



Delhi Policy Group

Advancing India's Rise as a Leading Power

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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 and Mr. Sanket Joshi, Research Associate, 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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1. India's External Affairs Minister, Dr. S. Jaishankar, met China's Foreign Minister Wang Yi in Manila, Philippines, on the margins of the ASEAN Foreign Ministers' Meeting on July 22, 2026. Source: [X/@cgiguangzhou](#)
2. U.S. Secretary of State Marco Rubio and Chinese Foreign Minister Wang Yi held a meeting on the margins of the ASEAN Foreign Ministers' Meeting in Manila on July 22, 2026. Source: [X/@ChinaDaily](#)
3. President Xi addressed the "World AI Conference and High-Level Meeting on Global AI Governance" in Shanghai on July 17, 2026. Source: [X/@SpoxCHN_MaoNing](#)

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Abstract

On July 22, 2026, India's External Affairs Minister, Dr. S. Jaishankar, and China's Foreign Minister, Wang Yi, met in Manila, Philippines, on the margins of the ASEAN Foreign Ministers' Meeting. They noted that bilateral relations have gradually normalised since the meetings between Prime Minister Modi and President Xi in Kazan in October 2024 and Tianjin in August 2025. EAM Dr. Jaishankar reiterated that India-China relations should be developed on the basis of mutual respect, mutual interest, and mutual sensitivity. Peace and tranquillity in border areas remain a pre-requisite for normal ties.

India's Foreign Secretary, Vikram Misri, visited Beijing on July 27-28, 2026. In his meetings with senior Chinese officials, the two sides discussed ways to advance bilateral relations, including trade and economic cooperation, cultural ties, people-to-people exchanges, and maintaining peace and tranquillity in border areas.

On July 23, 2026, the U.S. imposed a 12.5 percent tariff on imports from China under Section 301 of the Trade Act of 1974. Besides China, 59 countries, including American allies and partners, are also subject to tariffs for their "failure to impose and effectively enforce a prohibition on the importation of goods produced with forced labour". Reacting to this, on July 24, 2026, China's Ministry of Foreign Affairs reiterated that Beijing "opposes all forms of unilateral tariffs", including those imposed under the pretext of forced labour, and that "tariff and trade wars serve no one's interests".

Ahead of President Xi's visit to the U.S. scheduled for September 2026, U.S. Treasury Secretary Scott Bessent and Chinese Vice Premier He Lifeng held a video call on July 30, 2026. The Chinese side expressed concern over recent economic and trade restrictions imposed by the U.S. A Xinhua report stressed that both sides agreed to fully utilise their economic and trade consultation mechanism to build mutual trust, expand cooperation, and promote China-U.S. relationship of "constructive strategic stability". Secretary Bessent, for his part, emphasised the Trump administration's expectation that China should meet its commitments on rare-earth exports and the purchase of U.S. agricultural products.

Even as the EU pushes to de-risk from China, analysts have cautioned that European companies are becoming more dependent on China, not less, as Beijing drives many European companies deeper into its supply chains. Meanwhile,

commenting on “industrial overcapacity” concerns, Chinese observers stressed that such talk reflects “a West irked by China’s industrial rise”.

Continuing the deepening trend of the China-Russia strategic partnership, their militaries held “Exercise Joint Sea 2026” in the waters and airspace near Qingdao, Shandong province, from July 6-13, 2026. They conducted drills involving joint reconnaissance and air and missile defence, as well as joint maritime patrol.

On July 6, 2026, the PLA Navy successfully conducted the test launch of a submarine-launched ballistic missile (SLBM) in the Pacific Ocean. Reportedly, this was China’s first publicly acknowledged SLBM test since 1982, demonstrating that its “nuclear triad”, spanning land, sea, and air, is maturing.

Reacting to this, Mark Rutte, NATO's Secretary General, stated that NATO cannot be "naive" about China's military development, because the Indo-Pacific and Europe are becoming "more intertwined", as demonstrated by Beijing's support for Russia's war in Ukraine. Chinese state media described NATO’s hyping of China’s strategic missile test as a “pretext for seeking to expand its reach into the Asia-Pacific”.

China-Philippines tensions in the South China Sea continued. On July 12, 2026, the U.S., Philippines and 12 other countries, including Japan, marked the 10th anniversary of the landmark 2016 South China Sea Arbitral Award. Reacting sharply, Chinese analysts asserted that the 14-country joint statement does not intimidate China, as the country neither believes in “fallacies nor fears evil forces”. They added that China’s national rejuvenation is unstoppable and “any external force attempting to stir up trouble in the South China Sea will ultimately be crushed”.

On July 17, 2026, President Xi addressed the “World AI Conference and High-Level Meeting on Global AI Governance” in Shanghai. In his remarks, Xi stressed that AI must remain a key driver of shared prosperity and common security, while urging the international community to build a just and equitable global AI governance system. China and 28 other countries have established the ‘World Artificial Intelligence Cooperation Organisation’ (WAICO) based in Shanghai.

On July 1, 2026, President Xi addressed a gathering marking the 105th founding anniversary of the Communist Party of China (CPC). Xi cautioned that in China's journey towards modernisation, strategic opportunities exist along with risks and

challenges. The Party must be prepared to withstand the tests of “high winds and raging waves, and even violent storms”.

China's GDP grew by 4.3 percent year-on-year in the second quarter of 2026, reportedly its lowest quarterly growth since 2022. The country's overall economic growth in the first half of 2026 stood at 4.7 percent. Even as analysts expressed concerns about the China's economic growth prospects, Chinese state media stressed that the country's economy remains capable of meeting its annual growth targets, while providing stability, growth, and hope to a volatile world.

Foreign and Security Policy

I. China-India Relations

On July 22, 2026, India's External Affairs Minister, Dr. S. Jaishankar, met China's Foreign Minister Wang Yi in Manila, Philippines, on the margins of the ASEAN Foreign Ministers' Meeting. In his remarks, Dr. S. Jaishankar noted that bilateral relations between India and China have gradually normalised since the meetings between Prime Minister Modi and President Xi in Kazan in October 2024 and Tianjin in August 2025.¹ He reiterated that India-China bilateral relations should be developed on the basis of mutual respect, mutual interest, and mutual sensitivity.² Adding that peace and tranquillity in border areas is a pre-requisite for normal ties.³ Major issues discussed by EAM Dr. Jaishankar included fair market access and balancing trade with China, concerns about the predictability of supply chains, facilitating deeper people-to-people exchanges, and appreciation for China's support to India's BRICS Chairship.⁴

Chinese Foreign Minister Wang Yi, for his part, noted that over the past two years China-India relations have gradually normalised, border areas have remained peaceful, and bilateral trade volume has reached a new high. He urged China and India to view each other as "partners rather than competitors" and cherish the hard-won achievements in bilateral relations.⁵ The Chinese Foreign Ministry's readout of this meeting claimed that India assured that it respects China's sovereignty, including issues such as Taiwan and Tibet.⁶ Reacting to this, on July 24, 2026, India's Ministry of External Affairs clarified that EAM Dr. S. Jaishankar did raise sovereignty issues; however, it was about China's illegal occupation of Indian territories in Jammu and Kashmir and Ladakh since 1963. Adding that India also objects to Chinese projects in Pakistan-occupied Jammu and Kashmir, which belongs to India.⁷

¹ "Opening remarks by EAM Dr. S. Jaishankar during his meeting with Politburo member and Foreign Minister Wang Yi of China in Manila (July 22, 2026)", MEA India, July 22, 2026

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ "Wang Yi met with Indian Foreign Minister Jaishankar", MOFA PRC, July 23, 2026

⁶ Ibid.

⁷ "Transcript of Bi-Weekly Media Briefing by the Official Spokesperson (July 24, 2026)", MEA India, July 25, 2026

Continuing the high-level strategic engagement between the two sides, India's Foreign Secretary, Vikram Misri, visited Beijing on July 27-28, 2026. He held meetings with Ms. Hua Chunying - Vice Foreign Minister, Mr. Hong Liang - Deputy Secretary General of the 14th National Committee of the Chinese People's Political Consultative Conference (CPPCC), and Ms. Sun Haiyan - Vice Minister of the International Department of the CPC. In these meetings, the two sides discussed ways to advance bilateral relations, including trade and economic cooperation, cultural ties, people-to-people exchanges, and maintaining peace and tranquillity in border areas.⁸ Earlier, on July 7, 2026, India's Ambassador to China, Vikram Doraiswami, held a luncheon interaction with select Chinese business executives and friends of India, conveying New Delhi's readiness to deepen economic and trade engagement with China.⁹

On July 12, 2026, the Philippines, U.S. and 12 other countries marked the 10th anniversary of the landmark 2016 South China Sea Arbitral Award, which favoured the Philippines, rejecting China's nine-dash line, and clarified maritime entitlements under UNCLOS.¹⁰ On July 14, 2026, while responding to a media query on this issue, India's Ministry of External Affairs Spokesperson, Randhir Jaiswal, emphasised the importance of maintaining "freedom of navigation and overflight, lawful uses of the sea, and unimpeded commerce in accordance with the UN Convention on the Law of the Sea (UNCLOS)". He reiterated that the arbitral tribunal's award delivered ten years ago remains a key "milestone" and provides the "basis for a peaceful resolution of disputes".¹¹ However, India did not join the U.S.-led 14-nation joint statement on the tenth anniversary of the Philippines-China South China Sea Arbitral Tribunal Award. Reacting to this, Chinese analysts described India's position as "a cautious, opportunistic balancing act" aimed at avoiding offending either side. Adding that, as a strategic partner of the Philippines, India wants to reassure Manila about its support without provoking Beijing.¹²

⁸ "Foreign Secretary Vikram Misri's China visit focused on advancing bilateral ties, trade, people-to-people exchanges, border peace: MEA", DD India (Prasar Bharati), July 28, 2026

⁹ "Indian embassy pitches deeper economic engagement with Chinese businesses", The Economic Times, July 9, 2026

¹⁰ "Joint Statement on the Tenth Anniversary of the Philippines-China South China Sea Arbitral Tribunal Award", U.S. Department of State, July 11, 2026

¹¹ "South China Sea: India backs 2016 tribunal ruling, calls for freedom of navigation", The Economic Times, July 14, 2026

¹² "Japan's stance, Indian official's remarks on S.China Sea reflect strategic ambitions, opportunistic act: analyst", Global Times, July 15, 2026

Meanwhile, commenting on India-U.S. relations, Chinese observers stated that the meeting between Prime Minister Modi and President Trump, held on the margins of the G7 Summit on July 16, 2026, was about “managing a relationship that has become more complicated”.¹³ They stressed that India’s rigid mindset that views China as a “threat” provides the U.S. considerable leverage over India.¹⁴ Therefore, India's relationship with the U.S. is shifting from India leveraging China-U.S. competition for its own strategic gains, to the U.S. utilising New Delhi's perception of Beijing to influence Indian foreign policy.¹⁵ Even as some U.S. scholars and officials spoke about the current state of India-U.S. relations as “much better than it sounds”, Chinese analysts stressed that sweet talk cannot conceal “real fractures” between New Delhi and Washington.¹⁶

India continues its push to reduce import dependence, especially on Chinese supply chains. According to the Indian Government, domestic manufacturing could replace imports worth USD 398 billion out of USD 775 billion in total imports in FY 2025-26.¹⁷ Reports indicated that New Delhi has already identified imported items worth USD 51 billion that can be manufactured in India.¹⁸

India has permitted four Chinese power equipment manufacturers with factories in the country to participate in government tenders for power projects. Reacting to this, Chinese analysts stressed that this is a “practical step” that would ease pressure on electricity supply and advance India’s economic development. Adding that New Delhi has probably realised that “Chinese technology and equipment is indispensable for India to improve its power infrastructure because of its cost-effectiveness”.¹⁹

II. China-South Asia Relations

China is giving mixed signals vis-à-vis its relations with Pakistan. In July 2026, Pakistan’s Deputy Prime Minister and Foreign Minister Ishaq Dar held two meetings with Chinese Foreign Minister Wang Yi. On July 16, 2026, they met in

¹³ “India’s rigid geopolitical mind-set gives Washington more leverage”, Global Times, June 30, 2026

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ “Sweet talk cannot conceal real fractures between the US and India”, Global Times, July 2, 2026

¹⁷ “India identifies \$51 billion in critical imports for domestic manufacturing push, The Economic Times, July 16, 2026

¹⁸ Ibid.

¹⁹ “India’s selective opening to Chinese power firms reflects pragmatic adjustment to energy needs, but more open approach needed: expert”, Global Times, July 3, 2026

Beijing on the sidelines of the 'World Artificial Intelligence Conference' organised by China²⁰ and in Kyrgyzstan on July 24 during the SCO foreign ministers' meeting.²¹ Both times, the focus of discussion was developments in the US-Iran war and Pakistan's role as a mediator, to which China pledged strong support.²²

As the security situation deteriorates in Pakistan's Baluchistan province, which is a linchpin of China-Pakistan Economic Corridor (CPEC), China indicated its intend to increase its security presence in Pakistan as well as in border areas of Pakistan-occupied Kashmir.²³ On July 17, 2026, in a meeting with Pakistan's Interior Minister Mohsin Naqvi and Minister of State for Interior Tallal Chaudhry, China's National Immigration Administration led by Director General Qi Jingyang agreed to enhance cooperation in immigration, border management and institutional collaboration. China is also withholding or withdrawing from large-scale CPEC projects and focusing on small, sustainable projects, which require less Chinese presence and limited exposure of Chinese workers outside the close clusters. Pakistan government has disclosed that the Main Line-1 railway project has been removed from the CPEC framework and will now seek financing from the Asian Development Bank (ADB) and other international financial institutions.²⁴ Pakistan and Chinese companies signed agreements worth USD 850 million during the Pharmaceutical and Healthcare B2B Investment on July 17.²⁵ Tallal Chaudhry announced that the government ordered enhanced security around the Chinese-run Saindak copper and gold mine in Baluchistan after militants disrupted supply routes in the region.²⁶

Meanwhile, Pakistan's exports to China reached USD 1.874 billion in the first half of 2026, reflecting a substantial 50.7 percent surge compared with exports of USD 1.244 billion recorded in the same period of 2025, according to the General Administration of Customs of China (GACC).²⁷

The Chinese Ambassador to Bangladesh, Yao Wen, during a press conference held on July 2, 2026, stated that in response to Dhaka's request, China is investing in the

²⁰ "Wang Yi Meets with Pakistani Deputy Prime Minister and Foreign Minister Mohammad Ishaq Dar", MOFA PRC, July 16, 2026

²¹ ibid.

²² "China and Pakistan Call on the U.S. and Iran to Cease Hostilities and Resume Talks as Soon as Possible", MOFA PRC, July 17, 2026

²³ "Pak, China to jointly manage border security", The Express Tribune, July 18, 2026

²⁴ "ML-1 removed from CPEC framework", The Express Tribune, July 3, 2026

²⁵ "Pakistan-China pharma conference ends with \$850m agreements", Dawn, July 19, 2026

²⁶ "Pak steps up security for Saindak mine", The Express Tribune, July 16, 2026

²⁷ "Exports to China soar over 50%", The Express Tribune, July 23, 2026

Teesta project. He further stressed that the previous MoU on the Teesta project was signed between a Chinese company and the Bangladeshi government, but the new MoU is between the two governments. The Chinese companies can conduct their surveys, but the government will conduct its own.²⁸ He also stated that China will support Bangladesh in resisting any outside interference in its matters.²⁹ The BNP Secretary General Mirza Fakhrul Islam Alamgir, during an event in Dhaka on July 18, said that BNP wants to further strengthen its geopolitical, economic, and commercial relations with China, and Bangladesh wants power like China by its side.³⁰

III. China-United States Relations

On July 23, 2026, U.S. Trade Representative (USTR) Jamieson Greer announced that under Section 301 of the Trade Act of 1974, the U.S. is imposing a 12.5 percent tariff on imports from China. Besides China, 59 countries, including American allies such as Japan, the UK and the EU, are also subject to tariffs for their “failure to impose and effectively enforce a prohibition on the importation of goods produced with forced labour”.³¹ Reacting to this, on July 24, 2026, China’s Ministry of Foreign Affairs reiterated that Beijing “opposes all forms of unilateral tariffs”, including those imposed under the pretext of forced labour, and that “tariff and trade wars serve no one’s interests”.³²

Meanwhile, ahead of President Xi’s visit to the U.S. scheduled for September 2026, U.S. Treasury Secretary Scott Bessent and Chinese Vice Premier He Lifeng held a video call on July 30, 2026. Secretary Bessent and USTR Greer emphasised the Trump administration's expectation that China should meet its commitments on rare-earths exports and the purchase of U.S. agricultural products. The U.S. side also discussed Trade and Investment Boards as a mechanism to secure more balanced economic relations with China.³³

²⁸ “We are here on Bangladesh's request regarding Teesta, nothing else: Yao Wen”, Prothomalo, July 2, 2026

²⁹ “China stands by Bangladesh against foreign interference, says Ambassador Yao Wen”, Prothomalo, July 3, 2026

³⁰ “‘Want to further strengthen ties with China’ - Says Fakhrul”, The Daily Star, July 19, 2026

³¹ “USTR Takes Action in Forced Labor Section 301 Investigations”, Office of USTR, July 23, 2026

³² “China opposes US ‘forced labor’ tariffs, warns trade wars serve no one’s interests”, Global Times, July 24, 2026

³³ Treasury Secretary Scott Bessent, X/@SecScottBessent, July 31, 2026

Chinese Vice Premier He Lifeng, on his part, expressed concern over recent economic and trade restrictions imposed by the U.S. A Xinhua report stressed that both sides agreed to fully utilise their economic and trade consultation mechanism to build mutual trust, expand cooperation, and promote China-U.S. relationship of “constructive strategic stability”.³⁴ Amidst continuing Western concerns about China’s industrial overcapacity, on July 28, 2026, Beijing released a position paper on the overcapacity issue. China asserted that its industrial production is not a result of subsidies and a lack of domestic demand, rather, it is driven by innovation and reform.³⁵

U.S. Secretary of State Marco Rubio and Chinese Foreign Minister Wang Yi held a meeting on the margins of the ASEAN Foreign Ministers’ meeting in Manila on July 22, 2026. In his remarks, among other issues, FM Wang Yi conveyed China’s position on a recent series of negative words and actions by the U.S. and called on Washington to respect China’s core interests.³⁶ He warned the U.S. to handle the Taiwan question with “utmost caution”.³⁷ Secretary Rubio, for his part, maintained that the two sides should work towards building a constructive relationship of strategic stability based on “fairness and reciprocity”.

On July 4, 2026, marking the 250th anniversary of U.S. independence (the American Revolution, 1776), President Xi sent a congratulatory message to President Trump.³⁸ A Xinhua commentary stressed that “the American Experiment” is currently facing daunting tests owing to deepening domestic polarisation and a contested role abroad. Adding that it remains to be seen if the U.S. can adapt to a new era of multipolarity.³⁹

On July 16, 2026, President Trump accused China of carrying out the “largest compromise of (American) election data in history” and influencing U.S. business leaders and journalists to “turn against” him. Reacting sharply, China’s Ministry of Foreign Affairs rejected President Trump’s allegations as entirely “fabricated,

³⁴ “Chinese vice premier holds video call with U.S. treasury secretary, trade representative”, Xinhua, July 30, 2026

³⁵ “China pushes back against Western overcapacity claims in new document”, South China Morning Post, July 28, 2026

³⁶ “Wang Yi met with U.S. Secretary of State Rubio”, MOFA PRC, July 22, 2026

³⁷ “China urges US to handle Taiwan issue 'with utmost caution'”, Reuters, July 1, 2026

³⁸ “China’s Xi Jinping sets new precedent with July 4 message for Trump and US”, South China Morning Post, July 6, 2026

³⁹ “Commentary: At 250, 'the American Experiment' faces daunting tests”, People’s Daily, July 4, 2026

maliciously slanderous, and completely groundless”.⁴⁰ Beijing reiterated its principle of non-interference, stressing that it had no interest in meddling in the domestic affairs of the U.S.⁴¹ Despite Trump’s election meddling claim, the U.S. and China remain in contact for President Xi’s U.S. visit.⁴²

Pew Research Centre, in its report released on July 15, 2026, stressed that “China is now seen more positively than the U.S. in most of 36 countries surveyed”.⁴³ Reacting to this, Chinese analysts asserted that China’s popularity is rising around the world due to its vision of building a community with a shared future for mankind, with principles of an “equal and orderly multipolar world” and “inclusive economic globalisation”.⁴⁴

On July 6, 2026, the PLA Navy successfully conducted the test launch of a submarine-launched ballistic (strategic) missile (SLBM) in the Pacific Ocean.⁴⁵ Chinese analysts stressed that the strategic missile was probably a JL-3 SLBM, with a range of more than 10,000 Km.⁴⁶ Reportedly, this was China’s first SLBM test since 1982, demonstrating that its “nuclear triad”, spanning land, sea, and air, is maturing.⁴⁷ Reacting to this, the U.S. expressed concern that China provided only a few hours’ notice ahead of the launch of the SLBM, stressing that Beijing’s actions fell short of standards followed by other major nuclear powers.⁴⁸

Moreover, Mark Rutte, NATO's Secretary General, stated that NATO cannot be "naive" about China's military development, as the Indo-Pacific and Europe are becoming "more intertwined", as demonstrated by Beijing's support for Russia's war in Ukraine.⁴⁹ Chinese state media, on its part, described NATO’s hyping of

⁴⁰ “China rejects Trump’s election meddling claims as ‘fabricated’ and ‘slanderous’”, South China Morning Post, July 17, 2026

⁴¹ Ibid.

⁴² “China and US still in contact on Xi summit trip despite Trump’s election claims”, South China Morning Post, July 20, 2026

⁴³ “People in Many Countries Now View China More Positively Than the U.S.”, Pew Research Center, July 15, 2026

⁴⁴ “Pew poll finds China viewed more favorably than US; consistent, win-win foreign policy drives shift: Chinese expert”, People’s Daily, July 16, 2026

⁴⁵ “Chinese navy conducts test launch of strategic missile by submarine”, People’s Daily, July 6, 2026

⁴⁶ “US says China gave only hours’ warning before Pacific submarine missile launch”, South China Morning Post, July 9, 2026

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ “Nato can’t be ‘naive’ about China as it ramps up military might, Rutte claims”, South China Morning Post, July 7, 2026

China's strategic missile test as a "pretext for seeking to expand its reach into Asia-Pacific".⁵⁰

Among other developments, amidst continuing crackdown on Chinese high-technology companies, the U.S. banned imports of Humanoid robots from foreign manufacturers, citing "unacceptable national security risks".⁵¹ In response, China warned that the U.S.' continuing escalation of restrictions on Chinese goods "severely damages China-U.S. economic and trade stability".⁵²

IV. China-European Union Relations

On July 8, 2026, the Netherlands' Commerce Minister, Sjoerd Sjoerdsma, and China's Commerce Minister Wang Wentao met in Beijing in the midst of tensions over Nexperia and Western restrictions on ASML's export of Extreme Ultraviolet (EUV) Lithography System. The Chinese side urged the Netherlands to create a fair, impartial, and predictable business environment and maintain the stability of the chip supply chain.⁵³ Beijing urged the Dutch government to play a positive and constructive role within the EU and encourage Brussels to work with China to manage differences through dialogue and consultation.⁵⁴ Meanwhile, according to reports, China has begun mass-producing deep ultraviolet (DUV) lithography machines for semiconductor chips, which could pose a challenge to ASML's EUV Lithography System.⁵⁵

Amidst the EU's concerns about a widening trade deficit with China, Brussels believes Beijing is unlikely to make any structural changes to its economic model.⁵⁶ Reports indicated that the European Commission is planning to introduce safeguard measures such as tariffs and quotas to combat China's surging exports to Europe.⁵⁷ In line with this, on July 9, 2026, the European Commission launched an anti-dumping investigation into "Peking duck" imports from China, extending

⁵⁰ "It is 'naive' of NATO to make an issue out of China's missile test: Global Times editorial", Global Times, July 8, 2026

⁵¹ "US bans humanoid robots from China, citing 'unacceptable risks'", The Guardian, July 29, 2026

⁵² Ibid.

⁵³ "Beijing seeks chip stability and fair market access during Dutch trade minister's trip", South China Morning Post, July 8, 2026

⁵⁴ Ibid.

⁵⁵ "A machine made by China sends shockwaves in the chip industry", The Economic Times, July 29, 2026

⁵⁶ "EU signals emergency import curbs after dramatic growth in Chinese trade gap", South China Morning Post, July 14, 2026

⁵⁷ Ibid.

the trade defence measures to the Chinese agricultural sector. Reacting to this, Chinese analysts warned that, from EVs and photovoltaic products to Peking duck meat, the EU's protectionist measures have become more "reckless", highlighting Brussels' insecurity.⁵⁸

However, even as the EU pushes to de-risk from China, analysts cautioned that European companies are becoming more dependent on China, not less, as Beijing drives many European companies deeper into its supply chains.⁵⁹ Meanwhile, commenting on overcapacity concerns, Chinese scholars stressed that such talk reflects a West irked by China's industrial rise.⁶⁰

Among other developments, the EU imposed sanctions on 51 entities in its 21st round of sanctions against Russia, including companies from China. Reacting to this, China added 14 European entities to its export control list.⁶¹

V. China-Russia Relations

NATO Secretary General Mark Rutte met NATO's Indo-Pacific Four (IP4) partner nations – Australia, Japan, New Zealand, and the Republic of Korea, at the bloc's summit held in Ankara on July 7-8, 2026. Amidst a deepening trend of Russia-China strategic partnership, NATO and its Indo-Pacific partner nations pledged to expand their cooperation in defence industry and advanced technology.⁶²

Meanwhile, China and Russia held "Exercise Joint Sea 2026" in the waters and airspace near Qingdao, Shandong province, from July 6-13, 2026. The two sides conducted drills involving joint reconnaissance and air and missile defence, as well as joint maritime patrol.⁶³ Even as the PLA reiterated that its military cooperation with Russia is based on the principles of "non-alliance, non-confrontation, and no targeting of any third party", analysts observed that this exercise demonstrated

⁵⁸ "By targeting 'Peking duck', just how insecure is the EU?: Global Times editorial", Global Times, July 10, 2026

⁵⁹ "European companies 'becoming more reliant on China, not less', EU chamber chief says", South China Morning Post, July 6, 2026

⁶⁰ "'Overcapacity' talk reflects a West irked by China's industrial rise", South China Morning Post, July 5, 2026

⁶¹ "China adds 14 European entities to export control list, hitting back at EU sanctions", South China Morning Post, July 24, 2026

⁶² "Nato, Indo-Pacific 4 pledge defence, tech boost as deeper China-Russia ties spark alarm", South China Morning Post, July 8, 2026

⁶³ "Regular Press Briefing of the Ministry of National Defence on July 17, 2026", MND PRC, July 17, 2026

China and Russia's increasingly sophisticated interoperability in the maritime domain.⁶⁴

Russia's Presidential Press Secretary, Dmitry Peskov, in his remarks to the media, stated that China-Russia partnership is "based on the principle of equality". However, analysts have questioned the nature of Beijing-Moscow partnership and whether they are truly equal partners. In this regard, it was noted that China is Russia's largest trading partner, while Russia only accounts for 4 percent of China's foreign trade.⁶⁵

Internal Developments

Key Developments and Addresses by Chinese Leaders

On July 17, 2026, President Xi addressed the "World AI Conference and High-Level Meeting on Global AI Governance" in Shanghai. In his remarks, Xi stressed that AI must remain a key driver of shared prosperity and common security, while urging the international community to build a just and equitable global AI governance system.⁶⁶ Major issues discussed by President Xi included adhering to the principles of openness and inclusiveness in promoting innovation, ensuring that AI is secure and controllable, promoting mutual learning among civilisations, and improving global governance with the UN at its core.⁶⁷ China and 28 other countries have established the 'World Artificial Intelligence Cooperation Organisation' (WAICO) in Shanghai.⁶⁸ Reacting to this, Chinese analysts stressed that, in this era of AI, the international community knows that "walking with China means walking towards the future".⁶⁹ Consequently, the world is looking towards China for solutions regarding global AI governance, which would prioritise a people-centred approach and advance human civilisation.⁷⁰

On the margins of the High-Level Meeting on Global AI Governance, President Xi held a meeting with UN Secretary-General Antonio Guterres. During this meeting,

⁶⁴ Ibid.

⁶⁵ "Can Russia and China ever have a truly equal relationship?", South China Morning Post, July 19, 2026

⁶⁶ "President Xi Jinping Attends the Opening Ceremony of the 2026 World AI Conference and High-Level Meeting on Global AI Governance and Delivers Keynote Address", MOFA PRC, July 17, 2026

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Facing the questions of the AI era, the world looks to China for solutions: Global Times editorial, Global Times, July 18, 2026

⁷⁰ Ibid.

Xi reiterated China's support for the UN, stressing that Beijing remains committed to upholding multilateralism, addressing challenges such as climate change, and reforming global governance.⁷¹

On July 1, 2026, President Xi addressed a gathering marking the 105th founding anniversary of the Communist Party of China (CPC). In his remarks, Xi described the CPC as a "magnificent epic" of the Chinese nation and urged the Party members to advance China's modernisation.⁷² He cautioned that in China's journey towards modernisation, strategic opportunities exist along with risks and challenges. The Party must be prepared to withstand the tests of "high winds and raging waves, and even violent storms".⁷³ Meanwhile, Li Shulei, a member of the CPC Central Committee, emphasised the importance of thorough study of "Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era" as key to understanding contemporary China.⁷⁴

Trade and Economy

China's GDP grew by 4.3 percent year-on-year in the second quarter of 2026, reportedly its lowest quarterly growth since 2022. China's overall economic growth in the first half of 2026 stood at 4.7 percent, with GDP totalling CNY 69.57 trillion (approximately USD 10.3 trillion).⁷⁵ Even as analysts expressed concerns about the Chinese economy's growth prospects, an editorial by *Global Times* asserted that the country's economy remains capable of meeting its annual growth targets, while providing stability, growth, and hope to a volatile world.⁷⁶ Some of the key highlights of China's economy in the first half of 2026 included the country's "installed power generation capacity exceeding 4 billion kW", surging use of AI tokens, a strong consumer market, and implementation of a zero-tariff policy for 53 African countries.⁷⁷

⁷¹ "Xi voices firm support for UN in meeting with Guterres", *People's Daily*, July 18, 2026

⁷² "Xi hails CPC's 105-year 'epic,' urges building modern socialist China", *People's Daily*, July 1, 2026

⁷³ Ibid.

⁷⁴ "Studying Xi Jinping thought key to understanding contemporary China, senior official says", *People's Daily*, July 11, 2026

⁷⁵ "China posts slowest quarterly growth since 2022 as investment slumps, fanning stimulus calls", *People's Daily*, July 14, 2026

⁷⁶ "China's mid-year report is not only 'scorecard,' but also 'call to action': Global Times editorial", *Global Times*, July 16, 2026

⁷⁷ "Four key indicators reveal China's economic resilience and vitality in H1 2026", *People's Daily*, July 17, 2026

On July 13, 2026, China released its first Five-Year plan dedicated exclusively to expanding consumption, a national strategic priority. According to Chinese analysts, Beijing's emphasis on expanding consumption underscores the ongoing structural transition in China from manufacturing to household spending, while maintaining its focus on industrial competitiveness.⁷⁸

China's "artificial sun", also known as the EAST (Experimental Advanced Superconducting Tokamak) project, completed the full performance testing of two key superconducting magnet systems for "nuclear fusion" reactors. It is being described as a major engineering milestone in the country's artificial sun (nuclear fusion) project.⁷⁹

Defence and Security

China-Philippines tensions in the South China Sea continued. On July 12, 2026, the U.S., the Philippines and 12 other countries, including Japan, marked the 10th anniversary of the landmark 2016 South China Sea Arbitral Award, which favoured Manila, rejecting China's nine-dash line claim, and clarified maritime entitlements under UNCLOS.⁸⁰ Reacting sharply, Chinese state media asserted that the 14-country joint statement does not intimidate China, as the country neither believes in "fallacies nor fears evil forces". Adding that China's national rejuvenation is unstoppable and "any external force attempting to stir up trouble in the South China Sea will ultimately be crushed".⁸¹

Further, as Japan participated in the 14-nation joint statement on South China Sea Arbitration, Chinese analysts stressed that Japan is not a "stakeholder" in the SCS. However, if Tokyo insists on labelling itself as such, China will not allow "neo-militarism" to wreak havoc in the region.⁸² Earlier, China's Ministry of National Defence denounced Japan for accelerating weaponisation and militarisation of

⁷⁸ "China elevates consumption to strategic priority with first dedicated five-year plan", People's Daily, July 15, 2026

⁷⁹ "China's 'artificial sun' project achieves new engineering milestone", People's Daily, June 29, 2026

⁸⁰ "Joint Statement on the Tenth Anniversary of the Philippines-China South China Sea Arbitral Tribunal Award", U.S. Department of State, July 11, 2026

⁸¹ "Who does the 14-country statement intend to intimidate? The Chinese people neither believe in fallacy nor fear evil forces", Global Times, July 13, 2026

⁸² "Never allow 'neo-militarism' to wreak havoc in the South China Sea: Global Times editorial", Global Times, July 14, 2026

space.⁸³ To curb Japan's "neo-militarism", China placed 20 Japanese entities on its export control list.⁸⁴

Chinese Foreign Minister Wang Yi addressed the ASEAN Foreign Ministers' meeting and also met ASEAN Secretary-General, Mr. Kao Kim Hourn, in Manila, on July 21-22, 2026. In his remarks in these meetings, FM Wang Yi reiterated China's readiness to strengthen cooperation with ASEAN and advance a more just and equitable international order.⁸⁵ He described the South China Sea as a shared home for regional countries while stressing that it should not become a stumbling block for China-ASEAN relations.⁸⁶ Wang cautioned that the Philippines is deliberately provoking incidents with China in the South China Sea to serve the interests of external forces, undermining the process of improving China-Philippines relations.⁸⁷

Taiwan's President, Lai Ching-te, addressed the Democratic Progressive Party's (DPP) national convention in Taipei on July 19, 2026. He reiterated that Taiwan was "not subordinate to the People's Republic of China" and that the DPP would never allow a "democratic Taiwan" to regress into "China Taiwan".⁸⁸ Reacting to this, China stated that Lai's remarks "exposed his unchanging Taiwan independence stance" and that his speech "recklessly challenged the one-China principle."⁸⁹ To deter Taiwan independence separatist forces, the PLA conducted live-fire drills in the Taiwan Strait.⁹⁰

On July 3, 2026, President Xi presented certificates of promotion to two military officers, Zhang Shuguang, Secretary of the CMC discipline inspection commission, and Wang Gang, Commander of the People's Liberation Army Air Force, to the rank of General.⁹¹ Analysts stressed that after the unprecedented purges in the PLA's senior hierarchy as part of Xi's anti-corruption drive, Beijing is rebuilding the military's top leadership. General Zhang Shuguang's anti-corruption portfolio

⁸³ "Chinese military spokesperson slams Japan for weaponizing, militarizing space", People's Daily, July 9, 2026

⁸⁴ "China has more countermeasures to curb 'neo-militarism'", People's Daily, June 30, 2026

⁸⁵ "Wang Yi Meets with Secretary-General of ASEAN Kao Kim Hourn", PRC Mission to the UN, July 21, 2026

⁸⁶ Ibid.

⁸⁷ Ibid.

⁸⁸ "PLA conducts live-fire drills in Taiwan Strait after Beijing calls Lai speech 'reckless'", South China Morning Post, July 23, 2026

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ "Xi presents orders to promote two military officers to rank of general", People's Daily, July 4, 2026

in the CMC demonstrates Xi's continuing demand for "absolute political loyalty" from the PLA. While, General Wang Gang's promotion demonstrates the growing importance of Air Power in China's strategic calculus in Asia-Pacific.

Technology

On July 8, 2026, President Xi addressed a joint meeting of the general assemblies of members of the Chinese Academy of Sciences (CAS), the Chinese Academy of Engineering (CAE), and the 11th national congress of the China Association for Science and Technology. In his remarks, Xi emphasised the importance of achieving self-reliance in science and technology, and leveraging sci-tech innovation to advance China's modernisation.⁹² Major issues discussed by Xi included overcoming gaps in original innovation capacity, making steady progress toward the goal of becoming a leading country in science and technology by 2035, promoting deep integration of sci-tech innovation with industries, and planning major projects in frontier fields such as AI, quantum technology, life sciences, deep sea, deep space, and deep earth.⁹³

Following Chinese AI startup Moonshot's release of 'Kimi K3' Large Language Model (LLM), U.S. officials accused Moonshot AI of targeting Anthropic's most powerful model, 'Claude Fable 5', through large-scale "distillation". Distillation is emerging as a major point of contention in U.S.-China AI competition.⁹⁴ Even as China's Foreign Ministry rejected allegations against Chinese companies of illicit distillation, U.S. Treasury Secretary Bessent warned that Chinese companies engaged in illicit distillation could be sanctioned.⁹⁵

Amidst China's semiconductor chip self-sufficiency drive, the country's memory chipmaker ChangXin Memory Technologies (CXMT) was listed on the Shanghai Stock Exchange STAR market on July 27, 2026. Reportedly, CXMT's listing on the Shanghai Exchange was the biggest in the history of the STAR market, surpassing the listing of Semiconductor Manufacturing International Corporation (SMIC).⁹⁶

⁹² "Xi calls for advancing Chinese modernisation through sci-tech innovation", The State Council PRC, July 8, 2026

⁹³ Ibid.

⁹⁴ "Trump tech official accuses China's Moonshot AI of stealing from Anthropic", South China Morning Post, July 23, 2026

⁹⁵ Ibid.

⁹⁶ "CXMT debuts with record A-share IPO, boosting confidence in China's semiconductor capabilities, long-term innovation", Global Times, July 27, 2026



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