PODCAST

Asia Brief

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The [Asia Brief] is meticulously crafted to give Swiss-Asian business stakeholders a comprehensive understanding of Asia's rapidly changing economic and business landscapes. This region presents a dynamic blend of challenges and opportunities crucial for Swiss businesses and their global counterparts. Through the [Asia Brief], we aim to empower SwissCham ASIA's members with enhanced strategic positioning and informed decision-making, fostering success for Swiss and Asian businesses within the dynamic Asian market.

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Bonus: New Realities of Power in Global Politics (Farhat Ali)

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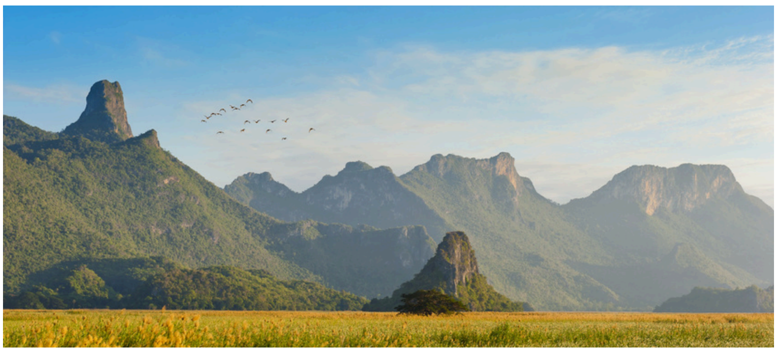


Switzerland

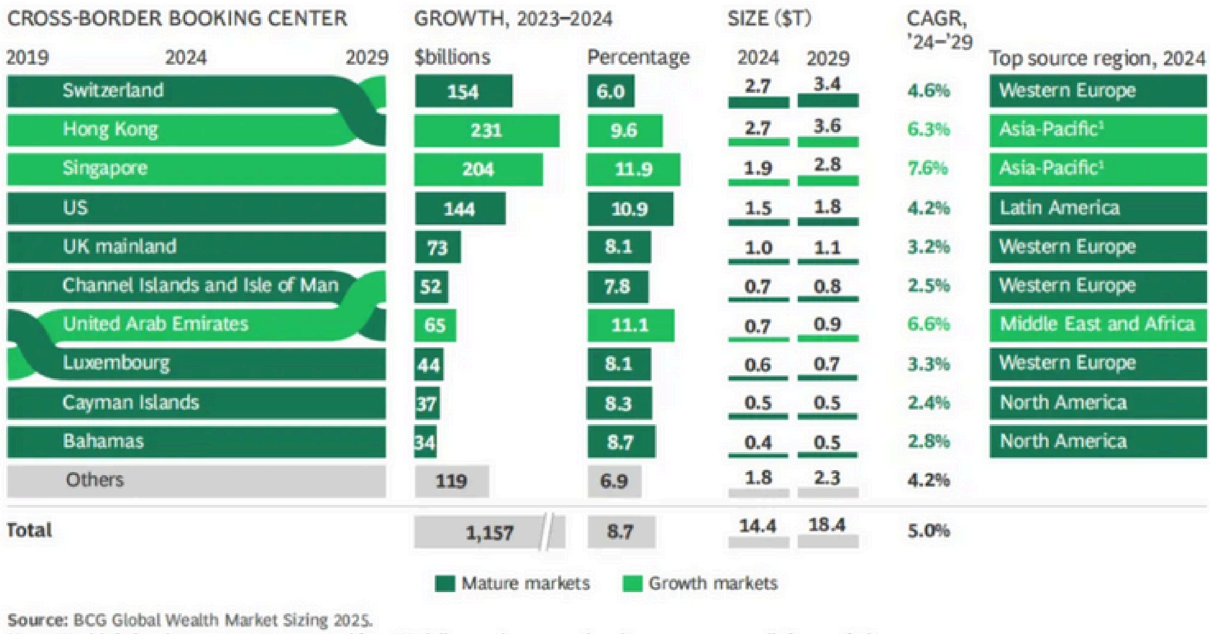
Switzerland's reputation as the world's fortress for wealth is cracking. The unravelling began dramatically with Saudi Arabia's Public Investment Fund (PIF). In 2022, PIF invested $1.5 billion in Credit Suisse via its stake in Saudi National Bank (SNB), making SNB the troubled lender's largest shareholder. By March 2023, SNB Chairman Ammar Al Khudairy publicly refused further support, triggering a 24% single-day crash in Credit Suisse shares. UBS's emergency takeover days later slashed SNB's stake from ~10% to a mere ~0.5%, crystallizing a $1.9 billion loss.

Russian commodity giants like Rosneft and Gazprom Neft relocated operations to Dubai after Switzerland adopted EU sanctions. European telecom billionaire Patrick Drahi (net worth ~$5.8B) moved his residence to Israel in 2024. The trigger? A looming Swiss referendum proposing federal taxes on inheritances and gifts exceeding CHF 50 million ($61M).

Even if voters reject the tax in November 2025, the damage is done. **"The uncertainty alone is destructive,"** notes a Zurich-based private banker. One top client preemptively moved to Liechtenstein; others are shifting assets. Family offices are relocating en masse to the Middle East. Two major Swiss multi-family offices (one managing billions) are moving to the UAE – one has already left.

Boston Consulting Group's 2024 Global Wealth Report reveals stark trends:

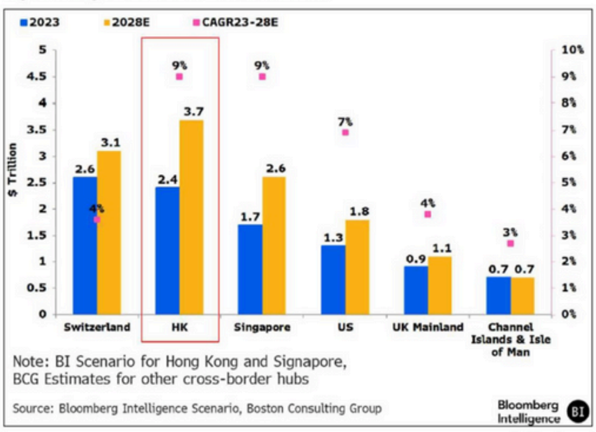
- Switzerland's cross-border wealth grew a modest 6.0% in 2024, driven largely by market gains, not new money.
- Hong Kong (9.6%), Singapore (11.9%), and the UAE (11.1%) saw far stronger growth.
- Forecasts (2024-2029) show Switzerland lagging (4.6% growth) behind Hong Kong (6.3%), Singapore (7.6%), and the UAE (6.6%).



Deloitte's 2024 ranking still places Switzerland first, but warns its competitiveness is eroding due to **taxation, regulation,** and a **"loss of trust"** post-Credit Suisse. Once managing 50% of global offshore assets, Switzerland now holds just 20%.

Hong Kong: Projected to overtake Switzerland as the #1 global cross-border wealth hub by 2028 ($3.2T vs $3.1T). It hosts ~2,700 family offices (targeting 3,000 by end-2025) and ranks #2 globally for ultra-high-net-worth individuals (UHNWIs). Its IPO market is resurgent ($13.66B raised by mid-2025).

Figure 11: Largest Cross-Border Wealth Destination



Wealth is flowing to jurisdictions offering not just tax efficiency, but also stability, innovation, tailored services, and geopolitical neutrality.

Switzerland's crown isn't lost yet, but it's slipping. In the high-stakes game of global wealth, understanding the new rules – and the new wealthy – is paramount.

Switzerland's ability to adapt will determine whether it remains a premier player, or a diminished relic. Where does wealth go? It flows to those who understand it.

Bahrain

As of July 2025, Bahrain continues to advance its economic diversification under Economic Vision 2030, with non-oil sectors driving 86% of real GDP in 2024 and growing 3.4% YoY in Q1 2025. Despite fiscal pressures, including public debt exceeding 112% of GDP, Bahrain benefits from $1.8bn in GCC development funds for infrastructure and regional integration efforts, including cross-border energy and logistics projects. Digitally, Bahrain launched its Digital Twinning Program to foster global digital governance collaboration and partnered with Finland to develop interoperable digital ID systems. Additionally, the CYSEC MENA 2025 summit highlighted Bahrain's focus on securing critical IT/OT infrastructure. The World Bank projects 3.5% growth for 2025, driven by non-oil sectors, though S&P revised Bahrain's credit outlook to "negative" due to debt concerns.

Bangladesh

Bangladesh's economy faces headwinds, with IMF-revised GDP growth at 3.8% for 2025 due to inflation (hovering near 9%), fiscal constraints, and reduced investment. Key reforms include a $50 million AIIB facility for sustainable infrastructure and a $850 million World Bank package for the Bay Terminal port and social protection programs. Exports remain resilient, growing 17.7% in late 2024, but U.S. tariff threats and suspended USAID projects ($550 million) pose risks. The construction sector, slowed to 1.1% growth in 2025, is expected to rebound to 6.3% by 2026, driven by energy and transport investments, including 2.7 GW of solar tenders. Geopolitically, Bangladesh is deepening ties with China, securing $2.9 billion in loans, while tensions with India escalate over trade and migration policies. Challenges persist in banking sector stability and youth unemployment, but reforms aim to restore confidence ahead of the 2026 elections.

Bhutan

In July 2025, Bhutan continues to advance its economic diversification and youth empowerment initiatives. The World Bank's new Country Partnership Framework (2025-2029) supports job creation in renewable energy, tourism, and digital industries, backed by $300 million in financing to boost regional trade and infrastructure, including the Gelephu-Tareythang Road project. Meanwhile, the Parliament-Youth Engagement Forum (July 6) highlighted pressing issues like youth unemployment, substance abuse, and marginalization, with recommendations for stricter alcohol regulations, expanded rehabilitation centers, and local youth committees. Additionally, grassroots efforts like the Samtse Waste Recovery Center and dragon fruit farming initiatives reflect Bhutan's push for sustainability and rural income diversification.

Brunei

The IMF projects 2.3% GDP growth for 2025, supported by rising oil and gas production and new investments in downstream industries, including a $1.2 billion methanol plant set for completion in Q4 2025. The government has also introduced tax incentives for green energy projects and launched a National AI Strategy to boost digital transformation in finance and logistics. Regionally, Brunei strengthened ties with ASEAN partners through the BIMP-EAGA (Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area), enhancing cross-border trade and infrastructure connectivity. In energy, Brunei signed a liquefied natural gas (LNG) supply deal with Japan in June 2025, reinforcing its role as a stable energy exporter. Challenges include youth unemployment (9.2%) and slow private sector growth, but reforms in SME financing and vocational training seek to address these gaps.

Central Asian Region

In July 2025, Central Asia continues to advance regional integration and economic diversification, with Kazakhstan leading in digital transformation through its Astana International Financial Centre (AIFC), attracting fintech investments. Regional trade is expanding under the Central Asia Regional Economic Cooperation (CAREC) Program, improving cross-border infrastructure. The China-Central Asia Summit in July reinforced economic ties, with new BRI infrastructure deals signed.

- **Kazakhstan:** In July 2025, Kazakhstan demonstrated robust economic growth, with GDP projected at 5% for the year, driven by transport, logistics, and manufacturing sectors. The country welcomed 7.5 million foreign visitors in H1 2025. Infrastructure expanded with five new low-cost airlines entering the market and ongoing railway upgrades, including 557 modern passenger cars by 2029. However, inflation rose to 11.3%, prompting the National Bank to maintain a 16.5% base rate. Trade tensions emerged as the U.S. announced 25% tariffs on Kazakh goods, though 95% of exports remain exempt. Meanwhile, media freedom concerns escalated after 16 RFE/RL journalists were denied accreditation. The government also launched the QazETA app to streamline migration and tourism services.
- **Uzbekistan:** The Uzbekistan-Russia joint military exercise "Hamkorlik-2025" (July 15–21) enhanced counterterrorism coordination near the Afghan border, featuring advanced weaponry and live-fire drills. Meanwhile, the Uzbekistan-Afghanistan-Pakistan (UAP) Railway Agreement progressed, aiming to reduce cargo transit time by five days and boost regional trade, despite security risks. Fintech innovation advanced with PashaPay's MoU with Uzbekistan's Fintech Association at the INMerge Innovation Summit, fostering cross-border digital finance. Additionally, UZCARD and Kyrgyzstan's Elkart launched cross-border transfers, facilitating financial connectivity in Central Asia.

Mongolia

A landmark cross-border railway with China (Gashuunsukhait-Gantsmod), approved in March 2025 after 17 years of negotiations, will boost coal exports to 1.2 billion tons annually upon completion in 2027, with the rail alone handling 55–60% of shipments (30 million tons/year). Energy reforms aim to cut import reliance (currently 22–23%) through phased tariff hikes and green transition plans, including a 50MW battery storage plant in Ulaanbaatar (operational by November 2025) and a target of 30% renewable energy by 2030. Fiscal measures include revising 20+ regional taxes to attract private investment and prioritizing mining exports (e.g., "Gold-3" initiative to expand gold output), while population growth (1.73%) sustains a young workforce (63% working-age).

China

Trade tensions persist, particularly with the U.S., which recently imposed 25% tariffs on some Chinese goods, though 95% of exports remain unaffected. Domestically, AI integration accelerates across industries, supported by national policies promoting smart cities and digital governance. Regionally, China strengthens ties with Central Asia through the China-Central Asia Summit, securing new BRI infrastructure deals to enhance connectivity. Geopolitical tensions in the South China Sea persist, with increased naval patrols amid disputes with neighboring nations. Economically, GDP growth is projected at 4.8% for 2025, driven by domestic consumption and state-led investments in infrastructure.

- **Chinese Taipei (Taiwan):** In July 2025, Taiwan faces multiple developments across weather, economy, and events. A tropical depression (TD06) formed southwest of Taiwan on July 4, with potential to strengthen into a typhoon. Additionally, Taiwan's Bio Asia exhibition highlighted advancements in AI-assisted vaccines and anti-inflammatory drugs, reinforcing its biotech leadership. Meanwhile, InfoSec Taiwan 2025 (July 9–10) gathered global cybersecurity experts in Taipei, featuring a 24-hour CTF competition and discussions on international cyber governance trends. Geopolitically, Taiwan continues balancing U.S. and China relations, with trade tensions and tech collaborations shaping its economic resilience.
- **Hong Kong:** In July 2025, Hong Kong experiences mixed developments amid global uncertainties. The Consumer Price Index (CPI) rose 1.4% in June, with housing costs increasing 2.8%, though clothing and durable goods saw declines. Meanwhile, public attention remains fixated on the July 5 earthquake and tsunami prophecy from Japanese manga "The Future I Saw", which predicted a catastrophic event affecting Japan, Taiwan, and Hong Kong. Separately, the Hong Kong Observatory clarified that the city faces low tsunami risk due to geographical barriers, though it monitors seismic activity closely. Tourism and retail sectors remain cautious, with some businesses adjusting strategies amid fluctuating visitor trends.

Macao: In July 2025, Macao's tourism sector shows strong recovery, with 19.2 million visitor arrivals in H1 2025, up 14.9%, driven by mainland Chinese travelers (up 19.3%). However, average visitor spending declined, particularly in retail (luxury goods down 24.2%), reflecting cautious consumer sentiment. The Sands Shopping Carnival (July 17–19) attracted 110,000 visits, boosting local SMEs and retail synergy despite Typhoon Wipha shortening the event. Culturally, "Art Macao 2025" launched on July 18, featuring international artists and transforming the city into an arts hub. Meanwhile, immigration clearance at Zhuhai-Macao ports resumed on July 20 after temporary closures. Economic diversification remains a priority, with infrastructure projects like Macau International Airport expansion progressing.

Cambodia

In July 2025, Cambodia faces a mix of economic, political, and diplomatic challenges. The World Bank downgraded Cambodia's 2025 GDP growth forecast to 4.0%, citing rising non-performing loans (7.9% in banking, 9.0% in microfinance) and trade uncertainties. Meanwhile, the government is negotiating a U.S.-Cambodia trade agreement to mitigate the impact of potential 49% U.S. tariffs, which threaten Cambodia's $9.91 billion garment exports (37% of total exports). Regionally, tensions with Thailand escalated over border restrictions and cyber clashes, including DDoS attacks and disinformation campaigns. Additionally, Cambodia withdrew from the Cambodia-Laos-Vietnam Development Triangle (CLV-DTA) amid rising anti-Vietnamese sentiments linked to historical grievances. Despite these challenges, infrastructure projects like the Techo International Airport and Sihanoukville Port Expansion aim to boost long-term growth.

India

India navigates economic growth amid structural challenges. However, job losses in IT (22,000 roles cut in 2024) and widening inequality (top 1% holds 40% of wealth) highlight persistent disparities. The India-U.S. trade deal remains stalled over agricultural imports, while the India-UK FTA is set for signing, boosting exports. Urban resilience is a priority, with the World Bank urging $2.4 trillion in climate infrastructure by 2050 to counter floods and extreme heat.

Meanwhile, political tensions persist, with Parliament adjourned amid protests over electoral roll revisions. Geopolitically, India-China border talks progressed, maintaining peace. The retirement of MiG-21 jets and induction of Apache helicopters mark military modernization.

Indonesia

In July 2025, Indonesia's economy shows resilience with 4.9% GDP growth in Q1, supported by robust domestic demand and export recovery, though investment remains soft. The central bank cut interest rates by 25 basis points to 5.25% to stimulate growth amid low inflation (2% in April) and stable rupiah fundamentals. Infrastructure development continues with $1.9 trillion needed for 2025–2029 projects, including toll roads and dams under PPP schemes, though private investment faces challenges. Renewable energy ambitions clash with reality, as the 2025–2034 RUPTL plan targets 76% renewables but still permits coal plants until 2033, raising concerns over climate commitments. Geopolitical risks from U.S. trade policies and capital flow volatility remain key concern.

Japan

Japan navigates economic and social challenges amid global uncertainties, while undergoing a profound political transformation. Following recent elections, the long-dominant Liberal Democratic Party (LDP) suffered a significant loss of power, potentially altering Japan's political landscape permanently. This shift ushers in a new era of coalition governance with uncertain policy implications.

Culturally, a viral manga prophecy predicting a July 5 catastrophe caused temporary tourism declines, particularly from Hong Kong, though authorities firmly dismissed it as unscientific. Infrastructure remains a key focus, with surging data center investments and government advances in water infrastructure reforms targeting decarbonization and seismic resilience. Trade tensions loom as U.S. tariffs take effect July 9, testing the new government's approach as it seeks to diversify supply chains under its 2025 Trade Strategy.

Laos

In July 2025, Laos faces both challenges and progress in infrastructure and economic development. Severe flooding in Khammouan, Bokeo, and Luang provinces displaced 1,000+ people, damaging homes, roads, and farmland, with further rainfall expected. Meanwhile, the government continues infrastructure expansion, including road upgrades under a new cost-cutting policy (17.43% lower construction costs) to boost connectivity and attract private investment. Laos also strengthened ties with China through the 2025 Mekong-Lancang Special Fund, securing $2.82 million for 10 projects in agriculture, health, and poverty reduction. Additionally, telecom advancements include 18 cross-border transmission lines, enhancing regional connectivity, with 5G rollout expanding in key provinces. Economic self-reliance efforts focus on tax reforms, debt management, and digital financial systems, aiming to reduce foreign dependency by 2026.

Malaysia

In July 2025, Malaysia introduced key economic measures to address rising living costs, including a one-off cash handout of 100 ringgit ($23.67) for all adult citizens and a reduction in RON95 fuel prices to 1.99 ringgit per liter, effective from August. The government also expanded Sales and Service Taxes (SST), raising rates on luxury goods while exempting essentials, to strengthen fiscal sustainability. Economically, GDP grew 4.4% in Q1 2025, driven by services (5%) and construction (14.2%) sectors, with infrastructure investments like the East Coast Rail Link (ECRL) and Johor-Singapore Special Economic Zone (JS-SEZ) boosting growth. However, fiscal challenges persist, with debt at 76.5% of GDP, raising concerns over subsidy reforms and deficit targets.

Middle East Region

In July 2025, the Middle East remains volatile, with Israel and Hamas engaging in sporadic clashes despite a fragile ceasefire announcement by the US. Israel-Iran tensions persist after June's unprecedented strikes, though both sides observe a temporary truce. Gaza's humanitarian crisis worsens, with aid-related violence claiming hundreds of lives. The US-backed regional order (Israel-Turkey-Gulf) struggles with internal divisions, particularly over Palestine and Syria. Diplomatic efforts, including UN talks, seek stability but face major hurdles.

- **Saudi Arabia:** Saudi Arabia continues advancing Vision 2030, with non-oil GDP growth projected at 3.4% for 2025, driven by infrastructure and tourism. The IMF revised fiscal deficit expectations to 4.3% of GDP, citing lower oil prices and high Vision 2030 spending. Regionally, Saudi Arabia signed $6 billion in deals with Syria, focusing on energy and reconstruction. Infrastructure projects like NEOM's The Line undergo cost reviews amid fiscal pressures9, while autonomous vehicle trials launch in Riyadh.
- **United Arab Emirates (UAE):** UAE continues to strengthen its position as a global AI and technology hub, securing a major 1.8 million AI chip deal with NVIDIA following the Trump administration's lifting of export restrictions to the Middle East. The country is also advancing its energy transition, with new investments in renewables and hydrogen projects. Economically, the UAE benefits from relaxed semiconductor trade rules, boosting its tech infrastructure ambitions, while maintaining strategic partnerships with key players like the U.S. and Saudi Arabia. Geopolitically, it remains a mediator in regional conflicts, balancing ties with global powers.

Myanmar

In July 2025, Myanmar continues to grapple with political instability and economic challenges, compounded by the aftermath of the March 2025 earthquake, which caused $11 billion in damages (14% of GDP) and displaced millions. On the political front, the military junta extended its "state of emergency" for another six months ahead of sham elections scheduled for November 2025, while intensifying surveillance (biometric e-IDs) and internet censorship (VPN/Signal blocks). Economically, agricultural reforms gained traction at the Mekong CONNECT event (July 8), where stakeholders discussed smart farming and PPPs to address high-interest loans (up to 40%) and input shortages for farmers.

North Korea

In July 2025, North Korea remains politically isolated but continues military posturing, with leader Kim Jong-un overseeing naval exercises and missile tests amid stalled denuclearization talks with the U.S.. Economically, the country faces severe hardships due to prolonged sanctions, with reports of food shortages and reliance on Chinese aid for basic necessities. Diplomatic tensions persist with South Korea, as Pyongyang rejects Seoul's calls for dialogue, instead escalating rhetoric and maintaining border provocations. Meanwhile, Russia's military support has emboldened North Korea, raising concerns over potential arms transfers in violation of UN sanctions. The regime also intensified internal propaganda to consolidate loyalty, framing external threats as justification for its militarized policies. Humanitarian conditions remain dire, with limited international access.

Pakistan

In July 2025, Pakistan faces severe monsoon floods, with 242 deaths reported since June. The National Disaster Management Authority (NDMA) warns of further rainfall and glacial lake outburst risks, recalling the devastating 2022 floods that displaced 30 million people. Economically, the Asian Development Bank (ADB) revised FY2025 GDP growth to 2.7%, citing industrial and services resilience despite agricultural declines, while inflation eased to 5.8%. Politically, Imran Khan's PTI party plans nationwide protests after losing reserved parliamentary seats, escalating tensions with the ruling coalition.

Philippines

Philippines faces a mix of economic resilience and political turbulence. Politically, tensions between the Marcos and Duterte factions escalate ahead of midterm elections, with debates over budget allocations and impeachment threats against VP Sara Duterte dominating discourse. On the diplomatic front, President Marcos Jr. reaffirmed an independent foreign policy during a U.S. visit, securing Trump's endorsement while balancing ties with China. Infrastructure development continues with PPP-backed projects, including school buildings and fuel marking programs11, but climate shocks and political instability pose ongoing risks.

Singapore

In July 2025, Singapore continues to strengthen its economic resilience and global partnerships. The UK pledged £70 million to Singapore's Financing Asia's Transition Partnership (FAST-P) initiative, supporting clean energy projects and regional energy security in Southeast Asia. Meanwhile, the Draft Master Plan 2025 was unveiled, outlining long-term urban development strategies focused on sustainability, inclusive housing, and climate resilience, shaped by feedback from 220,000 citizens. The Workers' Party released its 2025 manifesto, advocating for cost-of-living relief, labor protections, and electoral reforms ahead of the upcoming general election. Overall, Singapore balances economic growth with social inclusivity and climate preparedness.

South Korea

Economically, trade tensions escalated as Seoul scrutinized a U.S.-Japan deal (15% tariffs), pressuring South Korea to secure similar terms before an August 1 deadline to avoid 25% U.S. tariffs. Diplomatically, President Lee Jae-myung explored easing inter-Korean tensions, including potential individual tours to North Korea and halting anti-Pyongyang broadcasts. However, China's influence in South Korean politics drew scrutiny after lawmakers abstained from condemning Beijing's maritime encroachment. Infrastructure and trade remained key focuses, with discussions on U.S.-Korea shipbuilding partnerships to counter China's dominance.

Thailand

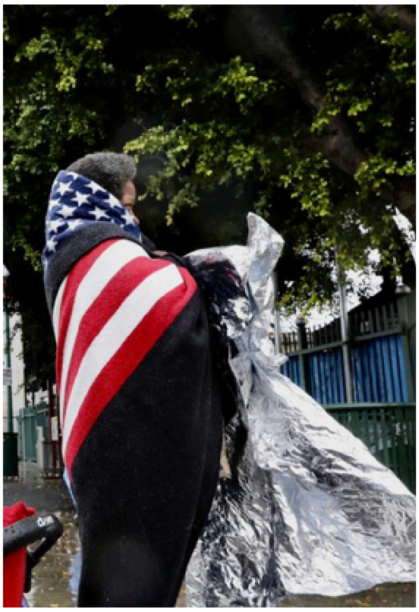
Thailand faces economic and political turbulence, with GDP growth forecasts slashed to 1.7% due to U.S. tariffs (15-20%), Thailand-Cambodia border clashes, and domestic political instability. The border conflict escalated, leading to Thai airstrikes in Cambodia, civilian casualties, and a diplomatic downgrade (recalling ambassadors). Meanwhile, tourism struggles amid regional tensions and reduced Chinese arrivals. Amid crises, Pride Month celebrations boosted LGBTQ+ tourism, reinforcing Thailand's reputation as an inclusive destination. However, military tensions and fiscal risks overshadow short-term growth prospects.

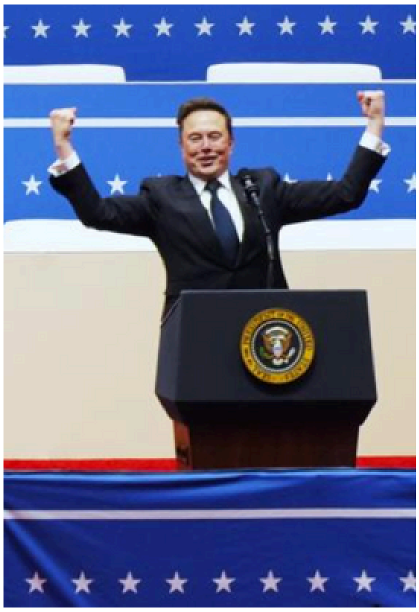
Vietnam

In July 2025, Vietnam continues to demonstrate strong economic growth, with H1 GDP expanding by 7.52%, driven by robust industrial production (8.33%) and services (8.14%). The government is advancing infrastructure projects, including the North-South Expressway and Long Thanh Airport, despite risks of corruption and subpar construction quality. Trade remains resilient, with H1 exports up 14.4% ($432 billion total trade), though new U.S. tariffs (20-40%) under a July 2025 trade deal pose challenges. Meanwhile, digital transformation accelerates, with Ho Chi Minh City planning the world's first AI-powered city. Overall, Vietnam balances growth with climate resilience and infrastructure risks, maintaining its position as a Southeast Asian economic standout.

COLUMN REPORT

THE ONE BIG BEAUTIFUL BILL ACT: ECONOMIC IMPLICATIONS AND MARKET REACTIONS





The recent passage of the One Big Beautiful Bill Act (OBBBA) marks a significant shift in U.S. fiscal policy, combining tax cuts, social welfare reductions, and increased defense spending. Signed into law by President Trump on July 4, the legislation has already stirred volatility in U.S. markets and raised concerns about its global spillover effects. Here's a breakdown of its key provisions and potential economic consequences.

What's Inside the Bill?

Tax Cuts:

- The bill makes permanent several provisions from Trump's 2017 Tax Cuts and Jobs Act (TCJA), including higher estate tax exemptions ($15M, up from $13.99M) and expanded child tax credits ($2,200, indexed to inflation).
- Corporate tax breaks—such as R&D credits and interest deductions—are also locked in. Temporary perks, like 100% expensing for qualifying real estate projects, aim to spur business investment.
- Middle-class taxpayers benefit from the elimination of "tip taxes" and higher state/local tax (SALT) deduction caps ($4T, up from $1T).

Spending Cuts:

- Social programs face steep reductions: Medicaid, Medicare, and Affordable Care Act subsidies will lose $1.07 trillion over a decade, while food assistance (SNAP) eligibility tightens, saving $230 billion.
- Climate initiatives are scaled back, with $543 billion slashed from clean energy subsidies.

Defense and Border Security:

- A $350 billion allocation targets immigration enforcement (e.g., border wall expansion), while defense budgets grow by $150 billion, focusing on missile systems and drones.

Debt Ceiling and Fiscal Impact:

- The U.S. debt ceiling rises by $5 trillion, but the bill is projected to add $4.1 trillion to deficits over 10 years (including $700B in interest costs). By 2034, federal debt could exceed 125% of GDP.

Title	Deficit Increase (-) / Decrease (FY 2025-2034)	
	As Written	If Permanent
Finance	-$3,550 billion	-$4,415 billion
Armed Services	-$150 billion	-$431 billion
Homeland Security	-$129 billion	-$214 billion
Judiciary	-$9 billion	-$76 billion
Banking	$2 billion	$2 billion
Environment & Public Works	$3 billion	$3 billion
Energy & Natural Resources	$27 billion	$27 billion
Commerce, Science, & Transportation	$44 billion	$42 billion
Agriculture	$120 billion	$120 billion
HELP	$278 billion	$278 billion
Interactions	-$3 billion	-$3 billion
Subtotal, Primary Deficit Impact	**-$3.4 trillion**	**-$4.7 trillion**
Interest	-$0.7 trillion	-$0.8 trillion
Total Debt Impact	**-$4.1 trillion**	**-$5.5 trillion**

Market Reactions: Winners and Risks

Stocks:

The bill's tax cuts may buoy corporate profits, echoing the 2017 TCJA's effect, which lifted S&P 500 returns by ~28%. However, the impact could be milder this time, as spending cuts offset some gains.

The debt ceiling hike removes near-term fiscal uncertainty, supporting risk appetite—but sustained equity growth hinges on whether businesses ramp up capital expenditures.

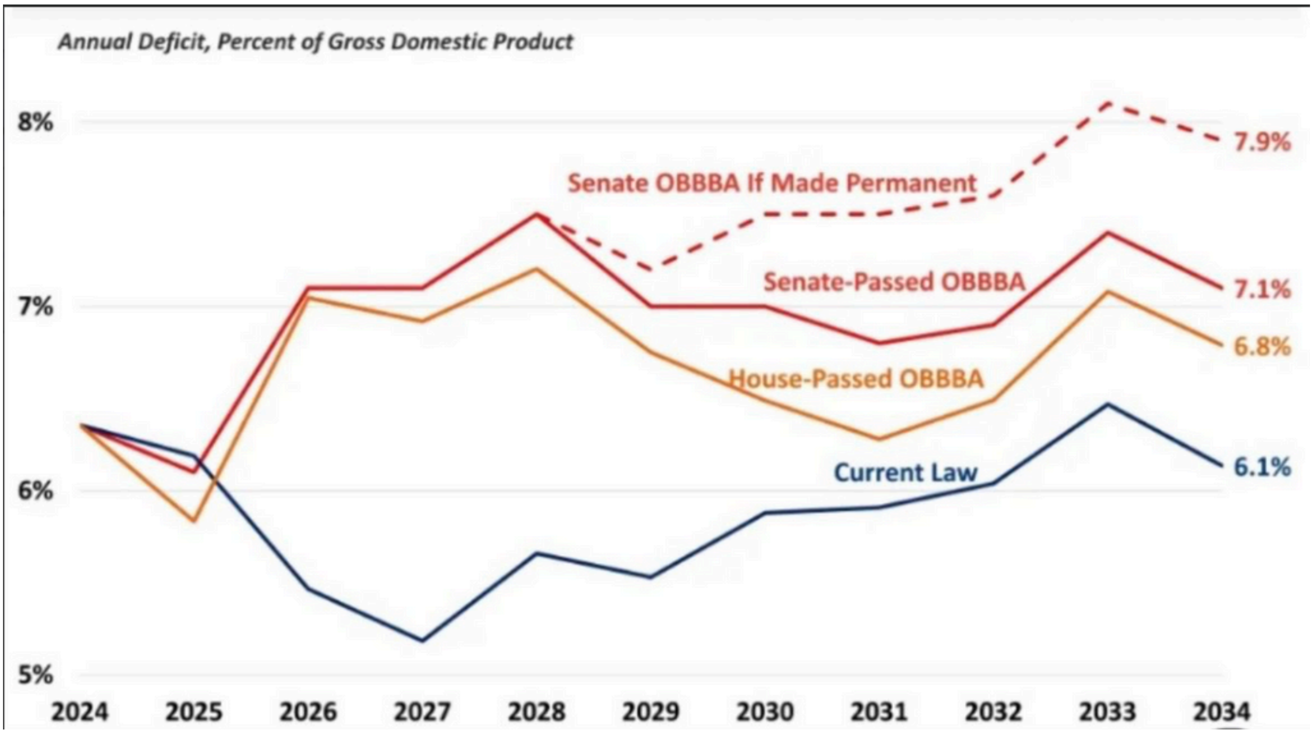
Bonds:

Higher deficits typically pressure Treasury yields, and initial bond sell-offs reflect supply concerns.

Yet, the Fed's policy stance remains pivotal. If inflation stays tame, the government could push for rate cuts to ease debt servicing costs, making current yields (~4.1%) attractive.

Global Spillovers:

- Dollar Weakness: The bill's debt expansion undermines dollar credibility; the currency hit a 28-month low post-passage. Long-term, this could accelerate de-dollarization trends.
- Gold Demand: As central banks diversify reserves, gold's role as a hedge against fiscal instability may grow.



The Bottom Line

The OBBBA's mixed bag of stimulus and austerity complicates its economic legacy. While tax cuts might fuel short-term growth, swelling deficits and social spending cuts could drag long-term prospects. For investors, the bill's success depends on two variables: whether corporations deploy tax savings productively, and how the Fed balances growth against debt sustainability.

One thing is clear: the U.S. is doubling down on debt-fueled growth, with global markets along for the ride.

New Realities of Power in Global Politics

Farhat Ali

Recent geopolitical flashpoints — the four-day military engagement between India and Pakistan and the 12-day war between Iran and Israel—have unveiled two compelling realities.

First, despite the shifting tides of multi-polarity, the United States remains the most consequential actor in global power politics.

Second, the long-standing regional myths of invincibility and dominance by India's in South Asia and Israel's in the Middle East have been irreversibly challenged.

In both crises, the US emerged not only as a mediator but as the ultimate arbiter of dispute resolution and end of hostilities between the said warring nations.

> *President Donald Trump's assertive and decisive phone calls, whether by official design or calculated spectacle, succeeded in arresting escalations that could have spiraled into regional wars - a feat that a world body like the UN could not have achieved so decisively and in so short a time. Washington's capacity to stop two simultaneous conflicts in volatile regions underscores its unmatched diplomatic leverage and military deterrence even in an era of a waning uni-polarity.*

Equally significant, however, is what these conflicts revealed about the internal dynamics of their respective regions. In South Asia, the India-Pakistan skirmish exposed the limits of New Delhi's regional hegemony.

The conflict demonstrated not only Pakistan's strategic resilience but also the geopolitical reality that India is not unilaterally dominant in the subcontinent. Both nations, despite their historical asymmetries in size and economy, were treated as equals by global powers in diplomatic terms. This is a notable departure from narratives of Indian supremacy and highlights the strategic agency of smaller states in the region.

Meanwhile, in the Middle East, the twelve-day Israel-Iran conflict similarly unsettled long-held perceptions. While Israel has historically enjoyed technological and military edge, Iran's retaliatory capacity, endurance, and regional alliances gave it a credible deterrent posture.

The myth of Israel's absolute military superiority took a hit—not necessarily in battlefield metrics, but in the psychological and diplomatic perceptions that govern modern deterrence theory. Iran showed it could absorb strikes, retaliate meaningfully, and force negotiations—all while maintaining a regional influence structure through proxies.

In the wake of the recent India-Pakistan military standoff and the 12-day Israel-Iran war, the global spotlight focused not only on the crisis resolution but also on the visible absence of direct intervention from China and Russia—two major global powers often seen as the principal challengers to US influence. Despite their strategic relationships with Pakistan and Iran respectively, Beijing and Moscow exercised strategic restraint.

The absence of direct Chinese and Russian intervention in support of Pakistan and Iran is perhaps not a sign of weakness—it is a calculated strategic posture consistent with their long-term vision of a multi-polar world. Their restraint reflects an understanding that global influence in the 21st century is shaped as much by stability, economic entrenchment, and ideological appeal as by military might.

China and Russia prioritize strategic stability over tactical opportunism, particularly in regions where overt engagement could spiral into uncontrollable escalation. **Both powers prefer the doctrine of strategic patience and to leverage the US burden to preserve their influence through non-military tools such as diplomacy, infrastructure investment, arms sales, and cyber presence.**

Also, China's risk calculus avoids getting embroiled in wars that could endanger its global economic interests or supply chains. This strategy has paid off in China's rise as the second biggest economy of the world. It is important to note that China backed Pakistan by providing it with the means of air force and missile superiority over India and Iran with missile superiority over Israel — which proved to be a turning point in both the said conflicts. Additionally, Russia, heavily engaged in Ukraine and under severe Western sanctions, seeks to avoid opening a second front or worsening its diplomatic isolation.

In an era where multi-polarity is often taken as a given, recent history just offered a blunt reality check: the United States still sits at the top of the global power pyramid. **China's Belt and Road Initiative (BRI) and the growing BRICS bloc may be reshaping economic partnerships, but when conflict erupts, it's still Washington—not Beijing or Moscow—that the world turns to.**

While critics will debate whether Trump's methods are sustainable, the facts on the ground are clear: the global order may be evolving, but America's authority—particularly in moments of crisis—remains unchallenged. China is just not yet ready to overtly exercise its authority into the internal affairs of other countries nor into their wars or conflicts. Much of the same holds true for Russia.

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