NO. 2026-2, JULY 2026

Economic Research Institute for ASEAN and East Asia

ERIA ISSUE PAPER

Private Sector Insights on Navigating US Trade Policy: Findings from ASEAN Business Dialogues

- *This paper synthesises insights from two business engagement dialogues organised by ERIA in 2025: the ASEAN Business Dialogue in Jakarta (August 2025) and the ASEAN Semiconductor Business Dialogue in Kuala Lumpur (October 2025). The report captures private sector perspectives on adapting to evolving US trade policies, including reciprocal tariffs.*
- *The dialogues reveal that ASEAN businesses are responding through deliberate, long-term strategies rather than reactive measures. Firms are pursuing greater cost efficiency through regional clustering, which can reduce logistics costs by 30%–40%, while also diversifying export markets beyond the United States towards fast-growing regions such as Africa, Latin America, and the European Union. However, the discussions also identified five structural challenges constraining ASEAN's ability to fully capitalise on these opportunities: complex domestic regulations, restrictive rules of origin, shortages of high-skilled talent in technology sectors, underdeveloped critical minerals processing capacity, and fragmented market access strategies.*
- *Key policy recommendations emerging from the dialogues include accelerating negotiations on the ASEAN Trade in Goods Agreement (ATIGA) upgrade, developing a common ASEAN-wide rules of origin framework, promoting industry-led education and workforce reforms, building co-ordinated regional capabilities in critical minerals processing, and advancing a more unified ASEAN export strategy towards emerging markets. Overall, the dialogues underscore that realising ASEAN's competitive potential will require member states to move from competition towards complementarity, supported by sustained co-ordination between governments and the private sector to strengthen regional resilience.*

Please cite this content as:

ERIA (2026), 'Private Sector Insights on Navigating US Trade Policy: Findings from ASEAN Business Dialogues'. *ERIA Issue Paper 2026-2*. Jakarta: ERIA. Available at: https://www.eria.org/publications/private-sector-insights-on-navigating-us-trade-policy--findings-from-asean-business-dialogues

1. Background

The global trade policy environment has undergone fundamental transformation since President Trump's return to office in January 2025. On 2 April 2025, President Trump issued an executive order establishing country-specific reciprocal tariffs, initially scheduled to take effect 90 days from issuance. Association of Southeast Asian Nations (ASEAN) Member States were subject to varying reciprocal tariffs averaging 36.6%, with Cambodia facing the highest rate at 49%, Lao PDR at 48%, and Viet Nam at 46%, while Singapore and the Philippines received the lowest rates at 10% and 17%, respectively.

Following two postponements and intensive bilateral negotiations, several ASEAN members secured reduced tariff rates through specific trade concessions. Malaysia, Viet Nam, Indonesia, Cambodia, Thailand, and the Philippines each agreed to apply 0% export tariffs on selected products in exchange for a uniform 19–20% reciprocal tariff, which is a significant reduction from initially announced rates. These agreements reduced the average reciprocal tariff on ASEAN from 36.6% to 21%. Countries that did not engage in negotiations, namely Lao PDR and Myanmar, still face 40% tariffs, while Singapore maintains its 10% rate under its longstanding Free Trade Agreement with the United States. Beyond country-specific duties, the US has imposed industry-specific tariffs on steel (50%), aluminum (50%), automobiles (25%), and copper (50%), with planned 100% tariffs on semiconductors for companies not producing within US borders.

This layered approach to trade restrictions creates complex challenges for ASEAN economies deeply embedded in global production networks. In response, the Economic Research Institute for ASEAN and East Asia (ERIA) organised two business engagement dialogues in 2025 to capture private sector perspectives: (i) the ASEAN Business Dialogue on U.S. Trade Policy, co-organised with the ASEAN Business Advisory Council (ASEAN-BAC) and held in Jakarta on 11 August 2025, and (ii) the ASEAN Semiconductor Business Dialogue on U.S. Trade Policy held in Kuala Lumpur on 24 October 2025. Both engagements were conducted as part of ERIA's support to the ASEAN Geoeconomic Task Force (AGTF) in strengthening private sector engagement amid rising global trade uncertainty.

While the Jakarta dialogue gathered broad, cross-sectoral business views on trade uncertainty and supply chain adjustments, the Kuala Lumpur dialogue focused specifically on the semiconductor sector, which is particularly vulnerable to recent tariff developments. By bringing together business leaders and policymakers, both engagements aimed to generate actionable insights to support ASEAN's efforts to navigate geoeconomic fragmentation and strengthen regional resilience.

This report synthesises findings from both dialogues, organised around the key themes that emerged from the engagements. Section 2 examines how ASEAN businesses are affected by and responding to the reciprocal tariffs, focusing on cost efficiency strategies and market diversification efforts. Section 3 identifies the structural challenges facing ASEAN in navigating tariff pressures, covering five critical areas: regulatory reform and trade agreements, rules of origin, human capital development, critical minerals supply chains, and market access for diversification. Section 4 concludes with key takeaways and recommendations for strengthening ASEAN's collective response.

2. How ASEAN Businesses are Affected by and Responding to Trump's Reciprocal Tariffs

The shifting trade dynamics have forced ASEAN businesses to confront increasingly difficult decisions, ranging from rerouting supply chains and reevaluating long-term strategies to navigating new rules of origin and managing emerging non-tariff barriers. As firms weigh whether to align with the US-led order or contribute to shaping an alternative economic landscape, the notion of 'survival' becomes central. In this context, rather than responding to Trump's reciprocal tariffs with immediate, reactive measures, many businesses are prioritising stability by securing cash flow, pursuing diversification, forming new alliances, and investing in talent, capabilities, innovation, and technology.

2.1. Cost Efficiency

Amongst the strategies ASEAN businesses are weighing in response to the US tariffs, rethinking logistics and cost structures has become a primary consideration. For sectors such as electronics and semiconductors, where parts and components flow across multiple borders, firms must determine how to achieve economies of scale and lower per-unit costs. As a result, many companies are consolidating back-end operations, particularly packaging and testing, in lower-cost hubs like Viet Nam and Malaysia.

To further reduce logistics expenses and optimise resource sharing, businesses are also considering regional clustering. For instance, a chip fabricated in Viet Nam may need to be shipped across the South China Sea to China for packaging, before being sent back to ASEAN for testing. In this context, the journey costs around $0.8–$1.2 per kilogramme by sea and requires three to four weeks, with significant disruption risks. However, under a clustering model, the same chip could travel a fraction of the distance (about four hours by truck to Malaysia), for integrated packaging and testing at a much lower cost of $0.1–$0.2 per kilogramme, while dispersing risk across more resilient intra-ASEAN corridors. By means, this shift is no longer merely firm-level efficiency, as demonstrated in part by Intel (Mohan, 2010) it represents a deliberate regional strategy capable of cutting overall logistics costs by 30%–40%, halving time-to-market, and presenting investors with a cohesive ASEAN ecosystem rather than ten fragmented markets.

Furthermore, digitalisation plays a critical role in improving cost efficiency, particularly in customs procedures, by accelerating clearance and reducing administrative overhead. Instead of spending significant time on stamps, queues, and redundant checks, a single digital submission, pre-validated by AI, can enable instant release upon gate scan, making the entire process far more effective. As a result, administrative costs drop from millions of rupiah to near zero, while clearance times shrink from several days to under an hour, allowing goods to move seamlessly across ASEAN countries without the need to re-declare origin. To support this transition, exports are underway to broaden the ASEAN Single Window (ASW), the ASW Steering Committee has outlined a roadmap for exchanging electronic documents with ASEAN Dialogue Partners (DPs). The plan identifies three mandatory phases: a) conducting a feasibility study; b) establishing the legal framework; and c) implementing the system to enable seamless e-document exchange across the region (ASEAN, 2006; ESCAP, 2025).

2.2. Market Diversification

As the US trade policy environment becomes increasingly uncertain, market diversification has emerged as a strategic imperative for ASEAN businesses. The region offers significant opportunities for deeper collaboration, supported by shifting investment dynamics within ASEAN. Singapore, for example, has signaled the possibility of reallocating certain investments to neighboring countries while helping firms pivot toward fast-growing markets beyond the United States, such as Africa and Latin America. For ASEAN, this moment presents substantial growth potential, as diversifying markets not only reduces overreliance on US demand, but also strengthens resilience, expands export opportunities, and positions the region to build new partnerships insulated from policy-driven shocks.

Furthermore, ASEAN countries are actively expanding trade with the European Union (EU), Middle East, and intra-ASEAN markets. For instance, Cambodia and Lao PDR, heavily hit by tariffs on textiles, are leveraging EU's Everything But Arms (EBA) scheme for duty-free access, while Thailand and Viet Nam are boosting exports to the EU and exploring CPTPP opportunities (Karnjatanawe, 2025; Tijaja, 2025). The China+1 and US+1 strategies, where firms maintain operations in China but add ASEAN as an alternative base, illustrate how diversification mitigates tariff exposure. Viet Nam and Malaysia have emerged as preferred destinations for electronics and semiconductors, while Indonesia attracts labour-intensive industries due to its large workforce and competitive wages (Hananto, 2025; Sirichaichingkun and Direkudomsak, 2024).

Market diversification has become crucial for ASEAN region as the US trade policy becomes more unpredictable. Relying heavily on one major market exposes firms to tariff risks, shifting regulations, and geopolitical uncertainty. By expanding markets into fast-growing regions other than the US, ASEAN firms can tap into new demand and reduce concentration risk, while governments can leverage these partnerships to strengthen long-term economic resilience.

Unlocking these opportunities, however, requires enabling conditions in the ASEAN region itself. ASEAN needs to support firms through better market intelligence, streamlined export procedures, and clearer regional standards. Strengthening ASEAN's own economic integration will further position the region as a unified and attractive partner for emerging markets. Ultimately, diversification is not just about finding new markets, it is about building a more agile, competitive, and shock-resilient ASEAN economy.

3. Challenges Facing ASEAN in Navigating Tariff Pressures

Despite the region's strong potential, ASEAN continues to face critical structural challenges that constrain its ability to navigate tariff pressures effectively. Across member states, domestic regulations remain complex and inconsistent, raising business costs and limiting firms' ability to adapt quickly. Strict and often fragmented rules of origin (ROO) also hinder ASEAN's ambitions to diversify markets and build deeper regional value-added capacity. Businesses have repeatedly questioned how ASEAN can truly integrate when ROO requirements differ across agreements and thus stress the need for a unified ASEAN-wide ROO framework to support seamless production networks.

Supply chain bottlenecks further complicated matters: while companies see immense untapped potential, especially in high-value sectors such as electronics and semiconductors, the absence of co-ordinated solutions means responses remain fragmented at the firm level, with limited alignment between industry, government, and regulators. Human capital constraints deepen these challenges. Talent shortages, mismatches between academia and industry needs, and a lack of co-ordinated upskilling strategies prevent firms from moving up the value chain. Community resistance and environmental concerns add additional layers of uncertainty, especially for manufacturing and resource-intensive industries. Without industry-led education reforms, clearer resource allocation strategies, and stronger domestic co-operation, ASEAN risks losing its competitive edge.

3.1. Regulatory Reform and Trade Agreements

ASEAN's ability to respond effectively to tariff pressures hinges on strengthening the coherence of domestic and regional regulations. The business roundtable highlighted that ASEAN supply chains must evolve from competing to complementing each other, particularly in strategic industries such as semiconductors, automotive, electric vehicles (EVs), and labour-intensive manufacturing. However, this requires aligning national policies with ASEAN commitments and continuing constructive engagement with the US to secure tariff reductions in selected sectors. Co-ordinated regulatory reform would help firms operate more seamlessly across jurisdictions while enabling each country to leverage its comparative strengths within an integrated regional value chain.

At the same time, a recent business survey of European companies indicates a worsening trade barrier in ASEAN, making regulatory streamlining a critical priority. Therefore, rather than focusing solely on innovations, addressing supply chain bottlenecks by improving domestic regulations, and simplifying complex trade agreements such as ATIGA and RCEP are necessary to enhance business usability and confidence. Given ASEAN's diversity remains a core competitive advantage, countries must collaborate more intentionally by identifying sectoral leaders and supporting complementary roles across the value chain. In the end, regulatory reform is central not only to reducing costs for firms but also to keeping investment anchored in the region and strengthening ASEAN's collective resilience.

Despite progress under the ASEAN Trade in Goods Agreement (ATIGA) and the Regional Comprehensive Economic Partnership (RCEP), implementation challenges persist. ATIGA, signed in 2009 to consolidate tariff reductions and harmonise trade facilitation measures, still grapples with non-tariff barriers (NTBs), inconsistent standards, and complex customs procedures continue to impede intra-regional trade (Buban, Shrestha, and Putra, 2021). The ongoing ATIGA upgrade negotiations, targeted for completion in 2025, seek to modernise the agreement by incorporating digital trade, sustainability, and supply chain resilience provisions.

Similarly, while RCEP is covering 30% of global GDP and has the potential to deepen regional integration, its utilisation rate remains low due to cumbersome RoO administration and lack of awareness amongst small and medium-sized enterprises (SMEs) (Arifin et al., 2025; ASEAN, 2025). This highlights the need for clearer, more standardised RoO procedures and better capacity-building for businesses.

Regulatory harmonisation therefore remains essential. The ASEAN Guidelines for Harmonisation of Standards and Good Regulatory Practice (GRP) emphasise aligning national regulations with international norms to reduce technical barriers to trade (TBT) (Ramli and Izham, 2025). Mutual recognition arrangements (MRAs) for conformity assessment and digitalisation of customs processes under the ASEAN Single Window are steps forward, but uneven adoption across member states limits impact (ASEAN, 2022; US–ASEAN, 2023). Strengthening these reforms would significantly improve regulatory predictability and support a more integrated ASEAN marketplace capable of withstanding external tariff pressures.

3.2. Rules of Origin (RoO)

ASEAN supply chains remain highly fragmented, with firms, particularly those in electronics, semiconductors, and the automotive sectors, heavily dependent on the cross-border movement of parts and components. The business engagements highlighted that over 80% of global chip production involves multiple stages of semiconductor manufacturing across different economies, underscoring why diversification beyond a single region is essential for supply chain resilience. At the same time, China's retaliatory tariffs, reaching as high as 150% on US-origin wafers, have disrupted semiconductor operations in countries such as Malaysia and Viet Nam, further exposing the risks of concentrated supply chain routes. Compounding these challenges, ASEAN FTAs (e.g. RCEP and ASEAN–China FTA) offer limited benefits due to restrictive rules of origin, including a 40% regional value-content requirement that many firms struggle to meet. This raises a critical question: how can ASEAN diversify its supply chains and expand regional value-added capacity under such stringent rules?

The rules of origin (RoO) determine whether goods qualify for preferential tariffs under ASEAN agreements. While designed to prevent trade deflection, overly restrictive or complex RoO discourage firms from claiming preferences. Studies reveal that ATIGA's RoO impose an average ad-valorem equivalent cost of 3.4%, with higher burdens in sectors like textiles and automotive (ERIA, 2021). Furthermore, utilisation rates remain low due to administrative hurdles and compliance costs (Cadot and Ing, 2017). For this reason, the business stakeholders emphasised the need for common ASEAN RoO to streamline compliance, raise FTA utilisation, and support deeper regional integration.

Recent reforms introduced electronic certificates (e-Form D) and self-certification schemes under the ASEAN Wide Self-Certification (AWSC) initiative (ASEAN, 2020). However, uptake remains limited, as firms continue to struggle with documentation requirements and inconsistent interpretations amongst customs authorities. Blockchain-based traceability solutions offer promise for verifying origin in complex supply chains, but adoption is nascent and requires significant investment (Ha, 2022; Kristan, 2025).

3.3. Human Capital Development

For ASEAN to sustain competitiveness amid shifting global dynamics, strengthening its talent pipeline has become indispensable. However, ASEAN continues to face challenges in both quantity and quality of its human capital. A persistent talent shortage remains one of the most pressing concerns for businesses, particularly in the semiconductor industry, where firms across the region are reporting difficulties in finding engineers, technicians, and high-skill workers that can support their complex production systems. Furthermore, structural misalignment between academia, government, and industry continues to hinder the development of curriculum that adequately matches industry needs.

Universities in many ASEAN Member States continue to prioritise theoretical instruction over practical, innovative-driven learning. As a result, higher education institutions often produce workers who are technically trained but not sufficiently prepared to innovate, design solutions, or become entrepreneurs, skills that are critical for strengthening regional value-added capacity. Industry concerns also vary by country. While some economies struggle with talent quality, companies such as Intel in Malaysia emphasise the shortage in numbers. Malaysia is targeting 60,000 STEM students by 2030, underscoring the scale of demand.

Bridging these talent gaps requires co-ordinated, industry-led interventions. Education reforms must be guided by industry needs to ensure that curriculum reflect real-world technologies, production processes, and emerging sectoral trends. A clear resource allocation strategy, supported by domestic co-operation amongst ministries, universities, and private firms, is essential to maximise impact. Upskilling and reskilling programmes must also become more widespread, enabling the current workforce to transition into higher-value roles as industries adopt new technologies. Firms can play a larger role by expanding internship programmes, providing mentorship, and collaborating closely with governments to ensure that graduates gain practical, industry-relevant experience. Ultimately, talent development cannot be treated as the responsibility of the education sector alone; it must be a shared effort across public and private stakeholders.

Several ASEAN countries have already undertaken significant initiatives to close the talent gap: Malaysia aims to upskill 60,000 engineers, Thailand targets 280,000 specialists, and Viet Nam plans to train 50,000 engineers with support from the US (Hanoi Times, 2024; MIDA, 2024; Reuters, 2024). Viet Nam has taken a dual approach, training new students while heavily investing in the retraining and upskilling of existing semiconductor workers to ensure its workforce can keep pace with rapidly evolving industry requirements. The Philippines has also begun implementing forward-looking reforms, recognising that rapid technological change makes traditional degree programmes slow to adapt. Its proposed model includes: 1) macro-credentials, where targeted subjects and technical skills taught directly by industry professionals to quickly bridge skill gaps; 2) ladder reservation programmes, and 3) credit transfer system.

These emerging practices highlight that industries today require an active hand in shaping the talent ecosystem. By participating in curriculum design, offering vocational and professional certification programmes, and building lifelong learning pathways, the private sector can ensure that ASEAN's human capital development keeps pace with technological change. Addressing the talent challenge is essential not only for capturing high-value investment and upgrading ASEAN's position in global supply chains, but also for ensuring that the region remains competitive in the face of accelerating tariff pressures and geopolitical uncertainty.

3.4 Critical Minerals Supply Chain

ASEAN holds significant reserves of critical minerals, with Indonesia accounts for 25% of global nickel, while Myanmar and Malaysia are key players in rare earth mining and processing (Phoumin, 2024). With global demand for critical minerals is expected to rise sixfold by 2040, driven by the growth of electric vehicles, batteries, semiconductors, and clean energy technologies, the region stands to benefit significantly. However, ASEAN's current supply chains remain vulnerable due to environmental risks, governance gaps, and a heavy dependence on China for midstream and downstream processing. Fragmented national strategies further weaken the region's collective position: Indonesia's aggressive downstream industrialisation, Myanmar's informal mining practices, and Malaysia's midstream specialisation illustrate a patchwork approach that lacks regional coherence (Seah and Huda, 2024; Vivoda, Overland, and Vakulchu, 2025).

These structural divides are compounded by broader concerns around responsible business conduct in mining. Extractive activities across the region continue to face criticism for human rights violations, unsafe labour conditions, and environmental degradation. Communities in mineral-rich areas, such as those in the Philippines with significant deposits of nickel, copper, cobalt, and silver, remain wary of mining expansion due to social and environmental impacts. Without strong safeguards, the environmental footprint of mining threatens ASEAN's long-term sustainability goals. As global consumers increasingly demand transparent, 'clean and green' products, ASEAN must ensure traceability and transparency across the entire mineral value chain, from extraction to processing and export. Embedding robust ESG (environmental, social, and governance) standards is therefore no longer optional but essential for securing international investment and maintaining market access.

Furthermore, ASEAN's capability gaps remain significant, particularly in processing and refining. Many economies hold large deposits but lack the capacity to convert raw minerals into high-value inputs such as battery precursors, cathode materials, or rare-earth magnets. High energy costs, insufficient infrastructure, and underdeveloped industrial ecosystems constrain progress, as seen in the Philippines, where abundant resources cannot be fully utilised due to power costs and community resistance. This creates a structural dependence on external processing, primarily in China, which limits ASEAN's strategic autonomy and exposes the region to geopolitical and supply chain shocks. Collaboration amongst ASEAN Member States is urgently needed to build shared processing capabilities, reduce duplication, and leverage each country's competitive strengths. A co-ordinated regional approach could also help address trans-shipment challenges, develop alternative supply routes, and ensure greater value capture within the region.

3.5. Market Access for Diversification

Expanding market access has become essential for ASEAN as the region seeks to diversify export destinations beyond its traditional reliance on the United States and China. Broader access to emerging markets, particularly in Africa, Latin America, and South Asia, would allow ASEAN firms to reduce vulnerability to geopolitical and tariff shocks while tapping into fast-growing demand. Achieving this, however, requires strengthening free trade agreements, improving standards compliance, and investing in enabling infrastructure and logistics. Without these foundational elements, ASEAN exporters will struggle to enter new markets on a scale, limiting the region's ability to build resilient, diversified trade pathways in an increasingly uncertain global environment.

However, persistent barriers such as standards, certification requirements, and non-tariff measures continue to limit ASEAN's ability to fully seize new markets, with fragmented national strategies prevent ASEAN from presenting a unified export approach. These challenges are also pressing for labour-intensive industries, which face mounting pressure as global demand shifts and buyers increasingly require higher quality, sustainably produced goods. At the same time, rapid digitalisation is accelerating job contraction in traditional manufacturing and services, forcing firms to upgrade their workforce and production systems to remain competitive. Without coherent regional strategies and stronger support for industry modernisation, ASEAN risks losing ground in both existing and emerging markets.

By this, ASEAN's ability to diversify its market will depend on whether the governments are able to support their workforce through structural adjustments while enabling industries to upgrade and compete. This means providing strong transition assistance, ranging from reskilling and upskilling to adequate social safety nets, while helping firms move up the value chain by improving logistic systems, strengthening standards and certification process, and ensuring regulatory coherence.

4. Conclusion

The business engagement dialogues revealed that ASEAN firms are navigating US reciprocal tariffs not through reactive, short-term measures, but through deliberate strategies aimed at long-term resilience. Rather than viewing the current trade environment as a temporary disruption, businesses are treating it as a structural shift that demands fundamental adjustments to how they operate, source inputs, and access markets.

Three overarching insights emerged from the dialogues. First, ASEAN businesses are responding strategically rather than reactively. Firms are prioritising stability by securing cash flow, pursuing market diversification, consolidating operations in lower-cost hubs, and investing in talent and technology. The shift toward regional clustering, where production stages are co-located within ASEAN rather than dispersed across distant economies, offers significant cost savings of 30%–40% in logistics and positions the region as a cohesive ecosystem rather than ten fragmented markets.

Second, structural challenges constrain ASEAN's ability to fully capitalise on emerging opportunities. Complex and inconsistent domestic regulations, restrictive rules of origin, persistent talent shortages, underdeveloped critical minerals processing capacity, and fragmented market access strategies collectively limit the region's capacity to absorb trade diversion and move up global value chains. Without co-ordinated action, these constraints will prevent ASEAN from translating its strategic potential into realised gains.

Third, regional integration is no longer optional but essential. Businesses repeatedly emphasised that ASEAN supply chains must evolve from competing to complementing each other. This requires aligning national policies with regional commitments, harmonising rules of origin across agreements, and presenting a unified ASEAN approach to external partners and investors.

Based on the business engagements, several areas merit priority attention. On regulatory reform and trade agreements, ASEAN should accelerate completion of the ATIGA upgrade negotiations, incorporating provisions on digital trade, sustainability, and supply chain resilience. Improving RCEP utilisation by simplifying administrative procedures and expanding capacity-building programmes for SMEs is equally important, alongside strengthening regulatory coherence across member states to reduce compliance costs and enhance investor confidence.

On rules of origin, developing a common ASEAN-wide RoO framework would streamline compliance and support deeper regional value-added capacity. Expanding adoption of electronic certificates and the ASEAN Wide Self-Certification initiative, as well as exploring blockchain-based traceability solutions to verify origin in complex supply chains, would further reduce friction in intra-regional trade.

On human capital development, ASEAN should pursue industry-led education reforms that align curricula with real-world technologies and emerging sectoral needs. Scaling up upskilling and reskilling programmes with clear targets and resource allocation strategies co-ordinated across ministries, universities, and private firms is essential, as is expanding internship programmes, mentorship opportunities, and alternative credentialing pathways to accelerate talent development.

On critical minerals supply chains, developing a co-ordinated regional strategy for processing would reduce dependence on external partners and capture greater value within ASEAN. Embedding robust ESG standards across the mineral value chain is necessary to meet international buyer expectations and secure long-term market access, while addressing infrastructure and energy cost constraints that currently limit processing capacity in resource-rich economies remains a priority.

On market diversification, ASEAN should support firms in accessing fast-growing markets beyond the US, including Africa, Latin America, and South Asia, through improved market intelligence, streamlined export procedures, and clearer regional standards. Strengthening transition assistance through reskilling, social safety nets, and logistics improvements would help industries adapt to shifting global demand patterns, while presenting a unified ASEAN export approach to emerging markets would leverage the region's collective scale and diversity.

The current trade environment presents both defensive challenges and offensive opportunities for ASEAN. The region's ability to navigate this moment will depend on whether governments and businesses can work together to address structural constraints while capitalising on the significant market openings created by US–China trade tensions. ASEAN's diversity remains a core competitive advantage, but only if member states collaborate intentionally, identifying sectoral leaders, supporting complementary roles across the value chain, and presenting a cohesive regional proposition to global investors and trading partners. The dialogues affirmed that the private sector stands ready to engage. What is now required is sustained, co-ordinated action across ASEAN to translate business insights into policy reforms that strengthen the region's collective resilience and long-term competitiveness.

References

Arifin, A.R., I.K. Reyes, and N.H. Sudirman (2025), *RCEP: Leveraging the Role of SMEs?* Universiteit Leiden. https://www.leidenlawblog.nl/articles/rcep-leveraging-the-role-of-smes

ASEAN (2006), *Protocol to Establish and Implement the ASEAN Single Window*. https://asean.org/wp-content/uploads/2020/12/Protocol-to-Establish-and-Implement-the-ASEAN-Single-Window-ASW-Protocol-1.pdf

ASEAN (2022), *ASEAN Guidelines for Harmonisation of Standards*. https://asean.org/wp-content/uploads/2023/05/ASEAN-Guidelines-for-Harmonisation-of-Standards-2022-Version.pdf

ASEAN (2025), *ASEAN Aims to Conclude the Negotiation of the ASEAN Trade in Goods Agreement (ATIGA) Upgrade in 2025*. ASEAN.

Buban, S., R. Shrestha, and R.C. Putra (2021), *Impact of the ASEAN Trade in Goods Agreement (ATIGA) on Intra-ASEAN Trade*. Jakarta: ERIA. https://www.eria.org/uploads/media/Books/2021-Impact-of-the-ATIGA-on-Intra-ASEAN-Trade/Impact-of-the-ATIGA-on-Intra-ASEAN-Trade.pdf

Cadot, O. and L.Y. Ing (2017), 'How Restrictive Are ASEAN's Rules of Origins?'. ERIA Policy Brief 2017 no.4, https://www.eria.org/ERIA-PB-2017-04.pdf

ESCAP (2025), *ASEAN Single Window (ASW) pilot project*. https://www.digitalizetrade.org/projects/asean-single-window-asw-pilot-project

Ha, P.M. (2022), *ASEAN Proof of Origin: Challenges for implementation*. 10th Asia-Pacific Trade Facilitation Forum. 1 September 2022 https://aric.adb.org/experts/docs/proof-of-origin/Session2_ASEAN-Proof-of-Origin_PHM_PhanManhHa.pdf

Hananto, A. (2025), 'How the US–China Rivalry Is Powering ASEAN's Economic Repositioning'. *Seasia*. 6 November 2025 https://seasia.co/2025/11/06/how-the-uschina-rivalry-is-powering-aseans-economic-repositioning

Hanoi Times (2024), Vietnam accelerates plan to train 50,000 semiconductor engineers. *Hanoi Times*. https://hanoitimes.vn/vietnam-accelerates-plan-to-train-50000-semiconductor-engineers-326190.html

Karnjatanawe, K. (2025), 'US Plus One' trade strategy gains ground', *Bangkok Post*. 13 November 2025 https://www.bangkokpost.com/thailand/general/3136410/us-plus-one-trade-strategy-gains-ground

Kristan (2025), *ASEAN Trade in Goods Agreement (ATIGA) Rules of Origin (2022) and Traceability*. International Trade Council. https://tradecouncil.org/asean-trade-in-goods-agreement-atiga-rules-of-origin-2022-and-traceability/

MIDA (2024), *PM Anwar: Malaysia to train, upskill 60,000 engineers, allocate RM25b in fiscal support for National Semiconductor Strategy*. Malaysian Investment Development Authority. https://www.mida.gov.my/mida-news/pm-anwar-malaysia-to-train-upskill-60000-engineers-allocate-rm25b-in-fiscal-support-for-national-semiconductor-strategy/

Mohan, A.V. (2010), 'Linkages for Fostering Innovation Activities – Case Studies of Firms in E and E Sector of Penang Cluster'. In P. Intarakumnerd (ed.), *Fostering Production and Science and Technology Linkages to Stimulates Innovation in ASEAN*, ERIA Research Project Report 2009-7-4, Jakarta: ERIA, pp.87–144.

Phoumin, H. (2024), *ASEAN's Strategic Role in Securing Critical Minerals for Clean Energy and High-Tech Futures*. Economic Research Institute for ASEAN and East Asia (ERIA). 16 December 2024. https://www.eria.org/news-and-views/asean-s-strategic-role-in-securing-critical-minerals-for-clean-energy-and-high-tech-futures

Ramli, I.M. and M.I.M. Izham (2025), 'Good Regulatory Practice (GRP) in ASEAN – Towards Vision 2045 and Beyond'. ERIA Policy Brief 2025 no.2. https://www.eria.org/uploads/GRP-in-ASEAN%E2%80%93Towards-Vision-2045-and-Beyond.pdf

Reuters (2024), Thailand targets 280,000 workforce in high-tech sectors over 5 years. *Reuters*. 17 June 2024. https://www.reuters.com/markets/asia/thailand-targets-280000-workforce-high-tech-sectors-over-5-years-2024-06-17/

Seah, S. and M. Huda (2024), Enhancing ASEAN's Role in Critical Mineral Supply Chains. In *Enhancing ASEAN's Role in Critical Mineral Supply Chains Trends in Southeast Asia* (pp.1–30). ISEAS–Yusof Ishak Institute. https://www.cambridge.org/core/books/abs/enhancing-aseans-role-in-critical-mineral-supply-chains/enhancing-aseans-role-in-critical-mineral-supply-chains/DD38F2521B29A3CB4CC46281EB16EE76

Sirichaichingkun, K. and W. Direkudomsak (2024), *Trade Developments in ASEAN*. Bangkok: Krungsri. https://www.krungsri.com/getmedia/d4227acf-bb2f-4ab8-a3dd-ca908aacc74f/RI_ASEAN_Supply_Chain_241211_EN.pdf.aspx

Tijaja, J. (2025), 'Southeast Asia's trade battle plan for the post-Trump world', *ISEAS–Yusof Ishak Institute*. https://

eastasiaforum.org/2025/08/17/southeast-asias-trade-battle-plan-for-the-post-trump-world/

US–ASEAN (2023), *ASEAN Customs Reform to Advance Regional Supply Chain Resilience*. 7 June 2023. https://www.usasean.org/sites/default/files/2023-10/%5BFinal%5D%20%5BUS-ABC%5D%20ASEAN%20Customs%20Reform%20to%20Advance%20Regional%20Supply%20Chain%20Resilience.pdf

Vivoda, V., I. Overland, and R. Vakulchuk (2025), 'Navigating ASEAN's critical materials future: Opportunities, risks and strategic imperatives.', *Mineral Economics* Vo..39, pp.231-242. https://doi.org/10.1007/s13563-025-00553-3

Acknowledgements

This issue paper was prepared by Nadira Melia, Ressita Ramadhani, and Dionisius Narjoko.

Sentral Senayan II, 5th, 6th, 15th floors
Jalan Asia Afrika No. 8
Senayan, Central Jakarta 10270, Indonesia
Tel: (62-21) 57974460
E-mail: contactus@eria.org