

India and China opened a new round of strategic dialogue as US tariffs on their exports spur the two Asian giants to broaden global trade ties and move beyond past disputes.

Both countries “uphold the strategic perception that China and India are cooperative partners instead of rivals”, China’s foreign ministry said in a statement after Tuesday’s meeting in New Delhi between Executive Vice-Foreign Minister Ma Zhaoxu and Indian Foreign Secretary Vikram Misri. “China and India should deepen mutual trust and expand cooperation, properly manage differences, and promote the development of China-India relations along a sound and steady track.”

The new talks with China extend Indian Prime Minister Narendra Modi’s recent diplomatic push, which has already included an interim trade agreement with the United States that cuts tariffs on goods imported from India to 18 per cent from 50 per cent, and a free-trade accord with the European Union, touted as the “mother of all deals”. The discussions also reflect a rapprochement with China after fatal border clashes in 2020 as US President Donald Trump’s trade war shakes up international relations around the world.

The two Asian giants discussed improving air services and easing visa issuance, the Indian foreign ministry said. Other topics included broader bilateral relations and this year’s Brics summit, which India is hosting as the group’s revolving president.

India-China relations have thawed in recent years, as seen in a meeting between Modi and President Xi Jinping in Tianjin in August. Direct flights resumed in October after a five-year hiatus. China simplified visas for Indian visitors in December.

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• India agreed to buy US\$500 billion of American goods under the US trade agreement, along with halting Russian oil purchases, according to the White House. India is yet to confirm the Russian oil halt. Still, almost all state-owned and private refiners had paused spot purchases, Bloomberg News said on Monday.

The deal is unlikely to upset India’s decades-old defence ties with Russia, according to Rahul Wankhede, a research analyst at the Manohar Parrikar Institute for Defence Studies and Analyses.



Indian Prime Minister Narendra Modi and President Xi Jinping are working to create a multipolar world to counter an increasingly isolated United States. Photo: AFP

China and India in push for new world order

High-level talks between the two Asian giants point not only to efforts to bolster bilateral ties but also to how they can play a leading role in reshaping geopolitics

• India has opened talks about joining Horizon Europe, the European Union’s flagship science and research programme. The programme already has 22 non-EU associate members, including the UK, Canada and South Korea. The Horizon talks follow the January free trade deal, which will cut or eliminate tariffs on almost all goods traded between the two sides.

• US officials travelled to China last week in preparation for the next round of high-level trade talks between Treasury Secretary Scott Bessent and Vice-Premier He Lifeng. Discussions could take place before a potential Trump visit to Beijing in April. The US wanted to reduce exposure to China in areas related to national security rather than severing economic ties

completely, Bessent said at an investment conference in Washington on Tuesday. “We will be competitors, but we want that competition to be fair,” he said.

THE SCMP PLUS TAKEAWAY

Indian Prime Minister Narendra Modi spent much of 2025 fending off punishing tariffs imposed by US President Donald Trump, cosying up to Russia’s Vladimir Putin and reviving frosty relations with China. Then came 10 days in 2026.

On February 6, Trump agreed to cut tariffs on India to 18 per cent by easing reciprocal levies from 25 per cent and removing a separate 25 per cent tax tied to sanctioned Russian oil purchases. In return, India pledged to

buy US\$500 billion of US goods and open its industrial and agricultural sectors to American products.

The framework agreement came less than a week after India and the EU capped 20 years of talks by agreeing on January 27 to form one of the world’s largest free-trade zones. Under the “mother of all deals”, traditionally protectionist India opened up huge parts of its domestic market, including cars and agriculture, in return for duty-free access to Europe.

The remarkable turn of trade events has significantly reshaped what had been heading for a revival of Brics as the centre of diplomacy for India.

In August, Modi made his first trip to China in seven years, holding a meeting with President Xi Jinping at a regional conference. The talks helped

to reset China-India ties as “partners, not rivals”, to quote Xi. The two leaders also had an icebreaker meeting on the sidelines of an October 2024 Brics summit in Russia, marking an easing of strains stemming from border clashes in the Galwan Valley in June 2020.

Modi also hosted Putin in December, meeting the Russian leader at New Delhi’s airport and sharing a

limousine ride to the prime ministerial residence. That reflected close ties between the two countries, with Russia being India’s biggest supplier of crude oil, shipped via a shadow fleet to evade US sanctions.

Now, India has seemingly taken a step away from Russia by agreeing to halt oil purchases, while also boosting ties with Washington, Brussels and Beijing.

The easing of US tariffs should fuel a rebound in Indian exports, and there is huge potential for further growth. The nation’s massive workforce and English-language skills are sure to attract global companies seeking to ease reliance on Chinese factories. Apple is just one example of a business shifting production to the country, and the US government expects others to follow. “India could be a path for this,” US Trade Representative Jamieson Greer told Fox News. “Of course, we want to make sure that American manufacturing comes first and is most important, and that American workers come first, but as far as we want to import from other countries, India could be a good source, as long as it is balanced and fair.”

Still, the US trade deal has a long way to go. The details are at best sketchy and it is not clear how India will pay for its pledge to buy US\$500 billion of US military hardware, energy and tech products over five years.

The 25 per cent Russian oil levy will also continue to hang over Modi’s head, as meeting the commitment to stop purchases will be tricky. India imports nearly 90 per cent of its crude, along with half its natural gas. Trump’s executive order ending the tariff makes clear that it can come back very quickly.

Modi will want to maintain relations with Putin because of India’s traditional policy of “strategic autonomy” – a general drive to avoid relying too heavily on any single country or bloc. He has turned this into a proactive “multi-aligned” doctrine, seeking widespread ties with all major powers to help position India as a “leading power”. By contrast, India’s Cold War stance was one of passive non-alignment, with a focus on staying out of superpower conflicts.

Closer relations with China would support Modi’s multi-aligned approach as well as Xi’s own drive to develop a multipolar world as a counterbalance to the US. That suggests both will be keen to ensure smoother and deeper ties in the years ahead.

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