



Delhi Policy Group

Advancing India's Rise as a Leading Power



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China Monitor

This monthly publication features key external and internal developments related to China during the month and is compiled by our research team comprising Ambassador Biren Nanda, Senior Fellow and Mr. Sanket Joshi, Research Associate, from open-source reports and publications. Your comments and feedback may be addressed to the author at biren.nanda@dpg.org.in. To subscribe, please [click here](#).

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1. External Affairs Minister Dr. S. Jaishankar welcomed China's Ambassador to India, Xu Feihong, at Bharat Mandapam in New Delhi for the BRICS Foreign Ministers' Meeting on May 14, 2026. Source: [Official X Handle/Xu Feihong](#)
2. Chinese President Xi Jinping and U.S. President Donald J. Trump met in Beijing on May 14, 2026. Source: [Official X Handle/Mao Ning – MFA China Spokesperson](#)
3. Chinese President Xi Jinping met Russian President Vladimir Putin in Beijing on May 20, 2026. Source: [Official X Handle/Mao Ning – MFA China Spokesperson](#)

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Abstract

The 35th meeting of the Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) was held in Beijing on May 27, 2026. The two sides reviewed the situation in India-China border areas and expressed satisfaction with the progress made in maintaining peace and tranquillity.

On May 26, 2026, in a joint statement, among other issues, China and Pakistan reiterated that the “Kashmir issue is a historical dispute and should be resolved in accordance with the UN Charter, relevant UN Security Council resolutions, and bilateral agreements”. Reacting to this, on May 26, 2026, India categorically rejected the unwarranted references to its Union Territory of Jammu and Kashmir in the China-Pakistan joint statement. New Delhi reiterated that the “Union Territories of Jammu and Kashmir and Ladakh are integral and inalienable parts of India and that no other country has the locus standi to comment on the same”.

On May 14-15, 2026, India hosted the BRICS Foreign Ministers’ meeting in New Delhi. In his remarks, External Affairs Minister Dr. S. Jaishankar emphasised the importance of BRICS advancing reforms to promote a more inclusive, representative, and responsive global governance system. He stressed that “reform is not a choice, but a necessity”, so that multilateralism remains relevant and effective in addressing contemporary global challenges.

China’s Ambassador to India, Xu Feihong, who attended the BRICS Foreign Ministers’ meeting, reiterated Beijing’s concerns about rising unilateralism, protectionism, and hegemonism, urging member-states to strengthen cooperation among countries of the Global South and advance global governance reforms.

U.S. President Donald J. Trump made a state visit to China from May 13-15, 2026. During this visit, on May 14, 2026, President Xi met with President Trump, and the two leaders agreed on a new vision for a “constructive China-U.S. relationship of strategic stability”. Xi noted that constructive strategic stability would prioritise cooperation, promote competition within certain limits, manage differences, and advance peace. He cautioned the U.S. that Taiwan remains the most critical issue in bilateral relations, and that a failure to handle this issue appropriately could lead to conflict between the two nations.

On May 17, 2026, China and the U.S. issued fact sheets elaborating on the key outcomes of the Xi-Trump Summit. The two sides agreed to establish U.S.-China Boards of Trade and Investment, which aim to optimise the bilateral economic relationship. The tariffs would not exceed the level set in the Kuala Lumpur joint arrangement, and through the Board of Trade, the two sides plan to discuss tariff reductions on specific non-strategic goods covering USD 30 billion on each side. The U.S. has reportedly halted a proposed USD 14 billion arms sale to Taiwan.

Even as the Chinese state media hailed China and the U.S.' commitment to a stable and constructive relationship, Chinese analysts remain sceptical about the overall trajectory of U.S.-China bilateral relations. They observed a pattern in the Trump administration's approach towards Beijing over the past year, in which "the U.S. has promised stability while tightening the screws on China". In their view, Washington's diplomacy suggests it is buying breathing room to wean itself off Chinese rare-earth supply chains, rebuild domestic manufacturing capabilities, and enhance national strength for great-power competition.

The European Union remains concerned about its lopsided trading relationship with China, in which Europe's trade deficit surged to EUR 359.8 billion in 2025. In light of this, reports indicated that the EU is planning to enact a bold industrial plan, the Industrial Accelerator Act (IAA), to build manufacturing capabilities in Europe across strategic sectors. Reacting to this, Chinese analysts described Europe's trade and economic policies as increasingly "protectionist" and aimed at "decoupling" from China.

Russian President Vladimir Putin made a state visit to China from May 19-20, 2026. During this visit, on May 20, 2026, President Xi met President Putin, and the two leaders agreed to further extend their bilateral Treaty of Good-Neighbourliness and Friendly Cooperation. Xi reiterated that the high-quality development of the China-Russia partnership is a "strategic choice" and that the two countries must continue to enrich the substance of their cooperation.

Reacting to the Xi-Putin Summit, Chinese analysts observed that Beijing does not see a stable relationship with Moscow merely as leverage against the U.S., but rather views it as positive for global stability and peace.

China-Japan tensions over Taiwan continued. Chinese state media expressed concerns about the growing alignment between "Taiwan independence" separatist forces and the "neo-militarist right-wing forces" of Japan, led by Prime

Minister Sanae Takaichi. China also warned the Philippines that its geographic proximity and a large diaspora population cannot be used as an excuse to interfere in the Taiwan issue.

On May 7, 2026, China's military court announced suspended death sentences with a two-year reprieve for the country's former Defence Ministers, Wei Fenghe and Li Shangfu, on corruption charges. Reacting to this, analysts stressed that the stringent action taken against Wei Fenghe and Li Shangfu demonstrates that the "PLA must maintain absolute loyalty to the CPC's leadership" and that Beijing's crackdown on corruption is deepening.

In April 2026, China's exports surged 14.1 percent year-on-year to USD 359.44 billion, despite the ongoing crisis in the Strait of Hormuz. China's National Bureau of Statistics (NBS) maintained that the country's economy remains "stable" and its long-term growth trajectory remains intact.

Foreign and Security Policy

I. China-India Relations

On May 27, 2026, the 35th meeting of the Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) was held in Beijing. The Indian delegation was led by Mr. Sujit Ghosh (Joint Secretary – East Asia, MEA), while the Chinese delegation was led by Ms. Hou Yanqi, Director of the Boundary and Oceanic Affairs Department, MFA China.¹ The two sides reviewed the situation in the border areas and expressed satisfaction with the progress made in maintaining peace and tranquillity.² Major issues discussed in the meeting included boundary delimitation, border management, cooperation on trans-border rivers, and preparing for the next meeting of the Special Representatives (SRs) to be held in Beijing.³

Earlier, on May 14, 2026, India's newly appointed Ambassador to China, Vikram Doraiswami, met Ms. Hou Yanqi, the Director of China's Department of Boundary and Ocean Affairs. The two sides reviewed “positive momentum” in bilateral relations and agreed to leverage established mechanisms to advance the vision of their leaders for a stable and mutually beneficial relationship.⁴

On May 14-15, 2026, India hosted the BRICS Foreign Ministers' meeting in New Delhi. In his remarks, India's External Affairs Minister Dr. S. Jaishankar emphasised the importance of BRICS advancing reforms to promote a more inclusive, representative, and responsive global governance system.⁵ He reiterated that “reform is not a choice, but a necessity”, so that multilateralism remains relevant and effective in addressing contemporary global challenges.⁶ Major issues discussed by EAM Dr. Jaishankar included reform of the United Nations Security Council, improving the intergovernmental negotiation process, reforming the international financial architecture, and strengthening the multilateral trading system with the WTO at its core.⁷

¹ “35th Meeting of the Working Mechanism for Consultation & Coordination on India-China Border Affairs (May 27, 2026)”, MEA India, May 28, 2026

² Ibid.

³ Ibid.

⁴ “India's envoy in Beijing discusses border developments and bilateral ties with Chinese official”, The Economic Times, May 15, 2026

⁵ “Remarks by EAM Dr. S. Jaishankar at BRICS Session on Reforms of Global Governance and Multilateral System”, MEA India, May 15, 2026

⁶ Ibid.

⁷ Ibid.

Chinese Foreign Minister Wang Yi was unable to attend the BRICS Foreign Ministers' meeting due to U.S. President Donald J. Trump's State Visit to China from May 13-15, 2026. China's Ambassador to India, Xu Feihong, attended the BRICS Foreign Ministers' meeting in his place. The Chinese Ambassador reiterated Beijing's concerns regarding rising unilateralism, protectionism, and hegemonism, urging BRICS to strengthen cooperation among countries of the Global South and advance global governance reforms.⁸ He urged the BRICS member-states to adhere to basic norms governing international relations and warned that certain countries' use of force and threats against Venezuela, Iran, and Cuba, if left unchecked, could bring back the "law of the jungle", in which "the strong prey on the weak".⁹ Major issues discussed by Amb. Xu included upholding the UN-centred international system, promoting inclusive economic globalisation, advancing the political settlement of hotspot issues in West Asia, and advancing the stable development of the world economy.¹⁰

Reacting to the BRICS Foreign Ministers' meeting, analysts noted that even as the Xi-Trump Summit in Beijing made headlines, the growing global relevance of BRICS is becoming increasingly evident in advancing multilateralism and trade.¹¹ It was also noted that the BRICS meeting in New Delhi saw India balancing its interests between Iran on one side and the UAE on the other, while keeping bridges open with friends such as the U.S. and Israel.¹² As part of its BRICS Chairmanship, India has reportedly proposed a system linking the Central Bank Digital Currencies of the BRICS countries for settling cross-border trade and tourism-related activities.¹³ In light of this, analysts noted that India stands with China in trying to finalise a cross-border bank settlement system that would allow BRICS countries to trade with each other using their national currencies.¹⁴

India's 'Great Nicobar Project', which seeks to transform the Andaman and Nicobar Islands into an international trans-shipment port and airport, would strengthen India's maritime presence near the Strait of Malacca.¹⁵ In light of this,

⁸ "Remarks by H.E. Ambassador Xu Feihong At the Meeting of BRICS Ministers of Foreign Affairs At the Session on International and Regional Issues", Embassy of PRC in India, May 15, 2026

⁹ Ibid.

¹⁰ Ibid.

¹¹ "Xi-Trump summit aside, 2 meetings in Asia matter for global trade", South China Morning Post, May 15, 2026

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ "What makes the Rs 90,000-crore Great Nicobar Island project critical for India both militarily and economically", The Economic Times, May 15, 2026

analysts observed that China was wary of the Great Nicobar Project as it would enhance the Indian military's ability to monitor maritime trade and military movements in the region, especially near the Strait of Malacca, a key maritime chokepoint connecting the Indian Ocean to the South China Sea and the Pacific Ocean.¹⁶

On May 7, 2026, India marked the first anniversary of 'Operation Sindoor', in which the Indian military, through precision strikes, destroyed terror infrastructure in Pakistan-occupied Jammu and Kashmir. In light of this, Chinese state media aired an interview with an engineer from a state-owned Chinese company that provided technical support for Pakistan's Chinese-made J-10CE fighter aircraft.¹⁷ The Chinese engineer claimed that Pakistan's J-10CE aircraft achieved outstanding results in combat against India, reportedly downing an enemy aircraft.¹⁸ Adding that, it demonstrated both the aircraft's combat capability and the deep friendship between China and Pakistan.¹⁹ Reacting to this, on May 12, 2026, India urged China to consider whether supporting Pakistan's efforts to protect terrorist infrastructure would adversely affect Beijing's own reputation.²⁰ The Indian military reiterated its readiness for any multi-front conflict scenario in response to a question about the emerging nexus between China, Pakistan and Türkiye.²¹

Pakistan's Prime Minister Shehbaz Sharif made an official visit to China from May 23-26, 2026. During this visit, in a joint statement, China and Pakistan reiterated that the "Kashmir issue is a historical dispute and should be resolved in accordance with the UN Charter, relevant UN Security Council resolutions, and bilateral agreements".²² Reacting sharply, on May 26, 2026, India categorically rejected the unwarranted references to its Union Territory of Jammu and Kashmir in the China-Pakistan joint statement. India reiterated that the "Union Territories of Jammu and Kashmir and Ladakh are integral and inalienable parts of India and

¹⁶ Ibid.

¹⁷ "China admits providing support to Pakistan during Operation Sindoor against India last May", The Economic Times, May 8, 2026

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ "Transcript of Weekly Media Briefing by the Official Spokesperson (May 12, 2026)", MEA India, May 13, 2026

²¹ "Play against the team that turns up': Army general on Pakistan-China-Turkey challenge", The Economic Times, May 7, 2026

²² "Joint Statement between the People's Republic of China and the Islamic Republic of Pakistan", MFA China, May 26, 2026

that no other country has the locus standi to comment on the same”.²³ New Delhi reiterated its opposition to the China-Pakistan Economic Corridor (CPEC), some of which passes through India’s sovereign territory.²⁴ India also refused to recognise the trans-boundary water resources cooperation between China and Pakistan, as the two countries do not share any boundary.²⁵

On May 12, 2026, reports indicated that China requested the WTO’s dispute settlement body to establish a panel in its case against India over New Delhi’s support measures for domestic manufacturing of solar cells, modules, and certain IT products.²⁶ China filed this case as bilateral consultations on the issue failed to produce a mutually agreed solution.²⁷ Meanwhile, as India's trade deficit with China surged above USD 100 billion in the Financial Year 2025-26, Indian officials stressed that a complete decoupling from China is difficult, but the country has intensified efforts to build its own manufacturing capacity to enhance exports.²⁸ India’s Ministry of Finance notified a decision to allow overseas companies with up to 10 percent Chinese shareholding to invest in India under the automatic route under the Foreign Exchange Management Act (FEMA).²⁹ These changes are intended to attract more Chinese investments, build domestic manufacturing capacities, and rebalance bilateral trade with China.³⁰

Amidst a thaw in China-India relations, on May 1, 2026, the Chinese Embassy in New Delhi stated that Beijing welcomes the resumption of the ‘Kailash Manasarovar Yatra’ (Kangrinboqe Feng and Mapam Yuco) to the Tibet (Xizang) autonomous region. Yu Jing, the Chinese Embassy Spokesperson, expressed hope that the Kailash Manasarovar Yatra (Pilgrimage) would become a bridge of faith, friendship, and people-to-people ties between two great civilisations.³¹ The

²³ “Official Spokesperson’s response to media queries regarding unwarranted references to Indian Union Territory of Jammu & Kashmir in the Joint Statement between China and Pakistan”, MEA India, May 26, 2026

²⁴ Ibid.

²⁵ Ibid.

²⁶ “China urges WTO to set up panel in case against India's support measures for solar, IT sectors”, The Economic Times, May 12, 2026

²⁷ Ibid.

²⁸ “India following diversified strategy to boost exports to China, cut import dependence: Official”, The Economic Times, April 26, 2026

²⁹ “DEA notifies FDI easing for foreign cos with up to 10 pc Chinese stake under FEMA”, The Economic Times, May 2, 2026

³⁰ “India will stem the flood of Chinese imports with China's own money”, The Economic Times, March 11, 2026

³¹ “China to facilitate travel of 1,000 Indian pilgrims for Kailash Mansarovar Yatra”, The Economic Times, May 1, 2026

Kailash Manasarovar Yatra is scheduled to take place from June to August 2026, via the Lipulekh Pass and Nathu La Pass in India's states of Uttarakhand and Sikkim, respectively. However, Nepal has renewed its territorial claim over Lipulekh and objected to the upcoming Yatra through the established Lipulekh pass.³² India rejected Nepal's territorial claims as "unilateral artificial enlargement" that is "untenable".³³

Among other major developments, on May 27, 2026, Penpa Tsering was sworn in as the President (Sikyong) of the Central Tibetan Administration (CTA) in Dharamshala, in the presence of H.H. the Dalai Lama.³⁴ In light of this, China cautioned that India must refrain from providing any platform for advocating "Tibet independence" and avoid interference in the reincarnation of the Dalai Lama. Adding that, such an approach would contribute positively to a stable and constructive China-India relationship.³⁵

II. China-South Asia Relations

Pakistan's Prime Minister Shehbaz Sharif made an official visit to China from May 23-26, 2026. During a meeting between President Xi and PM Sharif, the two leaders marked the 75th anniversary of their diplomatic relations and pledged to deepen the "all-weather strategic cooperative partnership".³⁶ Beijing pledged to support Pakistan in safeguarding its national sovereignty, independence, and territorial integrity.³⁷ Major issues discussed in China-Pakistan joint statement included the high-quality development of CPEC "2.0 upgraded version", advancing China's major global initiatives, supporting counter-terrorism cooperation, upholding the post-World War II global order, and promoting peace and stability in South and West Asia.³⁸

On May 6, 2026, Chinese Foreign Minister Wang Yi met Bangladesh's Foreign Minister Khalilur Rahman in Beijing. The two sides pledged to carry forward their traditional friendship, enhance mutual trust, and support each other in national

³² "Nepal renews territorial claim over Lipulekh, seeks dialogue with India", The Economic Times, May 6, 2026

³³ Ibid.

³⁴ "Penpa Tsering Sworn In for Second Term as Sikyong of the Central Tibetan Administration", Central Tibetan Administration, May 27, 2026

³⁵ Yu Jing, Chinese Embassy Spokesperson in India, Official X Handle, May 24, 2026

³⁶ "Joint Statement between the People's Republic of China and the Islamic Republic of Pakistan", MFA China, May 26, 2026

³⁷ Ibid.

³⁸ Ibid.

development.³⁹ Reports indicated that the new government in Bangladesh is seeking China's involvement in restoring the Teesta River. The river's location near the strategically sensitive 'Siliguri Corridor' is likely to raise concerns in India.⁴⁰ Reports also indicated that Pakistan had transferred an operational simulator of a JF-17 combat aircraft to Bangladesh and that Dhaka may consider purchasing the China-Pakistan co-developed aircraft in the future.⁴¹

III. China-United States Relations

U.S. President Donald J. Trump made a state visit to China from May 13-15, 2026. During this visit, on May 14, 2026, President Xi met with President Trump, and the two leaders agreed on a new vision for a "constructive China-U.S. relationship of strategic stability".⁴² Xi noted that constructive strategic stability would prioritise cooperation, promote competition within certain limits, manage differences, and advance peace.⁴³ He cautioned the U.S. that Taiwan remains the most critical issue in China-U.S. relations, and that a failure to handle this issue appropriately could lead to conflict between the two nations.⁴⁴

Amidst their widening strategic competition, President Xi urged Beijing and Washington to forge a new paradigm of great-power relations to overcome the "Thucydides Trap".⁴⁵ It is to be noted that the Thucydides Trap is a historical reference from ancient Greece that sheds light on the causes of war between an established power (Sparta/U.S.) and an emerging power (Athens/China). Other major issues discussed by President Xi included pursuing mutually beneficial economic and trade ties, making better use of communication channels in diplomacy and the military, and exchanged views on the situation in West Asia, the Ukraine crisis, and the Korean Peninsula.⁴⁶

President Trump, on his part, stated that he and President Xi discussed ways to enhance economic cooperation, including expanding market access for American

³⁹ "China, Bangladesh FMs hold talks, vowing to deepen friendship, practical cooperation", People's Daily, May 7, 2026

⁴⁰ "Bangladesh turns to China on Teesta project, casting shadow on India ties", The Economic Times, May 7, 2026

⁴¹ "Why Bangladesh could raise Indian red flags by buying a China-Pakistan fighter jet", South China Morning Post, May 24, 2026

⁴² "President Xi Jinping Holds Talks with U.S. President Donald J. Trump", MFA PRC, May 14, 2026

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Ibid.

⁴⁶ Ibid.

businesses in China and increasing Chinese investment in U.S. industries.⁴⁷ Other major issues discussed by President Trump included the need to end the flow of Fentanyl precursors into the U.S., increasing Chinese purchases of American agricultural products and energy, keeping the Strait of Hormuz open to support the free flow of energy, and consensus that Iran can never have a nuclear weapon.⁴⁸ Trump also informed that he discussed AI guardrails and the export of Nvidia's H200 chips to China; however, Beijing has thus far refrained from buying this hardware as it wants to develop domestic alternatives.⁴⁹

On May 17, 2026, the White House and the Chinese Ministry of Commerce issued fact sheets elaborating on the key outcomes of the Xi-Trump Summit. The two sides have agreed to establish the U.S.-China Boards of Trade and Investment, which aim to optimise the bilateral economic relationship.⁵⁰ The tariffs would not exceed the level set in the Kuala Lumpur joint arrangement, and through the Board of Trade, the two sides plan to discuss tariff reductions on specific non-strategic goods covering USD 30 billion on each side.⁵¹ Other major outcomes include China's approval for the purchase of 200 American-made Boeing aircraft, China's promise to purchase USD 17 billion per year of U.S. agricultural products, and restored market access for U.S. beef and poultry products.⁵² The US side has also assured China that it would address Beijing's concerns regarding automatic detention measures targeting Chinese dairy, aquatic products, and media-grown bonsai.⁵³

Reacting to the Xi-Trump Summit, an editorial by *China Daily* hailed the new vision of a "constructive relationship of strategic stability" and urged Washington to "remove the stumbling block to Sino-U.S. ties", namely, Taiwan. It expressed concerns that certain forces in Washington are using the Taiwan question as a "card" to maximise U.S. gains through moves such as arms sales and military signalling, sending a wrong message to separatist elements.⁵⁴ Following President

⁴⁷ The White House, Official X Handle, May 14, 2026

⁴⁸ Ibid.

⁴⁹ "Trump, Xi weigh AI 'guard rails' as Nvidia chip exports hang in the balance", South China Morning Post, May 15, 2026

⁵⁰ "Fact Sheet: President Donald J. Trump Secures Historic Deals with China, Delivering for American Workers, Farmers, and Industry", The White House, May 17, 2026

⁵¹ "China, U.S. achieve positive outcomes in economic, trade consultations: ministry", The State Council PRC, May 17, 2026

⁵² "Fact Sheet: President Donald J. Trump Secures Historic Deals with China, Delivering for American Workers, Farmers, and Industry", The White House, May 17, 2026

⁵³ "China, U.S. achieve positive outcomes in economic, trade consultations: ministry", The State Council PRC, May 17, 2026

⁵⁴ "Remove stumbling block in Sino-US ties: China Daily editorial", China Daily, May 17, 2026

Trump's visit to Beijing, a Fox News report indicated that Trump indeed views Taiwan as a "good negotiating chip" and that the U.S. has halted a proposed USD 14 billion arms sale to Taiwan.⁵⁵ Secretary Rubio, for his part, maintained that the U.S.' position on Taiwan remains unchanged and that any Chinese attempt to seize Taiwan by force would be a "terrible mistake".⁵⁶

Even as the Chinese state media hailed China and the U.S.' commitment to a stable and constructive relationship, Chinese analysts remain sceptical about the overall trajectory of U.S.-China bilateral relations. They observed a pattern in the Trump administration's approach towards Beijing over the past year, in which "the U.S. has promised stability while tightening the screws on China".⁵⁷ Adding that, Washington's diplomacy suggests it is buying breathing room to wean itself off Chinese rare-earth supply chains, rebuild domestic manufacturing capabilities, and enhance national strength for great-power competition.⁵⁸ Analysts also noted an intensifying legal arms race between the U.S. and China, in which the two sides are competing on sanctions, rules and regulations, complicating the global business environment.⁵⁹ Overall, the Xi-Trump Summit was important for managing the strategic competition between the two sides; however, it was not enough to change the overall structure of their fraught relationship.

Meanwhile, the Trump administration faced another legal setback to its tariff policy on May 7, 2026, when the U.S. Court of International Trade invalidated the use of Section 122 of the Trade Act of 1974 for imposing an additional 10 percent tariff on trade partners. Chinese analysts stressed that the legal battle in the U.S. over arbitrary tariff measures illustrates the "chaos" and uncertainty plaguing American society.⁶⁰

Kevin Warsh will succeed Jerome Powell as the next Chair of the U.S. Federal Reserve. In light of this, Chinese analysts shed light on the Trump administration's sustained pressure on the Federal Reserve to lower interest rates, fuelling debate

⁵⁵ "Trump's Taiwan 'negotiating chip' remark sparks alarm over how far he'd shift US-China policy", Fox News, May 18, 2026

⁵⁶ "'Terrible mistake' if China takes Taiwan by force; US position unchanged: Rubio", The Economic Times, May 14, 2026

⁵⁷ "Despite summit pledges, don't expect US-China trade to improve", South China Morning Post, May 19, 2026

⁵⁸ Ibid.

⁵⁹ "The US-China trade war is entering a worrying new phase: a legal arms race", South China Morning Post, May 15, 2026

⁶⁰ "Trump appeals latest court loss on tariffs as chaos and uncertainty amp up", South China Morning Post, May 9, 2026

that such interference could undermine the credibility of the U.S.' financial system and inadvertently strengthen Chinese assets.⁶¹ They noted that Mr. Warsh could buckle under political pressure, as the Trump administration would likely push to lower interest rates before the Mid-Term Elections in November 2026.⁶² Warsh is an advocate of strengthening America's position in its competition with China through AI-productivity gains, a leaner Federal Reserve, a stable and credible U.S. Dollar, and flexible trade and monetary policy.⁶³

On May 13, 2026, Mr. Roger Wicker, the Chairman of the Senate Armed Services Committee, at a U.S. Senate hearing on nuclear capabilities, cautioned that China was engaged in an "unprecedented nuclear expansion". He stated that China's nuclear weapons strategy is designed to surpass the U.S. in the coming decade.⁶⁴ Further, reports indicated that China is building a web of launch pads, bunkers, and network of communication nodes near the Hami nuclear silo field in Xinjing province.⁶⁵

China's pushback against U.S. sanctions targeting its oil refineries for importing Iranian oil has grown more pronounced. Beijing has ordered companies nationwide not to comply with U.S. sanctions on five Chinese oil refineries for trading in Iranian fuel.⁶⁶

Among other major developments, amid the U.S.' efforts to curb China's domination of the shipbuilding industry, a report by the China Association of the National Shipbuilding Industry stated that China's shipyards secured 85 percent of global orders in the first quarter of 2026.⁶⁷

⁶¹ "Is China set to benefit from new US Fed chair Kevin Warsh's policy vision?", South China Morning Post, May 14, 2026

⁶² Ibid.

⁶³ Ibid.

⁶⁴ "US Senate warns of China's nuclear capabilities hours before Xi-Trump summit", South China Morning Post, May 14, 2026

⁶⁵ "China is building launch pads near its nuclear missile silos", Reuters, May 29, 2026

⁶⁶ "The US sanctioned Chinese oil refineries. Now China is really pushing back", South China Morning Post, May 3, 2026

⁶⁷ "China tightens its grip on global shipbuilding, grabbing 85% of new orders", South China Morning Post, May 11, 2026

IV. China-European Union Relations

On May 8, 2026, Chinese Foreign Minister Wang Yi met in Beijing with Emmanuel Bonne, the Diplomatic Adviser to the President of France. In his remarks, FM Wang Yi shed light on growing turmoil in the world and urged China and France to advance their comprehensive strategic partnership based on mutual trust and mutual respect for each other's core interests.⁶⁸ He urged Paris to abide by the one-China principle and refrain from any official interaction with Taiwan's authorities.⁶⁹ Further, Wang Yi expressed hope that France would play a constructive role in helping the EU adopt a "correct and rational strategic perception of China".⁷⁰ On his part, Mr. Emmanuel Bonne reiterated France's commitment to the one-China policy and called for dialogue between the EU and China on strategic issues.⁷¹

However, the EU-China relationship remains fraught. Reports indicated that the European Union is planning to enact a bold industrial plan, the Industrial Accelerator Act (IAA), to build manufacturing capabilities in Europe across strategic sectors such as EVs, batteries, critical minerals processing, steel, solar panels, and other clean technologies.⁷² Reacting to this, Chinese analysts described Europe's trade and economic policies as "protectionist" and aimed at decoupling from China.⁷³ The EU, for its part, remains deeply concerned about its lopsided trading relationship with China, in which Europe's trade deficit surged to EUR 359.8 billion in 2025.⁷⁴ The EU's outgoing Director-General for Trade, Sabine Weyand, urged Brussels to keep the investment agreement with China in deep freezer.⁷⁵

On May 16, 2026, China's Ministry of Commerce rebuked the EU's investigation of Nuctech, a manufacturer of security equipment, under the EU's Foreign Subsidies Regulation (FSR). Beijing described the probe as an "unjustified extraterritorial jurisdiction measure" and barred domestic entities or individuals from complying

⁶⁸ "China, France shoulder important responsibilities for upholding int'l peace, stability, development: top diplomat", People's Daily, May 9, 2026

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² "A sinking ship? Why the EU and China could be heading for a trade war", South China Morning Post, May 17, 2026

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ "China-EU investment deal should stay in 'deep freezer', outgoing trade chief warns", South China Morning Post, May 7, 2026

with it.⁷⁶ China also vowed to take action against the EU for cutting funding for clean energy projects that use Chinese inverters.⁷⁷

President Trump's threat to decrease the number of U.S. troops in Europe has once again highlighted the widening transatlantic rift. According to analysts, even though the EU's relations with the U.S. have deteriorated, this does not mean a pivot towards China was on the cards.⁷⁸ Amid continued pressure from the U.S. and China, the EU is forging its own path to advance its strategic autonomy. In line with this, the Netherlands has objected to the U.S.' proposed 'Multilateral Alignment of Technology Controls on Hardware (Match) Act' that calls for further restricting ASML from selling advanced chip-making equipment to China.⁷⁹

V. China-Russia Relations

Russian President Vladimir Putin made a state visit to China from May 19-20, 2026. During this visit, on May 20, 2026, President Xi met President Putin, and the two leaders agreed to further extend their bilateral Treaty of Good-Neighbourliness and Friendly Cooperation. Xi reiterated that the high-quality development of the China-Russia partnership is a "strategic choice" and that the two countries must continue to enrich the substance of their cooperation.⁸⁰ Major issues discussed by President Xi included working together to make the global governance system more just and equitable, pursuing high-technology innovation, deepening strategic coordination at multilateral platforms such as the UN, SCO, BRICS, and APEC, upholding the post-World War II global order, and uniting the Global South.⁸¹ President Putin, for his part, emphasised that relations between Moscow and Beijing have reached an "unprecedented level" and that they serve as a "stabilising factor" in the turbulent international environment.⁸²

Following the Xi-Putin Summit, on May 21, 2026, China and Russia issued a joint statement advocating "Global Multipolarity and New Type of International

⁷⁶ "The EU's chain of trade and economic maneuvers against China has backfired: Global Times editorial", Global Times, May 18, 2026

⁷⁷ "China vows action after EU cuts funding for green projects using Chinese inverters", South China Morning Post, May 7, 2026

⁷⁸ "Trump's troop-cutting threat tests transatlantic security ties", People's Daily, May 2, 2026

⁷⁹ "Netherlands protests US proposal to further bar chip giant ASML from China market", South China Morning Post, May 13, 2026

⁸⁰ "President Xi Jinping Holds Talks with Russian President Vladimir Putin", MFA PRC, May 20, 2026

⁸¹ Ibid.

⁸² Ibid.

Relations”.⁸³ Amid a complex international situation, marked by unilateral coercion, hegemonism, bloc confrontation, and neo-colonialism, China and Russia expressed concern that the world was regressing to the “law of the jungle”.⁸⁴ Both sides urged the international community to advocate for an equal and orderly multipolar world by adhering to economic openness, respecting the legitimate security concerns of all countries, democratising international relations, and upholding the diversity of world civilisations.⁸⁵

Reacting to the Xi-Putin Summit, an editorial by the South China Morning Post emphasised that Beijing does not see a stable relationship with Moscow merely as leverage against the U.S., but rather views it as positive for global stability and peace.⁸⁶ A section of Chinese analysts also noted that the back-to-back state visits of President Trump and President Putin indicate Beijing’s intent to promote “trilateral coordination” between China, Russia, and the U.S.⁸⁷

Even as China and Russia presented a united front to counter the U.S. on the global stage, analysts stressed that President Putin’s visit to China did not lead to any further progress on the long-delayed ‘Power of Siberia 2’ natural gas pipeline. As China has diversified its LNG import sources to include suppliers from Central Asia and Myanmar, Beijing remains cautious about gas pricing, financing, and the completion timeline for the Power of Siberia 2 pipeline.⁸⁸

Internal Developments

Key Developments and Addresses by Chinese Leaders

As the Chair of the Asia-Pacific Economic Cooperation (APEC) forum for 2026, China hosted the APEC Trade Ministers' meeting in Suzhou from May 22-23, 2026. Chinese Vice Premier He Lifeng, in his remarks, shed light on the global changes unfolding at an unprecedented scale and urged APEC member-states to promote

⁸³ “Joint Statement by the People's Republic of China and the Russian Federation on Advocating Global Multipolarity and New Types of International Relations”, MFA PRC, May 21, 2026

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ “Xi-Putin summit is no less important than Xi-Trump talks”, South China Morning Post, May 22, 2026

⁸⁷ “Could Putin, Trump visits pave the way for ‘trilateral coordination’ with China?”, South China Morning Post, May 20, 2026

⁸⁸ “Putin left China, without a pipeline deal. Why didn’t the Hormuz crisis open the valve?”, South China Morning Post, May 23, 2026

common prosperity and achieve open, high-quality development.⁸⁹ Major issues discussed by him included strengthening dialogue in emerging areas, supporting WTO reforms, and advancing regional economic integration.⁹⁰

On April 30, 2026, President Xi, at a symposium held in Shanghai, continued to emphasise the importance of strengthening basic research and China's innovation capacity to enhance its comprehensive national power in science and technology.⁹¹ Meanwhile, as AI technology continues to evolve, the Chinese state media called on the international community to build a global AI governance system within the United Nations framework. Adding that, AI technology should not be a monopoly of any individual power, nor a tool for an exclusive group of countries, and certainly not a sword hanging over humanity.⁹²

A think tank associated with Xinhua News Agency released a report titled 'The Theory of Cultural Empowerment: China's Cultural Consciousness in Marching Toward High-Quality Development'. This report shed light on Beijing's intent to comprehensively integrate the power of culture (civilisation) into every aspect of China's high-quality development and national rejuvenation.⁹³ Meanwhile, on May 17, 2026, President Xi called for accelerating efforts to build a Chinese intellectual system in philosophy and social sciences. He urged the country's intellectuals to deepen research and interpretation of the CPC's new theories to advance Chinese modernisation.⁹⁴

On May 4, 2026, China marked its National Youth Day. On this occasion, President Xi urged young Chinese citizens to integrate their personal aspirations into the broader picture of national development.⁹⁵ A report by People's Daily informed that, by the end of 2025, the Communist Youth League of China (CYLJ) had about 78.34 million members.⁹⁶

⁸⁹ "Chinese vice premier calls for APEC cooperation for shared prosperity", Xinhua, May 23, 2026

⁹⁰ Ibid.

⁹¹ "Xi stresses advancing basic research to solidify foundation for building China's strength in science, technology", People's Daily, April 30, 2026

⁹² "Make AI governance a new 'intersection' for global cooperation: Global Times editorial", Global Times, May 8, 2026

⁹³ "Power of culture vital for driving China's high-quality development: Xinhua think tank report", People's Daily, May 9, 2026

⁹⁴ "Xi urges faster building of Chinese intellectual system in philosophy, social sciences", People's Daily, May 18, 2026

⁹⁵ "Xi encourages Chinese youth to shine amid national progress", People's Daily, May 4, 2026

⁹⁶ "Communist Youth League of China has nearly 78.34 mln members", People's Daily, May 4, 2026

Trade and Economy

In April 2026, China's exports surged 14.1 percent year-on-year to USD 359.44 billion, despite the ongoing crisis in the Strait of Hormuz. Analysts stated that the US-Iran conflict has actually bolstered China's exports in sectors such as AI, automobiles, and green technology products.⁹⁷ Adding that, China's competitive supply chains helped offset the impact of the war in West Asia on export growth in April 2026. It is worth noting that China is moving up the value chain from labour-intensive goods such as footwear, bags, and furniture, to the export of telecommunications equipment, computers, and information services.⁹⁸ China's National Bureau of Statistics (NBS) maintained that the country's economy remains "stable" and its long-term growth trajectory remains intact.⁹⁹

Amidst continuing global demand for China's New Energy Vehicles (NEVs), China Automotive Technology and Research Centre started the construction of an "ice-snow test base" for intelligent connected NEVs in the Inner Mongolia region. This project aims to address the electric vehicle industry's bottlenecks in extreme cold-weather conditions and enhance China's international voice in extreme-environment automotive testing.¹⁰⁰

According to a report by Bank of America, after five consecutive years of weakness, the real estate sector in China showed some "green shoots" (signs of recovery), and the bank expects a long-term rebound in the property sector.¹⁰¹ Meanwhile, with regard to the Yuan's internationalisation, a report by China Daily indicated that the Chinese Yuan's use in international commodity trade pricing and settlement is expanding, hitherto dominated by the U.S. Dollar.¹⁰²

⁹⁷ "China defies Strait of Hormuz crisis with record monthly export value in April", South China Morning Post, May 9, 2026

⁹⁸ "From footwear to AI services: China moves up the value chain in exports", South China Morning Post, May 3, 2026

⁹⁹ "What Jan-April economic data tells about 'stability' of China's economy", People's Daily, May 19, 2026

¹⁰⁰ "China starts construction of world's largest ice-snow test base for intelligent connected NEVs", People's Daily, May 11, 2026

¹⁰¹ "'Green shoots' appear in China property as banks turn bullish after 5-year bear market", South China Morning Post, May 1, 2026

¹⁰² "RMB's role as international option grows", People's Daily, May 7, 2026

Defence and Security

On May 7, 2026, China's military court announced suspended death sentences with a two-year reprieve for the country's former Defence Ministers, Wei Fenghe and Li Shangfu, on corruption charges. According to the ruling, Wei Fenghe was convicted of accepting bribes, while Li Shangfu was convicted of both offering and accepting bribes.¹⁰³ Wei and Li were also stripped of their political rights for life, and all of their personal property was confiscated.¹⁰⁴ Reacting to this, analysts stressed that the stringent action taken against Wei Fenghe and Li Shangfu demonstrates that the "PLA must maintain absolute loyalty to the CPC's leadership" and that Beijing's crackdown on corruption is deepening.

China-Japan tensions over Taiwan showed no signs of abating. Chinese state media expressed concerns about the growing alignment between "Taiwan independence" separatist forces and the "neo-militarist right-wing forces" of Japan, led by PM Sanae Takaichi.¹⁰⁵ Amidst this, on May 3, 2026, China marked the 80th anniversary of the opening of the International Military Tribunal for the Far East (IMTFE), also known as the Tokyo Trials.¹⁰⁶ In light of this, Beijing reiterated that, as "neo-militarism is on the rise in Japan", it is important to understand the background, conclusion, and principles of the Tokyo Trials.¹⁰⁷ Further, a People's Daily report shed light on Japan's Yasukuni Shrine, claiming that it honours 14-class A war criminals, including Hideki Tojo, who authorised the attack on Pearl Harbour in 1941.¹⁰⁸

On May 19, 2026, the President of the Philippines, Ferdinand R. Marcos Jr., reaffirmed Manila's adherence to the one-China policy, stressing that his country would not interfere in issues concerning Taiwan. However, he cautioned that, given the proximity of northern Philippines (Luzon) to Taiwan and the presence of nearly 200,000 Filipinos there, the Philippines would be adversely affected by a

¹⁰³ "Two former Chinese defence ministers handed death sentence with reprieve for graft", Global Times, May 7, 2026

¹⁰⁴ Ibid.

¹⁰⁵ "Stay alert to dangerous 'double act' of 'Taiwan independence' and Japanese right-wing forces: Global Times editorial", Global Times, May 11, 2026

¹⁰⁶ "China says renewing backdrop, conclusion, principles of Tokyo Trials all the more relevant", People's Daily, May 4, 2026

¹⁰⁷ Ibid.

¹⁰⁸ "What are we talking about when we talk about Japan's Yasukuni Shrine?", People's Daily, May 6, 2026

conflict in Taiwan.¹⁰⁹ Reacting to this, China warned the Philippines that geographic proximity and a large diaspora population cannot be used as an excuse to interfere in other countries' internal affairs.¹¹⁰ Earlier, on May 5, 2026, the U.S. conducted its first live-fire test of a Tomahawk missile from a Philippine-based Typhon missile launcher. China has opposed the deployment of Typhon missile launcher in the Philippines, claiming that it would destabilise regional security.¹¹¹

On April 30, 2026, China's Ministry of National Defence indicated that construction had begun for the country's fourth aircraft carrier, which is likely to be the PLA's first nuclear-powered aircraft carrier.¹¹² In another development, the PLA is reportedly accelerating the infusion of AI in the military domain, especially in electronic warfare, to redefine how militaries communicate, jam, and dominate the electromagnetic spectrum on the battlefield.¹¹³

Technology

Even as China's AI startups, such as DeepSeek, make global headlines, Liu Wei, a former distinguished scientist at Tencent Holdings, stressed that Chinese companies are still behind the U.S. in the race for large language models (LLMs). He stated that China lacks a "paradigm-setting" breakthrough in LLM core technology and that Chinese companies are currently either copying DeepSeek or U.S. companies at the core technical level.¹¹⁴ U.S. company OpenAI's 'ChatGPT' is often considered a paradigm-setting LLM in AI. Even though the U.S. leads the global AI technology race, China appears to be adopting AI faster across key sectors of its economy as compared to the U.S.¹¹⁵ The faster adoption of AI in the overall economy would play a critical role in winning the strategic competition in the 21st century.

¹⁰⁹ "PBBM: PH adheres to One China policy, won't interfere in Taiwan", Philippine News Agency, May 19, 2026

¹¹⁰ "Chinese FM rebukes Marcos's claim that the Philippines could be dragged into any conflict involving Taiwan", Global Times, May 19, 2026

¹¹¹ "Typhon launch of Tomahawk missile is 'worst provocation' by the US against China", South China Morning Post, May 14, 2026

¹¹² "Regular Press Conference of the Ministry of National Defence on April 30, 2026", MND PRC, May 4, 2026

¹¹³ "'New form of war': an insider view of China's AI strategy in electronic warfare", South China Morning Post, May 26, 2026

¹¹⁴ "China behind in LLM race but it can still win in AI, ex-Tencent AI lead says", South China Morning Post, May 22, 2026

¹¹⁵ "America builds AI, China uses it. That gap may decide the future", South China Morning Post, May 5, 2026

Amidst the widening U.S. export controls on supplying advanced chips and chip-making equipment to China, on May 25, 2026, Huawei announced that it plans to start manufacturing 1.4-nanometre chips by 2031, using its own LogicFolding technology.¹¹⁶ If Huawei were to produce 1.4-nanometre chips in meaningful quantities, it would challenge the prevailing view that ASML's extreme ultraviolet lithography machines are needed to mass-produce chips at 5nm or below.¹¹⁷

Reports indicated that the humanoid robotics industry would be the next key driver of China's export machine over the next decade. Analysts drew parallels between China's development of the EV industry a decade ago and the current development of robots.¹¹⁸

¹¹⁶ "HUAWEI Presents the Tau (τ) Scaling Law, Enabling Breakthroughs in Transistor Density and System Performance", Huawei, May 25, 2026

¹¹⁷ "Huawei Targets 1.4nm Chips by 2031 Amid China AI Push", Yahoo Finance, May 26, 2026

¹¹⁸ "Humanoids, robots to drive next chapter of China's manufacturing dominance: Morgan Stanley", South China Morning Post, May 8, 2026



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