



Delhi Policy Group

Advancing India's Rise as a Leading Power



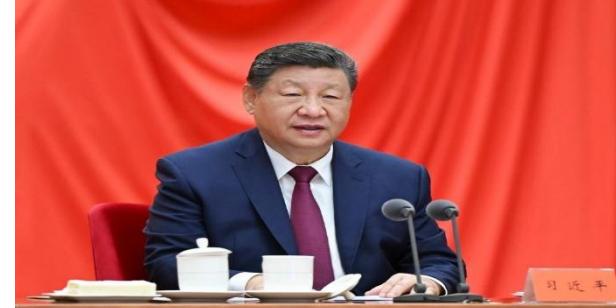
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ABOUT US

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

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China Monitor

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

Cover Images:

India's Foreign Secretary Vikram Misri met Sun Haiyan, Vice Minister of the International Department of the Communist Party of China (IDCPC), in New Delhi on January 14, 2026. Source: [Official X Handle/MEA India](#)

Chinese Vice Premier He Lifeng addressed the World Economic Forum in Davos on January 20, 2026.

Source: [World Economic Forum](#)

Chinese President Xi Jinping addressed the fifth plenary session of the 20th CPC Central Commission for Discipline Inspection (CCDI) on January 12, 2026. Source: [People's Daily](#)

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Abstract

Chinese President Xi Jinping sent a congratulatory message to India's President Droupadi Murmu on January 26, 2026, on the occasion of the 77th Republic Day of India. He noted that China-India relations have improved over the past year and that this relationship is vital to promoting world peace and prosperity. He described Beijing and New Delhi as "good-neighbourly friends and partners" and called for expanded exchanges and cooperation between the two sides.

Earlier, on January 14, 2026, India's Foreign Secretary Vikram Misri met Sun Haiyan, Vice Minister of the International Department of the Communist Party of China (IDCPC), in New Delhi. Major issues discussed in their meeting included progress made in stabilising and rebuilding bilateral ties, ways to take bilateral engagement forward, and China's support for India's BRICS chairmanship.

Indian Army Chief General Upendra Dwivedi addressed a press conference on critical aspects of national security on January 13, 2026. In his remarks on the situation on India's Northern borders, Gen. Dwivedi affirmed that the LAC remains stable and confidence-building measures are contributing to gradual normalisation. Reacting to China's continued infrastructure push in the disputed Shaksgam Valley, Gen. Dwivedi reiterated that the Shaksgam Valley is Indian territory and that New Delhi does not recognise the so-called China-Pakistan boundary agreement of 1963.

The U.S. launched a surgical military strike in Caracas, Venezuela, on January 3, 2026, and captured Venezuela's President Nicolas Maduro. At a UN Security Council briefing on Venezuela, U.S. Ambassador Mike Waltz said that "Operation Absolute Resolve" was a surgical law enforcement operation against two indicted fugitives of American justice, narco-terrorist Nicolas Maduro and Cilia Flores.

Reacting sharply, China condemned the U.S.' "hegemonic behaviour" as a grave violation of international law and a threat to peace and security in Latin America and the Caribbean. A Xinhua commentary warned that the rules-based international order touted by the U.S. was a "predatory order based on U.S. interests". It cautioned that no sovereign nation is safe when "the law of the jungle" replaces international norms.

The U.S. released its 2026 National Defence Strategy (NDS) on January 23, 2026. Major elements in the NDS included prioritising the defence of the U.S. homeland and American interests in the Western Hemisphere, increasing burden sharing with allies and partners, and modernising the U.S. defence industrial base. According to Chinese analysts, the NDS reflects a more measured approach to Washington's China policy, and it remains to be seen whether the U.S. will take concrete steps to maintain stable ties with China.

Amidst President Trump's stated intent to acquire Greenland for U.S. national security, Chinese state media urged the European Union (EU) to resist Washington's "hegemonic coercion". It cautioned the EU that if Greenland falls into the hands of the U.S., Europe may lose its voice in Arctic affairs. It urged Europe to steadfastly advance its "strategic autonomy" as a key pole in a multipolar world.

On January 9, 2026, Russia launched a massive attack on critical infrastructure in Ukraine's Lviv region, which included the use of an Oreshnik hypersonic ballistic missile. Media reports indicated that China had sent Russia specialised manufacturing machines and tools that were helping Moscow expand the production of the Oreshnik missile. China, on its part, reiterated that it "neither fuels the flames nor seeks to profit from the Ukraine crisis, and will not accept blame shifting by the West".

On January 21, 2026, Chinese Vice Premier He Lifeng addressed the World Economic Forum's (WEF) annual meeting in Davos, Switzerland. In his remarks, Vice Premier He shed light on China's four global initiatives and called upon the international community to steadfastly support multilateralism and free trade. Chinese analysts noted that He Lifeng's speech at WEF presented China as a reliable partner for the world, in sharp contrast to the unilateralism of the US.

On January 19, 2026, China's National Bureau of Statistics announced that the country's GDP grew by 5 per cent in 2025, meeting the government's annual target. Despite the trade war launched by the US, China achieved a record trade surplus of USD 1.19 trillion in 2025. Reacting to this, Chinese analysts noted that, even as global trade and economic order suffered a severe shock in 2025, China's economy achieved a "quantitative leap" and "qualitative improvement", demonstrating its resilience.



On January 24, 2026, China's Ministry of National Defence announced that Zhang Youxia, Vice Chairman of the Central Military Commission (CMC), and Liu Zhenli, Chief of Staff of the CMC Joint Staff Department, were placed under investigation for suspected serious discipline and law violations. Reacting to this, analysts stressed that this demonstrates the importance President Xi places on the "absolute loyalty of the PLA" to his leadership and his belief that no target is too big to be taken down. This marked a continuation of widespread and unprecedented purges in the PLA's senior hierarchy under President Xi.

Foreign and Security Policy

I. China-India Relations

Chinese President Xi Jinping sent a congratulatory message to the President of India Droupadi Murmu on January 26, 2026, in honour of the 77th Republic Day of India.¹ President Xi noted that China-India relations have improved over the past year and that this relationship is vital to promoting world peace and prosperity.² He described Beijing and New Delhi as “good-neighbourly friends and partners” and called for expanded exchanges and cooperation between the two sides.³

Earlier, on January 14, 2026, India’s Foreign Secretary Vikram Misri met Sun Haiyan, Vice Minister of the International Department of the Communist Party of China (IDCPC), in New Delhi. Major issues discussed in their meeting included progress made in stabilising and rebuilding bilateral ties, ways to take bilateral engagement forward, and China’s support for India’s BRICS chairmanship.⁴

Indian Army Chief General Upendra Dwivedi addressed a press conference on critical aspects of national security on January 13, 2026. Among other issues, in his remarks on the situation on India’s Northern Front, Gen. Dwivedi informed that the LAC remains stable and confidence-building measures are contributing to gradual normalisation.⁵ He stressed that India’s deployment remains balanced and robust, and that capability development and infrastructure enhancement are progressing through a whole-of-government approach.⁶ Reacting to China’s continued infrastructure push in the disputed Shaksgam Valley, Gen. Dwivedi reiterated that the Shaksgam Valley is Indian territory and that New Delhi does not recognise the so-called China-Pakistan boundary agreement of 1963.⁷

China, on its part, claimed that the Shaksgam Valley is under its sovereignty and that infrastructure development as part of China-Pakistan Economic Corridor

¹ China’s Ambassador to India - Xu Feihong, Official X Handle, January 26, 2026

² “Xi says India, China are ‘friends, partners’ in Republic Day greeting”, The Economic Times, January 26, 2026

³ China’s Ambassador to India - Xu Feihong, Official X Handle, January 26, 2026

⁴ “Foreign Secretary meets Vice Minister of International Department of Communist Party of China, Ms. Sun Haiyan”, MEA India, January 14, 2026

⁵ ADG PI - Indian Army, Official X Handle, January 13, 2026

⁶ Ibid.

⁷ “Transcript of Weekly Media Briefing by the Official Spokesperson”, MEA India, January 9, 2026,

(CPEC) on its territory is unchallengeable.⁸ According to Chinese analysts, the Indian Army Chief's remarks concerning the Shaksgam Valley reflect India's "erroneous view" of the boundary issue and the China-Pakistan Economic Corridor (CPEC).⁹

A China-led military exercise titled "Will For Peace 2026", involving some BRICS countries, was held in South African waters from January 9-16, 2026.¹⁰ Chinese observers noted that the Will For Peace 2026 exercise demonstrated "a new model of security cooperation among BRICS Plus nations" aimed at jointly addressing maritime security challenges. Adding that, this first-of-its-kind BRICS security exercise will enhance mutual trust among the group's member-states and advance a fair maritime order.¹¹ On the other hand, as India did not participate in this exercise, on January 17, 2026, India's Ministry of External Affairs clarified that the so-called BRICS Naval Exercise was entirely a South African initiative and it was not an institutionalised BRICS activity, nor did all BRICS members take part in it.¹²

According to China's annual trade data, bilateral trade between China and India totalled USD 155.62 billion in 2025.¹³ India's exports to China increased by 9.7 percent to USD 19.75 billion, while China's exports to India increased by 12.8 percent to USD 135.87 billion.¹⁴ Even as India's exports to China expanded, its trade deficit surged to an all-time high of USD 116 billion in 2025.¹⁵

Amidst a thaw in India-China relations, on January 8, 2026, reports indicated that New Delhi plans to remove five-year-old restrictions on Chinese companies bidding for Indian government contracts.¹⁶ Further, India has introduced a new e-Business Visa (e-B-4 Visa) to facilitate Chinese nationals' travel to India for

⁸ "China's infrastructure construction on its own territory, including CPEC-related projects in Shaksgam Valley, is 'beyond reproach.' FM spokesperson", Global Times, January 12, 2026

⁹ "India's Chief of Army Staff makes mixed remarks on China-India boundary issue; expert calls for trust-building, not the opposite", Global Times, January 14, 2026

¹⁰ "Defence hosts Exercise Will for Peace 2026, 9 to 16 Jan", South African Government, December 30, 2025

¹¹ "Will for Peace 2026' exercise shows a new model of security co-op among 'BRICS plus' nations", Global Times, January 5, 2026

¹² "Official Spokesperson's response to media queries regarding comments relating to India's non-participation in a so-called 'BRICS Naval Exercise'", MEA India, January 17, 2026

¹³ "Indian exports to China rise in 2025 but trade deficit touches record high of \$116 billion", The Economic Times, January 14, 2026

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ "Finance Ministry plans to scrap curbs on Chinese firms bidding for government contracts, sources say", The Economic Times, January 8, 2026

business activities such as the installation and commissioning of equipment.¹⁷ Reacting to these developments, Chinese analysts stated that, as border tensions have subsided, India seeks to revive commercial ties with China.¹⁸ Adding that, the Indian government has realised that efforts to decouple from China have resulted in supply chain bottlenecks and project delays in infrastructure, manufacturing, and energy sectors.¹⁹

India has extended a formal invitation to China to participate in its AI Impact Summit to be held in New Delhi from February 15-20, 2026. In light of this, Chinese analysts observed that India's AI capabilities are classified within the global second or third tier, with New Delhi striving to strike a balance between major global technology powers, such as China and the U.S.²⁰ By inviting both China and the U.S. to its AI Impact Summit, India intends to increase its global stature and influence.²¹

Among other developments, the Reserve Bank of India (RBI) has reportedly proposed linking the Central Bank Digital Currencies (CBDC) of the BRICS countries to facilitate cross-border payments for trade and tourism.²² This could further reduce BRICS' reliance on the U.S. Dollar.

II. China-South Asia Relations

On January 4, 2026, Wang Yi, the Director of China's Central Commission for Foreign Affairs, met Pakistan's Deputy Prime Minister and Foreign Minister Mohammad Ishaq Dar in Beijing. The two leaders vowed to continue to deepen China-Pakistan's "all-weather strategic cooperative partnership", describing it as a stabilising factor in the region.²³ Major issues discussed in the meeting included commemoration of the 75th anniversary of the establishment of diplomatic

¹⁷ "India introduces new e-Business visa to facilitate easy travel for Chinese nationals", The Economic Times, January 5, 2026

¹⁸ "India reportedly plans to scrap curbs on Chinese firms bidding for govt contracts; reported move signifies improvement in ties: expert", Global Times, January 9, 2026

¹⁹ Ibid.

²⁰ "India invites China to AI summit, eyes balance between global tech powers: expert", Global Times, December 30, 2026

²¹ Ibid.

²² "RBI proposes linking BRICS' digital currencies, sources say", The Economic Times, January 19, 2026

²³ "Wang Yi and Pakistani Deputy Prime Minister and Foreign Minister Mohammad Ishaq Dar Hold China-Pakistan Foreign Ministers' Strategic Dialogue", MFA PRC, January 4, 2026

relations, the situation in Venezuela, China's opposition to the use of force in international relations, and commitment to the one-China principle.²⁴

Chinese state media reports indicated that Pakistan was engaged in talks with multiple countries for the sale of JF-17 fighter jet, co-developed by China and Pakistan. It was claimed that the JF-17 fighter jet's demand had increased following the Pakistan-India conflict in May 2025, during which the Pakistani aircraft demonstrated its combat capabilities in action.²⁵

Sri Lanka's Foreign Minister Vijitha Herath met Director Wang Yi in Colombo on January 12, 2026. Wang Yi highlighted the assistance provided by Beijing to cope with the devastating cyclone in Sri Lanka, expressing confidence in the resilience of the Sri Lankan people to overcome the disaster and reconstruct their homes.²⁶ Major issues discussed in the meeting included deepening the strategic cooperative partnership, opposing the resurgence of "the law of the jungle", resisting power politics and bullying, and defending multilateralism.²⁷

On January 27, 2026, the Bangladesh Air Force (BAF) signed an agreement with a state-owned Chinese company to build a drone manufacturing and assembly plant in Bangladesh.²⁸ BAF informed that the defence agreement is aimed at enhancing Bangladesh's self-reliance in domestic drone production and will help the country make significant technological progress.²⁹ Reacting to this, analysts observed that in the backdrop of deteriorating India-Bangladesh relations, China was expanding its defence footprint in Bangladesh.³⁰

Chinese Ambassador to Bangladesh Yao Wen visited the Teesta River development project near India's strategically sensitive Siliguri corridor. A Bangladeshi official informed that the Chinese side was keen to begin the implementation of the Teesta master plan at the earliest.³¹ India is likely to pay

²⁴ Ibid.

²⁵ "Several countries 'actively' engaged in talks for JF-17 fighter jets, Pakistani Prime Minister reportedly says", Global Times, January 15, 2026

²⁶ "Chinese, Sri Lankan FMs meet on ties", People's Daily, January 12, 2026

²⁷ Ibid.

²⁸ "Bangladesh signs defence deal with China to manufacture drones locally", Anadolu Agency, January 28, 2026

²⁹ Ibid.

³⁰ "China expands defence footprint in Bangladesh with UAV factory", The New Indian Express, January 28, 2026

³¹ "Chinese envoy along with Bangladesh officials visit Teesta river project near India's Chicken neck corridor", The Economic Times, January 21, 2026

close attention to this issue, especially given Bangladesh Interim Leader Yunus's views on India's northeastern region.

III. China-United States Relations

The U.S. launched a surgical military strike in Caracas, Venezuela, on January 3, 2026, and captured Venezuela's President Nicolas Maduro and his wife Cilia Flores.³² At a UN Security Council briefing on Venezuela, U.S. Ambassador Mike Waltz informed that "Operation Absolute Resolve" was a surgical law enforcement operation against two indicted fugitives of American justice, narco-terrorist Nicolas Maduro and Cilia Flores.³³

Reacting sharply, China condemned the U.S.' "hegemonic behaviour" as a grave violation of international law and a threat to peace and security in Latin America and the Caribbean.³⁴ A Xinhua commentary warned that the rules-based international order touted by the U.S. was a "predatory order based on U.S. interests". It cautioned that no sovereign nation is safe when "the law of the jungle" replaces international norms.³⁵

Following the capture of Nicolas Maduro, President Trump announced a major role for American oil companies in Venezuela's oil sector. Chinese analysts described Maduro's "abduction" and the U.S.' intent to control Venezuela's oil sector as President Trump's "audacious imperialism" that would propel China's global rise.³⁶ They noted that the Trump administration's "gunboat diplomacy" is strengthening the case for viewing China as the driver of a more equitable world, rather than setting it back.³⁷ This implies that Beijing could be on equal footing with the U.S. in strategic rivalry in the post-Trump era, reshaping the global order.³⁸

³² "Remarks at a UN Security Council Briefing on Venezuela", US Mission to UN, January 5, 2026

³³ Ibid.

³⁴ "China urges US to immediately release Maduro, 'stop subverting Venezuelan regime'", South China Morning Post, January 4, 2026

³⁵ Ibid.

³⁶ "Opinion | Trump's audacious imperialism will only propel China's rise", South China Morning Post, January 13, 2026

³⁷ "My Take | The United States returns to gunboat diplomacy, 21st-century style", South China Morning Post, January 5, 2026

³⁸ "How narrowing China-US gap could reshape global power play by 2035", South China Morning Post, January 19, 2026

The U.S. welcomed a ruling by Panama's supreme court on January 30, 2026, which ruled that the contracts under which a Chinese company operates the ports on the Panama Canal were unconstitutional.³⁹ Reacting to this, China stated that it will take all necessary measures to protect the legitimate and lawful rights and interests of Chinese companies.⁴⁰

President Trump addressed the World Economic Forum's (WEF) annual meeting in Davos, Switzerland, on January 21, 2026. In his remarks, among other things, President Trump reiterated that the U.S. intends to acquire Greenland for its national security, which is located in the Arctic region and is an autonomous territory of Denmark.⁴¹ Trump has repeatedly expressed concerns about the presence of Russian and Chinese military vessels near Greenland.⁴² Reacting to this, a Global Times editorial cautioned that the U.S.' attempts to label China as a "military threat" and "resource grabber" in the Arctic region distorts facts and demonstrates a hegemonic mindset, misleading the public. It clarified that China does not have any military deployment in the Arctic and rejected claims of Beijing and Moscow's Arctic military push.⁴³

At WEF, President Trump criticised China for profiting significantly from the sale of windmills, despite Beijing not utilising them domestically.⁴⁴ Xinhua rejected Trump's claims, stating that China is an undisputed global leader in wind energy. By the end of November 2025, the country's total installed wind power capacity had exceeded 600 million kilowatts.⁴⁵ It reiterated Beijing's determination to advance global cooperation on green energy and a low-carbon future that would promote a clean and beautiful world.⁴⁶

³⁹ "US hails Panama high court ruling against CK Hutchison's ports concession", South China Morning Post, January 31, 2026

⁴⁰ "Foreign Ministry Spokesperson Guo Jiakun's Regular Press Conference on January 30, 2026", MFA PRC, January 30, 2026

⁴¹ "Davos 2026: Special Address by Donald J Trump, President of the United States of America", World Economic Forum, January 21, 2026

⁴² "Nordics reject Trump's claim of Chinese and Russian ships around Greenland, FT reports", Reuters, January 11, 2026

⁴³ "Hyping the 'China threat in the Arctic' an attempt to mislead the public: Global Times editorial", Global Times, January 12, 2026

⁴⁴ "Davos 2026: Special Address by Donald J Trump, President of the United States of America", World Economic Forum, January 21, 2026

⁴⁵ "Xinhua Commentary: Setting the record straight on China's wind power", Xinhua, January 23, 2026

⁴⁶ *Ibid.*

Chinese Vice Premier He Lifeng and U.S. Treasury Secretary Scott Bessent held a meeting on the margins of the World Economic Forum. Secretary Bessent informed that Beijing is adhering to its trade deal commitments, including purchasing U.S. soybeans and supplying rare-earth metals to the U.S.⁴⁷ China has also begun approving imports of Nvidia's H200 graphics processing units (GPUs).⁴⁸ Reacting to this, Chinese analysts asserted that the conditional sale of Nvidia's H200 chips is not a sudden act of goodwill from the U.S. Rather, it is a calculated move seeking a strategic balance between "containing China's AI capabilities" and "avoiding forcing China to make technological leaps".⁴⁹

On January 16, 2026, President Xi met Canada's Prime Minister Mark Carney in Beijing. President Xi noted that the bilateral relationship between China and Canada had improved following his meeting with Canadian Prime Minister Carney at the APEC Summit in Gyeongju in October 2025.⁵⁰ In a joint statement, the two sides pledged to reinvigorate their economic and financial strategic dialogue, which will strengthen trade cooperation. Canada agreed to remove the additional 100 percent tariff levied on the imports of Chinese EVs, while China will lower its tariff on imports of Canadian Canola.⁵¹ Reacting to this, analysts observed that, amidst the U.S.' unpredictable trade policies, Canada is demonstrating a greater willingness to engage with China, even at the risk of diverging from U.S. preferences.⁵² Adding that, President Trump's America First agenda is helping China become great again, ushering in a "truly multipolar world".⁵³

On January 22, 2026, President Trump ratified the Charter of the "Board of Peace" in Davos, Switzerland, establishing it as an international organisation.⁵⁴ Trump described the Board of Peace as the first step toward a better future for Gaza and the Middle East as a whole, which would end decades of suffering, hatred, and

⁴⁷ "Bessent cites trade progress after meeting China's He Lifeng in Davos", South China Morning Post, January 20, 2026

⁴⁸ "Beijing weighs H200 imports amid uncertainty for China tech giants", South China Morning Post, January 28, 2026

⁴⁹ "US' conditional sales of H200 AI chips mirror China's technological self-reliance: Global Times editorial", Global Times, January 14, 2026

⁵⁰ "President Xi Jinping Meets with Canadian Prime Minister Mark Carney", MFA PRC, January 16, 2026

⁵¹ "US and Canada drift apart on China as Ottawa rethinks Beijing ties", South China Morning Post, January 23, 2026

⁵² Ibid.

⁵³ "Trump's 'America first' agenda driving countries closer to China: survey", South China Morning Post, January 16, 2026

⁵⁴ "President Trump Ratifies Board of Peace in Historic Ceremony, Opening Path to Hope and Dignity for Gazans", The White House, January 22, 2026

bloodshed.⁵⁵ Trump reportedly expressed his belief that the Board of Peace may replace the United Nations.⁵⁶ In light of this, China reiterated its commitment to multilateralism and pledged to safeguard the international system with the UN at its core.⁵⁷ Chinese state media shed light on France, Germany, Norway, Denmark, Sweden, and Slovenia's refusal to join the U.S.-led Board of Peace as revealing divisions within the West. Adding that, the Board of Peace has failed to foster unity; rather, it has intensified international fragmentation.⁵⁸

The U.S. released its 2026 National Defence Strategy on January 23, 2026. Major issues discussed in the NDS included prioritising the defence of the U.S. homeland and U.S. interests in the Western Hemisphere, increasing burden sharing with allies and partners, and modernising the U.S. defence industrial base.⁵⁹ According to Chinese analysts, the U.S. NDS reflects a more measured approach to Washington's China policy, and it remains to be seen whether the U.S. will take concrete steps to maintain stable ties with China.⁶⁰

On January 15, 2026, the U.S. Commerce Secretary Howard Lutnick stated that Taiwanese companies would invest USD 250 billion and Taiwan's government would invest another USD 250 billion to expand semiconductor manufacturing in the U.S.⁶¹ In light of this trade deal, the Chinese government cautioned Taiwan's Democratic Progressive Party (DPP) that it would lose its core industrial advantage if it shifted 40 percent of its semiconductor manufacturing capacity to the U.S. Beijing reiterated its opposition to the "Taiwan independence" separatist movement and its external supporters.⁶²

Among other issues, as the U.S. withdrew from 66 international organisations, analysts warned that it would have a lasting impact on American leadership

⁵⁵ Ibid.

⁵⁶ "China expresses support for UN after Trump says Board of Peace "might" replace it", People's Daily, January 21, 2026

⁵⁷ Ibid.

⁵⁸ "What do the international divisions surrounding the 'Board of Peace' reveal?: Global Times editorial", Global Times, January 24, 2026

⁵⁹ "Pentagon's new defence strategy elevates Western Hemisphere, allies' burden-sharing", People's Daily, January 26, 2026

⁶⁰ "US' National Defence Strategy reportedly adopts softer tone toward China; concrete actions needed to maintain stable ties: expert", Global Times, January 24, 2026

⁶¹ "Taiwan chip deal is worth a total of \$500 billion, US Commerce Secretary Lutnick says", Reuters, January 16, 2026

⁶² "So-called trade deal between US and Taiwan region would turn 'tech island' into 'hollow island': mainland spokesperson", Global Times, January 21, 2026

around the world, accentuating power gaps in vital areas such as climate and security.⁶³ This is likely to present opportunities as well as challenges for China.

IV. China-European Union Relations

Amidst President Trump's stated intent to acquire Greenland for U.S. national security, Chinese state media urged the European Union (EU) to resist Washington's "hegemonic coercion". It cautioned the EU that if Greenland falls into the hands of the U.S., Europe may lose its voice in Arctic affairs, which is rich in oil, natural gas, and minerals such as rare-earth. Adding that, Europe must steadfastly advance its "strategic autonomy" as a key pole in a multipolar world.⁶⁴ According to analysts, the European leaders are indeed reassessing their relationship with the U.S., as outlined in speeches at the World Economic Forum by Ursula von der Leyen and Friedrich Merz.⁶⁵

On January 12, 2026, the European Commission agreed to waive tariffs on imported Chinese electric vehicles (EVs) if they meet the minimum price required to eliminate any advantage producers enjoy from Chinese government subsidies.⁶⁶ In response, an editorial by the South China Morning Post hailed the China-EU EVs compromise as a positive sign for overall trade relations.⁶⁷ It underscored Beijing and Brussels' intent to cooperate as the U.S. has turned aggressive towards friends and foes alike.⁶⁸ Meanwhile, the EU's newly effective 'Carbon Border Adjustment Mechanism' (CBAM) has emerged as a source of trade friction between China and Europe.⁶⁹

On January 9, 2026, the Chinese government announced that it would cut export subsidies (export value-added tax rebates) for solar panels and batteries in the coming months.⁷⁰ It is expected that this will ease trade tensions between China

⁶³ "China warns of 'law of the jungle' as US exits global bodies", South China Morning Post, January 9, 2026

⁶⁴ "Faced with hegemonic coercion, Europe can no longer pretend to be asleep: Global Times editorial", Global Times, January 9, 2026

⁶⁵ "EU reassesses U.S. ties as Greenland dispute exposes transatlantic rifts", People's Daily, January 24, 2026

⁶⁶ "Editorial | China-EU compromise over EVs bodes well for trade and overall ties", South China Morning Post, January 20, 2026

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ "China stresses climate cooperation with EU, vows measures against unfair trade rules", People's Daily, January 3, 2026

⁷⁰ "Goodwill or necessity? Why is China slashing solar and battery subsidies?", South China Morning Post, January 10, 2026

and the EU, which has repeatedly expressed concerns about China's industrial overcapacity in the new energy sector.⁷¹ Analysts noted that, since China maintains a globally dominant market position in solar panels and batteries, the export tax refund scheme was not required to ensure the competitiveness of these products.⁷²

On January 21, 2026, reports indicated that the EU wants member-states to remove high-risk suppliers such as China's Huawei and ZTE from European telecom networks as part of its new cybersecurity law.⁷³ Reacting sharply, Chinese analysts warned that removing cost-effective, technologically advanced supply chains would not only incur exorbitant replacement costs but would also slow Europe's digital upgrade and green transition. They observed that Brussels bows to the U.S., even at the expense of its own interests.⁷⁴

V. China-Russia Relations

On January 9, 2026, Russia launched a massive attack on critical infrastructure in Ukraine's Lviv region using an Oreshnik hypersonic ballistic missile.⁷⁵ Amidst the raging conflict between Russia and Ukraine, reports indicated that China had sent Russia specialised manufacturing machines and tools that were helping Moscow expand the production of its nuclear-capable hypersonic missile Oreshnik.⁷⁶ China, on its part, reiterated that it neither fuels the flames nor seeks to profit from the Ukraine crisis, and will not accept blame shifting by the West. Adding that, China will continue to play a constructive role in easing the humanitarian situation in Ukraine.⁷⁷

China's Defence Minister Dong Jun and Russia's Defence Minister Andrey Belousov held a video call on January 27, 2026, pledging to further deepen their strategic partnership. Major issues discussed in the meeting included the implementation of the consensus reached by their leaders, the strengthening of

⁷¹ Ibid.

⁷² Ibid.

⁷³ "EU moves to force Huawei out of networks, opening door to wider Chinese tech bans", South China Morning Post, January 20, 2026

⁷⁴ "'Double standards' are backfiring on Europe", People's Daily, January 19, 2026

⁷⁵ "Russia fires hypersonic missile at target in Ukraine near NATO border", Reuters, January 10, 2026

⁷⁶ "How China is powering Putin's deadliest new weapon", The Telegraph, January 28, 2026

⁷⁷ "China denies helping Russia produce Oreshnik missiles", The Kyiv Independent, January 29, 2026

strategic coordination, and the collective response to challenges aimed at upholding global security and stability.⁷⁸

VI. President Xi's Meetings with Leaders of South Korea and the UK

President Xi held meetings with the President of the Republic of Korea (ROK)⁷⁹ Lee Jae-myung, and the Prime Minister of the United Kingdom⁸⁰ Keir Starmer in Beijing on January 5 and 29, 2026, respectively. In these meetings, Xi pledged to strengthen China's partnership with the ROK and Britain. Reacting to this, China's state media asserted that, against the backdrop of unilateralism and a hegemonic mindset, successive visits to Beijing by Western leaders highlight growing momentum of cooperation between China and the West.⁸¹ British Prime Minister Starmer's remarks that the UK would not be forced to choose between China and the U.S. was interpreted as a reflection of the fact that even in the West, bloc-based confrontation is losing traction.⁸²

Internal Developments

Key Developments and Addresses by Chinese Leaders

On January 21, 2026, Chinese Vice Premier He Lifeng addressed the World Economic Forum's (WEF) annual meeting in Davos. In his remarks, Vice Premier He shed light on China's four global initiatives (GDI, GSI, GCI, and GGI) and called upon the international community to steadfastly support multilateralism and free trade.⁸³ Major issues discussed by him included advancing universally beneficial and inclusive economic globalisation, making the global trade order more just and equitable, and pursuing win-win cooperation.⁸⁴ Chinese analysts noted that Vice Premier He Lifeng's speech at WEF presented China as a reliable partner for the world, in sharp contrast to the unilateralism of the U.S.⁸⁵

⁷⁸ "Chinese defence minister holds video talk with Russian counterpart", Xinhua, January 27, 2026

⁷⁹ "President Xi Jinping Holds Talks With ROK President Lee Jae Myung", MFA PRC, January 5, 2026

⁸⁰ "Xinhua Headlines: China, Britain agree to develop long-term, consistent comprehensive strategic partnership in Xi-Starmer meeting", Xinhua, January 30, 2026

⁸¹ "There's no need to make a fuss about Western countries 'moving closer to China': Global Times editorial", Global Times, January 26, 2026

⁸² "China-UK relations should be viewed from a global perspective beyond a bilateral lens: Global Times editorial", Global Times, January 28, 2026

⁸³ "He Lifeng Attends the World Economic Forum Annual Meeting and Visits Switzerland", MFA PRC, January 21, 2026

⁸⁴ Ibid.

⁸⁵ "China readies Davos sales pitch as US grants Beijing window of opportunity", South China Morning Post, January 19, 2026

President Xi addressed the fifth plenary session of the 20th CPC Central Commission for Discipline Inspection (CCDI) in Beijing on January 12, 2026. In his remarks, Xi noted that CCDI – China's highest anti-corruption body – has intensified efforts to eradicate corruption and improve the Party's conduct.⁸⁶ Major issues discussed by President Xi included continuing the fight against corruption to achieve the goals of China's 15th Five-Year plan (2026-2030), advancing the Party's full and rigorous self-governance, and upholding the CPC Central Committee's authority.⁸⁷

On January 20, 2026, President Xi, in his remarks at the Central Party School (National Academy of Governance), described the rise of new technologies such as AI as "epoch-making" and reiterated the need to advance high-technology innovation. According to Xi, the rise of technologies such as AI, quantum computing, and biotechnology is "comparable to the changes brought about in human civilisation by steam engine, electricity, and the internet".⁸⁸ He called upon Chinese officials to develop a comprehensive understanding of the CPC's fourth plenary session and advance China's modernisation through the 15th Five-Year plan.⁸⁹

The annual sessions of China's National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) would be held in Beijing beginning March 4, 2026.⁹⁰

Trade and Economy

On January 19, 2026, China's National Bureau of Statistics announced that the country's GDP grew by 5 per cent in 2025, meeting the government's annual target. China's GDP stood at CNY 140.18 trillion (about USD 20 trillion).⁹¹ Despite the trade war launched by the U.S., China achieved a record trade surplus of USD 1.19 trillion in 2025, driven by 5.5 percent growth in exports.⁹² Reacting to this, Chinese

⁸⁶ "Xi urges advancing Party self-governance with higher standards, more concrete measures", People's Daily, January 13, 2026

⁸⁷ Ibid.

⁸⁸ "Xi Jinping calls AI 'epoch-making' as China pushes innovation strategy – but flags risks", South China Morning Post, January 26, 2026

⁸⁹ Ibid.

⁹⁰ "China invites journalists to cover annual 'two sessions'", The State Council of PRC, January 27, 2026

⁹¹ "China's GDP grows 5 pct in 2025, hitting annual target", People's Daily, January 19, 2026

⁹² "China Reports Robust Economic Growth, Thanks to Resilient Exports", The Wall Street Journal, January 19, 2026

analysts noted that, even as global trade and economic order suffered a severe shock in 2025, China's economy achieved "quantitative leap" and "qualitative improvement", demonstrating its resilience.⁹³

Notwithstanding the above, concerns have been expressed about a prolonged slump in the Chinese property sector, tepid consumer spending, and deflationary pressure on the economy.⁹⁴ In 2025, China's exports to the U.S. fell 20 percent as a result of President Trump's trade war. A surge in China's exports to ASEAN and Africa offset the loss of the U.S. market.⁹⁵

Foreign Direct Investment (FDI) in China fell 9.5 percent, amounting to CNY 747.7 billion (USD 107.38 billion) in 2025.⁹⁶ Despite a decline in headline FDI, analysts noted that foreign investors entered the Chinese market in large numbers, indicating a sustained interest but a more cautious approach.⁹⁷

The demographic crisis in China continues, as 7.92 million babies were born in 2025, down 17 percent from 9.54 million in 2024. The country's overall population shrank by 3.39 million to 1.4049 billion in 2025.⁹⁸ Analysts cautioned that even as Beijing has accelerated family-support policies and child-care subsidies, structural reforms are necessary to deal with the country's deepening demographic crisis.⁹⁹

Defence and Security

On January 24, 2026, China's Ministry of National Defence announced that Zhang Youxia, Vice Chairman of the Central Military Commission (CMC), and Liu Zhenli, Chief of Staff of the CMC Joint Staff Department, were placed under investigation for suspected serious discipline and law violations.¹⁰⁰ In light of this, PLA Daily's editorial reaffirmed the CPC Central Committee's determination to

⁹³ "The world witnesses the resilience of China's economy 'advancing under pressure'", People's Daily, January 20, 2026

⁹⁴ "China Reports Robust Economic Growth, Thanks to Resilient Exports", The Wall Street Journal, January 19, 2026

⁹⁵ "As China's US exports plunge in 2025, Beijing banks on diversification for 2026 growth", South China Morning Post, January 14, 2026

⁹⁶ "Foreign direct investment in China slides 9.5% in 2025", Reuters, January 23, 2025

⁹⁷ "China's FDI in 2025: A Year of Recalibration", China Briefing from Dezan Shira and Associates, January 27, 2026

⁹⁸ "China's demographic alarms blare as births hit historic low and population shrinks again", South China Morning Post, January 19, 2026

⁹⁹ Ibid.

¹⁰⁰ "China probes senior military officials Zhang Youxia, Liu Zhenli for suspected serious discipline, law violations: defence ministry", MND PRC, January 24, 2026

fight and win the protracted war against corruption in the military. Adding that, any official found to be involved in corruption will be dealt with without leniency, regardless of their position.¹⁰¹ This demonstrates the importance President Xi places on the “absolute loyalty of the PLA” to his leadership and his belief that no target is too big to be taken down.¹⁰²

China-Japan tensions showed no signs of abating. On January 6, 2026, China expressed concerns about Japan’s intent to revise its three national security documents, describing it as a dangerous move aimed at accelerating remilitarisation.¹⁰³ Japanese Prime Minister Sanae Takaichi’s intent to revise three security documents prompted the People’s Daily editorial to question Japan’s image as a “pacifist nation”.¹⁰⁴ Amidst this, China tightened export controls on dual-use items bound for Japan, citing national security and non-proliferation obligations.¹⁰⁵ Reacting to this, analysts from China stated that, given Japan’s provocations in the military and security sphere, it would be inappropriate for China to continue exporting dual-use items to Tokyo.¹⁰⁶

The U.S. and the Philippines conducted their 11th bilateral maritime activity in Bajo de Masinloc within the West Philippine Sea on January 25-26, 2026. In response to this, China accused the Philippines of “deliberately stoking maritime tensions” in the disputed South China Sea by drawing in external powers.¹⁰⁷

According to reports, the PLA’s Information Support Force is developing experimental equipment that will allow the military to utilise quantum technology and supercomputing to enhance the military’s new combat capabilities.¹⁰⁸ Meanwhile, the PLA Navy commissioned a new Type 052D guided missile

¹⁰¹ “China resolute in winning anti-corruption war in military: PLA Daily”, China Military Online, January 24, 2026

¹⁰² “Xi has absolute control over China’s military. Now he wants more”, CNN, January 26, 2026

¹⁰³ “Japan’s intended revision of security documents warrants high vigilance: Chinese spokesperson”, People’s Daily, January 6, 2026

¹⁰⁴ “Three questions for Japan: Unmasking its so-called ‘pacifist nation’ image”, People’s Daily, January 16, 2026

¹⁰⁵ “China tightens export controls of Japan-bound dual-use items amid security tensions”, People’s Daily, January 7, 2026

¹⁰⁶ Ibid.

¹⁰⁷ “China says Philippines is stoking tensions with large-scale Scarborough Shoal drill”, South China Morning Post, January 30, 2026

¹⁰⁸ “PLA Information Support Force seeks combat edge through quantum technology and supercomputing: media report”, Global Times, January 15, 2026

destroyer, 'Loudi', that would enhance China's regional air-defence, sea attack and task force command capabilities.¹⁰⁹

Technology

On January 7, 2026, the Chinese government issued an action plan aimed at achieving a secure and reliable supply of key core AI technologies by 2027. Beijing intends to integrate AI with the manufacturing sector, foster new quality forces (high-technology innovation), and comprehensively empower new industrialisation.¹¹⁰ Meanwhile, speaking at the World Economic Forum, Tesla CEO Elon Musk emphasised that China's abundant and cheap energy supply (infrastructure-first approach) gives the country an edge in the global AI race.¹¹¹

Reports indicated that China's humanoid robotics industry is accelerating, with startups such as Unitree Robotics and AGIBOT expanding their mass production and commercialisation efforts.¹¹² In the near future, U.S. company Tesla's Optimus humanoid robot is expected to remain dependent on China's robotics supply chain, even if it is produced in the U.S.¹¹³

China's National Intellectual Property Administration (CNIPA) revealed that the country's valid invention patents had reached 5.32 million by the end of 2025, with a sustained increase in high-value invention patents. A People's Daily report stressed that this underscores China's growing high-technology innovation, greater market value, and more stable intellectual property (IP) rights.¹¹⁴

¹⁰⁹ "PLA Navy commissions new Type 052D destroyer with enhanced capabilities", Global Times, January 2, 2026

¹¹⁰ "China aims for secure, reliable supply of AI core tech by 2027", People's Daily, January 8, 2026

¹¹¹ "In Davos debut, Musk highlights key China advantage in AI race", South China Morning Post, January 23, 2026

¹¹² "China dominates global humanoid robot market with over 80% of installations", South China Morning Post, January 16, 2026

¹¹³ "'Optimus chain': Chinese suppliers form the backbone of Tesla's humanoid robot initiative", South China Morning Post, February 1, 2026

¹¹⁴ "Chinese mainland reaches 2.29 mln high-value invention patents in IP quality pursuit", People's Daily, January 23, 2026



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