	72	31
Cambodia	197	104	137	154	177	191
Indonesia	119	162	95	89	118	143
Laos	187	75	151	156	158	173
Malaysia	116	90	46	53	87	74
Myanmar	208	209	204	199	209	194
Philippines	126	175	101	94	146	149
Singapore	103	23	1	1	20	5
Thailand	135	168	89	90	120	142
Timor-Leste	83	78	180	163	151	131
Vietnam	167	114	115	125	126	114

View chart version

Figure 12. ASEAN's Data Center Boom is Spreading, with the Pipelines Led by Malaysia, Indonesia, and Thailand

Country	In operation	Under construction	Planned
Malaysia	500	320	1150
Singapore	1050	30	180
Indonesia	300	120	560
Thailand	130	30	190
Philippines	80	40	90
Vietnam	90	10	40

View chart version

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Recommended reading

In addition to the works cited, the authors' perspectives were enriched by other works including:

- Chandler, David, et al. *The Emergence of Southeast Asia: A New History.* 2004. University of Hawaii Press.
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About the Authors

Paul Haenle, Managing Director, JPMorganChase Center for Geopolitics

Kyle Hutzler, Executive Director, JPMorganChase Center for Geopolitics

Nathaniel Sher, Vice President, JPMorganChase Center for Geopolitics

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