

## Welcome to This Week's Asia on the Horizon

From the Sea of Japan to the Pacific Islands, this week's developments reveal an Indo-Pacific in motion—where military drills, tariff battles, and diplomatic overtures are all part of a larger strategic recalibration. In our Regional Alliances coverage, we follow China and Russia as they transform Maritime Interaction-2025 from a joint exercise into a sustained patrol presence, reinforcing a growing naval partnership. We then move south to the Philippines' exclusive economic zone, where India joined Manila for their first joint sail—shadowed by Chinese vessels and paired with the formal launch of a Strategic Partnership. In the Philippine Sea, U.S., U.K., and Japanese carrier groups trained side-by-side in their first coordinated “big deck” operation, while in the shipyards, Australia signed a landmark A\$10 billion deal for Japanese Mogami-class frigates, boosting both naval capability and industrial ties.

Our Key Developments section steps ashore to track shifting political and economic currents. Washington's imposition of 25% tariffs on Indian goods over Russian oil imports has pushed New Delhi to deepen ties with Moscow and test the waters with Beijing. ASEAN is dispatching observers to safeguard the fragile Cambodia–Thailand ceasefire, the Solomon Islands has disrupted Pacific diplomacy by excluding major powers from a key forum, and Malaysia's King made history with a Kremlin visit he called a lifelong dream. Myanmar has turned to Washington lobbyists to rebuild U.S. relations, and Xi Jinping has balanced mediation rhetoric with strategic alignment in a call to Vladimir Putin.

Our Map of the Week draws on SIPRI data to chart Indo-Pacific defense spending in 2024, highlighting the dominance of a few military heavyweights—China, India, Japan, and Russia—against the backdrop of smaller, steadily modernizing forces in Southeast Asia and Oceania. In Photo of the Week, Malaysia's royal outreach to Moscow becomes a symbol of Kuala Lumpur's evolving foreign policy. Infographic of the Week visualizes Xi's August 8 conversation with Putin, a snapshot of China's dual-track diplomacy at work.

We close with Analysis, where we explore India's post-2025 war geopolitical realignment—a shift from non-alignment to a carefully balanced multi-vector strategy, shaped by battlefield realities, trade friction, and the need to safeguard strategic autonomy. Together, these stories chart a region where alliances are tested, partnerships recalibrated, and every maneuver—whether on the water, in trade negotiations, or in state visits—carries weight on the Indo-Pacific's shifting horizon.

**ASIA ON  
THE HORIZON****BEYOND  
THE HORIZON**

## 1. KEY DEVELOPMENTS

### Maritime Interaction-2025: China–Russia Sharpen Naval Coordination in the Sea of Japan

In early August 2025, the navies of China and Russia initiated Maritime Interaction-2025, a multi-dimensional joint exercise in the Sea of Japan. The drills, conducted between August 1–5, featured coordinated artillery firing, anti-submarine warfare, air defense, and search-and-rescue operations. The exercises involved key assets such as a large Russian anti-submarine vessel, diesel-electric submarines, a Chinese submarine rescue ship, and two Chinese guided-missile destroyers—Shaoxing and Urumqi—working alongside Russian units in a synchronized maritime detachment.

On August 6, the drills culminated with a simulated detection and neutralization of an “enemy” submarine, involving Russian Il-38 maritime patrol aircraft alongside Chinese Y-8 planes and shipborne helicopter crews. The exercise demonstrated enhanced tactical interoperability and rapid-response readiness. Immediately following the drills, both navies announced the formation of a joint task force to conduct extended patrols in Asia-Pacific waters—an extension of their growing operational footprint beyond the exercise zone.

### Quieting the Border: Seoul and Pyongyang Take Reciprocal Steps to De-escalate

On August 4, 2025, South Korea’s Defense Ministry announced the commencement of removing loudspeakers placed along the Demilitarized Zone—previously used for anti-North Korea broadcasts, including news and K-pop music—as “a practical measure” aimed at easing escalating tensions with Pyongyang. The move follows a June directive by newly elected President Lee Jae-Myung to suspend such broadcasts to “restore trust,” a calculated pivot from his predecessor’s hardline posture. The dismantlement was unilateral, without prior consultation with North Korea, and the ministry emphasized that military readiness remained unaffected.

Just days later, South Korea’s Joint Chiefs of Staff reported that North Korea had begun dismantling its own propaganda loudspeakers along portions of the border—marking a rare reciprocal gesture by Pyongyang since Lee’s inauguration in June. While authorities noted it remains unclear whether the dismantlement extends across the full DMZ, the developments indicate a potential thaw amid entrenched hostilities. Still, tensions loom—the North continues to dismiss Seoul’s broader diplomatic overtures, and the annual combined military drills with the U.S., scheduled to begin August 18, threaten to reignite friction.

## Trade Flashpoint: U.S. Cracks Down on India's Russian Oil Trade

Washington Amplifies Economic Pressure Amid India's Energy Choices

In early August 2025, the United States sharply escalated its economic pressure on India by linking trade policy to New Delhi's continued purchases of Russian oil. On August 3, Stephen Miller—Deputy Chief of Staff and a highly influential aide to President Trump—accused India of “effectively financing Russia's war in Ukraine” through its oil trade with Moscow. Just a day later, Trump himself declared his intention to “substantially raise the Tariff paid by India to the USA,” claiming India not only buys vast volumes of discounted Russian crude but also resells it for profit while ignoring the humanitarian toll of the war.

New Delhi swiftly rejected the U.S. criticism as “unjustified and unreasonable,” reaffirming its right to safeguard its economic security amid volatile global energy markets. Analysts note that while India's economy might endure the higher tariffs—with Nomura projecting only a modest impact on growth—the geopolitical stakes are significant. Russia remains a critical defense and energy partner, and India's multipolar foreign policy emphasizes autonomy amid this emerging pressure point.

## First India–Philippines Naval Sail: Subtle Pushback in the South China Sea

On August 3–4, 2025, India and the Philippines conducted their first-ever joint naval sail in the disputed South China Sea—a two-day Maritime Cooperative Activity (MCA) within the Philippines' exclusive economic zone. Participating vessels included Indian Navy destroyer INS Delhi, tanker INS Shakti, and corvette INS Kiltan, alongside the Philippine frigates BRP Miguel Malvar and BRP Jose Rizal. The exercise encompassed rendezvous maneuvers, communication drills, air-defense coordination, and tactical maritime maneuvers, showcasing enhanced interoperability and signalling a deeper strategic alignment. Although the operation passed peacefully, Philippine military chief General Romeo Brawner reported that Chinese vessels shadowed the exercise—an expected move given the sensitive context.

The joint naval activity was paired strategically with Philippine President Marcos' state visit to India, during which both nations elevated their relations to a formal strategic partnership—spanning defense, maritime security, trade, digital cooperation, and space initiatives. The exercise underscores India's evolving posture in Southeast Asia, positioning New Delhi as a more assertive maritime actor capable of reinforcing the sovereignty and deterrence of like-minded democracies amid growing concerns over Beijing's assertiveness.

## India–Philippines Strategic Pact: A New Compass for Indo-Pacific Alignment

On August 5, 2025, in New Delhi’s Hyderabad House, Prime Minister Narendra Modi and President Ferdinand “Bongbong” Marcos Jr. delivered a landmark joint press statement declaring the elevation of bilateral ties to a Strategic Partnership. The statement underscored a shared commitment to reinforcing cooperation across defense, maritime security, digital technology, science and space, trade, infrastructure, and people-to-people linkages. It comes tied explicitly to broader ambitions for a stable, inclusive, rules-based Indo-Pacific and ASEAN-centred order. The declaration was paired with the unveiling of a Plan of Action (2025–2029), institutionalizing engagement mechanisms across defense, technology, trade, and connectivity—signifying a qualitative shift in Indo-Philippine diplomacy.

The visit spotlighted concrete strategic and economic underpinnings of the new partnership. The Philippines recently acquired India’s BrahMos supersonic missile system, marking a symbolic and tactical deepening of defense ties—one recognized explicitly by Modi as a marker of “deep mutual trust.” Beyond weaponry, New Delhi and Manila are actively negotiating submarine infrastructure development, enhancing the Philippines’ maritime deterrence and domain awareness. To complement the strategic architecture, both countries announced visa-free entry for tourists and will soon inaugurate direct Delhi–Manila flights—aimed at building societal and diplomatic bridges that extend well past security corridors.

## Foreign Fronts: Zelenskiy Flags Broad Mercenary Involvement in Russia’s Offensive

During a frontline briefing in the northeastern Kharkiv region, Ukrainian President Volodymyr Zelenskiy raised alarms over the presence of foreign “mercenaries” fighting alongside Russian forces. Specifically, troops from China, Pakistan, Tajikistan, Uzbekistan, and several African countries were said to be deployed in combat operations near Vovchansk. He reaffirmed earlier accusations that Russia has recruited Chinese nationals—claims that Beijing repeatedly denied—and called for Ukraine to respond decisively to this evolving threat. North Korean forces were also reported to be fighting on Russia’s behalf in the Kursk region.

Although details surrounding recruitment mechanisms remain murky, the inclusion of fighters from China and beyond suggests escalating international complications in Russia’s war strategy. The spread of mercenary involvement intensifies scrutiny on Beijing’s neutrality—especially following earlier allegations regarding Chinese recruitment and U.S. intelligence confirming hundreds of Chinese mercenaries operating in Ukraine. This development adds pressure to global diplomatic narratives: while Moscow contends with manpower shortages, Kyiv—and its partners—must now account for the diversity of Russia’s support base, further complicating prospects for de-escalation.

## **SEA 3000: Japan's Mogami-Frigate Deal Signals Strategic Surge in Indo-Pacific**

In a remarkable shift in regional defense dynamics, Australia has awarded Japan's Mitsubishi Heavy Industries a historic A\$10 billion (US\$6.5 billion) contract to build 11 upgraded Mogami-class frigates, making it Japan's largest defense export since lifting its postwar arms ban in 2014. The vessels—capable of submarine hunting, surface warfare, and air defense with a 10,000 nautical mile range and a highly automated crew of just 90—will initially be constructed in Japan, followed by local production in Western Australia to support the national shipbuilding industry.

Beyond modernizing its surface fleet, Australia's acquisition is a calculated reinforcement of its maritime posture amid growing Chinese assertiveness across the Indo-Pacific. The Mogami deal complements multilateral defense initiatives like AUKUS and signals deepening trilateral interoperability with Japan and the U.S.. Economically, the agreement is projected to generate over 10,000 skilled jobs in Western Australia and catalyze a long-term industrial partnership, delivering surface combatants years ahead of schedule and helping to double the Navy's fleet in the coming decade.

## **Big Deck Display: U.S., U.K., and Japan Synchronize Carrier Operations in Philippine Sea**

In early August 2025, U.S. warships joined forces with the U.K.'s Carrier Strike Group and Japan's Kaga Task Group for the first time to conduct coordinated "big deck" drills in the Philippine Sea—a powerful signal of enhanced maritime interoperability among key security partners. The exercise brought together aircraft carriers and accompanying vessels from the three nations in a complex series of maneuvers, positioning maritime presence deep within the contested Indo-Pacific theater.

This development underscores the growing synergy in U.S.-U.K.-Japan naval collaboration, reflecting elevated threat perceptions across maritime Asia—from the East and South China Seas to Taiwan's surrounding waters. Although not a formal expansion of existing AUKUS or Quad frameworks, the joint exercises represent tangible coordination in carrier capability and operational reach, situating the trio as a forward maritime deterrent amid intensifying regional competition.

## Flashpoint Fallout: Trump Elevates Trade Pressure on India Over Russian Oil

On August 6, 2025, U.S. President Donald Trump announced a sweeping escalation in trade sanctions against India, imposing an additional 25% tariff atop an existing 25% levy, resulting in a cumulative 50% duty on a range of exports—including textiles, footwear, and jewelry. The punitive measure, justified by Washington as a response to India's continued purchases of discounted Russian oil amid the Ukraine conflict, marks a sharp rupture in their relationship. Implemented in stages over the coming weeks, the tariffs will directly impact roughly half of India's U.S.-bound shipments and are poised to significantly trim its growth trajectory, with economists projecting GDP growth could fall below the 6% mark.

Rather than filter through lines of dialogue, the tariffs have unleashed a wave of political backlash across India. Opposition figures and the public have rallied, labeling Washington's demands as coercive and unjust—especially given U.S. continued trade ties with Russia in sectors like uranium and fertilizers. Diplomatic tensions are escalating beyond economics, encompassing migration, technology visas, and even allegations of cross-border political intrigue. As New Delhi reassesses its strategic posture, analysts warn the fallout could unravel two decades of partnership foundation and accelerate its pivot toward alliances with BRICS and Beijing.

## Tariff Threat 2.0: Trump Signals Escalation Toward China

On August 6, 2025, U.S. President Donald Trump hinted at expanding his aggressive “secondary sanctions” strategy beyond India, whose tariffs were already raised to 50%, to potentially include China—another major consumer of Russian oil. While specifics weren't disclosed, Trump indicated that Beijing could face similar punitive duties if they continue trading with Moscow, signaling a new phase in U.S. economic coercion aimed at isolating Russia and pressuring countries that support its energy lifeline.

This development significantly raises the stakes in global trade geopolitics. Imposing secondary tariffs on China—like those imposed on India—would mark a seismic shift in the use of tariffs as instruments of national security, targeting not only direct adversaries but also economic partners deemed complicit in strategic conflicts. Such a move risks fueling a broader trade war, disrupting global supply chains, and fracturing alliances. It underlines the growing complexity of the Indo-Pacific, where energy diplomacy, defense posturing, and economic coercion increasingly intertwine.



## **Diplomatic Reset: Modi Heads to China Amid Soaring U.S. Tensions**

Indian Prime Minister Narendra Modi is set to visit China from August 31 to September 1, 2025, to participate in the Shanghai Cooperation Organisation (SCO) summit in Tianjin—marking his first trip to the country since the 2018 Galwan Valley clash. The visit unfolds amid escalating friction in U.S.–India ties, triggered by President Trump’s imposition of 50% tariffs on Indian goods in response to New Delhi’s continued purchase of Russian oil.

Modi’s trip signals a strategic recalibration, with India seeking to diversify diplomatic and economic alliances amid rising U.S. pressure. Ahead of the summit, high-level visits—including those by National Security Advisor Ajit Doval and Foreign Minister S. Jaishankar—to China suggested a more deliberate pursuit of engagement. The SCO agenda is expected to spotlight contentious issues such as terrorism, oil diplomacy, and regional balances involving China and Pakistan, offering Modi a platform to assert India’s autonomy amid polarization.

## **ASEAN Steps In: Observers Deployed to Keep Cambodia–Thailand Border Quiet**

Following a brutal five-day conflict in late July that claimed at least 43 lives and displaced over 300,000 civilians, Cambodia and Thailand have agreed to allow ASEAN military observers to monitor the fragile ceasefire along their contested border. The observers—each country hosting its own team led by Malaysia and stationed within national boundaries to respect sovereignty—are part of an effort to restore trust and prevent renewed hostilities. The agreement was struck during four days of high-level talks in Kuala Lumpur, which also saw representatives from China and the United States present in a gesture of regional concern. Complementing the deployment, both defense ministries committed to further military-to-military dialogue in the coming weeks to strengthen communication and prevent future escalations.

This breakthrough comes amid complex diplomacy—China and Malaysia had previously urged restraint, but it was a direct call by U.S. President Donald Trump, pledging to pause tariff negotiations until peace was secured, that finally convinced both sides to negotiate. As the ceasefire takes hold, ASEAN’s role in deploying observers highlights the bloc’s capacity to mediate, even as external actors exert strategic pressure. The deployment represents a cautious but tangible step toward regional stability, though lingering mistrust—especially around unresolved prisoner and mine-related issues—underscores the fragile nature of the truce.

## **Pacific Rift: Solomon Islands Bars U.S., China, and Taiwan from Regional Forum**

In an unexpected and provocative move, Solomon Islands Prime Minister Jeremiah Manele announced that 21 donor countries—including the United States, China, and Taiwan—will be excluded from the upcoming Pacific Islands Forum summit, scheduled to take place in Honiara this September. Manele justified the decision by citing an incomplete review of diplomatic relationships, disclaiming any external coercion. While the World Bank, Asian Development Bank, and civil society groups will still attend, the exclusion of key partners marks a striking moment in Pacific diplomacy, reshaping the region’s engagement frame.

Observers interpret the exclusion as influenced by Beijing’s push to isolate Taiwan, reflecting a geopolitical tug-of-war in the resource-sensitive, aid-dependent Pacific. Critics—including opposition voices within the Solomons and leaders like Marshall Islands President Hilda Heine—warn the move risks fragmenting regional solidarity, with China potentially exploiting bilateral side meetings to deepen its inroads. Amid intensifying U.S.–China rivalry, the decision highlights the struggle between maintaining forum unity and asserting nationalist control over the region’s diplomatic course.

## **India–Russia Strengthen Strategic Partnership Amid U.S. Tariff Pressure**

Following a sharp escalation in U.S. tariffs—now totaling 50% on Indian exports claimed to punish continued purchases of Russian oil—India and Russia reaffirmed their Special & Privileged Strategic Partnership. During bilateral security consultations in Moscow, Indian National Security Adviser Ajit Doval and Russian Security Council Secretary Sergei Shoigu emphasized ongoing collaboration across defense, energy, and broader regional security areas. The reaffirmation comes amid Western pressure, and Modi invited President Putin to attend India’s 23rd annual summit later this year as a signal of committed strategic alignment.

Resisting U.S. economic coercion, New Delhi defended its sovereign right to make independent trade decisions, including energy sourcing. India has hinted at pausing planned arms procurement from the U.S. in response to the tariffs, signaling a potential recalibration of its defense partnerships. The conversation between Modi and Putin was described as “very good,” reinforcing India’s commitment to autonomy in foreign policy and suggesting a more multipolar strategic posture amid widening global tensions.



## **Diplomatic Flourish: Malaysia's Monarch Visits Putin in "Dream" Moment**

On August 6, 2025, Malaysia's King Sultan Ibrahim Iskandar made history as the first Malaysian monarch to visit Russia, holding a state meeting at the Kremlin with President Vladimir Putin. In an emotionally charged moment, the King called the encounter a realisation of a lifelong ambition, praising Putin's "strength, vision and resilience" during what he described as his "dream meeting." The visit follows Prime Minister Anwar Ibrahim's state trip earlier this year, underscoring Kuala Lumpur's renewed effort to deepen diplomatic and economic ties with Moscow amid shifting trade and sanctions dynamics.

For Malaysia, the visit signals a subtle but significant pivot in its international posture. With U.S. tariffs increasingly biting regional exporters, Kuala Lumpur is exploring broader global partnerships—not just with traditional Western allies, but also with Russia, which is seeking new economic partners amid Western sanctions. The King's visit aligns with this broader trend of non-Western symmetry and illustrates Malaysia's strategic intent to balance relationships across great-power divides.

## **Strategic Reaffirmation: India–Russia Deepen Ties Amid U.S. Tariff Escalation**

On August 7, India's National Security Adviser (NSA) Ajit Doval met face-to-face with Russian Security Council Secretary Sergei Shoigu in Moscow, where both sides reaffirmed their "comprehensive strengthening of the joint strategic partnership" amid a sharp escalation in U.S. tariffs on Indian exports linked to continued Russian oil imports.

The following day, Doval met with President Vladimir Putin at the Kremlin—underscoring New Delhi's continued prioritization of bilateral ties even as external pressures mount. During their discussions, Doval and Shoigu finalized plans for President Putin's visit to India later this year, targeting deepened cooperation in defense and counterterrorism. These high-level talks signal India's intent to maintain strategic autonomy and strengthen defense-industrial collaboration—potentially including S-400 missile systems and aerospace ventures—even as its geopolitical tensions with Washington intensify.

## Playing With Fire: China Condemns Marcos over Taiwan Comment

On August 8, 2025, China's Foreign Ministry sharply rebuked the Philippines for "playing with fire" after President Ferdinand Marcos Jr. stated during a state visit to India that the Philippines would be drawn into any conflict between the U.S. and China over Taiwan—citing its geographic proximity and the sizable Filipino population on the island. China framed the comment as interference in its internal affairs and called on Manila to respect the one-China principle. The ministry also emphasized that proximity and diaspora presence are not valid justifications for regional intrusion.

The comment accentuates emerging fault lines in Southeast Asia's geopolitical architecture. By suggesting Manila could be compelled into a Taiwan conflict, Marcos signaled a degree of strategic affinity with U.S. deterrence postures—even at the expense of provoking Beijing. The reaction from China underscores a growing intolerance toward Southeast Asian security statements—even nominal ones—that deviate from the one-China narrative. This episode deepens concerns about how domestic politics, diaspora considerations, and territorial proximity intersect with great-power rivalry risks.

## Diplomatic Overture: Myanmar Contracts U.S. Lobbyists Amid Political Inflection

On July 31, 2025, Myanmar's Ministry of Information signed a \$3 million-per-year lobbying agreement with U.S.-based DCI Group under the Foreign Agents Registration Act (FARA). The deal, agreed upon the same day as the military junta nominally transferred power to a civilian-led interim government, is aimed at rebuilding relations with the United States, focusing on trade, natural resources, and humanitarian relief. The interim administration, however, remains under the control of military chief Min Aung Hlaing, who continues to occupy pivotal posts as acting president and army commander.

This engagement is significant, marking a concerted effort by Myanmar to recalibrate its diplomatic posture amid international isolation. The DCI Group's managing partners include former Trump administration officials—underscoring a strategic alignment with U.S. interlocutors as President Trump executes aggressive trade measures globally. Among these, threats of new tariffs on Myanmar were issued directly to Min Aung Hlaing, prompting the junta to request lower rates and possible sanctions relief.

## **Diplomatic Currents: Xi Endorses U.S.–Russia Outreach While Bolstering Sino-Russian Ties**

In a phone call with Russian President Vladimir Putin on August 8, 2025, Chinese President Xi Jinping welcomed the resumption of communication between Russia and the United States, emphasizing China's preference for a political settlement to the Ukraine conflict. The call—initiated at Putin's request—came as the Kremlin prepared for a potential summit with U.S. President Donald Trump, who has advocated ending the war while threatening tariffs on nations importing Russian oil, including China. Chinese state media underscored that Beijing considers its trade with Russia "just and legitimate" and would continue safeguarding its energy security pursuant to its national interests.

Xi's outreach underscores China's dual-track diplomacy: promoting de-escalation with the West while reaffirming Moscow as a steadfast strategic partner. Occurring just before a flurry of diplomatic engagement by Putin—with leaders like Modi and other BRICS counterparts—this gesture reinforces Beijing's role as both mediator and ally in an evolving global order.

## **Strategic Overture: Putin Engages BRICS, China, and India Ahead of Trump Summit**

On August 8, 2025, Russian President Vladimir Putin launched a series of diplomatic outreach calls, briefing leaders from China, India, several ex-Soviet states, and Brazil on his recent contact with U.S. President Donald Trump's envoy, Steve Witkoff—part of preparations for an upcoming Trump–Putin summit aimed at resolving the Ukraine conflict. Chinese President Xi welcomed renewed U.S.–Russian dialogue, reaffirming Beijing's support for a political resolution and its partnership with Moscow.

Simultaneously, Indian Prime Minister Modi reaffirmed the "Special and Privileged Strategic Partnership" with Russia and invited Putin to India's upcoming summit, signaling New Delhi's intention to maintain autonomous engagement in global diplomatic currents. This concerted outreach underscores Russia's efforts to fortify its strategic alliances amid a thawing with Washington, while also suggesting an emerging multipolar matrix in which BRICS and regional powers assert their influence beyond Western-led frameworks.

## Economic Shift: Germany's Trade Balance Tilts Toward China

In the first half of 2025, Germany's total trade with China surged to approximately €122.8 billion—nearly matching its trade volume with the United States, which stood at €125 billion. The tightening gap reflects a sharp 3.9% slide in German exports to the U.S., driven by the imposition of new 15% tariffs under the Trump administration. Economists at Commerzbank suggest that continued tariff pressure could shrink these exports by 20–25% over the next two years, potentially allowing China to reclaim its long-held position as Germany's largest trading partner.

The shift underscores broader structural challenges within Germany's industrial economy. Imports from China grew 10.7%, reaching €81.4 billion, signaling strong consumer and industrial demand for Chinese goods—including those redirected from U.S. markets and made more competitive by a weakened yuan. However, German exports to China fell 14.2%, widening the bilateral trade deficit to a record €40 billion, deepening concerns around industrial competitiveness amid an already fragile recovery.

## 2. STATISTICS OF THE WEEK

### Trade Crossroads: India and EU Converge on Russia Ties, Diverge on U.S. Tariff Fate

In 2024, bilateral trade with Russia for India and the European Union reached near parity—\$69.2 billion for India and \$72.5 billion for the EU—yet the trajectories could not be more different. The EU’s trade volume has plunged to roughly a quarter of pre-Ukraine invasion levels, while India’s has surged more than five-fold since 2021, largely driven by purchases of discounted Russian oil shunned by Western markets. Against this backdrop, India’s foreign ministry has denounced “unequal treatment” in U.S. trade policy. Brussels has secured a tariff-cutting trade deal with Washington, reducing duties to 15% in exchange for concessions, but New Delhi faces a baseline 25% tariff from the end of this week and the threat of punitive rates of up to 100% over its Russia trade. President Donald Trump said Monday that a decision would be announced Friday.

India maintains its stance of non-alignment, framing Russian oil imports as a pragmatic move to secure low-cost energy for its population. However, Washington and its allies argue that New Delhi’s purchases represent a significant financial lifeline for Moscow, prolonging the Ukraine war. Critics also question the EU’s claim of having no viable alternatives to Russian fossil fuels, pointing to its continued import dependence even as it pledges to end Russian gas imports by 2027. The juxtaposition of India’s surging Russia trade and the EU’s slower pivot away from Moscow underscores the geopolitical double standards at play—and raises the stakes ahead of Washington’s looming tariff decision.



<https://www.statista.com/chart/34940/bilateral-trade-with-russia-india-eu/>

### 3. MAP OF THE WEEK

#### Indo-Pacific Military Spending

SIPRI data for 2024 reveals stark disparities in Indo-Pacific defense budgets, underscoring the region's evolving security balance. China dominates regional spending at \$317.56 billion, over twice Russia's \$150.53 billion, and nearly four times India's \$83.62 billion. Japan (\$58.40 billion) and South Korea (\$48.47 billion) follow, each sustaining high-technology forces aimed at countering regional threats.

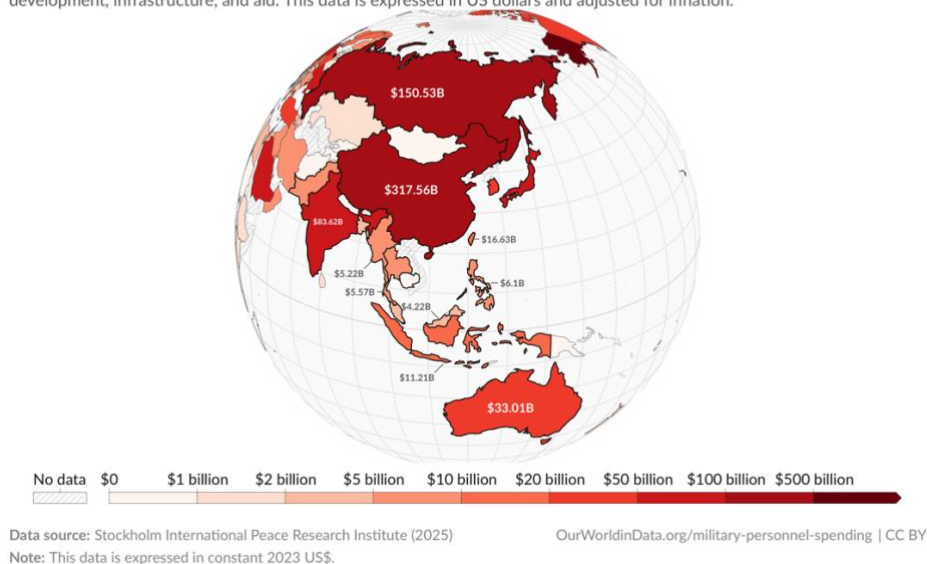
Middle-tier spenders like Australia (\$33.01 billion), Singapore (\$14.60 billion), and Indonesia (\$11.21 billion) are modernizing navies and air forces to strengthen deterrence. At the lower end, Pakistan (\$8.18 billion), the Philippines (\$6.10 billion), Thailand (\$5.57 billion), Malaysia (\$4.22 billion), Bangladesh (\$3.93 billion), and New Zealand (\$2.96 billion) maintain smaller but strategically relevant forces, often focused on territorial defense and niche capabilities.

This distribution illustrates a pronounced concentration of military power among a handful of large states, while smaller nations rely on targeted investments and alliances to offset capability gaps. Together, these budgets reflect both the region's intensifying strategic competition and the diversity of approaches to national defense in a contested maritime environment.

#### Military spending, 2024

Includes military and civil personnel, operation and maintenance, procurement, military research and development, infrastructure, and aid. This data is expressed in US dollars and adjusted for inflation.

Our World  
in Data



<https://ourworldindata.org/military-personnel-spending>



## 4. PHOTO OF THE WEEK

### Malaysia's King Meets Putin in Historic Kremlin Visit

On August 6, 2025, Malaysia's King Sultan Ibrahim Iskandar became the first Malaysian monarch to visit Russia, meeting President Vladimir Putin at the Kremlin in a landmark moment for bilateral ties. Calling the encounter the fulfilment of a lifelong dream, the King lauded Putin's "strength, vision and resilience" in remarks that blended personal admiration with diplomatic symbolism. The visit follows Malaysian Prime Minister Anwar Ibrahim's own state trip earlier this year, further underscoring Kuala Lumpur's intent to strengthen economic and political links with Moscow despite the shifting global sanctions landscape.

The King's trip marks a notable adjustment in Malaysia's foreign policy posture. As U.S. tariff measures increasingly impact Southeast Asian exporters, Kuala Lumpur is diversifying its strategic partnerships beyond its traditional Western orientation—Russia being a key focus as it seeks new allies under Western sanctions. The symbolism of the royal visit sits within a wider regional pattern of non-Western alignment, reflecting Malaysia's aim to maintain flexibility and balance amid intensifying global great-power rivalries.



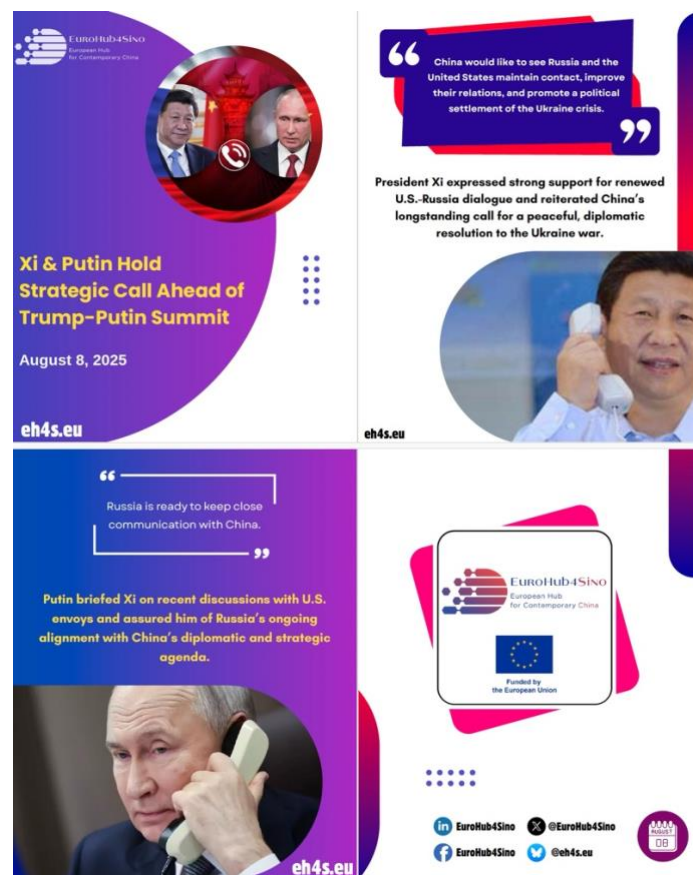
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## 5. INFOGRAPHIC OF THE WEEK

### Xi–Putin Call Signals Dual-Track Diplomacy

On August 8, 2025, Chinese President Xi Jinping spoke with Russian President Vladimir Putin in a call aimed at reinforcing strategic coordination ahead of a possible Trump–Putin summit. Xi welcomed the revival of U.S.–Russia communication, voicing support for a political resolution to the Ukraine war, and reiterated China’s stance that its energy trade with Moscow is “just and legitimate.” The outreach came as Washington threatened steep tariffs on Chinese imports over its Russian oil purchases, framing Beijing’s continued engagement as a matter of national energy security.

Initiated at Putin’s request, the conversation also saw the Russian leader brief Xi on his recent U.S. contacts, affirming Moscow’s commitment to aligning with China’s diplomatic and strategic objectives. Occurring just before Putin’s engagements with Indian Prime Minister Modi and other BRICS leaders, the call reflects Beijing’s calibrated two-track approach: advocating de-escalation with the West while deepening ties with Moscow, positioning itself as both mediator and ally in a shifting multipolar landscape.



[https://www.linkedin.com/posts/eurohub4sino\\_xi-putin-hold-strategic-call-ahead-of-trump-activity-7359598079429251072-B\\_1E?utm](https://www.linkedin.com/posts/eurohub4sino_xi-putin-hold-strategic-call-ahead-of-trump-activity-7359598079429251072-B_1E?utm)

## 6. REGIONAL ALLIANCES

### Expanding Maritime Partnerships and Strategic Posturing in Indo-Pacific

Early August 2025 marked a recalibration in Indo-Pacific maritime strategy. As great powers sharpened their naval postures—from deepening China–Russia unity to Indian outreach in Southeast Asia—new layers of cooperation and deterrence are emerging. These developments are driven by regional friction, trade uncertainties, and alliance positioning. What follows is an enriched look at four pivotal developments reshaping the maritime landscape.

#### China–Russia: Maritime Interaction-2025 — From Joint Drills to Sustained Patrols

Between August 1–5, the Maritime Interaction-2025 exercises cemented China and Russia's strengthening naval bond in the Sea of Japan. The drills included artillery strikes, anti-submarine warfare (ASW), air-defense drills, and coordinated search-and-rescue missions involving diesel-electric submarines, guided-missile destroyers Shaoxing and Urumqi, and China's submarine rescue ship. The climax of the operation—a “kill” of a simulated enemy submarine—was executed with precision using Russia's Il-38 patrol aircraft and China's Y-8 ASW planes alongside helicopter units.

Only days later, both navies announced the formation of a joint task force to conduct extended patrols across Asia-Pacific waters, signaling a shift from episodic exercise to enduring maritime presence. Beijing framed these operations as routine bilateral cooperation, dismissing Western concerns, while Tokyo flagged the intensified China–Russia cooperation as a serious security challenge.

#### India–Philippines: From First Joint Sail to Strategic Partnership

On August 3–4, the Philippine and Indian navies embarked on their first joint sail in the South China Sea, navigating drills within the Philippines' exclusive economic zone. Participating vessels included India's INS Delhi destroyer, INS Shakti tanker, and INS Kiltan corvette, along with Philippine frigates BRP Miguel Malvar and BRP Jose Rizal. The shared maneuvers—covering air-defense coordination, tactical formation, and replenishment drills—bolstered both interoperability and signal projection. Even as the exercise remained peaceful, Chinese vessels shadowed the activity, prompting Beijing to condemn the involvement of a “third party”.

This naval activity coincided with Philippine President Marcos Jr.'s visit to India, during which both nations formalized their Strategic Partnership, extending beyond defense to trade, space, and digital ties. In strategic terms, these moves reflect India's expanding engagement in the South China Sea and New Delhi's emerging role as a regional security anchor.

## **U.S.–U.K.–Japan: Forward Maritime Deterrence in the Philippine Sea**

In parallel, U.S. warships joined the U.K.’s Carrier Strike Group and Japan’s Kaga Task Group for the first-ever “big deck” drills in the Philippine Sea. This high-profile collaboration demonstrated combined carrier capabilities through complex maneuvers, symbolizing expanded maritime coordination among these democracies. Though not officially under AUKUS or Quad, the exercises materially strengthened deterrence near volatile East Asia shipping routes and foreshadowed deepening interoperability among allied forces.

## **Australia–Japan: SEA 3000 — Industrial Scale-Up Anchoring Strategic Depth**

In a landmark move, Australia awarded a A\$10 billion (US\$6.5 billion) contract to Japan’s Mitsubishi Heavy Industries for 11 Mogami-class frigates—Japan’s largest-ever defense export post its arms ban repeal. Designed for ASW, surface warfare, and long-endurance missions, these vessels will be built partly in Western Australia, creating over 10,000 jobs and bolstering the Australian defense industrial base.

Strategically, this acquisition accelerates Australia’s naval modernization and complements multilateral frameworks like AUKUS, fostering deeper defense alignment with Japan and the U.S.

## **Conclusion**

These developments illustrate distinct trajectories shaping the Indo-Pacific’s maritime future. On one side, China and Russia are consolidating projection capability through persistent patrols. On the other, India and the Philippines, alongside established alliances like U.S.–U.K.–Japan and Australia–Japan, are expanding maritime partnerships aimed at preserving freedom of navigation and countering coercion. Together, these shifting alliances reflect a region increasingly defined by balancing habits—from deterrence and collaboration to evolving industrial foundations.

## 7. ANALYSIS

### **India's Post-2025 War Geopolitical Realignment**

The brief but intense May 2025 war in Kashmir—sparked by the Pahalgam terrorist attack on Indian tourists and India's retaliatory Operation Sindoor—proved to be more than a border skirmish. It was a geopolitical stress test that reshaped India's relations with the world's major powers. The conflict exposed the limits of old partnerships, deepened new strategic alignments, and clarified New Delhi's security calculus. Responses from Washington, Beijing, and Moscow—along with the diplomatic ripples in multilateral forums—have since informed a recalibration of India's military, economic, and diplomatic posture.

### **India–U.S. Relations: Strength in Strategic Convergence, Caution in Trust**

Post-war, India emerged more strategically aligned with the United States, even if Washington's initial "hands-off" approach rankled New Delhi. President Trump's early remarks that India and Pakistan would "sort it out" were perceived in South Block as an abdication of responsibility—until behind-the-scenes U.S. crisis management helped secure the May 10 ceasefire. Crucially, Washington's designation of The Resistance Front as a terrorist organisation marked a rare alignment with India's narrative on Pakistan-backed terrorism.

The July 2025 Quad foreign ministers' meeting—condemning "cross-border terrorism" without naming Pakistan—symbolised this convergence. However, Trump's public claims of brokering the ceasefire and his cordial reception of Pakistan's Army Chief soon after tested India's trust. The lesson for New Delhi: the U.S. is indispensable for countering China and boosting defense modernisation, but India must safeguard strategic autonomy to avoid over-reliance.

### **India–China Relations: From Wariness to Open Rivalry**

If the U.S. emerged as a cautious partner, China emerged as an unambiguous adversary. Beijing's rhetorical neutrality masked active backing for Islamabad, from shielding Pakistan at the UN to providing advanced J-10C fighters and PL-15 missiles that bested some of India's top aircraft. Reports of real-time Chinese intelligence support to Pakistan deepened concerns of a future two-front war.

Beyond the battlefield, the war worsened already fraught ties over Ladakh, Tibet's succession question, and influence in the Global South. Multilateral settings like the SCO and BRICS became arenas for obstruction, with China watering down or blocking terrorism references. The net effect: New Delhi now treats Beijing as an active strategic competitor to be counterbalanced through the Quad, Indo-Pacific maritime partnerships, and economic decoupling where feasible.

### **India–Russia Relations: Enduring Ties, Tempered Expectations**

Longstanding India–Russia ties endured the crisis but revealed political limits. Putin's swift condemnation of the Pahalgam attack earned goodwill, but Moscow's offer to



mediate—and its neutral public stance once fighting began—signalled a reluctance to alienate Pakistan or its close ally China.

While Russian-supplied systems like the S-400 proved invaluable in air defense, the war reinforced that Moscow will not unconditionally back India on Pakistan-related disputes. With Russia increasingly dependent on China amid Western sanctions, India recognises the need to hedge—maintaining defense cooperation and energy trade with Moscow while diversifying suppliers and reinforcing indigenous capabilities.

### **Multilateral Forums: Divergent Outcomes**

The conflict underscored the stark contrast between China-leaning and Western-leaning groupings. In the SCO and BRICS, India's push for strong anti-terror language was blocked or diluted, highlighting the entrenched China–Pakistan axis. Conversely, the Quad and G7 offered explicit condemnation and strategic sympathy, even if public calls for restraint remained.

Regionally, Pakistan tightened its embrace of China while probing a limited reset with Washington. India, in turn, adopted a “new normal” doctrine of disproportionate retaliation for terror attacks—a stance cautiously accepted by most partners but opposed by Beijing and viewed warily in Moscow.

### **Conclusion: Multi-Alignment in a Polarised World**

The 2025 Kashmir war accelerated India's shift from traditional non-alignment toward calibrated multi-alignment. Ties with the U.S. are closer than ever, framed by shared interests in countering China, yet carefully managed to preserve independence. Relations with Beijing have hardened into sustained rivalry, while the Russia partnership continues—anchored in defense and energy—albeit with more pragmatic expectations.

In multilateral arenas, India is more willing to align with Western democracies when its core interests are at stake, even as it keeps a seat at China-influenced tables to counter rival narratives. The strategic outcome is an India more militarily assertive, diplomatically nimble, and economically diversified—positioning itself as both a voice of the Global South and a pillar of the rules-based order. The durability of this posture will be tested in the next regional crisis, but the post-2025 recalibration has already redefined India's place in a rapidly polarising global landscape.