

Welcome to the Final Asia on the Horizon of 2024

As we approach the conclusion of 2024, this week's issue of Asia on the Horizon serves as both a look back at the region's recent developments and a reflection on the broader trends that have shaped the Asia-Pacific this year. With just two days remaining until we step into 2025, it is an opportune moment to examine the region's dynamic transformations and consider the challenges and opportunities that lie ahead.

This week's coverage highlights pivotal events, including significant advancements in regional alliances, groundbreaking innovations, and shifts in global economic strategies. From the Philippines-Japan defense pact reshaping security frameworks to China's bold technological strides with its sixth-generation stealth fighter, the stories presented here underscore the Asia-Pacific's continued centrality in global geopolitics.

Throughout 2024, the region has witnessed a complex interplay of cooperation and competition. As nations strengthen ties to secure their strategic positions, new challenges—ranging from technological competition in semiconductors to environmental and energy concerns—have demanded innovative solutions and resilient policies. These developments will undoubtedly influence not only the Asia-Pacific but also the global order as we transition into a new year.

Asia on the Horizon remains committed to delivering in-depth, balanced, and insightful analyses of these critical shifts. As always, we aim to provide clarity amidst complexity, equipping our readers with the perspectives needed to navigate an increasingly interconnected and multifaceted world.

As we bid farewell to 2024, we extend our gratitude to our readers for your continued engagement and support. Your trust and interest have been instrumental in shaping this publication into a trusted source of information and analysis.

Looking forward to 2025, we are excited to continue this journey with you, exploring the ever-evolving narratives of the Asia-Pacific and beyond. On behalf of the entire Asia on the Horizon team, we wish you a peaceful conclusion to the year and a prosperous and inspiring New Year.

Thank you for joining us, and we look forward to sharing another year of insights and stories with you.



1. KEY DEVELOPMENTS

Honda-Nissan Merger Talks: A Strategic Realignment in the Automotive Industry

Japanese automotive giants Honda and Nissan have initiated merger discussions to address rising competition from Chinese electric vehicle (EV) manufacturers and global EV leaders such as Tesla. The proposed merger, which includes Mitsubishi Motors as a participant, aims to create the world's third-largest automaker by sales, producing over 8 million vehicles annually. This collaboration reflects a broader trend of consolidation within the automotive industry, driven by the need to reduce costs and accelerate EV development amid a global shift away from fossil fuels. Honda's Toshihiro Mibe stated that the merger would establish a joint holding company with Honda leading management, maintaining the distinct brands of all three companies. The deal, pending final agreements by mid-2026, also focuses on shared innovation in EV components and autonomous driving technologies.

The potential merger comes at a critical juncture for Japanese automakers, who have been struggling to match the rapid advancements and cost efficiencies of Chinese manufacturers such as BYD. Nissan, recovering from financial instability and management scandals, sees this merger as a pathway to regain competitiveness. Analysts view the move as both an opportunity and a challenge, with significant synergies expected in EV production and battery technology. However, political scrutiny, job security concerns, and the unwinding of Nissan's existing alliance with Renault may pose hurdles. While ambitious, the merger underlines Japan's need to adapt quickly to a shifting global automotive landscape.

South Korea's Political Crisis Deepens Amid Leadership Void

South Korea continues to grapple with a severe political crisis as the National Assembly impeached Acting President Han Duck-soo, just two weeks after suspending President Yoon Suk Yeol. Han's impeachment, driven by disputes over judicial appointments, has left the country without stable leadership during a period of economic uncertainty and heightened security concerns due to North Korea's nuclear advancements. The situation has shaken public confidence and led to economic repercussions, including a decline in the Korean won and a slump in stock markets.

The political turmoil has raised concerns about governance continuity in one of Asia's largest economies and a key U.S. ally. Analysts warn that prolonged instability could damage South Korea's diplomatic standing and economic resilience, complicating its efforts to address security challenges and regional tensions. The crisis underscores the fragility of South Korea's political framework and highlights the urgent need for resolution to restore public trust and international credibility.

U.S. and Japan Bolster Energy and Security Cooperation

The third annual U.S.-Japan Energy Security Dialogue reaffirmed the two nations' commitment to strengthening energy security and accelerating the clean energy transition. Both sides emphasized the need for resilient supply chains for critical minerals and advanced clean energy technologies, recognizing their strategic importance amid geopolitical developments such as the war in Ukraine and tensions in the Middle East. The partnership aims to promote innovation in areas such as floating offshore wind, hydrogen, carbon capture, and advanced nuclear reactors.

The dialogue also highlighted the Japan-U.S. Mekong Power Partnership's achievements in advancing clean energy integration in Southeast Asia, further solidifying the alliance's regional influence. As global energy markets evolve, the collaboration reflects a shared vision of balancing energy security with economic growth and environmental sustainability, underlining the critical role of clean energy in geopolitical strategies.

Philippine Senate Ratifies Landmark Defense Pact with Japan

The Philippine Senate has ratified the Reciprocal Access Agreement (RAA) with Japan, allowing the deployment of their forces on each other's soil. This historic agreement, the first of its kind between Japan and an Asian nation, enhances military cooperation amid growing concerns over China's assertive actions in the South China Sea and Taiwan Strait. It facilitates joint military exercises, disaster response, and the use of advanced weaponry, strengthening regional security collaboration.

The agreement reflects the deepening partnership between two key U.S. allies in the Indo-Pacific, both of whom face maritime challenges from China. By enabling closer defense coordination, the pact underscores the strategic importance of alliances in countering shared security threats and maintaining regional stability. It also marks Japan's expanded role in Asia's security architecture, in line with its broader defense modernization efforts.

China Tests Sixth-Generation Stealth Fighter Jet: Strategic Implications

China's unveiling of its sixth-generation stealth fighter jet, the J-36, has signaled a new chapter in global military aviation. The aircraft, featuring advanced stealth capabilities, hypersonic speeds, and a tailless triangular design, reflects China's ambition to challenge U.S. air dominance. Its development aligns with China's broader strategy to modernize its military and project power beyond its borders, particularly in the Indo-Pacific region.

The J-36's introduction has sparked concerns among neighboring countries and global powers. Experts view the aircraft as a potential game-changer in aerial combat, with significant implications for regional security dynamics, particularly along the India-China border and in Taiwan. The U.S. and its allies may face renewed pressure to

accelerate advancements in their own air combat technologies to maintain a strategic edge.

China's Standoff with Nordic Countries Over Baltic Sea Incident

Sweden has criticized China for refusing to grant full investigative access to the bulk carrier Yi Peng 3, suspected of damaging undersea cables in the Baltic Sea. Despite hosting observers from Nordic and Baltic nations, China denied Sweden's prosecutor permission to inspect the vessel, prompting concerns about accountability and cooperation. The incident has reignited debates over maritime security and undersea infrastructure vulnerabilities in Europe.

China's stance has drawn skepticism from European nations, with some officials suspecting foul play given the recurring incidents involving Chinese vessels in the Baltic Sea. The lack of transparency has heightened tensions, with Nordic and Baltic countries emphasizing the need for stronger international norms to prevent similar occurrences. The case underscores the complexities of addressing maritime disputes involving global powers.

Macron Highlights Djibouti's Strategic Role in Indo-Pacific Strategy

French President Emmanuel Macron reaffirmed Djibouti's importance in France's Indo-Pacific strategy during a visit to the country. Macron emphasized the unique role of the French military base in Djibouti as a "projection point" for regional security operations, particularly in light of France's withdrawals from several African nations.

The visit reflects France's intent to maintain its influence in the Indo-Pacific, a region of growing geopolitical competition. Macron's discussions with Djiboutian President Ismail Omar Guelleh also covered infrastructure development and regional stability, reinforcing France's commitment to fostering partnerships in strategically vital areas. The move aligns with broader efforts by Western nations to counter China's growing influence in the region.

U.S. Launches Semiconductor Probe Amid Trade Tensions with China

In a significant escalation of the ongoing U.S.-China trade war, the U.S. Trade Representative's office has initiated a Section 301 investigation into China's alleged anti-competitive practices within the semiconductor industry. This move comes just weeks before the Biden administration transitions power to President-elect Donald Trump. The probe focuses on foundational semiconductors used across critical industries, including automotive, healthcare, aerospace, and defense, highlighting concerns over China's pursuit of market dominance through state-backed strategies.

This investigation, which could lead to tariffs or import restrictions, underscores the intensifying rivalry over semiconductor production—a sector deemed vital for economic and national security. While Washington has accused Beijing of deploying "non-market means" to achieve self-sufficiency, China has rejected these claims, warning of potential retaliatory measures. The development has raised fears of supply chain disruptions, particularly as China scales up production of mature-node

semiconductors, aided by substantial state subsidies. The probe also reflects broader geopolitical concerns, with U.S. restrictions on advanced chip technologies already curbing China's AI and tech ambitions.

U.S. Sanctions Four Pakistani Entities Over Ballistic Missile Program

The United States has imposed new sanctions on four Pakistani entities linked to the country's ballistic missile program under Executive Order 13382. These measures aim to curtail the proliferation of weapons of mass destruction (WMD) and ballistic missile technology, which Washington views as a destabilizing factor for regional and global security. The sanctions, announced on December 25, 2024, have drawn sharp criticism from Pakistan, which regards its missile program as a sovereign right essential for its defense.

Pakistan has dismissed the U.S. claims as unjust and biased, emphasizing that its missile program is designed to maintain regional stability and deter potential threats, particularly from India. Islamabad has also pointed to a perceived double standard in U.S. non-proliferation policy, accusing Washington of leniency toward India's growing nuclear and missile capabilities while disproportionately targeting Pakistan. This disparity, Pakistan argues, undermines trust and risks exacerbating regional tensions rather than promoting dialogue and stability.

U.S. Reaffirms Commitment to Human Rights in Bangladesh Amid Rising Concerns

On December 23, 2024, U.S. National Security Advisor Jake Sullivan held a call with Muhammad Yunus, the Chief Adviser of Bangladesh's Interim Government, to discuss pressing issues in the South Asian nation. During the call, Sullivan praised Yunus for his leadership during a challenging time and reiterated the U.S.'s commitment to a stable, prosperous, and democratic Bangladesh. Both leaders emphasized the importance of respecting and protecting human rights for all, regardless of religion, amidst escalating concerns about targeted attacks on minority communities.

The discussion follows increasing international scrutiny over the recent violence against Bangladesh's Hindu minority and their places of worship. Advocacy groups have accused elements within Bangladesh of failing to curb extremist activities, prompting calls for sanctions and the establishment of safe zones for minority groups. Congressman Shri Thanedar, among others, urged the U.S. administration to strongly address these issues, emphasizing the need for equality and justice. This dialogue highlights the U.S.'s strategic focus on human rights and regional stability as the Biden administration transitions power to president-elect Donald Trump in January 2025.

Rising Tensions Over the Philippines' Acquisition of the U.S. Typhon Missile System

The Philippines' decision to acquire the U.S.-developed Typhon missile system has intensified tensions with China, which warns of an "arms race" in the Asia-Pacific

region. Philippine military chief Lieutenant-General Roy Galido justified the acquisition, citing the need to protect the nation's sovereignty and project force up to 370 km, consistent with its maritime entitlements under international law. The Typhon system, capable of striking targets within a 480 km range, is expected to bolster the Philippines' defense capabilities in the face of growing Chinese assertiveness in the South China Sea.

China condemned the move as “provocative and dangerous,” with its Ministry of Foreign Affairs criticizing it as detrimental to regional peace and prosperity. Chinese Defense Minister Dong Jun had previously expressed concerns over U.S. deployments of the same system, labeling them destabilizing. The missile purchase, still awaiting budget allocation, could take two years to materialize, but it underscores the Philippines' efforts to strengthen its defense posture amid persistent maritime disputes with China.

Cambodia Expresses Support for Japan's Free and Open Indo-Pacific Strategy

During a December 20 meeting in Phnom Penh, Cambodian Senate President Hun Sen announced the country's strong support for Japan's Free and Open Indo-Pacific (FOIP) strategy. Highlighting the alignment between Cambodia's vision of peace and Japan's regional strategy, Hun Sen pledged to grant Japanese vessels the first visitation rights to the Ream Naval Base once its construction is complete. Japan's National Security Advisor Akiba Takeo emphasized the importance of dialogue with regional powers, including China, as critical for ensuring stability and growth in the Indo-Pacific region.

This collaboration reflects strengthened bilateral defense ties, including Japan's donation of four high-speed patrol boats worth over \$7 million to Cambodia's Maritime Border Police. Hun Sen reaffirmed Cambodia's commitment to ASEAN centrality and peaceful cooperation, expressing support for initiatives that promote regional stability without targeting specific nations. He further encouraged enhanced dialogue between Japan and China to foster trust and sustain development in the region.

2. STATISTICS OF THE WEEK

Insights into 2025 Global Predictions

This week’s statistics delve into global predictions for 2025, as surveyed by Ipsos across 33 countries. The findings reflect a blend of optimism, concern, and realism as people envision the near future.

A striking 80% of respondents anticipate an increase in global temperatures, showcasing widespread awareness of climate change, though this figure is slightly lower (-1%) compared to 2024 predictions. Closely following, 79% predict that prices will outpace income growth, highlighting economic challenges. Meanwhile, advancements in artificial intelligence (AI) are at the forefront, with 65% believing AI will replace many jobs in their countries, reflecting a +1% increase in anticipation compared to 2024.

Other notable predictions include the expansion of virtual reality, with 59% expecting more people to live their lives in digital realms. On the flip side, only 33% foresee increased tolerance among people in their country, marking a -2% decline. Geopolitical concerns remain pressing, with just 27% and 22% predicting the end of the Ukraine war and Middle Eastern conflicts, respectively, in 2025. Additionally, nearly half (47%) fear the emergence of a new global pandemic caused by a novel virus, reflecting lingering concerns over global health security.

These predictions provide a snapshot of the collective mindset heading into 2025, balancing technological optimism with economic and geopolitical anxieties.



<https://x.com/StatistaCharts/status/1870134313687159178>

3. MAP OF THE WEEK

World Calendar Systems

This week's map presents the fascinating diversity of calendar systems used across the globe, showcasing the various years different countries will observe on January 1, 2025, according to the Gregorian calendar. While the majority of the world (in green) uses the Gregorian calendar (2025) for civil purposes, several nations adhere to distinct systems for cultural, religious, or historical reasons.

Key highlights include:

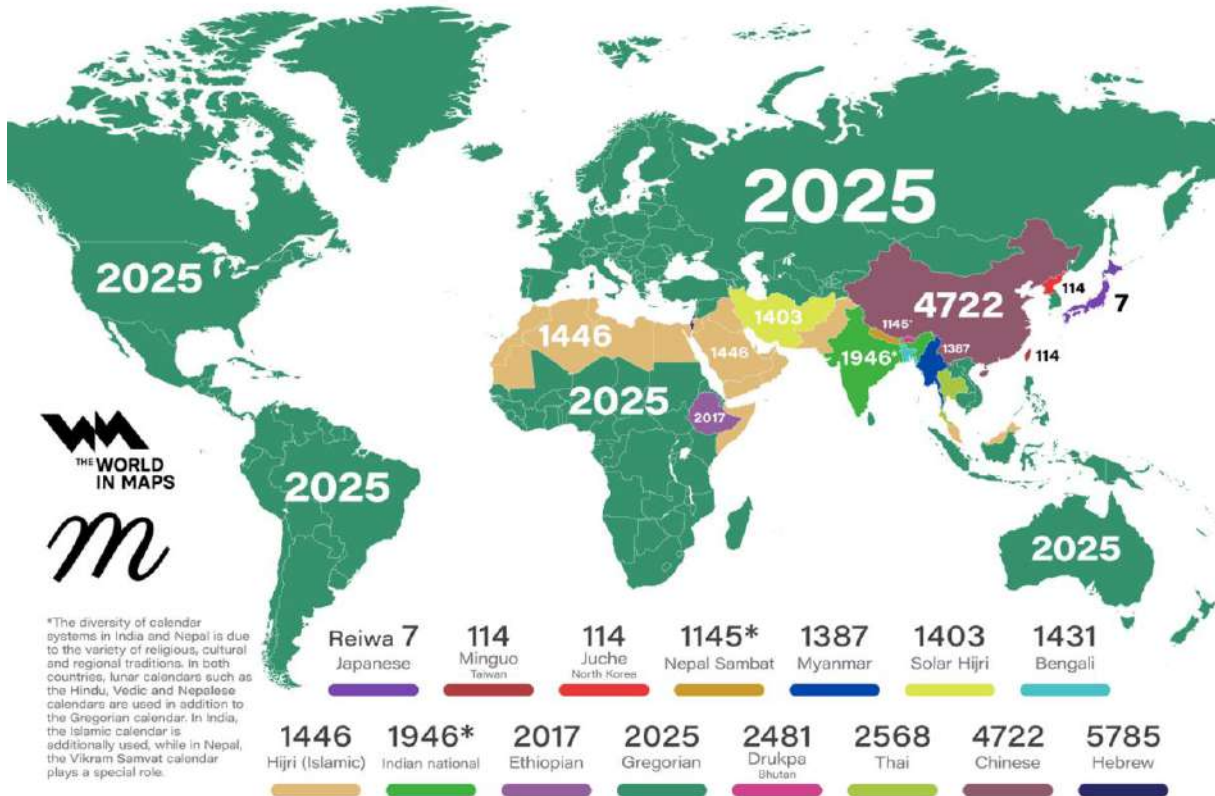
- **Islamic Calendar (1446):** Predominantly used in Muslim-majority countries.
- **Hebrew Calendar (5785):** Observed in Israel for religious purposes.
- **Buddhist Calendar (2568):** Widely used in Southeast Asia.
- **Chinese Calendar (4722):** Significant for traditional events in China and its diaspora.
- **Unique Systems:** These include the Ethiopian calendar (2017), Nepali Vikram Sambat (2081), Persian calendar (1403), Japanese Reiwa 7, and the Burmese calendar (1387). Additionally, Taiwan (Minguo 114) and North Korea (Juche 114) use systems rooted in their political histories, while Bhutan observes the Drukpa calendar (2481), and Bengal maintains the Bengali calendar (1431).

This map serves as a reminder of the cultural richness underpinning calendar traditions worldwide, reflecting humanity's diverse ways of marking the passage of time. Despite the widespread use of the Gregorian calendar, these alternative systems continue to play a vital role in preserving heritage and tradition.

Modern World

World calendar systems

Which year will be on January 1, 2025 (according to the Gregorian calendar) in different countries of the world?



https://www.instagram.com/p/DEffQifRLIJ/?utm_source=ig_web_copy_link&igsh=MzRIODBiNWFIZA==

4. PHOTO OF THE WEEK

China's Sixth-Generation Stealth Fighter Takes Flight

This week's Photo of the Week captures a groundbreaking moment in aviation and defense technology—China's unveiled sixth-generation stealth fighter jet. Known as the J-36, the aircraft was photographed during its maiden flight over Chengdu, Sichuan Province. Its innovative triangular, tailless design not only reduces radar visibility but also represents a significant leap in stealth and aerial dominance capabilities.

The J-36's advanced features, including hypersonic flight capabilities and cutting-edge radar and sensor systems, signal China's commitment to reshaping global power dynamics in the Indo-Pacific and beyond. While details about its full capabilities remain undisclosed, this stealth fighter is already being seen as a potential game-changer in military aviation. The image reflects both technological progress and the evolving landscape of geopolitical competition in the 21st century.



<https://www.reuters.com/world/china/images-show-new-novel-chinese-military-aircraft-designs-experts-say-2024-12-27/>

5. INFOGRAPHIC OF THE WEEK

2024 in the Asia-Pacific: A Year of Significant Transitions

This week's infographic highlights pivotal developments across the Asia-Pacific in 2024, underscoring the region's dynamic geopolitical, economic, and security landscape. The infographic categorizes the year's key events into four main themes: **Security Alliances & Partnerships, Regional Dialogues & Forums, Economic Frameworks,** and **Geopolitical Tensions & Military Developments.**

Among the most noteworthy milestones is the formation of the **Indo-Pacific Four (IP4)** by NATO's Asia-Pacific partners, reflecting the growing strategic alignment among democracies in the region. Additionally, the **American-Japanese-Korean Trilateral Pact** signifies deepened ties to counterbalance China's rising influence. On the economic front, the United Kingdom joined the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**, showcasing its pivot toward Indo-Pacific trade integration. Simultaneously, escalating **China-Philippines maritime disputes** and China's **missile test** underline the growing security challenges in the South China Sea, making regional military preparedness a pressing concern for many regional actors.

The infographic encapsulates the region's balancing act between fostering cooperative frameworks and addressing intensifying tensions. It provides a clear, concise snapshot of the shifting dynamics that define 2024, making it an essential visual reference for understanding the year's transformative trends in the Asia-Pacific.



6. REGIONAL ALLIANCES

Philippines-Japan Defense Pact: Enhancing Strategic Cooperation

The recent ratification of the Reciprocal Access Agreement (RAA) between the Philippines and Japan represents a significant milestone in the Indo-Pacific's evolving security landscape. Signed in December 2024, this landmark agreement allows the deployment of military forces and equipment on each other's soil for joint training, disaster response, and security cooperation. As the first of its kind signed by Japan with another Asian nation, the RAA signals a deepening alignment between Manila and Tokyo in response to shared challenges, particularly the increasingly assertive actions of the People's Republic of China (PRC).

The agreement strengthens operational interoperability between the Japanese Self-Defense Forces and the Philippine Armed Forces, fostering enhanced readiness for joint security operations. By enabling bilateral exercises and expanded patrols in contested maritime zones such as the South China Sea, the pact also bolsters the Philippines' defense posture while contributing to regional stability. This growing collaboration underscores the strategic importance of both nations' alliances with the United States and aligns with broader regional initiatives to uphold international norms and counterbalance China's maritime assertiveness.

Japan's Expanding Regional Role

The RAA reflects Japan's broader strategy of strengthening security partnerships with key regional players under its 2022 National Security Strategy. By entering similar agreements with Australia, the United Kingdom, and others, Japan is actively contributing to a network of alliances that enhances collective deterrence. Its support for the Philippines goes beyond bilateral ties, positioning Tokyo as a pivotal player in the Indo-Pacific security architecture.

The agreement also facilitates Japan's participation in major military exercises such as the annual Balikatan drills between the Philippines and the United States. Furthermore, the pact allows advanced weaponry and training, including High Mobility Artillery Rocket Systems and mid-range missiles, to be integrated into joint activities. These developments align with Japan's focus on enhancing its defense capabilities to counter growing threats from China, North Korea, and Russia.

Implications for Regional Stability

The RAA exemplifies a proactive approach by middle powers to address security concerns without solely relying on U.S. leadership. This agreement underscores the Philippines' commitment to diversifying its security partnerships and addressing persistent threats in its maritime domain. The cooperation between Manila and Tokyo is particularly significant as both nations face challenges related to territorial disputes and increasing militarization in the East and South China Seas.

While the agreement strengthens collective deterrence, it may also provoke further opposition from China, which has consistently criticized military alliances perceived as countering its interests. Beijing's response will be critical in determining whether such agreements serve as stabilizing factors or exacerbate regional tensions. Nevertheless, the RAA highlights the willingness of regional states to collaborate in preserving their sovereignty and fostering a rules-based order in the Indo-Pacific.

Conclusion

The Philippines-Japan Reciprocal Access Agreement marks a crucial step toward deeper security cooperation in the Indo-Pacific, reflecting shared concerns over geopolitical challenges. By aligning their defense strategies, Manila and Tokyo are enhancing their capabilities to address complex security dynamics while reinforcing their regional influence. As the Indo-Pacific remains a focal point of strategic competition, the success of such alliances will depend on sustained collaboration, mutual trust, and a shared commitment to regional peace and stability.

7. ANALYSIS

Key Developments in Asia-Pacific 2024

The year 2024 proved to be a transformative period for the Asia-Pacific region, marked by significant shifts in security dynamics, economic frameworks, and regional cooperation. These developments highlight the growing importance of the Indo-Pacific as a geopolitical theater where global powers compete and cooperate to shape the future of the international order.

Strengthened Security Alliances and Partnerships

The Indo-Pacific witnessed unprecedented efforts to consolidate security partnerships in response to China's growing assertiveness. The formation of the **Indo-Pacific Four (IP4)** and the inaugural **American-Japanese-Korean Trilateral Pact** underscore the region's strategic pivot toward multilateral defense collaborations. These alliances aim to address shared challenges, including maritime security and regional stability, while reinforcing the principles of a rules-based order.

Japan's evolving security posture, as reflected in its deepening partnerships with the United States, the Philippines, and the European Union, signals a significant departure from its post-World War II pacifist stance. Meanwhile, the United States' deployment of the **Mid-Range Capability (MRC) missile system** to the Philippines reflects a proactive approach to counter China's military activities in the South China Sea. However, these developments risk heightening tensions, as seen in Beijing's criticism of increased militarization in the region.

Regional Dialogues and Multilateral Forums

The year also underscored the importance of dialogue and multilateralism in navigating the complexities of the Indo-Pacific. The **Indo-Pacific Regional Dialogue 2024** and the **Quad Summit** emphasized maritime security, economic cooperation, and counterbalancing China's growing influence. Such forums demonstrate a collective effort to maintain regional stability while fostering economic growth.

At the same time, the **BRICS expansion**, with the inclusion of Egypt, Ethiopia, Iran, and the UAE, reflects a parallel effort to challenge the Western-dominated global order. While BRICS nations seek to present a unified front, internal divergences in priorities and capacities could limit the bloc's effectiveness in shaping global economic governance.

Economic Frameworks and Trade Integration

Economic developments in 2024 highlight a dual narrative of competition and collaboration. The **Indo-Pacific Economic Framework (IPEF)** advanced efforts to strengthen economic ties among regional partners and counter China's dominance in global trade. The United Kingdom's accession to the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)** signifies a broader alignment of trade policies within the region, enhancing economic connectivity.

However, challenges persist. The global transition to clean energy and critical mineral supply chains remains a priority, as illustrated by the Japan-U.S. Energy Security Dialogue. Such initiatives underscore the region's efforts to ensure sustainability and resilience in the face of climate change and supply chain disruptions.

Geopolitical Tensions and Military Developments

The Asia-Pacific remained a hotspot for geopolitical tensions in 2024. The **China-Philippines maritime disputes** intensified, with Beijing's assertive actions clashing with Manila's efforts to bolster its defense capabilities, including the planned acquisition of the **Typhon missile system** from the United States. Similarly, China's **missile test** and the unveiling of its sixth-generation stealth fighter reflect its commitment to advancing military technology and projecting power.

While these developments underscore China's growing capabilities, they also reveal the increasing polarization within the region. The growing alignment between U.S. allies and partners, coupled with Beijing's assertiveness, has raised concerns about a potential arms race, particularly in contested areas such as the South China Sea and the Taiwan Strait.

Conclusion

The key developments in the Asia-Pacific in 2024 reveal a region at the crossroads of cooperation and conflict. While multilateral initiatives and economic frameworks aim to foster stability and growth, rising tensions and military advancements threaten to undermine these efforts. Moving forward, the region's trajectory will depend on the ability of its stakeholders to balance competition with dialogue and to prioritize collective security and prosperity over unilateral ambitions.

