



Delhi Policy Group

Advancing India's Rise as a Leading Power

CHINA MONITOR

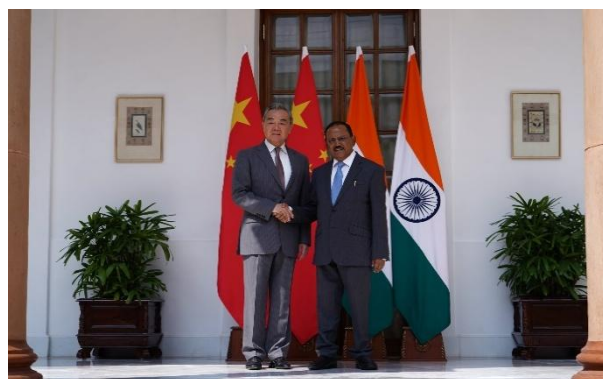
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ABOUT US

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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:

India's National Security Advisor Ajit Doval and China's Foreign Minister Wang Yi met in New Delhi on August 19, 2025. Source: [Official X Handle/Lin Jian MFA PRC Spokesperson](#)

Group photo of President Xi Jinping with leaders of the SCO member-states at its Summit held in Tianjin on September 1, 2025. Source: [Official X Handle/Mao Ning MFA PRC Spokesperson](#)

Chinese President Xi Jinping, Russian President Vladimir Putin, and India's Prime Minister Narendra Modi exchanged views on the margins of the SCO Summit in Tianjin on August 31, 2025. Source: [Official X Handle/Narendra Modi](#)

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Abstract

Continuing the high-level engagement between China and India, Chinese President Xi Jinping and India's Prime Minister Narendra Modi held a bilateral meeting on the margins of the Shanghai Cooperation Organisation (SCO) Summit in Tianjin on August 31, 2025. Both leaders welcomed "positive momentum" and "steady progress" in bilateral relations since their meeting in Kazan in October 2024. It was noted that the two countries were development partners, not rivals, and that their differences should not escalate into disputes.

Earlier, Wang Yi, the Director of China's Central Commission for Foreign Affairs, visited India on August 18-19, 2025, and held meetings with National Security Advisor Ajit Doval, and External Affairs Minister Dr. S. Jaishankar. He also called on PM Narendra Modi. On August 19, 2025, NSA Ajit Doval and Director Wang Yi co-chaired the 24th round of the Special Representatives' (SR) dialogue on the Boundary Question between India and China. They noted that since the 23rd round of SR Talks, peace and tranquillity has been maintained in the border areas, which was essential to promote the overall development of India-China relations.

Analysts noted that the challenges posed by the trade war with the US are leading to rapprochement between China and India. Chinese state media highlighted the extensive shared interests between Beijing and New Delhi, and described PM Modi's visit to China to attend the SCO Summit as a globally significant event that could usher in a new era of "the dragon and the elephant dancing together".

President Trump signed an executive order on August 11, 2025, extending the tariff truce with China for 90 days, citing Beijing's "significant steps" toward remedying non-reciprocal trade arrangements and addressing US economic and national security concerns. Although China and the US have extended their tariff truce, analysts believe that their trade friction will persist, with neither side able to definitively impose its will on the other.

On August 7, 2025, the US's 15 per cent tariff rate took effect on imports from the European Union. As part of the US-EU trade deal, Europe has promised to eliminate tariffs on the import of American industrial goods. Reacting to this, Chinese state media warned that the EU's trade deal with the US is an "unconditional compromise" that is likely to undermine Europe's pursuit of "strategic autonomy". It added that to achieve strategic autonomy, Europe must

demonstrate political courage and decisiveness, while bearing the short-term risks of confrontation with the US.

Following the US-Russia Summit held in Anchorage, Alaska, on August 15, 2025, reports indicated that President Trump had informed Ukraine's President Volodymyr Zelenskyy that to end the war with Russia, Kyiv would have to give up its NATO membership ambitions and aspirations to retake Crimea. In light of this, Chinese analysts asserted that the "Ukraine crisis has taught Europe a lesson in realpolitik", emphasising that this situation stems from NATO's "America-centric" nature, Cold War thinking, and attempts at eastward expansion.

President Xi addressed the Shanghai Cooperation Organisation (SCO) Summit held in Tianjin on September 1, 2025. In his remarks, Xi urged SCO member-states to adhere to the "Shanghai Spirit" of mutual trust, mutual benefit, equality, consultation, respect for the diversity of civilisations, and pursue common development. He emphasised that the SCO should become a proactive force for world peace and development by "opposing hegemonism" and power politics. Analysts noted that President Xi presented a vision for a new global economic and security order at the SCO Summit, prioritising the interests of the "Global South", in direct opposition to the US-led system.

Tensions in the South China Sea between China and the Philippines continued. Philippine President Ferdinand Marcos Jr. stated in a media interview that Manila cannot remain neutral in the confrontation over Taiwan between China and the US, given its geographical location and the large number of Filipinos working in Taiwan. Reacting sharply, on August 8, 2025, China warned the Philippines that its "close geographical location" and "large number of Filipinos in Taiwan" should not be used as pretexts to interfere in China's internal affairs, harming regional peace and stability.

In commemoration of China's 80th anniversary of victory in the War of Resistance against Japanese Aggression and the World Anti-Fascist War, the PLA will hold a parade in Beijing on September 3, 2025. This parade will feature some of China's most advanced strategic systems, and the PLA intends to convey to the world the importance of maintaining an accurate historical perspective of World War II, safeguarding the post-war international order, and ensuring international fairness and justice.

President Xi visited the Tibet (Xizang) Autonomous Region on August 20, 2025, marking 60 years of Chinese rule over the region. In his remarks, Xi reiterated the

need to build a new, modern socialist Tibet by ensuring stability, facilitating development, protecting the environment, and strengthening frontiers (border defence).

Foreign and Security Policy

I. China-India Relations

Continuing the high-level engagement between China and India, Chinese President Xi Jinping and India's Prime Minister Narendra Modi held a bilateral meeting on the margins of the Shanghai Cooperation Organisation (SCO) Summit in Tianjin on August 31, 2025. Both leaders welcomed "positive momentum" and "steady progress" in China-India bilateral relations since their meeting in Kazan in October 2024.¹ It was noted that the two countries were development partners, not rivals, and that their differences should not escalate into disputes.² PM Modi reiterated the importance of mutual respect, mutual interest, and mutual sensitivity in bilateral relations, as well as for a multipolar world and a multipolar Asia.³ Major issues discussed by him included the importance of peace and tranquillity in border areas, pursuing a fair, reasonable, and mutually acceptable resolution of the boundary question, strengthening people-to-people ties, stabilising world trade, expanding bilateral trade and investment ties while reducing trade deficit, pursuing strategic autonomy, and expanding common ground on issues such as terrorism and fair trade in multilateral platforms.⁴

President Xi, on his part, reiterated that "cooperative pas de deux of the dragon and the elephant" is the right choice for China and India to develop their relations.⁵ Major issues discussed by him included deepening mutual trust, maintaining peace and tranquillity in border regions and not allowing the boundary question to define overall China-India relations, promoting a multipolar world, and strengthening multilateral coordination to safeguard shared interests.⁶

Earlier, Wang Yi, the Director of China's Central Commission for Foreign Affairs and Foreign Minister, visited India on August 18-19, 2025, and held meetings with Prime Minister Narendra Modi, National Security Advisor Ajit Doval, and External Affairs Minister Dr. S. Jaishankar. On August 19, 2025, NSA Ajit Doval and Director Wang Yi co-chaired the 24th round of the Special Representatives' (SR)

¹ "Prime Minister's bilateral meeting with Chinese President Xi Jinping", PMO India (PIB Website), August 31, 2025

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ "(SCO Tianjin Summit) Xi, Modi agree China, India are partners instead of rivals", Xinhua, August 31, 2025

⁶ Ibid.

dialogue on the Boundary Question between India and China.⁷ Both sides discussed positively the progress made in the implementation of the leader-level consensus reached in Kazan in October 2024.⁸ They noted that since the 23rd round of SR Talks, peace and tranquillity has been maintained in the border areas, and reiterated the need to maintain peace and tranquillity to promote the overall development of India-China relations.⁹

The SRs agreed to take a political perspective of overall bilateral relations while seeking a fair, reasonable, and mutually acceptable framework for the settlement of the boundary question in accordance with the Agreement on Political Parameters and Guiding Principles for Settlement of the India-China Boundary Question (2005).¹⁰ Both sides agreed to establish an expert group under the WMCC framework to explore early harvest in boundary delimitation and also agreed to set up a working group under the WMCC to advance effective border management.¹¹ Major issues discussed included the creation of a General-Level mechanism in the Eastern and Middle sectors of the LAC, in addition to the existing General-Level mechanism in the Western sector, and utilising border management mechanisms at diplomatic and military levels to advance the process of border management and discuss de-escalation.¹²

During a meeting between India's External Affairs Minister, Dr. S. Jaishankar, and Director Wang Yi on August 18, 2025, the two sides agreed to promote a stable, cooperative, and forward-looking relationship that would benefit both countries in their pursuit of modernisation.¹³ Major issues discussed in the meeting included India's support to China's Shanghai Cooperation Organisation (SCO) Presidency, resuming direct flight connectivity, facilitating visas to tourists, businesses, and media, expanding the scale of Indian pilgrimage to Mount Kailash (Gang Renpoche) and Lake Manasarovar (Mapam Yun Tso) in Tibet, expanding trans-border river cooperation, reopening border trade through three designated border points, upholding multilateral trading system with WTO at its core and promoting a multipolar world that safeguards interests of the Global South.¹⁴

⁷ "Visit of China's Foreign Minister and Special Representative on the India-China boundary question", [MEA India](#), August 19, 2025

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

On his part, Director Wang Yi noted a "positive trend" in China-India relations and urged both countries to adopt a correct strategic perception of each other, view each other as partners rather than rivals, and invest resources in development.¹⁵ He called for exploring the best way to cooperate as neighbouring countries by adhering to the principles of mutual respect, peaceful coexistence, and win-win cooperation.¹⁶ A readout of this meeting issued by the Chinese Ministry of Foreign Affairs claimed that EAM Dr. S. Jaishankar told Wang Yi that India considers Taiwan to be a part of China (One-China policy).¹⁷

However, India's Ministry of External Affairs clarified that New Delhi's position on Taiwan remains unchanged, and the relationship is centred on collaboration in economics, technology, and culture.¹⁸ Reacting to this, on August 21, 2025, China expressed "surprise" over India's clarification, asserting that New Delhi's claims are "inconsistent with facts" and that people in India are seeking to undermine China's sovereignty on the issue of Taiwan. It called upon India to abide by the One-China principle and promote the steady development of bilateral relations.¹⁹

An editorial by the South China Morning Post noted that the challenges posed by the trade war with the US are leading to rapprochement between China and India.²⁰ Chinese state media shed light on the extensive shared interests between China and India and described Prime Minister Modi's visit to Tianjin to attend the SCO Summit as a globally significant event that could usher in a new era of "the dragon and the elephant dancing together".²¹ A Global Times editorial rejected the Western interpretation of PM Modi's visit to China as an attempt to "hedge against" the US, stressing that defending free trade and countering unilateral tariffs are two issues most countries agree on.²² According to analysts, if Beijing and New Delhi set shared goals and manage challenges wisely, this could reshape Asia's future.²³

¹⁵ "Wang Yi Holds Talks with Indian External Affairs Minister Subrahmanyam Jaishankar", MFA PRC, August 19, 2025

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ "China expresses 'surprise' over clarification on Jaishankar's comments on Taiwan", The Economic Times, August 21, 2025

¹⁹ Ibid.

²⁰ "Editorial | China-India ties are warming rapidly in the heat of US trade war", South China Morning Post, August 21, 2025

²¹ "Why news of Modi's visit to China draws global attention: Global Times editorial", Global Times, August 7, 2025

²² Ibid.

²³ Ibid.

On the other hand, on August 4, 2025, amidst continuing tensions between China and the Philippines, India and the Philippines jointly held their first maritime cooperation activity in the disputed South China Sea.²⁴ Further, during his state visit to India, Philippine President Ferdinand Marcos Jr. stated in a media interview that Manila cannot stay out of confrontation over Taiwan between China and the US due to its geographical location and the large number of Filipinos working in Taiwan.²⁵ Reacting sharply, on August 8, 2025, China warned the Philippines that its "close geographical location" and "large number of Filipinos in Taiwan" should not be used as pretexts to interfere in China's internal affairs, harming regional peace and stability.²⁶

In a move that is likely to widen the trade war between the US and India, President Trump signed an executive order on August 27, 2025, imposing an additional 25 percent tariff on India as a penalty for its purchase of Russian oil.²⁷ In light of this, while speaking at a think tank event in New Delhi, China's Ambassador to India, Xu Feihong, expressed concern about the US's "bullying" behaviour and encouraged China and India to enhance their mutual strategic trust and deal with US tariffs.²⁸ According to reports, on August 21, 2025, India's goods exports to China increased by 20 percent year-on-year to USD 5.76 billion in the first four months of the financial year 2026, demonstrating an improvement in India's trade performance with China.²⁹ The India-China relationship appears to be improving, but analysts stressed that New Delhi must pursue self-reliance and reduce import dependency, since India's widening trade deficit with China is likely to be a significant headache.³⁰

Chinese analysts urged the PLA to remain vigilant against India's efforts to strengthen its infrastructure in the disputed border region of Ladakh. This warning came in the backdrop of reports that the Indian military is upgrading the Darbuk-Shyok-Daulat Beg Oldie (DSDBO) Road, which provides India with land

²⁴ "Beijing 'on high alert' for South China Sea disruption after Philippine-India patrol: PLA", South China Morning Post, August 5, 2025

²⁵ "Chinese FM and Embassy lodge serious protests over Philippine President's comment on Taiwan", People's Daily, August 8, 2025

²⁶ Ibid.

²⁷ "Fact Sheet: President Donald J. Trump Addresses Threats to the United States by the Government of the Russian Federation", The White House, August 6, 2025

²⁸ "US behaving like a bully; China will firmly stand with India: Xu", The Economic Times, August 22, 2025

²⁹ "Goods exports to China rise 20% to \$5.8 billion during April-July", The Economic Times, August 21, 2025

³⁰ "China's easing of export curbs useful, but self-reliance India's only shield amid trade deficit: GTRI", The Economic Times, August 20, 2025

access to the Galwan Valley, to accommodate tanks and long-range missiles.³¹ Meanwhile, China is set to start the construction of the strategic Xinjiang-Tibet railway line along the LAC near Ladakh.³²

II. China-South Asia Relations

Geopolitical turmoil has once again engulfed South Asia. There have been increased diplomatic and military engagements between China, Pakistan, and Bangladesh over the past few weeks. Beijing is also attempting to extend its influence in Afghanistan through trilateral dialogues and economic projects.³³ The diplomatic exchanges that might appear routine at first glance are actually part of a deeper process of recalibration. There is a growing alignment between China and Pakistan that aims to bring Dhaka closer to them and to bind Kabul to their economic and security frameworks.³⁴ For India, this is both concerning and a warning sign.

A flurry of activity in South Asia suggests one direction: a bloc tilting towards China, with Pakistan serving as a bridge, and Bangladesh and Afghanistan being drawn closer together.³⁵ For India, the timing is particularly sensitive. The Lipulekh issue has also been revived by Nepal, indicating that the northern and eastern peripheries of India are being tested simultaneously.³⁶

Wang Yi, the Director of China's Central Commission for Foreign Affairs, visited Islamabad on August 21, 2025, and held a meeting with his Pakistani counterpart Mohammad Ishaq Dar. The two countries pledged to deepen their "all-weather strategic cooperative partnership" with China promising to support Pakistan in supporting its sovereignty and territorial integrity, countering terrorism, accelerating development, and playing a greater role in international and regional affairs.³⁷

³¹ "China urged to keep eye on border as India upgrades road to move tanks and missiles", South China Morning Post, August 9, 2025

³² "China's Xinjiang-Tibet railway line all set to Chug Along", The Economic Times, August 11, 2025

³³ "China's playbook in India's backyard: How Pakistan, Bangladesh and Afghanistan are being roped into Beijing's designs", Moneycontrol, August 23, 2025

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ "Wang Yi Holds China-Pakistan Foreign Ministers' Strategic Dialogue with Pakistani Deputy Prime Minister and Foreign Minister Mohammad Ishaq Dar", MFA PRC, August 21, 2025

Nepal objected on August 20, 2025, to the announcement that China and India would reopen border trade through the Lipulekh Pass. In an official statement, the Government of Nepal said it was “clear that the official map of Nepal, as incorporated in the Constitution of Nepal, includes Limpiyadhura, Lipulekh, and Kalapani – located east of the Mahakali River – as integral parts of Nepal”.³⁸ “It is well known that the Government of Nepal has been consistently urging the Government of India not to carry out any activities such as road construction/expansion or border trade in the said area. The Government of Nepal has also apprised China, that this area is part of Nepali territory”, the statement said.³⁹

According to former Indian Army Chief General M. M. Naravane, Nepal's protest against the construction of the Indian road in Uttarakhand up to the Lipulekh pass on the Chinese border was at “someone else's behest”.⁴⁰ The statement was interpreted as Nepal acting as a proxy for China at a time when tensions between the Chinese People's Liberation Army (PLA) and the Indian Army at Ladakh spiked sharply.

The spokesperson for India's Ministry of External Affairs, Randhir Jaiswal, stated in an official statement that India has been trading with China through the Lipulekh Pass since 1954. The Indian government is eager to engage with Nepal in a “constructive interaction” through dialogue and diplomacy to address the “boundary issues”.⁴¹ India has expressed strong disapproval of Nepal's statements regarding the resumption of trade between India and China via the Lipulekh Pass, asserting that Kathmandu's territorial claims over the route are “untenable”, lack justification, and are not supported by historical facts and evidence.⁴²

III. China-United States Relations

President Trump signed an executive order on August 11, 2025, extending the tariff truce with China for 90 days, citing Beijing's “significant steps” toward remedying non-reciprocal trade arrangements and addressing US economic and national

³⁸ “With Nepal's objection, recalling significance of Lipulekh for India, and the China angle”, The Indian Express, August 21, 2025

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ “MEA Condemns Nepal's Remarks On India-China Trade Via Lipulekh Pass”, ZEE News, August 21, 2025

⁴² Ibid.

security concerns.⁴³ Later, China's International Trade Representative Li Chenggang visited Washington, D.C. from August 27-29, 2025, and held meetings with officials from the US Department of the Treasury, Commerce, and USTR.⁴⁴ According to a Xinhua report, the two sides discussed the implementation of the agreement reached at their trade and economic dialogue, with the Chinese side reaffirming the importance of mutual respect, peaceful coexistence, and win-win cooperation.⁴⁵ Reacting to these developments, China's state media welcomed the 90-day tariff truce, stating that the US and China are managing differences while expanding their cooperation in an equal, pragmatic, and constructive manner.⁴⁶

Notwithstanding, on August 25, 2025, President Trump warned China that if it failed to ensure the supply of rare earth magnets to the US, Beijing would be subject to a 200 percent tariff.⁴⁷ Moreover, President Trump announced that the US would be imposing a 100 percent tariff on semiconductor chip imports.⁴⁸ Although Beijing and Washington have extended their trade truce, analysts believe their trade friction will persist, with neither side able to definitively impose its will on the other. Adding that, the two sides are likely to behave rationally, prioritising mutual gains from trade, since each has some chokehold on the other in the form of chips and rare earth minerals.⁴⁹

According to Xinhua commentary, the US's use of coercive measures, such as tariffs, to extract money from allies and rivals alike, will marginalise the US in global trade.⁵⁰ It was noted that the trade war waged by the Trump administration is pushing the 'BRICS' nations closer together and driving the US allies further away from Washington.⁵¹

⁴³ "Citing China's 'significant steps', Trump extends US tariff truce", South China Morning Post, August 12, 2025

⁴⁴ "China int'l trade representative holds talks with U.S. officials, business representatives", Xinhua, August 30, 2025

⁴⁵ Ibid.

⁴⁶ "Why the China-US new '90-day window period' is widely welcomed: Global Times editorial", Global Times, August 12, 2025

⁴⁷ "Trump says China must ensure rare earth magnets or face 200% tariffs", South China Morning Post, August 26, 2025

⁴⁸ "Some relief, some worry - how did the world react to Trump's new chip tariffs?", South China Morning Post, August 11, 2025

⁴⁹ "Open Questions | Jeffrey Sachs says US sabre-rattling at China can become self-fulfilling prophecy of war", South China Morning Post, August 4, 2025

⁵⁰ "Opinion: U.S. abuse of tariffs has already backfired", Xinhua, August 5, 2025

⁵¹ "Opinion | How Trump's anti-BRICS crusade is giving bloc new strength and meaning", South China Morning Post, August 14, 2025

In the face of the US's chaotic trade policy, concerns about Washington's unsustainable debt, and geopolitical tensions, China continues to advance the internationalisation of the Yuan.⁵² The People's Bank of China (PBOC) reportedly included a dedicated section in its mid-year meeting readout concerning the internationalisation of the Yuan and stressed its commitment to facilitating the use of the Yuan in international trade settlement and cross-border financing.⁵³

Amidst continuing cross-strait tensions, reports indicated that more than 500 Taiwanese soldiers participated in Northern Strike drills, held in the US state of Michigan from August 2-16, 2025. This disclosure was intended to highlight growing defence cooperation between the US and Taiwan, as well as counter the perceived distrust of the US among Taiwanese people during President Trump's second term.⁵⁴ On the other hand, the Ministry of Foreign Affairs of China rejected Taiwanese President Lai Ching-te's remarks that the Treaty of San Francisco replaced the Cairo Declaration and the Potsdam Proclamation following World War II, and that the San Francisco Treaty did not place Taiwan under Chinese (PRC) jurisdiction.⁵⁵ Beijing warned the Taiwanese leader that, regardless of what he says or does, Taiwan will remain part of China and that Lai Ching-te cannot alter the international consensus on the One-China principle.⁵⁶

Following the US-Russia Summit held in Anchorage, Alaska, President Trump announced that Washington and Moscow are discussing ways to reduce their nuclear arsenal, adding that he expected China to also join the process.⁵⁷ The Chinese government rejected the US proposal, asserting that Washington's demand that China participate in nuclear disarmament talks is neither reasonable nor realistic. Adding that China's nuclear arsenal is by no means comparable to that of the US.⁵⁸

⁵² "China eyes bigger global role for yuan as US dollar stability questioned", South China Morning Post, August 4, 2025

⁵³ Ibid.

⁵⁴ "What 500-plus Taiwanese troops in US drills says about defence ties with Washington", South China Morning Post, August 24, 2025

⁵⁵ "China reaffirms sovereignty over Taiwan, says complete reunification unstoppable", People's Daily, August 19, 2025

⁵⁶ Ibid.

⁵⁷ "China rejects Trump proposal to join US-Russia nuclear disarmament talks", South China Morning Post, August 27, 2025

⁵⁸ Ibid.

The control over the Panama Canal⁵⁹ and the US's military buildup against Venezuela (Nicolas Maduro regime) continued to be major points of friction between the US and China.⁶⁰ Among other developments, on August 17, 2025, China released an annual human rights report accusing the US of using human rights as a "bargaining chip" in global power politics.⁶¹

IV. China-European Union Relations

On August 7, 2025, the US's 15 percent tariff rate took effect on imports from the European Union.⁶² As part of the US-EU trade deal, Brussels has promised to eliminate tariffs on the import of American industrial goods. It has also committed to purchasing USD 750 billion worth of US energy products and investing an additional USD 600 billion in the US economy, while buying large amounts of US military equipment.⁶³ Reacting to this, Chinese state media warned that the EU's trade deal with the US is an "unconditional compromise" that is likely to undermine Europe's pursuit of "strategic autonomy".⁶⁴ To achieve strategic autonomy, Europe must demonstrate political courage and decisiveness, while bearing the short-term risks of confrontation with the US, it added.⁶⁵ According to analysts, the EU has been reduced to an insignificant position in the global great power competition due to its submission to the US and incoherent policies regarding China.⁶⁶

Germany's Foreign Minister Johann Wadephul, at the Germany-Japan strategic dialogue held in Tokyo on August 18, 2025, expressed concern regarding China's aggressive behaviour in the Taiwan Strait, the South China Sea, and the East China Sea.⁶⁷ China warned Foreign Minister Wadephul not to become a troublemaker in

⁵⁹ "China accuses US of using 'lies as pretext for seeking control' of Panama Canal", South China Morning Post, August 12, 2025

⁶⁰ "China warns US over military build-up as warships head towards Venezuela", South China Morning Post, August 22, 2025

⁶¹ "China report says US using human rights as 'bargaining chip' in deeply unequal society", South China Morning Post, August 18, 2025

⁶² "Unconditional compromise will only undermine the EU's strategic autonomy: Global Times editorial", Global Times, August 10, 2025

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ "Opinion | If China no longer takes Europe seriously, Brussels has itself to blame", South China Morning Post, July 30, 2025

⁶⁷ "German FM should retract his inappropriate remarks about China: Global Times editorial", Global Times, August 19, 2025

the Asia-Pacific region and stop peddling the West's outdated anti-China narrative.⁶⁸

The Taiwan question remains Beijing's major red line that must not be crossed in China's relations with the EU. However, the growing informal ties between European countries and Taiwan have raised concerns in Beijing that the EU may backslide on its commitment to the One-China policy.⁶⁹ Among other developments, as a countermeasure against the EU's sanctions on two Chinese financial institutions as part of European sanctions on Russia, China has imposed sanctions on two EU banks, UAB Urbo Bankas and AB Mano Bankas.⁷⁰

V. China-Russia Relations

Chinese President Xi Jinping and Russian President Vladimir Putin held a phone call on August 8, 2025, to discuss the ongoing crisis in Ukraine. As part of the conversation, Xi reiterated the importance of promoting peace talks to achieve a political solution to the Ukraine crisis and, to this end, he welcomed the dialogue between Russia and the US.⁷¹

Furthermore, on August 26, 2025, in Beijing, President Xi met Vyacheslav Volodin, Chairman of the Russian State Duma, the lower house of the Russian Parliament. The two sides described their relations as stable, mature, and strategically significant in a volatile and changing world.⁷² Meanwhile, continuing the deepening trend of China-Russia defence partnership, the two countries concluded the "Joint Sea 2025" exercise near Vladivostok.⁷³ China is also deepening its energy trade with Moscow despite the threat of additional US tariffs and sanctions for buying Russian oil.⁷⁴

According to reports, President Trump informed Ukraine's President Volodymyr Zelenskyy that Kyiv would have to give up its NATO membership ambitions and

⁶⁸ Ibid.

⁶⁹ "Why EU stance on Taiwan is a growing cause of concern for mainland China", South China Morning Post, August 15, 2025

⁷⁰ "China launches countermeasures against two EU financial institutions", People's Daily, August 14, 2025

⁷¹ "Xi says China will continue to promote peace talks in Ukraine crisis", People's Daily, August 9, 2025

⁷² "Xi meets Russian State Duma chairman", People's Daily, August 26, 2025

⁷³ "Chinese and Russian navies patrol the Pacific after wrapping up joint military drills", South China Morning Post, August 7, 2025

⁷⁴ "China turns up oil tap from Russia as purchases of US crude remain suspended in July", South China Morning Post, August 20, 2025

aspirations to retake Crimea following the US-Russia summit in Anchorage, Alaska, on August 15, 2025.⁷⁵ Reacting to this, Chinese state media stressed that the “Ukraine crisis has taught Europe a lesson in realpolitik”, emphasising the importance of the EU achieving strategic autonomy from the US in order to develop a sustainable security framework in Europe.⁷⁶ It maintained that the Ukraine crisis stems from NATO's "America-centric" nature, Cold War thinking, and attempts at eastward expansion.⁷⁷

VI. SCO Summit

President Xi addressed the Shanghai Cooperation Organisation (SCO) Summit hosted by China in Tianjin on September 1, 2025. In his remarks, Xi urged SCO member-states to adhere to the “Shanghai Spirit” of mutual trust, mutual benefit, equality, consultation, and respect for the diversity of civilisations, and pursue common development.⁷⁸ He emphasised that the SCO should become a proactive force for world peace and development by “opposing hegemonism” and power politics.⁷⁹ To deepen cooperation, Xi called for seeking common ground while setting differences aside, pursuing win-win cooperation in areas such as energy, infrastructure, green industry, digital economy, and AI, promoting openness, opposing a Cold-War mentality, supporting the multilateral trading system with the WTO at its core, and enhancing the SCO's efficiency.⁸⁰

At the SCO Plus meeting, President Xi presented the “Global Governance Initiative” (GGI), emphasising sovereign equality, respect for international law, multilateralism, a people-centred approach, and taking action to reform global governance.⁸¹ Analysts noted that President Xi presented a vision for a new global economic and security order at the SCO Summit, prioritising the interests of the “Global South” in direct opposition to the US-led system.⁸² The SCO Summit

⁷⁵ “Trump says Zelensky can end war ‘almost immediately’ but Crimea, Nato off limits”, South China Morning Post, August 18, 2025

⁷⁶ “The Ukraine crisis has taught Europe a lesson in realpolitik: Global Times editorial”, Global Times, August 19, 2025

⁷⁷ Ibid.

⁷⁸ “Staying True to SCO Founding Mission and Ushering in a Better Future”, MFA China, September 1, 2025

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ “Pooling the Strength of the Shanghai Cooperation Organization to Improve Global Governance”, MFA China, September 1, 2025

⁸² “China's Xi pushes a new global order, flanked by leaders of Russia and India”, Reuters, September 1, 2025

presented Russia, India, and China (RIC) with an opportunity to present an image of solidarity in the face of steep US tariffs and sanctions.⁸³

Internal Developments

Key Developments and Addresses by Chinese Leaders

President Xi visited the Tibet (Xizang) Autonomous Region on August 20, 2025, marking 60 years of Chinese rule over the contested Himalayan region.⁸⁴ In his remarks, Xi reiterated the need to build a new, modern socialist Tibet by ensuring stability, facilitating development, protecting the environment, and strengthening frontiers (border defence).⁸⁵ Major issues touched by him included strengthening ethnic unity and fostering harmony among different religions, guiding Tibetan Buddhism in adapting to socialism, promoting the Chinese language and culture in the region, developing industries tailored to local conditions, and consolidating the gains of poverty eradication.⁸⁶

On August 6, 2025, the Chinese government issued a set of new regulations aimed at reducing red tape and enhancing the efficiency of its officials. The regulations emphasised the need for officials to hold fewer meetings, give shorter speeches, file concise reports (briefs), and minimise inspections.⁸⁷

President Xi's article on the high-quality development of the country's private sector was published in the 16th issue of the CPC's flagship magazine, *Qiushi Journal*. In this article, Xi reiterated that the country's private sector must follow the Party's thought and adhere to the path of Socialism with Chinese Characteristics, to advance China's modernisation and rejuvenation.⁸⁸ Furthermore, the CPC Central Committee published a book comprising Xi's thoughts on comprehensively deepening reform to advance China's modernisation.⁸⁹

⁸³ "Xi, Putin and Modi are grinning and smiling, but at whom?", *South China Morning Post*, September 1, 2025

⁸⁴ "Xinhua Headlines-Xi Focus: Xi charts course for Xizang as region celebrates 60 years' historic progress", *Xinhua*, August 21, 2025

⁸⁵ Ibid.

⁸⁶ Ibid.

⁸⁷ "China issues rules to curb red tape", *People's Daily*, August 7, 2025

⁸⁸ "Xi's article on promoting healthy, high-quality development of private sector to be published", *Qiushi Journal*, August 15, 2025

⁸⁹ "Books of Xi's discourses on adhering to deepening reform comprehensively published", *People's Daily*, August 18, 2025

China's Hainan Free Trade Port is scheduled to launch independent customs operations on December 18, 2025. In light of this, a People's Daily commentary noted that, amidst rising protectionism in the world, Hainan FTP represents China's commitment to reform and high-level opening up.⁹⁰

Trade and Economy

Chinese Premier Li Qiang chaired a State Council plenary meeting on August 18, 2025, emphasising the importance of consolidating China's economic growth to meet the annual development goals. To this end, he called for enhancing domestic consumption, fostering new growth drivers, stabilising the property market, integrating sci-tech and industrial innovation, and promoting high-level opening up.⁹¹

The People's Bank of China (PBOC) is pursuing a loose monetary policy to maintain liquidity in the Chinese economy.⁹² As part of its efforts to keep ample liquidity in the country's banking system, the PBOC executed a CNY 700 billion reverse repo on August 8, 2025 and a CNY 500 billion reverse repo on August 15, 2025.⁹³ However, reports indicated that youth unemployment remains a major concern in China.⁹⁴

Evergrande Group, one of China's major debt-ridden property developers, was delisted from the Hong Kong Stock Exchange on August 25, 2025. This is yet another indication that China's property crisis has no end in sight.⁹⁵

A People's Daily article examined some of China's key achievements from the 14th Five-Year Plan (2021-2025) ahead of the CPC's plenary session to discuss the country's 15th Five-Year Plan. This included significant progress in low-carbon "green transition" through the adoption of new energy vehicles (NEVs) and

⁹⁰ "Hainan FTP gains momentum, underscoring China's commitment to opening up", People's Daily, August 7, 2025

⁹¹ "Chinese premier urges efforts to meet annual development goals", People's Daily, August 19, 2025

⁹² "Monetary easing to persist in near term", People's Daily, August 19, 2025

⁹³ "PBC to conduct 500b yuan of 6-month outright reverse repos to maintain liquidity", People's Daily, August 15, 2025

⁹⁴ "China's youth unemployment hits 11-month high as army of graduates joins job hunt", South China Morning Post, August 19, 2025

⁹⁵ "5 Years On, China's Property Crisis Has No End in Sight", The New York Times, August 25, 2025

renewable energy sources.⁹⁶ China's data industry is also booming, and it ranks second in the world in terms of computing power.⁹⁷

Among other developments, in July 2025, Chinese exports increased by 7.2 percent year-on-year, with shipments to Europe, Africa, and Latin America increasing, offsetting the impact of fall in shipments to the US owing to tariffs.⁹⁸

Defence and Security

In commemoration of China's 80th anniversary of victory in the War of Resistance against Japanese Aggression and the World Anti-Fascist War, the PLA will hold a parade in Beijing on September 3, 2025, which will be reviewed by President Xi.⁹⁹ This parade will feature the debut of some of China's most advanced strategic systems, and the PLA intends to convey to the world the importance of maintaining an accurate historical perspective of World War II, safeguarding the post-war international order, and ensuring international fairness and justice.¹⁰⁰

Ahead of China's 80th Victory Day against Japanese aggression, the Chinese Ministry of National Defence reiterated its concerns regarding Japan's increased defence budget and its pursuit of offensive weapons such as long-range missiles.¹⁰¹ China is concerned that Japan is returning to a path of militarism and has urged Tokyo to act prudently on military and security matters, thereby earning the trust of its Asian neighbours.¹⁰²

Tensions in the South China Sea between China and the Philippines continued. In response to a question regarding the Philippines' deepening defence cooperation with the US, Japan, Australia, and India, China's Ministry of National Defence asserted that Manila is misrepresenting facts and attempting to portray itself as the

⁹⁶ "China's social & economic gains during 14th Five-Year Plan period", People's Daily, August 15, 2025

⁹⁷ "China Dynamics: China's data industry more than doubles in market size during 2021-2025 period", People's Daily, August 15, 2025

⁹⁸ "China's exports defy trade war headwinds in July as growth surges to 7.2%", South China Morning Post, August 7, 2025

⁹⁹ "What key messages will China's V-Day military parade send to the world?: Global Times editorial", Global Times, August 20, 2025

¹⁰⁰ Ibid.

¹⁰¹ "Regular Press Briefing of the Ministry of National Defence on August 15, 2025", MND PRC, August 23, 2025

¹⁰² Ibid.

victim.¹⁰³ Adding that Nanhai Zhudao (South China Sea Islands) are beyond the Philippines' territorial limits.¹⁰⁴

A People's Daily commentary reiterated President Xi's vision of "building a world-class military by the middle of this century", using the US military as a benchmark.¹⁰⁵ Xi also signed an order to unveil the flag patterns of four branches of the PLA, namely the Aerospace Force, Cyberspace Force, Information Support Force, and Joint Logistics Support Force.¹⁰⁶ Marking the PLA's 98th founding anniversary on August 1, 2025, China's Defence Minister Dong Jun reiterated the military's readiness for national reunification by thwarting the "Taiwan independence" separatist movement and military interference by external forces.¹⁰⁷

Technology

An interview conducted by the People's Daily with Wang Xingxing, founder and CEO of China's Unitree Robotics, revealed that although the country's humanoid robot industry has experienced growth, further advances in AI are necessary for the widespread adoption of large-scale humanoid robots in factories and households.¹⁰⁸ He noted that the "ChatGPT moment" for humanoid robots will arrive when they are capable of performing tasks such as cleaning a room or bringing a bottle of water to a targeted individual in a location they have never visited before.¹⁰⁹ Further, a "World Robot Conference" was held in Beijing from August 8 to 12, 2025, demonstrating China's ability to develop "new quality productive forces" through the use of high-technology innovation.¹¹⁰

As part of China's drive to achieve high-technology self-sufficiency, the State Council issued a decree that would take effect on October 1, 2025, introducing a

¹⁰³ Regular Press Conference of the Ministry of National Defence on July 30, 2025, MND PRC, August 7, 2025

¹⁰⁴ Ibid.

¹⁰⁵ "People's Daily spells out PLA's mid-century goal, with the US as a benchmark", South China Morning Post, August 8, 2025

¹⁰⁶ "Xi signs order to unveil flag patterns of four PLA branches", People's Daily, August 1, 2025

¹⁰⁷ "China's defence chief reiterates PLA's readiness for national reunification at Army Day reception", People's Daily, August 1, 2025

¹⁰⁸ "AI key for China robotics to reach ChatGPT moment: Unitree CEO", SCMP China Future Tech Newsletter, August 16, 2025

¹⁰⁹ Ibid.

¹¹⁰ "Robotics carnival is a microcosm of innovative China: Global Times editorial", Global Times, August 11, 2025

new visa category (K visa) aimed at attracting young science and technology professionals from across the globe.¹¹¹

¹¹¹ “China to launch new type of visa for young science, technology professionals”, People’s Daily, August 15, 2025



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