

Welcome to This Week's Asia on the Horizon

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This week's Asia on the Horizon charts a region at the epicenter of global economic turbulence and accelerating strategic transformation. As the U.S.-China trade war deepens, the Indo-Pacific is both absorbing the shockwaves and responding with diplomatic urgency, strategic diversification, and recalibrated alignments that will shape the emerging global order.

At the forefront is President Donald Trump's unprecedented escalation of tariffs—now reaching 145% on Chinese goods—triggering swift retaliation from Beijing and unleashing ripple effects across Asia's interconnected economies. While a temporary 90-day pause offers a brief reprieve, the realignment is already underway. China has responded with both counter-tariffs and a charm offensive, including renewed outreach to the EU and a high-profile tour by President Xi Jinping through Vietnam, Malaysia, and Cambodia aimed at reinforcing Beijing's regional influence and courting Global South solidarity.

Trade diplomacy is surging on multiple fronts. The EU and China have launched talks on electric vehicle price undertakings to defuse tariff tensions, even as Brussels weighs its alignment between Washington and Beijing. Across Asia, nations are scrambling to adapt—India finalizes a phase-one deal with the U.S.; Japan and Taiwan push for concessions; and ASEAN states weigh the risks of over-dependence on either great power. Our Regional Alliances section captures this moment of fragmentation and fluidity, as Southeast Asia confronts both the limits of collective action and the strategic pull of competing partnerships.

Security flashpoints are also multiplying. The G7 condemned China's sweeping military drills encircling Taiwan, while Taipei reported unprecedented PLA incursions and warned of coercive tactics aimed at reshaping cross-strait norms. Simultaneously, Japan and NATO reaffirmed their shared strategic concerns over China, Russia, and North Korea—underscoring a growing transregional convergence on security cooperation. Our Photo of the Week and Map of the Week spotlight these dynamics, from deepening Japan-NATO ties to China's expanding dual-use infrastructure footprint at Cambodia's Ream Naval Base.

Political upheaval in South Korea added further uncertainty, with President Yoon Suk Yeol's removal triggering a snap election scheduled for June 3. The sudden vacuum has reshaped the domestic political landscape and raised questions about Seoul's foreign policy continuity amid global volatility. Meanwhile, New Zealand unveiled a historic defense spending increase, and Taiwan filed its first criminal charges over undersea cable sabotage linked to China—both moves emblematic of the region's growing resolve to respond to hybrid threats.

Cultural and symbolic moments offered contrast and context. Southeast Asia's shared New Year festivals brought moments of unity, tradition, and joy amid stormy geopolitics. And in Osaka, the opening of World Expo 2025—Japan's second since 1970—served as a timely reminder of global aspiration, innovation, and dialogue in an increasingly divided world.

From shifting trade alliances and military buildups to legal firsts and symbolic overtures, the Indo-Pacific continues to define the front lines of global transformation. As this week's Analysis, Infographic, and Statistics of the Week reveal, the strategic and economic architecture of the region is not just being tested—it is being rewritten.

As always, Asia on the Horizon remains your guide to the region's most critical developments.



1. KEY DEVELOPMENTS

Trump Signals Willingness for China Trade Deal Amid Escalating Tariff War

U.S. President Donald Trump expressed his desire to reach a trade agreement with China during a Cabinet meeting, even as his administration's sweeping tariff hikes have triggered a sharp retaliation from Beijing. Trump's reciprocal tariff strategy has raised duties on Chinese goods to 145%, prompting China to impose its own 125% tariffs on U.S. imports while dismissing the U.S. approach as "a joke" and an act of "unilateral bullying." Despite rising tensions, Trump spared smartphones, laptops, and key electronics from the latest tariffs, offering relief to tech giants like Apple and Dell, and signaling an awareness of the inflationary risks tied to escalating trade barriers.

As bilateral trade between the world's two largest economies grinds to a halt, both sides appear to be recalibrating their strategies. China is seeking to strengthen alliances across Southeast Asia, the EU, and the Global South, while Trump eyes a national security trade investigation into semiconductors to further decouple from Chinese supply chains. Meanwhile, markets remain jittery as the economic impact of the tariff war unfolds, with gold hitting record highs and U.S. Treasury yields surging. Trump maintains that he has a "good relationship" with President Xi Jinping and remains optimistic about reaching a "positive outcome," even as financial and geopolitical stakes intensify.

EU and China Begin Talks on EV Price Floors to Ease Tariff Tensions

The European Union and China have agreed to begin negotiations on setting minimum prices for Chinese-made electric vehicles (EVs), signaling a potential thaw in their escalating trade dispute. The talks follow a call between EU Trade Commissioner Maros Sefcovic and Chinese Commerce Minister Wang Wentao, with both sides committing to explore price undertakings as an alternative to the tariffs of up to 45.3% that Brussels imposed last October. These discussions represent a rare opening for compromise in a conflict that has strained economic ties, especially after China's retaliatory tariffs on French cognac and its recent outreach to European leaders.

The move comes as China seeks to strengthen its relationship with the EU in the face of an intensifying trade war with the United States under President Donald Trump, who recently raised tariffs on Chinese goods to 145%. As part of its charm offensive, Beijing is courting European nations through trade diplomacy and infrastructure investment, hoping to position itself as a reliable economic partner. While European diplomats remain cautious, the EV pricing talks—unusual for complex manufactured goods—could lay the groundwork for de-escalating broader trade tensions, particularly as both sides seek to shield their industries from global supply chain disruptions and political pressure from Washington.

Asia's Trade Turbulence Grows Amid Trump Tariffs and Beijing's Countermove

The escalating global trade war triggered by U.S. President Donald Trump's sweeping tariff hikes is reshaping economic alignments across Asia. China, facing a 145% tariff wall from the U.S., has responded by raising duties on American goods to 125%, branding Washington's strategy as "a joke" and retaliating with restrictions on imports and services such as Hollywood films and student visas. While President Trump expressed a willingness to negotiate with China, he has exempted electronics like smartphones and semiconductors—largely benefiting American tech giants like Apple and Nvidia—from new tariffs, suggesting a tactical retreat to mitigate inflationary pressures at home.

In parallel, the European Union and China have agreed to initiate talks on setting minimum prices for Chinese electric vehicles as an alternative to steep EU tariffs introduced in 2024. This shift signals a tentative thaw in EU-China trade ties, as both sides seek to insulate themselves from the ripple effects of U.S. protectionism. Beijing, sensing an opportunity to court Brussels amid strained U.S. relations, has ramped up its diplomatic charm offensive, with President Xi Jinping calling for joint opposition to unilateral "bullying" in meetings with European leaders.

China has also turned to India in an attempt to build a common front among developing nations. The Chinese Embassy in New Delhi urged India to "stand together" with China to resist U.S. tariffs, citing the complementary nature of their economic relationship. However, responses in the region have varied—Australia firmly declined a similar proposal, reaffirming its strategy to reduce reliance on China and strengthen trade ties with a wider range of partners. At the same time, central bank officials from China, Japan, and South Korea convened in Malaysia to assess the macroeconomic impact of the tariffs and coordinate regional responses.

Meanwhile, in energy markets, Asian spot LNG prices have dropped to near one-year lows, reflecting weak demand and heightened fears of a global recession exacerbated by the trade war. With LNG importers in China now re-selling U.S.-sourced cargoes and broader gas demand growth muted, the tariff conflict is beginning to weigh heavily on energy flows and industrial confidence across the Indo-Pacific. As major Asian economies navigate these headwinds, the strategic and economic realignment of the region appears increasingly inevitable.

U.S. Tariff Pause Triggers Global Trade Recalibration

The temporary 90-day pause on most of President Donald Trump's new tariffs has set off a flurry of diplomatic activity, as key trading partners seek clarity, relief, and leverage in a fast-shifting global trade landscape. Countries most affected by the sweeping duties—Japan, India, the EU, and Taiwan—have taken divergent yet determined paths to navigate the economic fallout and secure favorable terms with Washington.

In Tokyo, Prime Minister Shigeru Ishiba expressed frustration over Trump's 25% levy on autos and 24% tariffs on other goods, warning that the move could shave up to 0.8% off Japan's GDP. While reaffirming readiness to visit Washington with a "concrete proposal," Ishiba has also mobilized economic support tools to buffer domestic industries. Meanwhile, India quickly finalized terms for phase-one trade talks with the U.S., aiming for a "win-win" agreement within the pause window. New Delhi, already running a healthy trade surplus with the U.S., is positioning itself as a credible alternative supplier amid broader trade decoupling. Taiwan, for its part, held its first formal tariff talks with the U.S., pushing for a zero-tariff regime and expanded bilateral investment—a sign of its strategic urgency in the face of 32% tariffs and escalating tensions with China.

In Brussels, European Commission President Ursula von der Leyen spoke with Chinese Premier Li Qiang about managing trade disruptions and avoiding further escalation, all while reiterating the EU's intention to seek a negotiated solution with the U.S. behind the scenes. The EU's counter-tariff package worth €21 billion remains on hold, but officials warn it could be reinstated if talks falter. As markets remain volatile and global recession risks rise, countries are recalibrating not just their trade strategies, but also their alignments—some seeking closer U.S. deals, others hedging with China. One thing is clear: while Trump's tariff blitz may have paused, the real global trade realignment has only just begun.

G7 Condemns Chinese Military Drills Around Taiwan Amid Rising Cross-Strait Tensions

The G7 Foreign Ministers and the EU High Representative issued a joint statement expressing "deep concern" over China's latest large-scale military exercises surrounding Taiwan, calling them a provocative escalation that threatens regional and global stability. The drills, which involved coordinated operations by China's navy, air force, rocket force, and ground troops from multiple directions, are viewed by Beijing as a stern warning against what it calls "Taiwan independence separatist forces." The statement reaffirmed G7 support for peace and stability across the Taiwan Strait, urging Beijing to resolve differences through peaceful dialogue and rejecting any unilateral attempts to alter the status quo through force or coercion.

Taiwan's government condemned the PLA maneuvers as reckless and unjustified, reporting incursions by 71 aircraft and 19 warships within a 24-hour window, including movements by the Shandong aircraft carrier group into its Air Defense Identification Zone. The drills came shortly after U.S. Defense Secretary Pete Hegseth's Asia visit, signaling Beijing's opposition to Washington's intensifying Indo-Pacific security alignment. Analysts in Taipei argue the timing reflects China's intent to send a message to the U.S. while using Taiwan as a pressure valve ahead of upcoming trade talks. As strategic competition deepens, the episode underscores the Taiwan Strait's role as a flashpoint with implications far beyond the region.

New Zealand Announces Major Defence Spending Increase to Meet Strategic Challenges

New Zealand has unveiled a landmark plan to nearly double its defence spending to 2% of GDP over the next eight years, committing an additional NZ\$9 billion (US\$5 billion) over the next four years to upgrade its armed forces amid rising global tensions. Prime Minister Christopher Luxon emphasized that national security is essential to economic prosperity, stating that New Zealand and its allies no longer operate in a “benign environment.” The new Defence Capability Plan outlines investments in uncrewed aerial systems, extended frigate lifespans, helicopter replacements, and a new fleet to replace ageing Boeing 757s, all aimed at reversing decades of underfunding and attrition.

This significant boost comes on the heels of New Zealand’s first national security review in 2023, which highlighted the need for stronger Indo-Pacific engagement and greater resilience amid strategic competition involving China and Russia. Currently, defence spending sits at just over 1% of GDP, and the increase aims to close capability gaps, address force readiness, and better position New Zealand in a rapidly evolving regional security landscape. The plan reflects a strategic shift toward long-term defence sustainability and aligns Wellington more closely with its Five Eyes partners and regional allies.

South Korea Sets June 3 for Snap Presidential Election Following Yoon's Removal

South Korea has officially scheduled a snap presidential election for June 3, following the historic removal of President Yoon Suk Yeol by the Constitutional Court over his December declaration of martial law. Acting President Han Duck-soo announced the date during a cabinet meeting, emphasizing the need for political parties to prepare amid heightened economic and geopolitical uncertainty. The sudden leadership vacuum comes at a time of escalating U.S. trade tariffs under President Donald Trump and broader concerns over South Korea's domestic stability and international posture. Yoon, now facing trial for insurrection, was the second conservative president to be impeached in recent years, following Park Geun-hye's ouster in 2017.

The announcement has prompted a flurry of political activity, with key contenders already entering the race. Labour Minister Kim Moon-soo resigned to launch his campaign, positioning himself as a crisis-solver, while three-time presidential hopeful Ahn Cheol-soo also declared his candidacy, pledging economic reform and innovation in AI to counter external shocks. The liberal Democratic Party’s Lee Jae-myung—Yoon’s rival in the 2022 election—is widely seen as the front-runner, despite facing multiple legal challenges. A recent Gallup poll showed Lee with 34% support, far ahead of conservative rivals.

Chinese Nationals Captured Fighting for Russia in Ukraine, Sparking Diplomatic Tensions

Ukrainian President Zelenskiy announced this week that Ukrainian forces captured two Chinese nationals fighting alongside Russian troops in eastern Ukraine, marking the first public disclosure of such involvement and potentially complicating China's diplomatic posture. Zelenskiy revealed that Ukrainian intelligence had identified 155 Chinese citizens fighting for Russia, recruited through advertisements on social media. He stressed that these developments suggest broader participation by Chinese nationals, though he stopped short of accusing Beijing of direct involvement. China's Foreign Ministry rejected the claims as "groundless," insisting it instructs citizens to avoid conflict zones. Ukrainian officials have summoned China's chargé d'affaires for an explanation and proposed a prisoner exchange involving the captured Chinese nationals.

The announcement has heightened concerns among Western allies about Beijing's indirect role in supporting Russia's war effort. The Ukrainian military said at least one of the captured Chinese fighters had paid to join the Russian armed forces in exchange for the promise of citizenship. The news has added urgency to Kyiv's calls for the U.S. to adopt a firmer stance toward Moscow and increased scrutiny on China's provision of dual-use goods to Russia. U.S. and European officials are monitoring the situation closely, as the capture could affect ongoing peace discussions and alter geopolitical dynamics between China, Russia, and the West.

Russia Rules Out Peace Treaty Talks with Japan Over Sanctions Dispute

The Kremlin has stated that there is currently no basis for peace treaty negotiations with Japan, citing Tokyo's alignment with Western sanctions as a sign of "unfriendly" behavior. Kremlin spokesman Dmitry Peskov confirmed that there are no ongoing contacts with Japanese authorities and dismissed Japan's renewed call for negotiations and the return of disputed islands. The long-standing territorial disagreement over the Kuril Islands—known in Japan as the Northern Territories—has prevented the two nations from formally ending World War II hostilities.

Peskov emphasized that Japan's decision to "fully join" anti-Russian measures over the Ukraine war undermines the foundation for any constructive dialogue. The statement effectively halts any near-term prospects for resolving the decades-old dispute, which had seen intermittent attempts at progress under previous Japanese administrations. Moscow's hardened stance comes amid heightened geopolitical tensions and solidifies Russia's increasingly adversarial posture toward countries aligned with Western pressure campaigns.

NATO-Japan Ties Deepen Amid Growing Security Concerns Over China, Russia, and North Korea

During a high-profile visit to Tokyo, NATO Secretary General Mark Rutte and Japanese Prime Minister Shigeru Ishiba pledged to intensify security and defense cooperation in response to rising regional threats, particularly China’s “staggering” military expansion. Rutte emphasized the strategic convergence between the Euro-Atlantic and Indo-Pacific regions, warning against being “naive” about China’s growing defense capabilities and influence. Both leaders expressed shared concerns over increased military coordination between China, Russia, and North Korea, with particular attention to China’s support for Russia’s defense sector and North Korean arms contributions to Moscow’s war effort in Ukraine.

The leaders also announced plans to strengthen cooperation in key areas including cyber defense, space, dual-use technology development, and defense industrial collaboration. Japan confirmed its intention to join NATO’s Security Assistance and Training for Ukraine (NSATU), marking a milestone in Japan-NATO defense coordination. They jointly called for upholding international law in the East and South China Seas, maintaining peace across the Taiwan Strait, and improving transparency in China’s military operations. The visit reflects NATO’s growing engagement with Indo-Pacific partners and Tokyo’s elevated role in global security frameworks.

Cambodia and China Unveil New Facilities at Ream Naval Base Amid Geopolitical Scrutiny

On April 5, Cambodian Prime Minister Hun Manet and Chinese officials inaugurated new China-funded facilities at the strategically located Ream Naval Base, marking a significant milestone in Cambodia-China military cooperation. The upgrades include a deep-water pier, dry dock, slipway, and a Cambodia-China Joint Logistics and Training Center. While Hun Manet emphasized that the base remains open to all “friendly parties” and denied any plans for exclusive foreign military use—citing Cambodia’s constitutional neutrality—concerns persist in Washington and among regional actors over China’s long-term intentions. These were amplified by the base’s expanded capabilities and the immediate launch of joint China-Cambodia military drills following the inauguration.

The “Golden Dragon-2025” exercises, held at the newly operational joint training center, signal deepening interoperability between the two militaries and raise alarms about a potential de facto Chinese military foothold in Southeast Asia. Despite repeated denials from Phnom Penh, the base’s design, upgrades, and consistent PLA Navy presence—along with past restrictions on U.S. military visits—have fueled suspicions of covert exclusivity. Analysts argue that the Ream Naval Base enhances Beijing’s ability to project naval power across the Indo-Pacific, potentially extending its reach to critical sea lanes like the Malacca Strait.

UK Finalizes Multinational Indo-Pacific Deployment Led by HMS Prince of Wales

The United Kingdom is in the final stages of preparing for Operation Highmast, an ambitious eight-month Indo-Pacific deployment spearheaded by the Royal Navy's flagship aircraft carrier, HMS Prince of Wales. Set to depart from Portsmouth on April 22, the carrier strike group (CSG 25) will first assemble off the coast of Cornwall before heading to the Mediterranean, where it will participate in exercises reinforcing European security. Comprising over 2,500 Royal Navy personnel, 592 from the Royal Air Force, and 900 British Army personnel, the task force will engage in joint training operations and port visits with key regional partners including the United States, India, Singapore, and Malaysia. Twelve nations are contributing to the mission, highlighting a broad coalition aimed at enhancing interoperability and regional security.

With UK trade with the Indo-Pacific valued at £286 billion in the 12 months to September 2024—accounting for 17% of the UK's total global trade—the operation also provides a platform for commercial diplomacy. British companies are expected to participate in trade events during port calls. As the largest ships in the Royal Navy, HMS Prince of Wales and her sister ship are central to projecting British maritime power, with their expansive flight decks and supporting fleet of frigates, destroyers, submarines, and supply ships underscoring the UK's commitment to freedom of navigation and stability in the Indo-Pacific.

South Korea Sanctions Chinese and Russian Entities Over North Korea Iron Ore Shipment

South Korea has imposed unilateral sanctions on a stateless vessel and several foreign entities for violating United Nations Security Council (UNSC) sanctions on North Korea. The vessel, Sunrise 1, operated by Hong Kong-based Xiangrui Shipping, was found to be carrying 5,020 tons of North Korean iron ore when detained in South Korean waters last June. Seoul's investigation revealed that the ship had previously docked at North Korea's Chongjin Port before attempting to transport the sanctioned cargo to China's Jingjiang Port. The two Chinese nationals managing Xiangrui Shipping, along with Russian company LLC Consul DV—identified as the consignee of the illicit cargo—were also sanctioned for their involvement.

The move underscores South Korea's commitment to upholding international sanctions and curbing Pyongyang's illicit revenue streams. The coordinated investigation, involving multiple South Korean government agencies, concluded that the sanctioned parties used tactics such as vessel name changes to evade scrutiny. As a result of the sanctions, South Korean businesses must now obtain government approval to transact with the targeted individuals and companies, and Sunrise 1 will require authorization to reenter South Korean ports. Officials emphasized that the measures have already inflicted financial and reputational damage on the sanctioned entities, delivering a clear warning against future violations of UNSC resolutions on North Korea.

South Korea Establishes Diplomatic Relations with Syria, Completing Global Diplomatic Network

South Korea has officially established diplomatic relations with Syria, marking a historic milestone in its foreign policy by achieving formal ties with all 191 United Nations member states. The agreement was signed in Damascus by South Korean Foreign Minister Cho Tae-yul and his Syrian counterpart Asaad al-Shibani, signaling a strategic breakthrough with a country long considered a close ally of North Korea. The move reflects Seoul's broader effort to expand its global diplomatic footprint, following similar normalization with Cuba in 2024—another traditional partner of Pyongyang.

During his visit, Foreign Minister Cho also met with Syrian President Ahmed al-Sharaa and expressed South Korea's willingness to share its development experience to support Syria's post-conflict reconstruction. The normalization comes amid changing regional dynamics and the relative silence of North Korean state media on Syria since the fall of former President Bashar al-Assad. By opening a new chapter in relations with Damascus, South Korea not only enhances its global standing but also potentially disrupts the long-standing network of North Korean alliances in the Middle East.

Xi Jinping to Tour Southeast Asia Amid Escalating U.S.-China Trade Tensions

Chinese President Xi Jinping will embark on a rare three-nation tour of Southeast Asia next week—his first overseas trip of 2025—visiting Vietnam, Malaysia, and Cambodia as Beijing seeks to deepen regional ties in response to mounting trade frictions with the United States. The visit, scheduled for April 14–18, comes on the heels of intensified U.S. tariff measures under President Donald Trump, with China facing steep 145% duties and Southeast Asian nations such as Vietnam, Cambodia, and Malaysia also impacted. Xi's trip is positioned as a high-profile diplomatic effort to reinforce China's "all-round cooperation" with neighboring countries while Washington's punitive trade policies strain bilateral relations.

In Vietnam, Xi is expected to oversee the signing of roughly 40 agreements, including deals on rail infrastructure and security cooperation. Meanwhile, his visits to Malaysia and Cambodia will underscore longstanding partnerships, with state media highlighting emotional and strategic bonds, such as "ironclad friendships" and "inseparable" ties. Xi's travel follows a flurry of Chinese diplomatic outreach to counter U.S. trade actions, including calls with the EU, Malaysia, and Saudi Arabia. As Beijing faces growing isolation in trade negotiations with Washington, Xi's Southeast Asia tour aims to bolster China's regional influence and present an alternative front to U.S.-led economic pressure.

Taiwan Charges Chinese Ship Captain Over Undersea Cable Sabotage

In a landmark legal move, Taiwanese prosecutors have charged a Chinese ship captain with deliberately damaging undersea communication cables off the island's southwestern coast—the first such prosecution amid heightened cross-Straits tensions. The accused, captain of the Togo-flagged Hong Tai 58, was detained along with seven Chinese crew members in February after anchoring near critical subsea infrastructure. While the crew will be deported without charges, the captain—identified only by his surname Wang—faces criminal charges for cable damage, a case that comes amid a sharp rise in cable malfunctions and suspicions of "grey zone" pressure tactics from Beijing.

The incident is part of a broader pattern raising alarms in Taipei. Taiwan's digital ministry has reported five undersea cable disruptions this year alone—more than the total for each of the two previous years—coinciding with increased Chinese military activity near the island. Authorities have since enhanced monitoring of a "blacklist" of nearly 100 China-linked vessels suspected of covert activity under foreign flags. Taiwan likens these actions to sabotage seen in the Baltic Sea following Russia's invasion of Ukraine, underscoring growing concerns over Beijing's hybrid warfare strategy against the self-governed democracy.

Korea and U.S. Conduct Joint Naval Salvage Drills Off Southern Coast

South Korea and the United States held a joint five-day naval salvage and rescue exercise off the southern coast near Changwon, South Gyeongsang, aimed at enhancing interoperability in responding to maritime emergencies during both wartime and peacetime. The drills, which began on April 8, involved the Republic of Korea Navy's ROKS Gwangyang and the U.S. Navy's Mobile Diving and Salvage Unit, as well as deep-sea divers from both countries' Sea Salvage and Rescue Units. Key training activities included simulated scuba searches for missing personnel and the use of a diving bell to conduct operations at depths of 40 to 50 meters.

The exercise, held regularly between the two allies, also featured observers from the British and Australian navies and Korea's Coast Guard, signaling broad multilateral interest in regional maritime security and operational cooperation. In parallel, Korean and U.S. naval officials held talks to explore deeper integration of their respective salvage capabilities. The drills underscore the allies' ongoing commitment to readiness and crisis response in increasingly contested Indo-Pacific waters.

Xi-Sanchez Meeting Highlights China's Push for EU Unity Amid Trade Turmoil

In a headline diplomatic moment, Chinese President Xi Jinping met with Spanish Prime Minister Pedro Sanchez in Beijing on April 11, using the visit to call for deeper China-EU coordination in the face of rising global trade tensions. Xi urged Brussels to stand with Beijing against U.S. “unilateral acts of bullying,” a clear reference to President Donald Trump’s sweeping tariff regime, which has seen U.S. duties on Chinese goods rise to an effective 145%, with Beijing retaliating at 125%. Declaring that “there are no winners in a trade war,” Xi stressed that China and the EU—representing two of the world’s three largest economies—must shoulder their shared responsibility to defend globalization and economic stability.

The Sanchez visit was Xi’s first high-level diplomatic engagement since the tariff escalation began and was carefully timed to reinforce China’s broader diplomatic offensive aimed at counterbalancing Washington. During their talks, Xi and Sanchez signed cooperation agreements in fields including science, technology, and agriculture. Xi also proposed greater collaboration in new energy, smart cities, and high-tech manufacturing—sectors where the EU lags behind China. Sanchez, for his part, positioned Spain as a bridge between Beijing and Brussels, calling for fairer trade ties and a more balanced EU-China relationship. The meeting came just days before Xi embarks on a Southeast Asian tour, highlighting Beijing’s strategy to deepen ties with both European and regional partners as the U.S.-China trade war accelerates.

UK’s Top Military Officer Visits China for First Time in a Decade

In a significant and unpublicized diplomatic move, UK Chief of Defence Staff Admiral Sir Tony Radakin visited China on April 9, marking the first trip by a British military chief to the country since 2015. During his visit, Radakin held in-depth talks with General Liu Zhenli, Chief of Staff of China’s Central Military Commission, and addressed students at the People’s Liberation Army National Defence University. According to China’s Defence Ministry, the discussions focused on China–UK military relations, global and regional security issues, and ways to strengthen bilateral military-to-military cooperation.

The visit occurred amid heightened global trade tensions and renewed scrutiny of China’s international conduct, making the timing especially sensitive. While London has increasingly characterized China as a “systemic challenge,” UK officials emphasized the importance of maintaining robust communication with Beijing to manage tensions and avoid miscalculations. The talks were framed as an effort to uphold peace in the Indo-Pacific and maintain global stability through military dialogue. The trip reflects Labour’s evolving approach to China, balancing engagement with strategic caution. It also came shortly after the UK co-hosted a NATO ministerial to bolster support for Ukraine, underscoring London’s dual-track diplomacy—firm on security, yet open to direct engagement with major powers.

Southeast Asia Rings in the New Year with Shared Traditions and Soaked Streets

From April 13 to 16, the border countries of Cambodia, Laos, Myanmar, and Thailand are united in joyful celebration as they mark their traditional New Year festivals—Choul Chnam Thmey, Pi Mai, Thingyan, and Songkran. Though each nation retains distinct cultural identities, these festivals share a deep-rooted symbolism in water, which is used to cleanse the body, soul, and surroundings for a fresh start. Across the region, Buddhist rituals, family visits, ancestral offerings, and temple pilgrimages blend with street parades and euphoric water fights, transforming towns into vibrant, music-filled spectacles.

In Cambodia, families pay homage to ancestors and wash Buddha statues, while Laos observes Baasii, a ceremony of apology and renewal. Thailand’s Songkran attracts droves of international tourists to its jubilant water battles and temple offerings, and Myanmar’s Thingyan spans up to five days, featuring citywide parades and performances. As Southeast Asia transitions from harvest season to the monsoon, this shared celebration draws locals and visitors alike into an immersive experience of purification, joy, and cultural solidarity.

World Expo 2025 Opens in Osaka Amid Global Uncertainty

Japan inaugurated the World Expo 2025 in Osaka on April 12, marking the city’s second time hosting the global event since 1970. With the theme “Designing Future Society for Our Lives,” the Expo aims to unite the world through innovation, culture, and collaboration at a time marked by rising geopolitical tensions and economic instability. Japanese Prime Minister Shigeru Ishiba and Emperor Naruhito both emphasized the importance of dialogue, resilience, and sustainability, framing the Expo as a platform to foster global unity in an increasingly divided world.

Set on Osaka’s Yumeshima Island, the Expo features futuristic displays from 158 countries and regions, housed within the iconic Grand Ring — the world’s largest wooden architectural structure. Highlights include artificial hearts grown from stem cells, drone-like flying cars, and environmentally conscious exhibits like Switzerland’s low-footprint pavilion. Despite challenges such as slow ticket sales and lingering pandemic fatigue, over 140,000 visitors attended opening day festivities. With national pavilions from conflict-affected nations like Ukraine and Palestine also present, the Expo serves as a symbolic reminder of humanity’s shared future — one that aspires to peace, innovation, and global cooperation.

2. STATISTICS OF THE WEEK

Who Holds the Upper Hand in the New Trade War?

As the global trade war escalates with sweeping reciprocal tariffs—104% by the U.S. on Chinese goods and 84% by China on U.S. imports—the question of leverage looms large. A closer look at trade data reveals that while the U.S. is a dominant buyer on the world stage, it may find itself more vulnerable than expected.

According to 2024 figures, the U.S. imports 18% of its goods from the EU and 15% from China. However, the reverse dependencies are uneven: 80% of Mexico's exports and 76% of Canada's go to the U.S., compared to just 8% for the EU and 15% for China. On the export side, 18% of U.S. goods go to the EU, 16% to Mexico, and 17% to Canada—regions where retaliatory capacity is constrained by their own trade dependencies. While the EU may have more macroeconomic weight to resist tariffs, China's centralized control and lower U.S. trade exposure bolster its endurance. The data underscores that while the U.S. wields significant buying power, the trade war could exact significant domestic costs and strain allies more than rivals.



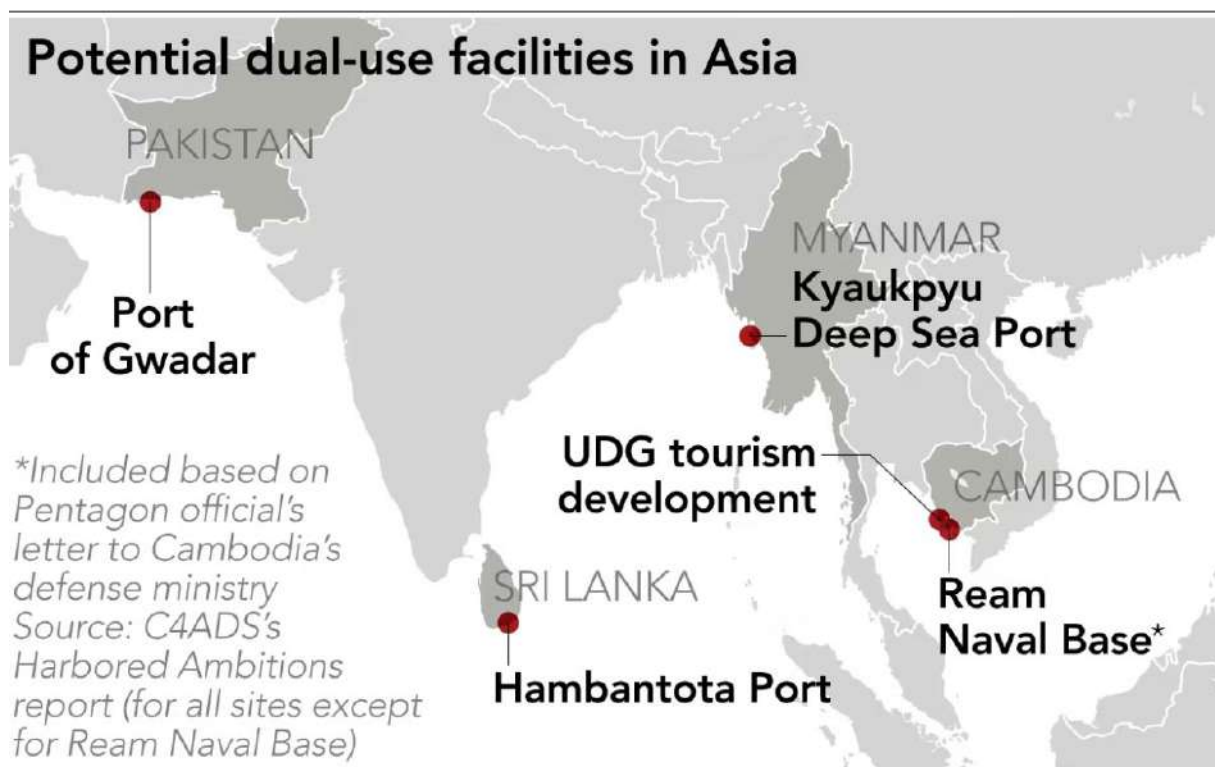
<https://www.statista.com/chart/34273/value-of-us-imports-exports-with-major-partners--in-billion-us-dollars-/>

3. MAP OF THE WEEK

Ream Naval Base and China's Expanding Dual-Use Footprint in Asia

This week's map highlights potential dual-use facilities in Asia, shedding light on China's growing network of strategic infrastructure with both commercial and military applications. Among these, Cambodia's Ream Naval Base has become a focal point of international scrutiny, particularly following its recent China-funded expansion and the initiation of joint drills with Chinese forces. Despite repeated denials from Phnom Penh about granting exclusive military access to Beijing, suspicions persist—particularly in Washington—regarding the base's potential role in Beijing's long-term Indo-Pacific strategy.

Unlike Sri Lanka's Hambantota Port, Myanmar's Kyaukpyu Deep Sea Port, or Pakistan's Gwadar, where economic utility remains more publicly emphasized, Ream stands out due to the operational presence of Chinese warships and a newly inaugurated Cambodia-China Joint Logistics and Training Center. As regional tensions rise and maritime chokepoints become more contested, such facilities could offer China key logistical support far from its mainland, allowing rapid military scaling in a crisis scenario. In this context, Ream Naval Base is not just a symbol of deepening Cambodia-China ties—but a visible marker of Beijing's expanding strategic perimeter in mainland Southeast Asia.



<https://asia.nikkei.com/Politics/International-relations/Cambodia-naval-base-set-to-undergo-China-led-expansion>

4. PHOTO OF THE WEEK

NATO-Japan Ties in Focus

This week's photo captures a symbolic moment in Tokyo as NATO Secretary General Mark Rutte meets with Japanese Prime Minister Shigeru Ishiba, marking a significant step in deepening Euro-Atlantic engagement in the Indo-Pacific. Flanked by the flags of NATO and Japan, the image reflects growing strategic alignment amid shared concerns over China's military expansion, North Korea's provocations, and Russia's aggression in Ukraine.

During Rutte's visit—the first to the region since assuming office—both sides reaffirmed their commitment to strengthening defense cooperation, enhancing joint exercises, and boosting cybersecurity and technological collaboration. The handshake underscores not just diplomatic goodwill, but a strategic convergence between NATO and its Indo-Pacific partners, with Japan increasingly seen as a vital link in the broader security architecture connecting Europe and Asia.



NATO Secretary General Mark Rutte meets the Prime Minister of Japan, Shigeru Ishiba

https://www.nato.int/cps/en/natohq/photos_234391.htm

5. INFOGRAPHIC OF THE WEEK

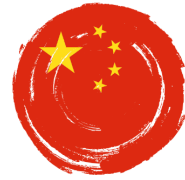
EU-China Dialogue Amid U.S. Tariff Turmoil

As global trade tensions surge following U.S. President Donald Trump's sweeping tariff hikes, this week's featured infographic highlights a crucial diplomatic front: the EU-China trade dialogue. European Commission President Ursula von der Leyen and Chinese Premier Li Qiang are shown reaffirming their mutual commitment to stability and multilateralism in a time of economic uncertainty.

Von der Leyen emphasizes that Europe and China, as two of the world's largest markets, have a shared responsibility to uphold a free, fair, and rules-based trading system. She calls for a negotiated resolution to avoid further escalation, underscoring the importance of stability and predictability for the global economy. Li Qiang echoes the sentiment, stressing dialogue and mutual respect, and urging both sides to "meet halfway" to manage global trade responsibly. The visual encapsulates a broader diplomatic balancing act: EU-China cooperation as a buffer against rising protectionism and economic fragmentation.



EU-CHINA DIALOGUE AMID U.S. TARIFF TURMOIL



"Europe and China, as **two of the world's largest markets**, have a responsibility to support a strong, reformed trading system – free, fair, and based on a level playing field. We must **work towards a negotiated resolution** and avoid further escalation. **Stability and predictability** are essential for the global economy."

"Whether China-Europe relations can achieve greater development depends on **both sides' ability to meet halfway**. China remains committed to **dialogue and mutual respect** to ensure stability in global trade amid growing tensions."



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6. REGIONAL ALLIANCES

Forging Unity Under Pressure: The Indo-Pacific's Response to U.S. Trade Tensions

As U.S. tariff pressure intensifies under President Trump's revived protectionist agenda, the Indo-Pacific has once again emerged as a critical theatre—not only of trade confrontation but also of regional recalibration. From Hanoi to Kuala Lumpur, capitals across Southeast Asia are reassessing their strategies. The region's longstanding balancing act—avoiding binary alignments while leveraging strategic ambiguity—is being tested as Washington's tariff regime imposes difficult choices. In response, regional actors are exhibiting both a desire for collective action and a drive toward deeper intra-regional alignment.

Tariff Shock and the Strategic Dilemma

The shockwaves from Washington's sweeping "reciprocal tariffs" have disrupted the core of Southeast Asia's development model—export-led growth built on manufacturing integration with China and market access to the United States. Countries such as Vietnam and Cambodia, which had benefited from U.S. de-risking policies by absorbing manufacturing relocated from China, found themselves targeted with tariff rates as high or higher than those imposed on Beijing. For these economies, the sense of betrayal runs deep.

The backlash has created a convergence of economic interest among ASEAN members, all of whom now share vulnerability to U.S. trade policy volatility. Malaysia, acting as ASEAN chair, called for a unified response, urging member states to present a common front in defense of regional stability and open trade. Yet the appeal for solidarity has so far met with cautious realism: ASEAN's structural limitations and diverging national interests continue to inhibit truly coordinated action.

China's Opportunity—and the Region's Dilemma

Beijing has seized the moment. As Southeast Asian governments grapple with tariff fallout and a narrowing set of options, China is stepping in with overtures of integration, cooperation, and financial support. President Xi Jinping's tour of Vietnam, Malaysia, and Cambodia—his first overseas visit of the year—is emblematic of this strategy. Xi's message of building "a shared future with neighboring countries" aims to cast China as the stable alternative to U.S. unpredictability.

For many in the region, this offer is tempting. ASEAN economies are heavily intertwined with China's industrial and financial ecosystems. However, as much as they welcome Chinese market access and investment, there is growing unease over Beijing's strategic intentions. Fear of being flooded with subsidized Chinese goods, of growing dependency on Chinese capital, and of political strings attached to economic favors, tempers the appetite for full embrace.

Fragmented Solidarity and the Search for Strategic Space

Despite common grievances, ASEAN's "illusion of solidarity" has fractured under pressure. Vietnam, one of the hardest hit by U.S. tariffs, has taken the lead in pursuing bilateral trade talks with Washington, while Indonesia and the Philippines explore sector-specific exemptions. Meanwhile, India, though outside ASEAN, has taken steps to safeguard its position with the U.S. through proactive engagement, all while quietly coordinating with Japan and South Korea on regional macroeconomic resilience.

The result is a region pulling in several directions at once—pursuing national interests in bilateral channels, exploring hedging strategies through economic diversification, and cautiously aligning with China when forced by necessity rather than conviction. While talk of a coordinated Indo-Pacific trade bloc remains premature, there is growing momentum toward issue-based minilateralism, especially in areas like supply chain resilience, digital trade, and infrastructure financing.

Conclusion: A Region Under Strain, Yet Adapting

The Indo-Pacific is navigating a turbulent transition—from opportunistic alignment to reluctant recalibration. The destabilizing force of U.S. tariffs has prompted Southeast Asian countries to seek shelter in numbers, but without the institutional cohesion to act as a unified bloc. Instead, what is emerging is a pragmatic regionalism, driven less by ideology and more by necessity.

The question is not whether these nations will choose China or the U.S.—most will strive to avoid such binary alignment—but whether they can collectively craft a third path: one that defends open trade, protects developmental interests, and preserves regional autonomy amid mounting global pressures. In that effort, regional solidarity may not yet be dead—but it must evolve to survive.

7. ANALYSIS

The Great Repricing: How Tariffs Are Reshaping the Global Trade Order

The global economy has entered a volatile new phase as the Trump administration's sweeping tariff hikes reshape international trade dynamics. With reciprocal duties reaching 145% on Chinese goods and new levies hitting longstanding allies such as Japan, Canada, and Mexico, the United States has triggered more than a trade dispute—it has initiated a global repricing of alliances, supply chains, and strategic dependencies. While a 90-day pause has softened the blow for some, the uncertainty is deepening. Major powers are responding not only with tariffs but with diplomatic recalibrations and economic hedging, signaling a wider structural transformation in the global trading system.

The United States: Strategic Ambiguity as Leverage

The White House's tariff strategy is characterized by aggressive reciprocity, selective exemptions, and an underlying objective to bring production back home. While the administration has spared high-tech imports like smartphones and semiconductors, its broader trade posture has sent tremors through global markets. The S&P 500 has shed nearly \$6 trillion, reflecting deep investor anxiety. Simultaneously, Trump's trade team insists that over 75 countries are ready to negotiate, pointing to a strategic use of pressure to rewire the terms of trade.

However, this ambiguity comes at a cost: it has created confusion among allies, disrupted global supply chains, and revived fears of a global recession. As Treasury Secretary Scott Bessent noted, the administration sees the next 90 days as a window to settle with willing partners—but for now, tariff unpredictability is the new constant.

China: Countering Pressure with Diplomacy and Regional Realignment

China has responded with measured retaliation, imposing 125% tariffs on U.S. imports while signaling an end to further escalation. President Xi Jinping's first public comments on the trade war, delivered during a meeting with Spanish Prime Minister Pedro Sánchez, were notable not just for their defiance but for their strategic positioning. Xi called for joint resistance with the EU against "unilateral bullying" and stressed the futility of tariff wars. He emphasized that China, "not afraid of suppression," will pursue self-reliance, resilience, and diplomatic outreach.

Indeed, Beijing has mounted a charm offensive. It is reengaging with the EU on minimum pricing for electric vehicles and expanding ties in Southeast Asia—Xi is due to visit Vietnam, Malaysia, and Cambodia, pitching China as a stable economic partner amid U.S. volatility. Even as it takes a firm line against Washington, Beijing is positioning itself as a champion of multilateralism and supply chain integration.

Europe: Seeking Strategic Autonomy Amid Dual Pressures

The European Union finds itself navigating a delicate path between the U.S. and China. While Brussels has paused its counter-tariffs, it is actively seeking a negotiated framework with China to avoid market flooding due to U.S. trade diversion. European Commission President Ursula von der Leyen has emphasized the importance of stability, predictability, and a level playing field, highlighting Europe's interest in preserving an open and rules-based trading order.

Yet internal pressures are rising. With European exports to the U.S. and China under threat, there are growing calls in Berlin, Paris, and Madrid for industrial resilience, minimum pricing schemes, and active surveillance of import surges. Europe does not want to “choose sides,” but it is increasingly forced to define its own economic sovereignty in a fragmenting system.

Asia-Pacific Responses: Diversification and Caution

Countries like India, Japan, and Taiwan are reacting with urgency. India has finalized terms for a first-phase trade deal with the U.S., hoping to avoid the full impact of tariffs and position itself as a reliable alternative manufacturing hub. Taiwan, facing 32% duties on key exports like semiconductors, has opened its first-ever tariff talks with the U.S., offering concessions and investment guarantees.

Japan, meanwhile, finds itself in a more constrained position. Prime Minister Shigeru Ishiba expressed “deep disappointment” at the U.S. decision to impose 25% levies on auto exports, pledging financial support to domestic firms while seeking a diplomatic off-ramp. With high dependency on U.S. trade, Japan's ability to retaliate is limited—but its strategic importance ensures it cannot be ignored in future negotiations.

Conclusion: The Global Trade Order Is Being Rewritten

The current trade standoff is not a temporary disruption—it is a paradigm shift. What began as a U.S.-China tariff skirmish has metastasized into a multi-front realignment of global trade architecture. The era of stable tariff regimes, multilateral norms, and WTO-centric enforcement is giving way to a new system defined by reciprocity, ad-hoc alliances, and geopolitical economics.

Whether this new era will lead to fragmentation or flexible resilience depends on the choices major powers make in the coming weeks. For now, the key themes are clear: economic nationalism is resurgent, supply chains are political, and tariffs are not just tools of trade—they are instruments of strategy.

