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**STRATEGIC IMPLICATIONS OF CHINA'S BRI
AMID TRUMP 2.0'S TARIFFS:
AN INTERREGIONAL PERSPECTIVE**

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ABSTRACT

Trump 2.0's tariff policies have generated significant disruptions to both domestic and global economic systems, necessitating strategic multilateral responses to mitigate their effects. As China continues to rise as the world's second-largest economic power within the context of US-China rivalry, its Belt and Road Initiative (BRI) has attracted increasing global attention as a potential alternative framework for economic cooperation. Grounded in neoliberal institutionalism, which emphasises the feasibility of interstate interdependence, this article analyses the strategic implications of the BRI from the perspective of interregionalism—defined as economic connectivity across regions—in response to Trump 2.0's tariffs. It also explores the broader implications of the BRI for US-China power dynamics under the second Trump presidency. This study primarily employs a qualitative analysis based on secondary data sources, including IMF economic reports, as well as scholarly and policy-oriented literature on BRI implementation at both intraregional and interregional levels. Drawing on contributions from scholars, such as Pencea, Yang, Khalid and others, alongside institutional sources including the ASEAN-China Centre, the article evaluates the extent to which the BRI can counterbalance the adverse effects of tariff-driven economic fragmentation. The findings suggest that while Trump's tariffs exert negative impacts on US economic performance and international credibility, China's BRI contributes to strengthen its global favourability and economic resilience without inducing systemic economic decline. Despite ongoing criticisms—particularly regarding debt-trap diplomacy and transparency—the BRI is argued to function as a strategic interregional mechanism capable of mitigating tariff-related disruptions and reshaping US-China power relations. Overall, the study concludes that, with continued institutional refinement, the BRI remains a significant vehicle for sustaining interregional economic integration within the evolving international economic order.

Keywords: China's Belt and Road Initiative, tariffs, Trump 2.0, interregionalism.

INTRODUCTION

The US and China are observed to be moving in markedly contrasting directions: the former is deviating from the international free-trade system and broader international economic order, whilst the latter is becoming increasingly integrated into it. On the US side, in service of US hegemony, Trump regards tariffs as multipurpose instruments for trade negotiation and restoration of domestic manufacturing. However, Trump's tariffs intensify protectionism and deglobalisation—i.e. a shift towards a less interconnected and more anarchical world—and represent a deviation from the international system (Kornprobst & Wallace, 2025; Rediker, 2024). These tariffs also deliver a substantial blow to both the US economy and the international economic order (Prabhu, 2024). For instance, Trump 2.0's tariffs are likely to heighten production costs for US corporations and increase domestic inflation, thereby weakening US purchasing power (Partridge, 2025). At the same time, they disrupt established global supply chains and place the international economic system at risk (Dezan Shira & Associates, 2025; Egan, 2025; Partridge, 2025). In contrast, on the Chinese side, Pencea (2022) observes that China has made remarkable economic progress through deeper integration into the international economic system. Within the context of globalisation—defined as the spread of transplanetary and, more recently, supraterritorial connections between people (Scholte, 2008)—China, as the world's second-largest economic power, continues to promote interregionalism, i.e. economic connectivity that transcends regions (Jusoh, 2021; Litsegard & Mattheis, 2023). This is particularly evident in China's Belt and Road Initiative (BRI) which spans both land and maritime domains (Bao, 2021; Kim, 2022; Lu & Moorthy, 2025). According to the World Bank (2018) 71 economies (including China) accounted for 35% of global FDI inflows and 40% of global merchandise exports in 2017. As of early 2024, more than 140 countries—representing nearly 75% of the world's population and over 50% of global GDP—have participated in the BRI (KPMG Global, 2022). At the same time when interstate transactions and interdependence are expanding (Scholte, 2008), China, through the BRI as a major institutional platform, has advanced interregional engagement, in contrast to the more inward-oriented trajectory of the Trump-led US.

As the roles of the US and of China are being redefined, China's BRI may assume a strategic role in sustaining interregional economic connectivity in the face of Trump's tariffs, which challenge international free-trade norms and the broader international economic order. Accordingly, two major research questions are advanced for analysis in this article. First, what key strategic implications does China's BRI carry in response to Trump 2.0's tariffs? Second, what impacts might China's BRI have on US-China relations under a second Trump presidency?

This article is organised into several parts. First, it provides an extensive analysis of the strategic implications of China's BRI in countering Trump's tariffs. This section elaborates on how the BRI, as an interests-connecting institution, may functionally mitigate potential China-targeting risks arising from these tariffs. Such risks include the weakening of Chinese purchasing power and the potential deterrence of China's economic development. In response to these challenges, the article assesses the concrete implementation of the BRI as a major multilateral platform. In particular, it examines: (1) intrastate regional trading arrangements (such as intraregional Guangdong–Hong Kong–Macao Greater Bay Area (GBA) and Hainan Free Trade Port (FTP) initiatives) aimed at strengthening domestic economic resilience; and (2) international strategic shifts towards ASEAN, including engagement with key ASEAN founding member such as Malaysia (notably as the 2025 ASEAN Chair and a strategic partner of China), as well as the ASEAN+5 RCEP framework. Through China's trade and infrastructural resilience, these strategies and institutional arrangement—at both intrastate and

interstate levels—help to mitigate the adverse effects of Trump’s tariffs on China’s economic growth and on the stability of the international economic order.

Secondly, this article examines the prospects of US-China power rivalry through the instruments of the BRI amid Trump 2.0. This section analytically discusses the role of China’s BRI in shaping changes in US-China dynamics as a result of the global repercussions of Trump 2.0’s tariffs. In other words, US-China geopolitical dynamics may be reshuffled: China becomes more interconnected with the international economic system through the instruments of the BRI, whereas the US increasingly deviates from that system through its use of tariffs. It is further argued that favourability towards, and confidence in, China’s state capacity are rising, while confidence in the Trump-led US—particularly in managing US-China relations and global economic issues—has declined sharply.

Finally, this article proposes policy recommendations concerning the BRI that may help to further circumvent the effects of Trump 2.0’s tariffs while remaining conducive to both China’s economy and the international economic order. These include: 1) greater intraregional self-sufficiency and empowerment; 2) expanded interregional partnerships with tariff-affected economies that support free trade; and 3) enhanced institutional transparency alongside strengthened diplomatic resilience. In doing so, the article seeks to shed light on theoretical perspectives—beyond Western-centric bias—regarding the strategic implications of China’s BRI within the context of US-China competition. Despite persistent criticisms concerning the nature and function of the BRI as a non-Western interregional institution (for instance, allegations of debt-trap diplomacy), the BRI remains a significant strategic counterforce to Trump’s tariffs, which themselves generate disruptive global impacts. Moreover, the initiative is reshaping China-US power dynamics and contributing to the emergence of a multi-regional geopolitical landscape in which US hegemony is no longer absolute.

THEORETICAL UNDERPINNINGS

To contextualise strategic implications of the Belt and Road Initiative (BRI) in response to Trump 2.0’s tariffs, it is pertinent to examine the nature of the BRI and its interregionalism through the lens of Neoliberal Institutionalism. Neoliberal institutionalism theory provides state actors with cooperative channels through the incorporation of global institutional structures, as well as through interstate interdependence, to address security concerns (Baldwin, 2014; Baldwin, 2016; Powell, 1994; Keohane, 1984; Keohane & Nye, 1998; Kadir, 2025, p. 159). It emphasises the vital role of institutions, trade, cooperation and interdependence in shaping and reshaping state behaviour (Baldwin, 2014; Baldwin, 2016; Bao, 2023; Keohane, 1984; Keohane & Nye, 1998; Kadir, 2025, p. 159; Powell, 1994). Furthermore, neoliberal institutionalism posits that cooperation can, under certain conditions, emerge from complementary interests, and that institutions—broadly defined—affect the patterns of such cooperation (Keohane, 1984: 9; Powell, 1994, p. 326). The theory thus suggests that institutions play a vital role not only in facilitating international cooperation (Powell, 1994) but also in shaping broader patterns of global governance (Hurrell, 2007). This theoretical perspective helps to conceptualise the BRI as an interregional linchpin that connects nations and regions, contributing to institutional reconstruction in the international system, particularly in the context of a retreating, Trump-led US.

In specific cases of the BRI—examined in detail in subsequent sections—including intrastate and intraregional initiatives such as the GBA and FTP, as well as interregional engagements with ASEAN member states and the ASEAN+5 RCEP framework, China’s approach can be seen to align with

neoliberal institutionalist principles. In this context, China seeks to counter economic threats and risks arising from Trump 2.0's tariffs by mobilising well-established intraregional institutional instruments alongside ongoing interregional frameworks. Moreover, neoliberal institutionalism helps explain the foundation of Chinese economic development, which has been driven by institutional reform, international trade, commercial interdependence, and both bilateral and multilateral investments during globalisation (Bao, 2021; Scholte, 2008), rather than by the use of counterproductive tariff measures.

RESEARCH METHODOLOGY

This article draws on data sampled from a range of underlying materials and sources, including published books, journalistic reports, and academic archives. These sources address: (1) the development of China's BRI, and (2) its strategic implications amid US-China power rivalry in response to Trump's tariffs. Based on these materials, the article selectively assesses the accomplishments of the BRI in terms of intraregional trade preferences, state policy orientations, and interregional partnerships in the context of Trump 2.0's tariffs.

More specifically, the article employs comparative case studies to examine how China's BRI may demonstrate strategic capacity in mitigating the adverse impacts of Trump 2.0's tariffs, which threaten to disrupt the international free-trade system and broader economic order. These analyses are supported by IMF reports as well as the work of economists and international relations (IR) scholars. The selected case studies include representative examples both within and beyond China. For cases within China, the article critically examines domestic special regions such as the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and the Hainan Free Trade Port (FTP). These initiatives not only strengthen intraregional economic linkages that benefit local economic actors (through lower taxes and incentives) but also attract foreign direct investment (FDI) and international talent. For cases beyond China, the article analyses the BRI's transnational engagements with key trading partners, particularly ASEAN and RCEP frameworks, as mechanisms for sustaining economic development across both ASEAN and China. This approach also sheds light on China's strategic shift towards diversified international development, reducing reliance on the US market, as discussed by IR scholars and geopolitical analysts.

While the BRI has been subject to criticisms—particularly regarding debt-trap diplomacy, lack of transparency, and the use of economic statecraft as alleged by some foreign actors—this article advances counterarguments that emphasise cost-benefit considerations in light of the broader disruptions caused by Trump's tariffs. It argues that, despite its limitations, the BRI's commitment to interregionalism, carries greater strategic weight when confronting the far-reaching challenges posed by such tariffs on a global scale. In the face of these shared challenges, the international economic system underscores the importance of interregional interdependence and cooperation among both state and institutional actors—a dynamic that is effectively understood through the lens of neoliberal institutionalism.

Strategic Implications of China's BRI against Trump's Tariffs

This section seeks to analyse the strategic implications of China's Belt and Road Initiative (BRI) for the country's economic resilience and strategic capabilities in the face of Trump's tariffs. The analysis comprises two main components: (1) an examination of the general strategic leverage of the BRI,

underpinned by neoliberal institutionalism and (2) an assessment of the BRI's strategic implementation at both intrastate and interregional levels. In addition, the section critically considers the role of the BRI in promoting interregional trade diversification, as well as its implications for US-China relations under Trump 2.0.

Development Strategy of BRI as Leverage against Trump's Tariffs

In contrast to Trump 2.0's tariffs and the resulting deviation from the international economic order, China's BRI development strategy can be categorised into three main dimensions: (1) the BRI remains committed to, and increasingly integrated within, an international economic system characterised by interdependence; (2) it generates significant and far-reaching geopolitical influence; and (3) it seeks to reshape established global institutions and governance structures through interdependence. These dimensions are analysed in detail as follows.

First, in terms of both self-empowerment and international connectivity, China's development strategy aligns closely with an international economic system grounded in interdependence through the BRI framework. Underpinned by its growing financial and economic strength, China announced the BRI in 2013 as a flagship model for foreign economic engagement, characterised by an organic linkage between the domestic economy and global markets, where trade, investment, and infrastructure are transnationally interconnected (Abd Rahman & Jusoh, 2023; Habib et al., 2025; Holzer & Hackler, 2022; Kim, 2022; Lu & Moorthy, 2025). Internationally, the BRI enhances China's trade capacity by linking Asia, Europe, and Africa through both land-based and maritime networks (Bao, 2021; Kim, 2022; Lu & Moorthy, 2025; Pencea, 2022), while also expanding economic relations with Central, Eastern, and Southeastern Europe (Du & Zhang, 2022, p. 78; Pencea, 2022, p. 112). During the period of Trump 1.0, participation in the BRI increased significantly, rising from at least 65 countries in 2013 to approximately 80 by 2018 across Asia, Europe and Africa. This expansion encompassed nearly two thirds of the world population, with infrastructure investment demand estimated at around US\$4 trillion (Hillman, 2018; Kim, 2022; Pencea, 2022, p. 114; National Development Bank and UN Development Programme and Peking University, 2017, p. iii). By 2022, the BRI had expanded to approximately 138 countries, representing a combined GDP of US\$23 trillion and a total population exceeding 4.4 billion (Pencea, 2022, p. 113). These interregional economic achievements have enabled China to establish a robust economic foundation through extensive international networks, thereby strengthening its capacity to withstand external economic risks. In this context, China's institutional linkages have become increasingly embedded within the global economic system, reinforcing patterns of economic interdependence among state actors.

Secondly, building on the interregional economic dynamics it has established, the BRI seeks to expand China's geopolitical influence on a global scale in response to the risks posed by US tariffs. China has aimed to leverage the BRI more effectively through expanded interregional agreements and policy instruments to enhance its overall strength. In addressing domestic pressures—such as economic slowdown, reduced purchasing power and US-imposed high-tech restrictions—China recognizes that overcoming these challenges requires both autonomous industrial advancement and sustained interdependence with regions beyond US influence. Accordingly, “there may be specific policy areas in which China's influence goes global” (Arcas, 2022, pp. 35-36; Fu, 2019, p. 1; McBride et al., 2023). For instance, China has pursued advanced production capabilities in its key coastal regions by concluding additional bilateral free-trade agreements within the Asia-Pacific region” (Arcas, 2022, p. 36; McBride et al., 2023). In parallel, the BRI promotes Eurasian connectivity to

strengthen economic interdependence and extend China's global influence (Du & Zhang, 2022; Kim, 2022).

Thirdly, within the context of a US-led global order, the BRI seeks to reshape global institutions and governance structures through expanded interdependence in resources, capabilities and networks available to China. The BRI constitutes a comprehensive strategy that integrates economic, social, cultural dimensions of both "hard" and "soft" power (Pencea, 2022, p. 114; Fu, 2019, p. 1). It should not be understood solely in terms of infrastructure development and outbound investment in trade and transport (Pencea, 2022, p. 113), rather, it also contributes to the evolution of institutional and regulatory standards, as well as the development of financial linkages and cultural exchanges (Pencea, 2022, p. 113). China's rise has accelerated global trade, FDIs, and economic growth, and has, in turn, "deeply transfigured the world economic system" (Pencea, 2022, p. 112). In this context, the BRI enables China to "seek a leading role in global rule-making and governance" (Pencea, 2022, p. 112). To advance this objective, the BRI operates as a multilayered China-centric strategy that supports domestic economic reform and technological advancement, while simultaneously contributing to the reshaping of the world economy, rules, institutions and governance structures (Pencea, 2022, p. 115).

Case Studies of BRI's Interregionalism to Counter Trump's Tariffs

Within the broader framework of the BRI—aimed at advancing China's self-empowerment and international economic development strategy—the initiative encompasses both intrastate regional development within China and interregional engagement beyond its borders. The case studies presented in this section include: (1) intraregional development initiatives, such as the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and the Hainan Free Trade Port (FTP); and (2) interregional partnerships with key trading blocs, particularly ASEAN, as well as alignment with interregional trade agreements such as the RCEP. This section therefore conducts focused case studies to examine how the GBA and FTP, alongside China's partnerships with ASEAN and the ASEAN+5 RCEP framework, may strategically function to mitigate the effects of Trump's tariffs.

Case Study of Domestic GBA and FTP under the Framework of the BRI

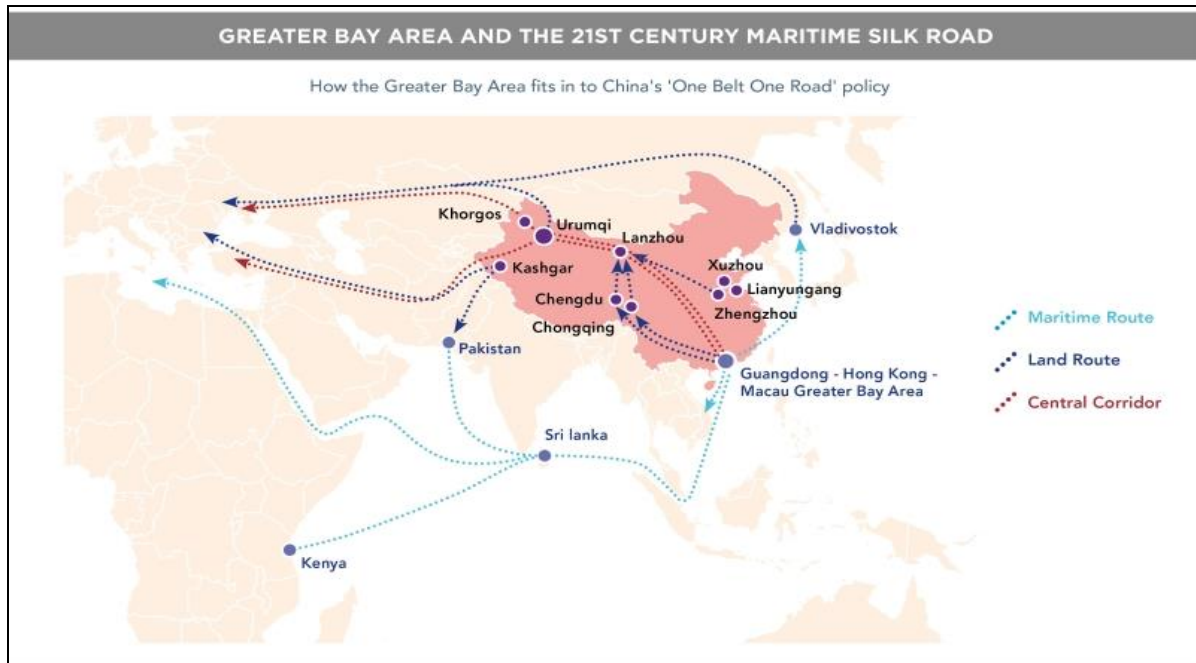
With regard to the GBA, its strategic implications as a major economic hub can be understood in terms of: (1) institutional arrangements that facilitate deeper international trade and investment; and (2) a catch-up strategy aimed at enhancing competitiveness with major Western economic powers. The following analysis of the GBA is primarily grounded in the framework of neoliberal institutionalism.

Firstly, the GBA aligns with international market arrangements that promote trade interdependence, not only among Chinese cities but also with China's geopolitical partners. The GBA—covering an area of approximately 56,000 km² and a population of around 86 million—is part of the BRI and plays a strategic role in fostering market integration among Guangdong (the largest economic province in mainland China), Hong Kong (a leading Asia-Pacific international financial centre) and Macao (the second highest-GDP-per-capita economy) (Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, 2019). Through this integration, a robust intraregional economic foundation is established within China. Furthermore, as illustrated in Figure 1, the GBA extends its trade interdependence beyond domestic linkages with cities such as Chengdu and Chongqing to international connections with countries including Pakistan, Sri Lanka and regions such as East Africa (e.g., Kenya), many of which are considered strategic partners of China. Within this interregional framework, the development of a maritime-interconnected network centred on the GBA—aimed at

facilitating resource distribution and strengthening geopolitical cohesion—may serve to geographically counterbalance the effects of Trump’s tariffs, which also impact these partner economies.

Figure 1

Greater Bay Area and the 21st Century Maritime Silk Road



Source: Meneses, J. P. (2023, October 28). Special report – GBA, “An important support pillar for the BRI.” Macau News Agency. <https://www.macaubusiness.com/special-report-gba-an-important-support-pillar-for-the-bri/>

Secondly, the GBA with its strong economic foundation and geopolitical linkages plays a strategic role in progressively catching up with—and potentially outperforming—major US Bay Areas. Statistically, the economic scale of the GBA increased from 10.8 trillion *yuan* in 2018 to 14 trillion *yuan* in 2023. By the end of 2023, it had surpassed the approximately US\$1.8 trillion economy of the New York Bay Area and the US\$1.38 trillion of the San Francisco Bay Area, where manufacturing and production costs remain comparatively high (Meneses, 2023). In this regard, the GBA demonstrates competitive economic strength relative to these advanced US Bay Areas. Supported by this robust economic base, the GBA promotes multilateral trade and investment, industrial production and FDI in a cost-effective manner. Ultimately, underpinned by resource interdependence, the accumulated economic capacities within the GBA—as a key Chinese economic zone—may help offset the adverse effects of Trump’s tariffs, which are designed to attract manufacturing and investment back to the US.

The Hainan Free Trade Port (FTP) is similarly aligned with the BRI in promoting commercial and economic interdependence and resilience (Cao, 2024; Dong & Bian, 2024). Its strategic significance can be understood in terms of: (1) enhancing interregional connectivity through highly competitive policies, including among the lowest corporate tax rates; and (2) demonstrating alignment with an international neoliberal framework from which the Trump administration has increasingly departed.

Firstly, the Hainan FTP, as China’s largest free trade port, promotes interregional economic connectivity and resilience through its comparatively low corporate income tax rates relative to Hong Kong, Singapore and the US. As shown in Table 1, Singapore’s corporate and personal income tax rates stand at 17% and 22%, respectively, while those in Hong Kong are 16.5% and 17% (CGTN, 2021). In contrast, the Hainan FTP—another key component of the BRI—offers a significantly lower corporate tax rate of 15%, aimed at attracting high-skilled global talent and incentivising resilient trade and investment (Cao, 2024; China Daily, 2023; Dong & Bian, 2024). By comparison, according to Lautz and Fano (2025), the US federal corporate tax rate remains at 21% under the 2017 Tax Cuts and Jobs Act (TCJA) and has remained unchanged under the “One Big Beautiful Bill Act” (OBBA Act). When combined with state-level taxes, the overall corporate tax rate averages approximately 25.6% (Michel & Loucks, 2025). These comparatively higher US tax rates, together with Trump’s tariffs, are likely to further increase production, manufacturing and labour costs, thereby discouraging capital investment in the US. In this context, as production and manufacturing costs in the US remain relatively high—and are further elevated by tariff measures—the lower corporate tax regime of the Hainan FTP serves to stimulate FDI and industrial production in China through enhanced interregional connectivity.

Table 1

Corporate Income Tax Rates and Top Personal Income Tax Rates in Singapore, Hong Kong SAR, and the Hainan Free Trade Port, China

	Corporate Income Tax Rate	Top Personal Income Tax Rate
Singapore	17%	22%
Hong Kong of China	16.5%	17%
Hainan of China	15%	15%

Source. Hainan FTP along China’s Belt and Road (CGTN, 2021, April 18). <https://news.cgtn.com/news/2021-04-18/Hainan-FTP-along-China-s-Belt-and-Road-ZoCJVSL5g4/index.html>

Secondly, the Hainan FTP, as part of the BRI, reflects China’s strategy of deepening interconnectivity within the international economic order, from which Trump administration has increasingly withdrawn. To address shared economic security concerns, the Hainan FTP serves an experimental platform for advancing economic interdependence and integration with key trading partners (Dong & Bian, 2024). Dong and Bian (2024) argue that the intraregional and neoliberal oriented Hainan FTP—characterized by minimal tariff barriers and lower corporate tax rates than those of Hong Kong, Singapore, and the US—offers opportunities to align with, and potentially surpass, high-standard international economic rules. Even as Trump 2.0 continues to impose additional tariffs on China, the Hainan FTP, with its low or near-zero trade barriers, plays a resilient role in attracting internationally competitive investment, as well as cost-effective goods and services, as it seeks to align with global neoliberal free-trade benchmarks. In this sense, consistent with the interregional development strategy of the BRI, the Hainan FTP represents not merely a domestic economic initiative, but a reconfigured mode of institutional engagement with the international economic system (Dong & Bian, 2024). By contrast, Trump’s “America First” strategy prioritises domestic economic interests and limits US participation in the international free trade system, which is perceived as contributing to trade deficits. As regional economic powers observe the increasingly inward-looking stance of the US alongside China’s expanding international engagement, FDI flows into the Hainan FTP have increased, reflecting a preference for interdependence. These trends stand in sharp contrast to Trump’s tariff policies, which exhibit weaker alignment with the principles of the international economic order.

Case Study of Interregional Partnership by the BRI with ASEAN

On an international stage, the expansion of China’s economic interests in trade and investment liberalisation under the BRI framework is likely to intensify economic competitiveness in the Global South (Cronin, 2025). In this context, China’s strengthening trade ties with ASEAN provide a representative case of its strategic pursuit of economic resilience and interdependence. The following case studies of China-ASEAN economic relations highlight key strategic implications in response to Trump’s tariffs, including: (1) the deepening of commercial and trade interconnectivity between China and ASEAN; and (2) China’s strategic pivot towards non-US-centric mechanisms, such as the ASEAN+5 RCEP framework.

Firstly, with regard to trade interdependence between China and ASEAN as a collective entity—where all ten ASEAN member states are participants in the BRI—both sides, despite being targeted by Trump’s tariffs (ranging from 10% to 40%, as shown in Table 2), continue to prioritise interregional connectivity and economic interdependence, consistent with the principles of neoliberal institutionalism. Although the US remains a significant actor in the ASEAN region—often viewed as a key arena of US-China strategic competition—ASEAN-China economic ties are unlikely to weaken, given the advantages of economic scale and geographical proximity. Quantitatively, since the inaugural China-ASEAN Expo (CAEXPO), bilateral trade has expanded from approximately US\$124.3 billion in 2004 to approximately US\$911.7 billion in 2023. Over the same period, ASEAN’s share of China’s total foreign trade nearly doubled, rising from 9.2% to 15.4% (Vietnam VN, 2024). In the first eight months of 2024 alone, China-ASEAN trade reached 4.5 trillion yuan (approximately US\$638 billion), representing a 10% year-on-year increase and accounting for 15.7% of China’s total foreign trade (Vietnam VN, 2024). In terms of investment, although the US remains the largest source of foreign investment in ASEAN, China has emerged as the third-largest investor since 2022, with investment flows reaching US\$18.65 billion in 2022 and US\$17.3 billion in 2023 (Vietnam VN, 2024). Notably, ASEAN surpassed the US as China’s largest export market in 2023, with China’s exports to ASEAN increasing by an additional 12% in 2024, while ASEAN’s exports to China grew by 2% (Kelly & Wester, 2025). Since 2020, China and ASEAN have become each other’s largest trading partners (ASEAN Studies Centre, 2024). Taken together, these developments highlight ASEAN’s growing importance as a critical channel for China’s exports and as a central pillar of its interregional trade connectivity under the BRI framework.

Table 2

US Reciprocal Tariff Rates on ASEAN Member States (All of which are BRI Participants)

ASEAN Member State	Reciprocal Tariff Rate
Singapore	10%
Cambodia	19%
Indonesia	19%
Malaysia	19%
The Philippines	19%
Thailand	19%
Vietnam	20%
Brunei	25%
Laos	40%
Myanmar	40%

Source. Implications of U.S. Tariffs on Southeast Asia: Navigating the Trade Tumult. (Sidley, 2025, August 19). <https://www.sidley.com/en/insights/newsupdates/2025/08/implications-of-us-tariffs-on-southeast-asia-navigating-the-trade-tumult>

In contrast, the US is no longer China’s largest trading partner, as China has undertaken a strategic shift in its export orientation towards non-US regions, particularly within Asia. Over previous decades, China exported substantial volumes of goods to the US—at times reaching approximately US\$4 worth of goods for every unit referenced—and bilateral trade expanded significantly following China’s accession to the WTO in 2001 (Bradsher, 2025). More recently, however, China’s direct exports to the US declined by around one-fifth in July, 2025 as US purchasers reacted to rising costs associated with Trump’s additional 30% tariffs (Bradsher, 2025). At the same time, China’s exports to Southeast Asia (as well as Africa)—key regions within the Global South that also serve as reconsignment hubs to the US—have grown at more than twice the rate of its overall export growth (Bradsher, 2025). In response to US protectionist measures, including Trump’s tariffs, China—while still reliant on external trade and commercial interdependence—has increasingly pivoted towards non-US markets, particularly ASEAN. Notably, China and ASEAN have been each other’s largest trading partners since 2020.

Secondly, with regard to interdependence between China and individual ASEAN member states, China’s economic engagements with Malaysia—ASEAN Chair for 2025, a founding member of ASEAN, and a key strategic partner of China—serves as a representative example of ASEAN-China interregional resilience (Habib et al., 2025). As Malaysia continues to advocate interregionalism and free trade through the reduction of trade barriers (Habib et al., 2025)—an approach that contrasts with Trump’s protectionist stance—China-Malaysia economic ties are shaped by shared strategic interests. Given that Malaysia is also among the countries affected by Trump’s tariffs, its position as ASEAN Chair in 2025 enhances its ability to influence regional decision-making and the policy orientations of other tariff-affected ASEAN member states. In parallel, China has strengthened its strategic pivot towards ASEAN within the broader context of US-China rivalry, further consolidating cooperation through closer alignment with Malaysia in particular.

Table 3

China-Malaysia Trade Value, 2019-2023

Year	Total Trade (US\$ Billion)	China Exports to Malaysia (US\$ billion)	China Imports from Malaysia (US\$ billion)
2019	123.96	52.13	71.83
2020	131.16	56.43	74.73
2021	176.8	78.74	98.06
2022	203.59	93.71	109.88
2023	190.2	87.3	102.8

Source. Dezan Shira & Associates (2024), China Briefing: China-Malaysia Closer Economic Ties and Opportunities. <https://www.china-briefing.com/news/china-malaysia-closer-economic-ties-and-opportunities/>

Table 4

China’s Direct Investment in Malaysia, 2018-2023

	2018	2019	2020	2021	2022	2023
FDI newly-added (US\$ billion)	1.66	1.1	1.37	1.34	1.61	1.43
FDI in stock (US\$ billion)	8.39	7.92	10.21	10.36	12.05	13.48

Source. Dezan Shira & Associates. (2024). China Briefing: China-Malaysia Closer Economic Ties and Opportunities. <https://www.china-briefing.com/news/china-malaysia-closer-economic-ties-and-opportunities/>

From the perspective of bilateral trade and investment scale, the data further illustrate the strength of China-Malaysia economic ties. As shown in Table 3, China-Malaysia trade volume increased from US\$123.96 billion in 2019 to US\$190.2 billion in 2023, representing a growth rate of 53.45%. This upward trend continued, with trade reaching a record high of US\$212.04 billion in 2024 (Dezan Shira and Associates, 2024). Similarly, as indicated in Table 4, China's direct investment stock in Malaysia rose from US\$8.39 billion in 2018 to US\$13.48 billion in 2023, marking a comparable growth rate of 60.67%. Notably, both trade and investment growth rates exceeded 50% over the respective periods. As a result, Malaysia has become China's 10th largest global trading partner and the second-largest within ASEAN (Dezan Shira and Associates, 2024; Habib et al., 2025), while China remains Malaysia's largest trading partner (Habib et al., 2025). This robust foundation of bilateral trade and investment provides both countries with greater capacity to mitigate the effects of US tariffs—estimated at around 19%—particularly as they reduce their reliance on the US market.

Case Studies of China's BRI in Partnership with RCEP

China's BRI, in partnership with the ASEAN+5 RCEP framework, carries two major strategic implications: (1) the benefits of economic and commercial interdependence outweigh power rivalry within East Asia; and (2) such interregional partnerships promote strategic alignment and autonomy in responding collectively to Trump's tariffs. These dynamics are analysed in detail as follows.

Firstly, the partnership between China's BRI and the ASEAN+5 RCEP framework highlights the primacy of economic and trading interdependence over geopolitical rivalry within East Asia. The ASEAN+5 RCEP mechanism represents an inclusive model of ASEAN-led regionalism, aimed at mitigating potential power rivalries—such as those between China and Japan or between Japan and South Korea—through institutionalised economic cooperation. In line with neoliberal institutionalism, and in the face of shared economic security concerns, the RCEP framework enables major regional economies to prioritise trilateral and multilateral trade cooperation over historical and territorial disputes (Ward, 2020). Furthermore, given neoliberal institutionalism's emphasis on institutional interdependence and economic connectivity, the BRI complements this framework by providing a broader interregional platform through which China and ASEAN member states can collectively pursue economic integration. This remains the case even in the presence of underlying tensions, such as maritime disputes in the South China Sea. In essence, the prioritisation of interregional cooperation over bilateral rivalry within East and Southeast Asia contributes to sustaining regional cohesion in the face of external challenges.

Secondly, the partnership between China's BRI and the ASEAN+5 RCEP framework underscores a process of strategic realignment in response to Trump's tariff policies, grounded in their economic significance and interregional orientation. The ASEAN+5 RCEP framework offers competitive economic advantages that enhance regional diplomatic bargaining power. Ward (2020) and McCormack (2020) estimate that RCEP accounts for over 30% of global trade and a comparable share of global output, encompassing a market of approximately 2.3 billion people. It also facilitates low-cost production and management, while promoting trade liberalism from which major Asia-Pacific economies benefit (Ward, 2020). In this context, within ASEAN's regional diplomacy, the RCEP framework represents a key element of the "ASEAN Way" of institutionalism, providing a distinctive form of strategic leverage in response to Trump's tariff policies. Additionally, from the perspective of neoliberal institutionalism, China's BRI complements this framework by fostering interregional connectivity across Asia, Europe and Africa (Bao, 2021; Kim, 2022; Lu & Moorthy, 2025; Pencea, 2022), including expanding economic relations with Central, Eastern, and Southeastern Europe (Du &

Zhang, 2022, p. 78; Pencea, 2022, p. 112). By 2022, the BRI has extended to 138 countries, representing a combined GDP of approximately US\$23 trillion and a population exceeding 4.4 billion (Pencea, 2022, p. 113). When the RCEP framework and the BRI are considered together, this partnership contributes to the development of higher-value production chains and the diversification of global supply chains. As a result, exposure to the adverse effects of Trump's tariffs may be reduced for both ASEAN economies and China through strengthened interregional linkages.

Nevertheless, the implications of RCEP remains subject to debate. While McCormack (2020) presents an optimistic assessment of RCEP's economic and strategic significance—highlighting its contribution to trade volume, global output and regional leverage—Ward (2020) offers a more sceptical perspective, viewing RCEP primarily through a Realpolitik lens. Ward (2020) argues that, due to diverse levels of development among member states, RCEP's relatively flexible provisions may yield more geopolitical than geo-economic implications. From this perspective, RCEP can be understood as a geopolitical mechanism through which China seeks to safeguard its domestic macroeconomic position. As Ward (2020) observes, "RCEP reinforces economic interdependence in Asia, where China is likely to exert influence over rule-setting in the Asia-Pacific region."

However, Ward (2020)'s perspective tends to overlook a balanced cost-benefit analysis. The interregional interdependence fostered by the combined frameworks of the BRI and RCEP provides a practical model for collectively addressing the fragmenting effects of Trump's tariffs on the world economy. It may therefore be unrealistic to expect the ASEAN+5 RCEP framework to be institutionally comprehensive or fully effective from the outset, particularly within the context of US-China major-power rivalry. Nevertheless, the strategic ambition of both the BRI and RCEP to preserve and strengthen interregional interdependence represents an initial yet consequential step that contrasts with Trump's tariff policies, which are often associated with hegemonic objectives.

In summary, as best explained through the lens of neoliberal institutionalism, China's interregional BRI enhances its trade resilience in the face of Trump's tariffs. China has already begun to reorient its supply chains and trade relations away from the US following the imposition of such tariffs (Khalid, 2025). In response to US tariff measures—framed by Trump as instruments of transactional diplomacy (Cronin, 2025; Gupta, 2025)—China has strengthened its trade and investment ties with alternative non-US economic regions, particularly Southeast Asia, through the BRI and related interregional partnerships (Huld, 2025; Khalid, 2025). As a result, the expansion of the BRI across non-US regions, especially ASEAN has contributed to a recalibration of China's trade relations with the US. Given that ASEAN and China are each other's largest trading partners, that all ASEAN member states participate in the BRI, and that China is a key participant in the RCEP framework, their shared exposure to Trump's tariffs has further reinforced bilateral interdependence in trade. Consequently, interregional trade resilience between China and ASEAN can be sustained, even amid the pressures generated by US tariff policies.

Impacts of China's BRI on the Dynamics of US-China Rivalry amid Trump 2.0

Building on the preceding analysis of the strategic implications of the BRI in countering Trump's tariffs policies at both regional and interregional levels, this section examines the broader impacts of China's BRI on US-China major power rivalry in the context of Trump 2.0. In particular, it focuses on shifts in the structural dynamics between the two powers, especially with regard to the credibility and economic strength. From the perspective of neoliberal institutionalism, China's BRI continues to expand interregional economic influence, infrastructure development, and resource allocation

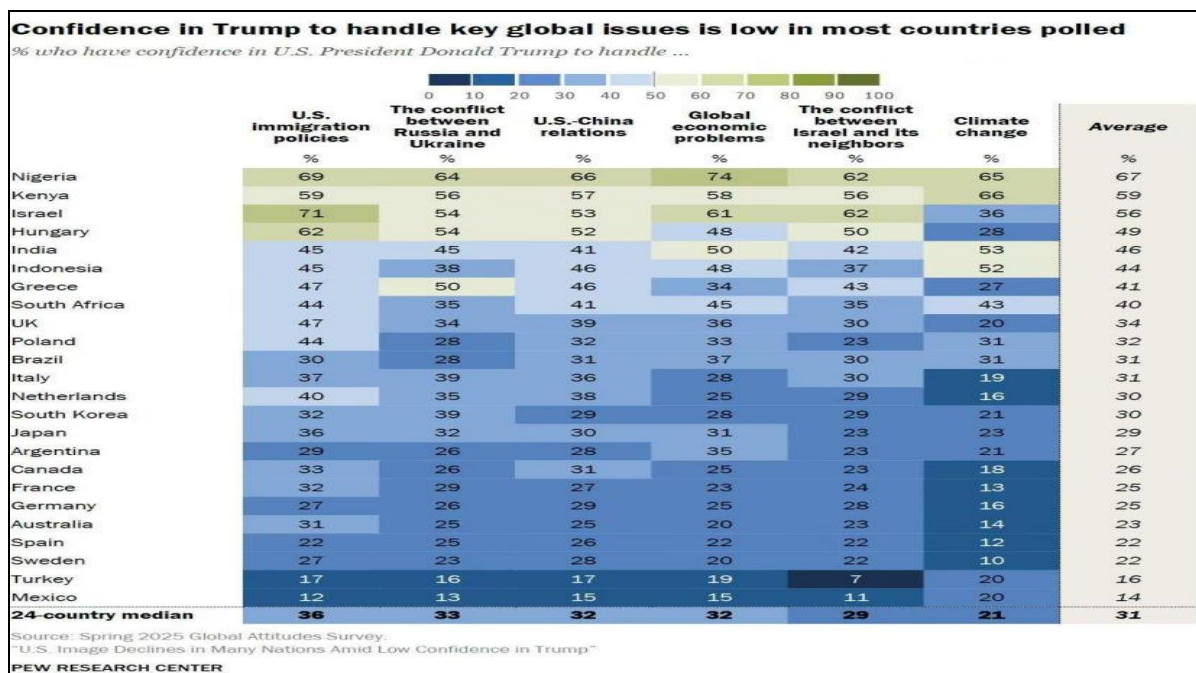
networks. In contrast, the Trump-led US adopts a more inward-oriented and protectionist approach, characterized by tariff measures and reduced engagement in multilateral economic frameworks. These divergent strategies contribute to observable changes in the dynamics of US-China rivalry, particularly in terms of diplomatic credibility and, more significantly, economic strength.

Changes in US-China Diplomatic Credibility amid Trump 2.0

Firstly, in terms of diplomatic credibility, China’s interregionalism approach under the BRI has contributed to increasing favourability and confidence among partner countries, whereas US tariffs policies have undermined confidence in American leadership. Trump’s tariffs on imports from China—one of the United States’ largest trading partners—reflect a broader trend of deglobalisation and deviate from what may be characterised as “smart-power” diplomacy, which emphasizes the cultivation of international credibility and influence without unnecessary confrontation (Bao, 2024). As a consequence, confidence in US diplomatic credibility appears to have declined under Trump 2.0. Evident from Table 5, based on a survey conducted by Wike et al. (2025) across 24 countries, indicates that majorities in many countries express limited confidence in President Trump’s ability to manage key international issues. This trend is particularly evident among traditional US partners including Canada, Mexico, Australia, Turkey, and several core EU states such as France and Germany. With regard to US-China relations and global economic challenges, only 32% of respondents expressed confidence, while a significantly larger proportion report low confidence. This finding suggest that coercive tariff policies have adversely affected global perceptions of US diplomatic credibility and leadership capacity, particularly in managing US-China relations and broader economic issues.

Table 5

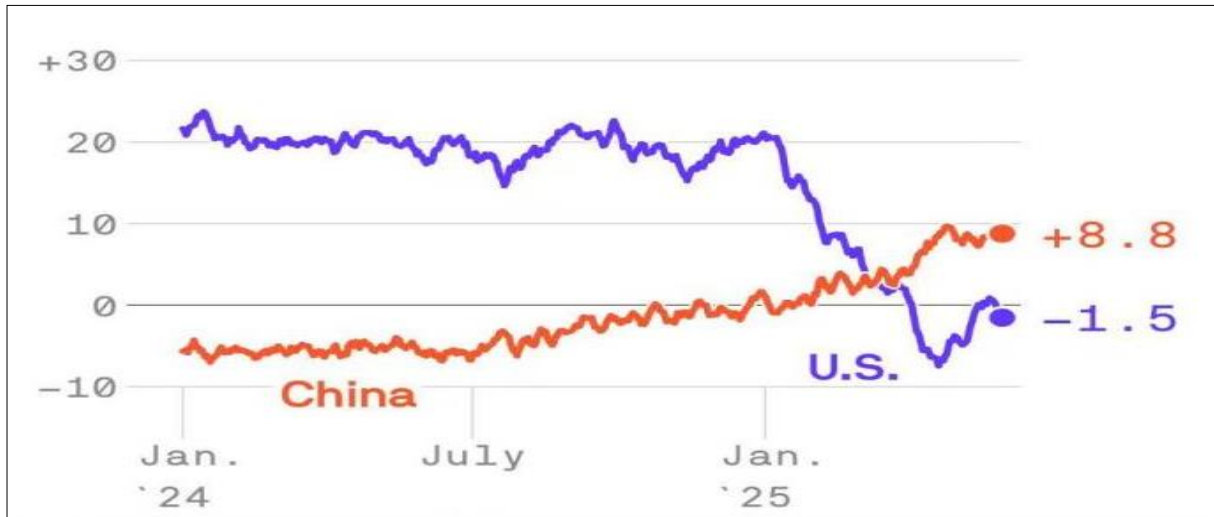
U.S. Image Declines in Many Nations amid Low Confidence in Trump



Source. Confidence in Trump to Handle Key Global Issues is Low in Most Countries Polled. From Wike, et al. (2025, June 11), Pew Research Center. <https://www.pewresearch.org/global/2025/06/11/confidence-in-trump-to-handle-global-issues/>

Figure 2

Global Average Net Favourability of the US and China (1 January, 2024 – 30 May, 2025)



Source: Peck, E. (2025, June 2). AXIOS. <https://www.axios.com/2025/06/02/china-us-global-opinions>¹

In contrast, China's extensive engagement has contributed to a notable improvement in its diplomatic credibility. As illustrated in Figure 2, by the end of May of 2025, China recorded a net favourability rating of +8.8, compared to -1.5 for the United States. This suggests that, following Trump's inauguration on 20 January, 2025—and particularly after the announcement of new tariffs on 2 April, 2025—a growing number of countries have developed more pessimistic perceptions of the US while viewing China more favourably. These statistical shifts in global favourability toward the world's two largest economic powers reflect their contrasting diplomatic approaches. While US tariff policies are often perceived as undermining the international economic order, China's BRI, through its emphasis on interregionalism, is framed as reinforcing economic connectivity and cooperation.

Changes in US-China Economic Strength amid Trump 2.0

Secondly, with regard to economic strength, the interregionalism embedded in China's BRI contributes to collectively mitigating economic challenges, whereas US tariff policies risk pushing both the domestic economy and the wider global economy—including advanced Western economies—towards economic slowdown. The repercussions include increased financial pressure on US households, a deceleration in US economic growth, and heightened economic uncertainty across major economies. These dynamics are analysed in detail as follows.

In terms of US domestic economic strength, the Peterson Institute for International Economics estimates that Trump's tariffs impose an additional annual burden of approximately \$2,600 on US households (Blom, 2024), indicating that American consumers bear a significant share of the costs (Gilles, 2025). Furthermore, projections from the Wharton School at the University of Pennsylvania suggest that a prolonged trade war over the next two decades could reduce US GDP by up to 5%. Consistent with this outlook, IMF estimates indicate that US GDP could be approximately 1.6% lower by 2026 as a result of tariff measures under Trump 2.0 (Blom, 2024).

¹ The US and Chinese respondents' views of their own country are excluded. Countries tracked include European nations like the UK, France, Germany, Italy, Spain, North American nations like Canada, Mexico, South American nations like Brazil, and crucial Indo-Pacific nations like Australia, India, Japan, Russia, South Korea, etc.

Table 6

World Economic Outlook Update: Growth on Divergent Paths amid Elevated Policy Uncertainty

	Year over Year								
	Estimate		Projections		Difference from October 2024		Q4 over Q4 2/		
	2023	2024	2025	2026	WEO Projections 1/	2025	2026	Estimate	Projections
World Output	3.3	3.2	3.3	3.3	0.1	0.0	3.4	3.2	3.1
Advanced Economies	1.7	1.7	1.9	1.8	0.1	0.0	1.8	1.9	1.7
United States	2.9	2.8	2.7	2.1	0.5	0.1	2.7	2.4	2.1
Euro Area	0.4	0.8	1.0	1.4	-0.2	-0.1	1.1	1.2	1.4
Germany	-0.3	-0.2	0.3	1.1	-0.5	-0.3	-0.1	0.8	0.9
France	1.1	1.1	0.8	1.1	-0.3	-0.2	0.7	1.0	1.2
Italy	0.7	0.6	0.7	0.9	-0.1	0.2	0.6	1.0	0.7
Spain	2.7	3.1	2.3	1.8	0.2	0.0	3.2	1.9	2.0
Japan	1.5	-0.2	1.1	0.8	0.0	0.0	0.7	0.8	0.7
United Kingdom	0.3	0.9	1.6	1.5	0.1	0.0	1.7	1.8	1.3
Canada	1.5	1.3	2.0	2.0	-0.4	0.0	1.8	2.1	1.9
Other Advanced Economies 3/	1.9	2.0	2.1	2.3	-0.1	0.0	1.7	2.8	1.7
Emerging Market and Developing Economies	4.4	4.2	4.2	4.3	0.0	0.1	4.6	4.2	4.2
Emerging and Developing Asia	5.7	5.2	5.1	5.1	0.1	0.2	5.6	4.9	5.1
China	5.2	4.8	4.6	4.5	0.1	0.4	4.9	4.5	4.5
India 4/	8.2	6.5	6.5	6.5	0.0	0.0	7.5	6.5	6.5
Emerging and Developing Europe	3.3	3.2	2.2	2.4	0.0	-0.1	2.3	2.9	1.6
Russia	3.6	3.8	1.4	1.2	0.1	0.0	2.7	1.2	1.2
Latin America and the Caribbean	2.4	2.4	2.5	2.7	0.0	0.0	2.6	2.7	2.4
Brazil	3.2	3.7	2.2	2.2	0.0	-0.1	4.1	2.1	2.3
Mexico	3.3	1.8	1.4	2.0	0.1	0.0	1.8	1.4	2.1
Middle East and Central Asia	2.0	2.4	3.6	3.9	-0.3	-0.3	...	...	...
Saudi Arabia	-0.8	1.4	3.3	4.1	-1.3	-0.3	5.0	1.2	4.1
Sub-Saharan Africa	3.6	3.8	4.2	4.2	0.0	-0.2	...	...	...
Nigeria	2.9	3.1	3.2	3.0	0.0	0.0	3.5	3.7	3.8
South Africa	0.7	0.8	1.5	1.6	0.0	0.1	1.7	0.6	2.2
Memorandum									
World Growth Based on Market Exchange Rates	2.8	2.7	2.9	2.8	0.1	0.1	2.9	2.7	2.6
European Union	0.6	1.0	1.4	1.7	-0.2	0.0	1.3	1.5	1.7
ASEAN-5 5/	4.0	4.5	4.6	4.5	0.1	0.0	4.9	3.9	5.0
Middle East and North Africa	1.8	2.0	3.5	3.9	-0.5	-0.3	...	...	...
Emerging Market and Middle-Income Economies	4.5	4.2	4.2	4.2	0.0	0.1	4.6	4.2	4.2
Low-Income Developing Countries	4.1	4.1	4.6	5.4	-0.1	-0.2	...	...	...
World Trade Volume (goods and services) 6/	0.7	3.4	3.2	3.3	-0.2	-0.1	...	...	...
Advanced Economies	0.0	2.2	2.1	2.5	-0.5	-0.3	...	...	...
Emerging Market and Developing Economies	2.0	5.4	5.0	4.6	0.3	0.2	...	...	...
Commodity Prices									
Oil 7/	-16.4	-1.9	-11.7	-2.6	-1.3	1.0	-10.8	-5.0	-2.2
Nonfuel (average based on world commodity import)	-5.7	3.4	2.5	-0.1	2.7	-0.9	7.1	0.1	0.5
World Consumer Prices 8/	6.7	5.7	4.2	3.5	-0.1	-0.1	5.2	3.5	3.0
Advanced Economies 9/	4.6	2.6	2.1	2.0	0.1	0.0	2.2	2.1	2.0
Emerging Market and Developing Economies 8/	8.1	7.8	5.6	4.5	-0.3	-0.2	7.6	4.6	3.8

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during October 22–November 9, 2024. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. "..." indicates that data are not available or not applicable. WEO = *World Economic Outlook*.

1/ Difference based on rounded figures for the current and October 2024 WEO forecasts. Countries for which forecasts have been updated relative to October 2024 WEO forecasts account for approximately 90 percent of world GDP measured at purchasing-power-parity weights.

2/ For World Output (Emerging Market and Developing Economies), the quarterly estimates and projections account for approximately 90 percent (80 percent) of annual world (emerging market and developing economies) output at purchasing-power-parity weights.

3/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

4/ For India, data and projections are presented on a fiscal year (FY) basis, with FY 2023/24 (starting in April 2023) shown in the 2023 column. India's growth projections are 6.8 percent for 2025 and 6.5 percent for 2026 based on calendar year.

5/ Indonesia, Malaysia, Philippines, Singapore, Thailand.

6/ Simple average of growth rates for export and import volumes (goods and services).

7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average assumed price of oil in US dollars a barrel, based on futures markets (as of November 20, 2024), is \$69.76 for 2025 and \$67.96 for 2026.

8/ Excludes Venezuela.

9/ The assumed inflation rate for the euro area is 2.1 percent for 2025 and 2.0 percent for 2026, that for Japan is 2.0 percent for 2025 and 2.0 percent for 2026, and that for the United States is 2.0 percent for 2025 and 2.1 percent for 2026.

Source. International Monetary Fund. (2025). <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

Table 7

Selected Economies of World Economic Outlook Growth Projections

	Estimate		Projections		Difference from October	
	2023	2024	2025	2026	2024 WEO Projections 1/ 2025	2026
Argentina	-1.6	-2.8	5.0	5.0	0.0	0.3
Australia	2.1	1.2	2.1	2.2	0.0	0.0
Brazil	3.2	3.7	2.2	2.2	0.0	-0.1
Canada	1.5	1.3	2.0	2.0	-0.4	0.0
China	5.2	4.8	4.6	4.5	0.1	0.4
Egypt 2/	3.8	2.4	3.6	4.1	-0.5	-1.0
France	1.1	1.1	0.8	1.1	-0.3	-0.2
Germany	-0.3	-0.2	0.3	1.1	-0.5	-0.3
India 2/	8.2	6.5	6.5	6.5	0.0	0.0
Indonesia	5.0	5.0	5.1	5.1	0.0	0.0
Iran 2/	5.0	3.7	3.1	2.8	0.0	0.0
Italy	0.7	0.6	0.7	0.9	-0.1	0.2
Japan	1.5	-0.2	1.1	0.8	0.0	0.0
Kazakhstan	5.1	4.0	5.5	4.1	0.9	0.6
Korea	1.4	2.2	2.0	2.1	-0.2	-0.1
Malaysia	3.6	5.0	4.7	4.4	0.3	0.0
Mexico	3.3	1.8	1.4	2.0	0.1	0.0
The Netherlands	0.1	0.9	1.6	1.8	0.0	0.1
Nigeria	2.9	3.1	3.2	3.0	0.0	0.0
Pakistan 2/	-0.2	2.5	3.0	4.0	-0.2	0.0
Philippines	5.5	5.8	6.1	6.3	0.0	0.0
Poland	0.1	2.8	3.5	3.3	0.0	-0.1
Russia	3.6	3.8	1.4	1.2	0.1	0.0
Saudi Arabia	-0.8	1.4	3.3	4.1	-1.3	-0.3
South Africa	0.7	0.8	1.5	1.6	0.0	0.1
Spain	2.7	3.1	2.3	1.8	0.2	0.0
Thailand	1.9	2.7	2.9	2.6	-0.1	0.0
Türkiye	5.1	2.8	2.6	3.2	-0.1	0.0
United Kingdom	0.3	0.9	1.6	1.5	0.1	0.0
United States	2.9	2.8	2.7	2.1	0.5	0.1

Source: IMF staff calculations.

Note: The selected economies account for approximately 83 percent of world output.

1/ Difference based on rounded figures for the current and October 2024 WEO forecasts.

2/ Data and forecasts are presented on a fiscal year basis.

Source. International Monetary Fund. (2025). <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

Moreover, Trump’s tariff policies appear to contribute to economic slowdown across several advanced economies. As indicated in Tables 6 and 7, the IMF (2025) reports that the US GDP growth remained below 3% annually between 2023 and 2025, based on both confirmed data and projections. Growth in 2025 and 2026 is expected to moderate further across Western economies, including the United Kingdom (1.6% in 2025 and 1.5% in 2026) and the United States (2.7% in 2025 and 2.1 in 2026). Policy uncertainty associated with Trump 2.0 is likely to exacerbate these economic challenges (Josephs, 2025; Mouka, 2025). In this context, the continued reliance on tariff measures reflects a more inward-looking and potentially autarkic economic orientation, which may hinder the effective facilitation of international trade and investment (Acharya, 2024). Consequently, such policies may prompt both Global North and Global South economies to reassess their trade relationships with the United States.

By contrast, China presents relatively different economic trajectory within the Asia-Pacific region. According to IMF (2025) data in Tables 6 and 7, emerging economies such as China—and ASEAN more broadly—have maintained comparatively robust growth rates. China’s GDP growth averaged approximately 4.5% over the 2023-2025 period, while ASEAN economies recorded growth rates exceeding 4.0%, both surpassing those of the US. Although some degree of economic moderation is observed, there is no evidence of sharp contraction. This contrast highlights a pattern of more pronounced economic deceleration in the United States alongside relatively stable performance by

China and ASEAN in the Asia-Pacific Region. One key factor underlying China's resilience lies in its deepening economic interdependence with ASEAN. As China and ASEAN have become each other's largest trading partners, China has been able to sustain economic momentum through increased exports to ASEAN markets and returns on strategic infrastructure investments in key member states such as Indonesia (e.g., the Jakarta-Bandung High-Speed Rail) and Malaysia (e.g., the East Coast Rail Link) (Park et al., 2020). Overall, these dynamics suggest that, despite the pressures generated by US tariff policies, China's broader network of interregional economic linkages provides it with greater flexibility and resilience to sustain its economic development trajectory.

In summary, China's adherence to interregionalism exerts a significant impact on the evolving dynamics of US-China rivalry on the global stage. Across both economic strength and diplomatic credibility, available evidence suggests a relative improvement in China's position, while that of the United States appears to weaken. Trump's tariff policies not only increase "the cost of trading due to higher tariffs," but also introduce "policy uncertainties that hinder the smooth operation of global production networks" (Hinrich Foundation, 2024, p. 3). Against this backdrop, while the BRI promotes interregional development and economic connectivity, US tariff measures disrupt such processes. Consequently, the BRI provides China with greater interregional leverage for strategic diversification within the context of US-China major power competition.

INTERREGIONAL SIGNIFICANCE OF CHINA'S BRI DESPITE CONTROVERSY

Notwithstanding its strategic significance, China's BRI has attracted considerable scepticism, particularly regarding its functions and underlying intentions. Critics often characterize the BRI as a geopolitical instrument through which China seeks to advance its strategic interests, raising concerns about the transparency of its rules and norms (Pencea, 2022). For instance, some Western industrial actors and policymakers have expressed reservations, suggesting that China may be using its "economic muscles" to expand influence in Europe and potentially create divisions within the region (Du & Zhang, 2022, p. 79). Similarly, the EU Chamber of Commerce in China, alongside US Chamber of Commerce, has voiced concerns over limited transparency and the perceived lack of substantive benefits, particularly in procurement practices associated with BRI projects (Du & Zhang, 2022, p. 79). These concerns extend to the broader implications of China's economic statecraft, whereby economic tools are employed to achieve geopolitical, diplomatic and national security objectives (Du & Zhang, 2022; Kim, 2022; Pencea, 2022). From this perspective, the incremental reshaping of international rules and norms through the BRI generates unease among US policymakers regarding the expansion of China's global influence.

Furthermore, the notion of "debt-trap diplomacy" has been widely debated. Pencea (2022, p. 117) argues that China's BRI-related loans to developing countries may deepen economic ties through trade, investment, loans and financial commitments, potentially leading to increased dependency on China. In some cases, borrower states—such as Cambodia, Sri Lanka and certain Central and Eastern European economies—may face fiscal vulnerabilities, including risks of insolvency. At the same time, such arrangements also expose China to financial risks, particularly in the event of loan defaults, suggesting that the potential costs are not borne solely by recipient countries.

However, from a cost-and-benefit perspective, the broader strategic implications of the BRI may outweigh its limitations. First, the costs associated with the BRI tend to be more contained—often bilateral or project specific—whereas the effects of Trump's tariff policies are global and systemic.

Under Trump 2.0, tariffs are applied broadly across trading partners and rivals, generating widespread economic disruption. In contrast, although the BRI may face issues such as transparency and trade imbalances, it does not rely on coercive tariff measures as a primary instrument. Consequently, challenges arising from the BRI may be more manageable through bilateral negotiation, whereas tariff-induced disruptions tend to be more complex due to their global scope.

Secondly, the BRI remains a vital interregional mechanism through which China can hedge against the effects of Trump's tariff policies within the broader context of US-China power rivalry. In an environment where Trump-led US adopts a more inward-looking and nationalistic orientation—applying tariffs not only to rivals but also to traditional trading partners—few alternative economic powers, whether in the Global North or Global South, possess the comprehensive state capacity to respond as effectively as China. As the world's two largest economies by total GDP, China and the United States anchor two distinct economic and geopolitical spheres (Oxford & Shamim, 2025). Although not directly comparable to the former Soviet Union, China is able to utilise the BRI as a form of strategic hedging instrument (Kuik, 2021a; Kuik, 2021b) to mitigate the impact of US tariff pressures within this competitive landscape.

Thirdly, the BRI continues to function as a consequential interregional channel for economic partners seeking deeper interdependence, particularly as certain avenues of global trade are constrained by US policy shifts. In contrast to Trump's retreat from multilateral free-trade and partial disengagement from established international economic frameworks, the BRI emphasizes interregional economic development alongside the pursuit of China's national interests. While challenges such as transparency and governance remain subjects of debate, the BRI is generally characterized by the absence of overt tariff barriers within its cooperative arrangement. Participation is largely driven by the strategic calculations of partner countries, which retain agency in determining whether engagement aligns with their respective national interests.

RECOMMENDABLE POLICY RESPONSE ON CHINA'S BRI AMID TRUMP 2.0

In response to the disruptive effects of Trump's tariffs on both the Chinese and global economies, several reform-oriented perspectives on the BRI merit consideration, particularly within the framework of neoliberal institutionalism. Those perspectives include: (1) interregional measures within China, (2) interregional measures beyond China, and (3) institutional reform to enhance transparency and accountability within the BRI.

Firstly, in the front of Trump's tariff pressures, structural challenges within China's domestic economy must be addressed at the interregional level. Issues such as, "chronic over-investment" and "domestic industrial overcapacity," alongside, unemployment and weakened purchasing power, require coordinated regional solutions (Pencea, 2022, p. 116). In this regard, the BRI serves as a crucial platform for facilitating manufacturing shifts, streamlining production processes and enabling the import of cost-effective goods and services. Beyond existing initiatives such as the GBA and the Hainan FTP, the development of additional interregional economic clusters within China could further stimulate domestic investment, attract FDIs, and promote higher value-added production, services and supply chains. Strengthening intrastate trade and investment, and production capacities would, in turn, enhance China's export competitiveness in the face of external competition, including Trump's tariff policies.

Secondly, in order to mitigate the effects of Trump 2.0's tariff policies, strengthening China's economic and trade resilience requires deeper synergy with key trading partners through the BRI. This entails providing partner countries with expanded opportunities through infrastructure development, economic corridors and enhanced connectivity. In this regard, the BRI can further promote interregional trade and investment liberalisation while sustaining and deepening economic ties with ASEAN. Particular emphasis may be placed on major regional actors such as Malaysia (the 2025 ASEAN Chair and a core ASEAN member with close ties to China), Singapore (one of the highest GDP-per-capita economies in ASEAN), and Indonesia (the largest economy in ASEAN by GDP and an important strategic partner of China). Moreover, as Trump's tariff policies exert broader pressures on the global economy, the BRI offers a platform for China to strengthen alignment with both Global South and Global North economies that are similarly affected. Such interregional cooperation grounded in the principles of neoliberal institutionalism (Keohane, 1984; Nye & Keohane, 1998), reinforces collective economic resilience through deeper integration and shared development initiatives.

Thirdly, it is recommended that the BRI be institutionally upgraded to achieve a balance between critical infrastructural investment and transparency in the rule of law. Within the current US-China bipolar economic structure, the Trump-led US has adopted ultranationalist and far-right populist policies that discourage economic interconnectivity, whereas China continues to promote interregional engagement. As a result, global economies closely observe China's role in international cooperation and global governance. To alleviate skepticism regarding China's BRI, it is essential to enhance transparency in loan audits and project oversight, while demonstrating diplomatic resilience. Such measures would strengthen the credibility of the BRI and its capacity to mitigate the impact of Trump's tariffs.

RESULTS AND DISCUSSION

The findings outlined above provide a comprehensive basis for examining the strategic implications of China's BRI in response to US tariffs under Trump 2.0. The analysis demonstrates that the BRI is primarily implemented through both intraregional connectivity within China and broader interregional integration, thereby facilitating the global expansion of China's economic influence.

Drawing on domestic cases such as the GBA (Meneses, 2023) and the Hainan FTP (Cao, 2024; Dong & Bian, 2024), as well as international engagements with ASEAN (Abd Rahman & Jusoh, 2023; Habib et al., 2025; Lu & Moorthy, 2025; Ward, 2020; McCormack, 2020), the findings support the observation by Herrero and Xu (2022: 1) that "the most prominent economic characteristic associated with China's rise is the massive trade" at a global scale. Despite the challenges posed by Trump's tariffs and the broader economic slowdown, the BRI continues to facilitate industrial production and sustain China's cross-border exports and investment activities, particularly through strengthened ties with ASEAN and other non-US-centred regions. Moreover, intrastate trade diversification and enhanced connectivity—exemplified by the integration of the GBA and Hainan FTP—combined with a strategic pivot towards non-US markets, enable China to consolidate its international economic leverage in mitigating tariff pressures. Overall, these findings contribute to a deeper understanding of the functional role of the BRI in fostering trade and infrastructural resilience, as well as in supporting the development of global supply chains capable of counterbalancing the effects of US tariff policies.

Additional findings from IMF economic reports, alongside studies by Khalid (2025) and other scholars, further illuminate the role of the BRI in shaping changes in China-US power relations. The evidence points to an upward trajectory in China's diplomatic favourability, credibility and economic prospects, contrasted with a notable decline in US diplomatic credibility and projected economic performance. These studies contribute to broader discussions on the implications of China's rise within the context of US-China major-power rivalry, suggesting that global economic actors may increasingly look toward alternative strategic avenues associated with China's relatively stable and cooperative economic engagement, particularly when the US is perceived to face policy constraints and economic challenges. Despite ongoing controversy surrounding the BRI—such as concerns over debt-trap diplomacy and limited transparency—the broader repercussions of Trump's tariff policies appear to be more extensive (IMF, 2025; Lord, 2025). From a cost-benefit perspective, the advantages of a China-led interregional mechanism in mitigating the effects of Trump 2.0's tariffs may outweigh its limitations. This is partly because tariff policies tend to disrupt global supply chains without necessarily generating proportional returns in domestic manufacturing employment in the United States (Bao, 2024; Bremmer, 2025; Lord, 2025). In contrast, the BRI contributes to reconnecting global trade and supply chains, while also supporting employment generation through infrastructure development in China and participating regions. Moreover, whereas tariffs increase production costs and constrain transnational commerce, the BRI facilitates reductions in trade, logistics, and communication costs through enhanced connectivity.

Nevertheless, several limitations of this study should be acknowledged. First, Trump's tariff policies under Trump 2.0 remain ongoing and subject to uncertainty; therefore, this article may not fully capture the most recent regional and interregional response by China, offering instead an initial analytical perspective. Second, the study primarily adopts a qualitative approach, relying on interpretive analysis rather than extensive quantitative or econometric modelling, which limits its contribution in terms of numerical precision and empirical measurement. Third, some scholars—particularly within Western literature—argue that the BRI remains more bilateral than multilateral in practice, and additional criticisms regarding its effectiveness in countering tariffs may not be fully addressed here. Accordingly, further research incorporating updated data, expanded empirical analysis, and deeper critical engagement with the limitations of the BRI would be valuable as new developments and findings emerge.

CONCLUSION

This article has critically examined the strategic implications of China's BRI in response to Trump's tariff policies, grounded in the theoretical framework of neoliberal institutionalism, with particular emphasis on interregionalism and economic interconnectivity. The analysis has demonstrated how the BRI functions as a source of strategic leverage for China in mitigating the effects of US tariffs, while also reshaping the dynamics of US-China power relations under Trump 2.0. Several key conclusions can be drawn.

Firstly, the BRI enables China to effectively advance the principles and practice of interregionalism at a time when the Trump-led US has retreated from such approaches and from aspects of the international economic order. In this context, the BRI serves as a viable model for sustaining and promoting interregional cooperation, particularly as many countries continue to support economic interdependence and connectivity despite the shift in US policy orientation.

Secondly, by mobilising the BRI through both intraregional development—such as the GBA and the Hainan FTP—and interregional engagement with key trading partners like ASEAN, China can strategically diversify its trade channels. In particular, the comparatively low corporate tax rates in the Hainan FTP, relative to economies such as Hong Kong, Singapore, and the United States, serve to attract global talent, stimulate entrepreneurial activities and increase FDI. At the same time, the rapid growth of ASEAN, in alignment with China, contributes to the strengthening of their respective economies, while such partnerships provide a platform for connecting and supporting tariffs-affected economies in pursuit of shared development. Consequently, interregional resilience and adaptability can be reinforced through the BRI, in conjunction with other complementary regional mechanisms.

Thirdly, the BRI has incrementally reshaped the dynamics of US-China power-relations within the context of their major-power rivalry. China's "going global" strategy, as embodied in the BRI, sustains outward FDI while simultaneously attracting inward FDIs through relatively lower costs and expanding market opportunities. As a result, China's favourability and diplomatic credibility among many countries have strengthened. In contrast, Trump's tariff policies—reflecting a broader trend of deglobalisation—demonstrate weaker alignment with interregional connectivity and the international economic order, thereby exerting negative pressure on both US economic performance and global perceptions of its credibility. Consequently, many economies are increasingly attentive to alternative interregional mechanisms, such as those promoted by China, that reduce reliance on the United States.

Looking ahead, this article argues that Trump's tariffs risk disrupting global supply chains and weakening the United States' reputation among both partners and competitors. By contrast, despite ongoing criticisms and limitations, China's BRI operates as a resilient counterforce rooted in interregional trade diversification, infrastructural connectivity and institutionalised partnerships. In this regard, the BRI provides an important strategic channel for the global economy, particularly in mitigating the rising costs and uncertainties generated by tariff-driven economic fragmentation.

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