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US and Europe Pull Back from Southeast Asia Aid, Lowy Institute Map Shows

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The Lowy Institute's Southeast Asia Aid Map reveals a sharp decline in United States (US) and European aid to the region, leaving poorer nations vulnerable as China steps in to fill the gap. This article explores the retreat of Western development finance, its impact on countries like Myanmar and Cambodia, and the growing influence of China's infrastructure projects.

The Lowy Institute's 2024 Southeast Asia Aid Map, tracking over 120,000 projects from 2015 to 2022, shows official development

finance (ODF)—public funds for economic and social development—plummeting to \$26 billion in 2022, the lowest since 2015. The US, once a leading donor via the United States Agency for International Development (USAID), cut \$60 billion globally, with Southeast Asia hit hard. Europe's contributions also waned, with total ODF from traditional partners like the Asian Development Bank (ADB) and Japan making up 90% of 2022's funding. "The world's aid system has been rewritten," said Grace Stanhope, co-author of the Lowy report, noting the US's retreat under the Trump administration (ABC News, 2025).

China's role as the region's top infrastructure financier remains strong, despite a drop from \$5.5 billion annually pre-COVID to half that in 2022. Projects like Indonesia's Jakarta-Bandung high-speed rail highlight China's focus on "soft power" through infrastructure, said Stanhope (ABC News, 2025). Meanwhile, Western pledges for clean energy transitions have fallen short, with renewable energy funding lower in 2022 than in 2015, risking Southeast Asia's climate goals.

Australia, a mid-sized player, spent \$870 million annually, mostly in grants, but its influence pales beside China's. The Labor government's \$470 million aid pledge over four years is modest compared to the region's needs, like the \$130 billion annual energy transition cost by 2030. Critics argue Labor's focus on aid lacks the strategic heft to counter China's dominance.

The retreat of Western aid threatens Southeast Asia's poorest nations, already battered by post-COVID recovery and budget deficits. As China expands its footprint, Australia, Japan, and South Korea must step up to balance influence and support sustainable development, or risk ceding strategic ground in this vital region.