

Arctic route could undercut ASEAN's trade role

New Arctic passage reduces costs and risks for China's trade, putting Southeast Asia's Malacca Strait centrality in jeopardy



By PHAR KIM BENG And LUTHFY HAMZAH

SEPTEMBER 23, 2025



Competition is heating up for Arctic influence. Image: blickwinkel / Alamy

A cargo ship sailing from China's vast Ningbo-Zhoushan port to Felixstowe in the United Kingdom might seem routine. But its chosen route signaled a quiet revolution in global trade and maritime security.

Instead of following the 21,000-kilometer Suez Canal passage, the vessel traveled "over the top of the world" along Russia's northern coast, escorted by icebreakers. What was once an impenetrable frozen wilderness is fast becoming a navigable artery of global commerce.

[Read More](#)

00:07

03:36

At around 14,000 kilometers, this northern passage is 7,000 kilometers shorter than the Suez route for China. The shorter distance is slashing costs, saving time and reconfiguring trade routes. Those savings represent both a logistical triumph and a geopolitical shock.

China and Russia have spent years preparing for this moment, investing in scientific research to monitor ice levels and building the icebreaking capacity to keep the route viable. The Arctic, once viewed as the last frontier, is now visibly transforming into a key highway for Eurasian connectivity.

That's an unsettling new reality from Washington's perspective. The United States has long equated global influence with control over sea lanes and maritime chokepoints—from the Panama Canal to the Strait of Malacca. A new Arctic route will inevitably diminish that leverage on the open seas.



President Donald Trump's earlier bid to acquire Greenland from Denmark was widely dismissed at the time as eccentric. In reality, the move aimed to secure strategic proximity to this emerging corridor. Alongside renewed assertions over the Panama Canal, it reflected Washington's growing unease about losing control over the arteries of global trade.

For ASEAN, the instinct might be to view the Arctic as a distant concern. After all, the Strait of Malacca, a narrow waterway between Indonesia's Sumatra island and the Malay Peninsula, has long been the region's vital artery, carrying nearly one-third of the world's shipping and up to 80% of China's imported fuel.

The strait's narrow passage has also placed China in a tight geopolitical spot, often referred to as its "Malacca Dilemma", due to the risk of a potential US naval blockade in a conflict scenario, including possibly over Taiwan.

China has responded by diversifying its energy import routes, including through pipelines in Myanmar, Central Asia and Russia, but the threat of a US blockade in Malacca remains.

At the same time, Singapore, Malaysia's Port Klang and Thailand's Laem Chabang have all flourished precisely because of the strait's centrality. But the Arctic route introduces a disruptive alternative. It does not erase Malacca's importance, but it does dilute its monopoly. Over time, that could erode ASEAN's strategic leverage in trade and geopolitics.

Energy further complicates the picture. The Arctic is not merely a transit corridor; it is also a vast reservoir of oil, gas and minerals. As the ice recedes, resource competition is heating up. Russia and China are already investing heavily, while the US, Canada and Europe are expanding their Arctic strategies.

These developments will inevitably affect global energy prices and supply dynamics—reshaping the economic landscape in which ASEAN must operate. The East Asian Summit, bringing together the leaders of ASEAN alongside the US, China, Russia, Japan, India

and others, cannot afford to ignore these emerging realities.

While the South China Sea, Taiwan Strait and Korean Peninsula remain urgent flashpoints, the Arctic is becoming a new theater of competition with global implications. If the EAS confines itself to traditional issues, it risks becoming irrelevant in a world where strategic geography is shifting northward.

ASEAN must therefore push for three priorities. First, it must safeguard its competitiveness. This means modernizing ports, digitalizing customs and enhancing resilience against shocks. If shipping giants can cut days and costs by heading north, Southeast Asian ports must match this with world-class efficiency and reliability.

Second, ASEAN should secure a voice in Arctic governance. Observer roles, joint research initiatives or partnerships with Arctic Council members would help ensure the region isn't excluded from shaping rules that affect its future.

Third, ASEAN must link Arctic debates to climate action. The melting ice that makes navigation possible is itself a warning. Rising seas threaten ASEAN cities from Jakarta to Manila to Bangkok. Framing the Arctic as both a strategic and environmental issue strengthens ASEAN's moral and diplomatic leverage.

The Arctic sea lane is not a passing story. It is part of a larger reconfiguration of the world order, in which new routes, resources and rivalries are reshaping the map. For ASEAN, the challenge is not whether to respond but how quickly and effectively.

To assume Malacca's centrality is permanent would be to ignore the lessons of history. The Suez Canal transformed global trade in the 19th century; the Panama Canal did so again in the 20th. In the 21st century, the Arctic is emerging as the next pivot.

The Arctic may be distant from Southeast Asia, but its significance is not. It is redefining commerce, energy and power politics worldwide. To overlook it would be to leave ASEAN unprepared for the profound shifts already underway.

Phar Kim Beng (PhD) is professor of ASEAN studies at the International Islamic University of Malaysia and director of the Institute of International and ASEAN Studies (IINTAS). Luthfy Hamzah is research fellow at the Institute of International and ASEAN Studies (IINTAS).