

Welcome to This Week's Asia on the Horizon

(29 SEPTEMBER 2025)

The Indo-Pacific remains the beating heart of today's global order, and this week's Asia on the Horizon underscores just how entangled the region's security, economic, and diplomatic strands have become. From Seoul to Beijing, from New York to New Delhi, the week's developments reveal a landscape both unsettled and experimental — where nuclear doctrines harden, climate commitments evolve, and new trade and technology corridors redefine connectivity. This issue takes you across Northeast Asia, Southeast Asia, South Asia, and beyond to make sense of the currents shaping tomorrow's horizon.

We begin in Northeast Asia, where the Korean Peninsula once again seized global attention. Kim Jong Un's vow to sharpen the North's "nuclear shield and sword" and declare denuclearization off the table formalizes what was long implicit: Pyongyang views its arsenal as permanent. The response from Seoul has been twofold: President Lee emphasized tension reduction in a UN address, even while pressing ahead with joint exercises with the United States and Japan. These moves unfolded alongside a rare bipartisan U.S. House delegation visit to Beijing, where lawmakers met with Defense Minister Dong Jun and Foreign Minister Wang Yi. Though no breakthroughs were announced, the symbolism of re-opened military and congressional dialogue was striking, signaling at least a tentative effort to avoid miscalculation.

Meanwhile, trilateral coordination among Washington, Tokyo, and Seoul gained new depth. A foreign ministers' meeting in New York reaffirmed their pledge to institutionalize crisis consultations, enhance extended deterrence, and coordinate supply chains and cyber defenses. This consolidation of democratic allies comes at a time of heightened anxiety over Taiwan, with the three powers issuing a joint warning against any unilateral changes to the status quo in the Taiwan Strait. In parallel, Japan's new defense pact with the Philippines entered into force, further tightening the network of regional security arrangements intended to balance Beijing's assertiveness in the South and East China Seas.

Further west, China dominated headlines on multiple fronts. President Xi Jinping's high-profile visit to Xinjiang sought to project unity and control amid continued Western scrutiny of human rights in the region. On the global stage, Beijing unveiled its first Arctic shipping corridor to Europe, a 19-day "Polar Silk Road" route designed to bypass traditional choke points such as the Suez Canal. At home, tech giant Alibaba's new collaboration with Nvidia showcased both the opportunities and tensions of U.S.–China technology competition. And at the UN General Assembly, Premier Li Qiang positioned China as a defender of multilateralism, implicitly contrasting Beijing's "responsible" posture with U.S. withdrawal from climate frameworks under President Trump.

Economic diplomacy and climate politics added further complexity. At the UN Climate Summit in New York, a wave of new pledges — led by China, Russia, and Türkiye — pushed the world past a milestone: half of global emissions are now covered by 2035 targets. Yet gaps remain, with India, Indonesia, and Mexico still absent. India, however, used the week to project technological ambition and energy confidence, with Prime Minister Modi launching a major nuclear power project and underscoring the necessity of producing “chip to ship” domestically. South Korea unveiled plans to open around-the-clock FX trading, a bold step in financial liberalization designed to reinforce Seoul’s role as a regional financial hub.

Our special features sharpen these themes. The Map of the Week tracks the spread of climate pledges and highlights which major emitters still lag behind. The Photo of the Week captures Wang Yi’s rare and symbolically rich meeting with a U.S. congressional delegation. The Infographic of the Week illustrates the strategic significance of China’s new Arctic route to Europe, while the Statistics of the Week highlights WIPO’s 2025 Global Innovation Index, with China breaking into the global top 10 for the first time and India retaining its lead among lower-middle-income economies.

Taken together, this edition paints a vivid picture of a region in motion: alliances tightening, rivalries sharpening, and new domains of cooperation emerging. Asia is both the theater of great-power contest and the testing ground for novel forms of collaboration. As always, Asia on the Horizon is your guide through this rapidly changing landscape, offering clarity, context, and foresight on the forces reshaping the global order.



1. KEY DEVELOPMENTS

Kim Sets New Diplomatic Terms: “No Denuclearisation, No Talks”

North Korean leader Kim Jong Un declared on September 21 that Pyongyang would be open to resumed dialogue with Washington — but only if the United States abandons its insistence on denuclearization. In a speech to the Supreme People’s Assembly, Kim insisted he would never relinquish his nuclear arsenal in exchange for sanctions relief, framing such demands as existential threats to the regime. He recalled “fond memories” of his past meetings with Donald Trump and portrayed nuclear weapons as essential to defense against U.S. and South Korean military pressure.

Rejecting phased denuclearization plans or conditional diplomacy, Kim called prior overtures “disingenuous” attempts to undermine North Korea, and urged the United States to “accept reality” before dialogue is possible. This rhetorical pivot suggests Pyongyang is recalibrating away from past negotiating frameworks and toward a posture of de facto nuclear normalization. Analysts view Kim’s formula as an effort to steer diplomacy on his terms — sidelining Seoul’s role and compelling Washington to adjust its posture. Behind the scenes, the signal is likely aimed at testing U.S. flexibility and extracting strategic concessions: if the United States were to abandon its “denuclearization-first” dogma, Kim may be willing to engage — but from a position of strength, not surrender.

Europe Steps Forward at Taiwan’s Defense Expo

At the Taipei Aerospace and Defence Technology Exhibition, European nations markedly increased their visibility in a defense market long dominated by U.S. suppliers. Germany participated for the first time, via its trade office and with Airbus displaying a Flexrotor tactical drone, marked “I heart Taiwan,” highlighting surveillance and reconnaissance capabilities. The Czech Republic also made a strong showing, with Czech parliamentary figures engaging Taiwan’s defense minister at their pavilion. These moves come as Taiwan opens itself more to diversification in its defense partnerships, reflecting both rising Chinese pressure and Europe’s recalibrated appetite for engagement.

This development signals a subtle but meaningful shift in defense alignments: Europe is testing the waters of arms diplomacy in East Asia. While the U.S. continues to dominate Taiwan’s procurement landscape—with firms like Lockheed Martin still central—European actors are breaking decades of restraint rooted in fear of Chinese economic or diplomatic retaliation. Beyond commercial display, European participation carries political overtones: it underscores growing willingness among democracies to support Taiwan’s security, even under Beijing’s watchful eye. As European capitals become more comfortable with such calculated risks, their tentative steps in Taipei may prefigure deeper strategic partnerships in the Indo-Pacific.

Beijing Opens Arctic Corridor: Fujian Launches “Polar Silk Road” to Europe

China’s Fujian province has inaugurated its first Arctic shipping route to Europe, dubbed the “Polar Silk Road.” The container ship Istanbul Bridge departed from Fuzhou’s Jiangyin Port and is expected to arrive in Europe in about 19 days, linking key Chinese hubs such as Qingdao, Shanghai, Dalian, and Ningbo with European ports like Felixstowe, Rotterdam, Hamburg, and Gdańsk. This new route reduces transit time by more than 20 days compared to conventional sea routes via the Suez Canal and is even faster than many China-Europe rail paths, offering exporters in eastern China a more nimble logistics option.

Beyond commercial gains, this move hints at broader strategic ambitions. China has long advocated for an Arctic component in its Belt and Road vision, positioning the Polar Silk Road as a future artery in global connectivity. By operationalizing a maritime Arctic route, Beijing tests the viability of these ambitions amid warming ice, less seasonal constraints, and intensifying geopolitical competition over the polar domain. The development signals China’s willingness to deepen its presence in high-latitude corridors and to reshape trade networks while navigating environmental and diplomatic risks.

U.S. Lawmakers Restart Military Dialogue with China via Rare Congressional Visit

A bipartisan delegation of U.S. House members, led by Representative Adam Smith, held a landmark meeting on September 22 with Chinese Defense Minister Dong Jun—the first such visit by U.S. House representatives to Beijing since 2019. The talks focused heavily on restoring and institutionalizing military-to-military communication channels, which have languished amid escalating tension over Taiwan, the South China Sea, semiconductors, and trade disputes. China characterized the exchange as a “good step” toward strengthening bilateral dialogue.

Beyond security assurances, the U.S. delegation also raised economic and industrial stakes, pressing China on potential Boeing aircraft purchases as part of broader trade normalization efforts. U.S. officials view this congressional mission as a bridge to upcoming high-level exchanges: Presidents Xi and Trump have reportedly agreed to further talks at a South Korea forum in October, with reciprocal visits planned for the coming year. While the optics suggest reengagement, realignment of U.S.–China military ties will depend on how forthcoming China is on defense transparency, norms of engagement, and crisis de-escalation.

Trilateral Pledge: U.S., Japan, South Korea Deepen Strategic Coordination

In a new Joint Statement following their September 22 meeting in New York, the foreign ministers of the United States, Japan, and the Republic of Korea underscored the urgency of bolstering trilateral solidarity amid rising regional volatility. The ministers committed to maintaining a “free and open international order based on the rule of law,” and pledged concrete cooperation in areas such as economic security, supply chain resilience, and emerging technologies like AI and quantum devices. In addressing North Korea, the statement reaffirmed the tripartite resolve for complete denuclearization in line with UN Security Council resolutions, while also spotlighting concerns over Pyongyang’s deepening military ties with Russia and its use of cyber operations — including cryptocurrency thefts — to support its missile and nuclear ambitions.

The diplomatic reaffirmation comes on the heels of a broader regional push by U.S., South Korea, and Japan to knit tighter security coordination. Immediately following the meeting, their foreign ministers issued a joint diplomatic communiqué voicing concern about “increasingly frequent destabilising activities around the Taiwan Strait” and opposing “unlawful maritime claims” in the South China Sea — language widely seen as a signal to Beijing without direct naming. The alignment reflects growing intent among these democracies to present a unified front in confronting coercive maritime behavior, reinforce deterrence, and strengthen their collective voice on cross-strait security and regional order.

Kim Vows to Deepen China Ties Amid Strategic Realignment

North Korean leader Kim Jong Un has publicly pledged to strengthen Pyongyang’s relationship with Beijing “more vigorously,” according to state media KCNA. His remarks came in response to a congratulatory message from President Xi Jinping on North Korea’s founding anniversary and followed Kim’s recent visit to Beijing — his first bilateral meeting with Xi in six years — during which they jointly attended a large military parade. Kim also emphasized that he “feels well” China’s backing, signaling both gratitude and dependence on Beijing as a diplomatic lifeline.

This overt recommitment to China underscores a sharpening geopolitical pivot by Pyongyang toward Beijing, reinforcing China’s role as North Korea’s principal patron even as Pyongyang deepens ties with Moscow. In doing so, Kim is consolidating his strategic buffer against Western pressure — projecting to Washington and Seoul that any negotiation over North Korea’s nuclear posture must take into account China’s influence. For regional and alliance watchers, this signals that efforts to isolate or moderate North Korea will now face a more emboldened, China-backed Pyongyang — with Beijing likely wielding greater leverage in future diplomatic architectures on the Korean Peninsula.

India to Launch “Cold Start”: Its Largest Drone & Counter-Drone Drill

India is preparing to conduct its most ambitious drone and counter-drone exercise to date, dubbed “Cold Start,” scheduled for early October 2025. The Indian military aims to test an integrated spectrum of unmanned aerial systems (UAS) and counter-UAS technologies — from detecting, tracking, and neutralizing drones to deploying drones in contested scenarios — in a bid to harden its air defense envelope. The exercise comes in the wake of the India-Pakistan confrontations in May, during which large-scale drone use exposed gaps in India’s readiness; New Delhi now seeks to leap ahead of Pakistan in the nascent drone arms race unfolding in South Asia.

Simultaneously, India is laying the groundwork for a longer-term domestic air defense architecture called Sudarshan Chakra, envisaged for completion by 2035. This system is intended to mirror the layered approach of systems like Israel’s Iron Dome, combining drones, aircraft, counter-hypersonic capabilities, and robust UAS detection and interception. The Cold Start exercise will serve as a proving ground for technologies that may later be integrated into Sudarshan Chakra, signaling New Delhi’s determination to reduce dependence on imported platforms and to assert technological parity in regional aerial warfare.

Seoul Signals New Diplomatic Direction — “End the Vicious Cycle”

In his first address to the United Nations General Assembly on September 23, South Korean President Lee Jae-Myung pledged to pursue a “phased solution” toward reducing military tensions with North Korea, acknowledging that immediate denuclearization is unrealistic and calling instead for a path of “peaceful coexistence and shared growth.” Lee emphasized steps already taken under his administration to build trust — including the suspension of loudspeaker broadcasts, leafleting campaigns, and other provocative inter-Korean messaging — and proposed the gradual expansion of cross-border exchanges and cooperation as means to restore mutual confidence.

Lee’s remarks, however, met swift resistance from Pyongyang. North Korean leader Kim Jong Un dismissed any notion of phased disarmament, reiterating that the regime would never surrender its nuclear arsenal and rebuffing Seoul’s overtures outright. While the South’s new strategy marks a deliberate shift from the more confrontational posture of previous administrations, the North’s rejection underscores the steep obstacles ahead. The standoff now hinges on whether Seoul can convert symbolic confidence-building measures into meaningful dialogue — and whether Pyongyang will ever recalibrate from its maximalist stance.

Beijing and Washington Edge Toward Military Dialogue Amid Rising Risks

China's Foreign Ministry has affirmed that it values improved military communication with the United States, framing such dialogue as essential to managing "common risks" and preventing miscalculations in the Asia-Pacific security landscape. According to an official White House readout, both sides expressed willingness to reengage mechanisms of defense consultation, including crisis-management hotlines, routine naval/air encounters, and increasing transparency about military doctrines and operations. Against this backdrop, a visiting U.S. congressional delegation cautioned publicly that the risk of misunderstanding between the two militaries is high, especially as advanced technologies like AI, cyber, hypersonics, and drone warfare are compressing decision time frames.

The exchanges signal a slow but deliberate recalibration of mutual postures: neither side appears ready to fully trust the other, but both now see utility in stability-preserving communication. Beijing's messaging urges Washington to "remove disruptive factors" from bilateral interactions and underlines China's doctrine of "self-defensive" military development. Meanwhile, U.S. and allied defense planners regard revival of military-to-military contacts as a vital hedge against strategic surprises or escalation in flashpoints such as the Taiwan Strait. If sustained, this resumption could mark the beginning of more disciplined norms for U.S.–China military interaction, even as rivalry remains the deeper current.

Xi Makes Symbolic Return to Xinjiang, Emphasizes Stability and Ethnic Unity

Chinese President Xi Jinping made a rare visit to the Xinjiang Uyghur Autonomous Region beginning September 23, travelling to Urumqi to attend official celebrations marking the 70th anniversary of Xinjiang's founding as an autonomous region. During his visit, Xi met with representatives from various ethnic groups, called on them to "join forces and move forward together to build a beautiful Xinjiang," and underscored the Chinese Communist Party's narrative of unity and integration.

In remarks delivered after reviewing a local government work report, Xi urged local officials to spare no effort in maintaining social stability in the region—citing terrorism as an ongoing threat—and to strengthen the "correct view" of history, culture, religion, and ethnicity. He also called for new industrial clusters, technological innovation, and deeper integration into China's dual-circulation economic model to offset headwinds from U.S. sanctions related to alleged labor abuses in Xinjiang. The visit is unmistakably political: it reaffirms central control over a region long under the spotlight for severe security policies and human rights scrutiny. In doing so, Xi signals to both domestic and international audiences that Beijing remains convinced its approach—and narrative—are vindicated, reinforcing the regime's framing of stability as the prime value even amid criticism over alleged abuses against the Uyghur population.

UN Chief Urges 2035 Climate Plans That “Go Much Further, Much Faster”

At a climate leaders summit held on the sidelines of the U.N. General Assembly, Secretary-General António Guterres pressed countries to revise their mid-century goals—especially for 2035—with deeper and more accelerated emission cuts than current pledges. He emphasized that the original Paris framework has already reduced projected warming from four degrees Celsius to 2.6 °C, but warned that existing national plans are insufficient to stay within 1.5 °C. “Now, we need new plans for 2035 that go much further, much faster,” he said, urging signatories to submit enhanced Nationally Determined Contributions (NDCs) ahead of COP30.

Against this backdrop, China broke new ground by unveiling its first-ever target to reduce emissions by 7–10 % from peak levels by 2035, along with a push to ramp up wind and solar capacity sixfold relative to 2020 levels. While this marks a symbolic shift for the world’s largest emitter, the ambition drew criticism from the European Union, which called the pledge “falling well short” of what is necessary to meet global climate goals. The moment highlights the growing divide between rhetoric and sufficiency in climate diplomacy: many countries have answered the UN’s call to raise ambition, but whether they will deliver the scale and speed needed remains the pivotal question heading into COP30.

Xi Unveils First National Emissions Cut Target: China Commits to 7–10% Reduction by 2035

President Xi Jinping made a landmark announcement, pledging that China will, for the first time, enact an absolute emissions target: a 7–10 % cut from its peak levels by 2035. In tandem, Xi committed to having non-fossil fuels account for over 30 % of total energy consumption and raising wind + solar capacity to 3.6 billion kW, more than six times 2020 levels. The timing is significant — delivered during the U.N. climate summit amid calls from the U.N. Secretary-General for national targets that “go much further, much faster.”

While China’s step into emissions reduction is symbolically powerful, many analysts and EU officials view the target as cautious and lacking the urgency needed for 1.5 °C alignment. Some observers suggest that given China’s history of overperformance in renewables, the announced goals may prove achievable or even conservative. The real test will lie in implementation — particularly around reducing coal dependency, improving grid integration, and driving structural reforms in heavy industry.

Seoul Pushes Back on U.S. Tariff Demands, Seeks “Commercial Rationality” in \$350B Deal

On September 24, South Korean President Lee Jae-Myung met with U.S. Treasury Secretary Scott Bessent on the sidelines of the UN General Assembly to discuss the contentious \$350 billion investment package tied to a proposed tariff reduction. Lee’s office emphasized that the upcoming deal must be “commercially rational” and mutually beneficial — implicitly resisting U.S. pressure for overly favorable terms. The package, initially agreed in principle in July with former U.S. President Trump, is aimed at lowering U.S. tariffs on Korean goods. Seoul is concurrently negotiating a foreign exchange (FX) swap facility to buffer potential capital outflows and stabilize the won amid concerns about the economic burden the plan could impose.

The talks reflect Seoul’s delicate balancing act: it must preserve access to the U.S. market while safeguarding macroeconomic stability and national interests. Because South Korea’s economic profile and FX reserve buffer differ from Japan’s — which recently struck its own U.S. deal — Seoul insists that terms be tailored to its structural realities. If no deal is reached soon, Korea risks higher tariffs at a moment when global demand is cooling and trade uncertainty looms.

Trump’s H-1B Overhaul Threatens U.S. as Destination for Indian Students

President Trump’s announcement to raise the fee for new H-1B visas to \$100,000 has jolted Indian students and their families, many of whom had long viewed the U.S. as the default destination for higher education and high-tech careers. The visa, often used by Indian graduates to transition from study to work, has been central to the “American Dream” for many—offering a pathway to gainful employment, stability, and sometimes permanent residency. But with the new cost, uncertainty about eligibility, and unpredictable immigration policy swings, students are rethinking their decisions.

More tellingly, many are now actively exploring “Plan B” destinations such as Canada, the U.K., Australia, and Germany, drawn by more stable immigration policies and clearer pathways to work post-graduation. Recruitment campaigns in China, targeted visa regimes in Europe, and revamped immigration incentives elsewhere are capitalizing on American instability. In effect, the U.S. may be undermining its long-standing competitive advantage in attracting top global talent—especially from India, which in 2023 accounted for some 465,000 students abroad, the largest share of any country.

Alibaba–Nvidia Tie-Up Signals New Frontier in China’s Robotics Drive

Alibaba has struck what it calls a “milestone collaboration” with U.S. chipmaker Nvidia, integrating the full Nvidia Physical AI software stack into Alibaba Cloud’s AI platform to accelerate the development of autonomous systems and humanoid robotics. Under the deal, Alibaba’s cloud users will gain access to Nvidia’s embodied AI toolkits—encompassing 3D environment simulation, model training in real-world contexts, reinforcement learning, and robotics APIs. The announcement came at Alibaba’s Apsara developers’ conference in Hangzhou, where CEO Eddie Wu also reaffirmed plans to deepen AI investments well beyond the previously committed 380 billion yuan over three years.

While the move is technically bold, it is politically delicate: U.S. export controls currently restrict China’s access to Nvidia’s most advanced chips. Observers suggest Alibaba’s approach may circumvent hardware bans by focusing on software integration. The deal marks a high-stakes test of how far U.S.–China technological decoupling can stretch, especially in sectors central to future military and industrial power. For China’s robo-tech ambitions, the alliance could accelerate progress toward advanced embodied AI, robotics R&D, and edge intelligence—reshaping the playing field in Asia’s emerging autonomous systems competition.

ASEAN Leverages U.S. Talks to Cushion Tariff Blow

Amid sweeping U.S. tariff threats targeting ASEAN exports, Southeast Asian governments are using upcoming trade talks as leverage to soften economic damage and preserve growth momentum. According to a South China Morning Post analysis, the proposed imposition of “greener” or reciprocal tariffs could shave off crucial margins from export-oriented sectors across the region, pressuring ASEAN economies already contending with slower global demand and weakening supply chains. The bloc is pushing for greater flexibility and carve-outs in U.S. negotiations—particularly for smaller economies more vulnerable to external shocks. In doing so, ASEAN members aim to forestall a cascade of protectionist retaliation and preserve room for trade diversification.

The calculus is delicate. On one hand, ASEAN needs continued access to the U.S. market, which remains a core outlet for manufactured goods, electronics, agricultural products, and components. On the other, acquiescing to U.S. demands without securing meaningful safeguards could set a precedent that undermines ASEAN’s collective bargaining power and foster internal economic disparities. As the bloc prepares to meet Washington, its leaders are expected to insist that any tariff accord protect less competitive members and not further entrench inequality within ASEAN. The outcome of these negotiations may well determine whether Southeast Asia weathers the current global trade turmoil or falls prey to deeper growth slumps.

Japan-Philippines Reciprocal Access Pact Enters Force Amid China Tensions

On September 11, 2025, the long-awaited Reciprocal Access Agreement (RAA) between Japan and the Philippines officially came into force — marking the first time Japanese forces may set foot on Philippine territory since World War II. The RAA, ratified earlier in 2025 by both countries' legislatures, streamlines legal and logistical hurdles for joint military drills, disaster relief operations, and force deployment. Supporters say it deepens defense interoperability at a time when Manila is intensifying cooperation with Tokyo, the U.S., and other regional partners in response to China's maritime assertiveness.

As China continues pressure in the South China Sea — including frequent coast guard shadowing and confrontations near Philippine-claimed features — the RAA is a direct signal of shifting security dynamics in Southeast Asia. Japan's ability to deploy troops more freely in Philippine waters enhances deterrence and permits joint operations in a “one-theatre” framework across the East and South China Seas — a posture Manila has endorsed in recent months. The agreement not only cements Tokyo's role as a more active security partner in Southeast Asia but also recalibrates Manila's strategic options, offering it deeper backup against coercion short of formal security treaty commitments.

Modi Lays Cornerstone for 2,800 MW Nuclear Plant in Rajasthan

During his visit to Banswara, Rajasthan, on September 25, Prime Minister Narendra Modi laid the foundation stone for the Mahi Banswara Atomic Power Project, a ₹42,000-crore initiative featuring four 700 MW pressurized heavy water reactors (PHWRs) built indigenously. The project is part of India's “fleet mode” nuclear expansion strategy and will be jointly developed by NPCIL and NTPC under the special purpose vehicle ASHVINI. Alongside this, Modi inaugurated or initiated over ₹1.22-lakh crore in infrastructure, renewable energy, water management, and connectivity programs for the region.

The timing and scale of this undertaking carry both symbolic and strategic significance. By choosing a tribal and less-developed region for such a high-profile investment, the central government is seeking to project its commitment to energy equity and inclusive growth. But visible opposition from local tribal groups—who are raising concerns over displacement, compensation, and environmental assessments—underscores the political risks entailed with major energy infrastructure projects. For New Delhi, the success of Banswara's nuclear expansion will test whether India can balance rapid energy scaling with social and environmental legitimacy.

“Chips to Ships”: Modi Reasserts Self-Reliant India Narrative

In his address during the Uttar Pradesh International Trade Show (and echoing remarks earlier in Bhavnagar), PM Modi pushed India’s “Atmanirbhar” or self-reliance agenda, calling for everything from “chips to ships” to be designed, built, and manufactured in India. He framed dependence on foreign suppliers as India’s strategic vulnerability and urged industries to view global disruptions—such as tariff pressures and export controls—as catalysts, not obstacles. In support of this vision, he launched or inaugurated several port and maritime reforms under the “Samudra se Samriddhi” program and pledged to simplify trade via “One Nation, One Document” and “One Nation, One Port Process” systems.

Modi’s rhetoric is also reactive: it comes amid intensifying global protectionism and rising U.S. tariff pressures on Indian exports. For India, the call to domesticize semiconductor and shipbuilding sectors signals a strategic pivot—less reliance on foreign tech and capital, more emphasis on building domestic value chains. The challenge ahead is real: translating this assertive vision into sustained industrial capacity, competitive cost structures, and seamless ecosystem linkages. The success of “chips to ships” will test whether India can match ambition with execution in its quest for technological sovereignty.

Seoul Moves to 24/7 FX Trading to Attract Global Capital

South Korean President Lee Jae-Myung announced on September 26 that Seoul intends to transform its foreign exchange (FX) market into a 24-hour trading environment, designed to enhance access for foreign investors and help upgrade the country’s financial market status. Under current rules, won trading hours have already been extended to 2 a.m. local time (previously ending at 3:30 p.m.), and the government now plans to eliminate remaining time restrictions. A key plank of the proposal is to build a new Bank of Korea FX network infrastructure that would support constant on-shore and off-shore won transactions — the move notably would not require parliamentary approval.

The push for round-the-clock FX trading carries deeper strategic ambitions. South Korea has long sought developed-market status from index providers like MSCI, but one of the key blockers has been limited currency market openness. By enabling continuous trading and allowing an offshore won market, Seoul aims to reduce frictions for foreign capital and narrow the gap with more globally integrated FX regimes. However, the decision is likely to raise concerns over volatility and currency risk, especially at a time when ongoing U.S. trade talks and capital flow pressures are already rattling the won.

Chinese Drone Experts Aid Sanctioned Russian Arms Firm

Between 2024 and 2025, Chinese drone specialists reportedly made multiple trips to Russia to collaborate with the state-owned, Western-sanctioned arms manufacturer IEMZ Kupol, working on development, testing, and integration of military drones. They engaged in on-site assembly, training, and technical adaptation of existing UAV models (like the A140, A900, A200) and assisted Kupol engineers with anti-jamming, avionics, and flight control systems. Documents also show that Kupol imported Chinese attack and surveillance drones via the sanctioned Russian procurement firm TSK Vektor.

This emerging industrial coupling deepens concerns about the clandestine flow of military technology between China and Russia—especially in the domain of loitering munitions and drone warfare that have become central to the Russia–Ukraine conflict. While China publicly denies supplying lethal weaponry to the conflict, these reports suggest a more ambiguous posture: leveraging private or semi-commercial actors to maintain plausible deniability. For geopolitical watchers, the episode underscores an intensifying China–Russia defense nexus and raises alarms about gaps in export controls and international enforcement of dual-use technology regulations.

Trump Greenlights TikTok Divestment, Preserves App’s U.S. Presence

On September 25, 2025, President Donald Trump signed an executive order certifying that the proposed divestiture of TikTok’s U.S. operations satisfies the requirements set by the Protecting Americans from Foreign Adversary Controlled Applications Act (PAFACA). The new U.S. entity is valued at approximately \$14 billion, with ByteDance slated to retain under 20 percent ownership and only one board seat; key investors include Oracle, Silver Lake, and Michael Dell. The order also halts enforcement of the law for 120 days, giving stakeholders time to close the transaction and shift algorithmic control and data storage to American oversight.

While the move averts an immediate ban of the app in the U.S., it raises deeper questions over long-term control, algorithmic independence, and the boundary between legal compliance and political influence. Some critics warn Trump’s order stretches constitutional norms by suspending enforcement of a congressional statute via executive fiat. Meanwhile, observers note that even as TikTok survives the latest regulatory gauntlet, the true test will lie in whether the newly restructured entity can credibly sever Chinese influence—especially over its recommendation engine, a core component of the platform.

Albanese Affirms AUKUS Momentum Following Meeting with Starmer

Australian Prime Minister Anthony Albanese, speaking after his London meeting with British Prime Minister Keir Starmer, expressed firm confidence that the AUKUS trilateral submarine pact will proceed despite current headwinds. He emphasized that his interactions with U.S. officials have likewise remained “positive,” framing the pact as a long-term strategic commitment among Australia, the U.K., and the U.S. In July 2025, Australia and Britain formalized a 50-year defense treaty to buttress cooperation under AUKUS, underscoring Canberra’s intent to deepen its alignment with its closest security partners.

The public display of unity comes at a sensitive moment: the Trump administration has launched a formal review of AUKUS, headed by Pentagon strategist Elbridge Colby. Critics in Washington have questioned U.S. industrial capacity to deliver on the submarine commitments and whether the pact aligns with a more “America First” posture. Albanese’s confidence is aimed at reassuring allies and signaling deterrence continuity to Beijing — but execution will depend on each partner’s ability to follow through on design, production, and financing under increasing strategic strain.

New Obstruction Trial Opens for Ousted President Yoon

On September 26, ousted South Korean President Yoon Suk Yeol appeared in court as a fresh trial began over obstruction charges, following his earlier boycott of a separate insurrection-related trial tied to the failed martial law declaration. The charges stem from alleged attempts in January to impede investigators from arresting him—he reportedly barricaded himself in the presidential compound after being suspended by parliament. Yoon, who was removed from office in April 2025 by the Constitutional Court for exceeding his constitutional powers, remains under heavy legal jeopardy: for obstruction alone, the charges could carry a sentence of over three years in prison.

This new trial compounds the spectacular legal and political downfall of a former president. Yoon is already facing a separate criminal case over his December 2024 martial law attempt, an act that triggered his impeachment. His wife is also indicted in a related corruption probe. The overlapping charges, high stakes, and intense media attention make the proceedings a defining inflection point for South Korea’s democratic institutions — testing the judiciary’s independence, political polarization, and how the public perceives accountability for those at the very top.

Kim Orders “Sharper Nuclear Shield and Sword” as Central Priority

North Korean leader Kim Jong Un convened a high-level meeting with his top scientists and nuclear officials on September 26, directing that all available resources be channeled into strengthening the country’s nuclear arsenal. According to KCNA, Kim stated that development of the “nuclear shield and sword” is an “essential top priority,” and demanded continuous renewal and enhancement of capabilities to ensure that North Korea can reliably defend its sovereignty, security, and right to development.

This pronouncement reinforces the hardline path Pyongyang has long pursued, but in a more explicit and urgent tone. Coming just days after Kim’s prior statements on diplomacy, this move underscores that any engagement will be squarely framed against a backdrop of increasing nuclear deterrence. For regional actors and U.S. policymakers, the message is clear: North Korea still sees its nuclear arsenal as non-negotiable, and will escalate investments in both posture and capability even while testing diplomatic overtures.

Seoul Leaves Door Open for U.S.–North Korea Meeting at APEC

A senior South Korean foreign ministry official announced on September 26 that a meeting between the United States and North Korea this year “cannot be ruled out,” possibly occurring on the sidelines of the APEC summit scheduled for late October in Gyeongju. While no firm plans are confirmed, the hint comes amid recent signals from Pyongyang about conditional diplomatic flexibility—particularly if Washington drops its insistence on denuclearization.

If realized, such a summit would mark the first direct bilateral engagement since the 2019 Hanoi collapse, and would offer a high-stakes diplomatic gamble for all parties. For Seoul, the prospect serves as a signaling tool: it conveys alignment with Washington’s interests without sidelining South Korea’s own mediation ambitions. But the move carries risks — with North Korea’s recent hardline pronouncements on nuclear permanence and mutual distrust between Pyongyang and Washington, the terrain for any substantive agreement remains narrow.

Li Qiang Debuts on World Stage with China's Defense of Multilateral Order

In his first major address at the United Nations General Assembly since assuming the premiership, Li Qiang used the platform to cast China as a champion of multilateralism while implicitly criticizing U.S. policy under the Trump administration. (apnews.com) Li denounced “unilateralism,” “Cold War mentality,” and protectionist trade policies—without naming the U.S. explicitly—portraying Beijing as a stabilizing force amid growing global disorder. He emphasized themes of sovereignty, peace, and shared development as foundational to China’s global posture. (apnews.com)

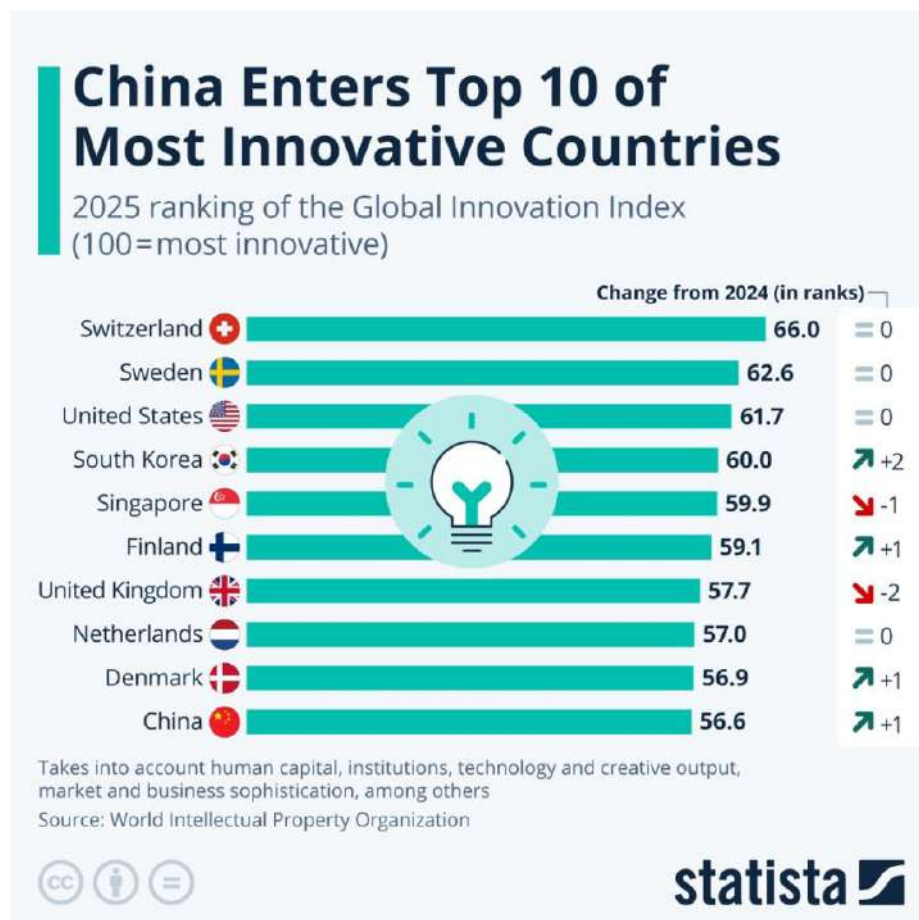
While Li made no groundbreaking policy announcements, his speech was symbolically significant. It signals both his rising prominence in the Chinese leadership—and Beijing’s strategy to amplify its diplomatic voice amid U.S. retrenchment on issues like climate, trade, and global governance. Observers see this move as Beijing striving to claim the mantle of responsible global actor and to shift the narrative in international institutions toward a more China-centered order.

2. STATISTICS OF THE WEEK

China Joins World's Top 10 Innovators

The World Intellectual Property Organization (WIPO) has released its 2025 Global Innovation Index, ranking 132 economies based on human capital, institutions, technology and creative output, and market sophistication. For the 15th consecutive year, Switzerland retained the top spot with a score of 66, followed by Sweden and the United States.

Notably, China entered the global top 10 for the first time, moving up to 10th place with steady gains over the past decade (from 17th in 2018 and 14th in 2020). China also retained its title as the most innovative upper middle-income country, outpacing Malaysia and Turkey. Among lower middle-income countries, India (rank 38) led the list, followed by Vietnam and the Philippines. The data underscores how innovation leadership is diversifying beyond traditional Western economies, with Asia consolidating its role as a hub for technological and market-driven creativity.



<https://www.statista.com/chart/18804/rankings-of-the-global-innovation-index/>

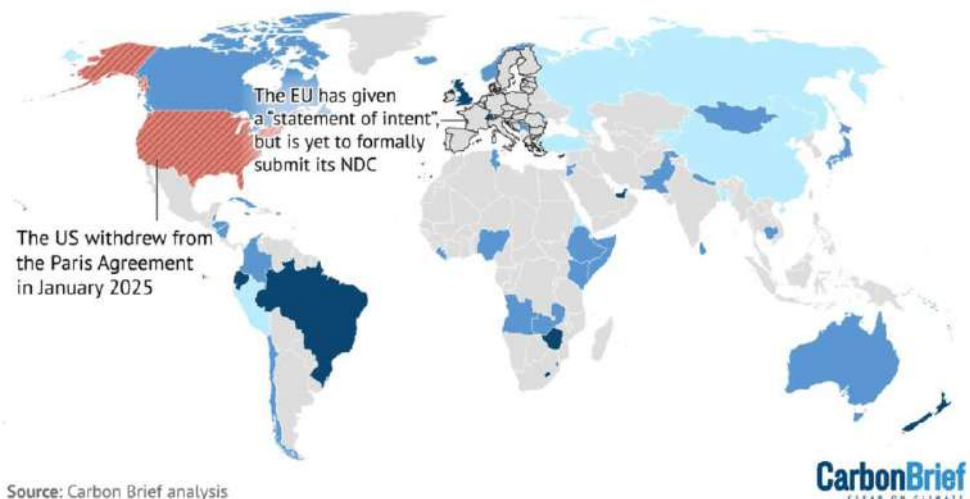
3. MAP OF THE WEEK

Half of Global Emissions Now Covered by 2035 Climate Pledges

At the UN climate summit in New York on 24 September, new announcements pushed global pledges to a milestone: half of global emissions are now covered by 2035 targets. According to Carbon Brief, 63 countries—about one-third of all nations—have submitted or announced their NDCs. China's pledge to cut emissions 7–10% below peak levels by 2035 led the way, joined by Russia, Türkiye, and smaller emitters like Bangladesh, Fiji, and Peru. Together, these pledges cover 36% of global emissions, with China alone accounting for 29%.

Yet major gaps remain. India, Indonesia, and Mexico have yet to submit pledges, though India is expected to announce at COP30. The EU has issued only a “statement of intent,” while the U.S. pledge is void after its Paris Agreement withdrawal in January 2025. With two-thirds of nations still silent, the road to COP30 will be decisive for keeping Paris goals within reach.

One-third of nations – covering half of global emissions – have submitted or announced 2035 climate pledges



Source: Carbon Brief analysis

Submitted by UN deadline	Submitted after UN deadline		Announced a target, but not yet submitted
Andorra Brazil Ecuador Lesotho Marshall Islands New Zealand Saint Lucia Singapore Switzerland United Arab Emirates United Kingdom Zimbabwe	Angola Australia Barbados Belize Cambodia Canada Chile Colombia Cuba Eswatini Ethiopia Holy See Honduras Iceland Jamaica	Japan Jordan Kenya Liberia Liechtenstein Maldives Micronesia Monaco Mongolia Montenegro Nepal Nicaragua Nigeria Niue Norway	Pakistan Moldova Serbia Solomon Islands Somalia Sri Lanka Tonga Tunisia Tuvalu Vanuatu Zambia
			Bangladesh China Eritrea Fiji Kyrgyzstan Palau Peru Russia São Tomé and Príncipe Turkey

<https://www.carbonbrief.org/analysis-half-of-global-emissions-covered-by-2035-climate-pledges-after-un-summit-in-new-york/>

4. PHOTO OF THE WEEK

Wang Yi Meets U.S. Congressional Delegation

China's top diplomat Wang Yi welcomed a bipartisan U.S. congressional delegation in Beijing this week, underscoring a rare channel of dialogue amid strained bilateral ties. The meeting follows heightened tensions over trade, technology, and security but signals that both sides still see value in maintaining communication.

The delegation's visit comes on the heels of recent defense and economic talks between the two countries, highlighting efforts to prevent miscalculation even as rivalry deepens. By putting political differences aside for dialogue, both Beijing and Washington appear intent on keeping high-level exchanges alive—a cautious but important step in stabilizing relations.



https://www.fmprc.gov.cn/mfa_eng/wjbzhd/202509/t20250924_11714809.html

5. INFOGRAPHIC OF THE WEEK

China Launches First Arctic Shipping Route to Europe

China has officially launched its first Arctic shipping corridor to Europe, with the vessel *Istanbul Bridge* departing from Fuzhou and reaching European ports in just 19 days via the Northern Sea Route. This dramatically cuts transit times compared to traditional passages through the Malacca Strait and Suez Canal, offering exporters faster access to Europe's markets and greater logistical flexibility.

More than a shortcut, the Arctic route represents a strategic redefinition of global trade corridors, with implications for supply chain resilience, cost structures, and geopolitics. By advancing its "Polar Silk Road," Beijing is positioning itself to reshape maritime logistics and challenge existing choke points in global commerce — reinforcing the Arctic's emergence as a new frontier in international trade.



https://www.linkedin.com/posts/eurohub4sino_china-launches-first-arctic-shipping-activity-7375760945429762048-I5Fi?utm_source=share&utm

6. REGIONAL ALLIANCES

Trilateral Momentum: U.S., Japan & South Korea Forge Deeper Strategic Alignment

The recent Trilateral Pledge by the United States, Japan, and South Korea marks a renewed commitment among three of East Asia's key democratic actors to deepen strategic coordination in a shifting security environment. Announced during their New York foreign ministerial meeting, the joint statement reaffirmed mutual dedication to extended deterrence, crisis consultation mechanisms, and confronting regional challenges such as North Korea's nuclear ambitions and destabilizing maritime behavior. This pledge is not a departure but rather an evolution of earlier frameworks (notably the 2023 Camp David Principles) adapted to meet intensifying geopolitical tension across the Indo-Pacific.

Strengthening Deterrence and Crisis Management

A central pillar of the trilateral initiative is fortifying deterrence architecture and institutionalizing crisis consultation channels. In their joint statement, the three countries recommitted to the U.S. extended deterrence guarantee to Japan and the Republic of Korea. They also pledged to establish more robust consultation mechanisms during crises, enhancing the predictability and responsiveness of allied coordination. This new emphasis builds on earlier efforts — such as the 2023 trilateral summit, which first endorsed high-level crisis consultation and a joint early-warning system for supply chain shocks and strategic disruptions.

Operationally, alliance capacity is being exercised in the field. In January 2025, fighter aircraft from Japan and South Korea escorted U.S. strategic bombers over shared airspace, underscoring real-world interoperability. Additionally, the 22nd Trilateral Chiefs of Defense meeting in Seoul brought top military leadership together to synchronize strategic priorities across the Korean Peninsula and broader Indo-Pacific domain. Through such efforts, the alliance is striving to move from declaratory unity to seamless, multi-domain deterrence coordination.

Expanding Cooperation Beyond Hard Security

While security cooperation lies at the heart of the trilateral architecture, the recent joint statement also embraced non-military domains as integral to alliance resilience. The foreign ministers pledged cooperation in supply chain resilience, critical and emerging technologies (such as AI, quantum), and economic security cooperation. They also highlighted joint work on countering cyber threats from North Korea — in particular, crypto theft and malicious digital operations — via the existing Japan-U.S.-ROK trilateral diplomatic cyber working group. These domains are increasingly viewed by the three allies as key fronts in great power competition, where influence can be gained or lost without firing a shot.

Challenges and Constraints

Despite the positive momentum, significant headwinds confront the trilateral framework. First, political volatility in any of the three capitals could shift priorities quickly, especially under a U.S. administration less committed to multilateral alliances. Analysts warn that Trump's transactional style may treat the alliance as contingent on immediate gains, threatening long-term stability. Second, coordination costs and sovereignty sensitivities remain persistent — Japan and South Korea historically vacillate over defense cooperation given domestic politics and historical legacies. Third, geopolitical backlash from China is inevitable: as the trilateral tightens, Beijing may respond with greater economic coercion, diplomatic pushback, or military signaling in regional flashpoints.

Conclusion

The Trilateral Pledge of 2025 represents a calibrated leap forward in the strategic coordination among the United States, Japan, and South Korea. It reaffirms the alliance's continued centrality in Northeast Asian security while adapting its focus to emerging domains beyond conventional military deterrence. That said, its effectiveness will hinge on steady implementation, institutional permanence, and resilience to domestic and external pressures. In a region marked by volatility and power shifts, this trilateral architecture may become a crucial stabilizer — if the partners can walk the walk as deftly as they now speak the words.

7. ANALYSIS

U.S. House Delegation Visits China — Breakthrough, Not Breakthrough

The recent visit by a bipartisan U.S. House delegation, led by Representative Adam Smith, to Beijing represents a deliberate attempt to revive congressional diplomacy at a moment of elevated U.S.–China tensions. It was the first such House trip since 2019, paused in part by the COVID-19 pandemic and later by wartier U.S.–China dynamics. The delegation’s agenda — ranging from military-to-military communication to trade, rare earths, and pharmaceutical controls — signals Washington’s desire to recalibrate communication channels without committing to full strategic thaw.

Yet this diplomacy is as much about symbolism as substance. The visit came on the heels of a Trump–Xi call and ahead of a projected meeting in Asia, indicating concerted effort to reposition bilateral momentum. For China, the visit provoked statements from Wang Yi framing the trip as “ice-breaking” and urging Washington to “treasure the stabilising trend” without violating Beijing’s core sensitivities — especially over Taiwan.

Key Dimensions: Military Dialogue, Trade, and Messaging

A major objective was to reopen military channels after years of limited contact. Members pushed for “deconfliction” between armed forces, calls over expanding domains like AI, cyber and space warfare, and clearer mechanisms to prevent miscalculation. Dong Jun concurred publicly that the meeting symbolized a “good phase” in two-side communication, and urged removal of “restrictive factors” hindering military ties.

Still, underlying distrust is evident. Smith admitted that U.S. and Chinese officials are still often “talking past each other,” especially on contentious issues like rare earth export curbs and fentanyl flows. These are flashpoints that China frames as matters of sovereignty or security, complicating any deeper security cooperation.

Beyond security, lawmakers floated a potential Boeing deal involving up to 500 aircraft, positioning trade and industrial engagement as side channels to mend diplomatic ties. Beijing and Washington have long seen aerospace contracts as a litmus test for mutual confidence. The delegation also raised issues around rare earth access and supply chain transparency — both vital in the high-tech competition currently roiling U.S.–China relations.

China’s veneer of receptivity — with public acclaim for “candid, in-depth” exchanges — is intended to project openness to recalibration while preserving strategic guardrails. But messaging must be read amid calculated signaling: Beijing wants to recover diplomatic space without conceding on core issues such as Taiwan, export controls, and military posture.

Constraints and Risks

The delegation's trip is a step, not a transformation—and it carries inherent constraints.

- **Political volatility in Washington:** The stability of these gains hinges on consistency across U.S. administrations. A future shift in U.S. partisan leadership or rhetorical posture could rapidly reverse progress.
- **Sovereignty red lines:** For China, military dialogues cannot cross Taiwan, human rights, or internal security signaling thresholds. Likewise, U.S. lawmakers must tread carefully to avoid Beijing framing engagement as appeasement.
- **Domestic optics and leverage:** Critics on both sides may see the trip as overly conciliatory. Congress must balance visibility and leverage—if outcomes are vague, their credibility may erode.
- **Communication over commitments:** Without enforceable or institutionalized mechanisms, the visit may remain in the realm of diplomacy theater and might fail to mitigate escalation risks in crises.

Conclusion: Opening a Tentative Channel, Not Repairing the Bridge

The U.S. House delegation's Beijing visit represents a cautious reopening of congressional diplomacy after years of disruption. It underlines both sides' recognition that some level of structured dialogue is essential amid rivalry — especially to manage crisis risks and clarify military signaling. But this engagement is not a reset. The success of this effort will depend not only on rhetoric, but sustained follow-through, mechanisms that lock in communication, and honest bridging of gaps on core issues. In short: it's a vital doorway reopened — but the road through it remains uncertain and contingent.