



Delhi Policy Group

Advancing India's Rise as a Leading Power



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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 Foreign Secretary Vikram Misri and China's Executive Vice Foreign Minister Ma Zhaoxu held a strategic dialogue in New Delhi on February 10-11, 2026. Source: [Official X Handle/MEA India](#)

US Secretary of State Marco Rubio and Chinese Foreign Minister Wang Yi met on the margins of the Munich Security Conference on February 14, 2026. Source: [Official X Handle China's Ambassador to India](#)

President Xi delivered a speech at a reception in Beijing, ushering in the Chinese New Year on February 14, 2026. Source: [Ministry of Foreign Affairs, PRC](#)

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Abstract

Continuing the high-level strategic dialogue between India and China, India's Foreign Secretary, Vikram Misri, met China's Executive Vice Foreign Minister, Ma Zhaoxu, in New Delhi on February 10, 2026. The two sides reviewed progress made in stabilising and rebuilding bilateral relations and ways to take bilateral engagement forward. They reiterated the importance of peace and tranquillity in the border areas for overall progress in India-China relations.

A Chinese delegation led by Vice Minister of Science and Technology Chen Jiachang attended the AI Impact Summit hosted by India from February 16-20, 2026. The Chinese side shed light on President Xi's 'Global AI Governance Initiative', emphasising the importance of building consensus through dialogue, establishing an open, fair, and effective global governance system, and promoting AI technologies for the benefit of humanity.

Chinese President Xi Jinping and U.S. President Donald J. Trump held a phone conversation on February 4, 2026. In his remarks, President Xi conveyed his intent to work with President Trump to steer the giant ship of China-U.S. relations forward through wind and storms, and achieve good results. He maintained that the "Taiwan question remains the most important issue" in China-U.S. relations and that Beijing will never allow Taiwan to be separated from the motherland.

On February 20, 2026, the U.S. Supreme Court upheld a ruling striking down tariffs imposed by the Trump administration under the International Emergency Economic Powers Act (IEEPA). Reacting to this, President Trump announced a new 15 percent global tariff "effective immediately" under Section 122 of the Trade Act of 1974. China, on its part, reiterated that it has always opposed unilateral tariff hikes and protectionism, stressing that these policies are not in the interest of any party.

On February 23, 2026, Panama seized control of ports operated by Hong Kong-based CK Hutchison Holdings at the Pacific and Atlantic entrances to the Panama Canal. Reacting sharply, an editorial by China Daily described the Panamanian government's act as "banditry" that violated China's interests in compliance with U.S. demands. The paper observed that the U.S. wants control of the Panama Canal and that it is a key part of its "Donroe Doctrine", aimed at establishing U.S.

supremacy in the Western Hemisphere.

On February 6, 2026, the US accused China of failing to disclose an underground nuclear test conducted by the country on June 22, 2020. Beijing rejected Washington's assertion, stressing that the US's accusation was an excuse to resume nuclear testing. Analysts warned that deep historical mistrust between the world's three major nuclear powers, rapid technological change, and the end of the U.S.-Russia New START Treaty could lead to the worsening of geopolitical tensions in the future.

Wang Yi, the Director of China's Central Commission for Foreign Affairs, addressed the 62nd Munich Security Conference in Germany on February 14, 2026. He shed light on China's 'Global Governance Initiative' (GGI) and called for building a more just and equitable global governance system by revitalising the United Nations system. Wang Yi cautioned that the UN is not functioning well as a certain country is putting itself above the rest, magnifying differences and disagreements, stoking bloc confrontation, and reviving a Cold War mentality.

Reacting to the Munich Security Conference, Chinese state media urged the EU to pursue strategic autonomy and play a constructive role in the international system as an equal pole in a multipolar world, not as a junior partner of the US.

Chinese President Xi Jinping and Russian President Vladimir Putin held a video conference on February 4, 2026. The two leaders exchanged greetings for the Spring Festival (Lunar New Year) and affirmed their commitment to charting a new path for deepening bilateral relations that would advance global strategic stability.

On February 28, 2026, the U.S. and Israel launched a major military offensive against Iran, killing its Supreme Leader, Ayatollah Seyyed Ali Khamenei. China condemned the U.S. and Israel's actions as a blatant violation of international law and an attempt to push West Asia (Middle East) into chaos. China's position on the Iran conflict is that military actions must cease immediately, dialogue and negotiations should resume, and unilateral actions should be jointly opposed.

On February 14, 2026, President Xi extended Spring Festival greetings, ushering in the Chinese Lunar New Year – the Year of the Horse. In his remarks, Xi called upon the Chinese people to maintain high morale and advance the country's modernisation through high-quality development, social harmony and stability,

and exercising rigorous party self-governance. He noted that in 2025, China's economy withstood pressure and achieved its growth targets, demonstrating the country's resilience and vitality.

China's humanoid robotics industry is coming of age. During the Spring Festival Gala held on February 16, 2026, Unitree Robotics' G1 humanoid robots executed complex martial arts manoeuvres alongside human masters from a kung-fu school. This represents a major leap, from basic mobility capabilities to a humanoid robot that has mastered intricate and culturally rich physical artistry.

Foreign and Security Policy

I. China-India Relations

Continuing the high-level strategic engagement between India and China, India's Foreign Secretary, Vikram Misri, met China's Executive Vice Foreign Minister, Ma Zhaoxu, in New Delhi on February 10, 2026. The two sides reviewed progress made in stabilising and rebuilding bilateral relations and ways to take bilateral engagement forward.¹ They reiterated the importance of peace and tranquillity in the border areas for overall progress in India-China relations.² Major issues discussed in the meeting included the need to address concerns related to bilateral trade, the expansion of the scale of the 'Kailash Mansarovar Yatra', the need for an early conclusion of an updated air agreement, and promoting people-to-people contacts.³

Ma Zhaoxu, China's Executive Vice Foreign Minister, urged Beijing and New Delhi to view bilateral relations from a long-term strategic perspective, with the understanding that they should be "cooperative partners rather than rivals". Major issues discussed by him included deepening mutual trust, managing differences properly, supporting each other as BRICS Chair for 2026 and 2027, supporting multilateralism and the UN's central role, and strengthening unity and cooperation among the Global South.⁴

Reacting to this meeting, a report by the South China Morning Post noted that the readouts issued by China and India revealed a gap in the way the two countries view their relationship. Beijing appears to be promoting a vision of a partnership aimed at drawing New Delhi closer, while India remains focused on practical and incremental stabilisation, reflecting "lingering mistrust" following the border clashes in 2020.⁵ Overall, the Chinese analysts observed a "positive momentum" in China-India relations, anticipating deeper engagement on issues such as visa facilitation, direct flight connectivity, and people-to-people exchanges.⁶

¹ "Foreign Secretary meets Executive Vice Foreign Minister of China, Mr. Ma Zhaoxu February 10, 2026", MEA India, February 10, 2026

² Ibid.

³ Ibid.

⁴ "Executive Vice Foreign Minister Ma Zhaoxu and Indian Foreign Secretary hold China-India Strategic Dialogue", MFA China, February 10, 2026

⁵ "China and India seek reset in talks, but old fault lines remain", South China Morning Post, February 11, 2026

⁶ "China, India senior officials hold 'friendly, candid and in-depth' strategic dialogue'; Chinese expert regards it as a continuation of 'positive momentum in bilateral ties'", Global Times, February 11, 2026

India hosted Artificial Intelligence (AI) Impact Summit in New Delhi from February 16-20, 2026. A Chinese delegation led by Vice Minister of Science and Technology Chen Jiachang attended the AI Impact Summit. The Chinese side shed light on President Xi Jinping's Global AI Governance Initiative, emphasising the importance of building consensus through dialogue, establishing an open, fair, and effective global governance system, and promoting AI technologies for the benefit of humanity.⁷ Vice Minister Chen Jiachang also highlighted China's significant progress in AI and reaffirmed Beijing's willingness to work with all countries to foster balanced Global AI development.⁸

Reacting to the AI Impact Summit, analysts in China noted that this demonstrates India's determination to become a significant player in the global AI revolution, besides the U.S. and China. Adding that, for India to realise the full potential of its AI industry, sustained effort and international collaboration would be necessary to overcome challenges in foundational research, computing resources, talent depth, and ecosystem maturity.⁹

On February 3, 2026, India's Finance Minister, Nirmala Sitharaman, informed that market access challenges persist in China and that the 'Make in India' initiative and import balancing remain key to reducing India's trade deficit with China.¹⁰

Amidst a thaw in India-China relations, New Delhi is reportedly reviewing Press Note 3 issued in April 2020. This note made prior government approval mandatory for foreign direct investment from countries sharing a land border with India to curb opportunistic takeovers/acquisitions of Indian companies during the COVID-19 pandemic.¹¹ India may introduce a 'de minimis' threshold to allow automatic approval for small foreign investment, including from China.¹² This development comes as India's electronics companies push for joint ventures with their Chinese counterparts, with Chinese equity stake capped at 26%.¹³ In light of this, analysts stated that India's rigid rules prohibiting Chinese capital from

⁷ Xu Feihong, China's Ambassador to India, Official X Handle, February 21, 2026

⁸ Ibid.

⁹ "India hosts AI summit, expert says it aims to join global AI boom", Global Times, February 17, 2026

¹⁰ "China market access slow; Make in India, import balancing key to cutting trade deficit:

Sitharaman", The Economic Times, February 3, 2026

¹¹ "India reviews Press Note 3, may ease small FDI entry with de minimis rule", The Economic Times, February 16, 2026

¹² Ibid.

¹³ "Make in India, funded by China? India can't shut out Chinese cash", The Economic Times, February 16, 2026

entering the Indian market are being put to the test by business realities.¹⁴ India has also reportedly loosened import restrictions, allowing state-owned power and coal companies to import Chinese equipment, citing delays in projects.¹⁵

U.S. Trade Representative (USTR) Jamieson Greer shed light on Washington's intent to deepen economic and trade ties with New Delhi following the U.S.-India interim trade agreement. He emphasised that the U.S. companies view India as a viable manufacturing base as they diversify production in response to widening geopolitical tensions.¹⁶ Analysts described the U.S.-India trade agreement as a “big deal” that would de-escalate the troubled relationship between the two countries. However, India was cautioned that greater dependence on Washington poses risks, urging New Delhi to maintain a balance in its ties with the U.S., China, Russia, and the EU in the midst of an emerging “fragmented global order”.¹⁷

On February 13, 2026, India's Chief of Defence Staff, General Anil Chauhan, spoke about the “transactional nature of strategic alignments” in contemporary international relations and emphasised the need for India to pursue “strategic autonomy”. He observed that in the current global order, assumptions about permanent friends or adversaries have become increasingly unreliable and called upon New Delhi to remain prepared to act independently when necessary.¹⁸ Meanwhile, India continues to invest heavily in building infrastructure in the country's Northeast region, including underwater tunnels and emergency aircraft landing facilities on highways.¹⁹

Among other developments, as China continues to tighten export controls on rare-earth metals, India plans to begin the production of rare-earth permanent magnets by the end of 2026. Rare-earth magnets play an important role in the production of electric vehicles, renewable energy systems, electronics, and aerospace and defence systems.²⁰

¹⁴ Ibid.

¹⁵ “India eases curbs on Chinese equipment imports for power, coal as projects delayed: Reports”, The Economic Times, February 18, 2026

¹⁶ “India deal will reverberate for years: US Trade Chief backs Delhi as China alternative”, The Economic Times, February 11, 2026

¹⁷ “Opinion | Why the new US-India trade agreement is a big deal”, South China Morning Post, February 7, 2026

¹⁸ “Difficult to define friends or enemies in today's world, India must act on its own: CDS Gen Chauhan”, The Economic Times, February 13, 2026

¹⁹ “Infra accelerates in NE states close to China border”, The Economic Times, February 16, 2026

²⁰ “India targets rare-earth permanent magnet production by year-end, minister G. Kishan Reddy says”, The Economic Times, February 19, 2026

II. China-South Asia Relations

China's Premier Li Qiang congratulated Tarique Rahman on his election as Prime Minister of Bangladesh on February 17, 2026. Beijing reiterated its commitment to strengthen bilateral ties and expand cooperation across multiple sectors.²¹ PM Tariq Rahman stressed that Bangladesh views China as an important development partner and expressed hope that the two countries can work together for development.²²

Brent T. Christensen, the U.S. Ambassador to Bangladesh, expressed concerns about China's growing influence in South Asia. He stressed the U.S.' commitment to working closely with Bangladesh to communicate the risks of certain types of engagement with China. China rejected the U.S. Ambassadors remarks emphasising that Beijing is a trustworthy development partner for countries in South Asia.²³

On February 22, 2026, China's Ambassador to Bangladesh, Yao Wen, said that Beijing and Dhaka had held talks about the Teesta River comprehensive management and restoration project, and hoped that work could commence soon.²⁴ China's involvement in Teesta River management and restoration may cause concern in India due to its proximity to India's strategic Siliguri Corridor.

Reports indicated that China has plans to increase investments in Nepal's hydropower sector. In light of this, analysts stated that Nepal would have to maintain a balance in its relations with China and India, as previous tensions between Beijing and New Delhi had created issues for Chinese investors in Nepal.²⁵

²¹ "China's Premier Li Qiang congratulates Bangladesh PM Tarique Rahman", The Daily Star, February 17, 2026

²² "China regarded as important development partner: Bangladesh's winning party chairman", Xinhua, February 14, 2026

²³ "US Ambassador's 'China influence' remarks 'mix white and black' over China-Bangladesh relations: Chinese Embassy", Global Times, February 12, 2026

²⁴ "Teesta River management project to begin soon, hopes Chinese envoy", Prothom Alo, February 22, 2026

²⁵ "China to step up investment in Nepal's hydropower sector: Nepalese official", South China Morning Post, January 31, 2026

III. China-United States Relations

Continuing the high-level engagement between Beijing and Washington, Chinese President Xi Jinping and U.S. President Donald J. Trump held a phone conversation on February 4, 2026. In his remarks, President Xi conveyed his intent to work with President Trump to steer the giant ship of China-U.S. relations forward through wind and storms, and achieve good results.²⁶ He urged both countries to develop relations based on mutual respect, equality, and mutual benefit, to address each other's concerns.²⁷ President Xi maintained that the “Taiwan question remains the most important issue” in China-U.S. relations and that Beijing will never allow Taiwan to be separated from the motherland.²⁸ Major issues discussed by him included the need to handle arms sales to Taiwan with prudence, enhance dialogue and communication, and manage differences properly.²⁹

On his part, President Trump informed that he and President Xi discussed trade, his visit to China in April 2026, Taiwan, the Russia-Ukraine conflict, aircraft engine deliveries, and oil and gas-related issues.³⁰ Trump is likely to visit Beijing from March 31 to April 2, 2026.³¹ Besides the phone conversation with President Trump, President Xi also held a video conference with Russian President Vladimir Putin on February 4, 2026. According to Chinese state media, Xi's same-day conversation with Trump and Putin indicates Beijing's determination to “maintain global strategic stability” and its desire to provide greater certainty to the world.³²

On February 20, 2026, the U.S. Supreme Court upheld a ruling striking down tariffs imposed by the Trump administration under the International Emergency Economic Powers Act (IEEPA). Reacting sharply, President Trump described the ruling as “deeply disappointing”, asserting that some justices in the Supreme Court were “disloyal and unpatriotic”.³³ He accused the U.S. Supreme Court of

²⁶ “Xi says ready to work with Trump to steer giant ship of China-U.S. ties steadily forward”, Xinhua, February 4, 2026

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Commentary Donald J. Trump Posts from Truth Social, X Handle, February 4, 2026

³¹ “Trump to make three-day visit to China next month, White House says”, Al Jazeera, February 21, 2026

³² “Maintaining global strategic stability, China plays a pivotal role: Global Times editorial”, Global Times, February 5, 2026

³³ “US Supreme Court rules against Trump's sweeping tariffs ahead of China visit”, South China Morning Post, February 20, 2026

being “swayed by foreign interests and a political movement”.³⁴ President Trump announced a new 15 percent global tariff “effective immediately” under Section 122 of the Trade Act of 1974 for 150 days.³⁵

The Chinese Ministry of Commerce, on its part, reiterated that Beijing has always opposed unilateral tariff hikes and protectionism, stating that these policies are not in the interest of any party.³⁶ Beijing noted that the US is preparing to impose new tariffs on its trading partners and that it would closely monitor this development in order to protect its interests.³⁷

Reacting to the U.S. Supreme Court’s tariff ruling, Chinese analysts stated that the ruling has weakened President Trump’s trade leverage vis-à-vis China; however, this does not automatically translate into a greater Chinese advantage at the upcoming Xi-Trump Summit.³⁸ It was noted that, given Trump’s transactional approach to trade and economic issues, China may need to make some concessions so that Washington can present them as a “success story”.³⁹ Although the Chinese exporters welcomed the U.S. Supreme Court’s verdict on tariffs, they remain cautious about a long-term, potentially higher multilayered tariff regime that the Trump administration intends to implement. There is an expectation that the Xi-Trump meeting in Beijing will determine whether a durable trade agreement can be achieved or higher tariffs will return.⁴⁰

On February 13, 2026, Wang Yi, the Director of China’s Central Commission for Foreign Affairs, and Marco Rubio, U.S. Secretary of State, held a meeting on the margins of the Munich Security Conference in Germany. In his remarks, Director Wang Yi stressed the importance of dialogue over confrontation, cooperation over conflict, and win-win outcomes over zero-sum games.⁴¹ Secretary Rubio, for his part, shed light on the importance of result-oriented communication and cooperation on a range of bilateral, regional, and global issues.⁴²

³⁴ Ibid.

³⁵ Commentary Donald J. Trump Posts from Truth Social, X Handle, February 22, 2026

³⁶ “Ministry: China assessing impact of US Supreme Court’s tariff ruling”, China Daily, February 23, 2026

³⁷ Ibid.

³⁸ “Is China’s Xi set to host a weakened Trump after US Supreme Court tariffs setback?”, South China Morning Post, February 21, 2026

³⁹ Ibid.

⁴⁰ “What next for China’s export machine after top US court blocks Trump’s tariffs?”, South China Morning Post, February 23, 2026

⁴¹ “Wang Yi Meets with U.S. Secretary of State Marco Rubio”, MFA PRC, February 14, 2026

⁴² “Secretary Rubio’s Meeting with Director of the Office of the CCP Central Foreign Affairs Commission and China’s Foreign Minister Wang Yi”, US Department of State, February 14, 2026

A delegation from the US Treasury Department also visited China to discuss preparations for the next meeting of the U.S.-China Trade and Economic Dialogue.⁴³ As part of China's Chairmanship of Asia-Pacific Economic Cooperation (APEC) in 2026, the U.S. is willing to intensify engagement with China, focusing on "America First" trade policies.⁴⁴

The U.S. launched a USD 12 billion public-private partnership titled "Project Vault" to build a commercial stockpile of critical minerals in response to China's weaponisation of rare-earth export controls.⁴⁵ Further, the U.S. hosted officials from over 50 countries and the European Union for the launch of the "Forum on Resource Geostrategic Engagement" (FORGE), which aims to ease China's grip on the global critical minerals trade.⁴⁶ In light of this, analysts shed light on China's years-long efforts to build critical mineral reserves and that the U.S. is deploying capital and diplomatic leverage to make up for China's lead in this regard.⁴⁷

On February 23, 2026, Panama seized control of ports operated by Hong Kong-based CK Hutchison Holdings at the Pacific and Atlantic entrances to the Panama Canal.⁴⁸ Reacting sharply, an editorial by China Daily described the Panamanian government's act as "banditry" that violated China's interests in compliance with U.S. demands.⁴⁹ Adding that the U.S. wants control of the Panama Canal and that it is a key part of its "Donroe Doctrine", aimed at establishing U.S. supremacy in the Western Hemisphere.⁵⁰ Moreover, the U.S. warned Peru's government that it was eroding its sovereignty by allowing limited state oversight of the Chinese-built Chancay port.⁵¹ Reacting to these developments, Chinese analysts observed that Panama has set a dangerous precedent and that global ports are becoming

⁴³ "Next US-China trade talks tipped in advance of Trump-Xi summit as fragile truce holds", South China Morning Post, February 10, 2026

⁴⁴ "US steps up Apec role after Xi-Trump call as ties with China show signs of thaw", South China Morning Post, February 7, 2026

⁴⁵ "Trump administration unveils US\$12 billion push to curb China's grip on critical minerals", South China Morning Post, February 2, 2026

⁴⁶ "US pitches critical minerals plan to allies to counter Beijing's dominance", South China Morning Post, February 5, 2026

⁴⁷ Ibid.

⁴⁸ "Banditry tramples upon China's interests: China Daily editorial", China Daily, February 25, 2026

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ "US, China clash over Peru's Chancay megaport after court bars regulator oversight", South China Morning Post, February 13, 2026

pawns in geopolitical games.⁵²

The New Strategic Arms Reduction Treaty (New START), which limited Russia and the U.S.' deployment of strategic nuclear weapons, expired on February 5, 2026, as President Trump refused Russia's offer to extend the treaty for another year.⁵³ He stated that New START was being grossly violated and that a better agreement, that also included China, should be forged.⁵⁴ Meanwhile, on February 6, 2026, US officials accused China of failing to disclose an underground nuclear test conducted by the country in 2020, in violation of the Comprehensive Nuclear Test Ban Treaty (CTBT).⁵⁵ Beijing rejected Washington's assertions, stressing that the US's accusation was an excuse to resume nuclear testing.⁵⁶ Analysts warned that deep historical mistrust between the world's three big nuclear powers, rapid technological change, and the breakdown of the New START could lead to much worse geopolitical tensions in the future.⁵⁷

Among other developments, amidst US threats to target China's maritime sector, the country's shipbuilding industry continued to dominate the global market in 2025.⁵⁸

IV. China-European Union Relations

Wang Yi, the Director of China's Central Commission for Foreign Affairs, addressed the 62nd Munich Security Conference in Germany on February 14, 2026. In his remarks, Wang Yi shed light on China's 'Global Governance Initiative' (GGI) and called for building a more just and equitable global governance system by revitalising the United Nations system.⁵⁹ He cautioned that the UN is not functioning well as a "certain country" is putting itself above the rest, magnifying differences and disagreements, stoking bloc confrontation, and reviving Cold War

⁵² "Panama's 'dangerous precedent': why global ports appear pawns as politics beat contracts", South China Morning Post, February 5, 2026

⁵³ "Trump balks at nuclear limit extension, calls for new US-China-Russia deal", South China Morning Post, February 6, 2026

⁵⁴ Ibid.

⁵⁵ "China accuses US of seeking to revive its nuclear test programme", South China Morning Post, February 11, 2026

⁵⁶ Ibid.

⁵⁷ "Trump balks at nuclear limit extension, calls for new US-China-Russia deal", South China Morning Post, February 6, 2026

⁵⁸ "China navigates US threats to anchor global shipbuilding dominance in 2025", South China Morning Post, February 2, 2026

⁵⁹ "Keynote Speech by H.E. Wang Yi at the 62nd Munich Security Conference Conversation with China", MFA PRC, February 14, 2026

mentality.⁶⁰ Major issues discussed by him included seeking common ground while shelving differences, practicing multilateralism, giving adequate representation to the Global South, and resolving differences through mediation and dialogue.⁶¹

Reacting to the Munich Security Conference, an editorial by Global Times urged the EU to pursue strategic autonomy and play a constructive role in the international system as an equal pole in a multipolar world, not as a junior partner of the US.⁶² It called upon Europe to change its mindset and put forward credible global governance solutions.⁶³ A Xinhua commentary urged Brussels to reduce structural overdependence on the U.S. due to Washington's unpredictable foreign policy. Adding that, instead of de-risking from China and containing its development, Europe should de-risk from the U.S., as the global order built 80 years ago is now “under destruction”.⁶⁴

President Xi met German Chancellor Friedrich Merz in Beijing on February 25, 2026. Both sides agreed to deepen their all-round strategic partnership, promote dialogue and cooperation, and uphold multilateralism and free trade.⁶⁵ Xi urged Germany and the EU to view China's development objectively and rationally, and pursue pragmatic policies toward China.⁶⁶ Major issues discussed by President Xi included China's support for Europe's pursuit of strategic autonomy, expanding win-win cooperation in areas such as technology, innovation, and digital development, promoting cooperation on AI, and keeping industrial and supply chains open.⁶⁷ It is to be noted that China remained Germany's top trading partner in 2025 with bilateral trade totalling EUR 253 billion (USD 299 billion).⁶⁸ Chancellor Merz, for his part, emphasised the importance of fair competition between Chinese and German (European) companies through transparent and reliable rules.⁶⁹

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² “Time for Europe to change at this year's Munich Security Conference: Global Times editorial”, Global Times, February 12, 2026

⁶³ Ibid.

⁶⁴ “Xinhua Commentary: For Europe, true de-risking means de-Americanizing”, Xinhua, February 12, 2026

⁶⁵ “Xinhua Headlines: China, Germany agree to deepen partnership, win-win cooperation in Xi-Merz meeting”, Xinhua, February 26, 2026

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ “China tops Germany's trade ranking in 2025 on higher bilateral flows”, People's Daily, February 7, 2026

⁶⁹ Bundeskanzler Friedrich Merz, Official X Handle, February 26, 2026

Reacting to Germany's outreach to China, analysts noted that this indicates an understanding in Berlin that even as Beijing poses a long-term economic challenge, the U.S. is currently the more disruptive partner.⁷⁰ Adding that, owing to deteriorating transatlantic relations, export headwinds, and modest economic growth, Germany has recognised that moral posturing alone is not sufficient to sustain an industrial economy.⁷¹ It was observed that European leaders are flocking to China as a sense of "transactional pragmatism" has taken root in the bloc to counter the U.S.' hostility.⁷²

China has agreed to reduce tariffs on the imports of European dairy products.⁷³ According to Chinese analysts, the EU's guidelines on minimum price undertakings for Chinese-made electric vehicles and Beijing's reduction of tariffs on EU dairy products indicate a possible improvement of ties between China and the EU.⁷⁴ On the other hand, the European Commission launched an in-depth investigation into Chinese wind turbine maker Goldwind Science and Technology under the Foreign Subsidies Regulation (FSR).⁷⁵ Chinese analysts expressed concerns about the EU's "repeated and disproportionate use of the FSR" to scrutinise Chinese-invested companies, warning that this would undermine China's confidence in the European market.⁷⁶ Further, the EU has excluded organisations based in China from its Horizon Europe research grants in critical and emerging areas of technology such as AI, quantum computing, semiconductors, and biotechnology.⁷⁷

Among other developments, Lithuania's new Prime Minister Inga Ruginiene reportedly admitted that her country had made a big mistake in its policy towards China by allowing the establishment of Taiwan Representative Office in Vilnius.⁷⁸ Chinese state media advised Lithuania that a mere verbal acknowledgment of a

⁷⁰ "Opinion | Germany's outreach to China signals a reckoning, rather than a shift", South China Morning Post, February 23, 2026

⁷¹ Ibid.

⁷² "Full pivot or anxious hedge? Europe's leaders flock to China", South China Morning Post, January 31, 2026

⁷³ "China cuts EU dairy tariffs, easing trade tensions after EV dispute", South China Morning Post, February 12, 2026

⁷⁴ Ibid.

⁷⁵ "EU launches subsidy probe into Chinese wind turbine maker Goldwind", South China Morning Post, February 3, 2026

⁷⁶ Ibid.

⁷⁷ "EU bans Chinese bodies from critical tech programmes, including AI and chips", South China Morning Post, February 21, 2026

⁷⁸ "To repair relations with China, Lithuania's verbal 'admission of mistake' is not enough", People's Daily, February 6, 2026

mistake is not good enough to restore damaged relations with China; Vilnius must demonstrate greater sincerity and take genuine steps to rectify its actions concerning Taiwan.⁷⁹

V. China-Russia Relations

Chinese President Xi Jinping and Russian President Vladimir Putin held a video conference on February 4, 2026. The two leaders exchanged greetings for the Spring Festival (Lunar New Year) and committed to charting a new path for deepening bilateral relations that would advance global strategic stability.⁸⁰ Major issues discussed by President Xi included safeguarding the victorious outcomes of World War II, defending the UN-centred international system, and China's intent to advance high-level opening up as part of its 15th Five-Year Plan.⁸¹ On his part, President Putin reaffirmed Russia's willingness to strengthen strategic coordination with China on multilateral platforms such as the UN, the Shanghai Cooperation Organisation (SCO), and BRICS, infusing positive energy into international relations.⁸²

While the U.S. and Russia failed to extend New START, reports indicated that China portrayed Moscow as a trustworthy actor striving to avoid an arms race, even as Washington refuses to acknowledge any constructive Russian proposals regarding arms control.⁸³ China, Russia, and the U.S.' intent to modernise their nuclear arsenal means that the world is on the verge of a "new arms race".⁸⁴

Earlier, on February 1, 2026, Wang Yi, the Director of China's Central Commission for Foreign Affairs, and Sergei Shoigu, Secretary of Russia's Security Council, held a strategic dialogue in Beijing. In his remarks, Director Wang expressed concerns about the "world regressing to the law of the jungle" and called upon Beijing and Moscow to practice true multilateralism, safeguard the international system with the UN at its core, advocate an equal and orderly multipolar world, and promote inclusive economic globalisation.⁸⁵ Sergei Shoigu, for his part, reiterated Russia's

⁷⁹ Ibid.

⁸⁰ "Xi calls on China, Russia to grow ties, work for global strategic stability", People's Daily, February 5, 2026

⁸¹ Ibid.

⁸² Ibid.

⁸³ "Trump balks at nuclear limit extension, calls for new US-China-Russia deal", South China Morning Post, February 6, 2026

⁸⁴ Ibid.

⁸⁵ "Wang Yi and Secretary of the Russian Federation Security Council Sergei Shoigu Hold Strategic Communication", MFA PRC, February 1, 2026

support for the one-China principle, opposition to Japan's attempts to accelerate remilitarisation, and strengthening coordination in multilateral platforms such as the UN, SCO, and BRICS to build a more just and equitable multipolar world.⁸⁶

Internal Developments

Key Developments and Addresses by Chinese Leaders

On February 14, 2026, President Xi extended Spring Festival greetings, ushering in the Chinese Lunar New Year – the Year of the Horse. In his remarks, Xi called upon the Chinese people to maintain high morale and advance the country's modernisation through high-quality development, social harmony and stability, and exercising rigorous party self-governance.⁸⁷ He noted that in 2025, China's economy withstood pressure and achieved growth targets, demonstrating the country's resilience and vitality.⁸⁸ Major issues discussed by President Xi included key milestones in China's domestic and foreign policy in 2025, Global Governance Initiative (GGI), anti-corruption campaign, the launch of 15th Five-Year plan, and the significance of Horse in traditional Chinese culture.⁸⁹

On February 10, 2026, the Chinese Foreign Ministry provided an overview of its agenda as the host of the 2026 Asia-Pacific Economic Cooperation (APEC) group. Major issues on China's APEC agenda include expanding pathways for building the Free Trade Area of the Asia-Pacific (FTAAP), enhancing connectivity, and advancing innovation that would promote digital, intelligent, and green transition.⁹⁰

President Xi sent a congratulatory message to the 39th African Union (AU) Summit held in Addis Ababa, Ethiopia, on February 14, 2026. He announced that Beijing would fully implement zero-tariff treatment for 53 African countries from May 1, 2026, and share modernisation opportunities with Africa.⁹¹

⁸⁶ Ibid.

⁸⁷ "Xi extends Chinese New Year greetings to ring in Year of Horse", People's Daily, February 14, 2026

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ "Chinese FM introduces key tasks of APEC China 2026", MFA PRC, February 10, 2026

⁹¹ "Africa hails Xi's AU message for joint pursuit of modernization, Global South solidarity", People's Daily, February 16, 2026

Trade and Economy

On February 1, 2026, the CPC Central Committee's flagship magazine, the Qiushi Journal, published President Xi's article on strengthening China's financial sector by following the path of Socialism with Chinese characteristics.⁹² Owing to different national conditions, China's financial model differs from that of the West, and China needs to develop a “strong currency”, robust financial institutions, international financial centres, and a high-calibre finance talent pool.⁹³

China submitted its position paper on WTO reforms on February 19, 2026. Major issues discussed included support for open and inclusive economic globalisation, upholding the multilateral trading system, and assisting developing countries to seize growth opportunities in areas such as digital economy, green transition, and AI.⁹⁴

On February 6, 2026, China's State Council reviewed the draft government work report and a draft of the nation's 15th Five-Year Plan, which is slated for deliberation during the annual 'Two Sessions' in March 2026. In his remarks, Premier Li Qiang called for full implementation of the decisions made at Central Economic Work Conference and ensure a good start to the 15th Five-Year plan period.⁹⁵ Major issues touched by him included creating new growth drives in domestic demand, stabilising employment, developing new quality productive forces, and increasing household incomes.⁹⁶ Earlier, on February 3, 2026, China unveiled its plans to advance agricultural and rural modernisation.⁹⁷

Amidst an uncertain global economic outlook, Chinese people are reportedly buying large quantities of gold as festive gifts and investments.⁹⁸

⁹² “Xi's article on boosting China's financial strength to be published”, Qiushi Journal, February 1, 2026

⁹³ Ibid.

⁹⁴ “China submits first comprehensive policy document outlining its stance on WTO reform”, People's Daily, February 20, 2026

⁹⁵ “China's State Council discusses draft gov't work report, 15th Five-Year Plan”, People's Daily, February 7, 2026

⁹⁶ Ibid.

⁹⁷ “China outlines plans for agricultural modernization, rural revitalization”, People's Daily, February 4, 2026

⁹⁸ “China's gold rush: why families are doubling down on precious metals”, South China Morning Post, February 14, 2026

Defence and Security

On February 28, 2026, the U.S. and Israel launched a major military offensive against Iran, killing its Supreme Leader, Ayatollah Seyyed Ali Khamenei and senior military leaders of the Islamic Revolutionary Guard Corps (IRGC).⁹⁹ Reacting sharply, China condemned the U.S. and Israel's actions as a blatant violation of international law and an attempt to push West Asia (Middle East) into chaos.¹⁰⁰ In light of this, Wang Yi, the Director of China's Central Commission for Foreign Affairs held a phone conversation with Russian Foreign Minister Sergey Lavrov on March 1, 2026.¹⁰¹ China's position on the Iran conflict is that military actions must cease immediately, dialogue and negotiations should resume, and unilateral actions should be jointly opposed.¹⁰²

China-Japan tensions over Taiwan continued. The U.S. and Japan began their annual joint military exercise "Iron Fist" on February 23, 2026. The two sides aim to strengthen interoperability and enhance combined amphibious capabilities.¹⁰³ Reacting to this, analysts from China warned that Washington and Tokyo continue to interfere in the Taiwan issue; however, such efforts would be futile because of the advanced capabilities of the PLA.¹⁰⁴ China's Ministry of National Defence reiterated Beijing's concerns about Japan returning to "the evil path of militarism" and attempting to challenge the post-war international order.¹⁰⁵ To increase economic pressure on Tokyo, China added 20 Japanese companies to its export control list and 20 more companies to a watch list scrutinising the trade of select goods.¹⁰⁶

Amidst continuing China-Philippines tensions in the South China Sea (SCS), the U.S. intends to expand deployment of advanced missile and unmanned systems in the Philippines.¹⁰⁷ In light of this, analysts stressed that modernisation of the

⁹⁹ The White House, Official X Handle, March 1, 2026

¹⁰⁰ "Wang Yi Has a Phone Call with Russian Foreign Minister Sergey Lavrov", MFA PRC, March 1, 2026

¹⁰¹ Ibid.

¹⁰² Ibid.

¹⁰³ US-Japan 'Iron Fist' drills an attempt to meddle in Taiwan question; joint military move can hardly conceal weakening control over first island chain: Chinese expert, Global Times, February 11, 2026

¹⁰⁴ Ibid.

¹⁰⁵ "Japan is retracing evil path of militarism: Defence Spokesperson", MND PRC, February 10, 2026

¹⁰⁶ "China adds Japanese entities to export control list, turning up heat on Tokyo", South China Morning Post, February 24, 2026

¹⁰⁷ "US missile deployments in Philippines signal deeper strategic shift in region", South China Morning Post, February 19, 2026

Philippines' defence systems would bolster American and allied deterrence in both, the Taiwan Strait and the West Philippine Sea.¹⁰⁸

A CIA recruitment video targeting Chinese military officers was released on February 12, 2026, underscoring the tensions that could threaten the fragile calm in U.S.-China relations.¹⁰⁹

Technology

China's humanoid robotics industry is coming of age. During the Spring Festival Gala held on February 16, 2026, Unitree Robotics' G1 humanoid robots executed complex martial arts manoeuvres alongside human masters from a Chinese kung-fu school.¹¹⁰ This represents a major leap, from basic mobility capabilities to a humanoid robot that has mastered intricate and culturally rich physical artistry.¹¹¹ On February 28, 2026, China released its first National Standard system for humanoid robotics, marking a major step towards regulating the field of humanoid robotics.¹¹² Earlier, President Xi, in his remarks at a CPC Political Bureau meeting emphasised the importance of continuous breakthroughs in the development of "industries of the future".¹¹³

Byte Dance released 'Seedance 2.0', a new AI video generation model described by China's state media as a "major highlight" of the country's burgeoning AI industry.¹¹⁴ Seedance 2.0 is capable of producing high-quality cinematic videos and images in seconds, allowing anyone to create films.¹¹⁵ According to Chinese analysts, Seedance 2.0 represents a "singularity moment" for AI in the film and television industry and another example of the country's momentum in the development of high-technology.¹¹⁶

¹⁰⁸ Ibid.

¹⁰⁹ "CIA targets Chinese military officers in new recruitment video", South China Morning Post, February 13, 2026

¹¹⁰ "Spring festival gala highlights China's tech ambitions via robotics showcase", Xinhua, February 17, 2026

¹¹¹ Ibid.

¹¹² "China releases national standard system for humanoid robotics and embodied AI", Xinhua, February 28, 2026

¹¹³ "Xi urges breakthroughs in development of industries of the future", People's Daily, February 2, 2026

¹¹⁴ "Seedance 2.0 showcases both the 'fertile ground' and the 'highlight moments' of China's AI: Global Times editorial", Global Times, February 11, 2026

¹¹⁵ Ibid.

¹¹⁶ Ibid.

China's internet sector achieved “significant progress” during the 14th Five-Year Plan period (2021-25), with 1.125 billion internet users and 80.1 percent penetration by the end of 2025. With 602 million users, the country has a broader adoption of generative AI technology across its consumer and industrial sectors.¹¹⁷

Reports indicated that China’s AI startup DeepSeek trained its latest model V4 on Nvidia's Blackwell chip, despite US export controls restricting China’s access to most advanced American chips.¹¹⁸

¹¹⁷ “China's internet user base hits 1.125 billion, generative AI sees expanded adoption”, People’s Daily, February 5, 2026

¹¹⁸ “Exclusive: China's DeepSeek trained AI model on Nvidia's best chip despite US ban, official says”, Reuters, February 24, 2026



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