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# Issue 481

## Of Eagle Eye Intelligence

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## **MALAYSIA: Summit Likely to Aid in Deescalating South China Sea Maritime Incidents**

**Summary:** The Association of Southeast Asian Nations (ASEAN) leaders meeting in Kuala Lumpur on 26-28 October will likely not eliminate periodic maritime incidents in the South China Sea but will likely aid in de-escalating these incidents.

**Development:** On 27 October, Malaysian Prime Minister Anwar Ibrahim opened the 47th ASEAN and East Asia Summits in Kuala Lumpur, urging leaders to “choose dialogue over coercion” and to preserve regional peace through inclusive diplomacy, according to AP News. Delegations discussed the South China Sea and efforts to finalize a COC aimed at managing territorial disputes and limiting naval confrontations, according to the BBC and *Al Jazeera*. In addition, Phnom Penh and Bangkok signed a peace agreement, according to *Al Jazeera*. Beijing and ASEAN advanced economic ties during the meeting cycle, culminating in an upgraded China–ASEAN free-trade pact on 28 October; other leaders pursued bilateral trade and investment initiatives as part of competitive outreach to the bloc, according to Reuters.

**Analysis:** ASEAN’s emphasis on dialogue and mediation will likely reduce the risk of maritime escalation in the near term. The negotiation of a South China Sea COC will likely introduce shared norms and confidence-building measures that lower incident frequency, but persistent differences among claimant states and Beijing’s reluctance to accept enforceable limits reduce the probability of a decisive decline in escalation risk. Due to this, the most likely outcome is incremental risk reduction through greater communication protocols, limited incident-management mechanisms, and targeted confidence-building measures. However, the underlying drivers of conflicts such as strategic rivalry, overlapping claims, and varied national incentives will almost certainly remain. Therefore, periodic maritime incidents will almost certainly continue; successful COC provisions would likely lower the likelihood that those incidents convert into kinetic engagements but would not eliminate the risk in its entirety.

[Armaan Needles]

## CHINA: Bounties Likely Signal Escalation in Unconventional Warfare Against Taiwan

**Summary:** New bounties placed on Republic of China Armed Forces (ROCAF) officers likely reveal an escalation in Beijing's unrestricted and unconventional warfare campaign against Taiwan.

**Development:** On 11 October, Chinese police announced \$1,400 bounties on 18 claimed ROCAF psychological warfare officers. Beijing alleges these individuals spread separatist propaganda through online channels, according to *Modern Diplomacy*. Within the publication, Beijing included the names, photographs, and identification numbers of the ROCAF officers, according to *Al Jazeera*. This comes only a day after Taipei announced an acceleration in its newest whole air defense system and a significant increase in its annual defense spending budget. Taipei responded to the bounties by calling them an attempt to divide the Taiwanese people using cognitive warfare, according to *Taipei Times*. Cognitive warfare, a form of unrestricted warfare, seeks to control an adversary by providing them with different environmental stimuli, such as social media manipulation, according to the *Journal of Global Security Studies*.

**Analysis:** Beijing placing bounties on ROCAF psychological warfare officers likely reveals an escalation in unrestricted warfare against Taiwan through the public targeting of officials. Beijing likely made this move to counter Taipei's plans to accelerate air defense programs and budget extra for military development. This likely represents Beijing's attempt to show Taipei that it is matching ROCAF advancements with its own unconventional military strategies. Beijing likely also made this move to counter Taipei's psychological warfare with its own unrestricted cognitive warfare through the non-military targeting of ROCAF officers.

[Cade Cunningham]

## LEBANON: Hezbollah Almost Certainly Increasing Capacity via Illicit Drug Trade

**Summary:** Since December 2024, Hezbollah has almost certainly significantly increased its involvement in the captagon trade. Hezbollah is almost certainly using the profits from this trade, alongside profits from its longstanding, likely smaller-scale, involvement in the Latin America-Europe illicit trade to bolster its capabilities, allowing it to subvert Beirut's attempt to gain control over the group.

**Background:** As of October 2024, the Iranian Islamic Revolutionary Guard Corps provided most of Hezbollah's funding, with additional funds coming from Hezbollah-run businesses and donations from supporters, according to the Council on Foreign Relations. To supplement this funding, Hezbollah has a history of involvement in the illicit narcotics trade in the Middle East, Europe, and Latin America dating back to the mid-1980s, according to the *United Nations Irregular Crime and Justice Institute* and the *Washington Institute for Near East Policy*. On 31 July, Lebanese President Joseph Aoun called for Hezbollah to disarm, which Hezbollah leader Naim Qassem quickly rejected, according to Reuters.

Captagon is the street name for a mix of amphetamines, caffeine, and other various fillers, popular among both jihadists and students in the Middle East and North Africa. Prior to December 2024, the Syrian Assad regime controlled approximately 80% of global captagon production, according to the New York Times. Since the regime's fall, an increasing share of this trade has passed into Lebanese hands.

**Increasing Share in Captagon Trade:** Hezbollah almost certainly largely controls Lebanese captagon production. From 1 September to 22 October, authorities in Lebanon, Syria, and other Middle Eastern countries seized approximately 93 million captagon pills originating in Lebanon. On 14 July and 17 September, Lebanese authorities raided two illicit captagon factories in the Bekaa Valley, a prominent Hezbollah stronghold and the group's original homeland. At least 75.5 million of the pills originated in the Bekaa Valley, while 8 million originated in the Danniye region, and the specific origin of the rest is unknown. Given the group's control over the region, strong alliance with the Assad regime, preestablished smuggling routes, and longstanding history of involvement in the illicit narcotics trade, Hezbollah almost certainly controlled both the seized factories and the pills with a known origin in the region. Given that the group maintains a strong presence in the valley and the ongoing high-volume flow of captagon pills out of Lebanon,

Hezbollah almost certainly has more factories in the Bekaa valley region. Most of the seized pills with an unknown specific origin very likely originated in Bekaa valley factories as well. Captagon costs pennies to make but sells for \$3-\$20 per pill, depending on the country, according to the New York Times. Despite high volumes of recent seizures, Hezbollah is almost certainly making at least \$1-2 billion on the captagon trade in 2025.

**Presence in Latin America:** Hezbollah almost certainly maintains a relatively smaller-scale presence in Latin America for both drug trafficking and money laundering. Hezbollah has longstanding ties to Colombian terrorist group the Revolutionary Armed Forces of Colombia (FARC) and its successor groups, as well as Venezuelan Cartel de los Soles, according to the United Nations Irregular Crime and Justice Institute and Jeferson Guarin in *Security and Defense Quarterly*. Hezbollah has an established presence in the tri-border area between Argentina, Brazil, and Paraguay. The group trafficks cocaine and methamphetamine from South American drug cartels to dealers in the Middle East and Europe. Given the continent's distance from its base of operations and the higher risks associated with smuggling to Europe, Hezbollah's involvement in the South American drug trade is almost certainly much less significant than its involvement in the Middle Eastern drug trade, which primarily consists of captagon and hashish rather than methamphetamine and cocaine.

**Outlook and implications:** Hezbollah will almost certainly use its expanded involvement in the drug trade to fund its operations, reducing the likelihood of Beirut successfully asserting its control over the group. Hezbollah's involvement in the captagon trade will very likely continue in the near future; the demand for captagon remains steady despite the Assad regime's ouster and the new Syrian government's opposition to captagon production, presenting a highly lucrative opportunity for Hezbollah and other smugglers. Hezbollah's involvement in Latin America will also likely continue to expand, but at a smaller scale compared to Hezbollah's share of the captagon trade. This trade will likely insulate Hezbollah from the economic consequences of the Israel-Iran Conflict, Israeli strikes on the group in Lebanon, and the replacement of the friendly Assad regime with the less friendly regime of Ahmed al-Sharaa. This economic insulation will allow the group to maintain its capacity, making it highly unlikely that Beirut will successfully force it to disarm.

[Christina Muchow]

## About GSIS

Embry-Riddle Aeronautical University's (ERAU) Bachelor of Science in Global Security & Intelligence Studies (GSIS) degree program at our Prescott Campus blends both academic and professional studies to equip students with the knowledge and skills necessary to become future leaders in intelligence, security, and law enforcement. The program provides students with a sound foundation in the liberal arts, including international relations, foreign languages and cultures, international law, foreign policy, political and military history, and other essential topics.

## About EE

Eagle Eye Intelligence (EE) is an intelligence and research organization led by the students of the GSIS program at ERAU in Prescott, Arizona.

Dr. Philip E. Jones founded EE and Embry-Riddle's GSIS program in 2002, following a career with the Central Intelligence Agency and consulting work in international development and global security. Currently, Professor Dale R. Avery, a former career intelligence analyst, serves as EE's faculty advisor.

EE strives to provide actionable intelligence and analysis to its customers during the academic year. We are driven by a number of goals – continuous development, nonpartisanship, interdisciplinary studies, global awareness, and professionalism.

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The views expressed in this publication are those of the authors, and do not represent the position Embry-Riddle Aeronautical University or the College of Business, Security, and Intelligence.

Christina Muchow, a Junior in the GSIS program, currently serves as EE's Editor in Chief. For questions or comments, contact the team at [editorseesee@gmail.com](mailto:editorseesee@gmail.com) or Professor Avery at 928.777.4708. If you use material from this publication, you should attribute: Eagle Eye Intelligence Edition 481, a publication created by students at Embry-Riddle Aeronautical University in Prescott, Arizona.



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