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ASEAN

Keo Sokkosol

Introduction

ASEAN advanced significantly across its three pillars during 2025. The APSC strengthened regional security by welcoming new signatories to the TAC, initiating the Timor-Leste admission ceremony, and deploying the Interim Observer Team for border monitoring. The AEC prioritized economic resilience by upgrading the free trade agreement with China (ACFTA 3.0), negotiating the ASEAN-Canada FTA, and proactively addressing proposed U.S. tariffs to protect regional trade. Simultaneously, the ASCC focused on human capital and sustainability through the UK-ASEAN Women in STEM scholarships, the ASEAN Tourism Forum, and vocational training initiatives aimed at bridging labour market gaps. These efforts collectively reinforced ASEAN's commitment to a secure, integrated, and digitally ready region.

ASEAN Political-Security Community (APSC)

In 2025, the South China Sea dispute continues as a major issue because of China's territorial claims in regions also claimed by ASEAN members, particularly the Philippines. ASEAN has not achieved a final resolution despite the ongoing Code of Conduct (CoC) negotiations. At the ASEAN Foreign Ministers' Retreat in Langkawi, Malaysia, on January 19, the organization declared the conclusion of the third reading of the Single Draft CoC Negotiating Text (SDNT). Originally established in 2018, this text represents a notable phase in the negotiations and consists of preambular provisions, general provisions, and final clauses. The SDNT utilizes colour coding to identify the original CoC Framework text, consolidated sections, and individual contributions from China and the ten ASEAN member states.

An implementation schedule for a functional and substantive CoC with China has not been determined. On January 21, 2025, regional friction increased as Manila reported Chinese entry into its waters. This rise in tension followed the presence of the CCG-5901, a large Chinese coast guard ship, within the Philippine Exclusive Economic Zone. The Philippines has repeatedly charged China with using intimidation against Filipino fishermen and conducting illegal maritime activities. The earlier presence of

the CCG-5901 in the Philippine EEZ was viewed as a demonstration of authority, leading to apprehension regarding China's disregard for international standards.

The 46th ASEAN Summits and Related Meetings took place on May 26-27, where approval was granted for Timor-Leste's entry. On October 26, the Signing of the Declaration on the Admission of Timor-Leste into ASEAN Ceremony was held to mark the country's attainment of full membership status. The journey of Timor-Leste to the ASEAN started with signing the TAC in 2007 in Cebu, applying for the membership in 2011 in Jakarta, receiving the Observer Status as a Member in-principle in 2022 in Phnom Penh, and depositing the instrument of accession to the ASEAN Charter and the SEAWFZ Treaty in 2025.¹

In July, the ASEAN Political-Security Community prioritized the broadening of its diplomatic influence and the improvement of regional security partnerships. During the 58th ASEAN Foreign Ministers' Meeting in Kuala Lumpur, the People's Democratic Republic of Algeria and the Oriental Republic of Uruguay entered into the Treaty of Amity and Cooperation in Southeast Asia. This addition increased the total number of High Contracting Parties to 57.² On October 25, the Republic of Finland signed the Instrument of Accession to the Treaty of Amity and Cooperation in Southeast Asia (TAC), officially becoming the 58th High Contracting Parties in the TAC. This demonstrates the ongoing growth of ASEAN's diplomatic reach outside of its geographical borders. Furthermore, a delegation from Azerbaijan visited the ASEAN Regional Mine Action Center (ARMAC) on July 23,³ building upon a prior study tour and showing Azerbaijan's commitment to the APSC Blueprint 2025 and a developing relationship with ASEAN that started in 2022.⁴

The APSC also concentrated on reinforcing regional stability mechanisms and long-term strategic planning, especially when it comes to the Cambodia-Thailand border dispute. On July 28, ASEAN Chair and Malaysian Prime Minister hosted a Special Meeting to address the current situation between Cambodia and Thailand in Kuala Lumpur, co-organized by the United States of America and joined by China. The outcome of the Special Meeting was a Joint Press Release that has three bullet points that both parties agreed upon: (1) an immediate and unconditional ceasefire starting from 24:00 hours on July 28, 2025, (2) to convene an informal meeting between

regional commanders of both countries at 07:00 hours on July 29, 2025, and (3) to convene a meeting of the General Border Committee (GBC) on August 4, 2025, hosted by Cambodia. An extraordinary session of the Cambodia-Thailand General Border Committee resulted in the creation of the Interim Observer Team. This group, consisting of defense attaches from ASEAN member nations, was formed to oversee a ceasefire.⁵

On October 26, Cambodia and Thailand signed a Kular Lumpur Joint Declaration co-hosted and co-witnessed by Malaysian Prime Minister and ASEAN Chair Anwar Ibrahim and President Donald J. Trump of the United States.⁶ Interestingly, the United States and its allies, namely Australia, refers to this agreement as the Kuala Lumpur Peace Accords, suggesting that it is a legal binding document, whereas Cambodia and Thailand, along with the official name written down on the agreement, refer to it as a Joint Declaration, suggesting that there is no legal obligation to the agreement. Fighting resumed when Thailand escalate the tension and bombed Cambodia on December 7. Prime Minister Anwar Ibrahim called for a Special ASEAN Foreign Ministers' Meeting but was postponed, by Thailand, to December 22.⁷ It is still uncertain whether the Meeting would even take place.

On August 11, the 15th Consultation Meeting between the Initiative for ASEAN Integration (IAI) Task Force and ASEAN Partners was held to close development gaps in strategic areas such as food and agriculture and education.⁸ This highlights the community's acknowledgment that disparities in development can lead to instability. The ASEAN Law Forum 2025, held on August 21, produced a joint statement focused on the advancement of commercial arbitration and mediation. This initiative establishes a more robust legal structure intended to support both economic growth and the resolution of conflicts.⁹ The following day, on August 22, the 17th Coordinating Conference for the APSC (ASCCO) reviewed the APSC Blueprint 2025 and discussed "ASEAN 2045: Our Shared Future," indicating a forward-looking and self-reflective approach to the community's goals and progress.¹⁰

ASEAN leaders have decided to call for the planned December 28 General Election in Myanmar, with 57 parties and over 5000 candidates.¹¹ However, the leaders strongly urge it to be a free and fair election, preferably with the inclusive of the NLD and should

focus on immediate ceasefire first. Also, the decision of only welcoming Myanmar's non-political representation at the ASEAN Summits and AMM still continues, along with the skipping Myanmar's 2026 Chairmanship to the Philippines.

ASEAN Economic Community (AEC)

Between January 15 and 17, 2025, negotiations for the ASEAN-Canada Free Trade Agreement (ACAFTA) took place in Bangkok. Thailand's deputy prime minister of commerce noted that Canada recently organized the 11th round of these talks, with both sides intending to finalize a major agreement by the close of 2025. This session addressed critical subjects including technical trade barriers, service trade, investment, intellectual property rights, regulatory standards, sanitary measures, and legal frameworks.¹² On October 28, ASEAN and China introduced the upgraded ASEAN-China Free Trade Agreement 3.0 Protocol (ACFTA 3.0).¹³ Building on the original 2002 agreement and the 2015 version, this update reflects the deepening relationship between the two parties.¹⁴ Additionally, both sides approved the Plan of Action to Implement the ASEAN-China Comprehensive Strategic Partnership (2026–2030) and accepted China's proposal to designate 2026 as the 5th anniversary celebration of this partnership.

As the 2025 ASEAN Chair, Malaysia organized the ASEAN Foreign Ministers' Retreat in Langkawi on January 19, 2025. This meeting served to reconfirm the organization's dedication to improving regional stability and digital economic competitiveness within a complicated and fluctuating global climate. Furthermore, the participants expressed their intent to finalize a detailed and high-standard ASEAN Digital Economy Framework Agreement (DEFA) by the end of 2025.¹⁵

Additionally, Foreign Minister Mohamad Hasan stated that ASEAN intends to hold a summit with the United States to address concerns regarding proposed U.S. tariffs. In light of President Donald Trump's plan to levy a 25% tariff on pharmaceutical, semiconductor, and automotive imports, ASEAN members aim to establish a unified stance and seek discussions on the potential economic fallout. Mohamad Hasan, or Tok Mat, emphasized that these tariffs pose a significant threat to Malaysia, given that 60 percent of its trade is with the U.S. and is heavily concentrated in electrical and electronic exports. This summit highlights ASEAN's proactive approach in negotiating

with Washington to mitigate the effects of protectionist policies during the second Trump administration. On October 26, ASEAN leaders and the U.S. President approved a Joint Vision Statement focused on fostering a more secure and prosperous relationship.¹⁶ The declaration primarily stresses the importance of maritime freedom and the fight against transnational crime, particularly online fraud. Notably, during his visit to the region, President Trump signed Reciprocal Trade Deals with Cambodia and Malaysia and initiated trade negotiation frameworks with Vietnam and Thailand.¹⁷

The 31st ASEAN Economic Ministers Retreat occurred on February 28, 2025, under the chairmanship of Tengku Zafrul Tengku Abdul Aziz, Malaysia's Minister of Investment, Trade, and Industry, with attendance from ASEAN Secretary-General Dr. Kao Kim Hourn. The session highlighted the economic strategies and priorities of Malaysia's 2025 Chairmanship, centered on the theme of "Inclusivity and Sustainability." Discussions addressed global and regional economic shifts, methods for addressing economic difficulties, and the execution of the AEC Blueprint 2025. Key agenda items also featured the advancement of the ASEAN Digital Economy Framework Agreement (DEFA), the enhancement of the ASEAN Trade in Goods Agreement (ATIGA), and the integration of Timor-Leste into the region's economic pacts.¹⁸

ASEAN-EU trade relations constitute a formal and developing economic alliance founded on persistent dialogue, cooperative frameworks, and bilateral pacts. By 2024, the EU maintained its position as the third-largest trading partner for ASEAN, following China and the United States. Trade in goods between these regions total €262 billion in 2024, indicating a consistent recovery after the disruptions caused by the pandemic and global political changes. The strategic value of this relationship is underscored by the EU's Indo-Pacific cooperation strategy and the ASEAN-EU Comprehensive Air Transport Agreement, both of which seek to bolster regional connectivity and supply chain stability. On March 20, 2025, the Civil Society Dialogue on Trade Relations with Southeast Asia was held virtually to update representatives on trade progress and negotiations. At this event, the European Commission shared details regarding current free trade agreements with Singapore and Vietnam, as well as the status of ongoing talks with Malaysia, Thailand, the Philippines, and Indonesia.¹⁹

ASEAN Socio-Cultural Community (ASCC)

From January 15 to 20, 2025, the ASEAN Tourism Forum (ATF) was held in Johor Bahru, Malaysia, with a focus on regional cooperation, inclusivity, and sustainability within the tourism sector. Participants addressed critical topics such as cultural preservation, digital transformation, and climate change, while tourism leaders collaborated on industry innovation. A significant component of the forum was the ASEAN Tourism Standards Award, which recognized excellence in sustainable tourism practices. Additionally, the 21st Royal Langkawi International Regatta took place in Langkawi from January 20 to 25, 2025. Organized by the Royal Langkawi Yacht Club, the gathering included competitive sailing and social events alongside dialogues regarding the environmental and economic effects of maritime activities. This regatta sought to encourage community involvement, promote tourism, and advocate for sustainable maritime habits to bolster Langkawi's status as a premier international sailing location.²⁰

Between 16-18 March, Sea Asia 2025 took place at Marina Bay Sands in Singapore and drew nearly 21,000 participants from 92 countries. With more than 500 exhibitors and 100 guest speakers, the event spotlighted key issues in the maritime industry, such as the shift toward greener fuels like green methanol, carbon capture technology, and AI and data to drive digital transformation. Discussions also highlighted the increasing involvement of Asian banks in financing maritime ventures and how the sector adapts to changes in global trade. Overall, the event reinforced Singapore's growing reputation as a leading maritime innovation and sustainability hub.²¹

In July, the ASEAN Socio-Cultural Community (ASCC) focused on disaster management and cultural preservation. On July 14, Cambodia's National Committee for Disaster Management (NCDM) announced it will host the biennial ASEAN Regional Disaster Emergency Response Exercise 2025 (ARDEX-25) from July 22-24.²² This initiative, held in partnership with the AHA Centre, demonstrates the community's dedication to enhancing regional reactions to humanitarian emergencies. On July 23–24, the Ministry of Tourism, Arts and Culture (MOTAC) organized an International Workshop regarding the Melaka Declaration on Cultural Heritage Value Creation, which focuses on fostering stronger cultural connections within ASEAN.²³ These two events show the ASCC's dual focus on practical, on-the-ground cooperation for safety

and resilience, and on fostering a shared sense of community through cultural heritage.

In August, the ASCC focused on the advancement of human capital and the strengthening of strategic alliances. On August 7, the 2nd Meeting of the ASEAN-Peru Development Partnership Committee (AP-DPC) was co-chaired to evaluate the status of ongoing cooperation.²⁴ The ASEAN Technical and Vocational Education and Training (TVET) Conference on August 14 was held to align training content with the evolving needs of the workforce.²⁵ On August 22, the United Kingdom and ASEAN revealed the 2025 awardees of the Women in STEM Scholarships. This program is intended to address gender inequality and support the development of future leadership in science and technology.²⁶ The ASEAN Green Jobs Forum (AGJF) 2025 was also announced for late August, with a theme of "AI, Digitalization and Green Jobs."²⁷ These activities demonstrate the ASCC's strategy to enhance skills development, address social inequalities, and prepare the workforce for future economic transitions.

In September, the ASCC focused on long-term sustainability and strategic planning. The inaugural ASEAN–EU Ministerial Dialogue on Environment and Climate Change was held on September 4, leading to an agreement to implement the ASEAN–EU Work Programme 2025-2026.²⁸ On the same day, the ASEAN Connectivity Coordinating Committee (ACCC) met to evaluate the Master Plan on ASEAN Connectivity (MPAC) 2025 and initiate groundwork for its follow-up strategy. From September 16–17, 2025, the European Union and Cambodia co-hosted the "Closing the Gap Workshop" in Phnom Penh. This event focused on harmonizing Technical and Vocational Education and Training (TVET) with current labor market requirements, particularly within the agri-food sector, to support green and digital economic transitions.²⁹ A new study at the event found that despite high employment rates for TVET graduates, skills mismatches continue.³⁰ This month's events show the ASCC's focus on solidifying its commitments to environmental goals and long-term strategic planning, while also addressing practical, persistent issues in skills development.

Conclusion

ASEAN achieved notable progress across its three pillars: the Political-Security Community (APSC), the Economic Community (AEC), and the Socio-Cultural Community (ASCC). The APSC focused on strengthening regional security and diplomatic ties through key initiatives like the signing of the Treaty of Amity and Cooperation (TAC) by Algeria and Uruguay, bringing the total parties to 57. Security cooperation was further solidified by the launch of the Interim Observer Team (IOT) to monitor the Cambodia-Thailand border and the official move toward full membership for Timor-Leste. Meanwhile, the AEC navigated dynamic global economic shifts, highlighted by efforts to address potential U.S. trade tariffs through proactive diplomatic summits and the welcoming of the ACFTA 3.0 upgrade with China. A forward-looking focus on digital trade was maintained through progress on the ASEAN Digital Economy Framework Agreement (DEFA) and negotiations for the ASEAN-Canada Free Trade Agreement. The ASCC demonstrated its commitment to human development and resilience, underscored by workshops on the Melaka Declaration for cultural heritage and the announcement of the UK-ASEAN Women in STEM scholarships to combat gender disparities. Furthermore, initiatives like the "Closing the Gap" workshop with the EU aimed to align vocational training with the evolving labour market, ensuring deeper regional integration and shared prosperity.

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Cambodia

Ly Nory

Introduction

Cambodia's 2025 was defined by a convergence of internal security pressures and an external shock that rapidly re-ordered national priorities. Domestically, the Royal Government's intensified campaign against online scam operations—formalized through a July 2025 nine-point order and followed by large-scale raids and detentions across multiple provinces—signaled a sharpened focus on transnational crime, governance credibility, and internal control. At the same time, a sudden escalation of the long-running Cambodia–Thailand border dispute became the central political and security event of the year, generating significant civilian displacement, disruption to livelihoods, and a securitized domestic atmosphere that narrowed civic space while amplifying nationalist messaging.

These security dynamics intersected with an economy that remained broadly resilient but lost momentum under compounded shocks. Growth forecasts were revised downward into the mid-4% range as trade, tourism, and labor markets absorbed the effects of border instability, while macro fundamentals—foreign reserves, inflation management, and public debt—continued to provide policy buffers. Externally, Phnom Penh pursued a pragmatic foreign policy shaped by crisis management and strategic balancing: working ASEAN channels during the conflict, deepening “all-weather” ties with China, engaging the United States where interests aligned (including crisis diplomacy), and sustaining economic partnerships with Japan, the EU, and regional neighbors. This review assesses these developments across domestic, socio-economic, and foreign affairs, highlighting how security shocks influenced governance choices, economic performance, and Cambodia's diplomatic posture through 2025.

Domestic affairs

Scam operations and Cambodia-Thailand border conflict took the headlines of major domestic affairs in Cambodia's 2025.

Scam operations

On 15 July 2025, Royal Government of Cambodia released 9 points order on Online Scams Crackdowns.¹ Since the announcement, the government including local authorities have continually combatted at least 2043 scammers at different locations including Phnom Penh, Kampong Speu, Sihanoukville, Tbong Khmum, Kratie, Banteay Meanchey, Svay Rieng and others.

No	Date	Location	Number	Nationalities
1	<u>10-11 July 2025</u>	two rental houses located in Group 18, Village 5, Sangkat 4, Sihanoukville City-Province.	43	Vietnamese (14 are women)
2	<u>15-Jul-25</u>	1. SAI NA YANG GUANG INTERNATIONAL HOTEL CO., LTD – located in Group 13, Village 4, Sangkat 4, Preah Sihanouk City. The business is operated by LI JUN, a Chinese national, under a valid tourism license No. 433/24AB.SKH.GTC, effective from 1 August 2024, to 31 July 2025. 2. A rental flat in Borey BS, O'1 area – located in Group 1, Village 5, Sangkat 4. The building is two stories high and contains six rooms. 3. Two adjoining rental flats in Borey KL, O'5 area – a five-story structure with a total of 17 rooms. 4. A rental villa in O'5 area – located in Group 17, Village 4, Sangkat 4. The villa is two stories high and contains five rooms.	63	Vietnamese
3	<u>16-Jul-25</u>	Sangkat Boeung Keng Kang III, Boeung Keng Kang District, and Sangkat Khmuonh, Sen Sok District, Phnom Penh.	100	75 Taiwanese, 24 Chinese, 1 Vietnamese
4	16-Jul-25	Deported from Cambodia followed the arrest on 7 July 2025	29	Vietnamese
5	16-Jul-25	2 December Commune, Snuol District, Kratie Province	312	Viet Nam, Thailand, Bangladesh, Indonesia, China, and Myanmar, including 56 women
6	16-Jul-25	Stangta Nguon Road, across from the west side of Borey The Park City, in Paliley 2 Village, Sangkat Poipet, Poipet City, Banteay Meanchey Province	271	Indonesians
7	16-Jul-25	Rokar Koh commune, Kong Pisey district, Kompong Speu Province	63	majority are Chinese
8	17-Jul-25	O Smach, Samrong City, and Chubkakhir, Banteay Ampil District, Banteay Meanchey province	103	78 Chinese (17 women), 19 Vietnamese (16 women), 1 Thai (1

				person), and 5 Laotians (5 women)
9	18-Jul-25	Villa #1051 Betong Street, Phum Chres, Sangkat Kork Khleang and Unnamed building, Betong Street, Phum Tumnub, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh	133	113 Chinese and 16 Cambodian
10	18-Jul-25	Kilometer 4 Village, Phsar Kandal Sangkat, Poipet City, Banteay Meanchey Province	28	Chinese (3 are women)
11	18-Jul-25	XAMAT Casino, Trapaing Phlong 1 Village, Trapaing Phlong Commune, Ponhea Krek District, Tboung Khmum Province, near the Trapaing Phlong International Gate	448	144 of whom were female, were found, including 350 Vietnamese nationals, 104 female, and 98 Cambodian nationals, 40 female
12	19-Jul-25	(1) Villa No. 1051, Concrete Road, Chres Village, Kok Khlang Sangkat (2) unmarked building, Concrete Road, Tumnop Village, Phnom Penh Thmey Sangkat, Sen Sok District, Phnom Penh Capital	145	133 suspects, including 23 women, 113 Chinese nationals and 16 Cambodian nationals.
13	16-Sep-25	HANA condominium in Sen Sok district	48	33 South Koreans (five women), one Nepali man, one Bangladeshi man, and 13 Cambodians (five women).
14	Oct-25	various locations	107	South Korean
15	31-Oct-25	house number 17, Street 255, group 14, village 5, Boeung Salang commune, Tuol Kork district	111	106 Indonesian nationals – 36 of whom are women – and five Cambodian men

16	11-Nov-25	apartment in a gated community and at Heng Heng 2 Casino, located in Bavet commune	30	N/A
17	6-Dec-25	Svay Rieng province's Bavet town	9	seven Korean nationals (including two women) and two Cambodian nationals who were working as drivers.
18	9-Dec-25	Location1: Amarak in Koh Krabey 1 Village, Prek Thmey commune, Chbar Ampov district Location 2: Village 4, Buon commune, Sihanoukville, Preah Sihanouk province	125	including 75 Thai
		Total	2043	

Compiled by the Author (*Timeline from RGC released 9 points order on online scams crackdowns until first second week of December 2025*)

Cambodia-Thailand border conflict

Cambodia's security environment in 2025 was dominated by the sudden escalation of a long-running border dispute with Thailand. Tensions boiled over in late May 2025 when a skirmish in Oddar Meanchey Province left a Cambodian soldier dead, igniting heavy cross-border fighting by mid-July.² The ensuing clashes were the most serious in years. Between July 23–27, artillery duels and airstrikes along the 817-kilometer frontier killed dozens (reports say at least 48 people, mostly civilians) and forced some 300,000 Cambodians to flee their homes. Refugee shelters swelled as both armies sent reinforcements, and an emergency curfew was declared in several provinces. International mediators including ASEAN chair Malaysia (Prime Minister Anwar Ibrahim) pressed the governments to de-escalate; despite these efforts a local ceasefire only took hold by July 28 via an agreement brokered with U.S. involvement.³

Fighting resumed later in the year. In October 2025 Cambodia and Thailand signed a new peace accord (facilitated by U.S. President Donald Trump's diplomacy) that was intended to end hostilities. That ceasefire collapsed in November after another landmine blast injured Thai soldiers, with both sides accusing each other of violations.⁴ On 7 December the border war flared again, Thai jets conducted strikes on alleged Cambodian military sites, and Cambodia answered with BM-21 rocket fire along populated areas.⁵ An intensive air-ground campaign by F-16 displaced over 438,953 people, killed over 17 civilians, and injured 77 civilians on Cambodian side as of 6:00 PM 16 December 2025, according to Ministry of Interior Report. Civilian infrastructure suffered, one of which is Victory Bridge (Me Teuk Bridge) in the Thma Da area of Veal

Veng district, Pursat province was destroyed, disconnecting National Road 55.⁶ Thai F-16 keep bombing two more locations just 90km away from Angkor Wat in Siem Reap province, left school students in shocked and urgently flee home for shelter.⁷

Throughout this crisis Cambodia's government repeatedly called for negotiations but also vowed to defend its sovereignty with force if necessary. Prime Minister Hun Manet publicly warned Thailand against encroachments near disputed temples, while Foreign Ministry spokesmen accused Thai forces of "armed aggression" and shelling civilian areas. Cambodia's military tightened security nationwide: border checkpoints were reinforced and public communications emphasized patriotism. Internationally, Phnom Penh sought diplomatic support (appealing to ASEAN, the UN, and China), even nominating President Trump for a Nobel Peace Prize for his mediation role.

The border conflict had major domestic repercussions. Nearly one million Cambodian migrant workers returned home from Thailand by August, abruptly cutting off a key source of rural income.⁸ Many returnees, a force roughly twice the size of the garment labor sector, faced unemployment in the absence of safety nets. Humanitarian aid agencies reported urgent needs for cash assistance, food and shelter for displaced farmers and their families. In parliament, opposition legislators and human rights groups warned that the crisis exposed gaps in social protection and rural development. The government pledged emergency cash transfers and job-placement programs as recommended by analysts, but long-term employment remained a pressing concern.

On the political front, the border war also provided cover for domestic crackdowns. Authorities continued to target political opponents, civil society activists and independent media throughout 2025. Human Rights Watch and other observers noted that arrests of dissidents accelerated, and new laws, including amendments to citizenship regulations, were used to silence critics deemed unfriendly to the ruling party.⁹ Some analysts saw the security crisis as a pretext to enforce greater unity: for example, Cambodia detained several anti-scam campaigners who strayed into the conflict zone and stepped up controls on online communications citing "national security" needs. In practice this meant that public debate remained tightly constrained even as the border war was raging.

In summary, Cambodia's political-security situation in 2025 was defined by a sudden armed confrontation with Thailand and its fallout. The government's narrative emphasized sovereignty and territorial defense, while also engaging in stop-gap talks and ceasefires. Behind the scenes, both the Prime Minister and his elder statesman father (former PM Hun Sen) held back-channel talks with Thai counterparts, but peace proved elusive. Civilian populations bore the worst of the conflict: thousands of homes were destroyed or damaged, schools and markets were closed, and long-term displacement strained local services. Although both sides eventually agreed again to end hostilities in late December, full normalization would require a durable border demarcation and renewed diplomacy into 2026.

Socio-economic affairs

Cambodia's economy showed resilience in 2025 but lost momentum under compounded shocks. After booming 6.0% growth in 2024, output was expected to slow to about 4.8–4.9% in 2025.¹⁰ This revision came from both multilateral forecasts and country data: the World Bank projected roughly 4.8% growth by year's end¹¹, while the IMF and ADB similarly downgraded their estimates to the mid-4% range.¹² The slowdown reflected a mix of domestic and external factors. The border conflict disrupted cross-border trade and tourism (notably, Thai arrivals plunged over 60% in June 2025), and U.S. tariff uncertainties hit garment exporters. On the positive side, prudent policy and strong buffers helped prevent a sharper downturn. Foreign reserves remained ample (about 7.5 months of imports) and public debt was low (~26% of GDP). Inflation stayed subdued at roughly 2–3% (averaging 2.7% for 2025), and the riel-dollar exchange rate held steady, reflecting a managed regime.

Sector performance

The industrial sector led growth, with manufacturing (garments, footwear, bicycles) continuing to expand rapidly. In the first half of 2025 garment exports surged over 20% year-on-year¹³, partly due to buyers front-loading orders ahead of looming U.S. tariff changes – and other export industries (electrical goods, wood products) grew strongly as well. ADB projected industry output growth of about 7.9% in 2025 (up from under 5% in 2024). Construction also rebounded slowly as credit conditions normalized. By contrast, the services sector was under pressure. Hotels, restaurants and retail saw muted activity amid tourist uncertainty, so services growth was forecast around 2–3% (and only 2.6% in 2026). Tourism benefited somewhat from rising Chinese arrivals, but cross-border tourism (particularly from Thailand) dried up.

Agriculture remained Cambodia's economic backstop. Rice, cassava, cashews and fisheries exports provided steady (if low single-digit) growth. Agri sector output was projected at only about 1.1% growth for 2025–26. However, Cambodia's large rural population was cushioned by gains such as higher crop prices and the return of nearly one million migrant workers from Thailand. These returning laborers helped mitigate farm labor shortages, though they put pressure on rural wages. In short, agriculture still accounted for a third of employment, but its modest growth meant it could only slow the overall slowdown.

Macro outlook: According to the IMF and World Bank, Cambodia's fundamental indicators remained healthy. The current account deficit widened (weaker tourism receipts and exports), but was largely financed by a rebound in exports and capital

inflows.¹⁴ Foreign direct investment held up fairly well: FDI inflows reached about \$2.3 billion in the first half of 2025 (up nearly 30% year on year), attracted by continued incentives and ongoing projects (notably Chinese- and Japanese-led infrastructure). The fiscal deficit grew temporarily to an estimated \$1.5 billion (3.1% of GDP) in 2025, driven by higher military and social spending related to the border crisis. Public coffers nevertheless remained strong enough to maintain spending on education and health.

Inflation and prices: Consumer prices were broadly stable. After spiking to 6% early in 2025 (mainly from food prices), inflation eased to around 1–2% by mid-year. Fuel and rice prices were relatively low due to global market trends. Central bank policy remained accommodative; interest rates were kept unchanged to support growth, but officials signalled that normalization (e.g. higher reserve requirements) could resume once instability subsided.

Labor and livelihoods: Employment conditions presented mixed signals. The formal sector (textiles, construction, tourism) held most of the new jobs, but labor force participation dipped as returning migrant workers flooded back. CDRI estimated that roughly **900,000–1,000,000 Cambodians** returned from Thailand during the mid-2025 conflict. The government estimated tens of thousands of these were immediately unemployed. International organizations urged emergency support measures: cash transfers to poor households, training and job-placement services for returnees, and incentives for firms to hire them. In the informal economy (which accounts for about 90% of enterprises and 88% of employment in Cambodia), small traders and farmers struggled as domestic demand softened. The World Bank highlighted that a very large share of the population depends on informal incomes, so policies would need to protect these vulnerable groups even as reforms were enacted.

Rural economy and poverty: Poverty remained concentrated in rural areas, where nearly one in five people lived below the national poverty line (latest official surveys showed poverty around 18% in 2019/20). Continued agro-based growth and rural remittances had been driving poverty downward for years. But the 2025 shocks risked halting that progress. With fewer remittances and more mouths to feed on the farm, many rural families fell back on savings or debt. The Economic Update noted that targeted agricultural investments – such as irrigation or better market access – would be crucial. In March 2025 the EU and EIB launched a major agri-development program (nearly €80 million) to modernize farming, upgrade labs and bridges, and boost exports.¹⁵ Such measures aimed to help the 100,000 small farmers and 25,000 land-poor households who stood to benefit from the investment. In the short term, however, farm incomes were flat to slightly down, and rural unemployment ticked up as part of a broader slowdown in demand.

External risks and outlook: All forecasters agreed that Cambodia's outlook for 2026–27 was conditioned on managing these shocks and avoiding further crises. The border conflict posed a clear downside risk: renewed hostilities or sanctions (as threatened

by Thailand) could further harm trade and tourism.¹⁶ Global trade uncertainties (notably U.S. tariff threats on garments) and a possible slowdown in China also cast a shadow. On the upside, deeper integration into regional markets (ASEAN, RCEP) and renewed reform efforts could help. The World Bank and IMF both stressed the need for continued macro prudence and structural reforms: broadening the tax base, improving business regulations, easing finance access for SMEs, and investing in human capital. They also underscored social measures to protect the displaced and poor, highlighting that while Cambodia entered 2025 with solid buffers, policies would have to strike a balance between short-term stimulus and long-term sustainability.

Foreign affairs

Cambodia's foreign relations in 2025 were shaped by both the Thailand crisis and its broader strategy of balancing major powers while deepening regional ties. Phnom Penh remained a loyal ASEAN member, engaged China as a strategic partner, cultivated ties with the United States and others, and continued participating in multilateral forums (ASEAN, Mekong, UN, etc.).

ASEAN and Regional Engagement

As the border war raged, Cambodia worked through ASEAN channels. Malaysia (as outgoing ASEAN chair) immediately stepped in, with its Prime Minister Anwar Ibrahim phoning Hun Manet and Thailand's leader to urge dialogue.¹⁷ Although ASEAN lacks formal enforcement power, Cambodia welcomed such mediation efforts. The October 2025 ASEAN Summit in Kuala Lumpur was a notable venue, Thailand and Cambodia signed a "peace accord" there under the co-chairmanship of Malaysia's Anwar and U.S. President Trump.¹⁸ Cambodia emphasized that all disputes should be resolved peacefully and in accordance with international law, an approach consistent with the ASEAN way. Meanwhile, the government publicly supported ASEAN's centrality, noting that joint patrols or observer missions could help stabilize the border.

Beyond ASEAN, Cambodia engaged its CLMV neighbors (Laos, Myanmar, Vietnam) and other Mekong countries in cooperative frameworks. For example, in September 2025 Cambodia and China signed an agreement under the Mekong-Lancang Cooperation (a China-led subregional initiative) for a special fund of about **\$2.5 million** to support 11 Cambodian projects.¹⁹ This reflected Phnom Penh's broader strategy of using multilateral mechanisms (especially those China-sponsored) to attract development assistance. Similarly, Cambodia joined Vietnam and Laos in trilateral discussions on security and border issues, partly to ensure that the Thailand conflict did not spill over.

Bilateral Relations

China: Cambodia's ties with Beijing grew even stronger in 2025. In April, Chinese President Xi Jinping made a state visit to Phnom Penh. The two leaders heralded an "all-weather China-Cambodia community" and declared 2025 the China-Cambodia Year of Tourism.²⁰ China reiterated unwavering support for Cambodia's development and governance, and both sides signed over 30 cooperation agreements in areas like technology, industrial supply chains and infrastructure. China remains Cambodia's largest trading partner and top source of foreign investment. China-Cambodia trade passed \$17B in 11 months of 2025.²¹ On geopolitics, China framed itself as a partner in regional stability, jointly opposing what Xi called "unilateral bullying" and bloc confrontations. In practice, Cambodia leaned on China for diplomatic support against Western criticism, while welcoming Chinese infrastructure projects (railways, dams) and Chinese investments in tourism and manufacturing.

United States: Relations with the U.S. in 2025 were cautious but pragmatic. Official contacts resumed after a chill under the previous U.S. administration. In Phnom Penh, leaders repeatedly said Cambodia valued U.S. cooperation on security issues and investment, even as they bristled at American criticism of human rights. Notably, U.S. diplomacy played a major role in negotiating peace between Cambodia and Thailand (President Trump's initiative). Cambodia's government publicly thanked the U.S. for this role and even nominated President Trump for a Nobel Peace Prize. Economically, the United States remains Cambodia's largest export market (buying about 40% of Cambodian exports).²² U.S.-Cambodia trade was benefitting from a new U.S. tariff regime (as of August 2025, many garments from Cambodia faced a 19% rate, down from 32%). Meanwhile, U.S. development aid had started to flow again after previous cuts. Strategic analysts noted Cambodia's delicate balancing act: it wants American trade and investment (such as in technology or agriculture), while also relying on China's financing. Both sides signaled a desire to work together against common threats like organized crime and human trafficking, though distrust lingered due to the political rights [issueboell.de](https://www.issueboell.de).

Vietnam: Cambodian–Vietnamese relations remained close and friendly. In December 2025 the two governments held the 21st Joint Commission meeting, praising each other's development and pledging to deepen cooperation across the board.²³ Bilateral trade was brisk, about **\$10.4 billion** in the first 11 months of 2025, and growing rapidly. High-level exchanges (including a February 2025 meeting between the ruling parties) and cross-border infrastructure projects cemented ties. For example, a new Tan Nam–Muen Chey border crossing was inaugurated in December to boost connectivity. Vietnam thanked Cambodia for treating the large Vietnamese diaspora well, and Cambodia appreciated Vietnamese investments (in agriculture, aquaculture, energy). Diplomatically, Vietnam urged both Cambodia and Thailand to de-escalate the border conflict, emphasizing peaceful ASEAN-based solutions.

Cambodia noted that Vietnam consistently supported its development goals and regional unity.

Thailand: Relations with Thailand plummeted amid the war. Official cooperation stalled as military hostility took precedence. Prior to 2025, Cambodia had maintained cultural and economic ties with Thailand (many Cambodian workers in Thailand, significant tourism flows, and some cross-border trade). After the fighting began, however, many of these links were severed. Cambodia closed several border posts for security. Trade with Thailand – previously worth hundreds of millions of dollars annually – collapsed as truck convoys were halted. Both governments expelled each other’s diplomats in the summer of 2025. Cambodia’s ruling party invoked nationalist rhetoric, accusing Thai authorities of encroachment and aggression. In response to Thai airstrikes hitting a Cambodian hospital and temples, Cambodia lodged formal complaints at ASEAN and the UN. By year-end there was little bilateral dialogue; instead, Cambodia focused on legal appeals (e.g. to ICJ demarcation efforts) and international pressure for a ceasefire. Punitive trade measures loomed on both sides. The two countries also reopened discussions on earlier disputes (like Preah Vihear Temple) through ASEAN channels, but substantive progress was unlikely until the broader conflict was resolved.

Japan: Cambodia continued to cultivate its relationship with Japan. Japanese investment and trade grew steadily: by November 2025 total trade between the two countries had exceeded **\$2.09 billion** (an increase of 19% year-on-year).²⁴ Cambodia exported more garments, foods and parts to Japan, while importing machinery and vehicles. Tokyo’s firms remained confident: major projects like Aeon retail malls and new electronics factories highlighted Japan’s longstanding role in Cambodia’s garment and automotive supply chains. The two governments held regular economic dialogue, and Cambodia thanked Japan for development assistance in infrastructure, education, and governance. Japan’s support was seen as part of a broader strategy to balance Chinese influence by supporting Cambodia’s market reforms and infrastructure needs (often under the RCEP framework).

European Union: The EU played an important development role. In March 2025 the European Investment Bank (on behalf of the EU) signed an €80 million package for Cambodia’s agriculture and trade sectors.²⁵ This project (ASPIRE-AT) aimed to modernize agriculture, improve food security, and open new export markets by upgrading labs, irrigation and rural roads. The EU emphasized that 100,000 smallholders and 25,000 rural households would directly benefit. Aside from development finance, Cambodia-EU political relations remained stable. EU officials continued to press Cambodia on governance reforms (civil society space, anti-corruption) but on mutual terms: the EU cited “Team Europe” initiatives like this agri project as examples of constructive engagement. Cambodia appreciated the aid (especially in climate resilience and good governance), while the EU viewed

Cambodia as a strategic partner for its Global Gateway investment plans in Southeast Asia.

Others: Cambodia maintained friendly relations with other major countries as well. Russia and India occasionally sent development delegations (though the border issue far dominated news). South Korea and Thailand (despite the conflict) hoped eventually to rebuild cultural ties through temple tourism once peace returned. Cambodia's leadership also traveled to multilateral meetings – for example, the Prime Minister attended the October ASEAN Summit (pledging Cambodia's commitment to ASEAN solidarity) and met U.N. leaders to promote Cambodia's LDC graduation in the late 2020s. Throughout, Cambodia projected an image of stability and continuity: it assured partners that despite the border crisis, its economy and policies were stable, and that it welcomed foreign investment in sectors like energy, infrastructure, and the nascent digital economy.

Partner	Trade volume (USD bn)	Period (2025)	Source
China	17.69	Jan–Nov	Bilateral trade reached about USD 17.69 billion in the first eleven months of 2025, with Cambodian exports around USD 1.5 billion and imports from China USD 16.19 billion.
United States	10.70	Jan–Oct	Data from Cambodia's General Department of Customs and Excise (GDCE) show that trade with the U.S. during the first ten months of 2025 totalled more than USD 10.7 billion; exports were about USD 10.4 billion and imports about USD 326 million.
Vietnam	6.58	Jan–Oct	The GDCE reported that in the first ten months of 2025 Cambodia's trade with Vietnam

			rose slightly to USD 6.58 billion, making it Cambodia's third-largest trading partner.
Thailand	3.20	Jan–Oct	In the same GDCE report, bilateral trade with Thailand during January–October 2025 was around USD 3.2 billion.
Japan	2.09	Jan–Oct	Cambodia's trade with Japan reached about USD 2.09 billion over the first ten months of 2025.

Multilateral Initiatives

In 2025 Cambodia remained actively involved in regional and global institutions. It was a full ASEAN member (although under informal suspension of some joint activities due to the border dispute), a participant in the Greater Mekong Subregion program (ADB and others), and co-chair of the Lancang-Mekong Cooperation forum with China. Cambodia continued to engage in the UN's Sustainable Development Goals agenda and the WTO (as an observer to WTO e-commerce negotiations).

Notably, Cambodia is scheduled to graduate from “Least Developed Country” status in the coming years, and officials in 2025 were finalizing a graduation strategy with UN support. This required aligning domestic reforms (tax, trade, quality standards) with international commitments. Diplomatically, Cambodia used this transition to deepen South–South cooperation: for example, it signed agreements to import more agricultural technology from Europe and training from UN agencies, while also offering scholarships to other developing countries.

During the border crisis itself, Cambodia leveraged multilateral diplomacy. It presented its case in ASEAN, invoking the Treaty of Amity and Cooperation and relevant ASEAN conventions on transboundary fires and transnational crime. It also sought support from friendly ASEAN partners (Vietnam, Laos, Myanmar) to table issues at forums like the ASEAN Regional Forum. At the UN, Cambodia filed complaints against “terroristic” Thai shelling of civilian areas. Meanwhile, China offered itself as a mediator: in November 2025 China proposed hosting talks between Phnom Penh and Bangkok in Beijing (which Cambodia agreed to), framing the conflict as a need for

Mekong-Lancang cooperation in stability.²⁶ This was consistent with China's larger role in promoting development (e.g. Belt and Road) and framing itself as a guarantor of regional order.

Beyond security issues, Cambodia engaged on global economic initiatives. As a member of RCEP, it promoted regional trade liberalization (e.g. joining dialogues on supply chain resilience after pandemic disruptions). It also continued cooperating on transnational crime: in late 2025 Cambodia and Thailand agreed on an intelligence-sharing protocol to tackle the cross-border trafficking rings that both nations have long deplored. The conflict ironically added urgency to this cooperation, as both sides accused each other of harboring cybercrime syndicates; by December 2025 a new joint committee on "cyber and telecom fraud" was announced in principle, to reduce financial crime in the border zone.

In international development, Cambodia continued to work closely with multilateral lenders (World Bank, ADB, IMF). New projects were negotiated: for instance, the World Bank in 2025 launched a social safety net program (with financing) to help returned migrants find employment. ADB approved funding for a nationwide digital ID system and for agribusiness value chains. Cambodia also tapped climate funds (Green Climate Fund, etc.) for rural resilience projects.

Overall, Cambodia's diplomacy in 2025 was characterized by pragmatism. It maintained close ties with traditional allies (China, Vietnam, ASEAN neighbors) while cautiously engaging others (Japan, EU, U.S.). The ruling CPP-led government sought to portray Cambodia as a cooperative partner in regional initiatives (ASEAN, Mekong, Global Gateway) even as it defended its national interests assertively. The Thailand border conflict tested Cambodia's diplomatic skill, but it managed to gather international sympathy and at least temporary ceasefires through a combination of legal appeals, ASEAN engagement, and leveraging great-power mediation. Looking ahead, Cambodia appeared determined to resume its development agenda and multilateral cooperation once peace was restored, emphasizing infrastructure, trade integration, and human development in its foreign policy.

Conclusion

Cambodia closed 2025 having weathered a year in which security contingencies repeatedly drove the national agenda. The state's anti-scam push demonstrated operational capacity and political intent to confront organized cyber-enabled crime, yet also raised broader governance questions about enforcement sustainability, prevention, and the rule-of-law infrastructure needed to reduce recurrence rather than episodically suppress symptoms. More consequentially, the Cambodia–Thailand border war exposed the depth of unresolved territorial and crisis-management mechanisms, with the heaviest burdens falling on civilians through

displacement, damaged infrastructure, and disrupted rural livelihoods—pressures that, in turn, highlighted gaps in social protection and employment absorption for returning migrant workers.

Economically, Cambodia's headline stability rested on pre-existing buffers and continued industrial export performance, but the year underscored structural vulnerabilities: dependence on external demand, sensitivity to trade-policy uncertainty, and exposure of services (tourism) to geopolitical shocks. Diplomatically, Cambodia's approach was consistent with pragmatic hedging—leveraging ASEAN engagement and international legal/diplomatic channels, drawing on China's political and economic support, and cooperating with the United States and other partners when this advanced immediate interests—while keeping development objectives (including the pathway toward LDC graduation) in view. The principal strategic implication for 2026 is clear: durable normalization will require credible border de-escalation arrangements and renewed demarcation diplomacy, alongside a domestic recovery agenda that couples macro prudence with targeted protection for displaced communities and labor returnees, and a sustained governance response to transnational crime that strengthens institutions rather than relying solely on episodic crackdowns.

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Indonesia
Sum Pichkanika

Introduction

This review looks at Indonesia’s developments throughout 2025 by focusing on three main areas: political security, economic development, and diplomacy. As the largest economy in Southeast Asia and an important regional actor, Indonesia’s decisions during this period mattered not only for its own domestic stability but also for the wider regional order.

2025 was a challenging year for Indonesia. The country faced social protests, governance debates, and renewed concerns over civil military relations. Major policies such as the launch of the Nutritious Meals Program, revisions to military legislation, and the implementation of austerity measures sparked many protests, including the “Dark Indonesia” movement. These problems revealed deep tensions between government and public expectations, raising concerns about democratic accountability, civil liberties, and political stability in Indonesia.

Indonesia experienced a mix of progress and vulnerability in terms of economic development. On the one hand, the country pushed forward with foreign investments, special economic zones, and plans to build a domestic electric vehicle ecosystem. On the other hand, the imposition of U.S. tariffs placed new pressure on many Indonesia's key export sectors. Even though the government sought to strengthen economic resilience by diversifying markets and expanding trade partnerships, domestic unrest and supply chains disruption showed deeper structural problems that came from inequality, insecure employment, and uneven development.

However, Indonesia tended to be more active and outward-looking approach in its diplomacy. Even though it has become more active than before, Indonesia still continued to emphasize its long-standing “free and active” foreign policy by carefully balancing relations among major powers. Its decision to join BRICS, efforts to finalize a free trade agreement with the European Union, and the expansion of defense and economic cooperation with countries such as China, Brazil, and Thailand signaled

Jakarta's ambition to play a larger role on the global stage, beyond its traditional ASEAN diplomacy. In short, Indonesia's experience in 2025 shows how closely domestic governance, economic transformation, and foreign policy are interconnected.

Political Security

Indonesia's nutritious meals program

The Nutritious Meals Program or Makan Bergizi Gratis (MBG) is one of the most captivating policies this year in Indonesia. The program was launched on 6th January 2025 which aims to provide free nutrition meals to millions of Indonesian children. This policy is thought to play a vital role in human development and well-being of Indonesian students as it is designed to serve children in schools across Indonesia's archipelago. This marked the first time in Indonesia's history that the government implemented a program that subsidize students with nutritious meals while ensuring high standards of hygiene. The program has received strong endorsement from various United Nations agencies as a vital step toward achieving the Sustainable Development Goals (SDGs), particularly goal 2 on Zero Hunger and goal 3 on Good Health and Well-being.¹

Since its launch, the program has benefited over 6 million pregnant women and children. President Prabowo confidentially stated that the number of beneficiaries would rise to over 20 million by the end of August, with the potential to reach 25 million. So far, a total of 2.109 kitchens called Nutrition Service Units (SPPGs) have been established and operated. Moreover, The National Nutrition Agency (BGN) reported that nearly 6.4 million people across the country have benefited from the meal program.² This shows the government's strong commitment to address the problem of malnutrition and promoting healthy eating, particularly among underserved communities.

However, while it has gained recognition from the UN, some local groups remain dissatisfied due to concern over its high budget allocation, potential misuse of funds,

unequal distribution of meals across regions, and the government's capacity to maintain consistent food quality and hygiene standards in remote areas. For instance, on 20th February 2025, hundreds of Indonesian students and activists gathered in some major cities in Indonesia for "Dark Indonesia" protest, opposing Prabowo's new policies regarding \$19 billions of spending cuts. The demonstration happened because the new policy of spending cuts could undermine their support systems including teacher welfare and increasing tuition fees.² Hence, they viewed President Prabowo's free meals program to schoolchildren as one among other reasons that led to spending cuts, plugging a hole in expenses, which was projected to cost \$28 billion annually.³

Revision of Indonesia's military law

Another appealing change that Indonesia has made this year was the ratification of a law that allows the military a greater role in government. Due to the geopolitical changes and global military technology require Indonesia to reform its military to prepare for conventional and non-conventional conflicts. Under the new law, active military personnel were granted the authority to work in tackling cyber threats. Moreover, the law requires the military officers to resign from their previous position before assuming civilian posts at certain departments.⁴

However, the amendments have been criticized by civil society groups and some activists that the law could signal the return of military rule, reminiscent of the former president Suharto when the military dominated civilian affairs. While some have viewed it as a potential return to the dual function of the military in civilian affairs, reminiscent of the New Order Era under Suharto.⁵ Due to this, the Indonesian government faced several waves of mass protests which ultimately weaken public trust and Indonesia's soft power.

Better Die than Get Colonized Again: Prabowo Says as Indonesia Steps Up Arms Investment

On June 11, 2025, President Prabowo Subianto emphasized the importance of strong national defense stating that "Better die than get colonized again". This showed a

strong commitment to modernize a strong military by stepping up defense spending to avoid the past traumas that it used to go through starting from the Dutch colonization to Japanese occupation during World War II. For instance, President Prabowo stated that the Dutch had taken over \$31 trillion worth of Indonesia's wealth, this was over eighteen-fold more than Indonesia's current gross domestic product (GDP) which is \$1.5 trillion. Furthermore, he also added that history has taught Indonesia to better die than to be colonized again, therefore, Indonesia is willing to go to war if it must. Since he ran for the presidency last year, the Gerindra Party has vowed to increase defense spending. And for this year, Indonesia has spent Rp 139.2 trillion following Prabowo's budget austerity measures.⁶ This commitment has encouraged Prabowo to join Turkiye's Kaan fighter jet project, a fifth generation, twin engine stealth fighter led by Turkish Aerospace Industries (TAI).⁷

Indonesia's Protests: August 2025

On 25 August, thousands of demonstrators gathered outside Parliament to protest in the streets of Jakarta. Protesters were chanting against budget cuts as well as corrupt elites within the government. Hence, with the strict implementation of austerity measures, including the cuts in education, health, public work, and the death of a 21-year-old delivery driver, the protesters were fueled to be more aggressive, making the demonstrations spread to many provinces in Indonesia. The clashes happened between riot police and rock-throwing protesters that started in the capital and quickly spread beyond Jakarta. At least seven people have died, hundreds of people were injured, and public buildings were burnt.

One of the reasons for the protest is the implementation of strict austerity measures. President Prabowo has enacted budget cuts in education, health, and public works, which forced thousands of students to stage "Dark Indonesia" protests in many cities such as Jakarta, Medan, and Yogyakarta.⁸ The budget cuts are only one aspect of the broader grievances expressed by the demonstrators, fearing it would threaten to increase the tuition fees and eliminate scholarships. Consequently, the cuts are viewed by the protestors as designed to plug a hole in expenses of the Nutritious Meals Program or Makan Bergizi Gratis (MBG), which was projected to cost \$28 billion annually.

Protestors also demand the revision of the Indonesia Armed Forces (TNI) bill and the removal of military officials from civilian positions. Indonesia's parliament has ratified a law which allows the military to have a greater role in government, stating that the geopolitical changes and global military technology require military transformation to prepare for conventional and non-conventional conflicts. However, this was viewed by the protestors as “corrupt elites” within the government.⁹

The violent clashes escalated after news broke that politicians were granted a US\$3,000 housing allowance on top of their regular salaries. This amount is equivalent to 10 to 20 times the country's monthly minimum wage, sparking widespread outrage and protests throughout Java, Sumatra, Sulawesi, and Kalimantan. Public anger reached its peak after 21-year-old Affan Kurniawan's death, a motorcycle delivery driver who was not participating in the protests but was simply delivering food, was tragically killed by a police vehicle during a demonstration in Jakarta.¹⁰

Behind the public unrest lies a deep sense of economic frustration. Many Indonesians, especially students and young professionals, struggle to find secure full-time employment after graduation, this forces them to work in informal or unstable jobs just to make ends meet.¹¹ On August 28, labor unions and student groups organized large protests in Jakarta and other cities, mostly concentrated around regional parliament buildings, demanding higher wages.

Indonesia signals more Airbus A400M aircraft deal

Indonesia is considering buying four more Airbus A400M aircraft to strengthen the country's air force. The A400M is a large military transport aircraft made by Airbus in Europe. It's known for its versatility which can transport heavy equipment, vehicles, and soldiers, as well as conduct aerial refueling and humanitarian missions, such as delivering relief goods to disaster areas. The aircraft can carry up to 37 tons of cargo or 116 fully armed troops, which makes it very useful for Indonesia. To prepare for operations, 22 Indonesian Air Force pilots and technicians have already received training in Spain with Airbus. With this delivery, Indonesia becomes the 10th country in the world to operate the A400M, joining others such as Malaysia, Turkey, and Kazakhstan in Asia.¹²

Economic Development

Indonesia-China to boost investment in Batang SEZ

Indonesia together with China were collaborating on creating the “Two Countries Twin Parks” at the Batang Special Economic Zone (SEZ) in Central Java. According to Airlangga Hartarto, the coordinating minister for economic affairs, stated that the investment will be around US\$967 million which aims to support industrial investment in the Batang SEZ. The collaboration was initiated to make the development visions of the two countries align with each other, namely the Belt and Road Initiative and Maritime Axis. Moreover, the main objective of the plan aims to enhance the industrial and investment sectors such as construction materials, electronics, food manufacturing, and maritime industries. The project is expected to boost Chinese investment to Indonesia, while also speeding up infrastructure development and technological transfer.¹³

Indonesia to start building EV ecosystem

In June 2025, Indonesia started to build a fully integrated electric vehicle (EV) battery ecosystem. The project was expected to cost from \$6bn to \$7bn, which included all aspects of EV battery production, from mining down to battery cell manufacturing, energy, and mineral resources. The government targeted 2 million electric cars and 12.9 million electric two-wheelers by 2030. While many of its traditional export sectors faced uncertainty under Trump's tariffs, Indonesia's EV ecosystem was rooted in domestic sales of 43,188 BEV cars and over 100,000 electronic EV motorcycles in 2024. This amount was driven by domestic demands and regional battery exports. It was intensifying efforts to build a competitive EV and battery supply chain to attract large scale investments in both vehicle production and battery manufacturing. As an infant industry, the Indonesian government has provided incentives such as VAT exemptions, production subsidies, and local content mandates. This has sparked a lot of investors' interest and rising EV sales.¹⁴

US tariffs

On January 20, 2025, President Trump signed the Presidential Memorandum “America First Trade policy”, indicating a plan to accomplish the transformation to reverse America's economic decline by always putting America First on trade. In April 2025, Trump had announced the new tariff to Southeast Asian countries, pointing to the perceived close economic ties with Beijing and trade surpluses with Washington. As one of the US's trading partners in ASEAN, Indonesia was imposed a 32% tariff on trade by the US.¹⁵ This tariff is relatively high and can affect the cost of Indonesia's exports to the US such as textiles, electronics, and agriculture products. Hence, the tariffs were expected to potentially lead to the increased prices of Indonesia's products in the US which may also reduce the competitiveness of its products in the US's market.

After Trump put a 32% tariff on Indonesian imported products, the Indonesian government was given a chance to negotiate a lower tariff rate before August 1, which was the date that the tariffs were expected to be implemented. On July 16, 2025, Trump cut tariffs on Indonesia from 32% to 19% after talks with the Indonesian President Prabowo Subianto. Furthermore, Indonesia was lobbying the US's government for exceptions on certain exports such as coffee, palm oil, and cocoa. However, the negotiations were paused temporarily due to the shutdown of the US government. Despite this, the Indonesian Minister for the Economy remains hopeful that the delay will not affect the outcome of the negotiations.¹⁶

Indonesia, EU seal historic trade pact slashing 98 percent of tariffs

On September 24, the Indonesian government and the European Union (EU) finalized the Indonesia-EU Comprehensive Economic Partnership Agreement (IEU-CEPA). This aims to boost the labor market and support micro, small, and medium enterprises (MSMEs). The Minister for Economic Affairs stated that the agreement will take effect on January 1, 2027. Hence, both sides also agree to eliminate tariffs on more than 98 percent and nearly 99 percent by import value. When the agreement takes effect,

Indonesian products will enjoy 0 percent tariffs on almost 90 percent of the EU market.¹⁷

Indonesia economy suffers heavy losses from riots

The Indonesian economy has suffered heavily from the riots in late August 2025. According to retailers, an estimate of US\$33 million in losses resulted from the five days of protests. Small businesses, however, have seen revenue drop by up to 90% as demonstrations interrupted operations and supply chains. Meanwhile, supermarkets and hypermarkets saw a 10-15% spike in sales compared to the previous weekend before the riots occurred.¹⁸ The demonstration affected small businesses, the market, the school, bars, restaurants, and even added challenges to social media platforms. In response to escalating violence, TikTok LIVE in Indonesia was suspended to monitor the situation closely, according to CNBC Indonesia. Many MSMEs also lost up to 90% of their daily income due to interrupted supply chains and suspended courier services. Even public infrastructure was damaged, with nearly Rp 900 billion (\$59 million) in damage.¹⁹

Diplomacy

Indonesia joins BRICS

On January 7th, 2025, Indonesia became the first country in Southeast Asian Nations to formally join BRICS which is an intergovernmental bloc that focuses on peace, security, development, and cooperation. President Prabowo joined BRICS shortly after entering the office which is different from the former president Joko Widodo who hesitated to join due to the concern of jeopardizing Indonesia's non-alignment policy.²⁰ Even though Indonesia joining BRICS might steer Indonesia away from its non-alignment policy, Prabowo still committed to upholding Indonesia's long standing “free and active” foreign policy. While it aligns with the past policies, Prabowo is expected to be more internationally focused than Jokowi tenure.²¹ To further maintain its non-alignment, Indonesia has expressed its interest to join Economic Co-operation and

Development (OECD) with the western countries including Canada, the United States, and the United Kingdom.

Indonesia aims to seal EU free trade agreement in 2026

According to Reuters on 13 June, Indonesia aimed to seal a free trade agreement with the European Union in 2026. Indonesia and the EU have been in a discussion on the free trade agreement for 9 years, and they are aiming to sign it by next year. Previously, both countries clashed on tougher EU trade rules for the products which are linked to the deforestation problem.²² However, the EU has committed to provide market access to Indonesian products including textiles, footwear, palm oil, and seafood. In return, the EU will export agricultural and manufactured goods to Indonesia. The main benefits of this free trade deal for Indonesia is about foreign direct investment from the EU into sectors like semiconductors and mineral derivatives.²³

China and Indonesia agreed to boost maritime security cooperation in South China Sea despite tensions

On April 21st, 2025, Indonesia and China have committed to maritime cooperation regarding the South China Sea. These two countries have had a complex relationship over the South China Sea for a long time, specifically around Indonesia Natuna islands. However, their relationship seemed to be less complex as they agreed to cooperate in promoting safety and security despite Indonesia's longstanding suspicions about China's actions. Moreover, they also agreed to cooperate in infrastructure building, joint security, and mineral development. Even though Chinese foreign minister Wang Yi agreed to further strengthen cooperation in a comprehensive and sustainable way, Indonesia still concerns over Chinese development near Natuna islands.²⁴

Indonesia and Thailand announce strategic partnership, vow to boost economic and defense ties

Indonesia and Thailand officially elevated their bilateral relations to a strategic partnership on Monday, May 19, 2025, during President Prabowo Subianto's historic state visit to Bangkok. The visit also coincided with the 75th anniversary of the establishment of diplomatic relations between Indonesia and Thailand. They

discussed the commitment to boost cooperation in various fields including trade and investment, tourism, and food security. Furthermore, they also discussed deepening regional stability and prosperity, reinforcing ASEAN centrality, and jointly addressing regional security and socio-economic challenges in an uncertain world.²⁵ This reflects the two countries' commitment to strengthen cooperation in many aspects regarding the issues of common interests.

Indonesia and Brazil agree on missile and submarine cooperation

The Indonesian President Prabowo Subianto and Brazilian President Luiz Inácio Lula da Silva agreed to collaborate on developing missile technology and submarine systems. On July 9, 2025, during the bilateral meeting at the Brazilian Presidential Palace, both Presidents announced their commitment to further expand cooperation in various sectors such as economy, trade, education, agriculture, and with a particular emphasis on defense. They expressed eagerness to continue the partnership through joint production and technology transfer, while also highlighting the interests in increasing military exercises and enhancing technological collaboration in missile and submarine systems.²⁶

Conclusion

Overall, 2025 highlights both opportunities and challenges for Indonesia. Its experiences show how closely domestic governance, economic change, and foreign policy are linked. Economically, Indonesia showed both determination and flexibility through diversification efforts. On the international stage, it shows a more assertive diplomatic posture, and wider global partnerships signaled intention to step beyond its traditional regional role.

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Laos

Dysam Sodyna

Introduction

2025 is another year that Laos shows a tremendous leap forward in development in both domestic and international affairs, alongside rapid development in the economy, infrastructure, education, healthcare, and tourism. Despite immense improvement overall, Laos is still facing issues such as drugs and human trafficking, scam centers, and other illegal activities. Regardless, improvements have been made throughout the year by implementing the right policies and enhancing efforts to combat these issues with the cooperation of all government sectors, alongside international support. As for the economic sector, this year, as usual, the hydropower and renewable energy sectors remained a viable contribution to Laos's economy, but surprisingly, other projects, such as the Laos-China Railways and enhancements in the tourism sector, and the addition of bilateral and multilateral agreements that were made this year, aimed to help strengthen the economy, which increased the country's GDP as well as increased FDI. Unfortunately, major challenges arise in the country, such as the US trade tariffs and other trade deficits, as well as economic disruption caused by flooding and natural disasters. Regardless, the government did a great job in balancing out the problem by tightening the budget and revenue and increasing investment with the right policy that focuses on economic stabilization and industrial upgrading, and at the same time, prepares to graduate from least developed country (LDC) status. As for diplomacy, Laos is active in establishing and strengthening relations with its border countries, such as Cambodia, China, Thailand, and Vietnam, as well as its ASEAN partners, Japan and South Korea. In the meantime, they also expand their reach to Russia, the Middle East, and other European nations through state visits. Aside from countries, Laos is also making its name heard in regional and multinational meetings such as ASEAN, Mekong-Lancang Cooperation, and the World Government Summit. Overall, Laos is making tremendous efforts this year in working toward sustainable development through proactive diplomacy and economic growth, while maintaining strict and rigid internal security and stability with the help of proper policymaking and local, regional, and international support.

Political Security

Online Scam Center

Early this year, Laos is intensifying its crackdown on illegal call center operations within the Golden Triangle Special Economic Zone (SEZ) in Bokeo Province. This action comes as neighboring Thailand ramps up efforts to target scam networks operating along its borders with Myanmar and Cambodia.¹ Laos have bolstered its effort to remain motivated to further develop the SEZ while enforcing strict measure to reduced scam activities in the region, in the effort to improve the zone international image.

In mid-year, scam operations have become largely more complex and sophisticated by using social media platforms and AI through fraudulent product promotion, fake prize giveaways and impersonation.² To combat these, local authorities and local new agencies have issued several warnings and urge the public to remain vigilant, avoid sharing personal and financial information online, and report any suspicious activity.

To combat scam and other crimes, Cambodia and Laos signed a Memorandum of Understanding on 15 July to deepen cooperation on transnational crimes and drug trafficking, committing to joint training and legal coordination.³ Within the signing timeframe, local authorities also arrest 59 Vietnamese scammer within the golden triangle.

Despite the effort and cooperation, online scam remains a major issue in Laos and Southeast Asia as a whole . The UN reported that scam operations in SEA defraud victims globally up to USD 40 billion annually. As scam operation is transnational and transboundary, it is a priority for Laos and regional parties to step up and crackdown on those scam center because as technology evolves so are those scammer capabilities. Therefore, joint regional cooperation and ASEAN need to step up and have a proper mechanism of sharing information and technology to prevent and combat scam operations.

Drug and Human Trafficking

Drug and Human Trafficking are significant problem in Laos, especially in the region known as the Golden Triangle. The severity of those offended could lead to death sentences as Laos is one of the countries that still practices death penalty. Authorities across the country have seized large quantities of narcotics and made several high-profile arrests by cooperating as a regional effort. On 18 September, the Vientiane Provincial People's Court delivered harsh sentences to five individuals involved in serious criminal activities ranging from drug trafficking to theft and fraud. Among them, two were sentenced to death in one of the province's most significant drug cases in recent years.⁴ Despite the harsh sentencing, drug trafficking is still a concern in the region, and it required a regional effort such as the Cambodia and Laos recent cooperation. Human trafficking, on the other hand, is also a common occurrence in Laos and the region of the Golden Triangle. Laos recorded 46 cases of human trafficking in 2024, leading to the arrest of 95 individuals, including 43 foreign nationals, according to Deputy Minister of Public Security Khamking Phouilamanivong.⁵ On 24 January, Khamking reported that 85 individuals fell victim to trafficking, with 40 of them being underaged women. On 12 February, Thai authorities rescued six Lao nationals from human trafficking operations in Myanmar.⁶ Despite early in the year report of human trafficking being a big issue but with the cooperation of both local and regional authorities, the rate of which human trafficked is lessen due to strengthen effort to combat. However, with one problem down, other form of problem arises such as online scam and drugs.

Reform, Reduce, Reshuffle

In 2025, Laos government started off by reform which include administrative restructuring, legal amendments which aimed to improve efficiency, reduce corruption, and strengthen state capacity. These reforms resulted in reshuffling, replacing and reassigning ministers which is a part of a broader reform effort aimed at consolidating ministries and streamlining state function.⁷ This extensive reshuffle comes as the current administration nears the end of its five-year term (2021–2025), setting the stage for the next government.

Economic Development

Hydropower and Renewable Energy

In 2025, Hydropower and Renewable Energy is still one of a viable source income for Laos by selling energy to neighboring countries such Vietnam, Thailand and Cambodia. As currently constructed, Laos energy and mining sector contribute 12% to overall GDP, while it aimed to go upward to 25% by the end of 2030.⁸ This aim is correlate alongside its 88 operational hydropower dam which generates 13,257 MW and an additional 20 is under construction and 14 others are in the planning phase which aims to double the capacity upward to 27,302 MW.⁹ Aside from Hydropower, Laos is also looking toward other mean of renewable energy such as Wind Power and as of this year, Laos and Vietnam together launch the largest onshore windfarm in Southeast Asia and the first cross-border renewable energy venture in Asia known as The Monsoon Wind Power Project which is currently supplying energy to Vietnam.¹⁰ After the success of the project, the two countries venture toward wind farm continue as it planned to open to more windfarm by the end of 2025, which total the combined investment upward to 2 Billions dollars in the Three Project which aimed to reduce carbon footprint and target a more renewable energy oriented ASEAN.¹¹ Laos is also showing tremendously growth in solar power sector as it have agreement and investment from the US, China, and South Korea, which speed up its renewable energy growth and plan was even made to create floating solar panel on hydropower reservoir and some of the projects is expected to be the largest in the region.¹²

The Laos-China Railways

In 2025, the Laos-China Railway have shown significant growth compared to the previous year. Just in the first 10 months alone, it hauled over 4.5 million tons of cargo, which is a 12.8% increase from the previous year, amounting to over 3.1 billion dollars.¹³ At the same timeframe, it transports over 15.5 million passengers, which is a 2.4% increase from last year. Out of those 15.5 million passengers, 200,000 passengers are cross-border travelers which is an increase of 3.2 percent in the previous year.¹⁴ This 422km railway and a 6 billion dollar project has transformed Laos's regional shortcoming by being landlock into strategic logistics hub within ASEAN, boosting trade, tourism and connectivity.

Tourism

Laos welcomed nearly 3.8 million international tourists in the first ten months of 2025, a 13 percent increase compared to the same period in 2024. In the same year, Laos received over 4.1 million tourists, generating USD 1.1 billion in revenue. The country now aims to exceed its 2025 target of 4.3 million international tourists by year-end. The Tourism Development Department confirmed that ASEAN nations dominated visitor arrivals, comprising 60.84 percent of the total. Thailand spearheaded regional tourism with 1,236,626 arrivals, trailed by Vietnam at 959,575, China at 914,194, South Korea at 151,010, and Russia at 60,598.¹⁵

Internal Reform

Laos is implementing significant public debt management reforms to enhance fiscal stability and promote economic growth. The government is developing a nationwide strategy to guide borrowing and improve debt sustainability. Key reforms include the establishment of the Public Debt Statistics Division for better transparency, increased oversight of state-owned enterprises, and a pause on new government guarantees to manage high-risk liabilities.¹⁶

LDC Graduation, GDP growth and Sustainably growth

Laos is moving ahead with preparations for its expected graduation from Least Developed Country status, with authorities targeting a transition period spanning 2026 to 2029. Laos may encounter challenges following graduation due to reduced international support, which could lead to economic fluctuations and vulnerabilities to climate risks and global trade changes. To mitigate these risks, the country has prioritized its Smooth Transition Strategy, focusing on 22 key actions related to macroeconomic stability, trade and investment, human capital, and climate resilience.¹⁷

The International Monetary Fund (IMF) projects Laos' economy will grow by 4.5% in 2026, driven by stronger exports, tourism, foreign direct investment, and fiscal policies. Although external conditions and policy actions have stabilized the economy and reduced inflation, the IMF urges Laos to tackle structural challenges for long-term growth. Recommendations include improving governance, enhancing transparency,

coordinating government efforts, enforcing regulatory reforms, and restructuring state-owned enterprises to boost efficiency and productivity while minimizing fiscal risks. The IMF emphasizes that continued reforms are vital for stability and development.¹⁸

In a recent report, the World Bank highlights that Laos is starting to recover from an economic slowdown due to increased exports, foreign investment, and tourism. The report predicts a GDP growth of 4.2 percent by 2025, driven by sectors like energy and manufacturing. It emphasizes the need for continued reforms and deeper regional integration, especially in business and public-private partnerships, to ensure sustained economic growth. A special section addresses the importance of a robust road sector for economic competitiveness, noting that deteriorating road conditions due to insufficient maintenance and climate impacts increase costs and hinder growth. The report suggests implementing a unified asset management system and clear strategies for road asset preservation and revenue stabilization to improve road infrastructure.¹⁹

Diplomacy

Laos and its Neighbors

Aside from Transnational Crime cooperation, Cambodia's Defence Minister General Tea Seiha and Lao official Sonexay discussed enhancing bilateral defense cooperation, focusing on humanitarian assistance, disaster response, military exchanges, economic development, border security, intelligence sharing, and combating illegal migration.²⁰ Cambodian Deputy Prime Minister and Foreign Minister Prak Sokhonn co-chaired the 15th Cambodia–Laos Joint Commission for Bilateral Cooperation in Vientiane with Lao Foreign Minister Thongsavanh Phomvihane. Energy collaboration was emphasized as a key stabilizing factor, with Cambodia appreciating Laos's electricity supply and plans to expand joint initiatives. Discussions also included political and border cooperation, highlighting recent high-level visits and progress in border management with a commitment to completing demarcation and fostering peace and development along the border.²¹

Aside from the Railways and Energy Cooperation, Laos and China have agreed to enhance product quality, technology transfer, and market access for Lao farmers, while pledging to strengthen plant quarantine systems and cross-border disease prevention to ensure the safe and sustainable flow of Lao products to Yunnan Province. Both countries reaffirmed their commitment to combat wildlife trafficking, illegal logging, and forest fires in border areas, support the establishment of the Laos-China (Yunnan) Joint Rubber and Agricultural Research Center in Laos, and expand cooperation in rural development and poverty reduction.²² Xi Jinping met with Thongloun Sisoulith in Beijing during Thongloun's visit for the Shanghai Cooperation Organization Summit 2025. They discussed the importance of a long-term strategic perspective on China-Laos relations, emphasizing mutual support on core interests.²³

Laos and Myanmar's foreign ministers have committed to strengthening cooperation in labor, trade, connectivity, and energy in anticipation of their 70th diplomatic relations anniversary.²⁴ This agreement was made during discussions on August 15 at the 10th Mekong-Lancang Cooperation Foreign Ministers' meeting in Yunnan, China, aimed at enhancing trade, investment, and workforce opportunities for both nations. Myanmar's Deputy Prime Minister U Than Swe also informed the Lao delegation about upcoming elections in Myanmar, while Laos' Minister Thongsavanh Phomvihane recognized recent governmental advancements in Myanmar.

Thai Prime Minister Anutin Charnvirakul arrived in Laos for an official visit, marking his first bilateral trip since taking office in September. The visit also coincides with the 75th anniversary of diplomatic relations between Laos and Thailand.²⁵ He highlights Thailand's readiness to work closely with Laos to ensure that connectivity projects deliver tangible benefits for local communities.

Laos and Vietnam have signed 12 cooperation documents during a state visit by Vietnam's Party General Secretary To Lam on 1-2 December in Vientiane. The agreements cover defense, security, economic ties, and provincial partnerships, including plans for joint border management and the Lao-Vietnam Friendship Road.²⁶ Vietnam has 267 active projects in Laos valued at USD 5.63 billion, spanning sectors like clean energy and telecommunications. The 2026–2030 roadmap aims to increase bilateral trade to USD 5 billion, fostering ongoing economic cooperation.²⁷

Overall, Laos is doing very well in term establish good relations with it neighboring countries while strategically put themselves in the position to grow with increase in joint and cross border infrastructure project such as road, bridge, energy, agriculture and means of connectivity.

Laos and ASEAN

Prime Minister Sonexay Siphandone attended the 47th ASEAN Summit in Kuala Lumpur from 26-28 October, themed “Inclusive and Sustainable Participation”. The summit addresses regional security, economic recovery, and inclusive growth.²⁸ The summit will also mark Timor-Leste's formal admission as ASEAN's 11th member. In the meantime, Laos is advocating for increased investment in Nature-based Solutions (NbS) and Ecosystem-based Adaptation (EbA) within ASEAN, highlighting their efficacy in forest protection, community strengthening, and climate change mitigation.²⁹

Laos and the World

Six Mekong-Lancang countries; China, Cambodia, Laos, Myanmar, Thailand, and Vietnam have agreed to enhance cooperation against transnational telecom and online fraud.³⁰ This decision, made during a meeting in Kunming on 14 November, focuses on urgent measures for real-time data sharing, stricter SIM-card controls, and appointing cyber liaison officers. Delegates emphasized the increasing threat of cross-border scams, which deplete financial resources and threaten public security and social stability in the region.

Laos has committed to inclusive, people-centered development and sought enhanced international cooperation to address poverty and inequality at the Second World Summit for Social Development in Doha, Qatar.³¹ Deputy Prime Minister Saleumxay Kommasith noted a reduction in the national poverty rate from 46% in 1993 to below 17% in 2023, emphasizing the need for stronger collaboration among governments, the private sector, and international partners, with the United Nations Roundtable as a key platform for aligning national and global priorities.

Conclusion

2025 is the year, where we see tremendously grow in Laos. Despite internal and regional challenges such as online scam, drug and human trafficking, Laos did a great job in fighting against those illegal activities and working with neighboring countries to deliver a major crackdown. As for the economy, Laos shown growths as it is finally able to get some return of investment on its mega project such as the Laos-China Railway, Hydropower and other infrastructure by capitalize on foreign trade, right policy making and economic reform. On the other hand, diplomatic relations are going strong as always. As we see throughout the year, Laos ability to capitalize on agreement and commitment which benefit them greatly and Laos shows strong commitment to exert sustainable growth, and it will only get better in 2026.

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Malaysia Mey Minith

Introduction

In 2025, Malaysia navigated a complex political, economic, and diplomatic landscape shaped by coalition governance at home, economic adjustment amid global uncertainty, and an expanded regional role under its ASEAN chairmanship. Domestically, Prime Minister Anwar Ibrahim's unity government faced ongoing challenges in managing coalition cohesion, legal controversies, center–state relations, particularly with Sabah, and public expectations for governance reform and accountability. Economically, Malaysia demonstrated resilience through steady growth, strong trade performance, and continued investment in high-value sectors such as semiconductors, while also confronting external pressures from tariffs and global economic fragmentation. Internationally, Malaysia elevated its diplomatic profile by actively shaping ASEAN agendas, mediating Cambodia-Thailand conflict, expanding bilateral partnerships, and maintaining a principled stance on global humanitarian issues. This review examines Malaysia's trajectory across domestic politics, economic development, and foreign affairs over the course of 2025, highlighting the interplay between internal governance challenges and external leadership ambitions within Southeast Asia.

Domestic Politics

In the first quarter of 2025, Malaysia faced significant political challenges under Prime Minister Anwar Ibrahim's unity government. The ruling coalition, made up of multiple political parties with differing priorities, often struggled to reach consensus, which slowed down important policy decisions. These internal disagreements raised concerns about the government's efficiency and ability to address pressing national issues. Public trust was also affected by sensitive topics, such as religious conservatism and restrictions on freedom of speech, which generated debates about civil liberties. Additionally, ongoing legal cases involving former prime ministers Najib Razak and Ismail Sabri Yaakob intensified political tensions and contributed to a sense of uncertainty among citizens. With state elections approaching in several regions, these political challenges added pressure on the government to demonstrate its stability and effectiveness.

The second quarter of 2025 saw several major developments in Malaysia's political landscape. The country marked the passing of former Prime Minister Abdullah Ahmad Badawi, prompting nationwide reflection on his leadership and political legacy.¹ At the same time, legal attention remained focused on Najib Razak as the Federal Court allowed an appeal related to his claim of a royal order for house arrest.² Politics within major parties also shifted, with Barisan Nasional securing the Ayer Kuning by-election³ and Nurul Izzah Anwar winning PKR's deputy presidency.⁴ Additionally, the federal

government and Sarawak reached an important agreement on oil and gas governance involving Petronas.⁵

As for the third quarter, Malaysia continued managing coalition stability and legal reforms while taking on a larger regional security role. UMNO confirmed it would remain in the Barisan Nasional (BN) coalition for GE16, reinforcing alliance-based electoral strategy.⁶ Sabah Chief Minister Hajiji Noor announced that the next state election will be his last, signaling political transition in the state.⁷ National reforms advanced through a new anti-bullying law and strengthened legislation against child sexual crimes, addressing both physical and online offenses.⁸ In Selangor, the State Assembly amended its Islamic Administration Law, declaring “no room for extremism or liberalism,” reinforcing conservative religious governance.⁹ Meanwhile, Malaysia continued facing brain drain, with 6,060 Malaysians giving up citizenship for Singapore by mid-2025. Public sentiment on global humanitarian issues remained strong, evidenced by mass participation in the “Malaysia Bangkit Untuk Gaza” rally.¹⁰

Domestic politics in the fourth quarter of 2025 were dominated by Sabah-centric political developments, highlighting enduring center–state dynamics and electoral volatility. Speculation over the dissolution of the Sabah State Legislative Assembly early in the quarter gave way to a highly competitive 17th Sabah state election¹¹, marked by fragmented outcomes and fluid alliances. National parties, particularly Pakatan Harapan (PH), performed poorly, underscoring Sabah voters’ preference for local and regional actors and demands for greater autonomy and improved basic services. Despite PH’s setback, the Gabungan Rakyat Sabah (GRS) coalition, aligned with the federal government, retained control, allowing for continued federal-state cooperation¹². Prime Minister Anwar Ibrahim responded by emphasizing respect for Sabah’s political choices, refraining from imposing chief ministerial candidates, and reaffirming that electoral outcomes would not disrupt federal commitments to the state¹³.

Centre–state relations were further shaped by renewed momentum on Sabah’s constitutional claim to 40 percent of federal revenue, guaranteed under the Malaysia Agreement 1963 (MA63)¹⁴. Following court rulings and the formation of a new state government, the federal government signaled readiness to fast-track negotiations, with Anwar later declaring the issue effectively resolved after Cabinet consensus to implement the revenue return. These assurances were reiterated even after PH’s electoral losses, framing cooperation and governance continuity as priorities over partisan considerations. Beyond Sabah, domestic governance debates also focused on urban renewal policy, with the federal government ruling out en-bloc sales to prevent gentrification and emphasizing consent-based redevelopment and resident protections¹⁵. Meanwhile, governance credibility remained under scrutiny as authorities charged a former senior aide to the prime minister with corruption, while prosecutors dropped an appeal in a high-profile case involving the wife of former Prime

Minister Najib Razak, reflecting the uneven and politically sensitive trajectory of Malaysia's anti-corruption efforts¹⁶.

Economic Development

In the first quarter, Malaysia's economy showed resilience in early 2025. Economic growth was projected at around 4.7%, driven by strong domestic consumption, continued investment, and steady exports. Bank Negara Malaysia kept interest rates stable to balance controlling inflation with supporting economic activity. The government also prioritized strategic sectors, especially semiconductors, by encouraging partnerships with international firms and investing in technology and innovation. These measures were designed to enhance Malaysia's competitiveness in the global market, attract foreign investment, and create high-skilled employment opportunities, reinforcing the country's long-term economic development goals.

To address the financial burden on households, the government implemented targeted programs to address rising costs of living. These included subsidies for essential goods, housing assistance for low-income families, and initiatives aimed at creating new job opportunities, particularly for young people and marginalized communities. At the same time, Malaysia faced external economic pressures, such as the potential impact of U.S. tariffs on semiconductor exports, which could disrupt trade and affect industrial growth. In response, the government continued to focus on long-term infrastructure and regional development projects, including the Johor–Singapore Special Economic Zone and discussions about reviving the Kuala Lumpur–Singapore High-Speed Rail. These projects aim to boost economic integration, improve connectivity, and support sustainable growth across the country.

The second quarter presented a blend of positive economic developments and emerging pressures. The United States' 10 percent tariff on Malaysian exports weakened the outlook for the electrical and electronics sector and trimmed Malaysia's GDP forecast.¹⁷ In response, Bank Negara Malaysia maintained the policy rate but injected liquidity through a reduction in the statutory reserve requirement.¹⁸ Despite external pressures, investments remained strong, with over RM89 billion approved in early 2025, driven largely by foreign direct investment.¹⁹ Inflation stayed low while employment improved, although skill mismatches persisted.²⁰ Fiscal policy saw major adjustments ahead of July's implementation of the multi-tiered sales tax and expanded service tax, part of broader efforts toward fiscal consolidation.²¹

During the third quarter, Malaysia's economy showed continued resilience despite U.S. tariff pressures. The IMF upgraded Malaysia's 2025 GDP forecast to 4.5%, while Bank Negara projected 4.0–4.8%, driven by domestic demand and infrastructure spending.²² Under the National Semiconductor Strategy (NSS), Malaysia secured RM63 billion in new investments²³, including projects in advanced packaging, silicon carbide fabrication, and MEMS operations. Manufacturing sales reached RM158.7

billion in May, rising 2.4% year-on-year²⁴. The country also faced new challenges from U.S. tariffs, after Washington initially imposed a 25% tariff on Malaysian exports²⁵, later reduced to 19% following negotiations and Malaysia's cooperation on semiconductor smuggling and regional mediation.²⁶ Despite the diplomatic success, the tariff still prompted Bank Negara to trim growth expectations. In tourism, Malaysia aims to attract 43 million visitors in 2025 and 47 million in 2026 under the Visit Malaysia 2026 campaign, following strong recovery in 2024 with 38 million foreign arrivals.²⁷ Aerospace development continued as Boeing opened a new Kuala Lumpur office to support Malaysia's long-term aviation ambitions.²⁸

In the fourth quarter of 2025, Malaysia's economic outlook remained broadly positive, supported by resilient domestic demand, strong external trade performance, and policy continuity. Government forecasts and official statements pointed to GDP growth at the higher end of the 4.0–4.8% range for 2025, following a robust 5.2% expansion in the third quarter, with momentum expected to carry into 2026²⁹. The Ministry of Finance projected growth of 4.0–4.5% in 2026, driven by rising demand for semiconductors and artificial intelligence-related exports, sustained public and private investment, and expansion in the services and manufacturing sectors³⁰. Fiscal policy remained supportive but cautious, with Budget 2026 (RM419.2 billion) framed around strengthening fiscal resilience, narrowing the deficit, and addressing structural gaps under the MADANI Economy framework.

Monetary and price conditions remained stable during the quarter. Bank Negara Malaysia held the Overnight Policy Rate at 2.75% in November, signaling confidence that the current stance was sufficient to support growth amid moderate and contained inflation³¹. Headline inflation eased to 1.3% in October, reflecting slower price increases in food, housing, and utilities, while core inflation edged slightly higher but remained manageable. Externally, Malaysia's trade performance was a key pillar of economic strength, with October trade rising 13.6% year-on-year and the country recording its 66th consecutive monthly trade surplus, driven by strong exports of electrical and electronic products, optical and scientific equipment, mining commodities, and palm oil³². Complementing these trends, Malaysia's economic engagement abroad yielded tangible results, notably through Expo 2025 Osaka, where Malaysia secured RM24.45 billion in potential trade and investment commitments, underscoring investor confidence in high-value sectors such as semiconductors, green technology, and renewable energy³³.

Foreign Affairs

Internationally, in the second quarter, Malaysia took an active role as ASEAN Chair. China's President Xi Jinping conducted a high-profile state visit to mark 50 years of diplomatic relations, producing agreements in infrastructure, digital cooperation, education, and technology.³⁴ Malaysia also engaged Myanmar's junta leadership to push for humanitarian access following the March earthquake, reflecting a pragmatic

regional diplomatic approach.³⁵ The 46th ASEAN Summit in Kuala Lumpur centered on unity, economic resilience, and long-term regional planning, including the adoption of the Kuala Lumpur Declaration on ASEAN 2045.³⁶ Malaysia further strengthened ties with Kosovo,³⁷ Qatar, the GCC countries launched free trade negotiations, and Poland through expanded cooperation in digital transformation and trade.³⁸ The country also achieved a diplomatic milestone by being elected President of the UN-Habitat Assembly for the 2025-2029 term.³⁹

During the third quarter, As ASEAN Chair, Malaysia hosted the 58th ASEAN Foreign Ministers' Meeting⁴⁰, emphasizing inclusivity, sustainability, and momentum for regional economic frameworks such as RCEP and the upgraded ASEAN–China Free Trade Area 3.0.⁴¹ Internationally, Malaysia strengthened ties with Italy, France, and Brazil, focusing on aerospace, green technology, and digital innovation.⁴² Within the region, Malaysia and Singapore marked 60 years of diplomatic relations with progress on the Johor–Singapore Special Economic Zone and the RTS Link.⁴³ Relations with Vietnam were elevated to a Comprehensive Strategic Partnership⁴⁴, and negotiations with Indonesia on a Sulawesi Sea Joint Development Agreement advanced.⁴⁵ Regionally, Malaysia intensified its role as mediator. On 29 July, Prime Minister Anwar Ibrahim hosted ceasefire talks between Cambodia and Thailand, resulting in an immediate and unconditional ceasefire. Malaysia now leads the ASEAN Interim Observer Team (IOT), conducting twice-weekly monitoring and drafting Terms of Reference to ensure impartial oversight, though Thailand has yet to grant full territory access.⁴⁶ Humanitarian diplomacy remained central as Malaysia allocated an additional RM100 million⁴⁷ for Palestine and called for safe passage of the Global Sumud Flotilla, while voicing strong support for Palestinian participation at the UN General Assembly.

In the fourth quarter of 2025, Malaysia's foreign relations were shaped primarily by its leadership as ASEAN Chair and its active role in regional peacebuilding. Kuala Lumpur emerged as a central diplomatic convenor, most notably through its mediation of the Thailand–Cambodia border conflict, which established the Kuala Lumpur (KL) Peace Accord focusing on ceasefire preservation, de-mining, and the withdrawal of heavy weapons⁴⁸. Malaysia reaffirmed its readiness to host follow-up talks when tensions resurfaced. These efforts coincided with the successful hosting of the 47th ASEAN Summit in Kuala Lumpur, which brought together more than 30 global leaders and produced extensive outcome documents on security, economic cooperation, and regional integration⁴⁹. Post-summit assessments portrayed Malaysia's 2025 chairmanship as a period of "sustainable diplomacy," marked by organizational competence, inclusive leadership, and effective crisis management.

Beyond ASEAN, Malaysia pursued a diversified and principled foreign policy that balanced strategic autonomy, economic diplomacy, and normative commitments. Bilateral engagement expanded through high-level exchanges with Pakistan Prime Minister Muhammad Shehbaz Sharif⁵⁰, strengthened US–Malaysia relation⁵¹s, and

Prime Minister Anwar Ibrahim's historic visit to Ethiopia⁵², reflecting outreach beyond traditional partners. Economically, Malaysia advanced trade diplomacy with the announcement of the Malaysia–South Korea Free Trade Agreement⁵³, while consistently reaffirming support for multilateralism. In the security domain, Malaysia maintained its non-aligned posture despite expanded defense cooperation and joint military exercises with major powers, framing such activities as capacity-building rather than alliance alignment⁵⁴. Normatively, Kuala Lumpur upheld its long-standing support for Palestinian self-determination⁵⁵ and signaled readiness to contribute to a UN-led Gaza peacekeeping mission, underscoring continuity in values-based diplomacy alongside pragmatic regional leadership⁵⁶.

Conclusion

Overall, Malaysia's experience in 2025 reflects a country that combined external diplomatic confidence with internal political and economic management under constraint. While domestic politics were marked by electoral volatility, particularly in Sabah, evolving center–state negotiations, and continued scrutiny over governance and integrity, the federal government maintained relative stability and policy continuity. Economically, Malaysia sustained growth momentum despite external shocks, supported by disciplined monetary policy, targeted fiscal measures, and a strategic focus on industrial upgrading, trade, and investment. In foreign affairs, Malaysia leveraged its ASEAN chairmanship to reinforce regional centrality, mediate conflicts, deepen economic diplomacy, and uphold normative commitments, particularly on Palestine and peacekeeping. Taken together, these developments suggest that Malaysia's strategic challenge moving forward lies in translating its diplomatic and economic strengths into inclusive domestic governance, managing political pluralism, and sustaining public trust while adapting to an increasingly competitive regional and global environment.

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Myanmar

Keo Sokkosol

Introduction

During the first half of 2025, Myanmar's trajectory was shaped by significant political shifts, catastrophic natural disasters, and evolving foreign partnerships. In the domestic political arena, the military government finalized voter lists and introduced a new hybrid electoral system in preparation for upcoming polls, while simultaneously enforcing restrictive laws that led to the detention of nearly 100 individuals for non-violent expression. Economically, the country was severely impacted by a 7.7-magnitude earthquake in March, which caused \$11 billion in damages and hindered recovery efforts already strained by military tensions and supply chain issues. Internationally, the regime deepened its strategic ties with Russia through high-level meetings and major infrastructure agreements in the energy and maritime sectors.

Political Security

Following the 2024 national census, the State Administration Council (SAC), now known as the State Security and Peace Commission (SSPC), resumed their effort in hosting the General Election. On the fourth anniversary of Myanmar's 2021 coup, the military government reshuffled its key leadership, including the removal of three ministers who had close ties to Aung San Suu Kyi and the executive members of her National League for Democracy (NLD). The reshuffle also included changes in military and intelligence positions as the regime strengthened control ahead of elections. Most of the promoted generals had commanded military regions with fewer conflicts since the coup.¹

During the first cabinet meeting of 2025 in Naypyitaw, Junta chief Min Aung Hlaing emphasized prioritizing stability and the rule of law as prerequisites for future elections.² On March 8, 2025, Myanmar's military government announced to hold a general election between December 2025 and January 2026, the first clear timeline for the long-delayed vote.³

Prior to the Mandalay earthquake in March, the junta stated that voter lists were complete and confirmed the intended use of electronic voting machines. A revised hybrid electoral model is set for implementation, utilizing a first-past-the-post system

for the Lower House while applying proportional representation to the Upper House and regional legislatures. According to the 2008 Constitution, the military retains 25% of all seats, and only 8% of elected legislators are necessary to assemble parliament. The election commission has registered 53 political parties, including the military-backed Union Solidarity and Development Party.⁴

In his Thingyan New Year address, he indicated that the regime is prepared to address the current conflict through political channels. This message faced extensive backlash, as many observers charged the junta with overlooking the immediate impact of the earthquake, which resulted in over 3,700 deaths and the displacement of tens of thousands. Critics further asserted that the regime is placing its electoral agenda ahead of pressing humanitarian requirements. Although some countries, such as China, Russia, India, Belarus, Thailand, and Cambodia, have supported the election, Western nations, Myanmar's parallel National Unity Government, and other opposition groups have dismissed the vote as a strategy to legitimize military rule.⁵

On July 29, the ruling authorities enacted the Law on the Prevention of Obstruction, Disruption, and Sabotage of Multiparty Democratic General Election.⁶ This legislation establishes legal penalties for any actions, speech, or organizational efforts deemed to interfere with or disrupt the electoral process. Under the provisions of this law, individuals found in violation can be sentenced to terms of up to 20 years in prison or the death penalty.

Since the legislation was implemented in August, 94 people have been detained for suspected violations, including four individuals who are minors.⁷ These detentions are connected to various actions, including activity on social media, the dispersal of printed items such as leaflets and stickers, and the presentation of public speeches. Records of these enforcement measures indicate that a man in Taunggyi was sentenced to seven years of hard labor in September as a result of a Facebook post. Moreover, on October 29, filmmakers Zambu Htun Thet Lwin and Aung Chan Lu were detained following their interacting with a social media post that was heavily critical of a government-produced film about the election.⁸

The application of this legislation has altered the legal environment concerning political engagement and public speech. By defining criticism and specific online behaviors as "interference," officials have broadened the range of actions that can result in criminal charges.⁹ This development has resulted in a recorded rise in arrests involving non-violent speech while the government proceeds with its scheduled electoral calendar.

Following the dissolution of the SAC, a new Union Government was established, which in turn formed the State Security and Peace Commission (SSPC) to oversee national defense, peace, and security, with Senior General Min Aung Hlaing as its chairman. The SSPC was noted for holding all three branches of power.¹⁰ On August 12, the SSPC held its first meeting to discuss national security and election preparations.¹¹ As part of these efforts, Myanmar Electronic Voting Machines (MEVMs) were transported to voting centers, police forces were deployed, and campaigns encouraging voting were carried out both physically and digitally.¹² According to a report by the National Unity Government (NUG) in mid-July, the Tatmadaw was only in control of 144 out of 330 townships, while the Union Election Commission (UEC) hoped to hold voting in 267 townships.¹³ This rose concerns on whether the election will be nation-wide and free and fair as the military government claims.

On August 20, the UEC announced that the first phase of the multiparty democratic general election would be held on December 28, 2025.¹⁴ Given that certain areas are not under the control of the SSPC, the election is planned to be carried out in multiple phases in areas deemed safe. The election will carry out in three phases, covering 274 out of 330 townships, with the first phase covering around 100 townships from December 28 2025, followed the second phase on January 11, 2025, with the third phase to be determined, with some sources stating that it will be on January 25.¹⁵ So far, 55 political parties had reportedly registered to participate.¹⁶ The SSPC's rush to hold an incomplete election is seen by some as an attempt to legitimize the military government and demonstrate its influence in the areas where the election will take place.

Economic Developments

One of the most important trends involved the significant deterioration of Myanmar's Gross Domestic Product. An analysis from the World Bank revealed that GDP will decrease by 1% throughout the fiscal year, which ends in March 2025, despite initial growth forecasts.¹⁷ Various factors contributed to this economic decline, such as natural disasters, military conflict, shortages of materials, and broken supply chains. Political volatility stalled the progress of both investments and economic restoration initiatives. Additionally, the 7.7-magnitude earthquake on March 28 had a severe impact on Myanmar's economic and humanitarian situation for the second quarter of 2025. Estimates suggest the catastrophe caused 11 billion dollars in damages, which represents roughly 14 percent of the nation's total GDP. Consequently, it took away the lives of 3,700 to 3,800 people in addition to displacing a large figure of people.¹⁸ The reconstruction process is sluggish due to infrastructure damages, civil war, and inability to have access to contested areas.

The need to respond to humanitarian needs has tripled and today there are over 20 million humans that need such assistance.¹⁹ The food crisis also persists, especially when it comes to food security in rural and conflict-prone areas. The World Food Programme (WFP) has alerted that it is severely under-funded, and would further reduce the level of its food aid later by April 2025, which further poses anxiety about the occurrence of widespread malnutrition and famine situations.²⁰

Furthermore, Myanmar's economic situation was influenced by U.S. policy choices. Internal records from the U.S. Agency for International Development (USAID) detailed a proposal from the Trump administration to cease providing assistance to Rohingya refugees.²¹ However, the current cut off in terms of the USAID here is not just applied for only Myanmar; 20 countries are reportedly to be hit with the USAID cuts according to the Trump administration's decision.²² The proposed decrease in humanitarian assistance through USAID policy would strain the economy of displaced persons who depend on external help. The sustainable outlook for foreign aid programs regarding Myanmar's most vulnerable communities became a source of rising concern. Myanmar's trade with the U.S. saw a decline, with the Trump administration imposing a high reciprocal 40% tariff on goods from Myanmar and Laos, which is attributed to the trade deficit.²³ This contributed to a drop in total trade volume between the two

countries from US\$701.9 million (FY 2023-2024) to US\$588.3 million (FY 2024-2025).²⁴

Diplomacy

Myanmar and Russia reinforced their ties through several agreements and high-level diplomatic visits. On February 23, 2025, the two countries entered into a memorandum of understanding for investment in the Dawei Special Economic Zone. This arrangement outlined plans for an oil refinery, a coal-fired power plant, and a port, reflecting Russia's expanding economic role in Myanmar. Furthermore, the nations engaged in talks regarding potential energy initiatives, including a nuclear research reactor and a gas pipeline to Yangon. Further solidifying the partnership, Myanmar's Senior General Min Aung Hlaing visited Russia on March 3, 2025, to meet President Vladimir Putin.²⁵ These developments showcased Russia's strategic interest in Myanmar's energy sector and broader economic integration.

Outside of economic advantages, Russia bolstered its military alliance with Myanmar. Senior General Min Aung Hlaing conferred with President Vladimir Putin in Moscow on March 4, 2025. This trip marked Hlaing's fourth visit to Russia since the 2021 coup, aimed at securing closer cooperation in response to Western sanctions imposed on Myanmar. The talks focused on the growth of international economic ties, and Putin expressed appreciation for Myanmar's gift of six young elephants. As a leading backer of Myanmar, Russia assists the military government while supplying weapon systems, which strengthen its military power base.²⁶

Moreover, Russia extended its search for migrant workers to countries different from former Soviet states through the recruitment of Myanmar nationals. The Economy Minister, Maxim Reshetnikov, engaged in ongoing dialogue with Myanmar about its workforce that remains active in foreign employment. Russia implements this initiative to obtain new migrant sources that sustain its internal labor force.²⁷ These developments illustrate the deepening economic and military ties between Myanmar and Russia during the first quarter of 2025.

Myanmar's engagement with the Association of Southeast Asian Nations (ASEAN) continued, with Ambassador U Min Thein assuming the chairmanship of the ASEAN Committee in Vienna (ACV) on July 8.²⁸ However, Myanmar's representation at the

58th ASEAN Foreign Ministers' Meeting (AMM) from July 8-11 was limited to a senior official, rather than a minister.²⁹ Indonesia, the Philippines, and Thailand, led by Malaysia, were set to participate in ASEAN's first peace mission to address the Rohingya situation and provide humanitarian assistance after the recent earthquake.³⁰ However, the mission was called off, and only Malaysia's Foreign Minister paid a visit on October 9.³¹

On September 18, Indonesian lawmakers proposed resolutions to the ASEAN Inter-Parliamentary Assembly (AIPA) aimed at strengthening humanitarian assistance for Myanmar and promoting green and blue economies in the region, emphasizing the urgency of a collective response to the crisis.³² As for the 47th ASEAN Summit and Related Summits, Myanmar's military representative is still barred from the Summit. On October 23, Myanmar's Permanent Secretary of the Ministry of Foreign Affairs, U Hau Khan Sum, was among the foreign diplomats who arrived in Malaysia ahead of the 47th ASEAN Summit and Related Summits.³³ Uncertainty arose over the attendance of junta leader Min Aung Hlaing after Malaysia's New Straits Times (NST) initially reported his confirmation on October 20 but later removed his name from the attendee list on October 21.³⁴

Conclusion

In conclusion, the early months of 2025 in Myanmar were characterized by the military regime's attempts to formalize its authority despite immense humanitarian and economic challenges. The administration's focus on electoral transition and political control persisted even as the nation grappled with the devastating aftermath of the March earthquake and a significant decline in GDP. While domestic critics accused the government of prioritizing politics over disaster relief, the regime successfully bolstered its external support through strengthened military and economic cooperation with Russia. These developments underscore a period where the junta sought to navigate internal instability and international isolation by consolidating domestic laws and solidifying its primary foreign alliances.

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The Philippines

Sou Sathiakvatey

Introduction

The Philippines in 2025 experienced a year of heightened political volatility, uneven economic performance, and increasingly assertive diplomacy amid a complex regional security architecture. In the domestic political security sphere, governance challenges such as elite political rivalry and corruption scandals constituted structural weaknesses, which continued to test institutional capability and public trust. Economically, although the Philippines seemed to be one of the fastest-growing economies in the region, there are still some underlying vulnerabilities related to inflation management and government failures that exposed the limitations of the country's development trajectory. On the diplomatic front, Manila pursued an active foreign policy anchored in alliance-building and defense diplomacy, particularly in response to the arising tensions in the South China Sea, as well as balancing relations with regional neighbors as the nation prepares to take the chairmanship role of ASEAN in the next year. This review discusses in-depth of the Philippines in 2025 in three main domains such as: political security, economic developments, and diplomacy.

Political-Security

2025 was a year that the Philippines experienced political turbulence, intensified elite rivalry, institutional strain, and persistent security challenges.

Sara Duterte's Impeachment, Elite Rivalry, and ICC Case

The elite rivalry in the Philippines refers to the two influential families in Philippine domestic politics: the Marcos and the Duterte. Vice President Sara Duterte was impeached by the House of Representatives on 5 February following the allegations of misuse of confidential funds and an alleged plot to assassinate the President.¹ While her impeachment trial was supposed to take place in July, it did not happen. The Supreme Court ruled that the complaints against VP Sara were unconstitutional.² Political rivalry between the two families was evident ahead of the 2025 midterm elections. The Commission on Elections (COMELEC) identified 38 red zones due to potential electoral violence. Political rivalry between the Marcos and the Duterte camps dominated the landscape as nearly 69 million voters prepared to elect over 18,000 positions, making the election a preview of the 2028 presidential race.³ These

developments highlight a reality in the Philippines: politics driven by elite rivalry, where domestic political competition remains rather personalized than programmatic, which limits the prospect for institutionalized democratic accountability. At the same time, the ICC issued an arrest warrant for former President Rodrigo Duterte on 11 March for drug-war-related crimes against humanity, drawing local and international attention.⁴ Mr. Duterte appeared virtually on March 14 to verify his identity and ensure his understanding of the crimes before Pre-Trial Chamber I of the ICC.⁵ Duterte's legal team formally challenged the ICC jurisdiction, arguing that the Philippines had already withdrawn from the Rome Statute before the investigation resumed,⁶ although the ICC rejected it.⁷ While the ICC case signaled an international mechanism at work, questions arise whether this downplayed the domestic judicial role and power.

Midterm Elections and Political Dynasties

The second quarter of 2025 in the Philippines was dominated by the May 12 midterm elections, which shaped the balance of political power between the Marcos and Duterte camps. Some concerns surfaced over possible Chinese interference in the electoral process, prompting PBBM to order an investigation—despite Beijing's denial.⁸ Before the election, Marcos continued to enjoy strong public support, securing 60% trust and 59% approval.⁹ The elections also saw the Duterte family score major victories in Davao City, with Rodrigo Duterte winning the mayoralty and multiple family members scoring key local posts.¹⁰ According to the COMELEC, the voting turnout was 81.65%, which is the highest in the history of Philippine midterm elections.¹¹ Due to the long history of political dynasties dominating the domestic politics, a group of minority lawmakers in the Philippine House has filed House Bill No. 5905, aimed at defining and prohibiting political dynasties in both national and elective posts. This bill seeks to finally enact the anti-dynasty mandate in the 1987 Constitution, which has lacked an enabling law for decades. Sponsors argue the law is needed to break the long-standing dominance of powerful families in politics and uphold equal access to public service, noting that despite constitutional provision, the Congress has yet to pass such legislation.¹² This action showed that, in the absence of meaningful intervention, the Philippines would be unable to move forward as long as it keeps getting stuck in the never-ending rivalry of the elites and political dynasties.

SONA, Corruption Scandals, Governance Failures, and Public Mobilizations

In the Philippine State of the Nation Address (SONA), President Ferdinand Marcos Jr. highlighted significant achievement in economic recovery, social welfare, energy access, infrastructure development, education, and expansion of health coverage.¹³ However, even though the president mentioned progress in the country, there was one issue that posed challenge to the Philippine governance and institutional capacity. The president denounced that there were ‘ghost projects’ and expressed his anger.¹⁴ This scandal prompted Senate hearings, some dismissals of public work officials, online shaming, exposure of the government contractors, their family members, as well as accusations of corruption in which certain legislators got millions of pesos from nowhere-to-be-seen projects.¹⁵ To respond to this scandal, the President established an independent commission to investigate and make recommendations to address the systematic corruption.¹⁶ The people were also frustrated with the corruption, so they had organized several public protests across Manila and other major cities to call for accountability and punishment, including prison time and the death penalty for those involved in the corruption.¹⁷ These protests reflect a broader public frustration with governance and growing demands for reforms and accountability. The ongoing probe into the flood control projects anomalies reached the presidential palace, leading to the resignation of several high-ranking officials deepening the political crisis in the nation and prompting tighter scrutiny of the government procurement and the project pipelines.¹⁸

Maritime Security Challenges

On the security matters, tensions persisted in the contested South China Sea waters, where Manila protested the deployment of Beijing’s largest coast guard vessel within the Philippine EEZs and accused China of using intimidation tactics against the Filipino seafarers.¹⁹ Later on, the Philippines suspended a scientific survey after the Philippine fisheries boats were subjected to aggressive maneuvers and harassment by the Chinese coast guards and naval vessels near the Thitu Islands.²⁰ Tensions persisted into the second quarter of the year when a Chinese navy vessel crashed into the Chinese PLA boat while pursuing a Philippine boat.²¹ In addition, the Philippines has also been subjected to water cannon attacks from the Chinese coast guards, as well.²² Tensions persisted the whole year, where there were several reported confrontations between the Chinese coastguard vessels and Philippine fishing boats near shoals inside the Philippines’ EEZs, with some injuries and damages to the latter’s boats.²³

Not only were there incidents, but several Chinese naval and coast guard vessels were also seen operating within the West Philippine Sea, including features that are disputed. These actions further heightened tensions over the Philippines' maritime security.²⁴

Economic Developments

The Philippine economy demonstrated macroeconomic resilience, maintaining steady but uneven growth despite political volatility and governance challenges.

Macroeconomic Performance

Forecasts from Moody's and the World Bank projected 6.1-6.3% GDP growth for the Philippines, World Bank project 6.1-6.3% GDP growth, driven by robust domestic consumption, government spending, and remittance flow.²⁵ However, at the end of the year, the IMF lowered its forecast for the Philippine economy amid the ongoing corruption scandal from 5.4% to only 5.1% growth.²⁶

Sectoral Drivers and Constraints

Consumption-led growth continued to underpin economic performance, with retail, trade, tourism, and business process outsourcing (BPO) sectors serving as the principal drivers. A recovering tourism industry benefitted from increased infrastructure investment, liberal visa policy, and establishment of a rapid response funding mechanism.²⁷ Infrastructure rehabilitation was also made to the Aurora Pacific Economic Zone and Freeport Authority (APECO),²⁸ as well as the Turisomo Asenso Loan Program was created to bolster the capacities of stakeholders to serve people wanting to experience tourism. Under this program, people can get loans from PHP 10,000 to PHP 20 million to support the MSMEs.²⁹ Although tourism emerged as the Philippine economic driver, the agriculture, forestry, and fishery sector faced setbacks due to the late 2024 typhoons, with recovery anticipated through joint efforts by the government and the private sectors.³⁰ Additionally, the manufacturing sector faced some problems due to the weak global demand and trade uncertainties.³¹

However, in the same period, the labor market showed a positive recovery. The unemployment rate dropped to 4.3% from 4.5% in 2024,³² and the total employment rose to 48.5 million.³³ The growth was attributed mainly to the construction, retail, and IT sectors. One noteworthy incentive called the "Build, Build, Build" program aimed to

construct several infrastructure projects, create employment, and advance economic activity nationwide, further enhancing the sound business environment and encouraging better foreign investments.³⁴

Human Capital, Social Policy, and Long-Term Development

To improve the Philippine economy, the government had initiated reforms such as the MATATAG program. This program, aimed at the development of human capital and education, remained a priority in quarter two of 2025. The Department of Education intensified its education reform under the "MATATAG" program to address COVID-19 pandemic-related learning losses. While gains in basic literacy and teacher development took place, progress was still sluggish and uneven, particularly in remote and underserved schools. Tertiary education became more accessible through state scholarship programs and free tuition in state universities and colleges, yet quality and resource disparity between urban and rural areas persists. Innovative proposals such as Human Capital Contracts (HCCs), which reframe education financing as an income-based investment rather than a traditional loan, have also been explored in academic research. A 2025 thesis from Ateneo de Manila University proposed a legal and management framework for implementing HCCs in the Philippines, aiming to democratize access to tertiary education and align financing models with social equity goals.³⁵

The Philippine government also undertook reforms to make the country's maritime industry stronger and prepare the next generation of Filipino seafarers. President Marcos spoke at the Philippine Merchant Marine Academy's 2025 commencement and introduced initiatives, including the Maritime Industry Authority (MARINA), which created a ladderized program to facilitate easier transitions from non-degree courses to full maritime degrees. Additionally, the National Merchant Marine Aptitude Test was introduced to evaluate preparedness for naval studies.³⁶

Such initiatives reflected the Philippines' way forward of using education to improve its human resources, getting them ready to become the next generation leaders.

External Financing, Trade, and Sustainable Growth

Although the Philippines seems to be one of the fastest growing economies in the region, externally, the Philippines continued to rely on foreign financing and policy-

based loans to support reform efforts. The Asian Development Bank (ADB) approved significant policy-based loans to improve Philippine business environment³⁷ and support a sustainable blue economy,³⁸ reflecting continued external financial assistance to bolster the nation's structural reform. Domestic institutions like the Philippine National Bank on the other hand, offered a new 50-billion-peso sustainability bond, which will finance or refinance eligible green and social projects under PNB's Sustainability Financing Framework. This move reflected PNB's commitment to sustainable growth and responsible banking, backed by its financial performance.³⁹

Regarding the tariffs and trade negotiation with the Trump administration, the Philippines secured a 19% tariff rate after the two leaders of the respective countries met at the Oval Office.⁴⁰

Besides external financing and tariff negotiation, the government also tried their best to have stronger coordination on inflation and growth policy, where Finance Secretary Frederic D. Go called for deeper interagency coordination to manage inflation and sustain investment momentum as the year is coming to an end. Wage adjustments were also emphasized for thorough evaluation, as well as highlighting renewable energy development. Additionally, food inflation was also on the agenda of the Economic Development Committee meeting, such as rice tariffs, protect domestic meat supply, and sugar supplies.⁴¹

Currency Depreciation

The Philippine Peso reached a record low in the year 2025 when during the fourth quarter, it hit 59.22 against the United States Dollars.⁴² This demonstrated that while monetary easing supported the domestic demands, peso depreciation underscored structural weaknesses of the economy, which is the dependence on foreign capital inflows.

Diplomacy

The Philippine foreign affairs in 2025 were marked by heightened assertiveness, expanding defense partnerships, and strategic recalibration as Manila navigated the

escalating tensions in the South China Sea while gearing itself for the 2026 ASEAN chairmanship.

South China Sea Diplomacy and Defense Partnerships

Maritime security in the South China Sea dominated the Philippine diplomatic agenda. Recurrent confrontations between Philippine vessels and the Chinese coast guard and naval forces reinforced Manila's perception of an increasingly coercive maritime environment. To respond to the actions by China, the Philippines and its close allies had advance cooperation in many ways. Japan, one of the Philippines' closest allies, had multiple high-level engagements in January and February. Both countries expanded on security cooperation, defense technology collaboration, and alignment on a Free and Open Indo-Pacific.⁴³ Japan and the Philippines also launched talks on the new defense pact.⁴⁴ Additionally, in order to strengthen the defense cooperation between Manila and Tokyo, the Armed Forces of the Philippines (AFP) and the Japan Maritime Self-Defense Force (JMSDF) carried out their third bilateral maritime cooperative action (MCA) in the WPS.⁴⁵ These actions illustrates how the Philippines uses defense diplomacy to leverage its stance in the South China Sea issues. Regarding ties with the United States, the Philippines confirmed that defense ties remained strong under the new administration of President Donald Trump, said Manila's Ambassador to Washington, Jose Manuel Romualdez. He confirmed that military finance, joint patrols in the South China Sea, and the utilization of the Philippine defense facilities by the U.S. forces continue.⁴⁶ For instance, the U.S. and the Philippines have launched a security program led by the U.S. This initiative aimed to enhance the capabilities of the Philippine coast guard, focusing on areas such as maritime law enforcement, search and rescue operations, and port security.⁴⁷ There were high-level defense engagements included Canada reaffirming maritime and cybersecurity cooperation,⁴⁸ and the signing of a Status of Visiting Forces Agreement between Canada and the Philippines, further solidifying the two nations' relationships. In the same period, Manila also signed a new military agreement with New Zealand for joint exercises.⁴⁹

Balancing the U.S. and China

Although the Philippines and China do not see eyes-to-eyes, especially with issues related to the South China Sea, Manila maintained engagement with Beijing through

bilateral consultation mechanisms and diplomatic channels, even as it rejected Beijing's nine dash line claims. While tensions with China in the contested South China Sea remained a persistent backdrop to diplomatic activities, PBBM claimed that the disagreement between the two states should be an exception rather than the defining characteristic of their diplomatic relations, as he accepted the credentials of China's recently appointed ambassador to the Philippines in Malacañang. Additionally, he underlined that China remains one of Philippines' significant allies and conveyed his wishes to cooperate resolving conflicts while enhancing bilateral ties.⁵⁰ This approach shows how Manila aims to balance between the two most important countries: the U.S. and China. Balancing between the two superpower allows the nation to engage economically with China while enjoying the security benefits from the U.S.

Regional and Global Diplomatic Outreach

As Manila prepares to become the next rotating chair of ASEAN in the next year, in 2025, the Philippines has expanded its regional and global diplomatic outreach. There were several high-level diplomatic engagements between the Philippines and regional partners as well as external partners. Firstly, the Philippines had a visit from seven members of the Swedish Parliament's Committee on Foreign Affairs. The reflection from the visit showed Sweden's recognition of the Philippines' strategic importance for global and regional security, especially seeing the Philippines' role in its de-risking strategy.⁵¹ There was also a visit from PM Hun Manet of Cambodia in February, leading to agreements on trade, food security, and tourism connectivity, among others.⁵² Then in September, PBBM reciprocated the visit to Cambodia, in which during that time three notable agreements were signed, including an agreement between the national force of Cambodia and the Philippines in combating transnational crimes, a higher education MOU, and an air service agreement.⁵³ The Philippines also advanced cooperation with other countries such as Qatar, Mongolia, Greece, Brunei, Vietnam, Singapore, and more. For instance, President Marcos and Singapore's PM Lawrence Wong also strengthened cooperation in energy, digital skills, and climate resilience,⁵⁴ and Manila and the EU also began a security dialogue, acting as a platform on which the regional bloc can cooperate on defense, share expertise on security matters, and look into joint initiatives.⁵⁵ The Philippines and Israel also explored the possibilities of a new Free Trade Agreement,⁵⁶ while the former also called for Israel to agree to a ceasefire in the Gaza Strip.⁵⁷ Not only did the Philippines

have a diplomatic relations with Israel, but it also engaged with Palestine. Manila expanded bilateral diplomatic activity including the signing of a memorandum of understanding with Palestine for regular political consultations—the first visit by a Palestinian foreign minister to the Philippines—emphasizing Manila’s outreach beyond regional concerns.⁵⁸

As the Philippines prepare for the ASEAN chairmanship next year, engaging with external partners like this makes sense as it reflects Manila’s desire to become a regional player. The Philippine foreign policy was marked by heightened regional diplomacy and strategic multilateral and bilateral engagements, as Manila prepared to assume the 2026 chairmanship of ASEAN. By focusing on issues such as the South China Sea issue, the prolonged Myanmar conflict, and broader regional security cooperation, the Philippines took over the chairman role at the end of October.⁵⁹ Having good relations with other countries show one thing to the world: the Philippines is trying to leverage its standing in the international arena.

Conclusion

Overall, 2025 was such an eventful year for the Philippines. It was marked by resilience but constrained by enduring structural challenges in the country. The domestic political sphere encountered several issues, but the one that posed such a difficult hardship was the corruption scandal of the flood control projects. This incident further revealed the gaps and the inability of the government to respond to structural issues like corruption. On the economic front, while the growth was uneven, the Philippine economy remained driven by consumption, and external support from the ADB allowed the country to enjoy substantial benefits. At the same time, these benefits did not exactly address the deeper issues of inequality and institutional capacity. In foreign affairs, the Philippines used its leverage as an ally of the United States to advance its stance in the South China Sea by practicing defense diplomacy with countries such as the U.S., Japan, Canada, the UK, and many more. The Philippines demonstrated strategic clarity and diplomatic confidence, asserting its claims in the South China Sea. Not only that, but the Philippines also enjoyed bilateral cooperation with other countries in the region and beyond the Southeast Asian region, as well. Although this shows that the Philippines is advancing its position in the region by preparing to assume the leadership role within ASEAN, by showing its ability to

determine whether it achieves its goals in the ASEAN summit next year, concerns persist as its assertiveness may carry risks of overdependence on external partners.

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Singapore Dysam Sodyna

Introduction

2025 is considered as transitioning phase as Singapore navigated through its leadership change, economic challenges and unstable world order. Politically, under the new leadership under Prime Minister Lawrence Wong invoke a new change in cabinet and the motivation to restore public trust and institutional stability. Security wise, Singapore shown commitment in using the rule of law to crack down on corruption and raise accountability in its leader, public official and major corporations. The government also strengthened measures against scams and tightened regulations on weapon, drug and vaping while also combating social media and AI related crime. As for economically, Singapore is trying to solve its stagnant global growth by increasing connectivity and employ long-term economic strategy, while also try to mangle external shock and increase macro-economic stability. On the other hand, for the people, Singapore is trying to ease cost of living, provide social support and expand labor market and skill which align with its workforce transformation goals. Diplomatically, Singapore remained active middle power, reinforcing ASEAN centrality, balancing relations among major powers as well a neutral actor in dialogue amid rising geopolitical tensions. Taken all aspects into account, Singapore in 2025 is a showcase of how Singapore remains and preserve its stability and thriving for growth amid structural changes.

Political Security

New Leadership and New goals

Prime Minister Lawrence Wong was inaugurated on 15 May 2025 as the new Prime Minister of the Republic of Singapore as well as retaining his role as the finance minister signaling a commitment to economic and fiscal policymaking.¹ His cabinet consisted of 18 members who all reflect Mr. Wong strategy of combing experienced leadership with right policy making to strengthen structural change under his new era. This approach maintained policymaking continuity and reassured stakeholders amid global volatility.

Rule of Law, Anti-Corruption and Accountability

Throughout the year, the government underscored its commitment to rule of law, through high-profile legal cases which involve opposition leader and public official such as the case earlier this year where Pritam Singh was found guilty of two charges of lying to the parliament over false testimonies he gave to a committee of privileges during inquiry into former Workers 'Party MP Raeesah Khan's conduct.² On the other side, for anti-corruption enforcement in corporate, was a settlement where Seatrium pay US\$110 million as part of deferred prosecution agreements over corruption

offences in Brazil.³ This two case illustrates that legal processes apply regardless of political and economic status.

Internal Security and Social Stability

In 2025, Singapore have focus on more prevention rather than having to combat security risk regarding traditional security such as through commencing of the Guns, Explosive and Weapon control act to strengthen oversight over dangerous weapon and reduced public risk.⁴ In the meantime, there is also regulation regarding by giving higher fines for vape user and supplier because vape have reclassified as a Class C due to it containing Etomidate which is a controlled substance under the Poison Act which is illegal to traffic.⁵ On the hand a new type of security emerge such as online scam and misuse of social media, which for instance, the case where 27 Singaporean was found running a scam syndicate operating out of Cambodia targeting Singapore victims in government official impersonation scams.⁶ Alongside online scam, self-radicalization is on the rise and Singapore will strengthen its rehabilitation capabilities through interventions, mentorship and cyber wellness programs to improve self-radicalized young people away from extremist material which led them astray and so establishment human connection, trust and sense of belonging is needed.⁷

Economic Development

Economic Stability and External Shock

The Monetary Authority of Singapore (MAS) loosened monetary policy as economic fear rise due to the trade war brewing between the US and China which in hence lowered core inflation of expectations for the year.⁸ This policy is to prevent economic shock cause by the US which directly impact of a 10% baseline tariff on Singapore's export to the US despite it having the lowest reciprocal tariff among Southeast Asian Countries.⁹ As the monetary policy was establish to ease the impact of tariff which led city state view GDP growth as zero after the first quarter showing 3.8% lower than expected GDP expansion which is part of bigger picture view its growth as slow and stagnant.¹⁰

Singapore Budget 2025: Cost of living, Labor Market and Social Support

Early this year, Mr. Wong announced in his Budget speech earlier this month that as part of an SG60 package, all Singapore citizens aged 21 and above will receive cash vouchers of up to S\$800 (US\$600). These vouchers are expected to cost the government S\$2.02 billion in this financial year.¹¹ which is not a long-term solution as it cost the government more than S\$2 billion. A SkillsFuture initiative that provides an allowance to mid-career workers aged 40 and above taking up training courses will be expanded to include part-time programs.¹² Worker enrolled in part-time training will get a fixed allowance of S\$300 (US\$220) a month to help defray their learning expenses. Singapore is also intensifying efforts to raised next generation of Singapore global

leader by expanding overseas career development opportunities, transition support, and strengthening leadership networks.¹³

Transformation, Connectivity and Sustainability

Singapore's digital economy expanded and AI adoption grew tremendously as enterprises including SMEs which tripled AI adoption in one year due to government supported program that encourage them to use AI tools.¹⁴ The Infocomm Media Development Authority (IMDA) and partners expanded AI and digital skills training, including GenAI upskilling programs for tech roles and workforce transformation.¹⁵

Singapore's fintech sector continued to attract strong AI-related investments in 2025, showing confidence in tech-driven financial services amid global trade pressures.¹⁶ The most notable step toward strengthening connectivity is connectivity via Subsea cable, one is with the US known as Bifrost subsea cable system¹⁷ which directly links Singapore with the US. Other subsea cable development also features SJC2 Intra-Asia Cable which aimed to enhances connectivity among major Asian nodes including Hong Kong and Japan.¹⁸ Which overall are expanding digital connectivity, infrastructure and capacity, reinforcing Singapore's role as a data hub.

Singapore's carbon tax system, part of its climate mitigation strategy, is set at S\$25/tCO₂e for 2024–2025, with planned increments to promote emissions reductions and facilitate a low-carbon economy transition.¹⁹ Additionally, Singapore is engaged in a multilateral initiative with Britain and Kenya to enhance corporate demand for carbon credits, indicating a commitment to long-term sustainability beyond domestic policies.²⁰ This action are part of bigger initiative for Singapore transition to a low-carbon economy.

Diplomacy

Singapore as Neutral Convenor, Middle power and Managing Great-Power Relation

Shangri-La Dialogue 2025 attracted leaders and defense officials from across the world, serving as a major platform for regional security dialogue and reinforcing Singapore's role as a neutral convenor.²¹ French President Emmanuel Macron delivered a keynote speech at the Shangri-La Dialogue in Singapore, highlighting cooperation and alliance priorities amid U.S.–China rivalry, illustrating the high-level diplomatic engagement hosted by Singapore.

Singapore's Ministry of Foreign Affairs outlined plans to strengthen ties with both the United States and China while expanding its network of partners, demonstrating its hedging approach to maintaining balanced relations with major powers.²² While at the same time, keeping Malay-Muslim majority neighbor such Malaysia and Indonesia onside which is not an easy task comparing the differences of demographic.

ASEAN Centrality, Regional Engagement and Expanding Strategic Partnerships

Singapore has supported ASEAN efforts to prepare Timor-Leste for membership, demonstrating its commitment to regional cohesion. It reaffirmed support for ASEAN's open framework and initiatives, including Timor-Leste's integration and collaborative energy projects.²³

Singapore and Australia are enhancing their Comprehensive Strategic Partnership (CSP) 2.0, introducing initiatives from 2025 focused on peace, economic connectivity, and green transition.²⁴ Additionally, Singapore is strengthening strategic ties with countries such as France, Germany, India, Japan, and New Zealand in areas including digitalization, sustainability, and advanced technologies.²⁵

Foreign Policy and Global Issues

Singapore's defense leadership has emphasized its commitment to a rules-based international order rather than aligning with major powers, reflecting a principled foreign policy.²⁶ The country's diplomatic efforts in ASEAN, including support for ceasefires and regional stability, illustrate its dedication to negotiation and peaceful resolutions.

Singapore's Foreign Minister visited Israel and the Palestinian Territories, highlighting its constructive relations, humanitarian assistance, and capacity-building efforts, while expressing willingness to contribute to reconstruction and civilian well-being.²⁷

Conclusion

In 2025, Singapore experienced a year marked by managed transitions rather than significant transformations across various domains. Politically, the leadership underwent carefully calibrated renewal aimed at maintaining stability while responding to the rising expectations of the people while combating and preventing domestic and transnational crime. Economically, the government focused on resilience, workforce adaptability, and long-term competitiveness, prioritizing these elements over immediate growth amid global uncertainties with the help of digitalization and AI. Diplomatically, Singapore strengthened its stature as a pragmatic and principled middle power, remaining anchored in the ASEAN framework, skillfully balancing relationships with major powers, and enhancing its role as a facilitator of dialogue. Collectively, these factors demonstrate Singapore's strategic positioning to navigate global disruptions and prepare for a more competitive and complex geopolitical landscape in the forthcoming decade.

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Thailand

Long Sovitou

Introduction

In 2025, Thailand experienced one of its most turbulent years in recent history, marked by the collapse of the Shinawatra political dynasty, violent border conflicts with Cambodia, and the rise of a minority government amid constitutional uncertainty. Prime Minister Paetongtarn Shinawatra's administration ended abruptly following a leaked phone call scandal, while her father Thaksin Shinawatra faced imprisonment on corruption charges. The year saw escalating military tensions with Cambodia that evolved from border skirmishes into what many observers characterized as an invasion, with Thai forces targeting civilian areas up to 90 kilometers into Cambodian territory. These actions reflected broader efforts by Thailand's military establishment to consolidate power and maintain relevance in domestic politics, with politicians like Anutin Charnvirakul leveraging nationalist sentiments for electoral advantage. Anutin's minority government, formed through an unprecedented alliance with the opposition People's Party, promised constitutional reform and early elections. Meanwhile, Thailand's economy struggled with persistent deflation, currency appreciation, and U.S. tariff pressures, despite government stimulus efforts. The dissolution of parliament in late 2025 created a dangerous accountability vacuum, allowing military escalation without democratic oversight as the country headed toward fresh elections.

Political Security

Thailand entered 2025 under the leadership of the Pheu Thai-led coalition government, with Prime Minister Paetongtarn Shinawatra at the helm—the youngest prime minister in Thai history and the third member of the Shinawatra family to hold the office. The 38-year-old had assumed power in August 2024 following the Constitutional Court's dismissal of her predecessor, continuing the political dynasty established by her father, Thaksin Shinawatra, two decades earlier. However, the government faced immediate challenges: a fragile multi-party coalition with the Bhumjaithai Party as a crucial partner, persistent questions about Thaksin's behind-the-scenes influence, and mounting public skepticism about the administration's ability to deliver on economic promises. The opposition People's Party, successor to the dissolved Move Forward Party, had gained momentum with calls for constitutional reform and reducing military influence in politics. Meanwhile, tensions with Cambodia over disputed border territories remained unresolved, while the economy showed signs of fragility despite government stimulus measures.

Paetongtarn's short-lived administration

The Paetongtarn administration began 2025 under a cloud of controversy regarding her father's influence over government affairs. In early January, Thaksin Shinawatra publicly announced he would not seek to return as prime minister, instead pledging to focus on advancing his daughter's political career and improving living standards for Thai citizens, including promises to reduce electricity prices to 3.70 baht per unit.¹

Despite these assurances, allegations persisted that Thaksin effectively controlled government policy. Prime Minister Paetongtarn repeatedly denied these claims, maintaining that no one had control over her administration. She also faced scrutiny from the National Anti-Corruption Commission (NACC) regarding asset declarations, specifically concerning a 12.77 million baht loan to a business linked to her husband and claims that she owed 4.4 billion baht to close relatives. Paetongtarn defended herself by stating she had provided comprehensive information to the NACC and had not misrepresented her assets.²

The administration's challenges intensified in February when the opposition filed a no-confidence motion, requesting at least four days for a censure debate involving approximately ten ministers. Opposition leader Natthaphong Ruengpanyawut argued that the Prime Minister lacked the desire and expertise required for national administration. The censure debate focused on Paetongtarn's alleged inexperience, tax evasion accusations, and her father's continuing influence. In a strategic compromise, the opposition agreed not to mention Thaksin by name during the debate in exchange for extended questioning time.³

On March 26, Paetongtarn survived the no-confidence vote with 319 MPs supporting her against 162 opposing votes and seven abstentions. The Revenue Department subsequently certified that her share purchases were conducted properly and that promissory notes without due dates or interest were legal. However, this parliamentary victory proved temporary. Tensions with coalition partner Bhumjaithai escalated throughout the first half of the year over cabinet positions, particularly control of the Interior Ministry, and disputes regarding the Department of Special Investigation's (DSI) probe into alleged Senate election fraud that implicated Bhumjaithai figures.⁴

The fatal blow to Paetongtarn's premiership came from an unexpected source. On July 1, 2025, the Constitutional Court suspended Prime Minister Paetongtarn following the leak of a phone call conversation between her and Cambodia's Senate President Hun Sen. The leaked conversation, which occurred during escalating border tensions, revealed Paetongtarn appearing

overly deferential to the Cambodian leader while criticizing Thai military commanders. The court cited potential ethical violations under the 2017 Constitution and launched a formal investigation. On August 29, the Constitutional Court formally removed Paetongtarn from office, ruling that she had violated ethical standards. The leaked phone call not only provided constitutional justification for her removal but also exposed the Shinawatra family's perceived weakness on national security issues—a vulnerability that would have profound implications for their political future.⁵

The fall of Thaksin

The demise of Paetongtarn's government coincided with her father's legal reckoning. Throughout the first half of 2025, Thaksin faced renewed legal threats, including a reopened Supreme Court case on corruption charges and a *lèse-majesté* investigation. On September 9, 2025, the Supreme Court sentenced Thaksin Shinawatra to one year in prison for corruption and abuse of power convictions stemming from his earlier terms as prime minister. The court's decision represented a definitive rejection of his legal defense, particularly dismissing claims that his 2023 hospitalization should count as time served.⁶

Thaksin's imprisonment marked a dramatic fall for Thailand's most influential politician of the 21st century. Since founding Thai Rak Thai party in 1998 and winning a landslide victory in 2001, Thaksin had dominated Thai politics for nearly a quarter century—either directly through his premierships (2001-2006) or indirectly through proxy parties and family members following the 2006 military coup that ousted him. His populist policies, including universal healthcare and agricultural subsidies, had secured enduring loyalty from rural and working-class voters in northern and northeastern Thailand, even as urban elites and the military establishment viewed him as a threat to their interests.

The dual collapse of both Paetongtarn and Thaksin within weeks created a power vacuum that fundamentally reshaped Thailand's political landscape. The Pheu Thai Party, which had been the country's most formidable electoral force, saw its support plummet. Opinion polls conducted in September showed the party's popularity collapsing to just 11.52%, down from its traditional stronghold position, while the opposition People's Party surged to 46.08%. The Shinawatra political dynasty, which had survived coups, judicial interventions, and years of establishment opposition, appeared to have finally met its end—not through military intervention, but through a combination of legal proceedings and political missteps during a national security crisis.⁷

The Thai-Cambodia conflict

The escalating border conflict with Cambodia emerged as 2025's most serious security crisis, evolving from longstanding territorial disputes into violent clashes that drew international condemnation and revealed the Thai military's role in domestic power politics. The conflict's roots lay in decades-old disagreements over border demarcation, particularly around ancient temple sites such as Prasat Ta Morn Thom, but the 2025 escalation reflected deeper dynamics within Thailand's civil-military relations.

Tensions flared in February when Cambodian soldiers sang their national anthem at the disputed Prasat Ta Morn Thom temple, triggering heated exchanges between Thai and Cambodian troops. Thailand lodged a formal protest, while both sides asserted territorial claims. Another confrontation occurred in March at the Sa Kaeo border after a viral video showed Cambodian troops allegedly occupying contested land. Deputy Prime Minister Phumtham Wechayachai called for restraint and diplomatic solutions, emphasizing bilateral negotiations through established frameworks like the Joint Boundary Commission (JBC) and General Border Committee (GBC).⁸

The situation deteriorated dramatically in late May when a Cambodian soldier was killed during a brief exchange of gunfire with Thai troops near a disputed border location. Thailand claimed its soldiers were attempting to negotiate Cambodian troop withdrawal when they came under fire. The incident prompted urgent diplomatic meetings, with Thailand filing formal protests and both sides pledging to resolve disputes peacefully through bilateral mechanisms. A July 28 ceasefire agreement, brokered through Malaysian mediation with U.S. and Chinese diplomatic pressure, sought to de-escalate tensions. However, the ceasefire proved fragile, with both sides reporting violations shortly after implementation, including landmine incidents and barrier constructions.⁹

The conflict reached its most serious escalation in September, when Thai security forces deployed tear gas, rubber bullets, and long-range acoustic devices against Cambodian civilians and monks during clashes on September 17-18. The confrontation resulted in 28-29 injured Cambodians and 5 wounded Thai soldiers. Critically, the nature of the conflict had transformed: what began as border skirmishes evolved into what many observers characterized as an invasion, with Thai forces targeting civilian areas and dropping bombs up to 90 kilometers into Cambodian territory—far beyond any disputed border zones.¹⁰

This escalation stemmed from the Thai military establishment's efforts to consolidate power and maintain relevance in domestic politics. Since the 2014 coup, the military had embedded itself deeply in Thailand's political system through the 2017 Constitution, which granted the 250-member appointed Senate—dominated by military and security officials—significant power,

including the ability to vote for prime minister. As the People's Party gained momentum with promises to reduce military influence and amend the constitution, the armed forces faced an existential threat to their political position. The border conflict provided an opportunity for the military to demonstrate its indispensability to national security, thereby justifying its continued political role.

Politicians like Anutin Charnvirakul, leader of the Bhumjaithai Party, recognized the electoral potential of nationalist sentiment surrounding the border conflict. Rather than pursuing de-escalation, Anutin played along with military narratives, adopting hardline rhetoric on national sovereignty and territorial defense. This strategic positioning aimed to secure votes and popularity ahead of the upcoming election, particularly among conservative and nationalist constituencies concerned about perceived threats to Thai sovereignty. The alignment between military escalation and political opportunism created a dangerous dynamic where incentives for peaceful resolution diminished in favor of continued confrontation.

The conflict's economic toll mounted as border checkpoint closures disrupted trade, with losses estimated at approximately 10 billion baht (\$300 million) for businesses in Thailand's border provinces. Cambodia appealed to UN Secretary-General António Guterres, demonstrating the crisis's international implications and testing ASEAN's capacity to manage conventional security threats among member states. Multiple ceasefire agreements—including the August ceasefire brokered by Malaysia and the Kuala Lumpur joint declaration—failed to prevent continued escalation, exposing the limitations of diplomatic frameworks without genuine commitment from parties to de-escalate.¹¹

Anutin's minority government and domestic challenges

Following Paetongtarn's removal, Anutin Charnvirakul's election as Thailand's 32nd Prime Minister on September 7, 2025, represented a masterpiece of political maneuvering that defied conventional coalition logic. His minority government, comprising the Bhumjaithai Party and smaller allies totaling approximately 146 seats in the 500-seat parliament, secured power through an unprecedented conditional agreement with the opposition People's Party. The deal's terms were extraordinary: the People's Party provided critical parliamentary votes for Anutin's election while refusing to join the coalition government, securing in return a commitment to dissolve parliament within four months and pursue constitutional amendments.¹²

This arrangement exemplified pragmatic politics over ideological consistency, allowing Bhumjaithai immediate access to power while providing the People's

Party a pathway to early elections where polling showed them leading decisively. King Maha Vajiralongkorn's September 19 approval of Anutin's 36-member cabinet formalized a government that reflected both continuity and change. Key appointments included Ekniti Nitithanprapas as Finance Minister, bringing technocratic expertise to address mounting economic challenges; Sihasak Phuangketkeow as Foreign Minister; and six Deputy Prime Ministers across various portfolios, indicating a distributed power structure designed to manage the government's brief tenure effectively.

Anutin's administration faced immediate domestic challenges spanning economic management, coalition unity, and the ongoing border conflict. His 120-day economic agenda focused on immediate impact measures: revival of the popular "Half-Half" co-payment scheme to stimulate domestic consumption, the "We Travel Together" tourism subsidy program, and proposals to reduce electricity tariffs and public transport fares. These initiatives aimed to demonstrate government effectiveness before the planned parliamentary dissolution while addressing household economic pressures from persistent deflation and weak growth.

However, Anutin's government faced credibility questions regarding its commitment to the People's Party's reform agenda. Bhumjaithai's notable absence from key constitutional committee meetings in September indicated reluctance to fully embrace amendments targeting military and monarchical influence. Critics warned that Anutin might abandon reform commitments under conservative pressure, particularly from military and establishment figures who had benefited from the 2017 Constitution's power structure. The government's strategic calculation appeared to balance short-term stability and economic stimulus against the looming electoral challenge from the surging People's Party.

House dissolution and the accountability vacuum

The dissolution of the Thai House of Representatives in late 2025, following the collapse of the Bhumjaithai-People's Party memorandum of agreement, placed Thailand into a precarious situation amid ongoing military confrontation with Cambodia. The transition to a caretaker government created two critical implications that undermined prospects for peaceful conflict resolution. First, it provided political cover for Anutin to avoid diplomatic commitments; he could cite caretaker limitations to deflect international pressure for de-escalation. The 2017 Constitution's Article 169 expressly prohibits caretaker cabinets from taking actions that would "create a binding obligation" for the subsequent government, creating convenient justification for policy inaction.¹³

Second, the dissolution provided the military with operational freedom to intensify activities without cabinet approval, as the caretaker government could not impose new directives. This transition created a significant accountability void: parliamentary oversight mechanisms—including no-confidence votes, investigations, and budget reviews—were suspended until a new parliament formed. Consequently, the border became a zone where military actions operated without democratic safeguards, allowing the Thai army to escalate tensions without effective restraint during this critical period.

Critically, the Thai army's role in border management remained unaffected by the house dissolution. Command structures, deployment patterns, and strategic calculus continued unchanged, meaning the military remained the primary actor determining whether the situation would de-escalate or intensify—a reality that transcended electoral cycles and cabinet compositions. With the People's Party threatening a landslide victory that could lead to constitutional amendments reducing military influence, the Bhumjaithai Party found strategic utility in a protracted border crisis. The incentive to de-escalate became lower than the political incentive to appear tough on national security, creating a dangerous alignment: the military gained political legitimacy for assertive actions, while Anutin harvested electoral dividends from nationalist rhetoric.

In effect, the caretaker prime minister became a willing participant in military-driven escalation, amplifying nationalist narratives to consolidate conservative and nationalist voters ahead of the election. Even without operational control over military decisions, Anutin's rhetorical support legitimized military escalation and reduced pressure for diplomatic solutions. The dissolution of parliament thus transformed the Thai-Cambodian border into not just a line of territorial defense, but a stage for domestic political theater where the path to the ballot box in Bangkok ran dangerously close to the trenches in the borderlands.

The People's Party's pursuit of constitutional amendment

The People's Party emerged as 2025's most significant political phenomenon, transforming from the dissolved Move Forward Party into a formidable electoral force advocating for fundamental constitutional reform. Throughout the year, the party consistently pushed for amendments targeting the 2017 Constitution's provisions that entrenched military and monarchical influence in Thai politics. The party's core demands included reducing the Senate's power to select prime ministers, reforming *lèse-majesté* laws, revising referendum processes, and decentralizing governance structures.

The party faced persistent legal challenges throughout the year. In February, the National Anti-Corruption Commission (NACC) indicted 44 former Move Forward MPs for allegedly violating ethical standards by supporting a measure

to amend Article 112 of the Criminal Code—the *lèse-majesté* statute. Party leader Natthaphong Ruengpanyawut maintained that advocating for law amendments was lawful and should not be viewed as a violation, while MP Rangsiman Rome questioned the NACC's priorities, noting that the party's cases were swiftly resolved while complaints filed by the party made limited progress.¹⁴

Despite these legal pressures, the People's Party's popularity surged dramatically. Early-year local elections proved disappointing, with the party winning only one Provincial Administrative Organization (PAO) chief election in February, prompting public apologies from party leadership for insufficient campaign efforts. However, as the Shinawatra dynasty collapsed and the Pheu Thai government's weaknesses became apparent—particularly during the border crisis—public sentiment shifted decisively. By September, opinion polls showed the People's Party leading at 46.08%, while Pheu Thai had collapsed to just 11.52%. Party leader Natthaphong Ruengpanyawut scored higher than Prime Minister Paetongtarn in public visibility surveys, indicating the party's successful messaging resonated with voters seeking change.¹⁵

The party's deal with Anutin's minority government represented a calculated gamble: by providing parliamentary support without joining the coalition, the People's Party secured commitments for early elections and constitutional amendment discussions while positioning itself as a responsible opposition willing to enable governance. The agreement required Anutin to dissolve parliament within four months and pursue reform agendas that had been stalled for years. However, critics have legitimate doubts on whether the People's Party should have joined hand with Anutin in the first place since there is a lack of Bhumjaithai's genuine commitment to these reforms, particularly given the party's conservative base and ties to establishment interests. The People's Party's strategy thus aimed to expose any backtracking while maximizing electoral advantage heading into the anticipated early 2026 elections.

Economic Development

Thailand's economy in 2025 presented a troubling picture of deceleration, structural vulnerabilities, and persistent deflationary pressures despite government stimulus efforts. The year began with optimistic projections: the Bank of Thailand reported exports surging 12.9% and imports rising 7.5% year-on-year in January, driven by tourism recovery and consumption. Government initiatives including free public transport in Bangkok, the Easy E-Receipt campaign, and cash transfer measures boosted consumer spending. Finance Minister Pichai Chunhavajira expected growth between 3% and 3.5%, driven by stimulus measures and strong foreign investment.¹⁶

However, this early optimism proved unfounded as the year progressed. Second quarter GDP growth decelerated to 2.8% year-on-year, down from 3.2% in Q1, establishing a clear trajectory of weakening activity. Private investment declined 0.4% month-on-month in July, while private consumption fell 0.2%, signaling fragile domestic demand. By mid-year, the National Economic and Social Development Council downwardly revised full-year GDP growth projections to just 2.0%, acknowledging that the second half would be markedly slower than initial forecasts. The World Bank's Thailand Economic Monitor projected 2.9% growth, emphasizing that innovation and SME sector strengthening were crucial for long-term resilience.¹⁷

Persistent deflation emerged as the most concerning macroeconomic development, with consumer prices falling for five consecutive months and reaching -0.79% year-on-year in August. This deflationary environment, driven primarily by lower transportation and energy costs alongside government electricity rate cuts, created challenges where traditional demand-side interventions faced limited effectiveness. While core inflation remained positive at 0.81% in August, its gradual decline indicated weakening underlying price pressures reflecting subdued domestic demand and structural economic challenges. The Bank of Thailand's target range of 1-3% inflation appeared increasingly distant.¹⁸

The Bank of Thailand's Monetary Policy Committee responded with a unanimous decision on August 13 to cut the policy rate by 25 basis points to 1.50%—the fourth reduction in a 10-month easing cycle, bringing rates to their lowest level since February 2023. The committee's rationale encompassed multiple vulnerabilities: slowing growth, adverse U.S. tariff impacts, weakening tourism figures, and SME financial stress. The benign inflation environment provided policy space to prioritize growth support, though the committee emphasized that monetary policy alone could not address all structural challenges.

External economic challenges dominated policy discussions. The United States' initial threat of 36% reciprocal tariffs prompted intensive diplomatic engagement, with Thailand successfully negotiating the rate down to 19% by August 1. While this represented a diplomatic victory aligning Thailand with other ASEAN nations, the tariff still posed substantial challenges for export-oriented sectors. Projected export losses reached THB 275 billion, concentrated in automotive and electronics industries, necessitating government relief measures including subsidies and soft loans. The Thai baht's appreciation to a four-year high—strengthening 8% year-to-date against the U.S. dollar by mid-September—further threatened export competitiveness and tourism recovery.¹⁹

Government fiscal responses reflected dual focus on immediate stimulus and long-term reform. The Ministry of Finance projected a 37.6 billion baht revenue shortfall for fiscal 2025 due to slower growth and underperforming tax collections, necessitating careful resource allocation. Prime Minister Anutin's revival of the popular "Half-Half" co-payment scheme and "We Travel Together" program, with a combined 50 billion baht budget, represented targeted demand-side interventions. Additionally, significant policy shifts occurred: the Marriage Equality Act took effect in January, making Thailand Southeast Asia's first country to legalize same-sex marriage; the cabinet approved draft laws legalizing casinos in entertainment complexes, aiming to enhance tourism and create jobs; and Thailand secured major foreign investments, including Mazda's \$150 million EV production facility and DayOne's \$1 billion data center development. However, challenges persisted, including predicted 24% decline in rice exports, household debt at 89.6% of GDP, and grim employment prospects indicated by declining Social Security coverage.²⁰

Diplomacy

Thailand's international relations in 2025 demonstrated flexible crisis management while maintaining strategic relationships across multiple partnerships, though the Cambodia border conflict dominated regional diplomatic engagement. The kingdom's foreign policy apparatus navigated the crisis through multilateral frameworks while advancing bilateral relationships with major powers. ASEAN's role as primary conflict resolution mechanism highlighted both the organization's utility and limitations; Malaysia's facilitation of the August 7-8 ceasefire agreement, supported by U.S. and Chinese diplomatic pressure, demonstrated the "ASEAN Way's" continued relevance. However, the conflict's persistence despite multiple interventions exposed enforcement challenges and drew unfavorable comparisons to the bloc's difficulties addressing the Myanmar crisis.

Thailand's relationship with China deepened significantly. During Prime Minister Paetongtarn's February 6 meeting with President Xi Jinping in Beijing, marking 50 years of diplomatic relations, China praised Thailand's crackdown on scam call centers and both nations signed agreements on trade and investment. The Tourism Authority launched the "Sawasdee Nihao" event series to strengthen tourism ties. However, Thailand faced international criticism following the February 27 deportation of at least 40 Uyghurs to China after over a decade in detention. The U.S. imposed visa sanctions on Thai officials in response, while the European Parliament passed a resolution denouncing the action, raising concerns about Thailand's human rights commitments and foreign policy alignment with China.²¹

Thailand's relationship with the United States evolved through successful tariff negotiations demonstrating the alliance's enduring value. The "Team Thailand" delegation's intensive engagement with U.S. trade officials culminated in the August 1 agreement reducing reciprocal tariffs from a threatened 36% to 19%, aligning Thailand with other ASEAN partners and avoiding severe economic disruption. The negotiation process strengthened bilateral trade dialogue mechanisms. Additionally, Thailand hosted the trilateral Exercise Cope Tiger with Singapore and the U.S. from March 17-28, aiming to strengthen military cooperation.²²

Regional relationships expanded through multiple initiatives. Thailand and Malaysia signed an agreement in April to build a parallel bridge over the Golok River to enhance cross-border transportation, with bilateral trade totaling \$3.96 billion in January-February. In April, Thailand and Cambodia signed seven cooperation agreements on labor, infrastructure, and border development before tensions escalated, addressing employment, cross-border pollution control, and construction of new border bridges. Thailand and Indonesia strengthened ties through health cooperation memoranda, while a Japan-Vietnam-Thailand forum in March highlighted trilateral trade and tourism opportunities. Thailand and South Korea signed agreements on March 23 regarding nuclear research, clean energy, and AI collaboration, expanding scientific cooperation.²³

Thailand's diplomatic strategy reflected efforts to balance major power relationships while managing regional conflicts. The Cambodia crisis tested ASEAN's conflict resolution capacity and exposed limitations of regional security arrangements. The then Foreign Minister Maris Sangiampongsa employed multi-track diplomacy combining bilateral negotiations through the General Border Committee with multilateral engagement through ASEAN mechanisms and UN channels. However, the conflict's persistence raised questions about whether diplomatic frameworks could restrain escalation driven by domestic political calculations rather than genuine territorial disputes.

CONCLUSION

As 2025 drew to a close, Thailand stood at a critical juncture, facing political fragmentation, economic fragility, and diplomatic isolation unprecedented in recent decades. The arguable collapse of the Shinawatra dynasty possibly marked the end of an era that had defined Thai politics since 2001, creating a power vacuum filled by an unlikely alliance between Anutin Charnvirakul's conservative Bhumjaithai Party and the progressive People's Party. This arrangement, predicated on promises of constitutional reform and early

elections, remained fundamentally unstable—a temporary expedient rather than durable governance framework.

The Cambodia border conflict emerged as the year's most consequential crisis, exposing dangerous dynamics where military escalation served domestic political objectives rather than genuine national security imperatives. The transformation from border skirmishes into what observers characterized as an invasion—with Thai forces targeting civilian areas up to 90 kilometers into Cambodian territory—reflected the military establishment's determination to maintain political relevance amid threats to their constitutional privileges. Politicians like Anutin, recognizing electoral advantage in nationalist sentiment, amplified rather than restrained military narratives, creating alignment between institutional interests and political opportunism that undermined prospects for peaceful resolution.

The house dissolution in late 2025 created a dangerous accountability vacuum, suspending parliamentary oversight mechanisms precisely when democratic restraint on military actions was most needed. The caretaker government's constitutional limitations provided convenient justification for avoiding diplomatic commitments, while the military operated with unprecedented freedom during the electoral interregnum. This arrangement transformed the border into a stage for domestic political theater, where the path to electoral victory ran through nationalist posturing rather than responsible governance.

Thailand's economy struggled with structural challenges that monetary and fiscal policy could only partially address. Persistent deflation, currency appreciation pressures, weak private investment, and external headwinds from U.S. tariffs created a difficult environment requiring comprehensive reforms rather than stimulus measures alone. The government's focus on immediate impact programs reflected political timeline constraints rather than long-term strategic planning. Household debt at 89.6% of GDP, declining employment in manufacturing and construction, and tourism sector uncertainties portended continued sluggish growth absent fundamental structural changes.

The People's Party's surging popularity—reaching 46.08% in September polls—suggested that voters sought fundamental change rather than elite reconfiguration. Whether the party could translate polling strength into electoral victory and subsequently implement constitutional reforms reducing military and monarchical influence remained uncertain. Past reform efforts had foundered on institutional resistance, judicial intervention, and establishment backlash. The 2026 elections promised not merely a change of government but a referendum on Thailand's political system itself: would the country move toward genuine democratic governance, or would establishment forces—military, monarchy, and conservative elites—successfully defend their

privileges through constitutional mechanisms, judicial rulings, and if necessary, extraconstitutional means?

International observers watched with concern as Thailand's multiple crises intersected. The Cambodia conflict threatened regional stability, testing ASEAN's relevance as a security organization. Economic weaknesses raised questions about Thailand's ability to maintain its position as a middle-income success story. Political uncertainty deterred long-term investment and complicated diplomatic engagement. The coming months would determine whether Thailand could navigate these challenges through democratic processes or whether the country would slide toward renewed authoritarianism, prolonged instability, or both. The stakes extended beyond Thailand's borders: as a significant ASEAN member and U.S. treaty ally, Thailand's trajectory held implications for regional security architecture, great power competition in Southeast Asia, and the broader contest between democratic and authoritarian governance models. The year 2026 promised to be equally turbulent, if not more so.

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Vietnam

Bun Kuch Sonika & Mogn Sereysovathana

Introduction

In 2025, Vietnam navigated a year of significant political, economic, and diplomatic adjustment amid rising regional and global uncertainty. Domestically, the Communist Party of Vietnam advanced institutional and constitutional reforms aimed at strengthening state capacity, political stability, and regime resilience. These efforts were increasingly complemented by a stronger emphasis on security consolidation and governance discipline. Economically, Vietnam maintained macroeconomic stability and strong investment inflows despite slowing exports and heightened external trade risks. Internationally, Vietnam deepened strategic partnerships while preserving strategic autonomy, reinforcing its role as an adaptive and influential actor in Southeast Asia and on international arena.

Domestic Politics

In the first quarter of 2025, Vietnam's domestic politics were shaped by the articulation of an ambitious reform agenda linking political legitimacy to economic performance and administrative efficiency. Prime Minister Phạm Minh Chính set an ambitious 8% GDP growth target, framing state capacity and governance effectiveness as central to sustaining Communist Party of Vietnam (CPV) legitimacy.¹ This message was reinforced by strong official assessments of 2024 outcomes, including over 7% growth, controlled inflation, rising FDI, and improved trade and tourism performance.

Institutional reform accelerated as the National Assembly approved sweeping public sector restructuring. Measures included sharp reductions in government spending, large-scale ministry mergers, and plans to cut approximately 100,000 public-sector positions over five years, marks as one of the most significant bureaucratic overhauls in decades.² While framed as a “revolution” to enhance efficiency, the reforms carry potential risks of labor displacement and social discontent.

Political consolidation proceeded in parallel. Party leadership bodies were streamlined, reinforcing centralized authority and elite discipline rather than decentralization.³ Symbolic governance initiatives such as a national amnesty ahead

of the 50th reunification anniversary and expanded visa exemptions for key partners were deployed to project social stability, responsiveness, and controlled openness.⁴ Overall, Vietnam's first quarter of 2025 functioned as a preparatory phase, consolidating institutional authority and political legitimacy ahead of deeper structural reforms rather than signaling political liberalization.

In the second quarter of 2025, Vietnam's domestic politics were dominated by deep institutional restructuring, constitutional reform, and elite consolidation, signaling a decisive push to recalibrate state capacity ahead of the 2026 Party Congress. The Party and National Assembly implemented sweeping government reorganization, reducing cabinet ministries from 18 to 14 through major mergers and abolishing dozens of state agencies.⁵ These measures are expected to shrink the central bureaucracy by 15–20 percent and eliminate approximately 100,000 public-sector positions, reflecting a prioritization of efficiency and fiscal discipline over employment stability.

Administrative reform advanced further with plans to abolish the district level of government, restructuring Vietnam into a simplified two-tier system.⁶ Constitutional amendments to formalize this change were fast-tracked, supported by a large-scale public consultation process that generated millions of responses, allowing authorities to frame the reform as both technocratic and publicly endorsed.⁷

Social policy reform also featured prominently. The National Assembly abolished the long-standing two-child policy in response to declining fertility rates, pairing the decision with financial incentives and expanded family support measures.⁸ Meanwhile, a cabinet reshuffle redistributed portfolios and expanded the number of deputy prime ministers, reinforcing centralized coordination.⁹ These changes unfolded alongside an intensified anti-corruption campaign, underscoring continued elite discipline and political control rather than liberalization.

Meanwhile in the third quarter of 2025, Vietnam domestic politics were characterized by the consolidation of sweeping constitutional reforms, accelerated electoral preparation, and a renewed emphasis on political security, underscoring the Communist Party of Vietnam's (CPV) dual role as reform manager and guarantor of stability. The inaugural meeting of the National Election Council in July marked the formal launch of preparations for the 2026 National Assembly and People's Council elections—the first electoral cycle following the June 2025 constitutional amendments that abolished district-level administrations and introduced a streamlined two-tier local governance system.¹⁰ This sequencing signaled institutional continuity amid structural transformation.

Legal consolidation proceeded rapidly. Politburo working groups oversaw revisions to dozens of laws and resolutions to align the legal framework with the new governance architecture, reinforcing reform through law rather than liberalization.¹¹ Parallel Party meetings linked institutional change with elite management, reaffirming leadership unity as the anchor of reform. Prime Minister Phạm Minh Chính's legislative agenda emphasized functionality and enforceability, framing performance as a key source of political legitimacy.¹²

As reforms deepened, political vigilance intensified. Party inspections stressed internal security and discipline, reflecting concerns over reform-induced instability.¹³ Symbolic and distributive measures—including large-scale infrastructure launches, National Day cash transfers, and military displays—blended performance legitimacy with revolutionary symbolism.¹⁴ By fixing the 2026 election date in September, the Party closed the quarter by reaffirming its capacity to manage reform, continuity, and control simultaneously.

In the fourth quarter of 2025, Vietnam's domestic politics increasingly pivoted toward security consolidation and regime resilience, extending earlier institutional reforms into the political–security domain. As the structural changes initiated earlier in the year began to stabilize, the Communist Party of Vietnam (CPV) focused on reinforcing its control over the coercive apparatus while adapting security policy to a more complex regional and technological environment. Rather than representing a departure from

previous reform trajectories, this quarter consolidated earlier developments by anchoring institutional recalibration within a strengthened security framework.

Defense consolidation emerged as a central priority. The 12th Army Party Congress reaffirmed the objective of building a “regular, elite, and modern” People’s Army, emphasizing political loyalty, discipline, and technological modernization.¹⁵ Repeated interventions by Party General Secretary Tô Lâm underscored the primacy of Party control over the military, reinforcing the principle that modernization must proceed without diluting ideological reliability.¹⁶ Heightened attention to military readiness in border, coastal, and southern strategic regions reflected persistent concerns over both traditional security challenges and non-traditional threats, including maritime disputes, transnational crime, and environmental insecurity.

Maritime and border security featured prominently throughout the quarter.¹⁷ Efforts to combat illegal, unreported, and unregulated (IUU) fishing, driven in part by external pressure from the European Union were framed as matters of sovereignty as well as economic compliance.¹⁸ By linking regulatory enforcement to national dignity and territorial integrity, the Party integrated external economic constraints into a broader security narrative. Joint patrols, border drills, and law-enforcement coordination with neighboring states, including China, Cambodia, Laos, Malaysia, and the Philippines, highlighted Hanoi’s preference for functional security cooperation to manage disputes and prevent escalation.¹⁹ Participation in ASEAN–U.S. maritime exercises further signaled Vietnam’s continued commitment to multilateral security frameworks while maintaining strategic autonomy.²⁰

At the same time, Vietnam intensified efforts to diversify its external security partnerships. Strategic upgrades and defense cooperation with countries such as Japan, South Korea, Finland, Austria, and Slovakia reflected growing emphasis on technology transfer, cyber security, and naval diplomacy.²¹ These partnerships complemented, rather than replaced, Vietnam’s established security relationships with major powers, including China and Russia, underscoring Hanoi’s continued pursuit of balance and diversification in external relations.

Domestically, the scope of security governance expanded beyond traditional defense concerns. Legislative debates and policy initiatives addressing artificial intelligence governance, online safety, transnational crime, and environmental enforcement pointed to an increasingly comprehensive conception of security that integrates digital, societal, and human dimensions.²² This expansion reflected recognition within the leadership that regime stability is increasingly contingent on managing technological change, information flows, and social risks alongside conventional security threats.

Overall, the fourth quarter of 2025 reinforced the continuity of Vietnam’s governing strategy. Defense modernization, security diversification, and expanded regulatory oversight were pursued in ways that strengthened, rather than diluted, Party authority. Institutional reform and security consolidation functioned as mutually reinforcing processes: earlier administrative and constitutional changes simplified governance structures, while the fourth quarter’s security focus ensured that these changes unfolded under firm political control. Taken together, developments in this quarter underscored the CPV’s enduring priority of maintaining regime resilience—adapting state institutions and security policies to evolving challenges while reaffirming its role as the central guarantor of political order.

Socioeconomic Affairs

In the first quarter of 2025, Vietnam’s economy demonstrated strong but moderating growth, reflecting both post-pandemic momentum and emerging external constraints. GDP expanded by 6.9 percent year-on-year, the strongest Q1 performance since 2020, though slightly below the pace recorded at the end of 2024 due to softer industrial output.²³ Manufacturing and services remained key growth drivers, while agriculture provided steady support following improved harvests.²⁴ Inflation stayed well contained, with consumer prices rising modestly and remaining below the National Assembly’s ceiling, supported by lower food prices and cautious monetary policy.²⁵ Credit growth continued at a measured pace, reflecting the State Bank of Vietnam’s effort to balance growth support with price stability.

Externally, Vietnam's export-oriented growth model faced early signs of pressure. While exports remained competitive, slowing global demand and rising protectionist risks particularly from the United States highlighted Vietnam's vulnerability stemming from its high reliance on external markets.²⁶ At the same time, strong foreign direct investment inflows reinforced confidence in Vietnam's medium-term prospects, underscoring the continued centrality of foreign-invested enterprises in sustaining growth and employment.²⁷

Meanwhile, in the second quarter of 2025, Vietnam's socio-economic conditions remained broadly stable but increasingly shaped by external trade and geopolitical risks. Growth momentum softened further as export performance weakened, particularly in electronics and textiles, reflecting slower global demand.²⁸ The imposition of a 10 percent U.S. blanket tariff on imports, alongside the prospect of higher reciprocal tariffs, heightened uncertainty for Vietnam's export-led economy and exposed the risks associated with its large bilateral trade surplus with Washington.²⁹ Trade outcomes during the quarter were mixed, with weaker manufacturing exports partially offset by stronger agricultural shipments and ongoing market diversification.

In contrast, foreign direct investment provided an important stabilizing force. FDI inflows surged sharply in the first five months of the year, driven primarily by manufacturing and industrial projects, reinforcing Vietnam's role within global production networks.³⁰ Labour market conditions remained resilient, with unemployment declining and incomes continuing to rise, supporting domestic consumption.³¹ Inflation stayed under control, and social welfare measures—including housing, healthcare, and education reforms—continued incrementally. Overall, this quarter highlighted Vietnam's capacity to maintain macroeconomic stability even as external vulnerabilities became more pronounced.

Vietnam strategically maneuvered its economy in quarter 3 amid US reciprocal tariffs, demonstrating its resilience with a US\$24.9 billion foreign investment—a 27% year-on-year rise and the highest level in five years.³² ExxonMobil, a foreign investment project,

signaled interest in a US\$10 million refinery project in Nha Trang, aligning with Vietnam's sustainable energy transition agenda, which includes prioritizing E10 biofuel starting in 2026.³³ Concurrently, as domestic gold prices surged by 48.62% year-on-year, the government introduced Decree 232 to allow selected banks and firms to import and produce gold bars to stabilize the market.³⁴

Vietnam also saw significant industrial and energy developments. In Hai Phong, the Tien Cuong 3 Industrial Cluster, which spans 57.2 hectares and values at over VND 750 billion, is set to host multi-sector industries, such as electronics, electrical equipment, and high-tech supporting industries.³⁵ Meanwhile, Ha Tinh inaugurated the first 600 MW unit of the 1,200 MW Vung Ang II thermal power plant, a US\$2.2 billion Build-Operate-Transfer project.³⁶

Vietnam's economy in the fourth quarter of 2025 witnessed expansion in investment and the digital sector. Party General Secretary To Lam met Murphy Oil President and CEO Eric Hambly in Hanoi on October 15, expressing support for plans to increase oil and gas investment in Vietnam. He reiterated that energy cooperation remains a core pillar of the Vietnam-US Comprehensive Strategic Partnership. Hambly pledged deeper investment, technology transfer, and workforce training.³⁷ Vietnam received another US\$3 billion investment partnership with India's Telangana on December 09 for developing a multi-sector ecosystem covering smart cities, EVs, renewable energy, healthcare, and tourism.³⁸

Ca Mau is repositioning itself as a key growth gateway of the Mekong Delta, actively inviting investment in major infrastructure projects including its airport, expressways, and the Hon Khoai seaport. Provincial leaders emphasized that the province, especially after merging with Bac Lieu, now holds strategic advantages for logistics, energy, fisheries, and industrial development. With upgraded transport links and a focus on creating a stable investment environment, Ca Mau aims to become a regional hub connecting the delta to global supply chains.³⁹

Subsequently, the Digital Financial Inclusion Conference 2025 was held on October 29 to advance inclusive financial growth through technological innovation. Discussions focused on enabling SMEs to improve access to finance via AI-driven credit assessment, open banking systems, and digital identity integration.⁴⁰ Concurrently, the Ministry of Science and Technology unveiled a new policy framework for AI,

highlighting Vietnam's goal of leveraging AI as a core engine for digital transformation and national and global competitiveness.⁴¹ To strengthen the digital sector, Da Nang's People's Council approved an US\$8 million project to build computing infrastructure for semiconductor design and AI research, bolstering the city as a digital transformation hub within the semiconductor-AI ecosystem. The project is scheduled for implementation from 2025 to 2028.⁴²

In trade, Vietnam and the European Free Trade Association (EFTA) have launched the 18th round of negotiations for a bilateral free trade agreement in Da Nang from November 25-28, led by Deputy Minister of Industry and Trade Nguyen Sinh Nhat Tan.⁴³ Vietnam reaffirmed to stand ready and flexible for compromise for a balanced agreement. Although current trade remains modest but complementary, a FTA would narrow the gaps and strengthen ties with the EFTA bloc.⁴⁴ Simultaneously, Vietnam and South Korea held the 9th conference on trade-remedy cooperation and the 10th meeting of the Vietnam-ROK FTA Committee on Trade Remedies on December 9 in Da Nang, aiming to foster bilateral coordination. Both sides agreed to apply trade-remedy measures transparently, while enhancing cooperation on emerging challenges, including anti-dumping.⁴⁵

Foreign Affairs

Vietnam's foreign relations in the first quarter of 2025 is noted for increasing cooperation in the Defense and energy sector. On January 14 during Russian Prime Minister Mikhail Mishustin's visit to Hanoi, Vietnam and Russia signed an agreement to revitalize Vietnam's long-paused nuclear energy program amid rising industrial electricity demand. Russia also agreed to provide Vietnam with a maritime research vessel, continuing to strengthen collaboration in energy and Defense sectors.⁴⁶ Subsequently, at the 11th Defense Policy Dialogue in Fukuoka on February 10, Vietnam and Japan reaffirmed their shared commitment to regional peace, stability, and international law, stressing the importance of UNCLOS 1982 in settling East Sea disputes. Vietnam encouraged Japan to expand training opportunities for its officers, while both countries pledged to strengthen ASEAN-centered security collaboration.⁴⁷ On March 13, Prime Minister Pham Minh Chinh urged Électricité de France (EDF) to increase its involvement in Vietnam's green and nuclear energy sectors. He confirmed

Vietnam's decision to restart the Ninh Thuan 1 and 2 nuclear projects, emphasizing the need for partners for technology transfer and capital.⁴⁸

A prominent event of quarter 2 is the maritime security in the South China Sea. On May 03, Vietnam adopted a firm yet balanced approach to South China Sea tensions, filing protests against China and the Philippines over their coast guard vessels at Sandy Cay. Vietnam increased patrols around its EEZ in response to Chinese survey vessels' presence while also rejecting China's unilateral fishing bans.⁴⁹ Despite this assertiveness in the Sea, Vietnam continued selective cooperation with China, such as joining the 29th joint Gulf of Tonkin coast guard patrol from April 22-24; a move aimed at managing risks and preventing escalation.⁵⁰

In the third quarter, Vietnam celebrated the 80th anniversary of the August Revolution and National Day on August 19 and September 02 respectively in Hanoi. The Ministry of National Defense invited Azerbaijan, Cuba, and Kazakhstan to attend, while Cambodia, China, Laos, and Russia joined the parade.⁵¹ A 16,000-soldiers military procession featured advanced fighter jets, missiles, tanks, drones, and Russian-made helicopters.⁵² High-level delegations from Cambodia and Laos also visited the "80-Year Journey of Independence-Freedom-Happiness" exhibition, reflecting enduring ties with Vietnam.⁵³

Concurrently, President Luong Cuong traveled to Beijing on September 03 at President Xi Jinping's invitation to attend China's military parade for the 80th anniversary of World War II victory.⁵⁴ The event showcased China's over 100 military aircraft, equipment, and messages on "Justice Prevails".⁵⁵ During bilateral talks on September 04, President Xi agreed to President Cuong's proposal for advancing progress in the Vietnam-China Joint Railway Cooperation Committee and increasing Chinese support in railway personnel training.⁵⁶

In the fourth quarter of 2025, Vietnam's foreign relations began with the Communist Party Chief To Lam's visit to North Korea on October 09-11 for the 80th anniversary of North Korea's Worker's Party of Korea.⁵⁷ Both leaders agreed to strengthen all-level delegation exchanges through different state apparatus, including the Party, State, Government, national parliamentary, and people-to-people channels to deepen political trust and explore new areas of cooperation.⁵⁸

Concurrently, marking the 10th anniversary of the Vietnam-Philippines Strategic Partnership and the 50th anniversary of bilateral relations, Vietnamese Coast Guard Vessel 8002 of Flotilla 21 of the Coast Guard Region 2 Command made a port call to the Philippine Coast Guard. This visit sought to reinforce confidence and bilateral cooperation between their maritime forces and in maritime law enforcement while demonstrating a proactive Defense diplomacy between the two nations. The two coast guard forces also carried out joint maritime exercises.⁵⁹

On the occasion of the 47th ASEAN Summit in Kuala Lumpur, Malaysia, Prime Minister Pham Minh Chinh gathered at a breakfast meeting with Cambodian Prime Minister Hun Manet and Lao Prime Minister Sonexay Siphandone on October 27. They agreed to further reinforce their traditional solidarity relations through more regular trilateral engagements across multiple channels, including upcoming ministerial meetings. Deeper collaboration in areas such as digital government, digital economy, and sharing Việt Nam's experience with electronic identification systems will also be bolstered. In trade relations and transport connectivity, the three leaders aimed to raise Vietnam–Cambodia trade to US\$20 billion and Vietnam–Laos trade to US\$5 billion.⁶⁰

Vietnam began November with welcoming the official visit of US Secretary of War Pete Hegseth on November 02. General Secretary To Lam noted the significance of the progress made toward a trusted and sustainable Comprehensive Strategic Partnership. During the meeting, General Secretary To Lam called on the United States to continue and expand cooperation with Vietnam to address post-war consequences, including dioxin remediation, mine and bomb clearance, support for people with disabilities, and the search for remains of missing Vietnamese soldiers. He emphasized that these humanitarian efforts help heal historical wounds, build trust, and create a foundation for a long-term partnership.⁶¹

Simultaneously, Vietnam is working with China to control illegal cross-border movements following a conference held by the Vietnam Immigration Department and China's National Immigration Administration on November 4, 2025. Lt. Gen. Pham Dang Khoa noted that the two countries' strengthened Comprehensive Strategic Cooperative Partnership and the goal of building a “Vietnam–China Community with a shared future” have accelerated bilateral exchanges and encouraged the use of modern technology in immigration management.⁶² Vietnam and China have also

elevated their strategic ties in the trading and agricultural sector at the Vietnam–China Trade Promotion Forum during the AgroViet2025 on November 12. Both sides plan to boost agricultural cooperation to enhance regional food security and develop a stronger supply chain amid rising food demand across the Asia–Pacific.⁶³

On December 02, a CPV-LPRP high-level meeting in Vientiane was conducted and co-chaired by General Secretary To Lam and his Lao counterpart President Thongloun Sisoulith. Both leaders set trade targets of US\$5 billion in the near term and US\$10 billion in the longer term, prioritizing key infrastructure projects, particularly the Hanoi-Vientiane Expressway and the Vietnam-Laos industrial zone model.⁶⁴

Vietnam’s Minister of Public Security Luong Tam Quang and Russia’s Security Council Secretary Sergei Shoigu met in Hanoi on December 09 to review the steady expansion of bilateral cooperation, particularly in security, law enforcement, and other key areas since General Secretary To Lam’s visit to Russia. Both sides agreed to deepen coordination on issues such as counter-terrorism, transnational crime, cybersecurity, information sharing, and personnel training as part of the Việt Nam–Russia Comprehensive Strategic Partnership.⁶⁵

Overall, Vietnam’s foreign relations in 2025 is marked by the elevation of strategic partnerships within the Southeast Asian region and external regions, and the strengthening of international reputation through multilateral engagements.

Conclusion

Vietnam in 2025 experienced transformative progress, highlighting its economic resilience, political transformation, and strategic diplomacy. Despite external pressures such as US reciprocal tariffs, Vietnam sustained strong investment inflows through its efforts in securing and attracting FDIs, elevated energy and digital transformation, and advanced industrial capacity through infrastructure projects across key regions. Concurrently, Vietnam’s foreign affairs witnessed deepening comprehensive strategic partnerships with regional, middle, and major powers and reinforcing Vietnam’s role in ASEAN and multilateral engagements. By integrating political developments, economic modernization, and strategic diplomacy, Vietnam

not only mitigated external risks but also strengthened its position as an adaptive and influential middle power in the volatile global landscape.

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