

## Welcome to the First Issue of Asia on the Horizon in 2025

As the new year dawns, we are excited to bring you the first edition of Asia on the Horizon for 2025—a year poised to be pivotal for the Indo-Pacific region and beyond. This issue encapsulates the intricate interplay of politics, diplomacy, security, and economic dynamics that define the ever-evolving landscape of Asia-Pacific affairs. With a fresh perspective, we dive into the stories and developments that will shape the months ahead, providing you with in-depth analyses and forward-looking insights.

In this edition, we spotlight South Korea’s unprecedented political turbulence, as the martial law crisis and dual impeachments test the resilience of its democratic institutions. From power struggles within Seoul to the broader implications for Northeast Asian stability, this analysis captures the gravity of these developments. Additionally, we commemorate the 20th anniversary of the Quad, reflecting on how this unique partnership has grown from a humanitarian mission to a cornerstone of Indo-Pacific strategy, fostering collaboration across diverse fields like disaster relief, climate change, and critical technologies.

The newsletter also delves into the implications of Secretary Blinken’s visit to the Republic of Korea, Japan, and France, exploring how these meetings underscore the United States’ commitment to its alliances amid the shifting geopolitical tides. Furthermore, we analyze the EU-Japan Strategic Partnership Agreement’s entry into force, highlighting its potential to reshape the global rules-based order and strengthen bilateral cooperation on critical issues ranging from security to innovation.

As always, we bring you visually compelling features such as the Statistics of the Week, where we analyze China’s rise as the world’s largest car exporter, reflecting on how its industrial strategy and EV dominance continue to redefine global trade. Our Infographic of the Week offers a snapshot of South Korea and Japan’s complex relationship, illustrating the historical, economic, and security dimensions that underpin their alliance with the United States. Finally, the Photo of the Week captures the tension in South Korea as political protests highlight the nation’s ongoing struggle with governance and accountability.

Asia on the Horizon continues to be your trusted source for timely, nuanced, and thought-provoking coverage of the Indo-Pacific region. As we embark on this new chapter in 2025, we invite you to journey with us through the issues that matter most, empowering you with the insights to navigate the complexities of today’s interconnected world. Here’s to another year of exploring the horizon together.



## 1. KEY DEVELOPMENTS

### Quad Foreign Ministers Celebrate 20 Years of Regional Cooperation

Marking the 20th anniversary of the Quad, the foreign ministers of Australia, India, Japan, and the United States released a joint statement reaffirming their commitment to a free, open, and prosperous Indo-Pacific. Originating in the aftermath of the devastating 2004 Indian Ocean earthquake and tsunami, the Quad's inaugural collaboration was a humanitarian response that saved countless lives across 14 affected nations. Reflecting on this legacy, the ministers emphasized the Quad's ongoing focus on disaster preparedness and humanitarian assistance. In 2024 alone, the group supported critical disaster relief efforts across the Indo-Pacific, underscoring the enduring relevance of this foundational mission.

Over two decades, the Quad has evolved into a broad-based partnership addressing diverse challenges, from climate change to emerging technologies and maritime security. The joint statement highlighted the Quad's role in fostering regional stability, enhancing infrastructure, and advancing counter-terrorism and cybersecurity initiatives. Reaffirming their respect for ASEAN centrality and Pacific-led regional frameworks, the four nations emphasized their shared vision for a peaceful and resilient Indo-Pacific. The Quad's milestone anniversary serves as a reminder of its enduring purpose: adapting to the region's needs while promoting collective security, development, and cooperation.

### China-Linked Hackers Breach U.S. Treasury Systems

In a significant cybersecurity incident, Chinese state-sponsored hackers reportedly gained remote access to several U.S. Treasury Department workstations and unclassified documents, exploiting vulnerabilities in a third-party software provider's security system. The breach, confirmed on December 8, involved a stolen key from BeyondTrust, a cloud-based service used for technical support. This allowed the attackers to bypass security measures and infiltrate workstations. While the Treasury has since taken the compromised service offline and reported no evidence of continued access, the incident underscores vulnerabilities in critical governmental infrastructure.

In response to these allegations, Chinese Foreign Ministry spokesperson Mao Ning dismissed the claims as unfounded and politically motivated. She reiterated China's opposition to all forms of hacking and denounced the dissemination of what she termed "false information targeting China for political purposes." The Treasury Department, working with CISA, the FBI, and other intelligence agencies, is continuing its investigation to assess the full extent of the breach. This incident, occurring amid broader concerns about Chinese cyber-espionage activities such as the Salt Typhoon campaign, highlights the persistent challenge of securing sensitive government systems against advanced cyber threats.

## South Korea Approves Arrest Warrant for Suspended President Amid Political Turmoil

A South Korean court has issued an arrest warrant for suspended President Yoon Suk Yeol, marking an unprecedented development in the country's political history. The warrant stems from Yoon's controversial decision to impose martial law on December 3, which he rescinded just six hours later under intense political and public pressure. The move, described as an abuse of authority and an attempt to orchestrate rebellion, has led to investigations into Yoon's actions, including allegations of ordering the military to breach parliamentary defenses to enforce his decree. Refusing to cooperate with inquiries, Yoon faces multiple charges, including insurrection, which carries severe penalties. His lawyers have criticized the warrant as unlawful, further fueling political tensions.

The fallout from Yoon's martial law decision has plunged South Korea into its worst political crisis in decades, leading to widespread unrest and a series of impeachments. Yoon's impeachment by the National Assembly on December 14 has left the country without a stable leadership structure. Acting President Han Duck-soo, who succeeded Yoon, was impeached last week for his refusal to facilitate the investigation, leaving Choi Sang-mok, the current interim leader, to navigate a nation grappling with political uncertainty, economic challenges, and a recent aviation tragedy. The turmoil has raised serious questions about South Korea's democratic stability and its ability to manage simultaneous internal and external pressures.

## EU-Japan Strategic Partnership Agreement Enters into Force

The Strategic Partnership Agreement (SPA) between the European Union (EU), its member states, and Japan officially came into force today, marking a historic milestone in their bilateral relations. As the first comprehensive framework agreement between the two parties, the SPA aims to strengthen political and economic cooperation across various domains, ranging from regional and global security to trade and innovation. By prioritizing the rule of law, democracy, human rights, and free and fair trade, the SPA underscores the commitment of both the EU and Japan to uphold the multilateral, rules-based global order, with the United Nations at its core.

The agreement further expands collaboration in critical areas such as security, counterterrorism, and non-proliferation, while also boosting sectoral partnerships in space exploration, industrial policy, energy, transport, education, and technology. A newly established joint committee will oversee the implementation of the SPA and serve as a forum for addressing disputes under the agreement's newly instituted settlement procedure. Originally signed in 2018, the SPA's ratification was finalized in April 2024, paving the way for today's implementation. This strategic partnership signifies a shared vision for deeper ties, mutual growth, and greater global stability amidst evolving geopolitical challenges.

## Secretary Blinken's Diplomatic Mission to South Korea, Japan, and France

U.S. Secretary of State Antony J. Blinken is set to embark on a diplomatic tour to the Republic of Korea (ROK), Japan, and France from January 4 to 9, aiming to fortify alliances and advance shared goals in key regions. In South Korea, Secretary Blinken will engage with senior officials to reinforce the U.S.-ROK alliance, emphasizing collaboration on global challenges grounded in shared democratic values. Discussions will focus on enhancing cooperation to promote a free and prosperous Indo-Pacific region, alongside strengthening trilateral ties with Japan to address regional security dynamics and broader global issues.

In Japan, Secretary Blinken will hold talks with senior officials to review the advancements in the U.S.-Japan alliance, highlighting its crucial role in addressing bilateral, regional, and global challenges. The visit will underscore the importance of U.S.-Japan-ROK trilateral cooperation in fostering stability and prosperity in the Indo-Pacific. Secretary Blinken's final stop in France will focus on bolstering the U.S.-France partnership, with dialogues centered on addressing pressing challenges across Europe, the Middle East, and beyond. This multi-nation trip reaffirms the United States' commitment to its alliances and shared strategies for a stable and secure global order.

## South Korea's Acting President Reaffirms Commitment to Trilateral Cooperation

Amid an unprecedented political crisis, South Korea's acting President Choi Sang-mok has pledged to maintain strong diplomatic and security cooperation with the United States and Japan. Speaking with U.S. Ambassador Philip Goldberg and Commander of U.S. Forces Korea Xavier Brunson, Choi emphasized the resilience of South Korea's foreign policy despite domestic challenges. He assured that the U.S.-South Korea alliance remains unwavering and highlighted the need for active efforts to ensure continuity in trilateral cooperation with Japan, particularly as the country prepares for the incoming U.S. administration under President-elect Donald Trump.

Choi assumed the role of acting president following the impeachment of Prime Minister Han Duck-soo, who was serving as interim leader after President Yoon Suk Yeol's suspension over his controversial martial law declaration. Despite the ongoing investigations and political turmoil, Choi reaffirmed the importance of bolstering ties with neighboring Japan, a priority of the Yoon administration, to strengthen the trilateral alliance. His remarks underscore South Korea's commitment to maintaining a stable and cooperative foreign policy framework amid internal upheaval.

## Taiwan Intercepts Ship Suspected of Damaging Undersea Cable

Taiwan's Coast Guard Administration intercepted a Cameroon-registered container ship with a Chinese name, Shunxin39, following suspicions that it damaged an undersea communication cable off Taiwan's northern coast. Chunghwa Telecom identified the vessel after it passed near the cable northeast of New Taipei's Yeliu, prompting the telecom operator to request Coast Guard intervention. The incident occurred early Friday morning, though the cable damage reportedly did not affect domestic communications.

In response to the report, a Coast Guard vessel from Keelung located the Shunxin39 and directed it closer to the port for further inspection. Authorities have initiated an investigation to determine the ship's role in the incident and assess potential liability for compensation. This case highlights the critical importance of safeguarding undersea communication infrastructure, which is vital for maintaining uninterrupted global and regional connectivity.

## 2. STATISTICS OF THE WEEK

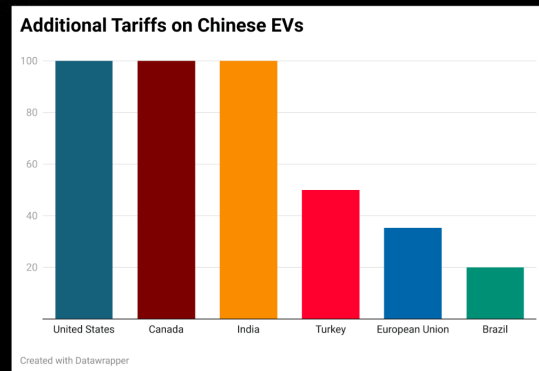
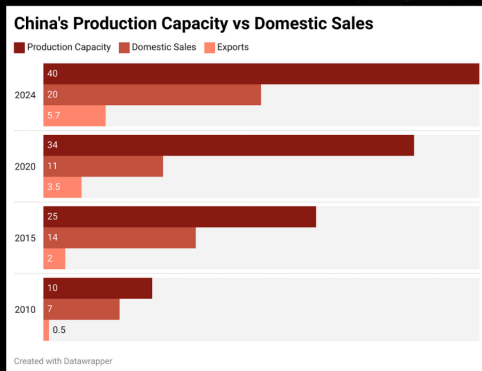
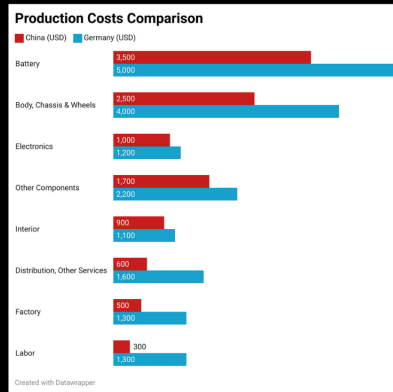
### China's Automotive Dominance: Capacity, Tariffs, and Cost Advantages

These three charts collectively illustrate the factors behind China's ascent to the position of the world's leading car exporter. The first chart reveals the stark contrast between China's vast production capacity (around 40 million cars annually) and its domestic demand (estimated at about 20 million). Because Chinese automakers can build far more cars than their home market can absorb, they have been compelled to seek export opportunities worldwide. This oversupply, particularly in gasoline vehicles as Chinese consumers pivot swiftly toward electric cars, has fueled a surge in global exports.

The second chart highlights the spectrum of tariffs imposed by various countries to counterbalance China's competitive advantage. From India's high rates (up to 100%) to the European Union's variable levies, policymakers endeavor to protect their local automotive industries and jobs.

Yet the third chart demonstrates why tariffs may only partially offset China's edge: Chinese automakers produce electric vehicles at lower costs—often around 30% below comparable Western models—primarily due to superior battery supply chains and economies of scale. These figures suggest that while protective measures may slow China's expansion, its underlying cost efficiencies and state-backed investments continue to underpin its dominance in global automotive markets.

# CHINESE CAR INDUSTRY 2024





### 3. MAP OF THE WEEK

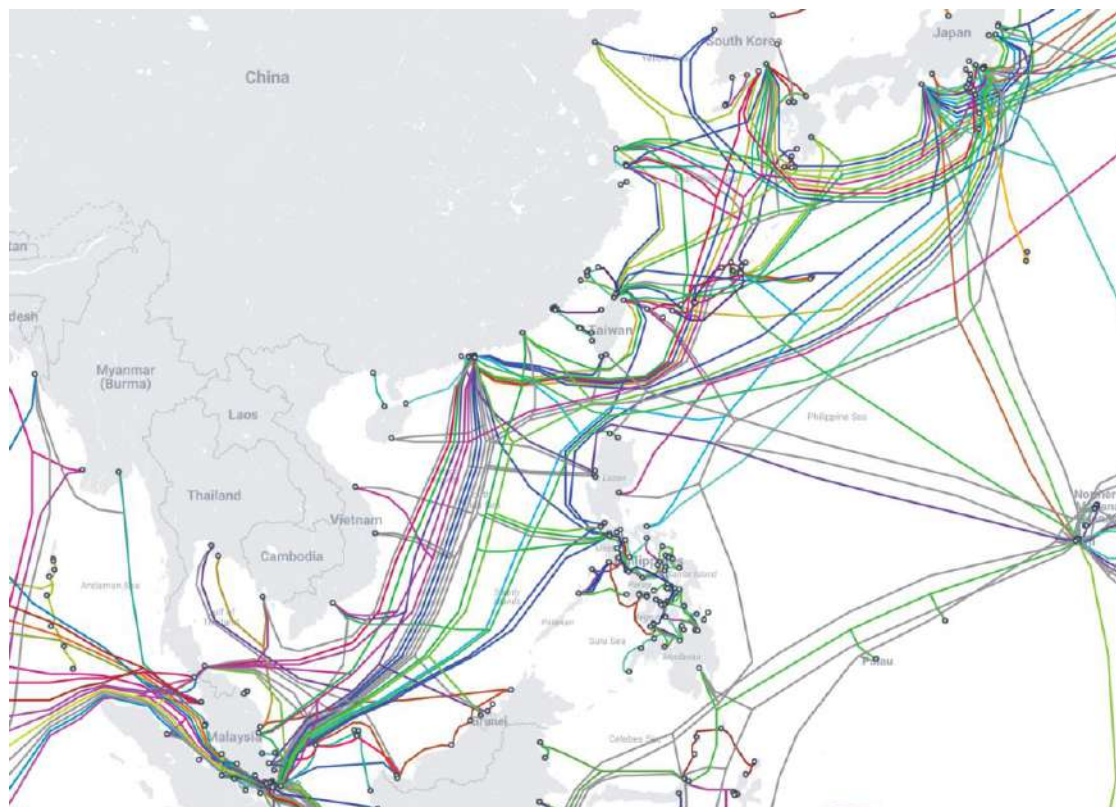
#### Taiwan Intercepts Ship Suspected of Damaging Undersea Cable

On January 4, 2025, Taiwan's Coast Guard Administration intercepted a Cameroon-registered container ship named Shunxin39, which is suspected of damaging an international undersea communication cable northeast of New Taipei's Yeliu.

The incident was reported by Chunghwa Telecom, which identified the ship passing near the cable at 7:45 a.m. The Coast Guard acted on the telecom company's request and located the vessel near Keelung. The ship was escorted to port for inspection. While domestic communications remained unaffected, prosecutors are set to investigate the incident for accountability and compensation.

This event highlights the vulnerabilities of the extensive undersea cable network in the Asia-Pacific, which is a critical infrastructure for global communication and data transfer. Taiwan's proactive measures underscore the importance of protecting these assets amid rising geopolitical and security challenges.

Underwater cables are essential to the digital world, connecting economies and fostering international trade. The map showcases the dense and intricate network supporting global communication in the region.



<https://www.submarinecablemap.com>



## 4. PHOTO OF THE WEEK

### Political Turmoil in South Korea

The streets of Seoul erupted on January 3, 2025, as anti-Yoon protestors clashed with police near the residence of impeached President Yoon Suk Yeol. The confrontation followed a tense six-hour standoff the previous day, during which investigators failed to execute an arrest warrant against the embattled leader. Yoon faces charges of abuse of authority and insurrection stemming from his controversial decision to declare martial law in December, which has plunged South Korea into its worst political crisis in decades. This photo captures the heightened tensions and the growing unrest as the nation grapples with political instability.



(Photo: REUTERS/Kim Hong-Ji)

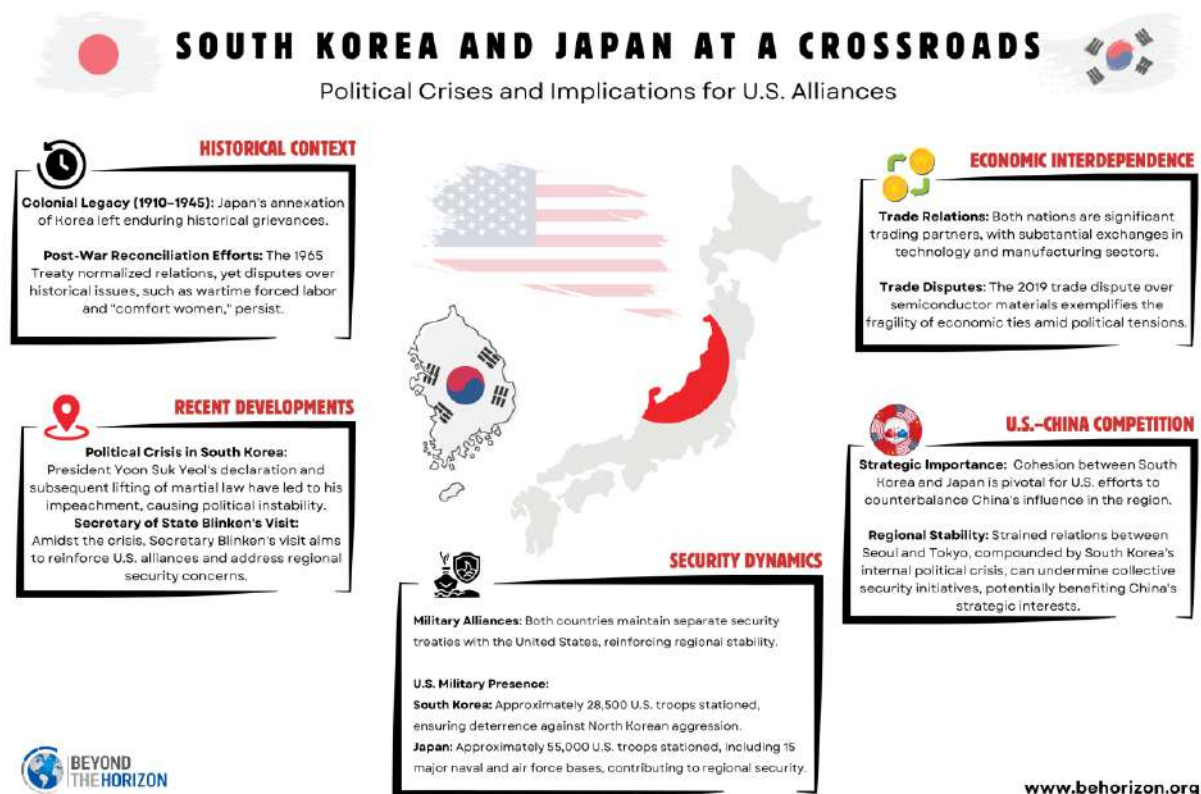
<https://www.channelnewsasia.com/east-asia/seoul-south-korea-arrest-president-yoon-suk-yeol-4835856>

## 5. INFOGRAPHIC OF THE WEEK

### South Korea and Japan at a Crossroads

This week's infographic examines the intricate dynamics shaping South Korea-Japan relations amidst significant political and security challenges in the Indo-Pacific. It highlights the historical context of their relationship, stemming from Japan's colonial legacy and lingering disputes over wartime issues. While economic interdependence remains strong, trade disputes, such as the 2019 semiconductor material row, underscore the fragility of their bilateral ties.

The infographic also sheds light on recent developments, including the political crisis in South Korea following President Yoon Suk Yeol's impeachment and Secretary of State Antony Blinken's visit to reinforce U.S. alliances. Security dynamics remain critical, with both nations hosting substantial U.S. military presence to ensure regional stability. The interplay between these factors is pivotal in maintaining cohesion among U.S. allies and counterbalancing China's growing influence in the region.



## 6. REGIONAL ALLIANCES

### Commemorating 20 Years of Quad Cooperation

The Quadrilateral Security Dialogue, better known as the Quad, celebrated a momentous milestone this week as it marked its 20th anniversary. Comprising the United States, Australia, India, and Japan, the Quad has emerged as a vital regional alliance dedicated to fostering a free, open, and inclusive Indo-Pacific. Born out of tragedy, the Quad has transformed from a humanitarian partnership to a strategic alliance addressing multifaceted regional and global challenges. The joint statement issued by the Quad Foreign Ministers commemorates not only the group's origins in response to the 2004 Indian Ocean tsunami but also its enduring role in shaping the Indo-Pacific's political, economic, and security landscape. This anniversary serves as a poignant reminder of the Quad's achievements while signaling its ambitions for the future.

#### The Quad's Journey: From Relief to Resilience

The Quad's origins lie in the devastation wrought by the 2004 Indian Ocean earthquake and tsunami, one of the most catastrophic natural disasters in modern history. Affecting 14 countries and claiming the lives of nearly a quarter-million people, the disaster galvanized Australia, India, Japan, and the United States into action. Over 40,000 emergency responders from the four nations joined forces to provide critical aid and relief, demonstrating the power of coordinated humanitarian efforts. This initial collaboration underscored the shared values and common interests that would later form the bedrock of the Quad. In their 20th-anniversary statement, the Quad Foreign Ministers honored the lives lost and reaffirmed their commitment to disaster preparedness and humanitarian relief, emphasizing the continued relevance of these efforts in 2024 and beyond.

Over the past two decades, the Quad has evolved into a comprehensive partnership addressing a wide array of challenges. What began as an ad hoc humanitarian coalition has transformed into a cornerstone of regional diplomacy and security. In recent years, the Quad has expanded its focus to include pressing issues such as climate change, counter-terrorism, pandemics, infrastructure development, maritime domain awareness, critical and emerging technologies, and cybersecurity. These expanded priorities reflect the growing complexity of the Indo-Pacific region, where economic dynamism and strategic competition coexist. Since 2021, the leaders of the Quad nations have convened annually, underscoring their commitment to sustained cooperation and tangible outcomes.

A key aspect of the Quad's mission is its alignment with the principles of multilateralism and regional inclusivity. The joint statement reaffirmed the group's unwavering support for ASEAN centrality and unity, as well as the implementation of the ASEAN Outlook on the Indo-Pacific. Additionally, the Quad recognizes the importance of Pacific-led regional institutions such as the Pacific Islands Forum and remains steadfast in its support for the Indian Ocean Rim Association. These partnerships demonstrate

the Quad's intent to work collaboratively with other regional stakeholders to uphold a rules-based international order.

The Quad's achievements over the past two decades have not only enhanced regional stability but have also strengthened global governance frameworks. Its humanitarian contributions, such as the delivery of vaccines during the COVID-19 pandemic and support for disaster-stricken areas, exemplify its role as a force for good. Furthermore, the Quad's economic and security initiatives, including efforts to bolster quality infrastructure and promote maritime security, have reinforced its relevance as a strategic actor. Notably, its emphasis on capacity building, particularly in STEM education and technological innovation, highlights the Quad's forward-looking approach to fostering sustainable growth in the region.

However, the Quad's evolution has not been without challenges. The Indo-Pacific region remains a theater of strategic competition, with China's growing assertiveness testing the Quad's resolve. The group's efforts to counterbalance China's influence through initiatives such as maritime patrols and technological collaboration underscore the strategic underpinnings of its partnership. At the same time, the Quad must navigate the complexities of balancing deterrence with engagement to maintain regional stability and avoid unintended escalations.

## **Conclusion**

As the Quad commemorates its 20th anniversary, it stands as a testament to the power of collaboration in addressing shared challenges. From its origins as a humanitarian coalition to its current role as a strategic alliance, the Quad has demonstrated adaptability, resilience, and a commitment to the principles of a free and open Indo-Pacific. Looking ahead, the Quad's ability to sustain its momentum and expand its scope will be critical in shaping the future of the region. By fostering inclusive partnerships, addressing emerging threats, and upholding a rules-based order, the Quad is well-positioned to continue making meaningful contributions to regional and global stability. As the Indo-Pacific navigates an era of unprecedented complexity, the Quad's enduring partnership offers a beacon of hope for a more peaceful, prosperous, and resilient future.



## 7. ANALYSIS

### South Korea's Democracy Tested

South Korea's recent political crisis, marked by back-to-back impeachments of President Yoon Suk Yeol and acting President Han Duck-soo, has brought its democratic institutions under unprecedented strain. The swift declaration and repeal of martial law by President Yoon ignited a wave of public unrest and political backlash, exposing vulnerabilities in the balance of power between the executive and legislative branches. At the center of the turmoil lies a Constitutional Court faced with the monumental task of adjudicating the legitimacy of both impeachments, which will likely set a precedent for the country's constitutional and democratic framework.

Yoon's declaration of martial law on December 3, ostensibly to counter parliamentary resistance and safeguard constitutional order, shattered public confidence. The measure, seen by critics as an attempt to bypass democratic norms, galvanized widespread opposition from civil society, lawmakers, and even members of Yoon's own People Power Party. The National Assembly's swift annulment of the decree, coupled with the president's subsequent impeachment on charges of abuse of power and insurrection, underscored the resilience of South Korea's democratic checks and balances. However, the impeachment of acting President Han Duck-soo shortly thereafter for delaying appointments to the Constitutional Court exacerbated the crisis, leaving Finance Minister Choi Sang-mok as the country's second interim leader in less than a month.

### Institutional Struggles and Polarization

At the heart of the crisis lies a fragmented political landscape marred by deep partisan rivalries. The opposition-dominated National Assembly has repeatedly clashed with the presidency, stalling key initiatives and fueling frustrations that culminated in Yoon's martial law decree. Meanwhile, divisions within Yoon's People Power Party have further weakened executive authority, as defectors played a pivotal role in securing the impeachment vote against him.

The Constitutional Court, now tasked with deciding the fate of both impeachments, has become the focal point of the crisis. With its impartiality under scrutiny following recent appointments, the court's rulings could either uphold the National Assembly's decisions, triggering a new presidential election, or reinstate Yoon, potentially reigniting public anger. Both scenarios carry significant risks: while new elections could provide a fresh start, they might also deepen political polarization. Conversely, reinstating Yoon could heighten tensions between the executive and legislature, undermining governance stability.

### Domestic and International Ramifications

The political uncertainty has reverberated across South Korea's economy, as investor confidence wanes and the won plunges to its weakest level since the 2008 financial crisis. Key economic policies and reforms have stalled, with acting President Choi

struggling to manage dual roles as finance minister and interim leader. Meanwhile, foreign allies like the United States and Japan, which rely on South Korea for regional stability, have expressed concerns over the leadership vacuum. North Korea's opportunistic missile tests and China's growing influence further underscore the geopolitical stakes of South Korea's internal discord.

Despite these challenges, the crisis has also highlighted the enduring strength of South Korea's civil society and democratic institutions. Public protests, civic organization campaigns, and academic debates reflect a society actively engaged in safeguarding its democratic norms. Calls for constitutional reform have gained momentum, with proposals to redefine emergency powers, streamline impeachment processes, and realign executive-legislative timelines.

### **Outlook and Conclusion**

South Korea's democratic system faces a defining moment. The outcome of the Constitutional Court's rulings and the potential for snap elections will determine whether the country emerges from the crisis with renewed institutional strength or succumbs to deeper divisions. While the risk of prolonged instability looms, the crisis also presents an opportunity for meaningful reform that could bolster South Korea's democratic foundations for years to come.

In the face of these challenges, South Korea's ability to navigate the current turmoil will serve as a litmus test for the resilience of its democratic institutions. Whether through judicial prudence, legislative compromise, or civic engagement, the nation's response will shape its political trajectory and reaffirm—or challenge—its role as a stable democratic anchor in Northeast Asia.

