



RCAS Commentary

A New Economic Dawn

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About RCAS

香港亞洲研究中心| The Hong Kong Research Center for Asian Studies (RCAS) is a nonprofit research organization focusing on Asian affairs. It is a newly established institution founded in February 2022 by Dr. Nian Peng in Haikou and subsequently moved to Hong Kong in September 2023. We currently have an international research team with nearly 100 resident/nonresident researchers from China and other countries.

RCAS aims to become a leading research institute and think tank on Asian affairs in the Indo-Pacific region. To date, RCAS has conducted research programs on maritime disputes in the South China Sea (SCS), China's relations with the Indo-Pacific states, the Belt and Road Initiative (BRI), terrorism/counterterrorism in the Afg-Pak region, and so on. It is committed to promoting maritime cooperation, regional integration, and regional peace in the Indo-Pacific region at large.

RCAS has published nearly ten books in Chinese and English and more than 20 papers in SSCI/SCOPUS/CSSCI-indexed journals. Recent English publications include *Populism, Nationalism and South China Sea Dispute: Chinese and Southeast Asian Perspectives* (Singapore: Springer Nature, 2022); *Pakistan's Foreign Policy: Contemporary Developments and Dynamics* (London: Routledge, 2022); *Crossing the Himalayas: Buddhist Ties, Regional Integration and Great-Power Rivalry* (Singapore: Springer Nature, 2021); *The Reshaping of China-Southeast Asia Relations in Light of the COVID-19 Pandemic* (Singapore: Springer Nature, 2021); *Territorial Disputes, The Role of Leaders and The Impact of Quad: A Triangular Explanation of China-India Border Escalations* (2023); *Managing the South China Sea Dispute: Multilateral and Bilateral Approaches* (2022); *China-Pakistan Cooperation on Afghanistan: Assessing Key Interests and Implementing Strategies* (2022); *Hedging Against the Dragon: Myanmar's Tangled Relations with China since 1988* (2021); and *China-Pakistan Conventional Arms Trade: An Appraisal of Supplier's and Recipient's Motives* (2020).

RCAS has also published hundreds of articles, and its researchers have been interviewed in various local and international media outlets, such as *The Diplomat* in the United States, *East Asian Forum (EAF)* in Australia, *Bangkok Post* in Thailand, *Jakarta Post* in Indonesia, *Lian He Zao Bao*, *Think China* in Singapore, *South China Morning Post (SCMP)*, *China-US Focus* in Hong Kong, *CGTN*, *Global Times*, *World Affairs* in China. RCAS researchers have actively participated in international conferences or study visits in the United States, India, Pakistan, Sri Lanka, Nepal, Myanmar, Cambodia, and other places.

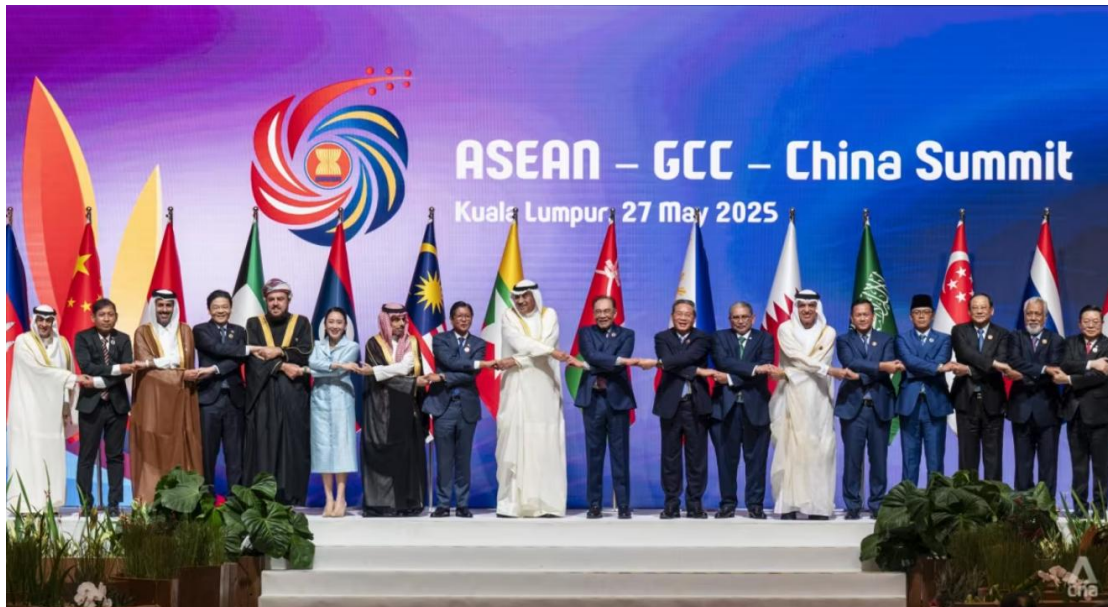
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At a time when the global economy is reeling from trade wars and geopolitical tensions, regional trade alliances and economic integration offer new hope. New dynamics in worldwide trade and investment are emerging, as most recently demonstrated by the summits involving the Association of Southeast Asian Nations, the Gulf Cooperation Council and China. The recent decision by the United States to increase tariffs has alarmed its trading partners around the world, and the trilateral alliance is of immense importance in addressing the issue—especially for those dependent on exports.



▲ ASEAN-GCC-China Summit, Kuala Lumpur, March 27, 2025. (China-US Focus).

The strategic alliance between ASEAN, the GCC and China is necessary in such a situation to enable all three to maintain economic stability and open new investment opportunities. The primary objective is to enhance financial integration and ensure resilience to changes in global trade. The growing ASEAN economic region—comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam—is an integral part of the global supply chain.

GCC countries are among the world's largest oil producers, and their outputs make an essential contribution to global energy security. They are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

China, the world's second-largest economy, has the world's most significant manufacturing capability and extensive domestic market. It is making striking progress in advanced technological development,

These three regions account for approximately \$25 trillion of the global economy. The existence of more than 2 billion people presents a huge market that offers enticing opportunities for promoting cross-regional investment and trade. These numbers signal the enormous economic potential of the alliance.

The unilateral decision by the United States to raise tariffs worries trading partners around the world — particularly developing countries with export-dependent economies. Tariffs put them at risk. Given this situation, a new strategic alliance is necessary for ASEAN, the GCC and China to protect their economic stability and create new investment opportunities. The goal of the alliance is mainly to boost economic integration and resilience in an environment of volatile global trade.

The ASEAN region is a rapidly developing economy that represents an important, integral part of global supply chains. The GCC is the world's largest exporter of oil, and its role in global energy security is undisputed. China, the world's second-largest economy, is situated at the center of international trade, boasting huge production capacity, technological advancements and a vast domestic market. The combined market of more than 2 billion people is itself a source of enormous opportunity for encouraging cross-regional investment and trade.

Given all these perspectives, the economic strength of this alliance is one of the largest consumer markets in the world, with immense consumer power. It is impossible to ignore such a large population, which generates massive demand for goods and technological services in all sectors. This will trigger a rise in domestic production in the cooperating countries, generate jobs and improve living standards.

Agricultural products, mineral resources and emerging manufacturing industries are some of the diversified resources of ASEAN. China, an industrialized country, needs oil and gas, which the GCC countries can accommodate. China, on the other hand, has advanced technology and is developing more. It has extensive infrastructure and extraordinary production capacity. When used properly, all these diverse capabilities and resources can form a strong, self-reliant and robust supply chain with significantly reduced reliance on the vagaries of global volatility. In the GCC, for example, more than a third of China's total crude oil imports are covered, which is crucial for the smooth turning of China's industrial wheels.

The economic power of the three-way alliance can be analyzed from different perspectives:

- New avenues for intra-regional investment: The alliance will provide the basis for cross-regional investment opportunities. The Belt and Road Initiative, which is already in place, aims to connect regions in Asia, Africa and Europe through infrastructure investment. The alliance will enhance Chinese investment in ASEAN and GCC countries alike, and facilitate infrastructure development, industrialization and technology transfers. Capital from ASEAN and China could also fund new business undertakings in GCC countries, which would be uplifting to the economies of both regions.
- Trade diversification and risk reduction: By attempting to mitigate the risks of potential U.S. tariffs, the alliance will enable ASEAN and GCC countries to diversify their trade. Reducing reliance on a single market and connecting to multiple robust markets helps mitigate the risk of sudden changes in global trade policies. So it will help more countries feel more confident that the multilateral trading system is effective.
- Strategic alliance will have geopolitical influence: This alliance holds immense geopolitical importance beyond simply being a powerful economic bloc. In its rivalry with the United States, China is working hard to show itself to be a reliable ally of ASEAN. Meanwhile, even though GCC countries have always maintained close relations with the United States, they are also equally eager to build ties with China, a hallmark of their trade-centric policies. ASEAN, the GCC and China can all employ their unique characteristics to create a more connected, resilient and prosperous future. All of this will strengthen their combined geopolitical and economic might.

China aims to strengthen economic ties with the GCC region, and ASEAN is its top trading partner. Meanwhile, at a time when China is embroiled in a growing so-called trade rivalry with the United States, it is marketing itself as ASEAN's trustworthy ally. But trade is just one of the elements. We can also discuss the situation in terms of infrastructure development, technological cooperation and people-to-people exchanges.

In addition, the nations within ASEAN have a massive impact on China's capital and technological posture. Chinese investment aims to fill infrastructure gaps, accelerate industrialization processes and revitalize local economies. On the other side, GCC nations allow China to fulfill its massive energy needs, ensuring a stable export market for the economies of the Gulf nations.

There are traditionally very close ties between GCC countries and the United States. The United States remains a vital partner in military cooperation, energy security and political support. While GCC countries desire to improve their relationship with China. This is where they don't want to overuse a single superpower. Rather, they

want to have a window to all the other big powers in the world that can take care of their interests.

Economic interests have coalesced between GCC nations and China since the Trump administration's recent "charm offensive" in Saudi Arabia, Qatar and the United Arab Emirates. Moreover, GCC countries have also indicated that they assign great importance to economic opportunities and striving for a brighter future in global trade. Geopolitically, the new alliance will help cement their position.

This simultaneous challenge and opportunity has incredible potential. Regarding investment and trade, specific issues may arise due to differences in political systems, legal frameworks and cultural backgrounds across various countries. For instance, trade imbalances and their environmental impact should also be taken seriously. It's not easy, of course, but a good plan needs to be in place with regular chats to get through the bumps.

The principles on which the alliance can move forward are anchored in transparency, mutual trust and shared interests. A brighter future is possible through the ordinary dividends of investment in areas such as infrastructure development, digitalization and the green economy.

From an economic and geopolitical perspective for China, the GCC and ASEAN, alignment is an essential event of the 21st century. The union's large market, strategic position and significant economic base promise a new way of stabilizing global trade, as tariffs were about to be announced by the United States. The new grouping's activities and its global impact in the days to come are likely to be closely watched, and many expect it to shape the future direction of world trade.

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About Author



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