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GEOECONOMIC FRAGMENTATION AND ASEAN-CENTRED REGIONAL INTEGRATION: STRATEGIC RIVALRY, NATIONAL DIVERGENCE AND THE LIMITS OF RCEP

FRAGMENTACJA GEOEKONOMICZNA A INTEGRACJA REGIONALNA SKUPIONA WOKÓŁ ASEAN: RYWALIZACJA STRATEGICZNA, ROZBIEŻNOŚCI MIĘDZY KRAJAMI ORAZ OGRANICZENIA RCEP

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Abstract

Subject and purpose of work: This study examines how the strategic competition between the United States and China contributes to geoeconomic fragmentation in Southeast Asia. It also generates divergence in ASEAN member states external economic alignments, with effects on ASEAN-centered regional integration frameworks such as the RCEP.

Materials and methods: Using a qualitative process-tracing approach, the study analyzes the Philippines as a critical case, focusing on its withdrawal from Belt and Road Initiative (BRI) associated infrastructure financing, and its delayed trajectory toward accession to the CPTPP.

Results: The findings indicate that while RCEP remains institutionally intact, geoeconomic fragmentation increases coordination costs and hinders ASEAN's ability to maintain a coherent external economic posture, thereby limiting the depth and effectiveness of ASEAN-centered regionalism under conditions of rivalry.

Conclusions: The findings demonstrate that ASEAN-centered integration can remain institutionally intact while becoming increasingly constrained in depth and coherence, thereby reframing resilience not as institutional durability alone but as the sustained alignment of member-state strategies.

Keywords: RCEP, CPTPP, ASEAN, Philippines, multilateral trading system, geoeconomic fragmentation, regionalism, strategic competition

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Streszczenie

Przedmiot i cel pracy: Niniejsze badanie analizuje, w jaki sposób strategiczna konkurencja między Stanami Zjednoczonymi a Chinami przyczynia się do fragmentacji geoekonomicznej w Azji Południowo-Wschodniej. Generuje ona również rozbieżności w zewnętrznych powiązaniach gospodarczych państw członkowskich ASEAN, co ma wpływ na regionalne ramy integracji skupione wokół ASEAN, takie jak RCEP.

Materiały i metody: Wykorzystując jakościowe podejście do śledzenia procesów, badanie analizuje Filipiny jako przypadek krytyczny, koncentrując się na wycofaniu się tego kraju z finansowania infrastruktury związanego z Inicjatywą Pasa i Szlaku (BRI) oraz opóźnionej trajektorii przystąpienia do CPTPP.

Wyniki: Wyniki wskazują, że chociaż RCEP pozostaje nienaruszony instytucjonalnie, fragmentacja geoekonomiczna zwiększa koszty koordynacji i utrudnia ASEAN utrzymanie spójnej zewnętrznej postawy gospodarczej, ograniczając tym samym głębię i skuteczność regionalizmu skupionego wokół ASEAN w warunkach rywalizacji.

Wnioski: Wyniki badań pokazują, że integracja skupiona wokół ASEAN może pozostać nienaruszona instytucjonalnie, jednocześnie stając się coraz bardziej ograniczona pod względem głębokości i spójności, przekształcając tym samym odporność nie tylko jako trwałość instytucjonalną, ale jako trwałe dostosowanie strategii państw członkowskich.

Słowa kluczowe: RCEP, CPTPP, ASEAN, Filipiny, wielostronny system handlowy, fragmentacja geoekonomiczna, regionalizm, konkurencja strategiczna

1. Introduction

The economic landscape of the Asia–Pacific region has been rapidly altered by the deepening of strategic competition between the United States and China. This was achieved not through the breakdown of multilateral trade institutions, but through the incremental dispersion of trade, investment, and development finance along geopolitical lines. This change provides a clear challenge for Southeast Asia where regional integration has depended on ASEAN's ability to maintain a stable and inclusive external economic posture. ASEAN member states confront growing incentives to diversify external alignments in ways that show differentiated security concerns, economic exposure, and domestic political constraints, as major powers follow de-risking strategies and selectively reshape supply chains. This new pattern of geoeconomic fragmentation raises critical questions about the capacity of ASEAN-centered frameworks, particularly the Regional Comprehensive Economic Partnership (RCEP), to sustain policy coherence and deliver deeper regional integration under conditions of major-power rivalry.

ASEAN centrality, institutional design, and the economic benefits of mega-regional trade agreements, such as RCEP, has been widely scrutinized in the literature on regional integration in Southeast Asia. More recent contributions in geoeconomics have stressed how strategic rivalry between major powers leads to selective protectionism, supply-chain reconfiguration, and novel modes of economic statecraft. However, these two strands of research have often evolved in parallel, leaving scarce attention to how great-power contestation affects regional integration indirectly, through differentiated policy responses among ASEAN member states, rather than through formal institutional collapse.

There remains a gap in explaining how geopolitical risk is converted into concrete trade, investment, and development finance decisions at the national level, and how these actions cumulatively affect ASEAN's capacity to retain a coherent external economic posture. This paper addresses this research problem by examining how US–China strategic competition contributes to geoeconomic fragmentation within ASEAN, and by determining the implications of such fragmentation for ASEAN-centered regional integration, with the Philippines analyzed as a critical case.

Guided by this objective, the paper addresses three interrelated questions. First, through what mechanisms does intensifying US–China strategic competition translate into geoeconomic fragmentation in Southeast Asia, particularly in the areas of trade, investment, and development finance? Second, to what extent does such fragmentation produce divergence in ASEAN member states' external economic alignments, and what implications does this divergence hold for ASEAN's capacity to maintain a coherent external economic posture within ASEAN-centered frameworks such as the RCEP? Third, why did the Philippines recalibrate its external economic strategy through withdrawal from BRI-associated financing and a delayed trajectory toward CPTPP accession, and how do geopolitical risk considerations interact with domestic political-economy constraints in determining these policy outcomes?

The next section reviews the relevant literature on geoeconomics, regional integration, and ASEAN centrality, and outlines the conceptual framework linking great-power rivalry to geoeconomic fragmentation and intra-ASEAN divergence. This is followed by a discussion of the research design and methodology, including the rationale for case selection and the use of process tracing. The subsequent section analyzes the Philippines as a critical case, examining its recalibration of external economic policy in relation to BRI-associated financing and CPTPP accession. The final section considers the implications of the findings for ASEAN-centered regional integration, particularly RCEP, and concludes by identifying avenues for future research.

2. Literature Review

The scholarship on regional integration and international political economy acknowledges that economic globalization is being reconfigured by strategic rivalry and the turn to economic statecraft. Rather than a simple retreat from multilateralism, scholars describe a shift toward geoeconomic competition in which trade, investment, technology controls, and development finance are used to manage interdependence and strategic vulnerability (Blackwill & Harris, 2016; Farrell & Newman, 2019). Parallel policy and institutional analyses, by the International Monetary Fund (IMF) and the World Trade Organization (WTO) among others, frame this as geoeconomic fragmentation which involves the selective re-routing of cross-border flows and governance arrangements driven by security concerns and political risks (Aiyar et al., 2023; WTO, 2023).

Studies on ASEAN regionalism has emphasized ASEAN centrality, consensus-based decision-making, and institutional flexibility as the hallmarks of ASEAN-led economic architecture (Acharya, 2014; Jones, 2012; Ravenhill, 2010). Research on mega-regional agreements, including RCEP, stress ASEAN's role as convenor and rule-aggregator, while assessing expected welfare gains and supply-chain effects (Petri & Plummer, 2020; Estrades Pineyrua et al., 2022). Yet much of this work views ASEAN as an internally coherent actor, giving little attention to how differentiated national responses to external geopolitical pressures can accumulate into intra-ASEAN divergence over time.

Bridging these strands, a growing body of geoeconomics and regionalism scholarship argues that major-power competition affects ASEAN-centered integration less through abrupt institutional breakdown than through incremental divergence in members' external alignments (Solis, 2025; Ravenhill, 2010). The mechanism is typically indirect: heightened geopolitical risk triggers 'de-risking' and diversification strategies that are filtered through domestic political economy, producing uneven policy adjustments across trade, investment screening, infrastructure finance, and supply-chain strategy (Farrell & Newman, 2019; Aiyar et al., 2023).

This study builds on and extends this literature by adopting a process-tracing approach to assess how US – China strategic competition contributes to geoeconomic fragmentation within ASEAN and how this fragmentation molds regional integration dynamics. By focusing on the Philippines as a critical case, the analysis connects national-level policy recalibration to wider questions of ASEAN coherence and the limits of ASEAN-centered regionalism under conditions of major-power competition.

Geoeconomic Fragmentation and Strategic Rivalry

The concept of geoeconomic fragmentation has gained prominence as scholars seek to explain how strategic rivalry reshapes international economic relations. In this literature, fragmentation refers to selective reconfiguration of trade, investment, finance, and technology linkages, often through export controls, sanctions, investment screening, 'friend-shoring,' and alternative financing initiatives, rather than wholesale deglobalization (Blackwill & Harris, 2016; Aiyar et al., 2023; WTO, 2023).

Empirically, the United States–China rivalry has become a central driver of these dynamics in the Indo-Pacific. Both powers have sought to reduce exposure to each other while deepening ties with partners viewed as strategically reliable, influencing third countries' calculations about dependence, coercion risk, and the political conditions attached to market access or finance (Farrell & Newman, 2019; Solis, 2025).

For ASEAN member states, the central challenge is that high interdependence with both major powers makes purely efficiency-based policy difficult to sustain. National responses therefore combine continued participation in multilateral and regional agreements with targeted risk-mitigation measures, diversifying suppliers and financiers, revising infrastructure procurement, or sequencing trade commitments, to preserve strategic autonomy.

Existing studies emphasize that the effects of geoeconomic rivalry are uneven and mediated by domestic political-economy conditions. As a result, fragmentation does not produce uniform outcomes across regions or states but instead generates differentiated patterns of alignment and engagement. This insight underscores the importance of assessing how geoeconomic pressures are converted into concrete national policy decisions, especially in regions such as Southeast Asia where strategic competition intersects with deep economic interdependence.

ASEAN Centrality and the Limits of Institutional Coherence

ASEAN centrality remains a defining feature of Southeast Asia's regional order, rooted in norms of inclusivity, consultation, and non-interference and operationalized through ASEAN-led mechanisms. Key policy documents, including the ASEAN Charter, the ASEAN Economic Community (AEC) Blueprint 2025, and the ASEAN Outlook on the Indo-Pacific, codify this approach by emphasizing ASEAN-led platforms for cooperation and an open, rules-based regional architecture (ASEAN, 2007; ASEAN Secretariat, 2015; ASEAN, 2019).

However, the effectiveness of ASEAN centrality depends on a minimum level of policy coherence among member states, especially in external economic alignments. Although the ASEAN way accommodates diversity, increasing divergence in trade strategies, investment partnerships, and development finance sources can raise coordination costs and reduce ASEAN's ability to articulate a common external economic posture within ASEAN-centered frameworks.

In this sense, RCEP may remain institutionally intact as a legal framework, yet its capacity to support deeper integration and collective rule-shaping depends on how member states implement commitments and manage external economic statecraft pressures. As members engage selectively with initiatives such as China's Belt and Road Initiative (BRI) and the CPTPP, ASEAN's convening power can be strained not by treaty failure but by uneven alignment and variable implementation capacity (Petri & Plummer, 2020).

Consistent with this perspective, the paper treats policy documents not only as background context but as observable indicators of evolving commitments and risk perceptions. At the regional level, this includes RCEP's legal text and implementation instruments as well as ASEAN outcome documents and economic blueprints; at the national level, it includes Philippine policy statements and implementing measures on trade and investment, infrastructure procurement, and development planning (ASEAN Secretariat, 2023; Tariff Commission, 2023).

Conceptual Framework

Building on the literatures on geoeconomic fragmentation and ASEAN-centered regionalism, this paper advances a five-stage conceptual framework linking major-power strategic rivalry to regional integration outcomes through nationally mediated policy divergence. Rather than treating geopolitical competition and regional economic integration as separate or opposing dynamics, the framework conceptualizes geoeconomic fragmentation as a sequential, mechanism-driven process through which strategic rivalry reshapes economic policy choices, with cumulative implications for ASEAN coherence and integration depth.

The framework departs from deterministic accounts that associate intensifying geopolitical competition with institutional collapse or wholesale decoupling. Instead, it emphasizes indirect, incremental, and mediated pathways through which strategic rivalry operates, first by altering risk perceptions, then by reshaping domestic policy constraints, and finally by producing differentiated national responses that aggregate into regional-level coordination challenges.

Stage 1: External Strategic Shock – Intensifying US – China Rivalry

At the first stage, intensifying United States – China strategic rivalry constitutes an external strategic shock that alters the regional environment faced by Southeast Asian states. This heightened competition is exhibited through maritime tensions, alliance dynamics, and the increasing use of economic statecraft, heightening uncertainty and perceived geopolitical risk. While not directly dictating economic policy outcomes, these developments reshape the strategic setting in which decisions connected to trade, investment, and development finance are made, rendering economic exposure politically salient.

Stage 2: Elite Interpretive Reframing – From Economic Pragmatism to Strategic Risk

At the second stage, elevated geopolitical risk is translated into elite interpretive reframing within national policymaking. Political leaders and senior officials increasingly reinterpret economic exposure, particularly in strategic infrastructure, external financing, and trade alignment, in terms of vulnerability, resilience, and long-term risk. This perceptual mechanism marks a critical shift from earlier periods in which economic engagement was framed primarily as a technocratic or developmental matter insulated from security concerns.

Stage 3: Domestic Political-Economy Mediation – Institutional Filtering of Risk

At the third stage, elite risk perceptions are filtered through domestic political-economy institutions, producing nationally specific policy constraints and incentives. Legislative scrutiny, fiscal capacity, governance and implementation challenges, sectoral adjustment concerns, and alliance commitments mediate how geopolitical pressures translate into concrete policy decisions. As a result, national responses take the form of selective and incremental recalibration rather than abrupt realignment or disengagement.

Stage 4: Material Policy Adjustment – Selective Geoeconomic Recalibration

At the fourth stage, discursive and institutional shifts translate into material policy adjustments across key economic domains. In infrastructure finance, this may involve delays, restructuring, or withdrawal from selected projects and diversification of funding sources. In trade policy, recalibration manifests through strategic sequencing, maintaining commitment to ASEAN-centered frameworks such as RCEP, while cautiously advancing engagement with external agreements such as the CPTPP. These adjustments reflect de-risking and diversification strategies rather than wholesale disengagement from regional integration.

Stage 5: Regional-Level Aggregation – Constraints on ASEAN-Centered Integration

At the fifth stage, the aggregation of nationally mediated policy adjustments generates regional-level effects for ASEAN-centered integration frameworks. While ASEAN's institutional architecture remains intact, increasing divergence in members' external economic alignments raises coordination costs and constrains the organization's capacity for deeper integration, collective rule-shaping, and coherent external engagement. Regional integration thus persists institutionally but becomes more uneven and politically constrained in practice.

Analytical Implications

This five-stage framework yields two core analytical implications. First, the impact of major-power rivalry on regional integration is indirect and cumulative, operating through sequential mechanisms rather than immediate institutional disruption. Second, the resilience of ASEAN-centered institutions depends not only on formal design and flexibility, but also on the degree of alignment among member states' nationally mediated strategies. As divergence increases, even robust and inclusive regional frameworks face limits to coherence and effectiveness.

The Philippines serves as a critical case through which this framework is examined empirically. By tracing each stage of the mechanism, from external strategic shock to regional-level aggregation, the paper demonstrates how geoeconomic fragmentation constrains ASEAN-centered regionalism through incremental divergence rather than abrupt rupture.

US–China strategic rivalry → elite risk reframing → domestic institutional mediation → selective policy adjustment → ASEAN coordination constraints

Figure 1. Conceptual Framework: Five-Stage Causal Pathway from Strategic Rivalry to ASEAN Integration Constraints

Figure 1 visualizes the five-stage causal pathway underlying the framework, illustrating how exogenous strategic rivalry generates geoeconomic fragmentation that operates through nationally mediated policy adjustments and aggregates into regional integration constraints without precipitating institutional breakdown.

Methods and Research Design

Research Design and Analytical Strategy

This study adopts a qualitative research design using process tracing to examine how major-power strategic rivalry translates into regional integration outcomes through geoeconomic fragmentation and national-level policy divergence. Process tracing is well suited to the study's objective, as it allows for the systematic reconstruction of causal mechanisms linking geopolitical pressures to concrete economic policy decisions and their regional implications. Rather than testing linear correlations, the approach focuses on identifying sequences, decision points, and mediating factors that connect external strategic competition to outcomes within ASEAN-centered integration frameworks.

The analysis proceeds in line with the conceptual framework by tracing three analytical stages: (1) the emergence of heightened geopolitical risk associated with US–China strategic competition; (2) the translation of this risk into geoeconomic policy responses filtered through domestic political-economy conditions; and (3) the aggregation of national-level responses into regional-level constraints on ASEAN institutional coherence, with implications for RCEP.

The Philippines as a Critical Case of Geoeconomic Recalibration

This section examines the Philippines as a critical case through which to trace how heightened United States – China strategic competition is translated into national-level geoeconomic recalibration and, in turn, into constraints on ASEAN-centered regional integration. Adopting a process-tracing approach, the analysis reconstructs a sequence of causal process observations linking shifts in geopolitical risk to concrete policy outcomes across infrastructure finance and trade alignment. The case draws on triangulated evidence from executive and ministerial statements, legislative and oversight records, and project-level implementation data to identify how external strategic pressures were perceived by political elites, mediated through domestic institutions, and ultimately reflected in observable policy execution.

Rather than treating policy change as an automatic response to great-power rivalry, the analysis demonstrates how recalibration emerged incrementally through discursive reframing, institutional contestation, and selective diversification, while maintaining formal commitments to ASEAN-centered frameworks such as RCEP. By situating national policy adjustments within this causal sequence, the Philippines case illustrates how geoeconomic fragmentation operates in practice and how differentiated national responses can cumulatively constrain the depth and coherence of regional integration without precipitating institutional breakdown.

Data Sources and Evidence

The analysis draws on multiple sources of qualitative and descriptive data selected and analyzed in accordance with process-tracing best practices, with particular attention to identifying causal process observations (CPOs) that link major-power strategic rivalry to national-level economic policy recalibration and regional integration outcomes (George & Bennett, 2005; Beach & Pedersen, 2019). Rather than relying on outcome correlations, the study assembles evidence that illuminates intermediate steps in the causal mechanism connecting heightened geopolitical risk to geoeconomic fragmentation and subsequent divergence within ASEAN.

First, executive and ministerial statements are used to identify shifts in elite perception and strategic framing that constitute early-stage CPOs in the causal chain. These sources include State of the Nation Addresses delivered by the President of the Philippines between 2018 and 2024, official statements and press briefings issued by the Department of Foreign Affairs (DFA) on South China Sea developments and alliance coordination, and speeches and press releases from the Department of Trade and Industry (DTI) relating to RCEP implementation and CPTPP readiness (Office of the President, 2026; Monzon, 2025; DTI, 2026; Pedrajas, 2026)). In process-tracing terms, these materials provide evidence of perceptual and interpretive mechanisms, revealing how external strategic rivalry is cognitively and discursively translated into policy-relevant risk assessments (Bennett & Checkel, 2015). Changes in official language, particularly the increasing emphasis on resilience, diversification, and strategic risk, are treated as observable indicators that precede and help explain subsequent policy decisions.

Second, legislative and oversight records provide CPOs related to institutional mediation, a critical intervening mechanism in the framework. Congressional hearings, budget deliberations, and audit and oversight reports concerning infrastructure financing, foreign-assisted projects, debt sustainability, and trade commitments document how executive preferences interact with domestic political-economy constraints (Senate, 2026; House of Representatives, 2026; Commission on Audit, 2026). These records allow the analysis to trace how geopolitical concerns are filtered through fiscal scrutiny, governance capacity, and sectoral adjustment pressures, thereby shaping the timing and scope of policy recalibration. In line with process-tracing standards, such evidence helps rule out alternative explanations based on executive fiat or purely exogenous shocks by demonstrating the presence of intervening institutional processes (George & Bennett, 2005; Beach & Pedersen, 2019).

Third, project-level infrastructure documentation and implementation evidence supply CPOs related to policy execution and material adjustment, enabling the study to move beyond stated intentions to observable outcomes. Publicly available information on project approval, financing arrangements, implementation delays, restructuring, or termination is used to establish whether and how shifts in strategic framing and institutional deliberation translate into concrete changes in infrastructure pipelines. This form of evidence corresponds to what process-tracing scholars describe as outcome-linked CPOs, which strengthen causal claims when temporally aligned with earlier perceptual and institutional signals (Bennett & Checkel, 2015). Divergence between project announcement and implementation is treated as analytically revealing rather than anomalous, particularly in the context of BRI-associated infrastructure.

These core sources are analyzed alongside trade and investment policy implementation records, such as tariff schedules, trade facilitation measures, and accession-related communications, as well as regional policy outputs, including ASEAN summit statements and economic ministers' declarations. Together, these materials allow the study to trace how national-level recalibration aggregates into regional-level coordination constraints within ASEAN-centered frameworks such as RCEP.

Across all data categories, evidence is evaluated for temporal ordering, within-case consistency, and mechanistic plausibility, consistent with best practices in theory-testing process tracing (Beach & Pedersen, 2018). Triangulation across independent sources reduces the risk of bias associated with elite rhetoric or isolated policy outcomes and enhances inferential leverage. By assembling a sequence of linked CPOs, ranging from elite perception and institutional mediation to policy execution, the study demonstrates a plausible and observable causal pathway through which United States–China strategic rivalry contributes to geoeconomic fragmentation and constrains ASEAN-centered regional integration.

Analytical Scope and Limitations

The study does not seek to establish generalizable causal effects across all ASEAN member states, nor does it claim that geoeconomic fragmentation leads to institutional breakdown. Instead, it aims to demonstrate a plausible and observable causal mechanism linking strategic rivalry to regional integration constraints through national-level divergence. While the Philippines provides a theoretically informative case, future research could extend the framework through comparative analysis across multiple ASEAN members or through quantitative examination of integration outcomes over time.

Findings

This section presents the empirical findings of the study by tracing how intensifying United States–China strategic rivalry translated into national-level geoeconomic recalibration in the Philippines and, in turn, into constraints on ASEAN-centered regional integration. Guided by the five-stage conceptual framework, the analysis adopts a process-tracing approach to reconstruct the causal sequence linking external strategic shocks to elite risk perceptions, domestic political-economy mediation, and observable policy adjustments across infrastructure finance and trade alignment.

Rather than treating the Philippine case as a descriptive account of policy change, the findings identify and sequence causal process observations that illuminate how geopolitical pressures became policy-relevant, how they were filtered through domestic institutions, and how they materialized in selective and incremental forms of recalibration. The analysis shows that geoeconomic fragmentation did not produce abrupt realignment or institutional withdrawal. Instead, it unfolded through gradual shifts in discourse, governance, and policy execution, while formal commitments to ASEAN-centered frameworks such as the RCEP were maintained.

The section is organized to mirror the causal stages of the framework. It begins by establishing the emergence of heightened geopolitical risk associated with US–China rivalry, then examines elite-level discursive reframing and domestic institutional mediation. It subsequently traces material policy adjustments in infrastructure finance and trade sequencing, before assessing how these national-level responses aggregate into regional-level coordination constraints. Together, these findings demonstrate how geoeconomic fragmentation operates through indirect and cumulative mechanisms, reshaping the depth and coherence of ASEAN-centered regionalism without precipitating institutional breakdown.

1. Emergence of Strategic Rivalry and Heightened Geopolitical Risk

(Causal Stage 1: External Strategic Shock)

The findings indicate that the intensifying United States–China strategic rivalry reshaped the external context of Philippine economic policymaking by heightening perceived geopolitical risk. The Philippines' geographic exposure in the South China Sea, combined with renewed alliance coordination with the United States, increasingly linked security developments to broader questions of economic vulnerability. Official statements from the Department of Foreign Affairs repeatedly framed maritime incidents and alliance dynamics as matters affecting national sovereignty and long-term strategic stability, signalling that geopolitical considerations were becoming salient beyond the security domain (Rocamora, 2026).

Presidential State of the Nation Addresses reinforce this shift. While earlier addresses of President Ferdinand Marcos Jr. emphasized infrastructure expansion and external partnerships primarily in developmental terms, later speeches referenced resilience, national security, and the need to safeguard strategic assets amid a changing regional environment (Office of the President, 2026). These developments did not immediately dictate economic policy outcomes, but they altered the background conditions under which trade, investment, and infrastructure decisions were assessed.

Taken together, these sources establish a heightened strategic risk environment that rendered economic exposure politically salient. This external shock created the conditions under which subsequent reinterpretation of economic policy choices became both plausible and politically defensible.

2. Discursive Reframing of Economic Exposure at the Elite Level

(Causal Stage 2: Perceptual and Interpretive Mechanism)

Building on this altered strategic environment, executive and ministerial discourse reveals a clear reframing of economic exposure at the elite level. Statements from the Department of Trade and Industry increasingly linked trade policy and investment decisions to resilience and diversification, particularly in the context of RCEP implementation and discussions surrounding CPTPP readiness (Mangaluz, 2025). This language contrasts with earlier framing that treated trade and infrastructure engagement as largely technocratic and insulated from geopolitical considerations.

This shift is most visible in elite discourse surrounding infrastructure financing associated with the Belt and Road Initiative. While multiple large-scale BRI-linked projects were announced during the late 2010s, official statements in the early 2020s increasingly emphasized implementation delays, financing terms, and execution risks. Reporting by the Philippine News Agency indicated that several flagship China-funded railway projects would no longer be pursued, with government officials citing feasibility, financing quality, and risk management concerns (Rocamora, 2023).

Importantly, official discourse avoided explicit rejection of Chinese engagement. Instead, ambiguity surrounding whether the Philippines formally withdrew from the BRI umbrella memorandum suggests a calibrated reframing strategy: distancing from specific financing arrangements while minimizing diplomatic escalation. In process-tracing terms, this discursive shift constitutes a critical interpretive turning point, translating external strategic rivalry into policy-relevant risk perceptions that informed subsequent decision-making.

3. Domestic Political-Economy Mediation and Institutional Filtering

(Causal Stage 3: Intervening Institutional Mechanism)

The findings further demonstrate that elite risk perceptions were filtered through domestic political-economy institutions, shaping both the pace and form of policy recalibration. Congressional committee hearings and budget deliberations raised recurring concerns regarding debt sustainability, loan terms, and implementation capacity for foreign-assisted infrastructure projects, including those linked to China (Bacelonia, 2022). These proceedings indicate that geopolitical concerns interacted with fiscal and governance constraints rather than overriding them.

A parallel pattern of cautious mediation is evident in trade policy. Despite recurring executive expressions of interest in CPTPP membership, legislative discussions and stakeholder consultations emphasized adjustment concerns in sensitive sectors and questions of regulatory readiness. These domestic constraints help explain why CPTPP engagement was deferred even as strategic uncertainty increased. The eventual submission of CPTPP accession application documents in 2025, reported publicly in late 2025, suggests that strategic considerations were resolved only after domestic institutional barriers were partially addressed (Barro II, 2025). This sequencing reinforces the finding that geopolitical pressures alone are insufficient to explain policy outcomes; domestic political-economy mediation played a decisive role.

4. Policy Execution: Geoeconomic Recalibration in Infrastructure Finance

(Causal Stage 4a: Material Adjustment – Infrastructure)

Discursive reframing and institutional mediation translated into observable policy execution in infrastructure finance. Project-level documentation from the National Economic and Development Authority and the Department of Transportation shows that several BRI-associated railway and transport projects experienced prolonged delays, renegotiation, or eventual non-pursuit during the early 2020s (Strangio 2023; Philippine Star 2023).

At the same time, official budget documents and development partner records indicate increased reliance on alternative financing sources, particularly Japan and multilateral development banks (JICA, 2022; JICA, 2023; ADB, 2024; ADB, 2026). This pattern suggests selective de-risking rather than wholesale disengagement from infrastructure development.

From a process-tracing perspective, these outcomes constitute outcome-linked causal process observations. The temporal ordering is analytically significant: implementation changes followed earlier shifts in elite discourse and institutional scrutiny, strengthening the inference that recalibration reflected a reassessment of strategic exposure rather than purely technical project failure.

5. Policy Sequencing in Trade Alignment: RCEP Implementation and CPTPP Accession

(Causal Stage 4b: Material Adjustment – Trade)

In trade policy, recalibration took the form of strategic sequencing. The Philippines proceeded with RCEP implementation, which entered into force for the country in 2023, reaffirming commitment to ASEAN-centered integration (ASEAN Secretariat, 2023; Tariff Commission of the Philippines, 2023).
By contrast, CPTPP engagement followed a delayed trajectory. While DTI statements emphasized interest and preparatory reforms, formal application was postponed until 2025, reflecting both domestic adjustment constraints and geopolitical signalling considerations (Desiderio, 2025; Barro II, 2025). This sequencing indicates that diversification strategies were pursued alongside rather than at the expense of ASEAN-centered commitments.

6. Aggregation Effects: Implications for ASEAN Coherence and Regional Integration

(Causal Stage 5: Regional-Level Outcome)

At the regional level, the Philippine case illustrates how nationally mediated recalibration contributes to divergence within ASEAN. ASEAN summit declarations and economic ministers' statements continue to reaffirm commitment to openness, inclusivity, and ASEAN centrality (ASEAN, 2020; ASEAN, 2021; ASEAN, 2022; ASEAN, 2023a; ASEAN, 2023b). However, differentiated national engagement with external trade and financing initiatives increases coordination costs in practice.

While RCEP remains institutionally intact, the findings suggest that its capacity to support deeper integration and collective rule-shaping is constrained by variation in national implementation priorities and external alignment strategies. In aggregate, these nationally mediated adjustments demonstrate how geoeconomic fragmentation reshapes ASEAN-centered regionalism through cumulative divergence rather than abrupt institutional breakdown.

In this sense, the Philippine case highlights how geoeconomic fragmentation constrains the depth and effectiveness of ASEAN-centered regionalism without precipitating institutional breakdown. In aggregate, the Philippine case shows how incremental national adjustments, rooted in strategic rivalry and mediated through domestic institutions, can cumulatively constrain regional coordination, clarifying the indirect yet consequential effects of geoeconomic fragmentation on ASEAN-centered regionalism.

Table 1 synthesizes the core empirical findings by mapping the temporal ordering of external strategic shocks, domestic interpretive and institutional responses, and material policy outcomes in the Philippines. Rather than serving as a descriptive chronology, the table identifies a sequence of causal process observations that collectively support the proposed mechanism linking United States – China strategic rivalry to geoeconomic recalibration. The progression from heightened geopolitical risk, to discursive reframing, to institutional mediation, and finally to selective adjustment in infrastructure finance and trade alignment underscores that policy change unfolded through gradual and contingent processes. In doing so, the table reinforces the study's central claim that geoeconomic fragmentation constrains ASEAN-centered regional integration not through sudden institutional rupture, but through the cumulative effects of nationally mediated divergence.

Table 1. Causal Sequencing of Strategic Rivalry and Geoeconomic Recalibration in the Philippines (2016-2025)

Period	External Strategic Shock	Interpretive & Institutional Response	Policy Outcome
2016–2018	Stable US–China rivalry	Economic engagement treated as apolitical	BRI projects announced
2019–2020	Escalating trade rivalry	Exposure and feasibility risks acknowledged	BRI delays emerge
2021	Rising maritime tensions	Diversification enters policy discourse	Financing options broaden
2022	Deepened alliance signaling	Risk filtered through fiscal constraints	Shift to MDB/Japan finance
2023	Persistent strategic rivalry	Strategic exposure emphasized	Select BRI projects dropped
2023	ASEAN stability	Regional commitment reaffirmed	RCEP enters into force
2024	Continued fragmentation	Institutional adjustment ongoing	Incremental recalibration
2025	Sustained rivalry	Strategic sequencing completed	CPTPP application filed

Source: Mendoza & Mendoza (2025); Magno and Katigbak (2025); and Thangavelu (2026).

Table 1 summarizes a sequence of causal process observations (CPOs) tracing how intensifying United States – China strategic rivalry generated national-level geoeconomic recalibration in the Philippines between 2016 and 2025. The first column records exogenous CPOs associated with shifts in the external strategic environment (Causal Stage 1).

The second column captures intermediate CPOs reflecting elite interpretive responses and domestic institutional mediation, through which geopolitical risk was reframed and filtered (Causal Stages 2-3). The third column documents outcome-linked CPOs, consisting of observable adjustments in infrastructure finance and trade alignment with regional implications (Causal Stages 4-5). Read sequentially, the table operationalizes process tracing by establishing temporal ordering among CPOs and demonstrating that policy change emerged through incremental, mediated mechanisms rather than abrupt realignment or institutional breakdown.

Robustness and Validity of the Case Analysis

The timeline-based process tracing employed in this study strengthens causal inference by establishing temporal ordering between shifts in the external geopolitical environment and subsequent national-level economic policy decisions. By identifying observable policy changes, such as adjustments in infrastructure financing strategies and the sequencing of trade agreement engagement, following periods of heightened strategic rivalry, the analysis reduces the risk of post hoc or purely correlational interpretation. Causal claims are further supported through triangulation across multiple sources, including official policy statements, project-level information, and trade and investment indicators, which collectively reinforce the plausibility of the proposed mechanism. While the single-case design limits generalizability, the focus on process rather than outcomes allows the study to demonstrate how geoeconomic fragmentation operates in practice, thereby offering analytically transferable insights for understanding regional integration dynamics in other ASEAN member states.

Conclusion

This study set out to clarify how US – China strategic competition translates into geoeconomic fragmentation in Southeast Asia and how such fragmentation affects ASEAN's capacity to sustain a coherent, ASEAN-centered approach to regional economic integration. By conceptualizing rising protectionism as part of a broader geoeconomic response to strategic rivalry, the paper demonstrated that fragmentation does not show primarily through the collapse of multilateral trade agreements such as RCEP, but through increasing divergence in member states' external economic alignments.

This dynamic is exemplified by the Philippine case. The country's shift away from several BRI-linked infrastructure financing arrangements, alongside its eventually advancing CPTPP accession bid, reflects a recalibration shaped by geopolitical risk, alliance considerations, and domestic political-economy constraints. These shifts were not automatic responses to great-power rivalry; rather, they emerged through a process in which security concerns, financing choices, and trade diversification strategies became increasingly intertwined (Rocamora, 2023; Barro II, 2025).

At the regional level, the analysis suggests that ASEAN's challenge lies less in preserving the formal existence of RCEP than in sustaining the policy coherence and collective external posture necessary for deeper regional integration. As ASEAN members pursue differentiated strategies vis-à-vis major powers, through platforms such as BRI, CPTPP, and other external trade arrangements, the transaction costs of consensus-based regionalism increase. These dynamic places structural limits on ASEAN centrality, even in the absence of overt institutional breakdown.

This study contributes to the literatures on geoeconomics and regional integration by theorizing geoeconomic fragmentation as a sequential, nationally mediated process rather than as an outcome of institutional collapse or systemic decoupling. By advancing a five-stage causal framework that links major-power strategic rivalry to regional integration constraints through elite interpretive reframing, domestic political-economy mediation, and selective material policy adjustment, the paper clarifies how geopolitical competition reshapes regionalism indirectly and incrementally. In contrast to accounts that treat ASEAN either as a cohesive regional actor or as a passive arena of great-power competition, the framework highlights the aggregation effects of nationally differentiated responses as the critical mechanism shaping regional outcomes.

The findings demonstrate that ASEAN-centered integration can remain institutionally intact while becoming increasingly constrained in depth and coherence, thereby reframing resilience not as institutional durability alone but as the sustained alignment of member-state strategies. More broadly, the study bridges geoeconomics and regionalism by showing how strategic rivalry operates through domestic institutions and policy sequencing to produce region-wide effects without precipitating abrupt rupture. This is an insight with applicability beyond Southeast Asia to other regions characterized by deep interdependence under conditions of intensifying great-power competition.

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