



Delhi Policy Group

Advancing India's Rise as a Leading Power

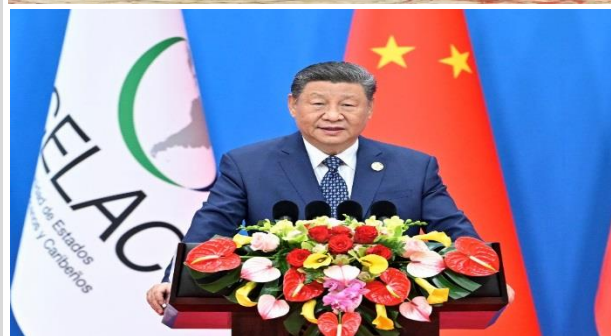
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China Monitor

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

Cover Photographs:

US Treasury Secretary Scott Bessent and Chinese Vice Premier He Lifeng met in Geneva on May 10-11, 2025. Source: [Official X Handle/Secretary Scott Bessent](#)

Chinese President Xi Jinping paid a state visit to Russia from May 7-10, 2025, to attend Russia's 'Victory Day' celebrations. Source: [Official X Handle/Mao Ning, PRC Foreign Ministry Spokesperson](#)

President Xi addressed the China-CELAC Forum in Beijing on May 13, 2025. Source: [Official X Handle/Mao Ning, PRC Foreign Ministry Spokesperson](#)

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Abstract

The Indian military launched "Operation Sindoor" on May 7, 2025, in response to the heinous terrorist attack carried out by Pakistan-linked Islamist terrorists in India's Union Territory of Jammu and Kashmir (Pahalgam) on April 22, 2025. In light of this, on May 10, 2025, the Director of China's Central Commission for Foreign Affairs, Wang Yi, held a telephone conversation with India's National Security Advisor, Ajit Doval. Director Wang Yi condemned the terrorist attack in Pahalgam and reiterated China's "opposition to all forms of terrorism". He noted that the current international situation is chaotic and intertwined, and called on India and Pakistan to resolve their differences through dialogue, avoid escalation, and ensure peace and stability in Asia. NSA Ajit Doval, on his part, shed light on the barbaric nature of the Pahalgam terrorist attack and conveyed India's resolute stance on combating cross-border terrorism emanating from Pakistan.

Amidst a raging trade war, Chinese Vice Premier He Lifeng and US Treasury Secretary Scott Bessent met in Geneva on May 10-11, 2025, to discuss economic and trade issues. In a joint statement, both sides acknowledged the "importance of a sustainable, long-term, and mutually beneficial economic relationship" and agreed to establish a trade consultation mechanism to "move forward in a spirit of mutual opening, continued communication, cooperation, and mutual respect".

During the 90-day period beginning May 14, 2025, Beijing and Washington agreed to lower "reciprocal" tariffs by 115 percent, effectively implying that the US will reduce its tariff on Chinese imports from 145 percent to 30 percent, and China will reduce its tariff on US imports from 125 percent to 10 percent. Reacting to this, Chinese state media highlighted the positive international response to the US-China trade dialogue and emphasised that Washington's reckless and unsustainable tariffs, which resulted in weak first-quarter economic data, product shortages, and rising prices, has once again demonstrated that "there are no winners in a trade war and that protectionism has no future".

However, by the end of May, uncertainty returned to the US-China trading relationship, with the US side claiming that China was reneging on commitments related to exports of rare earth minerals.

The US announced plans for the country's next-generation missile defence shield – 'the Golden Dome for America', on May 20, 2025. This system aims to enhance US military capabilities and re-establish deterrence through space-

based interceptors and sensors. According to China's Ministry of Foreign Affairs, the proposed Golden Dome Missile Defence System violates the principle of peaceful use of outer space and increases the possibility of turning space into a battlefield.

On May 23, 2025, President Xi congratulated Germany's new Chancellor, Friedrich Merz, on assuming office. Xi urged Merz to deepen relations based on mutual respect, seek common ground while shelving differences, and promote win-win cooperation. On the other hand, German Chancellor Merz flagged China's relationship with Russia as a source of "great concern" and pledged to pursue "strategic de-risking" with China.

During his state visit to Russia from May 7-10, 2025, President Xi attended Russia's 80th 'Victory Day' celebrations marking the defeat of Nazi Germany in 1945. In his remarks, Xi noted that eighty years ago, global forces of justice, including China and Russia (Soviet Union), courageously fought and triumphed over Fascist powers. He added that the victory in the "World anti-Fascist War" is a source of wisdom that must be utilised to resolutely oppose rising unilateralism, hegemonism, bullying, and coercive practices. On the issue of Taiwan, Xi claimed that Taiwan's restoration to China was an outcome of victory in World War II and a fundamental tenet of the postwar international order that brooks no challenge.

Reacting to President Xi's Moscow visit, Chinese analysts noted that despite external pressure, the Sino-Russian relationship remains strong and that they do not sacrifice their interests for other countries. It was noted that "China-Russia relations are becoming increasingly valuable", as the two countries unite the "Global South" on multilateral platforms to advance reform of the global governance system.

Chinese Premier Li Qiang attended the ASEAN-China-GCC Summit held in Kuala Lumpur, Malaysia, on May 27, 2025. In his remarks, Premier Li emphasised that amidst a volatile international environment, the creation of an ASEAN-China-GCC trilateral cooperation mechanism would catalyse a dynamic economic partnership across Asia, advancing regional integration.

On May 13, 2025, China's State Council Information Office released a white paper, titled "China's National Security in the New Era". Beijing emphasised the significance of national interest, people's security, and political security as the foundational principles of the country's national security policy, serving China's modernisation.

President Xi issued directives on May 19 and April 30, 2025, concerning the formulation of China's 15th Five-Year Plan (2026-2030). He emphasised the necessity of "managing our own affairs well" while prioritising both development and security, with a strategic focus on cultivating new quality productive forces (high-technology innovation) tailored to local conditions.

The US tariff shock resulted in a sharp contraction in manufacturing activity in China in April 2025. To boost China's economy, the People's Bank of China (PBOC) lowered the Reserve Requirement Ratio (RRR) for commercial banks by 0.5 percentage points, injecting CNY 1 trillion (USD 138 billion) into the economy.

Foreign and Security Policy

I. China-India Relations

The Indian military launched "Operation Sindoor" on May 7, 2025, in response to the heinous terrorist attack carried out by Pakistani and Pakistan-trained Islamist terrorists in the Union Territory of Jammu and Kashmir (Pahalgam) on April 22, 2025.¹ As part of "Operation Sindoor", the Indian Air Force conducted precision strikes, destroying nine major terror launchpads in Pakistan and Pakistan-occupied Jammu and Kashmir (PoJK), drawing a "new strategic red line", signalling that neither the Line of Control (LoC) nor Pakistan's territory will remain untouched if terrorism originates from there.²

In light of these developments, on May 10, 2025, the Director of China's Central Commission for Foreign Affairs, Wang Yi, held a telephone conversation with India's National Security Advisor, Ajit Doval. Director Wang Yi condemned the terrorist attack in Pahalgam and reiterated China's "opposition to all forms of terrorism".³ He noted that the current international situation is chaotic and intertwined and called on India and Pakistan to resolve their differences through dialogue, avoid escalation, and ensure peace and stability in Asia.⁴ NSA Ajit Doval, on his part, shed light on the barbaric nature of the Pahalgam terrorist attack and conveyed India's resolute stance on combating cross-border terrorism emanating from Pakistan.⁵

During "Operation Sindoor", India exposed the limitations of Pakistan's China-made HQ-9 air defence system and the PL-15 missiles fired from Chinese-supplied J-10C fighter jets.⁶ However, Chinese analysts claimed that the country's J-10 fighter jet series is reshaping the global defence industrial landscape as it delivers a performance comparable to Western systems, including French Rafale fighters at a more affordable price.⁷ Adding that, in addition to the cost-effectiveness, recent operations have shown the combat

¹ "Transcript of Special Briefing on OPERATION SINDOOR (May 07, 2025)", MEA India, May 7, 2025

² "Operation SINDOOR: India's Strategic Clarity and Calculated Force", PIB India, May 12, 2025

³ "Wang Yi had a telephone conversation with India's National Security Adviser Doval", MFA PRC, May 11, 2025

⁴ Ibid.

⁵ "Transcript of Weekly Media Briefing by the Official Spokesperson (May 22, 2025)", MEA India, May 22, 2025

⁶ "How India's missile message to Pakistan may echo in China's weapons market", The Economic Times, May 15, 2025

⁷ "China's J-10 fighter jet reshaping landscape of global defence industry: expert", Global Times, May 21, 2025

prowess of the J-10C fighter jet, Chinese airborne munitions, and early warning aircraft.⁸ Even as Chinese media celebrated the reports of the apparent success of the J-10C fighter jet, analysts observed that China's diplomacy with India and Pakistan demonstrated a "tough balancing act" in which Beijing prioritised de-escalation over opportunism, as prolonged conflict threatens South Asia and China's geopolitical and economic interests.⁹

A Global Times editorial rejected accusations that China is part of an "anti-India axis" that is shielding terrorism emanating from Pakistan. It claimed that India's hype surrounding China reflects its anxiety regarding the China-Pakistan strategic partnership and the broader dynamics of China-India relations, especially the shifting of the balance of power between Beijing and New Delhi.¹⁰

India's Ministry of External Affairs, in response to a query regarding China's accelerated construction of a dam in Pakistan as a countermeasure to India's suspension of the Indus Waters Treaty, emphasised that China knows that "mutual trust, mutual sensitivity, and mutual respect" form the basis of India-China relations.¹¹ Meanwhile, on May 14, 2025, India categorically rejected China's attempts to rename places in India's state of Arunachal Pradesh, asserting that creative naming will not change the fact that Arunachal Pradesh will always be an integral part of India.¹²

Amidst US technology company Apple's efforts to diversify iPhone production from China to India, President Trump urged Apple CEO Tim Cook to prioritise manufacturing in the US rather than India. Reportedly, President Trump threatened to impose a 25 percent tariff on Apple products imported into the US.¹³

⁸ Ibid.

⁹ "Opinion | China faces a tough balancing act with India and Pakistan", South China Morning Post, May 13, 2025

¹⁰ "Hope some Indian media outlets return to rationality and facts: Global Times editorial", Global Times, May 20, 2025

¹¹ "Transcript of Weekly Media Briefing by the Official Spokesperson (May 22, 2025)", MEA India, May 22, 2025

¹² "Official Spokesperson's response to media queries on renaming places in Arunachal Pradesh by China" (May 14, 2025), MEA India, May 14, 2025

¹³ "Trump throws Apple tantrum: Should India worry?", The Economic Times, May 15, 2025

II. China-South Asia Relations

Amidst an escalation of tensions between India and Pakistan, the Director of China's Central Commission for Foreign Affairs, Wang Yi, met Pakistan's Deputy Prime Minister and Foreign Minister Ishaq Dar, in Beijing on May 20, 2025. During their meeting, Wang Yi reaffirmed China's commitment to deepen "all-weather strategic partnership" with Pakistan, help Pakistan in safeguarding its sovereignty and security, as well as assist Islamabad to play a greater role in regional and international affairs.¹⁴

On May 20, 2025, Elon Musk's Starlink quietly went live over Bangladesh. This development was not just seen as the commencement of fast internet in Bangladesh, rather, it was viewed through the lens of contemporary geopolitics in the region.¹⁵ Foreign eyes have also turned sharply to Bangladesh's Lalmonirhat airbase, around 170 km from India's chicken neck corridor in Siliguri and Chittagong Port, Bangladesh's maritime gateway to the Bay of Bengal.¹⁶ There are also whispers of a proposed 'Rakhine Corridor' starting to echo in geo-political policy circles.¹⁷

While these moves are part technological, part geopolitical, they also indicate something deeper. Bangladesh is slowly becoming the new front line in a simmering new cold war between China and the US.¹⁸ There is at stake not only the internal balance of power in Bangladesh but also the regional balance in Southeast Asia, with India keeping an eye on the situation from across the border.¹⁹ The demand for the creation of the 'Rakhine corridor' through Bangladesh to Myanmar has created a standoff-like situation between the interim government led by Chief Adviser Muhammad Yunus and the Bangladesh Army.²⁰

¹⁴ "Wang Yi Holds Talks with Pakistani Deputy Prime Minister and Foreign Minister Mohammad Ishaq Dar", MFA PRC, May 20, 2025

¹⁵ "360 Degree View | Satellites, Ports & Power: China, US Want The Bay, Bangladesh May Be The Price", News 18, May 27, 2025

¹⁶ ¹⁶ "China Reignites Bangladesh Ties Under Yunus: Beijing Eyeing Air Base Near India's Northeast Gateway?", News 18, May 21, 2025

¹⁷ "Rakhine Corridor sparks power struggle in Bangladesh: China moves, US counters, India watches | Explained", Moneycontrol, May 27, 2025

¹⁸ "360 Degree View | Satellites, Ports & Power: China, US Want The Bay, Bangladesh May Be The Price", News 18, May 27, 2025

¹⁹ Ibid.

²⁰ ²⁰ "Rakhine Corridor sparks power struggle in Bangladesh: China moves, US counters, India watches | Explained", Moneycontrol, May 27, 2025

Bangladesh Army Chief's first China visit is slated for June 2025. The visit follows an invitation from the Chinese People's Liberation Army. The development signals deepening military ties between China and Bangladesh.²¹

During the inaugural session of Nepal's flagship climate dialogue "Sagarmatha Sambaad" held from May 16-18, 2025, Vice Chairman of the Standing Committee of the National People's Congress of China, Xiao Jie, repeatedly referred to Mount Everest by its Chinese name, "Chomolungma".²² The event was named after the Nepali name for Everest, Sagarmatha, and was meant to underscore Nepal's stewardship of the world's tallest peak. Nepal's Prime Minister KP Sharma Oli, Foreign Minister Arzu Rana Deuba, and Finance Minister Bishnu Paudel attended the dialogue. However, none of the senior officials commented publicly on the usage of the Chinese term during the high-level opening ceremony.²³

The two Communist parties in Nepal have lost a significant amount of public goodwill and support, which has benefited the Nepali Congress and the pro-monarchists who seek to restore Nepal's constitutional monarchy and its "Hindu Rashtra" status.²⁴

China has, over the last few years, made numerous efforts to reunite the two main Communist Parties of Nepal—the Communist Party of Nepal–Unified Marxist Leninist (CPN–UML) and the Communist Party of Nepal–Maoist Centre (CPN–MC). However, all those efforts have failed because of the irreconcilable differences and ego clashes between the leaders of the two parties—CPN–UML's KP Sharma Oli and CPN–MC's Pushpa Kamal Dahal.²⁵

Bhutan became the latest nation to refer to Tibet as "Xizang", prompting Tibetan politicians and advocates to urge Bhutan to stop using the term promoted by Beijing that they say contributes to China's efforts to erase Tibetan identity.²⁶ In a March 17 statement, the Bhutanese Ministry of Foreign Affairs and External Trade used the term "Xizang" to refer to the Tibet Autonomous Region, a Chinese government-designed administrative region that makes up only part

²¹ "Bangladesh Army chief Waker-uz-Zaman set to visit China by end of June", Northeast News, May 22, 2025

²² "China trying to rename Mount Everest? Beijing official calls it 'Chomolungma' over 10 times in 20-minute speech", The Economic Times, May 19, 2025

²³ Ibid.

²⁴ "China Is Propping Up A New Set Of Amenable Leaders To Unite Nepal's Communist Parties", Swarajya, March 29, 2025

²⁵ Ibid.

²⁶ "Bhutan refers to Tibet as Beijing-preferred 'Xizang,' sparking pushback", RFA, March 28, 2025

of the larger region that Tibetans refer to as "Greater Tibet".²⁷ The Bhutanese government's statement regarding the two-day Tibetan cultural performance at the Royal Institute of Management in Thimphu on March 18-19 described Tibetan artists as a "Chinese cultural troupe" and the performance itself as a "Chinese cultural performance". In 2023, China formally adopted the term "Xizang" in all its official documents to refer to Tibet.²⁸

China and Sri Lanka are exploring a free trade agreement (FTA) as Beijing continues to strengthen economic and military ties with India's neighbours.²⁹

III. China-United States Relations

Amidst a raging trade war, Chinese Vice Premier He Lifeng and US Treasury Secretary Scott Bessent met in Geneva on May 10-11, 2025, to discuss economic and trade issues. In a joint statement, both sides acknowledged the "importance of a sustainable, long-term, and mutually beneficial economic relationship" and agreed to establish a trade consultation mechanism to "move forward in a spirit of mutual opening, continued communication, cooperation, and mutual respect".³⁰

During the 90-day period beginning May 14, 2025, Beijing and Washington agreed to lower "reciprocal" tariffs by 115 percent, effectively meaning that the US will reduce its tariff on Chinese imports from 145 percent to 30 percent, and China will reduce its tariff on US imports from 125 percent to 10 percent.³¹ It is to be noted that during the first term of President Trump, he had imposed 20 percent tariff on China, bringing the total tariffs on imports from China to around 50 percent.³²

As part of the agreement, China has also agreed to suspend or cancel its non-tariff countermeasures imposed on the US since April 2, 2025, which include restrictions on the export of rare-earth minerals, the placement of US companies on its unreliable entity list, and an antitrust investigation into US

²⁷ Ibid.

²⁸ Ibid.

²⁹ "China woos Sri Lanka with FTA and business deals", The Economic Times, May 25, 2025

³⁰ "Full text: Joint Statement on China-U.S. Economic and Trade Meeting in Geneva", People's Daily, May 12, 2025

³¹ "US and China agree to drastically roll back tariffs in major trade breakthrough", CNN, May 12, 2025

³² "After the China-US trade deal, what tariffs will exporters actually pay?", South China Morning Post, May 13, 2025

chemical company DuPont.³³ The Vice Foreign Minister of China, Ma Zhaoxu, and the US Deputy Secretary of State, Christopher Landau, also held a phone conversation on May 22, 2025 and agreed to keep channels of communication open.³⁴

However, by the end of May 2025, uncertainty returned to the US-China trading relationship, with the US side claiming that China was reneging on commitments related to exports of rare earth minerals.³⁵

Earlier, analysts commended China and the US for their efforts in de-escalating the trade war, emphasising that both parties have managed to "avoid a lose-lose trade war for the time being".³⁶ An editorial in the South China Morning Post described the lowering of tariffs for 90 days as a "ceasefire in the trade war" and urged the US and China to use their trade consultation mechanism to promote long-lasting global peace on trade and economic issues.³⁷ Chinese state media, on its part, highlighted the positive international response to the US-China trade dialogue and emphasised that Washington's reckless and unsustainable tariffs, which resulted in weak first-quarter economic data, product shortages, and rising prices, have once again demonstrated that "there are no winners in a trade war and that protectionism has no future".³⁸

Amidst the intensifying trade conflict, China has reduced its holdings of US Treasuries, falling to third place among foreign holders of US Treasury bonds.³⁹ Moreover, economists urged Beijing to advance the internationalisation of the Chinese 'Yuan' to compete with the US 'Dollar' as a global currency by liberalising its convertibility and enhancing foreign access.⁴⁰

On May 13, 2025, the US Department of Commerce rescinded AI diffusion rules announced by the Biden Administration in January 2025. According to the

³³ "US and China agree to drastically roll back tariffs in major trade breakthrough", CNN, May 12, 2025

³⁴ "Tech tensions persist but China and US make high-level call to keep talking", South China Morning Post, May 23, 2025

³⁵ "Trump accuses China of violating trade deal, doubles steel and aluminum tariffs", Reuters, May 31, 2025

³⁶ "China and US manage to avoid a lose-lose trade war, for time being", South China Morning Post, May 13, 2025

³⁷ "Editorial | Ceasefire in trade war is only the start to push for long-lasting peace", South China Morning Post, May 13, 2025

³⁸ "Why the world gives 'widespread positive feedback' to recent China-US talks: Global Times editorial", Global Times, May 13, 2025

³⁹ "China cuts US Treasury stockpile, dropping to No 3 spot among foreign holders", South China Morning Post, May 17, 2025

⁴⁰ "China's yuan fit to rival US dollar as global currency if more accessible: economist", South China Morning Post, May 19, 2025

Trump administration, the AI Diffusion Rule would have stifled American innovation by adding burdensome new regulatory requirements on companies and would have negatively impacted US relations with dozens of countries by downgrading them to second-tier status.⁴¹ In light of this, analysts raised concerns that rescinding the AI diffusion rule and permitting the sale of America's most advanced semiconductor chips to countries such as the UAE and Saudi Arabia is a misguided decision, as it could ultimately benefit China.⁴²

On the other hand, the US issued a global advisory cautioning companies against the use of Huawei's Ascend chips—specifically the 910B, 910C, and 910D models—citing violations of US export controls and their suspected development using technologies of US origin.⁴³ Reacting sharply, China's Ministry of Commerce described the US's measures as "unilateral bullying and protectionism" that undermines global semiconductor industrial and supply chains. Adding that, the US is abusing export controls to suppress China's high-technology modernisation.⁴⁴

China is weaponising rare-earth mineral export controls in response to the US's weaponisation of high-technology export controls. However, Beijing cautioned that, following the implementation of export controls on minerals including gallium, germanium, antimony, and tungsten, certain foreign entities have been involved in the illegal smuggling of these strategically critical minerals.⁴⁵ The statement emphasised the necessity for China to take decisive action to address such activities to safeguard its national interest.⁴⁶

The US announced plans for the country's next-generation missile defence shield – 'the Golden Dome for America', on May 20, 2025. The purpose of this system is to enhance US military capabilities and re-establish deterrence through space-based interceptors and sensors.⁴⁷ According to China's Ministry

⁴¹ "Department of Commerce Announces Recission of Biden-Era Artificial Intelligence Diffusion Rule, Strengthens Chip-Related Export Controls", US Bureau of Industry and Security, May 13, 2025

⁴² "Senior US Democrat slams reversal of AI rule as 'horrible idea' helping China", South China Morning Post, May 17, 2025

⁴³ "US declares global use of Huawei AI chips a violation of its export laws", Business Standard, May 14, 2025

⁴⁴ "China calls U.S. attempt to ban Chinese chips "unilateral bullying and protectionism", People's Daily, May 21, 2025

⁴⁵ "China targets smugglers to strengthen export controls on critical minerals", South China Morning Post, May 9, 2025

⁴⁶ Ibid.

⁴⁷ "Secretary of Defence Pete Hegseth Statement on Golden Dome for America", US Department of Defence, May 20, 2025

of Foreign Affairs, the proposed Golden Dome Missile Defence System violates the principle of peaceful use of outer space and increases the possibility of turning space into a battlefield. Beijing warned that the US is seeking absolute security at the expense of other nations, which undermines global strategic balance and stability.⁴⁸

Amidst continuing cross-strait tensions, a senior former US Navy officer revealed in a Congressional testimony that around 500 US military personnel are stationed in Taiwan to train the island's forces aimed at creating a credible "counter-intervention force" capable of combating the PLA's military options.⁴⁹ Meanwhile, as reports indicated that Taiwan is procuring Patriot air defence missiles from the US, mobilising marine units to defend the Greater Taipei area, and conducting several military drills to counter the PLA's attack, China warned that despite military exercises and weapon purchases, the historical trend towards national reunification would not be reversed.⁵⁰

In light of this, even as analysts urged the US to prepare for all scenarios regarding a potential armed conflict between China and Taiwan, it was observed that Taiwan is more likely to face a blockade or cyber-enabled economic warfare rather than a military invasion. Taiwan's financial, energy, and telecommunication sectors could be targeted by "malicious" cyber activities in an attempt to force Taiwan's capitulation without military intervention.⁵¹

Among other developments, on May 28, 2025, US Secretary of State Marco Rubio pledged to "aggressively" work towards revoking visas of Chinese students, including those with connections to the Communist Party of China (CPC) or studying in critical fields to address threats to America's national security.⁵² China denounced the US's "unreasonable" decision, asserting that it infringes upon the legitimate rights and interests of Chinese students. Furthermore, China contended that this action undermines the credibility of the US's claims of promoting freedom and openness, thereby tarnishing its international image.⁵³

⁴⁸ "Trump's Golden Dome shows US 'obsessed with absolute security', China says", [South China Morning Post](#), May 21, 2025

⁴⁹ "US' 500 military personnel in Taiwan an 'open test' of Beijing's red lines", [South China Morning Post](#), May 26, 2025

⁵⁰ "Mainland spokesperson responds to DPP authorities' Patriot missiles procurement, forming of combat units to defend 'Greater Taipei area'", [Global Times](#), May 14, 2025

⁵¹ "Taiwan more likely to face blockade or economic warfare from Beijing than invasion: panel", [South China Morning Post](#), May 16, 2025

⁵² "New Visa Policies Put America First, Not China", [US Department of State](#), May 28, 2025

⁵³ "China condemns US decision to revoke student visas", [The Guardian](#), May 29, 2025

IV. China-European Union Relations

Marking fifty years of China-European Union diplomatic relations, on May 6, 2025, President Xi sent a congratulatory message to the President of the European Commission, Ursula von der Leyen, and the President of the European Council, Antonio Costa. In his remarks, Xi described China and Europe as two major powers “promoting multipolarisation of global order”, “two major markets that support globalisation”, and “two major civilisations that promote diversity”.⁵⁴ He called on both sides to adhere to multilateralism, defend fairness and justice, oppose unilateralism and bullying, and cooperate to address global challenges.⁵⁵

China also lifted sanctions against Members of the European Parliament (MEPs), a key step in restoring Parliamentary dialogue between the two sides.⁵⁶ Reacting to this, an editorial in the South China Morning Post pointed out that, amidst the global trade war, a more constructive dialogue between China and the EU is required and that China's lifting of sanctions against European MEPs is a timely step in this regard.⁵⁷

The EU leaders, on their part, acknowledged that over the past 50 years, bilateral relations between the two sides have evolved into one of the most important and multifaceted relations in the world, stressing the “need for rebalancing of relations”, particularly in the area of trade.⁵⁸ In this regard, the EU officials informed that Brussels has “no intention” of reviving talks on a stalled investment deal with China; rather, the EU wants to focus on existing problems such as China's industrial overcapacity.⁵⁹

Amidst Europe's deteriorating trade relations with the US owing to tariffs and China's subsequent charm offensive for better trade relations, analysts stressed that Europe is navigating a tricky path between two great powers, aware that a deal with one could complicate relations with the other.⁶⁰

⁵⁴ “China, EU mark five decades of diplomatic ties”, People's Daily, May 7, 2025

⁵⁵ Ibid.

⁵⁶ “China lifts sanctions against MEPs”, European Parliament, April 30, 2025

⁵⁷ “Editorial | Air begins to clear on better EU-China ties”, South China Morning Post, May 19, 2025

⁵⁸ “EU Delegation to China hosts reception to celebrate the 50th anniversary of EU-China relations and Europe Day”, Delegation of the EU to PRC, May 6, 2025

⁵⁹ “EU ‘has no interest’ in reviving stalled investment deal with China, says trade official”, South China Morning Post, May 15, 2025

⁶⁰ “Deal or no deal? EU engages US, China on high-wire bargaining act”, South China Morning Post, May 2, 2025

On May 23, 2025, President Xi congratulated Germany's new Chancellor, Friedrich Merz, on assuming office. He urged Chancellor Friedrich Merz to deepen relations based on mutual respect, seek common ground while shelving differences, and promote win-win cooperation in fields such as automobiles, mechanical manufacturing, chemical industry, artificial intelligence, quantum technology, climate change and green development.⁶¹ On the other hand, Chancellor Merz flagged China's relationship with Russia as a source of "great concern" for Germany and pledged to pursue "strategic de-risking" with China.⁶² President Xi's visit to Moscow to attend Russia's 80th 'Victory Day' underscores the unsustainable balancing act that Europe and China are trying to achieve in their relations.⁶³

On May 28, 2025, Kaja Kallas, the European Union's High Representative for Foreign and Security Policy, threatened sanctions against China following accusations of a cyberattack against Czech (Czech Republic) Foreign Ministry's network.⁶⁴ China rejected the EU's speculative and groundless accusations and urged Brussels to treat cybersecurity issues objectively and fairly within the framework of responsible state behaviour in cyberspace set by the UN.⁶⁵

Among other developments, 'TikTok', a Chinese social media app owned by ByteDance, was fined EUR 530 million (USD 600 million) for sending European personal data to China and failing to guarantee that Chinese authorities would not access the data.⁶⁶ While, Denmark issued an alert regarding suspicious materials found in circuit boards imported from "East Asia" for its green power grid, raising concerns about espionage and sabotage.⁶⁷ A recent power outage in Spain and Portugal has also sparked concerns in Europe, which relies heavily on Chinese solar panels.⁶⁸

⁶¹ "Xi says China ready to work with Germany to open new chapter in all-round strategic partnership", Xinhua, May 23, 2025

⁶² "Germany's new chancellor to pursue 'strategic de-risking' from China", South China Morning Post, May 15, 2025

⁶³ "Xi Jinping's Russia visit balances symbolism and strategy as Europe watches", South China Morning Post, May 7, 2025

⁶⁴ "EU 'ready to impose costs' on China over cyberattack against Czechia, warns Kallas", Euro News, May 28, 2025

⁶⁵ "Chinese side expresses strong dissatisfaction, firm opposition to EU and NATO claims linking cyberattack on Czech Republic to China: Chinese Mission to the EU", Global Times, May 29, 2025

⁶⁶ "EU fines TikTok €530 million for China data transfer", South China Morning Post, May 2, 2025

⁶⁷ "After kill switches in Chinese solar panels in U.S, Denmark finds suspicious parts in East Asian circuit boards", The Economic Times, May 24, 2025

⁶⁸ "China-made solar parts under scrutiny after Spain-Portugal power cut", Nikkei Asia, May 17, 2025

V. China-Russia Relations

During his state visit to Russia from May 7-10, 2025, President Xi attended Russia's 80th 'Victory Day' celebrations in Moscow marking the end of Nazi Germany in 1945. In his remarks, Xi noted that eighty years ago, global forces of justice, including China and Russia (Soviet Union), courageously fought and triumphed over Fascist powers.⁶⁹ He added that the victory in the "World anti-Fascist War" is a source of wisdom and strength that must be utilised to resolutely oppose unilateralism, hegemonism, bullying, and coercive practices that exist in international relations today.⁷⁰ On the issue of Taiwan, Xi claimed that Taiwan's restoration to China was an outcome of victory in World War II and a fundamental tenet of the postwar international order that brooks no challenge.⁷¹

Major issues touched by President Xi included upholding a correct historical perspective of World War II (China and Russia resisted Japanese militarism and German Nazism), upholding the postwar international order (UN-centred international system, equal and orderly multipolar world, inclusive economic globalisation, one-China principle), and reforming the global governance system for greater fairness and justice through China's Global Development Initiative (GDI), Global Security Initiative (GSI), and Global Civilisation Initiative (GCI).⁷²

On May 9, 2025, in a joint statement on global strategic stability, China and Russia called upon the international community to build a shared, comprehensive, and sustainable system of global and regional security based on the principle of equality and indivisibility.⁷³ Both parties voiced apprehensions regarding the US's expansion of security alliances, the development of the 'Golden Dome Missile Defence System' (militarisation of space), and the sharing of nuclear technology, emphasising their potential to heighten the risk of nuclear conflict.⁷⁴ Beijing and Moscow believe US policies sought "overwhelming military supremacy" and "absolute strategic security" that was undermining global strategic stability.⁷⁵

⁶⁹ "H.E. Xi Jinping President of the People's Republic of China for the Russian Gazette", MFA PRC, May 7, 2025

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² Ibid.

⁷³ "Joint Statement of the People's Republic of China and the Russian Federation on Global Strategic Stability", MFA PRC, May 9, 2025

⁷⁴ Ibid.

⁷⁵ Ibid.

Reacting to President Xi's Moscow visit, an editorial in the Global Times noted that despite external pressure, the Sino-Russian relationship remains strong and that they do not sacrifice their interests for other countries. Adding that, "China-Russia relations are becoming increasingly valuable", as the two countries unite the "Global South" on multilateral platforms such as BRICS, SCO, G20, APEC, and the UN to advance reform of the global governance system.⁷⁶

On the margins of the Victory Day celebrations, President Xi held bilateral meetings with leaders of Cuba, Venezuela, Serbia, Slovakia, and Myanmar, underscoring China's intent to promote multilateralism and enhance cooperation with these countries.⁷⁷

Taiwan's President, Lai Ching-te, while addressing the Allies' victory in World War II, cautioned against the emergence of a "new authoritarian bloc" that poses a threat to Europe, the US, and Taiwan in the 21st century.⁷⁸ China's Ministry of National Defence refuted these claims, describing Lai Ching-te as an authoritarian leader responsible for heightened cross-strait tensions and confrontation.⁷⁹ Adding that, China's national reunification is a historical trend that cannot be reversed, and Taiwan's return to China is an important aspect of the post-war international order.⁸⁰

VI. Fourth Ministerial Meeting of the China-CELAC Forum

China hosted the fourth ministerial meeting of the Community of Latin American and Caribbean States (CELAC) in Beijing on May 13, 2025. In his speech, President Xi noted that China and Latin American and Caribbean countries have worked together over the past decade, fostering equal partnerships, promoting openness and inclusivity, and establishing a community with a shared future that benefits their people.⁸¹ He criticised the trend of unilateralism and protectionism, including trade and tariff wars, while emphasising China's commitment to collaborating with Latin American and

⁷⁶ "The contemporary value of China-Russia relations is becoming increasingly prominent: Global Times editorial", Global Times, May 9, 2025

⁷⁷ "Xinhua Headlines: Xi reaffirms China's commitment to friendly cooperation, international equity", Xinhua, May 10, 2025

⁷⁸ "Regular Press Briefing of the Ministry of National Defence on May 15th, 2025", MND PRC, May 15, 2025

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ "Xi Jinping's Keynote Speech at the Opening Ceremony of the Fourth Ministerial Conference of the China-CELAC Forum (Full Text)", MFA China, May 13, 2025

Caribbean nations to pursue shared development through initiatives centred on solidarity, development, civilisation, peace, and people.⁸² Chinese President pledged CNY 66 billion (USD 9.18 billion) of credit line to Latin America to counter US influence in the region.⁸³

During the forum, Colombia's President Gustavo Petro signed a cooperation agreement to join China's Belt and Road Initiative (BRI), promising to deepen cooperation in areas such as wind energy, new energy vehicles, digital economy, and infrastructure development.⁸⁴ Brazil's President Luiz Inacio Lula da Silva also paid a five-day state visit to China, during which the two sides vowed to defend multilateralism and uphold the international economic and trade order.⁸⁵

While analysing the impact of China-CELAC Forum, an editorial in the South China Morning Post highlighted Beijing's focus on multilateralism and the modernisation of the Global South, particularly Latin America, a region traditionally viewed as a US sphere of influence, where Chinese diplomacy was increasingly making its mark.⁸⁶

VII. ASEAN-China-GCC Summit

Chinese Premier Li Qiang attended the ASEAN-China-GCC Summit held in Kuala Lumpur, Malaysia, on May 27, 2025. In his remarks, Premier Li emphasised that amid a volatile international environment, the creation of an ASEAN-China-GCC trilateral cooperation mechanism would catalyse a dynamic economic partnership across Asia and beyond.⁸⁷ To achieve this goal, he called for the promotion of economic opening up (free trade) across regions, the alignment of development strategies, as well as the promotion of inter-civilisational dialogue through China's Global Civilisation Initiative and Malaysia's Initiative on Islam-Confucianism dialogue.⁸⁸ Analysts noted that, ASEAN-China-GCC Summit reflects a new trend in the Global South, in which emerging economies are advancing regional integration in Asia. Adding that,

⁸² Ibid.

⁸³ "China offers Latin America and the Caribbean billions in bid to rival US influence", Reuters, May 13, 2025

⁸⁴ "China, Colombia sign cooperation plan on BRI", People's Daily, May 14, 2025

⁸⁵ "Beijing, Brasilia vow to jointly defend multilateralism", People's Daily, May 14, 2025

⁸⁶ "Editorial | Cooperation the only winner as Xi warns on trade war losers", South China Morning Post, May 16, 2025

⁸⁷ "Remarks by Chinese Premier Li Qiang at the ASEAN-China-GCC Summit", Embassy of PRC in India, May 28, 2025

⁸⁸ Ibid.

the Global South has transitioned from being a passive recipient of the international order to actively participating in its reform.⁸⁹

Internal Developments

Key Developments and Addresses by Chinese Leaders

President Xi issued directives on May 19 and April 30, 2025, concerning the formulation of China's 15th Five-Year Plan (2026-2030). Amidst the widening strategic competition with the US, Xi emphasised the necessity of "managing our own affairs well" while prioritising both development and security, with a strategic focus on cultivating new quality productive forces (high-technology innovation) tailored to local conditions.⁹⁰ Major issues discussed by him included the expansion of high-standard opening up, the acceleration of industrial system modernisation, the improvement of people's livelihoods, and the advancement of common prosperity.⁹¹ Meanwhile, as part of his inspection tour of the central Chinese province of Henan, President Xi visited an intelligent manufacturing plant, emphasising the importance of building a strong manufacturing industry to advance China's modernisation.⁹²

China hosted a signing ceremony for the 'Convention on the Establishment of the International Organisation for Mediation' on May 30, 2025, in the Hong Kong Special Administrative Region.⁹³ In China, the "International Organisation for Mediation (IOMed)" is seen on a par with the International Court of Justice and the Permanent Court of Arbitration of the United Nations.⁹⁴ According to a Global Times report, 33 countries have signed the convention establishing IOMed, and it urged more countries to consider IOMed as a dispute resolution forum.⁹⁵

⁸⁹ "This trilateral summit indicates a new trend in Global South development: Global Times editorial", Global Times, May 26, 2025

⁹⁰ "Xinhua Headlines-Xi Focus: Xi stresses sound planning for economic, social development in 2026-2030", Xinhua, April 30, 2025

⁹¹ Ibid.

⁹² "Xi calls for stronger manufacturing industry to advance Chinese modernization", Xinhua, May 20, 2025

⁹³ "China sets up international mediation body in Hong Kong", Reuters, May 30, 2025

⁹⁴ Ibid.

⁹⁵ "33 countries sign Convention on Establishment of International Organization for Mediation in Hong Kong", Global Times, May 30, 2025

China marked its annual Youth Day on May 5, 2025. In his greetings, President Xi urged the country's youth to link personal pursuits (ambitions) to China's modernisation and national rejuvenation.⁹⁶

Trade and Economy

The US tariff shock resulted in a sharp contraction in manufacturing activity in China in April 2025, indicating that domestic demand remains weak, and factory owners are unable to find alternative overseas buyers.⁹⁷ In light of this, the People's Bank of China (PBOC), in accordance with the CPC Political Bureau's directives to implement a more "proactive fiscal policy" and a "moderately loose monetary policy", lowered the Reserve Requirement Ratio (RRR) for commercial banks by 0.5 percentage points, injecting CNY 1 trillion (USD 138 billion) into the economy.⁹⁸ PBOC also cut the seven-day reverse repo rate by 0.1 percentage point. Analysts noted that China's financial policy package is intended to boost market confidence, and these measures are aimed at promoting the nation's economic restructuring efforts, which include encouraging consumption (stimulating domestic demand) and science and technology innovation.⁹⁹

At a State Council meeting, Premier Li Qiang also emphasised the importance of coordinating boosting domestic demand with deepening structural reforms on the supply side to promote high-quality development.¹⁰⁰ Further, China's first dedicated law promoting the growth of the country's private sector came into effect on May 20, 2025. The law recognises the importance of the private sector in "China's socialist market economy", optimising the development of the entire sector, ensuring fair competition, and fostering growth.¹⁰¹

Defence and Security

China's State Council Information Office released a white paper on May 13, 2025, titled "China's National Security in the New Era". Beijing emphasised the

⁹⁶ "Xi Focus: Link personal pursuit with the country -- Xi's message to Chinese youth", Xinhua, May 4, 2025

⁹⁷ "China's factory activity falls sharply as Trump tariffs bite", Reuters, April 30, 2025

⁹⁸ "China's financial policy package injects cash and confidence to economy", People's Daily, May 15, 2025

⁹⁹ Ibid.

¹⁰⁰ "Chinese premier highlights steady economic growth, high-quality development", People's Daily, May 16, 2025

¹⁰¹ "China's private economy gets new boost as landmark law takes effect", People's Daily, May 21, 2025

significance of national interest, people's security, and political security as the foundational principles of the country's national security policy, serving China's socialist modernisation.¹⁰² Major issues discussed in the white paper included national security injecting certainty and stability in a world of change and disorder, supporting China's modernisation on all fronts, coordinating development and security, promoting common security through Global Security Initiative, and modernising the national security system by 2035.¹⁰³

NATO's 2024 Annual Report described China as a "systemic challenge" to allied interests, security, and values, citing Beijing's ongoing and rapid expansion of its nuclear weapons arsenal.¹⁰⁴ Reacting sharply, China's Ministry of National Defence urged NATO to reflect on its "Cold War mentality" and cease propagating the unsubstantiated "China threat" narrative.¹⁰⁵ Beijing reiterated concerns about NATO's "nuclear-sharing arrangements" as well as the bloc's intent to expand its remit in the Asia-Pacific region, as undermining regional peace and stability.¹⁰⁶

US Defence Secretary Pete Hegseth instructed the Pentagon to formulate the 2025 National Defence Strategy (NDS), emphasising the enhancement of deterrence measures against China in the Indo-Pacific region.¹⁰⁷ The US military is reportedly planning to establish a facility for the storage of weapons, equipment, and logistical supplies at Subic Bay in the Philippines by 2026. In light of these developments, China warned that the US, driven by hegemonic and self-serving interests, is destabilising the Asia-Pacific region and urged the Philippines to avoid being used as a tool that compromises regional security.¹⁰⁸

As part of its "Next Generation Air Dominance (NGAD) programme", the US Air Force unveiled infographic designs of the sixth-generation 'F-47' stealth fighter jet and 'YFQ-42A/YFQ-44A' AI-driven combat fighter drones, underscoring the rise of autonomous aerial warfare.¹⁰⁹ Meanwhile, China is also pursuing its own sixth-generation fighter jet, the 'J-36', which will further intensify strategic competition between China and the US.¹¹⁰ At a radar expo

¹⁰² "Abstract of white paper on China's national security in new era", The State Council PRC, May 13, 2025

¹⁰³ Ibid.

¹⁰⁴ "Regular Press Briefing of the Ministry of National Defence on May 8th, 2025", MND PRC, May 14, 2025

¹⁰⁵ Ibid.

¹⁰⁶ Ibid.

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

¹⁰⁹ "US shares sixth-generation fighter details, intensifying China air rivalry", South China Morning Post, May 14, 2025

¹¹⁰ Ibid.

held in Anhui province, China launched the 'JY-27V' radar, reportedly claiming that it can detect fifth-generation fighter jets such as F-22 and F-35.¹¹¹

Technology

Amidst China's pursuit of high-technology self-sufficiency, the 'BeiDou' satellite navigation system solidified its leading position in the domestic market, expanding its economic impact by over 7 percent. According to reports, it supports around 288 million smartphones, mostly from domestic Chinese companies such as Huawei and Xiaomi, and tracks more than 1 trillion locations per day.¹¹²

China is making progress in the advancement of "quantum computing" technology. A report by the People's Daily highlighted a cluster of quantum technology enterprises located in Hefei, Anhui province, in eastern China.¹¹³

As the US continues to tighten high-technology export controls to China, Chinese analysts expressed concerns regarding such measures widening disparities in artificial intelligence adoption between the two countries.¹¹⁴

¹¹¹ "China aims new JY-27V radar at stealthy targets, such as America's fifth-gen fighters", South China Morning Post, May 20, 2025

¹¹² "BeiDou, China's version of GPS, now being used over 1 trillion times per day", South China Morning Post, May 19, 2025

¹¹³ "Hefei builds powerful cluster of quantum technology enterprises", People's Daily, May 8, 2025

¹¹⁴ "China's lack of advanced chips hinders broad adoption of AI models: Tencent executive", South China Morning Post, May 16, 2025



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