ASEAN-CHINA TRADE: PATTERNS, DRIVERS AND CHALLENGES IN THE NEW CONTEXT

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Abstract: ***ASEAN-China trade has deepened significantly since 2020, reflecting not only economic complementarities but also evolving patterns of regional geoeconomic influence and shifting power dynamics. Despite pandemic disruptions, supply chain shocks, and intensifying great-power rivalry, bilateral trade expanded to historic levels, underscoring a high degree of strategic interdependence. This article examines how China's demand-stimulus measures, infrastructure diplomacy under the Belt and Road Initiative, and strategic deployment of regional institutions such as RCEP and the ACFTA 3.0 upgrade reinforce its geoeconomic footprint and regional leadership ambitions in Southeast Asia. At the same time, ASEAN leverages its emerging role in regional value chains and a diversified FTA network to hedge against structural vulnerabilities and manage asymmetric dependence. The study assesses recent trade patterns, identifies structural risks, including persistent trade imbalances and technology-linked supply chain exposure, and evaluates their implications for regional order and strategic stability. The article concludes with policy recommendations aimed at sustaining mutually beneficial cooperation while preserving ASEAN's strategic autonomy in an increasingly contested regional environment.***

• Keywords: *ASEAN-China trade; geo-economic influence; regional value chains; RCEP and ACFTA 3.0; strategic vulnerabilities.*

Date of receipt: 08th Feb., 2026
Date of receipt revision: 21th Mar., 2026
Date of delivery revision: 27th Feb., 2026
Date of approval: 31th Mar., 2026
DOI: https://doi.org/10.71374/jfar.v26.i2.57

Introduction

In recent years, ASEAN-China trade relations have expanded rapidly and become one of the most dynamic bilateral trade corridors in the world. Since 2020, China has consistently remained ASEAN's largest trading partner, while ASEAN has emerged as a key regional market and production base supporting China's industrial supply chains. Despite the disruptions caused by the COVID-19 pandemic, global inflationary pressures, logistics bottlenecks, and volatile commodity prices, bilateral trade has not only recovered quickly but also reached new record levels. This trend reflects the growing economic complementarities between the two sides, the deepening integration of regional production networks, and the continued strengthening of institutional frameworks such as the ASEAN-China Free Trade Area (ACFTA) and the Regional Comprehensive Economic Partnership (RCEP).

At the same time, ASEAN-China trade has increasingly taken on strategic significance as both sides navigate a more contested regional environment shaped by shifting power dynamics, intensifying geoeconomic competition, and the reconfiguration of global supply chains. The evolving trade landscape is closely shaped by a "new context" characterized by both opportunities and challenges. On one hand, China's economic transformation and consumption-led growth model, the expansion of e-commerce and digital trade, and the restructuring of global value chains have created new momentum for ASEAN-China trade flows. China's rising imports of agricultural products, intermediate goods, and components have opened wider market access for ASEAN exporters. Simultaneously, the implementation of RCEP and the ongoing upgrade of ACFTA have reduced tariff and non-tariff barriers, improved rules of origin, and enhanced connectivity across the region. These developments help consolidate ASEAN's role in China-linked value chains and strengthen its position within the regional economic architecture.

On the other hand, the bilateral trade relationship also faces increasing challenges. ASEAN's persistent trade deficits with China, structural dependence on a narrow range of export products, and vulnerability to external shocks such as supply chain disruptions and global commodity price fluctuations pose risks to long-term stability. Moreover, ASEAN's rising exposure to technology-related supply chain fragmentation and the emergence of competing standards in sensitive sectors such as semiconductors and digital infrastructure highlight the geopolitical dimensions of economic cooperation. For China, rising production costs, the need to diversify supply sources, and the restructuring of domestic industries have driven adjustments in import and export patterns. At the same time, broader global uncertainties, including post-pandemic recovery asymmetries, tightening financial conditions, and the

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trend toward supply chain de-risking, continue to influence trade performance across the region.

Against this backdrop, assessing the changing patterns, underlying drivers, and emerging challenges of ASEAN-China trade is essential for understanding the evolving dynamics of regional order and geoeconomic strategy in East Asia. This article adopts an integrated approach that combines economic analysis with insights from international political economy to examine how bilateral trade has evolved under conditions of heightened strategic rivalry and institutional transformation. The study evaluates bilateral trade developments in the period 2020-2025, analyzes the key economic and institutional factors shaping current trends, and identifies the main constraints and vulnerabilities that may affect future cooperation.

Theoretical Framework

This study draws on three interconnected theoretical perspectives to analyze recent developments in ASEAN-China trade.

First, complex interdependence theory by Keohane & Nye (2012) provides a foundation for understanding the deepening two-way economic dependence between ASEAN and China. The rapid growth of bilateral trade, the resilience of supply networks during global shocks, and the expansion of cross-border production systems reflect a form of strategic interdependence that increasingly shapes regional behavior. Complex interdependence posits that economic ties, multiple channels of interaction, and issue-linkages constrain the use of coercive force and make states more sensitive to the costs of disruption in mutually beneficial exchanges. In the ASEAN-China context, this interdependence is not symmetrical; rather, it exhibits varying degrees of sensitivity and vulnerability across sectors, creating both opportunities and structural risks for policymakers.

Second, the framework of geo-economic statecraft helps explain how economic instruments, such as trade agreements, targeted import policies, infrastructure initiatives under the Belt and Road Initiative, and state-backed investment flows, are deployed by China and ASEAN to pursue broader strategic objectives. As argued by Blackwill & Harris (2016), states increasingly use economic tools as instruments of strategic influence in shaping regional outcomes. China's demand-oriented import strategy, its infrastructure diplomacy through mechanisms such as BRI and AIIB, and its role in defining regional standards and institutional norms illustrate the use of economic statecraft to consolidate influence and secure supply-chain resilience. Likewise, ASEAN uses its diversified FTA network and emerging value-chain strengths to hedge against asymmetric exposure and safeguard strategic autonomy.

Third, regional institutionalism highlights the role of regional agreements and institutional architectures, especially the ASEAN-China Free Trade Area (ACFTA), the Regional Comprehensive Economic Partnership (RCEP), and the recent ACFTA 3.0 upgrade, in shaping trade patterns, tariff regimes, rules of origin, and cross-border value-chain integration. New regionalism scholars such as Acharya (2014), Breslin (2007), and Katzenstein (2005) emphasize that regional institutions do more than facilitate trade; they embed economic behavior within a broader regional order, structure incentives, and reflect the evolving balance of influence. In the ASEAN-China context, these institutional frameworks serve simultaneously as platforms for cooperation and arenas of strategic contestation, influencing not only economic outcomes but also the trajectory of regional power relations.

Factors Influencing ASEAN-China Trade

Subjective Factors

China's opening-up and demand-stimulus policies: The Chinese government has set ambitious import targets for goods originating from ASEAN. A notable example is China's commitment to import USD 150 billion worth of high-quality agricultural products from ASEAN during 2022-2026. As of October 2025, imports under this pledge had reached USD 141.2 billion, equivalent to 94% of the targeted value (Xinhua, 2025b). In addition to agricultural commodities such as coconuts, coffee, and palm oil, China has also increased purchases of strategic imports, including metals, raw materials, and energy products, from ASEAN in an effort to diversify supply sources and reduce domestic energy shortfalls. Beijing's goal of expanding domestic consumption and rebalancing its trade accounts further encourages higher import volumes from markets like ASEAN. These demand-driven import commitments function not only as economic measures but also as instruments of geoeconomic engagement that help China consolidate influence across Southeast Asia.

Geopolitical policies and connectivity initiatives: China's Belt and Road Initiative (BRI) has stimulated infrastructure development, transport connectivity, and port expansion across Southeast Asia, thereby facilitating smoother trade flows. Regional security commitments and high-level platforms such as APEC and other international economic forums have also strengthened China-ASEAN economic cooperation. However, tensions in the South China Sea and the geopolitical confrontation strategies of several major powers pose potential risks, compelling ASEAN to carefully balance the interests of its key partners. In this context, connectivity initiatives serve a dual function: they support commercial integration while simultaneously

shaping regional alignments and influencing the strategic landscape in which ASEAN must navigate.

ASEAN's economic growth and population scale: ASEAN is one of the fastest-growing regions globally, with GDP reaching about USD 3.8 trillion in 2024 (Latiff & Azhar, 2025). The bloc's population of nearly 700 million, with an expanding middle class, creates strong demand for Chinese consumer goods, electronics, automobiles, and machinery. Differences in labor costs and production expenses between China and several ASEAN economies (such as Vietnam and Indonesia) have motivated Chinese enterprises to relocate manufacturing facilities abroad. This relocation not only increases intra-regional trade (including exports of technology, automobiles, and components to ASEAN) but also boosts China's imports of raw materials and intermediate goods from ASEAN to support export-oriented production. These shifts in production patterns illustrate how ASEAN's domestic economic transformation intersects with China's industrial restructuring, creating a web of asymmetric dependencies that shape the evolving regional order.

Objective Factors

COVID-19 and supply-chain disruptions: The global pandemic in 2020 caused severe shocks to international supply chains; however, China-ASEAN trade demonstrated strong resilience. In 2020, bilateral trade still reached RMB 1.7 trillion, up 4.2% year-on-year (HSBC China, 2020), indicating robust supply-chain integration between the two sides and joint efforts to maintain production and commercial flows during the crisis. China's rapid economic rebound and its export-import support measures also contributed to sustaining trade growth. The ability of both sides to maintain trade continuity during systemic disruption highlights the depth of their interdependence and reinforces the strategic relevance of these supply chains within broader regional stability.

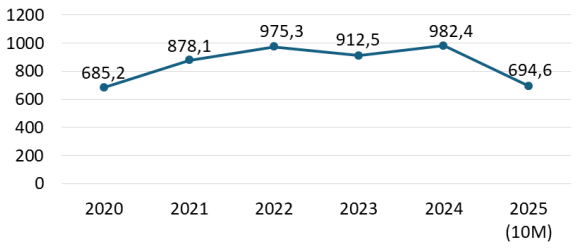
International trade tensions: The U.S.-China trade war and regional political frictions prompted many global firms to redirect supply chains toward Asia, particularly ASEAN. China strengthened its economic engagement with ASEAN to mitigate risks associated with single-source dependence. Imports of industrial equipment and components from ASEAN expanded significantly as multinational companies shifted production out of China. At the same time, the United States and other major economies increasingly view ASEAN as a critical partner, enhancing the bloc's competitive position. As major power rivalry intensifies, ASEAN's role as a strategic alternative manufacturing base has increased its geoeconomic significance, compelling the region to balance between competing supply chain spheres of influence.

Free trade agreements and regional integration: The system of free trade agreements between China and ASEAN continues to expand. The ASEAN-China Free Trade Area (ACFTA), established in 2005, was upgraded with an expanded services and investment chapter in 2019, and the latest upgrade (ACFTA 3.0) was signed in October 2025 (Xinhua, 2025a). The ACFTA 3.0 protocol broadens cooperation into digital economy, green economy, and supply-chain connectivity, with expectations of further facilitating trade. In addition, agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and particularly the Regional Comprehensive Economic Partnership (RCEP), which entered into force in early 2022, further reinforce ASEAN's centrality in the Asia-Europe economic landscape. RCEP, which includes China and all 10 ASEAN members, eliminates tariffs on more than 90% of goods and creates new opportunities for coordinated production and export across the region. These institutional developments do more than reduce transaction costs; they function as platforms through which regional norms, standards, and economic alignments are negotiated, thereby shaping the geoeconomic architecture of East Asia.

Current Situation of Bilateral Trade in the New Context

Bilateral trade between ASEAN and China expanded strongly during the period 2020-2025. In 2020, total two-way trade reached approximately USD 685.2 billion (China Daily, 2021) and continued to rise in subsequent years. Notably, bilateral trade grew to USD 975.3 billion in 2022 (Thanh Truc, 2023) and recorded a historic high of USD 982.4 billion in 2024 (Anh Tho, 2025) (Figure 1). During the first ten months of 2025, trade turnover amounted to around USD 694.6 billion, an increase of 9.7 percent year-on-year (Multilateral Trade Policy Department, 2025). ASEAN has remained China's largest trading partner for sixteen consecutive years, while China has been ASEAN's top trading partner since 2009. These figures underscore not only commercial dynamism but also the growing weight of ASEAN-China exchanges in shaping economic conditions across East Asia.

Figure 1. ASEAN-China Bilateral Trade Turnover in 2020-2025 (USD billion)



In the trade structure, China consistently maintains a trade surplus with ASEAN. According to China Customs statistics, as of October 2025, China's exports to ASEAN reached RMB 2.03 trillion (approximately USD 283.2 billion), while imports from ASEAN amounted to RMB 1.33 trillion (USD 185.6 billion), generating a trade surplus of roughly USD 97.6 billion for China (Arendse Huld, 2024). This surplus reflects ASEAN's substantial demand for Chinese industrial goods, while the region primarily supplies raw materials, intermediate inputs, and agricultural products to China. The persistence of this surplus highlights a structural imbalance that, while economically manageable in the short term, may carry political sensitivities and long-term implications for how both sides perceive the overall fairness of the relationship.

Regarding commodity composition, China's major exports to ASEAN remain manufactured industrial goods. In the first ten months of 2025, China's exports consisted largely of electronic equipment and machinery valued at USD 128.66 billion, followed by mechanical machinery at USD 64.94 billion. Petroleum and mineral fuels reached approximately USD 20.05 billion, while plastics and plastic products and iron and steel totaled USD 18.50 billion and USD 18.01 billion, respectively (Table 1). In contrast, China's imports from ASEAN are dominated by agricultural and mineral commodities as well as intermediate goods. Virtually all of China's palm oil imports, one of its key agricultural inputs, originate from ASEAN. China announced cumulative imports of USD 141.2 billion worth of ASEAN agricultural products from 2022 to October 2025, nearly fulfilling its five-year target of USD 150 billion (Xinhua, 2025b). Products such as rice, coffee, cocoa, rubber, and tropical fruits hold significant market shares in China. In the energy sector, Indonesia and Malaysia are critical suppliers of coal, palm oil, and natural gas. The region's green transition has also stimulated demand for renewable energy-related products, such as lithium batteries and solar panels, which have seen rapid export growth from China to ASEAN in recent years.

Overall, manufactured industrial goods, including machinery, electronics, and transport equipment, have recently accounted for over 90 percent of total bilateral trade between China and ASEAN in the first eight months of 2025, while the remainder consists of agricultural products, minerals, fuels, and raw materials (Global Times, 2025). In terms of growth trajectory, ASEAN-China trade continues to expand steadily. In 2021, trade rebounded strongly following the pandemic. According to China Customs statistics, bilateral trade in goods between China and ASEAN reached USD 878.2 billion in 2021, up 28.1 percent year-on-year, and further increased to around USD 970 billion (6.52 trillion yuan) in 2022, representing about 15 percent year-on-year growth (Embassy of the People's Republic of China in Brunei Darussalam, 2022). This steady performance, even during periods of external strain, illustrates the resilience of the economic ties between the two sides and highlights their role as an anchor of regional commercial stability.

Table 1. China's Major Exports to ASEAN in 2025 (January-October)

China's Major Export Categories to ASEAN	Value (USD billion)
Electronic equipment (computers, phones, televisions, etc.)	128.66
Mechanical machinery (boilers, generators, etc.)	64.94
Petroleum and mineral fuels	20.05
Plastics and plastic products	18.50
Iron and steel	18.01
Chemicals (pharmaceuticals, organic chemicals)	14.13
Automotive parts (wheels, engines, etc.)	13.06

Source: Arendse Huld (2024)

At the country level, China's trade with the six major ASEAN economies (ASEAN-6) accounts for the vast majority of total turnover. In recent years, Vietnam has remained China's largest trade partner within ASEAN. In the first ten months of 2025, bilateral trade between China and Vietnam exceeded USD 208 billion (approximately RMB 1.50 trillion) (Nguyen Hanh, 2025). Other major markets include Malaysia, Indonesia, Thailand, Singapore, and the Philippines. In contrast, Laos, Cambodia, Myanmar, and Brunei together represent only about 5 percent of regional trade turnover. These differences reflect variations in economic scale and integration depth among ASEAN members; for instance, Indonesia recently surpassed Thailand to become China's third-largest trading partner in the bloc. This growth has been reinforced by FTAs and RCEP commitments, which have consistently supported trade expansion between the two sides. Even in 2025, when global economic conditions remained challenging, ASEAN-China trade increased robustly, rising 9.7 percent in the first eight months of the year (Multilateral Trade Policy Department, 2025). These country-level patterns reveal how ASEAN's internal diversity translates into different forms of engagement with China, shaping each member state's degree of leverage, dependence, and strategic sensitivity within the broader relationship.

In summary, the 2020-2025 period highlights a deepening and increasingly diversified ASEAN-China trade relationship. The breadth of export and import structures demonstrates strong complementary advantages, forming a solid foundation for sustained bilateral economic cooperation. At the same time, the uneven distribution of benefits and exposure across sectors and among ASEAN member states underscores the need for both sides to manage the relationship with an eye toward long-term balance and regional stability.

Prospects and Policy Recommendations for ASEAN

Prospects for Bilateral Cooperation

In the new context, the outlook for ASEAN-China trade relations is generally positive, though accompanied by emerging challenges. On the positive side, the post-pandemic economic recovery of both sides continues to generate strong trade momentum. In 2025, China's economy rebounded with a growth rate of 6.2 percent, remaining the largest contributor to global economic expansion (accounting for 32 percent) (OECD, 2025). This robust recovery signals China's sustained demand for inputs and products from ASEAN, including agricultural goods, minerals, and electronic components, while providing ASEAN with a stable supply of competitively priced consumer goods, machinery, and equipment. These trends suggest that trade will remain a central pillar of the broader relationship, even as both sides adapt to shifts in global demand and new strategic pressures.

In addition, the improvement and upgrading of free trade frameworks will create further opportunities for trade expansion. The Regional Comprehensive Economic Partnership (RCEP), which came into effect in early 2022, provides broader coverage than ACFTA 2.0 and reduces tariffs on the majority of goods traded within the bloc. The signing of the Protocol to Upgrade ACFTA 3.0 in October 2025 is expected to deepen cooperation in high-potential areas such as the digital economy, green economy, logistics, and sustainable agriculture. Emerging industries, including electronics, electric vehicles, renewable energy technologies, and pharmaceuticals, are projected to benefit significantly from enhanced market-access commitments. According to China's Ministry of Commerce, ACFTA 3.0 will create substantial opportunities for industrial cooperation and market expansion, generating strong regional and global demand growth (Xinhua, 2025a). Furthermore, ASEAN has simultaneously concluded a wide network of bilateral and plurilateral FTAs (such as CPTPP and FTAs with the EU, Japan, and India), enabling the bloc to diversify its trade partners and reduce dependence on any single market.

ASEAN's medium-term growth prospects also reinforce the positive outlook. The region's GDP is forecast to grow at 4-5 percent annually, driven by infrastructure investment, a young demographic profile, and accelerating urbanization. Domestic demand in ASEAN is expected to expand, particularly in electronics, automobiles, and telecommunications services. At the same time, China is gradually shifting toward consumption-led growth and higher-quality domestic demand, which will sustain its imports of higher value-added products from ASEAN (such as technological components and premium agricultural goods). According to the Asian Development Bank, bilateral trade is likely to continue rising in the medium term as both sides capitalize on the benefits of RCEP and the upgraded ACFTA. However, long-term prospects will depend on how effectively both sides can balance growth with resilience amid increasingly complex regional conditions.

However, the medium-term outlook is not without risks. Strategic competition between the United States and China may persist, placing ASEAN under pressure to "choose sides" in sensitive supply-chain domains, such as 5G infrastructure and semiconductors. If geopolitical tensions escalate, certain high-tech goods may face export controls, potentially disrupting industrial-goods flows between ASEAN and China. These dynamics underline how shifts in major-power relations can directly affect the trajectory of ASEAN-China trade. On the economic side, China faces structural challenges, including a slowdown in the property sector and population aging, which could weigh on its future import demand. Notably, China's imports from ASEAN fell by nearly 3 percent in 2023 (Global Times, 2024). Should China's growth weaken more sharply than expected, resource-exporting economies such as Indonesia and Malaysia would be exposed to adverse shocks. In addition, growing trade imbalances pose macroeconomic risks: several ASEAN countries are recording widening trade deficits with China, which may intensify concerns over economic dependence and market vulnerability. External risks, such as a potential global recession, commodity-price volatility, natural disasters, or new pandemics, could also disrupt trade flows, underscoring the need for ASEAN and China to strengthen coordination mechanisms and ensure trade continuity. Taken together, these risks suggest that the next phase of ASEAN-China economic engagement will require a more careful balance between opportunity and resilience.

In summary, the medium- and long-term prospects for ASEAN-China trade remain broadly positive. Expanding FTAs, deeper regional integration, and the shift toward a multipolar global economy will continue to support trade growth. Many forecasts suggest that bilateral trade could maintain an annual expansion rate of 7-10 percent provided that tariff-reduction commitments are upheld and the business environment continues to improve. Yet the durability of this outlook will ultimately depend on how effectively both sides can manage political sensitivities, economic asymmetries, and emerging strategic risks.

Policy Recommendations for ASEAN

The outlook for ASEAN-China trade in the coming years remains broadly optimistic, supported by next-

generation free trade agreements (FTAs) and the large market demand on both sides. Although growth may not be as rapid as in earlier periods, cooperation is expected to deepen and diversify across more sectors. Over the next decade, bilateral trade could surpass USD 1.5 trillion annually if integration commitments are fully implemented and the regional environment remains stable (HSBC China, 2020). To realize this potential and ensure sustainable development, ASEAN needs to proactively prepare and adjust its strategies. The following sections outline key policy recommendations for ASEAN:

First, diversify production and enhance intra-regional value addition. ASEAN should capitalize on incoming investment and technology transfers from China to develop supporting industries and gradually reduce dependence on Chinese inputs. Currently, an estimated 30-40 percent of input materials used in ASEAN's exports originate from China (Laksono & Rafitrandi, 2025). Increasing the level of domestic value addition would improve production efficiency and strengthen ASEAN's competitiveness, enabling member states to export higher value-added goods to China and reduce trade deficits. Countries should prioritize attracting investment in deep-processing industries (e.g., processed agricultural products instead of raw exports, production of electronic components instead of full import dependence), thereby generating employment while narrowing structural deficits. Reducing overdependence on any single source of inputs is not only an economic objective but also a strategic necessity in an era of supply chain fragmentation. ASEAN should also diversify its sources of raw material imports, such as Japan, South Korea, and India, to mitigate risks from potential supply-chain disruptions in China. Expanding market access through existing FTAs can help reduce overreliance on a single export destination. For example, Vietnam and several ASEAN members have concluded FTAs with the EU and India; these preferential agreements should be leveraged to rebalance the bloc's overall trade position. In addition, strengthening cooperation with the United States and Japan can reduce geopolitical risks linked to excessive concentration in the Chinese market. Such diversification would give ASEAN greater room to maneuver as major power rivalry intensifies.

Second, improve logistics infrastructure and digital connectivity. ASEAN's intra-regional transport and logistics infrastructure remains uneven in quality, contributing to higher transaction and trade-related costs. ASEAN should combine Chinese financing (through the Belt and Road Initiative and AIIB) with domestic resources to modernize ports, railways, and warehousing facilities in accordance with regional standards. However, careful economic assessment is necessary to avoid potential debt risks associated with Chinese-financed projects. Completing major logistics corridors, such as the North-South and East-West economic corridors, would accelerate market access for ASEAN goods entering China and vice versa, enhancing competitiveness. Well-developed connectivity links also carry strategic value, as they influence the movement of supply chains and the relative positions of ASEAN economies within them. At the same time, ASEAN's natural endowments (land, wind, solar energy) create opportunities for developing "green" industries such as renewable energy, organic agriculture, and resource-efficient manufacturing. China has a rapidly growing demand for clean products and green technologies, including batteries and energy-efficient electronics, to meet its climate commitments. Bilateral cooperation may expand into joint renewable-energy projects and environmental-technology exchanges. Strengthening ASEAN's high-skilled technical workforce will also help the region supply technologically advanced products that meet China's rising quality requirements. Building such capabilities contributes not only to economic upgrading but also to long-term strategic resilience.

Third, manage risks and promote sustainable trade development. ASEAN must anticipate and mitigate risks inherent in its trade relationship with China. A key concern is excessive dependence: several ASEAN industries, including electronics, machinery, and chemicals, rely heavily on China for both inputs and final-market demand (Kelly & Wester, 2025). Therefore, ASEAN should diversify export markets by leveraging FTAs with the EU, the United States, and India to avoid overconcentration. Such diversification will help insulate the region from shocks arising from China's domestic restructuring or shifts in major power strategies. Another risk is the growing bilateral trade imbalance. ASEAN should strengthen dialogue with China through bilateral and regional mechanisms to encourage greater imports of ASEAN products, particularly agricultural goods and consumer products where the bloc has comparative advantage, while reducing technical barriers to ASEAN exports. Competition and labor displacement also require attention. The influx of low-cost Chinese goods can challenge domestic producers in ASEAN countries. Governments should support vulnerable sectors, improve competitiveness, and encourage technological upgrading. This approach would enable ASEAN to manage adjustment pressures without undermining the broader partnership. Finally, ASEAN and China should jointly develop sustainability standards in trade, covering traceability, phytosanitary requirements, product quality, and environmental standards, to ensure that trade growth aligns with sustainable-development goals and improves living standards.

Shared standards would also reduce friction and help stabilize expectations on both sides, which is essential for long-term cooperation

Fourth, maximize the benefits of FTAs (RCEP, ACFTA) and strengthen intra-ASEAN integration. ASEAN governments must go beyond signing agreements and focus on implementation. Following the entry into force of RCEP, enterprises need clearer guidance to utilize tariff preferences and simplified customs procedures. Updated rules of origin under RCEP allow for full cumulation within the bloc, an opportunity for ASEAN and China to co-develop regional value chains. ASEAN firms should take advantage of Chinese intermediate goods to produce final products that qualify for preferential tariffs when exported to other RCEP members. Making full use of these provisions will determine how effectively ASEAN can position itself within emerging production networks. Meanwhile, ASEAN should continue strengthening its internal integration under the ASEAN Economic Community (AEC) to build a unified market, thereby enhancing its bargaining power with China. The bloc should fully leverage RCEP and ACFTA 3.0 while accelerating the implementation of CPTPP commitments. Member states should eliminate remaining technical and tariff barriers, modernize customs processes, and prepare for deeper tariff reductions in key sectors (e.g., agriculture, technology). ASEAN should also actively propose new areas of cooperation within the ACFTA 3.0 framework, such as e-commerce, environmental protection, and digital-trade facilitation, to keep pace with emerging trends and safeguard regional interests. A more cohesive ASEAN will be better positioned to manage asymmetries in its relationship with China.

Conclusion

The period 2020-2025 demonstrates a clear deepening of ASEAN-China economic ties, supported by strong trade growth, expanding supply-chain linkages, and the continued development of institutional frameworks such as RCEP and the ACFTA upgrades. These trends reflect not only market complementarities but also the broader restructuring of production networks across East Asia.

At the same time, the evolving trade relationship carries implications that reach beyond the economic domain. The persistent trade imbalance, varying levels of exposure among ASEAN member states, and the increasing relevance of strategic sectors, such as electronics, renewable energy technologies, and digital infrastructure, highlight the need to view economic cooperation in connection with wider regional dynamics. While the fundamental drivers of trade are likely to remain strong, long-term stability will depend on how effectively both sides can manage structural vulnerabilities and shifts in the regional strategic environment.

For ASEAN, the central policy challenge is to strengthen its position within regional value chains while reducing excessive dependence on any single market or supplier. This requires sustained efforts to diversify production, deepen intra-ASEAN integration, and make fuller use of the opportunities provided by RCEP and ACFTA 3.0. At the same time, ASEAN must ensure that its trade engagement remains aligned with its broader development goals, including digital transformation, sustainability, and industrial upgrading.

For China, continued engagement with ASEAN offers a stable and expanding market, but it also requires careful attention to concerns over market access, non-tariff barriers, and the distribution of benefits across the region. Addressing these issues constructively will help maintain confidence in the partnership and support the broader goal of maintaining economic stability in East Asia.

Looking ahead, ASEAN-China trade cooperation will remain a key economic anchor in the region. However, its resilience will increasingly depend on the ability of both sides to balance opportunity with prudence by expanding economic ties while navigating geopolitical uncertainty, technological competition, and the pressures of a more contested regional environment. Achieving this balance will be essential for ensuring that the partnership continues to deliver broad and sustainable benefits in the years to come.

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