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U.S.–Southeast Asia Trade Relations in an Age of Disruption

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In October 2018, the CSIS Southeast Asia Program hosted a small, high-level roundtable discussion on U.S.-Southeast Asia trade relations.

The roundtable focused on the current state of play, emerging changes in the region's trade architecture, and implications for U.S.-Southeast Asia relations. Participants included former senior trade and economic officials, business leaders, academics, and diplomats. This report summarizes the key findings and conclusions of the roundtable.

The roundtable was the second in a series of roundtables on U.S-Southeast Asia economic relations made possible with support from Bank Negara Indonesia.

THE ISSUE

- The U.S.-Southeast Asia trade relationship is critical for the both sides. Collectively, Southeast Asia is expected to become the fourth largest economy in the world by 2050 and is already the fourth largest export market for the United States, supporting hundreds of thousands of U.S. jobs. The U.S. and Southeast Asian economies are highly complementary, creating significant and widespread benefits for both sides.
- The U.S.-Southeast Asia trade relationship faces challenges from the absence of U.S. participation in multilateral trade arrangements, the direct and indirect effects of U.S-China trade friction, and uncertainty created by the Trump administration's abrupt break from longstanding U.S. trade policy.
- In the near-term, ASEAN will continue to integrate and establish norms and standards without the United States having a seat at the table, which will have particularly important consequences for U.S. integration into Southeast Asia's digital economy.

INTRODUCTION

The post-World-War II era has seen extraordinary growth in international trade and the creation of regional and global trading frameworks spearheaded by the United States and anchored in the General Agreement on Tariffs (GATT) and the World Trade Organization (WTO). In recent years, frustration with the WTO's stalled process had pushed U.S. policymakers to pursue regional and bilateral trade agreements. However, since president Donald Trump came to office in January 2017, U.S. trade policy has undergone a dramatic reorientation, creating enormous volatility and impacting global trade and supply chains. President Trump's decision to pull out of the Transpacific Partnership (TPP) on the third day of his presidency, his focus on reducing bilateral trade deficits, and his interest in only forging new bilateral trade deals have had widespread implications for U.S.-Southeast Asia economic and political relations. In many ways, the United States is no longer a predictable trade partner for Southeast Asian countries, and the uncertainty stemming from U.S.-China trade tensions is further affecting U.S.-Southeast Asia trade relations. Meanwhile, Asian regional economic integration and regional trade architecture are moving ahead without the United States at the table.

In many ways, the United States is no longer a predictable trade partner for Southeast Asian countries.

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PART 1: CURRENT STATE OF PLAY AND EMERGING TRADE ARCHITECTURE

United States-Southeast Asia trade relations are critical for both sides. For the United States, Southeast Asia is one of the largest, fastest-growing markets in the world. With a projected regional annual growth rate of about 5 percent, Southeast Asia is expected to collectively become the fourth largest economy in the world, overtaking the European Union and Japan, by 2050. Southeast Asia's demography will underpin this growth. The Association of South East Asian Nations (ASEAN)'s middle class is projected to include about 350 million people, with approximately $300 billion of disposable income to spend, by 2020.[1] With a median age around 28 years old, Southeast Asia will offer tremendous market opportunities for U.S. companies in the coming decades.

The economies of the United States and Southeast Asia are also highly complementary, creating widespread benefits for both sides. For Southeast Asia, the United States is an important source of electronic machinery, aircraft, and agricultural products. The United States also provides Southeast Asia with significant technical and educational training. The United States meanwhile is a destination for electronic machinery, garments, and agricultural products (including rubber and allied products) produced in Southeast Asia, with the overlap in electric machinery resulting from integrated supply chains.[2]

U.S.-SOUTHEAST ASIA TRADE

U.S. EXPORTS TO SOUTHEAST ASIA

Collectively, the 10 ASEAN countries are already the fourth largest export market for the United States after Canada, Mexico, and China.[3] U.S. export growth to Southeast Asia has been steady since the 1997 Asian financial crisis, aside from a dip in 2009, and reached $86.2 billion in 2018, accounting for 5.2 percent of overall U.S. exports.[4] In 2018, top U.S. goods exports to Southeast Asia were electrical machinery such as motors, generators, transformers ($16.3 billion), machinery ($10.2 billion), aircraft ($9.0 billion), mineral fuels ($6.8 billion), and optical and medical instruments ($5.5 billion).[5] Sales in Southeast Asia are projected to account for over 10 percent of global sales for major U.S. corporations in the next two decades, according to a roundtable participant. Boeing predicts that the region will account for more than 10 percent of total global civil airliner demand, which represents more than 4,200 units worth $650 billion, over the next 20 years.[6] U.S. exports in services to Southeast Asia totaled $30.0 billion in 2018, up 117 percent from a decade ago, and included financial services, food services, e-business, and entertainment.

Roundtable participants highlighted the fact that U.S. exports in goods and services to Southeast Asia return considerable benefit to the United States. Over half a million jobs in the United States are supported by trade with ASEAN: 386,900 American jobs are supported by U.S. exports in goods, and 181,400 American jobs are supported by U.S. exports in services. However, the benefits of trading with ASEAN are geographically concentrated. For instance, 13 percent of export-dependent jobs in Oregon are supported by exports to ASEAN, but only 5 percent are in Kansas.[7] Similarly, computers and electronics account for 19 percent of U.S. exports to Southeast Asia, but financial services only account for 2 percent. [8]

U.S. IMPORTS FROM SOUTHEAST ASIA

ASEAN countries are also the fourth largest source of U.S. goods imports after Canada, Mexico, and China. Following the 2008 global financial crisis, U.S. imports from Southeast Asia have grown steadily and reached over $185.8 billion in 2018, up 9.4 percent from 2017 and up 68.7 percent in the last decade. Overall, U.S. imports from ASEAN account for 7.3 percent of U.S. imports. In 2018, top U.S. imports from Southeast Asia were electrical machinery ($52.9 billion), garments (about $29.8 billion), machinery ($23.3 billion), and raw materials and agricultural products ($13.2 billion). Finished consumer goods accounted for 43 percent of U.S. imports from the region, but include significant content originating from the United States, as roundtable participants noted.[9]

In 2018, the United States had a $99.8 billion trade deficit in goods with ASEAN as a whole, up 8.4 percent from 2017; countries with the largest deficits in 2018 were Vietnam ($39.5 billion, up from $38.3 billion in 2017), Malaysia ($26.5 billion, up from $24.4 billion in 2017), Thailand ($19.3 billion, down from $20.1 billion in 2017), and Indonesia ($12.6 billion, down from $13.3 billion in 2017). The United States runs trade surpluses with only two ASEAN countries: Singapore ($5.8 billion) and Brunei ($168 million).[10]

REGIONAL TRADE ARCHITECTURE

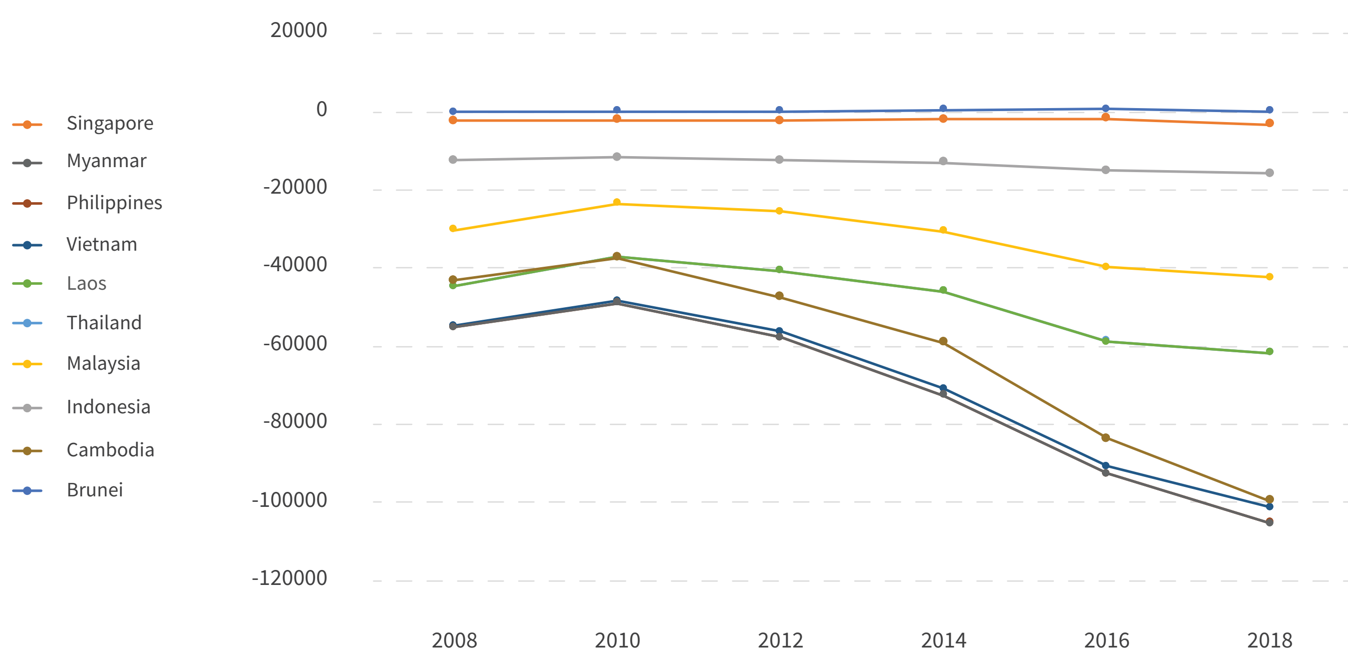
EXISTING SOUTHEAST ASIAN FREE TRADE AGREEMENTS

Despite proclaiming itself a single Economic Community (AEC) in 2015, ASEAN member states are free to negotiate trade agreements either individually or as a bloc. The result, as displayed in Figure 1, is a complex web of bilateral and multilateral free trade agreements. Nonetheless, ASEAN as a grouping has become a regional free trade agreement (FTA) hub, with the bloc having signed agreements with Australia, China, India, Japan, and South Korea. The majority of these FTAs are, however, at early stages of implementation. There is also considerable heterogeneity within ASEAN concerning external tariffs and their agreements with its FTA partners, with ASEAN members implementing separate tariff reduction schemes. Similarly, ASEAN countries' treatment of regulatory issues varies widely. Broadly speaking, plurilateral ASEAN+1 FTAs are less ambitious in terms of standards than bilateral agreements between individual ASEAN members and advanced economies. Meanwhile, while these agreements have reduced tariffs between ASEAN countries and their trade partners, non-tariff measures (NTMs) are increasing. The number of intra-ASEAN NTMs increased from 1,634 in 2000 to 5,975 in 2015. [11]

THE COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP (CPTPP)

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), or TPP-11, is an FTA that 11 Asia-Pacific economies signed in March 2018 that entered into force on December 31, 2018 after Japan, Mexico,

ASEAN Trade Balance with the United States



Source: Office of the United States Trade Representative, "U.S.–ASEAN–10 Trade and Investment Facts."

ASEAN FTAs

Bilateral FTAs

Philippines

Japan
European Free Trade Association
European Union
(launched, but suspended)

Thailand

Japan
Laos
China
Australia
Chile
New Zealand
Peru
Bahrain *(concluded, but not yet in force)*
India *(launched)*
Pakistan *(launched)*
European Free Trade Association
(launched)
European Union *(launched)*

Singapore

China
India
Japan
Korea
New Zealand
Panama
Peru
Australia
Costa Rica
Jordan
Sri Lanka
Turkey
United States
European Union
(concluded, but not yet in force)
Eurasian Economic Union
(under negotiation)
Pacific Alliance *(under negotiation)*

Indonesia

Japan
Pakistan
Australia *(concluded, but not yet in force)*
India *(launched)*
European Free Trade Association
(under negotiation)
Mozambique *(launched)*
Tunisia *(launched)*
Turkey *(under negotiation)*
Korea *(launched)*
Chile *(concluded, but not yet in force)*
Organization of Islamic Cooperation
(concluded, but not yet in force)

Malaysia

Japan
Australia
Chile
India
New Zealand
Pakistan
Turkey
Gulf Cooperation Council
(under negotiation)
European Union *(launched)*
European Free Trade Association
(launched)
Organization of Islamic Cooperation
(concluded, but not yet in force)

Vietnam

European Free Trade Association
European Union
Israel
Hong Kong
Chile
Japan
Eurasian Economic Union
Republic of Korea

Regional FTAs

ASEAN Free Trade
ASEAN–Australia-New Zealand
ASEAN–China
ASEAN–India
ASEAN–Japan
ASEAN–Honk Kong *(concluded, but not yet in force)*
ASEAN–India: Services & Investment *(under negotiation)*
ASEAN–Japan: Services & Investment *(under negotiation)*
Trans–Pacific Strategic Economic Partnership (P–4)
CPTPP *(ratified by six member countries)*
Pacific Alliance *(under negotiation)*
RCEP *(under negotiation)*

Cambodia

None

Myanmar

None

Brunei

Japan

Laos

Thailand

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New Zealand, Singapore, Australia, Canada, and Vietnam ratified the agreement. Brunei, Malaysia, Peru, and Chile are meanwhile expected to ratify sometime in 2019 or 2020.

Once ratified by all members, the CPTPP will be the largest FTA in the Asia-Pacific, with a market of 490 million people, covering 12.9 percent of the world's gross domestic product and 14.9 percent of global trade volume. According to OECD calculations, the CPTPP procurement market is a $1.9 trillion opportunity for CPTPP members. The total GDP of participating countries is expected to increase by 1.7 percent by 2030 with the largest gains for Vietnam and Peru.[12] CPTPP has already had significant impacts for Vietnam, with exports to Canada and Japan rising approximately 36.7 percent and 11.2 percent, respectively, between April 2018 and April 2019, according to the General Department of Vietnam Customs.[13] So far, three of the six Southeast Asian countries currently not included—Thailand, Indonesia, and the Philippines—have indicated at least some interest in joining.

The agreement reduces barriers to goods and services, protects investments and intellectual property, establishes rules for e-commerce and digital trade, promotes free and fair competition, and eliminates tariffs on approximately 95 percent of goods traded among CPTPP countries. The CPTPP also significantly upgraded existing trade agreements made among country members and created new trade relationships among signatories (notably between Canada and Vietnam). It also created new supply chain opportunities across Asia-Pacific economies, which is expected to lead to a CPTPP-centered supply and value chain system in the near future.[14]

Unlike the limited regulatory frameworks established by APEC and the WTO, the CPTPP also contains important liberalizing measures to facilitate digital trade and establishes a foundational regulatory framework for all things digital in the region. Importantly, CPTPP keeps governments from imposing data localization measures—a recent trend among Southeast Asian governments wishing to keep information within their borders—by prohibiting data localization and protecting movement of information.[15] However, Vietnam's passage of a cyber security law in 2018 calls into question whether countries will live up to their commitments under CPTPP.

More broadly, under CPTPP, service-providing firms are able to serve in all member countries in sectors such as banking, insurance, logistics, accounting, travel and leisure. Services and investment sectors listed under the deal will be opened to companies in CPTPP, and rules regarding intellectual property, customs procedures, state-owned enterprises, competition, labor rights, and the environment will kick in for companies operating in CPTPP countries.

THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

With the CPTPP entering force in December 2018, the Regional Comprehensive Economic Partnership (RCEP) is the major piece of unfinished regional trade business. The RCEP is being negotiated by sixteen countries—all 10 ASEAN countries, China, Japan, South Korea, India, Australia, and New Zealand—and was first proposed in 2011 to boost ASEAN centrality in trade architecture, as opposed to the ad hoc nature of TPP negotiating parties.[16] A completed deal would cover 29 percent of global trade and 50 percent of the world's population. The 16 countries constitute a third of global GDP and 26 percent of the world's foreign direct investment flows.

The RCEP is meant to allow supply chains across Asia and the broader region to operate more efficiently. However, the agreement is widely forecasted to produce modest impacts on most economies as it is unlikely to reduce NTMs or affect intellectual property and services rules as the agreements largely mirror existing WTO rules. Likewise, the RCEP comes with flexibility for member states, meaning that some rules will not be homogeneously implemented and enforced in all 16 states. The large number of countries has also made it difficult to reach consensus on key issues. India has been a particularly difficult negotiating partner, partly due to concerns that China's presence in the trading bloc is a major threat to some Indian industrial sectors. As of June 2019, six years of negotiations have reached an accord on seven of the 18 chapters of the RCEP. While Thailand has stated it hopes to push for a conclusion as ASEAN Chair in 2019, political transitions in several key countries will make quick progress difficult.

During the roundtable, participants suggested that China is politically motivated to push the RCEP forward in the midst of its trade tensions with the United States, since the agreement excludes the United States. Roundtable participants, however, were not overly optimistic about quick progress.

THE CHINA VARIABLE IN U.S.-SOUTHEAST ASIA TRADE RELATIONS

China's economic trajectory, its economic activities across the Indo-Pacific, and trade tensions with the United States were also cited by roundtable participants as major variables for U.S.-Southeast Asia trade relations.

Regarding China's economy, participants suggested that China's level of productivity is likely to slow down as its working population age peaks, its wages increase, and as the technology gap between China and high-income countries narrows. Participants also highlighted risks associated with China scaling back efforts to privatize its industries. While in 2017 China sought to deleverage its state-owned enterprises (SOEs), trade tensions with the United States and the fear of an escalation pushed President Xi to return to a more state-controlled economy. Between January and October 2018, profits of Chinese SOEs grew by 17 percent compared with the same 10 months in 2017; those at private companies fell by 19 percent, China Merchant Bank numbers show.[17] The reasons for this phenomenon are twofold. First, the Chinese government has been boosting purchases from SOEs to make their debt more manageable, which has, as a result, diminished profitability in China's private sector. Second, Chinese SOEs are buying shares and investing in private companies—a common strategy employed by the Chinese government.[18] Participants feared that China's new strategy will in the long-run undermine its economy and that of the broader region. A more SOE-reliant economy will most likely distort the market, disturb existing Chinese supply chains, and affect economic growth and existing supply chains in Southeast Asia.

U.S.-China trade tensions and the implications for ASEAN economies, especially for highly trade-dependent economies like Malaysia and Vietnam, were also a key topic of discussion. There are two main channels through which U.S.-China trade tensions affect ASEAN economies. First, indirect effects through local and international supply chains: producers selling fewer goods because of tariffs respond by lowering production and buying fewer intermediate inputs from suppliers with knock on effects along domestic and international supply chains. Second, trade redirection is possible towards suppliers that are exempt from tariffs, effectively benefiting countries that are not directly involved in the trade conflict. Electronics, furniture, and textile manufacturing firms, among others, have already started moving their supply chain from China to Vietnam given its close proximity to China, its still low wages, and policies that are favorable to trade and FDI. GoerTek, a major Apple supplier, and furniture suppliers for Ikea, for example, are among the prominent companies that have already moved their production to Vietnam in recent months.[19] Malaysia's business-friendly environment will likely be attractive for communication technology and electronic integrated circuits, according to Nomura.[20] There are also potential opportunities for Thailand to capitalize on shifting supply chains, particularly in the automotive sector.

ASEAN economies will also have the opportunity to replace Chinese goods for the U.S. market. Likewise, Southeast Asia may offer alternatives to U.S. products in the Chinese market, particularly for the 120 food products hit by tariffs. Against these opportunities, higher consumer prices in the United States are likely to dampen the consumption of products marketed as "made in China" that use components sourced in other ASEAN economies, which will have negative impacts.

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Roundtable participants also discussed broader trends in Southeast Asia-China economic relations, beyond trade arrangements, which will impact U.S.-Southeast Asia trade relations. In particular, a prominent topic of discussion was China's Digital Silk Road (DSR). President Xi Jinping outlined the DSR's goals in China's 13th Five Year Plan, which dedicates a section to improving internet and telecommunication links across countries participating in the BRI. The Digital Silk Road aims to develop cross-border e-commerce and push forward digital economic development; facilitate internet penetration to close the "digital gap"; foster technological innovation sharing through regional hubs to accelerate technological transfers and R&D; share "good and high-quality internet culture; network administration sharing: improving cooperation and dialogue in the cyber space."[21] Many digital trade platforms in Southeast Asia are being developed to support and leverage China's BRI, with Chinese government-supported tech giants leading the way in setting up a digital ecosystem where China invests and collaborates with Southeast Asia-based e-businesses. Most notably, Alibaba now operates Singapore-based e-commerce platform Lazada Group, now the biggest e-commerce platform in Southeast Asia, connecting 560 million consumers across six markets. Digital trade with Southeast Asia is economically and strategically important for China given the $50 billion valuation of the region's digital economy, a number expected to quadruple in the next five years, and Southeast Asia's importance in broader U.S.-China strategic competition.[22]

UNCLEAR AND UNCERTAIN U.S. TRADE POLICY

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the appointment of WTO judges, escalating tariffs on steel and other goods from China, and renegotiating NAFTA, now the United States-Mexico-Canada Agreement (USMCA). President Trump's trade policy has led to uncertainty in Southeast Asia, where many worry that an economic downturn will affect U.S.-Southeast Asia trade relations. Many Southeast Asian nations have also been wary of potential U.S. tariffs due to trade surpluses they run with the United States, resulting in pledges to buy more U.S. products to head off retaliation.

Participants also noted that Southeast Asian countries have watched the Trump administration's negotiations with Mexico and Canada in 2018 with interest, both in terms of how the United States is dealing with trade partners and for the new USMCA's implications for their trading relationships. In particular, participants noted that under the USMCA, the Trump administration's stated goal is to "reclaim supply chains that have been off-shored to the world because of unfair trade issues."[23]

Experts also noted the USMCA's clause 32.10, wherein USMCA countries can withdraw from the deal if one of the other parties signs an FTA with a "non-market economy," which is widely seen as the United States warning its two neighbors about entering an FTA with China. This is perceived as an "us vs. them" dilemma that Southeast Asian trading partners fear they might have to face in the near future, one Southeast Asian participant noted. Whether the United States will add the same clause to potential future FTAs with ASEAN countries remains unclear. Meanwhile, due to the USMCA clause, Vietnam's official status as a "non-market economy," according to the U.S. Trade Representative, creates uncertainty in U.S.-Vietnam trade relations.[24]

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PART 2: IMPLICATIONS AND RECOMMENDATIONS

U.S.-Southeast Asia trade relations are being significantly affected by changes to regional trade architecture, various China-related variables, and Southeast Asian reactions to U.S. policy, as described above. While difficult to fully forecast how trade relations will develop in the coming years, four implications are clear:

1. **Being absent from the region's emerging multilateral trade deals means the United States' interests are being neglected as the region integrates economically.** Before the United States withdrew from the TPP in 2017, the trade deal was set to become the world's largest, covering 40 percent of the global economy, with the United States leading the way toward higher standards that would benefit the United States. The United States has huge stakes in how rules are shaped, especially in quickly evolving sectors such as technology, financial services, and digital trade. High standards for intellectual property, environmental, and labor protections also give the United States advantages and would have driven U.S. and Southeast Asian economies closer together. Similarly, TPP standards would have been a way to maintain a free and open internet and fair competition by imposing regulations on SOEs.

   Roundtable participants agreed that both economically and strategically, U.S. leadership is now more important than ever considering the spread of inward-looking and protectionist outlooks in Southeast Asia, but the United States is currently on the sidelines.

2. **U.S. companies will still benefit from new trade architecture, despite the United States not being a party, which will have implications for U.S.-Southeast Asia trade relations.** While a great deal of attention has rightfully been paid to U.S. absence from regional trade negotiations, it is important to recognize that U.S. companies are already operating in economies that are now part of CPTPP and other free trade zones and will therefore benefit. U.S. companies already well-established in Southeast Asia perceive regional trade architecture as an opportunity that they should take advantage of, one participant said. However, another participant worried that U.S. absence from emerging trade architecture will

disincentivize U.S. companies from relocating or expanding to Southeast Asia.

3. **Increasingly deep Chinese economic engagement in the region will have implications for U.S.-Southeast Asia trade relations, particularly in the digital economy**. With the United States not deeply engaged in regional trade negotiations, China in particular will gain considerable influence. As one participant said, "When the United States is less active, China moves in and expands its role in the region."

   Specifically, U.S. companies are set to lose out as the rules of the game for the digital economy are written. Alibaba and Tencent in particular are entering Southeast Asian countries with e-commerce and mobile payment services through joint ventures with local players. By providing Southeast Asian markets with cheaper options and concurrently creating an integrated digital ecosystem, China will soon provide the phones, the operators, and the platforms used by Southeast Asians in their daily life, one participant noted, which will ultimately negatively impact the position of American ICT companies and affect U.S.-Southeast Asia trade relations. China is encouraging the formation of a digital ecosystem where Southeast Asian governments, mirroring China, will have the power to filter and curate the online content circulating within their borders.

   Separately, the deterioration of China-United States trade relations is set to affect supply chains and reshuffle business dynamics in the region. While some U.S. companies are leaving China to relocate and Southeast Asia appears to be a good destination for many, it remains unclear how things will develop. "There may well be prolonged spillover effects of increased economic tensions and tariffs; other countries in the region should prepare," one discussant warned. While many Chinese companies were already slowly leaving China because of increasing labor costs among other factors, tariffs imposed by the United States will accelerate this relocalization process, especially in the electronics and automobile sectors. This dynamic could ultimately lead to greater volume of U.S.-Southeast Asia trade, but would likely increase Southeast Asian trade surpluses with the United States, potentially creating friction and new tariffs from the Trump administration.

   Finally, export-dependent, relatively open economies like Vietnam, Singapore, or Malaysia ship considerable amounts of components or parts to China for assembly that are then exported to the United States and will incur costs stemming directly or indirectly from the trade war. As the Trump administration levies tariffs on China and retaliation follows, there are fears that Southeast Asia economies, and particularly export-dependent ones, even if not directly targeted, might suffer collateral damage given the complexity of global supply chains and the inter-linked nature of trade in the region.

4. **In the near-term, stakeholders from outside the executive branch will need to demonstrate how being absent from the emerging regional trade architecture is damaging U.S.-Southeast Asia trade relations and harming long-term U.S. interests.** With the U.S. government unengaged, non-government experts should analyze and propagate data on the economic and strategic impacts of being absent from multilateral trade regimes in Asia. Congress should work to support such analysis through required studies and spotlighting these issues in hearings. Partnerships between business groups, academic institutions, and think tanks could also be a productive means to help demonstrate what the United States loses by not being more deeply engaged. While the Trump administration's sharp break in policy has created this acute need in the near-term, building broad-based recognition for the economic and strategic importance of U.S. engagement will be important regardless of who occupies the White House in future years.

CONCLUSION

U.S.-Southeast Asia trade relations are important to both sides and set to become increasingly beneficial as Southeast Asia's economies grow. The United States remains a pre-eminent power in Southeast Asia and arguably still has more economic leverage in Asia than China. However, absent changes to U.S. policy regarding multilateral trade arrangements in Asia, relations will not reach their potential. Meanwhile, the region will continue to integrate and establish norms and rules without the United States having a seat at the table, which will have particularly important consequences for U.S. integration into the digital economy of Southeast Asia. However, where it can, such as with APEC and the G20, the United States should continue to work with like-minded partners to develop forward-looking norms and standards.

U.S. absence from regional trade negotiations will also have strategic implications for the United States. With trade being one of the region's top priorities, lack of U.S. support for multilateral trade arrangements significantly degrades the United States' standing as a partner for Southeast Asia. In the context of an emergent era of strategic competition with China in the Indo-Pacific region, failing to seriously engage Southeast Asia on the future of the region's economic architecture damages U.S. strategic interests. The United States must find a way to get back in the game and collaborate with like-minded partners in the region if it seeks to remain competitive. ■

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