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# Contents

ASEAN	1
Keo Sokkosol	
Cambodia	8
Ly Nory	
Indonesia	17
Sum Pichkanika	
Laos	32
Dysam Sodyna	
Malaysia	43
Mey Minith	
Myanmar	59
Keo Sokkosol	
Philippines	66
Sou Sathiakvatey	

<b>Singapore</b>	82
Chhun Phalanady	
<b>Thailand</b>	97
Long Sovitou	
<b>Vietnam</b>	108
Bun Kuch Sonika & Mogn Sereysovathana	

## ASEAN

*Keo Sokkosol*

### Introduction

During the third quarter of 2025, 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 new parties and the launch of the Interim Observer Team (IOT). Meanwhile, the AEC navigated dynamic global economic shifts, highlighted by efforts to address trade tariffs at the 58th ASEAN Foreign Ministers' Meeting (AMM) and a forward-looking focus on digital trade and AI at the China-ASEAN Expo. The ASCC demonstrated its commitment to human development and resilience, underscored by a major regional disaster management exercise (ARDEX-25) and new scholarship programs for women in STEM, all of which worked to foster deeper regional integration and shared prosperity.

### ASEAN Political-Security Community (APSC)

In July APSC focused on expanding its diplomatic reach and enhancing regional security cooperation. At the 58th ASEAN Foreign Ministers' Meeting (AMM) in Kuala Lumpur, the People's Democratic Republic of Algeria and the Oriental Republic of Uruguay acceded the Treaty of Amity and Cooperation in Southeast Asia (TAC), bringing the total number of High Contracting Parties to 57.<sup>1</sup> This reflects the continued expansion of ASEAN's diplomatic influence beyond its immediate region. Additionally, an Azerbaijani delegation visited the ASEAN Regional Mine Action Center (ARMAC)

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<sup>1</sup> "Remarks by YB Dato' Seri Utama Haji Mohamad Bin Haji Hasan", Ministry of Foreign Affairs, July 9, 2025, [https://www.kln.gov.my/web/guest/speeches-statements/-/asset\\_publisher/statement/content/remarks-by-yb-dato-seri-utama-haji-mohamad-bin-haji-hasan-minister-of-foreign-affairs-malaysia-on-the-occasion-of-the-signing-of-the-instruments-of-ac?inheritRedirect=false&redirect=https%3A%2F%2Fwww.kln.gov.my%2Fweb%2Fguest%2Fspeeches-statements%3Fp\\_p\\_id%3D101\\_INSTANCE\\_statement%26p\\_p\\_lifecycle%3D0%26p\\_p\\_state%3Dnormal%26p\\_p\\_mode%3Dview%26p\\_p\\_col\\_id%3Dcolumn-2%26p\\_p\\_col\\_count%3D1](https://www.kln.gov.my/web/guest/speeches-statements/-/asset_publisher/statement/content/remarks-by-yb-dato-seri-utama-haji-mohamad-bin-haji-hasan-minister-of-foreign-affairs-malaysia-on-the-occasion-of-the-signing-of-the-instruments-of-ac?inheritRedirect=false&redirect=https%3A%2F%2Fwww.kln.gov.my%2Fweb%2Fguest%2Fspeeches-statements%3Fp_p_id%3D101_INSTANCE_statement%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-2%26p_p_col_count%3D1)

on July 23,<sup>2</sup> 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.<sup>3</sup>

In August, the APSC focused on strengthening mechanisms for regional stability and long-term strategic planning. In response to the ceasefire agreement made on 28<sup>th</sup> July between Cambodia and Thailand in settling their border clash, an Extraordinary Meeting of the Cambodia-Thailand General Border Committee (GBC) on August 7 agreed to establish the Interim Observer Team (IOT), composed of Defence Attachés from ASEAN Member States, to monitor a ceasefire.<sup>4</sup> This demonstrates the APSC's capacity to create its own mechanisms to manage internal security issues. 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.<sup>5</sup> This shows the community's recognition that development gaps can be a source of instability. The ASEAN Law Forum 2025 on August 21 resulted in a joint statement to promote commercial arbitration and mediation, which builds a stronger legal framework for economic development and conflict resolution.<sup>6</sup> The following day, on August 22, the 17th Coordinating Conference for the APSC (ASCCO) reviewed the APSC Blueprint 2025

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<sup>2</sup> Guliyeva. Vafa, "Azerbaijan strengthens strategic partnership with ASEAN Mine Action Center", Caliber, July 23, 2025, <https://caliber.az/en/post/azerbaijan-strengthens-strategic-partnership-with-asean-mine-action-center-in-cambodia>

<sup>3</sup> "Asgerli Aynur, "Azerbaijan strengthens cooperation with ASEAN in mine action", Report, July 23, 2025, <https://report.az/en/foreign-politics/azerbaijan-strengthens-cooperation-with-asean-in-mine-action>

<sup>4</sup> Manet, Hun, Facebook Post, August 7, 2025, [https://www.facebook.com/permalink.php?story\\_fbid=pfbid02pvTetJ5YrJJ2M6hAWVCfdbqHATHfkpchrZxsTTfNnNtn7RQToiHhADDLPbeTzrvjl&id=100069511484329&rdid=hkZmltelhhKaZcCC](https://www.facebook.com/permalink.php?story_fbid=pfbid02pvTetJ5YrJJ2M6hAWVCfdbqHATHfkpchrZxsTTfNnNtn7RQToiHhADDLPbeTzrvjl&id=100069511484329&rdid=hkZmltelhhKaZcCC)

<sup>5</sup> "ASEAN and Partners Reaffirm Commitment to Narrowing Development Gap at the 15th IAI Consultation Meeting with Partner" ASEAN Secretariat, August 11, 2025, [https://asean.org/asean-and-partners-reaffirm-commitment-to-narrowing-development-gap-at-the-15th-iai-consultation-meeting-with-partner/?fbclid=IwY2xjawMKh1FleHRuA2FibQIxMABicmlkETE1SG8wc1hVOGplVThpRU4AR6QXlbrSzQyhm\\_ZK1WtiwrjaCnqLgzT8M4FURxKPbOcoFzgQvVcxzvi2Oi6FA\\_aem\\_z\\_QPst8U3iA7maBriz9FSw](https://asean.org/asean-and-partners-reaffirm-commitment-to-narrowing-development-gap-at-the-15th-iai-consultation-meeting-with-partner/?fbclid=IwY2xjawMKh1FleHRuA2FibQIxMABicmlkETE1SG8wc1hVOGplVThpRU4AR6QXlbrSzQyhm_ZK1WtiwrjaCnqLgzT8M4FURxKPbOcoFzgQvVcxzvi2Oi6FA_aem_z_QPst8U3iA7maBriz9FSw)

<sup>6</sup> "ASEAN commits to harmonising legal frameworks, applying AI in dispute resolution" VietnamPlus, August 21, 2025, <https://en.vietnamplus.vn/asean-commits-to-harmonising-legal-frameworks-applying-ai-in-dispute-resolution-post325063.vnp>

and discussed "ASEAN 2045: Our Shared Future," indicating a forward-looking and self-reflective approach to the community's goals and progress.<sup>7</sup>

In September, APSC focused on diplomatic coordination, combating transnational crime, and reaffirming key treaties. The Deputy Secretary-General of ASEAN met with the Philippines' Chief State Counsel on September 1 to prepare for upcoming November meetings, including the 24th ASLOM and the 13th ASEAN Law Ministers Meeting. This highlights the APSC's emphasis on legal cooperation and planning.<sup>8</sup> From September 9-12, the Secretary-General of ASEAN led a delegation to the 19th ASEAN Ministerial Meeting on Transnational Crime (AMMTC), which brings together ministers from ASEAN Member States and dialogue partners to address shared security concerns.<sup>9</sup> On September 19, the Second Conference of the High Contracting Parties to the TAC was held, serving as a platform for members to reaffirm their commitment to the treaty ahead of its 50th anniversary. These events demonstrate the APSC's ongoing work to strengthen regional security and legal frameworks.<sup>10</sup>

### **ASEAN Economic Community (AEC)**

During the 58th ASEAN Foreign Ministers' Meeting (AMM) in July, ministers expressed concerns about rising uncertainties and trade tensions resulting from "the unilateral actions related to tariffs."<sup>11</sup> The meeting's joint statement---which did not mention the United States or reciprocal tariffs--emphasized the need to respect the rules-based

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<sup>7</sup> ASEAN, Facebook Post, August 2025, <https://www.facebook.com/aseansecretariat/posts/pfbid02s3mcpTSpeWJjnyij6PgPzoEVJETgZ5L8vZgbrcepvWPzsLQm9uqLbWM7DpjrKwBQI>

<sup>8</sup> "Deputy Secretary-General of ASEAN for ASEAN Political-Security Community meets with Chief State Counsel of the Department of Justice of the Philippines", ASEAN Secretariat, September 1, 2025, <https://asean.org/deputy-secretary-general-of-asean-for-asean-political-security-community-meets-with-chief-state-counsel-of-the-department-of-justice-of-the-philippines>

<sup>9</sup> "Secretary-General of ASEAN participates in the 19th ASEAN Ministerial Meeting on Transnational Crime in Melaka, Malaysia", ASEAN Secretariat, September 10, 2025, <https://asean.org/secretary-general-of-asean-participates-in-the-19th-asean-ministerial-meeting-on-transnational-crime-in-melaka-malaysia>

<sup>10</sup> "Secretary-General of ASEAN delivers pre-recorded welcoming remarks at the Second Conference of the High Contracting Parties to the Treaty of Amity and Cooperation in Southeast Asia", ASEAN Secretariat, September 18, 2025, <https://asean.org/secretary-general-of-asean-delivers-pre-recorded-welcoming-remarks-at-the-second-conference-of-the-high-contracting-parties-to-the-treaty-of-amity-and-cooperation-in-southeast-asia>

<sup>11</sup> Dominguez. Gabriel & Johnson. Jesse, "Trump tariffs not broached in two ASEAN-related meetings with U.S. officials" The Japan Times, July 12, 2025, <https://www.japantimes.co.jp/news/2025/07/12/asia-pacific/politics/asean-us-trump-tariffs-trade>

multilateral trading system of the World Trade Organization (WTO).<sup>12</sup> Separately, as the ASEAN Chair, Malaysia hosted the historic trilateral ASEAN-GCC-China Summit in Kuala Lumpur, which provides opportunities for new investment, trade, and economic cooperation, and addresses non-traditional security concerns like combating terrorism.<sup>13</sup> This demonstrates that while the ASEAN Economic Community (AEC) is concerned with external threats to the global trading system, it is also actively forging new partnerships to secure its economic interests.

In August, the ASEAN Economic Community (AEC) continued its focus on strengthening internal frameworks and expanding external partnerships. The announcement of an upcoming joint statement from the ASEAN Law Forum 2025 to strengthen the legal framework for commercial activities shows a commitment to creating a more secure and predictable business environment.<sup>14</sup> The launch of the 6th ASEAN Online Sale Day (AOSD) 2025 on August 8.<sup>15</sup> Furthermore, the ASEAN Multi-Stakeholder Forum on Sustainability, held from August 20-21, and the Australia-ASEAN Business Forum's focus on renewable energy and agriculture, indicate a push toward sustainable and future-oriented economic development.<sup>16</sup> Lastly, the Australia-ASEAN Business Forum 2025 on August 26-27 on digital transformation highlight a clear emphasis on digital integration and e-commerce.<sup>17</sup> These events collectively demonstrate a coordinated effort to modernize the AEC's legal and digital

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<sup>12</sup> "JOINT COMMUNIQUÉ OF THE 58TH ASEAN FOREIGN MINISTERS' MEETING", ASEAN Secretariat, July 9, 2025, <https://www.myasean2025.my/wp-content/uploads/2025/07/FINAL-Joint-Communique-of-the-58th-AMM.pdf>

<sup>13</sup> Shoji. Tomotaka, "The ASEAN-GCC-China Summit--The Search for New Partnerships", Sasakawa Peace Foundation, July 28, 2025, [https://www.spf.org/iina/en/articles/shoji\\_24.html](https://www.spf.org/iina/en/articles/shoji_24.html)

<sup>14</sup> Joe. Pan, "Asean to commit to fair, business-friendly legal reforms, says Azalina", Free Malaysia Today, August 4, 2025, <https://www.freemalaysiatoday.com/category/nation/2025/08/04/asean-to-commit-to-fair-business-friendly-legal-reforms-says-azalina>

<sup>15</sup> "Secretary-General of ASEAN delivers the Opening Remarks to formally launch the 6th ASEAN Online Sale Day 2025", ASEAN Secretariat, August 8, 2025, <https://asean.org/secretary-general-of-asean-delivers-the-opening-remarks-to-formally-launch-the-6th-asean-online-sale-day-2025-on-8-august-2025>

<sup>16</sup> "Secretary-General of ASEAN, Dr. Kao Kim Hourn, delivers video message at the ASEAN Multi-Stakeholder Forum on Sustainability", ASEAN Secretariat, August 21, 2025, <https://asean.org/secretary-general-of-asean-dr-cao-kim-hourn-delivers-video-message-at-the-asean-multi-stakeholder-forum-on-sustainability>

<sup>17</sup> "Leader Talks: Sok Siphana on Cambodia, Australia, and RCEP Trade Opportunities at Australia-ASEAN Business Forum 2025", Cambodia Investment Review, August 28, 2025, <https://cambodiainvestmentreview.com/2025/08/28/leader-talks-sok-siphana-on-cambodia-australia-and-rcep-trade-opportunities-at-australia-asean-business-forum-2025>

infrastructure while engaging in strategic partnerships to drive sustainable and inclusive growth.

In September, the ASEAN Economic Community (AEC) focused on expanding its cooperation with key partners in new and emerging sectors. The ASEAN Secretary-General's participation in the Shanghai Cooperation Organisation (SCO) Plus Meeting in China highlighted the importance of ASEAN-China cooperation in new fields like sustainable development and advanced manufacturing.<sup>18</sup> The Indian Mission to ASEAN officially launched the book, "*The Mango Flavour: INDIA & ASEAN After a Decade of the Act East Policy*" on September 8, which reflects on 30 years of ASEAN-India relations.<sup>19</sup> Additionally, at the 22nd China-ASEAN Expo (CAEXPO) on September 17, the Secretary-General delivered remarks on promoting digital trade and collaboration on digital infrastructure, with the expo featuring a new AI Pavilion.<sup>20</sup> These events demonstrate a strategic move toward diversifying collaborations beyond traditional trade into areas of future growth.

### **ASEAN Socio-Cultural Community (ASCC)**

In July, ASCC focused on disaster management and cultural preservation. On July 14, Cambodia's National Committee for Disaster Management (NCDM) hosted the biennial ASEAN Regional Disaster Emergency Response Exercise 2025 (ARDEX-25) from July 22-24.<sup>21</sup> This event, in collaboration with the AHA Centre, reflects the community's commitment to improving regional response to humanitarian crises. On July 23-24, the Tourism, Arts and Culture Ministry (MOTAC) hosted an International Workshop on the Melaka Declaration on Cultural Heritage Value Creation, which aims

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<sup>18</sup> "Secretary-General of ASEAN participates in the SCO Plus Meeting 2025 in Tianjin, China", ASEAN Secretariat, September 1, 2025, <https://asean.org/secretary-general-of-asean-participates-in-the-sco-plus-meeting-2025-in-tianjin-china>

<sup>19</sup> "Indian Mission to ASEAN organises the launch of The Mango Flavour: INDIA & ASEAN After a Decade of the Act East Policy at the ASEAN Headquarters/ASEAN Secretariat". ASEAN Secretariat, September 8, 2025, <https://asean.org/indian-mission-to-asean-organises-the-launch-of-the-mango-flavour-india-asean-after-a-decade-of-the-act-east-policy-at-the-asean-headquarters-asean-secretariat>

<sup>20</sup> "Secretary-General of ASEAN delivers remarks at the 22nd CAEXPO Opening Ceremony", ASEAN Secretariat, September 17, 2025, <https://asean.org/secretary-general-of-asean-delivers-remarks-at-the-22nd-caexpo-opening-ceremony>

<sup>21</sup> "ASEAN to hold major disaster response exercise in Cambodia", KhmerTimes, July 15, 2025, <https://www.khmertimeskh.com/501717400/asean-to-hold-major-disaster-response-exercise-in-cambodia>

to drive deeper ASEAN cultural ties.<sup>22</sup> 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 emphasized human capital development and strategic partnerships. The 2nd Meeting of the ASEAN-Peru Development Partnership Committee (AP-DPC) was co-chaired on August 7 to review cooperation progress.<sup>23</sup> 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.<sup>24</sup> On August 22, the UK and ASEAN announced the 2025 recipients of their Women in STEM Scholarships, an initiative designed to combat gender disparities and foster future leaders.<sup>25</sup> The ASEAN Green Jobs Forum (AGJF) 2025 was also announced for late August, with a theme of "AI, Digitalization and Green Jobs."<sup>26</sup> 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.<sup>27</sup> On the same day, the ASEAN Connectivity Coordinating Committee (ACCC) convened to review the Master Plan on ASEAN

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<sup>22</sup> "Melaka hosts international workshop on cultural heritage value creation", The Sun, July 21, 2025, <https://thesun.my/malaysia-news/melaka-hosts-international-workshop-on-cultural-heritage-value-creation-FB14510445>

<sup>23</sup> "The Second ASEAN-Peru Development Partnership Committee Meeting Reaffirms Commitment to Deepening Partnership", ASEAN Secretariat, August 7, 2025, <https://asean.org/the-2nd-asean-peru-development-partnership-committee-meeting-reaffirms-commitment-to-deepening-partnership>

<sup>24</sup> "ASEAN TVET Conference", HRD Corp, August 14, 2025, <https://hrdcorp.gov.my/wp-content/uploads/2025/06/ASEAN-TVET-Conference-ATVET-Brochure.pdf>

<sup>25</sup> ASEAN Secretariat, Facebook Post, August 21, 2025, <https://www.facebook.com/aseansecretariat/posts/pfbid036LF72Pz1aYbZnZ1gVxhSrYF8oxUbb2dw2t5WRv7zDY8s3MQ6CVbv7mxrWCP6potLI?rdid=q1bQRCQ0HVQWO5jF>

<sup>26</sup> "ASEAN Green Jobs Forum 2025: Harnessing AI, Digitalisation and Skills for a Green and Sustainable Future", ASEAN Secretariat, August 22, 2025, <https://asean.org/asean-green-jobs-forum-2025-harnessing-ai-digitalisation-and-skills-for-a-green-and-sustainable-future>

<sup>27</sup> "Secretary-General of ASEAN participates in the inaugural ASEAN-EU Ministerial Dialogue on Environment and Climate Change", ASEAN Secretariat, September 4, 2025, <https://asean.org/secretary-general-of-asean-participates-in-the-inaugural-asean-eu-ministerial-dialogue-on-environment-and-climate-change>

Connectivity (MPAC) 2025 and begin preparing for its successor.<sup>28</sup> From September 16-17, the EU and Cambodia co-hosted the "Closing the Gap Workshop," aiming to align TVET with labour market needs.<sup>29</sup> A new study at the event found that despite high employment rates for TVET graduates, skills mismatches continue.<sup>30</sup> 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

In conclusion, the third quarter of 2025 for the ASEAN Community was defined by a strong focus on strategic consolidation and forward-looking collaboration. The APSC demonstrated its diplomatic strength and commitment to regional security, highlighted by the signing of the Treaty of Amity and Cooperation (TAC) by new parties and the delegation to the ASEAN Ministerial Meeting on Transnational Crime (AMMTC) in Malaysia. Meanwhile, the AEC focused on adapting to new economic realities, as evidenced by the Ministerial Meeting addressing trade tariffs and the launch of the new AI Pavilion at the China-ASEAN Expo. Finally, the ASCC underscored its dedication to human and social resilience, with key initiatives like Cambodia hosting the ARDEX-25 exercise and the launch of the UK and ASEAN Women in STEM Scholarships.

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<sup>28</sup> "ASEAN Connectivity Coordinating Committee convenes to discuss strategies for ASEAN Connectivity Strategic Plan implementation", ASEAN Secretariat, September 4, 2025, <https://asean.org/asean-connectivity-coordinating-committee-convenes-to-discuss-strategies-for-asean-connectivity-strategic-plan-implementation>

<sup>29</sup> ASEAN Secretariat, Facebook Post, September 18, 2025, <https://www.facebook.com/aseansecretariat/posts/pfbid02kzZZuG8SWzLV8u5T83CyqyCzTvMfaQknhJNcntTpYKq6t3pBtW6jCkJhR3raF7Lkl?rldid=0y28Dz2J265uPTYA>

<sup>30</sup> Taing. Rinith, "Cambodia, EU push skills-building for ASEAN's agri-food future", Khmer Times, September 17, 2025, <https://www.khmertimeskh.com/501758139/cambodia-eu-push-skills-building-for-aseans-agri-food-future>

## Cambodia

*Ly Nory*

### Introduction

During the third quarter of 2025, Cambodia experienced various development across domestic policy, socio-economic performance, infrastructure, and foreign affairs. Domestically, the National Assembly amended Article 33 to clarify citizenship protections and guard against external interference, while authorities launched a major crackdown on cyber-scam compounds, arresting over 1,000 suspects to restore rule of law. The country faced severe security and humanitarian strains from intense July border clashes with Thailand, prompting mass evacuations, a Malaysia-mediated ceasefire, and regional diplomacy to de-escalate. Economically, GDP growth remained resilient amid tourism recovery and stable inflation, even as tariff negotiations with the United States and a potential Boeing order signalled shifting trade dynamics. Major investments—such as the Funan Techo Canal and an ADB grid loan—alongside a new M&E framework for the informal economy and a rice export roadmap, highlight Cambodia’s development priorities and the challenges of balancing security, reform and growth and regional resilience initiatives.

### Domestic Affairs

#### ***Amendment on Article 33 of the Constitution***

The National Assembly has amended the article 33 of the Constitution, which originally stated that “Khmer citizens shall not be deprived of their nationality, exiled, or arrested and deported to any foreign country unless there is a mutual agreement on extradition [...]”<sup>1</sup>. The amendment aims to tackle any external power interference into Cambodia’s domestic politics and treasonous conspiracy. The new article 33 now states “Cambodian citizens shall not be exiled or extradited to any foreign country, except in cases of mutual agreement. Cambodian citizens residing abroad shall be protected by

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<sup>1</sup> Yalirozy Teng, “NA Backs Citizenship Revocation, Review Process Begins,” *Cambodianess*, July 7, 2025, <https://cambodianess.com/article/na-backs-citizenship-revocation-review-process-begins>.

the State. The acquisition and loss of Cambodian citizenship, including the revocation of citizenship, shall be determined by law.”<sup>2</sup>

### ***Scam Compound Crackdown Campaign***

In mid-July, Cambodian authorities launched a high - profile crackdown on “cyber-scam compounds.” Acting on orders from Prime Minister Hun Manet, police and military units raided dozens of sites across at least five provinces. More than 1,000 suspects – including Cambodians and foreign nationals – were arrested in these raids<sup>3</sup>. The government framed this as a campaign to dismantle organized online fraud rings and human-trafficking networks that had proliferated since the pandemic. This operation underscored Phnom Penh’s effort to restore rule of law amid international pressure, but observers caution that sustaining such efforts will require systemic reform beyond mass arrests.

### ***Cambodia-Thailand Border Clash***

During the quarter Cambodia was also consumed by a sudden border war with Thailand. In late July, fighting along disputed frontiers escalated into the worst clashes in over a decade<sup>4</sup>. By month’s end the reported toll had exceeded 30 dead (civilians and soldiers on both sides) and over 200,000 people had been evacuated from frontier towns. The government adopted a nationalist stance – closing checkpoints and cutting Thai-supplied electricity as punitive measures – and framed the conflict as a defense of sovereign territory.

On 28 July 2025, both sides reached immediate and unconditional ceasefire following Malaysian PM Anwar Ibrahim as a mediator<sup>5</sup>, with the call for action by US President Donald Trump. Despite the ceasefire taking effect, Thailand was accused of capturing

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<sup>2</sup> Chanritheara Torn, “King Enacts Charter Change Allowing Citizenship Revocation,” *Cambodianess*, July 21, 2025, <https://www.cambodianess.com/article/king-enacts-charter-change-allowing-citizenship-revocation>.

<sup>3</sup> Al Jazeera, “More than 1,000 Arrested in Cambodian Cyber-Scam Raids,” *Al Jazeera*, July 16, 2025, <https://www.aljazeera.com/news/2025/7/16/more-than-1000-arrested-in-cambodian-cyber-scam-raids#:~:text=Cambodian%20authorities%20have%20arrested%20more,scam%20compounds>

<sup>4</sup> Shoon Naing, Chantha Lach, and Artorn Pookasook, “Thailand and Cambodia to Hold Talks on Deadly Border Conflict in Malaysia | Reuters,” *Reuters*, July 28, 2025, <https://www.reuters.com/world/asia-pacific/thailand-cambodia-hold-talks-deadly-border-conflict-malaysia-2025-07-27/>.

<sup>5</sup> “Ceasefire Takes Effect between Thailand and Cambodia after Five-Day Border Battle ,” *Reuters*, accessed September 20, 2025, <https://www.reuters.com/world/china/ceasefire-takes-effect-between-thailand-cambodia-after-five-day-border-battle-2025-07-28/>.

prisoners of war (POW) after the informal meeting between regional commanders amid the ceasefire international observation<sup>6</sup>. As of the present date, Thailand has yet to release the remaining 18 Cambodian soldiers. Domestically, the border crisis has heightened nationalist sentiment and provoked debates about national security, even as it strained borderland communities and forced the government to juggle defense and humanitarian relief.

On 14 August, a seven-country Interim Observer Team (IOT)<sup>7</sup>, led by the Malaysian Military Attaché in Cambodia and with military attachés from other countries based in and outside Cambodia, visited Prey Chan village, O3 Choan commune, Ochrov district, Banteay Meanchey, which has been under siege by the Thai military.

At Japan's request, Cambodia and Thailand opened talks to reopen several border checkpoints, aiming to restore trade and supply chains<sup>8</sup>. During a General Border Committee meeting in Koh Kong, both sides emphasized returning to normalcy, facilitating essential goods, and coordinating de-escalation measures after recent border clashes and closures, prompting concern. Cambodia and Thailand agreed to remove heavy weapons from the border within three weeks, form a joint demining committee, curb online scams, manage Ban Nong Chan to restore normalcy in September, and resume limited cross-border trade—measures aimed at de-escalation after recent clashes that displaced communities and businesses<sup>9</sup>.

On 17<sup>th</sup> September 2025, Thailand attacked Cambodian villagers<sup>10</sup>, Thai forces fired rubber bullets and used tear gas against around 200 Cambodian villagers protesting the installation of barbed wire at a disputed border site, injuring at least 29 people, including monks. The clash — the worst since July's ceasefire — drew Cambodian

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<sup>6</sup> "Foreign Military Observers Monitor Ceasefire Implementation at Cambodia–Thailand Border," Khmer Times, July 30, 2025, <https://www.khmertimeskh.com/501729002/foreign-military-observers-monitor-ceasefire-implementation-at-cambodia-thailand-border/>.

<sup>7</sup> "Press Briefing -Update on the Implementation the Immediate and Unconditional Ceasefire Agreement between Cambodia and Thailand ," Press OCM, August 14, 2025, <https://pressocm.gov.kh/en/archives/114587>.

<sup>8</sup> "Cambodia and Thailand Discuss Reopening Border Checkpoints Following Japan's Request," Khmer Times, September 10, 2025, <https://www.khmertimeskh.com/501754873/cambodia-and-thailand-discuss-reopening-border-checkpoints-following-japans-request>.

<sup>9</sup> Rinith Taing, "Cambodia, Thailand Reach Key Agreements to Defuse Tensions," Khmer Times, September 11, 2025, <https://www.khmertimeskh.com/501755088/cambodia-thailand-reach-key-agreements-to-defuse-tensions/>.

<sup>10</sup> Kevin Doyle, "Thai Forces Fire Rubber Bullets, Tear Gas in Clash with Cambodian Villagers," Al Jazeera, September 18, 2025, <https://www.aljazeera.com/news/2025/9/18/thai-forces-fire-rubber-bullets-tear-gas-in-clash-with-cambodian-villagers>.

condemnation and calls for international diplomatic intervention. Following this violation, Cambodia's Prime Minister Hun Manet wrote to UN Secretary-General António Guterres<sup>11</sup>, accusing Thai forces of using force and attempting territorial seizures at multiple border points, reporting civilian and monk injuries, urging intervention, protection of civilians, respect for the ceasefire and peaceful resolution through ASEAN and UN.

## Socio-economics affairs

### *Cambodia's Third Quarter of 2025 Economy Projection*

Despite geopolitical turbulence, Cambodia's economy remained on a growth trajectory in the third quarter of 2025<sup>[OBJ]</sup>, driven largely by robust industrial production (especially garments) and rising tourism. By July 31 the Kingdom had welcomed roughly 3.4 million international visitors – a 6.2% increase year-on-year – as air travel recovered (40% of tourists arrived by air). Tourism revenues climbed accordingly, though authorities noted that full-year arrivals (7.2–7.5 million target) still lag pre-pandemic ambitions. Inflation remained moderate (around 3.5%) and the riel-dollar exchange rate was broadly stable (≈4,011 riel per USD).

### *Trump's tariff on Cambodia*

The US reciprocal tariff on Cambodia dropped 13% from 49% to 36%.<sup>12</sup> Cambodian Deputy Prime Minister in charge of Cambodia Development Centre, Sun Chanthol, stated explained Cambodia received the highest tariff cut tentatively and the door for negotiation remain open, strengthening the commitment to further securing economic interest of Cambodia and the people. Amid the Cambodia-Thailand ceasefire, President Trump has dropped reciprocal tariff to 19%. While Deputy Prime Minister Sun Chanthol said Cambodia is negotiating to purchase ten Boeing 737 MAX 8 aircraft—at an estimated cost of \$900 million–\$1.2 billion—with options for ten more,

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<sup>11</sup> "Letter of Samdech Moha Borvor Thipadei Hun Manet, Prime Minister of the Kingdom of Cambodia, Addressed to His Excellency António Guterres, Secretary-General of the United Nations," Ministry of Foreign Affairs and International Cooperation, September 18, 2025, <https://www.mfaic.gov.kh/posts/2025-09-18-Press-Release-Letter-of-Samdech-Moha-Borvor-Thipadei-HUN-Manet--Prime-Minister-of-the-Kingdom-of-Cambodia--address-11-01-51>.

<sup>12</sup> Manet Sum, "US Imposes 36% Tariff on Cambodian Exports, Leaves 'Door Open' for Further Negotiations," Khmer Times, July 9, 2025, <https://www.khmertimeskh.com/501714046/us-imposes-36-tariff-on-cambodian-exports-leaves-door-open-for-further-negotiations/>.

marking its first Boeing order<sup>13</sup>. The deal, aimed at modernizing Air Cambodia's fleet with fuel-efficient jets, is tied to a US–Cambodia trade understanding under which Cambodia will scrap or reduce reciprocal tariffs on US goods to help narrow their bilateral trade gap. Final pricing and delivery schedules remain under discussion, but the agreement underscores Washington's use of tariff leverage to promote Boeing sales abroad.

### ***Monitoring and Evaluation (M&E) Framework***

Cambodia launched the Monitoring and Evaluation (M&E) Framework for the National Strategy on the Development of the Informal Economy (NSDIE) 2023–2028<sup>14</sup>. The framework is expected to facilitate, monitor and assess the implementation of the national strategy as it stipulates clear key performance indicators (KPIs) and roles and responsibilities of respective entities in facilitating the informal economy.

### ***Funan Techo Canal***

Cambodian and Chinese officials, along with key Cambodian state-owned partners, reviewed progress on the 180 km Funan Techo Canal during recent stakeholder meetings<sup>15</sup>. Started August 5, 2024, the \$1.7 billion venture connects Phnom Penh with the Gulf of Thailand through Kandal, Takeo, Kampot and Kep. During President Xi Jinping's April 2025 visit, Cambodia signed five agreements—including PPP, investment and engineering contracts—with China's CCC and local firms, reaffirming momentum despite earlier delays over funding and impact studies. The project is formally on track for completion by 2028.

### ***Return of Migrant Workers***

Thai-Cambodian border clash has driven more than 780,000 of Cambodian migrant workers home, threatening livelihoods and remittance flows. A Malaysia-brokered ceasefire, backed by U.S. and China, appears to be holding following a deadly July

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<sup>13</sup> Manet Sum, "Cambodia Mulls \$1.2 Billion Purchase of Boeing Jets from US," Khmer Times, August 5, 2025, <https://www.khmertimeskh.com/501732389/cambodia-mulls-1-2-billion-purchase-of-boeing-jets-from-us/>.

<sup>14</sup> Kunthea Mom, "New Monitoring Framework to Boost Cambodia's Informal Economy," Khmer Times, July 17, 2025, <https://www.khmertimeskh.com/501718660/new-monitoring-framework-to-boost-cambodias-informal-economy/>.

<sup>15</sup> Sreekanth Ravindran, "Stakeholders Review Funan Techo Canal Work Progress," Khmer Times, July 22, 2025, <https://www.khmertimeskh.com/501721270/stakeholders-review-funan-techo-canal-work-progress/>.

five-day fight that killed about 43 people and displaced over 260,000. Cambodia estimates roughly 1.2 million workers in Thailand pre-conflict, with about 780,000 returned. Reasons include safety concerns, attacks, and rumors regarding land or citizenship loss. Authorities and families face urgent economic, housing and reintegration challenges, and regional diplomatic efforts continue.

### ***Five-Year Rice Roadmap***

Cambodia Rice Federation unveiled a five-year roadmap (2025-2030)<sup>16</sup> to scale up milled-rice exports, diversify markets, promote premium fragrant varieties, boost farmers' incomes, leverage trade deals including China and RCEP, target Asia's growing middle class, and increase export value and competitiveness nationally. The roadmap prioritizes six areas to promote Cambodia rice exportation which include exports, cultivation, community engagement, market expansion, exhibitions, and broader cooperation.<sup>17</sup>

### ***Asian Development Bank Approved Loan for Cambodia***

ADB approved a \$52.72 million loan for Cambodia's Grid Expansion Project<sup>18</sup> to build 92 km of transmission lines, upgrade substations, integrate more solar and renewables, increase electricity access in underserved areas, reduce emissions, strengthen energy security and climate resilience, and support Electricité du Cambodge capacity building and attract private investment.

## **Foreign Affairs**

### ***Monitoring Cambodia-Thailand ceasefire agreement at the ASEAN Inter-Parliamentary Assembly (AIPA)***

Cambodian Prime Minister Hun Manet has formally urged the UN Security Council to convene an urgent session following heavy cross-border skirmishes with Thailand on

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<sup>16</sup> Chamrong Nhean, "CRF Unveils Roadmap to Boost Rice Exports," Khmer Times, August 27, 2025, <https://www.khmertimeskh.com/501745942/crf-unveils-roadmap-to-boost-rice-exports/>.

<sup>17</sup> Ibid.

<sup>18</sup> "ADB \$52 Million Project to Power Cambodia's Renewable Energy Path," Asian Development Bank, September 18, 2025, <https://www.adb.org/news/adb-52-million-project-power-cambodia-renewable-energy-path>.

July 24, 2025<sup>19</sup>. In his letter to Council President Asim Iftikhar Ahmad, he decried Thailand's "premeditated military aggression" along the Preah Vihear–Oddar Meanchey border, emphasizing threats to regional stability and Cambodia's sovereignty. Thailand responded by condemning Cambodia's actions as "inhumane" and "war-hungry," citing civilian casualties from artillery strikes.

Cambodia's National Assembly President Khuon Sudary urged ASEAN to oppose "jungle rule"<sup>20</sup> and martial law amid escalating border clashes with Thailand. She called for regional mediation, adherence to the rule of law, and restraint to prevent further violence as tensions over disputed border areas threaten regional peace and protect civilians.

### ***Revisiting Cambodia-US defence cooperation***

Cambodia is re-strengthening defence diplomacy. During a Bilateral Defense Dialogue<sup>21</sup> at USINDOPACOM headquarters in Honolulu on July 24–25, a Cambodian military delegation led by Lt. Gen. Suon Samnang discussed reviving Angkor Sentinel, the joint US-Cambodia exercise suspended since 2017 amid diplomatic tensions. The talks, the first dialogue since 2017, focused on joint training, professional military education, and humanitarian assistance. USINDOPACOM emphasized that resuming Angkor Sentinel would signal renewed momentum in defense cooperation and strengthen mutual understanding of regional security challenges. Marking 75 years of diplomatic ties, both nations reaffirmed their commitment to a resilient partnership aimed at peace, stability, and prosperity in the Indo-Pacific.

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<sup>19</sup> "PM Hun Manet Requests Urgent Meeting of the United Nations Security Council to Stop Thailand's 'Flagrant' Aggression," Khmer Times, July 24, 2025, <https://www.khmertimeskh.com/501723754/pm-hun-manet-requests-urgent-meeting-of-the-united-nations-security-council-to-stop-thailands-flagrantaggression/>.

<sup>20</sup> "National Assembly President Urges ASEAN to Reject 'Jungle' Rule Amid Cambodia-Thailand Border Tensions," Khmer Times, September 18, 2025, <https://www.khmertimeskh.com/501759612/national-assembly-president-urges-asean-to-reject-jungle-rule-amid-cambodia-thailand-border-tensions/>.

<sup>21</sup> Chanritheara Torn, "Cambodia, U.S. Reignite Defense Talks, Eye Angkor Sentinel's Return," Cambodianess, July 29, 2025, <https://cambodianess.com/article/cambodia-us-reignite-defense-talks-eye-angkor-sentinels-return>.

### ***Lancang-Mekong Cooperation Foreign Ministers' Meeting***

Cambodian Foreign Minister Prak Sokhonn met Chinese Foreign Minister Wang Yi in Anning on Aug. 14 during 10th Lancang-Mekong Cooperation foreign ministers' meeting<sup>22</sup>. Wang praised Xi's Cambodia visit, pledged support for stability and development, lauded Cambodia's anti-gambling and telecom-fraud crackdown, and firmly urged ASEAN dialogue to ease regional tensions. Alongside the meeting, China urged Thailand and Cambodia to reconcile, offering to assist and proposing three-way talks<sup>23</sup>. Wang Yi called for dialogue to rebuild trust, highlighted China's support for regional stability and cooperation and development and referenced recent border clashes and a July ceasefire.

### ***Cambodia at China-led summit and the 80<sup>th</sup> anniversary of Victory Day***

From 31 August to 1 September 2025, at the SCO Tianjin summit<sup>24</sup>, Cambodian Prime Minister Hun Manet urged dialogue over confrontation, praised multilateralism and China's leadership, and reaffirmed Cambodia's commitment to the SCO. He emphasized cooperation on poverty reduction, environment, technology and connectivity, and welcomed China's global governance initiatives while pledging Cambodia's engagement to safeguard regional peace. Moreover, King Norodom Sihamoni attended China's 80th Victory Day celebrations in Tiananmen Square<sup>25</sup>, joining world leaders at Beijing's parade marking WWII's end. Chinese hosts welcomed Cambodian monarchs; visits highlighted warm diplomatic ties, high-level goodwill, and deepening strategic and economic cooperation between Cambodia and China, underscoring Phnom Penh's alignment with Beijing strategically.

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<sup>22</sup> "China's Top Diplomat Meets Cambodian Deputy Prime Minister," Xinhua, August 14, 2025, <https://english.news.cn/20250814/27cbc35dd6624470b9512c90fa27a276/c.html>.

<sup>23</sup> Liz Lee and Shi Bu, "China Urges Thailand, Cambodia Reconciliation in Three-Way Talks," Reuters, August 14, 2025, <https://www.reuters.com/world/china/china-urges-thailand-cambodia-reconciliation-three-way-talks-2025-08-14/>.

<sup>24</sup> Yalirozy Teng, "At SCO Summit, Hun Manet Backs Multilateralism and Regional Peace," Cambodianess, September 2, 2025, <https://cambodianess.com/article/at-sco-summit-hun-manet-backs-multilateralism-and-regional-peace>.

<sup>25</sup> "King Attends China's 80th Victory Day Celebration," Khmer Times, September 4, 2025, <https://www.khmertimeskh.com/501751056/king-attends-chinas-80th-victory-day-celebration/>.

***Marcos visit to Cambodia***

President Ferdinand Marcos Jr.'s state visit to Cambodia strengthened bilateral ties<sup>26</sup>, with leaders pledging increased trade, tourism, labor protection and cooperation in agriculture and infrastructure. Agreements aim to boost travel, investment and Filipino worker safeguards, signaling deeper economic and diplomatic engagement between the Philippines and Cambodia for mutual sustainable benefit.

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<sup>26</sup> Sreymao Nop, "Marcos Jr's Visit Gives a Fillip to Cambodia-Philippines Ties ," Khmer Times, September 10, 2025, <https://www.khmertimeskh.com/501754313/marcos-jrs-visit-gives-a-fillip-to-cambodia-philippines-ties/>.

## Indonesia

### *Sum Pichkanika*

### Introduction

Indonesia is entering a period of both opportunity and turbulence, where domestic priorities and global challenges are shaping its direction. Domestically, the government is pushing ambitious programs to strengthen food security, boost digital innovation, commit to enhance food production capabilities, and prepare young people for the future job market. At the same time, political debates and public protests highlight the frictions within Indonesia's democratic system. Internationally, Indonesia is balancing trade negotiations with major powers, expanding defense cooperation, and asserting its voice on humanitarian issues like Palestine. These developments reveal a country that is not only navigating its own internal development but also trying to position itself as a more influential actor in the region and on the global stage.

### Political Security

#### *Indonesia wants to send more students to Europe*

The Indonesian president wants to send more students to study in Europe. This aims to strengthen people-to-people ties, as well as increasing Indonesia's human resources. President Prabowo stated that the interaction in terms of culture and education between Indonesia and Europe is crucial as Indonesia and the European Union share common interests in terms of political and legal systems. Thus, they can also collaborate on seeking solutions to common problems that might happen in the future. So far, Indonesia has financed 11,784 Indonesians to attend universities on the continent. Moreover, President Prabowo also invited reputable EU universities and hospitals to open their branches in Indonesia, showing a commitment to enter the European Union's economy.<sup>1</sup>

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<sup>1</sup> Genta. 2025. "Indonesia Wants to Send More Students to Europe: Prabowo." Antara News. ANTARA. July 14, 2025. [https://en.antaranews.com/news/366221/indonesia-wants-to-send-more-students-to-europe-prabowo?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=related\\_news](https://en.antaranews.com/news/366221/indonesia-wants-to-send-more-students-to-europe-prabowo?utm_source=antaranews&utm_medium=desktop&utm_campaign=related_news).

### ***Indonesia's food production gains global recognition***

Indonesia's free meal program has gained global recognition. The Free Nutritious Meals (MBG) has attracted significant international attention despite criticism from some local groups. 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. For the first time in history, Indonesia's rice reserves have surged by 48 percent while corn production has risen by 30 percent.<sup>2</sup> This highlights the commitment of the government to strengthen national food security.

### ***Indonesia's food production remains strong and safe***

Indonesia's food production remains safe and strong, demonstrating the government's strong commitment to enhance food production capabilities. During a plenary cabinet meeting, President Prabowo stated he considers food as a strategic matter.<sup>3</sup> Thus, the food sector is crucial for ensuring national sovereignty, no country can be truly independent without the capacity to produce its own food.<sup>4</sup> Additionally, he views foreign products as a disruption to the country's stability. He also added that strengthening food production capabilities would remain a top priority for his

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<sup>2</sup> Andi, Azis Kurmala. 2025. "Indonesia's Free Meals Program Gains Global Recognition: Prabowo." Antara News. ANTARA. July 21, 2025. [https://en.antaranews.com/news/367793/indonesias-free-meals-program-gains-global-recognition-prabowo?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/367793/indonesias-free-meals-program-gains-global-recognition-prabowo?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

<sup>3</sup> Service, TGO News, and TGO News Service. 2025. "President Prabowo Affirms Indonesia's Food Production Is Secure, Credits Smooth Transition of Leadership." The Gulf Observer. August 7, 2025. <https://thegulfobserver.com/president-prabowo-affirms-indonesias-food-production-is-secure-credits-smooth-transition-of-leadership/>.

<sup>4</sup> Rochman, Fathur. 2025. "Indonesia's Food Production Remains Strong, Safe: Prabowo." Antara News. ANTARA. August 6, 2025. <https://en.antaranews.com/news/371621/indonesias-food-production-remains-strong-safe-prabowo>.

administration. He will raise the farmer exchange rate and food reserves to make sure that the government 's food policies are processing to the right <sup>5</sup><sub>[OBJ]</sub>

### ***Vocational education shapes job-ready graduates***

Manpower Minister Yassierli emphasized that vocational education is crucial for equipping Indonesian graduates with the skills needed to enter the workforce. Many people choose to work outside the formal labor market rather than accept jobs with the salaries below their expectations, as good employment opportunities are limited. As a result, people turn to the informal sector, which offers lower productivity and protection. According to 2024 data from the Bureau of Statistics, about 56 percent of the Indonesian workforce is employed in the informal sector, while Indonesia's overall jobless rate is about 5 percent, although much of the available work is unstable and poorly compensated.<sup>6</sup> Due to this, manpower Minister Yassierli noted that formal degrees alone are not enough, as modern industries require individuals to possess specialized skills, certifications, practical experiences, and a range of competencies. He believes that the combination of technical competencies such as hard skills and soft skills are important in today's job market and global uncertainty. Beyond technical skills, he also emphasizes the importance of non-technical skills including leadership, creativity, and critical <sup>7</sup><sub>[OBJ]</sub>

### ***Indonesia plans on making plastic recycling mandatory for producers***

Indonesia's Ministry of Environment plans to make plastic recycling mandatory as part of its efforts to address the waste problem in the country. According to UN Environment Programme, Indonesia is the fourth most populous country and the second largest of plastic polluter in the world after China. It produces 3.2 million tons of unmanaged plastic every year. 10 billions of plastic bags are released into its local environment

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<sup>5</sup> Ibid.

<sup>6</sup> Llewellyn, Aisyah. 2025. "Indonesia Has 44 Million Youths. It's Struggling to Get Them Jobs." Al Jazeera. July 18, 2025. <https://www.aljazeera.com/economy/2025/7/18/indonesia-has-44-million-youths-its-struggling-to-get-them-jobs>.

<sup>7</sup> Primayanti. 2025. "Vocational Education Shapes Job-Ready Graduates: Minister." Antara News. ANTARA. August 14, 2025. [https://en.antaranews.com/news/373313/vocational-education-shapes-job-ready-graduates-minister?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=editor\\_picks](https://en.antaranews.com/news/373313/vocational-education-shapes-job-ready-graduates-minister?utm_source=antaranews&utm_medium=desktop&utm_campaign=editor_picks).

each year, which have affected Indonesian ocean and rivers.<sup>8</sup> Due to this, the government is urging all manufacturers that use plastic packaging to make plastic recycling mandatory by upgrading Extended Producer Responsibility (EPR) so they take greater responsibility for the waste generated by their products. The goal is to achieve the government's waste management targets by 2029, as outlined in the 2025-2029 National Medium-Term Development Plan (RPJMN).<sup>9</sup> Alongside the mandatory recycling push, the ministry is also preparing waste-to-energy projects in regions producing at least 1,000 tons of daily waste. However, it should remain a last-resort solution given its high costs and complex requirements. [OBJ]

### ***Dewan Perwakilan Rakyat (DPR) dissolution protests a natural part of Indonesia's democracy***

On August 25, 2025, thousands of protesters gathered around the Parliamentary Complex in Jakarta. They demanded the dissolution of the Dewan Perwakilan Rakyat (DPR) which is the parliament of Indonesia regarding the cancellation of the ongoing Criminal Procedure Code revision and the rejection of additional benefits for legislators. The protesters included residents, university students, workers, online taxi drivers, and high school students rallied and criticized the excessive benefits that the government provided to the parliament's workers. According to a minister, the protest is a natural expression in democracy. He added that the government has no objection to the citizens' mass protest and that it simply wants protesters to express their dissent through legitimate means to maintain public. <sup>10</sup>

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<sup>8</sup> UNEP. 2020. "National Plastic Waste Reduction Strategic Actions for Indonesia International Environmental Technology Centre." [www.unep.org](http://www.unep.org). June 2020. <https://www.unep.org/ietc/resources/policy-and-strategy/national-plastic-waste-reduction-strategic-actions-indonesia>.

<sup>9</sup> Ananto Pradana, Resinta Sulistiyandari. 2025. "Indonesia to Make Plastic Recycling Mandatory for Producers by 2029." Antara News. ANTARA. August 18, 2025. [https://en.antaranews.com/news/374105/indonesia-to-make-plastic-recycling-mandatory-for-producers-by-2029?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/374105/indonesia-to-make-plastic-recycling-mandatory-for-producers-by-2029?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

<sup>10</sup> Tegar, Agatha O. 2025. "DPR Dissolution Protest a Natural Part of Indonesia's Democracy: Govt." Antara News. ANTARA. August 25, 2025. [https://en.antaranews.com/news/375489/dpr-dissolution-protest-a-natural-part-of-indonesias-democracy-govt?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/375489/dpr-dissolution-protest-a-natural-part-of-indonesias-democracy-govt?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

***President Prabowo announced DPR policy reversal amid public outcries***

On August 31, 2025, President Brabowo Subianto announced the revocation of several policies pertaining to the House of Representatives (DPR). People took to the streets across Indonesia not just because of a proposed Rp50 million monthly housing allowance for MPs, but because many felt it was wildly out of touch with everyday struggles. With living costs rising and the economy showing signs of strain, the idea felt insensitive to ordinary households trying to make ends meet. Moreover, the situation was worsened by lawmakers' comments that many people saw as tone-deaf and out of touch. When MPs compared themselves to manual laborers, labeled protesters as "dumb," or defended the sizable allowance by pointing to their own long commutes, everyday Indonesians felt dismissed and misunderstood. Therefore, the policies that will be revoked include lawmakers' allowances and the moratorium on overseas working visits. He also emphasized that DPR members must be aware of public sentiment, prioritize the people's interests, and reaffirm a collective commitment to reform and unity. The move is part of the government's response to growing public discontent and protests in recent days. Moreover, DPR members who make inappropriate or insensitive public statements will face disciplinary action.<sup>11</sup> Hence, various forms of assistance will be provided to the victims of recent protests, including both civilians and security personnel. The assistance ranges from healthcare and education funding to home renovations. President Prabowo stated that the protests have led to significant destruction, including damage to public facilities, and have injured many civilians. He also stressed that people have the right to express their opinions and voice their views; however, protests must be carried out peacefully and in accordance with the law.<sup>12</sup>

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<sup>11</sup> Fathur, Kenzu. 2025. "Prabowo Announces DPR Policy Reversal amid Public Outcry." Antara News. ANTARA. August 31, 2025. [https://en.antaranews.com/news/376917/prabowo-announces-dpr-policy-reversal-amid-public-outcry?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/376917/prabowo-announces-dpr-policy-reversal-amid-public-outcry?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

<sup>12</sup> Elko, Bima. 2025. "Prabowo Prepares Aid for Protest Victims, Civilians and Police." Antara News. ANTARA. September 2, 2025. [https://en.antaranews.com/news/377369/prabowo-prepares-aid-for-protest-victims-civilians-and-police?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=related\\_news](https://en.antaranews.com/news/377369/prabowo-prepares-aid-for-protest-victims-civilians-and-police?utm_source=antaranews&utm_medium=desktop&utm_campaign=related_news).

## Economic Development

### ***Indonesia sees room to lower 32 percent US tariff before August 1***

After Trump put a 32% tariff on Indonesian imported products, the Indonesian government seems to still have an opportunity to negotiate a lower tariff rate before August 1, which is the date that the tariffs will be implemented. According to Hasan Nasbi, Head of the Presidential Communication Office, Trump noted in the letter sent to the Indonesian President that he considers reducing the tariff rate. However, after multiple negotiation rounds, the tariff rate on all Indonesian imports remains the same, as declared on April 22.<sup>13</sup> Trump warned that if Indonesia responds with higher tariffs of its own, the US will retaliate by increasing the current tariff rate. However, Trump offered a potential way forward: if Indonesia manufactures products within the US, it could be exempted from the tariffs. He also promised fast-track approval for such investments. Furthermore, if Indonesia widens its market for American goods and services, the tariff rate might be adjusted.<sup>14</sup>

### ***Indonesia relaxes import rules for 10 commodities***

On June 30, 2025, Airlangga Hartato, the coordinating minister for economic affairs, announced that the Indonesian government has introduced import relaxations for 10 commodities. This has led to a revision of the previous rule. [66] The goal is to support job creation, attract new investment, retain existing investors, and drive economic growth. The 10 commodities affected by the new policy are: forestry products, subsidized fertilizers, plastic raw materials, other fuel types, food trays, certain

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<sup>13</sup> ANTARA News. 2025. "Indonesia sees room to lower 32 pct US tariff before August 1: PCO." July 8, 2025. [https://en.antaranews.com/news/364897/indonesia-sees-room-to-lower-32-pct-us-tariff-before-august-1-pco?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=top\\_news](https://en.antaranews.com/news/364897/indonesia-sees-room-to-lower-32-pct-us-tariff-before-august-1-pco?utm_source=antaranews&utm_medium=desktop&utm_campaign=top_news).

<sup>14</sup> ANTARA News. 2025. "Indonesia to respond soon to US 32 percent tariff, says minister." July 8, 2025. <https://en.antaranews.com/news/364865/indonesia-to-respond-soon-to-us-32-percent-tariff-says-minister>.

chemicals, pearls, and three-wheeled bicycles, saccharin, cyclamate, and alcohol-based odor preparations, as well as footwear. Several key initiatives have been prepared to align with this goal, including deregulation and acceleration of business licensing processes, stated Ha.<sup>15</sup>

### ***Trump cuts tariff on Indonesian products to 19 percent after talks***

On July 16, 2025, Trump cut tariffs on Indonesia from 32% to 19% after talks with the Indonesian President Prabowo Subianto. This means Indonesia will have to pay a 19% tariff on all goods it exports to the US. It appears that Indonesia's attempts to negotiate the terms were at least partially successful. The U.S. agreed to postpone the tariffs' effect for three weeks to allow further discussion, following the meeting between Hartato and the U.S. Secretary of Commerce and the Trade Representative. As part of the negotiation, the US's goods exported to Indonesia will be tariff-and non-tariff barrier-free. Indonesia agreed to apply a 19% tariff to any trans-shipments from countries bypassing existing tariffs, purchasing US\$15 billion worth of American energy products and US\$4.5 billion in agricultural goods. Moreover, Indonesia also planned to purchase 50 Boeing aircraft from the US, primarily 777 passenger jets.<sup>16</sup>

### ***US tariffs: Ministry prepares steps to tackle import surge***

The Ministry of Trade is preparing some strategies to address any potential influxes of imported products from the US. Indonesia's Trade Minister Budi Santoso said that the increasing competitiveness of local products will encourage people to choose them more, thereby helping to reduce dependence on imported goods. He added that Indonesia, with its large market, is likely to become an export target for countries that face high US tariffs, resulting in attracting more investment and increasing export demand automatically. Hence, it is negotiating with the U.S. to exempt key products, including crude palm oil, cacao, and coffee, from additional import taxes. Minister Santoso emphasized that not all US products are imported without tariff and non-tariff

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<sup>16</sup> ANTARA News. 2025. "Indonesia relaxes import rules for 10 commodities, including footwear." June 30, 2025. [https://en.antaranews.com/news/362865/indonesia-relaxes-import-rules-for-10-commodities-including-footwear?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/362865/indonesia-relaxes-import-rules-for-10-commodities-including-footwear?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

barriers.<sup>17</sup> On July 16, 2025, Trump reduced tariffs on Indonesia from 32% to 19% after talks. This means Indonesia will have to pay a 19% tariff on all goods it exports to the US, while the US's goods exported to Indonesia will be tariff-and non-tariff barrier-free. To respond to this challenge, the Ministry of Trade is focusing on increasing the competitiveness of local products, seeking new markets, attracting more investment, and expanding market access with the EU. For instance, Indonesia recently finalized the Indonesia-European Union Comprehensive Economic Partnership Agreement (IEUCEPA) with the EU.<sup>18</sup>

### ***US companies pledge major investments in Indonesia***

On July 24, 2025, Minister Hartato told the media that the U.S. is one of Indonesia's trading partners, with an export share of 11.2% and with a total of S\$3.7 billion in terms of US investment. The Indonesian minister has listed several investments from US companies in sectors such as clean energy, healthcare, and digital technology.<sup>19</sup> Following the latest bilateral trade agreement between the two countries, ExxonMobil is driving one of the largest investment plans. In the technology sector, Oracle, Microsoft, and Amazon have shown strong interest in expanding operations in Indonesia. ExxonMobil aims to explore a US\$10 billion carbon capture and storage (CCS) project. Oracle plans to invest US\$6 billion, Microsoft intends to build cloud and AI infrastructure worth approximately US\$1.7 billion, and Amazon could invest up to US\$5 billion. By contrast, the GE Healthcare project represents an investment of nearly US\$11 million.<sup>20</sup> This momentum underscores the government's success in securing trade deals that create jobs, particularly in labor-intensive sectors. Indonesia is also committed to providing legal certainty for digital trade and cross-border data transfers, and to supporting the World Trade Organization's moratorium on tariffs for electronic transmissions.

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<sup>17</sup> ANTARA News. 2025. "US tariffs: Ministry prepares steps to tackle import surge." July 23, 2025. [https://en.antaranews.com/news/368477/us-tariffs-ministry-prepares-steps-to-tackle-import-surge?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=editor\\_picks](https://en.antaranews.com/news/368477/us-tariffs-ministry-prepares-steps-to-tackle-import-surge?utm_source=antaranews&utm_medium=desktop&utm_campaign=editor_picks).

<sup>18</sup> Ibid.

<sup>19</sup> ANTARA News. 2025. "US companies pledge major investments in Indonesia: minister." July 25, 2025. <https://en.antaranews.com/news/368841/us-companies-pledge-major-investments-in-indonesia-minister>.

<sup>20</sup> Ibid.

### ***Indonesia's copper export to US gets zero tariff***

According to Indonesia's Investment and Downstreaming Minister, Indonesian copper will be subject to a zero percent tariff in the US. Even though copper will have zero tariffs, other commodities will still be subject to a standard 19% tariff. Jakarta is trying to negotiate with the US to reduce import tariffs on other products such as nickel and palm oil. The minister believes that the ongoing negotiation with the U.S. Trade Representative (USTR) could yield positive results for Indonesia since the tariff on certain commodities will either be reduced from the current 19% tariff or eliminated entirely. Other commodities including crude palm oil, rubber, wood, and copper derivatives, were seeking tariff reduction.<sup>21</sup>

### ***Peru lifts duties on 90 percent of Indonesian imports***

On August 12, 2025, the Indonesian Ministry of Trade announced that Peru will grant tariff-free access to Indonesian goods under Indonesia-Peru Comprehensive Economic Partnership Agreement. The products benefiting from the agreement include textiles, footwear, motor vehicles, palm oil and its derivatives, manufactured goods, and household appliances, stated by Djatmiko Bris Witjaksono, director general of international trade. Quantitatively speaking, both countries will be granted preferences covering almost 90% of each other's tariffs. In addition, some commodities will take effect once the agreement enters into force, others in the second year, and the remainder in the third.<sup>22</sup>

### ***Indonesia's DPD backs govt plan to boost rice production to cut imports***

Indonesia is planning to expand rice fields in pursuit of food self-sufficiency. Indonesia DPD Deputy Speaker, Tamsil Linrung, stated that the government plans to open millions of hectares of new rice fields so that Indonesia will no longer depend on imports. This initiative aligns with President Prabowo's mission of providing food

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<sup>21</sup> ANTARA News. 2025. "Indonesia's copper export to US gets zero tariff." August 7, 2025. [https://en.antaranews.com/news/371745/indonesias-copper-export-to-us-gets-zero-tariff?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/371745/indonesias-copper-export-to-us-gets-zero-tariff?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

<sup>22</sup> ANTARA News. 2025. "Peru lifts duties on 90% of Indonesian imports." August 12, 2025. [https://en.antaranews.com/news/373053/peru-lifts-duties-on-90-of-indonesian-imports?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/373053/peru-lifts-duties-on-90-of-indonesian-imports?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

security while also benefiting the farmers and is a key pillar of development. Moreover, the government is also open to purchasing rice without husk at Rp6,500 (around 40 US cents) per kilogram, as it will increase farmer income. Nevertheless, Linrung pointed out that the national stocks have topped 4 million tons, which also proves that empowering farmers could strengthen the country. He urged strict oversight to prevent rice hoarding and price manipulation.<sup>23</sup>

### ***Indonesia economy suffers heavy losses from riots***

The Indonesian economy has suffered heavily from the riots. According to retailers, an estimate of US\$33 million in losses has resulted from the five days of protests. Small businesses, however, have seen revenue drop by up to 90% as demonstrations have 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. Hippiindo is cooperating with Jakarta authorities, security forces, and stores in order to preserve public stability, ensure economic sustainability, and rebuild trust among customers and businesses. 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 operational, interrupted supply chains and suspended courier services. Even public infrastructure is damaged, with nearly Rp 900 billion (\$59 million) in damage, with East Java hit hardest, including toll gates, bus shelters, and torched council buildings. These economic tensions are caused by a lack of quality jobs and basic services. The government must demonstrate compassionate leadership and restore fiscal trust, said Deni.<sup>24</sup>

### **Diplomacy:**

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<sup>23</sup> ANTARA News. 2025. "Indonesia's DPD backs govt plan to boost rice production, cut imports." August 21, 2025. [https://en.antaranews.com/news/374605/indonesias-dpd-backs-govt-plan-to-boost-rice-production-cut-imports?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/374605/indonesias-dpd-backs-govt-plan-to-boost-rice-production-cut-imports?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

<sup>24</sup> Khalisha, Maudey. 2025. "Indonesian economy suffers heavy losses from riots - Asia News NetworkAsia News Network." *Asia News Network*, September 4, 2025. <https://asianews.network/indonesian-economy-suffers-heavy-losses-from-riots/>.

### ***Indonesia prepared to drive ASEAN digital economy leadership***

Indonesia is preparing itself to become the ASEAN digital economy leader by showing its commitment and readiness to become a leader in ASEAN's digital economic growth. Deputy Minister of Communication and Digital Zezar Patria, emphasized that Indonesia's government aims to initiate the initiative through regional collaboration and strengthening the development of artificial intelligence (AI). To advance the economy, the Indonesian government plans to increase technology adoption and develop AI as a key emerging technology.<sup>25</sup> However, the need to accelerate the transition from 4G to 5G networks remains a challenge for the government. With a population of 280 million people (40% of the ASEAN population)<sup>26</sup>, this will play an important role in the ASEAN digital system and will make a substantial contribution to the region.

### ***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 increasing military exercises and enhancing technological collaboration in missile and submarine systems.<sup>27</sup> Moreover, President Prabowo announced that Indonesia will soon implement the Indonesia-Brazil Defense Cooperation Agreement (DCA), which underscores the strong military alliance commitments between the two nations.

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<sup>25</sup> Simanjuntak, Martha Herlinawati. 2025. "Indonesia Prepared to Drive ASEAN Digital Economy Leadership." Antara News. ANTARA. July 2, 2025. <https://en.antaranews.com/news/363385/indonesia-prepared-to-drive-asean-digital-economy-leadership>.

<sup>26</sup> Ibit.

<sup>27</sup> Simanjuntak, Martha Herlinawati. 2025. "Indonesia, Brazil Agree on Missile and Submarine Cooperation." Antara News. ANTARA. July 10, 2025. [https://en.antaranews.com/news/365257/indonesia-brazil-agree-on-missile-and-submarine-cooperation?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/365257/indonesia-brazil-agree-on-missile-and-submarine-cooperation?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

### ***Trump cuts tariff on Indonesian goods to 19 percent after talks***

Trump cuts tariffs on Indonesia from 32% to 19% after talks. After going through many intensive negotiations, Indonesia will have to pay a 19% tariff on all goods it exports to the US. However, the deal came up with Indonesia's commitment to balance the trade deficit with the US. Meaning, to the revised tariff rate, Trump announced that the US's goods exported to Indonesia will be tariff-and non-tariff barrier-free. Moreover, Indonesia also agreed to purchase US\$4.5 billion worth of US agricultural products and US\$15 billions of American energy. Hence, Indonesia also plans to buy 50 Boeing aircraft, most of them Boeing 777 passenger jets.<sup>28</sup> Meanwhile, Indonesia has agreed to allow the transfer of personal data to the US as part of a broader trade agreement. This initiative aims to remove barriers to digital trade between the two countries as part of a reciprocal trade agreement including eliminating tariff barriers, breaking down non-tariff barriers to the US industrial export, and expanding excess for the US agriculture products. Through this, Indonesia will recognize the US as a country that provides adequate data protection under Indonesian law. Both countries are expected to finalize their commitments related to digital trade, services, and investment.<sup>29</sup>

### ***50 new Boeing jets for Garuda in landmark Indonesia-US deal: Prabowo***

Indonesia bought 50 new Boeing jets for Garuda in a landmark deal from the US. Following the outcomes of tariffs negotiations, President Prabowo, on July 16, 2025, delivered a press statement at Halim Perdanakusuma Air Force Base, stating that Indonesia needed Boeing aircraft to expand Garuda. He further expressed that Garuda was not only the pride but also a symbol of Indonesia, serving as a bearer of

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<sup>28</sup> Nabil Ihsan. 2025. "Trump Cuts Tariff on Indonesian Goods to 19 Percent after Talks." Antara News. ANTARA. July 16, 2025. [https://en.antaranews.com/news/366681/trump-cuts-tariff-on-indonesian-goods-to-19-percent-after-talks?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=top\\_news](https://en.antaranews.com/news/366681/trump-cuts-tariff-on-indonesian-goods-to-19-percent-after-talks?utm_source=antaranews&utm_medium=desktop&utm_campaign=top_news).

<sup>29</sup> Kuntum Khaira Riswan. 2025. "Indonesia to Allow Personal Data Transfer to United States." Antara News. ANTARA. July 23, 2025. [https://en.antaranews.com/news/368489/indonesia-to-allow-personal-data-transfer-to-united-states?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/368489/indonesia-to-allow-personal-data-transfer-to-united-states?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

national identity.<sup>30</sup> This purchase, he explained, was not just a simple deal but a strategic decision as Indonesia requires new aircraft that also align with Boeing's interest in selling. Beyond the tariff agreement, President Trump pointed to Indonesia's agreement to remove both tariff and non-tariff barriers for American exports. He strongly emphasized that if a third country attempts to reroute goods into the U.S under the label of Indonesia products, a tariff of 19% would still apply. President Trump did not specify which airline or entity would be making the purchase of 50 new Boeing aircraft. Instead, he underscored that this agreement marked the first time in the history that the Indonesia market had been opened to the United States.<sup>31</sup>

### ***Indonesia's Humanitarian and Diplomatic Efforts for Palestine: Airdrops of Aid to Gaza and Advocacy at the 80th UN General Assembly***

Indonesia conducted a humanitarian airdrop to Gaza on Indonesia's 80th Independence Day. According to Indonesia's Defense Force (TNI), it stated that 800 tons of logistics, consisting of food, medicines, and clothing, were delivered to Gaza. The mission was carried out under an order from president Prabowo to demonstrate Indonesia's commitment to upholding international humanitarian solidarity and global peace.<sup>32</sup> Moreover, Indonesia's Foreign Minister stated that during the 80th session of the United Nations General Assembly (UNGA 80), President Prabowo plans to raise the issue of Palestine during the UNGA General Debate on September 23, 2025. Even though he did not specify the exact points President Prabowo will highlight in his remarks, he encouraged everyone to watch the president's speech on that day.<sup>33</sup>

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<sup>30</sup> Primayanti. 2025. "50 New Boeing Jets for Garuda in Landmark Indonesia-US Deal: Prabowo." Antara News. ANTARA. July 16, 2025. [https://en.antaranews.com/news/366825/50-new-boeing-jets-for-garuda-in-landmark-indonesia-us-deal-prabowo?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=related\\_news](https://en.antaranews.com/news/366825/50-new-boeing-jets-for-garuda-in-landmark-indonesia-us-deal-prabowo?utm_source=antaranews&utm_medium=desktop&utm_campaign=related_news).

<sup>31</sup> Ibid.

<sup>32</sup> Walda. 2025. "Indonesia Airdrops Humanitarian Aid to Gaza on 80th Independence Day." Antara News. ANTARA. August 18, 2025. [https://en.antaranews.com/news/374037/indonesia-airdrops-humanitarian-aid-to-gaza-on-80th-independence-day?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/374037/indonesia-airdrops-humanitarian-aid-to-gaza-on-80th-independence-day?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

<sup>33</sup> Nabil Ihsan. 2025. "Indonesia to Highlight Palestine Issue at 80th UN General Assembly." Antara News. ANTARA. August 28, 2025. [https://en.antaranews.com/news/376125/indonesia-to-highlight-palestine-issue-at-80th-un-general-assembly?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=editor\\_picks](https://en.antaranews.com/news/376125/indonesia-to-highlight-palestine-issue-at-80th-un-general-assembly?utm_source=antaranews&utm_medium=desktop&utm_campaign=editor_picks).

### ***President Prabowo canceled China Visit***

President Prabowo Subianto canceled his China visit due to the unrest spreading across Indonesia regarding public dissatisfaction with the government, the House of Representatives (DPR), and the National Police (Polri). He was initially scheduled to attend the Shanghai Cooperation Organization Summit and observe the Victory Day Parade in Beijing on September 3, under the invitation of President Xi Jinping. Due to the protests in Indonesia, Foreign Minister Sugiono has stepped in to represent President Prabowo. The minister also underlined that President Prabowo humbly apologized to the Chinese government for not being able to join and hoped that this will not affect Indonesia-China relations.<sup>34</sup>

### ***Indonesia urges UNSC to halt Israel aggression after strike in Doha***

The Indonesian foreign ministry urges the United Nations Security Council (UNSC) to halt Israel's aggression after the strike on Hamas in Doha, Qatar. On September 10, Indonesia strongly condemned Israel's violation of international law, and recently reiterated its condemnation following the recent explosion in Doha, Qatar. Indonesia has actively called on the United Security Council to fulfill its role by taking action to halt Israel's behavior and ensure accountability, stressing that these actions clearly violate the UN Charter and threaten regional peace. Moreover, Indonesia reaffirmed its solidarity with the Government and people of Qatar by expressing support for all diplomatic efforts toward a just resolution.<sup>35</sup> Israel has acknowledged that it had planned and carried out an operation to abolish leaders of the Palestinian resistance

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<sup>34</sup> Desca L, Tegar Nurfitri. 2025. "Prabowo Cancels China Visit, Sends FM Sugiono to SCO Summit." Antara News. ANTARA. August 31, 2025. [https://en.antaranews.com/news/376925/prabowo-cancels-china-visit-sends-fm-sugiono-to-sco-summit?utm\\_source=antaranews&utm\\_medium=desktop&utm\\_campaign=popular\\_right](https://en.antaranews.com/news/376925/prabowo-cancels-china-visit-sends-fm-sugiono-to-sco-summit?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right).

<sup>35</sup> Kuntum Khaira Riswan. 2025. "Indonesia Urges UNSC to Halt Israeli Aggression after Strike in Doha." Antara News. ANTARA. September 10, 2025. <https://en.antaranews.com/news/379025/indonesia-urges-unsc-to-halt-israeli-aggression-after-strike-in-doha>.

group Hamas in Qatar. The Qatari authorities strongly condemned the attack and made it clear that they will not tolerate Israel's action. The Qatari minister concluded by announcing that Qatar is going to launch a probe into the attack at the highest level, with the results to be released soon.

## Laos PDR

*Dysam Sodyna*

### Introduction

During the third quarter of 2025, Laos has engaged in various challenges and opportunities such as domestic affair, socio-economic development, and rapid increase in maintaining good foreign relation. Currently, the government is focusing on reducing crime rate, increasing the economy through foreign direct investment and trade while simultaneously working on infrastructure development, disaster relief and most importantly expanding tourism section and accessibility.

### Political Security

Laos is currently working on climate-related food insecurity and opening new export opportunity with the support of 68.5 million USD from the Asian Development Bank to modernize six climate vulnerable provinces.<sup>1</sup> The project will run from 2025-2030, in three northern provinces and three southern provinces which will be backed by a mix of loans between ADB, EU-ASEAN Catalytic Green Finance Facility and ASEAN Infrastructure Fund. The project aims to support farmers for year-round farming and at the same time continue its efforts in community involvement and gender inclusion which is both needed to ensure long term success and shared responsibility.

Lao and Vietnamese police arrested 59 Vietnamese involved in a high-tech fraud ring based in the Golden Triangle Special Economic Zone in Bokeo.<sup>2</sup> With the operation carried out with the support from Dien Bien Provincial Police from 5 to 9 July, they were able to dismantle a cross-border scam that defrauded hundreds of Vietnamese citizens, announced publicly on 16 July.

On July 15, Cambodia and Laos signed a Memorandum of Understanding on July 15 to deepen cooperation on transnational crimes and drug trafficking, committing to joint

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<sup>1</sup> Kheuakham Chanlivong. "Laos Launches Climate-Smart Farming Project in Six Provinces - Laotian Times." Laotian Times, July 9, 2025. <https://laotiantimes.com/2025/07/09/laos-launches-climate-smart-farming-project-in-six-provinces/>.

<sup>2</sup> Phontham Visapra. "Lao Authorities Arrest 59 Vietnamese Nationals in Fraud Crackdown - Laotian Times." Laotian Times, July 16, 2025. <https://laotiantimes.com/2025/07/16/lao-authorities-arrest-59-vietnamese-nationals-in-fraud-crackdown/>.

training and legal coordination.<sup>3</sup> Cambodian authorities have arrested more than 1,362 individuals, including hundreds of foreign nationals, in a sweeping 20-day crackdown on online scam operations across seven provinces and the capital. Laos also arrested 59 Vietnamese scammers in Laos's Golden Triangle and seized 70 million methamphetamine pills in Bokeo province.

On 28 July, nearly 1 million methamphetamine pills were taken from a Lao-registered truck at the First Thai–Lao Friendship Bridge in Thailand's Nong Khai Province, the local news outlet reported. As the inspection was underway, the driver fled the scene and remained at large.<sup>4</sup> Authorities are now actively tracking him to bring him to justice.

Lao authorities are stepping up efforts to help residents affected by recent floods, as damage reports continue to come in from several provinces.<sup>5</sup> On 3 August, Vice President Pany Yathotou visited Hat Bo village in Nohet district, Xieng Khouang Province, to deliver essential supplies. Flood preparedness and disaster response efforts are also underway at the community level. On 1 August, the Lao Red Cross and local officials provided early warning systems, rescue tools, and emergency funds to six villages in Kasi district, Vientiane Province. At the national level, the government has launched a fundraising campaign to support flood-hit provinces after the widespread damage caused by Typhoons Wutip and Wipha earlier this year.<sup>6</sup>

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<sup>3</sup> Souvannasane, Thongsavanh. "Cambodia Targets Cross-Border Crime with Mass Arrests, Signs Pact with Laos to Combat Scams, Drug Trafficking - Laotian Times." Laotian Times, July 19, 2025. <https://laotiantimes.com/2025/07/19/cambodia-targets-cross-border-crime-with-mass-arrests-signs-pact-with-laos-to-combat-scams-drug-trafficking/>.

<sup>4</sup> Souvannasane, Thongsavanh. "Nearly 1 Million Meth Pills Seized from Lao Truck at 1st Thai-Lao Border, Driver at Large - Laotian Times." Laotian Times, July 29, 2025. <https://laotiantimes.com/2025/07/29/nearly-1-million-meth-pills-seized-from-lao-truck-at-1st-thai-lao-border-driver-at-large/>.

<sup>5</sup> Phontham Visapra, "Laos Steps up Support for Flood-Hit Provinces - Laotian Times," Laotian Times, August 4, 2025, <https://laotiantimes.com/2025/08/04/laos-steps-up-support-for-flood-hit-provinces/>.

<sup>6</sup> Phontham Visapra, "Laos Kicks off Fundraising Campaign to Relieve Floods Damage amidst Public Doubts - Laotian Times," Laotian Times, July 31, 2025, <https://laotiantimes.com/2025/07/31/laos-kicks-off-fundraising-campaign-to-relieve-floods-damage-amidst-public-doubts/>.

Vientiane authorities have revealed that illegal mining activities across the capital reached 135 hectares, far exceeding legal limits.<sup>7</sup> Which required coordination between all state stakeholders to come up with measures including enforcing mining regulations, enhancing monitoring along rivers and streams, and developing targeted action plans to address illegal mining. Authorities stressed mitigating environmental and social impacts and ensuring strict compliance with the law.

Laos and the UN's FAO are launching a feasibility study on establishing a national Payment for Forest Environmental Services (PfES) system, inspired by the success of the program in neighboring Vietnam.<sup>8</sup> The PfES model would require key economic sectors like hydropower, ecotourism, and water and beverage industries to financially contribute to forest conservation and management. The study aligns with Lao PDR's Memorandum of Understanding on Cooperation in Forestry (2024-2028).

Thongly Sisoulith, son of Lao President Thongloun Sisoulith, became Secretary of the Central Committee of the Lao People's Revolutionary Youth Union (LPRYU) on 26 August.<sup>9</sup> He is currently endorsing the 2026-2030 youth development plan, which sets a framework for young people to engage more actively in national initiatives and contribute to Laos's social and economic development. The plan builds on the achievements and lessons of the past five years. The appointment comes amid major political shifts in Laos.

Laos' Prime Minister, Sonexay Siphandone, urged the public to embrace the new semester with optimism, despite the challenges still facing the nation's schools.<sup>10</sup> He praised progress in school infrastructure, meal programs, and reduced dropout rates.

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<sup>7</sup> Thongsavanh Souvannasane, "Vientiane Authorities Report over 135 Hectares of Illegal Mining - Laotian Times," Laotian Times, August 14, 2025, <https://laotiantimes.com/2025/08/14/vientiane-authorities-report-over-135-hectares-of-illegal-mining/>.

<sup>8</sup> Vilaylack Khouvisith, "Lao PDR Explores Sustainable Financing for Forests with Launch of Payment for Forest Environmental Services Feasibility Study," Lao PDR, 2025, <https://laopdr.un.org/en/300026-lao-pdr-explores-sustainable-financing-forests-launch-payment-forest-environmental-services>.

<sup>9</sup> Thongsavanh Souvannasane, "President's Son Thongly Sisoulith Appointed Youth Union Secretary - Laotian Times," Laotian Times, August 27, 2025, <https://laotiantimes.com/2025/08/27/presidents-son-thongli-sisoulith-appointed-youth-union-secretary/>.

<sup>10</sup> Phontham Visapra, "Laos Starts New Academic Year amid Worsening Teacher Shortage - Laotian Times," Laotian Times, September 2025, <https://laotiantimes.com/2025/09/01/laos-starts-new-academic-year-amid-worsening-teacher-shortage/>.

However, he warned of high dropout levels, teacher shortages, and the urgent need to expand vocational and higher education enrollment. The government has instructed the Ministry of Education and Sports to address staff shortages.

Laos Prime Minister Sonexay Siphadone has reiterated the country's interest in joining the BRICS alliance, stating that it is currently studying the necessary requirements.<sup>11</sup> He praised the bloc's economic growth and global influence, stating that BRICS has significantly contributed to regional and global development. Laos is positioning itself for greater participation in multilateral frameworks that emphasize South-South cooperation, economic sovereignty, and a multipolar global order.

The Asian Development Bank (ADB) has approved a USD 41 million financing package to strengthen primary health care in Laos.<sup>12</sup> The Green Primary Care Project aims to improve governance, service delivery, and resilience in the health system amid climate impacts. The initiative will cover 51 districts across five provinces, including 14 highly climate-vulnerable ones. The project will upgrade health facilities, train medical staff, and ensure continuity of care during extreme weather events. The initiative aligns with Laos' commitments to climate resilience and sustainable development.

## Economic Development

On July 7, The United States have lowered the reciprocal taxes for Laos import from 48% to 40% which set to be in effect as of August 1st implementation deadline.<sup>13</sup> Trump threaten that if there is a retaliation in tariff were to take place, the reciprocal tariff will increase as well. Despite the reduction, Laos exporter will still face a significant challenge as US is becoming an important trade partner for Laos.

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<sup>11</sup> Namfon Chanthavong, "Laos Reaffirms Interest in Joining BRICS, Deepens Ties with Russia - Laotian Times," Laotian Times, September 9, 2025, <https://laotiantimes.com/2025/09/09/laos-reaffirms-interest-in-joining-brics-deepens-ties-with-russia/>.

<sup>12</sup> Oulayvanh Sisounonth, "Asian Development Bank Funds USD 41M for Primary Healthcare in Laos - Laotian Times," Laotian Times, September 15, 2025, <https://laotiantimes.com/2025/09/15/asian-development-bank-funds-usd-41m-for-primary-healthcare-in-laos/>.

<sup>13</sup> Phontham Visapra, "US Reduces Tariff on Lao Imports to 40 Percent, Pressure on Trade Remains - Laotian Times," Laotian Times, July 8, 2025, <https://laotiantimes.com/2025/07/08/us-reduces-tariff-on-lao-imports-to-40-percent-pressure-on-trade-remains/>.

Monsoon Wind Project, Laos's first and Southeast Asia's largest onshore wind farm, is expected to begin by late August or early September.<sup>14</sup> The 600-megawatt wind farm, valued at USD 950 million, has a transmission line stretching 65 km, with 22 km in Laos and 43 km in Vietnam, which is supported by a 25-year power purchase agreement signed with Vietnam Electricity.

Severe flooding has swept across many provinces in Laos as Tropical Storm Wipha struck the country in the form of a tropical depression between 21 and 23 July, drowning several districts and causing widespread damage.<sup>15</sup> An early warning was issued to residents to stay alert, and the hydropower dam is opening floodgates to relieve flooding. In addition, the Laos-China Railway announced a full suspension due to safety concerns, and Laos Airlines is advising passengers to monitor flight changes or cancellations for safety reasons.

As reported on July 29, 2025, Typhoon Wipha Kills 4 people and leaves 4 people Missing and affected 15,000 families, damaged around 2,200 homes and many other damages, as it swept through 34 districts.<sup>16</sup> Disaster teams are still collecting damage reports as flooding persists in several areas. Provincial disaster committees are working with district and village authorities to assess losses and identify urgent needs

Several provinces across Laos have reported solid economic progress in the first half of 2025, according to recent updates from local government offices.<sup>17</sup> Nationally, Laos' economy grew by about 4.5 percent, thanks to industry and a rise in foreign investment and tourism. Still, the country faces ongoing challenges, including rising living costs,

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<sup>14</sup> Thongsavanh Souvannasane, "Laos Wind Farm to Begin Full Operation in Late August, Says Sekong's Deputy Governor - Laotian Times," Laotian Times, July 17, 2025, <https://laotiantimes.com/2025/07/17/laos-wind-farm-to-begin-full-operation-in-late-august-says-sekongs-deputy-governor/>.

<sup>15</sup> Kheuakham Chanlivong, "Widespread Flooding Hits Laos in an Early Monsoon Season - Laotian Times," Laotian Times, July 23, 2025, <https://laotiantimes.com/2025/07/23/widespread-flooding-hits-laos-in-an-early-monsoon-season/>.

<sup>16</sup> Phontham Visapra, "Typhoon Wipha Kills 4, Leaves 4 Missing as Storm Batters 34 Districts across Laos," Laotiantimes.com, 2025, <https://laotiantimes.com/2025/07/29/typhoon-wipha-kills-4-leaves-4-missing-as-storm-batters-34-districts-across-laos/>.

<sup>17</sup> Thongsavanh Souvannasane, "Laos Provinces Show Steady Economic Growth in First Half of 2025 - Laotian Times," Laotian Times, August 2025, <https://laotiantimes.com/2025/08/01/laos-provinces-show-steady-economic-growth-in-first-half-of-2025/>.

poor infrastructure, and difficulties collecting taxes. Government officials have acknowledged that while the growth is welcome, more work is needed to ensure long-term stability and development. Reforms in key areas are expected to be a priority in the months ahead.

Electricite du Laos (EDL) announced a comprehensive plan to strengthen the country's electricity supply from the second quarter of 2025.<sup>18</sup> A top priority is to speed up the construction of the Nam Ngum 3 hydropower plant by 2027 and advance twelve large-scale solar power projects across the country, with a combined capacity of 680 megawatts. The meeting also assessed the current state of Laos' electricity infrastructure amid ongoing economic challenges.

The Bank of Laos has reduced its base interest rate by 0.5 percent to provide some relief for businesses and households amid domestic and international economic challenges.<sup>19</sup> However, the country still faces obstacles due to its heavy reliance on imports, global uncertainties, and rising external debt. The committee has lowered the base interest rate from 9.5% to 9% per year to address these issues.

The Lao government has set priorities for September, including strengthening the economy, improving infrastructure, and reinforcing national stability.<sup>20</sup> The meeting with provincial leaders emphasized the need to tackle economic challenges, stabilize currency exchange rates, reduce production costs of essential goods, speed up road construction, monitor water levels, and support returning migrant workers. The government also approved draft laws and decrees, including a master plan for development and legislation to prevent money laundering. Despite global economic pressures, the government reported encouraging progress since August, including a drop in inflation and stable foreign currency reserves.

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<sup>18</sup> Phontham Visapra, "Electricite Du Laos Targets New Hydropower, Solar Projects to Boost Power Stability - Laotian Times," Laotian Times, August 13, 2025, <https://laotiantimes.com/2025/08/13/electricite-du-laos-targets-new-hydropower-solar-projects-to-boost-power-stability/>.

<sup>19</sup> Oulayvanh Sisounonth, "Laos Cuts Interest Rate to Support Struggling Economy - Laotian Times," Laotian Times, August 21, 2025, <https://laotiantimes.com/2025/08/21/laos-cuts-interest-rate-to-support-struggling-economy/>.

<sup>20</sup> Bounfaeng Phaymanivong, "Govt Moves to Stabilise Economy, Accelerate Development," Vientianetimes.org.la, 2025, [https://www.vientianetimes.org.la/freefreeneews/freecontent\\_165\\_Govt\\_v25.php](https://www.vientianetimes.org.la/freefreeneews/freecontent_165_Govt_v25.php).

Prime Minister Sonexay Siphandone is leading a Lao delegation to attend the 10th Eastern Economic Forum on September 3-6 in Vladivostok, Russia, under the theme "Far Eastern: Cooperation for Peace and Prosperity."<sup>21</sup> As an honorary guest of President Vladimir Putin, the Lao PM will address a plenary session and chair a Laos-Russia business forum as a sideline event. The forum aims to promote cooperation between the two countries' business sectors and address global challenges.

The United Nations Assistant Secretary-General, Kanni Wignaraja, has expressed optimism about Laos' chances of graduating from least developed country status by 2026.<sup>22</sup> She emphasized the importance of negotiating new trade deals and becoming a renewable-energy-driven country. Wignaraja also urged Laos to invest in young people and health to ensure a highly capable workforce. The UNDP is ready to support Laos in preparing to graduate from LDC status and achieve the Sustainable Development Goals. The visit comes as the country prepares to finalise its 10th five-year National Socio-Economic Development Plan for 2026-2030.

Laos urges ASEAN member states to increase investment in Nature-based Solutions and Ecosystem-based Adaptation to protect forests, strengthen communities, and combat climate change. Director General Somwang Phimmavong emphasizes the importance of sustainable financing and promoting Payments for Forest Ecosystem Services.<sup>23</sup>

The Savan 1 Wind Power Project in Savannakhet, Laos, is 85 percent complete and is set to begin commercial operations by 2025.<sup>24</sup> The project, which has a total

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<sup>21</sup> Times Reporter, "PM to Attend Vladivostok Economic Forum in Russia," [Vientianetimes.org.la](https://www.vientianetimes.org.la/new/Previous_169_y25/freefreenews/freecontent_169_PM_y25.php), 2025, [https://www.vientianetimes.org.la/new/Previous\\_169\\_y25/freefreenews/freecontent\\_169\\_PM\\_y25.php](https://www.vientianetimes.org.la/new/Previous_169_y25/freefreenews/freecontent_169_PM_y25.php).

<sup>22</sup> Souksakhone Vaenkeo, "Laos Is 'on Track to Graduate from Least Developed Country Status': UN Assistant Secretary-General," [Vientianetimes.org.la](https://www.vientianetimes.org.la/new/Previous_175_y25/freefreenews/freecontent_175_Laosis_y25.php), 2025, [https://www.vientianetimes.org.la/new/Previous\\_175\\_y25/freefreenews/freecontent\\_175\\_Laosis\\_y25.php](https://www.vientianetimes.org.la/new/Previous_175_y25/freefreenews/freecontent_175_Laosis_y25.php).

<sup>23</sup> Thongsavanh Souvannasane, "Laos Calls for Increased ASEAN Investment in Nature-Based Solutions - Laotian Times," [Laotian Times](https://laotiantimes.com/2025/09/12/laos-calls-for-increased-asean-investment-in-nature-based-solutions/), September 12, 2025, <https://laotiantimes.com/2025/09/12/laos-calls-for-increased-asean-investment-in-nature-based-solutions/>.

<sup>24</sup> Thongsavanh Souvannasane, "Wind Power Project in Savannakhet Nears Completion, on Track for Commercial Operation by End of 2025 - Laotian Times," [Laotian Times](https://laotiantimes.com/2025/09/18/wind-power-project-in-savannakhet-nears-completion-on-track-for-commercial-operation-by-end-of-2025/), September 18, 2025, <https://laotiantimes.com/2025/09/18/wind-power-project-in-savannakhet-nears-completion-on-track-for-commercial-operation-by-end-of-2025/>.

capacity of 495 MW, is expected to supply electricity to Vietnam under a 25-year export contract. The project is part of Laos' larger onshore wind farm, the Monsoon Wind Power Project.

## Diplomacy

Laos People's Army was invited to join a military parade in Hanoi, to mark the 80th anniversary of the August Revolution and National day this December, alongside troops from Russia, China, Cambodia and Belarus.<sup>25</sup> As for response, Laos has agreed to send troops to take part in the parade with the other participating countries.

On July 14, a press conference in Kohn Kaen, Thailand, was held to promote the upcoming Logistics and Tourism Promotion Meeting along the China-Laos-Thailand Railway, scheduled for August 19 at the Mekong Institute.<sup>26</sup> The meeting will feature a range of activities, such as plenary talks and discussions. Exhibitions and business sessions with key stakeholders, policymakers, industry experts, business leaders, investors, and partners. This joint railway cooperation stands as a symbol of international friendship and sustainable development.

Laos's Minister of Foreign Affairs, Thongsavanh Phomvihane will be on a two-day visit to Cambodia from 24-25 July.<sup>27</sup> He is granted a royal audience with King Norodom Sihamoni, in addition to meeting Senate President Hun Sen and Acting President of the National Assembly Cheam Yeap. The visit was an invitation from Cambodian Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation Prak Sokhonn, who aims to deepen bilateral cooperation and reinforce the long-standing bonds of friendship between the two neighboring nations.

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<sup>25</sup> VNS, "Five Countries Invited to Join Parade on 80th National Day Ceremony," vietnamnews.vn, 2025, <https://vietnamnews.vn/politics-laws/1721144/five-countries-invited-to-join-parade-on-80th-national-day-ceremony.html>.

<sup>26</sup> Thongsavanh Souvannasane, "Tripartite Cooperation Accelerates: Promoting Logistics and Tourism along the China-Laos-Thailand Railway - Laotian Times," Laotian Times, July 14, 2025, <https://laotiantimes.com/2025/07/14/tripartite-cooperation-accelerated-logistics-and-tourism-promotion-along-the-china-laos-thailand-railway/>.

<sup>27</sup> Khmer Times, "Laos Foreign Minister Visits Cambodia," Khmer Times, July 24, 2025, <https://www.khmertimeskh.com/501723203/laos-foreign-minister-visits-cambodia/>.

The President of Laos will have an official visit to the Russian Federation from July 30 to 1 August. Ahead of the official visit, President Thongloun Sisoulith reaffirmed his commitment to strengthening the longstanding friendship and cooperation between Laos and Russia.<sup>28</sup> President Thongloun praised Russia's humanitarian efforts, particularly its assistance in clearing unexploded ordnance (UXO) in Laos, the most heavily bombed country per capita in the world. He expressed it deeply.

Lao Foreign Minister Thongsavanh Phomvihane completed official visits to Singapore and the Philippines, reaffirming Laos' commitment to strengthening cooperation on trade, human resource development, clean energy, regional security, and people-to-people initiatives.<sup>29</sup> Singapore and Laos's foreign minister looked forward to expanding cooperation in digital innovation, renewable energy, and carbon credits, as well as working closely together in ASEAN, including on the ASEAN Power Grid.<sup>30</sup> The Philippines and Laos continued cooperation in human resource development, promotion of gender equality and women's empowerment, and the enhancement of trade and investment relations while discussing cooperation in energy, agriculture, ICT, and education.<sup>31</sup> Lao PDR pledged collaboration with the Philippines in combating transnational crimes and addressing the alarming rise in human trafficking across the region.

Minister of Foreign Affairs Thongsavanh Phomvihane led the Lao delegation to the 10th Mekong-Lancang Cooperation (MLC) Foreign Ministers' Meeting, discussing the MLC framework's expansion, achievements, and priorities for the Mekong region.<sup>32</sup>

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<sup>28</sup> Thongsavanh Souvannasane, "Lao President Reaffirms Commitment to Deepening Ties with Russia ahead of Official Visit - Laotian Times," Laotian Times, July 30, 2025, <https://laotiantimes.com/2025/07/30/lao-president-reaffirms-commitment-to-deepening-ties-with-russia-ahead-of-official-visit/>.

<sup>29</sup> Phontham Visapra, "Wrap: Lao Foreign Minister Visits Singapore, the Philippines - Laotian Times," Laotian Times, August 14, 2025, <https://laotiantimes.com/2025/08/14/wrap-lao-foreign-minister-visits-singapore-the-philippines/>.

<sup>30</sup> MINISTRY OF FOREIGN AFFAIRS SINGAPORE, "Introductory Visit of Minister of Foreign Affairs of the Lao People's Democratic Republic Thongsavanh Phomvihane, 11 to 12 August 2025," mfa.gov.sg, 2025, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2025/08/Lao-FM-Intro-Visit-Post-Visit-August-2025>.

<sup>31</sup> Department of Foreign Affairs, "Philippines, Lao PDR Mark 70 Years of Ties with Renewed Commitments at JCBC," Dfa.gov.ph, August 13, 2025, <https://dfa.gov.ph/dfa-news/dfa-releasesupdate/37035-philippines-lao-pdr-mark-70-years-of-ties-with-renewed-commitments-at-jcbc>.

<sup>32</sup> KPL, "10th Mekong-Lancang Cooperation Foreign Ministers' Meeting Convenes in Yunnan," Kpl.gov.la, 2025, <https://kpl.gov.la/En/detail.aspx/detail.aspx?id=93180>.

Delegates highlighted connectivity, water resource management, agriculture, and cross-border trade. Future cooperation includes modernizing infrastructure and addressing security challenges. Phomvihane praised China's contributions to regional development and called for deeper collaboration in green development, digital transformation, and capacity building.

Vietnam's Vice President, Ms. Vo Thi Anh Xuan, has visited Laos to strengthen their friendship, solidarity, and cooperation.<sup>33</sup> The visit, her first since assuming office, reflects the deepening of relations between the two nations as they prepare to mark major anniversaries. The two leaders held friendly talks, discussing socio-economic development, achievements, past cooperation, and future directions. They agreed to encourage sectors to implement agreements and memorandums of cooperation, particularly strategic projects linking the two economies for regional integration and future growth.

Laos has been officially adopted as the 15th dialogue partner of the Shanghai Cooperation Organization (SCO), highlighting its principles and objectives that align with Laos' foreign policy of peace, independence, friendship, and multilateral cooperation.<sup>34</sup> President Thongloun Sisoulith expressed gratitude to SCO members for their support at the 25th Summit in Tianjin. Laos secured unanimous support at the SCO Plus meeting, and President Thongloun emphasized the importance of the SCO's principles and objectives. The Lao leader attended the summit on August 31-September 1 under the theme "Implementing multilateralism, ensuring regional security, and promoting sustainable development." President Thongloun Sisoulith attended a ceremony in Beijing to commemorate the 80th anniversary of the War against Fascism.<sup>35</sup> This event emphasized Laos' commitment to international cooperation, peace, and development, while also promoting regional and global

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<sup>33</sup> Bounfaeng Phaymanivong, "Vientiane Times," [Vientianetimes.org.la](https://www.vientianetimes.org.la), 2025, [https://www.vientianetimes.org.la/sub-new/Previous\\_161\\_y25/freefreenews/freecontent\\_161\\_Vietnamese\\_y25.php](https://www.vientianetimes.org.la/sub-new/Previous_161_y25/freefreenews/freecontent_161_Vietnamese_y25.php).

<sup>34</sup> Times Reporters, "Laos Adopted as 15th Dialogue Partner of SCO in the Presence of President Thongloun at Its Summit," [Vientianetimes.org.la](https://www.vientianetimes.org.la), 2025, [https://www.vientianetimes.org.la/sub-new/Previous\\_168\\_y25/freefreenews/freecontent\\_168\\_Laos\\_adopted\\_y25.php](https://www.vientianetimes.org.la/sub-new/Previous_168_y25/freefreenews/freecontent_168_Laos_adopted_y25.php).

<sup>35</sup> Times Reporters, "President Thongloun Attends Beijing's 80th Anniversary Celebrations of Victory in Fascist War," [Vientianetimes.org.la](https://www.vientianetimes.org.la), 2025, [https://www.vientianetimes.org.la/freefreenews/freecontent\\_170\\_Persident\\_y25.php](https://www.vientianetimes.org.la/freefreenews/freecontent_170_Persident_y25.php).

security. The visit strengthened Laos-China relations, aligning with the "Four Goods" principle, and aimed to create a China-Laos Community with a Shared Future.

Cuban President Miguel Díaz-Canel Bermúdez held a two-day state visit to Laos from 6 to 7 September, where he held high-level talks and reaffirmed the long-standing friendship and cooperation between the two countries.<sup>36</sup> The visit was marked by a floral wreath at the Monument to the Unknown Soldier in Vientiane and talks with Prime Minister Sonexay Siphandone. Both sides agreed to expand cooperation in health, education, sports, and agriculture, and acknowledged the significance of Party-to-Party and State-to-State relations in advancing their shared goal of building socialism. The visit was part of an Asian tour that included Vietnam and China, marking the 65th anniversary of Cuba's diplomatic relations with those countries.

Laos and Thailand have agreed to enhance trade by improving infrastructure, transportation, and academic cooperation.<sup>37</sup> The plan aims to reach USD 11 billion trade revenue by 2027. Key improvements include enhancing tourism, supporting infrastructure development, and facilitating commerce, transportation, and tourism. The plan also encourages investment in special economic zones and promotes local currencies in trade. A parallel private sector meeting will help businesses exchange perspectives.

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<sup>36</sup> Oulayvanh Sisounonth, "Cuban President Miguel Díaz-Canel Concludes State Visit to Laos - Laotian Times," Laotian Times, September 8, 2025, <https://laotiantimes.com/2025/09/08/cuban-president-miguel-diaz-canel-concludes-state-visit-to-laos/>.

<sup>37</sup> Kheuakham Chanlivong, "Laos, Thailand Strengthen Trade Ties, Aim for USD 11 Billion Revenue by 2027 - Laotian Times," Laotian Times, September 18, 2025, <https://laotiantimes.com/2025/09/18/laos-thailand-strengthen-trade-ties-aim-for-usd-11-billion-revenue-by-2027/>.

## Malaysia

### *Mey Minith*

## Introduction

During the third quarter of 2025, Malaysia has engaged in various challenges and opportunities such as domestic reforms, socio-economic problems, and proactive regional policies under its rotating ASEAN Chairmanship. The government concentrated on enhancing coalition politics, legal and educational reforms, and tackling social issues like bullying, child protection and cost-of-living issues. The economic policies were also aimed at balancing between resilience and competitiveness, and significant investments in semiconductors and manufacturing led to growth against external forces like U.S. tariffs. Simultaneously, Malaysia strengthened its stance in the international arena by focusing on cultural diplomacy, international mediation, and multilateral involvement.

## Domestic Politics

### ***Political Leadership and Coalition Stability***

Malaysia's political parties continued to focus on building alliances and maintaining stability. On July 6, the United Malays National Organization (UMNO) Secretary-General Asyraf Wajdi confirmed that UMNO will stay in the Barisan Nasional (BN) coalition for the next general election (GE16). He said going alone would be unwise and that working with others is key to political success in Malaysia's current environment.<sup>1</sup> In Sabah, Chief Minister Hajiji Noor announced on August 22 that the next state election will be his last, after serving 35 years in politics. This could lead to a leadership change in Sabah and possibly shift the state's political direction.<sup>2</sup> At the national level, Wan Ahmad Farid was appointed as Chief Justice on July 7, taking

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<sup>1</sup> Aizat Sharif, "Umno to Remain under BN Banner for next GE, Says Asyraf," NST Online (New Straits Times, July 5, 2025), <https://www.nst.com.my/news/politics/2025/07/1240514/umno-remain-under-bn-banner-next-ge-says-asyraf>.

<sup>2</sup> Malaysiakini, "Hajiji Says 'Very Tired of Politics', next Sabah Polls to Be Last," Malaysiakini, August 22, 2025, <https://www.malaysiakini.com/news/753079>.

office on July 28. His appointment comes at an important time as the judiciary plays a major role in overseeing major corruption cases and ensuring justice is carried out fairly.<sup>3</sup> On August 10, in Johor, PKR appointed new state leaders, including Maszlee Malik, Jimmy Puah, and Shamala as vice-chairs. These appointments are seen as part of the party's strategy to prepare for upcoming elections and strengthen its presence in the state.

### ***Legal and Educational Reforms***

The government introduced several important legal reforms to improve the justice system and increase public trust. On August 25, Parliament passed the Legal Aid and Public Defense Bill 2025, allowing more people, especially those with low income, to receive free legal support from government-funded lawyers.<sup>4</sup> This helps to ensure fairness in the legal system. On August 15, the government announced it had recovered RM29.7 billion from the 1MDB and SRC corruption scandals since 2018.<sup>5</sup> This is part of the ongoing fight against corruption and the effort to rebuild public confidence. Such efforts to fight corruption is a reflection of Malaysia's promotion of good governance and respect for rule of law.

On July 31, Parliament passed a law requiring all children to complete secondary school.<sup>6</sup> The goal is to reduce dropout rates and help young Malaysians gain better skills for the future. Following the tragic death of 13-year-old Zara Qairina Mahathir, who died after her bullying complaints were ignored, the government acted quickly. On August 25, a national anti-bullying law was passed.<sup>7</sup> It includes penalties for both

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<sup>3</sup> BERNAMA, "Asman Shah Appointed New Johor State Secretary," BERNAMA, July 7, 2025, <https://bernama.com/en/news.php/world/general/news.php?id=2442267>.

<sup>4</sup> Shahril Bahrom, "Government Implements Anti-Bullying Law, Penalties Include Jail and Fines," TRP (TheRakyatPost, August 25, 2025), <https://www.therakyatpost.com/news/malaysia/2025/08/25/government-implements-anti-bullying-law-penalties-include-jail-and-fines/>.

<sup>5</sup> Malay Mail, "Putrajaya Says Clawed Back RM29.7b from 1MDB and SRC since 2018," Malay Mail (Malay Mail, August 14, 2025), <https://www.malaymail.com/news/malaysia/2025/08/14/putrajaya-says-clawed-back-rm297b-from-1mdb-and-src-since-2018/187561>.

<sup>6</sup> The Star Malaysia, "Secondary Schooling Now Compulsory in Malaysia," chinadailyhk, 2025, <https://www.chinadailyasia.com/hk/article/618172>.

<sup>7</sup> Malay Mail, "New Anti-Bullying Law Kicks In: Penalties Prescribe Jail, Fines for Harassment, Doxing and Threats," Malay Mail (Malay Mail, August 25, 2025), [https://www.malaymail.com/news/malaysia/2025/08/25/new-anti-bullying-law-kicks-in-penalties-prescribe-jail-fines-for-harassment-doxing-and-threats/188821?utm\\_source=chatgpt.com](https://www.malaymail.com/news/malaysia/2025/08/25/new-anti-bullying-law-kicks-in-penalties-prescribe-jail-fines-for-harassment-doxing-and-threats/188821?utm_source=chatgpt.com).

physical and online bullying and aims to protect students in schools and online. On August 11, the government introduced stricter laws on child sexual crimes.<sup>8</sup> The new law covers crimes like live-streamed abuse, sextortion, and replaces the term “child pornography” with “child sexual abuse material.” Mobile courts will also be used to handle such cases more quickly.

On August 12, the Ministry of Higher Education announced MQF 2.0, the updated Malaysian Qualifications Framework.<sup>9</sup> It will take effect in August 2026 and aims to standardize education qualifications, including both academic and vocational training, to meet global standards and improve job readiness. In Johor, a RM3.87 million empowerment program was launched on August 24 for the Orang Asli (Indigenous) communities.<sup>10</sup> The program provides cash aid, laptops, and grants to support education, economic development, and digital access.

On July 12, Prime Minister Datuk Seri Anwar Ibrahim announced the launch of the Madani Tuition program in Terengganu, benefiting 9,408 students with the support of 614 school teachers and an allocation of RM5.27 million.<sup>11</sup> The program aimed at improving academic outcomes and reducing educational disparities. Complementing educational support, the RM30 million SejaTi Madani Program continues to empower communities economically through projects in agriculture, tourism, handicrafts, and green activities, demonstrating a link between education, skills, and community entrepreneurship.<sup>12</sup>

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<sup>8</sup> Malay Mail, “Govt Launches Tougher Laws, Mobile Courts to Tackle Child Sexual Crimes and Protect Victims,” Malay Mail (Malay Mail, August 11, 2025), <https://www.malaymail.com/news/malaysia/2025/08/11/govt-launches-tougher-laws-mobile-courts-to-tackle-child-sexual-crimes-and-protect-victims/187223>.

<sup>9</sup> BERNAMA, “MQF 2.0 to Standardise Academic and Vocational Qualifications,” BERNAMA, December 8, 2025, <https://bernama.com/en/news.php/general/news.php?id=2455659>.

<sup>10</sup> The Star Online, “Johor Allocates RM3.87mil to Empower Orang Asli Community,” The Star, August 24, 2025, <https://www.thestar.com.my/news/nation/2025/08/24/johor-allocates-rm387mil-to-empower-orang-asli-community>.

<sup>11</sup> BERNAMA, “Terengganu Selected as First State to Implement MADANI Tuition Programme - PM Anwar,” BERNAMA, July 12, 2025, <https://www.bernama.com/en/news.php?id=2444556>.

<sup>12</sup> BERNAMA, “SejaTi MADANI Initiative: Over 1,000 Grant Applications Received, 668 Projects Approved - Kelantan ICU JPM,” BERNAMA, July 24, 2025, <https://www.bernama.com/en/news.php/general/bfokus/news.php?id=2448634>.

## ***Religion, Identity, and Social Unity***

On July 7, the Selangor State Assembly passed an amendment to the Islamic Administration Law, declaring there is “no room for extremism or liberalism.”<sup>13</sup> The change aims to preserve traditional Islamic practices and ensure clear rules for selecting religious council members. The Home Ministry reported that by June 30, 6,060 Malaysians gave up their citizenship to become Singaporeans. This was mostly due to better job prospects, education, and family ties, and it raised concerns about the country’s ongoing brain drain. On August 9, thousands joined the “Malaysia Bangkit Untuk Gaza” rally in Kuala Lumpur to show support for the Palestinian people, especially children affected by war<sup>14</sup>. This showed the strong public interest in international humanitarian issues.

## **Socioeconomic Affairs**

### ***General Economic Overview***

On July 30, the International Monetary Fund (IMF) upgraded Malaysia’s GDP growth forecast to 4.5% for 2025 and 4.0% for 2026,<sup>15</sup> reflecting stronger front-loading of demand, improved financial conditions, and supportive fiscal measures, while Bank Negara Malaysia adjusted its forecast to a 4.0–4.8% range for 2025, emphasizing that domestic demand, resilient consumption, and ongoing infrastructure projects continue to underpin growth<sup>16</sup>.<sup>17</sup> For context, Malaysia’s economy grew by 3.5% in 2023 and

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<sup>13</sup> Malay Mail, “No Room for Extremism or Liberalism: Selangor Passes Amendment to State Law on the Administration of Islam,” Malay Mail (Malay Mail, July 7, 2025), <https://www.malaymail.com/news/malaysia/2025/07/07/no-room-for-extremism-or-liberalism-selangor-passes-amendment-to-state-law-on-the-administration-of-islam/183149>.

<sup>14</sup> Julia Chan, “Zara Qairina Inquest Week Two Wrap: Chief Warden Recounts Final Night Events, Denies School Negligence,” Malay Mail (Malay Mail, September 20, 2025), <https://www.malaymail.com/news/malaysia/2025/09/20/zara-qairina-inquest-week-two-wrap-chief-warden-recounts-final-night-events-denies-school-negligence/191744>.

<sup>15</sup> The Edge Malaysia, “IMF Upgrades Malaysia’s Growth Forecast for 2025 and 2026,” The Edge Malaysia, July 30, 2025, <https://theedgemaalaysia.com/node/764529>.

<sup>17</sup> Bank Negara Malaysia, “Malaysia’s Economy Remains on a Strong Footing and Is Projected to Grow between 4%–4.8% in 2025” (Bank Negara Malaysia, July 28, 2025), <https://www.bnm.gov.my/-/gdp25f>.

5.1% in 2024. Headline inflation is expected to remain moderate at 1.5–2.3%, supported by stable domestic cost conditions and targeted policy interventions. The fiscal and monetary stance, therefore, provides a conducive environment for continued structural reforms and private sector investment, even as external risks persist.

### ***Cost of Living and Social Aids***

The rising cost of living remained a major concern. On July 26, over 18,000 people protested in Kuala Lumpur, asking Prime Minister Anwar to resign.<sup>18</sup> Protesters were upset about new taxes, subsidy cuts, and inflation. In response, the government introduced temporary financial assistance and fuel price changes. On July 23, Prime Minister Anwar Ibrahim announced a one-off RM100 cash handout<sup>19</sup> for all Malaysians aged 18 and above under the Sumbangan Asas Rahmah (SARA) programme, to be used via MyKad from August 31, 2025.<sup>20</sup> This initiative benefits 22 million citizens and complements the Phase Three Rahmah Cash Contribution (STR), which allocates RM2 billion to 8.6 million low-income households, with up to RM650 per recipient.<sup>21</sup> These policies coincide with the full enforcement of the RM1,700 monthly minimum wage from August 1, 2025, applicable to all eligible workers, including non-citizens and apprentices, and supported by the Progressive Wage Policy to link salary increases to skills and productivity.<sup>22</sup>

The SARA and STR programmes ensure that the cash aid can be used across thousands of retail outlets nationwide for over 100,000 essential items as certain

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<sup>18</sup> Latiff, Rozanna, and Mandy Leong. “Thousands Rally in Malaysia to Call for PM Anwar’s Resignation.” *Reuters*, July 26, 2025. <https://www.reuters.com/world/asia-pacific/thousands-rally-malaysia-call-pm-anwars-resignation-2025-07-26/>.

<sup>19</sup>CNA, “Malaysia PM Anwar Announces US\$24 Cash Handout for All Adults, Cheaper Petrol to Head off Rising Costs,” CNA, July 23, 2025, <https://www.channelnewsasia.com/asia/malaysia-anwar-ibrahim-rm100-cash-aid-ron95-petrol-5253316>.

<sup>20</sup>Hadina, “PM Anwar Announces One-off RM100 Cash Aid for All Adult Malaysians Via,” Ministry of Finance, July 23, 2025, <https://www.mof.gov.my/portal/en/news/press-citations/pm-anwar-announces-one-off-rm100-cash-aid-for-all-adult-malaysians-via-mykad>.

<sup>21</sup>The Star Online, “STR Phase 3 Payments to 8.6 Million Recipients Begin Tomorrow, Says PM,” The Star, August 11, 2025, [https://www.thestar.com.my/news/nation/2025/08/11/str-phase-3-payments-to-86-million-recipients-begin-tomorrow-says-pm#goog\\_rewarded](https://www.thestar.com.my/news/nation/2025/08/11/str-phase-3-payments-to-86-million-recipients-begin-tomorrow-says-pm#goog_rewarded).

<sup>22</sup>Malay Mail, “Minimum Wage Order at RM1,700 to Be Enforced Nationwide from August 1, No More Deferments, Says Ministry,” Malay Mail (Malay Mail, July 22, 2025), <https://www.malaymail.com/news/malaysia/2025/07/22/minimum-wage-order-at-rm1700-to-be-enforced-nationwide-from-august-1-no-more-deferments-says-ministry/184772>.

essential foods continue to put pressure on households.<sup>23</sup> While overall food and beverage prices rose 2.1% year-on-year in June, vegetable prices declined sharply by 7.2%, and costs for home-consumed food decreased slightly, offsetting increases in commercially prepared meals<sup>24</sup>. Core inflation remained stable at 1.8%, and inflation excluding fuel slowed to 1.3%, reflecting broad price moderation.

### ***Fiscal and Economic Policy***

On July 21, Prime Minister Datuk Seri Anwar Ibrahim who is also a finance minister highlighted the government's success in reducing new debt from RM99 billion in 2022 to RM77 billion in 2024, alongside a reduction of the fiscal deficit from 5.5% to 4.1% over the same period, with a target of 3.8% for 2025.<sup>25</sup> This showcases the consideration between fiscal policy and economic development, especially when Malaysia jumped 11 places to 23rd in the 2025 IMD World Economic Competitiveness Ranking. Complementing this, the finance ministry introduced transitional measures in July to ease industry compliance with the expanded sales and service tax (SST), including allowing manual submission of tax returns for newly taxable services and providing exemptions for certain essential goods and services.<sup>26</sup>

Looking ahead, Budget 2026, to be discussed on October 10, will focus on structural reforms, targeted subsidies, and high-value investment attraction, aligning with the 13th Malaysia Plan.<sup>27</sup> The Ministry of Finance (MOF) emphasized initiatives to strengthen governance, modernize public financial management through digitalization

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<sup>23</sup>Malay Mail, "Are You Eligible for the RM100 Financial Aid Available to All Malaysians? Here's How to Check with MyKad," Malay Mail (Malay Mail, August 21, 2025), <https://www.malaymail.com/news/malaysia/2025/08/21/are-you-eligible-for-the-rm100-financial-aid-available-to-all-malaysians-heres-how-to-check-with-mykad/188413>.

<sup>24</sup>Malay Mail, "Malaysia's Inflation Cools as Veg Goes Cheap, but Eating out Still Burns the Wallet," Malay Mail (Malay Mail, July 22, 2025), <https://www.malaymail.com/news/money/2025/07/22/malaysias-inflation-cools-as-veg-goes-cheap-but-eating-out-still-burns-the-wallet/184783>.

<sup>25</sup>Rashvinjeet S Bedi, "Cut Debt but Deliver US\$144 Billion Development Plan - Is Malaysia's Target 'Realistic'?", CNA, August 8, 2025, <https://www.channelnewsasia.com/asia/malaysia-development-plan-increased-spending-low-debt-ratio-anwar-ibrahim-5281986>.

<sup>26</sup>Free Malaysia Today, "Finance Ministry Eases SST Compliance with Transitional Measures," Free Malaysia Today | FMT (Free Malaysia Today, July 4, 2025), <https://www.freemalaysiatoday.com/category/nation/2025/07/04/finance-ministry-eases-sst-compliance-with-transitional-measures>.

<sup>27</sup>Syafiqah Salim, "Budget 2026 to Focus on Targeted Subsidies, Reforms, High-Value Investments, Says MOF," The Edge Malaysia, August 8, 2025, <https://theedgemaalaysia.com/node/765831>.

and AI, and transition towards a high-income, high-value economy, particularly in sectors such as semiconductors, advanced manufacturing, and renewable energy. Social inclusivity remains central, with programs targeting women, youth, the elderly, persons with disabilities, and indigenous groups, alongside investments in healthcare, education, and rural infrastructure. These policy directions reflect a comprehensive fiscal and economic strategy aimed at sustaining growth, enhancing competitiveness, and improving the quality of life for all Malaysians.

### ***Trade, Investment, and Industrial Growth in Malaysia***

On July 24, Malaysia secured over RM63 billion in semiconductor investments under the National Semiconductor Strategy (NSS) less than a year after its launch in May 2024, with RM58 billion from foreign investors and RM5 billion from domestic sources.<sup>28</sup> Key foreign-led projects include advanced packaging technologies, silicon carbide power fabrication, MEMS operations, and printed circuit board manufacturing.<sup>29</sup>

Manufacturing growth has been sustained, with the sector recording a sales value of RM158.7 billion in May 2025, marking a 2.4% year-on-year increase.<sup>30</sup> Export-oriented industries, accounting for 71.1% of total manufacturing sales, grew by 2.7%, driven by electrical and electronics products, vegetable and animal oils and fats, and machinery production, while domestic-oriented industries expanded by 1.9%, led by food processing and basic metal manufacturing. Employment in the sector reached 2.40 million, with salaries totaling RM8.3 billion, reflecting steady income growth and industrial stability.

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<sup>28</sup>Justin Lim and Izzul Ikram, "Malaysia Secures over RM63b Investments under National Semiconductor Strategy — Anwar," The Edge Malaysia, July 24, 2025, <https://theedgemaalaysia.com/node/763905>.

<sup>29</sup>Malay Mail, "Malaysia's Semiconductor Exports Remain Resilient, Grow 15.7pc in H1 2025, Says Tengku Zafrul," Malay Mail (Malay Mail, July 24, 2025), <https://www.malaymail.com/news/money/2025/07/24/malaysias-semiconductor-exports-remain-resilient-grow-157pc-in-h1-2025-says-tengku-zafrul/185046>.

<sup>30</sup>Business Today, "Malaysia's Manufacturing Sector Slows down in May to RM158.7 Billion," BusinessToday, July 11, 2025, <https://www.businesstoday.com.my/2025/07/11/malaysias-manufacturing-sector-slows-down-in-may-to-rm158-7-billion/>.

Additionally, Malaysia's agricultural and resource-based exports showed strong growth, with durian exports expected to surpass RM1.5 billion in 2025 due to high demand from China and other markets,<sup>31</sup> and Sabah-based participation in the oil and gas value chain expanding, with contracts awarded to local companies increasing from RM613 million in 2021 to RM2 billion by 2024.<sup>32</sup>

In the automotive sector, Prime Minister Anwar Ibrahim encouraged Geely to expand investment in Proton's Automotive Hi-Tech Valley (AHTV) in Tanjong Malim as it aims to be a regional hub for manufacturing, research, and training.<sup>33</sup> The launch of Proton's electric vehicle factory aims to reduce production costs, increase affordability for middle-income consumers, and expand exports to markets including Egypt, South Africa, and Brazil.

### ***The U.S. Tariff***

Malaysia is no stranger to President Trump's reciprocal tariff. In July 2025, U.S. President Donald Trump formally notified Malaysia of plans to impose a 25% tariff on all Malaysian exports beginning August 1,<sup>34</sup> citing the country's "tariff and non-tariff barriers" as drivers of a significant trade deficit, but later signed an executive order lowering the levy to 19% following direct negotiations with Prime Minister Anwar Ibrahim.<sup>35</sup> Such tariffs decrease was a result of Malaysia's proactive role in cracking down on the smuggling of advanced semiconductors and helping to broker a ceasefire between Thailand and Cambodia.<sup>36</sup> During the phone call, President Trump had thanked Malaysia for its role in helping to mediate the recent conflict between

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<sup>31</sup>Bernama, "Malaysia's Durian Exports Expected to Exceed RM1.5b This Year," NST Online (New Straits Times, July 26, 2025), <https://www.nst.com.my/news/nation/2025/07/1250776/malaysias-durian-exports-expected-exceed-rm15b-year>.

<sup>32</sup>Nyen Yiau Choy, "Petronas Will Remain Developer of Sabah's Oil and Gas Industry, Says Azalina," The Edge Malaysia, August 12, 2025, <https://theedgemaalaysia.com/node/766141>.

<sup>33</sup>The Star Online, "Geely Invited to Increase Investment in Automotive Hi-Tech Valley, Says Anwar," The Star, September 4, 2025, <https://www.thestar.com.my/news/nation/2025/09/05/geely-invited-to-increase-investment-in-automotive-hi-tech-valley-says-anwar>.

<sup>34</sup>The Edge Malaysia, "Trump Formally Notifies Malaysia of 25% Tariff in Letter to PM, Urging Reciprocity in Trade," The Edge Malaysia, July 8, 2025, <https://theedgemaalaysia.com/node/761722>.

<sup>35</sup>Anisah Shukry, "Trump Sets 19% Tariff for Malaysia Exports ahead of Deadline," Bloomberg.com (Bloomberg, July 31, 2025), <https://www.bloomberg.com/news/articles/2025-07-31/trump-sets-19-tariff-for-malaysian-exports-ahead-of-deadline>.

<sup>36</sup>The Straits Times, "Malaysia Says 19% US Tariff Outcome Achieved without Compromising Its Sovereign Rights," The Straits Times, August 2025, <https://www.straitstimes.com/asia/se-asia/trump-sets-19-tariff-for-malaysian-exports-ahead-of-deadline>.

Cambodia and Thailand. While the revised rate was viewed as a partial diplomatic success for Anwar's government, Bank Negara nonetheless cut Malaysia's 2025 growth forecast to between 4% and 4.8% due to the tariffs' expected economic impact.

### ***Aviation and Tourism***

Malaysia has continued to strengthen its aerospace and aviation sectors through strategic investments. On July 2025, Boeing officially opened a new corporate office in Kuala Lumpur,<sup>37</sup> utilizing benefits from Malaysia's aerospace ambitions under the Aerospace Industry Blueprint 2030. The office will serve as a hub for customer support, aviation safety, sustainability, and supply chain operations, while contributing to talent development and industrial growth in Malaysia.

On the tourism front, Malaysia aims to attract 43 million foreign visitors in 2025 and 47 million in 2026 through the Visit Malaysia 2026 (VM2026) campaign.<sup>38</sup> In 2024, the sector already demonstrated robust recovery with 38 million foreign visitors and 260.1 million domestic tourists. VM2026 emphasizes seasonal promotions, regional engagement, and multi-agency collaboration to ensure Malaysia's competitiveness as a safe, culturally rich, and economically productive global tourism destination.

## **Foreign Affairs**

### ***Malaysia as ASEAN Chairman***

As ASEAN Chair in 2025, Malaysia has been hosting a series of high-level meetings. From July 8 to 11, Kuala Lumpur convened the 58th ASEAN Foreign Ministers'

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<sup>37</sup>Bilqis Bahari, "Boeing Expands Footprint in Malaysia with New KL Office," NST Online (New Straits Times, July 16, 2025), <https://www.nst.com.my/business/corporate/2025/07/1245703/boeing-expands-footprint-malaysia-new-kl-office>.

<sup>38</sup>Malay Mail, "Malaysia Sets Sights on Record 47 Million Foreign Tourists by 2026 as Govt Rolls out Visit Malaysia Campaign," Malay Mail (Malay Mail, September 2, 2025), <https://www.malaymail.com/news/malaysia/2025/09/02/malaysia-sets-sights-on-record-47-million-foreign-tourists-by-2026-as-govt-rolls-out-visit-malaysia-campaign/189774>.

Meeting (AMM) under the theme “*Inclusivity and Sustainability*”.<sup>39</sup> The event gathered ASEAN Dialogue Partners, regional stakeholders, and global counterparts, featuring trilateral and ministerial meetings with Turkey, the United Kingdom, the European Union, and East Asian partners. Malaysia’s Foreign Minister Datuk Seri Mohamad Hasan emphasized the importance of inclusivity while also reaffirming Malaysia’s commitment to advancing regional dialogue on pressing issues.

Malaysia also hosted various meeting including the ASEAN Senior Officials’ Meeting (SOM), SEANWFZ (Southeast Asia Nuclear Weapon-Free Zone) Commission meeting, and the 15th AMM (ASEAN Foreign Ministers’ Meeting) Interface with AICHR (ASEAN Intergovernmental Commission on Human Rights). Moreover, ASEAN also met with external partners such as the 26th ASEAN Plus Three Foreign Ministers’ Meeting, 15<sup>th</sup> East Asia Summit Foreign Ministers’ Meeting, 32nd ASEAN Regional Forum (ARF), and 4th Ministerial Meeting of the Conference on Cooperation Among East Asian Countries for Palestinian Development IV (CEAPAD IV).<sup>40</sup>

Malaysia will host the Regional Comprehensive Economic Partnership (RCEP) summit in October alongside the 47th ASEAN Summit. The summit would serve as a platform to review progress and push for deeper implementation. “RCEP must not remain in legal text on paper. It must be renewed with political energy,” Prime Minister Anwar Ibrahim said at the Kuala Lumpur Roundtable of the BOAO Forum for Asia. As ASEAN and China have concluded the negotiation for the ASEAN-China Free Trade Area 3.0, the summit hopes to push for more progress.<sup>41</sup>

On September 18, Prime Minister Anwar Ibrahim addressed the ASEAN Inter-Asean Parliamentary Assembly, encouraging Southeast Asian countries to support

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<sup>39</sup>ASEAN, “The 58th ASEAN Foreign Ministers’ Meeting Convenes in Kuala Lumpur, Malaysia,” ASEAN, July 9, 2025, <https://asean.org/the-58th-asean-foreign-ministers-meeting-convenes-in-kuala-lumpur-malaysia/>.

<sup>40</sup> Antara, “ASEAN Meeting to Discuss Nuclear-Free Zone, Palestinian Development,” Antaranews.com, July 7, 2025, <https://en.antaranews.com/news/364553/asean-meeting-to-discuss-nuclear-free-zone-palestinian-development>.

<sup>41</sup>Muhammad Yusry, “Malaysia to Host RCEP Summit in October alongside 47th Asean Summit,” Malay Mail (Malay Mail, August 27, 2025), <https://www.malaymail.com/news/malaysia/2025/08/27/malaysia-to-host-rcep-summit-in-october-alongside-47th-asean-summit/189094>.

transparency and accountability.<sup>42</sup> He highlighted Malaysia's weekly Prime Minister's Question Time as a good example of open government.

### ***Malaysia as Mediator for Cambodia-Thailand Border Disputes***

On July 29, Prime Minister Datuk Seri Anwar Ibrahim successfully hosted a ceasefire talk between Cambodia and Thailand in Putrajaya, where they reached an agreement on an immediate and unconditional ceasefire.<sup>43</sup> Prime Minister Hun Manet of Cambodia and Thailand Acting Prime Minister Phumtham Wechayachai met in Putrajaya, Malaysia, joined by US and Chinese ambassadors to seek an immediate ceasefire after days of deadly border clashes.<sup>44</sup> The meeting, co-organized by Malaysia and the US and supported by China, followed pressure from former US President Donald Trump, who threatened to block trade deals unless fighting stopped. While Thailand questioned Cambodia's sincerity and accused it of targeting civilians, Cambodia denied the allegations.

Following this, Malaysia's Chief of Defense Force, General Datuk Mohammad Nizam Jaffar, reaffirmed Malaysia's readiness to facilitate peace through the establishment of an ASEAN Monitoring Team, emphasizing the need for an immediate ceasefire, the non-reinforcement of troops, and humanitarian access.<sup>45</sup> Formally deployed in August 2025, Malaysia led the Interim Observer Team (IOT). He said the team holds twice-weekly meetings with both nations to monitor developments and may transition to the ASEAN Defense Attaché Observer Team (AOT) role if required. The agreement

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<sup>42</sup> Syed Jaymal Zahiid, "Democracy Is about Being Questioned, Criticised": PM Anwar Urges Asean Lawmakers to Embrace Scrutiny," Malay Mail (Malay Mail, September 18, 2025), <https://www.malaymail.com/news/malaysia/2025/09/18/democracy-is-about-being-questioned-criticised-pm-anwar-urges-asean-lawmakers-to-embrace-scrutiny/191526>.

<sup>43</sup> Khmer Times, "Cambodian PM, Thai Acting PM to Visit Malaysia for Border Dispute Talks - Khmer Times," Khmer Times - Insight into Cambodia, July 27, 2025, <https://www.khmertimeskh.com/501726289/breaking-cambodian-pm-thai-acting-pm-to-visit-malaysia-for-border-dispute-talks/>.

<sup>44</sup> Eileen Ng, Jintamas Saksornchai, and Sopheng Cheang, "Thai and Cambodian Leaders Hold Ceasefire Talks in Malaysia," AP News, July 28, 2025, <https://apnews.com/article/thailand-cambodia-armed-clash-border-ceasefire-talks-6d8cc517df1be1ad0bf911fe1c81c765>.

<sup>45</sup> Malay Mail, "Malaysia Reaffirms Mediator Role in Thai-Cambodian Border Crisis, Observer Mission Underway," Malay Mail (Malay Mail, July 31, 2025), <https://www.malaymail.com/news/malaysia/2025/07/31/malaysia-reaffirms-mediator-role-in-thai-cambodian-border-crisis-observer-mission-underway/185884>.

mandates both sides to avoid provocations and maintain current troop positions.<sup>46</sup> The IOT, coordinated by Malaysia and supported by officers from Indonesia and the Philippines, began operations in Preah Vihear and Banteay Meanchey provinces to monitor adherence to the ceasefire. While Cambodia welcomed the deployment and provided formal consent, Thailand has yet to grant full access to its territory, leaving negotiations ongoing. Nevertheless, Malaysia has been tasked with drafting the Terms of Reference (TOR) to ensure that monitoring remains impartial and professional.

### ***Malaysia and Palestine***

On 25th of August, Prime Minister Anwar Ibrahim allocated an additional RM100 million for Palestine on top of the RM100 million already approved by the government in 2023.<sup>47</sup> This was done after a crowd formed as a symbolic event held to send off a humanitarian aid flotilla to Gaza. The Sumud Nusantara aid flotilla is part of the Global Sumud Flotilla coalition and will carry crucial aid to Gaza, where more than half a million people are trapped in famine that the United Nations said is caused by an Israeli blockade. The prime minister asserted that Malaysia would never abandon the Palestinians.

On August 31, Malaysia voiced serious concern over moves to block Palestinian participation at the upcoming UN General Assembly, urging the revocation of such measures and reiterating its unwavering support for Palestine's right to self-determination, justice, and statehood.<sup>48</sup>

On September 15, Prime Minister Datuk Seri Anwar Ibrahim was in Doha for the Arab-Islamic Extraordinary Summit, where he delivered Malaysia's national statement condemning Israel's recent airstrike in Doha and highlighting the worsening humanitarian crisis in Gaza. He reaffirmed Malaysia's solidarity with Qatar and

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<sup>46</sup>BERNAMA, "Malaysia-Led Team Investigating Transparency of Thailand-Cambodia Ceasefire," BERNAMA, December 8, 2025, <https://www.bernama.com/en/general/news.php?id=2455918>.

<sup>47</sup>Anadolu, "Malaysian Premier Anwar Announces More Aid as He Leads Solidarity Rally for Palestinians," Aa.com.tr, 2025, <https://www.aa.com.tr/en/asia-pacific/malaysian-premier-anwar-announces-more-aid-as-he-leads-solidarity-rally-for-palestinians/3667954>.

<sup>48</sup>Malay Mail, "Blocking Palestinians from UNGA Violates UN Charter, Malaysia Tells US," Malay Mail (Malay Mail, August 31, 2025), <https://www.malaymail.com/news/malaysia/2025/08/31/blocking-palestinians-from-unga-violates-un-charter-malaysia-tells-us/189476>.

commitment to defending Palestinian rights, stressing the need for a unified response from the Muslim world.<sup>49</sup>

Anwar also urged that the Global Sumud Flotilla, carrying food and medicine for Gaza, be granted safe passage, describing it as a “mission of mercy” that must not be obstructed or met with violence. The flotilla, made up of over 50 boats with volunteers from 44 countries, represents international support for Palestinians under siege.<sup>50</sup>

### ***Bilateral and Multilateral relation***

On early July, Prime Minister Datuk Seri Anwar Ibrahim undertook official visits to Italy, France, and Brazil to expand economic cooperation and strengthen diplomatic partnerships with key global actors.<sup>51</sup> In Rome, Anwar co-chaired the Malaysia–Italy Economic Partnership Roundtable with Italian Deputy Prime Minister Antonio Tajani, bringing together over 100 companies from both nations to explore opportunities in renewable energy, digital economy, defense, and aerospace.<sup>52</sup> In Paris, his engagements with President Emmanuel Macron revived partnerships in strategic sectors such as critical minerals, civil aviation, and energy transition, while also deepening cooperation in education, culture, and technology.<sup>53</sup>

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<sup>49</sup>The Gulf Observer, “Anwar Ibrahim Demands Severe Punitive Actions against Israel at Extraordinary Arab-Islamic Summit in Doha,” The Gulf Observer, September 15, 2025, <https://thegulfobserver.com/anwar-ibrahim-demands-severe-punitive-actions-against-israel-at-extraordinary-arab-islamic-summit-in-doha/>.

<sup>50</sup>Malay Mail, “Anwar Calls for Safe Passage of Humanitarian Flotilla to Gaza, Warns against Violence,” Malay Mail (Malay Mail, September 16, 2025), <https://www.malaymail.com/news/malaysia/2025/09/16/anwar-calls-for-safe-passage-of-humanitarian-flotilla-to-gaza-warns-against-violence/191283>.

<sup>51</sup>BERNAMA, “Anwar’s Visits to Italy, France, Brazil to Strengthen Investment, Trade Prospects,” BERNAMA, August 7, 2025, <https://www.bernama.com/en/news.php?id=2442841>.

<sup>52</sup>Malay Mail, “At Rome Roundtable, Malaysia, Italy Explore Trade Expansion in Aerospace, Digital and Green Tech Sectors,” Malay Mail (Malay Mail, July 3, 2025), <https://www.malaymail.com/news/malaysia/2025/07/03/at-rome-roundtable-malaysia-italy-explore-trade-expansion-in-aerospace-digital-and-green-tech-sectors/182625>.

<sup>53</sup>The Straits Times, “Anwar’s Paris Visit a Success, Marks Revival of Partnerships across All Sectors, Says Macron,” The Straits Times, July 5, 2025, <https://www.straitstimes.com/asia/se-asia/anwars-paris-visit-a-success-marks-revival-of-partnerships-across-all-sectors-says-macron>.

On August 4, Yang di-Pertuan Agong Sultan Ibrahim Sultan Iskandar began a historic state visit to Russia, marking the first such trip by a Malaysian monarch since 1967, with a focus on trade, technology, aerospace, and smart agriculture.<sup>54</sup>

Within Southeast Asia, Malaysia reaffirmed its close partnership with Singapore as both countries celebrated 60 years of diplomatic relations, emphasizing shared prosperity, people-to-people ties, and new cooperative mechanisms such as the Johor-Singapore Special Economic Zone and the RTS Link.<sup>55</sup> Prime Minister Anwar Ibrahim also met with the Sultan of Brunei Sultan Hassanal Bolkiah in conjunction with the 26th Malaysia-Brunei Annual Leaders' Consultation (ALC). The ALC is the highest bilateral mechanism between the two nations, serving as a platform for both leaders to review the progress of existing cooperation, discuss current issues and exchange views on regional and international matters of mutual interests<sup>56</sup>. Meanwhile, Foreign Minister Datuk Seri Mohamad Hasan confirmed ongoing negotiations with Indonesia over the Sulawesi Sea, exploring a Joint Development Agreement as a peaceful and mutually beneficial approach to maritime disputes<sup>57</sup>.

Malaysia also strengthened cultural diplomacy by sending 20,000 Khmer Qurans to Cambodia, part of a wider effort to distribute hundreds of thousands worldwide by 2025. This underscores Malaysia's growing role as the world's second-largest Qur'an printing hub and its commitment to international religious outreach.<sup>58</sup> Relations with Vietnam were elevated to a Comprehensive Strategic Partnership. Bilateral trade reached US\$18.14 billion in 2024, with Malaysian investment projects increasing in Vietnam and the number of Vietnamese students in Malaysia rising sharply, reflecting

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<sup>54</sup>Julie Jalaluddin, "King's Russia Visit to Boost Malaysia's Strategic Ties, Investments | Scoop," Scoop, August 4, 2025, <https://www.scoop.my/news/266608/kings-russia-visit-to-boost-malaysias-strategic-ties-investments/>.

<sup>55</sup>Malay Mail, "'Bersejahtera Bersama' — Singapore, Malaysia Mark Six Decades of Enduring Ties," Malay Mail (Malay Mail, August 15, 2025), <https://www.malaymail.com/news/malaysia/2025/08/15/bersejahtera-bersama-singapore-malaysia-mark-six-decades-of-enduring-ties/187701>.

<sup>56</sup>BERNAMA, "Anwar, Sultan of Brunei Witness Exchange of MOU on Health Cooperation," The Edge Malaysia, August 27, 2025, <https://theedgemaalaysia.com/node/768316>.

<sup>57</sup>BERNAMA, "Sulawesi Sea Dispute: Malaysia, Indonesia Still Studying Possibility of Joint Development Agreement, Says Tok Mat," The Edge Malaysia, August 5, 2025, <https://theedgemaalaysia.com/node/765353>.

<sup>58</sup>Malay Mail, "Strengthening Ties through Faith: Malaysia Sends 20,000 Khmer Qurans to Cambodia, Eyes Wider Global Reach by End 2025," Malay Mail (Malay Mail, September 6, 2025), <https://www.malaymail.com/news/malaysia/2025/09/06/strengthening-ties-through-faith-malaysia-sends-20000-khmer-qurans-to-cambodia-eyes-wider-global-reach-by-end-2025/190156>

stronger people-to-people connections ahead of Malaysia's ASEAN Chairmanship in 2025.<sup>59</sup>

### ***Malaysia and BRICS and China***

On July 12, Prime Minister Anwar Ibrahim participated in the 17th BRICS Summit in Rio de Janeiro, Brazil as part of a commitment to strengthen multilateralism, climate action, artificial intelligence governance, and global health, reflecting its role as ASEAN Chair in 2025. The visit yielded tangible outcomes, including expanded cooperation with Brazil in the energy sector through Petronas' access to the country's largest oil platform. He further highlighted the importance of ASEAN's green hydrogen initiative in Terengganu's Tasik Kenyir as part of the ASEAN Power Grid, positioning Malaysia as a key regional energy producer and a facilitator of cross-border electricity connectivity.<sup>60</sup>

Prime Minister Anwar Ibrahim departed for a four-day working visit to China at the invitation of President Xi Jinping, where he will attend the Shanghai Cooperation Organization (SCO) Summit and meet with Chinese leaders, including President Xi and Premier Li Qiang, to discuss strengthening bilateral ties.<sup>61</sup> In Tianjin, Anwar called for urgent reforms in global governance, criticizing the UN's failure to act on atrocities such as the Gaza crisis.

He also supported China's Global Governance Initiative to restore trust in multilateralism. He also underscored Malaysia's role as ASEAN Chair in fostering cooperation with SCO countries.<sup>62</sup> Earlier, during a lecture at Tianjin University, Anwar said Malaysia is exploring new and non-traditional markets for its semiconductor

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<sup>59</sup>BERNAMA, "Malaysia-Vietnam CSP Marks Milestone in Strengthening Ties," BERNAMA, November 9, 2025, <https://www.bernama.com/en/news.php?id=2466293>.

<sup>60</sup>The Star Online, "Anwar Defends Brazil Trip as Vital for Global Economic Ties," The Star, July 12, 2025, <https://www.thestar.com.my/news/nation/2025/07/12/anwar-defends-brazil-trip-as-vital-for-global-economic-ties>.

<sup>61</sup>Ministry of Foreign Affairs Malaysia, "Working Visit of the Prime Minister to the People's Republic of China," Kln.gov.my, August 30, 2025, <https://www.kln.gov.my/web/guest/-/working-visit-of-the-prime-minister-to-the-people-s-republic-of-china-31-august-3-september-2025>.

<sup>62</sup>Alyssa Chen, "Malaysia's Anwar Signals Support for China's Global Vision during 4-Day Trip," South China Morning Post, September 3, 2025, <https://www.scmp.com/news/china/diplomacy/article/3324221/malaysias-anwar-signals-support-chinas-global-vision-during-4-day-trip>.

industry, particularly with China and Japan, while also focusing on nurturing AI-related talent.<sup>63</sup> On Sept 2 in Beijing, Anwar met President Xi Jinping and Premier Li Qiang for high-level talks on strengthening Malaysia-China ties, attended the Malaysia-China Economic and Business Dialogue with 180 Chinese industry leaders, and the China Semiconductor Industry Association to explore strategic trade and investment opportunities.

Subsequently, on September 3, China publicly pledged strong support for Malaysia's accession as a full member of BRICS. During his meeting with President Xi Jinping in Beijing, Anwar secured Xi's assurance that Malaysia's entry would be expedited, marking a significant milestone after Malaysia's recognition as a partner country earlier in 2025.<sup>64</sup>

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<sup>63</sup>Joseph Sipalan, "Malaysia Looks to China to Escape Its Chipmaking Rut, but at What Cost?," South China Morning Post, September 2, 2025, <https://www.scmp.com/week-asia/economics/article/3324076/malaysia-looks-china-escape-its-chipmaking-rut-what-cost>.

<sup>64</sup>The Star Online, "China Backs Fast-Tracking Malaysia's Full BRICS Membership, Says PM Anwar," The Star, September 2, 2025, <https://www.thestar.com.my/news/nation/2025/09/02/china-backs-fast-tracking-malaysia039s-full-brics-membership-says-pm-anwar>.

## Myanmar

*Keo Sokkosol*

### Introduction

During the third quarter of 2025, Myanmar experienced ongoing developments in domestic politics, the economy, and foreign affairs. In the political sphere, the military government dissolved the State Administration Council (SAC) to form the State Security and Peace Commission (SSPC), which announced its plan to hold the first phase of a general election on December 28, 2025. Economically, the country faced challenges from a decline in trade with the U.S. and a surge in real estate rental prices in Yangon, even as it secured a \$3.3 billion agreement with China. On the diplomatic front, Myanmar continued to engage with key regional partners, with Senior General Min Aung Hlaing attending a parade and holding bilateral talks in Beijing and Myanmar's Ambassador taking the chairmanship of the ASEAN Committee in Vienna.

### Political Security

From July to September, political and military developments in Myanmar have centered on the military government's preparations for a December 2025 general election and ongoing conflicts with armed groups.

In mid-July, the State Administration Council (SAC) began preparing for an upcoming general election, a process that was viewed with skepticism due to the military's limited control over the country. According to a report by the National Unity Government (NUG), 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.<sup>1</sup>

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.<sup>2</sup> On August 12, the

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<sup>1</sup> "Myanmar Junta Promises Voting in 267 Townships", The Irrawaddy, June 9, 2025, <https://www.irrawaddy.com/news/politics/myanmar-junta-promises-voting-in-267-townships.html>

<sup>2</sup> "Formation of State Security and Peace Commission", The Global New Light of Myanmar, August 1, 2025, <https://www.gnlm.com.mm/formation-of-state-security-and-peace-commission/#article-title>

SSPC held its first meeting to discuss national security and election preparations.<sup>3</sup> 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.<sup>4</sup>

On August 20, the UEC announced that the first phase of the multiparty democratic general election would be held on December 28, 2025.<sup>5</sup> Given that certain areas are not under the control of the SSPC, the election is planned to be carried out in multiple, unspecified phases in areas deemed safe. As of this announcement, 55 political parties had reportedly registered to participate.<sup>6</sup> 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.

On August 27, U Ko Ko Hlaing, Union Minister for Ministry 2 of the President's Office, met with the International Committee of the Red Cross (ICRC) Resident Representative to discuss collaboration on humanitarian aid and disaster recovery.<sup>7</sup> This meeting could indicate the SSPC's intent to deliver aid to affected communities as part of its preparations for the December election.

In July, the military and the ethnic Arakan Army (AA) engaged in fighting for over six days in Rakhine State's Kyaukphyu Township. Reports suggested that the AA had captured 14 of the 17 townships in Rakhine State.<sup>8</sup> In August, the junta's 90-day campaign to reclaim the Kawkaik-Myawaddy road remained stalled, despite a senior

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<sup>3</sup> "Tightening Security for Successful Elections", The Global New Light of Myanmar, August 13, 2025, <https://www.gnlm.com.mm/tightening-security-for-successful-elections>

<sup>4</sup> "State Security and Peace Commission holds meeting", Office of the Commander-in-Chief of Defence Services, August 13, 2025, <https://cincds.gov.mm/node/29845?d=2>

<sup>5</sup> "Union Election Commission Notification", Global New Light of Myanmar, August 21, 2025, Page 4, [https://cdn.digitalagencybangkok.com/file/client-cdn/gnlm/wp-content/uploads/2025/08/21\\_August\\_25\\_gnlm.pdf](https://cdn.digitalagencybangkok.com/file/client-cdn/gnlm/wp-content/uploads/2025/08/21_August_25_gnlm.pdf)

<sup>6</sup> Hien. Do Thi Mai, "Over 50 political parties register to take part in Myanmar's general election", VietnamPlus, August 19, 2025, <https://en.vietnamplus.vn/over-50-political-parties-register-to-take-part-in-myanmars-general-election-post324908.vnp>

<sup>7</sup> "President's Office Ministry 2 Union Minister receives ICRC Resident Representative", The Global New Light of Myanmar, August 28, 2025, <https://www.gnlm.com.mm/presidents-office-ministry-2-union-minister-receives-icrc-resident-representative/#article-title>

<sup>8</sup> "Rakhine Fighters Close In on Myanmar Junta's Naval Base", The Irrawaddy, July 16, 2025, <https://www.irrawaddy.com/news/war-against-the-junta/rakhine-fighters-close-in-on-myanmar-juntas-naval-base.html>

commander being assigned to lead a renewed push with over 1,000 troops, tanks, and airstrikes.<sup>9</sup> This offensive is part of a broader campaign to secure the area ahead of the planned elections.

In early September, Myanmar authorities arrested 12 illegal foreign entrants, six South Africans, four Chinese, and two Kenyans, for their alleged involvement in online gambling, fraud, and other illegal activities.<sup>10</sup> This is part of a larger trend, as a total of 9,385 foreign nationals had been detained for such activities between January 30 and September 10.<sup>11</sup> On September 15, the eighth China-Myanmar ministerial meeting on law enforcement and security cooperation was held in Beijing.<sup>12</sup> Co-chaired by Chinese State Councilor Wang Xiaohong and Myanmar's Union Minister for Home Affairs Tun Tun Naung, the meeting affirmed a commitment to deepen cooperation in combating transnational crimes, such as telecom fraud and drug trafficking, and ensuring the safety of people and projects along the China-Myanmar border.<sup>13</sup>

## Economic Developments

From July to September 2025, Myanmar's economy was marked by shifts in international trade relations, sectoral performance, and domestic policy responses to ongoing challenges.

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

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<sup>9</sup> "Myanmar Junta Throws Everything at Offensive to Recapture Asian Highway", The Irrawaddy, September 4, 2025, <https://www.irrawaddy.com/news/burma/myanmar-junta-throws-everything-at-offensive-to-recapture-asian-highway.html>

<sup>10</sup> "12 foreign nationals arrested for illegal entry in Myawaddy", The Global New Light of Myanmar, September 11, 2025, Page 4, [https://cdn.digitalagencybangkok.com/file/client-cdn/gnlm/wp-content/uploads/2025/09/11\\_Sept\\_25\\_gnlm.pdf](https://cdn.digitalagencybangkok.com/file/client-cdn/gnlm/wp-content/uploads/2025/09/11_Sept_25_gnlm.pdf)

<sup>11</sup> "12 foreign nationals arrested in Myawaddy for illegal entry and online fraud", Eleven Myanmar, September 11, 2025, <https://elevenmyanmar.com/news/12-foreign-nationals-arrested-in-myawaddy-for-illegal-entry-and-online-fraud>

<sup>12</sup> "China, Myanmar hold 8th ministerial meeting on law enforcement and security cooperation", Xinhua News, September 16, 2025, <https://english.news.cn/20250916/6f880779dd234721b41d7413f84f66dc/c.html>

<sup>13</sup> Moura. Nelson, "China and Myanmar hold law enforcement and security ministerial meeting", Asia Gaming Brief, September 17, 2025, <https://agbrief.com/news/china/17/09/2025/china-and-myanmar-hold-law-enforcement-and-security-ministerial-meeting>

the trade deficit.<sup>14</sup> 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).<sup>15</sup> Meanwhile, China and Myanmar signed a \$3.3 million agreement on August 5 under the Mekong-Lancang Cooperation Special Fund (2025),<sup>16</sup> a continuation of a partnership that has seen China provide Myanmar with \$38.3 million since 2017 for 132 projects.<sup>17</sup> This ceremony also commemorated 75 years of diplomatic relations between the two nations.

Moreover, exports continue to be a significant part of the economy. From April to June of the 2025-2026 fiscal year, Myanmar exported 480 tonnes of honey, valued at \$0.72 million, with 60% of the country's annual production going to foreign markets.<sup>18</sup> The Department of Fisheries reported that in the 2024-2025 fiscal year, Myanmar exported 550,000 tonnes of fisheries, generating \$722 million, and is aiming for an estimated \$750 million in the next fiscal year, despite a projected decrease in volume.<sup>19</sup> This indicates a rise in the value per unit of exported fish. Myanmar's maize exports showed a decline in late August, as Thailand's 73% tariff came into effect to protect its domestic growers.<sup>20</sup>

For the first four months of the 2025-2026 financial year, Myanmar's rice and broken rice exports exceeded 840,000 tonnes, generating US\$290 million. China was the

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<sup>14</sup> "Myanmar to seek positive trade talks with US after Trump announces 40% tariff on imports", Eleven, July 9, 2025, <https://elevenmyanmar.com/news/myanmar-to-seek-positive-trade-talks-with-us-after-trump-announces-40-tariff-on-imports>

<sup>15</sup> "Government to Pursue Positive Engagement on US Tariffs", The Global New Light of Myanmar, July 9, 2025, <https://www.gnlm.com.mm/government-to-pursue-positive-engagement-on-us-tariffs>

<sup>16</sup> "Signing Ceremony of the Agreement of Cooperation on Projects of the Mekong-Lancang Cooperation Special Fund (2025)", Ministry of Foreign Affairs, August 6, 2025, <https://www.mofa.gov.mm/en/signing-ceremony-of-the-agreement-of-cooperation-on-projects-of-the-mekong-lancang-cooperation-special-fund-2025-takes-place-in-nay-pyi-taw-5-august-2025-nay-pyi-taw>

<sup>17</sup> "Cooperation Agreement on Projects of Mekong-Lancang Cooperation Special Fund (2025) signed in Nay Pyi Taw", The Global New Light of Myanmar, August 6, 2025, <https://www.gnlm.com.mm/cooperation-agreement-on-projects-of-mekong-lancang-cooperation-special-fund-2025-signed-in-nay-pyi-taw>

<sup>18</sup> "Myanmar exports over 400 tonnes of honey in April-May", The Global New Light of Myanmar, July 16, 2025, <https://www.gnlm.com.mm/myanmar-exports-over-400-tonnes-of-honey-in-april-may/#article-title>

<sup>19</sup> "Fisheries Dept aims to generate \$750M from fishery exports", The Global New Light of Myanmar, July 23, 2025, Page 7, [https://cdn.digitalagencybangkok.com/file/client-cdn/gnlm/wp-content/uploads/2025/07/23\\_July\\_25\\_gnlm.pdf](https://cdn.digitalagencybangkok.com/file/client-cdn/gnlm/wp-content/uploads/2025/07/23_July_25_gnlm.pdf)

<sup>20</sup> "Customs duty exemption on Myanmar maize exports to Thailand ends in Aug", The Global New Light of Myanmar, August 22, 2025, <https://www.gnlm.com.mm/customs-duty-exemption-on-myanmar-maize-exports-to-thailand-ends-in-aug>

leading buyer, importing over 402,000 tonnes, followed by Indonesia and the Philippines.<sup>21</sup> Additionally, to bolster its textile industry, Myanmar is planning to import high-grade cotton from India and Uzbekistan, as discussed in a meeting with the Myanmar Cotton and Cotton Products Merchants Association on September 9.<sup>22</sup>

On the other hand, the real estate market in Yangon is experiencing a rapid rise in rental prices due to a massive influx of people migrating from conflict zones and young people seeking employment and educational opportunities.<sup>23</sup> Moreover, in response to the Mandalay Earthquake in March 2025, the Central Bank of Myanmar allocated an initial K700-billion loan for reconstruction, available to individuals and businesses starting September 2.<sup>24</sup> Finally, in Myanmar's Kachin state, largely unregulated rare earth mining is causing severe environmental damage, including the loss of approximately 32,720 hectares of tree cover between 2018 and 2024.<sup>25</sup> All of the rare earth minerals extracted from this region are exported to China, where they are used in the production of magnets for various high-tech applications. A local armed group now controls the mining sites and is attempting to implement new regulations.<sup>26</sup>

## Diplomacy

From July to September 2025, Myanmar's foreign policy has focused on maintaining diplomatic engagement, especially with its Asian neighbors, while navigating a complex domestic political situation.

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<sup>21</sup> "China tops Myanmar rice imports in 4 months", The Global New Light of Myanmar, August 28, 2025, <https://www.gnlm.com.mm/china-tops-myanmar-rice-imports-in-4-months/#article-title>

<sup>22</sup> "MyanTrade in talks to import high-grade cotton from India", The Global New Light of Myanmar, September 9, 2025, Page 7, [https://cdn.digitalagencybangkok.com/file/client-cdn/gnlm/wp-content/uploads/2025/09/9\\_Sept\\_25\\_gnlm.pdf](https://cdn.digitalagencybangkok.com/file/client-cdn/gnlm/wp-content/uploads/2025/09/9_Sept_25_gnlm.pdf)

<sup>23</sup> "Real estate rents increase in Yangon despite Buddhist lent period", The Global New Light of Myanmar, August 11, 2025, Page 4, [https://cdn.digitalagencybangkok.com/file/client-cdn/gnlm/wp-content/uploads/2025/08/11\\_August\\_25\\_gnlm.pdf](https://cdn.digitalagencybangkok.com/file/client-cdn/gnlm/wp-content/uploads/2025/08/11_August_25_gnlm.pdf)

<sup>24</sup> "Quake-hit businesses eligible for K700B reconstruction loan", The Global New Light of Myanmar, September 4, 2025, <https://www.gnlm.com.mm/quake-hit-businesses-eligible-for-k700b-reconstruction-loan>

<sup>25</sup> Sharma. Shantanu Nandan, "How Beijing's Secret Deals with Myanmar's Militants Keep China ahead in the Rare Earth Race", The Economic Times, September 14, 2025, <https://economictimes.indiatimes.com/industry/renewables/how-beijings-secret-deals-with-myanmars-militants-keep-china-ahead-in-the-rare-earth-race/articleshow/123873839.cms?from=mdr>

<sup>26</sup> Latoya Abulu. Sonam Lama Hyolmo, "Satellite data show burst of deforestation in Myanmar rare earth mining hotspots", Mongabay, September 16, 2025, <https://news.mongabay.com/2025/09/satellite-data-show-burst-of-deforestation-in-myanmar-rare-earth-mining-hotspots>

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.<sup>27</sup> 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.<sup>28</sup> 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.<sup>29</sup> However, the mission was postponed until October. 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.<sup>30</sup>

In its bilateral relations, Myanmar engaged with several key countries. Senior General Min Aung Hlaing sent a letter to U.S. President Donald Trump on July 9, responding to a 4% tariff reduction on Myanmar's exports and drawing parallels between the 2020 elections in both countries. He proposed further negotiations for tariff reductions and potential sanction lifts.<sup>31</sup> Myanmar and Thailand's diplomatic and cultural ties were highlighted by a Royal Thai Air Force delegation visit to Yangon on August 4.<sup>32</sup> However, the relation between the two saw a bit of an obstacle with the closure of the No. 2 Myanmar-Thai Friendship Bridge on August 18, which has a monthly trade value

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<sup>27</sup> "Myanmar assumes ASEAN Committee in Vienna Chairmanship", VietnamPlus, July 9, 2025, <https://en.vietnamplus.vn/myanmar-assumes-asean-committee-in-vienna-chairmanship-post322396.vnp>

<sup>28</sup> "Anwar opens 58th ASEAN foreign ministers' meeting, spotlight on regional and global concerns", The Vibes, July 9, 2025, <https://www.thevibes.com/articles/news/110272/anwar-opens-58th-asean-foreign-ministers-meeting-spotlight-on-regional-and-global-concerns>

<sup>29</sup> "Malaysia, Bangladesh among regional partners sending peace mission to Myanmar", The News.Az, August 12, 2025, <https://news.az/news/malaysia-bangladesh-among-regional-partners-sending-peace-mission-to-myanmar>

<sup>30</sup> "Indonesian lawmakers call for Myanmar humanitarian aid at AIPA meeting", Antara, September 18, 2025, <https://en.antaranews.com/news/380693/indonesian-lawmakers-call-for-myanmar-humanitarian-aid-at-aipa-meeting>

<sup>31</sup> Turnell, Sean, "False recognition, tariffs, Myanmar, and the lost art of letter writing", The Interpreter, July 15, 2025, <https://www.lowyinstitute.org/the-interpreter/false-recognition-tariffs-myanmar-lost-art-letter-writing>

<sup>32</sup> "Thai Air Force delegation visits Myanmar for exchange and cultural tour", The Global New Light of Myanmar, August 6, 2025, <https://www.gnlm.com.mm/thai-air-force-delegation-visits-myanmar-for-exchange-and-cultural-tour>

of over US\$120 million;<sup>33</sup> however, Myanmar sees this move to crack down on opposing minority groups. On September 8, Myanmar's Union Minister for Foreign Affairs, U Than Swe, and the Thai Ambassador to Myanmar discussed bilateral partnerships and the facilitation of border trade.<sup>34</sup>

The relationship with China continues to be strong. On September 3, Senior General Min Aung Hlaing attended the 80th anniversary parade commemorating the victory in the Chinese People's War of Resistance against Japanese Aggression in Beijing,<sup>35</sup> where he also held bilateral talks with other heads of state, including those from China, North Korea, Pakistan, and India.<sup>36</sup> Moreover, The ASEAN-China Tourism Security and Safety Forum was also held in Yangon on August 25.<sup>37</sup> The Forum focused on identifying workable strategies to improve regional tourism security. Participants had conversations about a range of topics, including transnational crime, emerging technologies, and sharing intelligence.

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<sup>33</sup> "Myanmar border closure in Tak province disrupts trade, strands hundreds of trucks", Pattaya Mail, August 21, 2025, <https://www.pattayamail.com/thailandnews/myanmar-border-closure-in-tak-province-disrupts-trade-strands-hundreds-of-trucks-515009>

<sup>34</sup> "Union Minister for Foreign Affairs receives Ambassador of Thailand to Myanmar", Ministry of Foreign Affairs, September 8, 2025, <https://www.mofa.gov.mm/en/union-minister-for-foreign-affairs-receives-ambassador-of-thailand-to-myanmar-8-9-2025>

<sup>35</sup> "Myanmar Junta Chief's China Visit Hailed as 'Successful and Fruitful' by Regime", The Irrawaddy, September 3, 2025, <https://www.irrawaddy.com/news/burma/myanmar-junta-chiefs-china-visit-hailed-as-successful-and-fruitful-by-regime.html>

<sup>36</sup> "Acting President and SSPC Chairman Senior General Min Aung Hlaing attends parade marking 80th Anniversary of the Victory of the Chinese People's War of Resistance Against Japanese Aggression and the World Anti-Fascist War", The Global New Light of Myanmar, September 4, 2025, <https://www.gnlm.com.mm/acting-president-and-sspc-chairman-senior-general-min-aung-hlaing-attends-parade-marking-80th-anniversary-of-victory-in-chinese-anti-japanese-and-world-anti-fascist-wars/#article-title>

<sup>37</sup> "China-ASEAN Call for Joint Action in Tourism Security for Regional Sustainable Development", ASEAN-China Centre, August 25, 2025, <http://www.asean-china-center.org/english/2025-08/15412.html>

## The Philippines

*Sou Sathiakvatey*

### Introduction

During the third quarter of 2025, the Philippines faced a series of challenges and opportunities across three key domains: political-security, economic developments, and proactive diplomatic relations. On the political security front, the government grappled with scandals that shook the country to the core such as the corruption scandal of the flood control projects, renewed tensions in the South China Sea, and advanced defense cooperation and joint military initiatives. Economic developments this quarter centered on addressing the losses from the flood control project corruption, rising fuel prices, and revised macroeconomics forecasts. Nevertheless, growth was supported by a recovering tourism sector, improving labor conditions, and stronger U.S.-Philippines economic ties. Simultaneously, Manila has advanced proactive diplomacy through engagements with key partners such as Cambodia, Israel, Japan, the United States, the United Arab Emirates, and Finland, underscoring its efforts to balance domestic challenges with an assertive international role.

### Political Security

#### *Sara Duterte's impeachment trial*

Vice President Sara Duterte faced impeachment complaints in February over allegations of fraud, corruption, and conspiracy to assassinate the President. These complaints were backed by 215 House members.<sup>1</sup> The trial was scheduled to begin on July 30; however, the Supreme Court ruled on July 25 that the complaints against Sara were unconstitutional.<sup>2</sup> The Court found the complaints violated the “one year

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<sup>1</sup> APAC Assistance, 2025. “Power Struggle ahead of 2025 Midterm Elections - Philippines.” APAC ASSISTANCE - Powerful Risk Insights, Proven Delivery. April 9, 2025.

<https://www.apacassistance.com/the-philippines-power-struggle-ahead-of-2025-midterm-elections/>.

<sup>2</sup> Helen Flores, “Marcos: Zero Budget for Flood Control Projects in 2026,” *Philstar.com*, September 8, 2025, <https://www.philstar.com/headlines/2025/09/09/2471490/marcos-zero-budget-flood-control-projects-2026>.

rule” which prohibits several impeachment complaints against the same person within a year.

Although the complaints were voided, the Court shared that the allegations still stood for VP Sara. Because of the Supreme Court’s ruling, the impeachment trial was put on hold, rendering the Senate unable to convene a trial.<sup>3</sup> On August 6<sup>th</sup>, the Senate formally voted to shelve the impeachment trial against the VP, thereby strengthening her legal standing and bolstering her defense.<sup>4</sup> This is further consolidated by the new Senate President Vincente “Tito” Sotto III claims on 8<sup>th</sup> September. He confirmed that there was no change to the impeachment trial and the Senate would not take further action until a final decision from the Court.<sup>5</sup>

### ***State of the Nation Address (SONA) at midterm***

President Marcos. Jr delivered his State of the Nation Address (SONA) in Quezon City on July 28<sup>th</sup>. Marking the midpoint of his six-year term, he addressed the growing public discontent with his administration's inadequacies in service delivery. Simultaneously, he highlighted positive indicators such as lower inflation, more employment opportunities, and better investor confidence. He also highlighted progress in different sectors, including digital transformation and infrastructure developments. He also pledged to expand universal health care, implement agricultural and food security reforms, and vowed to streamline government services via e-governance while reducing red tape.<sup>6</sup>

However, he avoided sensitive topics—including Sara’s impeachment trial, the ICC case against former President Duterte, the corruption with the flood control projects, and the growing tensions in the South China Sea—prompting criticism towards the President for being overly cautious.<sup>7</sup>

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<sup>3</sup> *Ibid.*

<sup>4</sup> Francesca Regalado, “Philippine Senate Shelves Impeachment of Vice President Sara Duterte,” *The New York Times*, August 7, 2025, <https://www.nytimes.com/2025/08/07/world/asia/philippines-vice-president-impeachment.html>.

<sup>5</sup> Giselle Ombay, “Sotto: No Changes in vp Sara’s Impeachment Case sans SC Decision on MR,” *GMA News Online*, September 8, 2025, <https://www.gmanetwork.com/news/topstories/nation/958455/sotto-no-changes-in-vp-sara-s-impeachment-case-sans-sc-decision-on-mr/story/>.

<sup>6</sup> Asia Society, “SONA 2025 Recap: President Ferdinand Marcos Jr.'s Fourth State of the Nation Address,” Asia Society, August 5, 2025, <https://asiasociety.org/philippines/sona-2025-recap-president-ferdinand-marcos-jrs-fourth-state-nation-address>.

<sup>7</sup> *Ibid.*

Nevertheless, there have been reports that his claims of progress were not met, especially in agricultural goals. The agriculture, forestry, and fishing sectors grew from 2022 to 2023, although the growth was modest as the country was recovering from the pandemic. Yet, these sectors contracted by 1.6% in 2024 as reported by the Philippine Statistics Authority (PSA).<sup>8</sup>

### ***Philippines-China: South China Sea incidents***

Despite the Philippines' legal victories in the PCA, which ruled the Chinese nine-dash line claims as void, tensions in the South China Sea persisted. On July 12<sup>th</sup>, the Philippine Coast Guard (PCG) ship (BRP *Teresa Magbanua*) intercepted the Chinese surveillance/spy ships (Tianwangxing) situated at 70 nautical miles west of Mindoro, within the Philippines' western EEZs. The Philippine ship made efforts to communicate with the surveillance ship while it was on maritime law enforcement patrol, but Chinese vessel did not respond back sending a clear message and asserting its jurisdiction in the areas.<sup>9</sup>

On August 11<sup>th</sup>, a Chinese Coast Guard Cutter collided with a Chinese Navy ship near the Scarborough Shoal. The collision happened while the Chinese ship was pursuing the Philippine vessels. The Philippine Department of Foreign Affairs asserted that the Chinese actions not only posed a significant threat to the Philippine personnel and vessels but also resulted in the collision between the Chinese ships themselves.<sup>10</sup> On August 21, the Armed Forces of the Philippines reported that there was the presence of water cannon drills, inflatable boats with "heavy crew-served weapons" as well as an attempt by a Chinese Coast Guard small boat to get close to BRP Sierra Madre.<sup>11</sup>

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<sup>8</sup> Rowena Caronan, "At Midterm, Marcos' Agriculture and Health Targets Remain Unmet | ABS-CBN News," *ABS-CBN*, July 27, 2025, <https://www.abs-cbn.com/news/nation/2025/7/27/at-midterm-marcos-agriculture-and-health-targets-remain-unmet-2233>.

<sup>9</sup> Aaron-Matthew Lariosa, "Philippine Coast Guard Intercepts Chinese Spy Ship - USNI News," *USNI News*, July 13, 2025, <https://news.usni.org/2025/07/13/philippine-coast-guard-intercepts-chinese-spy-ship>.

<sup>10</sup> Karen Lema and Mikhail Flores, "Philippines Voices Concern over 'Dangerous' Chinese Actions after Scarborough Shoal Collision," *Reuters*, August 12, 2025, <https://www.reuters.com/world/china/philippines-voices-concern-over-dangerous-chinese-actions-after-scarborough-2025-08-12/>.

<sup>11</sup> Bea Cupin, "IN PHOTOS: Philippine Military Flags 'Increased Chinese Movements' in Ayungin," *RAPPLER*, August 21, 2025, <https://www.rappler.com/philippines/photos-video-armed-forces-china-activity-ayungin-shoal-august-20-2025/>.

Tensions escalated further in September when China announced plans to establish a natural reserve in the Scarborough Shoal, a move framed as Beijing's efforts to solidify its maritime claims and territorial entitlements.<sup>12</sup> On September 11<sup>th</sup>, the Philippine government condemned the move as a "clear pretext for occupation". Manila asserted that the plan was "patently illegal," implying that, rather than serving the purpose of environmental protection, there was an underlying factor which is justifying control over the disputed area, said Eduardo Ano, Philippine National Security Adviser.<sup>13</sup> This has also raised concerns among Philippine fishermen, who fear that the nature reserve could subject them to increased harassment and restrict their access to the disputed areas, which are already under continuous surveillance from the Chinese maritime vessels.<sup>14</sup>

On September 14<sup>th</sup>, the Chinese military asserted that they conducted the "routine" patrols in the South China Sea whilst warning the Philippines to be cautious and to stop provoking incidents and escalating the tensions in the area.<sup>15</sup>

Days later, a Philippine vessel was attacked by the Chinese Coast Guard. The Chinese Coast Guard used high-pressure water cannon to damage a vessel of the Bureau of Fisheries and Aquatic Resources (BFAR) and injured several crew members.<sup>16</sup>

The South China Sea continues to serve as a focal point of geopolitical tensions between the Philippines and China. In response, the Philippines has intensified its defense and reaffirmed its sovereign rights in the contested areas, often with its trusted allies.

### ***Joint military exercises and drills and maritime education reforms***

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<sup>12</sup> Reuters, "China to Establish Nature Reserve in Disputed Scarborough Shoal in South China Sea," *Reuters*, September 10, 2025, <https://www.reuters.com/en/china-establish-nature-reserve-disputed-scarborough-shoal-south-china-sea-2025-09-10/>.

<sup>13</sup> CNA, "Philippines Protests China's Plan for Nature Reserve in Disputed Shoal," *CNA*, September 11, 2025, <https://www.channelnewsasia.com/asia/philippines-protests-chinas-plan-nature-reserve-in-disputed-shoal-5343596>.

<sup>14</sup> Adrian Portugal, "Philippine Fishermen Fear China's Nature Reserve Plan Could Lead to More Harassment," *Reuters*, September 12, 2025, <https://www.reuters.com/world/china/philippine-fishermen-fear-chinas-nature-reserve-plan-could-lead-more-harassment-2025-09-12/>.

<sup>15</sup> Reuters, "China's Military Warns Philippines against Provocations in South China Sea." *Reuters*, September 14, 2025. <https://www.reuters.com/world/china/chinas-military-warns-philippines-against-provocations-south-china-sea-2025-09-14/>.

<sup>16</sup> Izel Abanilla, "Philippine Vessel Attacked by Chinese Coast Guard near Scarborough Shoal." *The Manila Times*, September 17, 2025. <https://www.manilatimes.net/2025/09/18/news/national/philippine-vessel-attacked-by-chinese-coast-guard-near-scarborough-shoal/2186087>.

As an archipelagic state, the Philippines faces unique security challenges which makes maritime defense capabilities a necessity. To address these issues, the country is deepening strategic cooperation with trusted allies and undertaking reforms in maritime education to enhance maritime domain awareness.

On July 16, the Armed Forces of the Philippines (AFP) and the US Indo-Pacific Command (USINDOPACOM) conducted their 8<sup>th</sup> bilateral Maritime Cooperative Activity off the coast of Zambales and Occidental Mindoro. The exercises included a wide variety of operational drills and cooperation maneuvers, which are communication exercises to evaluate coordination protocols, followed by marine domain awareness and contact reporting. The PCG also carried out a visit, board, search, and seizure (VBSS) operation to showcase its law enforcement interoperability at sea. Some additional exercises included division tactics and officers of the watch maneuvers, which permitted both navies to practice synchronized ship movements and formation sailing.<sup>17</sup>

On August 15, Australia launched its largest military exercise with the Philippines, called Alon. This military exercise involved more than 3,600 military personnel utilizing a guided-missile naval destroyer, F/A-18 supersonic fighter planes, a C-130 people and freight plane, Javelin anti-tank armament, and special forces sniper rifles.<sup>18</sup> On August 19<sup>th</sup>, Canada also participated in the two countries' military exercises with a joint sail.<sup>19</sup> This exercise lasted until August 29<sup>th</sup>.

Shortly thereafter, the Philippines, the U.S., Australia, and Canada conducted the 10<sup>th</sup> Multilateral Maritime Cooperative Activity (MMCA) off the waters of Zambales from 2-3 September, emphasizing the growing cooperation in defense and security. This activity involved the deployment of the Philippine Navy's guided missile frigate, an anti-submarine helicopter, the Air Force's W-3A "Sokol" search and rescue helicopter, a C-208B surveillance platform, the Australian Navy's air warfare destroyer, the Canadian

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<sup>17</sup> Priam Nepomuceno, "PH, US Military Forces Conduct 8th Maritime Cooperative Activity," *Philippine News Agency*, July 16, 2025, <https://www.pna.gov.ph/articles/1254465>.

<sup>18</sup> Jim Gomez, "Australian and Philippine Forces Launch Largest Military Exercises," *AP News*, August 15, 2025, <https://apnews.com/article/australia-philippines-military-exercises-south-china-sea-d91ac59809a3e4c4cd24ec126262dfe6>.

<sup>19</sup> Reuters, "Philippines, Australia, Canada Hold Joint Sail in South China Sea," *Interaksyon*, August 19, 2025, <https://interaksyon.philstar.com/politics-issues/2025/08/19/300781/philippines-australia-canada-hold-joint-sail-in-south-china-sea/>.

Navy's Halifax-class frigate, and a USINDOPACOM's P-8A. This reinforced that the four nations' strong defense alliances and shared obligations to a Free and Open Indo Pacific, especially in advancing maritime security and regional stability, according to the AFP.<sup>20</sup>

Beyond external cooperation, the Philippines also underscored the efforts of domestic institutions to improve and advance maritime education in the country. The Philippine government implemented measures to strengthen the country's maritime domain and prepare the next generation of Filipino seafarers. President Marco Jr. addressed this issue at the Philippine Merchant Maritime Academy's 2025 inauguration, introducing programs such as the Marine Industry Authority (MARINA), which aimed to create a program to facilitate easier transitions from non-degree courses to maritime degrees. Another initiative introduced was the National Merchant Marine Aptitude Test, aspiring to evaluate preparedness for naval studies.<sup>21</sup>

These efforts underscore the importance of maritime security and defense to the Philippines as an archipelagic state in the ever-evolving context of the maritime domain in the Indo-Pacific.

### ***Flood control projects anomalies and corruption***

The Philippines' vulnerability to natural disasters, especially flooding, was compounded by revelations of widespread corruption in flood control projects. President Marcos Jr.'s speech at the SONA on July 28 denounced the "ghost projects" and expressed his anger at the issue. He went to oversee the project and found that no work had been done at the site, despite it being listed as 'completed' in the Public Works record.<sup>22</sup> This scandal prompted Senate hearings, several dismissals of public work officials, online shaming and exposure of the government contractors and their

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<sup>20</sup> Priam Nepomuceno, "PH, Australia, Canada, US Naval Assets Hold 10th Joint Maritime Drill," *Philippine News Agency*, September 4, 2025, <https://www.pna.gov.ph/articles/1257967>.

<sup>21</sup> Ruth Abbey Gita-Carlos, "PBBM: Gov't Stepping up Efforts to Boost Maritime Education, Training," *Philippine News Agency*, August 15, 2025, <https://www.pna.gov.ph/articles/1256637>.

<sup>22</sup> Anna Felicia Bajo, "Marcos on Ghost Flood Projects in Bulacan: I'm Not Disappointed but Very Angry," *GMA News Online*, August 20, 2025, <https://www.gmanetwork.com/news/topstories/nation/956413/marcos-on-ghost-flood-projects-in-bulacan-i-m-not-disappointed-but-very-angry/story/>.

family members, as well as accusations that certain lawmakers pocketed millions of pesos from the projects.<sup>23</sup>

On August 19, the Senate convened its first hearing with attendance from the Department of Public Works and Highways (DPWH) officials and representatives of 8 of the listed contractors. Subsequently, on September 1, Vince Dizon became the new secretary of the DPWH following Manuel Bonoan's resignation amidst calls for institutional reforms.<sup>24</sup> Several hearings followed the first, and many protestors took to the streets and to the office of St. Gerrard Construction, one of the firms of one of the contractors. They also held demonstrations outside the House of Representatives in Quezon City as legislators held a budget hearing for the DPWH indoors. On September 11<sup>th</sup>, the DPWH filed a criminal complaint before the Office of Ombudsman against 20 personnel of the agency's Bulacan office and contractors that were involved in the ghost flood control projects.<sup>25</sup>

In response, the President established an independent commission tasked with investigating the anomalies. The commission will investigate and make recommendations to address systematic corruption.<sup>26</sup> He also directed the Department of Budget and Management (DBM) and the DPWH to conduct a comprehensive review of the latter's proposed budget under the 2026 National Expenditure Program.<sup>27</sup> He then announced that there would be no budget for flood control projects in the upcoming year, citing underutilization of the current year's funds.<sup>28</sup> On 16<sup>th</sup> September, the DPWH lifted the temporary suspension of bidding for locally funded projects, provided that all applicable laws, rules, and regulations are

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<sup>23</sup> David Dizon, "A Timeline of the Philippine Flood Control Scandal | ABS-CBN News," *ABS-CBN*, September 10, 2025, <https://www.abs-cbn.com/news/nation/2025/9/11/a-timeline-of-the-philippine-flood-control-scandal-0600>.

<sup>24</sup> Pie Gonzaga, "The DPWH Flood Control Projects Scandal: The Latest News and Updates," *Rolling Stone Philippines | Music, Culture, Social Issues*, September 12, 2025, <https://rollingstonephilippines.com/state-of-affairs/philippine-politics/dpwh-flood-control-latest-updates/>.

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

<sup>26</sup> Kristina Maralit, Franco Jose C. Baroña, and Philippine News Agency, "Marcos to Create Independent Commission to Investigate Flood Control Anomalies," *The Manila Times*, September 1, 2025, <https://www.manilatimes.net/2025/09/02/news/national/marcos-to-create-independent-commission-to-investigate-flood-control-anomalies/2176807>.

<sup>27</sup> Catherine S Valente and Agence France-Presse, "PH, India Sign Defense, Maritime Agreements," *The Manila Times*, August 5, 2025, <https://www.manilatimes.net/2025/08/06/news/national/ph-india-sign-defense-maritime-agreements/2162641>.

<sup>28</sup> Helen Flores, "Marcos: Zero Budget for Flood Control Projects in 2026," *Philstar.com*, September 8, 2025, <https://www.philstar.com/headlines/2025/09/09/2471490/marcos-zero-budget-flood-control-projects-2026>.

strictly followed. New measures include live streaming the bidding process, geotagging project sites, and validating applications for road and bridge information, creating straight line diagrams, parcellary plans using project and contract management software, preventing contract splits, utilizing net financial contracting capacity, and disclosing beneficial ownership and relationships.<sup>29</sup>

Widespread public protests soon erupted across Manila and other major cities, driven by massive corruption, overpriced works, and substandard constructions that siphoned taxpayers' money. Students, church groups, and people across all sorts of camps protested.<sup>30</sup> The protests started on September 21, organized under the banner of the "Trillion Peso March," coinciding symbolically with the date that President Marcos declared martial law in the country in 1972. The people called for accountability and punishment, including prison time and the death penalty, for those in both the government and the private sector who are suspected of embezzling trillions of pesos in public funds.<sup>31</sup>

The scandal surrounding the alleged corruption in flood control projects precipitated a series of high-profile resignations across the Philippine government. In early September, then Senate President Francis "Chiz" Escudero was ousted from his position, with legislators citing the misutilization of public funds and questionable allocation, which led to him being ousted. He was succeeded by Senator Vicente "Tito" Sotto III.<sup>32</sup> The Public Works Secretary Manuel Bonoan stepped down along with three senior DPWH officials, Undersecretaries Eugenio Pipo Jr., Carlos Mutuc, and Assistant Secretary Loreta Malaluan, on August 29<sup>th</sup>.<sup>33</sup> To restore public trust, the newly appointed Public Works Secretary ordered a sweeping "housecleaning,"

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<sup>29</sup> William B. Depasupil and James Daniel Danio, "DPWH Lifts Suspension on Project Bidding with New Anti-Corruption Measures," *The Manila Times*, September 17, 2025, <https://www.manilatimes.net/2025/09/17/news/national/dpwh-lifts-suspension-on-project-bidding-with-new-anti-corruption-measures/2184900>

<sup>30</sup> Rebecca Ratcliffe, "Protesters Flood Streets of Philippines over State Corruption," *The Guardian*, September 21, 2025, <https://www.theguardian.com/world/2025/sep/21/protests-philippines-corruption-state-flood?>

<sup>31</sup> Mark Ernest, "Trillion Peso March: Punish the Corrupt," *Philstar.com*, September 21, 2025, <https://www.philstar.com/headlines/2025/09/22/2474562/trillion-peso-march-punish-corrupt>

<sup>32</sup> Bonz Magsambol, "Escudero Ousted as Senate President, Sotto Takes Over," *RAPPLER*, September 8, 2025, <https://www.rappler.com/philippines/escudero-ousted-senate-president-september-8-2025/>

<sup>33</sup> Marlon Ramos, "'Iwas-Pusoy Na!' 3 Senior DPWH Execs Quit amid Flood Control Scandal Probe," *POLITIKO - News Philippine Politics*, September 1, 2025, <https://politiko.com.ph/2025/09/01/iwas-pusoy-na-3-senior-dpwh-execs-quit-amid-flood-control-scandal-probe/politiko-lokal/?>

directing all undersecretaries and district engineers to submit courtesy resignations.<sup>34</sup> The fallout also extended to the legislative branch with House Speaker Ferdinand G. Romualdez's resignation on September 17 amid mounting pressure and accusations of involvement in the scandal.<sup>35</sup>

Ultimately, this scandal underscored the systematic governance challenges that the Philippines faces, particularly the absence of institutional mechanisms to monitor and oversee development projects. In a broader context, it revealed the enduring presence of deeply rooted corruption embedded within the country's political and bureaucratic systems.

## Economic Developments

### *Macroeconomic predictions*

Philippine economic growth is projected to decelerate in the second half of 2025 due to worsening global conditions and increased U.S. tariffs, according to a Fitch Group unit. The BMI Country Risk & Industry Research has maintained its 2025 GDP growth projection at 5.4%, below the previous year 5.7% outcome and the government's revised target of 5.5-6.5%.<sup>36</sup>

### *Economic impacts of the "ghost flood control projects"*

Natural disasters have already strained the Philippine economy, but the corruption behind the flood control projects exacerbated those losses. Consequently, the country's economic loss was valued at over one hundred billion pesos in a span of two years (2023-2025), as estimated by the Department of Finance. The estimated

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<sup>34</sup> Anne Peralta-Malonzo, "DPWH Cleanup Starts amid Probe," *SunStar Publishing Inc.*, September 1, 2025, <https://www.sunstar.com.ph/manila/dpwh-cleanup-starts-amid-probe>.

<sup>35</sup> Kenneth Christiane L. Basilio, "Speaker Romualdez Quits amid Flood Control Scandal, Replaced by Rep. Dy - BusinessWorld Online," *BusinessWorld Online*, September 17, 2025, <https://www.bworldonline.com/the-nation/2025/09/17/699171/speaker-romualdez-quits-amid-flood-control-scandal-replaced-by-rep-dy>.

<sup>36</sup> Niña Myka Pauline Arceo, "Philippine Economic Growth Predicted to Slow amid Global Challenges," *The Manila Times*, August 27, 2025, <https://www.manilatimes.net/2025/08/27/business/top-business/philippine-economic-growth-predicted-to-slow-amid-global-challenges/2174076>.

economic loss corresponds to approximately 95,000 to 266,000 potential employment opportunities for Filipinos.<sup>37</sup>

### ***Fuel prices hiked***

Between July and September, the Philippines experienced a sustained escalation in fuel prices, with diesel and gasoline undergoing multiple weekly cost increases.

Although prices were initially reduced at the beginning of July—by ₱0.70 per liter for gasoline, ₱0.10 for diesel, and ₱0.80 for kerosene<sup>38</sup>—the prices rose again in the latter half of July, with gasoline up by P0.40, diesel by P1.10, and kerosene by P0.70.<sup>39</sup> The people experienced several more hikes over August and September. As of September 9<sup>th</sup>, cumulative year-to-date adjustments resulted in a net increase of per liter price of P13.80, P14.85, and P3.45 for gasoline, diesel, and kerosene, respectively.<sup>40</sup>

Further price hikes were announced on September 15. According to advisories issued by Caltex, Petron Corp., Shell Pilipinas Corp., and Seoil Philippines Corp., —prices for the period of September 16 to 22 went up by P0.10 per liter for gasoline, P0.50 per liter for diesel, and P0.10 per liter for kerosene.<sup>41</sup>

### ***Tourism sector improvement***

Following the SONA in July, the Department of Tourism reiterated its strategic priorities to revitalize the tourism sector. Tourism Secretary Christina Frasco emphasized the

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<sup>37</sup> Ted Cordero, “DOF: Up to P118.5-B Economic Loss Due to ‘Ghost’ Flood Projects,” *GMA News Online*, September 2, 2025, <https://www.gmanetwork.com/news/money/economy/957738/ghost-flood-projects-economic-loss-dof/story/>.

<sup>38</sup> Viktor D. Cabuenas, Jon, and GMA Integrated News. “Pump Prices down for Second Straight Week Tuesday, July 8, 2025.” *GMA News Online*, July 7, 2025. <https://www.gmanetwork.com/news/money/companies/951723/oil-price-rollback-july-8-2025/story/>.

<sup>39</sup> Viktor D. Cabuenas, Jon, and GMA Integrated News. “Gasoline, Diesel, Kerosene Pump Prices up for Second Straight Week Tuesday.” *GMA News Online*, July 21, 2025. <https://www.gmanetwork.com/news/money/companies/953228/oil-price-hike-effective-tuesday-july-21-2025/story/>.

<sup>40</sup> Viktor D. Cabuenas, Jon, and GMA Integrated News. “Gasoline Pump Prices up for 5th Week Tuesday; Diesel, Kerosene for 4th.” *GMA News Online*, September 15, 2025. <https://www.gmanetwork.com/news/money/companies/959129/oil-price-hike-sept-15-2025/story/>.

<sup>41</sup> TopGear.com.ph, “PH Fuel Price Update: Another Increase of P0.50/L for Diesel Effective September 16.” <https://www.topgear.com.ph>, September 15, 2025. <https://www.topgear.com.ph/news/motoring-news/ph-fuel-prices-september-16-22-2025-a2619-20250915?>

significance of increased infrastructure investment, liberal visa policy to attract international tourists, and the establishment of a rapid response funding mechanism. According to the data from the Philippine Statistics Authority, tourism employs around 6.75 million individuals, with an additional 10 million people engaged in ancillary or indirectly related occupations.<sup>42</sup>

The once ghost town, Aurora Pacific Economic Zone and Freeport Authority (APECO), began a notable transformation through infrastructure rehabilitation. Nearly 800 million pesos worth of previously stalled projects are now either completed or approaching complete status, signaling a strategic shift in the agency's development trajectory. Among the projects are newly constructed APECO villas, a 20-room tourist accommodation facility, and a proposed convention center, investments aligned with the agency's strategic pivot towards MICE tourism.<sup>43</sup>

The tourism sector also benefited from the Turismo Asenso Loan Program, targeted to bolster the capacities of stakeholders to serve people wanting to travel and experience tourism in various areas. Under the program, borrowers can avail loans from PHP10,000 to PHP10 million from the Small Business Corporation (SBCorp), the Department of Trade and Industry's lending arm. The program aims to support micro, small, and medium enterprises (MSMEs) and aims to provide affordable loans for micro-enterprises, first-time borrowers, and loyal SB Corporation borrowers. The loans will not only buy equipment or facilities but also unforgettable stories for travelers.

### ***Bilateral economic relations with the United States***

The Philippines remains one of the United States' closest allies in Southeast Asia, yet the country did not get an exemption from the tariff hikes imposed by the Trump administration.

Initially, President Trump set the tariff rate of 17-20% for Philippine exports. However, following the Oval Office meeting between the two leaders, they agreed upon a fixed

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<sup>42</sup> Manahan, Jervis, and ABS-CBN News. "DOT Pushes for More Infra Funding, Liberal Visa Policy to Boost Tourism | ABS-CBN News." *ABS-CBN*, July 29, 2025. <https://www.abs-cbn.com/news/nation/2025/7/29/dot-pushes-for-more-infra-funding-liberal-visa-policy-to-boost-ph-tourism-1536>.

<sup>43</sup> Raine Musñgi and ABS-CBN News, "SS," *ABS-CBN*, 2025, <https://www.abs-cbn.com/news/business/2025/8/3/from-ghost-town-to-game-plan-apeco-eyes-800-m-revival-defense-hub-status-0100>.

rate of 19%.<sup>44</sup> Concurrently, the Philippines committed to increasing imports from the United States, including wheat and medicines, while also eliminating tariffs on automobiles.<sup>45</sup>

Beyond trade, bilateral cooperation expanded to development assistance. After a 21<sup>st</sup> July meeting between the U.S. Secretary of State Marco Rubio and the Philippine President, the U.S. Department of State announced that 60 million USD in foreign assistance has been allocated to support the economic cooperation, energy, and maritime domain in the Philippines. Secretary Rubio also revealed plans to request the Congress an additional 15 million USD to stimulate private sector investments in Luzon Economic Corridor, particularly investments in transportation, logistics, energy, and semiconductors, thereby creating employment opportunities and driving economic growth in the Philippines.<sup>46</sup>

### ***Labor market, employment, and sectoral performance***

The Philippine labor market weakened significantly during this quarter. The national unemployment rate, reported by the Philippine Statistics Authority, increased sharply to 5.3% in July 2025, from 3.7% in June, marking the highest rate in three years. Weather disturbances, especially tropical cyclones, largely contributed to this rise. Concurrently, the proportion of underemployed individuals, or those pursuing additional employment working hours, rose to 14.8% or 6.8 million Filipinos.<sup>47</sup>

The agriculture and forestry had a 1.38 million drop, followed by wholesale and retail trade (-897,000), fishing and aquaculture (-173,000) and construction (-147,000).<sup>48</sup>

In contrast, the manufacturing sector rebounded following months of decline. The manufacturing sector contributed 109,000 jobs in July. Sub-industries like meat-processing showed gains in July.<sup>49</sup>

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<sup>44</sup> Katrina Domingo, "Trump Cuts Tariffs on PH to 19%; Manila OKs Zero Tariffs on US-Made Cars | ABS-CBN News," *ABS-CBN*, July 22, 2025, <https://www.abs-cbn.com/news/nation/2025/7/22/trump-oks-only-1-cut-in-tariffs-on-ph-zero-tariffs-for-us-goods-in-ph-0258>.

<sup>45</sup> *Ibid.*

<sup>46</sup> U.S. Embassy Manila, "U.S. Announces Php3 Billion in Foreign Assistance for the Philippines," U.S. Embassy in the Philippines, July 23, 2025, <https://ph.usembassy.gov/u-s-announces-php3-billion-in-foreign-assistance-for-the-philippines/>.

<sup>47</sup> Tatiana Maligro, "Agriculture Job Losses Push Unemployment to 3-Year High in July 2025," *RAPPLER*, September 10, 2025, <https://www.rappler.com/business/unemployment-rate-philippines-july-2025/>.

<sup>48</sup> *Ibid.*

<sup>49</sup> *Ibid.*

## Diplomacy

### ***Philippines-Cambodia relations***

In response to the recent Cambodia-Thailand border skirmish, the Philippines expressed concerns and urged for a peaceful resolution according to international laws. In the President's statement in July, he claimed that the Philippines supports efforts to de-escalate the tension and would help restore peace.<sup>50</sup>

Subsequently, at the invitation of His Majesty the King Norodom Sihamoni of the Kingdom of Cambodia, President Marcos Jr. conducted a state visit to the country from 7 to 9 September. During the three-day visit, three notable agreements were signed; these agreements included a deal expanding cooperation between the police forces of the two nations in fighting transnational crimes, an education MoU on cooperation in higher education, and an air services agreement.<sup>51</sup>

In addition, both nations have also agreed to amend their law enforcement and migrant worker welfare accords, with the President expressing deep gratitude to Cambodia for its support of the Philippines' UNSC bid and ASEAN chairmanship the following year.<sup>52</sup>

### ***Philippines-Israel relations***

The Philippines and Israel explored the possibility of negotiating a prospective FTA as part of the Philippine government's broader initiative to diversify and expand its global trade cooperation. This development emerged following the conclusion of the inaugural Philippines-Israel Joint Committee Meeting, which covered areas of economic partnerships focusing on agriculture, start-ups, innovations, cybersecurity, trade, and investments.<sup>53</sup>

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<sup>50</sup> Darryl John Esguerra, "PH Ready to Assist to Restore Peace amid Thailand-Cambodia Conflict," *Pna.gov.ph*, 2025, <https://www.pna.gov.ph/articles/1255203>.

<sup>51</sup> Helen Flores, "Philippines, Cambodia Sign 3 Deals," *Philstar.com*, September 8, 2025, <https://www.philstar.com/headlines/2025/09/09/2471484/philippines-cambodia-sign-3-deals>.

<sup>52</sup> Charles Dantes, "Marcos Highlights Gains from Cambodia State Visit - Manila Standard," *Manila Standard*, September 9, 2025, <https://manilastandard.net/news/314640719/marcos-highlights-gains-from-cambodia-state-visit.html>.

<sup>53</sup> Jordeene B Lagare, "Philippines, Israel Pursue Free Trade Deal," *INQUIRER.net*, July 2025, <https://business.inquirer.net/538143/ph-israel-pursue-free-trade-deal>.

On August 25, the Philippine Department of Foreign Affairs (DFA) issued a strong appeal for Israel to accept the proposed ceasefire in Gaza, as well as strongly called on Israel to end the worsening humanitarian crisis in Gaza. The Philippines also voiced concerns in Israel's plan to take control of the Gaza strip.<sup>54</sup>

On the military and defense front, Defense Secretary Gilberto Teodoro Jr. announced that the Philippines has no new contracts with Israel-based arms supplier, aside from continuing obligations under past contracts. His concerns included the reliability of supply chains and the quality of the defense equipment. Some legislators also requested to halt arms purchases from Israeli firms, citing allegations of human rights violations, especially with what is going on in Gaza.<sup>55</sup>

### ***Philippines-Japan relations***

On July 10, Japan's foreign minister, Iwaya Takeshi, met with the U.S. Secretary of State Marco Rubio and the Philippine Secretary of Foreign Affairs Maria Theresa Lazara. The meeting underscored the strength of the three nations' cooperation, including joint exercises between the three states' coast guards in Kagoshima last June. They also discussed the East and South China Seas issues, citing opposition to unilateral changes and promoting the rule of law. Philippine Secretary Lazara conveyed her interest in the Japan-US-Philippines Maritime Dialogue. They also decided to expand their cooperation in infrastructure, ICT, and security with a particular focus on the Luzon Economic Corridor, cyber, and civil nuclear energy.<sup>56</sup>

On August 12<sup>th</sup>, Tokyo and Manila exchanged diplomatic notes on the *Japan-Philippines Reciprocal Access Agreement*, which entered into force on September 11<sup>th</sup>. The agreement enhances the cooperation between the two nations, especially

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<sup>54</sup> Jauhn Etienne Villaruel, "PH 'Strongly' Urges Israel to Heed Ceasefire Proposal to End 'Catastrophe' in Gaza | ABS-CBN News," *ABS-CBN*, August 25, 2025, <https://www.abs-cbn.com/news/nation/2025/8/25/ph-urges-israel-to-heed-ceasefire-proposal-to-end-catastrophe-in-gaza-0846>.

<sup>55</sup> Joseph Pedrajas, "No More New Military Contracts with Israel, Says DND Chief," *Manila Bulletin*, September 16, 2025, <https://mb.com.ph/2025/09/16/no-more-new-military-contracts-with-israel-says-dnd-chief>.

<sup>56</sup> Ministry of Foreign Affairs of Japan, "Japan-U.S.-Philippines Foreign Ministers' Meeting," Ministry of Foreign Affairs of Japan, July 10, 2025, [https://www.mofa.go.jp/sa/sea2/pageite\\_000001\\_01114.html?](https://www.mofa.go.jp/sa/sea2/pageite_000001_01114.html?)

between the Japanese Self-Defense Forces and the Philippines in joint exercises, disaster response, and improving interoperability between the two nations' forces.<sup>57</sup>

### ***Philippines-United States relations***

U.S. tariffs emerged as a focal point in recent economic discussions. Although this report referenced the tariff rates within the economic development section, it is important to note that the decrease in the rate is due to the negotiation between President Marcos Jr. and President Donald Trump.

In parallel, the Philippines had a trilateral meeting with Japan and the U.S. to strengthen cooperation, which is also noteworthy in the two countries' relations. Furthermore, on September 13, the U.S. reaffirmed its support for the Philippines over China's new nature reserve in the Scarborough Shoal. Secretary Rubio reiterated Washington's support for the Philippines and called on China to abide by the 2016 PCA rulings.<sup>58</sup>

### ***Philippines-Canada relations***

Diplomatic relations with Canada were also illustrious. The two nations have reaffirmed their commitment to enhancing cyberdefense cooperation during a bilateral meeting at the Digital Defense Symposium 2025. The meeting emphasized capacity-building and information-sharing programs aimed at addressing common cybersecurity threats.<sup>59</sup>

### ***Philippines-India relations***

The Philippines-India bilateral relations also reached new heights. On August 5, the two nations signed 13 bilateral agreements encompassing a wide range of strategic and developmental areas, including defense, maritime security, law enforcement,

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<sup>57</sup> Ministry of Foreign Affairs of Japan, "Exchange of Diplomatic Notes for Entry into Force of the Japan-Philippines Reciprocal Access Agreement," Ministry of Foreign Affairs of Japan, August 12, 2025, [https://www.mofa.go.jp/press/release/pressite\\_000001\\_01536.html?](https://www.mofa.go.jp/press/release/pressite_000001_01536.html?)

<sup>58</sup> Reuters, "US Stands with Philippines against China's Plan in South China Sea Atoll, Rubio Says." *Reuters*, September 13, 2025. <https://www.reuters.com/world/china/us-stands-with-philippines-against-chinas-plan-south-china-sea-atoll-rubio-says-2025-09-12/>.

<sup>59</sup> Gabryelle Dumalag, "PH, Canada Boost Cyberdefense Cooperation," *INQUIRER.net*, July 2025, <https://globalnation.inquirer.net/286121/ph-canada-boost-cyberdefense-cooperation>.

digital technology, tourism, and outer space. Among the agreements made is a vow to improve their respective armed forces.<sup>60</sup>

### ***Philippines-UAE relations***

In August, the Philippines and the UAE commemorated the 51<sup>st</sup> anniversary of their diplomatic relations, underscoring their shared commitments to deepening economic cooperation and advancing the forthcoming Comprehensive Economic Partnership Agreement (CEPA). UAE ambassador to the Philippines Mohamed Alqataam Alzaabi highlighted the expansion of bilateral engagement across trade, development, cultural exchange, and interpersonal ties between the two nations.<sup>61</sup>

Further strengthening this partnership, on September 17<sup>th</sup>, the UAE government hosted its Government Experience Exchange Program (GEEP) in the Philippines to share best practices in governance modernization and digital infrastructure development. This collaboration stemmed from a new MoU signed in February 2025, which aimed to boost the digitalization efforts of the country. Discussions during the forum focused on political cooperation in areas such as innovation strategies, competitiveness, public service delivery, and artificial intelligence.<sup>62</sup>

### ***Philippines-Finland relations***

The Philippines and Finland convened their inaugural Joint Committee Meeting on Skills Mobility in Helsinki, marking a significant step in bilateral labor cooperation. The two countries also reiterated their support for enhancing the welfare and protection of Filipino professionals, notably skilled workers, as they expand bilateral cooperation on moral and sustainable labor mobility.<sup>63</sup>

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<sup>60</sup> Catherine S Valente and Agence France-Presse, "PH, India Sign Defense, Maritime Agreements," *The Manila Times*, August 5, 2025, <https://www.manilatimes.net/2025/08/06/news/national/ph-india-sign-defense-maritime-agreements/2162641>.

<sup>61</sup> Staff Report, "PH, UAE Celebrate 51 Years of Diplomatic Relations, Push for Deeper Economic Ties." *The Filipino Times*, August 19, 2025. <https://filipinotimes.net/latest-news/2025/08/19/ph-uae-celebrate-51-years-of-diplomatic-relations-push-for-deeper-economic-ties/>.

<sup>62</sup> Joyce Ann L. Rocamora, "UAE, PH Share Best Practices on Gov't Modernization," *Philippine News Agency*, September 18, 2025, <https://www.pna.gov.ph/articles/1258960>.

<sup>63</sup> Marita Moaje, "PH, Finland Strengthen Cooperation on Skilled Worker Mobility," *Philippine News Agency*, 2025, <https://www.pna.gov.ph/articles/1259052>.

***Overall diplomatic outlook***

These recent diplomatic engagements underscored the nation's commitment to being independent and as the President has reiterated, the Philippines is a friend to all and an enemy to none.<sup>64</sup> Through various state visits, bilateral agreements, and multilateral engagements, the Philippines sought to assert its position in the regional and global context.

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<sup>64</sup> Gabriel Pabico Lalu, "Marcos: PH Confident with Allies, but Foreign Policy Still Independent," INQUIRER.net, July 2025, <https://newsinfo.inquirer.net/2088476/ph-more-confident-with-allies-but-foreign-policy-still-independent-marcos>.

## Singapore

*Chhun Phalanady*

### Introduction

During the third quarter of 2025, Singapore encountered a range of political, economic, and diplomatic developments which can be considered as both opportunity and challenges for the country. Currently, the government is handling leadership renewal, combating anti-corruption, and strengthening governance transparency to maintain public and institutional trust. As for the economy, Singapore focused on sustaining growth during global tariff pressures by introducing the Economic Strategy Review, supporting innovation, and investing in workforce development. As for diplomatic relation, Singapore is actively strengthening its diplomatic relation by increasing partnerships with ASEAN members and other countries such as New Zealand, India, and Japan. Overall, Singapore's efforts during this quarter highlight its commitment to stability, adaptability, and relevancy in an increasingly complex global environment.

### Political Security

On July 3, Singapore's People's Action Party (PAP) publicly criticized the leader of the Opposition, Pritam Singh of the Workers' Party, for his appearance on the Malaysian podcast *Keluar Sekejap*, citing concerns over foreign influence and sensitive discussions on race and religion. Singh then defended his participation, stating it provided an alternative post-election perspective. The Workers' Party (WP) maintained that the appearance had "no detrimental impact" on Singapore's national interests and accused the PAP of double standards. The debate comes after the PAP's retention of power in GE2025 with 65.57% of the national vote.<sup>1</sup>

On July 7, the Reform Party (RP) announced its withdrawal from the People's Alliance for Reform (PAR), following the earlier exit of the Progressive People's Party in

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<sup>1</sup> Fabian Koh, "PAP Questions WP Chief Pritam Singh for Discussing Singapore Politics 'on Foreign Soil, to Foreign Audience,'" *Channel News Asia*, July 3, 2025, <https://www.channelnewsasia.com/singapore/pap-wp-general-election-race-religion-politics-pritam-singh-malaysia-podcast-5218376>.

February. RP leader Kenneth Jeyaretnam, son of the party's founder, cited increased organizational capacity and strategic independence after the General Election 2025. With this exit, PAR is now left with only the People's Voice (PV) and the Democratic Progressive Party (DPP). PV's Lim Tean stated the alliance would continue "bigger and stronger" with a refreshed strategy.<sup>2</sup>

On July 25, a 39-year-old prison officer, Mohammad Asri Abd Rahim, was charged with accepting SGD 3,700 in bribes from an inmate in exchange for smuggling nude photos, magazines, and prescription drugs into Changi Prison between 2021 and 2022. Two co-accused were also charged, with three of the four planning to plead guilty. The Singapore Prison Service referred the case to CPIB after an internal probe. Asri is currently suspended on half-pay. Each charge carries up to five years' jail or a SGD 100,000 fine.<sup>3</sup>

On July 28, SLA announced Loh Lik Peng as its new chairman, effective August 1, succeeding Yeoh Oon Jin, who was lauded for advancing adaptive reuse and digital reforms. Jerry Koh will serve as deputy chairman. New board members include filmmaker Boo Junfeng and Feral's creative director Rafiq Mohamad. With six reappointments and Angeline Poh stepping down, the board will comprise 13 members.<sup>4</sup>

On July 30, Seatrium agreed to pay USD 110 million to Singapore and USD 131 million to Brazil under a deferred prosecution agreement over corruption offences linked to Brazil's Operation Car Wash. Up to USD 53 million of the Singapore penalty may offset Brazil's. Pending High Court approval, Seatrium must strengthen its ethics and compliance systems or risk criminal charges. MAS and CAD have closed their investigations with no further action under Singapore law.<sup>5</sup>

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<sup>2</sup> Goh Yan Han, "Reform Party to Leave Opposition Group People's Alliance for Reform; Two Parties Remain," *The Straits Times*, July 7, 2025, <https://www.straitstimes.com/singapore/politics/reform-party-to-leave-peoples-alliance-for-reform-two-parties-remain-in-opposition-group>.

<sup>3</sup> Lydia Lam, "Prison Officer Charged With Taking Bribes From Inmate to Smuggle Goods Into Prison," *Channel News Asia*, July 25, 2025, <https://www.channelnewsasia.com/singapore/prison-officer-charged-take-bribes-smuggle-nude-photos-drugs-5257716>.

<sup>4</sup> Ng Hong Siang, "Hotelier Loh Lik Peng Appointed Singapore Land Authority Chairman," *Channel News Asia*, July 28, 2025, <https://www.channelnewsasia.com/singapore/singapore-land-authority-board-loh-lik-peng-boo-junfeng-5262156>.

<sup>5</sup> "Seatrium Agrees to Pay USD 110 Million to Singapore Public Prosecutor Over Corruption Offences in Brazil," *Channel News Asia*, August 4, 2025,

On August 1, the Singaporean government announced new appointments for Permanent Secretaries, effective September 1. Kenneth Er, former CEO of NParks, will become the Second Permanent Secretary for Manpower and Education. Ngiam Siew Ying, current CEO of Synapse, has been appointed as the Second Permanent Secretary for Finance. Augustin Lee, formerly CEO of the CPF Board, will serve as Permanent Secretary for Energy and Trade starting September 1, before stepping down from his roles at the Prime Minister's Office by October 1. Chng Kai Fong will succeed Lee as Permanent Secretary for Smart Nation (Cybersecurity) on October 1. These changes signify ongoing leadership renewal within Singapore's civil service.<sup>6</sup>

On August 12, Singapore's Ministry of Defence (MINDEF) announced that the plan to base 12 RSAF F-15SG fighter jets at Andersen Air Force Base in Guam has been shelved. Following a review, MINDEF and the U.S. Department of Defense mutually agreed to discontinue the detachment due to evolving training needs and environmental considerations raised by the U.S. Air Force. Instead, Singapore will proceed with short-term fighter training in Guam later this year and focus on developing a new F-35 training detachment at Ebbing Air Base in Arkansas. MINDEF reaffirmed strong U.S.–Singapore defence ties and thanked the U.S. for continued support of RSAF's overseas training.<sup>7</sup>

On August 17, PM Lawrence Wong addressed AI-related job fears in his National Day Rally, assuring that Singaporeans remain central to the economic strategy. He announced a new job-matching initiative via Community Development Councils, and outlined plans to invest in technologies like quantum computing while helping SMEs and workers adopt AI. The goal is to ensure no one is left behind in this transformative shift.<sup>8</sup>

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<https://www.channelnewsasia.com/singapore/seatrium-pay-us110-million-brazil-corruption-offences-public-prosecutor-agc-5266401>.

<sup>6</sup> Darcel Ai Anthony, "Public Service Division Announces Permanent Secretary Appointments and Resignations," *Channel News Asia*, August 1, 2025, <https://www.channelnewsasia.com/singapore/permanent-secretary-appointments-redesignations-sep-oct-2025-psd-5272021>.

<sup>7</sup> "Singapore, US Shelve Plans to Base RSAF F-15SG Fighter Jets in Guam," *Channel News Asia*, August 12, 2025, <https://www.channelnewsasia.com/singapore/mindef-cancels-plan-base-f15sg-fighter-jets-quam-5290401>.

<sup>8</sup> Abigail Ng, "NDR 2025: Singaporeans Remain Key Priority as AI Reshapes Economy, Says PM Wong," *Channel News Asia*, August 18, 2025, <https://www.channelnewsasia.com/singapore/artificial-intelligence-ai-technology-jobs-ndr-2025-5298731>.

On August 20, Minister Edwin Tong announced that Singapore will launch a Cell Broadcast System by early 2026 to send real-time emergency alerts to mobile phones. This aims to improve public response during crises and complements existing systems like SGSecure. Looking ahead, Singapore will integrate AI and robotics in disaster management and call on ASEAN to strengthen regional coordination amid rising climate risks.<sup>9</sup>

On August 28, Singapore announced that tougher penalties for vaping and Kpod-related offences will take effect from September 1. Etomidate and its analogues will be listed as Class C drugs under the Misuse of Drugs Act, allowing stricter enforcement. First-time users face increased fines (SGD 500 for those under 18, SGD 700 for adults) and mandatory rehab. Repeat offenders may be prosecuted or placed under supervision. Suppliers will face harsher punishments, including mandatory jail time and caning (up to 20 years and 15 strokes for importers). Schools, civil service, and SAF will impose internal discipline, while repeat foreign offenders may be deported or banned from re-entry. The government emphasized a dual approach: firm action against traffickers, and rehabilitation support for young abusers.<sup>10</sup>

On August 29, the Public Service Division announced new permanent secretary appointments effective October 1. Mr. Tan Chye Hee will become Permanent Secretary (Home Affairs Development) and (Information and Development) at MDDI, stepping down from his current role as ISD Director. Mr. Aubeck Kam will leave his Home Affairs post but remain as Permanent Secretary (Social and Family Development), with Mr. Tan also taking over as HTX Chairman. Mr. Chng Kai Fong will be redesignated as Permanent Secretary (Development) at MDDI and take on a concurrent role at the Prime Minister's Office. Mr. Joseph Leong remains in his current role at MDDI.<sup>11</sup>

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<sup>9</sup> Lutfil Jumadi, "Singapore to Implement Emergency Broadcast System to Alert Public via Phones by Early 2026," *Channel News Asia*, August 20, 2025, <https://www.channelnewsasia.com/singapore/emergency-alerts-phones-cell-broadcast-system-scdf-disaster-management-relief-asean-5304051>.

<sup>10</sup> Justin Ong Guang-Xi, "Higher Fines for Vape Users, Caning for Kpod Suppliers Among Harsher Penalties to Kick in From September," *Channel News Asia*, August 28, 2025, <https://www.channelnewsasia.com/singapore/kpod-etomidate-vape-penalties-fines-caning-5317151>.

<sup>11</sup> Rachel Lim, "PSD Announces New Permanent Secretary Appointment, Position Changes From Oct 1," *Channel News Asia*, August 29, 2025, <https://www.channelnewsasia.com/singapore/psd-permanent-secretary-tan-chye-hee-aubeck-kam-chng-kai-fong-5322406>.

On September 9, Singapore's Ministry of Foreign Affairs advised Singaporeans to defer non-essential travel to Nepal due to deadly protests over a social media ban and corruption. At least 19 were killed, and curfews were imposed across Kathmandu. Tribhuvan International Airport was closed, and Singapore Airlines canceled two flights. MFA urged Singaporeans in Nepal to remain vigilant and avoid protest areas. Trekking agencies echoed the advisory, postponing trips and monitoring the situation as peak season nears in October. Though protests persist, tour operators remain cautiously optimistic that stability will return soon.<sup>12</sup>

On 13 September, Prime Minister Lawrence Wong announced that Singapore will enhance its rehabilitation efforts in response to rising self-radicalisation, especially among youth influenced by diverse extremist ideologies beyond religious extremism. Speaking at the MHA appreciation lunch, he cited tailored interventions like mentorship and cyber wellness, highlighting a successful case of a Christian youth who turned away from far-right extremism after pastoral and community support. Wong noted that 18 youths have been dealt with under the ISA since 2015, most in the last five years, amid an evolving threat landscape shaped by online radicalisation and AI misuse. Singapore will also deepen global cooperation to counter extremism and protect its hard-won social cohesion.<sup>13</sup>

## Economic Development

On July 10, Singapore's Economic Resilience Taskforce (SERT) launched a Business Adaptation Grant of up to SGD 100,000, effective from October 2025. The grant targets exporters and manufacturers affected by new U.S. tariffs and supports advisory services related to free trade agreements, legal compliance, and market diversification for a two-year period. Singapore faces a 10% baseline tariff from the U.S. starting August 1. Deputy Prime Minister Gan Kim Yong cautioned that economic

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<sup>12</sup> Firdaus Hamzah, "MFA Advises Singaporeans to Defer Non-essential Travel to Nepal Amid Protests," *Channel News Asia*, September 10, 2025, <https://www.channelnewsasia.com/singapore/nepal-protests-singapore-mfa-travel-advisory-5341361>.

<sup>13</sup> Tang See Kit, "Singapore Will Strengthen Rehabilitation Capabilities to Deal With Rising Self-radicalisation: Lawrence Wong," *Channel News Asia*, September 13, 2025, <https://www.channelnewsasia.com/singapore/radicalisation-rehabilitation-lawrence-wong-extremism-isd-isa-5347641>.

growth will likely slow in the second half of 2025 due to front-loaded exports earlier in the year.<sup>14</sup>

On July 15, the Monetary Authority of Singapore (MAS) reported a strong profit of SGD 19.7 billion for FY2024/25, a sharp rise from SGD 3.8 billion the previous year. The performance was driven by SGD 31.4 billion in investment gains, though offset by SGD 3.4 billion in foreign exchange losses and SGD 8.3 billion in operational expenses. MAS cautioned that future profits may face volatility due to global uncertainty and ongoing U.S. trade tensions.<sup>15</sup>

On July 25, economists were split on MAS' next move: half expected a third policy easing due to a projected negative output gap, while the rest expected no change. MAS had already eased in January and April in response to U.S. tariffs. Q2 GDP grew 1.4% q-o-q, avoiding recession. Authorities expect growth to slow in H2, with GDP forecast maintained at 0–2%.<sup>16</sup>

**Exhibit 1: GIC's Annualised Rolling 20-year Real Rate of Return Since 2001**



Source: [Channel News Asia](#) (2025)

<sup>14</sup> Abigail Ng, "Singapore to Roll Out Business Grants in October Amid Trump Tariff Pressures," *Channel News Asia*, July 10, 2025, <https://www.channelnewsasia.com/singapore/sert-economic-resilience-business-grant-tariffs-5228891>.

<sup>15</sup> Abigail Ng, "MAS Reports Net Profit of S\$19.7 Billion Due to Healthy Returns on Investments," *Channel News Asia*, July 15, 2025, <https://www.channelnewsasia.com/singapore/mas-annual-report-net-profit-inflation-economy-5237036>.

<sup>16</sup> Jun Yuan Yong, "Economists Split on Singapore Monetary Policy After Surprise Growth," *Reuters*, July 25, 2025, <https://www.reuters.com/world/asia-pacific/economists-split-singapore-monetary-policy-after-surprise-growth-2025-07-25/>.

Also on July 25, as illustrated in *Exhibit 2*, GIC's 20-year real return dipped to 3.8%, a five-year low, amid risks like inflation and supply shifts. GIC is focusing on agility and targeted segments, with equities rising to 51% and real assets to 23%, while Asia-Pacific exposure and fixed income declined.<sup>17</sup>

On July 30, MAS kept its monetary policy unchanged, maintaining the S\$NEER band's slope, width, and midpoint. This pause follows earlier easings in January and April, amid better Q2 growth and easing trade tensions. While core inflation held steady at 0.6% in Q2, full-year forecasts remain at 0.5%–1.5%. MAS flagged external risks like energy shocks and tariffs, and said it remains ready to respond if inflation or growth conditions worsen.<sup>18</sup>

On August 1, Singapore's largest bank, DBS Group Holding, announced that their Q2's net profit rose 1% year-over-year to SGD 2.82 billion, exceeding analysts' estimate of SGD 2.79 billion, driven by strong wealth and trading income. The dividend declared was 75 cents per share, totaling around SGD 2.13 billion. Wealth fees increased by 25% to SGD 649 million, and trading income more than doubled to SGD 418 million. However, net interest income fell by 4% as margins narrowed to 2.55%. Customer deposits grew by 4% to SGD 574 billion, while loans increased by 2% to SGD 433 billion. DBS maintains its 2025 outlook, expecting lower profits than in 2024 but anticipating mid to high single-digit growth in non-interest income.<sup>19</sup>

On August 4, Singapore launched an Economic Strategy Review to enhance competitiveness amid global shifts and tech disruption, as announced by DPM Gan Kim Yong. This review replaces the long-term planning stream of the Singapore Economic Resilience Taskforce (SERT) and will involve five committees engaging with businesses and workers. Key updates are expected by early 2026, with the final report due mid-2026. Focus areas include global competitiveness, tech-driven growth, start-

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<sup>17</sup> Tang See Kit, "GIC's 20-year Annualised Real Return Dips to 5-year Low of 3.8%, Warns of Volatile Returns Ahead," *Channel News Asia*, September 17, 2025, <https://www.channelnewsasia.com/singapore/gics-20-year-annualised-real-return-dips-38-warns-volatile-returns-amid-world-in-flux-5256121>.

<sup>18</sup> Abigail Ng, "MAS Keeps Monetary Policy Unchanged After Easing Twice This Year," *Channel News Asia*, July 30, 2025, <https://www.channelnewsasia.com/singapore/mas-monetary-policy-singapore-unchanged-sneer-5266101>.

<sup>19</sup> Sheila Chiang, "DBS Shares Hit \$50 After Q2 Profit Beats Forecast on Strong Wealth Fees, Trading Income," *The Straits Times*, August 7, 2025, <https://www.straitstimes.com/business/banking/dbs-q2-profit-up-1-to-2-82-billion-on-strong-wealth-fees-and-trading-income-beats-expectations>.

up ecosystems, workforce upskilling, and safety nets. The review also responds to rising U.S. tariffs, particularly affecting the pharma and semiconductor sectors. Gan emphasized a blend of experienced and new officeholders for balanced recommendations.<sup>20</sup>

On August 13, Singtel reported a 14% rise in first-quarter underlying net profit to SGD686 million, supported by strong earnings from Optus and regional associates like Bharti Airtel. Contributions from regional partners rose 24.5% to SGD 468 million. Statutory net profit surged to SGD 2.88 billion, boosted by one-off gains from the Airtel stake sale and the Intouch-Gulf Energy merger. CEO Yuen Kuan Moon highlighted data centres in Singapore and Thailand as key growth drivers for the year.<sup>21</sup>

On August 18, Singapore reported a 4.6% drop in non-oil domestic exports (NODX) for July, reversing June's strong 12.9% growth. The contraction was driven by sharp declines in non-electronics like pharmaceuticals, even as electronics exports rose 2.8%, led by PCs and integrated circuits. The data underscores growing trade volatility amid global tariff tensions, especially after the U.S. imposed a 10% baseline tariff. Shipments to key partners like the U.S. and China also declined. With external demand expected to slow, the Economic Resilience Taskforce is intensifying efforts abroad to secure deals and protect jobs. The 1–3% NODX growth forecast remains, but headwinds from tariffs and slowing global activity continue to loom.<sup>22</sup>

On August 28, Temasek CEO Dilhan Pillay announced a major restructuring of the state investor, forming three new entities, Temasek Global Investments, Temasek Singapore, and Temasek Partnership Solutions, effective April 2026. The move aims to sharpen capital allocation and adapt to a fast-changing global environment by managing long-term holdings in key domestic firms like DBS and SIA. Temasek Partnership Solutions will oversee fund investments and external partnerships. Pillay cited rising geopolitical risks and shifting economic norms as reasons for the

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<sup>20</sup> Tang See Kit, "Singapore Launches Economic Strategy Review to Stay Competitive Amid Global, Tech Shifts," *Channel News Asia*, August 4, 2025, <https://www.channelnewsasia.com/singapore/economic-strategy-review-gan-kim-yong-5275466>.

<sup>21</sup> "Singtel Logs 14% Rise in First-quarter Profit on Optus, Regional Partners' Boost," *Channel News Asia*, August 13, 2025, <https://www.channelnewsasia.com/business/singtel-q1-2025-profit-14-rise-financial-results-optus-5291751>.

<sup>22</sup> Lutfil Jumadi, "Singapore's Key Exports Fall 4.6% in July; Drop Steeper Than Expected," *Channel News Asia*, August 18, 2025, <https://www.channelnewsasia.com/singapore/nodx-key-exports-fall-july-2025-enterprisesg-5299491>.

reorganisation. Each entity will have clearer performance goals and specialized teams, helping Temasek sustain long-term returns while supporting Singapore firms' transformation.<sup>23</sup>

On September 1, Singapore's manufacturing sector showed signs of stabilisation as the Purchasing Managers' Index (PMI) rose to 50, ending the previous month's contraction. Electronics remained a key driver, with its PMI rising to 50.4 amid optimism from the AI boom and recent U.S. tariff exemptions. Analysts noted cautious optimism, with risks from tariff uncertainty still present, but economists project a resilient second half, supporting Singapore's 2025 growth forecast of 3.2%.<sup>24</sup>

On September 2, GovTech became the first government agency to join the Global Signal Exchange, enabling real-time scam data sharing to better detect and disrupt threats. Announced at the Global Anti-Scam Summit in Singapore, this move strengthens international collaboration against rising scam risks. Also, Google.org pledged USD 5 million to the ASEAN Foundation to expand scam prevention. A new survey showed 66% of Singaporeans encountered scams last year, with the highest average loss in the region. Singapore was praised as a global best practice in anti-scam efforts.<sup>25</sup>

On September 9, the Singapore Business Federation (SBF) launched the Trade AI Adviser (TAIA), the world's first Gen AI platform for global trade guidance. TAIA helps businesses navigate free trade agreements, tariffs, and compliance using trusted sources and FTA databases. Speaking at the launch, Deputy Prime Minister Gan Kim Yong warned that the new 10% U.S. tariff on Singapore exports, particularly in pharmaceuticals and semiconductors, will hurt the economy and ripple through related

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<sup>23</sup> Abigail Ng, "Amid Global Headwinds, Temasek to Set up 3 Investment Entities From April," *Channel News Asia*, August 28, 2025, <https://www.channelnewsasia.com/singapore/temasek-investment-entities-portfolio-5319511>.

<sup>24</sup> Annabelle Liang, "Singapore Factory Activity Picks up as Electronics Extends Expansion," *The Straits Times*, September 2, 2025, <https://www.straitstimes.com/business/singapore-factory-activity-picks-up-as-electronics-sector-outperforms>.

<sup>25</sup> Natasha Ganesan, "Singapore's GovTech Joins Global Initiative to Disrupt Scams by Exchanging Real-time Data," *Channel News Asia*, September 2, 2025, <https://www.channelnewsasia.com/singapore/scams-govtech-real-time-data-fraud-southeast-asia-5327971>.

sectors. He urged firms to avoid trade diversion tactics under new U.S. transshipment rules and to stay alert to shifts in investment flows as global dynamics evolve.<sup>26</sup>

On September 10, Singapore's National Climate Change Secretariat responded to environmental groups calling for more transparency in carbon tax policies. It emphasized that transitional allowances for emissions-heavy firms are not a "free pass" and must be tied to credible net-zero plans. While acknowledging public interest, NCCS said releasing facility-level data could affect companies' competitiveness. The government will continue to balance climate goals with economic realities and has provided rebates and consultations to support consumers and engage the public. Carbon tax rates are set to rise gradually until 2030.<sup>27</sup>

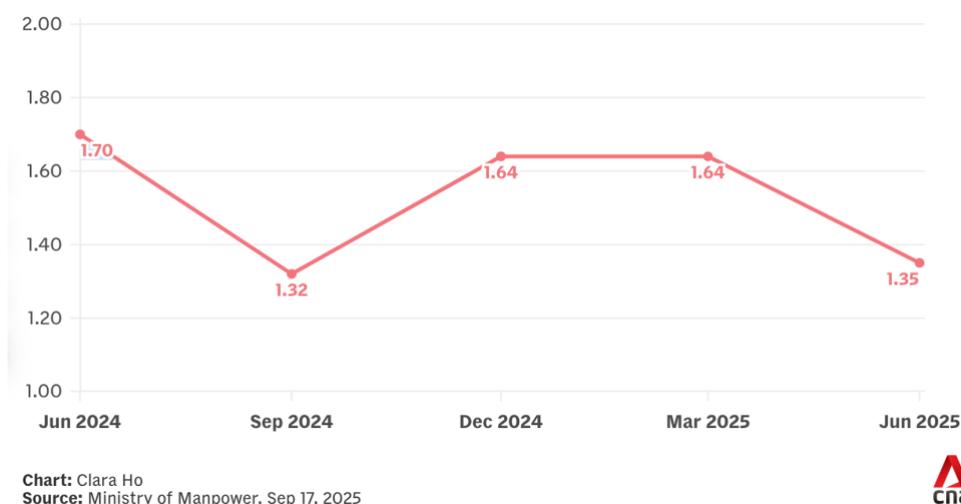
On September 15, Singapore announced it will launch a Comprehensive Strategic Partnership (CSP) with New Zealand, upgrading bilateral ties amid global uncertainty. The CSP builds on the Enhanced Partnership (EP) formed in 2019 and follows pillars on trade, security, innovation, green economy (added in 2022), and supply chain resilience (announced in 2024). Foreign Minister Vivian Balakrishnan emphasized that Singapore must adapt to global disruptions and deepen trusted partnerships to safeguard its role as a trade and logistics hub. The CSP marks Singapore's highest level of bilateral cooperation, joining existing CSPs with Australia, India, and Vietnam.<sup>28</sup>

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<sup>26</sup> Ovais Subhani, "Singapore Firms Now Able to Harness Gen AI to Navigate US Tariff Chaos," *The Straits Times*, September 9, 2025, <https://www.straitstimes.com/business/singapore-firms-now-able-to-harness-genai-to-navigate-us-tariff-chaos>.

<sup>27</sup> Erin Liam, "No 'free Pass' on Carbon Emissions for Companies Receiving Transitional Allowances: NCCS," *Channel News Asia*, September 10, 2025, <https://www.channelnewsasia.com/singapore/nccs-carbon-tax-transitional-allowance-not-free-pass-5341446>.

<sup>28</sup> Koh Wan Ting, "Singapore to Launch Comprehensive Strategic Partnership With New Zealand," *Channel News Asia*, September 15, 2025, <https://www.channelnewsasia.com/singapore/comprehensive-strategic-partnership-new-zealand-mfa-csp-5349486>.

**Exhibit 2: Ratio of Job Vacancies to Unemployed People**

Source: [Clara Ho with data from the Ministry of Manpower](#) (2025)

On September 17, Singapore’s Ministry of Manpower reported that while overall resident unemployment dipped slightly to 2.8%, the rate for youth under 30 rose from 5.4% to 5.7%, the first increase this year. Unemployment for degree holders and seniors over 60 also edged up. Despite this, long-term unemployment stayed low, and graduate job placements improved, with 51.9% of 2025 grads employed by June. To ease youth job anxieties, the government launched a Graduate Traineeship Programme with 800 roles, adding to over 30,000 entry-level job openings. However, signs of softening emerged, job vacancies fell, and retrenchments slightly declined, though re-entry rates after layoffs slowed. MOM warned of cautious hiring and wage growth ahead due to global uncertainties and US tariffs.<sup>29</sup>

## Diplomacy

On July 2, Prime Minister Lawrence Wong paid an official visit to Cambodia to commemorate the 60th anniversary of Singapore–Cambodia bilateral relations. Discussions focused on strengthening cooperation in renewable energy, agriculture, carbon markets, and human capital development. Wong also expressed concern over rising border tensions between Cambodia and Thailand, encouraging a peaceful

<sup>29</sup> Tang See Kit, “Singapore Unemployment Rate Rises for Under-30s, Over-60s in Second Quarter,” *Channel News Asia*, September 18, 2025, <https://www.channelnewsasia.com/singapore/resident-unemployment-rates-up-young-workers-below-30-and-seniors-above-60-in-q2-5349646>.

resolution in line with ASEAN principles.<sup>30</sup> Following Cambodia's formal submission of the dispute to the International Court of Justice on June 16, Wong, during his courtesy call with Senate President Samdech Techo Hun Sen, expressed support in principle for resolving the matter through international legal mechanisms. Hun Sen, in turn, urged Singapore to encourage Thailand to participate in the ICJ process to prevent the issue from burdening future generations.<sup>31</sup>

On July 14, Singapore pledged increased support for Timor-Leste through an enhanced eStars package covering 2025 to 2028. The announcement was made during the official visit of Prime Minister Xanana Gusmão. The expanded programme includes capacity building for ASEAN integration, civil service training, higher education scholarships, and leadership development initiatives.<sup>32</sup>

On July 24, Singapore's Ministry of Foreign Affairs expressed concern over armed clashes between Cambodian and Thai forces, urging both sides to de-escalate and seek diplomatic solutions. MFA advised Singaporeans to avoid border areas and remain vigilant. No injuries to Singaporeans have been reported. Citizens are encouraged to e-register and contact the Singapore embassies in Phnom Penh or Bangkok if needed.<sup>33</sup>

On July 29, at a UN conference in New York, MFA Deputy Secretary Kevin Cheok stated that Singapore is open to recognising the State of Palestine, in principle, meaning the recognition would only take place if it meaningfully supports peace efforts and contributes to a negotiated two-state solution. He reaffirmed Singapore's call for an immediate ceasefire, the release of hostages by Hamas, and unrestricted humanitarian aid into Gaza. Cheok also welcomed a recent letter from Palestinian President Mahmoud Abbas rejecting violence and affirming Israel's right to exist.

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<sup>30</sup> Ng Hong Siang, "Singapore and Cambodia to Deepen Partnerships in Renewable Energy, Carbon Markets: PM Wong," *Channel News Asia*, July 2, 2025, <https://www.channelnewsasia.com/singapore/singapore-cambodia-deepen-partnerships-renewable-energy-carbon-markets-pm-lawrence-wong-5216126>.

<sup>31</sup> Bona Chuon, "Singaporean Prime Minister Agrees With Cambodian Senate President on Resolving Cambodia-Thai Border Dispute Through the ICJ," អគ្គនាយកដ្ឋាននវិទ្យាសាស្ត្រ (RNK), August 3, 2025, <https://rnk.gov.kh/article/53114>.

<sup>32</sup> Hariz Baharudin, "Singapore Boosts Support for Timor-Leste as It Prepares to Join Asean," *The Straits Times*, July 14, 2025, <https://www.straitstimes.com/singapore/politics/singapore-boosts-support-for-timor-lestes-as-it-prepares-to-join-asean>.

<sup>33</sup> Daphne Yow, "Singapore Urges Restraint as Cambodia-Thailand Border Row Escalates," *Channel News Asia*, July 25, 2025, <https://www.channelnewsasia.com/singapore/cambodia-thailand-tensions-singapore-mfa-urges-restraint-defer-travel-border-regions-5256876>.

Singapore pledged continued humanitarian support, including the possibility of deploying a medical team and contributing to Gaza's reconstruction. Two new initiatives for 2026 include training Palestinian Civil Police with Japan and launching a Young Leaders Programme.<sup>34</sup>

On August 6, Defence Minister Chan Chun Sing discussed co-developing training sites in West Kalimantan, Baturaja, and the Siabu Air Weapons Range. Singapore's special forces will begin training in West Kalimantan soon, with joint fighter patrols to follow. Chan highlighted strong bilateral ties during his visit, meeting Defence Minister Sjafrie Sjamsoeddin and delivering a lecture at Indonesia's National Resilience Institute on shared values and rule-of-law alignment. The Defence Cooperation Agreement (DCA), effective in 2024, will govern SAF training in Indonesia for 25 years. Future cooperation will focus on cybersecurity, critical infrastructure protection, and people-to-people defense exchanges.<sup>35</sup>

On August 13, Deputy Prime Minister Gan Kim Yong led a six-member Singapore delegation to New Delhi for the third India–Singapore Ministerial Roundtable (ISMR). Both sides reaffirmed strong bilateral ties and discussed deepening cooperation across six key pillars, including digitalisation, skills development, and industrial parks. Key initiatives explored included cross-border data flows, semiconductor training, and a proposed green shipping corridor from Paradeep Port to Singapore. The roundtable also marked growing collaboration on sustainability, healthcare, and advanced manufacturing, with both nations committing to build on the progress since their last meeting in 2024.<sup>36</sup>

On August 21, Senior Minister Lee Hsien Loong is visiting Osaka and Tokyo. The visit aims to deepen bilateral relations ahead of the 60th anniversary of Singapore-Japan ties in 2026. During his visit, SM Lee will be the Guest-of-Honour at Singapore's National Day Celebration at Expo 2025 Osaka, meet PM Ishiba Shigeru, receive the

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<sup>34</sup> Chloe Loh, "S'pore Prepared in Principle to Recognise State of Palestine: MFA," *Mothership*, July 30, 2025, <https://mothership.sg/2025/07/spore-palestine-mfa/>.

<sup>35</sup> Ng Wei Kai, "Singapore and Indonesia Have Discussed Jointly Developing Military Training Facilities: Chan Chun Sing," *The Straits Times*, August 6, 2025, <https://www.straitstimes.com/singapore/spore-and-indonesia-have-discussed-jointly-developing-military-training-facilities-chan-chun-sing?ref=singapore>.

<sup>36</sup> Nirmala Ganapathy, "India, Singapore Ministers Discuss Deeper Tie-ups in Digitalisation, Skills, Industrial Parks," *The Straits Times*, August 14, 2025, <https://www.straitstimes.com/asia/south-asia/india-singapore-ministers-discuss-deeper-tie-ups-in-digitalisation-skills-industrial-parks>.

Grand Cordon of the Order of the Rising Sun, and engage with Japanese leaders and overseas Singaporeans. This reinforces economic, diplomatic, and people-to-people ties for future collaboration.<sup>37</sup>

On August 26, Singapore and Vietnam held the 17th Bilateral Consultations in Hanoi, co-chaired by Permanent Secretary for Foreign Affairs Albert Chua and Deputy Foreign Minister Nguyen Manh Cuong. Both sides welcomed the elevation of ties to a Comprehensive Strategic Partnership (CSP) in March 2025 and noted strong cooperation in green and digital economies, renewable energy, carbon credits, and food security. They discussed upcoming high-level engagements, including the 2nd Annual Leaders' Meeting in October, and reaffirmed the importance of ASEAN centrality and unity in regional stability. Secretary Chua also met Deputy PM Bui Thanh Son and other senior officials to explore deeper regional and bilateral cooperation.<sup>38</sup>

On September 1, Deputy Prime Minister and Trade Minister Gan Kim Yong visited Guangzhou to mark the 15th anniversary of the China-Singapore Guangzhou Knowledge City (CSGKC), a key bilateral project facilitating Singapore's access to the Greater Bay Area. He toured sites including the NUS Guangzhou Institute and DBS Global Fintech R&D Centre. In a meeting with Guangdong Governor Wang Weizhong, both sides reaffirmed strong economic and people-to-people ties. They agreed that CSGKC remains a vital testbed for innovation and cross-border collaboration in sectors like advanced manufacturing, digital economy, and healthcare.<sup>39</sup>

On September 10, Foreign Minister Vivian Balakrishnan held separate calls with his Israeli and Palestinian counterparts to express Singapore's support for a ceasefire, humanitarian aid to Gaza, and a two-state solution. He condemned Israel's airstrikes in Doha as a violation of Qatar's sovereignty and stressed concern over the worsening humanitarian crisis. Dr Balakrishnan reaffirmed Singapore's longstanding support for

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<sup>37</sup> "Senior Minister Lee Hsien Loong's Visit to Japan From 21 to 27 August 2025," Ministry of Foreign Affairs Singapore, August 20, 2025, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2025/08/Senior-Minister-Lee-Hsien-Loong-visit-to-Japan-21-to-27-August-2025>.

<sup>38</sup> "17th Singapore-Vietnam Bilateral Consultations 26 August 2025," Ministry Foreign Affairs Singapore, August 17, 2025, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2025/08/17th-Singapore-Vietnam-Bilateral-Consultations-26-August-2025>.

<sup>39</sup> "Deputy Prime Minister and Minister for Trade and Industry Gan Kim Yong's Engagements in Guangzhou, 1 September 2025," Ministry of Foreign Affairs Singapore, September 1, 2025, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2025/09/Deputy-Prime-Minister-and-Minister-for-Trade-and-Industry-Engagements-in-Guangzhou-1-September-2025>.

Palestinian self-determination and highlighted Singapore's aid efforts, including over SGD 22 million and training programs under the Enhanced Technical Assistance Package. He urged Israel to avoid actions that would undermine peace prospects and to allow unhindered aid into Gaza.<sup>40</sup>

On September 15, Foreign Minister Vivian Balakrishnan outlined Singapore's updated foreign policy direction in response to rising global uncertainty. He emphasized the need for swift adaptation as trade disruptions, major power rivalry, and tech shifts challenge Singapore's role as a global hub. MFA will focus on pragmatic engagement, strengthening partnerships, and protecting Singaporeans overseas. Key priorities include deepening ties with neighbours like Malaysia and Indonesia, advancing ASEAN integration through trade and green economy efforts, and expanding partnerships with countries like New Zealand, South Korea, and regions such as Africa and Latin America. Singapore will continue supporting global rules-based systems and contribute to international norms on AI, climate, and cybersecurity. National unity and public support for foreign policy remain vital.<sup>41</sup>

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<sup>40</sup> Daphne Yow, "Singapore Foreign Minister Speaks to Palestinian and Israeli Counterparts; Reaffirms Gaza Aid and Two-state Solution," *Channel News Asia*, September 10, 2025, <https://www.channelnewsasia.com/singapore/singapore-foreign-minister-vivian-balakrishnan-call-israel-palestine-foreign-ministers-gaza-5342241>.

<sup>41</sup> "Ministry of Foreign Affairs Addendum to the President's Address," Ministry of Foreign Affairs Singapore, September 15, 2025, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2025/09/Ministry-of-Foreign-Affairs-Addendum-to-the-President-Address>.

## Thailand

### *Long Sovitou*

#### Introduction

Thailand's third quarter of 2025 was significantly characterized by political uncertainty, economic fragility, and diplomatic tension that will likely define Thailand's trajectory well into 2026.<sup>1</sup> The descending of the Shinawatra dynasty coincided with unprecedented economic challenges and escalating tensions with its neighbors. What began as constitutional proceedings against Prime Minister Paetongtarn Shinawatra evolved into a comprehensive political realignment that saw the rise of Anutin Charnvirakul's minority government through an unlikely alliance with the progressive People's Party.<sup>2</sup> Simultaneously, the economy grappled with persistent deflation, currency appreciation pressures, and the implementation of punitive U.S.<sup>3</sup> tariffs; these headwinds necessitated coordinated monetary and fiscal responses while exposing structural vulnerabilities in Thailand's export-dependent model.<sup>4</sup> The quarter's most dramatic development was the border conflict with Cambodia, which erupted in late July and persisted through September despite multiple ceasefire agreements; this crisis tested ASEAN's conflict resolution mechanisms while inflicting substantial economic damage on border communities.<sup>5</sup> These converging crises

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<sup>1</sup> IRIS France, "Cambodia-Thailand Conflict Implications for ASEAN," August 2025, <https://www.iris-france.org/observatoires/observatoire-asie-du-sud-est/>.

<sup>2</sup> The Nation Thailand, "Anutin Elected as 32nd Prime Minister," September 7, 2025, <https://www.nationthailand.com/news/politics/40055429>.

<sup>3</sup> Reuters, "Thailand's Paetongtarn Shinawatra Suspended by Court," July 1, 2025, <https://www.reuters.com/world/asia-pacific/thailand-court-suspends-pm-paetongtarn-shinawatra-2025-07-01/>.

<sup>4</sup> Bank of Thailand, "Monetary Policy Report Q3 2025," September 2025, <https://www.bot.or.th/en/home.html>.

<sup>5</sup> U.S. Embassy Thailand, "Statement on Cambodia-Thailand Ceasefire," July 28, 2025, <https://th.usembassy.gov/statement-on-cambodia-thailand-ceasefire/>.

created political uncertainty, economic fragility, and diplomatic tension that will likely define Thailand's trajectory well into 2026.<sup>6</sup>

## Political Security

Thailand experienced one of its most significant political transformations, characterized by the systematic dismantling of Shinawatra influence and the emergence of an unprecedented coalition arrangement.<sup>7</sup> The Constitutional Court's suspension of Prime Minister Paetongtarn Shinawatra on July 1, 2025, following a leaked phone call conversation with Cambodia's Senate President Hun Sen, initiated a cascade of events that fundamentally altered the kingdom's power structure.<sup>8</sup> The court's August 29 decision to formally remove Paetongtarn from office, citing ethical violations under the 2017 Constitution, represented more than a legal ruling; it symbolized the definitive end of the Shinawatra political dynasty that had dominated Thai politics since 2001.<sup>9</sup> The leaked phone call, in which Paetongtarn appeared overly deferential to the Cambodian leader while criticizing Thai military commanders during border tensions, provided the constitutional justification for her removal while exposing the family's perceived weakness on national security issues.<sup>10</sup>

The political realignment accelerated with Thaksin Shinawatra's imprisonment on September 9, 2025, when the Supreme Court sentenced him to one year for corruption and abuse of power convictions.<sup>11</sup> The court's rejection of claims that his 2023 hospitalization counted as served time eliminated any remaining legal escape routes

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<sup>6</sup> IRIS France, "Cambodia-Thailand Conflict Implications for ASEAN," August 2025, <https://www.iris-france.org/observatoires/observatoire-asie-du-sud-est/>.

<sup>7</sup> Center for Strategic and International Studies (CSIS), "Thailand Political Crisis Analysis," July-September 2025, <https://www.csis.org/programs/southeast-asia-program>.

<sup>8</sup> Reuters, "Thailand's Paetongtarn Shinawatra Suspended by Court," July 1, 2025, <https://www.reuters.com/world/asia-pacific/thailand-court-suspends-pm-paetongtarn-shinawatra-2025-07-01/>.

<sup>9</sup> The Nation Thailand, "Constitutional Court Removes Paetongtarn from Office," August 29, 2025, <https://www.nationthailand.com/news/politics/40055429>.

<sup>10</sup> Bangkok Post, "Leaked Phone Call Leads to PM's Downfall," July 2, 2025, <https://www.bangkokpost.com/thailand/politics>.

<sup>11</sup> Reuters, "Thaksin Shinawatra Sentenced to Prison," September 9, 2025, <https://www.reuters.com/world/asia-pacific/thailand-court-suspends-pm-paetongtarn-shinawatra-2025-07-01/>.

for the former prime minister; his incarceration compounded the family's political decline and removed their most influential behind-the-scenes operator.<sup>12</sup> This dual collapse of both current and former Shinawatra leaders created a power vacuum that fundamentally reshaped coalition dynamics; the Bhumjaithai Party's withdrawal from the government on June 18, following the phone call leak, had already reduced the coalition's parliamentary majority and set the stage for Anutin Charnvirakul's eventual rise.<sup>13</sup>

Anutin's election as Thailand's 32nd Prime Minister on September 7, 2025, represented a masterpiece of political maneuvering that defied conventional coalition logic.<sup>14</sup> His minority government, comprising the Bhumjaithai Party and smaller allies totaling approximately 146 seats in the 500-seat parliament, secured power through a conditional agreement with the opposition People's Party that exemplified pragmatic politics over ideological consistency. The deal's terms were unprecedented in Thai political history; 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. This arrangement allowed Bhumjaithai immediate access to power while providing the People's Party a pathway to early elections where polling showed them leading at 46.08% compared to Pheu Thai's collapsed 11.52%.<sup>15</sup>

The rapid formation and royal endorsement of Anutin's 36-member cabinet demonstrated the new government's urgency in establishing legitimacy. King Maha Vajiralongkorn's September 19 approval, published in the Royal Gazette, formalized a cabinet that reflected both continuity and change in Thai governance.<sup>16</sup> Key

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<sup>12</sup> The Nation Thailand, "Thaksin's Legal Options Exhausted," September 10, 2025, <https://www.nationthailand.com/news/politics/40055429>.

<sup>13</sup> Bangkok Post, "Bhumjaithai Withdraws from Coalition," June 18, 2025, <https://www.bangkokpost.com/thailand/politics>.

<sup>14</sup> The Nation Thailand, "Anutin Elected as 32nd Prime Minister," September 7, 2025, <https://www.nationthailand.com/news/politics/40055429>.

<sup>15</sup> Thai PBS, "People's Party Leads in Latest Polling," September 2025, <https://www.thaipbs.or.th/news/content/334041>.

<sup>16</sup> Royal Gazette, "Cabinet Appointments Approved by King," September 19, 2025, <https://thailand.prd.go.th/en/content/category/detail/id/48/>.

appointments included Ekniti Nitithanprapas as Finance Minister, bringing technocratic expertise to address mounting economic challenges; Sihasak Phuangketkeow as Foreign Minister, signaling continuity in diplomatic relations; and six Deputy Prime Ministers across various portfolios, indicating a distributed power structure designed to manage the government's brief tenure effectively.<sup>17</sup>

Constitutional amendment discussions emerged as the most significant long-term political development of the quarter, with the People's Party leveraging their deal with Bhumjaithai to advance reform agendas that had been stalled for years. The progressive party's primary focus on reducing military and monarchical influence in politics, including amendments to *lèse-majesté* laws and referendum processes, represented a direct challenge to Thailand's traditional power structures.<sup>18</sup> However, Bhumjaithai's commitment to these reforms remained questionable; analysts warned of potential abandonment under conservative pressure, while the party's notable absence from key constitutional committee meetings in September indicated reluctance to fully embrace the reform agenda. The weakened Pheu Thai Party's opportunistic support for amendments appeared tactical rather than principled, with party leaders questioning the legality of Anutin's rise while hinting at obstructionist tactics.

The quarter's most severe security challenge emerged from the Thailand-Cambodia border conflict, which escalated from longstanding territorial disputes into violent clashes that tested both nations' diplomatic capabilities.<sup>19</sup> The July 28 ceasefire agreement, brokered through Malaysian mediation and U.S.<sup>20</sup> pressure, proved fragile from its inception; both sides reported violations shortly after implementation, including

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<sup>17</sup> Bangkok Post, "New Cabinet Formation Complete," September 20, 2025, <https://www.bangkokpost.com/thailand/politics>.

<sup>18</sup> Thai Enquirer, "Constitutional Amendment Discussions Begin," September 2025, <https://www.thaienquirer.com/category/politics/>.

<sup>19</sup> The Diplomat, "Thailand-Cambodia Border Tensions Escalate," July 2025, <https://thediplomat.com/tag/thailand/>.

<sup>20</sup> U.S. Embassy Thailand, "Statement on Cambodia-Thailand Ceasefire," July 28, 2025, <https://th.usembassy.gov/statement-on-cambodia-thailand-ceasefire/>.

landmine incidents and barrier constructions that undermined trust-building efforts.<sup>21</sup> The conflict's escalation in Banteay Meanchey Province during August and September demonstrated the limitations of diplomatic agreements without robust enforcement mechanisms; Thailand's construction of barbed wire barriers and Cambodia's alleged placement of new landmines created a volatile environment that displaced 25 Cambodian families and injured multiple Thai soldiers.<sup>22</sup>

The September 17-18 violent clashes represented the conflict's most serious escalation, involving Thai security forces' deployment of tear gas, rubber bullets, and long-range acoustic devices against Cambodian civilians and monks.<sup>23</sup> The casualty count of 28-29 injured Cambodians and 5 Thai soldiers highlighted the conflict's human cost while Cambodia's appeal to UN Secretary-General Antonio Guterres demonstrated the crisis's international implications.<sup>24</sup> Border checkpoint closures disrupted trade and civilian movement; this created economic hardship in border regions while military positioning by both sides sustained tensions despite ceasefire commitments.<sup>25</sup> The conflict's persistence through multiple diplomatic interventions exposed the fragility of regional security arrangements and the potential for localized disputes to escalate into broader crises.<sup>26</sup>

## Economic Development

Thailand's economic performance during the third quarter reflected a confluence of domestic vulnerabilities and external pressures that challenged policymakers' ability

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<sup>21</sup> Ministry of Foreign Affairs Thailand, "Press Briefing August 20, 2025," August 20, 2025, <https://www.mfa.go.th/en/content/5d5bcf4515e39c306000683c?cate=5d5bcacb15e39c30600006fe>.

<sup>22</sup> Bangkok Post, "Border Conflict Displaces Families," August 2025, <https://www.bangkokpost.com/thailand/politics>.

<sup>23</sup> The Nation Thailand, "Violent Clashes at Thailand-Cambodia Border," September 18, 2025, <https://www.nationthailand.com/news/politics/40055429>.

<sup>24</sup> United Nations Press, "Secretary-General Welcomes Thailand-Cambodia Ceasefire," July 29, 2025, <https://press.un.org/en/2025/sgsm22345.doc.htm>.

<sup>25</sup> Bangkok Post, "Border Checkpoints Closed Due to Conflict," August 2025, <https://www.bangkokpost.com/thailand/politics>.

<sup>26</sup> IRIS France, "Cambodia-Thailand Conflict Implications for ASEAN," August 2025, <https://www.iris-france.org/observatoires/observatoire-asie-du-sud-est/>.

to maintain growth momentum.<sup>27</sup> The economy's deceleration became increasingly apparent as temporary factors supporting earlier growth dissipated; while official Q3 data remained preliminary, the second quarter's 2.8% year-on-year growth, down from 3.2% in Q1, established a clear trajectory of weakening activity.<sup>28</sup> Private investment's 0.4% month-on-month decline in July, coupled with private consumption's 0.2% fall, signaled fragile domestic demand that undermined the economy's fundamental drivers.<sup>29</sup> The National Economic and Social Development Council's downward revision of full-year GDP growth to 2.0% reflected consensus recognition that the second half would be markedly slower than initial projections.<sup>30</sup>

Persistent deflation emerged as the quarter's most concerning macroeconomic development, with consumer prices falling for the fifth consecutive month and reaching -0.79% year-on-year in August.<sup>31</sup> This deflationary environment, driven primarily by lower transportation and energy costs alongside government electricity rate cuts, created a challenging policy environment where traditional demand-side interventions faced limited effectiveness.<sup>32</sup> While core inflation remained positive at 0.81% in August, its gradual decline indicated weakening underlying price pressures that reflected subdued domestic demand and structural economic challenges.<sup>33</sup> The Bank of Thailand's target range of 1-3% inflation appeared increasingly distant as forecasts

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<sup>27</sup> World Bank, "Thailand Economic Monitor," August 2025, <https://www.worldbank.org/en/country/thailand/publication/thailand-economic-monitor>.

<sup>28</sup> Capital Economics, "Thailand Q2 GDP Analysis," August 2025, <https://www.capitaleconomics.com/publications/asia-economics-update/>.

<sup>29</sup> Bank of Thailand, "Monthly Economic Report July 2025," July 2025, <https://www.bot.or.th/en/home.html>.

<sup>30</sup> National Economic and Social Development Council, "GDP Forecast Revision," August 2025, [https://www.nesdc.go.th/nesdb\\_en/main.php?filename=index](https://www.nesdc.go.th/nesdb_en/main.php?filename=index).

<sup>31</sup> Trading Economics, "Thailand Inflation Rate August 2025," September 4, 2025, <https://www.nationthailand.com/news/politics/40055429>.

<sup>32</sup> Bank of Thailand, "Inflation Report August 2025," August 2025, <https://www.bot.or.th/en/home.html>.

<sup>33</sup> Trading Economics, "Thailand Core Inflation August 2025," September 2025, <https://www.nationthailand.com/news/politics/40055429>.

suggested September's headline inflation could reach -0.90%, raising concerns about deflationary spiral risks.<sup>34</sup>

The Bank of Thailand's monetary policy response demonstrated the central bank's growing concern over economic headwinds and its willingness to provide accommodation despite potential financial stability risks.<sup>35</sup> The Monetary Policy Committee's unanimous decision on August 13 to cut the policy rate by 25 basis points to 1.50% marked the fourth reduction in a 10-month easing cycle, bringing rates to their lowest level since February 2023. The committee's rationale encompassed multiple economic vulnerabilities; slowing growth, adverse U.S.<sup>36</sup> tariff impacts, weakening tourism figures, and SME financial stress created a compelling case for monetary accommodation.<sup>37</sup> The benign inflation environment provided necessary policy space to prioritize growth support while the committee emphasized that monetary policy alone could not address all structural challenges.<sup>38</sup>

Fiscal policy responses reflected the new government's dual focus on immediate economic stimulus and long-term structural reform, constrained by revenue shortfalls and political timeline pressures. The Ministry of Finance's projection of a 37.6 billion baht revenue shortfall for fiscal 2025, attributed to slower growth and underperforming tax collections, necessitated careful resource allocation while avoiding additional borrowing.<sup>39</sup> The ministry's reliance on existing treasury balances demonstrated fiscal prudence while the proposed revival of the 'Let's Go Halves' co-payment scheme and 'Easy E-Receipt' tax rebate program, with a combined 50 billion baht budget,

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<sup>34</sup> Krungsri Research, "Inflation Forecast September 2025," September 2025, <https://www.krungsri.com/en/research/research/global-research>.

<sup>35</sup> Bloomberg, "Thai Baht Reaches Four-Year High," September 15, 2025, <https://www.cfr.org/article/trade-calendar>.

<sup>36</sup> Bank of Thailand, "Monetary Policy Report Q3 2025," September 2025, <https://www.bot.or.th/en/home.html>.

<sup>37</sup> Trading Economics, "Thailand Inflation Rate August 2025," September 4, 2025, <https://www.nationthailand.com/news/politics/40055429>.

<sup>38</sup> Krungsri Research, "Monthly Bulletin August 2025," August 2025, <https://www.krungsri.com/en/research/research/global-research>.

<sup>39</sup> Ministry of Finance Thailand, "Revenue Shortfall Projection FY2025," September 2025.

represented targeted demand-side interventions designed to boost household purchasing power and support small businesses.<sup>40</sup>

Prime Minister Anutin's 120-day economic agenda reflected the government's short tenure and need for immediate impact measures that could demonstrate effectiveness before the planned parliamentary dissolution.<sup>41</sup> The agenda's centerpiece, the revival of the highly popular "Half-Half" co-payment scheme, leveraged proven policy tools to stimulate domestic consumption while providing direct support to SMEs across the country. The complementary "We Travel Together" program aimed to boost domestic tourism through accommodation and travel subsidies, particularly during off-peak periods when the sector faced additional challenges from declining foreign arrivals. These initiatives, combined with proposed reductions in electricity tariffs and public transport fares, represented a comprehensive approach to reducing household expenses while stimulating economic activity.

External economic challenges dominated the quarter's policy agenda, with the U.S. tariff negotiations representing the most significant trade policy development in years. The initial threat of a 36% reciprocal tariff prompted intensive diplomatic engagement through a high-level "Team Thailand" delegation that successfully negotiated the rate down to 19% by August 1.<sup>42</sup> While this reduction aligned Thailand with other ASEAN nations and represented a diplomatic victory, the final tariff still posed substantial challenges for export-oriented sectors; projected export losses of THB 275 billion, concentrated in automotive and electronics industries, necessitated government relief measures including subsidies and soft loans for affected businesses.<sup>43</sup> The private sector's advocacy for accelerated free trade agreements, particularly with the

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<sup>40</sup> Bloomberg, "Thai Baht Reaches Four-Year High," September 15, 2025, <https://www.cfr.org/article/trade-calendar>.

<sup>41</sup> Bangkok Post, "Thai PM Anutin preps 120-day policy agenda," September 14, 2025, <https://www.bangkokpost.com/thailand/politics/3104062/thai-pm-anutin-preps-120day-policy-agenda>

<sup>42</sup> Nation Thailand, "Thailand Details Concessions to US for Reduced Import Tariffs," July 31, 2025, <https://www.nationthailand.com/business/economy/40053429>

<sup>43</sup> Bangkok Post, "Tariff to reduce 2026 exports by B275bn," August 6, 2025, <https://www.bangkokpost.com/business/general/3081833/tariff-to-reduce-2026-exports-by-b275bn>

European Union, reflected recognition that market diversification was essential for long-term competitiveness.<sup>44</sup>

The Thai baht's appreciation to a four-year high created additional external sector challenges that required coordinated policy responses from the new government and central bank.<sup>45</sup> The currency's 8% year-to-date strengthening against the U.S.<sup>46</sup> dollar by mid-September, driven by capital inflows and anomalous gold exports to Cambodia, threatened export competitiveness and tourism sector recovery. The surge in gold exports, increasing 82% year-on-year to USD 7.6 billion with USD 2.1 billion directed to Cambodia, raised serious concerns about money laundering and illicit financial flows that prompted government investigations.<sup>47</sup> Finance Minister Ekniti Nitithanprapas's urgent discussions with the Bank of Thailand focused on developing currency stabilization measures and monitoring capital flows more closely, while proposed taxes on certain gold trading activities aimed to curb speculative inflows.<sup>48</sup>

## Diplomacy

Thailand's diplomatic engagement during the third quarter demonstrated flexible crisis management capabilities while maintaining strategic relationships across multiple international partnerships. The kingdom's foreign policy apparatus navigated the Cambodia border conflict through multilateral frameworks while simultaneously advancing bilateral relationships with major powers and regional partners. ASEAN's role as the primary conflict resolution mechanism highlighted both the organization's

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<sup>44</sup> Nation Thailand, "Thai trade negotiators accelerate crucial FTA talks with the EU," October 7, 2025, <https://www.nationthailand.com/business/trading-investment/40056470>

<sup>45</sup> Trading Economics, "Thai Baht Retreats from 4-Year High as Officials Mull Steps," September 18, 2025, <https://tradingeconomics.com/thailand/currency/news/486236>

<sup>46</sup> Reuters, "Thailand's strong baht threatens exports, tourism amid global headwinds," September 2025, <https://www.reuters.com/world/asia-pacific/thailands-strong-baht-threatens-exports-tourism-amid-global-headwinds-2025-09-17/>

<sup>47</sup> Bangkok Post, "Surging Thai gold exports to Cambodia spark demand for probe," September 13, 2025, <https://www.bangkokpost.com/business/general/3103932/surging-thai-gold-exports-to-cambodia-spark-demand-for-probe#:~:text=Bangkok%20Post%20D%20Surging%20Thai%20gold%20exports%20to%20Cambodia%20spark%20demand%20for%20probe>

<sup>48</sup> Reuters, "Thai finance minister urges central bank to tackle baht volatility amid economic strains," October 1, 2025. <https://www.reuters.com/world/asia-pacific/new-thai-central-bank-chief-says-he-will-work-with-government-maintain-2025-10-01/>

utility and limitations in managing conventional security threats; 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 in regional crisis management. However, the conflict's persistence despite multiple diplomatic interventions exposed the bloc's enforcement challenges and drew unfavorable comparisons to its difficulties in addressing the Myanmar crisis.

The Thai Ministry of Foreign Affairs employed a multi-track diplomatic strategy that combined bilateral negotiations through the General Border Committee with multilateral engagement through ASEAN mechanisms and United Nations channels. Foreign Minister Maris Sangiampongsa's active use of established frameworks, including lodging protests against Cambodia's alleged landmine use under the Ottawa Convention and presenting ceasefire violation evidence to the ASEAN-led Interim Observer Team, demonstrated Thailand's utilization of international law and institutional processes.<sup>49</sup> The September 10 General Border Committee meeting in Cambodia's Koh Kong province produced concrete de-escalation measures, including heavy weapons withdrawal, joint de-mining operations, and trade route reopening, that validated the utility of patient diplomatic engagement over military escalation.<sup>50</sup>

Thailand's relationship with the United States evolved significantly during the quarter, marked by successful tariff negotiations that demonstrated the alliance's enduring value despite periodic tensions. The "Team Thailand" delegation's intensive engagement with U.S. trade officials, culminating in the August 1 agreement to reduce reciprocal tariffs from a threatened 36% to 19%, showcased Thailand's diplomatic capabilities. This outcome aligned Thailand with other ASEAN partners and avoided the severe economic disruption that higher tariffs would have caused, while the negotiation process strengthened bilateral trade dialogue mechanisms for future challenges.

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<sup>49</sup> The Government Public Relations Department, "Thailand Stresses Its Call on World Community to Bring Cambodia Back to Full Compliance with Ottawa Convention," August 28, 2025, <https://thailand.prd.go.th/en/content/category/detail/id/3243/iid/418848>

<sup>50</sup> Ministry of Foreign Affairs, Kingdom of Thailand, "Joint Press Statement of the Special General Border Committee (GBC) Meeting, Koh Kong, Cambodia," September 10, 2025, <https://www.mfa.go.th/en/content/joint-press-statement-special-gbc-100925>

## Vietnam

### *Bun Kuch Sonika & Mogn Sereysovathana*

#### **Introduction**

During the third quarter of 2025, Vietnam navigated a critical period of political reform, electoral preparation, and external adaptation. The Communist Party of Vietnam (CPV) concentrated on consolidating constitutional amendments, refining legal frameworks, and setting the stage for the 2026 general elections. Economic policy focused on sustaining growth through high-tech investment, trade diversification, and large-scale infrastructure projects amid global uncertainties. At the same time, Vietnam reinforced traditional partnerships with Laos and ASEAN neighbors while expanding outreach to new regions through active diplomacy and strategic symbolism. The quarter highlighted Hanoi's pursuit of reform-driven governance and pragmatic diplomacy to strengthen legitimacy and resilience both domestically and internationally.

#### **Domestic Politics**

In Quarter 3 of 2025, Vietnam's domestic politics were defined by the enforcement of sweeping constitutional reforms, preparations for 2026 general elections for the National Assembly and People's Councils, and renewed emphasis on political security. Alongside legal and institutional consolidation, the CPV also deployed symbolic and distributive measures to reinforce legitimacy, underscoring its dual role as reformer and guarantor of stability.

On July 9, the National Election Council convened its inaugural meeting under the chairmanship of National Assembly Chairman Trần Thanh Mẫn. The Council initiated preparations for the elections of deputies to the 16th National Assembly and People's Councils for the 2026–2031 term. This was the first electoral cycle since the sweeping constitutional amendments of June 2025 came into effect on July 1, which merged provinces, eliminated district-level administrations, and created a streamlined two-tier system of local government. The meeting therefore carried more than procedural significance: it symbolized the CPV's determination to maintain institutional continuity

in the midst of structural transformation. By moving quickly to establish the electoral calendar, the party signaled both administrative capacity and political control.<sup>1</sup>

Less than a week later, on July 15, Politburo working groups convened with the Party Committees of the National Assembly and Government to review the implementation of Resolution 60-NQ/TW. The session resulted in revisions to 34 laws, the adoption of 33 resolutions, and preparations for further constitutional adjustments.<sup>2</sup> Taken together with the Election Council's meeting, this sequence demonstrated the Party's dual-track strategy: embedding reforms within legal frameworks while simultaneously ensuring that electoral procedures would legitimize the new order in 2026. In this sense, law was not employed as a liberalizing mechanism but as a means of institutional consolidation.

These themes were carried into the 12th plenary session of the 13th Party Central Committee, held on July 19. After two days of deliberation, the session focused on three priorities: preparations for the 14th National Party Congress, the development of a political-legal foundation for continued reform, and personnel arrangements. By linking institutional reform with elite management, the Party underscored the principle that structural stability is inseparable from leadership continuity. The juxtaposition of legal adjustment and cadre planning reflected the Party's enduring emphasis on unity at the top as the anchor for broader change.

In the same period, Prime Minister Phạm Minh Chính chaired a legislative affairs meeting, reviewing eight draft proposals and the 2026 legislative agenda.<sup>3</sup> He called for bold reforms to resolve "institutional chokepoints," stressing that governance requires not only streamlined institutions but also enabling laws. This emphasis revealed a recognition within the leadership that legitimacy is contingent not only on

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<sup>1</sup> "National Election Council Convenes First Meeting," *Vietnam+*, July 9, 2025, <https://en.vietnamplus.vn/national-election-council-convenes-first-meeting-post322413.vnp>.

<sup>2</sup> "Politburo's Working Groups Work with Standing Boards of Party Committees of NA, Gov't." *Vietnam Law and Legal Forum*, July 16, 2025. <https://vietnamlawmagazine.vn/politburos-working-groups-work-with-standing-boards-of-party-committees-of-na-govt-74688.html>.

<sup>3</sup> "PM Chính Calls for Bold Legal Reform to Unlock National Competitive Edge." *Viet Nam News*, July 23, 2025. <https://vietnamnews.vn/politics-laws/1721943/pm-chinh-calls-for-bold-legal-reform-to-unlock-national-competitive-edge.html>.

symbolic measures but also on functional performance. In other words, the ability of institutions to deliver growth and efficiency is itself a political resource.

By the end of July, attention shifted toward political vigilance. On July 28, General Secretary Tô Lâm conducted an inspection visit to the Department of Internal Political Security. He emphasized the need for early detection of disunity, corruption, and manipulation at the grassroots.<sup>4</sup> This intervention provided an important thematic bridge: even as institutional reforms were advanced through constitutional and legal channels, the Party acknowledged that structural change could generate instability. The pairing of reform with heightened surveillance reflected the Party's longstanding conviction that governance innovation must be accompanied by political discipline.

As the calendar turned to August, the Party's focus broadened to questions of legitimacy. On August 18, the government marked its 80th founding anniversary with nationwide ceremonies and the launch of 250 projects valued at nearly US\$48.7 billion.<sup>5</sup> These projects, spanning infrastructure and industry, were presented as tangible evidence of the Party's developmental achievements. The timing was deliberate: by aligning historical commemoration with visible outputs, the Party fused revolutionary legitimacy with performance legitimacy. Such staging reinforced the narrative that the Communist Party not only delivered independence in the past but continues to guide modernization in the present.

Building on this momentum, on August 25, General Secretary Tô Lâm addressed the National Assembly, urging it to assume a pioneering role in institutional reform and strategic decision-making. He highlighted digital innovation, clean energy, semiconductors, biotechnology, and tourism as priority sectors for Vietnam's transformation.<sup>6</sup> This forward-looking vision positioned the Party as the steward of a

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<sup>4</sup> "Party Chief Calls for Overhaul in Safeguarding Internal Political Security." *Viet Nam News*, July 29, 2025. <https://vietnamnews.vn/politics-laws/1722263/party-chief-calls-for-overhaul-in-safeguarding-internal-political-security.html>.

<sup>5</sup> "Over 250 Projects Worth Nearly \$48b Ready Inaugurated to Mark 80th National Day." *Viet Nam News*, August 13, 2025. <https://vietnamnews.vn/politics-laws/1723191/over-250-projects-worth-nearly-48b-ready-inaugurated-to-mark-80th-national-day.html>.

<sup>6</sup> "National Assembly Urged to Lead Bold Reforms for Nation's Future." *Viet Nam News*, August 27, 2025. <https://vietnamnews.vn/politics-laws/1724142/national-assembly-urged-to-lead-bold-reforms-for-nation-s-future.html>

knowledge-based economy, linking its authority to the promise of technological progress. Yet, this articulation also revealed a structural dilemma: by raising expectations of rapid modernization, the Party increases the risk that unmet outcomes could erode legitimacy.

September began with an unprecedented populist gesture. On September 1, the government announced a US\$380 million National Day cash handout, distributing 100,000 đồng to every citizen.<sup>7</sup> While individually modest, the transfer represented a significant innovation in Vietnam's political repertoire: the direct linkage of material benefits to a national holiday. Coupled with the 80th Independence Day parade on September 2, which showcased advanced military hardware and attracted broad public participation, the Party crafted a dual message. On one hand, it projected itself as the provider of welfare; on the other, as the guarantor of sovereignty. Together, these gestures underscored the Party's strategy of blending populist distribution with symbolic assertion to reinforce its social contract.

In parallel, the National Assembly Standing Committee held its 49th session in early September, addressing governance reforms, legislative oversight, and the 2026 budget.<sup>8</sup> Though less spectacular than the parade, the session was politically consequential, as it tied institutional legitimacy to administrative competence. By embedding fiscal planning within the broader reform narrative, the Party signaled that governance effectiveness remains central to sustaining political authority.

On September 13, Prime Minister Chinh chaired another law-making session, reviewing draft laws and emphasizing a transition from a "management mindset" to a "service-oriented state."<sup>9</sup> This rhetoric reflected an acknowledgment that legitimacy depends not simply on enacting laws, but on ensuring their practical enforceability. Two days later, on September 15, the Party Committees of the National Assembly and

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<sup>7</sup> Phuong Nguyen and Francesco Guarascio, "Vietnam Celebrates Independence Day with Huge Military Parade," *Reuters*, September 2, 2025, <https://www.reuters.com/world/china/vietnam-celebrates-independence-day-with-huge-military-parade-2025-09-02/>.

<sup>8</sup> "NA Standing Committee Opens 49th Session." *Viet Nam News*, September 5, 2025. <https://vietnamnews.vn/politics-laws/1724660/na-standing-committee-opens-49th-session.html>.

<sup>9</sup> "Prime Minister Chairs Second Law-Making Session in September." *Vietnam Law and Legal Forum*, September 13, 2025. <https://vietnamlawmagazine.vn/prime-minister-chairs-second-law-making-session-in-september-75213.html>.

Government met to prepare for the final session of the 15th legislature, stressing decentralization and effective enforcement as central themes.<sup>10</sup> This revealed an important recognition: centralization, if excessive, risks impairing local responsiveness and undermining public trust.

Later in the month, the Politburo issued resolutions on energy security and public healthcare, elevating them as national priorities.<sup>11</sup> These areas were chosen not only for their policy relevance but also for their symbolic weight: energy and health are domains in which citizens directly experience state capacity. General Secretary Tô Lâm's insistence on "resolute execution" reflected the Party's awareness that legitimacy is increasingly contingent on the delivery of tangible public goods rather than ideological slogans.

Finally, on September 18, Directive No. 28/CT-TTg officially fixed March 15, 2026 as the date for the elections of deputies to the 16th National Assembly and People's Councils.<sup>12</sup> This announcement concluded the quarter on the same theme with which it began: electoral preparation. The decision not only provided a firm timeline for Vietnam's next political ritual but also symbolized the Party's ability to manage reform and continuity simultaneously. In doing so, the leadership reinforced its core message that even amidst sweeping change, the Communist Party remains the ultimate guarantor of stability.

## Economic Developments

After President Trump announced the 20% tariff on Vietnam goods and 40% on transshipments, the Vietnamese Prime Minister and Chinese Premier agreed to bolster bilateral trade and investment during the sideline meeting of the BRICS summit on July 6. During the meeting, Vietnam also urged China to give railway construction

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<sup>10</sup> "NA, Government Party Committees Discuss Preparations for Final Session of 15th Legislature." *Vietnam Law and Legal Forum*, September 16, 2025. <https://vietnamlawmagazine.vn/na-government-party-committees-discuss-preparations-for-final-session-of-15th-legislature-75227.html>.

<sup>11</sup> "Politburo's New Resolution Aims to Ensure Energy Security for National Development in New Era." *Viet Nam News*, September 16, 2025. <https://vietnamnews.vn/politics-laws/1725363/politburo-s-new-resolution-aims-to-ensure-energy-security-for-national-development-in-new-era.html>.

<sup>12</sup> "Elections of Deputies to 16th NA, All-Level People's Councils Scheduled for March 15, 2026." *Vietnam+ (VietnamPlus)*, September 18, 2025. <https://en.vietnamplus.vn/elections-of-deputies-to-16th-na-all-level-peoples-councils-scheduled-for-march-15-2026-post326795.vnp>.

cooperation as top priority, stating that Vietnam would start constructing a new rail link between the two nations in December<sup>13</sup>. Amidst the global economic instability, Vietnam has set an ambitious growth target of at least 8% for 2025 and aims for double-digit expansion over the next five years. This ambitious goal comes after a positive result when the GDP growth rate was 7.52% in the first half of the year, the fastest pace in 15 years.<sup>14</sup> In order to achieve this GDP growth, there is a need of shifting from traditional growth engines such as natural resources, public investment, low-cost labour, and low-value export- to transformative drivers. Three primary growth engines are identified such as in the construction sector, services sector, and local growth hubs.<sup>15</sup>

Vietnam has been working to strengthen its economic diplomacy to expand market access and deepen bilateral ties, especially China, Japan, South Korea, the US, the EU, and ASEAN. On July 22, the Deputy Minister of Foreign Affairs delivered a report on the economic diplomacy achievement of the first half of 2025. He also underscored the strong economic diplomatic activities, which resulted in fostering relations with 10 countries and signed 253 cooperation agreements.<sup>16</sup>

Moreover, to address the global trade challenges, Prime Minister Pham Minh Chinh approved a goal of 8.3-8.5% of GDP growth for 2025 proposed by the Ministry of Finance. Hence, he outlined key directions, focusing on public investment disbursement, mobilizing social investment, stimulating domestic consumption, and negotiating trade agreements with the US.<sup>17</sup> Moreover, Vietnam is building itself to

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<sup>13</sup> Reuters. "Vietnam, China Agree to Boost Trade Ties as Trump Tariffs Hit." *Reuters*, July 8, 2025. <https://www.reuters.com/markets/asia/vietnam-china-agree-boost-trade-ties-trump-tariffs-hit-2025-07-08/>.

<sup>14</sup> "Comprehensive Strategy Required for Achieving Double-Digit Growth: Experts." *Vietnam+ (VietnamPlus)*, July 14, 2025. <https://en.vietnamplus.vn/comprehensive-strategy-required-for-achieving-double-digit-growth-experts-post322657.vnp>.

<sup>15</sup> *Ibid*

<sup>16</sup> "Việt Nam Ramps up Economic Diplomacy to Drive Growth in 2025." *Viet Nam News*, July 23, 2025. <https://vietnamnews.vn/politics-laws/1721942/viet-nam-ramps-up-economic-diplomacy-to-drive-growth-in-2025.html>.

<sup>17</sup> "Vietnam takes steps to realise 8.3–8.5% growth target in 2025", *Viet Nam News*, July, 29, 2025, <https://vietnamnews.vn/economy/1722278/vietnam-takes-steps-to-realise-8-3-8-5-growth-target-in-2025.html>

become a global lithium battery powerhouse for the global battery value chain.<sup>18</sup> Vietnam holds the advantages in terms of timing, location, and human harmony, however there is a need for Vietnam to have more capital, advanced technology, skilled workers, and specialized logistics systems for goods distribution; all of which are vital for the realization of Vietnam's ambition.<sup>19</sup>

Entering August, Vietnam's economic best interest turned to the semiconductor industry, with the aim to position itself as the future hub for testing and packaging by 2030.

On August 4, His Prime Minister Chinh highlighted the importance of the Fourth Industrial Revolution with an emphasis on fields like semiconductor, artificial intelligence (AI), cloud computing, and the Internet of Things (IoT). However, he also acknowledged the modest growth and urged policymakers to analyze both achievements and shortcomings, and propose solutions to key issues to make room for growth.<sup>20</sup> This ambition was well supported by the Ministry of Industry and Trade's measures to leverage existing trade agreements to offset the impact of U.S. 20 percent tariffs on Vietnamese imports and the need to stabilize export markets by utilizing 17 free trade agreements, as well as diversify Vietnam's sources of input with untapped potential partners in regions such as the Middle East, Africa, and Latin America as it create a spillover effects into negotiations for new FTAs.<sup>21</sup>

Respectively, on August 4, Prime Minister Pham Minh Chinh laid out fifteen groups of tasks and solutions to realize the Politburo's Resolution No. 68-NQ/TW on private economic development with a focus on regulatory reform to reduce institutional bottlenecks, decentralization to empower local government, and digital

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<sup>18</sup> "Logistics a strategic piece in Việt Nam's lithium battery chain", *Viet Nam News*, July 30, 2025, <https://vietnamnews.vn/economy/1722302/logistics-a-strategic-piece-in-viet-nam-s-lithium-battery-chain.html>

<sup>19</sup> *Ibid*

<sup>20</sup> Nhan Dan Online. "PM Chairs National Committee's Meeting on Semiconductor Development," Nhan Dan Online, August 4, 2025, <https://en.nhandan.vn/pm-chairs-national-committees-meeting-on-semiconductor-development-post151293.html>.

<sup>21</sup> "Ministry Seeks Ways to Expand Export Markets amidst US's 20% Reciprocal Tariff," *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1722795/ministry-seeks-ways-to-expand-export-markets-amidst-us-s-20-reciprocal-tariff.html>.

transformation.<sup>22</sup> There are already visible positive changes observed in the first three months of implementation. Nearly 108,000 new enterprises were established, with over 24,000 in June and 16,000 in July. Business households surged by about 165% year-on-year, and state budget revenue from private industry, trade, and services increased by 25% year-on-year.<sup>23</sup> Continuous Efforts that reinforce these commitments were shown during the 15th Vietnam Private Sector Forum held in Quang Ninh on August 13.<sup>24</sup> With around 200 delegates agreeing that the Resolution No. 68-NQ/TW indeed offers economic opportunities for the private sector, yet they also highlight challenges in institutional frameworks, capital access, technology, and competitiveness, and urged for stronger administrative reforms, cost reduction, and expanded channels for small- and medium-sized enterprises (SMEs).<sup>25</sup> In addition, delegates also proposed establishing regional cooperation networks and technology linkages, and a need for a law that embodied the “three easies”, easy access, understanding and compliance, and service-oriented.<sup>26</sup>

In terms of Vietnam’s export market, its Agro-forestry-fishery exports rose by 14.7 percent, reaching nearly 40 billion USD from January to July, with Asia its main export market, accounting for 42.6 percent of the total export value, followed by America and Europe, with shares of 23.3 percent and 15.1 percent, respectively.<sup>27</sup> The same period saw durian exports to China rebounded significantly by tenfold in the first four months of the year, with fresh durian exports topping 207,000 tonnes, and frozen durian, 16,000 tonnes.<sup>28</sup> In addition, the government strives to boost its durian export market and address the previous issues with heavy metal residues by introducing the cadmium contamination map that intensifies monitoring chemical use, regulates

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<sup>22</sup> “PM Outlines 15 Groups of Tasks, Solutions to Boost Private Economic Sector,” *Viet Nam News*, August 5, 2025, <https://vietnamnews.vn/economy/1722693/pm-outlines-15-groups-of-tasks-solutions-to-boost-private-economic-sector.html>.

<sup>23</sup> *Ibid*

<sup>24</sup> “Dialogue Promotes Economic Cooperation among Northern Midland Localities,” *Vietnam+ (VietnamPlus)*, August 13, 2025, <https://en.vietnamplus.vn/dialogue-promotes-economic-cooperation-among-northern-midland-localities-post324540.vnp>.

<sup>25</sup> *Ibid*

<sup>26</sup> *Ibid*

<sup>27</sup> “Agro-Forestry-Fishery Exports Rose by 14.7% to Reach \$40 Billion from January to July,” *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1722662/agro-forestry-fishery-exports-rose-by-14-7-to-reach-40-billion-from-january-to-july.html>.

<sup>28</sup> “Comprehensive Strategy to Revive China Durian Exports Proves Successful,” *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1723244/comprehensive-strategy-to-revive-china-durian-exports-proves-successful.html>.

growth area codes, and establishes new food safety processes aiming to maintain a foothold in the Chinese market, as well as to expand to other markets like the US and EU.<sup>29</sup> These sectors help contribute to Vietnam's trade surplus of 10.18 billion USD. In the first seven months of 2025, Vietnam's exports grew by 14.8 per cent to US\$262.4 billion, while its imports rose by 17.9 per cent to \$252.3 billion.<sup>30</sup>

On August 14, Vietnam's state-owned oil group, PetroVietnam Technical Services Corporation, formed a joint development with South Korea's LS Eco Energy Ltd to develop a \$10 billion offshore wind power export project in Vietnam.<sup>31</sup> With Singapore and Malaysia as its main export markets in mind.<sup>32</sup> This project is expected to be completed by 2026, with a final investment decision in 2027 and commercial operations targeted to start in 2033.<sup>33</sup>

On August 18, the government inaugurated the National Data Centre No. 1, one of the largest in Southeast Asia, with a size of 20 ha, signaling its commitment to the progress of digital transformation and resilience with an emphasis on human centricity.<sup>34</sup> In addition, the government is striving to attract top talented individuals, especially in science, technology, and innovation, through the implementation of the Law on Science, Technology and Innovation, and the Law on Digital Technology Industry to give researchers more rights, such as intellectual property ownership and financial autonomy, and to help Vietnam realize its goal of becoming a high-income developed nation by 2045.<sup>35</sup>

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<sup>29</sup> *Ibid*

<sup>30</sup> "Việt Nam Posts Trade Surplus of \$10.18 Billion in Seven Months," *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1722794/viet-nam-posts-trade-surplus-of-10-18-billion-in-seven-months.html>.

<sup>31</sup> "VN Oil Giant Plugs into Future with \$10 Billion Electricity Offshore Cable Deal," *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1723294/vn-oil-giant-plugs-into-future-with-10-billion-electricity-offshore-cable-deal.html>.

<sup>32</sup> *Ibid*

<sup>33</sup> *Ibid*

<sup>34</sup> "National Data Centre Embodies Vietnam's Will, Aspiration: PM," *Vietnam+ (VietnamPlus)*, August 18, 2025, <https://en.vietnamplus.vn/national-data-centre-embodies-vietnams-will-aspiration-pm-post324846.vnp>.

<sup>35</sup> "Vietnam Steps up Efforts to Attract, Retain Talents," *Vietnam+ (VietnamPlus)*, August 20, 2025, <https://en.vietnamplus.vn/vietnam-steps-up-efforts-to-attract-retain-talents-post324947.vnp>.

In pursuit of achieving an 8.3-8.5% growth target throughout 2025, specific quotas were assigned to provinces and municipalities.<sup>36</sup> Among the 34 provinces and cities, eight were tasked with obtaining a double-digit growth, and most of the others must deliver 8–9% growth. As for the two “locomotives”, Hanoi and Ho Chi Minh City, were required to grow by 8.5 percent.<sup>37</sup> On August 19, 250 projects were simultaneously inaugurated or launched across 34 provinces and cities, with a combined investment of 1.28 quadrillion VND (48.73 billion USD).<sup>38</sup> Simultaneously, on August 27, Vietnam advanced fintech innovation through the approval of a blockchain-based digital asset project operating within a sandbox framework, facilitating the conversion of digital assets into Vietnamese dong and vice versa, a move intended to enhance domestic money transfers for international visitors and elevate the country’s financial technology ecosystem.<sup>39</sup> This development coincided with the 12th Vietnam Corporate Sustainability Forum, where Deputy Prime Minister Ho Duc Phoc called on enterprises to increase investment in high technology, artificial intelligence, and foundational digital infrastructures to achieve deeper integration into global value chains.<sup>40</sup>

Entering September, Vietnam remains strong amidst the U.S.'s unfavorable trade policy worldwide, as illustrated by its surge in foreign investment of USD 24.9 billion, a 27% year-on-year increase marking the highest record corresponding to the same period in the last five years.<sup>41</sup> Notable foreign investment project, namely ExxonMobil, an American oil and gas giant, shows interest in investing in a \$10 million USD refinery project in Nham Vân Phong;<sup>42</sup> which aligned with Vietnam’s strategic energy transition

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<sup>36</sup> “Localities under Pressure to Accelerate as Vietnam Sets Growth Quotas,” *Vietnam+ (VietnamPlus)*, August 20, 2025, <https://en.vietnamplus.vn/localities-under-pressure-to-accelerate-as-vietnam-sets-growth-quotas-post324951.vnp>.

<sup>37</sup> *Ibid*

<sup>38</sup> *Ibid*

<sup>39</sup> “Digital Pay Rises as Việt Nam Launches First Crypto-Fiat Pilot,” *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1724147/digital-pay-rises-as-viet-nam-launches-first-crypto-fiat-pilot.html>.

<sup>40</sup> Thuy Dung, “Gov’t Pledges to Accompany with Businesses in Every Step of Transition: Deputy Prime Minister,” *en.baochinhphu.vn*, August 23, 2025, <https://en.baochinhphu.vn/govt-pledges-to-accompany-businesses-in-every-step-of-transition-deputy-prime-minister-111250823093352731.htm>.

<sup>41</sup> Le Nguyen and Jack Myint, “Government of Vietnam Looks to Enhance Global Competitiveness in Attracting FDI | US ABC,” US-ASEAN Business Council, September 27, 2025, <https://www.usasean.org/article/government-vietnam-looks-enhance-global-competitiveness-attracting-fdi>.

<sup>42</sup> “Việt Nam Sees Rising Foreign Investments despite Uncertainties,” *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1724452/viet-nam-sees-rising-foreign-investments-despite-uncertainties.html>.

where the Minister of Industry and Trade has come to prioritize E10 biofuel, a gasoline mixed with 10 percent ethanol, for the beginning of 2026, as part of its long-term commitment to sustainable energy and reducing fossil fuel use.<sup>43</sup> Meanwhile, with the gold market on the rise, as high as an increase by 48.62 per cent year-on-year and a difference of VNĐ20 million compared to the world market, the Vietnamese government implemented several measures to regulate the domestic gold market such as introducing Decree 232 to authorize select banks and enterprises to import and produce gold bars with the expectation of bringing domestic gold prices closer to global prices.<sup>44</sup> On September 10, in an effort to accelerate the country's energy transition, Vietnam launched its first-ever Agri-PV project, integrating solar energy with agriculture, with national solar capacity projected to reach 22 gigawatts by 2030 and 168 gigawatts by 2050.<sup>45</sup>

On 18 September, the Vietnam National Assembly met with Malaysian Prime Minister Anwar Ibrahim in Kuala Lumpur, discussing measures to promote bilateral relations since the recent upgrade of their relationship to a Comprehensive Strategic Partnership in 2024 has generated fruitful outcomes, with the two-way trade reaching US\$9.23 billion, up 8% from the same period in 2024.<sup>46</sup> These successful bilateral partnerships are exemplified through Malaysia's National Petroleum Limited (Petronas) and Vietnam's Energy Group (PetroVietnam); on top of that, both nations agreed to further solidify their commitment by targeting the two-way trade to reach US\$18 billion during the 2025-2030 period, striving to actively boost high technologies and advance green energy projects.<sup>47</sup>

Meanwhile, domestic shows notable development, including one in Hai Phong and one in Hà Tĩnh. The new 57.2 ha industrial cluster in Hai Phong, namely the Tiên

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<sup>43</sup> "Fuel for Thought: Việt Nam Speeds toward E10 Shift," *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1724451/fuel-for-thought-viet-nam-speeds-toward-e10-shift.html>.

<sup>44</sup> "PM Urges Stricter Control of the Gold Market," *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1724708/pm-urges-stricter-control-of-the-gold-market.html>.

<sup>45</sup> "Việt Nam Launches First Agriculture Solar Project to Boost Rural Income," *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1724891/viet-nam-launches-first-agriculture-solar-project-to-boost-rural-income.html>.

<sup>46</sup> "Vietnam and Malaysia Aim for US\$18 Billion in Bilateral Trade," VOV.VN, September 18, 2025, <https://english.vov.vn/en/politics/diplomacy/vietnam-and-malaysia-aim-for-us18-billion-in-bilateral-trade-post1231085.vov>.

<sup>47</sup> *Ibid*

Cường 3 industrial cluster, with an investment of over VND 750 billion (US\$29.6 million).<sup>48</sup> Developed by Tiến Phát Industrial Infrastructure Investment Joint Stock Company, the cluster is designed for multi-sector clean industries, including electrical equipment, electronics, and high-tech supporting industries, with site clearance scheduled for 2025-2026 and technical infrastructure construction to follow until early 2028.<sup>49</sup> Whereas in Hà Tĩnh, Vũng Áng II thermal power plant inaugurated its first Thermal Power Plant with a designed capacity of 1,200 MW, generating two 600MW each; while the second turbine is expected to be completed by the end of 2025.<sup>50</sup> This USD 2.2 billion Build-Operate-Transfer (BOT) project is a joint venture between Japan's Mitsubishi Corporation 60% and the Korea Electric Power Corporation 40%.<sup>51</sup>

Additionally, Vietnam is seeing a steady increase in foreign direct investment from European nations, with over EUR 547 million to key energy projects, including new transmission lines and a pumped-storage hydropower plant, thanks to the Just Energy Transition Partnership (JETP), a cooperation initiative between Vietnam and an International Partners Group that includes the European Union and the UK.<sup>52</sup> However, experts continue to caution that Vietnam is still heavily reliant on imported components, particularly from China, worth nearly US\$10 billion annually.<sup>53</sup> This makes Vietnam vulnerable to geopolitical shifts and trade volatility; thus, the government is working closely to strengthen customs oversight and traceability protocols to mitigate these risks and reduce its reliance on external supply chains.<sup>54</sup>

## Diplomacy

Vietnam in the third quarter of 2025 witnessed prosperous progress of bilateral and multilateral relations, with talks, meetings, and celebrations being subsequently

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<sup>48</sup> "Hải Phòng Powers up with New Industrial Cluster Boost," *Viet Nam News*, 2025, [https://vietnamnews.vn/economy/1725570/hai-phong-powers-up-with-new-industrial-cluster-boost.html?utm\\_source=chatgpt.com](https://vietnamnews.vn/economy/1725570/hai-phong-powers-up-with-new-industrial-cluster-boost.html?utm_source=chatgpt.com).

<sup>49</sup> *Ibid*

<sup>50</sup> "First Turbine of Thermal Power Plant Inaugurated in Hà Tĩnh," *Viet Nam News*, 2025, <https://vietnamnews.vn/economy/1725494/first-turbine-of-thermal-power-plant-inaugurated-in-ha-tinh.html>.

<sup>51</sup> *Ibid*

<sup>52</sup> "Việt Nam Must Curb Import Reliance, Strengthen Supply Chain: Experts," *Viet Nam News*, 2025, [https://vietnamnews.vn/economy/1725513/viet-nam-must-curb-import-reliance-strengthen-supply-chain-experts.html?utm\\_source=chatgpt.com](https://vietnamnews.vn/economy/1725513/viet-nam-must-curb-import-reliance-strengthen-supply-chain-experts.html?utm_source=chatgpt.com).

<sup>53</sup> *Ibid*

<sup>54</sup> *Ibid*

conducted. Various relations have been strengthened through high-level meetings while various commitments and agreements have been made.

Vietnam's foreign affairs cannot be without discussing the continuous prospering of the Vietnam-Lao relations. The Vietnam-Lao relations in the third quarter of 2025 remains firm with various meetings being conducted between leaders and high-level officials. On July 09, Vietnamese Deputy Prime Minister Nguyen Chi Dung met with Lao Deputy Prime Minister Saleumxay Kommasith in Vientiane, Laos, to strengthen bilateral relations. Both Deputy Prime Ministers applauded the significant implementation progress of the 2025 Laos-Vietnam Cooperation Agreement, particularly in political and foreign affairs, defence and security, trade, human resource development, investment, and aid projects, for the first half of 2025.<sup>55</sup> Deputy Prime Minister Dung and his Lao counterpart also expressed commitment to prepare the Laos-Vietnam Cooperation Agreement for 2026-2030, to boost bilateral trade to USD 5 billion, and to complete key joint projects by this year.<sup>56</sup> These aim to bolster their strategic bilateral relations and cooperation.

On the same day, Deputy Prime Minister Dung also met with Lao Party General Secretary and President Thongloun Sisoulith and Prime Minister Sonexay Siphandone, at which both sides reiterated commitment to their special solidarity partnership. Both Lao leaders called for bolstering bilateral economic connectivity through strategic projects, especially the Vientiane-Hanoi expressway.<sup>57</sup> Deputy Prime Minister Dung and Lao Deputy Prime Minister Kommasith signed the protocol on electricity and coal trade, aiming to boost energy cooperation between both countries.<sup>58</sup> This signals a deepening strategic partnership between Vietnam and Laos, building on their existing cooperation with critical and strategic projects. The acceleration of cooperation projects not only fosters bilateral economic and social development, but it also strengthens political partnership between the two neighboring countries.

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<sup>55</sup> "Security Cooperation Remains an Important Pillar in Việt Nam–Laos Relations." *Viet Nam News*, July 30, 2025. <https://vietnamnews.vn/politics-laws/1722400/security-cooperation-remains-an-important-pillar-in-viet-nam-laos-relations.html>.

<sup>56</sup> Vientiane Times. "Laos, Vietnam Agree to Deepen Bilateral Ties." *Asia News Network*, July 11, 2025. <https://asianews.network/laos-vietnam-agree-to-deepen-bilateral-ties/>.

<sup>57</sup> *Ibid*

<sup>58</sup> *Ibid*

On July 11 in The Hague, the Netherlands, Vietnamese Deputy Foreign Minister Le Thi Thu Hang met with the Netherlands' Deputy Minister Marcel De Vink to convene the first-ever deputy ministerial-level political consultation. In the meeting, both Deputy Ministers exchanged positive views on their bilateral relations and expressed mutual commitment toward existing cooperation frameworks, particularly the Strategic Partnership on Climate Change Adaptation and Water Management, and the Strategic Partnership on Sustainable Agriculture and Food Security.<sup>59</sup> Deputy Foreign Minister Hang and her Dutch counterpart agreed to bolster investment opportunities in shipbuilding, maritime logistics, high-tech agriculture, semiconductors, digital economy, and circular economy. Deputy Foreign Minister Hang endorsed the Netherlands to allow more Vietnamese goods into its agricultural market and to induce a revocation of the EU's yellow card on Vietnamese goods, highlighting Vietnam's substantial effort to curb illegal fishing.<sup>60</sup> On July 29, Deputy Foreign Minister Hang also convened a meeting with Dutch Ambassador to Vietnam Kees van Barr. Aiming to boost bilateral investment, Deputy Foreign Minister Hang urged the Netherlands for the EU-Viet Nam Investment Protection Agreement (EVIPA) ratification. The two sides committed to enhancing delegation exchanges across all levels, especially at the high level, and maintaining reciprocal support in regional and global platforms.<sup>61</sup>

The Vietnam-Singapore relations witnessed heightened commitment to maximize their Comprehensive Strategic Partnership. Both countries pledged to bolster defence cooperation and regular high-level dialogues. To achieve this commitment, Singaporean Defence Minister and Coordinating Minister for Public Services Chan Chung Sing and Vietnamese Prime Minister Pham Minh Chinh explored potential cooperation areas, including renewable energy, data and finance, and leadership development.<sup>62</sup>

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<sup>59</sup> "Vietnam, Netherlands Hold First Deputy-Ministerial Political Consultation." *Viet Nam News*, July 13, 2025. <https://en.vietnamplus.vn/vietnam-netherlands-hold-first-deputy-ministerial-political-consultation-post322633.vnp>.

<sup>60</sup> *Ibid*

<sup>61</sup> Nhan Dan Online. "Vietnamese, Dutch Diplomats Discuss Ways to Boost Bilateral Ties." *Nhan Dan Online*, July 31, 2025. <https://en.nhandan.vn/vietnamese-dutch-diplomats-discuss-ways-to-boost-bilateral-ties-post151172.html>.

<sup>62</sup> Anjali Raguraman, "Singapore, Vietnam Agree to Step up Defence Ties, Dialogue between Leaders," *The Straits Times*, July 22, 2025, <https://www.straitstimes.com/singapore/singapore-vietnam-agree-to-step-up-defence-ties-dialogue-among-leaders>.

Vietnam and Indonesia also strengthened their newly-upgraded Comprehensive Strategic Partnership, with Vietnamese Defence Minister General Phan Van Giang welcoming Indonesian Defence Minister Sjafrie Sjamsoeddin in Hanoi on July 30. Both defence ministers applauded the fruitful outcomes of the Vietnam-Indonesia relations, with General Giang underscoring their regular delegation exchanges, tight-knitted defence cooperation and law enforcement, and cooperation in UN peacekeeping.<sup>63</sup> General Giang reiterated Vietnam's commitment to their Comprehensive Strategic Partnership and called for further trust-building and substantive cooperation through delegation exchanges, defence policy dialogue mechanisms, military training and drill collaboration, and reciprocal support on international platforms.<sup>64</sup>

Attending the United Nations Conference in New York on July 28-30, Vietnam's Permanent Representative to the United Nations Ambassador Do Hung Viet reiterated Vietnam's full support for the two-state solution and UN membership for Palestine. Ambassador Viet urged for negotiations between Palestine and Israel that abide by the UN Charter and international law and adhere to the International Court of Justice's rulings. Sympathizing Palestine's situation to Vietnam's resistance struggles 37 years ago, Vietnam is committed to help Palestine restore peace, security, and post-conflict development through humanitarian assistance and peace efforts.<sup>65</sup> This highlights Vietnam's efforts to boost its image as a peacekeeper amidst the uncertain global landscape.

On August 4, President Luong Cuong, alongside with a high-ranking delegation, visited the Arab League headquarters in Cairo, aiming to enhance comprehensive relations with Arab League members. To strengthen ties between Vietnam and the Arab League members, President Cuong emphasized the significance of advancing political and diplomatic engagement. He also encouraged both sides to take concrete steps to execute their existing cooperation agreements, especially the Memorandum

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<sup>63</sup> Viet Nam News. "Vietnam, Indonesia Defence Ministers Discuss Strengthening Substantive Cooperation." *Asia News Network*, July 31, 2025. <https://asianews.network/vietnam-indonesia-defence-ministers-discuss-strengthening-substantive-cooperation/>.

<sup>64</sup> "Vietnamese, Indonesian Defence Ministers Hold Talks in Hanoi." *Vietnam+ (VietnamPlus)*, July 30, 2025. <https://en.vietnamplus.vn/vietnamese-indonesian-defence-ministers-hold-talks-in-hanoi-post323670.vnp>.

<sup>65</sup> "Việt Nam Committed to Contributing to Two-State Solution Implementation." *Viet Nam News*, July 31, 2025. <https://vietnamnews.vn/politics-laws/1722410/viet-nam-committed-to-contributing-to-two-state-solution-implementation.html>.

of Understanding (MoU) signed between the Vietnamese Foreign Affairs Ministry and the Arab League Secretariat.<sup>66</sup>

To celebrate the 80th anniversary of Vietnam's August Revolution and National Day on August 19 and September 2 respectively, the Vietnamese Ministry of National Defence invited Cuba, Kazakhstan, and Azerbaijan to attend the celebration and invited China, Russia, Cambodia, Laos, and Belarus to join the parade.<sup>67</sup> The celebration was conducted to commemorate Vietnam's independence from France's colonial rule 80 years ago on September 2. Attendees witnessed a 16,000-soldier military parade at Ba Dinh Square, Hanoi, with the participation of Chinese, Cambodian, Laotian, and Russian soldiers.<sup>68</sup> Russian, Laotian, and Cambodian soldiers attended the 80th National Day parade rehearsal since August 21<sup>69</sup>, signalling their sustained and long-standing relations with Vietnam. A variety of advanced military artillery was displayed in the parade by the People's Army of Vietnam, including fighter jets—the XCB-01 infantry fighter jet and 5 Sukhoi Su-30MK2 fighter jets—, cruise missiles, tanks, drones, and military helicopters—including the Russian-made Mi-171 helicopter.<sup>70</sup>

On this occasion on September 2, the Lao delegation, led by Party General Secretary and President Thongloun Sisoulith, and the Cambodian delegation, led by Senate President Hun Sen, also visited the Viet Nam Exposition Centre in Hanoi where the “80-Year Journey of Independence-Freedom-Happiness” exhibition” is hosted.<sup>71</sup> Deputy Prime Minister Mai Van Chinh, Deputy Minister of Culture, Sports and Tourism,

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<sup>66</sup> “Việt Nam Expects More Substantive, Effective Ties with Arab League: President.” *Viet Nam News*, August 4, 2025. <https://vietnamnews.vn/politics-laws/1722664/viet-nam-expects-more-substantive-effective-ties-with-arab-league-president.html>.

<sup>67</sup> Nhan Dan Online. “Viet Nam Invites Foreign Defence Ministries to Join National Day Parade.” *Nhan Dan Online*, July 10, 2025. <https://en.nhandan.vn/viet-nam-invites-foreign-defence-ministries-to-join-national-day-parade-post150323.html>.

<sup>68</sup> News Agencies. “Vietnam Marks 80th Independence Anniversary with Military Parade.” *Al Jazeera*, September 2, 2025. <https://www.aljazeera.com/news/2025/9/2/vietnam-marks-80th-independence-anniversary-with-military-parade>.

<sup>69</sup> “High-Level Delegations from Six Nations to Attend Việt Nam’s 80th National Day Celebrations.” *Viet Nam News*, August 24, 2025. <https://vietnamnews.vn/politics-laws/1723868/high-level-delegations-from-six-nations-to-attend-viet-nam-s-80th-national-day-celebrations.html>.

<sup>70</sup> Sebastian Strangio, “Vietnam Marks 80th National Day with Massive Military Parade,” *The Diplomat*, September 2, 2025, <https://thediplomat.com/2025/09/vietnam-marks-80th-national-day-with-massive-military-parade/>.

<sup>71</sup> Y Nhuy, “Leaders of Laos and Cambodia Visit Vietnam’s National Exhibition,” *VietNamNet News*, September 3, 2025, <https://vietnamnet.vn/en/leaders-of-laos-and-cambodia-visit-vietnam-s-national-exhibition-2438703.html>.

Trinh Thi Thuy, Foreign Ministers, and Vietnamese ambassadors to Laos and Cambodia welcomed the high-ranking delegations. The exhibition displayed artefacts and pictures of the 80 years of national building and development in diverse fields, ranging from defence, industry, and foreign affairs to education and tourism.<sup>72</sup>

Concurrently on September 3 at the invitation of Chinese President Xi Jinping, President Luong Cuong led a high-ranking delegation to attend a military parade for the 80th anniversary of World War II victory in Beijing, China.<sup>73</sup> The military parade involved helicopters flying over Tiananmen Square with “Justice Prevails”, “Peace Prevails”, and “The People Prevail” banners, 10,000 soldiers, and over 100 aircrafts and armaments, displaying China’s rise against fascism 80 years ago and commitment to peace.<sup>74</sup> Prior to the ceremony, President Cuong also participated in the welcoming ceremony with foreign leaders at Tiananmen Square, Beijing.<sup>75</sup> On the sidelines of the ceremony, President Cuong convened discussions with President Xi on September 4. Both presidents congratulated their respective successful organization of the 80th anniversary ceremonies, reaffirming their commitment and support for socialist development and their bilateral ties.<sup>76</sup> President Cuong also proposed accelerating the strategic cooperation on the Vietnam-China Joint Railway Cooperation Committee, along with China’s support in railway personnel training, to which President Xi agreed.<sup>77</sup>

On September 10, Australian Governor-General Sam Mostyn met with Politburo Member and President of the Ho Chi Minh National Academy of Politics Dr. Nguyen

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<sup>72</sup> “Lao, Cambodian Leaders Visit Exhibition of Việt Nam’s 80-Year National Achievements.” *Viet Nam News*, September 2, 2025. <https://vietnamnews.vn/politics-laws/1724479/lao-cambodian-leaders-visit-exhibition-of-viet-nam-s-80-year-national-achievements.html>.

<sup>73</sup> “State President Attends Military Parade Marking 80th Anniversary of World People’s Victory over Fascism.” *Viet Nam News*, September 3, 2025. <https://vietnamnews.vn/politics-laws/1724499/state-president-attends-military-parade-marking-80th-anniversary-of-world-people-s-victory-over-fascism.html>.

<sup>74</sup> Xinhua. “China Holds Massive Parade to Mark 80th Anniversary of WWII Victory.” *Xinhua News*, September 3, 2025. <https://english.news.cn/20250903/00fe178b6753427c925ed0db63e2c786/c.html>.

<sup>75</sup> “President Attends Military Parade Marking 80th Anniversary of World People’s Victory over Fascism.” *Vietnam Law and Legal Forum*, September 3, 2025. <https://vietnamlawmagazine.vn/president-attends-military-parade-marking-80th-anniversary-of-world-peoples-victory-over-fascism-75113.html>.

<sup>76</sup> “Vietnamese President Holds Talks with Top Chinese Leader in Beijing.” *Vietnam Law and Legal Forum*, September 4, 2025. <https://vietnamlawmagazine.vn/vietnamese-president-holds-talks-with-top-chinese-leader-in-beijing-75129.html>.

<sup>77</sup> Linh Pham, “Xi Proposes Boosting China–Vietnam Railway Cooperation,” *Hanoi Times*, September 4, 2025, <https://hanoitimes.vn/xi-proposes-boosting-china-vietnam-railway-cooperation.833209.html>.

Xuan Thang in Hanoi. Both sides applauded the elevation of bilateral ties to a Comprehensive Strategic Partnership, emphasizing collaboration in personnel training, capacity building, and knowledge sharing. Thang highlighted the role of the Viet Nam-Australia Centre and its partnerships with Australian institutions in fostering joint research, scholar exchanges, and training programs.<sup>78</sup>

During Timor-Leste's Foreign Minister Bendito dos Santos Freitas' visit to Hanoi on September 16, Vietnam, Prime Minister Pham Minh Chinh underscored the historic milestone of Timor-Leste's upcoming ASEAN membership accession. Prime Minister Chinh called for the deepening bilateral political trust through strategic cooperation in key sectors, including trade, investment, rice production, energy, and digital sector, to which Minister Freitas echoed his support. Foreign Minister Freitas stressed the significance of the Vietnam-Timor-Leste cooperation in agriculture, tourism, and food processing; all of which are crucial for Timor-Leste's sustainable economic transition and diversification.<sup>79</sup>

To nourish inter-parliamentary ties with neighboring countries, National Assembly Chairman Tran Thanh Man attended the 46th General Assembly of the ASEAN Inter-Parliamentary Assembly (AIPA-46) held in Kuala Lumpur, Malaysia from September 16-20.<sup>80</sup> AIPA-46 was themed "Parliament at the Forefront for Inclusive Growth and Sustainable ASEAN" hosted by Malaysia, underpinning Malaysia's commitment to the promotion of parliamentary roles in regional growth and the enhancement of their policymaking and supervision roles. In his message to AIPA-46, President Luong Cuong emphasized the need for upholding ASEAN unity and centrality, as well as the need for a favorable institutional framework, harmonized legal regulations and development policies, and legislative experience-sharing.<sup>81</sup>

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<sup>78</sup> "Viet Nam, Australia Strengthen Cooperation in Personnel Training, Knowledge Sharing." *Nhan Dan Online*, September 10, 2025. <https://en.nhandan.vn/viet-nam-australia-strengthen-cooperation-in-personnel-training-knowledge-sharing-post152733.html>.

<sup>79</sup> "PM Calls for Stronger Multifaceted Cooperation between Vietnam, Timor-Leste." *Vietnam Law and Legal Forum*, September 17, 2025. <https://vietnamlawmagazine.vn/pm-calls-for-stronger-multifaceted-cooperation-between-vietnam-timor-leste-75249.html>.

<sup>80</sup> "Vietnam, Malaysia Cultivate Parliamentary Links." *Vietnam+ (VietnamPlus)*, September 18, 2025. <https://en.vietnamplus.vn/vietnam-malaysia-cultivate-parliamentary-links-post326747.vnp>.

<sup>81</sup> "Top Vietnamese Legislator Attends Opening Session of AIPA-46." *Viet Nam News*, September 18, 2025. <https://vietnamnews.vn/politics-laws/1725546/top-vietnamese-legislator-attends-opening-session-of-aipa-46.html>.

In strengthening bilateral defence, the Vietnam People's Army's General Staff Deputy Chief Maj. Gen. Nguyen Ba Luc and Cambodia's Operations Department Director Lt. Gen. Nim Balene met in Hanoi. Maj. Gen. Luc underscored the significance of the Vietnam-Cambodia relations based on "good neighborliness, traditional friendship, comprehensive cooperation and long-term sustainability". Their bilateral defence ties was the vital focus of the meeting, with Maj. Gen. Luc called for continued collaboration in information exchanges and the implementation of the 2025 defence cooperation plan while also reaffirming continued support for the cooperation.<sup>82</sup> Luc also underlined their existing prosperous cooperation on delegation exchanges, information exchanges, military training, maritime border security, and especially the Defence Policy Dialogue mechanism.<sup>83</sup>

Following the 80th National Day in Vietnam, the Vietnamese Embassy to Belgium and Luxembourg and the Vietnamese Mission to the European Union celebrated the event on September 23 in Brussels, Belgium. The celebration was conducted to signal Vietnam's continued commitment to its partnerships with Belgium, Luxembourg, and the EU. At the celebration, Ambassador Nguyen Van Thao applauded the fruitful 80-year achievements and milestones in Vietnam with an emphasis on the 35th anniversary of Viet Nam-EU diplomatic ties and the 5th anniversary of the EU-Viet Nam Free Trade Agreement (EVFTA). This highlights the continued room for cooperation between Vietnam and the EU in various sectors, including trade, digital economy, defence, culture, environment, and science and technology.<sup>84</sup>

The following day on September 24, Vietnam's Defence Deputy Minister Senior Lt. Gen. Hoang Xuan Chien led a defence delegation to the ASEAN Defence Senior Officials' Meeting (ADSOM) in Johor, Malaysia. After Lt. Gen. Chien reiterated Vietnam's support for Malaysia's ASEAN Chairmanship this year, several key defence initiatives were reviewed, including the ADSOM Working Group, the ADMM Work Plan 2023-2026, the 21st annual meeting of the Network of ASEAN Defence and Security

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<sup>82</sup> "Vietnam, Cambodia Strengthen Defence Cooperation." *Vietnam+ (VietnamPlus)*, September 18, 2025. <https://en.vietnamplus.vn/vietnam-cambodia-strengthen-defence-cooperation-post326802.vnp>.

<sup>83</sup> *Ibid*

<sup>84</sup> "80th National Day Reception Highlights Việt Nam–EU Friendship, Cooperation." *Viet Nam News*, September 25, 2025. <https://vietnamnews.vn/politics-laws/1725953/80th-national-day-reception-highlights-viet-nam-eu-friendship-cooperation.html>.

Institutions, and the 22nd ASEAN Chiefs of Defence Forces Meeting. Both defence ministers also held positive views on proposals for ASEAN+1 meetings and joint naval exercises and an ASEAN-Republic of Korea Defence Industry Cooperation Seminar.<sup>85</sup>

During the government's standing members meeting on September 29, Prime Minister Pham Minh Chinh reviewed the Vietnam-China Joint Committee on Railway Cooperation and ordered an immediate kickstart of several railway projects by December 19, 2025. Relevant ministries, particularly the Ministry of Construction, and agencies were directed to coordinate with China on progress, roadmaps, and schedules on key project agreements, including the Lao Cai-Hanoi-Hai Phong railway project. This key joint railway project, stretching for 419km with a 203 trillion VND (approximately 8.37 billion USD) investment, is set to begin in 2025 and complete by 2030. Following this railway project, the Dong Dang-Hanoi and Mong Cai-Ha Long-Hai Phong railway projects are envisioned to further boost Vietnam-China connectivity.<sup>86</sup>

Aiming to bolster balanced trade relations, Vietnam and the EU held the 4th EVFTA Committee meeting on September 30 in Hanoi chaired by Vietnamese Minister of Industry and Trade Nguyen Hong Dien and EU Commissioner for Trade and Economic Security Maros Sefcovic. Both sides agreed on the creation of a special task force and urged for more measures, including Vietnam's market expansion for the EU, to maximize the EVFTA's full potential.<sup>87</sup> Concurrently, Vietnam encouraged the ratification of the EU-Vietnam Investment Protection Agreement (EVIPA) and the lift of the IUU "yellow card" on Vietnamese seafood.<sup>88</sup>

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<sup>85</sup> "Vietnam Attends ASEAN Defence Senior Officials' Meeting in Malaysia." *Vietnam+ (VietnamPlus)*, September 25, 2025. <https://en.vietnamplus.vn/vietnam-attends-asean-defence-senior-officials-meeting-in-malaysia-post327193.vnp>.

<sup>86</sup> "PM Pushes for Swift Progress on China-Linked Railway Projects." *Vietnam+ (VietnamPlus)*, September 29, 2025. <https://en.vietnamplus.vn/pm-pushes-for-swift-progress-on-china-linked-railway-projects-post327478.vnp>.

<sup>87</sup> "EU, Việt Nam to Set up Joint Task Force to Remove Trade Barriers." *Viet Nam News*, September 30, 2025. <https://vietnamnews.vn/economy/1726342/eu-viet-nam-to-set-up-joint-task-force-to-remove-trade-barriers.html>.

<sup>88</sup> The Saigon Times. "Vietnam, EU Set up Special Task Force to Boost Trade, Investment." *The Saigon Times*, October 1, 2025. <https://english.thesaigontimes.vn/vietnam-eu-set-up-special-task-force-to-boost-trade-investment/>.



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