

Welcome to This Week's Asia on the Horizon

(05 November 2025)

This week's issue lands at an inflection point for the Indo-Pacific: a region no longer content to absorb external shocks but increasingly determined to choreograph them. From Kuala Lumpur to Busan and Gyeongju, summitry doubled as strategy—leaders testing how far temporary truces, new rule-making pushes, and coalition-building can stretch in a system defined by great-power rivalry and brittle supply chains. The result is a map in motion: ASEAN expands and asserts, APEC gropes toward consensus under strain, and Washington–Beijing competition is managed rather than solved. The stories that follow capture this recalibration across the full spectrum of power—trade and technology, diplomacy and deterrence—signaling an Asia that is setting the tempo of global politics even as it navigates its own fault lines.

At the center of the week's theater was the Trump–Xi meeting in Busan—the first direct encounter between the two leaders in six years, and a meticulously staged pause button on an otherwise escalating contest. The one-year tariff and rare-earths reprieve steadied markets and supplied made-for-television optics, but it did not touch the structural drivers of rivalry: industrial policy, technology controls, and hard security. As our Analysis section argues, the handshake yielded appearance over architecture—a tactical ceasefire that buys time without changing the fundamentals of competition. Our Photo of the Week freezes that paradox in a single frame: a shared laugh across the table, ceremony masking calculation, and a *détente* that is as performative as it is provisional.

Meanwhile, APEC 2025 in Gyeongju became a barometer for multilateralism under pressure. Host South Korea pushed supply-chain resilience and WTO reform as the forum inched “very close” to a joint declaration—no small feat for a 21-economy consensus club that has stumbled before. Yet the gravitational pull of bilateral deals was unmistakable: the U.S.–China truce dominated the corridors, and key choices on trade and technology were hashed out in side rooms, not plenary halls. In parallel, Xi Jinping's proposal for a global AI cooperation body signaled Beijing's bid to shape the rules of next-generation tech governance even as Washington leans into selective decoupling. APEC, in short, showed flickers of institutional stamina—tempered by the reality that big decisions increasingly migrate to leader-to-leader bargains and issue-based coalitions.

Further south, ASEAN's 47th summit in Kuala Lumpur marked a quiet but consequential reset. The bloc admitted Timor-Leste as its 11th member and reaffirmed its claim to regional centrality at a time of intensifying U.S.–China competition. The East Asia Summit that followed drove home the point: Malaysia pressed for a legally binding South China Sea Code of Conduct and insisted that outcomes be shaped within regional frameworks rather than by outside force. At the same time, China–ASEAN FTA 3.0 pushed deeper into digital trade and the green economy, offering growth while

sharpening questions about dependency and leverage. ASEAN isn't opting out of major-power politics; it's trying to referee it.

U.S. alliance management, too, revealed its strain points and adaptations. In Tokyo, the Trump–Takaichi meeting wrapped economic statecraft around security alignment: a rare-earths/critical-minerals deal to reduce China risk, paired with Tokyo's pledge to push defense spending toward 2 percent of GDP—symbolism matched with hard capability. Yet the Quad leaders' summit slip to early 2026 hinted at scheduling friction masking deeper divergences of pacing and priorities among the four partners. And on the peninsula, Seoul's pageantry for Trump—trade deal “nearly finalized,” top national honor conferred—was followed by a carefully balanced state visit for Xi, as President Lee Jae-myung tested a dual-track diplomacy: tighter U.S. security ties alongside appeals for Chinese leverage on North Korea. The through-line is unmistakable: U.S. partners are hedging with a surgeon's precision, even as they signal commitment to a rules-based order.

Beyond the summit stages, the economic and security plumbing of the region continued to shift. India's refiners paused new Russian crude orders in the wake of fresh Western sanctions on key suppliers, a reminder that energy security, financial compliance, and geopolitics now move in lockstep. Beijing's signal that broad EV subsidies will fall away in its 2026–30 plan points to a turn from saturation and overcapacity toward harder market discipline and targeted bets. Brussels readied talks with Beijing over expanded rare-earth controls, exposing Europe's own diversification gap.

Our Statistics of the Week cut through the noise with first principles: APEC's 21 economies account for 37% of the world's population, 61% of global GDP, and 46% of world trade in goods and commercial services—a structural reality that explains why every tariff tweak, minerals curb, or code-of-conduct clause in this region reverberates globally. The Map of the Week plots those 21 member economies making plain that the Pacific isn't a geographic label so much as a circulatory system for the global economy. And our Infographic of the Week breaks down Busan's “pause, not peace.”

In the pages ahead, Regional Alliances dissects APEC's uneasy revival—how a consensus club functions when the superpowers prefer bespoke deals—while Analysis interrogates the Trump–Xi ceasefire: who gained leverage, who bought time, and where the next fracture lines will open. The connective tissue across all of it is unmistakable: Asia is not a passive arena; it is the primary workshop of world order. The challenge for capitals from Canberra to Ottawa, Tokyo to Jakarta, is to turn a week of deft choreography into lasting architecture—before the next shock tests just how much of this new equilibrium is performance, and how much is power made durable.



1. KEY DEVELOPMENTS

ASEAN 2025 in Kuala Lumpur

At the heart of the Association of Southeast Asian Nations (ASEAN)'s 47th Summit in Kuala Lumpur (26-28 October 2025) lies a clear marker of ambition and geopolitical reckoning. Under the banner of “Inclusivity and Sustainability”, the event assembles an unusually broad roster of global leaders — from Donald Trump for the U.S., Li Qiang for China, Australia's Anthony Albanese, Japan's newly-sworn-in Sanae Takaichi, to participants from Brazil, South Africa, Canada and beyond. Significantly, the summit also officially admits Timor-Leste as the 11th ASEAN member — the bloc's first expansion since the 1990s. Malaysia's role as host and chair under Prime Minister Anwar Ibrahim illustrates its desire to elevate ASEAN's relevance amid intensifying U.S.–China competition and regional economic uncertainty.

President Donald Trump's attendance marks his first ASEAN leaders' engagement since 2017 and the first U.S. presidential visit to Malaysia in over a decade. His presence underscores Washington's renewed focus on Southeast Asia — especially as the region becomes key to rare-earths supply chains, trade corridors, and the Indo-Pacific balance. The summit situates the U.S. alongside China but with ASEAN seeking to maintain its independence and centrality rather than simply becoming a proxy battleground. For ASEAN states, the message is unambiguous: global powers are converging, and staying on the sidelines is no longer viable.

China-ASEAN Free Trade Area 3.0: Deepening Economic Ties Amid Shifting Geopolitics”

On 28 October 2025, Association of Southeast Asian Nations (ASEAN) and People's Republic of China signed an upgraded version of their free-trade agreement, formally dubbed the “Free Trade Area 3.0” protocol. The new pact builds on the 2010 agreement, expanding cooperation into digital trade, green economy sectors, services, supply-chain connectivity and market-access provisions. Notably, trade between China and ASEAN reached about US \$771 billion last year, making them each other's largest trading partner, underscoring the economic impetus behind the deal.

Strategically, the timing and content of the upgrade reflect China's intent to present itself as a champion of multilateral trade and regional economic integration—particularly in the face of rising U.S. protectionism under Donald Trump. For ASEAN, the pact offers an avenue to deepen economic resilience amid great-power rivalry, but also raises questions about dependency and political leverage: as one Philippine leader warned, “this cooperation cannot exist alongside coercion”. In short, while the upgrade marks a tangible advance in China-ASEAN economic cooperation, its longer-term impact will hinge on how member states manage the balance between China's growing influence and their own strategic autonomy.

20th East Asia Summit: Dialogue Over Division in the Asia-Pacific

At the 20th East Asia Summit in Kuala Lumpur on 27 October 2025, regional leaders including Anwar Ibrahim, Malaysia's Prime Minister and current chair of ASEAN, called for a renewed emphasis on dialogue and cooperation—rather than coercion among states—as global tensions from Gaza to Ukraine and the South China Sea intensify. The summit's agenda extended beyond security concerns to include economic resilience, trade diversification, and multilateral responses to shifts in the U.S.–China rivalry. This framing reflects ASEAN's attempt to reposition itself as a stabilising hub rather than simply an arena for external power competition.

Simultaneously, Prime Minister Anwar stressed that the South China Sea dispute must be resolved within ASEAN's framework and through regional mechanisms—without undue external imposition. He noted that parties present had agreed to move forward on a “Code of Conduct” aimed at legally binding guidelines to reduce conflict and promote peaceful settlement of overlapping maritime claims. This is significant because it places ASEAN at the centre of its own maritime security agenda, signalling a pushback against perceptions that extraregional powers might drive outcomes. The substance of those discussions—how much leverage ASEAN members actually have, which external actors they seek to balance, and whether this framework leads to concrete enforcement—remains to be tested.

Quad 2026: A Delayed Reset Amid Indo-Pacific Strategic Flux

In a candid address on the margins of the Association of Southeast Asian Nations-related forum in Kuala Lumpur, Anthony Albanese announced that the next leaders' summit of the Quadrilateral Security Dialogue (“Quad” – comprising the US, Japan, India and Australia) is now expected in the first quarter of 2026 rather than in 2025 as originally planned. While India had been slated to host this year, the calendar shift is attributed in part to a “busy period” for the US president, indicating bilateral and multilateral scheduling pressures. Albanese underscored the Quad as “an important forum... for us to engage Australia, the United States, Japan and India.”

This postponement carries deeper strategic implications. The Quad has increasingly been positioned as a cornerstone of the Indo-Pacific architecture seeking to counterbalance Chinese power and advance a rules-based regional order. A delay in the leaders' summit does not just reflect logistical hiccups—it suggests current systemic strain: competing national priorities (notably the US) and perhaps divergent appetites for multilateralism among the Quad's members. Although Albanese simultaneously flagged his defence concerns over a recent incident with a Chinese jet near an Australian patrol aircraft, thereby reinforcing the alliance's security rationale, the scheduling delay raises questions about the Quad's capacity to act swiftly in a region where Beijing's assertiveness and great-power competition are intensifying.

A Strategic Reset in Tokyo: U.S.–Japan Ties and a Prelude to U.S.–China Trade Talks

During his Asia tour, Donald Trump landed in Tokyo on October 27 2025 for a high-profile bilateral with Japan's newly installed prime minister, Sanae Takaichi, signalling a renewed U.S.–Japan public diplomacy push ahead of his meeting with Xi Jinping. The day included a meeting with Japan's Emperor Naruhito, high-level trade and security discussions, and a signing ceremony for a deal on rare-earth minerals — a clear attempt to shore up supply-chain resilience and Japanese investment in the U.S. amid deepening U.S.-China economic tensions.

But beneath the optics lies a sharper strategic logic: the Japanese commitment not only to deepen the alliance, but to step up defence spending and align more closely with American priorities in the increasingly contested Indo-Pacific. Meanwhile, Trump's framing of the visit as a precursor to a U.S.–China trade truce marks Tokyo as more than just an allied stopover — it becomes a staging ground in the broader U.S. strategy to negotiate from a strengthened partner base. This alignment raises questions about Japan's manoeuvrability amid Sino-Japanese historic tensions and Tokyo's domestic political fragility under Takaichi.

U.S.–Japan Alliance Enters New Phase Under Trump–Takaichi Accord

In Tokyo, Donald Trump met with newly appointed Japanese Prime Minister Sanae Takaichi on 27 October 2025 for discussions centred on trade, security and the bilateral alliance. The meeting produced agreements on rare earths and critical minerals, aiming to reduce dependence on China-dominated supply chains. Takaichi signalled that Japan will accelerate its defence-spending target to 2 % of GDP and deepen its security cooperation with the United States.

The development carries significant strategic implications. First, it reaffirms Japan's commitment to the U.S. alliance at a time when regional security dynamics—particularly involving China—are shifting rapidly. Second, by combining trade investment promises with defence assurances, the agenda broadens the alliance from purely military to a full-spectrum economic/security partnership. That said, from a critical standpoint: Japan's internal political stability remains fragile, and Takaichi's government may struggle to deliver on ambitious defence commitments. Equally, the mineral-deal implementation will test whether the rhetoric yields concrete outcomes or simply symbolic gesture.

APEC 2025 in South Korea: Trade Tensions Take Centre Stage

The annual Asia-Pacific Economic Cooperation (APEC) forum, hosted this year in Gyeongju, South Korea, brought together leaders from 21 Pacific-rim economies at a time when global trade and supply-chain fault-lines are sharper than usual. While APEC's original mandate was to promote trade liberalisation and investment cooperation, this year's gathering is overshadowed by the escalating rivalry between the United States and China—from sweeping U.S. tariff threats to Chinese controls on rare-earth exports. South Korea, leveraging its role as host, emphasised supply-chain resilience, WTO reform and diversifying trade relationships, signalling Seoul's effort to balance its major-power ties while advancing its economic security agenda.

The summit, however, also revealed the limitations of APEC's consensus-based model. Despite host hopes for a strong joint declaration, the negotiation process remained tense—reflecting deep divides over trade policy and regional economic governance. With many attending leaders focused on bilateral engagements (notably a planned Donald Trump–Xi Jinping meeting) rather than multilateral outcomes, the forum risks being sidelined as a stage for great-power signalling rather than a vehicle for inclusive Asia-Pacific economic cooperation.

Brussels Mission: China to Engage With EU over Rare-Earth Export Controls

High-level Chinese officials are set to travel to Brussels in the coming weeks to engage with European Union interlocutors on Beijing's newly expanded export curbs on rare-earth elements and critical minerals. These controls — which now extend to processing technologies, magnets, and dual-use components — stem from China's declaration in October 2025 of national-security justifications for tighter licensing and export oversight. Given China's dominance of global rare-earth processing (over 90 % in certain categories) and the EU's heavy reliance on these materials for everything from electric vehicles to defence systems, Brussels regards the matter as a pressing industrial and strategic concern.

Beyond the immediate trade implications, the forthcoming dialogue reflects broader strategic recalibrations: the EU is signalling that it expects China to behave as a "reliable supply partner" and is openly discussing counter-measures if access remains constrained. For its part, China appears to leverage the negotiations to advance its geopolitical agenda — linking rare-earth controls with broader security and trade demands. While the Brussels mission offers a venue for de-escalation, it also underscores the fragility of global supply chains in a polarised environment and raises the question of how Europe can realistically diversify away from Chinese-dominated mineral inputs.

India's Refiners Hit Pause on Russian Crude Amid New Sanctions

Indian refiners have ceased placing new orders for Russian crude oil as they await clearer guidance from both the government and suppliers after recent U.S. and Western sanctions targeting key Russian exporters. Notably, India imported around 1.9 million barrels per day of Russian oil in the first nine months of 2025—accounting for roughly 40 % of Russia's total exports. The sudden halt in new purchases follows the imposition of fresh U.S. sanctions on major Russian producers Rosneft and Lukoil, raising concerns around payment processing and supply-chain links which Indian refiners are now investigating.

In response to the freeze on Russian orders, major Indian refiners like Indian Oil Corporation and Reliance Industries are reportedly turning to spot markets and alternative crude sources from the Middle East, the Americas and Africa to maintain supply. This pivot highlights India's deepening dilemma: navigating between energy security (through access to discounted Russian barrels) and compliance with Western sanctions. The pause also signals a broader strategic recalibration for India's refining sector, which may result in higher costs, shifting trade flows, and stronger alignment with global supply-chain realignments.

Deal and Distinction: U.S.–South Korea Bilateral Milestones at Gyeongju

During his visit to Gyeongju, South Korea on October 29 2025, U.S. President Donald Trump and South Korean President Lee Jae Myung announced what they described as a “pretty much finalised” trade agreement, resolving a long-standing standoff over U.S. vehicle tariffs and an ambitious \$350 billion investment umbrella. Simultaneously, South Korea awarded Trump the country's highest honour, the Grand Order of Mugunghwa, and gifted him a gold-crown replica from the Silla dynasty—an unmistakable symbol of diplomatic choreography linking trade, security and optics.

Beyond the headline remarks, the session embodied a broader recalibration: under the new deal, Seoul may gain U.S. consent for nuclear-powered submarines and associated fuel, while Washington secures economic and strategic concessions from its Asian ally. On one hand, the commercial truce alleviates pressure on South Korea's automotive and steel sectors by lowering tariff risks. On the other, the awards and deal nexus highlight how economic diplomacy is being tightly woven with alliance and defence commitments—raising deeper questions about the autonomy of South Korea's strategy amidst U.S.–China competition.

A Tactical Ceasefire: Donald Trump and Xi Jinping Forge a One-Year Trade Truce

On 30 October 2025, U.S. President Donald Trump and Chinese President Xi Jinping met in Busan, South Korea, marking their first in-person face-to-face since early in Trump's current term. In a deal announced immediately after the meeting, the United States agreed to reduce its average tariff on Chinese goods from around 57 % to approximately 47 %, including trimming the so-called "fentanyl tariff" from 20 % to 10 %. China, in return, committed to resume U.S. soybean purchases, maintain rare-earth exports for at least one year (postponing newly introduced export curbs), and cooperate on U.S. concerns over illicit fentanyl production.

While both sides hailed the meeting as a breakthrough — Trump called it an "amazing" 12 out of 10. Analysts warn that the accord is fundamentally a tactical truce, not a strategic resolution. The core structural issues — including China's industrial subsidies, advanced technology controls, and the broader geopolitical rivalry — remain unaddressed. Markets responded cautiously: while sentiment improved, the relief was moderate because the commitments lack binding enforcement and are time-limited to one year.

China Invites Pakistan on Short-Term Missions to Tiangong Space Station

China's space agency has announced that a Pakistani astronaut will be selected to undertake short-term missions aboard its Tiangong Space Station, marking a significant step in Sino-Pakistani cooperation in space exploration. According to state media, two Pakistani candidates are now undergoing training with Chinese astronauts, and one will be chosen to fly as a payload specialist aboard Tiangong in the near future. This move is positioned within China's broader effort to internationalise its human-spaceflight programme and deepen strategic ties with Pakistan.

The development carries dual strategic implications. First, for Pakistan, gaining an astronaut aboard Tiangong represents a leap in national prestige and access to space technology, aligning with its ambitions in satellite launches and environmental monitoring. Second, for China, this collaboration serves as a soft-power instrument in space diplomacy—allowing Beijing to frame itself as an inclusive leader in crewed spaceflight, especially as access to the U.S.-led Artemis Accords remains restricted to it. However, this initiative also raises questions about how far China is willing to entrust mission-critical operations to foreign partners, and whether this reflects more than symbolic engagement given the "short-term" nature of the mission and the limited role assigned so far.

Beijing's Warning and Taipei's Defiance: Taiwan Strait Tensions Escalate

On 29 October 2025, the Taiwan Affairs Office of People's Republic of China announced that China "absolutely will not" renounce the use of force in its bid for reunification with the island, explicitly reserving the option of all necessary measures. Although Beijing reiterated its preference for peaceful "reunification" under the "one-country, two-systems" framework, the statement marks a sharper and more publicised escalation in tone, timed deliberately ahead of a scheduled meeting between Presidents Xi Jinping and Donald Trump.

In response, Taiwan's president, Lai Ching-te, on 31 October rejected China's "one country, two systems" model outright and pledged to defend Taiwan's democratic system and sovereignty. His remarks follow mounting Taiwanese investment in defence capabilities — including receiving U.S.-made Abrams tanks — and an announcement to raise military spending to 5 % of GDP by 2030, underscoring Taipei's readiness to resist pressure from Beijing.

Stalled Diplomacy: Afghanistan–Pakistan Peace Talks Collapse

Negotiations held in Istanbul between Afghanistan's Taliban-led government and Pakistan's delegation have ended without a workable agreement, Pakistan's information minister announced on October 28, 2025. The talks, mediated by Doha and representatives from Turkey and Qatar, began after deadly cross-border clashes earlier in the month, but stumbled largely over Pakistan's demand that Kabul act decisively against the Tehrik-e-Taliban Pakistan (TTP)—which Islamabad accuses of using Afghan territory as a launchpad for attacks. Afghan officials countered that the Taliban in Kabul lack full control over the TTP and stressed the negotiations were already difficult.

With the talks unravelling, Pakistan has issued stern warnings—its defence minister declaring that failure to secure a deal could lead to "open war" along the 2,600 km border. The breakup of diplomacy not only underscores the fragility of Pakistan–Afghanistan relations but also signals deepening regional instability: Pakistan risks renewed militant incursions and militants exploiting the vacuum; Afghanistan's Taliban-led administration sees its ability to deliver on security commitments across its borders called into question. Without a credible mechanism to enforce cease-fire and militant containment, the brief pause in violence achieved with the October 19 truce may prove temporary—and the border may yet slide back into higher-intensity conflict.

China Signals End to EV Subsidies in 2026–30 Plan

China has indicated a major policy shift in its automobile industry by excluding electric vehicles (EVs) and new-energy vehicles (NEVs) from its upcoming 2026-2030 five-year development plan. Having heavily supported the sector over the past decade—through direct purchase subsidies, tax rebates and local government incentives—Beijing now regards the EV industry as sufficiently mature to stand without broad-based government support.

This exclusion signals that Chinese policymakers intend to shift from blanket subsidies toward more targeted support and market-discipline. Analysts interpret this as a response to overcapacity, saturated domestic demand and the need to reallocate resources to emerging fields such as quantum technologies, hydrogen energy and bio-manufacturing. For global observers, this matters because China's EV output and export surges have reshaped global auto economics—so a slowdown or reset in China could open opportunities for non-Chinese automakers and shift pricing dynamics worldwide.

Asia-Pacific Economic Cooperation (APEC) Summit Nears Breakthrough Amid U.S.–China Truce

At the 2025 APEC summit in Gyeongju, South Korea, host nation officials indicated that the member economies of the 21-nation forum are very close to agreeing on a joint leaders' declaration—a notable turnaround given past gridlock in 2018 and 2019 when no consensus statement was adopted. The optimism follows a flurry of bilateral diplomacy: the U.S. and China had reached a trade “truce” just prior to the summit, and that détente appears to have softened what many observers saw as the biggest obstacle to a textual consensus—divergent U.S. and Chinese visions of trade and supply-chain integration.

The potential joint statement carries more than symbolic weight: it signals that despite an era of resurging protectionism and great-power rivalry, Asia-Pacific economies still seek institutional methodologies for cooperation and rule-setting. According to a senior APEC official, “most APEC members are heading in the direction of free and open trade” despite the U.S. President's earlier tariffs. However, the summit's backdrop underscores significant caveats: the U.S. delegation was represented by lower-level officials after its leader departed early, and many major decisions are still being made bilaterally rather than through APEC collective mechanisms. This raises the question of whether the joint declaration will reflect meaningful new commitments or simply a reaffirmation of the status quo.

China Seeks Leadership in AI Governance and Korean-Peninsula Mediation

At the APEC Summit 2025 in Gyeongju, Xi Jinping unveiled a proposal to establish a “World Artificial Intelligence Cooperation Organization”, aimed at placing China at the forefront of global AI-governance architecture. According to Reuters, Xi positioned AI as a “public good for the international community” and suggested the body could be headquartered in Shanghai. Framed as an alternative to US resistantness toward multilateral AI regulation, China’s initiative dovetails with its push to champion free trade and emerging tech governance at a time when US engagement in multilateral trade forums is receding.

In parallel, President Lee Jae Myung of South Korea sought Xi’s assistance in re-engaging with North Korea, advocating a phased approach beginning with a nuclear freeze. Reuters reports that Xi committed only to “broaden cooperation” without defining China’s role in mediation. The convergence of these themes — tech governance and regional stability — underscores Beijing’s ambition to expand its diplomatic portfolio. Yet, both moves carry notable caveats: the AI body lacks detail on enforcement or membership, and North Korean engagement remains contingent on Pyongyang’s willingness to negotiate, highlighting both China’s aspiration and the structural limitations of its influence.

Tokyo–Beijing Reset? Takaichi and Xi Agree to ‘Constructive, Stable’ Ties

In their first formal meeting on 31 October 2025, Japan’s newly appointed Prime Minister Sanae Takaichi told Chinese President Xi Jinping she seeks “constructive and stable” bilateral relations, a declaration that came amid wider regional concerns. Xi responded that he was ready to maintain communication to keep China–Japan ties on the “right track”, signalling Beijing’s interest in damp-ending potential escalation under Japan’s new leadership.

Despite the conciliatory language, the context underscores deeper caution. Takaichi, known for her hawkish views on defence and China—including her support for boosting Japan’s military spending and tighter responses to Chinese activity around Taiwan—was under close watch by Beijing as she assumed office. Her outreach to Xi thus carries the dual message of reassurance and strategic positioning: Japan remains committed to the U.S. alliance and its own security capability, while signalling to China that Tokyo is willing to engage diplomatically. Whether the meeting represents a genuine reset or a carefully managed thaw will depend on how both sides translate words into policy—particularly on contentious issues like rare-earth exports, maritime disputes, and Japan’s emerging security role.

Beijing Plays Host, Seoul Plays Balancer: Xi's State Visit at APEC 2025

As the 2025 APEC Summit drew to a close in Gyeongju, South Korea, Xi Jinping embarked on a carefully orchestrated state visit hosted by South Korean President Lee Jae-myung, marking the Chinese leader's first trip to the country in 11 years. The summit's resulting joint declaration emphasised "resilience and shared benefits" in trade—an indicator that Asia-Pacific economic actors are shifting gears away from reliance solely on multilateral frameworks such as the World Trade Organization amid rising geopolitical fault lines. In this context, Xi used his visit to signal China's readiness to assume a more prominent regional leadership role, with Seoul granting the courtesy of state-dinner protocol and symbolic gift-giving to underscore diplomatic warmth.

This development carries two core dimensions worth highlighting. First, South Korea appears to be navigating a balanced positioning between its traditional security alignment with the United States and the rising economic and strategic influence of China: Lee openly asked Xi for assistance re-engaging North Korea, even as Seoul hosted Trump shortly beforehand, signifying a dual-track diplomacy. Second, the optics of China being hosted in such a manner—and actively seeking to shape the post-summit agenda—highlight Beijing's intent to fill the vacuum left by faltering U.S. leadership in the region. However, the summit's outcomes remain symbolic rather than deeply binding: language about trade resilience lacked fresh commitments, and the emphasis on "shared benefits" rather than structural reform suggests limited breakthroughs beyond positioning.

Australia–Canada Critical-Minerals Pact: Building Supply-Chain Resilience Beyond China

On 31 October 2025, Australia and Canada signed a Joint Declaration of Intent on Critical Minerals Collaboration during the G7 energy and environment ministers' meeting in Toronto. The agreement, inked by Australian Resources Minister Madeleine King and Canadian counterpart Tim Hodgson, commits both nations to deepen trade and cooperation in critical-minerals value chains—ranging from extraction to processing—to help create integrated, resilient supply lines for key inputs such as rare-earths, battery minerals and magnet-metals.

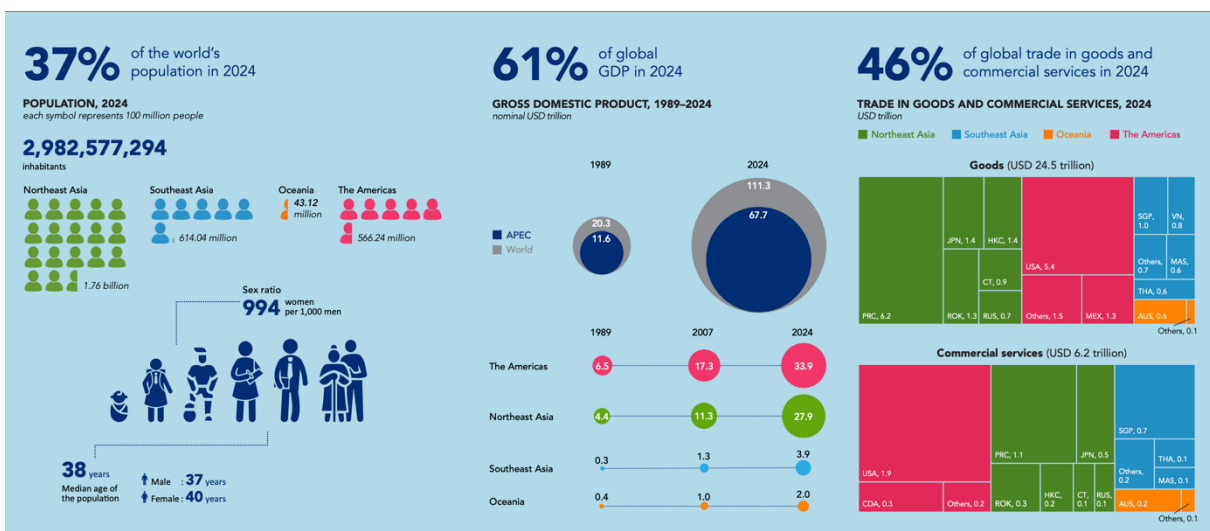
The strategic dimension of the pact is significant: both countries stepped up in the context of Western concern about heavy reliance on China for critical-minerals processing and supply. Canada, in particular, used the G7 forum to signal its ambition to mobilise C\$6.4 billion in mining and processing projects as part of a "Critical Minerals Production Alliance". For Australia, the deal builds on the October agreement with the United States. Collectively, these moves suggest a western pivot toward creating alternative supply-chains and reducing strategic dependencies, a clear response to China's recent export-controls on rare-earths and battery-metals. Nonetheless, the joint declaration is a framework rather than a concrete deal.

2. STATISTICS OF THE WEEK

APEC in the Global Economy

The 21 APEC economies collectively account for 37% of the world's population, or nearly 3 billion people in 2024. The population is concentrated in Northeast Asia (1.76 billion) and Southeast Asia (614 million), with 566 million in the Americas and 43 million in Oceania. The region's median age is 38 years (37 for men and 40 for women), and the sex ratio stands at 994 women per 1,000 men, reflecting an overall demographic balance.

Economically, APEC represents a commanding 61% of global GDP, rising from USD 11.6 trillion in 1989 to USD 67.7 trillion in 2024, underscoring its enduring role as the world's economic engine. The bloc also drives 46% of global trade in goods and commercial services, valued at USD 30.7 trillion. Within goods trade, China leads with USD 6.2 trillion, followed by the U.S. (USD 5.4 trillion) and Japan (USD 1.4 trillion). In commercial services, the U.S. and China dominate at USD 1.9 trillion and USD 1.1 trillion respectively, reaffirming APEC's centrality to both production and services in the global economy.



https://www.apec.org/docs/default-source/publications/2025/10/225_psu_apec-in-charts-2025.pdf?sfvrsn=fd2ecbe3_1

3. MAP OF THE WEEK

APEC Member Economies: Anchoring the Pacific Century

Spanning 21 dynamic economies across Asia, Oceania, and the Americas, APEC stands at the very center of the global economic and strategic balance. From Washington to Wellington and Beijing to Santiago, its members form the world's most powerful trans-Pacific network—accounting for over 60% of global GDP and nearly half of all international trade.

The bloc's membership—Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong (China), Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Chinese Taipei, Thailand, the United States, and Viet Nam—captures both the engines of innovation and the rising markets shaping 21st-century commerce. As recent summits reaffirm, APEC is no longer just a forum for cooperation; it is the strategic arena where the Indo-Pacific's economic and political future is being negotiated—linking great-power diplomacy, trade realignments, and the next phase of regional integration.



<https://skillsmap.apec.org/#>

4. PHOTO OF THE WEEK

A Smile Across the Divide: Xi and Trump Meet in Busan

A single photograph from Busan, South Korea, captured the world's attention this week: China's President Xi Jinping, breaking into an unguarded laugh, across the table from U.S. President Donald Trump, during their first face-to-face meeting in six years. The image—set against the backdrop of an ornate table of white lilies and the intertwined flags of the two powers—conveys both the illusion of ease and the reality of calculation. Each smile, every gesture, is heavy with strategy. The meeting, held on the sidelines of the APEC Summit, was less about reconciliation and more about repositioning—an attempt by two dominant powers to script the next phase of an uneasy coexistence.

Behind the cordial optics lay the contours of hard power. The pair's talks yielded a temporary trade truce and pledges on curbing fentanyl exports and easing tariff pressures, but no structural breakthrough. Still, the photograph speaks louder than the communiqué: two leaders, long at odds, locked in a carefully choreographed moment of détente. It is diplomacy as theater—an image of laughter masking tension, of rivals momentarily performing harmony while the world watches, aware that the real contest continues just beneath the surface.



<https://www.whitehouse.gov/gallery/president-donald-trump-participates-in-a-bilateral-meeting-with-chinese-president-xi-jinping/>

5. INFOGRAPHIC OF THE WEEK

Trump & Xi in Busan — Between Truce and Test

This week's infographic dissects the high-profile encounter between U.S. President Donald Trump and Chinese President Xi Jinping in Busan, South Korea — a meeting that captivated global markets and revived talk of a potential U.S.–China thaw. Trump's upbeat rhetoric — calling Xi a “tough negotiator” while projecting optimism — was carefully staged for both diplomatic theatre and domestic optics. Xi, by contrast, projected calm confidence, remarking that it was “normal for the world's two largest economies to have frictions now and then.” Behind the smiles, however, the infographic underscores a more strategic reality: both delegations agreed only to delay tariffs and export controls, not dismantle them. It's a pause, not peace — a tactical reprieve designed to manage political costs on both sides while leaving the deeper structural rivalry unresolved.



https://www.linkedin.com/posts/eurohub4sino_trumpxi-in-busan-trade-truce-or-activity-7389587706344906753-5h63?utm_source=share&utm

6. REGIONAL ALLIANCES

Realigning the Pacific: How the 2025 APEC Summit Redefines Regional Alliances

As the Asia-Pacific Economic Cooperation (APEC) summit convenes in Gyeongju, South Korea, the grand narrative is not simply about trade volumes or supply-chain maps—it is increasingly about the re-configuration of regional alliances. At a moment when the traditional liberal trade order is under pressure, major powers and middle states alike are recalibrating who they align with, how they cooperate, and what multilateralism means in practice. The 2025 summit is thus less a forum for incremental progress and more a staging ground for alliances being tested—and re-shaped—amid intensifying U.S.–China competition, technological disruption, and evolving power balances.

U.S. Strategic Reach: Retrenchment or Realignment?

For decades, the United States played a dominant role in APEC, anchoring trade liberalisation and regional security architecture. This year, however, Washington's presence looks different. Although the U.S. remains formally active, with senior officials asserting participation is “very strong and robust”, President Donald Trump departed the summit early—highlighting a shift toward bilateralism and flexibility over multilateral frameworks. This change poses a two-fold challenge: on one side, some APEC members fear diminished U.S. leadership may leave a vacuum; on the other, it opens the door for them to hedge, diversify alliances and pursue more flexible partnerships—not necessarily bound to Washington's agenda.

China's Alliance Pivot: Taking Center Stage

With U.S. engagement appearing selective, China is taking advantage of the moment to reposition itself as a regional anchor. President Xi Jinping, attending the summit after Trump's departure, used the platform to project Beijing's commitment to multilateralism and a rules-based trade order—ironically contrasting with U.S. tariff-heavy policy. China's approach blends diplomacy with alliance-building: from upgrading the ASEAN-China Free Trade Area to deepening ties with middle-powers like Canada in bilateral talks. For many APEC members, closer alignment with China offers economic opportunity—but the strategic trade-off is real: deeper economic links may bring dependencies or concessions on issues such as supply chains, rare-earths and regional security.

Middle Powers and the Era of Flexible Coalition Building

Amid the U.S.–China tussle, middle-powers in the Asia-Pacific—such as South Korea, Australia and Canada—are carving out more autonomous paths. South Korea, as host, has introduced the “APEC AI Initiative” and emphasised demographic and technological challenges—issues that transcend traditional alliance divides. Meanwhile, Canada publicly stated that the liberal trade era “has passed” and aims to double non-U.S. exports, signalling a deliberate pivot away from exclusive reliance on any single partner. These nations are increasingly favouring issue-based alliances (AI

governance, green transition, supply-chain resilience) rather than broad ideological blocs. This trend reflects a deeper shift: alliances built on shared interests and strategic autonomy rather than rigid alignments.

Multi-Track Alliances: Blurring Economic and Security Lines

A key takeaway from the summit is that alliances in the Asia-Pacific are no longer confined to trade value chains—they span technology, defence, supply-chains and diplomacy. For instance, South Korea’s bilateral with China addressed not just economics but North Korean denuclearisation and currency swaps. At the same time, the U.S., Australia, Canada and others are advancing critical-minerals cooperation outside the China-led system—suggesting a supplementary network of strategic supply-chain alliances. This multi-track approach reinforces the idea that regional alliances today are layered and overlapping, rather than binary or hierarchical.

Conclusion

The 2025 APEC Summit is unfolding as a pivotal moment for regional alliances in the Asia-Pacific. With U.S. multilateral leadership receding and China stepping into a more assertive role, the region is not dividing into two simple camps—but entering a phase of strategic complexity and realignment. Middle powers are asserting agency through flexible, interest-based coalitions; major powers are re-defining how they project influence; and multilateral fora like APEC are becoming arenas where the shape of 21st-century regionalism is being tested. For observers of the region, the key question is not simply “who is leading?” but “how alliances are being built, dissolved or adapted—and what that means for the future order.”

7. ANALYSIS

Handshake at High Stakes: Decoding the Trump–Xi Summit in Busan

On 30 October 2025, in the port city of Busan, South Korea, Donald Trump and Xi Jinping met for their first face-to-face encounter since early 2019. The timing and setting—on the sidelines of the 2025 APEC Summit—were emblematic of a relationship that oscillates between rapprochement and rivalry. While Trump greeted the summit as “12 out of 10,” the underlying reality is more nuanced: a tactical detente framed as a breakthrough, yet marked by unresolved structural tensions.

What Was Actually Agreed?

The public summary of outcomes reads like a pragmatic checklist: Washington will reduce its average tariff on Chinese imports from around 57% to 47%, including a cut in the “fentanyl-related” tariff from 20% to 10%. In return, Beijing pledged to resume U.S. soybean purchases, suspend its newly announced export controls on rare-earth minerals for one year and intensify cooperation on fentanyl precursor controls. On the surface, both sides claim success—but unpacking the terms reveals limits. The suspension of rare-earth controls is temporary; major tariffs remain; and structural issues such as subsidies, technology competition and Taiwan were conspicuously absent from the deal.

Strategic Subtexts and Signalling

Beyond the formal agreement, the summit served as a stage for broader strategic signalling. For the U.S., Trump sought to demonstrate that his “America First” agenda could yield tangible results—especially for American farmers and industrial workers. For China, Xi showcased Beijing’s capacity to negotiate on its terms, delaying structural confrontations while preserving leverage. Importantly, the deal effectively grants both sides a breathing-space, a pause in escalation. But it also reflects a deeper reality: this is not a pathway to integration or harmony but a managed competition under new terms.

Implications for the Global Order

The Busan meeting has ripple effects far beyond Washington and Beijing. Markets reacted cautiously—Chinese equities gained some traction, yet analysts flagged that the underlying risk of escalation remains. For regional actors and supply chains, the promise of stability matters—but so does the uncertainty that innovation controls, rare-earth supply disruptions and tariff volatility may re-emerge. Moreover, the sidestepping of Taiwan and advanced tech export controls suggests that structural competition will intensify even as trade tensions are briefly dialled down.

Conclusion

The Trump–Xi summit in Busan stands as a moment of appearance over architecture. It delivered headlines and short-term relief, but it did not restructure the U.S.–China

relationship. If anything, it marks the beginning of a new phase of rivalry: not open chaos, but latent contention managed through diplomacy, supply-chain maneuvering and tactical agreements. As the dust settles, the central question remains: can this pause evolve into a durable framework, or will the fog of unresolved strategic divides return with renewed force?

