

Welcome to This Week's Asia on the Horizon

This week's issue of Asia on the Horizon arrives amidst a palpable sharpening of geopolitical fault lines, where rhetoric is rapidly calcifying into economic retaliation and military posturing. The region is witnessing a distinct shift from diplomatic signaling to systemic preparation, as major powers harden their defenses and accelerate their efforts to reshape the global order. The stories we bring you this week illustrate an Indo-Pacific where the threshold for conflict is lowering, and the mechanisms of deterrence are being tested across multiple domains—from the UN floor to the semiconductor supply line.

At the center of this turbulence is a dramatic rupture in Sino-Japanese relations. Following remarks by Prime Minister Sanae Takaichi regarding Taiwan, Beijing has escalated its response from diplomatic protest to economic coercion, unleashing travel advisories that threaten to cost Japan billions in tourism revenue. The dispute has now reached the United Nations, with China formally accusing Tokyo of violating international law, signaling that Beijing is prepared to internationalize its "red lines" regarding cross-Straits stability. Simultaneously, Taiwan has unveiled a new civil-defense handbook for every household, a stark message to its population that the threat of hybrid warfare and invasion is no longer theoretical, but an imminent contingency requiring societal mobilization.

Meanwhile, the axis between Beijing and Moscow has deepened into a structural challenge to Western governance. Premier Li Qiang's visit to Moscow this week did more than reaffirm economic ties; it served as a platform to urge the Shanghai Cooperation Organisation (SCO) to transition from a regional security forum into a vehicle for "global governance". This coincides with the release of the U.S.–China Economic and Security Review Commission's 2025 Annual Report, which warns of a "China Shock 2.0"—a systemic unleashing of subsidized industrial overcapacity designed to hollow out foreign competitors and cement Beijing's leverage over critical global supply chains.

The maritime theater remains equally volatile, characterized by a lattice of overlapping drills and strategic assertions. While the U.S., Japan, and the Philippines conducted joint exercises near the contested Scarborough Shoal to signal alliance interoperability, the European Union sought to carve out a third way. By convening an Indo-Pacific Ministerial Forum that excluded both Washington and Beijing, Brussels attempted to position itself as a "reliable partner" for nations caught in the crossfire of great-power rivalry—though questions remain about its ability to project hard security.

In our Map of the Week, we challenge the narrative that Europe is an outsider, visualizing the extensive French and British territorial footprint that makes Europe a resident power in the Indo-Pacific. Our Photo of the Week captures the viral moment of a Japanese official bowing before his Chinese counterpart—a potent image weaponized by Beijing to enforce a narrative of diplomatic dominance. In Statistics of the Week, we analyze the data behind "China Shock 2.0," revealing a doubling of loss-making industrial firms in China as the state prioritizes market share over profitability.

Finally, our Regional Alliances and Analysis sections unpack the long-term implications of these shifts. "Premier Li Qiang Urges SCO to Assume a Global-Governance Leadership Role" examines Beijing's bid to build an alternative international architecture, while our breakdown of the USCC Annual Report details why the U.S. now views competition with China as a structural, multi-domain struggle for survival.

As always, Asia on the Horizon brings you the developments that matter most—not just as a digest of weekly news, but as a window into the ideas, partnerships, and rivalries that will shape the region's future. Whether through the weaponization of trade, the recalibration of alliances, or the quiet preparation of civil defenses, Asia is moving fast—and this week's edition captures the gravity of that motion.



1. KEY DEVELOPMENTS

Taiwan's Nationwide Civil-Defence Handbook Signals Escalating Beijing Pressure

Taiwan is launching a public-distribution campaign of a newly updated civil-defence handbook — to be sent to all 9.8 million households — marking an unprecedented step in civilian preparedness in response to rising tensions with China. The handbook, unveiled in September, now includes explicit instructions on how citizens should respond if they encounter enemy soldiers, locate bomb shelters, prepare emergency kits, and treat any alleged surrender announcements as false. The campaign is being framed by Taiwan's national-security apparatus as a message of resolve.

This initiative signals that Taipei judges the threat from Beijing not only as military but hybrid in nature: the handbook mentions scenarios such as under-sea-cable sabotage, cyber-attacks, misinformation campaigns, and inspections of Taiwanese vessels as possible prelude to full-scale conflict. The scale and explicit nature of the distribution is a clear signal to both domestic and international audiences: Taiwan is raising its civilian- and societal-level readiness and embedding a narrative of existential stakes around the island's defense. For external observers, it suggests that Taiwan's leadership believes the risk calculus with China has shifted — that preparation for contingencies is no longer theoretical, and societal mobilisation is being considered as part of its deterrence posture.

North Korea Warns US-ROK Deal May Ignite Regional Nuclear Arms Race

North Korea has condemned the recent security pact between South Korea and United States as “the true colours of the confrontational will” of the alliance, accusing them of intent to threaten Pyongyang's security. The pact, which among other provisions allows South Korea to develop nuclear-powered attack submarines with U.S. approval, triggered an official reaction from Pyongyang warning of a “nuclear domino phenomenon”—arguing the move could spark a regional arms race.

Seoul defended the submarines and the pact as necessary steps to deter both China and the nuclear-armed North, stressing the measures are purely defensive and not aimed at provoking Pyongyang. For the region, the episode highlights how South Korea's security trajectory is increasingly interlinked with its allies' strategic ambitions — and how the North perceives any deepening U.S.-ROK military cooperation as a direct existential threat, thereby complicating prospects for diplomacy.

Tensions Mount in Tokyo-Beijing Rift Over Taiwan

In a notable departure from its customary diplomatic caution, Japan dispatched a senior envoy to China on November 17 in an attempt to tamp down a rapidly escalating dispute triggered by remarks from Prime Minister Sanae Takaichi. She had publicly floated the possibility that a Chinese military move against Taiwan might threaten Japan's survival, thus opening the door to Japan's military intervention — a line previously avoided by Tokyo given the sensitivities around the Taiwan issue. Beijing, viewing this as a direct provocation, responded with harsh language, travel advisories urging Chinese citizens to avoid Japan, and dramatic warnings of a “crushing” defeat for Tokyo if Japan intervened. The rapid turn of events indicates Tokyo sees the stakes surrounding Taiwan as increasingly intertwined with its own security — while Beijing appears prepared to escalate diplomatically and economically to deter any shift in Japan's posture.

Beyond strategic signaling, the fallout from this stir is already being felt in the economic and cultural spheres. In the days after China's advisory, Japanese tourism operators reported approximately 80 % of bookings lost for the remainder of the year due to cancellations by Chinese travellers — whose spending constitutes roughly one-fifth of Japan's visitor inflows and whose absence could cost Japan an estimated ¥2.2 trillion (~US\$14 billion) annually if sustained. Meanwhile, Beijing also suspended the release of Japanese films, further straining cultural exchange and signalling that the crisis is extending beyond diplomacy and defence. Collectively, these measures suggest China is leveraging its economic heft and “soft power” tools to impose costs on Japan for its rhetorical shift, while Tokyo walks a narrow line between asserting deterrence and managing the material repercussions of a diplomatic rupture.

Philippines Aims to Finalise South China Sea Code as ASEAN Chair

The South China Sea dispute could reach a turning point as the Philippines announced its intention to complete a legally binding Code of Conduct (COC) between the Association of Southeast Asian Nations (ASEAN) and China during its chairmanship next year. According to Foreign Secretary Theresa Lazaro, there is a growing sense within ASEAN and China that the negotiation is ready to be finalised. The goal reflects Manila's desire to leverage its upcoming leadership of the bloc to accelerate decades of slow progress—talks on a COC date back to 2002 yet have failed to yield a binding outcome.

Finishing a binding COC would significantly alter the strategic calculus in the region. It would formalise norms around maritime conduct, potentially limiting assertive moves by Beijing—such as coast-guard operations and fishing militia deployment—within contested waters. However, achieving consensus is hardly assured: China's broad maritime claims and ASEAN's internal divisions mean that even a “legally binding” agreement might rest on vague commitments or require extensive external enforcement mechanisms. If the Philippines fails to deliver, it could face reputational costs both within ASEAN and in its bilateral ties with China, undermining its credibility as a mediator.

China and Syria Forge a Closer Security Partnership

Syria and China announced a significant expansion of their cooperation in counter-terrorism and security during a recent visit by Syrian Foreign Minister Asaad al-Shaibani to Beijing. According to the joint statement, Syria pledged not to allow its territory to be used to threaten China's sovereignty or security interests — citing concerns about groups such as the East Turkistan Islamic Movement (ETIM). In turn, China committed to support Syria's reconstruction and development efforts, linking economic revitalisation to enhanced security cooperation.

This development underscores how Beijing is leveraging its diplomatic and security reach into the Middle East and how Damascus is seeking to break out of its post-war isolation. By aligning closely with China, Syria gains access to reconstruction financing and international legitimacy, while China strengthens its foothold in a geopolitically sensitive region and advances its global agenda, especially its anti-terrorism campaigns rooted in Xinjiang. For regional observers, the arrangement raises questions about how Western and regional actors will respond to a Moscow-Beijing-Damascus security nexus and whether this deepened alliance will shift the balance of influence in a post-conflict Syria.

China-Germany Economic Reset: Beijing Seeks Germany's Help to Mend EU Relations

In a striking outreach, He Lifeng — China's Vice-Premier — called on Germany to play a constructive role in repairing Beijing's ties with the European Union, stating that Berlin should help “improve EU-China relations”. The message came during the fourth annual China-Germany High-Level Financial Dialogue in Beijing, where Vice-Chancellor and Finance Minister Lars Klingbeil led the German delegation. The call reflects China's recognition that Germany — as the EU's largest economy — occupies a pivotal position in shaping European policy toward Beijing, especially at a time when trade frictions, export-restrictions and concerns about Beijing's geopolitical alignment are mounting.

The dialogue itself saw both sides commit to closer fiscal and financial coordination, with a joint statement outlining 27 points of consensus emphasising multilateral cooperation, rule-based trade and “stable global growth”. Germany, however, used the platform to highlight its concerns over Chinese industrial overcapacity in sectors such as steel, solar and electric vehicles, and reiterated that the EU “will protect its market if needed” if China fails to address these issues. This dual path — of deepening economic ties while pressing China to make concessions — underscores Berlin's evolving posture: no longer solely focused on access to China's market, but also on securing reciprocal treatment, protecting strategic industries and maintaining its influence within the EU's broader China policy.

Strategic Deepening: China-Russia Expand Energy and Agricultural Ties

Li Qiang, China's Premier, met with Mikhail Mishustin and later Vladimir Putin in Moscow on 17-18 November 2025, during which Beijing signalled its intent to broaden cooperation with Russia in energy, agriculture and other investment-heavy sectors. China welcomed more Russian food and agricultural exports and urged Moscow to ease access for Chinese firms operating in Russia. In turn, Russia emphasised that its energy partnership with China — spanning oil, gas, coal and nuclear energy — has proved resilient in the face of external pressures.

This overt strengthening of economic ties occurs against the background of both countries facing Western sanctions and geopolitical headwinds: Russia because of the war in Ukraine, China due to intensifying U.S. strategic competition. By deepening energy and agricultural linkages, they are effectively reinforcing a “safe bed” for mutual trade flows and shifting the axis of their economic diplomacy. For China, expanding Russian agricultural imports helps diversify food supply and supports its broader drive toward self-reliance; for Russia, China remains a major buyer and strategic partner, offering a bulwark against Western exclusion. Analysts will watch if this cooperation yields binding long-term agreements, or remains largely declaratory — the key will be translation into tangible infrastructure, investment flows and new institutional frameworks.

U.S. Announces Major Missile System Sale to Taiwan

The NASAMS (National Advanced Surface-to-Air Missile System) package—worth just under US \$700 million—has been confirmed for sale to Taiwan. This marks the second weapons package the U.S. has authorized for Taiwan in a single week, bringing the total commitment to approximately US \$1 billion. The deal involves a firm fixed-price contract through U.S. fiscal 2026, with delivery expected by February 2031.

This procurement significantly enhances Taiwan's mid-range air defence capabilities—already demonstrated in the Ukraine conflict—reflecting an escalating shift in Taipei-Washington defence cooperation. For Beijing, which claims Taiwan as part of its territory, this sale underscores a red-line escalation: the U.S. is visibly equipping Taiwan with advanced deterrent systems. The move may inflame cross-Straits tensions and complicate regional dynamics, especially regarding Japan and other U.S. partners watching China's reaction.

Verdict on Sheikh Hasina Deepens Political Crisis Ahead of Bangladesh Vote

A tribunal in Bangladesh has sentenced ex-prime minister Sheikh Hasina in absentia to death for her role in the brutal suppression of student protests in mid-2024, which the United Nations Office of the High Commissioner for Human Rights estimates cost up to 1,400 lives. The ruling fuels demands from victims' families for immediate execution, amid mass celebrations in some quarters and escalating threats of widespread unrest from Hasina's supporters, especially if her party, the Awami League, remains banned from the 2026 elections.

The timing of this decision — just months before national elections — fractures any hope of a smooth transition. The interim government, backed by Muhammad Yunus, insists the verdict is a step toward justice and stabilisation. But without resolving the question of inclusivity of the Awami League and the legitimacy of the electoral process, Bangladesh risks sliding into renewed turbulence. Political violence has already surged—arson, explosions and mass detentions reported in Dhaka—pointing toward a volatile and potentially destabilising pre-election period.

DPRK Decries US-ROK Pact as Trigger for “Nuclear Domino”

North Korea issued a blistering statement in response to a recently released fact sheet outlining the South Korea–United States security agreement, condemning the move as “the true colours of the confrontational will of the U.S. and the ROK.” Central to Pyongyang's outrage is Seoul's plan—backed by Washington—to build nuclear-powered attack submarines, which the North warns will spark a “nuclear domino phenomenon” across the region.

Seoul and Washington defend the agreement as a necessary defensive posture, aimed at deterring the nuclear-armed North and maintaining readiness against Beijing's maritime expansion, including beneath-sea cable sabotage and submarine threats. However, Pyongyang's reaction signals it views the pact not as dialogue-oriented but as hostile escalation—indicating that until the U.S. acknowledges North Korea's nuclear status, any meaningful talks may remain stalled. This deepening rift complicates prospects for stability in the Korean Peninsula and raises the risk that regional military and nuclear postures will become more aggressive rather than conciliatory.

UK's MI5 Issues Rare Warning to Parliament Over Chinese Spy Threat

MI5 has alerted UK lawmakers that agents from China are actively engaging in espionage efforts directed at Britain's Parliament. The domestic intelligence agency identified a pattern of contact by individuals posing as headhunters or consultants—through platforms such as LinkedIn—working on behalf of the Ministry of State Security of the People's Republic of China (MSS) to cultivate relationships with members of Parliament, peers and parliamentary staff. The notice described the activity as being “at scale” and designed to extract insider knowledge or influence policymaker behaviour.

This warning marks one of the most explicit public acknowledgments to date by the UK government of Chinese efforts to penetrate its democratic institutions and raises the stakes for London-Beijing relations. In response, the UK is set to ramp up its counter-espionage posture—planning upgrades in encryption for civil servants, tighter regulation of political donations, and outreach to universities and think-tanks as part of the broader effort. For China, the alert complicates its diplomatic and trade agenda in the UK and may provoke retaliatory rhetoric. For Parliament, the development signals an urgent need to review channels of external influence and the integrity of engagement with third-party individuals offering recruitment, consultancy or relationship-building services.

China's Premier Calls on the Shanghai Cooperation Organisation to Take a Leading Role in Global Governance

During the 24th Council of Heads of Government meeting of the SCO on 18 November 2025, Chinese Premier Li Qiang urged member states to step up and play a “greater role in promoting good global governance.” He said the SCO was “equipped and capable” of translating China's Global Governance Initiative into action — specifically by aligning development strategies, fostering high-quality cooperation under the Belt and Road Initiative, ensuring the stability of global industrial and supply chains, and jointly building an open and inclusive world economy. Li also stressed that the SCO should support multipolarity, stand with Global South nations, and move beyond bloc confrontation.

The push signals a clear Beijing-led effort to elevate the SCO from a regional security forum into a broader vehicle of global governance that advances China's preferred rules and norms. By positioning the SCO as central to its Global Governance Initiative, China is effectively offering an alternative to Western-dominated institutions and seeking to mobilise Eurasian and Global South partners around its developmental and security vision. The emphasis on high-quality Belt & Road cooperation and industrial-supply-chain stability reflects China's economic priorities as much as its diplomatic ones. For member states, the message presents both opportunity and constraint — while they may gain enhanced economic cooperation and political visibility, alignment with this China-driven agenda may also demand concessions on sovereignty and policy autonomy.

Strengthening China-Arab Relations Ahead of Summit

Chinese Foreign Minister Wang Yi met with League of Arab States Secretary-General Ahmed Aboul-Gheit in Beijing on 18 November 2025, as Aboul-Gheit participates in the China-Arab Civilizational Dialogue. According to state media, Wang congratulated the League on its 80th anniversary and praised its work in promoting Arab unity and stability in the Middle East. He emphasized that relations between China and Arab states are experiencing the “best period in history” under the strategic guidance of Xi Jinping, positioning China as a trusted partner that supports the region’s strategic autonomy and opposes external interference. The two sides affirmed preparations for the upcoming second China-Arab States Summit next year, marking 70 years of diplomatic relations.

Aboul-Gheit reiterated the League’s commitment to deepening its partnership with China and voiced appreciation for China’s support for justice in the Palestinian question. He expressed readiness to collaborate on the Chinese global initiatives and to contribute to preparations for the next summit. The two exchanged views on international and regional issues, reaffirming cooperation on global multilateralism and peace efforts.

U.S., Japan and Philippines Bolster Maritime Presence Near Scarborough Shoal

The USS Nimitz Carrier Strike Group has conducted joint drills with the navies of Philippines and Japan in the vicinity of Scarborough Shoal, a contested maritime feature in the South China Sea, signalling an elevated level of trilateral maritime cooperation. The exercise included coordinated manoeuvres at sea with ships and aircraft from all three nations, underscoring a shared commitment to regional stability and freedom of navigation.

Positioning these drills so close to Scarborough Shoal serves a clear message to China: the U.S.–Japan–Philippines security axis is operational and willing to operate in disputed waters. China claims the shoal and several surrounding features; such combined exercises therefore have the dual purpose of strengthening alliance interoperability and deterring coercive actions. The development adds another layer to the sovereignty contest in the South China Sea and complicates Beijing’s efforts to project uncontested control in the area.

Google Opens Major AI Engineering Hub in Taiwan

Google has inaugurated its largest AI infrastructure hardware engineering centre outside the U.S. in Taiwan—marking a significant expansion of its investment into the region. The facility is built to integrate AI chips (including Google’s TPUs) into server motherboards and advance global AI-infrastructure design. Taiwan’s President Lai Ching-te hailed the move as a vote of confidence in the island’s status as a trustworthy partner for cutting-edge tech, particularly given Taiwan’s dominance in contract chip manufacturing (via TSMC).

The larger context is geopolitical and economic: the centre reinforces Taiwan’s pivotal role in the global AI supply chain, while deepening ties among U.S. tech firms, Taiwan, and regional security interests. The U.S. embassy in Taipei framed the investment as launching a “new golden age” for U.S.–Taiwan economic relations. For Google, the hub allows more direct collaboration with Taiwan’s high-end chip ecosystem and positions the company to exert greater control over the hardware layer of AI. It also represents a strategic hedging of tech supply-chain risk amid tensions with China.

Europe Pushes for Strategic Neutrality in the Indo-Pacific

The European Union is seeking to reposition itself as an independent actor in the Indo-Pacific region, convening its fourth Indo-Pacific Ministerial Forum in Brussels that excluded both the China and the United States. With over 70 delegations from Asia, Africa and the Pacific expected to attend, the EU aims to engage countries that feel caught in the cross-hairs of U.S.–China rivalry and present itself as a more stable and reliable partner in areas such as supply-chain resilience and development cooperation. The forum is explicitly framed as “for our Indo-Pacific partners” rather than a bilateral engagement with either Washington or Beijing, emphasising a desire to operate through flexible partnerships rather than alliance-based blocs. Many participating states, having experienced the disruptions of tariff wars and export controls, are receptive to this overture of strategic autonomy.

By deliberately excluding both China and the U.S., the EU is signaling that it does not wish to be forced into a binary choice between the world’s two dominant powers. Yet this positioning also presents a risk: the absence of the U.S. and China may dampen the forum’s responsiveness to the very power contest that looms largest in the region. For European states, this looks like a gamble on soft-power influence, rather than hard-security presence. For Indo-Pacific countries weary of being strategically squeezed between Washington and Beijing, the EU’s approach offers an alternative—but one without the same security guarantees offered by the U.S. alliance system. The effectiveness of the EU’s strategy will depend on whether it can translate the rhetoric of “reliable partner” into tangible investments and security architectures in the region.

China Deepens Central Asia Focus with FM Wang Yi's Regional Tour

Wang Yi, China's Foreign Minister and a member of the Politburo of the CPC, is set to embark on a tour of three Central Asian states—Kyrgyzstan, Uzbekistan and Tajikistan—from November 19-22 for a series of strategic dialogues. The visit, made at the invitation of each country's foreign minister, underscores Beijing's intensified engagement in Central Asia. Beyond symbolism, the tour is explicitly aimed at advancing bilateral partnerships, regional connectivity projects and multilateral collaboration in security and infrastructure. For example, in Kyrgyzstan, Wang met with President Sadyr Zhaparov to reaffirm commitments to joint projects—road and rail construction, new air routes and multilateral formats like the Shanghai Cooperation Organisation.

China's outreach to Central Asia via Wang Yi's tour reflects a broader strategic calculus: strengthening influence in a region long considered Russia's backyard, embedding Chinese-led infrastructure, and diversifying trade and connectivity routes away from potential chokepoints. With the backdrop of the previously signed "treaty of permanent good-neighbourly relations" in June 2025, Beijing is deepening both the diplomatic and economic architecture linking it with Central Asia. For Kyrgyzstan, Uzbekistan and Tajikistan, the engagement presents an opportunity to secure investment, infrastructure and enhanced connectivity—but it carries trade-offs. They must balance relations with China, Russia and all other competing powers while managing their domestic sovereignty and ensuring they obtain a favourable share in any deepening cooperation. The upcoming engagements and agreements during the tour will be closely watched as indicators of how China hopes to convert diplomatic presence into long-term influence.

China's Premier Li Qiang Embarks on Strategic Visit to Zambia

Li Qiang, China's Premier, arrived in Lusaka, Zambia on 19 November 2025 for a high-level two-day visit at the invitation of Zambian President Hakainde Hichilema. The visit highlights Zambia's role as a key African partner in China's expanding diplomatic and economic engagement strategy. The trip is expected to include bilateral talks and a ceremonial launch of the revitalisation of the TAZARA Railway, underscoring infrastructure cooperation as a major pillar of Sino-Zambian relations.

This visit signals China's ongoing commitment to deepen its footprint in Southern Africa, offering investment and infrastructure support at a time when regional influence is increasingly contested. By revitalising the TAZARA Railway and emphasising Zambia's strategic importance, China is positioning itself as a preferred partner for development in a region historically aligned with varied global players. For Zambia, the engagement opens the potential for major infrastructure investment, trade expansion and greater integration into China's broader Belt and Road-style connectivity vision. However, the move also raises questions about debt sustainability, local economic spill-over and Zambia's balancing of China's role relative to other foreign partners.

China's Research Ships Probe North Pacific Waters as U.S. Military Activity Escalates

Five Chinese research vessels, including those used for space and missile tracking as well as underwater mapping, were tracked operating in the northwest Pacific last month—near strategically sensitive locations such as the U.S. territory of Guam and Kiribati—according to data from the Guam-based Pacific Center for Island Security. The activity coincided with a flurry of U.S. and allied military exercises in the region, underscoring concerns that the northern Pacific—traditionally less scrutinized than the South or East China Seas—is rapidly becoming a zone of intensified strategic competition. The Chinese foreign ministry defended the missions, stating they were peaceful scientific research conducted in line with international law.

The dual increase in Chinese research vessel operations and U.S. military manoeuvres illustrates the expanding reach of both powers beyond the first island chain into what analysts call “under-sea battle space” around critical Pacific island states. The Chinese ships’ presence in EEZs of small island states like Kiribati raises questions about mapping, surveillance and preparation for future operations, while the U.S. build-up underscores Guam’s vulnerability and the shifting geostrategic logic of the northern Pacific. With island populations increasingly in the cross-hairs of great-power competition, the unfolding maritime activities elevate the risk of miscalculation or escalation—even if neither side currently intends open conflict.

Netherlands Relinquishes Oversight of Nexperia, Restoring Chinese Ownership

The Dutch government has lifted its regulatory powers over chipmaker Nexperia, effectively handing back control to its Chinese owner in a move described as a “show of goodwill” amid a diplomatic standoff with Beijing. Economic Affairs Minister Vincent Karremans explained in a letter to Parliament that the intervention order granting the state blocking or revising decisions had been withdrawn after Nexperia displayed no sign of repeat misconduct.

For the Netherlands—and by extension the European Union—this decision underscores the complexities of regulating foreign takeovers in high-tech sectors tied to national security and global supply chains. The move also signals a de-escalation in China-Netherlands tensions at a time when automotive manufacturers worldwide were facing production disruptions due to supply uncertainty. For China, the restoration of control over Nexperia represents a tactical win in its push to maintain advanced semiconductor capabilities amid escalating U.S. export curbs on chip technologies.

Japan Teetering on Key Approval for Nuclear Restart at World's Largest Plant

Japan is poised at a critical decision juncture as Kashiwazaki-Kariwa Nuclear Power Plant, the world's largest nuclear facility, awaits approval from Hideyo Hanazumi, governor of Niigata Prefecture, to restart two reactors (Nos. 6 & 7) which together can generate roughly 2,710 MW. While the national regulator has cleared the technical side, the governors' green light remains the final hurdle before the operator Tokyo Electric Power Company Holdings (TEPCO) can proceed.

The governor's imminent decision has far-reaching implications: a restart would mark a major step in Japan's shift back to nuclear power from fossil fuel dependence, potentially easing the economic strain of imported LNG and coal. At the same time, lingering concerns remain about safety and public trust — local opposition, the plant's history (notably its proximity to seismic risk zones) and recent revelations of security lapses at the facility underscore the challenge ahead.

U.S. Commission Warns of Deepening PRC Challenge Across Economic, Security, and Global Governance Arenas

According to a document from November 2025, the U.S.–China Economic and Security Review Commission's 2025 Annual Report to Congress presents a stark assessment of China's accelerating efforts to reshape global power balances across economics, security, and technology. The executive summary outlines how Beijing is pursuing more assertive industrial and technological strategies—amplifying its manufacturing engine, driving innovation in frontier sectors such as space, and weaponizing supply chains to exert geopolitical leverage. The report frames 2025 as a year in which China intensified coordination with authoritarian partners including Russia, Iran, and North Korea, seeking to build a parallel, revisionist order that challenges U.S. influence. The Commission stresses that these shifts are not episodic but structural, representing a comprehensive attempt by Beijing to erode longstanding norms underpinning the global system.

The report also highlights heightened risks in key regions—especially Southeast Asia and the Pacific Islands—where China is deploying economic inducements, political influence campaigns, and strategic infrastructure investments to expand its reach. It warns that vulnerabilities in U.S. and allied supply chains are deepening, describing a “China Shock 2.0” in sectors ranging from green energy to advanced manufacturing. Taiwan and Hong Kong remain flashpoints: the Commission underscores Beijing's expanding coercive toolkit against Taiwan and its continued tightening of control over Hong Kong. Collectively, the assessment urges Congress to prepare for long-term, multifaceted competition with the PRC, backed by a broad set of policy recommendations aimed at strengthening U.S. resilience, rebuilding industrial capacity, and countering China's efforts to remake the international order.

Quad Navies Re-Activate Force Multipliers in Northern Pacific through Exercise Malabar 2025

From 10–18 November 2025, the navies of Guam hosted the latest iteration of the Malabar exercise, bringing together maritime forces from Australia, India, Japan and the United States. According to official reports, the drills covered anti-submarine warfare, anti-surface warfare, maritime interdiction and aviation operations—all designed to enhance interoperability across the four Quad nations’ fleets. This marks at least the sixth time all four nations have participated together, underscoring their shared prioritisation of high-end maritime readiness in a strategically contested region.

While trade tensions and policy divergence have strained aspects of the Quad partnership, analysts interpret Malabar 2025 as a clear signal that defence coordination remains a core pillar of the bloc. Holding the exercise off Guam — well north of the Indian Ocean and far from the usual South China Sea focus — Broadens the theatre of operations and demonstrates willingness to project power in the First and Second Island Chains. By advancing anti-submarine and anti-surface warfare capabilities in the northern Pacific, the Quad appears positioning itself not just as a regional construct but as a global maritime stability network, implicitly countering China’s naval expansion without naming it directly.

U.S. and China Reconvene Maritime-Security Dialogue in Hawaii amid Tense Indo-Pacific Context

Between November 18–20, 2025, the United States Indo-Pacific Command and the People’s Liberation Army Navy (PLA Navy) held working-level discussions in Hawaii under the framework of the Military Maritime Consultative Agreement (MMCA). According to the Chinese navy, talks were described as “frank and constructive”, focused on current maritime and air-security challenges and addressed specific cases of unexplained naval and aerial encounters between the two militaries.

The resumption of these talks comes amid a sharpening competitive dynamic in the Indo-Pacific—particularly around Taiwan and the South China Sea—and represents a modest thaw in military-to-military communications after months of elevated tensions. However, the meeting surfaced enduring fault-lines: China reiterated strong objections to U.S. freedom of navigation operations and characterised them as provocations, signalling that structural disagreements remain unaddressed. While procedural mechanisms for safer encounters were discussed, the absence of new de-confliction frameworks or broader confidence-building measures suggests this dialogue is a tactical pause rather than the start of a strategic rapprochement.

China Escalates Dispute with Japan at the UN Over Taiwan

China has formally taken its dispute with Japan over Taiwan to the United Nations, accusing Tokyo of making statements tantamount to an act of aggression and warning that it will “resolutely exercise its right of self-defence” if Japan attempts an armed intervention in the cross-Strait situation. The move follows remarks by Japanese Prime Minister Sanae Takaichi suggesting that a Chinese attack on Taiwan could trigger a Japanese military response. China's U.N. Ambassador Fu Cong authored a strongly-worded letter to U.N. Secretary-General António Guterres asserting that Japan's comments were a “grave violation of international law” and demanding Tokyo retract the remarks.

This escalation marks one of the sharpest diplomatic challenges between Beijing and Tokyo in years, driven by Japan's harder posture on Taiwan and China's response to perceived interference in what it regards as its core interests. By engaging the U.N., China is shifting the dispute into a multilateral legal and political arena, signalling that it expects broader international acquiescence to its position on Taiwan and its use of force. The episode raises the stakes for regional security in the Indo-Pacific—Japan may feel compelled to clarify its defence commitments, while China's invocation of self-defence under the U.N. Charter could serve as a preamble to tougher measures should it perceive imminent intervention in Taiwan.

2. STATISTICS OF THE WEEK

China Shock 2.0: Mounting Imbalances and Rising Industrial Strain

Fresh data reinforces the structural distortions driving what analysts have begun calling “China Shock 2.0.” The core problem is unchanged but now dramatically amplified: weak domestic consumption continues to lag far behind China’s industrial output, while heavy state subsidies keep high-tech and manufacturing capacity expanding regardless of real market demand. As the chart on China’s Global Trade Surplus shows, exports have climbed from roughly \$2.6 trillion in 2020 to a projected \$3.7–3.8 trillion in 2025, while imports have stagnated or declined. Beijing is therefore relying more heavily on external markets to absorb surplus production, pushing its trade surplus toward \$1 trillion. This is the classic pattern of overcapacity: factories produce more than the country can consume, so the excess is dumped abroad — with predictable ripple effects on global prices, supply chains, and political tensions.

At the same time, the domestic industrial picture is deteriorating. According to the chart on Industrial Pressure, the share of Chinese industrial firms operating at a loss has surged from around 12% in 2014 to more than 23% by 2024. This doubling in a decade illustrates the fundamental fragility of China’s “two-speed economy”: globally competitive exporters on one side, and a swelling cohort of unprofitable firms kept alive by credit, subsidies, and political mandates on the other. The long-term implication is straightforward and hard to ignore — China is prioritizing market share, scale, and geopolitical influence over commercial sustainability. For trading partners, this raises the risk of more dumping cycles, more price distortions, and more pressure on domestic industries struggling to compete with subsidized Chinese output.



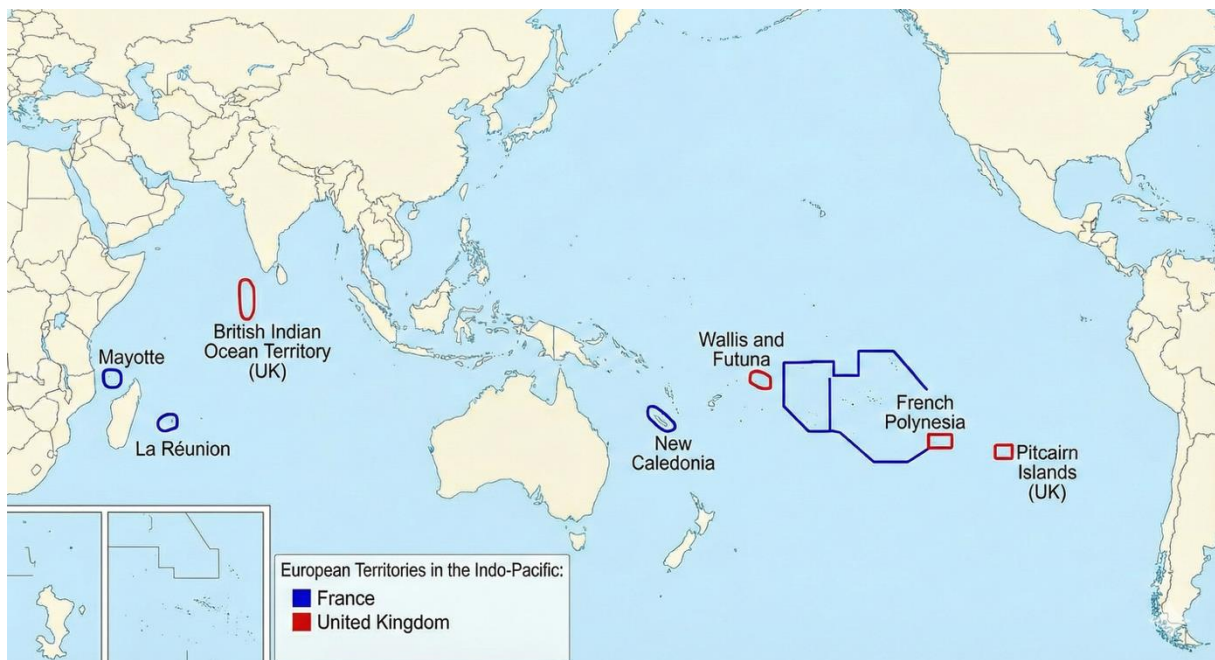
<https://behorizon.org/2025-uscc-annual-report-to-congress/>

3. MAP OF THE WEEK

European Territorial Footprint in the Indo-Pacific

This week's map highlights a reality that often gets lost in policy debates: Europe is not an external observer in the Indo-Pacific — it is a resident power. The image shows the extensive network of French territories stretching from the western Indian Ocean to the heart of the South Pacific. La Réunion and Mayotte anchor France's presence in the Indian Ocean near East Africa, while New Caledonia, Wallis and Futuna, and French Polynesia extend French jurisdiction across vast swaths of the South Pacific. These territories collectively grant France the world's second-largest Exclusive Economic Zone (EEZ), much of it concentrated in the Indo-Pacific. The map makes clear that French overseas possessions form a continuous strategic arc across one of the most contested maritime regions on earth.

The United Kingdom's footprint, though smaller, is far from negligible. The British Indian Ocean Territory (BIOT) — centred on Diego Garcia — remains a key node for Western military operations in the Indian Ocean, while the Pitcairn Islands extend Britain's maritime reach deep into the South Pacific. Together, the French and British territories represent a patchwork of European-administered zones embedded directly within Indo-Pacific geopolitical fault lines. Their presence ensures Europe is structurally tied to regional stability, maritime governance, and great-power competition. For European policymakers, the map is a reminder that strategic choices in the Indo-Pacific are not matters of abstract solidarity with partners — they concern the security of their own territory.



4. PHOTO OF THE WEEK

China Amplifies Diplomatic Pressure with Viral Video of Japanese Official Bowing

This week's photo captures the scene at the center of a rapidly spreading diplomatic controversy: a Chinese state-released video showing Japan's Foreign Ministry director, Masaaki Kanai, bowing before his Chinese counterpart, Liu Jinsong, during a meeting in Beijing. The 20-second clip — disseminated through the CCTV-affiliated account Yuyuantiantian — frames Kanai looking visibly uncomfortable as Liu, hands in his pockets and speaking sternly, appears to reprimand him. The optics are unmistakably intentional. Beijing used the footage to publicly underscore its outrage at Prime Minister Takaichi's recent remarks on Taiwan, portraying Kanai's posture as an implicit admission of fault. The release plays directly into Chinese domestic narratives of Japan committing "malicious" acts that violate the One-China principle, and is being widely circulated online as an example of Japan being forced into "humiliating diplomacy."

Tokyo, however, is resisting that storyline. Despite the visual impact of the footage, Japanese officials stressed that the meeting was a routine director-level consultation, not an apology mission, and that Kanai in fact used the encounter to lodge protests of his own — including over inflammatory comments by a Chinese diplomat in Osaka. Chief Cabinet Secretary Kihara and Foreign Minister Motegi both asserted that Japan "will not yield" to Chinese pressure and will instead continue explaining the intent of Takaichi's remarks while pushing back against Beijing's punitive reactions. The diplomatic choreography on display in the photo thus encapsulates the larger dynamic: China leveraging tightly curated imagery to assert dominance, and Japan scrambling to counter a narrative designed to widen the perception gap between the two countries at a volatile moment in their relations.



<https://www.chosun.com/english/world-en/2025/11/18/J453R7HJ6VBXDOOELLQ76B3H2Q/>

5. INFOGRAPHIC OF THE WEEK

China–Russia: Leadership Messaging Signals Deepening Strategic Convergence

This week’s infographic underscores the carefully choreographed symbolism of Chinese Premier Li Qiang’s high-profile meeting with Vladimir Putin in Moscow on 18 November. The visual emphasizes the two leaderships’ shared narrative: that the China-Russia partnership is both resilient and ascending. Li highlights “steady development” and the durability of bilateral cooperation, while Putin frames current ties as the strongest in their history. The imagery reinforces the message that the relationship is no longer merely tactical but is being articulated as structurally central to both countries’ external strategies. Economic and technological cooperation is presented as the engine of this stability, with references to record-high trade volumes, expanding joint projects, and newly announced people-to-people initiatives such as visa-free travel and education programs.



https://www.linkedin.com/posts/eurohub4sino_li-qiang-meets-putin-in-moscow-activity-7396797962447925248-jPDq?utm_source=share&utm

6. REGIONAL ALLIANCES

Premier Li Qiang Urges SCO to Assume a Global-Governance Leadership Role

At the 24th Meeting of the Council of Heads of Government of the SCO in Moscow on 18 November 2025, China's Premier Li Qiang delivered remarks that signalled a clear strategic shift: Beijing is pushing the SCO to do more than regional coordination—it wants the organisation to become a central player in the reform and construction of the international governance architecture. According to official Chinese reports, Li stated the SCO “is equipped and capable of taking the joint implementation of the Global Governance Initiative... as an opportunity to play a greater role in bringing the world under good governance.” His remarks reflect both China's ambition to export its governance model and the SCO's evolving role from Eurasian security forum to global-governance platform.

Broader Mandate for the SCO

Originally founded in 2001 as a security-and-counter-terrorism body for Central Asia, the SCO has gradually expanded its remit—adding economic, connectivity and technological cooperation among its members (China, Russia, India, Pakistan, Central Asian states, etc.). Premier Li's call marks a further step: repositioning the organisation as a vehicle for China's wider Global Governance Initiative (GGI). By urging the SCO to align development strategies, promote high-quality Belt and Road cooperation, and ensure stable, free flowing industrial and supply chains, China is embedding its economic-statecraft agenda directly into the SCO's institutional framework.

State Council of China

Strategic Diversification of Influence

China's emphasis on the SCO's global governance role is also about diversifying its influence beyond bilateral relations. For Beijing, offering leadership within a multilateral forum gives its partnerships a veneer of equality and legitimacy. Simultaneously, the SCO's membership—covering Eurasia and large parts of the Global South—provides a platform distinct from Western-dominated institutions. At the 2025 SCO summit in Tianjin, Beijing already proposed a development bank and touted over US \$1.4 billion in loans as part of its governance push. In short, Li's remarks reflect China's strategy to embed its economic and governance models into a multilateral institution, thereby strengthening its hand in a multipolar global order.

Challenges and Potential Frictions

Whilst the ambition is evident, significant challenges remain. Member states of the SCO vary widely in their governance systems, strategic priorities and relations with China and the West. The shift from regional coordination to global governance raises questions: Will the SCO's institutional capacity match this expanded ambition? Can it avoid simply becoming a front for Chinese interests? Observers note that despite

previous calls for reform, the SCO still lacks the legitimacy or operational depth of bodies like the G20 or UN. Furthermore, the incorporation of China's industrial and connectivity agenda into the SCO framework could create tension: some members may find themselves pressured to choose between local national interest and alignment with Beijing's global governance model.

Conclusion

Premier Li Qiang's call for the SCO to play a leading role in global governance signals a strategic turning point for China's institutional diplomacy. Through the SCO, Beijing is attempting to anchor its Global Governance Initiative in a multilateral forum, thereby legitimising both its vision for world order and its role within it. The shift widens the alliance's remit far beyond regional security into economic, technological and normative domains. Whether the SCO can evolve into a credible global governance actor will depend on its institutional reforms, the willingness of its diverse members to embrace China's agenda, and its ability to navigate the strategic suspicions of Western powers. For China, however, the message is clear: global governance is no longer simply something to be influenced—it is now something to be led.

7. ANALYSIS

Strategic Implications of the 2025 U.S.–China Economic and Security Review Commission Report

The U.S.–China Economic and Security Review Commission (USCC) 2025 Annual Report to Congress, delivered on 18 November, offers one of the most expansive assessments in recent years of China’s multi-domain challenge to U.S. interests. Covering everything from industrial policy to space, supply chains to alliances, the report warns that China’s rise is not simply economic but strategic, effecting a systemic shift in global governance, technological competition and military posture. In this section, we unpack three central implications for U.S. policymakers and allied strategy: the mounting industrial-economic disruption, the re-shaping of global governance architecture, and the narrowing window for deterrence in the technology-security nexus.

Industrial-Economic Disruption: “China Shock 2.0” Unleashed

Central to the report’s argument is what the Commission terms “China Shock 2.0” — a phase defined not just by exports but by structured overcapacity, export dumping, and the weaponisation of economic surplus. This means U.S. industry now faces competition from Chinese firms operating at systemic loss thresholds and prioritising market share over margins — enabled by massive state subsidies. The report highlights how Beijing’s underlying structural imbalance (weak domestic consumption, high industrial output) forces Chinese firms abroad, flooding global markets and eroding Western industrial base resilience. From a strategic perspective, this demands a recalibration of industrial policy: supporting U.S. manufacturing, countering Chinese state-driven gains, and preparing for a protracted period of economic competition, not a transient trade dispute.

Beyond industry, the report also underscores the supply-chain vulnerability that flows from this dynamic. Chapter 9, titled “Chained to China,” warns that China is turning its upstream dominance in critical materials, manufacturing, and components into leverage. The analysis suggests that simply diversifying away from China won’t suffice unless the U.S. rebuilds upstream capabilities, adopts new trade-defence instruments, and aligns more deeply with allies on industrial resilience. In short: the U.S. must move from reactive trade war to proactive industrial-security architecture.

Re-Shaping Global Order: China’s Revisionist Architecture

Another major strand of the Commission’s assessment involves China’s broader foreign-policy ambitions. Chapters 3–5 of the report examine how Beijing is pursuing a revisionist alliance architecture — from Russia, Iran and North Korea to Southeast Asia and the Pacific Islands. China’s aim is not only to compete — but to reshape governance: embed its economic model in global institutions, provide alternatives to Western-led norms, and leverage “Global South” partnerships for influence.

This trend carries two strategic implications. First, U.S. diplomacy must evolve beyond bilateral ties and defence alliances into contestation over norms and institutions. The report recommends deeper U.S. engagement in multilateral platforms and infrastructure investment to counter Chinese statecraft. Second, Beijing's tilt toward structured, state-backed platforms (like infrastructure banks, connectivity corridors, and regional security bodies) signals a shift from transactional to structural competition. The U.S. and its allies face the choice: acquiesce to a China-shaped order, or invest now in institutions, infrastructure and technology that preserve liberal power-structural frameworks.

Technology, Space and Security: Narrowing Windows for Deterrence

The report's third key theme is the intersection of technology, space and national security. Chapter 7 on "Space – China's Ambitions to Dominate" lays out how China views outer space as a war-fighting domain and an economic frontier, applying the same industrial logic seen in manufacturing to satellites, launch vehicles and quantum technologies. Meanwhile, the report's recommendations call for the U.S. to integrate export controls, intelligence, industrial policy and military posture into a unified entity — an "economic statecraft" tool. The message is clear: technological leadership underwrites deterrence, and delays in closing strategic gaps may yield irreversible shifts in capability and posture.

In practical terms, the United States must focus on upgrading its domestic innovation base, reinforcing allied technology ecosystems, and designing deterrence strategies that incorporate economic, industrial and space domains — not just traditional military ones. The Commission suggests that China's readiness to exploit dual-use technologies and diffuse its advantages globally means that the U.S. cannot treat technology policy as separate from national defence.

Conclusion

The 2025 USCC Annual Report marks a strategic inflection point: it portrays China's rise as no longer simply competitive, but systemic and structurally transformative. The implications ripple across industrial policy, alliance architecture and the very foundations of deterrence. For U.S. policymakers and their allies, the message is urgent: competition with China is no longer an episodic trade war, but a prolonged, multi-domain contest that demands integrated economic, technological and security strategies. If the U.S. fails to adapt accordingly, the danger is that China's advantages become locked-in — shifting the balance of power and governance for decades to come.

