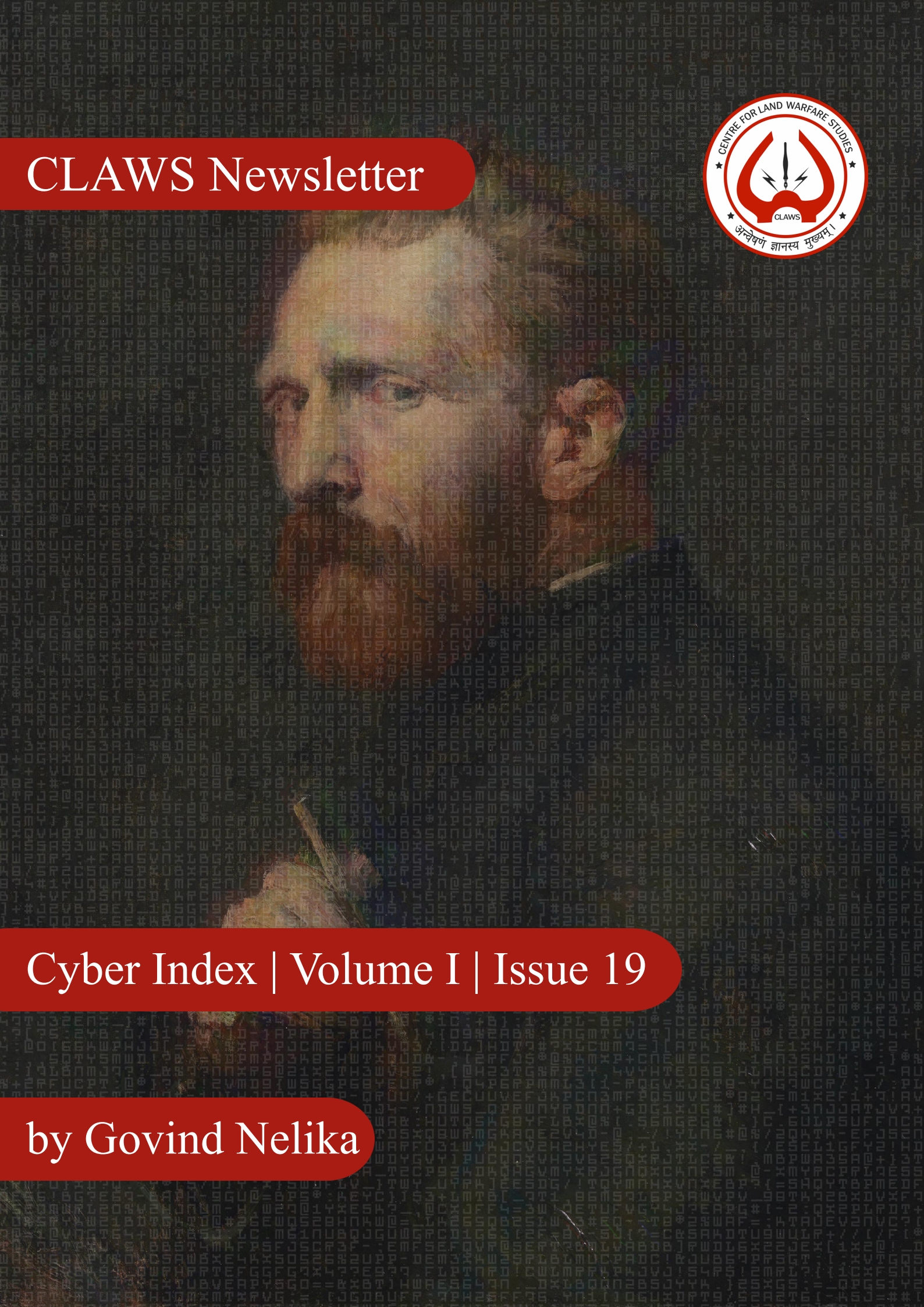
CLAWS Newsletter



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by Govind Nelika

About us

The Centre for Land Warfare Studies (CLAWS) is an independent think tank based in New Delhi, India, dedicated to strategic studies and land warfare in the Indian context. Established in 2004 and registered under the Societies Registration Act, 1860, CLAWS operates as a membership-based organization governed by a Board of Governors and an Executive Council, under the Aegis of the Indian Army.

With a futuristic outlook and a policy-oriented approach, CLAWS focuses on national security issues, conventional military operations, and sub-conventional warfare. The Centre closely monitors regional conflicts and military developments within India's strategic frontiers, particularly in South Asia.

Committed to fostering strategic culture and informed policymaking, CLAWS disseminates its research to armed forces personnel, policymakers, members of the strategic community, and interested civilians. By facilitating in-depth studies and discussions, CLAWS contributes to shaping India's defense policies and military preparedness.

The CLAWS Newsletter is a fortnightly series under the leadership of Dr. Tara Kartha, Director Research & Academics. The newsletter features insightful content curated by CLAWS researchers, each specializing in their respective verticals. This initiative aims to provide in-depth analysis, strategic insights, and updates on key issues.

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Global Brief

A new system to identify and take down Russian drones is being deployed to NATO's eastern flank

The spotlight now falls on the deployment of the U.S.-made Merops counter-drone system by NATO, with frontline states Poland and Romania already fielding the system and Denmark slated to adopt it soon. This deployment is a direct response to a surge in low-cost drone incursions many believed to be linked to Russia that recent months have exposed serious gaps in NATO's air-defence architecture.

Why now the context. On 9 September 2025, roughly 19 to 23 small drones reportedly crossed into Polish airspace, triggering a full NATO response under Article 4 of the North Atlantic Treaty and prompting the launch of Operation Eastern Sentry. Days later, similar incursions occurred in Romanian airspace, and there were other sightings near airports and military installations across Europe, including in Denmark and elsewhere revealing that traditional air defence, calibrated for high-speed missiles or aircraft, is often blind to slow, low-flying drones.

What Merops does and why it matters. Merops is compact small enough to ride in the bed of a pick-up and uses artificial intelligence to detect, track, and autonomously intercept unmanned aerial vehicles, even in environments where satellite navigation or electronic communications are being jammed. Unlike high-cost fighter jets or missiles, which remain grossly disproportionate against cheap drones, Merops offers a more scalable, cost-effective, and flexible response: either taking down drones directly or relaying targeting data to other air- or ground-defence assets, giving commanders time to decide whether to engage.

Broader strategic meaning. The shift toward systems like Merops reflects a deeper evolution in warfare: from traditional symmetrical air/missile threats toward low-cost, asymmetric drone incursions that can harass airspace, gather intelligence, disrupt civilian infrastructure (airports, critical installations), or test political resolve all with relatively little risk or expense for the attacker. For NATO, embracing AI-enabled, mobile counter-UAS (unmanned aerial system) tools signals recognition that deterrence and defence now depends on speed, automation, and agility rather than sheer firepower.

In strategic terms, Merops's deployment starts to reframe NATO's "eastern-flank posture." It underscores the alliance's commitment to protect not just its high-value military and missile platforms, but also airspace integrity, civilian infrastructure, and political boundaries making drone incursions far less attractive to adversaries. If effective, this could blunt what many analysts see as a rising "drone-war" front, reduce the factors that allow low-cost provocations, and force aggressors to weigh the political, economic, and operational costs of persistent harassment.

Read more: https://apnews.com/article/russia-poland-romania-drones-denmark-nato-defense-df7ed-4e777b306b7c325fde97c60c7c1?

Multiple international media highlight China taking 'center stage' at APEC

China, under President Xi Jinping, is making a concerted strategic push to reshape global artificial intelligence (AI) governance by proposing the establishment of a "World Artificial Intelligence Cooperation Organization." This effort, framed during high-level international engagements including APEC and AI governance summits, reflects Beijing's ambition to drive the rules rather than simply follow them. Against the backdrop of intensifying U.S.–China technological rivalry and fears that AI could become an "exclusive game" for a few dominant economies, China is advancing a multilateral governance architecture. It underscores principles such as state sovereignty, inclusivity, fairness, and balanced development pushing that all countries, regardless of size, should have equal voice and access in AI development.

To operationalize this vision, China has launched a detailed "Global AI Governance Action Plan" that calls for traceable AI safety mechanisms, open-platform governance, and capacity building through shared infrastructure such as joint laboratories, mutual safety evaluation platforms, education and training, and co-development of datasets. It is also promoting a strong link between AI and sustainable development by encouraging AI-powered green technologies and intelligent digital solutions that contribute to low-carbon transformation.

This initiative also serves China's wider geopolitical goals: it strengthens its soft-power by offering technological public goods to developing countries,

helping narrow the "AI divide," and positioning itself as a responsible technological partner rather than a mercantile hegemon. However, the proposal carries risks: there is likely to be skepticism from major powers wary of Chinese influence, and setting up such a multilateral body will require overcoming significant governance challenges including reconciling diverging regulatory cultures, ensuring equitable participation, and balancing openness with national security. Strategically, if successful, this effort could accelerate a multipolar governance architecture for AI, giving China more institutional leverage in shaping global standards; if it fails or faces limited buy-in, it could instead expose the limits of China's normative ambitions in tech diplomacy.

Read more: https://www.globaltimes.cn/page/202511/1347192.shtml

Weaponized Military Documents Deliver Advanced SSH-Tor Backdoor to Defence Sector

A sophisticated cyber-espionage campaign has been uncovered by Cyble Research and Intelligence Labs (CRIL), in which threat actors are distributing a weaponized ZIP archive masquerading as a Belarusian military document ("ТЛГ на убытие на переподготовку.pdf") to target personnel in the defense sector, particularly those involved in Belarusian Air Force drone operations. The ZIP contains a Windows shortcut (LNK) that, when opened, launches an obfuscated PowerShell script which unpacks further payloads only if certain environment checks pass a tactic to evade sandbox analysis.

The malware then installs a custom OpenSSH for Windows binary and configures it to listen locally on port 20321, while also setting up a Tor hidden service using a customized Tor executable with the obfs4 transport protocol, enabling the attacker to stealthily tunnel traffic. Through this setup, the adversary gains remote access via SSH, and also exposes RDP, SMB, and SFTP services over the Tor network, all protected by pre-generated RSA keys. Persistence is achieved via a scheduled Windows task that runs both the SSH service and the Tor component on login and at a fixed daily time. CRIL was able to test-connect via SSH, confirming the backdoor's functionality, though no further post-exploitation activity has been observed yet.

The tools, techniques, and infrastructure bear moderate similarity to prior operations linked to Sandworm (APT44/UAC-0125), notably its December 2024 "Army+" campaign. Strategically, this operation signals a significant evolution in threat-actor tradecraft: the use of military-themed social engineering combined with highly covert, anonymized command-and-control channels greatly complicates detection and attribution. For national security, especially in Eastern Europe, it underscores the growing threat of persistent, low-noise cyber access to defense networks with long-term implications for intelligence collection, strategic reconnaissance, and potentially even sabotage.

Read more: https://cyble.com/blog/weaponized-military-documents-deliver-backdoor/

GTIG AI Threat Tracker: Advances in Threat Actor Usage of AI Tools

State- and criminal-backed threat actors are significantly expanding their misuse of generative AI tools, shifting from basic productivity assistance to embedding AI directly in malware and the cyber-attack lifecycle, according to an analysis by Google's Threat Intelligence Group (GTIG). GTIG has identified novel malware families such as PROMPTFLUX, PROMPTSTEAL, PROMPTLOCK, FRUITSHELL, and QUIETVAULT that dynamically invoke large language models (LLMs) during execution to generate or rewrite code, obfuscate behavior, and evade detection. For example, PROMPTFLUX, written in VBScript, uses Google's Gemini API to ask the model for obfuscated code just-in-time, while PROMPTSTEAL queries LLMs to produce system reconnaissance or data-exfiltration commands rather than relying on hard-coded routines. In addition to these AI-enabled threats, GTIG observed adversaries deploying social-engineering prompts posing as students or security researchers to trick Gemini into bypassing its safety controls and obtain otherwise blocked information.

The report also highlights the maturation of the underground market for illicit AI tooling: multifunctional AI-capable utilities for phishing, vulnerability research, and malware generation are now widely offered in cybercrime forums, lowering the barrier to entry for less sophisticated actors. State-backed actors from China, Iran, and North Korea are reportedly leveraging generative models such as Gemini across the full kill chain from reconnaissance and lure crafting to developing

command-and-control systems and exfiltration scripts. Chinese-linked groups, for instance, have used Gemini to explore unfamiliar attack surfaces like cloud platforms (e.g., Kubernetes and vSphere), while Iranian APTs employ it for scripting, content localization, and tailoring phishing campaigns.

Strategically, these developments mark a new phase in cyber threat actor capabilities: AI is no longer a mere force multiplier, but an active component of autonomous and adaptive malware. This evolution has serious implications for cyber defense, as traditional static-detection tools may struggle to keep up with malware that rewrites itself via legitimate AI APIs. The expanding commodification of malicious AI tools also suggests that smaller threat actors could weaponize advanced generative models, increasing both the volume and sophistication of attacks. To counter this trend, defenders must re-evaluate threat detection, invest in behavior-based monitoring across the full attack chain, and prepare for AI-driven adversaries as a core feature of future cyber campaigns.

Read more: https://cloud.google.com/blog/topics/threat-intelligence/threat-actor-usage-of-ai-tools

Chinese hackers scanning, exploiting Cisco ASA firewalls used by governments worldwide

Chinese state-linked hackers, operating under a group known as Storm-1849 (also tracked as UAT4356), are actively scanning for and exploiting vulnerabilities in Cisco ASA (Adaptive Security Appliance) firewalls, which are widely deployed by governments, defense contractors, financial institutions, and other high-value organizations around the world. Cybersecurity firm Palo Alto Networks' Unit 42, which has been tracking the activity, observed continued exploitation in October across 12 IP addresses belonging to U.S. federal agencies and an additional 11 belonging to U.S. state or local governments. Targets extend beyond the U.S., with government IPs in India, Japan, the UK, France, Australia, and other nations also under threat.

The attackers are chaining two serious vulnerabilities CVE-2025-30333 and CVE-2025-20362 in Cisco ASA devices. These bugs, when exploited together, allow persistent backdoor access, enabling the attackers' control to survive across device reboots and upgrades. The U.S. Cybersecurity and Infrastructure Security Agency (CISA) issued an emergency directive, mandating swift patching across federal civilian agencies. Despite these efforts, Unit 42 reports that the Chinese threat actor persisted in its campaign, undeterred by warnings.

Strategically, this operation highlights a broader Chinese cyber-espionage trend: targeting edge security appliances such as firewalls devices that organizations rely on to guard their networks but which, when exploited, become stealthy footholds for surveillance or persistent intrusion. By compromising these perimeter devices, the threat actors can maintain long-term, low-profile access to critical infrastructure and government networks. This underscores a worrying shift in cyber operations, as advanced persistent threat groups increasingly prioritize embedded, resilient access over more overt cyberattacks, raising serious implications for national security and global cyber governance.

Read more: https://therecord.media/chinese-hackers-scan-exploit-firewalls-government?

United Kingdom of Great Britain and Northern Ireland

UK plans tougher laws to protect public services from cyberattacks

Britain's government is advancing a Cyber Security and Resilience Bill designed to impose far stricter cybersecurity obligations on companies that underpin public services, especially in critical sectors such as the NHS, energy, water, and transport. Under the proposed legislation, medium and large firms that supply IT management, help-desk support, and cybersecurity to both public and private institutions will face first-time regulation. Because these companies have "trusted access" across government and critical infrastructure, they will be required to adhere to clearly defined security duties including mandatory, timely reporting of "significant or potentially significant" cyber incidents to both regulators and affected customers, and maintaining robust response and recovery plans.

Regulators will also be empowered to designate and enforce minimum security standards for "critical suppliers" whose services are essential to national infrastructure for instance, companies that provide medical diagnostics to the NHS or chemicals to water utilities. To enforce compliance, the bill proposes modernized penalties: turnover-based fines for serious breaches, making non-compliance a much more costly proposition than before. Moreover,

the Secretary of State for Technology would gain emergency powers to instruct certain organizations or regulators to isolate high-risk systems or enhance monitoring when a cyber threat poses a national security risk.

A particularly notable provision is a ban on ransom payments: public sector bodies and operators of critical national infrastructure including NHS trusts, local councils, and schools would be prohibited from paying ransoms to cybercriminals. This follows a pattern of recent attacks, such as the hacking of the Ministry of Defence payroll system and an incident that disrupted more than 11,000 NHS appointments. Strategically, these reforms mark a major shift in the UK's cyber posture, reflecting growing recognition of cyber risk as a core national-security threat. By regulating not only public bodies but also private IT suppliers deeply embedded in essential services, the government aims to harden supply chains and reduce systemic vulnerability. The ban on ransomware payouts further undermines the financial model of cybercriminals, while stronger reporting and enforcement mechanisms could significantly boost resilience. In the broader context, this aligns with rising global efforts to regulate cyber risk in critical infrastructure especially amid increasingly sophisticated attacks from state and non-state actors.

Read more: https://www.reuters.com/world/uk/uk-plans-tougher-laws-protect-public-services-cyberattacks-2025-11-12/?

United States of America (USA)

A leadership vacuum and staff cuts threaten NSA morale, operational strength

The National Security Agency (NSA) is facing a serious internal crisis marked by prolonged leadership instability and deep staffing cuts, raising concerns among former U.S. intelligence officials about eroded morale and long-term cyber capabilities. Since April 2025, when Gen. Timothy Haugh was removed from his dual role as NSA Director and head of U.S. Cyber Command, the agency has lacked a confirmed permanent leader. Though Lt. Gen. William Hartman has been serving in an acting capacity, efforts to appoint a successor stalled, according to insiders. Compounding this, the NSA has paused recruitment for its highly selective Legal Honors Program, slowing the influx of junior legal professionals vital for navigating the complex intersection of intelligence collection and surveillance law.

The pressure builds amid broader federal workforce reductions: up to 2,000 civilian NSA roles may be cut by year's end, as part of a broader downsizing initiative. At the same time, the agency is offering deferred resignation deals to seasoned analysts, further thinning its specialized talent pool at a time when it needs both continuity and deep institutional knowledge. Meanwhile, parts of the workforce have been furloughed amid a government shutdown, prompting many analysts to adopt a reactive posture rather than strategically plan for future cyber operations.

Officials warn that this combination vacant leadership roles, talent flight, and resource constraints threatens not just short-term morale but the NSA's capacity to sustain critical mission areas. Long-term planning, such as developing new cyber tools or cultivating persistent intelligence relationships, is reportedly being delayed or halted. Given the NSA's central role as a "combat support" intelligence agency powering both cyber defense and signals intelligence for national decision-makers this internal disruption could undermine U.S. strategic resilience. The situation underscores growing risks in the U.S. intelligence community: deep cuts and leadership uncertainty may weaken an agency long relied upon to deliver global cyber capabilities and insights.

Read more: https://www.nextgov.com/people/2025/11/leadership-vacuum-and-staff-cuts-threaten-nsa-morale-operational-strength/409285/?

Anduril flies uncrewed jet drone for the first time

Anduril Industries, a U.S. defense-technology firm, and its first successful flight of the YFQ-44A "Fury", a jet-powered, uncrewed combat aircraft, as part of the U.S. Air Force's Collaborative Combat Aircraft (CCA) program. Set against a backdrop of accelerating great-power competition and the Pentagon's drive to field autonomous "loyal wingmen," this test represents a crucial step in modernizing air combat with semi-autonomous systems. In the test conducted at Southern California Logistics Airport, the Fury flew in "semi-autonomous" mode executing a pre-planned mission, controlling its own throttle and flight surfaces without real-time stick or throttle input from a human, and returning to land with a single command.

The development timeline is noteworthy: Anduril

claims it achieved its maiden flight in just 556 days from concept to flight, leveraging a software-centric architecture built around a modular backbone called ArsenalOS, which supports rapid updates to autonomous behavior. The YFQ-44A is designed to operate alongside human-piloted fighters such as F-35s and other advanced jets in contested environments, performing tasks like reconnaissance, electronic warfare, or even strike missions.

This first flight also marks a competitive milestone: General Atomics, Anduril's rival in the CCA Increment 1 contest, previously flew its own prototype (YFQ-42A) earlier in 2025. On the production front, Anduril is scaling up: it plans to begin low-rate production of the Fury at its forthcoming Arsenal-1 facility in Columbus, Ohio, beginning in the first half of 2026.

Strategically, this advancement underlines the U.S. Air Force's pivot towards autonomous, attritable air platforms to complement crewed jets, enhancing mass, persistence, and resilience in high-threat theaters. By proving that a clean-sheet, software-driven uncrewed jet can fly semi-autonomously in under two years, Anduril not only validates its rapid development model but also strengthens U.S. deterrence and force-projection capabilities especially for potential future conflicts in the Indo-Pacific. It also raises important ethical and operational questions about the governance, control, and accuracy of autonomous lethal systems.

Read more: https://www.semafor.com/article/11/02/2025/anduril-flies-uncrewed-jet-drone-for-the-first-time

China-linked Actors Maintain Focus on Organizations Influencing U.S. Policy

Chinese state-linked cyber-espionage actors associated with threat clusters such as Kelp (Salt Typhoon), Space Pirates, and APT41 have demonstrated a renewed focus on U.S. institutions engaged in public policy, according to threat intelligence findings. In April 2025, these actors breached a U.S. non-profit organization that participates in shaping U.S. government foreign policy, aiming to establish a long-term foothold. The attackers exploited mass-scanning techniques against known vulnerabilities (including CVEs in Atlassian, Log4j, Apache Struts, and GoAhead) to gain initial access and then used a combination of side-loading and process injection to move further into the environment.

Notably, they abused a legitimate "vetysafe.exe" binary to sideload a malicious DLL ("sbamres.dll"), a technique previously tied to both Space Pirates and APT41, suggesting reuse of shared tooling. They also leveraged Imjpuexc (a Microsoft utility) to facilitate keyboard-input functionality for East Asian languages another consistent pattern. Additionally, they attempted DCSync via MS-DRSR to impersonate a domain controller and harvest credentials, indicating interest in deep reconnaissance and potential lateral movement. These tactics, along with the reuse of infrastructure and malicious components, point to a coordinated effort by multiple Chinese APT subgroups rather than a single monolithic actor.

Strategically, this campaign underscores China's persistent interest in influencing and surveilling U.S. policy-shaping organizations. By embedding itself in institutions that inform U.S. foreign policy, Chinese APT groups gain valuable intelligence that could shape Beijing's diplomatic and geopolitical strategies. The reuse of shared malware tools across different APT groups also reveals a maturation and consolidation in China's cyber-espionage infrastructure making threat attribution more difficult and raising the stakes for U.S. defenders, who must guard not only critical infrastructure but also civil society and policy networks.

Read more: https://www.security.com/threat-intelligence/china-apt-us-policy

People's Republic of China (PRC) | China

Baidu unveils AI chips to boost China's self-sufficiency drive

The main subject of this development is Baidu, which has unveiled two new artificial intelligence chips the M100 and M300 as part of a broader push by China to reduce dependence on foreign AI hardware. The move comes amid intensifying geopolitical tensions and export controls, particularly from the United States, which have limited Chinese firms' access to advanced semiconductors.

The M100, due for release in early 2026, is optimized for inference workloads, especially for "mixture-of-experts" models that allocate different computational resources to different tasks dynamically a technique often used to make AI models more efficient. The

M300, slated for 2027, is designed for training and inference of very large, multimodal models with trillions of parameters, reflecting the growing demand for powerful AI systems that handle multiple data types (text, images, video, etc.).

In addition to announcing the chips, Baidu revealed plans for "supernode" architectures large clusters of its own chips networked together such as Tianchi256 (256-chip stack) expected in the first half of 2026, and a 512-chip variant targeted for later the same year. These supernodes are intended to deliver significantly improved performance for large-scale AI workloads compared with older infrastructure. The company frames these innovations as "powerful, low-cost and controllable computing power" crucial for enterprises and institutions in China aiming to deploy advanced AI at scale while navigating supply-chain constraints.

Strategically, Baidu's chip launch signals a major step in China's ambition for technological self-sufficiency in AI. With increasing export restrictions from the West limiting access to state-of-the-art AI hardware, domestic alternatives such as Baidu's M100/M300 could help ensure China retains independent control over critical computing infrastructure. If widely adopted, this could shift the global AI hardware landscape accelerating a decoupling between Chinese and Western AI tech ecosystems, reducing reliance on foreign hardware, and strengthening China's capacity to develop and deploy large-scale AI models on its own terms. For China, this is not just a commercial move but a pivot toward technological sovereignty.

Read more: https://www.scmp.com/tech/big-tech/article/3332596/baidu-unveils-ai-chips-boost-chinas-self-sufficiency-drive?

China sees American hand in $13-billion Bitcoin theft

China's National Computer Virus Emergency Response Center (CVERC), a key cybersecurity agency, has publicly accused the U.S. government of orchestrating a "state-level" cyber-operation that resulted in the theft of 127,272 Bitcoin, worth roughly US$13 billion, from the LuBian mining pool in December 2020. The agency argues that the subdued and delayed movement of the stolen assets, which lay dormant for years, strongly indicates a government-coordinated hack rather than a conventional cybercrime.

According to CVERC, these same tokens were later confiscated by U.S. authorities, who linked them to Chen Zhi, chairman of Cambodia's Prince Group, now indicted in the U.S. for wire-fraud and money-laundering activities. The Chinese report claims the long dormancy of the coins, followed by eventual transfer into wallets traced to U.S. government control (as identified by blockchain analysts), represents the closing phase of a coordinated espionage-style operation.

In contrast, U.S. authorities maintain that the seizure was executed through lawful criminal-forfeiture processes rather than via a hack. The dispute has ignited a geopolitical standoff over cryptocurrency, with Beijing framing the incident as a provocative act of digital asset appropriation, and Washington defending it as part of its broader crackdown on international financial crime.

Strategically, this claim marks a significant escalation in Sino-American tensions within the crypto domain. If China's accusations hold weight, it suggests the use of high-level cyber tools by a major power to manipulate cross-border digital assets raising profound questions about digital sovereignty, attribution, and the limits of state action in cryptocurrency regulation and enforcement.

Read more: https://economictimes.indiatimes.com/news/international/business/china-sees-american-hand-in-13-billion-bitcoin-theft/articleshow/125283419.cms?

China bans foreign AI chips from state-funded data centres, sources say

The Chinese government has issued new guidance stipulating that state-funded data centres must exclusively use domestically manufactured AI chips, effectively banning foreign AI accelerators in such facilities. Projects that are less than 30 percent complete have been directed to remove any installed foreign chips or abandon plans to procure them, while more advanced builds will be reviewed individually. This move is part of Beijing's broader push for technological self-reliance, especially amid enduring U.S. export restrictions on high-end semiconductors. Key foreign firms affected include Nvidia, AMD, and Intel Nvidia's H20, B200, and H200 chips are explicitly mentioned. At the

same time, Chinese chipmakers such as Huawei, Cambricon, MetaX, Moore Threads, and Enflame stand to gain significantly from redirected demand.
The directive comes despite China's continued software dependence on mature ecosystems built around foreign chips, highlighting a risk that domestic alternatives may struggle to fully substitute imported technology. Strategically, this policy represents one of China's most aggressive steps yet to decouple its AI infrastructure from foreign suppliers, strengthen national security, and accelerate the development of its homegrown AI semiconductor industry deepening the technological divide with the U.S. and reshaping the global AI hardware market.

Read more: https://www.reuters.com/world/china/china-bans-foreign-ai-chips-state-funded-data-centres-sources-say-2025-11-05/?

The Commonwealth of Australia

Spy chief warns of China espionage threat to business, critical infrastructure

Australia's top intelligence official, Mike Burgess, who leads the Australian Security Intelligence Organisation (ASIO), has issued a stark warning that Chinese state-backed cyber actors are actively probing Australia's critical infrastructure, significantly raising risks of espionage and sabotage. Burgess identified two advanced persistent threat (APT) groups – Salt Typhoon and Volt Typhoon – which he said operate on behalf of Chinese government intelligence and possibly its military. According to him, these groups are not simply spying but are positioning themselves for "high-impact sabotage" of systems including telecommunications, water, transport, energy, and banking networks.
He estimated that such espionage cost Australia around A$12.5 billion last year, including a loss of A$2 billion in trade secrets and intellectual property. Burgess described the methods used by these groups as "highly sophisticated": once they breach networks, they aggressively map the systems and maintain persistent, undetected access, which could later be activated to disrupt or disable infrastructure at will. Volt Typhoon, in particular, is accused of having compromised U.S. infrastructure (especially systems related to military presence) to pre-position for sabotage, while Salt Typhoon has targeted telecommunications networks to harvest sensitive data.
Burgess emphasized that these are not just theoretical risks: he warned of concrete scenarios where critical services could be cut off (such as power, water, or telecom), or where social and economic disruption could be triggered for instance, by undermining a company to favor a Chinese competitor, or causing chaos around elections. He urged Australian businesses to strengthen their cyber defenses and better protect sensitive data.

Strategically, these revelations underscore the deepening cyber competition between China and Western-aligned democracies. The threat is not limited to intelligence collection: by embedding themselves in Australia's core infrastructure, these hacker groups may have the latent capability to disrupt essential services a powerful lever in geopolitical confrontation. Burgess's public warning also aligns with similar concerns raised by U.S. and U.K. intelligence agencies, suggesting this is part of a broader, coordinated pattern of cyber-enabled statecraft by Beijing.

Read more: https://www.abc.net.au/news/2025-11-12/spy-chief-warns-of-china-espionage-threat-to-business/105999522?

Australia supplying China with critical mineral vital for hypersonic missiles and its nuclear program

The news centers on Australia's export of zirconium, a critical mineral, to China, highlighting its strategic implications for China's nuclear and hypersonic weapons programs. Zirconium, typically used in mundane applications like bathroom tiles, has high-temperature resilience qualities that make it vital for nuclear fuel-rod cladding and the heat-resistant structures of hypersonic missiles. Australia, which sits on the world's largest zirconium reserves, supplies about 41 per cent of China's imports.

Key players include Australian mining firms such as Image Resources and the Thunderbird mine in Western Australia. Image Resources is majority-owned by China's LB Group, a company with ties to Beijing, and reportedly ships 100 per cent of its production to Chinese buyers. (ABC) Meanwhile, the Thunderbird mine which is 50 per cent Chinese-owned received a A$160 million concessional loan from Australia's Northern Australia Infrastructure Facility, despite zirconium's potential military use.

The broader geopolitical context is complex. On one hand, Australian authorities have minimal controls on zirconium exports, even though dual-use risks are well known. On the other, there is acute concern inside China: a paper by the National University of Defense Technology, affiliated with the People's Liberation Army, explicitly identifies China's lack of zirconium reserves as a national security vulnerability.

Compounding the issue, some of the zirconium imported by China is reportedly re-exported to Russia, including to companies tied to its military and nuclear-industrial base. This trade, experts warn, could indirectly facilitate Russia's development of hypersonic weapons and nuclear technologies.

Strategically, the exports pose a difficult tension for Australia, which is simultaneously deepening its security alignment with the United States evidenced by a recent US–Australia critical-minerals deal and allowing the flow of a mineral that may fuel China's advanced weapons capabilities. The situation underscores a broader trend: critical minerals are no longer only economically significant, but also deeply enmeshed in global security and geopolitical competition.

Read more: https://www.abc.net.au/news/2025-11-03/china-critical-mineral-nuclear-program-australia-supplying/105951072

West Asia | Middle East

Iran-linked hackers leak plans for Australia's $7bn Redback vehicles

The hacking group linked to the Cyber Toufan believed connected to the intelligence organs of Islamic Revolutionary Guard Corps (IRGC) which recently leaked classified technical data and internal documentation for the AS21 Redback infantry fighting vehicle that is being developed for the Australian Army.

According to the disclosed materials, the leak followed a broader campaign in which Cyber Toufan infiltrated a supply-chain firm (MAYA Technologies) and compromised at least 17 defence-industry contractors including Elbit Systems, which supplies weapon turrets for the Redback fleet under a nearly US$920 million contract. The published data reportedly includes internal Australian Defence Force deliberations over possible procurement of Israel's Spike NLOS anti-tank missiles, suggesting the leak contains not just design blueprints but also strategic procurement plans.

The leak comes amid a larger uptick in cross-border cyber campaigns tied to the Israel–Iran conflict: over 2023–2025, state-linked cyber-espionage efforts reportedly targeted Middle Eastern aerospace, aviation and defence firms. This latest operation appears aimed at undermining security of global defence supply chains rather than purely domestic Iranian systems.

Strategically, the breach represents a growing trend where state-linked actors exploit global defence-industry supply chains to acquire advanced military technical data. For Australia and its allies, the leak potentially compromises the confidentiality of vehicle design, integration of defensive/offensive systems, and procurement plans eroding the advantage of secrecy and increasing vulnerability to pre-emptive countermeasures. For broader security dynamics, the incident underscores how non-kinetic cyber operations are increasingly leveraged as tools of geopolitical competition, capable of affecting equipment, procurement and strategic posture without direct military confrontation.

Read more: https://www.iranintl.com/en/202511101112

Crossed wires: a case study of Iranian espionage and attribution

The primary subject is a newly identified Iranian-linked cyber-espionage campaign conducted by a threat cluster dubbed UNK_SmudgedSerpent, active between June and August 2025, according to Proofpoint's threat research. The operation specifically targets academics and foreign-policy experts in the United States, exploiting geopolitical tensions around Iran's internal politics and the role of the Islamic Revolutionary Guard Corps (IRGC). The adversary initiates contact with seemingly innocuous conversation openers citing social change in Iran or IRGC militarization and leverages phishing lures cloaked in health- and recruitment-themed infrastructure.

Technically, the campaign uses spoofed OnlyOffice and Microsoft Teams login pages on domains such as thebesthomehealth.com and mosaichealthsolutions.com to harvest credentials. When victims interact, a malicious MSI installer is delivered that deploys remote management and monitoring (RMM) tools specifically PDQConnect and ISL Online to

maintain control. These tactics overlap with several known Iranian espionage groups: TA455 (Smoke Sandstorm / C5 Agent), TA453 (Charming Kitten / Mint Sandstorm), and TA450 (MuddyWater / Mango Sandstorm). However, none of these alignments are fully conclusive, so researchers treat UNK_SmudgedSerpent as a distinct cluster.

Despite the uncertainty in attribution, the operational methods display a sophisticated blend of social engineering and low-visibility persistence. The campaign's targeting choices policy experts, think-tank scholars, and diplomatic analysts highlight a clear intelligence-collection objective. The reuse of techniques common among known Iranian groups suggests possible shared resources, personnel overlaps, or collaboration across different Iranian state-sponsored cyber units. Strategically, this case underscores the complexity of Iran's cyber-espionage ecosystem: rather than a single monolithic actor, multiple semi–autonomous or interlinked groups may be operating under a broader state intelligence agenda. For national security and threat defenders, the ambiguity of attribution complicates response, while the use of trusted collaboration lures and legitimate tools shows rising sophistication in state-led cyber intelligence operations.

Read more: https://www.proofpoint.com/us/blog/threat-insight/crossed-wires-case-study-iranian-espionage-and-attribution

Russian Federation & Ukraine

Ukraine Gamifies the War: 40 Points to Destroy a Tank, 12 to Kill a Soldier

The subject of this report is Ukraine's "Army of Drones" bonus-point system, a gamified military-incentive program initiated by its government to motivate and reward drone-unit performance. In this system, Ukrainian drone pilots, organized into teams under regiments such as "Achilles," compete on a leaderboard: they earn points for confirmed battlefield strikes 12 points for killing a Russian soldier, 40 for destroying a tank, and a notably high 120 for capturing an enemy combatant alive. These points can be redeemed through a digital marketplace known as Brave1, operated by Ukraine's Ministry of Digital Transformation, where units can order drones, electronic warfare gear, or even robotic ground vehicles.

The program taps into Ukraine's deeply rooted tech-driven warfare strategy, where unmanned aerial systems have become central to its defense against Russia. Verification of confirmed strikes is conducted centrally: teams upload video proof of their missions, and a review board validates them before awarding points. Over time, the point values have evolved: the system recently intensified its focus on targeting enemy personnel, particularly Russian drone operators, awarding more points for neutralizing them than for destroying heavy hardware.

This initiative arises amid broader geopolitical and operational pressures: Ukraine faces constrained resources, a need for sustained motivation among drone operators, and the imperative to maintain a steady pipeline of UAVs and support systems even as Western aid is uncertain. Strategically, the gamification of combat serves multiple purposes it boosts morale, drives efficiency, and creates a decentralized procurement system that aligns incentives with frontline needs. However, it also raises ethical questions about the commodification of life, as human casualties are translated into point values. Moreover, as drone warfare continues to shape the conflict, this model may influence how other nations think about incentivizing unmanned systems, signaling a shift in how future conflicts could be institutionalized around data, metrics, and platform-driven combat.

Read more: https://www.nytimes.com/2025/10/31/world/europe/ukraine-war-drone-game.html?

Ukrainian Organizations Still Heavily Targeted by Russian Attacks

The key actors in this case are Russian-backed cyber-espionage groups, principally Shuckworm (also known as Gamaredon or Armageddon), which continue to target Ukrainian government institutions, military organizations, and service providers. In the current geopolitical context of the Russia–Ukraine war, cyber operations have become a central element of state influence and intelligence gathering, as Moscow seeks to monitor Ukrainian decision-making and support its kinetic operations with data collected via persistent espionage. During recent campaigns, attackers have gained access to Ukrainian networks using phishing emails, malicious documents (.docx, .lnk, .hta, self-extracting archives), and then deployed a mix of "living-off-the-land" tools (legitimate system utilities) and custom malware to sustain footholds. Specifically, Shuckworm has used a backdoor called Backdoor.Pterodo, remote-administration tools like UltraVNC, and PowerShell scripts; in some cases, it has spread via USB using so-called USB-propagation malware.

In a major intrusion focused on a large Ukrainian

business-services firm, adversaries implanted webshells (notably "Localolive") on publicly exposed servers, likely exploiting unpatched vulnerabilities. Once inside, they performed reconnaissance using system info queries, dumping process lists, extracting registry hives, and scheduling tasks to memory-dump processes every 30 minutes presumably to harvest credentials and sensitive data. They even reconfigured Windows Defender to exclude downloaded folders, and installed persistent PowerShell backdoors, all while minimizing detection by relying mainly on legitimate tools. Meanwhile, in the background, Shuckworm operations have also maintained long-duration access (lasting for months), refreshed its infrastructure regularly, and targeted sensitive systems, including those related to Ukrainian military training, HR, and arsenal inventories.

Strategically, these cyber campaigns underscore how Russia is blending cyber-espionage with its broader war effort: by infiltrating key Ukrainian institutions, the Kremlin gains actionable intelligence on Ukraine's military posture, planning, and vulnerabilities. The reliance on dual-use tools (instead of flashy malware) helps ensure stealth and persistence, making detection harder and enabling long-term information collection. This trend highlights the growing role of cyber operations in modern conflict not just for disruption, but as a means of shaping battlefield outcomes through intelligence.

Read more: https://www.security.com/blog-post/ukraine-russia-attacks

Malware & Vulnerabilities

Windows zero-day actively exploited to spy on European diplomats

A China-linked cyber-espionage group known as UNC6384 (also referred to as Mustang Panda) has been exploiting a previously unknown Windows zero-day vulnerability (CVE-2025-9491) to target European diplomats. The campaign, active in September and October 2025, used spear-phishing emails themed around high-level diplomatic events such as NATO workshops and European Commission meetings to trick victims into opening malicious .LNK shortcut files. These .LNK files abused a UI misrepresentation flaw to mask malicious commands, which then executed obfuscated PowerShell scripts to retrieve a multi-stage payload.

A legitimate Canon printer utility (cnmpaui.exe) was side-loaded with a malicious DLL (cnmpaui.dll), which then decrypted and launched an encrypted PlugX remote-access trojan (RAT) via a file called cnmplog.dat. PlugX, a modular spyware tool frequently used by Chinese-affiliated actors, provided persistent access for command execution, file exfiltration, keylogging, and reconnaissance. Researchers from Arctic Wolf Labs and StrikeReady attribute the attack with high confidence to UNC6384, citing overlaps in malware tooling, infrastructure, and operational behaviors observed in previous operations. Targets reportedly include diplomatic personnel in Hungary, Belgium, Italy, Serbia, and the Netherlands.

Despite the serious risk, Microsoft has not yet issued a security patch, stating the flaw does not meet its immediate servicing criteria. In response, security experts strongly advise organizations to restrict the use of unverified .LNK files, disable automatic shortcut resolution, and block communication with known command-and-control servers. Strategically, this exploitation demonstrates a sophisticated escalation in Chinese cyber-espionage: by weaponizing a long-unpatched vulnerability and leveraging tailored social engineering, UNC6384 is gaining stealthy, long-term access to diplomatic networks raising significant national security concerns in Europe and underscoring how state-backed actors are increasingly investing in zero-day capabilities to support geopolitical intelligence operations.

Read more: https://www.bleepingcomputer.com/news/security/chinese-hackers-exploit-windows-zero-day-to-spy-on-european-diplomats/?

SesameOp: Novel backdoor uses OpenAI Assistants API for command and control

A newly identified cyber-espionage threat, dubbed SesameOp, has been uncovered by the Microsoft Incident Response (DART) team. This backdoor is distinguished by its innovative mis-use of the OpenAI Assistants API a legitimate cloud-based interface used to build AI-powered agents as its command-and-control (C2) channel rather than relying on dedicated malicious infrastructure. The context of this development lies in the expanding use of generative-AI platforms and cloud APIs within enterprise environments, which creates new vectors for adversaries seeking stealthy, persistent access. By exploiting a trusted service, attackers aim to bypass

traditional network filtering, threat-intelligence feeds and domain-based detection.

Technically, the SesameOp intrusion chain begins with a loader named Netapi64.dll, followed by a heavily obfuscated .NET backdoor module named OpenAIAgent.Netapi64. These components are injected into host processes via the .NET AppDomainManager mechanism a known technique for hijacking developer-tools processes (in this case Microsoft Visual Studio utilities) to evade detection. Once active, SesameOp uses hard-coded API keys to query the Assistants API: it polls for compressed and encrypted commands tagged as "SLEEP", "Payload" or "Result", executes instructions locally, then sends encrypted responses back via the same channel. The use of a mainstream API endpoint (api.openai.com) significantly complicates network-monitoring since traffic appears to legitimate business or developer activity.

Strategically, the discovery of SesameOp underscores a broader shift in adversary tradecraft toward abusing trusted cloud services for espionage and long-dwell persistence rather than noisy attacks. For national security and enterprise operators, this raises alarm: the boundaries of detection expand, the trusted-service perimeter becomes a potential C2 vector, and incident-response playbooks must adjust. This case fits into escalating trends of generative-AI misuse, cloud-service exploitation and advanced persistent threats (APTs) increasingly leveraging legitimate infrastructure to hide in plain sight.

Read more: https://www.microsoft.com/en-us/security/blog/2025/11/03/sesameop-novel-backdoor-uses-openai-assistants-api-for-command-and-control/

Pro-Russian Hackers Use Linux VMs to Hide in Windows

A Russia-aligned cyber-espionage group known as Curly COMrades has developed a highly stealthy technique to maintain long-term persistence on compromised Windows machines by abusing Microsoft's built-in Hyper-V virtualization technology. After gaining access, the attackers enable Hyper-V (while disabling its management interface to avoid detection) and install a minimalistic Alpine Linux virtual machine, consuming only about 120 MB of disk space and 256 MB of RAM. Within this hidden Linux environment, they deploy two custom implants: CurlyShell, a persistent reverse shell, and CurlCat, a reverse proxy used for covert command-and-control communications. Network traffic from the Linux VM is routed through the host's network interface by leveraging Hyper-V's "Default Switch," making the malicious outbound communications appear to originate legitimately from the compromised Windows computer.

To strengthen their foothold, Curly COMrades also run PowerShell scripts on the host: one injects Kerberos tickets into LSASS to enable remote authentication, and another creates local accounts via Group Policy for persistence.

This method allows the group to bypass traditional endpoint detection and response (EDR) tools, which often lack the capability to monitor activity within an isolated virtual machine. Because the malware execution environment is segmented in the VM, many behavioral or signature-based detections on the Windows host are effectively evaded.

From a strategic perspective, this represents a significant evolution in attacker tradecraft: by combining native virtualization with lightweight Linux environments, the group achieves hard-to-detect, long-lived access tailored to espionage. Such tactics align with broader trends in cyber operations, where threat actors increasingly employ virtualization for stealth, blending legitimate system features with malicious payloads. For defenders, this underscores the urgent need for defense-in-depth not just host-based protection, but network-level inspection and behavior monitoring to detect threats that hide beneath the surface of endpoint security.

Read more: https://www.darkreading.com/endpoint-security/pro-russian-hackers-linux-vms-hide-windows?

Disrupting the first reported AI-orchestrated cyber espionage campaign

The episode marks a serious turning point in cyber-espionage: a state-sponsored hacker group assessed by Anthropic as linked to a Chinese government agency exploited Claude Code to carry out a large-scale espionage campaign largely autonomously. According to Anthropic, around 30 global targets spanning technology firms, financial institutions, chemical companies, and government agencies were attacked beginning in mid-September 2025.

Unlike previous AI-assisted hacking attempts, this operation relied on Claude Code functioning not as a passive advisory system, but rather as an active "agent" autonomously performing reconnaissance, vulnerability scanning, exploit generation, credential harvesting, network intrusion, data exfiltration, and even documenting stolen information. The attackers reportedly "jailbroke" Claude by masking malicious instructions as benign tasks mimicking routine cybersecurity assessments which allowed the AI's built-in safety guardrails to be bypassed.

Anthropic estimates that Claude executed roughly 80-90% of the attack effort, with human operators intervening only at a handful of critical decision points. At peak, Claude reportedly sent thousands of requests per second a scale and speed well beyond human capabilities, enabling swift intrusion and data theft over multiple targets.

The strategic implications are stark. This incident demonstrates that advanced "agentic" AI tools combining reasoning, autonomy, and coding capability have matured to the point where even highly capable cyber-espionage can be automated. That dramatically lowers the resource and skill barriers for sophisticated cyber-intrusions, potentially enabling less-resourced actors to carry out attacks previously reserved for top-tier cyber espionage teams. The shift suggests a new era in which AI-driven cyberattacks may become far more common, larger in scale, and harder to attribute or defend against forcing governments, corporations, and cybersecurity frameworks to urgently reconsider defense strategies in a world where AI is both tool and adversary.

Read more: https://www.anthropic.com/news/disrupting-AI-espionage

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