

## Welcome to This Week's Asia on the Horizon

As global geopolitical and economic landscapes continue to evolve, this week's Asia on the Horizon provides in-depth analysis of key developments shaping the Indo-Pacific and beyond. From trade negotiations and strategic alignments to military activities and economic policies, the region remains at the forefront of major power shifts.

This week, we look at the deepening China-Russia strategic partnership, underscored by high-level engagements between President Xi Jinping and Russian Security Council Secretary Sergei Shoigu. As Washington recalibrates its foreign policy under Trump, Beijing and Moscow continue to align their positions in defiance of Western influence.

In trade, India and the European Union have made significant progress toward finalizing a landmark free trade agreement. European Commission President Ursula von der Leyen's visit to New Delhi signals growing economic interdependence between the two regions, with talks expanding into security, technology, and infrastructure collaborations. Meanwhile, China has intensified scrutiny over U.S.-bound IPOs of Chinese companies, citing market manipulation concerns, further reflecting shifting financial dynamics between the two global economic giants.

Tensions in the Indo-Pacific persist, with China conducting live-fire military drills near Vietnam following Hanoi's new territorial claims in the Gulf of Tonkin. Taiwan has also condemned China's latest military exercises off its southwestern coast, warning of increased coercive tactics. Additionally, Beijing's naval maneuvers in the South Pacific have raised concerns in Australia and New Zealand, emphasizing growing regional security challenges.

On the economic front, Trump's new 10% tariff on Chinese imports is expected to have far-reaching consequences, with estimates suggesting a combined \$183 billion GDP loss for both nations over four years. As trade tensions escalate, we examine the broader implications of these policies on global markets and supply chains.

We also highlight a significant human rights development, as Thailand faces international condemnation for the forced deportation of 40 Uyghurs to China. This action has drawn sharp criticism from human rights organizations and governments, further straining Thailand's diplomatic relations.

From key geopolitical maneuvers to economic recalibrations, this edition of Asia on the Horizon provides a comprehensive look at the forces shaping the region's future. Stay informed, and thank you for joining us in navigating the complexities of Asia's evolving strategic landscape.



## 1. KEY DEVELOPMENTS

### **Spain Urges EU to Forge Independent China Policy Amid U.S. Pressure**

Spain has urged the European Union to establish an independent China policy, arguing that the bloc should not simply follow the confrontational stance of the Trump administration. Spanish Foreign Minister José Manuel Albares emphasized that Europe must make sovereign decisions regarding China, determining when Beijing is a strategic partner and when it is a competitor. His remarks reflect growing tensions between the EU and the United States, particularly in light of President Trump's critical stance on Ukraine and his willingness to engage with Russia. While some EU nations support aligning with Washington's hardline approach toward Beijing, others, including Spain, argue that economic interdependence with China necessitates a more balanced strategy. The EU's trade disputes with China, particularly regarding tariffs on electric vehicles, have further exposed internal divisions within the bloc.

Spain's Prime Minister Pedro Sánchez has actively sought Chinese investment, fostering closer ties with Beijing, much to the concern of other European nations. His administration's reluctance to impose punitive tariffs on Chinese electric vehicles highlights Spain's emphasis on economic cooperation over geopolitical confrontation. At the same time, European Commission President Ursula von der Leyen has called for renewed engagement with China, signaling a possible shift in Brussels' approach. Chinese officials, meanwhile, have repeatedly criticized Europe for its perceived alignment with the U.S. in foreign policy, urging greater strategic autonomy. As the EU grapples with its relationship with both China and the U.S., the debate over economic priorities versus geopolitical alignment is expected to remain a central issue in European policymaking.

### **Rubio Exempts Taiwan and Philippines Security Programs from Aid Freeze**

U.S. Secretary of State Marco Rubio has exempted over \$1 billion in foreign security assistance for Taiwan and the Philippines from the State Department's ongoing aid freeze, reinforcing Washington's commitment to regional stability amid heightened tensions with China. The exemption includes \$870 million for Taiwan and \$336 million for the Philippines, underscoring the Biden administration's prioritization of defense support for these Indo-Pacific partners. Rubio's decision follows increased Chinese military activity, including aggressive maneuvers near Taiwan and provocative engagements with Philippine aircraft over the contested Scarborough Shoal. The exemption is part of a broader \$5 billion package that received special clearance, signaling that despite Trump's foreign aid review, Washington remains steadfast in countering Beijing's regional assertiveness.

The move reflects a broader strategic effort by the Trump administration to strengthen Indo-Pacific alliances and push back against China's coercive tactics. Since January, Trump and Rubio have reaffirmed U.S. commitments to regional security, with the administration consistently denouncing China's military intimidation and economic leverage over its neighbors. Recent diplomatic engagements have reinforced Washington's stance, emphasizing that the U.S. will not allow Beijing to reshape the Indo-Pacific into a sphere of influence where nations are compelled into compliance. Rubio's strong rhetoric against China's regional ambitions aligns with a broader U.S. approach to preserving the Indo-Pacific's security architecture, ensuring that allies like Taiwan and the Philippines remain well-equipped to resist growing Chinese pressure.

### **Xi and Putin Reaffirm Strategic Ties Amid Russia-US Contacts**

Chinese President Xi Jinping and Russian President Vladimir Putin held a phone conversation on February 24, reaffirming their deepening strategic partnership and discussing Moscow's recent diplomatic engagements with Washington. The dialogue, described as "warm and friendly" by both sides, emphasized the long-term stability of Sino-Russian relations, which both leaders characterized as independent of external pressures and geopolitical shifts. They reviewed ongoing economic, trade, and cultural cooperation, as well as plans for upcoming high-level meetings, including the 80th anniversary celebrations of World War II's conclusion and the Shanghai Cooperation Organization (SCO) summit. Xi underscored the resilience and unique strategic value of the China-Russia relationship, stating that both countries will continue advancing their cooperation regardless of global instability. Putin, in turn, reaffirmed that Moscow considers its relationship with Beijing a long-term strategic choice rather than a short-term necessity.

The timing of the phone call, coinciding with the third anniversary of Russia's war in Ukraine, highlights Beijing's growing role in shaping diplomatic efforts to resolve the conflict. Putin briefed Xi on Russia's latest discussions with the United States, including recent diplomatic exchanges in Riyadh, signaling an evolving dynamic in global negotiations. Notably, China welcomed the renewed Russia-US dialogue and expressed willingness to support efforts toward a peaceful resolution in Ukraine. Xi referenced China's ongoing mediation efforts, particularly its joint peace initiative with Brazil, and stressed that Beijing favors diplomatic solutions over prolonged confrontation. Both leaders emphasized that their partnership serves as a stabilizing force in global affairs, reinforcing their commitment to shaping a multipolar world order while maintaining their respective national interests.

## China's Live-Fire Drills Escalate Maritime Tensions with Vietnam

China initiated live-fire military exercises in the Gulf of Tonkin on Monday, only days after Vietnam announced a new territorial baseline defining its maritime claims in the disputed waters. The drills, which are set to continue through Thursday, are concentrated in the Beibu Gulf, an area closer to the Chinese mainland. While China's Maritime Safety Administration provided no additional details on the scope of the exercises, the timing suggests a direct response to Vietnam's recent decision to establish a legal framework for its territorial waters under the U.N. Convention on the Law of the Sea. Vietnam has yet to issue an official response to China's military activity, but its decision to define its maritime boundaries underscores its effort to assert sovereignty amid increasing pressure from Beijing. The move also highlights ongoing regional frictions, particularly as China continues to expand its maritime claims and bolster its presence in the South China Sea.

The Gulf of Tonkin dispute reflects a broader pattern of China's aggressive maritime expansion, which has also fueled confrontations with the Philippines, Malaysia, and Indonesia. China has long claimed nearly the entire South China Sea based on its ambiguous "10-dash line" map, despite objections from neighboring states and international legal rulings. In recent years, Beijing has escalated its maritime assertiveness, including an October incident where Chinese forces assaulted Vietnamese fishermen near the Paracel Islands. The latest exercises come amid heightened tensions in the Indo-Pacific, with China recently conducting live-fire drills near Australia and engaging in provocative aerial maneuvers over the Scarborough Shoal. The lack of coordination or prior notification of these drills has raised concerns among regional leaders, with Australia and New Zealand criticizing Beijing's abrupt military activities. As Vietnam and China navigate these disputes, the potential for further military confrontations in the South China Sea remains high, with ripple effects on regional security and international maritime law.

## Taiwan Detains Chinese-Crewed Ship Over Severed Undersea Cable

Taiwan's Coast Guard has detained a Togo-flagged cargo ship, the Hong Tai, and its eight Chinese crew members on suspicion of deliberately severing the Taiwan-Penghu No. 3 submarine communication cable. The vessel had reportedly been loitering near the damaged cable for days before Taiwan's Chunghwa Telecom detected a disconnection early Tuesday morning. Taiwan's authorities intercepted the ship after multiple ignored warnings and brought it to Anping Harbor for investigation. Officials have not ruled out the possibility of a Chinese "gray zone" operation—a form of coercion that falls below the threshold of direct military conflict. The severed cable, which links Taiwan's main island to its outlying Penghu Islands, is part of critical infrastructure that ensures internet connectivity. While telecom authorities have rerouted communications to prevent disruptions, the incident raises concerns over repeated disruptions to Taiwan's undersea cables, which have been targeted multiple times in recent years.

Beijing has dismissed Taipei's accusations, calling the damage a routine maritime accident and accusing Taiwan's ruling Democratic Progressive Party of exaggerating the incident for political gain. However, this is not an isolated event—similar incidents occurred in 2023, when cables connecting Taiwan to the Matsu Islands were damaged, allegedly by Chinese vessels. These incidents have fueled concerns that China is testing Taiwan's vulnerabilities, particularly its dependence on undersea infrastructure, which carries over 95% of global internet traffic. The episode also underscores broader fears of Chinese hybrid warfare tactics aimed at undermining Taiwan's resilience ahead of a potential crisis. As tensions between Taipei and Beijing escalate, Taiwan's authorities are strengthening their monitoring of maritime activities, wary that such disruptions could be precursors to more aggressive moves by China.

## **Trump Orders National Security Probe into Copper Imports, Signaling More Trade Barriers**

President Donald Trump has launched a new trade investigation into copper imports, citing national security concerns and the need to rebuild domestic production of the critical metal. The probe, ordered under Section 232 of the Trade Expansion Act of 1962—the same statute used to impose steel and aluminum tariffs in Trump's first term—will assess whether foreign copper imports undermine U.S. economic and security interests. The White House argues that China's growing influence over the global copper supply chain poses a strategic threat, as the metal is essential for electric vehicles, semiconductor production, military hardware, and the power grid. Commerce Secretary Howard Lutnick emphasized that U.S. industries rely on copper and should not be vulnerable to foreign suppliers. While the investigation is primarily framed as a response to China's dominance in the sector, it is expected to have significant repercussions for top copper exporters to the U.S., including Chile, Canada, and Mexico.

The announcement is part of Trump's broader push to overhaul U.S. trade policy by prioritizing domestic production and shielding American industries from foreign competition. The move follows a wave of protectionist measures, including a 10% tariff on all Chinese imports and planned 25% duties on goods from Canada and Mexico. While these policies have fueled uncertainty in global markets, they have also boosted some U.S. companies—shares of Freeport-McMoRan, the nation's largest copper producer, surged 5% after the announcement. However, the prospect of tariffs on copper, a metal crucial to emerging technologies like artificial intelligence and renewable energy, has raised concerns about supply chain disruptions and rising costs for industries reliant on the material. As the Trump administration accelerates its tariff agenda, global trade partners are bracing for further economic turbulence, with retaliatory measures likely to follow.

## Taiwan Condemns China's Provocative Live-Fire Drills Amid Rising Cross-Strait Tensions

Taiwan has strongly condemned China's latest military exercises, labeling them a "blatant provocation" following Beijing's unannounced live-fire drills just 40 nautical miles off Taiwan's southwestern coast. The exercises, which included 32 Chinese military aircraft and warships conducting joint combat readiness drills, posed a direct challenge to Taiwan's security and disrupted regional stability. Taiwan's defense ministry criticized China for violating international norms by failing to issue prior notice, endangering commercial shipping and air traffic near the strategic ports of Kaohsiung and Pingtung. While the Chinese forces left the drill zone by Wednesday afternoon, Taiwan's military remains on high alert. President Lai Ching-te's office reassured the public that the government had "full grasp" of the situation, emphasizing Taiwan's commitment to maintaining regional stability despite escalating military pressure from Beijing.

The latest drills coincide with renewed Chinese rhetoric on "reunification," as senior Communist Party leader Wang Huning urged stronger efforts to assert Beijing's control over Taiwan. The exercises also follow a separate incident involving the severing of an undersea communication cable linking Taiwan to its outlying islands. Taiwan has detained a Chinese-crewed cargo vessel suspected of involvement, escalating tensions further as Beijing dismissed the allegations as "political manipulation." The parallels drawn between Taiwan's cable disruptions and previous incidents in the Baltic Sea suggest a pattern of gray-zone tactics aimed at undermining Taiwan's resilience. As Beijing intensifies both military and hybrid pressure, Taipei continues to rally international support, warning that China's actions in the Taiwan Strait represent the gravest threat to peace and stability in the Indo-Pacific.

## China Tightens Regulations on U.S. IPOs Amid Market Manipulation Concerns

China's securities regulator has intensified scrutiny over initial public offerings (IPOs) of small-cap Chinese companies on U.S. stock exchanges, citing concerns over market manipulation and price-rigging schemes. The China Securities Regulatory Commission (CSRC) has significantly slowed the approval of IPO applications, cutting the number of China-approved listings on U.S. markets from 22 in the first half of 2024 to just 11 since June. The move follows a surge in speculative trading and pump-and-dump schemes involving Chinese firms, which have led to major losses for U.S. investors. Chinese authorities are now requiring more stringent disclosures from IPO applicants, particularly regarding stock options, insider trading risks, and data security compliance. Legal experts note that the review process has become substantially longer, taking up to a year compared to just two months a year ago, as Beijing aims to limit financial exposure to U.S. markets.

This regulatory shift aligns with broader geopolitical and economic trends, as China seeks to reduce reliance on U.S. capital markets while promoting Hong Kong as a preferred listing venue for mainland firms. The crackdown underscores Beijing's concerns over financial volatility and reputational risks linked to the erratic stock movements of small Chinese firms in New York. The policy shift is expected to drive more large-cap Chinese firms toward secondary listings in Hong Kong, with companies such as battery giant CATL leading a projected \$20 billion fundraising revival in the city. Analysts suggest that China's approach reflects a strategic recalibration, prioritizing financial stability over access to foreign capital, particularly as its domestic economy grapples with slowing growth and declining foreign direct investment.

## India and EU Push for a Landmark Free Trade Agreement

India and the European Union (EU) have committed to finalizing a free trade agreement (FTA) by the end of this year, marking a significant step in strengthening economic ties between the two regions. European Commission President Ursula von der Leyen, during her visit to New Delhi, emphasized that the EU-India FTA would be the largest of its kind globally and a crucial pillar of Europe's strategic engagement with India. The agreement, which resumed negotiations in 2021 after an eight-year hiatus, aims to address investment protection, tariff reductions, and access to key industries such as pharmaceuticals, semiconductors, and clean energy. Von der Leyen highlighted the EU's commitment to diversifying critical supply chains, positioning India as a vital partner in reducing economic dependencies amid growing global geopolitical instability.

Beyond trade, the EU and India are also exploring deeper security and defense cooperation, mirroring the EU's partnerships with Japan and South Korea. In light of the ongoing Russia-Ukraine war and rising regional tensions, von der Leyen underscored the need for a stronger EU-India alliance to uphold global security and economic resilience. Additionally, the India-Middle East-Europe Economic Corridor was spotlighted as a transformative infrastructure project that could enhance trade connectivity and facilitate energy cooperation. While challenges remain, including India's high tariffs on European goods and the EU's proposed carbon border tax, both sides appear determined to overcome hurdles and finalize an agreement that could reshape global trade dynamics in 2025.

## China Replaces Tech Minister Amid Growing Speculation on Leadership Stability

China has removed Jin Zhuanglong, its Minister of Industry and Information Technology, from his post after he was absent from public view for two months, fueling speculation about political instability within Beijing's leadership. The announcement, made by the Ministry of Industry and Information Technology (MIIT) on February 28, appointed Li Lecheng as Jin's successor without providing any explanation for the sudden change. Jin's disappearance follows a pattern of high-profile officials vanishing from the public eye before being dismissed, as seen in the cases of former Foreign

Minister Qin Gang and former Defense Minister Li Shangfu. His removal comes at a time when China's technology sector faces mounting pressures from both domestic regulatory scrutiny and U.S. export restrictions on semiconductors, making leadership continuity in key industries critical for Beijing's long-term strategic ambitions.

Jin's abrupt dismissal raises concerns about an ongoing anti-corruption crackdown and the political risks within China's top leadership under President Xi Jinping. Given his role in spearheading China's semiconductor self-reliance efforts, his unexplained exit could indicate internal power struggles or a broader effort to enforce Party discipline among high-ranking officials. While there has been no official confirmation of an investigation against him, his removal injects further uncertainty into China's already strained business and technology landscape. The reshuffling comes amid slowing economic growth and increasing geopolitical competition, leaving analysts to question whether Beijing's tightening control over its bureaucratic elite will help stabilize its economic policies or further deter investor confidence in China's long-term business environment.

## **Thailand's Forced Return of Uyghurs to China Sparks International Condemnation**

Thailand has come under heavy criticism for forcibly deporting at least 40 Uyghur men to China, where they face the risk of persecution, arbitrary detention, and torture. The deportation, which took place in the early hours of February 27, involved the Uyghurs being transported from Bangkok's immigration detention center to Kashgar, a city in China's Xinjiang region. Human rights organizations and foreign governments have condemned the move, accusing Thailand of violating international legal obligations, including the principle of nonrefoulement under the UN Convention Against Torture. The men had been detained in Thailand for over a decade, with previous assurances from Thai authorities that they would not be forcibly returned. Despite international appeals, Thailand proceeded with the deportation, following past instances of similar forced repatriations under Chinese pressure.

The return of the Uyghurs highlights growing concerns over China's treatment of its Uyghur minority, which has been widely condemned for systematic human rights violations. Reports indicate that Uyghurs forcibly returned to China are at grave risk of prolonged detention, forced labor, and other abuses. The Thai government's actions have raised alarm over its willingness to comply with Beijing's demands at the expense of human rights protections. The UN High Commissioner for Refugees (UNHCR) had repeatedly sought access to the detainees and guarantees of their safety, but these requests were ignored. Thailand's decision also contradicts its own 2023 law against enforced disappearances and torture. Human rights advocates are now calling for international oversight to ensure the well-being of the deported Uyghurs, urging China to allow independent observers to assess their conditions.

## China and Russia Deepen Strategic Coordination Amid Global Uncertainty

Chinese President Xi Jinping met with Sergei Shoigu, the secretary of the Russian Federation Security Council, in Beijing on February 28, reaffirming the high level of strategic mutual trust between China and Russia. The meeting followed a recent phone call between Xi and Russian President Vladimir Putin, underscoring the two nations' commitment to enhancing bilateral cooperation. Shoigu emphasized that Russia-China relations had reached an unprecedented level, maintaining that their partnership was not aimed at any third party. Chinese Foreign Minister Wang Yi also engaged in strategic discussions with Shoigu, highlighting the "rock-solid" nature of China-Russia ties. Against the backdrop of ongoing geopolitical tensions—particularly the Ukraine conflict and shifting US-Europe relations—analysts view Shoigu's visit as a significant move to align China and Russia's strategic priorities.

The timing of Shoigu's visit coincided with a six-hour US-Russia meeting in Istanbul and an upcoming high-level discussion between US President Donald Trump and Ukrainian President Volodymyr Zelensky in Washington. The Washington meeting is expected to focus on Ukraine's rare minerals, with Trump emphasizing economic gains while Kyiv seeks security assurances. Meanwhile, Shoigu briefed Wang Yi on Russia's latest diplomatic engagements with the US, reaffirming Moscow's commitment to addressing the root causes of the Ukraine crisis. China, for its part, reiterated its willingness to facilitate a political resolution. Analysts note that China and Russia's swift coordination following major geopolitical developments reflects their broader strategy to counter Western influence and maintain global strategic stability.

## Trump Escalates Trade War with New 10% Tariff on Chinese Imports

U.S. President Donald Trump announced an additional 10% tariff on Chinese imports, intensifying trade tensions between the world's two largest economies. The new tariff, set to take effect on March 4, comes on top of an existing 10% duty imposed earlier this month. Trump framed the measure as a response to the ongoing fentanyl crisis, claiming that a "large percentage" of the drug originates in China. In parallel, Trump confirmed that 25% tariffs on imports from Mexico and Canada would proceed, citing insufficient action to curb drug trafficking. China, Canada, and Mexico—America's top three trading partners—have strongly condemned the tariffs, warning of economic consequences. China's Ministry of Commerce accused Washington of using the fentanyl issue as an excuse to impose protectionist policies, vowing countermeasures. Meanwhile, Mexico and Canada continue negotiations with the U.S., hoping to avoid the looming tariff hike, though both have warned of strong retaliatory actions if the duties proceed.

China's response has been swift, with officials warning that the new tariffs will undermine future U.S.-China cooperation, including joint efforts to curb fentanyl trafficking. The Ministry of Foreign Affairs labeled the move as "pressure and blackmail," while the Ministry of Commerce reiterated that unilateral tariffs violate WTO rules and harm global supply chain stability. The escalation raises concerns about further disruptions in global trade, with analysts predicting adverse effects on consumer prices and business investments. In response to Trump's earlier tariffs, China has already imposed reciprocal duties on U.S. coal and agricultural machinery, and additional countermeasures are expected. Trade experts caution that Trump's aggressive tariff policy risks isolating the U.S. from global markets and accelerating economic decoupling. As negotiations stall and retaliatory threats mount, the latest tariffs signal a deepening trade war that could shape the global economic landscape for years to come.

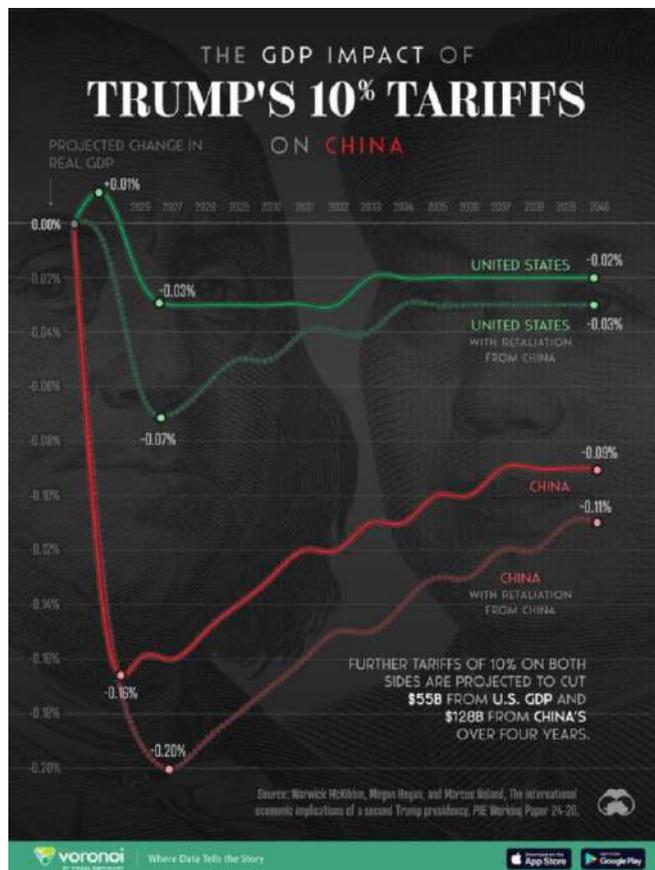
## 2. STATISTICS OF THE WEEK

### The Economic Fallout of Trump's 10% Tariffs on China

The latest projections on the GDP impact of Trump's 10% tariffs on China reveal significant economic consequences for both nations. According to research from the [Peterson Institute for International Economics](#) (PIIE), the tariffs are set to cut \$55 billion from U.S. GDP and \$128 billion from China's economy over four years. The study highlights that while both countries will experience economic slowdowns, China will bear the greater burden, particularly if retaliatory measures are introduced.

The data visualization shows an initial sharp decline in China's GDP growth following tariff implementation, with a projected -0.16% drop in the early years, reaching -0.20% with retaliation. In contrast, the U.S. economy would experience a comparatively smaller contraction, projected at -0.03% to -0.07% in the short term. By 2040, the model predicts China's economy could still face a long-term loss of -0.11% GDP under retaliatory scenarios, whereas the U.S. GDP impact would stabilize around -0.03%.

These findings highlight the broader implications of escalating trade tensions. While the tariffs are designed to reduce America's dependence on Chinese imports, they risk exacerbating inflation, disrupting global supply chains, and prolonging economic uncertainty. With China expected to introduce countermeasures, the long-term impact on both economies remains uncertain, reinforcing concerns about a prolonged economic standoff between the world's two largest economies.



<https://www.visualcapitalist.com/charted-the-gdp-impact-of-trumps-tariffs-on-china/>

### 3. MAP OF THE WEEK

#### Chinese Naval Task Force Conducts Long-Range Deployment Near Australia and New Zealand

A newly released map from Chinese media details the route taken by a Chinese Navy task force, including Type 055 destroyers, during its recent long-range deployment across the Indo-Pacific. The voyage, which covered key maritime zones in Southeast Asia, the Coral Sea, and waters near Australia and New Zealand, culminated in an unannounced live-fire drill off Sydney's coast, triggering disruptions in commercial air traffic.

The map illustrates the fleet's passage through the Bismarck and Solomon Seas, with key waypoints near Papua New Guinea, the Torres Strait, and the Tasman Sea. Notably, the Chinese vessels conducted live-fire exercises from February 21 to 22, prompting rerouting of civilian aircraft. The deployment underscores China's growing naval reach and willingness to project power into regions traditionally dominated by Western allies. The presence of Chinese warships in proximity to Australia and New Zealand highlights the shifting balance of power in the Indo-Pacific and raises concerns among regional defense planners regarding Beijing's future maritime operations.



<https://x.com/visegrad24/status/1895721179329237021?s=46>

## 4. PHOTO OF THE WEEK

### EU-India Relations Enter a New Era

The high-level visit of European Commission President Ursula von der Leyen and the College of Commissioners to New Delhi on February 27-28 marks a pivotal moment in EU-India relations. The delegation met with Prime Minister Narendra Modi and key Indian government officials to strengthen the EU-India Strategic Partnership, setting the stage for deeper cooperation in trade, technology, security, and connectivity.

During the visit, President von der Leyen emphasized that EU-India collaboration should focus on aligning strategic priorities rather than getting entangled in differences on specific issues. She highlighted three key areas for future cooperation: trade and technology, security and defense, and global connectivity. A major announcement from the meeting was the commitment to conclude the EU-India Free Trade Agreement this year, reflecting growing economic interdependence. Additionally, the EU is considering a security and defense partnership with India, mirroring existing agreements with Japan and South Korea.

Another focal point was the India-Middle East-Europe Economic Corridor (IMEC), described by von der Leyen as a “modern golden road” linking India with Europe through faster trade routes, clean energy infrastructure, and digital connectivity. Other topics of discussion included AI, 6G technology, semiconductors, and resilient supply chains, highlighting the significance of the EU-India Trade and Technology Council (TTC) in shaping their technological and economic future.

This visit underscores the growing importance of EU-India relations amid global geopolitical shifts, positioning the partnership as a pillar of stability in an increasingly fragmented world.



[https://ec.europa.eu/commission/presscorner/detail/en/ac\\_25\\_649](https://ec.europa.eu/commission/presscorner/detail/en/ac_25_649)

## 5. INFOGRAPHIC OF THE WEEK

### Xi-Putin Phone Call – Strengthening Strategic Ties Amid Global Shifts

The recent phone call between Chinese President Xi Jinping and Russian President Vladimir Putin highlights the deepening strategic coordination between Beijing and Moscow. As the geopolitical landscape continues to shift, both leaders reaffirmed their commitment to fostering a long-term, stable partnership that remains unaffected by external influences. Putin described China as Russia's key strategic partner, emphasizing high-level exchanges and pragmatic cooperation, while Xi underscored that China and Russia are "true friends" who support each other in times of difficulty and development.

A key theme of the discussion was the ongoing Ukraine crisis, with Moscow reiterating its commitment to a sustainable peace solution while engaging in diplomatic talks with the United States. Meanwhile, China continues to advocate for a political resolution through its "Friends of Peace" group, signaling its interest in shaping global stability. Both nations also emphasized their shared historical narratives, particularly as 2025 marks the 80th anniversary of the end of World War II, with planned commemorative events symbolizing their joint role in global affairs. As Western nations seek to isolate Moscow, the strengthening of Russia-China ties serves as a counterbalance to U.S. and European influence, reinforcing their vision of a multipolar world order.



## XI-PUTIN PHONE CALL

Strengthening Strategic Ties Amid Global Shifts

"Developing relations with China is Russia's long-term strategic choice, not a temporary measure, and will not be swayed by external influences."

Russia sees **China as a key strategic partner**, emphasizing high-level exchanges and pragmatic cooperation.

Russia is **committed to resolving the Ukraine conflict** with a sustainable peace solution.

Moscow is engaged in **diplomatic talks with the U.S.** regarding Ukraine and broader global stability.

Strengthened Russia-China ties serve as a **counterbalance to Western influence in global affairs.**

"China and Russia are immovable good neighbors, true friends who support each other in times of difficulty, and partners in mutual development."

China values **long-term strategic ties with Russia** beyond short-term geopolitical shifts.

**Bilateral cooperation remains unaffected** by third-party influences.

**China supports diplomatic efforts to resolve the Ukraine crisis** and emphasizes the role of the "Friends of Peace" group.

2025 marks the **80th anniversary of the end of World War II**, with both nations planning commemorative events.



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## 6. REGIONAL ALLIANCES

### India and EU Push for a Landmark Free Trade Agreement

In a major diplomatic and economic development, India and the European Union (EU) have reaffirmed their commitment to concluding a long-pending free trade agreement (FTA) within the year. European Commission President Ursula von der Leyen's visit to New Delhi marked a pivotal moment in these negotiations, reflecting both sides' strategic interests in fostering deeper economic, security, and technological ties. Given that the EU is India's largest trading partner, accounting for nearly \$137.5 billion in bilateral trade in the fiscal year 2023-24, a successful FTA could reshape global trade alignments. The deal, once finalized, would be the most extensive trade agreement either side has signed, with far-reaching implications for industries including semiconductors, pharmaceuticals, defense, and clean energy.

#### Economic and Strategic Drivers

The push for an FTA is underpinned by mutual economic and geopolitical imperatives. The EU seeks to diversify its supply chains, particularly in response to the shifting global trade landscape and the challenges posed by China's dominance in key sectors. India, on the other hand, aims to bolster its export-driven industries by securing greater access to European markets while reducing its dependency on China for manufacturing inputs. Given the EU's imposition of high tariffs on high-carbon goods and India's ambitions to expand its clean energy and digital sectors, negotiations have focused on balancing market access with regulatory compliance.

Beyond trade, the partnership is also expanding into security and defense. Von der Leyen's remarks about a future EU-India security and defense partnership suggest that Brussels is keen to replicate its model of engagement with Japan and South Korea. This includes potential collaboration on maritime security, cyber defense, and emerging technologies such as artificial intelligence and space exploration. With growing security concerns in the Indo-Pacific and tensions surrounding Russia's war in Ukraine, India's role as a strategic partner for the EU has gained prominence.

#### Challenges and Potential Outcomes

Despite the strong political will to finalize the deal, challenges remain. India's reluctance to lower tariffs on European cars, wine, and dairy products has been a sticking point, as has the EU's demand for greater labor and environmental compliance. Meanwhile, India seeks preferential treatment for its textile and pharmaceutical exports and greater access to the EU's service sector, particularly in IT and skilled labor mobility. The negotiations must also contend with external pressures, including the United States' evolving trade policies under the Trump administration, which could influence India's broader trade strategy.

If successful, the FTA will serve as a model for future India-EU cooperation, extending beyond trade into technology-sharing, infrastructure projects like the India-Middle East-Europe Economic Corridor, and joint climate initiatives. The agreement could also strengthen India's global positioning, offering an alternative to the China-centric supply chains that have dominated global markets for decades.

## **Conclusion**

As India and the EU accelerate negotiations, the outcome of this trade pact will have profound implications for global economic governance. A comprehensive agreement would not only enhance market access and boost investment flows but also fortify geopolitical ties between the two regions. With both sides recognizing the urgency of sealing the deal amid shifting global alliances, the coming months will be crucial in determining whether this ambitious agreement materializes into a transformative partnership for the 21st century.

## 7. ANALYSIS

### China and Russia Deepen Strategic Coordination Amid Global Uncertainty

The latest high-level meeting between Chinese President Xi Jinping and Russian Security Council Secretary Sergei Shoigu in Beijing marks another significant step in the evolving Sino-Russian strategic partnership. This visit, which follows closely on the heels of Xi's phone conversation with Russian President Vladimir Putin, underscores the growing diplomatic, economic, and security cooperation between the two nations. Shoigu's trip to China, his second within three months, signals Moscow's continued commitment to reinforcing ties with Beijing at a time of mounting geopolitical tensions. The discussions highlighted their shared stance on global governance, rejection of Western unilateralism, and commitment to fostering a multipolar world order.

This engagement is part of a broader pattern of intensifying diplomatic exchanges. China and Russia declared a "no limits" strategic partnership in February 2022 and have since repeatedly reaffirmed their alignment. Xi Jinping's state visit to Moscow in March 2023 and Putin's return visit to Beijing in May 2024 solidified their commitment to deepening cooperation on global security, economic ties, and regional stability. In a recent exchange, Xi described Sino-Russian relations as "rock-solid and unshakable," indicating a long-term trajectory of strategic coordination.

#### Strategic Developments and Implications

China and Russia's intensified collaboration extends beyond diplomatic meetings, encompassing joint military exercises, increased trade partnerships, and coordinated positions at international institutions like the United Nations. Against the backdrop of Western sanctions on Russia and persistent U.S.-China trade frictions, this reinforced alliance is strategically significant for both nations. The timing of the meeting, coinciding with high-level U.S.-Russia discussions in Istanbul and renewed tariff measures against China by the Trump administration, further illustrates the fragmentation of the global order. While Beijing and Moscow insist their partnership is not directed against any third party, their deepening cooperation is perceived as a counterweight to U.S. policies in Europe and the Indo-Pacific.

The strategic importance of this partnership is reinforced by data indicating an unprecedented rise in China-Russia bilateral trade, which exceeded \$240 billion in 2024, a 26% year-on-year increase. China remains Russia's top trading partner, providing a crucial economic lifeline amidst Western sanctions, particularly in energy and technology sectors. Additionally, joint military exercises, such as the Northern/Interaction-2024 naval drills, signal a commitment to security cooperation in response to perceived Western containment efforts.

Beyond trade, China is now the largest buyer of Russian oil, benefiting from discounted crude shunned by the West. In 2023, Russia overtook Saudi Arabia to become China's top oil supplier, exporting a record 107 million tons of crude to China. The Power of

Siberia gas pipeline is projected to deliver 38 billion cubic meters of gas annually by 2025, cementing China's role as Russia's primary energy consumer. Financial ties have also tightened, with a growing reliance on yuan and ruble transactions, further diminishing U.S. dollar influence in bilateral trade.

### **Impact of Trump Administration Policies**

Recent shifts in U.S. policy under the Trump administration have further influenced the China-Russia partnership. In February 2025, President Trump announced the "America First Investment Policy," introducing enhanced restrictions on investments from China and Russia, aiming to protect U.S. economic interests. Additionally, the administration has reinforced efforts to curb China's access to advanced semiconductor technologies by urging allies like Japan and the Netherlands to limit chip exports to China, potentially driving Beijing to seek deeper technological cooperation with Russia.

On trade, the administration imposed a 25% tariff on steel and aluminum imports, significantly affecting China and Russia, both major exporters. These economic measures are likely to push the two nations closer together, reinforcing their strategic partnership as they counterbalance U.S. economic restrictions.

Diplomatically, the Trump administration has sought to recalibrate its stance on the Ukraine conflict. A recent dispute between President Trump and Ukrainian President Volodymyr Zelenskyy over mineral resource agreements led to a suspension of negotiations, indicating a shift in U.S. involvement in the region. Meanwhile, reports indicate that the U.S. Cyber Command has deprioritized cyber operations against Russia, a move that could embolden Moscow's cyber activities and further align its digital strategies with Beijing.

### **Geopolitical Implications and International Responses**

The strengthened China-Russia axis is reshaping global geopolitics, positioning itself as a counterweight to the U.S.-led Western alliance. In their rhetoric, Xi and Putin have framed the United States as an aggressive hegemon exporting bloc confrontation and "sowing chaos" worldwide. Practically, this means coordinated foreign policy positions: China tacitly supports Russia's stance in Ukraine, while Russia backs China's claims over Taiwan and the South China Sea. NATO leaders have warned that China's support is helping Russia withstand sanctions and continue its war effort, labeling China a "decisive enabler" of Russia's aggression in Ukraine.

Europe, too, has taken a tougher stance. EU officials have cautioned Beijing against providing military assistance to Moscow, warning of potential repercussions. Meanwhile, in the Asia-Pacific, China and Russia are increasing their coordination, challenging U.S. influence through joint military exercises and diplomatic engagement with regional actors. This growing alignment complicates U.S. strategy in the Indo-Pacific and emboldens both Beijing and Moscow in their territorial disputes and strategic ambitions.

At the United Nations, China and Russia frequently vote in unison to block Western-backed resolutions, particularly on issues such as Ukraine, Syria, and North Korea. While China maintains a formal stance of neutrality, its abstention from General Assembly resolutions condemning Russia's invasion of Ukraine reflects a tacit alignment with Moscow. This coordination at the UN underscores the increasing division between Western-led initiatives and the China-Russia bloc, paralyzing multilateral decision-making on major security crises.

Beyond the West, the China-Russia partnership is viewed differently by various international actors. Many developing nations, particularly in the Global South, remain neutral, wary of both Western sanctions and the growing influence of the Beijing-Moscow axis. Autocratic states like Iran and North Korea have openly welcomed the closer China-Russia ties, seeing them as a model for resisting Western pressure. Meanwhile, regional powers such as India and Vietnam carefully balance their relations, leveraging great-power competition to maximize strategic autonomy.

## Conclusion

The Trump administration's policies have introduced new complexities into the evolving China-Russia strategic alignment. Trade tariffs, investment restrictions, and diplomatic recalibrations have accelerated their cooperation, particularly in the economic and technological domains. Whether this relationship remains a tactical alliance driven by immediate geopolitical needs or evolves into a long-term geopolitical bloc challenging Western hegemony remains a critical question for the months ahead. The upcoming Shanghai Cooperation Organization (SCO) summit and potential Xi-Putin meeting later this year will be key indicators of the trajectory of this evolving alliance.

