

Welcome to This Week's Asia on the Horizon

(20 OCTOBER 2025)

This week's Asia on the Horizon arrives at a moment when the Indo-Pacific's strategic pulse beats faster than ever — where politics, power, and perception are colliding in ways that redefine the regional order. Across capitals from Beijing to Canberra and New Delhi to Tokyo, leaders are not just reacting to global change — they are actively reshaping the conditions of it. The developments unfolding this week reveal an Asia that is recalibrating its priorities across security, governance, and diplomacy — testing the durability of old alignments and forging new ones in a world edging toward fragmentation and competition.

At the forefront, China's sweeping military purge has sent shockwaves through both its domestic institutions and the region's security calculus. In an unprecedented move, Beijing expelled nine senior military officials — including General He Weidong, a sitting Politburo member and vice-chair of the Central Military Commission — under charges of “serious violations.” The purge, the most significant since the Cultural Revolution, underscores Xi Jinping's tightening grip on the armed forces and his resolve to cleanse the People's Liberation Army of corruption and factionalism. Yet beyond its political theatre lies a deeper story — one of consolidation and control in an era when China's internal discipline is becoming the foundation of its external power projection. In our Analysis and Regional Alliances sections, we unpack how this campaign reshapes the PLA's command culture and what it signals for regional deterrence and stability.

Meanwhile, Australia is pressing ahead with its most consequential strategic commitment in decades — the AUKUS nuclear submarine partnership. Canberra's “next-billion” payment to U.S. submarine shipyards represents not just a financial milestone but a tangible expression of Australia's evolution from defence consumer to industrial partner within a trilateral alliance anchored in deterrence. As Defence Industry Minister Pat Conroy outlined, this investment will accelerate the production of U.S.-built Virginia-class submarines and bolster the broader AUKUS industrial ecosystem, including guided-missile co-production and shared shipyard capability. In our coverage, we explore how this shift cements Australia's integration into the Western defence architecture and redefines its place in the Indo-Pacific's maritime order.

Elsewhere, the week's diplomacy reflected a complex balancing act across continents. China and Spain commemorated the twentieth anniversary of their comprehensive strategic partnership in Hangzhou, pledging to deepen cooperation in trade, renewable energy, and technology — a gesture that also underscores Beijing's continued outreach to Europe amid growing tensions with Washington. At the same time, Canada and China reopened high-level channels of dialogue for the first time in years, as Foreign Ministers Anita Anand and Wang Yi sought to thaw relations after a long chill. And from the South Asian frontier came renewed volatility, with fighting along the Pakistan-

Afghanistan border halting trade and drawing international concern — a stark reminder of how fragile peace remains at the crossroads of Central and South Asia.

Economically, the Indo-Pacific continued to defy global headwinds. China's September export data outperformed expectations, buoyed by manufacturing resilience despite intensifying trade friction with the United States. Yet even this economic uptick was overshadowed by the re-emergence of rare-earth tensions: Beijing's decision to expand export controls reignited fears of a supply-chain choke point in critical minerals essential for semiconductors, defence systems, and clean-energy technologies. Our Statistics of the Week visualizes China's overwhelming command of global production — a dominance that highlights both its leverage and its vulnerability in the ongoing economic rivalry.

The visual features this week bring these dynamics to life. The Map of the Week traces the escalating clashes along the Pakistan-Afghanistan border, where humanitarian risks and geopolitical rivalries converge. Our Photo of the Week captures the diplomatic warmth between Chinese Foreign Minister Wang Yi and his Spanish counterpart José Manuel Albares, a symbolic tableau of China's European diplomacy in motion. And the Infographic of the Week breaks down China's military purge, illustrating both the scale of the crackdown and the expanding reach of Xi's centralization campaign.

Taken together, these developments reveal a region where stability and transformation coexist uneasily. Power is being consolidated in Beijing even as trust is eroding in its periphery; alliances are deepening in the Pacific even as economic interdependence binds old rivals closer than ever. Asia on the Horizon continues to chronicle this intricate balance — where strategy meets statecraft, and where every policy move reverberates across oceans and borders.

In this issue, we offer not just a chronicle of events but an interpretation of the forces driving them — a reminder that Asia's horizon is not static, but shifting, expansive, and increasingly central to the global story.



1. KEY DEVELOPMENTS

Dutch Government Seizes Control of China-Owned Nexperia

The Dutch Ministry of Economic Affairs has invoked the rarely used Goods Availability Act to assume effective control of Nexperia, the Netherlands-based semiconductor manufacturer owned by China's Wingtech Technology. The intervention is justified by the ministry on grounds of "recent and acute signals of serious governance shortcomings" at the firm — such as decisions or structures that, according to the ministry, "pose a threat to the continuity and safeguarding on Dutch and European soil of crucial technological knowledge and capabilities." Under the order, the company's regular production may continue, but key decisions can now be blocked or reversed by the minister if deemed harmful to the company's future as a Dutch/European enterprise or to preservation of the critical value chain.

The move has provoked a strong backlash from Beijing. Wingtech labelled the Dutch takeover as "an excessive intervention driven by geopolitical bias, rather than a fact-based risk assessment." China's foreign ministry likewise urged respect for market principles and warned against "over-stretching of national security concepts" when applied to firms from specific countries. The incident underlines how semiconductor supply-chains are fast becoming frontline terrain in the US-China–Europe tech rivalry: the Netherlands — home to advanced chip tools and deep European value-chains — is signalling that industrial sovereignty now trumps benign investment flows.

China's September 2025 Trade Jump Counters U.S. Pressure

China's exports surged 8.3 per cent year-on-year in September 2025 to about US\$328.6 billion, significantly ahead of the 5.65 per cent increase predicted by analysts. Meanwhile, imports rose 7.4 per cent to US\$238.1 billion—the fastest uptick in 17 months. The trade surplus narrowed to US\$90.45 billion from US\$102.33 billion in August. The rebound reflects a combination of factors: a mild pick-up in global manufacturing demand, a pre-holiday acceleration in shipments linked to China's "Golden Week", and a strategic diversification of export markets away from the U.S. and into Europe, Southeast Asia and Africa.

On one hand, the strong figures signal that China remains capable of leveraging global value chains and absorbing at least some of the shock from looming U.S. tariff increases and tightening supply-chain controls. For instance, exports to the U.S. fell sharply—down about 27 per cent year-on-year—while shipments to other regions grew substantially. On the other hand, the data mask key vulnerabilities: with domestic demand still weak and the U.S. trade stance hardening (including threats of 100 per cent tariffs and new export-control regimes), China's external orientation may come under sustained pressure. As one economist warned, "there is still significant potential downside from a deeper rift with the U.S."

Border Blaze: Pakistan-Afghanistan Clashes Ignite Frontier Crisis

Fierce military exchanges erupted on the 2,600-kilometre frontier between Pakistan and Afghanistan beginning the weekend of October 10 2025, marking the most serious escalations since the Taliban's return to power in Kabul. Islamabad placed troops on high alert, shuttered all major crossings and halted bilateral trade, citing "unprovoked" attacks emanating from Afghan territory. The United Nations reports that at least 18 people have been killed and upwards of 360 wounded in the fighting. The spike in violence has been fuelled by Pakistan's long-standing grievance that militant elements such as Tehrik-i-Taliban Pakistan (TTP) are operating with impunity from Afghan soil — a charge Kabul disputes — setting the stage for a confrontation unmoored from conventional boundary management.

Beyond the immediate security fallout, the clashes carry broader implications: China, sharing borders with both Pakistan and Afghanistan, publicly urged restraint and protection of its nationals and investments in the region, signalling its growing unease at instability on the western flank of its Belt & Road corridor. Meanwhile, the closure of crossings and trade disruptions threatens Pakistan's supply lines and Afghanistan's import-reliant economy, potentially driving opportunities for other regional actors to step in. The fraying of the border peace arguably signals a shift in Pakistan's frontier posture — from containment and cross-border raids to high-alert mobilisation — which could force neighbouring states and external powers to recalibrate their risk perceptions and diplomatic engagements across the broader Indo-Pacific littoral.

Australia Advances AUKUS Submarine Commitment with "Next-Billion" Payment

The AUKUS trilateral defence partnership is entering a critical execution phase as Australia prepares to make its second US \$1 billion payment to support US submarine shipyards, according to Defence Industry Minister Pat Conroy. The payment is part of Australia's broader US \$3 billion commitment to accelerate the production of US-built Virginia-class nuclear attack submarines destined for Canberra, a move tied to its long-term goal of building AUKUS-class submarines.

The timing of the payment comes as the United States Department of Defense conducts a formal review of AUKUS — spearheaded by Elbridge Colby — to assess industrial capacity, resource commitments and Australia's role within the deterrence framework. By staying aligned with payment milestones, Australia not only signals reliability as a strategic partner but also reinforces the industrial-base linkages that underpin the pact: Canberra is shifting toward co-design and co-production (including a facility to manufacture up to 4,000 guided missiles annually) as part of the manufacturing ecosystem that supports its submarine trajectory. The move underscores Australia's deepening integration into U.S. defence posture in the Indo-Pacific — and marks a milestone in re-shaping its role from purchaser to producer and platform partner within the alliance.

Russian Technology Suspected in North Korea's Latest ICBM Display

According to Park Sang-kyu, chairman of the Joint Chiefs of Staff of the Republic of Korea, there is a strong possibility that recent advances in North Korea's new intercontinental ballistic missile (ICBM) have been enabled by assistance from Russia. His comments, made during a parliamentary hearing on 14 October 2025, followed the unveiling of the weapon in a Pyongyang parade and marked one of the most direct acknowledgements by South Korean military leadership of foreign-sourced technology contributing to North Korea's strategic-weapons capability.

The potential transfer of Russian missile-technology to North Korea raises significant proliferation concerns for the Indo-Pacific region — and beyond. Not only does it deepen the security challenge posed by Pyongyang's expanding nuclear-capable arsenal, it also signals a strengthening of ties between Seoul's adversary and Moscow at a time of heightened great-power competition. For the United States Indo-Pacific Command and regional allies, the development underscores the urgency of reinforcing allied deterrence and missile-defence cooperation, as well as monitoring the broader network of strategic-goods flows that could empower destabilising regimes.

India and Canada Forge “New Roadmap” to Reset Bilateral Relations

On October 13 2025, India and Canada formally agreed on a comprehensive “New Roadmap” for bilateral cooperation following high-level talks in New Delhi between foreign ministers S. Jaishankar and Anita Anand. The joint statement emphasised that the two countries will rebuild momentum in their relationship grounded in shared democratic values and respect for sovereignty — moving beyond recent diplomatic frictions to seek greater alignment on trade, technology, security, and people-to-people ties. The roadmap covers immediate priorities including resuming ministerial-level discussions on trade and investment, relaunching a Canada-India CEO Forum, and stepping up cooperation in clean energy, agri-value chains, digital innovation and critical minerals.

The revitalised India-Canada partnership comes at a time of rising global geopolitical flux, as both nations confront economic uncertainty and seek diversified strategic ties. Through this agreement, Canada gains deeper access to India's large and rapidly evolving market — particularly in technology, infrastructure, and education — while India secures a gateway to Canadian capital, mining expertise (especially in critical minerals) and Western alliances. Importantly, the roadmap also signals a de-escalation of the lingering security-diplomatic impasse between the two countries, as Canada re-emphasises rule-of-law and non-interference in its dealings with India. The development suggests that both capitals are moving to hedge against over-dependence on traditional partners (such as the U.S. or China), and to actively shape a more balanced Indo-Pacific economic and security architecture.

Japan's Long-standing LDP-Komeito Alliance Collapses

On 10 October 2025, the centrist Komeito party announced its withdrawal from the 26-year coalition with the dominant Liberal Democratic Party (LDP). The split followed the election of Sanae Takaichi as LDP leader, and Komeito's public frustration over the LDP's handling of a campaign-funding scandal and the new leadership's hard-right posture, especially on constitutional and defence issues. The decision significantly complicates Takaichi's path to becoming Japan's first female prime minister, undermining the government's ability to command a majority in the Diet while raising questions about the stability of Japan's ruling bloc.

The rupture of the LDP-Komeito coalition carries far-reaching implications for Japanese governance and policy direction. Komeito has traditionally acted as a moderating influence on the LDP, particularly on topics such as defence spending, constitutional revision and social welfare. With its departure, the LDP — under Takaichi — may pursue a more assertive security posture and aggressive fiscal stimulus, heightening regional sensitivities around Japan's military role. Market players have already responded: the yen strengthened notably following the breakup, reflecting investor caution over policy uncertainty and potential political instability. Japan now faces a critical window to rebuild its legislative alliances, either through new partner parties such as the right-leaning Japan Innovation Party or via ad-hoc coalitions, while managing immediate headwinds in economic, diplomatic and domestic policy spheres.

China and United States hold working-level talks amid rising trade chill

Despite a fresh surge in trade tensions — including looming 100 % tariffs threatened by Washington and Beijing's own expanded export-controls on rare earths — both sides met on Monday under their bilateral economic and trade consultation mechanism. The Ministry of Commerce of the People's Republic of China emphasised that while the talks are a positive signal of communication being maintained, the U.S. must “show sincerity for dialogue” and cease using “intimidation and threats” as the basis for engagement.

The very fact that working-level talks took place signals both parties still recognise the risk of spiralling into full-blown trade war. Yet the backdrop is decidedly tense: the U.S. has openly criticised China's new export controls on critical minerals and rare earths as a threat to global supply chains, while Beijing portrays U.S. tariffs and sanctions as bullying that undermines the basis for genuine talks. With a high-stakes summit between President Xi Jinping and President Donald Trump looming on the sidelines of the APEC forum later this month, the outcome of these preliminary talks may set the tone for whether economic competition between the world's two largest economies tilts toward confrontation or cautious recalibration.

“We Have to Be Careful with China” — Donald Trump Signals Cautious Posture Amid Escalating Trade Tensions

During a White House meeting with Argentine President Javier Milei on October 14, 2025, President Trump emphasized that while the relationship between the United

States and China remains “fair” and he has a “great relationship” with Chinese President Xi Jinping, Washington must guard against being taken advantage of. He stated: “We have to be careful with China ... they like to take advantage of people, and they can’t take advantage of us.” His remarks come against the backdrop of rising bilateral tensions, including U.S. threats of sweeping tariffs, China’s expansion of rare-earth export controls, and tit-for-tat maritime port fees. The formula of caution suggests that although strategic communication channels remain open, the U.S. is shifting toward a posture of restraint mixed with deterrence—signalling that cordial language and pragmatic co-operation will now be complemented by a tougher, more protective stance.

For the Indo-Pacific region, the shift bears two immediate consequences. First, industries and regional economies intertwined with Chinese supply-chains may face greater volatility as Washington signals potential new protective measures. Second, for allies and partners in the region, the U.S. cue to be “careful” underlines the thin margin for error in strategic alignment: maintaining engagement with China means navigating a much tenser U.S. posture than in the pre-2025 era.

China-France Strategic Renewal: A Push for “All-Round Cooperation”

On 15 October 2025, Wang Yi, Member of the Political Bureau of the CPC Central Committee and China’s top foreign-affairs official, met with Emmanuel Bonne, diplomatic adviser to French President Emmanuel Macron, in Hangzhou for the 27th China-France Strategic Dialogue. The Chinese side declared its readiness to strengthen high-level exchanges, deepen strategic mutual trust and expand bilateral cooperation across a wide spectrum of sectors: civil nuclear energy, aerospace, agriculture and food, artificial intelligence, and new energy. Beijing also urged Paris to offer “solid political guarantees” for their bilateral ties, singling out France’s continued adherence to the One-China principle as foundational.

The articulation of deeper China-France cooperation comes at a moment when Beijing is recalibrating its Europe strategy amid elevated U.S.–China friction and a fragmented trans-Atlantic stance. By engaging France — a key node in the European Union and a permanent member of the UN Security Council — China signals its intent to shift European diplomacy toward “strategic autonomy” and closer coordination on global governance, from the Ukraine war to Middle East diplomacy. From Paris’s side, the relationship opens avenues for French firms and critical-minerals access, aligning with France’s industrial and green-investment ambitions. Yet the push also raises questions about Europe’s balancing act: deeper ties with China may come with trade-access gains, but also strategic entanglements. The dialogue signals a potentially heavier European tilt within Beijing’s global realignment.

India Signals Shift in Russian Oil Imports Following U.S. Pressure

On October 15, 2025, U.S. President Donald Trump announced that Indian Prime Minister Narendra Modi had assured him that India will halt purchases of oil from Russia, calling the pledge “a big step.” The disclosure followed months of escalating

trade tensions, during which Washington imposed punitive tariffs—raising duties on Indian exports to a cumulative 50 per cent—specifically citing India’s large-scale imports of discounted Russian crude. While India’s foreign ministry has yet to officially confirm a formal commitment to end its Russian oil imports, the comment has reverberated globally. Analysts note Indian refiners are “preparing to reduce - but not immediately stop” imports from Russia, reflecting the complexity of transitioning away from a supplier that accounted for around 35-40 per cent of India’s oil imports in recent months.

If India begins phasing out Russian crude, the move would carry major geopolitical implications. From Washington’s perspective, India’s shift would bolster efforts to isolate Russia financially and signal a tightening of the U.S.–India strategic partnership amid the broader Indo-Pacific rivalry. Meanwhile, New Delhi must balance energy security imperatives — ensuring stable and affordable fuel supply for over 1.4 billion people — against the very real cost of shifting suppliers and potential domestic inflation from higher oil prices. Energy markets responded: Brent crude futures rose ~1 per cent on the news, with analysts flagging that losing one of Russia’s top buyers could tighten global crude flows. Domestically in India, the announcement sets up a delicate policy shift: while refiners look for discounted replacements and energy cooperation with the U.S. is being deepened, the full transition will likely be gradual, preserving India’s strategic autonomy even as it aligns more closely with U.S. priorities.

U.S. Pushes Japan to End Russian Energy Imports

Scott Bessent, the U.S. Treasury Secretary, stated on 16 October 2025 that the U.S. expects Japan to cease importing energy from Russia. He made the remarks following a meeting with Japan’s Finance Minister Katsunobu Kato on the sidelines of the IMF and G20 gatherings in Washington. While Japan has already curtailed its crude oil imports from Russia, it still receives the “Sakhalin Blend” crude and LNG from the Sakhalin-2 project — which equates to roughly 9 per cent of Japan’s LNG imports.

The U.S. push reflects broader strategy to tighten energy ties among its allies and reduce Russia’s revenue streams amid the war in Ukraine. For Japan, complying poses a complex trade-off: balancing its energy security and reliable supply sources (including the Sakhalin project) with the pressure from Washington and the broader G7 framework. The requirement may also spur Tokyo to accelerate diversification of its energy imports—potentially increasing U.S. LNG purchases — and signal a stronger alignment with U.S. geopolitical priorities in the Indo-Pacific. Conversely, any significant move away from Russian energy could raise costs or supply risks for Japan in the short term, and test how Tokyo manages its strategic autonomy while maintaining close relations with the U.S. and navigating its stake in regional energy dynamics.

“Government Transparency Amid Espionage Fallout”

On October 15 2025, Keir Starmer announced his government would publish key witness statements from the collapsed espionage case involving two British nationals accused of spying for China. The decision is an attempt to restore transparency and

address criticism that ministers may have influenced the withdrawal of charges. According to the released documents, the UK's deputy national security adviser described Beijing's activities as posing "a threat to the interests and security of the UK." Starmer thereby shifted blame onto the previous Conservative government for having failed to formally classify China as a national security threat during the relevant period, a classification required for the prosecution under the Official Secrets Act.

At the same time, MI5 Director-General Ken McCallum issued rare and stark warnings that China poses a daily national security threat to the UK, reflecting growing concern about Beijing's espionage, influence operations and cyber-intrusions. McCallum also signalled frustration with the espionage case's collapse, describing it as a setback and implicitly faulting the prosecutorial/governmental processes. The juxtaposition of the PM's transparency push with the intelligence agency's blunt threat assessment underscores a broader institutional tension: the government grappling with balancing diplomatic and commercial ties with China, while its security apparatus warns of a deeply entrenched threat. The episode is already prompting broader scrutiny of the UK's legal and intelligence frameworks for handling state-based espionage.

China and Spain Upgrade Partnership amid EU Strategic Realignment

On 15 October 2025, Wang Yi, a member of the Political Bureau of the CPC Central Committee and China's Foreign Minister, met with José Manuel Albares Bueno of Spain in Hangzhou on the occasion of the 20th anniversary of the China–Spain Comprehensive Strategic Partnership. The two governments pledged to deepen their bilateral ties, with China emphasising opportunities for Spanish companies in its market — particularly in sectors such as green-energy transformation, digital economy, education, tourism and investment. The Spanish side reaffirmed support for multilateralism, free trade and the One-China principle, while requesting improved reciprocal access for Spanish exports and greater investment security in China.

The renewed commitment between China and Spain arrives at a moment when several European capitals are recalibrating their China strategies amidst U.S.–China rivalry and EU internal debates on strategic autonomy. For Madrid, the upgrade offers economic leverage — tapping China's vast market through Spanish strengths in agri-food, renewables and batteries — while simultaneously positioning Spain as a key European interlocutor in China policy. For Beijing, the outreach enhances its foothold in Europe and signals that the U.S.–China competition does not exclude deepening ties with EU member states. However, this deeper alignment also involves risks: a greater economic entanglement may draw Spain further into China's strategic sphere, complicating its transatlantic commitments and raising questions about investment reciprocity, market access and European industrial security.

Rare-Earths Flashpoint: U.S.–China Trade Tensions Surge Over Critical Minerals

Trade frictions between the People's Republic of China and the United States surged into the spotlight when China's expanded export-controls on rare-earth elements

triggered sharp reactions in Washington. Beijing, which processes over 90% of the world's rare-earths and up to 93% of permanent magnets used in defence and tech industries, announced additional licensing requirements for five more rare earths, bringing the total subject to control to twelve. In response, U.S. officials described China's moves as a "global-supply-chain power grab," and warned of potential U.S. countermeasures including full-scale tariffs and investment restrictions.

The escalation draws attention to China's rare-earths dominance as a potent tool in great-power competition. Analysts view these minerals — essential for electric batteries, semiconductors, wind-turbines and military hardware — as one of the few levers Beijing holds with genuine strategic weight. While China insists the controls are routine and narrowly defined for national security purposes, Western capitals view them through the prism of external leverage and supply-chain risk. The market reaction has been volatile, with rare-earth-linked stocks surging and global trade-flows suddenly under scrutiny. The wider strategic implication: as export-control and tariff threats gain prominence, countries dependent on Chinese supply are scrambling to diversify, potentially signalling the start of a protracted era of industrial nationalism and supply-chain decoupling.

Canada and China Commit to Reset Ties Amid Trade & Diplomatic Strains

On 17 October 2025, Canadian FM Anita Anand met with Chinese FM Wang Yi in Beijing as part of an effort to recalibrate bilateral relations between Canada and China. The meeting marked the 55th anniversary of diplomatic ties and the 20th anniversary of their Strategic Partnership. They discussed key economic and political flashpoints — including Canadian canola and seafood exports, China's anti-dumping measures, and Canada's 100% tariffs on Chinese electric vehicles — while identifying deeper cooperation opportunities in energy, environment, health and people-to-people exchanges. Canada emphasised its adherence to the One-China policy, while both sides committed to maintaining "regular and candid communication" as mechanisms to rebuild trust.

This meeting signals a deliberate thawing of strained ties: China formally stated its readiness to "restart dialogue and exchanges at all levels" with Canada, framing the reset as a cooperative approach to multilateralism and trade order amid global uncertainty. For Canada, the agenda offers a chance to secure access to China's vast market and diversify its economic partnerships, especially in agriculture and clean-energy sectors — while also reaffirming its strategic autonomy from U.S.-led pressure.

Top-Tier Military Purge in China Signals Both Anti-Corruption Resolve and Internal Shake-Up

On 17 October 2025, Chinese authorities announced the expulsion of nine senior military officers, including He Weidong — the vice-chair of the Central Military Commission and a member of the Politburo — and Miao Hua, a former top political officer of the Armed Forces. The Ministry of Defence stated the officials were

“suspected of serious duty-related crimes involving an extremely large amount of money” and were expelled from the Party with cases sent to military prosecutors. This is the most senior-level purge of its kind since the Cultural Revolution and marks a significant escalation in the anti-corruption campaign within the People's Liberation Army (PLA). Analysts interpret the move not only as a continuation of past graft crackdowns but also as an assertion of tighter control and loyalty by Xi Jinping over the armed forces ahead of key Party decision-making junctures.

The purge carries substantial strategic weight: by removing such high-ranking commanders, Beijing is sending signals both internally — to enforce discipline and eliminate corruption that could cripple modernisation efforts — and externally, by demonstrating that the military remains firmly under Party oversight at a time of rising regional tensions. The timing, just prior to the Fourth Plenum of the CPC Central Committee, suggests the leadership is preparing for broader policy or structural shifts. However, the rapid turnover raises concerns about institutional stability and continuity of command in the PLA — especially at a moment when China is advancing major military reforms and preparing for potential contingencies. Observers warn that while the anti-graft drive may bolster Xi's authority, it could also temporarily unsettle operational readiness or slow procurement and combat-capability initiatives if successors are less experienced or still vulnerable to factional alignment.

U.S.–China Agree to Fresh Economic Talks Amid Tariff Tensions

Top officials from the United States and China are scheduled to meet next week for a new round of economic consultations, as both sides seek to manage a spiralling trade dispute and avoid a broader escalation. U.S. Treasury Secretary Scott Bessent announced that he and Chinese Vice-Premier He Lifeng held a “frank and detailed” video call during which they agreed to meet in person. Their discussions come amid increasingly intense tensions over tariffs and export controls, particularly in relation to critical minerals and rare earths that both sides view as strategic leverage.

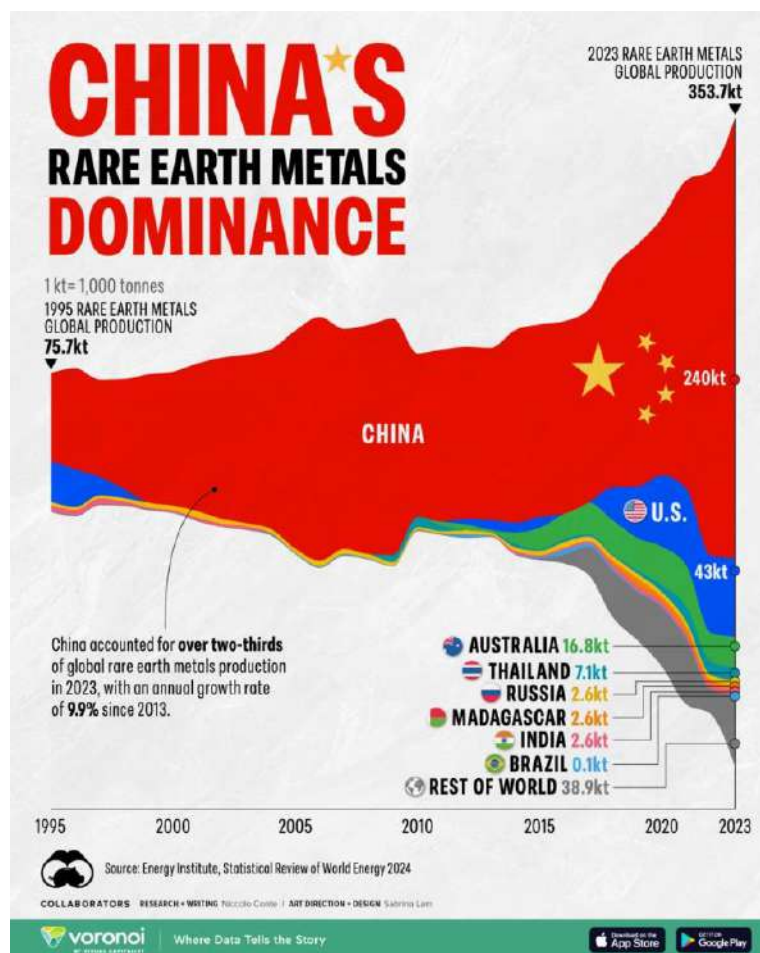
The upcoming talks carry significant strategic weight. For the U.S., engaging at the high level signals a desire to stabilise relations before threatened blanket tariffs — such as a proposed 100 % duty on Chinese goods — take hold. For China, the meeting offers an opportunity to defuse mounting economic pressure and reinforce that it remains open to dialogue despite Washington's accusations of unfair trade practices. However, analysts caution that while dialogue appears to be the immediate path, the underlying tensions — from rare-earth supply chain dominance to industrial rivalry — are structural and will require more than just one meeting to resolve.

2. STATISTICS OF THE WEEK

China's Expanding Grip on Rare Earth Metals

China's command over the global rare earth supply chain has reached an unprecedented scale — producing 240,000 tonnes in 2023, or roughly 68 % of total world output (353,700 tonnes). According to the Energy Institute's Statistical Review of World Energy 2024, this marks a near fourfold increase since 2013, representing an average annual growth rate of 9.9 %. These elements — essential for electric vehicles, semiconductors, wind turbines, and advanced defence systems — have become a critical geopolitical lever in Beijing's broader industrial and strategic policy.

By contrast, the United States ranks a distant second with 43,000 tonnes, followed by Australia (16,800 tonnes) and smaller producers such as Thailand, Russia, Madagascar, and India (≈ 2,600 tonnes each). The rest of the world collectively accounts for less than 11 % of global production. As major economies race to secure supplies for clean-energy and high-tech sectors, China's dominance underscores the structural vulnerabilities of global supply chains — and the strategic urgency behind U.S., EU, and allied initiatives to diversify sourcing and invest in alternative processing capacity.



<https://www.visualcapitalist.com/visualizing-global-rare-earth-metals-production-1995-2023/>

3. MAP OF THE WEEK

Escalating Clashes Along the Pakistan–Afghanistan Border

This week's map highlights the escalating border clashes between Pakistan and Afghanistan across multiple flashpoints in Khyber Pakhtunkhwa and Balochistan provinces. Fighting that began in early October 2025 has now spread along the Durand Line, including hotspots near Torkham, Chaman, and areas west of Quetta, disrupting cross-border trade and causing significant civilian displacement. According to UN estimates, at least 18 people have been killed and over 360 injured, while border crossings remain largely sealed.

The flare-up underscores the fragility of Islamabad–Kabul relations, already strained by mutual accusations of harbouring militants. Pakistan has placed its forces on high alert, while the Taliban government in Kabul insists it is responding to “unprovoked fire.” The crisis has drawn international concern, with China urging restraint and the UN calling for dialogue to prevent a humanitarian fallout. Beyond the immediate violence, the border unrest threatens to destabilize broader regional trade and security corridors, including those tied to China's Belt and Road Initiative and Pakistan's CPEC infrastructure network.



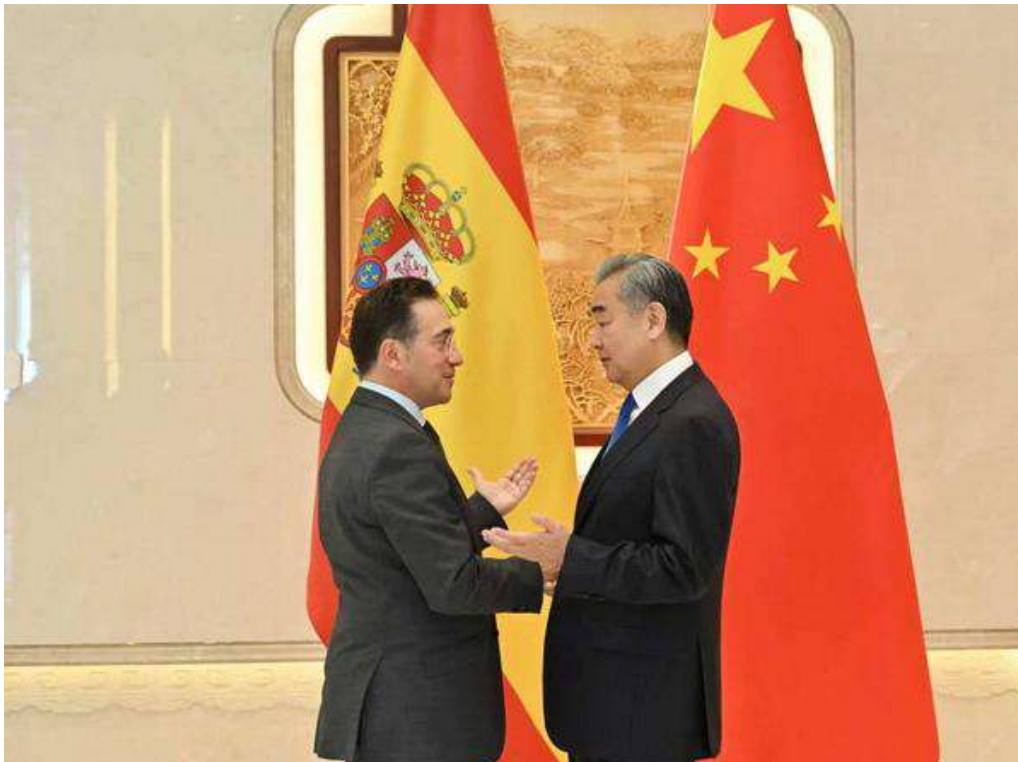
<https://www.economist.com/asia/2025/10/16/border-clashes-erupt-between-pakistan-and-afghanistan-again>

4. PHOTO OF THE WEEK

China and Spain Deepen Diplomatic Engagement

This week's image captures a moment of renewed diplomatic warmth between Chinese Foreign Minister Wang Yi and Spanish Foreign Minister José Manuel Albares, taken during their meeting in Hangzhou, China, on October 15, 2025. The talks marked the 20th anniversary of the China–Spain Comprehensive Strategic Partnership, underscoring both nations' commitment to reinvigorate dialogue and expand cooperation. Against the backdrop of their national flags, the photo reflects a symbolic balance — Spain's active role in the European Union's evolving China policy and Beijing's outreach to European partners amid global economic headwinds.

During the meeting, both sides pledged to deepen cooperation in trade, green energy, digital economy, education, and tourism, while reaffirming respect for each other's core interests and adherence to multilateralism. For China, the engagement strengthens its foothold in Europe at a time of heightened competition with Washington; for Spain, it positions Madrid as a key EU interlocutor capable of advancing pragmatic engagement while supporting the EU's principle of strategic autonomy. The image thus encapsulates a subtle but strategic realignment — one that bridges diplomacy, commerce, and geopolitical nuance within an increasingly complex global order.



https://www.fmprc.gov.cn/eng/wjbzhd/202510/t20251016_11734555.html

5. INFOGRAPHIC OF THE WEEK

China's Military Purge and Power Consolidation

This week's infographic spotlights China's sweeping anti-corruption campaign within the People's Liberation Army (PLA), which saw nine senior military officials expelled on October 17, 2025 — including He Weidong, the vice-chair of the Central Military Commission and a Politburo member. His removal marks a historic precedent: the first time a serving Politburo member has been investigated for corruption. The purge underscores both the scale of corruption within the PLA's upper ranks and the political risks tied to Xi Jinping's ongoing campaign to tighten central control over the armed forces.



https://www.linkedin.com/posts/eurohub4sino_chinas-military-purge-power-discipline-activity-7385201044236050433-4x2w?utm_source=share&utm

6. REGIONAL ALLIANCES

Australia Advances AUKUS Submarine Commitment with “Next-Billion” Payment

Australia’s strategic posture in the Indo-Pacific reached a defining moment in mid-October 2025 as Defence Industry Minister Pat Conroy confirmed Canberra’s next US \$1 billion payment to the United States under the AUKUS submarine programme. This marks the second tranche of a US \$3 billion commitment to bolster U.S. submarine production capacity, part of a trilateral effort with the U.S. and the U.K. to field nuclear-powered submarines for the Royal Australian Navy. The payment not only demonstrates Australia’s adherence to the project’s financing milestones but also signals that AUKUS — once seen as a visionary pact — is transitioning into its critical execution phase.

Strengthening Industrial and Strategic Integration

The payment feeds directly into U.S. shipyard infrastructure, particularly in Connecticut and Virginia, where Virginia-class nuclear attack submarines are constructed. Canberra’s contribution will help expand these shipyards’ capacity to produce and maintain submarines at pace with both U.S. Navy and Australian requirements. As noted by Conroy, “Australia is investing in American capability because that capability will underpin ours.” In parallel, Australia is laying groundwork for its own AUKUS-class submarine programme, expected to begin domestic construction in South Australia in the early 2030s.

Beyond submarine manufacturing, AUKUS industrial cooperation now encompasses guided weapons production, with Australia advancing plans to manufacture up to 4,000 precision-guided missiles annually by the end of the decade. This diversification reflects Canberra’s determination to evolve from an arms importer to a co-designer and producer within the allied defence ecosystem — a structural transformation that ties its economy and security architecture more tightly to U.S. and U.K. supply chains.

Strategic Oversight and U.S. Review Dynamics

The timing of the payment coincides with a U.S. Department of Defense review, led by strategist Elbridge Colby, assessing AUKUS industrial capacity, technology-sharing mechanisms, and the sustainability of allied resource commitments. The review aims to ensure that U.S. shipyards — already strained by their own naval demands — can absorb AUKUS orders without jeopardising American readiness. According to U.S. officials, Australia’s prompt fulfilment of its funding pledges strengthens confidence in its role as a “trusted operational ally” in the broader deterrence network targeting Indo-Pacific stability.

For Washington, Canberra’s financial participation provides both practical relief and symbolic reassurance. It demonstrates that AUKUS is not merely aspirational diplomacy but a tangible alliance of production and deterrence, reinforcing collective capability amid growing maritime assertiveness from China and intensifying technological competition in undersea warfare.

Conclusion: From Purchaser to Partner in Indo-Pacific Security

Australia's "next-billion" payment underscores a strategic transformation decades in the making. By moving from buyer to platform-partner, Canberra cements its role as a core contributor to allied deterrence in the Indo-Pacific — one that complements U.S. and U.K. naval capacity while anchoring a long-term industrial partnership. As AUKUS evolves from planning to production, Australia's investment represents more than fiscal commitment; it is a signal of enduring alliance cohesion, industrial interdependence, and a shared resolve to preserve balance and stability across the region's contested maritime domain.

7. ANALYSIS

From Corruption Crackdown to Control: Xi Jinping's Command Over the Gun

China's sweeping October 2025 purge of nine senior military officials, including General He Weidong, the vice-chair of the Central Military Commission (CMC) and a sitting Politburo member, has sent shockwaves through Beijing's elite and the global strategic community alike. The move marks the most dramatic political cleansing of the People's Liberation Army (PLA) since Xi Jinping came to power in 2012. While framed by state media as an extension of Xi's decade-long anti-corruption campaign, the action carries unmistakable political undertones: it reaffirms Xi's unchallenged command over the military and signals the Party's determination to suppress internal dissent as it enters a sensitive phase of economic slowdown, geopolitical competition, and leadership recalibration.

The Political Logic Behind the Purge

Xi's purge must be read less as a moral crusade and more as a strategic assertion of political discipline. According to Reuters, BBC, and The Financial Times, the expelled officers — many linked to the Rocket Force and the Equipment Development Department — are accused of “extremely serious violations,” including procurement fraud and embezzlement involving billions of yuan. Yet, beyond corruption, analysts note a deeper anxiety: the erosion of loyalty within the PLA's upper ranks. Xi's statement that “corruption is the biggest threat to the Communist Party” underscores his conviction that ideological reliability is inseparable from national security.

The ousting of He Weidong, Xi's former trusted deputy and the first active Politburo member investigated for graft in over four decades, demonstrates the President's willingness to target even his closest lieutenants. This move serves a dual purpose — to intimidate rivals and reassert civilian control over the armed forces, while reinforcing the Party's monopoly on military command at a time when regional security tensions are escalating. It also removes potential centres of independent authority within the PLA, ensuring that all military decision-making flows directly from the top.

Strategic Implications: A More Centralized but Brittle Military Apparatus

The purge takes place amid a broader modernization push to transform the PLA into a “world-class force” by 2049. However, repeated leadership reshuffles — including the earlier 2023 removal of Rocket Force commanders — have exposed a structural fragility in China's military institutions. Western intelligence assessments, cited by The Wall Street Journal and AP, suggest that instability at senior levels could delay procurement and undermine operational readiness, particularly in strategic nuclear and missile units.

Nonetheless, the purge may strengthen Xi's strategic coherence in the short term. By purging factional loyalties and consolidating decision-making, Xi ensures tighter coordination between the military and the Party's political agenda, particularly on sensitive fronts such as the Taiwan Strait, the South China Sea, and emerging Indo-

Pacific deterrence dynamics. Yet, this concentration of authority also raises risks: a system that relies heavily on personal loyalty may become less adaptive, less transparent, and more vulnerable to misjudgment in times of crisis.

Regional and Global Repercussions

For China's regional counterparts, the purge is being interpreted through competing lenses. In Tokyo, Canberra, and Washington, analysts view it as confirmation that Xi's control over the PLA remains absolute, minimizing the risk of rogue actions but potentially heightening the centralization of decision-making during crises. In New Delhi and Taipei, the developments are being watched for potential gaps in command structure that could either delay or intensify Chinese military posturing.

Globally, the purge also reflects the political paradox of China's rise: even as Beijing projects strength abroad, it remains preoccupied with internal control. The move highlights the regime's deep sensitivity to corruption, factionalism, and loyalty at a time when the Communist Party is navigating economic stagnation, demographic decline, and growing strategic competition with the United States.

Conclusion

China's latest military purge reveals the fine line between consolidation and insecurity. Xi Jinping's actions reaffirm his dominance and the Party's supremacy over the gun — but they also expose the fragility of a system that demands constant purges to sustain discipline. The near-simultaneous removal of senior generals underscores that Xi's grip on power is both total and continuously contested.

In the short run, the crackdown will reinforce political unity and ideological conformity within the armed forces. In the long run, however, the centralization of authority may erode institutional resilience — creating a PLA that is more loyal, but also more dependent on Xi's personal judgment. As China faces rising global pressure and internal strain, this duality will define both the strength and the vulnerability of Xi's new era of military command.