



POLICY COMPASS

Analysing ASEAN's Respective Stands On Taiwan

By

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The Return of Geopolitics

- ✖ As geopolitics has become more turbulent in recent days following the capture of Venezuela and, the spectre of war over Taiwan has once again become a thought in the minds of strategists
- ✖ China has long angled at retaking Taiwan, with some estimates stating it may occur in 2027
- ✖ One question is whether ASEAN states, due to geopolitical proximity, will involve themselves either directly or indirectly in the conflict. Given ASEAN's penchant for respective autonomy among its membership, a unified position is unlikely. Self-interest will be the guide of each leader.

Why is Taiwan Appealing

- ✖ The most obvious and discussed reason for Taiwan's strategic value is its chip industry. Some countries in ASEAN have economies downstream of Taiwan's chip dominance, mainly those in Assembly Testing and Packaging (ATP). Malaysia in particular has a significant portion of this market, while Vietnam is growing its current share
- ✖ Secondly, Taiwan sits in the Luzon strait, an important highway for global resources. Control of this area is essential for global trade and is a matter of keeping the lights on for many APAC economies
- ✖ The combination of nationalism and strategic justification makes Taiwan an appealing target for Taiwan. The current struggle for global resources initiated by superpowers may provide Chinese leaders with a justification, although recent domestic events serve as headwinds.

The Philippines - A Lone Holdout in the Region

- ✖ The Philippines, by virtue of geography and its US alliance, is the most exposed to a hypothetical conflict
- ✖ The Marcos Administration has looked ahead to this possible scenario, allowing a US presence in refurbished EDCA bases (particularly in the Northern Philippines, which is adjacent to Taiwan)
- ✖ While the AFP is unlikely to directly involve itself in a war, it would serve as a US partner by allowing bases to be a key jump off point for the US military into Taiwan

Shared Concerns Among the ASEAN

- ✖ While on the surface, many ASEAN members would prefer to not have any involvement in a war in Taiwan, there are shared concerns they may be forced to take action on
- ✖ Key among this is a humanitarian fallout, as Southeast Asia is a likely destination for the wave of refugees fleeing war. Second is possible economic paralysis, as all three countries whose militaries will participate in the war are cornerstones of the global economy and will devote significant amounts of resources into war
- ✖ More advanced economies with involvement in global supply chains (Malaysia, Vietnam) would at least have to strongly push for a ceasefire in the region. However, there are actual countries such as Brunei, who may even quietly profit due to their resources (crude oil) becoming more valuable in the global markets. Other countries such as Laos and Timor Leste who rely on Chinese infrastructure may also push a quiet line.

The Return Of Geopolitics

In the wake of the Trump Administration's recent foreign policy adventurism and posturing against Venezuela, Iran, Cuba and even Greenland, headlines have once again turned to geopolitics. As global resources become more constrained by population trends, climate change, and technological developments such as the AI boom and the space race, the conditions are there for leaders to once again look to impose their will on their near abroad, while angling to take their share of emerging resource bases such as the Arctic. Such conditions - scarce resources, technological shifts, and regional power dynamics - make East Asia, and Taiwan in particular, a flashpoint for renewed geopolitical competition.

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Consider the three countries widely recognised as the modern superpowers in the 21st century: the United States, China, and Russia. The United States has historically linked success in foreign policy to dominance in Latin America, a policy referred to as the "Monroe Doctrine". Russia, meanwhile, has always considered Eastern Europe as its sphere of influence, referring to post-Soviet states as its "near abroad". Both countries provide ostensibly political justifications for each doctrine. The Monroe Doctrine, for example, was dressed in the example of defending republicanism in Latin America but repeatedly invoked in the name of US natural resource interests.

Russia's need to maintain influence in Eastern Europe has an even more pertinent material component. Ukraine, currently the target of Russia's invasive war, has long been seen as strategic to maintaining Russian security. It is no surprise that China - a country with over a billion people and one of the world's resource hungry economies - would follow the same dynamic. As the country has grown richer and more powerful, its leaders have sought to remind the world of its historical primacy in Asia. For the developing economies of Southeast Asia, these dynamics are not abstract: ASEAN economies rely on stability in the region, and any conflict over Taiwan would have significant implications.

Among the superpowers, it is striking that only China has yet to turn to invasion as an option for achieving political goals in the 21st century. This may partly be due to the dizzying economic success it has seen in this century. However, it is clear that it is not because China is averse to the idea; national leaders have regularly left military force as one option on the table in the bid to reunify with the Republic of China, otherwise known as Taiwan. Some analysts have even placed 2027 as the date that China may be ready to attempt its retaking of Taiwanese territory, known as the "[Davidson Window](#)".

The question to answer is what will Southeast Asia's response be to all this? Given that it is a region adjacent to the conflict and has several economies relying on geopolitical stability in Asia for their respective growth trajectories, this is a worthwhile question. We can first discard the possibility that Southeast Asia will register a united response to the war under the banner of ASEAN. The most recent crisis of Myanmar as well as the conflict between Thailand and Cambodia have seen responses which can be described as fragmented at best. What seems clear is that individual interests would win the day, as they have done before. A keen analyst would look at the interests of each country and their actual exposure to the risks that war over Taiwan would bring.

Why Is Taiwan Appealing

To understand Taiwan's importance to ASEAN countries, one needs to look at the factors that determine its relevance to the global economy. It is fitting to start with geography, as Taiwan sits near the Luzon strait, a key conduit of global resources. As much as 28 million barrels of oil per day passes [through the South China Sea](#) and near the Luzon Strait, crude oil and LNG that powers many APAC economies. This could become very acute at the household level. Millions of people in the ASEAN are employed in the gig economy of delivery driving, which would be affected as global oil prices surge.

However important this is, another at-risk commodity could prove to be just as concerning. The Luzon strait is a significant corridor for [transoceanic data flows](#), with bulwarks such as the PLCN and SJC/SJC2 cables that are found near or even through the waterway. If these cables were to be splintered during the war, the digital economies of most ASEAN countries would be substantially hampered. Key sectors reliant on data could be

hobbled, a brutal economic shock particularly to small and resource-poor countries such as Singapore that rely on high performance digital infrastructure to even stay relevant. Outsourcing, a pillar of the middle classes in Malaysia, the Philippines and Vietnam, would likely become uncompetitive due to a lack of connectivity. Industries that took years for countries to build up would receive a severe shock.

It is not just Taiwan's location which holds strategic value to ASEAN countries. The country itself has become a massive global player in supply chains, particularly in semiconductors, which are essential for the modern tech industry. The Taiwan Semiconductor Manufacturing Company (TSMC), is key to this effort, creating semiconductors that far outstrip its rivals, and keep the global technology economy running. When combined with Taiwan's powerfully integrated ecosystem, the country occupies a spot difficult to replace in the modern economy.

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Its importance is such that it has created a downstream economy of its own. Similar to how an explosion in Chinese demand due to industrialization [subsidized](#) whole sectors such as minerals and commodities, Taiwanese semiconductors create an ecosystem of sectors which take up meaningful revenue sources for countries in the ASEAN. A key example of this is in Malaysia, with its sector of Assembly, Testing and Packaging (ATP) of wafers, accounting for [13 percent](#) of all global activity in this space. Other key examples are the Electronic Manufacturing Services (EMS) industry (Vietnam, Thailand and the Philippines) as well as the [Printed Circuit Board](#) (PCB) industry (Singapore, Malaysia and Thailand).

Even despite the possible political blowback and effects to the global economy that may occur as a result, there is a small possibility that nationalism and the ability to burst past the First Island Chain would justify an attempted retaking of Taiwan. One should note that there are significant headwinds that still make this difficult. For one, the Chinese military has been undergoing several [purges of top officials](#). Notably, the most recent military officials to have been removed from their posts were General He Weidong, who notably was also a Chinese Communist Party Member, and Navy Admiral Miao Hua. In addition, domestic considerations such as a slowing economy and the possibility of internal unrest may sharply raise the risk profile of such a move.

The Philippines: A Lone Holdout

Within ASEAN, the Philippines has made the most visible preparations for a Taiwan contingency. Geography leaves it with little choice: any conflict nearby directly affects its territory. The Marcos Administration's pro-U.S. foreign policy has enabled rapid refurbishment of key [bases](#) under the Enhanced Defense Cooperation Agreement. Lal-Lo Airport and Camilo Osias Naval Base in northern Cagayan [provide](#) forward access for U.S. forces, while the Mahatao operating base in Batanes sits roughly 120 miles south of Taiwan, offering tactical utility.

In a Taiwan conflict, the Philippines would likely be forced to act as a de facto U.S. ally, even as the region at large seeks to remain non-aligned. Philippine military leadership has [called](#) for readiness across the armed forces, and assets such as the Navy-Marine Ship Interdiction System have been [deployed](#) to Basco, Batanes, for exercises like Balikatan.

Operationally, however, the Philippines' influence on outcomes would be limited. The AFP remains primarily a ground force, more capable in counterinsurgency than in projecting power across the sea. Attention would also be divided by obligations to protect thousands of overseas Filipino workers in Taiwan. A further concern for national leadership would be avoiding a Chinese strike on Northern Luzon. While providing U.S. access is unavoidable, Manila would likely walk a diplomatic tightrope, limiting its visibility as an active combatant while enabling forward deployments. Consequently, Philippine leaders would spend more time managing fallout - economic, humanitarian, and political - than shaping battlefield outcomes.

Shared Concerns Across ASEAN

Other ASEAN states, while less visibly active than the Philippines, would also face significant risks. Humanitarian consequences, particularly refugee flows from Taiwan, could impact countries such as the Philippines and

Vietnam, which have limited experience and resources for managing such contingencies. Economic exposure, including disruptions to trade, energy, and digital infrastructure, would further limit the number of available responses.

Broadly speaking, the countries with the most to lose would be those with some geographical proximity to the Luzon Strait or significant trade ties with Taiwan. These would be the Philippines, Vietnam, Malaysia, and Singapore. Given that each country is a growth story in its own right, regional stability is likely to be of the utmost importance to its leaders. Therefore, they are likely to lobby the hardest for an end to the war, with only a slight preference for an outcome where Taiwan's political integrity is preserved.

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A second group of countries would be those whose reliance on China may lead them to take the Chinese line in the conflict. These are all countries with limited geographical exposure to a hypothetical invasion, and whose engagement will mainly be diplomatic. However, they are significantly exposed to Chinese economic leverage and will be wary of exciting its wrath during the war. One prominent example is Laos, a country that is landlocked, yet shares a border with China. Laos' leaders understand that it is badly in need of infrastructure, and it has consistently relied on Beijing to provide the investment necessary for works such as the Vientiane Boten Railway.

In addition to railways, Chinese expertise also plays a key role in the country's dreams to export energy to the world. [Hydroelectric projects](#) such as the Ou River, Nam Lik, and Nam Ngiep dams are the result of Chinese investment. For the foreseeable future, the China-Laos economic corridor will be a key part to the developmental aspirations of the Laotian communist leadership, and given this reality, it is unlikely to eschew economic realism to make any stand in favor of Taiwan.

A second country that fits this exact profile is Cambodia. While not sharing a border with China, the economic links between these two countries is something Cambodia would be averse to separating in the name of Taiwan. China is Cambodia's top [trading](#) partner, creditor, and infrastructure investor. Projects such as the [Funan-Techo canal](#), which links the Cambodian capital to the Gulf of Thailand, have been financed with Chinese assistance. In addition, China is a major source of trade and international students, a revenue stream that Cambodia does not want to lose.

Standing in between these is a third group of countries, those that are fairly insulated from the issue and are likely to remain mostly neutral. While countries such as Indonesia and Thailand might have some concerns regarding the war as it relates to regional stability, the lack of direct stakes in the matter likely means that their main concern would be not offending any party in an effort to avoid making the issue worse. Indonesia, which considers itself a kind of de facto leader in the ASEAN, may make an attempt to gather regional partners together to organize a humanitarian response, as well as a diplomatic one towards peace.

Another country that may have to formulate a policy response despite not having an official side in the invasion is Brunei. The country is dependent on selling oil, and blockades of the Luzon strait may hamper its ability to reach buyers. However, it is also likely that there will be a global increase in the price of its export of crude oil, indicating that this could also constitute an opportunity if its government can ensure that trading logistics remain unhampered.

Overall, ASEAN is unlikely to present a united front during a hypothetical Taiwan conflict. Observers should assess each country's economic and political interests - intertwined yet distinct - as the primary guide to their likely diplomatic conduct.

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