



Delhi Policy Group

Advancing India's Rise as a Leading Power



China Monitor

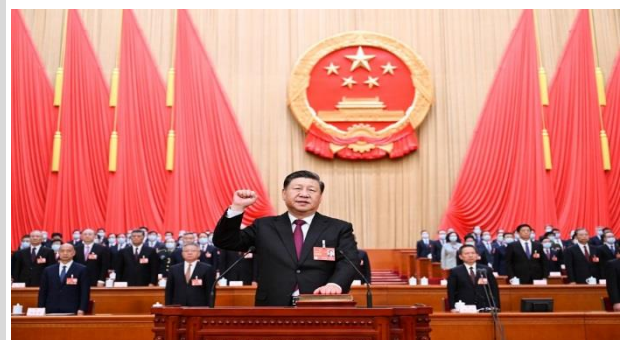
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China Monitor

The DPG China Monitor features developments related to China during the month and is compiled by our research team comprising Brig. Arun Sahgal (Retd.), Senior Fellow, Dr. Angana Guha Roy and Sanket Joshi, Research Associates, from open-source reports and publications.

Cover Photograph:

India's External Affairs Minister Dr. S. Jaishankar met Chinese Foreign Minister Qin Gang on the sidelines of the G20 Foreign Minister's Meeting in New Delhi on March 2, 2023.

Source: [Twitter/@DrSJaishankar](https://twitter.com/DrSJaishankar)

Chinese President Xi Jinping meets Russian President Vladimir Putin in Moscow on March 20, 2023. Source: [Ministry of Foreign Affairs of the People's Republic of China](#)

Xi Jinping, elected President of the People's Republic of China (PRC) for the third term pledges allegiance to the country's Constitution on March 10, 2023. Source: [Xinhua/Xie Huanchi](#)

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Abstract

On March 2, 2023, India's External Affairs Minister Dr. S. Jaishankar met newly appointed Chinese Foreign Minister Qin Gang on the side-lines of the G20 Foreign Minister's meeting in New Delhi. The Ministers reviewed challenges to bilateral relations, in particular, "peace and tranquillity in border areas". Dr. Jaishankar in his remarks highlighted that the current state of India-China relations remains "abnormal" and the situation along the LAC in eastern Ladakh "very fragile" and "quite dangerous".

Amidst continuing border tensions, the Indian Army and Air Force carried out a 96-hour joint exercise, 'Vayu Prahar', in the Eastern sector aimed at enhancing the readiness of the two forces for executing joint operations in a multi-domain environment.

The Indian government has constituted a committee to fast-track the implementation of infrastructure projects along the LAC with China. 37 new border roads with a cumulative length of 875 km are under consideration.

The Annual Threat Assessment of the US Intelligence Community, released on March 8, warned that the "expanded military postures" of India and China along the LAC elevate the risk of "armed confrontation" between the two countries.

H.H. The Dalai Lama has named a US-born Mongolian boy the '10th Khalkha Jetsun Dhampa Rinpoche' - the third highest rank in Tibetan Buddhism, reigniting the larger question of the 14th Dalai Lama's own reincarnation. China maintains that it will only recognise Buddhist leaders of its own choosing.

Six years after the Doklam standoff, Bhutanese Prime Minister Lotay Tshering's statement that Beijing has an equal say in finding a resolution to the dispute is troubling for New Delhi. India is opposed to China extending its footprint in Doklam as the plateau lies close to the sensitive Siliguri corridor.

Taiwanese President Tsai Ing-wen's stopover in the US on her trip to Central America added further strains to US-China relations. Amidst mounting Chinese criticism of the US role in the South China Sea, the Philippines announced that the US will have access to four more military bases across the country, including one in a province overlooking Taiwan.

US Joint Chiefs of Staff Chairman Gen. Mark Milley warned that while “war with China or Russia is neither inevitable nor imminent”, “any attempt by China to give lethal aid to Russia in its war with Ukraine will broaden the conflict beyond the region”.

President Xi Jinping visited Moscow from March 20-22, 2023. In a joint statement, the two sides stressed “deepening the comprehensive strategic partnership between the two countries for a new era”.

On March 7, 2023, in his first major foreign policy statement, Foreign Minister Qin Gang highlighted China’s firm opposition to hegemonism and power politics including the US Indo-Pacific Strategy seeking to create an Asia-Pacific version of NATO. He called for advancing China-Russia relations based on “non-alliance, non-confrontation, and non-targeting of any third party”, and resolution of the Ukraine crisis through peace talks.

On March 5, 2023, Li Keqiang delivered a “Report on The Work of the Government” to the NPC, his final report as China’s Premier. China targeted GDP growth of around 5 percent for 2023, and announced a defence budget of CNY 1.55 trillion (USD 224.79 billion) for 2023, an increase of 7.2 percent over 2022.

On March 10, 2023, the 14th National People’s Congress (NPC) unanimously elected Xi Jinping as the President of the People’s Republic of China (PRC) and the Chairman of the Central Military Commission (CMC) for an unprecedented third term. President Xi appointed Li Qiang as China’s new Premier.

Premier Li Qiang called upon the government to “ensure sound and faithful implementation of the decisions of the CPC Central Committee”, implying a possible weaker role of the State Council in national decision-making.

President Xi, in his address to the NPC, stressed on coordinating development and security for building China into a great modern socialist country in all respects. Xi also called for adhering to the one-China principle by resolutely opposing Taiwan independence separatist forces.

President Xi proposed “Global Civilization Initiative” calling for respecting the diversity of civilizations, advocating common values of humanity, valuing civilizational inheritance and innovations, and jointly advocating robust international people-to-people exchanges.

Foreign and Security Policy

I. China-India Relations

External Affairs Minister Dr. S. Jaishankar met Chinese Foreign Minister Qin Gang on the sidelines of the G20 Foreign Ministers' meeting in New Delhi on March 2, 2023. During the subsequent press meeting, Dr. Jaishankar emphasised that the “thrust of the meeting” was to review the challenges confronting bilateral relations, in particular, “peace and tranquillity in border areas”.¹ In a subsequent remark at a media conclave on March 18, Dr. Jaishankar described the situation along the Line of Actual Control (LAC) as “very fragile” and “quite dangerous”.²



India's External Affairs Minister Dr. S. Jaishankar met Chinese Foreign Minister Qin Gang on the sidelines of the G20 Foreign Minister's Meeting in New Delhi on March 2, 2023.

Source: [Twitter/@DrSJaishankar](https://twitter.com/DrSJaishankar)

India's Ministry of External Affairs (MEA) in its Annual Report 2021-22 released on March 13, stressed that China's continued unilateral attempts to change the status quo at the LAC has impacted bilateral relations, making engagement

¹ “Jaishankar meets China's Qin; says status of ties ‘abnormal’,” The Indian Express, March 3, 2023

² “Situation at LAC in eastern Ladakh very fragile, dangerous: Jaishankar,” The Indian Express, March 19, 2023

with China complex. It underscored that despite tensions the two sides have managed their differences so as not to escalate tensions. Days after the MEA report was published, China's chargé d'affaires Ma Jia remarked in a media interaction "Neither of us wants a war [or] confrontation along the border areas. As long as we have this kind of intention and understanding of each other, I still have the confidence that we can find a way out". Adding that, it is not easy to reach an agreement on the border issue and cited it as complicated.³

Chief of the Army Staff (COAS) General Manoj Pande at a news conclave confirmed that the PLA had not reduced troops along the LAC and was continuing to upgrade its military posture at a hectic pace.⁴ He informed that, China continues to deploy nearly 50,000 troops with heavy weaponry since the transgressions in Ladakh on May 5, 2020. Subsequently speaking at a seminar on 'Rise of China and its Implications for the World', Army Chief highlighted that continued Chinese attempts at transgressions across the LAC in violations of past agreements/protocols, remains a matter of concern, maintaining India has adequate reserves to deal with any contingency.⁵

In another development, China did not take part in G20 meeting themed "Research and Innovation Initiative Gathering (RIIG)" in Arunachal Pradesh, which China claims as a part of Tibet. China, however, gave no reason for its absence.⁶

The Annual Threat Assessment of the US Intelligence Community⁷, released on March 8 warned that the "expanded military postures" of both countries along the Line of Actual Control (LAC) elevate the risk of "armed confrontation" between the two neighbours.⁸ A bipartisan resolution was introduced in the US Senate on March 15 to recognise Arunachal Pradesh as an integral part of India. The resolution condemns Chinese provocations, including China's use of military force to change the status quo along the LAC, construction of villages in contested areas, publication of maps with Mandarin-language

³ "China and India, we do not want a war", says Chinese diplomat Ma Jia," Mint, March 22, 2023

⁴ "Fully deployed India-China forces is new normal on LAC," The Hindustan Times, March 18, 2023

⁵ "Transgressions may potentially trigger escalations along LAC with China: Army chief," The Hindu, March 28, 2023

⁶ "China stays away from G20 meet in Arunachal Pradesh," The Times of India, March 27, 2023

⁷ "2023 ANNUAL THREAT ASSESSMENT OF THE U.S. INTELLIGENCE COMMUNITY" Office of the Director of National Intelligence, March 8, 2023

⁸ "US intelligence warns of risky confrontation between India and China at LAC," Wion, March 9, 2023

names for cities and features in the Indian state of Arunachal Pradesh, and expansion of Beijing's territorial claims in Bhutan.⁹

Amidst these continuing tensions, in second week of March, Indian Army and Air Force carried out a 96-hour joint exercise in Eastern sector, codenamed 'Vayu Prahar'. The exercise revolved around the mobilisation of a "rapid action force" which included mobilisation of special forces, from the hinterland to undertake air-land operations in higher altitude terrain along the LAC. The exercise was aimed at enhancing the military readiness for executing joint operations in a multi-domain environment.¹⁰

Meanwhile, the Indian government has decided to set up a committee to fast-track the implementation of infrastructure projects along the border with China. Government is considering a proposal to build 37 more roads with a cumulative length of 875 km along the India-China border.¹¹

H.H. The Dalai Lama has named US-born Mongolian boy the '10th Khalkha Jetsun Dhampa Rinpoche' - the third highest rank in Tibetan Buddhism, reigniting the larger question of the 14th Dalai Lama's own reincarnation. This is likely to upset China which has always maintained that it will only recognise the Buddhist leader chosen by Beijing.¹² The Dalai Lama's reincarnation is a civilizational struggle between China and Tibetans over who controls the Tibetan Buddhism. It has deep ramifications on international politics, bringing India into the centre of controversy.¹³

II. China-South Asia Relations

Six years after India and China's face off in Doklam, Bhutan Prime Minister Lotay Tshering's statement that Beijing has an equal say in finding a resolution to the dispute over the high-altitude plateau which India believes has been illegally occupied by China, is raising concerns in New Delhi. Bhutanese PM's remarks are deeply problematic for India, which is opposed to China extending its footprint in Doklam plateau which lies close to the sensitive Siliguri corridor, the narrow tract of land that separates India's North-eastern states from the rest

⁹ "US recognises Arunachal Pradesh as an integral part of India: US Senate resolution," The Week, March 15, 2023

¹⁰ "Army & IAF conduct exercise for swift mobilisation of troops along LAC in Arunachal," The Times of India, March 23, 2023

¹¹ "Government mulling proposal to build 37 more roads worth Rs 13,000 crore along India China Border," The Times of India, March 27, 2023

¹² "Dalai Lama names US-born Mongolian boy third highest leader in Buddhism: All about him", Business Today, March 30, 2023.

¹³ "The question of the Dalai Lama's succession: what tradition says and Chinese interference," The Indian Express, March 30, 2023

of the country. Statement appears to allude, that Thimphu's willingness to negotiate the status of the tri-junction in Doklam between India, China and Bhutan, which lies at the heart of the dispute. So far there has been no official reaction from New Delhi.¹⁴

Amidst Pakistan's ongoing economic crisis, boosting its efforts to secure bailout from the IMF, China has reportedly rolled over loans worth USD 2 billion.¹⁵

A report titled 'The Future of the China-Pakistan Military Relationship' described the current status of China-Pakistan relationship as "a threshold alliance"¹⁶ The report argues that it may not lead to a full-fledged future alliance, "potentially due to China's own missteps, or due to opponents' active measures to arrest the relationship".¹⁷

In the backdrop of the erstwhile signed memorandum of understanding under the Global Development Initiative, China and Pakistan will be cooperating in the areas of education, health, agriculture, and, climate change. Chinese Global Development and Global Security Initiative carry significance for 'human progress' according to Moin ul Haque, Pakistan's Ambassador to China.¹⁸

Islamabad decided to skip the Democracy Summit (March 28-30), opting instead to engage with the US bilaterally to strengthen democratic values.¹⁹ China has not been invited to the Democracy Summit, following widespread crackdown on human and democratic rights in the country.

After agreeing to restructure Sri Lanka's loans, China said that it would play a positive role" in helping Sri Lanka get through the debt crisis. At a press briefing foreign ministry spokesperson Mao Ning said "China is ready to work with relevant countries and international financial institutions to play a positive role

¹⁴ "In Doklam stand-off Bhutnese PM's China remark raises concern in India," NDTV, March 28, 2023.

¹⁵ "China rolls over USD 2 billion as loan to Pakistan: Finance Minister", The Indian Express, March 31, 2023.

¹⁶ "Beijing's opponents 'may not allow' alliance with Pakistan," Dawn, March 28, 2023

¹⁷ "A Threshold Alliance: The China-Pakistan Military Relationship," US Institute of Peace, March 22, 2023

¹⁸ "Envoy says Pakistan shares China's vision," China Daily, March 29, 2023

¹⁹ "Wary of China, Pakistan opts out of democracy summit in Washington," The Indian Express, March 28, 2023

in helping Sri Lanka cope during its current difficulties, ease its debt burden and achieve sustainable development."²⁰

At the annual Spring Dialogue in Dhaka, Chinese Ambassador to Bangladesh Yao Wen articulated China's positions on multiple issues, including China's economic growth target for 2023, China's defence budget, GDI, GSI, Belt and Road cooperation between China and Bangladesh, bilateral trade and investment, displaced people from Myanmar to Bangladesh, Ukraine crisis, China-Russia relations, China-India relations, and the Indo-Pacific Strategy.²¹

According to media reports, China is lobbying hard to obtain a contract for the upgradation of Bangladesh railway network despite concerns expressed by local railway authorities about higher cost estimates of the Chinese companies.²² Meanwhile, in an interview, Bangladesh Prime Minister Sheikh Hasina said that her government was "very careful" about issues of development partnership with China, underscoring Dhaka was not dependent on any particular country for overseas assistance. Her remarks were made amid global concerns over mounting debt of smaller countries toward Beijing.²³

Chinese President Xi Jinping congratulated Ram Chandra Poudel on assuming office as President of Nepal.²⁴ In his message, Xi said China attaches great importance to the development of bilateral relations, and is willing to work with Poudel to carry forward the traditional friendship between the two countries, consolidate mutual political trust, advance high-quality Belt and Road cooperation, expand cultural and people-to-people exchanges, so as to constantly promote the strategic partnership of cooperation featuring everlasting friendship for development and prosperity.²⁵

Bishnu Pukar Shrestha, Ambassador of Nepal to China during a symposium on China-Nepal friendship held in Beijing said Nepal is inspired by China achieving all its growth targets last year, setting a 5 percent growth target for this year and continuing to increase employment.²⁶ A week earlier in an

²⁰ "China says to play 'positive role' in helping bankrupt Sri Lanka," Macau Business, March 8, 2023

²¹ "China adheres to true multilateralism': Ambassador Yao Wen," United News of Bangladesh, March 15, 2023

²² "China lobbies hard to bag railway contract in Bangladesh despite local authorities' cost concerns," The Economic Times, March 22, 2023

²³ "Bangladesh 'very careful' about loans from China: Sheikh Hasina," The Tribune, March 22, 2023

²⁴ "Xi Jinping Sends Congratulatory Message to Ram Chandra Poudel on His Assuming Office as President of Nepal, China Daily, March 14, 2023.

²⁵ Ibid.

²⁶ "China and Nepal embrace new era of friendship," China Daily, March 20, 2023

interview to 'Kathmandu Post' same ambassador had lamented delay in BRI projects claiming "China's reluctance to prioritise investment in Nepal's projects. Due to which, we have not started discussing how much money China will invest under the BRI and what will be Nepalese share."²⁷ Discussing China's relations with Nepal's communist party he said, "China has been suggesting that the two communist parties should work together, maintaining that this does not tantamount to interference, or using leverage to bring about another communist unity in Nepal."²⁸

III. China-United States Relations

After US President Joe Biden and Canadian Prime Minister Justin Trudeau issued a joint statement on March 24 reiterating the importance of maintaining peace and stability in the Taiwan Strait, Chinese Foreign Ministry spokesperson Mao Ning reacted claiming the US and Canada have no right to interfere in Taiwan question, as it is China's internal affair concerning its sovereignty and territory integrity.²⁹

Amid strained US-China ties, Taiwan's President Tsai Ing-wen will make stopover in the United States on her trip to Central America. Ahead of the visit, senior US officials in Washington and Beijing underscored that such transit stopovers in the United States during travel by the Taiwanese president have been routine. Suggesting this should not be used as a pretext by China to step up aggressive activity in the Taiwan Strait.³⁰

Amidst mounting Chinese criticism over the American role in the South China Sea, Philippines announced that the US will have access to four more military bases across the country, including one in a province overlooking Taiwan. In a sharp reaction, spokesperson for the Chinese Embassy in Manila said that bundling Philippines into the "chariots of geopolitical strife" will harm Philippines' national interest endangering regional peace and stability.³¹

Vice President Kamala Harris in a weeklong trip to Africa is slated to pitch the United States as a better partner than China, which has invested heavily in the

²⁷ "China's projects don't always get conducive environment in Nepal", The Kathmandu Post, March 6, 2023

²⁸ Ibid.

²⁹ "U.S., Canada have no right to point fingers at Taiwan question: Chinese foreign ministry," CGTN, March 27, 2023

³⁰ "US: No reason for China to react to Taiwan leader stopover," Associated Press, March 22, 2023

³¹ "US Acquires 'Critical' Military Base Overlooking Taiwan & Claimed By China; Beijing Calls The Move 'Provocative'," The Eurasian Times, March 23, 2023

continent over several decades. Harris will discuss China's engagement in technology and economic issues in Africa that concern the United States, as well as China's involvement in debt restructuring, senior U.S. officials said.³²

Recently Chinese state media published an assessment elucidating the views of Chinese experts on the emerging nature of US- China ties. It mentioned China is currently paying more attention to how the US reacts to vital issues concerning China-US ties, such as the planned transit of Taiwan regional leader Tsai Ing-wen in the US and the "balloon incident," adding that "US is sending very chaotic signals regarding China-US ties. It stresses communication in words but continues to strengthen contradictions in actual implementation".³³

Another report published by the Global Times elaborated on the Public Attitudes towards US-China trade war.³⁴ The survey explored how the people view the emerging trade war.

In a series of high-level statements, China continued its severe criticism of the state of US democracy. In a report titled 'The State of Democracy in the United States: 2022', Beijing shed light on the "chronic ills of American democracy" including "political polarisation", "surge in money politics", "freedom of speech in name only", and "judicial system blind to public opinion".³⁵

State Council also released a 'Report on Human Rights Violations in the United States in 2022' in which it highlighted "hollowed-out American-style electoral democracy", "growing racial discrimination and inequality", "worsening subsistence crisis among US underclass", "historic retrogression in women's and children's rights", and "wanton violation of other countries human rights and trampling on justice".³⁶

³² "US Vice President Harris to address China's influence and debt distress in Africa visit," Reuters, March 24, 2023

³³ "Chinese experts remain cautious about China-US ties amid complex signals," Global Times, March 27, 2023

³⁴ "Nearly 60% of US respondents believe US-launched trade war against China hurts US: GT poll," Global Times, March 26, 2023

³⁵ "The State of Democracy in the United States: 2022", Chinese Ministry of Foreign Affairs, March 20, 2023.

³⁶ "Full text: The Report on Human Rights Violations in the United States in 2022", China Daily, March 28, 2023.

IV. China-European Union Relations

The EU has agreed on a new trade defence tool allowing it to retaliate against countries using punitive measures such as China's block on Lithuanian imports over its relationship with Taiwan. The anti-coercion instrument is the latest in a series of recent unilateral measures adopted after declaring China a "systemic rival" in 2019.³⁷

Amid growing concern that Chinese leader Xi Jinping is hardening his support for Russia's war in Ukraine, French President Macron urged other EU leaders to redouble their efforts to stop China from deepening its support for Russia's invasion at the European Council Summit.³⁸ Meanwhile, China's top diplomat Wang Yi urged Europe to play a role in supporting peace talks for Russia's war in Ukraine. "A cease-fire, stopping the war, resuming peace talks and a political settlement of the crisis should become the strategic consensus between China and Europe," Wang said.³⁹

Following reports that French President Emmanuel Macron and some EU leaders are planning to visit Beijing, Chinese state media stressed "the development of China-EU relations is a realistic objective and a necessity. In the post-pandemic era, the global economy remains sluggish, and Europe realises that the US-suggested "decoupling" has negative impact ...Therefore, there is huge demand for the EU to develop bilateral trade and economic relations with China."⁴⁰

V. China-Russia Relations

Days after the International Criminal Court (ICC) issued an arrest warrant against the Russian President Putin for alleged war crimes, Chinese President Xi Jinping's Moscow visit (March 20-22) was a strong signal of support to beleaguered Russia. Xi brushed aside Western criticism over growing ties with Putin and asserted that "It is China's strategic choice and will not change due to a temporary incident."⁴¹ Further, President Xi told President Putin that "right

³⁷ "EU agrees trade defence tool against China," Financial Times, March 28, 2023

³⁸ "We can't lose China, EU leaders say," Politico, March 24, 2023

³⁹ "Peacemaker' China urges Europe for cease-fire in Ukraine war," , The Hindustan Times, March 24, 2023

⁴⁰ "European leaders' trips to China highlight Beijing's role as a 'peace promoter'," Global Times, March 26, 2023

⁴¹ "The leaders of China and Russia have finished talks. Here are some takeaways," NPR, March 22, 2023

now there are changes [in the international order] the likes of which we haven't seen for 100 years and we are the ones driving these changes together".⁴²



Chinese President Xi Jinping meets Russian President Vladimir Putin in Moscow on March 20, 2023. Source: [Ministry of Foreign Affairs of the People's Republic of China](#)

The joint statement issued by Russia and China expressed that the Indo-Pacific strategy 'has a negative impact on peace and stability' and pitched for what they called, open and inclusive Asia-Pacific security system'.⁴³ Major issues touched in the China-Russia joint statement include strategic partnership, non-confrontation, and non-targeting of third countries", "promoting high-quality development of bilateral economic and trade cooperation in areas such as energy, electromechanical products, resilience of industrial supply chains, digital economy, agriculture, and trade in services", "jointly promoting global governance" through Global Security Initiative (GSI), Global Development Initiative (GDI), and Global Civilisation Initiative (GCI) towards "building a community with a shared future for mankind", "opposing

⁴² "Leaving a state reception at the Kremlin, Chinese President Xi Jinping was heard telling Russia's president of 'changes not seen for 100 years", AL Jazeera English Official Twitter Page, March 22, 2023.

⁴³ "The Putin-Xi Summit – Their Joint Statement and Analysis", China Briefing, March 22, 2023.

hegemonism, unilateralism, and protectionism", "jointly promoting a multipolar world", and "promoting a political settlement of the Ukraine crisis".⁴⁴

Further, China and Russia expressed serious concerns about AUKUS security partnership, biological military activities of the US, militarisation of outer space, and Japan's plan to discharge radioactively contaminated water from the Fukushima nuclear power plant into the ocean.⁴⁵

Days after the March 20-21 summit, President Putin claimed that, Russia and China are not creating a military alliance and the cooperation between their armed forces is "transparent".⁴⁶

Internal Developments

Two Sessions

Beijing hosted the biggest event on the political calendar of China, 'Two Sessions', the annual gathering of the Chinese People's Political Consultative Conference (CPPCC) and the National People's Congress (NPC). On March 10, 2023, the 14th National People's Congress unanimously elected 'Xi Jinping' as the President of the People's Republic of China (PRC) and the Chairman of the Central Military Commission (CMC) for the third term.⁴⁷ On March 11, President Xi appointed 'Li Qiang' as China's new Premier.⁴⁸ A list of key officials at the newly constituted State Council can be found here.⁴⁹ 'Zhao Leji' was elected Chairman of the 14th NPC Standing Committee⁵⁰, while, 'Wang Huning' was elected Chairman of the 14th National Committee of the Chinese People's Political Consultative Conference (CPPCC).⁵¹ State Council's new Vice Premier 'He Lifeng' will oversee China's monetary and foreign investment issues replacing Liu He.⁵²

⁴⁴ "Joint statement of the People's Republic of China and the Russian Federation on deepening the comprehensive strategic partnership of coordination in the new era", Chinese Ministry of Foreign Affairs, March 22, 2023.

⁴⁵ Ibid.

⁴⁶ "Russia, China are not creating military alliance, Putin says," The Print, March 26, 2023

⁴⁷ "Xinhua Headlines: Xi Jinping unanimously elected Chinese president, PRC CMC chairman", Xinhua, March 11, 2023.

⁴⁸ "Xi signs presidential order to appoint Li Qiang as premier", People's Daily, March 11, 2023.

⁴⁹ "List of key officials of China's State Council", Xinhua, March 12, 2023.

⁵⁰ "Zhao Leji elected chairman of China's 14th National People's Congress Standing Committee", People's Daily, March 10, 2023.

⁵¹ "Wang Huning elected chairman of China's top political advisory body", People's Daily, March 10, 2023.

⁵² "Vice-Premier He Lifeng will oversee China's monetary issues and foreign investment", South China Morning Post, March 27, 2023.



Xi Jinping, elected President of the People's Republic of China (PRC) for the third term pledges allegiance to the country's Constitution on March 10, 2023. Source: [Xinhua/Xie Huanchi](#)

In his [address to the NPC](#), President Xi stressed on “upholding the CPC leadership”, “building China into a great modern socialist country in all respects”, “advancing high-quality, innovation-driven development”, “coordinating development and security”, “advancing the policy of one country, two systems”, and “adhering to the one-China principle by resolutely opposing Taiwan independence separatist forces”.⁵³

Further, Xi called upon the PLA and People's Armed Police Force to enhance [integrated national strategies and strategic capabilities](#) for achieving the goals of the PLA centenary in 2027 and elevating the armed forces to world-class standards.⁵⁴ Xinhua shed light on China's “[Whole Process People's Democracy](#)” at Two Sessions⁵⁵ and asserted that the country has “mustered consensus and strength for its [modernisation drive](#)”.⁵⁶

China's new Premier Li Qiang while addressing a press conference during the first session of the 14th NPC reiterated confidence in the Chinese economy and

⁵³ “Highlights of Xi's speech at closing meeting of 14th NPC session”, China Daily, March 13, 2023.

⁵⁴ “Xi stresses enhancing integrated national strategies, strategic capabilities”, Xinhua, March 9, 2023.

⁵⁵ “Xinhua Headlines: Observing China's whole-process people's democracy at “two sessions”, Xinhua, March 11, 2023.

⁵⁶ “Xinhua Headlines: “Two sessions” muster consensus, strength for China's modernization drive”, Xinhua, March 13, 2023.

pledged greater opening-up with redoubled efforts to achieve the economic growth target of “around 5 percent” in 2023.⁵⁷ ‘State Council’ is likely to have a weaker role in national decision-making as Premier Li Qiang called upon the government to “ensure sound and faithful implementation of plans and decisions of the CPC Central Committee”.⁵⁸



China's new State Council Premier 'Li Qiang' addressed a press conference during the first session of the 14th National People's Congress in Beijing on March 13, 2023. Source: [Xinhua/Xing Guangli](#)

Amidst growing strategic and technology competition with the US, China announced a sweeping regulatory shake-up aimed at CPC's stronger control over the country's financial sector, technology, digital data, and society.⁵⁹ As part of these reforms, the new CPC entities to be established include the 'Central Commission for Finance' (centralising the Party leadership on financial work), 'Central Financial Work Committee' (overseeing Party-related affairs in the financial sector), 'Central Science and Technology Commission' (pursuing technological self-reliance), Hong Kong and Macao Work Office of

⁵⁷ "China's new premier confident in economy, pledges greater opening up", People's Daily, March 14, 2023.

⁵⁸ "Chinese Premier Li Qiang signals weaker role for State Council, analysts say", South China Morning Post, March 19, 2023.

⁵⁹ "China's 'two sessions' 2023: Beijing responds to US tech curbs, financial risks with sweeping regulatory shake-up", South China Morning Post, March 7, 2023.

the CPC Central Committee (safeguarding national security), and Social Work department of the CPC Central Committee (guiding Party building across sectors).⁶⁰

Major State Council institutions reform include the formation of 'National Data Bureau' (overseeing China's data and promoting the digital economy), the creation of 'National Financial Regulatory Administration' (streamlining bureaucracy and de-risking financial exposure at the local government level), and the restructuring of Ministry of Science and Technology (ministry will no longer evaluate and shepherd specific projects).⁶¹ A Xinhua commentary stressed that the "State Council institutions reform as a crucial step in China's governance modernisation".⁶²

Chinese Foreign Minister Qin Gang, appointed State Councilor, addressed a press conference on China's foreign policy. Major highlights of Foreign Minister Qin's address include "firm opposition to hegemonism and power politics including US Indo-Pacific Strategy seeking to create Asia-Pacific version of NATO", "Taiwan question as China's first red line in China-US relations", "advancing China-Russia relations based on non-alliance, non-confrontation, and non-targeting of any third party", "China-Japan learning lessons from history to foster a better relationship", "resolving the Ukraine crisis through peace talks", "supporting strategic autonomy of the Middle East countries", "working with Europe to uphold real multilateralism", "confronting wolves and jackals heads on to protect the motherland", and "maintaining a global vision by playing an active role in global governance".⁶³ Further, Qin Gang reminded that "BRI remains a high-quality public good and Beijing should not be accused of creating so-called debt traps".⁶⁴

Key Addresses by Chinese Leaders

President Xi Jinping, in his keynote address at the opening ceremony of 'CPC in Dialogue with World Political Parties High-Level Meeting' emphasised on "exploring diversified paths to modernisation with consideration to own national conditions and unique features".⁶⁵ Xi proposed "Global Civilization

⁶⁰ "China's new power structure tightens grip on data, tech, finance", Nikkei Asia, March 21, 2023.

⁶¹ Ibid.

⁶² "Xinhua Commentary: State Council institutions reform a crucial step in China's governance modernization", Xinhua, March 9, 2023.

⁶³ "Foreign Minister Qin Gang briefs the media: Highlights", China Daily, March 7, 2023.

⁶⁴ Ibid.

⁶⁵ "Xinhua Headlines: Xi urges political parties to steer course for modernization, proposes Global Civilization Initiative", Xinhua, March 16, 2023.

Initiative" calling for "respecting the diversity of civilizations", "advocating common values of humanity", "valuing civilizational inheritance (heritage) and innovations (practices)", and "jointly advocating robust international people-to-people exchanges and cooperation".⁶⁶

On March 2, 2023, Chinese Foreign Minister Qin Gang addressed G20 Foreign Minister's meeting in New Delhi.⁶⁷ Qin called for stronger G20 cooperation to promote multilateralism and globalisation, and reject unilateralism and protectionism to ensure the smooth operation of global industrial supply chains.⁶⁸

Trade and Economy

On March 5, 2023, Li Keqiang delivered a "Report on The Work of the Government" to the NPC, his final report as China's Premier.⁶⁹ Major highlights of the government work report include, "GDP growth target of around 5 percent for 2023", "expanding domestic demand", "accelerating the modernisation of the industrial system", "deepening reform of SOEs", "intensifying efforts to attract and utilise foreign investment", effectively preventing and defusing major economic and financial risks (real estate sector, local government debt), "stabilising grain output", "advancing rural revitalization", and "continuing the transition to green development".⁷⁰ Other major economic targets include "creation of around 12 million new urban jobs", "surveyed urban unemployment rate of around 5.5 percent", "CPI increase of around 3 percent", "grain output of over 650 million metric tons", and "deficit-to-GDP ratio of 3 percent".⁷¹

Analysts stressed that "weak confidence in the private sector", "curtailed household consumption", "technological bottlenecks", and "the need to plan to counter long-term obstacles" are some of the major reasons for Beijing setting a moderate growth target for 2023.⁷² Pointing towards a rebound in China's Manufacturing Purchasing Managers' Index (PMI) in February 2023, Global Times editorial asserted that "5 percent growth target is pragmatic with high-

⁶⁶ Ibid.

⁶⁷ "Chinese FM urges stronger G20 cooperation to promote multilateralism, global development", Xinhua, March 2, 2023.

⁶⁸ Ibid.

⁶⁹ "REPORT ON THE WORK OF THE GOVERNMENT", NPC Observer, March 5, 2023.

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² China 2023 GDP: why Beijing set a moderate target, and what it signifies for economic growth, South China Morning Post, March 5, 2023.

quality [development] being the key”.⁷³ To boost the country’s economy, PBOC cut the Reserve Requirement Ratio (RRR) for financial institutions by 0.25 percentage points.⁷⁴ Further, in light of the banking crisis in the US and Europe, PBOC warned that rising interest rates in the US could trigger financial risks and volatility in developing markets.⁷⁵

Defence and Security

Amidst mounting tensions in the Indo-Pacific, China increased its defence budget for 2023 to CNY 1.55 trillion (USD 224.79 billion), an increase of 7.2 percent over 2022.⁷⁶ Chinese Ministry of National Defence asserted that the country’s “restrained defence spending is purely aimed at safeguarding national sovereignty, security, and development interests”.⁷⁷ The increased defence budget will mainly be used in four areas that include “comprehensively strengthening war preparedness by integrating strategic capabilities”, “development of modern logistics”, “improve military governance capabilities”, and “improve the working, training, and living conditions of soldiers”.⁷⁸

President Xi appointed ‘Zhang Youxia’ and ‘He Weidong’ as the Vice Chairmen of ‘Central Military Commission’ (CMC)⁷⁹, while, ‘Li Shangfu’ was appointed as the country’s new Defence Minister.⁸⁰

Australia-United Kingdom-United States (AUKUS) announced plans to advance peace and security in the Indo-Pacific including through trilateral nuclear submarine cooperation.⁸¹ As part of which, starting in early 2030s, the US intends to sell Australia three Virginia class submarines, with the possibility of selling up to two more if required.⁸² Criticising ‘AUKUS’, Chinese Ministry of Foreign Affairs warned that “this is typical Cold-war mentality that will

⁷³ “5 percent growth target pragmatic, with high quality being the key: Global Times editorial”, Global Times, March 5, 2023.

⁷⁴ “China announces reserve requirement ratio cut”, People’s Daily, March 18, 2023.

⁷⁵ “SVB collapse: US rate hikes raise risks for banks, emerging markets, top Chinese officials warn”, South China Morning Post, March 19, 2023.

⁷⁶ “China’s 2023 defense budget to rise by 7.2%, a ‘reasonable, restrained’ increase amid global security tensions”, Global Times, March 5, 2023.

⁷⁷ “China’s restrained defense spending purely for safeguarding national sovereignty, security and development interests: Defense Spokesperson”, Chinese Ministry of National Defence, March 6, 2023.

⁷⁸ Ibid.

⁷⁹ “Zhang Youxia, He Weidong nominated candidates for PRC Central Military Commission vice chairmen”, People’s Daily, March 11, 2023.

⁸⁰ “China names U.S.-sanctioned general Li Shangfu as defence minister”, Reuters, March 12, 2023.

⁸¹ “Joint Leaders Statement on AUKUS”, The White House, March 13, 2023.

⁸² Ibid.

seriously impact international nuclear non-proliferation regime" and "the ASEAN-centered regional cooperation architecture".⁸³ Even as the International Atomic Energy Agency (IAEA) maintained that AUKUS remains committed to nuclear non-proliferation in submarine plan, Beijing expressed "serious concerns about IAEA endorsing the trilateral pact under duress".⁸⁴

Highlighting China's growing diplomatic clout in the Middle East, Saudi Arabia and Iran agreed to restore diplomatic relations and re-open their embassies and missions within the next two months.⁸⁵ In light of this, Chinese state media underscored country's "goodwill to promote regional and global security through its 'Global Security Initiative' (GSI) and political dialogue".⁸⁶ President Xi in a telephone conversation with Saudi Crown Prince and Prime Minister Mohammed bin Salman reiterated China's readiness to contribute more to Middle East peace and development.⁸⁷ Meanwhile, deepening their defence cooperation, China, Russia, and Iran held joint naval drills in the Gulf of Oman between March 15-19, 2023.⁸⁸

US-China tensions in the South China Sea show no signs of abating. On March 23, the PLA warned off US guided-missile destroyer 'USS Milius' that "illegally" entered territorial waters claimed by China near Paracel Islands (Xisha Islands).⁸⁹ The US rejected PLA's claims of expelling 'USS Milius' adding that it was a "routine operation" in line with international law.⁹⁰

Meanwhile, China expressed serious concerns about US-Republic of Korea joint military exercise.⁹¹ On the other hand, it claimed its own military exercise with Cambodia - 'Golden Dragon-2023' remains peaceful unlike US-led

⁸³ "China urges AUKUS countries to stop putting geopolitical agenda above obligations", China Military Online, March 18, 2023.

⁸⁴ "China firmly opposes IAEA endorsing AUKUS deal under duress", China Military Online, March 16, 2023.

⁸⁵ "Joint Trilateral Statement by the People's Republic of China, the Kingdom of Saudi Arabia, and the Islamic Republic of Iran", Chinese Ministry of Foreign Affairs, March 10, 2023.

⁸⁶ "Xinhua Headlines: Saudi-Iranian agreement to restore ties benefits regional security, shows China's goodwill to promote global security", Xinhua, March 13, 2023.

⁸⁷ "Xi says China ready to contribute more to Middle East peace, development", Xinhua, March 28, 2023.

⁸⁸ China, Russia, Iran Hold Joint Military Drills in Gulf of Oman, The Wall Street Journal, March 15, 2023.

⁸⁹ "Defense Ministry spokesperson remarks on US warship's illegal entry into waters off China's Xisha Islands", China Military Online, March 24, 2023.

⁹⁰ "South China Sea: US Navy rejects PLA claims of 'illegally' sailing near disputed Paracel Islands", South China Morning Post, March 23, 2023.

⁹¹ "China expresses grave concern over U.S.-ROK joint military exercises", China Military Online, March 15, 2023.

confrontational drills in Asia-Pacific.⁹² Even as friction between Washington and Beijing rises, US Joint Chiefs of Staff Chairman Gen. Mark Milley stressed that “war with China or Russia is neither inevitable nor imminent”, but “any attempt by China to give lethal aid to Russia in its war with Ukraine will broaden the conflict beyond the region”.⁹³ Pentagon made a defence budget request of USD 842 billion for 2024 with emphasis on “detering war”, which according to Gen. Milley is “extraordinarily expensive, but not as expensive as fighting a war”.⁹⁴

Continuing the strengthening of Taiwan’s defence capabilities, the US approved the sale of missiles worth USD 619 million for Taiwan’s F-16 fleet.⁹⁵ On the other hand, ending its decades long diplomatic relations with Taiwan, ‘Honduras’ has established ties with China on the basis of one-China principle.⁹⁶ Chinese Foreign Ministry reminded Taipei that “Taiwan independence and dollar diplomacy have no future and any attempt to go against the trend of history will end in failure”.⁹⁷

On March 21, the United Kingdom confirmed that some of the ammunition for the Challenger 2 battle tanks that London is sending to Ukraine includes armored- piercing rounds containing depleted Uranium.⁹⁸ As depleted Uranium is commonly known as “Dirty Bomb”, Global Times editorial “strongly condemned the UK for this dirty act”.⁹⁹

Technology

TikTok CEO Shou Chew in a testimony to the US House Energy and Commerce Committee defended apps user data privacy practices adding that TikTok’s owner “ByteDance is not an agent of China or any other country”.¹⁰⁰ Amidst reports that US may force ‘ByteDance’ to sell TikTok or face a ban in America,

⁹² “Peacefully intended China-Cambodia joint exercise unlike US-led confrontational drills in Asia-Pacific: experts”, Global Times, March 20, 2023.

⁹³ “War with China ‘not inevitable’, but helping Russia in Ukraine widens conflict: US General Mark Milley”, South China Morning Post, March 24, 2023.

⁹⁴ Ibid.

⁹⁵ “US approves new US\$619 million sale of missiles and military equipment to Taiwan”, South China Morning Post, March 2, 2023.

⁹⁶ “China, Honduras establish ties without any precondition: FM spokesperson”, Xinhua, March 27, 2023.

⁹⁷ Ibid.

⁹⁸ “The UK should be strongly condemned for this ‘dirty’ act: Global Times editorial”, Global Times, March 23, 2023.

⁹⁹ Ibid.

¹⁰⁰ “Key takeaways from TikTok hearing in Congress – and the uncertain road ahead”, The Guardian, March 23, 2023.

China accused Washington of suppressing the popular app reiterating that Beijing does not ask companies for foreign data.¹⁰¹

Amidst US sanctions and China's semiconductor chip self-sufficiency drive, 'Huawei Technologies' reportedly developed Electronic Design Automation – EDA tools for chips above 14 nanometers by partnering with domestic companies.¹⁰²

¹⁰¹ "China Hits Back on TikTok, Says It Doesn't Ask Companies for Foreign Data", The Wall Street Journal, March 24, 2023.

¹⁰² "Huawei achieves breakthrough in EDA tools for chips", People's Daily, March 25, 2023.



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