



# CUTS International *Global Affairs*

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## **The Global Outlook for 2025: A Year of Challenges and Compassion**

The world entered 2024 amid uncertainties, and its events are set to reshape global dynamics in 2025. Among the most significant developments was Donald Trump's return to the White House, marking a decisive shift in U.S. policy. Dubbed "*Trump 2.0*," his administration has moved swiftly toward deregulation and signaled a retreat from multilateral institutions such as the World Health Organization (WHO) and the Paris Climate Agreement.

What remains predictable about Trump is his unpredictability. Besides, he lacks faith in multilateral institutions and believes in an America First policy.

His return has intensified global trade and diplomatic recalibrations, particularly with a tougher stance on China. Prioritising economic nationalism, his administration has implemented protectionist measures that have unsettled both allies and rivals. Critics argue that his approach lacks consistency in applying trade principles across partnerships. Meanwhile, India faces a delicate balancing act: managing economic and security ties with its largest trade partner, China, while navigating Western pressures to counter Beijing's assertiveness.

The suspension of U.S. federal grants, loans, and financial aid has further raised concerns. The freeze targeting foreign aid, diversity programmes, gender-related initiatives, and climate funding amounts to billions annually. While the White House assures that essential programmes like Medicare, Social Security, and student loans remain unaffected, critics warn of its disproportionate impact on marginalised communities and international commitments. The broader consequences could strain U.S. alliances and global humanitarian efforts.

Ongoing geopolitical crises underscore the fragile global order. The prolonged Ukraine war has deepened NATO-Russia divisions, disrupted energy markets, and fueled European instability. Meanwhile, escalating violence in Gaza has exposed longstanding Middle East tensions, challenging international diplomacy. Despite calls for peace, these conflicts highlight the inadequacies of multilateral frameworks in resolving complex disputes.

Trump's skepticism toward multilateralism adds to global uncertainty, prompting nations to explore alternative cooperation models. His departure from post-WWII cooperative norms weakens collective action and creates opportunities for rival powers, particularly in the Indo-Pacific and West Asia.

As 2025 unfolds, the world urgently needs renewed global cooperation. Nations must rise above historical rivalries to address pressing challenges like climate change, economic inequality, and conflict resolution. Amid these uncertainties, one sentiment must prevail: 2025 must be a *Global Year of Compassion*.

Pradeep S. Mehta  
Editor

**P.S.:** With this year's G20 Summit in South Africa, we look forward to Africa's deeper integration into the global economic order and its growing role in trade, investment, and development.

## Message for our Readers

This is the eighty-second edition of the Monthly Brief from the Centre, which carries select published news or comments on a relevant issue. There are equally important issues which may have been missed out to keep the Monthly Brief short and swiftly readable.

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## DeepSeek's frugal model shows a more profitable, market-rewarding GenAI solution than Tech-Bro AI

The generative AI landscape is shifting as China's DeepSeek challenges US dominance, driving competition, efficiency, and specialisation. Investment is soaring, raising concerns of an AI bubble akin to the dotcom era. While innovation accelerates, sustainability, ethics, and regulatory oversight remain critical to ensuring long-term viability beyond the current hype.



- [BlackRock assets hit a record \\$11.6 trillion in the fourth quarter of 2024](#) | The Economic Times
- [Indonesia to Launch India-Focused SEZ Near Jakarta to Boost FDI](#) | Construction World
- [The Davos 'Vibe Shift' Is No Surprise](#) | Bloomberg
- [Nvidia chief calls robots 'multitrillion-dollar' opportunity](#) | Financial Times
- [China's trade surplus hits annual record of almost \\$1tn](#) | Financial Times

# Strategic Issues

## Israel's Defense Industry Booms on Foreign Demand and War at Home

Myanmar's military has enhanced its defence capabilities with six Russian Sukhoi SU30 fighter jets, causing concern in China as it threatens Beijing's influence in the region.

Its defense industry is on track to sell more weapons than ever in its history, spurred by foreign demand for its aerial-defense systems and significant government spending aimed at funding Israel's ongoing military campaigns.



- [Myanmar's defence ties with Russia irk China](#) | The Economic Times
  - [India and France for coordinated surveillance in the Indian Ocean Region](#) | The Hindu
  - [US defence industry braced for tech shake-up under Trump](#) | Financial Times
  - [Indonesia's President cancels Pakistan detour as India readies BrahMos loan offer](#) | The Economic Times
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# Energy and Climate



## What Trump's withdrawal from climate change commitments means

Trump's withdrawal from the Paris Agreement is symbolic but not transformative. US states, market forces, and global momentum will sustain the energy transition. While America risks ceding green technology leadership to China, international efforts continue. Without Republican support, meaningful US climate action remains unlikely, threatening urgent global emissions reductions.



- [Rare earths help sustainability — the world doesn't need geopolitical conflicts over them](#) | The Times of India
- [The rise of nuclear-powered batteries](#) (Paywall) | Financial Times
- [Philippines, UAE seal \\$15-billion landmark solar-wind-batteries deal](#) | Gulf News
- [Czech coal and gas investor Pavel Tykač sees vindication in Trump's White House return](#) | Financial Times



## China and Pakistan could use Bangladesh against India. New Delhi must stabilise the Northeast

Bangladesh's proposed constitutional reforms mark a major ideological shift, aligning with its warming ties to Pakistan and China. Increased military engagement and economic dependence on China heighten India's security concerns, especially near the Siliguri Corridor. India must stabilise its Northeast and employ strategic diplomacy to counter growing regional threats.



- [Nigeria Joins BRICS as Partner State to Boost Growth, Investment](#) | DABA Finance
  - [The cost of authoritarianism](#) | IPS Journal
  - [Trump's NATO Vision Spells Trouble for the Alliance](#) | The Wall Street Journal
  - [Ivory Coast withdrawal: France's waning influence in Africa](#) | Deutsche Welle
  - [2025 will test the ageing warhorses of the Middle East](#) | Financial Times
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## Eurozone growth threatened by global trade war, economists warn

The Eurozone faces a fragile 2025, threatened by a potential US-led trade war and political instability. Economists predict just 1.1% growth, with Trump's tariff plans posing major risks. Manufacturing remains weak, while political paralysis in Germany and France adds uncertainty. Trade negotiations may offer hope, but challenges persist. (paywall)



- [IMF forecasts steady global economic growth, continuing disinflation in 2025](#) | Middle East Economy
  - [India must push for faster economic growth as it navigates today's bipolar world](#) | LiveMint
  - [The world is moving on to trade without the US](#) | Financial Times
  - [The 'terrifying' crackdown on mining companies in Africa's coup belt](#) | Financial Times
  - [Americans will experience economic pain from Trump tariffs](#) | APN News
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## Indonesia places a \$28bn bet on free school meals

Indonesia is launching one of the world's largest free meals programmes, aiming to provide nutritious lunches to 82 million schoolchildren and pregnant mothers. The initiative, costing \$28bn annually, seeks to improve health, education, and local economies, but faces financial and logistical challenges, including funding, infrastructure, and effective nationwide implementation.



- [ISRO Docks SpaDeX Satellites in Space: What was done and how – and why does it matter?](#) | Indian Express
- [Falling birth rates raise the prospect of a sharp decline in living standards](#) (paywall) | Financial Times
- [How China is Erasing Tibetan Culture, One Child at a Time](#) | New York Times

## CUTS Event

### Trilateral Approaches to Indo-Pacific Stability

