Welcome to This Week's Asia on the Horizon

This week's issue captures an Indo-Pacific in the midst of a great strategic recalibration—a region where economic dependencies are fracturing, hard-power calculations are sharpening, and diplomatic red lines are being drawn. From a landmark U.S.–China trade accord to hardening military postures in Canberra and Beijing, the focus has shifted from rhetorical "de-risking" to tangible realignments. The stories that follow track this divergence across the full spectrum of power: technology and trade, critical minerals and maritime security, and diplomatic friction and deepening alliances, signaling an Asia that is actively forging new, and often competing, strategic paths.

At the center of the week's developments was the landmark U.S.–China economic and trade accord. This "strategic reset" saw Beijing commit to suspending export controls on rare earths and critical minerals, while the U.S. agreed to roll back specific tariffs. The deal immediately shifts leverage in global supply chains, particularly for U.S. allies like Japan and South Korea , while reinvigorating U.S. farm exposure in Asia. Yet, this de-escalation is only one part of a more complex picture, as Washington simultaneously pursues regional industrial alliances to secure sensitive supply chains.

In a clear counter-narrative, Moscow and Beijing moved to deepen their own economic axis. Russian Prime Minister Mikhail Mishustin's "very important" visit to Beijing focused on anchoring cooperation in industrial technology and energy—areas "less vulnerable to external shocks". This visit crystallises Russia's pivot deeper into a China-centric economic orbit , a partnership both sides are framing as a stabilizing force against Western pressure. Our Infographic of the Week breaks down this deepening strategic coordination, highlighting the visit's emphasis on "de-dollarisation" and shared geopolitical positioning.

Meanwhile, China's diplomacy with Europe revealed a strategy of managing friction. Calls between Foreign Minister Wang Yi and his German and British counterparts aimed to stabilize critical economic ties. But, as our Analysis section details, this is "conditional engagement". Beijing is offering economic partnership but demanding deference on core interests —a difficult proposition for a Germany grappling with a record trade deficit and a UK alarmed by security threats. Wang's warning that UK relations must "either forge ahead or drift downstream" captures the precariousness of this new normal.

The region's hard-power landscape also hardened perceptibly. Australia, citing China's rapid military expansion , announced a "more aggressive defence posture," including new acquisitions and infrastructure. Days later, Beijing commissioned its third-generation aircraft carrier, the Fujian, the first with advanced electromagnetic catapults. Our Photo of the Week captures President Xi Jinping at the commissioning ceremony , a symbol of China's growing blue-water ambition. Tensions also spiked on the Korean Peninsula, with a North Korean ballistic missile launch , vows of retaliation against new U.S. sanctions , and intelligence suggesting an imminent nuclear test remains an option.

Beyond military hardware, the economic plumbing of the region is being actively re-routed. In a major move toward technological self-sufficiency, Beijing directed state-funded data centers to drop foreign AI chips. In direct contrast, India is bolstering its capabilities with foreign partners: our Regional Alliances feature details how Nvidia’s entry into the India Deep Tech Alliance (IDTA) aims to close the funding gap in sectors like AI and semiconductors. This pivot was reinforced by Japanese automakers, who are channeling over $11 billion from China to India , elevating it as a new global production hub.

Our Statistics of the Week provides the data behind these complex realignments, diving into the shifting Sino-German economic dynamics. It highlights Germany's structural trade deficit and China’s strategic diversification of investment in Europe, with Hungary now the top destination. Our Map of the Week illustrates the military tensions, charting North Korea’s expanding missile reach and its diverse portfolio, including intercontinental variants capable of reaching the continental U.S..

In the pages ahead, Regional Alliances dissects India's deep-tech leap and its geopolitical implications, while Analysis interrogates China’s "conditional engagement" strategy with Europe. The connective tissue across all these developments is clear: the era of purely integrated globalization is yielding to an age of strategic divergence. From technology and trade to security and diplomacy, Asia is the primary arena where new, competing paths are being forged. The challenge for capitals worldwide is navigating a new order where hard choices are finally replacing hopeful rhetoric.

ASIA ON THE HORIZON BEYOND THE HORIZON

1. KEY DEVELOPMENTS

A Strategic Reset in U.S.–China Economic Ties

The administrations of Donald J. Trump and Xi Jinping reached a broad-based economic and trade accord during their meeting in South Korea. According to the White House, China has committed to suspend the global rollout of new export controls on rare earths and critical minerals, issue general licenses for U.S. access to rare earths, gallium, germanium, antimony and graphite, and end retaliatory tariffs imposed since March 4, 2025. In parallel, the U.S. will roll back certain tariffs on Chinese imports—removing a 10-percentage-point tariff tier effective 10 November 2025—and will suspend further tariffs under a one-year framework.

This accord holds significant implications for the Asia-Pacific region. China's agreement to ease export controls on key minerals critical to modern technology and defense shifts leverage in global supply chains, potentially reducing risk of Chinese supply-side chokepoints for companies in Japan, South Korea and elsewhere. For the U.S., the opening of China's agricultural market—such as commitments to purchase at least 12 million metric tons of U.S. soybeans in late 2025 and 25 million tons annually through 2028—reinvigorates American farm exposure in Asia. At the same time, the deal suggests a broader U.S. strategy of stitching together regional industrial alliances (including with Japan and the Republic of Korea) around security-sensitive supply chains, while simultaneously de-escalating direct trade confrontation.

Deepening the Sino-Russian Economic Axis

Mikhail Mishustin's two-day visit to Beijing and Hangzhou beginning November 3 2025 is being described by the Kremlin as "very important" — a clear signal of the increasing strategic weight Moscow places on its relationship with China. The agenda moves well beyond cosmetic diplomacy: Mishustin is scheduled to meet with Li Qiang and Xi Jinping and engage on trade, technological cooperation, transport links, industrial development, and energy. At a time when Russia faces deep-Western sanctions relating to its war in Ukraine and China is under mounting tech/trade pressure from the U.S., this visit underscores how both states are seeking to anchor their cooperation in areas less vulnerable to external shocks.

For the broader Asia/Indo-Pacific region, this visit crystallises two important dynamics. First, it marks Russia's pivot deeper into the China-centric economic orbit, which could shift supply-chains and regional trade flows — especially in energy, rare minerals, and transport corridors. Second, the partnership brings both Moscow and Beijing into a more explicitly collaborative posture against Western economic pressure, which may complicate efforts by regional powers such as Japan, South Korea and the ASEAN to maintain strategic autonomy. Although bilateral trade between China and Russia has recently shown signs of strain — Chinese exports to Russia dropped 21 % year-on-year in September. The two governments are now emphasising industrial-technological cooperation as a counter-cyclical anchor.

Australia Raises Alarm Over China's Naval Surge, Pledges Response

Australia's Defence Minister Richard Marles told a naval conference in Sydney that the military build-up by People's Republic of China constitutes "the biggest military build-up in the world today." He specifically highlighted the growing risk to Australian sea-trade routes through the South China Sea and East China Sea, noting that "operations to protect … these routes … are becoming increasingly risky." In response, Australia announced a more aggressive defence posture — including the acquisition of Japanese frigates, the development of submarine drones alongside U.S.-based firm Anduril Industries, and expansion of its shipbuilding infrastructure.

The signal from Canberra is two-fold. First, it underlines Canberra's assessment that China's rapid military expansion, without accompanying transparency or strategic reassurance, poses direct operational concerns for Australia and allied forces in the region. Second, it reinforces Australia's willingness to shift from diplomatic caution to more tangible capability-building — signalling to regional partners that it intends to act rather than remain a passive observer. The decision embeds Australia more deeply in the nexus of Indo-Pacific maritime security, and raises questions for other regional actors about how to calibrate their responses. While the announcement does not by itself provoke immediate confrontation, it does mark a discernible hardening of Australia's posture — one that will likely have ripple effects for alliance dynamics, regional naval presence, and the strategic calculations of Beijing.

Strengthening the China–Russia Strategic Partnership

During a bilateral meeting on November 4, 2025, Xi Jinping hosted Mikhail Mishustin at the Great Hall of the People in Beijing, reaffirming the "higher-level and higher-quality development" of China–Russia relations despite a "turbulent external environment." Xi emphasized that consolidating the partnership is a "strategic choice" for both nations. Mishustin conveyed greetings from Vladimir Putin and reiterated Russia's commitment to the One-China Policy and opposition to Taiwanese independence — aligning closely with Beijing's core territorial positions.

The agenda of the visit placed heavy emphasis on revitalising bilateral investment and cooperation across sectors including energy, agriculture, aerospace, digital economy and green development. While trade between China and Russia has recently slowed (with Chinese exports to Russia down 21 % in September) — partly due to Western sanctions and shifting economic dynamics — both sides are seeking to anchor their relationship in longer-term, strategically-oriented sectors more resilient to such volatility. The meeting therefore signals a deepening of the economic and geopolitical interlock between Moscow and Beijing — one that has implications for supply-chains, regional alignments and the broader Indo-Pacific strategic landscape.

China Extends Visa-Free Access and Adds Sweden

China has announced the extension of its unilateral visa-free entry policy for citizens of over 40 countries until 31 December 2026, a move that renews and expands a scheme originally set to expire at the end of 2025. In a significant addition, from 10 November 2025 onward, Swedish passport-holders will also benefit from up to 30 days of visa-free travel for tourism, business, family visits, transit or exchanges.

This action by China appears to be part of a broader effort to bolster inbound tourism, support the country's post-pandemic economic recovery and reinforce its image as an open destination for international business and cultural exchange. For the Asia/Indo-Pacific region, the consequences are two-fold: first, it eases people-to-people and business ties between China and the 40+ eligible nations (including key European, Asia-Pacific and Latin American states), which may help deepen regional connectivity. Secondly, by bringing Sweden into the scheme, Beijing signals a continuing outreach to Western European countries notwithstanding broader geopolitical tensions. However, exclusion of major countries such as the United States, United Kingdom and Canada from this list means the policy remains selective — which may reflect China's calibrated approach to opening up, rather than full liberalisation.

Berlin-Beijing Engagement Amid Economic & Security Frictions

On November 3 2025, Johann Wadephul, Germany's Foreign Minister, held a phone call with his Chinese counterpart Wang Yi — marking an important step towards re-engagement after Wadephul's recently cancelled China visit. The two sides discussed economic policy, security concerns and bilateral issues, and agreed to reschedule the trip. Beijing reiterated its invitation to Friedrich Merz, Germany's Chancellor, to visit China.

The conversation comes at a time when Germany is grappling with a record trade deficit with China (projected at €87 billion for 2025) and growing concern about supply-chain dependence, especially in critical materials and semiconductors. China, for its part, stressed during the call that differences were "hard to avoid" but emphasised the need for enhanced mutual trust and communication — while also urging Germany to uphold Beijing's "One-China" principle as the bedrock of bilateral relations. For the wider Asia/Indo-Pacific landscape, this exchange signals that Europe's largest economy is attempting to balance its economic interests with China against rising strategic risks — but the real test will lie in whether Berlin translates rhetoric into concrete policy adjustments in trade, industrial security and regional alignment.

Typhoon Kalmaegi Devastates Central Philippines, Eyes Vietnam

Typhoon Kalmaegi, locally known as “Tino,” has wrought major havoc across the Philippines’ central region, with authorities reporting at least 114 deaths and approximately 127 individuals missing as of November 6, 2025. The hardest-hit area was the province of Cebu, where floodwaters unveiled destroyed homes, overturned vehicles and debris-choked streets. A tragic incident during relief operations — a military helicopter crash in Agusan del Sur that killed six crew members — underscored the dangerous conditions rescuers faced. More than 200,000 people were evacuated ahead of the storm’s arrival, but the sheer scale of destruction now complicates response efforts, with debris clearing and restored access becoming urgent tasks for disaster-management teams.

As Kalmaegi moves westward over the South China Sea, it is tracking toward Vietnam’s central provinces, where authorities are preparing for heavy rainfall, flooding and wind-damage in key agricultural zones. The storm’s trajectory not only threatens significant infrastructure and human safety impacts in Vietnam, but also highlights broader climate concerns: researchers note that warming sea-surface temperatures and a high frequency of storms are making typhoons both more intense and more destructive in the region. For the Indo-Pacific, this event signals a heightened need for resilient disaster-preparedness frameworks and underscores the increasing challenge of managing compound climate disasters in highly-vulnerable coastal states.

Imminent Nuclear Test Looms as Kim Jong Un Holds Option in Reserve

South Korea’s Defence Intelligence Agency has assessed that North Korean leader Kim Jong Un could initiate a nuclear test in the near term, should he decide to do so, at the Punggye-ri nuclear test site. The intelligence report also points to preparations for additional spy-satellite launches with Russian technical support, suggesting Pyongyang is seeking both strategic deterrent and reconnaissance upgrades in tandem.

The prospect of a new nuclear test by North Korea carries significant implications for the broader Asia/Indo-Pacific security architecture. Such a move would likely escalate tensions across the Korean Peninsula, prompt a regional arms-race response (notably from South Korea, Japan and possibly Australia), and complicate U.S. alliance dynamics in the region. Furthermore, a test shortly before or during political transitions—such as the U.S. presidential term or regional elections—could be leveraged by Pyongyang to strengthen its bargaining position or deter allied military actions. Analysts warn that such a test would challenge the credibility of non-proliferation frameworks, strain China’s role as mediator, and likely trigger a more robust regional deterrent posture.

Battle Over Equal Representation at APEC 2026: Taiwan Pushes Back on Conditions by China

On 5 November 2025, Taiwan's Foreign Minister Lin Chia-lung accused China of imposing "a lot of conditions" on the island's participation in the upcoming Asia-Pacific Economic Cooperation (APEC) summit to be held in Shenzhen in 2026 — marking a retreat from Beijing's prior assurance of "equal participation." According to Taipei, China's demands now explicitly bind Taiwan's delegation to endorsing the One-China principle and adhering to Beijing's interpretation of cross-strait relations, raising deep concerns that Taiwan's representation may be downgraded from full APEC membership status.

In response to these developments, on 6 November the U.S. State Department publicly pressed for Taiwan (which participates as "Chinese Taipei" in APEC) to be granted full and equal participation at the 2026 summit — reaffirming that all member economies should be treated equally regardless of China's host status. The U.S. underscored that China's role as host does not exempt it from the consensus-based protocols of APEC membership, and warned Beijing that security arrangements for all participants must be upheld. The episode highlights how Taiwan's participation in regional economic forums has become a flashpoint of broader cross-strait and great-power rivalry in the Indo-Pacific.

Nvidia Joins India Deep Tech Alliance, Bolstering India's Deep-Tech Capabilities

The India Deep Tech Alliance (IDTA), a coalition of Indian and U.S. investors dedicated to supporting deep-technology startups, has secured over USD 850 million in fresh capital commitments and welcomed Nvidia as a strategic advisor and founding member. Joined also by new backers like Qualcomm Ventures, Activate AI, InfoEdge Ventures, Chiratae Ventures and Kalaari Capital, the group aims to close the funding gap for startups in sectors such as semiconductors, artificial intelligence (AI), robotics and space. Nvidia, in particular, will not only contribute financial backing but also deliver technical guidance, training and policy input to help Indian deep-tech firms adopt its AI and high-performance computing tools.

This development significantly elevates India's pursuit of high-end technological self-reliance, especially given that deep-tech startups in India have historically remained under-funded compared to broader tech ventures — despite a 78 % surge in funding last year, deep-tech still constituted only about one-fifth of overall startup investments in India. By aligning with Nvidia and U.S.-based investors, India is positioning itself more firmly in the global AI-semiconductor ecosystem, which has both economic and security dimensions in the wider Indo-Pacific region. The move could enhance India's role as a regional innovation hub and strengthen its strategic footprint in technologies that increasingly matter for competitiveness and geopolitical resilience.

China–Serbia Relations Deepen as CIIE Showcases Expanding Global Engagement

On November 4, 2025, Chinese Premier Li Qiang met with Serbian Prime Minister Djuro Macut in Shanghai, where the Serbian leader attended the 8th China International Import Expo (CIIE). Li emphasized that China-Serbia ties are entering a "new era" under the strategic direction of both heads of state, with two meetings this year setting the framework for building a "community with a shared future." Both leaders reaffirmed mutual support on core national interests and agreed to strengthen cooperation through the bilateral free trade agreement and high-quality Belt and Road projects. Macut reaffirmed Serbia's support for the One-China principle and endorsed Beijing's "four global initiatives," underscoring Serbia's growing strategic and economic alignment with China.

The meeting coincided with the opening of the 8th China International Import Expo, which has reached record scale — 367,000 square meters of exhibition space and participation from over 4,000 firms, including 290 Global Fortune 500 companies. The CIIE has evolved into a premier venue for new product launches and cross-border collaboration, symbolizing China's ambition to anchor itself as a global hub for innovation and investment. Exhibitors such as Tesla and Neura Robotics highlighted high-tech showcases, while executives from Bayer and Kärcher praised China's open-market momentum.

China Directs State-Funded Data Centres to Drop Foreign AI Chips

The Chinese government has issued new guidance mandating that any state-funded data centre projects use exclusively domestically-manufactured AI chips, according to two sources familiar with the matter. For projects less than 30 % complete, the directive requires removal of installed foreign chips or cancellation of planned purchases; more advanced projects will be reviewed on a case-by-case basis. The move is widely interpreted as one of Beijing's most aggressive steps yet toward technological self-sufficiency, especially in the context of its strained tech competition with the United States.

This policy has significant implications for the Asia/Indo-Pacific region's technology and security landscape. By excluding foreign AI chips—such as those from Nvidia, AMD and Intel—from state-backed infrastructure, China is both shielding its domestic chipmakers (like Huawei, Cambricon and Moore Threads) and accelerating decoupling from U.S.-led supply chains. For regional actors—including countries in Southeast Asia, Australia and Japan—the development signals a hardening of China's digital infrastructure sovereignty and may prompt closer alignment of technology strategies among U.S.-allied states. Moreover, the directive could deepen the technology divide: if China's domestic chips lag in performance or ecosystem maturity, China's long-term competitiveness in AI may be shaped differently, influencing regional innovation networks and investment flows.

Japanese Automakers Pivot from China, Elevate India as Global Production Hub

Major Japanese automakers—including Toyota Motor Corp and Honda Motor Co Ltd—are channeling over US$11 billion into India to scale manufacturing and exports, marking a significant strategic shift away from China. Toyota, for example, plans to increase its Indian production capacity to over 1 million units annually, launch 15 new or refreshed models by 2030, and broaden its rural sales network. Honda is redirecting its focus to India as a top vehicle-base alongside the U.S. and Japan, with its first India-produced electric model due in 2027 for exports.

This pivot reflects deeper fault lines in the global automotive ecosystem. The move away from China underscores automakers' increasing concern over fierce local competition, shrinking profit margins there, and the geopolitical risks inherent in relying on a single large manufacturing base. For India, this presents a major opportunity: its large labor pool, improving manufacturing quality, and business-friendly policy environment make it an attractive alternative hub. The shift will likely accelerate India's ascent in global car production, alter regional export flows, and reshape supply-chain dependencies across the broader Asia/Indo-Pacific region.

Pyongyang Vows Retaliation in Wake of New U.S. Sanctions

North Korea has condemned the latest round of sanctions imposed by the United States, describing them as an act of deliberate hostility and vowing to respond accordingly. The U.S. Treasury Department recently sanctioned eight individuals and two entities linked to North Korean cyber-money-laundering activities that allegedly help fund Pyongyang's weapons programmes. North Korea's state media outlet, Korean Central News Agency (KCNA), quoted its vice-foreign minister as saying that further sanctions will not change the strategic reality on the peninsula and that North Korea will "patiently" retaliate while rejecting the sanctions as an outdated "screenplay" with no effect.

This escalation raises the risk of renewed instability on the Korean peninsula and could complicate efforts by regional actors to manage diplomatic openings. With Pyongyang signaling a firm rejection of Washington's pressure tactics, the possibility of talks or a summit becomes more fragile: the regime may seek to leverage its defiance to gain concessions or showcase deterrent strength. Furthermore, the move comes at a time when the Indo-Pacific region is already contending with multiple flashpoints, and this development may prompt neighbouring states—such as South Korea and Japan—to deepen military readiness or seek stronger coordination with Washington. The linkage between cyber-financing, sanctions, and weapons development also underscores the growing complexity of non-kinetic security dimensions in the region's geopolitical competition.

Strategic Rare-Earth Mining Shift: Japan and U.S. Target Pacific Depths

Japan and the United States have announced plans to jointly explore rare-earth mineral extraction in the seabed near Minamitori Island — located roughly 1,900 km southeast of Tokyo. Sanae Takaichi, Japan's Prime Minister, revealed that the two countries signed a framework agreement aimed at securing rare-earth supplies during a recent meeting with U.S. President Donald J. Trump. The project envisions raising mud from depths of approximately 5,000-6,000 metres in Japan's exclusive economic zone (EEZ), with a feasibility test scheduled for January 2026 and potential trial production of 350 metric tons per day beginning January 2027.

This initiative marks a critical shift in the global rare-earth supply architecture, especially as China remains the dominant producer and processor of these strategic minerals. By collaborating with the U.S., Japan aims to diversify away from China-centred supply chains and strengthen maritime and economic security. For regional actors in the Indo-Pacific, this raises several questions: how will China respond to the erosion of its near-monopoly; can seabed mining at these depths succeed technologically and environmentally; and what impact will this have on allied supply-chain strategies in sectors like EVs, defence, and tech? The move signals that critical-minerals strategy is now firmly embedded in security policy — not just trade.

Rising Tensions on the Korean Peninsula: Missile Launch and Threats from Pyongyang

On 7 November 2025, North Korea launched a suspected short-range ballistic missile from its northwest region, which travelled approximately 700 km and landed off its east coast — outside the Japanese exclusive economic zone. The launch came amid heightened friction with the U.S. and South Korea, following fresh sanctions and the entry of a U.S. aircraft carrier into South Korean waters. In response, North Korea's deputy defence minister warned of "more offensive action" unless what it called escalating military threats ceased.

The incident has triggered swift condemnation by South Korea's Defence Ministry, which urged an immediate halt to escalatory acts by the North. At the same time, the U.S. military stated that while the missile did not pose an immediate threat to the U.S. or its allies, it underscored the destabilising impact of North Korea's weapons behaviour. The escalation complicates diplomatic efforts to re-engage Pyongyang, raises the risk of miscalculation in the region, and may force greater coordination among the U.S., South Korea and Japan on deterrence and response.

At a Crossroads: China–UK Relations Face a Pivotal Moment

Wang Yi, China's Foreign Minister, warned on November 6 that relations with United Kingdom must "either forge ahead or drift downstream," signalling Beijing's view that the bilateral partnership now sits at a strategic inflection point. In a call with UK Foreign Secretary Yvette Cooper, Wang emphasized the need for enhanced strategic communication and stated that China and the UK, as permanent members of the United Nations Security Council, share international responsibilities in safeguarding global stability and multilateral institutions. He acknowledged that differences are normal given divergent cultural and historical contexts but urged both sides to "handle … occasional noises and disturbances" proactively and maintain a stable trajectory.

The tone of Wang's statements reflects broader recalibration in China's diplomacy—especially as Beijing seeks stable partnerships amid deepening U.S.-China rivalry and shifting geopolitical fault-lines. For the Indo-Pacific region, a viable China–UK relationship matters not only for trade and investment but for coalition-building in arenas such as climate governance, digital rulemaking, and maritime security. Wang's invocation of the UN Charter, WTO rules and global industrial-supply-chain stability signals Beijing's desire to frame the UK as a partner in shaping global "open economy" architecture rather than solely as a competitor. Nonetheless, the ambiguity—"advance or regress"—suggests that China has low tolerance for persistent discord or misalignment; effectively, the relationship could be downgraded if the UK continues to prioritize security concerns (e.g., foreign-interference allegations, tech export controls) over deeper engagement. For the UK and other Indo-Pacific actors, this framing might mean that cooperative space with Beijing will hinge increasingly on alignment with Chinese prerogatives, making sovereign calibration of economic and security ties more delicate.

China Commissions Third-Generation Aircraft Carrier Fujian

On November 5, 2025, Xi Jinping presided over the commissioning ceremony of the Fujian in Hainan province, marking its formal induction into the People's Liberation Army Navy (PLAN) fleet. The carrier is the nation's first fully indigenous design and the first to incorporate an electromagnetic aircraft-launch system (EMALS), enabling it to deploy heavier and more advanced aviation assets—including the stealth J-35 fighter and the early-warning KJ-600 aircraft—signalling a leap in China's carrier capability architecture.

The entry of the Fujian heightens China's capacity for maritime power projection well beyond its coastal waters, directly influencing strategic calculations in the Asia/Indo-Pacific region. With a flat-deck, catapult-equipped carrier, China can field a more capable carrier-strike group that may challenge U.S. and allied dominance across the first and second island chains—including around Taiwan and the South China Sea. Analysts caution, however, that the Fujian is conventionally powered (unlike U.S. nuclear-carriers), and full combat-ready integration of its air wing and support elements may still take a year or more.

Taiwan Vice-President's Europe Trip Signals Bold Diplomatic Outreach

Hsiao Bi-khim, Vice-President of Taiwan, made a rare and conspicuous visit to Brussels on November 7 2025, addressing lawmakers at the European Parliament during the annual summit of the Inter-Parliamentary Alliance on China. In her speech, she reaffirmed Taiwan's commitment to democratic values and underscored the island's role in safeguarding global supply chains and the stability of the Taiwan Strait, explicitly calling on Europe to engage more closely on technology, trade and security despite Taiwan's diplomatic isolation.

This trip represents a deliberate shift by Taipei to deepen unofficial ties in Europe, expanding its diplomatic footprint beyond the U.S. and the Asia-Pacific region. The move is significant in the context of the Indo-Pacific more broadly, as Taiwan positions itself as a global partner on shared values of democracy and open networks — while Beijing views such exchanges as encroachments on its "One China" principle. The visit may prompt European states to reassess their strategic posture toward Taiwan and China alike, highlighting how Taiwan is becoming an active node in the wider competition for influence between major powers.

2. STATISTICS OF THE WEEK

The Shifting Sino-German Economic Dynamics

The latest trade figures highlight a pronounced reversal in Germany's long-standing export advantage over China. In 2023, total bilateral trade reached €253 billion, but Chinese exports to Germany exceeded German exports to China by approximately $60 billion, leaving Berlin with a significant trade deficit that persisted through 2024. This shift reflects structural pressures in Germany's manufacturing sector, which has become increasingly dependent on Chinese intermediate goods—especially in green-tech and electronics supply chains. The balance of industrial complementarity that once favored German capital-goods exports is now tilting toward China's high-volume, technology-rich exports.

At the investment level, Germany remains deeply embedded in China's industrial ecosystem, with €90 billion in FDI stock and a record €7.1 billion flow in 2022—roughly 30 percent of which is concentrated in the automotive industry. Yet, China's outbound investment focus within Europe is clearly diversifying: the "Big 3" economies (Germany, France, and the UK) accounted for only 20 percent of Chinese FDI in 2024—down sharply from a 52 percent average between 2019 and 2023. Hungary, driven by large-scale EV and battery projects, emerged as China's new top European investment destination. This reconfiguration underscores a dual trend: Germany's deep roots in China's market coexist with China's accelerating shift toward broader, more strategic European investment diversification.

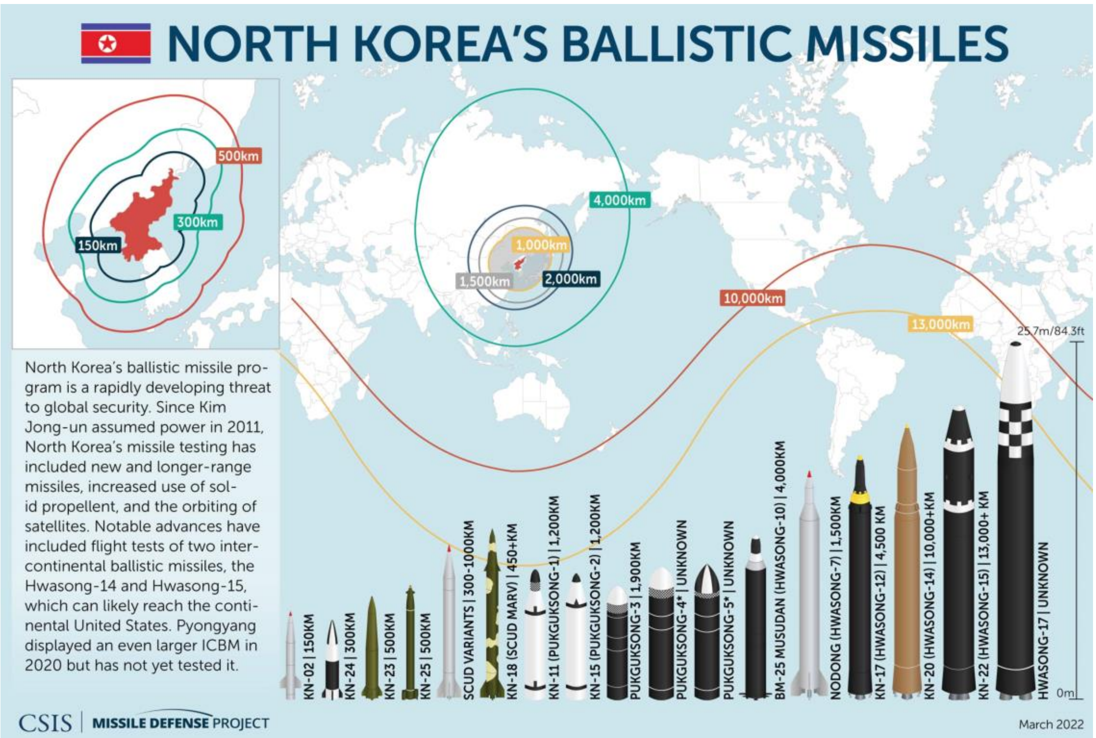
https://behorizon.org/the-sino-german-economic-nexus/

3. MAP OF THE WEEK

North Korea's Expanding Missile Reach

The latest intelligence and satellite imagery reaffirm the rapid evolution of North Korea's ballistic missile program, which now represents one of the most sophisticated non-nuclear power arsenals globally. As illustrated in this week's map, Pyongyang has successfully fielded a diverse missile portfolio ranging from short-range systems like the KN-02 (150 km) to intercontinental variants such as the Hwasong-15 and Hwasong-17, both capable of exceeding 13,000 km and potentially reaching the continental United States. Since Kim Jong-un took power in 2011, North Korea's testing activity has accelerated—marked by the introduction of solid-fuel propulsion, the development of submarine-launched "Pukguksong" models, and the integration of satellite launch vehicles with dual-use potential.

From a regional security standpoint, this diversification fundamentally alters deterrence dynamics in the Indo-Pacific. The inclusion of mid- and intermediate-range systems (notably the Nodong and Musudan series) extends credible strike capability across Japan, Guam, and U.S. forward bases. The ongoing shift toward solid-fuel, road-mobile, and submarine-based delivery platforms enhances survivability and readiness, complicating allied early-warning and interception planning. Combined with Pyongyang's expanding nuclear posture, the data underscores that the Korean Peninsula remains the most immediate flashpoint in the evolving great-power competition framework, with far-reaching implications for U.S. and regional defense strategy.



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4. PHOTO OF THE WEEK

Xi Jinping Commissions China's Fujian Aircraft Carrier

This week's featured image captures President Xi Jinping aboard the Fujian, China's first aircraft carrier equipped with electromagnetic catapults, during its commissioning and flag-presentation ceremony at the naval port of Sanya, Hainan Province, on November 5, 2025. Xi—who also serves as General Secretary of the Communist Party and Chairman of the Central Military Commission—posed for a group photograph with the carrier's officers and crew, symbolizing a new milestone in China's naval modernization drive.

The Fujian (Hull No. 18) represents the most advanced class of carrier yet built by China, entirely domestically designed and constructed. During the visit, Xi inspected the ship's combat systems, flight-deck operations, and crew facilities, emphasizing the strategic importance of developing systematic carrier-based capabilities. The presence of the J-35 and J-15T fighters and the KJ-600 early-warning aircraft underscored the PLA Navy's growing blue-water ambition. Xi's direct involvement—he personally approved the adoption of the electromagnetic launch system—reflects how the Fujian has become both a technological and political emblem of China's ascent as a global maritime power.

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5. INFOGRAPHIC OF THE WEEK

China–Russia Strategic Coordination Deepens

This week's infographic highlights Russian Prime Minister Mikhail Mishustin's visit to Beijing on November 3–4, 2025, where he met with President Xi Jinping and Premier Li Qiang to reaffirm the deepening Sino-Russian strategic partnership. The visuals emphasize Xi's remarks that China seeks to "strengthen the alignment of development strategies with Russia and expand cooperation in various fields," framing their relationship as anchored in "strategic leadership." The discussions underscored a shared geopolitical narrative: both sides view their coordination as a stabilizing force in a turbulent global order and a hedge against Western sanctions and influence.

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6. REGIONAL ALLIANCES

India's Deep-Tech Leap amid Global Tech Competition

India's entry into the deep-technology arena is gaining a decisive structural impetus with the recent integration of NVIDIA into the India Deep Tech Alliance (IDTA). The alliance, backed by Indian and U.S. investors, secured over US $850 million in fresh capital commitments this week as it expands its remit to sectors such as artificial intelligence, semiconductors, robotics and space tech. NVIDIA joins the IDTA as a founding strategic advisor—offering not just capital but technical guidance, training and policy-input to help Indian startups integrate its AI and accelerated-computing platforms. This development occurs at a critical juncture: India's much-touted ambition to become a deep-tech innovation hub is still nascent, with previous venture-funding heavily skewed toward software and services rather than frontier hardware and science-based startups.

Investment Ecosystem and Deep-Tech Gap

India's startup ecosystem has seen a bold shift in recent years, yet faces stubborn structural constraints in deep technology. According to industry data, deep-tech startup funding in India rose 78 % to US $1.6 billion in the most recent year, but this still represented only about one-fifth of the total US $7.4 billion raised overall. While this marks impressive growth, the scale remains modest relative to manufacturing- and hardware-intensive economies. The formation of the IDTA aligns with India's broader policy push—underscored by the government's US $12 billion Research, Development & Innovation (RDI) initiative—to catalyse long-term, research-intensive innovation rather than incremental services-based startups. NVIDIA's entry serves as an inflection point: its position as strategic adviser implies that Indian deep-tech firms will not only gain access to capital (via the alliance) but also to global domain expertise, scalable computing infrastructure and best-practice frameworks for integrating high-performance hardware. By contrast with past VC-led funds, the alliance signals a blended "capital plus capability" model—one that may bridge the talent-, resource- and ecosystem-gaps that have hampered India's hardware & science-driven ambition.

Geopolitical and Regional Technology Implications

From a broader Indo-Pacific perspective, India's deep-tech acceleration intersects with global technology realignments—particularly the U.S.–China competition over AI, semiconductors and strategic autonomy. For India, this alliance offers an opportunity to diversify away from service-centric export models toward capability building in frontier technologies. For NVIDIA (and by extension U.S. tech policy), it offers a "second frontline" in Asia beyond China. Meanwhile, given that China remains the dominant player in advanced chips, sensors and manufacturing, India's move reflects a broader trend of middle-power states seeking technology partnerships to reduce reliance on China-led supply chains. On the regional front, should India succeed in scaling high-end deep-tech firms, it could become a manufacturing and innovation node in the Indo-

Pacific—complementing Japan, South Korea and ASEAN as part of a broader "tech-forward" regional strategy.

Challenges and Strategic Considerations

Despite the promise, significant hurdles remain. Deep-tech ventures inherently require longer timelines, greater capital intensity and risk tolerance than software-based startups. As noted by founders and analysts, Indian entrepreneurs have been hindered by late-stage funding, slower scaling and weaker linkages to global manufacturing ecosystems. The IDTA emphasises that its commitments are voluntary and dispersed—not a pooled fund, which may slow execution and impact measurement. Moreover, integrating NVIDIA's global hardware ecosystem into the Indian regulatory, skills and supply-chain context will require substantial institution-building, policy alignment and ecosystem-coordination. In a region where technology policy is increasingly a dimension of strategic competition, India's ability to turn this alliance into tangible firms, jobs and exports will determine whether it emerges as a meaningful alternative to the China-dominated tech axis.

Conclusion

NVIDIA's inclusion in the India Deep Tech Alliance marks a watershed moment for India's innovation agenda—but the real test lies ahead. This move offers a catalytic convergence of global technology leadership, domestic policy momentum and venture-capital activation. If India can convert this alliance into operational success—developing frontier tech startups that scale, manufacture and export at global levels—it may reshape the Indo-Pacific technology architecture by embedding a third major innovation hub besides China and the U.S. For now, this initiative represents a strategic opening: the next years will determine whether it becomes a fulcrum of India's deep-tech leap or another symbolic gesture in the tech-geopolitical race.

7. ANALYSIS

China's European Approach: Managing Friction, Avoiding Rupture

Beijing's recent diplomacy with Europe's two major powers, Germany and the United Kingdom, shows a familiar pattern: offer strategic partnership and economic incentives, while drawing hard red lines on security and discourse. The phone calls between Chinese Foreign Minister Wang Yi and his German and British counterparts in early November came after very public tensions—Berlin over export controls and "de-risking," London over a collapsed China espionage case and MI5's stark threat assessment. China's message is clear enough: Europe should keep doing business with Beijing, resist alignment with Washington's containment agenda, and respect China's "core interests" on Taiwan and security. European capitals, meanwhile, are trying to square growing dependence on the Chinese market with rising political and security costs. The result is a relationship that China wants to frame as "strategic cooperation," but which increasingly looks like managed confrontation.

Germany: Between De-Risking and Dependency

The German–Chinese relationship is the most structurally important for Beijing in Europe. Berlin is simultaneously China's biggest EU trading partner and the test case for Europe's "de-risking" line. Germany's 2023 China strategy famously labelled Beijing a "partner, competitor and systemic rival" and explicitly called for reducing critical dependencies.

Against that backdrop, Foreign Minister Johann Wadephul's planned October visit to Beijing was meant to push China on rare-earth and semiconductor export curbs and call for "fair trade" as the basis of ties. Instead, Berlin abruptly postponed the trip after Beijing confirmed only one substantive meeting—an unmistakable snub that reflected tensions over trade, Russia, and the Indo-Pacific.

The subsequent phone call between Wang Yi and Wadephul was Beijing's attempt at damage control, but the substance shows how China is trying to discipline German policy. Chinese readouts stressed that the One-China principle is the "most important political foundation" of the relationship and warned Germany against "megaphone diplomacy" and treating China as a security threat. At the same time, Wang tried to frame China as having "unconditionally supported Germany's reunification," implicitly demanding reciprocal support on issues like Taiwan.

Berlin, for its part, downplayed the spat and reiterated its interest in dialogue. But the underlying structural problems remain: Germany has a record and widening trade deficit with China and is alarmed by Chinese export surges in electric vehicles and green-tech equipment that threaten German industry. The postponed visit and the subsequent call illustrate the new normal: China still wants German investment and market access, but it is no longer prepared to indulge criticism on security, Taiwan, or Russia. Europe's "de-risking" is colliding with Beijing's demand for political deference.

The UK: At a "Crossroads" Amid Security Alarm

If Germany is Beijing's economic priority, the UK is the security outlier. In mid-October, MI5 Director-General Ken McCallum publicly declared China a "daily threat" to UK national security, furious at the collapse of a high-profile espionage case against two Britons accused of spying for Beijing. The case fell apart after prosecutors failed to obtain formal government confirmation that China was legally classified as a national-security threat during the period in question—an omission rooted in the previous Conservative government's ambiguous China line.

Politically, this has produced a mess: Prime Minister Keir Starmer published key witness statements to show the failure lay with the old legal framework, not with his government, while the opposition accuses Labour of softness on China. Beijing, by contrast, has used the debacle to argue that the UK's security community is engaged in "China threat" hype.

It is against this backdrop that Wang Yi spoke by phone with new Foreign Secretary Yvette Cooper on 6 November. According to Chinese and Turkish-based reports, Wang said China–UK relations must "either forge ahead or drift downstream," urging London to enhance "strategic communication" and put ties on a "healthy, mutually beneficial and stable track." This is classic framing: Beijing casts itself as the responsible stakeholder, while implying that any further deterioration will be London's fault.

The UK's actual room for manoeuvre is narrower than this rhetoric suggests. Intelligence agencies are hardening their line; Parliament is under pressure to tighten foreign interference and technology-transfer rules; and London must consider its Five Eyes obligations and U.S. expectations. The Starmer government may want a "positive" relationship with China for trade and climate reasons, but the security system has already moved on. Beijing's approach—charm at the diplomatic level, sharp pushback against espionage claims—does little to reconcile that gap.

China's European Playbook: Conditional Engagement, Strategic Wedges

Taken together, Beijing's handling of Berlin and London reveals a fairly coherent European approach, even if the atmospherics differ. Several elements stand out:

Engagement is explicitly conditional. In both cases, Wang Yi linked deeper cooperation to respect for China's "core interests"—Taiwan above all—and to a toned-down public discourse. The attack on German "megaphone diplomacy" and the implicit criticism of UK security rhetoric are not throwaway lines; they are warnings that criticism will carry economic or diplomatic costs.

Economic levers remain central. With Germany, China's immediate concern is export controls and the risk that EU industrial policy will harden against Chinese EVs and green-tech overcapacity. With the UK, Beijing sees a secondary but still relevant financial and services partner. In both cases, it wants to keep doors open for investment while discouraging alignment with U.S. technology and security restrictions.

Beijing is testing Europe's strategic autonomy narrative. China's diplomatic readouts stress common responsibilities as UN Security Council members (in the UK case) and long-term "strategic cooperation" (for Germany), implicitly appealing to European desires for a role distinct from Washington. But the test for Europe is whether "strategic autonomy" ends up meaning a softer line on China at the very moment the EU is hardening its stance on economic security and human rights.

China seeks to compartmentalise security friction and economic ties—but only on its terms. Beijing wants Germany to keep buying and investing while muting criticism of its Russia policy and Indo-Pacific behaviour, and it wants the UK to treat espionage and interference as manageable irritants rather than defining issues. Europe's domestic politics, however, are moving in the opposite direction: security and economic policy are converging, not separating.

Conclusion

China's recent outreach to Germany and the UK is not a charm offensive in any conventional sense; it is a controlled attempt to stabilise ties while forcing Europe to accept Beijing's red lines. In both cases, the message is: cooperation remains on the table, but only if criticism and security pushback are dialled down.

The problem—for Beijing—is that Europe's politics and security assessments are moving in the opposite direction. Germany's de-risking strategy and industrial anxieties, together with MI5's public designation of China as a "daily threat," narrow the space for the kind of compartmentalised, economics-first relationship China wants.

If Berlin and London treat these latest contacts merely as opportunities to reset the tone without addressing structural issues—trade imbalances, overcapacity, technology transfer, and systemic rivalry—they are kidding themselves. Conversely, if Europe expects Beijing to accept de-risking, tougher security scrutiny and human-rights criticism without recalibrating its own behaviour, that is equally delusional. The likely trajectory is neither a clean break nor a return to the "golden era," but a grinding hybrid: high diplomatic traffic, frequent economic deals, and a steadily thickening layer of distrust underneath.

ASIA ON THE HORIZON

BEYOND THE HORIZON