Trump 2.0: What It Means for the Indo-Pacific

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Trump's return to the White House has profound implications for the Indo-Pacific, given his focus on strategic competition with China, tariffs, and scepticism toward security alliances. Combined with Trump's notorious unpredictability, his second administration presents challenges for some and opportunities for others.

Economy

Trump's aversion to trade deficits and fondness of tariffs could challenge many Indo-Pacific economies. During his campaign, Trump promised a 10% universal tariff on US imports and a 60% tariff on goods from China to

increase revenue and reduce trade deficits with other countries. Although it remains unclear if these tariffs will materialise, early signs suggest China will face significant pressure, with Trump accusing Beijing of unfair trade practices. Vietnam is another country at risk of being targeted by Trump's administration, due to its large trade surplus with the US (the 3rd highest after China and Mexico). However, Trump's economic pressure can also create opportunities. During Trump's first presidency, Vietnam was the biggest beneficiary of the US-China trade war, profiting from trade and investments diverted away from China. Similarly, Indian companies hope they can benefit from the US seeking alternatives to Chinese markets.

Security

In terms of security, the biggest challenge will be Trump's unpredictability, which can deter foes but also reduce the credibility of US security assurances. His transactional approach may increase demands on allies to bolster their defences, creating uncertainty over US commitments and potentially emboldening adversaries such as China or North Korea. Doubts about US security assurance have already led some in South Korea to contemplate building the country's own nuclear weapons to deter its northern neighbour. Other allies also have to be cautious, especially those in conflict with China, such as the Philippines, Vietnam, and Taiwan. With Taiwan under increasing pressure from Beijing, any lost credibility of the US readiness to defend its allies could be lethal, giving China the opportunity to exploit security vacuums. However, Beijing itself must remain wary of Trump, as experts predict that the strategic rivalry between the US and China is likely to intensify. Trump's cabinet picks, including China "hawks" such as Marco Rubio and Mike Waltz, underscore his administration's tough stance on Beijing.

Diplomatic Relations

Regarding diplomatic relations, Trump is expected to prioritise bilateral deals over multilateralism. For China, Trump's return presents both a challenge and an opportunity. As mentioned, Trump cabinet picks hold "China hawk" credentials and his campaign rhetoric on China has raised concerns in Beijing. Nevertheless, Trump's willingness to negotiate and favourable remarks about Chinese President Xi Jinping may open new opportunities for US-China relations. Trump's return to office is welcomed in India, which could benefit from his close ties with Prime Minister Narendra Modi. Similarly, Trump's presidency presents an opportunity for North Korea to break its diplomatic isolation, recalling Trump's unprecedented meetings with Kim Jong-Un during his first term, potentially bolstering the regime's legitimacy as a global actor.

As Trump's administration unfolds, countries in the region will need to adapt to his transactional approach and navigate the uncertainty his presidency may bring.