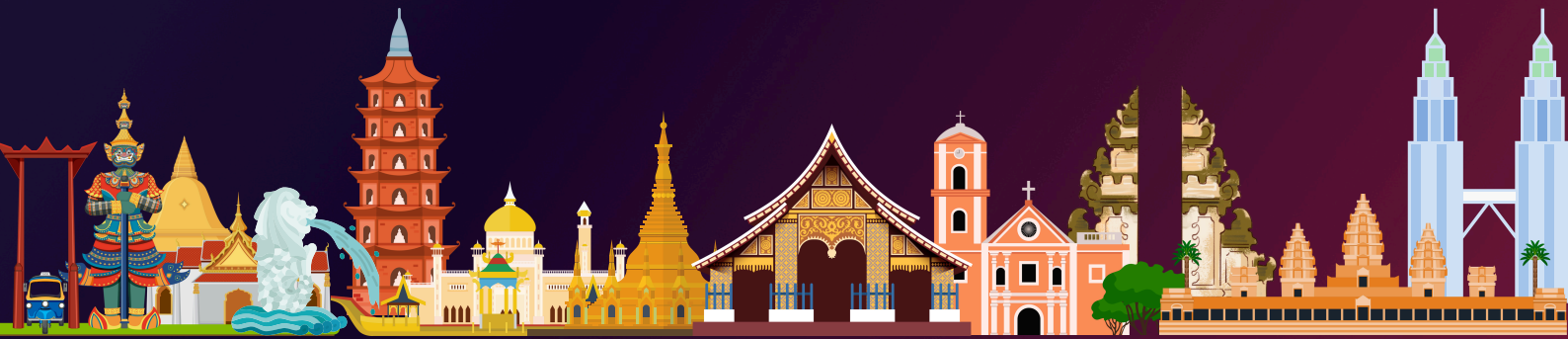




ROYAL UNIVERSITY OF PHNOM PENH

# CAMBODIAN REVIEW OF SOUTHEAST ASIA

2024



IISPP  
INSTITUTE FOR INTERNATIONAL  
STUDIES AND PUBLIC POLICY

CENTER FOR SOUTHEAST ASIAN STUDIES

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# The Contributors

## Editors

**Dr. Po Sovinda** is the Designated Director of the Center for Southeast Asian Studies (CSEAS) of the Institute for International Studies and Public Policy (IISPP), Royal University of Phnom Penh.

**Mr. Long Sovitou** is a Junior Researcher at the Center for Southeast Asian Studies and a Lecturer at the Institute for International Studies and Public Policy, Royal University of Phnom Penh.

**Ms. Meung Chansomanita** is a Junior Researcher at the Center for Southeast Asian Studies and a Lecturer at the Institute for International Studies and Public Policy, Royal University of Phnom Penh.

**Ms. Cheng Ousa** is a Junior Researcher at the Center for Southeast Asian Studies and a Lecturer at the Institute for International Studies and Public Policy, Royal University of Phnom Penh.

**Ms. Chhun Phalanady** is a Junior Researcher at the Center for Southeast Asian Studies and a Lecturer at the Institute for International Studies and Public Policy, Royal University of Phnom Penh.

**Mr. Keo Sokkosol** is a Junior Researcher at the Center for Southeast Asian Studies and a Lecturer at the Institute for International Studies and Public Policy, Royal University of Phnom Penh.

## Editorial Board Advisors

**Dr. Neak Chandarith** is the Designated Director of the Institute for International Studies and Public Policy (IISPP), Royal University of Phnom Penh.

**Dr. Yun Kea** is the Deputy Director in charge of Research and Development of the Institute for International Studies and Public Policy (IISPP).

**Dr. Lak Chansok** is a Senior Lecturer of International Relations and Master's Program Coordinator at the Institute for International Studies and Public Policy (IISPP).

## Layout Designer

**Long Sovitou**

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## The Authors

Keo Sokkosol

Hok Srunheng

Khim Sotheara

Thorng Pisethvisal

Ly Rachana

Pech Posocheata

Meung Chansomanita

Pheng Thean

Lim Cheamara

Kuch Sonika Bun

Lim Ponleu

Minith Mey

Nguon Socheata

Sou Sathiakvatey

Poun Raksmeypanhapich

Poun Huyching

Long Sovitou

Thai Sreyvin

Ngoun Sovannmakara

Chheam Seakmey

Chum Sothealeap

Sopheaktra Chhempich

Khim Tepsopheaktra

Try Lykeang

Chhun Phalanady

Bou Nisa

Ngov Sodanet

Hol Theaneth

Cheng Ousa

## ASEAN

**Keo Sokkosol, Khim Sotheara, and Ly Rachana**

### **Introduction**

This review of Southeast Asia, mainly focusing on ASEAN, reports on its three community pillars: Political-Security Community, Economic Community, and Socio-Cultural Community. In the Political-Security pillar, ASEAN leaders have taken several steps to enhance regional security and stability. Currently, the conflict in Myanmar is still ongoing, and the Code of Conduct (CoC) remains a divisive issue for ASEAN to address the South China Sea dispute. Furthermore, ASEAN continues to strengthen its resilience against external challenges and promote regional cooperation. The ongoing conflict between Russia and Ukraine, as well as Israel and Hamas, are still emerging as regional concerns for ASEAN member states. In terms of diplomatic relations, ASEAN has made significant progress in strengthening its relationship with the United States, European Union, South Korea, Japan, India, and Australia. Meanwhile, Timor-Leste is moving closer towards full membership in the 10-nation bloc.

This year marked a pivotal moment for ASEAN in the Economic Community. It aims to strengthen regional ties and foster global relationships by enhancing economic connectivity through promoting investment, free trade, and cooperation in response to global challenges. By prioritizing inclusive growth, digital transformation, and sustainable development, ASEAN supports small and medium-sized enterprises (SMEs), ensuring the region's competitiveness in the global arena and facilitating essential linkages across various regions.

In the Socio-Cultural Community, ASEAN has embarked on intensive meetings that have led to historic achievements and milestones. This initiative marks a significant process of improving tourism, the environment, health, cultural affairs, and the integration of digital technology in the region. Also, ASEAN has concentrated on implementing regional initiatives such as the ASEAN Socio-Cultural Community Blueprint 2025 and the official launching of the ASCC Database for Monitoring and Evaluation System (ADME). Simultaneously, ASEAN leaders have also been preparing to draft and develop the ASEAN Socio-Cultural Community Post-2025 Strategic Plan, which aims to identify potential challenges within the region and propose long-term solutions to address these issues.

## **ASEAN Political-Security Community**

This year, 2024, the 44<sup>th</sup> and 45<sup>th</sup> ASEAN Summits and Related Summits, held in Vientiane from 6-11 October, made remarkable progress in advancing the ASEAN Political-Security Community (APSC). Under the leadership of Lao People's Democratic Republic Prime Minister Sonexay Siphandone, ASEAN leaders adopted key declarations and documents aimed at enhancing regional security and stability. This included the ASEAN Leaders' Declaration on Strengthening Supply Chain Connectivity and Strengthening Regional Biosafety and Biosecurity. The summit also reaffirmed ASEAN's commitment to resolving the ongoing Myanmar crisis through the Five-Point Consensus, underscoring its dedication to peace and stability in the region. Additionally, discussions emphasized enhancing ASEAN's resilience to external challenges and promoting cooperation on transnational security issues, such as combating telecommunications fraud and advancing digital ecosystems. Adopting the Strategic Plans to Implement the ASEAN Community Vision 2045 further aligned APSC goals with broader regional and global security priorities.<sup>1</sup>

### ***Continued Struggles in the Myanmar Crisis***

In the Myanmar crisis, 2024 appears to be similar to previous years regarding ASEAN's progress. ASEAN has continued its efforts to address the ongoing crisis in Myanmar, a critical issue within the region. Despite challenges, ASEAN leaders took several steps to encourage dialogue and peace. In March, Myanmar's military junta participated in an ASEAN defense ministers' meeting for the second time in 2024, signaling a potential willingness to cooperate.<sup>2</sup> However, the ASEAN bloc expressed deep concern over escalating violence in Myanmar, particularly in areas like Myawaddy and Rakhine State, which led to widespread displacement. This pushed ASEAN to issue calls for an immediate cessation of violence, urging all parties to protect civilians and ensure safe humanitarian aid delivery. The Five-Point Consensus, a peace plan developed by ASEAN, remained central to efforts, though its implementation faced significant hurdles due to Myanmar's continued violence and resistance to dialogue.<sup>3</sup>

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<sup>1</sup> Phonethida Sithixay. "ASEAN Summits Conclude with Key Agreements, Leadership Transition to Malaysia." *Laotian Times*. October 14, 2024. <https://laotiantimes.com/2024/10/14/asean-summits-conclude-with-key-agreements-leadership-transition-to-malaysia/>

<sup>2</sup> *Kyodo News+* "Myanmar Junta Senior Official Attends ASEAN Defense Ministers Meeting." March 5, 2024. <https://english.kyodonews.net/news/2024/03/c4230b109d79-myanmar-junta-senior-official-attends-asean-defense-ministers-meeting.html>

<sup>3</sup> ASEAN. "ASEAN Foreign Ministers' Statement on the Escalation of Conflicts in Myanmar." April 18, 2024. <https://asean.org/asean-foreign-ministers-statement-on-the-escalation-of-conflicts-in-myanmar/>



Before the ASEAN Summit, on May 15, ASEAN envoy Mr. Alounkeo Kittikhoun visited Myanmar and discussed with Senior General Min Aung Hlaing, aiming to have The State Administration Council (SAC) implement a five-point roadmap for peace and development and discussed Myanmar's cooperation with ASEAN, humanitarian aid distribution, and efforts to establish a multiparty democratic system and prepare for a fair general election. At the October 2024 ASEAN summit, leaders pressed Myanmar's junta and its opponents to take concrete actions to end the ongoing civil war. Despite ASEAN's efforts, the crisis remains unresolved, with the Five-Point Consensus largely ineffective.<sup>4</sup> Thailand called for increased engagement, offering to host an informal ASEAN consultation called the "ASEAN Trioka Plus" in December and stressing that a military solution is not viable. Thailand also suggested involving Myanmar's neighbors, China and India, to complement ASEAN's peace efforts.<sup>5</sup>

### ***South China Sea Tensions***

Regarding the South China Sea dispute, the ASEAN bloc has continued efforts to negotiate a Code of Conduct (COC) with China to reduce tensions in the South China Sea, aiming for a conclusion by 2026. However, challenges persist, particularly regarding the COC's legally binding status. While ASEAN urges restraint, tensions escalate, and a key obstacle remains China's refusal to accept a legally binding COC.<sup>6</sup>

At the October 2024 ASEAN summit, China and Russia blocked a joint statement over language concerning the South China Sea, particularly a reference to the UN Convention on the Law of the Sea (UNCLOS).<sup>7</sup> Tensions further intensified as China's Premier Li Qiang blamed "external forces" for exacerbating regional conflicts, including recent confrontations with the Philippines and Vietnam. Philippine President Marcos emphasized China's violations of international law and called for more urgency in the COC negotiations. Li defended China's

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<sup>4</sup> AFP. "ASEAN Urges End to Myanmar Violence but Struggles for Solutions." *The Irrawaddy*. October 10, 2024. <https://www.irrawaddy.com/news/burma/asean-urges-end-to-myanmar-violence-but-struggles-for-solutions.html>

<sup>5</sup> Panu Wongcha-um. "ASEAN Leaders Meet in Laos as Thai PM Urges Myanmar Engagement ahead of Election." *Reuters*. October 9, 2024. <https://www.reuters.com/world/asia-pacific/asean-holds-summit-laos-thailand-floats-new-plan-myanmar-crisis-2024-10-09/>

<sup>6</sup> Ching, Nike. "ASEAN Aims to Conclude South China Sea Code of Conduct by 2026." *Voice of America*. June 12, 2024. <https://www.voanews.com/a/asean-aims-to-conclude-south-china-sea-code-of-conduct-by-2026/7653984.html>

<sup>7</sup> Perozo, Eugenia. "ASEAN Statement Blocked over South China Sea Says US Official." *Investment Monitor*. October 14, 2024. <https://www.investmentmonitor.ai/news/asean-statement-blocked-over-south-china-sea-says-us-official/?cf-view>

sovereignty and accused foreign interference of stoking regional discord, particularly criticizing the U.S. role.<sup>8</sup> This highlights ongoing divisions within ASEAN, where non-claimant states often avoid confronting China, leaving claimants to push for stronger action.

### ***Russia-Ukraine War***

ASEAN's response to the Russia-Ukraine war showcased internal divisions, reflecting varying geopolitical priorities among its member states. Ukraine has called on ASEAN to take a united stand against Russia's aggression, emphasizing the importance of upholding the UN Charter to safeguard sovereignty and territorial integrity. Ukrainian diplomats urged ASEAN nations to support the Special Tribunal for accountability in Russian actions, viewing this as essential for maintaining a rules-based international order. However, ASEAN and its members have primarily avoided firm stances, prioritizing regional concerns over the conflict.<sup>9</sup>

This division was evident at the Ukraine Peace Summit in Switzerland, where only four ASEAN countries—Singapore, the Philippines, Thailand, and Indonesia—participated. Malaysia, Vietnam, and Cambodia abstained, showing the bloc's fragmented position.<sup>10</sup> Furthermore, Indonesia and Thailand declined to sign the final communiqué. Thailand cited concerns over global food security but may also have been influenced by its recent alignment with BRICS and a focus on economic growth under its new administration.<sup>11</sup> Despite Ukrainian President Volodymyr Zelenskyy's appeal for greater ASEAN involvement, the region's preoccupation with other geopolitical and domestic priorities has hindered unified action, revealing ASEAN's cautious approach to the Russia-Ukraine war.

### ***Israel-Hamas Conflict***

On the topic of the Israel-Hamas conflict, ASEAN's response indicates regional concerns over humanitarian impacts, international law, and religious sensitivities. A significant portion of Southeast Asians, particularly in Muslim-majority nations like Indonesia, Malaysia, and

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<sup>8</sup> Ng, Eileen, and Jintamas Saksornchai. *China Defiant over South China Sea Skirmishes in ASEAN Talks and Blames Meddling by Foreign Forces.* AP News. October 10, 2024. <https://apnews.com/article/asean-laos-china-south-china-sea-myanmar-ad1f39ff6d0bc353f07598b06bf214b7>

<sup>9</sup> Ben, Sokhean "Ukraine Seeks ASEAN Support over Russian Aggression." *Khmer Times*. March 18, 2024. <https://www.khmertimeskh.com/501457972/ukraine-seeks-asean-support-over-russian-aggression/>

<sup>10</sup> Oon, Amanda "Analysis: Why More than Half of ASEAN States Are Set to Miss Ukraine's Peace Summit in Switzerland." *CNA*. June 14, 2024. <https://www.channelnewsasia.com/asia/asean-ukraine-peace-summit-attend-miss-switzerland-russia-4410456>

<sup>11</sup> Storey, Ian "Southeast Asia's Poor Showing at the Ukraine Peace Summit." *FULCRUM*. June 24, 2024. <https://fulcrum.sg/southeast-asias-poor-showing-at-the-ukraine-peace-summit/>

Brunei, have criticized Israel's actions in Gaza, with Malaysia and Indonesia advocating for Palestinian self-determination and supporting cases at the International Court of Justice (ICJ). While emphasizing a two-state solution, Singapore has consistently urged a humanitarian truce and civilian safety. Its balanced approach reflects a principled stance on international law. Diverging views persist within ASEAN. The Philippines, citing economic ties and religious sentiments, voiced strong support for Israel's right to retaliate within international law. Meanwhile, concerns over extremist activity and religious polarization due to the conflict were particularly noted in Singapore, the Philippines, and Thailand. Muslim-majority countries also reported diminished trust in the United States, citing its perceived bias toward Israel as contradictory to a rules-based order.<sup>12</sup>

However, on July 27, during the joint communique of its summit in Vientiane, top diplomats condemned Israeli attacks in the Gaza Strip. In the declaration, it emphasized condemning violence against civilians and called for a ceasefire, hostages' release, and humanitarian access. The bloc reaffirmed its support for the two-state solution and urged the UN to take further action against Israel's occupation of Palestinian territories.<sup>13</sup> However, regional leaders remain wary of the conflict's broader implications, including threats to domestic cohesion and increased radicalization.

### ***Strengthening ASEAN-U.S. Relations***

The ASEAN-U.S. relationship has seen significant progress, with the Secretary-General of ASEAN, Dr. Kao Kim Hourn's official visit to Washington, D.C, back in June. This visit highlighted the robust implementation of the ASEAN-U.S. Comprehensive Strategic Partnership (CSP), established in 2022. It explored new collaboration areas, aligning with the upcoming ASEAN-U.S. Plan of Action (2026–2030). Key discussions included enhancing political-security cooperation, particularly maritime security, where the U.S. pledged support for ASEAN's centrality and engagement through mechanisms like the ASEAN Defense Ministers' Meeting Plus (ADMM-Plus). Admiral Linda Fagan of the U.S. Coast Guard

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<sup>12</sup> Lin, Joanne "State of Southeast Asia Survey 2024: Taking the Region's Pulse on the Israel-Hamas Conflict." *FULCRUM*. April 9, 2024. <https://fulcrum.sg/state-of-southeast-asia-survey-2024-taking-the-regions-pulse-on-the-israel-hamas-conflict/>

<sup>13</sup> *Middle East Monitor*. "ASEAN Condemns Israeli Attacks in Gaza." July 27, 2024. <https://www.middleeastmonitor.com/20240727-asean-condemns-israeli-attacks-in-gaza/>

commended ASEAN's maritime efforts, signaling ongoing collaboration in marine law enforcement and environmental protection.<sup>14</sup>

Secretary of State Antony Blinken and Secretary of Defense Lloyd J. Austin III emphasized U.S. commitment to regional peace and security. Blinken reiterated support for freedom of navigation and overflight in contested maritime regions. At the same time, Austin introduced a new Defense Vision Statement focusing on strengthening air, maritime, cyber, and information security among ASEAN nations. This vision includes enhanced detection capabilities, multilateral exercises, and educational programs like the Emerging Defense Leadership Program.<sup>15</sup>

### ***ASEAN-EU Cooperation on Disaster Management***

ASEAN also reinforced its partnership with the in the field of disaster management through a newly signed agreement between the EU's Civil Protection and Humanitarian Aid Operations (DG ECHO) and ASEAN's AHA Centre. This agreement focuses on enhancing disaster preparedness and response by promoting knowledge exchange, deploying experts, and developing training programs. The collaboration is another commitment to results-driven initiatives that improve disaster management efforts, emphasizing the "One ASEAN, One Response" framework for speed, scale, and solidarity during emergencies. Additionally, the EU has been a long-term partner of the AHA Centre, providing significant support through the EU-SAHA program, with a contribution of €7.2 million (2020–2025). This program focuses on strengthening the AHA Centre's institutional capacity, enhancing operational readiness, boosting ASEAN's unified disaster response capabilities, and advancing professional standards and certification in disaster management.<sup>16</sup>

### ***ASEAN-South Korea Relations: Comprehensive Strategic Partnership***

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<sup>14</sup> "JOINT SUMMARY of WORKING VISIT of the SECRETARY-GENERAL of ASEAN to the UNITED STATES." ASEAN. June, 2024. [https://asean.org/wp-content/uploads/2024/06/06132024-clean\\_Joint-Summary-of-Secretary-General-of-ASEAN-Working-Visit-to-the-US-fin.pdf](https://asean.org/wp-content/uploads/2024/06/06132024-clean_Joint-Summary-of-Secretary-General-of-ASEAN-Working-Visit-to-the-US-fin.pdf)

<sup>15</sup> Clark, Joseph "Austin Meets with Southeast Asian Counterparts, Charts Vision for Enhanced Regional Cooper." U.S. Department of Defense. November 21, 2024. <https://www.defense.gov/News/News-Stories/Article/Article/3973885/austin-meets-with-southeast-asian-counterparts-charts-vision-for-enhanced-regio/>

<sup>16</sup> "EU and ASEAN Sign New Agreement on Disaster Management." EEAS. October 17, 2024. [https://www.eeas.europa.eu/delegations/association-southeast-asian-nations-asean/eu-and-asean-sign-new-agreement-disaster-management\\_en?s=47](https://www.eeas.europa.eu/delegations/association-southeast-asian-nations-asean/eu-and-asean-sign-new-agreement-disaster-management_en?s=47)

ASEAN also elevated its relationship with South Korea regarding the relationship to a Comprehensive Strategic Partnership, which marked a significant milestone in their 35-year partnership. This upgraded status, which happened on October 10, aligns South Korea with ASEAN's top diplomatic partners, including the U.S. and China. During the ASEAN-ROK Summit, South Korea pledged to expand cooperation in diverse fields such as artificial intelligence, environment, smart cities, cybersecurity, defense procurement, and people-to-people exchanges. Both parties affirmed their commitment to peace, stability, and freedom of navigation in the South China Sea, adhering to international law.<sup>17</sup>

A key initiative under this partnership is a training course on crime scene investigation, held in Vietnam, aimed at enhancing regional capacities to combat transnational crimes like drug trafficking, cybercrime, and terrorism, which occurred on November 25. Supported by the ASEAN-Korea Cooperation Fund, the workshop brought together experts from ASEAN, South Korea, INTERPOL, and UNODC to improve technical expertise and foster regional collaboration. This initiative highlights South Korea's commitment to addressing complex security challenges and strengthening ASEAN-ROK ties through capacity building and shared expertise.<sup>18</sup>

### ***ASEAN and Japan: Mutual Goals and Challenges***

At the 39th ASEAN-Japan Forum in June 2024, ASEAN and Japan reaffirmed their commitment to enhancing their Comprehensive Strategic Partnership (CSP) based on mutual trust, respect, and cooperation. The forum reviewed progress on implementing the Joint Vision Statement adopted during the 50th Anniversary ASEAN-Japan Summit in December 2023. Both sides agreed to continue collaboration under the three CSP pillars: Heart-to-Heart Partners, Co-creation of Economy and Society, and Partners for Peace and Stability. ASEAN welcomed Japan's ongoing support for ASEAN Centrality and its commitment to the ASEAN Outlook on the Indo-Pacific (AOIP). Additionally, Japan pledged continued support for ASEAN's community-building efforts.<sup>19</sup> Despite this, Japan's Prime Minister Shigeru Ishiba's advocacy for an "Asian NATO" raised regional concerns, as ASEAN countries rejected the

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<sup>17</sup> Ji-hyoung, Son. "Leaders of S. Korea, ASEAN agree to elevate ties to highest level." *The Korea Herald*. October 10, 2024. <https://www.koreaherald.com/view.php?ud=20241010050486>

<sup>18</sup> Vietnamnews. "Korea, ASEAN Boost Co-Operation in Crime Investigation Practices." November 25, 2024. <https://vietnamnews.vn/politics-laws/1687716/korea-asean-boost-co-operation-in-crime-investigation-practices.html>

<sup>19</sup> ASEAN. "ASEAN and Japan reaffirm its commitment to take Comprehensive Strategic Partnership forward." June 25, 2024.

idea, preferring stability through cooperation rather than military alliances. ASEAN hopes Japan will focus on regional prosperity rather than confrontational approaches.<sup>20</sup>

### ***ASEAN-India Cooperation***

At the 21st ASEAN-India Summit in October 2024, leaders emphasized strengthening the ASEAN-India Comprehensive Strategic Partnership, focusing on maritime security, counter-terrorism, and trade. Both sides agreed on the importance of peace, stability, and freedom of navigation in the Indo-Pacific, referencing the United Nations Convention on the Law of the Sea (UNCLOS). Counter-terrorism was prioritized, with expanded cooperation through India's co-chairmanship of the ASEAN Defence Ministers' Meeting (ADMM)-Plus Experts' Working Group on Counter-Terrorism. Both parties also stressed enhancing collaboration in military medicine, disaster relief, and peacekeeping.<sup>21</sup> Additionally, the First ASEAN-India Track 1 Cyber Policy Dialogue was held on October 16. It focused on cybersecurity, national policies, and ICT developments, further deepening the partnership and supporting the digital transformation agenda discussed in the joint statement from the summit.<sup>22</sup>

### ***ASEAN and Australia Commit to Regional Stability and Prosperity***

At the ASEAN-Australia Special Summit in March 2024, Australia reaffirmed its commitment to strengthening ties with ASEAN, marking 50 years of partnership. Key developments included a \$41.8 million Australian fund for maritime security, aiming to support the region's stability, particularly in the South China Sea and Indo-Pacific.<sup>23</sup> Australian Foreign Minister Penny Wong highlighted the importance of peaceful dispute resolution and the role of ASEAN in promoting dialogue.<sup>24</sup> A joint vision statement emphasized respect for sovereignty, promoting a rules-based regional order, and cooperation on sustainable development.<sup>25</sup> Leaders

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<sup>20</sup> *Global Times* "Regional Countries Firmly Reject Japan's Daydream of an 'Asian NATO'." October 8, 2024. <https://www.globaltimes.cn/page/202410/1320817.shtml>

<sup>21</sup> Siddiqui, Huma. "Maritime Security, Terrorism, and Trade Take Center Stage at ASEAN-India Summit." *Financial Express*. October 11, 2024. <https://www.financialexpress.com/business/defence/maritime-security-terrorism-and-trade-take-center-stage-at-asean-india-summit/3636983/>

<sup>22</sup> *Business Standard*. "First Asean-India Cybersecurity Policy Dialogue Held in Singapore: MEA." October 16, 2024. [https://www.business-standard.com/external-affairs-defence-security/news/first-asean-india-cybersecurity-policy-dialogue-held-in-singapore-mea-124101601266\\_1.html](https://www.business-standard.com/external-affairs-defence-security/news/first-asean-india-cybersecurity-policy-dialogue-held-in-singapore-mea-124101601266_1.html)

<sup>23</sup> *Al Jazeera*. "Australia Gives \$42m to ASEAN Countries for 'Free, Open' South China Sea." March 4, 2024. <https://www.aljazeera.com/news/2024/3/4/australia-gives-41mn-to-asean-countries-for-free-open-south-china-sea>

<sup>24</sup> Gotev, Georgi. "ASEAN-Australia Summit to Decry 'Threat or Use of Force' in Region." *Euractiv*. March 4, 2024. <https://www.euractiv.com/section/china/news/asean-australia-summit-to-decry-threat-or-use-of-force-in-region/>

<sup>25</sup> Ry, Sochan. "ASEAN-Australia Leadership Commit to Peace, Prosperity." *Phnom Penh Post*. March 6, 2024. <https://www.phnompenhpost.com/national/asean-australia-leadership-commit-to-peace-prosperity>

committed to working together to tackle transnational crime, including human trafficking and cybercrime, with Australia pledging \$222 million for the Mekong Subregion. The summit also underlined the shared goal of maintaining regional peace, stability, and prosperity, enhancing transparency, strategic trust, and multilateral cooperation through ASEAN-led mechanisms.<sup>26</sup>

### ***Timor-Leste's Progress Towards Full ASEAN Membership***

Since receiving observer status and in-principle approval for ASEAN membership in 2022, Timor-Leste has been progressing towards full membership in the 10-nation bloc. Prime Minister Xanana Gusmão emphasized that ASEAN membership would boost foreign investment and economic growth in Timor-Leste. The nation has since appointed a vice minister for ASEAN affairs and approved a draft government resolution to facilitate accession. Despite significant progress, Timor-Leste faces challenges in meeting the Roadmap's criteria, which some argue contradicts ASEAN's goal of promoting regional growth and partnership.<sup>27</sup> On October 3, Timor-Leste submitted a self-assessment report indicating its readiness to join ASEAN, particularly in meeting economic agreements. The country is working on acceding to 220 ASEAN Economic Community (AEC) agreements, with the first 66 to be signed upon joining.<sup>28</sup> In addition, on October 11, ASEAN leaders agreed to accelerate Timor-Leste's membership process, potentially easing certain requirements, such as extending timelines for reducing import tariffs. The ASEAN Coordinating Council will soon recommend whether Timor-Leste meets the criteria to become the 11th ASEAN member, with a decision expected in 2025.<sup>29</sup>

### ***ADMM: Security and Resilience***

The 18th ASEAN Defence Ministers' Meeting (ADMM-18) in November 2024 emphasized regional security cooperation and the importance of peace for economic and social progress. Key documents adopted included guidelines for ADMM-Plus Expert Working Group

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<sup>26</sup> Turton, Shaun. "Amid Cyberscam Threats, ASEAN-Australia Pledge to Tackle Human Trafficking." *Nikkei Asia*. March 6, 2024. <https://asia.nikkei.com/Politics/International-relations/Amid-cyberscam-threats-ASEAN-Australia-pledge-to-tackle-human-trafficking>

<sup>27</sup> Cardoso, Joao da Cruz. "When Can Timor-Leste Expect to Become a Full Member of ASEAN?" *The Diplomat*. March 29, 2024. <https://thediplomat.com/2024/03/when-can-timor-leste-expect-to-become-a-full-member-of-asean/>

<sup>28</sup> *Thai PBS World*. "Timor-Leste Is Ready to Join ASEAN." October 3, 2024. <https://world.thaipbs.or.th/detail/timorleste-is-ready-to-join-asean/54959>

<sup>29</sup> Phoonphongphiphat, Apornrath "ASEAN to Shorten Track to Accept East Timor as New Member." *Nikkei Asia*. October 11, 2024. <https://asia.nikkei.com/Politics/International-relations/ASEAN-to-shorten-track-to-accept-East-Timor-as-new-member>

observers and a strategic framework for future readiness.<sup>30</sup> Additionally, the ADMM-Plus adopted a joint statement on climate-related resilience and disaster relief. Singapore and New Zealand will co-chair an Experts' Working Group on Humanitarian Assistance and Disaster Relief.<sup>31</sup> Meanwhile, on December 9, Indonesia's diplomatic strategy also involved engaging with Pacific nations in the ADMM-Plus, particularly to safeguard interests in Papua. The initiative, aligned with the ASEAN Outlook on the Indo-Pacific (AOIP), encourages closer defense cooperation and fosters stronger relations with Pacific nations through joint exercises and activities.<sup>32</sup>

### **ASEAN Economic Community**

2024 marked a significant period for the ASEAN Economic Community (AEC). This year, the AEC has been active and characterized by robust initiatives such as significant partnerships, calculated plans, and a resolute dedication to improving connectivity and resilience in the region and enhancing regional integration, economic resilience, and cooperation amidst global challenges. Cooperative initiatives were not limited to ASEAN's member nations but also between ASEAN Member States and external partners. These reflect the organization's leaders' mutual regional interest in achieving a common goal of building a successful and cohesive region. ASEAN's focus on inclusive growth, digital transformation, and sustainable development will be essential for accomplishing long-term economic goals and maintaining the region's competitiveness in the global arena as it negotiates an increasingly complicated global environment. There have been many key events, collaborations, and strategies to achieve AEC goals and economic landscape throughout the year.

### ***Celebrating Partnerships and Strengthening Ties***

On March 4–6, the ASEAN Australia Special Summit commemorated the 50th anniversary of ASEAN-Australia ties. The summit emphasized the execution of Australia's Southeast Asia Economic Strategy to 2040, highlighting a shared commitment to deepen trade and investment

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<sup>30</sup> *Vietnamnews*. “18th ASEAN Defence Ministers’ Meeting Highlights Regional Unity, Security.” November 20, 2024. <https://vietnamnews.vn/politics-laws/1687415/18th-asean-defence-ministers-meeting-highlights-regional-unity-security.html>

<sup>31</sup> *MINDEF Singapore* “ADMM-plus Defence Ministers Commit to Multilateral Cooperation for Regional Peace and Stability; Adopts Joint Statement Committing to Cooperation on Climate Change.” November 21, 2024. [https://www.mindef.gov.sg/news-and-events/latest-releases/21nov24\\_nr2](https://www.mindef.gov.sg/news-and-events/latest-releases/21nov24_nr2)

<sup>32</sup> *Antara News*. “Govt Engaging Pacific Nations to Protect Interests in Papua.” December 10, 2024. <https://en.antaranews.com/news/337654/govt-engaging-pacific-nations-to-protect-interests-in-papua>



ties.<sup>33</sup> Australia announced a \$2 billion investment in the Southeast Asia Investment Financing Facility to encourage private sector investment in ASEAN. In addition, the summit promoted equitable and sustainable economic growth by facilitating crucial linkages between businesses in Australia and Southeast Asia through forums like the SME Conference and CEO Forum.<sup>34</sup> Furthermore, the Melbourne Declaration welcomed the signing of the second protocol to amend the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), which aims to improve trade conditions and strengthen supply chains.

### *Enhancing Economic Connectivity*

The 30th ASEAN Economic Ministers' Retreat on March 9 was another significant event led by ASEAN Secretary-General Dr. Kao Kim Hourn, who facilitated discussions with key ministers and the ASEAN Business Advisory Council Chair. Focusing on "Enhancing Connectivity and Resilience," this retreat aimed to align economic priorities among member states and strengthen ASEAN's position in the global economic landscape. Ministers discussed the regional and global economic outlook and reviewed the development of the "AEC Strategic Plan," which lays the groundwork for future economic cooperation and integration.<sup>35</sup>

### *Ongoing Engagements and Global Collaborations*

On April 3, significant engagements continued with Deputy Secretary-General Satvinder Singh's meeting with the EU-ASEAN and US-ASEAN Business Councils in Luang Prabang, Laos. The discussions highlighted key focus areas, including the digital economy, microfinance, data sharing, cybersecurity, and sustainable finance. This meeting illustrated ASEAN's commitment to addressing contemporary economic challenges through global partnerships.<sup>36</sup>

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<sup>33</sup> Albanese, A, "The Melbourne Declaration – a partnership for the future." Prime Minister of Australia, March 6, 2024,

<https://www.pm.gov.au/media/melbourne-declaration-partnership-future>

<sup>34</sup> "Outcomes Summary. ASEAN-Australia Special Summit" Australia Government: Department of Prime Minister and Cabinet, last accessed December 2024,

<https://aseanaustralia.pmc.gov.au/resources/outcomes-summary>

<sup>35</sup> "Secretary-General of ASEAN attends 30th ASEAN Economic Ministers' Retreat in Luang Prabang, Lao PDR" The ASEAN Secretariat, last accessed December 2024,

<https://asean.org/secretary-general-of-asean-attends-30th-asean-economic-ministers-retreat-in-luang-prabang-lao-pdr/>

<sup>36</sup> "Deputy Secretary-General of ASEAN for Economic Community meets with business councils" The ASEAN Secretariat, last accessed December 2024, <https://asean.org/deputy-secretary-general-of-asean-for-economic-community-meets-with-business-councils/>

On April 4, the “28th ASEAN-ROK Dialogue” in Seoul reaffirmed the commitment to strengthening the ASEAN-Republic of Korea (ROK) strategic partnership. The discussions focused on vital areas such as trade, digital innovation, cybersecurity, clean energy, and sustainable development, with a proposal to elevate the relationship to a “Comprehensive Strategic Partnership” to celebrate the 35th anniversary of their diplomatic ties.<sup>37</sup>

On May 3rd, the 27th ASEAN+3 Finance Ministers and Central Bank Governors’ Meeting addressed critical reforms to strengthen the “Regional Financing Arrangement”. A new “Rapid Financing Facility” was established to enhance financial safety nets, emphasizing disaster risk financing initiatives to bolster regional resilience against economic shocks.<sup>38</sup> On May 7th, the ASEAN-Korea Trade and Investment Roundtable explored cooperation on the “Korea-ASEAN Solidarity Initiative” and the “ASEAN Outlook on the Indo-Pacific,” focusing on regional supply chain management and digitalization.<sup>39</sup>

On June 4, 2024, the 11th ASEAN Economic Community Dialogue took place in Jakarta, Indonesia, where participants engaged in discussions regarding the governance of Artificial Intelligence (AI) across the ASEAN region. The dialogue aimed to establish unified regulations and standards for AI, addressing member states' varying levels of AI readiness. Emphasis was placed on promoting responsible AI development, ensuring that the implementation of AI technologies aligns with ethical considerations and supports sustainable economic growth within the region. This initiative reflects ASEAN's commitment to harnessing the potential of AI while mitigating associated risks, fostering a collaborative approach to navigate the complexities of technological advancement.<sup>40</sup>

### ***Promoting Investment, Free Trade, and Economic Growth***

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<sup>37</sup> “ASEAN, ROK reaffirmed commitment to further strengthen partnership in view of 35th Anniversary of Dialogue Relations” The ASEAN Secretariat, last accessed December 2024, <https://asean.org/asean-rok-reaffirmed-commitment-to-further-strengthen-partnership-in-view-of-35th-anniversary-of-dialogue-relations/>

<sup>38</sup> “Joint Statement of the 27 Th ASEAN+3 Finance Ministers’ and Central Bank Governors’ Meeting.” The ASEAN Secretariat, last accessed December 2024, [https://asean.org/wp-content/uploads/2024/05/Joint-Statement-of-the-27th-ASEAN3-Finance-Ministers-and-Central-Bank-Governors-Meeting-FINAL\\_20240503.pdf](https://asean.org/wp-content/uploads/2024/05/Joint-Statement-of-the-27th-ASEAN3-Finance-Ministers-and-Central-Bank-Governors-Meeting-FINAL_20240503.pdf).

<sup>39</sup> “ASEAN-Korea Trade and Investment Roundtable 2024 to strengthen economic ties, cooperation” The ASEAN Secretariat, last accessed December 2024, <https://asean.org/asean-korea-trade-and-investment-roundtable-2024-to-strengthen-economic-ties-cooperation/>

<sup>40</sup> “11th ASEAN Economic Community Dialogue discusses governance to unlock AI opportunity in ASEAN” The ASEAN Secretariat, last accessed December 2024, <https://asean.org/11th-asean-economic-community-dialogue-discusses-governance-to-unlock-ai-opportunity-in-asean/>

On July 4, 2024, a pivotal moment occurred during a consultative forum in Bangkok, “Post-ASEAN Economic Community (AEC) 2025.” This forum evaluated past investment integration efforts and identified strategies to enhance ASEAN's attractiveness as a global investment hub. The key discussions revolved around opportunities in digital transformation, sustainability, and inclusive development, all crucial for navigating the ongoing global economic challenges.<sup>41</sup>

On July 12, The SEOM-Canada Consultation reflected ongoing efforts to enhance economic cooperation between ASEAN and Canada, particularly regarding the negotiations on the “ASEAN-Canada Free Trade Agreement (ACAFTA)”. This engagement aimed to strengthen trade relations and economic cooperation for mutual economic benefit for ASEAN and Canada<sup>42</sup>.

On July 16, the ASEAN+3 Macroeconomic Research Office (AMRO) projections indicated that the ASEAN+3 region (including China, Japan, South Korea, and the ten ASEAN member states) was expected to grow approximately 4.4% to 4.8% in 2024. This growth was driven by resilient private consumption and a recovery in tourism, with Vietnam's growth forecast revised to 6.3%, while Japan's estimate was lowered to 0.5% due to weak consumption. For 2025, Amro maintains a growth estimate of 4.3%, slightly up from April's 4.2%, as regional economies stabilize and monetary easing in major economies resumes. The report anticipates a return to pre-pandemic tourist volumes and a stronger recovery in manufacturing exports.<sup>43</sup>

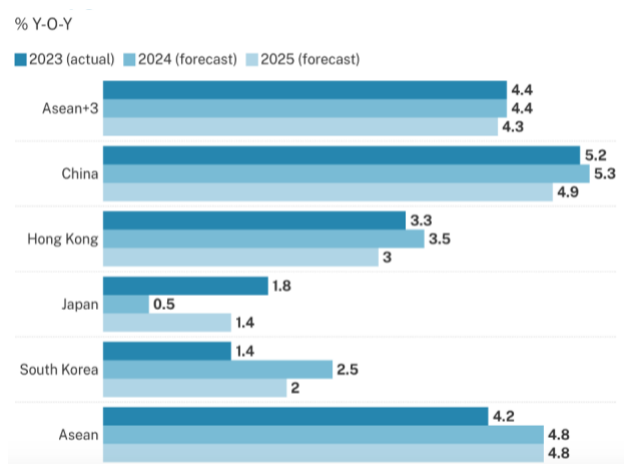
Figure 1: Steady growth momentum

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<sup>41</sup> “ASEAN Officials, Business Councils Gather to Discuss Post-2025 Investment Policy Priorities” The ASEAN Secretariat, July 4, 2024, <https://asean.org/asean-officials-business-councils-gather-to-discuss-post-2025-investment-policy-priorities/>

<sup>42</sup> “Deputy Secretary-General of ASEAN for Economic Community Met Ambassador of Canada to ASEAN at the Sideline of 20th SEOM-Canada Consultation” The ASEAN Secretariat, July 12, 2024, <https://asean.org/deputy-secretary-general-of-asean-for-economic-community-met-ambassador-of-canada-to-asean-at-the-sideline-of-20th-seom-canada-consultation/>

<sup>43</sup> Goh Ruoxue, “Steady Growth for Asean+3 on Export Growth, Tourism Recovery and Domestic Demand: Amro.” The Business Times, July 16, 2024, <https://www.businesstimes.com.sg/international/asean/steady-growth-asean3-export-growth-tourism-recovery-and-domestic-demand-amro>.



Source: National Authorities via Haver Analytics and AMRO staff estimates

graphic: HANNAH KWAH, BT

### ***Strengthening Market Connectivity and Supporting SMEs***

On July 12, six major ASEAN stock exchange Executive Officers, namely CEOs and Presidents from Bursa Malaysia, ), the Philippine Stock Exchange (PSE), the Singapore Exchange (SGX Group), the Indonesia Stock Exchange (IDX), the Stock Exchange of Thailand (SET), and Vietnam Exchange convened the 37<sup>th</sup> ASEAN Exchange CEOs Meeting to discuss enhancing regional investment attractiveness.<sup>44</sup> The meetup also included top executives from Singapore, Malaysia, and Thailand, among others, while representatives from the Cambodia and Laos bourses were present as observers. Their initiatives included developing a regional data infrastructure and a standard ESG curriculum. They agreed on joint offerings of depository receipts (DRs) to improve access to investment opportunities across member states and bolster regional market connectivity.<sup>45</sup>

The 8th Selangor ASEAN Business Conference on July 25 emphasized the importance of private-sector dialogue and regional connectivity. Discussions highlighted frameworks such as the “ASEAN Digital Economy Framework Agreement (DEFA)” and initiatives like the

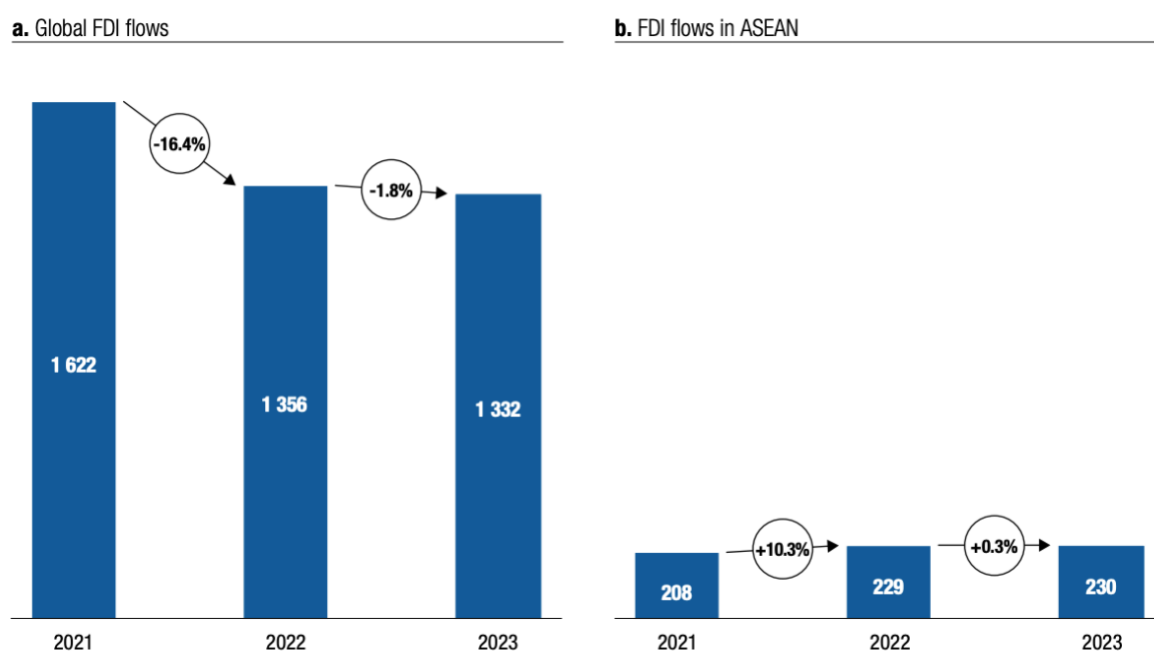
<sup>44</sup> “ASEAN Exchanges Commit to Advance ASEAN as an Attractive Region at the 37th ASEAN Exchanges CEOs Meeting hosted by Bursa Malaysia” *ASEAN Exchanges*, July 16, 2024, <https://www.aseanexchanges.org/content/asean-exchanges-commit-to-advance-asean-as-an-attractive-region-at-the-37th-asean-exchanges-ceos-meeting-hosted-by-bursa-malaysia/>

<sup>45</sup> Quek, Hykel, “Asean Bourses to Increase Region’s Attractiveness through Sustainability, Market Connectivity Initiatives.” *The Business Times*, July 17, 2024. <https://www.businesstimes.com.sg/international/asean/asean-bourses-increase-regions-attractiveness-through-sustainability-market-connectivity-initiatives>.

“ASEAN Mentorship Entrepreneurs Network (AMEN)” which aimed at connecting experienced leaders with young entrepreneurs to foster growth.

Despite global challenges that caused a 10% decline in the Global FDI in 2023, ASEAN recorded a record-high inflow of \$230 billion in foreign direct investment (FDI) in 2023, with intra-ASEAN FDI reaching \$28 billion. However, the participation of small and medium-sized enterprises (SMEs) in international markets remains limited, with only 23% of SMEs importing and less than 12% exporting. Efforts to support SMEs included the ASEAN SME Policy Index and the ASEAN Strategic Action Plan on SME Development, aimed at enhancing their competitiveness and access to global value chains.<sup>46</sup>

**Figure 2: Global FDI in ASEAN, 2021-2023 (billions of dollars and percentage)**



Source: UNTAC, FDI/MNE database (<https://unctad.org/fdistatistics>)

Small and medium-sized enterprises (SMEs) are vital to ASEAN's economies, comprising over 70 million businesses. However, their participation in international markets is limited, with

<sup>46</sup> Jalil, Asila, “Promoting Asean Growth.” NST Online. New Straits Times, July 25, 2024. <https://www.nst.com.my/business/corporate/2024/07/1081233/promoting-asean-growth>.

only 23% importing and less than 12% exporting. SMEs face challenges such as finding foreign buyers, meeting export requirements, and managing logistics, hindering their trade engagement. Connecting SMEs with transnational corporations (TNCs) is crucial for integrating them into global value chains (GVCs), with foreign direct investment (FDI) playing a key role. Initiatives like the ASEAN SME Policy Index aim to enhance support for SMEs, focusing on access to finance and export procedures. The ASEAN Strategic Action Plan on SME Development (2016-2025) seeks to promote market access, partnerships, and adherence to international standards while addressing the need for digitalization to improve competitiveness and GVC participation.<sup>47</sup>

### ***Looking Ahead: Strategic Directions***

On August 1, discussions continued with Canada regarding the “Five Global Innovation Clusters-” initiative, exploring how it could enhance ASEAN’s economic objectives. The 6th ASEAN Economic Integration Forum on August 7 facilitated discussions on regional issues, focusing on the impact of geopolitics, technology, sustainability, and inclusive business practices. This forum aimed to produce actionable policy recommendations to guide future initiatives.<sup>48</sup>

On August 22, a high-level discussion on August 22 involving a delegation from Peking University at the Jakarta office in Indonesia addressed ASEAN's economic integration and the importance of climate change and infrastructure development. Dr. Lili Yan Ing emphasized the importance of leveraging ASEAN's comparative advantages to enhance industry collaboration, while Dr. Doan Thi Thanh Ha provided updates on the ASEAN Connectivity 2025 plan. The issue of climate change was highlighted by Dr. Yessi Vadila, who called for a clear roadmap toward sustainability, stressing the need for innovation to balance economic growth and environmental responsibility and collaboration in sectors such as semiconductors and electric vehicles to enhance ASEAN's competitive edge.<sup>49</sup>

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<sup>47</sup> Sefrina, Mima, “Review of Strategies to Boost the Inclusion of ASEAN Small and Medium-Sized Enterprises in Global Value Chains” FULCRUM, July 26, 2024, <https://fulcrum.sg/aseanfocus/strategies-to-boost-the-inclusion-of-asean-small-and-medium-sized-enterprises-in-global-value-chains/>.

<sup>48</sup> “Deputy Secretary-General of ASEAN for ASEAN Economic Community Meets with Canada’s Indo-Pacific Trade Representative. 2024. ASEAN” The ASEAN Secretariat, August 1, 2024, <https://asean.org/deputy-secretary-general-of-asean-for-asean-economic-community-meets-with-canadas-indo-pacific-trade-representative/>

<sup>49</sup> “ASEAN Economic Future Discussed in Dynamic ERIA–Peking University Meeting.” ERIA, August 22, 2024, <https://www.eria.org/news-and-views/asean-economic-future-discussed-in-dynamic-eriapeking-university-meeting>.

## **ASEAN Socio-Cultural Community**

2024 has been a remarkable year for the ASEAN Socio-Cultural Community, filled with a rapid series of intensive meetings that resulted in historic achievements and milestones. There were a few key items on the agenda of the ASEA Socio-Cultural Community, namely the strengthening of the ASEAN's relations with external partners, the process of improving tourism, the environment, and the harnessing of digital technology in the economy and education in the region, the implementing of the ASEAN Socio-Cultural Community Blueprint 2025, the official launching of the ASCC Database For Monitoring and Evaluation System (ADME), and the drafting and developing of the ASEAN Socio-Cultural Community Post-2025 Strategic Plan.

### ***Strengthening ASEAN's External Partnership***

The ASEAN Secretariat has worked intensively through the 2024 ASEAN fiscal year to extend and strengthen the regional organization's relations with regional partners and external partners such as the United Kingdom, Australia, China, Japan, France, Pakistan, and so on. The ASEAN Secretary-General, Deputy Secretary-General, and Country Coordinators held numerous informal, formal, bilateral, and multilateral meetings to strengthen relations with the dialogue partners and explore collaboration on environmental, health, social, and cultural matters.

Australia was among the first few countries to show interest in working with ASEAN and has been one of the oldest dialogue partners since its creation in 1967. On April 19, 2024, the ASEAN Social-Cultural Community Deputy Secretary-General received a courtesy call from the Ambassador of Australia to ASEAN, H.E. Tiffany McDonald, to celebrate the 50<sup>th</sup> Anniversary of ASEAN-Australia Dialogue Relations and to reaffirm and strengthen the Comprehensive Strategic Partnership between the two parties under the framework of the ASEAN Socio-Cultural Community.<sup>50</sup> Moreover, the Secretary-General of ASEAN, Dr. Kao Kim Hourn, and H.E. Tiffany MacDonald, officially opened the ASEAN-Australia Photo Exhibition at the ASEAN Secretariat on May 13, 2024.<sup>51</sup> This occasion showcased the historic and impressive milestones of mutually beneficial cooperation that could only be achieved

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<sup>50</sup> "Deputy Secretary-General of ASEAN for ASEAN Socio-Cultural Community meets the Ambassador of Australia to ASEAN", ASEAN, April 19, 2024, <https://asean.org/deputy-secretary-general-of-asean-for-asean-socio-cultural-community-meets-the-ambassador-of-australia-to-asean/>

<sup>51</sup> "Secretary-General of ASEAN inaugurates ASEAN-Australia Photo Exhibition", ASEAN, May 13, 2024, <https://asean.org/secretary-general-of-asean-inaugurates-asean-australia-photo-exhibition/>

through the Comprehensive Strategic Partnership. In addition, Australia has also supported ASEAN's other works under the framework of the Aus4ASEAN Futures Initiative, such as the ASEAN Travelling Resource Persons Programme hosted in Timor-Leste from 19-21 June.<sup>52</sup> The three-day mission consisted of many briefing training sessions that explored in-depth knowledge and capacity building, which would make a huge contribution to the ASEAN vision of the ASEAN Three Communities.

Moving to the relations with the European countries, the Deputy Secretary-General of ASEAN for Socio-Cultural Community, H.E. Ekkaphab Phanthavong, had a meeting with the United Kingdom Ambassador to Lao PDR H.E. Mel Barlow and the United Kingdom Ambassador to ASEAN H.E. Sarah Tiffin to strengthen the deep relations between the two parties and to work on enhancing cultural exchange and people-to-people ties, promoting sustainable development and environment, and more.<sup>53</sup> On July 11-12, H.E. Deputy Secretary-General Ekkaphab Phanthavong, along with 49 other governors from countries across Asia and Europe, attended the 45<sup>th</sup> Asia-Europe Foundation Board Governors' Meeting (ASEFBoG45) in Bali, Indonesia.<sup>54</sup> The meeting covered numerous Asia Europe Foundation collaborative areas that aim to enhance the cooperation between the two regions in governance, education, culture, and sustainable development. On July 24, H.E. Ekkaphab Phanthavong had another meeting with the President of the National Center for Scientific Research of France (CNRS), Antoin Petit. The purpose of the meeting was to reaffirm further and strengthen the cooperation between the two on research and health under the umbrella of the ASEAN-France Development Partnership.<sup>55</sup>

As for Asian countries, ASEAN highlighted the importance of China as a dialogue partner when the organization's leaders had multiple meetings with their Chinese counterparts. Under

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<sup>52</sup> "Timor-Leste hosts briefing on ASEAN Development Cooperation and Cooperation Project" ASEAN, June 21, 2024, <https://asean.org/timor-leste-hosts-briefing-on-asean-development-cooperation-and-cooperation-project/>

<sup>53</sup> "Deputy Secretary-General for ASEAN Socio-Cultural Community Phanthavong Meets UK Ambassadors, Discusses Strengthening ASEAN-UK People-to-People Ties", ASEAN, June 6, 2024, <https://asean.org/ascc-deputy-secretary-general-phanthavong-meets-uk-ambassadors-discusses-strengthening-asean-uk-people-to-people-ties/>

<sup>54</sup> "Deputy Secretary-General of ASEAN participates in the 45th Asia-Europe Foundation Board of Governors' Meeting" ASEAN, July 12, 2024, <https://asean.org/deputy-secretary-general-of-asean-participates-in-the-45th-asia-europe-foundation-board-of-governors-meeting/>

<sup>55</sup> "Deputy Secretary-General for ASEAN Socio-Cultural Community meets with the National Center for Scientific Research of France" ASEAN, July 24, 2024, <https://asean.org/deputy-secretary-general-for-asean-socio-cultural-community-meets-with-the-national-center-for-scientific-research-of-france/>



the ASEAN Socio-Cultural Community framework, Deputy Secretary-General H.E. Ekkaphab Phanthavong engaged with China's Jiangxi Province Communist Party Secretary Yin Hong on April 24.<sup>56</sup> The meeting holds a strong significance, as it reaffirmed the ASEAN-China Comprehensive Strategic Partnership, which focuses not only on the people-to-people ties at an individual level but also on trade and investment at a state level. Later on, the Deputy Secretary-General met with the Secretary-General of the China-ASEAN Business and Investment Summit (CABIS) Secretariat, Yang Yan Yan, have a “talk for the talk” for the preparation for the 21<sup>st</sup> CABIS in Nanning, Guangxi, China, in September 2024.<sup>57</sup> ASEAN and China had another engagement under the framework of the ASEAN Socio-Cultural Community on June 21. The Secretary-General of ASEAN, Dr. Kao Kim Hourn, was interviewed by China Media Group to celebrate the long-lasting comprehensive relations between ASEAN and China.<sup>58</sup> The interview underscored the importance of close relations and ASEAN's direction towards regional peace, stability, and prosperity.<sup>59</sup>

On June 26, ASEAN and the Republic of Korea celebrated the 35<sup>th</sup> Anniversary of their Dialogue Relations by launching the International Conference on ASEAN-ROK Cultural Heritage Cooperation in Seoul.<sup>60</sup> The conference, which was themed “The Future of ASEAN-Korea Cooperation: Cultural Heritage and Socio-Cultural Solidarity,” was attended by numerous honorable guests, including H.E. Ekkaphab Phanthavong, Deputy Secretary-General of ASEAN for the ASEAN Socio-Cultural Community, attendees from the Republic of Korea, ambassadors and Representatives of ASEAN Member States, and more.<sup>61</sup> H.E. Ekkaphab Phanthavong also met briefly with Pakistan, ASEAN's Sectoral Dialogue Partner, on June 5 to reaffirm and enhance their relations.<sup>62</sup>

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<sup>56</sup> “Deputy Secretary-General of ASEAN meets with Secretary of the Jiangxi Provincial Committee of the Communist Party of China (CPC)”, ASEAN, April 24, 2024, <https://asean.org/deputy-secretary-general-of-asean-meets-with-secretary-of-the-jiangxi-provincial-committee-of-the-communist-party-of-china/>

<sup>57</sup> “Deputy Secretary-General for ASEAN Socio-Cultural Community meets with Head of China ASEAN Business and Investment Summit Secretariat”, ASEAN, June 7, 2024, <https://asean.org/deputy-secretary-general-for-asean-socio-cultural-community-meets-with-head-of-china-asean-business-and-investment-summit-secretariat/>

<sup>58</sup> “Secretary-General of ASEAN engages in an interview with China Media Group” ASEAN, June 21, 2024, <https://asean.org/secretary-general-of-asean-engages-in-an-interview-with-china-media-group/>

<sup>59</sup> Ibid.

<sup>60</sup> ASEAN and ROK Strengthen Socio-Cultural Ties at an International Conference held in Seoul, ROK” ASEAN, June 30, 2024, <https://asean.org/asean-and-rok-strengthen-socio-cultural-ties-at-an-international-conference-held-in-seoul-rok/>

<sup>61</sup> Ibid.

<sup>62</sup> “Deputy Secretary-General of ASEAN for Socio-Cultural Community discusses strengthening people-to-people connections with Pakistan Ambassador”, ASEAN, June 5, 2024, <https://asean.org/dsg-ascc-discussed-strengthening-people-to-people-connections-with-pakistan-ambassador/>

### ***Implementation of Regional Work***

Under the Chairmanship of Laos, ASEAN member states began collectively working as a regional organization towards the integration process of the ASEAN Socio-Cultural Community with the 27<sup>th</sup> ASEAN Tourism Minister Meeting in Vientiane Capital in Laos on January 25, 2025.<sup>63</sup> The Ministerial Meeting highlighted the importance of the key milestones the ASEAN member states have achieved and the unwavering commitment to implementing the ASEAN Tourism Strategy Plan 2016-2025.<sup>64</sup> Not only does this strategy plan contribute to the realization of a single integrated community that the ASEAN leaders have envisioned in the ASEAN Community Vision 2025 under the framework of the ASEAN Socio-Cultural Community, but this meeting and strategy plan also have a significant externality on the ASEAN Economic Master Plan 2025. The ASEAN Tourism Strategy Plan 2016-2025 is so important because most ASEAN member states share a similarity in generating national income, a huge part of which comes from providing tourism services. Another keynote providing a very collaborative and hopeful future from the 27<sup>th</sup> ASEAN Tourism Minister Meeting for ASEAN was that Malaysia, the next ASEAN Chairman in line, showed strong commitments and already began preparing to attain resilient, sustainable, and inclusive tourism in the Southeast Asia region.<sup>65</sup>

ASEAN also greatly emphasized the environment in the region about sustainability. On May 6-8, 2024, the ASEAN Environmental Rights Working Group (AERWG) convened its fourth Meeting at the ASEAN Secretariat in Jakarta, Indonesia.<sup>66</sup> The meeting covered numerous topics ranging from discussions on the importance of the realization of the rights to safe, clean, and sustainable working environments for Southeast Asian employees to explorations on procedures and mechanisms that can be implemented to achieve the realization.<sup>67</sup> Moreover, during the discussion, the ASEAN Environmental Rights Working Group highlighted the urgency of effective and collective solutions to climate change, pollution, and biodiversity loss. It should also be noted that external support from international actors was also present. ASEAN's development partners, such as the Office of the United Nations High Commissioner

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<sup>63</sup> The Laos News Agency. 25 January 2024. "27<sup>th</sup> Meeting of ASEAN Tourism Minister held". Available at: <https://kpl.gov.la/EN/detail.aspx?id=79975>

<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

<sup>66</sup> "The 4th ASEAN Environmental Rights Working Group Meeting", ASEAN, May 8, 2024,

<https://asean.org/the-4th-asean-environmental-rights-working-group-meeting/>

<sup>67</sup> Ibid.

for Human Rights (OHCHR), the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the United Nations Environment Program (UNEP), and other relevant stakeholders provided consultations filled with insightful information for ASEAN.<sup>68</sup>

The ASEAN leaders also considered the ever-changing digital technology and its impact on the region's society in the Industrial Revolution 4.0 Era. Therefore, the ASEAN leaders conducted the 4<sup>th</sup> ASEAN Digital Ministers' Meeting (ADGMIN) and Related Meetings with Dialogue Partners in Singapore from January 30 to February 02, 2024.<sup>69</sup> The meetings were convened under the theme of "Building an Inclusive and Trusted Digital Ecosystem", which is a key pillar of the ASEAN Digital Economy Framework Agreement (DEFA) launched in 2023. The meetings made significant progress towards the realization of the ASEAN Vision not only within the region but also with the external partners as well, which can be seen in the Memorandum of Understanding (MoU) on Cooperation in Communications, Digital, and Technology for 2024-2029 between ASEAN and China.<sup>70</sup> The magnitude of harnessing the full potential of digital technology is highlighted in the meetings, as well as how it is the foundation for realizing an inclusive and trustworthy digital economy of the ASEAN Digital Masterplan for 2026-2030 and the transformation of education in the digital era. On August 23-26, The ASEAN Education Ministers and Senior Officials conducted a series of meetings about the "Transforming Education in the Digital Era" in Buriram, Thailand. The result of the meeting was a Joint Declaration on the topic, which was submitted for the 44<sup>th</sup> and 45<sup>th</sup> ASEAN Summits.<sup>71</sup> Digital technology's benefit for advancing and integrating the ASEAN Socio-Cultural Community was demonstrated during the COVID-19 Pandemic when everything was done online, especially education in Southeast Asia.

### ***The ASEAN Socio-Cultural Community Blueprint 2025***

In implementing initiatives to accelerate the ASEAN Socio-Cultural Community's regional integration and the ASEAN Vision's realization, ASEAN leaders need a monitoring and evaluation system to ensure the effectiveness and efficiency of the regional organization's action. On February 28, the ASEAN leaders hosted the Regional Workshop on the

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<sup>68</sup> Ibid.

<sup>69</sup> The ASEAN Secretariat. 2 February 2024. "ASEAN Digital Ministers calls for Building Inclusive and Trusted Digital Ecosystem". Available at: <https://asean.org/asean-digital-ministers-calls-for-building-inclusive-and-trusted-digital-ecosystem/>

<sup>70</sup> Ibid.

<sup>71</sup> "ASEAN, partners call on joint efforts to transform education in the digital era", ASEAN, August 26, 2024, <https://asean.org/asean-partners-call-on-joint-efforts-to-transform-education-in-the-digital-era/>

Implementation of the ASEAN Socio-Cultural Database for Monitoring and Evaluation System (ADME) to reaffirm and underscore the strong commitment of the Community towards the success of the ASEAN Socio-Cultural Community Blueprint 2025.<sup>72</sup> The Regional Workshop involved discussions about the planning and decision-making process of realizing the Community. The ASEAN Socio-Cultural Database for Monitoring and Evaluation System (ADME) received incredible support and positive feedback from the officials during the Regional Workshop. The meeting committees collectively agreed that the Monitoring and Evaluation System (ADME) was officially introduced and launched for regional usage at the 31st ASEAN Socio-Cultural Community Council Meeting in Luang Prabang, Lao People's Democratic Republic, on March 24, 2024.<sup>73</sup> The Database System serves as a very important tool to address the issue of unavailable and unreliable data and the limited capacity of data collection to measure the implementation level and achievements of the ASEAN Socio-Cultural Community Blueprint 2025.<sup>74</sup> Moreover, the System is constructed to provide clear and dependable regional and national level statistics and data that would facilitate the cross-pillar and cross-sectoral coordination and encourage evidence and research-based decision-making process that would not only boost the process of regional integration in the ASEAN Socio-Cultural Community but also the ASEAN Economic Community and the ASEAN Political-Security Community as well.<sup>75</sup>

### ***The ASEAN Socio-Cultural Community Post-2025 Strategic Plan***

While focusing on completing the ASEAN Socio-Cultural Community Blueprint 2025, ASEAN leaders have also been preparing for what comes after 2025. The ASEAN must be prepared to identify potential challenges that could have negative implications on the society and culture of the region and explore sustainable strategies and approaches that could be the answer to those challenges in the long term. Therefore, the ASEAN Socio-Cultural Community, led by Deputy Secretary-General of ASEAN for the ASEAN Socio-Cultural Community H.E. Ekkaphab Phanthavong, hosted the 20<sup>th</sup> Meeting of the ASEAN Socio-Cultural Community Coordinating Conference (SOC-COM), on July 10 at the ASEAN

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<sup>72</sup> The ASEAN Secretariat. 28 February 2024. "ASEAN Socio-Cultural Community strengthens planning, decision making through new monitoring and evaluation system". Available at: <https://asean.org/asean-socio-cultural-community-strengthens-planning-decision-making-through-new-monitoring-and-evaluation-system/>

<sup>73</sup> Ibid.

<sup>74</sup> Merina C. Anggraeni, "Mapping the Vision: ASCC Launches a Robust Monitoring and Evaluation System" The ASEAN Magazine, March 27, 2024, <https://theaseanmagazine.asean.org/article/mapping-the-vision-ascc-launches-a-robust-monitoring-and-evaluation-system/>

<sup>75</sup> Ibid.

Secretariat, to cover various key aspects of the integration process of the community such as the facilitation of cross-pillar and cross-sectoral initiatives, which are extremely crucial for the ASEAN Socio-Cultural Community Blueprint 2025 and the ASEAN Socio-Cultural Community Post-2025 Strategic Plan.<sup>76</sup> The ASEAN leaders also conducted an Inception Workshop on August 22 to commence the End-Term Review of the ASEAN Socio-Cultural Community Blueprint 2025 as well, as it is coming to an end. The End-Term Review would provide the much-needed data and lessons learned that would aid the drafting of the Post-2025 Strategic Plan.<sup>77</sup>

Moreover, an Ad Hoc Working Group was created. On May 28-29, the Lao People's Democratic Republic and the Federation of Malaya joined hands and co-chaired the 4<sup>th</sup> Meeting of the Ad Hoc Working Group to draft and develop the ASEAN Socio-Cultural Community Post-2025 Strategic Plan in Jerudong, Brunei Darussalam.<sup>78</sup> Drafting the Strategic Plan was carried out and followed up by multiple other Meetings of the Ad Hoc Working Group. As of the latest update, the 8<sup>th</sup> Meeting of the Ad Hoc Working Group was convened on November 11-12, 2024, at the ASEAN Secretariat, Jakarta, Indonesia.<sup>79</sup> All ASEAN member states showed strong and unwavering commitment to being active and participative in finalizing the ASEAN Socio-Cultural Community Post-2025 Strategic Plan on time by not only following up on the progress of the drafting from the previous Ad Hoc meetings but also adding new and improved elements to the new drafts to make the newer versions more comprehensive and cohesive.

This impressive progression is only possible with the involvement of and engagement with all relevant stakeholders, who provided insightful and constructive consultations from all fields, such as academia, diplomats, economists, civil servants, non-government organizations, inter-governmental organizations, and other development partners. For example, the 6<sup>th</sup> Meeting of the Ad Hoc Working Group was joined by a large number of honorable attendees namely

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<sup>76</sup> “20th ASEAN Socio-Cultural Community Coordinating Conference calls for enhanced stakeholder engagements, cross-pillar synergy for post-2025 community” ASEAN, July 10, 2024, <https://asean.org/20th-asean-socio-cultural-community-coordinating-conference-calls-for-enhanced-stakeholder-engagements-cross-pillar-synergy-for-post-2025-community/>

<sup>77</sup> “ASEAN Socio-Cultural Community commences review of ASCC Blueprint 2025” ASEAN, August 22, 2024, <https://asean.org/asean-socio-cultural-community-commences-review-of-ascc-blueprint-2025/>

<sup>78</sup> “ASEAN Socio-Cultural Community Post-2025 Strategic Plan Development highlights holistic stakeholder collaboration, partnership”, ASEAN, May 31, 2024, <https://asean.org/asean-socio-cultural-community-post-2025-strategic-plan-development-highlights-holistic-stakeholder-collaboration-partnership/>

<sup>79</sup> “ASCC makes strides towards finalising its ASCC Post-2025 Strategic Plan” The ASEAN Secretariat, November 12, 2024, <https://asean.org/ascc-makes-strides-towards-finalising-its-ascc-post-2025-strategic-plan/>

Senior Officials Committee for the ASCC (SOCA), the Committee of Permanent Representatives to ASEAN (CPR), the ASEAN's Dialogue Partners like China, Australia, Russia, and the United States of America, International Organization for Migration (IOM), the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and more.<sup>80</sup> One key important note that tended to be overlooked is the fact that most of these Ad Hoc Working Group Meetings and other initiatives and activities are supported and funded by various development partners, like how this meeting is part of an initiative under the framework of Japan-ASEAN Integration Fund (JAIF) 3.0. This showcases how supportive, integrative, and inclusive the work of the ASEAN Socio-Cultural Community Council is by working in the regional member states and with external parties.

### **Conclusion**

During the ASEAN Chairmanship of the Lao People's Democratic Republic this year, ASEAN leaders adopted several key declarations and documents that aim to enhance regional security and stability, including, but not limited to, the ASEAN Leaders' Declaration on Strengthening Supply Chain Connectivity and the Declaration on Strengthening Regional Biosafety and Biosecurity.

In the ASEAN Political-Security Community, ASEAN reaffirmed its strong commitment to resolving the ongoing Myanmar crisis by implementing the Five-Point Consensus, underscoring its dedication to peace and stability. Moreover, the regional organization has continued efforts to negotiate a Code of Conduct (COC) with China to reduce tensions in the South China Sea. However, China's refusal to accept a legally binding COC and constrain divisive issues for ASEAN to address proved to be an obstacle. As for the ongoing conflict of the Russia-Ukraine war, it reflected varying geopolitical priorities among ASEAN member states. This conflict has hindered unified action, revealing ASEAN's cautious approach to the Russia-Ukraine war. In addition, ASEAN's response to the Israel-Hamas conflict indicates regional concerns over humanitarian impacts, international law, and religious sensitivities. Diverging views persist within ASEAN.

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<sup>80</sup> "Collaborative efforts shape ASEAN Socio-Cultural Community Post-2025 Strategic Plan" The ASEAN Secretariat, August 27, 2024, <https://asean.org/collaborative-efforts-shape-asean-socio-cultural-community-post-2025-strategic-plan/>

On diplomatic relations, ASEAN has made remarkable progress in strengthening its relationship with external partners. The ASEAN-U.S. relationship has seen significant progress, highlighted by the upcoming ASEAN-U.S. Plan of Action (2026–2030), enhancing political-security cooperation, ongoing collaboration in marine law enforcement and environmental protection. The regional organization reinforced its relations through a newly signed agreement between the EU’s Civil Protection and Humanitarian Aid Operations (DG ECHO) and ASEAN’s AHA Centre, enhancing disaster preparedness and response by promoting knowledge exchange, deploying experts, and developing training programs. Furthermore, ASEAN also upgraded its relationship with South Korea regarding the relationship to a Comprehensive Strategic Partnership, expanding cooperation in diverse fields such as artificial intelligence, environment, smart cities, cybersecurity, defense procurement, and people-to-people exchanges. Moreover, ASEAN and Japan reaffirmed their commitment based on mutual trust, respect, and cooperation. Both parties agreed to continue their collaboration under the scope of the three CSP pillars: Heart-to-Heart Partners, Co-creation of Economy and Society, and Partners for Peace and Stability. Additionally, ASEAN has strengthened its relations with India, focusing on maritime security, counter-terrorism, and trade. Both parties agreed on the importance of peace, stability, and freedom of navigation in the Indo-Pacific and stressed enhancing collaboration in military medicine, disaster relief, and peacekeeping. In addition to its relation with Australia, ASEAN is committed to working with Australia to tackle transnational crime, including but not limited to human trafficking and cybercrime, focusing on enhancing transparency, strategic trust, and multilateral cooperation through ASEAN-led mechanisms. Since being granted the observer status in 2022,

Timor-Leste has been impressively progressing towards full membership in the ASEAN. Despite significant progress, Timor-Leste still faces many challenges in meeting the roadmap’s criteria, which some actors argue contradicts ASEAN’s goal of promoting regional growth and partnership.

In the ASEAN Economic Community, this year marked an important moment for ASEAN. It aims to strengthen regional ties and foster global relationships. The ASEAN Australia Special Summit especially highlighted a shared commitment that both parties shared to deepen trade and promote equitable and sustainable economic growth by facilitating crucial linkages between businesses in Australia and Southeast Asia. ASEAN continued enhancing economic connectivity to align economic priorities among member states and strengthen ASEAN’s position in the global economic landscape. Moreover, ASEAN proceeded with its ongoing

engagement and global collaboration, enhancing financial safety nets and emphasizing disaster risk financing initiatives to bolster regional resilience against economic shocks. At the same time, ASEAN prioritizes promoting investment, free trade, and economic growth to enhance economic cooperation between ASEAN and partner countries. Lastly, ASEAN has strengthened market connectivity and supported SMEs in improving access to investment opportunities across member states, which is expected to bolster regional market connectivity.

In the ASEAN Socio-Cultural Community, a few important topics were put on the agenda of the Community, namely the strengthening of the ASEAN's relations with external partners, the process of improving tourism, the environment, and the harnessing of digital technology. The ASEAN Secretariat has worked intensively to strengthen the regional organization's relations and explore collaboration on environmental, health, social, and cultural matters, and so on. Under the Chairmanship of Laos, ASEAN member states began collectively working as a regional organization towards the integration process of the ASEAN Socio-Cultural Community. The regional organization also saw the ASEAN Socio-Cultural Community Blueprint 2025 implementation, the official launching of the ASCC Database For Monitoring and Evaluation System (ADME), and the drafting and development of the ASEAN Socio-Cultural Community Post-2025 Strategic Plan.



## Cambodia

**Meung Chansomanita, Kuch Sonika Bun, Minith Mey, Sou Sathiakvatey, Poun Huyching, Thai Sreyvin, Chheam Seakmey, and Sopheaktra Chhempich**

### Introduction

In 2024, the Kingdom of Cambodia experienced a transformative year marked by notable progress in domestic politics, socioeconomic development, and foreign relations. Cambodia stood at the crossroads of transformation, showcasing a year of bold strides and enduring challenges that shaped its national narrative. From groundbreaking reforms in governance to remarkable economic resilience, the country demonstrated its commitment to progress while navigating a rapidly evolving regional and global landscape. With a focus on innovation, inclusivity, and diplomacy, Cambodia's domestic politics, socioeconomic development, and foreign relations milestones underscored its aspirations to emerge as a dynamic force in Southeast Asia. This analysis delves into the pivotal events and trends that defined Cambodia's journey throughout the year.

### Domestic Politics

On February 27, the National Election Committee confirmed that the Cambodian People's Party (CPP) had won a landslide victory in the Senate's election, securing 55 out of 58 seats.<sup>1</sup> The coalition of opposition parties claimed the remaining three seats, the Khmer Will Party. Of the 62 Senate seats, the King appoints two, the National Assembly elects two, and commune councilors and National Assembly members elect 58. This decisive victory further consolidated the CPP's political dominance and paved the way for former Prime Minister Hun Sen to assume the role of Senate President. The CPP's overwhelming majority in the Senate underscores its entrenched influence within Cambodia's political system. This victory solidifies the party's legislative authority and positions it to advance its legislative agenda with minimal opposition. The Senate's role as a reviewing chamber for laws passed by the National Assembly makes it a crucial component of the legislative process. CPP's dominance ensures alignment with the government's policies and initiatives.<sup>2</sup> Former PM Hun Sen's anticipated role as Senate

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<sup>1</sup> Cambodia's Ruling Party Wins Senate Election, Paving the Way for Hun Sen to Act As Its President." AP News. Last modified February 27, 2024. <https://apnews.com/article/senate-president-election-hun-sen-man-etc8613f0cc226f938f3e09b28e65a565e>.

<sup>2</sup> Freedom House. "Cambodia: Freedom in the World 2024 Country Report." Freedom House, 2024, [freedomhouse.org/country/cambodia/freedom-world/2024](https://freedomhouse.org/country/cambodia/freedom-world/2024).

President signifies his continued influence in Cambodian politics, even after stepping down as Prime Minister in 2023. This transition reflects a strategic move to maintain political stability and continuity, leveraging his extensive experience and leadership within the CPP. The Senate's composition and leadership are pivotal for implementing the government's long-term vision, including the "Vision 2040" strategy for national development.<sup>3</sup>

It is important to note that on February 29, an activist of the opposition Candlelight Party (CP) was sentenced to 18 months in prison and fined 5 million Khmer Riels (approximately US\$1,250) for allegedly interfering with voters during the National Election in July 2023.<sup>4</sup> The Phnom Penh Municipal Court charged the activist with "incitement to commit a felony or cause social unrest under Articles 494 and 495 of Cambodia's Penal Code, inciting, harassing and preventing people from going to the polls or destroying ballots." This incident drew significant attention from advocacy groups and international observers, who expressed concerns about political freedoms and the treatment of opposition voices. The government, however, defended the ruling as a necessary measure to uphold electoral integrity and public order.

According to Freedom House, the July 2023 parliamentary elections were widely criticized as neither free nor fair. The Cambodian People's Party (CPP) secured 120 National Assembly seats, with the royalist Funcinpec party winning the remaining 5. Key opposition parties, including the Candlelight Party and the Khmer United Great National Party (KUGNP), were barred from participating as early as May 2023.<sup>5</sup>

Former Prime Minister Hun Sen, a dominant figure in Cambodian politics for over four decades, resigned from the National Assembly on April 1, 2024.<sup>6</sup> His tenure spanned from 1981 to 1993 and from 1993 to 2024, during which he served as Prime Minister from 1985 until his resignation in 2023, making him one of the world's longest-serving leaders. Ex-PM Hun Sen's resignation from the National Assembly is a strategic move preceding his anticipated

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<sup>3</sup> Agence France-Presse. 2024. "Cambodia Ex-PM Hun Sen Returns to Frontline Politics for Senate Seat." Voice of America. Voice of America (VOA News). February 25, 2024. <https://www.voanews.com/a/cambodia-ex-pm-hun-sen-returns-to-frontline-politics-for-senate-seat/7501717.html>.

<sup>4</sup> Buth, Reaksmey Kongkea. "CP Activist Jailed over Voter Interference." Khmer Times. Last modified February 29, 2024. <https://www.khmertimeskh.com/501447895/cp-activist-jailed-over-voter-interference/>.

<sup>5</sup> Freedom House, "Cambodia".

<sup>6</sup> Torn, Chanritheara. (2024, April 1). Hun Sen Bids Farewell to National Assembly After More Than 40 Years. Cambodianess. Retrieved June 17, 2024, from <https://cambodianess.com/article/hun-sen-bids-farewell-tonational-assembly-after-more-than-40-years>.

appointment as President of the Senate. This position would enable him to act as head of state in the absence of King Norodom Sihamoni, thereby maintaining his influence within Cambodia's political hierarchy. Samdach Hun Sen replaced Samdach Say Chhum as the President of the Senate to protect the well-being of all citizens. Hun Sen's priorities as Senate President include parliamentary diplomacy, strengthening alliances with foreigners, and working closely with local governments.<sup>7</sup> Throughout his political career, Hun Sen has been associated with significant economic reforms, notably land ownership, contributing to Cambodia's development. However, his tenure has also been marked by allegations of human rights abuses and suppression of political opposition.

On April 5, 2024, Koet Saray, a well-known student leader and human rights advocate, was taken into custody on allegations of "inciting social unrest." He faces accusations of provoking violence against law enforcement and participating in illegal land acquisitions in Preah Vihear province. The conviction of Koet Saray relates to a decade-long land dispute in Preah Vihear Province, where approximately 300 families were evicted from their homes in Kuleaen District to make way for a rubber plantation on a government-granted land concession to Seladamex Co., Ltd, a Phnom Penh-based company.<sup>8</sup> On March 21, 2024, Koet Saray visited a group of these evicted villagers hiding in a nearby forest area and spoke to reporters about their situation. As the president of The Khmer Students Intelligent League Association (KSILA), Saray has been vocal on social and political matters, particularly issues surrounding land disputes. His arrest has sparked widespread criticism and controversy. The Khmer Students Intelligent League Association (KSILA) is a group dedicated to capacity building, focusing on empowering students to actively engage in social development, promote good governance, and advocate for the sustainable use of natural resources in Cambodia. Saray's second imprisonment has once again impacted his family, as he was their sole source of income. Although donations from philanthropists have provided some financial support, the amount raised so far remains limited and insufficient to address the family's needs fully.<sup>9</sup> At the same time, UN Human Rights experts have called on Cambodia to stop all forms of harassment and

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<sup>7</sup> Yalirozy, Tang. (2024, April 3). Ex-PM Hun Sen Sweeps Board in Senate President Vote. *Cambodianess*. Retrieved June 17, 2024, from <https://cambodianess.com/article/hun-sen-sweeps-board-in-senate-president-vote>.

<sup>8</sup> Sea, Eung. "Preah Vihear Provincial Authorities Arrest Villagers and Fire Weapons in Clash over Land Dispute | *CamboJA News*." *Cambojanews.com*, 7 Mar. 2024, [cambojanews.com/preah-vihear-provincial-authorities-arrest-villagers-and-fire-weapons-in-clash-over-land-dispute/](https://cambojanews.com/preah-vihear-provincial-authorities-arrest-villagers-and-fire-weapons-in-clash-over-land-dispute/). Accessed 27 Dec. 2024.

<sup>9</sup> Sovann, Sreypich. "Funds Raised to Help Koet Saray, UN Calls for End to Prosecution of Human Rights Activists | *CamboJA News*." *Cambojanews.com*, 24 Apr. 2024, <https://cambojanews.com/funds-raised-to-help-koet-saray-un-calls-for-end-to-prosecution-of-human-rights-activists/>.

legal action against human rights defenders and civil society activists. They emphasized allowing individuals to exercise their civil and political rights freely.<sup>10</sup> In their statement, the experts highlighted recent arrests of those involved in civic activities, including Saray's detention, which they noted was directly related to his exercise of freedom of expression. Over fifty organizations and civil society groups have demanded Saray's immediate release and the dismissal of all charges. They argue that his detention is part of a broader effort to suppress freedom of expression and human rights in Cambodia. According to these groups, Saray's activities aimed to raise awareness about ongoing land disputes, not inciting violence or disorder.<sup>11</sup> On November 6, 2024, the Phnom Penh Capital Court found Koet Saray guilty of "incitement to commit a felony" and "reoffending after a prior misdemeanor conviction" under Articles 494, 495, and 88 of Cambodia's Criminal Code. He was sentenced to four years in prison and ordered to pay a fine of two million riel (roughly 420 euros).<sup>12</sup>

The President of the Cambodian Senate, Hun Sen, has proposed a new law aimed at penalizing individuals who deny the occurrence of genocide in Cambodia.<sup>13</sup> Speaking at a conference titled "The Future of Cambodia Without Genocide," Hun Sen emphasized the importance of such legislation to counter "color revolution" efforts and maintain national stability. He argued that denying Cambodia's history of genocide could destabilize the country, referencing the 1970 coup and the rise of the Khmer Rouge dictatorship as examples of historical turmoil. Hun Sen asserted that despite claims by "some politicians" denying the existence of a genocidal regime, the proposed law would facilitate teaching Cambodian students about the genocide more effectively. While the government sees the measure as crucial for preserving historical accuracy and peace, political experts have raised concerns about its potential to stifle open discussions of historical events. When asked for further clarification, the government spokesman declined to elaborate, encouraging the public to consider Hun Sen's perspective.

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<sup>10</sup> The UN Human Rights Office. "Cambodia Must End Harassment of Human Rights Defenders: UN Experts." OHCHR, 19 Apr. 2024, <https://www.ohchr.org/en/press-releases/2024/04/cambodia-must-end-harassment-human-rights-defenders-un-experts>

<sup>11</sup> Yalirozy, T.ang (2024, April 8). Civil Groups Call for Release of Charged Student Leader Koet Saray. Cambodianess. Retrieved June 17, 2024, <https://cambodianess.com/article/civil-groups-call-for-release-of-charged-student-leader-koet-saray>

<sup>12</sup> International Federation for Human Rights. "Cambodia: Koet Saray Sentenced to Four Years in Prison." International Federation for Human Rights, 18 Nov. 2024, <https://www.fidh.org/en/issues/human-rights-defenders/cambodia-koet-saray-sentenced-to-four-years-in-prison>

<sup>13</sup> Khuon, Narim., & Ly, Rosslan. (2024, May 23). Hun Sen Proposes Law To Punish Anyone Denying Cambodia's Genocidal Past. CamboJA News. Retrieved June 17, 2024, from <https://cambojanews.com/hun-senproposes-law-to-punish-anyone-denying-cambodias-genocidal-past/>.

Regarding the heated discussion on the Cambodia-Laos-Vietnam Development Triangle Area (CLV-DTA), Senate President Hun Sen addressed the nation to clarify the purpose of the Cambodia-Laos-Vietnam Development Triangle Area (CLV-DTA) following the arrest of individuals who were criticized as "slandering" by the president.<sup>14</sup> Hun Sen explained that the goal of the CLV-DTA is to promote economic, social, and national security cooperation among Cambodia, Laos, and Vietnam. He emphasized that, contrary to some social media claims, the initiative is not intended to establish a new country or federation. Instead, it focuses on fostering mutual growth without territorial integration. The development area includes several provinces from Laos and Vietnam, with all three countries collaborating within this framework.<sup>15</sup> The CLV-DTA was designed to promote economic development, social progress, and national security cooperation among the three countries, focusing on border regions. However, it is noteworthy that activists have expressed their concerns about the Cambodia-Laos-Vietnam Development Triangle Area (CLV-DTA). In response, the government has been pledging to suppress any activities initiated by "extremist opposition groups" operating from abroad. These groups have been accused of attempting to undermine the government's authority.<sup>16</sup> The protests across several countries—including South Korea, Japan, and Australia—saw several thousand Cambodians demand that the government withdraw from the CLV-DTA. Their protests were driven by concerns over the potential loss of Cambodian territory, particularly in the northeast province, to Vietnam. Protesters expressed their fears that Cambodia's involvement in the CLV-DTA could lead to a loss of territorial sovereignty, with one demonstrator in South Korea warning that the situation could escalate similarly to the unrest seen in Bangladesh. In response to these protests, government officials, including representatives from the National Assembly, various ministries, government institutions, the Royal Cambodian Armed Forces (RCAF), and the National Police, issued strong statements of support for the CLV-DTA. They condemned the dissenters, emphasizing the importance of the project and reaffirming the government's position on the matter.<sup>17</sup>

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<sup>14</sup> Strangio, Sebastian. "At Least 20 Arrested in Cambodia for Protests against Economic Pact.", *The Diplomat*, 19 Aug. 2024, <https://thediplomat.com/2024/08/at-least-20-arrested-in-cambodia-for-protests-against-economic-pact/>

<sup>15</sup> Hong, Raksmeay. "CLV-DTA: How the Triangle Project Mirrors Others in the Region." *Phnompenhpost.com*, 21 Aug. 2024, [www.phnompenhpost.com/business/clv-dta-how-the-triangle-project-mirrors-others-in-the-region](http://www.phnompenhpost.com/business/clv-dta-how-the-triangle-project-mirrors-others-in-the-region).

<sup>16</sup> Khuon, Narim, and Suokeany Tep. "Armed Forces to Root out Extremist Groups Opposing CLV-DTA amid Protests Overseas | *CamboJA News*." *Cambojanews.com*, 12 Aug. 2024, <https://cambojanews.com/armed-forces-to-root-out-extremist-groups-opposing-clv-dta-amid-protests-overseas/>

<sup>17</sup> *Ibid.* see 16.

To call for more collaboration for territorial integrity, on August 26, PM Hun Manet initiated the Border Infrastructure Development Fund to secure additional financial resources to improve infrastructure along Cambodia's borders, focusing on constructing a border ring road.<sup>18</sup> By October 2024, in an audio statement, PM Manet announced that approximately 700,000 individuals had contributed around \$26.3 mln to the fund.<sup>19</sup> "The funds will be allocated to enhance border infrastructure, specifically for the development of the border ring road," he stated. PM Hun Manet also emphasized that since 1994, Cambodia has constructed approximately 1,300 kilometers of the border ring road, representing about 50% of the total planned length. He outlined a goal to complete the remaining sections within the next decade, with an estimated investment exceeding \$200 million.<sup>20</sup> In September 2024, Cambodia announced its withdrawal from the Cambodia-Laos-Vietnam Development Triangle Area (CLV-DTA), a regional economic cooperation agreement established in 1999.<sup>21</sup> Prime Minister Hun Manet cited concerns over potential territorial concessions to neighboring countries as a primary reason for the withdrawal. This decision has raised apprehensions about Cambodia's diplomatic relations, particularly with Vietnam, which has expressed discomfort over the withdrawal. Analysts suggest that Cambodia's exit from the CLV-DTA could lead to a closer alignment with China, potentially altering the regional geopolitical landscape.<sup>22</sup>

In August, Prime Minister Hun Manet's first year in office has been marked by notable achievements in economic development and national progress, though human rights concerns remain a critical challenge, according to civil society. Government spokesperson Pen Bona and Minister Delegate Jean Francois Taing highlighted key successes, including advancements in peace, political stability, investment, and reforms in various sectors such as health, education,

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<sup>18</sup> Niem, Chheng. "PM Establishes Foundation for Border Development to Protect Sovereignty." Phnompenhpost.com, 26 Aug. 2024, <https://www.phnompenhpost.com/national/pm-establishes-foundation-for-border-development-to-protect-sovereignty>

<sup>19</sup> Khmer Times. "Cambodia Collects \$26.3 Mln for Border Infrastructure Development - Khmer Times." Khmer Times - Insight into Cambodia, 20 Oct. 2024, [www.khmertimeskh.com/501577308/cambodia-collects-26-3-m-ln-for-border-infrastructure-development/](http://www.khmertimeskh.com/501577308/cambodia-collects-26-3-m-ln-for-border-infrastructure-development/)

<sup>20</sup> Ibid. see 19.

<sup>21</sup> Siow, Maria. "Cambodia's "Shocking" Exit from Development Deal with Vietnam, Laos "Shakes Its Reputation."" South China Morning Post, 25 Sept. 2024, [www.scmp.com/week-asia/politics/article/3279858/cambodias-shocking-exit-development-deal-vietnam-laos-shakes-its-reputation?utm\\_source=chatgpt.com](http://www.scmp.com/week-asia/politics/article/3279858/cambodias-shocking-exit-development-deal-vietnam-laos-shakes-its-reputation?utm_source=chatgpt.com)

<sup>22</sup> Seoung, Nimol. "From Confrontation to Concession: Cambodia's Withdrawal Signals Complex Relationship with the CLV-DTA | CamboJA News." Cambojanews.com, 25 Sept. 2024, <https://cambojanews.com/from-confrontation-to-concession-cambodias-withdrawal-signals-complex-relationship-with-the-clv-dta/>

agriculture, and justice.<sup>23</sup> According to the same source, here are the following key Achievements:

- Vocational Training Program: Benefiting 50,000 people so far, with a target to reach 1.5 million, the program is strengthening human resources by equipping Cambodians with essential skills.
- Agricultural Support: Over 110,000 farmers have received assistance through 250 agricultural officers addressing local challenges. Eight modern agricultural communities have been established in six provinces to enhance collective farming and market access.
- Techo Funan Canal Project: launched the construction as a landmark infrastructure achievement, this canal is expected to enhance Cambodia's global reputation and significantly benefit agricultural productivity. Despite public praise, some affected residents remain concerned about compensation.

Challenges persist, particularly for farmers facing seasonal water shortages and financial pressures due to reduced crop yields. While the government has initiated measures to address these issues, effective solutions for long-term agricultural resilience are still needed. Hun Manet's administration continues efforts to attract foreign investment, improve public engagement, and implement reforms, aiming to balance economic growth with addressing the country's socio-economic challenges.

In the fourth quarter of 2024, Cambodia saw a reshuffle in the structure of the Ministry of Foreign Affairs and International Cooperation with the reappointment of a former Foreign Minister, Prak Sokhonn. On November 20th, the National Assembly of Cambodia unanimously voted 112 out of 112 to reappoint Prak Sokhonn as the new Foreign Minister of the Ministry of Foreign Affairs and International Cooperation (MFAIC) and a Deputy Prime Minister.<sup>24</sup> Prior to the government reshuffle in August 2023, Prak Sokhonn served as the MFAIC's foreign minister from 2016 to 2023.<sup>25</sup> After the 2023 government reshuffle, the

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<sup>23</sup> Ly Rosslan. 2024. "Gov't Trumpets One Year Achievement under Hun Manet, but Civil Society Calls for Improvements in Human Rights | CamboJA News." *Cambojanews.com*. August 20, 2024. <https://cambojanews.com/govt-trumpets-one-year-achievement-under-hun-manet-but-civil-society-calls-for-improvements-in-human-rights/>

<sup>24</sup> Teng, Yalirozy. 2024. "Sokhonn Returns to Foreign Role amid World Turmoil." *Cambodianess*. November 20, 2024. <https://cambodianess.com/article/sokhonn-returns-to-foreign-role-amid-world-turmoil>.

<sup>25</sup> Khmer Times. 2024. "Cambodia's National Assembly Approves Prak Sokhonn as Deputy Prime Minister and Foreign Minister - Khmer Times." *Khmer Times - Insight into Cambodia*. November 20, 2024.

MFAIC lacked effective diplomacy and foreign policy implementation. Prime Minister Hun Manet characterized this recent reshuffle as a strategic measure to enhance performance, signaling the government's commitment to bolster productivity and effective foreign policy implementation within the MFAIC.<sup>26</sup> Prime Minister Hun Manet further emphasized improving leadership mechanisms, promoting adaptive and strategic foreign policy, and leveraging favorable conditions of external challenges as the rationales of his government reshuffle.<sup>27</sup> These rationales highlight positive anticipation for significant changes in Cambodia's foreign policy under Prak Sokhonn's return to the MFAIC with his leadership and diplomatic capability.

In addition to reshuffling the ministerial structure, the Cambodian government sentenced a leader of an opposition party for his criticism of the government. On December 26th, Sun Chanthy, the president of the Nation Power Party (NPP), was sentenced by the Phnom Penh Municipal Court to a two-year imprisonment, banned from voting or standing for elections, and fined 4 million Khmer Riels (approximately US\$ 1000) after he was found guilty of inciting social unrest through his social media post.<sup>28</sup> The rationale behind Sun Chanthy's arrest, as stated by the police, was due to his criticism of the Cambodian government and the false information that he spread during his meeting with supporters in Japan. In his social media post, Sun Chanthy criticized the Cambodian government for the social welfare distribution within the government system and the government policies that increase its people's bank debts.<sup>29</sup> However, his lawyer, Choung Chou Ngy, decried that the Court's ruling was unjust and claimed that Sun Chanthy's remarks were merely constructive criticisms of the Cambodian government.<sup>30</sup> The Court's ruling and the police's arrest of Sun Chanthy was viewed by many,

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<https://www.khmertimeskh.com/501595119/cambodias-national-assembly-approves-prak-sokhonn-as-deputy-prime-minister-and-foreign-minister/>.

<sup>26</sup> Torn, Vibol. 2024. "National Assembly to Appoint Prak Sokhonn as New Minister of Foreign Affairs - Khmer Times." Khmer Times - Insight into Cambodia. November 20, 2024.

<https://www.khmertimeskh.com/501594606/national-assembly-to-appoint-prak-sokhonn-as-new-minister-of-foreign-affairs/>.

<sup>27</sup> Niem, Chheng. 2024. "Manet Explains Return of Sokhonn as Foreign Minister." The Phnom Penh Post. November 20, 2024, <https://www.phnompenhpost.com/politics/manet-explains-return-of-sokhonn-as-foreign-minister>

<sup>28</sup> Cheang, Sopheng, and Grant Peck. 2024. "Cambodian Court Gives an Opposition Leader 2-Year Prison Term, Keeping Pressure on Critics." ABC News. December 26, 2024.

<https://abcnews.go.com/International/wireStory/cambodian-court-opposition-leader-2-year-prison-term-117115085>.

<sup>29</sup> Ratcliffe, Rebecca. 2024. "Cambodian Opposition Leader Jailed after Conviction for Inciting Disorder." The Guardian. December 26, 2024. <https://www.theguardian.com/world/2024/dec/26/cambodian-opposition-leader-jailed-after-conviction-for-inciting-disorder>.

<sup>30</sup> Ibid. See 30.



especially opposition parties and activities, as a politically motivated action to silence government critics. However, the Cambodian government has denied doing so.<sup>31</sup> Many individuals from opposition parties demanded that the government abide by international human rights law, claimed Sun Chanthy's action was an exercise of his freedom of speech and political expression, and criticized the Cambodian government's action as political repression.<sup>32</sup>

The Cambodian government continued to be criticized for its lack of territorial integrity regarding the Cambodia-Thailand maritime border dispute on Koh Kut. Critics, particularly opposition individuals abroad, accused the Cambodian government's silence on the Koh Kut dispute as losing the maritime territory to Thailand.<sup>33</sup> Former Prime Minister and current Senate President Hun Sen emphasized that the maritime dispute on Koh Kut is a contentious issue that requires both the Cambodian and Thai governments to do their utmost best in negotiations.<sup>34</sup> Prime Minister Hun Manet further reassured the Cambodian people that the Cambodian government is not disregarding its people's complaints and that the lack of government response to criticisms and demands does not indicate the government's lack of commitment to protecting Cambodia's territorial sovereignty. Prime Minister Hun Manet continued to express his commitment to protecting Cambodia's territorial sovereignty on the island by international maritime law.<sup>35</sup>

Cambodia concluded the three-day celebration of the 20th anniversary of King Norodom Sihamoni's coronation with a grand ceremony held outside Phnom Penh's Royal Palace. The event drew attendance from high-ranking officials, including government, military, and civil service members, underscoring its national significance. While traditionally marked by a single

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<sup>31</sup> Reuters. 2024. "Cambodia Jails Opposition Party Leader." Reuters, December 26, 2024.

<https://www.reuters.com/world/asia-pacific/cambodia-opposition-politician-jailed-two-years-incitement-2024-12-26/>

<sup>32</sup> Khuon, Narim. 2024. "NPP President Sun Chanthy Convicted for Incitement, Stripped off Political Right to Stand for Election | CamboJA News." CamboJa News. December 26, 2024. <https://cambojanews.com/npp-president-sun-chanthy-convicted-for-incitement-stripped-off-political-right-to-stand-for-election/>.

<sup>33</sup> Teng, Yalirozy. 2024. "Cambodia Not Silent on Sea Border Dispute: PM." Cambodianess. November 21, 2024. <https://cambodianess.com/article/cambodia-not-silent-on-sea-border-dispute-pm>.

<sup>34</sup> Torn, Vibol. 2024. "Opposition Abroad Accused of Provoking Border Dispute over Koh Kut - Khmer Times." Khmer Times - Insight into Cambodia. November 21, 2024.

<https://www.khmertimeskh.com/501596196/opposition-abroad-accused-of-provoking-border-dispute-over-koh-kut/>.

<sup>35</sup> Torn, Vibol. 2024. "'Govt Acts on Border Issues via Official Means Not Social Media' - Khmer Times."

Khmer Times - Insight into Cambodia. December 27, 2024. <https://www.khmertimeskh.com/501614816/govt-acts-on-border-issues-via-official-means-not-social-media/>.

day of festivities, this ceremony extended over three days of vibrant fanfare. The celebrations began with ceremonial blessings, reflecting the country's deep cultural heritage, culminating in a heartfelt speech by King Sihamoni. Addressing thousands of attendees, including Prime Minister Hun Manet and Senate President Hun Sen, the King emphasized "unity" and "harmony."<sup>36</sup>

“Celebrating Cambodia” is a highly anticipated event scheduled for New Year’s Eve, December 31, 2024, at the public park in front of the Royal Palace in Phnom Penh.<sup>37</sup> Spearheaded by Hun Many, President of the Union of Youth Federations of Cambodia (UYFC), the event aims to highlight the nation’s vibrant cultural heritage, foster a sense of unity, and showcase Cambodia’s progress on the global stage. According to Minister of Information Neth Pheaktra, this large-scale celebration would unite people from all walks of life. Media teams have been tasked with promoting the event widely domestically and internationally.<sup>38</sup> The event will feature a traditional cultural parade, folk music performances, and a “Celebrating Cambodia” parade, complemented by giant puppets, lanterns, and balloons. Designed to connect Cambodians at home and abroad, it provides a platform for all social classes and communities to celebrate their shared identity and pride in being part of the Cambodian family. “Celebrating Cambodia” promises to be a spectacular conclusion to the year, reflecting the nation’s rich traditions, unity, and progress.

### **Socioeconomic affairs**

The socioeconomic affairs of Cambodia from the first quarter to the third quarter revealed that it was a nation that strived for economic growth and recovery. Cambodia experienced a significant financial recovery driven by infrastructure development, international cooperation, and export growth.

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<sup>36</sup> Khuon Narim. 2024. “King Sihamoni’s 20th Coronation Celebration Ends with Call for National Unity | CamboJA News.” Cambojanews.com. October 30, 2024. <https://cambojanews.com/king-sihamonis-20th-coronation-celebration-ends-with-call-for-national-unity/>.

<sup>37</sup> Khmer Times. 2024. “‘Celebrating Cambodia’ Event to Highlight Cambodia’s Unique Identity - Khmer Times.” Khmer Times - Insight into Cambodia. December 25, 2024. <https://www.khmertimeskh.com/501614341/celebrating-cambodia-event-to-highlight-cambodias-unique-identity/>.

<sup>38</sup> Ky, Chamna. 2024. “Celebrating Cambodia Brings Unity, Joy, Harmony, Pride....” Cambodianess.com. 2024. <https://cambodianess.com/article/celebrating-cambodia-brings-unity-joy-harmony-pride>.

In the first quarter, Prime Minister Hun Manet announced that he would launch a new initiative to deal with the unfinished constructions in Sihanoukville and boost investment in the province.<sup>39</sup> Cambodian products are now also experiencing the benefits of duty-free export agreements to Vietnam as well if they are met with three conditions: (1) if the products belong to Vietnam's preferential import tariff schedule, (2) if the products have the certificate of originating from Cambodia, and (3) the products enter Vietnam through specific border gates which were detailed in the decree.<sup>40</sup> The Cambodian Prime Minister also met with the Malaysian Chamber of Commerce to discuss establishing the Special Economic Zones to advance the high-tech sector and technology skills and promote an industrial ecosystem for Halal food.<sup>41</sup> The Cambodian government also approved a potential collaboration between the Laos-China Railway Co., Ltd. and Cambodia's Royal Railway to develop the railway network, including a high-speed connection with Laos.<sup>42</sup> Early in 2024, exports to the UK increased by 25% thanks to the UK's Developing Countries Trading Scheme (DCTS), which permits most commodities to be exported without tariffs. The Least Developed Country (LDC) designation denotes development advancement but may lead to the loss of trade favors, is something Cambodia is preparing to leave in 2027. In Kandal province, a \$300 million Cambodia Malaysia China High-Tech Park will be constructed to develop into an industrial center that offers local workers access to vocational training facilities. However, problems still exist, as seen by the 5,000 garment workers who received delayed payments after protests and judicial involvement after their factory owner disappeared.<sup>43</sup>

Cambodia kick-started the second quarter of the year with continued economic recovery and significant development across different sectors. Starting the second quarter, the Asian Development Bank predicted the Cambodian economy would increase by 5.8% in 2024 and 6% in 2025, which showed resilience. The report also talked about the probable graduation of

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<sup>39</sup> Van , Socheata. 2024. "Manet to Address Stalled Preah Sihanouk Construction with New Programme." Phnompenhpost.com. 2024. <https://www.phnompenhpost.com/national/manet-to-address-stalled-p-sihanouk-construction-with-new-programme>.

<sup>40</sup> Minh , Trang Do. 2024. "Vietnam to Offer Reduced Tariffs on Select Cambodian Goods." Vietnam Briefing News. February 6, 2024. <https://www.vietnam-briefing.com/news/vietnam-to-offer-reduced-tariffs-on-select-cambodian-goods.html/>.

<sup>41</sup> Sok, Sothearak, Mey Minith, Poun Huyching, and Thai Sreyvin. 2024. "Cambodia." In *Southeast Asia Quarterly Update: January–March 2024*, pages 7–15. Royal University of Phnom Penh. [https://rupp.edu.kh/iispp/cseas/southeast\\_asia\\_quarterly\\_update/2024/documents/Southeast%20Asia%20Quarterly%20Update%20Q1%202024.pdf](https://rupp.edu.kh/iispp/cseas/southeast_asia_quarterly_update/2024/documents/Southeast%20Asia%20Quarterly%20Update%20Q1%202024.pdf).

<sup>42</sup> Horng, Pengly. 2024. "Kingdom Mulling High-Speed Railway Link with Lao - Khmer Times." Khmer Times - Insight into Cambodia. March 27, 2024. <https://www.khmertimeskh.com/501463624/kingdom-mulling-high-speed-railway-link-with-lao/>.

<sup>43</sup> Sothearak Sok, Mey Minith, Poun Huyching, and Thai Sreyvin. "Cambodia," 10.

Cambodia from the Least Developed Country (LDC) status.<sup>44</sup> The second quarter was also the period of Khmer New Year, which many people celebrated by going to their hometowns and traveling with their friends and family. The four-day Khmer Traditional New Year, which took place from April 13 to 16, saw a record-breaking spike in tourism in Cambodia, with around 22 million domestic and foreign tourists visiting different locations nationwide.<sup>45</sup> In the same month, more than \$309 million in 22 new projects and production expansion projects were approved by the CDC. Eight of the 22 investment projects were located inside special economic zones (SEZs), while the remaining 14 were outside. These could create about 23,000 jobs. The projects focused on garment, footwear, travel goods sectors, car tire manufacturing, and automotive parts, among others.<sup>46</sup> In May, the IMF predicted that Cambodia's inflation would hold steady at 2.3% in 2024, slightly up from 2.1% in 2023, while the National Bank of Cambodia (NBC) forecasted economic growth led by industry (+8.6%), services (+6.4%), and agriculture (+1.3%).<sup>47</sup> During the second quarter, around 33,000 Cambodians were also expected to receive improved training and labor market services due to a \$40 million credit approved by the World Bank's Board of Executive Directors. This sought to improve the quality and pertinence of job-related skills within the nation's workforce and increase workers' employability and earning potential. It helped fund the Skills for Better Jobs Project, which promotes technical and vocational education and training, career advising and job search assistance, and employer engagement when establishing training programs.<sup>48</sup> In June for Cambodia, Prime Minister Hun Manet announced the construction of the Funan Techo Canal. He announced that the construction would begin on August 5th, with 51% of funding from Cambodian financiers. This \$1.7 billion private initiative, set to be completed in 4-6 years, grants investors 50-year operating rights before transferring management to the government. The 100-meter-wide, 5.4-meter-deep canal will connect Phnom Penh to Cambodia ports on the Gulf of Thailand, passing through four provinces with 1.6 million residents along its banks.

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<sup>44</sup> Sok Sothearak, Mey Minith, Poun Huyching, and Thai Sreyvin, "Cambodia," in *Southeast Asia Quarterly Update April-June 2024*, edited by Neak Chandarith, Yun Kea, Po Sovinda, and Lak Chansok (Phnom Penh: Royal University of Phnom Penh, 2024), 13.

<sup>45</sup> Ellis, Anthony. 2024. "Record-Breaking Tourist Numbers Celebrate Khmer New Year across Cambodia." EAC News. April 18, 2024. <https://eacnews.asia/home/details/29799>.

<sup>46</sup> Xinhua. 2024. "Cambodia Attracts 309 Mln USD Investment in April-Xinhua." English.news.cn. May 7, 2024. <https://english.news.cn/20240507/5591ec427fd94f3da309e9f28990a75f/c.html>.

<sup>47</sup> Sok Sothearak, Mey Minith, Poun Huyching, and Thai Sreyvin, "Cambodia," in *Southeast Asia Quarterly Update April-June 2024*, edited by Neak Chandarith, Yun Kea, Po Sovinda, and Lak Chansok (Phnom Penh: Royal University of Phnom Penh, 2024), 14.

<sup>48</sup> World Bank. 2024. "World Bank Approves \$40 Million Project to Improve Skills for Better Jobs in Cambodia." World Bank. May 23, 2024. <https://www.worldbank.org/en/news/press-release/2024/05/23/world-bank-approves-40-million-project-to-improve-skills-for-better-jobs-in-cambodia>.

The aims were to enhance tourism, transportation, agriculture, and job creation and reduce transportation costs. This project is privately financed and operated.<sup>49</sup>

In July 2024, Cambodia began the third quarter with some investments and job creation. The Council for the Development of Cambodia (CDC) approved 190 investment projects worth over \$3.2 billion, generating over 160,000 jobs—a notable increase compared to the same period in 2023. Key investments include the Stung Met hydropower project, a solar power plant, a data center in Phnom Penh, and infrastructure like ports and hotels in various provinces in Cambodia.<sup>50</sup> Significant investments were made in special economic zones to process aluminum and manufacture tires and brake pads. With 50.15% of the investment capital, Cambodia was in the lead, followed by China with 42.64%. Economist Ky Sereyvath cautioned that although investment data is positive, many projects require time to mature, which may restrict the immediate economic gains. Nonetheless, increasing exports is a major factor in attracting international investment.<sup>51</sup> In this quarter, Cambodia has also been seen to strengthen international partnerships with countries like Japan and France. The Japanese government announced assistance to the Cambodian government with a nearly 50 million USD fund to help expand Phnom Penh’s Electricity Transmission and Distribution System Expansion Project. Japan has pledged more than 103 million dollars in fresh financial support for the Official Development Assistance in Cambodia, including the project aimed at enhancing the stability of the electricity supply in Phnom Penh by adding a new substation, a transmission line, a distribution line, and other related facilities. This announcement is made after the discussion of Deputy Prime Minister Sok Chenda Sophea with the visiting Japanese Foreign Minister Kamikawa Yoka. The two sides also signed a grant aid of \$2.7 million for the Project for Human Resource Development Scholarships and a loan of almost \$51.6 million for the National Road No. 5 Improvement Project connecting Phnom Penh to the Thailand border at Poipet.<sup>52</sup> Cambodia’s bilateral relationship with France also advanced. Prime Minister Hun Manet announced that France remained one of Cambodia’s biggest investors among the

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<sup>49</sup> Ry, Sochan. 2024. “PM: Funan Techo Canal Groundbreaking Set for August 5 .” Phnompenhpost.com. 2024. <https://phnompenhpost.com/national/pm-funan-techo-canal-groundbreaking-set-for-august-5->

<sup>50</sup> Meng, Seavmey. 2024. “CDC Approves \$3.2 Billion Projects in Six Months.” Cambodianess.com. 2024. <https://cambodianess.com/article/cdc-approves-32-billion-projects-in-six-months#>.

<sup>51</sup> Meung, Chansomanita, Mey Nimith, Poun Huyching, and Thai Sreyvin. "Cambodia." In *Southeast Asia Quarterly Update: July-September 2024*, edited by Neak Chandarith, Yun Kea, Po Sovinda, and Lak Chansok, 13–20. Phnom Penh: Royal University of Phnom Penh, 2024.

<sup>52</sup> Horng, Pengly. 2024b. “Japan to Provide \$50M for Phnom Penh Power Project - Khmer Times.” Khmer Times - Insight into Cambodia. July 9, 2024. <https://www.khmertimeskh.com/501520191/japan-to-provide-50m-for-phnom-penh-power-project/>.

European countries and that the first five months of 2024 saw \$206.4 million in bilateral trade between France and Cambodia.<sup>53</sup> Around the same time, infrastructure projects were expected to boost Cambodia's tourism as the Phnom Penh-Siem Reap-Poipet expressway, which costs 4.2 billion USD, is predicted to speed up the route of transportation of tourists from Phnom Penh to Siem Reap as well as facilitate the transportation of goods from Cambodia to the Thailand border.<sup>54</sup>

Other infrastructure development projects include the Phnom Penh-Bavet expressway and the new Techo International Airport. However, life is a mixed bag. Even though Cambodia enjoyed a moderate amount of good economic news, there was some bad news. Cambodia's national debt increased to 11.9 billion USD, of which around 600 million USD was unpaid war debt. According to the Public Debt Management Committee Chairman and Minister of Economy and Finance Aun Pornmoniroth, Cambodia's public debt status is still deemed "manageable," "sustainable," and "low risk." However, he pointed out that COVID-19 and other outside variables have impacted the economy.<sup>55</sup> The trade and investment sector of Cambodia also grew significantly during these times. Cambodia's learning industries such as garment, footwear, and textile industry recorded a 16.54% growth in exports in 2024, reaching \$6.246 billion, despite global concerns and the pandemic. Increased production has created over 1.7 million jobs, and the sector is seen as a key driver of the country's 5.8% projected economic growth for 2024.<sup>56</sup> In the agricultural sector, Cambodia experienced an unprecedented growth of 60% in agricultural exports compared to last year. Cambodia exported 94% of its agricultural products to China, Vietnam, and Thailand, importing bananas, rice, cassava, mango, lentils, cashews, cassava, fresh mango, pepper, and bran.<sup>57</sup> The Cambodia-Laos-Vietnam development triangle also marked its presence by producing good results. Cham Nimol, the commerce minister, alleviated concerns that Cambodia would lose land. She also emphasized in her speech the expansion of investment and trade that the three nations have seen over the previous 25 years.<sup>58</sup> One more important thing that happened during the third quarter was that Cambodia

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<sup>53</sup> Mao, Sreypich. 2024. "Bilateral Trade between Cambodia and France Hits \$206.4 Million." Kiripost.com. 2024. <https://kiripost.com/stories/bilateral-trade-between-cambodia-and-france-hits-2064-million>.

<sup>54</sup> Meung, Chansomanita et al., "Cambodia," 17.

<sup>55</sup> Meas, Molika. 2024. "Cambodia's Debt Increases by \$1 Billion in Q1 2024." Kiripost.com. 2024. <https://kiripost.com/stories/cambodias-debt-increases-by-1-billion-in-q1-2024>.

<sup>56</sup> Meung, Chansomanita et al., "Cambodia," 18.

<sup>57</sup> Khmer Times. 2024a. "Cambodia's Agricultural Exports Surge Nearly 60% in the First Half of 2024 - Khmer Times." Khmer Times - Insight into Cambodia. July 20, 2024. <https://www.khmertimeskh.com/501526302/cambodias-agricultural-exports-surge-nearly-60-in-the-first-half-of-2024/>.

<sup>58</sup> Yatt, Malai. 2024. "Minister Highlights Successes of CLV-DTA." Kiripost.com. 2024. <https://kiripost.com/stories/minister-highlights-successes-of-clv-dta>.

launched an e-arrival system on September 1st to streamline immigration processes and promote tourism.<sup>59</sup> The new Techo International Airport, nearing completion, also underwent test flights in September 2024, with its full launch expected in 2025.<sup>60</sup>

Cambodia's fourth quarter is marked by growth and advancements. The IMF said on 30 September that due to a robust recovery in apparel and agricultural exports and continuous recovery in tourism, the Cambodian economy is expected to increase by 5.5% in 2024, up from 5% the previous year.<sup>61</sup>

On October 1st, Sun Chanthol, Deputy Prime Minister and First Vice President of the CDC, and Daleep Singh, US Deputy National Security Advisor for International Economics, met bilaterally to promote trade and investment activities between the two countries. Minister Chanthol gave a briefing on the two nations' successful collaboration while showcasing Cambodia's potential and investment opportunities, which are advantageous for US private enterprises looking to make investments there. According to the CDC notice, representatives from the US and Cambodia stated their desire to improve collaboration and fortify connections through trade and investment operations.

Under Prime Minister Hun Manet's direction, the Royal Government of Cambodia has been commended by the US Deputy Advisor for promoting national economic development.<sup>62</sup> The economic ties between China and Cambodia also deepened in the same month. China's Hubei Province is interested in collaborating with Cambodia in tourism, agriculture, and natural resource exploration. The Hubei delegation, led by Hou Jingli, expressed their long-standing relations with Cambodia but faced difficulties due to COVID-19. Hubei is also investing in a cement factory in Kampot province. The Hubei delegation aims to explore natural mineral

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<sup>59</sup> Meung, Chansomanita et al., "Cambodia," 21.

<sup>60</sup> Lhoyd. 2024. "Techo International Airport Will Start Test Flights on September 8, Set to Open Mid 2025 - Khmer Times." Khmer Times - Insight into Cambodia. September 7, 2024. <https://www.khmertimeskh.com/501554799/techo-international-airport-will-start-test-flights-on-september-8-set-to-open-first-quarter-of-2025/>.

<sup>61</sup> Chanthy. 2024. "IMF Forecasts 5.5% Growth for Cambodia in 2024 - Khmer Times." Khmer Times - Insight into Cambodia. October 2024. <https://www.khmertimeskh.com/501568185/imf-forecasts-5-5-growth-for-cambodia-in-2024/>.

<sup>62</sup> Khmer Times, "US Agrees to Boost Trade Cooperation with Cambodia," Khmer Times - Insight into Cambodia, October 6, 2024, <https://www.khmertimeskh.com/501569639/us-agrees-to-boost-trade-cooperation-with-cambodia/>.

resources in Siem Reap, particularly the Tonle Sap Lake, one of Cambodia's largest lakes.<sup>63</sup> Pchum Ben Holiday, which lasted from October 1st to October 3rd, recorded 1.8M tourists crisscrossing around Cambodia, significantly boosting the country's economy and tourism.<sup>64</sup> The ASEAN Summit, which lasted from October 6 to October 11, provided Cambodia with a chance to advance its economic ties. Prime Minister Hun Manet would discuss sub-regional cooperation within ASEAN and economic integration with Laos and Vietnam at a networking breakfast. The session enhanced connectivity, promoted economic resilience, and empowered the private sector. Prime Minister Manet would meet with Lao PDR Prime Minister Sonexay Siphandone and Vietnam's Social Republic Prime Minister Pham Minh Chinh. This was to strengthen trade and investment flows, enhance the resilience of the economy, and encourage more active participation by ASEAN businesses in regional development projects.

Although Cambodia backed out of the CLV agreement, the trade and investment relations with the other two countries improved. Cambodia and Laos agreed to strengthen bilateral cooperation in trade, investment, tourism, finance, energy, education, infrastructure, politics, defense, and security. The Cambodian government and Laos' Prime Minister, Sonexay Siphandone, met to discuss enhancing the 'Comprehensive and Long-Term Strategic Partnership' in Vientiane, Lao PDR. They agreed to finalise an agreement for the 'Elimination of Double Taxation' and to convince the 15th meeting of the 'Cambodia-Laos Joint Commission' for bilateral cooperation. The cooperation is part of China's Belt and Road Initiative, aiming to connect both countries through transportation networks, trade routes, and broader economic collaboration.<sup>65</sup> Vietnam became the country's biggest importer, and Thailand also held talks with the Cambodian Prime Minister to discuss setting up SEZs. On Wednesday, October 10, the two countries met bilaterally on the sidelines of the ASEAN summit to resume various bilateral mechanism meetings, study the feasibility of establishing

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<sup>63</sup> Mom, Kunthea. 2024. "China to Provide Tourism and Agriculture Training in Siem Reap - Khmer Times." Khmer Times - Insight into Cambodia. October 6, 2024. <https://www.khmertimeskh.com/501569651/china-to-provide-tourism-and-agriculture-training-in-siem-reap/>.

<sup>64</sup> Chea, Vanyuth. 2024. "Pchum Ben Holiday Records 1.8M Tourists Crisscrossing the Kingdom - Khmer Times." Khmer Times - Insight into Cambodia. October 6, 2024. <https://www.khmertimeskh.com/501569657/pchum-ben-holiday-records-1-8m-tourists-crisscrossing-the-kingdom/>.

<sup>65</sup> Nhean, Chamrong. 2024. "Cambodia, Laos to Upgrade Trade, Investment Ties - Khmer Times." Khmer Times - Insight into Cambodia. October 9, 2024. <https://www.khmertimeskh.com/501571530/cambodia-laos-to-upgrade-trade-investment-ties/>.



special economic zones, and enhance cooperation in tourism, defence, and security.<sup>66</sup> Cambodia is strengthening ties with other partners, not only with neighboring countries. Australia committed to enhancing trade and investment cooperation with Cambodia, as expressed by Ambassador Derek YIP during a courtesy call on October 17th with Deputy Prime Minister Sun Chanthol. YIP also expressed interest in Cambodia's infrastructure development plans.<sup>67</sup>

During the CAO Air Services Negotiation Event (ICAN2024O) from October 21–25, 2024, in Kuala Lumpur, Malaysia, Mao Havannall, Minister in Charge of the State Secretariat of Civil Aviation, met with the Middle East and Europe Civil Aviation Authority to sign a Memorandum of Understanding (MOU) promoting direct cargo and passenger flights from the region to Cambodia, under a new policy approved by the Royal Government of Cambodia.<sup>68</sup> However, even with signs of economic recovery and growth in the next year, the Cambodian government announced on 25th October that Cambodia would cut the 2025 budget expenditure to 37.950 billion riels (\$9.32 billion), down from 38.829 billion riels (\$9.54 billion) in 2024.<sup>69</sup>

On November 1st, it was reported that Cambodia's Angkor Wat made nearly 36 million USD from ticket sales in the first 10 months of 2024, up 29% from 27.88 million dollars over the same period in the previous year.<sup>70</sup> In the same month, Cambodia also launched the new Export Service Center (ESC), aiming at supporting companies to become globally competitive exporters. According to the Ministry of Commerce Press release, The ESC is a key resource for Cambodian companies seeking global expansion, aiming to promote sustainable economic growth in the export sector through expert advice, training, and networking opportunities.<sup>71</sup> In

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<sup>66</sup>Mom, Kunthea. 2024b. "Cambodia, Thailand Hold Talks to Set up SEZs - Khmer Times." Khmer Times - Insight into Cambodia. October 10, 2024. <https://www.khmertimeskh.com/501572163/cambodia-thailand-hold-talks-to-set-up-sezs/>.

<sup>67</sup>Khmer Times. 2024c. "Australia to Increase Cooperation with Cambodia in Trade, Investment Sectors - Khmer Times." Khmer Times - Insight into Cambodia. October 18, 2024. <https://www.khmertimeskh.com/501576460/australia-to-increase-cooperation-with-cambodia-in-trade-investment-sectors/>.

<sup>68</sup>Ratana. 2024. "Cambodia Signs Agreement to Boost Direct Cargo and Passenger Flights from Middle-East and Europe - Khmer Times." Khmer Times - Insight into Cambodia. October 22, 2024. <https://www.khmertimeskh.com/501578149/cambodia-signs-agreement-to-boost-direct-cargo-and-passenger-flights-from-middle-east-and-europe/>.

<sup>69</sup>Chea, Vanyuth. 2024b. "Govt Cuts 2025 Budget Expenditure to \$9.3 Billion - Khmer Times." Khmer Times - Insight into Cambodia. October 27, 2024. <https://www.khmertimeskh.com/501581155/govt-cuts-2025-budget-expenditure-to-9-3-billion/>.

<sup>70</sup>Xinhua. 2024a. "Cambodia's Angkor Makes Nearly 36 Mln USD Revenue in First 10 Months." News.cn. 2024. <https://english.news.cn/20241101/b1a9641d0e804ac9a12b05d4adecdfb/c.html>.

<sup>71</sup>Xinhua. 2024a. "Cambodia Launches Export Service Center to Help Boost Exports." Cambodianess.com. 2024. <https://cambodianess.com/article/cambodia-launches-export-service-center-to-help-boost-exports>.

the trade and investment sector, Cambodian deputy prime minister and minister in charge of the Office of the Council of Ministers, on Tuesday 19th November, received Lee Kee Yun, Director of Heungkuk Industry, and Professor Lee Changkeun of Chung-Ang University of the Republic of Korea in a courtesy call. Lee Kee Yun complimented the Deputy Prime Minister for meeting with Heungkuk Industry which is a Korean construction materials manufacturer, and expressed support for their investment project in Cambodia's cashew nut processing sector. The Deputy Prime Minister then emphasized the Royal Government's policy to welcome FDI for economic advancement and job creation.<sup>72</sup>

In the last month of the year, Cambodia made such remarkable achievements in the socio-economic sector. According to a report, Cambodia's trade volume with the EU increased by 20% in the first 11 months of 2024, reaching \$4.887 billion, a 15.1% increase from 2023. Exports to the EU reached \$4.032 billion, while EU imports decreased by 4.85%.<sup>73</sup> Cambodia's trade volume increased by nearly 20% year-on-year in the first 11 months of 2024, reaching nearly \$50 billion, with exports accounting for 48% of the volume. The total trade volume reached \$49.87 billion between January and November.<sup>74</sup> Looking back to the first quarter, Prime Minister Hun Manet mentioned that he would solve the problems of ghost buildings in Sihanoukville. Now, in December, provincial governor Mang Sineth says 101 ghost buildings in the province have been approved for redevelopment.<sup>75</sup>

Nearing the year's close on the morning of December 26, a chartered plane with over 50 passengers on board touched down at Dara Sakor International Airport, operated by Coastal Airport Investment Co. Ltd (CAI).<sup>76</sup> This marked the start of trial operations at the airport and probably the start of something more for Cambodia tourism.

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<sup>72</sup>Khmer Times. 2024d. "Vongsey Vissoth Meets Korean Investors to Invest in Cashew Nut Processing and Export - Khmer Times." Khmer Times - Insight into Cambodia. November 20, 2024. <https://www.khmertimeskh.com/501595171/vongsey-vissoth-meets-korean-investors-to-invest-in-cashew-nut-processing-and-export/>.

<sup>73</sup>Hin, Pisei. 2024. "Cambodian Jan-Nov Exports to EU Jump by a Fifth." Phnompenhpost.com. 2024. <https://www.phnompenhpost.com/business/cambodian-jan-nov-exports-to-eu-jump-by-a-fifth>

<sup>74</sup>Hin, Pisei. 2024a. "Cambodia's Trade Volume Nears \$50B in First 11 Months of 2024." Phnompenhpost.com. 2024. <https://www.phnompenhpost.com/business/cambodia-s-trade-volume-nears-50b-in-first-11-months-of-2024>.

<sup>75</sup>Hong, Raksmei. 2024. "Sihanoukville Revitalises 'Ghost' Buildings with 101 Projects Underway." Phnompenhpost.com. December 16, 2024. <https://www.phnompenhpost.com/post-property/sihanoukville-revitalises-ghost-buildings-with-101-projects-underway>.

<sup>76</sup>Hin, Pisei. 2024c. "Dara Sakor International Airport Receives First Chartered Flight." Phnompenhpost.com. 2024. <https://www.phnompenhpost.com/business/dara-sakor-international-airport-receives-first-chartered-flight>.

Overall, in the year 2024, Cambodia demonstrated resilience and economic growth. Under strong leadership and investment, the nation saw great strides in economic recovery, infrastructure development, and international cooperation. The most important achievements included record-breaking exports, tourism and agricultural production, high-tech industry, and renewable energy projects. It also further deepened its bilateral relations with various countries to advance its position in regional and global markets. Despite rising national debt, the government is committed to fostering growth with various initiatives. As 2024 ended, Cambodia's strategic focus on trade, investment, and sustainable developments prepared the country for continued growth and economic resilience, possibly marking Cambodia as one of the top destinations to do business with.

### **Foreign Relations**

Cambodia's foreign relations since the first quarter of this year indicate a big milestone. Cambodia is actively engaging with the regional and international community through various means, from participating in multiple crucial meetings to hosting international events in the capital.

The first quarter of this year, on February 7, 2024, started with Cambodia and Thailand's relationship growth. Both parties updated their bilateral relationship to a new level as a "strategic partnership." During the official visit of Prime Minister Hun Manet to Thailand, this diplomatic tie transitioned from the title of "partnership for peace and prosperity" to one that emphasizes people-to-people connections, economic development, and political stability in both countries. One important specification regarding this agreement is that countries will jointly explore hydrocarbon resources in overlapping areas to improve energy security. In addition, both leaders pledged to step up their efforts to combat transnational crimes such as cyberattacks and environmental concerns by deciding to work on the CLEAR Sky Strategy to address regional smoke and haze pollution and to form a collaborative working group on cross-border PM2.5 air pollution.<sup>77</sup>

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<sup>77</sup> Samban, Chandara. "Thai-Cambodian Relationship Now a 'Strategic Partnership'." Phnom Penh Post. Last modified February 7, 2024. <https://www.phnompenhpost.com/national/thai-cambodian-relationship-now-a-strategic-partnership->.

On February 20, the Cambodia Foreign Ministry stated that Cambodia and Canada had signed a memorandum of understanding (MoU) regarding the commencement of bilateral consultations between foreign ministries of both countries. According to the news release, Sounry called the signing "another milestone in Cambodia-Canada bilateral relations".<sup>78</sup>

On March 21, Deputy Prime Minister and Foreign Affairs, His Excellency SOK Chenda Sophea of Cambodia, received a courtesy call from His Excellency Shovgi Mehdizada, the Ambassador Extraordinary and Plenipotentiary of Azerbaijan to Cambodia, to celebrate the 30<sup>th</sup> anniversary of diplomatic ties which began in 1994. To express these long-standing relations, both presidents reaffirmed their commitment to enhance bilateral cooperation for mutual benefit in the international stage. This gathering aims to strengthen ties between both countries by increasing the opportunities for more visits at the ministerial level and the need for economic cooperation through trade and investment.<sup>79</sup>

From 25<sup>th</sup> to 26<sup>th</sup> March this year, Laotian Prime Minister Sonexay Siphandone invited Cambodian Prime Minister Hun Manet and a delegation to Laos to bolster relations by discussing various agreements, including border issues and energy cooperation, with the signing of four MOUs and three agreements. The discussion led to the purchase of 1,000 megawatts of green energy from Laos, the minutes on the exchange of instruments of ratification of the State Boundary Treaty, and the exchange of ratification instruments between the two countries. To foster connection, the leaders also welcomed the launch of direct flights between Vientiane and Phnom Penh. Cooperation along the border to combat transboundary crimes was also emphasized.<sup>80</sup>

Cambodia's foreign relations during the second quarter indicated an increasing interaction with the new administration by expanding diplomatic ties and cooperating with new nations,

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<sup>78</sup> "Cambodia, Canada sign MoU on establishment of bilateral consultations." Khmer Times. Last modified February 21, 2024. <https://www.khmertimeskh.com/501443433/cambodia-canada-sign-mou-on-establishment-of-bilateral-consultations>

<sup>79</sup> "Cambodia, Azerbaijan Discuss Relations Promotion." Ministry of Foreign Affairs and International Cooperation. Last modified March 21, 2024. <https://www.mfaic.gov.kh/Posts/2024-03-21-News-Cambodia--Azerbaijan-Discuss-Relations-Promotion--23-28-13>.

<sup>80</sup> "Getting Closer: PM's Maiden Trip to Laos Brings Fruitful Outcomes." Khmer Time. Last modified March 27, 2024. <https://www.khmertimeskh.com/501462966/getting-closer-pms-maiden-trip-to-laos-brings-fruitful-outcomes/#:~:text=%E2%80%9CThe%20official%20visit%20of%20Prime,long%2Dterm%20strategic%20partnership.%E2%80%9D>

empathizing with the shifting change in relations. While maintaining relations with China in terms of military and economic cooperation, Cambodia has also enhanced the advancement of relations with the United States, ensuring an improvement of business and investment collaboration to foster development and cooperation between the two nations.

On 21 April 2024, the Cambodian Minister of Foreign Affairs, Sok Chenda Sopheap, had a productive bilateral meeting with the Chinese Minister of Foreign Affairs, Wang Yi, during his official visit to Cambodia. The two leaders discussed the high value of strong development of bilateral relations in all sectors under the Comprehensive Strategic Partnership of Cooperation and the shared future of a high-quality, high-level, and high-standard Cambodia-China community. They further emphasized the importance of frequent visit engagement, which demonstrates robust political trust and iron-clad friendship while enhancing the diamond cooperation on the “Industrial and Technological Corridor” and “Fish and Rice Corridor” as well as the cooperation in the field of infrastructure, energy, economy, and trades.<sup>81</sup>

Cambodia and China hold the "Golden Dragon 2024" joint military exercises with the theme “Joint counter-terrorism operations and humanitarian relief”. This training gained the interest of many analysts, noting that it offers positive benefits for Cambodia to engage in such drills with foreign nations and calls for more defense cooperation, albeit as long as Cambodia’s sovereignty and independence are protected. On May 6, the Chinese defense ministry said, “This is the sixth China-Cambodia "Golden Dragon" joint military exercise. It is conducive to further consolidating the iron-clad friendship between the two countries, enhancing strategic coordination between the two militaries and jointly safeguarding regional peace and stability.” The 2024 training was set to happen in Preah Sihanouk Province and Kampong Chhnang Province’s Chum Rikreay military training center, which lasted from 16 to 30 May 2024.<sup>82</sup>

On 7 May 2024, Prime Minister Hun Manet and the US ambassador to Cambodia, W. Patrick Murphy, had a bilateral meeting at the Peace Palace in Phnom Penh. During the meeting, Manet

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<sup>81</sup> Ministry of Foreign Affairs and International Cooperation. April 21, 2024. “Cambodia and China Highly Value the Strong Development of Bilateral Relations in all Sectors.” Ministry of Foreign Affairs and International Cooperation. <https://www.mfaic.gov.kh/posts/2024-04-22-News-Cambodia-and-China-Highly-Value-the-Strong-Development-of-Bilateral-Relations-in-all-Sectors-09-12-37>

<sup>82</sup> Niem, Chheng. May 08, 2024. “Sovereignty, independence key to int’l military cooperation.” The Phnom Penh Post. <https://www.phnompenhpost.com/national/sovereignty-independence-key-to-int-l-military-cooperation->

praised Murphy's active contribution to strengthening diplomatic relations and cooperation in his mission. Manet continued to commit to expanding Cambodia-US cooperation and introduced new policies and action plans to attract investment. On the same day, Murphy took to social media to empathize with the bilateral achievement, collaboration, and the going forward of US-Cambodia relations. Ro Vannak, co-founder of the Cambodian Institute for Democracy (CID), stated that US-Cambodia relations are on a bumpy road due to mistrust that there is a possibility of a Chinese military presence in Cambodia. Therefore, he suggested that promoting and expanding US investment in Cambodia would build trust and confidence and improve the space for political freedom.<sup>83</sup>

On June 2, the heads of defense of Cambodia and China vowed to further expand Cambodia-US cooperation, which was made during a bilateral meeting between Minister of National Defence Tea Seiha and Chinese Defense Minister Dong Jun on the sidelines of the 21st Shangri-La Dialogue, an Asia security summit, in Singapore. The ministry's June 3 statement stated, "Seiha has pledged to continue to strengthen and expand the existing relationship and strive to enhance the relationship." Following the conclusion of the Shangri-La Dialogue, US Secretary of Defense Lloyd Austin paid his second official visit to Cambodia on June 4, meeting separately with former Prime Minister and current Senate President Hun Sen, Prime Minister Hun Manet, and Seiha to continue to strengthen and expand cooperation between the two countries.<sup>84</sup>

On 07 June 2024, the Secretary of State of the Ministry of Foreign Affairs and International Cooperation, Khoun Phon Rattanak, received a courtesy call from the Ambassador of Belarus to Cambodia, Uladzimir Baravikou. Both sides engaged in in-depth discussion by reflecting on the strong potential diplomatic ties between the two nations. They agreed to co-chair the Second Bilateral Consultation between the two Foreign Ministries in the third quarter of 2024 in Phnom Penh. These bilateral relations foster potential cooperation based on mutual benefit

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<sup>83</sup> Ry, Sochan. May 08, 2024. "Calls for increased US-Cambodia cooperation, exchanges." The Phnom Penh Post.

<https://www.phnompenhpost.com/politics/calls-for-increased-us-cambodia-cooperation-exchanges>

<sup>84</sup> Ry, Sochan .June 04, 2024. "Cambodian, Chinese defence chiefs vows to deepen ties as US official visits Kingdom." The Phnom Penh Post. <https://www.phnompenhpost.com/politics/cambodian-chinese-defence-chiefs-vows-to-deepen-ties-as-us-official-visits-kingdom>

for both nations while discussing regional and international issues of common interest and concern.<sup>85</sup>

As for the third quarter, Japanese Foreign Minister Kamikawa Yoko visited Cambodia on July 6, 2024, to further solidify the Comprehensive Strategic Partnership between both nations. Areas of discussion included water and digital technology cooperation, security cooperation with the Japan Maritime Self-Defense Force, and infrastructure projects like the Sihanoukville Port. Japan also extended an ODA loan of 8 billion yen for the Transmission and Distribution System Expansion Project of Phnom Penh City.<sup>86</sup> Vietnamese President H.E. To Lam also visited Cambodia from July 12–13, 2024, at King Norodom Sihamoni's invitation. There, he separately received the heads of state of Cambodia, including Prime Minister Hun Manet and Senate President Hun Sen, to strengthen their bilateral ties in the spirit of good neighborhood and encompassing cooperation.<sup>87</sup> On July 18, 2024, Cambodian Foreign Minister Sok Chenda Sophea received a courtesy call from Myanmar's Ambassador, H.E. Kyaw Soe Min. While the meeting underlined enhancements in bilateral relations, on Cambodia's side, it underlined commitment to continued support in principle for the five-point consensus on the conflict in that country as a celebration was at hand marking the 70th anniversary of establishing those bilateral relations.<sup>88</sup>

During the Ninth Mekong-Lancang Foreign Ministers' Meeting in Chiang Mai, Thailand, the Cambodian foreign minister met Chinese Foreign Minister Wang Yi on August 15, 2024, and discussed enhanced bilateral ties with China supporting the Cambodian Funan Techo Canal Project.<sup>89</sup> Moreover, Foreign Minister Sok Chenda Sophea chaired the 5th Meeting of the

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<sup>85</sup> Ministry of Foreign Affairs and International Cooperation of Cambodia. June 07, 2024. "Cambodia and Belarus agree to co-chair 2nd Bilateral Consultations in Phnom Penh in 2024." Ministry of Foreign Affairs and International Cooperation. <https://www.mfaic.gov.kh/posts/2024-06-07-News-Cambodia-and-Belarus-agree-to-co-chair-2nd-Bilateral-Consultations-in-Phnom-Penh-in-2024--21-29-28>

<sup>86</sup> Ministry of Foreign Affairs and International Cooperation of Cambodia. 2024. "Japanese Foreign Minister to Pay an Official Visit to Cambodia . - Ministry of Foreign Affairs and International Cooperation." Mfaic.gov.kh. <https://www.mfaic.gov.kh/posts/2024-07-01-Press-Release-Japanese-Foreign-Minister-to-pay-an-official-visit-to-Cambodia---10-17-44>

<sup>87</sup> Phạm Long. 2024. "President to Lam Arrives in Phnom Penh, Starting State Visit to Cambodia." Vietnam Economic Times. <https://en.vneconomy.vn/president-to-lam-arrives-in-phnom-penh-starting-state-visit-to-Cambodia.htm>

<sup>88</sup> Meng, Seavmey. March, 05 2024. "Cambodia Welcomes New Myanmar Ambassador, Emphasizes on ASEAN's 5PC: Analysts." Cambodianess. <https://cambodianess.com/article/cambodia-welcomes-new-myanmar-ambassador-emphasizes-on-aseans-5pc-analysts>.

<sup>89</sup> Taing, Rinith. August, 09 2024. "Cambodia, China Praise Strong Ties." Khmer Times. <https://www.khmertimeskh.com/501543508/cambodia-china-praise-strong-ties/>.

Cambodia-Indonesia Joint Commission for Bilateral Cooperation with her counterpart, Indonesian Foreign Minister Retno L.P. Marsudi, to continue elevating political, defense, economic, and cultural ties between both countries.<sup>90</sup> In late August 2024, the Cambodian Foreign Minister led the delegation to attend the 4th Meeting of the Cambodia-Philippines Joint Commission for Bilateral Cooperation, during which past achievements were reviewed and new plans drafted to promote bilateral trade and cooperation.<sup>91</sup>

Recent developments in Cambodian foreign relations demonstrate the balancing act under the premiership of Hun Manet. While continuing to nurture ties with traditional partners China and Japan, Cambodia has actively diversified diplomatic engagements across Southeast Asia and beyond. It's an effort for economic cooperation through which Cambodia strengthens its international position within the changing geopolitical environment. Engagement via ASEAN and humanitarian commitments highlight the pragmatic foreign policy that will thread its way through the maze of regional challenges toward forging sustainable partnerships for development.

As Laos assumed the ASEAN Chairmanship role under the theme, “ASEAN: Enhancing Connectivity and Resilience,” many Cambodian delegates departed to Vientiane for multiple meetings to address regional concerns and reaffirm collective commitments. From the 08th to the 11th of October, Prime Minister Hun Manet led a delegation to attend the 44th and 45th ASEAN Summits and other related meetings.<sup>92</sup> During the summits, many Cambodian delegates attended various meetings, such as the ASEAN Senior Officials' Meeting, the 35th ASEAN Coordinating Council (ACC) Meeting, the 28th ASEAN Political-Security Community (APSC) Council Meeting, the ASEAN Foreign Ministers' Meeting (AMM), and more. Such participation indicated Cambodia's commitment to cooperating and discussing regional issues.

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<sup>90</sup> Taing, Rinith. August, 23 2024. “Cambodia and Indonesia Enhance Ties at 5th JCBC Meeting.” Khmer Times. <https://www.khmertimeskh.com/501546143/cambodia-and-indonesia-enhance-ties-at-5th-jcbc-meeting/>.

<sup>91</sup> Hang, Punrey. August, 27 2024. “FM in Philippines for Joint Commission Meeting on Bilateral Ties.” Khmer Times. <https://www.khmertimeskh.com/501547985/fm-in-philippines-for-joint-commission-meeting-on-bilateral-ties/>

<sup>92</sup> Taing, Rinith. 2024. “PM to Lead Delegation to Attend 44th and 45th ASEAN Summits in Laos.” Khmer Times. Khmer Times. October 7, 2024. <https://www.khmertimeskh.com/501569803/pm-to-lead-delegation-to-attend-44th-and-45th-asean-summits-in-laos/#:~:text=PM%20to%20lead%20delegation%20to,of%20regional%20and%20international%20organisation>



Prime Minister Hun Manet attended the inauguration of Indonesia's new President, Prabowo Subianto, on October 21, 2024, in Jakarta. During the inauguration, Prime Minister Hun Manet congratulated the Indonesian President and Vice President on their assuming office and reaffirmed Cambodia's commitment to strengthen further and uplift Cambodia-Indonesia's bilateral relations to new heights. Moreover, he also engaged with Malaysian Prime Minister Anwar Ibrahim and former Indonesian President Joko Widodo, focusing on fostering bilateral relationships through investor relations, people-to-people connections, and tourism development, especially improving connectivity between major tourism destinations in Cambodia and Indonesia. Prime Minister Hun Manet also met with Mr. Muhammad Jusuf Kalla, former Vice-President of Indonesia and President of the Central Asia-Pacific Democrats International (CAPDI), and invited him to Cambodia for the upcoming ICAPP meeting, which further highlighted the historical and ongoing support of Indonesia for Cambodia's peace and development. This visit reinforced Cambodia's regional engagement and active diplomatic stance within ASEAN.<sup>93</sup> On October 22-23, 2024, Samantha Power, USAID Administrator, visited Cambodia to engage with Prime Minister Hun Manet on strengthening bilateral partnerships. The visit addressed cooperation in governance, health, and economic growth alongside key challenges like human rights and environmental concerns. The visit reflected the U.S. commitment to mutual prosperity and regional stability, further strengthening the U.S.-Cambodia tie<sup>94</sup>.

Prime Minister Hun Manet's visit to China on November 6-7, 2024, reinforced Cambodia's strong ties and reliance on Beijing. He attended the 8th Greater Mekong Subregion (GMS) Summit, the 10th ACMECS, and the 11th CLMV Summit in Kunming. Meetings focused on enhancing partnerships and regional socio-economic development.<sup>95</sup> Prime Minister Hun Manet also met with Myanmar's military leader, Min Aung Hlaing, Chairman of Myanmar's State Administration Council, during the 8th Greater Mekong Subregion (GMS) Summit. They discussed the importance of resolving Myanmar's crisis peacefully through ASEAN's Five-Point Consensus, highlighting Cambodia's role in supporting Myanmar's stability through

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<sup>93</sup> Hang, Punrey and Torn, Vibol. "PM Attends Inauguration of Indonesia's New President." *Khmer Times*. Last modified October 21, 2024. <https://www.khmertimeskh.com/501577114/pm-attends-inauguration-of-indonesias-new-president/>

<sup>94</sup> USAID. "Administrator Power Travels to Cambodia - October 2024." *USAID*. Last modified October 2024. <https://www.usaid.gov/administrator-power-travels-cambodia-oct-2024.com>

<sup>95</sup> Mao, Sreypich. "China Visit Highlights Cambodia's Strong Ties and Reliance on Beijing." *Kiri Post*. Last modified November 6, 2024. <https://kiripost.com/stories/pms-china-visit-highlights-cambodias-strong-ties-and-reliance-on-beijing.com>

peace-building efforts.<sup>96</sup> On November 18, 2024, the Cambodian People's Party (CPP) hosted the Centrist Democrat International (CDI) Executive Committee Meeting in Siem Reap. The event brought together 87 delegates from 26 political parties across 24 countries. Prime Minister Hun Manet delivered a keynote address, and leaders discussed adopting the Siem Reap Declaration, approving resolutions, and welcoming four new members. In addition, a forum was held to explore youth contributions to peacebuilding, accompanied by a dialogue on the "Peace Charter: For People and the Planet." As a CDI member since 2016, the CPP has consistently expanded its global political cooperation.<sup>97</sup>

Cambodia hosted the 12th General Assembly of the International Conference of Asian Political Parties (ICAPP) from November 21 to 24, 2024, in Phnom Penh under the theme "A Quest for Peace and Reconciliation." Over 200 delegates from 57 political parties in 42 countries participated in regional security, economic cooperation, and cultural exchange discussions. The assembly adopted a declaration emphasizing peace and reconciliation, drawing lessons from Cambodia's journey to stability through the win-win policy. Other related events included the 3rd Meeting of the Asian Cultural Council and the 7th ICAPP Press Forum.<sup>98</sup>

From November 23 to 26, 2024, Cambodia's National Assembly hosted the 11th Plenary Session of the International Parliament for Tolerance and Peace (IPTP11). Over 300 delegates from 53 countries discussed peace-building, conflict prevention, and sustainable development. The Phnom Penh Declaration and the Peace Charter for Humanity and the Planet were adopted, aiming to focus on five primary areas such as conflict prevention, peace-building process, transitional justice, post-conflict reconstruction, and humanitarian and disaster response; food security, and sustainable development in response to climate change. Senate President Hun Sen highlighted Cambodia's enduring peace as a model for other nations by emphasizing the successful implementation of the Cambodian government's win-win policy. Several committee

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<sup>96</sup> Niem, Chheng. "Hun Manet Meets with Min Aung Hlaing, Urges Peaceful End to Conflict." The Phnom Penh Post. Last modified November 7, 2024. [Hun-manet-meets-with-min-aung-hlang-urges-peaceful-end-to-conflict](#)

<sup>97</sup> Khmer Times. "Cambodian Ruling Party to Host CDI Executive Committee Meeting Early Next Week." Khmer Times. Last modified November 16, 2024. [Cambodian-ruling-party-to-host-cdi-executive-committee-meeting-early-next-week](#)

<sup>98</sup> Khmer Times. "Cambodia Hosts 12th ICAPP in Phnom Penh." Khmer Times. Last modified November 22, 2024. <https://www.khmertimeskh.com/501596419/cambodia-hosts-12th-icapp-in-phnom-penh/>

meetings addressed global issues, with President of the National Assembly Khuon Sudary delivering the closing remarks.<sup>99</sup>

On December 4-5, 2024, Laotian Prime Minister Sonexay Siphandone visited Cambodia at the invitation of Cambodian Prime Minister Hun Manet, marking a significant diplomatic engagement between the two nations. Official talks with Prime Minister Hun Manet focused on enhancing bilateral trade, investment, and border management cooperation. They also signed several agreements to promote collaboration. This visit highlighted the shared commitment to fostering mutual prosperity. Prime Minister Sonexay, also met King Norodom Sihamoni and key Cambodian officials, reaffirming the two nations' long-standing friendship and collaboration.<sup>100</sup> On December 20, 2024, Cambodia's former Prime Minister Hun Sen announced that Japan would be granted visitation rights to the China-linked Ream Naval Base during a meeting with Akiba Takeo, Japan's national security adviser. This move follows growing concerns from the United States that the base, upgraded with Chinese funding since June 2022, could serve as a Chinese military outpost. Cambodia has denied such allegations, emphasizing that the base will not exclusively serve any nation. Former Prime Minister Hun Sen praised Japan as a trusted regional partner, aligning this decision with Cambodia's efforts to balance international relationships. The announcement comes after a Cambodian deputy premier stated that the base would remain accessible to various nations, including the U.S., once completed. The statement coincided with the USS Savannah's visit to Cambodia, marking the first U.S. Navy visit in eight years, amid strained U.S.-Cambodia ties over Phnom Penh's alliance with Beijing.<sup>101</sup>

### Conclusion

In 2024, Cambodia continued to build on its regional and global diplomatic efforts, achieving significant progress in fostering economic resilience, regional integration, and international collaboration. Under the leadership of Prime Minister Hun Manet, the government remained

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<sup>99</sup> Rin, Ousa. "The International Parliament for Tolerance and Peace Holds a Session in Cambodia." Cambodianess. Last modified November 24, 2024. [The-international-parliament-for-tolerance-and-peace-holds-a-session-in-cambodia](#)

<sup>100</sup> Torn Chanritheara. "Laotian PM to Pay Two-Day Visit to Cambodia." Cambodianess. Last modified December 2, 2024. <https://www.cambodianess.com/article/laotian-pm-to-pay-two-day-visit-to-cambodia.com>

<sup>101</sup> Reuters. "Cambodia to Grant Japan Visitation Rights to China-Linked Naval Base." Reuters. Last modified December 20, 2024. <https://www.reuters.com/world/asia-pacific/cambodia-grant-japan-visitation-rights-china-linked-naval-base-2024-12-20/com>

steadfast in its commitment to multilateralism, sustainable development, and regional stability. Key trade, cultural diplomacy, and technological innovation achievements further enhanced Cambodia's standing within ASEAN and the global community. These strides solidify Cambodia's role as a proactive contributor to the region's peace and prosperity, charting a forward-looking path in an increasingly interconnected world. Looking ahead to 2025, Cambodia is poised to build on this momentum, focusing on deepening regional partnerships, driving digital transformation, and addressing shared challenges such as climate change. With a clear vision and strategic priorities, Cambodia is set to strengthen its role as a dynamic and influential player in the evolving geopolitical and economic landscape.

## Indonesia

Cheng Ousa, Sum Pichkanika, and Mey Monita

### Introduction

One of the Southeast Asian countries, Indonesia stands as a country with a diverse culture, rapid economic growth, and good foreign relations with other countries. In 2024, it had a population of 279,789,049, a 0.82% growth rate compared to 0.72% in 2023.<sup>1</sup> As one of the biggest and fastest-growing economies in the world, Indonesia's economy has become a powerhouse in Southeast Asia. Indonesia's advantageous position, plentiful resources, and expanding populace have made it desirable for foreign enterprises and investors.<sup>2</sup> This shows that Indonesia still demonstrates resilience and growth, as sectors like technology and agriculture thrive in its rich soil. Due to its advantageous geographic location has become a center for international investment and trade, strengthening ties with other countries and advancing its economy. Politically, Indonesia has just had a general election on February 14, 2024, with 206 million eligible voters. The president of Indonesia is no longer Joko Widodo. Right now, after the election, Prabowo Subianto is the new president of Indonesia. His inauguration was scheduled for October 2024, having been victorious in the 2024 presidential race. Under Prabowo, Indonesia would maintain its nonaligned status and maintain a balance in its interactions with all major and growing nations. Prabowo would continue to have consistent relations with both Beijing and Washington.<sup>3</sup> Therefore, this paper aims to report the changes in Indonesia throughout 2024 in three different aspects: domestic affairs, socio-economic affairs, and foreign affairs.

### Domestic Politics

On Valentine's Day, Indonesia conducted the biggest one-day election in history to select new members of the parliament, the president, the vice president, and local representatives. After the election, Prabowo Subianto, short for Prabowo, was announced as the winner who would assume the presidency after Joko Widodo. Many reasons made him win the election. First and

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<sup>1</sup> Macrotrends report. "Indonesia population 1950-2024". Macrotrends. Last modified 2024. <https://www.macrotrends.net/global-metrics/countries/IDN/indonesia/population>

<sup>2</sup> Jattala, I. "Indonesia: a rising powerhouse in Southeast Asia". Medium. Last Modified. 2023, September 12. <https://jattala.medium.com/indonesia-a-rising-powerhouse-in-southeast-asia-e1ad88d85d48>

<sup>3</sup> Sambhi, N. "Indonesia's eras: reflections on Jokowi's legacy and Prabowo's presidency". Brookings. Last Modified. 2024, February 08. <https://www.brookings.edu/articles/indonesias-eras-reflections-on-jokowis-legacy-and-prabowos-presidency/>

foremost, Prabowo promised to carry on Jokowi's ten-year-long, popular economic initiatives called Economy and Green Development. This includes infrastructure development, employment creation, and foreign commerce and investment. Hence, Jokowi's resource nationalism, which aims to advance Indonesia up the industrial value chain, will likely persist under the new government. A renewed focus on free trade accords with Europe and a crucial minerals pact with the US would excite multinational corporations. Food security is also a top priority because of the pain caused by the sharp rise in food costs and the likelihood of further price increases in the future.<sup>4</sup> Secondly, his foreign policy strategy is also the reason that made him become a president. Prabowo's anti-Western sentiments may influence his foreign policy, even though he has pledged to uphold Jokowi's skillful balance of "free and active" non-alignment. Despite having been barred from entering the US and Australia due to allegations of violating human rights, Prabowo continues to have a mutual contempt for the West and its ideals. Lastly, he gains strong support because of his ideas of democracy and domestic politics. Unlike Joko Widodo, Prabowo promised to ensure democracy in Indonesian society.<sup>5</sup>

Indonesia intends to relocate its capital from Jakarta, which is sinking and overcrowded, to Nusantara. A \$32-billion metropolis was being built in Borneo's East Kalimantan rainforests.<sup>6</sup> It is a project of former President Joko Widodo, who promised to disperse the archipelago's riches and development, which are now centered in Java. Until the president formally names Nusantara as the new capital, which is anticipated to happen this year, Jakarta would continue to serve as Indonesia's capital under the current regulations. Hence, thousands of government employees were anticipated to relocate to Nusantara by the end of this year, and the government planned to host the 2024 Independence Day ceremony there on August 17.<sup>7</sup>

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<sup>4</sup> EGA. "Indonesia elections in 2024: what does a Prabowo presidency mean?". EGA. Last modified. 2024, February 20. <https://www.edelmanglobaladvisory.com/indonesia-elections-2024-what-does-prabowo-presidency-mean>

<sup>5</sup> EGA. "Indonesia elections in 2024: what does a Prabowo presidency mean?". EGA. Last modified. 2024, February 20. <https://www.edelmanglobaladvisory.com/indonesia-elections-2024-what-does-prabowo-presidency-mean>

<sup>6</sup> Clark, James. 2022. "Nusantara – New Capital City of Indonesia." Future Southeast Asia. January 18, 2022. <https://futuresoutheastasia.com/nusantara-new-capital-city-of-indonesia/>.

<sup>7</sup> "Jakarta will remain an economic hub as Indonesia prepares to move capital city. " 2024. Reuters. March 28, 2024. <https://www.reuters.com/world/asia-pacific/indonesian-parliament-passes-into-law-jakarta-special-status-bill-speaker-says-2024-03-28/>

Prabowo Subianto has won election as Indonesia's next president after the Constitutional Court rejected his rivals' appeals.<sup>8</sup> The appeals, filed by Anies Baswedan and Ganjar Pranowo, claimed widespread fraud and irregularities in the February elections. Former governors of Jakarta, Anies Baswedan, and Central Java, Ganjar Pranowo, claimed that massive fraud and extensive state intervention had contributed to his victory. However, the court found insufficient evidence to support these claims. The losing candidates charged President Joko Widodo with broad abuses of authority, claiming he supported Prabowo Subianto and Gibran Rakabuming Raka by using state policies, social aid programs, and officials at every level, from cabinet members to village chiefs. However, the highest court rejected the accusations, stating that it did not believe the president had interfered in altering the qualifications for applicants to benefit his son. The court's decision was a 5-to-3 majority ruling, which upheld the General Elections Commission's certification of Prabowo Subianto's victory. President-elect Prabowo Subianto had won by a landslide, according to the General Elections Commission (KPU)<sup>9</sup> Consequently, the court concluded that there was no evidence that President Joko Widodo and his government had broken any rules or regulations to support Prabowo Subianto. Four members of the Indonesian Cabinet testified in court on April 5 that no regulations were broken in the disbursement of government funds.<sup>10</sup>

Besides this, Indonesia is currently facing the problem of a declining middle class. This problem has raised economic alarms in Indonesia as the middle class is decreasing, which could contribute to widening social inequality. Mr. Muhammand Yudhi, a motorcycle taxi driver, stated that he has been trying to apply for factory work, but they told him he is too old to work in the factory. Therefore, being a motorcycle taxi driver was his only choice to support the family. However, the problem is that being a motorcycle taxi driver does not offer the financial stability or benefits of working in the factory. Mr. Muhammand Yudhi added he could only make 100.000 rupiah (6.51\$) a day, which was not enough to support his family. It was not enough to pay for the rent, children's school fees, food, etc. Furthermore, as he is older and older, he cannot work as a motorcycle taxi driver all his life. Because of that, many economic

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<sup>8</sup> “Prabowo Subianto Seals Victory as Indonesia’s next Leader after Top Court Rejects Rivals’ Appeals.” 2024. Voice of America. April 22, 2024. <https://www.voanews.com/a/prabowo-subianto-seals-victory-as-indonesia-s-next-leader-after-top-court-rejects-rivals-appeals/7579887.html>.

<sup>9</sup> “Prabowo Subianto Seals Victory as Indonesia’s next Leader after a Top Court Rejects Rivals’ Appeals.” 2024. AP News. April 22, 2024. <https://apnews.com/article/indonesia-election-fraud-appeal-baswedan-subianto-pranowo-cedb89b905ea598e3a025ccc2ca07d08>.

<sup>10</sup> “Indonesian Cabinet Ministers Deny Claims by Losing Presidential Candidates of Misused Government Aid.” 2024. AP News. April 5, 2024. <https://apnews.com/article/indonesia-president-election-appeal-government-aid-18d727e0dbd06995596229b386d21b09>.

experts have shown concern about Indonesia's declining middle class. According to the Indonesian Statistics Bureau (BPS), there were 57.33 million middle-class people in Indonesia in 2019, representing 21.4% of the total population. On August 28th, 2024, BPS showed that the Indonesian middle class has declined to 17.1%. This is one of the concerns for the Indonesian government as the country is moving backward.<sup>11</sup> Moreover, this also signifies the country's lack of employment opportunities.

Another domestic news from Indonesia is about the establishment of a cyber-military force. This is an essential creation for Indonesia's defense against non-conventional threats, including cyberattacks, coordinating minister for politics, legal, and security affairs because attacks nowadays could have easily come from cyberspace; therefore, Indonesia's defense and security no longer depend on fighter aircraft, battleships, tanks, and other conventional instruments. Indonesia is currently trying to strengthen its capability on the technological and informational capacity of its military to tackle foreign cyber threats such as the spread of inaccurate information and hacking of the government's strategic systems. By creating a cyber-military force, Indonesia could counter cyber war surfs on information that is considered a tool to shape people's opinions.<sup>12</sup> Because cyber war is a war of mind that could influence people's opinions, a cyber-military force needs to be created.

On October 20th, President Prabowo Subianto officially came to office to hold his position as the president of Indonesia after former president Joko Widodo's decade-long term. This inauguration had 30 attendees, including Singapore's Prime Minister Lawrence Wong, Chinese Vice President Han Zheng, Philippine President Ferdinand Marcos Jr., and British Foreign Minister David Lammy. At the same time as his arrival as the president, there were also various elections of cabinet members, and his cabinet is the largest since the 1960s. This large cabinet comprises 48 ministers and 58 vice-ministers, with a large number of Jokowi administration roles being retained. Concerns about a "bloated cabinet" and the preference for political allegiance above institutional reform have been brought up by this new selection.<sup>13</sup>

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<sup>11</sup> "Indonesia's Middle Class Lament 'Worsening' Plight, as Sharp Drop in Their Population Sets off Economic Alarm Bell." 2021. CNA. 2021. <https://www.channelnewsasia.com/asia/indonesia-middle-class-worsening-plight-population-economy-4590816>.

<sup>12</sup> Walda. 2024. "Minister Stresses Importance for Cyber Military Force." Antara News. ANTARA. September 4, 2024. <https://en.antaranews.com/news/324727/minister-stresses-importance-for-cyber-military-force>.

<sup>13</sup> Ng, Kelly. 2024. "Indonesia: Prabowo Takes Office with Largest Cabinet since 1960s," October 21, 2024. <https://www.bbc.com/news/articles/c756204q2k5o>.



Furthermore, President Prabowo also aimed to strengthen Indonesia's position as an influential middle power, advocating for a more assertive foreign policy through organizations like the UN and ASEAN both bilaterally and multilaterally.<sup>14</sup>

On November 27th, there was a regional election. This election was considered the country's largest-ever local election, with over 1,500 candidates contesting for leadership positions in more than 500 administrative regions. This marked the first simultaneous election for governors, mayors, and regents since direct voting for regional leaders was introduced two decades ago. The elections are a significant moment in Indonesia's democratic process, showcasing the engagement of voters nationwide.<sup>15</sup> After the end of this regional election, President Prabowo had other thoughts. According to his speech at the Golkar Party's 60th anniversary rally, it was stated that the Indonesian election had a huge financial, and candidates can spend millions of dollars due to factors like weak regulation and a culture of vote-buying. Therefore, he proposed to replace direct regional elections in Indonesia with indirect elections through local parliaments, which were not perceived positively by the general public as indirect elections could reduce public participation and empower political elites, potentially worsening issues like corruption and the influence of money in politics.<sup>16</sup>

The world is swamped by digitalization in various platforms, and this also applies to the political sphere, as there is a rise of "buzzer culture" in Indonesia. Buzzers are people or organizations that run phony social media profiles to spread political messages and sway public opinion, which has resulted in disinformation and a decrease in democratic procedure since 2012. They facilitated smear campaigns and distorted political discourse, often silencing criticism and spreading false narratives. Despite government efforts to combat misinformation through task forces and collaborations with digital platforms, these initiatives often fall short

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<sup>14</sup> Faridz, Devianti . 2024. Review of Indonesian President-Elect Prabowo Touted as Foreign Policy President. VOA . October 18, 2024. <https://www.voanews.com/a/indonesian-president-elect-prabowo-touted-as-foreign-policy-president-/7827626.html>.

<sup>15</sup> Writer, Staff. 2024. "Indonesians Head to Polls for Country's Biggest Regional Elections." Nikkei Asia. November 27, 2024. <https://asia.nikkei.com/Politics/Indonesians-head-to-polls-for-country-s-biggest-regional-elections>.

<sup>16</sup> Ryvantya, Kenzie . 2024. Review of Prabowo's Indirect Election Proposal Reveals Deeper Issue in Indonesian Politics. Modern Diplomacy. December 29, 2024. <https://moderndiplomacy.eu/2024/12/29/prabowos-indirect-election-proposal-reveals-deeper-issue-in-indonesian-politics/>.

due to the government's complicity in the issue. Therefore, the Indonesian government must approach this issue with diligence.<sup>17</sup>

### **Socio-economic Affairs**

There are two things to consider regarding Indonesia's socio-economic development in the first quarter of 2024. Firstly, it is accessibility to quality education. Schools in Indonesia have been reported to have a fair amount of curriculum autonomy. However, it seems that there is still room to improve. Indonesia's curriculum reform has further loosened the national curriculum requirements. The current educational changes aim to give this freedom greater significance. So, the schools can modify the curriculum to fit their unique needs by including the community. Rather than being forced to stick to a predetermined syllabus of topics and prescribed lesson plans throughout the semester, teachers are free to design their instruction to the place where their students are in their learning process concerning the national learning standards. More importantly, place a high priority on teacher development and grassroots adoption. Since there is a difference between adopting a curriculum and using it effectively, in 2024, the education ministry intends to require a revised curriculum from all schools.<sup>18</sup> Promising aspects of Indonesia's reform strategy have proven essential for other nations' success, such as the reform's emphasis on student learning, heavy emphasis on school capacity building, and trust-based approach to schools and teachers.

The second is about the healthcare sector in Indonesia. It was reported that Indonesia is currently working on addressing the problem of antimicrobial resistance (AMR). AMR happens when bacteria, viruses, fungi, and parasites evolve and stop responding to treatment. This increases the likelihood of serious illness, mortality, and infection treatment resistance, making infections more difficult to cure. Therefore, the Indonesian Ministry of Health, together with the World Health Organization (WHO) and important partners like the Asia-Europe Foundation, wrapped up a series of workshops on February 29, 2024, to create the first national action plan in the world that addresses antimicrobial resistance (AMR) specifically for the human health sector and is based on the WHO people-centered approach.<sup>19</sup> Indonesia's health

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<sup>17</sup> "Democracy in the Digital Age: How Buzzer Culture Is Stinging Indonesia's Democracy | New Perspectives on Asia | CSIS." 2024. Csis.org. 2024. <https://www.csis.org/blogs/new-perspectives-asia/democracy-digital-age-how-buzzer-culture-stinging-indonesias-democracy>.

<sup>18</sup> OECD, "Transforming Education in Indonesia: Examining the Landscape of Current Reforms." OECD. Last modified: 2023. [https://gpseducation.oecd.org/Content/ProjectsMaterial/EPP-2023\\_Indonesia.pdf](https://gpseducation.oecd.org/Content/ProjectsMaterial/EPP-2023_Indonesia.pdf)

<sup>19</sup> WHO. "WHO partners support Indonesia to develop path-breaking human health sector plan to address AMR based on new WHO guidance". WHO. Last modified. 2024, March 27.

transformation program, which includes initiatives to improve primary healthcare, increase health system resilience, and develop disaster preparedness and response capabilities, will incorporate Indonesia's human health sector plan to fight AMR. It will support the ongoing One Health initiative to combat antimicrobial resistance (AMR) at the interface of humans, animals, and the environment.

Indonesia is being invested billions of dollars by Microsoft CEO Satya Nadella. Over the following four years, the company will invest \$1.7 billion in Indonesia's new cloud and AI infrastructure.<sup>20</sup> This is the single greatest investment made by the company in its 29-year history in the nation. While visiting Jakarta as the first stop on a tour of Southeast Asia, CEO Satya Nadella declared that this new generation of AI is reshaping how people live and work everywhere, including in Indonesia. The investment will focus on advancing artificial intelligence by integrating an AI chatbot into its search engine, Bing, Microsoft, which manages one of the biggest cloud computing businesses in the world. Hence, the investments include skill development, digital infrastructure, and developer support, enabling Indonesia to prosper. Some experts said that using artificial intelligence technology will boost productivity in the workplace by a 20% increase in profit, which will be a huge benefit for Indonesia's economy. On the flip side, artificial intelligence (AI) also threatens jobs and further exacerbates inequalities; therefore, the National Strategy for Development of Indonesia's Digital Economy 2030 was launched to solve this rapid change.<sup>21</sup> The rise of AI is anticipated to considerably impact the region's economic environment. According to research by the international consulting firm Kearney, artificial intelligence (AI) might boost Southeast Asia's GDP by about \$1 trillion by 2030, with Indonesia predicted to account for \$366 billion.<sup>22</sup> This investment will help Indonesia to prosper in the future.

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<https://www.who.int/indonesia/news/detail/07-03-2024-who--partners-support-indonesia-to-develop-path-breaking-human-health-sector-plan-to-address-amr-based-on-new-who-guidance>

<sup>20</sup> Source, Microsoft. 2024. "Microsoft Announces US\$1.7 Billion Investment to Advance Indonesia's Cloud and AI Ambitions." Microsoft Stories Asia. April 30, 2024.

<https://news.microsoft.com/apac/2024/04/30/microsoft-announces-us1-7-billion-investment-to-advance-indonesias-cloud-and-ai-ambitions/>.

<sup>21</sup> "ILO's High-Level Forum Examines Implications of Artificial Intelligence for the Indonesian Labour Market | International Labour Organization." 2024. Wwww.ilo.org. June 20, 2024.

<https://www.ilo.org/resource/news/ilos-high-level-forum-examines-implications-artificial-intelligence>.

<sup>22</sup> "Microsoft Will Invest \$1.7 Billion in AI and Cloud Infrastructure in Indonesia." 2024. AP News. April 30, 2024. <https://apnews.com/article/indonesia-microsoft-satya-nadella-invest-ai-a2e53b4a3872ac80b9c56c53187c4890>.

Another interesting news story is that Indonesia is a destination for Elon Musk, a famous American business investor. Elon Musk visited Bali, a popular tourist destination in Indonesia, to introduce Starlink satellite internet service, one of Musk's companies.<sup>23</sup> Musk's visit occurred only a few weeks after Tim Cook, Apple's CEO, visited Indonesia in May 2024.<sup>24</sup> With a population of over 270 million people living in a huge archipelago of 17,000 islands spread across three time zones, Indonesia has been attempting for years to connect the agreements with Elon Musk's Tesla regarding battery investment and for Musk's SpaceX to supply fast internet to the nation's outlying areas. Elon Musk tested the Starlink internet service's speed with several medical professionals in Indonesia's isolated areas, including Aru, one of the country's uninhabited and most distant islands in the Maluku province.<sup>25</sup> In addition, this opportunity is thought to have potential for education, which can truly make it a lifesaver for outlying medical facilities. It can help local Indonesians access the Internet so they can study anything and market their commercial services globally. This is quite advantageous to Indonesia because people who live in underserved and remote areas will have access to high-speed internet services, which they can use to study and do business online.

Additionally, he also linked a deal to improve connectivity in Indonesia's education and health sectors. This opportunity will help with problems in those sectors. Hence, it will also help the growth in the information and digital technology sectors to realize the government's Golden Indonesia 2045 Vision, which is that the nation aims to rank among the top five economies in the world with a GDP of up to \$9 trillion.<sup>26</sup>

Indonesia is becoming a global powerhouse in the nickel industry, a crucial component of electric vehicle batteries. Becoming a global powerhouse has been one of Indonesia's biggest dreams; it wishes to be a supplier to Western countries and others. However, it might be hard

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<sup>23</sup> Lafleur, Alyssa. 2024. "Elon Musk Launches Starlink Internet Service in Indonesia." Space Impulse. May 21, 2024. <https://spaceimpulse.com/2024/05/21/elon-musk-launches-starlink-internet-service-in-indonesia/>.

<sup>24</sup> AP. 2024. "Elon Musk Launches Starlink Satellite Internet Service in Indonesia." Hindustan Times. May 19, 2024. <https://www.hindustantimes.com/technology/elon-musk-launches-starlink-satellite-internet-service-in-indonesia-101716145015769.html>.

<sup>25</sup> "Musk, Indonesian Health Minister Launch Starlink for Health Sector." 2024. Voice of America. May 19, 2024. <https://www.voanews.com/a/musk-indonesian-health-minister-launch-starlink-for-health-sector-/7618109.html>.

<sup>26</sup> "Elon Musk Launches Starlink Satellite Internet Service in Indonesia, World's Largest Archipelago." 2024. AP News. May 19, 2024. <https://apnews.com/article/indonesia-bali-elon-musk-starlink-internet-service-8444ca8b5da4f4a9973a66f8fd1d3e0f>.

for Indonesia as it relies on China for the nickel industry.<sup>27</sup> China is a major investor in Indonesia's nickel industry, especially in downstream processes like stainless steel and nickel production.<sup>28</sup> This has raised concern that Indonesia has fallen into China's grip as Indonesia is currently dependent on Chinese companies' support. The support from China has influenced Indonesia's decision on the price and the nickel industry market. Because of that, it is hard for Jakarta to reach other international markets.<sup>29</sup>

Another piece of news related to Indonesia's socio-economic situation concerns Indonesia's rail project, Whoosh. It is a government-state-owned construction firm that is building the first high-speed rail in Southeast Asia, which will be built in collaboration with China.<sup>30</sup> It is considered part of the Belt and Road Initiative (BRI) to connect Asia and Europe through land and maritime networks. Since its operation last year, the Whoosh train has reportedly saved the government trillions of rupiahs in fuel. For instance, it contributed 86.5 trillion rupiah to the gross domestic product (GDP) of Jakarta and West Java between 2029 and 2023.<sup>31</sup> Moreover, it has boosted tourism numbers and economic growth.<sup>32</sup> However, there is a concern about this rail project. It concerns the interest burden due to loans to China. For instance, China requests to repay the interest rate of 3.4% while Indonesia insists on lower than 2%. Many experts are concerned that China is practicing debt-trap diplomacy in the developing world.

While many people celebrated the successful election and inauguration of President Prabowo Subianto on October 20th, 2024, there was also a rise in discussion on the energy transition. As Indonesia is projected to become the sixth-largest economy by 2027, it faces significant climate challenges, being a major emitter of greenhouse gases and reliant on coal for over 66%

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<sup>27</sup> Guild, James. 2024. "Why Indonesia's Antam Wants to Acquire a Chinese Nickel Smelter." The Diplomat. September 6, 2024. <https://thediplomat.com/2024/09/why-indonesias-antam-wants-to-acquire-a-chinese-nickel-smelter/>.

<sup>28</sup> "How Indonesia Used Chinese Industrial Investments to Turn Nickel into the New Gold." 2023. Carnegie Endowment for International Peace. 2023. <https://carnegieendowment.org/research/2023/04/how-indonesia-used-chinese-industrial-investments-to-turn-nickel-into-the-new-gold?center=china>.

<sup>29</sup> Lu, Christina. 2024. "U.S.-China Rivalry Ensnarers Indonesia's Nickel Industry." Foreign Policy. Foreign Policy. August 8, 2024. <https://foreignpolicy.com/2024/08/08/indonesia-nickel-china-us-critical-mineral-inflation-reduction-act/>.

<sup>30</sup> "Indonesia Launches Southeast Asia's First High Speed Railway." 2023. ASEAN Business News. October 5, 2023. <https://www.aseanbriefing.com/news/indonesia-launches-southeast-asias-first-high-speed-railway/>.

<sup>31</sup> U-Wen, Lee. 2024. "Whoosh-Ing through Indonesia." The Business Times. The Business Times. 2024. <https://businesstimes.com.sg/international/asean/whoosh-ing-through-indonesia>.

<sup>32</sup> CNA "Indonesia's High-speed Rail Contributes to Fuel Savings, Local Economy Amid Reports of Losses by State Firms: Minister." CNA, July 22, 2024. <https://www.channelnewsasia.com/asia/indonesia-whoosh-high-speed-rail-jakarta-bandung-4495831>

of its electricity. The new president's transition presented a critical opportunity for Indonesia to advance its energy transition, particularly through the implementation of the \$20 billion Just Energy Transition Partnership (JETP).<sup>33</sup>

According to the Central Bureau of Statistics, the number of Indonesians classified as middle class has dropped from 57.3 million in 2019 to 47.8 million this year.<sup>34</sup> In contrast, the "aspiring middle class" has increased from 128.85 million to 137.5 million. Together, these groups represent about two-thirds of Indonesia's 277 million population. Economists attribute the decline to several factors, including the ongoing impacts of COVID-19 and deficiencies in the social safety net. President Prabowo promised to achieve 8% GDP growth and eliminate poverty and child stunting through a free school lunch program; however, many citizens still face financial hardship.<sup>35</sup>

Another important trend in Indonesia is about the minimum wage. November 2024 marked the time for determining minimum wages for the following year. President Prabowo announced a 6.5% increase, suggesting a return to a standardized approach for provincial minimum wages. On the other hand, while inflation remains low and was projected to decrease to 3.2% in 2024, down from 3.7% in 2023.<sup>36</sup> There are signs of rising core inflation and a slight increase in the national unemployment rate. Despite these challenges, retail sales show a positive trend overall, though car sales have declined, likely due to high interest rates.<sup>37</sup>

In terms of economic growth in the fourth quarter of 2024, Indonesia's economy increased by 5%, with key sectors such as manufacturing, services, and government infrastructure projects.<sup>38</sup> The government closely monitored global market conditions, especially due to the ongoing

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<sup>33</sup> Smith, Nesta. 2024. "Indonesia's 2024 Election: Navigating Energy Transition amid Growth Ambitions." E3G. October 22, 2024. <https://www.e3g.org/news/indonesia-s-2024-election-navigating-energy-transition-amid-growth-ambitions/>.

<sup>34</sup> Arti Ekawati. 2024. "Why Is Indonesia's Middle Class Shrinking?" Dw.com. Deutsche Welle. October 16, 2024. <https://www.dw.com/en/why-is-indonesias-middle-class-shrinking/a-70513438>.

<sup>35</sup> Llewellyn, Aisyah. 2024. "'We Lost Everything': The Indonesians Falling out of the Middle Class." Al Jazeera. November 15, 2024. <https://www.aljazeera.com/economy/2024/11/15/indonesias-shrinking-middle-class-casts-shadow-on-economic-rise>.

<sup>36</sup> World Bank. 2023. "Indonesia's Economic Growth to Ease Slightly in 2024 as Commodity Prices Soften." World Bank. December 13, 2023. <https://www.worldbank.org/en/news/press-release/2023/12/13/indonesia-economic-growth-to-ease-slightly-in-2024-as-commodity-prices-soften>.

<sup>37</sup> Review of Indonesia Investments Releases November 2024 Report: Demographics & Economy. 2024. Indonesia Investment . December 2, 2024. <https://www.indonesia-investments.com/news/news-columns/indonesia-investments-releases-november-2024-report-demographics-economy/item9764>.

<sup>38</sup> Krishna, Pranoy. 2024. "Indonesia's Economy Likely Grew 5% in Q3, 2024." Reuters. November 2024. <https://www.reuters.com/markets/asia/indonesias-economy-likely-grew-5-q3-2024-2024-11-01/>.

conflict in the Middle East, which has created some instability. Policies were created to help maintain purchasing power, aimed at stabilizing prices and providing social assistance that continued throughout 2024.<sup>39</sup> Moreover, Indonesia's central bank kept interest rates unchanged during its December 2024 meeting. The central bank cited the need to maintain stability in the face of global economic uncertainties and inflationary pressures. While inflation rates have been relatively stable, the bank expressed concerns about potential price increases due to external factors.<sup>40</sup> This clearly showed the preparation of the Indonesian government against any challenges.

### Foreign Relations

In this section, we will discuss the impacts of Indonesia's presidential election on foreign relations, including relations with the US, the Republic of China, ASEAN (Cambodia), ASEAN Dialogue Partner (Australia), and many more.

Firstly, during the presidential election, Prabowo Subianto vowed to continue Joko Widodo's foreign policy. Prabowo was a popular candidate for Indonesia's national election because of his policy in the foreign affairs field as well as his expertise and experience as a defense minister.<sup>41</sup> Prabowo vowed to end poverty and corruption and serve as a dialogue partner in the discussion between the Global North and Global South Countries, mainly focusing on global security.<sup>42</sup>

Moving to relations between Indonesia and the United States, 2024 marked the 75th anniversary of the U.S.-Indonesia relationship under the theme "Diversity, Democracy, Prosperity."<sup>43</sup> Both sides believe that they will strengthen their relations day by day. Moreover, Indonesia just ended its national election, and with this new mandate of Indonesia's

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<sup>39</sup> "Indonesia's 2024 GDP Growth Seen at 5.1%, Finance Minister Says." 2024. The Business Times. 2024.

<https://www.businesstimes.com.sg/international/indonesias-2024-gdp-growth-seen-5-1-finance-minister-says>.

<sup>40</sup> "Central Bank Leaves Rates Unchanged in December." 2025. FocusEconomics. January 10, 2025.

<https://www.focus-economics.com/countries/indonesia/news/monetary-policy/indonesia-central-bank-meeting-18-12-2024-central-bank-leaves-rates-unchanged-in-december/>.

<sup>41</sup> "Prabowo Vows to Fight for All Indonesians, Calls for Unity among Political Elites." 2024. Voice of America. April 24, 2024. <https://www.voanews.com/a/prabowo-vows-to-fight-for-all-indonesians-calls-for-unity-among-political-elites-/7582838.html>.

<sup>42</sup> Gabriel Dominguez, "How Could Indonesia's Presidential Vote Affect Foreign Relations?," The Japan Times, last modified February 13, 2024, <https://www.japantimes.co.jp/news/2024/02/12/asia-pacific/politics/indonesia-election-foreign-relations/>.

<sup>43</sup> U.S. Embassy Jakarta, "The United States and Indonesia Celebrate 75 Years of Diplomatic Relations," U.S. Embassy & Consulates in Indonesia, last modified March 7, 2024, <https://id.usembassy.gov/the-united-states-and-indonesia-celebrate-75-years-of-diplomatic-relations/>.

Presidential election, the United States believes that its relations with Indonesia will become stronger.

As an official member of the Association of Southeast Asian Nations (ASEAN), Prabowo Subianto, as the newly elected president of Indonesia, has affirmed his commitment to maintaining a neutral stance in foreign policy.<sup>44</sup> This declaration signifies his adherence to the principles and values upheld by ASEAN as a regional organization. So, after Prabowo Subianto won the election and became the president of Indonesia, Indonesia continued to maintain a good relationship with China by sharing the same interests and economic interests. Furthermore, in February 2024, China and Indonesia did many activities together, including Strengthening the Comprehensive Strategic Partnership, Strengthening cooperation in Deep-Sea Research, Railway cooperation, etc. With all of these activities, we can see the good economic ties and relations between Indonesia and China.

Speaking of Indonesia-Australia's relationship as a dialogue partner, President Jokowi highly encourages good economic integration between Southeast Asia and Australia in seeking more foreign direct investment (FDI). This will provide many benefits to the ASEAN region, especially to the end goal of global economic power in 2040.<sup>45</sup>

Talking about Cambodia-Indonesia relations, 2024 marked the 65th anniversary of these two countries. Thus, both sides discussed fostering economic relations, capacity building for army officials, and youth-to-youth connections that will provide students with both exchange and study opportunities.<sup>46</sup> For Cambodia and Indonesia, their relations remain prosperous and growing. In sum, in the first quarter of 2024, Indonesia has transferred to a new realm of presidential. However, this country has strengthened and maintained good relations with its internal relations partner.

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<sup>44</sup> Celios, "China-Indonesia Monthly Brief: February 2024," CELIOS, last modified March 1, 2024, <https://celios.co.id/2024/china-indonesia-monthly-brief-february-2024/>.

<sup>45</sup>Antarnews.com, "Jokowi Accentuates ASEAN-Australia Cooperation on 50th Anniversary," Antara News, last modified March 6, 2024, <https://en.antarnews.com/news/307812/jokowi-accentuates-asean-australia-cooperation-on-50th-anniversary>.

<sup>46</sup>"Indonesian Ties Set to Expand in 2024," Phnom Penh Post | The Phnom Penh Post is the Oldest and Most Comprehensive Independent Newspaper Covering Cambodia. Cambodia News, Phnom Penh News, accessed March 28, 2024, <https://www.phnompenhpost.com/national/indonesian-ties-set-to-expand-in-2024#:~:text=“2024%20marks%20the%2065th%20anniversary,two%20natio>



After President Prabowo Subianto's successful election, he continued his foreign relations, which aligned with former Prime Minister Joko Widodo.<sup>47</sup> As promised to continue Joko Widodo's foreign policy, Prabowo Subianto has focused on strengthening defense, security, and economic policy in their foreign relations, which can influence global security. The former President of Indonesia, Mr. Susilo Bambang Yudhoyono, praised that Mr. Prabowo is on the right track to becoming the foreign policy president because this newly elected President has gained popularity because of his policy and maintaining good ties on the international stage by traveling across the border to maintain good relations with other countries.<sup>48</sup>

When talking about the relationship between Indonesia and the United States, in the reign of Mr. Prabowo Subianto as the newly elected President, he focused on the country's security defense. Indonesia is firmly committed to military defense; thus, the foreign policy between Indonesia and the United States desires to strengthen military cooperation in dissolving security issues inside the Indo-Pacific region. The high-level meeting in April 2024 in Jakarta, Indonesia, demonstrated how the countries have stepped up their military cooperation to handle the region's complicated geopolitical realities, which include maritime security. One of the cornerstones of the 75 years of diplomatic relations celebrated by the United States and Indonesia throughout 2024 is the thriving security partnership, which the generals discussed how the United States and Indonesian militaries can build upon.<sup>49</sup> Therefore, the foreign relations between these two countries remain unbreakable as they have the same goals of achieving peace in the Indo-Pacific region through the military cooperation of the two nations.<sup>50</sup> Although Indonesia and the United States have tied relations on security defense, Mr. Prabowo ensures the stand of upholding the Principle of Neutrality in the regions avoided the confusion of interest from Indonesia to the International Stage.

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<sup>47</sup> "Prabowo in China: Indonesia's President-Elect on the World Stage | Lowy Institute." n.d. [www.lowyinstitute.org. https://www.lowyinstitute.org/the-interpreter/prabowo-china-indonesia-s-president-elect-world-stage](https://www.lowyinstitute.org/the-interpreter/prabowo-china-indonesia-s-president-elect-world-stage).

<sup>48</sup> Bayuni, Endy. n.d. "Indonesia and World Should Welcome New 'Foreign-Policy President.'" Accessed June 14, 2024. <https://asianews.network/indonesia-and-world-should-welcome-new-foreign-policy-president/>.

<sup>49</sup> "Indonesian, U.S. Military Leaders Deepen Security Cooperation." n.d. Indo-Pacific Defense Forum. <https://ipdefenseforum.com/2024/05/indonesian-u-s-military-leaders-deepen-security-cooperation/>.

<sup>50</sup> "Indonesian, U.S. Military Leaders Deepen Security Cooperation." n.d. Indo-Pacific Defense Forum. Accessed June 14, 2024. <https://ipdefenseforum.com/2024/05/indonesian-u-s-military-leaders-deepen-security-cooperation/>.

In the context of ASEAN, Japan has been ASEAN's trade and investment partner for decades.<sup>51</sup> Indonesia, as an ASEAN member, has good foreign relations with Japan to develop its security and economic sectors. The meeting between the elected President of Indonesia and Japan's Prime Minister has fostered stronger ties between these two countries by strengthening close cooperation in regional (ASEAN-Japan) and bilateral relations (Indonesia-Japan).<sup>52</sup> Additionally, these two close friends intend to promote corporations in regional affairs and build cooperative relations between Indonesia and Japan. Therefore, by being elected President, Mr. Prabowo Subianto has done a great job visiting different countries to restore foreign relations and boost economic relations, but remain neutral in their foreign policy decision.

Continuance from the former President, Mr. Joko Widodo, and the election of the President of Indonesia showed the country's clear stand toward the Israel-Hamas Conflict. Indonesia condemned the immediate cease-fire that could kill many people. The Israel-Hamas Conflict has been a prolonged conflict that occurred to destroy peace between Israel and Palestine. Indonesia showed its concrete stand to critique the act of Israel that could harm many civilian lives; thus, Indonesia is willing to provide humanitarian assistance and contribute to the peacekeeping force in monitoring the ceasefires. Through this involvement, Indonesia showed its stand toward the hot issue event happening in the world.

His Excellency Mr. Prabowo Subianto, after being elected as the President of the Republic of Indonesia, has done a great job continuing the legacy of former President Joko Widodo in the role of international affairs and maintaining good diplomatic skills with States and other stakeholders. In this part, the discussion of Indonesia's foreign relations will focus on the connection between Indonesia and China, followed by Indonesia's relationship with Russia. Moving next to the discussion of Indonesia's stand in the Russia-Ukraine war and the new visit of H.E. Mr. Prabowo Subianto to the Kingdom of Cambodia to upscale the bilateral relations between Cambodia and Indonesia.

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<sup>51</sup> "EDITORIAL: Japan, ASEAN Need to Take Bilateral Ties to a New Higher Level | the Asahi Shimbun: Breaking News, Japan News and Analysis," The Asahi Shimbun, accessed May 11, 2024, <https://www.asahi.com/ajw/articles/15087715>.

<sup>52</sup> "Prabowo Pledges Closer Ties with Japan Following China Visit." n.d. Thediplomat.com. <https://thediplomat.com/2024/04/prabowo-pledges-closer-ties-with-japan-following-china-visit/>.

When discussing the connection between Jakarta and Beijing, one is likely to concentrate on the economic relations between the two governments. The number of trades and economic activities significantly increased in the first quarter of 2024; the result showed that the trade export from Indonesia to China was more than 85% compared to Indonesia's major trading partner, Japan.<sup>53</sup> Regardless of the trading opportunities, Indonesia is in financial debt with China, which has made the eyes of the international actors think that Indonesia's policy has shifted to China. However, H.E. Prabowo Subianto stated that his foreign policy remains the same: to wait for Beijing's Government and still uphold the non-alignment principle of Indonesia, regardless of the debt facing China.<sup>54</sup> Therefore, neutrality is still Indonesia's main goal in foreign relations.

For Indonesia's foreign relations, the principle of non-alignment is still the primary goal of this SEA country. H.E. Mr. Prabowo visited the Russian Federation and had a diplomatic talk with President Vladimir Putin at the end of July 2024. The relationship between Indonesia and Russia is called a great friend by both parties, and they want to strengthen the cooperation on education, energy, and defense.<sup>55</sup> Taking this opportunity, the newly elected Indonesian Prime Minister strengthened the bilateral relationship with Russia regarding the development of nuclear power generation, which had been planned since Jokowi Dodo was the prime minister.<sup>56</sup> For this collaboration, Russia is ready to cooperate fully with Indonesia in developing Nuclear power. With all of these diplomatic activities, Indonesia maintains neutrality in its relationship with Russia while having good economic cooperation with Russia.

Speaking of Russia's relations with Indonesia, the Russia-Ukraine War and Indonesia showed its non-alignment stand with this issue. The ambassador of Indonesia to the Swiss Confederation participated in the High-Level Conference/Summit on Peace related to the situation in Ukraine that was hosted on 15-16 June 2024; Indonesia showed its firm stand on the line of neutrality and tried to promote peace against war. During the plenary of the meeting, Indonesia offered support respecting the International Law and UN Charter in resolving peace

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<sup>53</sup> Syifaatika02. 2024. "Q1 2024 INDONESIA ECONOMIC REPORT – Macroeconomic Dashboard." June 3, 2024. <https://macroeconomicdashboard.feb.ugm.ac.id/q1-2024-indonesia-economic-report/>.

<sup>54</sup> Daniel, Peterson. Expect the expected with Prabowo's incoming China Policy. July 11 2024. <https://eastasiaforum.org/2024/07/11/expect-the-expected-with-prabowos-incoming-china-policy/>

<sup>55</sup> Strangio, Sebastian. Indonesia to Pursue Closer Relations with Russia, President-Elect Says. August 02 2024. <https://thediplomat.com/2024/08/indonesia-to-pursue-closer-relations-with-russia-president-elect-says/>

<sup>56</sup> Jayanty, Nada, Shofa,. Russia says Ready to work with Indonesia on Nuclear Power Generation. August 20 2024. <https://jakartaglobe.id/news/russia-says-ready-to-work-with-indonesia-on-nuclear-power-generation>

because they believe that only peace can go through everything.<sup>57</sup> Thus, this highlights Indonesia's commitment to playing a role in international issues. Indonesia is willing to cooperate and find solutions with the other member states.

Nonetheless, Indonesia paid a working visit to the Kingdom of Cambodia and a courtesy call with Samdech Akka Moha Sena Padei Techo HUN Sen, Acting Head of State, and Samdech Moha Borvor Thipadei HUN Manet, Prime Minister of the Kingdom of Cambodia, on September 6, 2024, to strengthen the bilateral relations of this old friend.<sup>58</sup> These two countries committed to maintaining the ties and regional stability through a collaborative effort and working on the defense field, stressing the issue of Myanmar and the South China Sea Dispute. Cambodia and Indonesia have noticed good diplomatic, political, economic, and people-to-people relations throughout history. Likewise, Indonesia is helping with capacity building for military defense, and it used to be the co-chair of the Paris Peace Conference in the 1950s.<sup>59</sup> Thus, Indonesia is a friend who has been a backbone and has helped Cambodia build a defense system and seek peace. With the visit, both parties are committed to continuing and strengthening bilateral relations in the future.

President Prabowo Subianto is the main actor in Indonesia's Foreign Relations and Diplomacy in 2024. During the last months of 2024, Indonesia initiated visits to many countries to reconnect and maintain good relations in diplomacy, economic relations, and development on the international stage. Immediately after he came to office, he did a global tour in which he visited six countries over two weeks. President Prabowo's tour marked a significant moment in Indonesia's diplomatic history, emphasizing its commitment to assert itself on the global stage and maintain independence in foreign relations.<sup>60</sup> This part will explore Indonesia's relations with China, the United States, the United Arab Emirates (UAE), and Indonesia's foreign diplomacy during Mr. Prabowo Subianto's reign.

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<sup>57</sup> "Press Release Indonesia's Presence at the Summit on Peace in Ukraine, A manifest of Indonesia's commitment to World Peace." Embassy of the Republic of Indonesia in Bern, Switzerland. June 25 2024. <https://kemlu.go.id/bern/en/news/29655/press-release-indonesias-presence-at-the-summit-on-peace-in-ukraine-a-manifest-of-indonesias-commitment-to-world-peace>

<sup>58</sup> "His Excellency Prabowo Subianto, Minister of Defense and President-elect of the Republic of Indonesia, is paying a working visit to the Kingdom of Cambodia." Kingdom of Cambodia, Ministry of Foreign Affairs and International Cooperation. September 06 2024. <https://mfaic.gov.kh/Posts/2024-09-06-News-His-Excellency-Prabowo-Subianto--Minister-of-Defence-and-President-elect-of-the-Republic-of-Indonesi-14-40-04>

<sup>59</sup> Nop, Sreymao. Positive Signal: Indonesia's President-elect pledges to enhance ties. September 09 2024. <https://www.khmertimeskh.com/501555462/positive-signal-indonesias-president-elect-pledges-to-enhance-ties/>

<sup>60</sup> Sugiono. 2024. "Bold Diplomacy: Reflections on Indonesian President Prabowo Subianto's Whirlwind Global Tour." TheDiplomat.com. The Diplomat. December 16, 2024. <https://thediplomat.com/2024/12/bold-diplomacy-reflections-on-indonesian-president-prabowo-subiantos-whirlwind-global-tour/>.

The relationship between Indonesia and China remained good and stable under the former president, Mr. Joko Widodo. The relationship between these two countries has developed into a high-level and strategic nature of bilateral relations. The commitment from the two sides was to work on past achievements and create great progress, where the future can be shaped for both countries and the region as a whole.<sup>61</sup> Besides that, both China and Indonesia's perspectives aimed to solve problems together, and they prioritized consensus and all-around strategic building cooperation that can help foster the relations between China and Indonesia.<sup>62</sup> Again, the bilateral ties between China and Indonesia would further advance and benefit both sides.<sup>63</sup>

Next, we will examine the diplomatic relations between Indonesia and the United States. In 2024, Indonesia and the US have reached the 75<sup>th</sup> Anniversary of Diplomatic relations. Thus, there would be more to look into about Indonesia and the United States. After the recent election of the United States, Indonesia's President Prabowo Subianto had a meeting with the President of the United States, Joe Biden, to discuss the bilateral relations between the two countries. During the discussion, both sides committed to strengthening the good relations by claiming to be "good friends" to each other and wishing to advance a free and open Indo-Pacific with ASEAN and its center.<sup>64</sup> The president sought to deepen Indonesia's strategic partnerships with both the U.S. and China, highlighting mutual trust and investment opportunities. Agreements worth over \$10 billion were signed for renewable energy and social programs.<sup>65</sup> Furthermore, Indonesia and the US also discussed the methods to fight the climate

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<sup>61</sup> "Xi Jinping Holds Talks with Indonesian President Prabowo Subianto\_Ministry of Foreign Affairs of the People's Republic of China." 2024. Fmprc.gov.cn. 2024. [https://www.fmprc.gov.cn/mfa\\_eng/xw/zyxw/202411/t20241111\\_11524667.html](https://www.fmprc.gov.cn/mfa_eng/xw/zyxw/202411/t20241111_11524667.html).

<sup>62</sup> Wang Lutong. 2024. "A New Journey in China-Indonesia Relationship: Building a Shared Future." The Jakarta Post. November 6, 2024. <https://www.thejakartapost.com/opinion/2024/11/07/a-new-journey-in-china-indonesia-relationship-building-a-shared-future.html>.

<sup>63</sup> CGTN. 2024. "China, Indonesia Ready to Open New Chapter in Bilateral Ties." Cgtn.com. CGTN. November 9, 2024. <https://news.cgtn.com/news/2024-11-09/President-Xi-holds-talks-with-Indonesian-president-1yodSIaTgdO/p.html>.

<sup>64</sup> House, The White. 2024. "Remarks by President Biden and President Prabowo Subianto of Indonesia before Bilateral Meeting | the White House." The White House. November 12, 2024. <https://www.whitehouse.gov/briefing-room/speeches-remarks/2024/11/12/remarks-by-president-biden-and-president-prabowo-subianto-of-indonesia-before-bilateral-meeting/>.

<sup>65</sup> Sugiono. 2024. "Bold Diplomacy: Reflections on Indonesian President Prabowo Subianto's Whirlwind Global Tour." The Diplomat.com. The Diplomat. December 16, 2024. <https://thediplomat.com/2024/12/bold-diplomacy-reflections-on-indonesian-president-prabowo-subiantos-whirlwind-global-tour/>.

crisis and secure and resilient supply chains.<sup>66</sup> Again, even though the United States and China are two of the main actors in the diplomatic world, Indonesia is committing and holding on to the non-alignment principle, which they balance the relation to maintain good relations with both the United States and China.

Lastly, we will look into President Prabowo Subianto's foreign policy as a whole. Subianto has pledged to pursue a more active foreign policy without deviating from Indonesia's signature "free and active" principle, which stresses non-alignment and strategic autonomy.<sup>67</sup> Where his predecessor's agenda was more domestic, Prabowo would be more internationally active, especially within ASEAN, while maintaining the bloc's principle of non-interference in regional flashpoints like the South China Sea disputes and Myanmar's civil conflict. Prabowo, however, has indicated that under his rule, Indonesia would follow a policy of passivism in terms of China's activities in its Exclusive Economic Zone (EEZ). It would not challenge such practices but build up its military instead. The new administration also sought to increase trade with Canada and other states through trade agreements such as CEPA and potentially joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Under Prabowo's presidency, Indonesia embarked on active and hands-on foreign policy conduct in light of complex relations developed with major powers and regional actors.

### Conclusion

To sum up, with a thriving economy and a growing population, Indonesia is still a dynamic nation. The nation is anticipated to continue concentrating on infrastructure development, foreign investment, and economic growth despite a recent change in government. Moreover, Indonesia's fifth democratic election has resulted in Prabowo Subianto becoming the successor to President Joko Widodo, which has significant implications for foreign relations in the world's third-largest democracy. Prabowo has vowed to continue focusing on foreign policy, aligning himself with Joko Widodo's policies and positioning Indonesia as a dialogue partner in international discussions, particularly in international security. Furthermore, Indonesia's relations with the United States, China, Australia, Cambodia, and many more are expected to strengthen as the country emphasizes economic cooperation, shared interests, and diplomatic

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<sup>66</sup> Strangio, Sebastian. 2024. "Indonesia's Prabowo Meets with President Biden on US Trip." *The Diplomat*.com. The Diplomat. November 13, 2024. <https://thediplomat.com/2024/11/indonesias-prabowo-meets-with-president-biden-on-us-trip/>.

<sup>67</sup> "Indonesian Foreign Policy Is Still Free, More Active | Lowy Institute." 2024. *Lowy Institute*.org. 2024. <https://www.lowyinstitute.org/the-interpretor/indonesian-foreign-policy-still-free-more-active>.

ties. Indonesia is committed to maintaining and strengthening international partnerships during the transition to a new presidency.

## Laos

Meung Chansomanita, Lim Cheamara, Lim Ponleu,  
Nguon Socheata, and Poun Raksmeypanhapich

### Introduction

In 2024, Laos emerged as a dynamic Southeast Asian player, balancing its domestic challenges with a prominent role as ASEAN Chair. This year marked a significant chapter in the nation's ongoing journey toward socio-economic transformation, underscored by bold reforms, infrastructure advancements, and a steadfast commitment to regional collaboration. Below is an analysis of key political, economic, and social developments. Despite grappling with persistent inflation, currency depreciation, and structural economic vulnerabilities, Laos demonstrated resilience and adaptability, leveraging its natural resources and strategic geographic position.

As ASEAN Chair, Laos proposed critical initiatives, including diplomatic efforts to address regional challenges such as the Myanmar crisis. Its leadership showcased a commitment to fostering unity, connectivity, and resilience within the ASEAN community under the theme "*ASEAN: Enhancing Connectivity and Resilience.*" Domestically, the government undertook ambitious fiscal reforms, strengthened public debt management, and prioritized tourism, transport, education, and renewable energy sectors to drive sustainable growth.

By embracing its ASEAN leadership role and pursuing transformative domestic reforms, Laos reinforced its dual identity as a nation deeply rooted in its traditions yet forward-looking and ambitious in its regional aspirations. This dual focus has laid a foundation for enhanced economic resilience and greater integration into the global economy, signaling a bright and promising trajectory for the nation.

### Domestic Politics



Laos celebrated the 75th anniversary of the founding of the Lao People's Army on January 17th, 2024.<sup>1</sup> The event took place in Vientiane at the Kommadam Military Academy. On the event day, the army performed tremendously, showing their combat skills and military capacity. Laos also held a state-level meeting on January 19th to once again further the celebration of the Laos People's Army (LPA). During the meeting, Laos President Thongloun Sisoulith continuously emphasized the meaningful sacrifice of the army since its creation, most significantly during Laos's road to independence.<sup>2</sup>

Laos welcomed Myanmar's attendance at the ASEAN foreign ministers meeting in Laos on January 29, 2024. It was Myanmar's first attendance at the ASEAN meeting in two years. The representative was Marlar Than Htike, a senior foreign ministry bureaucrat.<sup>3</sup> The regional groupings' leaders discussed plans to move forward and the possible cessation of violence. In early January, Laos's special envoy, Alounkeo Kittikoun, was also sent to Myanmar in hopes of contacting the parties involved in the conflict. This shows Laos's deep commitment as ASEAN chair to resolving the ongoing conflicts that have persisted for years.

As the 2024 Chair of ASEAN, the Laotian government started the year by sending an appointed Special Envoy, Alounkeo Kittikoun, to Myanmar in the hope of contacting all parties involved.<sup>4</sup> The landlocked country welcomed Myanmar's first non-political representative after a two-year absence from the ASEAN Summit and related Meetings. A senior foreign ministry bureaucrat, Marlar Than Htike, was invited to attend the ASEAN Foreign Minister Retreat in Laos.<sup>5</sup> This action demonstrates Laos' deep commitment to resolving the ongoing regional issues that have stagnated since the surprising coup in Myanmar's capital, Naypyidaw, in 2021.

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<sup>1</sup> "Army's Military Might on Display to Mark 75th Anniversary" Lao News Agency (KPL). Last modified January 17, 2024. <https://kpl.gov.la/En/detail.aspx?id=79735>.

<sup>2</sup> Laos Celebrates 75th Anniversary of Army, Appreciates Vietnam's Support." Lao News Agency (KPL). Last modified January 22, 2024. <https://kpl.gov.la/En/detail.aspx?id=79838>.

<sup>3</sup> ASEAN Urges 'Myanmar-owned and Led Solution' to Crisis Triggered by Coup." Al Jazeera. Last modified January 30, 2024. <https://www.aljazeera.com/news/2024/1/30/asean-urges-myanmar-owned-and-led-solution-to-crisis-triggered-by-coup>.

<sup>4</sup> Strangio, Sebastian. 2024. "ASEAN Chair Laos Appoints Special Envoy on Myanmar." The Diplomat.com. The Diplomat. January 9, 2024. <https://thediplomat.com/2024/01/asean-chair-laos-appoints-special-envoy-on-myanmar/>.

<sup>5</sup> "ASEAN Urges 'Myanmar-owned and Led Solution' to Crisis Triggered by Coup." Al Jazeera. Last modified January 30, 2024. <https://www.aljazeera.com/news/2024/1/30/asean-urges-myanmar-owned-and-led-solution-to-crisis-triggered-by-coup>.

In April, Laos commemorated the 63rd anniversary of the Lao Public Security Force. At the event, Deputy Prime Minister and Minister of Public Security Vilay Lakhambong emphasized the critical need to bolster public safety measures to combat drug-related issues and reduce social injustice.<sup>6</sup> He stressed the importance of comprehensive leadership under the Party's guidance to maintain peace, order, and societal stability, fostering economic and cultural progress. Beyond ensuring safety, he noted that the role of the Lao Public Security Force extends to promoting economic and cultural progress, as stability is a cornerstone of sustainable development. The event also served as an opportunity to reflect on the security force's achievements and evolving challenges. Drug-related crimes, in particular, remain a significant concern for Laos, necessitating continuous reforms and stronger international cooperation to disrupt trafficking networks.<sup>7</sup> Additionally, Vilay called for the force to uphold the highest standards of professionalism and ethical conduct, further earning public trust and reinforcing social cohesion. The commemoration celebrated past successes and a call to action, urging all sectors of society to support the security forces in its mission to build a safer and more just Laos. Through enhanced collaboration and strategic leadership, the Lao Public Security Force aims to address current and emerging challenges while contributing to the nation's broader goals of development and prosperity.<sup>8</sup>

During the Lao New Year celebrations, Lao Party Secretary General and President Thongloun Sisoulith took the opportunity to express profound gratitude to civil servants, public stakeholders, and citizens for their collective resilience in overcoming challenges in the past year. His remarks highlighted the indispensable role of every individual in ensuring the continued success of Laos' ASEAN Chairmanship.<sup>9</sup> Emphasizing unity and dedication, he called for the ongoing support of the people to maintain momentum in the country's leadership of ASEAN and to deliver on the promise of greater regional cooperation and development. President Sisoulith also urged the Lao people to make a strong, positive impression on visiting foreign leaders, delegates attending ASEAN summits, and international tourists throughout the year. This, he emphasized, would demonstrate Laos' hospitality, culture, and readiness to

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<sup>6</sup> Xinhua. 2024. "Laos to Further Enhance Public Security." News.cn. April 5, 2024.

<https://english.news.cn/asiapacific/20240405/75555e2d60f94c708d11d7119e4f7c27/c.html>.

<sup>7</sup> AIPA Advisory Council. 2022. "The 6 Th Meeting of AIPA Advisory Council on Dangerous Drugs (AIPACODD)." <https://berkas.dpr.go.id/ksap/aipa44/page/Lao%20PDR.pdf>.

<sup>8</sup> Ibid. see 6.

<sup>9</sup> Big News Network, "Laos to further enhance public security." April 5, 2024.

<https://www.bignewsnetwork.com/news/274233442/laos-to-further-enhance-public-security>

contribute meaningfully to the ASEAN community.<sup>10</sup> He underscored that the country needed to showcase its best qualities during this pivotal moment, marking its role as a host of international gatherings. His message resonated with a call for unity, responsibility, and the importance of upholding Laos' reputation on the global stage.<sup>11</sup> Furthermore, President Sisoulith reiterated the importance of reinforcing peace, order, and safety within Lao society and maintaining economic and sociocultural stability. He appealed for the people's continued support to secure direct, decisive, and comprehensive leadership from the Lao People's Revolutionary Party. This leadership's success was crucial for guiding the country through this historic period and ensuring that Laos fulfills its regional and international responsibilities.<sup>12</sup>

For all Laotians, 2024 stands as a truly momentous year. As Laos embarks on its "Visit Laos Year," it assumes the role of ASEAN Summit chairmanship, marking a significant milestone in its regional engagement. Under the theme "ASEAN: Enhancing Connectivity and Resilience," Laos aims to strengthen its connections between landlocked countries and their land-linked counterparts. This ambitious vision seeks to position Laos as a regional center for trade, investment, tourism, and human resource development, thus boosting the country's role in broader regional integration.<sup>13</sup> Deputy Prime Minister Prof. Dr. Kikeo Khaykhamphithoune, in his address during a national preparatory meeting, emphasized the campaign's significance.<sup>14</sup> He highlighted that Visit Laos Year 2024 will attract tourists and enhance the range of tourism products, adding value to local goods and services. These efforts aim to align with the expectations of both domestic and international visitors, fostering a dynamic tourism industry. The campaign will feature impressive 75 activities, including 14 national events and 61 provincial activities, offering diverse experiences. Events will spotlight traditional festivals, cultural showcases, and outdoor adventures, reflecting Laos' rich heritage and breathtaking landscapes. In the first 10 months of 2024, Laos welcomed 3.3 million international visitors, a

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<sup>10</sup> Xinhua. 2024b. "Lao President Extends Best Wishes for Lao New Year." News.cn. April 12, 2024. <https://english.news.cn/20240412/bca0f126456c4995ab747e85f65a8c54/c.html>.

<sup>11</sup> ASEAN Lao PDR 2024. "Press Statement by the Chair of the ASEAN Foreign Ministers' Retreat." ASEAN LAO PDR 2024, 29 Jan. 2024, [www.laoschairmanship2024.gov.la/press-statement-by-the-chair-of-amm-retreat-eng/](http://www.laoschairmanship2024.gov.la/press-statement-by-the-chair-of-amm-retreat-eng/).

<sup>12</sup> ASEAN All, "Lao President extends best wishes for Lao New Year, calls for solidarity to overcome challenges." April 12, 2024. <https://www.aseanall.com/news/6169.html>

<sup>13</sup> Chongkittavorn, Kavi. 2023. "Lao PDR Is Ready for ASEAN Challenges." Eria.org. Economic Research Institute for ASEAN and East Asia. December 26, 2023. <https://www.eria.org/news-and-views/lao-pdr-is-ready-for-asean-challenges>.

<sup>14</sup> Vientiane Times. 2024. "Visit Laos Year 2024 to Be Officially Launched in November." Vientianetimes.org.la. September 23, 2024. [https://www.vientianetimes.org.la/freefreeneews/freecontent\\_Visit186\\_23.php](https://www.vientianetimes.org.la/freefreeneews/freecontent_Visit186_23.php).

19% increase compared to last year, according to the Ministry of Information, Culture, and Tourism. Thailand, Vietnam, and China remained the top source markets for foreign tourists.<sup>15</sup> According to the same source, domestic tourism experienced significant growth, with 2.3 million trips recorded in the first eight months of the year—an 84.2% surge from 2023. International tourists contributed approximately USD 801 million in revenue during this period.<sup>16</sup> To further boost tourist arrivals during Visit Laos Year 2024, the government has implemented visa-free entry and extended stays for visitors from select countries. Additionally, a national tour guide training program has been launched to enhance the quality of services and address the shortage of skilled personnel, as the Ministry aims to attract over 6 million Lao and foreign tourists throughout the year.

A significant government reshuffle has been announced, with several key positions across various ministries being altered. One of the most notable changes is the appointment of the current Governor of the Bank of Laos (BOL) to a new role in Luang Prabang Province. As a result of this move, the Governor's deputy has been promoted to Acting Governor of the BOL, stepping into a leadership position within the country's central banking system.<sup>17</sup> Another significant change was that the President of the Law Commission was selected to serve as the Vice President of the National Assembly (NA).<sup>18</sup> This reshuffle brings new leadership to the Law Commission, with its newly appointed President being the former head of the Justice Commission of the NA. The reshuffle also includes a promotion for the former President of the Cultural and Social Affairs Commission of the NA, who has now taken up the role of President of the Justice Commission of the NA. Furthermore, the Vice President of the Planning, Finance, and Audit Commission, Bounta Thephavong, has been promoted to fill the position of President of the Cultural and Social Affairs Commission. This series of changes reflects the ongoing adjustments within the government and signals a reshaping of leadership across various sectors of the national administration.

### ***ASEAN 44th and 45th Summit***

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<sup>15</sup> Lao News Agency. 2024. “Laos Welcomed 3.3 Million International Tourists in the First 10 Months.” Kpl.gov.la. November 28, 2024. <https://kpl.gov.la/En/detail.aspx?id=87643>.

<sup>16</sup> *ibid.* See 15.

<sup>17</sup> Chanlivong, Kheuakham. “Lao Government Reshuffles Key Positions Across Ministries.” *The Laotian Times*. Last Modified July 2, 2024. [https://laotiantimes.com/2024/07/02/lao-government-reshuffles-key-positions-across-ministries/?fbclid=IwY2xjawE\\_me5leHRuA2FlbQIxMAABHYimX5wp1dsV2XAAP-qZL--PW4jkqYGKdd68SxAJ1c8lnf326a268F07bg\\_aem\\_sl6RnMcvyKlhxy8kjHJ9XA](https://laotiantimes.com/2024/07/02/lao-government-reshuffles-key-positions-across-ministries/?fbclid=IwY2xjawE_me5leHRuA2FlbQIxMAABHYimX5wp1dsV2XAAP-qZL--PW4jkqYGKdd68SxAJ1c8lnf326a268F07bg_aem_sl6RnMcvyKlhxy8kjHJ9XA)

<sup>18</sup> *Ibid.* See 15.

The successful hosting of the 57th ASEAN Foreign Ministers' Meeting and other related events has significantly contributed to Laos' long-term development and growing international stature. As the country continues to build on this momentum, the leadership expressed hope that the efforts of all Lao citizens and stakeholders will continue to drive the country forward, solidifying its position as a key player in ASEAN and the global community. On the occasion of the 8th Ordinary Session of the 9th National Assembly of Laos on 18 November 2024, Thongsavanh Phomvihane was appointed the new Foreign Minister of the People's Democratic Republic of Laos, replacing Seleumxay Kommasith.<sup>19</sup> Previously serving as the Head of the Party Central Committee's Commission for External Relations, Mr. Thongsavanh Phomvihane is the only fifth Foreign Minister of Laos PDR since 1975 and also a brother to the Laos National Assembly chair, Saysomphone Phomvihane.<sup>20</sup>

The 44th and 45th ASEAN Summits, held in Vientiane from October 6-11, 2024, marked a pivotal moment for ASEAN in addressing regional and global challenges while transitioning leadership to Malaysia for 2025.<sup>21</sup> The adoption of over 90 outcome documents reflects ASEAN's comprehensive approach to addressing diverse challenges while fostering resilience and innovation, signaling its centrality in the global arena amidst geopolitical and economic uncertainties. Key agreements included the ASEAN Leaders' Declaration on Strengthening Supply Chain Connectivity to enhance supply chain resilience, the ASEAN Declaration on Promoting Sustainable Agriculture to advance climate-smart farming, and the Declaration on Strengthening Regional Biosafety and Biosecurity to mitigate biological threats.<sup>22</sup> Under Laos' Chairmanship, a significant milestone was the advancement of the ASEAN Community's Post-2025 Vision, marking a shift toward a longer-term and more strategic framework that extends to 2045. ASEAN made significant progress in advancing Timor-Leste's integration into the regional bloc. Timor-Leste demonstrated its commitment by establishing an ASEAN Mission in Jakarta in October 2023, making voluntary contributions to initiatives such as the ASEAN Disaster Management and Emergency Relief Fund, and supporting the establishment of a

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<sup>19</sup> David Hutt. 24 November 2024. Cambodia, Laos sack foreign ministers in preparation for more combative geopolitics. <https://www.rfa.org/english/opinions/2024/11/24/opinion-laos-cambodia-foreign-ministers/>

<sup>20</sup> Sitthixay, Phonethida. 18 November 2024. Lao National Assembly Opens 8th Ordinary Session to Address Key National Challenges. <https://laotiantimes.com/2024/11/18/lao-national-assembly-opens-8th-ordinary-session-to-address-key-national-challenges/>

<sup>21</sup> Sitthixay, Phonethida. "ASEAN Summits Conclude with Key Agreements, Leadership Transition to Malaysia." Laotian Times, 14 Oct. 2024, [laotiantimes.com/2024/10/14/asean-summits-conclude-with-key-agreements-leadership-transition-to-malaysia/](https://laotiantimes.com/2024/10/14/asean-summits-conclude-with-key-agreements-leadership-transition-to-malaysia/).

<sup>22</sup> Lin, Joanne, et al. "A Small Country's Big Moment in ASEAN amid Challenges | FULCRUM." FULCRUM, 15 Oct. 2024, [fulcrum.sg/aseanfocus/a-small-countrys-big-moment-in-asean-amid-challenges/](https://fulcrum.sg/aseanfocus/a-small-countrys-big-moment-in-asean-amid-challenges/).

special Timor-Leste Unit in the ASEAN Secretariat in August 2024.<sup>23</sup> This dedicated unit is tasked with monitoring the country's implementation of the membership roadmap and providing capacity-building assistance. With the roadmap mainly on track, expectations are high for Timor-Leste to achieve full ASEAN membership during Malaysia's Chairmanship in 2025, marking a historic milestone for the country and the regional community.

External partnerships were a highlight, with notable collaborations including the ASEAN-China Joint Statements on combating telecommunications fraud, advancing smart agriculture, and upgrading the ASEAN-China Free Trade Area to version 3.0.<sup>24</sup> The ASEAN-Republic of Korea Summit elevated ties to a Comprehensive Strategic Partnership, while the ASEAN-India Summit emphasized digital transformation and Act East Policy collaboration. Additionally, the ASEAN-Canada Special Summit focused on enhancing connectivity and resilience. These partnerships, alongside sustained progress on Timor-Leste's ASEAN membership roadmap and discussions on Myanmar's crisis, underscored ASEAN's efforts to strengthen its centrality and adapt to global challenges.<sup>25</sup>

The 44th and 45th ASEAN Summits demonstrated Laos' success in achieving pragmatic deliverables but underscored the challenges of navigating geopolitical tensions.<sup>26</sup> Geopolitical issues dominated discussions, particularly the Myanmar crisis and the South China Sea dispute. Philippine President Bongbong Marcos urged swift progress on finalizing the South China Sea Code of Conduct (COC). At the same time, Chinese Premier Li Qiang attributed delays to "external forces," and ASEAN's Secretary-General defended ongoing negotiations as progressing, albeit slowly.<sup>27</sup> Heightened tensions were further fueled by Russian Foreign Minister Sergey Lavrov, who accused Western nations of undermining the region's security architecture through exclusive alliances, echoing China's critiques of US "bloc politics."<sup>28</sup> These divisions stalled the East Asia Summit (EAS) statement, forcing Laos to issue a Chair's EAS statement that offered little new substance. Despite these geopolitical hurdles, ASEAN

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<sup>23</sup> ASEAN Lao PDR 2024. "Chairman's Statement of the 44th and 45th Asean Summits." 9 Oct. 2024.

<sup>24</sup> Xinhua. "China Ready to Work with ASEAN Countries to Elevate Comprehensive Strategic Partnership to Higher Level." [www.gov.cn](http://www.gov.cn), 10 Oct. 2024, english.[www.gov.cn/news/202410/10/content\\_WS6707ce83c6d0868f4e8e\\_ba87.html](http://www.gov.cn/news/202410/10/content_WS6707ce83c6d0868f4e8e_ba87.html). Accessed 16 Dec. 2024.

<sup>25</sup> *Ibid.* see 21.

<sup>26</sup> *Ibid.* see 20.

<sup>27</sup> Abbey Gita-Carlos, Ruth. "PBBM Urges ASEAN to Adopt Measures to Stop China's Aggression in SCS | Philippine News Agency." [pna.gov.ph](http://pna.gov.ph), The Philippine News Agency, 10 Oct. 2024, [www.pna.gov.ph/articles/1235208](http://www.pna.gov.ph/articles/1235208).

<sup>28</sup> RFI International. "Russia, China FMs Meet as ASEAN Talks Get Underway in Laos." RFI, 25 July 2024, [www.rfi.fr/en/international-news/20240725-russia-china-fms-meet-as-asean-talks-get-underway-in-laos-1](http://www.rfi.fr/en/international-news/20240725-russia-china-fms-meet-as-asean-talks-get-underway-in-laos-1).

leaders continued championing the ASEAN Outlook on the Indo-Pacific (AOIP). Laos, with minimal direct stakes in the Indo-Pacific, managed to sustain momentum by hosting the second ASEAN Indo-Pacific Forum, focused on economic cooperation and sustainability. While another ASEAN Leaders' Statement on the AOIP was adopted, the escalating polarization between major powers raises doubts about the Forum's viability as a platform for advancing the AOIP, highlighting the fragility of ASEAN-led mechanisms amidst intensifying great power competition.<sup>29</sup>

The Myanmar crisis remained a significant challenge during the 44th and 45th ASEAN Summits, with Laos making earnest but limited progress through its “neighborhood approach.”<sup>30</sup> Special Envoy Alounkeo Kittikhoun undertook two visits to Myanmar in early 2024, and Laos hosted a Troika-Plus meeting of past, present, and future ASEAN Chairs in July. Despite these efforts, the third ASEAN Leaders' review of the Five-Point Consensus yielded no significant breakthroughs, highlighting the constraints of Laos' cautious diplomacy in addressing the crisis.<sup>31</sup> Looking ahead, there are hopes for a shift in strategy under Malaysia's upcoming Chairmanship. The new Thai Prime Minister has also called for deeper engagement with Myanmar ahead of its planned elections and has offered to host another Troika-Plus meeting in December 2024, potentially paving the way for a more active regional response.<sup>32</sup>

At the conclusion, Lao Prime Minister Sonexay Siphandone handed over the ASEAN Chairmanship to Malaysian Prime Minister Anwar Ibrahim, setting the stage for Malaysia to lead under the theme “Inclusivity and Sustainability,” building on Laos' achievements and advancing ASEAN's role in navigating global uncertainties.<sup>33</sup> Laos' leadership demonstrates how smaller states can skillfully navigate regional cooperation while managing the competing interests of larger powers by adopting a pragmatic and cautious approach to shaping ASEAN's future.<sup>34</sup>

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<sup>29</sup> Yaacob, Abdul, and Genevieve Donnellon-May. “ASEAN's Indo-Pacific Vision in Troubled Waters.” East Asia Forum, 4 Sept. 2024, [eastasiaforum.org/2024/09/05/aseans-indo-pacific-vision-in-troubled-waters/](https://eastasiaforum.org/2024/09/05/aseans-indo-pacific-vision-in-troubled-waters/).

<sup>30</sup> Ibid. see 23.

<sup>31</sup> ASEAN. “Secretary-General of ASEAN Accompanies the Special Envoy of the ASEAN Chair on Myanmar on the Special Envoy's Visit to Myanmar.” Asean.org, 17 May 2024, [asean.org/secretary-general-of-asean-accompanied-the-special-envoy-of-the-asean-chair-on-myanmar-on-the-special-envoys-visit-to-myanmar/](https://asean.org/secretary-general-of-asean-accompanied-the-special-envoy-of-the-asean-chair-on-myanmar-on-the-special-envoys-visit-to-myanmar/).

<sup>32</sup> Saha, Premesha. “Finding an End to the Myanmar Crisis: ASEAN's Massive Task.” Orfonline.org, 13 Nov. 2024, [www.orfonline.org/english/research/finding-an-end-to-the-myanmar-crisis-asean-s-massive-task](https://www.orfonline.org/english/research/finding-an-end-to-the-myanmar-crisis-asean-s-massive-task). Accessed 16 Dec. 2024.

<sup>33</sup> Ibid. see 19.

<sup>34</sup> Ibid. see 20.

Melinda Martinus and Joanne Lin contend that Laos, as the ASEAN Chair in 2024, has overcome skepticism by focusing on physical and digital connectivity to promote regional integration.<sup>35</sup> Lao PDR prioritized connectivity—physical and digital—as a key focus of Laos' leadership. This strategy aims to enhance ASEAN's integration and resilience in the face of external challenges. Key outcomes include:

i). Infrastructure Development: Laos emphasized regional transportation and logistics improvements to overcome its landlocked status. These projects are expected to boost trade, diversify the economy, and strengthen Laos' role in ASEAN.

ii). Laos-China Railway: This major project, expected to transform Laos' economic landscape by linking it to China, is central to the vision of a broader ASEAN rail network. It promises economic growth, increased tourism, and stronger ties with ASEAN's largest trading partner.

iii). Cross-Border Passenger Service: The new daily train service between Bangkok and Vientiane, launched in August 2024, enhances connectivity between Laos and Thailand.

iv). Bangkok-Nong Khai High-Speed Train: Ongoing discussions around the high-speed rail project to connect Bangkok to Kunming by 2028 highlight Laos' growing role in regional transportation infrastructure.

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<sup>35</sup> Martinus, Melinda , and Joanne Lin. “Laos’ Connectivity Drive Paves the Way for ASEAN’s Integration | FULCRUM.” FULCRUM, 5 Sept. 2024, [fulcrum.sg/aseanfocus/laos-connectivity-drive-paves-the-way-for-aseans-integration/](https://fulcrum.sg/aseanfocus/laos-connectivity-drive-paves-the-way-for-aseans-integration/).





Figure 1. Graphic on Thailand-China high-speed rail link-up, aimed to connect Bangkok to Kunming in China via Laos by 2028 (Source: Source: [Laurence CHU / AFP](#))

In addition to physical infrastructure, Laos is capitalizing on the region’s increasing digital adoption to enhance digital communication and technology integration within ASEAN. Key outcomes include:

i). Digital Connectivity: Laos is helping position ASEAN as a leading digital economy by promoting deeper intra-regional and global connections. This is facilitated by developing unified trade tools and standards, which are crucial for ASEAN's digital transformation.<sup>36</sup>

ii). QR Payment System: Since 2022, several ASEAN countries, including Singapore, Indonesia, Thailand, Malaysia, and the Philippines, have successfully integrated QR payment systems. This development is paving the way for a more interconnected digital financial landscape across the region, streamlining cross-border transactions and supporting economic growth.

<sup>36</sup> Laos Post. “ASEAN 2024: Strengthening Connectivity and Resilience amid Global Challenges - Laos Post.” Laos Post, 16 Dec. 2024, [laospost.com/crkpzb-asean-2024-strengthening-connectivity-and-resilience-amid-global-challenges](https://laospost.com/crkpzb-asean-2024-strengthening-connectivity-and-resilience-amid-global-challenges).

## Socio-Economic Affairs

In the first three quarters of 2024, Laos was projected to experience a GDP growth rate of 4%, as reported by the Asian Development Bank (ADB)<sup>37</sup> And the World Bank.<sup>38</sup> On a more recent note, however, the Laotian government increased the number by 0.6% for the fourth quarter.<sup>39</sup> This is due to a hopeful recovery in the tourism sector, increased transport and logistics activity, and investments in the power sector and special economic zones. However, this growth remains below pre-pandemic levels, reflecting the country's ongoing macroeconomic instability and structural challenges. On another note, inflation remains a significant concern, with rates averaging around 31% in 2023 and expected to remain above 20% in 2024.<sup>40</sup> The kip's depreciation has exacerbated inflationary pressures, leading to increased import costs and affecting household purchasing power. In fact, the kip's value weakened by approximately 31% against the US dollar in 2023, which has directly impacted domestic prices, particularly for food and essential services. This depreciation has made it increasingly difficult for families to afford necessities, with many households reporting that they have had to cut back on spending on health and education.

During the second quarter of 2024, Laos encountered promising economic opportunities and ongoing challenges that required government intervention. Efforts to strengthen trade partnerships and modernize infrastructure were accompanied by initiatives to address structural issues in the economy.

On April 8, Vietnamese Minister of Industry and Trade Nguyen Hong Dien met with Lao Prime Minister Sonexay Siphandone in Vientiane. They focused on removing obstacles to coal and electricity exports and enhancing bilateral energy cooperation. Nguyen Hong Dien also updated the Lao prime minister on Vietnam's energy requirements, including a proposal to

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<sup>37</sup> World Bank. "Lao PDR Economic Monitor." Last Modified April, 2024. <https://thedocs.worldbank.org/en/doc/5c2594a0cc6846465fe3bafda50ad993-0070062024/original/WB-LaoEconomicMonitorApril20-24web.pdf>

<sup>38</sup> World Bank Group. "Lao Economic Monitor, October 2024: Reforms for Stability and Growth: Key Findings." Last Modified October, 2024. <https://www.worldbank.org/en/country/lithuania/publication/lao-economic-monitor-october-2024-reforms-for-stability-and-growth-key-findings>

<sup>39</sup> Lao News Agency. "Government expects 4.6% GDP growth for 2024." *Lao News Agency*. Last Modified November 18, 2024. <https://kpl.gov.la/En/detail.aspx?id=87391>

<sup>40</sup> France-Presse, Agence. "Debt-saddled Laos struggles to tame rampant inflation." *Voice of America*. Last Modified November 17, 2024. <https://www.voanews.com/a/debt-saddled-laos-struggles-to-tame-rampant-inflation/7866719.html>

purchase power from 26 hydropower plants in Laos. The meeting reaffirmed the strong collaboration between the two countries and concluded positively.

In another key development, on April 12, Laos and China signed a Memorandum of Understanding (MoU) to conduct a feasibility study on promoting Lao export products to China. This agreement emphasized agricultural product exports and outlined assistance to Laos in meeting export standards for the Chinese market. In recent years, infrastructure developments, such as the Laos-China Railway, have positioned Laos as a potential trade hub for durian exports, particularly to China, where demand for the fruit is high and continues to grow. According to Nikkei Asia, Chinese businesspeople have been eyeing the Bolaven Plateau, the southern part of Laos, with high soil fertility, to establish the durian cultivation land, hoping to export the durians back to China via the bullet train.<sup>41</sup> Prominent Chinese infrastructure company Jiarun has joined Laos's booming durian sector with ambitions to establish what may be the world's biggest durian farm.

On April 30, 2024, a groundbreaking new express freight train service began its journey, linking China, Laos, Thailand, and Malaysia. The inaugural train departed from Chengdu, China, and is expected to reach Port Klang in Malaysia by May 8.<sup>42</sup> The train carries 30 containers of high-tech products like Liquid Crystal Display (LCD) monitors and new energy vehicles, traveling along the China-Laos railway line through Laos and Thailand. This rail route significantly improves regional connectivity by reducing transit time by up to 50%. It takes just five days to reach Thailand and eight days to reach Malaysia, compared to the traditional sea route from China, which could take up to two weeks.<sup>43</sup> This fast-track rail service will boost trade and enhance economic cooperation between the four countries, contributing to the expansion of Southeast Asia's inland railway network. The integration of this rail network is also seen as a step forward in improving logistical efficiency in the region, as it complements existing collaborations between China and Thailand. The new service exemplifies the growing

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<sup>41</sup> Feng, Zhaoyin, and Beiming Fu. "Laos Durian Dreams Grow as Plantations Rise to Feed China." *Nikkei Asia*, 18 Oct. 2024, <https://asia.nikkei.com/Spotlight/Big-in-Asia/Laos-durian-dream%20s-grow-as-plantations-rise-to-feedChina>. Accessed 7 Nov. 2024.

<sup>42</sup> Lapuekou, Chono. "New Express Freight Train Links China, Laos, Thailand, Malaysia in Regional Trade Boost." *Laotian Times*, 6 May 2024, [laotiantimes.com/2024/05/06/new-express-freight-train-links-china-laos-thailand-malaysia-in-regional-trade-boost/](https://laotiantimes.com/2024/05/06/new-express-freight-train-links-china-laos-thailand-malaysia-in-regional-trade-boost/). Accessed 16 Dec. 2024.

<sup>43</sup> *Ibid.* see 39.

trade ties between Southeast Asia and China, promising to stimulate economic growth across the region further.

The services sector, particularly tourism, transport, and logistics, is anticipated to be a key driver of economic recovery. In 2023, tourism began to rebound, contributing positively to GDP growth. However, high inflation has constrained consumer spending, with about a third of households, especially low-income families, reducing their expenditures on essential services. The tourism sector, which is crucial for Laos, is expected to grow as international travel restrictions ease and global tourism resumes. According to the World Bank, foreign investment in Laos increased significantly in 2023, particularly in the electricity and mining sectors. This could be helpful given their vitality for the country's economic infrastructure.<sup>44</sup>

Despite these positive indicators, Laos faces structural challenges that could impede its growth trajectory. Low human capital, labor shortages, and a challenging business environment persist. For instance, the labor market is changing, with many workers migrating abroad for better opportunities; the number of registered Lao migrants in Thailand increased by 15% between June 2023 and February 2024.<sup>45</sup> This out-migration affects the labor supply within Laos and leads to a loss of skilled workers, which can hinder productivity and economic growth. Moreover, the education sector in Laos is facing significant challenges. A 2024 report highlighted that human capital constitutes only 57% of the country's total wealth, compared to 63% globally.<sup>46</sup> The education system is struggling, with many children dropping out before completing primary education. A 2019 assessment showed that Lao children lag behind their peers in neighboring countries in foundational skills such as math and reading. This educational gap has long-term implications for the workforce, as a poorly educated labor force is less equipped to meet the demands of a modern economy.<sup>47</sup>

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<sup>44</sup> World Bank Group. "Lao Economic Monitor, April 2024: Accelerating Reforms for Growth: Key Findings." *World Bank*. Last Modified April 26, 2024. <https://www.worldbank.org/en/country/laos/publication/laos-economic-monitor-april-2024-accelerating-reforms-for-growth-key-findings>

<sup>45</sup> Hurley, Felicity. "World Bank: 15% Rise in Laotian Migrants to Thailand amid Economic Crisis." *The Financial Analyst*. Last Modified July 22, 2024. <https://thefinancialanalyst.net/2024/07/22/world-bank-15-rise-in-laotian-migrants-to-thailand-amid-economic-crisis/>

<sup>46</sup> World Bank. Rep. "The Changing Wealth of Nations : Revisiting the Measurement of Comprehensive Wealth (English)." Last Modified October 10, 2024. <http://documents.worldbank.org/curated/en/099100824155021548/P17844617dfe6e0241ad25120b1320904c2>

<sup>47</sup> United Nations Development Programme. 2024. "Rich Countries Attain Record Human Development, but Half of the Poorest Have Gone Backwards, Finds UN Development Programme." UNDP. March 13, 2024. <https://www.undp.org/laopdr/press-releases/rich-countries-attain-record-human-development-half-poorest-have-gone-backwards-finds-un-development-programme>.

The Laotian government actively manages high external debt obligations, estimated to exceed 110% of GDP.<sup>48</sup> This situation is compounded by the need to renegotiate debts, particularly with China, where deferrals of principal and interest have amounted to about \$2 billion, roughly 15% of GDP.<sup>49</sup> The government's reliance on domestic financing sources has increased, especially after losing access to the Thai bond market in September 2023. This shift underscores the urgency for effective debt management strategies to ensure fiscal sustainability.

The overall fiscal balance is estimated at a deficit of 0.2% despite improved revenue collection that has offset increased public spending.<sup>50</sup> The government's efforts to enhance tax collection and streamline expenditures are critical in addressing the fiscal challenges of high debt service obligations. Additionally, the balance of payments data indicates net foreign exchange inflows of about \$250 million in the first three quarters of 2023, supported by substantial investment inflows, particularly in the electricity and mining sectors.<sup>51</sup>

Looking ahead, Laos's economic activity is expected to benefit from a recovery in tourism, transport, and logistics, as well as continued investment in the power sector and special economic zones. However, growth will remain constrained by structural challenges, including persistent inflation and currency depreciation, which continue to exert pressure on real incomes and household spending.<sup>52</sup>

To restore macroeconomic stability, Laos must commit to critical reforms, including implementing a restored VAT rate of 10%, curbing tax exemptions, and reforming excise taxes to boost spending on social sectors.<sup>53</sup> Strengthening public debt management and improving

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<sup>48</sup> Asian Development Bank. 2023. "Lao People's Democratic Republic: Enhancing Debt Management and Transparency Synthesis Report: High-Level Dialogue on Good Practices for Enhancing Debt Management in The." <https://www.adb.org/sites/default/files/project-documents/55068/55068-001-dpta-en.pdf>.

<sup>49</sup> Lao PDR Ministry of Finance. "2022 Public and Publicly Guaranteed Debt Bulletin of Lao PDR." June 28, 2023. <https://www.mof.gov.la/wp-content/uploads/2023/07/2022-Public-and-Publicly-Guaranteed-Debt-Bulletin-of-Lao-PDR-Final.pdf>

<sup>50</sup> Ibid. See 13.

<sup>51</sup> Ibid. See 13.

<sup>52</sup> Meadley, Johnathan. "Inflation and Debt Weigh Down Laos Economic Recovery, Says World Bank Report." *Laotian Times*. Last Modified May 19, 2023. <https://laotiantimes.com/2023/05/19/inflation-and-debt-weigh-down-laos-economic-recovery-says-world-bank-report/>

<sup>53</sup> World Bank. 2024. "Lao Economic Monitor, October 2024: Reforms for Stability and Growth: Key Findings." World Bank. October 2024. <https://www.worldbank.org/en/country/lithuania/publication/lao-economic-monitor-october-2024-reforms-for-stability-and-growth-key-findings>.

the business environment to promote investment and exports are also essential. Moreover, enhancing the quality of data available for policymaking will be crucial for informed decision-making and effective governance.

In the first quarter of 2024, Laos faced the challenge of combating the effects of changing weather, which resulted in fires and disasters. In hopes of resolving these issues more resiliently, Laos established disaster response units consisting of information centers for national water resources, stations responsible for meteorological and hydrological issues, and advancements in its earthquake monitoring capacity.<sup>54</sup>

Significant gaps in the education sector in Laos persist, mainly due to economic challenges after the COVID-19 pandemic. As such, the World Bank's report for the first quarter of 2024 highlights the need to enhance educational prospects to address economic hardships and reduce poverty.<sup>55</sup> The concern mainly lies at the secondary level, as the learning capacity is relatively lower than in neighboring countries. The World Bank report further calls for increasing budget allocation to the education factor, economic and fiscal reforms, and reforming resource allocation and teaching methods.<sup>56</sup>

Laos Airlines is working hard as it sets out to open more connecting flight routes with its neighboring countries to promote the Visit Laos 2024 tourism campaign. In addition to just neighboring countries, Laos is also expanding its markets towards Russia, relaunching the flights connecting Vladivostok to Vientiane. As of early May 2024, Laos is also working closely with Myanmar Airways International in launching direct flights connecting Yangon, Myanmar, and Vientiane, Laos.<sup>57</sup>

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<sup>54</sup> Lapuekou, Chono. "Laos Grapples with Extreme Weather Events, Fires in 2023 Causing USD 53.5 Million Damage." Laotian Times. Last modified March 12, 2024. <https://laotiantimes.com/2024/03/12/laos-grapples-with-extreme-weather-events-fires-in-2023-causing-usd-53-5-million-damage/>.

<sup>55</sup> Ibid. see 22.

<sup>56</sup> "Urgent Action Needed to Restore Education Funding in Laos" Lao News Agency (KPL). Last modified March 16, 2024. <https://kpl.gov.la/EN/detail.aspx?id=81251>.

<sup>57</sup> Lapuekou, Chono. "Myanmar Plans to Launch Direct Flights from Yangon to Vientiane in May." Laotian Times. Last modified March 12, 2024. <https://laotiantimes.com/2024/03/12/myanmar-plans-to-launch-direct-flights-from-yangon-to-vientiane-in-may/>.

Minister of Planning and Investment Khamjane Vongphosy discussed the government's plan for 4.5% economic growth in 2024 during the 6th ordinary session of the country's 9th legislation.<sup>58</sup> Outlined in the 2024 socio-economic development plan includes:

- Total revenue of 49,737 billion kips, representing 16.93% of GDP, a 29% increase from the 2023 plan.
- Total expenditure of 58,294 billion kips, accounting for 19.84% of GDP. M2 does not exceed 25% compared to 2023.
- Maintenance of foreign reserves to ensure imports for at least five months.
- Non-performing loans issued by commercial banks not exceeding 3% of total credit provided.
- Export earnings conducted through the banking system constitute at least 60% of total export earnings.
- Export value surpassing US\$8.7 billion, reflecting a 6.07% increase compared to 2023.
- Import value exceeded US\$7.2 billion, marking a 2.62% increase compared to 2023.
- Total investment reached 56,534 billion kips (19.24% of GDP), with 32,435 billion kips sourced from local and foreign private sectors.<sup>59</sup>

The finance sector meeting was held in Vientiane at the start of 2024, with President Thongloun Sisolith in attendance. In his speech, he aimed to remodel the country's economy into an independent and Lao-owned economy.<sup>60</sup> He pointed out that having a Lao-owned economy doesn't mean the government has to be completely self-sufficient. Instead, it's about making the most of its natural resources and other opportunities to reduce the need for imports.<sup>61</sup> The first quarter of 2024 marked the abundance of improvements for Laos in many sectors, such as education, tourism, and the economy, all part of the socio-economic aspects of Laos. Despite Laos's much progress, the country is still working extremely hard to further its work, aiming for strong socio-economic outcomes in 2024.

During the second quarter, Laos continues to make significant efforts in the socio-economic sectors as the country gears up for a potential increase in tourists, the enhancement of the

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<sup>58</sup> "Laos Targets Economic Growth of 4.5% in 2024" Lao News Agency (KPL). Last modified November 3, 2023. <https://kpl.gov.la/EN/detail.aspx?id=77893>.

<sup>59</sup> "Laos economic growth forecasted at 4.2% and 4.5% for 2023 and 2024." The Nation Thailand. Last modified November 2, 2023. <https://www.nationthailand.com/world/asean/40032473>.

<sup>60</sup> Laos News Agency. 2024. "Lao Economy's Leap towards Independence." Kpl.gov.la. January 9, 2024. <https://kpl.gov.la/En/detail.aspx?id=79487>.

<sup>61</sup> Ibid. See 29.

telecommunications network, and combating national security threats and other challenges like drug trafficking. Aligning with their goal of promoting tourism, Laos implemented a tour guide training program with over eighty participants enrolled to provide trained tour guides for each tourist visiting Laos.<sup>62</sup>

Additionally, telecommunications infrastructure was expanded by installing a 98,524-kilometer fiber optic cable, making cell phone service more accessible. As a result, the general public has opened 4.6 million accounts and 6.1 million mobile phone numbers.<sup>63</sup> The Ministry of Technology and Communications intends to increase this number to 6.5 million in the near future to further the development of telecommunications infrastructure.<sup>64</sup> Despite various achievements, Laos is still struggling to address the problems of narcotics smuggling around the borders. The most substantial drug-related issues lie in the contentious Special Economic Zone (SEZ) in northern Bokeo Province. Laos, along with its neighboring countries, especially Thailand, have agreed to improve border guard force coordination to stop illegal labor, unauthorized residency, sabotage, and immigration.<sup>65</sup>

It is worth saying that Laos has been very busy developing different socioeconomic sectors, including tourism and telecommunications, along with improving transnational security. In the third quarter of 2024, the health sector in Laos was shown to be inadequate, raising the need to take urgent actions to improve their safety and legal situation. The event that led to this alarming situation was when garbage collectors in Vientiane were exposed to harmful living circumstances and serious risks to their health. The World Bank called for the Laotian government to develop social support for informal workers, recognizing their difficulties. The awareness urge of the world bank included offering education, the required tools, and access to safety, health, and welfare safeguards.<sup>66</sup>

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<sup>62</sup> Xinhua. "Laos launches tour guide training program to promote tourism." *English.news.cn*. Last Modified May 07, 2024. <https://english.news.cn/20240507/fd08f3eb8ee74e0a89a4d39e791e3516/c.html>

<sup>63</sup> Lapuekou, C. "Laos Expands Telecommunications Network, Reaching Remote Villages." *Laotian Times*. Last Modified May 22, 2024. <https://laotiantimes.com/2024/05/22/laos-expands-telecommunications-network-reaching-remote-villages/>

<sup>64</sup> *Ibid.* see 32.

<sup>65</sup> Visapra, P. "Border Drug Smuggling Challenges Persist in Laos Despite Cooperative Efforts." *Laotian Times*. Last Modified May 14, 2024. <https://laotiantimes.com/2024/05/14/border-drug-smuggling-challenges-persist-in-laos-despite-cooperative-efforts/>

<sup>66</sup> Visapra, Phontham. "Harsh Conditions for Vientiane's Garbage Collectors Highlighted in World Bank Report." *The Laotian Times*. Last Modified July 1, 2024. <https://laotiantimes.com/2024/07/01/harsh-conditions-for-vientianes-garbage-collectors-highlighted-in-world-bank-report/>



In addition, the Ministry of Labor and Social Welfare and six other hospitals in Vientiane, Laos have established occupational and health check-up facilities to prevent work-related illnesses and injuries. These facilities are intended to help authorities and employers improve labor safety and health standards and identify risks and factors affecting workers' health.<sup>67</sup>

On 8 August, an agreement was signed between Laos and CGI Energy Technology Co., Ltd. on Phase II of the Northern Clean Energy Connection Project. This project aims to develop wind, solar, and water storage energy solutions across three northern provinces. The development from Phase I of the project is planning to produce 420 MW in Oudomxay and 580 MW in Luang Namtha. This project will provide advanced, sustainable, environmentally friendly energy alternatives and strengthen the cooperation between the Laos and China energy alliance.<sup>68</sup> In this third quarter, Laos focused on the health and energy sector, aiming to improve and strengthen the country's and its citizens' well-being. Aside from the appointment of the new Laos Foreign Minister, another unfortunate news happened in the northern town of Vang Vieng. Eight Vietnamese citizens were detained by the Lao authority, linked to the methanol poisoning, which caused the death of 6 people<sup>69</sup> and hospitalized 12 others.<sup>70</sup> The detained Vietnamese nationals are aged between 23 and 44 years old. They were all employed by Nana Backpacker Hostel, where the suspected methanol consumption occurred. To date, the Lao government has assigned a special task force to determine the full scope of the incident. During the third quarter of 2024, Laos experienced significant socio-economic developments, addressing various challenges while advancing critical projects and initiatives.

In Vientiane, waste collection workers' health and safety conditions were highlighted as needing urgent improvement. Due to inadequate healthcare and unsafe working environments, these workers face severe health risks, earning only LAK 700,000 to LAK 1 million monthly

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<sup>67</sup> Visapra, Phontham. "Laos to Open New Health Centers to Tackle Work-Related Injuries." The Laotian Times. Last Modified August 15, 2024. <https://laotiantimes.com/2024/08/15/laos-to-open-new-health-centers-to-tackle-work-related-injuries/>

<sup>68</sup> Chanlivong, Kheuakham. "New Phase Boosts Laos-China Clean Energy Project." The Laotian Times. Last Modified August 13, 2024. <https://laotiantimes.com/2024/08/13/new-phase-boosts-laos-china-clean-energy-project/>

<sup>69</sup> Adeshola Ore and Kate Lamb. Six people are dead after a suspected mass methanol poisoning at a backpacker party town. What went wrong in Laos?. The Guardian. <https://www.theguardian.com/world/2024/nov/23/six-people-are-dead-after-a-suspected-methanol-poisoning-at-a-backpacker-party-town-what-went-wrong-in-laos>

<sup>70</sup> Chanthavong, Namfon. 26 November 2024. Eight Detained in Laos Over Tourist deaths Linked to Methanol Poisoning at Vang Vieng Hostel. The Laotian Times. <https://laotiantimes.com/2024/11/26/eight-detained-in-laos-over-tourist-deaths-linked-to-methanol-poisoning-at-vang-vieng-hostel/>

despite the physically and financially demanding nature of their work. The World Bank called for greater government support, including integrating waste collectors into the formal sector to improve their safety, access to health services, and financial stability. These measures would safeguard workers and enhance recycling rates and waste management, which currently reach only 31% of households in the capital. Proposals included awareness campaigns, provision of necessary tools, and training on health and welfare safeguards. In Vientiane, in collaboration with the Ministry of Labor and Social Welfare, six hospitals introduced occupational health check-up facilities to prevent work-related illnesses and injuries. This program includes regular health screenings for workers and establishing a centralized database to monitor occupational diseases and fatalities. Employers must ensure annual health examinations for employees and report findings to the Department of Labor Management to enhance labor safety and health standards across the workforce.

Efforts to address urban flooding in Vientiane gained momentum, with city authorities implementing extensive drainage and infrastructure improvement plans. Challenges like unregulated construction, rapid urbanization, and climate change have exacerbated flooding. The Vientiane Water Department undertook initiatives to clear canals, maintain drainage systems, and remove garbage from waterholes. Public awareness campaigns were launched to encourage community involvement in reducing waste-related blockages. Research and technical support were leveraged in collaboration with international organizations to strengthen these efforts. For 2025, the Ministry of Public Works and Transport proposed 15 additional drainage cleaning projects for LAK 44.46 billion (approximately USD 1.9 billion) to mitigate urban flooding.

On August 8, Laos and CGI Energy Technology Co., Ltd. signed an agreement to launch Phase II of the Northern Clean Energy Connection Project, focusing on renewable energy solutions in three northern provinces. Building on the success of Phase I, this initiative will develop 420 MW in Oudomxay and 580 MW in Luang Namtha, integrating wind, solar, and water storage systems. The project aims to strengthen the Laos-China energy partnership while promoting sustainable energy solutions. On August 22, a landmark ceremony in Savannakhet Province's Nathou village marked the installation of the first meteorological tower by Naseng-Wayo Renewable Resources and Investment Co., Ltd. and UPC Vietnam (Singapore). The tower will measure wind speeds and characteristics to evaluate the feasibility of a wind farm project encompassing the Vilabouly and Atsaphon districts. Local authorities supported the project,

approving necessary licenses and certificates. Road maintenance funding was also allocated to improve travel conditions during the wet season while the project's interim feasibility study report was finalized.

In September, Laos faced weather-related challenges as Tropical Storm Yagi approached the country. On September 8, the Department of Meteorology and Hydrology warned about heavy rainfall, thunderstorms, and strong winds, particularly in northern Phongsaly Province. Residents and local authorities were urged to prepare for potential flash floods, landslides, and rising water levels from September 8 to 10. The storm underscored the need for continued investment in disaster preparedness and mitigation strategies. These developments reflect Laos' ongoing efforts to address socio-economic challenges, improve public infrastructure, and promote sustainable growth while managing the impacts of climate change and natural disasters.

Starting on 1 September, the Lao government began charging a fee of LAK 10,000 (USD 0.46) to all domestic and international tourists at international border checkpoints.<sup>71</sup> This fee is processed through the "Easy Pass" electronic system to enhance transparency and support the tourism fund. Foreign tourists pay the fee upon entry, while domestic tourists pay it when exiting the country. Exemptions apply to specific groups, including children, students, religious figures, diplomats, and medical professionals. The shift to a fully digital payment system aims to improve data accuracy and convenience for travelers. Currently, the system is in place at seven border checkpoints. This shift eliminates the use of paper receipts, reducing the potential for errors or fraud. Moreover, digital payments streamline the process for tourists, offering greater convenience and reducing wait times. Technology also helps the government collect valuable data on tourism patterns, which can be used for better planning and resource allocation. Ultimately, this digitalization contributes to Laos' broader goal of modernizing its public sector, improving service delivery, and increasing trust in managing tourism revenues.

Laos primarily focused on the socio-economic aspect during the final quarter of 2024. In October, the Laos province of Oudomxay granted the private sector authorization to conduct a feasibility evaluation on developing the Namhin View water basin into a sustainable tourism

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<sup>71</sup> Chanlivong, Kheuakham. "Lao Government Introduces Digital Border Fees for Tourists." *Laotian Times*, 13 Dec. 2024, [laotiantimes.com/2024/12/13/lao-government-introduces-digital-border-fees-for-tourists/](https://laotiantimes.com/2024/12/13/lao-government-introduces-digital-border-fees-for-tourists/). Accessed 16 Dec. 2024.

destination. The Nam Hin View basin development project aims to establish various recreational and tourism attractions. The planned facilities are a public park, an orchard, a supermarket, swimming pools, bungalows, entertainment centers, beauty parlors, playgrounds, a fitness facility, a badminton club, a golf course, and cruise services. A Memorandum of Understanding (MOU) for the evaluation project was recently signed by Oudomxay provincial officials and Nam Hin View Complex Company Limited in the presence of Mr. Somchit Panyasack, Deputy Governor of Oudomxay Province.<sup>72</sup>

The Lao Ministry of Industry and Commerce released a public notice on November 29 emphasizing fair business practices and consumer protection during the New Year period, from December 1 to January 31. The notice states that entrepreneurs and traders should ensure products are safe, avoid hoarding, and offer them at regular prices. All products must have Lao labels, be sold in Lao kip, and not be broken or past their expiration date. Businesses that offer gift baskets are required to get permission from the Industry and Commerce Office and disclose the address and phone number of the store. The baskets need to be imprinted with the company's logo. Penalties will be applied for noncompliance. To reduce safety hazards, fireworks imports and sales are likewise prohibited. The industry and commerce offices in nine cities and the domestic trade sector will collaborate closely with traders, supermarkets, and companies. They will monitor the market to avoid price rises and product hoarding. This decision was made in response to worries that customers may suffer from price increases and possible supply shortages.<sup>73</sup>

On December 10, Khampha Phimmasone, the Lao People's Revolutionary Party (LPRP) Central Committee Office's deputy chief, met with the Vietnamese Deputy Minister of Culture, Sports, and Tourism Hoang Dao Cuong in Vientiane. One of the main topics of conversation was the Vientiane Lao-Vietnam Friendship Park project. Both parties shared updates on its planning and design stages to prepare for future building. A field trip to the park's 30,653 square meter location in Dongmakkhai village, Xaythany district, was later organized. As part of the capital's growth master plan, the park is expected to serve as a thriving center for community

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<sup>72</sup> "Private Company Authorized to Conduct Study on Namhin View Water Basin Tourism Development Project," Lao News Agency, October 31, 2024, <https://kpl.gov.la/En/detail.aspx?id=87051>.

<sup>73</sup> Sisounonth, Oulayvanh. "Government Issues Regulation to Prevent Hoard Goods, Raise Prices During the New Year - Laotian Times." Laotian Times, December 3, 2024. <https://laotiantimes.com/2024/12/03/government-issues-regulation-to-prevent-hoard-goods-raise-prices-during-the-new-year/>.

activities and entertainment. It will also host the headquarters of many Lao ministries. To promote interaction between ethnic minority communities and preserve their traditional culture, the two sides agreed to organize scientific seminars and amicable exchanges honoring the unique Vietnam-Laos relationship. They also decided to work with border localities to organize events such as the Vietnam-Laos border cultural, sport, and tourism exchange festival. In addition to working closely together on the second phase of the tourism infrastructure development project for inclusive growth in the Greater Mekong Sub-region (GMS), they will continue to implement the bilateral Government-level tourism cooperation agreement and other sub-regional tourism development plans and strategies. They will also establish a coordination mechanism to fully utilize the results of prior inter-regional tourism projects and regional tourism cooperation initiatives like ASEAN, GMS, and Mekong-Lancang.<sup>74</sup>

In short, 2024 brought many prospects and challenges for Laos's socio-economic sector. Laos has worked hard to tackle these challenges, whether socially, economically, or altogether, to improve its people's livelihoods and further boost economic advancements.

### Foreign Relations

China Rocket Co., Ltd. and the Lao government partnered to use remote sensing satellite technology for mapping natural resources, urban planning, environmental management, and mineral exploration in Laos.<sup>75</sup> The partnership aims to improve mineral exploration services, streamline operations, cut expenses, and use less manpower.<sup>76</sup> Also, Laos and Cambodia agreed to expand energy transactions by building a 500 kV transmission line in their southern Champasack province. The two countries aim to establish themselves as the "battery of Southeast Asia" and "energy hubs" with 94 power plants and 5,559 MW more electricity produced by 2039.<sup>77</sup> Besides that, Laos hosted a diplomatic ceremony to welcome four recently appointed ambassadors to Laos, expressing their importance in fostering goodwill and

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<sup>74</sup> "Vietnam, Laos fortify long-held cultural, tourism ties," Lao News Agency, December 11, 2024, <https://kpl.gov.la/En/detail.aspx?id=87880>.

<sup>75</sup> Lao News Agency. 2024. "Laos to Have a Satellite Data Management and Service Centre." Kpl.gov.la. June 24, 2024. <https://kpl.gov.la/En/detail.aspx?id=83685>.

<sup>76</sup> Lapuekou, Chono. "Laos Partners with Chinese Firm for Tech Advancement in Mineral Exploration, Environmental Management." Laotian Times. Last modified January 16, 2024. <https://laotiantimes.com/2024/01/16/laos-partners-with-chinese-firm-for-tech-advances-in-mineral-exploration-environmental-management/>.

<sup>77</sup> Meadley, Jonathan. "'Battery of Southeast Asia' Plans Move Forward as Laos Enhances Trade Capacity With Cambodia." Laotian Times. Last modified January 19, 2024. <https://laotiantimes.com/2024/01/19/battery-of-southeast-asia-plans-move-forward-as-laos-enhances-trade-capacity-with-cambodia/>.

collaboration.<sup>78</sup> The country was also awarded 20 ASEAN Tourism Standard Awards, promoting sustainable tourism and ethical management techniques.<sup>79</sup> The Cocreation of Food Security for Farmers with Economic Empowerment with Japan (COFFEE-JAPAN) project aims to provide access to vital nutrition and empower coffee producers in two areas of Luang Prabang Province, Lao PDR. The project, sponsored by the Japanese government, aims to increase coffee quality and production capabilities, providing opportunities for export to the Japanese market.<sup>80</sup> Between February 27 and March 2, Timor-Leste President Jose Ramos-Horta visited Vientiane to improve diplomatic ties with Laos.<sup>81</sup>

For the second quarter, Laos strengthened its foreign relations with countries worldwide, including constructing the first Lao-Thailand Friendship Bridge in 1994. The bridge links Laos' capital, Vientiane, to Thailand's Nong Khai province, contributing to the region's economic and social development. The success of the first bridge has led to the completion of five more, boosting tourism, trade, investment, and logistics between the two nations.<sup>82</sup> Laos President Thongloun Sisoulith recently visited Cambodia, highlighting the importance of strengthening friendship and solidarity between the two nations.<sup>83</sup> Also, Laotian President Thongloun Sisoulith visited Russia to celebrate the 30th anniversary of bilateral ties. They attended the Victory Day parade in Moscow and held bilateral talks with Putin and the Chairman of United Russia, highlighting positive prospects and cooperation growth.<sup>84</sup> Additionally, Laos, Cambodia, and Singapore have focused on trilateral collaboration to envision the ASEAN

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<sup>78</sup> Chanthavong, Namfon. "President Welcomes Four New Ambassadors to Laos." *Laotian Times*. Last modified February 6, 2024. <https://laotiantimes.com/2024/02/06/president-welcomes-four-new-ambassadors-to-laos/>.

<sup>79</sup> Meadley, Jonathan. "Laos Receives Accolades at ASEAN Tourism Standards Awards Ceremony." *Laotian Times*. Last modified January 30, 2024. <https://laotiantimes.com/2024/01/30/laos-receives-accolades-at-asean-tourism-standards-awards-ceremony/>.

<sup>80</sup> "From beans to bright futures: Japan's boost for coffee and nutrition in Lao PDR" World Food Programme. Last modified February 19, 2024. <https://www.wfp.org/news/beans-bright-futures-japan-boost-coffee-and-nutrition-lao-pdr>.

<sup>81</sup> Lapuekou, Chono. "Timor-Leste's President Meets Lao Counterpart in State Visit to Vientiane." *Laotian Times*. Last modified February 29, 2024 <https://laotiantimes.com/2024/02/29/timor-leste-president-meets-lao-counterpart-in-state-visit-to-vientiane/>.

<sup>82</sup> "First Friendship Bridge Turns 30: Laos, Thailand, Australia Shake Hands." *Laotian Times*. Last Modified April 22, 2024. <https://www.facebook.com/laotiantimes/posts/pfbid0JaPU7vM8Uj3RSvjra87ZN3ghEXBpfyEPpHv5tUAxHA4M3A8zmY4tq5qjUvfVJWrKl>

<sup>83</sup> "Lao president pays state visit to Cambodia." *Xinhuanet*. Last modified April 23, 2024. <https://english.news.cn/20240423/9be1d099d1844019a7ccca5c40353e75/c.html>

<sup>84</sup> Visapra, Phontham. "Lao, Russian Presidents Celebrate 30 Years of Friendship in Moscow." *The Laotian Times*. Last modified May 13, 2024. <https://laotiantimes.com/2024/05/13/lao-russian-presidents-celebrate-30-years-of-friendship-in-moscow/>

Power Grid vision, forming a working group to push cross-border electricity trade and streamline regulations and licensing procedures.<sup>85</sup>

On July 15-17, Lao Deputy Prime Minister Saleumxay Kommasith attended a high-level political forum in New York City, USA, to discuss the sustainable development goals (SDGs) progress. He emphasized the need for comprehensive international cooperation, especially for least developed countries, and Laos' commitment to achieving the SDGs.<sup>86</sup> On August 12, Vietnam and Laos' defense ministries met to inspect preparations for a border defense friendship exchange.<sup>87</sup> Moreover, the Lao deputy minister chaired the ASEAN senior official meeting on August 21, which discussed economic integration, digital transformation, and strategic plans for the ASEAN community vision 2045. The meeting also discussed preparations for the 44th and 45th ASEAN Summits, Timor-Leste's membership, and external countries' accession to the Treaty of Amity and Cooperation (TAC).<sup>88</sup> On September 4, Laos officially joined the School Meals Coalition, demonstrating its dedication to advancing the UN's sustainable development goal of providing all children a healthy meal by 2030.<sup>89</sup> After that, Cambodia and Laos met the next day to discuss anti-corruption measures and exchange strategies. Both countries expressed appreciation for their collaboration and aimed to strengthen bilateral ties. They also reviewed economic, social, and political circumstances and discussed effective partnerships.<sup>90</sup>

The 28th ASEAN Political-Security Community (APSC) Council Meeting, presided over by Deputy Prime Minister Saleumxay Kommasith, took place in the last quarter of 2024 and concentrated on regional security, collaboration, and the execution of the APSC Blueprint

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<sup>85</sup> Chanthavong, Namfon. "Laos, Singapore, Cambodia Unite to Facilitate Cross-Border Electricity Trade." *The Laotian Times*. Last modified June 4, 2024. <https://laotiantimes.com/2024/06/04/laos-singapore-cambodia-unite-to-facilitate-cross-border-electricity-trade/>

<sup>86</sup> Lao News Agency. "DPM Saleumxay Attends High-Level Political Forum on Sustainable Development." Lao News Agency. Last Modified July 16, 2024. <https://kpl.gov.la/En/detail.aspx?id=84310>

<sup>87</sup> Lao News Agency. "Preparations for 2nd Vietnam-Laos Border Defence Friendship Exchange Checked." Lao News Agency. Last Modified August 14, 2024. <https://kpl.gov.la/En/detail.aspx?id=85060>

<sup>88</sup> Lao News Agency. "ASEAN Senior Officials' Meeting Held in Luang Prabang, Prepares for ASEAN Summits." Lao News Agency. Last Modified August 22, 2024. <https://kpl.gov.la/En/detail.aspx?id=85286>

<sup>89</sup> Chanthavong, Namfon. "Laos Joins School Meals Coalition." *The Laotian Times*. Last Modified September 5, 2024. <https://laotiantimes.com/2024/09/05/laos-joins-school-meals-coalition/>

<sup>90</sup> Hang, Punreay. "Cambodia-Laos Exchange Expand Anti-corruption Cooperation." *Khmer Times*. Last Modified September 5, 2024. <https://www.khmertimeskh.com/501553370/cambodia-laos-exchange-expand-anti-corruption-cooperation/>

2025.<sup>91</sup> After reviewing the APSC Blueprint 2025's progress, the council reported that 99.6% of its action lines had been successfully carried out. Laos' accomplishments as ASEAN Chair in 2024, the achievements of important ASEAN bodies under the APSC pillar, and the significance of the ASEAN Intergovernmental Commission on Human Rights were also recognized during the meeting. In addition, the council supported significant documents for the next ASEAN Summits and deliberated on ASEAN's three community pillars, which include strengthening connectivity and resilience.<sup>92</sup> Aside from that, Cambodia and Laos have expressed pleasure in the close ties of friendship and collaboration and promised to further their strategic alliance. Along with focussing on energy security and power infrastructure, the two nations encouraged frequent visits, boosted bilateral trade and tourism, and improved border infrastructure connectivity. Additionally, they talked about increasing the supply of green energy to support the ASEAN Power Grid. The pledge was made on October 8th during a meeting between Lao Prime Minister Sonexay Siphandone and Cambodian Prime Minister Hun Manet.<sup>93</sup>

On October 29, Thailand, Myanmar, and Laos announced the CLEAR Sky Strategy 2024-2030, a collaborative effort to combat transboundary haze and lower regional air pollution. The plan includes law enforcement, forecasting, sustainable agricultural management, fire control, hotspot reduction, and interagency coordination. The initiative's goal is to reduce the region's rising PM2.5 levels.<sup>94</sup> Furthermore, Vietnam's Deputy Prime Minister Bui Thanh Son praised Thongsavanh Phomvihane on his appointment as the Lao PDR's Minister of Foreign Affairs. Citing his previous experience as head of the Commission for External Relations, he acknowledged Phomvihane's background and faith in the Lao Party and administration. Vietnam's Deputy Prime Minister also expressed his optimism that the two countries would

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<sup>91</sup> ASEAN Lao PDR 2024. 2024. "28th ASEAN Political-Security Community (APSC) Council Meeting - ASEAN LAO PDR 2024." ASEAN LAO PDR 2024. October 8, 2024. <https://www.laoschairmanship2024.gov.la/28th-asean-political-security-community-aps-council-meeting/>.

<sup>92</sup> Chanlivong, Kheuakham. "Laos Chairs 28th APSC Meeting on ASEAN Security, Integration." Laotian Times. Last modified October 9, 2024. <https://laotiantimes.com/2024/10/09/laos-chairs-28th-aps-c-meeting-on-asean-security-integration/>

<sup>93</sup> Xinhua. "Cambodia, Laos vow to enhance comprehensive strategic partnership." XINHUANET. Last modified October 09, 2024. <https://english.news.cn/asiapacific/20241010/a46dba3f9f6148be97ef5155a5dda7b5/c.html>

<sup>94</sup> Xinhua News Agency. "Thailand, Myanmar, Laos Launch Joint Action Plan to Tackle Transboundary Haze." Cambodianess. Last modified October 30, 2024. <https://www.cambodianess.com/article/thailand-myanmar-laos-launch-joint-action-plan-to-tackle-transboundary-haze>



continue working together. He was keen to meet Phomvihane at the 9th Laos-Vietnam Foreign Ministry political conference in December 2024.<sup>95</sup>

To wrap up Laos's foreign relations in 2024, Laos achieved a significant diplomatic milestone as it assumed the role of Chair of the Association of Southeast Asian Nations (ASEAN). This leadership position allowed Laos to play a central role in shaping the direction of regional policies on security, economic development, and environmental sustainability. As ASEAN Chair, Laos has strengthened the bloc's unity and addressed key regional challenges, such as climate change and economic integration. Laos's foreign relations have notably improved through strengthened bilateral ties with neighboring countries. For example, Laos and Cambodia have further solidified their trade, energy, and defense cooperation, reflecting Laos's broader strategy of enhancing regional partnerships.

Laos has also made strides in its relationship with China, continuing to benefit from the Belt and Road Initiative while maintaining strong ties with Vietnam. This dynamic underscores Laos's growing international engagement and careful balancing act between its major regional partners.

### **Conclusion**

In 2024, Laos demonstrated resilience and determination in navigating a transformative year marked by challenges and opportunities. As ASEAN Chair, Laos showcased its leadership through diplomatic initiatives, notably engaging in efforts to address the Myanmar crisis and fostering regional cooperation. Domestically, the country embraced critical reforms to stabilize its economy, mitigate inflation, and enhance fiscal management. Key developments in infrastructure, education, and the energy sectors further underscored the government's commitment to sustainable growth.

Economic recovery was bolstered by tourism, transport, and logistics progress, along with increased foreign investments in renewable energy and mining. However, persistent challenges, including currency depreciation, high inflation, and a significant external debt burden, highlighted the need for ongoing fiscal prudence and structural reforms. Efforts to address socio-economic disparities, particularly in education and healthcare, focused on long-

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<sup>95</sup> Lao News Agency. "Vietnam Congratulates Laos on Appointment of New Foreign Minister." Lao News Agency. Last modified November 19, 2024. <https://kpl.gov.la/En/detail.aspx?id=87412>

term development and human capital improvement. Laos' active foreign relations, from strengthening ties with neighboring ASEAN countries to collaborating with global partners like China, Russia, and Japan, emphasized its strategic vision for regional integration and economic connectivity. Initiatives like the ASEAN Power Grid and the CLEAR Sky Strategy illustrated its dedication to sustainable and cooperative solutions.

ASEAN's 2024 Chairmanship under Laos concluded as a testament to the regional bloc's resilience and adaptability in the face of significant challenges. Despite its economic constraints, Laos effectively steered ASEAN through critical issues, including advancing the ASEAN Community's Post-2025 Vision, fostering sustainable partnerships, and bolstering connectivity across key sectors. The Chairmanship highlighted the importance of inclusivity, pragmatic diplomacy, and ASEAN centrality in addressing shared challenges such as geopolitical tensions, supply chain resilience, and climate change.

While Laos' cautious approach underscored the complexities of navigating entrenched issues like the Myanmar crisis, it laid the groundwork for further progress, including Timor-Leste's integration into ASEAN and strengthening external partnerships. As the leadership transitions to Malaysia, ASEAN stands poised to build on these achievements, with a renewed focus on sustainability and inclusivity, ensuring its relevance in an evolving global landscape. As Laos concludes its eventful year, its progress in balancing economic, social, and environmental priorities sets a foundation for future achievements. The country's ability to harness its potential while addressing critical challenges reflects a growing maturity on the global stage, aligning its aspirations with its enduring commitment to regional and international partnerships.

## Malaysia

Long Sovitou, Ngoun Sovannmakara, and Chum Sothealeap

### Introduction

The paper provides an in-depth overview of Malaysia's domestic and international policies amidst ongoing political, economic, and social challenges. Domestically, Malaysia has grappled with political instability and the evolving role of its monarchy, which has become a central force in stabilizing the nation. The partial pardon of former Prime Minister Najib Razak and proposed legislative reforms, such as the Fixed-Term Parliament Act, highlight the complexities of governance in a fragmented political landscape. Economically, Malaysia demonstrates resilience in its recovery efforts, driven by strategic trade, technology, and renewable energy investments while navigating inflation and sectoral dependence. On the international front, Malaysia's renewed focus on ASEAN engagement and economic diplomacy underscores its commitment to regional cooperation and global partnerships. From the Johor-Singapore Special Economic Zone to its participation in BRICS, Malaysia positions itself as a pivotal player in shaping regional stability and advancing a multipolar world order. This review examines these multifaceted developments to understand Malaysia's trajectory in 2024 comprehensively.

### Domestic Affairs

Malaysia's domestic affairs are marked by political instability and evolving governance structures, particularly the monarchy's increasing involvement in state matters. The nation operates under a unique rotational monarchy system, where the head of state, the Yang di-Pertuan Agong (YDPA), alternates every five years among the heads of nine royal families. King Al-Sultan Abdullah's leadership has been characterized by his role in stabilizing Malaysia's political landscape, notably through his appointment of multiple prime ministers during times of crisis. His successor, Sultan Ibrahim Sultan Iskandar, is expected to continue this active involvement, with concerns about his business ventures potentially influencing his role. Meanwhile, Malaysia's political environment remains turbulent, with recent debates surrounding the partial pardon of former PM Najib Razak and proposed reforms like the Fixed-Term Parliament Act. As the country grapples with economic challenges and political fragmentation, the monarchy's influence remains a pivotal aspect of Malaysia's governance.

### *The Evolving Role of Malaysia's Monarchy*

Malaysia operates a distinctive rotational monarchy system where the head of state, YDPA, alternates every five years between the heads of the nine royal families. This system, unique to Malaysia, was established after the country's independence in 1957. Initially, based on the seniority of rule, the rotation order was later fixed, with each sultan taking their turn. The selection process now involves a secret ballot among the sultans, who vote to confirm the suitability of the next monarch. A simple majority is required for the appointment, meaning that the monarchs choose the king's successor every five years. King Al-Sultan Abdullah of Pahang, whose reign will end in January 2024, has been part of this process, which continues to be an essential feature of Malaysia's governance.<sup>1</sup>

King Al-Sultan Abdullah's leadership was notably marked by his intervention in Malaysia's political landscape during times of instability. His tenure saw three prime ministers' appointments, reflecting his evolving role as a stabilizing force. For example, when the country faced a hung parliament in 2020, the King exercised his discretionary powers to appoint Muhyiddin Yassin as prime minister. Similarly, he appointed Ismail Sabri Yaakob in 2021 and Anwar Ibrahim in 2022, reflecting his active participation in the political process. His actions, though ceremonial in theory, have allowed him to maintain political stability and prevent the country from descending into chaos. Notably, the outgoing King also desires future monarchs to take a more active role in international advocacy and governance.<sup>2</sup> His reign has set a precedent for the monarch to play a more proactive role, especially in moments of crisis.

Looking ahead, Sultan Ibrahim Sultan Iskandar, the incoming King, is expected to build upon the legacy of his predecessor. Sultan Ibrahim is known for his outspoken nature and his strong ties with Prime Minister Anwar Ibrahim, suggesting that his reign may see greater involvement in Malaysia's political and economic decision-making. Sultan Ibrahim's business ventures, including a controversial \$100 billion real estate project, Forest City, in collaboration with China's Country Garden, demonstrate his significant influence in the business world. His political ambitions are also evident, as he has proposed the creation of a special economic zone to improve ties between Johor and Singapore. As Malaysia's next monarch, Sultan Ibrahim's

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<sup>1</sup> A., Ananthalakshmi. 2023. "Explainer: Malaysia's unique rotational monarchy." Reuters. October 27, 2023. <https://www.reuters.com/world/asia-pacific/malaysias-unique-rotational-monarchy-2023-10-26/>.

<sup>2</sup> Latiff, Rozanna. 2024. "Malaysia's outgoing king wants government stability, bigger role for future monarchs." Reuters. January 29, 2024. <https://www.reuters.com/world/asia-pacific/malaysias-outgoing-king-wants-govt-stability-bigger-role-future-monarchs-2024-01-29/>

leadership is anticipated to continue influencing the nation's political landscape, possibly reinforcing the monarchy's role in shaping the nation's governance.

Sultan Ibrahim's ascension marks a shift in the monarchy's role, especially in the context of Malaysia's constitutional framework. Traditionally, the Malaysian monarchy has been regarded as symbolic, with the king's powers confined to ceremonial duties stipulated by the federal constitution. However, recent monarchs, including Sultan Abdullah, have increasingly become involved in political affairs, taking on more than just a ceremonial role. For instance, Sultan Abdullah's decision to appoint various prime ministers during a period of political turmoil has shown that the monarchy's powers go beyond mere symbolism. Sultan Ibrahim, known for his wealth and business interests, is poised to further this involvement. His extensive business portfolio has raised concerns about potential conflicts of interest, particularly given the historical principle of neutrality expected of Malaysia's constitutional monarchy.<sup>3</sup>

Moreover, Sultan Ibrahim's outspoken nature and his business ventures suggest that his leadership may challenge the traditional boundaries of the monarchy's role. His criticism of opposition coalitions and advocacy for initiatives such as reviving the Kuala Lumpur-Singapore High-Speed Rail (HSR) project demonstrates his more hands-on approach to governance. While this may bring stability to Malaysia's political system, it also raises questions about the extent to which the monarchy can remain impartial, especially when it wields influence in both the political and business spheres.<sup>4</sup> Sultan Ibrahim's leadership presents an opportunity to shape Malaysia's political future, but it also challenges him to balance his constitutional duties with his business interests.

The monarch's ability to grant pardons is another area where the monarchy's role has become increasingly scrutinized. In recent years, the king's discretion to pardon convicted individuals, including former PM Najib Razak, has sparked controversy. As the incoming king, Sultan Ibrahim will inherit this responsibility, and his decisions regarding royal pardons will undoubtedly influence public perceptions of the monarchy. The power to grant pardons is significant, as it reflects the monarch's influence over Malaysia's legal system, and such

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<sup>3</sup> Gill, Prem Singh. 2024. "What Malaysia's New King Means for the Country's Monarchy." *The Diplomat*, February 21, 2024. <https://thediplomat.com/2024/02/what-malaysias-new-king-means-for-the-countrys-monarchy/>.

<sup>4</sup> "Malaysia's New King: All Business." 2024. November 29, 2024. <https://www.controlrisks.com/our-thinking/insights/malaysias-new-king-all-business>.

decisions often have political ramifications. The king's exercise of this power has the potential to either reinforce or undermine the monarchy's credibility, especially in cases involving high-profile political figures.

The ascension of Sultan Ibrahim Sultan Iskandar to the throne represents a critical moment for Malaysia's monarchy. His reign is likely to continue the trend of increasing involvement in political and economic matters, setting the stage for a more dynamic role for the monarchy in national governance. As Malaysia faces continued political instability and economic challenges, Sultan Ibrahim's leadership will play a pivotal role in maintaining political harmony while navigating the complexities of modern governance. The monarchy's evolving influence will be crucial in shaping Malaysia's future, and the nation will be closely watching how Sultan Ibrahim balances tradition with the demands of contemporary governance.<sup>5</sup>



Source: Royal Press Office Johor Darul Ta'zim

### *The Political Implications of Najib's Partial Pardon*

<sup>5</sup> Yustika. 2024. "Al-Sultan Abdullah Concludes Term as 16th Malaysia King." Gutzy Asia. January 30, 2024. <https://gutzy.asia/2024/01/30/al-sultan-abdullah-concludes-term-as-16th-malaysia-king/>.

The partial pardon granted to former Malaysian PM Najib Razak has ignited significant debate in Malaysia, particularly concerning the country's commitment to governance, corruption, and the monarchy's role in political affairs. Najib, who was convicted in connection with the infamous 1MDB scandal, saw his 12-year sentence reduced to six years, with the possibility of parole in 2026. Malaysia's Pardons Board authorized the decision, but many believe the government, under Prime Minister Anwar Ibrahim, heavily influenced the outcome. Critics argue that the clemency was politically motivated and designed to secure support from Najib's party, UMNO, a crucial player in Anwar's fragile parliamentary majority. If UMNO withdrew its backing, it could result in the collapse of the current government. Thus, many view the pardon as a political maneuver to maintain stability, albeit at the cost of the government's anti-corruption agenda.<sup>6</sup>

The political fallout from Najib's partial pardon has profound implications for Malaysia's anti-corruption stance. While some government officials claim the decision was made based on Najib's remorse, critics argue it signals the government's political pragmatism rather than a commitment to justice. This pardon undermines Malaysia's credibility in its fight against corruption, particularly as the country's anti-corruption rhetoric has been a central feature of Anwar's governance. The decision has created a rift within the governing coalition, especially among reformist factions. These factions are concerned that such moves undermine Malaysia's ability to hold powerful individuals accountable, leading to disillusionment within the ranks. International observers also expressed concerns about how this could tarnish Malaysia's reputation on the world stage, suggesting that political considerations might compromise the legal system.

Najib's partial pardon benefits key political players, most notably his supporters within UMNO. The decision offers UMNO a potential avenue to regain political influence, particularly as the party's ties to Najib are historically significant. The reduction in Najib's sentence is seen by many as a way to reassert UMNO's power and influence within Malaysia's political system, especially within the governing coalition. Additionally, the monarchy's involvement in granting clemency signals an effort to maintain its political relevance. The king's involvement highlights the monarchy's role in ensuring political stability. By pardoning

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<sup>6</sup> Rachman, Joseph. 2024. "Najib Razak's 1MDB Corruption Sentenced Halved as Malaysian Government Scrambles for Allies." *Foreign Policy*, February 9, 2024. <https://foreignpolicy.com/2024/02/07/malaysia-najib-razak-pardon-1mbd-politics/>.

Najib, the monarchy reinforces its position as an arbiter of national unity, capable of making significant political decisions that impact the trajectory of Malaysia's governance. Though Najib's criminal convictions are not entirely erased, the pardon sets the stage for his potential return to politics, further complicating the future political landscape in Malaysia.<sup>7</sup>

However, the pardon decision has exacerbated tensions within UMNO itself. The party is divided on handling Najib's legacy, with some factions calling for a full pardon while others advocating for maintaining accountability. The partial pardon is seen as a compromise—providing some relief to Najib's supporters while maintaining his conviction to an extent. This move allowed Prime Minister Anwar Ibrahim to navigate the delicate balance between appeasing UMNO and adhering to his anti-corruption stance. The decision not to grant a full pardon is seen as a strategic move to avoid alienating the reformist factions within the governing coalition. It also reflects Anwar's need to maintain UMNO's support for political stability, especially given the influential role of party president Ahmad Zahid Hamidi. The partial pardon ensures Najib remains behind bars for several more years, thus avoiding an outright political crisis within Anwar's government.<sup>8</sup>

Despite its apparent political advantages, Najib's partial pardon has faced significant legal challenges. The Malaysian Bar challenged the decision in court, arguing it was unconstitutional. However, the High Court ruled that the power to grant pardons lies exclusively with the Yang di-Pertuan Agong (the king). This ruling has reinforced the legal concept of royal prerogative in Malaysia, emphasizing that decisions regarding pardons are non-justiciable and beyond the purview of judicial review. The court's decision has added another layer of complexity to the already charged political atmosphere, with critics claiming that the ruling undermines the rule of law and judicial independence. Public sentiment has been further polarized, especially among those who see the reduced sentence as politically motivated rather than a fair legal decision. This legal development underscores the complex relationship between the monarchy, judiciary, and politics in Malaysia, where royal influence often intersects with legal and political processes in ways that are difficult to navigate.<sup>9</sup>

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<sup>7</sup> Hutchinson, Francis E. 2024. "Commentary: Who Benefits From Former Malaysia PM Najib's Partial Pardon?" *CNA*, February 5, 2024. <https://www.channelnewsasia.com/commentary/former-malaysia-pm-najib-razak-pardon-sentence-umno-zahid-anwar-4100236>.

<sup>8</sup> Mahmud, Aqil Haziq. 2024. "Analysis: Malaysia PM Anwar Set to Benefit From Najib's Partial Pardon, but Don't Expect Status Quo for UMNO." *CNA*, February 5, 2024. <https://www.channelnewsasia.com/asia/najib-royal-pardon-sentence-1mdb-anwar-umno-4093446>.

<sup>9</sup> "Court rejects Malaysian Bar's bid to challenge Najib's pardon." 2024. AWANI International. November 11,



### ***Political Stability Initiatives: The Fixed-Term Parliament Act Proposal***

Malaysia's Fixed-Term Parliament Act (FTPA) has sparked debate regarding its potential impact on governance and democratic principles. The proposal establishes a timeline for general elections, ensuring that governments serve a fixed term. Many countries, such as the United States, the UK (which repealed its FTPA in 2022), Australia, and Norway, have similar provisions. However, the proposal has received mixed reactions in Malaysia, with some leaders like Azalina Othman Said supporting the law for its potential to ensure political stability. In contrast, others, including Takiyuddin Hassan, argue that it could prevent governments from being ousted even if they lose majority support in Parliament.

Legal experts have raised constitutional concerns, with Bastian Pius Vendargon noting that a five-year restriction could conflict with the Federal Constitution, which allows the King discretion in appointing and removing the prime minister. Critics also point to Article 43(4) of the Constitution, which anticipates government changes before a fixed term ends. Although some supporters argue that the FTPA could prevent mid-term government dismissals, others, like Sarawak Premier Abang Johari Openg, warn it could infringe on MPs' freedoms.

Prime Minister Datuk Seri Anwar Ibrahim has clarified that Unity Government leaders do not agree on the FTPA, and its enactment is not currently a priority. Anwar stated that discussions on the matter are premature, especially without input from the Attorney-General.<sup>10</sup> Meanwhile, Law Minister Azalina Othman Said confirmed that the proposal is still under study. A detailed analysis, including engagement sessions with stakeholders, is underway. The study will inform the Cabinet's policy considerations.<sup>11</sup>

### ***Dubai Move***

The “Dubai Move,” a rumored plot to destabilize Prime Minister Anwar Ibrahim’s government, captured the attention of Malaysians in early 2024. This alleged scheme, involving a secret

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2024. <https://international.astroawani.com/malaysia-news/court-rejects-malaysian-bars-bid-challenge-najibs-pardon-495791>.

<sup>10</sup> “FIXED-TERM PARLIAMENT ACT: NO CONSENSUS YET AMONG UNITY GOVT LEADERS, NOT a PRIORITY- PM ANWAR.” 2024. Prime Minister’s Office of Malaysia Official Website. January 16, 2024. <https://www.pmo.gov.my/2024/01/fixed-term-parliament-act-no-consensus-yet-among-unity-govt-leaders-not-a-priority-pm-anwar/>.

<sup>11</sup> 2024. “Proposal for Fixed-term Parliament Act Still Under Study, Says Azalina.” Free Malaysia Today | FMT. March 5, 2024. <https://www.freemalaysiatoday.com/category/nation/2024/03/05/proposal-for-fixed-term-parliament-act-still-under-study-says-azalina/>.

meeting in Dubai to convince opposition MPs to switch allegiances, has been dismissed by Sarawak's Gabungan Parti Sarawak (GPS) coalition, a key player in the move. Despite political speculation, GPS's core interest lies in securing benefits for Sarawak, not in assuming national leadership. GPS's pragmatic stance ensures its regional power, focusing on local issues like energy and autonomy rather than risking instability by taking the prime minister's role.<sup>12</sup>

Amid these political games, Malaysia's economic challenges are far more pressing. A 10% sales tax on online goods has sparked a public backlash, adding to the financial strain of citizens grappling with rising living costs and job instability. Price hikes in essential goods, alongside the weakening of the ringgit, have exacerbated the economic crisis, making the Dubai Move seem increasingly irrelevant. These economic issues, including the government's failure to regulate prices effectively, have overshadowed political distractions.<sup>13</sup>

Further compounding this political confusion, controversial blogger Raja Petra Kamaruddin argues that the Dubai Move may be a smokescreen to divert attention from former Prime Minister Najib Razak's royal pardon. As Malaysia grapples with political intrigue and economic hardship, the Dubai Move appears less about genuine political strategy and more about stalling public focus from urgent matters.<sup>14</sup>

### ***Coalition Politics under Unity Government***

In 2023, Malaysia's Unity Government under Prime Minister Anwar Ibrahim faced opportunities and constraints as it navigated political fragmentation and economic challenges. The government was formed in late 2022 following a general election that failed to produce a clear majority, with the monarchy intervening to allow Anwar to consolidate power by creating a broad coalition. Despite initial skepticism about its stability, especially given its reliance on various political factions, the coalition retained power into 2023. However, it struggled with significant challenges, including political polarization and slow economic recovery.<sup>15</sup>

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<sup>12</sup> Chai, James. 2024. "Commentary: Malaysia's 'Dubai Move' Was Doomed to Fail - It Misunderstood Sarawak's GPS Coalition." *CNA*, January 25, 2024. <https://www.channelnewsasia.com/commentary/malaysia-dubai-move-topple-anwar-sarawak-borneo-4073746>.

<sup>13</sup> Mahathir Mohd Rais. 2024. "Dubai Move – Fact or Fiction?" *The Malaysian Insight*. January 7, 2024. <https://www.themalaysianinsight.com/s/479174>.

<sup>14</sup> Povera, Adib. 2024. "Raja Petra: Dubai Move a Smokescreen to Distract From Najib'S Impending Pardon [Watch]." *NST Online*, January 15, 2024. <https://www.nst.com.my/news/nation/2024/01/1001666/raja-petra-dubai-move-smokescreen-distract-najibs-impending-pardon-watch>.

<sup>15</sup> Francis Hutchinson. 2024. "Malaysian Unity Government's power was retained but constrained in 2023." East

Anwar's government faced its first test in August 2023 during state elections. Although his coalition retained control of key states, the opposition gained ground, particularly in Malay-majority areas. Despite this, Anwar managed to secure support from opposition MPs, and the government maintained stability through strategic political moves and alliances.<sup>16</sup> Key government initiatives, such as the Malaysia Madani governance framework, lacked immediate substance, and policy frameworks like the Madani Economy and New Industrial Master Plan did not produce tangible reforms. Additionally, Anwar's efforts to appeal to Malay voters, including increasing Islamic-focused initiatives, alienated urban constituents. Looking ahead to 2025, the government's ability to manage internal competition within its coalition, address economic concerns like subsidy rationalization, and manage Malaysia's multi-ethnic society will be critical to its stability and success.<sup>17</sup>

### *Political Dynamics*

Malaysia's political scene experienced notable shifts from 2021 to 2023, marked by political turmoil, evolving party dynamics, and economic challenges. The period began with the country grappling with multiple waves of COVID-19 infections, travel restrictions, and a weakened economy, which exacerbated the plight of vulnerable households. The leadership under Muhyiddin Yassin (2020–2021) and Ismail Sabri (2021–2022) struggled to consolidate power, with infighting and instability undermining efforts for long-term reforms. This instability culminated in the November 2022 general election, which saw an unprecedented hung parliament. Despite UMNO's initial dominance, the Islamist party PAS made significant strides, raising concerns about the growing influence of Islam in politics.<sup>18</sup>

In response to mounting instability, Malaysia's king intervened, urging the formation of a unity government. This eventually led to Anwar Ibrahim's leadership, marking a significant shift in the country's governance. Meanwhile, PAS, originally a regional party with roots in Kelantan and Terengganu, secured 43 parliamentary seats in 2022, signaling its rising influence.

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Asia Forum. January 28, 2024. <https://eastasiaforum.org/2024/01/28/malaysian-unity-governments-power-was-retained-but-constrained-in-2023/>.

<sup>16</sup> "With Malaysia's Opposition Weakened, Anwar Faces More Secure Future | FULCRUM." 2024. FULCRUM. June 20, 2024. <https://fulcrum.sg/with-malysias-opposition-weakened-anwar-faces-more-secure-future/>.

<sup>17</sup> 2024. "Commentary: Malaysian PM Anwar's Unity Government Faces Its Biggest Tests Next Year." CNA, December 12, 2024. <https://www.channelnewsasia.com/commentary/malaysia-2025-outlook-anwar-unity-government-economy-politics-society-4802576>.

<sup>18</sup> "BTI 2024 Malaysia Country Report." n.d. BTI 2024. <https://bti-project.org/en/reports/country-report/MYS>.

However, the party's regional focus and ethno-nationalist approach present challenges in appealing to non-Malay communities and expanding its voter base beyond Malay Muslims.<sup>19</sup>



Source: BTI Project, 2024

## Economic Affairs

Malaysia's economy in 2024 demonstrated resilience and adaptability as it navigated post-pandemic recovery. Key sectors rebounded strongly, supported by targeted government policies, foreign direct investments (FDIs), and strategic international partnerships. This paper provides a detailed examination of Malaysia's economic recovery, focusing on its key economic indicators, drivers of growth such as trade and tourism, and sectoral performance in manufacturing, services, and construction. Additionally, it explores efforts in economic diversification, renewable energy development, and digital transformation while analyzing the challenges of public debt, inflation, and dependency on specific export sectors. The paper concludes by addressing opportunities for sustainable growth and inclusive development in the future.

<sup>19</sup> Radzi Razak. 2024. "PAS at Crossroads of Malaysia's Political Future." The Malaysia Reserve. November 24, 2024. <https://themalaysianreserve.com/2024/11/25/pas-at-crossroads-of-malaysias-political-future/>.

### ***Post-Pandemic Economic Recovery***

Malaysia's post-pandemic recovery in 2024 represents a significant breakthrough in its economic path. With a forecasted GDP growth rate of 4.9% by the World Bank, the country is taking advantage of strategic policies designed to stimulate domestic consumption, boost export demand, and support key industries through targeted government initiatives.<sup>20</sup> This growth was particularly impressive, fueled by strong increases in trade, investment, and consumption. Malaysia's economy is 12% higher than it was during the COVID-19 outbreak, surpassing all other Southeast Asian Nations except Singapore. Better living standards result from faster growth, and when combined with a stronger ringgit, this could also mean Malaysia could become a high-income country by 2028.<sup>21,22</sup> This optimistic outlook reflects the effectiveness of Malaysia's economic policies, which have revitalized key sectors and improved financial stability.

### ***Key Economic Indicators***

Notable achievements across key metrics marked Malaysia's economic performance in 2024. The country's GDP Growth rate was expected to be 4.9%, reflecting its effective recovery strategies post-pandemic.<sup>23</sup> The economy recorded a 5.9% expansion in Q2 2024, marking the highest quarterly growth since early 2017.<sup>24</sup> This growth was driven by increased consumer spending, robust export activity, and targeted government investments in infrastructure and key industries.

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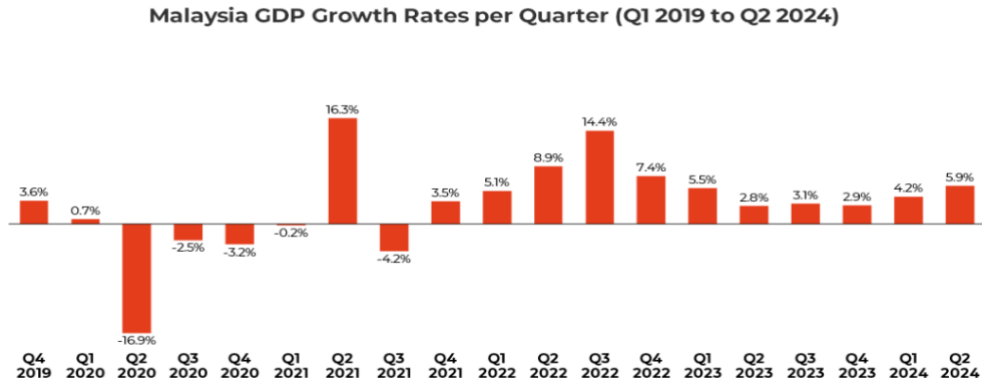
<sup>20</sup> *The Star*. 2024. "World Bank Upgrades Malaysia's GDP Growth Forecast to 4.9%," October 8, 2024. <https://www.thestar.com.my/news/nation/2024/10/08/world-bank-upgrades-malaysia039s-gdp-growth-forecast-to-49>.

<sup>21</sup> "World Bank: Malaysian Economy to Grow by 4.9%." 2024. *Thesun.My*. October 9, 2024. <https://thesun.my/malaysia-news/world-bank-malaysian-economy-to-grow-by-49-MD13105810>.

<sup>22</sup> Jazeera, Al. 2024. "Malaysia Could Reach High-income Status by 2028, World Bank Says." *Al Jazeera*, October 10, 2024. <https://www.aljazeera.com/economy/2024/10/10/malaysia-could-reach-high-income-status-by-2028-world-bank-says>.

<sup>23</sup> "Malaysia's GDP Expected to Grow by 4.9% in 2024, 4.7% in 2025: OECD." 2024. August 27, 2024. <https://www.wam.ae/en/article/b4vvspj-malaysias-gdp-expected-grow-49-2024-47-2025-oecd>.

<sup>24</sup> "Malaysia Investment Outlook | Overview of Q3 2024." 2024. *Source of Asia*. October 18, 2024. <https://www.sourceofasia.com/malaysia-investment-outlook-overview-of-q3-2024-2/>.



*Source: Department of Statistics Malaysia (DOSM)*

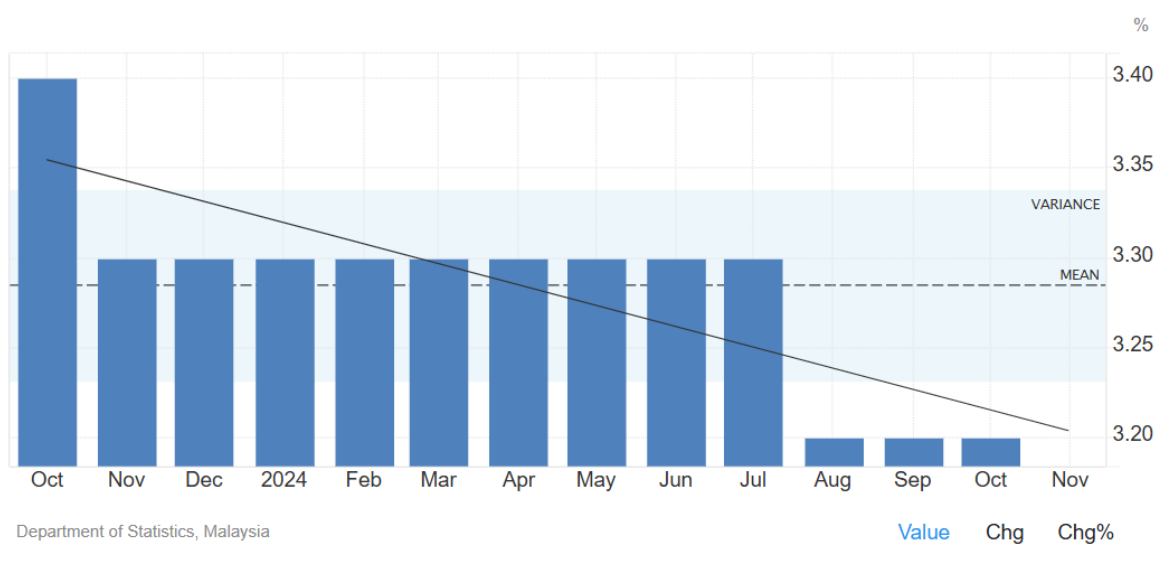
Meanwhile, Malaysia's unemployment rate showed a positive trend, decreasing to 3.2% by the year's third quarter. This marks a slight decline from 3.3% in the previous quarter, reflecting ongoing improvements in the labor market amid expanding economic activity. As of June 2024, the unemployment rate was reported at 3.3%, with approximately 565.3 thousand individuals unemployed.<sup>25</sup> However, by October 2024, this figure had improved further to 3.2%, with the total number of unemployed persons falling to around 547,900.<sup>26</sup> The labor force participation rate also increased during this period, indicating a growing engagement in the job

<sup>25</sup> “Malaysia’s Unemployment Rate Steady at 3.3% in June 2024, DOSM Reports.” 2024. August 9, 2024. [https://www.moomoo.com/news/post/42098990/malaysia-s-unemployment-rate-steady-at-3-3-in-june?level=1&data\\_ticket=1734251619210726](https://www.moomoo.com/news/post/42098990/malaysia-s-unemployment-rate-steady-at-3-3-in-june?level=1&data_ticket=1734251619210726).

<sup>26</sup> Loheswar, R. 2024. “Malaysia’s Youth Unemployment Remains Stubbornly High as Overall Jobless Rate Drops to 3.2pc in Q3 2024, DOSM Reports.” *Malay Mail*, November 8, 2024. <https://www.malaymail.com/news/malaysia/2024/11/08/malaysias-youth-unemployment-remains-stubbornly-high-as-overall-jobless-rate-drops-to-32pc-in-q3-dosm-reports/156246>.

<sup>27</sup> TRADING ECONOMICS. n.d. “Malaysia Unemployment Rate.” <https://tradingeconomics.com/malaysia/unemployment-rate>.

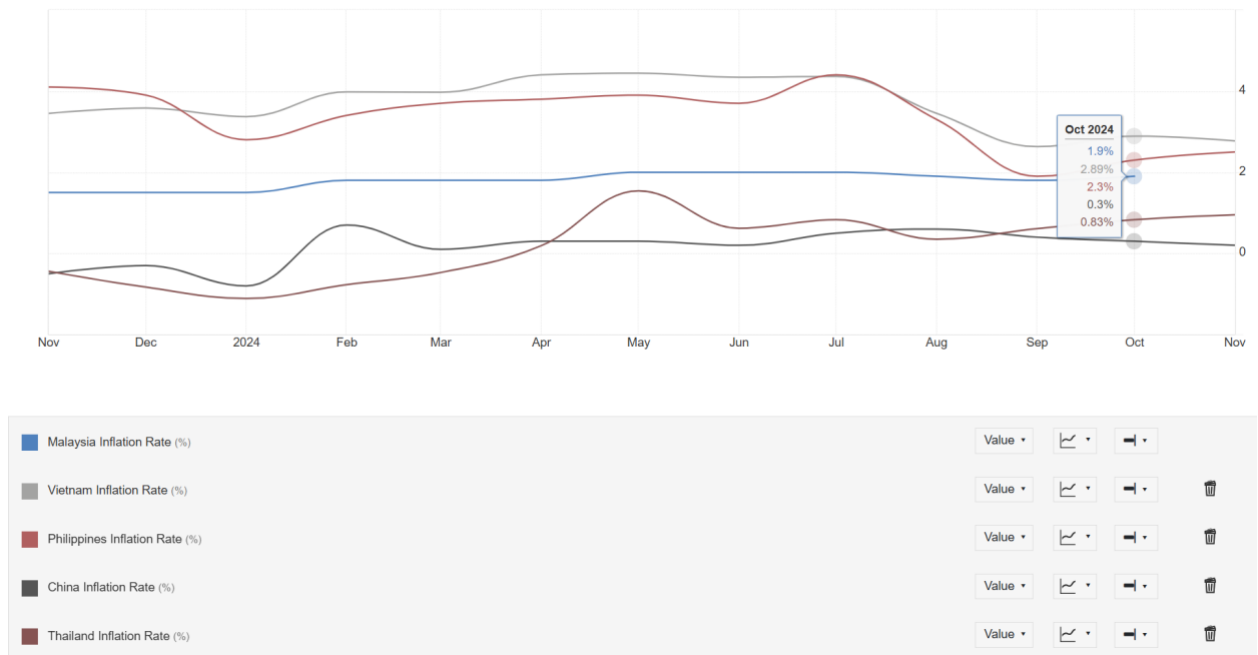
market.



Source: Trading Economics

In 2024, Malaysia's inflation rate has shown a moderate trend, with recent figures indicating an annual inflation rate of 1.9% in October. This rate is notably lower than inflation rates in several neighboring countries, such as Vietnam (2.89%) and the Philippines (2.3%), while being higher than in China (0.3%) and Thailand (0.83%) at the same time.<sup>28</sup> A moderate inflation rate can signal a stable economic environment, encouraging consumer spending and investment. However, persistent inflationary pressures can erode purchasing power if wages do not keep pace with rising prices. In Malaysia's case, core inflation remained steady at 1.9%, indicating that underlying price pressures are relatively controlled despite fluctuations in specific sectors. Malaysia's strong economic indicators demonstrate the government's ability to implement effective policies while responding to global challenges.

<sup>28</sup> TRADING ECONOMICS. n.d. "Malaysia Inflation Rate." <https://tradingeconomics.com/malaysia/inflation-cpi#>.



Source: Trading Economics

### Key Drivers of Recovery

**Reopening of International Borders:** One of the major factors driving Malaysia’s recovery was the reopening of international borders, a move that revived trade and tourism, which are foundational pillars of the country’s economy.<sup>29</sup> Tourism, severely impacted during the pandemic, rebounded significantly due to the reopening. As of August 2024, tourist arrivals surged by over 60% of its target of over 27 million people. This number represents 29.5% growth compared to August 2023, primarily driven by increased travel from neighboring ASEAN countries and China. It is worth noting that if the government could reach over 27 million tourists, the income from the tourist alone is expected to be RM102.7 billion in 2024.<sup>30</sup> This surge had a spilling effect on Malaysia’s local economies, revitalizing small businesses, boosting hospitality revenues, and creating thousands of jobs.

**Export Sectors:** This decision to reopen the international borders in 2022 also came at a critical time when global demand for Malaysia’s key exports, including electronics and palm oil, surged. Electronics exports benefited massively from heightened global demand for

<sup>29</sup> Bedi, Rashvinjeet S. 2022. “Malaysia’s National Recovery Council Agrees to Fully Reopen Borders Without Quarantine by March.” *CNA*, February 8, 2022. <https://www.channelnewsasia.com/asia/malaysia-reopen-borders-no-quarantine-mar-1-muhyiddin-national-recovery-council-2485591>.

<sup>30</sup> Choy, Nyen Yiau. 2024. “Malaysia Sees 16.45 Mil Foreign Tourist Arrivals as of August — Tiong.” *The Edge Malaysia*. October 14, 2024. <https://theedgemalaysia.com/node/730167>.



semiconductors, as industries like automotive and consumer technology rapidly expanded in post-pandemic. In October 2024, electrical and electronic (E&E) products, which account for 41% of total exports, grew by 7.6%.<sup>31</sup> As a significant player in the global semiconductor supply chain, Malaysia was well-positioned to meet this demand, particularly through its manufacturing hubs in Penang and Selangor. The revitalization of these hubs boosted trade volumes and created high-skill jobs, further strengthening the economic recovery.

As Malaysia navigates post-pandemic recovery, the palm oil sector is crucial in driving economic resilience and growth. The palm oil industry is a vital pillar of Malaysia's economy, significantly influencing its growth trajectory and global trade position. This sector contributes approximately RM40 billion to Malaysia's GDP every year. This contribution is primarily driven by Malaysia's status as the second-largest producer and exporter of palm oil globally, following Indonesia.<sup>32</sup> The industry generates substantial export revenues, estimated at RM100 billion annually, and supports the livelihoods of approximately one million people, including 450,000 smallholders who rely on palm oil cultivation for their income.<sup>33,34</sup> As global demand for palm oil rises, particularly in food and non-food sectors, Malaysia's strategic position in the international market becomes increasingly important.

**Economic Diversification Strategies:** However, relying on these sectors is also vulnerable. While electronics and palm oil remain crucial to Malaysia's economy, over-dependence on them exposes the country to risks such as volatility, inflation, and commodity export dependence. The volatility of commodity prices can lead to economic instability, particularly if global demand fluctuates or geopolitical tensions disrupt trade routes. For instance, fluctuations in global palm oil prices can significantly impact revenue, especially given that Malaysia is the second-largest producer after Indonesia.<sup>35</sup> Furthermore, Indonesia's domestic

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<sup>31</sup> Edgeinvest. 2024. "Malaysia Exports Rebound in October on Shipments of Electronics, Palm Oil." *I3investor*, December 13, 2024. [https://klse.i3investor.com/web/blog/detail/ceomorningbrief/2024-11-20-story-h474668008-Malaysia Exports Rebound in October on Shipments of Electronics Palm Oil](https://klse.i3investor.com/web/blog/detail/ceomorningbrief/2024-11-20-story-h474668008-Malaysia%20Exports%20Rebound%20in%20October%20on%20Shipments%20of%20Electronics%20Palm%20Oil).

<sup>32</sup> "4 Sectors Driving the Malaysian Economy - MIDA | Malaysian Investment Development Authority." 2024. MIDA | Malaysian Investment Development Authority. July 17, 2024. <https://www.mida.gov.my/mida-news/4-sectors-driving-the-malaysian-economy/>.

<sup>33</sup> Ng, Jenny, Syafiqah Salim, and Jose Barrock. 2024. "Cover Story 1: A Survey of the Palm Oil Sector." *The Edge Malaysia*. October 17, 2024. <https://theedgemaalaysia.com/node/729427>.

<sup>34</sup> Eren, Saliha. 2024. "Can Malaysia's Palm Oil Industry Balance Profit With Sustainability?" *Can Malaysia's Palm Oil Industry Balance Profit With Sustainability?*, October 2024. <https://www.trtworld.com/magazine/can-malysias-palm-oil-industry-balance-profit-with-sustainability-18223848>.

<sup>35</sup> Suratman, Nurluqman. 2024. "Individual News - ICIS Explore." *ICIS Explore*. March 5, 2024. <https://www.icis.com/explore/resources/news/2024/03/05/10977483/malaysia-2024-palm-oil-exports-to-grow-3-3-but-global-risks-remain/>.

policies regarding biodiesel mandates could further strain global palm oil inventories, potentially leading to price increases that may not favor Malaysian producers.<sup>36</sup>

Inflation is another concern linked to reliance on these sectors.<sup>37</sup> As commodity prices rise due to external pressures such as supply chain disruptions or increased production costs, domestic inflation may escalate, affecting consumer purchasing power and overall economic health. Furthermore, heavy reliance on a limited number of export commodities exposes Malaysia to risks associated with commodity export dependence; any downturn in these markets could have cascading effects on the broader economy.

To mitigate these risks, Malaysia's proactive government policies, like economic diversifying, fiscal discipline, and strategic investment, are vital for fostering a resilient economy capable of withstanding global economic fluctuations. In 2024, Malaysia's economy will be characterized by a significant shift towards diversification. The manufacturing sector, contributing approximately 24.3% to the Gross Domestic Product (GDP), is thriving, particularly in the electronics, automotive, chemicals, and machinery industries. This growth is attributed mainly to Malaysia's pivotal role in the global semiconductor supply chain, which has become increasingly important as global demand for electronic components rises. Furthermore, the services sector has expanded to account for 37.4% of GDP, driven by innovations in financial technology (fintech), tourism, healthcare, and education. This diversification mitigates risks and enhances the overall resilience of the Malaysian economy against external shocks.<sup>38</sup>

Its focus on digital transformation further exemplifies the government's commitment to economic diversification. The Digital Malaysia program aims to integrate advanced technologies such as artificial intelligence (AI), automation, and the Internet of Things (IoT) across various sectors. By 2024, the digital economy is projected to contribute an additional USD 44 billion to GDP, reflecting robust growth in e-commerce and fintech services. The rise

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<sup>36</sup> Jadhav, Rajendra. 2024. "RI Palm Oil Exports to Fall in 2024 on Rising Demand, Lower Output." *The Jakarta Post*, September 19, 2024. <https://www.thejakartapost.com/business/2024/09/19/ri-palm-oil-exports-to-fall-in-2024-on-rising-demand-lower-output.html>.

<sup>37</sup> Lãng, Trường. 2024. "Malaysia'S Economic Opportunities in 2024." *Viettonkin* (blog). August 2, 2024. <https://www.viettonkinconsulting.com/economy/malaysias-economic-opportunities-in-2024/>.

<sup>38</sup> Lãng, Trường. 2024. "Malaysia'S Economic Opportunities in 2024." *Viettonkin* (blog). August 2, 2024. [https://www.viettonkinconsulting.com/economy/malaysias-economic-opportunities-in-2024/#Challenges\\_and\\_Opportunities\\_Ahead](https://www.viettonkinconsulting.com/economy/malaysias-economic-opportunities-in-2024/#Challenges_and_Opportunities_Ahead).

in internet users to approximately 24.5 million by 2024 has facilitated this digital expansion, enabling businesses to innovate and reach broader markets.<sup>39</sup>

Moreover, Malaysia's strategic investment in renewable energy is crucial for achieving long-term sustainability and reducing reliance on traditional energy sources. The National Energy Transition Roadmap (NETR) aims to increase the share of renewable energy in the national energy mix from 13% in 2020 to 20% by 2025. Substantial investments in solar, wind, and hydropower projects support this initiative, positioning Malaysia as a regional leader in green energy. By 2025, the country's renewable energy capacity is anticipated to reach 3,000 MW.<sup>40</sup>

**Fiscal Discipline and Policy Reforms:** Fiscal discipline supports these initiatives. In 2024, the Malaysian government set an ambitious target to reduce the budget deficit from 5% of Gross Domestic Product (GDP) in 2023 to approximately 4.3%. This commitment reflects a broader strategy meant to ensure that financial resources are allocated effectively to stimulate economic growth while also promoting social equity.<sup>41</sup>

Reducing the fiscal deficit is not just a numerical goal; it signifies a shift towards more sustainable financial management practices. The government's plan involves careful fiscal consolidation, which entails gradually decreasing the deficit while managing the national debt. For instance, the Ministry of Finance reported that total government debt was projected to decline from RM92.6 billion in 2023 to an estimated RM84.7 billion in 2024, with further reductions targeted in subsequent years. This approach is designed to maintain the debt-to-GDP ratio below the statutory limit of 60%, as mandated by the Public Finance and Fiscal Responsibility Act 2023. By adhering to these fiscal targets, Malaysia aims to strengthen its financial position and enhance investor confidence.<sup>42</sup>

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<sup>39</sup> Thirosha. 2024. "Malaysia Economy Outlook 2024: Resilience and Opportunity | InCorp Malaysia." InCorp Global Malaysia. December 10, 2024. <https://www.incorp.asia/malaysia/blogs/malaysia-economy-outlook-resilience/#indicators>.

<sup>40</sup> New Zealand Ministry of Foreign Affairs and Trade. 2024. "Malaysia Economic Update Quarter One 2024 – May 2024." May 2024. <https://www.mfat.govt.nz/en/trade/mfat-market-reports/malaysia-economic-update-quarter-one-2024-may-2024>.

<sup>41</sup> Lãng, Trường. 2024. "Malaysia'S Economic Opportunities in 2024." *Viettonkin* (blog). August 2, 2024. [https://www.viettonkinconsulting.com/economy/malaysias-economic-opportunities-in-2024/#National\\_Policies\\_and\\_Strategies](https://www.viettonkinconsulting.com/economy/malaysias-economic-opportunities-in-2024/#National_Policies_and_Strategies).

<sup>42</sup> "Malaysia Economic Outlook 2024." n.d. Ministry of Finance. <https://belanjawan.mof.gov.my/pdf/belanjawan2024/economy/economy-2024.pdf>.

Moreover, the government's focus on fiscal discipline allows for more efficient resource allocation toward sectors that can drive long-term economic growth. By prioritizing investments in infrastructure, education, and healthcare, Malaysia seeks to improve the quality of life for its citizens while fostering a more equitable distribution of wealth. The MADANI Economic Framework emphasizes this dual objective: restructuring the economy to regain its status as a leading Asian player while ensuring that all Malaysians benefit from economic progress.<sup>43</sup> This framework is particularly relevant as it aligns with broader social justice goals and inclusive growth.

In addition to these strategies, enhancing public service delivery is essential for fostering a conducive business environment. The government aims to streamline business processes and improve public service transparency, which will ultimately enhance competitiveness and attract foreign direct investment (FDI). By Q3 of 2024, FDI inflows are expected to reach approximately 14.5 billion ringgit (around USD 3.24 billion), reflecting increased interest from foreign companies in Malaysia's manufacturing and sustainable energy sectors.<sup>44</sup>

### *Major Developments*

**Foreign Direct Investment:** Malaysia's reputation as a regional business hub was reinforced in 2024 by its ability to attract over 14.52 billion in foreign direct investment (FDI) in Q3 of 2024.<sup>45</sup> The majority of this investment FDI flowed into the services sector, predominantly in the information and communication and wholesale and retail trade subsectors. The main sources of FDI were Singapore, Hong Kong, and Switzerland, with Singapore continuing to be the largest contributor due to its geographical proximity and strong bilateral ties.<sup>46</sup> These developments indicate a robust recovery and growth trajectory for Malaysia's economy, driven by increased private investments and a favorable business environment.

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<sup>43</sup> New Zealand Ministry of Foreign Affairs and Trade. 2024. "Malaysia Economic Update Quarter One 2024 – May 2024." May 2024. <https://www.mfat.govt.nz/en/trade/mfat-market-reports/malaysia-economic-update-quarter-one-2024-may-2024>.

<sup>44</sup> Thirosha. 2024. "Malaysia Economy Outlook 2024: Resilience and Opportunity | InCorp Malaysia." InCorp Global Malaysia. December 10, 2024. <https://www.incorp.asia/malaysia/blogs/malaysia-economy-outlook-resilience/>.

<sup>45</sup> TRADING ECONOMICS. n.d. "Malaysia Foreign Direct Investment." <https://tradingeconomics.com/malaysia/foreign-direct-investment>.

<sup>46</sup> Xin, Hua. 2024. "Malaysia's FDI Inflows Surge to 3.24 Bln USD in Q3." November 15, 2024. <https://english.news.cn/asiapacific/20241115/6480f1ef926d4762aaad0d8b0611702b/c.html>.

**Green technology initiatives:** In 2024, Malaysia's energy sector is poised for significant transformation as it grapples with rising electricity demand and a commitment to transition towards renewable energy sources. Electricity consumption is forecasted to increase by over 20% in the next decade, driven by robust economic growth and the expansion of energy-intensive industries, particularly in sectors such as data centers and semiconductor manufacturing. Despite this growth, Malaysia's power generation will continue to rely heavily on fossil fuels, with conventional thermal power expected to constitute more than 75% of the energy mix through 2033.<sup>47</sup> However, the government is actively pursuing an energy transition roadmap to enhance renewable energy sources, primarily solar and hydropower, which currently represent only about 5% of the total energy mix. This roadmap envisions a significant shift by 2050, targeting a 70% share of renewable energy capacity, driven by ambitious policies and investments in clean technologies. While the immediate future may still rely heavily on fossil fuels, particularly natural gas, as a transitional source, Malaysia is positioning itself as a leader in renewable energy within Southeast Asia, simultaneously addressing economic growth and climate goals.<sup>48</sup>

In 2024, Malaysia is making significant strides in green technology initiatives, mainly focusing on electric vehicle (EV) batteries and sustainable energy solutions. The government's Green Technology Financing Scheme (GTFS) 4.0 aims to bolster investments in various sectors, including transport and energy efficiency, by offering substantial financial support and incentives for projects that enhance green technology adoption.<sup>49</sup> This initiative is complemented by the Green Investment Strategy (GIS), which targets RM300 billion in green investments by 2030, emphasizing renewable energy and low-carbon mobility solutions. Notably, the recent International Greentech & Eco Products Exhibition and Conference (IGEM) showcased Malaysia's commitment to sustainability, where over RM1 billion in memoranda of understanding were signed to advance battery energy storage systems and solar farm developments. Additionally, major corporations are investing heavily in EV production, with Chery Corporate Malaysia planning an RM1.4 billion facility for energy-efficient

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<sup>47</sup> “Malaysia’s Power Sector Development Will Be Shaped by Energy Security and Solar Support Schemes.” 2024. Fitch Solutions. September 30, 2024. <https://www.fitchsolutions.com/bmi/power-renewables/malaysias-power-sector-development-will-be-shaped-energy-security-and-solar-support-schemes-30-09-2024>.

<sup>48</sup> Tachev, Viktor. 2024. “Malaysia’S Energy Transition: Challenges and Opportunities.” Energy Tracker Asia. June 12, 2024. <https://energytracker.asia/malaysia-energy-transition/>.

<sup>49</sup> Teow, Robin. 2024. “Malaysia’s Progress in Green Investment: A General Overview.” DFDL. September 27, 2024. <https://www.dfdl.com/insights/legal-and-tax-updates/malaysias-progress-in-green-investment-a-general-overview/>.

vehicles. These efforts align with Malaysia's goal of achieving 70% renewable energy by 2050 and net-zero emissions by the same year, reflecting a robust commitment to environmental stewardship and innovation in the green technology sector.<sup>50</sup>

**Real estate and housing developments:** As Malaysia heads into 2024, the real estate market is experiencing a significant rebound, characterized by a surge in property transactions and growing investor confidence. In the first half of 2024, property transaction values reached RM105.65 billion, marking a 23.8% year-on-year increase, with the residential segment alone contributing RM49.43 billion, which equals a 10.4% rise.<sup>51</sup> Key regions like Johor Bahru benefit from infrastructure projects such as the High-Speed Rail (HSR) and the Rapid Transit System (RTS), which enhance connectivity to Singapore and stimulate demand for residential and commercial properties.<sup>52,53</sup>

**Digital Economy:** Malaysia's digital economy is on track for significant growth in 2024, projected to reach a gross merchandise value (GMV) of \$31 billion, marking a 16% increase from the previous year.<sup>54</sup> This expansion is primarily driven by the country's strategic initiatives under the Malaysia Digital (MD) framework, which aims to enhance digital adoption across various sectors and attract high-value investments. In the first half of 2024 alone, digital investments surged to RM66.22 billion, surpassing the total for all of 2023, creating about 25,498 jobs.<sup>55</sup> The digital content sector is also emerging as a critical component of economic development, with efforts focused on fostering a vibrant ecosystem that supports local tech companies and encourages entrepreneurship. Additionally, Malaysia is increasingly recognized for its advancements in artificial intelligence (AI) and data infrastructure, with substantial investments in AI capabilities expected to bolster productivity and innovation further. As the government prioritizes digitalization initiatives, including enhancing cybersecurity and

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<sup>50</sup> "Mida on Track to Achieve Goal of RM2.5b Green Investments at IGEM 2024." 2024. The Edge Malaysia. October 18, 2024. <https://theedgemalaysia.com/node/730669>.

<sup>51</sup> Amin, Luqman. 2024. "Malaysia's Property Sales Surge 23.8% Y-o-y to RM105b in 1H2024, Says Naptic." The Edge Malaysia. September 9, 2024. <https://theedgemalaysia.com/node/726004>.

<sup>52</sup> Ling, Ava. n.d. "Unlocking the Potential of the Malaysia Property Market in 2024." Official MM2H Resources. <https://officialmm2h.com/malaysia-property-market-in-2024/>.

<sup>53</sup> Global Property Guide. 2024. "Malaysia's Residential Property Market Analysis 2024." October 4, 2024. <https://www.globalpropertyguide.com/asia/malaysia/price-history>.

<sup>54</sup> Vietnam+ (VietnamPlus). 2024. "Malaysia's Digital Economy Projected to Reach 31 Billion USD in 2024," November 26, 2024. <https://en.vietnamplus.vn/malysias-digital-economy-projected-to-reach-31-billion-usd-in-2024-post304693.vnp>.

<sup>55</sup> "Announcements | Ministry of Digital." 2024. August 5, 2024. <https://www.digital.gov.my/en-GB/siaran/Malysias-Digital-Investment-Value-in-First-Half-of-2024-Surpasses-Total-Investment-Figure-Recorded-in-Whole-2023>.

expanding cloud computing services, Malaysia is positioning itself as a leader in the ASEAN digital landscape, aiming for sustainable socioeconomic development that benefits all Malaysians.<sup>56</sup>

### *Economic Policy Reforms*

**Implementation of the PADU Database:** A significant development in Malaysia's economic reform agenda is the launch of the Central Database Hub (PADU). This centralized socioeconomic database is designed to streamline the delivery of targeted subsidies by providing comprehensive information about individuals, including demographics, health, education, and household income. Implementing PADU is expected to enhance the efficiency and effectiveness of government assistance programs, ensuring that aid reaches those most in need. This initiative aligns with the government's commitment to fiscal prudence and transparency, shifting towards more data-driven policymaking that can adapt to the population's needs in real time.<sup>57</sup>

**Rice Price Controls and Food Security Measures:** Amidst global food supply chain disruptions, Malaysia has prioritized food security in its economic policy reforms. The government has lifted price controls on chicken and eggs to allow market forces to dictate prices, which is anticipated to enhance supply chain flexibility. However, this decision raises concerns about potential increases in food prices for consumers already facing inflationary pressures. To bolster food security, the government has allocated RM2.6 billion to support farmers and fishermen, implementing various subsidies and incentives to increase self-sufficiency in food production. This includes pioneering projects for rice cultivation and enhancing subsidies for agricultural inputs. The overarching goal is to ensure that basic goods remain available and affordable despite external shocks to the supply chain.<sup>58</sup>

**Fuel Pricing Policies:** Fuel pricing remains a contentious issue in Malaysia's economic landscape. The government has initiated a phased rationalization of diesel subsidies, among the highest globally relative to GDP. This move is part of broader efforts to address fiscal

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<sup>56</sup> “Malaysia - Digital Economy.” 2024. International Trade Administration | Trade.Gov. September 19, 2024. <https://www.trade.gov/country-commercial-guides/malaysia-digital-economy>.

<sup>57</sup> “IMF Staff Completes the 2025 Article IV Mission to Malaysia.” 2024. IMF. December 13, 2024. <https://www.imf.org/en/News/Articles/2024/12/13/pr-24468-malaysia-imf-staff-completes-the-2025-article-iv-mission>.

<sup>58</sup> Rajendran, Salini Devi. 2023. “- ENHANCING MALAYSIA’S COMMITMENT TO FOOD SECURITY.” BERNAMA. December 26, 2023. <https://www.bernama.com/en/thoughts/news.php?id=2255466>.

constraints while maintaining social equity. The government aims to reduce reliance on untargeted subsidies that have historically burdened public finances. By gradually adjusting fuel prices and implementing targeted cash transfers for vulnerable households, Malaysia seeks to balance fiscal responsibility with social welfare needs.<sup>59</sup> The ongoing reforms in fuel pricing are crucial as they represent a shift towards a more sustainable economic model that prioritizes long-term stability over short-term relief.

### **Foreign Affairs**

In 2024, Malaysia's foreign policy emphasized regional engagement, international diplomacy, and economic collaboration. Within ASEAN, Malaysia has taken proactive steps to strengthen bilateral and multilateral ties, focusing on unity and cooperation to address pressing challenges such as climate change, technological adaptation, and economic resilience. Its commitment to ASEAN initiatives, such as the ASEAN Economic Community and the Johor-Singapore Special Economic Zone, highlights Malaysia's role in fostering regional integration and stability. On the global stage, Malaysia has maintained principled stances on key issues, including its unwavering support for Palestine, while simultaneously pursuing dynamic economic diplomacy through renewed free trade negotiations, expanded partnerships, and participation in emerging platforms like BRICS. This multifaceted approach positions Malaysia as a vital player in Southeast Asia and beyond, balancing its regional priorities with broader international objectives to navigate a complex global environment.

### ***Regional Engagement***

In 2024, Malaysia's foreign policy has been regarded as a renewed focus on regional engagement, particularly within ASEAN. The Malaysian government has emphasized strengthening bilateral relations with fellow ASEAN members, recognizing the importance of unity and cooperation in addressing regional challenges. This includes enhancing economic partnerships and political dialogues to promote stability and growth in Southeast Asia. Malaysia's proactive approach is evident in its support for ASEAN initiatives to foster economic resilience and technological adaptation amidst global uncertainties, as highlighted by the country's commitment to the ASEAN Economic Community.<sup>60</sup>

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<sup>59</sup> Asada, Hidekatsu. 2024. "Malaysia'S Path From Recovery to Reform." *East Asia Forum*, January 24, 2024. <https://eastasiaforum.org/2024/01/24/malaysias-path-from-recovery-to-reform/>.

<sup>60</sup> Zafrul, Tengku. 2024. "Malaysia and ASEAN in 2024: Facing Challenges With Focus and Strength | FULCRUM." FULCRUM. January 16, 2024. <https://fulcrum.sg/malaysia-and-asean-in-2024-facing-challenges-with-focus-and-strength/>.



Moreover, Malaysia has been actively involved in discussions regarding JSSEZ, which aims to boost economic integration between Malaysia and Singapore. This initiative is part of a broader strategy to enhance cross-border trade and investment, reflecting Malaysia's commitment to regional economic collaboration. By leveraging its geographical proximity and shared interests with Singapore, Malaysia seeks to create a more interconnected economic landscape that benefits both nations while contributing to ASEAN's overall economic objectives.<sup>6162</sup>

### ***Bilateral Relations in ASEAN***

Malaysia's bilateral relations with ASEAN countries have seen significant developments in 2024, driven by a shared commitment to regional stability and economic growth. The government has prioritized strengthening ties with key partners such as Indonesia, Thailand, and Vietnam, focusing on collaborative efforts in trade, security, and cultural exchanges. Prime Minister Anwar Ibrahim's administration has engaged in high-level dialogues with ASEAN leaders to address pressing issues such as climate change, cybersecurity threats, and public health challenges.<sup>63</sup>

The emphasis on bilateral relations is also reflected in Malaysia's support for initiatives that enhance intra-ASEAN connectivity. This includes facilitating smoother trade routes and improving infrastructure to bolster economic cooperation among member states. As Malaysia prepares for its upcoming chairmanship of ASEAN in 2025, it aims to leverage its relationships within the bloc to promote a cohesive regional agenda that addresses both immediate concerns and long-term goals.<sup>64</sup>

### ***ASEAN Cooperation Initiatives***

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<sup>61</sup> Zafrul, Tengku. 2024. "Malaysia and ASEAN in 2024: Facing Challenges With Focus and Strength | FULCRUM." FULCRUM. January 16, 2024. <https://fulcrum.sg/malaysia-and-asean-in-2024-facing-challenges-with-focus-and-strength/>.

<sup>62</sup> Lemiere, Sophie. 2024. "Spotlight - Malaysia: October 24, 2024 | CSIS." October 24, 2024. <https://www.csis.org/blogs/latest-southeast-asia/spotlight-malaysia-october-24-2024>.

<sup>63</sup> "Political Leadership Changes Could Create New Opportunities." 2024. World Economic Forum. September 30, 2024. <https://www.weforum.org/stories/2024/09/political-leadership-transitions-shape-future-asean/>.

<sup>64</sup> Online, Star. 2024. "Malaysia Poises to Bolster Regional Cooperation as Asean Chair in 2025 - Analyst." *The Star*, January 27, 2024. <https://www.thestar.com.my/aseanplus/aseanplus-news/2024/01/27/malaysia-poises-to-bolster-regional-cooperation-as-asean-chair-in-2025---analyst>.

In 2024, Malaysia has actively participated in various ASEAN cooperation initiatives to enhance regional integration and resilience. The country has focused on initiatives that address technological advancements and environmental sustainability as part of its broader foreign policy strategy. For instance, Malaysia has been involved in discussions surrounding the digital economy and innovation within ASEAN, recognizing the need for member states to adapt to rapid technological changes.<sup>65</sup> Additionally, Malaysia has championed green initiatives within ASEAN frameworks, promoting sustainable development practices among member countries. This aligns with global trends towards environmental responsibility and reflects Malaysia's commitment to fostering a sustainable future for Southeast Asia. The government's proactive stance on these issues underscores its vision of a united ASEAN that can effectively respond to internal and external challenges.<sup>66</sup>

### ***Johor-Singapore Special Economic Zone***

The Johor-Singapore Special Economic Zone (JS-SEZ) is a key initiative reflecting Malaysia's foreign policy priorities in 2024. Launched during the 10th Singapore-Malaysia Leaders' Retreat in late 2023, the JS-SEZ gained traction in 2024 by establishing a joint committee and the Invest Malaysia Facilitation Centre Johor to oversee its development. The project strengthens Malaysia-Singapore ties by fostering regional economic integration and promoting high-growth sectors like electronics, financial services, and healthcare. Situated in Johor's Iskandar region, the JS-SEZ capitalizes on Johor's RM21.5 billion foreign direct investment in 2023, much of which came from Singapore, showcasing the nations' strong economic interdependence.<sup>67</sup> This initiative supports Malaysia's broader ASEAN engagement goals, addressing economic disparities and boosting regional trade. By leveraging its strategic partnership with Singapore, the JS-SEZ positions Malaysia as a leader in fostering regional stability and economic collaboration within Southeast Asia.

### ***Middle East Policy***

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<sup>65</sup> Aziz, Tengku Zafrul Abdul. 2024. "Asean 2025: What's in It for Malaysia?" *Malay Mail*, December 7, 2024. <https://www.malaymail.com/news/malaysia/2024/12/07/asean-2025-whats-in-it-for-malaysia/159122>.

<sup>66</sup> Wang, Peter Brian M. 2024. "Towards a More Resilient and United ASEAN." *The Diplomat*, October 22, 2024. <https://thediplomat.com/2024/10/towards-a-more-resilient-and-united-asean/>.

<sup>67</sup> Rajah & Tann Asia - Asean Law Firm Network. 2024. "The New Southeast Asia Economic Hub: Johor-Singapore Special Economic Zone (JS-SEZ) - Rajah & Tann Asia." Rajah & Tann Asia. December 12, 2024. <https://www.rajahtannasia.com/viewpoints/the-new-southeast-asia-economic-hub-johor-singapore-special-economic-zone-js-sez/>.

Malaysia has maintained a steadfast stance on the Palestine-Israel conflict, consistently condemning Israeli aggression in the Occupied Palestinian Territories (OPT). A recent statement by the Ministry of Foreign Affairs unequivocally criticized Israeli actions in Gaza and the West Bank, labeling them as violations of international law and accusing Israel of ethnic cleansing and genocide. Malaysia expressed disappointment over Israel's rejection of a ceasefire proposal mediated by global actors, including the United Nations Security Council's Resolution 2735 (2024). It also condemned the expansion of Israeli settlements, highlighting their violation of Resolution 2334 (2016) and the Fourth Geneva Convention. In alignment with its long-standing policy, Malaysia advocates for an independent Palestinian state based on pre-1967 borders, with East Jerusalem as its capital.<sup>68</sup>

Malaysia's active involvement in international legal measures underscores its commitment to addressing the Palestine-Israel issue through global mechanisms. The country lauded the International Court of Justice (ICJ) advisory opinion issued on July 19, 2024, which declared Israel's occupation of the OPT as illegal under international law. Following the United Nations General Assembly's endorsement of the ICJ ruling in September 2024, Malaysia emphasized the collective responsibility of states to ensure the implementation of this decision. By advocating for the cessation of Israeli settlement activities and supporting Palestine's right to self-determination, Malaysia aims to uphold the principles of justice and international law. Additionally, its continued push for Palestine's full membership in the United Nations demonstrates a commitment to strengthening Palestinian statehood.<sup>69</sup>

Humanitarian aid remains a key component of Malaysia's Middle East policy, particularly in addressing the dire needs of Palestinians in Gaza. Since October 7, Malaysia has provided \$4.2 million in aid, focusing on essential supplies like food and water through contributions to the United Nations Relief and Works Agency (UNRWA).<sup>70</sup> This approach has drawn criticism

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<sup>68</sup> "MALAYSIA UNEQUIVOCALLY CONDEMNS ISRAEL'S CONTINUED AGGRESSION IN THE OCCUPIED PALESTINIAN TERRITORIES (OPT)." 2024. Ministry of Foreign Affairs Malaysia. August 24, 2024. <https://www.kln.gov.my/web/guest/-/malaysia-unequivocally-condemns-israel-s-continued-aggression-in-the-occupied-palestinian-territories-opt->

<sup>69</sup> "MALAYSIA WELCOMES UN DECISION TO IMPLEMENT ICJ RULING TO END ISRAEL'S ILLEGAL OCCUPATION OF PALESTINE." 2024. Ministry of Foreign Affairs Malaysia. September 19, 2024. <https://www.kln.gov.my/web/guest/-/malaysia-welcomes-un-decision-to-implement-icj-ruling-to-end-israel-s-illegal-occupation-of-palestine>

<sup>70</sup> "US Wants Malaysia to Halt Humanitarian Aid to Gaza, Says Mahathir." n.d. <https://www.aa.com.tr/en/middle-east/us-wants-malaysia-to-halt-humanitarian-aid-to-gaza-says-mahathir/3218458>

from external actors, such as the United States, for allegedly aiding Hamas indirectly. However, Malaysian leaders have consistently defended their actions, emphasizing the non-military nature of the aid and condemning the disproportionate impact of the conflict on Gaza's civilian population, which has experienced mass displacement and infrastructural destruction. These humanitarian initiatives reflect Malaysia's attempt to balance its support for Palestine with its broader goals of alleviating suffering and fostering resilience among affected communities.

Malaysia's strong support for the Palestinian cause contrasts sharply with its nuanced position on other international conflicts, such as the Russia-Ukraine war. Prime Minister Anwar Ibrahim's recent visit to Russia, aimed at fostering economic ties and advancing Malaysia's bid for BRICS membership, raised questions about his selective approach to global conflicts. While Anwar has criticized Western double standards on Israel-Palestine and Ukraine, his reluctance to condemn Russia's invasion of Ukraine highlights inconsistencies in Malaysia's foreign policy.<sup>71</sup> Critics argue that this selective condemnation undermines Malaysia's credibility on the global stage, exposing the complexities of balancing geopolitical interests with principled stances on human rights and international law.

Domestically, political and societal factors have long shaped Malaysia's relationship with Hamas. Historically, support for Hamas was framed as part of the broader Palestinian liberation struggle, aligning with Malaysia's religious and nationalistic narratives. However, the October 7 attacks have prompted a reevaluation of this position. Increased international scrutiny and the threat of sanctions have led to growing discomfort among Malaysians regarding overt support for Hamas. Civil society and opposition groups have questioned the government's motivations, viewing them as politically driven rather than genuinely rooted in solidarity with Palestinians.<sup>72</sup> This shift reflects broader societal calls for a more inclusive and less divisive political identity, moving away from ethnoreligious nationalism.

### ***International Economic Diplomacy***

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<sup>71</sup> Ainslie, Mary Jane. n.d. "In Malaysia, Expressing Support for Hamas Has Long Been a Means to Secure Political Power – but That's Starting to Change." The Conversation. <https://theconversation.com/in-malaysia-expressing-support-for-hamas-has-long-been-a-means-to-secure-political-power-but-thats-starting-to-change-243749>.

<sup>72</sup> Storey, Ian. 2024. "Commentary: Has Malaysia PM Anwar Sold Out Over Ukraine?" CNA, September 13, 2024. <https://www.channelnewsasia.com/commentary/malaysia-anwar-ibrahim-sell-out-russia-ukraine-brics-gaza-4604591>.

Malaysia's economic diplomacy demonstrates a dynamic interplay of trade negotiations and strategic alliances, highlighting its efforts to secure its place in a competitive global arena. A cornerstone of this strategy is the resumption of Free Trade Agreement (FTA) discussions with the European Union after a 12-year hiatus. The renewed negotiations, timed around the EU parliamentary elections, aim to identify shared interests to advance bilateral trade. Concurrently, Malaysia is negotiating FTAs with South Korea and the United Arab Emirates under the Comprehensive Economic Partnership Agreement (CEPA), focusing on pivotal sectors like the digital economy and green hydrogen. These efforts have borne tangible results, as evidenced by the RM41.03 billion trade value generated in Q1 2024, surpassing previous benchmarks.<sup>73</sup> These initiatives reflect Malaysia's commitment to enhancing its trade landscape through innovative and forward-looking agreements.

Malaysia's collaboration with the European Free Trade Association (EFTA) further exemplifies its proactive approach to economic diplomacy. Substantial progress was reported during the 16th round of negotiations for the Malaysia-EFTA Economic Partnership Agreement (MEEPA), which included discussions on trade in goods, investment, and sustainable development. Trade between Malaysia and EFTA has grown significantly, with the total volume reaching EUR 2.15 billion in 2023. Key exports, including pharmaceuticals and machinery from EFTA and electrical machinery from Malaysia, underscore the mutual benefits of this relationship.<sup>74</sup> This partnership aligns with Malaysia's strategy to diversify its trading partners and reduce dependence on limited markets, ensuring economic stability and resilience against global uncertainties. Such comprehensive engagements affirm Malaysia's focus on balancing trade objectives with sustainable development priorities.

In managing relationships with major powers, Malaysia employs a sophisticated mix of geopolitical, geo-economics, and geostrategic considerations. Malaysia's strategic geographic position along vital trade routes, like the Straits of Malacca, bolsters its economic diplomacy by attracting investment and fostering regional stability. Participation in initiatives like ASEAN and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) reflects Malaysia's efforts to diversify economic ties and reduce reliance on singular

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<sup>73</sup> "Malaysia-EU FTA Back on the Table, Says Zafrul." 2024. The Edge Malaysia. April 24, 2024. <https://theedgemaalaysia.com/node/709230>.

<sup>74</sup> "EFTA and Malaysia Achieve Substantial Progress in 16th Round of Free Trade Negotiations." 2024. European Free Trade Association (EFTA). November 13, 2024. <https://www.efta.int/media-resources/news/efta-and-malaysia-achieve-substantial-progress-16th-round-free-trade>.

powers.<sup>75</sup> This neutrality ensures Malaysia can leverage opportunities presented by global players, including China and the United States while maintaining its strategic autonomy. Malaysia reinforces its role as a critical player in global trade networks by aligning economic diplomacy with national security objectives.

Malaysia's recent inclusion as a partner country in BRICS marks another pivotal shift in its economic strategy. BRICS, comprising major emerging economies, represents a platform for Malaysia to access new markets and resources while contributing to a multipolar world order. Prime Minister Anwar Ibrahim highlighted BRICS as an opportunity to enhance economic cooperation free from external pressures, focusing on leveraging Malaysia's strategic location and establishing trade relationships with China and India.<sup>76</sup> For example, bilateral trade with China reached RM450.84 billion in 2023, and India remains a crucial market for Malaysian palm oil. Malaysia's participation in BRICS signifies its move toward fostering South-South cooperation and addressing global economic inequities, complementing its leadership role in ASEAN.

Malaysia's engagement with BRICS highlights its evolving foreign economic policy, shifting from hedging strategies to more direct alliances with emerging powers. This approach diversifies Malaysia's economic partnerships and reduces dependence on Western-dominated financial systems, particularly the US dollar.<sup>77</sup> The strategic focus on accessing BRICS-led institutions, such as the New Development Bank, aligns with Malaysia's long-term objectives of securing financial stability and advancing regional economic governance. As a partner country, Malaysia benefits from selective participation in BRICS initiatives, which enhances its global influence and strengthens its ability to address domestic economic challenges through international collaboration.

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<sup>75</sup> Othman, Samirul Ariff. 2024. "Malaysia'S Economic Diplomacy a Sophisticated Blend of Geopolitical, Geoeconomics & Geostrategic Considerations." *NST Online*, June 17, 2024. <https://www.nst.com.my/business/insight/2024/06/1064519/malaysias-economic-diplomacy-sophisticated-blend-geopolitical>.

<sup>76</sup> Krishnan, Dhesegaan Bala. 2024. "Malaysia Is Officially a Brics 'Partner Country' Now — Why, and What Does This Mean?" *Malay Mail*, October 25, 2024. <https://www.malaymail.com/news/malaysia/2024/10/26/malaysia-is-officially-a-brics-partner-country-now-why-and-what-does-this-mean/154779>.

<sup>77</sup> Lam Choong Wah. 2024. "Malaysia bandwagoning with BRICS." December 12, 2024. <https://eastasiaforum.org/2024/12/12/malaysia-bandwagoning-with-brics/>.

Malaysia's economic diplomacy underscores a multifaceted approach to securing national interests and fostering economic growth in an increasingly interconnected world. From reviving FTAs with the EU and engaging with EFTA to leveraging its strategic position in BRICS, Malaysia demonstrates an adept balancing act of global partnerships. This strategy bolsters Malaysia's economic resilience and ensures it remains a proactive and influential player in shaping the global economic landscape. By embracing innovation, sustainability, and strategic collaboration, Malaysia's economic diplomacy sets a benchmark for adaptability and effectiveness in addressing complex global challenges.

### **Conclusion**

Malaysia's policies in 2024 reflect a delicate balancing act between addressing domestic challenges and asserting its influence on the global stage. Domestically, the monarchy's increased role in governance and the ongoing political debates surrounding corruption and legislative reform illustrate the country's evolving political dynamics. Economically, Malaysia's focus on diversification, digital transformation, and green initiatives highlights its commitment to sustainable development and long-term resilience. On the international front, Malaysia's leadership in ASEAN, proactive economic diplomacy, and consistent stance on global issues such as the Palestine-Israel conflict showcase its strategic vision. However, political polarization, economic inequalities, and global uncertainties remain significant hurdles. By embracing innovation and fostering regional collaboration, Malaysia can continue to strengthen its domestic stability and international standing, ensuring a prosperous and sustainable future.

## Myanmar

Keo Sokkosol, Khim Tepsopheaktra, Try Lykeang

### Introduction

2024 was a significant year that marked the Myanmar crises of political turmoil and armed conflict along with economic challenges. Internally, the conflicts involving the SAC, the EAOs, and other resistance forces such as the NUG and PDF were escalating. Leading the activities above was the Three Brotherhood Alliance, which includes the Arakan Army (AA), Ta'ang National Liberation Army (TNLA), and the Myanmar National Democratic Alliance Army (MNDAA, which is covered in Operation 1027). This operation had been one of the most complex operations of the SAC since the actual military coup in 2021. Additionally, this clash has continued throughout the year to spread throughout the regions of Myanmar, where insurgents advanced towards the key locations of Laukkai, Myawaddy, and Paletwa. Thus, such victories pointed out the increasing power of ethnic armed organizations and simultaneously revealed the weakness of the SAC in controlling the country.

Amidst the conflicts, efforts to begin the peace talks, mediated mostly by China, drew out the intricacies of the Myanmar crisis. Later in the preceding year, a cease-fire was negotiated; however, breaches of the agreement by the two sides made the process temporary. Ideologically related negotiations, though continuous, did not achieve enduring settlements. China's role as a mediator was a mixed blessing as it provided hope for calming the crisis while also paying attention to the geopolitical implications of Myanmar's crisis. Furthermore, the said conflict has been catastrophic in terms of humanitarian costs. The number of displaced people by November 2024 has surged to more than 3.5 million, and the affected areas include Rakhine state and the northern and northwest parts of the country. New civilian deaths, destruction, and a near concentration of hunger problems added to the sample point to the dire conditions that face the population. These difficulties were further compounded by the SAC's strict measures toward humanitarian assistance, hence denying millions of people in need.

Economically, the difficulties Myanmar was faced with in 2024 were deep-rooted. The war affected the trade and terminated some of the organic trade routes, implemented stringent policies, devalued currency, and strung the economy out of it. Unfortunately, the situation did not improve, and the kyat drastically lost value, leading to increased inflation and decreased



credibility of the traditional banking systems. This customer base's lack of trust was further eroded when the government sought to tax gold trading to eliminate this practice. Myanmar's relations with international actors, especially Russia and China, can be seen as measures to address these economic challenges. The recent formations of these trends indicated Myanmar's shift towards seeking new alliances as the country continued to alienate itself from the West.

This paper will analyze the complex and combined crises that characterized Myanmar in 2024, including political, military, humanitarian, and economic crises. This paper also looks at the effects of Operation 1027 and the overall ramifications of boundary issues on the country's administration and stability. Furthermore, it looks into the facilitation of peace negotiations by the international community, China, and members of ASEAN, the suffering of the refugees, and the worsening economic situation characterized by interrupted business and dropping value of the currency. This reflects internal and external groups' ineffective and fragmented actions and calls for a collective and collaborative strategy to support change and initiate Myanmar's peace, stability, and development process.

### **Domestic Affairs**

Throughout 2024, Myanmar's political and military landscape remained highly volatile, with ongoing conflict, significant military actions, and shifting alliances between resistance forces and ethnic armed organizations (EAOs) challenging the State Administration Council's control. The military State Administration Council continued to consolidate power in key regions. Still, it faced significant resistance from anti-coup groups, including the National Unity Government (NUG) and People's Defense Force (PDF), as well as from ethnic armed groups such as the Ta'ang National Liberation Army (TNLA), Kachin Independence Army (KIA), and the Arakan Army (AA).

### ***The Operation 1027***

Originated on October 27, 2023, by the Three Brotherhood Alliance, Operation 1027 is a campaign of relentless insurgencies across Myanmar, and it is viewed as the biggest threat to the State Administration Council (SAC) since the Tatmadaw ousted the National League for Democracy (NLD) from power on February 1, 2021.<sup>1</sup> The Three Brotherhood Alliance (3BHA)

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<sup>1</sup> Yun Sun, "Operation 1027: Changing the tides of the Myanmar Civil War?" Brookings, January 16, 2024, <https://www.brookings.edu/articles/operation-1027-changing-the-tides-of-the-myanmar-civil-war/>

consists of three of the most capable ethnic military groups in Myanmar: the Arakan Army (AA), Ta'ang National Liberation Army (TNLA), and the Myanmar National Democratic Alliance Army (MNDAA). Since the first large-scale coordinated attack by the Three Brotherhood Alliance (3BHA) across the Shan State, especially the Northern side, Operation 1027 has dragged out and is still ongoing more than a year later.

Initially, Operation 1027 was to conduct attacks on Tatmadaw military bases throughout the Shan State, resulting in the State Administration Council losing more and more grounds as the insurgencies continued. On January 6, 2024, the Three Brotherhood Alliance (3BHA) conquered the Kokang Self-Administered Zone capital, Laukkai, when the Myanmar National Democratic Alliance Army (MNDAA) forced the Tatmadaw to give up the area for the first time in 15 years. The Ta'ang National Liberation Army successfully took over the Palaung Self-Administered Zone and began mobilizing its army into other regions of the Northern Shan.<sup>2</sup>

Despite the raging fighting, there have been attempts from both sides to end the violence. On January 11, China, taking up the role of mediator, managed to broker a temporary ceasefire agreement between the Tatmadaw and the Three Brotherhood Alliance. Reports stated that the substance of the ceasefire agreement was that both sides were not to advance their troops any further from their current positions. Moreover, the Tatmadaw agreed not to carry out any more airstrikes or bombardment in the conflicted region. In response, the Three Brotherhood Alliance promised not to attack and take over any more towns or military bases under the Tatmadaw in the Northern Shan State.<sup>3</sup> However, the ceasefire agreement was short-lived, as there were reports that both sides broke their promises. On January 12, the Ta'ang National Liberation Army claimed that the Tatmadaw conducted 19 artillery strikes across three towns in the Northern Shan State and on Mogoke Township in the Mandalay Region and that the Tatmadaw shelled attack many villages and townships such as Kon Paung village, Me Kee Nu village, and Ae Nine village in Lashio Township, Nyaung Kone village, Mann Hae village, Par

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<sup>2</sup> Grant Peck, "Myanmar confirms a key northern city on border with China has been seized by an ethnic alliance", *AP News*, January 6, 2024, <https://apnews.com/article/myanmar-laukkai-shan-china-ethnic-armed-group-33f93dcfb43b23fd3364378d9044a81b> | *AP News*

<sup>3</sup> "Brotherhood Alliance, Myanmar State Administration Council agreed to ceasefire in Northern Shan" *The Irrawaddy*, January 12, 2024, <https://www.irrawaddy.com/news/myanmar-china-watch/brotherhood-alliance-myanmar-State-Administration-Council-agree-to-ceasefire-in-northern-shan.html>

Poat village, and more.<sup>4</sup> On the other hand, the Arakan Army was occupied operating in another region of Myanmar. On January 15, the Arakan Army successfully claimed Paletwa town in Chin State at the western border of Myanmar with India and Bangladesh.<sup>5</sup> The town holds extreme value to the State Administration Council (SAC), as it is a port town on the Kaladan River that functions as a key trade route with the international. Therefore, losing control of such a town means losing an economic door and trading options, resulting in challenges, damages to the economy, and a shortage of national income, which would strain the military's capability.

It should also be noted that the Arakan Army (AA), Ta'ang National Liberation Army (TNLA), and the Myanmar National Democratic Alliance Army (MNDAA) of the Three Brotherhood Alliance (3BHA) are the ones leading Operation 1027. Still, other military groups can also be seen participating in the coordinated attack as well such as the People's Defense Force (PDF) of the National Unity Government (NUG), the Kachin Independence Army (KIA), the Karen National Union (KNU), the Pa-O National Army (PNA), and more. Many of these ethnic armed organizations conducted insurgencies and attacks on towns and military bases under the Tatmadaw. They won over many towns and military bases throughout the year as well. The Karen National Union worked with the People's Defense Force to take control of Myawaddy town near the Myanmar-Thailand border on April 8, 2024.<sup>6</sup> Similar to Paletwa town, Myawaddy town is considered one of the most crucial strategic locations both seek control over due to its commercial importance—located at Myanmar's eastern border. Myawaddy is a trade route between Myanmar and Thailand. Knowing the importance of the town to the Tatmadaw, the Karen National Union and the People's Defense Force sought to gain the territory and hurt the State Administration Council's economic and military capability by conducting extensive attacks and finally gaining control of the town as the Tatmadaw army was seen fled the town.<sup>7</sup> On June 11, 2024, the Kachin Independence Army (KIA) managed to

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<sup>4</sup> Yuzana “Myanmar State Administration Council breaks Chinese-Brokered ceasefire: TNLA”. *The Irrawaddy*, January 13, 2024, <https://www.irrawaddy.com/news/burma/myanmar-State-Administration-Council-breaks-chinese-brokered-ceasefire-tnla.html>

<sup>5</sup> “Myanmar rebel group claims control of town bordering India, Bangladesh” *The Reuters*, January 15, 2024, <https://www.reuters.com/world/asia-pacific/myanmar-rebel-group-claims-control-town-bordering-india-bangladesh-2024-01-15/>

<sup>6</sup> <sup>6</sup> “Anti-coup forces claim control of key Myanmar border town”, Aljazeera, April 8, 2024, <https://www.aljazeera.com/news/2024/4/8/anti-coup-forces-claim-control-of-key-myanmar-border-town>

<sup>7</sup> “Anti-coup forces claim control of key Myanmar border town”, Aljazeera, April 8, 2024, <https://www.aljazeera.com/news/2024/4/8/anti-coup-forces-claim-control-of-key-myanmar-border-town>

take control of the Sadung tactical command in the border trade town of Kanpiketi in Kachin State's Waingmaw Township.<sup>8</sup> The taking of this key territory allows the Kachin Independence Army to disrupt the transportation and traveling of the State Administration Council.

June and July were months of massive fighting between the Tatmadaw and the Three Brotherhood Alliance. On June 22, the Arakan Army took control of the Thandwe Airport, also known as the Ma Zin Airport, in Ngapali town of the Rakhine State.<sup>9</sup> The airport is one of the international entries to Myanmar and the only international entry to Ngapali Beach. This was the first airport that an ethnic armed organization took control since the start of the conflict. On July 10, the Ta'ang National Liberation Army and the People's Defense Force claimed another territory of the Tatmadaw called Nawngkhio town and seized the headquarters of the Tatmadaw's Missile Battalion 606.<sup>10</sup>

### ***Humanitarian and Civilian Impact: Forced Displacement***

According to the Myanmar Humanitarian Situation Report No. 9, covering the period from November 1 to 30, 2024, the humanitarian situation in Myanmar continues to worsen, with ongoing clashes between the Myanmar Armed Forces (MAF) and various armed groups in multiple regions. This conflict has resulted in a significant increase in displacement, with nearly 3.5 million people forced to flee their homes by the end of November.<sup>11</sup>

In Rakhine State, fighting between the Arakan Army (AA) and the Myanmar Armed Forces has persisted, particularly in Maungdaw, Ann, Toungup, and Gwa townships, with frequent airstrikes in areas controlled by the Arakan Army. Approximately 362,000 people have been displaced in Rakhine and the neighboring Paletwa Township in southern Chin, bringing the total number of internally displaced persons in Rakhine to nearly 570,000. Around 1,000 people from rural areas have been displaced in Ann Township, and nearly 260 houses have

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<sup>8</sup> "KIA Seize Myanmar State Administration Council's Last Remaining China Trade Route in Kachin State" *The Irrawaddy*, June 14, 2024, <https://www.irrawaddy.com/news/war-against-the-State-Administration-Council/kia-seizes-myanmar-State-Administration-Councils-last-remaining-china-trade-route-in-kachin-state.html>

<sup>9</sup> Roe Kyaw, "AA Seizes Thandwe Airport Near Rakhine's Ngapali Beach, Local Sources Say" *The Irrawaddy*, June 24, 2024, <https://www.irrawaddy.com/news/war-against-the-State-Administration-Council/aa-seizes-thandwe-airport-near-rakhines-ngapali-beach-local-sources-say.html>

<sup>10</sup> Nayt Thit "Scores of Myanmar State Administration Council Bases Fall to Ethnic Alliance in Two Weeks" *The Irrawaddy*, July 12, 2024, <https://www.irrawaddy.com/news/war-against-the-State-Administration-Council/scores-of-myanmar-State-Administration-Council-bases-fall-to-ethnic-alliance-in-two-weeks.html>

<sup>11</sup> "Myanmar Humanitarian Situation Report No.9-30 November 2024," UNICEF, 2024 <https://www.unicef.org/documents/myanmar-humanitarian-situation-report-no-9-30-november-2024>

been destroyed. In Toungup Township, fighting has intensified since late October, displacing about 20,000 people from urban areas.<sup>12</sup>

In northwestern Myanmar, the conflict has escalated further, displacing over 1.6 million people in the region. There have been numerous reports of civilian casualties and the destruction of hundreds of houses in Budalin and several townships in Sagaing during military operations since mid-October. In Kale Township, Sagaing, approximately 1,500 displaced people, including 800 children, are facing food insecurity. Shan State has also experienced intensifying clashes between the Myanmar Armed Forces and ethnic armed organizations (EAOs), with the security situation remaining unstable. Several airstrikes in both southern and northern Shan have resulted in civilian casualties, including the deaths of children, and left many others wounded.<sup>13</sup>

According to a study done by the United Nations High Commissioner for Refugees (UNHCR), the 2021 military takeover in Myanmar has severely impacted the people due to the widespread violence and conflict resulting in mass displacements across the country. From 2021 to 2023, the number of Internally Displaced Persons (IDPs) increased from 671,000 in 2021 to 2.6 million by 2023, which speaks volumes to the intense escalation of violence and security in the country.<sup>14</sup>

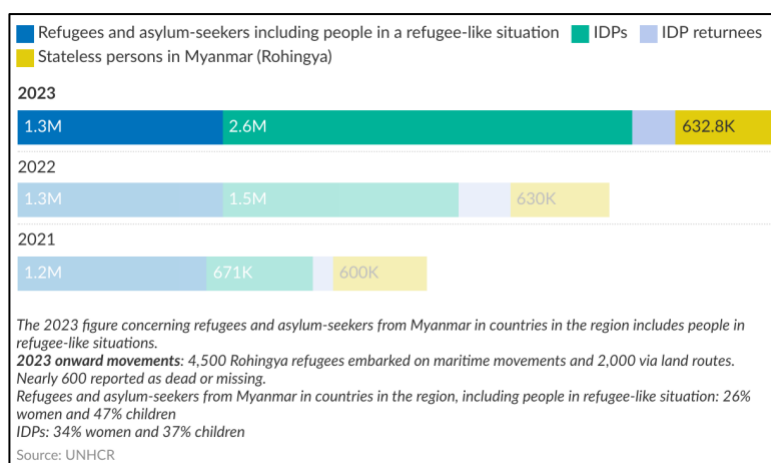


Figure 1: The Number of Forced Displacement in Myanmar (2021-2023)

<sup>12</sup> Ibid

<sup>13</sup> Ibid

<sup>14</sup> “China: UNHCR Calls for Access to Myanmar Refugees” UNHCR, September 4, 2009, accessed 4 November 2024

Furthermore, incidents involving landmines and explosive remnants of war (ERW) have been on the rise, with 889 casualties reported in the first nine months of 2024, already surpassing 85% of the total casualties recorded in 2023 (1,052). Alarming, children accounted for 28% of the total deaths.<sup>15</sup>

### ***Humanitarian and Civilian Impact: Electricity Blackout***

The electricity shortage is a severe crisis resulting from that nationwide conflict that tends to be overlooked. The Ministry of Electric Power stated that the government can only accommodate, generate, and distribute around 50% of the electricity demand because power lines used to deliver the power across the nation have been cut down due to the destructive externality of the fighting, the decrease in electricity harnessed from natural gas power plants, and the flooding natural disaster.<sup>16</sup> Due to insufficient electricity supply, numerous areas across Myanmar have experienced power blackouts throughout the year. On May 1, the electricity authority released a statement informing the public that Myanmar's power grid could only produce 2,800 MW per day while the amount of electricity required for daily usage across the nation is 5,443.<sup>17</sup> The statement attributed the power shortage to low natural gas yields, insufficient rainfall for hydropower, and attacks on the electricity delivery infrastructure by the insurgent groups.<sup>18</sup>

Due to the limited supply of electric power, there would be irregular power outages, negatively impacting the operation of businesses and the well-being of employees. The unpredictable power outages force businesses, especially the labor-intensive industry, to operate whenever there is power. This means employers cannot have a consistent work schedule for employees, resulting in employees being called to work even in the middle of the night because there is no electricity during the day.<sup>19</sup> This situation is especially frequent during the March to May hot season because of the lack of rainfall for the hydropower units. Small and medium enterprises must use alternative electric power sources such as solar panels or power generators. However, these alternatives come with costly prices because of the limited supply and the high inflation

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<sup>15</sup> Ibid 11

<sup>16</sup> "Myanmar meets less than 50% of power demand amid fuel and line disruptions" *The Nation*, November 10, 2024, <https://www.nationthailand.com/news/asean/40043172>

<sup>17</sup> AFP, "Myanmar's power grid meeting half of country's needs amid conflict: Junta". *The Irrawaddy*, May 3, 2024, <https://www.irrawaddy.com/news/burma/myanmars-power-grid-meeting-half-of-countrys-needs-amid-conflict-junta.html>

<sup>18</sup> Ibid.

<sup>19</sup> "Power cuts bring Myanmar industry to its knees" *The Frontier*, July 1, 2024, <https://www.frontiermyanmar.net/en/power-cuts-bring-myanmars-industry-to-its-knees/>

of Myanmar Kyat. Even if there are power generators, they are used sparingly since the price of the generator fuel is also inflated due to the increasing demand for the items resulting from the power outages. Moreover, businesses in residential areas also have to worry about the noise provided by the power generators disturbing the neighborhoods as well since they are not operating in the industrial zones, which could lead to crippling quality of life.<sup>20</sup>

### ***Humanitarian and Civilian Impact: Hunger Crisis***

According to an IPC "Special Brief" and a Reuters report on Myanmar, approximately 14.4 million people faced acute food insecurity in September and October 2024. Hunger in Rakhine is particularly severe, contributing to the displacement of 70,000 refugees to Bangladesh this year, nearly 50% more than previously reported. In November, the UNDP issued a warning that Rakhine is on the verge of an "acute famine," putting over two million people at risk of starvation. The UN's special envoy for human rights in Myanmar stated that the military State Administration Council is "systematically restricting" access to humanitarian aid. Reports indicate that many of the hundreds of thousands of people cut off from international assistance are facing imminent starvation.<sup>21</sup>

### ***Ceasefire Efforts & China's Mediating Roles***

China has played a persistent and pivotal role in mediating peace and ceasefire negotiations throughout 2024. In January, a truce brokered by Chinese diplomats in Kunming marked a significant step. The agreement included commitments from the military and the Three Brotherhood Alliance (3BHA) to halt advancements and hostilities. However, the agreement quickly unraveled as the State Administration Council repeatedly violated the ceasefire with artillery strikes and attacks on ethnic territories.<sup>22</sup> Subsequent rounds of peace talks mediated by China occurred in May. The talks highlighted the complexities of the conflict and focused on reducing violence in key regions and reopening border trade. Despite these efforts, no new agreements were reached, and fighting persisted.<sup>23</sup>

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<sup>20</sup> Ibid.

<sup>21</sup> Mcpherson et al, "Myanmar State Administration Council Intimidates Aid Groups in Effort to Hide Hunger Crisis," The Reuters, December 16, 2024, <https://www.reuters.com/investigates/special-report/famine-data-myanmar/>

<sup>22</sup> "Myanmar's Military, Ethnic Armed Groups Agree to China-Mediated Truce," *Al Jazeera*, January 12, 2024, [https://www.aljazeera.com/news/2024/1/12/myanmars-military-ethnic-armed-groups-agree-to-china-mediated-truce?utm\\_source=chatgpt.com](https://www.aljazeera.com/news/2024/1/12/myanmars-military-ethnic-armed-groups-agree-to-china-mediated-truce?utm_source=chatgpt.com)

<sup>23</sup> Saw Lwin, "No Agreement Between Myanmar State Administration Council and Brotherhood Alliance in Latest Peace Talks," The Irrawaddy, May 17, 2024,

On September 26, Senior General Min Aung Hlaing made a public announcement inviting armed groups to stop fighting and to work with the State Administration Council in political talks to bring peace.<sup>24</sup> This offer comes after the State Administration Council suffered a series of major battlefield reverses to ethnic minority armed groups and pro-democracy People's Defense Forces. The statement said armed groups should follow "the path of party politics and elections to bring about lasting peace and development". In response, a spokesman for the Karen National Union (KNU) said that they would keep putting pressure on them unless the military agreed to "common political objectives" including (1) No military participation in future politics, (2) The military has to agree to a federal democratic constitution, (3) Military have to be accountable for everything they have committed including war crimes and crimes against humanity.<sup>25</sup> The initial call for peaceful political talk by the State Administration Council Chairman was futile. However, On October 15, the Chairman publicly invited ethnic armed groups to a ceasefire and diplomatic talk, and this time, around 12 ethnic armed groups showed interest and accepted the offer by the State Administration Council. Later on, the Ta'ang National Liberation Army (TNLA) and the Myanmar National Democratic Alliance Army (MNDAA) of the Three Brotherhood Alliance surprisingly accepted the offer of political dialogue in late November and early December, respectively.<sup>26</sup>

It should be noted that China has been seen eagerly wanting the fighting to end by playing the role of the mediator, talking with both the Tatmadaw and the Three Brotherhood Alliance and pushing them to reach ceasefire agreements on multiple occasions. Moreover, China has also been calling for regional technical support and assistance from Myanmar's neighbors to facilitate the talks between the conflicted parties and potentially host the election.<sup>27</sup>

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<https://www.irrawaddy.com/news/burma/no-agreement-between-myanmar-State-Administration-Council-and-brotherhood-alliance-in-latest-peace-talks.html>

<sup>24</sup> Sokkosol Keo "Why Did Myanmar Decide to Join the 44th and 45th ASEAN Summits and Related Summits?" CSEAS, October, 2024, [https://rupp.edu.kh/iispp/cseas/cseas\\_commentary-v2/2023-2024/documents/CSEAS%20Commentary-33.pdf](https://rupp.edu.kh/iispp/cseas/cseas_commentary-v2/2023-2024/documents/CSEAS%20Commentary-33.pdf)

<sup>25</sup> AFP, "Myanmar State Administration Council Invites Armed Groups to Stop Fighting, Start Talks," The Irrawaddy, September 27, 2024, <https://www.irrawaddy.com/news/burma/myanmar-State-Administration-Council-invites-armed-groups-to-stop-fighting-start-talks.html>

<sup>26</sup> "MNDAA calls for ceasefire and political dialogue amid escalating conflict in Myanmar" *Mizzima*, December 06, 2024, <https://eng.mizzima.com/2024/12/06/17054>

<sup>27</sup> "China rallies regional support for Myanmar peace bid" *The Reuters*, August 16, 2024, <https://www.bangkokpost.com/world/2848313/china-rallies-regional-support-for-myanmar-peace-bid>



***Path to Democracy? State Administration Council to Hold Election***

Not that long after the announcement from the military State Administration Council to hold a national election, on July 31, 2024, State Administration Council leader Min Aung Hlaing announced a six-month extension of the state emergency, further solidifying military control over the country. The ongoing instability justified this move but was widely seen as a sign that the State Administration Council had no intention of restoring civilian rule in the near future.<sup>28</sup> In June, the military State Administration Council negotiators met with four legal and political parties in Naypyitaw to discuss the possibility of post-coup elections and the suggested amendments to the 2008 constitution authored by the military to come to agreements that will stop conflicts from escalating. However, the talks were limited in scope, excluding significant parties, and failed to achieve any meaningful progress in addressing the broader political crisis. Moreover, it was also unclear when the election would take place.<sup>29</sup>

On November 19, Myanmar State Administration Council chief Min Aung Hlaing pledged during his recent visit to China to hold a “free and fair” election monitored by international observers. After attending the 8th Greater Mekong Subregion Summit in China, Min Aung Hlaing stated that Chinese Premier Li Qiang had promised assistance with election planning and census-taking. He also informed ASEAN leaders at the summit about his election preparations and asked for support. Despite this assurance by the State Administration Council, he has not set a date for the election.

However, the State Administration Council stated that an accurate voter list is a key component to hold a free and fair election. Therefore, Senior General Min Aung Hlaing has been very vocal and made it clear that a national census must be conducted since the start of the state of emergency in 2021.

However, it has been postponed multiple times due to the conflict and instability in the country. Speculations have been made saying that it is a way for the Tatmadaw to gain access to identification information of the citizens for spying purposes and to hold a rigged election

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<sup>28</sup> “Myanmar State Administration Council Extends Emergency Rule Amid Escalating Conflict,” *The Reuters*, July 31, 2024, [https://www.reuters.com/world/asia-pacific/myanmar-military-extends-emergency-rule-another-6-months-2024-07-31/?utm\\_source=chatgpt.com](https://www.reuters.com/world/asia-pacific/myanmar-military-extends-emergency-rule-another-6-months-2024-07-31/?utm_source=chatgpt.com)

<sup>29</sup> “Election Talks in Myanmar Are Touching on Amending The Constitution, State Administration Council Says,” *The Irrawaddy*, June 21, 2024, <https://www.irrawaddy.com/news/politics/election-talks-in-myanmar-are-touching-on-amending-the-constitution-State-Administration-Council-says.html>

to legitimize the military regime.<sup>30</sup> With the implementation of the conscription law in 2024, further speculation was made about how the census would be a way to find out who is trying to escape conscription since the national census would require the citizen to provide the State Administration Council with the total population, age, gender, socioeconomic measures, and household data.<sup>31</sup> However, according to Senior General Min Aung Hlaing, the national census is normally done every ten years, and the last nationwide census was done in 2014. The ten-year interval would provide the State Administration Council (SAC) and investor and development partners with accurate information about Myanmar's development since the previously mentioned information would give insights into the living standards and lifestyles of every citizen across the country.<sup>32</sup> As a result, the national census was carried out from October 1 to 15. However, the census was not nationwide due to the conflict and the retaliation from the ethnic armed organizations. Therefore, the national census committee could only collect information from the areas under the control of the State Administration Council because they were not allowed to operate in areas under the control of the ethnic armed organizations. Notably, the census, a critical step for the election, remains incomplete and inaccurate due to safety risks. Moreover, conflict zones further prevent comprehensive coverage.<sup>33</sup>

### **Economic Affairs**

The economic landscape of Myanmar in the 2024 war was marked by profound challenges stemming from political instability, restrictive trade policies, currency devaluation, and ongoing armed conflicts.

#### ***Trade and Border Economics***

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<sup>30</sup> Sebastian Strangio, "Myanmar Announces Census as Prelude to Long-Delayed Election" *The Diplomat*, September 03, 2024, <https://thediplomat.com/2024/09/myanmar-announces-census-as-prelude-to-long-delayed-election/>

<sup>31</sup> "Everyone must respond thoroughly to the questions, as this contributes to a data collection process that benefits themselves, their families, future generations, and the State" *The Global New Light of Myanma*, September 02, 2024, <https://www.gnlm.com.mm/everyone-must-respond-thoroughly-to-the-questions-as-this-contributes-to-a-data-collection-process-that-benefits-themselves-their-families-future-generations-and-the-state/#article-title>

<sup>32</sup> Ibid 23

<sup>33</sup> Maung Kavi, "Myanmar State Administration Council Boss Says He Promised Chinese, ASEAN Leaders to Hold Fair Election," *The Irrawaddy*, November 20, 2024, <https://www.irrawaddy.com/news/burma/myanmar-State-Administration-Council-boss-says-he-promised-chinese-asean-leaders-to-hold-fair-election.html>

The intense fight along the border has fueled the trade relation between Myanmar and its neighboring country, resulting in lots of damage. According to the Diplomat, resistance groups have taken control of five out of Myanmar's 17 border trade stations, including three along the Chinese border (Muse, Chin Shwe Haw, and Lwegel), one at the Thai border (Mese), and one at the Indian border (Rihkawdar). These stations previously accounted for 91% of Myanmar's trade with China, and their capture has led to a 41% drop in trade with China between April and July 2024 compared to the same period in 2023.<sup>34</sup>

On October 22, China closed all official and informal border trade crossings with Myanmar due to intensified clashes between Myanmar and the Kachin Independence Army (KIA), as well as the recent attack on the Chinese Consulate in Mandalay. China supplies most of Myanmar's essential imports, including machinery, electronics, and daily necessities, while Myanmar exports raw materials and natural resources to China. The closure is expected to exacerbate inflation, cause supply shortages, and further strain Myanmar's economy, which is already grappling with a significant trade deficit of over \$7 billion with China in the last fiscal year.<sup>35</sup>

Moreover, the State Administration Council (SAC) has also lost control over key trade routes, such as the Northern Shan route, like those with Bangladesh (Sittwe and Maungdaw) and India (Tamu), which have seen significant trade declines due to ongoing conflict. Likewise, trade with Thailand has also suffered, with the Myawaddy crossing seeing an 87% reduction from \$556 million from April 1 to July 19 last year to just \$71 million in the same period in 2024.<sup>36</sup>

### ***Currency and Gold Market***

The kyat's value experienced dramatic evaluation, plunging to historic lows throughout the year. Key factors influencing this decline included excessive money printing by the State Administration Council and a growing public distrust in the banking system. The kyat dropped from 3,900 kyats per dollar in April to over 5,020 in May and 4,800 in July, reaching record

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<sup>34</sup> Sebastian Strangio, "Myanmar's Border Trade With China and Thailand Has Collapsed," The Diplomat, September 4, 2024,

<https://thediplomat.com/2024/09/myanmars-border-trade-with-china-and-thailand-has-collapsed/>

<sup>35</sup> Hein Htoo Zan, "Inflation surge Expected After China Shuts Border Trade With Myanmar," The Irrawaddy, October 25, 2024,

<https://www.irrawaddy.com/news/myanmar-china-watch/inflation-surge-expected-after-china-shuts-border-trade-with-myanmar.html>

<sup>36</sup> Sebastian Strangio, "Myanmar's Border Trade With China and Thailand Has Collapsed," The Diplomat, September 4, 2024,

<https://thediplomat.com/2024/09/myanmars-border-trade-with-china-and-thailand-has-collapsed/>

lows. By August, the unofficial market rate exceeded 7,000 kyats per dollar.<sup>37</sup> Likewise, the excessive printing of money by the Central Bank of Myanmar (CBM), estimated at nearly 3 trillion kyats since the 2021 coup, exacerbated inflationary pressures and economic instability. Due to the devaluation of kyats, gold became a preferred investment.<sup>38</sup> The price of gold surged from 5.8 million kyats per tical in May to over 6.8 million kyats by July. This shift highlights a lack of confidence in traditional banking systems and the local currency.<sup>39</sup>

Hence, the Myanmar State Administration Council imposes a 3% tax on gold trading to control the market and discourage people from converting their cash into gold. Previously, under the Union Taxation Law of 2024, there was no tax on “pure gold.” However, on August 28, the State Administration Council leader, Min Aung Hlaing, changed the law to tax all gold trades where buyers and sellers pay a 3% tax on each gold trade. Moreover, imported gold also faces the same tax, and this tax can’t be deducted from other taxes when selling or exporting gold. This change doesn't stop people from buying gold but increases prices even further.<sup>40</sup>

### ***Banking Sector Challenges***

In 2024, Rakhine State’s banking system collapsed amid prolonged conflict between the military regime and the Arakan Army (AA), frequent power outages, fuel shortages, and internet disruptions. Private banks, including major players like KBZ and CB, ceased operations, and the State Administration Council controlled Myanmar Economic Bank only paid regime employees. The closure of banks led to cash shortages, high fees for mobile money transfers, and widespread disruption of business transactions.<sup>41</sup>

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<sup>37</sup> “Myanmar Currency Plunges, Gold Price Soars Amid State Administration Council’s Botched Interventions,” *The Irrawaddy*, July 12, 2024, <https://www.irrawaddy.com/business/myanmar-currency-plunges-gold-price-soars-amid-State-Administration-Councils-botched-interventions.html>

<sup>38</sup> Hein Htoo Zan, “Hyper-Aggressive Monetary Expansion Kicks Into Overdrive in Myanmar,” *The Irrawaddy*, August 22, 2024, [https://www.irrawaddy.com/business/hyper-aggressive-monetary-expansion-kicks-into-overdrive-in-myanmar.html#google\\_vignette](https://www.irrawaddy.com/business/hyper-aggressive-monetary-expansion-kicks-into-overdrive-in-myanmar.html#google_vignette)

<sup>39</sup> “Gold Price Hits Record High in Myanmar as Currency Crisis Devastated Economy,” *The Irrawaddy*, July 31, 2024, <https://www.irrawaddy.com/business/gold-price-hits-record-high-in-myanmar-as-currency-crisis-devastates-economy.html>

<sup>40</sup> Hein Htoo Zan, “Myanmar State Administration Council Hikes Tax on Gold Trading as Currency Plummet,” *The Irrawaddy*, September 3, 2024, <https://www.irrawaddy.com/business/myanmar-State-Administration-Council-hikes-tax-on-gold-trading-as-currency-plummet.html>

<sup>41</sup> “Rakhine’s Banking System Collapses as Myanmar State Teeters on Precipice,” *The Irrawaddy*, November 27, 2024,

## Foreign Affairs

### *State Administration Council Regime and ASEAN*

After the hope for peace almost disappeared, January 2024 sparked the light again. On January 29, 2024, a senior Foreign Ministry of Myanmar, Marla Than Htike, attended a foreign ministers retreat in Luang Prabang, Laos. Yet, no deep discussion was reached regarding the road to peace in Myanmar.<sup>42</sup> Later, on 5 March, Myanmar representative Zae Naing Win attended a meeting of the ASEAN Defense Ministry's International Affairs Department attended a meeting of ASEAN defense minister in Laos in what is seen as a sign of the State Administration Council's willingness to cooperate with the region blocs.<sup>43</sup>

On October 9, during its summit in Laos, ASEAN leaders once again pressed Myanmar's military State Administration Council and its opponents to take "concrete action" to resolve the conflict. In a statement issued at the end of the summit, regional leaders criticized Myanmar's efforts toward peace as "substantially inadequate." They also condemned attacks on civilians and called on all parties involved to take decisive steps to immediately stop indiscriminate violence, referring to the five-point consensus as their main reference. Though the condemnation was there, the five-point consensus is noticed to be going nowhere close to peace. Quoting the Philippine President Ferdinand Marcos Jr. admitted to reporters in Vientiane, "We are trying to formulate new strategies."<sup>44</sup> Frankly, ASEAN still lacks ideas and clear strategies for dealing with the military State Administration Council's lack of commitment.

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<https://www.irrawaddy.com/news/burma/rakhines-banking-system-collapses-as-myanmar-state-teeters-on-precipice.html>

<sup>42</sup> Sebastian Strangio, "Myanmar State Administration Council Sends Representative to ASEAN Foreign Ministers' Meeting," *The Diplomat*, January 29, 2024,

<https://thediplomat.com/2024/01/myanmar-State-Administration-Council-sends-representative-to-asean-foreign-ministers-meeting/>

<sup>43</sup> "Myanmar State Administration Council Senior Official Attends ASEAN Defense Ministers Meeting," *Kyodo News*, March 5, 2024,

<https://english.kyodonews.net/news/2024/03/c4230b109d79-myanmar-State-Administration-Council-senior-official-attends-asean-defense-ministers-meeting.html>

<sup>44</sup> Sebastian Strangio, "ASEAN Again Urges End to Myanmar Conflict, but Struggles For Way Forward," *The Diplomat*, October 11, 2024,

<https://thediplomat.com/2024/10/asean-again-urges-end-to-myanmar-conflict-but-struggles-for-way-forward/#:~:text=On%20Wednesday%2C%20during%20its%20summit%20in%20Laos%2C%20Southeast.the%20country%20since%20the%20coup%20of%20February%202021.>

On December 19-20, Thailand hosted two regional meetings this week to address Myanmar's ongoing political and security crisis. The first meeting involved Myanmar's State Administration Council and its neighbors China, Bangladesh, Laos, and India. On the second day, the meeting included ASEAN members. During the meeting, Myanmar's foreign minister outlined the State Administration Council's political roadmap and election plans, but critics dismissed these as insincere and unlikely to resolve the country's conflict.<sup>45</sup>

### *State Administration Council Regime & China*

Despite international criticism of Myanmar's State Administration Council, China has been one of the few countries to openly engage with Myanmar's military leadership, offering both diplomatic and political support. In November 2024, Myanmar's State Administration Council leader, senior General Min Aung Hlaing, visited China for the Greater Mekong Subregion Summit and received support from the Chinese premier on its political transition, emphasizing the need for stability in Myanmar and reinforcing bilateral ties. Li also emphasized that the border post should remain under government control and reaffirmed China's support for Myanmar's sovereignty and territorial integrity.<sup>46</sup>

Security cooperation between Myanmar and China in 2024 centered on managing the region's instability and protecting Chinese interests. Since the start of the coup, China has been taking an active role in facilitating ceasefire negotiations between Myanmar's military State Administration Council and ethnic armed groups, particularly in areas like Shan State, which close the border to China. Moreover, they also grow closer in terms of military and security collaboration, with China proposing the establishment of a joint security company with the Myanmar State Administration Council to protect Chinese investment and personnel.<sup>47</sup> However, this proposal has drawn sharp criticism from those who view it eroding national sovereignty.<sup>48</sup>

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<sup>45</sup> Jintamas Saksornchai, "Thailand Hosts Regional Talks to Find Solutions to Myanmar's Bloody Civil War," AP News, December 19, 2024,

<https://apnews.com/article/myanmar-conflict-asean-diplomacy-8b05c4d22e649f88aeb1449bcf052710>

<sup>46</sup> "China Pledges Support for Myanmar's Political Transition," *The Reuters*, November 7, 2024, [https://www.reuters.com/world/asia-pacific/china-pledges-support-myanmars-political-transition-2024-11-07/?utm\\_source=chatgpt.com](https://www.reuters.com/world/asia-pacific/china-pledges-support-myanmars-political-transition-2024-11-07/?utm_source=chatgpt.com)

<sup>47</sup> Maung Kavi, "Myanmar State Administration Council Planning Joint Security Firm With China," *The Irrawaddy*, November 15, 2024, <https://www.irrawaddy.com/news/myanmar-china-watch/myanmar-State-Administration-Council-planning-joint-security-firm-with-china.html>

<sup>48</sup> Nyein Chan Aye, "China's Joint Security Proposal Sparks Controversy in Myanmar," VOA, November 20, 2024,

### ***State Administration Council Regime & Russia***

In 2024, Myanmar-Russia relations evolved into a multifaceted partnership with extensive collaboration in key sectors. Historically, these two countries have focused on armed sales and military training. But now, their engagement explains beyond that, shifting towards economic, technological, and industrial collaboration. They also foster and plan pharmaceutical production, textiles, cement, and steel manufacturing cooperation. These reflect Myanmar's reliance on Russian expertise to revive its industrial base amid Western sanctions.<sup>49</sup>

On June 7, 2024, Russia and Myanmar finalized an agreement for constructing a low-power nuclear plant, following a 2023 deal that established Myanmar's first nuclear technology information center in Yangon. This demonstrates Russia's commitment to providing advanced technological solutions to Myanmar. The State Administration Council claims nuclear technology will be used peacefully in agriculture, health, power, and socioeconomic development. However, such developments raise regional security concerns about dual-use technologies.<sup>50</sup> Facing international sanctions, the State Administration Council seeks support from Russia for economic and technological development, gaining a powerful ally to bolster its legitimacy and regime survival. The partnership with Russia provides Myanmar's military regime with access to military equipment and political backing.<sup>51</sup>

### **Conclusion**

In conclusion, solving Myanmar's crises requires political, humanitarian, and economic solutions. This paper argues that only when political dialogue is started with all the parties and actors concerned, including EAOs, pro-democracy groups, and the SAC, will it be possible to have sustainable peace in Myanmar. It should, therefore, encourage a dialogue through which the type of governance sought might accurately depict the interests of the Burmese people.

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[https://www.voanews.com/a/china-s-joint-security-proposal-sparks-controversy-in-myanmar/7870325.html?utm\\_source=chatgpt.com](https://www.voanews.com/a/china-s-joint-security-proposal-sparks-controversy-in-myanmar/7870325.html?utm_source=chatgpt.com)

<sup>49</sup> "Myanmar State Administration Council Minister Visits Russia For Help to Complete Stalled Steel Plant Again," *The Irrawaddy*, July 15, 2024,

[https://www.irrawaddy.com/news/burma/myanmar-State-Administration-Council-minister-visits-russia-for-help-to-complete-stalled-steel-plant-again.html?utm\\_source=chatgpt.com](https://www.irrawaddy.com/news/burma/myanmar-State-Administration-Council-minister-visits-russia-for-help-to-complete-stalled-steel-plant-again.html?utm_source=chatgpt.com)

<sup>50</sup> "Russia Approves Moves to Build Nuclear Plant in Myanmar," *The Irrawaddy*, June 7, 2024,

<https://www.irrawaddy.com/news/burma/russia-approves-moves-to-build-nuclear-plant-in-myanmar.html>

<sup>51</sup> Grant Peck, "Military-Ruled Myanmar Hosts Joint Naval Exercise With Russia, Its Close Ally and Top Arms Supplier," AP News, November 8, 2023,

<https://apnews.com/article/russia-myanmar-navy-andaman-sea-1d0f0c692a4583a0c449e6c8cc3b620b>

Moreover, the international community can offer various technical assistance, negotiation forums, and diplomatic measures to enhance the possibility of dialogue and apply pressure on the concerned countries for true participation. Furthermore, the United Nations (UN), especially, has been called upon to act to stop violence and mitigate the humanitarian crisis in Myanmar.

Concerning the humanitarian situation, Myanmar has been worsened by increasing armed violence, natural disasters, and scarcity of essential items. The cumulative civilian death toll after the SAC seized power, control, and administration was at 5,350 by mid-2024, which doubled between April 2023 and June 2024. To lift the current suffering of people, it is necessary to facilitate humanitarian assistance's free access for populations in need. This can only be done if the SAC has to remove the strings that accompany aids and work hand in hand with international organizations to provide the necessitated services. The international community has yet to take a proactive approach to ensure sufficient and increased funding and commitments made in supporting humanitarian partners, as evidenced by a dangerously low funding level in 2024 that strained humanitarians' ability to provide needed assistance.

Moreover, the international community has to play its role so that Myanmar can slowly step on the path of peace and stability. This involves promoting inclusive political measures, providing relief to people affected by conflict, and rebuilding economies shot down by conflict.

**Keo Sokkosol** is a Junior Researcher at the Center for Southeast Asian Studies (CSEAS), and a Lecturer at the Institute for International Studies and Public Policy (IISPP).

**Khim Tepsopheaktra** is a Research Intern at the Center for Southeast Asian Studies (CSEAS), and a Senior Student at the Institute for International Studies and Public Policy (IISPP).

**Try Lykeang** is a Research Intern at the Center for Southeast Asian Studies (CSEAS) and a Junior Senior at the Institute for International Studies and Public Policy (IISPP).



## Singapore

Chhun Phalanady, Bou Nisa, and Ngov Sodanet

### Introduction

Singapore's dynamic role in Southeast Asia during 2024 reflects its adaptability amidst domestic challenges, geopolitical complexities, and evolving global economic conditions. From the transition to new leadership under Prime Minister Lawrence Wong to its strategic positioning in international relations, Singapore has demonstrated resilience and pragmatism in navigating internal and external pressures. Domestically, key developments, such as high-profile political scandals and economic shifts, underscore the government's commitment to upholding governance standards and ensuring economic stability. Meanwhile, Singapore's foreign policy emphasizes multilateralism and balanced engagement with major powers, contributing to ASEAN centrality and regional cohesion. This annual review comprehensively analyzes Singapore's domestic affairs, socioeconomic developments, and foreign relations. It examines its strategies to maintain its position as a global financial hub and a key Southeast Asian player.

### Domestic Affairs

#### *Corruption Scandal Involving Former Minister S. Iswaran Shakes Singapore*

On January 16th, 2024, S. Iswaran, a longtime People's Action Party (PAP) member, received formal notice of charges from the Corrupt Practices Investigation Bureau. The charges against Iswaran involve allegations of accepting kickbacks worth \$14,000, which included golf clubs and expensive whisky, from Lum Kok Seng. Lum Kok Seng is a contractor for Lum Chang Holdings, a company with government work contracts. Iswaran is facing more than 27 charges, two related to the Prevention of Corruption Act (PCA). Throughout the trial, Iswaran pleaded not guilty to all charges. Most of the charges fall under Section 165 of the Penal Code, which prohibits public servants from accepting valuable items. Additionally, there is one charge of obstruction of justice and two charges that potentially violate Section 6(a) of the PCA.<sup>1</sup> This case is regarded as one of the most controversial cases in Singapore as it involves a high-ranking official, and is the first case in four-year that a cabinet member has been investigated

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<sup>1</sup> Louisa Tang, "CNA Explains: Iswaran's Charges - Section 165, 'obtain' Vs 'accept' and Other Legal Nuances," *CNA*, January 19, 2024, accessed April 26, 2024, <https://www.channelnewsasia.com/singapore/iswaran-charges-cna-explains-corruption-bribes-public-servant-penal-code-4056821>

for corruption.<sup>2</sup> On January 17th, 2024, Singapore's Prime Minister, Mr. Lee Hsien Loong, publicly acknowledged the accusations against Iswaran and affirmed the government's dedication to upholding the integrity of the Party and the Government by accepting Iswaran's resignation letter.<sup>3</sup>

The corruption scandal tarnishes the ruling People's Action Party's reputation and has implications for the election's outcome. The party has positioned itself as one that aims to eliminate all forms of corruption and has a reputation for having clean officials. Therefore, this news shocked the people of Singapore and further widened the divide between the general public and the government.

### ***Opposition Leader Pritam Singh Faces Parliamentary Trial Over False Statements***

On March 19th, 2024, a scandal erupted involving Pritam Singh, the leader of Singapore's Workers' Party. The controversy stemmed from his false statements to a parliamentary committee regarding the case of Raeesha Khan. The origins of this issue can be traced back to August 2021 when Raeesha Khan, a former member of parliament and a lawmaker from the Workers' Party, alleged that the police mistreated a sexual assault victim. However, it was later revealed that this anecdote was untrue. During a recent court appearance, Mr. Singh refuted the accusations against him. The prosecution intends to impose a fine on the opposition leader, which could potentially jeopardize his seat in parliament. In Singapore, Members of Parliament (MPs) convicted of an offense may lose their seats and face disqualification from standing for election if they are fined exceeding SGD 10,000 or sentenced to more than a year in jail. These developments raise significant questions about the potential unforeseen impact on the forthcoming 2025 general election, particularly regarding Pritam Singh's involvement and the overall position of the opposition party.<sup>4</sup>

As the general election in Singapore approaches, scandals are emerging within both the ruling PAP and the leading opposition party. These could influence voting patterns and shape public

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<sup>2</sup> Sebastian Strangio, "Singapore Adds New Corruption Charges to Case Against Former Minister," *The Diplomat*, March 27, 2024, accessed April 26, 2024, <https://thediplomat.com/2024/03/singapore-adds-new-corruption-charges-to-case-against-former-minister/>.

<sup>3</sup> "In Full: Iswaran's Resignation Letters and PM Lee's Response," *CNA*, January 18, 2024, accessed April 26, 2024, <https://www.channelnewsasia.com/singapore/s-iswaran-resigns-pm-lee-hsien-loong-full-exchange-letters-corruption-charges-4056221d>

<sup>4</sup> "As It Happened: Pritam Singh Pleads Not Guilty to Charges of Lying to Parliament Committee Over Raeesah Khan's Case," *CNA*, March 19, 2024, accessed April 26, 2024, <https://www.channelnewsasia.com/singapore/pritam-singh-charged-court-lying-raeesah-khan-case-parliament-4204691>

perceptions of the parties. Both parties have responded to these scandals by acknowledging the issues and providing critical responses to the fallout.

### ***Leadership Transition as Lawrence Wong Becomes Singapore's New Prime Minister***

On April 15<sup>th</sup>, 2024, Singapore's former Prime Minister Lee Hsien Loong announced his relinquishment of the office, effective May 15<sup>th</sup>. This transition marked the end of an era, as Deputy Prime Minister Lawrence Wong was set to become the new Prime Minister of Singapore.<sup>5</sup>

The handover on May 15<sup>th</sup> represents a significant moment in Singapore's political landscape, as it is the first leadership change in 20 years. Prime Minister-designate Lawrence Wong has pledged to carry on the legacy of his predecessors, promising a blend of assertive and consensus-based decision-making as the leader of Singapore's fourth-generation political leaders.<sup>6</sup>

During his two decades of leadership, former PM Lee Hsien Loong oversaw remarkable economic growth. Singapore's GDP per capita soared from SGD 27,610 in 2004 to over SGD 88,450 in 2024—more than twice the size of Japan's GDP per capita. This period solidified Singapore's reputation as one of the fastest-growing economies in Asia.

Despite the change in leadership, PM-designate Wong remains committed to retaining his current position as Finance Minister. However, his primary political challenge will be maintaining the ruling People's Action Party's (PAP) dominance and securing a strong electoral mandate from the Singaporean electorate.

The next general election, expected to be held by September or November 2025, will be a crucial event shaping the remainder of PM Wong's term and beyond. Additionally, he will need to navigate complex international issues, such as the ongoing U.S.-China power competition, the Russia-Ukraine war, and the Israeli-Palestinian conflict.<sup>7</sup>

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<sup>5</sup> Shynn Ong, "PM Lee to Step Down: Key Milestones of His Political Career," April 15, 2024, accessed June 9, 2024, <https://www.todayonline.com/singapore/pm-lee-stepping-down-key-milestones-political-career-2403701>.

<sup>6</sup> "Lawrence Wong Sworn in as Singapore's First New Prime Minister in 20 Years," *Al Jazeera*, May 15, 2024, <https://www.aljazeera.com/news/2024/5/15/lawrence-wong-sworn-in-as-singapores-first-new-prime-minister-in-20-years>.

<sup>7</sup> Sebastian Strangio, "End of an Era in Singapore as PM Lee Prepares to Hand Over Power," *The Diplomat*, May 14, 2024, <https://thediplomat.com/2024/05/end-of-an-era-in-singapore-as-pm-lee-prepares-to-hand-over-power/>.

The leadership transition also comes amid the ongoing legal proceedings against the leader of the opposition, Pritam Singh, who is set to face a 16-day trial in October over charges of lying in Parliament and the Raeesah Khan case. Mr. Singh could face up to three years in jail and a fine of up to SGD 7,000 if found guilty.<sup>8</sup>

### ***Minister Chee Hong Tat Warns Against Populism and Short-Termism in Governance***

On August 28th, Singapore's Minister for Transport, Chee Hong Tat, cautioned against the rising influence of excessive individualism, populism, and short-termism, warning that such trends could undermine long-term economic planning and policy. Drawing comparisons to the challenges faced by major global economies, he expressed concern about their potential impact on Singapore's political landscape. Speaking at the Economic Society of Singapore, Minister Chee underscored the country's pragmatic approach, which blends market solutions with strategic government interventions to ensure essential public services, such as transportation, remain efficient and reliable. He also highlighted the government's efforts to support citizens during the COVID-19 pandemic through upskilling initiatives and strategic investments, such as the Tuas Port expansion, contributing to the nation's growth during challenging times. Minister Chee further emphasized the need for political courage and skill in implementing sound economic policies that promote sustainable development and societal stability.<sup>9</sup>

### ***Former Minister Faces Trial Delays Amid Corruption Charges***

On Tuesday, September 24th, the former minister's trial was delayed again after he failed to provide witness statements from the prosecution to the court. His 35 charges, including corruption and receiving valuables from property tycoon Ong Beng Seng, remain unchanged. The trial, initially postponed due to a joint request from the prosecution and defense, was rescheduled for September 24th. However, during the hearing, the prosecution requested six to seven months of jail time for the former minister, while his defense team sought a lighter sentence of eight weeks. The debate centers around the legal interpretation of disclosure

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<sup>8</sup> Lydia Lam, "Opposition Leader Pritam Singh Set to Go on Trial in October," *CNA*, May 31, 2024, <https://www.channelnewsasia.com/singapore/opposition-leader-pritam-singh-set-trial-october-raeesah-khan-4376086>.

<sup>9</sup> Tessa Oh, "Singapore Must Not Let Trend of 'Excessive' Individualism, Populism Affect Local Politics: Chee Hong Tat," *The Business Times*, August 28, 2024, <https://www.businesstimes.com.sg/singapore/singapore-must-not-let-trend-excessive-individualism-populism-affect-local-politics-chee-hong-tat>.

obligations, with the judge yet to decide. The next hearing has now been adjourned to October 3rd.<sup>10</sup>

### ***Scam-Related Activities Raise Concerns Over Misuse of Digital Infrastructure***

Over 40 Singaporeans have been charged for selling their bank accounts or Singpass credentials to criminal syndicates involved in scam-related activities, allowing criminals to launder large sums of money. Among the accused are 33 men and seven women, who allegedly facilitated illegal transactions by unlawfully disclosing their Singpass details. This development raises concerns about Singaporeans' trust in the nation's digital infrastructure despite Singapore being a leader in fintech and cybersecurity in Southeast Asia. Singpass, a cornerstone of Singapore's digital identity system, provides access to various government services. Misusing its credentials could exacerbate scamming activities if not addressed promptly and effectively. The Singapore Police Force continues to warn against such offenses, which could result in fines, imprisonment, or both.<sup>11</sup>

### ***Former Minister Iswaran Imprisoned for Corruption, Marking a First in Singapore's History***

After months under investigation, the case that disrupted Singapore's political arena has officially ended. Former Minister S Iswaran has decided not to appeal for his 12-month prison sentence regarding his conviction for receiving valuable items as a public servant and obstructing justice. October 3rd marks the first time a Singaporean cabinet minister has been imprisoned, which can affect the people's trust in the People's Action Party (PAP)<sup>12</sup>.

### ***PM Wong Acknowledges Rising Cost of Living and Inflation Challenges at PAP Conference***

On 24th November, during the PAP's biennial party conference, PM Wong gave a speech acknowledging the people's concern and their increased cost of living in Singapore as the worst

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<sup>10</sup> Tessa Oh and Elysia Tan, "Iswaran's Hearing Adjourned to Oct 3 as Prosecution Asks for 6-7 Months Jail; His Lawyers Seek 8 Weeks," *The Business Times*, September 24, 2024, <https://www.businesstimes.com.sg/singapore/iswarans-hearing-adjourned-oct-3-prosecution-asks-6-7-months-jail-his-lawyers-seek-8-weeks>.

<sup>11</sup> "Dozens to Face First Charges Under Anti-scam Laws Criminalising Sharing of Singpass, Bank Details," *CNA*, September 8, 2024, <https://www.channelnewsasia.com/singapore/40-people-charged-court-scam-related-money-mule-activities-sell-singpass-details-4594036#:~:text=The%2033%20men%20and%20seven%20women%20will%20be%20charged%20from,unlawfully%20disclosing%20their%20Singpass%20credentials>.

<sup>12</sup> Mukherjee, Vasudha. 2024. "Ex-Singapore Minister Iswaran accepts charges, begins 12-month jail term." *Business Standard*. October 27, 2024. Accessed November 30, 2024. [https://www.business-standard.com/world-news/ex-singapore-minister-iswaran-accepts-charges-begins-12-month-jail-term-124100700458\\_1.html](https://www.business-standard.com/world-news/ex-singapore-minister-iswaran-accepts-charges-begins-12-month-jail-term-124100700458_1.html).

inflation looms. Through this issue, he also addresses how the opposition group has tried to exploit this problem to their benefit. He also mentioned that this issue has overshadowed other pressing matters and calls for Singaporeans to understand that not only does the country experience this increased cost of living but the whole world.<sup>13</sup>

### ***Final Verdict on Pritam Singh's Trial Could Shape Singapore's Opposition Leadership***

The final hearing and verdict for Mr. Prita Singh are expected to come out on February 17th, 2025. Judges asked for closing submissions to be uploaded and replies to be made by January 31st. If found convicted of his conviction for lying, he will face up to 3 years in jail, fined up to S\$7,000 or both for each charge. More importantly, under the constitution, anyone jailed for more than 1 year will be disqualified from standing for election to become a member of parliament and will also lose his seat in the parliament with disqualification for approximately 5 years.<sup>14</sup>

## **Socioeconomic Affairs**

### ***Singapore Faces Persistent Inflation Challenges in Early 2024***

Singapore's economy was affected by global inflation during the first quarter of 2024. In February 2024, the Monetary Authority of Singapore (MAS) released a report on Consumer Price Developments, revealing that inflation rates exceeded expectations. While headline inflation slightly decreased in January, it rose to 3.4% year-on-year in February. Core inflation also increased to 3.6%.

This is because of various factors, such as increased prices for services and food. One contributing factor is the impact of the Chinese New Year, while lower accommodation costs are due to changes in Service & Conservancy Charges rebates. Additionally, service prices have risen due to more expensive airfares, holiday expenses, and increased food prices. However, the Monetary Authority of Singapore (MAS) and the Ministry of Trade and Industry

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<sup>13</sup> Han, Goh Yan. 2024. "Govt Doing Its Best to Help With Cost of Living, While Opposition Tries to Exploit Issue: PM Wong." *The Straits Times*, November 25, 2024.

<https://www.straitstimes.com/singapore/politics/govt-doing-its-best-to-help-with-cost-of-living-while-opposition-tries-to-exploit-issue-pm-wong>.

<sup>14</sup> Ting, Koh Wan. 2024. "Verdict for Pritam Singh Trial Fixed for Feb 17 Next Year After Defence Closes Case Without Calling Witnesses." *CNA*, November 13, 2024. <https://www.channelnewsasia.com/singapore/pritam-singh-trial-verdict-fixed-feb-17-2025-4735551>.

expect core inflation to decrease yearly due to lower import costs and a more relaxed domestic job market. They estimate that inflation will average between 2.5% and 3.5% in 2024.<sup>15</sup>

### ***Non-Oil Domestic Exports (NODX) Show Mixed Results Amid Global Trade***

In February 2024, Singapore's Non-Oil Domestic Exports (NODX) showed a slight decline of 0.1% compared to last year. However, there was a more noticeable decrease of 4.8% compared to the previous month. This decline was primarily driven by a decrease in non-electronic NODX, contrasting with the expansion observed in January. Although non-electronic NODX decreased by 1.5% year-on-year, electronic NODX grew by 5.2%, fueled by integrated circuits and personal computers. Despite the decline in NODX, exports to key markets such as Hong Kong, the United States, and Indonesia increased. Moreover, there was growth in domestic oil exports and non-oil re-exports. Total exports and imports recorded positive year-on-year growth, resulting in an overall expansion of total trade by 3.5% in February.<sup>16</sup>

### ***Singapore Climbs to 14th in Global Investment Ranking***

Singapore continues to attract significant investments and has improved its ranking in the Milken Institute's Global Opportunity Index 2024 Attracting Foreign Investment report. Singapore now stands at the 14th spot out of 130 countries surveyed, surpassing its ASEAN neighbors. This improvement is attributed to Singapore's strong economy. Singapore's favorable business perception, which reflects the ease of doing business and robust rules for contract enforcement, contributes to its attractiveness. Additionally, Singapore's institutional framework protects investors' rights and ensures transparency. These favorable conditions make Singapore an appealing destination for foreign investors<sup>17</sup>.

### ***Taylor Swift Concerts Boosts Singapore's Economic Growth Forecast***

A notable economic phenomenon in Singapore in the first quarter of 2024 was the impact of Taylor Swift's concerts on the country's growth forecast. Economists have revised Singapore's first-quarter growth forecast upward, projecting a 2.9% expansion, partly attributed to Taylor

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<sup>15</sup> Anna Maria Romero, "Singapore Inflation Rises to 3.4% in February, Higher Than Expected," The Independent Singapore News, March 26, 2024, accessed April 26, 2024, <https://theindependent.sg/singapore-inflation-rises-to-3-4-in-february-higher-than-expected/>

<sup>16</sup> Mary Alavanza, "Non-oil Domestic Exports in February Slipped by 0.1% YoY, Declined 4.8% MoM," The Independent Singapore News, March 18, 2024, accessed April 26, 2024, <https://theindependent.sg/non-oil-domestic-exports-in-february-slipped-by-0-1-yoy-declined-4-8-mom>

<sup>17</sup> Mary Alavanza, "Singapore Leads Asia in Attracting Foreign Investments: Report," The Independent Singapore News, March 23, 2024, accessed April 26, 2024, <https://theindependent.sg/singapore-leads-asia-in-attracting-foreign-investments-report>

Swift's six concerts in the country. The annual growth expectation has been raised to 2.5%, at the upper end of the government's forecast range for 2024. Swift's exclusive deal with Singapore has attracted over 300,000 fans, benefiting sectors such as hospitality and retail. Estimates suggest that the concerts could contribute S\$300 million to S\$400 million to Singapore's GDP. This economic impact highlights Singapore's reputation as a live music and events hub. Despite the positive outlook, economists caution that global uncertainties could still affect Singapore's trade-reliant economy.<sup>18</sup>

### ***OCBC Launches Women Entrepreneurs Program to Empower SMEs***

The Oversea-Chinese Banking Corporation (OCBC) has launched the Women Entrepreneurs Programme in Singapore, coinciding with International Women's Day. This initiative aims to support women-led startups by waiving processing fees on loans up to SGD 100,000 for businesses under two years old. The program is scheduled to launch in April and addresses challenges women-owned SMEs face, promoting socioeconomic advancement and international market expansion. The announcement has received positive feedback, with stakeholders optimistic about its potential to empower women-led businesses and foster sustainable growth.<sup>19</sup>

### ***Singapore Dollar Faces Challenges Amid Potential Policy Shifts***

On March 24th, 2024, a report by Bloomberg suggested that the Singapore dollar's reign as the top-performing currency in Asia may end. This speculation was due to potential policy changes by the Monetary Authority of Singapore (MAS), which could lead to a loosening of its stance on the Singapore dollar's appreciation against other currencies to counter price pressures.

The report indicated that this policy change could be driven by the expected easing of inflation levels, which may prompt a shift in monetary policy. While the Singapore dollar could still strengthen against the US dollar, it may face challenges against other Asian currencies. MAS had previously stated that there would be no change in monetary policy as inflation slowed, maintaining the prevailing rate of appreciation of the Singapore dollar's nominal effective

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<sup>18</sup> Lee Chong Ming, "Taylor Swift's Concerts Expected to Boost Singapore's GDP as Economists Upgrade Growth Forecast: Report," *CNA*, March 11, 2024, accessed April 26, 2024, <https://www.channelnewsasia.com/singapore/taylor-swift-concerts-boost-singapore-economy-gdp-growth-forecast-4186226>.

<sup>19</sup> Mary Alavanza, "OCBC to Waive Loan Fees to Support Women Entrepreneurs in Singapore," *The Independent Singapore News*, March 8, 2024, accessed April 26, 2024, <https://theindependent.sg/ocbc-to-waive-loan-fees-to-support-women-entrepreneurs-in-singapore>



exchange rate policy band. However, if MAS alters its monetary settings, the Singapore dollar may face further difficulties, potentially ending its two-year streak as the top-performing currency in Asia.

Despite these potential currency challenges, economists have increased Singapore's growth forecast 2024 to 2.4%, although headline inflation is expected to be lower than previously forecasted.<sup>20</sup>

### ***The Decline in Non-Resident Employment Highlights Shift in Singapore's Labour Market***

On April 30th, 2024, the Ministry of Manpower released a report on the Labor Market Advance Release for the First Quarter 2024. The report revealed a significant development: the number of foreign workers in Singapore has decreased for the first time in two years. This decline was primarily attributed to a drop in construction jobs following regulations to reduce reliance on non-resident workers.

The impact of this trend was felt across various sectors, including manufacturing and information technology. However, the report also noted increased applications for higher-skilled employment passes from foreigners, aligning with improved business prospects.

Despite the decrease in non-resident employment, overall employment in Singapore grew by 4,900 in the first quarter, marking the 10th consecutive month of expansion. However, the pace of growth was slower compared to the previous quarter. Singapore's economy is expected to grow between 1% to 3% this year, with a corresponding strengthening of labor demand. Total unemployment in March rose slightly to 2.1%, with the jobless rate among citizens and long-term residents also increasing.<sup>21</sup>

### ***HDB Resale Flats Hit Record Million-Dollar Transactions in May 2024***

In May 2024, the resale market for HDB (Housing and Development Board) flats in Singapore witnessed a record number of million-dollar transactions. 61 flats were sold for at least SGD 1

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<sup>20</sup> Anna Maria Romero, "Singdollar's outperformance of Asian currencies may end soon," *The Independent Singapore News*, March 25, 2024, accessed June 9, 2024, <https://theindependent.sg/singdollars-outperformance-of-asian-currencies-may-end-soon-bloomberg-report/>.

<sup>21</sup> Bloomberg, "Singapore Records Fall in Foreign Worker Numbers for First Time in 2 Years," *South China Morning Post*, April 30, 2024, accessed June 9, 2024, <https://www.scmp.com/news/asia/southeast-asia/article/3260908/singapore-records-fall-foreign-worker-numbers-first-time-2-years>.

million each, surpassing previous records and reflecting a broader trend of rising property prices.

Certain areas, such as Toa Payoh, Kallang-Whampoa, and Redhill, were particularly active, contributing to the increase in high-value sales. This surge in million-dollar HDB flat sales raises concerns about housing affordability in Singapore, as it puts pressure on the middle and lower-income segments, making it increasingly challenging for average Singaporeans to purchase homes.

The government and stakeholders are urged to consider measures that balance the market and ensure that affordable housing remains accessible to all.<sup>22</sup>

### ***Turbulence Incident Prompts Safety Concerns for Singapore Airlines***

On May 12th, 2024, Singapore Airlines Flight SQ321 experienced severe turbulence during its journey from London to Singapore, resulting in tragic consequences. The turbulence encountered as the aircraft entered Thai airspace prompted an emergency landing in Bangkok.

This incident has brought attention to the unpredictability of air routes worldwide, with turbulence ranking as a significant concern for aviation safety. The Turbli website's rankings, based on data from UK and US government meteorological agencies, highlight the prevalence of turbulence across global air routes, emphasizing the need for continued vigilance and safety measures in air travel.<sup>23</sup>

Despite this incident, Singapore Airlines continues to be the leading choice for Singaporeans when considering air travel, a testament to its strong brand reputation and consistent service quality.<sup>24</sup> As Singapore's economy navigates these dynamic shifts, policymakers and stakeholders must address the challenges posed by currency fluctuations, labor market

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<sup>22</sup> Jewel Stolarchuk, "61 million-dollar HDB flats resold last month alone," *The Independent Singapore News*, April 10, 2024, accessed June 9, 2024, <https://theindependent.sg/61-million-dollar-hdb-flats-resold-last-month-alone/>.

<sup>23</sup> Bloomberg, "From Chile to Japan, these routes suffer the world's worst air turbulence," *South China Morning Post*, May 22, 2024, accessed June 9, 2024, <https://www.scmp.com/news/asia/article/3263599/chile-japan-these-flight-routes-suffer-worlds-worst-turbulence>.

<sup>24</sup> Mary Alavanza, "SIA remains top considered airline among Singaporeans despite travel consideration slump a week after turbulence accident," *The Independent Singapore News*, June 6, 2024, accessed June 9, 2024, <https://theindependent.sg/sia-remains-top-considered-airline-among-singaporeans-despite-travel-consideration-slump-a-week-after-turbulence-accident/>.

transitions, and housing affordability while ensuring the safety and reliability of the nation's air transportation sector.

### ***Singapore Tops Southeast Asia in Cost of Living***

Singapore has risen to 5th place globally in startup ecosystem rankings, surpassing Sweden and becoming the fastest-growing startup ecosystem in the world over the past five years, having climbed 16 spots. The country now leads Asia in this domain, achieving double the score of China. According to StartupBlink, which compiled the rankings, Singapore serves as a "model for innovation," its financial stability, pro-business policies, and favorable tax regulations are key drivers of its success. Singapore's business environment ranks 3rd globally. In addition, Singapore City improved its position to 16th in the city rankings, overtaking Shenzhen and securing the 6th highest spot in the Asia-Pacific region. This progress highlights Singapore's growing significance in the global startup landscape and its ability to foster an environment conducive to entrepreneurial growth.<sup>25</sup>

In August 2024, ROSHI released its Cost of Living in Singapore and Southeast Asia Insights Report 2024f, identifying Singapore as the most expensive city in Southeast Asia with a cost of living index of 85.9, significantly higher than its regional neighbors. This steep cost is largely driven by rising property prices and rental costs, with the average HDB flat-priced at \$532,768 and private homes averaging \$2,080,533. Contributing factors include Singapore's limited land, advanced infrastructure, strong economy, and role as a global financial hub. Despite the high costs, Singapore maintains a high quality of life, supported by a 40% rise in annual incomes over the past decade. However, residents face growing financial pressures in several areas. Education costs have surged, with a four-year college program now averaging \$38,250, and healthcare costs are expected to rise further, with insurance premiums increasing by 35.4% since 2021. At the same time, these costs present challenges, higher incomes, and government support measures help Singapore sustain its reputation for a high standard of living.<sup>26</sup>

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<sup>25</sup> Jewel Stolarchuk, "Singapore Overtakes Sweden to Claim 5th Spot in Global Startup Rankings Singapore News - Singapore News," The Independent Singapore News, July 30, 2024, [https://theindependent.sg/singapore-overtakes-sweden-to-claim-5th-spot-in-global-startup-rankings/#google\\_vignette](https://theindependent.sg/singapore-overtakes-sweden-to-claim-5th-spot-in-global-startup-rankings/#google_vignette).

<sup>26</sup> Anna Maria Romero, "Singapore Is the Most Expensive Country in Southeast Asia—report Singapore News - Singapore News," The Independent Singapore News, August 10, 2024, <https://theindependent.sg/singapore-is-the-most-expensive-country-in-southeast-asia-report/>.

### ***Allianz's Bid for Income Insurance Sparks Controversy Over Social Mission and Profit Focus***

The German insurance giant Allianz has sparked controversy with its bid to acquire a majority stake in Singapore's Income Insurance for S\$2.2 billion. Announced on July 17, 2024, Allianz offered S\$40.58 per share for a 51% stake in Income Insurance, representing a 37% premium over Income's net asset value per share of S\$29.55 as of the end of last year. While NTUC Enterprise, which oversees Income Insurance, claims the deal will enhance Income's ability to compete and maintain its social mission, critics argue that selling a social enterprise to a profit-driven foreign entity could undermine its commitment to providing affordable insurance for Singaporeans. Among the opponents is veteran diplomat Tommy Koh, who, along with others, fears the acquisition may shift the company's focus away from its social objectives. The deal has also raised concerns about potential conflicts of interest, prompting a parliamentary debate. Furthermore, some policyholders worry that under Allianz's ownership, Income may prioritize profits at the expense of keeping insurance accessible and affordable for Singapore's residents.<sup>27</sup>

### ***Industrial Production Surges within a 143.9% Boost in Pharmaceutical Output***

On October 14th, Singapore's economy demonstrated a robust recovery in the third quarter of 2024, achieving a 4.1% year-on-year (YoY) growth, according to advance estimates from the Ministry of Trade and Industry (MTI). Seasonally adjusted, GDP increased by 2.1% compared to the prior quarter, a significant rise from 0.4% growth earlier. The major contributors to this growth were the manufacturing sector, growing 7.5% YoY after a 1.1% decline in Q2 and posting a 9.9% sequential increase. The construction sector expanded by 3.1% YoY, although this was down from 4.8% in Q2, driven by public-sector projects. In the services sector, growth reached 3.3% YoY, slightly lower than the previous quarter's 3.6%, with wholesale and retail trade and transportation and storage services expanding by 3.5% YoY despite a decline from 3.9% growth in Q2. These results reflect a positive trend in Singapore's economic recovery, primarily supported by robust manufacturing performance and steady contributions from various service sectors.<sup>28</sup>

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<sup>27</sup> Jean Lau, "Singapore Income Insurance's deal with Allianz raises fears of profit over social mission," *South China Morning Post*, August 01, 2024, accessed September 6, 2024, <https://www.scmp.com/week-asia/economics/article/3272684/singapore-income-insurances-deal-allianz-raises-fears-profit-over-social-mission>

<sup>28</sup> Alavanza, Mary, "Singapore economy sees strong recovery with 4.1% YoY growth and 2.1% QoQ increase in Q3 2024," *The Independent Singapore News*, October 14, 2024, accessed November 30, 2024,

In September 2024, Singapore's industrial production rose 9.8% year-on-year, surpassing expectations of a 7.2% decline. This growth was driven by a 143.9% increase in pharmaceutical production, recovering from a 14.1% drop in August due to better ingredient mixes and higher biological output. However, excluding the biomedical sector, industrial production fell by 7.6%, compared to an 11.5% growth in August, resulting in a modest overall year-on-year increase of 4.5%. The electronics sector experienced a minimal growth of 1.9%, down from a significant 50% surge in August, primarily due to decreased semiconductor demand. While precision engineering showed positive trends, the transport engineering sector faced declines linked to reduced activity in the aerospace and marine industries.<sup>29</sup>

### ***Singaporean Businesses Expand Internationally Despite Challenges***

On November 14th, Singapore Business Federation (SBF) National Business Survey (NBS) 2024 revealed that Nearly 59% of Singaporean companies plan to expand internationally in 2024, slightly increasing from 57% in 2023. The report indicates a growing interest in Southeast Asia, particularly in Vietnam and Indonesia (25% each) and Thailand (21%). There is also emerging interest in the Middle East, specifically the UAE, Saudi Arabia, and New Zealand. The survey highlights a positive trend in international revenue, with 32% of companies reporting increased earnings from overseas operations, up from 22% the previous year. Furthermore, 56% of businesses expect their international revenue to grow over the next year. However, challenges remain, including demand uncertainty (52%), geopolitical tensions (42%), and an unpredictable economic environment (38%). Companies are seeking stronger support for regulatory complexities and access to international resources.<sup>30</sup>

### ***E-Commerce Market in Singapore Projected to Reach \$33.3 Billion by 2028***

On November 15th, GlobalData's E-Commerce Analytics revealed that the Singapore e-commerce market is set to grow to \$33.3 billion by 2028, with a compound annual growth rate (CAGR) of 8.9%. This growth is driven by Singapore's strong technology infrastructure, high-

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<https://theindependent.sg/singapore-economy-sees-strong-recovery-with-4-1-yoy-growth-and-2-1-qoq-increase-in-q3-2024/>

<sup>29</sup> Stolarchuk, Jewel, "Singapore's industrial production defies predictions with almost 10% growth," *The Independent Singapore News*, October 31, 2024, accessed November 30, 2024,

<https://theindependent.sg/singapores-industrial-production-defies-predictions-with-almost-10-growth/>

<sup>30</sup> Stolarchuk, Jewel, "Close to 60% of Singapore companies plan to expand abroad," *The Independent Singapore News*, November 15, 2024, accessed November 30, 2024, <https://theindependent.sg/close-to-60-of-singapore-companies-plan-to-expand-abroad/>

speed internet access, and a tech-savvy consumer base that increasingly embraces online shopping. In terms of payment methods, traditional payment cards remain dominant due to their cashback and rewards benefits. Still, alternative digital payment options like Apple Pay, PayPal, and Google Pay are gaining popularity, indicating a shift in consumer preferences. Overall, the outlook for Singapore's e-commerce sector underscores its crucial role in the digital economy, with ongoing innovations expected to support continued growth.<sup>31</sup>

### ***Singaporean Households Spend More as Income Rise***

On November 28th, the Singapore Government released the 2023 Household Expenditure Survey, which included responses from 13,100 homes, revealing that households in Singapore are spending more as incomes rise. The average household spending increased by 2.8% annually over the past five years, surpassing the 1.6% increase from the previous five-year period. In contrast, average monthly household income rose by 4.1% per year, from S\$12,661 to S\$15,473 (approximately US\$9,450 to US\$11,550), indicating a faster growth compared to the 2.8% increase noted in the earlier survey. However, economists caution that despite these increases, not all of the additional income may be readily accessible for households due to rising costs in essential areas such as housing, food, and healthcare. Chua Hak Bin from Maybank Investment Banking Group emphasized the need for the government to examine these components as they increasingly impact household budgets closely.<sup>32</sup>

## **Foreign Affairs**

### ***US-Singapore Strategic Partnership Dialogue Highlight Key Areas for Cooperation***

The Joint Statement on the 6th United States-Singapore Strategic Partnership Dialogue, held on February 27, 2024, highlighted several key areas of cooperation between the two countries. The dialogue focused on advancing robust approaches to emerging challenges and mutually beneficial areas, such as critical and emerging technologies, energy, climate change, and regional capacity building. Both sides reaffirmed their strong defense and security partnership, which includes the United States' access to military facilities in Singapore and cooperation in overseas operations. The co-chairs also celebrated the 20th anniversary of the United States-

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<sup>31</sup> Stolarchuk, Jewel, "Singapore e-commerce market set to grow to \$33.3B by 2028," *The Independent Singapore News*, November 19, 2024, accessed November 30, 2024, <https://theindependent.sg/singapore-e-commerce-market-set-to-grow-to-33-3b-by-2028/>

<sup>32</sup> Lau, Jean, "Singapore households spending more, but incomes rising faster: official survey," *South China Morning Post*, November 29, 2024, accessed November 30, 2024, <https://www.scmp.com/week-asia/economics/article/3288746/singapore-households-spending-more-incomes-rising-faster-official-survey>

Singapore Free Trade Agreement and discussed progress under the U.S.-Singapore Partnership for Growth and Innovation. They emphasized the importance of collaboration in areas such as CET, climate change, and energy, as well as supporting capacity-building in Southeast Asia through the Singapore-U.S. Third Country Training Program. The dialogue also addressed regional and global developments, with both sides reiterating their commitment to upholding the rules-based international order.<sup>33</sup>

### ***Singapore Reaffirms Commitment to ASEAN's 5-Point Consensus on Myanmar***

During the February 7, 2024 parliamentary session, Minister for Foreign Affairs Dr Vivian Balakrishnan and Senior Minister of State for Foreign Affairs Ms Sim Ann answered questions about Myanmar's situation and ASEAN's response. Ms. Sinn Ann highlighted ASEAN's consistent approach to upholding the Five-Point Consensus, expressed concerns about the lack of progress in Myanmar, and stated that Singapore is committed to partnering with this year's ASEAN Chair from Laos and external partners. They emphasized the need for the Tatmadaw (Myanmar military) to end violence and fully implement the agreement. They also pointed out the ongoing dire situation in Myanmar, the importance of humanitarian assistance, and the need for Myanmar's political leaders to engage in direct negotiations. ASEAN's commitment and consistency in response to the situation were reaffirmed.<sup>34</sup>

### ***Singapore-China Relations Strengthened Through High-Quality Partnerships***

On March 27th, 2024, the Minister of the International Department of the Communist Party of China, Liu Jianchao, paid an official visit to Singapore and met with Dr. Vivian Balakrishnan, the Minister for Foreign Affairs. The purpose of the visit was to reaffirm their satisfaction with the strong cooperation between the two countries. This cooperation has been strengthened by the upgrade to an "All-Round High-Quality Future-Oriented Partnership" since April 2023. During the meeting, the ministers explored opportunities to further deepen their cooperation and discussed their perspectives on ASEAN-China relations, as well as other regional and

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<sup>33</sup> "Joint Statement on the 6th United States-Singapore Strategic Partnership Dialogue, 27 February 2024, Singapore," Ministry of Foreign Affairs Singapore, February 28, 2024, accessed April 26, 2024, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2024/02/Joint-Statement-on-the-6th-United-States>

<sup>34</sup> "Minister for Foreign Affairs Dr Vivian Balakrishnan and Senior Minister of State for Foreign Affairs Ms Sim Ann's Oral Reply to Parliamentary and Supplementary Questions, 7 February 2024," Ministry of Foreign Affairs Singapore, February 7, 2024, accessed April 26, 2024, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2024/02/20240207>

international developments. Both parties reiterated their commitment to fostering an open, peaceful, and inclusive region.<sup>35</sup>

### ***Singapore Balances US-China Cyber Competition While Promoting ASEAN Cybersecurity Norms***

On May 6th 2024, the publication of the U.S. International Cyberspace & Digital Policy Strategy has further intensified the ongoing cyber competition between the United States and China. The strategy depicts China as "the broadest, most active, and most persistent cyber threat," highlighting the deteriorating relations between the two powers in the cyber domain. Disputes such as the U.S. government's alleged breaching of Huawei's servers and stealing critical data have contributed to the strained cyber relations between the two countries.

Despite this global power struggle, Singapore has maintained a delicate balance in its relationships with both the U.S. and China. On the one hand, the country is praised for its close engagement with the United States, which is seen as crucial for regional stability from the perspective of the ruling People's Action Party. On the other hand, Singapore has also preserved its ties with China, avoiding taking sides in the U.S.-China competition and instead seeking to maximize the benefits of cooperation with both powers while deterring confrontation.

As the U.S. and China continue to compete and involve themselves in regional issues such as the South China Sea disputes within the ASEAN framework, the bloc must address the growing tension in the cyber realm between the two countries. To mitigate the potential spillover effects of this competition, Singapore, as an ASEAN member state, could leverage its leadership in the ADMM Cybersecurity and Information Center of Excellence (ACICE) to facilitate dialogue and promote the application of international law in cyberspace. This would be an important step in respecting the sovereignty of states and fostering cyber norms within the ASEAN region, with the support of co-chair Malaysia, which is considered one of the most influential regional organizations.<sup>36</sup>

### ***Shangri-La Dialogue Promotes Regional Security Amid Geopolitical Tensions***

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<sup>35</sup> "Official Visit by Minister of the International Department of the Communist Party of China Liu Jianchao, the People's Republic of China, 27 March 2024," Ministry of Foreign Affairs Singapore, March 27, 2024, accessed April 26, 2024, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2024/03/LJC-27032024>

<sup>36</sup> Muhammad Faizal Abdul Rahman, "ASEAN Should Watch the China-US Cyber Competition More Closely," *The Diplomat*, May 14, 2024, <https://thediplomat.com/2024/05/asean-should-watch-the-china-us-cyber-competition-more-closely/>.



The Shangri-La Dialogue is an elite global security forum that has been held annually since 2002. It provides a platform for defense ministers, military chiefs, and security experts from the Asia-Pacific region and beyond to discuss pressing global security challenges. The 31st edition of the Dialogue took place from May 31st to June 2nd, 2024 in Singapore.

As the host nation, Singapore played a pivotal role in facilitating the high-level discussions at the Shangri-La Dialogue. The event brought together world leaders, including Ukrainian President Volodymyr Zelensky, as well as defense ministers from China and the United States, to exchange perspectives on escalating geopolitical tensions. Key issues on the agenda included the situation in the South China Sea and the question of Taiwan's status.<sup>37</sup>

In his concluding remarks, Singapore's Defense Minister Ng Eng Hen underscored the importance of the Dialogue in fostering dialogue and seeking concrete outcomes on these complex security matters. The forum's discussions set a precedent for future bilateral and multilateral negotiations aimed at promoting regional stability and conflict resolution.<sup>38</sup>

### ***New Leadership Maintains Singapore's Balanced Foreign Policy Amid Global Crises***

The recent transition of power in Singapore, with Mr. Wong being sworn in as the new Prime Minister on May 15th, has raised questions about potential shifts in the country's foreign policy approach. However, based on the available information, there are no apparent plans for the new administration to significantly amend Singapore's long-standing foreign policy principles.

Singapore's foreign policy and response to ongoing global crises, such as the Israel-Hamas conflict in the Middle East and the Russia-Ukraine war in Eastern Europe, will be crucial in the coming years. These developments not only impact regional stability but also have the potential to disrupt Singapore's strategic bilateral partnerships with the major powers of China and the United States.

Despite these complex geopolitical challenges, Singapore is expected to remain a prominent player within the ASEAN regional framework. The country actively engages in addressing the Myanmar civil war and the South China Sea disputes, which can influence the dynamics of the U.S.-China competition and have broader implications for regional affairs and multilateral relations.

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<sup>37</sup> "Singapore to Host 21st Shangri-La Dialogue," MINDEF Singapore, May 30, 2024, accessed June 9, 2024, [https://www.mindef.gov.sg/web/portal/mindef/news-and-events/latest-releases/article-detail/2024/May/30may24\\_nr2](https://www.mindef.gov.sg/web/portal/mindef/news-and-events/latest-releases/article-detail/2024/May/30may24_nr2)

<sup>38</sup> Mike Yeo, "Shangri-La Dialogue's Success Comes From Not Skirting Issues: Ng Eng Hen," *The Straits Times*, June 3, 2024, <https://www.straitstimes.com/singapore/shangri-la-dialogue-s-success-comes-from-not-skirting-issues-ng-eng-hen>.

Particularly noteworthy is the response of the new Singaporean government to the Israel-Palestine crisis, which holds significant domestic relevance due to the country's sizeable Muslim population. This issue could potentially strain Singapore's relations with neighboring Muslim-majority countries, such as Malaysia and Indonesia. In this context, it will be important to observe whether the current administration upholds the principle of maintaining Singapore as a cohesive, multi-racial, and multi-religious nation, as emphasized by the country's first-generation leaders in their foreign policy speeches.<sup>39</sup>

### ***Singapore Reaffirms Conditional Support for Palestinian Statehood***

On July 2nd, Minister for Foreign Affairs Vivian Balakrishnan stated in parliament that Singapore is prepared to recognize a Palestinian state as part of a two-state solution, provided it fosters peace and stability in the region. This follows Singapore's vote on May 10, 2024, in favor of a resolution supporting Palestine's membership in the UN General Assembly, which was made after "very careful consideration".<sup>40</sup> The minister described this as groundwork for ending hostilities and achieving enduring peace.

Balakrishnan emphasized that Singapore's recognition of Palestine is contingent upon the Palestinian Authority renouncing terrorism and adhering to international law. This stance reflects Singapore's long-standing commitment to a peaceful resolution of the Israeli-Palestinian conflict, showcasing its dedication to counter-terrorism efforts and regional stability.

He reiterated that Singapore is "prepared in principle" to recognize Palestine as a sovereign state if it establishes an effective government that rejects terrorism and acknowledges Israel's right to exist. While supporting a two-state solution, the minister noted that recognition will be considered at an appropriate time to promote peace. He also underscored the importance of legitimate Palestinian leadership capable of negotiating with Israel and called on both sides to work towards lasting peace and alleviate the ongoing suffering in the region.<sup>41</sup>

### ***Strengthening India-Singapore Relations under Act East Policy***

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<sup>39</sup> Lea Berriault, "The Future of Singapore's Foreign Policy," *GIS Reports*, May 9, 2024, <https://www.gisreportsonline.com/r/singapore-foreign-policy>.

<sup>40</sup> "Singapore Votes in Favour of UN Resolution Supporting Full Palestinian Membership," *CNA*, May 11, 2024, <https://www.channelnewsasia.com/world/israel-hamas-war-singapore-votes-favour-un-resolution-supporting-full-palestinian-membership-body-4327486>.

<sup>41</sup> Abigail Ng, "Singapore Prepared to Recognise a Palestinian State With an Effective Govt That Accepts Israel's Right to Exist," *CNA*, July 2, 2024, <https://www.channelnewsasia.com/singapore/palestine-israel-singapore-prepared-principle-recognise-state-reject-terrorism-4450696>.

On September 8th, 2023, an article highlighted Singapore's critical role as a bridge for India's engagement with Southeast Asia, particularly in trade, investment, and regional geopolitics. With the recent visit of India's Prime Minister Modi, India continues to deepen its strategic outreach in the region, with Singapore remaining a priority under India's Act East Policy. During the meetings between Modi and Singapore's leadership, both sides emphasized the growth of their partnership, focusing on the importance of their diplomatic ties in ensuring regional stability. The discussions also explored new avenues of cooperation in technology, skill development, and regional security.

India and Singapore's relationship, which dates back to India's formal establishment of diplomatic ties just days after Singapore's independence, has grown stronger due to their shared interest in the maritime complexities of the Indo-Pacific and Singapore's strategic location at the Malacca Strait chokepoint. Both countries continue to support joint military exercises, including the Singapore-India Maritime Bilateral Exercise (SIMBEX) and other multilateral initiatives in the Indian Ocean.

Their collaboration extends into the fintech sector, where both nations have made significant progress in linking their digital payment systems, resulting in lower-cost cross-border remittances. Additionally, they have expanded joint initiatives into other areas, such as blockchain, digital banking, and cybersecurity, reflecting the growing scope of their bilateral partnership.<sup>42</sup>

### ***Singapore and China Conduct Largest Joint Naval Exercises***

In September 2024, the Republic of Singapore Navy (RSN) and the People's Liberation Army Navy (PLAN) conducted their largest joint exercise to date, Exercise Maritime Cooperation, which aims to enhance bilateral defense relations amid rising tensions in the South China Sea. This exercise occurs against a backdrop of increasing public concern in Singapore regarding China's military assertiveness.

Singapore continues to engage in these exercises to signal neutrality in the Sino-U.S. rivalry, fostering trust with China while maintaining crucial maritime routes. Despite its strong ties with the US, including military cooperation, Singapore recognizes the importance of a stable relationship with China, especially regarding its economic and security interests.

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<sup>42</sup> Harsh V. Pant and Pratinashree Basu, "Singapore as India's Bridge to Southeast Asia," in *Observer Research Foundation*, September 3, 2024, <https://www.orfonline.org/research/singapore-as-india-s-bridge-to-southeast-asia>.

The joint exercises focus primarily on nontraditional security threats, like piracy and disaster response, reflecting Singapore's need to balance its military engagements between the US and China while addressing its regional security concerns. For China, these exercises help ensure the security of vital sea lanes and promote a cooperative regional order.<sup>43</sup>

### ***Singapore Extends Humanitarian Support to Bangladesh Flood Victims***

The Singapore government will contribute USD 100,000 (SGD 130,400) to support the Singapore Red Cross (SRC) in its fundraising efforts for relief following severe flooding in eastern Bangladesh. This contribution aims to address the immediate humanitarian needs of affected communities, as stated by the Ministry of Foreign Affairs. The SRC has already committed USD 50,000 for emergency operations and launched a fundraising appeal, which will continue until October 31st.

Mr. Benjamin William, Secretary General of the SRC, expressed sorrow over the loss of lives and displacement caused by the floods, noting that the organization is collaborating with the Bangladesh Red Crescent Society and the International Federation of Red Cross and Red Crescent Societies to monitor the situation and assist as needed. The floods, resulting from heavy rainfall since late August, have impacted over 5.8 million people, displacing more than 502,000 individuals into evacuation centers. Authorities are now focused on preventing waterborne diseases and ensuring access to clean drinking water.<sup>44</sup>

### ***PM Wong Warns of Economic Risks Amid US-China Rivalry***

On September 24th, 2023, Singapore's Prime Minister Lawrence Wong warned that escalating tensions between the US and China pose significant risks to Singapore's economy and the broader region. He identified the rivalry as the country's greatest geopolitical concern, noting that mutual suspicion will impact international trade and security. With a trade-to-GDP ratio of 311% in 2023, Singapore is particularly vulnerable.

Wong emphasized that America's stance towards China is hardening, regardless of the upcoming presidential election, and highlighted changing global manufacturing dynamics as countries seek to reshape supply chains in their favor. Despite Singapore's stable trade role, as

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<sup>43</sup> Ian Seow Cheng Wei, "Why Do Singapore and China Cooperate on Joint Maritime Exercises?," *The Diplomat*, September 6, 2024, <https://thediplomat.com/2024/09/why-do-singapore-and-china-cooperate-on-joint-maritime-exercises/>.

<sup>44</sup> "Singapore Pledges US\$100,000 for Bangladesh Flood Victims," *CNA*, September 8, 2024, <https://www.channelnewsasia.com/singapore/bangladesh-floods-us100000-humanitarian-aid-red-cross-4594041>.

evidenced by a 7.7% increase in container volumes in early 2023, the nation may face challenges from supply chain realignments.<sup>45</sup>

### ***Singapore Emphasizes Multilateralism Amid Major Power Rivalries***

On November 11th, Minister for Foreign Affairs Dr. Vivian Balakrishnan addressed a parliamentary question regarding Singapore's stance on major power blocs and its approach to safeguarding national interests under new leadership. The inquiry focused on Singapore's alignment with ASEAN and Asia-Pacific nations amid security and economic blocs dominated by major powers, as well as strategies to avoid over-dependence on any single power.

Dr. Balakrishnan emphasized that adopting a non-aligned stance remains the most pragmatic approach for Singapore in navigating the complexities of global geopolitics. By maintaining balanced foreign ties and engaging in multilateral cooperation, Singapore aims to reduce pressure from major powers while fostering constructive relationships. He reiterated Singapore's commitment to a careful and strategic foreign policy, which prioritizes upholding its principles, strengthening ties with multiple partners, and preserving domestic unity. Amid the intensifying rivalry between China and the United States, Singapore seeks to safeguard its national interests through a measured and independent approach.<sup>46</sup>

### ***Xi Jinping Meets and PM Wong Affirm China-Singapore Strategic Cooperation***

On November 15th, President Xi Jinping and Prime Minister Lawrence Wong met on the sidelines of the 31st APEC Economic Leaders' Meeting in Lima. The two leaders reaffirmed the strong bilateral relationship between China and Singapore, underscoring mutual respect, trust, and cooperation in trade and foreign direct investment. Singapore's status as a leading financial hub in Southeast Asia, coupled with its advanced capabilities in emerging fields such as the digital economy, green development, and artificial intelligence, was highlighted as a foundation for future collaboration. President Xi emphasized ongoing joint projects, including the Suzhou Industrial Park, Tianjin Eco-City, and the Chongqing Demonstration Initiative, as key areas of cooperation moving forward.<sup>47</sup>

### ***Trump's Possible Return Raises Questions About US-Singapore Relations***

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<sup>45</sup> Andrea Tan, "Singapore Prime Minister Warns of 'Dark Clouds' as US and China Compete," Bloomberg, September 24, 2024, <https://www.bloomberg.com/news/articles/2024-09-23/singapore-pm-wong-warns-of-dark-clouds-as-us-china-compete>.

<sup>46</sup> Ministry of Foreign Affairs of Singapore. 2024. "Minister for Foreign Affairs Dr Vivian Balakrishnan's Oral Reply to Parliamentary Question on Major Power Blocs." Accessed November 29, 2024. <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2024/11/PQ-Reply-on-Major-Power-Blocs>.

<sup>47</sup> "Xi Jinping Meets With Singaporean Prime Minister Lawrence Wong." n.d. Accessed November 29, 2024. [https://www.fmprc.gov.cn/mfa\\_eng/xw/zyxw/202411/t20241118\\_11528094.html](https://www.fmprc.gov.cn/mfa_eng/xw/zyxw/202411/t20241118_11528094.html).

Political analysts predict that Singapore and the United States will likely maintain their trade relations under a potential Trump presidency. However, concerns remain about possible trade-offs Singapore may face. During Trump's previous tenure, his administration's withdrawal from the Trans-Pacific Partnership, in line with the "America First" policy, created uncertainty among Southeast Asian nations. Analysts fear that renewed U.S.-China economic tensions could force ASEAN Member States (AMS) to take sides, potentially leading to regional divisions. Mr. Chen emphasized the importance of continued U.S. engagement in Southeast Asia, asserting that its involvement is crucial for ensuring regional stability and balance.<sup>48</sup>

### ***PM Wong Congratulates Trump, Highlights Strength of Bilateral Ties***

In his letter, Prime Minister Lawrence Wong expressed Singapore's anticipation of former U.S. President Donald Trump's return to office, referencing the historic 2018 Trump-Kim Summit held in Singapore. This summit highlighted Singapore's global role as a neutral platform for facilitating complex diplomatic discussions. Prime Minister Wong conveyed his readiness to work with Trump and his administration to further strengthen bilateral ties and advance U.S. partnerships in the Asia-Pacific region.

Wong underscored the deep economic ties between Singapore and the United States, noting that bilateral trade has tripled Singapore's investments in the U.S., creating over 270,000 high-quality jobs for Americans. Additionally, during Trump's previous administration, defense cooperation was expanded through a strengthened defense pact, allowing the U.S. continued access to Singapore's air and naval bases. This cooperation was complemented by ongoing efforts to boost trade and investment flows.

Prime Minister Wong's remarks reaffirm Singapore's strong support for the United States, emphasizing its significance as the largest source of foreign direct investment (FDI) in Southeast Asia and highlighting the critical role of the U.S. security presence in ensuring regional stability. These statements reflect Singapore's strategic commitment to fostering robust relations with the U.S. while maintaining regional balance.<sup>49</sup>

### ***Vietnam-Singapore Relations Deepen with Recovery Assistance and Economic Cooperation***

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<sup>48</sup> Ng, Darrelle. 2024. "What Can Singapore Expect From a Second Trump Presidency? Analysts Weigh In." CNA, November 8, 2024. Accessed November 29, 2024. <https://www.channelnewsasia.com/singapore/us-donald-trump-president-what-expect-analysts-4732986>.

<sup>49</sup> CNA. 2024. "PM Wong Congratulates Trump on Winning US Election in Phone Call With President-elect." CNA, November 19, 2024. Accessed November 29, 2024. <https://www.channelnewsasia.com/singapore/pm-lawrence-wong-congratulates-donald-trump-winning-us-president-elect-4755591>.

In his early months in office, Prime Minister Lawrence Wong met with Vietnam's Prime Minister Pham Minh Chinh on October 9th, 2024, during the 44th and 45th ASEAN Summits and Related Meetings in Vientiane, Laos.

Following the devastating impact of Typhoon Yagi in Vietnam, Singapore extended substantial support to assist Vietnam in its recovery efforts, demonstrating a strong partnership and strategic bilateral relations. Prime Minister Chinh expressed his commitment to fostering an investment-friendly environment for Singaporean businesses, particularly by enhancing the quality of foreign direct investment (FDI) flows and prioritizing advancements in technology, artificial intelligence (AI), the circular economy, and the digital economy. The bilateral relationship between Singapore and Vietnam extends beyond economic collaboration, encompassing food security, with Vietnam serving as a key rice supplier to Singapore. These developments underscore the deepening ties and mutual strategic priorities between the two nations.<sup>50</sup>

### ***Singapore Defense Minister Warns Junta on ASEAN's Credibility Risks***

On November 20th, during the 18th ASEAN Defence Ministers' Meeting (ADMM) held in Laos, Singapore's Defense Minister Dr. Ng Eng Hen issued a stern warning to the Burmese military junta regarding the misuse of ASEAN as a platform for retaliatory actions. Dr. Ng emphasized that the ASEAN Member States (AMS) have devoted considerable effort over the past two decades to establishing ASEAN's centrality in regional security and cooperation. He cautioned that the junta's actions risk undermining this hard-earned credibility, potentially jeopardizing the integrity and effectiveness of the ADMM as a cornerstone of ASEAN's security framework.<sup>51</sup>

### **Conclusion**

As 2024 draws to a close, Singapore stands at a critical juncture, balancing its aspirations for sustained economic growth with the realities of a complex geopolitical environment. Under the leadership of Prime Minister Lawrence Wong, Singapore has reinforced its commitment to regional stability and international collaboration, despite challenges such as inflation, shifting labor dynamics, and heightened global tensions. The country's strategic engagement with major

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<sup>50</sup> "Vietnamese Top Legislator's Singapore Visit a Concrete Manifestation of Bilateral Ties: Singaporean Parliament Speaker." n.d. Vietnamnews.Vn. Accessed November 29, 2024. <https://vietnamnews.vn/politics-laws/1688026/vietnamese-top-legislator-s-singapore-visit-a-concrete-manifestation-of-bilateral-ties-singaporean-parliament-speaker.html>.

<sup>51</sup> The Irrawaddy. 2024. "Singapore Defense Minister Warns Junta Not to Use ASEAN for Politics of Retaliation." Irrawaddy. November 22, 2024. Accessed November 30, 2024. <https://www.irrawaddy.com/news/myanmars-crisis-the-world/singapore-defense-minister-warns-junta-not-to-use-asean-for-politics-of-retaliation.html>.

powers, active participation in ASEAN initiatives, and forward-looking domestic policies position it as a model for resilience and adaptability in the region. For Cambodia, Singapore's experience offers valuable insights into navigating economic transitions and fostering regional cooperation, underscoring the importance of a stable and proactive approach to national development within an interconnected world.



## Thailand

Long Sovitou, Khim Sotheara, and Hol Theaneth

### Introduction

Thailand has undergone great dynamics in domestic politics, economic affairs, and foreign affairs for 2024. In domestic politics, Thaksin Shinawatra's release on parole and subsequent royal pardon highlight his continued influence in Thai politics. Pheu Thai's stalled constitutional reform efforts and the controversial Senate reform reveal ongoing challenges to Thailand's political transformation. Furthermore, the insurgency in Southern Thailand continues to pose another concern for the region's stability. For economics, there has been monetary tension regarding interest rates between the government and the central bank. However, the country's focus on fiscal revitalization, foreign investment, and industrial growth appears to signal optimism for future growth. Thailand's foreign affairs in 2024 further prioritize regional stability, particularly addressing the Myanmar crisis through financial monitoring, humanitarian aid, and border security initiatives. It also emphasizes sustainability and digital connectivity within ASEAN while strengthening ties with major powers like China and the U.S. through trade, investment, and defense collaborations. Additionally, Thailand demonstrates global engagement through active humanitarian contributions to Myanmar, Gaza, and beyond crises.

### *Thaksin's Release and Political Impact*

Thailand's former Prime Minister Thaksin Shinawatra, a polarizing figure in Thai politics, was released on parole on February 18 after serving six months of an eight-year sentence for corruption.<sup>1</sup> Critics allege his early release reflects political deals rather than justice, fueling suspicions about his enduring influence. In March, Thaksin's planned trip to his hometown, Chiang Mai, coinciding with then Prime Minister, Srettha Thavisin, visit, sparked further concerns over his potential maneuvering.<sup>2</sup> In addition, he faced fresh legal challenges, being indicted on June 18 for insulting the monarchy in a 2015 interview.<sup>3</sup> However, Thaksin

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<sup>1</sup> Saksornchai, Jintamas. "Thai Ex-Prime Minister Thaksin Is Free on Parole, but Can He Restore His Old Political Luster?" AP News. February 19, 2024. <https://apnews.com/article/thailand-prime-minister-thaksin-parole-released-5a70a3401fcb17a7fe8dd2f5378c3e61>

<sup>2</sup> Nation Thailand. "Thaksin Accused of Using Chiang Mai Trip to Boost Political Power." March 8, 2024. <https://www.nationthailand.com/thailand/politics/40036215>

<sup>3</sup> DW News. "Thai Ex-PM Thaksin Shinawatra Charged with Royal Defamation." June 18, 2024. <https://www.dw.com/en/thai-ex-pm-thaksin-shinawatra-charged-with-royal-defamation/a-69395687>

received a royal pardon in July during King Vajiralongkorn's birthday celebrations. The pardon, which came shortly after his daughter Paetongtarn's election as prime minister, was suspected to be a sign showing Thaksin's continued prominence in shaping Thailand's political landscape.<sup>4</sup>

### ***Return to Political Influence***

Less than a week after being released on parole, Thaksin Shinawatra was granted permission to engage in political activities, including advisory roles, during his parole period. The Probation Department encourages the reintegration of former inmates, allowing Thaksin to participate in politics as long as he meets organizational requirements.<sup>5</sup> His public reappearance, including a high-profile visit to Chiang Mai, highlights his determination to remain relevant in Thailand's political landscape. Experts suggest his actions aim to prevent being overshadowed by his daughter, Paetongtarn Shinawatra while positioning himself as a key power broker. Analysts also viewed Thaksin as a significant influence in the current administration, with some claiming he has more influence than Srettha Thavisin, the previous prime minister. His efforts seem directed at reinvigorating the Shinawatra political machine, particularly after Pheu Thai's underwhelming election performance.<sup>6</sup> Interestingly, public opinion was divided on Thaksin's role in politics. Many believe Paetongtarn cannot govern independently without his influence. While most prefer Thaksin to stay out of official positions, they anticipate he will continue advising from behind the scenes, maintaining a prominent yet unofficial role in Thai politics.<sup>7</sup>

### ***Impact on Pheu Thai government***

Thaksin Shinawatra, widely seen as the de facto leader of the Pheu Thai Party, played a pivotal role in the party's campaign for the Udon Thani Provincial Administration Organisation (PAO) election. His active involvement, including public appearances and promises of expanded economic policies, reinforced his influence on the party and bolstered the campaign of Pheu

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<sup>4</sup> DW News. "Thailand: Former PM Thaksin Shinawatra Receives Royal Pardon." August 17, 2024.

<https://www.dw.com/en/thailand-former-pm-thaksin-shinawatra-receives-royal-pardon/a-69968273>

<sup>5</sup> Bangkok Post. "Thaksin Can 'Advise' on Politics: Probation Dept." February 23, 2024.

<https://www.bangkokpost.com/thailand/politics/2747288/thaksin-can-advise-on-politics-probation-dept>

<sup>6</sup> Walker, Tommy. "Thaksin's Presence Shows Political Influence, Say Analysts." VOA News. March 27, 2024.

<https://www.voanews.com/a/thaksin-s-presence-shows-political-influence-say-analysts/7545284.html>

<sup>7</sup> Bangkok Post. "Poll: Most Thais Want Thaksin to Stay Away from Govt." August 25, 2024.

<https://www.bangkokpost.com/thailand/politics/2853352/poll-most-thais-want-thaksin-to-stay-away-from-govt>

Thai candidate Sarawut Petchpanomporn.<sup>8</sup> The tightly contested race against the People's Party, led by figures like Thanathorn Juangroongruangkit and Pita Limjaroenrat, was a critical test of the Shinawatras' enduring political influence. The victory in Udon Thani, secured with significant voter support,<sup>9</sup> strengthened Pheu Thai after a key Constitutional Court decision dismissed a petition challenging the party's legitimacy. Thaksin's leadership and campaigning highlighted his efforts to rebrand Pheu Thai as a dominant political force while addressing lingering criticisms of Thailand's political oversight laws. Despite ongoing political challenges, the election win also demonstrated strong public support for Thaksin and his daughter, Prime Minister Paetongtarn Shinawatra.<sup>10</sup>

### ***Move Forward Party's Legal Challenges and Reincarnation into the People's Party***

On August 7th, Thailand's Constitutional Court ordered the dissolution of the Move Forward Party (MFP) for advocating amendments to the lese-majesté law (Article 112), which criminalizes defamation of the monarchy with severe penalties, including up to 15 years in prison. As a result, MFP leader Pita Limjaroenrat and other executives were banned from politics for 10 years. The party had also faced backlash due to its connection to youth-led protests in 2020, which criticized the monarchy, an issue long considered taboo in Thai politics. Despite winning the most votes in the general election, the MFP was unable to form a government after the conservative, military-appointed Senate rejected Pita's nomination for prime minister, citing his stance on reforming royal defamation laws.<sup>11</sup> However, two days after the court ruling, the MFP reformed under a new name, the People's Party.<sup>12</sup> The new party pledged to continue its reform agenda, including the push for changes to the lese-majesté law. With 143 remaining MPs, the People's Party vowed to uphold its core principles of political reform and a government "by the people, for the people." The party's leadership,

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<sup>8</sup> Nation Thailand. "Thaksin Rallies Udon Thani Voters with Promise of 10,000-Baht Handout." November 14, 2024. <https://www.nationthailand.com/news/politics/40043284>

<sup>9</sup> Connor, Joseph O. "Pheu Thai Party Wins the Udon Thani Local Election with the Help of Ex-Premier Thaksin Shinawatra." Thai Examiner. November 24, 2024. <https://www.thaiexaminer.com/thai-news-foreigners/2024/11/24/pheu-thai-party-wins-the-udon-thani-local-election-with-the-help-of-ex-premier-thaksin-shinawatra/>

<sup>10</sup> Patpicha Tanakasempipat. "Thai Court Rejects Case against Thaksin in Reprieve for PM." Bloomberg. November 22, 2024. <https://www.bloomberg.com/news/articles/2024-11-22/thai-court-rejects-case-against-thaksin-in-reprieve-for-premier>

<sup>11</sup> Saksornchai, Jintamas. "Thai Court Dissolves Progressive Move Forward Party, Which Won Election but Was Blocked from Power." AP News. August 7, 2024. <https://apnews.com/article/thailand-move-forward-constitutional-court-dissolution-e50be1a85aa69f0e3baf4eb0c1bb2ed2>

<sup>12</sup> Saksornchai, Jintamas. "Thailand's Reformist Move Forward Party, Dissolved by Court Order, Regroups as People's Party." AP News. August 9, 2024. <https://apnews.com/article/move-forward-peoples-party-pita-natthaphong-32cb37561535e9c6085fe380027ebd5d>

including Natthaphong Ruangpanyawut, emphasized its commitment to addressing political dissent and power consolidation issues, signaling its continued opposition to the conservative establishment.<sup>13</sup>

### ***Srettha Administration: Leadership Challenges***

Srettha Thavasin faced several key challenges as the country's leader before his removal. His flagship \$14.3-billion digital wallet handout scheme encountered significant delays and leadership issues. Originally scheduled for February, the program was postponed beyond May due to concerns over its funding and fiscal responsibility.<sup>14</sup> Additionally, the plan sparked a dispute between Srettha and the governor of the Bank of Thailand, Sethaput Suthiwartnarueput, who argued that there was no economic crisis and criticized the scheme as a short-term solution, advocating for long-term structural reforms instead.<sup>15</sup> The situation escalated further when opposition figures, such as Sirikanya Tansakul from the Move Forward Party, criticized the government for altering the scheme's details, including reducing the number of recipients from 50 million to 45 million.<sup>16</sup> This raised concerns about the scheme's feasibility and funding. Economic experts warned that ongoing disagreements between the government and the central bank could undermine confidence in the administration.<sup>17</sup>

In April, opposition leaders ramped their criticisms of Srettha's government during a two-day general debate. Opposition leader Chaithawat accused Srettha of lacking leadership, which he argued was evident in the failure to inspire public confidence and the government's inability to fulfill promises, particularly regarding economic reforms and political accountability. Chaithawat also criticized Srettha's approach to cabinet appointments, alleging that ministers were chosen based on political quotas rather than merit. He argued that this strategy created uncertainty, particularly in the government's economic policies, which benefited large corporations rather than the public. In defense, Srettha responded by dismissing these criticisms as exaggerated, stating that people had not lost faith in his government. He emphasized that his

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<sup>13</sup> Nation Thailand. "People's Party Steps Forward with Plans to Amend Lese Majeste Law." August 9, 2024. <https://www.nationthailand.com/news/politics/40040438>

<sup>14</sup> Reuters. "Thai PM: 'Digital Wallet' Handout Scheme May Be Delayed." January 19, 2024. <https://www.reuters.com/markets/asia/thai-pm-digital-wallet-handout-scheme-may-be-delayed-2024-01-19/>

<sup>15</sup> Ruehl, Mercedes. "Thailand's PM Clashes with Central Bank Governor over \$14bn Handout Plan." Financial Times. February 6, 2024. <https://www.ft.com/content/4cb030db-32fa-4cae-947a-8905f87d359d>

<sup>16</sup> Aekarach Sattaburuth & Mongkol Bangprapa. "Srettha Grilled over Digital Wallet Changes." Bangkok Post. July 11, 2024. <https://www.bangkokpost.com/thailand/politics/2827566/srettha-grilled-over-digital-wallet-changes>

<sup>17</sup> Nation Thailand. "TDRI Warns Thai Govt of Serious Consequences from Confronting BOT." March 23, 2024. <https://www.nationthailand.com/thailand/economy/40036641>

administration was moving forward with hope, success, and transparency and that the government's policies would yield results in the future.<sup>18</sup>

Despite his defense, a June 13 poll conducted by NIDA revealed widespread dissatisfaction with the government's performance. Over 60% of respondents expressed dissatisfaction or lack of confidence in Srettha's administration. The poll indicated that many felt the government had not fulfilled its campaign promises or brought about meaningful change.<sup>19</sup>

### *Cabinet Dynamics*

Against this backdrop of increasing discontent, Srettha announced a Cabinet reshuffle on April 28, which included six new appointments, many made under political quotas. Notable among these were Finance Minister Pichai Chunhavajira, Deputy Finance Minister Paopoom Rojanasakul, and PM's Office Ministers Jiraporn Sinthuprai and Pichit Chuenban. This reshuffle has drawn attention due to the inclusion of figures with significant backgrounds in business and law, like Pichai, who has had a longstanding career in both businesses and as an economic adviser to the prime minister.<sup>20</sup> However, some appointments, particularly Pichit Chuenban, raised concerns. Pichit's 2008 criminal conviction for attempting to bribe judges during a case involving former PM Thaksin Shinawatra triggered public debates about his eligibility. Srettha defended Pichit's appointment, asserting that the Office of the Council of State had cleared him and that he was not concerned by critics questioning his qualifications.<sup>21</sup>

Despite Srettha's leadership effort, Thailand's Constitutional Court removed him from office on August 14 due to an ethical violation, specifically his appointment of a Cabinet member with a criminal history linked to bribery. He accepted the ruling, expressing regret but insisting he had always aimed to act ethically.<sup>22</sup> His ousting, following the dissolution of the Move Forward Party, is another critical sign of political instability in Thailand. This instability

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<sup>18</sup> Nation Thailand "Srettha Defends Performance, Says 7 Months Too Short to Achieve Everything." April 3, 2024. <https://www.nationthailand.com/thailand/politics/40036943>

<sup>19</sup> Thai PBS World. "People Lack Confidence in Government, Dissatisfied with Performance – Poll." June 13, 2024. <https://world.thaipbs.or.th/detail/people-lack-confidence-in-government-dissatisfied-with-performance-poll/39>

<sup>20</sup> Nation Thailand. "A Mix of Loyalists and Experience — the Six New Faces in Srettha II Cabinet." April 28, 2024. <https://www.nationthailand.com/news/politics/40037598>

<sup>21</sup> Nation Thailand "Srettha Insists Pichit Fit for Cabinet despite Past Jail Sentence." May 3, 2024. <https://www.nationthailand.com/news/politics/40037739>

<sup>22</sup> Saksornchai, Jintamas. "Court Removes Prime Minister Srettha from Office in Another Ruling Shaking up Thailand's Politics." AP News. August 14, 2024. <https://apnews.com/article/srettha-constitutional-court-prime-minister-ethics-b0511e373fdaf598dbb36e51a98c09dd>

continues to raise questions about leadership accountability and the role of the judiciary in shaping political outcomes.

### *Paetongtarn Shinawatra's Leadership and Political Challenges*

Two days after Srettha was removed from office, on August 16, Thailand's Parliament elected Paetongtarn Shinawatra as prime minister. As the youngest prime minister and the second woman to hold the role, Paetongtarn continues the political legacy of her father, Thaksin Shinawatra, and her aunt, Yingluck Shinawatra.<sup>23</sup> Once she entered the office, Paetongtarn vowed to carry forward Srettha's economic policies, focusing on economic expansion, supporting SMEs, and boosting tourism and agriculture. While she will adjust some initiatives, such as the digital wallet handout scheme, she emphasized continuing efforts to stimulate the economy.<sup>24</sup> This transition from Srettha to Paetongtarn reflects similarities, continuity, and change. Paetongtarn builds on the policies laid out by her predecessor while maintaining a strong familial and political connection that could guide her government more decisively.

Back during Srettha's time in the office, there was dissatisfaction among many Pheu Thai MPs. This means another challenge for the newly elected Prime Minister Paetongtarn Shinawatra to focus on unifying the Pheu Thai Party, which was divided during her predecessor Srettha Thavasin's leadership. Srettha's detached leadership style, which alienated many Pheu Thai MPs, particularly from the Northeast faction, led to dissatisfaction within the party. Tensions arose due to a lack of personal engagement with local MPs and resistance to some of his policies. In contrast, Paetongtarn has made a concerted effort to engage more directly with MPs and grassroots leaders, mimicking her father, Thaksin Shinawatra's, approach. Her focus on personal connections, including buying local products for MPs, has strengthened her position within the party.<sup>25</sup>

As part of her leadership, Paetongtarn further aims to restore Pheu Thai's unity and to heal divisions caused by the party's alliance with military-backed parties. Her leadership is crucial

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<sup>23</sup> Saksornchai, Jintamas. "Thailand: Thaksin's Daughter Paetongtarn Shinawatra Elected Prime Minister." AP News. August 16, 2024. <https://apnews.com/article/thailand-parliament-prime-minister-paetongtarn-thaksin-59d65bc10b9a7e16505b9e574a1ba66b>

<sup>24</sup> Reuters. "Thailand's PM Paetongtarn Vows to Stimulate the Economy 'Right Away.'" September 7, 2024. <https://www.reuters.com/world/asia-pacific/thailands-pm-paetongtarn-vows-stimulate-economy-right-away-2024-09-07/>

<sup>25</sup> Nation Thailand. "New PM Paetongtarn Mends Rifts with Pheu Thai MPs." August 19, 2024. <https://www.nationthailand.com/blogs/news/politics/40040701>

in countering the rise of reformist opposition, particularly from the People's Party. Paetongtarn formed a coalition government to strengthen her position, securing 322 out of 500 parliamentary seats. This includes support from the Democrat Party despite internal opposition.<sup>26</sup>

By November 21, the Nation reported Prime Minister Paetongtarn Shinawatra's leadership showed promise. While continuing some of Srettha's policies, her government has prioritized boosting small and medium-sized enterprises (SMEs), modernizing agriculture, and improving social welfare, particularly for vulnerable groups.<sup>27</sup> However, Paetongtarn faces some policy challenges. Key issues have yet to make substantial progress, such as revising the high-speed rail agreement, managing the Thai-Cambodian maritime dispute, and advancing the casino bill.<sup>28</sup> Moreover, the Federation of Thai Industries (FTI) has pointed out that her government must address growing concerns around rising household debt, economic inequality, and the needs of SMEs. As part of the assessment, the FTI calls for more aggressive action to sustain economic growth and support local businesses.<sup>29</sup> Internationally, Paetongtarn has made her presence known, advocating for peace at the ASEAN Summit and showcasing Thailand's healthcare achievements at the APEC Summit. However, next year will be the appropriate time to determine whether Paetongtarn can overcome skepticism and deliver lasting progress for Thailand.

### ***Senate Reform***

The senate election is another critical aspect that draws attention to Thailand's domestic politics. Thailand's Election Commission has certified 200 newly elected senators to replace the 250 military-appointed members who have held office since 2019. While the Senate no longer has the power to vote for the appointment of a prime minister, the process of selecting the new Senate has faced significant controversy.<sup>30</sup> Critics pointed to convoluted rules introduced only this year, limited public input, and a lack of transparency, including allegations

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<sup>26</sup> Sattaburuth, Aekarach. 2024. "Paetongtarn Coalition Has 322 Votes Following Democrat Alliance." Bangkok Post. August 30, 2024. <https://www.bangkokpost.com/thailand/politics/2856591/paetongtarn-coalition-has-322-votes-following-democrat-alliance>

<sup>27</sup> Nation Thailand. "So Far, so Good: How Paetongtarn Has Done in Her First 100 Days." November 21, 2024. <https://www.nationthailand.com/blogs/news/politics/40043480>

<sup>28</sup> Nation Thailand. "Five Issues for Paetongtarn Government." December 9, 2024. <https://www.nationthailand.com/blogs/news/politics/40043996>

<sup>29</sup> Nation Thailand. "FTI Review Analyzes Prime Minister Paetongtarn's Governance." December 10, 2024. <https://www.nationthailand.com/business/economy/40044019>

<sup>30</sup> Thailand's Election Commission Certifies Newly Elected Senators despite Pending Complaints." 2024. AP News. July 10, 2024. <https://apnews.com/article/thailand-senate-election-459c1f16efa267f5b299bafcbf4f8187>

of vote-buying and concerns about whether candidates were properly vetted. Despite these changes, the Senate remains predominantly conservative, though reportedly less so than its military-dominated predecessor. This Senate reform continues to reflect Thailand's further struggle with political transformation. While removing the Senate's role in prime ministerial appointments was a significant shift, the exclusive selection process still undermines democratic accountability. With the Senate's continued conservative composition and influence over critical government appointments, it just means there are long-term challenges for meaningful political reform.

### *Pheu Thai's Constitutional Reform Efforts*

The Pheu Thai Party's recent attempt to amend the Thai Constitution by addressing several key provisions has encountered significant setbacks. Initially, the party planned to tackle six core issues, including election eligibility, ministerial qualifications, ethical standards for officeholders, and amendments related to the Constitutional Court and National Anti-Corruption Commission. However, this push was quickly put aside due to opposition from coalition partners, particularly the "blue camp," and concerns over potential political risks, including fueling factional conflicts. The objections were partly rooted in fears of "dark forces" exploiting the amendments, leading to accusations of potential conflicts of interest.<sup>31</sup> This resulted in Prime Minister Paetongtarn Shinawatra halting the constitutional changes to preserve the fragile coalition's stability.<sup>32</sup>

Efforts to hold a referendum on this issue have faced complications, including disagreements with the Senate. While the government passed a Referendum Bill in August, the Senate proposed stricter conditions for the referendum's validity, advocating for a "double majority" requirement. This disagreement led to forming a joint committee to resolve the matter. If a compromise isn't reached, the bill could be delayed, with the first referendum potentially not occurring until 2026. Further challenges include the need for a directly elected charter-drafting body, which would require multiple rounds of approval from both the House and Senate, making the timeline for constitutional change uncertain.<sup>33</sup>

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<sup>31</sup> Nation Thailand. "Pheu Thai Retreats on the Risky Issue of Constitutional Amendments." September 26, 2024. <https://www.nationthailand.com/blogs/news/politics/40041829>

<sup>32</sup> Nation Thailand. "Pheu Thai Halts Amnesty Push as Constitution, Senate Hurdles Loom." October 3, 2024. <https://www.nationthailand.com/blogs/news/politics/40042028>

<sup>33</sup> Nation Thailand. "Long Road Ahead for Thailand's New 'Democratic' Constitution." December 9, 2024. <https://www.nationthailand.com/news/politics/40044014>



### ***Southern Thailand Insurgency***

Another serious concern is that the insurgence took place in Southern Thailand. The Tak Bai massacre continues to be a point of reference to this conflict. On March 22, suspected insurgents carried out coordinated attacks on 39 locations across these provinces, resulting in at least one death and several injuries. The attacks included bombings and shootings, with a convenience store employee in Pattani killed in an explosion. This follows a pattern of violence in the region, where insurgent groups frequently target government facilities and civilians.<sup>34</sup> In another incident, human rights activist Roning Dolah was shot dead on June 25 by two gunmen using military-grade firearms in Pattani. Dolah was a coordinator for Duay Jai, a civil society organization, and his murder has raised concerns about the safety of activists in the region. Amnesty International has called for a thorough investigation into his death.<sup>35</sup> On September 21, a group of insurgents attacked the Hala Bala Wildlife Sanctuary in Narathiwat, stealing weapons and setting fire to buildings. The attack is believed to be the work of an insurgent group led by Manso Puteh. Security forces launched a manhunt but suspected the attackers had crossed into a neighboring country.<sup>36</sup> These events demonstrate the persistent instability in Thailand's southern provinces, where insurgent activities and military responses continue exacerbating the situation.

## **Economic Affairs**

### ***Monetary Policy Tensions***

In March 2024, Thailand's former Prime Minister Srettha Thavisin clashed with the Bank of Thailand (BOT) over its decision to raise the policy rate to 2.5%, the highest level in a decade.<sup>37</sup> Srettha, focused on economic recovery and easing financial burdens, urged the BOT to cut rates by 0.25-0.5%, citing negative inflation and overdue adjustments.<sup>38</sup> However, the BOT resisted government pressure, stressing the importance of maintaining macro-financial stability

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<sup>34</sup> Nation Thailand. "Insurgents Launch 39 Coordinated Attacks in Four Deep South Provinces." March 22, 2024. <https://www.nationthailand.com/thailand/general/40036626>

<sup>35</sup> Ahmad, Mariyam. "Prominent Human Rights Activist Shot Dead in Thai Deep South." BenarNews. June 26, 2024. <https://www.benarnews.org/english/news/thai/prominent-human-rights-activist-killed-thai-deep-south-06262024145234.html>

<sup>36</sup> Apinya Wipatayotin. "Attack in Thailand's Deep South Pinned on 'Active' Insurgents." Bangkok Post. September 23, 2024. <https://www.bangkokpost.com/thailand/general/2870706/attack-in-thailands-deep-south-pinned-on-active-insurgents>

<sup>37</sup> Takahashi, Toru. "Thai Government Once Again in Conflict with Central Bank." Nikkei Asia. March 11, 2024. <https://asia.nikkei.com/Spotlight/Comment/Thai-government-once-again-in-conflict-with-central-bank>

<sup>38</sup> Wongcha-um, Panu. "Thai PM Says Central Bank Should Cut Rates to Help Economic Revival." Reuters. April 8, 2024. <https://www.reuters.com/markets/asia/thai-pm-central-bank-should-cut-rates-by-least-25-bps-2024-04-08/>

and addressing structural challenges. By April 10, the BOT's Monetary Policy Committee (MPC) voted 5-2 to maintain the 2.5% rate, asserting that the current measures were appropriate despite their limited impact on structural issues.<sup>39</sup> The disagreement showed competing visions for Thailand's economic trajectory, with Srettha pushing for looser monetary policies and the BOT defending its independence. BOT Governor Sethaput Suthiwartnarueput warned about risks such as inflation and rising debt from premature rate cuts and further emphasized the need for structural reforms and investment to achieve sustainable growth while maintaining forward-looking policies.<sup>40</sup>

This tension eased in October when the BOT implemented its first rate cut since 2020, lowering the policy rate to 2.25% to alleviate debt burdens.<sup>41</sup> The BOT also rolled out debt rehabilitation programs for small borrowers, including loan consolidation and measures to block new borrowing until debts are cleared.<sup>42</sup> Collaborative efforts with the Thai Bankers Association introduced additional protections for vulnerable groups,<sup>43</sup> helping reduce household debt to 89.6%, which was its first drop in three years. Rising non-performing loans (NPLs) require ongoing BOT intervention.<sup>44</sup> Moreover, Thailand's headline CPI rose 0.95% in November, staying below the central bank's 1%-3% target.<sup>45</sup> Reflecting on this aspect, the ongoing risks like rising non-performing loans (NPLs) suggest that the BOT must continue proactive interventions to stabilize Thailand's financial ecosystem.

### ***EV Industry Push***

While addressing financial stability, Thailand also advances its industrial strategy, focusing on key growth sectors. The government has prioritized electric vehicles (EVs) in the automotive

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<sup>39</sup> Sriring, Orathai and Setboonsarng, Chayut. "Thai Central Bank Holds Key Rate, Defies Government Calls for Cuts. Edited by." Reuters. April 10, 2024. <https://www.reuters.com/markets/rates-bonds/thai-central-bank-holds-key-rate-defies-government-calls-cuts-2024-04-10/>

<sup>40</sup> Yuvejwattana, Suttinee. "Thai Central Bank Chief Pushes Autonomy amid Rate Cut Calls." Bloomberg. September 20, 2024. <https://www.bloomberg.com/news/articles/2024-09-20/bank-of-thailand-chief-pushes-autonomy-amid-government-pressure>

<sup>41</sup> Thai PBS World. "Thai Central Bank Cuts Policy Rate for First Time in Four Years." October 16, 2024. <https://world.thaipbs.or.th/detail/thai-central-bank-cuts-policy-rate-for-first-time-in-four-years/55096>

<sup>42</sup> Nation Thailand. "Thai Credit Bureau to Access Debtors' Records as Part of Rehab Plan." November 4, 2024. <https://www.nationthailand.com/business/economy/40042964>

<sup>43</sup> Nation Thailand. "Banks Agree to Suspend Interest for Household Debts in Rehab." November 5, 2024. <https://www.nationthailand.com/business/economy/40042987>

<sup>44</sup> Thai PBS World. "Thailand's Household Debt Falls for the First Time in 42 Months - NESDC." November 25, 2024 <https://world.thaipbs.or.th/detail/thailands-household-debt-falls-for-the-first-time-in-42-months-nesdc/55579>

<sup>45</sup> Reuters. "Thai November Headline Inflation Misses Forecast, below C.bank Target." December 4, 2024. <https://www.reuters.com/markets/asia/thai-november-headline-inflation-misses-forecast-below-cbank-target-2024-12-04/#:~:text=The%20figure%20compared%20with%20a,a%20forecast%20increase%20of%200.77%25>

industry, with policies aimed at achieving 30% EV production by 2030.<sup>46</sup> Chinese EV manufacturers, including Changan and Great Wall Motor, have committed to sourcing 40% of parts locally.<sup>47</sup> The Petroleum Authority of Thailand (PTT) also expands its EV charging network, targeting 7,000 stations by 2030.<sup>48</sup> However, Chinese-owned EV manufacturers in Thailand face a crisis with a surplus of unsold vehicles driven by sluggish domestic sales and high production costs. They urged the government to ease production quotas and revise terms to avoid penalties.<sup>49</sup> A price war, slow economic growth, and high household debt have also contributed to revised sales targets. The Federation of Thai Industries has lowered its 2024 EV registration target to 80,000.<sup>50</sup>

In response, Thailand extends its EV production incentives. The Board of Investment (BOI) revises production requirements for battery electric vehicles (BEVs) and introduces incentives for hybrid and mild hybrid vehicles. To prevent oversupply, the production ratio for BEVs would rise gradually, from 1.5 vehicles per imported unit in 2025 to 3 vehicles per imported unit by 2027.<sup>51</sup> Tax reductions for hybrid EVs with low carbon emissions have also been implemented, and the EV3 policy is extended until 2026 to support manufacturers amid a market downturn.<sup>52</sup>

### ***Electronic Sector Development***

At the same time, the electronics sector is receiving significant attention. With investments in chip manufacturing, printed circuit boards (PCBs), and hard disk drives (HDDs), Thailand aims to solidify its position as a global leader in electronics. The government has prioritized the chip

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<sup>46</sup> Zhang, Fang. "Thailand Approves 7.12 Billion Baht Budget for Electric Vehicle Subsidy Program." Thailand Business News. September 26, 2024. <https://www.thailand-business-news.com/economics/164688-thailand-approves-7-12-billion-baht-budget-for-electric-vehicle-subsidy-program>

<sup>47</sup> Apisitniran, Lamophon. "Chinese EV Makers Urged to Use Parts Made in Thailand." Bangkok Post. July 22, 2024. <https://www.bangkokpost.com/business/motoring/2833648/chinese-ev-makers-urged-to-use-parts-made-in-thailand>

<sup>48</sup> VietnamPlus. "Petroleum Authority of Thailand to Focus on EV Charging Services." August 21, 2024. <https://en.vietnamplus.vn/petroleum-authority-of-thailand-to-focus-on-ev-charging-services-post292300.vnp>

<sup>49</sup> O' Connor, Joseph. "Chinese EV Industry in Thailand Faces a Crisis. It Is Demanding an Urgent Hearing from the Government on Its Promotions." Thai Examiner. October 9, 2024. <https://www.thaia Examiner.com/thai-news-foreigners/2024/10/09/chinese-ev-industry-in-thailand-faces-crisis-it-is-demanding-an-urgent-hearing-from-the-government/>

<sup>50</sup> Apisitniran, Lamophon. "Raft of Issues Hindering EV Industry." Bangkok Post. November 18, 2024. <https://www.bangkokpost.com/business/motoring/2904017/raft-of-issues-hindering-ev-industry>

<sup>51</sup> Reuters. "Thailand to Extend Production Timeframe for Battery EVs." December 4, 2024. <https://www.reuters.com/business/autos-transportation/thailand-extend-production-timeframe-battery-evs-investment-board-says-2024-12-04/>

<sup>52</sup> Bo-yu, Lin. "Thailand Cuts Taxes to Encourage Hybrid EV Production." Reccessary. June 12, 2024. <https://www.reccessary.com/en/news/th-regulation/thailand-cuts-taxes-hybrid-ev>

industry, offering incentives like tax breaks, land subsidies, and workforce development support.<sup>53</sup> Plans include establishing a national Electronics Circuit Centre to strengthen the PCB supply chain and increase Thailand's market share. Thailand aims to become the fourth-largest global producer of electronic circuits.<sup>54</sup> Along with this, a joint venture between PTT and Hana Electronics was made to construct a semiconductor factory with an investment of 11.5 billion baht.<sup>55</sup> The HDD industry, which accounts for 80% of global production, continues to thrive, driven by advancements in data storage and cost efficiency.<sup>56</sup> Investments by firms like Yuzhou Fine Chemical further bolster Thailand's electronics manufacturing ecosystem.<sup>57</sup> The National Semiconductor Board has also been formed to devise strategies for developing Thailand's semiconductor industry, focusing on investment promotion, skilled workforce preparation, and supply chain enhancement.<sup>58</sup> These initiatives have pushed Thailand's ambition to solidify its regional and global electronics industry position.

### ***Manufacturing Competitiveness***

Despite these advancements, challenges in traditional manufacturing persist. Declining capacity utilization, reduced working hours, and an aging workforce are straining productivity.<sup>59</sup> The Federation of Thai Industries (FTI) has raised alarms over the steel industry, where capacity utilization hit a seven-year low of 29.3%. Concerns about Chinese dominance and substandard imports have prompted calls for stricter regulations to ensure quality and protect domestic players.<sup>60</sup> Broader economic struggles are reflected in the motorcycle market, which saw a nearly 10% sales decline in 2024 despite increased interest in EVs.<sup>61</sup> Efforts to revitalize manufacturing include partnerships like Thailand's collaboration

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<sup>53</sup> Nation Thailand. "BOI Offers Investment Incentives to Draw Chip Manufacturers." January 15, 2024. <https://www.nationthailand.com/business/trading-investment/40034704>

<sup>54</sup> Nation Thailand. "Thailand Eyes Becoming Fourth Largest Producer of Electronic Circuits." July 12, 2024. <https://www.nationthailand.com/business/tech/40039611>

<sup>55</sup> Zhong, Li. "Thailand's PTT and Hana Electronics Joint Venture to Launch First Chip Factory." Thailand Business News. September 25, 2024. <https://www.thailand-business-news.com/investment/164429-thailands-ptt-and-hana-electronics-joint-venture-to-launch-first-chip-factory>

<sup>56</sup> Nation Thailand. "Growth Expected for Thailand's HDD Industry." June 11, 2024. <https://www.nationthailand.com/business/tech/40038717>

<sup>57</sup> Nation Thailand. "Yuzhou Fine Chemical and 304 Industrial Park Embark on Cooperation to Strengthen Thailand's PCB Industry." September 24, 2024. <https://www.nationthailand.com/business/corporate/40041745>

<sup>58</sup> Connor, Mitch. "Thailand Establishes Semiconductor Board to Boost Industry." Thaiger. October 26, 2024. <https://thethaiger.com/news/national/thailand-establishes-semiconductor-board-to-boost-industr>

<sup>59</sup> Nation Thailand. "Drop in Manufacturing Working Hours Sign of Rising Challenges: NESDC." June 24, 2024. <https://www.nationthailand.com/business/economy/40039082>

<sup>60</sup> VietnamPlus. "Thai Steel Industry Concerned about Competition from Foreign Companies." August 12, 2024. <https://en.vietnamplus.vn/thai-steel-industry-concerned-about-competition-from-foreign-companies-post291785.vnp>

<sup>61</sup> Motorcycles Data. "Thailand 2024. Motorcycles Market Is Losing In Double-Digit." November 9, 2024. <https://www.motorcyclesdata.com/2024/11/09/thailand-motorcycles/>

with Turkey's Türasaş to develop local rail manufacturing capabilities. This initiative aims to cut costs and reduce reliance on imports while fostering domestic innovation.<sup>62</sup> The Global Thailand Manufacturing PMI presents mixed signals when assessing the country's manufacturing performance. It dropped from 52 in August to 50 in October but slightly increased to 50.2 in November.<sup>63</sup>

### ***Chinese Imports Controversy***

A growing challenge for Thailand's manufacturing sector is competition from cheap Chinese imports, mainly the rising popularity of applications like Temu. The influx of low-cost goods has disrupted local markets, intensified competition, and led to job losses in traditional industries.<sup>64</sup> The trade deficit with China, which reached \$30 billion in the first half of this year, highlights the influx of Chinese goods. This wave of imports has intensified competition, especially in traditional industries like steel, petrochemicals, and hard disk drives.<sup>65</sup>

The government has responded with stricter import regulations, quality controls, and measures to support small and medium enterprises (SMEs). A newly established task force involving 28 government agencies addresses these issues, aiming to protect local industries while ensuring consumer safety.<sup>66</sup> Agencies like the Thai Industrial Standards Institute (TISI) and the FDA are enhancing quality controls on imported goods to ensure consumer safety.<sup>67</sup>

### ***Tourism Sector Performance***

The tourism sector, a vital economic pillar, is recovering post-pandemic but faces challenges in infrastructure and competitiveness. As reported in May, the country's ranking on the World Economic Forum index dropped from 36th to 47th, prompting calls for a long-term

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<sup>62</sup> Nation Thailand. "Thailand Taps Turkish Expertise in High-Speed Train Manufacturing." November 19, 2024. <https://www.nationthailand.com/news/general/40043409>

<sup>63</sup> Trading Economics. "Thailand Manufacturing PMI". Accessed December 7, 2024. <https://tradingeconomics.com/thailand/manufacturing-pmi>

<sup>64</sup> Allan, Juan. "Discontent with Chinese Temu Is Increasing in Thailand." Thailand Business News. August 20, 2024. <https://www.thailand-business-news.com/tech/157210-discontent-with-chinese-temu-rises-in-thailand>

<sup>65</sup> Nation Thailand. "Chinese Imports Putting Four Major Thai Industries at Risk." September 4, 2024. <https://www.nationthailand.com/business/trade/40041164>

<sup>66</sup> The Business Times "Thailand Steps up Regulation of Chinese Goods as Cheap Imports Roil Economy." August 28, 2024. <https://www.businesstimes.com.sg/international/asean/thailand-steps-regulation-chinese-goods-cheap-imports-roil-economy>

<sup>67</sup> Nation Thailand. "Thailand to Clamp down on Cheap, Substandard Imports from China." October 31, 2024. <https://www.nationthailand.com/business/economy/40042848>

development strategy.<sup>68</sup> Tourism operators criticize a lack of development focus, emphasizing the importance of a concrete, long-term strategy. To stimulate domestic tourism, the government introduced tax incentives for businesses and individuals during the low season (May-November 2024). Companies hosting seminars in secondary provinces can avail of double tax deductions, while individuals can deduct up to 15,000 baht in expenses.<sup>69</sup> These incentives aim to boost travel to lesser-known destinations and distribute tourism benefits evenly across the country. Expanded visa-free policies bolster international tourism. From July 15 until, citizens from 93 countries can now stay for up to 60 days visa-free, with some eligible for a new long-term "Destination Thailand Visa" for remote work or extended tourism.<sup>70</sup> Similarly, Indian travelers have seen a significant boost with an indefinite extension of visa-free entry, encouraging spontaneous trips, destination weddings, and group events.<sup>71</sup> The result shows Thailand welcomed over 29 million foreign arrivals in 2024's first 10 months, generating 1.35 trillion baht in revenue. With visitors from China, Malaysia, India, South Korea, and Russia leading the influx, initiatives like tax incentives and visa reforms are critical to sustaining this momentum and improving the country's global tourism ranking.<sup>72</sup>

### ***Export Performance***

In trade, Thailand's export sector faces mixed results and trends in 2024. Exports contracted 10.9% Year over Year (YOY) in March, partly due to a high base effect, with key industrial goods like HDDs declining.<sup>73</sup> Recovery is gradual, with overall growth projected at 2% for the year. Exports in the first nine months grew 3.9% to \$223.176 billion, driven by raw materials, capital, and consumer goods.<sup>74</sup> Key drivers include a 16.6% YOY increase in rice exports and

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<sup>68</sup> Sullivan, Boris. "Thailand's Tourism Industry Drops to 47th Place in the World Economic Forum Index." Thailand Business News. May 28, 2024. <https://www.thailand-business-news.com/tourism/143020-thailands-tourism-industry-drops-to-47th-place-in-the-world-economic-forum-index>

<sup>69</sup> Medina, Ayman Falak. "Thailand Approves Tax Incentives to Boost Domestic Tourism in Low Season." ASEAN Briefing. June 10, 2024. <https://www.aseanbriefing.com/news/thailand-approves-tax-incentives-to-boost-domestic-tourism-in-low-season/>

<sup>70</sup> VisasNews. "Thailand : 60-Day Visa-Free Takes Effect on July 15." July 12, 2024. <https://visasnews.com/en/thailand-60-day-visa-free-takes-effect-on-july-15/>

<sup>71</sup> Upadhyaya, Arun. "Thailand Extends Visa-Free Entry for Indians until Further Notice" Thailand Business News. November 4, 2024. <https://www.thailand-business-news.com/india/172803-thailand-extends-visa-free-entry-for-indians-until-further-notice>

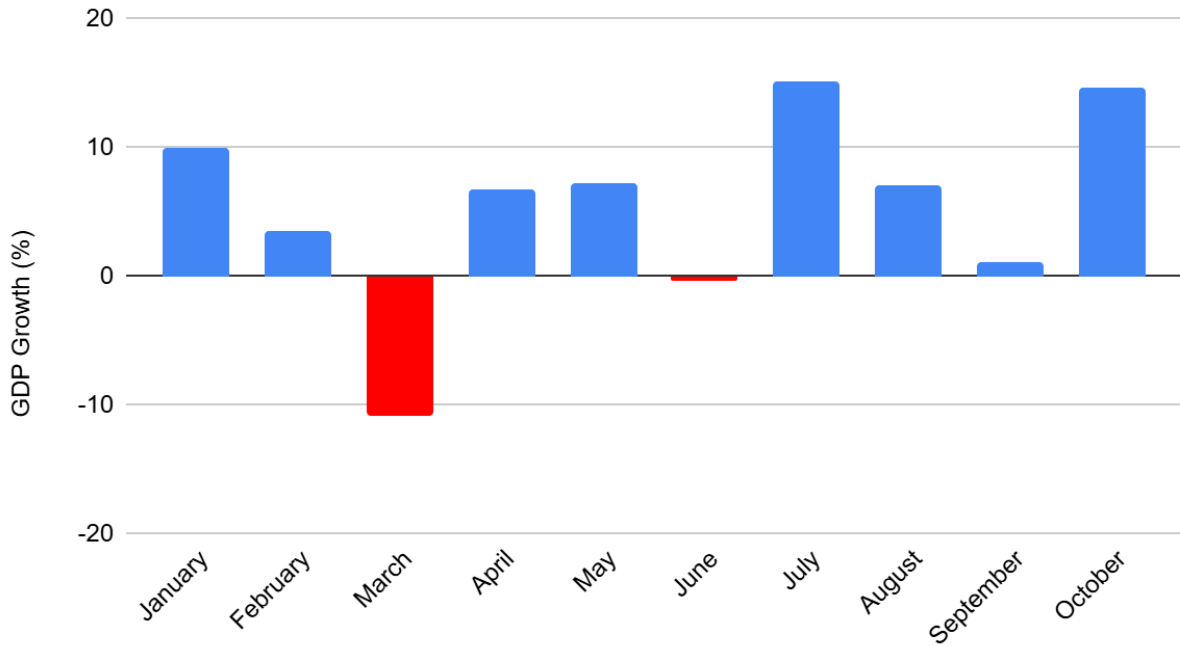
<sup>72</sup> Nation Thailand. "Thailand Greets 29 Million Tourists This Year, Earns 1.35tn Baht." November 6, 2024. <https://www.nationthailand.com/news/tourism/40043032>

<sup>73</sup> Kasikorn Research Center. "Thai Exports for March 2024 Contracted for the First Time in Eight Years because of the High Base of the Previous Year." April 29, 2024. <https://www.kasikornresearch.com/en/analysis/k-econ/economy/Pages/TH-Export-eb4057-30-04-2024.aspx>

<sup>74</sup> Nation Thailand. "Thai Exports Recover in First Nine Months of 2024." November 3, 2024. <https://www.nationthailand.com/blogs/business/trade/40042936>

a 6.18% rise in cross-border trade.<sup>75</sup> While natural disasters like floods have imposed economic costs, estimated at 0.6% of GDP, Thailand has adjusted its export growth targets upward to 4%, reflecting confidence in recovery efforts. This optimism aligns with an expected GDP growth of 2.8%,<sup>76</sup> indicating that the export sector continues to play a pivotal role in Thailand’s economic trajectory despite ongoing challenges.

**Thailand's Monthly Export Growth (January–October 2024)**



Source: Trading Economics

**Foreign investment initiatives**

Foreign investment remains a bright spot. From January to May 2024, 317 companies were approved under the Foreign Business Act, reflecting a 58% increase in investment value to 71.7 billion baht. Japan led foreign investments with 84 projects (40.2 billion baht), followed by Singapore (51 projects, 5.2 billion baht), the U.S. (50 projects, 1.2 billion baht), China (38 projects, 5.5 billion baht), and Hong Kong (28 projects, 12 billion baht).<sup>77</sup> Another significant foreign investment initiative is Alphabet Inc., which plans to invest \$1 billion to establish Thailand's first data and cloud center. This ambitious project, set to create 14,000 jobs by 2029,

<sup>75</sup> Bangkok Post. “Exports Seen up 4% This Year, Rice Exports up 16.6%.” December 3, 2024. <https://www.bangkokpost.com/business/general/2913270/thai-exports-seen-up-4-this-year-shippers-say-while-rice-exports-up-16-6-year-on-year>

<sup>76</sup> Reuters. “Thai Business Group Sees GDP Growth at 2.8% This Year, Risks Ahead.” December 4, 2024. <https://www.reuters.com/markets/asia/thai-business-group-sees-gdp-growth-28-this-year-risks-ahead-2024-12-04/>

<sup>77</sup> PRD. “Foreign Investment in Thailand Is on the Rise.” June 28, 2024. <https://thailand.prd.go.th/en/content/category/detail/id/48/iid/301804>

is projected to contribute 129.7 billion baht to the country's GDP, reflecting confidence in Thailand's robust digital infrastructure and skilled workforce.<sup>78</sup> In the logistics sector, foreign investment reached 39.3 billion baht in August for Port-related projects dominated, attracting 72% of the logistics investments.<sup>79</sup> This wave of foreign investment highlights Thailand's ability to adapt to global economic trends, focusing on technology, infrastructure, and trade connectivity to ensure long-term economic growth and competitiveness.

### ***Fiscal Policy***

Fiscal policy continues to support economic revitalization through strategic budget allocation, prioritized spending, and stimulus measures. On March 23, the lower house approved the delayed 2024 fiscal budget of 3.48 trillion baht (\$95.6 billion), allocating 718 billion baht for investments.<sup>80</sup> This funding supports infrastructure projects aimed at revitalizing the economy. In addition, the Board of Investment approved a \$400 million tire production expansion in October, reinforcing Thailand's position as a global tire hub.<sup>81</sup>

Innovation and sustainability are also prominent features of Thailand's fiscal strategy. The government's \$42 million allocation for a national AI strategy emphasizes future-oriented initiatives, focusing on workforce development and enhancing tourism through advanced technologies.<sup>82</sup> Complementing this is an ambitious energy-saving program targeting annual reductions of 585 million kilowatt-hours in public sector electricity use, achieved through widespread solar panel installations.<sup>83</sup> This initiative has the potential to advance Thailand's clean energy transition. Furthermore, the Vayupak Fund raised 150 billion baht to stabilize

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<sup>78</sup> Nation Thailand. "Google to Invest \$1 Billion to Build Data, Cloud Centre in Thailand." October 1, 2024. <https://www.nationthailand.com/news/general/40041958>

<sup>79</sup> Nation Thailand. "Thai Logistics Sector Attracts Nearly Half of August FDI." October 14, 2024. <https://www.nationthailand.com/business/economy/40042344>

<sup>80</sup> Orathai Sriring, and Panarat Thepgumpanat. "Thai Parliament Approves Delayed \$96 Billion Budget for 2024 Fiscal Year." Reuters. March 22, 2024. <https://www.reuters.com/world/asia-pacific/thai-parliament-passes-delayed-96-bln-budget-2024-fiscal-year-2024-03-22/>

<sup>81</sup> Reuters. "Thailand Approves \$400 Mln Investment by Continental AG to Expand Tyre Facility." October 9, 2024. <https://www.reuters.com/markets/deals/thailand-approves-400-mln-investment-by-continental-ag-expand-tyre-facility-2024-10-09/>

<sup>82</sup> Kuzhanthaivel, Abbinaya. "Thailand Plans Six New Projects as Part of Its National AI Strategy." ITnews Asia. March 12, 2024. <https://www.itnews.asia/news/thailand-plans-six-new-projects-as-part-of-its-national-ai-strategy-606000>

<sup>83</sup> Reccessary. "Thailand Targets 585 Million KWh Savings with New Public Sector Energy-Saving Plan." August 6, 2024. <https://www.reccessary.com/en/news/th-regulation/thailand-new-energy-saving-scheme-for-state-sector-set-to-be-approved>



capital markets, focusing on ESG-driven investments and supporting market recovery from earlier turbulence.<sup>84</sup>

Economic stimulus measures are a cornerstone of the government's short—and medium-term plans to boost domestic consumption and address financial disparities. A \$14 billion handout program launched in September aims to boost consumption, providing 10,000 baht to 45 million citizens. The initial phase targeted welfare cardholders and disabled individuals.<sup>85</sup> A second phase would take place in January 2025, prioritizing seniors and distributing 40 billion baht.<sup>86</sup> Broader stimulus plans focus on key sectors, including property, infrastructure, agriculture, tourism, and private consumption. Short-term measures include loans for housing upgrades, subsidies for farmers, capped train fares, and New Year travel incentives. Long-term initiatives focus on affordable housing, modernizing logistics through the Land Bridge project, and promoting clean energy and sustainable agriculture.<sup>87</sup>

While fiscal policy provides a robust framework for economic revitalization, the government's ability to execute it poses challenges. Efficient resource allocation and timely program implementation will be key to success. Moreover, substantial cash disbursements could exert inflationary pressures, significantly demanding careful monitoring.

### **Foreign Affairs**

Thailand's foreign policy in 2024 has been distinguished by its dedication to strong diplomacy, emphasis on humanitarian efforts, and strategic approach to regional stability, especially concerning the ongoing conflicts in Myanmar with the conflict poses risks of spillover effects into Thailand, including potential cross-border conflicts and an increase in crime associated with the instability.

### ***Myanmar Crisis Management***

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<sup>84</sup> Nguyen, Anuchit. "Thai State Fund Raises \$4.5 Billion to Support Stock Market." Bloomberg. September 23, 2024. <https://www.bloomberg.com/news/articles/2024-09-23/thai-state-fund-raises-4-5-billion-to-support-stock-market>

<sup>85</sup> Reuters. "Thailand Kicks off First Phase of \$14 Bln 'Digital Wallet' Stimulus Scheme." September 25, 2024. <https://www.reuters.com/world/asia-pacific/thailand-kicks-off-first-phase-14-bln-digital-wallet-stimulus-scheme-2024-09-25/>

<sup>86</sup> Kitiphong Thaichareon, and Orathai Sring. 2024. "Thailand to Start Second Stage of Stimulus Programme in January." Reuters, November 19, 2024. <https://www.reuters.com/markets/asia/thailand-start-second-stage-stimulus-programme-january-2024-11-19/>

<sup>87</sup> Nation Thailand. "Govt Approves 5-Point Economic Stimulus Plan." November 22, 2024. <https://www.nationthailand.com/news/policy/40043508>

Following a report that highlighted the role Thai banks play in financing such deals, Thailand announced plans to create a task force to monitor Thai banks and stop transactions linked to arms purchases for Myanmar's military regime. The United Nations' special rapporteur on human rights applauds Thailand's initiative to assist Thai banks in examining their contracts with Myanmar's military regime for possible arms transactions.<sup>88</sup> Later on, Thailand's Foreign Affairs Minister's advisor traveled to Naypyidaw to talk about border security and stability. They discussed issues such as people-to-people contact, multi-sectoral cooperation, border security and stability, closer cooperation between the two nations on the regional and global levels, and the further development of Myanmar and Thailand's current bilateral relations and cooperation.<sup>89</sup>

### ***ASEAN Cooperation***

Thailand's delegation encouraged cooperation on sustainability during the ASEAN Summits in Vientiane by emphasizing group initiatives in climate action, carbon neutrality, the transition to clean energy, and the growth of a green economy. Additionally, they promoted resilience, smart agricultural methods, regional energy connection, and efficient cross-border water management. The Thai delegation also hoped to finish the ASEAN Digital Economy Framework Agreement (DEFA) by 2025. It stressed the need to bolster regional economic growth through improved digital connections and developing digital skills for MSMEs. To promote further collaboration, they also had talks with officials from the ASEAN Youth, ASEAN Business Advisory Council, and ASEAN Inter-Parliamentary Assembly.<sup>90</sup>

### ***Border issues***

The Karen National Union (KNU) announced they had taken control of the army's last outposts in the eastern Myanmar township of Myawaddy, thereby paving the way for their conquest of the town, which serves as a vital commerce crossing point with Thailand.<sup>91</sup> In response, The foreign minister of Thailand asked Myanmar's military leadership to refrain from using

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<sup>88</sup> Maung, Zaw Win. "Thailand Aims to Curb Banking Linked to Myanmar's Arms Trade - Thailand Business News." Thailand Business News. August 5, 2024. <https://www.thailand-business-news.com/asean/myanmar/153911-thailand-aims-to-curb-banking-linked-to-myanmars-arms-trad>

<sup>89</sup> Nation Thailand. "Thai Official Visits Naypyidaw for Border Talks as Wa Face Thai Pressure." November 28, 2024. <https://www.nationthailand.com/news/asean/40043697>.

<sup>90</sup> Ministry of Foreign Affairs, Kingdom of Thailand. "The Minister of Foreign Affairs Joins Thai Delegation Led by the Prime Minister to Attend the 44th and 45th ASEAN Summits and Related Summits in Vientiane, Lao People's Democratic Republic." October 14, 2024. <https://www.mfa.go.th/en/content/fm-joined-pm-asean-44-45-eng?cate=5d5bcb4e15e39c306000683c>

<sup>91</sup> Nation Thailand. "Myanmar's Karen Guerrillas Claim Seizing Final Army Base Defending Border Town." April 12, 2024. <https://www.nationthailand.com/world/asean/40037188>

violence in response to the army's loss of a crucial border trading town to its adversaries.<sup>92</sup> In a later development, after junta soldiers launched a counteroffensive against a town along the Thai border, where the resistance fighters had taken control of a vital trading station, the ethnic minority group made a "temporary retreat" from the town of Myawaddy in response.<sup>93</sup>

In a later development, according to reports, Thailand's military has instructed the United Wa State Army (UWSA) to relocate nine of its camps in southern Shan State away from the Thai-Myanmar border. But the camps are still there, which is why the Thai side has increased its military presence near the border.<sup>94</sup>

### *China*

The agreement between China and Thailand to implement a permanent visa-free policy beginning in March 2024 has taken a major step toward accelerating the post-pandemic recovery in Thailand's crucial tourist sector. This will promote diplomatic ties and boost economic activity in each country's tourism industry. The impending permanent visa-free policy is an important turning point in China-Thailand diplomatic ties. Both countries' citizens can travel freely without being restricted by visa restrictions.<sup>95</sup>

It was reported that an 873-kilometer high-speed rail project is being developed in Thailand to link Bangkok with the Laos-China line. Once it is finished, people and goods will be able to travel from Bangkok to Kunming, the capital of China's Yunnan province. The project should be finished by 2028.<sup>96</sup>

In addition, China has vowed to preserve its trade balance with Thailand, decreasing the latter's trade deficit by purchasing more agricultural goods and assisting Thai small enterprises in accessing Chinese e-commerce platforms. The embassy also emphasized the two countries'

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<sup>92</sup> Nation Thailand. "Thai FM urges Myanmar military to avoid violent attack on border town." 13 April 2024. <https://www.nationthailand.com/thailand/policies/40037211>

<sup>93</sup> The Nation Thailand. "Thai FM Urges Myanmar Military to Avoid Violent Attack on Border Town." April 13, 2024. <https://www.nationthailand.com/thailand/policies/40037211>

<sup>94</sup> Maung, Min "Thai Military Tells UWSA to Move Camps Away from Thai-Myanmar Border." Myanmar Now. November 26, 2024. <https://myanmar-now.org/en/news/thai-military-tells-uwsa-to-move-camps-away-from-thai-myanmar-border/>

<sup>95</sup> Interesse, Giulia "China and Thailand to Waive Visa Requirements Permanently from March." China Briefing News. January 29, 2024. <https://www.china-briefing.com/news/china-and-thailand-to-waive-visa-requirements-permanently-from-march/>

<sup>96</sup> Medina, Ayman Falak "Accelerating Connectivity: The Thailand-China Railway Project." ASEAN Business News. June 24, 2024. <https://www.aseanbriefing.com/news/accelerating-connectivity-the-thailand-china-railway-project/>

close economic connections, emphasizing that China is Thailand's largest trade partner and primary market for agricultural exports.<sup>97</sup>

In a later event, Thailand plans to strengthen economic, trade, cultural, educational, and contemporary technology connections with China to commemorate the 50th anniversary of bilateral relations in 2025, according to Prime Minister Paetongtarn Shinawatra. She also commended China for supporting Thailand's goal to become a member of BRICS. She emphasized Thailand's willingness to collaborate with China both bilaterally and multilaterally, particularly within the APEC framework, and to preserve the free-trade system jointly.<sup>98</sup>

### *US Strategic Partnership*

The 2<sup>nd</sup> Thailand-US Strategic and Defense Dialogue (2+2) emphasized the long-standing Thailand-US partnership founded on shared principles and mutual advantages. The meeting focused on advancing multifaceted cooperation following the Thailand-US Communiqué on Strategic Alliance and Partnership, which included defense and security, economic partnership, climate action, health security, education, science and technology, people-to-people ties, and regional and multilateral collaboration. Both parties acknowledged the necessity of boosting high-level contacts to further develop the deep relations. They decided to look into the possibilities of creating the Strategic and Defense Dialogue (2+2) at the ministerial level.<sup>99</sup>

In other areas, the visiting US Commerce Secretary is pledging to enhance US investment in Thailand for semiconductor manufacturing to meet rising global demand. According to the Secretary, the US intends to increase investment in Thailand and other member nations of the US-led Indo-Pacific Economic Framework for Prosperity (IPEF) as part of its diversification efforts.<sup>100</sup> Later on, Thailand and the US agreed to collaborate closely on national security, education, narcotics control, and fighting transnational crime. Prime Minister Paetongtarn

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<sup>97</sup> Phusadee Arunmas. "China Vows to Maintain Thailand Trade Balance." Bangkok Post. September 26, 2024. <https://www.bangkokpost.com/business/general/2872838/china-vows-to-maintain-thailand-trade-balance>

<sup>98</sup> Nation Thailand. "Paetongtarn Meets Xi in Lima, Seeks Closer Thailand-China Relations." November 16, 2024. <https://www.nationthailand.com/news/world/40043334>

<sup>99</sup> Ministry of Foreign Affairs, Kingdom of Thailand. "The 2nd Thailand-U.S. Strategic and Defense Dialogue (2+2) and Related Meetings in Bangkok." March 1, 2024. <https://www.mfa.go.th/en/content/th-us-sd-2024-2>

<sup>100</sup> Nation Thailand. "US Commerce Secretary Promises Investments in Thailand to Make Semiconductors." March 14, 2024. <https://www.nationthailand.com/thailand/economy/40036396>

Shinawatra and US Secretary of State Antony Blinken also addressed strengthening mutual collaboration in narcotics and cybercrime control, disaster aid, and military exercises.<sup>101</sup>

In a later update, the US Ambassador met with the Thai Defense Minister to discuss enhancing the two nations' military ties. To maximize Thailand's benefits, the conversations included a variety of topics, including the establishment of voluntary military conscription like that of the United States and exchange visits and meetings at different levels.<sup>102</sup>

Foreign Affairs Minister Maris Sangiampongsa claimed that no matter who is elected president of the United States, the relationship between the two countries will remain strong, clear, and full of cooperation in a variety of areas. This was in response to a reporter's question about the impact on international relations of a potential shift in power in US politics if Republican candidate Donald Trump wins the election.<sup>103</sup>

### ***Other Notable Middle Powers***

Thailand and India maintained their commitment to fostering greater partnership across every aspect, especially defense and security, financial and social ties, at the 10th Meeting of their Joint Commission for Bilateral Cooperation in New Delhi. They established the objective of doubling bilateral commerce to 35 billion US dollars by 2027 and praised the advancements made in trade and investment.<sup>104</sup>

Thailand and the UK upgraded their bilateral relations by signing a strategic cooperation roadmap agreement. According to the Foreign Ministry, the two parties addressed trade and economic promotion by establishing the Thailand-UK Free Trade Agreement project, which would expand on the achievements of the Enhanced Trade Partnership.<sup>105</sup>

Meanwhile, the Japanese foreign minister met with Thailand's foreign minister. The foreign ministers discussed ways to deepen collaboration through the Thai-Japanese Comprehensive

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<sup>101</sup> Nation Thailand. "PM Discusses Bilateral Cooperation with US Secretary of State." October 11, 2024. <https://www.nationthailand.com/news/world/40042264>

<sup>102</sup> Nation Thailand. "US Ambassador Discusses Closer Defence Ties in Meeting with Phumtham." October 17, 2024. <https://www.nationthailand.com/news/world/40042445>

<sup>103</sup> Nation Thailand. "Thailand's Relations with US to Remain Strong No Matter Who Wins Election." November 6, 2024. <https://www.nationthailand.com/news/world/40043037>

<sup>104</sup> Ministry of Foreign Affairs, Kingdom of Thailand. "The 10th Meeting of the Thailand - India Joint Commission for Bilateral Cooperation." March 2, 2024. <https://www.mfa.go.th/en/content/outcomes-of-thailand-india-jc10-2?cate=5d5bcb4e15e39c306000683c>

<sup>105</sup> Nation Thailand. "Thailand, UK Announce Upgrading of Relations to Strategic Partnership." March 21, 2024. <https://www.nationthailand.com/thailand/policies/40036571>

Strategic Partnership, with an emphasis on economic cooperation. They agreed to focus on creating new opportunities for joint investment in new industries under the "Thailand Vision: IGNITE THAILAND" initiative, which envisions Thailand as a premier global industrial country.<sup>106</sup>

Moreover, In Seoul, Prime Minister Han Duck-soo met with Thai Foreign Minister Maris Sangiampongsa to discuss bilateral relations and potential collaboration. The Korean Prime Minister expressed hope that South Korea and Thailand will work together more closely in areas such as advanced infrastructure and clean energy.<sup>107</sup>

### ***International Investment Attraction***

To promote investment in Thailand's airports and landbridge project, the country's transport minister met with French aviation and logistics representatives in Paris. Both businesses expressed interest in the Landbridge project proposal and requested further information. The meeting opened the door to economic opportunities in addition to providing both parties with a chance to strengthen bilateral connections.<sup>108</sup>

To emphasize Thailand's potential as a manufacturing base under contemporary global trends, the Commerce Ministry encouraged members of the Japan Business Federation, popularly known as "Keidanren," to invest in the country's medical equipment, railway, aircraft, innovation, and clean-energy sectors. The Commerce Ministry urged Japanese business leaders to visit Thailand and see its potential and invest there. The Thai government has made this easier by allowing Japanese businesses to enter Thailand without a visa.<sup>109</sup> The Transport Ministry has also urged the Japan External Trade Organisation (JETRO) to invite Japanese firms to invest in various projects in Thailand that the government has planned under the "Ignite Thailand" initiative. The ministry's ongoing initiatives, including the double-deck highway to

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<sup>106</sup> Ministry of Foreign Affairs, Kingdom of Thailand. "Minister of Foreign Affairs of Thailand and the Minister for Foreign Affairs of Japan Meet for the First Time in Tokyo." May 23, 2024.

<https://www.mfa.go.th/en/content/fm220524-2?cate=5d5bcb4e15e39c306000683e>

<sup>107</sup> Nation Thailand. "Thailand's Top Diplomat Meets South Korea PM in Seoul." August 2024.

<https://www.nationthailand.com/news/world/40040215>

<sup>108</sup> Nation Thailand. "Suriya Pitches Landbridge Project at Paris Meet with Aviation, Logistics Execs." March 10, 2024. <https://www.nationthailand.com/business/trading-investment/40036264>

<sup>109</sup> Nation Thailand. "Japanese Corporations Wooed to Invest in Thailand." May 11, 2024.

<https://www.nationthailand.com/business/trading-investment/40037948>

reduce traffic on Rama IX Road and the 20-baht fare cap on all electric train rates in Bangkok, were also discussed and how they would contribute to economic growth.<sup>110</sup>

However, Thailand has also lost some foreign investment opportunities this year. According to a source in Government House, Tesla has abandoned plans to build an electric vehicle production facility in Thailand and will concentrate on charging stations. After its management team's dissolution, Tesla has decided to abandon its investment plan in Thailand. The choice is part of Tesla's strategy to reduce its investment in Asia and other regions.<sup>111</sup>

In other news, Prime Minister Paetongtarn Shinawatra welcomed the executives of about 40 American companies to the Government House and reassured them that Thailand was prepared to receive their investments. The executives, whose businesses include those in the energy, health, digital technology, tourism, creative, legal, and financial sectors, spoke with the prime minister about economic collaboration.<sup>112</sup>

### ***Trade Partnerships***

The Thailand-South Korea Economic Partnership Agreement (EPA), which aims to strengthen the two nations' economic ties, is expected to be completed shortly. Both South Korea and Thailand have committed to strengthening their economic ties soon, and they anticipate signing the deal at the 36th APEC conference, which South Korea will host. With the help of existing accords like the Regional Comprehensive Economic Partnership (RCEP) and the ASEAN-Korea Free Trade Pact (AKFTA), the pact seeks to expand markets for investments, commodities, and services.<sup>113</sup>

In a meeting with the assistant minister of commerce, Thailand's deputy minister praised the progress in their e-commerce collaboration with China. According to reports, signing a memorandum of understanding on e-commerce collaboration in 2022 marked a significant advancement in Thai-Chinese e-commerce. Napintorn announced that China would support

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<sup>110</sup> Nation Thailand. "Transport Ministry Woos Japanese Firms to Invest in Mega-Projects." June 19, 2024. <https://www.nationthailand.com/business/investment/40038945>

<sup>111</sup> Nation Thailand. "Tesla Scraps Plan for EV Factory in Thailand." August 6, 2024. <https://www.nationthailand.com/blogs/business/investment/40040336>

<sup>112</sup> Nation Thailand. "Paetongtarn Hosts 40 US Firms, Promises Support for Investments." November 27, 2024. <https://www.nationthailand.com/business/investment/40043659>

<sup>113</sup> Nation Thailand. "Thailand-South Korea Economic Partnership Agreement Nears Completion." November 14, 2024. <https://www.nationthailand.com/business/economy/40043271>

Thailand as the "Country of Honour" at the upcoming China International Import Expo in 2025, marking the 50th anniversary of Thai-Chinese relations. Additionally, China will give Thai business owners exhibiting space at the nation's largest trade shows.<sup>114</sup>

Moreover, after two years of discussions, Thailand's minister of commerce declared that the Thailand-EFTA Free Trade Agreement negotiations had been successfully concluded. This is a major milestone in Thailand's trade history as its first free trade agreement with European nations. He affirmed that the chiefs of delegations from member nations Switzerland, Norway, Iceland, and Liechtenstein had reached an agreement on various matters and that the EFTA (European Free Trade Association) Secretariat had formally pronounced the deal final.<sup>115</sup>

### ***Labor cooperation agreements***

Thailand's labor minister announced a collaboration with the U.S. Solidarity Center to tackle challenges related to gender equality, workplace health and safety, and labor rights. This partnership, which seeks to enhance workplace conditions and promote the protection of Thai workers' rights, shows Thailand's dedication to international labor standards and engagement with labor rights organizations.<sup>116</sup>

A Trilateral Partnership agreement was signed by the International Organization for Migration (IOM), the Swiss Agency for Development and Cooperation (SDC), and the Thailand International Cooperation Agency (TICA) to promote safe migration and improve access to decent work and skill development. The initiative aims to lower barriers so that migrants, their families, and host communities can fully benefit from labor migration and contribute to economic resilience and poverty reduction. It is specifically targeted at migrant workers from Cambodia, Lao People's Democratic Republic, and Myanmar (CLM), which make up the largest migrant communities in Thailand.<sup>117</sup>

In addition, the International Labour Organization (ILO) and Thailand have decided to prioritize social protection and labor market preparation and enhance the ability of the

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<sup>114</sup> Nation Thailand. "Thai and Chinese Deputy Commerce Ministers Pledge Closer Cooperation." November 22, 2024. <https://www.nationthailand.com/blogs/business/trade/40043526>

<sup>115</sup> Nation Thailand. "Thailand Secures Historic Free-Trade Agreement with EFTA." November 30, 2024. <https://www.nationthailand.com/business/economy/40043751>

<sup>116</sup> Royal Thai Embassy. "Thailand Will Work with US Solidarity Center on Labor Rights." January 30, 2024. <https://washingtondc.thaiembassy.org/en/content/thailand-will-work-with-us-solidarity-center-on-la>

<sup>117</sup> IOM Thailand. "Trilateral Agreement on Strengthening Migrant Workers' Access to Decent Work and Skills Development." January 22, 2024. <https://thailand.iom.int/news/trilateral-agreement-strengthening-migrant-workers-access-decent-work-and-skills-development>



government, employers, and employees to promote decent employment in the years to come. This program highlights how crucial it is for all parties involved to work together to accomplish sustainable development goals related to decent work for all.<sup>118</sup>

### ***OECD and BRICS***

To get support for the kingdom's application for OECD membership, the Thai delegation traveled to Paris, France, to visit OECD headquarters. Thailand emphasized its willingness and steadfast resolve to join the OECD, pointing out that the two countries have similar principles and objectives, such as democracy, the rule of law, human rights, an open and free market economy, sustainability, inclusion, and the green transition.<sup>119</sup> Later, the 38-nation group unanimously decided to start membership talks with Thailand. To be eligible to attain full membership in the future, Thailand must collaborate closely with OECD committees during the accession process to bring its laws, policies, and practices into compliance with OECD standards.<sup>120</sup> Furthermore, at the 79th United Nations General Assembly (UNGA79) held at UN Headquarters in New York, Foreign Minister Maris Sangiampongsa informed attendees that the Thai government rigorously upholds people-centered policies to boost the economy and guarantee sustainable development. He cited Thailand as an example of a country that is paying attention to the upheaval in Myanmar by encouraging peace in its neighbor. He said that Thailand is prepared to keep providing humanitarian aid to Myanmar.<sup>121</sup>

According to Finance Minister Pichai Chunhavajira, Thailand has much more work to do before joining the OECD, including implementing the so-called Global Minimum Tax (GMT) legislation. The minister reported that he had discovered that Thailand needed to complete several additional duties within five years to be officially admitted as an OECD member. For the kingdom to comply with the norms of the OECD member countries, its laws and practices would need to be updated.<sup>122</sup>

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<sup>118</sup> International Labour Organization. "Thailand and International Labour Organization Agree Work Priorities thru 2027." February 28, 2024. <https://www.ilo.org/resource/news/thailand-and-international-labour-organization-agree-work-priorities-thru>

<sup>119</sup> Nation Thailand. "Thai FM Gives Policy Speech to OECD Council." April 17, 2024. <https://www.nationthailand.com/thailand/economy/40037300>

<sup>120</sup> Nation Thailand. "OECD Agrees Unanimously to Initiate Accession Talks with Thailand." June 19, 2024. <https://www.nationthailand.com/news/policy/40038951>

<sup>121</sup> Nation Thailand. "Maris Outlines Thailand's Goals to UN General Assembly." September 29, 2024. <https://www.nationthailand.com/sustaination/40041906>

<sup>122</sup> Nation Thailand. "Thailand Needs to Adjust Tax Rates before It Can Join OECD: Pichai." October 30, 2024. <https://www.nationthailand.com/business/economy/40042812>

### ***Israel-Gaza Conflict Stance***

Thailand has so far maintained its neutrality in the deadly Hamas-led attack against Israel. However, Thailand has been deeply concerned by the current state of affairs in Israel and Gaza, the attacks in Rafah, and the most recent event in Northern Israel that has killed innocent people and injured five Thai workers. Thailand expresses grave concern over the ongoing ceasefire talks between Israel and Hamas at this pivotal moment. It urges all parties to make every effort to advance the talks and achieve a humanitarian ceasefire that would facilitate greater access to aid to alleviate the suffering of the Palestinian people in Gaza.<sup>123</sup> Subsequently, the intensification of military conflict in the Middle East, namely in the Gaza Strip, Lebanon, and other regions, has resulted in a significant loss of life and property for innocent civilians on both sides, and Thailand expresses intense worry over this development. Thailand reiterates its demand that all parties involved in the dispute immediately stop any retaliatory acts to keep the situation from getting worse and to bring peace and stability back to the Middle East. Additionally, Thailand calls on all parties to make every effort to finalize the ceasefire agreement and secure the unconditional and prompt release of all remaining captives, including Thai nationals.<sup>124</sup>

### ***Regional Conflict Mediation***

During a visit to the border, the senior Thai diplomat stated that Thailand is prepared to mediate the conflict in Myanmar and assist in bringing about a total end to violence between rebel groups and junta forces. Given Myanmar's position in the regional group, the Thai foreign minister, who doubles as deputy prime minister, underlined the significance of ASEAN's engagement in resolving the conflict.<sup>125</sup>

With the ongoing military takeover, Thailand is seeing an increasing number of refugees from Myanmar. Prime Minister Paetongtarn Shinawatra stated that ASEAN, a regional body, must be instrumental in bringing an end to Myanmar's long-running civil conflict. According to her, Thailand would cooperate with Malaysia, the ASEAN chair for the upcoming year, to settle

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<sup>123</sup> Royal Thai Embassy. "Statement: Thailand's Concerns over the Situation in Israel - Gaza." March 6, 2024. <https://washingtondc.thaiembassy.org/en/content/statement-concerns-israel-gaza-situation-2>

<sup>124</sup> Ministry of Foreign Affairs, Kingdom of Thailand. "Thailand's Statement on the Situation in the Middle East." October 31, 2024 <https://www.mfa.go.th/en/content/statement31102024-2?cate=5d5bcb4e15e39c306000683c>

<sup>125</sup> Phaicharoen, Nontarat, and Pimuk Rakkanam. "Thailand Offers to Mediate in Myanmar Conflict, Urges ASEAN Involvement amid Violence." BenarNews. April 23, 2024. <https://www.benarnews.org/english/news/thai/mediation-offer-04232024153201.html>

the dispute diplomatically.<sup>126</sup> Concerning this issue, according to the Ministry of Foreign Affairs, Thailand has volunteered to organize informal meetings on measures to resolve the conflict. The Ministry spokesperson further outlined the offer in an online news conference on the first day of the ASEAN Summit. Moreover, they called on all sides of the Myanmar conflict—especially the military and other security forces—to defuse the situation and stop attacking civilians.<sup>127</sup>

### *Humanitarian Initiatives*

It was reported that a new humanitarian effort spearheaded by Thailand sought to facilitate negotiations between the warring factions in military-ruled Myanmar. Thailand's vice foreign minister, Sihasak Phuanketkeow, stated that the country intends to create a humanitarian safe zone along its border with Myanmar, close to the Mae Sot-Myawaddy crossing, to provide food and medical supplies to local communities and 20,000 people who have been displaced by conflict.<sup>128</sup>

In addition, in response to the vow made by Caretaker Foreign Minister Maris Sangiampongsa at the recent 57th ASEAN Ministerial Meeting (AMM) in Vientiane, Thailand has provided an additional nine million baht to finance humanitarian help for the Myanmar issue.<sup>129</sup>

In light of the terrible humanitarian situation in the Gaza Strip, the Thai government has decided to donate a special \$50,000 to the UNRWA Gaza Flash Appeal 2024 to help Palestinian refugees save their lives. Thailand joins other UN Member States and the Secretary-General in urging the international community and all parties involved to assist UNRWA and restore financing actively.<sup>130</sup>

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<sup>126</sup> Reuters. “ASEAN Must Play Key Role in Resolving Myanmar Crisis, Thai PM Says.” October 7, 2024. <https://www.reuters.com/world/asia-pacific/asean-must-play-key-role-resolving-myanmar-crisis-thai-pm-says-2024-10-07/>

<sup>127</sup> Poramet Tangsathaporn. “Thailand Offers to Host New Myanmar Talks.” Bangkok Post. October 10, 2024. <https://www.bangkokpost.com/thailand/politics/2881521/thailand-offers-to-host-new-myanmar-talks>

<sup>128</sup> Panu Wongcha-um. “Thailand Confident Aid Effort Will Lead to Myanmar Crisis Dialogue.” Reuters, February 6, 2024. <https://www.reuters.com/world/asia-pacific/thailand-confident-aid-effort-will-lead-myanmar-crisis-dialogue-2024-02-06/>

<sup>129</sup> Poramet Tangsathaporn. “B9m Donation to Aid Myanmar’s Humanitarian Efforts.” Bangkok Post. August 26, 2024. <https://www.bangkokpost.com/thailand/general/2854158/b9m-donation-to-aid-myanmars-humanitarian-efforts>

<sup>130</sup> Jordan Times. “Thailand Contributes Additional \$50,000 in Support of UNRWA.” July 11, 2024. <https://jordantimes.com/news/local/thailand-contributes-additional-50000-support-unrwa>

Furthermore, Thailand confirmed 1-million-baht donations to UNICEF, UNHCR, and WFP during a Ministry of Foreign Affairs ceremony. The money will help these UN organizations provide vital assistance to the forcefully displaced and refugees worldwide. WFP will use the money to continue providing the Rohingya refugees in Bangladesh with life-saving humanitarian aid.<sup>131</sup>

### Conclusion

Thailand faces significant political and security challenges, marked by Thaksin Shinawatra's continued influence, stalled constitutional and Senate reforms, and persistent insurgency in the South. Speculation surrounding Thaksin's political maneuvering and Paetongtarn Shinawatra's leadership still frame the Shinawatra family as an enduring impact. Insecurity in the South further complicates national stability—this demands greater effort for unity within the government to tackle these hurdles. Economically, Thailand's 2024 trajectory reflects a mix of recovery and challenges involving fiscal revitalization, industrial modernization, and foreign investment. The country's effort to achieve greater EV production and recover tourism will demonstrate the result in the upcoming year. Concurrently, despite efforts in monetary practice, which incrementally reduces household debt is a positive sign for Thailand. However, with apps like Temu, where the locals seem to enjoy purchasing cheap Chinese products, it is still one main concern to Thailand's economy. Thailand has been proactive in foreign affairs, particularly in addressing the Myanmar crisis through humanitarian initiatives and border security measures. The country is strengthening ASEAN cooperation on sustainability, digital economy, and climate action while deepening ties with major powers like China and the U.S. in trade and defense. Additionally, Thailand is advancing its bid to join BRICS to enhance its global influence. By maintaining these efforts, Thailand is poised to continue enhancing its global diplomatic and economic role, strongly emphasizing humanitarian aid, digital innovation, and fostering multilateral partnerships for peace and prosperity.

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<sup>131</sup> Nation Thailand. "Thai Government Donates 3M Baht in Aid to UN for Refugees and Displaced People." November 30, 2024. <https://www.nationthailand.com/news/world/40043758>

## **The Philippines**

**Cheng Ousa, Hok Srunheng, and Thorng Pisethvisal**

### **Introduction**

The Philippines was one of the fastest-growing economies in Asia. In 2024, it shaped the Philippines' politics and economy dramatically. That year, the tension in the South China Sea drew the attention of the government in the country to be more cautious and develop its armed force capacity through training and support from allies. Moreover, in the South China Sea Dispute, China invaded the Philippines on various occasions with intensive acts of force and weaponry. Given the support from diplomatic relations, the Philippines managed to rise above the challenges in the South China Sea, ready to control China's violations. Additionally, the Philippines also dealt with the uprising of political dynasties between Marcos and Duterte; this was one of the prolonged issues in the country, which was shown in the constant non-compromising approach between the two. Hence, it created a gap and conflict between the administration and the regional government. Economically, the Philippines was at its monumental prime period, with the fastest economic growth, lower unemployment rates, various new trade agreements, and great integration, which pushed the Philippines to have a larger purpose in the upcoming year. This paper looks at the development of the Philippines throughout 2024, within three aspects: domestic affairs, socioeconomic, and foreign relations.

### **Domestic Political Affairs**

Before jumping into the recent updates on Domestic affairs in the Philippines, it is important to reflect on some of the events that happened in 2023, as it is also connected with the following updates in 2024. 2023 was full of political controversy and criticism of President Ferdinand Marcos regarding the overspending on the traveling budget for his trips to foreign countries, of which many accused him of not addressing important issues such as low wages, high prices, and any other concerns within the country. In 2023 alone, Marcos Jr. spent over US\$12.08 million traveling to many countries in search of better relations and other beneficial gains. Many claimed that the trips were unnecessary; even the government pointed out that the trips were extremely beneficial to the country, with trillions of pesos in the investment pledges. As for 2024, Marcos Jr was expected to spend even more than in 2023, with a significant increase to about US\$20.69 million for the travel budget, and the overall expenses cover the national budget

of over US\$103.78 billion.<sup>1</sup> There is a lot of speculation surrounding the huge amount of expenses, which leaves many worried.

Earlier in 2024, the tension among other politicians was also getting tougher regarding the restriction on confidential funds for the daughter of Rodrigo Duterte, Sara Duterte. She is a Vice President and Education Secretary; the Congress did not accept the request due to the impropriety of funding intelligence and surveillance in the education sector and her opposition to such funds as enemies of the state. Rodrigo Duterte responded to the House of Representatives by claiming that House Speaker Martin Romualdez was conspiring with the communists and threatened to kill the oppositionist Party-list Representative France Castro for having an affair with communists. This allegation filed a criminal complaint against Castro.<sup>2</sup> Furthermore, human violations in the Philippines are still a concern because the government is fully occupied and not willing to cooperate with the international criminal courts to address the issues, which resulted in deaths and disappearances. In contrast, the government is continuing in the practice of red tagging, which is about exposing the leftist activists and other politicians who are supporters publicly, and by doing so, it is a concern for unpredicted risks and other unfortunate things that might happen to them.<sup>3</sup> It is also important to note that this act of red-tagging has been in existence for decades to fight against communist ideology since 1969, and many international organizations demand an end to this act of violation.<sup>4</sup> As relations between Australia and the Philippines are on good terms, Marco has recently flown to Australia. The presence of the Philippine president in Australia gives Australia the opportunity to talk and address the human rights abuses in the Philippines. That negotiation is a sign for President Marco to identify the issues more deeply because they can have a big negative impact on the Philippines in the future.<sup>5</sup>

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<sup>1</sup> Arao, Danilo Araña. 2024. "Politics and Press under Pressure in the Philippines | East Asia Forum." East Asia Forum. January 19, 2024. <https://eastasiaforum.org/2024/01/19/politics-and-press-under-pressure-in-the-philippines/>.

<sup>2</sup> Danilo Arana Arao. "Politics and Press under Pressure in the Philippines | East Asia Forum." East Asia Forum, January 19, 2024. <https://eastasiaforum.org/2024/01/19/politics-and-press-under-pressure-in-the-philippines/>.

<sup>3</sup> Human Rights Watch. 2024. "Philippines: 'Red-Tagging' Puts Activists at Risk | Human Rights Watch." Human Rights Watch. January 11, 2024. <https://www.hrw.org/news/2024/01/11/philippines-red-tagging-puts-activists-risk>.

<sup>4</sup> Human Rights Watch. 2022. "Philippines: End Deadly 'Red-Tagging' of Activists." Human Rights Watch. January 17, 2022. <https://www.hrw.org/news/2022/01/17/philippines-end-deadly-red-tagging-activists>

<sup>5</sup> Gavshon, Daniela. "Philippines' Marcos Addresses Australian Parliament amid Abuses | Human Rights Watch." Human Rights Watch, February 27, 2024. <https://www.hrw.org/news/2024/02/27/philippines-marcos-addresses-australian-parliament-amid-abuses>.

In February 2024, the increase in flooding and landslides in the Philippines caused many deaths and ruined some of the infrastructure in some provinces, especially in the southern Philippines. Also, the National Risk Reduction and Management Council (NDRRMC) reports have shown that 471,891 families in Mindanao were affected by the Northeast Monsoon. With that, over 210,000 people remained displaced due to the effects caused by the landslide incident.<sup>6</sup> Not so far from the political aspects, the Philippines military and communist groups were continuing to fight even after the agreement on conflict settlement last year. The agreement was a negotiation between President Marcos and the National Democratic Front (NDF), as the two acknowledged the deep roots of socioeconomic and political grievances, and both sides are ready to seek reforms. However, earlier this year, some of the anti-communists within the government still wanted to shut down the communist group, especially the New People's Army (NPA), with physical enforcement.

As a result, the hope of a peace settlement collapsed again. The government and NPA have faced much tension since the 1980s, and the ongoing dispute remains unlikely to be solved properly even after countless agreements and negotiations. In addition to this, ever since President Marcos took office in 2022, the process of seeking a settlement with the communist sides has been incredibly consistent. This year, some of the active NDF fronts have decreased. Still, there are some, such as the Communist Party of the Philippines (CPP) and NPA, whose numbers are significantly higher, and that worries the government about future controversial conflicts because the two sides remain fighting.<sup>7</sup>

Moving on to another issue, which is the drug war in the Philippines. As we all know, President Rodrigo Duterte took control of the office in 2016. With his presence and time as president, he launched a most controversial campaign called the War on Drugs. This campaign has resulted in the intentional and unintentional deaths of thousands of Filipinos who are speculated to be associated with drugs.<sup>8</sup> Since 2016, the campaign has left scars on many Filipinos because of their loss of loved ones during the War on Drugs.<sup>9</sup> After Duterte stepped down in 2022, the new

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<sup>6</sup> reliefweb.int. "Philippines: Floods and Landslides - Jan 2024 | ReliefWeb," March 24, 2024. <https://reliefweb.int/disaster/ls-2024-000003-phl>.

<sup>7</sup> Aspinwall, Nick. "Prospects Shaky for Philippines' Government and Communist Peace Talks." Al Jazeera, February 6, 2024. <https://www.aljazeera.com/news/2024/2/6/prospects-shaky-for-philippines-government-and-communist-peace-talks>.

<sup>8</sup> ACLED. "Philippines Drug War," April 26, 2024. <https://acleddata.com/knowledge-base/philippines-drug-war/>.

<sup>9</sup> NPR. "The Sunday Story: Life in the Shadow of the Philippines' Drug War." NPR, May 19, 2024. <https://www.npr.org/2024/05/19/1198912731/philippines-drug-war-duterte-marcos>.

President Marcos Jr. started rearranging the country's administration and government. However, drug-related killings remained as high as in the final year of his predecessor, even though President Marcos tried to alter the approaches and progress in curbing the illegal drug trade. On top of that, to make things even worse, Marcos rejected cooperating with the International Criminal Court probe. At the same time, their purpose was focused on the extrajudicial killings and the finding of shreds of evidence that inquiry crimes against humanity, which he saw as a threat to his nation's sovereignty, and the government would not assist them with the investigation in any way.<sup>10</sup> As a result of the inefficiency of the new government toward drug-related killings, several local leaders, such as Duterte, were adopting measures in violation of international human rights law.

On March 22, 2024, Mayor Duterte launched a new "war against drugs" in Davao City with a speech that said, "If you don't stop, if you don't leave, I will kill you". After hours of speech, Davao City reported that there were several killings by the police, which many activists in the country find similar to acts in previous years. In late 2022–late 2023, there was a report that showed that out of 342 killings, 44 occurred in Davao del Sur, 44 in Cebu, and 43 in Metro Manila. This showed that President Marcos Jr had not done enough on the issue and needed to demonstrate stronger action to end the War on Drugs officially.<sup>11</sup> Last, Marcos Jr., U.S. President Joe Biden, and Japan's Prime Minister, Kishida Fumio, not only announced a new trilateral dialogue to empower their security matters but also discussed future collaboration for good, which means pushing economic development, climate partnerships, and critical technologies. The summit also discussed the tension surrounding the coast guard vessels between Chinese and Filipinos, especially within the exclusive economic zone of the Philippines. Due to the South China Sea conflict, the Philippine government continues to spin away from its predecessor's Beijing-friendly approach by building good relations with the US and Japan.<sup>12</sup>

Another event in July was when the Supreme Court released a copy of the petition seeking an order to force Congress to pass a law that prohibited the political dynasties, and the clamor

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<sup>10</sup> Valenzuela, Nikka. "Under Marcos, the Philippines Drug War Drags On." dw.com, March 21, 2024. <https://www.dw.com/en/philippines-drug-war-what-changed-under-president-marcos/a-68635719>.

<sup>11</sup> Human Rights Watch. "Philippines: New 'Drug War' Declared in Davao City | Human Rights Watch," April 7, 2024. <https://www.hrw.org/news/2024/04/07/philippines-new-drug-war-declared-davao-city>.

<sup>12</sup> Iskandar, Hema Nadarajah, Alberto Iskandar, Alberto. "Philippines Strengthens Alliances as Tensions with China Rise." Asia Pacific Foundation of Canada, April 16, 2024. <https://www.asiapacific.ca/publication/philippines-strengthens-strategic-co-operation-allies-while>.



against the power of political clans was brought to life. Under the 1987 Constitution, political dynasties are forbidden, and each state has the responsibility to provide equal opportunities for public services; however, the law had failed to fulfill its commitment for over 37 years, as the actual evidence shows the political dynasties dominate the House of Representatives and the senates. A political science journal 2012 showed that an average of 31.3 percent of congressmen and 23.1 percent of governors were mostly replaced by relatives between 1995 and 2007. In addition to that, former Senator Leila de Lima had given the insight to point out the importance of modernization of politics, as she further continued that politics should be based on strong multi-party systems and genuine government platforms so the country can continue to grow rather than the prolonged cultural patronage of the past. Recent updates have shown that the dynasties of the Philippines' politics cause the country's continued underdevelopment, the structure of today's Philippine politics, and the influence of the upcoming midterm election next year.<sup>13</sup>

On August 27th, 2024, before the House of Representatives Appropriations Committee, Vice President Sara Duterte declined to defend her office's proposed budget for 2025. Duterte pointed out that the decision should not be abandoned on the submitted budget, which is approximately around PHP 2.037 billion. She then continued to refuse to mention the confidential funds allocated to the OVP in previous years and address the issue that was relevant to the use of public funds. Furthermore, Duterte also ensured that her office does not determine the number of security personnel; with that, there were legal issuances made by the Department of Nations Defense (DND), Armed Forces of the Philippines (AFP), Philippines National Police (PNP), and National Commission (Napolcom) for the creation of the AFP-Vice Presidential Security and Protection Group and the PNP Vice Presidential Protection Division.<sup>14</sup>

On August 9th, 2024, the Philippines court blocked government efforts to shut down a prominent news outlet that the journalists were infuriated by the meltdown on illegal drugs and the alarming human rights record of the previous president. The Court of Appeals ordered the Securities and Exchange Commission to restore the certificates of incorporation of Rappler, an online news platform founded by 2021 Nobel Peace Prize co-winner Maria Ressa, in a decision

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<sup>13</sup> Palatino, M. (2024, July 23). *A Proposed Law Seeks to Ban Political Dynasties in the Philippines*. TheDiplomat.com. <https://thediplomat.com/2024/07/a-proposed-law-seeks-to-ban-political-dynasties-in-the-philippines>

<sup>14</sup> PNA. (2024, August 28). *VP Sara declines defense of 2025 budget proposal*. SunStar Publishing Inc.; SunStar Publishing Inc. <https://www.sunstar.com.ph/manila/vp-sara-declines-defense-of-2025-budget-proposal>

issued July 23. Rappler said that the Duterte government used the SEC order to harass their company. Additionally, Rappler still faces two other legal cases related to a cyber-libel conviction and a case accusing him of violating the Anti-Dummy Law. The court ruled that the 2018 shutdown order and the issues Rappler and other media had faced under Duterte were made with grave abuse of discretion and clear intent of the constitution. In this regard, it showed that the Philippines has always been dangerous for journalists.<sup>15</sup>

On September 18, 2024, Tarlac mayor Alice Guo, an official of the Philippines Amusement and Gaming Corp. (Pagcor), told the Senate that a former Philippines National Police (PNP) chief was associated with the payroll of Dismissed Bamban. The report later investigated the illegal Philippines offshore gaming operators (POGOs), the speculation about high-ranking officials who helped Guo escape in July, and the entire conversation between Raul Villanueva, senior vice president of Pacor's security and monitoring cluster, and Sen. Risa Hontiveros, Chairman of the Senate Committee on Women, Children, Family Relations, and Gender Equality. In addition, Guo also admitted that she signed an agreement dated August 14 during the week before she fled the country, which is evidence of her plan to escape. On top of that, the report also dives into Goy's relationship with Sual and Pangasinan Mayor Liseldo Calugay, who allegedly accused him of being involved in the POGO-related issues.<sup>16</sup>

Earlier in October, President Marcos signed a bill to stimulate the domestic defense industry. The purpose of this self-reliant initiative is to develop a robust and sustainable national industry and to reduce the imported sources of arms and materials. Moreover, it also helped the nation not to be fully dependent on foreign supply chains and the interests of foreign countries, providing fiscal incentives to all the manufacturers, which included tax breaks and government-backed financing, boosting the technologies to counter the unconventional threats in the fast-evolving security landscape, and also establishing a structured approach to defensive development. With all the uprisings, Marcos also pointed out that the law is playing a crucial

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<sup>15</sup> The Associated Press. (2024, August 9). *Philippine court blocks government's effort to close news outlet that criticized former president*. Winnipeg Free Press; Winnipeg Free Press.

<https://www.winnipegfreepress.com/world/2024/08/09/philippine-appeals-cour>

<sup>16</sup> Tamayo, B. E., & Javier Joe Ismael. (2024, September 17). "Ex-PNP chief was on Guo's payroll." The Manila Times; The Manila Times. <https://www.manilatimes.net/2024/09/18/news/ex-pnp-chief-was-on-guos-payroll/1972035>

role in modernizing the armed forces of the Philippines (AFP) and revamping the force capability in this century.<sup>17</sup>

Activism is still a sensitive aspect of Philippine society. As Facebook is a leading social media network in the Philippines, cyberattacks, red-tagging, and online harassment are very extreme. The authorities in the Philippines have been using Facebook to stifle young activists in the country, which strictly diminished their freedom of expression and protest. The campaign is targeted at young activists who actively investigate the human rights violations that are caused by the military, police, and other government agencies. In this particular campaign, the young citizens have suffered from constant threats and attacks from the government over the years. Many young activists have raised their concerns about their safety as the government has falsely identified them as terrorists and accused them of being associated with armed groups, as a result of which those individuals have given up their careers as activists or journalists for their own good.<sup>18</sup>

The political landscape of the Philippines remains complicated due to the ongoing feud between the two families of Marcos and Duterte. The two families would become rivals in the maelstrom of Filipino politics, which is mainly about their personalities, big families, and regions. As of now, Sara Duterte is still the vice president of the office; she has strong support among millions of overseas Filipino workers. However, Sara Duterte has been a very controversial public figure; reclaiming her family's supremacy could be difficult, and getting sufficient support in the Senate for impeachment needs much more effort because President Marcos is still in office. He was determined to rehabilitate his family's reputation and influence his successor's choices in 2028. Moreover, the midterm elections are due in May next year, giving the lower house and the other 24 senatorial seats a chance to be contested. Duterte could present herself as an alternative government and have a better launching pad for the 2028 presidential race.<sup>19</sup>

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<sup>17</sup> ———. 2024d. “Philippine President Signs Bill to Stimulate Domestic Defense Industry.” *The Diplomat*.com. The Diplomat. October 9, 2024. <https://thediplomat.com/2024/10/philippine-president-signs-bill-to-stim>.

<sup>18</sup> Damini Santija. 2024a. “Philippines: Authorities Increasingly Using Facebook to Stifle Young Activists’ Right to Freedom of Expression and Protest.” Amnesty International. October 14, 2024. <https://www.amnesty.org/en/latest/news/2024/10/philippines-authorities-using-facebook-to-red-tag-young-activists/>.

<sup>19</sup> Head, Jonathan. 2024. “Sara Duterte: Philippines’ Political Feud Takes a Dramatic Turn.” *BBC*, November 28, 2024. <https://www.bbc.com/news/articles/c4gzn4j0g20o>.

The same thing occurred in Philippine politics earlier this November; Sara Duterte threatened President Marcos that she had instructed an assassin to kill Marcos. Meanwhile, Marcos stated that he would not allow such criminal attempts to pass and pointed out that such plans should not be overlooked. Sara's attacks on Marcos came weeks after the mercurial Rodrigo Duterte was the subject of a marathon congressional inquiry into the killings during the war on drugs. She also battled against congressional scrutiny of her spending while in office and failed to attend some proceedings.<sup>20</sup> Not so far from the earlier news, seven Filipino priests joined six other complainants in filing an impeachment case against Sara Duterte, who played a significant role in the Catholic Church's politics in the country. They accused Duterte of misusing millions of pesos in government funds, violating the Constitution, and betraying public trust by misusing at least P125 million (2.4 million euros) in 2022 and at least P112.5 million (1.84 million euros) as concurrent secretary of the Department of Education in 2023.<sup>21</sup>

### **Socio-Economic Affairs**

The economist pointed out that the Philippines economy in 2024 could develop through a very interesting revolution. In the previous year, the Philippines achieved a significant success milestone as the fastest-growing country in Southeast Asia, with a growth rate of 5.6 percent higher than Indonesia and Vietnam by about 0.5 percent. To gain a deeper understanding of the sectors that could significantly impact the growth of the Philippines economy, let's delve into each one individually. Firstly, the financial services sector is projected to grow at a slower rate of around 5 percent compared to 2023, with factors such as inclusive finance, digital adoption, and high interest rates influencing its growth. Secondly, the energy and power sector was expected to experience a growth rate of approximately 7 percent, driven by the country's focus on energy security, power grid enhancements, and the expansion of green energy auctions. In the healthcare sector, growth may be slower at 2.8 percent due to an increasing shortage of healthcare workers over the next five years and rising healthcare costs.

The consumer and retail sector, although remaining relatively stable, faces considerations such as changing consumer behavior, with a significant number of consumers switching brands and

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<sup>20</sup> Jazeera, Al. 2024. "Philippines's Marcos Vows to Fight 'Troubling' Threat of vp Sara Duterte." Al Jazeera. November 25, 2024. <https://www.aljazeera.com/news/2024/11/25/philippines-marcos-vows-to-fight-troubling-threat-of-vp-sara-duterte>.

<sup>21</sup> Mateo, Joseph San. 2024. "A Group of Filipino Priests Wants Vice President Duterte Impeached." La Croix International. December 23, 2024. <https://international.la-croix.com/world/a-group-of-filipino-priests-want-vice-president-duterte-impeached>.

seeking better promotions, as well as the popularity of online shopping. Conversely, manufacturing is a key driver of the Philippine economy, with an anticipated annual growth rate of 6 percent between 2023 and 2024. To sustain this growth, the public and private sectors should invest in research and development (R&D) and upskill the labor force to foster innovation. The information technology business process outsourcing sector is a vital source of employment and services, contributing significantly to the economy across various domains such as the environment, real estate, talent, organizational resilience, and commute time. Also, prioritizing sustainability is crucial due to the country's susceptibility to natural disasters like flooding, earthquakes, and rising sea levels. By prioritizing sustainability in the country, the Philippines can focus on five green growth strategies, including renewable energy, solar photovoltaic (PV) manufacturing, battery production, electric mobility, and nature-based solutions, to catalyze growth and mitigate the economic losses of approximately 3.2 billion dollars annually due to natural disasters. Thus, besides allocating budgetary resources for better investments, addressing climate change concerns is imperative for advancing green growth priorities.<sup>22</sup>

The Marcos Administration appointed a transformative agenda for the Philippine Development Plan 2023-2028 this year—the National Economic Development Authority (NEDA) secretary, Arsenio M. Balisacan believed the Philippines Development Report (PDR) in 2023 could shed light on achievement for 2024 and the following years. The following strategies focus on accelerating digital transformation, improving connectivity, investing more in the agriculture and industrial sectors, boosting private-public partnerships, and more. The government also addresses the flaws that have not been fixed yet, such as promoting trade and facilitating strategic investment, improving the quality of education, building up new communities for the people, and collaborating with the private sector to promote services and digitalization in the country.<sup>23</sup>

Moving to the demographic in the Philippines, the population stood at 118.6 million in March 2024, of which Quezon City has the largest population, with over 2 million people living there.

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<sup>22</sup> Canto, Jon, Frauke Renz, and Vicah Villanueva. “The Philippines Economy in 2024 | McKinsey.” [www.mckinsey.com](https://www.mckinsey.com/ph/our-insights/the-philippines-economy-in-2024-stronger-for-longer), March 7, 2024. <https://www.mckinsey.com/ph/our-insights/the-philippines-economy-in-2024-stronger-for-longer>.

<sup>23</sup> DIs-prD. “MARCOS ADMINISTRATION SHIFTS TO HIGH GEAR FOR FULL IMPLEMENTATION OF TRANSFORMATION AGENDA IN 2024, RELEASES PH DEV’T REPORT.” *National Economic and Development Authority* (blog), February 1, 2024. <https://neda.gov.ph/marcos-administration-shifts-to-high-gear-for-full-implementation-of-transformation-agenda-in-2024-releases-ph-devt-report/>.

The Philippines is an island Country; there are 7,000 Islands in the country, and the islands are divided into North, Central, and Southern. The Philippines has many ethnic groups, such as Bisaya, Warat, Cebuano, Tagalog, and many more. According to the World Factbook, 91.8% of the Philippines is improving its water resources, yet 8.2% still struggle to have safe water. On top of that, only 77.9 percent of the population fully maintains access to sanitation, while 26.1% are limited to the services.<sup>24</sup> The Philippines can bolster its capacity among businesses and consumers by enhancing its position in global supply chains. This means that the government should focus on the manufacturing sector, education, healthcare, and investment to increase employment, a better quality of life, and jobs for the Filipino population.

Along with that, the government, private sectors, and citizens should work hand in hand to produce productivity and job creation by creating effective strategies to reduce corruption, unemployment, inflation, etc.<sup>25</sup> In the first quarter of 2024, the country's employment rate significantly increased to 95.5 percent, the number of employed persons was 45.94 million, and the labor participation rate(LFPR) dropped to 61.1 percent. The unemployment rate also dropped to 4.5 percent, respectively. The working hours of employed individuals increased to 42.1 hours per week; meanwhile, the unemployment rate also recorded 13.9 percent. The industrial and services sectors are the two major sectors with the largest employment rate in 2024, with a share of 60.2 percent of 45.94 million employees. Additionally, some sub-sectors could increase the number of employed persons in the construction, transportation, administration, aquaculture, and services sectors.<sup>26</sup>

In the second quarter, the Philippines' economic growth ranked third, and its economic resilience ranked sixth. Despite its low ranking, they expect it to grow by six or seven percent. For 2024, the government increased its budget for 2024–2028 to deliver better flexibility for funding its infrastructure program. Furthermore, they also introduced key business reforms to ease foreign investment, such as signing trade agreements with major powers such as China, Hong Kong, Japan, South Korea, Australia, and so on, creating an infrastructure program, and investing

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<sup>24</sup> World Population Review. “Philippines Population 2024 (Demographics, Maps, Graphs).” worldpopulationreview.com, 2021. <https://worldpopulationreview.com/countries/philippines-population>.

<sup>25</sup> Rañosa, Venice Isabelle. “What Will Drive Socio-Economic Transformation in 2024?” Philstar.com, January 6, 2024. <https://www.philstar.com/news-commentary/2024/01/06/2323920/what-will-drive-socio-economic-transformation-2024>.

<sup>26</sup> Claire Dennis S. Mapa. “Employment Rate in January 2024 Was Estimated at 95.5 Percent | Philippine Statistics Authority | Republic of the Philippines.” Psa.gov.ph, March 8, 2024. <https://www.psa.gov.ph/content/employment-rate-january-2024-was-estimated-955-percent>.

extremely hard in the business process outsourcing (BPO) industry in the Philippines, which develops the skills of the profession, entrepreneurial opportunities, job creation, and financial stability.<sup>27</sup>

The Philippine peso is another event to look for 2024 in this second quarter. As we know, the Philippine economy grew 5.7% in the first quarter of 2024. However, the Philippine peso fell in most of Asia due to weak economic growth, which, due to the inflation that came below estimates in April and the strain on the food supply, keeps prices under pressure. With that, the peso lost about 0.7% to 57.81 per dollar, which brought the currency closer to the 58 level as the last line for the central bank to defend.<sup>28</sup>

In early April, the Asian Development Outlook (ADO) forecast Philippine economic growth at 6.0%, picking up pace at 6.2% in 2025, with the expectation of easing monetary policy after a series of rate hikes from 2022 until October 2023. However, weather events such as a prolonged El Nino dry weather episode and strong typhoons later in the year due to the La Nina phenomenon may have resulted in inflation pressures. The inflation rate peaked at 3.8% in 2024 and 3.4% in 2025, and reducing tariffs on food items that include rice, corn, and pork until December 2024 would help to secure food inflation. A major slowdown in advanced economies and geopolitical tensions could also affect growth. The growth momentum is driven by the government's efforts to mobilize revenue, boost the investment climate, and improve budget execution. Moreover, the government created more than 30 projects to support infrastructure development in the country, one of which is the "Build Better More" program, which built many expressways, railways, and bridges in many provinces. In addition, the Asian Development Bank (ADB) is firmly committed to achieving an inclusive and stable Asia in the Pacific. Because of that, some projects the Philippine government has created have also gained support from the ADB.<sup>29</sup> A new report from June showed that the Philippine government needed to improve the efficiency, transparency, and inclusive use of public resources in crisis response. With extreme weather and climate change, global geopolitical tension, turbulence, and the

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<sup>27</sup> Ayman, Falak Medina. "Insights into the Philippines' Standing in the 2024 Emerging Asia Manufacturing Index." ASEAN Business News, May 21, 2024. <https://www.aseanbriefing.com/news/insights-into-the-philippines-standing-in-the-2024-emerging-asia-manufacturing-index/>.

<sup>28</sup> News, Bloomberg. "Philippine Peso Drops Most in Asia as Calls for Rate Cut Build - BNN Bloomberg." BNN, May 13, 2024. <https://www.bnnbloomberg.ca/philippine-peso-drops-most-in-asia-as-calls-for-rate-cut-build-1.2072008>.

<sup>29</sup> Bank, Asian Development. "Easing Inflation, Domestic Demand to Support Faster Philippine Growth — ADB." www.adb.org, April 11, 2024. <https://www.adb.org/news/easing-inflation-domestic-demand-support-faster-philippine-growth-adb>.

possibility of a slowdown in China posed risks to the growth outlook. A prolonged El Niño event and many more could strain the domestic food supply and increase inflation in the country.<sup>30</sup>

In July, the Philippines government budget deficit fell as revenue collections rose by P457.4 billion while expenses were hit by P486.2 billion. The high cost of financing and the depreciation of the peso throughout the year caused a rise in revenue collection by about 11.1 percent, and the country's interest payments debt reached about P406.8 billion, a significant increase of about 2.7 percent compared to the previous year. The total expenditures from January to July amounted to P2.8 trillion; it ultimately surpassed the P2.5 trillion posted in the corresponding period a year ago. Because of that, the total interest payments at the end of July are up by 32 percent, accounting for P456.7 billion year-on-year. Furthermore, the report also simplified the increase of the primary surplus of P50.6 billion, which reduced the year-to-date primary deficit to P186.1 billion, 26.6 percent below last year's P253.5 billion. In the meantime, a gap stood at P642.8 billion of the year-to-date budget, up by 7.21 percent from the same period last year. In this regard, the Philippines faced a budget shortfall with borrowing; however, the government claims there is no cause for concern if the economy moves faster than the country has debt.<sup>31</sup>

In contrast to the previous year, the government-owned and controlled corporations (GOCCs) received 67.75% less budgetary support in July, according to the Bureau of the Treasury (BTr). The report gave the details of the budgetary support that BTr provided to GOCCs every month to cover their daily operations when the revenues were insufficient. The GOCCs receive at least P100 million in subsidies; the subsidies applied or went to many fields such as insurance, healthcare, finance, authority, etc. However, in the seven months of the year, GOCC subsidies dropped 19.61% to P77.93 billion. The drop in subsidies supported decreased spending on infrastructure and the calamity response of the government, which led the government to spend

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<sup>30</sup> World Bank. "Philippines Economic Update: Beyond the Numbers: Sustaining Poverty Reduction in BARMM (June 2024) - Philippines | ReliefWeb." reliefweb.int, June 4, 2024. <https://reliefweb.int/report/philippines/philippines-economic-update-beyond-numbers-sustaining-poverty-reduction-barmm-june-2024>.

<sup>31</sup> Fuentes, A. (2024b). MSN. Msn.com. <https://www.msn.com/en-ph/news/other/philippine-budget-deficit-falls-in-july-as-revenue-collections-rise/ar-AA1pyXda?ocid=BingNewsVerp>



more on interest payments of over P486.22 billion and increase the national tax allotment share of local government units.<sup>32</sup>

In August, despite the downtrend in food inflation, the National Economic and Development Authority (Neda) pointed out that the Philippine inflation rate slowed to 3.3 percent. The Neda noted that the decrease in food inflation went slower from 6.7 percent to 4.2 percent during the month prior. Food inflation is impacted by reduced import tariffs, which decreased from 20.9 percent to 14.7 percent in the previous month. Within the inflation, low-income households will benefit from the decline in food inflation, in which food constitutes more than half (51.4 percent) of the consumption of the bottom 30 percent of the household. On the other hand, the moderation of inflation would encourage investments, and business expansion would improve due to consumers' increased spending. On top of that, the government had ensured to address the potential pressure that could appeal to maintain stable inflation by imposing improvements in the early warning system to combat efforts of the La Niña phenomenon, adding the potential accelerated speed of livestock diseases, using the warning about dam openings, promoting the involvement of local government units in information distribution, enhancing the production of any bones of a country's economy, and stabilizing the prices by delivering a good social sense.<sup>33</sup>

On August 12, 2024, the report prescribed the new initiative's campaign that provided beneficial gains to Pampanga City with the project named the mass-rapid transit (MRT), which mainly focuses on improving the transportation, including four bus rapid transit lines and one light rail line, and lining the economic activity of the province. In addition, the project aims to reduce carbon dioxide (CO<sub>2</sub>) emissions and exposure to air pollution. The MRT system proposed the sustainable asset valuation (SAVi) assessment to estimate multiple socio-economic and environmental benefits and raise awareness around the impact of sustainable infrastructure on parameters such as congestion, commuting times, CO<sub>2</sub> emissions, and employment creation while benefiting society in various acts such as avoiding traffic accidents, vehicle operating costs, and fuel use. More specifically, the MRT project is determined from 2023 to 2053, which

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<sup>32</sup> CEDTyClea. (2024, September 8). *GOCC subsidies fall in July* - BusinessWorld Online. BusinessWorld Online. <https://www.bworldonline.com/economy/2024/09/08/619638/gocc-subsidies-fall-in-july/>

<sup>33</sup> Third Anne Peralta-Malonzo. (2024, September 5). *PH inflation cools to 3.3% in August 2024*. SunStar Publishing Inc.; SunStar Publishing Inc. <https://www.sunstar.com.ph/manila/ph-inflation-cools-to-33-in-august-2024>

amounts to about PHP 360 million, and the result shows a significant benefit-to-cost ratio of 1.72.<sup>34</sup>

On September 17, 2024, there was a celebration of the Philippines and the British Ambassador on the significant milestone in the UK-Philippines trade partnership, which resulted in the return of UK poultry imports to the Philippines after a three-year ban due to the highly pathogenic avian influenza (HPAI). The Ambassador of Great Britain, Laure Beaufils, has shown reflection on her third anniversary in the Philippines, rewinding to the initial disappointment she felt when the probation was announced. Last, the reported preliminary details about the recent lifting of the ban, the resumption of trade relations, and the sophisticated regionalization agreement that aims to boost the Philippine economy, preserving the safety of trade and investment for both nations, respectively.<sup>35</sup>

The Philippines economy is expected to remain robust in this last quarter of 2024, with an average growth of 6.0 percent over 2024-2026. However, in the third quarter, it has been slower, 6.0 to 5.9 percent, due to natural disasters, damaged infrastructure, and, most importantly, disrupted economic activity. Likewise, there are also positive outlooks that should be noticed, such as the growth of the labor force, new investment from both locals and foreigners, lowering interest rates, and success in the services sector with the support from local spending and the strength of the business process outsourcing (BPO) industry.<sup>36</sup>

In October 2024, the Central Bank reduced the Target Repurchase (RRP) by 25 basis points to 6.00%. This decision was influenced by the current inflation within the 2.0-4.0% target range. It proposed maintaining a measured approach in its easing cycle going forward.<sup>37</sup> Later on, in an interview with Global Finance Magazine, the Philippines Central Bank Governor also stated

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<sup>34</sup>Kapetanakis, M., & Bassi, A. (2024, August 12). *A Sustainable Asset Valuation of the Mass Rapid Transit System in Pampanga, Philippines*. International Institute for Sustainable Development. <https://www.iisd.org/publications/report/savi-mass-rapid-transit-pampanga-philippines>

<sup>35</sup> British Embassy Manila. (2024, September 18). *UK Poultry Imports Return to the Philippines*. GOV.UK. <https://www.gov.uk/government/news/uk-poultry-imports-return-to-the-philippines>

<sup>36</sup> Group, World Bank. 2024. "Philippines' Economy Maintains Strength amid Global Geopolitical Tensions." World Bank. World Bank Group. December 9, 2024. <https://www.worldbank.org/en/news/press-release/2024/12/11/philippines-economy-maintains-strength-amid-global-geopolitical-tensions>.

<sup>37</sup> FocusEconomics. 2024. "Central Bank Decides to Decrease Rates in October." FocusEconomics. December 26, 2024. <https://www.focus-economics.com/countries/philippines/news/monetary-policy/philippines-central-bank-meeting-17-10-2024-central-bank-decides-to-decrease-rates-in-october/>.

that domestic output growth is mainly supported by robust contraction spending and the implementation of various government programs.<sup>38</sup>

In an update in November, following Donald Trump's election as the next president of the US, Donald Trump stated that he would impose a 10% tariff on imports from all countries the Philippines faced slower economic growth in the third quarter, which was also involved with the weather-impacted spending and farm output. There are also some potential long-term implications, such as the dollar rising by about 1.65%, Bitcoin hitting an all-time high, the increase of tariffs, the emerging market becoming more expensive, and the Wall Street execs expected to be more business-friendly as the regulatory approach.<sup>39</sup> Moreover, following Donald Trump's election as the next president of the US, Trump 2.0 also has some influence on the Philippines, both economically and politically. As we know, the Philippines relies heavily on the US for security; however, there is also some uncertainty with the incoming US administration. In 2024, the US has seen a decline in popularity in the region; meanwhile, it still shows support for the Philippines due to its involvement in countering China's assertive actions. With the new changes of US president, there is a palpable shift from Biden's values-based diplomacy to Trump's transactional diplomacy. Trump views diplomacy as a series of transactions aimed at maximizing strategic gains for the US, which often disregards alliances and existing global norms, in contrast to Biden, who focuses more on building multilateral engagement and integrating human rights and democratic governance.<sup>40</sup>

On Nov 21, 2024, the Philippine peso dropped to hit a historic low of P59 to the dollar, marked as the weakest level in more than 2 years. The reason behind this drop is that the US dollar was being firmed up against other currencies after the US central bank cut rates too quickly and risked reigniting stubborn inflation. The peso's weakening has also discouraged investors from

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<sup>38</sup> Rogers, Jonathan. 2024. "Data-Driven Policy Decisions: Q&a with Philippines Central Bank Governor Eli Remolona." Global Finance Magazine. October 11, 2024. <https://gfmag.com/economics-policy-regulation/philippines-central-bank-governor-eli-remolona/>.

<sup>39</sup> Myers, Joe. 2024a. "Global Economy Responds to US Presidential Election and Other Economics News to Read." World Economic Forum. November 8, 2024. <https://www.weforum.org/stories/2024/11/economics-news-us-election-8-november-2024/>.

<sup>40</sup> Velasco, Joseph Ching. 2024. "The Impact of Trump 2.0 on the Philippines." ThinkChina - Big Reads, Opinion & Columns on China. Think China. December 17, 2024. <https://www.thinkchina.sg/politics/impact-trump-2-0-philippines>.

the Philippines financial markets, which led to some heavy selling on the stock exchange by foreign investors.<sup>41</sup>

In December, the new announcement of the Korea-Philippines Free Trade Agreement (FTA) was officially set to kick off on December 31, 2024. The 75th anniversary of diplomatic ties between the two countries makes for major bilateral relations between the two nations. This trade agreement is set to open more opportunities for trade and investment in diverse sectors such as agriculture, industry, infrastructure, and energy. Moreover, it is set to create more quality jobs and help Korea and the Philippines grow.<sup>42</sup>

To recap the economic milestone in 2024, the Marcos Jr. administration has made a banner year for the achievement and successfully positioned itself among Asia's fastest-growing economies despite the ups and downs of geopolitical tensions and global challenges. In 2024, the Philippines economy expanded by 5.8% because of the robust capital formation and accelerated government spending, outpacing Malaysia (5.2%), Indonesia (5.0%), China (4.8%), and Singapore (3.8%). As the economic growth remains optimistic, meeting the growth target of 6% to 6.5%, the growth assumption of 2025 to 2028 has been given a wider band of 6% to 8%. Total revenue for 2024 increased to PHP 4.42 trillion by the end of the year, as it would climb to 16.7%, the highest in the last 27 years since 1997.<sup>43</sup>

The Department of Finance (DOF) was able to marshal more resources to fund the national budget for 2024 without imposing new taxes. Tax revenue improved by 12.7 percent in November 2024 to P322.4 billion from P286.1 billion a year ago. However, revenues from the Bureau of Customs (BOC) decreased by 1.69 percent to P72.4 billion last month from P73.7 billion in the previous year.<sup>44</sup> On the other hand, The country's fiscal discipline and prudent debt

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<sup>41</sup> Fuentes, Arthur. 2024a. "Philippine Peso Again Hits Historic Low of P59 to US Dollar | ABS-CBN News." ABS-CBN. November 21, 2024. <https://www.abs-cbn.com/news/business/2024/11/21/peso-again-hits-historic-low-of-p59-to-us-dollar-1707>.

<sup>42</sup> SORIANO, JP. 2024. "S.Korea-PH Free Trade Agreement to Take Effect Dec. 31, 2024." GMA News Online. 2024. <https://www.gmanetwork.com/news/money/economy/930771/s-korea-ph-free-trade-agreement-to-take-effect-dec-31-2024/story/>.

<sup>43</sup> Lo, Katrina. 2024. "PBBM Admin Achieves Multiple Economic Milestones in 2024, Drives PH Again as One of the Fastest-Growing Economies in Asia | Department of Finance." Department of Finance. December 16, 2024. <https://www.dof.gov.ph/pbbm-admin-achieves-multiple-economic-milestones-in-2024-drives-ph-again-as-one-of-the-fastest-growing-economies-in-asia/>.

<sup>44</sup> Crismundo, Kris. 2024. "Gov't Confident of Exceeding 2024 Revenue Goal; Deficit within Target." INQUIRER.net. December 2024. <https://business.inquirer.net/498860/govt-confident-of-exceeding-2024-revenue-goal-deficit-within-target>.

management have earned the Marcos, Jr. administration its first-ever credit rating upgrade of A minus from R&I and an outlook to positive from S&P in 2024. With that, the government and private sector will have wider access and more cost-effective borrowing costs. The rating agency predicted that the fiscal deficit will remain manageable, which will help lower the general government deficit to 4% of GDP in 2024 from 4.5% in 2023 and average around 3.3% of GDP over the next three years.<sup>45</sup>

The Institute of International Finance (IIF) in 2024 ranked the Philippines the highest in debt transparency, at 12.5 out of 13. The scoring is based on borrower data and policy dissemination practices. The Philippines also ranked first in the survey on investor relations, with a perfect score of 48.8 out of 50, which evaluates the investor practices of countries across 23 criteria.<sup>46</sup>

With all the achievements above, the Philippines also succeeded in many other aspects, such as the dropping rate of unemployment of about 4.0%. The Philippines achieved an all-time high GNI per capita, which put the Philippines on track to become upper-middle-income status next year. Prices remain broadly stable, and the overall inflation rate is expected to average 3.1% to 3.3% for the full year, lower than 2023's 6%. Several new laws also boosted investment and revenues, revitalized tourism, and strengthened food security.

### **Foreign Relations**

The US, China, and Japanese connections will greatly impact East Asia's economic growth and security. The foreign policy decisions made by the Philippines must be consistent with ASEAN. The Philippines will always value the contributions made by the Islamic community worldwide. The importance of multilateral and interregional organizations will rise to further common interests. Establishing rights over marine territories is necessary for an archipelagic state to protect its ecology, natural resources, and sovereignty. The country would promote both domestic and foreign investment. While Filipinos living abroad will continue to contribute

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<sup>45</sup> SHARE BY THIS STORY. 2024. "News Releases - Recto: S&P Credit Rating Affirmation and Outlook Upgrade Is a Strong Vote of Confidence in PBBM's Leadership, Sound Economic and Fiscal Policies." Pco.gov.ph. November 26, 2024. [https://pco.gov.ph/news\\_releases/recto-sp-credit-rating-affirmation-and-outlook-upgrade-is-a-strong-vote-of-confidence-in-pbbms-leadership-sound-economic-and-fiscal-policies/](https://pco.gov.ph/news_releases/recto-sp-credit-rating-affirmation-and-outlook-upgrade-is-a-strong-vote-of-confidence-in-pbbms-leadership-sound-economic-and-fiscal-policies/).

<sup>46</sup> Leah Gonzales, Anna . 2024. "PH Top Performance in Debt Transparency Report Boosts Public Trust | Philippine News Agency." Pna.gov.ph. July 7, 2024. <https://www.pna.gov.ph/articles/1228451>.

to their country's social and economic stability, the Philippines can reap great benefits by timely participation in international tourism.<sup>47</sup>

There have been many domestic events that have had a connection to the Philippines' foreign relations. First, The Republic of Indonesia and The Republic of the Philippines have maintained their relations for seventy-five years. Specifically, both countries have joined its 7th Commission bilateral cooperation. Thus, The JCBC is the fundamental communication channel between Indonesia and the Philippines for discussing ideas for strengthening cooperation, reviewing progress on programs to improve mutual understanding, and exchanging views on common interests.<sup>48</sup> Furthermore, to boost bilateral trade, the two nations kept expanding market access in the economic sphere. Concerning security measures for Indonesian coffee products, the President specifically requested assistance from the Philippines.<sup>49</sup>

Last, the foreign domestic event relations with the Philippines are in China. However, a dispute about territorial issues is going on regarding the Nine Dash Line. Another view is Economic Cooperation. In other sectors, the two countries ought to be able to cooperate despite the years of focus on territorial disputes. Given the depth and breadth of the Philippines' and China's connection, other aspects, such as the ones covered in this paper, ought to promote collaboration for the two countries' mutual gain—trade between two individuals. Trade between China and the Philippines remained stable and growing. According to the Philippine Department of Trade and Industry (DTI), there was USD 14.6 billion in total trade in 2013, a considerable rise over 2011 and 2012. Growing trade numbers imply that, in bilateral ties, the political and economic domains can be maintained apart for mutual benefit.<sup>50</sup>

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<sup>47</sup> “Avalon Project - Mutual Defense Treaty Between the United States and the Republic of the Philippines; August 30, 1951,” n.d. [https://avalon.law.yale.edu/20th\\_century/phil001.asp](https://avalon.law.yale.edu/20th_century/phil001.asp).

<sup>48</sup> Philippine News Agency. “Indonesia, PH Agree to Further Elevate Bilateral Ties,” n.d. <https://www.pna.gov.ph/articles/1216631>.

<sup>49</sup> Translation, Office Of Assistant To Deputy Cabinet Secretary For State Documents & “Indonesia-Philippines Agree to Bolster Bilateral Ties.” Sekretariat Kabinet Republik Indonesia, January 11, 2024. <https://setkab.go.id/en/indonesia-philippines-agree-to-bolster-bilateral-ties/>.

<sup>50</sup> “Philippines-China Relations: Beyond the Territorial Disputes.” [https://Fsi.Gov.Ph/Philippines-China-Relations-beyond-the-Territorial-Disputes/?\\_cf\\_chl\\_rt\\_tk=nWE1ojiTDP7rWusB7zc4s8m7aN1Rno8suRlB0tIzFho-1710925224-0.0.1.1-1706](https://Fsi.Gov.Ph/Philippines-China-Relations-beyond-the-Territorial-Disputes/?_cf_chl_rt_tk=nWE1ojiTDP7rWusB7zc4s8m7aN1Rno8suRlB0tIzFho-1710925224-0.0.1.1-1706). the Philippines : Foreign Service Institution , n.d. Accessed March 20, 2024.

In May, the foreign relations between the Republic of the Philippines and Canada have important news to celebrate. Minister Joly welcomes the Philippines to Canada as the two countries celebrate 75 years of Diplomatic Friendship. As the progress of bilateral cooperation was launched, Canada's Indo-Pacific Strategy was launched in late 2022.<sup>51</sup> Moreover, Mélanie Joly, Minister of Foreign Affairs, has stated that

“For 75 years, our two countries have enjoyed a long-standing partnership—one that is anchored in generations of dynamic connections between our peoples. I look forward to greeting Secretary Manalo and building on our countries' robust relationship, which is being furthered through our Indo-Pacific Strategy, for many years to come.”<sup>52</sup>

The Philippines has celebrated its diplomatic relations with Singapore for 55 years. To commemorate this, the Philippines ambassador to Singapore has accommodated a particular view of art: a “HERSTORY” Art Exhibit by Filipino Artist Jef Albea.<sup>53</sup> They emphasized the importance of Singapore's relationship with the Philippines and expressed hope for its future expansion and prosperity.<sup>54</sup>

Moving to another partner of the Philippines, New Zealand has split its concerns on the South China Sea. On April 18th, President Ferdinand Marcos Jr. of the Republic of the Philippines and New Zealand Prime Minister Christopher Luxon had to be on the same page about agreeing to deepen cooperation and stated their serious worries over the South China Sea.<sup>55</sup> That is because nearly the whole South China Sea is under Chinese sovereignty and is a route for ship sales worth over \$3 trillion annually. Brunei, Vietnam, Indonesia, Malaysia, and the Philippines have conflicting claims over certain areas of the South China Sea.<sup>56</sup>

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<sup>51</sup> Canada, Global Affairs. 2024. “Minister Joly Welcomes Philippines' Secretary for Foreign Affairs to Canada.” [www.canada.ca](https://www.canada.ca/en/global-affairs/news/2024/05/minister-joly-welcomes-philippines-secretary-for-foreign-affairs-to-canada.html). May 6, 2024. <https://www.canada.ca/en/global-affairs/news/2024/05/minister-joly-welcomes-philippines-secretary-for-foreign-affairs-to-canada.html>.

<sup>52</sup> “Minister Joly Welcomes Philippines' Secretary for Foreign Affairs.” 2024. Saaz O Awaz - Listen Online. May 9, 2024. <https://eawaz.com/canada-news/minister-joly-welcomes-philippines-secretary-for-foreign-affairs/>.

<sup>53</sup> sunmind. 2024. “Philippines and Singapore Celebrate 55 Years of Diplomatic Relations.” *Indiplomacy*. May 17, 2024. <https://indiplomacy.com/2024/05/17/philippines-and-singapore-celebrate-55-years-of-diplomatic-relations/>.

<sup>54</sup> Department of Foreign Affairs. “Philippines and Singapore Toast to 55 Years of Diplomatic Relations,” May 17, 2024. Accessed June 4, 2024. <https://dfa.gov.ph/dfa-news/news-from-our-foreign-service-postupdate/34733-philippines-and-singapore-toast-to-55-years-of-diplomatic-relations>.

<sup>55</sup> Reuters. “Philippines, New Zealand eye forces deal, share concern over South China Sea,” April 18, 2024. Accessed June 4, 2024. <https://www.reuters.com/world/asia-pacific/philippines-new-zealand-eye-forces-deal-share-concern-over-south-china-sea-2024-04-18/>.

<sup>56</sup> Reuters Staff. 2024. “Philippines, New Zealand Eye Forces Deal, Share Concern over South China Sea.” *Reuters*, April 18, 2024. <https://www.reuters.com/world/asia-pacific/philippines-new-zealand-eye-forces-deal-share-concern-over-south-china-sea-2024-04-18/>.

Turning back to Japan, the Philippines had a joint summit on April 11th of 2024, with the United States of America issuing regard to the Regional Situation. First, The three presidents talked about the security situation in the Indo-Pacific. They affirmed that the alliances between the United States, Japan, and the Philippines have maintained peace and stability. Based on the alliances between the United States, the Philippines, and Japan, President Biden reaffirmed his commitment.<sup>57</sup> Second, three states are committing to developing critical and emerging technologies, reaffirming the Philippines's endorsement of open, interoperable architectures.<sup>58</sup> Third, in the joint summit, three states acknowledge the threat of climate change, and assert the commitment to take urgent action to reduce the greenhouse consequences with 1.5 degrees Celsius warming to construct clean economies.<sup>59</sup> On the other hand, the joint statements also made clear that it opposed China's attempts to alter the Senkaku Islands' status quo unilaterally.<sup>60</sup>

Moving to China, in another event, the Philippines called China out about the Audio claim; the national security adviser of the Philippines demanded the immediate deportation of everyone engaged in the alleged phone discussion between a Chinese diplomat and a Philippine military officer regarding an alleged arrangement on the South China Sea. The recording "should not be allowed to pass illicitly."<sup>61</sup> Furthermore, it has the potential risks of a military crisis, and the Philippines' presence has drawn attention to a calm restraint between Manila and Beijing. Anticipating a significant military conflict in the South China Sea is not alarmist. An increasing number of events involving Chinese coercive activities have been reported; these include accidents, the use of military-grade lasers and water cannons, swarming, and even incidents where Philippine naval personnel have been injured. China has improved its legal position as well. Beijing's South China Sea claim line is open to being trespassed upon, and a recent ruling

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<sup>57</sup> "Japan-U.S.-Philippines Summit Meeting (Summary)." n.d. Prime Minister's Office of Japan. [https://japan.kantei.go.jp/101\\_kishida/diplomatic/202404/11usaphilippines.html](https://japan.kantei.go.jp/101_kishida/diplomatic/202404/11usaphilippines.html).

<sup>58</sup> House, The White. 2024. "Joint Vision Statement from the Leaders of Japan, the Philippines, and the United States." The White House. April 12, 2024. <https://www.whitehouse.gov/briefing-room/statements-releases/2024/04/11/joint-vision-statement-from-the-leaders-of-japan-the-philippines-and-the-united-states/>.

<sup>59</sup> "Joint Vision Statement from the Leaders of Japan, the Philippines, and the United States." n.d. Accessed June 4, 2024. <https://japan.kantei.go.jp/content/000146892.pdf>.

<sup>60</sup> Editorial. 2024. "Japan-U.S.-Philippines Summit Meeting: 3 Nations Should Deepen Security Cooperation to Deter China." Japannews.yomiuri.co.jp. April 15, 2024. <https://japannews.yomiuri.co.jp/editorial/yomiuri-editorial/20240415-180556/>.

<sup>61</sup> News, Bloomberg. 2024. "Philippines Slams China for 'Serious Breaches' over Audio Claim - BNN Bloomberg." BNN. May 10, 2024. <https://www.bnnbloomberg.ca/philippines-slams-china-for-serious-breaches-over-audio-claim-1.2071350>.



permitting this may serve as the impetus for a potentially violent confrontation in the coming months.<sup>62</sup> Lastly, China's Ministry of Foreign Affairs criticized Philippine President Ferdinand Marcos Jr.'s comments at the Shangri-La Dialogue in Singapore on Monday, stating that China will continue to defend its territorial sovereignty and maritime rights and that the alleged arbitral award regarding the South China Sea is unlawful and void.<sup>63</sup> On May 19, the Philippines carried out an airdrop to resupply the battleship that had been illegally grounded at Ren'ai Jiao. On May 19, at least two people on a grounded Philippine military ship aimed firearms at a CCG crew that was cruising the waters off Ren'ai Jiao.<sup>64</sup>

Moving to the United States of America, wherein Philippine vessels were hit by water cannons, wounding a large number of Filipino sailors, the US Army's Mid-Range Capability (MRC) ground-based missile system shows up in a tense area.<sup>65</sup> Second, regarding the lunch joint exercise, The United States has been improving its ties with nations in the Asia-Pacific area, especially the Philippines, in reaction to China's expanding influence. As treaty companions, Washington and Manila have strengthened their defense collaboration since the election of Ferdinand Marcos as president of the Philippines in 2022. Despite having little weaponry, the Philippines would be an important ally of the United States in the case of a conflict with China because of its closeness to Taiwan and the South China Sea.<sup>66</sup> A Philippine fishing boat was navigating the South China Sea's Scarborough Shoal when two Chinese Coast Guard vessels opened fire with water cannons on either side of the craft. The event, which happened on April 30 during the Balikatan drill involving the armed forces of the Philippines and the United States, is only one illustration of the frequent occurrence of Chinese aggression in areas that the Philippines claims as its own.<sup>67</sup>

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<sup>62</sup> Shidore, Sarang. 2024. "The South China Sea Risks a Military Crisis." Foreign Policy. June 5, 2024. <https://foreignpolicy.com/2024/05/31/philippines-south-china-sea-shangri-la/>.

<sup>63</sup> reporters, GT staff. n.d. "Chinese FM Slams Remarks by Marcos on South China Sea, Urging Philippines to Stop Maritime Provocations - Global Times." Www.globaltimes.cn. Accessed June 5, 2024. <https://www.globaltimes.cn/page/202406/1313563.shtml>.

<sup>64</sup> Times, Global. n.d. "Philippines' Grounding Warship Illegal, Escalating Tensions Unacceptable: Chinese FM - Global Times." Www.globaltimes.cn. Accessed June 5, 2024. <https://www.globaltimes.cn/page/202406/1313602.shtml>.

<sup>65</sup> Lendon, Brad. 2024. "US Sends Land-Attack Missile System to Philippines for Exercises in Apparent Message to China." CNN. April 22, 2024. <https://edition.cnn.com/2024/04/22/asia/us-land-attack-missile-philippines-china-intl-hnk-ml/index.html>.

<sup>66</sup> "Philippines, US Launch Annual Joint Military Drills." 2024. Voice of America. April 21, 2024. <https://www.voanews.com/a/philippines-us-launch-annual-joint-military-drills-/7579533.html>.

<sup>67</sup> Judson, Jen. 2024. "US, Philippines Expand Exercise to Territorial Edges amid Tension with China." Defense News. June 4, 2024. <https://www.defensenews.com/training-sim/2024/06/04/us-philippines-expand-exercise-to-territorial-edges-amid-tension-with-china/>.

In June, the Coast Guard of China, in a clash at the second Thomas Shoal in the Spratly Islands, when the Chinese forces brandished axes and bladed weapons against Philippine vessels.<sup>68</sup> The Philippines has appointed a newly appointed Foreign Secretary, Enrique Manolo, who found that China's claim is invalid. The statement on the award's sixth anniversary stated the award is final. President Rodrigo Duterte referred to talk bilaterally in the hope that he would access the infrastructure in the Belt and Road Initiative (BRI) project.<sup>69</sup> As can be seen five years into his presidency, Duterte has made little progress when it comes to the context of dealing with China. In the context of BRI projects in the Philippines, it is hard to see since one is the bridges in Manila, and the second is the dam, which is reported to be harmful to nature.<sup>70</sup> The campaign launched by the Marcos administration, which took office in 2022, exposed the aggressive Chinese actions by making public photographs and allowing the journalists to join the ships to see that Beijing's forces were dangerous when they figured out which tension was the worst confrontation in the disputed of the South China Sea which could injure to Filipino military boats in two and one navy personnel.<sup>71</sup> Moreover, the Philippines Coast Guard spokesperson, Jay Terriela, reported that China deployed 40 vessels to obstruct supply deliveries to soldiers stationed at Sabina Shoals, which was the dispute claimed by both nations.<sup>72</sup> China accused the Philippines of using humanitarianism as the pretext for "risk" that violated its sovereignty and the declaration on the conduct of the parties in the South China Sea; tensions persist over China's extensive claims in the region, including the area which the Philippines call it as the West Philippine Sea.<sup>73</sup> However, China has called out the Philippines to reconsider its future relationship.<sup>74</sup>

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<sup>68</sup> "Why Tensions in the South China Sea Are Bolstering the U.S.-Philippines Alliance." 2024. Council on Foreign Relations. 2024. <https://www.cfr.org/expert-brief/why-tensions-south-china-sea-are-bolstering-us-philippines-alliance>.

<sup>69</sup> "Philippine Foreign Secretary Hails South China Sea Ruling on 6th Anniversary." n.d. TheDiplomat.com. <https://thediplomat.com/2022/07/philippine-foreign-secretary-hails-south-china-sea-ruling-on-6th-anniversary/>.

<sup>70</sup> Chang, Felix. 2021. "Hot and Cold: The Philippines' Relations with China (and the United States) - Foreign Policy Research Institute." Wwww.fpri.org. July 7, 2021. <https://www.fpri.org/article/2021/07/hot-and-cold-the-philippines-relations-with-china-and-the-united-states/>.

<sup>71</sup> "China and the Philippines hold crucial talks to ease tensions after intense clash in disputed waters". 2024. APNEWS. <https://apnews.com/article/south-china-sea-philippines-disputes-487b5a066b624f3505df4758f97edd01>

<sup>72</sup> Thibault Spirlet. 2024. "China Raises Tensions in South China Sea to Test US Support of Ally: Expert." Business Insider. August 28, 2024. <https://www.businessinsider.com/china-escalates-south-sea-tensions-test-us-support-philippines-expert-2024-8>.

<sup>73</sup> GMA, RITA., 2015. "China: Ties with PH at 'Crossroads' over South China Sea." GMA News Online. 2015. <https://www.gmanetwork.com/news/topstories/nation/919918/china-ties-with-ph-at-crossroads-over-south-china-sea/story/>.

<sup>74</sup> "China says ties with Philippines at a crossroads over South China Sea". 2024. ASEANPLUS NEWS. TheStar. <https://www.thestar.com.my/aseanplus/aseanplus-news/2024/09/09/china-says-ties-with-philippines-at-a-crossroads-over-south-china-sea>

On the other hand, South Korea is aiming to sign a pact along the lines of the Visiting Forces Agreement (“VFA”) with the Philippine as it is another type of treaty between nations to allow the presence of foreign forces in the host country when the south Korea has shown the positive behavior on this development together.<sup>75</sup> Let's look at the relations with Thai, Filipino, and Thai artists celebrating the 17th Anniversary of Diplomatic Relations together. The topic of Arts is a part of the “Street Arts through the Lens of Thai and ASEAN Artists” initiated by the Department of Information, Ministry of Foreign Affairs, to raise public awareness of cooperation under the ASEAN framework.<sup>76</sup>

Moving the foreign relations of the Republic of the Philippines and the United States of America. The companies of the United States of America are the key investors and employers in the Philippines, contributing to millions of jobs, as shown in 2023. Additionally, on July 15-16, the U.S. hosted the inaugural United States-Philippines Cyber-Digital Policy Dialogue in Washington. In July 2024, the Philippines' civil nuclear cooperation in agreement 123 boosted the collaboration on clean energy and security. Moreover, according to the declaration of Secretary of State Anthony Blinken on the visit to the Philippines, the relationship is stronger between them than it has ever been. The visit is more concerned with the action of the People's Republic of China on the South China Sea when they are working to allocate an additional 500 million USD in Foreign Military Financing to the Phillipine.<sup>77</sup>

Moving to the countries in Europe with the relations with the Phillipine. First, Poland and the Philippines have been marked as an important event to the Phillipines as well. The Polish Foreign Minister's visit reaffirmed that they still have strong ties. The two officials also discussed regional and international topics of mutual relevance. Secretary Manalo briefed Minister Sikorski on developments in the West Philippine Sea, emphasizing that the Philippines' position has been consistent, clear, and firmly based on the 1982 United Nations Convention on the Law of the Sea and the final and binding 2016 Arbitral Award on the South

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<sup>75</sup> Tonelada, Rachele, and Rachele Tonelada. 2024. “South Korea Eyes VFA with the Philippines—Envoy - Manila Standard.” Manila Standard. September 20, 2024. <https://manilastandard.net/news/314499890/south-korea-eyes-vfa-with-the-philippines-envoy.html>.

<sup>76</sup> Mail, Pattaya. 2024. “Thai and Filipino Artists Celebrate the 75th Anniversary of Diplomatic Relations - Pattaya Mail.” Pattaya Mail. September 11, 2024. <https://www.pattayamail.com/thailandnews/thai-and-filipino-artists-celebrate-the-75th-anniversary-of-diplomatic-relations-471883>.

<sup>77</sup> VOA. 2024. “U.S.-Philippine Relationship More Important than Ever.” Voice of America. Editorials on Voice of America . August 2, 2024. <https://editorials.voa.gov/a/u-s--philippine-relationship-more-important-than-ever/7727477.html>.

China Sea.<sup>78</sup> Second, Germany on the visit to the Philippine, Annalena Baerbock, the Minister of German Foreign Minister in January, and the German Defense Minister, Boris Pistorius, in August, expressed a serious exploration of whether the Philippines is a vital partner in the Indo-Pacific.<sup>79</sup>

The Philippines and India also used the opportunity to echo the International Maritime Organization (IMO) and the United Nations Security Council's calls for respect for navigational rights and freedoms and the quick release of the *Galaxy Leader* and its crew. They praised the global marine sector for putting sailors' safety first. The Philippines asked India to explore aggressive efforts to promote and defend seafarers' human rights and respect seafarers' freedom to refuse to sail in designated high-risk zones. They promised to mutually support each other at the IMO for the benefit of seafarers and to engage with states and maritime sector stakeholders to explore international collaboration.<sup>80</sup>

Moving to The Celebration of the National Day, the embassy of the State of Qatar in the Philippines celebrates Qatar's national days. There are Ambassador Charles Brown, Apostolic Nuncio and Dean of the Diplomatic Corps to the Republic of the Philippines, and several heads and representatives of diplomatic missions and international organizations accredited to the Philippines, In his opening speech, Ambassador of the State of Qatar to the Philippines, Ahmed Saad Al-Humaidi, welcomed the attendees, noting that this year's celebration comes after the successful visit of His Highness Sheikh Tamim bin Hamad Al Thani, "May the Almighty Allah protect him," to the Philippines, and his meeting with President Ferdinand Marcos, last April, which had a great impact in strengthening the relationship and deepening the bonds of friendship and cooperation.<sup>81</sup>

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<sup>78</sup> Times, The Manila. 2024. "Polish Foreign Minister's Visit Reaffirms Strong Ties with PH." The Manila Times. September 15, 2024. <https://www.manilatimes.net/2024/09/16/expats-diplomats/polish-foreign-ministers-visit-reaffirms-strong-ties-with-ph/1971696>.

<sup>79</sup> Amador, Julio. 2024. "Philippines-Germany Relations: Strengthening Ties amid Growing Indo-Pacific Tensions." Philstar.com. Philstar.com. September 15, 2024. <https://www.philstar.com/news-commentary/2024/09/15/2385437/philippines-germany-relations-strengthening-ties-amid-growing-indo-pacific-tensions>.

<sup>80</sup> Lee-Brago, Pia. 2024. "Philippines, India Hold Inaugural Maritime Dialogue." Philstar.com. December 22, 2024. <https://www.philstar.com/headlines/2024/12/23/2409253/philippines-india-hold-inaugural-maritime-dialogue>.

<sup>81</sup> "Embassy of the State of Qatar in the Philippines Celebrates Qatar National Day." *Manila Bulletin*, 2024, [mb.com.ph/2024/12/19/embassy-of-the-state-of-qatar-in-the-philippines-celebrates-qatar-national-day](https://mb.com.ph/2024/12/19/embassy-of-the-state-of-qatar-in-the-philippines-celebrates-qatar-national-day). Accessed 23 Dec. 2024.

Moving to the Philippines and Japan inked a reciprocal access agreement (RAA) in response to worries over China's aggression in the South China Sea, which is challenged by various countries. The RAA, awaiting authorization from Japanese lawmakers, seeks to improve troop and equipment movement for military training and disaster response. This pact represented a substantial development of military ties, in contrast to Japan's historical invasion of the Philippines during WWII. Both countries host US military bases and have similar agreements with Australia and the United Kingdom, with ongoing talks with France.<sup>82</sup>

On the other hand, Ambassador Eduardo Martin C. Meñez includes 21 essays on Filipino culture and soft power, emphasizing the need for the Philippines to enhance its soft power and cultural diplomacy, which he believes in cultural development and national identity because he saw the increase of the Filipino community in the Czech Republic and now over 10 000 strong as a potential for the engagement and cultural development exchange.<sup>83</sup>

In recent news of the Philippines and China, China called the Philippines' proposal to deploy midrange missiles a provocative step that would exacerbate regional tensions. Moreover, The United States deployed its Typhon mid-range missile system in the northern Philippines in April, and troops from both countries have been training together for the potential use of the heavy armament. China opposes US military assistance to the Philippines and is particularly concerned about the deployment of the Typhon system. Under President Joe Biden, the United States has developed a network of military alliances throughout the Indo-Pacific to resist China, including any conflict over Taiwan.<sup>84</sup>

### Conclusion

In Conclusion, as Philippines faces a complex mix of challenges and opportunities. Domestically, the government continues on the controversial “war on drugs”, and seeks to improve its regional partnership to grow. Economically, it has maintained rapid growth while

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<sup>82</sup> Jazeera, Al. 2024. “Philippines Senate Ratifies New Defence Pact with Japan.” Al Jazeera. December 17, 2024. <https://www.aljazeera.com/news/2024/12/17/philippines-ratifies-new-military-defence-pact-with-japan>.

<sup>83</sup> III, Andy Peñañuerte. 2024. “PHL’s Ambassador in Czech Republic Rallies Filipinos to Recognize Country’s ‘Soft Power’ | Andy Peñañuerte III.” BusinessMirror. December 18, 2024. <https://businessmirror.com.ph/2024/12/19/phls-ambassador-in-the-czech-republic-rallies-filipinos-to-recognize-the-countrys-soft-power/>.

<sup>84</sup> “China Says Philippine Plan to Deploy Midrange Missiles Would Be ‘Extremely Irresponsible.’” 2024. AP News. December 23, 2024. <https://apnews.com/article/china-philippines-deploy-missile-system-95a5d4b923b262f400c540e1b6926b0e>.

facing inflation and the falling value of the peso. Furthermore, it has developed an infrastructure and reformed a business to improve efficiency and transparency to address its risk. Regarding political gaming problems, it has been shown that high-ranking officials try to escape from the accountability of the Philippines. The economy of the philippine has been improving as can be seen in the inflation rate slowed down, and trade partnership with the UK. In terms of foreign affairs, the Phillippines has faced many events as well as complications with Canada, New Zealand, Singapore, Japan, China, And the United States of America. The continuity facing the threat of China's aggressive and illegal use of force on the Philippines has shown how the domestic affairs face this tension in which the Republic of the Philippines tries to be a partner to States such as the Phillippines.

## Vietnam

**Chhun Phalanady, Pech Posocheata, and Pheng Thean**

### Introduction

Vietnam's trajectory in 2024 has been marked by significant developments in domestic policy, economic growth, and foreign relations, reflecting its dynamic role in Southeast Asia. Domestically, the government has prioritized socio-economic recovery and political stability while addressing pressing challenges such as climate change and anti-corruption efforts. On the global stage, Vietnam has strengthened its strategic partnerships with key nations, fostering deeper economic, cultural, and security ties. These multifaceted engagements underscore Vietnam's commitment to sustainable development and regional cooperation, positioning itself as a proactive player in navigating geopolitical complexities and advancing shared regional goals.

### Domestic Politics

#### *Prime Minister Pham Minh Chinh Outlines Key 2024 Tasks for Socio-economic Recovery*

On January 5th, Prime Minister Pham Minh Chinh laid out the task outline for all-level authorities, sectors, and localities to fulfill in 2024, calling it a pivotal year for Vietnam as it holds special significance for successfully implementing the five-year plan 2021-2025.<sup>1</sup> He emphasized that the socio-economic continued to recover, with month-on-month and quarter-on-quarter improvements in performance.

Later in the same month, the government of Vietnam issued two important resolutions that outlined specific objectives and action plans for national socio-economic development and societal improvement. These resolutions include various measures, including maintaining macroeconomic stability, improving laws and institutions to streamline administrative procedures, and a strong focus on enhancing the business environment. This commitment to improving the business environment underscores Vietnam's dedication to creating favorable investment and economic growth conditions.

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<sup>1</sup> BGA Vietnam Team, "Vietnam Government Sets Action Plans for 2024," Bower Group Asia, January 16, 2024, accessed April 26, 2024, <https://bowergroupasia.com/vietnam-government-sets-action-plans-for-2024/>.

### ***Direct24 Sparks Controversy with Restrictions on Civil Society and Labor Activism***

In March 2024, the leaders of the Vietnamese Communist Party issued a far-reaching directive to suppress civil society, which encompassed trade unions and labor activism.<sup>2</sup> Despite Vietnam's commitment to upholding human rights at the United Nations, this directive, known as Direct 24, seeks to prevent the formation of new labor organizations based on ethnicity or religion. Additionally, it calls for heightened vigilance regarding foreign airlines and investors to safeguard against their potential dominance in Vietnam's economic sectors, as reported by the 88 Project.

### ***President Vo Van Thuong Resigns Amid Speculation of Corruption Allegations***

On March 20th, the Central Committee of the Communist Party of Vietnam (CPV) unexpectedly announced President Vo Van Thuong's resignation. The president had assumed office just over a year ago.<sup>3</sup> Thuong's departure marked the second president to resign within a year, following the forced resignation of his predecessor, Nguyen Xuan Phuc, in January 2023.

There are speculations that Thuong might be involved in a corruption scandal, potentially linked to his previous role as the provincial secretary of Quang Ngai in central Vietnam between 2011 and 2013. Like his predecessor, Thuong faced allegations of turning a blind eye while a local real estate company bribed provincial officials. While the political landscape in Vietnam is not expected to be strongly affected by this leadership change, as the four pillars still guide the country with the president holding a largely ceremonial role, the anticipation for appointing a new head of state remains.

### ***Prime Minister Chinh Pushes Swift Implementation of Laws and Regulations***

On April 11th, Prime Minister Pham Minh Chinh demonstrated assertive leadership, instructing ministers to prioritize the swift drafting, submission, and issuance of regulations and guidelines necessary for implementing recently enacted laws and ordinances passed by the National Assembly. The Prime Minister expressed high regard for the input and responsibilities

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<sup>2</sup> Erin Hale, "Vietnam Orders Control of Workers, Unions Despite UN Pledges, Watchdog Says," *Al Jazeera*, March 1, 2024, accessed April 26, 2024, <https://www.aljazeera.com/news/2024/3/1/vietnam-orders-control-of-workers-unions-despite-un-pledges-watchdog-says>.

<sup>3</sup>Hema Nadarajah, Alberto Iskandar, and Alberto Iskandar, "What the President Resignation Means for Vietnam's Future," Asia Pacific Foundation of Canada, March 26, 2024, accessed April 26, 2024, <https://www.asiapacific.ca/publication/what-president-vietnams-sudden-resignation-means-for-country>.



exhibited by cabinet members in this process. Additionally, he tasked Deputy Prime Minister Le Minh Khai with overseeing the Ministry of Finance in thoroughly integrating the viewpoints and perspectives offered by relevant stakeholders. This was done to ensure that all projects and plans were completed strictly to the applicable rules and regulations, thereby maintaining both the pace of progress and the quality of implementation.<sup>4</sup>

### ***Pham Thanh Binh Appointed as a Deputy Foreign Minister***

On April 17th, Pham Minh Chinh appointed his deputy foreign minister, Pham Thanh Binh, as the sixth deputy minister. Binh affirmed his commitment to leveraging his capabilities to fulfill the tasks entrusted by the Party and State and to contribute to the overall success of Vietnam's foreign affairs.<sup>5</sup>

### ***Tran Thanh Binh Appointed as Deputy Foreign Minister***

The National Assembly was a center of activity during this period. On May 20th, deputies elected Tran Thanh Man, a Politburo member and Permanent Vice Chairman of the NA, as the Chairman of the 15th National Assembly. Also, on May 20th, Deputy Prime Minister Le Minh Khai informed the NA that the government is prioritizing promoting economic growth in coordination with maintaining macroeconomic stability, controlling inflation, and ensuring major economic balances.<sup>6</sup>

### ***Public Security Minister To Lam Elected as Vietnam's New President***

The election of a new president was a significant event on May 22nd, as the National Assembly elected Public Security Minister To Lam through a secret ballot, with 472 out of 473 deputies voting in favor. Following his election victory, Lam vowed to fulfill all tasks assigned to him as president.<sup>7</sup>

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<sup>4</sup>VNA, "PM Urges Issuance of Detailed Regulations for Implementing Laws, Ordinances," *Vietnam+*, April 11, 2024, <https://en.vietnamplus.vn/pm-urges-issuance-of-detailed-regulations-for-implementing-laws-ordinances-post284384.vnp>.

<sup>5</sup>VNA, "President Hands Over Appointment Decisions to New Deputy PM, Public Security Minister," *Nhan Dan Online*, June 6, 2024, <https://en.nhandan.vn/president-hands-over-appointment-decisions-to-new-deputy-pm-public-security-minister-post136205.html>.

<sup>6</sup>VNA, "Tran Thanh Man Elected as New National Assembly Chairman," *Nhan Dan Online*, May 20, 2024, <https://en.nhandan.vn/tran-thanh-man-elected-as-new-national-assembly-chairman-post135731.html>.

<sup>7</sup>"Vietnam Elects To Lam as New President," *DW*, May 22, 2024, <https://www.dw.com/en/vietnam-elects-to-lam-as-new-president/a-69145381#:~:text=Vietnam's%20National%20Assembly%20elected%20Public,as%20reported%20by%20state%20media.>

***Vietnam Honors First General Secretary Tran Phu on his 120th Birthday Anniversary***

On April 16th, Vietnam celebrated the 120th birth anniversary of Tran Phu, the first General Secretary of the Communist Party of Vietnam. To mark this occasion, a symposium was held to highlight Tran Phu's life, revolutionary career, and contributions to the Party's history, considered essential to Vietnam's modern development.<sup>8</sup>

***Draft Law on Urban & Rural Planning Introduced to Address Development Needs***

Additionally, on April 22nd, during its 32nd session, the National Assembly of Vietnam deliberated on the draft Law on Urban and Rural Planning. Minister of Construction Nguyen Thanh Nghi introduced the proposal, confirming that the primary aim of the draft law was to establish a solid legal basis and a comprehensive, unified management framework to guide, regulate, and oversee the implementation of urban and rural planning activities. This was intended to address existing shortcomings and meet the requirements of the country's new phase of development.<sup>9</sup>

***Disciplinary Actions Issued Against Labor Ministry Leaders for Violations***

On May 14th, Prime Minister Pham Minh Chinh issued disciplinary actions against the current Minister of Labour, Invalids and Social Affairs, Dao Ngoc Dung, and the former Minister, Pham Thi Hai Chuyen, in response to their misconduct. The Politburo and the Secretariat noted that Dung, who is a member of the Party Central Committee and the Secretary of the ministry's Party Civil Affairs Committee in addition to his ministerial position, had violated the principles of democratic centralism, the regulations of the Party, and the laws of the State, as well as specific prohibitions applicable to Party members. Furthermore, he had failed to fulfill his responsibility to set a positive example and adhere to established working rules. Dung's lax leadership, direction, and management allowed the ministry and some affiliated units and individuals to engage in numerous violations and shortcomings. These actions resulted in significant losses and wasteful use of the state budget, leading to serious and difficult-to-remedy consequences, public concern, and damage to the reputation of the Party organization and the Ministry of Labour, Invalids and Social Affairs.<sup>10</sup>

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<sup>8</sup> VNA, "Symposium Spotlights Life, Career of First Party General Secretary," *Vietnam+*, April 16, 2024, <https://en.vietnamplus.vn/symposium-spotlights-life-career-of-first-party-general-secretary-post284640.vnp>

<sup>9</sup>VNA, "NA Standing Committee Debates Draft Law on Urban and Rural Planning," *Vietnam+*, April 22, 2024, <https://en.vietnamplus.vn/na-standing-committee-debates-draft-law-on-urban-and-rural-planning-post284878.vnp>.

<sup>10</sup> VNA, "Incumbent, Former Ministers of MoLISA Disciplined," *Vietnam+*, May 14, 2024, <https://en.vietnamplus.vn/incumbent-former-ministers-of-molisa-disciplined-post285996.vnp>.

***Anti-Corruption Campaign Intensifies, Highlighting Political Instability in Vietnam***

The third quarter began on July 6, when Prime Minister Pham Minh Chinh chaired a Cabinet meeting to assess Vietnam's socio-economic performance in the year's first half.<sup>11</sup> During this meeting, the Cabinet reviewed public investment disbursements and the implementation of three national target programs, outlining major tasks for the second half of the year. Chinh emphasized the need to identify achievements and shortcomings in socio-economic development.

***General Secretary Nguyen Phu Trong's Passing Marks End of an Era***

On July 26th-27th, 2024, Vietnam held a state funeral for General Secretary Nguyen Phu Trong, honoring his contributions and sacrifices for the nation. More than 5,600 delegations, representing over 252,000 people, paid their respects at the National Funeral Hall in Hanoi, reflecting the profound impact of his leadership.<sup>12</sup>

***President To Lam Elected as CPV Central Committee General Secretary***

In a significant political development on August 3, President To Lam was elected as the new CPV Central Committee General Secretary during the 13th CPVCC meeting. Lam pledged to work tirelessly with Party members to uphold the ideals of self-reliance and national pride while continuing the legacy of previous Party Congresses.<sup>13</sup>

***Prime Minister Assigns Key Responsibilities to Deputy Prime Ministers***

Further solidifying the government's direction, on August 8th, Prime Minister Chinh signed a decision assigning specific tasks to Deputy Prime Ministers. Tran Hong Ha was designated to oversee the State Bank of Vietnam, while Tran Luu Quang was tasked with the planning and investment sector. Le Thanh Long was assigned to monitor various ministries, including Finance and the Government Inspectorate.<sup>14</sup>

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<sup>11</sup> Thuy Dung, "Government Convenes to Look Into First Half Socio-economic Situation," *En.Baochinhphu.Vn*, July 6, 2024, <https://en.baochinhphu.vn/cabinet-reviews-socio-economic-performance-in-first-half-of-2024-111240706094913697.htm>.

<sup>12</sup>Xinhua, "Vietnam to Hold National Mourning for Late Party Chief Nguyen Phu Trong," ed. Huaxia, XINHUANET, July 21, 2024, <https://english.news.cn/20240721/8f9468d7531d4bb0bba112b54cba9ac1/c.html>.

<sup>13</sup> "Inaugural Address of General Secretary of Communist Party of Viet Nam Central Committee," *Socialist Republic of Viet Nam Government News*, August 3, 2024, <https://en.baochinhphu.vn/inaugural-address-of-general-secretary-of-communist-party-of-viet-nam-central-committee-11124080315413583.htm>.

<sup>14</sup> Nhan Dan Online [NDO], "Prime Minister Assigns Tasks to Deputy Prime Ministers," *Nhan Dan Online*, June 14, 2024, <https://en.nhandan.vn/prime-minister-assigns-tasks-to-deputy-prime-ministers-post136407.html>.

***Party Leaders Pay Tribute to Ho Chi Minh on Vietnam's 79th National Day***

The quarter concluded with a solemn tribute on August 30, when a delegation of Party leaders and former leaders paid homage to President Ho Chi Minh at his mausoleum in Hanoi. This event commemorated the 79th National Day of Vietnam, marking the anniversary of the Declaration of Independence and the establishment of the Democratic Republic of Vietnam, now the Socialist Republic of Vietnam.<sup>15</sup>

***CPV General Secretary To Lam Emphasizes 20230 and 2045 Strategic Goals***

On September 18th, the 13th Party Central Committee of the Communist Party of Vietnam (CPV) convened its 10th plenum, with the opening session chaired by General Secretary and President To Lam. During the session, he emphasized that the successful implementation of the 13th National Party Congress Resolution should remain a top priority for the Party, government, and armed forces in 2025. This, he noted, would establish a solid foundation for achieving Vietnam's strategic objectives for 2030, marking the centenary of the Communist Party of Vietnam and for 2045, commemorating the 100th anniversary of the Socialist Republic of Vietnam.<sup>16</sup>

***Nguyen Duc Tam Appointed Deputy Minister of Planning and Investment***

On October 19th, Prime Minister Pham Minh Chinh appointed Mr. Nguyen Duc Tam the new Deputy Minister of Planning and Investment. This appointment is anticipated to significantly advance Vietnam's national development agenda, focusing on economic reforms, foreign direct investment (FDI), and strengthening public-private partnerships.<sup>17</sup>

***Luong Cuong, Elected President of the Socialist Republic of Vietnam***

On October 21st, lawmakers unanimously elected Mr. Luong Cuong, a permanent Party Central Committee's Secretariat member, as the new President of the Socialist Republic of Vietnam. In his inaugural address, President Luong Cuong pledged loyalty to the nation, the

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<sup>15</sup> Kim Anh, "Leaders Pay Tribute to President Ho Chi Minh on National Day," *En.Baochinhphu.Vn*, August 30, 2024, <https://en.baochinhphu.vn/leaders-pay-tribute-to-president-ho-chi-minh-on-79th-national-day-111240830103228857.htm>.

<sup>16</sup> Socialist Republic of Vietnam Government News. 18 September 2024. "13th Party Central Committee convenes 10th plenum". <https://en.baochinhphu.vn/13th-party-central-committee-convenes-10th-plenum-111240918105802706.htm>

<sup>17</sup> Socialist Republic of Vietnam Government News. 19 October 2024. "New Deputy Minister of Planning and Investment appointed". <https://en.baochinhphu.vn/new-deputy-minister-of-planning-and-investment-appointed-111241019101308267.htm>

people, and the Constitution, committing to fulfilling the responsibilities outlined in the Constitution and the tasks entrusted to him.<sup>18</sup>

### **Socio-Economic Affairs**

#### ***Vietnam's Seafood Exports Surge with 64% Growth in January 2024***

In January, seafood exports from Vietnam increased 64% yearly, reaching approximately USD 750 million. This growth was driven by strong demand in major markets, including China, the United States, and the European Union. China, in particular, emerged as Vietnam's second-largest seafood market, while the US and EU experienced growth rates of 63% and 34%, respectively.<sup>19</sup>

#### ***Fruit & Vegetable Exports Poised Hit USD 7 Billion***

In the fruit and vegetable sector, Vietnam has seen significant export growth between January and February 2024, amounting to USD 749.7 million, and it is expected to reach approximately USD 7 billion by the end of 2024. China remains the largest importer, accounting for over USD 3.7 billion and holding a 65% market share compared to 2022. Other partners such as the US, the Republic of Korea, Japan, Thailand, the Netherlands, Australia, the United Arab Emirates, and Russia also contribute to the growth of this sector.<sup>20</sup>

#### ***Vietnam Turns to Cambodian Sand to Addresses Expressway Material Shortages***

In the governmental meeting held on February 6th, 2024, the Vietnamese government directed the Ministry of Transport and the Ministry of Natural Resources and Environment to procure sand and pebbles from Cambodia to construct expressways in the Mekong Delta region. This decision aims to address challenges related to the availability and supply of construction materials and to facilitate the timely completion of projects for investors and contractors. TNT Group proposed in October 2023 to import sand as backfill material for various projects, citing approval from the Cambodian government to extract sand from a designated area of the Mekong River, importing approximately 30,000 to 50,000 cubic meters of sand for multiple

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<sup>18</sup> Socialist Republic of Vietnam Government News. 21 October 2024. "Luong Cuong elected President of Viet Nam". <https://en.baohinhphu.vn/luong-cuong-elected-as-president-of-viet-nam-111241021161443612.htm>

<sup>19</sup>Dat Nguyen, "Seafood Exports to Key Markets Rise 64%," *VnExpress International*, February 26, 2024, accessed April 26, 2024, <https://e.vnexpress.net/news/business/economy/seafood-exports-to-key-markets-rise-64-4714907.html>.

<sup>20</sup>VNA, "Fruit, Vegetable Exports Rise 38%," *VnExpress International*, March 2, 2024, accessed April 26, 2024, <https://e.vnexpress.net/news/business/economy/fruit-vegetable-exports-rise-38-4717332.html>.

purposes.<sup>21</sup> To ensure that the expressway projects meet quantity, quality, and cost-effectiveness requirements, stakeholders contemplate using imported sand once it complies with all legal regulations mandated by the Ministry of Transport.

### ***Coffee Price Spikes as Climate Impacts Vietnam's Supply***

In early March, the price of coffee beans increased by 8.96% due to rising demand and declining supply. The price has surged by 43% compared to the previous year, averaging US\$3,100 per ton. According to Do Ha Nam, the Vietnam Coffee Cocoa Association (VICOFA) vice president, last season's coffee represents only 30% of the total supply. The low supply is attributed to climate change and Vietnamese farmers shifting to more lucrative crops.<sup>22</sup>

### ***FDI Rises by 38.6% in Early 2024***

According to the Foreign Trade Agency, Vietnam's economy has continued to prosper in the first two months of 2024, attracting over US\$4.29 billion in foreign direct investment (FDI). The top ten locations for FDI inflows were Hanoi, Quang Ninh, Thai Nguyen, Ba Ria Vung Tau, Bac Ninh, Dong Nai, Bac Giang, Ho Chi Minh City, Hai Phong, and Hung Yen, which accounted for 81.7% of all foreign capital during this period. As of February 2024, there were 39,553 operational projects with a total registered capital of US\$473.1 billion. Around US\$300 billion has been disbursed so far.<sup>23</sup>

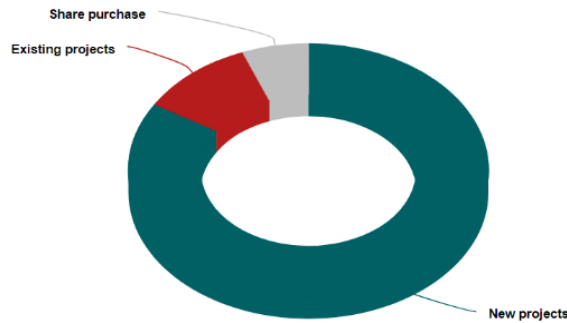
### **Exhibit 1: FDI in Vietnam (Jan - Feb 2024)**

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<sup>21</sup>Viet Tuan, "Vietnam Considers Purchasing Sand From Cambodia for Expressways," *VnExpress International*, February 8, 2024, accessed April 26, 2024, <https://e.vnexpress.net/news/traffic/vietnam-mulls-purchasing-sand-from-cambodia-for-expressways-4710066.html>.

<sup>22</sup>Thi Ha, "Coffee Prices Soar on Low Supply, Strong Demand," *VnExpress International*, March 19, 2024, accessed April 26, 2024, <https://e.vnexpress.net/news/data-speaks/coffee-prices-soar-on-low-supply-strong-demand-4722841.html>.

<sup>23</sup>VNA, "FDI Inflow Surges Nearly 39% in Two Months," *VnExpress International*, February 28, 2024, accessed April 26, 2024, <https://e.vnexpress.net/news/business/economy/fdi-inflow-surges-nearly-39-in-two-months-4716257.html>.



Source of Graph: <https://e.vnexpress.net/news/data-speaks/fdi-attraction-up-38-6-in-two-months-4719700.html>

### ***US Companies Explore Investment Opportunities in Vietnam***

In addition, many US companies are showing interest in investing in Vietnam. Meta and Boeing joined a US delegation of approximately sixty companies led by Ted Osius, the president of the US-ASEAN (Association of Southeast Asian Nations), during their visit to Vietnam to explore investment opportunities. Business leaders from various industries, including aviation, automotive, healthcare, and finance, gathered to discuss topics such as digitalization, reducing carbon emissions, and improving supply chains, as stated by Osius in a news conference held on March 18.<sup>24</sup>

### ***E-Payment Adoption Soars in Vietnam***

In response to technological advancements, the number of cash users in Vietnam has significantly decreased compared to 2022. According to Vietnam's State Bank, e-payment transactions grew by 63% in value in January alone. Additionally, QR code transactions saw a 900% increase in volume and a 1000% increase in value. The accelerated adoption of e-payment systems has led to a 2% year-on-year decline in ATMs, as electronic transactions are considered faster and more convenient.<sup>25</sup>

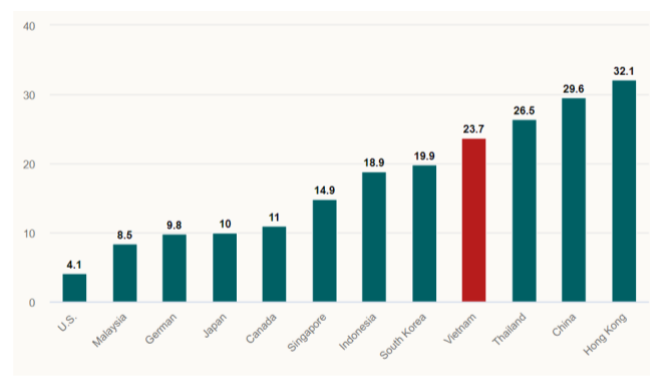
### ***Housing Costs Climb to 24 Times Annual Income***

<sup>24</sup> Yuji Nitta, "Boeing, Meta Join U.S. Business Delegation to Vietnam," *Nikkei Asia*, March 20, 2024, accessed April 26, 2024, <https://asia.nikkei.com/Business/Companies/Boeing-Meta-join-U.S.-business-delegation-to-Vietnam>.

<sup>25</sup> Vien Thong, "Vietnamese Gradually Shift Away From Cash," *VnExpress International*, March 22, 2024, accessed April 26, 2024, <https://e.vnexpress.net/news/business/economy/vietnamese-gradually-shift-away-from-cash-4725401.html>.

The housing market in Vietnam continues to be a significant focal point. In February, there was a slight increase of 0.43% in the cost of housing and construction materials, as reported by Vietnam's General Statistics Office. According to Numbeo, an online statistics platform, the average cost of housing has surged to 23.75 times the annual income of households. This rise can be attributed to increasing prices for house maintenance materials (0.48%), home repair services (0.71%), electricity (0.78%), and water (1.73%). Avison Young suggests that due to the escalating housing prices, many individuals are considering renting instead of purchasing, even though rental payments are also rising.<sup>26</sup>

**Exhibit 2: House Price to Income Ratio (2024)**



Source of Graph: <https://e.vnexpress.net/news/data-speaks/house-prices-average-nearly-24-times-annual-household-income-4720133.html>

### ***Vietnam Advances Hydrogen Energy Strategy for 2030- 2050***

In a separate development, on February 22nd, the Ministry of Industry and Trade of Vietnam issued a call to implement the Hydrogen Energy Development Strategy for 2030-2050. This strategy aims to establish an ecosystem for hydrogen energy in Vietnam. This involves utilizing renewable energy sources for production, storage, and transportation, aiming for both domestic usage and international trading. By investing in modern hydrogen infrastructure, Vietnam seeks to ensure energy security, combat climate change, and achieve a net-zero emissions target by 2050.<sup>27</sup>

<sup>26</sup>Anh Ky, "House Prices Average Nearly 24 Times Annual Household Income," *VN Express International*, March 11, 2024, accessed April 26, 2024, <https://e.vnexpress.net/news/data-speaks/house-prices-average-nearly-24-times-annual-household-income-4720133.html>.

<sup>27</sup>"Ministry of Industry and Trade Deploys Hydrogen Energy Strategy," *Nhan Dan Online*, February 23, 2024, accessed April 26, 2024, <https://en.nhandan.vn/ministry-of-industry-and-trade-deploys-hydrogen-energy-strategy-post133488.html>.



### ***New Enterprises Surge in Vietnam Amid Economic Growth***

On April 16<sup>th</sup>, 2024, the US Agency for International Development (USAID) and Standard Chartered Bank of Vietnam announced signing a Memorandum of Understanding (MoU) on green financing and promoting advanced renewable energy in Vietnam. This 5-year partnership aims to facilitate Vietnam's goal of achieving net-zero emissions by 2050. USAID committed to working with Standard Chartered Bank through this MoU to encourage private sector investment in advanced energy technologies, including promoting rooftop solar, improving the power trading system, and modernizing utility infrastructure.<sup>28</sup>

### ***New Enterprises Surge in Vietnam Amid Economic Growth***

The number of newly established enterprises in Vietnam has continued to increase. Within the first five months of 2024, the number of enterprises surged to 98,825, registering 426,381 workers. Among these newly established enterprises, the transport and warehousing sectors contributed a rise of 20.8%, followed by an 11.2% increase in wholesale, retail, and motor vehicle repair and a 9.4% growth in energy, water, and gas production and distribution. In contrast, the accommodation and food service sectors fell by 15.1%, while the number of companies providing health care and social support dropped by 16.2%. Notably, in May alone, there were approximately 13,207 newly established businesses, and 6,749 resumed operations, but 11,391 businesses decided to leave the market.<sup>29</sup>

### ***Center for Scientific-Technology Development Launched in Vietnam***

On May 25<sup>th</sup>, the Ministry of Science and Technology officially launched the Centre for Scientific-Technology Services and Infrastructure Development (CSID). This service-oriented center aims to bridge the gap between companies and scientists, enabling the successful commercialization of research findings, as stated by Nguyen Manh Cuong, the deputy chief of the Ministry of Science and Technology. CSID will serve as a venue for research projects utilizing innovative scientific and technological developments, offer scientific and technical services, and encourage creative start-up initiatives throughout the southern area. Priority

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<sup>28</sup> "United States and Standard Chartered Vietnam Promote Clean Energy Investments in Vietnam," *USAID.gov*, April 16, 2024, accessed June 13, 2024, <https://www.usaid.gov/vietnam/press-releases/apr-16-2024-united-states-and-standard-chartered-vietnam-promote-clean-energy-investments-vietnam>

<sup>29</sup> VNA, "Vietnam Sees Nearly 99,000 Businesses Established, Resumed in 5 Months," *VnExpress International*, May 28, 2024, accessed June 9, 2024, <https://e.vnexpress.net/news/business/economy/vietnam-sees-nearly-99-000-businesses-established-resumed-in-5-months-4751406.html>.

support and cooperation will be provided in energy, new materials, artificial intelligence, green agriculture, biotechnology, information technology, and logistics.<sup>30</sup>

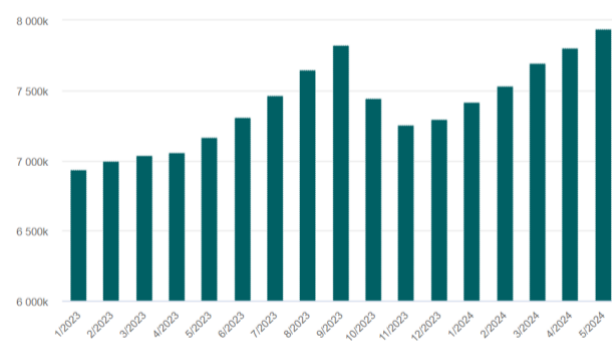
### ***Ho Chi Minh City Approves Ambitious Master Plan for 2040***

In committing to development, the Ho Chi Minh City People's Council approved the adjustment of the master plan for the General Planning of the City to 2040 with a vision of 2060. The main objectives of the master plan are to achieve both digital transformation and green transition. Digital technology is expected to deeply integrate into citizens' lives and work settings, who will progressively adapt to it, and the internet will significantly contribute to economic areas. Regarding the green transition, Vietnam has seen positive developments in transport infrastructure and cultural areas and improvements to the Saigon River, inter-regional transportation linkages, and inner-city canal channels. Financial resources, high-quality human resources, and extensive cooperation will be required to achieve these goals.<sup>31</sup>

### ***Stock Trading Accounts in Vietnam Reach Record High***

By the end of May 2024, the number of stock trading accounts in Vietnam increased to a historic high of 7.94 million. According to the statistical data reported by VnExpress, this surpassed the previous record of 7.82 million set in September 2023, as reported by the Vietnam Securities Depository. The surge of new accounts, averaging 4,265 per day in May, pushed the total number to this new peak. The day-to-day trading value since March has been around VND 20 trillion, and has even reached up to VND 40 trillion on some days.<sup>32</sup>

**Exhibit 3: Vietnam's Stock Trading Accounts**



<sup>30</sup> "Ministry launches CSID centre in HCM City," *Vietnamnews.vn*, May 31, 2024, accessed June 9, 2024, <https://vietnamnews.vn/society/1656670/ministry-launches-csid-centre-in-hcm-city.html>.

<sup>31</sup> "HCM City aims to achieve dual target in digital transformation, green transition," *Vietnamnews.vn*, May 30, 2024, Accessed June 9, 2024, <https://vietnamnews.vn/society/1656479/hcm-city-aims-to-achieve-dual-target-in-digital-transformation-green-transition.html>.

<sup>32</sup> Tat Dat, "Stock Trading Accounts Rise to Historic High," *VnExpress International*, June 9, 2024, accessed June 9, 2024, <https://e.vnexpress.net/news/business/data-speaks/stock-trading-accounts-rise-to-historic-high-4755884.html>

This graph is sourced from <https://e.vnexpress.net/news/business/data-speaks/stock-trading-accounts-rise-to-historic-high-4755884.html>

According to the Foreign Investment Agency of the Ministry of Planning and Investment, foreign investment in Vietnam increased by 2% year-on-year from January to May 2024, accounting for USD 11.07 billion. Of this, 50.8%, or USD 7.94 billion, was contributed to new projects, while the remaining amount was directed toward existing initiatives and acquisitions. As of May 20<sup>th</sup>, Vietnam had 40,285 projects in operation with a total registered capital of USD 481.33 billion, of which USD 305.43 billion has been distributed.<sup>33</sup>

### ***Alibaba to Invest Over USD 1 Billion in Vietnam Data Center***

Furthermore, the Chinese tech group Alibaba plans to set up a data center in Vietnam to store data locally. The company sees the potential in the growing Vietnamese market and aims to be part of the country's economic expansion. Alibaba rents server space from the government-owned telecom companies Viettel and VNPT. Building the data center in Vietnam aims to meet the surging demand in the booming Asian economy. Though the project details have not been publicly announced, the cost of the building may exceed USD 1 billion, according to Dang Minh Tam, the lead solution architect at Alibaba Cloud.<sup>34</sup>

### ***Coffee Prices Peak in Vietnam's Central Highlands Amid Global Demand***

In June 2024, the price of coffee in Vietnam's Central Highlands, the country's largest source of coffee, remained at a peak, ranging from VND 122,000 to VND 123,500, or USD 4.8 to USD 4.86 per kilogram. Due to higher market demand, this rise in coffee prices is not limited to Vietnam. Still, it is also being experienced in other major coffee-producing countries, such as Brazil, Colombia, Peru, and Honduras.<sup>35</sup>

### ***Vietnam-Russia Trade Booms with 46% Export Growth***

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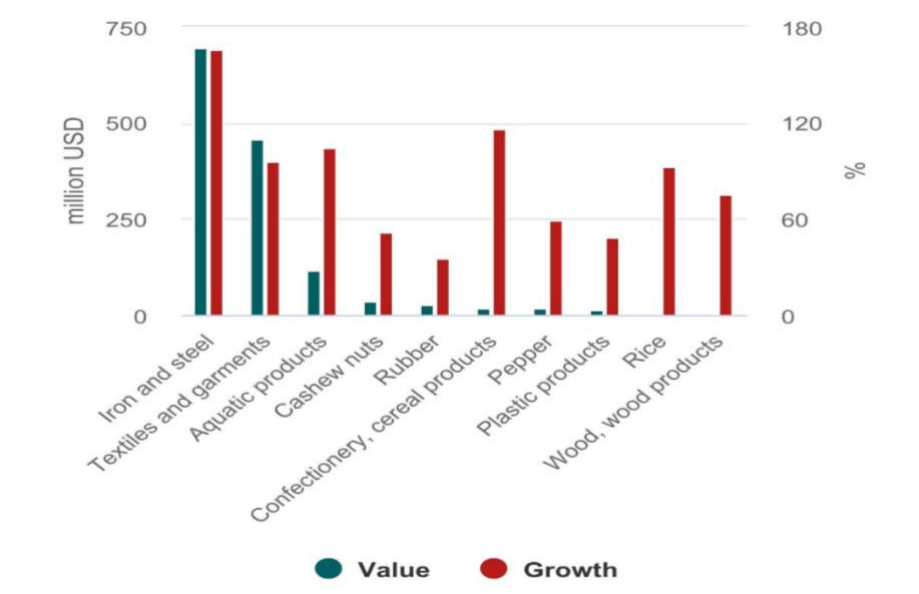
<sup>33</sup> VNA, "FDI Inflow into Vietnam Tops \$11B in 5 Months," *VnExpress International*, May 28, 2024, accessed June 9, 2024, <https://e.vnexpress.net/news/business/economy/fdi-inflow-into-vietnam-tops-11b-in-5-months-4751399.html>.

<sup>34</sup> Lien Hoang, "Alibaba to Build Vietnam Data Center to Follow Local Storage Law," *Nikkei Asia*, May 1, 2024, accessed June 9, 2024, <https://asia.nikkei.com/Business/Technology/Alibaba-to-build-Vietnam-data-center-to-follow-local-storage-law>.

<sup>35</sup> VNA, "Vietnam's Coffee Prices on the Rise," *VnExpress International*, June 6, 2024, accessed June 9, 2024, <https://e.vnexpress.net/news/business/economy/vietnam-s-coffee-prices-on-the-rise-4754806.html>.

According to data from Vietnam Customs, in the first seven months of 2024, Vietnam's exports from Russia increased by 46% year-on-year to USD 1.36 billion. This surge was largely driven by steel and iron exports, which reached USD 698 million, while seafood exports rose to USD 117 million. A key factor contributing to this growth was establishing a new shipping route between Vladivostok and Vietnam's Ho Chi Minh City and Hai Phong City.<sup>36</sup>

**Exhibit 4: Vietnam’s Exports to Russia (Jan -Jul 2024)**



Source of Graph: <https://e.vnexpress.net/news/business/data-speaks/exports-to-russia-jump-46-4783875.html>.

***Durian Export Surges as Vietnam Capitalizes on Agricultural Opportunities***

Additionally, durian has emerged as a significant export fruit, with sales soaring to about US\$1.7 billion in the same period. The Ministry of Agriculture and Rural Development reported that Vietnamese durian gained popularity, mainly as Thai durian production declined due to adverse weather conditions. Farmers in the Mekong Delta have shifted their focus to off-season durian cultivation, resulting in impressive output levels.<sup>37</sup> In July alone, durian exports brought in US\$280 million.<sup>38</sup>

<sup>36</sup> Dy Tung, “Exports to Russia Jump 46%,” *VnExpress International – Latest News, Business, Travel and Analysis From Vietnam*, August 23, 2024, <https://e.vnexpress.net/news/business/data-speaks/exports-to-russia-jump-46-4783875.html>.

<sup>37</sup> VNA, “Durian Exports Hit \$1.7B in 7 Months,” *VnExpress International – Latest News, Business, Travel and Analysis From Vietnam*, August 15, 2024, <https://e.vnexpress.net/news/business/economy/durian-exports-hit-1-7b-in-7-months-4781700.html>.

<sup>38</sup> Thi Ha, “Durian Exports Rise to Record High,” *VnExpress International – Latest News, Business, Travel and Analysis From Vietnam*, August 29, 2024, <https://e.vnexpress.net/news/business/economy/durian-exports-rise-to-record-high-4786679.html>.

### ***New Land Law Aims to Foster Agricultural Development***

Vietnam's 2024 Land Law came into effect on August 1, facilitating the consolidation of agricultural land through various methods, including land conversion, leasing, and cooperative farming. According to Nguyen Thanh Phuoc, director of Phuoc Thanh IV Trading, this legislation aims to help farmers overcome growth challenges by fostering a more favorable environment for agricultural development and encouraging investment in high-tech agriculture.<sup>39</sup>

### ***3M Expands Presence in Vietnam with New Science & Technology Center***

On August 13, the American multinational conglomerate 3M launched its Center for Science, Technology, and Engineering in Hanoi. The center features a laboratory to test technology products tailored to the Vietnamese market. This research and development initiative marks 3M's ongoing investment in Vietnam, complementing its existing Customer Technical Center in Ho Chi Minh City.<sup>40</sup>

### ***Ho Chi Minh City to Pilot English as a Second Language in Public Schools***

Continuing its educational advancements, Ho Chi Minh City announced plans on August 16 to pilot English as the country's second language in selected public high schools. Nguyen Van Hieu, director of the Department of Education and Training, stated that this initiative, supported by experts in the field, aims to equip Vietnamese students with essential language skills to compete internationally and enhance the country's future human resource capacity.<sup>41</sup>

### ***The New York Times Opens Office in Vietnam to Foster Media Collaboration***

On September 5, the New York Times received official approval from the Ministry of Foreign Affairs to open an office in Vietnam. This new office is anticipated to promote Vietnam's

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<sup>39</sup> "New Land Law: Opportunity to Promote Investment in Green Agriculture," Viet Nam News, September 5, 2024, <https://vietnamnews.vn/Economy/1662357/new-land-law-opportunity-to-promote-investment-in-green-agriculture.html>.

<sup>40</sup> Khanh Vy, "US's 3M Corporation Opens Science, Technology, Engineering Center in Hanoi," *Vietnam Economic Times / VnEconomy*, August 14, 2024, <https://en.vneconomy.vn/uss-3m-corporation-opens-science-technology-engineering-center-in-hanoi.htm#:~:text=The%20US's%203M%20Corporation%2C%20the,and%20solutions%20in%20Southeast%20Asia>.

<sup>41</sup> Bao Anh, "Ho Chi Minh City to Make English a 2nd Language in Public High Schools," *Tuoi Tre News*, August 17, 2024, <https://tuoitrenews.vn/news/education/20240817/ho-chi-minh-city-to-make-english-a-2nd-language-in-public-high-schools/81505.html#:~:text=Tuoi%20Tre%20News-.Ho%20Chi%20Minh%20City%20to%20make%20English.language%20in%20public%20high%20schools&text=Ho%20Chi%20Minh%20City%20plans.significant%20breakthrough%20in%20local%20education>.

market potential and innovations to the international community, strengthening bilateral relations between Vietnam and the United States through enhanced media collaboration.<sup>42</sup>

### ***AEON Expands with First Mall in Central Vietnam***

On September 26th, AEON, Japan's largest retail group, inaugurated its new AEON Mall Hue, marking its first shopping mall in central Vietnam in Thua Thien Hue province. This mall is the seventh facility operated by AEON in Vietnam, featuring over 100 stores, including national and international brands, catering to diverse consumer needs and lifestyles. According to Mr. Mori Takero, Consul General of Japan in Da Nang, this project reflects the strength of the comprehensive strategic partnership between Japan and Vietnam. Establishing seven malls underscores AEON's success and growing presence in Vietnam's retail sector.<sup>43</sup>

### ***E-Commerce Spending Hits USD 1 Billion in the First 9 Months***

Vietnam's e-commerce sector recorded an estimated average consumer spending of approximately USD 1 billion in the first nine months of 2024. Data from Metric, an e-commerce data provider, highlights the contribution of key platforms such as Shopee, TikTok Shop, Lazada, Tiki, and Sendo, collectively driving a 38% year-on-year increase in gross merchandise volume, totaling about USD 9 billion. This shift in consumer behavior underscores the growing importance of e-commerce in Vietnam's economy and its role in accelerating digital technology integration.<sup>44</sup>

### ***Durian Exports Drive Vietnam's Agriculture Growth to USD 3 Billion***

In the first 10 months of 2024, Vietnam's durian exports surpassed USD 3 billion, reflecting a 46% year-on-year increase. China remained the largest market, accounting for USD 2.6 billion, followed by Thailand at USD 133 million.<sup>45</sup> This growth, attributed to favorable market

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<sup>42</sup> Viet Nam News, "The New York Times to Open Bureau in Việt Nam," September 6, 2024,

<https://vietnamnews.vn/politics-laws/1662469/the-new-york-times-to-open-bureau-in-viet-nam.html>.

<sup>43</sup> "AEONMALL Vietnam Co., Ltd. Officially Organized the Grand Opening Ceremony of AEON MALL Hue," *AEONMALL Vietnam*, September 21, 2024, <https://aeonmall-vietnam.com/en/aeonmall-vietnam-co-ltd-officially-organized-the-grand-opening-ceremony-of-aeon-mall-hue/>.

<sup>44</sup> Vien Thong, "Vietnamese Spend \$1B Each Month on Online Shopping," *VnExpress International – Latest News, Business, Travel and Analysis From Vietnam*, October 30, 2024, <https://e.vnexpress.net/news/business/data-speaks/vietnamese-spend-1b-each-month-on-online-shopping-4808704.html>.

<sup>45</sup> Vien Thong, "Vietnamese Spend \$1B Each Month on Online Shopping," *VnExpress International – Latest News, Business, Travel and Analysis From Vietnam*, October 30, 2024, <https://e.vnexpress.net/news/business/data-speaks/vietnamese-spend-1b-each-month-on-online-shopping-4808704.html>.

conditions and off-season cultivation efforts in the Mekong Delta, highlights durian's pivotal role in Vietnam's agricultural and economic development.<sup>46</sup>

### ***Viettel Launches Vietnam's First 5G Network***

On October 15th, Viettel Group, a leading Vietnamese telecom corporation, introduced the country's first 5G network. With speeds reaching up to 1 gigabit per second (Gbps), approximately 10 times faster than the 4G network, this advancement is expected to significantly enhance Vietnam's economic sectors and bolster the nation's global competitiveness. Major General Tao Duc Thang, Chairman and General Director of Viettel, emphasized the network's potential to drive technological progress and economic development.<sup>47</sup>

### ***Vietnam's Rice Exports Exceed USD 5 Billions***

According to the General Department of Customs, as of November 15th, 2024, Vietnam had exported approximately 8 million tons of rice, generating over USD 5 billion in revenue. Despite the lifting of export restrictions by India, the world's largest rice exporter, Vietnamese rice has maintained high prices in international markets. Simultaneously, rice imports into Vietnam rose by 73%, totaling 3.2 million tons worth USD 1.2 billion, reflecting the country's dual role as a major rice exporter and importer.<sup>48</sup>

### ***Coffee Exports Generate USD 5 Billion Despite Volume Decline***

In the first 11 months of 2024, Vietnam exported approximately 1.2 million tons of coffee, generating nearly USD 5 billion in revenue. While the export volume declined by 13.5% year-on-year, the value increased by 38.1%, driven by higher global demand and rising prices. Vietnam continues to maintain its position as one of the world's leading coffee producers, with its coffee market remaining highly competitive internationally despite fluctuating conditions.<sup>49</sup>

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<sup>46</sup>Thi Ha, "Durian Exports Top \$3B Despite October Drop," *VnExpress International – Latest News, Business, Travel and Analysis From Vietnam*, December 2, 2024, <https://e.vnexpress.net/news/business/economy/durian-exports-top-3b-despite-october-drop-4821419.html>.

<sup>47</sup>VNA, "Viettel Officially Launches 5G Network," *Vietnam+*, October 15, 2024, <https://en.vietnamplus.vn/viettel-officially-launches-5g-network-post298325.vnp>.

<sup>48</sup>"Rice Export Hits a Fresh Record of \$5 Billion," *vietnamnews.vn*, n.d., <https://vietnamnews.vn/economy/1687945/rice-export-hits-a-fresh-record-of-5-billion.html>.

<sup>49</sup>VNA, "Coffee Exports to Hit Record \$5.6B This Year," *VnExpress International – Latest News, Business, Travel and Analysis From Vietnam*, November 30, 2024, <https://e.vnexpress.net/news/business/economy/coffee-exports-to-hit-record-5-6b-this-year-4821614.html>.

## Foreign Affairs

### *Vietnam-US Relations Strengthen with Seminars & Investment Summits*

On January 23rd, Vietnamese Minister of Foreign Affairs Bui Thanh Son delivered his speech at the Vietnam-US Relations seminar held by the CSIS in Washington, D.C.<sup>50</sup> The seminar spotlights both countries' efforts to upgrade their ties and features officials, congressmen, scholars, and representatives from respective countries. The two parties aim to increase exchanges between officials and scholars to improve mutual understanding and find initiatives and ideas to boost the joint partnership.

On March 12th, US Ambassador to Vietnam Marc Knapper announced the upcoming 10th Select USA Investment Summit, to be held in Washington, D.C., from June 23-26, as a gateway to connecting with Vietnamese companies and institutions.<sup>51</sup> Interestingly, the summit will attract more than 2,300 international participants from 83 markets, who aim to create investment and cooperation opportunities in key industries such as business and professional services.

Indeed, Vietnam-US relations will keep evolving, with more aspects at the forefront, as both countries are satisfied with the elevation of the comprehensive partnership. 2024 will be a year of eyeing cooperation and deepening relations between Hanoi and Washington.<sup>52</sup>

### *Vietnam Supports Laos' ASEAN Chairmanship in 2024*

In the current era of heightened geopolitical tensions and the impending transition to Laos' ASEAN Chairmanship, Vietnam has actively sought to play a proactive role within the region. This was exemplified on January 28th when Vietnam and Cambodia committed to extend their utmost support to Laos, effectively carrying out its responsibilities.<sup>53</sup> Both countries expressed their determination to diligently implement high-level agreements and enhance the

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<sup>50</sup>Vietnam+, "CSIS Seminar Spotlights Vietnam - US Relations," *Vietnam+ (VietnamPlus)*, January 24, 2024, <https://en.vietnamplus.vn/csis-seminar-spotlights-vietnam-us-relations/276734.vnp>.

<sup>51</sup>VietNamNet, "US Ambassador: 2024 Will Be a Great Year for Vietnam - US Relations," *Vietnam.VN* (blog), March 12, 2024, accessed April 26, 2024, <https://www.vietnam.vn/en/dai-su-my-2024-se-la-nam-tuyet-voi-cho-quan-he-viet-my>.

<sup>52</sup>Christopher Woody, "After a Major Upgrade, the US Military Wants to Take Things Further With Vietnam," *The Diplomat*, February 9, 2024, accessed April 26, 2024, <https://thediplomat.com/2024/02/after-a-major-upgrade-the-us-military-wants-to-take-things-further-with-vietnam>.

<sup>53</sup>VNA, "Vietnam Praises ASEAN Socio-Cultural Community's Priorities in 2024," *Nhan Dan Online*, March 24, 2024, accessed April 26, 2024, <https://en.nhandan.vn/vietnam-praises-asean-socio-cultural-communitys-priorities-in-2024-post134242.html>.



implementation of the cooperation agreement between their respective foreign ministries for the period of 2021-2025. Vietnam, in particular, reaffirmed its support for Laos in assuming the role of ASEAN Chairman in 2024, emphasizing its intention to closely coordinate with its neighboring country in advancing the Strategic Plan of the ASEAN Community Vision until 2045.

### ***Vietnam-China Relations: Building a Shared Future Amid South China Sea Tension***

On the other hand, Sino-Vietnamese relations have not gone sour; amidst the clash around the South China Sea, the two parties keep engaging for more cooperation and opportunities in the region. Likewise, China stands ready to maintain close relations with Vietnam to anchor the new positioning of their bilateral ties.

On February 3rd, Xi Jinping made the remarks in exchange for Spring Festival greetings, indicating that China has opened up a new journey and a new chapter for developing ties between the two parties and two nations.<sup>54</sup> Xi and Nguyen Phu Trong, general secretary of the Communist Party of Vietnam (CPV) Central Committee, signify the joint efforts to build a China-Vietnam community with a shared future that carries strategic significance.

### ***Vietnam-Japan Defenses Dialogue Advances Strategic Cooperation***

Vietnam is also engaging with Japan on the sidelines. On February 27th, Vietnamese Deputy Defense Minister Senior Lieutenant General Hoang Xuan Chien and Japanese Vice Minister of Defense for International Affairs Serizawa Kiyoshi co-chaired the 10th Vietnam—Japan defense policy dialogue.<sup>55</sup> They concluded the discussion as the two nations promoted exchanges of all-level delegations and joint work in different sectors alleviated from their CSP last year, especially education training, defense industry, and military medicine.

### ***Mekong Region Collaboration Boosts Tourism & Development***

Furthermore, Vietnam is actively engaging in collaborative initiatives within the Mekong Region. A notable development is establishing a tourism working group to promote both

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<sup>54</sup> Xinhua, “Xi Says to Work With Vietnam’s Trong to Promote China-Vietnam Community With Shared Future,” The National Committee of the Chinese People’s Political Consultative Conference, February 2, 2024, accessed April 26, 2024, [http://en.cppcc.gov.cn/2024-02/03/c\\_960981.htm#:~:text=Xi%20said%20that%20in%202024,levels%20and%20in%20all%20sectors](http://en.cppcc.gov.cn/2024-02/03/c_960981.htm#:~:text=Xi%20said%20that%20in%202024,levels%20and%20in%20all%20sectors).

<sup>55</sup> VNA, “Vietnam, Japan Commit to Stronger Defence Ties in 10th Policy Dialogue,” *Vietnam+*, February 27, 2024, accessed April 26, 2024, <https://en.vietnamplus.vn/vietnam-japan-commit-to-stronger-defence-ties-in-10th-policy-dialogue/280084.vnp>.

nations' tourism sectors from 2024 to 2028. Discussions have taken place regarding the concept of "Three Countries, One Destination," and there is consideration for organizing the Cambodia-Laos-Vietnam Trilateral Ministerial Meeting during the ongoing ASEAN Tourism Forum (ATF) 2024, hosted in the capital of Laos, Vientiane.<sup>56</sup>

### ***Vietnam-Australia Ties Elevated to Comprehensive Strategic Partnership***

Vietnam participated in the ASEAN-Australia Special Summit held in Melbourne from March 4th to 6th, engaging in fruitful discussions and approving two significant documents.<sup>57</sup> Additionally, on the summit's sidelines, Australia and Vietnam announced the elevation of their bilateral ties to a Comprehensive Strategic Partnership (CSP), symbolizing the progress in their relationship over the past six years. This CSP and the subsequent enhancement of bilateral ties are anticipated to encompass a stronger military dimension.

### ***Vietnam and Cambodia Renew Security Cooperation Plan for 2024***

Regarding Vietnam-Cambodia relations, on January 23rd, the Cambodian Ministry of Interior and the Vietnamese Ministry of Public Security renewed their security cooperation plan. This plan aims to jointly enhance the prevention of cross-border crimes through bilateral and regional frameworks.<sup>58</sup> Both parties reviewed the outcomes of their cooperation in 2023 and established the direction for their collaborative efforts in 2024. They also exchanged views on the evolving security and political landscape in the region and the world, acknowledging the persistent challenges posed by drug crimes, human trafficking, and technological offenses, which continue to threaten regional security.

### ***Vietnam and Hong Kong Commit to Strengthening Bilateral Ties***

On April 3rd, John Lee, the Chief Executive of the Hong Kong Special Administrative Region, hosted a farewell reception for Vietnamese Consul General Pham Binh Dam upon the completion of his tenure. Both leaders emphasized the productive cooperation between

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<sup>56</sup>Nhean Chamrong, "Mekong Nations Shine Spotlight on 'Three Countries, One Destination' - Khmer Times," Khmer Times, January 24, 2024, accessed April 26, 2024, <https://www.khmertimeskh.com/501427848/mekong-nations-shine-spotlight-on-three-countries-one-destination>.

<sup>57</sup>Jack Butcher, "Australia-Vietnam: A Partnership Made in China?," The Interpreter, March 14, 2024, accessed April 26, 2024, <https://www.lowyinstitute.org/the-interpreter/australia-vietnam-partnership-made-china>.

<sup>58</sup>Samban Chandara, "Security Pact With Vietnam Renewed," January 24, 2024, accessed April 26, 2024, <https://www.phnompenhpost.com/national/security-pact-with-vietnam-renewed>.

Vietnam and Hong Kong in recent years and expressed their commitment to further fostering the mutually beneficial relationship.<sup>59</sup>

### ***Vietnam Congratulates Hun Sen on Cambodian Senate Leadership***

That same day, the Chairman of Vietnam's National Assembly, Vuong Dinh Hue, congratulated Samdech Techo Hun Sen, the President of the Cambodian People's Party and Chairman of the Supreme Privy Council to the King, on his election as President of the Cambodian Senate. The top Vietnamese legislator expressed confidence that under the sound leadership of the Cambodian National Assembly, with its members' unity and unwavering efforts, both the Cambodian Senate and National Assembly will actively contribute to shaping the legal frameworks and policies that enhance Cambodia's international standing and prestige.<sup>60</sup>

### ***Vietnam and Thailand Deepen Bilateral Cooperation***

From April 10th to 12th, Vietnam's Minister of Foreign Affairs, Bui Thanh Son, met with Thai Princess Maha Chakri Sirindhorn as part of his official visit to Thailand. He also co-chaired the 5th Meeting of the Vietnam-Thailand Joint Commission for Bilateral Cooperation (JCBC). Son congratulated Thailand on its achievements during the post-COVID-19 recovery period and expressed confidence in the country's continued progress towards becoming a prosperous nation with an active role in regional and global arenas.<sup>61</sup>

### ***Vietnam Raises Concern over Funan Techno Canal Project***

Controversially, on April 11th, the deputy spokesman of the Vietnamese Foreign Ministry, Doan Khac Viet, stated that Vietnam was placing great interest in the Funan Techo canal project and called on Cambodia to cooperate closely with Vietnam and the Mekong River Commission to share information and assess the project's impact on water resources and the ecological environment of the Mekong Delta, ensuring harmonious interests among the riparian countries and the people of the region.<sup>62</sup>

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<sup>59</sup>VNA, "Vietnam, China's Hong Kong Promote Relations," *Vietnam+*, April 3, 2024, <https://en.vietnamplus.vn/vietnam-chinas-hong-kong-promote-relations-post283986.vnp>.

<sup>60</sup>VNA, "NA Chairman Extends Congratulations to Cambodia's Senate President," *Nhan Dan Online*, April 4, 2024, <https://en.nhandan.vn/na-chairman-extends-congratulations-to-cambodias-senate-president-post134542.html>.

<sup>61</sup>Nationthailand, "Vietnamese Foreign Minister Pays Official Visit to Thailand," *Nationthailand*, April 12, 2024, <https://www.nationthailand.com/world/asean/40037189>.

<sup>62</sup>VNA, "Vietnam Urges Cambodia to Share Information on Canal Project," *Vietnam+*, April 11, 2024, <https://en.vietnamplus.vn/vietnam-urges-cambodia-to-share-information-on-canal-project-post284414.vnp>

***Vietnam and Venezuela Celebrate 35 Years of Diplomatic Relations***

Moreover, at the invitation of Venezuelan Vice-President Delcy Rodríguez, Vietnam's Deputy Prime Minister Tran Luu Quang paid an official friendly visit to Venezuela from April 17 to April 19th, 2023. The trip, conducted in the context of the 35th anniversary of friendly relations and the 17th year of the comprehensive partnership between the two countries, is expected to be marked by the signing of new cooperation agreements in oil and gas, telecommunications, agriculture, and construction. The nations have also supported each other at the UN Human Rights Council for the 2023- 2025 term.<sup>63</sup>

***Vietnam Deepens Collaboration with OECD and France for Sustainable Development***

On May 2nd, Vietnam's Minister of Foreign Affairs, Bui Thanh Son, traveled to Paris, which was expected to strengthen further Vietnam's partnership with the Organization for Economic Cooperation and Development (OECD) and France. The country sees exponential benefits in promoting sustainable and inclusive development. Vietnam and the OECD continue to implement numerous specific projects under the Action Program to implement their Memorandum of Understanding, including a report on the quality of foreign direct investment and the Vietnam Economic Report.<sup>64</sup>

***Vietnam-France Relations Witness Comprehensive Growth Across Multiple Sectors***

Ambassador Thang underscored optimism regarding Vietnam-France relations, which have experienced significant accumulation in quantity and quality, with a widespread and even partnership system at all levels, from central to local, from ministries to businesses, and from associations to cultural and educational institutions. The high-ranking leaders of the two countries agreed to continue strengthening political trust and people-to-people exchanges, as well as promoting and advancing cooperation in fields such as diplomacy, defense-security, economics, trade, investment, aviation, energy transition, science and technology, culture, local cooperation, and within the Francophone community.

***Vietnam, Laos, and China Enhance Border Security and Trilateral Cooperation***

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<sup>63</sup> VNA, "Vietnam, Venezuela Bolster Comprehensive Partnership," *Vietnam+*, April 16, 2024, <https://en.vietnamplus.vn/vietnam-venezuela-bolster-comprehensive-partnership-post284596.vnp>.

<sup>64</sup> "FM's Trip to Promote Việt Nam's Relations With OECD, France: Diplomat," Viet Nam News, April 30, 2024, <https://vietnamnews.vn/politics-laws/1654820/fm-s-trip-to-promote-viet-nam-s-relations-with-oecd-france-diplomat.html>.

Furthermore, on May 15th, a trilateral meeting between Vietnam, Laos, and China was held at the shared border mark of the three countries. The event was attended by representatives from the A Pa Chai and Sen Thuong border stations in Dien Bien province, the police department of Nhot Ou district and Phongsaly province in Laos, and the border management authorities of Jiangcheng district and Pu'er city in China. The three sides evaluated the outcomes of their coordination in border management, protection, and preventing cross-border crimes and illegal immigration. They identified key areas for continued collaboration and agreed to uphold the implementation of the legal border and land documents signed by their respective governments, aiming to strengthen trilateral cooperation in the future.<sup>65</sup>

### ***Vietnam and South Korea Set Ambitious Trade Goals***

On May 20th, Vietnam persisted with its "One China" policy, recognizing Taiwan as an inseparable part of China's territory, as stated by the Vietnamese Ministry of Foreign Affairs spokeswoman, Pham Thu Hang. Responding to a reporter's query, Hang affirmed that Vietnam has consistently pursued and developed people-to-people and non-governmental relations with Taiwan in various fields such as economy, trade, investment, science and technology, culture, and education but has not established any state-level relationship with Taiwan.<sup>66</sup>

The quarter began on July 2, when Prime Minister Pham Minh Chinh and his South Korean counterpart, Han Duck-Soo, announced ambitious plans to increase bilateral trade to US\$100 billion by 2025 and US\$150 billion by 2030.<sup>67</sup> Chinh urged Korean companies to enhance their investments in Vietnam across various sectors, including gas-fired power, computer chips, renewable energy, and artificial intelligence (AI). He also encouraged the establishment of more research and development centers in Vietnam to foster innovation and connectivity.

### ***President To Lam's Inaugural Visits to Laos and Cambodia Strengthen Regional Ties***

From July 11th to 13th, President To Lam undertook his inaugural foreign visits to Laos and Cambodia, reinforcing Vietnam's foreign policy goals outlined at the 13th National Congress

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<sup>65</sup> The World and Vietnam Report, "Vietnam, Laos, China Held Trilateral Meeting to Enhance Border Management Cooperation," May 15, 2024., <https://en.baoquocte.vn/vietnam-laos-china-held-trilateral-meeting-to-enhance-border-management-cooperation-271559.html>.

<sup>66</sup> VNA and VLLF, "Vietnam Reaffirms Commitment to 'One China' Policy," May 20, 2024, <https://vietnamlawmagazine.vn/vietnam-reaffirms-commitment-to-one-china-policy-71820.html>.

<sup>67</sup> Thuy Dung, "Viet Nam, South Korea Aim to Raise Trade Value to US\$100 Bln Next Year," *En.Baochinphu.Vn*, July 2, 2024, <https://en.baochinphu.vn/viet-nam-south-korea-aim-to-raise-trade-value-to-us100-bln-next-year-111240702190231149.htm>.

of the Communist Party of Vietnam. His trips emphasized the importance of nurturing good neighborly relations, fostering long-term sustainability, and promoting traditional solidarity with both nations. Foreign Minister Bui Thanh Son noted that these visits significantly enhanced cooperation among Vietnam, Laos, and Cambodia, focusing on political trust, economic ties, and cultural exchanges.<sup>68</sup>

### ***Vietnam and Qatar Explore Investments in Green Technology & Emerging Sectors***

On July 20th, Prime Minister Pham Minh Chinh hosted Qatari Minister of State for Foreign Affairs Soltan Bin Saad Al-Muraikhi. During the meeting, Chinh urged Qatari companies to increase investments in Vietnam's vital sectors, such as oil and gas, infrastructure, agriculture, and green technology. Both leaders emphasized the importance of peaceful dispute resolution by international law while also focusing on mutual development and cooperation in emerging fields like electric vehicles and semiconductors, further strengthening the partnership between the two nations.<sup>69</sup>

### ***Vietnam and Cambodia Reaffirm Commitment to Strengthening Bilateral Ties***

Later, on July 25th, Prime Minister Pham Minh Chinh met with Hun Sen, the President of the Cambodian People's Party and the Cambodian Senate, who was in Vietnam for the funeral of Party General Secretary Nguyen Phu Trong. Both leaders reaffirmed their commitment to enhancing political trust and coordination on joint statements and cooperation agreements. They also agreed to deepen collaboration between the two countries' ministries, agencies, and localities, and to continue high-level exchanges to strengthen bilateral ties and ensure regional stability and cooperation.<sup>70</sup>

### ***Vietnam and India Expand Comprehensive Strategic Partnership***

As August unfolded, on the 1st, Prime Minister Chinh and Indian Prime Minister Narendra Modi held discussions in New Delhi, celebrating the progress of their bilateral comprehensive strategic partnership established in 2016. Several agreements were signed following their talks,

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<sup>68</sup> “President’s State Visits Contribute to Strengthening Việt Nam-Laos-Cambodia Cooperation: FM,” Viet Nam News, July 13, 2024, <https://vietnamnews.vn/politics-laws/1659216/president-s-state-visits-contribute-to-strengthening-viet-nam-laos-cambodia-cooperation-fm.html>.

<sup>69</sup> Thuy Dung, “Prime Minister Receives Qatari Minister of State for Foreign Affairs,” *En.Baochinhphu.Vn*, July 21, 2024, <https://en.baochinhphu.vn/prime-minister-receives-qatari-minister-of-state-for-foreign-affairs-111240720142233342.htm>.

<sup>70</sup> Nhan Dan Online [NDA], “Prime Minister Chinh Meets President of Cambodian Senate Hun Sen,” *Nhan Dan Online*, July 25, 2024, <https://en.nhandan.vn/prime-minister-chinh-meets-president-of-cambodian-senate-hun-sen-post137673.html>.

including energy, defense, and technology partnerships. Both leaders agreed to strengthen traditional cooperation and explore new areas under heightened political confidence and deeper defense-security collaboration. They also emphasized the need for continued cooperation to ensure peace and stability in the Indo-Pacific region.<sup>71</sup>

### ***Vietnam and New Zealand Set Ambitious Bilateral Trade Goals***

On August 14th, Prime Minister Chinh welcomed New Zealand's newly accredited Ambassador, Caroline Beresford, to Hanoi. He emphasized the need for both nations to adopt breakthrough measures, including improving market access for each other's products, to meet the ambitious goals of reaching US\$2 billion in bilateral trade by 2024 and US\$3 billion by 2026. Both leaders reiterated their commitment to strengthening high-level exchanges and fostering agriculture, education, and labor cooperation.<sup>72</sup>

### ***Vietnam-China Relations Strengthened with New Agreements & Cultural Initiatives***

On August 19th, President To Lam held talks with Chinese President Xi Jinping in Beijing, resulting in several signed cooperation agreements. They declared 2025 as the "Year for Vietnam-China Humanistic Exchange," aiming to enhance cultural ties and collaboration between the two nations. This engagement underscores the commitment to fostering deeper connections and mutual understanding in various sectors.<sup>73</sup>

### ***Vietnam and Japan Celebrate 50 Years of Diplomatic Relations***

On September 4th, General Secretary and President To Lam held online talks with Japanese Prime Minister Kishida Fumio, coinciding with the 50th anniversary of diplomatic relations between Vietnam and Japan. They discussed enhancing political trust and mutual understanding through ongoing high-level exchanges. The leaders also agreed to strengthen collaboration across various sectors to foster their comprehensive strategic partnership, highlighting the importance of shared goals and cooperation.<sup>74</sup>

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<sup>71</sup> "India & Vietnam Hold Bilateral Talks to Further Energise the Comprehensive Strategic Partnership," Akashvani, August 1, 2024, <https://www.newsonoutair.gov.in/pm-modi-to-hold-talks-with-his-vietnamese-counterpart-today-two-countries-to-sign-several-agreements-following-the-talks/>.

<sup>72</sup> Kim Anh, "Viet Nam, NZ Target to Upgrade Ties," *En.Baochinhphu.Vn*, August 14, 2024, <https://en.baochinhphu.vn/viet-nam-new-zealand-target-to-upgrade-ties-111240814142214719.htm>.

<sup>73</sup> Huong Giang, "To Lam, Xi Jinping Hold Summit Meeting in Beijing," *Socialist Republic of Viet Nam Government News*, August 19, 2024, <https://en.baochinhphu.vn/to-lam-xi-jinping-hold-summit-meeting-in-beijing-111240819193257357.htm>.

<sup>74</sup> Huong Giang, "To Lam Holds Online Talks With Japanese Prime Minister," *Socialist Republic of Viet Nam Government News*, September 5, 2024, <https://en.baochinhphu.vn/to-lam-holds-online-talks-with-japanese-prime-minister-111240904080211707.htm>.

***Vietnam and Mozambique Deepen Longstanding Friendship***

On September 9th, on behalf of the Party, State, and people of Vietnam, To Lam extended a warm welcome to President Nyusi, President of Mozambique, on his first visit to Vietnam. He expressed confidence that the visit would serve as a catalyst for strengthening and deepening the longstanding tradition of solidarity, friendship, and cooperation between the two nations.<sup>75</sup>

***Vietnam and Russia Outline Future Parliamentary Cooperation***

On September 10th, Chairman of the National Assembly Tran Thanh Man met with President Vladimir Putin in Moscow. He informed Putin about the outcomes of his ongoing three-day official visit to Russia and outlined future cooperation priorities between the two countries' parliamentary bodies. In return, Putin expressed thanks and invited the two Vietnamese leaders to visit Russia at convenient times.<sup>76</sup>

***Vietnam and Mongolia Establish Comprehensive Partnership***

At the start of October, Vietnam and Mongolia agreed to establish a comprehensive partnership. They pledged to foster substantive and effective development of economic cooperation, maintain bilateral economic cooperation mechanisms, including the intergovernmental committee on economic, trade, scientific, and technical cooperation, and enhance trade promotion and business connectivity activities.<sup>77</sup>

***PM Chinh Advocates for ASEAN Unity and Maritime Security at Summit in Laos***

On October 9th, Prime Minister Pham Minh Chinh attended the opening ceremony of the ASEAN Summits in Laos. His remarks focused on ASEAN cooperation orientations, shaping the future of ASEAN, and navigating the bloc's role. He also called on all parties to respect the interests and sovereign rights of the relevant countries. He emphasized the importance of

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<sup>75</sup> Socialist Republic of Viet Nam Government News. 09 September 2024. "To Lam holds summit meeting with Mozambique President Filipe Jacinto Nyusi". <https://en.baochinhphu.vn/to-lam-holds-summit-meeting-with-mozambique-president-filipe-jacinto-nyusi-111240909184511072.htm>

<sup>76</sup> Socialist Republic of Viet Nam Government News. 11 September 2024. "Top legislator meets President Putin in Moscow". <https://en.baochinhphu.vn/top-legislator-meets-president-putin-in-moscow-11124091109075314.htm>

<sup>77</sup> Socialist Republic of Viet Nam Government News. 01 October 2024. "Viet Nam, Mongolia establish comprehensive partnership". <https://en.baochinhphu.vn/viet-nam-mongolia-establish-comprehensive-partnership-111241001083907059.htm>



ensuring security, safety, and freedom of navigation and aviation in the East Sea, a vital shipping route through which 60 percent of the world's goods are transported.<sup>78</sup>

### ***Vietnam and Japan Explore Expanded Cooperation on Strategic Infrastructure***

Interestingly, on October 11th, Prime Minister Pham Minh Chinh met with his Japanese counterpart, Shigeru Ishiba, on the sidelines. He suggested that Japan consider new ODA loans for Vietnam's strategic infrastructure, urban and high-speed railway, and climate change adaptation projects and expand cooperation to new fronts like digital transformation, green transition, circular economy, semiconductors, and artificial intelligence.<sup>79</sup>

### ***Vietnam and China Sign 10 Agreements to Boost Bilateral Ties***

On October 13th, Vietnam and China signed 10 agreements, spanning areas such as agricultural cooperation and cross-border QR code payments, during Chinese Premier Li Qiang's three-day visit to Hanoi as the two neighbors work to strengthen their ties. The two Asian neighbors have repeatedly shown interest in boosting rail links but have not announced concrete plans or estimated costs for upgrading connections.<sup>80</sup>

### ***Vietnam Joins BRIC Summit to Promote Global Cooperation***

On October 23rd, Vietnam PM Chinh attended the BRICS summit in Russia for the first time. He expressed his readiness to work with BRICS countries and the international community to realise the idea of building a better world for all. On the sidelines, the top leader also met with President Xi Jinping to discuss how to improve cooperation and development.<sup>81</sup>

### ***Call for New Economic Corridor in the Greater Mekong Subregion***

On November 7th, the Vietnamese Prime Minister called for the new-generation economic corridor in the Greater Mekong Subregion during the GMS Summit in China. He believed that

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<sup>78</sup> Socialist Republic of Viet Nam Government News. 09 October 2024. "PM calls on ASEAN to stay united and consolidate common stances on East Sea issue". <https://en.baochinhphu.vn/pm-calls-on-asean-to-stay-united-and-consolidate-common-stances-on-east-sea-issue-111241009184007636.htm>

<sup>79</sup> Socialist Republic of Viet Nam Government News. 11 October 2024. "Prime Minister meets Japanese counterpart Shigeru Ishiba for first time in Vientiane". <https://en.baochinhphu.vn/prime-minister-meets-japanese-counterpart-shigeru-ishiba-in-vientiane-111241011144129252.htm>

<sup>80</sup> Reuters. 13 October 2024. "Vietnam, China sign 10 deals including agri trade to payment as leaders meet". <https://www.reuters.com/world/asia-pacific/vietnam-china-sign-10-documents-during-chinese-premiers-visit-hanoi-2024-10-13/>

<sup>81</sup> Reuters. 25 October 2024. "PM Chinh says Vietnam to work with BRICS as he meets with China, Russia leaders". <https://www.reuters.com/world/pm-chinh-says-vietnam-work-with-brics-he-meets-with-china-russia-leaders-2024-10-25/>

it would connect different stakeholders and sectors, with a focus on assisting the member countries to fix deficiencies in regulatory framework and technological/innovation capabilities. The GSM countries need to substantively and effectively facilitate the movement of capital, goods and services within the region.<sup>82</sup>

### ***Vietnam Champions Multilateralism at International Parliament for Tolerance and Peace***

On November 24th, the top Vietnamese legislator, Tran Thanh Man, stressed the point of a way to create a sustainable foundation for a peaceful and tolerant world while addressing the opening ceremony of the 11<sup>th</sup> Plenary Session of the International Parliament for Tolerance and Peace in Phnom Penh, Cambodia. He called for respecting international law and upholding multilateralism, especially the central role of the United Nations, describing it as the most civilized approach to prevent wars and conflicts.<sup>83</sup>

### ***Vietnam Welcomes Israel-Hezbollah Ceasefire Agreement***

On the hot front, Foreign Ministry Spokesperson Pham Thu Hang said Viet Nam welcomes the Israel-Hezbollah ceasefire agreement. It means Vietnam supports all efforts to achieve a ceasefire in the Gaza Strip and end conflicts, contributing to establishing a peaceful and stable environment in the Middle East.<sup>84</sup>

## **Conclusion**

As Vietnam concludes another transformative year, its achievements highlight its resilience and strategic foresight in navigating domestic challenges and international dynamics. The continued emphasis on fostering economic growth, innovation, and multilateral diplomacy reinforces Vietnam's leadership role in Southeast Asia. By strengthening its relationships with global partners and addressing critical issues such as environmental sustainability and regional security, Vietnam is poised to contribute significantly to shaping a more stable and prosperous

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<sup>82</sup> Socialist Republic of Viet Nam Government News. 07 November 2024. "PM calls for new-generation economic corridor in Greater Mekong Subregion". <https://en.baochinhphu.vn/pm-calls-for-new-generation-economic-corridor-in-greater-mekong-subregion-111241107112523216.htm>

<sup>83</sup> Socialist Republic of Viet Nam Government News. 24 November 2024. "Top legislator underscores importance of mutual understanding for global peace". <https://en.baochinhphu.vn/top-legislator-underscores-importance-of-mutual-understanding-for-global-peace-111241124180157792.htm>

<sup>84</sup> Socialist Republic of Viet Nam Government News. 29 November 2024. "Viet Nam welcomes Israel-Hezbollah ceasefire agreement". <https://en.baochinhphu.vn/viet-nam-welcomes-israel-hezbollah-ceasefire-agreement-111241129091600742.htm>

future for the region. The year's milestones demonstrate Vietnam's steadfast commitment to building a cooperative and inclusive Southeast Asia while advancing its national aspirations.



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STUDIES AND PUBLIC POLICY ≈

## CENTER FOR SOUTHEAST ASIAN STUDIES

Address: Russian Federation Blvd (110), Phnom Penh

Telephone: (855) 23 885 419

Email: [info.iispp@rupp.edu.kh](mailto:info.iispp@rupp.edu.kh)

Website: [www.rupp.edu.kh/iispp](http://www.rupp.edu.kh/iispp)