

## Welcome to This Week's Asia on the Horizon

This week's issue arrives at a moment when the region's strategic equilibrium is being visibly rewritten— not through abstract doctrine, but through concrete policy shifts, diplomatic confrontations, and the rapid militarization of once-ambiguous security commitments. Across the Indo-Pacific, governments are moving from hedging to hard choices: defense industrial cooperation is accelerating, red lines are being stated rather than implied, and the notion of “de-risking” has given way to the active restructuring of supply chains, alliances, and deterrence postures. The pages ahead trace a region that is no longer waiting for global trends to shape it—Asia is now reshaping the world.

At the center of the week's developments is the emerging pathway for Japan and South Korea to join an AUKUS-style nuclear-submarine framework, a move that would have been politically implausible just three years ago. Washington's willingness to transfer nuclear propulsion technology to Seoul, and Tokyo's growing alignment with AUKUS Pillar II, point to a decisive break with the long-standing nuclear-restraint regime in Northeast Asia. What this represents is not simply capability expansion, but a structural shift toward a distributed undersea deterrence architecture—one explicitly designed to contain China's naval rise and keep U.S. allies locked into a shared strategic operating system. Our Regional Alliances section dissects how this emerging “AUKUS-Plus” ecosystem could reshape power projection from the Sea of Japan to the South Pacific.

Meanwhile, Sino-Japanese ties have plunged into the most direct diplomatic confrontation in years, following Prime Minister Sanae Takaichi's public declaration that a Chinese attack on Taiwan could constitute a threat to Japan's survival, thereby justifying military intervention. Beijing's response—ranging from official protests to personal threats issued by its Osaka consul-general—reveals how little tolerance remains for Japan inserting itself into Taiwan's security calculus. Our Analysis section examines why this episode marks a decisive end to Japan's era of strategic ambiguity: Tokyo is no longer positioning itself as a bystander to the Taiwan question, but as an explicit stakeholder in its outcome.

Elsewhere, China has selectively eased economic pressure points while tightening political leverage, suspending sanctions on defense-linked South Korean entities even as it demands diplomatic concessions, and pairing high-ceremony state visits with intensified messaging on “core interests.” Europe, for its part, is beginning to harden its own position: Brussels has targeted Chinese low-value e-commerce imports, Spain has sought deeper bilateral access to China's market, and Germany remains structurally dependent on China despite its widening trade deficit—tensions mapped clearly in our Statistics of the Week.

Hard-power dynamics also intensified. Australia's security establishment issued new warnings on Chinese cyber probing, India and Pakistan were both rocked by terrorism-linked explosions, and China's 076 drone carrier began sea trials—signaling the next phase of PLA amphibious capability. At sea, U.S.–South Korea defense cooperation

expanded into the shipbuilding domain, embedding Korean industry into U.S. naval production chains for the first time. These events are not isolated—taken together, they illustrate the deepening fusion between industrial policy and forward defense strategy.

In the sections that follow, we track these shifts through data, maps, and diplomatic signals:

- Statistics of the Week charts China’s trade leverage and Europe’s structural vulnerabilities.
- Map of the Week visualizes the global spread of terrorism’s impact, with Asia now carrying some of the world’s highest operational risk exposures.
- Photo of the Week captures Chinese grand strategy in image form: high-symbolism royal diplomacy deployed alongside industrial agreements.

The connective thread is clear: the Indo-Pacific is no longer defined by integrated globalization, but by the emergence of parallel strategic systems—competing alliances, segmented supply chains, and openly stated military thresholds. Power is being redistributed, not managed. The era of cautious balancing is ending, and the region’s capitals are now making decisions that will define Asia’s trajectory for a generation.



## 1. KEY DEVELOPMENTS

### A Quiet Pivot in U.S.–China Fentanyl Cooperation

In a previously unreported episode, Kash Patel, director of the Federal Bureau of Investigation (FBI), discreetly travelled to Beijing for high-level discussions with Chinese officials on the eradication of the synthetic opioid Fentanyl. The visit came in the wake of the summit between U.S. President Donald Trump and Chinese President Xi Jinping, in which the two parties emphasised their “consensus” on curbing fentanyl flows. China’s Commerce Ministry subsequently announced it will revise its catalogue of controlled precursor chemicals, impose export licensing for sensitive shipments to the U.S., Canada and Mexico, and bolster oversight of production of previously unregulated substances. The secretive nature of the visit—unacknowledged by either government—underscores both the sensitivity of the issue and the strategic framing of law-enforcement cooperation as a lower-profile complement to the more public trade-and-security talks.

For the United States, this development signals a subtle recalibration: moving away from unilateral trade penalties towards a more cooperative law-enforcement emphasis. As part of the deal, tariffs on Chinese goods were halved from 20% to 10%—a tangible concession in return for Beijing’s commitment to list 13 fentanyl precursors and regulate seven chemical subsidiaries tied to opioid production. While Beijing insists it has long taken action on the fentanyl-precursor problem, the agency’s multidimensional pledge represents a rare explicit recognition of the U.S. demand for greater transparency and export controls.

### Strategic Respite: China Suspends Dual-Use Metal Export Ban

On 9 November 2025, China’s Ministry of Commerce announced a suspension of the export ban on three critical materials—gallium, germanium and antimony—that had previously been prohibited from shipment to the United States under China’s „dual-use“ export-controls regime. The freeze takes effect immediately and is set to run through 27 November 2026, though the underlying licensing requirements remain in place—exporters will still need to obtain government permission for shipments.

This decision signals a tactical shift in Beijing’s use of rare- and critical-metal controls as a geopolitical lever, offering a short-term relief valve for U.S. industries heavily reliant on Chinese sources. China dominates global production of these materials—particularly gallium and germanium—which are essential for semiconductors, photonics, high-frequency electronics and defence applications. While the suspension may ease immediate supply-chain pressures, the reinstatement of licensing controls means China retains its strategic leverage: the pause can be reversed or tightened depending on bilateral tensions. For the U.S. and its Indo-Pacific allies, the development offers a reprieve—but also underscores the urgency of efforts to diversify away from single-source dependencies and build resilient capacity beyond China’s sphere of control.

## **“Not Alone” — Hsiao Bi-khim’s Europe Mission Reinforces Taiwan’s Diplomatic Momentum**

During her recent diplomatic mission to Europe, Taipei’s Vice President Hsiao Bi-khim declared that Taiwan “is not alone” and emphasised that the self-governing island now has “more and more like-minded friends around the world who are willing to walk with us.” Her trip included a rare address at the Inter-Parliamentary Alliance on China-summit held at the European Parliament in Brussels, marking one of the highest-level direct engagements between Taiwan’s leadership and European lawmakers in recent years. In light of mounting pressure from Beijing, which claims Taiwan as its territory and routinely condemns external engagement with Taipei, Hsiao’s appearance signals a deliberate effort by Taiwan’s government to expand its diplomatic latitude beyond its traditional U.S. backer.

For Taiwan, the trip represents both a symbolic and substantive shift in its external posture: engaging directly with Europe’s legislative community enables Taipei to diversify its international partnerships and reinforce its de-facto status as a democratic partner in the Indo-Pacific. The messaging is important: by calling out “we are not alone”, Taiwan asserts its global relevance and rejects isolation, which Beijing has long sought to impose through diplomatic pressure. The broader geopolitical ramifications are significant. As democratic capitals in Europe signal greater willingness to engage Taiwan—even informally—Beijing’s leverage over Taipei becomes more complex.

## **Philippines to Steer Association of Southeast Asian Nations Agenda: Binding South China Sea Code at the Fore**

As it prepares to assume the ASEAN chairmanship in 2026, the Philippines (Philippines) is prominently prioritising the finalisation of a legally binding Code of Conduct (COC) for the South China Sea. According to reports, Manila sees the delayed negotiation of the COC—with China and ASEAN member-states—as its “No. 1” agenda item ahead of President Ferdinand Marcos Jr.’s anticipated invitation to host Xi Jinping. Philippine Foreign Secretary Maria Theresa Lizaro has emphasized the archipelago’s commitment to a “rules-based order” and pressed for ASEAN to convert dialogue into binding rules. The move reflects Manila’s effort to cast itself as a stabilising broker in a region frequently caught between U.S.-China strategic contestation.

In tandem with its COC push, the Philippines is actively cultivating a closer partnership with Timor-Leste—ASEAN’s newest member—to bolster its sway within the bloc and to assemble support for a shared maritime security agenda. On the sidelines of recent defence-minister meetings, Manila pressed for formalising defence cooperation with Timor-Leste, citing shared historical and geographical predicaments. While some analysts view this as largely symbolic given Timor-Leste’s nascent institutional capacity, the effort signals a deliberate Filipino strategy to build coalition weight ahead of hosting the ASEAN chairmanship and to diversify its partnerships beyond bilateral ties with major powers. In effect, Manila is repositioning itself from a reactive claimant state into a potential broker and agenda-driver within Southeast Asian multilateralism.

## **“Greater Bay Showcase” — China Launches Its 15th National Games with Strategic Spectacle**

15th National Games of China officially opened in Guangzhou, co-hosted by Guangdong, Hong Kong and Macau, in a ceremony presided over by Xi Jinping. The event blended high-tech performance elements—water displays, fire sequences, advanced lighting and A/V effects—with rich cultural nods to Lingnan heritage, underlining China’s narrative of modernisation built on tradition. South China Morning Post+1 Hong Kong’s participation, including Cantopop stars and its Chief Executive, marked its first time co-hosting the National Games, signalling Beijing’s intent to integrate its special administrative regions more tightly into national projects.

Beyond the spectacle, the opening strongly emphasised the role of the Guangdong-Hong Kong-Macau Greater Bay Area (GBA) as a pillar of China’s “new era” development agenda. Xi Jinping framed the Games as both a platform to showcase China’s sporting advances and a milestone in the GBA’s emergence as “one of the country’s most open and economically dynamic regions”. For domestic and international observers, the implication is clear: the National Games are more than an athletic wish-list—they are a state-level instrument to reinforce national cohesion, project soft power and bolster the GBA’s strategic profile. Nonetheless, the deeper challenge lies ahead: whether the event’s inclusive rhetoric—especially regarding Hong Kong and Macau—will translate into enduring institutional and societal integration rather than remain a controlled display of unity.

## **Spain’s Monarch Charts a Deeper Connection with China**

King Felipe VI of Spain made a state visit to the People’s Republic of China from 10 – 13 November 2025, the first by a Spanish head of state in 18 years. In Beijing’s Great Hall of the People, he met with Xi Jinping, where Xi pledged deeper cooperation—particularly pointing to Spain as a partner in global markets and promising Chinese imports of “high-quality products” from Spain while identifying third-party markets such as Latin America for joint expansion. For Spain, the trip underscored its strategy to broaden economic ties beyond the U.S. and traditional EU alignments, capitalising on Chinese investment in sectors like electric vehicles, green hydrogen and critical mineral supply lines.

The visit reflects China’s wider diplomatic playbook: cultivating favoured relationships within the European Union to soften collective EU pressure while securing access to diversified markets and technologies. Spain’s willingness to engage more closely with Beijing—amid worries from Brussels and Washington about technology transfer, supply-chain dependency and strategic alignment—signals a potential fissure in cohesive EU strategy toward China. Moreover, the Spanish pivot has relevance for the Indo-Pacific: by aligning with China on trade and cooperation, Madrid may indirectly influence how Europe positions itself in the region’s economic and strategic contests, adding further complexity to the U.S.–China dynamic and the alignments of smaller powers in Asia.

## Breaking Diplomatic Bounds: Japan Rebukes China Over “Extremely Inappropriate”

The governments of Japan and China have entered an outright diplomatic skirmish following incendiary remarks by the Chinese Consul-General in Osaka, Xue Jian. Tokyo lodged an official protest on 10 November 2025, calling his social-media post—which threatened, in response to Japanese Prime Minister Sanae Takaichi’s comments on Taiwan, to “cut off that dirty neck ... without a moment’s hesitation” —“extremely inappropriate”. Japan’s Chief Cabinet Secretary described the remarks as a violation of diplomatic norms, demanding Beijing hold the officials involved accountable. Meanwhile, China swiftly retaliated by lodging its own protest and accused Tokyo of provocative interference in its internal affairs.

The trigger for the incident was Prime Minister Takaichi’s parliamentary remarks that a Chinese attack on Taiwan could be regarded as a “situation threatening [Japan’s] survival” and thus justify deployment of Japanese Self-Defence Forces under Japan’s 2015 security law. That statement marked a deliberate departure from Japan’s traditionally ambiguous public stance on Taiwan and touched one of Beijing’s most sensitive “core interests”. The episode highlights how Tokyo’s evolving defence posture is becoming more visible and polarising — not just within the region’s strategic architecture, but also in real-time — risking further destabilisation of Sino-Japanese relations at a moment when both capitals are grappling with broader regional security pressures.

## Beijing Eases Shipbuilding Sanctions on Seoul–Washington Ally

Hanwha Ocean Co., Ltd., the South Korean shipbuilder allied with U.S. naval contracts, found relief on 10 November 2025 when People’s Republic of China announced a one-year suspension of sanctions previously imposed on its U.S.-linked units. The sanctions — originally enacted on 14 October and affecting five subsidiaries engaged in U.S. maritime work — had prohibited Chinese firms from engaging in transactions or cooperation with those entities. The Commerce Ministry’s statement emphasised the suspension “takes effect immediately”, offering a temporary reprieve as the broader shipbuilding and trade tensions between Beijing, Seoul and Washington simmer.

The lift on sanctions, occurring just weeks after their imposition, signals a tactical recalibration by China rather than a full retreat from its coercive options. In October, analysts interpreted the initial restrictions as a warning shot aimed at undermining the U.S.–South Korean shipbuilding alliance and deterring further cooperation with Washington in strategic maritime sectors. By rolling back the measures, Beijing may be seeking to recalibrate its pressure points, preserve trade channels with South Korea—an important shipbuilding and steel partner—and keep flexibility in its broader competition with the U.S. For Seoul, the event underscores how quickly the region’s industrial and security interdependencies become entwined with Sino-U.S. strategic competition, and how vulnerable third-party nations can be to shifting policy levers in the Indo-Pacific.



## **“Probing the Backbone” — China-Linked Hackers Target Australia’s Critical Networks**

Australia’s top intelligence official, Mike Burgess, has publicly warned that hackers tied to the Chinese government and military have been actively probing the country’s telecommunications systems and broader critical-infrastructure networks. He named the groups Salt Typhoon and Volt Typhoon as the culprits, noting their previous work against the U.S. and stating they are now investigating Australia’s systems as well. The intrusion isn’t just espionage: Volt Typhoon in particular is described as preparing for possible sabotage, giving these groups the capability to not only steal data but potentially disrupt services such as water, power, banking and transport.

This development has multiple major implications. First, it underscores that cyber-competition between China and the Anglo-Pacific is shifting from espionage toward potential kinetic effects: the ability to “turn off” or degrade infrastructure is now openly flagged. For Australia—deeply integrated with the U.S.-led intelligence system and key in Indo-Pacific strategies—the warning raises stakes around supply-chains, sovereignty, and alliance dynamics. Second, it tests Australia’s attempt to maintain a balancing act with China: while Canberra pursues growth with Beijing economically, the security community is signalling serious and direct threats. This makes policy coherence harder: how to engage China commercially while confronting its state-backed cyber campaigns. Finally, for regional partners and U.S. allies, Australia’s disclosure may serve as a cue: Beijing’s cyber targeting extends beyond U.S. borders and into allied infrastructures in the region, meaning other states in the Indo-Pacific may need to urgently reassess exposure and resilience.

## **Deadly Blast in Delhi Under Anti-Terror Investigation**

A car explosion near the historic Red Fort in New Delhi has left at least eight people dead and around 20 injured, prompting Indian security forces to treat the incident as a terror attack. The blast occurred on 10 November 2025 in a heavily crowded urban area, marking the capital’s first major explosion of this kind since 2011. Authorities registered the case under the stringent Unlawful Activities (Prevention) Act (UAPA), pointing to the possibility of foreign-backed or trans-regional militant involvement.

Investigations revealed a potential connection between the blast and a recently uncovered terror module in Kashmir, where seven individuals—including two medical doctors—were apprehended alongside a cache of about 2,900 kg of explosives. Officials are probing whether the vehicle used in Delhi was linked to the arrested suspects, suggesting the emergence of a “white-collar terror ecosystem” involving professional-class participants coordinating with militant networks such as Jaish-e-Mohammed and Ansar Ghazwat-ul-Hind. The development intensifies pressure on India’s security architecture and underscores widening fault lines in regional counter-terrorism dynamics.

## Constitutional Coup: Pakistan Empowers Military, Weakens Judiciary

On 12 November 2025, Pakistan’s parliament passed the 27th Amendment to the Constitution, dramatically expanding the powers of the military by elevating Asim Munir—the army chief—to the newly created post of Chief of Defence Forces, granting him formal command over the army, navy and air force, and lifetime legal immunity after his term ends. At the same time, the amendment curtails the authority of the Supreme Court of Pakistan by shifting its constitutional-review functions to a new Federal Constitutional Court whose judges will be appointed by the executive.

This sweeping amendment signals a reversal of civilian supremacy in Pakistan and solidifies a formal power-grab by the military establishment, bypassing democratic institutions and eroding judicial checks and balances. Analysts warn it lays the legal basis for a de-facto military rule masked as constitutional reform. The implications go beyond domestic governance: for regional actors and partners, Pakistan’s re-engineering of its power structure raises concerns about how its foreign policy, counter-terror operations and strategic commitments will be shaped—potentially creating a more opaque, less predictable partner in the Indo-Pacific arena.

## “Domestic Compute Crown” — Baidu Unveils Next-Gen AI Chips and Super-Node Architecture

At its annual Baidu World event, Baidu announced two new bespoke artificial-intelligence semiconductors—M100, designed for inference tasks, expected in early 2026; and M300, capable of both training and inference, scheduled for early 2027. Additionally, the company introduced two super-node computing systems: Tianchi 256, comprising 256 P800 chips, and a forthcoming Tianchi 512, with 512 chips, marking its push into linking large arrays of domestic chips to overcome reliance on foreign hardware. These moves are clearly framed as part of China’s broader strategy of technological self-sufficiency: obstructed by U.S. export restrictions on cutting-edge AI chips, Chinese firms such as Baidu are accelerating internal chip development to retain control over compute infrastructure.

The significance of this development extends beyond a single company. For Chinese technology policy, Baidu’s announcements mark a meaningful escalation in the “home-grown chip” agenda: more advanced processors tied directly to AI tooling reduce reliance on imported Western chips and strengthen Beijing’s capacity to resist external technology pressure. For international observers—particularly in the U.S. and allied economies—the move signals that the technological delimitation in the Indo-Pacific is shifting: compute architecture, not just semiconductors, is becoming a terrain of strategic competition. From a commercial and industrial perspective, Baidu’s ability to offer “powerful and low-cost computing power” domestically may reshape how Chinese firms build large language models, autonomous systems and industry-specific AI applications—potentially accelerating divergence between China’s AI ecosystem and the Western model.



## Expansion Ahead: Japan and South Korea on the Way into AUKUS-Style Nuclear-Submarine Framework

Recent developments suggest that the three-member defence pact formed by Australia, the UK and the US—the AUKUS alliance—is on the cusp of broader expansion across Northeast Asia. A key moment came when Washington gave formal approval for Seoul to develop nuclear-powered submarines, a milestone that pushes South Korea into a select club of nations with such capabilities. In turn, Tokyo has begun signalling its own interest in acquiring next-generation propulsion systems and pursuing nuclear submarine options, suggesting a coordinated regional move into deep-sea deterrence driven by shared concerns over China’s maritime rise.

The potential inclusion of Japan and South Korea into an AUKUS-style cooperation framework would mark a significant transformation of Indo-Pacific security architecture. What began as a trilateral pact focused on Australia’s nuclear submarine acquisition is evolving into a broader “networked” alliance, possibly integrating advanced capabilities such as nuclear propulsion, under-sea systems and technology sharing among major regional democracies. As one analyst put it, “If this trend continues, AUKUS could evolve from a strictly Anglosphere initiative into a broader Indo-Pacific defence innovation framework.” For China, this means additional pressure in under-sea domains and diminished room for strategic ambiguity; for the US and its regional partners, it signals a shift from reactive defence wiring to proactive coalition building—albeit one that raises questions about technology transfer, nuclear governance and regional arms-race dynamics.

## China Champions Collective Climate Governance

Brazil-hosted Conference of the Parties 30 (COP 30) arrives at a critical moment in climate diplomacy, and China used the occasion to underscore its commitment to cooperative action. At a press briefing, Foreign-Ministry spokesperson Guo Jiakun said that “cooperation and joint effort is the only right choice” as nations grapple with shared risks. Beijing emphasised that climate change affects all humanity—“we are all passengers aboard the same ship”—and pledged to deepen openness, strengthen technology sharing, and assist developing countries as part of its broader climate diplomacy strategy.

China’s messaging signals not only a desire to lead on climate but also to bolster its global stature, particularly vis-à-vis Western powers. Having built what it calls the “largest and fastest-growing renewable energy system in the world,” Beijing is emphasising its self-portrayal as a constructive partner in global climate governance. Regionally in the Indo-Pacific, this posture carries dual significance: it offers smaller states a route to align with Beijing via green financing and technology transfer, while also presenting an alternative framework of environmental cooperation separate from the U.S.-led paradigm. This could enhance China’s influence among climate-vulnerable neighbours, but also presents a test: whether the rhetoric of joint action will translate into tangible flows of finance, technology and transparency in emissions governance.

## **“Small-Parcel Sandstorm” — EU Accelerates Crackdown on Low-Value Imports from China**

The European Commission has announced plans to bring forward the abolition of the €150 “de-minimis” threshold—under which parcels entering the bloc are exempt from customs duties—to the first quarter of 2026, instead of the originally planned mid-2028 date. This move comes in response to the surge of an estimated 4.6 billion small parcels annually entering the 27-member bloc—largely from China—and mounting pressure from European businesses which say the flood of ultra-cheap imports is distorting domestic markets.

For Chinese exporters and e-commerce platforms such as Shein and Temu, the change represents a serious shift: removing the low-value exemption will raise costs, complicate logistics and potentially slow down cross-border flows into Europe. The measure also signals that the EU is willing to treat digital-commerce and parcel imports as part of its industrial-policy and trade-balancing toolkit, not just traditional goods trade. For China-EU economic relations, it raises a broader question of how Beijing’s export-oriented model will adapt if key markets like Europe begin tightening rules on “direct-to-consumer” flows. Moreover, for Indo-Pacific supply-chain watchers, this underscores that trade friction with China is not confined to high-tech goods or conventional tariffs—it is now extending into parcel-level logistics, consumer imports, and regulatory framing of digital-commerce.

## **“Survival-Threat” Rhetoric-Fuels China-Japan Diplomatic Storm**

Sanae Takaichi’s parliamentary remarks that a Chinese attack on Taiwan could represent a “survival-threatening situation” for Japan triggered a sharp response from Beijing. Ministry of Foreign Affairs of the People’s Republic of China spokesperson Lin Jian condemned the comments as blatant interference in China’s internal affairs, demanded an immediate retraction, and warned Tokyo it would “bear all consequences” if it failed to comply.

China’s state-media escalated the rhetoric further. The People’s Daily accused Japan of resurrecting “wartime militarism” and abandoning the post-WWII pacifist norm by injecting itself into the Taiwan Strait debate. The article tied Takaichi’s phrasing to historical Japanese aggression, framing current discourse as a dangerous return to that legacy. This row signifies more than a bilateral spat—it reflects how the Taiwan question is rewriting the regional security dialogue. By openly linking Taiwan to Japan’s survival interests, Takaichi has shifted Japan’s posture towards a more assertive alignment with the United States Armed Forces and its allies, undermining longstanding “strategic ambiguity” in Tokyo’s China policy. Analysts now see this as raising the risk of miscalculation in the Taiwan Strait, drawing Japan deeper into cross-Strait contingencies. For Beijing, the reaction serves both defensive and deterrence functions: it signals red-line warnings not just to Tokyo, but to other regional players contemplating deeper Taiwan engagement.

## Strategic Industrial Alliance: US–South Korea Deal on Shipbuilding and Nuclear Submarines

On 14 November 2025, South Korea and the United States released the full details of a landmark agreement combining trade, investment and defence-industrial collaboration. The deal includes a \$150 billion Korean investment into U.S. shipbuilding operations and an additional \$200 billion investment across strategic industrial sectors. Most notably, the agreement formalises U.S. support for South Korea to develop and build nuclear-powered submarines, as well as collaborate in advanced shipbuilding, artificial intelligence and nuclear-energy industries. In exchange, the U.S. agreed to reduce its import duties on South Korean goods—cutting U.S. tariffs from 25% to 15%—and provide South Korea with favourable semiconductor treatment.

This deal marks a deeper intertwining of economic and security objectives between Washington and Seoul—moving beyond traditional alliance footing into industrial-defence co-development. For the Indo-Pacific region, South Korea’s move into nuclear-submarine capability signals a significant leap in its deterrence posture and maritime power projection, with implications for the regional balance. At the same time, the massive investment component shows how trade policy is now being used as a lever for strategic realignment: South Korea gains access to advanced U.S. technology and defence networks, while the U.S. secures key industrial commitments and reduces trade friction. The arrangement also adds pressure on China, which has already voiced concerns over Seoul’s submarine aspirations.

## Renewed Momentum: Canada and India Reset Trade Engagement

On 13 November 2025, Canada’s Minister for International Trade, Maninder Sidhu, announced that Ottawa is seeking a “fresh start” in trade negotiations with India, following a two-year hiatus precipitated by diplomatic tensions. The discussions took place during Sidhu’s visit to New Delhi where he held talks with India’s Commerce Minister Piyush Goyal, focusing on key sectors such as clean energy, aerospace, artificial intelligence, agriculture and critical minerals. Canada expressed an interest in attracting Indian investment into Canadian mining and electric battery infrastructure, while India signalled readiness to lead a trade and investment delegation to Canada soon.

This rapprochement marks more than a bilateral trade reset—it signals Canada’s strategy to diversify its economic partnerships away from U.S.-centric reliance and India’s ambition to deepen ties with western democracies amid broader Indo-Pacific realignments. By proactively engaging India in sectors of emerging industrial importance, Canada positions itself to gain from India’s growth while offering critical-minerals and clean-energy supply-chain opportunities. From India’s perspective, rekindling momentum with Canada helps bolster a global economic playbook that emphasises partnerships beyond Washington-led frameworks. However, the success of this reset will hinge on bridging past diplomatic fractures, aligning regulatory frameworks and converting political will into binding trade and investment outcomes.

## Soaring Wind: China Tests the World's Largest Power-Generating Kite

In a landmark experiment conducted in the Alxa Left Banner region of Inner Mongolia, China successfully deployed a massive 5,000-square-metre tethered kite designed to harvest high-altitude winds and convert them into electricity. Developed under the country's first national high-altitude wind power research programme and manufactured by China Energy Engineering Corporation, the parachute-like canopy reached altitudes above 300 metres and was accompanied by two additional 1,200-square-metre kites during the test flights. The system uses a ground-connected generator driven by the kite's tether motion, signaling China's effort to tap consistent and strong upper-atmosphere winds rather than traditional surface turbines.

This development carries notable strategic weight: by pioneering high-altitude wind-energy capture, China is advancing its renewable-energy ambitions with a system potentially more efficient, land-sparing and cost-effective than conventional wind turbines. Reported benefits include significantly less steel and surface-land usage compared to traditional turbines, meaning this kite technology could accelerate China's decarbonisation while reinforcing its industrial leadership in renewables. In regional and global terms, the innovation demonstrates how China is expanding the technological frontier of clean energy and may reshape competitive dynamics in the Indo-Pacific's energy domain.

## Sea-Trials Milestone: China's Type 076 "Drone Carrier" Enters the Water

The lead ship of China's newly developed Type 076 amphibious assault ship—named Sichuan and bearing hull number 51—has embarked on its maiden sea trials from the Hudong-Zhonghua shipyard in Shanghai as of 14 November 2025. This vessel is notable for combining a well-dock for amphibious landings with a full-flight deck and an electromagnetic catapult/arresting gear system capable of launching and recovering fixed-wing unmanned aerial vehicles (UAVs) and potentially manned aircraft. Its full-load displacement is reported above 40,000 tons, making it one of the largest big-deck amphibious ships globally.

The Sichuan's launch of trials marks a significant escalation in the capability of the People's Liberation Army Navy (PLAN) to operate hybrid amphibious and aviation platforms—blurring the lines between a traditional landing ship and a light aircraft carrier. Given its capacity to deploy both colossal amphibious forces and fixed-wing drones or aircraft, this vessel directly enhances China's ability to project power in near-sea environments, including potential hot-spots such as the Taiwan Strait and the South China Sea. For regional actors in the Indo-Pacific, the development underscores a shift: amphibious warfare is no longer separate from carrier aviation but is being integrated into a wider force structure. Depending on the platform's operational readiness and deployment pattern, neighbouring states and alliances may need to revisit force posture, under-sea and aerial warning systems, and coalition responses.

## Supply-Chain Realignment: Tesla, Inc. Moves to Cut China-Made Parts in U.S. Vehicles

Tesla has reportedly instructed its suppliers to exclude components manufactured in China from vehicles produced in its U.S. factories, with the target of replacing all remaining China-made parts within the next year or two. The move follows a period of rising U.S.-China trade tension, fluctuating tariffs and disruptions in global supply chains. According to reports, Tesla has already substituted some Chinese-made components and is urging China-based suppliers to relocate production to countries such as Mexico or Southeast Asia.

This shift by Tesla is emblematic of broader industrial recalibrations: companies that once embraced China-centric manufacturing are now diversifying away to mitigate geopolitical, regulatory and tariff risks. For Tesla, this has dual significance: it reduces exposure to China-linked supply-chain disruption, and aligns with U.S. policy incentives favouring “on-shoring” or sourcing from non-China jurisdictions. For China, the development signals a potential erosion of its role as the global manufacturing hub for certain high-tech sectors. In the broader Indo-Pacific context, such supply-chain realignments raise the prospect of bifurcated industrial ecosystems—one China-centric and one aligned with U.S./allied-friendly manufacturing—and heighten economic competition in the region.

## Strategic Reset: China and Thailand Elevate Their Partnership

In a landmark visit on 14 November 2025, Xi Jinping welcomed Thailand’s King Maha Vajiralongkorn and Queen Suthida to Beijing—the first such visit by a reigning Thai monarch. The two leaders described their nations as “family” and pledged to strengthen strategic alignment across key sectors. According to state media, Xi announced a planned upgrade in cooperation on a Sino-Thai railway link, expanded Thai agricultural exports to China, and enhanced collaboration in artificial intelligence and aerospace. King Vajiralongkorn characterized the relationship as “brotherly cooperation,” underscoring Thailand’s long-term interest in deepening ties with its largest trading partner while balancing its historic U.S. security alliance.

This visit and its attendant pledges carry broader implications for the Indo-Pacific strategic architecture. Thailand has emerged as a dual-track partner—retaining its formal defense alignment with the United States while increasingly relying on China for trade, investment and infrastructure. China’s emphasis on “family-style” relations with Thailand signals Beijing is keen to anchor Thailand as a strategic enclave within its regional supply-chain and political ecosystem. At the same time, this diplomatic deepening raises questions in Washington about how Southeast Asian states are navigating between superpowers. For regional analysts, the highlight is clear: the visit is not just ceremonial, it is functionally part of Beijing’s broader push to build a network of aligned partners with upgraded cooperation frameworks—rail, agriculture, digital, law enforcement—that mirror its Belt and Road outreach, thus tightening its influence while testing the limits of U.S. leverage in its own backyard.

## 2. STATISTICS OF THE WEEK

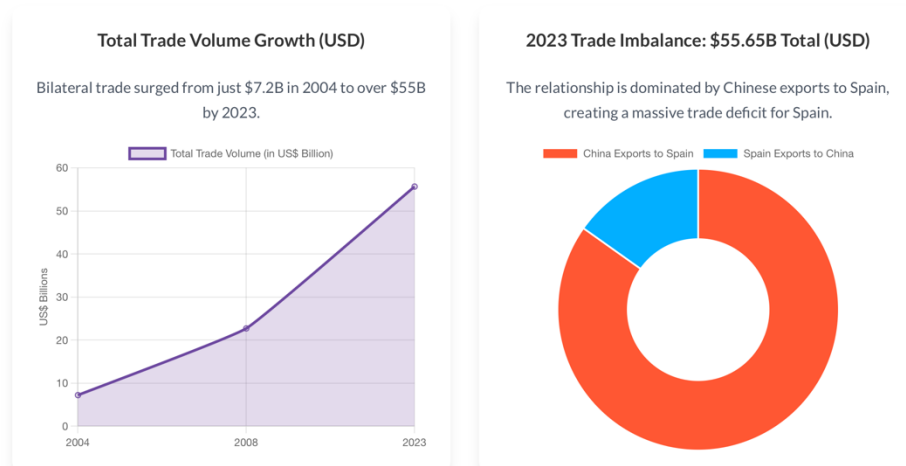
### China–Spain Economic Relations

The China–Spain economic relationship has expanded rapidly but in a structurally uneven fashion. Bilateral trade surged from US \$7.2 billion in 2004 to more than US \$55 billion in 2023, yet the imbalance is stark: in 2024 Spain imported roughly €45 billion worth of Chinese goods while exporting only €7.5 billion, sustaining one of the highest China-related trade deficits in the EU. The pattern reflects Spain’s position as a major consumer of Chinese electronics, textiles, and machinery, while its own exports—dominated by pork products, metal ores, and pharmaceuticals—struggle to gain market scale inside China. Despite periodic diplomatic pushes to widen market access, the ratio of Chinese to Spanish exports has held at roughly 6:1 for the past decade, underscoring the structural nature of the gap.

Investment flows mirror this asymmetry. Chinese FDI stock in Spain climbed from negligible levels in 2010 to more than €10 billion by 2018, centered on logistics, energy, and consumer-facing acquisitions. By contrast, Spanish investment in China represents just 0.7 percent of Spain’s outward FDI—and China ranks only 23rd among its investment destinations. Meanwhile, Spanish trade dependence continues to exceed its investment footprint: in 2023 Spain exported US \$8.8 billion to China, but China exported US \$39.7 billion to Spain, dominated by high-volume, technology-rich goods. The result is an economic partnership that is expanding in scale but not in reciprocity—Spain remains deeply integrated into Chinese-driven supply chains while lacking the market access leverage that major European exporters enjoy.

#### The Bilateral Trade Explosion

Total trade volume between the two nations has grown exponentially since 2000, illustrating a rapid increase in economic integration. The charts below reflect 2023 data.



<https://behorizon.org/china-spain-economic-relations-an-asymmetric-boom-since-2000/>

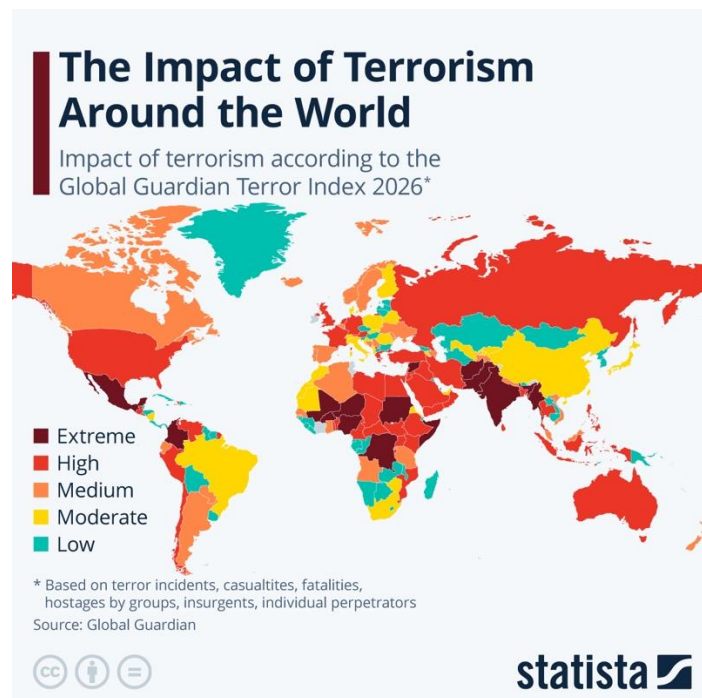


### 3. MAP OF THE WEEK

#### Asia Pacific: Terrorism Impact in 2026

The 2026 Global Guardian Terror Index places Asia Pacific at the center of a widening divergence in terrorism exposure, ranging from extreme to low impact within a single region. Afghanistan, Pakistan, India and Myanmar sit in the extreme category—reflecting persistent militant insurgencies, ethno-nationalist violence, and increasingly fragmented militant landscapes. Afghanistan remains one of the world’s deadliest terror theaters, while Pakistan continues to face attacks from Tehreek-e-Taliban Pakistan (TTP) and Baloch insurgent groups. India’s elevation to extreme status underscores a sharp rise in attacks linked not only to Kashmir militants but also to domestic radical outfits. Myanmar’s classification reflects a civil-conflict environment in which anti-junta forces and ethnic armed groups use tactics indistinguishable from insurgent terrorism.

Southeast Asia and Oceania show a mixed picture. The Philippines, Thailand and Indonesia fall under high to medium impact, driven by jihadist remnants in Mindanao, separatists in southern Thailand, and periodic militant plots in Indonesia. By contrast, Japan, South Korea, Singapore and most Pacific Island states register low threat levels, consistent with long-standing counter-terror architecture and limited extremist mobilization. Australia—rated high—stands out as an anomaly in the developed democratic cohort, grouped with the United States and Western European states where lone-actor radicalization dominates the threat spectrum. China is classified as moderate—a reflection of Beijing’s effective internal policing, but also its continued designation of Xinjiang-linked militancy as a national security priority.



<https://www.statista.com/chart/26970/global-terrorism-index-world-map>

## 4. PHOTO OF THE WEEK

### Xi–Felipe State Visit Signals Strategic Upgrade

The official photograph captures Chinese President Xi Jinping and First Lady Peng Liyuan welcoming Spain’s King Felipe VI and Queen Letizia at the Great Hall of the People in Beijing, marking the first Spanish state visit to China in nearly a decade and coinciding with the 20th anniversary of the China–Spain comprehensive strategic partnership. Against a backdrop of alternating Chinese and Spanish flags, the image underscores the ceremony’s diplomatic weight: both sides used the visit to reaffirm political trust, mutual support on core interests, and an explicit commitment to deepen economic and technological ties.

During the talks, Xi pledged to expand imports of high-quality Spanish goods and extend visa-free entry for Spanish citizens, while both leaders highlighted cooperation in new energy, digital economy, and AI as emerging pillars of the relationship. Madrid expressed firm support for the one-China policy and welcomed further Chinese investment—already a major driver of Spain’s green transition. The two heads of state witnessed the signing of ten cooperation agreements spanning trade, science and technology, and education, framing the visit as a strategic reset that blends high-political symbolism with concrete economic deliverables.



[https://za.china-embassy.gov.cn/eng/zgyw/202511/t20251112\\_11751698.htm](https://za.china-embassy.gov.cn/eng/zgyw/202511/t20251112_11751698.htm)

## 5. INFOGRAPHIC OF THE WEEK

### Xi Meets Thailand's King

China's state visit by Thailand's King Maha Vajiralongkorn on 14 November 2025 is being leveraged by Beijing as a carefully choreographed display of regional influence. The infographic highlights how China frames the encounter as proof of its reliability amid global turbulence—pairing military honors and ceremonial optics with political messaging that stresses “family-style” ties and shared history. The visual emphasis on red-carpet diplomacy and full military protocol is deliberate: Beijing wants Southeast Asian audiences to see China, not the United States, as the stable long-term partner capable of guaranteeing prosperity and regional continuity.



[https://www.linkedin.com/posts/eurohub4sino\\_china-thailand-diplomacy-activity-7395112961633067008-xFE3?utm\\_source=share&utm](https://www.linkedin.com/posts/eurohub4sino_china-thailand-diplomacy-activity-7395112961633067008-xFE3?utm_source=share&utm)

## 6. REGIONAL ALLIANCES

### Japan and South Korea on the Way into an AUKUS-Style Nuclear-Submarine Framework

The Indo-Pacific security architecture is undergoing a subtle yet significant transformation. At the core lies the AUKUS agreement, originally conceived in 2021 as a trilateral pact between the U.S., U.K. and Australia focused on nuclear-powered submarines and advanced defence technologies. Now, both Japan and South Korea are moving towards collaborating in or aligning with AUKUS-style capabilities, particularly undersea deterrence. This evolution signals a shift from regional bilateral alliances towards a broader alliance network—one framed around nuclear propulsion, advanced ship-building, and integrated maritime deterrence—that could redefine power balances in East Asia.

#### South Korea's Entry Path

In late 2025, South Korea cleared a major hurdle: the U.S. agreed to share nuclear-propulsion technology, enabling Seoul to build nuclear-powered attack submarines (SSNs). This concession repurposes U.S. non-proliferation policy and opens the nuclear submarine “club” beyond the original AUKUS trio. Seoul’s ship-building industry, led by firms such as Hanwha Ocean, is primed to participate. Analysts suggest this could evolve into an “AUKUS Plus” model in which South Korea contributes significant industrial capacity and co-production capability. If realized, South Korea would rapidly enhance its undersea deterrence and maritime autonomy while deepening alliance integration with the U.S. at a pivotal strategic junction between China and the Korean peninsula.

#### Japan's Strategic Dilemma and Possible Alignment

For Japan, the prospect of joining or aligning with AUKUS-type undersea capabilities presents both opportunity and tension. Even as Tokyo remains under its post-war non-nuclear umbrella, the growing submarine ambitions of South Korea and China’s expanding undersea force are applying pressure. Japan could choose to cooperate via Pillar II of AUKUS (advanced technologies and interoperability) without adopting full SSN ambitions. Its already growing defence exports and high-tech industrial base make it a natural industrial partner. The strategic logic for Japanese participation is strong: maintaining relevance in U.S. alliance architecture, preserving maritime deterrence credibility, and expanding industrial ties with allies. However, Japan must balance its constitutional constraints, domestic pacifist norms, and the risk of escalating regional arms races.

#### Alliance Implications and Industrial Architecture

The conveyor belt from defence strategy to industrial cooperation is real. U.S. shipyard bottlenecks and Australia’s submarine timetable have exposed production constraints in the original AUKUS. Integrating South Korean and Japanese ship-builders

into a broader alliance industrial base could alleviate supply-chain pressures and deepen burden-sharing. Indeed, discussions have explicitly flagged Japan, South Korea and even Canada as potential “partners” in the AUKUS ecosystem. If properly institutionalised, the model could shift from a strict tri-lateral to a networked undersea deterrence coalition, combining technology, industrial bases and naval assets across U.S. alliances.

### **Strategic and Geopolitical Risks**

Yet this trajectory is not without risks. Expanding nuclear-submarine access raises non-proliferation and escalation concerns: naval reactors, enriched-uranium fuel and dual-use technology spread complexity into sensitive domains. Regionally, China and Russia interpret such moves as destabilising and may accelerate their own capabilities or resort to coercive responses. The diffusion of SSN-capable states can stimulate a submarine arms-race in the Indo-Pacific, with implications for maritime transparency, escalation control and crisis management.

### **Conclusion**

The potential entry of Japan and South Korea into an AUKUS-style framework marks a turning point in Indo-Pacific regional alliances. What began as a narrow trilateral nuclear-submarine pact is evolving into a broader industrial-security network aimed at undersea deterrence and high-tech cooperation. For Seoul and Tokyo, alignment offers enhanced deterrence and deeper alliance ties; for Washington, it represents industrial relief and regional burden-sharing. However, this evolution also triggers serious strategic trade-offs—from non-proliferation risks to intensifying regional competition. In short, the undersea future of the Indo-Pacific is being rewired—and the submarine hulls are only the visible tip of the strategic iceberg.



## 7. ANALYSIS

### Tokyo-Beijing Taiwan Spat: A Strategic Divergence

The diplomatic row triggered by Sanae Takaichi's remarks on Taiwan and the subsequent threatening social-media post by Xue Jian have escalated beyond a bilateral spat into a broader signal of changing Japan–China interactions. Historically, Japan has avoided explicitly linking itself to potential cross-Strait conflict, while China has consistently framed Taiwan as its sovereign core interest. The current episode thus reflects a convergence of evolving Japanese strategic posture, Chinese red-line sensitivities, and the widening strategic lens through which third-party states now view the Taiwan Strait.

#### Japan's Strategic Shift: Breaking Ambiguity

Takaichi's parliamentary intervention—declaring that a Chinese attack on Taiwan could qualify as a “situation threatening Japan's survival” and thereby justify Japanese Self-Defence Force deployment—marks a departure from Tokyo's longstanding “strategic ambiguity”. Analysts note that Japan is telegraphing a greater willingness to operationalise its security commitments in the Taiwan Strait region. A Kyodo poll released on 16 November 2025 found Japanese public opinion nearly split on military intervention—48.8 % in favour, 44.2 % opposed—indicating that domestic politics is now entering uncharted territory for Tokyo. The shift places Japan into more direct alignment with the U.S. and its Indo-Pacific strategy—but also exposes Tokyo to greater Chinese military and diplomatic pressure.

#### China's Red-Line Reaction: Calibration and Coercion

Beijing's reaction was swift and robust: a diplomatic demarche, demands for retraction, and unusually personal threats directed at Japanese officials and citizens. Chinese state media warnings of “crushing defeat” for Japan, along with travel advisories against visits to Japan, signal Beijing's readiness to apply coercive tools beyond classical military posturing. From China's perspective, Japan's explicit linking of its security architecture to Taiwan triggers a potential redefinition of the cross-Strait equilibrium—and by extension, the U.S.–Japan–Taiwan nexus. The intensity of Beijing's response highlights how sensitive the Taiwan issue remains for its national narrative and strategic posture.

#### Regional Implications and Risk Dynamics

The dispute adds a new layer to regional deterrence and alliance calculations. With Taiwan just 100 km from Yonaguni Island—and Japan's proximity making direct involvement possible—any misstep could spark escalation beyond the bilateral, drawing in U.S. and allied assets. The Senkaku/Diaoyu dispute already serves as a flashpoint, and reports of Chinese coast-guard entries into disputed waters after Takaichi's remarks suggest the maritime domain may become an arena of retaliatory signalling. Moreover, Japan's trajectory away from ambiguity challenges China's



expectation of minimal external interference, increasing the odds of miscalculation and raising the risk of unintended incidents.

## **Conclusion**

This incident is far more than diplomatic heat—it is a manifestation of a deeper structural realignment. Japan is actively recalibrating its stance toward Taiwan and China, stepping out of ambiguity and into clearer alignment with U.S. strategic imperatives. China, in turn, is signaling that its tolerance for such shifts is sharply limited. For the broader Indo-Pacific, the message is clear: the Taiwan Strait is increasingly the fulcrum around which East Asian security policy pivots, and both Tokyo and Beijing are testing the boundaries of deterrence, alliance and rhetoric. If this spat continues without management, the region may face a heightened risk of diplomatic fracture or even kinetic escalation.