ASAN

INTERNATIONAL SECURITY OUTLOOK

2025

# Renewal

THE ASAN INSTITUTE FOR POLICY STUDIES

December 2024

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Translations were provided by the Ewha Research Institute for Translation Studies. Editing and proofreading were done by Ms. Kim Suhyeon, Ms. Lim Jeonghee, Ms. Song Ji Eun, Mr. Kang Seokchan, and Dr. Peter K. Lee.

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# Foreword

The reshaping of the world order since the 2010s exhibits diverse characteristics that cannot be distilled into a single overarching theme, as it involves both competition among dominant powers and various responses by regional powers. While some define the current era as a "New Cold War," others describe it as an unpredictable phase of "turbulence." Alongside traditional security issues, there is also growing recognition of new and economic security challenges, such as climate change, infectious diseases, and the stability of supply chains. Over the past decade, the international order has shown a complex interplay of numerous factors, making its future trajectory increasingly difficult to predict.

Nonetheless, from any perspective on international affairs, certain common elements remain apparent: major powers either strive to maintain an international order centered on themselves or attempt to establish a new one; authoritative mechanisms for international coordination are lacking; and many countries face dilemmas in making complex, high-stakes decisions. It is therefore crucial to analyze these features systematically to understand both the current and emerging global landscape.

Since 2015, the Asan Institute for Policy Studies has selected overarching themes for its *Asan International Security Outlook* to examine developments in the international order, which can be challenging to interpret or evaluate. Past themes include: Strategic Distrust (2015), New Normal (2016), Reset? (2017), Illiberal International Order (2018), Korea's Choice (2019), Neo Geopolitics (2020), Era of Chaos (2021), Rebuilding (2022), Complex Competition (2023), and Coalition Building (2024). While each theme highlights distinct keywords, together they reflect the Institute's concerted efforts to adopt a multifaceted and comprehensive perspective on the evolving international order, its implications, and the strategies that individual countries and regions employ in response.

The 2025 theme, "Renewal," continues this ongoing focus. Dominant powers such as the United States, China, and Russia have actively pursued coalition-building to shape an international order aligned with their respective ideals. This endeavor has led to the creation of new multilateral and minilateral cooperative frameworks, such as the Quad, AUKUS, and BRICS, alongside traditional bilateral and multilateral relationships. Meanwhile, competition among these dominant powers has become intertwined with regional interests, sparking conflicts and disputes—including Russia's invasion of Ukraine and the subsequent war, the Israel-Hamas war, and tensions in the Taiwan Strait. At the same time, these powers have sought managed compromises to prevent their rivalries from escalating into a global conflict. A notable example is the agreement reached at the U.S.-China summit held in San Francisco in November 2023.

Reflecting on 2024, it is clear that none of the dominant powers achieved outcomes they found fully satisfactory. The United States continued its support for Ukraine yet could not secure a decisive advantage in the war, experienced friction with its longstanding ally Israel in the Middle East, and failed to outmaneuver China and Russia. Russia made some gains in its war against Ukraine despite strong resistance; however, the conflict further fueled anti-Russian sentiment throughout Europe. China, meanwhile, struggled to prevent Taiwan from edging closer to independence and faced challenges in positioning itself as an alternative force for a new international order—further complicated by a strained alliance with North Korea. Efforts by China and Russia to use the BRICS framework to court the Global South also failed to yield significant results.

Looking ahead to 2025, these dominant powers are expected to introduce new strategies and policies to address their challenges and reshape global politics. With the inauguration of the second Trump administration, the United States is likely to reaffirm the Make America Great Again (MAGA) agenda. In response, China is expected to implement countermeasures aimed at undermining U.S. global leadership and capitalizing on any resulting power vacuums. Russia will leverage its closer ties with North Korea—strengthened since 2024—to position itself as a key pillar in a multipolar international order. The theme of "Renewal" thus encapsulates the moves and interactions of these dominant powers, as well as other nations, during this pivotal period.

The strategic landscape in 2025 presents a wide range of questions and concerns. On the Korean Peninsula and throughout Northeast Asia, countless strategic calculations will intersect or clash, resulting in diverse outcomes. The second Trump administration in the United States is expected to emphasize "deal-making" within its alliances, while China may attempt to exploit South Korea as the "weak link" in ROK-U.S.-Japan security cooperation. Simultaneously, North Korea and Russia could use their strengthened ties to heighten nuclear threats against South Korea and expand their influence on the Korean Peninsula and in Northeast Asia. As these dynamics converge, South Korea's security environment is likely to become even more complex and challenging.

This report reflects the Asan Institute's comprehensive efforts to forecast the international security landscape in 2025 and to offer guidance on how South Korea can respond effectively to these developments. We hope that it will serve as a valuable resource for further analyses of the Korean Peninsula, Northeast Asia, and the broader international order in 2025. Lastly, I extend my sincere gratitude to the Asan Institute's researchers and external contributors for their dedication in producing this publication.

**Dr. YOON Young-kwan**
**Chairman, The Asan Institute for Policy Studies**

# 1. Introduction: Competing Ideas of "Renewal"

Dr. CHOI Kang | President
The Asan Institute for Policy Studies

## 2024 in Review: The Growing Dilemmas for Dominant Powers

Throughout 2024, dominant powers such as the United States, China, and Russia either sought to uphold or establish an international order centered on themselves. To this end, they vigorously engaged in coalition building to expand their influence, while other countries that were caught in this strategic competition actively pursued survival strategies of their own. The United States continued the diverse coalition-building initiatives pursued in 2023 into 2024, aiming to diminish the influence of rivals such as China and Russia. This approach was clearly reflected in the atmosphere of the North Atlantic Treaty Organization (NATO) Summit, held in Washington, D.C., from July 9 to 11, 2024. During his address at the summit, U.S. President Joe Biden underscored that NATO fundamentally embodies "democratic values." He criticized authoritarian regimes for attempting to overthrow the international order that has endured for more than 80 years, citing Russia's invasion of Ukraine as a prominent example of such efforts.[1]

Figure 1.1. 2024 NATO Summit (top) and IP4 Leaders' Meeting (bottom)


1. "Remarks by President Biden on the 75th Anniversary of the North Atlantic Treaty Organization Alliance," *The White House*, July 9, 2024.


Source: NATO (top), Yonhap News (bottom).

The 2024 NATO Washington Summit Declaration further reflected this U.S. perspective. The declaration identified China as a "decisive enabler" of Russia's war in Ukraine and condemned the military support provided to Russia by Iran and North Korea. It also strongly criticized North Korea's provision of artillery shells and ballistic missiles to Russia.[2] Despite China's ostensible stance as a mediator, the Declaration revealed a shared perception that China is in alignment with Russia, alongside authoritarian regimes such as North Korea and Iran. The summit was attended by the alliance's 32 member countries as a demonstration of solidarity against authoritarianism and included the leaders of Finland and Sweden, who were admitted to NATO in 2023 and 2024, respectively, following Russia's invasion of Ukraine. Furthermore, South Korea, Japan, Australia, and New Zealand—the Indo-Pacific Four (IP4) partner countries—were invited to the NATO Summit for the third consecutive year, following their participation in 2022 and 2023. This reflects the growing foundation for cooperation between NATO and U.S. allies and partners in the Indo-Pacific region, fostering collaboration that

2. For details of the 2024 NATO Washington Summit Declaration, refer to the "Washington Summit Declaration Issued by the NATO Heads of State and Government Participating in the Meeting of the North Atlantic Council in Washington, D.C. 10 July 2024," *NATO*, July 10, 2024.

transcends geographic boundaries to address broader geopolitical challenges.

The United States continued to strengthen its network of alliances and partnerships in the Indo-Pacific region throughout 2024. On April 11, the U.S.-Japan-Philippines trilateral leaders' summit was held, laying the groundwork for expanding minilateral cooperation beyond traditional bilateral frameworks. Additionally, the United States agreed to Japan's participation in AUKUS Pillar 2, further enhancing linkages among existing minilateral initiatives. The United States also held the Quadrilateral Security Dialogue (Quad) Summit to reaffirm solidarity among its member countries in a partnership now regarded as the starting point of minilateral cooperation in the Indo-Pacific region. Furthermore, as part of efforts to ensure the seamless implementation of the Camp David Declaration between the Republic of Korea, the United States, and Japan, a trilateral defense ministers' meeting was convened in July.

These U.S. efforts aimed to move beyond the traditional hub-and-spokes alliance system[3] in the Indo-Pacific region by fostering interconnected relationships among allied countries in a more "lattice-like" alliance, thereby enabling allies to enhance security cohesion with reduced U.S. involvement or even in its absence. In the Middle East, the United States worked to counter anti-American and pro-Iranian forces by leveraging the Abraham Accords, which aim to promote cooperation between Israel and pro-U.S. Arab countries. These efforts achieved some notable successes. A prime example occurred in April 2024, when Iran launched its first drone and missile attack on Israel. In response, Saudi Arabia, the United Arab Emirates, and Jordan swiftly collaborated with Israel under the United States Central Command (CENTCOM) Integrated Air and Missile Defense (IAMD) system. These countries quickly shared radar tracking data on missiles originating from Iran and granted Israeli fighter jets access to their airspace to carry out counterattacks.

China and Russia also persistently worked to rally friendly forces. In May, Russian President Vladimir Putin, shortly after beginning his fifth term, made a state visit to China and met with Chinese President Xi Jinping at a summit. During the meeting, the two leaders agreed to deepen the strategic partnership between their countries. In a joint statement, they expressed serious concerns over the "attempts of the United

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3. This system refers to a structure in which various bilateral relationships (alliances) are interconnected with the United States at the center, serving as the hub. Without this hub, the spokes lose their functionality. In other words, if the United States, the critical connecting link, is removed, the relationships between its allies tend to become distant or lose cohesion.

States to disrupt the strategic security balance in the region,"[4] specifically referencing the issues of Ukraine and Taiwan. This statement underscored the shared objective of "countering the United States," signaling that China and Russia would continue to align their efforts in pursuit of this common goal.

Putin and Xi Jinping met again in July at the Shanghai Cooperation Organization (SCO) Plus meeting held in Kazakhstan, where they agreed on the importance of "jointly safeguarding the legitimate rights and interests of both countries while upholding the fundamental norms of international relations"[5] and reaffirmed their commitment to mutual cooperation in countering the influence of the United States and Western powers. In his address, Xi Jinping emphasized that the SCO should advocate for an "equal and orderly multipolar world," highlighting its role as a counterbalance to the U.S.-led international order.[6]

**Figure 1.2. 2024 SCO Summit**


Source: Yonhap News.

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4. "Xi, Putin Pledge to Deepen Strategic Ties at Beijing Talks," *VOA*, May 16, 2024.
5. "Shanghai Cooperation Organization Playing an [Anti-Western Bloc] Role…Led by China and Russia," *Yonhap News*, July 4, 2024. The joining of Belarus, a supporter of Russia in the Ukraine war, further highlighted the SCO's purpose as a counterbalance to the U.S. and Western powers.
6. "Xi Jinping Attends the [Shanghai Cooperation Organization Plus] Meeting in Astana and Makes an Important Statement," *Ministry of Foreign Affairs the People's Republic of China*, July 4, 2024.

In 2024, China emphasized its identity as part of the Global South and actively sought to engage with countries within this bloc. Alongside Russia, China took a leading role in BRICS[7] cooperation meetings, aiming to expand its influence among Global South countries and promote international opinions that diverge from those of the United States and Western powers. China's provision of large-scale humanitarian and development aid to Middle Eastern and African nations in 2024 can also be interpreted as part of this broader strategy. Meanwhile, Russia, under Putin's renewed leadership, intensified its advocacy for a multipolar international order and deepened its ties with Iran and North Korea by leveraging the support they provided during the Ukraine war. A notable milestone was the signing of the new DPRK-Russia Treaty on Comprehensive Strategic Partnership(hereafter, "The New DPRK-Russia Treaty") in June 2024, which elevated their relationship to unprecedented levels. Building on this partnership, Russia successfully secured North Korea's involvement in support of its war against Ukraine.

However, despite their active coalition-building efforts, dominant powers such as the United States, China, and Russia demonstrated limits and a lack of decisive leadership. They struggled to assert dominance in reshaping the international order and faced challenges in maintaining guaranteed influence over their allies and partner nations. For instance, despite the United States' continued support for Ukraine, the situation on the frontlines showed little significant improvement. Moreover, disagreements emerged between President Biden and Ukrainian President Volodymyr Zelensky over the extent of U.S. assistance to Ukraine.[8] The Israel-Hamas war exhibited a similar dynamic. Israeli Prime Minister Benjamin Netanyahu frequently clashed with the Biden administration over Israeli operations in the Gaza Strip or ceasefire negotiations with Hamas, at times undertaking unilateral operations without coordinating with the United States.[9] This

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7. The term refers to emerging economies and was initially used to collectively describe Brazil, Russia, India, and China (BRICs). With the subsequent inclusion of South Africa, the BRICS framework was established. As the group evolved into a cooperative organization, the framework was joined by additional countries, including Iran, the United Arab Emirates, Egypt, and Ethiopia.
8. "Mutual Frustrations Arise in U.S.-Ukraine Alliance: Ukrainian Officials Are Disheartened About Stalled Aid. The Pentagon Wants Kyiv to Heed Its Advice on How to Fight," *The New York Times*, March 7, 2024; "Zelensky, amid Urgent Appeal to Biden, Confronts U.S. Partisan Split," *The Washington Post*, September 26, 2024.
9. "Biden Tells Israel's Netanyahu Future US Support for War Depends on New Steps to Protect Civilians," *AP News*, April 5, 2024; "Biden Administration Strongly Denies Netanyahu's Claim US Is Blocking Arms Shipments Amid War With Hamas," *ABC News*, June 20, 2024; "How Netanyahu Shattered Biden's Middle East Hopes," *The Washington Post*, October 9, 2024.

appeared to demonstrate a weakness on the part of the United States in which it seemed unable to easily assert its voice in relation to its allies and military aid recipients, and as a result, the wars did not shift in favor of the United States. Consequently, the Ukraine war has dragged on for more than two years while the political landscape in the Middle East likewise remains volatile.

China and Russia, however, have also shown limited leadership and influence. While these two countries sought to leverage the BRICS meetings as an opportunity to expand their own spheres of influence, their efforts to broaden the BRICS network by including a number of friendly nations, such as Cuba, Venezuela, Syria, and Belarus, proved unsuccessful both in 2023 and 2024. As a result, the joint statement issued at the 2024 BRICS Summit did not contain any explicitly anti-American, anti-G7, or anti-Western messages, other than the principle of developing equal and reciprocal relations among the member states. Despite the overall upturn in its military position in Ukraine, Russia has failed to significantly expand its occupied territories, and in August, even allowed Ukraine to launch a surprise incursion into Kursk. Meanwhile, China has also not made any discernible gains in exploiting the U.S. leadership void.

Throughout 2024, neither the NATO members and U.S. allies and partners, nor the forces backing China and Russia demonstrated clear solidarity among themselves. The Global South also showed a wide variety of complex intersecting calculations among the individual member states rather than pursuing a clear path as an independent force. India was a prime example of this, as it effectively abstained from joining the economic sanctions against Russia, while guarding against the potential for the BRICS to turn into an anti-Western coalition, and increasingly cooperating with the United States through the Quad.

The situation throughout 2024 indicates that the existing policy of refraining from direct conflict yet maintaining a confrontational stance is not satisfactory for anyone. The longer the wars in Ukraine and the Middle East persist, the greater the political and military strain will be on the dominant powers that are involved directly and indirectly, while regions such as Taiwan could emerge as new conflict zones at any time. The desire of regimes such as North Korea to capitalize on the confrontation among the dominant powers by labeling it as a “New Cold War” is also growing, which could lead to further confrontations among them. This has already become a reality with the strengthened ties between North Korea and Russia in the second half of 2024.

The domestic situations of major economies also cannot be characterized as optimistic. China was expected to achieve its annual growth target of approximately 5% as set during its Two Sessions in 2024. There is widespread pessimism, however, about the country’s economy. In the case of Russia, though it has been effectively enduring the impact of the Ukraine war, questions are mounting as to whether its resilience is sustainable. In the United States, the assessment of its domestic situation is also divided between hopes for a soft landing and concerns over a sharp recession, which contributed to the victory of Republican candidate Donald Trump in the U.S. presidential election on November 5.

## 2025 Outlook: "Renewal" for Most, "Renovation" for Some

In 2025, the dominant powers will compete to seek "renewal" to change the status quo which will in turn prompt the renewal of foreign policy strategies by other countries. The keyword here is "renewal," which refers to adopting a more proactive and offensive strategy to secure a decisive advantage over an adversary without necessarily exacerbating or resolving the conflict. Renewal does not necessarily involve the pursuit of an entirely divergent path different from the current policy or strategy but instead refers to the continuation of policies that have been promoted from the past to the present by employing both existing and alternative methods and tools under changed circumstances. It implies shifts in methods and approaches rather than a structural overhaul. In the process of renewal, the international economic order may undergo "renovation" in which decoupling and balancing are emphasized over cooperation. However, the overall international and regional orders are expected to remain fundamentally unchanged, and the diverse renewal strategies pursued by countries are projected to clash or counterbalance each other, leading to a range of contentious issues in 2025.

Several strategic options are available to countries, including dominant powers, as they attempt to make new policy adjustments: rebuilding, renovation, renewal, and repair & maintenance (Table 1.1). "Renewal" seeks to make more modest changes than rebuilding or renovation of an existing order but requires a greater degree of change than a repair and maintenance strategy. "Rebuilding" is the most drastic change, referring to the reconstruction of an existing system following its complete collapse. It includes strategies or policy shifts resulting from all-out conflict such as war or the acceptance of a humiliating peace. "Renovation," which occurs at a lower level than rebuilding, represents a significant shift in strategies in order to dramatically strengthen a nation's power and ensure a clear dominance over adversaries while maintaining the framework of existing strategic competition among dominant powers. "Repair and maintenance," which involves narrower shifts compared to renewal, refers to maintaining current strategies with small, situation-specific adjustments in response to emerging needs.

Table 1.1. Operational Definitions of Approaches to Reshaping the International Order

| | Rebuilding | Renovation | Renewal | Repair and Maintenance |
|---|---|---|---|---|
| **State level** | Fundamental shifts in the perception of existing international relations and national interests | Comprehensive and simultaneous shifts in previous policies both at superficial and substantive levels | Partial substantive shifts under comprehensive superficial shifts | Continue prior policies |
| **International order** | Complete collapse of the existing system (hegemony or coexistence) and pursuit of a new system | Replace rivals or change in relations | Secure decisive advantage while maintaining current system | Maintain current system |
| **Conflict among dominant powers** | War, surrender, or peace | Escalation of conflict or concessions | Strengthen strategic clarity | Maintain current strategy |
| **Reshaping supply chains** | Establish a new system | Decoupling or return to interdependence | Maintain or enhance de-risking with selective decoupling | Maintain current strategy |
| **Regional disputes** | Seek clear wins and losses across all regions | Strategic shifts based on regional or issue-specific prioritization | Clearer commitment to specific sectors or regions | Maintain current strategy |
| **U.S. North Korea policy** | Overhaul friend or foe relationship | Accept North Korea's nuclear program and normalize relations | Seek dialogue or intensification of pressure | Strategic Patience 3.0 |

In the current context, the political and economic burdens of adopting a rebuilding strategy are too significant for dominant powers. Whether they choose war or a return to peace at the cost of capitulation, either option comes at the cost of abandoning the existing and familiar strategies. Economically, rebuilding involves the establishment of a new regime to replace the old one, which entails significant political and economic risks. But the mere repair and maintenance of strategies also has its limitations, as it has been tried constantly without much success throughout 2024. Renovation may also sound easy to proclaim politically, but complete realignment is costly when relations between countries are already highly interconnected. As such, it is clear that implementing a renovation policy would require either aligning with former adversaries or suddenly escalating conflict, which would lead to significant disruption. Therefore, even states seeking renovation will inevitably opt for a lesser degree of change. The choice for dominant powers is thus narrowed to renewal, which exerts greater strategic clarity.

These definitions of concepts such as renovation and renewal cannot be uniformly applied to all countries. For example, while the return of the Trump administration could potentially lead to a renovative shift in some aspects of U.S. foreign policy (trade and supply chain reshaping, for example), it is unlikely that its overall policies will completely shift in that direction. It is also unlikely that a renovative shift in the United States will lead to an equivalent renovative response from China or Russia. The second Trump administration promised policies based on renovation during the election campaign, but it is likely that its actual policies will be no more than at the level of renewal. In this sense, renewal should be seen as a reference point to explain the extent to which each country's strategies will change, rather than a fixed trend to describe the international situation in 2025.

If the Biden administration aimed for a more clear-cut renewal as part of its repair and maintenance strategy, the second Trump administration will pursue a renewal policy closer to renovation while still taking practical limitations into account. In its second term, the Trump administration is expected to prioritize domestic issues over restoring its leadership in foreign relations. By deploying trade measures such as tariffs, investment reviews, and supply chain decoupling, the administration will focus on bolstering domestic industries, a policy stance that would inevitably impact the U.S.-China strategic competition. During the campaign, Trump already pledged to impose a 60% tariff on Chinese imports, and since his election victory, he has announced a 25% tariff on goods from Canada and Mexico, as well as an additional 10% tariff on Chinese products. The United States is expected to use these measures as leverage to curb China's growth and weaken its fundamental capabilities, thus limiting its ability to engage globally. At the same time, the Trump administration will raise both psychological and physical barriers even with its allies and partners, emphasizing the need to fix illegal immigration and border security. Unlike the Biden administration, which advocated the defense of freedom and democracy, the Trump administration will focus on "America First" and "Make America Great Again (MAGA)," based on transactional deals and tangible benefits. In short, U.S. foreign policy in 2025, as the starting point for the second Trump administration, will aim to reframe and revitalize the strategies of Trump's first term (Trump 1.0) in a changed environment.

It would be difficult to surmise that the second Trump administration's policies will exclude values altogether. The first Trump administration adopted differentiated approaches towards authoritarian regimes, showing a favorable stance toward countries like Russia and North Korea while taking a hardline position against Middle Eastern states such as Iran. As seen in its 2017 human rights offensive campaign against North Korea, the Trump administration actively leveraged values-based issues if they served to exert pressure or achieve deals. This means that the Trump administration will pursue a strategy of renewal that may outwardly resemble renovation, but it will reinforce its own preferences and vernacular in comparison to the outgoing Biden administration's policies and focuses on maintaining U.S. global leadership at the expense of its allies and partners rather than the United States itself.

In this regard, U.S. interests in the Indo-Pacific region are expected to persist, but the United States is likely to implement a renewal policy once again under the America First foreign policy of the second Trump administration. On the security front, the United States will pursue a more assertive balancing policy against China to expand its presence in the Western Pacific. During this process, it will emphasize security burden- and role-sharing with its allies such as Japan, Australia, South Korea, and the Philippines, aiming to secure "escalation dominance."[10] While adopting a more cautious approach toward Taiwan, the United States is likely to take a flexible response, leveraging the Taiwan Policy Act of 2022,[11] which was submitted to the U.S. Congress in 2022.

China is aware of the bipartisan anti-China political sentiment and American

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10. "Escalation dominance" refers to the ability to secure an advantage over an opponent by acquiring the ability to manipulate the escalation ladder in a conflict or amid tensions. This is often derived from a superior strategic strike capability over the adversary.
11. This bill included a number of provisions aimed at improving Taiwan's international recognition. It would also have allowed the United States to intervene in Taiwanese affairs, including by providing arms to Taiwan.

animosity towards China. Recognizing that the U.S. policy of balancing and pressure against China is likely to continue, Beijing is expected to renew its posture to respond to the U.S.-China strategic competition. At the same time, expecting that the cohesion of the anti-China coalition promoted by the Biden administration will be weakened due to the dissatisfaction and distrust of U.S. allies and partners toward the foreign policy of the second Trump administration, China will emphasize free trade, economic growth, and defense of the international order, presenting itself as an alternative force to the United States. Beijing is likely to prioritize negotiation over confrontation in the early years of the second Trump administration, as it will need to slow down or reduce the intensity of its confrontation with China as much as possible, given that China is implementing a massive stimulus program amidst downward pressure on its economy.

China will seek to create a conducive environment for U.S.-China negotiations by demonstrating support and willingness to cooperate on a Russia-Ukraine peace deal if the Trump administration seeks to end the war in Ukraine, purchasing large amounts of U.S. goods and services, or proposing a significant tariff hike on products that account for a small share of U.S. exports such as electric vehicles. It will also seek to weaken the anti-China coalition by deepening cooperation with developed countries within the region such as South Korea, Japan, and Australia. In the process, China is expected to intensify its conciliatory approach toward South Korea. Given the first Trump administration's tendency toward isolationism and selective engagement, the second Trump administration may not place much emphasis on the Global South compared to the Biden administration. This will in turn allow China to actively pursue economic exchanges and cooperation with the Global South.

China is expected to pursue a dual-track policy toward Russia and North Korea by maintaining its ties with Russia while distancing itself from North Korea in 2025. This approach reflects Beijing's forecast that if North Korea stages military provocations or deepens military ties with Russia, such as participating in the Ukraine war, to enhance its negotiating leverage with the United States post-election, it could drive regional countries like South Korea and Japan to further solidify their alliances with the United States. Such developments would hinder China's attempts to exploit fractures within U.S. alliances under the second Trump administration's "America First" policy. Thus, in 2025, China will rhetorically defend North Korea's security concerns in the international community, but it also will apply pressure on Pyongyang by taking measures such as further reducing high-level exchanges and repatriating North Korean workers in China.

In 2025, Russia is expected to concentrate its diplomatic efforts on establishing a multipolar international order and securing a central position within it. In addition, with the looming February 2026 expiration of the U.S.-Russia New Strategic Arms Reduction Treaty (New START), it is likely to engage in a nuclear arms race with the United States by leveraging the development and testing of strategic weapons. Above all, Moscow will attempt to create favorable conditions for a ceasefire or end to the Ukraine war by seeking to lower the threshold for the use of strategic weapons, as exemplified by the revision of its nuclear doctrine in November 2024, in its effort to secure an advantageous position in strategic arms negotiations with the United States. It will also devote its full efforts to achieving a favorable termination of the Ukraine war immediately after the inauguration of the second Trump administration, actively leveraging North Korea's support in weapons and troops. Furthermore, it will also continue its attempts to establish an international payment system for BRICS in 2025 as part of its challenge against the U.S. dollar-based global financial hegemony.

However, it remains uncertain whether Russia's own renewal strategy will prove to be effective. As much of its diplomatic resources have been allocated to the Ukraine war, it is doubtful whether Russia has sufficient resources left to invest in establishing a multipolar global order. While Russia is making considerable efforts to improve relations with the Global South, it faces a challenge in that many of these countries do not necessarily have strained relations with the West. As Russia previously leveraged Chechnya and Syria to expand its international influence, it is expected to actively make use of its relationship with North Korea and Iran in a pragmatic approach to increase its stake in the international order. Furthermore, by utilizing its ties with North Korea, it will likely seek to exert significant influence over diplomatic and security issues on the Korean Peninsula and in Northeast Asia.

As previously noted, other countries are also expected to respond to the renewal strategies of the dominant powers. North Korea is likely to carry out its own renewal strategies to declare the official beginning of the "New Era of Kim Jong Un," using the 80th anniversary of the Workers' Party of Korea in October 2025 and the 9th Party Congress in January 2026 as key opportunities. North Korea will aim to harness driving forces for its new era under Kim Jong Un through the following efforts: strengthening economic and military resources through closer ties with Russia; exploring the possibility of U.S.-North Korea negotiations with the inauguration of the second Trump administration; restructuring its ruling elite; securing opportunities to enhance agricultural and industrial production capacities; and rising public expectations for sanctions relief and resource inflow from Russia. However, an increase in casualties or deserters among the troops deployed to Russia's war in Ukraine could escalate into internal criticism of the regime. Furthermore, North Korea may face intense pressure from the international community regarding its accountability as a “co-belligerent” in the war. Should the Ukraine war enter a ceasefire or peace treaty phase sooner than expected, North Korea may risk failing to receive adequate compensation from Russia.

Kim Jong Un’s stance of rejecting reunification with South Korea could also paradoxically undermine his political legitimacy founded on the notion of the “Baekdu bloodline.” Furthermore, the effectiveness of Kim’s regional industrial development policy is questionable, and in a situation where the government can no longer completely block the inflow of external information, ideological control over the population may become increasingly difficult. These factors could serve as significant sources of instability in North Korea. In terms of its foreign relations, North Korea is expected to attempt a renewal by making use of bilateral negotiations and closer ties with the United States, Russia, and China to maximize its strategic value. However, it remains uncertain whether North Korea can remain unaffected by the variables arising from U.S.-Russia, U.S.-China, and China-Russia relations. In the meantime, North Korea is likely to engage in frequent provocations, using them as opportunities to reinforce its presence on the global stage.

In 2025, Japan is expected to face various opportunities and challenges amidst unstable domestic politics. The House of Councillors election, scheduled for the summer, will serve as a key political event that will determine the continuation of the Ishiba administration. Depending on the election results, Japan may experience its first regime change between the incumbent and opposition parties since 2009. To prevent this, the Ishiba government will need to address domestic issues, particularly public distrust stemming from political funding scandals that have lasted since late 2022. Regarding foreign relations, Japan will have to work on building trust between the leaders of the United States and Japan, as well as maintaining stable relations with China. Regarding South Korea, Japan is likely to continue the current trend of improving bilateral relations to mark the 60th anniversary of the normalization of diplomatic ties in 2025. However, there will remain issues that require management, such as the underwater continental shelf and Sado mine issues.

In 2025, renewal will also be an important task for Southeast Asia. The inauguration of the second Trump administration is expected to lead to indifference toward the region, which will weaken the principle of “ASEAN Centrality” pursued by the Association of Southeast Asian Nations (ASEAN), thereby posing a risk for the member countries. Meanwhile, China is likely to observe U.S. foreign policy and approach to Southeast Asia for the time being, meaning that it is unlikely to fill the void left by the United States. Conversely, ASEAN is projected to become more dynamic compared to 2024, as Malaysia, a regional player adept at strategic hedging, will assume the next chair of the organization. Over the past two years, Malaysia has grown noticeably closer to China and Russia, and in 2024, it even applied for BRICS membership. These moves by Malaysia are expected to influence the actions of other influential ASEAN member states, such as the Philippines, Singapore, Thailand, and Vietnam, which will successively take on the ASEAN chairmanship after Malaysia. Nevertheless, there is no consensus as yet regarding possible solutions to unresolved issues like the conflict in Myanmar on which member countries have differing stances. While renewal is necessary, the absence of a clear direction is likely to characterize ASEAN in 2025.

The most concerning aspect of European political trends in 2025 is the potential absence of unifying leadership capable of driving renewal. A particularly notable phenomenon, as seen in 2024, is the rise of far-right forces across Europe and weakening leadership in France and Germany. To overcome the global shocks anticipated from the return of the Trump administration and the divisions and conflicts fueled by the far-right's growing influence, Europe will need strong, integrated leadership to secure its position as a geopolitical actor, and to this end, achieve strategic autonomy. However, the weakening leadership in France and Germany, Europe's leading powers, will cast uncertainty over the region's future prospects. Following her successful reappointment in July 2024, President of the European Commission Ursula von der Leyen faces the critical task of filling the leadership void while steering the ship at the helm of Europe through turbulent diplomatic waters. There is keen interest in whether she can demonstrate the leadership needed to unite Europe in a single direction or whether a new leadership structure will emerge. Under the second Trump administration, the relationship between the United States and Europe is unlikely to remain as it once was. If the trend of U.S. tariff hikes continues, Europe may also turn toward protectionism, and under the second Trump administration's "America First" policies, it is possible that European countries may fundamentally reassess their alliance with the United States. In other words, this could significantly heighten Europe's motivation to pursue the strategic autonomy it has long aimed for. In particular, policies emphasizing economic security, technological sovereignty, economic growth, and strengthening the European Union's (EU) own defense capabilities are anticipated to gain momentum.

In the Middle East, with the inauguration of the second Trump administration, which is known for its pro-Israel stance, Israeli Prime Minister Netanyahu is likely to promote hardline policies against Hamas, Hezbollah, and Iran. On the surface, it may appear that wars are winding down, reopening the possibility of detente between the Sunni Arab Gulf states and Israel. In particular, since Saudi Arabia and the United

Arab Emirates have been boldly pursuing economically pragmatic reforms, they have a pressing need to weaken Iran-backed militant groups and deepen cooperation with Israel and the United States. However, these countries are unlikely to confront Iran directly. Instead, they will focus on maintaining a neutral stance, avoiding the isolation of Russia or antagonizing China, while striving to enhance their own leverage. Faced with the collapse of Hamas and the potential disintegration of Hezbollah, which is Iran's most valuable strategic asset and the world's premier pro-Iran organization, Tehran is expected to avoid direct confrontation with Israel for the time being. Instead, it will likely adopt a strategy of stepping back and exercising strategic patience.

In the short term, Iran is projected to adopt a risk-avoidance strategy while focusing on strengthening Islamic resistance forces, reorganizing proxy groups within the "Axis of Resistance," and bolstering military cooperation with Russia. At the same time, Tehran will seek to reinforce the anti-U.S. coalition comprised of Iran, Russia, and China. However, Trumpism under the slogan of "Make America Great Again" is expected to provoke anti-U.S. sentiment in the Middle East and dissatisfaction among hardline Islamic factions due to the favorable U.S. Israel policy. As a result, instability within the region is likely to escalate further.

In consideration of all these factors, the following trends are expected to characterize international and regional politics in 2025.

### 1. More Dominant Power Deal-making, But Persistence of Unstable Leadership

There is a concern that enhanced unilateralism driven by dominant powers is likely to resurge as they embark on competitive renewal campaigns to establish regional and international orders favorable to themselves.[12] Pursuing its America First policy, the United States is likely to opt for trade practices centered on its own interests (raising tariffs and correcting trade imbalances), increasing the burden-sharing of its allies, and taking a passive stance on resolving various new security issues such as climate change responses that will have negative impacts on U.S. industries. Similarly, China and Russia will likely focus on their national interests, while exerting indirect pressure or retaliating against countries that prove uncooperative. Amid the weakening of traditional variables, such as the opinions of middle powers or the international community that

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12. The seemingly reemerging trend of unilateralism among dominant powers was already pointed out in the Asan Institute for Policy Studies' report for the 2021 global outlook. For details, see "Asan International Security Outlook 2021: Era of Chaos," *The Asan Institute for Policy Studies*, December 29, 2020, pp. 35-50.

once influenced the strategies and policies of dominant powers, power politics and deals driven by force among dominant powers are likely to become prevalent. Wars in Ukraine and the Middle East could see resolutions irrespective of the will of key parties like Ukraine or Hamas, and in the meantime, traditional values such as democracy, human rights, and a rules-based international order may diminish in their significance.

The problem is that, in this process, the international leadership and credibility of dominant powers could suffer damage without exception. The United States, which already saw weakened trust from its allies and partners during Trump's first term, may believe that a stronger America and increasing contributions from its allies will ultimately benefit everyone. However, it is doubtful whether this will lead to greater affinity toward the United States from other countries. Likewise, China may seek to exploit the leadership void left by the United States, but it will likely find it difficult to overcome the resistance from the international community with regard to the disparity between China's self-proclaimed principles of respect for sovereignty and its actual behavior in supporting Russia as demonstrated during the Ukraine war, as well as the prospect of rising unilateralism as it expands its influence. Russia may flaunt its presence in Europe in the event of a favorable termination of the Ukraine war. However, the experience of its unilateral invasion appears to be amplifying distrust and anxiety toward Russia not only in Europe but also in the near abroad, including Central Asia. Above all, through its closer ties with North Korea, Russia has violated the spirit of the United Nations (UN) Charter despite its status as a permanent member of the United Nations Security Council (UNSC). As such, it is doubtful whether it can truly become a pillar of the multipolar world order as it envisions.

As of yet, there is no clear alternative to fill this leadership void. The UN has failed to demonstrate the power to take action with authority or achieve solidarity among the member states in response to North Korea's nuclear development, the Ukraine War, and the Israel-Hamas war. Instead, it has been reduced to an arena for dominant power politics. The EU is also hardly exerting influence on issues beyond Europe, while the Global South has not shown a clear direction as a unified group. As all dominant powers focus solely on their own concerns and interests, the lack of accountability on global issues is likely to be one of the defining characteristics of 2025.

## 2. Deepening Strife Despite Superficial Resolution of Regional Conflicts

Major regional conflicts, such as the Ukraine war and the Israel-Hamas war, are expected to come to an end, at least superficially, in 2025. With the inauguration of the second Trump administration, discussions and negotiations will commence between the

United States and Russia regarding these issues. Unless there are significant changes on the frontlines in the remainder of 2024, ceasefire negotiations and peace talks will likely focus on the areas currently defended or occupied by each side. There may also be a deal involving a mutual exchange of certain portions between Russia's Kursk and Ukraine's Donbas regions. The Israel-Hamas war, in the short term, is expected to reach a lull or the initiation of peace treaty discussions, with anti-Israel armed groups in the Middle East rapidly weakening.

However, beneath the surface, the intensification of conflicts among the countries involved will be inevitable. If the United States under the second Trump administration becomes passive in strengthening NATO due to cost-sharing issues and deals with Russia, "Russophobia" among EU member states will intensify, and European countries concerned about Russia's expansion will pursue collective or individual military build-up efforts. The same also applies to the Middle East. Even if the regional order is reorganized around Israel, Iran's influence is diminished, and cooperation is revived between Israel and moderate Sunni countries based on the Abraham Accords, it may exacerbate extreme resistance against Israel in response. This may also lead to an increase in small-scale terrorist attempts. In other words, beneath the surface of short-term stability in the Middle East, seeds of greater conflict could grow.

The Indo-Pacific region will be no exception. While extreme conflict scenarios, such as speculation about a Chinese invasion of Taiwan, are unlikely to become a reality, China's armed demonstrations of force toward Taiwan could become bolder, and Russia may also attempt to assert its interests in the region through displays of military force. As a result, potential conflicts in the Indo-Pacific region will show no signs of resolution. Instead, rhetorical provocations and mutual balancing efforts are likely to intensify.

### 3. Accelerating Arms Build-up at the Regional and Global Level

In line with the competing renewal strategies of dominant powers, various types of arms races will become more pronounced in 2025. The second Trump administration will emphasize that the United States will no longer act as the world's policeman, but this does not mean that it will relinquish its hegemonic position. The second Trump administration will repeat the policies of its first term, such as strengthening U.S. military power, though refraining from the actual use of it and using it to engage in dealings with both competitors and allies alike. Other dominant powers will also set out to build up their military capabilities. As the second Trump administration demands that EU and NATO members strengthen their own defense posture, it is expected that Europe's build-up of conventional military forces will continue even after the end of the Russian invasion of Ukraine. In the Middle East, reorganization of the regional order centered on Israel, coupled with weakening U.S. intervention, will likely further intensify the military build-up in each Arab country. Amid the escalating U.S.-China strategic competition, China will also continue to strengthen its military power to put pressure on Taiwan, while solidifying the foundation of its anti-access/area-denial (A2/AD) strategy, such as naval power and long-range strike capabilities. Accordingly, U.S. allies and partners in the region will be required to secure corresponding capabilities in response.

The nuclear arms race could also spiral into its worst state since the Cold War. In 2024, as noted earlier, Russia revised its nuclear doctrine again to lower the threshold for nuclear use, China established plans to double its stockpile of nuclear weapons to 1,000 warheads, and North Korea likewise dedicated itself toward strengthening nuclear capabilities to increase its leverage. Under these circumstances, there are concerns that the threat of nuclear use posed by authoritarian regimes may become a commonplace occurrence. This could lead the United States to break with its strict adherence to the nuclear non-proliferation policy and continue to modernize its nuclear triad, consisting of intercontinental ballistic missiles (ICBMs), strategic bombers with nuclear bombs and missiles, and ballistic missile submarines, or perhaps even reinforce its nuclear arsenal. With the further acceleration of the competition for advanced technology, which carries as much significance to hegemonic rivalry as nuclear weapons, military confrontations in the fields of space and artificial intelligence (AI) will turn into an existential contest for the future of each country.

The winner of this arms race will be determined by whether each state and its alliances can succeed in the renewal of the defense supply chain. Dominant powers and their allies are expected to be committed to enhancing the standardization and interoperability of military science and technology and weapons systems, reinforcing their technological security systems against adversaries, and dominating the international defense industry market. The United States and the EU will initially focus on building their independent capabilities, but ultimately, they will adopt the renewal approach of expanding their defense supply chains, while pursuing effective liaison with their allies and partners, such as South Korea, Israel, and Japan. Similarly, Russia will cooperate with Iran and North Korea in the course of expanding its defense supply chain, which has reached its limits. In this process, through its incorporation into Russia's defense supply chain, North Korea will strive to obtain Russia's support and seek a new channel for arms exports as well.

Amid the balancing and military build-ups by each state, it is anticipated that countries will instead make concerted efforts in cyberspace. A case in point is the UN Convention against Cybercrime, designed to prevent and punish crimes in cyberspace.

In the process of promoting the convention, human rights organizations and global technology companies have expressed their concerns over its possible abuse as a state instrument for oppressing human rights. Russia and China have already expressed a positive stance on the convention. The United States and the United Kingdom expressed their support on November 11, 2024, despite opposition from domestic tech companies, human rights organizations, and even lawmakers. This raises the high likelihood of the convention being adopted by the UN General Assembly in 2025. Although it might take a considerable amount of time for the UN Convention against Cybercrime to be adopted and come into effect, as well as for a substantive global system to be established to counteract transnational cybercrimes through the convention, these endeavors will be regarded as a unique case of renewal, in which global-level cooperation functions effectively amidst competition among dominant powers.

## 4. North Korea Emerging as a Source of Global Instability

North Korea has already violated the nuclear non-proliferation regime by developing nuclear weapons and drew attention beyond the Korean Peninsula from across the region and the world by strengthening its nuclear capabilities. Since its sudden deployment of troops to Russia in 2024, the country has now emerged as a source of instability at a global level. North Korea's intervention in the Ukraine war indicates the possibility of its involvement in various conflicts beyond the Korean Peninsula, as well as its potential threat to other countries through its participation in acts of aggression by other authoritarian regimes.

**Figure 1.3. Photo Allegedly of North Korean Soldiers Deploying to Russia**

Source: Ukrainian Center for Strategic Communication and Information Security (SPRAVDI).

There are three major negative impacts that North Korea's involvement in support of Russia's invasion of Ukraine could have on global stability in the future. First, its threat to the international nuclear non-proliferation regime may become even more exacerbated. If North Korea uses its involvement in the Ukraine war to strike a "dangerous deal" with Russia and thus obtains technologies related to advanced nuclear capabilities, this may contribute to North Korea's efforts to solidify its status as a de-facto nuclear weapons state and trigger a domino effect of global nuclear proliferation. Second, should North Korea conclude that its deployment of troops in support of Russia's invasion of Ukraine could serve as a useful opportunity to gain economic resources, it is likely to expand its military intervention in various conflict areas by conspiring with authoritarian powers in the future. Starting from 2024, North Korea has already started cooperating with Russia on a bilateral defense supply chain, providing various ammunition and missiles for Russia. If North Korea, though not conducting a direct military intervention, serves as a production base for Russian weapons or a supplier of arms manufactured using Russian technology in the future, this could have an impact on the international arms trade market and fuel regional conflicts as well. The last and the most serious impact is that North Korea may attempt to stage provocations simultaneously both on the Korean Peninsula and at the regional level, leveraging its alignment with authoritarian regimes. While it is uncertain whether Russia or China would support such attempts, it should be also considered that North Korea may become more aggressive in its provocative actions, believing that its alignments have mitigated the risks of counterattacks or destruction caused by its provocations.

## 5. "Renovation" Changes in Economic Order

In the economic domain, "renovation" changes, which go beyond renewal, could occur at the global level. The return of the Trump administration in 2025 is expected to serve as a game-changer in terms of supply chains, exerting a significant impact on the economic security strategies of the United States and other countries as well. As mentioned earlier, the second Trump administration is expected to take a much stronger stance in containing China in the economic sector by attempting a policy shift toward a "bigger yard, higher fence"[13] strategy. This is driven by the need to focus on maintaining and expanding U.S. dominance in the advanced technology sector, rather than the heavy-handed option of complete economic decoupling with China. With regard to the reorganization of supply chains, this can likely accelerate "split-shoring," a mix of offshore production and manufacturing domestically or near-shore as a way to drive out competitors. Split-shoring, which differs from the existing supply chain strategies that focus on efficiency, will be expedited by major governments that become keenly aware of the need to respond to possible supply chain disturbances caused by increasing geographical uncertainty (competition from rival states). In addition, as the United States approaches the advanced technology contest from an economic security perspective, the scope of its exclusion of rivals from its technological innovation and industrial policies is likely to expand gradually. In response to this U.S. policy, other dominant powers will set out to upgrade the domestic innovation ecosystems to strengthen the competitiveness of their respective industries, while further reinforcing their practice of export control, tightened investment screening, and protection of technology patents in order to prevent the leakage of advanced technologies. In other words, decoupling could only intensify in the critical advanced industry sector.

The international trading system is also expected to undergo considerable changes. First, tensions between the United States and the World Trade Organization (WTO) could be further exacerbated, leading to a possible collapse of the multilateral trade order. In early 2025, the friction between the WTO and the Trump administration will come to the surface during the process of reappointing the Director General of the WTO. The WTO will strive again to revise the rules on subsidies, industrial policies, and digital services. On the other hand, the United States is highly likely to either disregard these efforts or, in an extreme case, threaten to withdraw as a way to exert pressure, posing the greatest crisis for the WTO since its establishment in 1995. Secondly, multilateral or regional agreements may weaken even further. As the United States is expected to withdraw from the Indo-Pacific Economic Framework for Prosperity (IPEF) under the second Trump administration, countries in the region will realize again the importance of existing trade agreements including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP).

Third, the United States is likely to renegotiate its existing bilateral agreements, targeting Mexico and Vietnam as key hubs for rerouting Chinese exports to the United States. In trade relations with South Korea, there is a possibility that a revision to the

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13. This term is a variation of the “small yard, high fence” strategy employed by the Biden administration. While the Biden administration opted for a strategy blocking China’s access to specific sectors including advanced science and technology, the second Trump administration would expand this measure to encompass traditional sectors, such as internal combustion engine cars, steel, aluminum, home appliances, and electricity, and raise the fence (regulations) higher. This measure is aimed at protecting U.S. workers in traditional industrial sectors.

Korea-U.S. FTA could come to the forefront. Fourth, climate-focused trade regulations and environmental, social, and governance (ESG) norms are likely to drift. The multilateral efforts to respond to climate change would lose momentum at a global level, with the United States re-withdrawing from the Paris Agreement. Fifth, the trade conflict between the United States and China will have a significantly negative impact on global GDP growth. Lastly, as far as the economic sector is concerned, cooperation among the Global South will be strengthened and its influence will further grow. In response, the expansion of the G7 could be discussed in earnest.

### 6. "Renewal" for an Anxious World

As each country's vision of renewal clashes in 2025, the world will become a more anxious place. Dominant powers may become complacent upon achieving short-term gains from their renewal strategies. However, their leadership will be damaged, and they are likely to fail to establish the minimum common ground in managing global and regional sources of instability, which will exacerbate security concerns among other countries. Even if regional conflicts enter into a phase of settlement, the resulting scars will remain formidable. A ceasefire or termination of the Ukraine war would ultimately create the perception that unilateral aggression or threats against other states can succeed. A temporary truce in the Middle East would also set a precedent where the degree of alignment with specific dominant powers carries greater weight than values or norms. This suggests that psychological pressure as an aspect of gray-zone conflicts could increase among countries, even though direct armed confrontations might decrease.

With unilateralism prevailing among dominant powers, the erosion of the international order as exemplified by the UN would further accelerate. In addition, as no state can be trusted as a reliable leader of the international order, each country will adopt a policy of self-reliance. However, given that such a policy is vulnerable to practices resulting from the power contests revolving around great powers, distrust will grow among countries. Despite rising calls to address common challenges facing humanity, such as emerging security issues, there will be limitations on translating such demands into substantial cooperation beyond mere symbolic gestures.

### 7. South Korea's Choices Grow in Importance

In the midst of the renewal contest among dominant powers, South Korea will be faced with an intensifying dilemma. South Korea must adapt to a more costly and perilous alliance era with the United States, in which it has to respond to U.S. pressure for burden sharing despite not receiving guaranteed security assurances in turn. In addition, South Korea has to cope with the targeting of weak links employed by China and Russia. In this regard, the year 2025, which marks the 80th anniversary of Korea's liberation and its division, as well as the 60th anniversary of ROK-Japan relations, will be more crucial for South Korea to make important choices and develop erudite strategies than ever before. First, South Korea should enhance strategic clarity in its relations with dominant powers and thereby demonstrate transparency in its medium-to-long-term trajectory. The country must also make it clear to neighboring countries that it is necessary for Korea to adopt foreign and security strategies based on the ROK-U.S. alliance, as opposed to the principle of balance. At the same time, it must consistently send the message that it has the ability and will to play a mediating role that prevents conflicts between dominant powers from developing into direct confrontations.

Second, South Korea needs to adjust to a more transactional approach of alliance bargaining, extracting benefits commensurate with deals. If the second Trump administration demands a significant increase in South Korea's share of defense costs, it needs to consider the demand positively and, in return, actively call for security assurance measures, such as redeploying tactical nuclear weapons in response to the North Korean nuclear threat. In addition, as illustrated by the closer ties between North Korea and Russia, North Korea will ultimately seek a DPRK-Russia or DPRK-China-Russia coalition, meaning that it cannot be a neutral actor in the strategic competition between the United States and China. As such, it is meaningless to limit the reach of North Korea's nuclear capabilities to the Korean Peninsula alone. Consequently, South Korea needs to consistently convince the second Trump administration to understand that ROK-U.S. cooperation is necessary for inducing a change in North Korea's stance. South Korea must endeavor not only to be incorporated into the U.S. defense supply chain but to position itself as a key partner that can complement the weaknesses of the United States through cooperation in areas such as military shipbuilding.

Third, it is time for South Korea to preemptively develop and elucidate its own views and responses regarding the renewal strategies of the dominant powers, rather than responding retroactively. South Korea should be active in defining its own vision of renewal in the international order and the logical alignment of its vision with the interests of dominant powers. Also, the country should be able to demonstrate itself as an advocate for universal values and international norms, which are prone to becoming vulnerable. With these efforts, South Korea will be able to secure its position as a key global nation leading a safer and more peaceful renewal, rather than a passive subject anxiously mired in the renewal contest among dominant powers.

# 2. Northeast Asia: The Forward Edge of the Dominant Powers' Battle for "Renewal"

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## 2024 in Review: Instability Amid Restrained Competition

During the Asia Pacific Economic Cooperation (APEC) Summit held in San Francisco in November 2023, the U.S. President Joe. Biden and Chinese President Xi Jinping convened a bilateral summit. They reached an agreement to prevent their strategic competition from escalating into excessive conflict, committing to reestablish military communication channels and collaborate in areas of mutual interest, such as interdicting global illicit drug trafficking.[14] Following this accord between the two, the strategic competition among dominant global powers in 2024 appeared to be managed with external composure. Notably, in the Northeast Asian and Indo-Pacific regions—the epicenter of Sino-American geopolitical tensions—no significant military conflicts emerged that would warrant substantial concern.

On January 13, 2024, the Taiwanese presidential election—which could be considered a preliminary skirmish in the influence competition between the United States and China—the Democratic Progressive Party's candidate, Lai Ching-te, who advocates for "Taiwanese independence," was elected. However, China responded with a relatively restrained approach, exemplified by President Xi Jinping's statement that "the Communist Party must strengthen patriotic unification forces to win the hearts and minds of the people in Hong Kong, Macau, and Taiwan."[15] While China conducted military exercises around the Taiwan Strait in May and October that were larger in scale compared to previous years—effectively simulating a "Taiwan encirclement"—these demonstrations did not reach a level that suggested preparation for actual military conflict.

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14. "Readout of President Joe Biden's Meeting with President Xi Jinping of the People's Republic of China," *The White House*, November 15, 2023. During this meeting, President Xi Jinping emphasized that "the planet is large enough for two nations to develop, and the success of one nation can present opportunities for the other." For additional context, refer to "'Planet Earth Is Big Enough for Two': Biden and Xi Meet for the First Time in a Year," *The Guardian*, November 15, 2023.
15. "Xi Jinping [Strengthen Taiwan Patriotic Unification Forces and Win the Hearts of Taiwanese People]," *Yonhap News*, January 16, 2024.

Throughout the 2020s, the competition for coalition building among dominant powers continued unabated, signifying that while direct confrontations were avoided, underlying strategic competition and mutual balancing intensified. On April 10, the United States and Japan announced Japan's participation in AUKUS Pillar 2[16] during a summit between President Biden and Prime Minister Fumio Kishida. The following day, the U.S.-Japan-Philippines trilateral summit issued a joint press statement affirming their cooperation for stability in the Indo-Pacific region.

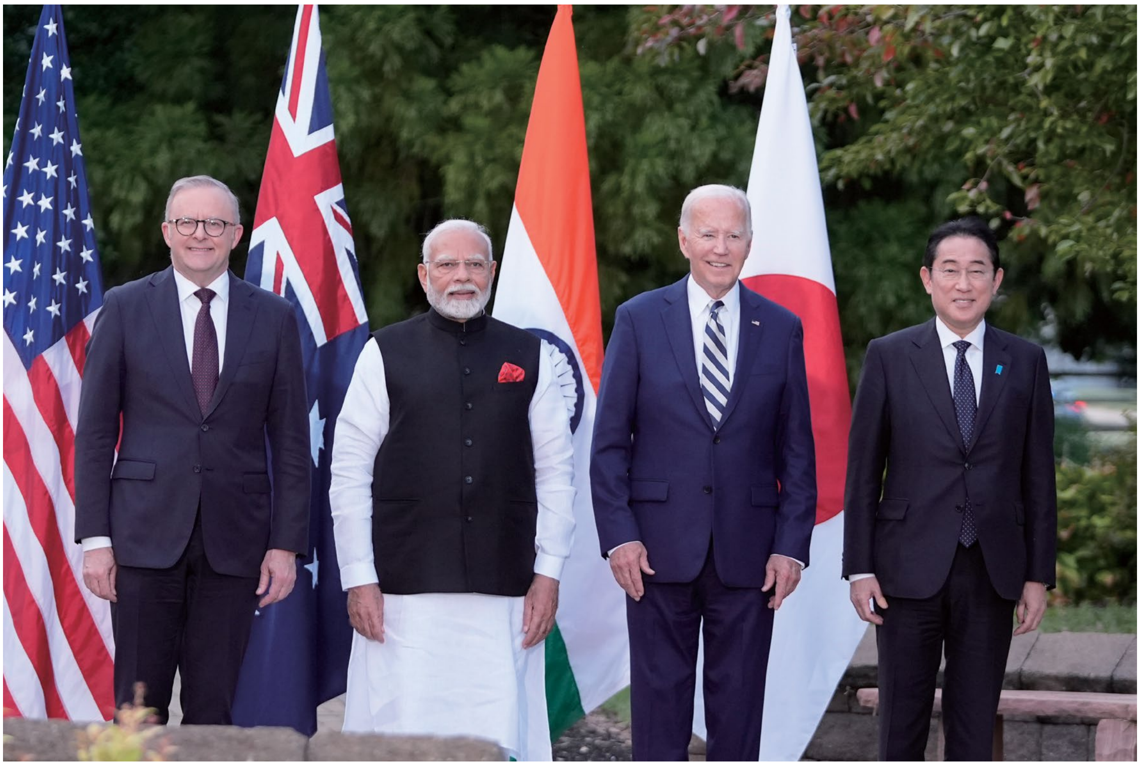
The institutionalized security cooperation between South Korea, the United States, and Japan, formalized during the August 2023 Camp David Trilateral Summit, continued to develop. In June, the defense ministers of these three countries met at the Asian Security Summit (also known as the Shangri-La Dialogue) and agreed to strengthen their joint response to North Korean nuclear threats. In July, they officially convened a trilateral defense ministers' meeting in Tokyo, signing a "ROK-U.S.-Japan Security Cooperation Framework" that emphasized high-level policy consultations, information sharing, trilateral exercises, and defense exchanges. In July and October, the "Freedom Edge" exercises were conducted, involving primary military assets from South Korea, the United States, and Japan, executing multi-domain operations across maritime and aerial domains.

Biden, during the Quadrilateral Security Dialogue (Quad) Summit held in Wilmington in September, reaffirmed the continued and strengthened cooperation among the United States, India, Japan, and Australia. Throughout the 2024 Quad Summit, the leaders of these four countries discussed collaborative initiatives including solar energy projects, vaccine cooperation, educational partnerships, and maritime infrastructure development. This discourse signified that the U.S.-centered regional multilateral cooperation would extend beyond traditional security domains, encompassing emerging security and economic security areas such as energy and healthcare. Of particular note is that the United States and India agreed during this meeting to establish a new semiconductor manufacturing facility in India that targets the production of

16. While "AUKUS Pillar 1" focuses on nuclear submarine and missile technology cooperation between the United States, United Kingdom, and Australia, "AUKUS Pillar 2" centers on advanced military scientific and technological collaboration with potential for membership expansion. AUKUS Pillar 2 encompasses cooperation in eight key areas: (1) Cyber capabilities, (2) Artificial intelligence and autonomy, (3) Quantum technologies, (4) Undersea technologies, (5) Hypersonic and counter-hypersonic technologies, (6) Electronic warfare capabilities, (7) Innovation and information sharing, (8) Deep Space Advanced Radar Capability program.

military equipment, next-generation communication technologies, and green energy applications. This commitment underscored the significant diplomatic and strategic efforts the United States is investing in its partnership with India.

Figure 2.1. 2024 Quad Summit



Source: Yonhap News.

China and Russia continued their efforts to form strategic alliances in response to other regional coalitions. Russian President Vladimir Putin conducted a state visit to China from May 16th to 17th, marking his first overseas visit after beginning his fifth presidential term. While China has officially maintained a mediation stance following Russia's invasion of Ukraine, it has been widely perceived as effectively supporting Russia. For instance, China's trade with Russia reached $240.1 billion in 2023, representing a significant increase of 26.3% compared to 2022 and a remarkable 65.3% surge from 2021. This provided Russia with a critical economic lifeline amid Western sanctions.

In their joint statement of the summit, Putin and Xi Jinping affirmed their "comprehensive partnership and strategic cooperation entering a new era" and expressed serious concerns about "American attempts to disrupt regional strategic security balance" concerning Ukraine and Taiwan.[17] The two leaders reconvened at the Shanghai Cooperation Organization (SCO) summit in Astana, Kazakhstan in July, where Belarus—an active supporter of Russia in the Ukraine War—was approved for new membership. China and Russia conducted joint maritime exercises in July and September, with China also performing army joint exercises titled "Eagle Assault-2024" with Belarus, its new SCO member. These activities demonstrated their interest in expanding influence beyond the Indo-Pacific region.

In 2024, China and Russia continued to challenge U.S.-centric alliances through the BRICS conference, attempting to engage the Global South. The BRICS summit in Kazan, Russia, declared a commitment to "Strengthening Multilateralism for Just Global Development and Security," though the document represented a careful compromise between Russia's aspirations and other members' perspectives. The joint declaration criticized Western economic sanctions as illegal and detrimental to the international economy, while simultaneously demanding respect for UN Charter principles regarding the Ukraine war. Essentially, Russia and China—particularly Russia—hoped to transform BRICS into an anti-Western alliance, but this vision did not garner unanimous support from all member states.[18]

In 2024, the most notable movement in the United States and Western alliance formation was the deepening relationship between North Korea and Russia. Following high-level diplomatic exchanges such as Russian Foreign Minister Sergey Lavrov's visit to Pyongyang in October 2023 and North Korean Foreign Minister Choe Son Hui's visit to Moscow in January 2024, the two countries reached a significant milestone during President Putin's visit to Pyongyang on June 19th, where they signed the new DPRK-Russia Treaty on Comprehensive Strategic Partnership. The new DPRK-Russia Treaty was remarkable both in its signing and its content. Prior to Putin's visit, many analysts believed that North Korea and Russia would be unable to replace the 2000 Treaty of Friendship, Good-Neighborliness, and Cooperation with a more comprehensive agreement and that Russia would likely avoid making binding commitments. However, the treaty was indeed signed and notably includes provisions that could be interpreted as mandating military "automatic intervention."[19]

The new DPRK-Russia Treaty is distinguished by its preamble, which emphasizes

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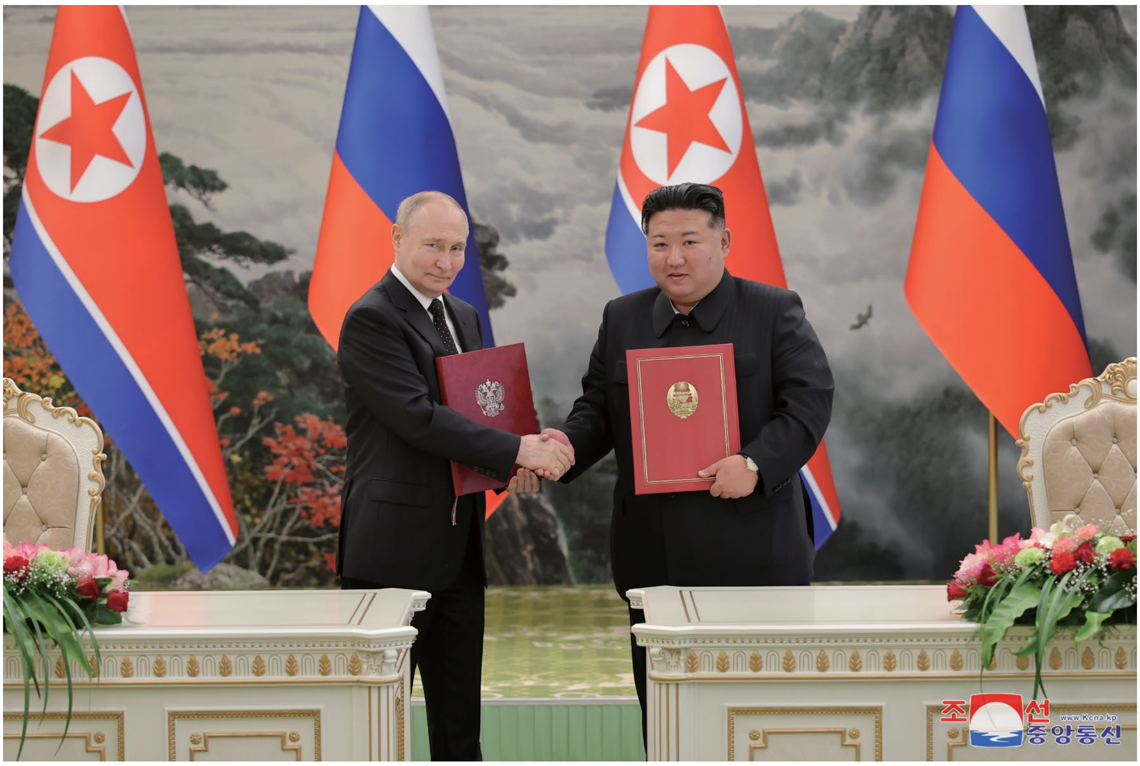
17. "Putin-Xi Summit... Agreeing to Deepen Strategic Partnership," *VOA*, May 16, 2024.
18. "BRICS summit: Key Takeaways From the Kazan Declaration," *Reuters*, October 24, 2024.
19. The treaty between North Korea and Russia marks the third of its kind, following the 1961 Treaty of Friendship, Cooperation, and Mutual Assistance between the Soviet Union and North Korea and the 2000 treaty. While the provision allowing mutual military intervention was abolished in the 2000 treaty, it has been reinstated in the latest agreement.

"defending international justice against attempts to impose a unipolar world order," thereby affirming an unprecedented level of close alignment between North Korea and Russia. This effectively signifies that the North Korea-Russia relationship assumes the character of an anti-American alliance, and more broadly, a stance opposing the ROK-U.S. alliance and U.S.-Japan cooperation. Article 4 of the new treaty explicitly strengthens the basis for mutual military assistance by stipulating: "In case any one of the two sides is put in a state of war by an armed invasion from an individual state or several states, the other side shall provide military and other assistance with all means in its possession without delay in accordance with Article 51 of the UN Charter and the laws of the DPRK and the Russian Federation." This provision essentially creates a mutual defense mechanism that could potentially draw each country into the other's military conflicts, significantly raising the stakes of their strategic partnership.

**Figure 2.2. The Signing of the New DPRK-Russia Treaty by Kim Jong Un and Vladimir Putin**




Source: Yonhap News.

Based on the new DPRK-Russia Treaty, it was somewhat anticipated that a certain degree of military cooperation would persist between the two countries. The indications of North Korea's ammunition provision to Russia and Russia's economic support for North Korea were evident and predicted since the end of 2023. However, the North Korea-Russia rapprochement following June has far exceeded initial expectations, culminating in a situation where North Korea dispatched troops to the Ukrainian front in October, in addition to shells and missiles. Through this military deployment, North Korea has now been recognized not merely as a destabilizing force in the Northeast Asian and Indo-Pacific regions, but as an entity directly influencing European security. Consequently, this development has emerged as a significant variable in the strategic competition of dominant powers. Nevertheless, it would be premature to conclusively assert that North Korea's actions will definitively lead to a closer alignment among North Korea, China, and Russia.

China demonstrated a passive response to military coordination with North Korea and Russia, and during the October BRICS Summit, President Xi Jinping made a statement that could be interpreted negatively regarding North Korea's troop deployment, stating that "one should not add fuel to the fire."[20] The transparency of whether Russia consulted with China in advance about North Korea's troop deployment remains uncertain. However, Russia and China have maintained close diplomatic communication channels through several high-level meetings. These include the April 8 talks between Wang Yi, the Chinese Foreign Minister, and Lavrov, the Russian Foreign Minister; the April 26 meeting between Sergei Shoigu, the Russian Defense Minister, and Dong Jun, the Chinese Defense Minister; and subsequent diplomatic engagements. After the Putin-Xi summit in May, they continued their dialogues through various meetings, including the Putin-Han Zheng meeting at the Eastern Economic Forum (EEF) (September 5), Wang Yi-Lavrov meeting at the UN General Assembly (September 25), Talks between Andrei Belousov, Russia's newly appointed Defense Minister, and Dong Jun (October).

It is highly probable that China and Russia exchanged views not only on the new DPRK-Russia treaty but also on North Korea's troop deployment to Russia. Regarding the news of North Korea's military deployment, China exhibited a tacit acceptance through the remarks of Lin Jian, the Chinese Foreign Ministry spokesperson, during the routine press briefing on November 1. He commented that "North Korea and Russia, as sovereign independent countries, have the right to determine how they develop their bilateral relations," effectively acknowledging the situation.[21] Ultimately, while China may not actively participate in the North Korea-Russia rapprochement, it can be understood that they are calculating the potential to leverage this development as a means of counterbalancing the United States.

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20. "Inside Putin's Alternate Reality: Warm Embraces and a Veneer of Normalcy," *The New York Times,* October 25, 2024.
21. "China: [North Korean Troops to Russia] is [Their Own Matter]," *VOA*, November 1, 2024.

## 2025 Outlook: Dominant Powers' Renewal for Transforming Geopolitical Atmosphere

The competition for influence among dominant powers in Northeast Asia that unfolded in 2024 will continue in 2025. However, given that no nation has achieved definitive success in strengthening self-centered alliances or constraining competing forces, and regional instability persists, and powers are expected to attempt a form of renewal to secure a clear advantage in 2025. Consequently, the policy directions of other nations will inevitably undergo transformation. Given that President-elect Donald Trump and his advisors have already committed to concentrating their capabilities on U.S.-China strategic competition, the bilateral competitive landscape is anticipated to become more distinct. Nevertheless, the second Trump administration is likely to exert pressure on China through intensified trade (tariff) and supply chain "decoupling" rather than precipitating abrupt changes that could lead to direct military confrontation. While not employing direct military action, the administration will focus on military capability development to demonstrate superior advanced military technologies capable of neutralizing China's Anti-access/Area denial (A2/AD) capabilities.

Consequently, criticism and encirclement attempt against China will intensify in diplomatic and economic domains rather than through military conflicts, with more explicit positioning and pressure on allies and partners to participate. Regarding ongoing tensions such as Taiwan, instead of directly demonstrating intentions to protect Taiwan, they will seek to gain leverage against China through expanded arms sales to Taiwan. China, in turn, is anticipated to exploit potential leadership vacuums resulting from the Trump administration's second term, rather than engaging in direct confrontation, while simultaneously preparing for continued trade warfare. Moreover, the competition for renewal among dominant powers surrounding the rapid military rapprochement between North Korea and Russia—which emerged as an unexpected variable in the Northeast Asian geopolitical landscape during the latter half of 2024—is expected to become increasingly intense.

### 1. Continued North Korea-Russia Alignment and Shifting Dynamics in North Korea-China Relations in the Short Term

North Korea and Russia are expected to maintain the rapid alignment witnessed throughout 2024 into 2025. This deepening partnership was underscored when Russian President Vladimir Putin signed the new treaty on November 9, 2024, followed by North Korean President Kim Jong Un's formal signing on November 11. This joint action demonstrated that their cooperative relationship is not temporary but is expected to persist for a considerable period. On November 1, North Korean Foreign Minister Choi Sun-hui visited Moscow and met with Russian Foreign Minister Lavrov, emphatically stating, “We will stand together with our Russian comrades until victory,” thereby underscoring the resolute solidarity between North Korea and Russia.[22]

Diverse attempts will be made to counterbalance the DPRK-Russia alignment. Considering President-elect Trump’s historically demonstrated discomfort with China’s potential involvement in previous U.S.-North Korea negotiations, the second Trump administration will likely seek to diminish the motivational foundations of the DPRK-Russian alliance through various diplomatic strategies. These may include facilitating U.S.-Russia negotiations, suggesting potential early termination of the Ukraine war, and hinting at the resumption of U.S.-North Korean dialogues. China, while outwardly presenting a stance of this being solely a matter between Pyongyang and Moscow, will simultaneously endeavor to indirectly constrain this relationship. Underlying this approach will be China’s profound concerns regarding the potential erosion of its influence over North Korea and its control mechanisms concerning Russia.

Even if U.S.-Russia relations improve and the Ukraine war moves toward resolution, North Korea and Russia still possess substantial momentum to maintain their close ties—particularly from North Korea’s perspective. With the recovery or expansion of North Korea-China trade progressing at a sluggish pace, Pyongyang remains reliant on Russian economic support in the short term. This reliance is further evidenced by North Korean leader Kim Jong Un’s warm reception of the Russian Minister of Natural Resources during the minister’s visit to Pyongyang on November 18, 2024, underscoring North Korea’s keen interest in deepening economic cooperation with Russia.

From Russia’s perspective, reclaiming its territory in the Kursk region remains a critical objective ahead of any ceasefire negotiations or resolution of the Ukraine war. This strategic goal necessitates continued military cooperation with North Korea in the near term. Additionally, maintaining close ties with North Korea serves as a valuable bargaining chip for Russia in potential negotiations with the United States. While there may be differing opinions regarding the long-term sustainability of this alignment, North Korea and Russia are expected to continue their solidarity throughout 2025. This is likely to include another DPRK-Russia summit, with Kim Jong Un anticipated to visit Russia within the year. Furthermore, North Korea may seek to leverage its deepened ties with

22. “Russian Foreign Minister [on Close Military Relations] ... North Korea’s Choi Sun-hui [Together Until Russia’s Victory],” *Yonhap News*, November 1, 2024.

Russia to foster a broader DPRK-China-Russia trilateral coalition, thereby enhancing its strategic leverage in shaping the geopolitical dynamics of the Korean Peninsula and Northeast Asia.

## 2. Resumption of U.S.-North Korea Exploratory Talks

The dialogue channels between the United States and North Korea, which remained dormant during the Biden administration, may potentially be restored. Despite the continued DPRK-Russia alignment, from North Korea's perspective, Russia cannot serve as a complete substitute for the United States. Moreover, negotiations between the United States and North Korea retain strategic utility, particularly in attempting to isolate South Korea within the doctrine of "Two Hostile States." From the perspective of the second Trump administration, considerations including the desire to differentiate foreign policy from the Biden administration and President Trump's demonstrated personal affinity for Supreme Leader Kim Jong Un suggest a renewed interest in facilitating U.S.-North Korean interactions.

Yet, despite President-elect Trump's prior engagement with North Korea during his first term, significant challenges remain regarding trust and the justification of any concessions to North Korea while its nuclear capabilities persist—something Trump previously labeled a "bad deal." Additional obstacles exist, notably that the North Korean issue appears to have a lower priority compared to the potential early cessation of the Ukraine war or stabilization of Middle Eastern geopolitics centered around Israel. The pivotal question is whether Trump, who fundamentally seeks negotiations from a position of American supremacy and harbors mixed sentiments towards North Korea, can accommodate Kim Jong Un's desire for a higher valuation of North Korea's strategic worth—a request more ambitious than during their 2018 interactions. Notably, North Korea has maintained a restrained public response following Trump's electoral victory. On November 15, 2024, during a conference of battalion commanders and political instructors, North Korea explicitly criticized "the filthy identity of the United States, the head of the group destroying peace and stability" and emphasized that "war is never someone else's affair."[23] Considering these dynamics, while exploratory dialogues and mutual probing between the United States and North Korea are likely to continue

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23. "Regarding the Current Situation and the Duties of the Republic's Military Battalion Commanders and Political Instructors, Supreme Leader Kim Jong Un Delivers a Programmatic Speech to Participants of the Fourth Battalion Commanders and Political Instructors Conference," *Rodong Sinmun*, November 18, 2024.

throughout 2025, the prospect of another summit meeting—following the pattern of 2019—appears considerably remote.

The subtle undercurrents between North Korea and China in 2024 are anticipated to intensify in 2025. While China has maintained an outwardly restrained posture regarding DPRK-Russia alignment, it will endeavor to mitigate the potential erosion of its influence over North Korea through various strategic mechanisms. The primary concern lies in the potential for DPRK-Russia collaboration to escalate military tensions between the United States and China in the Indo-Pacific or Northeast Asian regions. Consequently, China will actively work to calibrate the extent of DPRK-Russia alignment by transmitting its concerns to Pyongyang through both direct and indirect channels. These efforts may manifest in multiple forms, including Reducing bilateral trade volumes, discontinuing high-level diplomatic exchanges, and indirectly criticizing North Korea by emphasizing "Korean Peninsula stability."

Furthermore, China will likely attempt to coordinate with Russia to moderate the DPRK-Russia alignment. The strategy will involve leveraging improving China-South Korea relations to stimulate North Korea's abandonment anxieties. This approach stems from the recognition that North Korea remains substantially dependent on trade with China for external resource acquisition, rendering prolonged diplomatic tension with Beijing unsustainable.

However, limitations exist that prevent an abrupt deterioration of North Korea-China relations. Throughout their prolonged historical relationship, both parties have repeatedly experienced cooling phases followed by reconciliation—fundamentally because both North Korea and China, to varying degrees, recognize their mutual necessity. From China's perspective, a North Korea-China relationship freeze would effectively neutralize a strategic asset in U.S.-China strategic competition. While unlikely, the potential for rapid U.S.-North Korea negotiations could potentially create a strategically advantageous balance for the United States in the Indo-Pacific region. Simultaneously, China must consider that recovering North Korea-China relations might require compensatory measures such as supporting North Korea's military deployment in support of Russia's invasion of Ukraine or nuclear activities—actions that could potentially constrict China's international strategic positioning. Consequently, North Korea-China relations in 2025 will be characterized by mutual underlying dissatisfaction, carefully managed to prevent external manifestation of internal tensions. Concurrently, China will intensify its messaging to demonstrate its influential capacity concerning North Korea's survival.

## 3. The Perilous Transaction between Moscow and Pyongyang: The Emerging Threat of a North Korean Nuclear Shadow and Provocation

The global community's keen observation of the DPRK-Russian rapprochement stems from the potential for a hazardous transaction involving sustained support of ammunition and military personnel from North Korea, coupled with nuclear and missile technology assistance from Russia. While definitive proof of such a transaction remains unsubstantiated, several noteworthy developments warrant careful consideration. Of particular significance is the speculation surrounding Russia's potential technical support during North Korea's military reconnaissance satellite "Manligyeong-1" launch in November 2023. Furthermore, intelligence reports have indicated heightened logistical movements between North Korea and China subsequent to 2023, which merit rigorous diplomatic and strategic scrutiny.[24]

Considering the substantial financial costs and potential far-reaching consequences, it appears improbable that Russia would immediately transfer multiple warhead technologies, enhanced nuclear warhead capabilities, or nuclear marine propulsion technologies that North Korea desires. However, one cannot entirely dismiss the potential for this hazardous transaction, particularly if Russia becomes increasingly desperate for military personnel as the Ukraine war progresses. Notably, in September 2024, during Kim Jong Un's official on-site inspection, North Korea disclosed its uranium enrichment facilities. This strategic disclosure subtly yet significantly implied the regime's continued intention to incrementally expand its nuclear fissile material stockpile, which could potentially be converted into nuclear warheads.

The more profound concern lies in the perception of major global powers regarding the North Korean nuclear issue arising from the DPRK-Russian rapprochement. Russia demonstrated its stance in April 2024, during the suspension of the UN Security Council's North Korea Sanctions Expert Panel, where it not only failed to implement sanctions but actively obstructed their enforcement. This behavior strongly suggests that Russia perceives North Korea's nuclear capabilities not as a problem to be resolved, but as a strategic asset to be strategically leveraged. The deepening DPRK-Russian alliance substantially increases the likelihood that Russia might treat North Korea's nuclear capabilities as a shared strategic resource. This dynamic mirrors China's approach, which continues to maintain backdoor channels for circumventing sanctions against North Korea.

As the strategic competition between the United States and China intensifies, and

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24. "US Says North Korea Delivered 1,000 Containers of Equipment And Munitions to Russia For Ukraine War," *AP News,* October 14, 2023.

the global confrontation between democratic and authoritarian systems expands, China and Russia may increasingly perceive North Korea's nuclear weapons as a potential instrument for constraining the United States, Western powers, and the broader democratic alliance. This perspective stems from the shared authoritarian political framework among these nations. Consequently, Moscow and Beijing may be increasingly inclined to tacitly tolerate or marginally support North Korea's nuclear development, provided such support remains within their perceived controllable parameters. In essence, Russia and China are likely to establish bilateral relations with North Korea while de facto recognizing its status as a nuclear-armed state, thereby fundamentally reshaping the geopolitical dynamics of Northeast Asia.

Figure 2.3. Kim Jong Un's Visit to a Uranium Enrichment Facility in September 2024


Source: Yonhap News.

While the motivations differ, a similar level of risk exists in the U.S.-North Korea relationship. Considering that the Biden administration has already begun employing the terminology of 'interim steps' towards denuclearization,[25] a potential second Trump administration might prioritize eliminating North Korean nuclear threats to

25. "U.S. Focus on 'Interim' Steps With NK Raises Questions About Policy Direction," *The Korea Times*, March 7, 2024.

the continental United States, effectively normalizing North Korea's nuclear threat capabilities on the Korean Peninsula, at least temporarily. Moreover, if negotiations between the United States and North Korea result in partial sanctions relief or improved bilateral relations, such outcomes could be interpreted as an indirect acceptance of North Korea's nuclear capabilities. From the United States' perspective, this might be perceived as a "renewal" of nuclear threat management. However, such an approach could potentially expose South Korea to a persistent nuclear shadow[26] and critically undermine the international non-proliferation regime.

North Korea's nuclear shadow has the potential to escalate tensions beyond the Korean Peninsula. By deploying troops to the Ukraine war in 2024, North Korea has already demonstrated its willingness to engage in international provocation beyond regional boundaries. While variables may emerge depending on the potential ceasefire or peace negotiations in the Ukraine war, North Korea is likely to expand its military deployment to enhance its negotiation leverage with Russia. Simultaneously, it will seek to assert its presence as a critical factor influencing international stability. North Korea will likely attempt to imprint upon South Korea, the United States, and the international community its capacity to arbitrarily modulate tension levels in the Korean Peninsula and Northeast Asian region throughout 2025. However, considering its ongoing involvement in the Ukraine war and damages from large-scale military engagements such as the Yeonpyeong Island shelling, the probability of North Korea initiating high-intensity provocations on the Korean Peninsula in 2025 remains relatively low.

North Korea is likely to escalate its provocations by expanding anti-South Korea propaganda broadcasts and continuing to send balloons filled with waste materials. Through these actions, it aims to frame its provocations as responses to South Korea's resumption of loudspeaker broadcasts, approval of anti-Pyongyang leaflets, and "drone infiltration," thereby fostering a narrative of mutual blame in inter-Korean relations. Additionally, North Korea may attempt to create a disputed zone around the Northern Limit Line (NLL) in the West Sea under the pretext of establishing a "maritime boundary." It could also inflict harm on South Korean personnel or property near the Military Demarcation Line.

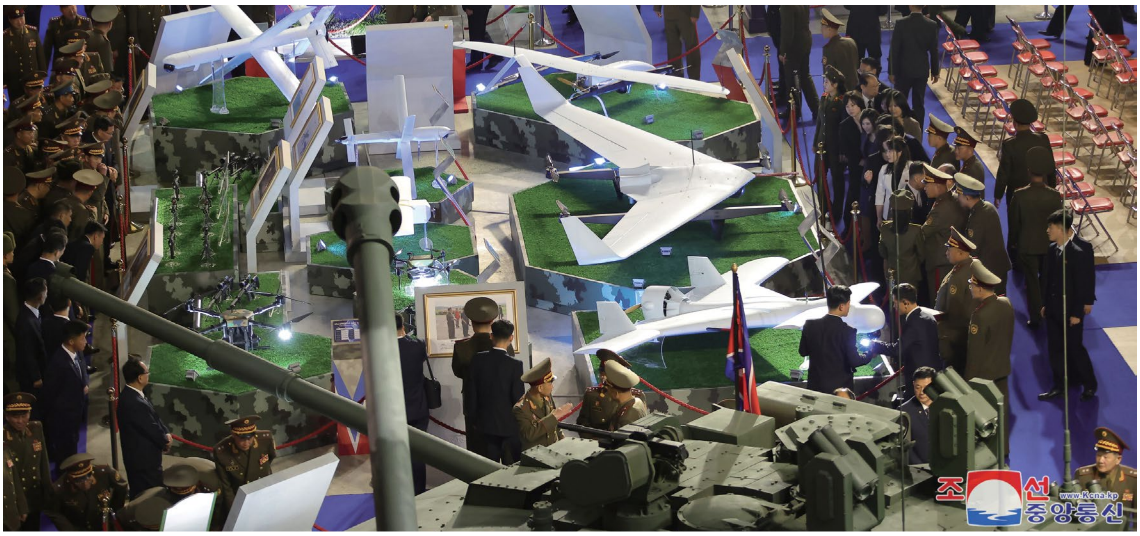
Careful attention must be paid to the potential that North Korea may materialize its nuclear shadow demonstration in 2025. Having already intimated in 2024 that its nuclear capabilities could be deployed at any moment, North Korea is likely to attempt a strategic provocation. Following a small-scale incident, it may threaten the actual

26. The "Nuclear Shadow" refers to the implicit demonstration of nuclear capabilities by a nuclear-armed entity, subtly threatening potential use to neutralize the adversary's potential responses.

use of nuclear weapons to demonstrate its superiority over South Korea or to deter enhanced defense postures by South Korea or the ROK-U.S. alliance. Such a maneuver would be designed to secure a more advantageous position in potential future U.S.-North Korea negotiations. This provocative strategy would likely trigger a complex chain reaction: it would prompt a response from the ROK-U.S. alliance, potentially elicit a counterreaction from China, and potentially be accompanied by Russia's expressed willingness to support North Korea, referencing their newly established bilateral treaty. Consequently, this scenario could precipitate a dynamic where regional tensions escalate intermittently, with North Korea's provocations serving as the primary catalyst.

Even with the emergence of the second Trump administration, North Korea will continue to demonstrate its capabilities, such as conducting a seventh nuclear test, primarily to strengthen its negotiation leverage. However, it will focus on emphasizing tactical nuclear capabilities targeting the Korean Peninsula, thereby maintaining potential avenues for negotiations with the United States. Nevertheless, if North Korea determines that early negotiations with the second Trump administration prove difficult in the latter half of 2025, it possesses sufficient motivation to conduct provocative demonstrations aimed directly at the United States. These could include experiments with extraordinarily powerful nuclear warheads or multiple-warhead intercontinental ballistic missile (ICBM) tests. Such actions would effectively signal the potential entry into a "Fire & Fury 2.0" phase in U.S.-North Korean relations, reminiscent of the tensions observed in the latter half of 2017. In such a scenario, regional tensions would escalate dramatically and precipitously.

**Figure 2.4. DPRK Drones on Display at the November 2024 Military Hardware Exhibition**




Source: Yonhap News.

## 4. Potential Increase in Signs of North Korean Instability

Beyond the advancement of nuclear capabilities, a critical development to monitor in 2025 is the potential increase in signs of instability within North Korea. While North Korea demonstrated apparent resilience in 2024 through strengthened Russia-North Korea relations and the reinforcement of "Two Hostile States" with South Korea, internal indicators suggest mounting challenges. These include stagnant economic development, accumulating public dissatisfaction, and evidence of ideological confusion stemming from external information exposure. North Korea's decision to publicly disclose through state media certain contents of what they claimed to be South Korean "drone-distributed" leaflets in October indicates they have reached a point where information control alone is insufficient for maintaining internal order. Furthermore, their choice to deploy over 10,000 troops to Russia, while simultaneously emphasizing inter-Korean decoupling and hostility, suggests a state of economic desperation.

North Korea faces a more significant dilemma in that there appears to be no viable solution for fundamentally overcoming these challenges. Following the 8th Party Congress in 2021, North Korea has implemented control measures over markets, including the "jangmadang (informal markets)". While these measures aim to increase central economic performance and secure substantial resources, the achievement of the Second Five-Year National Economic Development Plan, concluding in 2025, remains uncertain. Based on observations from 2024, North Korea's efforts to block information dissemination have shown limited effectiveness. Furthermore, their governance approach of emphasizing new political directives while rejecting previous leadership policies may heighten public anxiety and dissatisfaction. Moreover, should North Korean-China relations continue to cool, North Korea may need to undertake risky measures to offset this diplomatic shift, even with increased support from Russia. While efforts to establish Kim Ju Ae as the hereditary successor appear to have continued since 2023, several complications have emerged: her public appearances have been inconsistent, Kim Yo Jong's activities as a potential rival have intensified, and most notably, there are no clear indicators that the North Korean population has accepted Kim Ju Ae as the definitive successor.

To address these challenges, North Korea is expected to capitalize on the 80th anniversary of the Workers' Party Foundation in 2025 by extensively promoting President Kim Jong Un's achievements, announcing the successful completion of the Second Five-Year Plan, and presenting a vision for a new multi-year economic plan. Furthermore, in preparation for the anticipated 9th Party Congress in January 2026, the regime is likely to establish a new power structure designed to solidify both Kim Jong Un's era and the fourth-generation hereditary succession. In terms of foreign relations, while maintaining close ties with Russia, North Korea is expected to manage its relationship with China at an appropriate level. Simultaneously, the regime will likely strive to expand its diplomatic maneuverability through negotiations with the United States while attempting to isolate South Korea, which it considers a “thoroughly hostile state.”

However, North Korea’s survival strategy can only achieve measurable success if it remains relatively unaffected by dominant powers’ renewal initiatives. Should North Korea’s own version of renewal be compromised by the transformative policies of dominant powers—for instance, through China’s abandonment, American disinterest or shift toward a hardline approach, or Russia’s diminishing valuation of its alignment with North Korea—indicators of instability within North Korea could rapidly intensify.

### 5. Continued Regional Tensions Including in the Taiwan Strait

While the Korean Peninsula and strengthened North Korea-Russia relations will likely constitute the primary source of tension in Northeast Asia during 2025, existing tensions surrounding disputed territories—including the Taiwan Strait, South China Sea, and East China Sea—will persist unabated. Although the probability of a direct Chinese invasion of Taiwan remains low due to China’s concerns about direct confrontation with the United States and rapid escalation of strategic competition, the “One China” principle remains a non-negotiable objective from President Xi Jinping’s perspective. Furthermore, China faces limitations in suddenly adopting a conciliatory stance regarding South and East China Sea disputes, as this could be interpreted as yielding ground in the broader U.S.-China strategic competition. Consequently, we can expect continued cycles of periodic tension escalation driven by Taiwan independence-related statements within Taiwan, China’s annual large-scale military exercises near Taiwan, and Chinese shows of force in the South and East China Seas.

Another significant consideration is the potential for a rapid escalation of nuclear threats in the region. North Korea is expected to remain focused on enhancing its nuclear capabilities to gain concessions in negotiations with the United States. Russia, having adopted a nuclear doctrine in November 2024 that permits nuclear weapon use against non-nuclear states if they attack Russia in alliance with nuclear powers, will likely lead this nuclear arms race. China, which continues to gradually increase its nuclear warhead inventory, is also expected to participate in this competition. Donald Trump, who during his first administration already demonstrated his commitment to maintaining nuclear superiority through the withdrawal from the Intermediate-Range Nuclear Forces Treaty (INF) and publicly declared intention to strongly counter

Chinese and Russian nuclear capabilities, is expected as President-elect Trump to pursue enhanced nuclear capabilities, despite potential limitations on America's role as global policeman. Consequently, a new era of nuclear arms competition is likely to emerge in Northeast Asia.

### 6. Targeting "Weak Links" and Related National Dilemmas

One of the key projections regarding Northeast Asia in the Asan International Security Outlook 2024 was the possibility of dominant powers intensively targeting their counterparts' "weak links" in alliance-building efforts.[27] This projection partially materialized in 2024. Although North Korea cannot be classified as a dominant power, it signaled the possibility of normalizing relations with Japan by circulating rumors of North Korea-Japan contacts and potential summit meetings in early 2024. Japan's response was notably restrained, emphasizing the unresolved nature of the abduction issue. Nevertheless, this development suggests that improved North Korea-Japan relations could serve as a strategic card for North Korea to isolate South Korea or challenge the ROK-U.S.-Japan alliance. Should U.S.-North Korea negotiations prove less favorable than anticipated, North Korea may consider North Korea-Japan negotiations as an alternative strategy. From North Korea's perspective, such negotiations could not only counter the improving South Korea-Japan relations trend observed since 2023 but might also gain support from the second Trump administration as a preliminary step toward U.S.-North Korea negotiations. Moreover, this option cannot be easily dismissed by the Ishiba administration, which has grappled with maintaining a majority since its inception.

From China's perspective, there is ample motivation to leverage its relations with South Korea as a card to weaken the ROK-U.S. alliance amidst U.S.-China strategic competition. This motivation could grow stronger in 2025, particularly within the context of anticipated renewal dynamics. Notably, China has adopted a relatively distanced stance regarding the closer ties between North Korea and Russia. Moreover, on November 1, 2024, China announced a visa-free entry policy for South Korean travelers. Subsequently, during the APEC Summit held in Lima, Peru, on November 15, President Xi Jinping proposed a visit to China by President Yoon Suk-yeol during their bilateral meeting. China's strategy of targeting South Korea as a perceived weaker link may intensify in 2025, posing a significant dilemma for South Korea. While South

27. The Asan Institute for Policy Studies, "Asan International Security Outlook 2024: Coalition Building," *The Asan Institute for Policy Studies*, December 18, 2023, pp. 28-29.

Korea must demonstrate greater strategic clarity amid U.S.-China competition, it simultaneously needs to manage its relationship with China carefully. As such, South Korea faces the critical task of deliberating on its strategic positioning in navigating these complex dynamics.

This Chinese strategy of targeting perceived weaker links can also be a viable approach from South Korea's perspective. Among the actors capable of exerting meaningful restraint on the growing DPRK-Russia alignment, China stands out as the most appropriate. This is because China itself is unlikely to tolerate the unchecked advancement of North Korea's nuclear capabilities beyond its control. However, it remains uncertain whether the second Trump administration—which, in contrast to the Biden administration's intent to avoid decisive conflicts with China, is likely to adopt a more overtly competitive stance—would join in this effort to counter China's strategy. Indeed, the Trump administration might instead favor direct U.S.-North Korea negotiations. Nevertheless, the "China factor" could serve as a critical tool for both South Korea and the United States to mitigate the risks associated with closer North Korea-Russia ties and their potentially dangerous transactions.

## 7. Multilateral Security Cooperation at a Crossroads

Considering the Trump administration's emphasis on bilateral transactions over multilateral frameworks during its first term, initiatives that gained traction under the Biden administration—such as the Quad, AUKUS, and the trilateral ROK-U.S.-Japan security cooperation—may face significant challenges under the potential second Trump administration. However, it is worth noting that Trump is not entirely opposed to multilateral frameworks. For instance, the Quad was reinvigorated in 2020 during his first term, driven by a shared understanding with Japan on expanding the Indo-Pacific strategy. Similarly, AUKUS aligns with the goal of strengthening the strategic capabilities of the United States and its allies, making it less likely to be dismissed outright. Moreover, the "lattice-like alliance" model inherent in these mini-lateral security frameworks reduces the U.S. burden while enhancing allied contributions—an approach consistent with Trump's policy priorities.

That said, the second Trump administration might show reluctance to directly lead or invest significant resources in such multilateral security arrangements. Instead, it could prefer bilateral deals that require fewer American commitments. This stance could have implications for the continuity of the Camp David framework, launched in August 2023. The trilateral ROK-U.S.-Japan security cooperation, underpinned by U.S. leadership and dependent on active participation from South Korea and Japan, may lose momentum under the second Trump administration. Therefore, the future of trilateral security cooperation will depend on proactive measures by South Korea and Japan to propose alternatives, define specific burden-sharing mechanisms, and take the lead in advancing security collaboration. Whether the ROK-U.S.-Japan security partnership sustains or strengthens hinges on these regional efforts.

# 3. North Korea Eyes a Reversal of Fortunes

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## 2024 in Review: Strengthening Kim Jong Un's Leadership Amid Internal Instability

A notable aspect of North Korea's political landscape in 2024 is that Kim Jong Un, President of the State Affairs Commission (hereafter, Kim Jong Un), introduced a significant number of policies that diverged from previous years. These policies underwent substantial adjustments, reflecting Kim Jong Un's strong leadership in policy direction and an intensified effort to cultivate the narrative of his self-reliant leadership, independent of reliance on his predecessors. The core dynamics of North Korea's situation in 2024 can be summarized as depicted in Figure 3.1 below.

**Figure 3.1. Core Concepts for Assessing North Korea's Situation in 2024**

| Significant Policy Adjustments | Characteristics of Political Landscape in 2024 | Structural Contradictions Intensified |
|---|---|---|
| • Promoting regional development, flood recovery, and a campaign of "Devotion to the People"<br>• Erasing the legacy of one nation, unification, and predecessors<br>• Shifting policy towards South Korea and a policy from self-reliance to bandwagon | • Increasing leadership initiative of Kim Jong Un<br>• Addressing public sentiment and strengthening cadre management<br>• Deteriorating North-South relations but aligning with Russia | • Idolizing self-reliance → Intensified authoritarianism<br>• Re-centralizing power with counter-reform leading to rigidity in economic management<br>• Isolation by choice and formation of rogue alliances → Self-imposed isolation |

In 2024, North Korea's political landscape was characterized by Kim Jong Un's heightened emphasis on asserting his leadership and presence. This was evidenced by an increase in his public activities and the proliferation of policies issued under his name, which notably diverged from those of his predecessors, Kim Il Sung and Kim Jong Il. As of November 2024, Kim Jong Un had made 124 public appearances, a significant increase from 94 during the same period in the previous year. The distribution of his public engagements also shifted substantially, with the focus on military-related activities declining. The proportion of military to economic and social sector activities changed from 4:1 in the previous year to 3:2 in 2024, indicating a notable reduction in military-centric priorities. Beyond major events such as the Supreme People's Assembly and the Plenary Meetings of the Party Central Committee, Kim Jong Un has increasingly utilized public speeches in unconventional settings, such as regional industrial factory construction sites and disaster recovery areas—domains where he had not traditionally been directly involved. This period also saw a marked rise in "Kim Jong Un-style" policies, exemplified by his hands-on approach and the slogan, "If the Party cannot do it, I will take charge myself."

One notable example is the regional industrial plant construction policy[28] introduced earlier in 2024. Additional major initiatives included a strategic shift toward policies described as "erasing the identity of one nation" and "erasing reunification goals," the strengthening of ties with Russia, and the deployment of its troops—actions that underscore Kim Jong Un's decisive leadership. Efforts to depart from the legacies of Kim Il Sung and Kim Jong Il referred to as "erasing predecessors" were also intensified. Significant measures included the abolition of the Day of the Sun(April 15), the discontinuation of the "Juche calendar," the installation of portraits of Kim Jong Un in key government facilities, and the mandate for officials to wear badges exclusively featuring his image.[29] Moreover, during the 9th Plenary Meeting of the 8th Central

28. At the December 2023 plenary meeting of the party, Kim Jong Un presented the "Regional Development 20×10 Policy," asserting, "Is this feasible? Absolutely, it is possible," and stated, "I will personally lead and oversee this effort," indicating plans to submit it to the next Political Bureau meeting. "Report on the Expanded Meeting of the 9th Plenary Meeting of the 8th Central Committee of the Workers' Party of Korea," *Rodong Sinmun*, December 31, 2023.

29. In 2024, Kim Jong Un intensified his efforts to enhance his cult of personality. Following the abrupt cancellation of the February 19th Central Reporting Conference commemorating the 50th anniversary of the "Declaration of Kim Il Sung-ism," due to the insufficient emphasis on Kim Jong Un himself, a large banner reading "The Sun of Juche Korea, General Kim Jong Un Forever" appeared at the completion ceremony of the Kangdong Comprehensive Greenhouse in March. This action reinforced the imagery of the "Sun" as a representative of Kim Jong Un, prompting a modification of the April 15th "Day of the Sun" to the "April 15th Anniversary." On April 11th, the 12th anniversary of Kim Jong Un's appointment as First Secretary of the Workers' Party, a music video titled "Dear Leader" was released, and revolutionary monuments dedicated to Kim Jong Un were established throughout the country. During the building completion ceremony of the Central Cadres Training School on May 21st, a portrait of Kim Jong Un was positioned alongside those of Kim Il Sung and Kim Jong Il on the exterior of the Revolutionary History Museum for the first time. Starting from the June 29th party plenary meeting, officials began to wear the Kim Jong Un-only badge, and from October 12th, the use of the "Juche Calendar (Introduced on September 9th, 1997)" era commemorating Kim Il Sung was discontinued.

Committee of the Workers' Party of Korea in December 2023, Kim Jong Un issued a directive to revise the Constitution, abandoning the long-standing unification goal in favor of the doctrine of "Two Hostile States." This marked a definitive departure from the principles established during the era of Kim Il Sung. Concurrently, state propaganda throughout 2024 focused on promoting Kim Jong Un's achievement in securing North Korea's status as a nuclear-armed state—a milestone that had eluded his predecessors for over six decades—thereby underscoring his accomplishments within less than a decade of leadership.

The economic stagnation and the accumulation of public discontent, as outlined in the summary report of the 9th Plenary Meeting of the 8th Central Committee, emerged as significant challenges for Kim Jong Un's leadership. Notably, public sentiment began to shift increasingly against him. It has been assessed that complaints and dissatisfaction among the populace grew substantially following the spread of COVID-19 within North Korea in 2022. While residents largely adhered to government-imposed controls during the initial border lockdowns in response to the pandemic in 2020, widespread discontent among the residents erupted in 2022 when domestic movement between cities was restricted to contain the virus, resulting in prolonged restrictions and numerous starvation-related deaths. Although North Korean authorities hastily declared a "victory in the anti-epidemic war" in the fall of 2022, eased restrictions, and resumed border trade, these measures proved inadequate in addressing the broader economic hardships. Compounding the situation, the large-scale housing construction policy focused on Pyongyang exacerbated feelings of relative deprivation among residents in rural areas, fueling heightened social unrest throughout 2023. This unrest was marked by increasing policy criticism, exemplified by remarks such as, "Do nuclear weapons put food on the table?" as well as a rise in severe crimes, sporadic group riots, and disturbances. By 2024, Kim Jong Un publicly acknowledged the gravity of these challenges, stating, "Livelihood issues are indeed serious political issues," signaling an awareness of the mounting pressures stemming from socioeconomic grievances.

In response to growing public dissatisfaction stemming from his prioritization of advancing nuclear missile capabilities, Kim Jong Un announced a series of pledges aimed at improving food, clothing, and housing conditions. During the December 2021 Party Plenary Meeting, he unveiled a "mid- to long-term rural development strategy," pledging to resolve the nation's food crisis within 10 years. While his earlier policies had primarily emphasized the construction of 50,000 housing units in Pyongyang, he subsequently expanded his focus to include rural housing development. In 2024, Kim introduced the 20×10 Regional Development Policy, an initiative aimed at establishing

20 local factories annually over a 10-year period. Beginning in late July, he personally supervised flood recovery efforts and made frequent visits to construction sites for local factories and disaster recovery projects, intensifying measures to address substandard construction practices. In 2024, North Korean state media, including *Rodong Sinmun*, actively highlighted and praised Kim's policy framework, characterizing it as driven by a commitment to "comprehensive revitalization" and "devotion to the people."

Amid the prolonged implementation of self-reliance and isolationist policies, compounded by severe resource shortages, widespread distrust in policy effectiveness and inefficiencies in policy execution have become prevalent among North Korean officials. In response, the regime has intensified efforts to "refine and streamline" its cadre operations, initiating a comprehensive review of systems governing official admission, recruitment, and promotion. As part of efforts to reorganize the Party's ranks, individuals deemed "politically incompetent" have been excluded from joining, while "elite individuals" have been strategically appointed to key positions. Simultaneously, the incarceration of officials critical of Party policies in political prison camps has increased, accompanied by the reinforcement of political indoctrination under the slogan, "Party policies are science." To further bolster ideological discipline, the Central Cadres Training School of the Workers' Party was established, with enrollment beginning among high-ranking officials, including members of the Political Bureau. This institution aims to eliminate defeatist attitudes and cultivate "revolutionary enthusiasm." Additionally, the regime convened its first cadre workshop to further advance this agenda and consolidate loyalty within the Party ranks.

In summary, despite an increase in the central government's fiscal capacity, North Korea's economy remains stagnant, with no tangible improvement in the living conditions of its residents. Kim Jong Un's repeated assertions of confidence in economic recovery during key events in 2024—such as his statement at the September 9th celebration that "growth trends are being maintained, and farming is decent"—appear to reflect a political agenda aimed at projecting positive economic outcomes. Since 2017, North Korea's economy has been severely weakened by the imposition of international sanctions, the closure of borders in 2020, and the domestic outbreak of COVID-19 in 2022. During the pandemic, the economy reportedly contracted to nearly half its former size, showing initial signs of recovery in 2023. However, it has yet to return to pre-pandemic levels.

The Bank of Korea estimated that North Korea's GDP grew by 3.1% in 2023, primarily driven by growth in agriculture, forestry, and fisheries, alongside increased manufacturing output and a notable surge in construction activity. Trade, which resumed in 2022, was assessed to have recovered to approximately 80% of pre-pandemic levels by 2023.[30] Additionally, the activation of the defense industry for arms trade in 2024 is presumed to have contributed to economic activity. Despite these outward indications of recovery, North Korea continues to face increasingly severe challenges in economic management. Persistent shortages of resources and materials, regressive policy reforms, and the re-centralization of authority have compounded inefficiencies within the system. Strengthened controls under the planned economy have further widened the gap between economic planning and actual outcomes, exacerbating inter-sectoral non-cooperation and factionalism. These issues have fostered widespread production practices that prioritize meeting deadlines over ensuring quality. Macroeconomic instability, reflected in surging exchange rates and heightened price volatility, underscores the deepening dysfunction in North Korea's internal economic governance, further complicating efforts to achieve sustainable recovery.

The private economy in North Korea has experienced a sharper contraction compared to the state-run economy. Residents' incomes, already reduced by 25% in 2019 as a result of economic sanctions, were estimated to have declined to nearly half of that level by 2022 due to border closures and the domestic spread of COVID-19. Amid these declining incomes, surging exchange rates and escalating prices have further diminished real income levels. Moreover, government policies prioritizing state-run commerce have exacerbated economic hardships. Measures such as replacing market functions with national grain distribution systems, curtailing marketplace operating hours under the guise of flood recovery efforts, and other interventions have significantly intensified the public's sense of economic deprivation. While there are projections that residents' livelihoods may temporarily improve in 2025 through initiatives such as expanding housing projects, small local industrial facilities, or welfare distributions linked to political events, the state's substitution of markets is unlikely to provide a sustainable or fundamental resolution to the underlying economic challenges.

Economic difficulties, coupled with the infiltration of external information, pose a significant risk of severe social unrest, potentially undermining the very foundation of the Kim Jong Un regime. North Korea's heightened response to the alleged drone incursion in October 2024 underscores the possibility that materials such as anti-North Korea leaflets and other external information are already spreading widely within North Korean society. Should public perception continue to grow that the regime prioritizes

30. National Income Team, Economic Statistics Department, Bank of Korea, "Estimation Results of North Korea's Economic Growth Rate in 2023," *Bank of Korea*, July, 2024.

military buildup—particularly nuclear capabilities—over the people's economy, while demanding loyalty without offering sufficient compensation, internal dissatisfaction is likely to intensify. Although the regime has sought to reinforce ideological and informational control through legislative measures such as the Law on the Rejection of Reactionary Ideology and Culture (2020), the Youth Education Guarantee Act (2021), and the Pyongyang Cultural Language Protection Act (2024), these efforts may prove insufficient to address the deepening instability within the system.

North Korea has sought to address internal unrest through a foreign policy strategy centered on severing ties with South Korea while deepening its alignment with Russia. In line with its "Two Hostile States" doctrine announced at the end of 2023, North Korea declared during the Supreme People's Assembly policy address on January 15, 2024, that it would "occupy, pacify, and reclaim" South Korean territory in the event of conflict. Tensions escalated further on February 14, when North Korea ordered heightened military readiness in waters north of Yeonpyeong and Baengnyeong Islands, warning that any violation of its self-proclaimed maritime border would be regarded as an act of armed provocation.[31] By April, North Korea had showcased its missile capabilities against South Korea through a series of ballistic missile tests, including cruise missiles such as the Bul Hwasal-3-31 and Hwasal-2, as well as the newly developed anti-ship missile Bada Suri-6. Beyond these demonstrations of military power, North Korea intensified its provocations in May, engaging in actions such as GPS jamming and the release of balloons carrying waste materials in front-line areas.

This pattern of escalating threats culminated in October with North Korea's claims of "drone infiltration," a shift to an "artillery combat readiness posture," and the destruction of road connections along the Gyeongui and Donghae railway lines. During this period of heightened inter-Korean tensions, North Korea also unveiled a large-scale uranium enrichment facility on September 13 and publicized Kim Jong Un's inspection of an intercontinental ballistic missile (ICBM) base on October 23. Although there were no direct provocations against South Korea beyond the release of waste-laden balloons, North Korea sought to escalate tensions on the Korean Peninsula while showcasing its nuclear capabilities. Ultimately, North Korea's strategy of severing inter-Korean relations appears to be driven by three primary objectives: (1) reinforcing ideological control over its domestic population, (2) disrupting South Korea's unification and North Korea policy by neutralizing the centripetal force arising from the significant inter-Korean

31. "'The Supreme Leader Comrade Kim Jong Un Guiding the Ground-to-Sea Missile 'Bada Suri-6' Test-Firing," *Rodong Sinmun*, February 15, 2024.

power disparity, and (3) emphasizing Kim Jong Un's achievements by focusing on the strengthening of its nuclear coercive capabilities.

**Figure 3.2. Kim Jong Un Inspecting an ICBM Base**


Source: Yonhap News.

The swift progression of the alliance between North Korea and Russia has exceeded initial projections. When North Korean leader Kim Jong Un and Russian President Vladimir Putin convened their first summit at the Vostochny Cosmodrome in Russia's Far East in September 2023, expectations centered on the gradual strengthening of bilateral ties, with significant military cooperation anticipated to develop over an extended period. However, following a series of high-level diplomatic engagements, the two countries formalized their relationship through the Treaty on the Comprehensive Strategic Partnership in June 2024. By October 2024, reports confirmed the deployment of approximately 10,000 North Korean troops to the Ukrainian front. This deployment marked a decisive shift in the North Korea-Russia partnership, transitioning it from a symbolic alignment to a substantive military alliance. Domestically and internationally, North Korea sought to project this alliance as a significant counterbalance to its perceived "thoroughly hostile state," South Korea. Furthermore, the regime likely aimed to cultivate domestic optimism, suggesting that enhanced cooperation with Russia would yield concrete economic advantages for North Korean citizens.

## 2025 Outlook: The Full-Scale Push for Kim Jong Un's Renewal

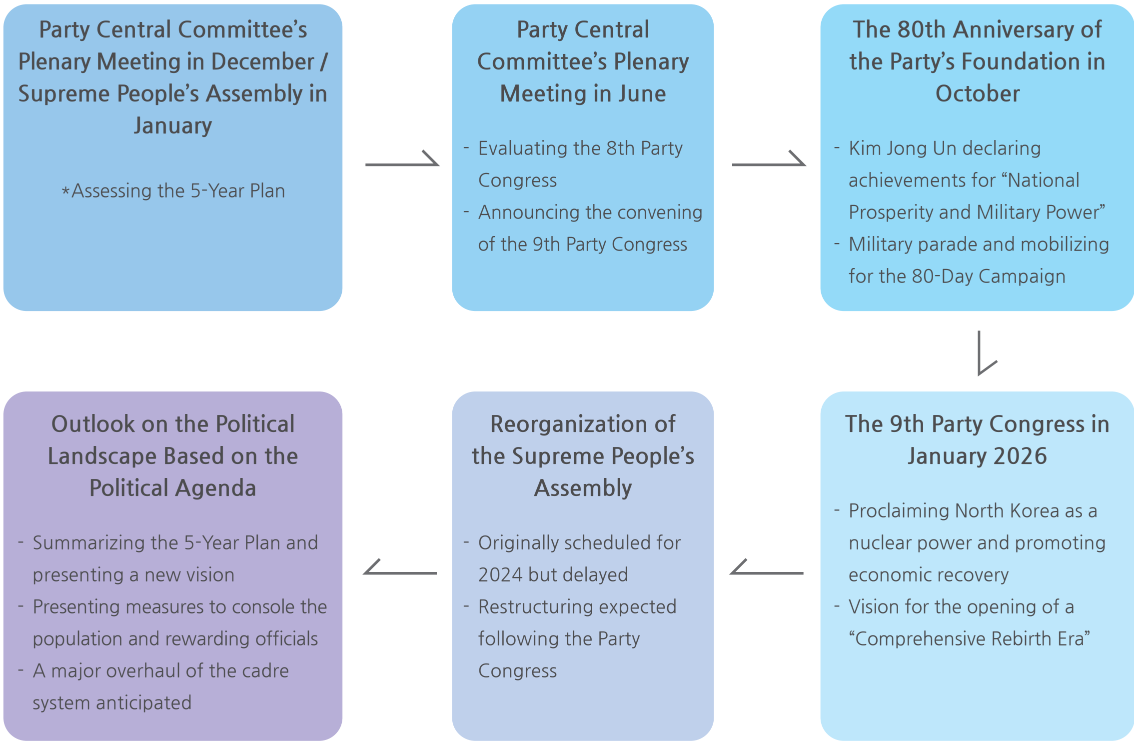
North Korea is anticipated to undertake significant transformative initiatives in 2025, with key objectives centered on consolidating Kim Jong Un's power base, addressing and resolving domestic social unrest, reaffirming its dominance amid fractured inter-Korean relations, and fostering favorable relations with neighboring states. The following priorities are expected to guide these efforts.

### 1. Declaration of a "New Era" under Kim Jong Un

North Korea is expected to formally announce the commencement of "Kim Jong Un's New Era" in 2026, aligning with two major political milestones: the 80th anniversary of the founding of the Workers' Party of Korea (WPK) in October and the convening of the 9th Party Congress in January. This declaration is anticipated to highlight Kim Jong Un's accomplishments over the past decade, framing them as the beginning of a "period of comprehensive revival and transformation." Kim Jong Un first signaled a departure from his father Kim Jong Il's legacy in February 2015 during a Politburo meeting, where he initiated a "total review of inherited policies." The forthcoming events in 2025 are likely to further distinguish Kim's leadership, showcasing the achievements of key slogans introduced during the 8th Party Congress in 2021, including "The People Are God," "Single-Hearted Unity," and "Self-Reliance." While military parades and displays of weaponry are expected to feature prominently during the WPK's anniversary celebrations, their scale may be adjusted in consideration of North Korea's involvement in Russia's ongoing military efforts.

Nonetheless, Kim is likely to use the Party's 80th anniversary to underscore his leadership's dual focus on "National Prosperity and Military Power." He may also leverage the occasion to signal intentions for a "Declaration for the Improvement of People's Welfare" at the 9th Party Congress, tentatively scheduled for January 2026. Such a declaration would likely include commitments to significantly improve the living standards of North Korean citizens while enhancing material rewards for the regime's power elite, thereby solidifying their loyalty to Kim Jong Un's leadership.

Figure 3.3. Major North Korean Political Events in 2025-2026




## 2. The Dilemma of Challenging Systemic Conditions

The resolution of the internal unrest that challenged North Korea in 2025 remains uncertain, particularly as reliance on the presentation of an economic vision alone may prove insufficient. Clearly, North Korea stands to benefit from its growing alignment with Russia, securing economic and military resources. Additionally, the potential resumption of U.S.-North Korea negotiations under a second Trump administration, opportunities to consolidate its regime and reorganize power elites through various political events, and prospects for enhancing agricultural and industrial production capacity amidst ongoing economic difficulties present strategic advantages. Furthermore, the possibility of easing sanctions and an influx of resources from Russia raises expectations for improvements in the living conditions of its populace. However, the prospect of sanctions relief is closely tied to the outcomes of U.S.-North Korea negotiations. Furthermore, even with resource inflows from Russia, questions persist regarding whether these resources will lead to substantive improvements in the lives of North Korean citizens, particularly given the ongoing contraction of domestic markets.

The deployment of North Korean troops to Russia, resulting in increased casualties and instances of desertion, has the potential to intensify domestic unrest. Additionally, Kim Jong Un's abandonment of unification as a policy objective may provoke questions about the legitimacy of his leadership, thereby undermining the "Baekdu Bloodline" as the cornerstone of his authority. As the regime struggles to completely isolate external information, maintaining ideological control over the population could become increasingly challenging. In 2025, Kim Jong Un faces a pivotal moment in which the tangible results and inherent limitations of his policies will come to light. This year will serve as a critical test of his leadership as the "Supreme Leader," revealing the resilience—or fragility—of the regime. It represents both a significant opportunity and a formidable challenge, determining whether Kim Jong Un successfully establishes himself as the architect of a "renewed" North Korea or fails to preserve the regime in the wake of erasing his predecessors' legacy and the political and social fallout from troop deployments.

### 3. Sustained Momentum of DPRK-Russia Alignment and Formation of a DPRK-China-Russia Coalition

In 2025, North Korea is expected to deepen its military cooperation with Russia, building upon the foundation established through its troop deployments. Despite failing to achieve its stated objective of launching additional military reconnaissance satellites by the end of 2023, North Korea will likely attempt to launch two to three such satellites in 2025 with Russian assistance. These efforts would enable Kim Jong Un to highlight advancements in the nation's nuclear capabilities, both domestically and on the international stage. Furthermore, North Korea is likely to pursue advanced military technologies from Russia, including enhancements in nuclear warhead potency, stabilization of warhead re-entry capabilities, development of multi-warhead intercontinental ballistic missiles (ICBMs), and nuclear-powered submarines. By leveraging its close ties with Russia, North Korea may aim to prompt China to strengthen its comparatively tepid relationship with Pyongyang, fostering a sense of strategic competition between Beijing and Moscow. This dynamic could culminate in the formation of a political and military alliance among North Korea, China, and Russia—a development Kim Jong Un could frame as a significant diplomatic achievement.[32] Should this objective be realized, it would mark a reconfiguration of the strategic framework in Northeast Asia, reshaped to align with Kim Jong Un's vision and preferences.

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32. While North Korea's relations with China and Russia have been parallel in nature, they have not directly translated into a triangular alliance. Kim Jong Un seeks to establish himself as the driving force behind the DPRK-China-Russia alignment within the new Cold War framework he advocated for during the 7th Plenary Meeting of the 8th Central Committee of the Workers' Party of Korea in December 2022.

However, there are several variables. First is whether Russia will continue to need North Korea as it did in 2024. Should the Ukraine war enter a ceasefire or termination that proves strategically advantageous to Russia with the inauguration of the second Trump administration in the United States, the strategic imperative for maintaining robust military cooperation with North Korea may substantially diminish. While President Putin may perceive strategic value in preserving diplomatic optionality—maintaining the "North Korean diplomatic instrument" as a potential negotiating lever in U.S.-Russia diplomatic interactions—the intensity and comprehensiveness of bilateral relations observed in 2024 may no longer represent an optimal strategic posture. Moreover, given that Russia has been a key pillar of the Nuclear Non-Proliferation Treaty (NPT), it remains uncertain whether it would transfer sensitive nuclear technologies to North Korea.

China's stance is also a critical factor. In 2024, North Korea-China relations have shown subtle but noteworthy strains. For instance, the trade volume between the two countries, which holds significant importance for North Korea's economy, decreased for three consecutive months from May to July 2024—an unusual trend in their typically consistent trade relations.[33] Amid this, the opening of the New Yalu River Bridge" connecting Dandong and Sinuiju, a symbol of expanding North Korea-China trade, has also been put on hold. While this does not suggest a sharp deterioration in relations, it could be interpreted as an indication that China harbors some discontent toward North Korea.

In the aftermath of the 70th anniversary commemoration of North Korea's "Victory Day" in 2023, China has taken a relatively passive stance toward military cooperation with North Korea, particularly in the form of a DPRK-China-Russia trilateral cooperation. In this context, Kim Jong Un needs to carefully manage the scope of its deepening ties with Russia, which China is likely not pleased about. In this case, it could destabilize North Korea's current resource acquisition strategy, which relies heavily on Russian support in the short term. Moreover, Kim Jong Un faces substantive uncertainties regarding Russia's capacity to serve as a comprehensive alternative to Chinese diplomatic and economic support at the cost of a significant bilateral deterioration with China. While ostensibly promoting multilateral cooperation, fundamental challenges persist in reconciling the divergent geopolitical trajectories of China and Russia. To effectively steer them toward a cohesive DPRK-China-Russia alliance, North Korea would need to secure substantial

33. "North Korea-China Trade Volume Increases by 22% in August Compared to Previous Month…Fourth-Month Decline Halts," *VOA*, September 20, 2024.

leverage over both China and Russia. Whether this is realistically achievable remains highly questionable.

### 4. Intentions to Resume U.S.-North Korea Negotiations

While North Korea appears outwardly indifferent to the November 2024 U.S. presidential election, it may desire the resumption of U.S.-North Korea negotiations in 2025 even more than the United States does. Despite the experience of the "No-deal in Hanoi Summit" in February 2019, North Korea has substantially expanded its nuclear capabilities since then. With this as a bargaining chip, it likely hopes to achieve at least a "small deal," such as the partial easing of sanctions.[34] From Pyongyang's strategic perspective, the second Trump administration would be easier to engage with, and even if North Korea cannot secure sanctions relief or substantial international aid through negotiations with the United States, it could still aim to disrupt ROK-U.S. diplomatic coordination or amplify disagreements between the two.

However, for the second Trump administration, there are three facilitating and limiting factors simultaneously regarding the likelihood of early negotiations. Three facilitating factors include President-elect Trump's confidence in already having dealt with Kim Jong Un, the relative absence of advisors to restrict Trump, and potentially enhancing the United States' strategic maneuvering room by using U.S.-North Korea negotiations as leverage over South Korea. Conversely, the constraints include comparatively reduced prioritization of North Korean affairs within his broader foreign policy agenda, underlying interpersonal diplomatic skepticism toward Kim Jong Un, and the growing DPRK-Russia strategic alignment. From Kim Jong Un's perspective, the optimal geopolitical scenario would encompass three interconnected diplomatic objectives: reinitiating U.S.-North Korean negotiations, maintaining the DPRK-Russia alignment, and incrementally improving North Korea-China relations. However, the fundamental challenge resides in the inherent structural complexities of simultaneously pursuing these potentially conflicting strategic goals.

The second Trump administration's foreign policy approach, prioritizing U.S.-China strategic competition, may view a DPRK-China-Russia coalition or DPRK-China

34. For instance, even if we follow the perspective of Robert L. Carlin and Siegfried S. Hecker, who argue that Kim Jong Un has abandoned expectations for U.S.-North Korea negotiations and chosen to cooperate with Russia and China, the fact that U.S.-North Korea negotiations are taking place is not necessarily disadvantageous for North Korea; Robert L. Carlin and Siegfried S. Hecker, "Is Kim Jong Un Preparing for War?" *38 North*, January 11, 2024.

alignment as a motivation for adopting a hardline approach toward North Korea. Even in scenarios where the United States allows a growing DPRK-Russia alignment while improving its relations with North Korea, these developments could trigger a deterioration in North Korea-China relations. From the perspective of the second Trump administration, if Russia were to establish comprehensive strategic control over North Korea, the strategic rationale for direct U.S. negotiations would substantially diminish.

In other words, for Kim Jong Un, focusing on U.S.-North Korea negotiations would require a fundamental shift from his current course. This requires not merely a renewal but a profound renovation. Internally, it would necessitate alleviating the instigation of anti-U.S. sentiments among its population, while externally, it would involve adjusting its policy of advancing nuclear missile capabilities. Such measures are fraught with considerable risks, presenting a complex dilemma for North Korea. Kim Jong Un appears to acknowledge this burden, as evidenced by his remarks at the opening ceremony of the military equipment exhibition Defense Development-2024 on November 21. During his speech, he criticized the United States for its "brazen tactics" to place the world under its sphere of influence and asserted that tensions on the Korean Peninsula were not a result of misunderstanding but of the "unchanging, aggressive and hostile policy" of the United States and its followers. He emphasized that North Korea had gone as far as it could with negotiations with the United States and confirmed the unchangeable nature of the United States' aggressive and hostile policy toward North Korea, thereby showing a lack of interest in U.S.-North Korea negotiations.[35] While this stance could be a preparatory step to elevate North Korea's position in future negotiations, it also reflects the underlying dilemma Kim Jong Un faces.

## 5. Inter-Korean Impasse and Provocations

The trajectory of inter-Korean relations in 2025 appears to be increasingly well-defined. Kim Jong Un's explicit characterization of South Korea as a "thoroughly hostile state" and the visible solidification of both physical and ideological separation between the two Koreas meant that any attempt to reverse this course would likely lead to significant internal confusion and challenges to the regime's stability. Notably, Kim Jong Un's apparent departure from traditional narratives of "one national identity" and "reunification"—concepts historically central to North Korean political discourse—

35. "Commemorative Speech Develiered by Respected Comrade Kim Jong Un at the Opening Ceremony of the Military Hardware Exhibition 'National Defense Development-2024'," *Rodong Shinmun*, November 22, 2024.

signals a significant strategic recalibration. This ideological shift suggests a pragmatic prioritization of internal regime stability over potential national reunification. By accelerating the division between the two Koreas, Kim Jong Un aims to maintain rigorous ideological control and prevent potential internal challenges to the regime's legitimacy. Consequently, inter-Korean relations in 2025 are poised to experience further deterioration.[36] Critically, this trajectory appears robust and unlikely to be substantially altered by concurrent developments in U.S.-North Korea diplomatic negotiations.

It is crucial to recognize that North Korea may resort to more frequent provocations in 2025 to intensify the perception of inter-Korean disconnection, surpassing the levels seen in 2024. In response to South Korea's loudspeaker broadcasts, North Korea is likely to persist with noise broadcasts and the dispersal of trash balloons in border areas, while continuing its nuclear and missile demonstrations targeting South Korea. Furthermore, in an effort to underscore the perceived failures of the Biden administration's North Korea policy, North Korea is expected to sustain actions that heighten tensions on the Korean Peninsula, particularly in the lead-up to the early days of the second Trump administration.

However, if a nuclear test is carried out ahead of the inauguration of the second Trump administration, it could provoke a return to the "Fire & Fury 2.0" approach seen in August 2017 under Trump's first administration. Consequently, it is unlikely that North Korea would opt to carry out a seventh nuclear test, although this possibility cannot be entirely dismissed. For instance, North Korea might choose to conduct a nuclear test using the tactical nuclear warhead, "Hwasan-31," disclosed in March 2023, in order to demonstrate the multi-warhead capability of the Hwasong-19 ICBM launched on October 31, 2024. The Hwasan-31, representing North Korea's tactical nuclear capabilities, could serve as a key bargaining chip in future negotiations with the second Trump administration. North Korea could propose to freeze its ICBM capabilities targeting the United States while maintaining its tactical nuclear capabilities aimed at the Korean Peninsula. However, provocations targeting South Korea could lead to an escalation in tension, as such actions may provoke the second Trump administration less directly. This approach allows North Korea to reinforce its narrative of the relationship between two belligerent states," thereby maximizing the perception among its people of the inter-Korean disconnection.

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36. Cha Du Hyeogn, "North Korea's Troop Deployment to the Ukraine War and Fomenting Hostility Toward South Korea: Escaping the Dilemma of the 'Relationship between two Beligerent States' Doctrine," *Asan Institute for Policy Studies Issue Brief*, October 2024.

Given these considerations, North Korea may unilaterally declare a new maritime border in the West Sea. Subsequently, North Korea could potentially escalate tensions by issuing provocative warnings directed at South Korean naval vessels, civilian maritime assets, and personnel positioned in proximity to the proposed border. As a strategic maneuver, North Korea may leverage its tactical nuclear capabilities to cast a "nuclear shadow," which makes South Korea unable to properly respond to provocations because it feels North Korea's nuclear threat. Moreover, it cannot be ruled out that North Korea will strategically exploit the ensuing tensions on the Korean Peninsula to negotiate the suspension or postponement of ROK-U.S. combined military exercises. There is a precedent for such demand during the first Trump administration, and it would weaken the readiness of the ROK-U.S. combined forces. Moreover, President-elect Trump might acquiesce to such demands, considering potential cost reduction implications.

North Korea may also demand that the United States retract the "Washington Declaration" and halt the establishment of an "integrated extended deterrence" framework, which links South Korea's conventional response capabilities with the U.S.'s nuclear capabilities, as a condition for entering negotiations. However, if a second Trump administration shows little interest in early negotiations, North Korea could consider scenarios involving a seventh nuclear test or additional nuclear tests and demonstrations of ICBM capabilities in the latter half of 2025 to pressure the United States.

# 4. America's "Renewal" Turns Unilateral

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## 2024 in Review: Coalition Building a Latticework

The 2024 Asan International Security Outlook's theme of "Coalition Building" proved a fitting description of U.S. international engagement during the Biden administration's final year in office. Over the past four years, the Biden foreign and defense policy teams have made significant progress in building the "latticework of alliances and partnerships" that U.S. National Security Advisor Jake Sullivan promised in 2021.[37] This new "coalition of the willing 2.0" as I wrote in last year's Asan International Security Outlook chapter would focus on strengthening coalitions with new roles, expanding membership of existing coalitions, and building new coalitions where possible.

The strengthening of U.S. alliances and strategic partnerships, building minilateral partnerships, and promoting cross-regional and issue-focused groupings, and the threading together of all of these efforts into a "latticework" will be the key legacy of the Biden administration's foreign and security policy. In June 2024, U.S. Secretary of Defense Lloyd Austin described the Biden administration's efforts as seeking to build a "new convergence" of overlapping and mutually reinforcing security institutions.[38] He highlighted flagship achievements including ROK-U.S.-Japan trilateral defense cooperation on sharing real-time early-warning data on North Korean missiles, the AUKUS partnership for nuclear-powered submarines, integrated air- and missile-defense cooperation with Australia and Japan, and the Quad's Indo-Pacific Partnership for Maritime Domain Awareness, among others.

Throughout 2024, U.S.-led coalitions tried to demonstrate concrete progress. The Indo-Pacific Economic Framework's mixed record on three of its four pillars after four years demonstrated the challenges for U.S. economic leadership in light of the new zeitgeist domestically. The Biden administration's economic security policies have meanwhile been emulated by many of its key allies and partners, including the European Union (EU), Japan, Australia, the United Kingdom, and even South Korea. These have

37. Jake Sullivan, "2021 Lowy Lecture," *Lowy Institute*, September 11, 2021.
38. Lloyd J. Austin III, "The New Convergence in the Indo-Pacific': Remarks by Secretary of Defense Lloyd J. Austin III at the 2024 Shangri-La Dialogue (As Delivered)," *U.S. Department of Defense*, June 1, 2024.

included both inward policies such as clean energy subsidies, industrial manufacturing funds, and supply chain strengthening as well as outward policies such as foreign investment screening and technology export controls.[39]

**Figure 4.1. President Biden with NATO IP4 Leaders in Washington, D.C.**

Source: NATO.

There was also significant interest throughout 2024 regarding the expansion of AUKUS Pillar 2 cooperation on advanced military capabilities to include Japan, South Korea, and potentially also Canada and New Zealand.[40] Commentary also focused on expanding the G7 grouping to include South Korea, Australia, or India.[41] In 2024, the Biden administration's initial efforts to launch values-based coalitions saw progress. For example, the launch of the Summit for Democracy (S4D) had built momentum and received buy-in from non-Western democracies, including South Korea which hosted the Third Summit for Democracy in March 2024. As expected, there was less emphasis on new coalitions in the Biden administration's final year in office. The Squad with the United States, Australia, Japan, and the new Philippines government of Ferdinand

39. Georgia Edmonstone, "Economic Security Policies Compared: The United States, Its Allies and Partners," *United States Studies Centre*, September 23, 2024.
40. Peter K. Lee, "Should South Korea Join AUKUS Pillar 2?" *Asan Issue Brief*, November, 2024.
41. Victor Cha and John J. Hamre, "A Reimagined G7," *Center for Strategic and International Studies*, June 14, 2024, https://www.csis.org/analysis/reimagined-g7.

Marcos was one exception to carry out combined maritime patrols and exercises to deter China coercion in the West Philippine Sea.[42] President Biden also hosted the leaders of the NATO Indo-Pacific 4 (IP4) as part of the 75th anniversary of NATO in Washington, D.C., in July 2024, signaling a deepening cross-regional alignment of partnerships.

The "black elephants" identified in 2024 continued to fester. The debt ceiling impasse in Congress meant reliance on continuing resolutions to fund government departments.[43] The southern border migration crisis also remained a top public concern, which Republicans argued had reached anywhere from 8 million to former President Trump's much higher 21 million illegal immigrants.[44] Supplying the Ukrainian counteroffensive against Russia's military occupation and supporting Israel's regional military response to the October 7, 2023, Hamas attack continued to occupy U.S. diplomatic attention and military resources.

But it was undoubtedly the black swans of the U.S. presidential election that surprised everyone. On June 27, President Biden's poor performance in the first televised presidential debate began a weeks-long effort within the Democratic Party to convince him not to run for re-election. On July 13, former President Donald Trump was wounded but survived an assassination attempt during a campaign rally in Pennsylvania that also killed one rallygoer and critically injured two others. A week later, President Biden became only the second U.S. president in history not to seek re-election after Lyndon Johnson in 1968, endorsing his vice president Kamala Harris. This began a frenetic campaign to formally appoint Harris as the Democratic Party's nominee and for her to choose Minnesota Governor Tim Walz as her vice-presidential candidate.

On November 5, 2024, Donald Trump defeated Vice President Kamala Harris to be re-elected as the 47th president of the United States of America. Having won all seven key battleground states in the Electoral College as well as the popular vote, President-elect Trump will assume office with an even stronger mandate to govern than he had in 2016. This time he will also be backed by a governing trifecta with Republican control of the 119th Congress in both the House of Representatives and Senate as well as a supermajority on the U.S. Supreme Court. In addition to the presidential election,

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42. Peter Martin, Ben Westcott, "The U.S. Is Assembling a 'Squad' of Allies to Counter China in the Indo-Pacific," *Bloomberg*, May 3, 2024.
43. "Statement by Secretary of Defense Lloyd J. Austin III on the Passage of Another Continuing Resolution," *U.S. Department of Defense*, September 26, 2024.
44. Lucy Gilder, "How Many Migrants Have Crossed the US Border Illegally?" *BBC News,* September 30, 2024.

the U.S. Congressional elections were held to elect all 435 members in the House of Representatives and 33 out of 100 Senate seats. The Republican Party won the necessary 218 seats to retain a majority. It also regained control of the Senate with crucial wins in Ohio, West Virginia, and Nebraska to have a 52-seat majority.

**Figure 4.2. President Donald Trump After Surviving an Assassination Attempt on July 13, 2024**

Source: Yonhap News.

## 2025 Outlook: America's Conflicted Strategy of "Renewal"

In terms of U.S. grand strategy, it argues that the second Trump administration will be focused on three primary areas of renewal as it tries to "make America great again." First, the new White House and Republican-controlled 119th Congress will renew attempts to rebuild America's sources of strength at home by doubling down on industrial policy tools such as tariffs, investment screening, subsidies, and supply chain decoupling. Second, the "latticework" of U.S. alliances and strategic partnerships built by the Biden administration will be reconfigured in a much more transactional manner. Third, the Trump administration will rethink but not renew U.S. global leadership to win the competition for influence across the Global South. Overall, the United States remains conflicted about how it intends to win at least this current phase of strategic competition with China and Russia. The competing factions that will serve under President Trump will oscillate between Cold War rhetoric and realist multipolar coexistence, between primacy and isolationism.

In a fitting October 2024 *Foreign Affairs* article titled "America's Strategy of Renewal," U.S. Secretary of State Antony Blinken reflected on the Biden administration's foreign policy record over the past four years.[45] He argued that the Biden administration had restored U.S. international leadership after the damage of the Trump presidency, explaining that "President Biden and Vice President Harris pursued a strategy of renewal, pairing historic investments in competitiveness at home with an intensive diplomatic campaign to revitalize partnerships abroad."[46]

The re-election of Trump four years since he last left office therefore presents a repudiation of not only the "strategy of renewal" that Secretary Blinken articulated, but also marks a return to the transactional and mercantilist grand strategy of the America First movement seeking to "Make America Great Again." This is an altogether different dream of American renewal. President Biden may have claimed to pursue a "foreign policy for the middle class," but President Trump's pincer campaign strategy appealed to the working class through unashamedly populist economic protectionist policies on one hand and to the wealthiest Americans and major companies through promises to tax cuts and de-regulation on the other hand. The two presidents' differing grand strategies for achieving U.S. international interests can be categorized by their radically different notions of ends, ways, and means.[47] President Trump's election platform chapter ten, titled "Return to Peace Through Strength" sets out his defense vision.[48]

**Table 4.1. Evolving U.S. Grand Strategy**

| | | Biden | Trump 2.0 |
|---|---|---|---|
| Ends | U.S. Status | *Primacy* | *Primacy or Retrenchment* |
| | Polarity | *Bipolarity with China or Multipolarity* | *Multipolarity* |
| | Adversaries | *China, Russia, Iran, DPRK* | *China, Allies* |
| Ways | Diplomacy | *Minilateral alliances or partnerships* | *Unilateral and Bilateral* |
| | Priority Theatres | *Europe, Middle East, Asia* | *Unclear* |
| Means | Military | *Increase* | *Increase* |
| | Alliances | *Empower* | *Transactional* |
| | Trade | *IPEF, Supply chains* | *Tariffs* |

45. Antony Blinken, "America's Strategy of Renewal," *Foreign Affairs*, October 1, 2024.
46. Ibid.

## 1. Renewing America's Sources of Strength

Stopping the relative decline of U.S. economic competitiveness vis-à-vis China remains central to U.S. efforts at renewal on a bipartisan basis. The new White House and 119th Congress will renew attempts to rebuild America's sources of strength at home by doubling down on industrial policy tools such as tariffs, investment screening, subsidies, and supply chain decoupling. During the 2024 U.S. presidential election campaign, former President Trump had promised to enact a 60% tariff on all Chinese imports into the United States and a uniform 10-20% tariff from all other countries.[49] Significantly, this approach to tariffs enjoys a degree of bipartisan support, with Democrats such as Representative Jared Golden of Maine introducing bills in late 2024 proposing a 10% blanket tariff on imports.[50]

The Biden administration had prioritized supply chain resilience in six sectors: Energy Industrial Base, Transportation Industrial Base, Agricultural Commodities and Food Products, Public Health and Biological Preparedness Industrial Base, Information Communications Technology, and Defense Industrial Base.[51] The Trump administration is likely to continue these working groups while adding new sectors such as mining and critical minerals supply. The Trump administration will also keep up the momentum of attracting allied investment into the United States to rebuild sectors such as electric vehicles, semiconductors, and heavy industrial manufacturing. Economic resilience will demand further investments in science and technology innovation. The inclusion of business leaders such as Elon Musk of Tesla and start-up entrepreneur Vivek Ramaswamy to lead a new Department of Government Efficiency will try to spur domestic economic growth through deregulation.[52] Rebuilding U.S. strength at home will also require addressing the illegal immigration crisis that was a major focus of Republican criticism by border states as well as in Congress. The U.S. border crisis will also likely see significant progress on reducing new crossings, though the much-hyped mass deportation campaign promises will struggle due to legal challenges and diverse state responses.

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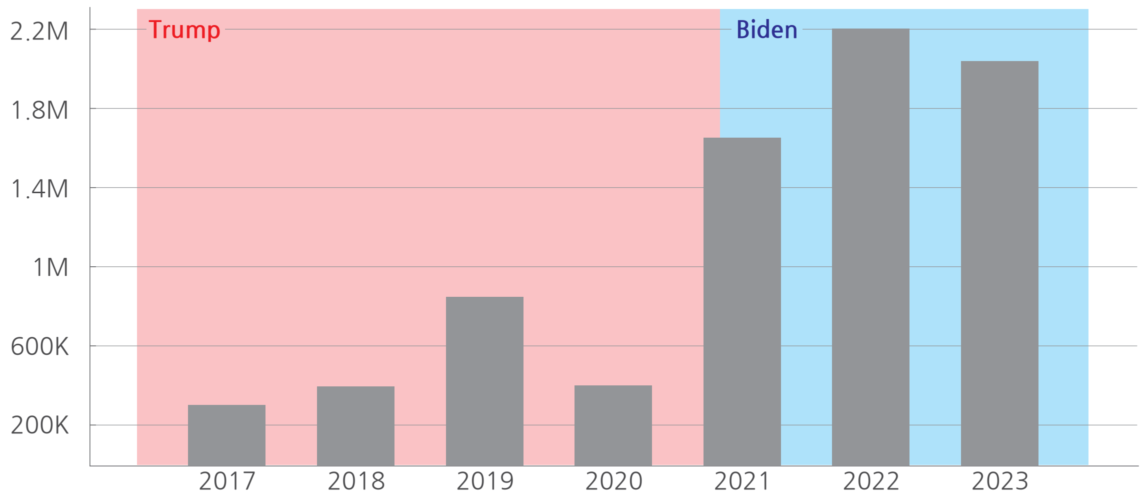
47. See also, Kuyoun Chung, "Diverse Interpretations of "America First" within the Republican Party and Its Implications for U.S. Foreign Policy," *Asan Issue Brief*, August 19, 2024.
48. See "2024 GOP Platform: Make America Great Again!" https://www.donaldjtrump.com/platform.
49. Paul Wiseman, "Trump Favors Huge New Tariffs. How Do They Work?" *PBS News*, September 27, 2024.
50. "How America learned to love tariffs," *The Economist,* October 10, 2024.
51. "Executive Order on America's Supply Chains: A Year of Action and Progress," *The White House*, February 27, 2022.
52. Sarah Rumpf-Whitten, "Elon Musk, Vivek Ramaswamy to Lead Trump's Department of Government Efficiency," *Fox News*, November 12, 2024.

Figure 4.3. Illegal Crossings at the U.S.-Mexico Border During Trump and Biden




Source: Office of Homeland Security Statistics.

On revitalizing America's troubled defense industrial base, there is likely to be stronger engagement with the U.S. private sector as the DoD begins to shift the balance towards faster capability acquisition timeframes as demonstrated by the uncrewed Collaborative Combat Aircraft (CCA) project for the U.S. Air Force and guided munitions interest in hyperscale manufacturing with defense firms like Anduril Industries.[53] Influential Republicans such as former Congressman Mike Gallagher have been sounding the alarm on the imminent two-year window to deter a major war.[54]

## 2. Renewing America's Alliances and Partnerships

In his farewell column, Secretary Blinken cited four lines of renewal, including the renewal of America's core alliances and partnerships in the Indo-Pacific and Euro-Atlantic regions. Second, the Biden administration "infused U.S. alliances and partnerships with new purpose" by adding new mission to the Quad, launching the U.S.-EU Trade and Technology Council, and hosting new summits with historically neglected regions such as the Pacific Islands and Africa.[55] Third, he highlighted how the Biden administration

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53. Ashley Roque, "Pentagon Announces 4 Drones, Loitering Munitions Now Under Replicator," *Breaking Defense,* November 13, 2024; "Anduril Unveils Barracuda-M Family of Cruise Missiles," *Anduril Industries*, September 12, 2024.
54. Mike Gallagher, "Pentagon Has Two Years to Prevent World War III," *The Wall Street Journal*, November 13, 2024.
55. Antony Blinken, "America's Strategy of Renewal," *Foreign Affairs*, October 1, 2024.

had knitted together U.S. allies and partners in new ways across regions and issues, such as launching the Indo-Pacific Economic Framework and agreeing to the AUKUS partnership to construct nuclear-powered submarines and cooperate on advanced military technologies with Australia and the United Kingdom. Finally, he noted the new coalitions that had been formed to address new challenges such as climate change, COVID-19 vaccines, and illicit synthetic drugs.

The "latticework" of U.S. alliances and strategic partnerships built by the Biden administration will come under serious strain during the second Trump administration. While acknowledging the value of such minilateral and cross-regional cooperation as a burden-sharing tool to extract higher allied defense commitments, it is not unclear whether President Trump agrees that there even is a multi-front strategic competition with China, Russia, Iran, and North Korea. Rather, he has repeatedly mentioned his cordial relations with authoritarian leaders such as Xi Jinping, Vladimir Putin, and Kim Jong Un.

In 2025, we can expect further progress on cross-regional bracing of minilateral partnerships and alliance consultations regardless of whether or not the United States leads or is even involved in such efforts. For example, the NATO IP4 forum that includes Australia, Japan, New Zealand, and the ROK had previously only attended and met together at the leaders' level and foreign ministers' level since 2021. But in October 2024, the IP4 defense ministers held their first meeting in Brussels.[56] This could pave the way for ad hoc military exchanges, training, exercises, or patrols in the same way that the Quadrilateral Security Dialogue between the United States, Australia, Japan, and India unofficially also convenes the Exercise Malabar naval field-training exercise.[57]

### 3. Renewing America's Global Mission

The third area of American renewal will be whether or not the United States commits to a global leadership role and wins the global competition for influence against China and Russia across the Global South. The Biden administration took some important steps in this regard, including hosting some of the first leaders' summits at the White House with ASEAN leaders, Pacific Islands Forum leaders, African Union leaders, and the Americas Partnership for Economic Prosperity Leaders' Summit. But U.S. leadership

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56. Kim Eun-jung, "S. Korea to attend NATO defense ministers' meeting for 1st time," *Yonhap News*, October 1, 2024.
57. Seth Koenig, "India hosts Australia, Japan and U.S. forces in Exercise Malabar 2024," *U.S. Navy Press*, October 9, 2024.

has been inconsistent on some of the defining global challenges of most importance to Global South countries, including addressing climate change and speeding up the global shift to renewable energy, pushing forward global trade liberalization to open markets for developing countries, and finding resolutions to ongoing conflicts and deterring further conflicts. President Trump has so far expressed few opinions on these issues affecting the Global South except as threats on migration or cheap foreign labor competition. While the Biden administration had belatedly tried to engage neglected regions, it is unlikely that the Trump administration will commit time or resources to these regions unless they can offer direct value to U.S. domestic interests.

President Biden and Vice President Harris also emphasized their record of military restraint by keeping U.S. forces out of active conflicts such as Ukraine and Israel's escalating conflict with Iran and its proxies while preventing dominant power wars with China and Russia. This strategy marked a long overdue course correction in the eyes of many Americans from almost twenty years of foreign wars. The Biden Administration instead pledged to use "integrated deterrence" to "combine our strengths to achieve maximum effect in deterring acts of aggression."[58] It may have succeeded in achieving the narrow strategic objectives it set for itself, but belligerent states and non-state actors alike have not been deterred by the United States from using force to try and achieve their own aims.

In fact, perceptions of U.S. retrenchment from some regions such as the Middle East and Africa as well as preference for indirect military support appear to have emboldened authoritarian regimes and non-state actors. The opportunity cost of focusing on great power competition is being counted in the biggest spike in armed conflicts around the world, with over 33,000 civilians killed in 2023 alone, in addition to over 120,000 combat deaths.[59] On this issue, there is strong bipartisan consensus and President Trump, but also Vice President JD Vance has been much stronger in calling for bringing home U.S. forces in quasi-conflict zones in regions such as the Gulf, Africa, and South America. This will present challenges for economically prosperous U.S. allies who also host U.S. forces, including South Korea, Japan, Germany, Italy, Turkey, and northern European countries.

58. "The 2022 National Security Strategy," *The White House*, October 12, 2022.
59. "Peace, Justice And Strong Institutions," *Unite Nations Statistics Division*. https://unstats.un.org/sdgs/report/2024/Goal-16/.

## 4. America's Conflicted Grand Strategy

Even as the United States renews its domestic sources of strength, revitalizes its latticework of alliances and partnerships, and recommits to its global mission to defend freedom and democracy, the grand strategy will remain conflicted. In short, the United States, both under Biden and Trump, remains conflicted about how it intends to win this current phase of strategic competition with China and Russia. Instead, it is oscillating between Cold War rhetoric and adjusting to a realist multipolar coexistence. This is not a partisan distinction, with both the Trump and Biden administrations having shifted between periods of intense zero-sum thinking towards China and Russia, such as during the 2023 Chinese spy balloon incursion, and periods of managed cooperation, such as the 2024 prisoner exchanges with Russia and 2024 climate cooperation talks with China.

The bipartisan House Select Committee on Strategic Competition between the United States and the Chinese Communist Party reflects converging views. However, the growing mismatch between desired strategic ends and available means is increasing America's collective cognitive dissonance. The United States is in many ways unwilling to shed its self-image as an unrivaled superpower who can win such a contest. For example, if U.S. officials increasingly emphasize the need for more flexible command and control arrangements to collectively deter China aggression and respond to provocations.[60] This would appear to echo calls to consider establishing an Asian version of NATO made by a growing number of experts, politicians, and leaders.[61] Yet only a small number of U.S. politicians have thus far been willing to consider what this might mean in practice, including a potential loss of U.S. influence over its allies and entrapment.[62]

The fact that U.S. military force posture, and especially basing arrangements, has been slow to adapt to the China's growing military capabilities while allies and partners themselves have tried to adapt, similarly reflects a conflicted mindset between ominous futures and the more complacent present.[63] The same thinking currently appears in the U.S. fixation on maintaining channels of communication with Beijing while being

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60. Courtney Stewart, "Think Bigger, Act Larger: A U.S.-Australia Led Coalition for a Combined Joint Deterrence Force in the Indo-Pacific," *Carnegie Endowment for International Peace*, October 2, 2024.
61. Choi Kang, "It Is Time to Establish an Asian Version of NATO," *Chosun Ilbo,* June 17, 2024.
62. Mike Lawler, "Rep. Lawler Introduces Bill Establishing Task Force for NATO-Like Indo-Pacific Alliance," December 5, 2023.
63. Michael J. Green, "Multipolarity in the Indo-Pacific: Lessons for Australia From the Past And Present," *United States Studies Centre*, February 29, 2024.

**Figure 4.4. House Select Committee on China Members Wargame a U.S.-China War over Taiwan**


Source: Yonhap News.

unwilling to actually discuss anything of substantive purpose on issues such as illegal construction and maritime coercion in the South China Sea, protection of North Korea's nuclear buildup, and sanctions evasion, technology theft and cyberattacks, and more.

Renewal undoubtedly captures the aspirations of the next U.S. administration and Congress to "Make America Great Again." The year 2025 will begin to force a clearer national debate about how to rediscover and renew America's purpose and mandate beyond narrow self-interest. As Secretary Blinken concluded in his 2024 article, "The choices the United States makes in the second half of this decisive decade will determine whether this moment of testing remains a time of renewal or returns to a time of regression." Likewise, President-elect Trump outlined his own vision of renewal in his victory speech on November 5, proclaiming that "We have to put our country first for at least a period of time. We have to fix it. Because together we can truly make America great again for all Americans."[64]

64. "Donald Trump's Victory Speech in Full: Transcript," *Newsweek,* November 5, 2024.

# 5. China Dreams of Supplanting America as a World Power

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## 2024 in Review: Seeking Cracks in the Anti-China Coalition

In 2024, China looked for cracks in the U.S.-led anti-China coalition by emphasizing economic cooperation and expanding people-to-people exchanges. This approach targeted concerns and anxieties among U.S. allies and partners ahead of the 2024 November U.S. presidential election. Concurrently, China managed its relationship with the United States by enhancing high-level communication channels established after the U.S.-China summit in November 2023. In the process, China further strengthened its cooperation with Russia while distancing itself from North Korea, which continued to destabilize the region through military provocations. China's growing military ties with Russia underscored this strategic shift. In the international community, China has sought to strengthen cooperation with the Global South through various regional multilateral organizations.

Marking the 45th anniversary of diplomatic normalization between the United States and China in 2024, China reiterated "mutual respect," "peaceful coexistence," and "cooperation and common prosperity" with the United States to avoid direct conflict with Washington. High-profile visits by U.S. officials—including Secretary of State Antony Blinken in April and National Security Advisor Jake Sullivan in August (the first such visit in eight years)—highlighted this effort. Additionally, China and the United States held multiple high-level dialogues, including the U.S.-China Foreign Ministers' Meetings (April and September), U.S.-China Defense Ministers' Meetings (April and May), and the U.S.-China 1.5 Track Dialogue (June). Discussions focused on areas such as climate change and combating narcotics. In June 2024, China sent a pair of pandas to the San Diego Zoo in the United States for the first time in five years—a symbolic gesture to manage relations with the United States.

However, China maintained a hardline stance on issues it views as core interests, including Taiwan and the South China Sea. Following Lai Ching-te's victory in Taiwan's January 2024 presidential election, concerns over the Taiwan issue increased. In response to U.S. arms sales to Taiwan, China continued its show of force in the Taiwan Strait and increased diplomatic and economic pressure on Taiwan, such as establishing diplomatic relations with Nauru (January 2024), suspending tariff reductions on 134 Taiwanese imports (June), and seizing the Taiwanese fishing vessel *Da Jin Man No. 88* (July). As the U.S. deployed intermediate-range Typhon missile launchers in the Philippines in April 2024, China responded by escalating its maritime disputes with the Philippines in the South China Sea and conducted its first intercontinental ballistic missile (ICBM) test in the Pacific Ocean in 44 years on September 25.

In 2024, China also sought to improve relations with U.S. allies in the region. On May 27 this year, China participated in the ROK-Japan-China trilateral summit despite earlier tensions with South Korea and Japan over the Taiwan issue in the first half of 2024. China viewed it as an opportunity to seek to restore bilateral and trilateral ties through initiatives such as the South Korea-China 2+2 Diplomatic and Security Dialogue (June), the South Korea-China Foreign Vice Ministers' Strategic Dialogue (July), and the South Korea-Japan-China Tourism and Culture Ministers' Meetings (September). Additional measures included granting visa waivers to South Korean and Japanese citizens (November) and hosting the South Korea-China Summit (November). China has implemented a major stimulus package since the Third Plenary Session of the 20th Central Committee of the Chinese Communist Party (CCP) in July 2024, which was likely aimed at reviving its economy by expanding economic exchanges with developed economies such as South Korea and Japan. At the same time, given the rising concerns and anxiety in South Korea and Japan about the next U.S. administration before the U.S. presidential election, China may have tried to prepare for cracks in the U.S.-led anti-China coalition by strengthening its ties with U.S. allies.

China has deepened its strategic partnership with Russia by hosting China-Russia summits in May and October 2024. However, it has distanced itself from North Korea in several ways, including by removing the Xi Jinping-Kim Jong Un footprint plaque in Dalian, not sending the Chinese Ambassador to North Korea Wang Yajun to North Korea's Korean War anniversary event on July 27, calling for the mass repatriation of North Korean workers in China, and seeking to restore ties with South Korea. North Korea's attempts to construct a new Cold War structure in the region through its military ties with Russia and to draw China into this structure appear to have prompted China's dissatisfaction. Concerned about the potential emergence of an "Asian version of NATO" and focused on economic recovery, China seemed intent on signaling its disapproval to North Korea.

Figure 5.1. China Launches an ICBM on September 25, 2024


Source: China People's Liberation Army.

At a press conference during the Two Sessions in March 2024, Chinese Foreign Minister Wang Yi pointed out that the Global South is a key force for reforming the international order. He declared that China, as a member of the Global South, would strive to promote its development.[65] In the past, the Global South was marginalized from the international community due to its economic backwardness. With its economic rise, however, it has begun to attract international attention as it increasingly adopts positions that diverge from the West on global issues, such as the Ukraine war. In this regard, China's self-identification as a member of the Global South and its emphasis on cooperation with other members are interpreted as a way to counter Western balancing through solidarity with developing countries.

China emphasized that, unlike Western countries, it understands the positions of developing countries in various regions and provides practical support. For example, at the China-Arab States Cooperation Forum in May 2024, China announced $69 million in

65. "Wang Yi: Let's Jointly Light Up the "Southern Moment" of Global Governance," *Ministry of Foreign Affairs of the People's Republic of China*, March 7, 2023 ["王毅: 共同點亮全球治理的'南方時刻'," *中華人民共和國外交部*, 2024.03.07].

humanitarian aid for the Gaza Strip.[66] Similarly, at the Forum on China-Africa Cooperation in September 2024, it pledged $50.7 billion in development funding for Africa over the next three years.[67] In particular, at the 70th anniversary of the Five Principles of Peaceful Coexistence held on June 28, 2024, President Xi Jinping announced that China would establish the Global South Research Center and promote a Next Generation Leaders Program, which offers Five Principles of Peaceful Coexistence scholarships for 1,000 individuals and education and training for 100,000 people. Xi also declared large-scale investments in agricultural development across the Global South.[68] These measures signal China's intention to take a leading role in its relations with the Global South in the future by increasing its support for these countries.

## 2025 Outlook: Renewing China's Global Leadership

Despite the return of the Trump administration in 2025, China's foreign policy posture is unlikely to change. China is aware of bipartisan anti-China perceptions and concerns in the United States. Therefore, China anticipates a continuation of the U.S. policy of balancing against China. However, if the second Trump administration pursues an America First policy, the anti-China coalition that the Biden administration promoted could weaken, and discontent and distrust of the United States can emerge among U.S. allies and partners. China will use this opportunity to spread doubts about U.S. global leadership and actively expand its global influence by adjusting its policies toward U.S. allies and partners, strengthening ties with friendly countries including Russia and the Global South, and advocating free trade, economic growth, and the protection of the international order. Through these efforts, China will strengthen its renewal strategy to position itself to replace the United States.

### 1. Trying to Bargain with the United States to Lift Balancing and Pressure

President-elect Trump has signaled his intent to intensify bilateral checks and

66. "China and 22 Arab Countries Reach Consensus on Gaza Ceasefire and Further Cooperation," *Diplomat*, July 10, 2024.
67. "China Pledges $50.7 Billion in Aid to Africa, Allocating 45% of Its Foreign Aid Budget to the Continent," *SOHU*, September 10, 2023 ["中國承諾向非洲提供507億美元, 45%對外援助流向非洲, 獲非洲認可," *SOHU,* 2024.09.10].
68. "Xi Jinping's Speech at the Meeting Commemorating the 70th Anniversary of the Publication of the Five Principles of Peaceful Coexistence (Full Text)," *People's Daily*, June 28, 2024 ["習近平在和平共處五項原則發表70周年紀念大會上的講話(全文)," *人民網,* 2024.06.28].

pressures on China. Proposed measures include imposing high tariffs, revoking China's "Most Favored Nation (MFN)" status, blocking indirect exports through third countries like Mexico, and promoting economic decoupling. However, these anti-China policies are likely to be implemented incrementally over his four-year term. Trump's promises to combat inflation and introduce broad-based tax cuts—including reductions in corporate taxes—suggest that his administration is likely to seek to amend China-related legislation early in the term to minimize potential negative effects on the U.S. economy. Furthermore, given his selective interventionist stance, the second Trump administration is expected to prioritize ending the Ukraine war over China in 2024. This is because ending the war would enable his administration to focus more on the Indo-Pacific region, particularly China.

**Figure 5.2. President Trump and President Xi Jinping Shaking Hands at the U.S.-China Summit in June 2019**

Source: Yonhap News.

China is likely to use this as an opportunity to prioritize a deal with the United States in 2025. Facing downward economic pressure despite massive stimulus measures, China needs to delay or reduce the intensifying pressures from the second Trump administration as much as possible. China also anticipates the possibility of negotiating with the United States due to President-elect Trump's transactional approach to international relations, even as U.S. pressure on China persists.[69]

In this context, China could demonstrate its support for a Russia-Ukraine peace agreement and willingness to cooperate when the second Trump administration seeks to end the Ukraine war. China has already signaled its commitment to peaceful mediation by releasing the "China Position on the Political Settlement of the Ukrainian Crisis" in February 2023, which excludes the withdrawal of Russian troops from Ukraine. From China's perspective, supporting a U.S.-brokered peace agreement not only facilitates dialogue and negotiations with Trump but also serves as an opportunity to showcase its contribution as a "responsible power" in the international community. Economically, China is likely to create a favorable environment for U.S.-China negotiations by offering to purchase large amounts of U.S. goods and services.

## 2. Strengthening Reconciliation with South Korea for Economic Cooperation and the APEC Summit

In 2025, China will seek to deepen cooperation with advanced economies in the region, such as South Korea, Japan, and Australia, to revive its economy and counter U.S. pressure on China. China reaffirmed its "Chinese-style modernization" path at the Third Plenary Session in July 2024 and launched massive stimulus measures, but the effects have not met expectations. Since China has already raised the momentum of bilateral and trilateral economic cooperation at the ROK-Japan-China trilateral summit in May 2024, it will seek to materialize further economic exchanges with South Korea and Japan to revive China's economy. In the process, China will oppose U.S. protectionism and promote bilateral and multilateral economic cooperation, including exchanges and cooperation within the Regional Comprehensive Economic Partnership (RCEP), the Korea-China FTA, and the ROK-Japan-China FTA. At the same time, in the context of economic security, China will emphasize communication and cooperation over global supply chains and high-tech industries to counter U.S. economic pressure.

China is particularly likely to intensify its efforts to appease South Korea in 2025 under the pretext of restoring bilateral relations. The Asia-Pacific Economic Cooperation (APEC) summit is scheduled for November 2025 in South Korea. The Yoon Suk-yeol administration, which has emphasized mutual respect in South Korea-China relations, anticipates a visit from Xi Jinping to South Korea and to host a ROK-China bilateral summit during the APEC summit. Chinese Foreign Minister Wang Yi responded positively

69. "Is China Leaning Towards Harris or Trump?" *Foreign Affairs*, August 1, 2024 [王緝思·胡然·趙建偉, "中國傾向於哈裏斯還是特朗普？為何中國戰略家視兩者差別不大," *Foreign Affairs*, August 1, 2024].

to the Yoon-Xi summit on the sidelines of the APEC summit at the meeting with the delegation of Korea-China Parliamentary Federation and South Korean Foreign Minister Cho Tae-yul.[70] China also strongly conveyed its willingness to restore South Korea-China relations in the second half of 2024.

In November 2024, China waived visas for South Korean visitors—a policy that had previously adhered to strict reciprocity—and a Yoon-Xi summit held in Lima, Peru, on the sidelines of the APEC summit on November 15, 2024. Given that the Yoon administration's previous attempt to push for a bilateral summit during the APEC meeting in November 2023 was unsuccessful, China's approach to South Korea appears to have changed. China may recognize that hosting the bilateral summit in November 2025 would be a great diplomatic achievement for the Yoon administration, while failure to successfully host the summit could trigger a domestic backlash. As a result, China is likely to demand a quid pro quo from South Korea such as South Korea maintaining a balance between the United States and China or refraining from involving in the Taiwan issue in exchange for the summit.

If friction between South Korea and the United States were to emerge in 2025—over issues such as defense cost-sharing, North Korea's nuclear issue, or South Korea's nuclear armament—it could lead to public dissatisfaction with the Yoon government, which has emphasized the ROK-U.S. alliance and values-based diplomacy, as well as growing distrust of the United States in South Korea. China could use this as an opportunity to exert its influence to shape public opinion in its favor. China improved its relations with Australia after Anthony Albanese took office as prime minister in May 2022, in part as a result of China's steady signal to improve bilateral relations with Australia even before the election. In that regard, China will continue demonstrating its commitment to restoring cooperative relations with South Korea amid a potential surge in disputes within the ROK-U.S. alliance in 2025, while seeking to shift the responsibility for improving South Korea-China relations onto the Yoon administration. In the short term, China will aim to weaken the Yoon administration's foreign policy momentum and exploit the cracks in the various mini-multilateral anti-China coalitions in the region, such as the IP4 and Quad. In the long term, China will seek to foster a political environment favorable to its interests within South Korea's next administration.

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70. "中外教授主席 [Next Year's APEC, Xi Jinping's Visit to Korea]," *The Chosun Ilbo*, September 19, 2024; "Cho Tae-yul-Wang Yi Meet Again After Two Months... [November Yin-Xi Summit to be Promoted]," *The Seoul Economic Daily*, September 29, 2024.

### 3. Taking the Lead in the Global South through Various Cooperation Mechanisms

Given the second Trump administration's isolationism and selective interventionism, the Global South is likely to receive less attention on its agenda than it did during the Biden administration. In the Munich Security Report 2023: Re: vision published in February 2023, the United States and European countries expressed concerns over China's growing influence in the Global South and argued that they should increase cooperation with the region. In January 2024, U.S. Secretary of State Antony Blinken visited four African countries—Cape Verde, Côte d'Ivoire, Nigeria, and Angola—to curb China's growing influence in the Global South.

If the United States takes a passive approach toward the Global South in the second Trump administration, China may seize the opportunity to pursue economic exchanges and cooperation with the Global South more aggressively. Although there are doubts about China's ability to provide the same level of support to the Global South as in the past due to economic pressures from the second Trump administration, economic exchanges with the economically developed Global South could help mitigate China's economic challenges or help build opposition to U.S. protectionism within the international community.

Notably, 2025 marks China's chairmanship of the Shanghai Cooperation Organization (SCO). As China and India vie for leadership within the Global South, China will use the SCO chairmanship to expand cooperation in areas such as politics, security, economy, and humanities. In the process, China will endeavor to expand its influence in the Global South by declaring joint statements and introducing cooperation measures based on initiatives championed by Xi Jinping, including the Community of Common Destiny for Mankind, the Global Security Initiative (GSI), the Global Development Initiative (GDI), and the Global Civilization Initiative (GCI). China will utilize these efforts to build opposition sentiment toward U.S. protectionism in the international community and expand its narrative and systems distinct from those of the United States.

### 4. Pursuing a Two-Track Policy toward Russia and North Korea

The year 2025 marks the 75th anniversary of the Korean War. China has used the war as a rationale to emphasize its "blood friendship" with North Korea, calling it the "Resist America and Aid North Korea" war. However, China is expected to continue a harsh stance toward North Korea in 2025.

Beijing seeks to improve relations with U.S. allies in the region, such as South Korea and Japan, to revive its economy and weaken the U.S.-led anti-China coalition. If North

Korea conducts military provocations to increase its bargaining power with the United States or strengthens military ties with Russia by participating in the Ukraine war, these heightened security concerns will force South Korea, Japan, and other countries in the region to strengthen their alliance and partnership with the United States. This could limit China's attempts to capitalize on the America First rhetoric of the second Trump administration to widen the cracks within the anti-China coalition.

Although North Korea has strengthened its economic ties with Russia, its dependence on China remains absolute, accounting for 98.3% of its trade with China in 2023.[71] In 2025, China is likely to rhetorically champion North Korea's security concerns in the international community, but will also increase pressure on Pyongyang by reducing high-level exchanges and demanding the return of North Korean workers in China to North Korea. By distancing itself from North Korea, China will emphasize its different stance from Pyongyang, expand economic exchanges with advanced economies in the region, and slow the pace of the ROK-U.S.-Japan trilateral security cooperation.

Meanwhile, China will continue to deepen its cooperation with Russia in 2025. In May 2024, China and Russia issued a Joint Statement on Deepening the Comprehensive Strategic Partnership of Coordination for the New Era, agreeing to expand China-Russia military cooperation. In practice, the scope of China-Russia military exercises has been expanded, including the Ocean 2024 in the South China Sea (July), Northern/Interaction-2024 in the Sea of Okhotsk (September), and the first China-Russia Coast Guard's joint patrol drill in the North Pacific Ocean (September). Unlike North Korea, cooperation with Russia—a permanent member of the UN Security Council and a military and energy power—is necessary not only to compete with the United States but also to promote a multipolar international order. Cooperation with Russia also can help China expand its influence in multilateral organizations such as BRICS and SCO and gain leadership of the Global South, as Russia is not able to exert the same influence as it once did due to the Ukraine war. This would be beneficial in shaping the opposition opinion to the second Trump administration's protectionism and America First policy in international organizations such as the UN and expanding China's global influence against the United States.

71. Overseas Information Management Team, "North Korea Foreign Trade Trends 2023," *KOTRA*, 2024.

Figure 5.3. President Xi Jinping and President Putin Meeting at Xi's Official Residence, May 2023

Source: Yonhap News.

## 5. Expanding Maritime Power in the South China Sea and the Pacific Islands

China's third aircraft carrier, the Fujian, which completed a test voyage in May 2024, is set to enter service in 2025. In response to strengthened security cooperation among the United States, Japan, and the Philippines, China will further intensify its grey zone conflict strategy in the Spratly Islands. In June 2024, China empowered its coast guard to detain foreigners who illegally enter Chinese waters in the South China Sea.[72] This is expected to further escalate maritime disputes between China and other regional states in the South China Sea in 2025. Given the Coast Guard's civilian nature compared to regular armed forces, China will use this to escalate provocative actions using both its Coast Guard and maritime militia in the South China Sea and attempt to change the status quo in the South China Sea to be more favorable to China.

Furthermore, China will seek to extend its maritime power to the Pacific in 2025. China actively worked to enhance cooperative relations with Pacific countries by providing economic support. For example, China established diplomatic relations with

72. "China [Ignores] Philippines in [Detaining Foreigners in the South China Sea]...Tensions Rise," *Yonhap News*, June 15, 2024.

Nauru in January 2024. During the Biden administration, the United States, Japan, Australia, and New Zealand have strengthened economic and security cooperation with Pacific countries to counter China's growing influence in the Pacific. However, this momentum may weaken under the second Trump administration. China is expected to conduct more frequent naval and air exercises in the Pacific under the pretext of defending its people and property, making the Pacific a new arena for conflict.

# 6. Japan at the Crossroads of a New Beginning

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## 2024 in Review: Rising Global Influence through Clear Coalitions

In 2024, Japan achieved several significant milestones in diplomacy. Notable accomplishments included upgrading the U.S.-Japan alliance, participating in the ROK-Japan-China Trilateral Summit in over four years and five months, attending the North Atlantic Treaty Organization (NATO) Summit for the third consecutive year as the first Japanese leader to do so, hosting the Japan-Pacific Island Countries Summit as part of broader efforts to counterbalance China's influence, and fully restoring shuttle diplomacy with South Korea. Most notably, during the U.S. state visit in April, the U.S.-Japan alliance evolved into an "action-oriented alliance," allowing Japan to engage with the United States on a range of global issues to strengthen its role, status, and stature. Domestically, the Kishida Cabinet stepped down after three years in office, paving the way for the Ishiba Cabinet's inauguration on October 1. Amid the new political landscape, Japanese Prime Minister Shigeru Ishiba (hereafter, Ishiba) dissolved the House of Representatives early and held an election on October 27. However, the election resulted in a crushing defeat, raising concerns about governance challenges and administrative instability.

In April 2024, the U.S.-Japan summit between Prime Minister Fumio Kishida and President Joe Biden was described as "the most significant upgrade to the U.S.-Japan alliance since its establishment in 1960."[73] The two leaders agreed to enhance the command, control, and coordination capabilities of Japan's Self-Defense Forces (SDF) and the U.S. military in Japan. They also committed to jointly developing and producing advanced weaponry.[74]

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73. "US and Japan Announce Most Significant' Upgrade to Military Alliance," *Financial Times*, April 11, 2024.
74. "United States-Japan Joint Leaders' Statement: 'Global Partners for the Future'," *Ministry of Foreign Affairs of Japan*, April 10, 2024.

Figure 6.1. Japanese Prime Minister Fumio Kishida's State Visit to the United States

Source: Prime Minister's Office of Japan.

Japan's active participation in the evolving U.S. security cooperation network—transitioning from a "hub-and-spokes" model centered on U.S.-centric bilateral alliances to a "latticework" emphasizing mutual cooperation among U.S. allies and like-minded countries—has paved the way for Japan's expanded engagement and influence in various areas of the international community.[75]

Meanwhile, Japan-China relations have also seen a heightened sense of crisis in Japan, with scenarios of a Chinese invasion of Taiwan in 2025 being raised.[76] Concerns over a potential Chinese invasion of Taiwan have heightened, sparking discussions about Japan's response and diplomacy with China in such an event. Moreover, China's ongoing complete ban on Japanese seafood imports following the discharge of contaminated water from Fukushima has remained a point of contention between Japan and China. After prolonged negotiations, the two countries announced a gradual resumption of seafood imports, but negative sentiments in their bilateral relations have persisted. Tensions were further exacerbated by violent incidents in China involving Japanese nationals, in which a Japanese woman and her preschooler were attacked by

75. Choi Eunmi, "The Evolution of the U.S.-Japan Alliance and its Implications for South Korea," The Asan Institute for Policy Studies. *Issue Brief*, August 7, 2024.

76. "US Air Force Official Orders Preparations in Internal Memo for Taiwan Emergency in 2025," *The Nikkei*, January 28, 2023 ["米空軍高官「台湾有事は2025年」内部メモで準備指示," 日本経済新聞, 2023.1.28].

a gang and a Japanese elementary school student was stabbed to death while walking to school. These incidents have fueled negative public sentiment and deepened the rift between the two countries.

The Kishida Cabinet has stepped down, making way for the Ishiba Cabinet, which marks the end of a long-running campaign finance scandal that had plagued Japan's Liberal Democratic Party (LDP) since late 2022. The election of Ishiba, a fringe member of the LDP, initially raised hopes for a new era of change in Japanese politics and society during a time of heightened political distrust. However, the LDP's momentum stalled due to its weak internal support base and perceived lack of leadership from Prime Minister Ishiba. Shortly after taking office, Ishiba dissolved the House of Representatives and called for early elections, but the LDP, in coalition with the Komeito Party, failed to secure a majority. This electoral defeat further highlighted the challenges facing the Ishiba's cabinet.

**Figure 6.2. Shigeru Ishiba Nominated as Japan's 102nd and 103rd Prime Ministers**


Source: Prime Minister's Office of Japan.

In the realm of foreign affairs and security, Ishiba—known as a security expert—adopted a cautious tone in his inaugural speech, avoiding mention of two key issues central to his 38-year political career: the creation of an Asian version of NATO and the revision of the U.S.-Japan Security Treaty and Status of Forces Agreement. This is an indication of his intention to maintain Japan's current policies rather than make any significant changes.

In 2023, the South Korean government announced a resolution to address its

Supreme Court's ruling on forced labor, paving the way for a significant turn in South Korea-Japan relations in 2024. Shuttle diplomacy between the two leaders was fully restored, with 14 summits held to discuss collaboration across various fields, including diplomacy, security, economy, culture, science, and technology, etc. As bilateral ties normalized, the ROK-Japan-China Summit convened for the first time in over four years and five months.

**Figure 6.3. The Line-Yahoo and the Sado Mine Memorial Issues**


Source: (Left) Nikkei Shimbun (Right) Yonhap News.

However, conflict arose over Japan's Ministry of Internal Affairs and Communications pressuring the sale of Naver's stake in business, along with the South Korean government's agreement to nominate the Sado Island Gold Mines as a UNESCO World Heritage Site, leading to growing negative public opinion in South Korea. In particular, there was considerable dissatisfaction with the South Korean government's lukewarm response to Japan's unfair actions immediately following the incident. Nevertheless, both governments demonstrated a willingness to avoid escalating the issue into a diplomatic conflict, and the matter was effectively resolved when Japan's Ministry of Internal Affairs and Communications rescinded the action.

However, the nomination of the Sado Island Gold Mines as a UNESCO World Heritage Site—a site associated with a large number of Korean forced labor during the Japanese colonial era—has reignited domestic criticism in South Korea. The South Korean government consented to the nomination with the understanding that exhibits related to the Korean laborers would be installed and a memorial service held. However, the public's negative opinion did not subside easily. In particular, Japan's indifferent attitude during the Sado Mine memorial service, along with the controversy over whether the Japanese government representative attending the service had previously visited the Yasukuni Shrine, further strained relations between the two countries. These incidents highlight the sensitivity of public opinion and how easily bilateral relations can be disrupted, even as South Korea-Japan ties show signs of improvement. However, both governments' management of the conflict and their willingness to overcome it have shown a possibility to continue the current positive trend in bilateral relations.

## 2025 Outlook: Japan at the Crossroads of Opportunity and Challenge: A New Beginning?

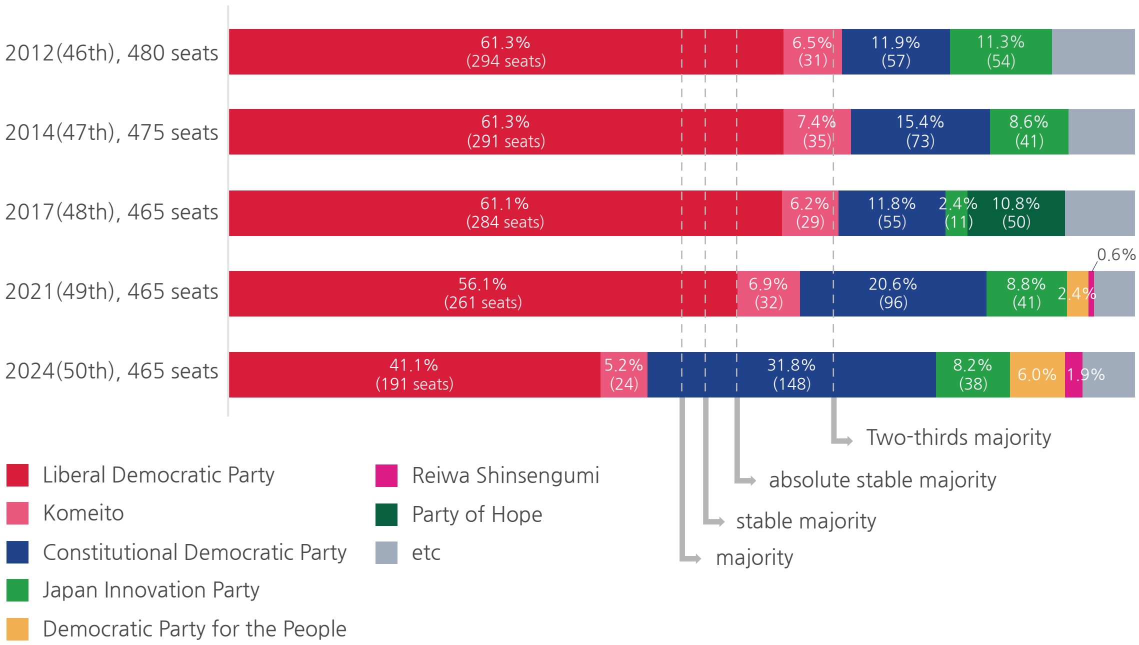
In 2025, Japan will face a range of opportunities and challenges amid unstable domestic politics. The upcoming Upper House elections, scheduled for the summer, will be a key political event that will determine whether Ishiba's cabinet continues. Depending on the outcome, the election could lead to Japan's first ruling party change since 2009. Against this backdrop, the government faces challenges at home and abroad. Domestically, Japan must address public distrust in politics stemming from the political fund scandal that has been ongoing since late 2022. Externally, Japan faces the challenge of building trust between leaders with the United States and stabilizing relations with China. In its relationship with South Korea, the two countries will celebrate the 60th anniversary of normalization in 2025, continuing efforts to improve bilateral ties. However, this will involve managing conflicting issues, such as the continental shelf dispute and the Sado Mine issue, while striving to maintain a positive trend in relations.

### 1. The Unstable Tenure of Ishiba's Cabinet: The Short-Lived Cabinet or "Golden Three Years"?

Despite the LDP maintaining its position as the dominant party despite losing the House of Representatives election, the future of Ishiba's second cabinet remains uncertain. Figure 4 below compares the results of the 46th (2012) to the 50th (2024) Upper House elections. Since the LDP regained power from the Democratic Party in 2012, this marks the first time that the LDP has failed to secure a majority, even in a coalition with the Komeito party. This suggests that Ishiba's cabinet may face challenges in effectively governing, and with a unified opposition, the possibility of a no-confidence motion against the prime minister could be a potential concern.[77]

77. Choi Eunmi. "Collapse of the Liberal Democratic Party's One-Party Dominance and the Ishiba Cabinet: Japan's Political Transformation Through the 2024 General Election," *The Korea Journal of Japanese Studies*, No. 60 (2024), pp.77-105.

Figure 6.4. Compare House of Representatives Election Results (46th-50th)




Source: 総務省, Reconfigured based on election results.

The Upper House and Tokyo Assembly elections are scheduled for the summer of 2025. If the LDP were to lose as significantly as it did in the 2024 House of Representatives election, it could potentially lead to a change in government for the first time since 2009. Given the current domestic political uncertainty, the longevity of Ishiba's cabinet remains in question. If Ishiba fails to secure substantial public support and maintain his party's leadership, there is a risk that his government may not last until the Upper House election. However, if Ishiba can leverage his accomplishments and successfully lead his party to victory in the Upper House elections, he could usher in a "golden three-year period" of political stability, with no major national elections on the horizon for the next three years.

However, it seems no significant changes to Japan's diplomacy and security policies in the near future. Ishiba's long-standing proposals to create an "Asian version of NATO" and revision of the U.S.-Japan Security Treaty and Status of Forces Agreement remain highly controversial within Japan. These controversies stem not only from negative reactions from neighboring countries but also from the instability of the party's base and the upcoming election. Advancing these proposals will prove challenging in the lead-up to the election. This is because Japan's domestic priorities are centered on addressing high inflation and economic policies, while its external focus lies in building trust with the second Trump administration and managing its relationship with China. However, from a long-term perspective, if discussions on Ishiba's proposals to create an "Asian version of NATO" and the "revision of the U.S.-Japan Status of Forces Agreement" can begin, they could have considerable implications.

## 2. Building Trust U.S.-Japan Relations and Stabilizing Japan-China Relations

The inauguration of the second Trump administration could present both new opportunities and challenges for Japan. It is well-known that Japan established a close relationship of trust between former Prime Minister Shinzo Abe and former U.S. President Donald Trump during the first Trump administration. From Japan's perspective, it is advantageous that former foreign ministers Taro Kono and Toshimitsu Motegi, who played key roles at the time, remain influential figures within the LDP. However, this also presents challenges for Ishiba. He will need to move beyond his political rival, Abe, and may have to rely on those he previously aligned with during his bid for the LDP presidency. In the current political climate, building a relationship of trust with Trump could serve as a significant test of Ishiba's diplomatic skills.

At the same time, stabilizing Japan-China relations while promoting "strategic reciprocity" amidst growing military tensions around the Senkaku Islands presents a major challenge. The relationship with China is particularly complex, as President-elect Trump has indicated plans for higher tariffs on China. During the first Japan-China summit between Ishiba and Xi Jinping on the sidelines of the Asia-Pacific Economic Cooperation (APEC) summit, both sides affirmed the direction of constructive relations. President Xi also reiterated his commitment to gradually lifting the ban on Japanese seafood imports following the release of contaminated water from Fukushima.[78] Japan is set to host the next trilateral summit between South Korea, Japan, and China, following the previous one held in South Korea in May. It will be worth observing how Japan organizes the 10th ROK-Japan-China Summit.

Meanwhile, in 2025, Japan has been selected to host the Osaka International Expo (EXPO). The EXPO, which is scheduled to take place from April 13 to October 13, will return to the same location 55 years after its debut in 1970. Japan hopes to reap economic and diplomatic benefits from the Osaka EXPO. It is anticipated that the event will contribute to the revitalization of the domestic economy by reflecting the evolving domestic and international landscape, as well as showcase a modernized

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78. "Contents on Prime Minister Ishiba's First Japan-China Summit Meeting and Japan-U.S.-ROK Summit Meeting," *NHK*, November 16, 2024 ["石破首相　初の日中首脳会談や日米韓首脳会談　内容は," *NHK*, 2024.11.16].

Japan, including high-tech and smart cities, on a global stage. This will be a chance to draw upon the nostalgia of the high economic growth experienced in the 1970s. However, since there are concerns regarding the deficit resulting from sluggish ticket sales and rising construction costs,[79] which could have a potential impact on Ishiba's cabinet in the future.

## 3. 60th Anniversary of Korea-Japan Normalization and 80th Anniversary of the End of World War II

The year 2025 marks both the 60th anniversary of the normalization between Korea and Japan and the 80th anniversary of the end of World War II. The 60th anniversary of normalization presents a valuable opportunity to further strengthen bilateral ties. In this context, both governments have established the "60th Anniversary Task Force" in South Korea and the "60th Anniversary Secretariat" in Japan to commemorate the occasion. The private sector is also actively participating in various commemorations across politics, economics, society, and culture. Since the formation of the Ishiba Cabinet, two summits have been held: the first on October 10, during the Association of Southeast Asian Nations (ASEAN) Summit, and the second on November 16, during the APEC Leaders' Meeting. Both summits reached a consensus on advancing bilateral relations.

**Figure 6.5. ROK-Japan Summit During the 2024 APEC Leaders' Meeting**

Source: Yonhap News.

79. "How Much Will the Osaka-Kansai Expo End Up Costing? If It's in the Red, Who Will Make Up the Deficit? What Is the Government's Outlook?" *Tokyo Shinbun*, April 4, 2024 ["大阪·関西万博 結局いくらかかる？赤字なら誰に穴埋めさせるのか 政府の見通しは…〈現状まとめ〉," *東京新聞*, April 4, 2024].

However, there are potential conflicts between the two countries. First, the continental shelf issue could emerge as an immediate point of contention. The Korea-Japan Continental Shelf Agreement, which came into effect in 1978 and is set to expire in 2028, allows either side to terminate the agreement with three years' notice. The year 2025 marks that deadline. Encouragingly, the two countries recently held their first meeting in 39 years to address the issue,[80] which provides a starting point for discussions. While it remains uncertain whether a positive resolution can be reached in the near term, the meeting itself represents a positive step forward. Another ongoing issue is the lack of a sincere response to the forced labor issue, often described as "half a glass of water." The South Korean government has proposed a "third-party reimbursement" solution for victims who have won their cases in the Supreme Court. However, this proposal faces several challenges, including depleted resources, the unavailability of public documents, and some victims' refusal to accept compensation. The issue of comfort women also remains unresolved, despite a successful lawsuit against the Japanese government. Under these circumstances, the joint declaration celebrating the 60th anniversary of Korea-Japan normalization between the two leaders may face significant challenges, particularly in reaching a consensus on the inclusion of historical issues in the declaration process.

The 60th anniversary of the normalization between South Korea and Japan (June) and the 80th anniversary of the end of World War II (August) coincide with the Upper House election (July). There is a possibility that Prime Minister Ishiba will state on the 80th anniversary of the end of World War II, similar to Abe's 70th anniversary statement in 2015. In that statement, Abe rejected the passing down of apologies to future generations and downplayed issues like colonization and aggression, reflecting a retrogressive historical perspective. It will be worth observing whether Ishiba's statement will adopt a more optimistic and forward-looking perspective.

Nevertheless, as bilateral cooperation between Japan and South Korea expands across various fields such as diplomacy, security, economy, science, technology, society, and culture, and efforts to advance the relationship through exchanges continue, tangible progress and achievements in the bilateral relationship are expected. For example, the "simplification of immigration procedures" was discussed at the Korea-Japan summit in September 2024, aiming to facilitate travel for citizens of both countries. Additionally,

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80. "Korea and Japan Are Set to Hold Their First Joint Committee Meeting in 39 Years to Discuss the Development of Block 7 in the East China Sea⋯Continue to Communicate And Have Broad Discussions," *Yonhap News*, September 27, 2024.

both sides committed to cooperating in the rescue of nationals in third countries.[81] The challenge for South Korea will be to continue the shuttle diplomacy between the leaders of South Korea and Japan, and to regularize the Korea-Japan, ROK-U.S.-Japan, and ROK-Japan-China summits. It is also important to gradually expand ROK-Japan cooperation, including through the Indo-Pacific 4 (IP4) partners—South Korea, Australia, Japan, and New Zealand.

81. "The Result of Korea-Japan Summit Meeting (9/6)," *Office of the President of ROK*, September 6, 2024.

# 7. Russia's Constrained Bid for a Multipolar Order

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## 2024 in Review: The Russian Model of Strengthening Coalitions

In 2024, Russia actively sought to forge alliances with the Global South, including the near abroad Eurasian states, China, India, and the Association of Southeast Asian Nations (ASEAN) member states, as well as countries in the Middle East, Africa, and South America, to reshape the global order within a multipolar framework. Russia made significant efforts to achieve this objective, participating in the Shanghai Cooperation Organization (SCO) summit in Kazakhstan in July and hosting the 2024 BRICS—an intergovernmental organization comprising Brazil, Russia, India, China, and South Africa—summit in Kazan, Russia, from October 22 to 24.

Russia asserted that the contribution of BRICS countries to the global economy had surpassed that of the Group of Seven (G7) and was steadily growing, emphasizing that the country is not isolated on the global stage. To further strengthen the role and functions of BRICS, Russia has worked to expand the number of pro-Russia member states in the organization, building on its efforts from 2023. Additionally, it has proposed the introduction of a blockchain-based BRICS international payment system aimed at challenging the dominance of the U.S. dollar.[82]

However, Argentina rescinded its membership application following a change in government, while Saudi Arabia has postponed its formal accession to membership, thereby hindering the expansion of the BRICS bloc. Efforts to introduce a BRICS payment system have also encountered difficulties, as not all member states share adversarial relations with the West, making broad approval difficult to obtain. Moreover, the introduction of a BRICS international payment system would incur higher transaction costs and require substantial time and effort to develop a new financial market capable of eventually replacing the capital accumulation structure of existing global financial markets. Consequently, Russia's initiatives to form a multipolar world order have faced significant hurdles.

82. "At BRICS Summit, Russia to Push to End Dollar Dominance," *Reuters*, October 16, 2024.

Figure 7.1. The BRICS Summit 2024 in Kazan, Russia, October 24


Source: Yonhap News.

Russian President Vladimir Putin commenced his fifth term in March 2024, having secured a record-breaking 87.27% of the vote in the eighth presidential election. Shortly after his inauguration, he visited China on May 16 to mark the 75th anniversary of diplomatic relations between China and Russia. During the visit, Putin and Chinese President Xi Jinping concluded their 43rd bilateral meeting. In a joint statement following the summit, China and Russia announced the deepening of "the comprehensive partnership and strategic cooperation entering a new era" and pledged to strengthen cooperation in the areas of economics, space, and defense.[83] They also emphasized that the summit marked a significant milestone in their efforts to replace the U.S.-led world order with an order more favourable to both Russia and China.

After concluding his visit to China, Putin proceeded to Belarus and Uzbekistan in May, North Korea, and Vietnam in June, Kazakhstan for the SCO summit in July, and Azerbaijan in August, followed by visits to Mongolia in September and Turkmenistan in October.[84] Through summit diplomacy, he emphasized that cooperation with countries

83. "China and Russia Oppose U.S. and Allied Threats Against North Korea, Urge U.S. to Lift Sanctions," *Yonhap News*, May 16, 2024.

84. "Visit to Tatarstan. BRICS Summit," *President of Russia*, October 25, 2024.

in Eurasia, the Asia-Pacific, and the Global South is essential for shaping a new world order. Russia has sought to emphasize its diplomatic doctrine, which advocates for a multipolar world order based on the principles of equality and mutual respect among dominant powers as the foundation for a new world order.

At the For the Freedom of Nations forum held in Moscow on February 16, 2024, Russia clearly articulated its foreign policy stance aimed towards building a multipolar world order. Addressing 400 representatives from 60 non-Western countries, Russian Foreign Minister Sergey Lavrov sharply criticized the West for imposing a "rules-based order" across economic, financial, political, and cultural spheres, while urging the nations of the Global South to resist the neocolonial model of globalization.[85]

As the Ukraine war continues, Russia has faced challenges in restoring relations with the West while reinforcing its wartime diplomacy. The country now defines its current situation under Western sanctions as the new normal. Russia contends that, despite the ongoing war, it achieved economic growth both in 2023 and 2024 by reallocating revenues from oil exports to bolster military-industrial production and increase consumption. The country further asserts that it has transitioned from the new normal to a more stable, normal state.

Many have argued that, as the war persists, Ukraine will remain at a disadvantage in negotiations. However, Russia has struggled to overcome the constraints of the war and has been impeded in its ability to fully pursue its goal of establishing a multipolar world order. As the war dragged on, logistical challenges, including troop mobilization and arms procurement emerged. Amid the ongoing positional warfare, trench warfare, and artillery exchanges, Russia received drones from Iran, as well as ammunition and shells from North Korea.

Russia threatened to use nuclear weapons if the Ukrainian military launched an attack on Russian territory using Western-supplied weapons, including Army Tactical Missile Systems (ATACMS) and Storm Shadow cruise missiles. Since the early stages of the war, Dmitry Medvedev, Deputy Chairman of the Russian Federation's Security Council, has consistently raised the threat of nuclear escalation to counter Western support for Ukraine. In November, Putin personally took the initiative to revise Russia's nuclear doctrine, thereby intensifying the threat of nuclear weapon use.

In June, Russia and North Korea signed the Treaty on Comprehensive Strategic

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85. "Foreign Minister Sergey Lavrov's Remarks at the "For the Freedom of Nations" Forum of Supporters of the Struggle Against Modern Practices of Neocolonialism, Moscow, February 16, 2024," *The Ministry of Foreign Affairs of the Russian Federation*, February 16, 2024.

Partnership during a summit in Pyongyang. While the treaty invoked Article 51 of the United Nations (UN) Charter to emphasize its defensive nature, Article 3 included provisions for cooperation between Russia and North Korea during the pre-crisis management stage, allowing for the potential of Russian military intervention on the Korean Peninsula if necessary. However, cognizant of the potential backlash from South Korea, the United States, and other Western countries over the treaty, Russia meticulously crafted the language to emphasize its defensive nature, thereby preserving flexibility for future interpretation.

However, North Korea's deployment of troops to Russia has significantly heightened the likelihood of a de facto alliance between the two countries. On October 24, Russia's lower house of parliament ratified the new Russia-North Korea treaty, with the upper house following suit on November 6.[86] This has reinforced the ties between the two countries, posing a substantial security threat to both the Korean Peninsula and Northeast Asia.

## 2025 Outlook: Pursuit of a "Renewal" of the World Order for the End of War, By the End of War

### 1. Strengthening Multipolar Diplomacy and Expanding Non-Western Alliances

In 2025, Russia is anticipated to prioritize the establishment of a multipolar system of just and sustainable international relations, grounded in the UN Charter and its principle of sovereign equality, positioning this framework as a constructive alternative to the prevailing world order. Russia may contend that a multipolar world order is both historically inevitable and irreversible, as it reflects the cultural and civilizational diversity of the modern world while upholding the right of nations to self-determination.

This was evident in Putin's speech at the 2024 Valdai Discussion Club, where he criticized "modern Western liberalism" for "has degenerated into extreme intolerance and aggression." He further stated, "Today, it even seeks to justify neo-Nazism, terrorism, racism, and the genocide of civilians." Additionally, he emphasized, "We are witnessing the formation of a completely new world order, nothing like we had in the past, such as the Westphalian or Yalta systems. He reaffirmed the six principles that are fundamental to a sustainable new international order: (1) openness to interaction, (2) world diversity, (3) broad inclusion, (4) the principle that the security of one nation cannot be ensured

86. "Russia's Federation Council Unanimously Ratifies Mutual Defense Treaty with North Korea," *Yonhap News*, November 6, 2024.

at the expense of others' security, (5) addressing inequality as a matter of justice for all, and (6) sovereign equality. He further underscored that Russia's role extends beyond simply protecting and preserving its own state.[87]

However, it should be recognized that there is a fault line in the international order that distinguishes Russia's claims from Western liberal internationalism, democratic values, and the promotion of individual rights and freedoms. Nevertheless, Russia will continue to emphasize that the world order, grounded since 1945 in UN-centered norms, is evolving toward a multipolar system. Hence, Russia advocates for strengthening multilateral organizations such as BRICS, SCO, the African Union (AU), ASEAN, the Community of Latin American and Caribbean States (CELAC), and other international bodies, enabling them to effectively fulfill their roles. In 2025, Russia will continue to assert the importance of fostering horizontal ties between regional unions across different continents to build a constructive and mutually beneficial cooperation network.

Therefore, Russia is anticipated to actively propose more concrete measures for the implementation of the multipolarity concept, while endeavoring to establish new forms of cooperation and alliances. Putin criticized U.S. unipolarity at the 2007 Munich Conference, stressing the need for a new multipolar order for global peace and security—a point that Russia will continue to emphasize as it seeks to establish itself as one of the key poles in this multipolar system. While the West aims to reform the UN Security Council by considering Germany and Japan for new permanent member positions in an effort to secure the support of the Global South, Russia maintains that permanent seats should be granted to India and Brazil.

Although Russia has strengthened its cooperation with non-Western countries following the breakdown in relations with the West, the country views its collaboration with the Global South as a pragmatic response to shifting geopolitical and geoeconomic dynamics. Russia projects that by 2030, China, India, ASEAN, and other countries will form three of the world's four largest economic blocs. Additionally, Russia anticipates that the Global South will emerge as the engine of global growth, shedding its previous image as a poverty-stricken and less influential region. Russia also emphasizes that BRICS has already surpassed the G7 in GDP, as measured by purchasing power parity.

However, Russia cannot fully embrace its growing reliance on China and India. While Russia maintains a high-level partnership with China, it has faced challenges in

87. "Valdai Discussion Club Meeting," *President of Russia*, November 7, 2024.

attracting substantial investments and acquiring advanced technologies, even with its exports of cheap energy to China. Similarly, despite Russian energy exports to India once surpassing those to China, Russia's efforts to increase India's involvement and interest in the development of the Far East and the Arctic continue to be a difficult task. Furthermore, operations at the LNG transshipment terminals in the Murmansk region and the Kamchatka Peninsula in Russia's Far East, built to support Arctic resource development, have encountered significant obstacles. China, India, and other Global South countries are collaborating with Russia to establish a new multipolar world order in opposition to U.S. unipolarity. However, Russia will take into account the realistic situation that the countries of the Global South, unlike Russia, do not maintain only confrontational relations with the West.

## 2. Intensifying Strategic Arms Race and Attempts to Remove Restrictions on the Use of Strategic Weapons

In November 2023, Russia withdrew its ratification of the Comprehensive Nuclear Test Ban Treaty (CTBT) and fully exited the Conventional Armed Forces in Europe Treaty (CFE) with the North Atlantic Treaty Organization (NATO), 33 years after it was signed. Furthermore, the New Strategic Arms Reduction Treaty (New START), the only remaining nuclear arms control agreement subsequent to the official termination of the Intermediate-Range Nuclear Forces Treaty (INF) in 2019, is set to expire in February 2026. In this landscape, strategic weapons development and the arms race is expected to intensify.

In April 2024, Russia conducted a test launch of an Intercontinental Ballistic Missile (ICBM),[88] followed by a test of its next-generation ICBM, the RS-28 Sarmat, in September.[89] Subsequently, in October, Russia conducted a Yars ICBM test launch from the Plesetsk Cosmodrome in the northwest of the country, targeting the Kamchatka Peninsula in the Far East. Simultaneously, the country conducted submarine launches of both Sineva and Bulava ballistic missiles, as well as cruise missile launches from strategic bombers. This exercise involved Russia's complete nuclear triad, consisting of land-, sea-, and air-based missiles. According to Russian Defense Minister Andrei Belousov, the exercise was intended to practice "strategic offensive forces launching a massive

88. "Russia Says It Conducts Successful Intercontinental Ballistic Missile Test Launch," *Reuters*, April 13, 2024.
89. "Satellite Footage Suggests Russia ICBM Launch Test Was a Disaster," *The Washington Post*, September 23, 2024.

nuclear strike in response to a nuclear strike by the enemy."[90] Such actions highlight the renewed likelihood of nuclear war following the end of the Cold War. They are also part of an effort to secure a favorable position for Russia in the event of negotiations with the United States on strategic arms reduction as an attempt to avoid nuclear annihilation.

**Figure 7.2. Yars ICBM Launch on October 29, 2024**

Source: Russian Defense Ministry.

Russia, as one of the architects of the Nuclear Non-Proliferation Treaty (NPT) framework, opposes nuclear proliferation in principle. However, as the possibility of Ukraine striking mainland Russia with Western-provided weapons continues to rise, Putin convened a National Security Council meeting on September 25, 2024, to discuss amendments to the presidential decree known as "Fundamentals of State Policy of the Russian Federation on Nuclear Deterrence," which outlines fundamental principles for the use of nuclear weapons. In November, Russia amended its nuclear doctrine to permit the use of nuclear arms in response to conventional attacks from non-nuclear states if those states are supported by nuclear-armed states.[91]

Putin's critical remarks during his address at the Valdai Discussion Club on November 7, 2024, where he stated, "The West's calls to inflict a strategic defeat on Russia, the nation with the largest arsenal of nuclear weapons, reveal the reckless adventurism of

90. "Russia Fires Missiles to Simulate 'Massive' Response to a Nuclear Attack," *Reuters*, October 30, 2024.
91. "Putin Approves Russia's Revised Nuclear Doctrine," *TASS*, November 19, 2024.

certain Western politicians,"[92] signal that, in 2025, Russia is highly likely to emphasize that the potential use of nuclear weapons is not merely a threat but a realistic possibility, contingent on specific conditions being met.

The heightened risk of nuclear weapons use will significantly affect the security environment on the Korean Peninsula and in Northeast Asia as a whole. On September 26, 2024, the day after Putin proposed the possible amendment of the nuclear doctrine, Russian Foreign Minister Sergey Lavrov stated that NATO and the ROK-U.S.-Japan alliance pose extremely serious regional security threats and that the term "denuclearization" to North Korea no longer makes any sense, referring it as a closed issue.[93] Recognizing the considerable risk of condoning North Korea's nuclear program, Russia is unlikely to officially approve of North Korea's nuclear weapons. However, it is anticipated that the country will continue to seek to heighten the probability of nuclear weapons use to prepare for potential unfavorable situations during the war against Ukraine and to block the support or intervention of NATO for Ukraine. In this context, the security landscape in the Northeast Asian region is likely to undergo a significant transformation, potentially involving the redeployment of strategic assets such as nuclear weapons.

### 3. Continued Efforts to Undermine Dollar Hegemony

Russia is likely to continue its attempts to undermine the role of the U.S. dollar in order to counter dollar hegemony. As chair of the 2024 BRICS summit, Russia proposed a system that would facilitate the use of local currencies for trade and financial transactions among BRICS members. In particular, Russia is actively exploring Multiple CBDC Bridge, or mBridge, a platform designed to facilitate real-time, peer-to-peer (P2P), and cross-border payments and foreign exchange transactions using Central Bank Digital Currencies (CBDCs) as an alternative to dollar-based transactions. mBridge was developed by the Bank for International Settlements (BIS) in collaboration with other financial institutions to enable international payments using CBDCs. The platform employs a blockchain-based accounting and settlement system to enable banks to make cross-border payments without the need to establish direct accounts with other banks. It also has the advantage of significantly reducing concerns about the risk of counterparties defaulting or failing to process payments on time in cross-border

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92. "Valdai Discussion Club Meeting," *President of Russia*, November 7, 2024.
93. "Foreign Minister Sergey Lavrov's Answer to a Question from Rossiya Segodnya News Agency, New York, September 26, 2024," *The Ministry of Foreign Affairs of the Russian Federation*, September 26, 2024.

transactions. This platform creates a sort of "one-stop shop" for facilitating international payments, connecting the central banks of China, Hong Kong, the United Arab Emirates, Thailand, and Saudi Arabia; hence, it can be seamlessly integrated into the BRICS international payment system that aims to promote local currency settlements.[94]

However, after the BRICS summit, the BIS announced on October 31, 2024, that it would exit the cross-border payments platform mBridge. BIS General Manager Agustin Carstens remarked, "The BIS is leaving that project not because it was a failure or not because of political considerations but mostly because we have been involved for four years, and it is at a level where the partners can carry it on by themselves," denying speculation that the bank's withdrawal was due to the platform's association with BRICS. At the same time, he stated, "We need to be observant of sanctions and whatever products we put together should not be a conduit to violate any of these sanctions." Putin has accused the West of freezing Russia's $300 billion in reserves, calling it "theft."[95] Furthermore, Russia has sought to accelerate the process of de-dollarization, warning that the United States and the West will regret using the dollar and Western-led payment systems as a weapon. However, the inertia and institutional power of Western financial markets remain strong, and Russia's efforts to undermine dollar hegemony will face considerable difficulties.

## 4. Attempts to Create Favorable Conditions for an End to the Ukraine War

Russia may not initiate contact with U.S. President-elect Donald Trump when he returns to power, but it is anticipated that Russia will hold discussions on the end of the Ukraine war with Trump. Despite Putin's claim that Russia's economy remains robust, there is a strong possibility that Russia will initiate peace negotiations when Trump returns to power, given that the country's economy has been burdened by increasing military expenditures and a manpower shortage due to the prolonged war. In October 2024, German Chancellor Olaf Scholz announced that he was considering making a phone call to Putin. If the conversation had taken place, peace negotiations on the Ukraine war could have occurred,[96] but the conversation did not take place. In November, Scholz and Putin held a conversation over the phone, but the only result was confirmation of the

94. "Russia Outlines Proposal for BRICS DLT Cross Border Payment System," *Ledger Insights*, October 14, 2024.
95. "What and Where are Russia's $300 Billion in Reserves Frozen in the West?" *Reuters*, December 28, 2023.
96. "Scholz Hopes to Hold Conversation with Putin in Coming Weeks - media," *TASS*, October 1, 2024.

significant differences in the two countries' perspectives on peace negotiations. Even if negotiations were to begin immediately, it would take a significant amount of time to end the war given the multiple steps and phases involved. Since Russia perceived only limited practical benefits from its relations with the first Trump administration, the country does not agree with the perspective that the November 2024 U.S. presidential election will serve as a major turning point in the Ukraine war. Moreover, even if the war ends, Russia acknowledges that improving relations with the West would require a significant amount of time. Therefore, Russia may not take a drastic turn in its current foreign policy stance after the war concludes.

Russia recognizes that establishing a multipolar and polycentric world order requires a considerable amount of time. Moreover, the country finds it necessary to preemptively mitigate the potential negative impacts of various unforeseen risk factors amid the Ukraine war. In light of these considerations, Russia cannot avoid considering the efficient use of diplomatic and economic resources, which has been reflected in the appointment of economist Andrei Belousov as the new Defense Minister, in order to alleviate the burden of military expenditures. From a practical perspective, the passage of time may render the cessation of the war a reasonable choice for Russia, prompting it to focus on shifts in signals from the United States.

### 5. Deepening Russia-North Korea Relations and Military Cooperation

It is expected that the closer ties between North Korea and Russia following the signing of the new DPRK-Russia Treaty will continue into 2025. The U.S. Department of State has confirmed the deployment of North Korean troops to Russia and their participation in the Ukraine war.[97] Therefore, relations between Russia and North Korea are likely to evolve into an unbreakable alliance, further strengthening their ties regardless of the result of the Ukraine war.

In 2024, Russia disengaged a safety mechanism by removing constraints on the probability of nuclear weapons use. In addition, high-level Russian statements appearing to condone North Korea's nuclear program are closely linked to the Ukraine war. In these regards, the closer ties between Russia and North Korea are highly likely to extend beyond their bilateral relationship and persist for the time being in connection with the Ukraine war, shifts in European security dynamics, and the reconstruction of the Eurasian order. This may negatively impact the security and peace of Northeast Asia and

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97. "North Korean Soldiers Joining Russia in Combat, US State Dept Says," *Reuters*, November 13, 2024.

the Korean Peninsula. However, what gives hope is that Putin's pragmatic and utilitarian leadership and policy tendencies leave room for change in Russia-North Korea relations contingent upon the result of the Ukraine war. Nevertheless, it remains essential for South Korea to unify its diplomatic efforts to develop practical countermeasures rather than relying on such expectations.

# 8. The Middle East's Post-War "Renewal"

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## 2024 in Review: Unending Conflict and Limited Escalation

In 2024, the Middle East was overwhelmingly chaotic and uncertain due to the year-long Israel-Hamas war in the Gaza Strip and the constant armed conflicts between Israel, Iran, and Iranian proxies. However, this chaos and crisis did not escalate into an all-out Middle Eastern war as Sunni Arab states recognized Shiite Iran's military expansionism as a common threat and stood in solidarity with the United States, Israel, and partners in the U.S. Central Command (CENTCOM).

On October 7, 2023, Hamas, an Islamic militant group and Iranian proxy organization in the Gaza Strip, launched a brutal surprise attack on Israel in an attempt to disrupt the Arab-Israeli détente in the region, which it perceived as marginalizing its position. The Islamic Republic of Iran, which has promoted an anti-American and anti-Israeli Islamic revolution as its national policy, has fostered pro-Iran armed proxies called the "Axis of Resistance"—Lebanon, Syria, Iraq, and Yemen—in the Gaza Strip. These organizations have attacked Israel on behalf of Iran. In response, Israel declared a "Second War of Independence" and launched a large-scale ground war aimed at destroying Hamas and rescuing hostages, plunging the Gaza Strip into a state of humanitarian disaster.

In April 2024, Iran launched 330 missiles and drones toward Israel for the first time in history. Israel retaliated with direct strikes against Iran, rapidly raising the risk of an all-out war in the Middle East. Previously, the two countries had waged a "shadow war" through proxy organizations and covert operations, but this unprecedented direct confrontation dramatically altered the region's strategic landscape. Fortunately, both Iran and Israel carefully avoided inflicting severe damage on each other to prevent escalation into a full-scale war, successfully executing their respective exit strategies. Above all, a critical factor in de-escalation was the activation of the integrated air defense system cooperation among the United States, Israel, and Arab countries, which intercepted 99% of Iranian missiles. This cooperation stemmed from common interests between Israel and Arab countries in suppressing Iranian expansionism and preventing war escalation. Following the historic détente between Sunni Arab countries and Israel in 2020 and the signing of the Abraham Accords, Saudi Arabia, the United Arab Emirates (UAE), Jordan, and others quickly shared radar tracking information on

Iranian missiles under U.S. CENTCOM's integrated defense system for the newly added CENTCOM partner, Israel, in 2021, and directly participated in interception operations. At a time when antipathy toward Israel among citizens was extremely high due to the humanitarian crisis in the Gaza Strip, these Arab countries chose a strategic alliance with Israel in the face of Iran's threat, setting aside political concerns about potential damage to their reputations as Arab Muslim countries.

In June 2024, as U.S.-proposed ceasefire negotiations between Israel and Hamas stalled, Israel declared a zero-tolerance policy toward Hezbollah, Iran's largest proxy group in Lebanon. Since the start of the Israel-Hamas war, Hezbollah has fired over 6,000 missiles and rockets at Israel in solidarity with Hamas. In September, Israel launched a ground offensive against Hezbollah and intensified its operations against Houthi rebels in Yemen. In October, Iran fired missiles at Israel again, claiming it was retaliation for the successive assassinations of its proxy group leaders, prompting limited Israeli retaliation in the same month. The clashes between the two sides continued intensely but did not escalate into an all-out war in the region.

## 2025 Outlook: Rapid Strategic Restructuring of Dominant Powers for Renewal of the Middle East Order

### 1. Israel: Tension Between Rebuilding Its Reputation of Power Through Strategic Adjustment Toward Iran and Restoring Democracy at Home

Israel will relentlessly pursue a "Renewal" of regional dynamics to recover from the failure of its military and intelligence agencies, which were devastated by Hamas' surprise attack in October 2023, and a subsequent decline in its national security reputation. Israel aims to restore its power superiority and deterrence against Iran. However, the more Israel launches an all-out offensive against Iran and its proxies, the more it will face criticism from its biggest ally, the United States, and the international community for causing the humanitarian disaster in the Gaza Strip despite being the only democratic country in the Middle East. Moreover, Prime Minister Benjamin Netanyahu and the far-right government will face strong pressure from the public, who will hold them responsible for avoiding ceasefire negotiations and failing to secure the return of around 100 surviving hostages. Even if Israel ends its war of attrition with Iran and restores its reputation for power, it will take time to overcome its deteriorating international image, the damage to trust with the United States, and the polarization and social divisions in its domestic politics. Above all, Prime Minister Netanyahu will face a major crisis as he loses a significant portion of his political base both domestically and internationally.

Figure 8.1. Israel's Ground Offensive Against Hezbollah, September 2024

Source: Yonhap News.

In 2023, Hamas launched a surprise attack on southern Israel, brutally killing over 900 civilians and 300 soldiers at 24 small kibbutzim and a music festival and kidnapping over 250 individuals simply because they were Jewish. Subsequently, Hezbollah in Lebanon and the Houthi rebels in Yemen launched drones and missiles toward Israel, while the Islamic Resistance in Iraq and pro-Iranian militias in Syria attacked U.S. military bases in their countries, declaring solidarity with Hamas. In response, Israel launched a ground war in the Gaza Strip to destroy Hamas. As the Israel-Hamas war entered its second year in October 2024, 90% of the Gaza Strip's population had fled, 75% had been displaced multiple times, more than half had lost family and relatives, and 95% were at risk of starvation. Over 26,000 Palestinian civilians and 14,000 Hamas fighters were killed. According to Israeli Defense Minister Yoav Galant, 60% of Hamas fighters were killed or injured. Despite Hamas's use of civilians as human shields, the Israel-Hamas war is considered a shameful war due to the high rate of non-combatant casualties in the history of urban warfare.[98]

As the intensity of the conflict on the southern front where Hamas was being fought began to subside, Prime Minister Netanyahu declared a complete reorganization of the regional power structure by decapitating the Iranian proxy leadership with Operation "New Order." In September, the Israeli military launched 100 fighter jets in a preemptive strike against Hezbollah, claiming to have detected large-scale attacks. They disrupted Hezbollah's communication network by detonating pagers, killed key commanders and leader Hassan Nasrallah in an airstrike, and began a ground war in southern Lebanon. Hezbollah's leadership was annihilated, and 50% of its rank-and-file members were eliminated. In addition, in July, Hamas' al-Qassam Brigades commander Mohammed Deif was killed in an Israeli airstrike. Hamas' top political leader, Ismail Haniyeh, was assassinated in a covert Israeli operation in a Tehran safe house while attending the inauguration of the Iranian president. Yahya Sinwar, Hamas' military chief and architect of the surprise attack, was also killed in October.

Israel faced international criticism as southern Lebanon, following the Gaza Strip, descended into a humanitarian crisis. The international community condemned Israel for "collectively punishing" civilians with indiscriminate airstrikes. In May, the International Criminal Court requested arrest warrants for both Israeli Prime Minister Netanyahu and Hamas military chief Yahya Sinwar for war crimes. Furthermore, Norway, Spain, and Ireland declared that they recognized Palestine as a state. With the Biden administration, which can exert the greatest pressure on Israel, in a serious lame-duck period, Israel calculated that a window of opportunity had opened at least until the November U.S. presidential election, further intensified its attacks on Iran and its proxies, blatantly ignoring ceasefire negotiations.

However, as fighting on both the Gaza Strip's southern front and the Lebanese border's northern front subsides, subsides, Prime Minister Netanyahu will face fierce criticism from the military, intelligence elites, and civil society for failing to return the hostages and will face pressure to resign. While the success of eliminating Iran's proxy leadership may temporarily bolster the prime minister's position, overwhelming public opinion—70% calling for his resignation—remains unchanged.[99] Military and intelligence leaders have openly opposed Netanyahu, arguing that the complete destruction of Hamas is impossible, but no ceasefire negotiations have been held for the return of the hostages. Citizens will also hold Netanyahu's government accountable for its past hardline policy toward the Palestinian Authority in the West Bank and its policy

98. "Has the War in Gaza Radicalised Young Palestinians?" *The Economist*, October 3, 2024; Atlantic Council experts, "One Year After Hamas's October 7 Terrorist Attacks, Here's How the Region Has Changed," *Atlantic Council*, October 4, 2024; Daniel Byman, "A War They Both Are Losing: Israel, Hamas and the Plight of Gaza," Online Analysis, *International Institute for Strategic Studies*, June 4, 2024; Scott Neuman, "1 year After Hamas Attacked Israel, the Conflict Grows More Dangerous Than Ever," *NPR Special Series*, October 7, 2024.

of neglecting Hamas in the Gaza Strip. Prime Minister Netanyahu's strategy toward Palestine has been a so-called "conflict management," maintaining the status quo through tit-for-tat and attrition, but it failed miserably in 2023 due to Hamas' surprise attack. Now that Prime Minister Netanyahu has embarked on a strategic renewal of "completely eliminating conflict elements," citizens still believe that the Prime Minister is prolonging the war and clashing with the United States, the most crucial ally, to extend his political life. Centrist and leftist elites and civil society have been demanding the ouster of Prime Minister Netanyahu and far-right politicians who have been leading the way in dividing the people by inciting populism and exclusive nationalism even before the war and have regressed the rule of law and democracy. Prime Minister Netanyahu is the first sitting Prime Minister in history to be criminally charged with fraud, breach of trust, and bribery, and is evaluated as using the war to avoid arrest.[100]

Meanwhile, Hezbollah, which had been reigning as a state within a state, suddenly lost its leadership due to Israel's offensive and is facing a crisis of existence. The Lebanese political community will use the opportunity to normalize by breaking away from Hezbollah's dominance. Above all, they will seek to elect a president who has been vacant for the past two years due to Hezbollah's boycott and overcome the worsening economic crisis. The United States also sees the current situation in Lebanon, where Hezbollah has collapsed, as an opportunity to break the political deadlock and will move to normalize Lebanon.

## 2. Saudi Arabia-UAE: Increasing Leverage Amid the Chaos of the Israel-Iran Conflict and U.S.-China Competition

If the war between Israel, Iran, and Iran's proxies subsides, the détente between the Sunni Arab Gulf states and Israel, which was active just before the war, will revive. Discussions on the establishment of diplomatic relations between Saudi Arabia and Israel under U.S. mediation will also emerge. The Sunni Gulf states, such as Saudi Arabia,

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99. According to a public opinion poll conducted by the Israel Democracy Institute on the first anniversary of the war, around 70% of the public expressed a negative evaluation of Israeli Prime Minister Benjamin Netanyahu. Among respondents, 62% identified the return of hostages as the top priority, while 29% prioritized the dismantling of Hamas. Notably, 80% of centrist and progressive respondents favored negotiations for the release of hostages, whereas half of the conservative respondents viewed the destruction of Hamas as more important.; Dina Kraft, "'Enough Is Enough': In Israel, Rationale for War Trumps Distrust of Leaders," *The Christian Science Monitor*, October 10, 2024; Michael Scollon, "Israel 'Very Polarized' One Year After October 7 Attack," *Radio Free Europe/Radio Liberty*, October 7, 2024.

100. Kraft (2024).

the UAE, and Bahrain, have condemned Israel's indiscriminate airstrikes on the Gaza Strip but have not severed ties with Israel or strongly protested to the United States and the West, which support Israel. In particular, Saudi Arabia and the UAE are pursuing unprecedented reforms based on economic pragmatism, making the weakening of Iranian proxies and the deepening cooperation with Israel and the United States essential. However, Saudi Arabia will need to emphasize the establishment of an independent Palestinian state and the "two-state solution" in negotiations for the establishment of diplomatic relations with Israel, putting pressure on Israel's hardline right-wing factions. Furthermore, it will strongly demand upgraded defense commitments and support for its own nuclear program from the United States. At the same time, these Arab Gulf countries will focus on increasing their own leverage while maintaining a neutral position without directly confronting Iran, isolating Russia, or antagonizing China.

Saudi Arabia's Crown Prince Mohammed bin Salman, the de facto leader, is implementing an extraordinary national reform project with the regime's survival at stake, aligning with the changing perceptions of the younger generation. The Crown Prince sees the U.S. retrenchment from the Middle East, his biggest ally, and the military adventurism of Iran, his greatest rival, as obstacles to the success of his reforms and obstacles to his regime's survival. In particular, he sees Iran's attempt to develop nuclear weapons as a direct existential threat. In 2020, Bahrain and Morocco, following the lead of the UAE, signed a détente with Israel, which possesses cutting-edge technology, to counter Shiite Iran's expansionist moves and prepare for the vacuum left by the United States. Economic cooperation with Israel can help these countries' reform projects and contribute to fostering advanced industries and creating jobs for young people. In the upcoming normalization negotiations with Israel, Saudi Arabia will strongly insist on the promise of establishing an independent state for Palestinians who are suffering a humanitarian disaster after the Israel-Hamas war, emphasizing its status as the guardian of Islamic holy sites. Simultaneously, it will focus on policies of economic pragmatism and minilateralism, emphasizing its status as a middle power leading the Global South. It will also demand that the United States sign a mutual defense treaty akin to the North Atlantic Treaty Organization (NATO) or the ROK-U.S. alliance and allow uranium enrichment for civilian nuclear development.

After declaring its "Look East" policy toward Asia to diversify industries and diplomacy, Saudi Arabia has strengthened cooperation with China in science and technology, 5G infrastructure, and nuclear technology. It has also hinted at the possibility of active military and nuclear technology cooperation with China as leverage in defense agreement negotiations with the United States. In response, the United States has sought to elicit cooperation by proposing the lifting of the ban on offensive weapon sales to Saudi Arabia and offering active support for civilian nuclear programs. However, despite China's proactive proposals for technological cooperation, Saudi Arabia will likely prefer the United States, which is technologically superior and safer. In addition, Sunni Arab countries have recognized the value of the integrated U.S.-Israel-Arab air defense system established by the Abraham Accords during the first direct conflict between Iran and Israel. Therefore, these countries will actively utilize the integrated U.S.-Israel-Arab defense system under the U.S. Central Command, which provides early warning and effective interception capabilities against missile and drone attacks by the Houthi rebels in Yemen, an Iranian proxy. They will also expand transparent information-sharing and cooperation processes with Israel, a fellow member of the system. Although these countries publicly support an immediate ceasefire between Israel and Iran's proxies, they will privately hope that Israel's ongoing strategic renewal operations against Iran deliver a major blow to Iran and its proxies.

**Figure 8.2. Arab Gulf Oil-Producing Countries as Part of the U.S. Central Command**


Source: Yonhap News.

However, these Arab Gulf states will also be reluctant to jeopardize their normalization of relations with Iran, brokered by China in 2023. Saudi Arabia is less likely to face direct attacks from the Houthi rebels in Yemen, who share a border with Saudi Arabia, thanks to its improved relations with Iran. In October 2024, when an

Israeli retaliatory attack on Iran was imminent, Iranian Foreign Minister Abbas Araghchi visited Saudi Arabia in a state of anxiety. The Saudi Crown Prince superficially welcomed him and discussed regional stability and cooperation among Islamic countries. Arab Gulf states, such as Saudi Arabia and the UAE, are known to have pressured the United States to prevent Israeli attacks on Iranian oil facilities, fearing attacks on their oil facilities by Iranian proxy groups. These countries, which are most afraid of a regional escalation, will not allow their cooperative relationship with Israel, as well as the détente they have achieved through their relations with Iran, to be shaken.

### 3. Iran's Reliance on the Russia-China Anti-American Alliance Over Direct Confrontation with Israel

Iran is likely to avoid direct confrontation with Israel for the time being and take a step back to endure strategic patience in the face of the collapse of Hezbollah—its most significant strategic asset and best proxy organization—alongside the destruction of Hamas. Iran will adopt a risk-avoidance strategy in the short term, focusing on strengthening the Islamic Resistance Army, its proxy organization in Iraq, to reorganize the "axis of resistance" proxy organization, while at the same time strengthening military cooperation with Russia and relying more on the anti-American alliance between Russia and China. Iran will provide Russia with full support by mass-producing missiles following its own drones for use in the Ukraine War, which will further strengthen the relationship between the two countries. The relationship between Russia and Israel, since Russia openly supported Hamas and made anti-Semitic remarks during the Israel-Hamas War, will worsen further in the future.

Iran has been fostering armed proxy organizations to export the Islamic Revolution, which calls for the overthrow of the "big Satan" the United States, and the "little Satan" Israel, across the Middle East and to assert regional hegemony. Through Hezbollah, the world's largest non-state armed group, it exerted influence in Lebanese domestic politics and conducted attacks on Israel. The United States, the United Kingdom, Germany, Canada, Australia, Argentina, Colombia, Saudi Arabia, the UAE, and Bahrain have all designated Hezbollah as a terrorist organization. Hezbollah boasts firepower superior to NATO, with 150,000-200,000 rockets and missiles, along with approximately 25,000 veteran fighters with years of combat experience in the Syrian Civil War.[101] Iran believed that armed proxies such as Hezbollah and Hamas and low-cost missiles produced in-house would supplement Iran's military power, which had been weakened by long-

101. Council on Foreign Relations Editors, "What Is Hezbollah?" *Backgrounder*, October 29, 2024.

term sanctions, and serve as a driving force for its pursuit of hegemony.

However, when Israel launched its "New Order" operation in September 2024 to reshape regional dynamics, conducting indiscriminate bombing of Hezbollah's strongholds, Iran did not do its utmost to help its proxies. Even when Hezbollah, facing the demise of the organization, requested emergency assistance, Iran responded tepidly, stating that, "the timing was not right." During this period, Iran, under the leadership of its moderate new president Masoud Pezeshkian, attended the UN General Assembly and made conciliatory gestures toward restoring the nuclear deal and lifting sanctions. Similarly, at the onset of the Israel-Hamas war in 2023, Iran strongly denied involvement in Hamas' surprise attack and made it clear that it would not intervene in the war for Hamas.[102]

Iran's hard-liner ruling coalition prioritizes regime survival over the fate of its proxy organizations in the face of the economic collapse caused by the United States' maximum pressure campaign and public backlash against the brutal suppression of protests over the forced hijab. Iran seeks to avoid escalation that would inevitably result in war, and Hamas and Hezbollah have now become liabilities rather than strategic assets. Despite the supreme leader's strong encouragement to vote, the general elections in March 2024 and the by-election in July recorded the lowest voter turnout in the country's history, reflecting widespread public anger. Under President Ebrahim Raisi, the rial has lost more than half its value, inflation has soared beyond 40%, and violent protests have erupted against a regime that continues to funnel significant funds to proxy networks in the region despite severe domestic economic hardship.[103]

In the future, Iran will focus on reorganizing its proxy for the time being and will rely more heavily on cooperation with Russia. Iran has steadily supplied Russia with large quantities of drones, strengthening ties between the two countries. Russia is known to have ordered Iran to be cautious about direct retaliation against Israel, fearing that Iran, which plans to supply not only drones but also missiles to its own country, will be drawn into an all-out war with Israel.[104] Meanwhile, Israel did not participate in the U.S.-led

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102. Arash Reisinezhad, "The 7 Reasons Iran Won't Fight for Hamas: A Close Look at Tehran's Thinking About Escalating the War in Gaza," *Foreign Policy,* December 4, 2024.
103. "Iran Election Hopefuls Struggle to Offer Fix for Economic Woes," *Reuters*, June 26, 2024; Andreas Becker and Thomas Kohlmann, "Iran and the Cost of a War With Israel," *DW,* October 2, 2024.
104. Nikita Smagin, "Iran Shouldn't Expect Russia to Come Riding to Its Rescue," *Carnegie Politika, Carnegie Endowment for International Peace,* October 14, 2024; Patrick Wintour, "Putin Reportedly Calls for Iran to Limit Damage in Any Retaliation Against Israel," *The Guardian*, August 6, 2024.

Figure 8.3. Iranian Drones and Missiles Exported to Russia

Source: Ukraine President Office.

sanctions against Russia following the outbreak of the Ukraine War, providing Ukraine only with radar equipment instead of offensive weapons. However, Russia fiercely criticized Israel and relations between the two countries hit an all-time low. Over the past decade, Russian President Vladimir Putin has praised Prime Minister Netanyahu's determination to punish Islamic radicals but has openly supported Hamas in the Israel-Hamas war. Hamas publicly expressed gratitude to Russia and revealed a Russian-made Kalashnikov rifle and bullet manufacturing plant in the Gaza Strip, showing off the close relationship between the two countries.[105] In 2024, Iran, China, and Russia conducted their fifth trilateral military exercise in the Gulf of Oman and the Arabian Sea since 2018. Despite this close military relationship, Russia and China have provided limited assistance to alleviate Iran's economic difficulties, and China remains more interested in economic cooperation with Arab Gulf countries than in investment in Iran.

Iran will quickly align itself with the anti-American Russia-China alliance while

105. Anna Borshchevskaya, "Russia's Relationship with Hamas and Putin's Global Calculations," *Policy Analysis, the Washington Institute for Near East Policy*, November 2023; Ronen Zvulun, "Israeli Forces Say They Locate Large Underground Weapons Factory in Gaza," *Reuters,* January 9, 2024.

simultaneously accelerating its nuclear development to leverage it against the United States. According to the International Atomic Energy Agency's May 2024 report, Iran's uranium stockpile enriched to 60% stands at 142 kg, theoretically sufficient to produce three nuclear weapons. Moreover, Iranian authorities have not responded to the IAEA's request for transparent verification and working-level discussions on cooperation have been suspended.[106]

## 4. The Middle East in the Trump 2.0 Era: A Clash Between "America First" and Multilayered Dilemmas

During the 2024 U.S. presidential campaign, Republican candidate Donald Trump did not mention much about Middle Eastern issues. Instead, former President Trump focused on domestic issues that could highlight the Biden administration's failures, such as inflation and illegal immigration, rather than the Israel-Hamas war and Israel-Hezbollah war, which have caused public fatigue. However, examining Trump's potential second-term Middle East policy through the lens of his first term suggests that "Trump 2.0" will likely continue to blatantly emphasize a closed "America First" approach aimed at "making America great again" in the Middle East. This policy will destroy traditional U.S. diplomatic values such as strengthening alliances and promoting human rights and democracy, by emphasizing transactional diplomacy, neo-isolationism, and protectionism concerning the Israel-Palestine conflict, Iran's nuclear program and expansionism, military cooperation with Arab Gulf countries, and broader disengagement from the Middle East. President-elect Trump's impulsive decisions akin to bombshell declarations, his binary thinking based on his view on alliances that prioritizes allies who can pay, and the destruction of existing practices without follow-up measures will continue, and these turbulent diplomatic maneuvers will once again cause chaos in many countries in the Middle East and shake up the regional order.

However, former President Trump's Middle East policy did yield notable achievements, including his active mediation role in the process of concluding the "Abraham Accords," which brought about monumental Arab-Israeli détente. In 2020, the Sunni Arab state of the UAE and the Jewish state of Israel reached a surprise agreement to normalize relations, with Bahrain soon joining and holding a historic ceremony at the White House to declare the establishment of diplomatic relations. The Abraham Accords, championed by Jared Kushner—then a senior White House advisor and Trump's son-in-

106. Stephanie Liechtenstein, "Iran Further Increases Its Stockpile of Uranium Enriched to Near Weapons-grade Levels, Watchdog Says," *AP*, May 28, 2024.

law—are considered the start of a new solidarity that broke away from old-fashioned nationalism. UN Secretary-General António Guterres also welcomed the agreement, stating that it was a plan to promote peace and security in the Middle East, and even the Biden administration expressed strong support for the agreement. President-elect Trump considers the Abraham Accords a proud achievement and is likely to actively mediate efforts to establish diplomatic relations between Israel and Saudi Arabia during his second term.

The second Trump administration will exhibit an even stronger "Trumpism," having consolidated control over the legislative, executive, and judicial branches and committed to filling its cabinet only with loyalists who fit the president-elect's code. The current U.S. strategy toward the Middle East is caught in a multilayered dilemma. It must support the right to defense of Israel, its greatest ally and the only democratic nation while preventing an escalation of armed conflict between Israel and Iran. It must protect civilians in the Gaza Strip and southern Lebanon while destroying non-state Iranian proxy organizations and radical Islamic terrorist groups. It must also quickly restore the lost trust in the region while pursuing a Middle East policy to balance China. However, President-elect Trump and the elites around him will not approach or think deeply about solving such a complex, multidimensional equation.

# 9. Southeast Asia and ASEAN's Need for "Renewal"

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## 2024 in Review: Unsettled Southeast Asia Amid Impending Change

At the end of 2023, the outlook for Southeast Asia or the Association of Southeast Asian Nations (ASEAN) in 2024 could be summarized under a few key themes: declining interest from dominant powers in ASEAN, weak leadership of Laos as ASEAN chair, and internal divisions over regional conflicts such as the Ukraine war and the Israel-Hamas war. These vulnerabilities were seen as significant challenges. Amid these weaknesses, ASEAN countries were expected to strengthen solidarity with the "Global South," a concept rising to prominence in the new global order, and to enhance cooperation with regional middle powers. However, Southeast Asia and ASEAN were not successful in finding new avenues for cooperation or addressing their vulnerabilities.

Throughout 2024, the engagement of dominant powers with ASEAN fell short of the ASEAN expectations. It is understandable that domestic challenges in the United States have weakened its involvement in the Southeast Asian region. China, in competition with the United States, could have fully taken advantage of this situation to strengthen its influence in Southeast Asia. However, its engagement was weak, and instead, tensions in the South China Sea intensified. Unlike in previous instances, when China actively filled the void left by diminished U.S. engagement with ASEAN, the current situation shows that China, now more assertive in Southeast Asia, perceives managing its existing presence as sufficient without substantial new investments. The benefits that Southeast Asian countries can expect from great powers have also diminished as the active great power competition in Southeast Asia has disappeared.

Amidst its preoccupation with the 2024 U.S. presidential election, the United States has not adequately prioritized the ASEAN region. Contrary to the expectation that U.S. engagement in Southeast Asia would strengthen under the Biden administration, the progress has been rather weak over the past four years. Instead of actively engaging to counter China's influence in Southeast Asia, the United States has redirected its focus toward bolstering cooperation with its allies in the Indo-Pacific region. Key strategic initiatives, such as the Quad, AUKUS, the ROK-U.S.-Japan trilateral cooperation, as well as U.S.-Japan-Philippines trilateral cooperation, all reflect this strategic shift.

Economically, the United States prioritized strategies such as the Indo-Pacific

Economic Framework (IPEF), strengthening exclusive supply chains, and protectionism, rather than demonstrating leadership in maintaining the regional free trade order. Instead of pursuing collective engagement with ASEAN as a whole, the United States focused on strengthening ties with individual countries such as Singapore, Vietnam, and the Philippines—nations aligned with the United States' strategic interests or useful for its strategy against China. This approach sowed seeds of division within ASEAN. Examples include the formation of the so-called "Squad" involving the United States, Japan, Australia, and the Philippines; support for the Philippines regarding South China Sea issues; and the establishment of a Comprehensive Strategic Partnership (CSP) with Vietnam.

Even though China had the opportunity to strengthen its relations with Southeast Asian countries and approach ASEAN amid this U.S. move, few new Chinese initiatives emerged in the region in 2024. Instead, the most important issue in China-Southeast Asia relations was the escalation of China's assertiveness in the South China Sea, particularly the heightened tensions with the Philippines. The intensification of conflicts with the Philippines not only strained bilateral relations but also raised broader security concerns within ASEAN.

China sent a warning message to Southeast Asian countries by taking coercive measures against the Philippines, which is strengthening its security cooperation with the United States. In Southeast Asia, where U.S. engagement has weakened, China chose to assert its power with a "stick" rather than offering "carrots." This is China's strategy to pressure Southeast Asian countries, which have faced limited options due to the decline of the United States as an alternative, into aligning more closely with China.

It was widely anticipated that Laos's leadership as the ASEAN chair for 2024 would be weak. While ASEAN emphasizes equality among its member states, the capacity of the chair still significantly influences ASEAN's overall direction and its external activities throughout the year. Laos, alongside Brunei, Cambodia, and Myanmar, is often regarded as one of the weaker links within ASEAN. Factors such as overall national power and standing within ASEAN heavily influence the chair's leadership. These four countries are generally considered weaker than other members in experience and national capacity.[107]

The challenges ASEAN faced in 2024 were considerable, especially relative to Laos's limited capabilities as chair. How should ASEAN respond to the weakened engagement of dominant powers? How should it handle the Myanmar issue? How can it strengthen solidarity with the emerging Global South? And how should it reconcile the divided

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107. Susannah Patton, "Commentary: New Slate of Leaders Will Grapple with Contentious Issues at Laos ASEAN Summit" *Channel New Asia*, October 6, 2024.

positions among ASEAN member states caused by regional conflicts? These were formidable challenges that far exceeded Laos's capacity to manage. Even regarding the internal issue of Myanmar, no new approaches or efforts emerged during Laos's tenure as chair, let alone any significant external initiatives. On the international front, ASEAN saw few noteworthy developments, except for the establishment of a Comprehensive Strategic Partnership (CSP) with South Korea. However, this elevation in relations is more attributed to South Korea's proactive efforts than to Laos's leadership and should be seen as a continuation of the trend of upgrading relations with Australia and China in 2021, the United States and India in 2022, and Japan in 2023.

On the contrary, ASEAN has faced deeper internal divisions due to issues such as the Myanmar issue, different positions on conflicts in other parts of the world, and the escalating South China Sea tensions between the Philippines and China. Singapore and the Philippines strongly condemned Russia's invasion of Ukraine, while Cambodia, Vietnam, Laos, and Myanmar have been neutral or accepting Russia's position. Similarly, Muslim-majority countries like Brunei, Indonesia, and Malaysia viewed the Israel-Hamas war as a critical geopolitical issue, whereas Vietnam, Thailand, Cambodia, and Laos showed much less interest in the matter. The Philippines' rapid strengthening of strategic and security cooperation with the United States in response to the South China Sea conflict further fueled concerns among other ASEAN members. They appeared wary of the potential for ASEAN to become entangled in great power rivalry.

In 2024, significant domestic political changes took place in Singapore, Indonesia, Vietnam, and Thailand. In Singapore, Lee Hsien Loong, who had been in power since 2004, stepped down and Deputy Prime Minister Lawrence Wong became Prime Minister. This marked the first leadership change in 20 years, drawing attention to potential shifts in Singapore's foreign policy. In Indonesia, Prabowo Subianto, the Defense Minister, won the February 2024 presidential election and began his five-year term in October. Even before officially taking office, President Prabowo undertook diplomatic visits to major countries, effectively initiating his foreign policy agenda as president-elect. Given Indonesia's status as the largest country in Southeast Asia, this leadership transition is expected to have a significant impact on ASEAN's future direction, depending on Indonesia's foreign policy. Prabowo, a leader with a complex legacy, raises many questions. His past during the authoritarian Suharto era, his unpredictable behavior, and his partnership with former President Joko Widodo—once a political rival—add complexity to his leadership. At the same time, he is expected to strongly prioritize Indonesia's identity and national interests in foreign policy.[108]

Meanwhile, Vietnam and Thailand have experienced sudden leadership changes.

Over the past two to three years, Vietnam's leadership has undergone significant upheaval. High-ranking officials resigned unexpectedly amid corruption scandals, leading to major shifts in power. In 2023, President Nguyễn Xuân Phúc abruptly stepped down, and Võ Văn Thưởng was appointed as his successor. However, President Thưởng resigned in 2024 due to corruption allegations, and To Lam, a former police officer, was appointed as the new president. Behind these changes was Communist Party General Secretary Nguyễn Phú Trọng, who strongly pushed anti-corruption policies. Yet, in August 2024, just three months after appointing To Lam as president, Trọng unexpectedly passed away. To Lam now holds both the presidency and the position of General Secretary. Since the sudden death of President Trần Đại Quang in 2018, Vietnam has seen four presidents in six years. This frequent turnover in leadership, the legacy of Trọng's anti-corruption campaign, and the dominance of public security and military forces in the current power structure raise questions about Vietnam's leadership and its future.

Thailand's political situation has been equally unstable. Following the 2023 general elections, the Pheu Thai Party's Srettha Thavisin became prime minister, leading a coalition government. Prime Minister Srettha succeeded Prayut Chan-o-cha, who seized power in a coup in 2014, followed by a general election in 2019, and continued in power for a total of nine years. However, Srettha lost his position as prime minister in 2024 after the allegations of ethics violations, brought forward by some senators, were accepted by the Constitutional Court. Paetongtarn Shinawatra of the same party was then nominated as the new prime minister. She is the daughter of former Prime Minister Thaksin Shinawatra, who was ousted in a military coup in 2006, making her the third member of her family to serve as Thailand's prime minister, following her father and aunt. Since the 2023 elections, Thailand has seen two prime ministers, one removed by the Constitutional Court. Additionally, the Move Forward Party, the largest party in the governing coalition, was dissolved by the Constitutional Court, reflecting a period of intense political turbulence.

## 2025 Outlook: Internal and External Dynamics Call for Renewal

In 2025, Southeast Asian countries, ASEAN as a regional organization, and relations between ASEAN and dominant powers will all require some degree of renewal. The

108. Julia Lau, "Outlook for the Prabowo Administration's Foreign Policy," *Fulcrum: Analysis on Southeast Asia*, October 15, 2024.

United States' engagement with Southeast Asia is likely to fall into uncertainty once again following President-elect Trump's victory late this year, leading to a significant erosion of Southeast Asia's trust in the United States. However, the disarray in U.S. policy toward the region does not necessarily mean China will automatically gain. That said, in 2025, China might prioritize winning ASEAN's hearts by making a policy potentially de-escalating tensions in the South China Sea and seeking to fill the vacuum left by the U.S.'s diminished presence.

Renewal within ASEAN and Southeast Asia itself is also expected. Malaysia, as the new ASEAN Chair, will be closely watched for how it steers the organization. Malaysia, renowned for its assertive stance and substantial influence within the ASEAN region, has recently adopted distinctive positions in its interactions with the United States, China, and Russia. These actions could have significant implications for ASEAN's external policy direction in 2025.

Domestically, the political dynamics within individual Southeast Asian countries are expected to unfold in interesting ways. New governments in Thailand, Vietnam, Indonesia, Singapore, the Philippines, and Myanmar are expected to roll out their policies in earnest, or significant elections are anticipated. Meanwhile, Korea-ASEAN relations could enter a new phase, building on the Comprehensive Strategic Partnership (CSP) established in 2024 and offering opportunities for deeper collaboration.

### 1. Renewal of U.S.-China Relations in Southeast Asia?

The 2024 U.S. presidential election concluded with a victory for Donald Trump. His return signifies a "reflash" of the abrupt shifts in U.S. foreign policy seen during his first term in 2017, not just for Southeast Asia but for the entire Indo-Pacific region. This is evident from the policy positions revealed during the election campaign, which clearly align with this trajectory. However, a key difference lies in the likelihood that the second Trump administration will pursue its foreign policy direction with greater confidence and intensity, drawing on the experience gained during his first term.

Under the second Trump administration, U.S. policy toward Southeast Asia will be summed up as one of indifference. While the Biden administration was criticized for engaging with Southeast Asia through lip service rather than concrete policies or actions, even this superficial engagement is likely to disappear under Trump's leadership. Militarily and diplomatically, the second Trump administration may still engage in the South China Sea, but only if there is a clear and direct benefit for U.S. interests, particularly those related to applying significant pressure on China. If countries like the Philippines hope for the continuation of Biden-era security commitments on the South

China Sea issue, the Marcos administration will likely have to bear substantial costs to secure such guarantees under Trump's leadership.

On a multilateral level, U.S. interest in regional mechanisms led by ASEAN will further decline. The second Trump administration will forgo participation in events such as the East Asia Summit (EAS) unless exceptional circumstances arise.[109]

On an individual country level, the Philippines stands to lose the most. It is unlikely that the cooperative relationship established between President Biden and Ferdinand Marcos Jr. on South China Sea security issues will carry over into the second Trump administration. On the other hand, newly inaugurated President Prabowo in Indonesia may establish a personal relationship with President-elect Trump similar to the one former Philippine President Duterte had with him during Trump's first term. Prabowo's populist tendencies, coupled with Trump's own style, could echo the dynamics of the Trump-Duterte relationship. However, this alignment of personal dispositions is unlikely to significantly benefit bilateral relations or foster deeper cooperation. For instance, there is no evidence to suggest that the Philippines, under Duterte, achieved any meaningful strategic collaboration with the United States during Trump's first tenure, nor that it secured any major concessions or benefits from the United States.

**Figure 9.1. President Marcos Jr. of the Philippines and President Biden**

Source: Yonhap News.

Southeast Asian countries will also bear the costs of the global economic disruptions caused by the second Trump administration's economic competition with China. With Trump in office, it is unrealistic to expect the United States to provide leadership in stabilizing the regional economic order. The already fragile Indo-Pacific Economic Framework (IPEF) is almost certain to disappear, signaling the return of a more intense period of economic self-reliance. The United States' potential decoupling from China may be viewed favorably by countries such as Malaysia, Thailand, and Vietnam, which possess manufacturing capabilities that could capitalize on increased access to the U.S. market as an alternative to China. However, the trade surpluses these countries may achieve in the U.S. market could, in turn, trigger tariff pressures under the second Trump administration, making their economic gains a double-edged sword.[110]

General and retaliatory tariffs on China are likely to raise the prices of imported goods in the U.S. market, while crackdowns on illegal immigration could lead to higher wages. Both factors would contribute to U.S. inflation, potentially prompting the Federal Reserve to raise interest rates. Such rate hikes are bad news for developing countries, including those in Southeast Asia. Rising U.S. interest rates could lead to a flight of dollars from Southeast Asia and a significant increase in the burden of external debt repayment and interest obligations for these countries. Additionally, foreign investments that might otherwise flow to Southeast Asia could instead be redirected to the United States. These developments would have a profoundly negative impact on the economic growth and stability of Southeast Asian nations.

Finally, the most fundamental concern regarding the second Trump administration is not specific U.S. policies toward Southeast Asia during his four-year term. There is no more opportunity for Trump when this term concludes. The more fundamental issue is the global trust and confidence in the United States as the country that enabled Trump's return. The damage at stake is not merely the disadvantages or losses caused by the policies—or lack thereof—of the second Trump administration. Rather, it is the potential for confidence in the United States as a reliable partner to be irreparably harmed. If regional countries, whether individually or collectively through ASEAN, come to accept the absence of U.S. leadership in Southeast Asia and the Indo-Pacific as a given, they may begin to adapt to the reality of a region where the United States, which once balanced China's power, is no longer present. Should regional countries internalize this

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109. Hoang Thi Ha and William Choong, "Trump 2.0 Presidency: What Is in Store for Southeast Asia?" *Fulcrum: Analysis on Southeast Asia*, November 12, 2024.

110. "How South-East Asia Can Weather the Trump Trade Typhoon" *The Economist*, November 14, 2024.

reality, even if the United States later makes a concerted effort to rebuild its influence, it may find that its once-strong leadership in the region has become irretrievably lost.

This situation presents an opportunity for China. In addition, with trust in the United States significantly diminished, Russia may also increase its strategic interests in Southeast Asia, particularly if the Ukraine war concludes. However, such increased attention from China or Russia is unlikely to visibly materialize by 2025. China will likely focus first on observing the initial policy directions of the second Trump administration, particularly its China-related strategies and key appointments. Only after the contours of U.S. policy toward Southeast Asia become clear is China expected to actively reassert its influence in the region. Similarly, as long as the Ukraine war continues, Russia is unlikely to dedicate significant attention to Southeast Asia.

If the second Trump administration's indifference to Southeast Asia coincides with China's cautious approach, a temporary power vacuum could emerge in the region during 2025. This could give Malaysia, which actively pursues diplomatic diversification and hedging, more room to maneuver and assert its role.

## 2. Malaysia's ASEAN Leadership in Pursuit of Renewal

**Figure 9.2. Malaysian Prime Minister, Anwar Ibrahim**

Source: Yonhap News.

Malaysia's recent strategic adjustments suggest its potential influence on ASEAN in 2025 could be significant. Since Prime Minister Anwar Ibrahim took office in 2022, Malaysia's stance on global issues—including U.S.-China competition, solidarity with the Global South, and the Israel-Hamas war—has drawn significant attention. Externally, Malaysia has maintained neutrality between the United States and China while leaning closer to China in economic cooperation. Anwar chose China as his first overseas destination in 2023, visiting the country twice that year. Moreover, Malaysia is acting as a coordinator between China and ASEAN. Anticipating Malaysia's ASEAN Chairmanship in 2025, China has actively sought to engage Malaysia to strengthen ties.

Malaysia is strengthening its ties with Russia as well as China. Despite Western sanctions on Russia, Prime Minister Anwar Ibrahim attended the Eastern Economic Forum in September 2024, where Malaysia agreed to enhance cooperation with Russia in trade, technology, and agriculture. While maintaining neutrality in the Ukraine war, Malaysia has pursued pragmatic cooperation with Russia. Additionally, Malaysia announced its intention to join BRICS, with Prime Minister Anwar attending the BRICS summit in October 2024. Beyond BRICS, Malaysia has actively deepened ties with Global South countries and bolstered cooperation with emerging economies, reflecting a broader strategy to diversify its partnerships.[111] Regarding the Israel-Hamas war, Malaysia, alongside neighboring Indonesia, has strongly criticized Israel, emphasizing that its failure to resolve the Palestinian issue is the root cause of the ongoing war. Malaysia further criticizes the U.S. support for Israel or the U.S. lukewarm response to Israel's attacks on Hamas and Palestine. This position underscores Malaysia's consistent advocacy for the Palestinian cause and its alignment with broader concerns within the Muslim world.[112]

These foreign policy characteristics are expected to persist in 2025 when Malaysia assumes the ASEAN Chairmanship. Malaysia's neutral stance between U.S.-Western powers and the China-Russia bloc, its critical position on U.S. policies regarding the Middle East, and its willingness to exercise leadership within the "Global South" could significantly influence ASEAN's overall trajectory in 2025. While it is challenging for a single chair country to steer ASEAN in a unified direction, Malaysia's strategic inclinations could nudge ASEAN toward a more neutral position between the United States and

111. "Malaysia's ASEAN Chairmanship and Anwar's Triple Axis Strategy" *The Jakarta Post*, 15 October, 2024.

112. "Malaysia Seeks Israel's Expulsion from United Nations" *South China Morning Post*, November 5, 2024.

China. However, this dynamic could also strain ASEAN unity, as Malaysia's strategic posture contrasts with the Philippines, which has strengthened military and security ties with the United States in response to South China Sea disputes. This divergence could further complicate ASEAN's internal cohesion.

Malaysia's ASEAN leadership in 2025 will face two major challenges, both centered on renewal. Externally, Malaysia's leadership should deal with the new U.S. administration and renew U.S. engagement with ASEAN. Despite its recent pro-China, pro-Russia, and pro-Global South tendencies, Malaysia is unlikely to completely deny or abandon its relations with the United States. Malaysia's foreign policy in 2024 was intended to strengthen external autonomy, not to choose one dominant power over another. Therefore, Malaysia must encourage stronger U.S. engagement with ASEAN under the incoming Trump administration to ensure a balance of power between the United States and China over ASEAN while strengthening ASEAN's autonomy within the rivalry.

Domestically, Malaysia, as the ASEAN chair, must renew ASEAN's relationship with Myanmar. Myanmar is set to hold elections in 2025 under military control. Through these elections, the Myanmar military junta aims to revamp its image, claim it has formally transferred power to civilian authorities, and use this narrative to circumvent both ASEAN-led and international sanctions. While the international community is unlikely to respond significantly to the junta's tactics, ASEAN under Malaysia's leadership will face a significant dilemma. It must decide whether to maintain sanctions against Myanmar or use the elections as justification to normalize relations.

### 3. Renewal of Domestic Politics in Major Southeast Asian Countries?

The domestic politics in major Southeast Asian countries in 2025 will also be subject to renewal or will require it. Among them, Indonesia is drawing the most attention. Indonesian President Prabowo Subianto began his term in October 2024, with his presidency expected to take full shape in 2025. Much attention is focused on how Prabowo's diplomatic and defense policies will unfold. As president-elect, Prabowo initiated an active diplomatic agenda, visiting over 20 countries, including China, Japan, and major European countries. Indonesia's prominent status within ASEAN, combined with Prabowo's tendency for unpredictable actions, makes his and Indonesia's foreign policy trajectory a key point of interest in 2025.

In the Philippines, the ongoing political tensions between President Ferdinand Marcos Jr. and Vice President Sara Duterte are expected to either be resolved or reach a breaking point with the 2025 midterm elections. Sara Duterte, who became vice president riding on the popularity of her father, former President Rodrigo Duterte, has seen her political rift with Marcos escalate as the latter actively nurtures his political cronies. This tension became evident when Sara resigned from her concurrent role as Secretary of Education, signaling a deeper conflict between the two. The midterm elections, scheduled for May 2025, will determine half of the Senate and the entire House of Representatives. The outcome of this election could either consolidate Marcos's power or pave the way for a political counterattack by the vice president. Depending on the results, Philippine domestic politics could experience significant upheaval, potentially altering the country's political landscape.

In Singapore, the key question is how Prime Minister Lawrence Wong will navigate domestic politics. His leadership marked the end of the Lee family's political dominance, which spanned from Lee Kuan Yew to Lee Hsien Loong. Wong has taken the helm without the Lee family's political aura to bolster his position. Wong's first major test will likely come in the general elections expected in late 2025 or 2026. In recent elections, public support for the ruling People's Action Party (PAP) has steadily declined. Much attention is focused on how Wong will reverse this trend, renew public confidence in the PAP, and address Singapore's domestic challenges to solidify his leadership.

Thailand and Vietnam are also in urgent need of political renewal. In 2024, Thailand's prime minister was removed from office due to disqualification, leading to the appointment of Paetongtarn Shinawatra, the daughter of Thaksin Shinawatra, who was ousted by a military coup in 2006. With Thaksin expected to exert influence behind the scenes, tensions could arise between the new prime minister, backed by Thaksin, and the conservative establishment led by the monarchy.

Vietnam also underwent rapid leadership changes between 2023 and 2024. To Lam, who currently holds both the positions of General Secretary of the Communist Party and President, represents the military-public security faction in Vietnamese politics. Observers note the growing influence of this conservative military-public security faction within the Party and government. As the To Lam administration takes full shape in 2025, attention will center on whether Vietnam will maintain its traditional economic openness, existing foreign economic policies, and its "Bamboo Diplomacy" strategy—a careful balancing act between the United States and China.

Finally, Myanmar's military is expected to hold elections in 2025. In 2024, the military announced its intention to transfer power to civilian rule through the election.[113]

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113. Mi Kun Chan Non, Ashley South, "Don't Fall for the Fake Election in Myanmar" *East Asia Forum*, October 11, 2024.

However, few expect the elections to be genuinely democratic. They are likely to be tightly controlled by the military, with the National Unity Government (NUG), which opposes the military junta, and several ethnic armed groups expected to boycott the process entirely. Despite this, ASEAN and some key countries, including China, might use the election as a pretext to ease existing sanctions and pursue a normalization of relations with Myanmar, signaling a renewal in their engagement. Such actions could spark tensions between ASEAN and China, which recognize the military-led elections, and Western countries, including the United States and Europe, which remain critical of the process.

## 4. Renewal in ASEAN-South Korea Relations

In October 2024, South Korea and ASEAN agreed to elevate their existing Strategic Partnership to a Comprehensive Strategic Partnership (CSP). South Korea has consistently worked to strengthen its ties with ASEAN through initiatives such as the New Southern Policy in 2017 and the Korea-ASEAN Solidarity Initiative (KASI) in 2022. Building on these efforts, the two sides upgraded their 2010 Strategic Partnership to a CSP for the first time in 14 years. However, compared to other major dialogue partners of ASEAN, South Korea's elevation to a CSP appears somewhat belated. Australia and China achieved CSP status with ASEAN in 2021, followed by the United States and India in 2022, and Japan in 2023.

Figure 9.3. 2024 ASEAN-Korea Summit


Source: Yonhap News.

The Korea-ASEAN CSP and the formulation of a Plan of Action (POA) in 2025 will serve as guiding principles for South Korea-ASEAN relations and cooperation, transcending the current Korean administration. Focusing on political and security domains, South Korea's Indo-Pacific Strategy and the Korea-ASEAN Solidarity Initiative, along with the CSP, underscore Korea's commitment to regional peace and stability, particularly in maritime security. The forthcoming POA is also expected to emphasize South Korea's contributions to regional maritime security. Given the high regional expectations placed on South Korea as a middle power, expanding its contributions to security, peace, and stability across the region is a logical progression.

However, the critical challenge lies in aligning South Korea's commitments to regional maritime security with tangible actions. Effectively addressing urgent maritime security issues in ASEAN, including the South China Sea disputes, will require Korea to navigate three key and potentially conflicting factors: ASEAN's immediate maritime security needs, a realistic assessment of Korea's available resources, and the dynamics of its relationships with neighboring dominant powers. Balancing these variables will be essential for South Korea to fulfill its commitments effectively.

In this context, South Korea has several options to consider. One approach is to fully commit to opposing changes to the status quo in the South China Sea by actively participating in Freedom of Navigation Operations (FONOPs) and significantly enhancing military cooperation with Southeast Asian countries. Another option is to avoid targeting specific countries while focusing on strengthening defense and security cooperation with Southeast Asian countries. This approach would aim to help these countries build sufficient defense capabilities to protect their maritime sovereignty.

A more limited approach could emphasize non-traditional security issues in Southeast Asia rather than engaging in comprehensive military partnerships. With the establishment of the Korea-ASEAN Comprehensive Strategic Partnership, 2025 marks a pivotal year for South Korea to define the level of its defense and security cooperation with Southeast Asian countries, particularly in maritime security, and to take corresponding actions accordingly.

# 10. Europe's Leadership Renewal in an Era of Uncertainty

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## 2024 in Review: Seeking Strategic Autonomy Amid Continued Uncertainty in Domestic and International Environments

The state of affairs in Europe is complex at the end of 2024. Despite a series of crises in the 21st century—such as the global financial crisis, the Eurozone debt crisis, the refugee crisis, Brexit, and the COVID-19 pandemic—Europe has managed to maintain cohesion in its integration. Europe has entered a period of economic recovery and is striving to establish itself as a geopolitical actor, enhancing its strategic autonomy. However, uncertainties persist in both its internal and external environment.

While Europe's economy shows signs of recovery, the pace remains sluggish, particularly compared to the United States. In 2024, Europe's economic growth is expected to accelerate slightly, reaching around 0.9%, with projections of 1.5% in 2025 and 1.6% in 2026.[114] This is attributed to consumption recovery, inflation decline, wage growth, and strong exports. Nevertheless, the U.S. economy has rebounded much faster from the COVID-19 pandemic, with growth rates exceeding 3%, and the global economy is expected to grow by 2.6-2.7%. In this context, Europe's growth, limited to the 1% range, suggests a widening gap with the United States.[115]

Political challenges also abound. The surge of the far-right in Europe has fundamentally reshaped the political landscape within individual European countries as well as the European Union (EU) as a whole. The Ukraine war shows no signs of an end, with the deployment of North Korean troops "globalizing" the conflict and intensifying security threats to Europe. Meanwhile, the armed conflict that erupted in the Middle East in October 2023 has escalated, leading to humanitarian tragedies and

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114. "Autumn 2024 Economic Forecast: A Gradual Rebound in an Adverse Environment," *European Commission*, November 15, 2024, https://ec.europa.eu/commission/presscorner/detail/en/ip_24_5787.

115. "Global Outlook: Prospects for Europe Amid Elections and Trade Wars," *Economist Intelligence Unit*, August 22, 2024, https://www.eiu.com/n/global-outlook-prospects-for-europe-amid-elections-and-trade-wars/.

a massive displacement crisis near Europe's borders. Amid escalating tensions between the United States and China and the restructuring of the global international order, Europe is pursuing a geoeconomic turn in its economic policies, signaling a significant shift from the liberal economic paradigm of the past. The November U.S. presidential election, which resulted in a victory for the Republican candidate Donald Trump and a Republican majority sweep of the Senate and House of Representatives, has further compounded uncertainties in Europe's domestic and foreign policy environment.

Following the 2024 European Parliament elections, the EU underwent a leadership overhaul, with a new team inaugurated on December 1. The United States will also form a new government in 2025. Meanwhile, dominant powers in Europe such as the United Kingdom, France, and Germany experienced significant political shifts due to general elections in 2024-25. The simultaneous leadership changes across the United States and Europe raise questions about whether Europe will seize the opportunity for "Renewal" or continue down a path of relative decline. The year 2024 underscored the desperate need for effective leadership to foster cohesion in Europe as it seeks to reduce its security dependence on the United States, re-establish itself as a geopolitical actor, and maintain its status as a global economic giant. In this era of multifaceted uncertainty, is Europe prepared to navigate the challenges of this transitional period?

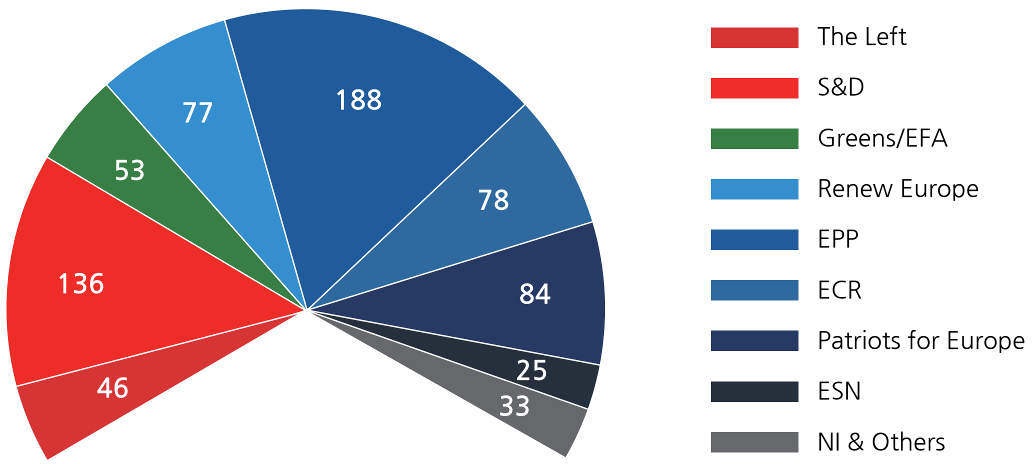
2024 was a year of global elections, with elections of varying scales held in over 100 countries, representing about half of the world's population. In Europe, the most significant political events of the year were elections. In May, the UK held a general election, resulting in the Labour Party's return to power after 14 years, marking its first victory since the governments of former Prime Ministers Tony Blair and Gordon Brown. In June, the European Parliament elections took place, followed by France's legislative elections in July. Notably, the far-right made significant gains in the European Parliament and French elections.

In the European Parliament elections, which elects a total of 720 members, the center-right European People's Party (EPP) secured 188 seats, the largest share, followed by the center-left Progressive Alliance of Socialists and Democrats (S&D) with 136 seats. Along with Renew Europe, a centrist group with 77 seats, the three political groups formed a coalition, maintaining the pro-European faction as the dominant force in the European Parliament.[116] However, extremist far-right political groups gained 187

116. However, the alliance among the three pro-European political groups has shown signs of instability from the outset due to internal conflicts arising from the European Commission appointment process, raising questions about its future.

seats in total, a record-high with a 67-seat increase from the previous election in 2019. This surge is expected to significantly influence the EU's agenda-setting and decision-making processes in the future.

**Figure 10.1. Number of Seats in the European Parliament by Political Group**




Source: European Parliament.

The rise of the far-right was also evident in France's parliamentary elections. The far-right National Rally (*Rassemblement National*, RN) had already outperformed Ensemble, President Emmanuel Macron's coalition in the European Parliament elections in June 2024. Although the National Rally did not become part of the ruling coalition following the elections, it secured the most seats in its history since its founding, solidifying its position as a major political force. As a result, the far-right's influence in French domestic politics has grown, providing a foundation for greater political impact.

Germany was no exception to the rise of the far-right. While not a national election, local elections in September 2024 saw a surge in support for the far-right. In the Thuringia state election, the far-right Alternative for Germany (AfD) secured the most seats. In the Saxony and Brandenburg state elections, while the Christian Democratic Union (CDU) and the Social Democratic Party (SPD), respectively, won the most seats, the AfD finished a very close second in both of these states, marking a significant breakthrough.

The significant rise of the far-right in European elections in 2024 casts a dark shadow over the future of European integration. These far-right parties, while diverse in faction, generally share anti-European Union and anti-immigration sentiments. However, there are exceptions. For instance, Italy's far-right Brothers of Italy (*Fratelli d'Italia*, FdI), while maintaining a tough stance on immigration, remains broadly supportive of European integration with a pro-Western stance, actively supporting Ukraine. In contrast, other far-right parties in Europe diverge sharply from the political mainstream on issues such as immigration, the environment, and foreign and security policy. Should these parties become dominant, they could pose a significant obstacle to European unity.

The issue of China was another factor contributing to Europe's division. While the rise of the far-right was a domestic cause, relations with external powers, particularly China, became a significant source of tension. In October 2023, the Council of the European Union voted to impose countervailing tariffs of 10-45% on Chinese electric vehicles. This decision highlighted the divergence of views among EU member states. Countries like Hungary opposed the tariffs, while France supported them, and others, such as Germany and Spain, abstained. For the tariffs to be rejected, member states representing 65% of the EU's population would need to vote against them. Therefore, not actively opposing the proposal effectively amounted to supporting it. By abstaining, however, these countries avoided openly backing the tariffs, allowing them to maintain a neutral stance and steer clear of provoking Chinese retaliation. This was precisely Germany's position. As the European country with the largest trade volume with China, Germany sought to avoid aggravating its relationship with China. In response, China retaliated against France, the most vocal proponent of the tariffs, by imposing temporary anti-dumping tariffs on French cognac. As a result, countries that had supported the tariffs on Chinese electric vehicles directed intense criticism at Germany for its abstention, labeling it as a self-serving and opportunistic move.

Germany, Europe's economic powerhouse, has entered a period of serious recession.[117] The country had depended on low-cost energy from Russia to sustain its exports of manufactured goods to China, which in turn fueled its economic growth. However, Germany's economy has been severely impacted with the outbreak of the Ukraine war, a reduction in Russian energy imports, a domestic market slowdown following the COVID-19 pandemic, and a contraction in the Chinese market due to its deteriorating relations with the West. As a result, Germany understands that rebuilding economic growth hinges on restoring relations with China, leading to differing priorities in its China policy compared to other European countries. With the hardline stance on China from the second Trump administration looming, Europe's China policy could become a point of contention both with the United States and within the EU itself.

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117. "Economic Forecast for Germany," *European Commission*, November 15, 2024, https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/germany/economic-forecast-germany_en.

The Ukraine war remains at a stalemate, with the situation increasingly unfavorable for Ukraine. The victory of Trump in the 2024 U.S. presidential election raises the possibility of a significant reduction in U.S. support for NATO and Ukraine. Europe desperately hoped for Ukraine's victory and security, but this remains unattainable without external assistance. Neither Europe nor Ukraine had the courage to back down from the war, but the support from the Biden administration proved insufficient. Meanwhile, the prospect of a policy shift under the second Trump administration could drastically alter the situation. As a result, during the later stages of the Biden administration, the risk of escalation increased, while the early days of the second Trump administration might see a swift push for peace negotiations.

Meanwhile, in the Middle East, the Israel-Hamas war, which began with a surprise attack by Palestinian Hamas forces on Israel on October 7, 2023, has now extended for over a year. The conflict has expanded to include direct confrontations between Israel and Lebanon's Hezbollah, along with the growing potential for a broader conflict involving Iran. The escalation or prolonged nature of this war has two major repercussions for European security. First, instability in the Middle East is likely to trigger a large influx of refugees, many of whom would head toward Europe, already grappling with rising anti-immigrant sentiment. A significant refugee surge could spark political turmoil within Europe. Second, Europe's response to the Middle East conflict could impact the Global South, a group of countries growing in influence in global politics and economics. A shift in their support for Ukraine could undermine Ukraine's ability to continue the war, leaving Europe more vulnerable to existential security threats on its doorstep.

## Outlook for 2025: Leadership Vacuum Persists Despite the Need for Renewal

### 1. Domestic Challenges: Leadership Issues and Coexistence with the Far-Right

Leadership is the most critical concern in the European political landscape in 2025. Traditionally, Europe has relied on the France-Germany Axis for leadership. Although one country may take the lead at times, as was the case during former German Chancellor Angela Merkel's tenure in office, both countries have often played a pivotal role in guiding Europe. However, the current circumstances are markedly different.

France suffered a significant blow to its political standing following the poor performance of President Macron's ruling party in the June 2024 European Parliament elections and the subsequent early parliamentary elections in August, weakening its leadership role in Europe. Similarly, Germany's "traffic light" coalition government,[118] led by Chancellor Olaf Scholz, has lost support due to declining approval ratings and internal conflicts, resulting in the collapse of the coalition and the scheduling of an early general election in February 2025. Scholz's domestic leadership has been severely damaged, making it nearly impossible for him to assert leadership in Europe. At the European level, not only is the Germany-France joint leadership difficult, but neither of these countries can effectively assert leadership on their own.[119]

In this context, it may be the President of the European Commission or the President of the European Council who assumes a more prominent role in 2025. However, it remains uncertain whether either will be able to provide the strong leadership necessary to address Europe's challenges. The cooperation of key member states, including France and Germany, is crucial for agenda-setting and decision-making within the European Union. Under these circumstances, Ursula von der Leyen, the re-elected President of the European Commission, appears to be the most likely leader with a solid foundation of support within the EU.[120]

**Figure 10.2. Olaf Scholz, Ursula von der Leyen, and Emmanuel Macron**

Source: Yonhap News.

118. The parties in the coalition, the Social Democratic Party, the Green Party, and the Free Democratic Party, are symbolized by the colors of the traffic light: red, green, and yellow respectively.
119. "Lame ducks Macron and Scholz will struggle to steer EU's post-election agenda," *Politico*, May 28, 2024.

In recent years, the influence of far-right in Europe has steadily increased, and this trend is expected to continue. This shift is evident both in many member states and at the EU level. Following the 2024 European Parliament elections, as leadership within the EU undergoes restructuring, Ursula von der Leyen, the President of the European Commission, has sought to consolidate control over the Commission by reshaping its composition and expanding her discretion. One of the key challenges for von der Leyen is how to integrate far-right voices within the EU framework. While the far-right has become somewhat more moderate over time, its positions on issues such as immigration, climate change, foreign policy and security, EU enlargement, fiscal policy, economic security, and support for Ukraine remain significantly divergent from those of mainstream political parties.[121] Finding a compromise that neither marginalizes the far-right nor alienates mainstream political forces will be crucial. Failure to strike this balance could lead to the politicization of far-right agendas, potentially stalling progress in key policy areas—such as digital transition, green transition, enhancing competitiveness, and strengthening defense capabilities—and impeding momentum for essential reforms within the EU.

## 2. External Challenges: U.S. Leadership Transition and the Reshaping of the International Order

In January 2017, shortly after Donald Trump's inauguration for his first term, Donald Tusk, the President of the European Council at the time, identified four external threats to Europe: China, Russia, Islamic extremism, and the United States. The inclusion of the United States reflected concerns that the Trump administration's foreign policy could severely undermine the longstanding transatlantic alliance. Eight years later, in January 2025, Donald Trump begins his second term. With a decisive electoral victory and control of both houses of Congress, the administration is expected to pursue an even more assertive "America First" policy, implementing it more systematically and swiftly than before. In response, Europe views the United States with a mixture of concern,

120. Of the 13 Presidents of the European Commission to date, only three have successfully secured a second term: Walter Hallstein (1958-1967), who led during the early days of European integration; Jacques Delors (1985-1995), who spearheaded the Single Market project and monetary integration in the 1980s and 1990s; and Ursula von der Leyen (2019-2029), who has now been reappointed.

121. "How Will Gains by the Far Right Affect the European Parliament and EU?", *Chatham House*, June 11, 2024, https://www.chathamhouse.org/2024/06/how-will-gains-far-right-affect-european-parliament-and-eu.

unease, and caution, urgently devising strategies to address the potential ramifications of the second Trump administration.

Figure 10.3. President Trump and European Leaders

Source: Yonhap News.

The Trump administration's pro-fossil fuel stance makes it highly likely that the United States will once again withdraw from the Paris Agreement, significantly undermining global climate change efforts led by the EU. While many U.S. state governments remain active in addressing climate change, the momentum for global climate action could falter in the short term under a second Trump administration. For Europe, which is advancing multiple objectives—such as climate action, economic growth, job creation, and technological development—through initiatives like the Green Deal Industrial Plan, this would be a deeply undesirable scenario.

Under the banner of “America First,” the second Trump administration is expected to take a more protectionist stance in its foreign economic policy. If the trend of tariff increases initiated by the first Trump and Biden administrations continues, Europe may also lean toward protectionism. This could intensify trade wars—not only between the United States and Europe but also between the United States and China, as well as between China and Europe. The global economic consequences of such developments would be glaringly obvious.

The U.S. alliance policy may undergo significant shifts, prompting a fundamental readjustment of its relationship with Europe. The second Trump administration is expected to transform alliances into more transactional partnerships while refraining from entirely abandoning its allies. This shift could weaken support for Ukraine and intensify tensions in U.S.-China relations. In the long term, Europe may pursue greater strategic autonomy regardless; however, changes in U.S. policy could expedite this transition.

Following the inauguration of the second Trump administration, discussions on ending the Ukraine war are expected to gain momentum. Russia continues to insist on its original war objectives: demilitarization (removal of sovereignty), denazification (elimination or expulsion of pro-Western political forces), and neutralization (incorporation into Russia’s sphere of influence) of Ukraine. Even with the possibilities of ceasefire negotiations, Russia is intensifying its military offensives to secure a more favorable position ahead of any talks. The main points of contention in the Ukraine war involve Ukraine’s NATO membership and territorial disputes. Ukraine insists that NATO membership is essential for lasting peace, while Russia remains staunchly opposed. Ukraine demands the return of Crimea, annexed in 2014, and the four eastern regions (Donetsk, Luhansk, Kherson, and Zaporizhzhia) occupied by Russia since the war began in February 2022. However, Russia shows absolutely no intention of conceding and instead demands the complete withdrawal of Ukrainian forces from these areas.

The key question that will ultimately determine the course of the Ukraine war is how to bridge the divergent positions between Ukraine and Russia. As President-elect Trump has stated, he aims to bring the war to an end “within 24 hours” of taking office, likely pushing for swift negotiations toward a peace agreement. However, Europe is concerned that a rushed peace or ceasefire could effectively allow Russia to expand its sphere of influence, unwittingly planting a seed for future conflicts. In effect, Europe’s stance is that it will not trade long-term security for short-term peace. With the potential for disagreement between the United States and Europe over the solution to the Ukraine war, the stark reality for Europe is its lack of capacity to fill the security gap left by a possible U.S. withdrawal or reduced involvement, which underscores the urgent need for Europe to strengthen its own independent security capabilities.

## 3. Europe's Response: Geo-economic Shift and Strategic Autonomy

The foremost interest and most pressing challenge for Europe in 2025 is how to respond to and adapt to the transformation of the international order. The existing liberal, rules-based system is facing significant challenges. Multilateral international organizations are losing both legitimacy and effectiveness, while the willingness and ability of the United States and Europe to uphold the current order are declining. Economic interdependence, which was once expected to create "win-win" outcomes, has instead become a source of conflict. Rather than fostering trust and reducing political tensions, it has intensified competition and eroded trust.

Historically, Europe has followed a model of growth and stability, grounded in a market-oriented, open economy and a multilateral international order, actively promoting this approach. European integration serves as the prime example of this model. However, it now faces significant challenges. In response to declining competitiveness, Europe is increasing domestic subsidies, raising tariff barriers, and intensifying political intervention in the economy. This marks a substantial shift in the policy ideology and practices that Europe has long championed and implemented.

Economics is no longer merely a tool for prosperity; it is increasingly becoming a weapon for gaining an advantage in security competition. It has evolved into both a subject and instrument of political logic, signaling a paradigm shift away from liberal thinking. The era of global political-economic separation is over, giving way to the era of geopolitics. The growing emphasis on the relative gains from economic interdependence and security externalities, rather than the absolute benefits of interdependence, marks a significant geopolitical shift in the international economic order.

As a result, two key policy areas are expected to dominate EU efforts: the economy and defense. The EU's focus on the economy is evident in the naming of the new Directorates-General (DGs) that will be established following the 2024 European Parliament elections. Of the four new DGs, three will have the mission of economic security, technological sovereignty, and prosperity, while the fourth will be dedicated to defense matters.[122] Meanwhile, Ursula von der Leyen, President of the European Commission, has signaled her commitment to strengthening EU defense capabilities by creating a new Commissioner position for defense. She has also appointed representatives from the Baltic states of Lithuania and Estonia, known for their hardline stance on Russia, to key positions in the EU's foreign and security policy. This move reflects a clear prioritization of enhancing the EU's defense capacity.[123]

### 4. Europe's Challenge: Building Leadership

Europe stands at a pivotal crossroads, requiring both flexible and decisive leadership. It must navigate the "America First" policy of the second Trump administration and its transactional approach to alliances, while also managing the Ukraine war and bolstering its security readiness. For Europe to evolve into a geopolitical actor focused on enhancing strategic autonomy in diplomacy, security, and the economy, consolidate internal alignment, and exert greater influence externally, leading in agenda-setting and addressing global challenges, perhaps this is the moment when a giant is needed.

The challenge lies in the absence of a leader with the necessary political foundation at home to lead all of Europe. Traditionally, the EU has made significant progress in deepening, expanding, and innovating integration when Germany and France worked together in a strong partnership. However, as the number of member states has grown, the relative importance of the Germany-France partnership has diminished. Nonetheless, as noted, smooth cooperation between the two remains a crucial driving force in addressing EU challenges. The strained relationship between Germany and France is causing tension and stagnation at the EU level. As a result, in 2025, establishing unified leadership with a cohesive front will be more critical than ever. With President-elect Trump poised to demonstrate strong leadership following his overwhelming victory and control of both chambers of Congress, the key question becomes: Who will represent Europe in negotiations with Trump?

The answer remains elusive. Recently, French Prime Minister Michel Barnier proposed a three-party leadership structure for the EU, which would expand the traditional France-Germany Axis to include Italy.[124] Both Germany and France are currently limited in their ability to exercise leadership on the European stage due to domestic political challenges, while Italian Prime Minister Giorgia Meloni has emerged as a stable and

122. "Can a New Crew of European Commissioners Revive the Continent?: Ursula von der Leyen Picks Her Team," *The Economist*, September 19, 2024.
123. "Top Jobs in Brussels Reflect New Political Realities for Europe," *The New York Times*, September 18, 2024.
124. "Barnier: Franco-German Tandem Should Enter 'Ménage à Trois' with Italy," *Euractiv*, November 22, 2024.

strong leader, raising Italy's profile within the EU. Although Meloni initially raised concerns due to her far-right position with her admiration for Benito Mussolini, and her party's political orientation, she has since adopted a more pragmatic center-right stance on most issues. This shift has led Barnier to include her in his proposal for a restructured EU leadership.

This proposal for leadership restructuring in the EU, with the inclusion of Italian Prime Minister Giorgia Meloni, could be seen as a natural response to the limitations of French and German leadership, alongside Italy's rising influence. However, it could also be viewed as a strategic move to balance the economic policies of Southern Europe, which tend to favor discretionary fiscal policy and dirigisme, with those of Northern Europe—particularly Germany, the Netherlands, and the Nordic countries—which typically adopt more market-oriented approaches. Additionally, this may signify a post-Brexit shift in the balance of power within the EU, following the absence of the UK, which shared similar economic policy stances with Germany.

The future direction of Europe will heavily depend on how the leadership structure evolves in response to these internal and external challenges. The worst-case scenario would be a prolonged absence of a strong focal point of leadership. We will see how Europe tackles its leadership challenge.

# 11. Cyberspace: Securing the Lowest Common Denominator

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## 2024 in Review: Toward a Novel International Cybercrime Convention beyond Budapest Convention

Cybersecurity threats continued to grow in scope and complexity throughout 2024. Dubbed "the year of elections" due to the numerous electoral events occurring worldwide, states exerted considerable effort to safeguard not only their election systems from direct cyberattacks but also to counter various forms of malicious cyber activities, including the proliferation of disinformation campaigns, manipulated content, and deepfakes, all of which posed significant risks to electoral processes and information integrity. Domestically, on 21 November 2024, the National Office of Investigation of the National Police Agency announced that the theft of Ethereum from a virtual asset exchange in November 2019 (valued at approximately 58 billion KRW at the time and now estimated at approximately 1.47 trillion KRW) was perpetrated by North Korean hackers. This revelation was made in collaboration with the Federal Bureau of Investigation (FBI) of the United States.[125]

Describing the development of international norms in cyberspace in alignment with annual themes of current trends and prospects is not easy, as changes in cyberspace typically progress more slowly and follow a longer-term trajectory than the annual shifts in international politics and relations. Since the United Nations-led discussions on guiding responsible state behavior to maintain international peace and security in cyberspace began, a persistent divide has existed between the positions of the like-minded group of Western countries, led by the United States, and those of the state group led by Russia and China. The UN discussions culminated in a consensus in the 2021 resolution through the work of the Group of Governmental Experts (GGE), which operated from 2004 to 2021.[126] However, participation in the GGE was limited to a select number of states, and the growing divide between the Western bloc and the group led by China and Russia has intensified, hindering further progress.

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125. "Confirmation of the Theft of Virtual Assets Worth 58 Billion Won as North Korea's Doing," *Korea National Police Agency*, November 21, 2024.

The Open-Ended Working Group (OEWG), involving a broader range of states and a more diverse array of stakeholders—including multinational technology corporations, think tanks, relevant non-governmental organizations, and others—was subsequently established.[127] The OEWG is scheduled to hold 11 substantive sessions from 2021 to 2025 and is expected to publish its first report on responsible state behavior in cyberspace in 2025. During the preparation of the second Annual Progress Report (APR) in 2023, Russia once again proposed the establishment of a comprehensive international cyber convention. Russia's proposal, despite its substantive issues, was likely to hinder the ongoing discussions among countries within the OEWG and delay negotiations on the UN Convention against Cybercrime under the Third Committee of the UN General Assembly. Given the limited resources states can dedicate to international discussions on cybersecurity, duplicative proposals risk hindering the global community's efforts to establish norms and order in this domain. Nevertheless, on 8 August 2024, the draft UN Convention against Cybercrime was agreed upon, marking a significant step toward the first global convention on cybercrime.

Cybercrime was presumed to be the first domain in which the establishment of a comprehensive international treaty in cyberspace appeared feasible. The Budapest Convention (ETS No.185), adopted in November 2001 and entering into force in September 2004 in Europe, has served as the broadest regional treaty, establishing an international framework for cooperative investigations to combat cybercrime. Originally a European regional agreement, the Budapest Convention has expanded its membership beyond Europe to include states such as the United States, Japan, and Australia. As of November 2024, it has 76 state parties and 20 states as observers or intending to join, effectively functioning as a global cybercrime convention.[128] The Budapest Convention comprises the main Convention on Cybercrime, the Additional Protocol to the Convention on Cybercrime concerning the criminalization of acts of a

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126. "Report of the Group of Governmental Experts on Advancing Responsible State Behaviour in Cyberspace in the Context of International Security," *UNGA,* July 14, 2021; "Official Compendium of Voluntary National Contributions on the Subject of How International Law Applies to the Use of Information and Communications Technologies by States Submitted by Participating Governmental Experts in the Group of Governmental Experts on Advancing Responsible State Behaviour in Cyberspace in the Context of International Security Established Pursuant to General Assembly Resolution 73/266," *UNGA*, July 13, 2021.

127. "Developments in the Field of Information and Telecommunications in the Context of International Security," *UNGA,* January 4, 2021.

racist and xenophobic nature committed through computer systems,[129] and the Second Additional Protocol to the Convention on Cybercrime on enhanced cooperation and disclosure of electronic evidence.[130] In October 2022, the South Korean government submitted a letter of intent to join the Budapest Convention. Following the Council of Europe's deliberation and accession invitation procedures in 2023, South Korea is set to complete domestic processes, including legal arrangements and obtaining National Assembly consent for the agreement's implementation. Upon depositing the instrument of accession with the Council of Europe, the ROK will formally become a member state of the convention.

**Figure 11.1. South Korea's Accession to the Budapest Convention (Top: Initial Accession Discussions, Bottom: Current Progress)**


Treaty Office

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

**Non-members States of the Council of Europe**
**Five years validity of an invitation to sign and ratify or to accede to the Council of Europe's treaties ***
(status as of 27 November 2024)

French version

| State | Treaty | Valid until | Link to the invitation |
|---|---|---|---|
| Burkina Faso | Convention on Cybercrime (ETS No. 185) | 12 December 2024 | 1363th meeting – 11.XII.2019 |
| Cameroon | Council of Europe Convention on the counterfeiting of medical products and similar crimes involving threats to public health (CETS No. 211) | 14 December 2028 | 1484th meeting – 13.XII.2023 |
| Chile | European Convention on Extradition (ETS No. 24) | 6 April 2029 | 1494th meeting – 5.IV.2024 |
| Ecuador | Convention on Cybercrime (ETS No. 185) | 31 March 2027 | 1430th meeting – 30.III.2022 |
| Guatemala | Convention on Cybercrime (ETS No. 185) | 23 April 2025 | 1374th meeting – 22.IV.2020 |
| Israel | Council of Europe Convention on preventing and combating violence against women and domestic violence (CETS No. 210) | 7 April 2027 | 1431st meeting – 6.IV.2022 |
| Kazakhstan | Criminal Law Convention on Corruption (ETS No. 173) | 1 July 2027 | 1438th meeting – 30.VI.2022 |
| Kazakhstan | Convention on Cybercrime (ETS No. 185) | 20 April 2028 | 1464th meeting – 19.IV.2023 |
| Kazakhstan | Council of Europe Convention on preventing and combating violence against women and domestic violence (CETS No. 210) | 23 April 2025 | 1374th meeting – 22.IV.2020 |
| Kenya | Convention on Cybercrime (ETS No. 185) | 10 October 2029 | 1509th meeting – 9.X.2024 |
| Kuweit | Convention on the Transfer of Sentenced Persons (ETS No. 112) | 1 April 2026 | 1400th meeting – 31.III.2021 |
| Liberia | Council of Europe Convention on the Manipulation of Sports Competitions (CETS No. 215) | 23 April 2025 | 1374th meeting – 22.IV.2020 |
| Malawi | Convention on Cybercrime (ETS No. 185) | 10 October 2029 | 1509th meeting – 9.X.2024 |
| Mongolia | European Convention on Mutual Assistance in Criminal Matters (ETS No. 30) | 12 December 2024 | 1363th meeting – 11.XII.2019 |
| Morocco | Criminal Law Convention on Corruption (ETS No. 173)<br>Civil Law Convention on Corruption (ETS No. 174) | 21 October 2026 | 1415th meeting – 20.X.2021 |
| Mozambique | Convention on Cybercrime (ETS No. 185) | 8 February 2029 | 1488th meeting – 7.II.2024 |
| New Zealand | Convention on Cybercrime (ETS No. 185) | 24 September 2025 | 1384th meeting – 23.IX.2020 |
| Niger | Convention on Cybercrime (ETS No. 185) | 23 April 2025 | 1374th meeting – 22.IV.2020 |
| Papua New Guinea | Convention on Cybercrime (ETS No. 185) | 10 October 2029 | 1509th meeting – 9.X.2024 |
| Republic of Korea | Convention on Cybercrime (ETS No. 185) | 9 February 2028 | 1456th meeting – 8.II.2023 |
| Rwanda | Convention on Cybercrime (ETS No. 185)<br>Additional Protocol to the Convention on cybercrime, concerning the criminalisation of acts of a racist and xenophobic nature committed through computer systems (ETS No. 189) | 5 October 2028 | 1477th meeting – 4.X.2023 |

Source: Yonhap news (Top), Council of Europe (Bottom)

## 2025 Outlook: Launch of the UN Convention Against Cybercrime

The codification of an international treaty often takes a significant amount of time and may sometimes remain in draft form, never advancing to a finalized agreement. However, International crime-related treaties, such as the UN Convention Against Transnational Organized Crime, are often concluded relatively quickly. When it comes to comprehensive international agreements addressing cooperation on crimes in cyberspace—distinct from those in the kinetic space—progress has been even more accelerated.

Since the Fifth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, held in Geneva in September 1975, first addressed the issue of international organized crime under the term "transnational crime," the UN has consistently discussed this critical topic.[131] The Naples Political Declaration and Global Action Plan Against Organized Transnational Crime, adopted at the World Ministerial Conference on Organized Transnational Crime in Naples, Italy, in November 1994, is widely regarded as the foundation of the UN Convention Against Transnational Organized Crime.[132] Subsequently, on 9 December 1998, the framework of a foundational treaty accompanied by three protocols was endorsed through a UN General Assembly resolution. A special committee was then established to draft the Convention, which was finalized in July 2000.[133] This draft was adopted on 15 November 2000 and entered into force on 29 September 2003.[134]

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128. The Convention on Cybercrime (Budapest Convention, ETS No. 185) and its Protocols, https://www.coe.int/en/web/cybercrime/the-budapest-convention.
129. Additional Protocol to the Convention on Cybercrime, concerning the criminalisation of acts of a racist and xenophobic nature committed through computer systems (ETS No. 189), https://www.coe.int/en/web/conventions/full-list?module=treaty-detail&treatynum=189.
130. Second Additional Protocol to the Convention on Cybercrime on enhanced co-operation and disclosure of electronic evidence (CETS No. 224), https://www.coe.int/en/web/conventions/full-list?module=treaty-detail&treatynum=224.
131. Shin Euigyi, "A Study on Domestic Implementation Measures of the UN Convention Against Transnational Organized Crime," *Korea Institute of Criminology*, 2005, p.14.
132. World Ministerial Conference on Organized Transnational Crime, Naples, Italy, November 21-23, 1994, https://ojp.gov/ncjrs/virtual-library/abstracts/world-ministerial-conference-organized-transnational-crime-naples-0; UNGA, Naples Political Declaration and Global Action Plan against Organized Transnational Crime (A/RES/49/159 February 24, 1995)
133. UNGA, Transnational Organized Crime (A/RES/53/111 January 20, 1999)

The process of developing the UN Convention Against Cybercrime is following a similar trajectory, making it likely to be finalized swiftly. With the rapid development of information and communication technologies and the corresponding rise in cybercrimes exploiting these advancements, the need for an international response became increasingly evident. Even states outside Europe began using the Budapest Convention as a platform for cooperation in countering cybercrimes. However, the Budapest Convention proved limited in effectively preventing and combating cybercrimes, leading to a consensus on the need for a more comprehensive and globally inclusive treaty. This prompted discussions at the UN level, involving 193 member states, to establish a comprehensive international treaty addressing the entire spectrum of criminal issues, from prevention to punishment. In 2020, the UN Office on Drugs and Crime (UNODC) established the Ad Hoc Committee to Elaborate a Comprehensive International Convention on Countering the Use of Information and Communications Technologies for Criminal Purposes to draft the new Convention.

The Draft Convention was finalized after approximately three years of work (2022-2024) by the Ad Hoc Committee. In 2021, the UN General Assembly mandated the submission of the Draft Convention to its 78th session.[135] Seven conferences were held between February 2022 and February 2024, but an additional meeting was scheduled due to challenges in reaching consensus. On August 8, 2024, the Draft UN Convention Against Cybercrime was finalized during its eighth conference.[136] The draft, which incorporates existing international, regional, and national efforts to combat cybercrime, represents the culmination of extensive research conducted by an open group of experts. If adopted by the UN General Assembly, it will establish a comprehensive, UN-level international treaty on cybercrime. If the proceedings at the General Assembly progress smoothly, the Convention is expected to be open for signature by states by December 31, 2026, in accordance with Article 64 of the draft.

134. UNGA, United Nations Convention against Transnational Organized Crime (A/RES/55/25 January 8, 2001)

135. "Countering the Use of Information and Communications Technologies for Criminal Purposes," UNGA, June 1, 2021.

136. Ad Hoc Committee to Elaborate a Comprehensive International Convention on Countering the Use of Information and Communications Technologies for Criminal Purposes, https://www.unodc.org/unodc/en/cybercrime/ad_hoc_committee/home.

Figure 11.2. Finalization of the Draft UN Cybercrime Convention

Source: Council of Europe.

The UN Convention Against Cybercrime comprises a preamble and 67 clauses. Many provisions were agreed upon "*ad referendum*," requiring further negotiation and refinement. The main contents are as follows: Criminalization (Chapter II): Interference with information and communication technology systems (e.g., illegal access, illegal interception), online child sexual abuse or child sexual exploitation material, non-consensual dissemination of intimate images, and related offenses. Procedural measures and law enforcement (Chapter IV): Expedited preservation of stored electronic data, expedited preservation and partial disclosure of traffic data, search and seizure, real-time collection of traffic data, among others; International Cooperation (Chapter V): Extradition, transfer of sentenced persons, transfer of criminal proceedings, international cooperation for expedited preservation or disclosure of data, and related measures; Preventive Measures (Chapter VI): Strategies for crime prevention; Technical Assistance and Capacity-Building (Chapter VII): Information exchange and support for developing countries, among other initiatives.

**Table 11.1. Comparison of Key Provisions between the Budapest Convention and the UN Convention on Cybercrime**[137]

| | Budapest Convention | UN Convention on Cybercrime |
|---|---|---|
| State parties | Council of Europe member states and non-member states | All UN member states |
| Effect | Binding treaty<br>(currently 76 states ratified) | Entering into force upon 40 states ratification |
| Purpose and scope | More focusing on criminalization of specific crimes (ex. illegal access, interference with data/system, computer-related fraud, child sexual abuse data, etc.), procedures for investigating cybercrime, cross-border access to electronic evidence, etc. | Broader and comprehensive approach: international cooperation, technical assistance and capacity-building to developing countries, prevention and combating cybercrime, protection of state sovereignty, limit to serious crimes. |
| Concept | "Computer" and "computer system"<br>"Computer data" | "ICT" and "ICT system"<br>"Electronic data"<br>("content data," "serious crimes," etc.) |
| Criminalization | UN Convention broader criminalization<br>Both Conventions require integrating child protection into domestic laws. | |
| | Offences related to child pornography (article 9) | Solicitation or grooming for the purpose of committing a sexual offence against a child (article 15)<br>→ more focusing on prevention |
| | Illegal access, interference with data and system, etc. main cybercrimes | Money-laundering (article 49), critical information infrastructures (article 21) |
| Procedural power | Procedural powers of the two Conventions are similar, mandate to domestic law, the scope of UN Convention is broader. | |
| | Conditions and safeguards (article 15) | Conditions and safeguards (article 24) |
| International cooperation | Broader tools for cross-border cooperation to obtain electronic evidence, establishment 24h contact network ensuring rapid response to cybercrime investigation, cross-border expedited data preservation and share | Limit the scope of international cooperation to serious crimes, expanding the scope of international cooperation (article 31 freezing, seizure and confiscation of the proceeds of crime) |

Source: Digwatch.

Throughout the process of advancing the Convention, human rights organizations and global technology corporations consistently advocated for significant amendment,

137. "Comparative Analysis: the Budapest Convention vs the UN Convention Against Cybercrime," *Digwatch*, October 22, 2024, https://dig.watch/updates/comparative-analysis-the-budapest-convention-vs-the-un-convention-against-cybercrime.

expressing concerns that the Convention could be misused or abused as a tool for government suppression of human rights. The Cybersecurity Tech Accord, a global industry group representing over 157 major technology companies, including Microsoft, Meta, Oracle, Cisco, Salesforce, Dell, GitHub, and HP, has repeatedly criticized the Convention, citing concerns about its potential misuse against cybersecurity researchers. Several technology companies have voiced concerns about the sensitive data collection obligations that governments might require them to implement under the Convention.[138]

Despite these concerns, the negotiation process among states goes smoothly. On November 11, 2024, the United States and the United Kingdom expressed their support for the Convention, despite opposition from their own technology companies, human rights organizations, and even some lawmakers. The United States expressed support for the Convention, acknowledging the risks that national cybercrime, data access, and other cyber-related domestic laws and tools could be misused by governments. However, it emphasized that implementing the Convention's provisions, including procedural measures, must be accompanied by robust domestic safeguards, effective oversight, investments in capacity-building, and strong rule of law institutions.[139] The United Kingdom also expressed support for the Convention, stating that the measures outlined in Article 24 would ensure that member states take steps to safeguard human rights in accordance with international human rights law. This response addressed concerns about the Convention's potential for human rights abuses.[140] Negotiations to pass the UN Convention Against Cybercrime resolution at the General Assembly will continue in 2025. With Russia and China already expressing positive stances, the Convention is likely to be adopted within the target deadline. If adopted, South Korea will need to accelerate the revision of domestic laws to align with the UN Convention

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138. Jonathan Greig, "Controversial UN Cybercrime Treaty Clears Final Hurdle before Full Vote as US Defends Support," *The Record,* November 13, 2024.
139. United State Mission to the United Nations, Explanation of Position of the United States on the Adoption of the Resolution on the UN Convention Against Cybercrime in the UN General Assembly's Third Committee, November 11, 2024, https://usun.usmission.gov/explanation-of-position-of-the-united-states-on-the-adoption-of-the-resolution-on-the-un-convention-against-cybercrime-in-ungas-third-committee/.
140. "Human Rights Must Be Protected: UK Statement at the UN Third Committee," *Foreign, Commonwealth & Development Office and Liz Page, First Secretary Cyber, Digital and Technology*, November 12, 2024, https://www.gov.uk/government/speeches/human-rights-must-be-protected-uk-statement-at-the-un-third-committee.

Against Cybercrime as well as the Budapest Convention.

However, the adoption of the UN Convention Against Cybercrime would not immediately result in international cooperation on global cybercrime. For the Convention to enter into force, a certain number of countries must ratify it. There is also a possibility that intended cooperation may not be smoothly achieved, particularly between countries with differing approaches or legal systems regarding human rights protection and other issues. This could pose challenges in establishing detailed procedures for responding to international cybercrimes or facilitating international investigations into such crimes. Nonetheless, if the UN Convention Against Cybercrime is adopted through a General Assembly resolution, it will undoubtedly mark a historic milestone as the first comprehensive international treaty governing cyberspace.

# 12. New Arms Race: Rising Demand, Renewing Supply

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## 2024 in Review: Continued Arms Buildup Driven by Two Regional Conflicts

The ongoing Ukraine war, which began in 2022, and the Israel-Hamas war in 2023 have heightened security concerns around the world. In 2023, global defense spending totaled approximately $2.4 trillion, a 6.8% increase from the previous year.[141] This rate of increase is considered to be the highest in the last 60 years. First of all, a huge amount of international funding is poured into the Ukraine war. Russia spent $109 billion in 2023, 16% of its government budget and 5.9% of its gross domestic product (GDP), the largest defense spending since the collapse of the Soviet Union. Russia is estimated to spend more than $127 billion in 2024. Meanwhile, the Ukrainian government spent $42 billion, or about 26% of its GDP in 2022, the first year of the war. In 2023, the figure rose to $64.8 billion, representing 58% of the government budget and about 37% of GDP. Defense spending as a percentage of GDP increased tenfold from an average of 3.7% in the five years prior to the war. [142]

Ukraine is expected to spend $77 billion in 2024 to fund the war. This figure includes foreign funding. In reality, foreign funding from the United States and Europe was substantial, with the United States providing more than $175 billion in five tranches through early 2024. Of this amount, $106 billion went directly to the Ukrainian government, of which $69.8 billion, or 65.8%, was utilized directly for military purposes. Europe has provided $6.1 billion in European Union (EU) peace support funding through 2024, in addition to $37.4 billion in individual contributions from EU member states, for a total of $43.5 billion.[143]

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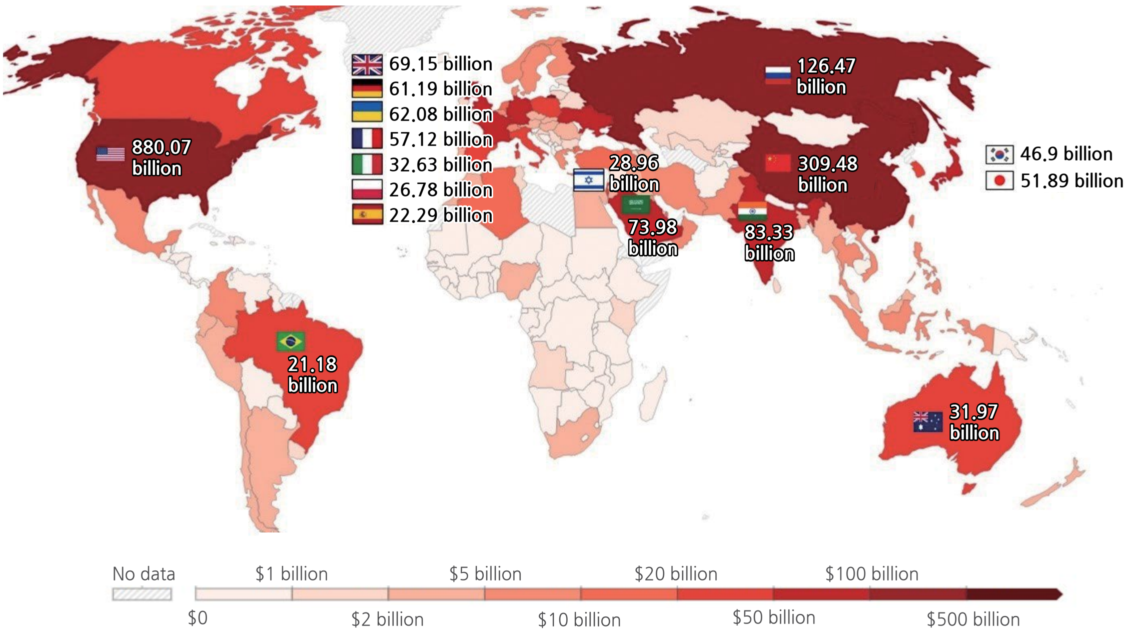
141. "Ukraine War Helped Push World Military Spending to 35-Year High, Study Says," *The New York Times*, April 22, 2024.
142. "Ukraine's Funding Gap—by the Numbers," *Politico,* January 25, 2024.
143. "How Much U.S. Aid Is Going to Ukraine?" *Council on Foreign Relations,* September 27, 2024; "EU Military Support for Ukraine," *Council of European Union,* September 18, 2024.

Figure 12.1. Global Defense Spending in 2023




Source: Our World in Data[144], SIPRI. (Reconstructed based on official country announcements)

Europe's own military buildup is also noteworthy. In 2024, the combined defense budget of all North Atlantic Treaty Organization (NATO) members, excluding the United States, exceeded $380 billion. Defense spending as a percentage of total GDP reached 2.71%, the first time in NATO's history that it exceeded 2%, with only eight of the 31 members falling below the 2% threshold. Poland saw the largest increase in percentage, reaching 4.12%, while even Germany, which has been criticized for spending less than 1%, spent 2.12%.[145]

The Middle East has seen a military buildup led by Saudi Arabia, the UAE, Israel, and Iran. On October 7, 2023, the Middle East was thrown back into chaos when Hamas launched a surprise attack on Israel. By the first half of 2024, there were hopes for an end to the war as Israel had defeated Hamas by occupying most of the Gaza Strip and neutralized Hezbollah in the second half through pager and radio bomb attacks and precision strikes on its leadership. However, Iran, which supports Syria, Iraq, Lebanon, the Houthis, Hamas, and Hezbollah, sum of which are called 'Axis of Resistance,' launched two missile strikes on Israel's mainland, raising the possibility of an escalation.

144. "Military Spending, 2023," *Our World in Data,* July 8, 2024. https://ourworldindata.org/grapher/military-spending-sipri.

145. "Defence Expenditure of NATO Countries (2014-2024)," *NATO Press Release*, June 12, 2024.

In 2024, the United States remains the world's top defense spender, with a projected defense budget of $850 billion. However, the increase is only 1%, and the number of ships and aircraft acquired is down year-over-year due to declining productivity.[146] Meanwhile, China, which is engaged in strategic competition with the United States, has confirmed a defense budget of $236 billion for 2024, a 7.2% increase from the previous year. [147] While China has the world's second-largest defense budget in nominal terms, it is necessary to add at least 60 to 100% to get the true size of the budget.[148]

Increased defense budgets inevitably lead to increased weapons systems, and the Ukraine war has led NATO members to undertake an unprecedented conventional arms buildup. NATO members have been forced to respond to their own shortfalls and additional needs of the Ukrainian armed forces by transferring tanks, armored personnel carriers, air defense missiles, and other equipment, as well as artillery shells, which Ukraine cannot manufacture for itself. This unexpected heyday of conventional armaments has led to an unprecedented boom in the international defense market. The United States alone is expected to generate $955 billion in aerospace and defense revenue in 2023, and European companies are seeing 10-20% profit growth.[149]

The recent arms buildup trend has included nuclear weapons as well as conventional weapons. According to one study, $91.4 billion was spent globally on nuclear weapons in 2023, a 13% increase from the previous year, and is expected to surpass $100 billion in 2024.[150] Russia's suspension of participation in the New Strategic Arms Reduction Treaty (New START) and withdrawal from the Comprehensive Nuclear-Test-Ban Treaty (CTBT), China's nuclear arsenal buildup, and the U.S. modernization of its nuclear triad are all contributing to the renewed nuclear arms race.

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146. "Biden's Meager 1% US Defense Budget Increase Buys Fewer Ships, Jets," *Reuters*, March 12, 2024.
147. "China Raises Defense Budget by 7.2% for 2024, 'Conducive to Peace, Stability'," *Global Times,* March 5, 2024; "China Unveils New Defense Budget, with a 7.2% Increase," *Defense News*, March 7, 2024.
148. They argue that the budgets of paramilitary organizations such as the military police and maritime police are excluded from traditional defense spending calculations and should be added by at least 20%, and up to 60% if the national expenditure on dual-purpose research and development is taken into account. According to the report, China's actual defense budget in 2023 will exceed $700 billion; Peter Robertson, "China's Defense Budget Is Much Bigger Than It Looks," *Foreign Policy*, September 19, 2023; "Sen. Dan Sullivan (R-Alaska) Speaks Against Defense Cuts on the Senate Floor," *Senator Dan Sullivan*, YouTube, June 6, 2023, https://youtu.be/13zxu5ktQLs.
149. Aerospace Industries Association, "2024 Facts & Figures: American Aerospace and Defense Remains an Economic Powerhouse," *AIA Press Release*, September 9, 2024.
150. "Global Spending on Nuclear Weapons up 13% in Record Rise," *The Guardian*, June 17, 2024.

## 2025 Outlook: Defense Supply Chain in "Renewal"

The military buildup is expected to continue in 2025 as the Ukraine war and the Israel-Hamas war continue. Conventional armament buildup is also expected to accelerate as defense contractors complete the expansion of production facilities that began in response to war-specific needs. At the same time, as each country's defense policies become more sophisticated, the international defense supply chain is expected to form a new configuration by faction and region. In particular, blocking and evolution are expected to accelerate in the nuclear and advanced arms races, which will directly affect the strategic competition.

### 1. The Conventional Arms Race Is Back

The Ukraine war and Israel-Hamas war have reminded the world that 21st-century warfare is not necessarily a smart war, where everything is done at the push of a button. Tens of thousands of shells are still exchanged on the battlefield every day, and dozens to hundreds of people are killed every day in fierce engagements. As is typical of modern warfare, both Ukraine and Russia produce millions of drones a year and exhaust tens of thousands of them every month, as they are used as ammunition to replace scarce artillery.

The conventional armament buildup in Europe is reminiscent of the early to mid-Cold War. After Russia destroyed Ukraine by launching more than 10,000 ballistic and cruise missiles from the outbreak of the war through mid-2024, European countries are accelerating the adoption of missile defense systems, which had previously been sluggish. Germany was an early proponent of the European Sky Shied Initiative (ESSI) which brings together 22 countries, while France and Italy are exploring their own alternatives. Meanwhile, Europe, which has been slow to develop large-scale defense acquisition programs, has taken the lead in developing advanced systems such as sixth-generation fighter aircraft that are more advanced than fifth-generation stealth fighters, with Germany, France, and Spain working on the Future Combat Air System (FCAS), and the United Kingdom and Italy partnering with Japan on the Global Combat Air Program (GCAP).[151]

European countries look to Germany, the region's economic powerhouse, to lead

151. Francesco Baronio, "6th Generation Fighter Jets Development: Implications for European Air Forces Interoperability," *Finabel Info Flash*, August 2023, pp. 2-3.

the way in collective defense. In 2023, Germany presented its first new defense policy directive in more than a decade, pledging to play a leading role in NATO's eastern defense.[152] Germany already has committed $108 billion in special funds to modernize the Bundeswehr, German federal armed forces, in response to the Ukraine war and wants to increase its size by at least 20,000 troops, or more than one division, from its current 180,000 troops.[153] However, Germany's role is still expected to be limited, with 71% of Germans opposed to taking on military leadership of the EU.[154]

France is the world's third-largest defense contractor and, the backbone of Europe's conventional armament buildup along with Germany. While France has enjoyed a war bonanza as the Ukraine war continues, it has been criticized for being less active in supporting Ukraine than Germany. France continues to conduct its own military operations abroad, and although it rejoined NATO in 2009, it remains less dependent on the alliance. However, France is set to increase its defense spending by 36% by 2030 and is likely to continue its attempts to take the lead in European security.[155]

Meanwhile, Poland is at the apex of Europe's conventional armament buildup. Poland, which has been at the forefront of supporting Ukraine, has provided 44 batches of military aid worth €4 billion through mid-2024, including more than 300 main battle tanks. Poland even signed a Mutual Security Cooperation Agreement with Ukraine in July 2024, pledging to provide all assistance without compromising its own security.[156] Poland has become a key hub of support for Ukraine and is expected to continue leading NATO's military buildup. The first NATO member to spend more than 4 percent of its GDP on defense, Poland plans to increase its defense budget to 5% of GDP in 2025, with $48.7 billion planned. Poland has more than 150 defense acquisition contracts scheduled for 2024, the largest in Europe, including the AH-64 attack helicopter, JASSM-ER missile, F-16 fighter modernization, and additional K2 "Black Panther" tanks. Poland is likely to continue its strategy of establishing itself as a NATO core power by

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152. Bundeswehr, "*Defence Policy Guidelines 2023," Federal Ministry of Defence*, November 2023, p. 17.
153. "German Government Wants 'War-Ready' Troops," *Deutsche Welle*, April 5, 2024; "NATO Finds Gaping Holes in Europe's Defences," *Reuters*, July 24, 2024.
154. Harper Fine and Peter Carlyon, "Germany's New Plans for Transforming Its Defence and Foreign Policy Are Bold. They Are Also Running into Familiar Problems," *RAND Commentary*, January 17, 2024.
155. Eufemia Colucci, "Securing Europe: France's Defence Strategy Amidst Rising European Industry Growth and Defence Readiness," *Finabel Info Flash*, May 14, 2024, pp. 5-6.
156. "Ukraine Strikes Security Deal with Poland," *Politico*, July 8, 2024; "Poland Has Transferred Two Armored Brigades' Worth Equipment to Ukraine," *Defence 24*, July 7, 2023; "Politics of War Color Poland's Record Defense Spending," *National Defense Magazine*, September 24, 2024.

leveraging its position at the forefront of countering Russia.

In the Middle East, the Israel-Hamas war seems to be swallowing in all the additional conflicts. Israel mobilized 360,000 reservists after the outbreak of the war with Hamas in 2023 and managed to contain the conflict in Gaza by the first half of 2024, successfully retaliating by eliminating both Hamas leader Ismail Haniyeh and Hezbollah leader Hasan Nasrallah but was hit by two missile strikes from Iran. The military buildup is expected to continue as Iran poses a growing security threat to the region.

While the pro-Israel second Trump administration is expected to bring about a more pro-Israel Middle East policy, the overall U.S. global strategy will inevitably shift its center of gravity toward countering China. As the U.S. focuses on counter-China deterrence, the U.S. Navy will only be able to passively defend against attacks on merchant ships and tankers by the Iranian Navy or Houthi rebels. Middle Eastern countries' disappointment with the United States will continue as it seeks to improve relations with Israel and the Arab world through the expansion of the Abraham Accords and is likely to seek burden relief through security cooperation among pro-U.S. countries in the region. Saudi Arabia has stated in its "Saudi Vision 2030" strategy that it will reduce foreign arms imports and pursue self-defense through indigenous production.[157] Other Arab countries such as the UAE and Bahrain are expected to follow suit and accelerate their own defense efforts.

China's expansionism will continue to fuel conflict in the South China Sea and East China Sea, with the Taiwan crisis remaining a key issue. China has recovered to some extent from the aftermath of the COVID-19 pandemic but will continue to build up its military despite worsening economic conditions. China is focusing on building up its navy and air force with the goal of becoming a world-class military power, and the PLA Navy is likely to increase its coercive capabilities against Taiwan by establishing fleets of 3 aircraft carriers, including the test-operation of its 3rd and last aircraft carrier Fujian and the modernization of its first aircraft carrier Liaoning, which was previously only considered as the training carrier.

The lattice-like alliance, the key to countering China's expanding influence in the Indo-Pacific region, will significantly increase naval power. Japan has been at the forefront of the lattice-like alliance, emphasizing the need to have a "counter-strike capability," and has been building up its offensive arsenal. Japan has requested a record $59 billion (85.4 trillion yen) for its 2025 defense budget, and by 2027, it will spend

157. "Saudi Vision 2030," *Saudi Vision 2030.* https://www.vision2030.gov.sa/en.

more than 2% of GDP.[158] Moreover, as the new Japanese Prime Minister Shigeru Ishiba, who has called for an “Asian version of NATO,” takes office, the SDF is expected to be more active, but Japan’s regional security leadership is expected to be challenged by domestic public opinion. Australia, meanwhile, will continue to seek to expand its influence in the region with a robust naval force, actively promoting the construction of 11 new frigates in addition to the introduction of nuclear-powered submarines.

## 2. Nuclear Arms Race and High-Tech Competition within Hegemonic Competition

The recent nuclear arms race was initiated by Russia, which was unsure of its conventional military superiority. At the start of the Ukraine war, Russia threatened to use tactical nuclear weapons to deter NATO’s support for Ukraine and Ukraine’s counterattack on the Russian mainland.[159] However, when that failed, as Ukraine escalated its attacks on the Russian mainland by advancing on Kursk, Russia considered a change to its nuclear doctrine in September 2024 and officially approved it on November 15. The new doctrine replaced the condition that a nuclear attack on a non-nuclear state could only be carried out “when the state is in danger of extinction” with “when there is a serious threat to its sovereignty.”[160] Having lowered the threshold for nuclear use so severely, Russia can now dramatically increase the number of tactical nuclear weapons in its arsenal, signaling that it is transforming nuclear weapons from a tool of threat to an actual offensive measure.

Seeking to dominate the U.S.-China strategic competition, China is rapidly building up its nuclear arsenal to coerce the United States and expand its influence in the Indo-Pacific region. The PLA Strategic Rocket Force has built a massive silo base in Gansu Province, increased its intercontinental ballistic missile (ICBM) inventory from 35 in 2000 to more than 130 in 2023, and launched the DF-31AG ICBM for the first time in 45 years, propagating its nuclear strike capability against the U.S. In addition, the PLA has improved its medium-range ballistic missile (MRBM) capabilities to target Guam,

158. “Japan’s Defense Ministry Requests Largest Ever Budget for Fiscal Year 2025,” *The Diplomat*, August 20, 2024.
159. Russian political and military leaders have routinized nuclear threats, mentioning nuclear weapons more than 200 times in connection with the Ukraine war, and in June 2024, they raised the threat level by unveiling a tactical nuclear forward deployment exercise against Belarus.
160. Heather Williams, “Why Russia Is Changing Its Nuclear Doctrine Now,” *CSIS Commentary*, September 27, 2024.

India, Japan, Russia, and South Korea, and aims to increase its nuclear arsenal to 1,000 warheads by 2030.[161]

More than 30 countries around the world rely on U.S. extended deterrence. However, as the non-proliferation regime has been sharply weakened by the U.S. withdrawal from the Intermediate-Range Nuclear Forces Treaty (INF) and Russia's suspension of New START, U.S. extended deterrence, a pillar of international order, is now being challenged by the renewal of nuclear race. While the U.S. political establishment had been reducing its nuclear forces under the guise of nonproliferation and a "nuclear-free world" policy until the Obama administration, since the first Trump administration, it has been pursuing the largest nuclear modernization in history in the face of challenges from China and Russia.

The U.S. nuclear triad of strategic bombers, ICBMs, and submarine-launched ballistic missiles (SLBMs) is based on platforms developed 40 to 60 years ago and is in urgent need of replacement. This is being accomplished through the deployment of the new Sentinel ICBM with multiple warheads, the expanded acquisition of the B-21 next-generation strategic bombers, the introduction of the Columbia class of next-generation strategic nuclear submarines (SSBNs), and the ramp-up of modernized Trident II D5 SLBMs. The 10-year cost for the U.S. nuclear forces from 2023 to 2032 is $756 billion, a whopping $122 billion more than the 2021 10-year budget.[162] However, as alliance confidence in extended deterrence continues to decline, the United States may find itself investing more in nuclear forces. The deployment of intermediate-range missiles in the Philippines and the redevelopment of sea-launched nuclear cruise missiles, which were abandoned during the Biden administration, are also likely to gain momentum in the second Trump administration that emphasizes strength through power.

Also expected to accelerate sharply is the race for advanced technologies such as space, cyber, electromagnetic, and Artificial Intelligence (AI), which will affect the strategic competition as much as nuclear weapons. First of all, the Space National Guard, a reserve and auxiliary force concept of the U.S. Space Force, is expected to be established in the second Trump administration.[163] Meanwhile, in the field of

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161. Hans M. Kristensen, Matt Korda, Elaine Johns, and Michael Knight, "Chinese Nuclear Weapons, 2024," *Bulletin of the Atomic Scientists* 80, no. 1 (2024): 58.; "Dong Feng-31: Traveling 12,000 KM, China Likely Fired DF-31 ICBM That Can Carry Multiple Nuke Warheads - Experts," *The Eurasian Times*, September 29, 2024.
162. "Projected Costs of U.S. Nuclear Forces, 2023 to 2032," *Congressional Budget Office*, July, 2023.
163. "Trump's 2nd Term Could Push Space Force to Take Bolder Stance," *Space News*, November 13, 2024.

AI, the United States has issued the AI Executive Order and the AI National Security Memorandum to recognize AI as the most critical technology for national security and to maintain its strategic advantage by prohibiting AI cooperation with China, and the second Trump administration is expected to focus more on gaining an advantage in the strategic competition by relaxing AI-related domestic regulations and imposing a broad public export and investment ban on China.[164]

Challenges to the U.S. strategic advantage will come from China and Russia. China's 14th Five-Year Plan aims to become a world leader in AI by 2030, and it is likely to continue its dominance of the field by driving civilian industrial capabilities, with a goal of establishing at least 50 national AI standards by 2026.[165] Meanwhile, Russia is believed to have launched a satellite carrying a nuclear weapon into space in May 2024,[166] and will continue to pursue simultaneous nuclear and space dominance by adding similar systems and accelerating the militarization of outer space.

### 3. Renewal of Defense Supply Chains

Conventional and nuclear armament buildups are only possible through defense industry research and development and production capabilities. Winning or losing the arms race depends on how well the Defense Supply Chain is in place. The Defense Supply Chain, also known as the Defense Industrial Base (DIB) or National Technology and Industrial Base (NTIB), refers to all activities such as research and development, production, and maintenance, as well as the people and organizations involved in these activities that are related to national security or utilize dual-purpose technologies.[167]

Throughout history, there has never been a country that has not valued its defense supply chain, but with the end of the Cold War and upcoming globalization, most countries have cut their defense budgets drastically and sought to downsize and

164. The White House, "Memorandum on Advancing the United States' Leadership in Artificial Intelligence," *The White House Press Release*, October 24, 2024; John Villasenor and Joshua Turner, "AI Policy Directions in the New Trump Administration," *Brookings Commentary*, November 14, 2024.
165. "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Term Objectives for 2035," *Xinhua News Agency*, March 12, 2021 [国民经济和社会发展第十四个五年规划和2035年远景目标纲要 (March 12, 2021)]; "China to Formulate over 50 Standards for AI Sector by 2026," *Xinhua News Agency*, July 2, 2024.
166. "What to Know About the 'Space Weapon' the U.S. Says Russia Recently Launched," *NPR*, May 30, 2024.
167. Congressional Research Service, "Defense Primer: The National Technology and Industrial Base," *CRS In Focus*, March 30, 2023.

consolidate their defense industries. The principle of national monopolization of defense supply chains has become irrelevant as global supply chains have become more interconnected and commercial off-the-shelves technologies have taken the lead in defense science and technology.

As the international supply chain is rapidly fragmenting due to the renewal of international solidarity, the impact on the defense supply chain is also gradually increasing. The United States has been responding to the U.S.-China strategic competition by pursuing a thorough decoupling of the defense supply chain since the 2010s. However, even in the United States, the defense supply chain is showing its limitations. This is due to the sharp decline and fragmentation of the material, parts, and equipment industries, as well as the decline in domestic production capacity driven by rising wages and investment restrictions. This trend is expected to intensify. To overcome these limitations, the renewal of the defense supply chain is expected to occur.

If the COVID-19 pandemic was a wake-up call to the international supply chain crisis, the war in Ukraine has made the world aware of the limitations of the legacy defense supply chain. Continuous troop reductions since the end of the Cold War have severely reduced defense production capacity, and a combination of shortages of raw materials and defense budgets meant that the industry was unable to cope with the sudden increase in demand following the outbreak of the Ukraine war. While the United States, the world's largest defense contractor, continued to provide arms and ammunition, it was unable to keep up with the demand from NATO members, especially Eastern European countries like Poland, which urgently needed to build up their defenses. Filling this gap in the defense supply chain was South Korea, which sold Poland a phenomenal 980 K-2 Black Panther main battle tanks, 670 K9 Thunder self-propelled howitzers, 290 Hyunmoo multiple-launch rocket systems, and 48 FA-50 Fighting Eagle light fighter jets.

As Europe has experienced the limitations of its defense supply chain, traditional defense powers such as Germany and France have taken the initiative to propose their own defense reinforcement plan, the European Defense Industrial Strategy (EDIS). The core of the strategy is for European countries to increase defense investments and jointly acquire within Europe. By 2030, the goal is to jointly acquire at least 40% of defense goods, purchase 50% of defense equipment in Europe, and trade at least 35% of defense goods within the EU.[168] While EDIS is an ambitious plan to establish an intra-

168. European Parliament, "*European Defence Industrial Strategy,*" *European Parliamentary Research Service*, September 2024.

European defense supply chain, it is unlikely that European defense companies will be able to keep up with the acquisition schedules of each country. Eventually, Europe will need to include countries outside of NATO, such as South Korea, Israel, and Japan, in its defense supply chain.

In 2024, the United States, which has traditionally trusted the capabilities of the market, presented its first national defense industrial strategy. In its National Defense Industrial Strategy (NDIS), the Department of Defense aims to shift away from foreign dependence and create the next generation of a flexible and modern defense ecosystem. Specifically, the NDIS will prioritize four areas: resilient supply chains, workforce readiness, acquisition flexibility, and economic deterrence.[169] The real problem with U.S. defense acquisition is the high-cost structure and declining productivity within the country. To address this, the United States needs to revise laws such as the Jones Act, which mandates domestic production of weapons systems, and leverage the defense technology and production capabilities of allies such as South Korea, Japan, and Australia. However, if the "Made in America" policy is strictly applied to bring production facilities and jobs back to the United States, the defense supply chain issues may become more difficult to solve, thus the choice of the second Trump administration will be closely watched.

Meanwhile, Russia, which initiated the Ukraine war, is also working to stabilize its defense supply chain. Russia has increased its tank production capacity from 40 tanks per year before the war to 130 tanks by the summer of 2024, and its production of multiple-launch rockets and artillery by 150%.[170] Even Russia, which has an annual production capacity of 2.5 million artillery shells, however, is unable to handle a war that consumes tens of thousands of rounds per day and has begun military cooperation with North Korea and Iran. In particular, North Korea has been enjoying unprecedented sales of ballistic missiles and armored vehicles in addition to artillery and rocket shells and has even sent troops to the Ukraine war. North Korea's aggressive engagement with Russia is driven by both economic and alliance security interests, but it is also seen as an opportunity to integrate into the Russian defense supply chain and structure long-term cooperation.

In the midst of the global arms race, South Korea has maintained a relatively stable military buildup. The surging North Korean nuclear threat has continued to drive public

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169. "National Defense Industrial Strategy," *Department of Defense*, 2023.
170. Guntram B. Wolff et al., "Fit for War in Decades: Sluggish German Rearmament Versus Surging Russian Defence Production," *Bruegel Analysis*, September 16, 2024.

opinion toward a defense buildup, and the defense budget was set at 59.4 trillion won in 2024, followed by a 3.6 percent increase to 61.6 trillion won in 2025.[171] More than 6 trillion won of the 18 trillion won for defense acquisition will be invested in the Korean Three-Axis System to counter North Korea's nuclear capabilities, a steady investment in advanced conventional forces that will keep South Korea ahead of the arms race in Northeast Asia.

In particular, the capabilities and fundamentals of the Korean defense industry to support the military buildup are rather strong. The defense industry, one of the starting points of Korea's industrialization, grew to become the country's leading export industry in only a few decades, thanks to a shift to a competitive system and an aggressive export diversification policy in the late 2000s. With excellent production capacity and commercial high-tech capabilities as its fundamentals, the industry has grown with exceptional competitiveness in the international defense market as economies of scale from a large military force of 500,000 troops have secured the momentum for independent development. The rigid acquisition structure, however, still prevents fast-track development of advanced weapons and does not recognize the creativity of defense companies, which is a serious drawback. In addition, overproduction due to excessive expectations of special demand for the Ukraine war could lead to a difficult situation due to possible reduced demand and European competition. Moreover, if South Korea fails to clarify its defense export policy under the banner of Global Pivotal State (GPS), the vision for South Korean government foreign policy, it may be reduced to a subordinate participant in the U.S.-centered defense supply chain or even excluded. Therefore, it is time to focus national efforts on securing a unique position in the international defense supply chain through accurate demand forecasts and principled defense cooperation.

171. Ministry of Defense, "2025 Defense Budget to Reach $61.6 Trillion, Up 3.6% Year-Over-Year," *The Republic of Korea Policy Briefing*, August 28, 2024.

# 13. Operationalizing Economic Security and Supply Chains

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## 2024 in Review: Accelerating Fragmentation and Competition Amid Geopolitical Uncertainty

The continued fragmentation of the international order has been the hallmark of 2024. Geopolitical uncertainties such as the U.S.-China strategic competition and the Ukraine war have persisted, while the Israel-Hamas war appears far from resolution. Regarding economic security, the Ukraine war has been a catalyst for slowing the pace of globalization as economic sanctions proliferated. Since the post-war era, globalization and international trade have been the key drivers of global economic growth. According to the World Bank, trade openness, the share of international trade in global GDP, reached 61.1% in 2008 but has since stagnated, reaching 62.6% in 2022. Uncertainties in the global economic order that began with the 2008 global financial crisis have combined with geopolitical risks, resulting in a slowdown in globalization.

The escalation of the U.S.-China competition in advanced technologies and the worldwide expansion of economic sanctions triggered by the Ukraine war have dragged the pace of globalization. The United States has been expanding the scope of export controls on advanced technologies to balance against China's technological capabilities. It has also strengthened export controls against China because of the potential impacts on industrial competitiveness and national security. A prime example is the implementation of export controls by the U.S. Department of Commerce in September 2024 on key components such as High-Bandwidth Memory (HBM), which is critical for Artificial Intelligence, quantum computing and its components, advanced semiconductor manufacturing equipment, metal and alloy components, and software tools.

U.S. Department of Commerce cited "national security and foreign policy concerns" as the rationale for implementing these export controls. However, the Department also emphasized that extensive consultations had been conducted with allies and partners during the process and expressed hopes that more countries would adopt similar measures. This position highlights the perception that effectively balancing China requires the de facto multilateralization of export controls.

The prolonged Ukraine war has significantly expanded the scope of economic sanctions with Western sanctions against Russia met by Russia's retaliatory measures. As of October 2024, the United States had imposed a staggering 188 sanctions against Russia. Similarly, most European countries have implemented extensive sanctions against Russia, including Poland (180), Germany (169), France (167), Italy (166), Spain (165), and the United Kingdom (73). The United States and its European allies have unleashed a barrage of economic sanctions against Russia. Even countries in the Indo-Pacific, such as Japan (59), Australia (30), and South Korea (10), which have largely avoided the epicenter of the conflict, have joined in sanctioning Russia. This has led to what seems to be a systemic outcome where the majority of dominant powers have participated in sanctions against Russia. In response, Russia imposed economic sanctions not only on Western countries such as Germany (36), Poland (35), France (35), Italy (35), Spain (35), and United States (28), but also on the Indo-Pacific countries like Japan (35), South Korea (33), and Australia (26). It is worth noting that countries in the Indo-Pacific received a similar level of sanctions to their Western counterparts despite implementing significantly fewer sanctions on Russia.

With the experience of supply chain disruptions caused by the COVID-19 pandemic, the dominant powers have consistently pursued improvements in supply chain resilience since 2020. With the awareness that restructuring processes would inevitably lead to increased costs, governments, and multinational corporations have worked to enhance supply chain resilience while minimizing efficiency losses. To this end, most countries have simultaneously attempted to improve research and development capabilities in advanced technologies and manufacturing capacities in high-tech industries domestically while restructuring to diversify value chains abroad. By 2024, dominant powers have been compelled to balance economic efficiency with geopolitical considerations in restructuring supply chains.

The United States and China have commonalities in their strategies to restructure supply chains in that geopolitical factors are key considerations. Both countries have shown a tendency to expand trade with nations of geopolitical proximity. The difference is that while the United States has expanded trade with geographically proximate countries such as Canada and Mexico, China has increased trade with countries in geographically distant regions such as South America, Africa, and the Middle East. South Korea and Japan are at the heart of this distinction. At the core of this distinction lie South Korea and Japan. Both countries have increased trade with the United States, a partner with geopolitically proximity while reducing their trade dependence on neighboring China. In contrast, the ASEAN countries have emerged as key players in supply chain diversification, increasing trade not only with the United States and China but also with South Korea and Japan. The change in global trade patterns resulting from supply chain restructuring requires a close observation as it could betray the shifts in the international economic order.

Competition among nations has intensified as most advanced technologies have become dual-use technologies. In 2024, countries employed two broad strategies to safeguard advanced technologies for security ends. First, to secure advanced technology capabilities, countries have sought strategies to strengthen capacities to innovate domestically, while pursuing cooperation with countries that can help them maintain and expand the technological gap with competing nations, with the former being the priority. The United States, European Union (EU), and Japan have pursued industrial policies, such as substantial subsidization, to address vulnerabilities in domestic production capacities within high-tech industry value chains, while strengthening international cooperation to enhance research and development capabilities in advanced technologies. The prime examples include the U.S. CHIPS and Science Act, the EU CHIPS Act, and the Japanese government's subsidies for Taiwan Semiconductor Manufacturing Company (TSMC). Japan's Ministry of Economy, Trade and Industry (METI) provided massive subsidies to TSMC, amounting to ￥476 billion for its first plant and ￥732 billion for its second. TSMC responded with remarkable speed, announcing its intention to enter Japan in October 2021, breaking ground in April 2022, and completing construction by December 2023. The first plant, expected to begin its operation for mass production by the end of 2024, has been hailed as a potential signal of the revival of Japanese manufacturing, as former Japanese Prime Minister Fumio Kishida remarked with optimism in April 2024 that "It will have a significant ripple effect across Japan."

The second strategy is strengthening measures to prevent the leakage of advanced technologies, including expanded export controls, tighter investment screening, and enhanced patent protection. Notably, in 2024, there were active discussions on outbound investment screening as a powerful tool to restrict technology transfers. In August 2024, the Biden administration signed an executive order restricting U.S. investment into China in two advanced technology sectors, followed by the Treasury Department initiating a pre-rulemaking process to gather feedback from relevant stakeholders. While the U.S. government emphasized that outbound investment restrictions are an effective means to prevent technology transfers to China, the National Foreign Trade Council (NFTC), Consumer Technology Association (CTA), and Semiconductor Industry Association (SIA) expressed concern that without similar measures from allies and partners, such regulation may only result in U.S. investments replaced by investments from elsewhere. Thus, U.S. allies and partners, including South Korea, Japan, and the EU, have been under pressure to align with the United States in implementing outbound investment screening.

## 2025 Outlook: An Effective Renewal of the International Economic Order

### 1. From Vision and Strategy to Implementation

In the past few years, dominant powers have transitioned their economic security strategies from vision and principles to the execution phase. Japan took steps to strengthen its institutional framework for pushing forward its economic security strategies by establishing an Economic Division within the National Security Secretariat in 2020 and by the Kishida Cabinet appointing an Economic Security Minister in October 2021. Subsequently, in May 2022, Japan enacted the Economic Security Promotion Act, solidifying a legal foundation for economic security, with initiatives to strengthen supply chains, secure critical infrastructure, develop advanced technologies, and ensure the confidentiality of patents. By 2025, Japan is expected to build upon this legal and institutional framework and expand its economic security strategy.

The EU also took a significant step in June 2023 by unveiling its "Economic Security Strategy," followed by Germany's release of its Strategy on China, which can be seen as a turning point for its economic security strategies, marking the transition from a vision to actionable plans. By 2025, the EU is expected to further detail its implementation strategies across various economic security sectors. Considering that the EU, along with its key member states such as Germany and France, has announced the Indo-Pacific strategies, it is likely that the EU will seek to expand its cooperation with the Indo-Pacific nations in economic security matters.

### 2. Incoming Game Changer: Return of the Trump Administration

The return of the Trump administration in 2025 is expected to be a game changer, with a significant impact on the economic security strategies of not only the United States but also of other governments. The Biden administration pursued an economic security strategy distinct from that of Trump in his first term, characterized by exerting extensive pressure on China. While recognizing the reality of the U.S.-China interdependence, the Biden administration sought to shift its policy toward de-risking to address the sources of vulnerability vis-à-vis China. It pursued a "small yard and high fence" strategy that focused on halting China's pursuit of key advanced technologies and further expanding the technological gap. It was in this policy background that the Biden administration chose advanced semiconductors as the key tool in its strategy to restrain China. At the same time, the administration worked to enhance and expand cooperation with its allies and partners to strengthen the effectiveness of its strategy against China.

As Donald Trump had pledged to impose high tariffs amounting to 60-100% on Chinese imports during the presidential campaign, U.S. policy against China is expected to significantly escalate in the second Trump administration. In this scenario, the U.S. policy would shift to a "bigger yard and higher fence" strategy, increasing both the scope and level of barriers. The second Trump administration would also seek major changes in its relationships with allies and partners, including imposing a 10% blanket tariff on all imports and demanding a higher share of defense spending. By adopting a transactional approach with allies and partners, the second Trump administration is likely to reverse the Biden administration's international cooperation strategy.

However, given that the second Trump administration will share with the Biden administration the policy objective of maintaining and expanding U.S. dominance in advanced technology sectors, it is unlikely that President-elect Trump will completely nullify Joe Biden's economic security strategies in 2025. This continuity and consistency will be particularly evident in AI, which has been a hallmark of the U.S.-China competition in advanced technologies. In October 2024, the Biden administration released the Memorandum on Advancing the United States' Leadership in Artificial Intelligence; Harnessing Artificial Intelligence to Fulfill National Security Objectives; and Fostering the Safety, Security, and Trustworthiness of Artificial Intelligence, which aims to advance U.S. leadership in AI, leverage AI to achieve national security objectives and enhance the safety, security, and reliability of AI. This memorandum was a stated requirement of the Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence, issued in October 2023.

The memorandum, commonly referred to as the "National Security Memorandum on AI," is a policy response to concerns over the possibility of the United States ceding its AI leadership to China. Jake Sullivan, the Biden administration's National Security Advisor, described the memorandum as a roadmap to translate the United States leadership in AI into action and secure military superiority, which underscores the United States' intent to utilize AI not only to strengthen its economic and industrial influence but also to solidify its dominance in the military domain. Achieving this would require maintaining and expanding its technological edge over China.

The second Trump administration is expected to have a consensus on the importance of solidifying U.S. leadership in AI and securing an advantage over China. Strategies to accelerate the implementation of AI strategies, strengthening the AI supply chain, encompassing data, infrastructure, computing power, and applications will be a priority for the second Trump administration.

### 3. Geopolitical Uncertainty and Supply Chain Restructuring

Reshoring is expected to continue its upward trajectory in 2025. According to 2024 research by Bain & Company, approximately 81% of executives who responded indicated plans to relocate operations domestically or to nearby regions within the next three years. Meanwhile, 69% stated plans to diversify their supply chains away from China over the same period.

Based on such survey results, certain trends in supply chain restructuring can be anticipated in 2025. First, the share of production within China is expected to continue to decrease. Supply chain disruptions experienced during the COVID-19 pandemic due to strict lockdown measures in Shanghai, China's economic slowdown, and persistent geopolitical risks are among the factors that drive diversification of production away from China to other regions.

Second, the survey identifies key regions targeted for supply chain diversification: India (29%), the United States (16%), Southeast Asia (11%), and Canada (10%). This indicates that, despite growing pressure to diversify away from China, no single country can fully replace it. There are substantial barriers to replicating China's well-established supply chain ecosystem in another country. Instead, a more likely scenario is the partial replacement by multiple countries in specific areas based on their comparative advantages. It is worth noting, however, that the restructuring of supply chains will increasingly prioritize geopolitical risks over pure economic efficiency in the selection regions for diversification.

Third, while the pressure for supply chain restructuring is increasing, it is important to note that it cannot be completed in the short term. Although most companies are accelerating efforts to restructure the supply chain, only 2% of companies have fully completed the process. In contrast, 39% of companies are in the process, and only 36% have plans to do so. This suggests that supply chain restructuring will be a prolonged process from planning to completion. The persistence of geopolitical risks, as well as the scale of subsidies and the degree of deregulation provided by governments that seek to host production facilities, will be key factors influencing the rate of supply chain restructuring.

To anticipate the direction of supply chain restructuring, "split-shoring," which combines overseas production with production in domestic or nearby regions, is expected to accelerate. The expansion of split-shoring is the result of increased geopolitical uncertainty and various incentives provided by governments of dominant powers. The rise in geopolitical uncertainty has become a key factor driving the need to approach the competitiveness of high-tech industries and the formation and operation of supply chains from an economic security perspective. Unlike supply chain strategies of the past that focused on maintaining and enhancing efficiency, this shift reflects the realization of the necessity to respond to the potential disruptions in supply chains caused by increased geopolitical uncertainty. In this context, onshoring, which focuses on addressing vulnerabilities in domestic supply chains, is expected to increase, while a friend-shoring strategy will be used to diversify supply chains and ultimately enhance supply chain resilience.

It is noteworthy that while the United States is leading the supply chain restructuring, China is also responding quickly to the U.S. strategy and attempting its supply chain restructuring. The supply chain restructuring of the United States and China is influenced by various factors, including economic factors such as rising labor costs, the need to address climate change, and geopolitical uncertainties such as tariffs and industrial policies. Both superpowers have shown a preference for Vietnam as an optimal location for friend-shoring. Vietnam is emerging as a country that connects the United States and China.

The increase in geopolitical uncertainty has resulted in a triangular trade structure, with trade between the United States and China being routed through a third party such as Vietnam and Mexico. As of 2023, the trade volume between China and Vietnam reached $171.7 billion, and China invested $8.2 billion in Vietnam, making it the largest investor in the country as of July 2024. In this process, China is moving up the value chain to higher value-added stages such as research and development while shifting the assembly stages it had held to countries such as Vietnam. Economic factors such as rising labor costs in China are contributing to the acceleration of supply chain restructuring by Chinese companies.

A similar phenomenon is occurring in Mexico. In 2023, China announced plans to invest $12.6 billion in Mexico. Chinese companies have significantly increased investments in Mexico as a strategy to circumvent the high tariffs imposed on Chinese imports. As a result, Mexico is being increasingly regarded as a new China hub.

The return of the Trump administration is likely to act as a new factor in reshaping global supply chains, amid the ongoing trends of supply chain diversification and reshoring. The rapid pace of reshoring thus far has been influenced by the rationale of supplying where consumption is. However, since it is very challenging to relocate all stages of the value chain within the domestic shores, reshoring tends to occur alongside friend-shoring.

During the presidential campaign, President-elect Trump repeatedly stated that he would prevent China from circumventing tariffs by exporting goods to the United States through countries like Mexico and Vietnam. If the second Trump administration implements policies aimed at preventing or reducing exports to the United States through third-country circumvention, changes in friend-shoring are inevitable. For instance, Vietnam's origin rules recognize goods as Vietnamese if at least 30% of the value-added content is from Vietnam, which is why China was able to export goods to the United States through Vietnam.

However, geopolitical uncertainty is not the only factor driving the supply chain reshuffling between the United States and China. In many cases, the supply chain restructuring of U.S. companies is accompanied by the relocation of Chinese companies' supply chains. Apple, for example, is implementing a "China Plus One" strategy, adding new countries other than China to its supply chain. Chinese suppliers providing components to Apple are also relocating their supply chains alongside Apple.

## 4. Competition in Advanced Technologies and New Industrial Policies

The spread of protectionism and industrial policies is expected to continue in 2025. This trend has been increasingly pronounced since the 2008 global financial crisis and, more recently, since the U.S.-China trade war in 2017. According to the Global Trade Alert (GTA), as of 2023, there are a total of 2,944 protectionist or industrial policy measures in effect. Two points are particularly noteworthy. First, industrial policies and protectionist measures, traditionally viewed as tools for developing countries, measures have been utilized by advanced economies, including the United States, China, and European countries. The very fact that the United States (992 measures) and China (796 measures) have implemented a significant number of protectionist policies is a key factor that escalates geopolitical risks. Among the measures adopted, 500 of them reflect geopolitical concerns.

Second, the industrial policies we are witnessing today are significantly different from those of the past. Traditional industrial policies focus on strengthening the competitiveness of domestic industries, whereas new industrial policies additionally prioritize addressing the vulnerabilities within the domestic industrial ecosystem. In an era of rising geopolitical risks, mitigating vulnerabilities has become a key objective of industrial policy.

This characteristic of new industrial policies is especially prominent in advanced industries. The U.S. CHIPS and Science Act, the European Semiconductor Act, and Japan's New Semiconductor Industry Strategy all aim to reshore the most vulnerable links in their domestic semiconductor ecosystems, particularly the manufacturing and production stages. Shifting away from the practice of locating each stage of the semiconductor value chain in regions optimal for efficiency, these policies focus on establishing a self-sufficient semiconductor ecosystem by securing within its borders the vulnerable stages of the value chain. Given that addressing vulnerabilities is the core goal of new industrial policies in an era of heightened geopolitical risks, this trend is expected to continue in 2025.

As the competition in advanced technologies is approached from an economic security standpoint, it is highly likely that the scope of technological innovation and industrial policies will continue to expand. The success of new industrial policies depends on the combination of various policy tools rather than on specific policy instruments. Dominant powers are working simultaneously to upgrade their domestic innovation ecosystems to strengthen their industry's competitiveness while implementing a combination of measures such as export controls, enhanced investment scrutiny, and protection of technology patents to prevent advanced technology transfers.

In 2025, a multifaceted review to assess whether export controls achieve the desired effects can be expected. Export controls can create a dilemma: if they are too loose, there is the potential for technological leakage through loopholes, and if they are too strict, they may hinder business profits. Most export controls are susceptible to being circumvented through predictable or institutional loopholes. Therefore, a systematic review of the appropriate levels and methods of export controls is necessary. Additionally, multilateral cooperation is essential in achieving the intended effects of export controls without harming the interests of domestic businesses. If export controls implemented at the national level are not harmonized, loopholes are bound to emerge. There is a growing consensus that multilateral export control regimes could reduce the costs of compliance for businesses and enhance the effectiveness of the controls, thus discussions about this may gain momentum.

## 5. South Korea's Response: Pre-emptive Action Based on Universality

How should South Korea respond in 2025 with the uncertainties ahead? The basic direction of South Korea's response strategy should be rooted in proactive action and universality. First, South Korea has been steadily working to enhance the resilience of supply chains to mitigate vulnerabilities and proactively prevent the recurrence of economic coercion. Specifically, South Korea has conducted analyses to identify weak points in its domestic supply chain, established the Supply Chain Stabilization Fund to expand support for private companies, and enacted the three supply chain legislations to strengthen the legal foundation of its supply chain strategy. Such efforts should not only continue in 2025 but also be intensified by enhancing implementation capabilities through institutional improvements.

The year 2025 will be critical in assessing the feasibility of establishing a supply chain early warning system, so South Korea needs to evaluate its role in this context and take concrete actions for implementation. South Korea has made significant progress in strengthening domestic policies and systems for early warning as part of its preparatory efforts. On the international front, South Korea has played a leading role in enhancing global cooperation to strengthen supply chain resilience. In particular, South Korea has leveraged its cooperation with the United States and the ROK-U.S.-Japan trilateral cooperation as platforms for advanced technology and supply chain coordination. In August 2023, the three leaders agreed to jointly develop a pilot program for establishing an early warning system to identify potential supply chain disruptions and respond to economic coercion. This agreement aims to build a system that can pre-emptively address disruptions in the supply of critical materials or key products such as batteries. In order to achieve this, the three countries will identify key supply chain products and materials and establish an information-sharing process involving the European Union.

The year 2025 will be a crucial turning point in determining the success of expanding the supply chain early warning system pilot project, driven by South Korea, the United States, and Japan. Provided that supply chains for key industries are distributed globally, an effective early warning system that can quickly and pre-emptively detect signals for supply chain disruption requires a system design involving multiple countries. It is essential to share and disseminate the results of the pilot project initiated by the three countries to explore the potential for multilateral cooperation.

However, it is important to refrain from an excessive security-driven perspective in introducing the supply chain early warning system. The purpose of the early warning system is to pre-emptively detect signs of supply chain disruptions and prevent them from escalating into broader disruptions, which has an element of a public good at both the regional and global levels. In this regard, the agreement reached at the ROK-Japan-China summit in May 2024 in Seoul to strengthen supply chain cooperation while maintaining market openness is meaningful as it affirmed that the principle for supply chain cooperation was based on universality. Therefore, rather than focusing on a defensive approach toward specific countries, the emphasis should be on enhancing the practical effectiveness of the early warning system.

Secondly, the return of the Trump administration poses both a challenge and an opportunity for South Korea. With the inauguration of the second Trump administration, South Korea is likely to face three major challenges: tariffs, trade pressures, and exchange rates. South Korea's trade surplus with the United States surged dramatically from $16.6 billion in 2020 to $44.4 billion in 2023. Expanding trade surplus vis-a-vis the United States could easily become the policy target of Trump, who said that the word tariff is "the most beautiful." Moreover, the indirect effects of the Trump administration's policies should not be underestimated. If the second Trump administration imposes a 60% tariff on Chinese imports, China will likely need to shift its export volume from the United States to other countries. This means South Korea must establish a strategic response to the potential intensification of competition with China in third-country markets.

Thirdly, it is important to recognize that such changes will ultimately lead to fragmentation and reconnection, and South Korea must establish a response strategy accordingly. There seems to be little disagreement that the increase in geopolitical risks is likely to heighten the prospects for fragmentation in the global economy. However, as sustained fragmentation will not be beneficial to everyone, the priority should be finding the impetus for reconnection. South Korea, as a middle power, should exercise intellectual and normative leadership for reconnection through alliances with like-minded countries.

# 14. Shocks and Changes in the International Trading System

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## 2024 in Review: Maintaining the Restored System in the Post-Pandemic

A series of shocks and changes that have been a challenge for the international trading system, leading to tensions and conflicts shaping international trade flows over the past few years, continued to influence the global trading environment in 2024. The decline of multilateralism, the strengthening of economic security on a national level, the widespread usage of plurilateral trade agreements, and the rise of protectionism within economic blocs have been the hallmarks of this mega trend in international trade, marking the collapse of the traditional international trading system and the emergence of a new fragmented trade order. However, as global economic activities resumed as the COVID-19 pandemic subsided, inflationary pressures, which had severely impacted the global economy in 2023, had been alleviated due to swift interest rate hikes by central banks of each countries. Subsequent interest rate cuts in 2024 have improved the macroeconomic environment globally, leading to a gradual improvement in trade flows in 2024.

The main factors in recent international trade are geopolitical tensions, the fragmentation of trade, the return of industrial policies, the restructuring of global supply chains, and responses to climate change and digital transformation. First of all, geopolitical tensions and trade fragmentation continue to heavily influence the global economy, especially with the ongoing U.S.-China trade war. Both countries have attempted to gain strategic advantage through tariffs, export and import controls, investment screening, and corporate-level sanctions. As a result, countries are increasingly focusing on trade with strategic allies rather than trading freely in the global market. The United States has continued to impose trade restrictions on China's technology sector, causing ongoing instability in global supply chains, particularly in areas related to semiconductors and artificial intelligence (AI). Russia's invasion of Ukraine and the Israel-Hamas war have disrupted trades in energy, agriculture, and raw materials, while Europe has been working to reduce its dependence on Russian energy, leading to a significant restructuring of energy trade. These circumstances have led countries to diversify their supply chains, but they have also increased inefficiencies in trade flows.

Secondly, industrial policies that prioritize trade have returned and strengthened. Several countries, including the United States and those of the European Union (EU), have reinforced industrial policies to protect key sectors such as green technologies and semiconductors. The U.S. Inflation Reduction Act (IRA) and the EU's Green Deal initiatives aim to support domestic industries while accelerating the green transition. These policies are reshaping the global competitive landscape in emerging industries such as electric vehicles, renewable energy, and battery production. Such initiatives grew into new trade barriers, such as the EU's Carbon Border Adjustment Mechanism (CBAM), which came into effect in October 2023.

Thirdly, with the restructuring of supply chains, certain regions and countries have emerged as alternatives for detour trade. As the United States accelerates efforts to reduce its dependence on China, supply chains have diversified, with Southeast Asia including Vietnam, India, and Mexico emerging as new trade hubs. China has strategically used these regions as strategic points to bypass restrictions.

Fourthly, the issues of climate change and sustainability as well as digital trade continued to drive significant changes. The introduction of the EU's Carbon Border Adjustment Mechanism (CBAM) began to impact how countries and companies manage trade and carbon emissions, leading to new trade dynamics and a series of new Environmental, Social, and Governance (ESG) standards such as EU's Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) have been introduced, influencing investment flows and corporate strategies. Meanwhile, digital trade and data flows have restructured traditional trade practices. The United States, the EU, and China have competed with varying regulatory approaches to data protection, security, and digital taxation.

While the United States and the EU did not fully meet their inflation target of 2% in 2024, they are getting close, and as the Eurozone reached the target the European Central Bank (ECB) implemented four rate cuts, including one in June, while the Federal Reserve made two cuts, including in one September, with an additional rate cut expected by the end of 2024. These successive cuts in interest rates have stimulated consumption and investment, increasing demand for imports. Notably, Asia's economy has led the recovery in global trade, and North America, Europe, and other regions have also contributed positively to the growth in trade. According to the World Trade Organization (WTO), world merchandise trade volume is projected to increase by 2.7%

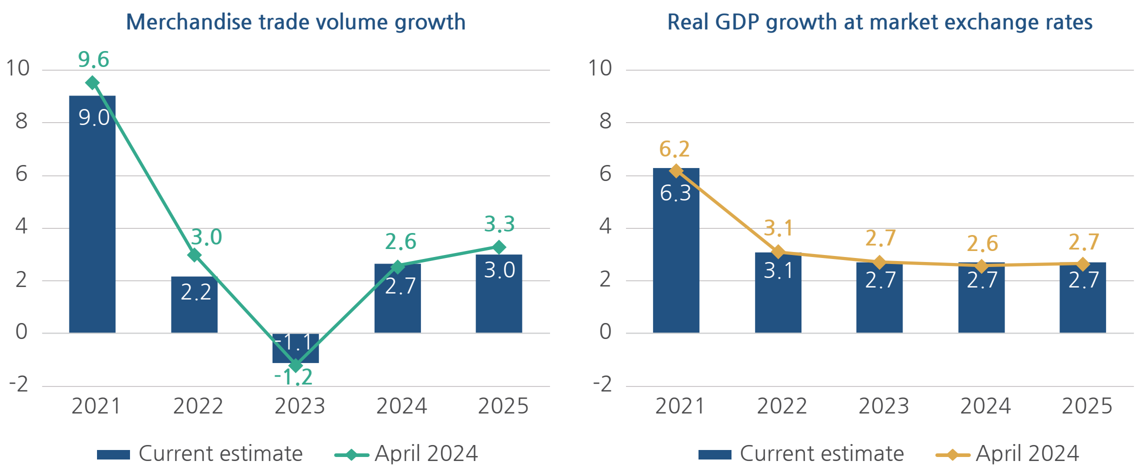
in 2024, an improvement from the previous forecast of 2.6%.

Global trade and production figures remain stable overall in 2024 but with notable shifts in regional trade growth. Trade growth in Europe has been weaker than expected, while Asia's export growth has been stronger than anticipated. Asia is expected to account for 2.8 percentage points out of the 3.3% export growth and 1.4 percentage points of the 2.0% import growth. Asia's robust export performance is largely driven by Chinese electronics, automobiles, and other manufactured goods, with other Asian economies, such as India, Vietnam, and Singapore showing strong export growth.

In contrast, North America is expected to contribute 0.6 percentage points to import growth in 2024, while Europe is likely to make a negative contribution of -0.8 percentage points. The decline in European exports is mainly due to the sluggish performance of the German economy, with trade in the automotive and chemical sectors shrinking. However, unlike trade in goods, trade in services has shown relatively stronger growth, with a more positive outlook. In the first quarter of 2024, the value of global commercial services trade grew by 8% compared to the previous year, in U.S. dollar terms. This strong growth in services trade is expected to continue, likely surpassing the growth of goods trade for the foreseeable future.

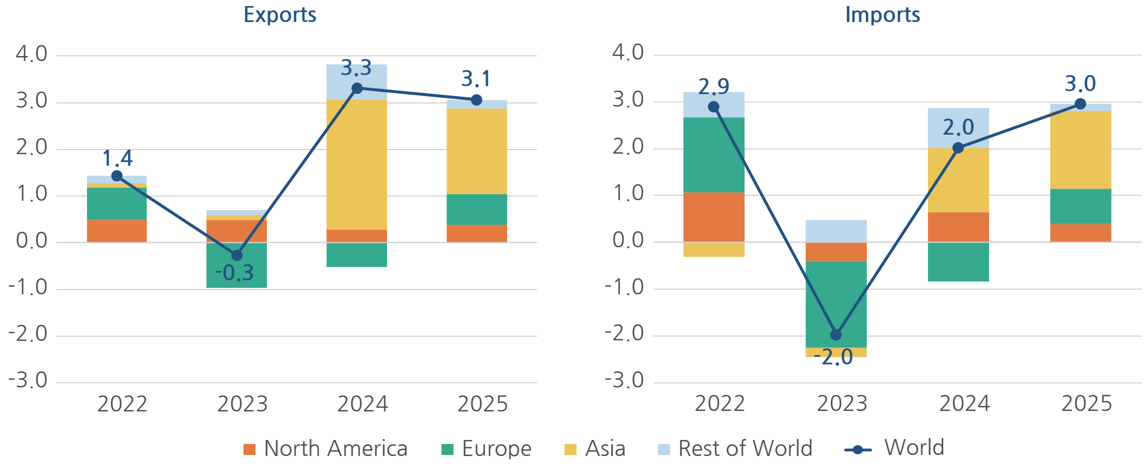
The trade fragmentation driven by the U.S.-China strategic competition and geopolitical concerns has accelerated. Trade is increasingly taking place between countries with similar economic systems or shared interests, often referred to as "like-minded economies." This trend has become even more pronounced due to the war in Ukraine.

Figure 14.1. Trends in Trade and GDP by Year: Gradual but Clear Recovery




Source: WTO Global Trade Outlook and Statistics, updated in October 2024.

Figure 14.2. Regional Trade Growth Rates: Asia Leads the Recovery




Source: WTO Global Trade Outlook and Statistics, updated in October 2024.

Between February and March 2024, the WTO held its 13th Ministerial Conference (MC13) to make agreements on key issues such as dispute settlement mechanism, fisheries subsidies, and agriculture. However, these efforts ultimately failed. A significant issue was the paralysis of the WTO's dispute settlement mechanism, which has led to the activation of the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), spearheaded by the EU and joined by 53 countries including Japan, China, Australia, and Canada. However, the absence of the United States from this arrangement highlighted its clear limitations.

As multilateral negotiations have reached an impasse, regional agreements and plurilateral agreements are becoming more prevalent. These agreements involve only a subset of WTO member countries and focus on specific issues such as digital trade, environmental goods, and supply chain resilience. The advantage of such agreements is that they can progress more quickly than multilateral agreements since they do not require the consensus of all WTO members. However, they tend to have less impact than multilateral agreements and risk systematically excluding developing countries from key issues. A greater concern is that recent agreements are closer to industrial cooperation in nature rather than trade liberalization, which has traditionally been the core of regional trade agreements (RTAs) under the WTO framework. For example, the Indo-Pacific Economic Framework (IPEF) is an industrial cooperation agreement focused on supply chain coordination rather than market opening. Such trends signal a weakening of the WTO's role in shaping global trade norms.

## 2025 Outlook: Disruptive Measures by the Second Trump Administration and Transformative Changes in the International Trading System

The inauguration of the second Trump administration is the most critical factor in projecting the international trading system in 2025. The reason for this is that in areas that Trump aligns with Biden, such as putting pressure on China, Trump's policies are expected to be more intense, and on matters that diverge from Biden's approach, such as deregulating fossil fuel and strengthening bilateralism, the Trump administration is expected to move swiftly.

Economic and trade policies of the second Trump administration are likely to be concentrated in 2025. There are two main reasons for this. First, unlike the first term, the economic and trade team armed with Trumpism has already been organized, allowing for immediate policy implementation without any exploratory or preparatory phases once the administration begins. Second, with the Red Sweep, the Republican Party which has been transformed to consist of a strong Trump faction holds the majority in the Senate and House of Representatives. As opposed to the first term when he relied on executive orders, Trump could utilize the legislature. Thus, by 2025, we are likely to see the full scope of the economic and trade policies of the second Trump administration.

President-elect Trump and his team already outlined the general direction of economics and trade policies, which include tax cuts, increased pressure on China, the reinforcement of protectionism through extreme tariffs, a return to the fossil fuel industry, and a rollback of carbon neutrality policies. It is also worth noting that Trump prefers bilateralism over multilateralism and is skeptical about subsidies in the reshoring policy. In response, dominant powers are expected to not only activate bilateral communications with the Trump administration but also engage in active discussions through existing forums such as the G7, G20, and BRICS. Businesses will focus increasingly on strengthening cooperation with governments on policies toward the United States, diversifying the supply chain, enhancing its resilience, and emphasizing localized production systems.

### 1. Strengthened Pressure on China

The second Trump administration is committed to de-couple, rather than de-risk, vis-à-vis China. Clear objectives of this include: (1) imposing additional high tariffs, (2) completely severing economic ties, including decoupling of supply chains from China, and (3) maintaining and strengthening technological superiority. This position increases the likelihood of an intensified U.S.-China rivalry, where economic security is prioritized over short-term economic gains, aiming ultimately to secure its economic interests through pressure and disconnection.

Trump is reportedly planning to employ a "bigger yard and higher fence" strategy to erect higher barriers across a broader range of products, such as imposing tariffs as high as 60% on Chinese imports, with special tariffs exceeding 100% on certain items like automobiles. During his first term, Trump justified high tariffs on the grounds of national security interests, and he intends to further increase raise tariffs disregarding China's Most Favored Nation (MFN) status. This approach effectively signals a rejection of China's status as a WTO member.

Trump has already applied export controls, investment screening, and financial sanctions on China in his first term. He will likely continue these policies and the additions from the Biden administration, such as the balancing strategy on China's semiconductor industry, or even go on to strengthen measures against China with policies such as secondary boycotts targeting third-country cooperation with China. In response, China has reduced direct exports to the United States and instead utilized Southeast Asia, Vietnam in particular, and Mexico through the United States-Mexico-Canada Agreement (USMCA) to get indirect exports through to the United States. To counter this, the Trump administration could seek to renegotiate the USMCA to prevent Chinese-invested companies in Mexico from bypassing tariffs, and similarly, limit Chinese-linked exports from Vietnam through bilateral consultations with Vietnam.

In addition, regulations on online direct purchase platforms from China, such as Shein and Temu, are expected to tighten. These platforms have rapidly gained market share by leveraging the $800 duty-free threshold for imports and offering ultra-low prices. The second Trump administration may lower the duty-free threshold or implement stricter product safety inspections to regulate these online platforms more effectively. While the second Trump administration's policy aims for the complete decoupling from China as well as reinforcing technological supremacy over China, the likelihood of achieving this goal is low because of the global dependence on China in essential goods, renewable energy-related items, and upstream materials and processes for battery manufacturing. The rapid development of China's technological capabilities, which is on track to catch up or even surpass the United States in key areas is another factor that could render U.S. efforts unsuccessful.

Regarding Taiwan, while its importance as a critical semiconductor production hub will be acknowledged, the U.S. may demand additional security costs as compensation for defense assurances. Additionally, the United States may accelerate Taiwanese investments into the U.S. to stabilize the semiconductor supply chain.

## 2. Reinforcement of Protectionism through Tariff and Green Barriers

President-elect Trump and his team have stated that they will impose a blanket tariff of 10-20% on relevant goods to protect domestic industries, particularly imposing a uniform 100% or higher import tariff on automobiles. The talks of blanket tariffs on all countries, including those with preferential trade agreements, may be seen as relinquishing its WTO membership. Furthermore, if retaliatory tariffs are imposed by other countries, the Trump administration cost respond with passing the Trump Reciprocal Trade Act (TRTA). If such uniform tariff increases are implemented, the global economy will once again face a significant trade war. Even countries like South Korea, with preferential trade agreements, will likely face blanket tariffs, with preferential treatment on specific issues likely to be negotiated through bilateral talks for additional benefits.

Meanwhile, the EU has implemented the Carbon Border Adjustment Mechanism (CBAM) effective since October 2023, and the United States is considering a similar carbon border tax. During the 118th U.S. Congress (2023-2025), trade barriers related to carbon tariffs were raised as a bipartisan issue. Examples include the Foreign Pollution Fee Act (S.3198) introduced by some Republican senators, the Clean Competition Act (S.3422, H.R.6622), and the Energy Innovation and Carbon Dividend Act (H.R.5744) introduced by Democratic senators, as well as the Prove It Act (S.1863) and the Market Choice Act (H.R.6665), co-sponsored by both Republicans and Democrats. Regardless of the party affiliation, these bills propose that if products imported into the United States, energy-intensive goods in particular, have higher carbon emissions than domestically produced products, additional tariffs will be imposed as they enter the United States. Although these bills are conceived as carbon neutrality policies, they can be seen as efforts to create a level playing field for businesses in and out of the country. As this policy implication aligns with Trump's philosophy, there is a possibility that these bills will be supported by the second Trump administration.

## 3. Repeal of Fossil Fuel and Energy Industry Regulations and Rollback of Carbon Neutrality Policies

Trump's team claims that the Biden administration's environmental policies are the main cause of inflation. They are aiming to remove regulations on fossil fuels and energy production, significantly expand production, and lower energy prices to the lowest levels in the world. They view fossil fuel extraction as a means to achieve energy independence. Furthermore, they plan to eliminate environmental policies and relax environmental regulations in order to revitalize the industry and increase the use of affordable energy sources. Additionally, Trump's team intends to withdraw once again from the Paris Agreement, abolish Biden's Green New Deal, eliminate various environmental regulations supporting renewable energies, and reduce or repeal parts of the IRA and Infrastructure Investment and Jobs Act (IIJA) to cut subsidies for clean energy. They have promised to eliminate emission regulations for internal combustion engine vehicles, offer tax benefits to the fossil fuel industry, ease drilling permit procedures and regulations, and resume the construction of fossil fuel-related infrastructure, including pipelines.

The Biden administration implemented the IRA in August 2022 to transition to a green economy and reduce inflation. The IRA provides significant tax credit benefits such as the Investment Tax Credit (ITC), Production Tax Credit (PTC), and Advanced Manufacturing Production Credit (AMPC) to secondary battery producers, including those from South Korea. Under the second Trump administration, there is a high probability that the IRA could be fully repealed or at least partially weakened. The elimination of subsidies for electric vehicle purchases is likely to be one of the first steps. However, major U.S. oil companies that have already adapted to the IRA and are developing programs accordingly have opposed its repeal, and as a large portion of IRA benefits is directed to Republican strongholds, a full repeal is unlikely. After the IRA's implementation, 78% of the $346 billion (about 460 trillion South Korean won) in announced investments has been allocated to Republican districts.

## 4. Escalation of Conflicts with the WTO and Potential Collapse of the Multilateral Trade Order

During Trump's first term, tensions between the United States and the WTO escalated. The United States had long been dissatisfied with multilateral trade negotiations, as it struggled to fully assert its interests. In particular, it believed that the WTO's dispute settlement mechanism was not adequate for reflecting its national interests. The first Trump administration took more aggressive actions than its predecessors. Starting in December 2017, the United States blocked the Appellate Body judge appointments, leading to the paralysis of the WTO's judicial function in December 2019. Currently, with its judicial function now defunct, the WTO only retains some administrative functions for reviewing members' trade policies, failing to achieve significant results in its legislative function of trade negotiations.

Moreover, during the first Trump administration, the United States opposed the appointment of Ngozi Okonjo-Iweala as the WTO Director-General, citing her perceived indifference to WTO reforms and pro-China stance. However, despite Trump's efforts, Okonjo-Iweala was appointed after his presidency ended. In October 2024, the WTO expedited the process for appointing the Director-General for the following term, aiming to conclude candidate nominations by November 8, just after the U.S. presidential election. Okonjo-Iweala, the current Director-General, was the sole candidate. After the inauguration of the second Trump administration on January 20, 2025, it is expected that they will seek to exert greater influence over the selection of the Director-General.

Following the failure to reach a significant agreement at the MC13 held in February-March 2024, the WTO will likely spend most of 2025 preparing for the 14th Ministerial Conference scheduled for early 2026 to achieve tangible results. The most pressing issue of restoring the Appellate Body has become highly unlikely with the second Trump administration. Additionally, issues like fisheries subsidies and further trade liberalization negotiations remain uncertain. Nonetheless, the WTO will continue its efforts to reform global trade rules, especially in areas such as industrial policy and digital services, with potential attempts to update its regulations to address these key contemporary trade issues.

It is entirely foreseeable that the United States will show little commitment in WTO negotiations, and in the worst-case scenario, the U.S. withdrawal from the WTO would not be surprising. In such a case, the WTO, established in 1995, and trade multilateralism will be in the greatest crisis.

**Figure 14.3. 13th Ministerial Conference of the WTO**


Source: WTO.

## 5. Potential Weakening of Multilateral or Regional Trade and Industry Agreements

Even before the election, Trump and his team stated that they would withdraw from the IPEF, an industrial agreement negotiated and agreed by the Biden administration. In this case, the likelihood of full implementation of the IPEF, which is currently activating its Pillar 2 on supply chain resilience, becomes extremely low. Other member states will face the challenge of determining whether they can continue to operate the IPEF without the United States starting in 2025. Furthermore, with the U.S. withdrawal, discussions on the potential re-entry of the United States into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will no longer be considered. On the other hand, despite its low level of openness, the significance of the Regional Comprehensive Economic Partnership (RCEP) is expected to gain recognition, with discussions on its future development likely to be advanced by China and Southeast Asian countries.

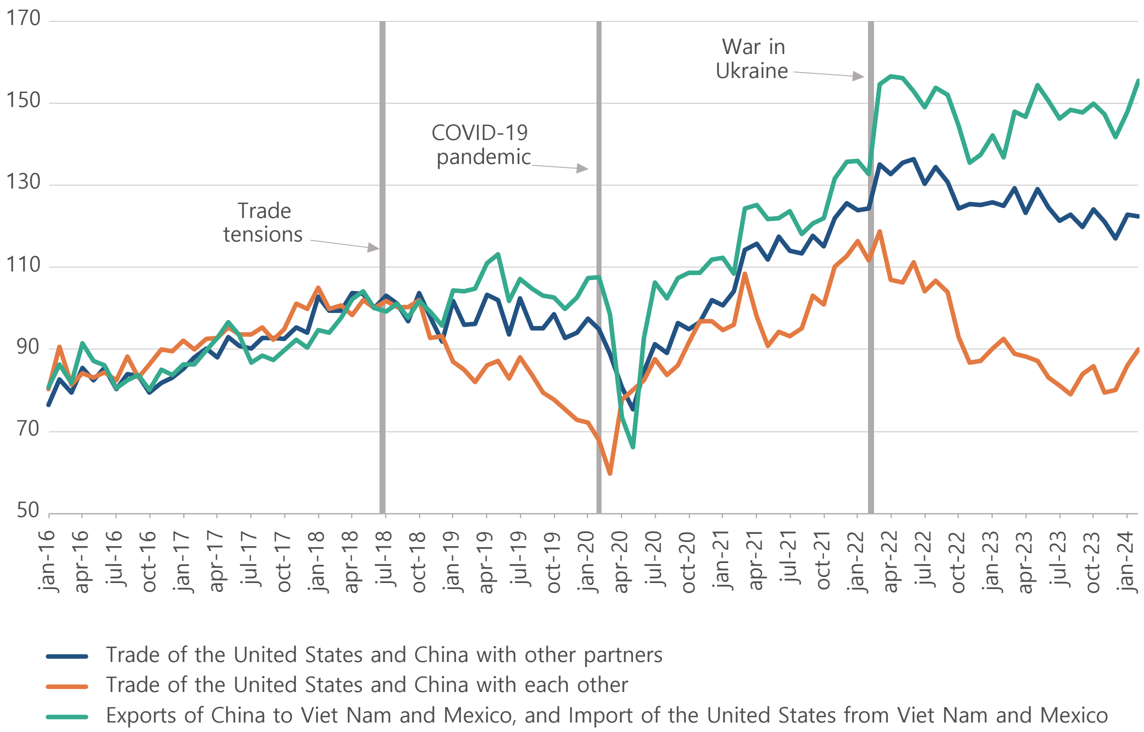
The U.S.-EU Trade and Technology Council (TTC), currently under negotiation, will also be negatively impacted. Originally intended to enhance regulatory alignment between the U.S. and EU to counter China, this negotiation will likely be steered towards sectoral agreements due to Trump's preference for a bilateral approach. This means that the single undertaking approach, where concessions in one area are traded for achievements in another, may no longer be viable. Additionally, frameworks such as the Quad and AUKUS, while not primarily economic or trade-focused, will also be significantly affected, and the allied countries will likely face additional costs.

## 6. Renegotiating Bilateral Agreements

The second Trump administration is expected to fully reassess trade agreements and preferential economic relations with Southeast Asian countries, including Vietnam, and Mexico, setting new strategic goals for these relationships. As a result, trade pressure on these countries in bilateral relations with the United States is anticipated to increase significantly. In particular, the Trump administration will likely address the issue of China's indirect exports to the U.S. via Southeast Asian countries and the indirect benefits that these countries might gain from such trade practices. Restrictions will probably be imposed on exports from Chinese companies operating in these countries making their way into the U.S. Furthermore, in an indirect effort to respond, the United States may use the currency manipulators list. If so, Vietnam may be the first on the list.

With Mexico, the administration has issues other than China's indirect exports to address such as illegal immigration and drug trafficking. The Trump administration may put pressure on Mexico on issues such as revision of the USMCA, increase dialogue between the U.S. and Mexico on labor conditions, including wage issues for Mexican workers, or reinforce restrictions and investment screening for Chinese companies operating in Mexico. It is worth noting that having surpassed China, Mexico has become the largest economy that exports to the U.S.

**Figure 14.4. Recent Changes in U.S.-China Trade: Increased Indirect Trade via Mexico and Vietnam**




Source: WTO Global Trade Outlook and Statistics, updated in October 2024.

South Korea recorded a trade surplus of $44.8 billion with the U.S. in 2023, ranking 8th globally. The Trump administration likely will raise concerns about the trade imbalance with South Korea. It remains uncertain whether these issues will be addressed through the Korea-U.S. Free Trade Agreement (KORUS) or other forms of dialogue. However, in 2025, the administration may push for a revision of the KORUS, while also raising various issues related to universal tariffs, steel quotas, subsidies, and tariff barriers on local production of electric vehicles and batteries, demanding strong corrective measures.

## 7. Drifting Climate-oriented Trade Rules and ESG-related Standards

Before Trump's re-election, climate change response was expected to be a more significant factor in trade policy by 2025. However, with Trump returning to the White house, the United States is likely to withdraw once again from the Paris Agreement, and multilateral climate change efforts will lose significant momentum globally. Having said that, environmental protectionism is expected to strengthen gradually, with the United States showing a more active stance on implementing environmental protection measures, including carbon tariffs, as long as they do not conflict with its national interests. This approach will increase tensions with developing countries, but environmental issues will become more integrated into trade negotiations, with a growing focus on green technologies and low-carbon supply chains.

As ESG standards have been integrated into trade agreements, environmental criteria were expected to become a key element in trade negotiations. However, it is probable that the second Trump administration will halt this global trend, stalling the ESG standards becoming international norms. Nonetheless, the EU's push for ESG and sustainability issues will not completely lose momentum, and in certain areas, the second Trump administration may support these efforts because the supply chain due diligence relating to environmental standards and labor conditions, particularly in the context of economic security and putting pressure on China, is expected to spread further. In this context, sustainability issues such as ESG will become central to trade agreements and disputes, and the challenges posed by geopolitical tensions and the difficulty in reforming global rules of trade will continue to challenge the stability of the international trading system.

## 8. Escalation of U.S.-China Conflict

The U.S.-China trade war is expected to intensify, with huge tariffs and retaliatory tariffs being exchanged. This trade war is anticipated to reduce global GDP growth by 0.5-1.0 percentage points, with the United States experiencing a reduction of 0.3-0.5 percentage points in exports, and Korea's exports expected to decrease by around $45 billion.

Meanwhile, the ongoing U.S.-China trade and technology decoupling will increasingly affect global supply chains. Both countries will continue to make large-scale investments in their semiconductor and technology ecosystems, forcing multinational companies to adjust to specific blocks and regulations. This will exacerbate the dilemmas faced by South Korean businesses in their operations in China. While the decoupling with China in supply chains may offer short-term benefits to Korean companies, industries that rely on China's upstream supply chains, such as the secondary battery sector, will face challenges. Furthermore, the export of Chinese goods to third countries, resulting from their loss of the U.S. market, will exacerbate global overproduction problem.

## 9. Strengthening Cooperation with the “Global South” and the Potential Expansion of the G7

The BRICS, which has already expanded to nine countries, clearly presented overcoming the global dollar system as a goal at the 2024 Kazan summit. Led by Russia and supported by China, this initiative is unlikely to yield tangible results by 2025, but it will lead to an increase in the influence of the Global South in trade settlements, with the expansion of the use of the yuan, as well as in general trade relations and upstream supply chains. At the 2025 G20 summit in South Africa, it is expected that development issues, along with the interests of BRICS and the Global South, will be the central focus of discussions, leading to serious talks about the expansion of both the voices of the Global South and the G7’s response.

# 15. Fragmentation and Power Vacuums in the Indo-Pacific

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## 2024 in Review: Continuation of a Multilayered Security Architecture

The Biden administration attempted "Renewal"[172] of sorts focusing on restoring alliances and partnerships weakened during the first Trump administration, leveraging these efforts to build a security and economic architecture within the Indo-Pacific region. Based on this architecture, the ultimate goal was to establish a Free and Open Indo-Pacific (FOIP). The Indo-Pacific, as a strategic space rather than just a regional concept, represents a space where the United States and its allies can remain free and prosper, out of the threats of states such as the People's Republic of China that attempt to change the status quo by force or coercion. Furthermore, defining its relationship with China as one of "competitive coexistence," the United States aimed to establish security and economic architecture as a means to address the long-term competition with China.[173]

This effort led to the establishment of various minilateral consultative bodies to complement the existing hub-and-spokes structure of the bilateral U.S. alliance structure, moving toward the establishment of so-called "latticework" security architecture. This includes ROK-U.S.-Japan trilateral cooperation, as well as AUKUS (Australia, the UK, and the United States) and the Quad (the United States, Japan, India, and Australia). Additionally, the United States began to engage more actively both in pre-existing regional frameworks, such as in the Mekong-U.S. Partnership as well as by launching the "Partners in the Blue Pacific initiative" with the nations of the Pacific Islands under the Biden administration.

Following the Camp David Agreement in 2023, ROK-U.S.-Japan cooperation activated a real-time North Korea missile warning data sharing mechanism to achieve the original goal of policy coordination against North Korea as well as multi-domain

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172. Antony Blinken, "America's Strategy of Renewal," *Foreign Affairs*, October 1, 2024.

173. Kurt M. Campbell and Jake Sullivan, "Competition Without Catastrophe" *Foreign Affairs,* August 1, 2019.

joint military exercises, naval drills, and space interoperability. Furthermore, the three countries emphasized the importance of peace and stability in the Taiwan Strait, and they agreed to cooperate with Pacific Island countries, thereby establishing themselves as a forum for discussing Indo-Pacific issues. In November 2024, the three countries agreed to institutionalize their cooperation by launching the Trilateral Cooperation Secretariat (TCS) in South Korea.

Meanwhile, the three countries participating in AUKUS are all striving to strike a balance between strategic interest and risk. Through submarine cooperation, the participating countries aim to enhance stability in the Indo-Pacific region by bolstering deterrence against China and thus preventing further escalation of crises. The U.S. Congress formalized AUKUS cooperation through the 2023 National Defense Authorization Act, which reportedly includes the sale of at least three U.S. Virginia-class submarines to Australia, enabling the Australian Navy to operate a nuclear submarine fleet by the early 2030s.

**Figure 15. 1. U.S. Newport News Shipbuilding**

Source: HII Photo.

However, U.S. shipyards produce only about 1.3 Virginia-class submarines per year up to this point, which is insufficient to meet the demands of both the U.S. and Australian navies. Additionally, the Biden administration's defense budget, announced in March 2024, includes funding for only one Virginia-class submarine in 2025 and this budget shortfall is expected to pose challenges to the expansion of the U.S. submarine fleet and readiness in the coming years. The issue of securing skilled labor for shipbuilding also should not be overlooked. Recently, AUKUS Pillar 2, which focuses on collaboration in emerging technologies such as undersea capabilities, quantum technologies, artificial intelligence (AI), cyber and electronic warfare, and information sharing, has begun to gain attention. However, whether new member states participating in this cooperation can provide the necessary funding may become a key issue in the future.

In Southeast Asia, the United States has further developed a partnership with Vietnam, strengthened alliances with the Philippines and Thailand, and established the Comprehensive Strategic Partnership (CSP) with ASEAN. Additionally, through summits with Pacific Island countries, the United States has shared concerns over issues such as climate change and illegal fishing and has expanded cooperation based on achievements from initiatives such as the Blue Pacific Partnership and the Mekong-U.S. Partnership. This broadened engagement and participation in multilateral frameworks have allowed the United States to continue collaborating with countries in the region on their priorities, such as climate resilience, health, and data connectivity, to enhance the resilience of these countries. However, in the case of the Mekong-U.S. partnership, the cooperation has not extended to all ASEAN countries and has rather been concentrated on like-minded countries such as Vietnam, that share common interests with the United States. Such selective engagement reflects the already diminished U.S. influence in Southeast Asia, suggesting that the United States will continue its involvement in the region primarily through multilateral mechanisms under these constraints.

**Figure 15. 2. Taiwan's Military Training**

Source: Yonhap News.

Furthermore, discussions on crisis scenarios in the Indo-Pacific have been actively conducted among countries in the region. In particular, scenario-based dialogues were conducted on potential support plans among key U.S. allies, such as Australia and Japan, in the event of escalating tensions in the Taiwan Strait. Moreover, discussions have emerged regarding the possibility of various conflicts in the Western Pacific escalating simultaneously. These scenarios include not only tensions surrounding Taiwan but also potential crises on the Korean Peninsula and the South China Sea, which highlight the possibility of multiple crises occurring concurrently while underscoring the diminishing capacity of the United States to respond unilaterally to these challenges.

In response, the United States has been emphasizing the concept of "integrated deterrence" as a strategic approach. Integrated deterrence, introduced in the 2022 U.S. National Defense Strategy, centers around strengthening readiness through a federated framework involving NATO allies and Indo-Pacific regional allies. This has also led to a recent emphasis on the "strategic convergence" of the Atlantic, Indian, and Pacific Oceans.[174] While the necessity for this strategic convergence initially gained traction following Russia's invasion of Ukraine, its scope has expanded to include a broader range of issues such as cybersecurity cooperation, maritime security, North Korean nuclear issue, and climate change, thereby sustaining momentum for collaborative efforts.

The background behind European countries' efforts to pursue extra-regional cooperation with Indo-Pacific nations lies in their reflection on failing to respond promptly to the Ukraine war due to energy dependency on Russia. Asian countries, recognizing the possibility of similar scenarios occurring in their region, are responding positively to these efforts. In fact, South Korea is not disconnected from the Ukraine war. North Korea has been supplying war materials to Russia and even deploying North Korean troops to Russian battlefields. In return, North Korea and Russia have signed the new DPRK-Russia treaty. Reports suggest that not only food but also key weapons and military technologies are being transferred to North Korea. This DPRK-Russia cooperation poses a tangible threat to South Korea's security.

In summary, the United States is fundamentally reshaping the forms of alliance cooperation and the rationale of its security commitments by advancing a multilayered security architecture in the Indo-Pacific region through the latticework structure and refining the concept of integrated deterrence to establish a federated framework for

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174. "Report of the Expert Study Group on NATO and Indo-Pacific Partners," *United States Institute of Peace*, February 18, 2024.

readiness. This signifies a qualitative shift in burden-sharing, moving away from a simple "billing" model to a collective defense approach. Such changes underscore the growing importance of shared threat perceptions and solidarity among like-minded countries as the competition of the dominant powers intensifies and the rules-based order is challenged more persistently.

## 2025 Outlook: Increasing Contradictions between Strategic Objectives and Foreign Policy Directions

### 1. The Retrenchment in Foreign Policy for Trump 2.0 and Dominant Power Competition

With former U.S. president Donald Trump re-elected, a shift in U.S. foreign policy seems inevitable. One of the key aspects Trump emphasized during his campaign was a foreign policy based on significant retrenchment. For instance, he promised to expand the U.S. manufacturing base through a trade war with China, protect national borders, and end military involvement in the Middle East. Additionally, he defined his political stance as that of a "populist economic nationalist" and proposed an America First foreign policy agenda.[175]

Indeed, the tension between President-elect Trump's retrenchment-oriented foreign policy and the U.S. strategic goal of prevailing in the competition against China has caused some confusion among regional allies. Nevertheless, in his victory speech, Trump pledged to bring about a "golden age" for the American people, which ultimately signifies a focus on economic recovery and the expansion of military power.

The outlook for the U.S. Indo-Pacific strategy can be discussed in this context. As previously mentioned, the Indo-Pacific represents a strategic space where the United States, its allies, and like-minded democratic nations can achieve stable prosperity. The primary goal is to enhance regional resilience to withstand China's coercive tactics. To this end, the Biden administration has consistently emphasized the importance of various alliances and partnerships among U.S. allies and partner countries, as well as the regional security architecture these alliances form—a networked security architecture. By institutionalizing U.S.-led regional mini-multilateral frameworks such as the Quad, AUKUS, and ROK-U.S.-Japan trilateral cooperation, the United States has been increasingly recognized as a Pacific power. Through this institutionalization, the

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175. Peter Navarro, "True Meaning of Trump's MAGA: Lessons from the 2022 Republican Red Wave That Never Happened," *A Bombardier Books*, 2023.

United States has extended its influence over a vast maritime strategic space, stretching from continental America to the Indian Ocean, effectively countering China's growing influence. However, maintaining U.S. influence will depend on the durability of these minilateral frameworks in the future.

**Figure 15. 3. The 2024 Republican National Convention**


Source: The Republican Party.

Considering that the U.S. Congress has reached a bipartisan consensus on a strategy for balance towards China, it seems unlikely that President-elect Trump would unilaterally abandon the regional security architecture that forms the physical foundation for balancing against China. Moreover, since the Indo-Pacific strategy was unveiled during Trump's first term, this further supports the likelihood that he would not discard it. Nonetheless, Trump's aversion to multilateralism, coupled with his preference for deal-making and bilateral approaches, raises concerns that mini-multilateral frameworks may weaken under his leadership. This potential shift has led to growing concerns among regional allies about the future stability of these frameworks.

In short, the Indo-Pacific region is unlikely to be sidelined in U.S. foreign policy, but under Trump's America First foreign policy, its approach is likely to be renewed. This renewal will be influenced not only by the changing strategic environment but also by the growing mainstream appeal of Trumpism among American voters. To secure military and economic victory in the competition with China, the United States is expected to employ more solid military deterrence, while economically, it will likely pursue a universal approach that does not distinguish between allies and competitors, aiming to deliver tangible benefits to American voters. In this context, U.S. allies such as South Korea and Japan, which maintain trade surpluses with the United States, are likely to become primary subjects of this adjustment.

In terms of security, the United States may establish a more proactive strategy of deterrence against China to expand its presence in the Western Pacific. This would likely involve emphasizing security and role-sharing with allies such as Japan, Australia, South Korea, and the Philippines. Ultimately, this approach could aim to secure "escalation dominance" in the event of conflict.[176] However, this process may also increase the burden on U.S. allies. Additionally, conflicts with the allies may occur if the United States changes the agenda or operational methods of these various minilateral frameworks that constitute the Indo-Pacific security architecture.

President-elect Trump tends to avoid becoming directly involved in conflicts within the Indo-Pacific region, and in this context, he may approach the Taiwan issue with caution. While he is likely to minimize involvement in off-regional disputes such as those in Ukraine or the Middle East, he will focus on the U.S.-China competition within the Indo-Pacific Theater. However, the U.S. position on Taiwan could evolve depending on how the Taiwan Policy Act of 2022, submitted to Congress, is utilized in the future. The Taiwan Policy Act of 2022 proposes significant diplomatic changes, including referring to Taiwan as a "government" and allowing the use of the Taiwanese flag in official functions. It also elevates the status of U.S. diplomats in Taiwan by requiring Senate confirmation. In terms of security, the act outlines continued arms supplies to Taiwan to deter acts of aggression and indicates that the Taiwan Relations Act and the One China Policy will not hinder efforts to protect Taiwan, signaling a potential shift in U.S. foreign policy towards a more proactive stance in Taiwan's defense.

Existing mini-multilateral frameworks like Quad and AUKUS could also be adjusted to better align with the U.S. strategic interests. In this context, these alliances may focus more explicitly on countering China. The ROK-U.S.-Japan trilateral cooperation, which primarily aims to coordinate North Korea-related policies, is also likely to be exposed to increasing pressure as the United States intensifies its focus on China.

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176. Nadia Schadlow, "How America Can Regain its Edge in Great-Power Competition: A Second Trump Term Would Require a New Strategy" *Foreign Affairs,* October 9, 2024.

## 2. Rearrangement of the Indo-Pacific Economic Architecture based on America First

It is important to pay attention to how the Indo-Pacific region's economic architecture will be leveraged. Under the America First policy, President-elect Trump is likely to formulate economic and trade policies that are more protectionist, and since the Republican Party controls both the Senate and the House of Representatives, relevant legislation is likely to proceed smoothly. Rather than maintaining multilateral economic frameworks, Trump is expected to shift toward unilateral protectionist policies, targeting not only China but also all of America's trade partners, including its allies.

Moreover, there is a strong possibility that regional minilateral frameworks focused on supply chains, connectivity, and technological cooperation will be utilized in the context of U.S.-China competition. Specifically, in frameworks like Quad, AUKUS Pillar 2, and ROK-U.S.-Japan trilateral cooperation, the United States could adopt a more market-oriented approach to technological collaboration. In particular, the United States could aim to maximize its interests by advocating for the benefits of its big tech companies, particularly in areas such as AI and quantum technologies. However, export controls on advanced technologies, which were previously used as a tool for countering China, may be diversified through multilateral efforts, with the United States likely seeking the participation of its allies to enhance their effectiveness.

Economic cooperation could also be pursued in tandem with geopolitical considerations. For instance, under the second Trump administration, the United States might seek to counter China's economic influence in the region by strengthening ties with India. If the Israel-Hamas war can be swiftly concluded, thereby creating a more stable strategic environment, the United States may explore integrating Indo-Pacific regional supply chains with the Middle East. This could involve activating frameworks like the I2U2 (India, Israel, United Arab Emirates, and the United States) minilateral or the "India-Middle East-Europe Economic Corridor" project, aiming to create more robust economic linkages between these regions.

The India-Middle East-Europe Economic Corridor project agreed upon through a memorandum of understanding in 2023, involves key participants including India, the European Union (EU), France, Germany, Italy, Saudi Arabia, the United Arab Emirates, and the U.S. This economic corridor connects Mumbai (India), Riyadh (Saudi Arabia), Haifa (Israel), and Piraeus (Greece), focusing on areas such as undersea cables, ports, railways, and digital infrastructure. However, President-elect Trump's approach to this region may change significantly due to his hardline stance on Iran. Trump has previously stated that he would reimpose a "maximum pressure" policy on Iran upon taking office, likely aiming to balance and weaken the country. This shift in policy could affect regional countries that are highly dependent on Iranian energy, potentially altering the regional balance of power.

Moreover, President-elect Trump has declared that on the first day in office, he will terminate the Indo-Pacific Economic Framework (IPEF), established by President Joe Biden. This move is akin to his decision during his first term to withdraw from the Trans-Pacific Partnership (TPP), which was originally negotiated under the Obama administration. Trump referred to IPEF as a "second TPP," suggesting that he views it as a similar multilateral trade agreement that he previously opposed.

Meanwhile, following the Israel-Hamas war and the war in Ukraine, the U.S. influence over the Global South has diminished. During the Israel-Hamas conflict, the U.S.'s unilateral support for Israel led to a decrease in support for the U.S. among Southeast Asian countries. During his first term, President Trump attended the East Asia Summit only once in 2017, and the level of U.S. involvement in Southeast Asian regional organizations sharply declined. As a result, the second Trump administration will likely see even less interest in multilateral engagements in Southeast Asia, and the United States may expect its regional allies to take on a more active role in engaging with the Southeast Asia region.

### 3. The Confusion of Allies in the Indo-Pacific Region

By employing the foreign policy approach of retrenchment while championing America First, the second Trump administration is causing confusion among its allies due to internal contradictions in its foreign policy. The challenge faced by Indo-Pacific countries is how to maintain the regional economic and security architecture, which previously provided stability and predictability, without serious support from the United States. Furthermore, the Indo-Pacific strategy of the second Trump administration is likely to be narrowed down to competition with China, and the development cooperation programs aimed at enhancing resilience in the Pacific Island countries and Southeast Asia, which were promoted during the Biden administration, are likely to be significantly reduced.

Whether the power vacuum created by this shift will be proactively filled by the U.S.'s like-minded countries, or it will be filled by revisionist powers like China, thereby taking the upper hand in the competition against the United States remains to be seen. It is in this manner that commitments to the Indo-Pacific would be renewed under the second Trump administration, bolstered by support from U.S. voters who have embraced Trumpism. However, it is uncertain whether this renewal will create favorable conditions in the context of great power competition.

ASAN INTERNATIONAL SECURITY OUTLOOK 2025

# Renewal

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