

Welcome to This Week's Asia on the Horizon

(07 JULY 2025)

The Indo-Pacific is entering a season of hard choices. This week's developments reveal not just rising tensions—but sharpening lines of division across politics, trade, and strategic geography. As long-standing alliances are tested and new alignments take shape, the region is no longer simply reacting to global shifts—it is defining them.

In Hong Kong, the final flicker of organized resistance has been extinguished, as the last pro-democracy group disbands under a tightening national security regime. Meanwhile, in Brussels, a carefully staged handshake between Wang Yi and Kaja Kallas belies a chilling truth: the EU and China are no longer speaking the same language. While Brussels warns of unfair trade and hybrid threats, Beijing accuses the West of unilateral bullying—transforming dialogue into parallel monologues.

Strategic coordination intensifies elsewhere. The Philippines, aligning ever closer with the U.S. and Japan, restructures its maritime forces in the face of growing Chinese pressure. At the same time, the Quad powers jointly condemn the Kashmir terror attack in an unprecedented show of security alignment—even as internal trade frictions surface during Senator Rubio's high-level consultations in Washington. And at the Rio BRICS Summit, leaders—minus Xi and Putin—push for IMF reform and an expanded Global South voice, though internal contradictions continue to cloud the bloc's direction.

Against this backdrop, trade retaliations escalate. China bans EU medical devices in response to Brussels' procurement restrictions, while President Donald Trump threatens Japanese rice exports—yet strikes a major tariff deal with Vietnam, reshaping America's supply chain calculus. In a symbolic move with strategic undertones, India publicly supports the Dalai Lama's right to name his own successor, directly challenging Beijing's claim to religious authority in Tibetan affairs.

Through it all, our visuals offer a deeper lens: a demographic reordering that sees Africa's rise and China's decline; a map that traces Beijing's layered footprint across the Indian Ocean; and an infographic capturing the sharp divergence at the heart of EU-China relations.

This week, Asia on the Horizon charts not only what's happening—but what's hardening. The Indo-Pacific is no longer a theatre of competition. It is the front line.



1. KEY DEVELOPMENTS

Hong Kong's Last Pro-Democracy Party Disbands Under Crushing Security Pressure

On June 29, 2025, Hong Kong's League of Social Democrats (LSD) announced it was disbanding, marking the end of formal pro-democracy political institutions in the city. Founded in 2006 by former lawmaker Leung Kwok-hung, the LSD had been one of the few groups still actively organizing protests and championing grassroots causes such as universal suffrage and social welfare reforms. Citing "immense political pressure" stemming from Beijing's sweeping national security crackdown implemented in 2020, party chair Chan Po-ying said the decision was unavoidable given the near-total imprisonment of its leadership, escalating regulatory red lines, and erosion of civil society .

The LSD becomes the third major opposition party to dissolve in the past two years—following the Civic Party in 2023 and the Democratic Party earlier in 2025. Its closure leaves Hong Kong with no institutional pro-democracy presence, as the landscape remains tightly controlled by an expanded security regime and "patriots-only" electoral rules. The dissolution marks a historic low in the city's political pluralism, signaling that organized dissent has been effectively dismantled through a combination of legal repression, warning deterrents, and calculated pressure on party structures—even those that had previously endured.

Unified Maritime Defense Gains Momentum in East & South China Seas

On June 30, 2025, the Philippines, led by Defense Secretary Gilberto Teodoro, declared its intention to integrate operational command across both the East and South China Seas—a strategic "one-theatre" approach initially proposed by Japan and backed by the U.S. under the "Squad" alliance (comprising Australia, Japan, the Philippines, and the United States). The concept seeks to enhance real-time coordination in maritime domain awareness, intelligence sharing, and response capabilities across disputed waters, excluding the Korean Peninsula. With a formal coordinating centre scheduled to open in December, the new arrangement consolidates regional maritime security efforts in response to China's increasingly assertive maneuvers around contested shoals and islands .

This initiative builds on a series of trilateral exercises that reflect deepening security ties. In mid-June, Japan, the Philippines, and the U.S. co-hosted a coast guard drill off Kagoshima—marking the first such exercise in Japanese waters—simulating high-risk maritime scenarios, including vessel collisions and rescue operations, amid rising concerns over Chinese activities. The move towards a unified operational theatre underscores a strategic evolution: moving from episodic joint drills to sustained interagency and international integration—signaling a declarative shift towards collective defense and deterrence in Asia's contested maritime zones.

SCO Digital Economy Forum to Strengthen Regional Tech Cooperation

From July 10–11, 2025, the Shanghai Cooperation Organization (SCO) will hold a Digital Economy Forum in Tianjin, under the theme “New Bonds in the Digital Economy, New Horizons for Cooperation.” The gathering will bring together over 600 delegates from SCO member states and partner countries to explore cooperation in high-priority digital areas, including data circulation and trade, industrial digitalization, infrastructure development, AI applications, smart cities, and digital talent cultivation. The event—co-hosted by China’s National Data Administration and the Tianjin municipal government—highlights China’s ambition to make digital dividends more inclusive and to expand the bloc’s digital growth agenda.

This forum takes place against the backdrop of a burgeoning Chinese digital economy. China’s core digital economy industries contributed roughly 10% of GDP by end-2024, reflecting rapid structural transformation. Since the National Data Administration’s establishment in October 2023, Beijing has inked digital cooperation MoUs with 26 countries—spanning Russia, Brazil, Hungary, Nigeria, and Malaysia. The Tianjin summit signals an effort to convert diplomatic outreach into tangible regional digital partnerships, reinforcing China’s ambition to lead in shaping standards and frameworks that govern data flows, AI governance, and digital infrastructure across the SCO.

Thai PM Paetongtarn Shinawatra Suspended as Court Reviews Ethics Petition

On July 1, 2025, Thailand’s Constitutional Court suspended Prime Minister Paetongtarn Shinawatra from her duties after admitting a petition from 36 senators alleging she breached ethical standards by being “dishonest.” The controversy stems from a leaked June 15 phone call with Cambodian ex-leader Hun Sen, during which she criticized a Thai army commander and reassured Hun Sen of her willingness to assist—comments seen by military and conservative factions as undermining national dignity. The suspension marks a dramatic downturn in her brief 10-month tenure, coinciding with the breakaway of a key coalition partner and a surge in public protests demanding her resignation.

Deputy PM Suriya Juangroongruangkit immediately stepped in as caretaker leader, while a cabinet reshuffle repositioned Paetongtarn as Culture Minister. Parliament will delay any no-confidence vote until the court concludes its review, expected within 15 days; meanwhile, the National Anti-Corruption Commission has opened a parallel probe. The scandal has eroded her popularity—approval is now at just over 9%—and deepened political polarization, reinforcing a decades-long power struggle between the Shinawatra dynasty and the military-royalist establishment. With protests mounting, the legal and political climax of this crisis could reshape Thailand’s democratic landscape.

U.S. Threatens New Tariffs on Japan Over Rice Imports and Trade Imbalance

In late June 2025, former U.S. President Trump escalated trade tensions with Japan by accusing Tokyo of refusing to import sufficient American rice, despite Japan facing a domestic rice shortage. On Truth Social, he wrote, “they won’t take our RICE, and yet they have a massive rice shortage,” announcing that the U.S. would send Japan a formal letter outlining new tariff rates if the situation didn’t change soon. This threat comes as part of a broader U.S. plan to reinstate country-specific tariffs after the 90-day pause expires on July 9, with Japan facing the possibility of levies as high as 35% on select imports.

Tokyo’s response has been firm: Prime Minister Shigeru Ishiba emphasised that Japan is importing rice from California and stated that Japan will not compromise its farmers or its agricultural self-sufficiency. With major stakes at play—the U.S. being Japan’s second-largest trading partner and the auto sector already hit by existing tariffs—the looming threat of steep rice and auto duties sharpens the urgency for Tokyo to seek a trade deal before the July deadline. Analysts warn that failing to reach an agreement could deepen investor concern and risk entering an economic slowdown.

Quad Condemns Pahalgam Militant Attack Amid India–Pakistan Tensions

On July 2, 2025, the foreign ministers of the Quad grouping—comprising the United States, India, Japan, and Australia—issued a joint statement condemning the April 22 militant attack in Indian-administered Kashmir that claimed 26 lives. While India swiftly attributed responsibility to Pakistan-based militant groups, the Quad statement deliberately refrained from naming Pakistan. Instead, it urged all UN member states to “cooperate actively with all relevant authorities” to ensure that the perpetrators, organisers, and financiers are brought swiftly to justice, underscoring the Quad’s commitment to countering cross-border terrorism and violent extremism in the Indo-Pacific.

The Quad’s coordinated response signals deepening strategic alignment among its members, reflecting a collective stance against terrorism that transcends traditional alliance boundaries. The attack had already triggered serious cross-border military exchanges, including Indian airstrikes on May 7, prompting a fragile ceasefire on May 10. By issuing a unified condemnation, Quad leaders are reinforcing a rules-based order in the region, strengthening anti-terror diplomacy without directly confronting Pakistan—a move aimed at stabilizing South Asian security dynamics and discouraging further violence.

US–Vietnam Tariff Deal Offers Clarity Amid Global Trade Jitters

On July 2, 2025, former U.S. President Donald Trump announced a bilateral trade agreement with Vietnam, setting a 20% tariff on many Vietnamese exports—down sharply from his earlier threat of a 46% levy—and introducing a 40% tariff on goods believed to be trans-shipped through Vietnam from third countries, especially China . In exchange, Vietnam agreed to grant the U.S. duty-free access for American products, including large-engine vehicles. The move comes ahead of the July 9 expiration of a 90-day tariff pause and the looming risk of higher reciprocal tariffs for countries without deals.

The arrangement has been welcomed by apparel and footwear giants—Nike, Under Armour, and Levi’s—all of whom saw stock gains as retailers gained clarity amid tariff uncertainty . For Vietnam, the deal brings relief: second-quarter GDP rose nearly 8%, powered by export strength and improving business sentiment. Yet critical questions remain, particularly over the scope of the trans-shipment clause—which could dissuade supply chains reliant on Chinese inputs—and the final rules of origin. Analysts caution that the devil will be in the details, especially for sectors like footwear and electronics that rely heavily on regional value chains

EU Diplomat Kallas Urges China to Rebalance Trade and End Coercive Practices

On July 2, 2025, EU foreign policy chief Kaja Kallas met with China’s Foreign Minister Wang Yi in Brussels, warning that the European Union’s trade relationship with China is dangerously imbalanced. She urged Beijing to ease its restrictive export controls on rare earths, essential to high-tech industries, deeming these practices "distortive" and a threat to global supply chain reliability. Kallas also made clear that some Chinese firms are enabling Russia's war effort in Ukraine, urging Beijing to sever links that aid military production.

Key Implications: Kallas’s remarks set the tone for a high-stakes EU–China summit scheduled for July 24–25, signalling that trade and security issues will overshadow symbolic gestures. Central to the EU’s agenda are market reciprocity, smoother access for European companies, and blunt attention to geopolitical risk—particularly the role of Chinese firms in supporting Russia. This diplomatic pressure comes amid a broader European strategy: establishing strategic reserves of rare earths and seeking alternative suppliers to reduce dependency . The outcome of this summit will likely determine whether Brussels can push Beijing toward structural shifts or if tensions—especially around sensitive tech flows—will persist.

Wang Yi Urges EU Unity Against “Unilateralism and Bullying” Ahead of Beijing Summit

On July 2, 2025, Chinese Foreign Minister Wang Yi met in Brussels with European Council President António Costa and EU foreign policy chief Kaja Kallas, reiterating China's call for deeper China–EU communication and mutual respect for each other's core interests. He issued a pointed warning against “unilateralism and acts of bullying,” asserting that such conduct threatens the international order and global stability.

Wang also addressed broader geopolitical tensions, framing China as a stabilizing partner amid global turmoil. While promising backing for peace negotiations in Ukraine, he pushed back on EU accusations regarding China's restrictive trade practices and alleged tacit support for Russia.

The high-stakes engagement sets a strategic tone for the upcoming China–EU leaders' summit scheduled for July 24–25 in Beijing. Beijing hopes to position itself as a defender of multilateralism and pull the EU away from “bloc confrontation.” Critical issues set to dominate the agenda include EU demands for freer access to Chinese rare earth exports and pressure on China to limit its economic support of Russia's war effort. The outcome could either deepen the emerging geopolitical fissures or pave the way for a recalibrated partnership emphasizing shared management of trade and security risks.

A\$2 B Missile Deal Signals Canberra's Defence Resolve

On July 3, 2025, Australia confirmed a A\$2 billion (\$1.3 billion) purchase of U.S.-made AIM-120C-8 and AIM-120D-3 supersonic air-to-air missiles from Raytheon Technologies, intended for its F/A-18 and F-35 fighters as well as deployment with a new long-range strike brigade. Defence Industry Minister Pat Conroy framed the deal as a concrete expression of Australia's commitment to enhancing its defence capabilities. The move follows a broader A\$74 billion missile procurement strategy covering Europe and the U.S., including an A\$21 billion domestic guided-weapons enterprise.

Despite U.S. pressure to boost defence spending to 3.5 % of GDP, Prime Minister Anthony Albanese has declined, maintaining Australia's projected rise to 2.3 % by 2033 instead. Foreign Minister Penny Wong emphasized that Australia is pursuing a “capability-focused” defence strategy, marked by the biggest peacetime defence funding increase in its recent history. The missile acquisition not only supports AUKUS ambitions but also underscores Canberra's path of bolstering regional deterrence—prioritizing tangible assets over headline spending targets.

Modi Honoured by Ghana with Prestigious “Officer of the Order of the Star” Award

On July 2, 2025, during his state visit to Ghana—the first by an Indian prime minister in over 30 years—Prime Minister Narendra Modi was awarded the Ghanaian national honour “Officer of the Order of the Star of Ghana (OSG).” The accolade, presented by President John Dramani Mahama, recognises Modi’s “distinguished statesmanship and global leadership,” and symbolises the deepening India–Ghana friendship.

In accepting the honour, Modi dedicated the award to India’s 1.4 billion citizens, especially its youth, cultural heritage, and the historic ties binding India and Ghana. His visit marked a significant expansion of bilateral engagement: the two governments signed four MoUs covering cultural exchange, standards and certification alignment, vocational training, and agricultural cooperation—including support for Ghana’s “Feed Ghana” programme. The award and associated agreements reinforce India’s commitment to Africa through diplomatic outreach and development partnership, especially in sectors such as skills development, digital infrastructure, and agro-health.

Malaysia Hits Iron & Steel Imports with Broad Anti-Dumping Duties

On July 5, 2025, Malaysia’s Investment, Trade and Industry Ministry announced provisional anti-dumping duties ranging from 3.86 % to 57.90 % on imported galvanised iron and steel coils and sheets from China, South Korea, and Vietnam, following a February investigation that determined the goods were being dumped at unfairly low prices in Malaysian markets. These measures, triggered by a petition from local producer CSC Steel, take effect from July 7 and offer temporary protection for domestic manufacturers while the full probe proceeds, with a final ruling due by November 3, 2025 .

The move underscores Malaysia’s rising trade defensiveness amid growing regional oversupply and intense competition from Chinese and Southeast Asian producers. While aimed at shielding local steelmakers from market distortions, the duties could provoke retaliation—especially from China, which sees steel as a strategic export. The decision is likely to ripple through commodity markets, potentially disrupting regional supply chains and risking tit-for-tat trade measures unless a negotiated resolution is reached before the provisional period lapses .

India Endorses Dalai Lama's Succession Authority, Challenging Beijing

On July 4, 2025, Indian Minister Kiren Rijiju publicly affirmed that only the Dalai Lama and his institution, the Gaden Phodrang Trust, hold the legitimate authority to determine his successor—directly contradicting China's long-standing claim to control the process. Speaking ahead of the Dalai Lama's 90th birthday in Dharamshala—where Rijiju and other Indian officials will attend—the minister emphasized that “no one has the right to interfere or decide” aside from the Dalai Lama himself or his trust. Beijing immediately warned India to tread carefully, accusing New Delhi of meddling in its domestic affairs and urging restraint to avoid undermining bilateral relations.

This rare, forthright endorsement reflects India's growing geopolitical leverage in the ongoing succession debate, reinforcing Dharamshala's position as the future seat of Tibetan Buddhism's leadership—a direct challenge to Beijing's narrative. The move also injects a strategic dimension into India-China relations, coming in the aftermath of recent border tensions: the Dalai Lama's succession may now become both a political lever and symbolic arena in broader regional diplomacy. With the Dalai Lama declaring his successor will be born outside China, likely in exile, Indian influence over Tibetan religious affairs gains new significance. Beijing will likely intensify pressure on India as the spiritual and diplomatic contest over Tibetan succession continues.

EU Trade Anxiety Over “China Shock” Labeled Misguided by Beijing

On July 5, 2025, China's state news agency Xinhua published a commentary arguing that the EU's growing concern about a so-called “China shock”—which refers to fears that Chinese exports redirected from U.S. markets are flooding Europe—is based more on political anxiety than economic reality. The piece responds directly to a recent European Commission report that flagged increases in Chinese imports across textiles, chemicals, metal products, and machinery. Xinhua cited Global Trade Alert, which noted “only two of the 55 product categories singled out... overlap” with redirected Chinese goods, reinforcing the view that fears of sweeping trade diversion are overstated.

This commentary reflects Beijing's strategic media push to pre-empt EU protectionist measures, framing European concerns as “alarmist” and warning that reactionary trade barriers could undermine the continent's competitiveness and damage China-EU relations. As Brussels considers possible trade safeguards, the narrative battle intensifies: EU policymakers must weigh legitimate supply-chain concerns against China's portrayal that restrictive actions would be economically counterproductive and diplomatically unwise. The outcome of this exchange may determine whether Brussels adopts a restrictive posture or continues engagement amid rising geopolitical-economic tensions.

BRICS Summit Opens in Rio Amid Leadership Absences and Internal Friction

The 17th BRICS leaders' summit began on July 6, 2025, in Rio de Janeiro, with Brazil presiding over a bloc now expanded to 11 full members and multiple partners (including Egypt, Indonesia, Iran, UAE, etc.) . Notably, neither Chinese President Xi Jinping nor Russian President Vladimir Putin attended in person—Premier Li Qiang represented China, while Russia joined remotely due to an ongoing ICC arrest warrant. The absences highlight growing unease over travel to Rio and reflect broader geopolitical strains within the grouping.

Under the motto “Inclusive and Sustainable Global South,” Brazil steered the summit toward neutral terrain—focusing on health, green energy, AI governance, and calls for reforms at the UN and financial institutions. However, internal divisions have emerged: the bloc struggles to reach consensus on hot-button issues such as Middle East conflicts, Gaza, and Security Council reform. With U.S. tariff threats looming and the rise of protectionist sentiment, the effectiveness of BRICS as a cohesive force will depend on reconciling its democratic and authoritarian members around shared actionable goals.

BRICS Finance Ministers Push Groundbreaking IMF Reforms in United Front

On July 6, 2025, finance ministers from the expanded BRICS bloc—including Brazil, Russia, India, China, South Africa, and newer members—issued a landmark unified statement calling for broad reforms to the International Monetary Fund ahead of the IMF's December review. They proposed realigning the IMF's quota and voting share system to better reflect modern economic realities, drawing on metrics like GDP and purchasing price parity to boost representation for developing countries while safeguarding the interests of poorer nations.

The ministers further urged an end to the long-standing European monopoly at the helm of the IMF, advocating instead for a merit-based and regionally representative selection process for top leadership. In addition, they floated the creation of a guarantee mechanism via their New Development Bank, aimed at lowering financing costs and supporting growth in developing economies. This marks the first time BRICS has coalesced around a unified IMF reform strategy, leveraging its expanded membership and growing economic clout to reshape global financial governance.

China Retaliates with Medical Device Procurement Ban on EU Suppliers

On July 6, 2025, China's Finance Ministry announced a significant new restriction on government procurement: any medical devices imported from the European Union valued over 45 million yuan (approximately US \$6.3 million) will be barred from government contracts. The measure is a direct response to the EU's own restrictions on Chinese firms in public tenders exceeding €5 million (approx. US \$5.9 million), enacted under Brussels' International Procurement Instrument aimed at ensuring market reciprocity. Additionally, China extended the ban to devices from third countries containing more than 50% EU-made components—a triangular response that expands the scope of its protectionist countermeasure.

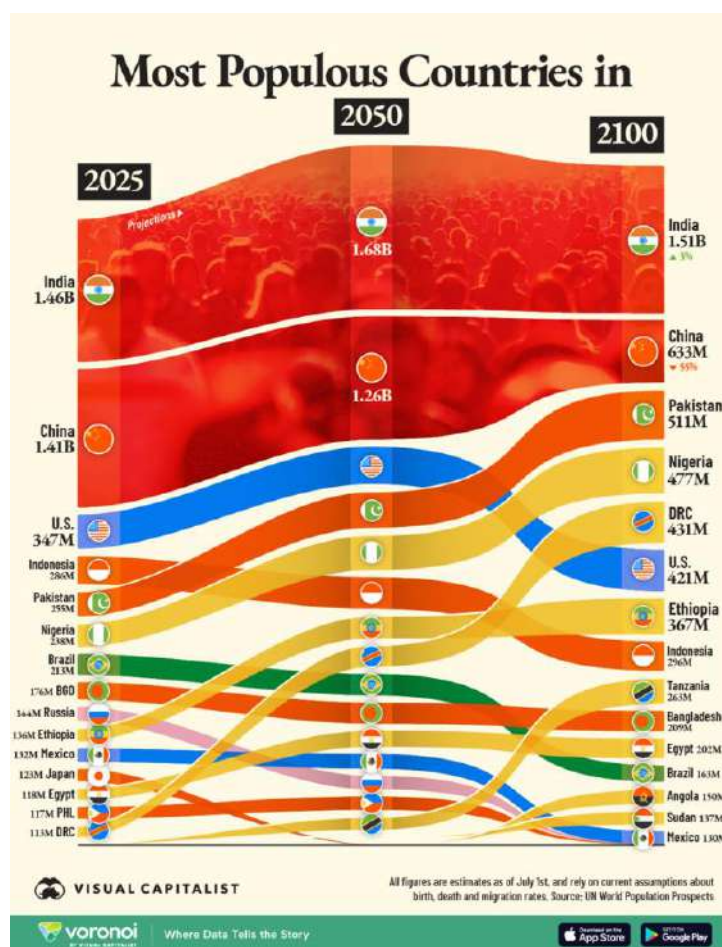
This retaliatory move marks a fresh escalation in Sino-EU trade tensions, further intensifying recent disputes over electric vehicle tariffs and cognac duties, and just weeks ahead of a scheduled China–EU leaders' summit in late July. China describes the move as “necessary” and laments the EU's shift toward “protectionist barriers”. By stretching the ban to include devices with EU-origin components, Beijing may complicate procurement networks involving international manufacturers. The development underscores the broader risk that intensified tit-for-tat measures could spill into critical sectors like healthcare and weaken already strained high-level diplomacy.

2. STATISTICS OF THE WEEK

The World's Population Centers Are Shifting South

A striking new visualization from Visual Capitalist, based on UN World Population Prospects, forecasts a dramatic reshuffling of the world's most populous countries by the year 2100. While India is set to remain the most populous nation—peaking at 1.68 billion in 2050 before a modest decline to 1.51 billion by century's end—China is projected to face a steep population drop, halving to just 633 million by 2100. This represents a 55% decline from current levels and reflects the long-term demographic effects of aging, declining fertility, and policy shifts.

By contrast, the global population epicenter is forecast to shift decisively toward Africa. Countries such as Nigeria (477M), Democratic Republic of Congo (431M), Ethiopia (367M), Tanzania (263M), Egypt (202M), Angola (150M), and Sudan (137M) all make the top rankings by 2100—several of which were not even in the top 15 in 2025. The United States is expected to maintain growth, reaching 421 million, while Pakistan rises steadily to 511 million. These trends point to fundamental changes in global economic, political, and development priorities, with implications for everything from food and energy demand to labor mobility, migration, and geopolitical influence.



<https://www.voronoiiapp.com/demographics/-The-Most-Populous-Countries-by-the-Year-2100-4347>

3. MAP OF THE WEEK

Charting China's Footprint in the Indian Ocean

This week's map, developed by the International Institute for Strategic Studies (IISS), offers a compelling visual of China's expanding maritime and infrastructure presence across the Indian Ocean region. It illustrates more than 20 strategic projects—ranging from ports and transport links to military facilities and seabed-exploration contracts—spanning South Asia, East Africa, and island nations. These include well-known hubs like Gwadar (Pakistan), Hambantota (Sri Lanka), and Djibouti (home to China's only overseas military base), as well as newer or ongoing developments in Comoros, Tanzania, Kenya, Bangladesh, and Myanmar.

The graphic uses a detailed key to distinguish between completed, ongoing, and awarded contracts—highlighting how Beijing blends commercial logistics, naval access, and economic influence in shaping its Maritime Silk Road strategy. Notably, it also marks the approximate location of a Chinese seabed-exploration contract, underscoring Beijing's interest in undersea resources and dual-use infrastructure. As regional tensions rise, particularly around chokepoints like the Strait of Hormuz and Malacca, this footprint reveals not just economic ambition—but a steadily consolidating strategic posture that continues to provoke concern in New Delhi, Washington, and beyond.



https://www.linkedin.com/posts/international-institute-for-strategic-studies_iiss-charting-china-china-in-the-indian-activity-7331286492511617026-3sox?utm_source=share&utm_medium=member_ios&rcm=ACoAABBXal8BBSykyNiuRmwrDz3i4X0l4j6pzVg

4. PHOTO OF THE WEEK

EU–China: Optics of Engagement, Undercurrents of Strain

In this week's featured image, Chinese Foreign Minister Wang Yi and EU High Representative Kaja Kallas are seen shaking hands in front of the European External Action Service backdrop in Brussels—framed by the flags of China and the European Union. The carefully choreographed handshake masks a tense diplomatic exchange: while both sides expressed willingness to deepen cooperation, the mood was punctuated by sharp differences over trade imbalances, Ukraine, and rules-based order.

The visual captures more than courtesy—it underscores the increasingly complex dynamic between Brussels and Beijing. Wang Yi called on the EU to “unite against unilateralism and bullying,” a veiled critique of U.S.-led policy frameworks. Kallas, meanwhile, warned that Chinese support for Russia's war effort and persistent market distortions threaten European security and competitiveness. The handshake may signal engagement, but the undercurrents reflect a growing divide between rhetoric and reality in China–EU relations.



<https://www.reuters.com/sustainability/society-equity/eus-kallas-warns-that-china-needs-rebalance-trade-relationship-with-eu-2025-07-02/>

5. INFOGRAPHIC OF THE WEEK

EU–China Strategic Dialogue 2025 – Contrasts in Tone, Divergence in Priorities

This week's featured infographic from EuroHub4Sino captures the starkly contrasting narratives presented during the EU–China Strategic Dialogue held on July 2, 2025. On one side, China's Foreign Minister Wang Yi frames Beijing as a stabilizing force amid global turmoil, calling for unity against “unilateralism and bullying”—a veiled critique of U.S. power politics. Wang also reiterated China's commitment to the One China Principle and pushed for non-interference, especially regarding Taiwan.

On the other side, EU foreign policy chief Kaja Kallas pressed Beijing on economic reciprocity, calling for an end to “distortive practices” and urgent reforms in trade—particularly on rare earth export restrictions. She also raised concerns over Chinese support for Russia's war in Ukraine, hybrid threats, and human rights violations. The infographic concisely contrasts both sides' talking points, highlighting how engagement persists despite widening strategic mistrust and diverging values. It paints a vivid picture of a relationship managed through dialogue, but strained by reality.



6. REGIONAL ALLIANCES

Strategic Solidarity or Strained Ties? The Quad's Latest Convergence Amid Kashmir Condemnation

The United States and its Indo-Pacific partners—India, Japan, and Australia—gathered in early July 2025 for high-level consultations aimed at showcasing unity in the face of rising regional instability. The diplomatic engagements were held on the sidelines of a broader U.S.-led strategic coordination initiative spearheaded by Senator Marco Rubio, one of Washington's most vocal proponents of a hardline China policy. While the meetings reaffirmed the Quad's relevance as a geopolitical balancing mechanism in the Indo-Pacific, they were also overshadowed by bilateral tensions, protectionist spillovers, and diverging security priorities.

Joint Condemnation on Kashmir: Unity with Limits

In a rare move, all four partners issued a joint statement condemning the April 2025 terrorist attack in Indian-administered Kashmir, which killed dozens and was claimed by Pakistan-based militants. The language—unambiguous and forceful—signaled growing convergence among the Quad states in addressing not only China but wider regional security threats, including cross-border terrorism. The statement emphasized support for India's sovereignty and territorial integrity, stopping just short of directly naming Pakistan but clearly implicating its role. While the condemnation reflected the group's evolving security posture, it also highlighted India's success in integrating its counterterrorism agenda into broader Indo-Pacific dialogues.

Rubio's Meeting and the Shadow of Frictions

Yet beneath the show of unity, the Rubio-hosted gathering in Washington revealed underlying strains. Trade tensions—particularly related to U.S. tariffs and digital taxation—have placed stress on relationships with Japan and Australia, both of whom have grown wary of American economic unpredictability. For India, while strategic alignment with the U.S. has deepened, New Delhi remains cautious of being drawn into binary blocs or overly confrontational postures toward China. Rubio's assertive messaging—calling for tighter tech controls and security screening of Chinese investments—resonated more strongly with U.S. domestic politics than with the full spectrum of partner concerns.

Conclusion: Strategic Alignment, Tactical Divergence

The week's developments reflect the Quad's dual character: a platform for symbolic solidarity and selective convergence, but not yet a fully coherent strategic alliance. The Kashmir statement marked a step forward in joint security signaling, yet the lack of formal institutionalization, coupled with persistent economic and diplomatic frictions, continues to limit the Quad's operational depth. As great-power rivalry sharpens and regional flashpoints proliferate, maintaining both unity and flexibility will remain the Quad's defining challenge.

7. ANALYSIS

Strategic Dialogue, Strategic Drift: Europe and China Talk Past Each Other in Brussels

The latest EU–China Strategic Dialogue, held on July 2, 2025, in Brussels, offered a stark portrait of two global actors locked in mutual suspicion yet tethered by interdependence. On paper, the meeting brought together Chinese Foreign Minister Wang Yi and EU foreign policy chief Kaja Kallas to reaffirm engagement and manage differences. In practice, the dialogue unfolded as a diplomatic stalemate, with both sides advancing sharply divergent priorities—exposing how geopolitics, trade grievances, and ideological dissonance are reshaping Europe–China relations into a brittle balancing act.

Europe's Economic Red Lines: Trade Rebalancing and Fairness

From the European perspective, Kaja Kallas delivered a pointed message: China must “rebalance” its trade relationship with the EU or risk accelerating economic decoupling. Brussels is increasingly alarmed by Beijing’s surging trade surpluses, market distortions linked to state subsidies, and strategic restrictions such as export limits on rare earths. These concerns have already led to EU investigations into Chinese electric vehicle subsidies and broader scrutiny of public procurement access. Kallas warned that continued imbalances and “distortive practices” erode European competitiveness and public trust—especially at a time when green industries and critical technologies are seen as existential priorities for the bloc.

China’s Counter-Narrative: Multilateralism, But on Beijing’s Terms

In response, Wang Yi called on Brussels to “unite against unilateralism and bullying”, a clear reference to U.S.-led economic pressure on China. His message emphasized multilateralism, economic openness, and non-interference—themes long central to China’s diplomatic lexicon, but increasingly viewed in Europe as rhetorical cover for asymmetric practices. While Beijing reaffirmed its commitment to a rules-based global order, it resisted calls for structural economic reform or greater transparency. Instead, China doubled down on its interpretation of mutual respect, warning the EU not to allow its policy agenda to be “hijacked” by Washington’s containment strategy.

A Relationship Strained by Competing Worldviews

The dialogue also illuminated broader strategic drift. On Ukraine, Taiwan, and human rights, the gulf remains wide. While the EU expressed concern over Chinese support for Russia’s war effort, forced labor practices, and hybrid threats, Beijing dismissed these as ideological interference. Trust is further eroded by China’s assertiveness in multilateral forums and its alignment with the Global South narrative, positioning the EU as part of a declining Western order. In return, EU leaders increasingly frame China as a “partner, competitor, and systemic rival”—a triad that no longer masks the growing weight of rivalry.

Conclusion: Dialogue Without Deliverables

The 2025 Brussels talks reinforced what has become a central tension in Europe–China relations: the need to preserve engagement without illusions of convergence. While both sides still depend on trade, investment, and global stability, their visions of the international order—and of their roles within it—are diverging. The risk ahead is not just decoupling, but strategic incoherence: a dialogue that continues out of necessity, even as mutual expectations collapse. Unless both parties can find credible mechanisms for de-risking and dispute resolution, the EU–China relationship may be entering an era of managed, but irreversible, estrangement.

