



## Regional Security in Light of Great-Power Rivalry: The Implications of the Taiwan Crisis for Southeast Asia

Ali Mehrabi<sup>1\*</sup> , Hosein Alipour<sup>2</sup>

1. Corresponding Author, Department of International Relations, Faculty of Law and Political Science, University of Tehran, Tehran, Iran. Email: [ali.mehrabi@ut.ac.ir](mailto:ali.mehrabi@ut.ac.ir)

2. Department of Regional Studies, Faculty of Law and Political Science, University of Tehran, Tehran, Iran. Email: [alipour18@ut.ac.ir](mailto:alipour18@ut.ac.ir)

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### ABSTRACT

The Taiwan crisis is one of the central geopolitical variables in the strategic rivalry between the People's Republic of China (hereafter, China) and the United States. Its implications are not confined to bilateral relations between Beijing and Washington, but extend to the security, economy, and geostrategic dynamics of surrounding regions. Southeast Asia, due to its geopolitical position, geoeconomic significance, connection to vital maritime trade routes, and growing role in global supply chains, is directly affected by escalating tensions in the Taiwan Strait. Drawing on Regional Security Complex Theory and using a descriptive-analytical method, this article asks how Sino-American rivalry over Taiwan affects Southeast Asian regional security. It argues that the Taiwan crisis creates geoeconomic opportunities for strengthening Southeast Asia's role in global supply chains while also increasing strategic uncertainty, the risk of disruption in the Strait of Malacca, threat perceptions of China, military expenditures, and tendencies toward new security coalitions. The findings show that the Taiwan crisis has a dual character for Southeast Asia: it generates economic opportunities while simultaneously increasing security and geopolitical risks.

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## **1. Introduction**

Since the twentieth century, the Taiwan crisis has been a central geopolitical factor in the strategic rivalry between the People's Republic of China (hereafter, China) and the United States. The People's Republic of China regards Taiwan as part of its national territory and considers the prevention of the island's independence a core issue of sovereignty and territorial integrity. Conversely, Taiwan's geopolitical position, its role in global supply chains, and its centrality in advanced semiconductor production have transformed the crisis from a domestic or bilateral dispute into a question with major implications for regional order and the global economy.

U.S. policy toward Taiwan has evolved significantly. Washington initially recognized the Taiwan-based Republic of China (ROC) as the legitimate representative of China (1949–1978), but after rapprochement with the People's Republic of China (PRC) and the formal shift in diplomatic recognition on January 1, 1979 (announced December 15, 1978), it adopted its “One China” policy. Yet the military and economic rise of China in the 21<sup>st</sup> century, has shifted the East Asian balance of power, and concerns about the use of force have pushed the United States to strengthen political, economic, and military support for Taiwan. Arms sales, security cooperation, the Quad, AUKUS, and U.S. alliances with Japan and South Korea are part of Washington's broader effort to balance China in the Indo-Pacific. Beijing, in turn, treats Taiwan as a national security red line and has not ruled out the use of force.

Southeast Asia is directly affected by this rivalry. Although the region retains memories of Cold War great-power competition, its current conditions differ sharply from the past. Through Association of Southeast Asian Nations (ASEAN) founded in 1967, Southeast Asian countries have built a relatively successful framework for regional cooperation while also becoming increasingly integrated into global production, trade, and investment networks. These characteristics have made the region more important in the strategic calculations of both Beijing and Washington.

China has gained substantial influence in Southeast Asia through trade, infrastructure investment, and the Belt and Road Initiative, while the United States has strengthened its diplomatic, military, and security presence through the Free and Open Indo-Pacific strategy. However, China's disputes with several Southeast Asian states in the South China Sea have made its relations with the region ambivalent: economic cooperation is accompanied by security distrust. The region's location at the junction of the Indian and Pacific Oceans also makes it central to maritime trade, energy security, and global supply chains.

Most Southeast Asian states seek to avoid becoming an arena for direct confrontation between China and the United States. They prefer a balanced policy that allows them to benefit from China's economic opportunities and U.S. security guarantees while preserving ASEAN centrality. Yet the Taiwan crisis may narrow this strategic space. It can create economic opportunities through supply-chain relocation, but it may also intensify threat perceptions, military spending, and coalition competition. This article examines these dual implications for Southeast Asian regional security.

## **2. Problem Statement and Significance of the Study**

The central problem of this study is how Sino-American rivalry over the Taiwan crisis affects

the regional security of Southeast Asia. The article argues that escalation in the Taiwan Strait produces multidimensional consequences for Southeast Asia. Economically, it may strengthen the region's position in global supply chains and attract investment away from China; at the same time, it increases the risk of disruption in strategic maritime routes, particularly the Strait of Malacca. In the security sphere, it may intensify threat perceptions of China, accelerate military spending, and reinforce tendencies toward new U.S.-centered security arrangements.

The subject is significant for three reasons. First, China-U.S. rivalry is one of the defining geopolitical developments of the contemporary international system and has turned East Asia and the Indo-Pacific into major arenas of great-power competition. The Taiwan crisis lies at the center of this rivalry and must therefore be examined not only as a China-U.S. issue, but also through its regional consequences.

Second, Southeast Asia has received limited attention in Persian-language international relations and regional studies despite its geopolitical and geoeconomic importance. The region is central to the Indo-Pacific strategy, the Belt and Road Initiative, energy transit, maritime trade, industrial production, and global supply chains. Third, the behavior of Southeast Asian states toward China-U.S. rivalry is crucial for understanding the future of regional order. Their policies are based less on full alignment with one power than on balancing, diversification, and the preservation of ASEAN centrality.

### **3. Literature Review**

In this study the literature can be divided into four strands: studies of China-U.S. rivalry in Southeast Asia; works on Taiwan's role in the security and geoeconomic dynamics of the Indo-Pacific; research on Southeast Asian agency, hedging, and ASEAN centrality; and studies of great-power competition from the perspectives of political economy, trade, and supply chains. Yet these works rarely examine, in a systematic way, how the Taiwan crisis affects Southeast Asia's economic and security dynamics.

In Persian-language scholarship, Southeast Asia has been relatively neglected. Shafiei and Derakhshandeh (2024) analyze China's strategy of "security hedging" toward the United States in Southeast Asia and show how Beijing seeks to protect its interests without entering direct confrontation with Washington. Sazmand and Bayazidi (2012) examine China's soft power and peaceful rise in Southeast Asia, emphasizing economic capacity, public diplomacy, and the projection of a peaceful image. These studies are valuable, but they do not directly address the implications of the Taiwan crisis for Southeast Asian security.

In the English-language literature, Shambaugh (2021) provides one of the most comprehensive accounts of China-U.S. rivalry in Southeast Asia. He shows that the region has become a principal arena in which China's economic influence and Belt and Road Initiative interact with U.S. security cooperation and its rules-based Indo-Pacific strategy. Tran Xuan Hiep et al. (2023) examine China-U.S. rivalry through the South China Sea, focusing on political, economic, and security dimensions. Zhang (2015) analyzes the U.S. return to Southeast Asia from the perspective of Chinese threat perceptions. These studies explain the broader context of rivalry, but the Taiwan crisis is not their central analytical variable.

A second body of literature focuses on Taiwan. Scott (2019) argues that Chinese pressure

has encouraged Taiwan to pivot toward the Indo-Pacific and expand relations with Southeast Asia, Australia, and India. Tan, Ho, and Clark (2020) examine Taiwan's regional relations from a political economy perspective and highlight Taipei's efforts to reduce dependence on China through cooperation with Japan, South Korea, and ASEAN. Pasca (2024) places Taiwan within the evolving security climate of East and Southeast Asia and treats it as a key node in the changing regional architecture.

A third group of studies highlights Southeast Asian agency. Umar and Santoso (2023) argue that AUKUS challenges the ontological security of Southeast Asian states by complicating their identity as neutral and autonomous actors. Khoo (2022) shows that regional states seek to preserve ASEAN centrality, avoid full alignment, and benefit from the diplomatic and economic opportunities created by China-U.S. competition. Strangio (2020) adds a historical and sociopolitical dimension by showing that China's influence in Southeast Asia rests not only on state policy but also on dense economic, cultural, and historical ties.

Overall, the literature has mainly examined China-U.S. rivalry through the Indo-Pacific strategy, the Belt and Road Initiative, South China Sea disputes, ASEAN hedging, and economic competition. Studies on Taiwan mostly focus on Taipei's foreign policy and economic diversification. The specific link between the Taiwan crisis and Southeast Asian regional security, especially its economic and military implications, remains underexplored. This article addresses that gap.

#### **4. Theoretical Framework: Regional Security Complex Theory**

Regional Security Complex Theory analyzes security primarily at the regional level rather than exclusively at the national or global levels. Buzan in 2008 argues that after the Cold War, both the security agenda and the referent object of security changed, making state-centered or system-level approaches insufficient for understanding many security dynamics. In a later study, Buzan and Waever define a regional security complex as a group of units whose security concerns and interdependencies are so closely connected that the security of each cannot be analyzed separately from the others (Buzan and Waever, 2019: 54).

The structure of a regional security complex rests on several components: regional boundaries, an anarchic structure, polarity, and the social construction of amity and enmity. The concept of penetration is also central. Penetration occurs when external powers gain effective political, economic, or security influence in a region and shape its security dynamics through alliances, coalitions, or strategic pressure (Buzan and Waever, 2019: 64).

Southeast Asia can be treated as a regional security complex. Its states occupy a distinct geographical space, maintain sovereign authority, and operate in an anarchic regional environment. The region has a multipolar structure in which Indonesia, Vietnam, Malaysia, the Philippines, Singapore, and others play different political, economic, and security roles. Patterns of amity and enmity combine ASEAN-based cooperation with historical disputes, border tensions, and maritime rivalries (Cruden, 2011: 21-29).

Foreign influence and intervention are especially relevant because Southeast Asia is deeply affected by China-U.S. rivalry. China has gained influence through trade, investment, infrastructure, and the Belt and Road Initiative, while its assertive behavior in the South China

Sea has securitized relations with states such as the Philippines and Vietnam. The United States, through its Indo-Pacific strategy, alliances, defense cooperation, and military presence, seeks to balance China and preserve a rules-based order. From this perspective, the Taiwan crisis is an extra-regional variable that enters the Southeast Asian security complex through great-power penetration, maritime interdependence, and economic-security linkages.

### **5. Methodology**

This study employs a descriptive-analytical method. Descriptively, it examines the Taiwan crisis within the strategic rivalry between China and the United States and situates Southeast Asia within this rivalry. Analytically, it uses Regional Security Complex Theory to explain how the crisis affects Southeast Asian regional security.

The study relies on documentary and library-based sources, including books, scholarly articles, policy reports, and statistical data on trade, investment, energy, and military expenditure. It analyzes the crisis in two main dimensions: economic implications, including supply chains and maritime routes; and security implications, including threat perceptions, military spending, and coalition formation.

### **6. U.S. and Chinese Policies toward the Taiwan Crisis**

The Taiwan crisis originates in the aftermath of the Chinese Civil War. After the communist victory in 1949, the nationalists retreated to Taiwan and maintained the Republic of China there. During the early Cold War, the United States recognized the Taiwan-based Republic of China as the legitimate government of China, and Taiwan held China's seat at the United Nations. This changed in 1971, when the seat was transferred to the People's Republic of China, and in 1979, when U.S.-China normalization led Washington to adopt the "One China" policy. Nevertheless, the Taiwan Relations Act preserved unofficial U.S. ties with Taipei, defensive arms sales, and commitment to peaceful settlement. Since then, Washington has pursued "strategic ambiguity," deterring Chinese forces while discouraging Taiwan's formal independence (Zuo, 2021: 549).

Taiwan's importance in U.S. strategy has grown. Washington has strengthened Taiwan's deterrence through arms sales, security cooperation, and political support, while using Taiwan as an instrument of balancing against China's rise. U.S. arms exports to Taiwan were reported at about \$735 million in 2024; U.S. investment in Taiwan reached \$19 billion in 2023, and bilateral trade amounted to \$127 billion (Bush and Hass, 2024). Taiwan is therefore tied not only to the U.S. security, but also to its political economy, strategic technologies, and the broader East Asian order.

China, regards Taiwan as an inseparable part of its territory and treats the "One China" principle as non-negotiable. Beijing views foreign support for Taiwan, especially by the United States, as interference in its domestic affairs. It has used diplomatic pressure, economic coercion, military exercises, and efforts to restrict Taiwan's international space to advance reunification. Beijing also presents U.S. Taiwan policy as a major source of instability in East Asia (Cunningham, 2023).

Taiwan's importance for Washington cannot be reduced to democracy and human rights.

The island's control or destabilization could affect the Western Pacific balance of power, the credibility of U.S. security commitments, maritime trade routes, and global supply chains. The crisis is therefore a test of U.S. capacity to defend freedom of navigation, maintain alliances, and prevent unilateral changes to the status quo by force.

For Washington, Taiwan is not only about defending a partner but also about credibility in protecting freedom of navigation, maritime trade, and geoeconomic chokepoints. The United States is therefore likely to reinforce its naval presence in the Western Pacific, expand cooperation with Japan, the Philippines, Australia, and South Korea, and improve its ability to escort and reopen commercial routes. Beijing may therefore consider gradual blockade, selective control, vessel inspections, cyber operations, economic pressure, gray-zone tactics, and uncertainty for shipping and insurance firms in the Taiwan Strait. Yet China's own dependence on maritime trade and energy imports also makes such crises risky for Beijing.

The Taiwan Strait is more complex, than places such as the Hormuz Strait, because it is not only an energy or maritime chokepoint but also a technological one. Taiwan accounts for about 21 percent of global semiconductor production capacity and nearly 92 percent of the capacity for the most advanced chips. Its semiconductor exports reached \$184 billion in 2022, equal to 38.4 percent of total merchandise exports (Jones and Krulikowski, 2024: 1). In 2022, around \$2.45 trillion in goods, more than one-fifth of global maritime trade, passed through the Taiwan Strait, while Taiwan's ports handled about \$586 billion in goods (Funairole et al., 2024: 1). Thus, any crisis in the strait could disrupt shipping, chip production, equipment flows, and global supply chains simultaneously.



**Figure 1.** Map of the Taiwan Strait

Source: ICAS, 2025

## 7.1. Economic Implications of the Taiwan Crisis for Southeast Asia

### 7.1.1. Strengthening the Region's Role in Global Supply Chains

Southeast Asia has become an important hub of production, trade, and investment in the global economy. Growth, industrialization, competitive labor costs, transport infrastructure, and deeper integration into global supply chains have increased its importance for multinational corporations and major powers. Intensifying China-U.S. rivalry and uncertainty over the Taiwan Strait may accelerate the relocation of production and trade capacity from China to Southeast Asia.

The region's geoeconomic significance rests on several advantages. It is located near major Asian markets, including China, India, Japan, South Asia, and the Middle East; it lies at the junction of the Indian and Pacific Oceans; and it has access to major shipping lanes. The ports of Singapore, Klang in Malaysia, and Tanjung in Indonesia are among Asia's major cargo hubs (ARC Group, 2024). The region is also deeply integrated into global trade. In 2024, Southeast Asian exports reached about \$2.055 trillion, including \$334 billion to the United States, \$329 billion to China, \$185 billion to the European Union, and \$120 billion to Japan (Trade Map, 2024).

**Table 1.** Southeast Asia's Exports to Selected Destinations in 2024, Billion USD

| Export destination | Export value | Export destination | Export value   |
|--------------------|--------------|--------------------|----------------|
| United States      | 334          | South Korea        | 83             |
| China              | 329          | India              | 71             |
| European Union     | 185          | Latin America      | 65             |
| Japan              | 120          | Middle East        | 53             |
| South Asia         | 93           | World              | 2.055 trillion |

Source: Trade Map, 2024

Southeast Asia has also become a major destination for foreign direct investment. In 2023, the region attracted about \$230 billion in foreign investment. The United States was the largest investor, with \$74.4 billion and a 32.4 percent share, followed by the European Union, China, Hong Kong, and Japan (ASEAN Statistics Division, 2024). This shows that the region is embedded in both Western and Asian investment networks, increasing its maneuverability amid China-U.S. rivalry.

**Table 2.** Foreign Direct Investment in Southeast Asia in 2023, Billion USD

| Country/region | Investment value | Share of total FDI |
|----------------|------------------|--------------------|
| United States  | 74.4             | 32.4%              |
| European Union | 24.9             | 10.8%              |
| China          | 17.3             | 7.5%               |
| Hong Kong      | 15               | 6.5%               |
| Japan          | 14.5             | 6.3%               |

Source: ASEAN Statistics Division, 2024

Another advantage is access to energy and mineral resources. Southeast Asia holds about 11 billion barrels of proven oil reserves and 4.5 trillion cubic meters of natural gas, mainly in Indonesia, Malaysia, Vietnam, and Brunei. It also has resources such as nickel, copper, and cobalt that are important for advanced industries, batteries, and semiconductor supply chains (Chiang, 2024).

The Taiwan crisis may therefore strengthen Southeast Asia's role in global supply chains. As risks associated with concentration in China rise, firms are adopting "China plus one" strategies. Because of its proximity to China, competitive costs, industrial capacity, political stability, and trade agreements, Southeast Asia is a leading destination for such relocation. This can raise foreign investment, expand industrial infrastructure, and increase the region's bargaining power. Yet the opportunity is accompanied by risks: supply-chain relocation requires infrastructure, human capital, regulatory stability, and industrial upgrading, while a military crisis could disrupt the very maritime routes on which the region depends.

### **7.1.2. Disruption in the Strait of Malacca**

The Strait of Malacca (also Melaka) is one of the most important strategic chokepoints in the global economy and a key route connecting the Indian and Pacific Oceans. Located between the Malay Peninsula and Sumatra, it is central to maritime trade, energy security, and the connection between East Asia, West Asia (or the Middle East), Europe, and Africa. Southeast Asia's role in global supply chains depends heavily on the security of this route.

According to the U.S. Energy Information Administration, around 23.7 million barrels of oil per day passed through the Strait of Malacca in 2023, exceeding even the Strait of Hormuz in oil transit volume. Much of this oil flows from the Persian Gulf to China, Japan, and South Korea, and nearly 80 percent of these countries' oil imports pass through Malacca (U.S. Energy Information Administration, 2024).

**Table 3.** Oil Transit through Selected Strategic Chokepoints, Million Barrels per Day

| <b>Strategic chokepoint</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> |
|-----------------------------|-------------|-------------|-------------|
| Strait of Malacca           | 21.9        | 22.9        | 23.7        |
| Strait of Hormuz            | 19          | 21.1        | 20.9        |
| Suez Canal                  | 5.1         | 7.3         | 8.8         |

**Source:** U.S. Energy Information Administration, 2024

The importance of Malacca is not limited to energy. Around 90,000 vessels pass through it annually, and nearly one-third of global maritime trade, worth about \$3.5 trillion, moves through the route. A substantial share of China's, Japan's, and South Korea's maritime trade also depends on it (Dent, 2023). Escalation in the Taiwan Strait could therefore affect Malacca both directly and indirectly by increasing military uncertainty, great-power naval presence, vessel inspections, or threats to maritime transport.

The consequences for Southeast Asia would be multilayered: higher insurance and shipping costs, longer alternative routes, delays in delivery, higher fuel and raw material prices, inflationary pressure, and weaker investor confidence. From the perspective of Regional Security Complex Theory, Malacca shows that Southeast Asian security cannot be separated from surrounding maritime routes. The strait is both a source of regional geoeconomic strength and a source of vulnerability to crises such as Taiwan.



**Figure 2.** Location of the Strait of Malacca  
 Source: Wikimedia Commons, 2025

## 7.2. Security Implications of the Taiwan Crisis for Southeast Asia

### 7.2.1. Intensifying Threat Perceptions of China

One of the main security implications of the Taiwan crisis is the intensification of threat perceptions of China. Such perceptions existed before the crisis and are rooted in geopolitical, historical, normative, and economic factors, but escalation in the Taiwan Strait can deepen them and reshape how regional governments assess China's future behavior.

The first factor is the South China Sea. China has maritime and territorial disputes with the Philippines, Vietnam, Malaysia, and Indonesia, especially over the Spratly and Paracel Islands. These disputes have led to maritime confrontations and have been intensified by possible oil and gas resources in the area (Jenne, 2017: 42). The second factor is China's rapid military modernization. Its 2024 military budget was about 1.67 trillion yuan, or \$373 billion in US dollars, making it the world's second-largest military spender (Buchholz, 2024). For many Southeast Asian states, China's naval, missile, and coercive capabilities are worrying because of maritime disputes, weak shared security norms, and the military power gap (Prajuli, 2013: 13-15).

Threat perceptions also have historical and identity-based roots: memories of Chinese hegemony, Beijing's support for communist movements during the Cold War, ethnic Chinese communities, and differences between China's authoritarian model and the region's diverse political systems have all shaped distrust (Shambaugh, 2021: 123). Economic factors add to this. The Belt and Road Initiative creates development opportunities, but also concerns over debt, dependence, and reduced strategic autonomy (Singh, 2020: 245). Trade imbalance is another issue: in 2023, China exported about \$526 billion to Southeast Asia, while Southeast Asian exports to China were about \$288 billion (Trade Map, 2023).

Against this background, Taiwan may become a benchmark for evaluating China's future prospects. If China uses military threats, blockade, or force against Taiwan, Southeast Asian states may interpret this as evidence that Beijing is willing to use hard power to settle disputes. This would weaken the narrative of China's peaceful rise and increase concern, especially in the Philippines and Vietnam. The result could be further securitization of China-Southeast Asia relations and deeper cooperation with the United States, Japan, Australia, and India, even if most regional states avoid full alignment with Washington.

### **7.2.2. Rising Military Expenditures**

Another implication is the acceleration of military spending. Southeast Asian states have increased defense budgets for military modernization, maritime protection, counter-piracy, non-traditional threats, and territorial disputes. China's growing military power and tensions in the South China Sea and Taiwan Strait have become major drivers of this trend. Regional states do not seek military superiority over China; rather, they aim to strengthen deterrence, improve readiness, and reduce vulnerability to coercion.

Available data show an upward trend. Between 2000 and 2019, Indonesia's military expenditure grew nearly sevenfold, Vietnam's about sixfold, and Singapore's roughly doubled (Lee, 2023). In 2024, Indonesia, Vietnam, and Singapore recorded defense budgets of \$18.7 billion, \$18 billion, and \$18.1 billion, respectively, while Malaysia, the Philippines, and Thailand also increased their defense spending (Lowy Institute, 2024).

**Table 4.** Military Expenditure of China and Selected Southeast Asian Countries in 2022 and 2024, Billion USD

| <b>Country</b> | <b>2022</b> | <b>2024</b> |
|----------------|-------------|-------------|
| China          | 292         | 373         |
| Indonesia      | 9           | 18.7        |
| Vietnam        | 14.6        | 18          |
| Singapore      | 11.7        | 18.1        |
| Thailand       | 5.7         | 11.6        |
| Malaysia       | 7.3         | 9.3         |
| Philippines    | 4           | 9           |

Source: Lowy Institute, 2024

This trend is also visible in arms imports. Between 2004 and 2023, Southeast Asian states spent about \$42 billion on arms imports, with Vietnam, Singapore, Indonesia, and Malaysia among the leading buyers. Russia was the largest supplier, followed by the United States and China (Yaacob, 2025). The Taiwan crisis may intensify this process by encouraging states to increase budgets, strengthen naval and air forces, improve maritime surveillance, acquire missile and air-defense systems, and expand defense cooperation with extra-regional powers.

This is especially relevant for the Philippines and Vietnam, which may view China's behavior toward Taiwan as an indicator of its future conduct in the South China Sea. Nevertheless, rising military expenditure does not necessarily mean a classical arms race. Most states still face economic constraints, development priorities, and trade dependence on China. The trend is better understood as minimum deterrence, defense modernization, and preparation for uncertain scenarios.

### **7.2.3. Formation of New Coalitions**

The Taiwan crisis may also strengthen tendencies toward new coalitions and security arrangements in the Indo-Pacific. East Asia already contains U.S.-led bilateral alliances and multilateral arrangements, but China's rise, maritime disputes, and Taiwan could deepen security cooperation between regional states and the United States and its allies.

The Quad, involving the United States, Japan, Australia, and India, is among the most important emerging arrangements. Created in 2006 and revived in 2017, it addresses freedom of navigation, cybersecurity, regional infrastructure, and responses to the Belt and Road Initiative. China views it as an "Asian NATO" (Kliem, 2020: 15-17). AUKUS, established in 2021 by the United States, the United Kingdom, and Australia, seeks to strengthen deterrence against China through nuclear-powered submarines and cooperation in advanced technologies, cyber capabilities, and electronic warfare (Koga, 2024: 16-18).

Southeast Asian reactions are divided. Indonesia and Malaysia worry that AUKUS will intensify military competition, while the Philippines, Singapore, and Vietnam view such arrangements more cautiously or positively as tools for balancing China. Concerns remain about nuclear-powered submarines, intelligence activities, and tensions in sensitive routes such as Malacca (Umar and Santoso, 2023: 441-444).

If China resorts to blockade, limited military operations, or force in the Taiwan Strait, some Southeast Asian states may lose confidence in peaceful dispute management with Beijing. The Philippines and Vietnam may increase security cooperation with the United States, Japan, Australia, and India through exercises, access agreements, intelligence sharing, arms purchases, or limited engagement with the Quad and AUKUS. Formal alliances remain unlikely because of economic dependence on China, strategic autonomy, ASEAN centrality, and intra-ASEAN differences. The more likely result is flexible, issue-based, and multilayered security cooperation. China may respond by strengthening ties with Cambodia, Laos, and Myanmar, deepening ASEAN divisions and regional polarization.

## **8. Conclusion**

The Taiwan crisis is one of the most important geopolitical flashpoints in China-U.S. rivalry. Its implications extend beyond Beijing and Washington and can reshape the security and geoeconomic dynamics of surrounding regions. Southeast Asia, located at the junction of the Indian and Pacific Oceans and deeply connected to maritime trade, energy routes, and global supply chains, is particularly exposed to any escalation in the Taiwan Strait.

The article asked how China-U.S. rivalry over Taiwan affects Southeast Asian regional security. Drawing on Regional Security Complex Theory, it argued that the Taiwan crisis affects the region through extra-regional diffusion, security interdependence, and the linkage between economy and security. Its implications are dual: it creates opportunities for Southeast Asia's geoeconomic rise while also intensifying strategic uncertainty, threat perceptions, militarization, and coalition competition.

Economically, the crisis can strengthen Southeast Asia's role in global supply chains. The risks of production concentration in China, trade war, technological restrictions, and a Taiwan Strait crisis push firms toward diversification and "China plus one" strategies. Vietnam,

Indonesia, Malaysia, Thailand, and Singapore may benefit from foreign investment and production relocation. Yet the same geoeconomic position makes the region vulnerable to maritime disruption. The Strait of Malacca is where these opportunities and risks converge: escalation around Taiwan can raise insurance costs, delay shipping, redirect routes, disrupt energy flows, and weaken economic confidence.

In the security dimension, the Taiwan crisis can intensify threat perceptions of China. South China Sea disputes, China's military modernization, power asymmetry, economic dependence, and debt concerns already shape regional mistrust. If Beijing uses blockade, threats, or force against Taiwan, Southeast Asian states may read it as evidence of China's willingness to use hard power in regional disputes. This could weaken the image of China's peaceful rise and deepen security cooperation with the United States and its allies.

The crisis may also contribute to rising military expenditures and flexible coalition-building. Regional defense spending is best understood not as a classical arms race, but as minimum deterrence and defense modernization under uncertainty. At the coalition level, Southeast Asia is unlikely to form a unified anti-China alliance, but countries such as the Philippines and Vietnam may deepen cooperation with the United States, Japan, Australia, and India. China may respond by strengthening ties with more sympathetic states, increasing the risk of ASEAN fragmentation and regional polarization.

Ultimately, the Taiwan crisis is neither merely an external threat nor simply an economic opportunity for Southeast Asia. It is a complex phenomenon with simultaneous geoeconomic and security implications. The future of regional stability will depend on the ability of Southeast Asian states to preserve ASEAN centrality, manage economic dependence on China, develop security cooperation without rigid alignment, and prevent the spillover of the Taiwan crisis into their regional environment. If the crisis escalates, their strategic room for maneuver will narrow, and the region will become more exposed to uncertainty, militarization, and coalition competition.

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