

# ASEAN at Crossroads: Strengthening Regional Unity and Malaysia's Leadership in 2025

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## *Abstract*

*As ASEAN navigates a rapidly changing geopolitical and economic landscape, its enduring commitment to regional peace, stability, and prosperity remains as vital as ever. The Association has evolved from a modest regional grouping into a key driver of dialogue, cooperation, and integration in the Asia-Pacific and beyond. In 2025, Malaysia's Chairmanship comes at a pivotal moment; one that calls for renewed unity, strategic foresight, and collective action to ensure that ASEAN continues to serve as a cornerstone for regional security and sustainable development.*

**Keywords:** ASEAN, South Asia, Hegemony, SAARC, Geopolitics, Territorial Imbalance.

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### **ASEAN's Journey: From Fragility to Resilience**

**W**hen ASEAN was founded in Bangkok in 1967,<sup>1</sup> as an intergovernmental organisation, Southeast Asia was a region marked by conflict, ideological division, and mistrust. The five founding members; Indonesia, Malaysia, the Philippines, Singapore, and Thailand envisioned an organisation that could gradually build trust, foster socio-economic cooperation, and create conditions for peace and political stability. Nearly six decades later, ASEAN has grown into a community of 10 nations, representing a population of more than 660 million people and a combined GDP of around US\$ 4.2 trillion. Its transformation has been remarkable. Where war and rivalry once loomed, today there is dialogue and partnership. Where economic fragmentation existed, today there are thriving supply chains and integration efforts. These achievements are not accidental. They rest on ASEAN's DNA; consensus-building, dialogue, non-interference, and respect for sovereignty. These principles have enabled ASEAN to withstand crises from the Cold War and the Asian financial crisis to the COVID-19 pandemic while maintaining its central role in the regional affairs.

### **Timor-Leste: The Newest Member of the ASEAN Family**

The inclusion of Timor-Leste as ASEAN's 11<sup>th</sup> member after a 14 year application process, marks a historic milestone in ASEAN's journey.<sup>2</sup> Timor-Leste, is Asia's youngest nation which was ruled by Portugal for three centuries until 1975 and then annexed by its neighbour Indonesia. The acceptance of a country with 1.4 million people, with an economy that generates about \$2 billion annually from oil and gas and having a collective \$3.8 trillion gross domestic product, significantly<sup>3</sup> reflects the

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<sup>1</sup> "History," ASEAN Main Portal, accessed October 22, 2025, <https://asean.org/the-founding-of-asean/>.

<sup>2</sup> "Timor-Leste to Become Asean's 11th Member in October, Formalised at KL Summit," Vietnamnews.Vn, accessed October 22, 2025, <https://vietnamnews.vn/world/1725847/timor-leste-to-become-asean-s-11th-member-in-october-formalised-at-kl-summit.html>.

<sup>3</sup> "Timor-Leste, Asia's youngest nation, becomes ASEAN's 11th member," *Indo-Pacific Defense Forum*, Reuters, Oct 31, 2025. <https://ipdefenseforum.com/2025/10/timor-leste-asias-youngest-nation-becomes-aseans-11th-member/>

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Association's openness and commitment to building a truly inclusive Southeast Asian community. Timor-Leste's accession underscores ASEAN's principle of "leaving no one behind" and its goal of fostering shared prosperity across the region. Malaysia welcomes Timor-Leste's participation as it embarks on its path of integration into ASEAN's political, economic, and socio-cultural frameworks. The process will be gradual but transformative, ensuring Timor-Leste benefits from regional cooperation while enriching ASEAN with its unique culture, history, and youthful dynamism.

### **Diplomacy Anchored in Dialogue**

The power of ASEAN's approach to peace was recently reaffirmed when Malaysia facilitated a high-level dialogue between Cambodia and Thailand following rising tensions<sup>4</sup> stemming from historical grievances on shared borders drawn by French colonisers in 1907. Nationalism was used by both the governments to rally political support and rivalry between powerful families. The constructive engagement of both the US and China, with a fear whether the conflict was localised or a proxy, was marked as an unprecedented success of quiet diplomacy.<sup>5</sup> The border closure could have disrupted \$3.5 billion annual trade and tourism, which generates a key revenue source for both the nations.<sup>6</sup> Malaysia has long played a constructive role in peace-building across the region; from facilitating peace talks in Southern Thailand to supporting the Mindanao peace process in the Philippines.<sup>7</sup> After becoming the Prime Minister in late 2022, Anwar Ibrahim spoke publicly about long-standing grievances in Southern Thailand and the Southern Philippines and advocated stronger ASEAN

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<sup>4</sup> "Thailand and Cambodia Agree to Malaysia Talks Amid Border Conflict," *The Middle East Observer*, accessed October 22, 2025, <https://meobserver.org/middle-east/egypt/2025/07/28/thailand-and-cambodia-agree-to-malaysia-talks-amid-border-conflict/>.

<sup>5</sup> "Thailand and Cambodia Agree to 'Immediate and Unconditional Ceasefire,'" BBC, July 28, 2025, <https://www.bbc.com/news/articles/c5yl9l60e3no>.

<sup>6</sup> Saeed Minhas, "Behind the Battle: Is Thailand-Cambodia Really China vs US?" *thethinktank Journal*, July 20, 2025. [thinktank.pk/2025/07/25/behind-the-battle-is-thailand-cambodia-really-china-vs-u-s/](https://thinktank.pk/2025/07/25/behind-the-battle-is-thailand-cambodia-really-china-vs-u-s/)

<sup>7</sup> "PM Anwar's Leadership Reinforces Malaysia's Role As Regional Peace Facilitator," BERNAMA, July 30, 2025, <https://asean.bernama.com/news.php?id=2451052>.

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action on the Myanmar crisis as well. In January 2025, when Malaysia assumed the ASEAN chairmanship, there were already expectations from him that he would offer renewed direction to ASEAN grappling with multiple challenges. His efforts reflect Malaysia's enduring belief that peace is not imposed but nurtured through dialogue and trust.<sup>8</sup>

This outcome was not just a diplomatic achievement of Malaysia alone, it was a demonstration of ASEAN's collective and enduring convincing power. It showed that even in a world fractured by major power rivalry, ASEAN retains the ability to offer neutral, credible platforms for dialogue. The lesson is clear: peace is best sustained through patience, diplomacy and trust, not force. These qualities pronouncedly advocate ASEAN's centrality and unity. However, ASEAN cannot take these values for granted since centrality is not a birth right and unity cannot always be guaranteed. They are privileges that must be continually defended.

ASEAN must always remain vigilant against external pressures. Sensitive regional issues such as the crisis in Myanmar, where ongoing political and humanitarian crisis emerged due to a military coup in 2021, or the complexity of the disputes in the South China Sea, involving China, Vietnam, the Philippines, Malaysia, Brunei, and Taiwan, must not be allowed to be exploited by third parties. Permitting them to turn into theatres for great power competition can brutally fracture ASEAN's strength. It lies in its ability to take charge of its own future, through its own mechanisms, on its own terms.<sup>9</sup>

ASEAN in its five point proposal to Myanmar has demanded an immediate cessation of violence, dialogue among all parties, and an initiation of a

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<sup>8</sup> Ilango Karuppannan, "Diplomacy without Drama: Malaysia's Role in the Cambodia-Thailand Conflict," *RSIS Commentary*. 05 August 2025 <https://rsis.edu.sg/rsis-publication/rsis/diplomacy-without-drama-malaysias-role-in-the-cambodia-thailand-conflict/>.

<sup>9</sup> Lina Alexandra and Andrew W. Mantong, *Dealing with the Current Myanmar Crisis under Cambodia's ASEAN Chairmanship in 2022: Analysis and Recommendations* (2022), <https://www.jstor.org/stable/resrep44697>.

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mediation process through a special envoy's visit to Myanmar. At the same time, the military government of Myanmar is not allowed in high-level ASEAN meetings, including the recent summit, till the time consensus plan is implemented. ASEAN has simultaneously engaged in several diplomatic initiatives as well. For instance, the Extended Informal Consultation was held in Bangkok. It, however, remained elusive due to a disunited approach. The member states remained divided and Myanmar's military also continued its resistance to the consensus to uphold the organisations' defined route of peace and stability.

Similarly, in the South China Sea, there are overlapping claims by the contesting states on islands, reefs and maritime areas. ASEAN is continuously striving for negotiations and implementing a Code of Conduct in the South China Sea. It promotes engagement in cooperative activities too.

Malaysia continues to uphold ZOPFAN (the Zone of Peace, Freedom and Neutrality), a framework first adopted in 1971, that remains intrinsically relevant in guiding ASEAN's approach to today's multipolar order.

### **Economic Resilience: A Future Built on Integration**

ASEAN's strategic weight is underpinned by its economic dynamism. With close to 40% of its population under the age of 35, ASEAN represents one of the world's youngest and most promising consumer markets. Collectively, ASEAN is already the world's fifth-largest economy, and if current trends hold, it could become the fourth largest by 2030.<sup>10</sup> Yet it faces challenges like development gaps between member states. Similarly, non-tariff barriers continue to hinder intra-ASEAN trade, which remains below potential at roughly 22% of total ASEAN trade.<sup>11</sup> Unlocking ASEAN's full potential requires renewed commitment to integration.

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<sup>10</sup> Satu Limaye et al., *ASEAN MATTERS FOR AMERICA MATTERS FOR ASEAN* (Asia Matters for America, n.d.), <https://www.usasean.org/sites/default/files/2023-10/2023-ASEAN-Matters-for-America.pdf>.

<sup>11</sup> "Non-Tariff Barriers Still Hinder Intra-Asen Trade, Say Economists," *The Edge Malaysia*, May 29, 2025, <https://theedgemalaysia.com/node/757230>.

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Malaysia, as Chair, is determined to reinvigorate the ASEAN Economic Community.

At the 47<sup>th</sup> ASEAN Summit in Kuala Lumpur, on October 26-28 2025, Digital transformation remained central to its agenda. It was aimed at enhancing the unimpeded flow of goods and services while reducing tariff and non-tariff barriers that burden businesses. ASEAN's digital economy is projected to reach US\$ 1 trillion by 2030.<sup>12</sup> Its Digital Economy Framework Agreement, currently being negotiated, will serve as the backbone for cross-border e-commerce, data governance, and innovation across the region. At the same time, ASEAN is modernising trade arrangements with key partners, including China, India, and the Republic of Korea.<sup>13 14</sup> These partnerships will help ASEAN deepen its integration into global supply chains, while ensuring that growth remains inclusive.

### **Empowering the Youth: ASEAN and Pakistan's Shared Future**

The power of youth is ASEAN's greatest asset. With more than 213 million young people under the age of 35, ASEAN's future will be shaped by their creativity, innovation, and resilience.<sup>15</sup> Youth-led start-ups already contribute significantly to the region's digital economy, while education and mobility programmes such as the ASEAN Youth Volunteer Programme (AYVP) are fostering a sense of shared regional identity.

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<sup>12</sup> Mima Sefrina, "An Inclusive Digital Economy in the ASEAN Region," *Economic Research Institute for ASEAN and East Asia*, March 2024, <https://www.eria.org/uploads/An-Inclusive-Digital-Economy-in-the-ASEAN-Region.pdf>.

<sup>13</sup> "ASEAN Is South Korea's Second Largest Trading Partner After China," BERNAMA, September 24, 2025, <https://asean.bernama.com/news.php?id=2470807>.

<sup>14</sup> "China-ASEAN Trade and Investment Relations," *China Briefing News*, August 9, 2024, <https://www.china-briefing.com/news/china-asean-trade-and-investment-relations/>.

<sup>15</sup> *ASEAN-UNICEF Conference on 21st Century Skills and Youth Participation*, Conference Report (unicef, 2018), <https://www.unicef.org/eap/media/3496/file/ASEAN-UNICEF%20Conference%20on%2021st%20Century%20Skills%20and%20Youth%20Participation.pdf>.

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Pakistan, too, has a youthful population, with more than 50% under 30. This demographic strength mirrors ASEAN's own trajectory. Together, ASEAN and Pakistan can drive cooperation in digital innovation, vocational training, entrepreneurship, and sustainable technology. By investing in youth, both can transform demographic potential into economic opportunity and contribute to their successive regional stability.

### **Sustainability at the Core**

Economic progress must go hand in hand with sustainability. Under Malaysia's Chairmanship theme, "Inclusivity and Sustainability," environmental resilience is placed at the centre of regional priorities. One flagship initiative is the ASEAN Power Grid, a long-term project to link member states' electricity networks and support the transition toward renewable energy. This initiative not only strengthens energy security but also attracts long-term green investments vital for our collective future. Similarly, ASEAN is working to accelerate cooperation on climate adaptation, sustainable finance, and food security; issues that directly affect the lives of hundreds of millions across the region.

### **Pakistan and ASEAN: A Relationship with Untapped Potential**

ASEAN's 58<sup>th</sup> anniversary is also a moment to reflect on its partnerships beyond Southeast Asia. In Islamabad, the occasion highlights the longstanding ties between Pakistan and ASEAN. Pakistan has been a Sectoral Dialogue Partner of ASEAN since 1993, and has consistently supported ASEAN-led mechanisms.<sup>16</sup> Over the years, cooperation has touched areas such as trade, agriculture, education, and culture. Pakistan has also expressed its aspiration to become a Full Dialogue Partner, a status that would elevate its engagement to the highest level.<sup>17</sup>

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<sup>16</sup> Ambassador Ameer Khurram Rathore, "Towards Deeper Engagement: Realizing the True Potential of Pakistan-ASEAN Relations," *PIVOT*, August 1, 2024.

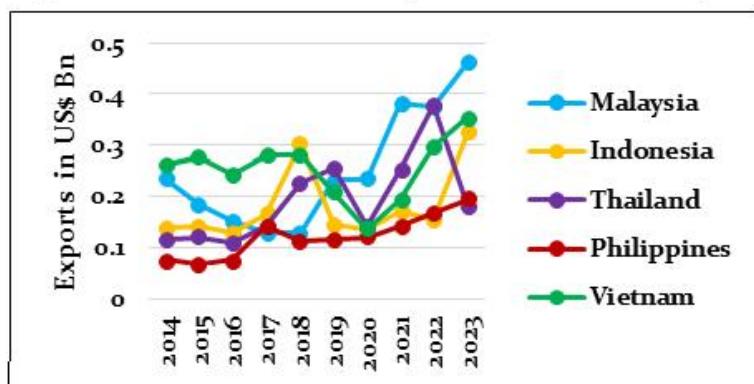
<sup>17</sup> "Pakistan Urges Full ASEAN Dialogue Status at Strategic Roundtable," The Nation, August 8, 2025, <https://www.nation.com.pk/08-Aug-2025/pakistan-urges-full-asean-dialogue-status-at-strategic-roundtable>.

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Malaysia recognises the seriousness of this request. Partnership with ASEAN is not about numbers; it is about principles, commitment, and shared aspirations. With its youthful population, strategic geography, and growing economy, Pakistan has the potential to complement ASEAN's vision of an inclusive, rules-based, and cooperative regional order.

There is an upward trend identified in the export data of Pakistan's exports to Malaysia, Vietnam, and Indonesia in the past ten years. Recently, the bilateral trade with Malaysia, Indonesia, and Vietnam gained momentum in the trade volume with Malaysia and Indonesia reaching US\$1.5bn and US\$3.34bn in 2023, respectively. Similarly, the exports of Pakistan to Vietnam had been around US\$0.35 billion although there can be low trade figures seen with Thailand and the Philippines. No formal Free Trade Agreement (FTA) between Pakistan and the Philippines is there at the moment. In order to improve trade relations by lowering tariffs and other trade barriers, the FTA has yet to be formed.

**Graph:** Pakistan- ASEAN Exports in US\$ Bn (10 years)



Source: <https://tradingeconomics.com/>

The ongoing ASEAN-Pakistan Practical Cooperation Areas (PCA) 2024–2028, provides a structured framework to deepen collaboration in key sectors such as, trade and investment, education, digital transformation,

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culture, and human resource development.<sup>18</sup> This framework serves as a foundation to strengthen engagement and operationalise practical cooperation while supporting Pakistan's aspiration to become a Full Dialogue Partner of ASEAN.

Pakistan's role as a bridge between South Asia, Central Asia, and the Middle East could offer valuable synergies for ASEAN in areas such as connectivity, energy, and trade. Moreover, people-to-people ties, from education exchanges to cultural diplomacy will provide a strong foundation for deeper engagement. As Chair, Malaysia will ensure that Pakistan's aspirations are considered with fairness and thoughtfulness, in line with ASEAN's principles and long-term interests.

### **ASEAN in 30 Years: A Vision for the Future**

Looking three decades ahead, ASEAN's trajectory is promising. By 2055, the region is projected to become the world's fourth-largest economy, with digital connectivity and green innovation at its core.<sup>19</sup> A truly integrated ASEAN could serve as a model for regional cooperation; one that balances prosperity with inclusiveness, and growth with sustainability. This vision will only be realised if ASEAN continues to uphold its founding principles; unity, consensus, and mutual respect, while adapting to new realities of technology, climate change, and shifting global power dynamics.

### **Charting the Path Forward**

ASEAN at 58 faces both promise and peril. The global landscape is becoming increasingly turbulent, shaped by economic uncertainty, technological disruption, and intensifying great power competition. However, ASEAN's history shows that adversity can also be a catalyst for unity and innovation. The way forward is clear: ASEAN must remain consistent, credible, and community driven. It must resist complacency, defend its centrality, and embrace partnerships that are grounded in mutual

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<sup>18</sup> "ASEAN-Pakistan Sectoral Dialogue Partnership: Practical Cooperation Areas (2024 – 2028)," n.d.

<sup>19</sup> "ASEAN Likely to Become World's 4th-Largest Economy," Arab News PK, accessed October 22, 2025, <https://www.arabnews.pk/node/1091821/metrics/aggregate>.

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respect. With the right political will and solidarity, ASEAN can continue to matter, not only to its eleven member states, but also to its partners, including Pakistan.

As we mark the 58<sup>th</sup> anniversary of ASEAN's establishment in 2025, we need to reaffirm our shared commitment to building bridges by choosing dialogue over discord; and by working together for a future anchored in peace, resilience, and cooperation. ASEAN's strength lies not in its size, but in its unity of purpose, and its diversity of voices. We may speak more than ten languages, practice different faiths, and celebrate distinct traditions, but we share a single aspiration: a peaceful, prosperous, and united ASEAN community that stands tall in the world.

Malaysia under the leadership of the Honourable Prime Minister Datuk Seri Anwar Ibrahim is steadfast and committed to taking the agenda of ASEAN centrality forward. Considering the existing excellent relationship between the two countries in the realms of government-to-government, business-to-business and people-to-people, ties will take a leap forward in years to come, contributing significantly to regional peace and prosperity. ■

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