

24 February | 2025

# Indo-Pacific Insights

CGS Centre for Governance Studies



## A Bi-Weekly Roundup of Key Events

Australia criticised China for inadequate notice, calling it “disconcerting” for aviation safety. Despite concerns, Australian Prime Minister Anthony Albanese acknowledged China’s compliance with international law, while Beijing defended the drills as adhering to global safety standards.

### February 21

#### Kyrgyzstan and Tajikistan Resolve Decades-Old Border Dispute

Kyrgyzstan and Tajikistan have reached an agreement to settle a longstanding border dispute that has triggered violent clashes, killing over 100 people. Security officials signed a deal defining over 970 km of shared borders, pending approval by both presidents. Deadly skirmishes in 2021 and 2022 displaced thousands, highlighting the region’s fragile stability. Experts warn of potential opposition to the new borders. Rooted in Soviet-era demarcations, the dispute has fueled ethnic tensions. Both nations, among Central Asia’s poorest, host Russian military bases and maintain ties with Moscow, with Tajikistan still recovering from its 1990s civil war.

#### Vietnam Defines Baseline Claim in Gulf of Tonkin

Vietnam has published a map outlining its baseline claim in the Gulf of Tonkin, reinforcing its sovereignty and maritime rights in waters shared with China. The baseline, marked by 14 points from Quang Ninh to Quang Tri province, will help determine Vietnam’s territorial waters and exclusive economic zones under international law. The move follows China’s own baseline announcement last year, which Vietnam contested.

### February 22

#### China Conducts Live-Fire Naval Drill Near New Zealand



China’s navy carried out a live-fire exercise in international waters near New Zealand, following a similar drill between Australia and New Zealand that disrupted flight paths. New Zealand Defence Force personnel aboard Navy frigate Te Kaha observed the exercise, with China notifying them via radio. Prime Minister Christopher Luxon confirmed China acted within international law but noted uncertainty over its intentions.

The decision aligns with the 2000 Vietnam-China delimitation agreement and UNCLOS provisions. While Vietnam asserts the claim supports economic development and international cooperation, China has yet to respond to the latest move.

## February 20

### North Korea Condemns AUKUS Submarine Deal as Regional Threat

North Korea has criticised the U.S.-Australia nuclear submarine deal under the AUKUS partnership, calling it a “threat to regional peace.” State media KCNA warned of consequences from U.S. nuclear alliances, including AUKUS and trilateral cooperation with South Korea and Japan. Australia recently made its first \$500 million payment under the deal, which includes a \$3 billion investment in U.S. submarine production and the purchase of Virginia-class submarines in the 2030s. Meanwhile, South Korea and the U.S. conducted a joint air drill with a B-1B bomber, demonstrating deterrence against North Korea’s nuclear and missile threats.

### ASEAN Seeks Summit with U.S. Over Planned Tariffs

ASEAN plans to hold a special summit with the United States to address concerns over proposed U.S. tariffs on automotive, semiconductor, and pharmaceutical imports, Malaysia’s Foreign Minister Mohamad Hasan said Thursday. Malaysia, where electrical and electronics products make up 60% of trade with the U.S., sees the tariffs as a major challenge. Hasan stressed the urgency of resolving the issue to avoid economic strain. As ASEAN’s 2025 chair, Malaysia aims to ensure the region’s concerns are heard. In 2024, U.S.-Malaysia goods trade totaled \$80.2 billion, with the U.S. running a \$24.8 billion trade deficit.

### U.S. Funding Freeze Halts Major Infrastructure Projects in Nepal

Two major U.S.-funded infrastructure projects in Nepal have been suspended after President Donald Trump paused all foreign development aid for 90 days, a Nepalese official said Thursday. The \$500 million Millennium Challenge Corporation (MCC) grant, meant for power transmission and road upgrades, is now uncertain. The transmission line was intended to facilitate power trade with India. Nepal’s Finance Ministry confirmed the halt, citing U.S. directives. Some contracts had been signed, while other components remained in the bidding phase. Reports suggest additional U.S. grants may be affected, but alternative funding plans remain unclear.

## February 19

### Australia’s Military Faces Rising Espionage Threats Over AUKUS

Australia’s military is being targeted by foreign intelligence services due to its AUKUS nuclear submarine partnership with the U.S. and Britain, Australia’s spy chief Mike Burgess warned.

Speaking at ASIO headquarters, he revealed foreign actors—including friendly nations—are seeking intelligence on Australia’s defence capabilities. Defence personnel have been targeted online and in person, with some receiving gifts containing hidden surveillance devices. ASIO predicts increased cyber sabotage and disinformation campaigns over the next five years. Burgess also highlighted growing threats from extremist self-radicalisation and AI-driven disinformation, warning that Australia’s national security environment is rapidly deteriorating.

### Afghan Refugees Face Arrests Amid Pakistan’s Mass Expulsion Drive

Afghan refugees in Pakistan are facing arrests and harassment as part of a mass expulsion campaign, said Kabul’s embassy in Islamabad. The U.N. refugee agency reported hundreds of Afghans were expelled from Islamabad and Rawalpindi. Pakistan is repatriating four million Afghans, citing its Illegal Foreigners Repatriation Plan. Afghan authorities claim detentions began without formal notice and fear a complete deportation. Pakistan denies harassment, urging Afghanistan to integrate returnees. Only visa holders may stay in Islamabad and Rawalpindi. Kabul has expressed serious concerns, calling for international intervention to protect Afghan refugees from forced removal.

## February 18

### Pakistan Army Kills 30 Militants in South Waziristan Operation

Pakistan’s army announced that it had killed 30 Islamist militants in South Waziristan near the Afghan border during an operation to clear the area of insurgents. The tribal region, long a militant stronghold, remains inaccessible to independent media, making verification difficult. The militants, seeking to establish strict Shariah rule, have intensified attacks since ending a ceasefire in 2022, targeting military personnel and bases. Islamabad accuses Afghanistan of harbouring militant training camps, a claim Kabul denies. The army did not disclose further details about the militants or their affiliations in its statement.

### U.S. Judge Dismisses Lawsuit Against CIA Over Alleged Spying on Assange Visitors





A U.S. judge has dismissed a lawsuit against the CIA by journalists and lawyers who alleged the agency illegally spied on them during visits to Julian Assange at Ecuador's London embassy. Judge John Koeltl ruled the CIA could invoke the state secrets privilege, refusing to confirm whether a private security firm copied data from their devices. The plaintiffs sought the destruction of the data, claiming privacy violations. Assange, 53, returned to Australia in 2024 after pleading guilty to illegally obtaining national security materials, ending years of legal battles and a five-year stay in a British prison.

## February 17

### Dollar Struggles Near Two-Month Low

The yen rose on February 17 after data showed Japan's economy grew more than expected in Q4, driven by improved business spending and a surprise rise in consumption. The dollar fell 0.58% against the yen to 151.44, as markets priced in further Bank of Japan rate hikes. Meanwhile, the dollar index remained near a two-month low after weak U.S. retail sales data and a delay in President Trump's reciprocal tariffs. Geopolitics also remained in focus, with reports of Russia-Ukraine peace talks in Saudi Arabia. The euro and sterling traded near recent highs amid cautious global market sentiment.

### China and Cook Islands Sign Strategic Partnership Action Plan

China and the Cook Islands have signed an action plan for a comprehensive strategic partnership. The deal, signed in Harbin last week, covers cooperation in economic, environmental, cultural, and social sectors. New Zealand, which has constitutional ties with the Cook Islands, has expressed concerns over Beijing's growing influence in the Pacific. However, China stated that the agreement is not directed at any third party. The Cook Islands, a self-governing Pacific nation, maintains independent international relations while relying on New Zealand for budget support and defence commitments.

## February 15

### Taiwan Rejects Trump's Criticism of Its Semiconductor Dominance

Taiwan's top technology official, Wu Cheng-wen, dismissed the idea that one country should control the semiconductor industry, emphasising its complexity and need for global cooperation. His comments follow U.S. President Donald Trump's criticism of Taiwan's chip dominance and push for restoring U.S. manufacturing. Wu highlighted Taiwan's decades-long investment, including the founding of TSMC in 1987, as key to its success. He stressed that different nations contribute uniquely—Japan in chemicals and equipment, and the U.S. in chip design—arguing that monopolisation is unnecessary. Taiwan remains committed to being a reliable partner in the global semiconductor supply chain.

## February 14

### Sri Lanka's New President to Unveil First Budget Amid IMF Bailout

Sri Lanka's President Anura Kumara Dissanayake would present his first full-year budget on Feb 17, outlining revenue and policy goals to sustain economic recovery and align with the \$2.9 billion IMF bailout. The country, which defaulted on \$25 billion in foreign debt in 2022, has since stabilised with easing inflation and lower interest rates. Dissanayake aims to cut taxes and boost welfare while meeting IMF targets, including a 5.2% deficit and 15.1% revenue-to-GDP ratio in 2025. Analysts anticipate new taxes and expenditure adjustments to secure the next \$333 million IMF tranche and attract foreign investment.

## February 13

### Survey: 40% of Indians View Trump's Second Term as Beneficial

A survey by India Today found that over 40% of Indians believe a second term for U.S. President Donald Trump would benefit India. The "Mood of the Nation" poll, released ahead of Prime Minister Narendra Modi's meeting with Trump in Washington, also showed strong support for Trump among Modi's followers, with only 16% viewing him negatively. The survey highlighted a political alignment between Modi and Trump's supporters. It also indicated that Modi's alliance would secure 47% of votes if elections were held now, despite the BJP losing its parliamentary majority last year but winning key state elections since.

### Vietnam Seeks Chinese Loans for \$8.3 Billion Railway Project

Vietnam plans to secure loans from China to partially fund an \$8.3 billion railway linking the two countries, Transport Minister Nguyen Hong Minh told parliament. The 391 km railway will connect Lao Cai, Hanoi, and Haiphong, Vietnam's largest northern seaport. Designed for both passengers and cargo, it will feature a 1,435 mm gauge and allow speeds up to 160 kph. Construction is set to begin this year and finish by 2030. Parliament will vote on the project next week. In November, lawmakers backed a \$67 billion high-speed rail linking Hanoi and Ho Chi Minh City, targeting operations by 2035.

### India to Sell Akash Missiles to the Philippines in \$200 Million Deal

India is set to sell short-range Akash missiles to the Philippines in a deal exceeding \$200 million, sources told Reuters. The surface-to-air missile system, with a range of 25 km, was previously exported to Armenia for \$230 million. The Philippines is expected to finalise the order in the next fiscal year. This follows India's \$375 million sale of BrahMos cruise missiles to Manila in 2022. As tensions rise in the South China Sea, the Philippines is strengthening its defence capabilities. India's Bharat Dynamics Ltd, the missile manufacturer, showcased its systems at a defence expo in Manila last year.

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**February 12**

## HAL Assures Fighter Jet Deliveries Amid Air Force Concerns

India's state-run fighter jet manufacturer, Hindustan Aeronautics Ltd (HAL), acknowledged the Air Force's frustration over delays in warplane deliveries, citing engine supply issues from General Electric (GE). HAL Chairman D.K. Sunil assured that aircraft structures were ready and production would begin once engines arrived. The Indian Air Force, operating with only 31 squadrons instead of the targeted 42, had ordered 83 Tejas Mk-1A jets, with plans for 97 more. Air Chief Marshal Amar Preet Singh openly criticised HAL at Aero India, expressing disappointment over unmet commitments, further intensifying pressure on the company to expedite deliveries.

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