



Delhi Policy Group

Advancing India's Rise as a Leading Power



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China Monitor

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

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Cover Images:

1. Chinese Foreign Minister Wang Yi met the outgoing Indian Ambassador to China, Pradeep Kumar Rawat, in Beijing on March 26, 2026. Source: [Official X Handle/Lin Jian MFA PRC Spokesperson](#)
2. U.S. Treasury Secretary Scott Bessent and Chinese Vice Premier He Lifeng met in Paris for a trade dialogue on March 15-16, 2026. Source: [Official X Handle/Treasury Secretary Scott Bessent](#)
3. President Xi Jinping attended the Fourth Session of the 14th National People's Congress in Beijing on March 5, 2026. Source: [Xinhua/Xie Huanchi](#)

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Abstract

On March 5, 2026, in his remarks at the Raisina Dialogue in New Delhi, U.S. Deputy Secretary of State Christopher Landau reiterated Washington's intent to deepen its strategic partnership with India based on “reciprocity and mutual respect”. While outlining the potential of the U.S.-India partnership, he cautioned that Washington “will not make the same mistakes with India as it did with China two decades ago”.

Reacting to this, on March 7, 2026, India's External Affairs Minister Dr. S. Jaishankar asserted that “the rise of India will be determined by India, by our strength, not by the mistakes of others”. Meanwhile, China's Ambassador to India, Xu Feihong, articulated Beijing's perspective that India and China's development is the “result of their own efforts and wisdom” and is not a product of someone else's “generosity”.

On March 8, 2026, Chinese Foreign Minister Wang Yi addressed a press conference on the margins of the Fourth Session of the 14th National People's Congress (NPC). He noted an improvement in China-India relations and expressed satisfaction with the re-energised interactions at all levels, a new record in bilateral trade, and closer people-to-people exchanges. Major issues discussed by Wang Yi included China and Russia adding momentum to the advent of a multipolar world; sound, steady, and sustainable development of China-U.S. relations; and developing ties with the EU as a key partner in the journey towards modernisation.

U.S. President Donald J. Trump's visit to China was rescheduled for May 14-15, 2026, in view of Trump's need to remain in Washington during the ongoing combat operations against Iran.

The U.S. and China held the sixth round of their high-level trade dialogue in Paris on March 15-16, 2026. Major issues discussed included tariff arrangements, promoting bilateral trade and reciprocal investment, and maintaining the existing consensus on trade and economic issues. The Chinese side noted that the outcomes of the five rounds of trade dialogue have injected “greater certainty and stability” in China-U.S. relations as well as the global economy. However, Beijing reiterated its concerns about the U.S.' imposition of an additional 10 percent tariff under Section 122 of the Trade Act of 1974 and Section 301 investigations into China's industrial overcapacity.

Chinese analysts, while commenting on President Trump's rescheduled visit, stressed that Beijing is expected to maintain a consistent approach toward the U.S., seeking common ground to promote global stability and mutual benefit. They expect the two sides to maintain a "tactical trade truce" in 2026 - "slowing, but not stopping decoupling".

On March 18, 2026, in its annual threat assessment of the intelligence community, the U.S. retracted from its earlier projection that China would invade Taiwan by 2027. According to this report, China recognises that an amphibious invasion of Taiwan is highly risky, particularly if the U.S. intervenes.

China expressed deep concern about the global oil crisis triggered by the U.S.-Israeli military strikes on Iran. Chinese analysts pointed out that President Trump's vision of single-minded containment of China has been undermined by the U.S.' direct involvement in the Iran conflict. Washington's involvement in the Ukraine conflict, intervention in Venezuela, threats against Cuba, and the Gaza issue have trapped the U.S. in a web of multi-front crises, sapping its national power. Rather than freeing up resources to confront China, "the U.S. is fighting all its tigers at once", while China waits and watches.

Japan expressed concern about China increasing its defence expenditure and developing military capabilities without transparency. Reacting sharply, on March 18, 2026, China's Ministry of National Defence described Japanese strategic behaviour as nothing more than a thief crying "stop thief", aimed at finding excuses for military expansion.

On March 5, 2026, Chinese Premier Li Qiang delivered a 'Report on the Work of the Government' to the 14th NPC. He shed light on China's stable economic performance in 2025, while cautioning Beijing to remain vigilant against geopolitical risks, global uncertainties, and challenges to multilateralism and free trade. China has set a GDP growth target of 4.5-5 percent for 2026, while its defence budget has been increased by 7 percent to CNY 1.91 trillion (around USD 275 billion).

The Government Work Report also listed main objectives and major tasks for China's 15th Five-Year Plan (2026-2030). Beijing intends to foster "emerging and future industries" with a focus on energy, quantum technology, embodied AI (robotics), brain-computer interfaces, biomanufacturing, and 6G technology.

Reacting to the annual “Two Sessions”, China’s state media highlighted that Beijing values “high-quality development”, “stability”, and “structural reforms” over blind pursuit of numbers. The GDP growth target provides strategic room for structural reforms, while ensuring that the Chinese economy can move forward steadily despite a complex international situation.

On March 7, 2026, President Xi addressed a delegation of the PLA attending the fourth session of the 14th NPC. Xi emphasised the importance of "enhancing political loyalty" within the military and called for accelerated efforts to modernise the armed forces.

Foreign and Security Policy

I. China-India Relations

On March 5, 2026, in his remarks at the Raisina Dialogue in New Delhi, U.S. Deputy Secretary of State Christopher Landau reiterated Washington's intent to deepen its strategic partnership with India based on “reciprocity and mutual respect”. While outlining the enormous potential of the U.S.-India partnership, he cautioned that Washington “will not make the same mistakes with India as it did with China two decades ago”.¹ Mr. Landau’s remarks reflected a perception in Washington that the U.S. had fuelled China’s integration into the global economy without sufficient safeguards.² To avoid the same mistake with India, the U.S. may limit market access, technology transfers, and economic concessions.³

Reacting to this, on March 7, 2026, India’s External Affairs Minister Dr. S. Jaishankar asserted that “the rise of India will be determined by India, by our strength, not by the mistakes of others”.⁴ Meanwhile, China's Ambassador to India, Xu Feihong, articulated Beijing's perspective that India and China's development (modernisation) is the “result of their own efforts and wisdom” and is not a product of someone else’s “generosity”.⁵ He cautioned that certain elements do not want to see Beijing and New Delhi live in harmony and hype up the so-called “China threat” theory, hoping to profit from the “discord”.⁶ On March 26, 2026, Amb. Xu Feihong urged the youth of China and India to carry forward “Eastern Wisdom” and promote peaceful co-existence and mutual learning among the two ancient civilisations.⁷

On March 8, 2026, Chinese Foreign Minister Wang Yi addressed a press conference on the country's foreign policy on the margins of the Fourth Session of the 14th National People’s Congress (NPC). In his remarks, FM Wang Yi noted an improvement in China-India relations and expressed satisfaction with the re-

¹ “Deputy Secretary of State Christopher Landau at the Raisina Dialogue”, US Department of State, March 5, 2026

² “Why US policy on India aims to avoid repeat of China mistake”, South China Morning Post, March 11, 2026

³ Ibid.

⁴ “Rise of India will be determined by India,” Jaishankar after US ‘China mistake’ remark”, The Economic Times, March 8, 2026

⁵ “In veiled dig at US, Beijing says India and China's growth built on hard work, not due to foreign generosity”, The Economic Times, March 27, 2026

⁶ Ibid.

⁷ “Across Ancient Civilisations, Youth Shape the Future (by H.E. Xu Feihong, Chinese Ambassador to India)”, Embassy of PRC in India, March 28, 2026

energised interactions at all levels, a new record in bilateral trade, and closer people-to-people exchanges.⁸ He called upon the two sides to view each other as "partners rather than rivals", jointly safeguard peace and stability in the border areas, prioritise development, and make BRICS cooperation more substantive, bringing new hope to the "Global South".⁹ Wang Yi also met India's outgoing Ambassador to China, Pradeep Kumar Rawat, in Beijing on March 26, 2026. He reiterated China's intent to expand mutually beneficial cooperation with India, advance the common interests of the Global South, strengthen multilateral collaboration in BRICS, and consolidate the positive momentum in bilateral relations.¹⁰

Amidst a thaw in India-China relations, on March 20, 2026, reports indicated that the two countries are set to resume border trade through the Lipulekh Pass in Uttarakhand after a six-year hiatus.¹¹ Earlier, on March 10, 2026, India's Union Cabinet approved amendments to Press Note 3 issued in 2020, which had mandated prior government approval for investments from countries sharing a land border with India.¹² The new rules allow 10 percent non-controlling beneficial ownership from neighbouring countries through the automatic route.¹³ Investments in manufacturing sectors such as capital goods, electronic components, polysilicon and ingot wafers will now be processed within 60 days.¹⁴ These changes are intended to attract more Chinese investments, build domestic manufacturing capacities, and rebalance bilateral trade with China.¹⁵ It is to be noted that India's trade deficit with China crossed USD 100 billion in the Financial Year 2025-2026.¹⁶

Analysts in China welcomed India's partial relaxation of foreign investment rules for neighbouring countries, stating that it has sent a positive signal and will provide greater momentum to China-India economic and trade ties. They

⁸ "Member of the Political Bureau of the CPC Central Committee and Foreign Minister Wang Yi Meets the Press", [MFA PRC](#), March 8, 2026

⁹ Ibid.

¹⁰ "Wang Yi met with India's outgoing ambassador to China", [MFA PRC](#), March 26, 2026

¹¹ "India-China border trade via Lipulekh Pass to resume after six years", [The Economic Times](#), March 20, 2026

¹² "Cabinet approves changes in guidelines on investments from countries sharing land border with India", [PIB India](#), March 10, 2026

¹³ Ibid.

¹⁴ Ibid.

¹⁵ "India will stem the flood of Chinese imports with China's own money", [The Economic Times](#), March 11, 2026

¹⁶ "India's trade deficit with China set to cross \$100bn for first time", [Nikkei Asia](#), March 25, 2026

observed that India could benefit from Chinese investments in sectors such as solar energy and electronics.¹⁷

India continues its push to promote the manufacturing of rare-earth permanent magnets in the country as China weaponises export controls on rare-earth materials as part of the trade war with the U.S. On March 20, 2026, India's Ministry of Heavy Industries invited bids through a global tender for INR 7,280 crore scheme to promote the manufacturing of 'Sintered Rare Earth Permanent Magnets' that play a critical role in industries such as automotive, defence, and aerospace.¹⁸ Moreover, New Delhi has relaxed restrictions on the purchase of Chinese equipment for state-owned power and coal companies, citing delays in projects.¹⁹

According to a report released by India's Ministry of Home Affairs, the Indo-Tibetan Border Police (ITBP) has strengthened its presence along the LAC with 29 new border outposts since the 2020 clash between India and China.²⁰ The new ITBP border posts span across the Western, Central, and Eastern sectors of the LAC, from Karakoram Pass in Ladakh to Jachep La in Arunachal Pradesh.²¹ Meanwhile, India's Defence Minister Rajnath Singh emphasised the importance of self-reliance in drone manufacturing and called upon the country's defence-industrial complex to work in mission mode to achieve this goal by 2030.²²

Among other developments, India and around 40 other countries continue to oppose a China-led proposal at the World Trade Organisation (WTO) for an investment facilitation agreement, stressing that the WTO's core focus should be on trade in goods and services, not on non-mandated, non-multilateral issues such as investment.²³

¹⁷ "India's partial relaxation of investment curbs on neighbouring countries to boost industrial growth and FDI inflows; but wider opening still needed: expert", Global Times, March 11, 2026

¹⁸ "Ministry of Heavy Industries invites bids through Global Tender for selection of beneficiaries to set up integrated Sintered Rare Earth Permanent Magnet manufacturing facilities of 6,000 MTPA capacity under the Scheme to Promote Manufacturing of Sintered Rare Earth Permanent Magnet", PIB India, March 20, 2026

¹⁹ "India relaxes rules for some state-run firms to procure critical equipment from China", Reuters, March 27, 2026

²⁰ "29 new ITBP outposts set up along China border: MHA report", The Economic Times, March 26, 2026

²¹ Ibid.

²² "Drones are critical for future warfare: Rajnath Singh", The Economic Times, March 30, 2026

²³ "India, 39 others raise concerns over China-led investment pact proposal", The Economic Times, March 23, 2026

II. China-South Asia Relations

Balendra Shah, the leader of Rastriya Swatantra Party (RSP), was sworn in as the Prime Minister of Nepal on March 27, 2026. China congratulated PM Balendra Shah and pledged to work with the new government in Nepal to carry forward the traditional friendship for development and prosperity.²⁴ According to analysts, Nepal's new government is likely to maintain a balanced approach to both India and China in pursuit of its national interest.²⁵ However, it was observed that RSP's decisive victory had marginalised Nepal's two major communist parties, implying that China will have less influence in Kathmandu than it did in the past.²⁶

Earlier, on March 14, 2026, reports indicated that the Nepalese authorities were investigating an incident at Manmohan Technical University (MTU) involving the burning of some copies of Chinese President Xi Jinping's book "The Governance of China".²⁷ The Chinese Embassy in Kathmandu has called for strong action against those responsible for burning President Xi's book.²⁸

On March 19, 2026, China welcomed the temporary ceasefire agreement reached between Pakistan and Afghanistan. Beijing informed that it had mediated through its own channels, and stressed that China is willing to play a constructive role in promoting peace between Pakistan and Afghanistan.²⁹

III. China-United States Relations

U.S. President Donald J. Trump's visit to China has been rescheduled for May 14-15, 2026, the White House announced on March 25, 2026. Karoline Leavitt, the White House Press Secretary, informed that President Trump and President Xi had discussed rescheduling their meeting, stressing that Xi understood Trump's need to remain in the U.S. during combat operations against Iran.³⁰

²⁴ "Foreign Ministry Spokesperson Lin Jian's Regular Press Conference on March 27, 2026", MFA PRC, March 27, 2026

²⁵ "Nepal's new government signals shift in India, China relations", South China Morning Post, March 11, 2026

²⁶ "Why are South Asia's communist bastions crumbling?", The Kathmandu Post, April 1, 2026

²⁷ "Nepal investigating burning of Xi Jinping's book at university", Reuters, March 19, 2026

²⁸ Ibid.

²⁹ "China welcomes temporary ceasefire between Pakistan, Afghanistan", People's Daily, March 20, 2026

³⁰ "Xi-Trump summit: White House locks in new dates in May", South China Morning Post, March 26, 2026

While the U.S. officials attributed President Trump's decision to reschedule his China visit to the Iran conflict, analysts shed light on the complex story behind it. It was observed that a tactical trade truce was reached following the Xi-Trump meeting in Busan in October 2025, and working groups were formed in the areas of trade, investment, agriculture, security, and technology.³¹ These groups were tasked with presenting concrete outcomes before Xi-Trump's meeting in Beijing in early 2026.³² However, by January 2026, Chinese officials were puzzled by Washington's lack of response to some of their draft proposals.³³ Reportedly, a working group on investment had “quietly faded”, highlighting political sensitivity in the U.S. over doing business with China.³⁴

The U.S. and China held the sixth round of their high-level trade dialogue in Paris on March 15-16, 2026. Major issues discussed in the meeting included tariff arrangements, promoting bilateral trade and reciprocal investment, and maintaining the existing consensus on trade and economic issues.³⁵ The Chinese side noted that the outcomes of the five rounds of trade dialogue have injected “greater certainty and stability” in China-U.S. relations as well as the global economy.³⁶ However, Beijing reiterated its concerns about the U.S.’ imposition of an additional 10 percent tariff under Section 122 of the Trade Act of 1974 and Section 301 investigations into China’s industrial overcapacity.³⁷ The U.S., for its part, informed that the trade dialogue in Paris prioritised promoting stability in the bilateral relationship, including ways to manage trade and expand market access for the U.S.³⁸

On March 11-12, 2026, the U.S. announced Section 301 investigations of China and 15 other countries on the grounds of alleged industrial “overcapacity” and “forced labour”.³⁹ Reacting to this, on March 27, 2026, China announced trade barrier investigations into U.S. actions and measures which harm global production and supply chains while obstructing the trade of green products.⁴⁰ Beijing expressed

³¹ “What are the real reasons behind the change of date for Trump’s China visit?”, South China Morning Post, March 21, 2026

³² Ibid.

³³ Ibid.

³⁴ Ibid.

³⁵ “China, U.S. hold candid, in-depth, constructive talks on economic, trade issues”, Xinhua, March 16, 2026

³⁶ Ibid.

³⁷ Ibid.

³⁸ Treasury Secretary Scott Bessent, Official X Handle, March 17, 2026

³⁹ “USTR Initiates 60 Section 301 Investigations Relating to Failures to Take Action on Forced Labor”, Office of US Trade Representative, March 12, 2026

⁴⁰ “China launches trade barrier probes into U.S. actions”, Xinhua, March 27, 2026

concerns about Washington's measures that harm China's interests, violate WTO rules, and other agreements concluded by the two countries.⁴¹

Chinese analysts, while commenting on President Trump's rescheduled visit, stressed that Beijing is expected to maintain its consistent approach toward the U.S., seeking common ground and cooperation to promote global stability and mutual benefit.⁴² The American Chamber of Commerce in South China (AmCham) expects a "tactical trade truce" between the U.S. and China in 2026 – “slowing, but not stopping decoupling”.⁴³ Meanwhile, Chinese Foreign Minister Wang Yi rejected President Trump's “G2” global co-leadership assertions, stressing that the future of humanity will be forged through the collective efforts of all nations.⁴⁴ He railed against great power rivalry and bloc confrontation, reiterating that China will not seek hegemony or expansion.⁴⁵

The U.S.-Israeli military strikes in Tehran that killed Iran's Supreme Leader Ayatollah Seyyed Ali Khamenei and senior leaders of the Islamic Revolutionary Guard Corps (IRGC) has renewed debate over Taiwan's air-defence readiness. Analysts stressed that the precision strikes in Tehran underscore the need to accelerate plans to build a more integrated, multi-layered air-defence system to protect Taiwan from the PLA's mounting pressure.⁴⁶

However, on March 18, 2026, in its annual threat assessment of the intelligence community report, the U.S. retracted from its earlier projection that China would invade Taiwan by 2027. According to the U.S. intelligence, Beijing recognises that an amphibious invasion of Taiwan is highly risky, particularly if the U.S. intervenes.⁴⁷ Meanwhile, Taiwan was listed as a province of China in pre-travel documentation issued to Taiwan's delegation by Cameroon, the host of the WTO Summit. As the Taiwanese delegation skipped the WTO meeting in Cameroon,

⁴¹ Ibid.

⁴² “China policy to stay on course despite delay to Xi-Trump summit”, South China Morning Post, March 18, 2026

⁴³ “China-US trade relations may reach a ‘tactical truce’, slowing down economic decoupling”, South China Morning Post, March 10, 2026

⁴⁴ “What's wrong with a G2? Wang Yi lays out China's case against great-power rivalry”, South China Morning Post, March 8, 2026

⁴⁵ Ibid.

⁴⁶ “US strike on Iran fuels Taiwan's air defence debate and energy supply fears”, South China Morning Post, March 2, 2026

⁴⁷ “Annual Threat Assessment of the U.S. Intelligence Community”, Office of the Director of National Intelligence U.S., March 2026

China's Ministry of Foreign Affairs reiterated that the one-China principle remains the premise for Taiwan's participation in the WTO.⁴⁸

China expressed deep concern about the global oil crisis triggered by the U.S.-Israeli military strikes on Iran. On March 14, 2026, Chinese state media shed light on Beijing's Global Security Initiative (GSI), which advocates a vision of common, comprehensive, cooperative and sustainable security, which is essential to addressing security challenges in West Asia.⁴⁹

Chinese analysts pointed out that President Trump's vision of single-minded containment of China has been torn apart by the U.S.' direct involvement in the Iran conflict.⁵⁰ The U.S.'s involvement in the Ukraine conflict, intervention in Venezuela, threats against Cuba, and the Gaza issue has trapped Washington in a web of multi-front crises, sapping its national power. Rather than freeing up resources to confront China, "the U.S. is fighting all its tigers at once", while China waits and watches.⁵¹

However, a section of Chinese analysts shed light on the U.S. and Israel's deep integration of AI in the military domain, as visible in the military strikes in Iran and called on China to transform frontier technologies into decisive hard power.⁵² They urged Beijing to rethink the notion that the U.S. was in decline, asserting that the surgical strikes in Tehran demonstrated Washington's "superior" global military power, as well as its "methods of warfare that have evolved further".⁵³ Iran's blockade of the Strait of Hormuz is also likely to accelerate China's push to become an "energy powerhouse".⁵⁴

Amidst the continuing war of words between Japan and China, President Trump met Japanese Prime Minister Sanae Takaichi at the White House on March 19, 2026. An editorial by Global Times described this meeting as a "high-cost political show"

⁴⁸ "One-China principle is political premise for Taiwan's participation in WTO: spokesperson", People's Daily, March 24, 2026

⁴⁹ "Global Security Initiative offers a valuable reference for breaking Middle East deadlock: Global Times editorial", Global Times, March 14, 2026

⁵⁰ "China waits and watches as the US fights all its tigers at once", South China Morning Post, March 5, 2026

⁵¹ Ibid.

⁵² "Khamenei's fall exposes China's military AI lag versus US, Beijing adviser warns", South China Morning Post, March 4, 2026

⁵³ "Is the US in decline? After Iran strikes, maybe not, Chinese analysts say", South China Morning Post, March 4, 2026

⁵⁴ "Iran conflict will accelerate China's push to become an 'energy powerhouse', analysts say", South China Morning Post, March 2, 2026

for Japan, in which Tokyo pledged massive investments, agreed to expand energy purchases from the U.S., and committed to increasing defence spending, while Washington offered very little in return.⁵⁵ It warned Japan that abandoning strategic autonomy and blindly following the U.S. could push the country towards a dangerous abyss.⁵⁶

As part of the “Donroe Doctrine”, the U.S. continues its push for full-spectrum dominance of the Western Hemisphere by denying competitors the ability to own or control strategic assets in the region. General Francis Donovan, the head of U.S. Southern Command, informed that Washington is monitoring 23 Chinese port projects and 12 space-enabling facilities across Latin America and considers each one of them as “a potential dual-use asset” that could support the PLA.⁵⁷ Moreover, the U.S. signalled to Brazil that China should be kept out of a major container terminal deal in Santos port.⁵⁸ Despite the loss of the Panama Canal, China continues to invest in global seaport infrastructure to safeguard against decoupling and the U.S.’ attempt to curb China’s supply chain influence.⁵⁹

As China weaponizes rare-earth export controls, U.S. companies face worsening shortages of Yttrium and Scandium, which is threatening jet engine coatings and 5G semiconductor chip production. There are reports that China’s shipments of rare-earth materials rarely reach the U.S., despite the trade agreement between Washington and Beijing in October 2025.⁶⁰ Meanwhile, on March 20, 2026, China announced the discovery of 9.7 million tonnes of rare-earth oxides in Sichuan province’s Mianning county.⁶¹

The widening of the U.S.-China strategic competition is likely to accelerate the fragmentation of the global monetary order, with the Chinese Yuan challenging

⁵⁵ “Sanae Takaichi’s US visit is a high-cost ‘political show’: Global Times editorial”, Global Times, March 21, 2026

⁵⁶ Ibid.

⁵⁷ “US military tracks 23 Chinese port projects in Latin America, general tells Congress”, South China Morning Post, March 18, 2026

⁵⁸ “Washington signals it wants China kept out of Brazil’s largest port auction”, South China Morning Post, March 17, 2026

⁵⁹ “Despite loss of Panama Canal, China investing US\$23.9 billion in global seaports: study”, South China Morning Post, March 5, 2026

⁶⁰ “China’s rare earth curbs hit US aerospace, chips hard despite Trump’s trade truce”, South China Morning Post, February 26, 2026

⁶¹ “China reports ‘stunning’ critical minerals finds as hi-tech race with US heats up”, South China Morning Post, March 21, 2026

the U.S. Dollar's dominance. According to analysts, the Chinese Yuan may become a global reserve currency in the near future.⁶²

Among other developments, an advisory panel of the U.S. Congress has warned the Pentagon about China's advancing undersea capabilities, emphasising the importance of maintaining the U.S.' maritime superiority.⁶³

IV. China-European Union Relations

On March 8, 2026, Chinese Foreign Minister Wang Yi, in his press conference on the margins of the fourth session of the 14th NPC, urged the EU to abandon its protectionist “attic” and “join the fitness club” of the China market to build muscle and competitiveness.⁶⁴ He reiterated that China-EU interdependence is not a risk, and openness and cooperation will not weaken Europe's security.⁶⁵ According to Chinese analysts, China and the EU's interests align in an emerging global order, and they can reshape global power equations in a manner that Europe maintains its relevance while China gains legitimacy as a responsible power.⁶⁶

Notwithstanding the above, Belgium's Prime Minister Bart De Wever urged the European Commission to adopt a firmer approach toward China's unfair trade practices which are eroding Europe's industrial base.⁶⁷ Further, the European Union Institute for Security Studies (EUISS), in a report, advocated the use of “leverage-based diplomacy”, exploiting China's dependence on Europe for technology and markets to exert targeted pressure on Beijing.⁶⁸ Reacting sharply, Chinese state media warned that the EU was digging itself a deeper hole and that Brussels should not even consider a trade war with China.⁶⁹

⁶² “Why Kenneth Rogoff thinks China's yuan will be a reserve currency in the next 5 years”, South China Morning Post, March 30, 2026

⁶³ “US advisory panel warns China is gaining in undersea warfare”, South China Morning Post, March 3, 2026

⁶⁴ “Member of the Political Bureau of the CPC Central Committee and Foreign Minister Wang Yi Meets the Press”, MFA PRC, March 8, 2026

⁶⁵ Ibid.

⁶⁶ “In the emerging world order, Europe and China's interests align”, South China Morning Post, March 7, 2026

⁶⁷ “De Wever urges EU to harden stance on China's trade practices”, Belga News Agency, March 21, 2026

⁶⁸ “Fight a trade war with China? The EU can neither win nor afford it: Global Times editorial”, Global Times, March 24, 2026

⁶⁹ Ibid.

The President of the European Commission, Ursula von der Leyen, urged European diplomats to update their thinking on the international order and pursue a more realistic and interest-driven foreign policy. She cautioned the EU member-states that the old-world order is gone and it will not return.⁷⁰

V. China-Russia Relations

Following the expiration of the U.S.-Russia Strategic Arms Reduction Treaty (New START) in February 2026, Washington is pushing for a trilateral agreement involving China to control nuclear arms. However, China refuses to join any nuclear arms control agreement with the U.S. and Russia, insisting that it has no intention of engaging in any arms race with any country.⁷¹ Rather, China's Ministry of National Defence urged the U.S. to fulfil its special responsibility for nuclear disarmament and create conditions for other nuclear-weapon states to join the disarmament process.⁷²

During the 15th Five-Year Plan period, China is likely to deepen its relations with Russia in the area of energy trade. The construction of the Power of Siberia 2 natural gas pipeline, which would transport gas from Russia through Mongolia to China, could be on a fast track for construction.⁷³ Amidst an escalation of conflict in the Middle East that has disrupted global shipping, China and Russia are planning deeper cooperation in logistics. This includes the use of the Arctic shipping route to secure a more resilient supply chain.⁷⁴

Internal Developments

Two Sessions

China hosted the biggest event on its political calendar, 'Two Sessions', the annual gathering of the Chinese People's Political Consultative Conference (CPPCC) and the National People's Congress (NPC). On March 5, 2026, Premier Li Qiang

⁷⁰ "Get realpolitik? Von der Leyen questions Europe's faith in rules-based order", South China Morning Post, March 9, 2026

⁷¹ "US unlikely to convince China to join new nuclear arms control agreement, experts say", South China Morning Post, March 25, 2026

⁷² "America's most pressing task is to earnestly fulfill its special and primary responsibility for nuclear disarmament: Defence Spokesperson", MND PRC, March 26, 2026

⁷³ "More gas from Russia? China flags new pipeline links amid Iran energy crisis", South China Morning Post, March 9, 2026

⁷⁴ "China, Russia discuss boosting transport links as Middle East conflict disrupts shipping", South China Morning Post, March 17, 2026

delivered a 'Report on the Work of the Government' to the fourth session of the 14th NPC.⁷⁵ In his remarks, Premier Li shed light on China's stable economic performance in 2025, while cautioning Beijing to remain vigilant against geopolitical risks, global uncertainties, and challenges to multilateralism and free trade.⁷⁶ China's major economic targets for 2026 include GDP growth of 4.5-5 percent, consumer price index (CPI) increase of around 2 percent, fiscal budget deficit of around 4 percent of GDP, creating over 12 million new urban jobs, grain output of 700 million metric tonnes, and a reduction of around 3.8 percent in carbon emissions per unit of GDP.⁷⁷

A major highlight of Premier Li's speech was his emphasis on fostering "emerging and future industries" with a focus on energy, quantum technology, embodied AI (robotics), brain-computer interfaces, biomanufacturing, and 6G technology.⁷⁸ In light of this, People's Daily shed light on a view in the foreign media that "while the world burns, China defines the future".⁷⁹

Reacting to the Government Work Report, China's state media informed that Beijing values "high-quality development", "stability", and "structural reforms" over blind pursuit of numbers.⁸⁰ Adding that, the GDP growth target of 4.5-5 percent provides strategic room for structural reforms, while ensuring that the Chinese economy can move forward steadily despite a complex international situation.⁸¹ An editorial by the South China Morning Post described China's GDP growth target as "moderate and realistic", which prioritises high-technology innovation and upgrading of manufacturing.⁸²

The Government Work Report also listed main objectives and major tasks for China's 15th Five-Year Plan (2026-2030).⁸³ Major objectives include doubling China's 2020 GDP per capita income by 2035 to reach the level of a "moderately developed country", annual average increase of 7 percent in research and

⁷⁵ "Full text: Report on the Work of the Government", Xinhua, March 13, 2026

⁷⁶ Ibid.

⁷⁷ Ibid.

⁷⁸ "Takeaways from Chinese Premier Li Qiang's government work report", South China Morning Post, March 5, 2026

⁷⁹ "Why foreign media say 'while the world burns, China defines the future': People's Daily Rui Ping", People's Daily, March 11, 2026

⁸⁰ "4.5%-5%: Understanding the 'progress' and 'stability' in China's economic growth target: Global Times editorial", People's Daily, March 6, 2026

⁸¹ Ibid.

⁸² "Amid external uncertainties, China steers for growth and stability", South China Morning Post, March 6, 2026

⁸³ "Full text: Report on the Work of the Government", Xinhua, March 13, 2026

development spending, advancing green and low-carbon development, ensuring food and energy security, and improving the public well-being.⁸⁴ China intends to play a bigger role in setting global standards for AI governance, the digital economy, and outer space activities.⁸⁵

China's defence budget was increased by 7 percent to around CNY 1.91 trillion (USD 275 billion).⁸⁶ Beijing is prioritising strategic deterrence and the rapid adoption of emerging technologies of warfare, especially unmanned and intelligent systems.⁸⁷ It plans to fortify border security through new “strategic backbone corridors” linking Tibet and Xinjiang with the rest of the country.⁸⁸ The objective is to build infrastructure connecting the Western regions with the rest of China, facilitating faster movement of goods, energy, people, and military logistics.⁸⁹

On March 7, 2026, President Xi addressed a delegation of the People's Liberation Army (PLA) and the People's Armed Police Force (PAP) attending the fourth session of the 14th NPC. In his remarks, Xi emphasised the importance of "enhancing political loyalty" within the military and called for increased efforts to modernise the armed forces.⁹⁰ Major issues discussed by him included continuing the fight against corruption, advancing Party building in the military and ensuring that officers follow the CPC's ideology, training personnel for joint operations, and developing new combat forces.⁹¹ Meanwhile, in his remarks at a meeting of the Chinese People's Political Consultative Conference (CPPCC), President Xi urged the country's policy advisors to steadfastly advance the healthy China initiative.⁹²

Chinese Foreign Minister Wang Yi addressed a press conference on the margins of the fourth session of the 14th NPC on March 8, 2026. In his remarks, Wang Yi stated that China's diplomacy continues to advance Beijing's vision of building a great modern socialist country, while opposing unilateral acts, power politics, and

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ “China's 2026 defence budget growth slows to 7 percent”, Xinhua, March 5, 2026

⁸⁷ “Inside China's 15th 5-year plan: AI, fusion and defence drive next frontier”, South China Morning Post, March 6, 2026

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ “Xi stresses enhancing political loyalty in military to advance defence modernization”, People's Daily, March 8, 2026

⁹¹ Ibid.

⁹² “Xi calls for decisive progress in Healthy China Initiative during 15th Five-Year Plan period”, People's Daily, March 7, 2026

bullying.⁹³ Major issues discussed by him included China and Russia adding momentum to the advent of a multipolar world, sound, steady, and sustainable development of China-U.S. relations, and developing ties with the EU as a key partner in the journey towards modernisation.⁹⁴

Wang Yi cautioned that the future of China-Japan relations depends upon Tokyo's strategic choices, especially following PM Sanae Takaichi's remarks on Taiwan.⁹⁵ He also spoke about China's Global Governance Initiative (GGI), Beijing's role as a defender of the UN-centred international system, the rise of the Global South as a key driver of a multipolar world, and the Taiwan question as a red line that cannot be crossed.⁹⁶ According to Chinese state media, the country's foreign policy brings "stability and direction" to an uncertain world and clearly rejects the law of the jungle.⁹⁷

On March 12, 2026, China's national legislature adopted the Ethnic Unity and Progress Promotion Law. This law aims to "foster a sense of community within the Chinese nation" by prioritising the use of Mandarin language across the country, including its 55 ethnic minority groups.⁹⁸ Analysts cautioned that this law may further erode the identities of ethnic minorities, especially in Tibet (Xizang) and Xinjiang regions, and risk labelling dissent as separatism.⁹⁹

Key Developments and Addresses by Chinese Leaders

Zhao Leji, the Chairman of China's NPC Standing Committee, addressed the Boao Forum for Asia (BFA) annual conference on March 26, 2026, in Hainan. Zhao urged the international community to reject isolation and exclusion, and work together to create a win-win future. Major issues discussed by him included China's 15th Five-Year Plan, which promotes high-quality development, expanding domestic demand, and accelerating economic cooperation in the Asia-Pacific region.¹⁰⁰

⁹³ "Member of the Political Bureau of the CPC Central Committee and Foreign Minister Wang Yi Meets the Press", MFA PRC, March 8, 2026

⁹⁴ Ibid.

⁹⁵ Ibid.

⁹⁶ Ibid.

⁹⁷ "China's diplomacy brings stability and direction to the world: Global Times editorial", Global Times, March 9, 2026

⁹⁸ "Xi Enforces His Demand for Ethnic Unity Across China", The Wall Street Journal, March 12, 2026

⁹⁹ Ibid.

¹⁰⁰ "China Focus: China's top legislator calls for staying the course, jointly creating a better future at Boao forum", Xinhua, March 26, 2026

On March 23, 2026, President Xi addressed a symposium on high-quality construction and development of the Xiong'an New Area, in North China's Hebei Province. Xiong'an New Area would be a model smart city that would act as a new economic and innovation hub, relieving Beijing of its "non-Capital functions".¹⁰¹

Cheng Li-wun, the Chairperson of the Kuomintang (KMT) party in Taiwan, is scheduled to visit mainland China from April 7 to 12, 2026. Cheng informed that her visit to mainland China was to explore opportunities for cross-strait exchanges and cooperation, and urged both sides to pursue peace.¹⁰²

Trade and Economy

Premier Li Qiang addressed the China Development Forum held in Beijing on March 22-23, 2026. At this forum attended by global business executives, Premier Li reiterated China's commitment to advancing high-level opening up in a world engulfed by protectionism.¹⁰³ In his view, international trade has always been beneficial to all parties involved, and China has never sought to pursue a trade surplus.¹⁰⁴ Major issues discussed by him included China's continuing efforts to tackle "involutionary" competition, over-securitisation of industrial issues, and maintaining overall economic stability.¹⁰⁵

Chinese state media rejected the notion that foreign investment is leaving China. It was argued that China is shifting from low-value-added, labour-intensive industries to high-technology industries. As a result, the actual use of FDI has increased in sectors such as e-commerce services, manufacturing of high-end equipment (medical devices), and aerospace vehicles.¹⁰⁶

On March 16, 2026, China's National Bureau of Statistics announced that the country's economy performed well in the first two months of 2026, amid lower growth expectations. Several key economic indicators, such as value-added industrial output, the services sector index, retail sales (consumption), and fixed-

¹⁰¹ "Xi urges efforts to build Xiong'an New Area into innovation hub, model of high-quality development", People's Daily, March 24, 2026

¹⁰² "KMT chairperson accepts invitation to visit Chinese mainland", Xinhua, March 30, 2026

¹⁰³ "Premier Li Qiang calls for a global pledge to open up, while 'power politics' runs rampant", South China Morning Post, March 22, 2026

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

¹⁰⁶ "Is foreign investment 'massively withdrawing' from China?", People's Daily, March 10, 2026

asset investments, increased, giving Beijing the room to shift toward consumption-led growth.¹⁰⁷

China's exports continued to flourish with a year-on-year growth of 21.8 percent in the first two months of 2026 to USD 656.58 billion. China's exports to the U.S. dropped 11 percent; however, the overall exports soared owing to a robust demand from ASEAN, the EU, Latin America, and Africa.¹⁰⁸

Defence and Security

Following China's two sessions, Japan expressed concerns about Beijing increasing its defence expenditure and developing military capabilities without transparency.¹⁰⁹ Reacting sharply, on March 18, 2026, China's Ministry of National Defence described Japanese strategic behaviour as nothing more than a thief crying "stop thief" and is aimed at finding excuses for military expansion.¹¹⁰ Beijing urged Tokyo to examine itself and avoid repeating the mistake of militarism of the 20th century.¹¹¹ Meanwhile, Chinese analysts expressed concern that Japan may be drifting away from its pacifist constitution as Tokyo deployed offensive missile systems in places such as Kumamoto and Shizuoka.¹¹²

A Chinese defence company has developed a new-generation robotic wolf pack system capable of carrying micro-missiles and grenade launchers, enabling fire suppression against targets. A report by Global Times noted that this robotic wolf system is useful in highly complex urban combat scenarios, significantly reducing human casualties.¹¹³

On March 25, 2026, reports indicated that China had unveiled the Atlas drone swarm operations system, with algorithm-enabled combat upgrades. It illustrates

¹⁰⁷ "China's Economy Off to Steady Start in 2026 Amid Lowered Expectations", The Wall Street Journal, March 15, 2026

¹⁰⁸ "Trade boom: China's exports surge 21.8% to start 2026 – biggest gain in 4 years", South China Morning Post, March 10, 2026

¹⁰⁹ "Japan Hypes up China's Defence Budget to Find Excuses for Military Expansion: Defence Spokesperson", MND PRC, March 18, 2026

¹¹⁰ Ibid.

¹¹¹ Ibid.

¹¹² "Where will the deployment of offensive missiles lead Japan?: Global Times editorial", Global Times, March 13, 2026

¹¹³ "China unveils urban warfare drill featuring latest generation of robotic wolf units", Global Times, March 26, 2026

the expanding battlefield applications of drone swarms, such as intelligence gathering (ISR) and precision strikes, that is reshaping modern warfare.¹¹⁴

Technology

The national strength of China in the field of artificial intelligence (AI) continues to grow. Major highlights of the country's rapidly evolving AI industry include the rise of DeepSeek LLM, Seedance (cinematic video generation), humanoid robots, and smart vehicles. A People's Daily report informed that, by the end of 2025, China had over 6,000 AI enterprises, with its core AI industry valued at CNY 1.2 trillion (USD 174 billion). It is also reported that China holds 60 percent of the world's AI patents.¹¹⁵

China's National Medical Product Administration (NMPA) gave its approval to an invasive 'Brain Computer Interface' (BCI) for Hand Motor Augmentation, developed by Neuracle Technology.¹¹⁶ This coin-sized invasive device would be implanted in the skull of patients suffering from spinal cord injury and unable to grasp objects with their fingers. The BCI device can collect and decode patients' brain signals to perform actions such as grasping objects and drinking water.¹¹⁷

The commercial space sector is emerging as a new area of strategic competition between the U.S. and China. The rise of Tesla CEO Elon Musk's SpaceX, which has deployed Starlink satellites in low-earth orbit, has created urgency for competitors such as China to enhance capital investments and policy support for its commercial space sector.¹¹⁸

NVIDIA's CEO Jensen Huang praised China's robotics industry as "formidable", emphasising that the U.S.' robotics industry would have to depend on China's supply chain in the near future.¹¹⁹

¹¹⁴ "China unveils full-process demonstration of Atlas drone swarm operations system, expert highlights algorithm-enabled combat upgrades", Global Times, March 25, 2026

¹¹⁵ "China becomes world's largest holder of AI patents", People's Daily, March 9, 2026

¹¹⁶ "China grants world's first market approval for invasive BCI product", People's Daily, March 14, 2026

¹¹⁷ Ibid.

¹¹⁸ "China satellite investment soars as SpaceX sparks race for piece of the sky", Think China, March 16, 2026

¹¹⁹ "Nvidia's Huang calls China 'formidable' in robotics as company bets on physical AI", South China Morning Post, March 21, 2026



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