



# Delhi Policy Group

Advancing India's Rise as a Leading Power

## CHINA MONITOR

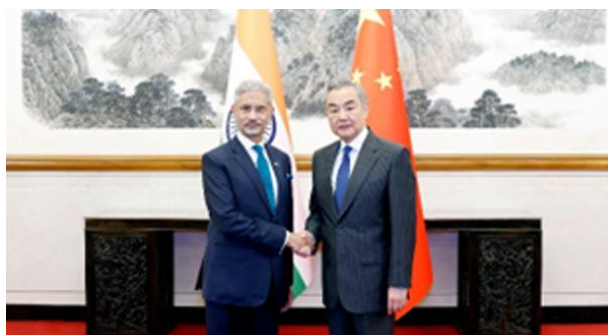
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## China Monitor

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### ABOUT US

Founded in 1994, the Delhi Policy Group (DPG) is among India's oldest think tanks with its primary focus on strategic and international issues of critical national interest. DPG is a non-partisan institution and is independently funded by a non-profit Trust. Over past decades, DPG has established itself in both domestic and international circles and is widely recognised today among the top security think tanks of India and of Asia's major powers.

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### CHINA MONITOR

The DPG China Monitor features developments related to China during the month and is compiled by our research team comprising Ambassador Biren Nanda, Senior Fellow and Sanket Joshi, Research Associate, from open-source reports and publications.

#### Cover Images:

*The Director of China's Central Commission for Foreign Affairs, Wang Yi, met India's External Affairs Minister, Dr. S. Jaishankar, in Beijing on July 15, 2025. Source: [Official X Handle/Lin Jian MFA China](#)*

*The Director of China's Central Commission for Foreign Affairs, Wang Yi, and US Secretary of State, Marco Rubio, met in Kuala Lumpur, Malaysia, on July 11, 2025. Source: [Official X Handle/Lin Jian MFA China](#)*

*Chinese Premier Li Qiang addressed the 17<sup>th</sup> BRICS Summit held in Rio de Janeiro, Brazil, on July 08, 2025. Source: [Official X Handle/Lin Jian MFA China](#)*

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Contents

Foreign and Security Policy .....	1
I. China-India Relations .....	1
II. China-South Asia Relations .....	4
III. China-United States Relations .....	6
IV. China-European Union Relations .....	9
V. China-Russia Relations .....	10
VI. SCO Foreign Ministers' Meeting .....	11
VII. BRICS Summit .....	11
VIII. China-ASEAN Foreign Ministers' Meeting .....	12
Internal Developments .....	13
Key Developments and Addresses by Chinese Leaders .....	13
Trade and Economy .....	14
Defence and Security .....	15
Technology .....	16



## Abstract

India and China continued their high-level diplomatic engagement during the month. EAM Dr. S. Jaishankar met Wang Yi, his Chinese counterpart, in Beijing on July 14, 2025, on the margins of the SCO Foreign Ministers' meeting. They reviewed the state of India-China relations and noted "progress in stabilising and rebuilding ties", prioritising people-centred engagements, including activities to commemorate the 75th anniversary of diplomatic relations.

The 34th meeting of the 'Working Mechanism for Consultation and Coordination on India-China Border Affairs' (WMCC) was held in New Delhi on July 23, 2025. The two sides discussed the situation in the border areas and expressed satisfaction that peace and tranquility along the border had led to a "gradual normalisation of bilateral relations".

His Holiness the Dalai Lama - the highest spiritual authority in Tibetan Buddhism - announced on July 2, 2025, that the process for recognising a future Dalai Lama had been established by a statement issued in 2011, which entrusts the task exclusively to the Gaden Phodrang Trust. He also rejected any moves by China to influence the process of who succeeds the 14th Dalai Lama. Reacting sharply, China warned the Dalai Lama that his reincarnation must be approved by Beijing and that the succession must comply with Chinese laws and regulations.

The US and China held a new round of trade talks in Stockholm on July 28-29, 2025. The two sides described their dialogue as "constructive", but no significant breakthroughs were announced, and an extension of the 90-day tariff truce was agreed to. Earlier, on July 3, 2025, the US lifted export controls on electronic design automation (EDA) software developers, permitting them to resume sales of chip design software to China. In addition, US exports of ethane and aircraft engines to China were resumed, while Nvidia was permitted to sell H20 chips into the Chinese market.

China's state media responded to the "trade war truce" by urging the US to recognise that Washington cannot deal with Beijing through a "maximum pressure" strategy, confrontation will harm both sides, and decoupling will not make the US stronger.

Meanwhile, on July 11, 2025, Foreign Minister Wang Yi and US Secretary of State, Marco Rubio, met in Kuala Lumpur, on the margins of the ASEAN Plus Foreign



Ministers' meeting. Wang Yi described the meeting as constructive and said that it had enabled the two sides to "strengthen contact, prevent misjudgements, manage differences, and expand cooperation".

Amidst continuing cross-strait tensions, reports suggested that the US is pressing Japan and Australia for a clarification regarding their role in the event of a Taiwan contingency. Reacting to this, Chinese analysts urged the US not to hold its allies hostage over the Taiwan issue, as neither Japan nor Australia are willing to bear this burden, as their own security would suffer in such a scenario.

Marking 50 years of China-EU diplomatic relations, President Xi met the President of the European Commission, Ursula von der Leyen, and the President of the European Council, Antonio Costa, in Beijing on July 24, 2025. Amidst a complex international situation, President Xi urged Europe to keep the trade and investment markets open and refrain from restrictive economic and trade measures.

Maintaining the deepening trend of the China-Russia strategic partnership, the Director of China's Central Commission for Foreign Affairs, Wang Yi, and Russia's Foreign Minister, Sergei Lavrov, met in Beijing on the margins of the SCO Foreign Ministers' meeting. Wang Yi reaffirmed Beijing's commitment to its relationship with Russia, describing this as stable and mature. They also discussed marking the 80th anniversary of the Chinese People's War of Resistance against Japanese Aggression and promoting a correct historical narrative of World War II.

Chinese Premier Li Qiang attended the 17th BRICS Summit held in Rio de Janeiro, Brazil, on July 6, 2025. In his address, Premier Li expressed concerns about power politics and bullying, urging BRICS member states to maintain their strategic independence, act responsibly, and advance global governance reforms that would benefit the "Global South". He also outlined the challenges facing the multilateral trading system and urged the BRICS countries to promote an open and fair international economic order.

During the second quarter of 2025, China's GDP grew by 5.2 percent year-on-year, while the country's overall economic growth in the first half of the year stood at 5.3 percent. China's National Bureau of Statistics described the country's second-quarter economic growth as a "hard-won achievement", following sharp changes in the international environment and an increase in external pressure (from US tariffs).



Beijing will hold the 20th CPC Central Committee's fourth plenary session in October 2025 to study proposals for formulating the 15th Five-Year Plan (2026-30) for national economic and social development.

## Foreign and Security Policy

### I. China-India Relations

India and China maintained their high-level diplomatic engagement. On July 14, 2025, Wang Yi, the Director of China's Central Commission for Foreign Affairs, and Dr. S. Jaishankar, Minister of External Affairs of India, met in Beijing on the margins of a meeting of the Foreign Ministers of the Shanghai Cooperation Organisation (SCO). They reviewed the state of India-China bilateral relations and noted "progress in stabilising and rebuilding ties", prioritising people-centred engagements, including activities to commemorate the 75th anniversary of diplomatic relations.<sup>1</sup> EAM Dr. S. Jaishankar appreciated China's cooperation in resuming the 'Kailash Mansarovar Yatra'.<sup>2</sup> Major issues discussed included the positive impact of peace and tranquility in the border areas on the development of bilateral relations, continued efforts towards de-escalation and border management, the need for cooperation on trans-border rivers, including resumption of provision of hydrological data by China, restrictive trade measures, and resumption of direct flight connectivity.<sup>3</sup> India has resumed issuing tourist visas to Chinese nationals beginning July 24, 2025.<sup>4</sup>

Director Wang Yi, on his part, shed light on rising unilateralism, protectionism, power politics, and bullying, as posing a major challenge to the world.<sup>5</sup> He urged China and India, as two major Eastern civilisations and emerging economies, to adhere to the principles of mutual respect, peaceful coexistence, and win-win cooperation to realise the "Dragon-Elephant Tango".<sup>6</sup> Major issues discussed by him included enhancing mutual trust, strengthening collaboration in multilateral platforms such as the SCO, making the international order more just and equitable, promoting universally beneficial and inclusive economic globalisation, and jointly upholding the common interests of the "Global South".<sup>7</sup>

The 34<sup>th</sup> meeting of the 'Working Mechanism for Consultation and Coordination on India-China Border Affairs' (WMCC) was held in New Delhi on July 23, 2025.

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<sup>1</sup> "EAM's visit to China and meeting with Chinese Foreign Minister", [MEA India](#), July 14, 2025

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> "India to resume issuing tourist visas to Chinese citizens after 5 years", [The Economic Times](#), July 23, 2025

<sup>5</sup> "Wang Yi holds talks with Indian External Affairs Minister Subrahmanyam Jaishankar", [MFA China](#), July 14, 2025.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.



The two sides discussed the situation in the border areas and expressed satisfaction with the peace and tranquility in the area, which has led to a "gradual normalisation of bilateral relations".<sup>8</sup> Major issues discussed during the meeting included enhancing effective border management and sustaining peace and tranquility, as well as preparing for the next round of Special Representatives talks on the India-China boundary question, to be held in India.<sup>9</sup>

The Chinese state media responded to the high-level diplomatic engagement between China and India by urging Beijing and New Delhi to maintain a sustained dialogue, eliminate misjudgements, and take action to "reshape the global order" in the face of growing unilateral protectionism and bullying.<sup>10</sup>

Meanwhile, on July 04, 2025, at a FICCI event on 'New Age Military Technologies', India's Deputy Chief of the Army Staff, Lt. Gen. Rahul R. Singh, highlighted the nexus between China and Pakistan during "Operation Sindoor".<sup>11</sup> He informed that China provided live intelligence inputs regarding Indian deployments to Pakistan and used Pakistan's battlefield as a testing ground for Chinese weapons.<sup>12</sup> Lt. Gen. Rahul Singh also spoke about Pakistan's growing reliance on Chinese weapons, commenting that "over the last five years, 81 percent of Pakistan's military hardware is Chinese".<sup>13</sup> Reacting to this, China's Ministry of Foreign Affairs stated that "different people have different perspectives" about relations between Beijing and Islamabad, claiming that China-Pakistan friendship does not target third parties.<sup>14</sup>

With the bilateral ties between China<sup>15</sup> and India<sup>16</sup> showing signs of improvement, the two countries expressed willingness to support Russia's

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<sup>8</sup> "34th Meeting of the Working Mechanism for Consultation & Coordination on India-China Border Affairs (July 23, 2025)", MEA India, July 23, 2025.

<sup>9</sup> Ibid.

<sup>10</sup> "What is most needed for a fresh start in China-India relations?: Global Times editorial", Global Times, July 15, 2025

<sup>11</sup> "3 adversaries, one border: Dy Army chief points to China-Pakistan-Turkey nexus during Operation Sindoor", The Economic Times, July 4 2025

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> "Foreign Ministry Spokesperson Mao Ning's Regular Press Conference on July 7, 2025." Ministry of Foreign Affairs, PRC, July 7, 2025.

<sup>15</sup> "China backs Russia's initiative to revive Russia-India-China troika", The Economic Times, July 17, 2025

<sup>16</sup> "India signals willingness to revive Russia-India-China (RIC) trilateral dialogue", The Economic Times, July 17, 2025.



proposal to revive the dormant Russia-India-China (RIC) trilateral dialogue mechanism.

His Holiness the Dalai Lama, the highest spiritual authority in Tibetan Buddhism, announced on July 02, 2025, that the process for recognising a future Dalai Lama had been established by a statement issued in 2011, which entrusts the task of doing so exclusively with the Gaden Phodrang Trust.<sup>17</sup> He rejected any moves by China to influence the process of who succeeds the 14<sup>th</sup> Dalai Lama.<sup>18</sup> Reacting sharply, China warned the Dalai Lama that his reincarnation must be approved by Beijing and that the succession must comply with Chinese laws and regulations.<sup>19</sup>

Even as China's Embassy in New Delhi described the Dalai Lama's succession issue as a "thorn" in China-India relations, Prime Minister Narendra Modi extended greetings to His Holiness the Dalai Lama on the occasion of his 90<sup>th</sup> birthday on July 6, 2025.<sup>20</sup> Further, India's Minister of Parliamentary Affairs, Kiren Rijiju, who hails from Arunachal Pradesh, represented India at the event marking the 90th birthday of the Dalai Lama in Dharamshala.<sup>21</sup> On its part, China urged India to recognise the "separatist nature" of the Dalai Lama, honor commitments made to Beijing regarding Tibet (Xizang), and refrain from interfering in China's internal affairs.<sup>22</sup>

Chinese Premier Li Qiang announced on July 19, 2025, the start of construction of a major hydropower project in Tibet's lower reaches of the Yarlung Tsangbo River.<sup>23</sup> While analysts expressed concerns about the dam's impact on the environment, particularly biodiversity in the area, China reiterated that the

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<sup>17</sup> "Dalai Lama rejects Chinese claim, affirms sole responsibility to recognise future Dalai Lama", The Economic Times, July 2, 2025.

<sup>18</sup> Ibid.

<sup>19</sup> "China says Dalai Lama succession issue a 'thorn' in relations with India", Reuters, July 13, 2025

<sup>20</sup> "PM extends greetings to His Holiness the Dalai Lama on his 90th birthday", PM India, July 6, 2025

<sup>21</sup> "Blessed by his presence in our country: Kiren Rijiju attends Dalai Lama's 90<sup>th</sup> birthday celebrations; vows to follow spiritual leaders' directions", The Times of India, July 7, 2025

<sup>22</sup> "Foreign Ministry Spokesperson Mao Ning's Regular Press Conference on July 7, 2025", MFA China, July 7, 2025

<sup>23</sup> "Chinese premier announces construction of Yarlung Zangbo hydropower project", Xinhua, July 19, 2025

hydropower project will not negatively impact downstream areas. Instead, it will facilitate disaster prevention and mitigation throughout the basin, it added.<sup>24</sup>

Among other major issues, in addition to weaponising rare-earth magnet exports, China had also abruptly halted (weaponised) the supply of DAP (diammonium phosphate) fertilisers to India during "Operation Sindoor".<sup>25</sup>

## II. China-South Asia Relations

Continuing the deepening trend of China-Pakistan strategic partnership, Foreign Minister Wang Yi met Pakistan Army Chief Asim Munir in Beijing on July 24, 2025. The two sides reaffirmed mutual support on issues concerning each other's core national interests and further deepening the all-weather strategic partnership. Wang Yi emphasised that the Pakistani military must ensure the safety of Chinese personnel, projects, and institutions in Pakistan.<sup>26</sup>

China continues to press Bangladesh to join a China-Pakistan-Bangladesh axis despite public denials, raising fresh concerns in India and beyond over Beijing's South Asian strategic ambitions.<sup>27</sup>

Reports indicated that Chinese Foreign Minister Wang Yi raised the proposal again during a bilateral meeting with Bangladesh's Foreign Affairs Adviser Touhid Hossain on the sidelines of the ASEAN Regional Forum (ARF) Ministerial Meeting in Kuala Lumpur on July 11, 2025.<sup>28</sup> Wang Yi urged Bangladesh to consider the trilateral arrangement - a continuation of discussions that began informally at the Kunming meeting earlier this year. The Bangladesh Foreign Minister remained non-committal to Bangladesh's response to the Chinese proposal for the summit.<sup>29</sup>

China's Ambassador to Bangladesh, Yao Wen, said his country will assist Bangladesh in offsetting the impact of the US's reciprocal tariffs, which is part of Washington's attempt to expand dominance. Yao Wen made the remarks at the

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<sup>24</sup> "China's Yarlung Zangbo hydropower project has no adverse impact on downstream areas: spokesperson", People's Daily, July 24, 2025

<sup>25</sup> "ET Analysis: India counters China's fertilizer export freeze with help from Morocco, Saudi Arabia", The Economic Times, July 21, 2025

<sup>26</sup> "China's top diplomat meets Pakistani army chief", Xinhua, July 24, 2025

<sup>27</sup> "He just smiled: Why Bangladesh is resisting China's push for a trilateral alliance with Pakistan", Moneycontrol, July 29, 2025

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

"DCAB Talk" organised by the Diplomatic Correspondents Association, Bangladesh (DCAB) at the National Press Club in Dhaka on July 29, 2025.<sup>30</sup>

The Chinese People's Association for Friendship with Foreign Countries and the Embassy of Nepal in China, on July 30, 2025, co-hosted a reception in Beijing to celebrate the 70th anniversary of the establishment of diplomatic relations between China and Nepal. Xiao Jie, Vice Chairman of China's National People's Congress (NPC) Standing Committee, attended the event alongside over 200 representatives of various sectors from China and Nepal, as well as some foreign diplomatic envoys in China.<sup>31</sup>

After months of speculation, the Trump administration has decided to continue with the Nepal Millennium Challenge Compact (MCC). The Trump administration's decision is being seen as a setback for China, which is looking to expand its Belt and Road Initiative (BRI) into Nepal.<sup>32</sup> The MCC is a package of development projects in Nepal, which the US launched to counter China's BRI. However, after Donald Trump became president, the newly formed Department of Government Efficiency (DOGE) planned to shut down the MCC as part of a cut in funding for foreign aid projects.<sup>33</sup>

There has been a longstanding agreement between Nepal and China to open seven border points and construct two dry ports, and the residents of Olangchungola, a remote village in eastern Nepal, had committed to assisting in the operation of the border point.<sup>34</sup> However, even after nearly a decade, the border point has not come into operation. Similarly, the Kimathanka border point also remains closed. Nepal's Foreign Ministry spokesperson Lok Bahadur Poudel Chhetri said on July 29, 2025, that the matter is still under process and therefore taking time. "The issues you've mentioned are likely progressing through regular channels. There's no specific update available at this point—I'll need to look into it," he said.<sup>35</sup>

The Indian media's coverage of Prime Minister Narendra Modi's visit to the Maldives has raised eyebrows in China, with the state media Global Times slamming the Indian media for its "outdated perspective". This comes as PM

<sup>30</sup> "China to support Bangladesh to counter US tariffs", Prothom Alo, July 29, 2025

<sup>31</sup> "China, Nepal celebrate 70th anniversary of diplomatic relations", Xinhua, July 30, 2025

<sup>32</sup> "US pulls MCC Nepal Compact back from the brink", The Kathmandu Post, July 26, 2025

<sup>33</sup> Ibid.

<sup>34</sup> "Nepal remains silent on China's proposal to open border points", Republica, July 29, 2025

<sup>35</sup> Ibid.

Modi's momentous visit to the Island nation was hailed as "historic" by both Indian and Maldivian media.<sup>36</sup>

Global Times, the mouthpiece of the CPC, expressed ire at how the Indian media covered PM Modi's visit to the Maldives and the apparent U-Turn of the Maldives President, Mohammed Muizzu, who heaped praise on Modi, after calling India a bully during his initial days of Presidency.<sup>37</sup> Analysts from China noted that the Indian media outlets framed the Maldives' relations with China and India from a geopolitical adversarial perspective. "However, the Maldives is a sovereign nation that naturally prioritises its relationship with neighbouring India, while actively pursuing a diversified foreign policy which includes strengthening its ties with China and aligning with the China-proposed Belt and Road Initiative", they added.

### III. China-United States Relations

The US and China held a new round of trade talks in Stockholm, Sweden, on July 28-29, 2025. The two sides described their dialogue as "constructive", but no significant breakthroughs were announced, and an extension of the 90-day tariff truce was agreed to.<sup>38</sup> The Chinese side maintained that Beijing and Washington, both, would benefit from cooperation, while a trade war would be detrimental.<sup>39</sup> Adding that, a stable, sustainable, and healthy economic and trade relationship between the US and China will not only serve their own interests but will also contribute to global economic growth and stability.<sup>40</sup> US Treasury Secretary Scott Bessent, on his part, emphasised the need for China to increase imports from the US by shifting away from a state-led, export-driven manufacturing economy towards one that is fuelled by consumer demand.<sup>41</sup>

Earlier, on July 03, 2025, the US lifted export controls on electronic design automation (EDA) software developers such as Siemens, Synopsys and Cadence – permitting them to resume sales of chip design software to China.<sup>42</sup> In addition, US exports of ethane and aircraft engines to China have resumed, and

<sup>36</sup> "China's 'Global Times' unleashes fury: Why Beijing is slamming Indian media over Modi's Maldives visit", The Week, July 27, 2025

<sup>37</sup> Ibid.

<sup>38</sup> "US, China tariff truce holds for now but US says Trump has final say", Reuters, July 30, 2025

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> "Tech war: US lifts export control of chip design software to China", South China Morning Post, July 3, 2025

Nvidia has been permitted to sell H2O chips into the Chinese market.<sup>43</sup> China, on its part, resumed exports of rare-earth minerals to the US.<sup>44</sup> Beijing's rare-earth exports reportedly surged in June to their highest level since December 2009.<sup>45</sup>

China's state media responded to the "trade war truce" by urging the US to recognise that Washington cannot deal with Beijing through a "maximum pressure" strategy, confrontation will harm both sides, and decoupling will not make the US stronger.<sup>46</sup> A South China Morning Post report noted that the threat of "mutually assured economic destruction" has led to a trade-war pause between China and the US.<sup>47</sup>

Meanwhile, on July 11, 2025, the Director of China's Central Commission for Foreign Affairs, Wang Yi, and US Secretary of State, Marco Rubio, met in Kuala Lumpur, Malaysia, on the margins of the ASEAN Plus Foreign Ministers' meeting. Director Wang Yi described the meeting as constructive and informed that it enabled the two sides to "strengthen contact, prevent misjudgements, manage differences, and expand cooperation".<sup>48</sup> He called upon Beijing and Washington to find the correct way to get along and strengthen dialogue at all levels.<sup>49</sup> Secretary Marco Rubio, on his part, stressed the importance of open communication, exploring opportunities for cooperation, while managing differences.<sup>50</sup> Reportedly, President Trump and President Xi could meet later this year, should the two sides "build the right atmosphere and deliverables".<sup>51</sup>

While Chinese state media hailed the trade truce, Liu Jianchao, the head of the CPC's international department warned the international community about President Trump's policies that would lead to conflicts and shared destruction. He criticised US Defence Secretary Pete Hegseth's remarks that reaffirmed

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<sup>43</sup> "Three insights from 'trade war truce' between US and China: Global Times editorial", Global Times, July 4, 2025

<sup>44</sup> "China's rare earth exports swell in June as Beijing relaxes controls", South China Morning Post, July 14, 2025

<sup>45</sup> Ibid.

<sup>46</sup> "Three insights from 'trade war truce' between US and China: Global Times editorial", Global Times, July 4, 2025

<sup>47</sup> "Open Questions | 'Mutually assured economic destruction' cools trade war: Stein", South China Morning Post, July 17, 2025

<sup>48</sup> "Chinese FM on meeting with U.S. Secretary of State: Strengthening contact, preventing misjudgment", Xinhua, July 12, 2025

<sup>49</sup> Ibid.

<sup>50</sup> "Secretary Rubio's Meeting with China's Director of the Office of the CCP Central Foreign Affairs Commission and Foreign Minister Wang Yi", US Department of State, July 11, 2025

<sup>51</sup> "Exclusive | Trump eyes autumn China trip, but September visit off the table: sources", South China Morning Post, July 26, 2025

Washington's "commitment to achieving peace through strength" as demonstrating the US's hegemonic mindset.<sup>52</sup>

Amidst continuing cross-strait tensions, reports indicated that the US is pressing Japan and Australia for clarification regarding their role in the event of a Taiwan contingency.<sup>53</sup> Reacting to this, Chinese state media urged the US not to hold the allies hostage over the Taiwan issue, as neither Japan nor Australia are willing to bear this burden, as their own security would suffer in such a scenario.<sup>54</sup> It called upon the US to oppose "Taiwan independence" separatist forces and support China's national reunification.<sup>55</sup> Further, China's state television aired footage of amphibious assault and reconnaissance drills conducted by the PLA in the coastal province of Fujian, underscoring Beijing's intent to intimidate Taiwan militarily.<sup>56</sup> On the other hand, Taiwan held its annual 'Han Kuang exercise', demonstrating its military capabilities to block the PLA's amphibious assault on the capital city of Taipei.<sup>57</sup> While the US continues to sell arms to Taiwan, it has reportedly blocked Taiwanese President Lai Ching-te's stopover in New York en route to his visit to Paraguay, Guatemala, and Belize.<sup>58</sup>

The US sent tariff letters to 14 countries imposing tariffs of up to 40 percent; many of these countries are close trade partners of China based in Southeast Asia. In light of this, analysts stressed that the US's tariff policy is aimed at isolating China and is a continuation of the decoupling agenda. Adding that the US has targeted countries in Southeast Asia, as it is one of the top destinations for transshipments from China.<sup>59</sup>

Among other developments, in light of persistent geopolitical tensions and waning confidence in the US dollar, Chinese economists reiterated the strategic

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<sup>52</sup> "Veteran Chinese diplomat warns Trump's policies risk shared destruction", South China Morning Post, July 3, 2025

<sup>53</sup> "If the US is pushing Japan, Australia to make Taiwan pledge, will they agree?", South China Morning Post, July 15, 2025

<sup>54</sup> "What is Pentagon calculating by using Taiwan question to hold allies hostage?: Global Times editorial", Global Times, July 13, 2025

<sup>55</sup> Ibid.

<sup>56</sup> "Taiwan debuts US-made Abrams tanks during live-fire drills as PLA flexes muscles", South China Morning Post, July 11, 2025

<sup>57</sup> Ibid.

<sup>58</sup> "US Blocked Taiwan President From NY Stopover After China Intervened: Report", Newsweek, July 28, 2025

<sup>59</sup> "Why Trump's 14-nation tariff package puts China on edge and pressures Southeast Asia", South China Morning Post, July 10, 2025



importance of Beijing further cutting back its holdings of US government debt.<sup>60</sup> The Chinese government was urged to pursue a more balanced allocation of foreign exchange reserves by increasing investments in non-USD assets, including financial instruments of Asian trading partners and resources such as gold, energy, and food.<sup>61</sup>

#### IV. China-European Union Relations

On July 24, 2025, President Xi met the President of the European Commission, Ursula von der Leyen, and the President of the European Council, Antonio Costa, in Beijing. The two sides marked 50 years of China-EU diplomatic relations and also held the 25<sup>th</sup> China-EU Summit.<sup>62</sup> Amidst a complex international situation, President Xi urged Europe to keep the trade and investment markets open and refrain from using economic and trade tools that restrict trade.<sup>63</sup> He noted that challenges facing Europe do not come from China and urged Brussels to “properly handle differences and frictions”.<sup>64</sup> Major issues discussed by President Xi included opposing decoupling, strengthening green and digital partnership, jointly addressing global challenges such as climate change, promoting cooperation on AI, and advancing an equal and orderly multipolar world, along with inclusive economic globalisation.<sup>65</sup>

President of the European Commission, Ursula von der Leyen, raised Europe’s concerns about China’s industrial overcapacity, lack of market access to European companies, and geopolitical issues such as Ukraine.<sup>66</sup> Following her visit to Beijing, Von der Leyen informed that China is looking into the overcapacity issue and that Beijing expressed a willingness to support more consumption.<sup>67</sup> However, from chemicals to pharmaceuticals and

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<sup>60</sup> “China optimizes foreign exchange reserve structure”, People’s Daily, July 21, 2025

<sup>61</sup> Ibid.

<sup>62</sup> “Xi Focus: Xi calls on China, EU to provide more stability, certainty for world through steady, sound bilateral relations”, Xinhua, July 24, 2025

<sup>63</sup> “EU-China ties at ‘inflection point’, von der Leyen says after tense Beijing summit”, Reuters, July 24, 2025

<sup>64</sup> Ibid.

<sup>65</sup> “Xi Focus: Xi calls on China, EU to provide more stability, certainty for world through steady, sound bilateral relations”, Xinhua, July 24, 2025

<sup>66</sup> Ibid.

<sup>67</sup> Ibid.



biotechnology, the EU continues to pursue a de-risking trade policy regarding China.<sup>68</sup>

A trade agreement was reached between the US and the EU on July 27, 2025, under which the US agreed to lower tariffs on imports from the EU countries to 15 percent, while the EU agreed not to impose any additional tariffs on imports from the US.<sup>69</sup> Reacting to this, a China Daily report shed light on the "unsustainable" and "lopsided" nature of the US-EU trade deal, asserting that the asymmetric 15 percent tariff represents a defeat for the European Union.<sup>70</sup> According to Chinese analysts, Europe has become a much less serious global player due to the lack of strategic clarity on trade and economic issues and pandering to the US.<sup>71</sup>

Earlier, the Director of China's Central Commission for Foreign Affairs, Wang Yi, during his visit to Europe, held a high-level strategic dialogue with the EU's Foreign and Security Policy Chief, Kaja Kallas. The meeting revealed differences between the two sides on issues such as China's support for Russia's war in Ukraine and Europe's concerns about China's industrial overcapacity.<sup>72</sup> According to reports, Director Wang Yi told the EU leaders that China does not want to see Russia defeated in Ukraine, as it fears that the US will turn its full attention to China if Russia is defeated.<sup>73</sup> Wang Yi also visited Germany and France, where he deepened China's relations with the two countries and committed to promoting multilateralism.<sup>74</sup>

## V. China-Russia Relations

Continuing the deepening trend of China-Russia strategic partnership, the Director Wang Yi and Russia's Foreign Minister, Sergei Lavrov, met in Beijing on

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<sup>68</sup> "EU boosts China de-risking efforts with plans to regain control of key sectors", South China Morning Post, July 10, 2025

<sup>69</sup> "Fact Sheet: President Donald J. Trump Further Modifies the Reciprocal Tariff Rates", The White House, July 31, 2025

<sup>70</sup> "EU-US deal triggers concerns in Europe", China Daily, July 29, 2025

<sup>71</sup> "After Nato chaos, 'irrelevant' Europe shambles towards China summit", South China Morning Post, June 29, 2025

<sup>72</sup> "Wang Yi's Brussels visit lays bare EU-China rifts on Ukraine, trade", South China Morning Post, July 3, 2025

<sup>73</sup> "Exclusive | China tells EU it does not want to see Russia lose its war in Ukraine: sources", South China Morning Post, July 4, 2025

<sup>74</sup> "China, France agree to promote multilateralism, bring more certainty to world", People's Daily, July 5, 2025

the margins of the SCO Foreign Ministers meeting.<sup>75</sup> In his remarks, Wang Yi reaffirmed Beijing's commitment to its relationship with Russia, describing the bilateral relationship as stable and mature.<sup>76</sup> He expressed China's intent to strengthen strategic coordination, promote multilateralism, enhance cooperation, and strengthen solidarity throughout the Global South by working with Russia within the SCO framework.<sup>77</sup> Other major issues discussed in the meeting included marking the 80<sup>th</sup> anniversary of the Chinese People's War of Resistance against Japanese Aggression and promoting a correct historical narrative of World War II.<sup>78</sup>

In line with this, on July 07, 2025, a ceremony was held in Beijing to mark the 88th anniversary of the beginning of Chinese resistance against Japanese aggression.<sup>79</sup>

## VI. SCO Foreign Ministers' Meeting

China hosted the Shanghai Cooperation Organisation (SCO) Foreign Ministers' meeting in Tianjin on July 12, 2025. In his address at this meeting, Director Wang Yi railed against a hegemonic mindset, power politics, and protectionism, and urged the SCO to push for reforms in global governance that would promote an "equal and orderly multipolar world".<sup>80</sup> He noted that the "three evils" of terrorism, separatism, and extremism continues to cause chaos in Eurasia; however, the statement issued at the SCO meeting did not reference the Pakistan-linked Islamist terror attack in India's Union Territory of Jammu and Kashmir (Pahalgam).<sup>81</sup>

## VII. BRICS Summit

Chinese Premier Li Qiang attended the 17<sup>th</sup> BRICS Summit held in Rio de Janeiro, Brazil, on July 06, 2025. In his remarks, Premier Li expressed concerns about power politics and bullying, urging BRICS member states to maintain their independence, act responsibly, and advance global governance reforms that

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<sup>75</sup> "Wang Yi Meets with Russian Foreign Minister Sergei Lavrov", MFA China, July 13, 2025

<sup>76</sup> Ibid.

<sup>77</sup> Ibid.

<sup>78</sup> Ibid.

<sup>79</sup> "China marks 88th anniversary of whole-nation resistance against Japanese aggression", People's Daily, July 7, 2025

<sup>80</sup> "Chinese Foreign Minister Wang Yi urges SCO to work for more 'equal and orderly' world", South China Morning Post, July 16, 2025

<sup>81</sup> Ibid.

would benefit the "Global South".<sup>82</sup> He outlined the challenges facing the multilateral trading system and urged the BRICS countries to promote an open and fair international economic order.<sup>83</sup> Major issues discussed by Premier Li included upholding justice, safeguarding world peace and tranquility, jointly driving economic growth, and promoting mutual learning among civilisations.<sup>84</sup>

Reacting to this, Chinese state media described the BRICS family under its expanded "11+10" format (11 member countries and 10 partner countries) as a "vanguard of the Global South" that is attempting to provide answers to global changes unseen in a century.<sup>85</sup> On the other hand, US President Donald Trump threatened to impose an "additional 10 percent tariff on countries aligning with the anti-American policies of BRICS". According to analysts, BRICS has demonstrated unity in rejecting the coercive economic and trade policies of the US. However, it remains to be seen if the group can become a true institution of global power or remain merely a fractured mirror of divergent interests.<sup>86</sup>

## VIII. China-ASEAN Foreign Ministers' Meeting

On July 10, 2025, the Director of China's Central Commission for Foreign Affairs, Wang Yi, addressed the China-ASEAN Foreign Ministers' Meeting in Kuala Lumpur, Malaysia. He reaffirmed China's intent to deepen relations with ASEAN, adhering to the principles of good neighbourliness, stability, and prosperity, and promoting the Asian values of peace, cooperation, and openness.<sup>87</sup> Major issues discussed by Wang Yi included the elevation of bilateral relations with Vietnam, Malaysia, and Cambodia to a higher level, the completion of negotiations on the China-ASEAN free trade area version 3.0, the completion of the third reading of the draft Code of Conduct in the South China Sea, and enhancing people-to-people exchanges.<sup>88</sup>

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<sup>82</sup> "Remarks by Chinese Premier Li Qiang at the session on peace and security and global governance reform of the XVII BRICS Summit", [MFA China](#), July 7, 2025

<sup>83</sup> Ibid.

<sup>84</sup> Ibid.

<sup>85</sup> "Why the cooperative spirit of 'greater BRICS' resonates worldwide: Global Times editorial", [Global Times](#), July 6, 2025

<sup>86</sup> "Opinion | For Brics, it's a big leap from talk shop to institution of power", [South China Morning Post](#), July 15, 2025

<sup>87</sup> "Wang Yi highlights achievements of mutually beneficial cooperation between China, ASEAN", [People's Daily](#), July 11, 2025

<sup>88</sup> Ibid.

## Internal Developments

### Key Developments and Addresses by Chinese Leaders

Beijing will hold the 20th CPC Central Committee's fourth plenary session in October 2025, the Party's Political Bureau announced on July 30, 2025. At the fourth plenary session, the Party will study proposals for formulating the 15<sup>th</sup> Five-Year Plan (2026-30) for national economic and social development.<sup>89</sup> The political bureau pledged to support China's economic growth, which continues to face various risks and challenges, by managing disorderly competition and beefing up capacity cuts in industries in the second half of 2025.<sup>90</sup>

The Communist Party of China (CPC) marked its 104<sup>th</sup> founding anniversary on July 01, 2025. As the CPC's General Secretary, Xi Jinping sent greetings to Party members across the country, emphasising the importance of advancing rigorous self-governance, fostering good conduct within the Party, deepening the anti-corruption drive, and advancing China's modernisation.<sup>91</sup>

As part of China's Global Civilisation Initiative (GCI), the Global Civilisations Dialogue Ministerial Meeting was held in Beijing on July 10-11, 2025. As global transformations unfold, Chinese state media stressed that GCI is more than just an abstract concept; rather, it is a policy initiative that seeks to find common ground and reduce confrontation among nations.<sup>92</sup> Further, a Xinhua commentary emphasised the importance of "Confucianism", especially the concept of "harmony but not uniformity" that promotes unity and agreement while respecting differences and diversity.<sup>93</sup>

An article by President Xi on high-standard opening-up was published in the CPC Central Committee's flagship magazine, the Qiushi Journal, on July 16, 2025.<sup>94</sup> Xi maintained that China is committed to promoting economic

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<sup>89</sup> "China Focus: 20th CPC Central Committee to hold fourth plenary session in October", Xinhua, July 30, 2025

<sup>90</sup> "China's leaders vow support for economy, crackdown on disorderly competition", Reuters, July 30, 2025

<sup>91</sup> "Xi stresses advancing full, rigorous Party self-governance through forging good conduct", People's Daily, July 1, 2025

<sup>92</sup> "Why is this dialogue among civilizations particularly valuable at the moment?: Global Times editorial", Global Times, July 10, 2025

<sup>93</sup> "Xinhua Commentary: Wisdom of Confucianism valued in a turbulent world", Xinhua, July 10, 2025

<sup>94</sup> "Xi's article on unswervingly advancing high-standard opening-up to be published", People's Daily, July 15, 2025

globalisation, trade and investment liberalisation, and opposes protectionism, unilateral sanctions, and maximum pressure tactics.<sup>95</sup>

As part of his inspection tour of the Tibet (Xizang) Autonomous Region, Chinese Premier Li Qiang stressed the importance of preserving the environment, implementing major national projects in a high-quality manner, and developing industries tailored to local conditions.

## Trade and Economy

During the second quarter of 2025, China's GDP grew by 5.2 percent year-on-year, while the country's overall economic growth in the first half of the year stood at 5.3 percent.<sup>96</sup> While President Trump's tariffs dented China's exports to the US, Beijing increased trade with other regions of the world and also reportedly transhipped products to the US through third countries.<sup>97</sup> This led to an increase of 5.3 percent in China's exports year-on-year in the first six months of 2025.<sup>98</sup> Reacting to this, China's National Bureau of Statistics described the country's second-quarter economic growth as a "hard-won achievement", following sharp changes in the international environment and an increase in external pressure (US tariffs).<sup>99</sup>

However, analysts noted that the growth rate of China's economy of 5.2 percent is "inflation-adjusted", and in nominal terms, the economy grew by 3.9 percent in the second quarter, the slowest pace since 2022.<sup>100</sup> Adding that there is an illusion of higher growth due to "deflation", which appears to be a chronic rather than a short-term phenomenon in China.<sup>101</sup>

Chinese Vice Premier He Lifeng addressed the opening ceremony of the China International Supply Chain Expo (CISCE) held in Beijing. In his remarks, Vice

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<sup>95</sup> Ibid.

<sup>96</sup> "Xinhua Headlines: China's GDP expands 5.3 pct year on year in H1 amid challenges", [Xinhua](#), July 15, 2025

<sup>97</sup> "China's Bad 'Good' Economic Quarter", [The Wall Street Journal](#), July 15, 2025

<sup>98</sup> Ibid.

<sup>99</sup> "Xinhua Headlines: China's GDP expands 5.3 pct year on year in H1 amid challenges", [Xinhua](#), July 15, 2025

<sup>100</sup> "China's Bad 'Good' Economic Quarter", [The Wall Street Journal](#), July 15, 2025

<sup>101</sup> Ibid.

Premier He Lifeng underscored the importance of free trade and warned that Western reshoring of manufacturing threatens global supply chains.<sup>102</sup>

Among other major developments, to address a deepening demographic crisis, China unveiled a national childcare subsidy scheme that will provide up to CNY 10,800 (USD 1,505) per child under three.<sup>103</sup>

## Defence and Security

China-Philippines tensions continued. On July 21, 2025, US Defence Secretary Pete Hegseth met Philippine President Ferdinand Marcos Jr. in Washington, D.C., wherein the two leaders discussed shared security concerns in the Asia-Pacific region and reaffirmed their commitment to the bilateral mutual defence treaty. Secretary Hegseth informed that the US is deploying new cutting-edge missiles and unmanned systems (drones) in the Philippines to create a “strong shield of real deterrence” against growing Chinese influence in the region.<sup>104</sup> Reacting to this, Chinese analysts cautioned that the deployment of more US missiles and drones would make the Philippines a forward operating platform for the US and a flashpoint for a potential conflict between Beijing and Manila.<sup>105</sup>

The Philippines' Defence Secretary criticised China's willingness to sign the Protocol to the Treaty on the Southeast Asia Nuclear Weapon-Free Zone as a symbolic gesture and urged Beijing to pursue de-nuclearisation to show its sincerity.<sup>106</sup> Reacting sharply, the Chinese Ministry of National Defence urged the Philippines to refrain from making groundless accusations against China's efforts to maintain regional peace.<sup>107</sup> It also reminded Manila that China is committed to the principle of no-first-use of nuclear weapons.<sup>108</sup>

A former senior officer of the US Pacific Command reportedly stated that China's aircraft carrier exercises and naval vessels sailing beyond the Second Island Chain constitute “gunboat diplomacy” intended to deter the US, Japan, and

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<sup>102</sup> “Free trade ‘essential’: China's He Lifeng warns Western reshoring threatens supply chains”, South China Morning Post, July 18, 2025

<sup>103</sup> “China launches first national childcare subsidies in bid to tackle demographic crisis”, South China Morning Post, July 28, 2025

<sup>104</sup> “Will more US missiles in Philippines deter or provoke South China Sea conflict?”, South China Morning Post, July 23, 2025

<sup>105</sup> Ibid.

<sup>106</sup> “Regular Press Briefing of the Ministry of National Defence on July 14, 2025”, MND PRC, July 25, 2025

<sup>107</sup> Ibid.

<sup>108</sup> Ibid.

Taiwan. In response, Beijing urged the US not to perceive China through its own "hegemonic mindset" and to stop misinterpreting the PLA's legitimate actions.<sup>109</sup>

## Technology

On July 24, 2025, the US unveiled its comprehensive AI strategy aimed at winning the global AI race. The US is seeking to establish itself as an "AI export powerhouse" while maintaining "necessary protections for national security".<sup>110</sup> Reacting to this, analysts stressed that the US intends to tighten export controls on its chipmaking tools and curb the global spread of Chinese AI models.<sup>111</sup> This would further intensify high-technology competition between Washington and Beijing, leaving China with little choice but to double down on self-reliance.<sup>112</sup>

Meanwhile, Jensen Huang, Nvidia's co-founder and CEO, attended the China International Supply Chain Expo (CISCE) and praised China's progress in open-source artificial intelligence. In light of this, analysts shed light on the pivotal role of Jensen Huang and Nvidia in stabilising US-China relations.<sup>113</sup>

During his remarks at the World Artificial Intelligence Conference (WAIC) held in Shanghai on July 26, 2025, Chinese Premier Li Qiang called for the establishment of an international centre to coordinate global cooperation in artificial intelligence so that AI does not become an "exclusive game" for a select few developed countries.<sup>114</sup>

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<sup>109</sup> "Regular Press Conference of the Ministry of National Defence on June 26, 2025", MND PRC, July 8, 2025

<sup>110</sup> "China's quest for AI self-reliance undeterred by Trump's new action plan", South China Morning Post, July 24, 2025

<sup>111</sup> Ibid.

<sup>112</sup> Ibid.

<sup>113</sup> "Tech Titan lauds China's AI efforts", SCMP China Future Tech Newsletter, July 19, 2025

<sup>114</sup> "China calls for global AI centre to avoid dominance of select few as US rivalry deepens", South China Morning Post, July 26, 2025





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