

Welcome to This Week's Asia on the Horizon

As we step into another dynamic week in the Indo-Pacific, geopolitical shifts, security realignments, and economic transformations continue to redefine the region. From high-level diplomatic engagements to critical defense maneuvers, the past week has been marked by developments that will shape the regional and global order in the coming months.

This week, the Munich Security Conference (MSC) 2025 took center stage, with China advocating for an "equal and orderly multipolar world" while facing growing scrutiny from Western powers. The Munich Security Report underscored the rising tensions between the U.S. and China, with key discussions focusing on military posturing in the Indo-Pacific, the future of European strategic autonomy, and the evolving global financial order. As Washington shifts its strategic focus toward countering Beijing, U.S. Defense Secretary Pete Hegseth's warning to Europe to take responsibility for its security signals a broader reallocation of American military commitments.

At the same time, the U.S. Navy conducted its first transit of the Taiwan Strait since President Donald Trump's return to office, prompting a sharp response from China. With Admiral Samuel Paparo warning that Beijing's military exercises near Taiwan could soon serve as a cover for a full-scale invasion, regional security remains at a fragile tipping point. The trilateral meeting between the U.S., Japan, and South Korea in Munich further reinforced Washington's commitment to Indo-Pacific deterrence, as all three nations pledged to bolster security cooperation against China and North Korea.

Meanwhile, economic competition remains at the forefront, with President Trump threatening 100% tariffs on BRICS nations should they continue efforts to bypass the U.S. dollar. India and the U.S. made strides in resolving their long-standing trade disputes, with Prime Minister Modi securing assurances on defense and economic cooperation during his Washington visit. Simultaneously, Taiwan has pledged increased semiconductor investments in the U.S. in response to Trump's criticisms, highlighting the ongoing economic realignment between Washington, Taipei, and Beijing.

Elsewhere, Pakistan hosted the AMAN-2025 Multinational Naval Exercise, featuring participation from 60 countries. The Philippines is set to finalize a \$200 million missile deal with India, signaling a deepening security partnership amid heightened tensions in the South China Sea. The ASEAN-China Senior Officials' Consultation reaffirmed regional commitments to economic cooperation, as China seeks to solidify its influence in Southeast Asia despite lingering security concerns.

This week's Photo of the Week captures the meeting between Indian Prime Minister Narendra Modi and Tesla CEO Elon Musk, reflecting the growing convergence between technology diplomacy and geopolitical strategy. Meanwhile, our Map of the Week illustrates the global positioning of U.S. Navy Carrier Strike Groups, emphasizing Washington's strategic force deployment across key regions.

With regional security, economic realignments, and diplomatic maneuvers intensifying, this edition of Asia on the Horizon provides a comprehensive analysis of the most pressing issues shaping the Indo-Pacific landscape. Stay informed as we navigate the complexities of an evolving global order.



1. KEY DEVELOPMENTS

Pakistan Hosts AMAN-2025 Multinational Naval Exercise with Record Participation

Pakistan is hosting the ninth edition of the AMAN Multinational Naval Exercise (AMAN-2025) in the northern Arabian Sea off the coast of Karachi from February 7 to 11, 2025. The exercise, themed “Secure Seas; Prosperous Future,” has drawn participation from 60 nations. The biennial event, which began in 2007 with just 28 countries, has since expanded into a significant platform for international maritime cooperation. A key feature this year is the AMAN Dialogue, bringing together naval chiefs, Coast Guard leaders, and senior maritime officials to discuss regional security threats and formulate joint strategies to address emerging maritime challenges.

The exercise consists of harbor and sea phases, featuring a range of activities aimed at enhancing interoperability and collaboration among participating navies. The harbor phase includes seminars, counter-terrorism demonstrations, and strategic discussions, while the sea phase focuses on tactical maneuvers, anti-piracy drills, search and rescue operations, and air defense exercises. A highlight of the event is the International Fleet Review, showcasing the naval capabilities of participating states. Pakistan’s hosting of AMAN-2025 underscores its growing role as a key player in regional maritime security, reinforcing the significance of multinational collaboration.

India and France Strengthen Strategic Partnership During Modi’s Visit to Paris

Indian Prime Minister Narendra Modi’s visit to France has reinforced bilateral ties between New Delhi and Paris, with key discussions on defense cooperation, AI, and economic partnerships. During his three-day trip, Modi co-chaired the AI Action Summit with French President Macron, advocating for global AI governance frameworks that ensure transparency, ethical development, and equitable access, particularly for the Global South. He also participated in the India-France CEO Forum, where he emphasized India's commitment to becoming a top global investment destination and called for greater private-sector engagement in India’s economic growth. Meanwhile, External Affairs Minister S. Jaishankar met his French counterpart to discuss collaborations in AI, connectivity, and clean energy.

Beyond economic and technological discussions, Modi and Macron visited the International Thermonuclear Experimental Reactor project in Marseille, underscoring their joint commitment to nuclear research and innovation. Modi also paid tribute to Indian soldiers who fought in World War I at the Mazargues War Cemetery, highlighting historical ties between the two nations. The visit also saw engagements with U.S. Vice President JD Vance, where Modi expressed optimism about deepening U.S.-India cooperation. As a major takeaway from the summit, India has been selected to host the next AI Action Summit, reflecting its growing role in shaping the global technology landscape.

Nissan-Honda \$60 Billion Merger Talks Collapse Over Strategic Disputes

Merger discussions between Nissan and Honda—a proposed \$60 billion tie-up that would have reshaped Japan’s automotive industry—collapsed due to disagreements over leadership, workforce reductions, and strategic control. Nissan, struggling with declining sales and internal instability, saw the merger as a potential lifeline but insisted on an equal partnership despite its weaker position. Honda, on the other hand, demanded deeper cost-cutting measures, including factory closures and layoffs, which Nissan resisted due to concerns over political and financial repercussions. The negotiations ultimately unraveled when Honda revised its proposal, suggesting Nissan become a subsidiary rather than an equal partner, a move Nissan executives viewed as humiliating and unacceptable.

The fallout has left Nissan in an increasingly precarious position, particularly with U.S. tariff risks on Mexican-manufactured vehicles—a key market for the automaker. Honda’s abrupt withdrawal from the talks signaled frustration over Nissan’s slow decision-making and reluctance to commit to more aggressive restructuring. While a return to the original technology collaboration agreement remains possible, Nissan is also exploring new partnerships, including potential collaboration with Foxconn, which seeks an automotive brand to strengthen its electric vehicle business. The breakdown of the deal raises critical questions about Nissan’s future.

First U.S. Navy Transit Through Taiwan Strait Under Trump’s New Term Sparks Chinese Backlash

Two U.S. Navy ships sailed through the Taiwan Strait from February 10-12, marking the first such transit since President Donald Trump took office last month. The USS Ralph Johnson, an Arleigh Burke-class guided-missile destroyer, and the USNS Bowditch, a Pathfinder-class survey ship, conducted the passage, which the U.S. military described as a routine freedom of navigation operation. The transit occurred within international waters, according to Navy Commander Matthew Comer, and was consistent with U.S. policy of maintaining an open and free Indo-Pacific. However, China strongly condemned the move, deploying its Eastern Theatre Command forces to monitor the vessels and warning that such actions "increase security risks."

The transit comes amid heightened tensions in the Taiwan Strait, where China has stepped up military operations, including daily patrols near Taiwan’s airspace and waters. On February 12, Taiwan’s defense ministry reported the presence of 30 Chinese military aircraft and seven navy ships around the island, calling it part of Beijing’s broader pressure campaign. China also voiced diplomatic protests against Japan, following a joint statement by Trump and Japanese Prime Minister Shigeru Ishiba, which reaffirmed support for "peace and stability across the Taiwan Strait" and Taiwan’s participation in international organizations. With U.S.-China relations already strained, this naval operation signals a firm stance by Washington on Taiwan’s security, setting the stage for further geopolitical friction in the region.

India and U.S. Agree to Resolve Trade and Tariff Disputes After Modi-Trump Talks

In a significant step toward resolving trade tensions, India and the United States have agreed to initiate discussions on a new trade deal and work toward settling their long-standing tariff disputes. The agreement emerged after talks between U.S. President Trump and Indian Prime Minister Modi at the White House, where both leaders pledged to strengthen economic and defense ties. As part of the negotiations, India committed to increasing its purchases of U.S. oil, gas, and military equipment, with a potential F-35 fighter jet deal under consideration. The White House welcomed India's recent reductions in tariffs on select U.S. products, with both sides targeting a preliminary trade deal by fall 2025. However, Trump reiterated his demand for reciprocal tariffs, signaling that tariff disputes would remain a major aspect of bilateral negotiations.

Beyond trade, the leaders agreed to deepen security cooperation in the Indo-Pacific, aligning their strategies against China's growing influence in the region. India also committed to greater cooperation on curbing illegal immigration, a priority for Trump's administration. Modi emphasized that India's national interests remain paramount, while expressing his appreciation for Trump's leadership approach. The discussions also touched upon India's energy ties with Russia, with Modi asserting that India's position in global affairs is guided by peace, not neutrality. With the U.S. trade deficit with India at \$45.6 billion, experts anticipate that trade frictions will persist, but the agreements signal a willingness from both sides to find a middle ground.

China's Chipmaking Equipment Purchases Set to Decline in 2025

China's purchases of semiconductor manufacturing equipment are expected to decline in 2025, marking the first drop since 2021. After three consecutive years of growth, China's spending on wafer fabrication tools is projected to fall 6% year-on-year to \$38 billion, reducing its share of global sales from 40% in 2024 to 20% this year. The downturn is attributed to overcapacity in the mature-node chip sector and the impact of escalating U.S. export controls, which have restricted China's access to advanced semiconductor technology. While China was the primary driver of global chip equipment sales in 2023 and 2024, much of this growth was fueled by stockpiling efforts in anticipation of further U.S. sanctions on AI-related and military-use chips.

Despite these challenges, Chinese firms continue to make technological progress. SMIC and Huawei have managed to develop advanced chips using alternative, costlier manufacturing techniques, while Chinese equipment manufacturers like Naura Technology Group and AMEC have expanded their global footprint. However, China remains dependent on foreign suppliers, particularly in lithography, testing, and assembly tools, where ASML of the Netherlands continues to dominate. Although Beijing is working toward greater self-sufficiency in semiconductor manufacturing, the latest data suggests that U.S. restrictions and market imbalances are beginning to slow China's expansion in the sector.

India to Finalize \$200 Million Missile Deal with the Philippines Amid Regional Tensions

India is set to finalize a \$200 million deal with the Philippines this year for the sale of Akash surface-to-air missiles, marking New Delhi's second major defense export to Manila. According to sources familiar with the matter, the Philippines has expressed its intent to procure the short-range missile system in the upcoming fiscal year, beginning in April. The Akash missile system, developed by India's Defence Research and Development Organisation, has previously been exported to Armenia in a \$230 million deal, and the Philippine contract is expected to be larger. While specifics on the quantity of missiles and associated radar systems remain undisclosed, this deal follows India's \$375 million sale of the BrahMos supersonic cruise missile to the Philippines in 2022, underscoring deepening defense ties between the two nations.

This procurement aligns with Manila's ongoing military modernization efforts, particularly as tensions escalate with Beijing in the South China Sea. The Philippines' Armed Forces Chief General Romeo Brawner recently reaffirmed plans to acquire additional BrahMos missile systems and at least two submarines to bolster national security. India, traditionally the world's largest arms importer, has significantly expanded its defense exports, surpassing \$2.4 billion in 2024, reflecting a 150% increase since 2020. However, its arms exports remain significantly below those of China, which has expanded its defense industry globally. By securing this deal, New Delhi strengthens its geopolitical influence in the Indo-Pacific while countering China's growing military footprint in the region.

Hegseth Warns Europe: U.S. to Prioritize China and Border Security Over European Defense Commitments

U.S. Defense Secretary Pete Hegseth signaled a major shift in Washington's global security posture, warning European allies that the U.S. can no longer be their primary security guarantor due to pressing threats from China and border security concerns. Speaking at a Ukraine Defense Contact Group meeting in Belgium, Hegseth emphasized the need for a "division of labor", urging Europeans to take greater responsibility for their own defense, while the U.S. focuses on deterring war with China in the Indo-Pacific. Although he confirmed that there are no immediate plans for a troop drawdown in Europe, he stressed that American security resources are finite, and Washington must prioritize its national interests, particularly in countering China's growing military capabilities.

Hegseth's remarks reflect a broader Trump administration strategy of burden-sharing, echoing recent demands for NATO members to increase defense spending to 5% of GDP. He also dismissed the possibility of Ukraine joining NATO in the near future, stating that such an outcome is not a "realistic" element of a negotiated peace. Additionally, Hegseth warned that any European-led peacekeeping forces deployed to Ukraine would not be covered under NATO's Article 5 protections. His statements come as the U.S. has bolstered troop deployments to its southern border, reinforcing

Trump's America First approach to national security. With roughly 100,000 U.S. troops in Europe and 375,000 assigned to the Indo-Pacific Command, the administration appears to be reorienting its military focus away from Europe and toward the Pacific theater, prompting concerns among European leaders about the future of transatlantic security.

Taiwan Pledges Investment and Chip Talks to Address Trump's Concerns

Taiwan President Lai Ching-te announced plans to increase U.S. investment, expand semiconductor cooperation, and boost defense spending following President Donald Trump's criticism of Taiwan's role in the global chip industry. Speaking after a National Security Council meeting, Lai acknowledged Trump's concerns about semiconductor supply chains and pledged to engage in discussions with Taiwan's leading chipmakers, including TSMC, to craft strategies addressing U.S. demands. Lai also called for a "democratic supply chain" for AI chips, emphasizing the need for stronger cooperation between like-minded nations. TSMC, the world's largest contract chipmaker, has already committed \$65 billion in U.S. investments in Arizona since 2020 but declined to comment on further expansion plans.

Amid rising trade and security tensions, Taiwan also aims to increase defense spending from 2.5% to 3% of GDP, a move likely intended to appease Washington's concerns over Taiwan's self-defense commitments. The island's trade surplus with the U.S. surged 83% in 2024, fueled by high-tech exports like semiconductors, making Taiwan a key economic partner but also a target of Trump's trade policies. While Taiwan welcomed U.S. support in recent joint statements with Japan reaffirming stability in the Taiwan Strait, its government faces domestic political struggles over budget allocations. With China's military pressure mounting, Lai stressed the need for Taiwan to demonstrate unwavering commitment to its self-defense, warning that doubts over Taiwan's security resolve are growing among its allies.

U.S. Warns China's Military Drills Near Taiwan Could Conceal Attack

U.S. Navy Admiral Samuel Paparo, the top military commander in the Indo-Pacific, has warned that China's military exercises around Taiwan have become so frequent and extensive that they could soon be used as a cover for an actual attack. Speaking at the Honolulu Defense Forum, Paparo asserted that the People's Liberation Army (PLA) is not merely conducting exercises but rehearsing for a forced unification of Taiwan with the mainland. The U.S. now faces increasing challenges in distinguishing between routine military drills and potential preparations for a surprise attack, heightening concerns about regional security. Paparo further noted the growing cooperation between China, Russia, and North Korea, describing them as an "emerging axis of autocracy" that is increasingly coordinating on military operations, anti-satellite technology, and submarine capabilities.

The Pentagon is stepping up efforts to address gaps in U.S. military preparedness in the Indo-Pacific, including increasing stockpiles of weapons and expanding the use of AI-driven early warning systems. Paparo acknowledged that the U.S. faces challenges in ammunition supplies, maintenance backlogs, and slow procurement systems, which China and its allies could exploit. He called for rapid adoption of unmanned autonomous systems to create a “hellscape” in the Taiwan Strait that could deter or disrupt a Chinese invasion. However, he stressed that technology alone would not be enough and urged an urgent overhaul of U.S. defense bureaucracy to enable faster decision-making and military procurement at the speed of combat, rather than bureaucratic committees.

China’s Role in Global Governance Highlighted at 61st Munich Security Conference

The 61st Munich Security Conference (MSC), known as the “Davos of Defense”, convened world leaders, diplomats, and military officials to address pressing global security challenges. A dominant theme of the conference was the rise of multipolarity, with China’s role in global governance drawing increasing attention. Chinese Foreign Minister Wang Yi delivered a keynote speech emphasizing China’s vision for an “equal and orderly” multipolar world, countering perceptions that multipolarity could lead to instability. The Munich Security Report 2025, titled “Multipolarization,” acknowledged the decline of U.S. unipolar dominance and the increasing diffusion of global power. This shift has triggered anxiety among European allies, particularly given the new U.S. administration’s protectionist policies, including tariff hikes on steel and aluminum. The report also noted Europe’s precarious position, caught between U.S. economic pressures, self-imposed sanctions on Russia and China, and mounting security costs related to the war in Ukraine.

China used the conference to position itself as a stabilizing force in the evolving global order. Wang Yi reaffirmed China’s commitment to multilateralism, international rule of law, and cooperation with Europe, rejecting “double standards” in global affairs. He also extended an offer to align China’s Belt and Road Initiative with the EU’s Global Gateway strategy as part of broader economic collaboration. Meanwhile, he issued a strong warning to the U.S., stating that China would respond “resolutely” to any unilateral attempts to suppress or contain Beijing. On Taiwan, Wang reiterated China’s unwavering position on reunification, urging international support. The conference further highlighted China’s growing engagement in regional and global security, with multiple China-focused side events discussing its role in the Indo-Pacific, transatlantic relations, and Arctic policy. With heightened uncertainty in U.S.-Europe relations, China’s role in shaping global governance is increasingly recognized as indispensable.

Trump Warns BRICS Nations of Potential 100% Tariffs

U.S. President Donald Trump issued a stark warning to BRICS nations on Thursday, threatening 100% tariffs on their exports to the United States if they proceed with efforts to bypass the dollar in trade. His remarks come amid growing concerns in Washington over the BRICS bloc's push for an alternative global currency, which could challenge the dominance of the U.S. dollar in international trade and finance. Trump framed the potential tariffs as a retaliatory measure against what he perceives as an economic maneuver aimed at undermining the U.S. financial system.

The statement underscores escalating tensions between the U.S. and BRICS nations, particularly as the group expands its economic cooperation and seeks to de-dollarize trade transactions. While China and Russia have been at the forefront of efforts to reduce dependence on the U.S. dollar, countries like India and Brazil have taken a more cautious approach, balancing their ties between BRICS and Western economies. If implemented, 100% tariffs would have significant ramifications, disrupting global supply chains, increasing costs for American consumers, and further intensifying the ongoing trade war between the U.S. and its geopolitical rivals.

China and ASEAN Strengthen Ties at 31st Senior Officials' Consultation in Ningbo

The 31st ASEAN-China Senior Officials' Consultation took place on February 13, 2025, in Ningbo, Zhejiang Province, co-chaired by Chinese Vice Foreign Minister Sun Weidong and Malaysia's Secretary General of Foreign Affairs, Dato' Sri Amran Mohamed Zin. Senior officials from all ASEAN member states, along with a Deputy Secretary-General of ASEAN, participated in the discussions, while Timor-Leste attended as an observer. Sun emphasized the continued progress in China's modernization efforts and reaffirmed Beijing's commitment to strengthening ASEAN-China cooperation across multiple sectors, including digital transformation, industrial and supply chain integration, and green development. He also highlighted China's willingness to align the Belt and Road Initiative (BRI) with ASEAN's development plans, fostering a closer China-ASEAN community with a shared future.

ASEAN representatives commended China's role as a key economic driver in the region, acknowledging its support for ASEAN centrality and regional integration. They expressed a strong commitment to deepening practical cooperation in various areas, such as infrastructure connectivity, combating transnational crimes like online fraud, and enhancing economic ties. The meeting reaffirmed ASEAN-China relations as a model for regional cooperation, with both sides emphasizing their joint responsibility in maintaining regional peace, stability, and prosperity. On the sidelines, Sun Weidong also held bilateral discussions with several ASEAN officials to exchange views on mutual interests and regional concerns.

U.S.-Japan-ROK Trilateral Meeting in Munich Reinforces Regional Security and Economic Cooperation

On February 15, 2025, U.S. Secretary of State Marco Rubio, Japanese Foreign Minister Iwaya Takeshi, and South Korean Foreign Minister Cho Tae-yul convened in Munich to reaffirm their commitment to trilateral security cooperation and regional stability in the Indo-Pacific. The meeting emphasized strengthening defense ties, countering North Korean threats, ensuring economic security, and promoting shared values. The three officials reiterated their ironclad commitment to mutual defense, including enhanced trilateral military exercises and extended deterrence strategies, particularly in response to China's assertive actions in the South China Sea and across the Taiwan Strait. They reaffirmed their opposition to any attempts to alter the regional status quo by force or coercion and emphasized the importance of Taiwan's participation in international organizations.

Addressing North Korea, the trilateral partners reaffirmed their commitment to denuclearization and pledged to strengthen sanctions enforcement in response to Pyongyang's nuclear and missile programs, cyber threats, and military cooperation with Russia. On economic security, the three nations pledged to enhance energy cooperation, secure supply chains, and develop emerging technologies such as semiconductors, AI, and quantum computing. They also committed to countering economic coercion and unfair trade practices while upholding a free and fair global economic order. Additionally, the leaders expressed strong support for APEC 2025, hosted by South Korea, and pledged to strengthen democratic institutions, regional partnerships, and global security.

2. STATISTICS OF THE WEEK

China's E-Commerce Dominance and Global Expansion

The global e-commerce market continues to be dominated by China and the United States, underscoring the increasing digitalization of retail and the growing influence of Chinese platforms in international markets. According to Statista Market Insights, China's e-commerce sales reached nearly \$1.5 trillion in 2024, significantly outpacing the United States, which ranked second with \$1.2 trillion in sales. Japan follows as a distant third, with total revenues amounting to \$169 billion.

China's dominance in e-commerce is not limited to its domestic market. Over the past few years, Chinese companies have been aggressively expanding their global footprint. Platforms such as Temu (by PDD Holdings), Shein, and AliExpress are reshaping global online shopping by offering low-cost goods directly from Chinese suppliers to international consumers. Temu, in particular, saw record sales of \$54 billion in 2024, while Shein followed closely with comparable revenue figures.

The evolution of cross-border e-commerce has also reshaped global trade dynamics. Previously, platforms like Alibaba's AliExpress pioneered China's entry into overseas e-commerce, but newer entrants like Temu and Shein have leveraged aggressive marketing and pricing strategies to gain rapid traction in Western markets. This trend highlights China's strategic shift from manufacturing dominance to retail market leadership, a move that challenges traditional Western e-commerce giants such as Amazon.

The broader e-commerce landscape reflects a shift in consumer behavior, with increasing reliance on online shopping and mobile commerce. The segmentation of the market into B2B (business-to-business), B2C (business-to-consumer), and C2C (consumer-to-consumer) further diversifies opportunities for global trade. With the Indo-Pacific region playing a critical role in supply chains and digital commerce, the trajectory of China's online retail expansion will be a key indicator of the future landscape of global e-commerce.

As Chinese firms continue to expand their reach, regulatory scrutiny, trade tensions, and shifts in consumer preferences will shape the next phase of global online retail. The sheer scale of China's domestic market combined with its increasing global penetration suggests that its leadership in e-commerce will remain a defining factor in the digital economy for years to come.



<https://www.statista.com/chart/32159/revenues-in-the-e-commerce-segment-by-country/>

3. MAP OF THE WEEK

U.S. Naval Deployments as of February 10, 2025

This week's Map of the Week highlights the global deployment of U.S. Navy Carrier Strike Groups (CSGs) and Amphibious Ready Groups (ARGs), reflecting the strategic positioning of American naval power as of February 10, 2025. Based on publicly available Navy data, this map provides a snapshot of U.S. naval force distribution, reinforcing deterrence, power projection, and maritime security in key theaters worldwide.

The Indo-Pacific theater remains the primary focus of U.S. maritime operations, with significant naval assets forward-deployed to deter Chinese assertiveness in the South China Sea and Taiwan Strait. The Middle East and Mediterranean deployments signal continued U.S. involvement in regional security and counterterrorism efforts. Meanwhile, the presence of Polar Star in Antarctica highlights America's strategic interest in polar operations and environmental security.

As geopolitical tensions rise, this week's map provides a critical overview of U.S. naval power projection, demonstrating Washington's ability to simultaneously maintain a forward presence in multiple theaters worldwide.



<https://news.usni.org/2025/02/10/usni-news-fleet-and-marine-tracker-feb-10-2025>

4. PHOTO OF THE WEEK

A New Chapter in Tech Diplomacy

This week's featured image captures a significant diplomatic and business engagement between Indian Prime Minister Narendra Modi and Tesla CEO Elon Musk during their meeting in Washington, D.C. The photograph, which also includes Musk's family, highlights the evolving intersection of global leadership, private sector influence, and high-stakes diplomacy.

The meeting centered around key areas of space, mobility, emerging technologies, and good governance, reflecting India's growing engagement with the U.S. technology sector. A major discussion point was SpaceX's Starlink project, which aims to expand satellite internet access in India—a move that has generated controversy within India's domestic telecom sector. With regulatory hurdles still in place, Modi's discussions with Musk signal potential shifts in India's approach to commercial space activities and digital connectivity.

Beyond business, the meeting underscores the increasing diplomatic role played by corporate leaders like Musk. Given his close ties to the Trump administration and involvement in U.S. government projects, Musk's influence in shaping international agreements has become a point of political debate. Democratic Senator Chris Murphy criticized Musk's engagement with Modi, arguing that he is acting as an unofficial envoy, seeking deals that benefit his enterprises rather than broader U.S. interests. This controversy adds another layer to the ongoing discussion about private sector actors shaping foreign policy.

The presence of Musk's children in the meeting brings an unconventional but symbolic touch to the engagement, reflecting the blurred lines between business, diplomacy, and personal connections. As Modi continues his U.S. visit, including talks with President Trump, this meeting with Musk stands out as a pivotal moment in India-U.S. economic relations—one that could reshape India's tech, space, and internet landscape in the years to come.



<https://x.com/narendramodi/status/1890099707311190205>

5. INFOGRAPHIC OF THE WEEK

China's Path in a Changing World – Wang Yi's Address at MSC 2025

This week's Infographic of the Week highlights Chinese Foreign Minister Wang Yi's speech at the 2025 Munich Security Conference (MSC), where he outlined China's vision for global governance, its stance on U.S.-China relations, and Beijing's deepening engagement with Europe.

Wang Yi's speech emphasized multipolarity and global stability, asserting that China supports an equal and orderly multipolar world in contrast to the geopolitical tensions between Washington and Beijing. He positioned China as a stabilizing force in global affairs, advocating for multilateral cooperation, international law, and joint responses to global challenges like climate change and artificial intelligence.

The infographic also sheds light on China's firm stance against U.S. unilateralism. Wang Yi rejected Washington's latest round of tariffs and warned against "unilateral bullying," vowing that China will retaliate if the U.S. continues its containment policies. However, he also reiterated the importance of dialogue, signaling China's preference for diplomacy over direct confrontation.

Another key theme from Wang's speech was China-Europe relations. The infographic highlights how European leaders are increasingly receptive to Beijing's positions, particularly in light of U.S. isolationist tendencies. With Europe caught between Washington's security priorities and economic reliance on China, Wang Yi portrayed China as a counterbalance to U.S. unpredictability, engaging in discussions about China's role in global trade and security.

The Key Issues & Debates section of the infographic underscores the widening U.S.-China trade conflict, with Beijing preparing countermeasures against Washington's new 25% tariffs on steel and aluminum. Additionally, China's expanding global security influence was a focal point, with Wang Yi reaffirming China's position on Taiwan, discussing China-Russia ties, and emphasizing diplomatic conflict prevention."

As geopolitical realignments continue, Wang Yi's speech at MSC 2025 reflects China's strategic positioning in a rapidly changing world. Whether China can successfully position itself as a stabilizing force in global governance while countering U.S. pressure remains a critical question for the months ahead.

CHINA'S PATH IN A CHANGING WORLD

Wang Yi's Address at MSC 2025

KEY THEMES FROM THE SPEECH

- **MULTIPOLARITY & GLOBAL STABILITY:**
 - An **equal and orderly multipolar world**
 - **Europe faces geopolitical dilemmas** between the U.S. and China
- **CHINA'S LEADERSHIP IN GLOBAL GOVERNANCE:**
 - Advocated for **multilateralism**, international law, and cooperation
 - **China** is increasingly viewed as a **stabilizing force** amid global uncertainty
 - Addressing **climate change, artificial intelligence,** and economic stability
- **FIRM STANCE AGAINST U.S. UNILATERALISM:**
 - Wang Yi warned against **"unilateral bullying"** and vowed **retaliation**
 - **China rejects new U.S. tariffs** and containment strategies
 - Emphasis on **dialogue** over confrontation
- **CHINA-EUROPE RELATIONS:**
 - **European leaders increasingly receptive** to China's views
 - China seen as a **counterbalance to U.S.** unpredictability
 - Discussions on **China's role in global trade and security**



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KEY ISSUES & DEBATES

- **U.S.-CHINA TENSIONS & TRADE CONFLICTS:**
 - Wang Yi: China will **"play along to the end"** if U.S. insists on suppression
 - **New 25% U.S. tariffs** on steel & aluminum escalate tensions
 - China's response: **Prepared for countermeasures**
- **EUROPE'S GEOPOLITICAL DILEMMA:**
 - U.S. isolationism leaves **Europe vulnerable**
 - **Europe caught between** U.S. security priorities and economic reliance on China
 - **Growing European frustration** with U.S. economic warfare
- **CHINA'S EXPANDING INFLUENCE IN GLOBAL SECURITY:**
 - **China's stance on Taiwan** reaffirmed - calls for international support
 - **China-Russia ties** discussed at MSC's strategic panels
 - Wang Yi: China seeks to prevent conflicts through **diplomacy**

6. REGIONAL ALLIANCES

Strategic Realignments and Intensifying Rivalries in the Indo-Pacific

The Indo-Pacific region remains a central theater of global geopolitical competition, with the past week bringing critical shifts in security alignments, economic strategies, and diplomatic engagements. As U.S.-China tensions escalate, regional actors are adjusting their strategies, either deepening existing alliances or exploring hedging options to balance competing interests. The U.S.-Japan-South Korea trilateral meeting in Munich reinforced Washington's security commitment to the region, but Defense Secretary Pete Hegseth's comments on Europe's security responsibilities indicate a potential shift in American strategic priorities. Meanwhile, China's military maneuvers near Taiwan, economic diplomacy with ASEAN, and positioning at the Munich Security Conference underscore Beijing's growing influence and assertiveness. In parallel, India's expanding defense cooperation with the U.S. and Southeast Asia, ongoing U.S.-India trade negotiations, and Taiwan's semiconductor strategies highlight how economic and security considerations are becoming deeply intertwined.

Security Realignments and Military Posturing

Security in the Indo-Pacific continues to be shaped by heightened tensions between the U.S. and China, with Taiwan remaining a focal point of concern. Admiral Samuel Paparo, the U.S. Indo-Pacific Commander, warned at the Honolulu Defense Forum that China's large-scale military exercises near Taiwan could serve as a cover for an eventual attack. His remarks align with recent U.S. naval activity, including the first U.S. Navy transit through the Taiwan Strait since President Trump's inauguration, a move that drew a sharp response from Beijing.

The U.S.-Japan-South Korea trilateral meeting in Munich further solidified security cooperation among the three allies, with a strong emphasis on deterrence measures against China and North Korea. The joint statement reaffirmed U.S. extended deterrence commitments, including nuclear capabilities, and outlined plans for expanded trilateral military exercises. The mention of Taiwan's participation in international organizations signaled growing alignment on cross-Strait issues, which could invite further Chinese diplomatic and military pushback.

Amid these developments, Defense Secretary Pete Hegseth's remarks in Brussels signaled a major shift in U.S. defense strategy. He emphasized that the U.S. cannot continue to serve as Europe's primary security guarantor, urging NATO allies to assume greater responsibility for their own defense. Instead, the U.S. is prioritizing its military focus on deterring China in the Indo-Pacific. This marks a clear departure from previous administrations and raises questions about European defense capabilities, particularly in the context of the ongoing Russia-Ukraine conflict.

Southeast Asia has also witnessed growing defense engagements. Pakistan hosted the AMAN-2025 Multinational Naval Exercise, bringing together 60 countries, including Türkiye and China, in the Arabian Sea. Meanwhile, India finalized a \$200 million missile deal with the Philippines, signaling a deepening Indo-Pacific defense partnership amid

growing tensions with China in the South China Sea. The AUKUS deal also secured backing from the Trump administration, ensuring continued U.S. support for Australia's nuclear-powered submarine program. These developments underscore the widening military divide between U.S.-aligned Indo-Pacific states and China, setting the stage for a prolonged security competition.

Economic Competition and Trade Wars

Economic tensions continue to shape U.S.-China relations, with President Trump warning that BRICS nations could face 100% tariffs if they attempt to undermine the U.S. dollar in global trade. This threat follows recent BRICS+ discussions on alternative payment systems, a move seen as a challenge to Western-dominated financial institutions.

Meanwhile, U.S.-India trade negotiations gained momentum, as Prime Minister Narendra Modi and President Trump agreed to resolve tariff disputes and expand bilateral trade. India has pledged to increase imports of U.S. oil, gas, and military equipment, while discussions continue on a potential F-35 fighter jet deal. The U.S. sees India as a counterweight to China, and these economic engagements align with Washington's broader Indo-Pacific strategy.

Taiwan, caught between U.S. and Chinese economic pressures, pledged to enhance semiconductor cooperation with the U.S. following Trump's criticism of Taiwan's dominance in the industry. TSMC's \$65 billion investment in U.S. chip production reflects efforts to diversify supply chains away from China, but also raises concerns about potential vulnerabilities in Taiwan's own semiconductor sector.

However, China's economic leverage remains formidable. The ASEAN-China Senior Officials' Consultation in Ningbo reinforced Beijing's deep economic integration with Southeast Asia, with both sides vowing to expand cooperation on digital transformation, supply chains, and green energy. While ASEAN nations value economic ties with China, they remain wary of Beijing's territorial assertiveness in the South China Sea, highlighting the region's delicate balancing act between economic benefits and strategic autonomy.

China's Diplomatic Engagements and Soft Power Strategy

China's growing diplomatic assertiveness was on full display at the Munich Security Conference (MSC), where Foreign Minister Wang Yi positioned Beijing as a proponent of multipolarity and global stability. His speech emphasized China's role in maintaining global peace, advocating for equal treatment in international law, and rejecting unilateral U.S. pressure. He also called for closer China-EU cooperation, underscoring Beijing's strategic outreach to Europe amid U.S. protectionist policies.

However, Wang's comments on Taiwan reiterated Beijing's firm stance on "peaceful reunification", warning against external interference. This aligns with China's ongoing military maneuvers around Taiwan, reinforcing concerns that diplomatic rhetoric may serve as a cover for more aggressive action in the future.

China also used the MSC to criticize U.S. economic coercion, citing Trump's tariff threats and European concerns over Washington's unpredictable trade policies. This reflects Beijing's broader effort to position itself as a stabilizing force in a fragmented global order, appealing to nations frustrated with U.S. unilateralism.

Conclusion

The Indo-Pacific remains at the forefront of global strategic competition, with the U.S.-China rivalry intensifying across multiple domains. Security alliances are being reinforced, as seen in expanded U.S.-Japan-South Korea cooperation, India's growing defense partnerships in Southeast Asia, and China's military posturing near Taiwan. Simultaneously, economic realignments are accelerating, with U.S.-India trade talks, Taiwan's semiconductor investments, and China's deepening ties with ASEAN shaping the region's economic landscape.

As the multipolar world order continues to take shape, regional players are diversifying their strategies, seeking to hedge against great power competition while maximizing economic and security benefits. The coming months will be crucial in determining the trajectory of U.S.-China relations, ASEAN's strategic positioning, and the long-term stability of the Indo-Pacific.

7. ANALYSIS

MSC 2025 Report: China and the Indo-Pacific Amidst Global Multipolarization

The 2025 Munich Security Conference (MSC) underscored the shifting dynamics of global power, with a particular emphasis on China's role in an increasingly multipolar world. The discussions reflected the growing geopolitical competition between the United States and China, the strategic dilemmas faced by Europe, and China's expanding influence in the Indo-Pacific. At the heart of these debates was the concept of multipolarization, as detailed in the Munich Security Report 2025, which analyzed how power is becoming more diffused among multiple global actors.

This analysis delves into China's positioning in this evolving order, the intensification of U.S.-China tensions, the implications for Europe's geopolitical strategy, and the security landscape of the Indo-Pacific. The report highlights China's advocacy for an "equal and orderly multipolar world," the strategic challenges posed by U.S. policies under the Trump administration, and the rising concerns over China's military activities around Taiwan. Moreover, it examines how the growing Sino-Russian partnership and economic shifts within BRICS are reshaping regional security dynamics.

China's Strategic Positioning in the Multipolar World

The MSC 2025 report recognizes China as one of the most significant global actors advocating for a multipolar order. Foreign Minister Wang Yi's address at the conference positioned China as a stabilizing force in global governance, emphasizing multilateralism, adherence to international law, and cooperation on global issues such as artificial intelligence, climate change, and economic stability.

However, the Munich Security Report and Munich Security Index also highlight how China's interpretation of multipolarity is viewed with skepticism by the West. Many policymakers in the United States and Europe perceive China's multipolar rhetoric as a strategic maneuver to displace U.S. dominance rather than a genuine attempt at global governance reform. This skepticism is exacerbated by China's deepening ties with Russia, growing economic leverage over European markets, and its assertive stance in the Indo-Pacific.

Despite this, China continues to present itself as a counterbalance to what it describes as U.S. unilateralism. Wang Yi's speech at the MSC reiterated China's opposition to U.S. containment strategies, particularly the recent 25% tariffs imposed by the Trump administration on steel and aluminum. China vowed countermeasures while simultaneously emphasizing the importance of diplomatic engagement.

U.S.-China Competition and Indo-Pacific Security

A key takeaway from the MSC discussions was the growing concern over security in the Indo-Pacific. The Munich Security Index 2025 identifies the U.S.-China rivalry as one of the most defining security threats, with Admiral Samuel Paparo warning that China's

military exercises near Taiwan could serve as a pretext for an eventual attack. The U.S. Indo-Pacific strategy is now heavily focused on deterring China, with increased military cooperation between Washington, Tokyo, and Seoul reaffirmed at the trilateral U.S.-Japan-South Korea meeting in Munich.

China, in response, has framed its military posturing as defensive, insisting on its right to maintain regional security. Wang Yi's remarks at the MSC reinforced China's stance on Taiwan, calling for international support for reunification and cautioning against U.S. military involvement in the region. Meanwhile, Beijing continues to deepen its strategic cooperation with Russia and North Korea, forming what U.S. officials have described as a "triangle of troublemakers."

The growing militarization of the Indo-Pacific reflects broader concerns about China's long-term strategic ambitions. The Munich Security Report points to China's extensive military buildup, increasing joint patrols with Russia, and efforts to establish dominance over contested waters in the South China Sea. The United States, along with its regional allies, is actively countering these developments through expanded military exercises and strategic deployments.

Europe's Strategic Dilemma: Balancing U.S. and China

One of the central debates at MSC 2025 revolved around Europe's geopolitical positioning in an era of U.S. retrenchment and rising China. The Munich Security Report highlights how European policymakers are caught between aligning with Washington's security priorities and maintaining strong economic ties with Beijing.

The Trump administration's rhetoric at the MSC made clear that the U.S. expects European nations to take greater responsibility for their own security. Defense Secretary Pete Hegseth's remarks about the need for a "division of labor" between the U.S. and Europe—where the latter focuses on its own defense while the U.S. prioritizes deterring China—resonated as a stark warning. This shift has left European leaders grappling with how to navigate their economic dependencies on China while ensuring security commitments within NATO.

Wang Yi used this context to advocate for stronger China-EU cooperation, positioning Beijing as a reliable partner in economic development, technological innovation, and global governance. However, the European response to China's overtures remains cautious. The Munich Security Index indicates that European concerns over economic coercion and unfair trade practices by China remain high, particularly amid the ongoing tariff disputes between Beijing and Washington.

The Future of BRICS and Economic Shifts

Trump's warning at MSC 2025 that BRICS nations could face 100% tariffs if they "play games with the dollar" further highlighted the economic dimensions of great-power competition. China's role in BRICS has been a focal point of this debate, with Beijing actively promoting de-dollarization and alternative financial structures to counter U.S. economic influence.

The expansion of BRICS to include countries such as Iran, Saudi Arabia, and the UAE has strengthened China's ability to challenge U.S.-led financial institutions. However, the Munich Security Report suggests that the success of this strategy remains uncertain, given the internal divisions within BRICS and the structural dominance of the U.S. dollar in global markets.

Taiwan's response to U.S. demands for reshoring semiconductor production also underscores the broader economic realignment underway. In an effort to appease the Trump administration, Taiwan pledged increased U.S. investment and cooperation on semiconductor supply chains. This move highlights how U.S.-China competition is not only a military contest but also a battle for technological and economic supremacy.

Conclusion

The 2025 MSC has reaffirmed that the world is not simply transitioning to a multipolar order but experiencing a process of multipolarization, where power dynamics remain fluid and contested. China's role in this evolving landscape is both assertive and strategic—seeking to counterbalance U.S. dominance, expand its influence in the Indo-Pacific, and consolidate economic and diplomatic ties with key global players.

However, challenges remain. The skepticism toward China's multipolar vision, intensifying U.S.-China military tensions, and Europe's struggle to navigate its geopolitical position all indicate that global stability is far from assured. The Indo-Pacific will remain the primary theater of competition, with Taiwan emerging as the most immediate flashpoint. Meanwhile, the economic battle between Washington and Beijing, particularly through trade policies and semiconductor strategies, is set to further strain relations.

Ultimately, the MSC discussions made it clear that while China is positioning itself as a leader in the multipolar era, the trajectory of this new world order remains uncertain. The coming years will test whether global powers can manage this multipolarization constructively or whether escalating tensions will push the world closer to fragmentation and conflict.