Delhi Policy Group

Advancing India's Rise as a Leading Power

CHINA MONITOR

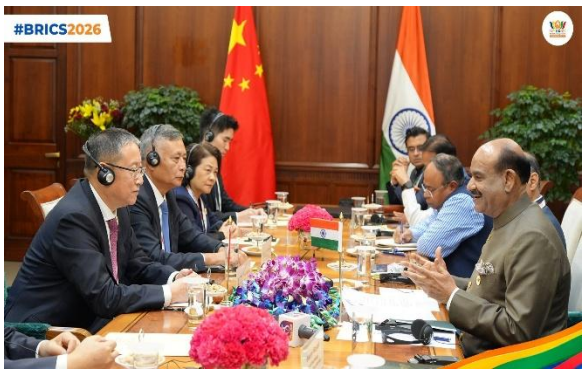
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China Monitor

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

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Cover Images:

1. *Om Birla, the Speaker of Lok Sabha, and Zheng Jianbang, Vice Chairman of the National People's Congress of China, held a meeting on the margins of the 12th BRICS Parliamentary Forum held in New Delhi on October 26, 2026. Source: BRICS Parliamentary Forum X Handle*
2. *Chinese Foreign Minister Wang Wentao and the EU's Trade Commissioner Maroš Šefčovič held a meeting in Beijing on October 8-9, 2026. Source: Official X Handle Maroš Šefčovič*
3*. The 20th CPC Central Committee held its fifth plenary session in Beijing from October 26-29, 2026. Source: Ministry of Foreign Affairs Spokesperson X Handle PRC*

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Abstract

On October 2, 2026, the Government of India identified 28 places/features located in India's Union Territory (UT) of Ladakh by standard place and feature names on the official map of the Survey of India. Reacting to this, on October 13, 2026, China reiterated that it "does not recognise the so-called Union Territory of Ladakh unilaterally and illegally established by India". Beijing claimed that India's move to publicise standardised names is "illegal and void", and it "does not change the fact that the Western sector of the China-India boundary belongs to China". India, while rejecting China's territorial claims, asserted that the UT of Ladakh is an "integral and inalienable part of India" and no amount of denial by the Chinese side can change this established fact.

On October 22, 2026, the Director General of Indo-Tibetan Border Police (ITBP), Shatrujeet Singh Kapoor, stated that the ITBP had raised a new combat unit, the 'Shaurya Commandos', that has demonstrated its combat capabilities during "ongoing" face-offs with Chinese PLA troops at various locations in Arunachal Pradesh. In light of this, India's Ministry of External Affairs stressed that "the situation in border areas between India and China sometimes gets disturbed when the PLA deviates from previously agreed patrolling practices". China on its part claimed that it strictly abides by relevant agreements and common understandings reached between Beijing and New Delhi and that the PLA conducts normal border patrols to safeguard the country's territorial sovereignty.

On October 22, 2026, the U.S. Department of the Treasury issued a notice proposing expansion of restrictions on outbound American investments into dual-use strategic technologies in countries of concern such as China. Reacting sharply, China described Washington's move as "discriminatory" and expressed concerns that the U.S.' outbound investment curbs "run counter to the consensus reached by the leaders of the two countries" to build a relationship of constructive strategic stability.

The Chinese state media cautioned that the U.S.' expanded restrictions on outbound investment in strategic technologies are intended to stifle China's modernisation by cutting off capital flows. The U.S. was urged to take into consideration the costs of imposing such restrictions that could imperil its own economic future.

Meanwhile, the U.S. Department of Homeland Security banned the use of Chinese AI company DeepSeek's products from all federal civilian agencies' IT systems. Chinese analysts reacted by claiming that such measures demonstrate the "anxiety" in Washington about China's rise in AI, but cannot slow the progress of China's large language models (LLMs).

Even as Beijing and Washington have agreed to extend their trade truce, Chinese analysts believe that this "cannot hide the realities of U.S.-China relationship". The cycle of crisis and managed de-escalation will continue as long as the U.S.' transactional strategy towards China remains unchanged.

On October 8-9, 2026, Chinese Commerce Minister Wang Wentao and the EU's Trade Commissioner Maroš Šefčovič held the second meeting of EU-China Trade and Investment Consultations (TIC) in Beijing. According to their joint statement, the two sides reached consensus on a list of deliverables and undertakings, including balancing trade and investment, pursuing export-control dialogue, resolving intellectual property-related concerns, and strengthening cooperation on WTO reforms. Trade Commissioner Šefčovič announced that China has agreed to halve the exports of Hybrid Electric Vehicles (HEVs) and Plug-in Hybrid Electric Vehicles (PHEVs) to the European market, improve the EU's access to China's market, and ease rare-earth export licensing.

Reports indicated that the European Commission is planning to further intensify its crackdown on China's non-market trade policies and practices. China warned Brussels not to "fantasise" about taking a hardline approach and that it should not underestimate China's determination to safeguard its own interests. Beijing rejected the notion that tough talk coming from Europe had forced China into making concessions on trade.

China-Philippines tensions continued. On October 20, 2026, the PLA's Southern Theatre Command Navy dispatched forces to monitor U.S. littoral combat ship USS Charleston, which had entered the waters adjacent to the China-claimed Xianbin Jiao (Sabina Shoal) in the South China Sea (SCS). China's state media warned the Philippines that drawing external forces to gain some advantage in the SCS is a serious strategic misjudgement, and that any act that infringes on China's sovereignty would be met with resolute countermeasures.

On October 19, 2026, China's National Bureau of Statistics informed that the country's economy grew 4.5 percent year-on-year in the third quarter of 2026.

China's overall GDP growth in the first three quarters of this year stood at 4.6 percent, in line with Beijing's annual target of growth between 4.5 and 5 percent.

The 20th CPC Central Committee held its fifth plenary session in Beijing from October 26-29, 2026. The CPC adopted a resolution calling for "Persevering with Full and Rigorous Party Self-Governance" based on "Xi Jinping's Thought on Party Building", which emphasises discipline, political loyalty, and sustained action against corruption.

Foreign and Security Policy

I. China-India Relations

On October 2, 2026, the Government of India identified 28 places/features located in India's Union Territory (UT) of Ladakh, by standard place and feature names on the official map of the Survey of India. The places/features identified included Gogra and Hot Spring in eastern Ladakh, which were points of military friction along the border with China in 2020. A readout issued by India's Ministry of Home Affairs stated that the standardisation of names and places in the UT of Ladakh aims to facilitate accurate recognition and better awareness of the region among the general public.[1]

Reacting to this, on October 13, 2026, China's Ministry of Foreign Affairs reiterated that Beijing "does not recognise the so-called Union Territory of Ladakh unilaterally and illegally established by India". Adding that, India's move to publicise standardised names is "illegal and void", and it "does not change the fact that the Western sector of the China-India boundary belongs to China".[2] India, while rejecting China's territorial claims, asserted that the UT of Ladakh is an "integral and inalienable part of India" and no amount of denial by the Chinese side can change this established fact.[3]

On the issue of standardisation of places/features in Ladakh, Chinese analysts urged India to refrain from creating an "illusion" that New Delhi's territorial claims have been realised on the ground. They claimed that, in the absence of real gains, India's "self-deluding victory narrative" will only hit a wall on issues related to China-India border. However, they maintained that China remains committed to improving and developing relations with India and urged New Delhi to abide by relevant agreements and not take actions that further complicate the boundary issue.[4]

[1] "Government of India, in consultation with UT of Ladakh, identify 28 places/features, located in the UT of Ladakh, by standard place and feature names on the official map of Survey of India (SoI)" — Press Information Bureau, Government of India, October 2, 2026.
[2] "Foreign Ministry Spokesperson Mao Ning's Regular Press Conference on October 13, 2026" — Ministry of Foreign Affairs of the People's Republic of China, October 13, 2026.
[3] "No amount of denial can change fact': MEA rejects China's objection to 28 Ladakh place names" - The New Indian Express, October 13, 2026
[4] "India's 'victory narrative' will only hit a wall on China-India border: Global Times editorial" — Global Times, October 14, 2026.

Amidst this war of words, on October 22, 2026, the Director General of Indo-Tibetan Border Police (ITBP), Shatrujeet Singh Kapoor, informed that the ITBP had raised a new combat unit, the 'Shaurya Commandos', that has demonstrated its combat capabilities during the "ongoing" face-offs with the Chinese PLA troops at various locations in Arunachal Pradesh (Eastern sector of the LAC).[5] In light of this, the spokesperson for India's Ministry of External Affairs, Randhir Jaiswal, stressed that "the situation in border areas between India and China sometimes gets disturbed when the PLA deviates from previously agreed patrolling practices". Both sides continue to utilise diplomatic and military mechanisms to resolve outstanding issues along the LAC and avoid misunderstandings and miscalculations. He emphasised the need to maintain peace and stability in border areas as essential for the overall development of India-China bilateral relations.[6]

Reacting to this, China's Ministry of Foreign Affairs stated that it strictly abides by relevant agreements and common understandings reached between Beijing and New Delhi and that the PLA conducts normal border patrols to safeguard the country's territorial sovereignty. The Chinese side expressed hope that India will work with China to jointly implement the consensus reached between the leaders of the two countries and maintain peace and tranquillity in border areas.[7]

Meanwhile, on October 19, 2026, China announced new export controls on key machinery, including Tunnel Boring Machines (TBMs), which could adversely affect infrastructure development in India. TBMs and related items play a crucial role in underground metro-rail projects, high-speed rail lines, and tunnels in various locations, including border areas. These export control measures are aimed at safeguarding China's national security and interests.[8]

Even as India's exports to China grew by 40.7 percent in the first nine months of 2026, reports indicated that its trade deficit with China has already surged above USD 100 billion. According to the trade data released by China's General Administration of Customs, India's trade deficit with China widened to USD 105.93 billion in the first nine months of 2026, a year-on-year increase of 20.7

[5] "China face-offs 'ongoing' along Arunachal Pradesh border, says ITBP Chief Shatrujeet Singh Kapoor" — The Economic Times, October 23, 2026.
[6] "Transcript of Bi-Weekly Media Briefing by the Official Spokesperson (October 23, 2026)" — Ministry of External Affairs, Government of India, October 23, 2026.
[7] "Foreign Ministry Spokesperson Guo Jiakun's Regular Press Conference on October 26, 2026" — Ministry of Foreign Affairs of the People's Republic of China, October 26, 2026.
[8] "China announces export curbs on key machinery used in India's infrastructure development" — The Economic Times, October 19, 2026.

percent.[9] In light of this, Nirmala Sitharaman, India's Minister of Finance, reiterated New Delhi's concerns about "China's extensive use of non-tariff barriers" that is preventing Indian products from gaining greater access to the Chinese market.[10]

Reacting to this, Chinese analysts urged India to view momentum in bilateral trade as a positive development and not be anxious about the trade deficit.[11] It was stressed that India's trade deficit with China is a structural issue shaped over the years by the two countries' different levels (stages) of industrialisation.[12] Adding that, by blaming non-tariff barriers for the trade deficit, India is concealing its real shortcomings in product competitiveness, among other issues.[13] Chinese observers urged India to tap into export opportunities as Beijing accelerates its push for high-end intelligent manufacturing and the opening up of its services sector.[14]

On October 26, 2026, Zheng Jianbang, Vice Chairman of the Standing Committee of China's National People's Congress (NPC), attended the 12th BRICS Parliamentary Forum held in New Delhi. Om Birla, the Speaker of the Lower House (Lok Sabha) of India's Parliament, in his remarks, called upon BRICS member-states' Parliaments to foster mutual trust, bridge differences, and advance peaceful resolution of global challenges. He reiterated India's message that the voice of the Global South must find expression in global governance.[15] Mr. Zheng Jianbang, on his part, noted that the BRICS countries have emerged as a leading force of the Global South and called upon BRICS legislatures to strengthen cooperation and steer the international order toward greater fairness and justice.[16]

II. China-South Asia Relations

Pakistan is seeking to broaden the China-Pakistan Economic Corridor (CPEC) beyond infrastructure and energy projects. On September 30, 2026, President Asif

[9] "India's trade deficit with China crosses USD 100 bn in first 9-months" — The Economic Times, October 14, 2026.
[10] "China's trade barriers biggest hurdle in bilateral ties, says Nirmala Sitharaman; flags $100 billion deficit" — The Economic Times, October 16, 2026.
[11] "GT Voice: India should move beyond deficit anxiety as trade with China rises" — Global Times, October 19, 2026.
[12] Ibid.
[13] Ibid.
[14] Ibid.
[15] "Lok Sabha Speaker Inaugurates 12th BRICS Parliamentary Forum 2026; Calls For Empowering Parliaments To Advance People-Centric Development" — Press Information Bureau, Government of India, November 1, 2026.
[16] "Xu Feihong" — Xu Feihong, Chinese Ambassador to India (Official X Handle), November 1, 2026.

Ali Zardari identified artificial intelligence, renewable energy, and green mining as areas for cooperation under CPEC 2.0, reflecting Islamabad's ambition to attract Chinese investment into newer sectors of its economy. The shift will test whether the two countries can translate their partnership into wider economic and industrial cooperation.[17]

The imposition of emergency rule in Khyber Pakhtunkhwa on October 11, 2026, highlights the domestic security challenges facing Pakistan. This continued instability is particularly significant for China, which has repeatedly emphasised the need to protect Chinese personnel and projects in Pakistan.[18]

China's military cooperation with Pakistan is also becoming more enhanced over time. The two countries held the Karakoram Exercise 2026 in Xinjiang from October 14-22, with joint training focused on high-altitude counter-terrorism, drone operations and coordinated combat exercises. The exercise strengthened the two armies' practical cooperation and interoperability, reinforcing the defence dimension of their "All-Weather Strategic Cooperative Partnership".[19] [20]

Pakistan's reported ban on Taiwanese airlines from using its airspace in support of China's "One-China policy" was followed by an abrupt reversal, with overflight permissions restored on October 28, 2026.[21] Taiwan condemned the move as "pandering to China" and "weaponising airspace", while Deputy Foreign Minister Chen Ming-chi alleged that Beijing was behind the decision - without providing evidence.[22] This episode highlighted Pakistan's willingness to align its policies with Beijing on issues related to Taiwan.

China's push to expand cross-border connectivity with Nepal, however, has not fully aligned with Nepal's immediate trade priorities. Beijing proposed upgrading Korala as an international trading point after floods disrupted northern crossings,

[17] "President Zardari Reaffirms Pakistan's Commitment to Deepen Friendship with China" - President's Office of Pakistan, September 30, 2026.
[18] "Pakistan President Imposes Emergency in Province Ruled by Ex-PM Imran Khan's Party" - Reuters, October 11, 2026.
[19] "China and Pakistan Will Hold Karakoram 2026 Joint Army Training" - Ministry of National Defense of China, October 10, 2026
[20] "Participants Complete Skills Exchange in China-Pakistan "Karakoram 2026" Joint Army Training" - Ministry of National Defense of China, October 19, 2026
[21] "Pakistan Allows Taiwan Airlines To Use Airspace in Abrupt U-turn" - Bloomberg, September 28, 2026
[22] "Taiwan 'deeply regrets' Pakistan's airspace ban on Taiwanese airlines" - Focus Taiwan, September 29, 2026

while Nepal continued to press for Tatopani's reopening.[23] During an October visit to Lizi–Nechung, Chinese Ambassador Zhang Maoming also called for better connectivity and greater capacity at the border port. [24] Together, these developments reflect China's effort to expand trans-Himalayan trade links, while Nepal remains focused on restoring reliable and affordable routes.

Beyond its connectivity initiatives in the Himalayan region, China continues to expand its economic footprint in Bangladesh. The Chinese Embassy reported that bilateral trade reached USD 12.8 billion in the first half of 2026, up 10.6 per cent year-on-year.[25] On October 10, 2026, Bangladesh signed a RMB 2.404 billion (USD 335.78 million) loan agreement with China's Export-Import Bank to expand and modernise Mongla Port, including two container terminals and cargo-handling facilities. The project extends China's role in Bangladesh's port infrastructure and adds to its economic presence around the Bay of Bengal, an area of strategic importance to India.[26]

China's engagement with Bhutan continues to be shaped by the unresolved boundary dispute between the two countries, even as the two sides continue their diplomatic dialogue. The Chinese state media's coverage of the Pumaqangtang Border Police Station in Xizang (Tibet) conducting patrols and offering assistance to local residents near the Gangbu Glacier is described as routine frontier administration, reinforcing the image of a sustained Chinese state presence in the high-altitude border region.[27] This event assumes added significance alongside the 16th China–Bhutan Expert Group Meeting on the boundary issue, held in Thimphu on October 13-15, 2026. The two sides agreed to advance technical work under the Three-Step Roadmap for boundary negotiations.[28] While the talks indicate continued diplomatic engagement, no final settlement was announced.

China's engagement with the Maldives also extends to technological cooperation. China is promoting its BeiDou satellite-navigation system through overseas

[23] "China Proposes Upgrading Korala as International Trading Point as Nepal Insists on Tatopani Reopening" - The Kathmandu Post, October 1, 2026.
[24] "Chinese Ambassador to Nepal Zhang Maoming Inspects the Lizi–Nechung Port between China and Nepal" - Ministry of Foreign Affairs of China, October 5, 2026.
[25] "China-Bangladesh Trade Reaches $12.8b in H1 of 2026: Embassy" - *The Daily Star*, October 2, 2026.
[26] "Signing of a Loan Agreement of RMB 2.404 Billion for the Expansion and Modernization of Mongla Port Facilities" - Bangladesh Economic Relations Division, October 13, 2026.
[27] "Police Officers Stand Guard at China's Highest-Altitude Border Police Station" - Xinhua, October 6, 2026.
[28] "Joint Press Release for the 16th Expert Group Meeting (EGM) on the China-Bhutan Boundary Issue"- Ministry of Foreign Affairs of China, October 15, 2026

infrastructure projects. Chinese state media cited monitoring applications on the China–Maldives Friendship Bridge as an example of the system's use abroad, presenting the project as part of BeiDou's expanding international reach. This illustrates how infrastructure cooperation can also create opportunities for China to promote its own technology and standards.[29] Meanwhile, the Maldives has reaffirmed political support for China on the 77th anniversary of the founding of the People's Republic of China (PRC). On October 1, 2026, President Mohamed Muizzu reiterated the Maldives' commitment to the 'One-China principle' and expressed his intention to strengthen bilateral relations. The statement reinforces a political relationship that accompanies China's infrastructure and technological engagement with the country. [30]

III. China-United States Relations

On October 22, 2026, the U.S. Department of the Treasury issued a notice proposing expansion of restrictions on outbound American investments into dual-use strategic technologies in countries of concern such as China. This proposal would expand restrictions on outbound investments in areas such as advanced semiconductors, AI systems, quantum computing, hypersonic systems, and biotechnology.[31] Reacting sharply, China's Ministry of Commerce described Washington's move as "discriminatory" and cautioned that the U.S. was "overstretching the concept of national security". Beijing stated that the U.S. Treasury Department's outbound investment rules "run counter to the consensus reached by the leaders of the two countries" to build a relationship of constructive strategic stability.[32]

Chinese state media cautioned that the U.S.' expanded restrictions on outbound investment in strategic technologies are intended to stifle China's technological modernisation by cutting off capital flows. The U.S. was urged to take into consideration the costs of imposing such restrictions that could choke its own

[29] "China Pushes BeiDou Navigation System Deeper into Global Markets" - Xinhua, September 17, 2026.
[30] "President Extends Felicitations on the Anniversary of the Founding of the People's Republic of China" - President's Office of the Maldives, October 1, 2026.
[31] "U.S. Treasury Issues Proposed Rule to Implement Comprehensive Outbound Investment National Security Act" — U.S. Department of the Treasury, October 22, 2026.
[32] "China voices firm opposition to US proposal to expand outbound investment curbs" — State Council Information Office of the People's Republic of China (Xinhua), October 26, 2026.

future. It maintained that China's modernisation remains an opportunity for U.S. investors.[33]

Meanwhile, the U.S. Department of Homeland Security banned the use of Chinese AI company DeepSeek's technology from all federal civilian agencies' IT systems. Earlier, John Moolenaar, the Chairman of the Select Committee on China (U.S. House of Representatives), had described "DeepSeek as a tool for the CPC to spy, steal, and subvert export controls on the advanced chips that keep America ahead of the CPC".[34] Reacting to this, Chinese analysts reiterated that such measures demonstrate the "anxiety" in Washington about China's rise in AI. However, these absurd measures cannot slow the progress of China's large language models (LLMs).[35] Amidst continuing friction between the U.S. and China on AI-related issues, Chinese Foreign Minister Wang Yi emphasised the need to jointly develop AI that is inclusive and beneficial for all, in a meeting with members of U.S. civil society.[36]

Following the two recent meetings between President Xi and President Trump, Visa has received preliminary approval from China's Central Bank (PBOC) to establish a bank card clearing institution, paving the way for Visa to issue Yuan-denominated payment cards.[37] Beijing described this measure as a "direct outcome" of the Presidential Summits in Beijing and Washington. Moreover, Citi has received approval from Chinese regulators to set up a wholly owned securities company in China.[38] These two developments indicate a broader pattern in which China is pursuing a wider opening-up of its financial sector as part of a national strategy to make the country a financial powerhouse.[39]

Even as Beijing and Washington agreed to extend their trade truce, Chinese analysts believe this "cannot hide the realities of U.S.-China relationship". The cycle of crisis and managed de-escalation will continue as long as the U.S.'

[33] "Washington's 'shutdown' is choking off its own future" — People's Daily Online (Global Times), October 26, 2026.
[34] "DHS Blocks China-Based DeepSeek From Federal IT Systems" — House Select Committee on the Chinese Communist Party, October 19, 2026.
[35] "Washington issues penalty tickets in vain while staring at DeepSeek's taillights" — People's Daily Online (Global Times), October 21, 2026.
[36] "China's top diplomat calls for China-U.S. joint efforts on AI development, governance" — People's Daily Online (Xinhua), October 24, 2026.
[37] "Visa Wins Preliminary Approval for Yuan Card Clearing in China" — Caixin Global, October 13, 2026.
[38] "Visa's China approval a 'direct outcome' of Xi-Trump summit, Beijing says" — South China Morning Post, October 16, 2026.
[39] Ibid.

transactional strategy towards China remains unchanged.[40] It was also noted that, as the U.S. and China have distinct national interests, cooperation and competition will co-exist. The fact that the two countries have reached consensus on certain issues is itself an achievement.[41]

On October 1, 2026, following the G20 Trade Ministerial Meeting held in Milwaukee, Wisconsin, the U.S., the EU, Argentina, Australia, Canada, Britain, France, Germany, Italy, India, Japan, Republic of Korea, Mexico, Poland, and Türkiye issued a joint statement calling on all countries to take steps to eliminate structural excess industrial capacity and end the use of non-market policies and practices that distort markets.[42] China, Brazil, Indonesia, Russia, Saudi Arabia, and South Africa were notably absent from this statement.[43] Reacting to this, China reiterated that it opposes trade protectionism under the pretext of "overcapacity", warning that it will respond as necessary if relevant countries adopt measures that harm China's interests.[44] Chinese analysts observed that Washington and Brussels are assembling a "multilateral coalition" to pressure Beijing as global trade imbalance grows.[45]

According to the Office of the U.S. Trade Representative's (USTR) annual report to the United States Congress on China's compliance with WTO commitments, Beijing "continues to embrace a non-market economic system despite 25 years of WTO membership".[46] The U.S. believes China is targeting entire industrial sectors for global dominance while retaining a non-market economic system.[47] Rejecting these accusations, Chinese analysts urged the U.S. to take this case to the WTO, noting that this is unlikely to happen as Washington has already disabled WTO's court of appeal. Adding that the "U.S. plays the WTO against China while paralysing the global trade body".[48]

[40] "Short trade truce can't paper over realities of US-China relationship" — South China Morning Post, October 6, 2026.
[41] "Zheng Yongnian on China-US realism and battling for the upper hand before the next summit" — South China Morning Post, October 5, 2026.
[42] "Some G20 trade ministers sign US-led statement denouncing excess factory capacity" — Reuters, October 7, 2026.
[43] Ibid.
[44] "China warns against trade protectionism under "overcapacity" pretext: spokesperson" — People's Daily Online, October 10, 2026.
[45] "Washington, Brussels forge 'multilateral coalition' against China's industrial surge" — South China Morning Post, October 8, 2026.
[46] "US criticises China's WTO compliance as industry groups mount complaints" — South China Morning Post, October 1, 2026.
[47] Ibid.
[48] "US cosplays WTO against China while paralysing the real global body" — South China Morning Post, October 13, 2026.

Taiwan's former President Tsai Ing-wen delivered a keynote address at a conference hosted by Stanford University in California on October 7-8, 2026. In her remarks, Tsai called for deeper international cooperation with Taiwan that would boost security and stability in the Indo-Pacific region. She shed light on the PLA's military activities around Taiwan and emphasised that Taiwan will do everything possible to bolster defence and preserve its freedom.[49] Reacting sharply, China's state media described Tsai's visit to the U.S. as "provocative" and that the Democratic Progressive Party (DPP) was gambling with the lives of the Taiwanese people in their bid to secure endorsement in Washington for the DPP's own political survival.[50]

Meanwhile, on October 10, 2026, Taiwan's President Lai Ching-te, in his Republic of China (ROC) National Day address, stressed that Taiwan "cherishes peace" and "will not give up our freedom". He emphasised that Taiwan remains open to exchanges with Beijing while reiterating that the Republic of China (ROC – Taiwan) "is not subordinate" to the People's Republic of China (PRC).[51] Adding that, Taiwan's intent to "increase investment in national defence aims to deter a war, not provoke one".[52] Amidst these developments, the U.S.' FBI arrested Zhang Wanying, a 34-year-old American woman of Chinese origin, accusing her of surveilling Taiwanese leader Lai Ching-te's son and his family in the U.S.[53]

On September 30, 2026, the U.S. Department of Energy announced that the National Nuclear Security Administration (NNSA) had conducted a "subsurface, non-nuclear chemical high-explosive" experiment at the Nevada test site, aimed at "increasing the U.S.' ability to detect low-yield nuclear explosions". It is to be noted that the U.S. had suspected China of carrying out a low-yield nuclear explosion in 2020, an accusation Beijing denied.[54]

U.S. Defence Secretary Pete Hegseth described the Trump administration's proposed USD 1.5 trillion defence budget for the Fiscal Year 2027 as "absolutely critical". He emphasised that the U.S. cannot afford to fall behind China in AI and robotics and that the USD 1.5 trillion defence budget was a "one-time generational

[49] "Working with Taiwan key to regional stability, Tsai says" — Taipei Times, October 9, 2026.
[50] "Tsai Ing-wen's provocative trip to the US: an outright sellout of Taiwan" — People's Daily Online, October 9, 2026.
[51] Ibid.
[52] Ibid.
[53] "US accuses mainland China of targeting Taiwan leader's family in surveillance case" — South China Morning Post, October 6, 2026.
[54] "US blast simulation targets China's alleged secret nuclear testing" — South China Morning Post, October 3, 2026.

investment" that would give Washington a chance to fully modernise its military.[55] Major issues to watch for in the U.S.' 2027 defence bill include support for Taiwan, plans for a potential South China Sea crisis, countering China's shipbuilding dominance, tightening high-technology export controls and outbound investment restrictions, and reducing reliance on China for critical minerals.[56]

Among other developments, reports indicated that China cut its U.S. Treasury holdings to an eighteen-year low in August 2026 to USD 590.7 billion. China's financial diversification drive is highlighted by Beijing's reduction in reliance on USD-denominated assets, thereby limiting its exposure to U.S. sanctions and economic coercion.[57]

IV. China-European Union Relations

On October 8-9, 2026, Chinese Commerce Minister Wang Wentao and the EU's Trade Commissioner Maroš Šefčovič held the second meeting of EU-China Trade and Investment Consultations (TIC) in Beijing. According to their joint statement, the two sides held "pragmatic and productive discussions" and reached consensus on a list of deliverables and undertakings, including balancing trade and investment, pursuing export-control dialogue, resolving intellectual property-related concerns, and strengthening cooperation on WTO reforms.[58] Trade Commissioner Maroš Šefčovič informed that China has agreed to halve the exports of Hybrid Electric Vehicles (HEVs) and Plug-in Hybrid Electric Vehicles (PHEVs) to the European market, improve the EU's access to China's market, and ease rare-earth export licensing.[59]

In light of the EU's hybrid car trade deal with China, reports indicated that the European Commission is planning to intensify crackdown on China's non-market trade policies and practices. Moreover, the European Parliament has adopted a significantly tougher position on issues related to China, despite long-standing

[55] "Hegseth calls US$1.5 trillion defence budget 'critical' to counter China" — South China Morning Post, October 15, 2026.
[56] "5 things to watch out for in 2027 US defence bill aimed at countering China" — South China Morning Post, October 28, 2026.
[57] "China cuts US Treasury holdings to 18-year low in August as American debt fears mount" – South China Morning Post, October 17, 2026.
[58] "Joint Statement at the second meeting of the EU-China Trade and Investment Consultations" — European Commission, October 9, 2026.
[59] "Maroš Šefčovič" — Maroš Šefčovič (Official X Handle), October 9, 2026.

lobbying from Beijing to tone down its official position.[60] Reacting sharply, China's Ministry of Commerce warned Brussels not to "fantasise" about taking a hardline approach to force China into trade-related concessions and that it should not underestimate China's determination to safeguard its own interests. Beijing rejected the notion that tough talk coming from Europe had forced China into making concessions on trade.[61]

Earlier, Germany and France submitted an informal paper urging the European Commission to pursue stronger trade defence tools, including immediately cutting off European market access to third countries that cause severe trade distortions.[62] In response to this, China's state media warned that France and Germany are lowering the banner of free trade, which they upheld for more than half a century. Adding that, such behaviour is tarnishing Europe's self-proclaimed image as a defender of multilateralism.[63] Chinese analysts believe, Europe's problems, such as its industrial decline, debt concerns, and political polarisation, are homegrown and that holding China responsible for it won't solve these problems.[64] It was also observed that even as the EU talks tough on China, it is likely to avoid a full-blown trade war with Beijing due to internal divisions and fear of retaliation.[65]

During the month, the Presidents of Germany and Switzerland visited China. In his meeting with Swiss President Guy Parmelin and German President Frank-Walter Steinmeier, President Xi called for the deepening of all-round partnership and bringing more certainty to China-Europe economic and trade cooperation.[66] [67]

Among other developments, reports indicated that Chinese automakers such as BYD and Chery have outsold their Japanese rivals in Europe for the first time over

[60] "'No more dumping, no more spying': European Parliament hardens line on China" — South China Morning Post, October 7, 2026.
[61] "China warns EU not to 'fantasise' on trade approach as Brussels confirms new 'kill switch'" — South China Morning Post, October 17, 2026.
[62] "France, Germany call for new weapon allowing 'immediate cut off' of China from EU market" — South China Morning Post, October 5, 2026.
[63] "France and Germany are lowering the banner of free trade themselves" — People's Daily Online, October 8, 2026.
[64] "The EU is its own worst enemy" — South China Morning Post, October 10, 2026.
[65] "The EU will 'pull its punches' on China despite growing trade war talk: analysts" — South China Morning Post, October 21, 2026.
[66] "Xi holds talks with German president, calls for opening new chapter in all-round strategic partnership" – People's Daily Online, October 30, 2026
[67] "Xi meets president of Swiss Confederation, calling for more certainty for China-Europe economic, trade cooperation" - People's Daily Online, October 30, 2026

a full quarter.[68] Five years ago, Chinese auto companies accounted for barely one percent of European sales.

V. China-Russia Relations

On October 21, 2026, Chinese Premier Li Qiang and Russian Prime Minister Mikhail Mishustin co-chaired the 31st regular meeting of China-Russia Heads of Government in St. Petersburg. The two sides noted that their comprehensive partnership has continued to broaden and that it serves as a valuable force for maintaining global strategic stability in a turbulent world.[69] Further, Chinese Foreign Minister Wang Yi and Russian Foreign Minister Sergey Lavrov held a meeting on the sidelines of the Conference on Interaction and Confidence-Building Measures in Asia (CICA) Summit in Baku, Azerbaijan, on October 14, 2026. Both sides agreed to work together to achieve fruitful outcomes from the APEC Economic Leaders' Meeting to be held in Shenzhen in November 2026.[70]

Earlier, Chinese Foreign Minister Wang Yi and Chairman of the Russian Maritime Board Nikolai Patrushev held a meeting in Beijing. The two sides pledged to deepen maritime and Arctic logistics ties to secure energy supplies.[71]

Continuing the deepening trend of China-Russia defence partnership, the PLA participated in Russia's Tsentr-2026 military exercise, with the drills focusing on intelligence reconnaissance, command and control, fire strikes, and comprehensive support. Reports indicated that the PLA's Type 99A battle tanks and unmanned systems, including drone swarms, were used in the exercise and that the Chinese military learnt valuable lessons from Russia's "Special Military Operation" in Ukraine.[72]

President Donald J. Trump expressed his willingness to hold a trilateral meeting with President Xi and President Putin, with nuclear weapons as the core issue, on

[68] "Chinese carmakers overtake Japan in Europe for first time" – The Japan Times, October 26, 2026
[69] "Li Qiang and Russian Prime Minister Mikhail Mishustin Co-Chair the 31st Regular Meeting Between Chinese and Russian Heads of Government" — Permanent Mission of the People's Republic of China to the United Nations, October 21, 2026.
[70] "Wang Yi Meets with Russian Foreign Minister Sergei Lavrov" — Ministry of Foreign Affairs of the People's Republic of China, October 15, 2026.
[71] "China, Russia deepen maritime and Arctic logistics ties to secure energy supply" — South China Morning Post, October 13, 2026.
[72] "Chinese PLA completes Russia's Center-2026 exercise with 99A tanks, unmanned systems; expert highlights lessons from modern warfare" — Global Times, October 3, 2026.

the margins of the APEC Summit to be held in Shenzhen.[73] Reports indicated that President Putin also remains open to the idea of U.S.-China-Russia trilateral dialogue; however, China has historically rejected such trilateral nuclear arms-control dialogue proposals, stressing that Russia and the U.S. possess large nuclear arsenals and that they should cut their own stockpiles first. Therefore, it remains uncertain if the three leaders would actually meet in Shenzhen.[74]

Internal Developments

Key Developments and Addresses by Chinese Leaders

The 20th CPC Central Committee held its fifth plenary session in Beijing from October 26-29, 2026. The CPC adopted a resolution calling for "Persevering with Full and Rigorous Party Self-Governance" based on "Xi Jinping's Thought on Party Building," which emphasises discipline, political loyalty, institutional reforms, and sustained action against corruption.[75] The guiding principles for advancing the Party's self-governance include serving the CPC's missions and tasks; strengthening the Party politically as the overarching principle; exercising rigorous governance across the board; adopting a problem-oriented approach; breaking new ground in China's modernisation; adhering to a top-down approach; and running the Party according to regulations.[76] Analysts noted that, as the CPC approaches its 21st National Congress in 2027, at which the Party's next General Secretary would be elected, self-governance, particularly "discipline within the Party", has become a central political priority for President Xi Jinping.

At the fifth plenary session, Zhang Shengmin, the Secretary of the Discipline Inspection Commission of the Central Military Commission, was elected a member of the CPC Political Bureau.[77] The Party expelled 16 senior military officers, including former Vice Chairman of the CMC Zhang Youxia, for "grave violations of discipline and law".[78] Liu Jianchao, the former Minister of the CPC's

[73] "Trump says he's open to meeting Xi and Putin in China for nuclear talks" — South China Morning Post, October 20, 2026.
[74] "Putin Floats a Summit With Trump and Xi to Discuss Ukraine Deal" – The Wall Street Journal, October 19, 2026
[75] "Communique of the Fifth Plenary Session of the 20th Central Committee of the Communist Party of China" — Ministry of Foreign Affairs of the People's Republic of China, October 29, 2026.
[76] Ibid.
[77] Ibid.
[78] Ibid.

International Department, was also expelled from the Party citing violations of discipline and law.[79]

China's state media described the CPC's fifth plenary session as providing a window into the governance of China. It claimed that the international community is seeking valuable insights from the CPC's party-building experience and national governance. Adding that, a stark contrast is emerging between China's stable governance and "the West's chaos". Compared to the multiparty systems in the West that are mired in partisan politics, China's (CPC's) system possesses strong governing capacity.[80]

On September 30, 2026, President Xi addressed a gathering marking the 77th anniversary of the founding of the People's Republic of China (PRC). In his remarks, Xi called upon the Chinese people to forge ahead with resolve and confidence to achieve national rejuvenation. He emphasised the CPC's major role in China's rapid economic growth and enduring social stability. Major issues discussed by the Chinese President included achieving innovation-driven high-quality development, commitment to one country, two systems (Hong Kong, Macao), advancing national reunification through peaceful cross-strait relations, and implementing the country's four major global initiatives.[81]

On October 22, 2026, the CPC Central Committee marked the 90th anniversary of the victory of the Red Army's "Long March". In his remarks, CPC General Secretary Xi Jinping called upon the Party to remember history and create a brighter future through new achievements on the "new Long March" towards China's modernisation. He noted that the Long March established Mao Zedong's core position in the CPC and that this was an "earth-shattering revolutionary feat" that holds great significance for the Party, country, and the military. Xi reiterated the importance of integrating Marxism with China's national conditions to address real issues.[82]

On October 23, 2026, Chinese Foreign Minister Wang Yi addressed the Global Governance Forum in Xiong'an New Area, Hebei. FM Wang Yi stressed that China's Global Governance Initiative (GGI) has become increasingly relevant as it

[79] Ibid.
[80] "Why has the CPC succeeded? The fifth plenary session provides a window of observation: Global Times editorial" — Global Times, October 27, 2026.
[81] "Xi calls for firm confidence, solid steps for China's national rejuvenation" — People's Daily Online, October 1, 2026.
[82] "Xi calls for new achievements on new Long March" — People's Daily Online, October 22, 2026.

offers solutions to issues related to governance deficit in a turbulent world. He urged the international community to uphold the central role of the UN, enhance the UNSC's rapid response capacity, and respond to legitimate concerns of developing countries.[83]

Trade and Economy

On October 19, 2026, China's National Bureau of Statistics informed that the country's economy grew 4.5 percent year-on-year in the third quarter of 2026. China's overall GDP growth in the first three quarters of 2026 stood at 4.6 percent, in line with Beijing's annual target of growth between 4.5 and 5 percent.[84] Reacting to this, analysts noted that the Chinese economy has continued to expand despite headwinds, with new growth drivers gaining momentum. However, concerns were expressed about a complex and volatile external environment, and the lack of domestic demand in China.[85] In light of this, China's National Development and Reform Commission (NDRC) pledged to boost consumption through ultra-long special treasury bonds, implementation of specific projects as part of the 15th Five-Year Plan, and increase investment in new quality productive forces, especially AI.[86]

As China's Gross national income per capita stood at USD 14,230 in 2025, close to the World Bank's high-income threshold of USD 14,375, reports in the West raised questions about China's status as a "developing country". China's state media rejected such arguments, asserting that GNI per capita should not be the sole criterion for assessing a country's status as developing or developed. Rather, it should be a comprehensive assessment based on a country's overall level of modernisation, industrial development, and public services.[87]

Marking a major milestone in China's green energy transition, reports indicated that in July 2026, China's total installed solar power capacity surpassed that of coal

[83] "China's top diplomat says Global Governance Initiative increasingly relevant" — People's Daily Online, October 24, 2026.
[84] China's economy grows 4.5% in third quarter, staying on track for annual target" — South China Morning Post, October 19, 2026.
[85] "China's economy remains resilient despite global stressors" — China Daily, October 19, 2026.
[86] "China's top economic planner vows more efforts to expand domestic demand" – The State Council of PRC, October 20, 2026
[87] "The 'developed country' label is actually a trap" — People's Daily Online, October 14, 2026.

for the first time, establishing solar as the country's largest source of electricity generation.[88]

Among other developments, China continues to expand its high-speed rail network (bullet train), facilitating cross-city travel, business, and tourism in northern, north-western, central, and north-eastern regions of the country.[89]

Defence and Security

On October 26, 2026, the U.S. Defence Intelligence Agency (DIA), in its report titled "Challenges to Security in Space," stated that China and Russia are developing a formidable spectrum of offensive capabilities to degrade or destroy space services of other countries, from Kinetic destruction to sophisticated jamming and cyber operations. It observed that China could deploy space-based directed energy weapons by the late 2020s.[90] Reacting to this, Chinese analysts shed light on the U.S.' accelerated militarisation of outer space through its deployment of weapons and the development of the Golden Dome Missile Defence initiative.[91] They argued that Washington's approach is a classic case of "thief crying stop the thief", as the U.S. seeks to justify its own military buildup in space by portraying China and Russia as threats.[92]

Meanwhile, on October 23, 2026, China released a position paper on Strengthening Outer Space Governance. Beijing emphasised the importance of abiding by humanity's common values as the fundamental basis of outer space governance, upholding sovereign equality, abiding by the international rule of law, practicing multilateralism, and advancing a people-centered approach.[93]

China-Philippines tensions continued. On October 20, 2026, the PLA's Southern Theatre Command Navy dispatched forces to monitor U.S. littoral combat ship USS Charleston, which had entered the waters adjacent to the Chinese-claimed Xianbin Jiao (Sabina Shoal) in the South China Sea (SCS). Reacting sharply, China's state media warned the Philippines that drawing external forces to gain some

[88] "China's solar capacity surpasses coal, reshaping the nation's energy mix" — People's Daily Online, October 10, 2026.
[89] "China's high-speed rail network expansion to facilitate cross-city collaboration" — People's Daily Online, October 2, 2026.
[90] "US intelligence hypes Chinese, Russian space threats while accelerating its own military buildup in orbit" — Global Times, October 27, 2026.
[91] Ibid.
[92] Ibid.
[93] "Full text: China's Position on Strengthening Outer Space Governance" — Xinhua, October 23, 2026.

advantage in the SCS is a serious strategic misjudgment, and that any act that infringes on China's sovereignty would be met with resolute countermeasures.[94]

China-Japan tensions showed no signs of abating. China remains deeply concerned about Japanese Prime Minister Sanae Takaichi's plans to revise the country's three national security documents. Beijing also remains concerned about Japan's ambitions of possessing nuclear weapons. In light of this, China's Ministry of National Defence warned that Japan's neo-militarism is a "mutant grey rhino running out of control" that poses a serious threat to post-World War II international order, the international non-proliferation regime, and regional peace and stability.[95]

Reports indicated that China's fourth aircraft carrier, the country's first such carrier with a nuclear-powered system, could be launched in late 2027.[96] Meanwhile, the PLA Navy successfully launched and landed the GJ-21 drone from a Type 76 amphibious assault ship. GJ-21 is a stealth attack drone that is a key part of China's naval modernisation, enabling the PLA Navy to integrate stealth unmanned aviation into its maritime force structure.[97]

Technology

China's next wave of global exports, described as "China shock 3.0", is expected to be dominated by AI, biotechnology, and robotics-related products. Analysts stressed that China's exports of embodied AI such as humanoid robots and industrial robots would cause a "humongous shock" that is going to be beyond the existing China shock 2.0.[98]

Amidst widening U.S. restrictions on outbound American investments in dual-use strategic technologies, China unveiled a draft plan to impose new export controls

[94] "The Philippines should not misread the message of US warship's intrusion near Xianbin Jiao" — People's Daily Online (Global Times), October 22, 2026.
[95] "China warns against Japan's rising neo-militarism" — People's Daily Online (Xinhua), October 10, 2026.
[96] "New images suggest China's fourth aircraft carrier could launch in 2027, analysts say", South China Morning Post, October 29, 2026
[97] "China carries out GJ-21 drone take-off, landing from first Type 076 warship: state media", South China Morning Post, October 30, 2026
[98] "China shock 3.0' to be driven by AI, biotech and robot exports, economist says" – South China Morning Post, October 15, 2026

on 14 technologies ranging from AI to biotechnology and photovoltaic solar power.[99]

Chinese technology company iFlytek released a large-language model (LLM) Spark-X2.6, which is reportedly built fully using domestic computing infrastructure.[100] China also continues to make progress in developing its own advanced EUV lithography system critical in advanced semiconductor chip manufacturing.[101]

Meanwhile, a report released by the World Intellectual Property Organization (WIPO) ranked China's Shenzhen-Hong Kong-Guangzhou, Beijing, and Shanghai-Suzhou clusters among the world's top 10 innovation clusters.[102]

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[99] "China mulls new tech export bans covering AI, biotechnology and solar power" – South China Morning Post, October 16, 2026

[100] "Chinese tech company unveils new AI model based on fully domestic computing power", People's Daily Online, October 23, 2026

[101] "Start-up unveils prototype 'heart' of EUV lithography amid China chipmaking push" - South China Morning Post, October 15, 2026

[102] "China leads the world in innovation clusters" – People's Daily Online, October 19, 2026



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