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CAPS MONITORING

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INTRODUCTORY WORDS BY THE DIRECTOR

Dear readers,

Our Centre for Asia-Pacific Studies (CAPS) at CEVRO University enters the third month of its existence.

Following our successful opening ceremony in September, we have focused on building out our analytical, publishing, and educational activities.

This second issue of CAPS Monitoring is emblematic of that effort. As in the previous month, it distils the most consequential developments across the Asia-Pacific in geopolitics, security, political economy, trade, and investment.



October again illustrated the region's dynamism and interconnection — from audacious technological bets to shifting alignments. Central Asia is consolidating its role as a hub of innovation and the energy transition. Uzbekistan's USD 5.9 billion plan for the region's first green aviation-fuel facility signals a stronger sustainability push, while Kazakhstan's Digital Bridge 2025 underlined an ambition to move from technology adopter to creator and exporter. The Dushanbe summit meanwhile showcased a more self-confident Central Asia, carefully balancing ties with Moscow, Beijing, and the West.

In Southeast Asia, diplomacy and technology set the tone. Singapore reaffirmed its position as a digital powerhouse during Tech Week 2025, and the 47th ASEAN Summit in Kuala Lumpur produced notable outcomes — from the upgraded ASEAN-China Free Trade Area Protocol (ACFTA 3.0) to Timor-Leste's admission as ASEAN's eleventh member. The Cambodia-Thailand peace accord, facilitated by President Trump, was a further reminder that Southeast Asia remains a proving ground for pragmatic statecraft.

South Asia experienced renewed volatility along the Pakistan–Afghanistan border, while U.S.–India ties were tested over Russian oil imports. In East Asia, Japan embarked on a new political era under Prime Minister Sanae Takaichi, signalling closer U.S.–Japan coordination. Taiwan’s semiconductor primacy was reaffirmed by TSMC’s record results and new megaprojects, even as domestic politics shifted under new Kuomintang leadership. Meanwhile, China’s forthcoming 15th Five-Year Plan and the Xi–Trump meeting at APEC confirmed Beijing’s central role in shaping Asia’s economic future.

Across the Pacific, AUKUS regained momentum with renewed U.S. assurances, and New Zealand drew major green-energy and digital investment. Finally, at home in Czechia, the China–Czech Business Summit in Brno and the acclaimed Czech Pavilion at Expo 2025 Osaka demonstrated how Central Europe — and our country — continue to build meaningful bridges with Asia–Pacific.

I hope this edition of CAPS Monitoring serves as a trusted guide to developments across the region.

Warm regards,

Jan Železný
Executive Director



CENTRAL ASIA

Uzbekistan to Build Central Asia's First Green Aviation-Fuel Plant

At the start of October, Allied Biofuels signed key agreements with the Khorezm regional government to develop Central Asia's first integrated biorefinery producing zero-carbon aviation fuel. Presented at the International Investment Forum in Khiva, the USD 5.9 billion project is slated to deliver 382,000 tonnes of sustainable aviation fuel and 11,000 tonnes of renewable green diesel annually. Combining international expertise with domestic support, the plant is intended to contribute to Uzbekistan's net-zero objective for 2030.

Kazakhstan Positions Itself as the Region's Digital Leader at Digital Bridge 2025

Held in Astana from 2–4 October, Digital Bridge 2025 brought together thousands of participants — startups, investors, and global experts — highlighting Kazakhstan's growing weight in the regional tech ecosystem. Prime Minister Olzhas Bektenov emphasised the country's pivot from adopting to generating technology, with AI and digital transformation embedded across governance, education, industry, and logistics. Launches of national AI platforms and new startup initiatives reflected a policy agenda moving from rhetoric to implementation. With strong state backing, expanding infrastructure, and a lively startup scene, Kazakhstan is positioning itself not merely as a fast follower but as a regional tech creator and exporter — a message consistent with President Tokayev's broader digitalisation vision.



At the Dushanbe Summit, Moscow Meets a More Assertive Central Asia

In early October, President Vladimir Putin visited Dushanbe for a three-day state visit and summit with leaders of Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan, and Tajikistan. Seeking to reaffirm influence amid sanctions-induced pressures, the Kremlin stressed deeper trade, investment, and security ties, noting bilateral trade turnover of around USD 45 billion last year. Yet the summit underlined changing dynamics: Kazakhstan and Uzbekistan showcased their own infrastructure and development agendas, and regional capitals continue to diversify relations with China, the EU, and other partners while sustaining pragmatic cooperation with Moscow. Russia remains central, but leverage is increasingly mediated by necessity — and by Central Asia's growing agency in a multipolar order.

Orenburg Strike Disrupts Kazakh Gas Production

A Ukrainian drone strike on Russia's Orenburg gas-processing plant forced Kazakhstan to cut output at the Karachaganak oil and gas condensate field by roughly 25–30%, exposing Kazakhstan's reliance on Russian processing infrastructure. With Orenburg temporarily halting the intake of Kazakh gas, Karachaganak's intertwined oil-gas operations — including reinjection for reservoir pressure and local power generation — faced sharp constraints. Operated by a consortium including Chevron, Shell, Lukoil, and Eni, the field reduced output to about 25,000–28,000 metric tonnes of oil and condensate per day. Limited intake may resume, but the timeline for full normalisation remains unclear.



SOUTHEAST ASIA

Vietnam and Laos Leaders Make Rare Visits to North Korea

From 9–11 October, Vietnam’s Communist Party General Secretary Tô Lâm paid a rare visit to Pyongyang, the first by a Vietnamese leader in nearly two decades, coinciding with the 80th anniversary of the Workers’ Party of Korea. Framed as solidarity, the trip more broadly reaffirmed Hanoi’s capacity to engage across divides — a hallmark of its “bamboo diplomacy”. For North Korea, facing isolation and heavy reliance on Russia and China, visits by Tô Lâm and Laos President Thongloun Sisoulith signalled remaining diplomatic channels beyond its core patrons. While concrete outcomes were sparse, prospective cooperation in defence, foreign affairs, and health was trailed; the principal significance was symbolic.

Tech Week Singapore 2025: Connected Futures, Boundless Impact

On 8–9 October, Tech Week Singapore 2025 at Marina Bay Sands convened over 26,000 participants. Opening remarks by Tan Kiat How, Senior Minister of State for Digital Development and Information, reaffirmed the state’s commitment to a dynamic tech ecosystem. Mainstage sessions centred on AI — enterprise applications, governance, and ethics — reflecting a maturing focus on responsible innovation. Exhibitors showcased next-generation data-centre solutions, cloud security, and operational AI case studies. The message was clear: technology is no longer a back-office function but a pillar of economic strategy as Singapore seeks to consolidate its position amid intensifying regional competition.



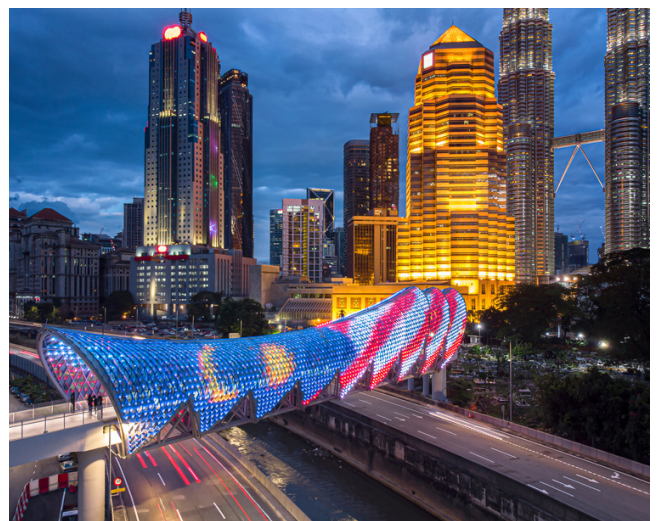
47th ASEAN Summit in Kuala Lumpur

Held 26–28 October 2025, the ASEAN Summit advanced regional economic integration, security cooperation, and digital transformation.

- At the East Asia Summit, leaders addressed the South China Sea, Myanmar, Gaza, Ukraine, and the Korean Peninsula, urging peaceful resolution.
- The ASEAN–China summit saw the signature of the Protocol to Upgrade the ASEAN–China Free Trade Area (ACFTA 3.0), with a focus on green and digital economies.
- ASEAN leaders endorsed a new Plan of Action (2026–2030) to deepen cooperation with the United Nations under the Comprehensive Partnership.

The summit also marked Timor-Leste's formal admission as ASEAN's 11th member, the bloc's first expansion since 1999. Membership is expected to improve investor confidence and integrate Timor-Leste into regional frameworks for economic cooperation, infrastructure, and diplomacy.

As part of the summit, Cambodia and Thailand signed the Kuala Lumpur Peace Accord, ending months of border clashes. Brokered by U.S. President Donald Trump and supported by Malaysia, the accord established a ceasefire, withdrawal of heavy weapons, ASEAN monitoring, and joint mine-clearance. Both parties pledged to rebuild trust through cross-border cooperation. Cambodian officials mooted a Nobel Peace Prize nomination for President Trump.



SOUTH ASIA

Escalation on the Pakistan–Afghanistan Border

Between 9 and 17 October, heavy fighting erupted along the Pakistan–Afghanistan frontier amid Pakistani accusations that the Taliban sheltered militants from TTP, and Afghan claims of sovereignty violations by Pakistani airstrikes. A 48-hour ceasefire agreed on 15 October quickly faltered; however, on 19 October, a Qatar-brokered agreement re-established an immediate ceasefire to prevent further escalation. Economic costs mounted as border closures disrupted trade, with losses of around USD 1 million per day for each country. Prices spiked in Pakistan, where, for example, tomatoes surged by 400% as Afghan imports halted.

Tensions in U.S. –India Relations over Russian Oil Imports

On 15 October 2025, President Trump announced that India would cease purchasing Russian oil, presenting it as a step to pressure Moscow over the war in Ukraine. Indian officials denied any recent call between Prime Minister Modi and the U.S. President. With Russia supplying roughly one-third of India's crude imports, New Delhi has defended its right to secure affordable energy. Bilateral ties have been strained by U.S. tariff policy – including a 50% rate on Indian goods, and an additional 25% duty linked to Russian oil purchases. The divergence reflects broader realignments: India emphasises energy security and stability; Washington prioritises economic isolation of Russia. India may tactically adjust purchases, but public acquiescence to U.S. pressure remains unlikely.



EAST ASIA

Japan's New Government and President Trump's Visit

Sanae Takaichi became Japan's first female Prime Minister after winning the Liberal Democratic Party (LDP) leadership on 4 October and securing confirmation on 21 October with 237 lower-house votes. She assumed office following Shigeru Ishiba's resignation on 7 September after losses in elections to both parliament houses. Governing as a minority after Kōmeitō's exit, Takaichi formed an arrangement with the Japan Innovation Party. A supporter of Abenomics, she unveiled a ¥13.9 trillion (USD 92.19 billion) stimulus focused on inflation relief, growth industries (AI, semiconductors), and national security. Markets responded to her scepticism about rate rises, with the Nikkei 225 hitting record highs above 49,000, even as concerns persist over a weak yen and rising living costs.

During President Trump's visit to Tokyo, a ceremony at the Akasaka Palace and a joint appearance aboard a U.S. aircraft carrier underscored a renewed emphasis on U.S.–Japan partnership. The two leaders announced cooperation on rare-earths, reiterated commitments on tariffs and defence, and framed a “new golden age” of ties. Discussion of a potential LNG embargo on Russia highlighted Tokyo's energy dilemma, given reliance on Sakhalin-2 and the financial involvement of big conglomerates Mitsui and Mitsubishi. Takaichi's challenge is to maintain economic stability and domestic support while aligning more closely with U.S. strategic aims — a high-stakes hedging act with China and Korea watching closely.

Taiwan and TSMC

In October 2025, TSMC filed for a building permit for its A14 facility at the Central Taiwan Science Park, targeting 1.4-nanometre production. The USD 49 billion project is expected to begin construction at the end-2025, with mass production in H2 2028. The node promises a 15% speed uplift at iso-power versus 2nm, or 30% lower energy at iso-performance. Taichung authorities expect around 4,500 jobs and annual output of USD 15.87 billion. On 16 October, TSMC reported record quarterly profit (up 39.1% y/y) on revenue of USD 23.5 billion (up 36% y/y), driven by AI demand. With a >60% share of global foundry capacity and the semiconductor market projected to reach USD 727.7 billion in 2025, Taiwan's centrality to global chip value chains endures.

Kuomintang Elects a New Leader

In October 2025, Taiwan's opposition Kuomintang (KMT) elected Cheng Li-wun as party leader. A self-styled reformer advocating lower defence spending and dialogue with Beijing, Cheng won with over 50% of the vote. With sufficient parliamentary strength to block elements of the Democratic Progressive Party (DPP) agenda — including President Lai Ching-te's defence-spending plans — Cheng's leadership could reshape debate over cross-Straits policy, intensifying Taiwan's internal discussion on managing relations with China while safeguarding democratic institutions.

Trump Signs New Trade Deals with South Korea

On the margins of APEC in South Korea, President Trump and President Lee Jae-myung concluded a trade accord aimed at tariff rebalancing, investment, and industrial cooperation. The U.S. reduced tariffs on Korean autos and parts to 15% (from 25%). Seoul committed approximately USD 350 billion of investment in the U.S., including around USD 150 billion for shipbuilding and related industry, alongside enhanced collaboration in energy, manufacturing, and infrastructure, expanded purchases of U.S. energy, and wider market access for U.S. goods and services.



CHINA

The 15th Five-Year Plan: Priorities and Positioning

The Communist Party's Fourth Plenum (20–23 October) set out the broad contours of the 15th Five-Year Plan (2026–2030). Against the backdrop of trade frictions — including rare-earth export controls and reciprocal tariff threats — Beijing stressed insulation from external shocks through industrial upgrading and strategic investment. The plan's centre of gravity is “high-quality development” over raw growth: advancing the “new productive forces” as AI, semiconductors, batteries and green energy, EVs, and the digitalisation of legacy industries. Stimulating domestic demand is intended to provide a primary growth engine, while reinforcing export-oriented capacity to sustain China's role across global supply chains and financial-industrial infrastructure. Formal approval is expected in March 2026.

Xi and Trump Meet at the APEC Summit

At APEC in Gyeongju on 31 October, President Xi Jinping and President Trump announced a bilateral trade package: a 10-point reduction in effective U.S. tariffs on Chinese goods to 47%, Chinese postponement of certain rare-earth export controls, and a resumption of U.S. soybean purchases. President Trump then departed before the main summit, leaving Xi to engage regional leaders, including Japan's new Prime Minister Sanae Takaichi and Canada's Prime Minister Mark Carney. Xi's keynote emphasised multilateralism, regional cooperation, and a renewed commitment to openness, while discussions focused on supply-chain resilience amid evolving global trade frameworks.

China Strengthens Ties with India

Shared pressure from U.S. trade policy has nudged India and China towards cautious rapprochement in 2025. After Prime Minister Modi's August visit to China, the two sides took practical steps — resuming a Kolkata–Guangzhou direct flight, easing visa and export restrictions, and enhancing senior-level visits. A border-patrol understanding has helped cool tensions since the Galwan Valley clash (2020). Bilateral trade reached USD 88 billion in the first seven months of 2025 (up 10.5% y/y). India needs Chinese technology, rare-earth magnets, and API inputs; China sees India as a critical growth market. Cooperation remains bounded by lower levels of trust and unresolved frontiers, but mutual dependencies have created space for incremental engagement.

AUSTRALIA AND OCEANIA

AUKUS Confirmed

On 21 October 2025, during Australian Prime Minister Anthony Albanese's visit to Washington, President Trump reaffirmed commitments under AUKUS, confirming delivery of Virginia-class submarines. The announcement dispelled uncertainty following a Pentagon review in June and aligns with Australia's largest peacetime defence investment, including the A\$8 billion Henderson Defence Precinct and an additional A\$70 billion over the next decade.

New Solar Energy Projects in New Zealand

FRV Australia is advancing the Rangitikei solar project on New Zealand's North Island — a 210 MWdc facility spanning roughly 450 hectares, expected to generate around 350,000 MWh annually, power approximately 45,000 homes, and avert 35,000 tonnes of CO₂ emissions each year. Construction will peak at 250 jobs over 24 months and includes provision for future battery storage. The project follows FRV's joint venture with Genesis Energy, co-owning Lauriston, which became New Zealand's largest solar farm in November 2024.

Major Amazon Investment and a New Visa Route

Amazon Web Services has announced a NZD 7.5 billion investment to establish an Asia Pacific Region with three Availability Zones in Auckland, creating over 1,000 jobs annually and adding NZD 10.8 billion to GDP, powered entirely by renewable energy. New Zealand will launch a Business Investor Work Visa on 24 November 2025, offering experienced investors a pathway to residence while supporting investment in established local firms. The government has also signalled a relaxation of its golden-visa settings in 2026.

ASIA IN CZECHIA

2025 China–Czech Business Summit in Brno

On 7 October 2025, on the eve of the 65th Brno International Engineering Fair, Czech and Chinese companies convened for a bilateral business summit focused on machinery, technology, and finance. More than 60 Chinese enterprises took part in one-to-one networking with Czech partners. Ambassador Feng Biao highlighted the platform's value for industrial collaboration, while Marian Piecha, Director-General at the Ministry of Industry and Trade, reaffirmed that China remains among Czechia's largest trading partners and that commercial and people-to-people ties are vital for mutual benefit.

Czech Pavilion at Expo 2025 Closes

The Czech Pavilion at Expo 2025 Osaka marked a major milestone just days before the exposition's close, welcoming its 1.5 millionth visitor on 10 October. The expo closed on Monday, 13 October 2025, after nearly six months and more than 28 million visitors overall. Average daily traffic at the Czech Pavilion recently stood at 12,000–14,000 visitors, with approximately 95% from Japan. The pavilion surpassed 1.5 million visitors just six weeks after crossing the one-million threshold on 2 September.

International recognition followed: the BIE Silver Prize for Architecture (small and medium pavilions), a Gold People's Choice award, a silver medal for best mascot in the World Expolympics, and an EU award for exceptional hospitality. The pavilion's spiral form — marrying modern CLT timber with traditional Czech glass — symbolised heritage, innovation, and sustainability, and featured glass sculptures, interactive exhibits, and a rich cultural programme. The accolades and attendance underscore the pavilion's success in strengthening Czechia's international profile.

PERSON OF THE MONTH

Sanae Takaichi

Sanae Takaichi enters office as both rupture and return. The rupture is plain: on 21 October 2025, she became Japan's first female Prime Minister, breaking a post-war pattern that kept women from the apex of power. The return is ideological: a self-styled "Iron Lady", revering Margaret Thatcher and channelling Shinzo Abe's instincts — traditionalist at home, assertive abroad, and national in tone.

Born in Nara in 1961, and unaffiliated with Japan's political dynasties, Takaichi's ascent has been hard-won. A former television host — and, famously, a heavy-metal drummer — she entered parliament in 1993, joined the LDP in 1996, and built a reputation as a flinty conservative with administrative stamina, including a record stint as Minister for Internal Affairs and Communications and later as Minister for Economic Security. Twice defeated in leadership contests (2021, 2024), she prevailed on a third attempt amid the LDP's loss of majorities in both chambers of parliament (National Diet).

Her base is narrow. Kōmeitō's exit ended a 26-year alliance, pushing Takaichi into a minority arrangement with the Japan Innovation Party — a pact that pulls policy rightward and demands adroit coalition management to pass budgets. Economically, "Sanaenomics" mixes growth rhetoric with fiscal activism and an assertive line on monetary policy. Early moves — scrapping a longstanding petrol levy, support for SMEs, and targeted bets on AI and semiconductors — court voters squeezed by inflation and weak real wages. Structural headwinds remain: modest growth, towering public debt, and intense demographic pressure.

Socially traditional, Takaichi opposes separate spousal surnames and same-sex marriage, and resists what she sees as self-flagellating historical narratives. Yet she has advanced pragmatic family-policy incentives on childcare, women's health, and support for carers. The symbolism of her premiership matters in a male-dominated political class, but she eschews quotas, preferring selective elevation of women to weighty briefs.

Foreign and security policy are her métier. She aims to accelerate defence spending to 2% of GDP, revise 2022 security documents, loosen defence-export rules, and pursue constitutional recognition of the Self-Defence Forces.

Regionally, she is steely-eyed on Beijing and Pyongyang and intent on embedding Japan deeper in a Free and Open Indo-Pacific alongside the U.S., South Korea, Australia, India, and European partners. Her early outreach to a transactional White House — accepting a tariff/investment package — and deft summitry around ASEAN and APEC set a pragmatic tone; notably, she skipped an autumn visit to Yasukuni shrine, a small but telling nod to diplomatic management with China and South Korea.

Her wager is clear: stabilise household finances, rearm without spooking markets, and harness conservative nationalism without alienating the centre — and she could break Japan's revolving-door premiership curse. Fail, and she will leave a symbol without a settlement.



UPCOMING EVENTS

1 December

As part of our policy-makers' discussion series, we are honoured to welcome Mr Chung Eui-yong, former Minister of Foreign Affairs of the Republic of Korea, to the CEVRO University premises on Jungmannova Street. He will discuss the current geopolitical standing of the Korean Peninsula, regionally and globally. A seasoned diplomat, Mr Chung will offer invaluable insights.

11 December

We will warmly welcome Dr Mher D. Sahakyan (Armenia) to CEVRO University. Together with our Director Jan Železný and our Head of Research Dr Zdeněk Rod, he will launch the Routledge Handbook of China's Belt and Road Initiative in Eurasia — the product of excellent analytical work by an international team of scholars.

More information:

<https://www.routledge.com/Routledge-Handbook-of-Chinas-Belt-and-Road-Initiative-in-Eurasia/Sahakyan-Lo/p/book/9781032840956>

CAPS IN MEDIA

Junior Analyst Daniela Finkousová on Sanae Takaichi as Japan's first female Prime Minister (CEVRO Arena):

<https://www.cevroarena.cz/post/prvn%C3%AD-%C5%BEena-v-%C4%8Dele-japonska-sanae-takaichi-m%C4%Bn%C3%AD-d%C4%Bjiny>

Director Jan Železný on Takaichi's rise to power (JOJ24 Slovak TV):

<https://joj24.noviny.sk/studio-joj-24/1124800-studio-24-historicka-zmena-v-japonsku>

Director Jan Železný and Head of Research Dr. Zdeněk Rod on “chip diplomacy” (Security Briefing podcast):

https://open.spotify.com/episode/2uifej12ei06jM9KEJJoFO?si=FeDTzxCQW6wB0fs9dFQVA&nd=1&utm_medium=organic&_branch_referrer=H4sIAAAAAA72NwWoCMRRFvyaznBkzMmBhKFqbhcWFVHQpmZkXfRrzwkuC1UW%252FvbHQXyjcxeUeLucUow8vVRU8RTT3UntfWnSX6tUzjWmlHXlwhZBTk6w9JLbd6XkRzVxllfPE5d97oGuewGOgEXKTCQ2cJxKwbs%252Fr2cf7akWqFo0KKJqlguX28fV42%252

Director Jan Železný on the 15th Five-Year Plan (Info.cz):

<https://www.info.cz/zpravodajstvi-a-komentare/nova-cinska-petiletka-technologicky-obr-budoucnosti>

Director Jan Železný on the Trump–Xi summit (JOJ24 Slovak TV):

<https://joj24.noviny.sk/studio-joj-24/1127880-studio-24-rokovanie-prezidentov-usa-a-ciny>

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