

Minilaterals are ASEAN's Way Out of the Tech War, Not Passive Hedging

It is no longer another US-Chinese trade war. Today, the competition involves rivalry in technologies such as semiconductors, artificial intelligence (AI), and key data systems. This shift is reshaping Southeast Asia's strategic and technological landscape. New minilaterals like AUKUS, the Quad, and the Indo-Pacific Economic Framework (IPEF) now play a growing role in setting the rules. Each initiative influences regional rules, standards and capabilities in distinct but complementary ways. The risk for ASEAN is clear: its [traditional consensus-based diplomacy may relegate Southeast Asia to rule-taker status](#) in a rapidly bifurcating technological landscape.

I think ASEAN must no longer be just hedging, instead supporting an agenda that will get them independently involved. It involves collaborating with different minilaterals in crucial issues such as infrastructure funding, technology policies, and sea security. Rather than viewing minilaterals as threats to ASEAN centrality, Southeast Asian nations must [leverage these arrangements to avoid collateral damage](#) in a bifurcated technological system.

Why Passive Hedging No Longer Works

Passive hedging no longer works as well. For example, the market for semiconductors has high concentrations, with [ASML dominating crucial lithography equipment](#) necessary for high-end manufacturing. The semiconductor lithography equipment market is valued [at \\$23.0 billion in 2024 and projected to reach \\$50.12 billion by 2034](#). Single market leadership poses huge risks for the ASEAN economies that are heavily reliant on imported technologies.

Meanwhile, submarine technology arrangements within [AUKUS and the Quad's](#) working groups on critical technologies are increasingly bypassing ASEAN formats. The [evolution of the Quad](#) from an informal security dialogue to a technology-driven alliance shows how minilateral agreements can quickly acquire strategic capabilities. Capital flows now are significantly dependent on "trusted supplier" status, as export controls grow to cover not only the classical dual-use items but even cloud computing services and intangible transfers of technology.

The result is widening capability and regulatory gaps within ASEAN. While [Singapore participates](#) in IPEF's supply-chain agreement, other ASEAN members remain outside key technology governance frameworks. This fragmentation threatens ASEAN's traditional unity and consensus-based approach.

Moreover, Southeast Asia has much to gain or lose in this tech war. Divergent digital markets threaten the region's economic development and innovation. The emergence of separate US and Chinese "digital technological spheres" might drag the ASEAN economies into bilateral arrangements, thus limiting market access. Worse, the missing links in [maritime surveillance](#) pose grave security threats, given that over 80% of international trade by value passes through poorly monitored sea lanes within the region. Finally, the ASEAN nations face a choice of hard realities: take the Chinese infrastructure loans that can be heavily weighted in terms of costs or stick to Western-led norms that can be capital intensive.

A Five-Point Policy Framework for ASEAN

To address these issues, ASEAN leadership might adopt a five-point policy framework. To begin with, ASEAN must establish a central information-exchanging hub based on export controls, cybersecurity, and submarine cables. It will facilitate the member states in navigating the highly complicated domains of technology governance.

Secondly, ASEAN should incorporate the [Blue Dot Network](#)'s quality infrastructure indicators into the fabric of its [sustainable finance taxonomy](#). By doing so, the clear, quantitative norms will be set for infrastructure projects funded by global partners. ASEAN should champion the idea that its [Taxonomy's multi-tiered approach, covering climate change mitigation, adaptation, biodiversity protection, and circular economy principles](#) provides a comprehensive framework.

Thirdly, a three-tier network of sea surveillance should be developed. It should ideally integrate coastal radar stations, satellite detection of the AIS, and commercial sensing facilities. The ambitious funding of the project may be obtained by cooperation with Japan, Australia, and the EU.

Fourth, ASEAN should create a concessional credit pool solely for financing key regional initiatives like facilities for the packaging of semiconductors, processing of rare-earth, and the production of battery precursors. It would be highly helpful in enhancing key technological competencies without jeopardizing regional specializations.

Lastly, ASEAN should develop voluntary guidelines aligned with [Wassenaar Arrangement standards](#) and [AUKUS "Pillar II" safeguards](#). It will balance market openness with responsible governance. These guidelines will reinforce ASEAN's credibility and commitment to global norms without hindering innovation or economic growth.

To execute this framework, ASEAN Secretariat would organize working groups under each policy initiative. The financing and technology training would be provided by Japan and Australia. It might be based on current partnerships in critical minerals and defense collaboration. India and the EU would take the lead on standards harmonization, based on their strengths in regulatory frameworks and sustainable development. The United States and China would be asked to "compete within guardrails" by proposing projects to the suggested infrastructure compact, ensuring both powers have interests in ASEAN's success while preserving the region's autonomy.

One limitation of this five-Point Policy Framework is that these arrangements may result in a "ASEAN minus X" fragmentation. However, the RCEP negotiations and the aspiring status of the CPTPP serve as examples that flexible geometry can strengthen, instead of weaken, regional integration if well-managed. The likely backlash by China can be mitigated by inclusive opt-in processes that avoid the zero-sum mindset. Budget constraints are real but manageable. ASEAN's existing unused AOIP funds, development partnership agreements, and JICA surplus capacity provide substantial resources. The key is leveraging these existing mechanisms more effectively rather than creating entirely new financial instruments.

A coalition model of hedging offers a solution. By different agreements that might divide ASEAN into [sources of strength and capability](#). By selectively taking partners in cooperation while maintaining its typical agreement-centric approach, ASEAN might find autonomy amidst technological disparities.

ASEAN can't simply sit idle as the tech world evolves. Southeast Asia shouldn't ask whether to join tech blocs but how to do it in a way that benefits all actors. The goal is to work together while staying independent. Minilaterals focus on practical issues that match today's divided tech landscape. If ASEAN works smartly on infrastructure, surveillance, export rules, and digital standards, it can stay open and still shape the future.

The real question now is: how fast can it act?