



3 Main Points

Main question: How do current trade patterns illustrate the evolving economic and strategic relationships between India, China, and Russia?

Argument: China leverages manufacturing and technology dominance, Russia pivots energy exports to Asia, and India balances national security needs with economic growth.

Conclusion: Present trade patterns show deepening interdependence, with each power exploiting its comparative advantage, reshaping Eurasian economic and energy flows.

About the Authors

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Euro-Asian Power Dynamics

Introduction

As the summer holidays concluded, two events in China captured global attention. First, the Shanghai Cooperation Organisation (SCO) summit convened in Tianjin from August 31 to



September 1, bringing together 24 countries in the organisation's largest gathering to date. Just two days later, China hosted its 19th military parade to mark the 80th anniversary of Victory over Japan Day. Both events stood out for the strong presence of nations from the Global South. Most notably, China and Russia continued to [deepen](#) their partnership amidst calls for “real multilateralism” and opposition to “Western hegemony”. Concurrently, Prime Minister Modi paid a historic visit to China – his first in seven years. This trip, set against the backdrop of deteriorating US–India relations, signalled a potential thaw in long-standing tensions over border disputes in Aksai Chin and Arunachal Pradesh. At the same time, India's ties with Russia also saw significant improvement. Despite Western pressure to reduce trade, Modi and Putin [pledged](#) to enhance cooperation across “all sectors,” including energy and agricultural products. Given the importance of economic issues in their bilateral relations, this brief thus aims to analyse the trade underscoring the evolving relations between the three Euro-Asian powers.

India–China

The reset of relations between the two powerhouses stems from changing geopolitical dynamics, notably the deterioration of US–India trade relations. However, rather than a reaction to Trump’s imposition of a 50% tariff on India, the [rapprochement](#) between India and China has gradually unfolded throughout the first half of 2025. While India resumed tourist visas for Chinese nationals, China promised to resume exports of key goods for India, such as fertilisers, rare earths, and tunnel-boring machines. Moreover, the Indian government is considering [easing its restrictions](#) on Chinese investments and potentially allowing 20–25% Chinese investments in selected sectors. These include some of the industries hurt the most by US tariffs, such as textile machinery, farm equipment, electrical goods and auto components manufacturing, and renewable energy. Some [reports](#) also mention a potential high-level corporate cooperation between India’s Adani Group and China’s BYD to manufacture batteries in India. [Other major corporations](#) are also pursuing joint ventures and strategic collaborations with Chinese suppliers. Nevertheless, Chinese



investments will continue to be under scrutiny, with strategic sectors, such as defence and telecom installations, excluded from the proposal. The thaw between India and China thus presents opportunities for China to access India's vast market, while India seeks to gain investments and access to China's advanced technologies.

However, it is important to note that the [India–China trade balance](#) is heavily unbalanced in Beijing's favour, with India's imports from China totalling \$113.45 billion in Fiscal Year (FY) 2024–25, while exports to China stand at just \$14.25 billion. The trade deficit has steadily expanded from \$1.1 billion in FY2003–04 to the current \$99.2 billion. Apart from the size of the deficit, its structure is equally important. China [dominates](#) India's imports in several key industry categories, including electrical equipment, machinery, active pharmaceutical ingredients, and auto components, as well as strategic sectors such as raw materials. Despite having the third-largest rare earth reserves in the world, India depends on China for its rare earth imports, which is proving to be one of New Delhi's most [pressing challenges](#).

Moreover, India has long been relying on Chinese clean energy components, such as solar PV cells, modules, batteries, wind power equipment, and EV parts. As the most populated country in the world, India has a high demand for renewable energy. The government is [targeting](#) 500 GW of renewable energy capacity by 2030, with 209 GW already installed by late 2024. To boost the local clean energy industry, the Indian government has increasingly made use of [policy interventions](#) to reduce Chinese imports. These include anti-dumping investigations, tariffs, or additional content requirements. The amount of such measures particularly spiked after 2019, with more than 20 imposed in 2020 alone. These trade measures were also heavily focused on the solar energy sector, with others affecting the battery, wind, and biomass sectors. Like the EU, India strives to achieve energy self-reliance through these measures, yet [they](#) have raised project costs without significantly boosting domestic capabilities.



China–Russia

Since the beginning of the war in Ukraine, Chinese exports to Russia have increased by more than 60% and the overall [Russia–China bilateral trade](#) reached a record \$245 billion in 2024. Apart from supporting the Russian economy, China has been crucial for sustaining the Russian war efforts through its supplies of dual-use goods – items with both civilian and military applications. In the first half of 2025, China [exported \\$1.9 billion](#) worth of products designated as “high-priority” dual-use goods. Moreover, many other exports fall outside this category yet remain crucial for Russia’s war in Ukraine. For example, exports of manganese ores and concentrates, which are crucial for the manufacturing of tanks, armoured vehicles, and artillery, have increased from 42 tonnes in 2023 to 126,000 tonnes in 2025. Exports of turbojet engines and ballistic fibres have also surged dramatically.

On the energy front, Russia has also profited massively from Chinese demand for fossil fuels. Through the Power of Siberia pipeline, Russian gas exports to China reached 31 billion cubic metres in 2024 and are [projected](#) to rise to 38 billion cubic metres this year, further aiding Russia’s efforts to [almost](#) completely divest away from the European market. China is also importing record volumes of Russian crude oil, [reaching](#) around 108.5 million metric tonnes in 2024, which [plays](#) an important role in bilateral relations. Although further Western sanctions on Russian oil have somewhat dampened Chinese interest, the overall demand for fossil fuels [remains](#) high. At the end of the day, enhanced energy ties align with the broader strategic goals between Putin and Xi, who are continuing to divest from Western supply chains in a bid to counter Western dominance and reduce shared vulnerabilities to energy disruptions and sanctions.

However, the total bilateral trade between Russia and China [decreased](#) by 8% year–on–year from January to July 2025. The downturn can be mostly attributed to specific categories, with Russia’s smartphone and computer imports from China dropping by 27.5% and vehicle imports by 46%, as a result of Moscow’s efforts to push Chinese car manufacturers toward local production. The decline was partly offset by an increase in



shipments of de minimis parcels (low-value goods exempt from import duties) from China and Russia's exports of raw materials. Apart from harming the Russian economy, the decline in bilateral trade reduces [foreign currency inflows](#) into Russia and limits the purchasing power of Russians.

India–Russia

[India–Russia bilateral trade](#) has increased sixfold from pre-pandemic levels, reaching \$68.7 billion in FY2024–25. The trade balance is heavily unbalanced, with Russian exports amounting to \$63.84 billion. The remaining Indian exports are mostly agricultural products, chemicals, pharmaceuticals, and machinery.

Perhaps the most notable aspect of the bilateral trade relation is India's massive purchases of Russian oil. India's [pivot](#) to discounted Russian oil since mid-2022 has helped save at least \$10.5 billion between 2023 and 2024, largely benefiting Indian refineries reselling the oil to European markets and beyond. By mid-2025, 47% of Russian crude exports [were](#) exported to China, while India purchased 38%. This energy partnership carries strategic and economic significance for both countries, as Russia seeks to redirect its energy exports towards Asia amid Western sanctions, while India secures affordable energy supplies to meet its growing demand and energy security goals.

Apart from supplying oil, Russia has been important for India's defence sector, with Russia's arms exporter [Rosoboronexport](#) supplying fighter jets, military transport aircraft, air defence systems, and helicopters. Similarly, although the Russian Sukhoi Su-30 fighter aircraft is [being produced](#) in India, the Indian manufacturer Hindustan Aeronautics Limited depends on the licensor for the critical avionics components. Moreover, following India's plans to deploy at least two to three squadrons of fifth-generation fighter aircrafts, Russia is currently [assessing the possibility](#) of manufacturing its Sukhoi Su-57 fifth-generation fighter jets in India. Increased cooperation is also planned in [other key sectors](#), such as fertilisers, railways, and mining technologies.



Conclusion

The bilateral trade relations between India, China, and Russia underscore the countries' relationships and reflect major geopolitical shifts underway. China is leveraging its large manufacturing base, shaping regional supply chains and technological dependencies. Imports of dual-use goods and energy trade with China and India have been crucial for Russia's war against Ukraine, as the two countries account for a combined 65% of Russian crude oil exports, highlighting Moscow's pivot to Asia. Meanwhile, India is balancing dealing with a severely skewed trade relationship with China, while also navigating American tariffs.

All in all, the structure of trade between the three countries suggests deepening cooperation, with each making use of its comparative advantage; China in manufacturing and technology, Russia in energy, and India in consumption and emerging markets. As China's, Russia's, and India's strategic and economic relationships strengthen, a critical question emerges – how will the trilateral dynamics in trade and energy evolve, and what effects will they have on regional and global economic patterns?