



**ASIA ON
THE HORIZON**

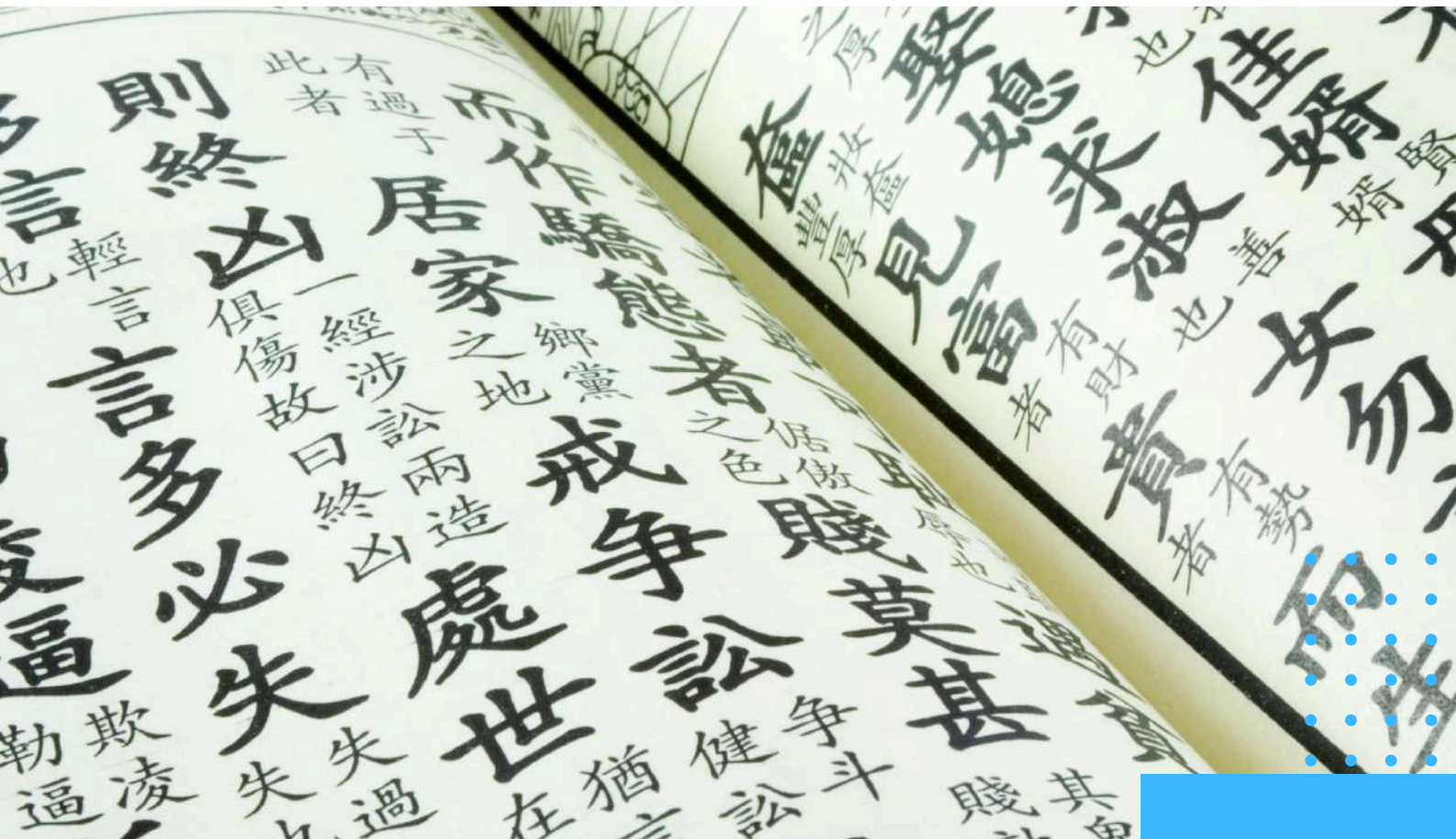
ALMANAC

2025



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EXECUTIVE SUMMARY

Shifting Alliances, Renewed Great Power Competition, and the Growing Influence of the Global South



The year 2025 marked a pivotal moment in global affairs, characterized by shifting alliances, renewed great-power competition, and the growing influence of the Global South. Under President Donald Trump’s second term, the United States adopted an assertive “America First” posture, challenging China’s global ambitions and reshaping the dynamics of international engagement.

Meanwhile, China pursued a dual strategy of global outreach and domestic consolidation, while middle powers and emerging economies asserted greater agency in shaping the global order. This almanac chronicles the defining developments of 2025, beginning with the geopolitical tremors of January that set the tone for a year of volatility and transformation.



JANUARY: Tensions and New Alignments



January 2025 immediately established the year's primary fault lines. The month was defined by the United States signaling a hardline stance against Chinese influence under the new Trump administration, a posture met with reciprocal strategic consolidation from Beijing. Simultaneously, the BRICS bloc expanded its membership, fortifying the Global South's institutional architecture and setting the stage for a year of intensified strategic competition across diplomatic, economic, and technological domains.



U.S. Signals a Hardline Stance on China

Washington's opening salvo against Chinese influence was delivered through pointed rhetoric, interpreted by key allies as a direct challenge to Beijing's Belt and Road Initiative. President-elect Trump's remarks on the Panama Canal and Greenland were seen by figures like Italian Prime Minister Giorgia Meloni as strategic warnings against China's encroachment. This interpretation was rooted in specific concerns over growing Chinese investments in the canal's infrastructure and port operations managed by Hong Kong-based Hutchison Ports.

This diplomatic signaling was matched by direct action on the cyber front. The U.S. imposed sanctions on PRC-linked cyber actors, specifically naming Yin Kecheng and the firm Sichuan Juxinhe Network Technology Co. for their roles in significant cyber intrusions. These entities were implicated in targeting U.S. Treasury networks and critical infrastructure, underscoring Washington's resolve to impose costs for malicious cyber activities.



The Global South Consolidates: BRICS Expansion

While Washington sharpened its competitive posture, the Global South fortified its own institutional structures. The BRICS bloc formally expanded, welcoming Indonesia alongside new members including Nigeria, Egypt, and Ethiopia. This enlargement underscored the bloc's growing ambition to challenge traditional, Western-dominated power structures. With its new members, the alliance now represents 40% of the global population and 35% of world GDP, giving it significant heft in advocating for a more multipolar world order.

Regional Crises and Security Postures

The month was also marked by significant regional events, including a deadly earthquake in a mountainous region of China that became the nation's deadliest seismic event since the 2023 Gansu-Qinghai quake. On the Korean Peninsula, the U.S.-ROK Nuclear Consultative Group (NCG) showcased its achievements in strengthening deterrence against North Korea through joint exercises and visible demonstrations of U.S. strategic assets. This occurred against a backdrop of domestic turmoil in South Korea, where President Yoon Suk Yeol was impeached and subsequently indicted on insurrection charges.



The Tech Front: The TikTok Ban Looms

The technology-security nexus came into sharp focus as a U.S. ban on TikTok was set for January 19. With a legal challenge before the Supreme Court, pressure mounted on its parent company, ByteDance, to divest its U.S. assets.

In anticipation of the ban, a notable user migration began, with creators flocking to alternative platforms like China's RedNote, reflecting the growing intersection of technology, culture, and geopolitics.

The geopolitical, economic, and security tremors of January set a volatile precedent, clearly defining the arenas of competition and compelling the key actors to prepare for a confrontational February.

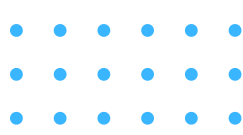
FEBRUARY: Trade Wars and Military Maneuvers

The strategic fault lines established in January hardened into direct economic and military confrontation in February. The Trump administration's tariff volley signaled the formal start of a new trade war, while multilateral naval exercises in the Indo-Pacific demonstrated that alliance-based power projection, not just diplomatic posturing, would define the year's security landscape.



The Trade War Reignites

President Trump announced a new 10% tariff on Chinese imports, framing it as a tool to pressure Beijing on trade, migration, and drug enforcement. The move threatened to reverse recent declines in the bilateral trade deficit, which stood at \$296.42 billion in 2024. While Mexico and Canada swiftly announced countermeasures to similar U.S. tariffs, China opted for a more measured response, signaling its intent to challenge the U.S. at the World Trade Organization (WTO).



Military Alliances and Power Projection

The region's strategic waterways became a stage for power projection. France led the multinational maritime exercise La Pérouse 25, bringing together naval assets from Australia, Canada, the U.S., India, Indonesia, and others. The exercise focused on joint air-sea operations in the strategically vital straits of Malacca and Sunda, demonstrating Europe's growing role in regional security.

In a direct signal to Beijing, the U.S. Navy conducted its first transit of the Taiwan Strait under Trump's second term, with the destroyer USS Ralph Johnson and survey ship USNS Bowditch drawing strong condemnation from China.



Deepening Rifts and Realignment

Domestic political dramas reshaped regional dynamics. In the Philippines, a deepening feud culminated in the impeachment of Vice-President Sara Duterte over allegations of corruption and threats against President Ferdinand Marcos Jr. In the corporate world, the proposed \$60 billion merger between Nissan and Honda collapsed. Meanwhile, India and the U.S. made diplomatic overtures, with talks between Prime Minister Modi and President Trump leading to an agreement to resolve tariff disputes, with India committing to increased purchases of U.S. energy and military equipment.



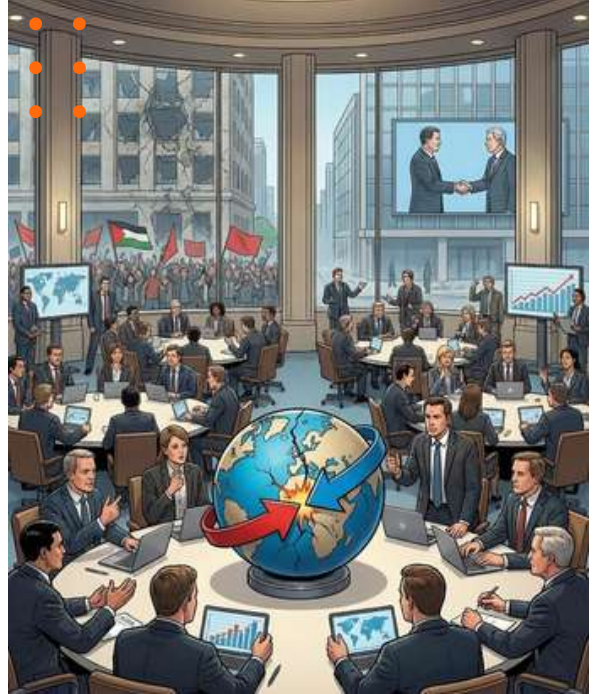


China's Strategic Developments

Beijing demonstrated its long-term strategic ambitions on two fronts. U.S. intelligence revealed the construction of a massive new military command center near Beijing, reportedly ten times the size of the Pentagon and designed to protect China's leadership in a potential conflict. On the technology front, the emergence of DeepSeek, a Chinese AI model rivaling Western firms without relying on cutting-edge U.S. chips, was described as a "wake-up call for Washington," demonstrating China's capacity for independent innovation despite U.S. technology restrictions.

February's escalations on trade and military fronts drew clear lines in the sand, forcing regional actors to spend March not just reacting, but actively recalibrating their alliances and domestic policies for a new era of confrontation.

MARCH: Diplomatic Flurries and Domestic Crises



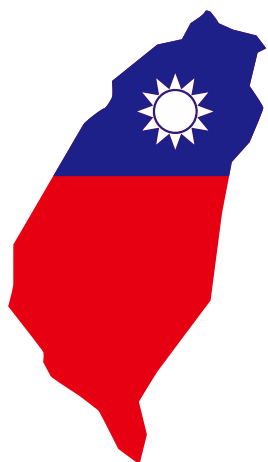
March was defined by a whirlwind of diplomatic activity as nations attempted to navigate the fallout from the U.S.-China trade war. This flurry of engagement occurred alongside significant domestic political upheavals that reshaped leadership and policy across the region, adding another layer of complexity to an already volatile environment.



China's Political and Economic Agenda

China held its annual "Two Sessions" political meetings, reaffirming a GDP growth target of around 5%. The agenda emphasized boosting domestic demand, fostering high-tech innovation, and stabilizing the economy in the face of escalating trade tensions with the United States.

Tensions in the Taiwan Strait and South China Sea



Military tensions around Taiwan escalated as China conducted unannounced live-fire drills off Taiwan's southwestern coast, which Taipei condemned as a "blatant provocation." In a separate incident, Taiwan's Coast Guard detained the Chinese-crewed ship Hong Tai on suspicion of severing an undersea communication cable, an act seen as a potential Chinese "gray zone" operation. In response, U.S. Secretary of State Marco Rubio exempted over \$1 billion in security assistance for Taiwan and the Philippines from a broader foreign aid freeze.



Major Political Developments

A significant moment for international justice occurred with the arrest and extradition of former Philippine President Rodrigo Duterte to The Hague to face ICC charges for crimes against humanity related to his deadly drug war. In a rare diplomatic spat between close allies, New Zealand recalled its UK ambassador after he publicly questioned President Trump's historical knowledge.



Shifting Alliances and Diplomacy

Amid the rising tensions, some powers sought de-escalation, with Indian Prime Minister Narendra Modi signaling a pragmatic shift toward China by calling for dialogue and "healthy and natural competition." Conversely, the China-Russia strategic axis deepened as Russian Security Council Secretary Sergei Shoigu met with President Xi Jinping in Beijing. In a sign of expanding security architecture, the chief of the Philippines' armed forces suggested that India could be invited to join the "Squad"—an emerging security grouping comprising the U.S., Japan, Australia, and the Philippines.

The combination of high-stakes diplomacy and internal political shocks in March set a complex and unpredictable stage for the second quarter of the year, with alliances shifting and domestic crises reshaping regional leadership.

APRIL: Xi's Charm Offensive and Alliance Consolidation

- April's strategic landscape was defined by two parallel tracks of influence-building. China executed a concerted diplomatic outreach across Southeast Asia, led by President Xi Jinping, aimed at fortifying alliances amid U.S. trade pressures. This was contrasted by the simultaneous deepening of U.S.-led security partnerships, solidifying the Indo-Pacific's role as the central arena for great power competition.



China's Diplomatic Tour of Southeast Asia

President Xi Jinping's state visit to Vietnam marked the start of a tour that included Malaysia and Cambodia. In Hanoi, Xi signed 45 cooperation agreements covering supply chains, AI, and the green economy. Throughout his tour, Xi presented a vision of "win-win partnership," positioning China as a reliable development partner in contrast to Washington's "tariff-driven coercion." Key outcomes included infrastructure pledges in Hanoi and an enhanced Chinese security presence at Cambodia's Ream Naval Base.

U.S. and Allies Bolster Security Cooperation



Simultaneously, the U.S. and its allies strengthened their security architecture. The annual U.S.-Philippines "Balikatan" military exercises were the largest ever, involving over 16,000 personnel and described by Manila as a "rehearsal for defense." The U.S. and South Korea also held a strategic dialogue on civil space cooperation. In Europe, a summit between Japanese Prime Minister Shigeru Ishiba and French President Emmanuel Macron reaffirmed their commitment to a free and open Indo-Pacific, deepening cooperation in maritime security.

The Tech and Trade Front

On the trade front, signs of a potential thaw emerged as President Trump stated that China had "reached out" to discuss tariffs, signaling a possible opening for negotiation. China appointed Liu Jianchao as its new chief trade negotiator, a move seen as a potential strategic shift. However, friction persisted elsewhere, with Ukraine sanctioning Chinese firms accused of supplying military components to Russia, a charge Beijing rejected.

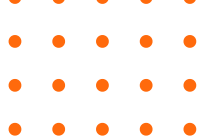




Political Developments in Hong Kong

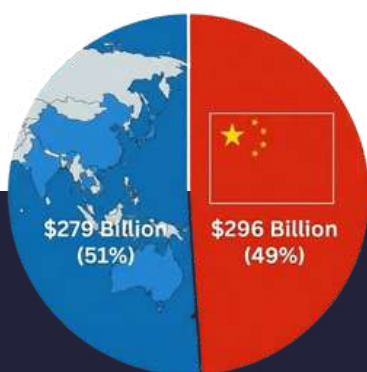
In a move symbolizing the end of an era, the Civic Party, Hong Kong's last major opposition party, announced it was moving toward disbandment. The party's closure reflected the immense pressure on civil society and political opposition under the city's sweeping national security law, effectively ending organized political dissent.

The month's parallel tracks of Chinese diplomatic engagement and U.S.-led alliance-building solidified the Indo-Pacific's role as the primary theater for great power competition, with both sides actively courting partners and reinforcing their respective spheres of influence.



MAY: Military Budgets Soar as Ceasefires Falter

May was defined by an acute escalation of military tensions and the fragility of backchannel diplomacy. A record surge in Asia-Pacific military spending, a direct consequence of rising threat perceptions, underscored a region arming itself for conflict, while a dangerous flare-up between India and Pakistan in Kashmir tested regional stability.



A Regional Arms Buildup

The latest SIPRI report revealed that Asia-Pacific military expenditure reached a record high of 575 billion in 2024. China was the primary driver, accounting for 49% of the regional total with spending of 296 billion. Japan, South Korea, and Australia also recorded significant increases, citing threats from North Korea and heightened tensions in the Taiwan Strait and South China Sea, setting the stage for the new security partnerships that would emerge later in the year.



The Kashmir Crisis

Tensions between India and Pakistan escalated severely following a militant attack in Kashmir that killed 26 Indian tourists. The attack triggered nightly exchanges of small arms fire across the Line of Control, pushing the nuclear-armed neighbors toward conflict. A spiral into open warfare was halted only by a "fragile and undeclared ceasefire," reportedly brokered via a backchannel involving U.S. officials and Gulf intermediaries.



Diplomatic and Political Maneuvering

Key elections saw Singapore's ruling PAP win its 14th consecutive election, giving a mandate to new Prime Minister Lawrence Wong, while in Australia, Prime Minister Anthony Albanese won re-election with his Labor party strengthening its majority. In a moment of diplomatic confrontation,

Malaysian Prime Minister Anwar Ibrahim challenged Russian President Vladimir Putin over the 2014 downing of Flight MH17. Meanwhile, a global survey from the Alliance of Democracies Foundation highlighted a decline in the United States' international standing, with its net perception rating dropping to -5% while China's improved to +14%.



Strategic Partnerships and Economic Tensions

Japan and Vietnam strengthened strategic ties, focusing on supply chain resilience and a rules-based order. In a landmark defense deal, India finalized a \$7.4 billion agreement with France to acquire 26 Rafale Marine fighter jets for its aircraft carrier, INS Vikrant. On the U.S.-China trade front, conflicting signals created uncertainty, with President Trump expressing optimism about a "total reset" while China's Ministry of Commerce stated there were "absolutely no negotiations" underway.

The month's combination of military budget surges and a near-war in South Asia starkly illustrated the region's rising security anxieties, setting the stage for a summer of intensified strategic maneuvering and alliance-building.

JUNE: China's Naval Declaration and Alliance Tests

June was characterized by a significant naval maneuver by China that served as a clear declaration of its expanding maritime ambitions. This bold move occurred alongside critical tests of regional alliances, as partners like India recalibrated diplomatic relationships and China leveraged its economic power through strategic commodity controls.



China's Naval Power on Display

In an unprecedented display of naval capability, China simultaneously deployed its two aircraft carriers, the Liaoning and the Shandong, into the western Pacific. This maneuver was a deliberate signal of the PLAN's evolving capacity to project power beyond the First Island Chain and enforce its maritime claims. The deployment was deemed a major escalation by Japan and condemned by Taiwan as a reflection of Beijing's "expansionist" ambitions.

Diplomatic Realignments



China continued to deepen its strategic partnerships, with a meeting between President Xi Jinping and Belarus's President Alexander Lukashenko framed as a consolidation of their alliance against Western "hegemony and bullying." India hosted the 4th India–Central Asia Foreign Ministers' Dialogue, focusing on counter-terrorism and connectivity through the INSTC and Chabahar port. In a sign of a potential thaw, Indian Prime Minister Modi accepted an invitation from Canada to attend the G7 Summit.



Trade and Technology Flashpoints

China flexed its economic muscle by imposing export restrictions on a range of rare earth elements, a move that triggered global alarm and led to a 50% drop in magnet exports, disrupting European auto parts factories. In the tech sector, Taiwan blacklisted Chinese giants Huawei and SMIC, requiring government approval for technology exports to them. Meanwhile, persistent trade tensions between the U.S. and Japan remained unresolved following the G7 summit.



A Cautious U.S.-China Thaw

Amid the escalating flashpoints, Presidents Trump and Xi held their first direct phone call since the administration change. Prompted by rising tensions over tariffs and rare earth controls, both leaders expressed a desire to manage the relationship responsibly, particularly regarding Taiwan.

China's assertive naval posture and its use of economic levers like rare earth controls sent clear signals of its strategic intent, compelling the U.S. and its allies to accelerate their own security and supply chain coordination heading into the third quarter.

JULY: Summits, Sanctions, and Strategic Shifts

July was defined by intense diplomatic activity and significant policy shifts, where high-stakes summits became arenas for managing great power rivalry.

New U.S. tariffs targeting key allies reshaped economic and political calculations, forcing nations to navigate an increasingly complex and confrontational landscape.



ASEAN
MALAYSIA 2025
INCLUSIVITY AND SUSTAINABILITY

High-Stakes Diplomacy in Kuala Lumpur

The ASEAN Foreign Ministers' Meeting in Kuala Lumpur became a crucial forum for regional diplomacy, with a strong call for ASEAN unity to counter global trade shocks. The summit's sidelines hosted a historic breakthrough: the first-ever face-to-face meeting between U.S. Secretary of State Marco Rubio and Chinese Foreign Minister Wang Yi. The dialogue, described as "constructive and positive," covered key flashpoints and raised the possibility of a future meeting between Presidents Trump and Xi.

The Tariff War Expands



President Trump dramatically escalated his trade agenda by announcing a sweeping 25% tariff on all imports from Japan and South Korea, targeting two of Washington's closest allies. The move drew a sharp rebuke from the BRICS summit, where Brazil's President Lula declared, "The world has changed. We don't want an emperor," in a strong condemnation of rising unilateral tariffs.

Alliance Consolidation and New Partnerships

In response to growing regional threats, key U.S. allies deepened their security cooperation. Japan proposed a unified "one-theatre" maritime defense command for the East and South China Seas, backed by the U.S., Philippines, and Australia under the "Squad" alliance. Japan and Canada signed a new Security of Information Agreement (SIA) to share classified intelligence, while South Korea became the first Asian country to join the EU's Horizon Europe research program.





Regional Crises and Political Turmoil

A deadly border conflict erupted between Thailand and Cambodia, leading to the suspension of Thai Prime Minister Paetongtarn Shinawatra. In Japan, Prime Minister Ishiba's ruling LDP-Komeito coalition suffered a historic defeat, losing its Upper House majority for the first time since 1955, which heightened political instability. In a move that challenged Beijing directly, India officially endorsed the Dalai Lama's authority to determine his successor.

The month's diplomatic engagements and escalating trade disputes demonstrated how regional actors were being forced to choose sides or carve out independent paths, setting a tense and unpredictable stage for the fall.



AUGUST: Strategic Partnerships and Domestic Resets

August was characterized by the formation of significant new strategic partnerships, particularly between India and the Philippines, as regional powers sought to build resilience against a backdrop of ongoing U.S.-China friction. This trend of forging new alignments was a direct response to the rising security anxieties and arms buildup observed earlier in the year.



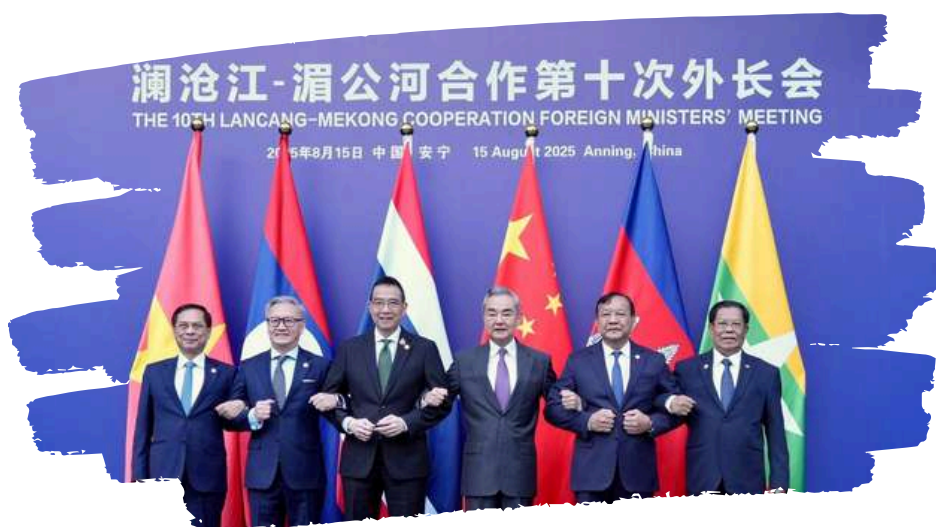
A New Strategic Partnership: India and the Philippines

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U.S.-India Relations Under Strain



While India forged new partnerships, its relationship with the United States faced growing friction. President Trump imposed 50% tariffs on Indian goods, explicitly linking the measures to New Delhi's continued purchases of Russian oil. Despite this pressure, India demonstrated its commitment to strategic autonomy, with Prime Minister Modi announcing he would visit China for the upcoming SCO summit.



China's Diplomatic Engagements

China continued its diplomatic outreach, chairing the 10th Lancang-Mekong Cooperation (LMC) Foreign Ministers' Meeting to advance its vision of a "community with a shared future" in mainland Southeast Asia. Foreign Minister Wang Yi also held a trilateral dialogue with Pakistan and Afghanistan in Kabul, reinforcing Beijing's role as a regional broker. In a symbolic move, President Xi Jinping made a rare visit to Tibet to project Party control and national unity.



Military and Security Developments

Regional military exercises highlighted shifting alliances. Australia and the Philippines conducted their largest-ever bilateral drill, Exercise Alon 25, which included U.S. Marines for the first time. As a direct consequence of the near-war with India in May, Pakistan announced the creation of the Army Rocket Force Command (ARFC), a specialized branch to oversee its missile capabilities. Tensions in the South China Sea persisted, with Beijing announcing it had employed "control measures" against Filipino ships at the Second Thomas Shoal.

The month's flurry of new partnerships and diplomatic resets illustrated how Indo-Pacific nations were actively forging new alignments to navigate an increasingly uncertain strategic environment, prioritizing resilience and flexibility in their foreign policies.

SEPTEMBER: Nuclear Declarations and Diplomatic Thaws

September 2025 presented a study in contrasts. The month was marked by hardening security postures, most notably North Korea's declaration of its nuclear status as "irreversible," alongside tentative but significant diplomatic thaws, including a framework deal between the U.S. and China on TikTok and a cautious reset in India-China relations.



The Korean Peninsula Heats Up

North Korean leader Kim Jong Un formally declared his country's nuclear status "irreversible" and "permanent," effectively ruling out denuclearization as a basis for future negotiations. In contrast, South Korean President Lee Jae-Myung pledged to pursue a "phased solution" for reducing military tensions. The U.S., Japan, and South Korea responded with a joint statement committing to deeper strategic coordination and enhanced deterrence.

U.S.-China Relations: A Tentative Reset

A framework deal was reached between the U.S. and China to keep TikTok operational in the United States, involving a new ownership structure to address national security concerns. This breakthrough facilitated the first phone call in three months between Presidents Trump and Xi, which set the stage for a potential face-to-face meeting at the APEC summit. A subsequent visit by a U.S. congressional delegation to Beijing helped reopen military and political dialogue channels.



India-China Relations: A Cautious Thaw

A significant bilateral meeting between Prime Minister Modi and President Xi at the SCO Summit in Tianjin signaled a cautious warming of relations. The leaders declared their countries "development partners, not rivals" and agreed to restore direct flights and ease border tensions. However, a record \$138.5 billion in bilateral trade that is heavily skewed in China's favor remains a persistent point of friction.



China's Strategic Moves

China inaugurated its first Arctic shipping route to Europe, the "Polar Silk Road," significantly reducing transit time compared to the Suez Canal. President Xi also announced China's first-ever national emissions reduction target: a 7–10% cut from peak levels by 2035. In a powerful display of anti-Western solidarity, Xi hosted leaders from Russia, North Korea, Iran, and Myanmar for a grand military parade dubbed the "Axis of Upheaval." This display serves not only as a symbolic counterweight to Western alliances but also as a potential framework for coordinating efforts in sanctions evasion, military technology sharing, and shaping narratives in global forums.

The month's paradoxical blend of nuclear finality on the Korean Peninsula and diplomatic openings between major powers created a complex and fluid strategic landscape, setting the stage for a final quarter where both confrontation and cooperation would remain in delicate balance.



OCTOBER: Trade Deals & Alliances



October was defined by a surge in alliance-deepening activities and high-stakes trade diplomacy. Nations across the Indo-Pacific moved decisively to solidify economic partnerships and security arrangements, responding to persistent geopolitical pressures by forging new agreements and recalibrating long-standing relationships.



Trade and Economic Diplomacy

A landmark UK-India Free Trade Agreement (FTA) was signed, aiming to double bilateral trade to £100 billion by 2030. Continuing a trend started in June, China tightened its export control regime over rare earths, prompting the EU to call for urgent talks and fueling global efforts to diversify supply chains. South Korea and the U.S. reached a "rough agreement" on security and trade, linking Seoul's \$350 billion investment pledge to American tariff reductions.



● Political and Leadership Changes

Japan's political landscape was thrown into turmoil with the collapse of the 26-year LDP-Komeito ruling coalition. The split followed the election of the hard-right Sanae Takaichi as LDP leader, undermining her path to the premiership. In Nepal, massive youth-led demonstrations, dubbed the "Gen Z protest" movement, erupted against corruption and a social media ban, forcing the resignation of Prime Minister K.P. Sharma Oli.

● Security and Strategic Developments

In a sign of pragmatic cooperation, China, Japan, and South Korea launched a trilateral environmental agenda. Signaling a push for greater military self-reliance, South Korean President Lee announced an 8.2% increase in the country's 2026 defense budget. Strategic ties between Australia and Singapore were reaffirmed, with a focus on defense collaboration and the green economy. In a significant logistical milestone, India conducted its first-ever direct airlift of cargo to its Antarctic research stations.





The flurry of new trade agreements, leadership changes, and strategic initiatives underscored a region actively reshaping its economic and political future, setting a dynamic stage for the pivotal APEC summit in November.

NOVEMBER: The APEC Summit and a Strategic Pause

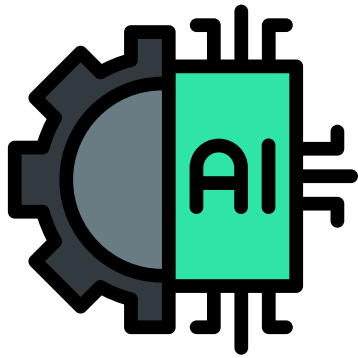
November was dominated by the APEC summit in South Korea and the high-stakes meeting between Presidents Trump and Xi. The outcome was a "strategic pause"—a tactical de-escalation in the U.S.-China trade war that cooled immediate tensions but left underlying structural rivalries firmly in place, while new security alignments began to take shape in the summit's corridors.



The Trump-Xi Meeting: A Truce, Not a Treaty

The centerpiece of the summit was a one-year "strategic reset" accord between the U.S. and China. The tactical ceasefire provided immediate market relief but failed to resolve foundational structural issues. Under the agreement, China committed to suspend new export controls on rare earths and critical minerals—a temporary rollback of the restrictions imposed in June and October—while the U.S. agreed to roll back specific duties, including cutting a fentanyl-related tariff from 20% to 10%. This accord, however, left unaddressed the deeper frictions of China's industrial subsidies, U.S. technology export controls, and overarching geopolitical tensions regarding Taiwan.

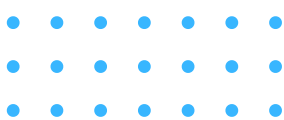
APEC 2025: Multilateralism Under Pressure

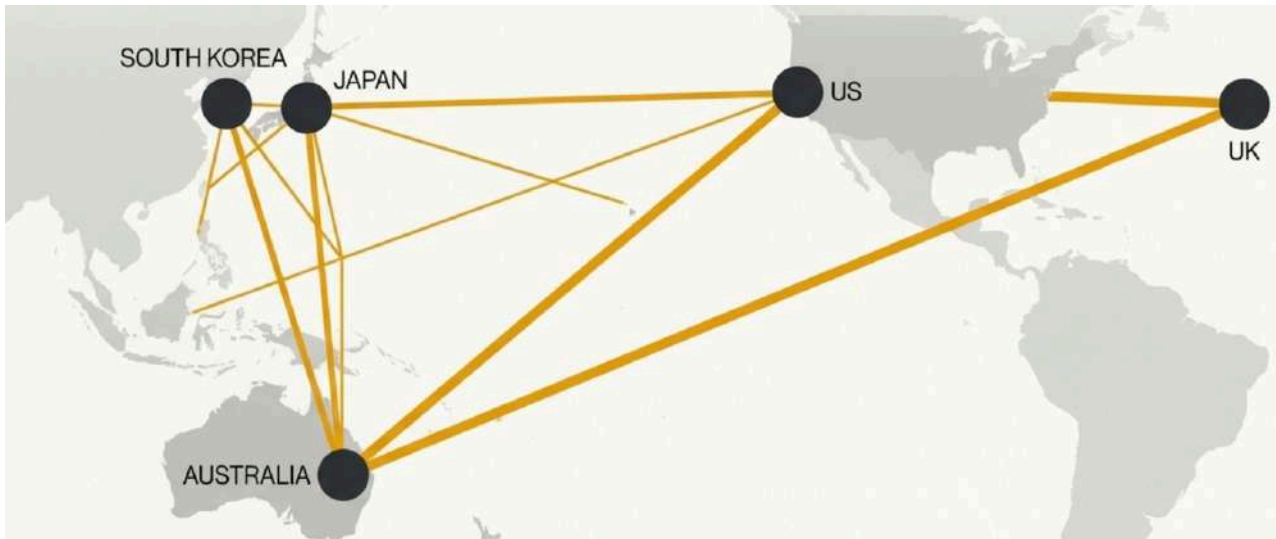


Hosted by South Korea, the APEC summit focused on supply chain resilience and WTO reform. Leaders successfully agreed on a joint leaders' declaration, a significant achievement after past failures. President Xi used the platform to propose a "World Artificial Intelligence Cooperation Organization," a clear bid by China to lead global AI governance. Meanwhile, middle powers like Australia and Canada demonstrated a trend toward flexible, issue-based coalitions, striking a bilateral pact on critical minerals.

Diplomatic Confrontation Over Taiwan

Japan's new Prime Minister, Sanae Takaichi, publicly stated that a Chinese attack on Taiwan could threaten Japan's survival, justifying military intervention. This declaration, potentially a move to consolidate a political base amid the domestic turmoil seen in July and October, marked a decisive end to Japan's era of strategic ambiguity on Taiwan. Beijing responded furiously with official protests and travel advisories.

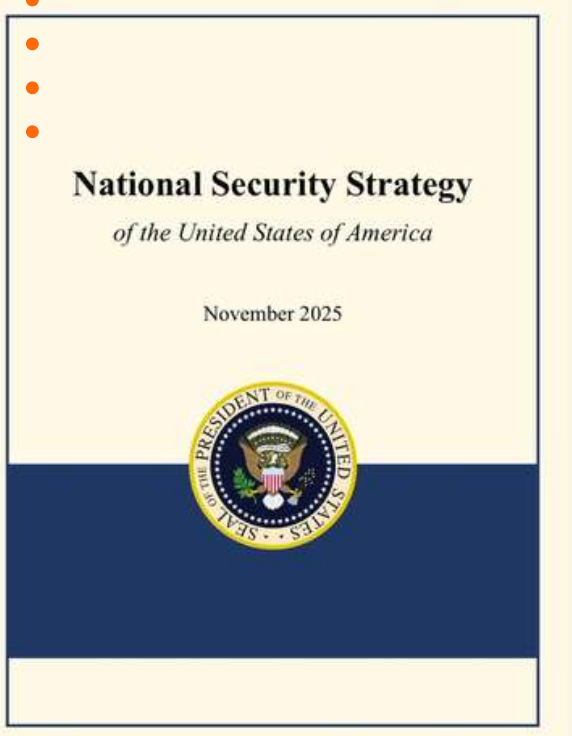




The "AUKUS-Plus" Alliance Takes Shape

A structural shift in regional security became apparent as a pathway emerged for Japan and South Korea to join an AUKUS-style framework, a direct consequence of the escalating threat perceptions and arms buildup seen since May. Washington gave its formal approval for Seoul to develop nuclear-powered submarines, while Tokyo signaled alignment with AUKUS Pillar II (advanced technologies). A landmark U.S.-South Korea agreement formalized this, with Seoul pledging a \$150 billion investment in U.S. shipbuilding in exchange for technology transfers.

The month's superficial calm, brokered at APEC, belied the deep structural shifts occurring in regional security alliances. The hardening of positions around Taiwan and the quiet expansion of undersea deterrence networks revealed a region preparing for a more contested future.



DECEMBER: Hardening Doctrines and Strategic Dialogues

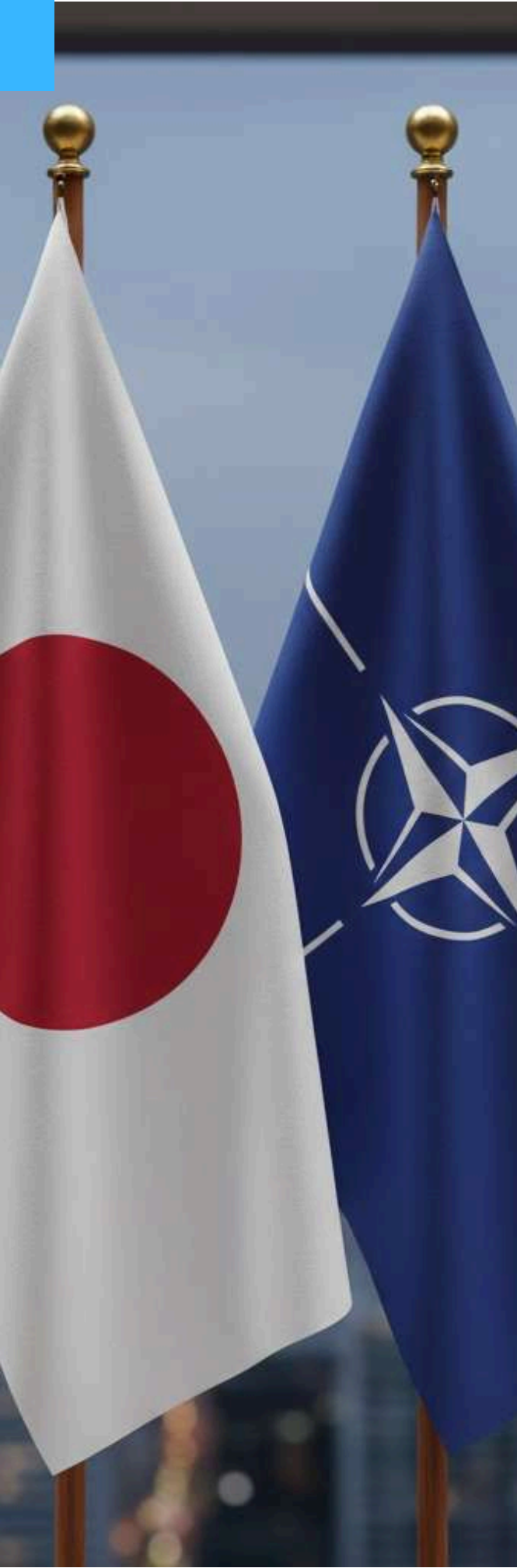
December was the month where the year's strategic trends crystallized into formal doctrine. It was characterized by the release of a new U.S. National Security Strategy that sharpened its competitive posture toward China, alongside high-level diplomatic engagements between Europe and Asia aimed at managing the fallout.



Washington's New Blueprint: The 2025 National Security Strategy

The Trump administration's new National Security Strategy (NSS) established a confrontational framework toward China, identifying Beijing's economic coercion and military buildup as direct threats to U.S. interests. The strategy's core pillars for the Indo-Pacific are "winning the economic future" through reshoring and allied export controls, and reinforcing military deterrence, with an explicit emphasis on Taiwan as a critical node in the First Island Chain.





● **Taiwan: "No Room for Compromise"**

Echoing the hardening security environment, Taiwan's President Lai Ching-te declared "no room for compromise" on the island's security and sovereignty. His government followed this with a proposal for a supplementary US\$40 billion defense budget, aiming to raise total spending to 3.32% of GDP. The U.S. further solidified its support by signing the Taiwan Assurance Implementation Act into law, requiring regular reviews of official U.S. interactions with Taiwan.

● **Europe's Engagement with Asia**

French President Emmanuel Macron undertook a high-profile state visit to Beijing, where he met with President Xi and pushed for more balanced economic relations and China's help in resolving the war in Ukraine. A new security alignment between Japan and NATO took shape, with Prime Minister Takaichi and NATO Secretary General Mark Rutte affirming that Euro-Atlantic and Indo-Pacific security are "inseparable." Meanwhile, a report from the EU Chamber of Commerce in China revealed that one in three European firms are planning to shift supply chains out of China due to its tighter export controls.





The Russia-China Energy Axis Solidifies

The strategic partnership between Russia and China deepened, with bilateral energy trade reaching a record \$254 billion. Russia now supplies 19% of China's total energy imports. The planned "Power of Siberia 2" pipeline stands as a physical symbol of this pivot, designed to re-route natural gas flows previously destined for Europe directly to China, cementing a long-term energy axis.

The formal codification of U.S. containment strategy and the deepening Russia-China energy axis marked a definitive end to strategic ambiguity. By linking Euro-Atlantic security with the Indo-Pacific and entrenching rival economic spheres, December confirmed that the era of fluid competition had hardened into a systemic standoff, setting a rigid and confrontational trajectory for 2026.



CONCLUSION

The year 2025 concluded on a note of sharpened clarity.

The lines of U.S.-China competition, once blurred by economic interdependence, hardened into strategic doctrine.

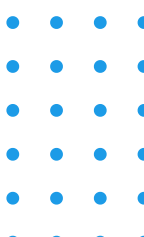
The rise of "minilateral" security blocs like the Squad and an expanded AUKUS framework demonstrated a shift toward more flexible, mission-oriented alliances.

Throughout the year, middle powers increasingly sought strategic autonomy, diversifying partnerships to avoid being caught in the great power crossfire.

Perhaps most significantly, 2025 revealed the growing interconnection of regional security theaters, as events in Ukraine reverberated in the Taiwan Strait and energy flows in Eurasia reshaped global markets.

As the year drew to a close, the central question remained: can the tactical de-escalations brokered in summit rooms hold against the powerful momentum of long-term structural rivalry?

The answer will define the horizon for 2026 and beyond.





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