

Welcome to This Week's Asia on the Horizon

(21.04.2025)

This week's Asia on the Horizon captures a moment of accelerated strategic realignment and high-stakes diplomacy across the Indo-Pacific, as global powers navigate a trade war increasingly enmeshed with questions of regional order, governance models, and hard security. Against the backdrop of President Trump's escalating tariff regime and deepening global protectionism, Chinese President Xi Jinping concluded a high-profile three-nation Southeast Asia tour—signaling Beijing's intent to anchor a multipolar vision of regional integration grounded in infrastructure, loyalty-based diplomacy, and economic resilience.

Xi's stops in Vietnam, Malaysia, and Cambodia were not merely ceremonial. Each engagement reflected a differentiated approach to securing regional influence—framed by calls for multilateralism and non-interference, but underscored by infrastructure pledges, military cooperation, and digital integration. Whether in Hanoi's rail corridors, Kuala Lumpur's smart industry zones, or Phnom Penh's newly enhanced Ream Naval Base, China's narrative of “win-win partnership” and regional self-determination stood in direct contrast to Washington's tariff-driven coercion. Our Analysis section examines how this personalized diplomacy model, rooted in strategic asymmetry and soft power projection, may be laying the foundation for a China-centric regional order—one shaped not by domination, but by convergence.

Meanwhile, economic resilience and hedging strategies are increasingly visible across the Indo-Pacific. South Korea announced a \$23 billion semiconductor package to shield its chip industry from global trade disruptions, while Seoul and Hanoi pledged closer coordination to weather tariff shocks. Tokyo and Paris reaffirmed their exceptional strategic partnership in a high-level summit, and the Philippines, United States, and Japan launched their first-ever trilateral maritime drill—underscoring new momentum toward minilateralism and security interdependence. Balikatan 2025, now the largest iteration of U.S.-Philippine military exercises to date, illustrates a parallel trajectory: operational integration is becoming the new norm for regional deterrence. Our Regional Alliances section unpacks this shift from symbolic posturing to credible coalition-building.

Trade and technology remained front and center. China named a seasoned WTO veteran as its new trade negotiator, signaling a return to institutional multilateralism in the face of Trump-era tariffs. In Washington, U.S. officials clarified that new AUKUS trade exemptions will not extend to nuclear submarine technology, reaffirming long-standing nonproliferation boundaries even as allied defense integration deepens. On the commercial front, Honda announced plans to localize 90% of its U.S. sales within the country—another reflection of a shifting production geography shaped by protectionist headwinds.

Political transformation continues to ripple through key capitals. In Seoul, the criminal trial of former President Yoon Suk Yeol marks a dramatic chapter in South Korea's democratic accountability, while Singapore prepares for a closely watched presidential election in early May. In Hong Kong, the disbandment of the Civic Party signals the effective closure of the city's democratic space—an era ending not with rupture, but attrition.

This week's Map of the Week tracks intensifying maritime flashpoints in the West Philippine Sea, while the Statistics of the Week reveal what's at stake in the U.S.-China trade war, sector by sector. Our Photo of the Week and Infographic highlight key moments in regional diplomacy and economic strategy—showcasing Xi Jinping's symbolic welcome in Malaysia and China's pivot toward rule-based multilateralism through the appointment of a WTO veteran as its new trade negotiator.

In sum, the Indo-Pacific is no longer passively reacting to great power competition. It is actively recalibrating—balancing, aligning, diversifying, and, in some cases, converging toward new centers of power. Whether this will result in fragmentation or a more pluralistic order remains uncertain. What is clear is that this region remains the crucible where the rules of tomorrow's world will be written.

As always, Asia on the Horizon brings you the clarity behind the complexity.



1. KEY DEVELOPMENTS

Xi Jinping Deepens China-Vietnam Ties Amid Rising U.S. Trade Pressures

Chinese President Xi Jinping commenced a significant diplomatic tour of Southeast Asia with a state visit to Vietnam on April 14, 2025, aiming to fortify regional alliances amid escalating U.S. trade tensions. During his visit to Hanoi, Xi and Vietnamese leaders signed 45 cooperation agreements encompassing areas such as supply chain enhancement, railway development, artificial intelligence, and the green economy. This initiative comes as both nations confront substantial U.S. tariffs—145% on Chinese goods and a potential 46% on Vietnamese exports. Xi emphasized the importance of strengthening bilateral ties and called for opposition to unilateral trade practices, implicitly referencing U.S. policies.

The agreements include plans to assess the feasibility of new railway lines connecting key economic zones between China and Vietnam, with China funding initial studies. Additionally, discussions are underway for Vietnam to approve and potentially lease Chinese COMAC aircraft, signaling deeper integration in aviation sectors. Despite historical tensions, including disputes in the South China Sea, both countries are aligning more closely to navigate the shifting geopolitical landscape. Vietnam's recent measures to tighten trade regulations under U.S. pressure highlight the delicate balance Hanoi maintains between major powers.

Xi and Anwar Hold Closed-Door Talks in Beijing to Deepen China-Malaysia Ties

Chinese President Xi Jinping met Malaysian Prime Minister Anwar Ibrahim in Beijing on April 17 for high-level closed-door talks focused on strengthening bilateral ties amid growing regional economic uncertainty triggered by U.S. tariffs. The meeting marked a key moment in Xi's Southeast Asia tour, as China positions itself as a stabilizing economic partner in the Indo-Pacific.

According to Chinese state media, the two leaders discussed deepening cooperation under the Belt and Road Initiative, boosting trade and investment, and enhancing industrial linkages—particularly in high-tech and green energy sectors. The visit underscores China's effort to consolidate influence among its regional neighbors, while Malaysia reiterated its strategic interest in balancing major power ties without aligning in great power competition.

Xi Jinping Calls for Defense of Multilateralism During Southeast Asia Tour

Chinese President Xi Jinping used his ongoing Southeast Asia tour to call for greater support for the United Nations and multilateral systems, urging regional partners to resist unilateralism and protectionism. Speaking during his state visits to Vietnam, Malaysia, and Cambodia, Xi emphasized that upholding international norms was essential to counter growing economic instability sparked by the U.S. tariff surge under President Donald Trump.

Xi's comments come amid escalating U.S.-China trade tensions, with Beijing positioning itself as a guardian of the global rules-based order in contrast to Washington's recent tariff moves. During his meetings, Xi promoted closer regional integration, economic resilience, and shared development under initiatives such as the Belt and Road and emphasized that "a just and equitable international order" is in the collective interest of the Global South. His remarks were widely interpreted as a diplomatic counter to American economic coercion and an attempt to rally Southeast Asian countries around a more China-aligned vision of global governance.

Xi Jinping Concludes Southeast Asia Tour in Cambodia, Cementing Strategic Ties Amid Global Trade Upheaval

Chinese President Xi Jinping concluded his three-nation Southeast Asia tour with a high-profile state visit to Cambodia, underlining Beijing's ambition to deepen ties with key regional partners amid intensifying trade tensions with the United States. In Phnom Penh, Xi held talks with Prime Minister Hun Manet and other senior Cambodian leaders, pledging enhanced cooperation across infrastructure, security, and agricultural sectors. His visit also spotlighted China's growing strategic footprint in the region, particularly through dual-use infrastructure like the China-funded Ream Naval Base.

During the visit, Xi and Hun Manet agreed to accelerate flagship Belt and Road Initiative projects, including the Fish and Rice Corridor and the Industrial and Technological Corridor, aligning with Cambodia's Pentagonal Strategy. Xi reiterated China's commitment to supporting Cambodia's development model "without interference," while Hun Manet welcomed deeper political and economic cooperation under the framework of a "shared future." The visit also featured the inauguration of newly completed facilities at Ream, a development that has raised concerns in Washington over the potential for a permanent Chinese military presence. Xi's emphasis on multilateralism and "win-win cooperation" was widely viewed as a response to U.S. tariff escalation, reinforcing Beijing's narrative as a defender of the regional order.

U.S. and South Korea Strengthen Civil Space Cooperation Through Strategic Dialogue

The United States and South Korea convened the fourth U.S.-Republic of Korea Civil Space Dialogue on April 12, reaffirming their shared commitment to peaceful space exploration, responsible behavior in orbit, and deepened bilateral space cooperation. Both sides emphasized the strategic importance of space to their national security and economic development and pledged to bolster collaboration in space science, exploration, Earth observation, and space situational awareness. Notably, they reiterated support for the Artemis Accords and expressed a shared interest in advancing lunar missions, satellite-based climate monitoring, and the development of interoperable space systems.

In addition to highlighting current cooperation, the joint statement signaled future collaboration opportunities, including capacity-building initiatives and joint research programs under the Korea-U.S. Open RAN (Radio Access Network) and Space Cooperation Framework. The dialogue also addressed norms of behavior in space, with both nations endorsing transparency and responsible conduct to ensure long-term sustainability of the space environment. As geopolitical competition intensifies beyond Earth's atmosphere, the growing U.S.-South Korea space partnership positions both allies to play a more prominent role in shaping global space governance and technological innovation.

UK Takes Control of British Steel, Ending Chinese Ownership Amid National Security Concerns

The UK government has moved to temporarily take control of British Steel's operations in Scunthorpe, effectively ending Chinese group Jingye's management of the company amid growing concerns over national security and economic resilience. The decision, announced April 12, comes after the company faced mounting financial difficulties and failed to secure long-term investment assurances. British officials emphasized that the move is part of a broader effort to safeguard critical infrastructure and secure domestic steel production at a time of increasing global trade tensions and supply chain vulnerabilities.

The intervention highlights the UK's strategic pivot away from Chinese ownership in key sectors, echoing similar moves in telecommunications and nuclear energy. While Chinese officials have yet to issue a formal response, Jingye had acquired British Steel in 2020, touting job preservation and modernization plans that ultimately faltered. The UK government now plans to explore new ownership options and ensure the continued operation of the plant, which employs around 4,000 people. The move underscores the intersection of industrial policy and national security in the post-Brexit economic landscape, especially as transatlantic partners intensify scrutiny of Chinese investments in sensitive industries.

South Korea Launches \$23 Billion Chip Support Package Amid U.S. Tariff Uncertainty

On April 14, South Korea unveiled a sweeping 30.1 trillion won (\$23 billion) support package for its semiconductor industry, aimed at fortifying the sector against growing global trade volatility and safeguarding its strategic tech edge. The announcement comes amid heightened uncertainty stemming from U.S. President Donald Trump's aggressive tariff measures, which have disrupted global supply chains and increased pressure on Asian exporters. The package includes financial incentives, tax benefits, and infrastructure investments to support chipmakers and related industries, reinforcing South Korea's central role in the global semiconductor ecosystem.

Deputy Prime Minister Choi Sang-mok emphasized that the plan reflects the government's "resolve to firmly support the industry" and maintain South Korea's leadership in advanced chip technologies. The package also responds to concerns over potential disruptions in exports to the United States—one of South Korea's key markets—at a time when chip demand is rebounding due to AI and next-gen computing. With the global chip race intensifying and geopolitical tensions rising, Seoul's move positions the country to not only weather external shocks but also deepen resilience in a strategically vital sector.

Criminal Trial of Ousted South Korean President Yoon Suk Yeol Begins in Seoul

South Korea's former President Yoon Suk Yeol appeared in court on April 14 as his criminal trial formally began, marking a dramatic fall from power for the conservative leader who was removed from office in February over abuse-of-power allegations. Yoon faces charges related to bribery, obstruction of justice, and abuse of authority during his term, in what prosecutors allege was a pattern of using presidential influence to shield political allies and retaliate against critics. He has denied all charges, dismissing them as politically motivated.

The trial opens a new chapter in South Korea's contentious political climate, which has seen multiple former presidents prosecuted in recent decades. Yoon's supporters claim the case is an effort to delegitimize the right-wing opposition ahead of next year's parliamentary elections, while critics argue it reflects the country's maturing legal system and accountability standards. The court proceedings are expected to last several months and will likely have significant implications for the future of South Korea's conservative movement.

AUKUS Trade Exemption Won't Apply to Nuclear Submarine Technology, U.S. Officials Say

U.S. officials confirmed on April 15 that the new defense trade control exemptions under the AUKUS agreement will not extend to sensitive nuclear-powered submarine technology. The clarification comes amid growing anticipation surrounding the implementation of streamlined defense trade rules between the United States, the United Kingdom, and Australia, intended to accelerate collaboration under the AUKUS pact.

While the revised U.S. export rules aim to reduce licensing barriers and deepen defense industrial cooperation among the three allies, officials emphasized that nuclear propulsion technology will remain strictly controlled under the Atomic Energy Act. This decision reinforces longstanding U.S. safeguards over nuclear military capabilities, even as Washington pushes for faster integration with AUKUS partners across other advanced domains such as quantum, cyber, and undersea warfare. The exclusion of nuclear submarine tech signals the complexity of balancing strategic trust with nonproliferation commitments in this next phase of the AUKUS initiative.

Hong Kong's Last Major Opposition Party Moves Toward Disbandment

The Civic Party, once a key pillar of Hong Kong's pro-democracy movement, announced steps toward disbandment on April 13, marking a symbolic end to organized political opposition in the city. At a special general meeting, remaining party members voted to initiate the legal procedures for dissolution, citing an inability to meet legal and operational requirements under the city's tightened political environment.

The move reflects the far-reaching impact of Hong Kong's sweeping national security law, which has led to the arrest or exile of many opposition figures, restrictions on civil society, and the overhaul of the city's electoral system. Founded in 2006 by barristers and academics, the Civic Party had long championed rule of law and democratic reform. Its imminent closure follows the earlier disbandment of other major opposition groups and is seen by observers as further evidence of Beijing's consolidation of political control over Hong Kong.

Singapore Sets May 3 Date for Presidential Election

Singapore will hold its next presidential election on May 3, 2025, according to an official announcement from the city-state's Election Department. The announcement comes as President Halimah Yacob nears the end of her six-year term, with the nomination period for presidential candidates scheduled to close on April 24.

The election will be closely watched, particularly given Singapore's emphasis on political stability and continuity amid growing regional and global uncertainty. While the presidency in Singapore is largely ceremonial, it plays a key custodial role over the country's financial reserves and appointments to key public sector roles. This will be only the third contested presidential election in the nation's history, following a series of walkovers and reserved elections in previous cycles.

Philippines Labels Joint U.S. Drills a 'Defense Rehearsal' Amid Rising China Tensions

The Philippines on Tuesday characterized its expanded military exercises with the United States as a “rehearsal for defense,” underscoring the drills' strategic importance amid growing tensions with China in the South China Sea. The annual Balikatan exercises, now the largest-ever with over 16,000 personnel, include air and naval operations near key flashpoints and will run until May 10.

Philippine military officials emphasized that the drills are aimed at enhancing interoperability and readiness, not provoking conflict. However, the participation of joint air defense and maritime security operations near disputed waters—particularly near Scarborough Shoal—signals Manila's growing assertiveness in its alliance with Washington. The comments come as Beijing continues to criticize such exercises as destabilizing to regional peace and security.

Honda to Localize 90% of U.S. Sales by Shifting Production from Mexico and Canada

Japanese automaker Honda plans to manufacture 90% of its vehicles sold in the United States within the country by 2030, according to a report by Nikkei. The move involves relocating production from Mexico and Canada to U.S. plants, a strategic response to growing trade uncertainties and protectionist policies, particularly amid President Donald Trump's tariff escalation.

Honda's production shift aligns with a broader trend among global automakers seeking to de-risk supply chains and mitigate the impact of potential import duties. The company aims to boost efficiency and resilience in its North American operations, while maintaining competitiveness in a market increasingly shaped by regional trade realignments. The decision also supports Honda's transition toward electric vehicle production, much of which will be concentrated in the U.S. going forward.

China's Economy Beats Q1 Expectations, but Trade Headwinds Loom

China's economy grew by 5.3% year-on-year in the first quarter of 2025, surpassing analysts' expectations and marking a strong start to the year despite escalating trade tensions with the United States. The growth was driven by robust industrial production, resilient consumer spending, and continued investment in manufacturing and green technology. The National Bureau of Statistics also reported a 6.1% surge in March factory output, reinforcing signs of momentum across key sectors.

However, the outlook remains clouded by geopolitical and trade risks, particularly after U.S. President Donald Trump sharply increased tariffs on Chinese goods. Economists warn that the tariff hikes—now at 145%—could begin to weigh more heavily on exports and investor sentiment in the coming months. As Beijing pivots to bolster domestic demand and deepen ties with other trading partners, the first quarter performance may be difficult to sustain amid mounting external pressure.

Seoul and Hanoi Vow Closer Economic Ties in Response to U.S. Tariffs

The foreign ministers of South Korea and Vietnam pledged on Tuesday to enhance bilateral economic cooperation as both nations grapple with the ripple effects of escalating U.S. tariffs. Meeting in Hanoi, South Korean Foreign Minister Cho Tae-yul and his Vietnamese counterpart Bui Thanh Son underscored their shared concerns over the potential disruptions to regional trade and supply chains, vowing to coordinate policy responses and seek diversified export markets.

The meeting comes amid broader efforts by affected Indo-Pacific economies to strengthen regional alliances and reduce dependency on the U.S. market. Both South Korea and Vietnam were among the countries hit hardest by President Donald Trump's "reciprocal tariffs," which have since been paused for 90 days for most nations—except China. The ministers also reaffirmed their commitment to regional economic frameworks, including the Regional Comprehensive Economic Partnership (RCEP), and expressed interest in advancing semiconductor and digital economy collaboration.

China Replaces Top Trade Negotiator Amid Escalating U.S. Tariff War

As tensions with the United States continue to mount, China has appointed a new chief trade negotiator, signaling a potential shift in its strategy to navigate the deepening tariff war. Liu Jianchao, a seasoned diplomat and head of the Communist Party's International Liaison Department, will replace Vice Premier He Lifeng as Beijing's lead trade envoy. The move, announced Wednesday, comes as Chinese officials seek to adapt to U.S. President Donald Trump's aggressive tariff measures and mounting global protectionism.

Liu's appointment brings a diplomatic heavyweight with strong international ties to the forefront of China's trade efforts. His background in handling complex bilateral relationships suggests Beijing may be positioning itself for more agile negotiations, while still projecting resilience amid unprecedented tariff hikes that have pushed levies on Chinese goods above 145%. Analysts interpret the leadership change as an attempt to recalibrate China's global messaging and strengthen engagement with European and Global South partners, even as relations with Washington remain tense.

Philippines, US, and Japan Forge Trilateral Maritime Training to Boost Indo-Pacific Security

The Philippines, United States, and Japan launched their first-ever trilateral maritime training exercise on April 16, aiming to enhance interoperability and collective maritime security in the Indo-Pacific region. The exercise, which takes place in Philippine waters, includes the deployment of major naval assets from the three nations, including the BRP Antonio Luna (Philippines), the USS Mobile (U.S.), and the JS Akebono (Japan).

The training involves communication drills, division tactics, and photo exercises, and reflects the three countries' shared commitment to a free and open Indo-Pacific. It precedes the inaugural Trilateral Leaders' Summit scheduled for April 17 in Washington, D.C., where Philippine President Ferdinand Marcos Jr., U.S. President Joe Biden, and Japanese Prime Minister Fumio Kishida are expected to deepen coordination on regional defense, economic, and maritime issues—particularly amid growing tensions in the South China Sea.

Japan and France Elevate Strategic Partnership in Paris Summit

On April 16, Japanese Prime Minister Shigeru Ishiba and French President Emmanuel Macron held a summit meeting in Paris, reaffirming their countries' "exceptional partnership" and shared commitment to a free, open, and rules-based Indo-Pacific. The leaders agreed to deepen cooperation in maritime security, advanced technologies, energy transition, and defense, underscoring the strategic alignment between the two Indo-Pacific democracies.

The summit produced a joint statement highlighting joint naval exercises, enhanced defense-industrial cooperation, and strengthened economic ties, particularly in nuclear energy and digital infrastructure. Both sides also emphasized the importance of multilateralism and global stability, vowing to work closely on G7 and Indo-Pacific regional issues—including addressing the economic disruptions caused by the U.S.-China trade conflict.

U.S. and Indonesia Reaffirm Strategic Partnership Amid Rising Regional Pressures

U.S. Secretary of State Marco Rubio met with Indonesian Foreign Minister Retno Sugiono in Washington on April 16, underscoring the importance of deepening U.S.-Indonesia strategic ties in an increasingly complex Indo-Pacific environment. The two sides reaffirmed their shared commitment to upholding international law, strengthening maritime security, and promoting inclusive economic growth across Southeast Asia.

The meeting came as regional states seek stability amid mounting geopolitical tensions and rising U.S.-China rivalry. Rubio and Sugiono emphasized the importance of ASEAN centrality and discussed advancing cooperation through the U.S.-Indonesia Comprehensive Strategic Partnership. They also explored initiatives to boost clean energy investment, supply chain resilience, and digital infrastructure. Both leaders expressed concern over coercive economic practices in the region and pledged to uphold a free, open, and rules-based Indo-Pacific.

Paparo Warns of China's Expanding Military and Gray Zone Threats in Indo-Pacific

In testimony before the Senate Armed Services Committee, Admiral Samuel Paparo, the nominee for Commander of U.S. Indo-Pacific Command, delivered a stark assessment of the growing threat posed by China in the Indo-Pacific region. Highlighting Beijing's military modernization, aggressive maritime tactics, and coercive "gray zone" activities, Paparo emphasized the urgent need for sustained U.S. presence and deterrence. He warned that China's People's Liberation Army (PLA) has not only achieved numerical superiority but is integrating space, cyber, and missile capabilities to counter U.S. forces asymmetrically. He also underscored China's increasing air and maritime pressure on Taiwan, stating that Beijing is on a trajectory to be ready for a potential military move against the island by 2027, though he cautioned that readiness does not imply inevitability.

Admiral Paparo outlined five strategic priorities: integrated deterrence, campaigning forward with allies and partners, enhancing command and control, strengthening force posture, and advancing warfighting capabilities. He called for more investment in distributed maritime operations, resilient logistics networks, and missile defense systems—especially in Guam, which he described as vital to regional deterrence. Emphasizing the need to counter China's "salami slicing" in the South China Sea and East China Sea, Paparo advocated for greater coordination with allies including Japan, Australia, South Korea, and the Philippines. He concluded with a warning that failing to deter Chinese aggression in the Indo-Pacific would carry devastating consequences for the international order and U.S. credibility globally.

Trump Says China Reached Out on Tariffs, but TikTok Deal May Wait

U.S. President Donald Trump said on Wednesday that China had reached out to discuss tariffs amid escalating trade tensions, signaling a possible opening for negotiations between the world's two largest economies. Speaking to reporters, Trump claimed that Beijing had initiated contact "in recent days," suggesting potential movement on the economic front even as tariffs on both sides remain at historic highs—currently 145% on Chinese goods entering the U.S. and 125% on U.S. exports to China.

However, Trump also noted that a decision on TikTok—whose fate has been intertwined with broader geopolitical frictions—may take longer. The White House has been weighing a forced divestiture of the Chinese-owned app's U.S. operations on national security grounds, but Trump said a resolution "might wait a bit." The administration's tougher stance on China, especially in trade and technology, remains a central pillar of its second-term agenda, with tariffs seen as both a punitive tool and a bargaining chip in future negotiations.

U.S. Envoy Urges Stronger U.S.-Japan Pushback Against China

U.S. Ambassador to Japan Rahm Emanuel on Friday called for deeper U.S.-Japan coordination to counter what he described as China's growing assertiveness across the Indo-Pacific. Speaking at a Tokyo event, Emanuel emphasized that the two allies must bolster economic and strategic cooperation in the face of Beijing's increasing pressure on neighboring countries and its efforts to "rewrite the rules" of the international order.

The envoy's remarks come amid heightened U.S.-China tensions, exacerbated by a new wave of reciprocal tariffs and rising geopolitical friction in the South and East China Seas. Emanuel praised Japan's growing leadership role in the Indo-Pacific and highlighted the importance of joint U.S.-Japan initiatives, including expanded defense integration, semiconductor supply chain resilience, and alignment with Southeast Asian nations. "The best answer to economic coercion and gray-zone aggression is unity, transparency, and strength," he stated.

Ukraine Sanctions Chinese Firms Over Russia Ties; Beijing Rejects Allegations

Ukraine has announced sanctions against a group of Chinese companies it accuses of supplying military components to Russia, intensifying concerns over Beijing's role in supporting Moscow amid the ongoing conflict. The move, unveiled on Friday, targets firms allegedly involved in exporting drone technologies, electronics, and dual-use goods that Ukraine claims have bolstered Russian military capabilities on the battlefield. Kyiv's decision marks one of the sharpest rebukes of China by Ukraine since the full-scale invasion began in 2022.

In response, China firmly rejected the accusations, calling them "groundless" and politically motivated. A spokesperson for the Chinese Foreign Ministry dismissed Ukrainian President Volodymyr Zelensky's remarks as lacking factual basis and reiterated that China does not sell weapons to conflict zones. Beijing also urged Kyiv to avoid politicizing trade and to stop spreading what it described as "false narratives." The dispute adds further strain to China-Ukraine relations and underscores the broader geopolitical rift as Beijing maintains close ties with Moscow while facing growing scrutiny from the West.

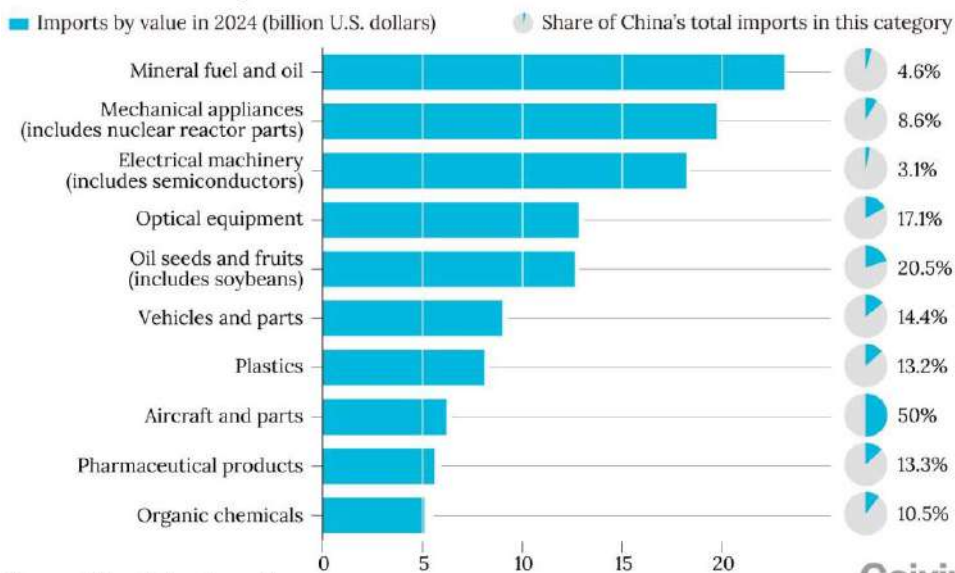
2. STATISTICS OF THE WEEK

What China Buys Most from the U.S. — And What's at Stake in the Tariff War

As the U.S.-China trade war escalates, a closer look at China's top imports from the United States reveals just how much is at stake. According to China Galaxy Securities, China's highest-value imports from the U.S. in 2024 include mineral fuels and oil, mechanical appliances (including nuclear reactor parts), and electrical machinery like semiconductors. These three categories alone represent billions in trade and are highly vulnerable to retaliatory tariffs. Notably, oil seeds and fruits—primarily soybeans—account for over 20% of China's total imports in that category, underscoring U.S. agriculture's exposure to Chinese policy shifts.

Aircraft and parts stand out with a massive 50% share of China's total imports in that category coming from the U.S., making it one of the most strategically sensitive sectors. Optical equipment (17.1%), vehicles and parts (14.4%), and plastics (13.2%) also occupy significant slices of bilateral trade. As Washington continues to wield tariffs as a geopolitical tool and Beijing raises levies in response, these sectors—vital to both economies—are caught in the crossfire. This chart is a timely reminder that behind every tariff hike lies a complex web of interdependence that shapes global supply chains and economic resilience.

What China Buys Most From the U.S.



Source: China Galaxy Securities

<https://x.com/caixin/status/1910298481618812986>

Caixin

3. MAP OF THE WEEK

West Philippine Sea Dispute: China's Expanding Claims vs. International Ruling

This week's map highlights the intensifying geopolitical flashpoint in the South China Sea, focusing on overlapping maritime claims between China and the Philippines. The image contrasts two crucial demarcations: China's controversial "10-dash line" — an expansive claim encompassing nearly the entire South China Sea — and the area recognized as the West Philippine Sea under the 2016 Hague arbitral ruling. The latter, marked in blue, affirms the Philippines' sovereign rights within its Exclusive Economic Zone (EEZ), declaring China's sweeping assertions unlawful under international law.

Despite the ruling, China continues to assert jurisdiction over waters rich in marine resources and strategic shipping lanes, including areas within the EEZs of Vietnam, Malaysia, Brunei, and the Philippines. This defiance has led to increasing confrontations, particularly between Chinese and Filipino vessels. As Manila strengthens defense ties with the United States and hosts expanded joint military drills in response to growing Chinese aggression, the map underscores the stakes of the broader Indo-Pacific power struggle — where control over vital sea lanes is as much about sovereignty as it is about global stability.



<https://www.inquirer.net/420257/new-philippine-map-including-west-philippine-sea-out-soon-namria/>

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.



Chinese President Xi Jinping is warmly welcomed by Malaysian Prime Minister Anwar Ibrahim and other senior officials at Kuala Lumpur International Airport in Kuala Lumpur, Malaysia, April 15, 2025.

<https://www.scmp.com/week-asia/politics/article/3306639/chinas-xi-jinping-arrives-malaysia-asean-grapples-trump-tariff-threats>

5. INFOGRAPHIC OF THE WEEK

China Names WTO Veteran Li Chenggang as New Trade Negotiator

This week's featured infographic spotlights a significant shift in China's trade strategy amid its deepening tariff confrontation with the United States. Beijing has appointed Li Chenggang—a seasoned diplomat with extensive WTO experience—as its new top international trade negotiator, replacing Wang Shouwen, who had played a central role in brokering the 2020 U.S.-China Phase One trade deal. The reshuffle signals a recalibration in China's external trade approach as the tariff war escalates under Trump's second term.

Li's appointment suggests a pivot toward multilateralism and a legalistic, rule-based framework. A former ambassador to the WTO and assistant commerce minister, Li is well-positioned to steer China's trade diplomacy through institutional forums rather than bilateral horse-trading. The infographic highlights this strategic shift, noting China's growing emphasis on multilateral engagement and WTO mechanisms over direct U.S. deal-making—a clear departure from its 2018–2020 approach.



6. REGIONAL ALLIANCES

Balikatan 2025 and the Indo-Pacific's Expanding Security Web

Introduction: A Coalition in Motion

As strategic tensions surge in the Indo-Pacific, Balikatan 2025 stands out as a landmark demonstration of evolving regional alliances. What began as a bilateral U.S.-Philippines military exercise in the 1990s has transformed into a multilateral showcase of joint preparedness, technological sophistication, and strategic cohesion. With 19 observer nations, a full contingent from Japan, and participation by allies such as Australia and France, this year's drills mark a fundamental shift from symbolic cooperation to operational integration in response to the region's increasingly contested security environment.

Expanding Participation: From Bilateral to Multilateral

The 2025 edition of Balikatan is the largest ever, bringing together over 16,000 troops from the United States and the Philippines, alongside full-fledged Japanese participation for the first time. Japan's role reflects its growing security footprint under its new National Security Strategy and its commitment to collective deterrence in the Indo-Pacific. Other allies—including South Korea, Australia, and the United Kingdom—sent high-level observers, signaling broader interest in regional interoperability and strategic alignment.

This coalition approach underscores a broader trend: regional powers are coalescing around shared values such as freedom of navigation, sovereignty, and adherence to international law, especially in the face of assertive behavior in the South China Sea and Taiwan Strait. The presence of Southeast Asian observers, including Vietnam, Indonesia, and Malaysia, further illustrates ASEAN's quiet tilt toward balancing cooperation with major powers.

Integrated Firepower and Strategic Geography

This year's exercise extends across strategic flashpoints including Luzon, Palawan, and the Bashi Channel—areas adjacent to contested maritime domains. For the first time, U.S. forces deployed the Typhon Mid-Range Capability system, capable of launching Tomahawk and SM-6 missiles, in northern Luzon, just 300 kilometers from Taiwan. Complemented by HIMARS units, amphibious landings, and live-fire drills, Balikatan 2025 delivered a high-fidelity simulation of island defense and cross-domain deterrence.

Japan's Self-Defense Forces also conducted amphibious and air support operations, testing joint capabilities that would be crucial in a real-world regional crisis. The Philippines, for its part, showcased growing interoperability with U.S. forces and emphasized its constitutional readiness to defend its western maritime frontier.

Deterrence, Diplomacy, and the China Factor

While Balikatan is framed as a defensive and routine exercise, its scale and geography clearly serve as a counter-signal to China's increasing militarization in the South China Sea. The deployment of advanced systems near Taiwan and contested shoals is meant to strengthen deterrence and reassure Indo-Pacific partners that Washington's commitment to regional security remains robust.

The Philippines' recent calls for a more active international presence in the West Philippine Sea, as well as the U.S. Indo-Pacific Command's emphasis on integrated deterrence, indicate that Balikatan is part of a wider effort to operationalize alliances in support of a free and open Indo-Pacific. China's response has been predictably sharp, accusing participants of "provocation" and "military bloc building," even as regional stakeholders frame the exercise as a stabilizing force grounded in transparency and legal norms.

Conclusion: Toward a Regional Security Architecture

Balikatan 2025 reflects a profound shift in how the Indo-Pacific conceives of collective security. As flashpoints multiply and great power competition deepens, regional actors are moving beyond hedging strategies toward active coalition-building. The growing scale, sophistication, and multilateralism of these exercises are laying the groundwork for a de facto regional security architecture—one built on interoperability, deterrence, and shared commitment to a stable rules-based order.

In the years ahead, Balikatan is likely to serve as both a symbol and a scaffold: a symbol of allied resolve, and a scaffold for the Indo-Pacific's emerging multilateral defense paradigm.

7. ANALYSIS

Xi Jinping's Southeast Asia Tour: Forging a New Architecture of Influence

President Xi Jinping's April 2025 tour of Vietnam, Malaysia, and Cambodia marked a defining moment in China's evolving Indo-Pacific strategy. As great power rivalries intensify and global governance structures face growing stress, Xi's personal diplomacy—increasingly central to Chinese foreign policy—sought to consolidate a regional order that reflects Beijing's vision of sovereignty-based multipolarity. His tour was not only an effort to reaffirm China's ties with close neighbors but also an assertion that the region's future should be shaped within Asia, on Asian terms.

China's approach to regional diplomacy has become more differentiated and deliberate. Through a blend of ideological solidarity, economic pragmatism, and loyalty-based patronage, the visits offered tailored diplomatic packages. In Vietnam, shared revolutionary history and socialist governance formed the basis of upgraded defense and political coordination. Malaysia's role as a regional middle power made it a focal point for infrastructure cooperation and technological integration. Cambodia, in turn, served as a case study of strategic asymmetry—where China leverages political trust and legacy ties to deepen its defense and security presence.

Redefining Neighborhood Diplomacy

A central feature of Xi's engagements was the deployment of what China calls “head-of-state diplomacy”—a leadership-centric approach where Xi himself is the primary architect and symbol of China's external engagement. This model favors selectivity over frequency, and in this case, prioritized countries with either ideological alignment, geoeconomic leverage, or strategic loyalty. The visits were accompanied by a surge in bilateral agreements—more than 50 in total across the three countries—touching on digital governance, clean energy, AI, infrastructure, and military exchanges.

In Vietnam, the tone was that of revolutionary brotherhood. Both parties elevated the 3+3 mechanism, strengthening cooperation across foreign affairs, defense, and internal security. Yet, even as the shared communist legacy was emphasized, Vietnam's enduring hedging posture persisted, particularly in maritime matters. Joint development in the South China Sea was highlighted, but so too was the insistence on resisting “external interference”—a veiled reference to U.S. activity in the region.

Malaysia presented a different opportunity: an open, investment-seeking, but politically balanced partner. Xi's messaging leaned heavily into narratives of civilizational harmony and “Asian rejuvenation,” while concrete deliverables focused on Belt and Road alignment, 5G integration, and industrial corridors. Crucially, Malaysia was positioned as both an ASEAN linchpin and a Global South bridge—a role China is increasingly keen to support as it diversifies its diplomatic portfolio.

In Cambodia, Xi's stop was more akin to a political reaffirmation ceremony. The symbolic timing—coinciding with the Khmer New Year—set the tone for a celebration of long-standing bilateral loyalty. The visit produced a flurry of agreements under the “Diamond Hexagon” framework, and amplified cooperation on transnational security, naval access, and cultural heritage. Cambodia's value to China lies not in economic heft, but in diplomatic alignment and regional amplification.

Military Diplomacy as Strategic Backbone

Beyond the symbolism of Xi's personal diplomacy, the tour underscored the parallel momentum of China's military diplomacy. The Central Military Commission and Defense Minister Dong Jun have intensified outreach across the Global South, offering joint drills, training programs, and strategic dialogues. This dual-track approach—political assurance from Xi, operational depth from the PLA—demonstrates China's desire to build a comprehensive influence network that blends soft and hard power, narrative and capability.

Cambodia, with the recently upgraded Ream Naval Base, has become a key node in this effort. While officially presented as a cooperative maritime hub, concerns remain over the base's potential military applications and Beijing's expanding security footprint. Meanwhile, Malaysia's new foreign-defense dialogue with China suggests further normalization of China-led security architecture in the region—even as ASEAN countries continue to host U.S. forces and partake in multilateral exercises with Western partners.

Strategic Narratives and Competitive Alternatives

Across all three stops, Xi Jinping reinforced a vision of regional integration rooted in sovereignty, non-alignment, and developmental partnership. This contrasts sharply with the values-based approach favored by the U.S. and its allies. China's messaging was that of partnership without precondition—economic opportunity without political interference, and infrastructure without conditionality.

However, the strategy is not without friction. While Beijing has refined its diplomatic playbook, many Southeast Asian states remain committed to balancing strategies. Vietnam continues to deepen ties with the U.S., Japan, and India. Malaysia, too, has expressed interest in hedging through multilateral diversification, including its participation in Indo-Pacific frameworks. Even Cambodia, while deeply aligned with Beijing, faces internal questions about dependency and sovereignty.

Conclusion: Xi's Indo-Pacific Bet

Xi Jinping's 2025 Southeast Asia tour represents a well-calibrated attempt to rewrite the rules of regional engagement. Rather than pushing for a singular China-centric bloc, Beijing is proposing a network of tailored relationships built on differentiated trust and mutual benefit. It is a vision that seeks to outlast Western influence by offering reliable, alternative models of development, governance, and partnership—especially at a time when U.S. tariff wars and strategic ambiguity sow uncertainty.

If successful, China's diplomatic architecture will not merely stabilize its periphery—it will reorient the Indo-Pacific's political gravity. But success is far from guaranteed. The credibility of Beijing's promises, the delivery of its infrastructure pledges, and the limits of its influence in contested domains like the South China Sea will all be tested. For now, Xi's bet is that Asia is ready for a new order—one shaped less by confrontation, and more by convergence on China's terms.

