

CLAWS Newsletter



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by Ashu Maan

➤ POLITICS

July 15, 2025 | Xi Jinping calls China's [food security a 'political responsibility'](#) for agricultural areas: The Chinese leader emphasised on 'diversified food supply system' during visit to northeastern province of Jilin. During his tour of northeastern China, Xi spoke about "further reform and opening up" being crucial to revitalising the region's economy, and urged the area to create a better "market-oriented, rule- and law-based, and international" business environment.

22 July, 2025: Sharp Increase in Corruption Investigations

China experienced a dramatic surge in [anti-corruption activities](#) during the first half of 2025. The Central Commission for Discipline Inspection and National Supervisory Commission reported handling 1.21 million leads, filing 521,000 cases (up 28% from 2024), and taking disciplinary actions against 420,000 individuals (up 27% year-on-year). Among the targets were 36 centrally administered officials, including provincial-level and ministerial-level officials.

26 July, 2025: Hong Kong Security Measures, Mass Arrest Warrants for Overseas Activists

Hong Kong's national security police [issued arrest warrants](#) for 19 overseas-based activists on July 25, marking the largest such action under the National Security Law. The activists are accused of organizing or participating in the "Hong Kong Parliament," an unofficial group that authorities claim aimed to subvert state power. The warrants include bounties of HK\$1 million (\$127,400) for four individuals and HK\$200,000 (\$25,480) for the remaining.

The move drew strong international condemnation. The United States, Canada, Australia, and the European Union all issued statements denouncing the extraterritorial application of Hong Kong's National Security Law. EU officials called it "an attempt at intimidating an EU citizen and curtailing freedom of expression within the European Union", as one of the targeted activists holds EU citizenship.

28 July, 2025: [High-Profile Religious Scandal](#)

The most sensational corruption case involved Shi Yongxin, the longtime abbot of the famous Shaolin Temple. On July 27, the temple's management office announced that Shi was under investigation for embezzling temple funds and assets, maintaining "improper relations with

several women," and fathering illegitimate children. Known as the "CEO monk" for commercializing the 1,500-year-old monastery into a global brand, Shi was stripped of his ordination by the Buddhist Association of China on July 29. The scandal became the most trending topic on Chinese social media platform Weibo.

31 July, 2025: Xi Jinping's Continued Dominance in Media Coverage

Despite persistent rumours about internal power struggles, Xi Jinping remains [firmly in control](#) of China's political messaging. A July 31 study by the China Media Project found that Xi maintains a commanding lead in the party's internal messaging compared to other Politburo Standing Committee members, with no clear advances by potential rivals in front-page coverage of the *People's Daily*. The research indicates that while there was a 14% decrease in Xi's headline appearances from 2023 to 2025, this represents normal patterns following Party Congress cycles.



➤ **FOREIGN AFFAIRS**

July 15, 2025 | Chinese President Xi Jinping met in Beijing with [foreign ministers and officials of the Shanghai Cooperation Organization \(SCO\)](#), emphasizing the organization's growth and vitality over its 24-year history. He highlighted China's commitment to strengthening the SCO through regional security, development, and deeper cooperation, especially since assuming the rotating presidency last July. Xi expressed hope for productive discussions at the upcoming SCO Summit in Tianjin and called on the organization to stay focused and proactive amid global instability, contributing to greater regional and global stability.

15 July, 2025 | China's Communist Party has issued a [directive](#) urging top judicial bodies to deepen their understanding of international and foreign laws to better defend against foreign sanctions, interference, and "long-arm" jurisdiction, particularly from the U.S. and its allies. The document, made public in August but circulated within the party earlier this year, forms part of President Xi Jinping's push for law-based governance and aims to strengthen China's legal capacity to protect national and overseas interests. It calls for improved judicial tools, stronger international legal cooperation, and enhanced training of legal professionals in international law. The directive also emphasizes domestic priorities such as tackling financial crimes, improving business protections, and developing legal frameworks for digital finance, while reinforcing Hong Kong's role as an international dispute resolution hub.

21 July, 2025: [Albanese's Second Visit to China](#)

Australian Prime Minister Anthony Albanese conducted his second official visit to China from July 12-18, focusing on economic cooperation and relationship stabilization. Xi Jinping praised the relationship's turnaround, stating that China-Australia ties had "risen from the setbacks".

Key outcomes included the announcement of a review of the ten-year-old China Australia Free Trade Agreement and the 8th Australia-China CEO Roundtable. Albanese visited Beijing, Shanghai, and Chengdu, breaking with tradition by including China's inland regions. The visit resulted in agreements on tourism cooperation, steel decarbonization initiatives, and agricultural trade facilitation.

Premier Li Qiang emphasized the complementary nature of the economies, highlighting cooperation opportunities in energy, minerals, agricultural products, green development, and

technological innovation. The visit reinforced Australia's commitment to managing the relationship pragmatically while maintaining its strategic interests.

24 July, 2025: EU-China Summit

The 25th China-EU Summit took place in Beijing on July 24, marking the 50th anniversary of diplomatic relations between China and the European Union. President Xi Jinping met with European Council President António Costa and European Commission President Ursula von der Leyen at the Great Hall of the People.

Xi Jinping [emphasized](#) that China and the EU should "respect each other, seek commonality while reserving differences, uphold openness and cooperation, and pursue mutual benefit". He proposed three key areas for advancing relations: upholding mutual respect to reinforce partnership, maintaining open cooperation while properly handling differences, and practicing multilateralism to safeguard international order.

However, the summit exposed [deepening tensions](#). Von der Leyen told Xi that the EU's trade deficit with China had reached "an inflection point" at €305.8 billion (\$360 billion) in 2024. She urged China to "come forward with real solutions" regarding trade imbalances. The summit, originally planned for two days, was condensed to one day at Beijing's request.

29 July, 2025: US-China Trade Talks

High-level US-China trade talks took place in Stockholm on July 28-29, with US Treasury Secretary Scott Bessent and Chinese Vice Premier He Lifeng leading their respective delegations. The talks aimed to extend the 90-day tariff pause set to expire on August 12.

Chinese trade representative Li Chenggang announced that both sides had "in-depth, candid and constructive" discussions and agreed to work on extending the tariff deadline. US officials described the talks as "very fulsome" but emphasized that any extension would require President Trump's approval.

The negotiations covered various issues including US concerns over China's purchase of Iranian oil, supply of dual-use technology to Russia, manufacturing overcapacity, and Chinese chokehold on rare earth magnets. The talks represent the third round of high-level discussions since May, following earlier meetings in Geneva and London.

➤ **Military**

9 July 2025: [Han Kuang 2025 Exercise](#)

Taiwan conducted its most comprehensive Han Kuang military exercise from July 9-18, lasting 10 days compared to previous five-day iterations. The exercise included 22,000 reservists alongside regular forces and featured new US-supplied equipment including Abrams M1A2T tanks and High Mobility Artillery Rocket Systems.

The 2025 Han Kuang exercise integrated civil defense drills under the new "Urban Resilience Exercise" concept, reflecting lessons learned from the Russia-Ukraine conflict. Scenarios ranged from Chinese gray-zone harassment to full-scale invasion preparations, including urban combat simulations in Taipei.

China reportedly attempted to disrupt the exercises, with 14 PLA Air Force sorties and nine naval ships detected around Taiwan during the drills, with nine aircraft crossing the Taiwan Strait median line.

31 July 2025: [New Military Branch Flags](#) Unveiled on Army Day

On July 31, President Xi Jinping signed an order unveiling official flag patterns for four new branches of the People's Liberation Army: the aerospace force, cyberspace force, information support force, and joint logistics support force. The flags officially entered service on August 1, marking China's Army Day and the 98th anniversary of the PLA's founding.

This development represents the completion of a comprehensive military flag system for the new era, comprising the main PLA flag, the traditional service flags (army, navy, air force, rocket force), and the four new branch flags. The Central Military Commission simultaneously revised military flag administration regulations to standardize management and safeguard the dignity of military symbols.

➤ **Economy**

15 July, 2025: China's Second Quarter GDP Exceeds Expectations

China's economy demonstrated resilience in the second quarter of 2025, with GDP growing 5.2% year-on-year, slightly above market expectations of 5.1%. For the first half of 2025, the economy expanded by 5.3%, maintaining momentum toward the government's annual target of "around 5%" growth.

The quarterly growth of 1.1% from April to June, while down from 1.2% in the previous quarter, still outperformed analyst forecasts of 0.9%. This performance was particularly noteworthy given mounting external pressures, including ongoing trade tensions with the United States.

National Bureau of Statistics Deputy Head Sheng Laiyun described the results as a "hard-won achievement" given the challenging international environment and rising external pressures in the second quarter. The economy demonstrated "strong resilience and vitality" despite facing complex global conditions.

IMF Raises Growth Forecast

The International Monetary Fund upgraded China's 2025 growth forecast to 4.8% from 4.0%, citing stronger-than-expected first-half performance and reduced U.S.-China trade tensions. The revision reflected the effective U.S. tariff rate dropping to 17.3% from 24.4% used in previous calculations.

30 July, 2025: July Politburo Meeting Emphasizes Stability

The Communist Party's 24-member Politburo convened on July 30 to chart economic policy for the second half of 2025. The meeting emphasized maintaining "policy continuity and stability" while adding "flexibility and foresight" to macroeconomic management.

Leaders pledged that "macroeconomic policies must continue to exert force and be strengthened when appropriate" to support achieving full-year economic and social development goals. Unlike previous meetings, there was no explicit mention of interest rate cuts or reserve requirement ratio changes, suggesting a measured approach to monetary policy.

Anti-Involution Campaign Intensifies

The Politburo emphasized governing "disorderly competition among enterprises according to law and regulations" and promoting "capacity governance in key industries". This reflects Beijing's ongoing battle against "involution" (内卷) - excessive competition that leads to diminishing returns and deflationary pressures.

President Xi Jinping separately emphasized the need for China to "effectively enhance consumption and break free from the cycle of involution" during a symposium with non-party figures. The campaign aims to improve corporate profitability and economic sustainability by curbing destructive price wars.

31 July, 2025: [Manufacturing PMI Signals Contraction](#)

China's manufacturing sector returned to contraction territory in July, with both official and private PMI readings falling below the critical 50.0 threshold. The official manufacturing PMI dropped to 49.3 from 49.7 in June, while the Caixin Manufacturing PMI fell to 49.5 from 50.

The contraction was driven by renewed weakness in new orders, which fell to 49.4 from 50.2 in the official survey. New export orders declined for the fourth consecutive month, dropping to 47.1 from 47.7, as global trade uncertainty and U.S. tariff concerns weighed on external demand.

Industrial Output Resilience

Despite PMI weakness, industrial output showed resilience with a 6.8% year-on-year increase in June, up from 6.7% in May and marking the fastest growth since March. Value-added industrial output for enterprises above designated size maintained strong momentum throughout the first half of 2025.

Production remained above the 50.0 expansion threshold at 50.5 in July, though down from 51.0 in June. This relative strength suggested continued manufacturing activity despite softening demand conditions.

About the Author

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