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ASEAN

Yeun Chhunguy, Teang Ing Ing, Sokchea Chihor, and Ban Sreylen

Introduction

In the first quarter of 2025, the ASEAN Political-Security Community encountered several persistent challenges, particularly the South China Sea dispute and Myanmar's political crisis. Regardless, the Code of Conduct (CoC) has made some progress. However, ASEAN still struggles to present a unified stance in tackling the issues. The prolonged conflict in Myanmar's politics has further delayed the Five-Point Consensus, which ASEAN issued to seek a peaceful resolution. The second Trump administration's military-focused policy brings complexity, potentially reinforcing regional security while deepening ASEAN's internal divisions, particularly among states economically tied to China. Likewise, ASEAN's divergent response to the Israel-Palestine conflict demonstrates difficulties in achieving consensus on dealing with global issues. Amid shifting geopolitical dynamics and uncertain U.S. commitments, particularly under the second Trump term, ASEAN must enhance regional security cooperation to maintain stability and cohesion.

ASEAN Political-Security Community

This year, 2025, the South China Sea dispute remains a point of contention due to China's assertiveness of territorial claims over areas also claimed by ASEAN member states, notably the Philippines. Despite ongoing negotiations regarding a Code of Conduct (CoC), ASEAN has yet to reach a definitive resolution. During the ASEAN Foreign Ministers' Retreat held on 19 January in Langkawi, Malaysia, ASEAN announced the completion of the third reading of the Single Draft CoC Negotiating Text (SDNT). The SDNT was first introduced in 2018, marking a significant step forward in the CoC negotiations. It is structured into three main sections: preambular provisions, general provisions, and final clauses. The document is color-coded to distinguish between text from the original CoC Framework, consolidated text, and specific inputs from the 11 parties involved, such as all ten ASEAN members plus China.¹

¹ Carl Thayer, "A Closer Look at the ASEAN-China Single Draft South China Sea Code of Conduct," *The Diplomat*, August 6, 2018, https://thediplomat.com/2018/08/a-closer-look-at-the-asean-china-single-draft-south-china-sea-code-of-conduct/?utm_source=chatgpt.com.

however, an implementation timeline has not yet been established for the effective and substantive CoC with China.²

On 21 January 2025, regional tensions escalated, heightening Philippines-China conflicts as Manila alleges Chinese incursions into its waters. This escalation stemmed from China's large coast guard vessel, the CCG-5901, in the Philippine Exclusive Economic Zone (EEZ), a maritime area claimed by Manila. In this sense, the Philippines has consistently accused China of engaging in intimidation tactics against Filipino fishermen and perpetuating unlawful maritime practices. During Beijing's previous deployment of the CCG-5901 in Manila's EEZ, it was perceived as further asserting power, raising concerns over China's increasing defiance of international norms.³

Beyond the South China Sea issues, the political crisis in Myanmar also remains a critical challenge for ASEAN cohesion. Given the different perspectives among the ASEAN member states, some advocate for a swift integration of Myanmar into ASEAN structures, while others prefer a 'Myanmar-owned, Myanmar-led' process. These divergent approaches have further delayed progress on ASEAN's five-point consensus. Moreover, external actors, particularly China's support for the military junta's plan to hold a general election in 2025, may also contribute to prolonging the internal conflict in Myanmar.⁴

On January 19th, at the ASEAN Foreign Ministers' Retreat, a significant concern was stated over the escalation of conflicts, the deteriorating humanitarian situation in Myanmar, and the limited progress in implementing the Five-Point Consensus (5PC). As the ASEAN Chair this year, Malaysia appointed the former Secretary-General for Foreign Affairs, Othman Hashim, as ASEAN's special envoy on Myanmar to seek a peaceful resolution. The foreign minister of Malaysia, Mohamad, emphasized, "*We told them the election is not our priority. Our priority is to stop the violence.*" However, prospects for resolving the crisis remain uncertain while the

² "FINAL-Press-Statement-by-the-Chair-AMM-Retreat-2025." *ASEAN*, January 19, 2025. <https://asean.org/wp-content/uploads/2025/01/FINAL-Press-Statement-by-the-Chair-AMM-Retreat-2025.pdf>

³ "The Philippines Takes a Stand Against China's Maritime Aggression in the South China Sea," n.d., <https://www.intellinews.com/the-philippines-takes-a-stand-against-china-s-maritime-aggression-in-the-south-china-sea-362473/>.

⁴ Seah, Sharon. "ASEAN should hope for the best but prepare for the worst in 2025." *East Asia Forum*, January 20, 2025. <https://eastasiaforum.org/2025/01/20/asean-should-hope-for-the-best-but-prepare-for-the-worst-in-2025/>

military junta's leadership continues to pursue its path as well as the government's strategy for democracy.⁵

The different stances taken by ASEAN countries on the Israel-Palestine conflict — especially concerning the two-state solution — reflect the difficulties the region faces in maintaining unity and highlight the lack of a shared foreign policy.

On 6 February 2025, Malaysia's foreign minister voiced strong opposition to the current proposal by U.S. President Donald Trump to relocate the Palestinian population from Gaza and place this territory under the governance of the U.S. Serving as the rotated ASEAN Chair, Malaysia has advocated for a joint ASEAN statement opposing the above-mentioned plan. Nevertheless, the diverse interests among ASEAN member states present challenges in achieving a unified stance on the matter.⁶

Furthermore, another key area of ASEAN's security agenda is combating transnational crime through regional cooperation mechanisms.

At the ASEAN-IPR Regional Conference on Cybersecurity held in Bangkok from 24 to 26 February 2025, ASEAN Secretary-General Dr. Kao Kim Hourn emphasized ASEAN's ongoing efforts to strengthen cybersecurity measures. The event aims to foster regional stability, promote mutual respect, and advance shared prosperity.⁷

Additionally, the current Trump administration's approach to foreign policy may affect ASEAN's security landscape. Some member states, such as the Philippines, Malaysia, and Vietnam, which are heavily relying on U.S. defense cooperation to counterbalance China's military presence in the region, would face uncertainty if the U.S. administration under Trump changes its position and prioritizes bilateral economic deals over traditional security alliances.

⁵ Eileen Ng, "Southeast Asia Foreign Ministers Seek Breakthrough in Myanmar Conflict and South China Sea Dispute | AP News," AP News, January 19, 2025, <https://apnews.com/article/malaysia-asean-myanmar-south-china-sea-territorial-dispute-7b4abe563e5a90ed476a471e6d9a218b>.

⁶ Junaid Ibrahim, Martin Carvalho, and Gerard Gimino, "Asean to Issue Statement Against Trump's Proposal to Remove Palestinians From Gaza, Says Tok Mat," *The Star*, February 6, 2025, <https://www.thestar.com.my/news/nation/2025/02/06/asean-to-issue-statement-against-trumps-proposal-to-remove-palestinians-from-gaza-says-tok-mat>.

⁷ Asean Briefing, "Strategies for ASEAN Amid Global Trade Shifts," ASEAN Business News, November 20, 2024, https://www.aseanbriefing.com/news/southeast-asias-balancing-act-in-a-second-trump-presidency/?utm_source=chatgpt.com.

Consequently, ASEAN may need to strengthen further and enhance regional security cooperation and seek more possible ways to diversify its strategic partnership to navigate these evolving dynamics of the global geopolitical.⁸

ASEAN Economic Community

In the first quarter of 2025, ASEAN will continue to foster economic cooperation with internal and external actors in line with the ASEAN Economic Community (AEC) goals.

From 15-17 January 2025, a negotiation was held in Bangkok regarding the ASEAN-Canada Free Trade Agreement (ACAFTA). Thailand's deputy prime minister of commerce stated that Canada had recently hosted the 11th round of AFTA negotiations, with both parties aiming to reach a significant conclusion by the end of 2025. The latest round of negotiations covered important topics such as technical barriers to trade, trade in services, regulatory best practices, sanitary and phytosanitary measures, investment, trade in services, intellectual property rights, and legal and institutional frameworks.⁹

Malaysia, as the ASEAN Chair for 2025, hosted the ASEAN Foreign Ministers' Retreat in Langkawi on 19 January 2025. The retreat meeting reaffirmed ASEAN's commitment to strengthening regional resilience and competitiveness in the digital economy amidst an increasingly complex and unpredictable global environment.¹⁰ Additionally, the discussions envision and look forward to achieving a comprehensive and high-quality ASEAN Digital Economy Framework Agreement (DEFA) by 2025.¹¹

⁸ "Secretary-General of ASEAN delivers video message at the ASEAN-IPR Regional Conference on Cybersecurity and the Role of Information Technology in Fostering Culture of Peace in ASEAN." *ASEAN*, February 24, 2025. <https://asean.org/secretary-general-of-asean-delivers-video-message-at-the-asean-ipr-regional-conference-on-cybersecurity-and-the-role-of-information-technology-in-fostering-culture-of-peace-in-asean/>

⁹ Nationthailand, "ASEAN and Canada Accelerate FTA Talks, Aim to Conclude by Late 2025," *Nationthailand*, January 18, 2025, <https://www.nationthailand.com/news/asean/40045314>.

¹⁰ "ASEAN in 2025: Challenges for the Region Under Malaysia's Chairmanship | List of Articles | International Information Network Analysis | SPF." n.d. International Information Network Analysis | SPF. https://www.spf.org/iina/en/articles/shoji_23.html#:~:text=Myanmar%20has%20been%20in%20a,of%20small%20and%20medium%20enterprises.

¹¹ ASEAN. 2025. "Press statement by the Chair of the ASEAN Foreign Ministers' Retreat." Press release. ASEAN Foreign Ministers' Retreat. January 19, 2025. <https://asean.org/wp-content/uploads/2025/01/FINAL-Press-Statement-by-the-Chair-AMM-Retreat-2025.pdf>.

On 21 January 2025, the ASEAN+3 Macroeconomic Research Office (AMRO), an international organization dedicated to supporting macroeconomic and financial stability in the ASEAN+3 region, released its economic outlook. AMRO had projected that the region's economy would grow by 4.2% in 2025, slightly below the 4.4 percent forecast in the October 2024 AERO Update. However, this demonstrated its economic resilience regardless of intensifying global uncertainty.¹² Price pressures are expected to remain contained across the ASEAN+3 region. Except for Lao PDR and Myanmar, improvements in domestic demand and supply-side adjustments are expected to drive inflation to 2.1 percent in 2025. However, there is still a risk of inflation, primarily due to adverse weather conditions and potential global commodity price increases.¹³



Figure1: (ASEAN+3 Growth and Inflation Forecasts)

Source of graph:

<https://amro-asia.org/five-key-takeaways-from-amros-july-2024-asean3-regional-economic-outlook-update>

On 14th February 2025, the 25th ASEAN-India Joint Cooperation Committee (AIJCC) was held at the ASEAN Headquarters in Jakarta. AIJCC underscored progress in the ASEAN-India Comprehensive Strategic Partnership (CSP) and also reviewed the implementation of the ASEAN-India Plan of Action (POA) (2021-2025). Both parties reaffirmed their commitments

¹² Hui Shan Seah, "ASEAN+3 Economies to Sustain Growth at 4.2% in 2025 Despite Rising Headwinds From Escalating Trade Tensions - ASEAN+3 Macroeconomic Research Office - AMRO ASIA," ASEAN+3 Macroeconomic Research Office - AMRO ASIA, January 23, 2025, <https://amro-asia.org/asean3-economies-to-sustain-growth-at-4.2-in-2025-despite-rising-headwinds-from-escalating-trade-tensions>.

¹³ Hui Shan Seah, "Five Key Takeaways From AMRO's July 2024 ASEAN+3 Regional Economic Outlook Update - ASEAN+3 Macroeconomic Research Office - AMRO ASIA," ASEAN+3 Macroeconomic Research Office - AMRO ASIA, July 22, 2024, <https://amro-asia.org/five-key-takeaways-from-amros-july-2024-asean3-regional-economic-outlook-update>.

to strengthening cooperation in areas such as defense, digital economy, transnational crime prevention, renewable energy, civilian nuclear energy, and people-to-people connectivity.¹⁴

Furthermore, ASEAN is expected to hold a summit with the United States to discuss issues regarding the proposed U.S. tariffs, Foreign Minister Mohamad Hasan said. In response to President Donald Trump's plan to impose a 25% tariff on automotive, semiconductor, and pharmaceutical imports, ASEAN member states are expected to come up with their common position and request a dialogue on possible economic consequences. Mohamad Hasan, also known as Tok Mat, stressed that such tariffs present a major challenge to Malaysia, which has 60 percent of its trade with the U.S. and is dependent on electrical and electronic exports. This summit shows how ASEAN is proactive in its dialogue with Washington to reduce the negative impact of protectionist trade policies under a second Trump administration.¹⁵

On 28 February 2025, the 31st ASEAN Economic Ministers Retreat took place. It was chaired by Malaysia's Minister of Investment, Trade, and Industry, Tengku Zafrul Tengku Abdul Aziz, with the warm participation of ASEAN Secretary-General Dr. Kao Kim Hourn. The retreat emphasized ASEAN's economic priorities and strategies under Malaysia's 2025 Chairmanship, which align with the theme of "Inclusivity and Sustainability." The meeting also focused on regional and global economic trends, strategies for mitigating economic challenges, and the implementation of the AEC Blueprint 2025. Moreover, the key topics included the upgrade of the ASEAN Trade in Goods Agreement (ATIGA), progress on the ASEAN Digital Economy Framework Agreement (DEFA), and Timor-Leste's accession to ASEAN economic agreements.¹⁶

On 6 March, the Cambodia-ASEAN Business Summit 2025 was held at the Sofitel Phnom Penh Phokeethra, bringing together more than 500 attendees from 26 countries, including ASEAN members and key partners. Hosted by the Cambodia Chamber of Commerce (CCC), the summit was a major venue for dialogue on boosting economic ties and regional cooperation. This year's theme, "Accelerating ASEAN's Connectivity: People, Infrastructure, and Trade," focused on building stronger regional links to support inclusive and sustainable

¹⁴ ASEAN and India, a thriving partnership (2025). <https://asean.org/asean-and-india-a-thriving-partnership/>

¹⁵ Nationthailand, "ASEAN Plans Summit With US to Discuss Tariff Concerns, Says Tok Mat," *Nationthailand*, February 22, 2025, <https://www.nationthailand.com/news/asean/40046565>.

¹⁶ "You Are Being Redirected..." n.d., <https://asean.org/the-31st-aem-retreat-convenes-in-johor-malaysia/>.

development. In his keynote speech, Prime Minister Hun Manet highlighted ASEAN's position as the fifth-largest global economy, forecasting a 4.8% growth rate for 2025, reaffirming Cambodia's commitment to deeper economic integration within the region.¹⁷

Talking about the ASEAN–EU trade relations. It represents a formal and evolving economic partnership built on ongoing dialogue, cooperation frameworks, and bilateral agreements. As of 2024, the EU remains one of ASEAN's key trading partners, ranking third after China and the United States. Trade in goods between the two regions reached €262 billion in 2024, showing a stable rebound following challenges posed by the COVID-19 pandemic and broader geopolitical shifts. This partnership's strategic importance is further reflected in the EU's Indo-Pacific cooperation strategy and the ASEAN-EU Comprehensive Air Transport Agreement, which are both aimed at strengthening regional ties and enhancing supply chain resilience.¹⁸

On 20 March 2025, regarding ASEAN-EU trade relations, the Civil Society Dialogue on Trade Relations with Southeast Asia was conducted via WEBEX. This dialogue aimed to provide civil society representatives with updates on ASEAN-EU trade developments and negotiations. During this meeting, the European Commission provided information on existing bilateral free trade agreements (FTAs) with Vietnam and Singapore and ongoing negotiations with Indonesia, Thailand, the Philippines, and Malaysia.¹⁹

ASEAN Socio-Cultural Community

ASEAN has been actively engaging with external partners under the framework of the ASEAN Socio-Cultural Community.

On January 10, 2025, the Southeast Asian Ministers of Education Organization Regional Centre for Technical Education Development (SEAMEO TED) launched the International Youth Cultural Exchange. With these partners, SEAMEO TED hosted the first International

¹⁷ B2b Cambodia, "Cambodia-ASEAN Business Summit 2025 Highlights ASEAN Connectivity: People, Infrastructure and Trade," B2B, March 6, 2025, https://b2b-cambodia.com/news/cambodia-asean-business-summit-2025-highlights-asean-connectivity-people-infrastructure-and-trade/?utm_source=chatgpt.com.

¹⁸ Simon Hutagalung, "Borders Beyond: The Future of EU-ASEAN Trade Cooperation in 2025 – OpEd," Eurasia Review, December 20, 2024, https://www.eurasiareview.com/21122024-borders-beyond-the-future-of-eu-asean-trade-cooperation-in-2025-oped/?utm_source=chatgpt.com#google_vignette.

¹⁹ "Civil Society Dialogue on Trade Relations With Southeast Asia," Trade and Economic Security, March 20, 2025, https://policy.trade.ec.europa.eu/eu-trade-meetings-civil-society/civil-society-dialogue-trade-relations-southeast-asia-2025-03-20_en.

Youth Talk titled “*A Cultural Tapestry: Music, Dance, and Art Form Around the World.*” This virtual event featured youth speakers from Cambodia, Indonesia, Thailand, and Malaysia, who showcased their countries’ traditional arts, including Cambodia’s Lakhon Khol dance and Indonesia’s Tari Jayandraru.²⁰

Between 15-20 January 2025, the ASEAN Tourism Forum (ATF) took place in Johor Bahru, Malaysia. The event centered on sustainability, inclusivity, and regional cooperation in tourism. The key discussions at the forum explored issues such as climate change, digital transformation, and cultural preservation. ASEAN leaders from the tourism sector came together to strengthen and innovate the tourism industry. One of the major highlights was the ASEAN Tourism Standards Award, which celebrated outstanding achievements in sustainable tourism.²¹

From 20-25 January 2025, the 21st Royal Langkawi International Regatta was scheduled in Langkawi, Malaysia. This event was hosted by the Royal Langkawi Yacht Club and featured competitive races, social activities, and discussions on the economic and environmental impact of maritime activities in Langkawi. The event aims to promote tourism, foster community engagement, and support sustainable maritime practices, further enhancing Langkawi’s reputation as a global sailing destination.²²

Throughout the first quarter of 2025, various ASEAN countries organized cultural festivals, art exhibitions, and community events to celebrate the region’s diverse heritage and promote socio-cultural unity.

On 27 February 2025, One Universal Production (OUP), Malaysia’s national company, set an ASEAN record for the largest gathering of Ultraman fans, with 270 attendees dressed in Ultraman-themed outfits at Sunway Pyramid, Malaysia. The event, part of the “*Ultraman: The*

²⁰ Torn Sokly, “The 1st International Youth Talk on a Cultural Tapestry: Music, Dance, and Art Form Around the World 10 January 2025, 14:00-15:30 Pm (Phnom Penh Time) – SEAMEOTED,” January 14, 2025, <https://seameoted.org/programs/the-1st-international-youth-talk-on-a-cultural-tapestry-music-dance-and-art-from-around-the-world-10-january-2025-1400-1530-pm-phnom-penh-time/>.

²¹ Asean Admin, “ASEAN Tourism Forum 2025: Unity in Motion, Shaping ASEAN Tourism Tomorrow - the ASEAN Magazine,” The ASEAN Magazine, February 13, 2025, <https://theaseanmagazine.asean.org/article/asean-tourism-forum-2025-unity-in-motion-shaping-asean-tourism-tomorrow/>.

²² Suwasdie Che Man, “21st Royal Langkawi International Regatta 2025,” Naturally Langkawi, n.d., <https://naturallylangkawi.my/21th-royal-langkawi-international-regatta-2025/>.

Ultra Tour,” featured live-action performances, including battles between Ultraman Arc and Ultraman Blazer, and a special appearance by actor Yuki Totsuka. The tour is set to continue across seven Sunway malls, offering interactive experiences and exclusive merchandise.²³

From 5-7 March 2025, THAIFEX-Horec Asia 2025, Southeast Asia’s premier hospitality, restaurant, and catering (HORECA) trade show, occurred at IMPACT Muang Thong Thani in Bangkok, Thailand. This event was expected to showcase over 400 brands from more than 23 countries, attracting over 20,000 trade visitors and 500 top buyers across Asia. The key highlights include the THAIFEX-HOREC Xperiential Zone, which focused on sustainability and digital transformation in the hospitality industry.²⁴

Between 16-18 March, Sea Asia 2025 took place at Marina Bay Sands in Singapore and drew nearly 21,000 participants from 92 countries. With more than 500 exhibitors and 100 guest speakers, the event spotlighted key issues in the maritime industry, such as the shift toward greener fuels like green methanol, carbon capture technology, and AI and data to drive digital transformation. Discussions also highlighted the increasing involvement of Asian banks in financing maritime ventures and how the sector adapts to changes in global trade. Overall, the event reinforced Singapore’s growing reputation as a leading maritime innovation and sustainability hub.²⁵

Conclusion

In the first quarter of 2025, ASEAN faced persistent security, trade, and regional cohesion challenges. The South China Sea tensions, Myanmar’s ongoing crisis, and economic uncertainties under the second Trump administration tested ASEAN’s ability to present a unified front. Despite these hurdles, ASEAN made progress in trade negotiations, digital economy initiatives, and cultural exchanges, reinforcing its commitment to regional resilience. ASEAN must embrace deeper collaboration, adaptability, and proactive diplomacy to

²³ Admin and Admin, “One Universal Production (OUP) Makes History With the Largest Gathering of Ultraman Fans - ASEAN RECORDS,” *ASEAN RECORDS - Unleashing the Extraordinary Achievements of ASEAN* (blog), March 16, 2025, <https://aseanrecords.com/2025/02/27/one-universal-production-oup-makes-history-with-the-largest-gathering-of-ultraman-fans/>.

²⁴ “THAIFEX - HOREC Asia 2025,” *Thailand Convention & Exhibition Bureau (TCEB)*, n.d., <https://www.busesseventsthailand.com/en/event-calendar/detail/2614-thaifex-horec-asia-2025>.

²⁵ SAFETY4SEA, “Sea Asia 2025 Showcases Asia’s Leadership in Shipping’s Green Transition,” *SAFETY4SEA*, April 11, 2025, https://safety4sea.com/sea-asia-2025-showcases-asias-leadership-in-shippings-green-transition/?utm_source=chatgpt.com.

safeguard its stability and influence in a rapidly shifting global landscape. Strengthening unity and strategic partnerships will be crucial in navigating the uncertainties ahead.

Cambodia

Ly Nory, Kheng Monykanika, Phorn Puthranich, and Ponleu Chukchannoreakreasey

Introduction

This quarterly review takes an in-depth look at Cambodia's significant developments in the first quarter of 2025. The study examines various themes, from domestic political events and legal reforms to economic initiatives and major diplomatic engagements. It begins by addressing critical domestic issues, such as the assassination of a former CNRP member and contentious legislative initiatives, such as the new Genocide Denial Act. The evaluation also focuses on transformative initiatives, such as the early execution of the 2024-2028 Action Plan for Public Administration Reform and big infrastructure projects that can potentially redefine the urban and economic landscape. This review discusses strategic partnerships, bilateral ties, and multilateral engagements in foreign policy, highlighting Cambodia's developing role within ASEAN and beyond.

Domestic Affairs

Assassination of former CNRP

Cambodia National Rescue Party (CNRP) former member Lim Kimya, of French nationality, was assassinated by a hit man and died on the scene at age 74. This happened in Bangkok, Thailand, on Tuesday, January 7th, after hours of his arrival from Cambodia alongside his French wife and brother. As the Thai and Cambodian authorities coordinated, the suspect crossed the border, leading to the arrest happening in Cambodia. Mr. Lim, the former popular opposition party, disbanded after claims of treason and was banned from politics. Speculations rose as many former opposition parties had been jailed, and their party dissolved, suspecting it was politically motivated. One example of Human Rights Watch wants Thai police to investigate this matter, though Cambodia denies responsibility for the assassination.¹

¹ The Guardian. (2025, January 8). Former Cambodian opposition politician shot dead in Bangkok. <https://www.theguardian.com/world/2025/jan/08/former-cambodian-opposition-politician-shot-dead-in-bangkok-reports>

Cambodia's Law on Genocide Denial

In February 2025, Cambodia's National Assembly passed a Law on Genocide Denial, increasing penalties for denying crimes committed during the Khmer Rouge era. The new law imposes one to five years imprisonment and fines from \$2,500 to \$125,000. While the government asserts that the law aims to uphold justice for victims, critics express concerns over potential political motives behind its enactment. The purpose of this new law is to deal with historical revisionism, the prevention of historical denial, and the undermining of the atrocities of the genocide, as an estimated 1.7 million people died. This protects the truth and honour of the Khmer Rouge victims in the eyes of the Cambodian government. While critics say that it could be used as a tool for political repression, silencing criticism and challenges to the government. Human rights organizations are concerned that this could be a form of oppression and expression, as it reflects that the government fully controls the state.²

Cambodia's 2024-2028 Action Plan for Public Administration Reform

As of March 2025, Cambodia's 2024–2028 Action Plan for Public Administration Reform is in its early stages of implementation. Launched in mid-2024, the plan aims to build the public administration system into a dynamic, deliverable, and resilient system. This aligns with the broader Pentagonal Strategy–Phase I and the vision to attain high-income country status by 2050. These reforms, particularly civil service modernization, digital transformation, and education reform, are key to achieving this.³ Additionally, the Ministry of Education, Youth, and Sport (MoEYS), partnering with UNESCO, launched the Strategic Plan for Teacher Education Reform 2024–2030 in February 2025. It aims to enhance teacher education and development, aligning with the public administration reform. A detailed assessment of the reform has yet to be published.⁴

² Associated Press. (2025, February 1). Cambodia's cabinet approves draft law toughening penalties for denying Khmer Rouge atrocities.

<https://apnews.com/article/law-genocide-denialism-politics-history-b85cd51c0657eb73b33850add280737e>

³ Cambodian People's Party. (2025). Public Administration Reform Action Plan 2024–2028: Progress and implementation. https://www.cpp.org.kh/en/details/375756?utm_source=chatgpt.com

⁴ UNESCO. (2025). MoEYS and UNESCO launch Strategic Plan for Teacher Education Reform 2024–2030 for national education.

<https://www.unesco.org/en/articles/moeys-and-unesco-launch-strategic-plan-teacher-education-reform-2024-2030-national-education>

Thailand's proposed wall in Cambodia

Thailand is considering building a border wall with Cambodia in efforts to crack down on scam centers, illegal crossing, and illegal activities within the border. According to the United Nations, in the past years, hundreds of thousands of people have been trafficked by criminal gangs along the borders of Thailand, Myanmar, and Cambodia. This idea comes from a broader multinational effort to dismantle criminal network activities involving financial fraud, scams, and human trafficking in Southeast Asia. A Cambodian government spokesman did not respond to this proposal. The Thai government has intensified operations against scam centers. Many individuals fall for telecom fraud centres, and trafficked victims are forced to engage in online scams. This issue reflects the complex dynamics of border security, regional cooperation, and the fight against transnational crime in Thailand and Cambodia, especially regarding border issues.⁵

The 5th ASEAN Berlin Committee Meeting was held on February 18, 2025, by the Royal Embassy of Cambodia in Berlin. This marked the conclusion of Cambodia's six-month chairmanship. During the meeting, Cambodia handed over the chairmanship role to Laos as CHHEANG Thyra emphasized the collective active involvement in regional diplomacy and its commitment to strengthening the ASEAN community with Dialogue Partners. During Cambodia's six-month chairmanship, several activities were successfully organized, including the 4th BAC Meeting, a Bowling Tournament, the ASEAN Day Celebration, farewells for outgoing diplomats for the Ambassadors of Indonesia, Malaysia, Thailand, and the Chargé d'Affaires of Myanmar and ASEAN-Republic of Korea Working Lunch. This event further showcases Cambodia's role in promoting regional cooperation and fostering diplomatic relations within ASEAN.⁶

Socio-Economic Affairs***Cambodia's economic growth projection***

According to the Asian Development Bank (ADB), Cambodia is expected to reach 6% economic growth, while the World Bank is expected to have a lower estimate of 5.4%. This

⁵ Reuters. (2025, March 3). Thailand mulls wall at Cambodia border as scam centre crackdown widens. https://www.reuters.com/world/asia-pacific/thailand-mulls-wall-cambodia-border-scam-centre-crackdown-widens-2025-03-03/?utm_source=chatgpt.com

⁶ Ministry of Foreign Affairs and International Cooperation. (2025, February 21). Royal Embassy of Cambodia to Germany hosts the 5th ASEAN Berlin Committee meeting, concludes BAC chairmanship. <https://www.mfaic.gov.kh/posts/2025-02-21-Embassy-News-Royal-Embassy-of-Cambodia-to-Germany-Hosts-the-5th-ASEAN-Berlin-Committee-Meeting--Concludes-BAC-Cha-14-30-07>

growth will be supported by stable inflation at around 2% to stabilize the cost of living for most citizens. One key result of this economic progress is improving workers' living conditions. The government has raised the minimum wage to \$208 per month, with additional benefits bringing total earnings to between \$225 and \$236 per month. This will help factory workers and employees maintain a better standard of living. Moreover, Cambodia's National Social Protection Policy Framework (2016-2025) continues strengthening public welfare to ensure that social security systems and working conditions improve across various sectors.⁷

Major infrastructure projects, including better roads, bridges, electricity, and water systems, drive economic expansion. These developments make Cambodia a more competitive market. Minister Jean-Francois Tain highlighted that the return of Donald Trump to the U.S. presidency will create risk for Cambodia, including greater geopolitical tensions, slowing global trade and investment, because Cambodia relies heavily on international trade, tourism, and foreign investment. To navigate these challenges, Prime Minister Hun Manet has tried to emphasize a safe and business-friendly environment to attract investors. Fortunately, tourism is a key pillar of Cambodia's economy and remains strong. In January 2025, Angkor Enterprise received almost \$7 million from selling tickets to foreign tourists visiting Angkor Heritage Sites, about 30% higher than they earned in January 2024. The reduction in visas makes Cambodia a more attractive destination for visitors and investors. The rise in foreign visitors translates into higher income for businesses in the hospitality industry, including hotels, restaurants, transportation services, and local markets, thereby stimulating economic activity in Siem Reap. This also contributes to national income because it creates more job opportunities in various sectors, improving livelihoods and boosting domestic consumption. Despite these opportunities, Minister Jean-Francois Tain emphasized that Cambodia must also prepare for external shocks, which include ensuring domestic economic stability, improving workforce skills, and fostering innovation for long-term growth. If Cambodia successfully implements its economic diplomacy strategy while maintaining peace and stability, it will become an upper-middle-income country by 2030 and a high-income nation by 2050.⁸

⁷ Kunthea Mom, "CPP Says Cambodian Economy to Grow 6.3% in 2025," Khmer Times, January 28, 2025, <https://www.khmertimeskh.com/501630286/cpp-says-cambodian-economy-to-grow-6-3-in-2025/>.

⁸ "Angkor Ticket Sales Jump by 1,000 per Cent in the First Half," Phnom Penh Post, January 2025, <https://www.phnompenhpost.com/business/angkor-ticket-sales-jump-1000-cent-first-half>.

Phnom Penh Pedestrian Street Project

Additionally, Cambodia successfully opened the Phnom Penh Pedestrian Street Project in February. This will help Cambodia's economy by bringing more tourists and increasing sales for local businesses. The project covers 57 hectares and includes restaurants, hotels, parks, and famous tourist sites like the Royal Palace and Wat Phnom. This will create more jobs and attract visitors to stay longer, boosting businesses and increasing tourism income. *The Walking Street is divided into three key sections:*

Zone 1: This area is 3.3 hectares and includes the historic district around the Cambodia Post Office. It has a beautiful and culturally rich atmosphere.

Zone 2: This section is 20.7 hectares and is planned as a "pub street" to enhance Phnom Penh's nightlife.

Zone 3: The biggest area, covering 34 hectares, stretches along the riverside and offers plenty of space for fun and relaxation.

With the walking street open from Friday to Sunday, food vendors and shop owners will have more chances to sell their products. For example, Nhek Phalla sells snails near the Royal Palace and earns around \$20 daily. She expects to earn more because walking tourists are more likely to buy food than before. Moreover, Sekla, a fried rice and noodle seller, used to earn \$100 to \$120 a day but now makes only \$75. He hopes his income will improve if the government prepares proper selling spaces. So, both hope the government ensures fair and organized spaces for sellers to maximize these benefits.⁹

Cambodia and Vietnam trade relations

On 27 February 2025, there was a bilateral talk between Cambodian Deputy Prime Minister PRAK Sokhonn and Vietnamese Deputy Prime Minister BUI Thanh Son. The crucial outcome of these discussions could be an increase in bilateral trade. Vietnam is an important market for Cambodia, especially agricultural exports, including rice, rubber, and cassava. So, Cambodia

⁹ Rosslan Ly, "Walking Street to Open in Phnom Penh at the End of January," Kiripost, January 8, 2025, <https://kiripost.com/stories/walking-street-to-open-in-phnom-penh-at-the-end-of-january>.

and Vietnam continue to enhance cross-border trade cooperation. This improvement of trade agreements will help boost revenue for Cambodian farmers and businesses. These talks may also lead to greater investment opportunities in key sectors such as manufacturing, tourism, and energy, attracting more Vietnamese businesses to invest in Cambodia.¹⁰

Japanese Government's Grant Aid to Cambodia

On 27 February 2025, Cambodia and Japan signed an agreement to provide Cambodia approximately JPY 404,000,000 (USD 2.9 million) under the Economic and Social Development Programme. One of the key benefits of this grant is to improve essential infrastructure such as roads, transportation, and public utilities, which are critical for increasing productivity and attracting more investments. This aligns with Cambodia's broader goal of enhancing its investment-friendly environment to attract more foreign and domestic businesses. Furthermore, Japan's financial support can be used to improve social services, such as education and healthcare, which play an important role in human capital development. Strengthening these sectors will enhance the well-being of Cambodian citizens and create a more skilled workforce, making Cambodia more competitive in the regional economy. The partnership between Cambodia and Japan through this grant demonstrates strong diplomatic and economic ties, which could lead to future collaborations and investments.¹¹

Foreign Affairs

In the first quarter of 2025, Cambodia's foreign affairs were marked with notable developments. There was a dynamic interplay between regional and global diplomatic efforts. Cambodia navigated its relations with many other nations, like the United States, China, and the Philippines. Moreover, the country has continued its participation in ASEAN initiatives. Cambodia witnessed a suspension of foreign aid from the U.S, economic dependence on China, and strategic engagements with its neighbors.

¹⁰ "His Excellency Deputy Prime Minister Pays a Courtesy Call on the Prime Minister of Viet Nam," Ministry of Foreign Affairs and International Cooperation, February 25, 2025, <https://www.mfaic.gov.kh/Media/News>.

¹¹ "Cambodia, Japan to Sign Exchange of Notes on Japanese Grant Aid of Nearly \$3 Million," Khmer Times, February 27, 2025, <https://www.khmertimeskh.com/501646302/cambodia-japan-to-sign-exchange-of-notes-on-japanese-grant-aid-of-nearly-3-million/>.

U.S. Foreign Aid Suspension and Its Impact on Cambodia

Trump's administration signed an executive order to halt all U.S. foreign aid programs on January 20, 2025, including USAID in Cambodia. This move followed a broader "America First" foreign policy shift, ensuring that all the foreign aid from America reflects the nation's values and serves its interests. Over the last 30 years, Cambodia has received \$3 billion to various sectors from this program, ranging from health and agriculture to governance to education. This withdrawal immediately threatened to disrupt important development projects, especially those aimed at reducing poverty, promoting democratic governance, and improving healthcare access. Those who expressed significant concern over the sudden withdrawal were the Cambodian civil society organizations that had long relied on the USAID; however, there was not yet a confirmed impact for the government agencies. Mr. Ny Sokha, president of the Cambodian Rights Group, Adhoc, stated, "This suspension of assistance is a major impact on Adhoc's activities and contributes to the improvement of the human rights and democracy situation in Cambodia." He further emphasized that "Cambodia is a poor country that needs foreign assistance to develop the country as well as its human resources."¹² Despite many challenges, the Cambodian government sought to maintain relations with the U.S. They recognized the need for continued engagements in security, trade, and regional cooperation. In the meantime, Cambodia actively looked to other partners to reduce the impact from the loss of American funding, including strengthening ties with China and other ASEAN members.

Cambodia's Bilateral Cooperation with the Philippines

On January 13, 2025, Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation, Prak Sokhonn, convened a preparatory meeting for Prime Minister Hun Manet's official visit to the Republic of the Philippines.¹³ After U.S. aid was frozen, Cambodia turned to its ASEAN allies to boost foreign relations, particularly the Philippines. On February 11th, 2025, President Hun Manet officially visited President Ferdinand Marcos Jr. at the Malacañan Palace during his two-day stay in the country. The two countries agreed to remove double taxation on income tax, along with other key agreements on the agriculture and tourism sectors.

¹² Nimol, S. (2025, February 25). Trump administration's foreign aid halt is worrying, Cambodian NGOs say, as programs left in limbo. *CamboJA News*. <https://cambojanews.com/trump-administrations-foreign-aid-halt-is-worrying-cambodian-ngos-say-as-programs-left-in-limbo/>.

¹³ His Excellency Deputy Prime Minister convenes a preparatory meeting for the official visit of Samdech Moha Borvor Thipadei HUN Manet, Prime Minister of Cambodia, to the Republic of the Philippines - Ministry of Foreign Affairs and International Cooperation. (2025, January 13). <https://www.mfaic.gov.kh/posts/2025-01-13-News-His-Excellency-Deputy-Prime-Minister-convenes-a-preparatory-meeting-for-the-official-visit-of-Samdec-21-14-43>

President Marcos stated, in a joint press conference, “On trade and investment, we welcome our formal cooperation on the avoidance of double taxation,” as it was signed by Department of Finance (DOF) chief Ralph Recto and his Cambodian counterpart, Deputy Prime Minister and Foreign Affairs and International Cooperation Minister Prak Sokhonn.¹⁴ To boost bilateral ties, Cambodia and the Philippines reached eight key documents, which include

1. The Agreement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion aims to eliminate double taxation and prevent income tax evasion.
2. Memorandum of Intent for Investment Cooperation establishes collaboration between the Council for the Development of Cambodia (CDC) and the Philippine Board of Investments to promote investment opportunities.
3. A Memorandum of Understanding (MoU) on the Prevention of Theft and Illicit Trafficking of Cultural Property seeks to safeguard and recover stolen cultural heritage.
4. The MoU on Cooperation in Agriculture and Agribusiness enhances agricultural collaboration and trade between the two nations.
5. The MoU on Competition Law Enforcement strengthens cooperation between Cambodia’s Competition Commission and the Philippine Competition Commission to ensure fair competition.
6. MoU on the Tourism Cooperation Programme between the ministries of both nations.
7. The MoU on Technical and Vocational Education and Training (TVET) facilitates collaboration between Cambodia’s Ministry of Labour and Vocational Training and the Philippines’ Technical Education and Skills Development Authority (TESDA).
8. The MoU on Digital Government Transformation promotes cooperation in information technology and digital governance between Cambodia’s Ministry of Post and Telecommunications and the Philippines’ Department of Information and Communications Technology.¹⁵

These eight agreements aim to deepen further cooperation, including bolstering economic activities, enhancing cultural exchanges, and strengthening institutional frameworks between the two nations.

¹⁴ Mendoza, J. E. (2025, February 12). PH, Cambodia ink pacts on taxation, agri, tourism, culture. INQUIRER.net. <https://globalnation.inquirer.net/263963/fwd-2-marcos-cambodian-pm-ink-pact-to-eliminate-double-taxation-other-key-mous>.

¹⁵ Chanthy, & Chanthy. (2025, February 12). Cambodia and the Philippines reach eight key documents to boost bilateral ties - Khmer Times. Retrieved from <https://www.khmertimeskh.com/501638046/cambodia-and-the-philippines-reach-eight-key-documents-to-boost-bilateral-ties/>.

President Marcos also extended his gratitude to the Cambodian King Norodom Sihamoni during the visit for having given a royal pardon to 13 Filipino women convicted of illegal surrogacy in Cambodia. The 13 women were imprisoned in December 2024. Still, they were allowed to return to the Philippines via the royal pardon extended by the king, which signifies that the two countries share strong humanitarian ties.¹⁶

The first quarter of 2025 marked a period of high-level diplomatic engagement between Cambodia and the Philippines. This engagement was highlighted by Prime Minister Hun Manet's official visit and various signed agreements that demonstrate the two countries' common commitment to consolidating their bilateral relations across sectors towards increased cooperation and shared prosperity.

U.S. General's Visit to Cambodia

On February 24, 2025, Commanding General of the U.S. Army Pacific, General Ronald P. Clark, held consecutive meetings with Cambodian Prime Minister Hun Manet and other senior Cambodian military officials during his two-day visit. The visit was intended to expand and improve frayed ties between the two nations. During the meeting, Clark praised Cambodia for deploying U.N. peacekeepers to various international locations, as stated by the prime minister's office.

Additionally, the prime minister expressed gratitude to the U.S. for its support in clearing explosives from Cambodia, which had been heavily affected by war, leaving an estimated 4 to 6 million land mines and other unexploded ordnance, including U.S. bombs, in the late 1990s.¹⁷ On Monday, General Clark met with Minister of Defense General Tea Seiha, Royal Cambodian Armed Forces (RCAF) Commander-in-Chief General Vong Pisen, and RCAF Deputy Commander-in-Chief Mao Sophan. The officials discussed ways to enhance the U.S.-Cambodia bilateral defense relationship to promote Indo-Pacific peace and security. Their discussions covered military training exchanges, the possible revival of the Angkor Sentinel

¹⁶ Philippine president thanks Cambodia for pardoning 13 Filipino women convicted of illegal surrogacy | AP News. (2025, February 11). AP News. <https://apnews.com/article/cambodia-philippines-surrogacy-pardon-f23b214fc7c39b77e08a675575861c26>.

¹⁷ VOA News. (2025, February 25). Top US general in Asia begins 2-day visit to Cambodia. Voice of America. <https://www.voanews.com/a/top-us-general-in-asia-begins-2-day-visit-to-cambodia/7986911.html>.

exercise, which was abandoned 10 years ago, and others focused on disaster relief, United Nations Peacekeeping, and efforts to make Cambodia mine-free.¹⁸

Cambodia and China Strengthen Cultural and Economic Ties

On February 22, 2025, Cambodia and China jointly organized a cultural exchange event called "Hello, Beijing" at the Siem Reap-Angkor International Airport. The event featured a photo exhibition and a Beijing cuisine tasting session to enhance cultural ties and people-to-people exchanges between the two nations. Notable attendees included H.E. Ms. Chea Serey, Governor of the National Bank of Cambodia; H.E. Yin Li, Member of the Politburo of the Communist Party of China Central Committee and Secretary of the CPC Beijing Municipal Committee; H.E. Wang Wenbin, Chinese Ambassador to Cambodia; and H.E. Prak Sophoan, Governor of Siem Reap province. Ambassador Wang underscored Cambodia-China relations enhancement in recent years, attributing it to diplomatic cooperation. The visit of the CPC Central Committee delegation marks a historic milestone in strengthening political and economic collaboration between the two nations.

This event reflects the deepening relationship between Cambodia and China, showcasing their commitment to strengthening cultural and economic collaborations. Such initiatives contribute positively to Cambodia's foreign relations by fostering mutual understanding and cooperation. NBC Governor, Chea Serey, also highlighted key joint projects under China's Belt and Road Initiative (BRI), such as the Phnom Penh-Sihanoukville Motorway, the Siem Reap-Angkor International Airport, and the planned Phnom Penh-Bavet and Phnom Penh-Siem Reap-Poipet motorways, underscoring that these projects will enhance national economic connectivity and boost Cambodia's infrastructure development. Furthermore, both nations discussed boosting tourism, particularly by increasing direct flights from China to Siem Reap. Yin Li reaffirmed China's commitment to encouraging more Chinese tourists to visit Cambodia, stimulating the local economy.¹⁹

¹⁸ Cambodia, U. M. (2025, February 28). Readout USARPAC General Travels to Cambodia - U.S. Embassy in Cambodia. U.S. Embassy in Cambodia. <https://kh.usembassy.gov/usarpac-general-travels-to-cambodia/>.

¹⁹ Chanthy, & Chanthy. (2025, February 24). Cambodia, China reinforce cultural and economic ties through 'Hello Beijing' event - Khmer Times. Retrieved from <https://www.khmertimeskh.com/501643935/cambodia-china-reinforce-cultural-and-economic-ties-through-hello-beijing-event/>.

Cambodia-ASEAN Business Summit

From the 5th to the 6th of March, 2025, the Cambodian Chamber of Commerce (CCC) will host the Cambodia-ASEAN Business Summit 2025 in Phnom Penh; the theme is revolving around “Accelerating ASEAN’s Connectivity: People, Infrastructure, and Trade”, as it is expected to foster intra-bloc economic and development cooperation. Many government officials, experts, CEOs, entrepreneurs, investors, and policymakers from ASEAN member nations, representing diverse industries and sectors, will be joining this event. The CCC stated that the theme highlights Cambodia’s dedication to sustainable and inclusive growth while aligning with ASEAN’s overarching economic objectives.²⁰

The first three months of 2025 were a time of important diplomatic and economic engagement for Cambodia. The suspension of U.S. foreign aid posed challenges, but Cambodia responded by fostering ties with regional countries. The visit of the Cambodian Prime Minister to the Philippines ended in significant agreements that boost cooperation in various sectors between the two countries. The visit of the U.S. General showed an effort to maintain military cooperation despite some recent concerns. Moreover, Cambodia deepened its relationship with China through the “Hello, Beijing” event, reinforcing its reliance on Chinese investments and economic support. On top of that, the country hosting the Cambodia-ASEAN summit demonstrated its commitment to regional economic integration. These efforts show Cambodia’s strategic balancing act.

Conclusion

This first quarter review of 2025 highlighted the critical incidents in the realm of domestic affairs and promoting Cambodia’s proactive diplomatic engagements at the international level. As the country continues to thrive for modernization and global integration, this quarter's progress will likely inform future policy directions and regional cooperation initiatives. Ultimately, this review underscores Cambodia’s journey toward a more resilient, transparent, and dynamic future.

²⁰ Vietnam+. (2025, February 20). Cambodia-ASEAN summit to boost intra-bloc economic cooperation. Vietnam+ (VietnamPlus). Retrieved from <https://en.vietnamplus.vn>.

Indonesia

Sum Pichkanika and Lors Visal

Introduction

Indonesia, Southeast Asia's largest economy, a growing powerhouse in Southeast Asia, a member of the G20, and a key player in the global supply chain, continues to navigate a complex landscape of politics, socio-economic developments, and foreign relations.¹ The four quarterly updates of Indonesia in 2024 marked many significant shifts in Indonesia's domestic affairs, socio-economic affairs, and foreign relations. Domestically, Indonesia faced many challenges, including a declining middle class, rising socio-economic inequality, cyber threats, and relocating its capital to Nusantara. Indonesia's socio-economic landscape has been shaped by many key developments, such as curriculum reform, investment acceleration, and digital transformation. In foreign policy, Indonesia sought to expand its global presence while maintaining a balance between Western countries and regional alliances.²

This paper aims to report on Indonesia's first quarterly update of 2025 in three different aspects: domestic, socio-economic, and foreign affairs. In domestic politics, major initiatives include launching a nutritious meals program, ratifying a law defining military roles in government, the “Dark Indonesia” protest, the amendment of mining law, and the planning to construct a giant sea wall. Regarding socioeconomic aspects, Indonesia is strengthening economic ties with China through the “Two Countries Twin Parks,” simplifying the licensing process for textile investors and the textile products sector, and ceasing imports of four key food commodities. Meanwhile, in foreign affairs, President Prabowo signals a shift toward a more active foreign policy on a global stage beyond the constraints of ASEAN as Indonesia joins BRICS and commits to supporting the reconstruction of the Gaza Strip.

¹ “Indonesia | ASEAN Member States | ASEAN Investment.” n.d. Investasean.asean.org. <https://investasean.asean.org/asean-member-states/view/709/newsid/793/indonesia.html>.

² “CAMBODIAN REVIEW of SOUTHEAST ASIA.” 2024. https://rupp.edu.kh/iispp/cseas/cambodian_review_of_southeast_asia/2023-2024/documents/CRSEA%202024%20.pdf.

Domestic Politics

Indonesia's Nutritious Meals program

The Nutritious Meals Program, or Makan Bergizi Gratis (MBG), is set to serve children in schools across Indonesia's archipelago, playing a vital role in human development and well-being. The government of Indonesia has demonstrated a political will and a strong commitment to address the problem of malnutrition and promote healthy eating, particularly among underserved communities. The program was set to launch on 6th January 2025, aiming to provide millions of Indonesian children with free nutrition. This marked the first time in Indonesia's history that the government implemented a program that subsidized students with nutritious meals while ensuring high hygiene standards.³ This program has received strong endorsement from various United Nations agencies as a vital step toward achieving the Sustainable Development Goals (SDGs), particularly goals 2 and 3, which focus on Zero Hunger and Good Health and Well-being.⁴

Indonesia rushes mining law amendments.

Indonesia's parliament is changing its mining law to allow universities and religious organizations to obtain permits without bidding, effective February 18, 2025. According to Bob Hasan, Indonesia's chair of the parliament legislative committee, said that the revision is necessary to speed up the critical minerals such as copper, nickel, and aluminum because these could make Indonesia self-sufficient in energy, which is essential for renewable energy technology. Under the proposed amendments, universities are given priority access to mining areas for metals like nickel, whereas religious organizations will be granted coal mining concessions. These provisions mark a significant shift in Indonesia's resource governance.⁵ While it benefits economic development, critics are concerned that it could accelerate deforestation, social conflicts, pollution, and climate problems. Moreover, concerns have been raised about the loss of public trust in institutions and weakening governance.⁶

³ “Press Release: Nutritious Meals Program to Reach Schools Today in Indonesia | School Meals Coalition.” 2025. Schoolmealscoalition.org. January 6, 2025. <https://schoolmealscoalition.org/stories/press-release-nutritious-meals-program-reach-schools-today-indonesia>.

⁴ Ibid.

⁵ Hayat Indriyatno. 2025. “Indonesia Rushes Mining Law Amendments, Raising Environmental and Governance Alarms.” Mongabay Environmental News. January 30, 2025. <https://news.mongabay.com/2025/01/indonesia-rushes-mining-law-amendments-raising-environmental-and-governance-alarms/>.

⁶ Ibid.

“Dark Indonesia” protest

On February 20, 2025, hundreds of Indonesian students and activists gathered in some major cities in Indonesia for a “Dark Indonesia” protest, opposing Prabowo's new policies regarding \$19 billion in spending cuts.⁷ Protestors argued that the new spending cuts policy could undermine their support systems, including teacher welfare and increasing tuition fees.⁸ Prabowo's free meals program for schoolchildren was one of the initiatives the public protested, as they thought it was the reason the government slashed spending. For example, the Prabowo government aimed to relocate the funds into its populist program, with the majority going to the \$4.3 billion free nutritious meals program for schoolchildren to combat chronic stunting in the country, leading to concerns about shifting funds away from other essential programs.⁹ Furthermore, Prabowo's law, which allowed the military to take on a government role, further fueled the protests.

Indonesia passed a law allowing military roles in government

On March 20, 2025, Indonesia's parliament ratified a law allowing the military to play a greater role in government. The defense minister stated that geopolitical changes and global military technology require military transformation to prepare for conventional and non-conventional conflicts. Moreover, the new version of the law will require military officers to resign before assuming civilian posts at certain departments.¹⁰ However, civil society groups and some activists criticized the amendments, arguing that the law could signal the return of military rule, reminiscent of former president Suharto's time when the military-dominated civilian affairs. The opposition groups have criticized the law as it could lead to the abuse of power, human rights violations, and political impunity for military personnel.¹¹

⁷ Reuters. 2025. “Students Lead ‘Dark Indonesia’ Protests against Budget Cuts.” Voice of America. Voice of America (VOA News). February 20, 2025. <https://www.voanews.com/a/students-lead-dark-indonesia-protests-against-budget-cuts/7981720.html>.

⁸ Reuters Staff. 2025. “Protesters Extend ‘Dark Indonesia’ Rally against Prabowo’s Policies.” *Reuters*, February 21, 2025. <https://www.reuters.com/world/asia-pacific/protesters-extend-dark-indonesia-rally-against-prabowos-policies-2025-02-21/>.

⁹ Agencies. 2025. “‘Dark Indonesia’ Protests against Prabowo’s Cutbacks Enter Fifth Day.” *The Jakarta Post*. February 22, 2025. <https://www.thejakartapost.com/indonesia/2025/02/22/darkindonesia-protests-against-prabowos-cutbacks-enter-fifth-day.html>.

¹⁰ Counter, Nicholas. 2025. “Indonesia Passes Bill Allowing Military in More Govt Roles.” *DW. Deutsche Welle*. March 20, 2025. <https://www.dw.com/en/indonesia-passes-bill-allowing-military-in-more-govt-roles/a-71980395>.

¹¹ Jazeera, Al. 2025. “Indonesia Passes Law Allowing Greater Military Role in Government.” *Al Jazeera*. March 20, 2025. <https://www.aljazeera.com/news/2025/3/20/indonesia-passes-law-allowing-greater-military-role-in-government>.

Construction of a giant sea wall to mitigate tidal flooding in coastal areas

The minister for infrastructure and regional development plans to construct a giant sea wall to mitigate tidal flooding in coastal areas. The giant sea wall is planned to be constructed in areas historically affected by flooding, particularly Jakarta and the northern coastal area of Java island. The excessive use of groundwater in Jakarta is one of the main causes of land subsidence. Therefore, a clean water supply needs to be optimized by constructing a drinking water supply system (SPAM) to reduce water loss and implement rainwater harvesting and water cycle efforts.¹² By doing these, we mitigate flooding and enhance water sanitation in the community. Hence, succeeding in protecting the coast of Jakarta and Java could save many people's lives and earn billions of US dollars in the next 20 to 30 years by eliminating potential destruction from flooding.¹³

Socio-Economics affairs***Import ban decision for four food commodities based on production***

On January 17, 2025, Indonesia will cease importing four food commodities. The banned commodities are rice, salt, sugar, and corn. During a coordination meeting on food, the government underscored that the cessation of the commodities will not impact domestic food stocks and prices because the stocks for those commodities are safe and stable, since the government has already prepared them. The government rice reserves (CBP) in the warehouses of the state-run logistics company Bulong have around two million tons of rice stock reserves. Also, broiler chicken meat, eggs, and curly red chilies are in stock. This underlines President Prabowo's commitment to achieving food self-sufficiency by 2027. Meanwhile, the Ministry of Agriculture projects that rice production will reach around nine million tons this year.¹⁴

Indonesia-China collaboration on boosting investment in Batang SEZ

On March 18, 2025, Prabowo Subianto and the coordinating minister for economic affairs discussed the plan to establish “Two Countries Twin Parks” between Indonesia and China at the Batang Special Economic Zone (SEZ) in Central Java. According to Airlangga Hartarto, the coordinating minister for economic affairs, the investment will be around US\$967 million

¹² Aji Cakti, Yashinta Difa. 2025. “Giant Sea Wall to Mitigate Tidal Flooding in Coastal Areas: AHY.” *Antara News*, March. <https://doi.org/1000054410.jpg.webp%20360w>.

¹³ Ibid.

¹⁴ Adji, U. S. R. (2025, January 17). Import ban decision for four food commodities based on production. *Antara News*. <https://en.antaranews.com/news/341786/import-ban-decision-for-four-food-commodities-based-on-production>

to support industrial investment in the Batang SEZ. The collaboration is initiated to make the development visions of the two countries align with each other, namely the Belt and Road Initiative and Maritime Axis. Moreover, the plan's main objective is to enhance the industrial and investment sectors, such as construction materials, electronics, food manufacturing, and maritime industries. The project is expected to boost Chinese investments in Indonesia while speeding up infrastructure development and technological transfer.¹⁵

Prabowo asks ministers to simplify textile licensing

On March 19, 2025, President Prabowo Subianto instructed ministers to simplify the licensing process for textile investors and products to increase national economic growth. According to the Ministry of Industry, the textile investment in Indonesia in 2024 increased significantly by 31.1 percent compared to the previous year. This illustrates that the textile and garment sectors drive Indonesia's economic growth, with export value exceeding US\$2 billion annually while helping nearly four million employees.¹⁶ Therefore, deregulating the textile investors' licensing is necessary. Additionally, to ensure the competitiveness of Indonesian textile products in the international markets, mainly with Bangladesh, Vietnam, and Thailand, the government is working to deal with illegal textile imports by imposing tariffs or restrictions to prevent unfairly low-priced imports.¹⁷

Foreign affairs

Indonesia joins BRICS

On January 7th, 2025, Indonesia became the first country in the Southeast Asian Nations to formally join BRICS, an intergovernmental bloc focusing on peace, security, development, and cooperation. President Prabowo joined BRICS shortly after entering office, which shows a different stance from former president Joko Widodo, who hesitated to join due to the concern of jeopardizing Indonesia's non-alignment policy. Even though Indonesia's joining BRICS might steer it away from its non-alignment policy, Prabowo is still committed to upholding

¹⁵ Andi Firdaus, Yashinta Difa. 2025. "Indonesia, China to Boost Investment in Batang SEZ." Antara News. ANTARA. March 18, 2025. https://en.antaranews.com/news/349001/indonesia-china-to-boost-investment-in-batang-sez?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right.

¹⁶ Santoso, Anton. 2025. "Prabowo Asks Ministers to Simplify Textile Licensing." Antara News. ANTARA. March 19, 2025. https://en.antaranews.com/news/349141/prabowo-asks-ministers-to-simplify-textile-licensing?utm_source=antaranews&utm_medium=desktop&utm_campaign=popular_right.

¹⁷ Ibid.

Indonesia's long-standing “free and active” foreign policy.¹⁸ While it aligns with the past policies, Prabowo is expected to be more internationally focused than Jokowi's tenure.¹⁹ To maintain its non-alignment, Indonesia has expressed interest in joining the Organization for Economic Co-operation and Development (OECD) with Western countries, including Canada, the United States, and the United Kingdom.

Indonesia ready to assist in Gaza reconstruction after the ceasefire

Indonesia shows strong support for the reconstruction of the Gaza Strip following the ceasefire between Israel and Hamas on January 19. Indonesia regards the ceasefire as opening opportunities between both countries for long-lasting peace in Palestine, the Middle East, and beyond. Sugiono, Minister of Foreign Affairs, stated that Indonesia is committed to advocating for the Palestinian cause through all available means, including their recovery and independence. For instance, Indonesia's Ministry of Foreign Affairs, the Indonesian Ulema Council (MUI) and the National Alms Agency (Baznas), initiated a campaign to raise 200 million to help Palestine.²⁰ Furthermore, Indonesia is also willing to provide peacekeeping personnel if requested by United Nations resolutions.²¹ Additionally, Deputy Foreign Minister Anis Matta encouraged the Indonesian people and the international community to continue providing humanitarian assistance to support the reconstruction of Gaza, as well as asking for support from the International Criminal Court (ICC) in holding Israel accountable for its actions against the Palestinian people.

Conclusion

The first quarter of 2025 in Indonesia has provided a snapshot of Indonesia's evolving landscape, shaped by significant developments in domestic affairs, socio-economic policies, and foreign relations. Domestically, the government has launched key initiatives, such as the

¹⁸ “The Latest on Southeast Asia: Indonesia Joins BRICS | the Latest on Southeast Asia | CSIS.” 2025. Csis.org. 2025. <https://www.csis.org/blogs/latest-southeast-asia/latest-southeast-asia-indonesia-joins-brics>.

¹⁹ Singh, Gurjit. 2025. “Foreign Policy Under President Prabowo: Shaping Indonesia’s Global Role.” Orfonline.Org. January 16, 2025. <https://www.orfonline.org/expert-speak/foreign-policy-under-president-prabowo-shaping-indonesia-s-global-role>.

²⁰ Khaira, Kuntum. 2025. “Indonesia Launches Campaign to Raise US\$200 Million for Palestine.” Antara News. ANTARA. February 26, 2025. https://en.antaranews.com/news/346357/indonesia-launches-campaign-to-raise-us200-million-for-palestine?utm_source=antaranews&utm_medium=desktop&utm_campaign=related_news.

²¹ Nabil Ihsan. 2025. “Indonesia Ready to Assist in Gaza Reconstruction after Ceasefire: FM.” Antara News. ANTARA. January 18, 2025. https://en.antaranews.com/news/341974/indonesia-ready-to-assist-in-gaza-reconstruction-after-ceasefire-fm?utm_source=antaranews&utm_medium=desktop&utm_campaign=related_news.

nutritious meals program, while facing public backlash over budget cuts and military reforms. In the socio-economic aspect, Indonesia has strengthened economic ties with China through the “Two Countries, Twin Parks” project, streamlined investment processes in the textile sector, and taken steps toward food self-sufficiency. Meanwhile, in foreign policy, President Prabowo has signaled a stance toward a more globally engaged approach by joining BRICS and reinforcing Indonesia’s commitment to international peace efforts. These developments underscore Indonesia’s ambitions for economic growth, governance reforms, and a more assertive role on the world stage.

Laos

**Meung Chansomanita, Lim Ponleu, Nguon Socheata,
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Introduction

This first quarterly update on Laos examines significant developments across various aspects of the country, including domestic politics, economics, socioeconomic conditions, and foreign relations. Laos began 2025 by collaborating with Thailand to eliminate illegal online scams masquerading as call center operations within its Special Economic Zone in the Golden Triangle area. The government also committed to curbing all illicit activities in the nation to ensure the safety of local and international visitors alike. On the economic front, Laos faced a trade imbalance in 2024, as its imports surpassed exports. Socioeconomic development is essential for national progress, with key legislation approved by Laos' National Assembly to enhance the country's investment climate and business environment. Laos is strengthening its ties with both neighboring countries and others to achieve mutually beneficial cooperation while promoting sustainable development for all.

Domestic Politics

Online Scam and Call Center

As Thailand intensifies its efforts to target scam networks in neighboring countries, Laos launches a campaign to crack down on illegal call center operations within the Golden Triangle Special Economic Zone (GTSEZ) in Bokeo Province. GTSEZ has been notorious for harboring illegal online gambling and scam centers, exploiting millions of dollars from victims, and facilitating human trafficking in the region. The initiative to address online scam issues began in January 2025, with the Laos government and the Golden Triangle Special Economic Zone Administrative Council collaborating to combat illegal call centers and scam syndicates in the infamous GTSEZ. Laos Deputy Prime Minister and Minister of Public Security Vilay Lakhamphong reiterates this commitment to tackling illicit activities, reaffirming the government's dedication to responsible development of the zone. As of 2024, Lao authorities have shut down nine illegal call center operations in the GTSEZ, apprehending 267 individuals

from 16 countries. Additionally, over 10,000 computers, 11,000 mobile phones, and substantial amounts of cash used in fraudulent schemes have been seized by the police to date.¹

Human Trafficking

Speaking at the National Anti-Trafficking Committee meeting on January 24, Laos Deputy Minister of Public Security Khamking Phouilamanivong noted that 46 cases of human trafficking were recorded in 2024, leading to the arrest of 95 individuals, including 43 foreign nationals. As a result, 85 people became victims of human trafficking activities, 40 of whom were underage women. The victims were lured into committing illegal activities, such as cyber fraud and online scams, mostly within the GTSEZ. To address the human trafficking issue, the Laotian authorities pledged to strengthen the law and organize training for citizens to raise awareness about human trafficking schemes. These actions by law enforcement demonstrate the government's commitment to tackling human trafficking issues, ensuring the safety of the people and the influx of tourists into the country.

Economy

Regarding the economic sector, the combined total trade volume of Laos' imports and exports in 2024 amounts to 16.3 billion US dollars. The volume of exports last year was recorded at 8.1 billion dollars, a decrease of 2.7% compared to the figure for 2023. At the same time, the country imported goods worth 8.2 billion US dollars, reflecting an increase of 14% compared to the same period in 2023. This export-import data indicates that the landlocked country experiences a trade deficit, as it imports more than it exports. Laos' economy relies on the export of gold ore, rubber, cassava, and rare earths. The most significant export is electricity, contributing about 15.35% or 980 million US dollars of the total export value of 8.14 billion US dollars in 2024.

From January 6 to 7, during the Second Open Government meeting, the Laotian government plans to expand its budget by enhancing the system for a stronger economy in 2025. The government aims to achieve a budget surplus, which requires adopting policies and increasing revenue to accomplish this goal. Sonexay Sithpaxay, Governor of the Bank of Laos, has highlighted the country's ambition to eliminate its debt using revenue and to manage spending

¹ Visapra, Phontham. "Laos Strengthens Control on Call Center Scams as Thailand Targets Fraud Rings." The Laotian Times. Last modified February 18, 2025. [Laos Strengthens Control on Call Center Scams as Thailand Targets Fraud Rings - Laotian Times](#)

judiciously. Simultaneously, some regulations have been lifted in the business and investment sector to facilitate investments in the country while maintaining close oversight of business performance. The government also intends to enhance several industries, including biofertilizers, animal feed, construction materials, and consumer goods, to meet the populace's needs and impose stricter mining industry regulations to prevent exploitation.²

Inflation remained an obstacle to Laos's economic development. The inflation rate rose to a staggering 15.5% in January, compared to 16.9% in December 2024. The appreciation of the currency and the increased supply of agricultural products are believed to have contributed to the decrease in the inflation rate, which, in turn, led to a rise in the demand for imported products. This situation also prompted many individuals to seek better-paying jobs abroad, with Laotians ranking seventh among ASEAN nationals working in South Korea, totaling 2,969 individuals. However, the inflation rate fell to 12.7% in February, signaling a positive development for the country's economy. This decline is attributed to a stable supply of agricultural products and improved exchange rate stability, encouraging consumers to purchase more imported goods while easing pressure on domestic prices.

Socio-Economic Affairs

A significant milestone has occurred in the Laotian legislature concerning the country's socioeconomic challenges. The government, alongside the Standing Committee of the Lao National Assembly, has agreed on essential policies and legislative priorities aimed at socioeconomic development for 2025. These initiatives include drafting new laws and amending existing regulations related to infrastructure, industrial estates, mineral development, and power generation. The government is also prioritizing improvements to policies regarding state investment, the 2025 budget, and fuel imports. These legislative priorities are intended to create a favorable environment for business and investment. The government seeks to attract more foreign investment and promote economic growth through new regulations and enhanced infrastructure. Additionally, the focus on state investment and fuel imports is expected to strengthen energy security and decrease dependency on external sources.³

²Visapra, Phontham. "Lao Government Aims for Fifth Year of Budget Surplus" Laoian Times. Last Modified January 15, 2025. <https://laotiantimes.com/2025/01/15/lao-government-outline-plans-for-economic-independence-in-2025/>.

³ "Laos Sets Key Policies for Socio-Economic Development in 2025." The Star. Last Modified February 19, 2025. <https://www.thestar.com.my/aseanplus/aseanplus-news/2025/02/19/laos-sets-key-policies-for-socio-economic-development-in-2025>.

In addressing poverty, the Lao government has made significant strides in poverty reduction, lifting 31,232 families above the poverty line and reaching 89.23% of its target for the year 2024. According to the government, families are deemed to be out of poverty if they meet criteria such as maintaining stable employment, owning a permanent home, ensuring family members attain at least a secondary-level education, and having access to essential healthcare, clean water, and energy. The government has been working on expanding the Village Development Fund, allocating LAK 500 million (USD 23,025.86) for each poor district. Despite these efforts, public skepticism remains a challenge, with many citizens feeling that their quality of life has not improved. Many have turned to social media to voice their concerns on the matter. In response, the Laotian government has initiated community outreach programs to ensure that development benefits reach all citizens. These programs include vocational training, healthcare services, and infrastructure development in rural areas to create a more inclusive and equitable society.

In the health sector, Laos has encountered negative indicators regarding reported disease cases. In 2024, the country reported over 20,000 instances of dengue fever, representing a significant increase attributed to climate-driven changes. The surge in dengue cases has placed additional pressure on the healthcare system and emphasized the necessity for enhanced public health measures. The government has initiated several efforts to tackle dengue fever, including public awareness campaigns, community clean-up drives, and the distribution of mosquito nets. Currently, initiatives are underway to improve healthcare infrastructure and ensure better access to medical services in affected areas.

In the tourism front, Laos has recently seen the flourishing of its tourism industry, with Vientiane's top tourist sites attracting over 300,000 visitors in 2024 and contributing over LAK 9 billion to the local economy. It should be noted that the success of the Visit Laos Year 2024 campaign played a significant role in boosting tourism, resulting in notable increases in both international and domestic visitors. The thriving tourism of Laos did not stop there. In January 2025, Laos received 29 ASEAN Tourism Standards Awards, recognizing the country's efforts to enhance tourism quality, sustainability, and cultural preservation. These awards highlight the success of various tourism initiatives and the nation's commitment to sustainable tourism practices. The awards have bolstered Laos' reputation as a premier tourist destination in

Southeast Asia. The government is leveraging this recognition to attract more tourists and investments in the tourism sector, further driving economic growth and cultural exchange.

On another note, illegal Laotian workers have seen some measures. The Laotian government has been addressing the issue of illicit workers abroad, with over 73,000 Lao workers currently employed without proper documentation. Efforts to create domestic job opportunities and regulate overseas employment are ongoing, but challenges persist due to high inflation and low wages. To tackle these challenges, the government is implementing policies to improve working conditions, raise wages, and provide better job opportunities within the country. These measures aim to ensure the safety and well-being of Lao workers abroad and facilitate bilateral agreements with host countries.

Foreign Affairs

On January 9, Laos Prime Minister Sonexay Siphandone and Vietnam Prime Minister Pham Minh Chinh convened for the Laos-Vietnam Intergovernmental Committee on Bilateral Cooperation. The 47th session was also attended by senior party and government officials, ministers, and representatives from both countries' key sectors. The meeting reaffirmed the strong commitment of both countries to enhancing cooperation in various fields for the benefit of their citizens and the continued progress of both nations. The meeting concluded successfully, with both sides agreeing to strengthen political and diplomatic ties, increase high-level exchanges, foster close collaboration at all levels, enhance defense and security cooperation, and achieve significant economic progress, marked by improvements in trade relations and progress in implementing bilateral economic agreements.⁴

On the same day, the Bank of Laos, in collaboration with the State Bank of Vietnam, launched an initiative to create a cross-currency transaction service that connects their cross-border retail payment systems through QR codes. This system aims to simplify financial transactions between the two countries for tourists and cross-border business activities. This new QR code system is part of Laos' broader efforts to improve regional financial transactions and payment systems with Vietnam and neighboring countries such as Thailand, Cambodia, and China. The

⁴ “47th Laos-Vietnam Intergovernmental Committee Meeting Successfully Concludes.” Lao News Agency. Last Modified January 10, 2025. <https://kpl.gov.la/EN/detail.aspx?id=88599>.

service is designed to streamline payments, making them faster and more convenient for individuals and businesses involved in cross-border transactions.⁵

In celebration of 70 years of diplomatic ties, Laos and Japan have upgraded their relationship to a Comprehensive Strategic Partnership. Japan has been a key player in Laos' development, providing financial and technical assistance. With the new partnership, Japan is expected to further support Laos in infrastructure development, technology transfer, education, and healthcare, contributing to the country's sustainable growth. This partnership strengthens Japan's role in Southeast Asia, enhancing its regional strategic position. It also aligns with Japan's broader foreign policy objectives in ASEAN, promoting peace, stability, and economic integration. On January 21, Lao Prime Minister Sonexay Siphandone and Japanese Prime Minister Ishiba Shigeru signed a joint declaration to formalize this upgrade to strengthen collaboration in trade, travel, and regional cooperation. As part of the declaration, Laos plans to introduce direct flights between the two countries and extend the visa-free stay for Japanese citizens from 15 to 30 days. The occasion also recognized Japan's long-standing support for Laos' development. Prime Minister Siphandone expressed his gratitude for Japan's Official Development Assistance (ODA), which averages between USD 90 and 100 million annually, supporting sectors such as education, infrastructure, and unexploded ordnance (UXO) clearance in Laos.⁶

Less than 24 hours after shutting down its headquarters in Washington, USAID announced that all staff, both in the US and abroad, would be placed on administrative leave starting February 7. The new Trump administration plans to keep fewer than 300 of the 10,000 agency workers, with employees stationed overseas given 30 days to return to the US. The organization has temporarily paused its activities in Laos, where USAID resumed operations in 2011 after a 35-year absence. USAID Laos funded USD 8 million in programs focused on improving health, protecting the environment, and promoting sustainable economic growth. One of the programs was the Lao Handicraft Association's Sustainable Improvements of the Home Textile Sector

⁵ Sisounonth, Oulayvanh. 2025. "Laos, Vietnam Launch Cross-Border QR Code Payment System." Laotian Times. Last Modified January 10, 2025. https://laotiantimes.com/2025/01/10/laos-vietnam-launch-cross-border-qr-code-payment-system/?fbclid=IwY2xjawIlgCRleHRuA2FlbQIxMAABHe3615kTCySCN1zUk5zbEyTeBX_jmpbtHSzTQki5TieYN423GlyVM5Hqwg_aem_sWzklcud8KN_607T27PYkA.

⁶ Sitthixay, Phonethida. "Laos, Japan Discuss Plans for Direct Flights, Visa Easing" Laotian Times. Last Modified January 24, 2025. <https://laotiantimes.com/2025/01/24/laos-japan-discuss-plans-for-direct-flights-visa-easing/>.

project, which was about 60 percent complete before operations were disrupted due to USAID's closure. These rapid shifts in US foreign policy have raised concerns about the future of development initiatives supporting Laos.⁷

On February 11, 2025, Prime Minister Sonexay Siphandone and a delegation from Laos attended the World Government Summit 2025 in Dubai, UAE, under the theme "Shaping Future Governments." The summit, organized by the UAE government, provided a platform for leaders, heads of government, international organizations, and the private sector to discuss and promote cooperation in areas such as technology, socio-economic development, public administration, finance, climate change, public health, human resource development, and other global challenges. During the summit, Prime Minister Siphandone highlighted Laos' policies to boost international cooperation and human resource development, support technical and scientific progress, and focus on sustainable economic growth through investments in renewable energy.⁸

Conclusion

In conclusion, Laos hopes to achieve the utmost national development through various fronts. The government has stepped up to ensure national security and civilian protection by opting for international cooperation to curb illegal activities. Laos has also outlined an economic plan to liberalize the economy, creating a favorable environment for both local and foreign businesses. Despite the trade deficit in 2024, a plan has been laid out to visualize trade balance and budget surplus for the national economy, promoting both economic and socioeconomic development. Foreign relations have seen significant improvement, especially the elevation of Laos-Japan bilateral cooperation to a Comprehensive Strategic Partnership, which led to the comprehensive cooperation in many areas, including trade, tourism, investment, and regional cooperation. The Laotian government has been working hard in almost every sector to envision self-reliance in many aspects while outsourcing benefits from its international cooperation to achieve sustainable national development.

⁷ Visapra, Phontham. 2025. "Trump's Foreign Aid Freeze Disrupts USAID Projects in Laos" Laotian Times. Last Modified February 8, 2025. <https://laotiantimes.com/2025/02/07/trumps-foreign-aid-freeze-disrupts-usaid-projects-in-laos/>.

⁸ "PM Sonexay Represents Laos at World Governments Summit 2025, Strengthens Ties With UAE, Global Partners.". Last Modified February 13, 2025. <https://kpl.gov.la/EN/detail.aspx?id=89307>.

Malaysia

**Mey Minith, Poun Huyching, Thai Sreyvin, Chhem Seakmey,
Chhempich Sopheaktra, and Hul Moniroth**

Introduction

The First Quarter of 2025 was a period of significant activities for Malaysia, both domestically and internationally. Regarding domestic politics, much focus was on the Prime Minister Anwar Ibrahim as he navigated a leadership role amid political tensions in the government chamber. The high-profile legal cases also gained attention for the legal system in Malaysia. Despite such political tensions, Malaysia's economy is expected to grow substantially with a sound business environment. Internationally, Malaysia will play an active role as an ASEAN Chairman for this year. The country also maintained its advocacy for the Palestinian cause and engaged actively in global discussions on economic partnerships. This section reports the key political, economic, and foreign policy developments that shaped Malaysia in the first quarter of 2025.

Domestic Politics

In the first three months of 2025, Malaysian domestic affairs suffered a very serious ordeal. Indeed, there have been concerns about policy gridlock given the different unity government through which Prime Minister Anwar Ibrahim has sought to advance his reform agenda. The caning of a man in Terengganu brings into play tensions between religious conservatism and progressive ideals, with the case of Najib Razak having further reduced public trust in the government. The government has now also implemented laws to restrict further freedom of speech, such as the Sedition Act. In the early elections in Sabah, Anwar's critical public test happens as he so much needs the support of Sabah to retain power.

Anwar's Leadership & Political Pressure

The leadership of Malaysian Prime Minister Anwar Ibrahim consists of three main elements, including domestic and international policies, together with his comprehensive reform plans and the challenges common to domestic politics. He is expected to deal with ongoing inspections at home and abroad because observers worry about his economic approach and question the effectiveness of his administration's anti-corruption work and land rights

management. His government faces challenges because of the demanding task of balancing political objectives with potential opposition that arises from different parts of his coalition¹. Anwar shows leadership through statesmanship while actively building global recognition for Malaysia and his position as a leader, just as much as he engages domestically.

Despite such hurdles, he also tried to balance the tension in domestic politics in the unity government. On March 1st, 2025, Prime Minister Anwar Ibrahim showcased his appreciation for the leadership of parties within the Unity Government and upheld the administration's stability. He reiterated that UMNO President Datuk Seri Dr Ahmad Zahid Hamidi has demonstrated a strong commitment by not entertaining any attempts to disrupt the government's stability. This was done after the Sultan of Pahang, Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah, instructed all parties not to debate the Addendum Decree issue and to respect the legal process to put an end to attempts by certain parties to exploit the issue.²

During the upcoming PKR elections set for May³ Anwar established his directive that leadership positions in divisions must follow the party principle by avoiding any single ethnic dominance. His leadership is an ongoing process where he meets various demands by balancing his coalition views alongside public expectations and functional government stability when pushing reforms. His success in handling complexities and his skill in creating practical solutions between ambition and real needs will determine the path of his leadership and the future of Malaysia.⁴

Najib Razak & Political Tensions

The Malaysian political environment became heated again on January 3, 2025, when supporters rallied for former Prime Minister Najib Razak as he faced legal troubles and detention. The central focus of the demonstration involved Najib Razak's pursuit of either royal mercy or

¹ P Ramasamy, "Anwar's Escapades Abroad and a Leadership in Question," MalaysiaNow, January 23, 2025, <https://www.malaysianow.com/opinion/2025/01/23/anwars-escapades-abroad-and-a-leadership-in-question>.

² Bernama, "Anwar Praises Umno's Commitment, Reaffirms Unity Govt Leadership," NST Online (New Straits Times, February 28, 2025), <https://www.nst.com.my/news/politics/2025/03/1182036/anwar-praises-umnos-commitment-reaffirms-unity-govt-leadership>.

³ Bernama, "Party Elections in May Vital to Strengthen PKR ahead of Ge16 - PKR International Bureau Chairman," BERNAMA, April 3, 2025, <https://www.bernama.com/en/politics/news.php?id=2398991>.

⁴ Kai Ostwald, "Malaysia's Reform Aspirations Clashed with Political Realities in 2024," East Asia Forum, February 26, 2025, <https://eastasiaforum.org/2025/02/27/malaysias-reform-aspirations-clashed-with-political-realities-in-2024/>.

residence under house arrest, which divided Malaysia profoundly. The rising political heat spurred Prime Minister Anwar Ibrahim to request that all factions observe the royal decrees because the Malaysian monarch serves as an essential bridge between political factions during disputes. As the National Palace clarified the regulatory authority of the Pardons Board and the King, they demanded recognition from all parties regarding established procedures for clemency decisions. The assembly occurred at a crucial moment when Najib's Court of Appeal wanted to modify house arrest conditions, thus demonstrating the intricate relationship between political pressures and legal procedures affecting the government. The careful alignments and internal tensions within the unity government demonstrate the intense political split around the Najib issue and coalition partnership.⁵

Corruption Investigations

Former Prime Minister Ismail Sabri Yaakob became a corruption probe suspect on March 3 of 2025. The news about Ismail Sabri Yaakob becoming a corruption suspect further complicates Malaysia's extended battle against corruption, which has cursed Malaysian politics for decades. The investigation of Ismail Sabri as a suspected defendant and other preceding leaders demonstrates that corruption exists as a widespread system-wide issue while simultaneously creating significant concerns about government transparency and accountability. Public distrust will escalate as people demand complete reform measures targeting corruption at all levels. This investigation extends beyond Ismail Sabri to affect the political situation and how voters see the ruling coalition party.⁶

The widespread appalled reaction from Malaysians about the March 4, 2025, corruption investigation of a previous prime minister stands as evidence of broad national public disapproval with Malaysian political leadership. The persistent problem of fighting corruption demonstrates Malaysia's ongoing challenge of progression because it destroys public confidence and hinders national development. Several investigations at high levels of government demonstrate an extensive failure of responsibilities to maintain proper governance. People demand clear accountability, genuine anti-corruption efforts, and enhanced

⁵ Hadi Azmi, "As Pro-Najib Rally Reignites Tensions in Malaysia, PM Anwar Urges Respect for Royal Order," South China Morning Post, January 3, 2025, <https://www.scmp.com/week-asia/politics/article/3293356/pro-najib-rally-reignites-tensions-malaysia-pm-anwar-urges-respect-royal-order>.

⁶ Hadi Azmi, "Malaysian Ex-PM Ismail Sabri Now a Suspect in Corruption Probe," South China Morning Post, March 3, 2025, <https://www.scmp.com/week-asia/politics/article/3300839/malaysian-ex-pm-ismail-sabri-now-suspect-corruption-probe>.

transparency because they no longer want empty promises. Applications of repeated corruption scandals by the public create political instability, which weakens faith in democratic institutions.⁷

Freedom of Expression

Early March 2025 brought about a noticeable increase in incidents in Malaysia that illustrated how hard it is to balance freedom of expression against social sensitivities. The detention and later release of a satirist from Sabah, who researched public officials overreacting to small offenses, exposed risks of limiting creative expression. A national discussion emerged about humorous boundaries and multicultural society management after residents reacted negatively to a comedian telling a "ham joke".⁸ Multiple social events display an emerging pattern of boosting religious-based monitoring of expression that affects cultural matters, leading to assessment of free speech roles within Malaysia's evolving society and diversity conditions.⁹

Cultural Flags Inquiry

The Malaysian police investigated dragon puppet Chinese flags displayed during the Johor parade on January 20, 2025, to highlight growing cultural expression sensitivity with political interpretation possibilities in Malaysia. This investigation signals a sensible attitude regarding public performances that contemporary Malaysian society interprets symbolically in a multicultural context. Public events receive priority security procedures because Malaysian authorities think these events create potential risks for relations with China and other international partners. The police made this intervention to prevent possible misinterpretations or controversies since they value proper navigation of cultural expressions¹⁰.

Socio-Economic Affairs

⁷ Hadi Azmi, "Malaysians Appalled by Another Corruption Probe Involving an Ex-Prime Minister," South China Morning Post, March 4, 2025, <https://www.scmp.com/week-asia/politics/article/3300993/malaysians-appalled-another-corruption-probe-involving-ex-prime-minister>.

⁸ Joseph Sipalan, "Malaysian Muslim Comedian Faces Backlash for Ham Joke, Sparking Free Speech Debate," South China Morning Post, January 23, 2025, <https://www.scmp.com/week-asia/politics/article/3295975/malaysian-muslim-comedian-faces-backlash-ham-joke-sparking-free-speech-debate>.

⁹ Hadi Azmi, "Malaysian Court Rules 'Wounding Religious Feelings' Is a Crime," South China Morning Post, March 6, 2025, <https://www.scmp.com/week-asia/politics/article/3301303/malaysian-court-rules-wounding-religious-feelings-crime>.

¹⁰ Joseph Sipalan, "Malaysian Police Probe Flags of China on Dragon Puppet at Johor Parade," South China Morning Post, January 20, 2025, <https://www.scmp.com/week-asia/politics/article/3295530/malaysian-police-probe-flags-china-dragon-puppet-johor-parade>.

Economic Development

According to the International Monetary Fund, Malaysia's economic growth will reach 4.7% in 2025. The projection for inflation in 2025 reveals an expected increase to 2.6% while maintaining the current level of 1.8% in 2024 because Malaysia has implemented only limited structural policy reforms to rebuild fiscal buffers and enhance growth potential and social protection measures¹¹. The first quarter of 2025 showed Malaysian economic strength as the country executed strategic socioeconomic planning amid global economic disturbance. The government pursued essential investment strategies, policy transformations, and industrial development programs, reinforcing its evolving business and economic environment¹².

In the first quarter of 2025, Malaysia faced two critical economic aspects: domestic economic strength and external economic challenges. Despite a slight downturn in the fourth quarter of 2024, the government and Bank Negara Malaysia (BNM) forecast that Malaysia will maintain a growth trajectory of 4.5% to 5.5% per year¹³. The anticipated expansion in Singapore will be sustained through public construction initiatives combined with personal spending and business enterprise investments. Federal Reserve Bank of Malaysia maintains an overnight policy rate at 3.00% since May 2023 in order to promote stability during inflationary times and changing market dynamics¹⁴.

Business Ventures

The Malaysian economy continued to expand its position in promising industries through rising business investments. Arm CEO Rene Haas, along with Malaysian Prime Minister Anwar Ibrahim, signed a partnership agreement on March 5, 2025, at the Shangri-La Hotel in Kuala Lumpur, where Arm Holdings received \$250 million for semiconductor sector development throughout the following decade. To establish Malaysia as a top supplier worldwide, this effort aims to train 10,000 engineers, establish new semiconductor companies, and enhance local chip design capabilities. Prime Minister Anwar Ibrahim said the agreement with ARM will allow Malaysia to design, manufacture, test, and assemble AI chips to be sold globally. Since

¹¹ IMF, "IMF Executive Board Concludes 2025 Article IV Consultation with Malaysia," IMF, March 3, 2025, <https://www.imf.org/en/News/Articles/2025/03/02/pr25050-malaysia-imf-executive-board-concludes-2025-article-iv-consultation>.

¹² *ibid*

¹³ Central Bank of Malaysia, "Economic and Monetary Review 2024," Central Bank of Malaysia, March 24, 2025, https://www.bnm.gov.my/documents/20124/17523401/emr2024_en_book.pdf.

¹⁴ Emir Zainul, "Malaysia's Economy Poised for Continued Growth in 2025 despite External Headwinds — Economists," The Edge Malaysia, January 17, 2025, <https://theedgemaalaysia.com/node/741479>.

Malaysia's semiconductor exports to the U.S. alone amounted to \$16.2 billion in 2024, this investment is expected to solidify the country's position in the global semiconductor supply chain.¹⁵

This initiative is a key element of Malaysia's long-term strategy to move up the semiconductor value chain and become a key global chip design and manufacturing player.¹⁶ Prime Minister Anwar Ibrahim emphasized that the agreement would enable Malaysia to design, manufacture, test, and assemble AI chips that could be sold worldwide.¹⁷ Malaysia is currently one of the primary exporters of semiconductors. Its shipments to the United States amount to \$16.2 billion and will represent almost 20% of total U.S. semiconductor imports in 2024. Malaysia intends to consolidate its global semiconductor supply chain position while leveraging the rising market demand for AI-powered chip technology.¹⁸

Early in 2025, Petronas initiated its "rightsizing" program to reduce workforce numbers because the changing energy market demanded sustainable business practices. Petronas CEO Tengku Muhammad Taufik explained that workforce reduction means more than counting employees because operations will be redesigned based on foreseeable business needs. With a total workforce of approximately 52,000 employees, including 16,000 in core support functions, the restructuring is set to begin in the second half of 2025 and conclude by year-end. Additionally, this initiative aims to ensure Petronas can continue contributing effectively to nation-building efforts.¹⁹

Economic Policy

¹⁵ Danial Azhar, "Malaysia to Pay Arm Holdings \$250 Million for Chip Design Blueprints," *Reuters*, March 5, 2025, <https://www.reuters.com/markets/asia/malaysia-minister-says-pay-arm-holdings-250-million-chips-design-blueprints-2025-03-05/>.

¹⁶ Hadi Azmi, "Malaysia Seeks to Become Chip Powerhouse with US\$250 Million Investment in UK's Arm," *South China Morning Post*, March 5, 2025, <https://www.scmp.com/week-asia/economics/article/3301127/malaysia-seeks-become-chip-powerhouse-us250-million-investment-uks-arm>.

¹⁷ The Star Online, "Malaysia to Invest US\$250mil over next Decade via Strategic Collaboration with Arm Holdings," *The Star*, March 5, 2025, <https://www.thestar.com.my/business/2025/03/05/malaysia-to-invest-us250mil-over-next-decade-via-strategic-collaboration-with-arm-holdings>.

¹⁸ Danial Azhar, "Malaysia Discusses Absorbing U.S. Chip Tariffs with Companies," *Reuters*, March 6, 2025, <https://www.reuters.com/markets/asia/malaysia-discussing-response-us-chip-tariffs-with-companies-minister-says-2025-03-06/>.

¹⁹ Danish Raja Reza, "Petronas Rightsizing to Begin in Second Half of 2025, Says CEO," *Free Malaysia Today* | FMT (Free Malaysia Today, February 25, 2025), <https://www.freemalaysiatoday.com/category/nation/2025/02/25/petronas-rightsizing-to-begin-in-second-half-of-2025-says-ceo>.

During that time, Malaysia managed international trade difficulties through smart economic strategies. In early 2025, the United States threatened to impose new tariffs on semiconductor exports, which became an important trade issue at that time. Intel and GlobalFoundries participated in government discussions to evaluate the impact, which could reach up to 25% of potential tariffs on Malaysian semiconductor export value²⁰. Malaysia functions as a top semiconductor exporter to worldwide markets, so trade challenges would create problems for industry operations and national economic expansion.²¹

The economic policies targeted two main objectives: inflation reduction and support for low-income populations throughout the economy. During his speech, Deputy Prime Minister Ahmad Zahid declared the government would continue working to solve cost-of-living problems, enhance housing affordability, and create new jobs. During this quarter, the government implemented program adjustments to subsidize basic supplies and create housing incentives while trying to reduce the financial stress faced by Malaysians.²²

Infrastructure and Regional Development

Malaysia and Singapore took a significant step toward economic integration by launching a special economic zone. Anwar Ibrahim and Lawrence Wong, holding the position of Singaporean Prime Minister, signed the Johor-Singapore Special Economic Zone (JS-SEZ) agreement on January 7th, 2025. The zone will provide tax benefits, heightened border speed, and superior economic performance. The JS-SEZ is expected to bring 20,000 professional jobs to 50 new ventures operating in manufacturing, healthcare, and other sectors during the next five years. To achieve optimal zone growth, authorities must solve existing labor deficits and border control issues..²³

²⁰ Reuters, “Malaysia Discussing Response to US Chip Tariffs with Companies, Minister Says,” The Economic Times (Economic Times, March 6, 2025), <https://economictimes.indiatimes.com/tech/technology/malaysia-discussing-response-to-us-chip-tariffs-with-companies-minister-says/articleshow/118755012.cms?from=mdr>.

²¹ The Star Online, “Potential US Chip Tariffs Being Discussed with Firms,” The Star, March 6, 2025, <https://www.thestar.com.my/business/business-news/2025/03/07/potential-us-chip-tariffs-being-discussed-with-firms>.

²² The Star Online, “Malaysia’s Economy Strong, Gov’t Committed to People’s Well-Being, Says Ahmad Zahid,” The Star, February 15, 2025, <https://www.thestar.com.my/news/nation/2025/02/15/malaysia039s-economy-strong-gov039t-committed-to-peoples-well-being-says-ahmad-zahid>.

²³ Associated Press News, “Malaysia and Singapore Agree to Launch a Special Economic Zone in a Rare Move to Attract Investors,” AP News, January 7, 2025, <https://apnews.com/article/malaysia-singapore-special-economic-zone-395344dcc0ecc93b97f8a9dbfc46a1c7>.

Malaysia expressed its commitment to renewing the Kuala Lumpur-Singapore High-Speed Rail HSR project in February 2025 because it will boost the Johor-Singapore Special Economic Zone JS-SEZ. The planned 350 km HSR route was scheduled for 2016, but its execution stopped in 2020, while its total cost came to RM70 billion, showing a 30-35% decline from earlier financial projections. Wan Agyl Wan Hassan, as CEO of MY Mobility Vision, and other experts suggest that unwanted congestion will occur if the HSR project fails to move ahead in its original timeline, lowering the zone's competitive advantage²⁴. Through the project, the government aims to develop essential economic routes that will help attract foreign direct investments.

Foreign Relations

Malaysia and ASEAN

Malaysia hosted the ASEAN Foreign Ministers' Meeting (AMM) on January 19 in Langkawi, led by Foreign Minister Utama Haji Mohamad Haji Hasan, marking the start of its ASEAN Chairmanship 2025 under the theme “Inclusivity and Sustainability.” During this meeting, ASEAN will determine its strategic objectives while following up on past summit results and handling important regional matters, including the Myanmar political deadlock and regional power disputes. The summit proposed by Malaysia at the ASEAN-GCC + China meeting aims to develop economic relationships while promoting youth and private sector involvement to strengthen ASEAN's dedication to regional tranquility and financial growth.²⁵

Malaysia-Japan Relations

Japanese Prime Minister Ishiba Shigeru initiated his inaugural international visit to Malaysia on January 10 as prime minister. When they met, Ibrahim and Ishiba strengthened their dedication to deeper trade ties, especially clean energy opportunities, alongside rare earth development. The leaders focused on strategies to enhance technology collaboration while developing infrastructure because Japan maintains its status as a significant investor in Malaysian energy development. Both parties prioritized maritime security measures as they engaged in security collaboration. During their Comprehensive Strategic Partnership (CSP),

²⁴ Sharen Kaur, “Kuala Lumpur-Singapore High-Speed Rail Will Complement JS-SEZ’ [BTTV],” NST Online (New Straits Times, February 12, 2025), <https://www.nst.com.my/business/economy/2025/02/1173805/kuala-lumpur-singapore-high-speed-rail-will-complement-js-sez-bttv>.

²⁵ Vietnam+ (VietnamPlus), “ASEAN Foreign Ministers Gather for First Meeting under Malaysia’s Chairmanship 2025,” Vietnam+ (VietnamPlus), January 19, 2025, <https://en.vietnamplus.vn/asean-foreign-ministers-gather-for-first-meeting-under-malaysias-chairmanship-2025-post308541.vnp>.

the governments of Japan and Malaysia organized a plan to enhance coast guard coordination that would stabilize waters throughout the region. The leaders conducted comprehensive discussions about global political matters that addressed situations in the South China Sea and Middle Eastern territories. During this visit, Malaysia demonstrated its position as a regional power through its strategic approach, which recognized Japan as an essential security and economic partner for Malaysia.²⁶

Malaysia and Cuba Mark 50 Years of Diplomatic Relations

Bruno Eduardo Rodriguez Parrilla, the Cuban Foreign Minister, visited Malaysia between February 12 and February 15 of 2025 as his first official visit since becoming president in 2009. The diplomatic journey occurred during the 50th year celebration of Malaysia's diplomatic ties with Cuba, demonstrating the strong historical bond between the two countries. Foreign Minister Bruno arranged a dialogue between Malaysian and Cuban diplomats to identify fresh market opportunities between their countries, especially within biotechnology and health services, and capacity-strengthening initiatives. The conversations addressed multilateral subjects covering ASEAN and BRICS while handling various essential matters. Bruno engaged with Prime Minister Anwar Ibrahim and participated in the Parliamentary Special Select Committee on International Relations and International Trade. This visit involved multiple agreements, including the BERNAMA and Prensa Latina Memorandum of Understanding (MoU) for media partnership development alongside the Institute of Diplomacy and Foreign Relations (IDFR) Exchange of Notes (EoN) with Cuba's Higher Institute of International Relations (ISRI) for diplomatic training program enhancement.²⁷

Malaysia's stance on the Israel-Gaza War

The governmental position of Malaysia has not changed regarding the conflict, in which Israel continues to disrupt Gaza and the Palestinians. As the membership of Syria in Organization of Islamic Cooperation (OIC) returned on 7 March 2025 Mohamas Bin Haji Hasan as Malaysian Foreign Minister led an effort by ummah members to denounce Israeli attacks against Gaza during the Extraordinary Meeting of the Council of Foreign Minister of the Organization of

²⁶ Ministry of Foreign Affairs of Japan. "Japan-Malaysia Summit Meeting". January 10, 2025
https://www.mofa.go.jp/s_sa/sea2/my/pageite_000001_00001.html

²⁷ Ministry of Foreign Affairs Malaysia. Official Visit of the Minister of Foreign Affairs of the Republic of Cuba to Malaysia. February 12, 2025
<https://www.kln.gov.my/web/guest/-/official-visit-of-the-minister-of-foreign-affairs-of-the-republic-of-cuba-to-malaysia-12-15-february-2025>

Islamic Cooperation. The international community should put pressure on Israel, according to Malaysia, because the nation impeded humanitarian aid illegally, causing the death of 49,000 Palestinians during 15 months, while making over 600,000 Palestinians endure forced displacement from their homes, which the country considered cruel behavior. Malaysia considered the proposal of "take over" Gaza to represent ethnic cleansing because it violated Article 17 of Protocol II of the Geneva Convention specifically.²⁸

Malaysia-United Kingdom Ties Strengthening

The 10th of March 2025 marked Malaysia's celebration of Commonwealth Day 2025 with the theme "Together We Thrive" which strengthened their mutual values and development principles for promoting sustainability. Malaysia enhanced its partnership with the United Kingdom to a strategic level after the Prime Minister's working visit between 14 and 19 January 2025, demonstrating a commitment to unite the Commonwealth's economic stability.²⁹

Discussion Between Malaysia and Indonesia

Malaysian Ambassador to Indonesia, Dato' Syed Mohamad Hasrin Tengku Hussin, met with Indonesian Minister of Foreign Affairs Sugiono on 12 March 2025, discussing the progress of bilateral key issues, including border negotiations, economic cooperation, ASEAN affairs, and the Palestine issue. The discussion involved the reaffirmation of Indonesia's commitment to resolve the ongoing maritime and land boundaries between the two nations through diplomatic means. Further, it stressed the optimism of continued investment of Malaysia in Indonesia with the existing cooperation between Pertamina and Petronas and joint efforts in the palm oil industry, emphasising the 68 years of diplomatic relations as closest neighbours and important partners. Aside from bilateral discussions, Indonesia expressed its strong commitment to supporting Malaysia's ASEAN Chairmanship in 2025 while also advocating for a peaceful resolution to the Palestine issue through a permanent ceasefire and the Two-State solution.³⁰

²⁸ Ministry of Foreign Affairs Malaysia. "National Statement by the Honourable Dato' Seri Utama Haji Mohamad Bin Haji Hasan," March 7, 2025, <https://www.kln.gov.my/web/guest/-/national-statement-by-the-honourable-dato-seri-utama-haji-mohamad-bin-haji-hasan-minister-of-foreign-affairs-malaysia-at-the-extraordinary-meeting-o-1>

²⁹ Ministry of Foreign Affairs Malaysia "Malaysia Celebrates Commonwealth Day 2025," March 10, 2025, <https://www.kln.gov.my/web/guest/-/malaysia-celebrates-commonwealth-day-2025-together-we-thrive>

³⁰ Gusty Da Costa, "Indonesia FM, Malaysian Ambassador push for border negotiation resolution," Indonesia Business Post, March 13, 2025, <https://indonesiabusinesspost.com/3904/capitol-influence-and-lobbying/indonesian-fm-malaysian-ambassador-push-for-border-negotiation-resolution>

Conclusion

Political tensions with economic stability and international diplomatic involvement defined Malaysia throughout the first three months of 2025. Prime Minister Anwar Ibrahim handled nationwide concerns regarding governance practices while fighting corruption as he led his multi-party government. Intense political tensions surrounding the legal fights of Najib Razak and the rising debate about free speech both formed the key elements of Malaysia's national discourse. Economic growth patterns in Malaysia remained constant because the country made forward-looking investments, including a semiconductor partnership with Arm Holdings. Internationally, Malaysia strengthened its diplomatic stance by becoming a key figure in ASEAN and championing global issues, especially support for the Palestinian issue. The course of Malaysia through the rest of this year will depend heavily upon striking the right balance between political stability and economic development while protecting civil liberties.

Myanmar

Keo Sokkosol, Lek Amra Christie, and Tann Marady

Introduction

The first quarterly report of Myanmar covers the country's domestic politics, economic affairs, and development of foreign relations. In the domestic political aspect, Myanmar celebrated its 77th Independence Day, on which the government released prisoners, conducted a cabinet reshuffle for key roles, reaffirmed the 2025 national election commitment, and highlighted the need for conscription expansion. As for the economic aspect, Myanmar faces challenges due to geographical disasters, military conflicts, and the withdrawal of FDI and foreign assistance. As for foreign affairs, Myanmar is expanding its global alliances for diplomatic and economic interests, especially with Russia.

Domestic Politics

On January 4, 2025, Myanmar's 77th Independence Day, the military government freed over 6,000 prisoners, including 600 convicted under laws commonly used against political opponents. However, only a few political detainees were released, and key figures like Aung San Suu Kyi remain imprisoned. The selective amnesty appears to be a strategic move to alleviate pressure on the junta, which faces resistance, and to prepare for the 2025 election, ensuring continued suppression of dissent.¹

On the fourth anniversary of Myanmar's 2021 coup, the military government reshuffled its key leadership, including the removal of three ministers who had close ties to Aung San Suu Kyi and the executive members of her National League for Democracy (NLD). Home Affairs Minister Lieutenant General Yar Pyae and Border Affairs Minister Lt-Gen Tun Tun Naung exchanged positions. At the same time, other key figures, such as Hotels and Tourism Minister Thet Thet Khine, Labor Minister Myint Naung, and Sports Minister Min Thein Zan, were dismissed. The reshuffle also included changes in military and intelligence positions as the

¹"Myanmar releases thousands of prisoners to mark Independence Day," *Associated Press*, January 4, 2025, <https://apnews.com/article/myanmar-amnesty-independence-day-ce67ab619ce4d3ca5d734c5275c8a3c2>.

regime strengthened control ahead of elections. Most of the promoted generals had commanded military regions with fewer conflicts since the coup.²

During the first cabinet meeting of 2025 in Naypyitaw, Junta chief Min Aung Hlaing emphasized prioritizing stability and the rule of law as prerequisites for future elections. However, the exact date was not provided. Additionally, he stated that Myanmar's population had dropped to just over 51 million according to a recent census, attributing the decline to lower birth rates, emigration, and fatalities that led to labor shortages and could affect the planned election.³

According to the Junta, some of Myanmar's political parties have proposed expanding the regime's Conscription Law to address troop shortages and encourage resistance fighters to rejoin the state. This proposal was made during the meeting led by U Ko Ko Gyi, with representatives from various parties, such as the Arakan Front Party, Union Solidarity, and Development Party, and National Unity Party, which discussed the preparations for the 2025 election, national stability, and public needs. Since implementing conscription in February last year, the regime has recruited over 30,000 men, forcibly detaining them from the street and avoiding official procedures.⁴

On March 8, 2025, Myanmar's military government plans to hold a general election between December 2025 and January 2026, the first clear timeline for the long-delayed vote. Since the 2021 coup, the country has been unstable, with widespread protests and armed resistance. While the junta claims the election will be free and fair, some critics view the planned votes as a way for the military to maintain power, as many political parties have been banned. The military has lost control over significant parts of the country. A partial census was only conducted in 145 out of 330 townships, which complicated voter list preparation. Furthermore,

² Thura Aung, "3 Ministers Purged in Myanmar Junta's Latest Reshuffle," *The Irrawaddy*, February 3, 2025, <https://www.irrawaddy.com/news/politics/3-ministers-purged-in-myanmar-juntas-latest-reshuffle.htm>.

³ Kavi Maung, "Myanmar Junta Boss Vows to Prioritize Stability for Elections," *The Irrawaddy*, January 20, 2025, <https://www.irrawaddy.com/news/politics/myanmar-junta-boss-vows-to-prioritize-stability-for-elections.html>.

⁴ "Parties Suggest Myanmar Junta Expands Conscription," *The Irrawaddy*, January 25, 2025, <https://www.irrawaddy.com/news/burma/parties-suggest-myanmar-junta-expands-conscription.html>.

the election is expected to exacerbate violence further, as both the junta and opposition forces compete for control.⁵

On March 25, 2025, military leader Min Aung Hlaing accused local and international media of misinformation about post-coup Myanmar during the “Forum on Myanmar Beyond 2025” in Naypyitaw. The event, organized by the regime’s Ministry of Information, aimed to enhance its image and attract foreign support. The event occurred after airstrikes in Shan, Mandalay, and Bago regions. Despite reports of civilian casualties, he dismissed them as “fake news”, while foreign attendees were given a controlled view of the country. Since the 2021 coup, press freedom has been suppressed, leading to sanctions and investment withdrawals. His recent visits to Russia and Belarus suggest efforts to secure foreign backing, with the forum serving as part of this approach.⁶

Socio-Economic Affairs

The first quarter of 2025 was arduous for Myanmar's economy, where GDP declined simultaneously with decreased foreign aid while instability prevailed. The country's economic framework shifted due to decreased foreign direct investment (FDI) and other issues among humanitarian organizations seeking assistance and adjustments in global policies targeting local monetary stability.

One of the most important trends involved the significant deterioration of Myanmar's Gross Domestic Product. An analysis from the World Bank revealed that despite initial growth forecasts, GDP will decrease by 1% throughout the fiscal year, which ends in March 2025.⁷ Several factors led to this economic downturn, including geographic disasters, military tensions, materials scarcity, and supply chain disruptions. Political instability prevented both investments and economic recovery projects from advancing. Moreover, Myanmar’s economy faced a challenging first quarter in 2025, marked by a GDP contraction, foreign aid reductions,

⁵ Reuters, “Myanmar Junta Chief Announces Election for December or January,” March 8, 2025, <https://www.reuters.com/world/asia-pacific/myanmar-junta-chief-announces-election-december-2025-or-january-2026-2025-03-08/>.

⁶ Kavi Maung, “Myanmar Junta Boss Brands Global Reports of Civilians Slaughter ‘Fake News’,” *The Irrawaddy*, March 25, 2025, <https://www.irrawaddy.com/news/burma/myanmar-junta-boss-brands-global-reports-of-civilian-slaughter-fake-news.html>.

⁷ “Compounding crises hit Myanmar’s economy and its people” *World Bank*, December 11, 2024, <https://www.worldbank.org/en/news/press-release/2024/12/11/compounding-crises-hit-myanmar-s-economy-and-its-people>

and ongoing instability. The economic landscape was influenced by declining foreign direct investment (FDI), humanitarian aid shortages, and shifting international policies that impacted domestic financial stability.

Foreign direct investment from overseas sources played an essential role while decreasing as the core component of Myanmar's economic activities. From April 1, 2024, to January 31, 2025, Myanmar received approximately US\$656.15 million in FDI. During this period, the Myanmar Investment Commission approved 52 foreign-invested enterprises; overall, the numbers showed a major decrease from previous time frames. The combination of political risks and instability throughout the region caused international investors to abstain from market entry, thus reducing employment opportunities and limiting economic expansion.⁸ Therefore, these factors have potentially concerning consequences for a country like Myanmar, as the country's economic status has yet to be found to be stable and developed. Coupled with the political instability, this has made it even more challenging for Myanmar to cope with the difficulty and instability that the country encounters in the current status quo.

The main issue was the significant economic difficulty of reducing food-related humanitarian assistance. The World Food Programme (WFP) declared its plan to eliminate food aid for more than a million people in Myanmar beginning in April 2025 due to a lack of financial resources. The continuing food insecurity problem drove the WFP to reduce food assistance, which deteriorated the situation in conflict-affected areas. The reduced assistance revealed both the heightened human crisis and the economic implications caused by insufficient international support.⁹

In addition, the economic condition of Myanmar also developed through U.S. policy decisions. Internal documents belonging to the U.S. Agency for International Development (USAID) featured a proposal sent by the Trump administration to stop offering help to Rohingya refugees.¹⁰ However, according to the Trump administration's decision, the current cutoff in

⁸ “Myanmar attracts US\$656mil in 10 months of FY 2024-25” *The Star*, February 24, 2025, <https://www.thestar.com.my/aseanplus/aseanplus-news/2025/02/24/myanmar-attracts-us656mil-in-10-months-of-fy-2024-25>

⁹ Davjyot Ghoshal, “World Food Programme to cut aid for one million people in Myanmar” *Reuters*, March 14, 2025, <https://www.reuters.com/world/asia-pacific/uns-food-agency-wfp-cut-aid-about-million-myanmar-2025-03-14/>

¹⁰ Jonathan Landay, “US official sought to end aid for Rohingya refugees, email says,” *Reuters*, March 15, 2025, <https://www.reuters.com/world/us-official-sought-end-aid-rohingya-refugees-email-says-2025-03-14/>

terms of the USAID here is not just applied to Myanmar; 20 countries are reportedly to be hit with the USAID cuts.¹¹ The proposed decrease in humanitarian assistance through USAID policy would strain the economy of displaced persons who depend on external help. The sustainable outlook for foreign aid programs regarding Myanmar's most vulnerable communities became a source of rising concern.

Overall, foreign aid decreased investments, and economic growth shrank, simultaneously making Myanmar's economic conditions remain uncertain and fragile. The lack of international monetary support intensified poverty rates, thus affecting communities that faced food scarcity and restricted service access. Plus, the country faced a worrisome economic recovery due to decreasing investor trust and ongoing political instability, resulting in an even deeper financial crisis.

Foreign Affairs

Myanmar's foreign relations in the first quarter of 2025 reflected a mix of diplomatic engagements, growing alliances with certain countries, and scrutiny from international organizations. Key developments included deepening ties with Russia, diplomatic exchanges with Thailand, and concerns over United Nations representation.

Myanmar and Russia strengthened their relationship through multiple agreements and high-level visits. On February 23, 2025, the two nations signed a memorandum of understanding to invest in the Dawei Special Economic Zone. The agreement included plans for a port, a coal-fired power plant, and an oil refinery, demonstrating Russia's increasing economic involvement in Myanmar. In addition, discussions were held on potential energy projects, such as a gas pipeline to Yangon and a nuclear research reactor. Further solidifying the partnership, Myanmar's Senior General Min Aung Hlaing visited Russia on March 3, 2025, to meet President Vladimir Putin.¹² These developments showcased Russia's strategic interest in Myanmar's energy sector and broader economic integration. Beyond the economic benefits, Russia enhanced its military partnership with Myanmar. Senior General Min Aung Hlaing met

¹¹ "USAID cuts are already hitting countries around the world. Here are 20 projects that have closed" *AP news*, March 1, 2025, <https://apnews.com/article/usaaid-cuts-hunger-sickness-288b1d3f80d85ad749a6d758a778a5b2>

¹² "Min Aung Hlaing invites Vladimir Putin for goodwill visit to Myanmar" *Nation Thailand*, March 06, 2025, <https://www.nationthailand.com/news/asean/40047073>

President Vladimir Putin in Moscow on March 4, 2025. Hlaing conducted his fourth Russia visit since the 2021 coup to establish stronger cooperation because of Western sanctions against Myanmar. The discussions centered on developing international economic relations, and Putin praised Myanmar for donating six baby elephants. As a leading backer of Myanmar, Russia assists the military government while supplying weapon systems, which strengthen its military power base.¹³ Moreover, Russia extended its search for migrant workers to countries different from former Soviet states through the recruitment of Myanmar nationals. The Economy Minister, Maxim Reshetnikov, engaged in an ongoing dialogue with Myanmar about its workforce, which remains active in foreign employment. Russia implements this initiative to obtain new migrant sources that sustain its internal labor force.¹⁴ These developments illustrate the deepening economic and military ties between Myanmar and Russia during the first quarter of 2025.

Furthermore, Myanmar also engaged in diplomatic discussions with Thailand. On February 22, 2025, Thailand's Foreign Minister, Maris Sangiampongsa, visited Myanmar to discuss bilateral cooperation. The talks concentrated on strengthening economic ties, addressing cross-border illegal activities, and collaborating on regional issues.¹⁵ Thailand's engagement reflected its interest in maintaining stability in neighboring Myanmar while ensuring economic and security cooperation.

At the same time, Myanmar faced scrutiny from the international community, particularly within the United Nations. Activist groups called for an investigation into Julie Bishop, the UN Special Envoy to Myanmar, after allegations surfaced that her consultancy firm had ties to Chinese state-owned companies involved in Myanmar.¹⁶ The controversy raised concerns

¹³ "The head of Myanmar's military government visits Russia for cooperation talks with Putin" *AP news*, March 05, 2025,

<https://apnews.com/article/min-aung-hlaing-myanmar-junta-russia-putin-d1700f85a360632bcfb0b0f0c3edff55>

¹⁴ "Russia wants migrants from new countries to help plug labour shortage, Interfax reports" *Reuters*, March 04, 2025,

<https://www.reuters.com/world/europe/russia-wants-migrants-new-countries-help-plug-labour-shortage-interfax-reports-2025-03-04/>

¹⁵ "Thai Foreign Minister pays visit to Myanmar," *The Global New Light of Myanmar*, February 23, 2025, <https://www.gnlm.com.mm/thai-foreign-minister-pays-visit-to-myanmar/>

¹⁶ David Rising, "Activist groups urge UN probe of its Myanmar envoy after report alleges ties to Chinese companies," *AP news*, March 12, 2025, <https://apnews.com/article/myanmar-investigation-julie-bishop-china-621d0c62b201e8bfe5d8de0237cf9bd0>

about transparency and potential conflicts of interest, prompting calls for greater accountability in UN diplomatic engagements with Myanmar.

Overall, Myanmar's foreign relations in early 2025 showcased both growing alliances and mounting scrutiny. While partnerships with Russia and Thailand advanced economic and diplomatic interests, international concerns over governance and transparency remained persistent. These developments underscored the complex nature of Myanmar's global standing and its challenges in navigating diplomatic relations amid ongoing internal instability.

Conclusion

To sum up, the first quarterly update covered three aspects of Myanmar. In domestic politics, the State Administration Council reaffirmed its strong commitment to host the 2025 national election by the end of this year. SAC also highlighted the need to exercise the conscription law further. While celebrating the 77th Independence Day, the SAC released prisoners and reshuffled some key roles in the cabinets. As for the country's economy, there have been some challenges due to geographical disasters, political conflicts, and the withdrawal of foreign assistance and investments. On the foreign affairs spectrum, the country is seen to be expanding its international alliance for diplomatic and economic interests, especially with Russia.

Philippines

Cheng Ousa, Som Rachna, Neang Sreymont, and Rany Punmonineath

Introduction

The Philippines, an archipelago nation strategically located between the Pacific Ocean and the South China Sea, is one of the important players of ASEAN. This country has entered the first quarter of 2025 with some notable performances. The country is now rejuvenating its political landscape in preparation for the midterm election after continued internal affairs and the latest accusations of funds misplaced that have persisted since 2024. As a result, this midterm election in May will likely serve as a preview of the political landscape competition for the next 2028 presidential race. This report will provide insights into the current circumstances in the Philippines and the aspects of domestic politics, socioeconomics, and foreign relations. It will delve into the recent developments and issues, reflecting from January to early March 2025.

Domestic Politics

Domestic politics in the Philippines has lately been experiencing abrupt presidential changes, with the transition from Rodrigo Duterte, who assumed office in 2016, to Ferdinand Marcos in 2022. In 2022, President Ferdinand Marcos Jr. and Vice President Sara Duterte entered office as allies; however, they have surprisingly since become rivals. Their conflict became intense in late 2024 when Duterte publicly stated that she would arrange Marcos's assassination.¹ This and the accusation of misusing confidential funds led to her impeachment by the House of Representatives on 5 February 2025.² Her trial in the Senate, which is scheduled to be in July 2025, could result in her permanent disqualification from public office, end her presidential bid for 2028, and weaken her family's political influence. Furthermore, this could lead to exposing former President Rodrigo Duterte to further legal investigation, as the Marcos administration

¹ Jazeera, Al. 2025. "Philippines Agency Recommends Charging vp Sara Duterte over Alleged Plot." Al Jazeera. February 12, 2025. <https://www.aljazeera.com/news/2025/2/12/philippines-agency-recommends-charging-vp-sara-duterte-over-alleged-plot>.

² "Impeachment a Key Weapon in the Philippines' Marcos–Duterte Divide." 2025. East Asia Forum. March 10, 2025. <https://eastasiaforum.org/2025/03/10/impeachment-a-key-weapon-in-the-philippines-marcos-duterte-divide/>.

has indicated its willingness to cooperate with the International Criminal Court's inquiry into his drug war controversy.³

In addition to vote-buying concerns, the Commission on Elections (Comelec) has raised concerns about electoral violence as the 2025 midterm elections approach in May. In January 2025, Comelec designated 38 areas across the country as "red zones" due to their history of election-related violence and ongoing security threats. Comelec will supervise these areas to ensure free, fair, and safe elections.⁴

On 11 February 2025, the official campaigning season for the Philippine midterm elections kicked off with traditional and digital outreaches, which played important roles in candidates' strategies.⁵ With nearly 69 million eligible voters set to cast their ballots for over 18,000 positions, including 12 Senate seats, 317 House of Representatives seats, and thousands of local government posts, the election results will have significant implications for the country's political landscape. Despite the endless accusations against Sara Duterte and President Marcos, the two parties still remain the prominent rivals for the midterm election as well as the 2028 national election.⁶ The outcome of this midterm election will not only determine the fate of Marcos's administration but also shape the balance of power in the Philippines, influencing governance and policy direction for upcoming years.

The beginning of March centered around the news of Rodrigo Duterte's arrest on 11 March after the ICC's Prosecutor's Office finally issued a warrant for his involvement in the 'war on drugs' on charges of crimes against humanity. During his six-year presidential mandate, the ICC prosecutor reported at least 30,000 deaths, contrastingly to the Philippines' acknowledgment of 6,248 lives who were killed by the anti-drug campaign.⁷ On 14 March

³ Palatino, Mong. 2025. "What to Expect in Philippine Politics in 2025." *The Diplomat*. The Diplomat. January

7, 2025. <https://thediplomat.com/2025/01/what-to-expect-in-philippine-politics-in-2025/>.

⁴ "Philippines: About the Project: Election Watch 2025 Country Report | Freedom House." 2024. Freedom House. 2024. <https://freedomhouse.org/country/philippines/about-project-election-watch/2025>.

⁵ Japhet Quitzon. 2025. "Midterm Outlooks: Digital Proxy Warfare in the Philippines." *Csis.org*. 2025. <https://www.csis.org/analysis/midterm-outlooks-digital-proxy-warfare-philippines>.

⁶ Lee, Sasha. 2025. "Marcos Jr., Duterte Fight to Steer Philippines' Foreign Policy as Midterm Elections Near." *Asia*

Pacific Foundation of Canada. March 14, 2025. <https://www.asiapacific.ca/publication/marcos-jr-duterte-fight-steer-philippines-foreign-policy>.

⁷ Reuters Staff. 2025. "What Happened in Philippine Drug War That Led to Rodrigo Duterte's Arrest?" *Reuters*, March 11, 2025. <https://www.reuters.com/world/asia-pacific/what-happened-philippine-drug-war-that-led-dutertes-arrest-2025-03-11/>.

2025, Mr. Duterte appeared in custody for the first time via virtual appearance to verify his identity and ensure his understanding of the crimes before Pre-Trial Chamber I of ICC. In the same video, the Chamber also scheduled the confirmation of charges hearing for 23 September 2025 to determine the case's proceeding to the next phase, 'Trial Chamber.'⁸ This sudden arrest gathered mixed reactions from citizens and sparked international attention; moreover, the continuation of the Duterte family's political dynasty can now be in question as this arrestment may also add uncertainties to the family's standing in the Philippines' politics. To conclude, the Philippines' political environment is now undergoing significant shifts as the competition for legislative power inevitably illustrates between President Ferdinand Marcos and Vice President Sara Duterte in the upcoming midterm election.

Socio-Economic Affairs

The Philippines has made a statement in early 2025, with economic growth, inflation, and employment rates firmly signaling a positive outlook. According to Moody's predicted GDP growth of 6.1% for the Philippines in 2025 due to improvements posted in employment and remittance inflows as well as government expenditures.⁹ The World Bank, which expects such growth to be boosted by solid domestic consumption and foreign investments, can say much the same; property analysts at Fitch Solutions tipped the growth for 2025 at 6.3% because of the expected rebound domestically.¹⁰ Although Southeast Asia comprises up-and-coming GDP-estimates-increasing countries like the Philippines, the island nation impresses through the recovery ability from global strains and troubles it faces.

Inflation, a previous concern, has been effectively contained in early 2025. By February, the inflation rate was recorded at 2.1%, falling well within the Bangko Sentral ng Pilipinas (BSP)'s target of 2-4%.¹¹ This is a far cry from 2022 and 2023, when inflation spiraled upward due to supply chain disruptions and global commodity price hikes. The BSP has kept its key policy

⁸ "Rodrigo Roa Duterte Makes First Appearance before the ICC: Confirmation of Charges Hearing Scheduled for 23 September 2025." 2025. International Criminal Court. 2025. <https://www.icc-cpi.int/news/rodrigo-roa-duterte-makes-first-appearance-icc-confirmation-charges-hearing-scheduled-23>.

⁹ "Moody's: Philippine Economy to Outpace Regional Average in 2025." 2025. Manila Bulletin. 2025. <https://mb.com.ph/2025/1/15/moody-s-ph-economy-to-outpace-regional-average-in-2025>

¹⁰ Prop, Will. 2025. "Domestic Drivers Will Prop up Philippine Economy in 2025." Fitch Solutions. 2025. <https://www.fitchsolutions.com/bmi/country-risk/domestic-drivers-will-prop-philippine-economy-2025-31-01-2025>

¹¹ Mangaluz, Jean. 2025. "Philippine Inflation Slows to 2.1% in February 2025 — PSA." Philstar.com. March 5, 2025. <https://www.philstar.com/business/2025/03/05/2426087/philippine-inflation-slows-21-february-2025-psa>

rate in place to support economic stability, with Governor Eli Remolona emphasizing caution in monetary easing amid uncertainties.¹² This will ensure that the economic momentum is maintained as well as prevent inflationary pressures.

Retail and tourism services continued to be a base, along with the business process outsourcing (BPO) sector, driving growth, most contributing to real GDP. Increased consumer expenditure and a growing middle class will further benefit this sector. However, the agriculture, forestry, and fishery (AFF) sector suffered damage in late 2024 due to typhoons. Recovery is expected through a much-concerted effort by both the government and private sector.¹³ On the other hand, the manufacturing sector is facing challenges, reflecting the recent poor performance of global demand and trade uncertainty, which have reduced the production output.¹⁴ Despite the cautious outlook for the manufacturing sector, the government is very focused on industrial productivity-boosting and innovative capacity-increasing measures.

The labor market, overall, showed signs of recovery as of early 2025, with unemployment rates dipping to 4.3% from 4.5% in 2024.¹⁵ This now brings the total employment figures to 48.5 million, an increase from the earlier figure of 45.9 million.¹⁶ This growth was attributed mainly to the construction, retail, and information technology (IT) sectors. The expansion of these key industries, coupled with a young and continuously growing workforce in the country, is expected to continue to drive positive change in this trend. According to NEDA, by 2025, the demographic dividend will bear its fruit, while investments in education, health care, and social welfare are expected to enhance employability further to accelerate growth in the long term. Foreign direct investments (FDIs) remain quite strong, primarily due to the geographic location and improvements in doing business in the Philippines.¹⁷ One such initiative is the 'Build, Build,

¹² “Bangko Sentral Ng Pilipinas Statistics - BSP Key Rates.” n.d. [Www.bsp.gov.ph](https://www.bsp.gov.ph).

<https://www.bsp.gov.ph/SitePages/Statistics/KeyRates.aspx>

¹³ “Philippine Economic Growth 2025: Key Sectors & Trends | John Clements Consultants.” 2025. John Clements Consultants. 2025. <https://johnclements.com/the-looking-glass/business-strategy/philippine-economic-growth-2025-key-sectors/>

¹⁴ Thim. 2025. “Economic Forecast: Key Industries Driving Growth in the Philippines by 2025 - Richest Philippines.” Richest Philippines. January 3, 2025. <https://richestph.com/economic-forecast-key-industries-driving-growth-in-the-philippines-by-2025/>

¹⁵ “Unemployment down to 4.3% in January 2025 | Philippine News Agency.” 2025. [Pna.gov.ph](https://www.pna.gov.ph/articles/1245480). 2025. <https://www.pna.gov.ph/articles/1245480>

¹⁶ Mangaluz, Jean. 2025. “Philippines’ Employment Rate Declines Post-Holiday; 2.16M Filipinos Jobless.” Philstar.com. March 6, 2025. <https://www.philstar.com/business/2025/03/06/2426337/philippines-employment-rate-declines-post-holiday-216m-filipinos-jobless>

¹⁷ Nicolas, Ian. 2025. “FDIs Missed 2024 Forecast amid Uncertainties — BSP.” INQUIRER.net. March 2025. <https://business.inquirer.net/511479/fdis-missed-2024-forecast-amid-uncertainties-bsp>

Build' program,” which aims to construct several infrastructure projects, create employment, and propel economic activity throughout the country, enhancing its business environment and encouraging even wider foreign investments.¹⁸

The Philippine government's fiscal policies in 2025 will improve efforts to increase public spending in critical areas such as infrastructure, healthcare, and education. The national budget proposal of Php 6.352 trillion is designed around the Philippine Development Plan 2023-2028 as a government budget allotment for social services and infrastructure development.¹⁹ Such fiscal management and poverty alleviation programs will be achieved through proper taxation and extending several beneficiaries who will profit from programs like the Pantawid Pamilyang Pilipino Program (4Ps). This program addresses the effect of inequity in promoting shared growth and commits to social protection interventions that also provide financial assistance to low-income families.^{20 21 22}

Urbanization is thus quite an active process in the country, while extensive development in metropolitan areas is rapidly underway, propelled by infrastructure projects and the expansion of the real estate sector. This presents a double-edged sword: rising property prices and congestion now vex policymakers. On the contrary, in rural areas, agrarian reform programs and modernization in agriculture seek to boost productivity and rural livelihoods.²³ The first quarter of 2025 generally shows a more positive economic picture for the Philippines, with sustained economic growth in sight and social programs and progressively oriented policies toward ensuring inclusive development for all.

¹⁸ Evangelista, Thim. 2025. “2025 Vision: Infrastructure Developments Transforming the Philippines - Richest Philippines.” Richest Philippines. January 4, 2025. <https://richestph.com/2025-vision-infrastructure-developments-transforming-the-philippines/>

¹⁹ “Briefer on the 2025 Proposed National Budget AGENDA for PROSPERITY: Fulfilling the Needs and Aspirations of the Filipino People.” n.d. <https://www.dbm.gov.ph/wp-content/uploads/Our%20Budget/2025/FY-2025-Budget-at-a-Glance.pdf>

²⁰ “DBM Submits Proposed 2025 Nat'l Budget to Congress; Boosts Investments on Education, Infrastructure, Social and Economic Development, Climate Action.” 2025. Dbm.gov.ph. 2025. <https://www.dbm.gov.ph/index.php/management-2/2902-dbm-submits-proposed-2025-nat-l-budget-to-congress-boosts-investments-on-education-infrastructure-social-and-economic-development-climate-action?highlight=WzIwMjUsImRibSJd>

²¹ Philippine Commission on Women. 2019. “Gender Equality and Women Empowerment Plan | Philippine Commission on Women.” Pcw.gov.ph. 2019. <https://pcw.gov.ph/gewe-plan/>.

²² Health, Women's. 2025. “Likhaan.” Likhaan. 2025. <https://www.likhaan.org/policy-review-on-vaw-ehs-for-filipino-women-migrant-workers-1>.

²³ “Private Sector Drives PH Healthcare Enhancement.” 2025. Manila Bulletin. 2025. <https://mb.com.ph/2025/03/17/private-sector-drives-ph-healthcare-enhancement>.

Foreign Relations

Beyond the domestic challenges and the balancing of economic growth, the Philippines continues to navigate its foreign relations by strengthening alliances, balancing strategic partnerships, economic ties, and regional security concerns.

On January 15, 2025, Mr. IWAYA Takeshi, Minister for Foreign Affairs of Japan, visited Manila, the Republic of the Philippines, held a Japan-Philippines Foreign Ministers' Meeting and Working Lunch with Hon. Enrique A. Manalo, Secretary for Foreign Affairs of the Philippines. The meeting underscored the strong commitment to deepening cooperation between Japan and the Philippines, particularly in the security, economic, and regional domains. Both countries emphasized their dedication to realizing a “Free and Open Indo-Pacific” through enhanced collaboration.²⁴

China and the Philippines held the Tenth Meeting of the Bilateral Consultation Mechanism on the South China Sea. January 16, 2025, Vice Foreign Minister Chen Xiaodong co-chaired the tenth meeting of the China-Philippines Bilateral Consultation Mechanism on the South China Sea (BCM) with Undersecretary of the Department of Foreign Affairs of the Philippines Maria Theresa P. Lazaro in Xiamen, Fujian. This meeting was aimed at solving the disputes within the South China Sea disputes in peace, direct talk, and non-involvement from the international.²⁵ On January 25, the Philippines considered filing another legal case against China for violating international law in the South China Sea. The goal was to create a strong case and involve other countries to increase pressure on China. A new case could focus on environmental destruction, China’s use of force, and violations of the Philippines’ rights in its waters. Philippine officials believe that taking legal action could slow down China’s aggressive actions and gain international support.²⁶

²⁴ “Japan-Philippines Foreign Ministers’ Meeting and Working Lunch.” 2025. Ministry of Foreign Affairs of Japan.

2025. https://www.mofa.go.jp/sa/sea2/ph/pageite_000001_00749.html.

²⁵ “China and the Philippines Hold the Tenth Meeting of the Bilateral Consultation Mechanism on the South China

Sea.” Ministry of Foreign Affairs of the People’s Republic of China.” 2025. Mfa.gov.cn. 2025.

https://www.mfa.gov.cn/eng/xw/wjbxw/202501/t20250117_11537079.html.

²⁶ IPDForum. 2025. “Philippines Seeks Multilateral Arbitration Case against PRC’s South China Sea Aggression.”

Indo-Pacific Defense FORUM. January 26, 2025. <https://ipdefenseforum.com/2025/01/philippines-seeks-multilateral-arbitration-case-against-prcs-south-china-sea-aggression/>.

On February 24, the Philippines and Japan agreed to boost their military ties in ‘increasingly severe’ security environment by establish a strategic dialogue mechanism, enhance people-to-people exchange and promoting collaboration in defense equipment and technology.²⁷ Philippine, Jordanian Businesses Strengthen Trade Links Through B2B Matching at Amman Chamber of Commerce (ACC) on March 4, in a significant step toward enhancing trade and investment ties between the Philippines and Jordan, a business-to-business (B2B) matching event was held at the Amman Chamber of Commerce, which brought together Filipino exporters and Jordanian importers, wholesalers, and distributor. The success of the business mission to Jordan showed that the Philippines is determined to grow its industries globally, encourage innovation, and promote sustainable growth.²⁸ At the Philippines-Cambodia Business Forum held on Monday, 10th February 2025, the Philippine Chamber of Commerce and Industry (PCCI) and the Cambodia Chamber of Commerce (CCC) signed a memorandum of understanding (MOU) as a commitment to strengthen their business ties.²⁹ On 11 February, Cambodian Prime Minister Hun Manet concluded his visit to the Philippines with several agreements signed and good intentions shown in trade, food security, and hopes for better air connectivity with more direct flights.³⁰

On March 03, the Philippines confirmed that U.S. Defense Ties Remain Strong Under Trump. Speaking at a media forum in Manila, Manila’s Ambassador to Washington, Jose Manuel Romualdez, confirmed that security cooperation, including military finance, joint patrols in the South China Sea, and the use of the Philippines’ defense facilities by U.S. forces, will continue.³¹ On March 5th, Philippine Defence Secretary Gilberto Teodoro warned of action

²⁷ Aben, Ellie. 2025. “Philippines, Japan Agree to Boost Military Ties in ‘Increasingly Severe’ Security Environment.”

Arab News. Arabnews. February 24, 2025. <https://www.arabnews.com/node/2591440/world>

²⁸ Public. 2015. “Philippine, Jordanian Businesses Strengthen Trade Links through B2B Matching at Amman Chamber of Commerce.” Dfa.gov.ph. 2015. <https://dfa.gov.ph/dfa-news/news-from-our-foreign-service-postupdate/36216-philippine-jordanian-businesses-strengthen-trade-links-through-b2b-matching-at-amman-chamber-of-commerce>.

²⁹ B2B Cambodia. 2022. “Philippines and Cambodia Sign Several Agreements in 2025 to Promote Economic Growth.” B2b-Cambodia.com. February 8, 2022. <https://b2b-cambodia.com/articles/philippines-and-cambodia-sign-several-agreements-in-2025-to-promote-economic-growth/>.

³⁰ “Cambodia-Philippines Pledge Deeper Bilateral Cooperation - Ministry of Foreign Affairs and International Cooperation.” 2019. Mfaic.gov.kh. 2019. <https://www.mfaic.gov.kh/posts/2025-02-11-Press-Release-Cambodia-Philippines-Pledge-Deeper-Bilateral-Cooperation-21-52-24>.

³¹ “Philippines Confirms U.S. Defense Ties Remain Strong under Trump - EconoTimes.” 2025. EconoTimes. March 3, 2025. <https://www.econotimes.com/Philippines-Confirms-US-Defense-Ties-Remain-Strong-Under-Trump-1703499>.

against any Chinese attempt to impose an air defence zone over the South China Sea, calling China's aggression the biggest security threat. Recent confrontations include Chinese aircraft endangering Philippine, U.S., and Australian planes. In response, Teodoro emphasized growing security alliances, rejecting China's claims that such coalitions threaten regional stability.³²

From March 6th to 8th, there was an official visit from seven Swedish Parliament's Committee on Foreign Affairs members in the Philippines. The reflection from the visit showed Sweden's recognition of the Philippines's strategic importance for global and regional security. On March 9th, The Philippines strengthened its defense ties with allies including Canada and Sweden. For Canada-Philippines, the Status of Visiting Forces Agreement (SOVFA) is an agreement that allows the Armed Forces of the Philippines (AFP) and Canada to operate and train together in each other's territories. Swedish lawmakers supported greater defense cooperation between the two countries and an expansion of engagement to "building security" and "defending freedom navigation."³³

On the following day, the Philippines' foreign ministry reaffirmed the country's independence and sovereignty and rejected China's claim that Manila is acting under the influence of external forces. The Philippines has increased transparency by allowing journalists to document China's activities at sea, gaining support from allies like the U.S. However, China continues to dismiss the ruling.³⁴

Moreover, on the South China Sea conflicts, the Philippines was strengthening its alliance with the U.S. to counter China's aggression in the West Philippine Sea (WPS). The U.S. has approved over \$300 million in military aid to help Manila boost its defense. Both countries agree on the need for deterrence, but while the U.S. wants to "reestablish" it, the Philippines wants to "strengthen" it, showing slight differences in their approach. China's harassment of

³² "MSN." 2025. Msn.com. 2025. <https://www.msn.com/en-in/politics/international-relations/philippine-defence-chief-warns-allies-will-fight-if-china-restricts-flights-over-south-china-sea/ar-AA1Ajong?ocid=BingNewsVerp>.

³³ Philippine News Agency, and Catherine S Valente. 2025. "PH Forges Defense Ties with More Allies." The Manila Times. March 8, 2025. <https://www.manilatimes.net/2025/03/09/news/ph-forges-defense-ties-with-more-allies/2069712/>.

³⁴ Reuters Staff. 2025. "Philippines Says Acts in National Interest in South China Sea." *Reuters*, March 10, 2025. <https://www.reuters.com/world/asia-pacific/philippines-says-its-actions-south-china-sea-driven-by-national-interest2025-03-10/>

Philippine vessels, including a violent June 2024 incident, has led Manila to seek stronger diplomatic and military responses. The Philippines and the U.S. plan to work with allies, expose China's actions through information campaigns, and increase military patrols. The goal is to prevent China from gaining more control over Philippine waters while keeping diplomatic options open.³⁵ In conclusion, the Philippines is strengthening its global ties through economic, defense, and diplomatic partnerships while addressing regional security challenges.

Conclusion

As the Philippines moves through 2025, it faces a dynamic political landscape, a steadily growing economy, and evolving foreign relations. Domestically, political rivalries and corruption scandals have shaped the discourse, particularly with the impeachment of Vice President Duterte and ongoing concerns about electoral integrity. Despite these challenges, the country is preparing for pivotal midterm elections that will influence governance and policy directions in the coming years. Economically, the first quarter of 2025 in the Philippines presented a positive growth path along with some challenges, but the outlook remains optimistic. Sectors such as retail, tourism, and business process outsourcing continue to drive economic activity, while challenges remain in agriculture and manufacturing. Strategic investments in infrastructure and social programs reinforce the government's commitment to sustainable development and poverty alleviation. On the global stage, the Philippines actively engages with key partners to bolster its security and economic position. Strengthening ties with Japan, the U.S., Canada, and Sweden demonstrates Manila's commitment to regional stability amid ongoing tensions in the South China Sea. While diplomatic efforts with China continue, Manila remains firm in asserting its sovereignty, seeking international support to counter aggressive territorial claims. Overall, by Balancing and strengthening political reforms, economic development, and strategic diplomacy, the country aims to secure long-term stability and progress while reinforcing its role as a key player in Southeast Asia.

³⁵ III, Julio Amador. 2025. "The South China Sea: Making the Philippines-US Alliance Work under Trump 2.0." Thediplomat.com. The Diplomat. March 13, 2025. <https://thediplomat.com/2025/03/the-south-china-sea-making-thephilippines-us-alliance-work-under-trump-2-0/>

Singapore

Chhun Phalanady, Kong Veasna, May Phalsambath and Nath Monika

Introduction

In the first quarter of 2025, Singapore saw significant political, economic, and diplomatic developments. Domestically, opposition leader Pritam Singh's conviction sparked political debate, while the government unveiled an expansionary budget to ease cost-of-living pressures ahead of the general election. Parliament also passed a new law allowing police to restrict bank accounts to protect scam victims.

Economically, graduate employment rates declined despite rising median salaries, and the government expanded skills training support for lower-wage workers. Regionally, Singapore strengthened economic ties with Malaysia through the Johor-Singapore Special Economic Zone and elevated its partnership with Vietnam to a Comprehensive Strategic Partnership. It also reinforced key alliances with the U.S., New Zealand, Germany, and Thailand, emphasizing trade, defense, and regional cooperation.

This paper will examine these key developments and analyze their implications for Singapore's domestic stability, economic resilience, and foreign policy direction in the months ahead.

Domestic Affairs

Singapore Ministers Sue Bloomberg for Defamation

On January 6, 2025, Singapore's Minister for Law, K. Shanmugam, and Minister for Manpower, Dr. Tan See Leng, filed defamation lawsuits against Bloomberg News and journalist Low De Wei.¹ The case stems from a December 12, 2024, article discussing Good Class Bungalow (GCB) transactions in Singapore, which the ministers claim contained false and defamatory statements. The lawsuit alleges that the article was baseless and intended to damage their reputations. The case is scheduled for a Supreme Court hearing on March 3, 2025.

¹ Samuel Devaraj, "Shanmugam, Tan See Leng Sue Bloomberg and Reporter for Defamation," *The Straits Times*, February 26, 2025, <https://www.straitstimes.com/singapore/courts-crime/shanmugam-tan-see-leng-file-defamation-suits-against-bloomberg-reporter>.

The ministers are represented by Davinder Singh Chambers, with lawyers Davinder Singh, David Fong, and Bryan Wong leading the legal team.²

Singapore Opposition Leader Found Guilty of Lying to Parliament

On February 17, 2025, Pritam Singh, leader of the opposition and the Workers' Party, was found guilty on two counts of lying under oath to a parliamentary committee. He was fined SGD 7,000 per count (SGD 14,000 in total). The charges relate to his mishandling of a false statement made by former MP Raeesah Khan, who admitted to repeatedly lying in Parliament in August 2021 about a sexual assault case. Investigations revealed that Singh and other party members knew of the falsehood but failed to take corrective action.³

Despite the conviction, Singh remains eligible for the 2025 general election and retains his parliamentary seat. Singapore's Constitution only disqualifies MPs sentenced to at least one year in jail or fined SGD 10,000 or more. Meanwhile, Raeesah Khan was fined SGD 35,000 for abusing parliamentary privileges.⁴

People's Power Party Withdraws from Four-Party Opposition Alliance

On February 22, 2025, the People's Power Party (PPP) announced its withdrawal from the four-party opposition alliance with the People's Voice (PV), Reform Party (RP), and Democratic Progressive Party (DPP) due to irreconcilable strategic differences regarding the 2025 General Election. PPP Secretary Goh Meng Seng stated that the decision was in the party's best interest.⁵

² "Ministers Shanmugam, Tan See Leng Say Parts of Bloomberg Article on GCB Deals Calculated to Disparage Them: Ministers Filed Separate Defamation Suits against the Media Organisation and Its Journalist Low De Wei," The Business Times, March 7, 2025, <https://www.businesstimes.com.sg/singapore/ministers-shanmugam-tan-see-leng-say-parts-bloomberg-article-gcb-deals-calculated-disparage-them>.

³ Nicholas Yong, "Singapore Opposition Leader Gets Guilty Verdict but Can Run in Election," *The New York Times*, February 17, 2025, sec. World, <https://www.nytimes.com/2025/02/17/world/asia/singapore-opposition-pritam-singh.html>; Kelly Ng, "Pritam Singh: Singapore Opposition Leader Guilty of Lying to Parliament," BBC, February 17, 2025, <https://www.bbc.com/news/articles/c20g0dxkv3mo>.

⁴ Wong Pei Ting, "WP Chief Pritam Singh Fined \$7,000 for Each of Two Charges after Conviction for Lying to Committee," *www.singaporelawwatch.sg*, February 18, 2025, <https://www.singaporelawwatch.sg/Headlines/wp-chief-pritam-singh-fined-7000-for-each-of-two-charges-after-conviction-for-lying-to-committee>

; Sebastian Strangio, "Singaporean Court Convicts Opposition Leader of Lying to Parliamentary Committee," *The Diplomat*, February 15, 2025, <https://thediplomat.com/2025/02/singaporean-court-convicts-opposition-leader-of-lying-to-parliamentary-committee>

⁵ Charmaine Jacob, "People's Power Party Withdraws from Four-Party Opposition Alliance, Aims to Contest in Tampines," *CNA*, February 23, 2025, <https://www.channelnewsasia.com/singapore/people-power-party-withdraws-people-alliance-reform-goh-meng-seng-lim-tean-4954356>.

PV Secretary-General Lim Tean revealed that PPP insisted on contesting the Tampines Group Representation Constituency (GRC), a move the other alliance members opposed to prevent a four-cornered contest. He also cited disagreements over PPP's stance on COVID-19 vaccinations and LGBTQ+ issues. In June 2024, PPP called for a temporary suspension of vaccinations, a proposal the Ministry of Health rejected. Additionally, PPP has taken a conservative stance on LGBTQ+ matters, emphasizing pro-family values while opposing LGBTQ+ as a "lifestyle choice." Despite the withdrawal, PPP remains open to future collaborations with the alliance.⁶

Singapore Opposition Leader Pritam Singh Convicted but Cleared to Run in 2025 Election

On March 11, 2025, Singapore's opposition leader, Pritam Singh, was convicted on two counts of lying to a parliamentary committee but remains eligible to contest the upcoming general election by November 2025. Singh was fined SGD 7,000 for each offense, staying below the SGD 10,000 threshold that would have disqualified him from running. He announced his intention to appeal the verdict but confirmed that he would participate in the election.⁷

The case stems from a 2021 scandal involving former Workers' Party MP Raeesah Khan, who admitted to lying in parliament about a sexual assault case. A parliamentary committee found Singh misrepresented his role in handling her false statements. Despite the ruling, the Workers' Party remains the strongest opposition force, having won 10 seats in the 2020 election—the most by any opposition party since independence. The verdict is critical for Singaporean politics, as the Workers' Party seeks to challenge the ruling People's Action Party's (PAP) dominance. Since 2011, when Singh first won a seat, the opposition has made gradual gains, including securing a Group Representation Constituency (GRC) for the first time. With the next election on the horizon, Singh's case could shape public sentiment and Singapore's political landscape dynamics.⁸

⁶ Wong Pei Ting and David Sum, "People's Power Party Withdraws from Four-Party Opposition Alliance Led by Lim Tean," *The Straits Times*, February 22, 2025, <https://www.straitstimes.com/singapore/politics/peoples-power-party-withdraws-from-four-party-opposition-alliance-led-by-lim-tean>.

⁷ Dylan Loh, "Singapore Opposition Leader Goes for Election Despite Guilty Verdict," *Nikkei Asia*, February 17, 2025, <https://asia.nikkei.com/Politics/Singapore-opposition-leader-goes-for-election-despite-guilty-verdict2>.

⁸ Ibid.

Socio-Economic Affairs

Singapore Prepares Expansionary Budget Ahead of Elections, Focuses on Cost of Living

On February 14, 2025, Singapore's government signaled a focus on the cost of living, housing, and employment in its upcoming Budget 2025, which Prime Minister and Finance Minister Lawrence Wong will announce on February 20. While the economy ended 2024 with stronger-than-expected growth, uncertainties remain over U.S. trade policies and global economic conditions.⁹

Economists forecast an expansionary budget, with DBS estimating a SGD 3.8 billion (USD 2.8 billion) deficit (0.5% of GDP) and Maybank projecting SGD 6 billion, despite a fiscal surplus of 0.8% of GDP in 2024 due to higher-than-expected tax revenue. Analysts expect continued cost-of-living support, including cash handouts, grocery vouchers, and utility rebates, as the government seeks to bolster voter confidence ahead of the 2025 elections. Additionally, Singapore is monitoring housing price trends while avoiding new cooling measures, and its central bank recently eased monetary policy for the first time since 2020 to support economic stability.¹⁰

Singapore Unveils Budget 2025 with Economic and Social Support Measures

On February 18, 2025, Prime Minister Lawrence Wong presented Singapore's Budget 2025, emphasizing economic resilience, workforce development, and social support to celebrate SG60—Singapore's 60th year of independence. Key measures include:

- Every Singaporean household will receive SGD 800 in CDC vouchers, SGD 760 in U-Save rebates, and an additional SGD 100 Climate Voucher for HDB households to offset living costs.
- Singaporeans aged 21 and above will receive SGD 600 in SG60 vouchers, while those 60 and above will receive SGD 800. More HDB flats will be built, with a Sale of Balance Flats (SBF) exercise scheduled later this year.
- Children 12 and below will receive LifeSG credits for essential expenses, while those aged 13-20 will receive Edusave/PSEA top-ups to cover school-related costs.

⁹Bing Hong Lok, "Singapore Budget to Tackle Living Costs and Jobs as Election Looms," ed. Martin Petty and Sam Holmes, Reuters, February 14, 2025, <https://www.reuters.com/world/asia-pacific/singapore-budget-tackle-living-costs-jobs-election-looms-2025-02-14/>.

¹⁰ Ibid.

- Large families with three or more children will receive SGD 5,000 in CDA top-ups, SGD 5,000 in MediSave grants, and SGD 1,000 in annual LifeSG credits until the child turns six. Meanwhile, monthly full-day childcare fees will be capped at SGD 610 for Anchor Operators and SGD 650 for Partner Operators.
- The Central Provident Fund (CPF) contribution rate will increase by 1.5% to enhance retirement savings. Mid-career individuals can receive up to SGD 3,000 per month, while part-time learners will get SGD 300 per month from 2026. Businesses will receive a 50% corporate income tax rebate (up to SGD 40,000), and the government will increase wage co-funding for lower-income workers.

Budget 2025 reflects Singapore's commitment to economic stability, social security, and long-term workforce resilience, ensuring sustainable growth and support for all citizens.¹¹

Pre-Election Budget: Cash Handouts and Financial Assistance

On February 20, 2025, Singapore Prime Minister Lawrence Wong presented his final budget before the upcoming general election, introducing cash handouts and cost-of-living relief. Wong, who also serves as Finance Minister, warned that rising U.S.-China tensions could impact Singapore's small and open economy. GDP growth is projected at 1-3% in 2025, down from 4.4% in 2024. Inflation is expected to range between 1.5-2.5%.¹²

With cost pressures a key election issue, the budget includes SGD 800 (USD 596) vouchers per household, extra utility bill assistance, and credits for children and young adults. Seniors will receive SGD 600 (USD 447) for those 21+ and SGD 800 (USD 596) for those 60+ as part of Singapore's 60th anniversary (SG60) benefits. To support businesses, hawker food vendors will get SGD 600 in rent support. The budget aims to cushion economic uncertainties while addressing rising living costs ahead of the election due by November 2025.¹³

Singapore Graduate Employment Rate Declines, but Salaries Increase

¹¹ Ayman Falak Medina, "Singapore Budget 2025," ASEAN Business News, February 19, 2025, <https://www.aseanbriefing.com/news/singapore-budget-2025-what-it-means-for-businesses/>

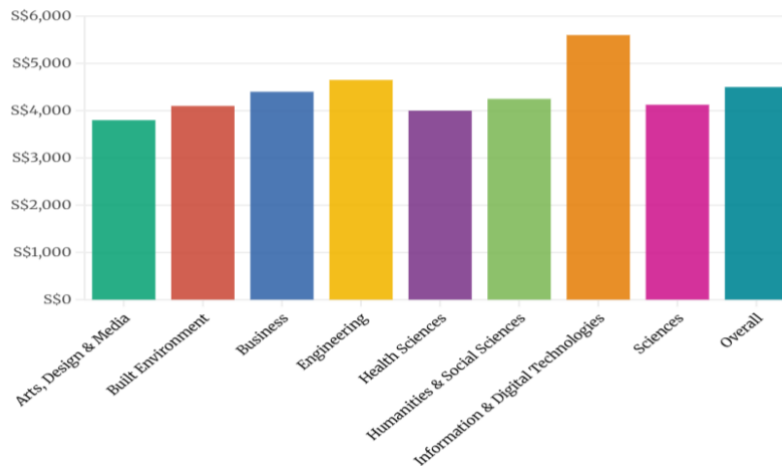
; Vanessa Nah, "Budget 2025 Summary: 12 Highlights You Need to Know," MoneySmart.Sg - Tips, tricks and uncommon wisdom to help you get more out of your money, February 18, 2025, <https://blog.moneysmart.sg/budgeting/singapore-budget-2025-summary/>.

¹² Owen Walker, "Singapore's PM Promises Cash Handouts in Pre-Election Budget," Financial Times, February 18, 2025, <https://www.ft.com/content/feb2668e-e0ce-4a0f-8302-20e5f2d078ee>.

¹³ Ibid.

On February 24, 2025, the 2024 Joint Autonomous Universities Graduate Employment Survey revealed a decline in graduate employment rates while median salaries increased. Of 12,500 fresh graduates polled, 87.1% found jobs within six months, down from 89.6% in 2023, continuing a downward trend since 2022. The percentage securing full-time jobs also fell to 79.5% from 84.1%, while part-time or temporary employment rose to 6% from 4% in 2023.¹⁴

Exhibit 1: Fresh Graduates' Median Gross Monthly Salary by Course Cluster (2024)



Sources of Images: <https://www.channelnewsasia.com/singapore/drop-graduates-finding-work-median-salary-rise-joint-autonomous-universities-graduate-employment-survey-4956036>

Despite these challenges, median salaries rose by 4.2% to SGD 4,500 (USD 3,376), with the business sector seeing the highest increase (SGD 4,400 from SGD 4,150 in 2023). The health sciences, IT, and business sectors had the highest full-time employment rates, while arts, design, and media graduates saw the lowest salary growth. Among graduates requiring post-graduate training, 97.2% found employment after completion, though full-time positions dipped to 94.4% from 96.2% in 2023.¹⁵

Malaysia and Singapore Establish Special Economic Zone to Boost Investment

On March 5, 2025, Malaysia and Singapore signed an agreement to create the Johor-Singapore Special Economic Zone (SEZ), aimed at attracting global investment and easing cross-border trade and movement. The initiative, signed by Prime Ministers Anwar Ibrahim and Lawrence

¹⁴ Lutfi Jumadi, "Fewer Graduates Found Work 6 Months After Leaving University in 2024, Median Salary Rises 4.2%: Survey," *CNA*, February 24, 2025, <https://www.channelnewsasia.com/singapore/drop-graduates-finding-work-median-salary-rise-joint-autonomous-universities-graduate-employment-survey-4956036>.

¹⁵ Ibid.

Wong, seeks to leverage both countries' strengths for mutual economic growth. The SEZ, located in Johor, will provide tax incentives and focus on sectors such as manufacturing, aerospace, tourism, energy, and healthcare. Officials aim to attract 50 projects and create 20,000 skilled jobs within five years. The agreement strengthens regional integration, with Malaysia chairing ASEAN in 2025, and reinforces Singapore's role as a financial hub despite its limited land and resources.¹⁶

Singapore Expands Skills Support for Lower-Wage Workers

On March 7, 2025, Singapore announced the expansion of the Workfare Skills Support (WSS) scheme, introducing Workfare Skills Support (Level-Up) to provide higher training allowances for lower-wage workers. From early 2026, eligible part-time trainees will receive SGD 300 (USD 225) per month, while full-time trainees can get up to SGD 1,500 per month, with a maximum of SGD 18,000 per year. The scheme, modeled after SkillsFuture Level-Up, extends coverage for up to 24 months before age 40 and another 24 months after to support career progression.¹⁷

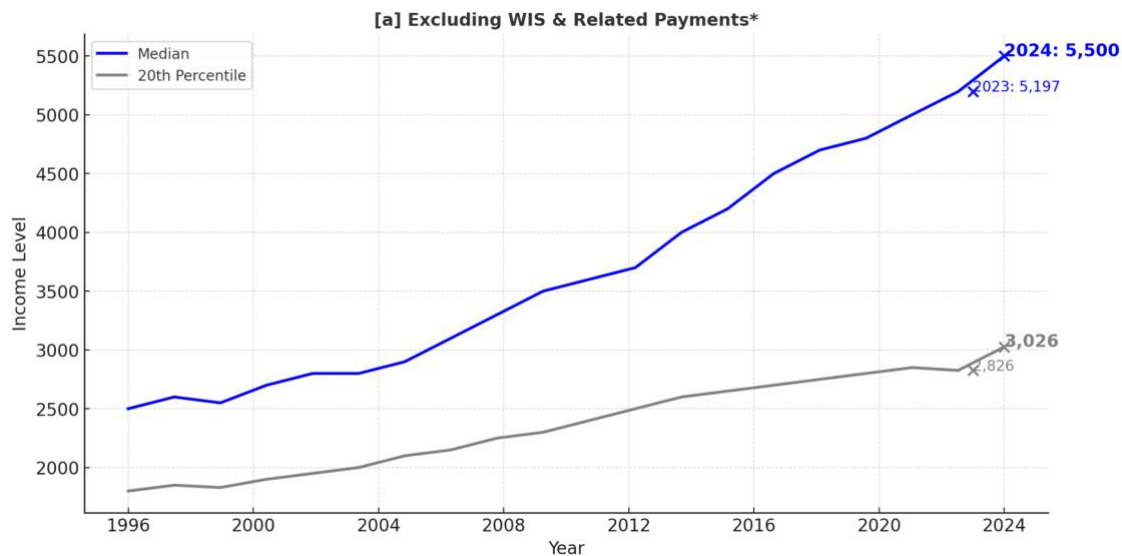
Singapore's 20th percentile wages grew 5.9% from 2019 to 2024, outpacing median wage growth (3.6%) due to the Progressive Wage Model (PWM). In 2025, the government's wage co-funding will rise from 30% to 40%, and from 15% to 20% in 2026. The SGD 2.7 billion Progressive Wage Credit Scheme is under review for expansion to the pest management sector, reinforcing efforts to reduce income inequality while managing cost pressures on businesses.¹⁸

¹⁶ "Malaysia and Singapore Agree to Launch a Special Economic Zone in a Rare Move to Attract Investors," AP News, January 7, 2025, <https://apnews.com/article/malaysia-singapore-special-economic-zone-395344dcc0ecc93b97f8a9dbfc46a1c7>.

¹⁷ Davina Tham, "Up to S\$1,500 Monthly Allowance for Lower-Wage Workers Who Substantially Upgrade Skills," CNA, March 7, 2025, <https://www.channelnewsasia.com/singapore/lower-wage-workers-manpower-workfare-diploma-degree-4983956>.

¹⁸ Ibid.

Exhibit 2: The Nominal Median Gross Monthly Income of Full-time Employed Residents



Source of Data: <https://www.hcamag.com/asia/specialisation/payroll/singapores-real-wages-rebound-in-2024/516288>

Singapore Passes Landmark Bill Allowing Police to Restrict Scam Victims' Bank Accounts

On March 12, 2025, Singapore passed the Protection from Scams Bill, granting police the authority to restrict bank account access for scam victims and potential victims to prevent financial losses. This makes Singapore the first country to implement such measures, allowing law enforcement to issue restriction orders to banks if an individual is at risk of transferring money to scammers. The move aims to protect those unconvinced they are being scammed, though critics argue it reflects Singapore's "nanny state" approach.¹⁹

Authorities emphasized that restriction orders will be a last resort, applied only when all other efforts to dissuade victims fail. The orders suspend access to accounts, ATMs, and credit facilities but allow withdrawals for essential expenses like daily living, medical bills, and insurance premiums. Each order lasts up to 30 days, with possible extensions of up to five times, if necessary, to prevent continued scam attempts. Minister of State for Home Affairs Sun Xueling reassured that police will conduct a thorough case-by-case assessment before

¹⁹ Dylan Loh, "Singapore Police Given Powers to Control Bank Accounts of Scam Victims," *Nikkei Asia*, January 7, 2025, <https://asia.nikkei.com/Politics/Singapore-police-given-powers-to-control-bank-accounts-of-scam-victims>.

issuing orders, prioritizing victims' protection. While family members' concerns may be considered, the final decision rests with the police.²⁰

Foreign Affairs

Singapore and Malaysia Strengthen Economic and Security Ties

On January 7, 2025, Prime Minister Dato' Seri Anwar Ibrahim and Prime Minister Lawrence Wong met in Putrajaya for the 11th Malaysia-Singapore Leaders' Retreat, reaffirming their commitment to economic, security, and regional cooperation as both nations mark 60 years of diplomatic relations. Key agreements included the Johor-Singapore Special Economic Zone (JS-SEZ) to boost cross-border trade and investments, enhanced supply chain cooperation, and expanded trade in digital and green economies. Bilateral trade reached USD 78.59 billion in 2024, with Singapore remaining Malaysia's top investor at USD 9.52 billion.²¹

Security cooperation was reinforced with joint military exercises and a new MOU on transnational crime prevention. Both sides expanded energy collaboration, including renewable energy trading and carbon capture initiatives. Connectivity improvements included the QR code clearance at land checkpoints and progress on the Johor Bahru-Singapore RTS Link, set to open in December 2026. The leaders reaffirmed their commitment to ASEAN Centrality, backing Malaysia's 2025 ASEAN Chairmanship, and pledged to turn agreements into action, with Singapore set to host the 12th Leaders' Retreat in 2026.²²

Singapore and Germany Deepen Ties as DPM Heng Concludes Berlin Visit

On January 31, 2025, Deputy Prime Minister Heng Swee Keat concluded his working visit to Berlin, marking 60 years of Singapore-Germany diplomatic relations. During his visit, DPM Heng delivered a keynote speech at the 16th WELT Economic Summit, addressing key global challenges such as deglobalization, digitalization, demographics, and decarbonization. He highlighted Singapore's economic transformation strategies. DPM Heng met with Vice-Chancellor Robert Habeck, Minister Wolfgang Schmidt, and CDU Chairman Friedrich Merz,

²⁰ Ibid.

²¹ "Malaysia and Singapore Agree to Launch a Special Economic Zone in a Rare Move to Attract Investors," AP News, January 7, 2025, <https://apnews.com/article/malaysia-singapore-special-economic-zone-395344dcc0ecc93b97f8a9dbfc46a1c7>.

²² Prime Minister's Office Singapore, "Joint Statement by PM Lawrence Wong and PM Dato' Seri Anwar Ibrahim at the 11th Malaysia-Singapore Leaders' Retreat," Ministry of Foreign Affairs Singapore, January 8, 2025, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2025/01/Joint-Statement-at-the-11th-Malaysia-Singapore-Leaders-Retreat>.

reaffirming the Singapore-Germany Strategic Partnership. He also engaged with Siemens Energy, SAP, and German business leaders, emphasizing Singapore as a gateway for German businesses in ASEAN. His discussions focused on collaboration in digitalization, sustainability, and finance, while meetings with research institutes and start-ups explored innovation-driven growth. DPM Heng also met with overseas Singaporeans in Berlin to celebrate Chinese New Year and SG60 before returning to Singapore.²³

Singapore Pledges Continued Humanitarian Aid for Gaza Amid Ceasefire

On February 4, 2025, Foreign Minister Dr. Vivian Balakrishnan confirmed that Singapore has provided over SGD 19 million in humanitarian aid to Gaza since the start of the Israel-Hamas conflict in October 2023. The country has already sent six aid shipments, with a seventh tranche in preparation, comprising food, medical supplies, and essential goods. The Singapore Armed Forces (SAF) will facilitate the delivery via air transport to Jordan for further distribution.²⁴

Singapore remains committed to supporting Gaza's reconstruction through bilateral contributions and capacity-building programs, particularly in education and training. The government also encourages continued fundraising efforts, with the Rahmatan Lil Alamin Foundation set to launch another campaign during Ramadan. While acknowledging Singapore's limited role in regional diplomacy, Balakrishnan reiterated the country's stance on a negotiated two-state solution as the only viable path to long-term peace.²⁵

Singapore Strengthens U.S. Ties Amid Changing Global Landscape

On February 4, 2025, Singapore's Ministry of Foreign Affairs reaffirmed its 60-year bilateral partnership with the U.S., emphasizing key achievements under the Biden administration and strategies for continued cooperation under President Donald Trump. The U.S.-Singapore Free Trade Agreement (USFTA), the U.S.'s only FTA with an ASEAN country, has tripled bilateral trade since 2004, with the U.S. ranking as Singapore's top services trading partner and

²³“Working Visit by Deputy Prime Minister Heng Swee Keat to the Federal Republic of Germany, 26 January to 31 January 2025,” Ministry of Foreign Affairs Singapore, January 31, 2025, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2025/01/DPM-Heng-Post-Visit-to-Germany>.

²⁴ “Minister for Foreign Affairs Dr Vivian Balakrishnan’s Replies to Parliamentary Questions on Singapore’s Humanitarian Response to the Situation in Gaza,” Ministry of Foreign Affairs Singapore, February 4, 2025, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2025/02/20250204-PQs-SHR-Gaza#:~:text=Singapore%20supports%20the%20right%20of,relevant%20UN%20Security%20Council%20resolutions>.

²⁵ Ibid.

second-largest in goods. U.S. foreign direct investment (FDI) in Singapore now exceeds its combined investments in China, India, Japan, and South Korea. Singaporean firms have also expanded in the U.S., with 200 companies operating across 40 states, contributing to 350,000 jobs.²⁶

With U.S.-China tensions escalating, Singapore underscored the critical role of U.S. engagement in Asia, particularly as ASEAN's second-largest trading partner and top foreign investor. The government remains cautious but optimistic, maintaining its commitment to economic diversification and neutrality. Addressing concerns over new U.S. tariffs on China, Mexico, and Canada, Singapore does not expect a direct impact but warned of potential global trade disruptions, given its economy's trade-to-GDP ratio exceeding 300%. Officials urged businesses to brace for economic turbulence in the coming months.²⁷

China and Singapore Mark 35 Years of Diplomatic Relations, Strengthen Bilateral Ties

On February 11, 2025, China and Singapore held their 11th diplomatic consultations in Beijing, led by Vice Foreign Minister Sun Weidong and Permanent Secretary Albert Chua. Both sides reaffirmed their commitment to deepening cooperation and expanding exchanges, marking 35 years of diplomatic relations. Singapore reiterated its support for the "one-China" policy and opposition to "Taiwan independence", while both nations pledged to enhance practical cooperation across various sectors. Discussions also covered regional and international issues, emphasizing a shared commitment to stability and development.²⁸

Thailand and Singapore Mark 60 Years of Diplomatic Ties

On February 13-14, 2025, the Thai Embassy in Singapore hosted celebrations marking 60 years of Thailand-Singapore relations. The event featured the "Celebrating 60 Years Shared Journey" reception and the "Orchids from the Land of Smiles" exhibition at Gardens by the Bay, attended by officials, business leaders, and citizens. Ambassador Ureerat Chareontoh and Senior Minister Indranee Rajah highlighted the nations' deep-rooted ties, dating back to the 19th

²⁶ "Minister for Foreign Affairs Dr Vivian Balakrishnan's Oral Reply to Parliamentary Question on Singapore-US Relations," Ministry of Foreign Affairs Singapore, February 20, 2025, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2025/02/20250204-PQ-SG-US-Relations>.

²⁷ Ibid.

²⁸ "Vice Foreign Minister Sun Weidong and Permanent Secretary of the Ministry of Foreign Affairs of Singapore Albert Chua Hold the 11th China-Singapore Diplomatic Consultations," Ministry of Foreign Affairs the People's Republic of China, February 12, 2025, https://www.fmprc.gov.cn/eng/xw/wjbxw/202502/t20250212_11553537.html.

century, and ongoing collaboration in ASEAN, trade, and the digital economy. The exhibition showcased over 60 Thai orchid species, symbolizing their strong bond, alongside Thai Khon puppet performances and cultural displays. The year-long celebrations will include forums, exhibitions, and cultural exchanges, reinforcing education, tourism, and trade cooperation. With over 1 million Singaporean visitors to Thailand annually, both nations look to deepen ties in technology, green energy, and sustainable development.²⁹

Singapore and New Zealand Strengthen Defence Ties in High-Level Talks

On March 9, 2025, Minister for Defence Dr. Ng Eng Hen and New Zealand Minister of Defence Judith Collins co-chaired the fourth Singapore-New Zealand Defence Ministers' Meeting in Auckland, reaffirming strong bilateral and multilateral defence cooperation. Discussions covered joint training exercises, including Exercise Thunder Warrior, and collaboration under the Five Power Defence Arrangements (FPDA) and ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus).³⁰

Dr. Ng also met New Zealand Prime Minister Christopher Luxon, where both sides committed to elevating the Singapore-New Zealand Enhanced Partnership in 2025, marking 60 years of diplomatic relations. At the Asia-New Zealand Foundation (ANZF) Welcome Dinner, Dr. Ng emphasized the importance of regional cooperation. His visit highlights extensive defence exchanges, training, and professional collaborations, underscoring deepening security ties between the two nations.³¹

Vietnam-Singapore Relations: A Milestone in Strategic Partnership

On March 9-13, Party General Secretary To Lam led a high-level delegation on a state visit to Indonesia, the ASEAN Secretariat, and Singapore, marking a historic milestone in Vietnam's regional diplomacy. The visit resulted in Vietnam upgrading ties with Indonesia and Singapore to Comprehensive Strategic Partnerships, making it the only ASEAN country to achieve this status with both nations. It also reaffirmed Vietnam's commitment to ASEAN's unity and proactive role as the bloc enters a new development phase. In Indonesia, both sides set a bilateral trade target of USD 18 billion, expanded defence-security cooperation, and deepened

²⁹“Thailand-Singapore Mark 60 Years of Diplomacy, Reflecting Strong Ties,” *The Nation*, February 21, 2025, <https://www.nationthailand.com/news/asean/40046558>.

³⁰ “Singapore and New Zealand Reaffirm Close and Longstanding Defence Relations,” Ministry of Defence Singapore, March 9, 2025, https://www.mindef.gov.sg/news-and-events/latest-releases/09mar25_nr.

³¹ Ibid.

collaboration in digital economy, green energy, and innovation. In Singapore, leaders agreed to strengthen economic ties, investment, and cooperation in digital transformation and green energy while expanding the Vietnam-Singapore Industrial Park (VSIP) network under a new VSIP 2.0 model focused on sustainability and innovation. The ASEAN Secretariat visit reinforced Vietnam's active participation in regional affairs as it celebrates 30 years of ASEAN membership.³²

Beyond economic and strategic gains, the visit deepened party-to-party ties, providing a strong political foundation for Vietnam's growing regional influence. The next priority will be translating these agreements into action, with detailed cooperation plans in key sectors to solidify Vietnam's leadership in ASEAN and its long-term partnerships with Indonesia and Singapore.³³

Conclusion

As Singapore progresses through 2025, domestic political dynamics will remain a focal point in the lead-up to the general election, with economic policies and governance under scrutiny. The government's fiscal measures balance economic resilience with social support, ensuring long-term stability. On the regional and global stage, Singapore continues to assert its role as a key player in ASEAN, advancing strategic partnerships and reinforcing its position as a hub for trade, innovation, and security cooperation. The country's proactive engagement in economic diplomacy and regional stability will shape its trajectory in the coming months.

³² "ASEAN Remains Top Priority in Vietnam's Foreign Policy in New Era: Deputy PM," *Vietnam Law & Legal Forum*, March 14, 2025, <https://vietnamlawmagazine.vn/asean-remains-top-priority-in-vietnams-foreign-policy-in-new-era-deputy-pm-73747.html>.

³³ Ibid.

Thailand

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Introduction

In the first quarter of 2025, Thailand saw major domestic political developments, including key events, problems, and tensions for the current government. Paetongtarn was criticized in several instances, and the censure debate. Meanwhile, Thailand's recent foreign affairs developments reflect a complex mix of diplomatic engagements involving security concerns and regional tensions. They span from the controversial deportation of Uyghurs to border clashes with Cambodia and strengthening ties with China, Malaysia, and South Korea.

Domestic Politics

At the beginning of January, Thaksin Shinawatra stated that he would not run for reelection as prime minister. Instead, he would concentrate on advancing his daughter's political career and raising the standard of living for Thai people. He also promised to lower electricity prices to 3.70 baht per unit this year.¹

It was reported that Prime Minister Paetongtarn Shinawatra maintains that no one has any control over her administration following allegations that Thaksin overtook his daughter and that his beliefs paralleled the government's actions.² Later, the prime minister also dismissed worries regarding a complaint against her husband regarding a loan of 12.77 million baht to a business. She refuted claims that she misrepresented her assets to the National Anti-Corruption Commission (NACC) by stating that she owed 4.4 billion to close relatives. Paetongtarn explained that she had not lied to the NACC and had given them comprehensive information about her holdings.³

¹ The Nation Thailand. 6 January 2025. "Thaksin rules out return to leadership" Available at: <https://www.nationthailand.com/news/politics/40044849>

² The Nation Thailand. 7 January 2025. "PM denies Thaksin's influence over government" Available at: <https://www.nationthailand.com/news/politics/40044920>

³ The Nation Thailand. 13 January 2025. "Paetongtarn denies disguising assets as a 4.4 billion baht debt" Available at: <https://www.nationthailand.com/news/politics/40045129>

In a later development, Thaksin Shinawatra vowed that Pheu Thai would always fulfil its commitments; however, it would take longer because the country wasn't being run by itself. According to the former prime minister, the Pheu Thai-led government would remit 10,000 baht to eligible recipients via a digital wallet platform by April at the latest.⁴ In a related news, in a demonstration outside Government House, Thaksin Shinawatra's critics called for his re-arrest and a thorough investigation into an alleged conspiracy that helped him evade proper detention. They also demanded that he be held accountable for his actions, citing nepotism and unethical conduct.⁵

Moving on to February, in a press conference following a victory in one province, People's Party leader Natthaphong Ruengpanyawut and Veeradech Phupisit, the elected candidate for the PAO chief in Lamphun, apologized to the public on behalf of the party, admitting that the campaign to encourage people to vote in local elections or for the PAO chief was not sufficient. Consequently, there were relatively few wins.⁶

In protest of a possible breach of a Constitutional Court decision, Bhumjaithai MPs organized a walkout before Parliament to debate charter change bills. The party clarified that it supported reform but insisted on a legal procedure. Bhumjaithai MPs held a press conference after the walkout to explain their choice. They stated that while the party favored constitutional reform, any modifications must follow the law to prevent further issues.⁷

In other news, 44 former Members of Parliament from the now disbanded Move Forward Party have been charged by the National Anti-Corruption Commission (NACC) for violating ethical standards by supporting a measure that would change Article 112 of the Criminal Code, often known as the Lese Majeste statute. In response, Rangsiman Rome, a member of the People's Party, questioned the NACC's complaint handling priorities, pointing out that although the party's cases were swiftly resolved, several complaints submitted by the party had made limited

⁴ The Nation Thailand. 20 January 2025. "Thaksin promises final 10,000-baht rollout by April at the latest" Available at: <https://www.nationthailand.com/news/politics/40045371>

⁵ The Nation Thailand. 21 January 2025. "Thaksin's opponents rally to demand his reimprisonment" Available at: <https://www.nationthailand.com/news/politics/40045400>

⁶ The Nation Thailand. 2 February 2025. "The People's Party apologizes for winning only one PAO chief election" Available at: <https://www.nationthailand.com/news/politics/40045843>

⁷ The Nation Thailand. 13 February 2025. "Bhumjaithai MPs walk out before debate on charter amendment bill" Available at: <https://www.nationthailand.com/news/politics/40046237>

progress.⁸ In a later development, Party leader Natthapong Ruengpanyawut maintained that advocating for a law amendment should not be viewed as a violation. The People's Party has reaffirmed that supporting a bill to amend the Lese Majesté law was lawful despite the National Anti-Corruption Commission's (NACC) decision to indict some party MPs for violating standards of ethics.⁹

Regarding the censure debate, the opposition intends to file a no-confidence resolution, requesting at least four days for a censure debate involving approximately ten ministers. Chief opposition whip Pakornwut contends that the scheduled two-day debate is insufficient for proper parliamentary scrutiny. Pakornwut rejected the two-day proposal of the chief coalition whip and Pheu Thai MP Wisut Chai-aroon, claiming that it would be insufficient for a meaningful debate.¹⁰

Meanwhile, Prime Minister Paetongtarn Shinawatra and Defence Minister Phumtham Wechayachai urged People's Party MP Rangsiman Rome to enhance the airport biometric system to fight transnational crime. According to Rangsiman, the biometric system only gathers fingerprints and passenger photos, and it may take the Immigration Bureau up to 29 months to obtain that data.¹¹

In response to a petition for the Department of Special Investigation (DSI), the Senate committee will call upon pertinent authorities to explain their jurisdiction and the rationale for the grave charges against the Senate, which include charges of organized crime and national security concerns.¹²

Prime Minister Paetongtarn Shinawatra has designated Kiatnakin Phatra to oversee her shares in 12 companies totalling over 11 billion baht to avoid conflicts of interest. Additionally, Deputy PM Pirapan Salirathavibhaga has transferred his shares to a trustee. Cabinet members

⁸ The Nation Thailand. 15 February 2025. "NACC resolves to indict 44 former Move Forward MPs over lese majeste bill" Available at: <https://www.nationthailand.com/news/politics/40046310>

⁹ The Nation Thailand. 18 February 2025. "People's Party 'unfazed' by ban threat over amending Article 112" Available at: <https://www.nationthailand.com/news/politics/40046443>

¹⁰ The Nation Thailand. 18 February 2025. "Opposition demands four-day censure debate against ten ministers" Available at: <https://www.nationthailand.com/news/politics/40046418>

¹¹ The Nation Thailand. 21 February 2025. "People's Party MP calls to fix biometric system to combat transnational crime" Available at: <https://www.nationthailand.com/news/politics/40046557>

¹² The Nation Thailand. 22 February 2025. "Senate moves to oust minister over organised-crime claims" Available at: <https://www.nationthailand.com/blogs/news/politics/40046581>

and their spouses must transfer their shares in private companies to a trustee while in government service.¹³

In Parliament, Opposition Leader Natthaphong Ruengpanyawut filed a no-confidence motion against Paetongtarn Shinawatra under Section 151 of the Constitution, declaring that while the discussion would include all ministries, the opposition would only discuss Paetongtarn Shinawatra. He said the main reason for the motion was the Prime Minister's inability to lead the coalition government successfully.¹⁴

Meanwhile, due to an investigation into electoral fraud, senators have filed a motion to impeach DSI Chief Yutthana Praedam and Justice Minister Tawee Sodsong. Tensions between Pheu Thai and coalition partner Bhumjaithai increased when they demanded a government debate.¹⁵ Afterward, After media outlets claimed that the DSI Board had effectively rejected the request because it did not receive enough votes to designate the case as a special case, Deputy PM Phumtham clarified in what is perceived as a face-saving move that the board did not completely reject the senatorial election case but would instead look into claims of money laundering connected to specific winners.¹⁶

In other developments, Paetongtarn Shinawatra acknowledges that Thaksin's discussions with Bhumjaithai leaders were intended to settle policy disagreements rather than to indicate divisions within the alliance. She highlights the need for continued dialogue to improve government collaboration. To improve cooperation and guarantee more efficient government, she also stated that Pheu Thai planned to have more direct discussions with its coalition partners, interacting with each party independently.¹⁷

Concerning the censure debate, the opposition People's Party has agreed not to name former prime minister Thaksin Shinawatra during the debate. Natthaphong Ruengpanyawut, the head

¹³ The Nation Thailand. 24 February 2025. "Paetongtarn appoints Kiatnakin Phatra to manage stocks in 12 firms" Available at: <https://www.nationthailand.com/news/politics/40046634>

¹⁴ The Nation Thailand. 27 February 2025. "Opposition explains reasons for submitting no-confidence motion against PM" Available at: <https://www.nationthailand.com/news/politics/40046799>

¹⁵ The Nation Thailand. 27 February 2025. "Senators submit motion to seek impeachment of justice minister and DSI chief" Available at: <https://www.nationthailand.com/news/politics/40046809>

¹⁶ The Nation Thailand. 6 March 2025. "Phumtham clarifies DSI board did not completely reject senatorial election case" Available at: <https://www.nationthailand.com/news/politics/40047094>

¹⁷ The Nation Thailand. 9 March 2025. "Paetongtarn admits Thaksin-Newin talks addressed differences, not rifts" Available at: <https://www.nationthailand.com/news/politics/40047190>

of the opposition, stated that throughout the discussion, the opposition will make veiled references to Thaksin using different terms. According to him, government whips objected to the opposition's proposal that Ms. Paetongtarn be given 30 hours to question her in exchange for not mentioning Thaksin by name throughout the discussion.¹⁸

Afterward, the censure debate against Prime Minister Paetongtarn Shinawatra began by focusing on her alleged lack of skill, tax evasion, and influence from her father, Thaksin Shinawatra. Natthaphong Ruengpanyawut stated to the House that Ms Paetongtarn lacked the desire to address national problems and the expertise required for national administration.¹⁹ Paetongtarn rejects the opposition's tax avoidance claims, citing regular company operations and continuous investigation. She claims that she has not broken any rules regarding the usage of promissory notes (PNs), as the opposition People's Party has asserted.²⁰ After a two-day debate in which the opposition criticised Paetongtarn's economic and national security management and her lack of experience, MPs rejected the no-confidence resolution 319 to 162, with seven abstentions. As a result, Prime Minister Paetongtarn Shinawatra has survived a vote of no confidence in parliament, overcoming the opposition parties' challenge.²¹ Later, the revenue head certifies that PM Paetongtarn's share purchases were without issues and that promissory notes with no due dates or interest are valid under law.²²

Later, Paetongtarn Shinawatra declared she would not replace her Cabinet and dismissed speculation about rewarding opposition defectors. Her statements came after Thamanat Prompow, chief advisor of the Klatham Party, claimed that he had obtained at least six opposition MPs to support the prime minister.²³

¹⁸ Bangkok Post. 13 March 2025. "Thai opposition to omit Thaksin's name in no-confidence debate" Available at: <https://www.bangkokpost.com/thailand/politics/2979350/thai-opposition-to-omit-thaksins-name-in-no-confidence-debate>

¹⁹ Bangkok Post. 24 March 2025. "Censure debate underway, Opposition slams PM" Available at: <https://www.bangkokpost.com/thailand/politics/2986286/censure-debate-underway-opposition-slams-pm>

²⁰ The Nation Thailand. 24 March 2025. "Paetongtarn retorts against opposition's tax evasion allegations" Available at: <https://www.nationthailand.com/news/politics/40047790>

²¹ Aljazeera. 26 March 2025. "Thailand prime minister survives vote of no-confidence" Available at: <https://www.aljazeera.com/news/2025/3/26/thailand-prime-minister-survives-vote-of-no-confidence>

²² The Nation Thailand. 26 March 2025. "Revenue chief sees no irregularities in Paetongtarn's share purchases" Available at: <https://www.nationthailand.com/news/politics/40047880>

²³ The Nation Thailand. 26 March 2025. "Paetongtarn rules out Cabinet reshuffle in the near future" Available at: <https://www.nationthailand.com/news/politics/40047886>

In other news, Thailand's cabinet has adopted a draft law governing casinos and entertainment complexes, as the government seeks to attract more tourists and establish a robust gaming industry. According to Deputy Finance Minister Julapun Amornvivat, officials plan to submit the proposal in its existing form and make the necessary modifications later.²⁴

Socio-Economic Affairs

In the socio-economic sector, Thailand started the year on positive notes. According to the Bank of Thailand, the Thai economy is improving, with exports surging by 12.9% from last year and imports rising 7.5% every year, driven by tourism and consumption.²⁵ Government initiatives such as the exemption of fares in public transport in Bangkok for a week, the Easy E-Receipt campaign, and the second phase of cash transfer measures, the Thai Government has found that these factors significantly boosted transportation activities and Thai consumer spending.²⁶

In addition, production in the automotive sector showed signs of improvement, particularly passenger cars, but subdued external demand suppressed exports of automobiles, especially pickup trucks and passenger cars to Australia. Additionally, the labor market remained stable but warrants close monitoring in the construction and manufacturing sectors.

Finance Minister Pichai Chunhavajira also expects growth of between 3% and 3.5% this year, driven by stimulus measures and strong foreign investment.²⁷ Investments in Thailand are also believed to rise this year. Based on last year's data, FDI in Thailand represented 73% of the total value of applications in 2024, after rising by 25% from the previous year. So, this year, Mr Narit Therdsteeasakdi, secretary-general of the BoI stated that following the establishment of Thailand's Semiconductor Board and the requirement for additional businesses to reduce risk in light of the current geopolitical environment, the trend is expected to become even stronger in 2025.²⁸

²⁴ Bangkok Post. 27 March 2025. "Thai cabinet approves casino bill" Available at: <https://www.bangkokpost.com/thailand/general/2988886/thai-cabinet-approves-casino-bill>

²⁵ BOT Press Release. 2025. "Press Release on the Economic and Monetary Conditions for January 2025." Bot.or.th. 2025. <https://www.bot.or.th/en/news-and-media/news/news-20250228.html>.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Lamonphet Apisitniran. 2025. "Investments to Surge in 2025." <https://www.bangkokpost.com>. Bangkok Post. January 14, 2025. <https://www.bangkokpost.com/business/investment/2939035/investments-to-surge-in-2025>.

A significant policy shift also happened. On January 13, Thailand's cabinet approved a draft law to legalize casinos and gambling, which was intended to enhance tourism, create jobs, and attract investment. The proposal allows gambling within large-scale entertainment complexes, significantly shifting from previous prohibitions. According to Deputy Finance Minister Julapun Amornvivat, the latest update would increase the foreign visitor numbers from 5% to 10% and tourism revenue by some 120 billion baht to 220 billion baht (\$3.45 billion to \$6.32 billion). It would create about 9,000 to 15,000 new jobs for the Thais.²⁹

Another important event in January was the implementation of the Marriage Equality Act, which went into effect on January 23, 2025. Under the law legalizing same-sex marriage, LGBTQ+ couples now have the same legal rights and protections as heterosexual couples, including rights to inheritance and adoption. Thailand is the only country in the Southeast Asia region that has passed this law, which marks a significant milestone for the country's international standing.³⁰

On a negative note, Thailand's Commerce Ministry predicted a 24% decline in rice exports in 2025 in late January, estimating shipments to reach 7.5 million metric tonnes against 9.95 million in 2024. This is because India has resumed rice exports, and increases from other countries will make it more competitive. Additionally, easing drought conditions will enhance production globally, and large importers like Indonesia will reduce demand.³¹

In February, great news happened. Based on a news publication on February 13, Thailand's Board of Investment announced on Thursday that Mazda intends to invest 5 billion baht (\$150 million) in Thailand to manufacture electric compact sport utility vehicles. According to Mazda President Moro Masahiro, the investment board stated that the "investment is to support

²⁹ Reuters Staff. 2025. "Thailand's Cabinet Approves Draft Law to Legalise Casinos and Gambling." *Reuters*, January 13, 2025. <https://www.reuters.com/world/asia-pacific/thai-cabinet-approves-draft-law-legalise-casinos-gambling-pm-says-2025-01-13/>.

³⁰ Thai Times. 2025. "Thailand's Economic Development and Social Advancement in 2025 - Thai Times." Thai Times. 2025. <https://thaitimes.com/thailand-s-economic-development-and-social-advancement-in-2025?>

³¹ Reuters. 2025. "Thai Rice Exports Seen Falling over 20%." *https://www.bangkokpost.com*. Bangkok Post. January 28, 2025. <https://www.bangkokpost.com/business/general/2949266/thailands-2025-rice-exports-seen-falling-over-20-this-year-commerce-ministry-says>.

domestic sales and exports to Japan and other countries, such as ASEAN countries, targeting production of 100,000 units per year.³²

On the same day, 13 February 2025, Prime Minister Paetongtarn Shinawatra presided over the “FTI Expo 2025” opening at the Queen Sirikit National Convention Center in Bangkok. In driving Thailand’s industrial development while upgrading SMEs into “Smart SMEs,” the 4 GO mechanism will be emphasized. The four aspects include (1) GO Digital & AI, (2) GO Innovation, (3) GO Global, and (4) GO Green.³³

Also, in the same month, as shown by the latest Thailand Economic Monitor of the World Bank, Thailand's economy is projected to grow 2.9% in 2025 via investment, infrastructure growth, and tourism recovery. The World Bank emphasizes innovation and the strength of the SME sector in securing long-term economic resilience. Even with reduced poverty, problems like household debt and fiscal sustainability remain. Strengthening digital start-ups, strengthening regulatory frameworks, and investment in education are crucial to boost competitiveness.³⁴

Additionally, other than last month's draft legalizing casinos, Thailand has proposed stringent entry terms for local gamblers at casinos, according to a new draft regulation unveiled on Monday, 17th, as part of its intentions to develop a large gaming industry to drive tourism.³⁵ This might potentially deter investors. According to the draft released by the Office of the Council of State, which governments consult on legal matters, policy, and appointments, Thai nationals must have at least 50 million baht (\$1.5 million) in fixed deposits for a minimum of six months to be permitted entry into casinos.³⁶

³²Reuter Staffs. 2025b. “Japan’s Mazda Plans \$150 Million Investment in Thailand EV Production .” *Reuters*, February 13, 2025. <https://www.reuters.com/business/autos-transportation/japans-mazda-plans-150-million-investment-thailand-ev-production-2025-02-13/>.

³³ The Government Public Relations Department. 2025a. “Moving toward Developing Thai Industries and SMEs with ‘4 GO’ Mechanism.” Prd.go.th. 2025. <https://thailand.prd.go.th/en/content/category/detail/id/48/iid/364862>.

³⁴ The Government Public Relations Department. 2025. “Thailand’s Economy Set for 2.9% Growth in 2025, Driven by SMEs and Innovation.” Prd.go.th. February 18, 2025. <https://thailand.prd.go.th/en/content/category/detail/id/52/iid/366038>.

³⁵ Panarat Thepgumpanat, and Chayut Setboonsarng. 2025. “Thailand Proposes Tough Safeguards for Local Gamblers in Casino Plan.” *Reuters*, February 17, 2025. <https://www.reuters.com/world/asia-pacific/thailand-proposes-tough-safeguards-local-gamblers-casino-plan-2025-02-17/>.

³⁶ Ibid.

What's more, the monetary policy committee unanimously supported the Bank of Thailand's (BoT) announcement on February 26, 2025, that the policy interest rate would be lowered from 2.25% to 2.00%. Interest rates are being lowered for the first time since October to boost the economy in the face of slowing growth and dwindling consumer spending power. Even with higher R&D expenditures, only 2.9% of businesses engage in R&D, indicating a lack of private-sector innovation. Transferring technology is hampered by weak FDI flows. Because of a strong automotive supply chain and government incentives, Thailand's electric vehicle (EV) industry offers enormous potential for foreign direct investment. However, the change may negatively impact 15% of internal combustion engine manufacturers (ICE) parts. Increasing EV infrastructure and providing incentives for commercial EV use could boost adoption and draw in investment.³⁷

In March, Thailand's socio-economic outlook continued to improve. As reported on 4th March 2025, Thailand recorded a 5.9% increase in foreign tourists in the country compared to last year, between January 1 and March 2 as reported by the Ministry of Tourism of Thailand. According to the government, there were 7 million foreign visitors, with 1.1 million coming from China.³⁸

According to authorities, on Monday, March 10th, Thailand's government hopes to surpass its 3% economic growth target this year. It is optimistic that a robust first half will be followed by momentum from the next phase of its hallmark stimulus package and measures worth 150 billion baht (\$4.4 billion). According to Deputy Finance Minister Paopoom Rojanasakul, those stimulus measures, including the next phase of its "digital wallet" scheme, will be implemented by the end of the third quarter.³⁹

Another notable thing is that, according to Deputy Finance Minister Paopoom Rojanasakul, announced on March 10th, that Thailand intends to provide tax benefits for the production of

³⁷ Devdiscourse. 2025. "Strengthening Thailand's Economy: Investment, SMEs, and Innovation for the Future | International." Devdiscourse. February 27, 2025. <https://www.devdiscourse.com/article/international/3278195-strengthening-thailands-economy-investment-smes-and-innovation-for-the-future>.

³⁸ Reuters. 2025b. "Thailand Records 5.9% Rise in Foreign Tourist Arrivals." <https://www.bangkokpost.com/business/general/2972613/thailand-records-5-9-y-y-rise-in-foreign-tourist-arrivals-so-far-in-2025>. Bangkok Post. March 4, 2025.

³⁹ Kitiphong Thaichareon, and Chayut Setboonsarng. 2025. "Thailand Aims for over 3% Growth with \$4.4 Billion Stimulus." Reuters. March 10, 2025. <https://www.reuters.com/markets/asia/thailand-eyes-growth-above-3-this-year-confident-strong-first-half-2025-03-10/>.

plug-in hybrid vehicles. If approved, the reforms would go into effect in 2026. Paopoom stated that the proposal would be forwarded to the cabinet by April and that tax collection would depend on a vehicle's travel range per battery charge, with lower fees for a higher travel range.⁴⁰

Thailand's finance minister has reported that household debt and non-performing loans have stabilized due to economic growth, with a household debt-to-GDP ratio of 89.6% at the end of last year. The government is also considering extending property transfer fee reductions and relaxing loan-to-value rules for home loans. Central Bank Governor Sethaput Suthiwartnarueput has expressed the need for long-term solutions, stating that a 2.5% growth rate is unsatisfactory.⁴¹

Another notable news is that Thailand is “committed” to a minimum wage raise. Based on a news article published on March 11, Labour Minister Phiphat Ratchakitprakarn is committed to raising the national minimum wage to 400 baht, despite concerns over its impact on SMEs and inflation. The move follows three postponements of wage adjustments for all provinces. The wage committee and its subcommittees from 76 provinces concluded that only four provinces, including Phuket, Chachoengsao, Chon Buri, and Rayong, could implement the wage starting January 1. Phiphat acknowledged the current wage inequality and the potential economic consequences for SMEs. He called for careful consideration and suggested measures to mitigate the wage increase, such as tax deductions for businesses and reduced employer contributions to the Social Security Fund.⁴²

On top of that, a piece of great news just came out. An economic triangle between Fukuoka, Northeastern Thailand, and central Vietnam could enter the picture, offering substantial benefits for the development and expansion of the local economy. The Japan-Vietnam-Thailand Trade & Tourism Connection Forum, held in Thailand's Northeastern province of Udon Thani on March 15, involved the Vietnamese Consulate General in Japan and Thai business

⁴⁰ Reuters Staff. 2025c. “Thailand Plans Tax Incentives for Plug-in Hybrids, Says Official.” *Reuters*, March 10, 2025. <https://www.reuters.com/business/autos-transportation/thailand-plans-tax-incentives-for-plug-in-hybrids-says-official-2025-03-10/>.

⁴¹ Thaichareon, Kitiphong, and Chayut Setboonsarng. 2025. “Thai Household Debt Stablising, Measures Planned to Ease Credit, Minister Says.” *Reuters*, March 14, 2025. <https://www.reuters.com/markets/asia/thai-interest-rate-20-robust-circumstances-cbank-chief-says-2025-03-14/>.

⁴² Apinya Wipatayotin. 2025. “Govt ‘Committed’ to Minimum Wage Hike.” <https://www.bangkokpost.com>. Bangkok Post. March 11, 2025. <https://www.bangkokpost.com/thailand/general/2977146/govt-committed-to-minimum-wage-hike>.

associations, aimed to identify new markets, build strategic alliances, and expand regional reach. Over 100 Vietnamese companies attended, focusing on sectors like tourism, logistics, food production, technology, renewable energy, and electronic components. The forum also saw the signing of four cooperation agreements between Thai and Japanese businesses, aiming to enhance business networks, workforce development, and trade relations.⁴³

However, challenges persist. A piece of news published on March 17 stated that, according to the Federation of Thai SMEs, Thailand's employment prospects are poor since there are increasingly obvious indications of a declining workforce, as shown by the decline in the number of workers covered by Section 33 of the Social Security Act, which covers over 10 million individuals. The head of the federation, Sangchai Theerakulvanich, mentioned that company closures are another negative indicator for employment. According to the fiscal 2024 financial reports, some businesses are having difficulty surviving. Companies that consistently report poor financial results to the Revenue Department or submit blank financial statements, which imply no business activity during the previous year, are indicators of distress.⁴⁴

On the same day, Thailand approved investment applications worth 200 billion baht, including a Bangkok transit line and three data centers, to boost economic growth. The largest project is the Orange Line, a 109 billion baht investment by Bangkok Expressway and Metro Plc. The government aims to boost economic growth to 3.5% this year by boosting exports, tourism, and investment. Investment applications jumped 35% YoY to \$33 billion in 2024, with foreign firms' projects in the digital sector leading the way.⁴⁵ This indicates that Thai transportation services will be improved and made more accessible to not only locals but also tourists.

March 18th seems to be a great day for Thailand's energy sector. Singapore-based data center company DayOne announced that it is investing USD 1 billion in Thailand over three years for

⁴³ Travel and Tour World. 2025. "Japan-Vietnam-Thailand Forum Highlights New Trade and Tourism Opportunities - Travel and Tour World." Travel and Tour World. March 17, 2025. <https://www.travelandtourworld.com/news/article/japan-vietnam-thailand-forum-highlights-new-trade-and-tourism-opportunities/>.

⁴⁴ Wichit Chantanusornsiri. 2025. "Thailand Faces Grim Employment Prospects." <https://www.bangkokpost.com/business/general/2981451/thailand-faces-grim-employment-prospects>. Bangkok Post. March 16, 2025.

⁴⁵ Bloomberg. 2025. "Board of Investment Approves B200bn of Projects to Expand Bangkok Metro System, Data-Centre Network." <https://www.bangkokpost.com/business/general/2981775/board-of-investment-approves-b200bn-of-projects-to-expand-bangkok-metro-system-data-centre-network>. Bangkok Post. March 17, 2025.

data center development. The company aims to reduce electricity prices to 2.50 baht a unit, the lowest rate in the region, to attract more digital and computing businesses. The investment is part of DayOne's global platform data center services, focusing on Southeast Asia and later expanding globally. The company has received approval from the Board of Investment for its billion-dollar investment in data center development with a capacity totaling 180 megawatts. The first development phase is scheduled to be completed in the second quarter of 2026, while the second phase is under review but might begin in early 2027. DayOne targets US and non-US customers, mainly cloud service providers, social media platforms, and e-commerce operators.⁴⁶ This is great news for the Thai energy sector as consumers can enjoy more affordable electricity prices.

Foreign Affairs

On February 27, 2025, Thailand deported at least 40 Uyghurs to China, which has led to international concerns over potential persecution.⁴⁷ The group had been detained in Thailand for over a decade after fleeing repression in China's Xinjiang region. Thai authorities justified the move with the statement that no third country had offered asylum and that China had assured their safety. However, international bodies, including the United Nations and Western governments, strongly condemned the deportation.⁴⁸ The U.S. imposed visa sanctions on Thai officials in response, while the European Parliament passed a resolution denouncing Thailand's actions.⁴⁹ The deportation also concerns Thailand's broader foreign policy alignment with China.

During the meeting between Paetongtarn and Xi Jinping in Beijing on February 6, 2025, Thailand received international recognition from China for cracking down on scam call centers.⁵⁰ During a meeting with Thai Prime Minister Paetongtarn Shinawatra, Chinese

⁴⁶ Suchit Leesa-Nguansuk. 2025. "Singapore Firm Commits \$1bn to Thai Data Centre."

<https://www.bangkokpost.com>. Bangkok Post. March 18, 2025.

<https://www.bangkokpost.com/business/general/2982561/singapore-firm-commits-1bn-to-thai-data-centre>.

⁴⁷ Bicker, Laura, and Kathryn Armstrong. "Thailand Depports Dozens of Uyghurs to China." BBC. February 28, 2025. <https://www.bbc.com/news/articles/c14jjxz8re6o>

⁴⁸ Kapoor, Mahima. "Thailand Criticized for Deporting 40 Uyghurs to China." DW News. February 28, 2025. <https://www.dw.com/en/thailand-criticized-for-deporting-40-uyghurs-to-china/a-71778814>

⁴⁹ Wee, Sui-Lee. "U.S. Punishes Thai Officials over Deportation of Uyghurs to China." *The New York Times*. March 15, 2025. <https://www.nytimes.com/2025/03/15/world/asia/us-sanctions-thai-uyghurs-china.html>

⁵⁰ *The Nation*. "China's Xi Lauds Thailand's Efforts to Crack down on Scam Call Centres." February 6, 2025. <https://www.nationthailand.com/news/politics/40045988>

President Xi Jinping praised Thailand's successful dismantling of transnational crime networks and reaffirmed bilateral cooperation on economic and security matters.

Regarding this effort, the Thai government announced that it is considering constructing a border wall along Cambodia to curb illegal crossings linked to scam operations.⁵¹ Moreover, as part of the effort, the government also continues to restrict resources to Myanmar, where criminal hubs persist. With scam networks shifting to Cambodia and Vietnam, Thailand is tightening security and enhancing cooperation with neighboring countries to combat transnational crime.⁵² Officials are also evaluating the designation of special security zones and operational centers to improve enforcement.

The border clash was also another issue for Thailand in the first quarter. Tensions flared between Thailand and Cambodia at Prasat Ta Muen Thom temple on February 13, 2025, after Cambodian soldiers sang their national anthem at the disputed site.⁵³ Thai and Cambodian soldiers had a heated verbal exchange, with both sides asserting territorial claims. The incident, captured on video, raised concerns about escalating nationalist sentiments. Thailand lodged a formal protest, while Cambodia's side reported that the situation had become calm.⁵⁴

However, later on March 25, another similar confrontation occurred at the Sa Kaeo border, which sparked nationalist outcry after a viral video showed Cambodian troops allegedly occupying contested land. In attempting to calm the situation, Deputy Prime Minister Phumtham Wechayachai called for restraint, emphasizing diplomatic solutions and warning against escalation.⁵⁵ Both governments aim to manage disputes through legal frameworks and negotiations to prevent further tensions.

⁵¹ *Reuters*. "Thailand Mulls Wall at Cambodia Border as Scam Centre Crackdown Widens." March 3, 2025. <https://www.reuters.com/world/asia-pacific/thailand-mulls-wall-cambodia-border-scam-centre-crackdown-widens-2025-03-03/>

⁵² *Malay Mail*. "Thailand to Tighten Borders as Scam Call Centres Shift from Myanmar to Cambodia and Vietnam." March 23, 2025. <https://www.malaymail.com/news/world/2025/03/23/thailand-to-tighten-borders-as-scam-call-centres-shift-from-myanmar-to-cambodia-and-vietnam/170564>

⁵³ *Bangkok Post*. "Thai-Cambodian Tensions over Anthem at Temple." February 17, 2025. <https://www.bangkokpost.com/thailand/general/2962846/thai-cambodian-tensions-over-anthem-at-temple>

⁵⁴ Rinith, Taing, and Torn Vibol. "Calm Restored after Altercation at Cambodia-Thailand Border Temple." *Phnom Penh Post*. February 19, 2025. <https://www.khmertimeskh.com/501641536/calm-restored-after-altercation-at-cambodia-thailand-border-temple/>

⁵⁵ *The Nation*. "Phumtham Urges Calm, Self-Restraint in Cambodia Border Dispute." March 25, 2025. https://www.nationthailand.com/news/asean/40047821?fbclid=IwZXh0bgNhZW0CMTEAAR17FKtlyQ4FSlimYLjFo7nrvd2E2BHjRuA0zRb_-oSLBUdhvxGLAgrc2-M_aem_VQYV7upUlX0Y123a46Q3rQ

Thailand has made some key progress in terms of development. On January 29th, Thailand and Malaysia agreed to cooperate on managing the impact of U.S. President Donald Trump's policies, focusing on ASEAN challenges, humanitarian aid, and border security.⁵⁶ Furthermore, on February 6th, Prime Minister Paetongtarn Shinawatra met Chinese President Xi Jinping in Beijing, marking 50 years of diplomatic relations. The leaders emphasized economic cooperation and strategic ties, with agreements signed in trade and investment.⁵⁷ On the security front, Thailand hosted the trilateral Exercise Cope Tiger with Singapore and the U.S., aiming to strengthen military cooperation from 17 to 28 March 2025.⁵⁸ Additionally, on March 23rd, Thailand and South Korea signed an agreement on nuclear research and clean energy, expanding collaboration in nuclear safety, AI, and space technology.⁵⁹

Conclusion

Divisions marked Thailand's domestic politics in this quarter. The government experienced obstacles and criticism, but remained stable, with Prime Minister Paetongtarn Shinawatra surviving a no-confidence vote. However, the topic of Thaksin Shinawatra's influence remained a sensitive issue. While in terms of foreign affairs, Thailand's recent actions underscore its role in regional and global affairs. While strengthening ties with key partners like China and South Korea, it faces increasing scrutiny over human rights issues and border tensions. The events of the first quarter reveal that as Thailand pursues new opportunities, it must also navigate challenges in diplomacy, security, and economic cooperation, all of which will be crucial in shaping its international standing.

⁵⁶ *The Nation*. "Thailand and Malaysia Agree to Cooperate over Trump's Policies" January 29, 2025. <https://www.nationthailand.com/news/politics/40045697>

⁵⁷ *The Nation*. "Paetongtarn Meets Xi Jinping in Beijing." February 6, 2025. <https://www.nationthailand.com/blogs/news/politics/40045966>

⁵⁸ "Singapore, Thailand and the United States Participate in Trilateral Air Exercise." Ministry of Defence of Singapore. March 18, 2025. https://www.mindef.gov.sg/news-and-events/latest-releases/18mar25_nr2

⁵⁹ *The Nation*. "Thailand, South Korea Strengthen Cooperation on Nuclear Utilisation." March 23, 2025. <https://www.nationthailand.com/business/tech/40047743>

Vietnam

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Introduction

This paper provides an overview of Vietnam's key developments in the first quarter of 2025, covering domestic reforms, economic trends, and foreign relations. The period saw significant government restructuring to improve efficiency, alongside ambitious economic policies to sustain growth amid global uncertainties. Vietnam also witnessed a surge in foreign investment and strengthened trade partnerships, positioning itself as a competitive player in high-tech industries. On the international front, the country deepened diplomatic ties with ASEAN, expanded cooperation with key global partners, and reinforced its commitment to regional security and economic integration. These developments set the stage for Vietnam's continued efforts to navigate challenges while advancing its strategic goals.

Domestic Affairs

Vietnam Sets 2025 Economic Growth Target at 8%, Strengthens Global Trade Ties

On January 6, 2025, the Prime Minister Pham Minh Chin outlined Vietnam's international relations and economic priorities for the year, setting an ambitious 8% GDP growth target. To support this, Vietnam hosted eight business conferences with major partners, including China, the U.S., South Korea, Japan, the EU, and ASEAN, aiming to enhance investment and trade relations. Additionally, the government advanced negotiations on trade agreements and investment protection deals, addressing key regulatory issues such as labor permits and visa policies.¹

Reflecting on 2024's economic performance, the Prime Minister noted that Vietnam exceeded all 15 predefined targets, achieving over 7% GDP growth, supported by macroeconomic stability and controlled inflation. Foreign direct investment (FDI) surged to nearly USD 40 billion, while positive trends in the stock market, exports, imports, and tourism inflows further

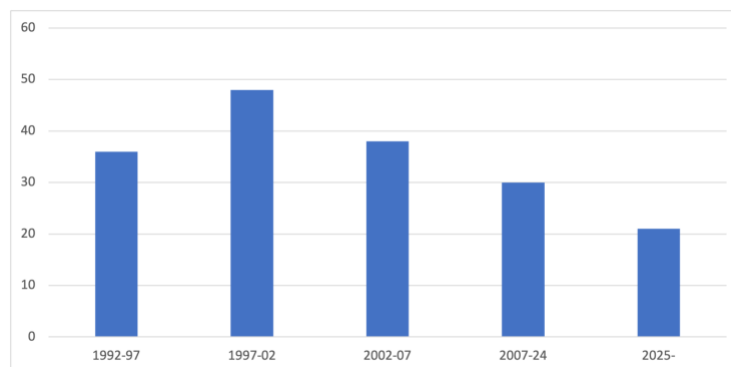
¹Francesco Guarascio, "Over \$13 Billion in Solar, Wind Investment at Risk in Vietnam, Industry Letter Says," Reuters, March 10, 2025, <https://www.reuters.com/business/energy/over-13-billion-solar-wind-investment-risk-vietnam-industry-letter-says-2025-03-10/>.

strengthened the economy. The government also emphasized social welfare improvements, reinforcing national unity and public confidence in the Party and State.²

Vietnam Streamlines Government: 1 in 5 Public Sector Jobs to Be Cut in Cost-Cutting Drive

On February 12, 2025, Vietnam's National Assembly approved major public sector spending cuts, reducing government expenditures by USD 4.5 billion. As part of the reforms, the number of ministries will decrease from 30 to 22, marking one of the most significant bureaucratic overhauls in recent history. Government officials have described the legislation as a “revolution” (song bien).³

Exhibit 1: Number of Institutions Under the Central Government's Control



Source of Image: <https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2025-14-vietnams-bureaucratic-reforms>

The bill includes structural changes, early retirement, and layoff caps, with 100,000 public sector employees expected to be affected. While these cuts are projected to bring long-term economic benefits, concerns remain over potential worker dissatisfaction and social instability during the transition. However, the government has assured that businesses will not be impacted, particularly as the reforms follow a recent anti-corruption campaign to improve governance efficiency.⁴

² Vietnam Law Magazine. “Diplomatic Sector Requested to Help Vietnam Achieve at Least 8 Percent Growth in 2025.” Vietnam Law Magazine, January 6, 2025. <https://vietnamlawmagazine.vn/diplomatic-sector-requested-to-help-vietnam-achieve-at-least-8-percent-growth-in-2025-73323.html>.

³ Agence France-Presse, “Vietnam Parliament Approves Radical Government Cost-Cutting Drive,” VOA News, February 18, 2025, <https://www.voanews.com/amp/vietnam-parliament-approves-radical-govt-cost-cutting-drive-/7978965.html>.

⁴ Ibid.

Although the financial savings are expected to support Vietnam's economic advancement, their effectiveness will depend on how the government manages public sector downsizing and institutional restructuring in the coming years.⁵

Vietnam Increases Number of Deputy Prime Ministers During Major Government Restructuring

On February 19, 2025, Vietnam's National Assembly approved a comprehensive restructuring plan to enhance governance efficiency. Under the plan, the government will merge ministries, streamline agencies, and restructure key party organizations. Over the next five years, the administration aims to reduce one-fifth of government positions to approximately 100,000 jobs across state-controlled media, the civil service, police, and military sectors.⁶

As part of the reform, the National Assembly passed a resolution reducing the number of ministries from 19 to 14. Key mergers include the Ministry of Planning and Investment with the Ministry of Finance, the Ministry of Transport with the Ministry of Construction, and the Ministry of Information and Communications with the Ministry of Science and Technology. The Ministry of Natural Resources and Environment will also merge with the Ministry of Agriculture and Rural Development. Minister of Home Affairs Pham Thi Thanh Tra emphasized that the reform is not just about downsizing but about creating a more accountable and decentralized governance model.⁷

Alongside governmental restructuring, the Communist Party of Vietnam (CPV) has initiated a renewal of its leadership structure. The Party Central Committee has been reduced from 180 to 148 full members, and the Politburo has been streamlined from 18 to 16 members. The leadership now comprises General Secretary To Lam, State President Luong Cuong, Prime Minister Pham Minh Chinh, and National Assembly Chairman Tran Thanh Man. These changes aim to create a more agile and effective leadership that is better equipped to address domestic and global challenges.⁸

⁵ Ibid.

⁶ The Vietnamese Magazine, "Vietnam's National Assembly Approves Government Reshuffle, Expands Leadership Structure," February 24, 2025, <https://www.thevietnamese.org/2025/02/vietnams-national-assembly-approves-government-reshuffle-expands-leadership-structure/>.

⁷ David Hutt, "Vietnam Approves Bold Reforms to Streamline Ministries," *DW*, February 19, 2025, <https://www.dw.com/en/vietnam-approves-bold-reforms-to-streamline-ministries/a-71081333>.

⁸ Đức Nhân, Huỳnh Kha, and Jason Nguyen, "Vietnam's Political Landscape After Mergers and Restructuring," The Vietnamese Magazine, March 12, 2025, <https://www.thevietnamese.org/2025/03/vietnams-political-landscape-after-mergers-and-restructuring/>.

Vietnam Grants Amnesty Ahead of National Reunification Anniversary

On March 4, 2025, Vietnam announced a new amnesty decision to mark the 50th anniversary of the liberation of the South and national reunification (April 30). The policy, in line with Article 88 of the Constitution and the 2018 Amnesty Law, was presented at a press conference in Hanoi, co-hosted by the Presidential Office, Ministry of Public Security, Ministry of Foreign Affairs, and Supreme People's Court.⁹

Since 2009, Vietnam has conducted ten amnesty rounds, granting clemency to nearly 100,000 rehabilitated prisoners to support social reintegration and diplomatic objectives. This year's amnesty applies to fixed-term prisoners, those with reduced life sentences, and those with temporarily suspended sentences. However, 16 crime categories, including treason, espionage, terrorism, and repeat offenders, remain ineligible.¹⁰

Key updates include reduced sentencing requirements: fixed-term prisoners must now serve at least one-third of their sentence (previously one-half), and life-sentenced inmates with reduced terms must serve at least 14 years (down from 15 years in 2024). Special considerations will be given to elderly prisoners (70+), those with severe illnesses, and sole family breadwinners. The amnesty applies equally to Vietnamese and foreign inmates, ensuring non-discrimination based on nationality.¹¹

Vietnam Expands Visa Exemptions for 12 Countries, Effective March 15

On March 7, 2025, the Vietnamese government issued Resolution No. 44/NQ-CP, granting 45-day visa exemptions to citizens from 12 countries, including Germany, France, the UK, Russia, Japan, and South Korea. This policy applies regardless of passport type or entry purpose and will be in effect from March 15, 2025, to March 14, 2028, with a possible extension. This resolution replaces previous visa exemption policies (Resolutions No. 32/NQ-CP and No. 128/NQ-CP), which expire on March 15, 2025. Additionally, under a tourism stimulus

⁹ "Vietnam Announces Amnesty Ahead of Reunification Anniversary," Vietnam Law & Legal Forum, March 4, 2025, <https://vietnamlawmagazine.vn/vietnam-announces-amnesty-ahead-of-reunification-anniversary-73667.html>.

¹⁰ Ibid.

¹¹ Ibid.

program, visitors from Poland, the Czech Republic, and Switzerland will also enjoy visa-free entry until the end of 2025.¹²

Prime Minister Pham Minh Chinh Chairs Conference to Strengthen Governance and Improve Party Discipline

On March 9, 2025, Prime Minister Pham Minh Chinh led a meeting to assess the Government Party Committee's preparations for the 2025-2030 congress. He emphasized establishing sub-committees and integrating processes with relevant tasks to ensure comprehensive planning, monitoring, and reporting. Chinh stressed the urgency of finalizing key documents and proposals for the preliminary evaluation.

The Prime Minister also called for greater discipline, resilience, and efficiency from all supporting bodies in executing national priorities. He underscored the importance of streamlining the political system and accelerating economic growth, signaling the government's commitment to long-term national development. This meeting marked a critical step in shaping Vietnam's strategic direction, ensuring thorough preparations for the upcoming congress while advancing key national objectives.¹³

Socio-Economic Affairs

Vietnam's Leather & Footwear Industry Targets 10% Export Growth in 2025

On January 6, 2025, Vietnam's leather and footwear industry set an ambitious goal to achieve a 10% export growth in 2025, aiming for a total export value of USD 29 billion. This growth is expected to be driven by expanding into accessible markets in Africa and Asia while gradually meeting the green production standards required by more demanding markets such as the EU, Japan, and the U.S. Despite facing challenges such as increasing costs and labor shortages, the industry saw an 11.5% growth in exports in 2024, reaching around USD 27 billion. Notably, footwear exports grew by 13.2%, with sports shoes gaining significant traction in new markets like the Middle East. Vietnam's footwear sector remains globally competitive, ranking as the third-largest producer and second-largest exporter worldwide. However, to

¹² "Việt Nam to Waive Visas for Citizens From 12 Countries Until 2028," Viet Nam News, March 7, 2025, <https://vietnamnews.vn/politics-laws/1693484/viet-nam-to-waive-visas-for-citizens-from-12-countries-until-2028.html>.

¹³ "PM Chairs Conference of Standing Board of Government's Party Committee," Viet Nam News, March 9, 2025, <https://vietnamnews.vn/politics-laws/1693530/pm-chairs-conference-of-standing-board-of-government-s-party-committee.html>.

sustain this growth, the industry is focusing on sustainability and social responsibility, with plans to implement green standards and improve domestic raw material production.¹⁴

China-Vietnam Cross-Border Rail Freight Surges Over 1,100%

On January 11, 2025, the Nanning branch of China Railway Group Limited reported a 1,153% year-on-year increase in freight transport via the China-Vietnam railway. In 2024, 19,670 containers were transported, with record-high volumes in multiple months. Originally focused on construction materials, the network now moves high-tech electronics, precision machinery, and specialty farm produce, covering 262 product categories from 25 Chinese provinces to ASEAN markets.¹⁵ The railway now runs three fixed weekly trains, with daily freight services launched in July 2024. A new Guangzhou-Nanning-An Viên route strengthens trade between China's Greater Bay Area and Vietnam. These expansions have cut shipping times and costs, boosting exports of furniture, home appliances, and ceramic tiles. The China-Vietnam railway is emerging as a key logistics hub in the region.¹⁶

Vietnam's Durian Exports Hit by Stricter Chinese Regulations

On January 23, 2025, Vietnamese durian exports to China faced significant hurdles due to newly enforced inspections for Basic Yellow 2 (BY2), a synthetic dye suspected of being used to enhance durian color. The tightened regulations led to delays at border gates, a surge in rejected shipments, and a sharp drop in customs clearance rates at the Hữu Nghị International Border Gate—from 70-80 trucks daily in 2024 to just 20-30 trucks in recent days.¹⁷ To mitigate these challenges, Vietnam is negotiating with China to expand the list of approved testing laboratories, ensuring smoother export processes for durian shipments and safeguarding its position in the Chinese market.¹⁸

¹⁴“Leather, Footwear Industry Aims to Gain Export Growth of 10% in 2025,” Viet Nam News, January 6, 2025, <https://vietnamnews.vn/economy/1690146/leather-footwear-industry-aims-to-gain-export-growth-of-10-in-2025.html>.

¹⁵ “Freight Transport via China-Viet Nam Cross-border Trains Posts Rapid Growth,” Viet Nam News, January 11, 2025, <https://vietnamnews.vn/economy/1690473/freight-transport-via-china-viet-nam-cross-border-trains-posts-rapid-growth.html>.

¹⁶ Ibid

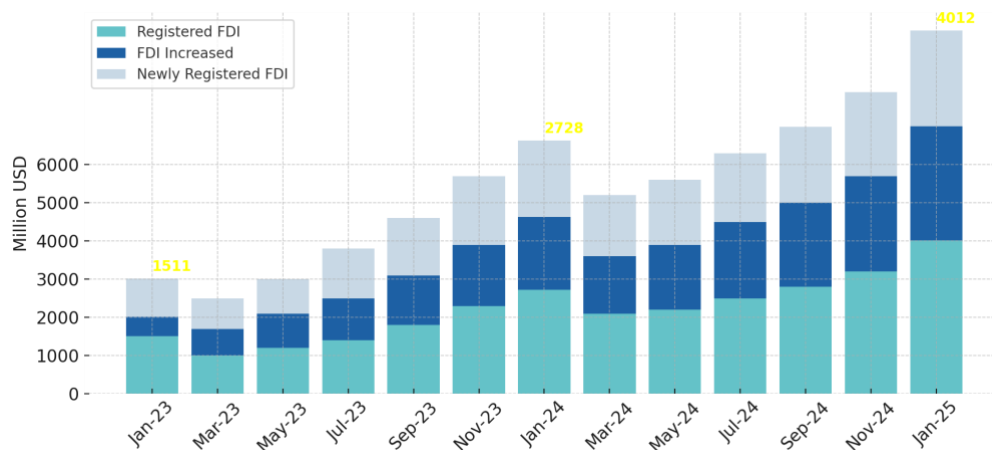
¹⁷ “Efforts Urged to Achieve 12% Growth Target in Import-export Turnover,” *Nhan Dan Online*, February 28, 2025, <https://en.nhandan.vn/efforts-urged-to-achieve-12-growth-target-in-import-export-turnover-post144659.html#:~:text=Vietnam's%20Ministry%20of%20Industry%20and,the%20beginning%20of%20the%20year>.

¹⁸ “Việt Nam’s Export Durians Face Stricter Regulation in China Market,” Viet Nam News, January 23, 2025, <https://vietnamnews.vn/economy/1691153/viet-nam-s-export-durians-face-stricter-regulation-in-china-market.html>.

Vietnam's FDI Surge Signals Strong Investor Confidence

On February 17, 2025, Vietnam recorded a USD 4.01 billion surge in foreign direct investment (FDI), reflecting a 47% year-on-year increase and reinforcing its status as a key investment destination. The country secured its first billion-dollar deal of the year with Samsung Display's USD 1.2 billion expansion, alongside approvals for USD 1.67 billion in projects in Bac Ninh and seven additional FDI projects worth USD 1 billion in Binh Duong.¹⁹ With growing interest from global giants like Visa, Amazon Web Services, Google, Siemens, and Qualcomm, Vietnam anticipates a strong investment inflow in 2025, particularly in AI, technology, and semiconductors, positioning itself as a regional hub for innovation and high-tech industries.²⁰

Exhibit 2: Registered FDI Capital (Monthly) in Vietnam



Source of Data: <https://www.vietdata.vn/post/fdi-on-the-rise-is-vietnam-ready-for-an-explosive-2025>

Vietnam's U.S. Exports Account for 30% of GDP, Raising Trade Risks

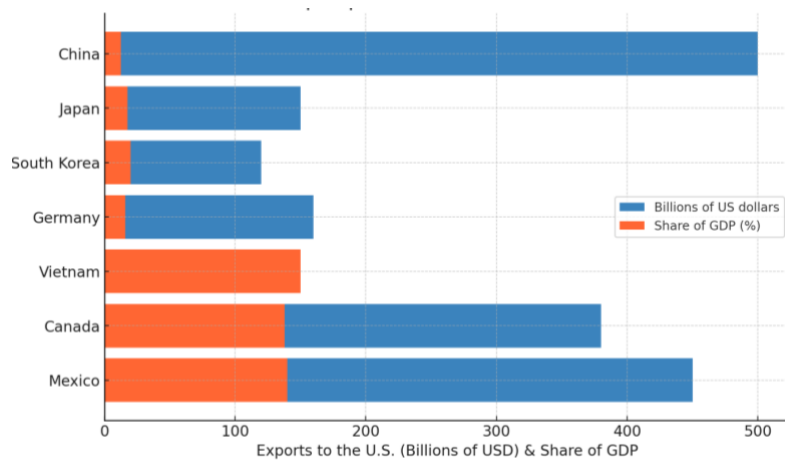
On February 25, 2025, Vietnam's exports to the U.S. were reported to represent 30% of its GDP, making it the most exposed among top U.S. trading partners to potential tariff changes. In 2024, Vietnam exported USD 142.4 billion worth of goods to the U.S., accounting for 29% of its total exports. This surge has been driven by foreign investment shifts from China, with

¹⁹ "Vietnam Expects Big FDI Wave in 2025," *Vietnam+*, February 11, 2025, <https://en.vietnamplus.vn/vietnam-expects-big-fdi-wave-in-2025-post309672.vnp>.

²⁰ Dai Kim, "FDI Shows Strong Growth in 2025," trans. Nhan Dan Online, *Nhan Dan Online*, February 28, 2025, <https://en.nhandan.vn/fdi-shows-strong-growth-in-2025-post144645.html>

major corporations like Samsung, Foxconn, Apple, Intel, and Nike expanding operations in Vietnam.²¹

Exhibit 3: Top Exporting Countries to the United States in 2024



Source of Data: <https://www.reuters.com/markets/vietnams-us-exports-account-30-gdp-making-it-highly-vulnerable-tariffs-2025-02-25/>

Vietnam is now the sixth-largest exporter to the U.S., behind Mexico, China, Canada, Germany, and Japan. However, its trade surplus with the U.S. is among the largest, increasing its vulnerability to potential tariff measures under U.S. trade policy reviews. Compared to other major exporters, Mexico's exports to the U.S. account for 27.6% of its GDP, while China's make up just 2.5%. With the U.S. considering new reciprocal tariffs, Vietnam's heavy reliance on the U.S. market and its significant trade imbalance could make it a target for trade restrictions. Analysts warn that Vietnam's high tariff rates, VAT levies, and non-trade barriers add to the risk of trade tensions. The country remains on the U.S. currency manipulation watchlist, further raising concerns about potential economic impacts.²²

Vietnam Records Trade Slowdown Amid Lunar New Year Impact

On February 28, 2025, Vietnam reported a slight decline in trade activities over the first two months of the year, with total import-export revenue reaching USD 63.15 billion—down 10.5% from December 2024. Exports fell by 4.3%, while imports declined by 2.6%, resulting in a trade surplus of USD 3.03 billion. The domestic sector recorded a USD 1.4 billion trade deficit, whereas the foreign-invested sector, including crude oil, posted a USD 4.43 billion surplus.

²¹ Francesco Guarascio, "Vietnam's US Exports Account for 30% of GDP, Making It Highly Vulnerable to Tariffs," Reuters, February 25, 2025, <https://www.reuters.com/markets/vietnams-us-exports-account-30-gdp-making-it-highly-vulnerable-tariffs-2025-02-25/>.

²² Ibid.

The slowdown was partially attributed to the Lunar New Year holiday, which reduced working days and trade activity. However, trade momentum rebounded post-holiday, with border gate operations accelerating. Notably, Mong Cai Border Gate recorded USD 234.7 million in total import-export revenue, reflecting a 53% year-on-year increase.²³

Vietnam Targets 8% GDP Growth in 2025 Amid Global Risks

On March 1, 2025, Prime Minister Pham Minh Chinh issued Directive No. 05/CT-TTg, outlining measures to drive economic growth and accelerate public investment. The plan aims for at least 8% GDP growth in 2025. The plan prioritizes business support, domestic production, and consumption alongside fast-tracking public investment disbursement to at least 95% of allocations. Special economic policies in high-tech industrial zones will also be implemented to stimulate industrial expansion.²⁴

Despite the government's ambitious target, the World Bank projects Vietnam's GDP to grow at 6.8%. It cites risks from global trade uncertainties and U.S. tariffs on key trading partners, which could impact Vietnam's export-driven economy. The country faces potential challenges from escalating trade tensions and supply chain disruptions, which may affect external demand and economic stability.²⁵

Large-Scale Eco-Tourism Resort Planned in Binh Duong

On February 28, 2025, the People's Committee of Binh Duong Province announced plans for a 458-hectare eco-tourism resort at Tha La Peninsula on Dau Tieng Lake, Dau Tieng District. The project will integrate tourism development with 36 hectares of natural lake surface, featuring piers, aquatic life breeding areas, and green spaces. The resort is designed to accommodate up to 61,601 daily visitors, with a maximum of 13,613 overnight guests across 4,880 hotel and low-rise accommodations. It is part of Binh Duong's 2021-2030 development

²³ "Efforts Urged to Achieve 12% Growth Target in Import-export Turnover," *Nhan Dan Online*, February 28, 2025, <https://en.nhandan.vn/efforts-urged-to-achieve-12-growth-target-in-import-export-turnover-post144659.html#:~:text=Vietnam's%20Ministry%20of%20Industry%20and,the%20beginning%20of%20the%20year.>

²⁴ "PM Directs Measures to Boost Economic Growth, Ensure GDP Expansion of at Least 8%," *Vietnam+*, March 2, 2025, <https://en.vietnamplus.vn/pm-directs-measures-to-boost-economic-growth-ensure-gdp-expansion-of-at-least-8-post310814.vnp>.

²⁵ Reuters, "World Bank Forecasts Vietnam's 2025 GDP Growth at 6.8%," March 12, 2025, <https://www.reuters.com/markets/asia/world-bank-forecasts-vietnams-2025-gdp-growth-68-2025-03-12/>.

strategy, with a vision for sustainable tourism until 2050. The goal is to leverage natural resources for eco-friendly tourism while boosting the local economy.²⁶

Vietnam Aims to Boost International Tourism with Policy Enhancements

On March 6, 2025, Vietnam reported 3.96 million foreign tourist arrivals in the first two months, reflecting a 30% year-on-year increase. The surge was primarily driven by visitors from China (955,000) and South Korea (885,000), supported by tourism promotion initiatives, favorable visa policies, and global recognition through major tourism awards. To sustain this momentum, Prime Minister Pham Minh Chinh urged ministries to explore visa exemptions for select countries and high-net-worth individuals to attract international travelers further. Vietnam aims to welcome 23 million foreign tourists in 2025, a 30% increase from the previous year.²⁷

Vietnam Expands Sông Công II Industrial Park with USD 156.7M Investment

On March 11, 2025, a groundbreaking ceremony was held in Thái Nguyên Province to launch the second phase of the Sông Công II Industrial Park expansion. The project, covering nearly 300 hectares across Bá Xuyên and Tân Quang communes, will be developed in two zones of 176 hectares and 121 hectares, respectively. The expansion, led by Viglacera Thái Nguyên Joint Stock Company, will require an investment of VNĐ4 trillion (USD 156.7 million) and aims to establish a multi-industry industrial hub focusing on green growth and sustainability. The first phase, completed in 2018 on 250 hectares, has attracted 22 investment projects, reaching 98% of its target. Construction is expected to be completed within 36 months from the land handover, reinforcing Thái Nguyên's role as a key industrial center in northern Vietnam.²⁸

Foreign Affairs

Vietnam Strengthens Economic and Investment Ties with Laos

²⁶Phạm Long, "A Large-scale Eco-tourism Resort to Be Developed in Southern Binh Duong Province," Vietnam Economic Times, February 28, 2025, <https://en.vneconomy.vn/a-large-scale-eco-tourism-resort-to-be-developed-in-southern-binh-duong-province.htm>

²⁷Phuong Anh, "Vietnam Considers Waiving Visas for Select Countries, Billionaires," *VN Express*, March 5, 2025, <https://e.vnexpress.net/news/travel/visa/vietnam-considers-waiving-visas-for-select-countries-billionaires-4857447.html>.

²⁸"Construction Starts on Second Phase of Sông Công II Industrial Park," Viet Nam News BizHub, March 10, 2025, <https://bizhub.vn/construction-starts-on-second-phase-of-song-cong-ii-industrial-park-post369967.html>

On January 9, 2025, Prime Minister Pham Minh Chinh co-chaired the 47th Vietnam–Laos Intergovernmental Committee Meeting with his Lao counterpart Sonexay Siphandone, reaffirming economic and investment ties as a key pillar of bilateral relations. Both leaders emphasized stronger transport infrastructure connectivity to facilitate trade and investment. They called for joint efforts in industrial park development, supply chain integration, and renewable energy projects, particularly wind and clean energy. The investment cooperation conference exchanged 13 investment certificates and cooperation agreements, including wind power, dairy farming, bauxite mining, and aluminum processing projects. Additionally, both governments launched a bilateral QR code payment system, enabling local currency transactions to boost trade, tourism, and retail exchanges.²⁹

Vietnam's investment in Laos surged 62.1% year-on-year, reaching USD 191.1 million in 2024, bringing total registered capital to USD 5.7 billion across 267 projects, making Vietnam the third-largest investor in Laos. Bilateral trade also hit a new milestone, surpassing USD 2.2 billion in 2024—a 33.9% increase from the previous year, with Laos recording a trade surplus of USD 732.7 million. While Vietnamese businesses continue to expand operations in Laos, Lao investment in Vietnam remains modest, signaling potential for further growth. Both sides reaffirmed their commitment to raising two-way trade by 10-15% annually, enhancing cooperation in aviation, fisheries, energy, and workforce training, and ensuring long-term sustainable development between the two nations.³⁰

Russian Prime Minister Mishustin Visits Vietnam to Strengthen Comprehensive Strategic Partnership

On January 14, 2025, Russian Prime Minister Mikhail Mishustin arrived in Vietnam for a two-day visit to strengthen the Comprehensive Strategic Partnership between the two nations. The visit coincided with the 75th anniversary of Vietnamese-Russian diplomatic relations, reflecting the growing depth of bilateral cooperation. Over the past year, ties between the two countries have matured, following President Putin's state visit to Vietnam in June 2024.

²⁹ “Vietnamese, Lao PMs Co-chair Investment Cooperation Conference in Vientiane,” *Nhan Dan Online*, January 9, 2025, <https://en.nhandan.vn/vietnamese-lao-pms-co-chair-investment-cooperation-conference-in-vientiane-post143169.html>

³⁰ Ibid.

Relations are expanding across key sectors, including education, science and technology, and culture.³¹

Economic cooperation has also seen significant growth, with Vietnam-Russia trade reaching USD 4.1 billion as of November 2024, a sharp increase from USD 1.13 billion in 2023. Russia remains a leading foreign investor in Vietnam, with nearly 200 projects in the country, while Vietnam's investments in Russia continue to rise. To further boost trade and investment, Mishustin's visit is expected to finalize agreements in energy, construction, transportation, industry, and agriculture, strengthening long-term economic ties.³²

On the same day, Vietnam and Russia signed multiple cooperation agreements, including one to revive Vietnam's nuclear energy program, which had been suspended for years. The agreement, signed between Russia's Rosatom and Vietnam's state-owned EVN, aims to address Vietnam's increasing industrial power demands. Though details remain undisclosed, the deal marks a strategic step toward diversifying Vietnam's energy sources. Additionally, Russia agreed to transfer a maritime research vessel to Vietnam, and both nations signed agreements to enhance collaboration in the digital economy and wireless communications. Despite ongoing U.S. sanctions against Rosatom's subsidiaries, which have complicated financial transactions, Vietnam and Russia continue to expand cooperation in critical sectors such as energy and defense, reinforcing their long-standing strategic relationship.³³

Vietnam and Japan Deepen Defence Cooperation

On February 10, 2025, Vietnam and Japan held their 11th Defence Policy Dialogue in Fukuoka, Japan, co-chaired by Deputy Minister of National Defence Sen. Lieut. Gen. Hoang Xuan Chien and Japan's Vice Minister of Defence Kano Koji. Both sides reaffirmed their commitment to peace, stability, and adherence to international law, emphasizing UNCLOS 1982 in resolving regional disputes, particularly in the East Sea. Discussions highlighted progress in bilateral defence ties, including military training, UN peacekeeping, war legacy remediation, and humanitarian assistance. Chien urged Japan to expand training opportunities for Vietnamese

³¹“Mishustin Begins Vietnam Visit to Foster Comprehensive Strategic Partnership,” Voice of Vietnam, February 1, 2025, <https://english.vov.vn/en/politics/diplomacy/mishustin-begins-vietnam-visit-to-foster-comprehensive-strategic-partnership-post1148504.vov>.

³² Ibid.

³³Francesco Guarascio and Thinh Nguyen, “Vietnam Signs Nuclear Cooperation Deal With Russia's Rosatom,” Reuters, January 14, 2025, https://www.reuters.com/business/energy/vietnam-signs-nuclear-cooperation-deal-with-russias-rosatom-2025-01-14/?utm_source=chatgpt.com.

officers and continue supporting Vietnam's post-war recovery efforts, while both leaders committed to deepening ASEAN-led multilateral security cooperation. The dialogue concluded with an invitation for Japan to visit Vietnam for the 12th edition and a signed agreement to advance defence collaboration further.³⁴

Vietnam, Cambodia, and Laos Deepen Strategic Cooperation

On February 22, 2025, General Secretary Tô Lâm met with Cambodian Senate President Hun Sen and Lao President Thongloun Sisoulith in Ho Chi Minh City, alongside their respective prime ministers. They reaffirmed political trust, security cooperation, and economic integration, prioritizing trade, transport, and tourism. The leaders agreed to enhance youth awareness, strengthen defense ties, and improve information sharing to address security challenges. They also pledged to expand cultural, educational, and scientific collaboration while optimizing regional stability and growth cooperation mechanisms. Hun Sen and Sisoulith congratulated Vietnam on its upcoming Reunification Anniversary and National Day.³⁵

New Zealand PM Luxon Concludes Vietnam Visit, Strengthening Bilateral Ties

On February 28, 2025, New Zealand Prime Minister Christopher Luxon concluded his three-day state visit to Vietnam, which included his participation in the ASEAN Future Forum. In his speech, Luxon emphasized ASEAN's significance to New Zealand and addressed key global challenges. During his visit, Luxon paid tribute to President Ho Chi Minh, laying a wreath at the Heroes and Martyrs' Monument in Hanoi. He also met with Prime Minister Pham Minh Chinh, Party General Secretary Tô Lâm, State President Luong Cuong, and National Assembly Chairman Tran Thanh Man. These discussions led to an agreement to elevate bilateral relations to a Comprehensive Strategic Partnership, marking the 50th anniversary of diplomatic ties between Vietnam and New Zealand.³⁶

Luxon also visited the Temple of Literature and engaged with students at Foreign Trade University, where he reaffirmed New Zealand's scholarship opportunities for Vietnamese students. Later, in Ho Chi Minh City, he met with local officials, including Chairman Nguyen

³⁴ "Vietnam, Japan Hold 11th Defence Policy Dialogue," Nhan Dan Online, February 11, 2025, <https://en.nhandan.vn/vietnam-japan-hold-11th-defence-policy-dialogue-post144069.html>.

³⁵ "Việt Nam, Laos, Cambodia Fortify Ties in New Development Phase," Viet Nam News, February 22, 2025, <https://vietnamnews.vn/politics-laws/1692671/viet-nam-laos-cambodia-fortify-ties-in-new-development-phase.html>.

³⁶ "New Zealand PM Wraps up Vietnam Visit," Vietnam+, February 28, 2025, <https://en.vietnamplus.vn/new-zealand-pm-wraps-up-vietnam-visit-post310771.vnp>.

Van Duoc, to further discuss cooperation. His visit underscored growing strategic trust and deeper collaboration between the two nations, setting the stage for a stronger and more forward-looking bilateral relationship in the years ahead.³⁷

Vietnam, Indonesia Strengthen Ties with Comprehensive Strategic Partnership

On March 11, 2025, Party General Secretary Tô Lâm met with Speaker of the Indonesian People's Representative Council Puan Maharani in Jakarta during his state visit to mark the 70th anniversary of Vietnam-Indonesia diplomatic relations. Maharani praised Vietnam's economic progress and stability under Đổi Mới (Renewal) and reaffirmed Indonesia's commitment to strengthening bilateral cooperation.³⁸

Both leaders emphasized the importance of Vietnam-Indonesia relations within ASEAN, agreeing to expand collaboration between political parties, governments, parliaments, and local communities. They set a target to increase bilateral trade to USD 18 billion by 2028 and enhance parliamentary cooperation, regular high-level exchanges, and experience-sharing through friendship groups. The leaders also underscored strong legislative ties, calling for deeper coordination at regional and international parliamentary forums. Lâm invited Maharani to visit Vietnam for further parliamentary discussions, an offer she accepted, reinforcing the commitment to long-term bilateral cooperation.³⁹

Vietnam and China Advance Smart Border and Cross-Border Tourism

On March 11, 2025, leaders of Mong Cai (Vietnam) and Dongxing (China) agreed to transform their international border gate into a smart border gate pair, aiming to streamline trade and cross-border connectivity. Both sides committed to developing a cross-border economic cooperation zone, enhancing sectoral collaboration at Hai Yen Industrial Park and Van Ninh International Port, and advancing key transport projects, including an international railway line, Bac Luan III Bridge, and an auxiliary rough steel bridge. They also agreed to promote cross-border tourism, introducing self-driving tours, one-day trips, cycling events, and cultural exchanges to celebrate the 10th anniversary of their friendship. The meeting concluded with the signing of a Memorandum of Understanding (MoU) between Mong Cai and Dongxing city

³⁷Ibid.

³⁸ “Việt Nam, Indonesia Agree to Push Bilateral Trade to US\$18 Billion by 2028,” Viet Nam News, March 11, 2025, <https://vietnamnews.vn/politics-laws/1693647/viet-nam-indonesia-agree-to-push-bilateral-trade-to-us-18-billion-by-2028.html>.

³⁹ Ibid.

leaders, establishing a cooperation mechanism to study and implement the smart border gate project, fostering deeper economic and cultural ties between the two cities.⁴⁰

Vietnam Seeks EDF's Support for Clean and Nuclear Energy Expansion

On March 13, 2025, Prime Minister Phạm Minh Chính urged EDF to expand green and nuclear energy investments in Vietnam, citing a 12-16% annual rise in electricity demand driven by economic growth and emerging technologies. EDF, already involved in Phú Mỹ 2 and Sơn Mỹ 1 power plants, expressed interest in renewables and nuclear projects. PM Chính confirmed Vietnam's revival of Ninh Thuận 1 & 2 nuclear plants, prioritizing partners committed to technology transfer and investment. He called on France and EDF to support policy development, financing, and human resource training to advance Vietnam's energy transition.⁴¹

Conclusion

The first quarter of 2025 demonstrated Vietnam's commitment to economic growth, governance reform, and international engagement. Domestically, the government's restructuring efforts and economic policies to enhance efficiency, attract investment, and foster innovation reflect its determination to sustain long-term development. While trade fluctuations and global economic uncertainties remain, Vietnam continues implementing strategic measures to mitigate risks and drive progress in key sectors, including digital transformation, renewable energy, and high-tech manufacturing.

On the international stage, Vietnam's diplomatic engagements reinforced its role as a proactive and responsible regional player. Strengthening ties with ASEAN partners, expanding economic cooperation with key global investors, and deepening defense and security collaborations highlight the country's strategic vision for balanced foreign relations. Vietnam's ability to adapt to evolving geopolitical and economic landscapes will be crucial in maintaining its growth momentum and reinforcing its leadership position in the region.

⁴⁰ Quang Ninh, "Vietnamese, Chinese Cities to Build Smart Border Gate Pair," *Vietnam+*, March 12, 2025, <https://en.vietnamplus.vn/vietnamese-chinese-cities-to-build-smart-border-gate-pair-post311399.vnp>.

⁴¹ "Việt Nam Seeks French Support for Nuclear Energy Development," *Viet Nam News*, March 12, 2025, <https://vietnamnews.vn/politics-laws/1693784/viet-nam-seeks-french-support-for-nuclear-energy-development.html>.



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