

Welcome to This Week's Edition of Asia on the Horizon

This week's issue delves into the dynamic and often tumultuous landscape of the Asia-Pacific region, capturing the pulse of developments that hold far-reaching implications for regional and global geopolitics. From political crises to pivotal defense collaborations and emerging technology investments, the stories featured offer a comprehensive view of a region at the crossroads of power shifts and strategic maneuvers.

In South Korea, President Yoon Suk Yeol's declaration of martial law has ignited a domestic and regional firestorm, testing the resilience of democratic governance in a pivotal Asia-Pacific nation. Meanwhile, the South China Sea remains a flashpoint as China's assertive actions against Philippine vessels underscore the persistent tensions in contested waters.

On the defense front, the AUKUS trilateral pact progresses with the awarding of its first Australian defense industry contracts, yet challenges to its long-term feasibility continue to stir debate. The latest developments highlight the pact's strategic promise, juxtaposed with the pressing need for operational clarity and regional trust.

Additionally, groundbreaking advancements in artificial intelligence emerge as NVIDIA invests in Vietnam, signaling the nation's growing role in the global tech ecosystem. This week's statistics, maps, and infographics shed light on the region's evolving dynamics, from trade flows to public perceptions of global powers.

Our analysis section delves into South Korea's recent martial law crisis, unpacking its profound domestic and regional ramifications. This unprecedented event in a democratic South Korea has exposed deep political divides, tested institutional resilience, and cast a shadow over the nation's standing in the Asia-Pacific. By exploring the intricate balance between governance, security, and democratic principles, we aim to provide a nuanced perspective on how this crisis might reshape South Korea's domestic stability and its role as a cornerstone of regional alliances in the evolving geopolitical landscape.

We hope this issue equips you with the insights necessary to navigate the complexities of the Asia-Pacific, where challenges and opportunities intertwine in shaping the future of global affairs.



1. KEY DEVELOPMENTS

South Korea's Martial Law Declaration Sparks Political Crisis

On December 3, 2024, South Korean President Yoon Suk Yeol declared martial law during a late-night televised address, citing alleged "anti-state activities" by the opposition-controlled Democratic Party (DPK). The controversial declaration, which included the suspension of political activities, press freedoms, and the arrest of political opponents, has been widely condemned as an attempted coup d'état. This marked the first martial law declaration in South Korea since its democratization in the late 20th century.

The decision faced immediate backlash, leading to protests across the nation. Legislators, despite physical obstruction by military forces, convened to unanimously revoke martial law in the early hours of December 4. The order was subsequently lifted, and the Martial Law Command disbanded. The crisis has triggered impeachment proceedings against Yoon and criminal investigations into top officials for alleged abuse of power. The president has since apologized, stating his commitment to avoiding such measures in the future, but tensions remain high in South Korea's political landscape as calls for his resignation intensify.

China and Philippines: Rising Tensions in the South China Sea

The China Coast Guard (CCG) has taken "necessary measures" against Philippine vessels accused of illegally gathering in China's claimed waters near Houteng Jiao (Rozul Reef). China's Foreign Ministry denied Philippine allegations of harassment by a PLA Navy helicopter, asserting its legitimate sovereignty over the disputed waters. This incident highlights the ongoing friction in the South China Sea, where competing territorial claims have led to frequent maritime confrontations.

Germany Urges China to Rethink Its Support for Russia

German Foreign Minister Annalena Baerbock met with her Chinese counterpart Wang Yi in Beijing, urging China to use its influence to help end Russia's war in Ukraine. Baerbock warned that continued Chinese support for Moscow, including allegations of Chinese drones being used in the conflict, would strain EU-China relations. While acknowledging differing perspectives, both parties engaged in diplomatic discussions to explore pathways to peace.

Donald Trump Nominates David Perdue as Ambassador to China

President-elect Donald Trump has chosen former Georgia Senator David Perdue as the next ambassador to China. Known for his hawkish stance on China, Perdue's nomination reflects the incoming administration's tough policy toward Beijing. Perdue is expected to play a key role in managing tense U.S.-China relations, especially amidst trade imbalances and concerns over national security.

U.S., Japan, and Philippines Conduct Joint Patrols in the South China Sea

Following recent hostilities involving Chinese vessels near Scarborough Shoal, the United States, Japan, and the Philippines conducted joint patrols in the South China Sea. The operation underscores a united front against China's aggressive maritime actions and reaffirms the allies' commitment to freedom of navigation in disputed waters. Japan has pledged additional security assistance to the Philippines, further strengthening regional defense collaboration.

India and China Hold Border Talks

India and China convened the 32nd meeting of the Working Mechanism for Consultation & Coordination on Border Affairs (WMCC) in New Delhi. Both sides assessed progress on border-related agreements and emphasized maintaining peace and stability. This dialogue aims to ease tensions along disputed borders, marking a positive step toward stabilizing relations between the two nations.

NVIDIA to Establish AI R&D Centers in Vietnam

NVIDIA announced plans to build its first research and development center in Vietnam, signaling the country's growing prominence in artificial intelligence. The Vietnam R&D Center will focus on advancing AI applications in industries such as healthcare and education, aligning with Vietnam's national strategy to become a leader in technological innovation.

Vietnam has signed a cooperation agreement with NVIDIA to boost artificial intelligence capabilities. NVIDIA's planned R&D center will bolster Vietnam's AI talent pool, supporting its ambitions to lead AI innovation in Southeast Asia. This initiative highlights Vietnam's growing importance in global tech ecosystems.

These key developments illustrate the shifting geopolitical landscape and the increasing importance of Asia-Pacific dynamics in shaping global policies.

TikTok Faces Potential Ban in the U.S.

A U.S. federal court upheld a law requiring TikTok's Chinese owner, ByteDance, to sell the app by January 19, 2025, or face a nationwide ban. With over 170 million American users, TikTok's future hangs in the balance as it plans to appeal the ruling. The case has reignited debates on data privacy, free speech, and national security.

First AUKUS Defence Industry Vendor Contracts Awarded

The Australian government has awarded its first contracts under the Defence Industry Vendor Qualification (DIVQ) Program, marking a significant milestone in the AUKUS trilateral agreement. This program enables Australian businesses to qualify as suppliers to the U.S. and U.K. submarine supply chains, thereby supporting local jobs and enhancing the resilience of allied defense industries.

Four Australian companies—HIFraser, Mack Valves, Bale Defence, and STAUFF Corporation—will manufacture sample valves and pipe fittings as part of the qualification process. Once approved, these companies will be positioned to supply components for platforms like the Virginia-class submarines.

2. STATISTICS OF THE WEEK

The World's Leading Exporters

The global trade landscape has transformed significantly over the past two decades, as highlighted in this week's statistics. In 2000, the United States dominated global merchandise exports with \$782 billion, followed by Germany and Japan. Fast forward to 2023, and China has emerged as the undisputed leader, with annual merchandise exports valued at an astonishing \$3.38 trillion, surpassing the U.S., Germany, and other traditional economic powerhouses.

This dramatic shift underscores China's rise as the world's manufacturing hub and its pivotal role in global supply chains. The United States, maintaining second place with over \$2 trillion in exports, continues to lead in high-value and technology-intensive goods, while Germany's robust industrial base secures its third position at \$1.72 trillion.

Notably, countries like the Netherlands and South Korea have entered the top ten list, highlighting their growing contributions to global trade. The expansion of Asian and European economies further exemplifies the diversification and redistribution of economic power in international markets.

These figures emphasize the interconnected nature of global commerce and the strategic importance of export-oriented growth in shaping economic influence. As trade continues to evolve, so will the dynamics of competition and collaboration among the world's largest exporters.



<https://www.statista.com/chart/28286/leading-merchandise-exporters/>

3. MAP OF THE WEEK

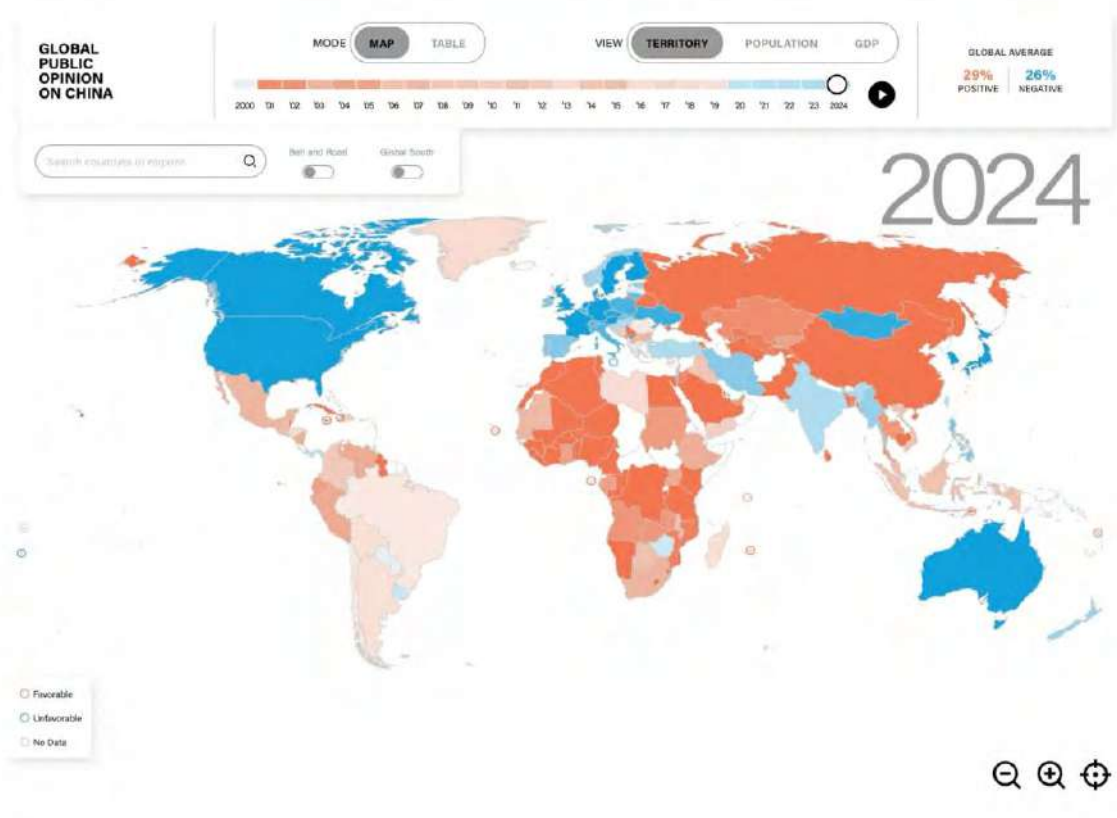
Global Public Opinion on China

This week's map provides a striking visual of global public opinion on China, highlighting the complex and varied perceptions of China's global role. Derived from the Global Public Opinion on China (GPOC) project of [Asia Society Policy Institute](#), the map illustrates net approval ratings across countries based on aggregated survey data.

As China's economic and political influence grows, its image on the global stage continues to evolve. In 2024, global perceptions reveal a mixed landscape:

1. **Divergent Views Across Regions:** While China remains highly favored in regions such as Sub-Saharan Africa, where positive sentiment outweighs negative by a factor of 3:1, it faces significant disapproval in parts of the industrialized West, including North America and Europe.
2. **Erosion in the Global South:** Public opinion in traditionally favorable regions such as Latin America and South Asia has seen a notable decline since the COVID-19 pandemic. Meanwhile, opinions remain steady or even improve in Southeast Asia, underscoring the geopolitical nuance in China's diplomatic strategies.
3. **Key Trends:** Public sentiment often correlates with China's Belt and Road Initiative projects, trade relations, and geopolitical moves. However, it is clear that challenges such as human rights issues, governance concerns, and geostrategic competition weigh heavily on public perception, especially in countries like India and Turkey.

This map serves as a reminder of the increasingly critical role public opinion plays in shaping global policies and bilateral relations. China's ability to navigate these perceptions will be pivotal in defining its role in the 21st-century global order.



<https://asiasociety.org/policy-institute/global-public-opinion-china>

4. PHOTO OF THE WEEK

A Bow of Apology Amid National Turmoil

South Korean President Yoon Suk Yeol is captured bowing during a nationally televised address following his controversial declaration of martial law earlier this week. This image symbolizes a critical moment in South Korea's democratic history, as the president expresses regret for the upheaval caused by his actions.

In his apology, Yoon acknowledged the anxiety sparked by his decision, which temporarily suspended political activities, restricted media freedoms, and heightened public unrest. While the martial law order was swiftly lifted following parliamentary intervention, the incident has left a deep impact on South Korea's political and social fabric. This bow represents a leader facing the weight of public scrutiny, a gesture of contrition that resonates far beyond the walls of the Blue House.



South Korean President Yoon Suk Yeol bows after apologising for his declaration of martial law in a nationally televised speech (Handout) (Handout/South Korean Presidential Office/AFP)

<https://uk.news.yahoo.com/south-korea-president-address-nation-005055851.html>

5. INFOGRAPHIC OF THE WEEK

South Korea's Martial Law Crisis

This week's infographic spotlights the dramatic events surrounding South Korea's recent declaration of martial law, the first since the country's democratization. On December 3, 2024, President Yoon Suk Yeol declared martial law in a televised address, accusing the opposition-led National Assembly of "anti-state activities" and collaboration with North Korea. The order suspended political activities, banned press freedom, and led to the attempted arrest of political opponents.

In response, a swift and unprecedented parliamentary action took place as legislators convened overnight, unanimously voting to lift martial law by early December 4. Despite intervention by military forces, the National Assembly's defiance and public outcry forced Yoon to rescind the order and dissolve the Martial Law Command. However, the crisis has left lasting scars, with resignations, impeachment attempts, and ongoing investigations into Yoon's administration and military officers.

Currently, President Yoon has survived an impeachment vote after members of his party boycotted the opposition-led motion in the National Assembly, though the opposition has vowed to continue efforts to remove him from office. Yoon publicly apologized for his actions, but the fallout persists, with investigations into his alleged abuse of power and potential charges of insurrection underway. Political unrest and public protests continue to grip the nation, leaving South Korea in a state of heightened political uncertainty as both the opposition and ruling party seek to navigate this unprecedented crisis.

The infographic encapsulates key moments, historical context, and constitutional implications of this crisis, highlighting the tension between executive authority and democratic accountability in one of Asia's most pivotal nations.

CRISIS IN SOUTH KOREA

Martial Law and Key Developments



WHAT HAPPENED?

EVENT: South Korean President Yoon Suk Yeol declared the 13th martial law in the country's history.

DATE: December 03, 2024

REASON: Allegations of government paralysis due to opposition-controlled parliament.

SOUTH KOREA



NOTABLE FACTS

- Martial law grants military commanders control over civil authority.
- Includes prohibitions on political activities, rallies, demonstrations, and media freedom.



A HISTORICAL PERSPECTIVE

- **FIRST DECLARATION:** October 21, 1948 (Yeosu-Suncheon Incident).
- **FREQUENCY:** 13 times in history; largely used under dictatorial regimes (1948–1979).
- **PURPOSE:** Historically misused to consolidate and maintain power.
- **TODAYS' DECLARATION:** Marks the first since democratization.



CONSTITUTIONAL CONTEXT

- Authorized under the Constitution of the Republic of Korea.
- Procedures and duties are governed by the Martial Law Act.
- Parliament can revoke martial law through a majority vote.
- Constitution mandates the president comply but lacks a specified timeline.

6. REGIONAL ALLIANCES

Challenges to AUKUS in Light of Political Shifts and Strategic Risks

The AUKUS trilateral security agreement among Australia, the United States, and the United Kingdom continues to face significant challenges amidst shifting geopolitical dynamics. Recent developments, including concerns over submarine commitments, political risks with the incoming Trump administration, and growing skepticism about the long-term feasibility of the agreement, have placed AUKUS under scrutiny.

Former Australian Prime Minister Scott Morrison has emphasized that AUKUS must remain a robust deterrent against China, warning against attempts to stabilize relations with Beijing at the expense of strategic objectives. However, questions have arisen about the sustainability of the submarine acquisition plan, particularly given delays in U.S. production rates and challenges with the yet-to-be-designed SSN-AUKUS submarine. Critics have suggested exploring alternative strategies, such as the French Suffren submarine design, which may better align with Australia's operational needs and timelines.

Amid these challenges, Australia has demonstrated tangible progress by awarding the first defense industry vendor contracts under the Defence Industry Vendor Qualification (DIVQ) Program. This initiative integrates Australian businesses into U.S. and U.K. submarine supply chains, supporting local economic growth and creating high-skilled jobs. The contracts awarded to HIFraser, Mack Valves, Bale Defence, and STAUFF Corporation mark a significant milestone. These companies are now poised to manufacture components such as valves and pipe fittings for U.S. Navy submarines, underscoring the practical benefits of AUKUS for Australia's defense industry.

While these advancements highlight progress, internal governance issues within the Australian Submarine Agency (ASA) have also surfaced. Amid growing concerns over its management and morale, former senior defense official Dennis Richardson has been appointed to review the ASA's structure and priorities as it oversees the \$368 billion nuclear-powered submarine project.

China's Concerns Over New Zealand's Potential AUKUS Collaboration

China has expressed strong objections to New Zealand's potential involvement in AUKUS, warning of negative consequences for bilateral relations. Chinese Ambassador Wang Xiaolong criticized AUKUS as fostering a "Cold War mentality" and cautioned that any move by New Zealand to align with the pact would erode trust and undermine the strategic partnership with China. These concerns highlight the broader geopolitical tensions surrounding AUKUS and its perceived role in countering Beijing's influence in the Asia-Pacific.

New Zealand faces increasing domestic and external pressures to deepen its engagement with AUKUS. However, formal alignment could fundamentally alter its strategic posture in the region, impacting its economic and diplomatic ties with China.

Implications for Regional Security

The debates surrounding AUKUS, from submarine acquisition delays to potential expansions with new partners, exemplify the complexities of balancing national security, alliance commitments, and regional stability. The DIVQ Program, while a step forward, underscores the broader need to strengthen industrial and defense collaboration among AUKUS partners.

With China perceiving AUKUS as a containment strategy, the pact remains a focal point in Asia-Pacific geopolitics. Recent joint patrols in the South China Sea by the U.S., Japan, and the Philippines, coupled with heightened tensions between China and the Philippines, further illustrate the contentious environment in which AUKUS operates. As AUKUS evolves, addressing internal governance issues, fostering regional partnerships, and ensuring the sustainability of its submarine program will be critical to shaping the region's strategic landscape.

The ongoing political shifts, such as the incoming Trump administration's potential impact on U.S. commitment to AUKUS, add another layer of complexity. Navigating these dynamics effectively will determine whether AUKUS can solidify its role as a cornerstone of regional security and cooperation in the Asia-Pacific.

7. ANALYSIS

The Political and Strategic Implications of South Korea's Martial Law Crisis

The recent declaration of martial law by South Korea's President Yoon Suk Yeol has sent shockwaves through the country and the wider Asia-Pacific region. This unprecedented crisis, occurring in a democratic South Korea, raises significant questions about governance, political stability, and the balance of power in one of Asia's most advanced democracies. Beyond the domestic turmoil, the event also carries broader geopolitical ramifications for the region.

Domestic Fallout: Eroding Democratic Norms

The declaration of martial law represents a severe test for South Korea's democratic institutions. Yoon's justification for imposing martial law, citing alleged "anti-state activities" by the opposition, was met with widespread condemnation, not just from the opposition Democratic Party (DPK), but also from members of his own People Power Party (PPP). The swift parliamentary action to revoke the decree underscores the resilience of South Korea's legislative system. However, the crisis has exposed deep political divisions and weakened public trust in the presidency.

The investigations into Yoon's administration, along with the resignations of key officials such as Defense Minister Kim Yong-hyun, suggest internal fractures within the ruling elite. These developments may impede the government's ability to implement policy and further polarize the political landscape. The opposition's repeated impeachment motions highlight the persistent volatility of the situation, as the nation grapples with the implications of an attempted power grab under the guise of emergency governance.

Regional Implications: A Spotlight on Governance

South Korea's political crisis unfolds at a time of heightened tensions in the Asia-Pacific region, where stability and governance are closely scrutinized. Yoon's martial law declaration and the ensuing political chaos may undermine South Korea's position as a stable and reliable partner in regional alliances such as the Quad and U.S.-led security initiatives. It also raises concerns about the state of governance in the region, where leaders are increasingly resorting to authoritarian measures under the pretext of national security.

China, North Korea, and even Russia are likely monitoring the situation closely. For North Korea, the turmoil presents an opportunity to exploit South Korea's domestic distractions to advance its own strategic agenda, such as increased missile testing or provocations in the demilitarized zone (DMZ). For China, the crisis may provide leverage in its ongoing attempts to weaken U.S.-led coalitions in the region by highlighting South Korea's instability.

Geopolitical Concerns: Balancing Democracy and Security

The crisis also serves as a cautionary tale for balancing security concerns with democratic principles. Yoon's invocation of martial law under the guise of combating "North Korean influence" aligns with broader fears in the region about external interference. However, such actions risk undermining the credibility of South Korea's democratic governance and alienating its allies.

As South Korea faces heightened scrutiny from its neighbors and allies, the government must take immediate steps to restore political stability and public trust. This includes addressing the root causes of the crisis, such as political polarization and governance challenges, while reaffirming its commitment to democratic norms and regional security cooperation.

Looking Ahead: A Fragile Path to Recovery

President Yoon’s survival of the impeachment vote marks a temporary reprieve, but the road ahead remains fraught with challenges. Investigations into his administration’s actions, coupled with a reinvigorated opposition, will likely keep the political atmosphere tense. South Korea’s ability to navigate this crisis will not only determine its domestic trajectory but also its standing in the Asia-Pacific region, where stable and democratic governance is increasingly viewed as a cornerstone of strategic partnerships.

The martial law crisis has underscored the importance of institutional safeguards in preserving democracy. As South Korea rebuilds from this political shock, it must also address the broader implications for its role in the region, ensuring that the crisis does not erode its strategic partnerships or its position as a key player in the Asia-Pacific.