



As US President Donald Trump's tariffs trigger a wave of financial and diplomatic disputes, Asia's largest powers are reassessing their alliances and strategic priorities, signalling a significant shift from the dynamics that have shaped the past decade.

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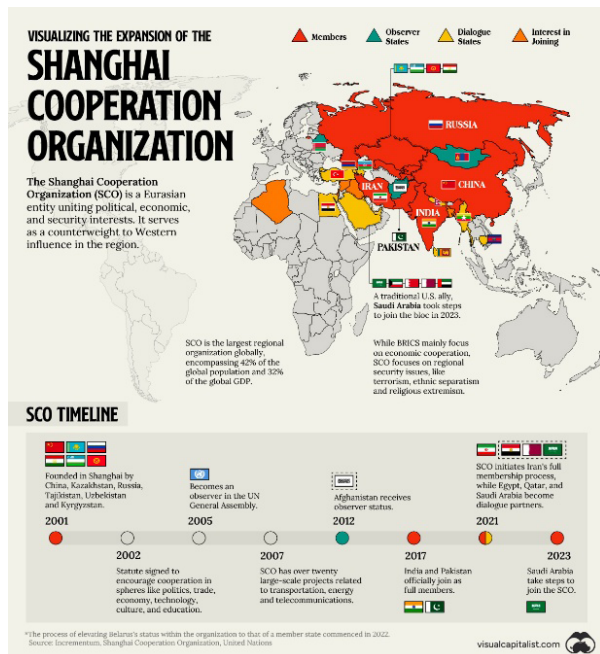
Introduction

Beijing has made a strategic statement on the world stage. By hosting the largest Shanghai Cooperation Organisation (SCO) summit to date, followed closely by its most significant military parade, the sequencing left little open to interpretation. Vladimir Putin stood beside Xi Jinping during the parade, while Narendra Modi voiced his commitment to deeper cooperation at the summit. The message was clear: Beijing is forging stronger ties with key partners to quietly reshape the global balance of power.

Deals, diplomacy, and displays

September's first week belonged to China as regional powers gathered for the SCO Summit on 1 September and two days later, Beijing staged its largest military parade to mark the 80th anniversary of WWII's end.

Composed of China, Russia, India, Pakistan, Iran, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, the SCO is standing as the world's largest regional organisation counting 42% of the global population.



Source: Visual Capitalist

During this summit, Chinese president Xi Jinping, called for “true multilateralism” consisting of a people-centred approach with concrete actions. In the continuity of these values, Beijing announced an ambitious financial commitment, pledging 2 billion yuan (US\$280 million) in grants to SCO members over the course of this year, as well as an additional 10 billion yuan (US\$1.4 billion) in loans distributed over the next three years. In parallel, a new decade-long strategy was introduced, accompanied by 24 agreements spanning security, economic cooperation in energy and the green industry as well as cultural exchange.

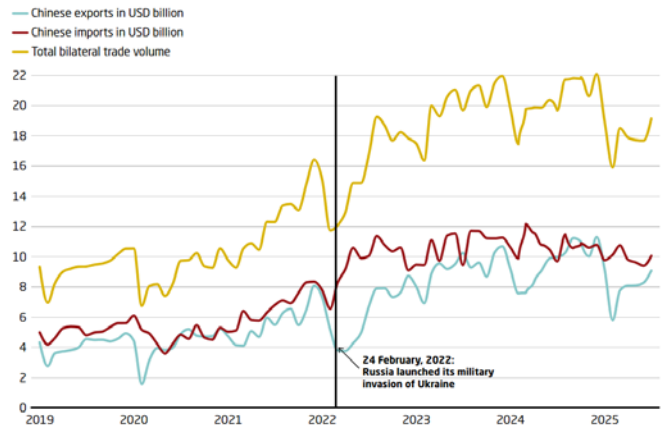
However, on the sidelines of the SCO summit and the Beijing military parade, Xi met separately with Russian President Putin, Indian President Modi, and North-Korean Leader Kim for bilateral discussions.

In early September, Putin and Xi concluded deals of high strategic significance in response of the ongoing US and EU sanctions towards Russia due to their military conflict with Ukraine. This engagement consisted of a memorandum for the construction of the long-delayed Power of Siberia 2 gas pipeline, a big milestone for the two nation's energy

partnership. Thanks to this key energy partnership, China is securing the delivery of 50 billion cubic meters annually for 30 years and significantly expanding its existing energy routes. Furthermore, the two countries signed over 20 bilateral agreements covering AI, space exploration and lunar regolith monitoring projects, agriculture, along with the introduction of a visa-free travel regime for Russian citizens starting 15 September 2025.

China-Russia trade has surged since Ukraine invasion

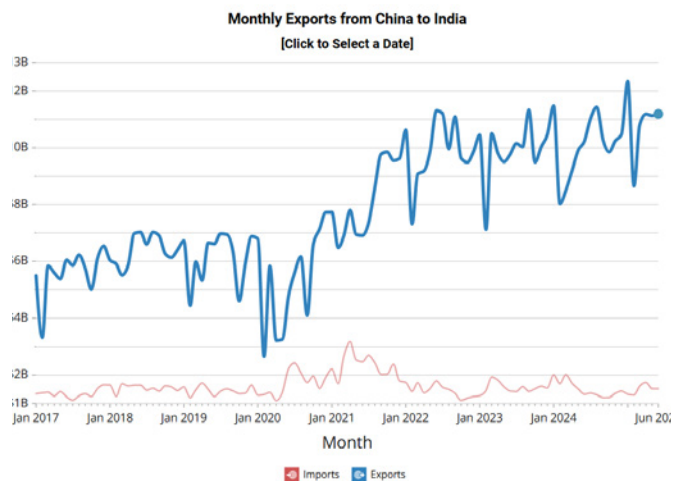
Development of monthly bilateral trade volumes since 2019



Source: Stockholm Centre for Eastern European Studies

Switching energy partners, Russian President Putin also struck a crucial deal with New Delhi, agreeing to boost Russian oil exports to India by 20% starting September 2025. This made the bilateral trade between the 2 nations surge to \$68.7 billion, making India the second-largest buyer of Russian crude oil.

On the other hand, India's talks with Beijing marked a fresh start after years of border tensions. Ahead of the SCO summit, the Chinese Foreign Minister's visit to Delhi was seen as both an economic and diplomatic success. China pledged greater market access for Indian goods to help narrow the \$99.2B trade deficit and expressed support for India's upcoming BRICS presidency. The growing strain in US-India relations also provides Beijing with a strategic opening to challenge Washington's Indo-Pacific strategy, in which India plays a central role as part of the Quad alliance aimed at countering China's influence.



Source: The Observatory of Economic Complexity

President Xi emphasised that border disputes should not overshadow the broader China-India relationship, telling Modi that “as long as they remain committed to the overarching goal of being partners, not rivals, and providing development opportunities, not threats, China-India relations will flourish.”

Meanwhile, North Korea quietly played a supportive role. During the summit and parade, Kim Jong Un reaffirmed his country's "fraternal duty" to support Russia. Intelligence reports estimate that over 10,000 North Korean troops are already deployed to assist Russia, with additional deployments of 6,000 soldiers under consideration. On the other side, the Chinese President pledged deeper strategic coordination between the neighbouring countries, extending China's influence over Pyongyang, which relies on Beijing for 95% of its trade.

Washington's strike back

While the United States' sanctions and tariffs acted as a catalyst for Asia's realignment and strengthening of regional alliances, the White House's reaction was not long in the coming.

Starting with the Russian crude oil deal with India, President Trump announced an additional 25% tariff on Indian goods, doubling the total export tariff to 50%. The move was widely seen as an attempt to pressure New Delhi over its partnership with Moscow and signal growing friction between the US and India. The Trump administration floated the idea of raising tariffs to a staggering 500% on goods from countries importing Russian crude oil. However, the effectiveness of these measures and threats remain questionable as, instead of the attempted isolation of Russia, these tend to further distance Asia from the west, encouraging them to trade with one another and deepening their regional ties.

The proposed 500% tariffs could be implemented sooner than expected. The US, backed by more than 80 co-sponsors, is ready to move forward with the plan, alongside an additional ban on American investment in Russia's energy sector. As of 8 September, the European Union has also entered discussions with Washington over new joint sanctions targeting Russian banks and oil trade. These talks follow Moscow's 7 September airstrike on Ukraine, the largest since the start of the war, which has further eroded Western hopes for meaningful negotiations between Kyiv and Moscow.

President Trump's latest move was to revoke Taiwan Semiconductor Manufacturing Company's (TSMC) "Validated End-User" status, which had allowed shipments from its Nanjing facility without individual export licenses. This effectively curbs

China's access to advanced semiconductor technologies. In parallel, the US Commerce Department is preparing to impose strict new restrictions on Chinese exports of drones and medium-to-heavy vehicles.

These measures also have indirect consequences for North Korea, whose economy depends heavily on trade with China. Taken together, they reflect Washington's strategy of tightening control over critical technologies to preserve its current edge in advanced equipment.

What lies ahead for Asia and the world?

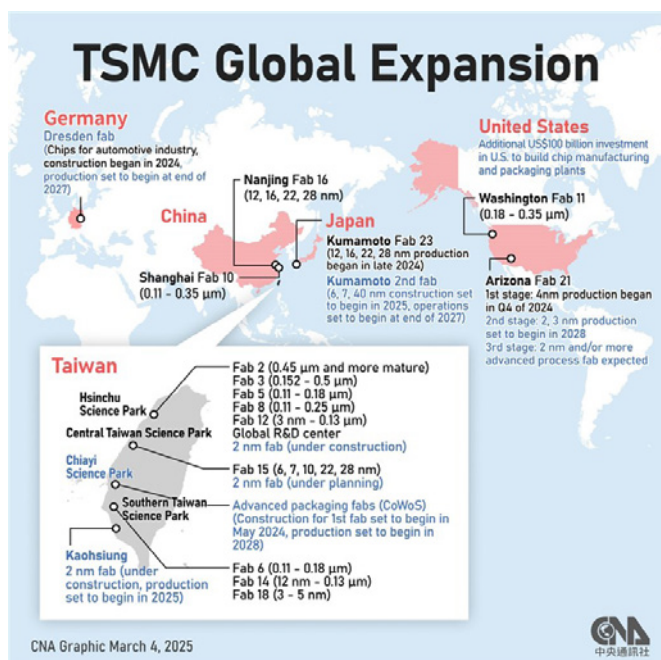
The growing alignment in energy, trade, security, and technology among China, India, Russia, and North Korea highlights the rise of a new economic and political axis in Asia. For global markets, this signals a shift toward stronger regional alliances outside the West, with energy flows increasingly redirected eastward and the potential development of new financial mechanisms within the SCO. One potential outcome of the SCO Summit is the revitalisation of the BRICS organisation, with prospects of aligned energy policies, coordinated technological development, and expanded investments across all five continents. Over time, such mechanisms could reduce reliance on the US dollar and reshape the balance of global finance.

Meanwhile, the United States is being forced to rethink its approach. With the prospect of further tariff adjustments and ongoing geopolitical tensions, Washington must choose between exerting more pressure or seeking compromise.

Looking forward, the future of these alignments may hinge on India's positioning. New Delhi could continue leaning on Moscow and Beijing for energy and trade diversification or pivot back toward closer cooperation with Washington. Recent US-India talks have taken a conciliatory tone. India suggested reducing its retaliation tariffs on US goods to 0%, Washington has yet to comment on any intention of revising its 50% tariffs on Indian exports. Nonetheless, commitments made during the SCO summit could be the beginning of a total reshaping of capital flows and supply chains across Eurasia.

Conclusion

The September SCO summit delivered more than diplomatic handshakes. It highlighted growing cooperation between Asia's major economies in areas such as energy, trade, and security. As the United States pursues their tariff and sanction policies to maintain their influence, these measures could be rather accelerating alternative alliances and prioritisation, reshaping global trade dynamics for the decades to come.



Source: Focus Taiwan CNA English News

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