

Welcome to This Week's Asia on the Horizon

(27 OCTOBER 2025)

This week's issue of Asia on the Horizon arrives at a defining moment for the Indo-Pacific — one marked by high diplomacy, shifting alliances, and the unmistakable sense that Asia's choices are now shaping global trajectories. As leaders gather in Kuala Lumpur for the 47th ASEAN Summit, the region finds itself at the center of international attention, where questions of economic resilience, security autonomy, and technological leadership converge. Under Malaysia's chairmanship, the summit is poised to test ASEAN's ability to uphold unity and relevance in an increasingly fragmented world order. The participation of U.S. President Trump, China's Premier Li, Japan's newly inaugurated Prime Minister Takaichi, and other key regional figures underscores Southeast Asia's growing strategic centrality. With the official admission of Timor-Leste as ASEAN's 11th member, this year's gathering symbolizes both continuity and transformation.

Our Regional Alliances section examines the significance of this summit through the lens of shifting geopolitical gravity. ASEAN's delicate balancing act — between Washington's renewed Indo-Pacific engagement and Beijing's expanding economic and diplomatic footprint — defines the week's most consequential storyline. From debates on trade integration and maritime cooperation to new overtures in regional defense coordination, the Kuala Lumpur summit reflects an ASEAN increasingly aware of its pivotal role in managing global tensions. As Malaysia seeks to project a pragmatic, nonaligned voice, the challenge for the bloc lies in transforming its principles of consensus into coherent strategy amid the competing courtships of global powers.

Meanwhile, in Key Developments, we unpack a series of transformative events redefining Asia's political and economic horizons. Japan's first female Prime Minister, Sanae Takaichi, has made a historic debut, swiftly consolidating power through a coalition deal and embarking on a bold diplomatic agenda that includes immediate engagement with ASEAN, the U.S., and South Korea. Her emergence marks a watershed moment for Japan's political culture — and a test of leadership in turbulent times. In China, President Xi Jinping's Fourth Plenum and the unveiling of the 15th Five-Year Plan underscore Beijing's ambitions for technological self-reliance and "high-quality development," blending industrial strategy with national security imperatives. The analysis reveals how China aims to navigate slowing growth and intensifying global competition while solidifying its claim as a techno-industrial superpower.

The region's economic currents remain equally dynamic. India's refiners are reviewing their Russian oil contracts in light of new U.S. sanctions, signaling how geopolitics continues to reshape energy flows. The EU, for its part, is deepening its own Indo-Pacific engagement, unveiling updated strategies for regional cooperation and a new EU-India agenda designed to expand trade and digital partnerships. Europe's re-entry into the Indo-Pacific conversation — as shown by Airbus opening a second assembly

line in China and the EU's evolving rare-earth dialogue with Beijing — reinforces the region's role as both the workshop and the testing ground of global interdependence.

In our Analysis feature, we turn to the CPC's Fourth Plenum and the blueprint for China's 15th Five-Year Plan. The piece dissects the ideological and policy continuity underlying Xi's new economic direction, highlighting Beijing's focus on industrial modernization, domestic demand stimulation, and national resilience. With external pressures mounting and growth moderating, the 15th Plan's emphasis on innovation and self-sufficiency reflects China's determination to insulate itself from global volatility while redefining the parameters of development for a new era.

The Map of the Week traces the emerging Arctic shipping corridor linking China and Europe — a strategic milestone illustrated by the first container vessel's arrival in Gdańsk, Poland. This new route signals Beijing's growing interest in polar logistics and climate-linked trade diversification, offering faster transit times and reduced dependency on chokepoints such as the Suez Canal. Complementing this, the Infographic of the Week visualizes key data from the EU's evolving Indo-Pacific Strategy — emphasizing how Brussels is seeking deeper engagement through trade, green transition, and digital governance rather than hard-power projection.

Our Photo of the Week captures a moment of political history in Tokyo — Emperor Naruhito formally swearing in Prime Minister Takaichi at the Imperial Palace. The image encapsulates both continuity and change: a symbolic passing of the torch in Japan's governance and a visual representation of Asia's ongoing transformation in leadership and representation.

Finally, in Statistics of the Week, we highlight data illuminating the Indo-Pacific's economic and strategic trends — from the EU's trade share in the region and Japan's surging approval ratings under Takaichi to the growing scale of China's green investment and ASEAN's expanded demographic footprint following Timor-Leste's accession. Together, these numbers tell the story of a region whose economic vitality continues to defy global uncertainty and whose institutions are adapting to sustain influence in a rapidly changing world.

This week's Asia on the Horizon paints a portrait of a region in motion — one that is not merely responding to global shifts but actively scripting the next chapter of international order. From Kuala Lumpur's diplomatic corridors to Beijing's policy chambers and Tokyo's ceremonial halls, Asia's leaders are shaping the contours of a multipolar future. As always, we bring you not only the events that define the week but also the underlying forces — political, economic, and ideological — that reveal how Asia continues to redefine power, partnership, and possibility on the world stage.



1. KEY DEVELOPMENTS

Durand-Line Détente – Afghanistan and Pakistan Agree Immediate Ceasefire

After over a week of intense cross-border violence between Afghanistan and Pakistan, the two countries announced an immediate ceasefire following mediation in Doha by Qatar and Türkiye. According to the statement, both sides committed to halting all hostilities and agreed to hold follow-up meetings to cement a monitoring mechanism. The agreement reflects mounting pressure on Pakistan—seeking to curb attacks by the Tehrik-e Taliban Pakistan originating from Afghan soil—and on the Taliban-led Afghan government, which faces growing diplomatic isolation and economic stress.

Nonetheless, the truce remains fragile. The ceasefire comes after a cascade of clashes along the roughly 2,600 km disputed frontier, triggered by Pakistani air strikes into Afghanistan, retaliatory attacks by Afghan Taliban forces, and the shutdown of key border crossings that weighed heavily on regional trade and civilian livelihoods. While this agreement marks a critical pause in escalation, Pakistan’s top defence official warned that failure to transform this truce into a lasting mechanism could lead to “open war” — underscoring how quickly the situation could unravel if follow-through is weak.

Glass-Ceiling Breaker, Policy Shift Beckons

Sanae Takaichi was elected on 21 October 2025 as Japan’s first female Prime Minister after being chosen by the Liberal Democratic Party and confirmed in the Diet. Her ascent came amid turbulence: the LDP lost its long-held majority and its traditional coalition partner, Komeito, withdrew support, forcing Takaichi to forge an alliance with the Japan Innovation Party (Nippon Ishin) to secure government formation. The move is symbolically significant in a country that ranks near the bottom of the G7 on gender equality, yet her ultraconservative background—few women in senior posts, traditionalist social views—temper expectations that her appointment will automatically usher in progressive change.

Takaichi arrives at the helm of Japan facing a confluence of domestic and external challenges: persistent inflation, sluggish economic growth, and mounting geopolitical pressure from a rising People’s Republic of China. She has pitched a return to the heavier fiscal stimulus and defence-oriented agenda reminiscent of the “Abenomics” era, while signalling a tougher line on security, including readiness to increase defence spending and strengthen ties with the United States and Indo-Pacific partners. However, governing from a parliament where her coalition lacks a full majority poses immediate constraints—legislative reform or bold economic intervention may be stymied by opposition or intra-party factional dynamics. Observers see Japan’s leadership entering a new phase of multiparty politics, with the era of clear LDP dominance over.

Taipei's Blue Turn — Taiwan Opposition's New Leader Embraces Peace with Beijing

Cheng Li-wun, a former legislator, was elected on 18 October 2025 as chair of the Kuomintang (KMT), Taiwan's main opposition party, narrowly defeating former mayor Hau Lung-bin in a low-turnout vote. Cheng ran on a platform pledging to de-escalate cross-Straits tensions, explicitly advocating for stronger economic and social exchanges with the mainland and opposing further spikes in Taiwan's defence spending. Her election underscores a strategic pivot within the KMT — from its recent weakened standing following the presidential election loss to jockeying for the 2028 race by positioning itself as Beijing-friendly.

Just one day after Cheng's election, Xi Jinping sent an official congratulatory message, calling on the KMT and its newly elected leader to deepen "common political foundation," accelerate cross-Straits exchanges, and advance "national reunification." Beijing framed the moment as a strategic opening, as the KMT has long been regarded as its favoured interlocutor in Taiwan. Cheng, however, stopped short of endorsing political union with the mainland — instead speaking of shared ethnic identity and emphasising peace and stability. These developments raise the prospect that Beijing may test Taiwan's next government by promoting deeper ties through the KMT while watching closely for any weakening of Taiwan's independent posture.

Ice Silk Road Debuts — China-Europe Arctic Container Route Launched

A vessel carrying approximately 4,000 twenty-foot-equivalent units (TEUs) departed from Ningbo-Zhoushan Port in China on 23 September 2025, transited the Northern Sea Route (via Arctic waters) and arrived at Port of Gdańsk in northern Poland after 26 days. The vessel, the *Istanbul Bridge*, also called at ports in the UK and Germany en-route. This new "China-Europe Arctic Express" route cuts transit time significantly compared to the conventional Suez Canal (around 40 days) or the Cape of Good Hope route (around 50 days).

The inauguration of this route marks a potentially transformative shift in Eurasian logistics and maritime strategy. For China, it aligns with the Belt and Road Initiative's ambition to develop the "Ice Silk Road" and diversify freight corridors to Europe. The route offers faster delivery of time-sensitive and high-value cargo—such as photovoltaics, new-energy storage modules and electronic goods—benefiting manufacturers and supply-chain managers. On the flip side, challenges remain: the Arctic route is seasonally constrained, infrastructure is thin, and environmental risks are elevated. Industry analysts caution that while the technical opening is real, mainstream adoption may take years and will hinge on weather conditions, ice-class fleets, and geopolitical stability.

Brussels-Indo-Pacific Link Strengthened

On 20 October 2025, the Council of the European Union formally adopted updated conclusions to its EU Strategy for Cooperation in the Indo-Pacific, reaffirming the bloc's long-term commitment to reinforcing its strategic presence in the Indo-Pacific region. The updated conclusions emphasise the region's critical significance—not just economically but geopolitically—and pledge deeper cooperation with regional partners on issues such as sustainable prosperity, digital governance, connectivity and security. This move comes amid rising tensions in the Indo-Pacific over trade disruptions, power-projection dynamics and supply-chain vulnerabilities, reaffirming the EU's aim to promote a rules-based order, fair trade, and resilient multi-polar engagement.

The refreshed strategy signals a push by the European Union to transition from declaratory policy to practical engagement: it seeks to leverage its economic weight—its status as a major investor and trade partner in the region—to deepen partnerships beyond purely diplomatic ties, into technology, defence cooperation, ocean governance and green transition. However, the EU faces notable challenges: its diplomatic coherence with 27 member-states, limited military footprint in the region compared to regional powers, and variations in how Indo-Pacific states view the EU as a security actor all could hamper implementation of the strategy. The coming months will test whether Brussels can turn its strategic intent into concrete projects and robust partnerships that advance its influence and stabilise a region increasingly central to global competition.

Brussels-New Delhi Strategic Pivot

On 20 October 2025, the Council of the European Union approved conclusions endorsing a “New Strategic EU-India Agenda” aimed at elevating ties with India to a higher strategic level. The agenda outlines five pillars — prosperity & sustainability, technology & innovation, security & defence, connectivity & global issues, and enablers across these domains. It calls for concluding a balanced, ambitious free-trade agreement (FTA) by year's end, removing trade barriers, and deepening cooperation on defence industrial ties.

This strategic shift underscores the EU's recognition of India as both an economic powerhouse and a key partner in a changing global order. With India's rapid growth and the EU's search for diversified partners amid great-power competition, the agenda serves as a conduit for deeper trade, investment, and security linkages. However, execution presents real challenges: concluding the FTA remains difficult given India's protective trade policies, while cooperation on security and defence will need to navigate India's independent foreign-policy trajectory — including its ties with Russia. How Brussels and New Delhi translate this strategic intent into measurable outcomes — both commercially and militarily — will be a key story in the coming year.

Circle of Danger: Chinese Coast Guard Patrols Reefs Held by Vietnam in Spratly Islands

Last week, three vessels of the China Coast Guard (hull numbers 4301, 5009 and 21559) departed from the Chinese-held Mischief Reef in the Spratly Islands and conducted looping circumnavigation patrols around a string of maritime features—including Grierson Reef, Sin Cowe Island, Lansdowne Reef, Collins Reef, Pearson Reef, Alison Reef, Cornwallis South Reef and Tennent Reef. Many of these features are under Vietnamese control or have been built up by Vietnam in recent years.

The move represents a more visible phase of maritime assertiveness by Beijing in waters contested with Vietnam. While the China Coast Guard has frequently engaged in incidents with the Philippines, open patrols in waters claimed by Vietnam have been comparatively restrained until now. The timing follows previously declared commitments between China and Vietnam to “properly handle maritime issues”, which makes the patrols appear as a message of pressure rather than escalation into open conflict. By navigating around reefs held by Vietnam, China is effectively reinforcing its claims via presence and patrolling rights, signalling that even Vietnamese-occupied features are subject to Chinese surveillance. For Hanoi, these patrols raise the cost of escalation and complicate its efforts to assert exclusive control over parts of the South China Sea.

Flashpoint Over the Paracels: China Claims Australia Covered Up Airspace Intrusion

On 22 October 2025, the Paracel Islands-adjacent sector of the South China Sea became a diplomatic tinderbox when the People’s Republic of China accused Australia of attempting to conceal an “intrusion” by an Australian military aircraft into Chinese-claimed airspace. China’s defence ministry lodged a formal protest after Canberra reported that a Chinese fighter jet had dropped flares near an Australian maritime patrol aircraft on a surveillance flight—an action Australia described as “unsafe and unprofessional”.

This incident underscores the high stakes of aerial and maritime operations in one of the world’s most contested zones. Australia’s surveillance flights reflect its commitment to freedom of navigation and overflight in international airspace, yet China interprets such operations near the Paracels as violations of its sovereignty — labeling them provocations that justify “counter-measures”. The flare release exacerbates concerns about inadvertent escalation: even if no damage occurred, the proximity of the flares to the Australian aircraft heightened the risk considerably.

Critical Minerals Cold-War: EU Calls China to Brussels Over Rare-Earth Export Curbs

On 21 October 2025, European Commission Trade Commissioner Maroš Šefčovič announced he had invited China's Commerce Minister Wang Wentao to Brussels for "urgent" high-level talks following Beijing's tightening of export controls on rare earths. The EU described the measures as "unjustified and harmful," pointing out that only a little over half the roughly 2,000 license applications submitted by EU industry had been processed, with major disruptions hitting the automotive, machinery and high-tech sectors.

The dispute spotlights the strategic vulnerability of Europe's dependence on Chinese-controlled rare-earth supply chains. With China dominating around 60 % of global production and over 90 % of refining capacity, the bloc's manufacturing and green-technology ambitions face bottlenecks and potential strategic coercion. The EU's decision to press for immediate resolution—and signal that "counter-measures" are under consideration—marks a shift from economic diplomacy to strategic economic security. The outcome of the Brussels dialogue will test whether Beijing treats rare-earths purely as commercial goods or as instruments in the emerging geo-economic competition.

Double Down in Tianjin: Airbus Opens Second Chinese Final-Assembly Line

On 22 October 2025, Airbus officially inaugurated a second final-assembly line (FAL) for its A320-family jets in Tianjin, China. The facility expansion expands the company's global manufacturing footprint and is designed to support its ambition of raising A320-family production to 75 aircraft per month by 2027, up from around 60 at present. The move follows closely on the heels of a similar expansion in the U.S., underscoring Airbus's strategy of growth in both of the world's largest aviation markets.

The Tianjin expansion carries significant strategic weight. For Airbus, it strengthens access to China's rapidly growing aviation market and adds resilience to its supply-chain and production capacity. The Chinese government's participation in the ceremony and its emphasis on open trade further highlight Beijing's desire to anchor foreign high-tech investment as part of its broader industrial strategy. At the same time, the timing and low-key nature of the ceremony reflect Airbus's careful diplomatic balancing act between the U.S. and China—both major customers and stakeholders in global aerospace supply chains. The success of this line—and its integration into Airbus's global logistics and market expansion plan—will influence how Western aerospace manufacturers navigate manufacturing and sales in the Indo-Pacific region.

Deep-Sea Servers and Wind Power: China's Underwater Data Center Breakthrough

Shanghai Hailanyun Technology, in tandem with local authorities in the Lin-gang Special Area of the Shanghai Municipal Region Pilot Free Trade Zone, announced the completion of what it bills as the world's first wind-powered underwater data center (UDC). Located off the coast of Shanghai, the project bears a nameplate capacity of 24 megawatts and is backed by an investment of approximately ¥1.6 billion (about US\$226 million). The facility is engineered to source more than 95 % of its electricity from offshore wind, use seawater cooling to reduce its Power Usage Effectiveness (PUE) to as low as 1.15, and cut total power consumption by roughly 22.8 %, compared with land-based data centers.

This development signals a step change in how the region might manage the twin challenges of data-center energy intensity and digital-economy scale-up. By integrating offshore renewable energy with subsea server modules, China is positioning itself as a pioneer in “green computing” infrastructure—an advantage that may enhance its global competitiveness in data-services and high-performance computing (HPC). The marine environment offers inherent cooling benefits, reducing reliance on freshwater and heavy land footprints—key advantages in densely developed coastal zones. However, execution risks remain: large-scale deployment (phase two of the project is slated to target much higher capacity) will demand breakthroughs in subsea maintenance, corrosion protection, and connectivity.

Nexperia China Resumes Domestic Chip Sales Under Yuan-Only Terms

On 23 October 2025, Nexperia's Chinese unit quietly restarted shipments of semiconductors to domestic distributors, after a week-long freeze following an export ban issued by the Chinese government in early October. The resumption marks a partial thaw but under significantly altered conditions: all transactions must now be settled in Chinese yuan—instead of foreign currencies such as the U.S. dollar—and all downstream customers are likewise required to invoice in yuan. The move follows the Dutch government's seizure of control over Nexperia on 30 September, citing national-security concerns over technology transfer to its Chinese owner, Wingtech Technology.

While shipments to Chinese distributors have resumed, Nexperia's Dutch parent publicly warned customers that it could not guarantee the quality of chips coming from its China subsidiary—highlighting the depth of the rift between the two operations. Beyond the internal company dispute, the episode is rippling through global supply chains: Europe's auto industry, heavily reliant on Nexperia's chips for high-volume applications, has flagged potential production disruptions. More broadly, the yuan-only trade condition signifies Beijing's push for greater control over critical technology flows and may mark a precedent for other foreign-controlled entities operating within China's semiconductor ecosystem.

Pivot Point in Busan: Donald Trump and Xi Jinping to Meet During Asia Tour

The White House confirmed on 23 October 2025 that U.S. President Donald Trump will meet Chinese President Xi Jinping next week in South Korea as part of a broader Asia tour that includes stops in Malaysia and Japan. The meeting, scheduled for 30 October on the sidelines of the APEC 2025 Korea summit in Busan, marks the first face-to-face between the two leaders in Mr. Trump's second term. It comes amid significant trade friction—Beijing's recent rare-earths export curbs and Washington's looming 100 % tariffs on Chinese goods have escalated tensions, making this encounter a high-stakes test of whether diplomacy can pre-empt deeper economic conflict.

This meeting carries multiple strategic dimensions. Economically, it arrives just before U.S. tariffs are set to take effect and follow China's rare-earth export restrictions—raising the possibility that the bilateral talks could serve as a turning point in supply-chain geopolitics. On security, the Indo-Pacific theatre looms large, with South Korea's role as host signalling Seoul's ambition to act as a regional platform for U.S.–China engagement. More broadly, the summit presents a moment for both powers to calibrate messaging: Trump aiming to demonstrate diplomatic leverage in Asia, and Xi seeking to assert China's place in shaping the regional order. Observers will watch closely whether the meeting yields concrete deliverables—or simply sets the tone for prolonged competition.

Bridging the Brink: U.S.–China Trade Talks Set for Malaysia

On 23 October 2025, Malaysia's capital Kuala Lumpur was confirmed as the venue for fresh trade negotiations between the world's two largest economies. The United States Trade Representative (USTR)'s Jamieson Greer and United States Department of the Treasury Secretary Scott Bessent are scheduled to meet China's Vice-Premier He Lifeng from 24–27 October. The talks address recent flare-ups including China's expanded export controls on rare-earth minerals and the looming U.S. threat of 100 % tariffs on Chinese goods.

These negotiations carry outsized importance because they come just days before a scheduled summit between U.S. President Donald Trump and Chinese President Xi Jinping, aimed at resetting bilateral ties and reducing escalation risk. Holding the talks in Malaysia—an ASEAN-hosted venue—adds a regional dimension: Southeast Asia becomes the backdrop for managing the U.S.–China trade war's fallout from supply chains to technology controls. A successful outcome could ease the pressure of new tariffs and export restrictions; failure, however, risks deepening the divide and sparking broader trade realignment.

Tech-Driven Turn: China Targets Emerging Industries & Self-Reliance for 2026-30

During the Fourth Plenary Session of the 20th Central Committee of the Chinese Communist Party held from October 20-23, 2025, Chinese leadership adopted a communique setting the strategic direction for the upcoming 15th Five-Year Plan (2026-2030). The document emphasises the need to “achieve greater self-reliance and strength in science and technology” and to “steer the development of new-quality productive forces” — signaling a renewed focus on emerging industries, high-tech innovation and reducing dependency on foreign technology.

This strategic pivot underlines China’s evolving economic model — shifting from export-led growth towards advanced manufacturing, domestic demand and innovation-led development. With global tech competition intensifying and export controls escalating, the plan aims to insulate China’s economy and elevate its global technological standing. However, the ambitious agenda confronts structural hurdles: overcapacity in legacy industries, demographic headwinds, and the challenge of converting R&D into world-class breakthroughs. Whether Beijing can translate high-level broad goals into tangible industrial upgrades and innovation leadership will be a test of execution over the coming five years.

India Reassesses Russian Crude Flows Amid U.S. Sanctions

In response to the United States' sanctions on Russian oil giants Rosneft and Lukoil announced in October 2025, Indian refiners including Reliance Industries and several state-run entities are reviewing their contracts and cargo manifests for seaborne Russian crude. Sources tell Reuters that these companies aim to avoid direct dealings with the sanctioned firms ahead of the U.S. wind-down deadline of 21 November and may sharply cut or even pause imports that breach the new rules.

Given India’s status as the largest buyer of discounted Russian crude (importing around 1.7 million barrels per day in the first nine months of 2025) this recalibration could significantly loosen Russian export volumes and tighten global supply, prompting oil prices to rise. Indeed, Brent crude surged around 3% immediately following news of the review. For India, the move highlights the dilemma of balancing energy security, discounted supply access and the risk of U.S. trade penalties—especially given the Trump administration’s threat of elevated tariffs on Indian exports linked to Russian oil purchases. Should suppliers need to pivot to Middle East or U.S. crude, maritime freight costs, supply timelines and refinery feed quality will all come under fresh pressure.

Berlin-Beijing Pause: Germany Postpones Key China Visit

On 24 October 2025, Germany announced the postponement of Foreign Minister Johann Wadephul's scheduled trip to China, which had been set to begin on Sunday. A spokesperson for the German foreign ministry cited Beijing's refusal to confirm enough meetings and growing concern over China's export restrictions on rare earths as reasons for the delay.

The deferment signals a growing chill in Germany–China relations, amid widening friction over China's export controls on key tech inputs, Beijing's evolving posture on Taiwan, and its growing role in supplying Russia's war effort in Ukraine. By postponing the visit, Berlin is recalibrating its China strategy—not full disengagement, but a clearer line on trade and security.

For China, the decision may reflect discomfort with Germany's tougher tone on global trade rules and supply-chain dependencies. For Germany and the broader European Union, the episode underscores the challenge of balancing commercial ties with strategic risk in a multipolar Indo-Pacific order.

Washington & Tokyo Forge High-Tech Alliance in Trump Visit

During his official visit to Japan, Donald Trump and Japanese leaders are slated to sign a memorandum of understanding (MOU) aimed at deepening cooperation in advanced technologies — including artificial intelligence, semiconductors and nuclear fusion — according to the Nikkei Inc. and public reporting. The initiative comes amid growing U.S. and Japanese strategic alignment in the face of supply-chain vulnerabilities and competitive pressures from China, with Tokyo emphasising its willingness to align more closely with Washington's tech and defence posture.

The MOU signals a notable escalation in U.S.–Japan cooperation, moving beyond traditional security ties into the realm of industrial and technological sovereign capability. This alliance has the potential to reshape how East-Asia-Pacific power dynamics evolve — particularly by strengthening Japan's role as a bridge between U.S. high-tech ambitions and regional capacity, while also positioning Tokyo as a more important actor in technology supply-chain resilience. At the same time, the deal may prompt a reaction from Beijing, which views enhanced U.S.–Japan tech alignment as part of a broader containment strategy.

EU Draws the Line: Von der Leyen Vows Action Against China's Rare-Earth Choke

Ursula von der Leyen, President of the European Commission, declared on 25 October 2025 that the EU is ready to “use all of the instruments in our toolbox” in response to Beijing’s export restrictions on rare-earth elements and related technologies. The announcement, made at the Berlin Global Dialogue, emphasised that while the EU still prefers negotiation, it will coordinate with the G7 and is actively preparing retaliatory options—such as invoking its anti-coercion trade instrument (“trade bazooka”), applying tariffs or export bans if China’s curbs continue to threaten European supply chains.

Beijing’s export controls—especially on medium and heavy rare-earths crucial for semiconductors, defence systems and green technologies—have rattled European manufacturers and exposed the EU’s heavy dependency on Chinese-dominated supply chains (China controls over 90% of global processing capacity). The EU’s hard-line turn signals that it now views access to critical minerals not just as a commercial issue but as a strategic one: safeguarding technological sovereignty, ensuring resilience in its green transition, and assertively checking Beijing’s ability to apply raw-material leverage. If the EU follows through on counter-measures, this could deepen the industrial decoupling trend in the Indo-Pacific and mark a new frontier in techno-geopolitical competition.

China Re-Engages Southeast Asia: Premier Li Qiang’s Singapore Visit Marks Strategic Reset”

Chinese Premier Li Qiang is set to undertake his first official visit to Singapore, from October 25–26 2025, at the invitation of Singaporean Prime Minister Lawrence Wong. The visit coincides with the 35th anniversary of diplomatic relations between the two countries and comes amid Beijing’s broader diplomatic push into Southeast Asia amid U.S.–China rivalry. Singapore and China will sign memoranda of understanding covering green economy, digital economy and maritime connectivity—underline the city state’s desire to remain economically agile and diversified in a changing great-power environment.

The visit signals China’s effort to deepen economic and strategic linkages with ASEAN-key states, with Singapore acting as a gateway to regional commerce, innovation and supply-chains. For Singapore, the engagement underscores its role as a neutral economic hub seeking to balance ties with both Beijing and Washington while leveraging China’s market. At a strategic level, Beijing’s emphasis on upholding multilateralism and resisting protectionism during Li’s visit reflects its bid to frame itself as a stabilising partner in a fracturing global order. The broader implication: as China intensifies outreach to Southeast Asia through high-profile visits and economic deals, it may shape regional alignments and supply-chain flows—posing both opportunities and strategic choices for regional states.

Diplomatic Debut at ASEAN: Japan's New PM Stakes Indo-Pacific Position"

Sanae Takaichi made her diplomatic debut as Prime Minister of Japan at the upcoming Association of Southeast Asian Nations (ASEAN) summit in Malaysia on October 26-27, marking an early tour of Asia-Pacific engagement. Fresh from her election, she departs Tokyo for Kuala Lumpur with an agenda centred on the "Free and Open Indo-Pacific" (FOIP) vision, renewed emphasis on free trade, and closer regional ties—underlining Tokyo's desire to assert both continuity and renewed vigour in its diplomacy.

Takaichi's first foreign trip comes at a delicate moment: she must signal to the United States that the alliance remains Japan's top diplomatic priority—while also demonstrating to Southeast Asia that Tokyo remains a reliable independent partner in a shifting Indo-Pacific. Indeed, her subsequent scheduled call with Donald Trump and forthcoming summit in Japan with the U.S. president amplify the importance of her ASEAN appearance. Analysts note that the fact she is making her debut at ASEAN—not only meeting U.S. leadership—reflects Tokyo's effort to broaden its strategic posture beyond the bilateral U.S.–Japan axis and engage multilaterally amid China's rising influence.

Asia-Swing Begins: President Donald Trump Kicks Off High-Stakes Tour"

President Trump has embarked on a key Asia tour—starting in Kuala Lumpur for the Association of Southeast Asian Nations (ASEAN) summit and continuing through Tokyo and Seoul—culminating in an anticipated summit with Chinese President Xi Jinping. The trip is designed to recalibrate U.S. engagement in the Indo-Pacific amid escalating trade tensions, supply-chain realignments and shifting security partnerships. Trump's agenda includes bilateral outreach with key regional allies and high-visibility multilateral engagements, signaling a strategic push to embed the U.S. more deeply into the region's economic and security architecture.

At the core of Trump's Asia swing are three intertwined objectives: stabilising the U.S.–China trade relationship (particularly in light of China's rare-earth export controls), reinforcing alliances with Japan and South Korea, and projecting U.S. leadership within Southeast Asia. The meeting with Xi is pivotal—not just for bilateral trade, but for how Washington frames its broader Indo-Pacific strategy. Meanwhile, the tour signals to regional states that the U.S. remains deeply engaged, offering both economic partnerships and a counter-balance to China's outreach. How the tour translates into concrete agreements or shifts in alignment will help determine whether the U.S. can reshape the regional order or risk falling behind in the Indo-Pacific competition.

Critical Mass in Kuala Lumpur: ASEAN Summit Pulls Global Heavyweights”

The Association of Southeast Asian Nations (ASEAN) will convene its 47th Summit in Kuala Lumpur from October 26 to 28 2025, drawing an unusually high-profile roster of world leaders including Donald Trump, Li Qiang, Sanae Takaichi, Lee Jae-myung, and others. The summit also marks the accession of Timor-Leste as the bloc’s 11th member, the first expansion since the 1990s — a symbolic moment of growth for ASEAN.

Amid heightened U.S.–China rivalry and global supply-chain pressures, this summit takes on extra strategic weight. Key agenda items include U.S. tariffs, Chinese rare-earth export curbs, Myanmar’s civil war, South China Sea tensions and the newly-expanded Regional Comprehensive Economic Partnership (RCEP) framework. By bringing both super-powers and ASEAN together under one roof, Kuala Lumpur becomes a litmus test for how the region navigates between its traditional emphasis on neutrality and the realities of great-power competition.

2. STATISTICS OF THE WEEK

Varying Priorities in the Indo-Pacific

The Jean Monnet Network's survey of eight Indo-Pacific countries highlights a striking diversity in how regional actors assess the EU's seven Indo-Pacific priority areas. According to Figure, green transition emerged as the most important area overall, scoring an average of 7.8 out of 10, with Australia, China, and New Zealand giving it near-top ratings. Sustainable and inclusive prosperity followed closely at 6.0, reflecting the region's shared interest in resilient, equitable economic growth. By contrast, security and defense and connectivity averaged only 3.0 and 2.8, underscoring skepticism about the EU's strategic and infrastructural role in a region dominated by great-power rivalry and established security alliances.

Country-specific variations reveal how fragmented the Indo-Pacific's policy priorities truly are. Japan, for instance, rated security and defense highest (8.0) while assigning zero importance to green transition, a dramatic outlier in regional attitudes. India placed overwhelming emphasis on connectivity (7.0) but saw little relevance in human security or ocean governance. Meanwhile, Taiwan valued human security (5.0) and digital governance (6.5) as key areas of EU cooperation. Collectively, these findings reinforce the argument that the EU's one-size-fits-all approach struggles to reflect regional diversity. To gain traction, the EU may need to adopt a more adaptive, bottom-up engagement model that prioritizes issues most relevant to each partner—turning fragmented perceptions into a patchwork of deeper, bilateral cooperation.

FIGURE 2: IMPORTANCE OF THE EU'S INDO-PACIFIC PRIORITY AREAS TO EACH COUNTRY

	Human security	Connectivity	Security and defense	Ocean governance	Digital governance	Sustainable and inclusive prosperity	Green transition
Australia	2	1.5	1.5	3	2.5	8	9.5
China	2.5	1	0.5	3	3	8.5	9.5
India	0	7	2	2	6	6	8.5
Japan	2	6	8	7	8	1	0
New Zealand	1	2	1	8	3.5	5	9
South Korea	1	0.5	2.5	1.5	10	4.5	8
Taiwan	5	1.5	5.5	0.5	2.5	6.5	9
Thailand	2.5	2.5	3	2.5	4	9	8.5
Average	2	2.8	3	3.4	4.9	6	7.8

<https://gjia.georgetown.edu/2025/07/10/re-thinking-the-eus-indo-pacific-strategy-a-bottom-up-approach/>

3. MAP OF THE WEEK

China's "Arctic Express" Redraws the Maritime Map

China has launched a new shipping corridor—the "Arctic Express" route—linking its eastern ports of Ningbo-Zhoushan, Shanghai, and Qingdao with major European hubs including Rotterdam, Hamburg, Gdańsk, and Felixstowe via the thawing Arctic Ocean. As illustrated in the map, this northern passage offers a shortcut between Asia and Europe, reducing transit time by nearly two weeks compared to the traditional Suez Canal route. The development marks a milestone in China's efforts to operationalize the Polar Silk Road, a key component of its Belt and Road Initiative (BRI), leveraging climate-driven Arctic accessibility to secure faster, cost-efficient, and strategically diversified trade routes.

The route's first successful voyage to Gdańsk, Poland, in October 2025 underscores both China's growing polar ambitions and the profound geopolitical implications of an increasingly navigable Arctic. While Beijing frames the initiative as a commercial and environmental efficiency measure, European analysts view it through a strategic lens: China's Arctic ventures deepen its logistical reach into Europe while testing international norms on Arctic governance. The "Arctic Express" thus symbolizes more than an emerging maritime shortcut—it represents the convergence of climate change, commerce, and competition in a region once defined by isolation, now central to the evolving geopolitics of global trade.

Chinas Expressroute durch die auftauende Arktis

So verläuft der „Arctic Express“ von China nach Europa



www.Table.Media

Quelle: HNN und Haijie Shipping

<https://table.media/en/china/feature/arctic-route-china-tests-new-shipping-route-to-europe>

4. PHOTO OF THE WEEK

Sanae Takaichi was officially sworn in by Emperor Naruhito

In a defining moment for Japan's political history, Sanae Takaichi was officially sworn in by Emperor Naruhito at the Imperial Palace this week, becoming Japan's first female prime minister. The ceremony marks not only a personal triumph for Takaichi but also a significant milestone for Japanese politics, long dominated by male leadership. Her ascension follows her victory in the Liberal Democratic Party's leadership race and a deft coalition deal with the Japan Innovation Party (JIP), ensuring a parliamentary majority. Early polls signal strong public approval, with over 64 percent of respondents supporting her new administration—an endorsement reflecting both cautious optimism and a public appetite for renewal.

Yet the photo—Takaichi poised and resolute before the Emperor—belies the daunting political and diplomatic tests ahead. She must balance an ambitious domestic reform agenda, coalition management, and rising external pressures as she prepares for her first foreign engagements: the ASEAN Summit in Malaysia, meetings with U.S. President Donald Trump in Tokyo, and the APEC Summit in Seoul. Her early decisions—appointing a Cabinet blending rivals and reformists, promising economic relief, and signalling stronger defense commitments—demonstrate pragmatism over ideology. Still, Takaichi faces an early trial by fire: convincing allies and skeptics alike that Japan's first female leader can steer a divided nation through economic uncertainty and an increasingly volatile Indo-Pacific.



<https://www.japantimes.co.jp/editorials/2025/10/24/takaichi-heads-into-the-breach/>

5. INFOGRAPHIC OF THE WEEK

China's 15th Five-Year Plan — Continuity with a Technological Core

This week's infographic highlights China's forthcoming 15th Five-Year Plan (2026–2030), unveiled during the Communist Party's Fourth Plenum. The central message from Beijing is one of “continuity over change” — a commitment to advance self-reliance in science and technology, reinforce its industrial foundation, and expand domestic demand while maintaining selective global engagement. The new plan marks a strategic evolution from the innovation-driven growth of the 14th Plan, positioning China to consolidate technological sovereignty amid growing geopolitical and economic headwinds.

A defining feature of the 15th Plan is its focus on technological self-sufficiency. It pledges to “achieve greater self-reliance and strength in science and technology,” with priority given to AI, robotics, digital industries, and advanced manufacturing. The infographic outlines five core sectors guiding China's “real economy”: manufacturing, quality, aerospace, transportation, and cyberspace.



https://www.linkedin.com/posts/eurohub4sino_chinaeconomy-cpc-fiveyearplan-activity-7387364604668039168-8tH?utm_source=share&utm

6. REGIONAL ALLIANCES

The 47th Association of Southeast Asian Nations (ASEAN) Summit in Kuala Lumpur

The 47th ASEAN Summit, held in Kuala Lumpur from 26–28 October 2025, is shaping up as a pivotal moment in Southeast Asia’s regional architecture. Under the theme of “Inclusivity and Sustainability”, the gathering will bring together leaders from all ten ASEAN member states alongside major external partners such as the Donald Trump-led United States, China, Japan, South Korea, Australia, and India. At a time when global power rivalries are increasingly projecting into Southeast Asia, the summit offers a platform for ASEAN to reaffirm its centrality while navigating complex geopolitical fault lines. Malaysian Foreign Minister Mohamad Hasan has already remarked that “our space for neutrality and centrality is narrowing,” a clear reference to the mounting great-power competition affecting the region.

Membership Expansion: East Timor’s Accession

A major milestone for regional integration will occur when East Timor (Timor-Leste) officially joins ASEAN as its 11th member during the summit. Having applied for membership in 2011, the small nation’s accession marks the bloc’s first expansion since the 1990s and signals ASEAN’s commitment to inclusive growth. For the wider region, East Timor’s accession brings new dynamics: a 680 million-person market now rises to over 700 million, and the integration of one of the region’s least-developed countries underscores ASEAN’s ambition to broaden connectivity and economic cohesion. At the same time, incorporating a country with weaker infrastructure and institutional capacity will test ASEAN’s ability to deliver value from enlargement and may raise questions about deeper economic and governance integration.

External Partner Engagement: Balancing the Great Powers

This year’s summit is underlined by significant external participation. U.S. President Donald Trump has arrived in Malaysia to engage directly with ASEAN, signalling renewed U.S. focus on the Indo-Pacific. China’s Premier Li Qiang is also in attendance, as is Japan’s newly-inaugurated Prime Minister Sanae Takaichi, and India’s Prime Minister Narendra Modi will participate virtually. ASEAN’s summit thus becomes a strategic crossroads: member states must engage with multiple super-powers while preserving their autonomy and regional coordination. Malaysia’s chairmanship emphasises that ASEAN must act as “the speaker and not the spoken for” in a more contested region.

Agenda Priorities and Strategic Implications

The summit agenda covers four major vectors: regional security (including South China Sea tensions), economic resilience (amid global supply-chain disruptions), connectivity and green transition, and strengthening ASEAN’s institutional centrality. The fact that leaders will also witness a peace deal between Thailand and Cambodia, and navigate

sanction-driven trade pressures involving Russia and the U.S., underscores the breadth of issues at stake. For ASEAN members, this summit offers a chance to recalibrate regional alliances—balancing economic ties with China, alliance commitments to the U.S., and their own strategic autonomy.

Conclusion

The 2025 ASEAN Summit in Kuala Lumpur amounts to more than another gathering of regional leaders—it is an inflection point. With the admission of East Timor, robust participation from major external powers, and an agenda heavy with geopolitical as well as economic questions, ASEAN must demonstrate that its model of centrality and consensus still has currency. For the bloc to emerge with relevance and strength, it must not only reaffirm its commitment to multilateralism and open trade, but also deliver tangible outcomes for its member states. In a region where neutrality is increasingly squeezed, the success of this summit will hinge on ASEAN's ability to connect its internal cohesion with external partnerships — without becoming the battleground for great-power rivalry.

7. ANALYSIS

The Communist Party of China's Fourth Plenum & the 15th Five-Year Plan (2026–30)

From 20 to 23 October 2025, the 20th Central Committee of the Communist Party of China (CPC) convened its Fourth Plenary Session in Beijing to set the strategic trajectory for the coming five years. At its core the Plenum approved the Proposals for Formulating the 15th Five-Year Plan (FYP) for 2026–2030, signalling an emphasis on continuity in ideological and structural direction but with a heightened urgency for technological self-reliance, economic reform, and strategic resilience. In this analysis we examine the motivations behind the Plenum, unpack the key thematic priorities emerging for the 15th FYP, and assess the implications and questions that lie ahead for China's domestic economy and global positioning.

Motivations: Why Now and What Underpins the Plenum

The timing of the Fourth Plenum reflects mounting internal and external pressures. Domestically, China faces slowing growth, structural imbalances (including weak consumption, property-sector drag, and local government debt), and demographic headwinds. Analysts note that the forthcoming FYP must address the lag between production capacities and actual demand.

Externally, intensifying U.S.–China competition—particularly over technology, trade, and supply-chains—is forcing Beijing to recalibrate its development model. Indeed, Reuters flagged that China would "keep its 'all about production' economic playbook" while still addressing the need to upgrade industries.

Moreover, the Plenum's communique described the international environment in metaphorical terms: "high winds, rough waves and even raging storms," underscoring a sense of strategic urgency. These references convey that China views itself entering a more volatile era and intends to use the 15th FYP to bolster resilience. The Plenum, instead of heralding major new ideological shifts, appears to reinforce continuity—while elevating the pace and intensity of reform and modernization.

Key Priorities for the 15th Five-Year Plan

Several thematic pillars emerged from the Plenum and associated commentary:

Technological self-reliance and advanced manufacturing: A central feature is China's commitment to "greater self-reliance and strength in science and technology," with focus on sectors such as artificial intelligence, semiconductors, robotics and digital industries. This reflects Beijing's response to export controls, tech decoupling risks, and the imperative of achieving global technological leadership.

From quantity to quality, and from external to internal circulation: While China will maintain its manufacturing base, the emphasis is on upgrading the "real economy" and bolstering domestic demand. The 15th FYP is expected to shift more weight towards consumption, social security, and the household sector.

Security, stability and national influence: The Plenum linked development and security, emphasizing comprehensive coordination of “development and security.” This signals stronger integration of national defence, geopolitics and economic policy.

Structural reform and high-quality development: The Plenum called for deepening reform across the board, including institutional reform and governance enhancements, albeit with caution. Commentary observed that while the broad direction is clear, the implementation details remain unspecific.

Implications and Questions Going Forward

The direction set by the Fourth Plenum and the 15th FYP holds significant implications:

Geopolitical and techno-industrial competition: By doubling down on self-reliance and manufacturing, China signals that it sees industrial capacity as a strategic asset in its rivalry with the U.S. and other tech powers. This suggests further tension in export controls, supply chains and global standard-setting.

Domestic risks and growth constraints: The shift towards domestic consumption and higher-value manufacturing may moderate growth—but execution is critical. With weak consumer sentiment and property woes, Beijing must navigate the transition carefully lest the changeover stall.

Implementation gap: While top-level priorities are laid out, analysts point to an information gap on binding targets and incentives. Past five-year plans have been criticised for being aspirational rather than operational.

International signalling: The Plenum’s timing—just ahead of scheduled meetings between President Xi Jinping and U.S. President Donald Trump—indicates that China is not merely planning for its domestic economy but also shaping the narrative of global strategy.

Conclusion

The Fourth Plenary Session of the CPC and the approved outline of the 15th Five-Year Plan mark a crucial moment for China as it enters a phase of heightened strategic competition and internal recalibration. The message is consistent: continuity in party leadership and ideological foundation, paired with acceleration in technological, industrial and consumption-driven reform. However, the real test lies ahead—not in ambition, but in execution. For China to achieve its goals of technological dominance, resilient growth and enhanced global influence, it must translate the high-level blueprint into measurable structural change, all while navigating mounting external pressures and complex domestic dynamics.