



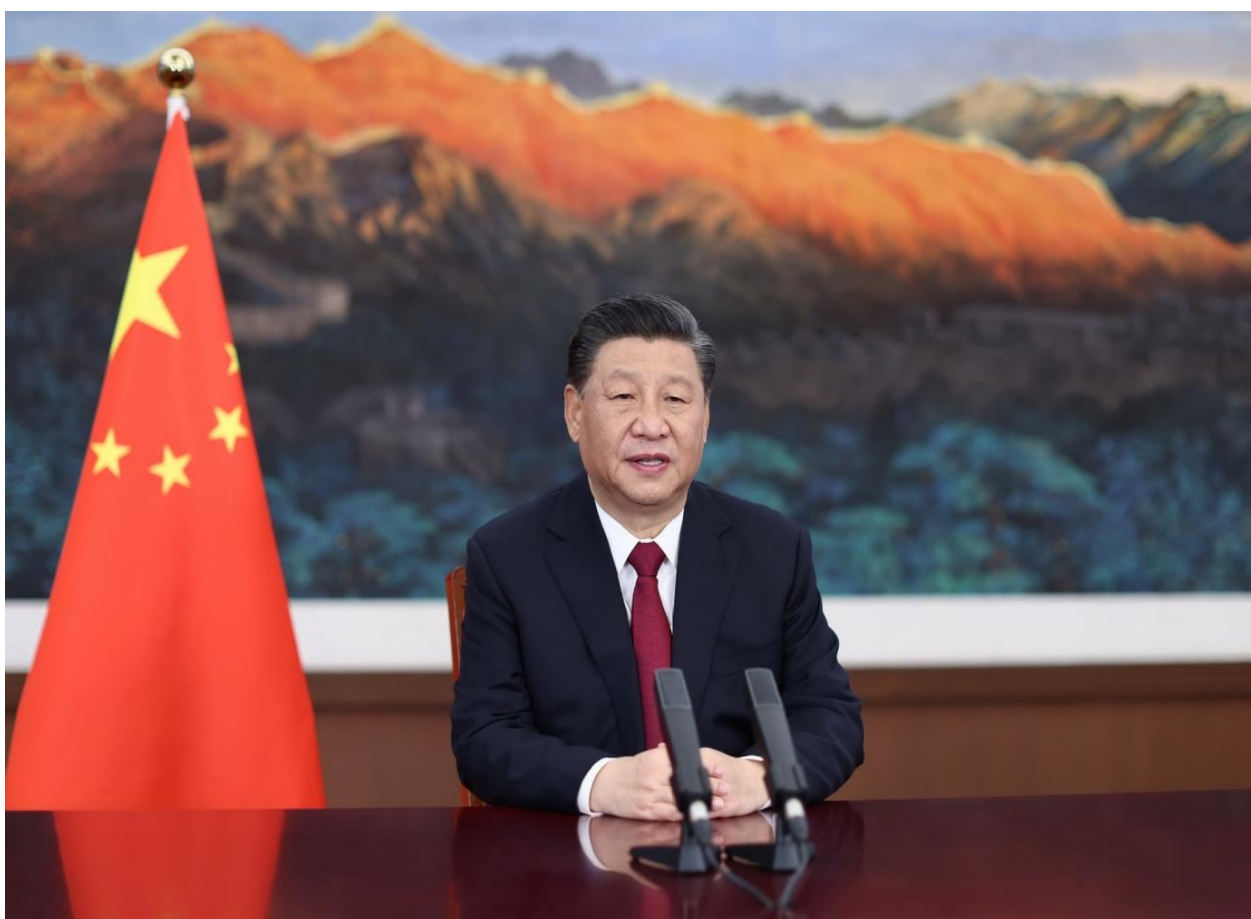
**Delhi Policy Group**

Advancing India's Rise as a Leading Power



# DPG China Monitor

APRIL 2021



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**Delhi Policy Group**

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## DPG China Monitor

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### ABOUT US

Founded in 1994, the Delhi Policy Group (DPG) is among India's oldest think tanks with its primary focus on strategic and international issues of critical national interest. DPG is a non-partisan institution and is independently funded by a non-profit Trust. Over past decades, DPG has established itself in both domestic and international circles and is widely recognised today among the top security think tanks of India and of Asia's major powers.

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### DPG 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:

*President Xi Jinping delivers a keynote speech via video at the opening ceremony of the Boao Forum for Asia (BFA) Annual Conference 2021, on April 20, 2021. Source: China Daily*

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## Abstract

The 11<sup>th</sup> round of the India-China Military Commanders' meeting to resolve the continuing standoff in eastern Ladakh took place on April 9, ending in deadlock and without a joint statement.

Meanwhile, the Indian Ambassador to China, Vikram Misri, in scathing remarks at the 7<sup>th</sup> ICWA-CPIFA conference, criticised the "Chinese tendency to sweep the situation under the carpet, characterising these as minor issues and matter of perspective". He went on to add that this was inadvisable "as it can only take us further away from a sustained solution to present difficulties and deeper into an unfulfilling stalemate". China's official stance to these remarks, seeking early disengagement, was intended to separate bilateral relations from the border standoff.

Chinese state media played up initial US hesitation in supplying raw materials for the Indian vaccine programme and undertaking freedom of navigation operations in the Indian EEZ without New Delhi's consent. This was an apparent attempt to create a wedge in India's consequential relationship with the US, seen as a source of concern in China.

On April 30, President Xi's in a first communication since 2019, reached out to India, conveying Chinese willingness to "strengthen anti-pandemic cooperation with India and provide support and help". In a follow-up conversation between the two foreign ministers, Foreign Minister Wang Yi, made a similar offer, which was acknowledged by FM Jaishankar, who reiterated the importance of supply chains in these difficult times as also the need to maintain greater openness on chartered flights. This is an area where the Chinese have adopted an ambivalent stand.

In another development, China and Pakistan pledged to support each other's interests in the United Nations on a range of issues, from Kashmir to Hong Kong and Xinjiang.

In South Asia, despite grave concerns over Pakistan's internal security situation, Chinese state media downplayed the recent suicide bombing incident in Quetta which targeted the Chinese ambassador to Pakistan. In another development, China skipped inviting Nepal to this year's 'Boao Forum', perhaps unhappy over political developments. At their 10<sup>th</sup> Expert Group Meeting, Bhutan and China agreed to organise the next round of much-delayed boundary talks. In Sri Lanka, multiple petitions were filed in the Supreme court against a legislative bill that would grant China control over the

port city in Colombo. China's defence minister rushed to Colombo to press the Sri Lankan leadership not to succumb to political and judicial pressure.

US-China acrimony continued unabated during the month, with the US Strategic Competition Act of 2021 and the Taiwan issue adding to it. This trend was mitigated by bilateral and multilateral climate change talks.

Meanwhile, after a war of tit-for-tat sanctions witnessed last month, Europe vowed to shape its ties with China around a strategy of "cooperate, compete and confront", with 'climate' being viewed as one of the few areas of cooperation. Chinese state media described the EU's Indo-Pacific Strategy to reorient the strategic focus to counter China's rising profile in the region.

While amplifying the importance of China-Russia friendship, the Chinese state media termed the expulsion of Russian diplomats by the US, Czech Republic, Ukraine, Poland and Bulgaria as "geopolitical manipulation" against the US's "strategic competitor", China. According to a state media report, the Biden Administration's geopolitical offensive is aimed at fighting off China's economic and technological challenge and Russia's military and political strength.

After a Chinese official admitted to the low efficacy rate of China's vaccines, the World Health Organisation will review whether these vaccines can be licensed for emergency use.

In a significant development, Australia revoked decisions to participate in China's BRI projects on the grounds that these were inconsistent with Australia's foreign policy.

Countering the international outcry on human rights violations in Xinjiang, the Chinese state media claimed that the US is funding Xinjiang separatist forces to thwart its BRI, aiming to develop both Xinjiang and Central Asia. A commentary by the US Council for Foreign Relations recommended that the US, along with its partners, must pursue a large-scale infrastructure initiative to rival the BRI. The issue of China's increasing influence from the BRI was discussed at the summit meeting between President Biden and PM Suga of Japan.

On the economic front, Beijing's official data revealed 18.3 percent growth in the country's GDP in the first quarter of 2021. Notwithstanding above the Chinese Premier Li Keqiang stressed "the complex and severe international environment has added new uncertainties to China's economic recovery". On US-China trade relations, the hardline approach adopted by Washington

toward abusive Chinese economic and trade practices continues under the Biden administration. US Trade Representative (USTR) in its 'Annual National Trade Estimate Report' singled out China as the "world's leading offender in creating overcapacities in several sectors including steel, aluminium, and solar", to fund its "Made in China 2025 Industrial Plan". The Biden administration's proposed 'Global Minimum Corporate Tax' is seen as a major concern by the Chinese over its impact on 'Hong Kong' – one of the largest tax heavens in the world.

China is pushing for the possibility of making 'Petroyuan' as an alternative payment system for imports from the Middle East to further internationalise the Chinese currency.

On the military modernization front, China commissioned three major warships on a single day. These included, Changzheng-18, Type 094 SSBN, the Dalian, Type 055, 10,000 ton destroyer and the Hainan, Type 075, amphibious assault ship. With the rising US-China tensions over Taiwan, on April 12 the PLA Air-Force conducted an intimidation exercise near Taiwan, with the largest number of fighter aircraft ever recorded. Additionally, considering the growing threat of stealth aircrafts to air-defences worldwide, Chinese city of Nanjing hosted '9<sup>th</sup> World Radar Expo' showcasing China's anti-stealth technologies. Further, Beijing issued new anti-espionage regulations.

As the Communist Party of China (CPC) gears to celebrate centenary of its founding (1921), President Xi Jinping visited important revolutionary battle site in Guangxi region where he urged "party members to remember the Long March, uphold the revolutionary spirit and prepare for the tough days ahead".

In a significant development, core module 'Tianhe' of China's space station was sent into the orbit marking the beginning of key launch missions aimed at completing the construction of China's space station by the end of 2022. Meanwhile in continuation of its crackdown on monopolistic practices by the big-tech, Beijing imposed CNY18.2 billion (USD2.8 billion) fine on Chinese e-commerce giant 'Alibaba'.

## Foreign and Security Policy

### I. China-India Relations

The [11<sup>th</sup> round of the Military Commander's meeting](#) to resolve the standoff in eastern Ladakh took place on April 9.<sup>1</sup> There was no progress at the talks owing to China's strident posture over disengagement from the friction points at Gogra Heights, PP 14 & 17, and Depsang Plains. The negotiations ended [without a joint statement](#).<sup>2</sup> It appears that China is intent upon maintaining the status quo, having achieved disengagement from the South Bank of Pangong Tso, and is attempting to link further disengagement with "de-escalation", which entails back of forces from the face off position by both sides.

In the face of continued tensions and based on the recent experience of employing medium weight tanks (T-72/90), the Indian Army has issued a [Request for Information \(RFI\)](#) to procurement of 350 light wight tanks to deploy in High Altitude Areas along the LAC in eastern Ladakh.<sup>3</sup>



Indian Ambassador to China addresses the Seventh ICWA-CPIFA virtual dialogue, April 15, 2021. Source: Twitter/@ICWA\_NewDelhi

<sup>1</sup> "LAC: India, China share proposals, agree on need to resolve standoff," [The Indian Express](#), April 11, 2021

<sup>2</sup> "China-India border dispute: latest round of talks fail to ease tensions," [South China Morning Post](#), April 12, 2021

<sup>3</sup> "Army explores procurement of 350 light tanks for mountainous terrain after border standoff with China," [The Times of India](#), April 23, 2021

In the wake of the continued standoff in eastern Ladakh, External Affairs Minister [Dr. S. Jaishankar, during a conclave on April 19](#), reiterated India's call to maintain peace and stability at the border as a prerequisite to normalise ties.<sup>4</sup> Talking about the unprovoked Chinese intrusion, EAM said, "you cannot disrupt peace & tranquillity at the border and carry on with the rest of the relationship".<sup>5</sup> Indian Ambassador to China expressed similar sentiment. While speaking at the [7<sup>th</sup> ICWA – CPIFA Dialogue](#), Ambassador Misri criticised the "tendency in some quarters to sweep the situation (LAC tensions) under the carpet, by characterising these as minor issues and matter of perspective. He went on to add, "this was inadvisable as it can only take us further away from a sustained solution to present difficulties and deeper into an unfulfilling stalemate. It would be tantamount to running away from the problem and in a direction opposite to that where the promise of our closer development partnership lies".<sup>6</sup>

Reacting to these remarks, the Chinese Foreign Ministry spokesperson maintained that taking into account the larger picture of India China relations, India should "place the border issue at an appropriate place in bilateral relations and bring relations back on track for sound and steady development."<sup>7</sup>

During the [Raisina Dialogue](#), rebutting China's allegation of QUAD as a version of Asian NATO representing cold war mentality, External Affairs Minister Dr. S. Jaishankar stressed that "Quad or Quadrilateral Security Dialogue was not 'Asian NATO and that India never had NATO mentality...It reflects a more contemporary world. It is overcoming the Cold War, not reinforcing it."<sup>8</sup> During the same dialogue, Chief of Defence Staff General Bipin Rawat accused China of using [disruptive technology](#) to change the status quo in eastern Ladakh and compel India to yield to its demands.<sup>9</sup>

Chinese state media has consistently criticized the growing synergy among the QUAD countries and India-US relations. On India - US relations a [Global Times](#) report stressed that the US is using India against China which will eventually

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<sup>4</sup> "China brought enormous force to border without provocation: S Jaishankar," [Business Standard](#), April 20, 2021

<sup>5</sup> Ibid.

<sup>6</sup> "Can't sweep border issues under the carpet, says India's envoy to China," [The Indian Express](#), April 21, 2021

<sup>7</sup> "China, India hold candid exchange on promoting settlement of remaining issues in western section of border: Chinese FM," [Global Times](#), April 21, 2021

<sup>8</sup> "Words like Asian NATO for Quad is a mind-game': Jaishankar," [The New Indian Express](#), April 15, 2021

<sup>9</sup> "Backed by disruptive tech, China tried push & shove tactics but India stood firm: CDS Rawat," [The Print](#), April 15, 2021



squeeze out India's resources, causing it economic losses.<sup>10</sup> Another report on the [CGTN](#) asked if America is a reliable ally for India?<sup>11</sup>

Adding to the above attempts at creating wedge in bilateral relations, the freedom of navigation operation (FONOP) by USS John Paul Jones's (on April 7) inside India's Exclusive Economic Zone (EEZ) without New Delhi's permission was highlighted to raise eyebrows on the credibility of India – US relations. A commentary in Global Times described the incident as a [reflection of the "Quad's dilemma"](#).<sup>12</sup> Chinese analyst Xie Chao believes, "considering India's plans to buy S-400 defence system from Russia, this move can be seen as a US [attempt to warn and pressure the Modi government](#)".<sup>13</sup> "India does not want to completely lean toward the US as it tries to seek gains from both [Washington and Moscow](#), which will inevitably affect the US attitude toward its military cooperation with India", he added.<sup>14</sup>

Amidst the rising number of Covid-19 cases in India, Chinese state media criticised the US for initially refusing to send aid to India. A media report claimed, "In this case, far from being an asset to the Quad, [India's situation has, in fact, become a complete liability](#), putting the weaknesses of this grouping on display for the world to see". Far from being a new "alliance" or so-called "Asian NATO" decisive matters of national self-interest easily break the apparent solidarity between its members."<sup>15</sup>

Chinese President Xi Jinping in first communication since 2019, sent a message of condolences to Prime Minister Narendra Modi offering to "strengthen anti-pandemic cooperation with India and provide support and help" to deal with the current wave of Covid-19 in India.<sup>16</sup> In a follow-up conversation between the two foreign ministers, Foreign Minister Wang Yi, made a similar offer, which was acknowledged by FM Jaishankar, who reiterated the importance of supply chains in these difficult times as also the

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<sup>10</sup> "India should not seek closer ties with US at expense of relationship with China," [Global Times](#), April 1, 2021

<sup>11</sup> "Is America really a reliable ally for India?", [CGTN](#), April 11, 2021

<sup>12</sup> Xie Chao, "Intrusion' of US warship in Indian EEZ highlights Quad's dilemma", [Global Times](#), April 14, 2021.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> "The India crisis reveals the Quad as a paper tiger," [CGTN](#), April 26, 2021

<sup>16</sup> "Chinese President Xi Jinping writes to PM Modi, offers help to fight Covid-19 surge," [The Times of India](#), April 30, 2021

need to maintain greater openness on chartered flights. This is an area where Chinese have adopted an ambivalent stand.<sup>17</sup>

On the China-India trade, a commentary in Global Times questioned [India's ability to replace China as a manufacturing power](#).<sup>18</sup> It argued that, "if European leaders were pinning their hopes of [supply chain diversification](#) to India, they are in for a big disappointment".<sup>19</sup> India may appear to be the next factory of the world, but it won't become an important player in the global supply chain, let alone replacing China due to its backward industrial foundations and over-protectionism.<sup>20</sup> Further, [India's trade deficit with China](#) narrowed to 7-year low amid COVID-19 pandemic.<sup>21</sup>

## II. China- South Asia Relations

China's outreach in the South Asian neighbourhood continues. State Councillor and [Foreign Minister Wang Yi is scheduled to meet](#) his Afghanistan, Pakistan, Bangladesh, and Sri Lanka counterparts to discuss post-pandemic economic recovery effects.<sup>22</sup> However, Chinese media denied any possibility of creating an ["Himalayan QUAD"](#) based on these countries, stressing that China's synergy-building initiatives in India's neighbourhood have no military or geo strategic intentions.<sup>23</sup>

China and Pakistan as "all-weather partners" and "iron brothers" [have pledged to back each other's core and major interests in the United Nations](#).<sup>24</sup> In recent months both have extended crucial support to each other on Kashmir, Hong Kong, and Xinjiang. The recent suicide bombing incident at a hotel in Quetta on April 12, where Chinese Ambassador was staying, has put the spotlight on the security of China's Belt and Road projects in Pakistan. Zhao Gancheng, head of South Asia studies at the Shanghai Institutes for International Studies, said the [timing of the attack could rattle investor confidence](#). "Security risks are one of the most serious challenge Chinese investments face in Pakistan, and incidents like this do hinder the progress and execution of these projects," he said.<sup>25</sup> A report in [Global Times](#), while downplaying the incident underlined,

<sup>17</sup> "Covid Crisis, LAC Disengagement: After Xi's Letter to PM Modi, China's FM Calls Jaishankar," [News 18](#), April 30, 2021

<sup>18</sup> "GT Voice: India can't replace China for European businesses", [Global Times](#), April 5, 2021.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Shreya Nandi & Dilasha, "Seth Indo-China trade deficit hits 7-year low amid Covid-19 pandemic", [Business Standard](#), April 15, 2021.

<sup>22</sup> "Chinese Foreign Minister will meet counterparts from South Asian countries focusing on vaccine supplies and epidemic fight," [Global Times](#), April 27, 2021

<sup>23</sup> "'Himalayan Quad' hype is Cold War mentality," [Global Times](#), April 20, 2021

<sup>24</sup> "China, Pakistan to back each other's 'core interests' at UN," [The Hindu](#), April 9, 2021

<sup>25</sup> "Pakistan bombing puts spotlight on security at China's flagship belt and road project

"although the CPEC cannot and shouldn't be viewed as a risk project. But we still need to evaluate it rationally."<sup>26</sup>

China has expressed concern over America's decision to withdraw from Afghanistan, prescribing Washington to accommodate legitimate security concerns to curb "terrorist forces" from taking advantage of the vulnerable security atmosphere. [Chinese foreign ministry spokesperson stressed that foreign troops in Afghanistan should withdraw in a responsible and orderly manner.](#)<sup>27</sup> Reportedly, [China may consider sending a peace-keeping force to Afghanistan](#) if the security situation poses a threat to the neighbouring province of Xinjiang.<sup>28</sup> [China handed over a batch of emergency food assistance](#), and apart from medical supplies, also plans to supply vaccine doses.<sup>29</sup> It is important to underline that the geographical positioning of Afghanistan makes it an [important component in China's Belt and Road Initiative](#).<sup>30</sup>

Reports of unrest surfaced on April 17, in [Bangladesh, after five workers were shot dead](#) and 100 injured in the firing at the Chinese financed power plant in Chittagong.<sup>31</sup> These workers were protesting over unpaid wages and working hours. In a parallel development, Chinese defence minister General Wei Fenghe during his visit to Bangladesh said that in the wake of the [growing defence cooperation](#), the two countries would continue strategic cooperation in the development of the armed forces of Bangladesh.<sup>32</sup>

It is interesting to note, that [Nepal \(a regular participant\) was not invited to China Boao Forum](#) this year.<sup>33</sup> Rupak Sapkota, deputy executive director at the Institute of Foreign Affairs commented, "No matter what the reason is, we as the founding member being missed out does carry some meaning."<sup>34</sup> Two reasons

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<sup>26</sup> "South China Morning Post, April 24, 2021

<sup>26</sup> "CPEC will certainly carry on in Pakistan: Global Times editorial," [Global Times](#), April 22, 2021

<sup>27</sup> "United States pullout in Afghanistan creates doubt," [China Daily](#), April 16, 2021

<sup>28</sup> "China may send peacekeeping force to Afghanistan after US troops leave, observers say," [South China Morning Post](#), April 16, 2021

<sup>29</sup> "China hands over emergency food assistance to Afghanistan," [CGTN](#), April 26, 2021

<sup>30</sup> "With US withdrawal from Afghanistan, fears of another 'Great Game' sequel," [The Indian Express](#), April 22, 2021

<sup>31</sup> "Bangladesh: Police Shoot Dead Five Protesters at China-Financed Power Plant," [Benar News](#), April 17, 2021

<sup>32</sup> "Bangladesh, China agree to strengthen defence cooperation further," [New Age Bangladesh](#), April 28, 2021

<sup>33</sup> The Boao Forum for Asia is a non-profit organisation that hosts high-level forums for leaders from government, business and academia in Asia and other continents to share their vision on the most pressing issues in this dynamic region and the world at large. It is based in Bo'ao, Hainan province, China.

<sup>34</sup> "China did not invite Nepal in Boao Forum for Asia meet: Report," [India Blooms](#), April 22, 2021

are being attributed to Chinese move; one the way Nepal's internal politics have unfolded and the lack of progress in BRI projects since 2017.

The [10th Expert Group Meeting \(EGM\)](#) on the Bhutan-China Boundary was held in Kunming on April 9. Bhutan and China have agreed to set up the next round of much-delayed boundary talks to discuss the roadmap for expediting the boundary resolution. The previous round of the EGM was held prior to the Doklam standoff, in April 2017 in Beijing. The talks have focused on two areas of dispute: Pasamlung and Jakarlung valleys in Northern Bhutan and Doklam in Western Bhutan, along the trijunction with India.<sup>35</sup>

China's Defence Minister Wei Fenghe visited Sri Lanka on April 27. During the visit, [Sri Lanka and China vowed to enhance pragmatic cooperation](#) in the military and other sectors.<sup>36</sup> Wei's visit comes in the wake of the [Supreme Court of Sri Lanka hearing multiple petitions](#) against a legislative bill that would grant China control over the port city in Colombo. Beijing has so far spent \$1.4 billion to develop the port. Petitioners are concerned over the repetition of Hambantota, resulting in Colombo Port becoming a de facto Chinese colony, resulting in loss of national sovereignty, violations of labour laws, and preference for Chinese workers over Sri Lankans.<sup>37</sup> In another significant development, [Sri Lanka expelled a ship that entered its territory](#) without declaring a radioactive cargo bound for China. The ship was on its way to China from the port of Rotterdam in the Netherlands.<sup>38</sup>

### III. China-United States Relations

The US-China acrimony continued unabated during the month. The Strategic Competition Act of 2021 and the Taiwan issue have added to the current acrimony. The Senate Foreign Relations Committee on April 20 backed the [Strategic Competition Act](#) of 2021, with the committee adding dozens of amendments, including a boycott of the 2022 Beijing Winter Olympics.

The act: "(i) bolsters the US diplomatic strategy in addressing challenges posed by the Chinese government and calls for the US to reassert its leadership within international organizations and other multilateral fora;(ii) Focuses on countering and confronting China's predatory international economic behaviour;(iii)Strengthens American competitiveness with investments in

<sup>35</sup> "Bhutan-China officials meet, agree to schedule much delayed boundary talks soon," [The Hindu](#), April 9, 2021

<sup>36</sup> "Sri Lanka, China vow to enhance pragmatic military cooperation," [CGTN](#), April 29, 2021

<sup>37</sup> "China's Defense Minister to begin three-day visit to Sri Lanka," [Foreign Brief](#), April 27, 2021

<sup>38</sup> "Sri Lanka expels ship carrying nuclear material for China," [The Times of India](#), April 21, 2021

science and technology, global infrastructure development, digital connectivity and cybersecurity partnerships to counter Chinese Communist Party influence and malign operations.;(iv)Calls for enhanced coordination and cooperation with allies on arms control in the face of China's military modernization and expansion. <sup>39</sup> The overall thrust of the Strategic Competition Act of 2021 is that China is an adversary that cannot be negotiated with." <sup>40</sup> China opposed the bill. Various reports in Chinese state media criticising the bill, maintained that attempts to decouple the US economy from China would hit the US industry hard. Calling it a "dog and pony show" a [CGTN](#) report states that the US cannot stop China's development.<sup>41</sup> In an editorial [Global Times](#) pointed out three primary tasks that China needs to pursue to challenge the US: (i) consolidate its deterrent capabilities to prevent the US from carrying out extreme strategic intimidation;(ii) China needs to speed up its development, especially the capabilities of breaking through the US' stranglehold on technology;(iii) China should strive to stabilize the framework of China-US relations, even if it is about fierce competition.<sup>42</sup>

The US [issued guidelines on April 9 for the US government interactions with Taiwan](#) that "encourage engagement with Taiwan reflecting deepening relationship".<sup>43</sup> The Biden administration is preparing for its first arms sale to Taiwan in the form of [40 self-propelled howitzers](#). The Taiwanese army plans to take delivery of these in batches from 2023 to 2025.<sup>44</sup> [Global Times](#) reported that the arms sale had sent a "wrong and dangerous" signal to Taiwan secessionists highly straining China-US and cross-straits relations. The report claimed that the weapons sale won't cover the cross-strait gap in the military capabilities.<sup>45</sup> Meanwhile, reacting to France's three day, naval exercise with QUAD nations in the Bay of Bengal a [Global Times](#) report stated " No matter how hard the US strengthens its alliance system, it will fail to create a new "Eight-Nation Alliance" .<sup>46</sup>

<sup>39</sup> "Full Text: Bipartisan Legislation to Address Issues Involving China Outlined in Proposed Strategic Competition Act of 2021," [Foreign Senate](#), April 8, 2021

<sup>40</sup> "Senate's Strategic Competition Act Will Make China-US Relations Worse, Not Better," [The Diplomat](#), April 27, 2021

<sup>41</sup> "Congress' Strategic Competition Act will come back to bite America," [CGTN](#), April 22, 2021

<sup>42</sup> "Targeted by US, China has to do three things: Global Times editorial," [Global Times](#), April 15, 2021

<sup>43</sup> "New Guidelines for U.S. Government Interactions with Taiwan Counterparts ," [US Department of State](#), April 9, 2021

<sup>44</sup> "Biden preparing 1st arms sale to Taiwan with 40 self-propelled howitzers ," [Taiwan News](#), April 20, 2021

<sup>45</sup> "1st reported Taiwan arms sales under Biden admin come early, 'further strain situation'," [Global Times](#), April 20, 2021

<sup>46</sup> "US cannot replicate 'Eight-Nation Alliance' against China," [Global Times](#), April 7, 2021

The US-China mutual acrimony however found a defusing point in climate change talks. The US Special Presidential Envoy for Climate John Kerry met his Chinese Counterpart Xie Xenhua in Shanghai on April 15 and 16 to discuss multiple aspects of the climate crisis.<sup>47</sup> Both committed to cooperate to tackle the climate crisis and strengthen the implementation of the Paris agreement.

During the Leaders' Summit on Climate Change hosted by the US on April 22-23, [Chinese President Xi committed to](#) green development, systematic governance, people-centric measures, multilateralism, and the principle of common but differentiated responsibilities while delivering his speech on China's climate change commitments.<sup>48</sup> A report in the [Global Times](#) claimed that the US current climate reform cooperation with China is not aimed at improving China-US relations but rather a separate project to advance US interest.<sup>49</sup>

#### IV. China - European Union (EU) Relations

After a war of sanctions erupted last month, Europe has vowed to shape its ties with China based on a strategy of ["cooperate, compete and confront"](#), with 'climate' being viewed as one of the few areas of cooperation.<sup>50</sup> On April 16 leaders of France, Germany, and China attended a [video conference to reach climate neutrality](#) in its carbon-dioxide emissions before 2060.<sup>51</sup> The three leaders reached consensus on the need to uphold multilateralism and implement the Paris Agreement across the board.<sup>52</sup> A report in the [Global Times](#) stated that by inviting China to a climate summit, Europe's major countries Germany and France have sent positive signals to save ties between Brussels and Beijing.<sup>53</sup> After the climate summit, a [foreign ministers meeting between China and Germany](#) underscored the need for Brussels to engage rather than isolate China. During the meeting, Foreign Minister Wang Yi said, "China does not approve of division based on ideology or engaging in new collective confrontations. It is even more opposed to engaging in 'small cliques',

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<sup>47</sup> "U.S.-China Joint Statement Addressing the Climate Crisis," [US Department of State](#), April 17, 2021

<sup>48</sup> "Full Text: Remarks by Chinese President Xi Jinping at Leaders Summit on Climate," [Xinhua](#), April 22, 2021

<sup>49</sup> "China-US climate cooperation set in toxic environment: Global Times editorial," [Global Times](#), April 14, 2021

<sup>50</sup> "Macron and Merkel hope climate talks with Xi can help take sting out of China-EU tensions," [South China Morning Post](#), April 16, 2021

<sup>51</sup> "Leaders of Germany, France discuss climate policies with China's Xi - statement," [Reuters](#), April 16, 2021

<sup>52</sup> "Xi: Nation to honor climate pledges," [China Daily](#), April 17, 2021

<sup>53</sup> "Chinese, European leaders' summit positive sign to push ties forward after setback: analysts," [Global Times](#), April 16, 2021

advocating a 'new cold war', and even arbitrarily imposing unilateral sanctions based on false information."<sup>54</sup>



Chinese President Xi Jinping attends a video summit with French President Emmanuel Macron and German Chancellor Angela Merkel in Beijing, April 16, 2021.

Source: Xinhua

During a [phone conversation with German Chancellor Angela Merkel](#), President Xi emphasized that China-EU relations face new opportunities and challenges. He emphasised that Europe must make correct judgments about China independently and demonstrate true strategic autonomy. President Xi urged Germany and the European Union to recognise China's rise as an opportunity, promote cooperation with mutual respect and "exclude external interference", as tensions between the two sides have been rising over issues like human rights and Brussels regarding Beijing as a "systemic rival".<sup>55</sup> A [Global Times](#) report called the Xi - Merkel phone call 'timely to stabilise ties'.<sup>56</sup> Last month the [European Parliament cancelled a review meeting](#) for the China-EU Comprehensive Agreement on Investment (CAI) after a war of sanctions erupted over the issue of human rights violation in Xinjiang.<sup>57</sup> In a parallel development, the [EU withdrew from plans to take new measures against Beijing's sweeping electoral reforms](#) in Hong Kong after failing to gain support

<sup>54</sup> "China-Germany relations: engage, don't isolate, foreign ministers urge European Union," [South China Morning Post](#), April 22, 2021

<sup>55</sup> "Xi Jinping Talks with German Chancellor Angela Merkel on the Phone," [Ministry of Foreign Affairs of PRC](#), April 7, 2021

<sup>56</sup> "Xi, Merkel phone call 'timely to stabilize ties'," [Global Times](#), April 7, 2021

<sup>57</sup> "European Parliament cancels CAI meeting, threatens deal signing delay," [Global Times](#), March 24, 2021

from all 27 members.<sup>58</sup> Chinese strategy appears to drive a wedge between Europe and the US by reaching out independently to major European powers.

[European Union Strategy for cooperation in the Indo-Pacific](#) was adopted by 27 Foreign Ministers of the EU's Member states on April 19 to reinforce its focus and action in the region. The approach and engagement are aimed at contributing to prosperity, security, stability, and sustainable development of the region based on the rule of law, promotion of democracy, human rights, and international law.<sup>59</sup> Under the new strategy, a broad range of areas to be covered include trade and investment, climate change, and free and open maritime supply routes that comply with international law. Commenting on EU's Indo-Pacific Strategy, a [Global Times](#) report stressed that it is aimed at "reinforcement of strategic focus to counter China's rising profile in the region."<sup>60</sup> Following the EU's adoption of Indo-Pacific Strategy, [European External Action Service \(EEAS\)'s statement](#)<sup>61</sup> that claimed tension in the South China Sea region is endangered by large Chinese vessels was denounced by China. Calling out on EEAS statement, a Chinese foreign ministry spokesperson noted that the [Arbitration Tribunal in 2016](#) was illegitimate and established based on illegal acts and claims of the Philippines.<sup>62</sup>

As per reports, the [EU is helping Taiwan's indigenous submarine project](#). Two of Taiwan's four active submarines were built in the Netherlands in the 1980s. State-backed CSBC Corporation Taiwan, building the submarines, aims to deliver the first of the eight planned vessels in 2025.<sup>63</sup>

## V. China -Russia Relations

2021 marks the [20<sup>th</sup> anniversary of the signing of China- Russia Treaty of Good Neighbourliness and Friendly Cooperation](#) and the establishment of ties between the Communist Party of China (CPC) and the United Russia Party. During a virtual dialogue, President Xi noted that China and Russia should deepen comprehensive strategic co-ordination for a new era and play vital roles in safeguarding international fairness and justice, maintaining world

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<sup>58</sup> "EU drops plans to punish China over Hong Kong electoral reform," [South China Morning Post](#), April 16, 2021

<sup>59</sup> "EU Strategy for Cooperation in the Indo-Pacific," [EEAS](#), April 19, 2021

<sup>60</sup> "EU should play a constructive role in Indo-Pacific to avoid tension with China," [Global Times](#), April 20, 2021

<sup>61</sup> "South China Sea: Statement by the Spokesperson on challenges to peace and stability," [EEAS](#), April 24, 2021

<sup>62</sup> "EU should "stop sowing discord" in South China Sea: Chinese spokesperson," [Xinhua](#), April 25, 2021

<sup>63</sup> "European countries helping with Taiwan's submarine project, Taipei says," [South China Morning Post](#), April 3, 2021



peace and stability, and promoting joint development and prosperity.<sup>64</sup> Vladimir Putin acknowledged the importance of the dialogue between the two parties and expressed hope to make constructive and fruitful efforts to consolidate the friendship and understanding between the two countries.<sup>65</sup>

[China and Russia are keen to develop the Northern Sea Route](#) (NSR, the shortest pathway between Asia and Europe), through the Arctic Ocean.<sup>66</sup> Despite the cumbersome climatic conditions and underdeveloped infrastructure, both countries have shown interest in the NSR owing to its low-cost transportation benefits. The Arctic contains a fifth of the [Earth's natural resources](#). Notably, in June 2017, China named the Arctic Silk Road as one of the Belt and Road Initiatives.<sup>67</sup>

In the wake of the Biden administration's tough diplomatic posture against China, the Chinese state media and government sources continue to amplify the importance of China - Russia friendship. In this regard, the Chinese media called the expulsion of Russian diplomats by the US, Czech Republic, Ukraine, Poland, and Bulgaria as ["geopolitical manipulation" by Washington](#) that offers a lesson for the US "strategic competitor", China.<sup>68</sup> Biden administration faces two major powers, Russia and China, a [Global Times](#) report claimed. According to the report Biden Administration's geopolitical offensive is aimed at fighting off the Chinese economic and technological challenge and Russia's military and political strength. China and Russia are responding to this challenge, by coordinating their policies, expanding their engagement, and by reaching out to the global community hit by the pandemic, the report claimed.<sup>69</sup> Chinese Foreign Ministry spokesperson Hua Chunying spoke about China's joint efforts with Russia and the international community to uphold ["genuine multilateralism" and promote "democratization"](#) in international relations.<sup>70</sup> During a talk show on Russian TV, Russian [Foreign Minister Sergei Lavrov said](#), Russia-China relations built on a clear-cut and objective foundation of overlapping interests have been qualitatively strengthened.<sup>71</sup> The "strategic interaction and multifaceted partnership" between the two countries are not

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<sup>64</sup> "Xi, Putin congratulate 9th meeting of China-Russia dialogue mechanism between ruling parties," [CGTN](#), April 20, 2021

<sup>65</sup> Ibid.

<sup>66</sup> "Win-win Sino-Russian cooperation on the Arctic Silk Road," [CGTN](#), April 14, 2021

<sup>67</sup> Ibid

<sup>68</sup> "US, allies besieging Russia offers lesson for China: Global Times editorial," [Global Times](#), April 19, 2021

<sup>69</sup> "US' dual China, Russia containment won't work; governance is key, not ideology," [Global Times](#), March 28

<sup>70</sup> "China vows to uphold genuine multilateralism with Russia," [CGTN](#), April 2, 2021

<sup>71</sup> "Russian FM says Russia-China ties continue to be strengthened," [Xinhua](#), April 2, 2021

directed against anyone but focused exclusively on the interests of the two peoples and countries, he said.<sup>72</sup>

## China's Global Image

### I. Coronavirus

Chinese Vaccine diplomacy came under fresh controversy after China's top disease official, Gao Fu [admitted to the low efficacy rate of Chinese vaccines](#).<sup>73</sup> During a press conference, Gao Fu added that China was considering mixing vaccines to boost efficacy.<sup>74</sup> The two Chinese Covid-19 vaccines are to be reviewed for the first time by a global regulator, [World Health Organization \(WHO\)](#), who will decide whether Chinese vaccines can be licensed for emergency use.<sup>75</sup> [Chinese vaccines have met with significant scepticism](#) due to questions about their distribution, effectiveness, and pricing.<sup>76</sup> Meanwhile, Taiwan has claimed that [China offered Covid-19 vaccines to badly hit Paraguay](#) for pressurizing it to sever ties with Taiwan.<sup>77</sup>

### II. Belt and Road Initiative (BRI)

During their meeting in Washington on April 16, [President Joe Biden and Japanese PM Yoshihide Suga](#) focused on "China's influence over the peace and prosperity in the Indo Pacific."<sup>78</sup> Discussions included China's rising economic clout, Belt and Road Initiative, and the 5G Dominance. The meeting reportedly focused on plans for developing high-quality infrastructure projects as an alternative to BRI. Official data indicates that [Japanese infrastructure investment pledges in Southeast Asia](#) (\$367 billion) are more significant than China (\$255 billion).<sup>79</sup> A commentary in the [Council for Foreign Relations](#) has prescribed that the US and its partners, must pursue a large scale infrastructure initiative to rival BRI.<sup>80</sup> In a significant development, [Australia announced](#)

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<sup>72</sup> Ibid.

<sup>73</sup> "Chinese official says local vaccines 'don't have high protection rates'," [BBC](#), April 12, 2021

<sup>74</sup> Ibid.

<sup>75</sup> "World Health Organization to decide whether to approve Chinese Covid-19 vaccines for global use," [South China Morning Post](#), April 26, 2021

<sup>76</sup> "Scepticism over Chinese-made vaccines dents Beijing's vaccine diplomacy in Southeast Asia," [ANI](#), April 6, 2021

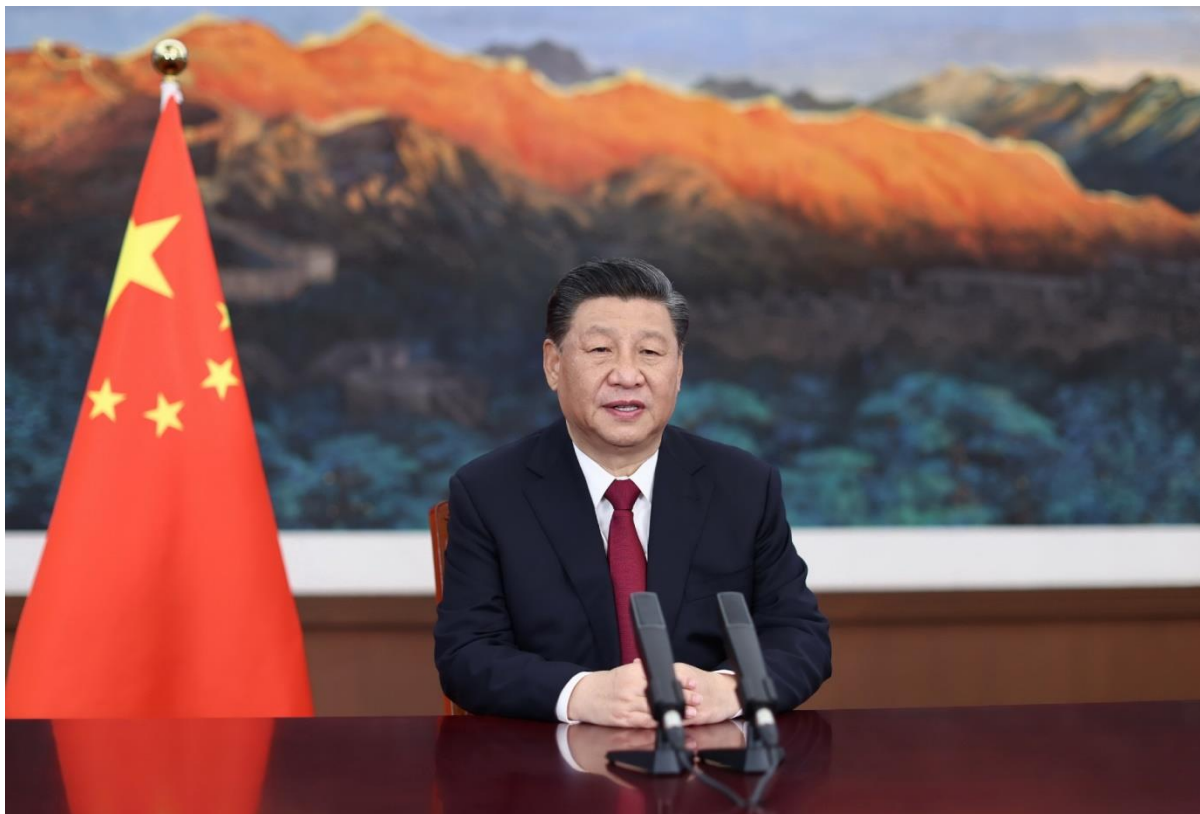
<sup>77</sup> "Taiwan accuses China of 'vaccine diplomacy' in Paraguay," [BBC](#), [April 7](#), 2021

<sup>78</sup> "Biden, Suga commit to take on China's challenges in the Pacific" [Al Jazeera](#), April 16, 2021

<sup>79</sup> "US-Japan roll out digital counter to China's BRI," [Asia Times](#), April 20, 2021

<sup>80</sup> "Competing with China: Lessons From the Belt and Road," [Council on Foreign Relations](#), April 1, 2021

[revoking China's BRI](#), saying it was inconsistent with Australia's foreign policy.<sup>81</sup>



President Xi Jinping delivers a keynote speech via video at the opening ceremony of the Boao Forum for Asia (BFA) Annual Conference 2021, on April 20, 2021. Source: China Daily

China hosted the '[Boao Forum for Asia Annual Conference 2021](#)' in Hainan province under the theme "A World in Change: Join Hands to Strengthen Global Governance and Advance Belt and Road Initiative (BRI) Cooperation".<sup>82</sup> Chinese President Xi Jinping, in his address at the opening ceremony of the Forum, called for [greater global "economic integration"](#), while warning against a new "cold war" and ideological confrontation in "whatever form".<sup>83</sup> He also reiterated Beijing's commitment to [high-quality Belt and Road Cooperation](#).<sup>84</sup> [President Xi underlined](#) that in the wake of the uncertainty and instability of the pandemic the countries should come together to (i)strengthen global governance;(ii)maintain openness for development and progress;(iii) maintain solidarity in creating a future of health and security;(iv) commit to justice

<sup>81</sup> "Australia Cancels State's Belt And Road Deal With China," [NDTV](#), April 21, 2021

<sup>82</sup> "President Xi calls for economic integration, opposes new 'Cold War' and ideological confrontation at Boao Forum", [Global Times](#), April 20, 2021.

<sup>83</sup> Ibid.

<sup>84</sup> Ibid.

through mutual respect and justice;(iv) build closer partnership for connectivity and green development.<sup>85</sup>

### III. Human Rights and Democracy

[A report released by Human Rights Watch](#) titled "Break Their Lineage, Break Their Roots': China's Crimes against Humanity Targeting Uyghurs and Other Turkic Muslims," identifies a range of abuses against the Turkic Muslims that amount to offences committed as part of a systematic attack including arbitrary mass detention, forced disappearances, torture, mass surveillance, separation of families, forced labour, and violation of reproductive rights.<sup>86</sup>

In sort of retaliation, the [Chinese Society for Human Rights](#), in its reports, accused the US of severe humanitarian disasters in the wake of "major aggressive wars" waged by the US.<sup>87</sup> The report pointed out China's "proactive" move to put the West's human rights atrocities under the spotlight.<sup>88</sup> The Chinese foreign ministry listed '[five sins](#)' of the US human rights records ranging from the genocide of Native Americans in the 19<sup>th</sup> century to "current systematic racism and interventionism".<sup>89</sup> Countering the international outcry on human rights violation in Xinjiang, Chinese state media has claimed that the [US is funding Xinjiang separatist forces to thwart China's BRI](#) aiming to develop both Xinjiang and Central Asia.<sup>90</sup>

### Trade and Economy

In a significant boost to the Chinese economy, Beijing's official data revealed [18.3 percent growth](#) year-on-year in the country's GDP in the first quarter of this year.<sup>91</sup> Based on this, analysts believe that "Chinese [economy could grow at 9 percent in 2021](#), well above Beijing's official target of more than 6 percent".<sup>92</sup> The US stimulus plan of USD1.9 trillion and 9 percent annual growth in the nominal GDP of China could further spark the US-China trade war as this

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<sup>85</sup> "Full Text: Keynote speech by Chinese President Xi Jinping at the opening ceremony of the Boao Forum for Asia Annual Conference 2021," [China Daily](#), April 20, 2021

<sup>86</sup> "China: Crimes Against Humanity in Xinjiang," [Human Rights Watch](#), April 19, 2021

<sup>87</sup> "Article exposes humanitarian disasters caused by U.S. aggressive wars," [China Society for Human Rights](#), April 9, 2021

<sup>88</sup> "Report exposes US humanitarian-veiled war atrocities, as China takes proactive move to strip it of human rights high ground," [The Global Times](#), April 9, 2021

<sup>89</sup> "Chinese Foreign Ministry hits back at U.S. over 5 human rights 'sins'," [CGTN](#), April 7, 2021

<sup>90</sup> "This is why the U.S. is sponsoring Xinjiang separatist forces," [CGTN](#), April 12, 2021

<sup>91</sup> "China's Q1 GDP grows 18.3% y-o-y, the fastest in three decades", [Global Times](#), April 16, 2021.

<sup>92</sup> Ibid.

could take "[bilateral goods trade deficit past USD500 billion](#)".<sup>93</sup> Even as China registered double-digit economic growth in Q1, Chinese Premier Li Keqiang stressed: "the complex and severe international environment that has added new [uncertainties to China's economic recovery](#)".<sup>94</sup> In another development, considering the issue of the aging population, a working paper by 'The People's Bank of China' (PBOC) has recommended Beijing to "completely [abandon birth control policies](#) or lose its economic edge over the United States".<sup>95</sup>

The hardliner approach adopted by the US toward abusive Chinese economic and trade practices shows no signs of abating under the Biden administration. The US Trade Representative (USTR) Katherine Tai released 'Annual National Trade Estimate Report' in which the federal government singled out China as the "[world's leading offender in creating overcapacities](#)".<sup>96</sup> "China's state-led approach to the economy and trade makes it the world's leading offender in creating non-economic capacity, as evidenced by the persistent excess capacity situations in several industries, [including steel, aluminium, and solar](#), among others", the USTR added.<sup>97</sup> Further USTR highlighted that, "Beijing was well on its way to creating severe excess capacity in other industries by doling out billions of dollars of support to Chinese companies under its [Made in China 2025 industrial plan](#)".<sup>98</sup>

Manufacturing is the backbone of the Chinese economy; however, analysts highlighted a [free fall in the contribution of this sector](#) to the country's GDP since 2006.<sup>99</sup> It was argued that, "Beijing must avoid a [US-style collapse of the Chinese manufacturing sector](#)".<sup>100</sup> Further, it appears that growing concerns about Chinese government's human rights violations in Hong Kong and Xinjiang are weighing on the minds of foreign investors from North America and Europe. "[Foreign investor's holdings of Chinese government bonds](#) declined by USD2.5 billion in March from the previous month, the first monthly drop since February 2019".<sup>101</sup> In light of this, economist Wei He mentioned, "if

<sup>93</sup> Kevin Hamlin, "American Rescue Plan: US stimulus seen widening trade deficit that sparked Trump's trade war with China", [South China Morning Post](#), April 12, 2021.

<sup>94</sup> Orange Wang, "China GDP: 'new uncertainties' ahead for economy, Premier Li Keqiang warns, even with double-digit growth expected", [South China Morning Post](#), April 12, 2021.

<sup>95</sup> Sidney Leng, "China population: birth control policies should be scrapped to retain economic edge over US, says central bank", [South China Morning Post](#), April 15, 2021.

<sup>96</sup> "US-China relations: trade chief Katherine Tai lays out hardline approach with 'world's leading offender' label", [South China Morning Post](#), April 1, 2021.

<sup>97</sup> Ibid.

<sup>98</sup> Ibid.

<sup>99</sup> Orange Wang, "China manufacturing: can Beijing prevent a US-style collapse of its key sector?", [South China Morning Post](#), March 28, 2021.

<sup>100</sup> Ibid.

<sup>101</sup> Karen Yeung, "Growing China human rights concerns risk curbing foreign investment needed to support economy", [South China Morning Post](#), April 15, 2021.

this becomes a trend, it means you are [rejecting direct investment into China](#) which would have serious implications; it is something that I'm worried about".<sup>102</sup> However, in sharp contrast, the Chinese Commerce Ministry highlighted that "[FDI inflows to China surged at the fastest rate](#) in 13 years during Q1."<sup>103</sup> Meanwhile, China is pressing ahead with [liberalization of its financial sector](#), including foreign banks, brokerages, and fund management firms.<sup>104</sup>

Considering China's ambitions of manufacturing aircraft engines, Washington has imposed sanctions on Chinese companies in the aerospace industry, including '[Commercial Aircraft Corporation of China](#)' (Comac).<sup>105</sup> With the Biden administration continuing export controls, analysts stressed that "Beijing's plan to accelerate development of its [aviation industry faces enormous challenges](#)".<sup>106</sup> However, China's home grown '[Comac C919 passenger aircraft](#)' is likely to be officially certified to fly later this year, reportedly designed to compete with 'Boeing 737' and 'Airbus A320'.<sup>107</sup>

On the global economic front, the Biden administration has proposed '[Global Minimum Corporate Tax](#)'.<sup>108</sup> Chinese media highlighted that Beijing is likely to take a [cautious approach toward this tax proposal](#) given the continued high-level tensions between the US and China.<sup>109</sup> One of the major concerns for China would be its impact on '[Hong Kong' - seventh largest tax haven](#) in the world and largest tax haven in Asia.<sup>110</sup> A key advantage for businesses to source their Chinese mainland generated revenue to Hong Kong is its low tax burden. "If Hong Kong is forced to raise corporate tax, it could [reduce its appeal as a business location](#)".<sup>111</sup>

In light of the Chinese Foreign Minister Wang Yi's recent visit to the Middle East (West Asia), Chinese analysts have raised the [possibility of 'Petro Yuan' system](#)

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<sup>102</sup> Ibid.

<sup>103</sup> Orange Wang, "China's FDI inflows surge at fastest rate in 13 years during first quarter, surpassing pre-pandemic level", [South China Morning Post](#), April 15, 2021.

<sup>104</sup> Karen Yeung, "Could US-China tensions hinder Beijing's plans to integrate further with global financial markets?", [South China Morning Post](#), April 5, 2021.

<sup>105</sup> Amanda Lee, "US-China relations: Beijing's plan for aviation supremacy faces bumpy ride as American export controls show no signs of easing", [South China Morning Post](#), March 28, 2021.

<sup>106</sup> Ibid.

<sup>107</sup> "C919: China's home-grown aircraft on course to be certified by end of 2021, designer says", [South China Morning Post](#), March 5, 2021.

<sup>108</sup> Frank Tang and Orange Wang, "China quiet on global minimum corporate tax rate backed by G20 as questions over Hong Kong's tax-haven status arise", [South China Morning Post](#), April 8, 2021.

<sup>109</sup> Ibid.

<sup>110</sup> Ibid.

<sup>111</sup> Ibid.

that could further internationalise the Chinese currency.<sup>112</sup> “The Petroyuan could gain traction as [energy exporters like Russia and Iran](#), which are subject to the US sanctions, look to limit dollar exposure”.<sup>113</sup> However, it remains to be seen if the major petroleum exporting countries would be willing to risk the wrath of the US (Petrodollar) by making such a move.

The Communist Party of China (CPC) will celebrate its founding (1921) later this year. In light of this, the Chinese state media highlighted the major achievements of the CPC. The State Council Information Office released a white paper titled [“Poverty Alleviation: China's Experience and Contribution”](#).<sup>114</sup> Beijing’s poverty alleviation path comprises of six parts: people-centric approach, prominent place to poverty alleviation in national governance, [wiping out poverty with development](#), policies based on ground reality, letting poor people play a major role, and gathering strength from all sides.<sup>115</sup> Further, President Xi Jinping visited important [revolutionary battle site in Guangxi region](#) of southern China.<sup>116</sup> President Xi told the CPC members to “remember key moments in its history such as the Long March” and urged them to [“uphold the revolutionary spirit of the past when preparing for the tough days ahead”](#).<sup>117</sup>

Chinese President Xi Jinping attends the commissioning ceremony of three naval vessels, the Changzheng-18, the Dalian, and the Hainan, April 24, 2021. Source: Ministry of National Defence, People’s Republic of China

## Defence and Security

In line with CPC’s objective of building a modern socialist nation with Chinese characteristics, the Central Military Commission (CMC) has issued [guidelines on promoting ideological and political education](#) within the People’s Liberation Army (PLA).<sup>118</sup> Further, the Chinese National Defence Ministry described the US National Security Council’s (NSC) ‘Interim National Security Strategic Guidance’ as a [“reflection of US cold war mentality”](#).<sup>119</sup> This strategic guidance

<sup>112</sup> Karen Yeung, “Could US sanctions and closer Middle East ties fuel the rise of China’s petroyuan?”, [South China Morning Post](#), April 3, 2021.

<sup>113</sup> Ibid.

<sup>114</sup> “A grand process of China’s poverty alleviation practice: Global Times editorial”, [Global Times](#), April 6, 2021.

<sup>115</sup> Ibid.

<sup>116</sup> William Zheng, “Xi Jinping seeks to channel Chinese Communist Party’s revolutionary past as he tells members to prepare for tough days ahead”, [South China Morning Post](#), April 28, 2021.

<sup>117</sup> Ibid.

<sup>118</sup> “China issues guidelines on ideological, political education of military”, [Ministry of National Defence](#), People’s Republic of China, April 7, 2021.

<sup>119</sup> “Regular Press Conference of the Ministry of National Defense”, [Ministry of National Defence](#), People’s Republic of China, March 25, 2021.

highlights “China as the only competitor potentially capable of combining its economic, diplomatic, military and technological power to mount a [sustained challenge to a stable and open international system](#)”.<sup>120</sup> In a related development, the US Senate Foreign Relations Committee introduced a bill called the “[Strategic Competition Act 2021](#)”.<sup>121</sup> According to a commentary in PLA Daily, this bill emphasises on: “[ramped-up military financing in the so-called Indo-Pacific](#), advancement of China-focused sanctions, containment incentives in Asia's leading multilateral forums, scrutiny of Chinese enterprises, and multi-million dollar funds for countering Beijing's infrastructure connectivity initiatives”.<sup>122</sup> Analysts stressed that it could further [strain relations between the United States and China](#).<sup>123</sup>

In a significant development, on the military modernization front Chinese President Xi Jinping attended the commissioning ceremony of three naval vessels, the [Changzheng-18, the Dalian, and the Hainan](#).<sup>124</sup> “Observers identified ‘Changzheng’ 18 as a Type 094 SSBN, nuclear-powered strategic ballistic missile submarine, the ‘Dalian’ as Type 055, 10,000 ton-class destroyer, and the Hainan as the country's [first Type 075 amphibious assault ship](#)”.<sup>125</sup> Chinese state media stressed that, “three new world-class warships commissioned together, [shore up Beijing's nuclear retaliation capability](#), security in the South China Sea and Taiwan straits”.<sup>126</sup>

Meanwhile, in a significant development, the PLA intends to create a ‘[Special Tibetan Army Unit](#)’; towards this, PLA is carrying out drives to recruit Tibetans amid border standoff with India.<sup>127</sup> In a related development, the Tibet Autonomous Region to strengthen control over illegal crossings primarily from India, has [banned 15 border activities](#).<sup>128</sup> Prohibited activities include, “entering the border management zone without valid documents, [evading border inspection](#), organizing or helping others to be smuggled across the border, and

<sup>120</sup> Interim National Security Strategic Guidance, pp.8, [The White House](#), March 2021.

<sup>121</sup> Patricia Zengerle and Michael Martina, U.S. lawmakers intensify bipartisan efforts to counter China, Reuters, April 22, 2021.

<sup>122</sup> Hannan Hussain, “The Strategic Competition Act has no future”, [PLA Daily](#), April 12, 2021.

<sup>123</sup> Zhao Huanxin, “Senate bill prompts concern over further strained relations with China”, [China Daily](#), April 12, 2021.

<sup>124</sup> “Xi attends commissioning of Chinese naval vessels”, [Ministry of National Defence](#), People's Republic of China, April 24, 2021.

<sup>125</sup> Liu Xuanzun and Guo Yuandan, “3 new world-class warships commissioned together, shoring up ‘nuke retaliation, S.China Sea security, island seizing”, [Global Times](#), April 24, 2021.

<sup>126</sup> Ibid.

<sup>127</sup> Rezaul H Laskar and Sutirtho Patranobis, “China carrying out drives to recruit Tibetans amid border standoff with India”, [Hindustan Times](#), April 17, 2021.

<sup>128</sup> Cui Fandi, “Tibet issues border activity bans, strengthens control over illegal crossings”, [Global Times](#), April 6, 2021.



hunting or collecting national protected rare animals and plants".<sup>129</sup> Beijing is also formulating a land border law to improve the legal system for national security.<sup>130</sup>



Chinese President Xi Jinping attends the commissioning ceremony of three naval vessels, the Changzheng-18, the Dalian, and the Hainan, April 24, 2021. Source: Ministry of National Defence, People's Republic of China

Chinese National Defence Ministry in recent reports, highlighted the capture of [advanced unmanned marine vehicles](#) (UMV) in the coastal waters of eastern Chinese provinces of Jiangsu, Zhejiang, Guangxi, and Hainan.<sup>131</sup> "Claiming these to be foreign devices with spying functions...focused on collecting hydrologic data related to sea and marine information closely associated to military activities, posing a threat to the secrecy of China's underwater targets since this [data might expose the whereabouts of submarines](#)".<sup>132</sup> Further, Beijing issued new [anti-espionage regulations](#) that allow "national security authority to draw up lists of companies and organizations that are susceptible

<sup>129</sup> Ibid.

<sup>130</sup> "China to formulate land border law to ensure national security", [Xinhua Net](#), March 8, 2021.

<sup>131</sup> "Fishermen awarded for capturing spy devices in coastal provinces", [Ministry of National Defence](#), People's Republic of China, April 16, 2021.

<sup>132</sup> Ibid.

to foreign infiltration and require identified institutes to adopt security measures to prevent such external interference".<sup>133</sup>

With the rising US-China tensions over Taiwan, the PLA Air-Force conducted an exercise near the island of Taiwan on April 12, reportedly with the [largest number of fighter aircraft ever recorded](#).<sup>134</sup> A report by the Global Times highlighted this as a "rehearsal of (Taiwan's) [reunification by force](#), sending a clear warning to Taiwan secessionists and the US that have been making provocative moves to escalate tensions in the region".<sup>135</sup> Further, Washington issued new guidelines for [America's interaction with Taiwanese officials](#) reflecting "deepening unofficial relationship" between the two sides which Chinese experts described as "harassment".<sup>136</sup> Meanwhile Taiwan's navy launched its [first 10,000 ton-class amphibious landing ship](#) that is likely to add to the rising military tensions in the Taiwan Straits.<sup>137</sup>

As Japanese Prime Minister Suga met the US President Biden in Washington, a commentary in PLA Daily described "US-Japan alliance as becoming the axis of [endangering peace in Asia-Pacific](#)".<sup>138</sup> It was argued that "US-Japan alliance could evolve into something similar to [Germany-Italy-Japan axis](#) before and during the World War II".<sup>139</sup> In the past few years, China-Japan relations had returned to the right track; however, Tokyo has abruptly changed the course to become a part of America's China containment strategy, ruining the [momentum of improvement in China-Japan relations](#).<sup>140</sup> Chinese analysts also warned [Japan to stay away from Taiwan question](#) or pay a very heavy price for it.<sup>141</sup> On his part, the Japanese Prime Minister clarified that "the joint statement by US and Japan calling for '[peace and stability across the Taiwan Strait](#)' does not mean Japan will send troops to Taiwan".<sup>142</sup> Earlier on March 29, China and Japan held defence consultations, during which [Beijing re-iterated](#)

<sup>133</sup> Liu Caiyu, Fan Anqi and Lou Kang, "China adopts new anti-espionage regulation, to name key institutes susceptible to foreign infiltration", [Global Times](#), April 26, 2021.

<sup>134</sup> Liu Xuanzun and Guo Yuandan, "PLA exercise could be a rehearsal of combat plan over the island: expert", [Global Times](#), April 13, 2021.

<sup>135</sup> Ibid.

<sup>136</sup> "New guidelines on US-Taiwan interactions 'harassment', not 'turning point': observer", [Global Times](#), April 10, 2021.

<sup>137</sup> Liu Xuanzun, "Taiwan navy's new amphibious vessel 'no match to PLA counterpart, of minimal threat", [Global Times](#), April 14, 2021.

<sup>138</sup> US-Japan alliance is becoming the axis of endangering peace in Asia-Pacific, [PLA Daily](#), April 17, 2021.

<sup>139</sup> Ibid.

<sup>140</sup> Ibid.

<sup>141</sup> Ibid.

<sup>142</sup> Julian Ryall, "Japan troops won't get involved if China invades Taiwan, PM Yoshihide Suga says", [South China Morning Post](#), April 21, 2021.

[its sovereignty over the 'Diaoyu Island'](#) and its affiliated islands while urging Tokyo to stop provoking China.<sup>143</sup> Meanwhile, [Japan's decision to dump waste water](#) from the wrecked Fukushima nuclear plant into the Pacific Ocean has received severe criticism from the Chinese state media.<sup>144</sup> The People's Daily stressed that, "[Japan has no conscience](#), as there is no precedent in the world for discharging water contaminated in nuclear accident into sea".<sup>145</sup>

Further, the US Strategic Command (STRATCOM) head, Adm Charles Richard, re-iterated his earlier warning that, "[Beijing might use nukes to coerce US leaders](#) in a crisis".<sup>146</sup> Adm. Charles spoke about "[China's very opaque nuclear policy](#) which makes it "difficult to determine their intentions"... Evidence suggests that China is moving toward a higher state of alert".<sup>147</sup>

## Technology

On the space technology front, in a significant development, [core module 'Tianhe' of China's space station](#) was sent into the orbit by a Long March-5B Y2 carrier rocket.<sup>148</sup> This marks the beginning of key launch missions that are aimed at completing the [construction of China's space station](#) by the end of 2022.<sup>149</sup> Further, China held its national space day on April 24 in Nanjing in which country's [first mars rover has been named 'Zhurong'](#) - meaning god of fire in Chinese mythology.<sup>150</sup>

In a further escalating US-China technology war, US Department of Commerce [sanctioned seven Chinese supercomputing entities](#) for their support to China's military modernization.<sup>151</sup> The US Secretary of Commerce Gina Raimondo stated that, "Supercomputing capabilities are vital for the development of many – perhaps almost all – [modern weapons and national security systems](#), such as nuclear weapons and hypersonic weapons. The Department of Commerce will use the full extent of its authorities to prevent China from leveraging the US technologies to support these destabilizing

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<sup>143</sup> China, Japan hold defense consultation: Defense Spokesperson, [Ministry of National Defence](#), People's Republic of China, March 31, 2021.

<sup>144</sup> Zhong Sheng, "Japan shows no conscience as regards decision to dump nuclear wastewater into sea", [People's Daily Online](#), April 20, 2021.

<sup>145</sup> Ibid.

<sup>146</sup> Patrick Tucker, "US Nuclear Fears Are Shifting From a Clear Russian Threat to a Murkier Chinese One", [Defense One](#), April 20, 2021.

<sup>147</sup> Ibid.

<sup>148</sup> Core module of China's space station enters planned orbit, [CGTN](#), April 29, 2021.

<sup>149</sup> Ibid.

<sup>150</sup> "China's first Mars rover named Zhurong", [CGTN](#), April 24, 2021.

<sup>151</sup> Commerce Adds Seven Chinese Supercomputing Entities to Entity List for their Support to China's Military Modernization, and Other Destabilizing Efforts, [US Department of Commerce](#), April 8, 2021.

military modernization efforts".<sup>152</sup> Chinese Ministry of Commerce "opposed the latest US sanctions as it severely [disrupts international economic and trade order](#), and poses critical threats to the security of global industrial supply chains".<sup>153</sup> Further, two US Congressmen have urged Commerce Secretary to [ban electronic design automation software](#) exports for chip design to China.<sup>154</sup> Meanwhile, former Google CEO Eric Schmidt who chairs the US National Security Commission on AI urged Washington to "[put more money to build country's semiconductor industry](#)".<sup>155</sup> "America is still ahead of China in AI, but China is investing very heavily and is likely to catch up very soon; ['soon' could be just a few years away](#)", Schmidt warned.<sup>156</sup>

In continuation of its [crackdown on monopolistic practices by the big-tech](#), Beijing imposed CNY18.2 billion (USD2.8 billion) fine on Chinese e-commerce giant Alibaba.<sup>157</sup> Chinese analysts highlighted that, this would ensure free and [fair development of small businesses](#) in the country, which previously had to pick sides among big-tech companies.<sup>158</sup>



<sup>152</sup> Ibid.

<sup>153</sup> "MOFCOM Spokesperson on US's Adding 7 Chinese Institutions to Export Control "Entity List", [Ministry of Commerce](#), People's Republic of China, April 10, 2021.

<sup>154</sup> Josh Ye, "US-China tech war: calls for more tech bans on China get louder in Washington", [South China Morning Post](#), April 16, 2021.

<sup>155</sup> Masha Borak, "Ex-Google CEO Eric Schmidt warns the US must invest in semiconductors to counter China", [South China Morning Post](#), April 22, 2021.

<sup>156</sup> Ibid.

<sup>157</sup> Josh Ye and Jane Zhang, "Alibaba antitrust investigation: Beijing slaps e-commerce giant with record US\$2.8 billion fine in landmark case", [South China Morning Post](#), April 10, 2021.

<sup>158</sup> Ibid.

Radar systems on display at the '9th World Radar Expo' in Nanjing, East China's Jiangsu Province on April 22, 2021. Source: Global Times

Considering the growing threat of stealth aircraft to air-defences worldwide, the Chinese city of Nanjing hosted '[9th World Radar Expo](#)' showcasing China's anti-stealth technology.<sup>159</sup> Some of the major Chinese systems highlighted in this expo include YLC-8E anti-stealth UHF-band radar system, [SLC-7 L-band 3D long-range surveillance radar](#), KLJ-7A X-band airborne fire-control radar, and SLC-2E multifunctional weapon locating radar.<sup>160</sup> A report on Global Times claims that, "the specifications of [SLC-7 are on par with foreign radar systems](#) including the AN-TPS-117 of the US and Nebo-M of Russia."<sup>161</sup>

The [Chinese military has banned Tesla cars](#) from entering its complexes, raising security concerns over the cameras and ultrasonic sensors installed on the vehicle. In light of this, CEO of Tesla Elon Musk addressed Chinese concerns over 'data security' and 'spying'. Musk said, "If [Tesla used its cars to carry out espionage activities](#) in China or anywhere, we would get shut down...There's a strong incentive for us to be confidential".<sup>162</sup> Tesla also reiterated that "all [data collected in China will be placed and stored in China](#)".<sup>163</sup> In a related development, Chinese media highlighted the role of Chinese tech companies in country's Electric Vehicles (EVs) revolution. As part of its "Made in China 2025" industrial plan, Beijing wants by 2024, 20 percent of all [new cars hitting the streets to be EVs](#).<sup>164</sup> Analysts stressed that China could very well define the future of mobility considering the resources it is pouring into the EVs sector along with the Chinese private sector.<sup>165</sup>

Further, it appears that China's global artificial intelligence (AI) patent applications have significantly increased over the past 10 years. "According to a report published at the [Chinese Artificial Intelligence Industry Annual Conference](#), over the past 10 years, the number of global AI patent applications reached more than 520,000. China contributed 389,571 accounting for 74.7

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<sup>159</sup> "9th World Radar Expo opens in Nanjing", [Ministry of National Defence](#), People's Republic of China, April 23, 2021.

<sup>160</sup> Ibid.

<sup>161</sup> Cao Siqi and Liu Xuanzun, "China's anti-stealth tech shines at radar expo", [Global Times](#), April 22, 2021.

<sup>162</sup> Ibid.

<sup>163</sup> Ibid.

<sup>164</sup> Daniel Ren, "In China's EV war, here's how tech giants will shake up the world's biggest auto market", [South China Morning Post](#), January 15, 2021.

<sup>165</sup> Ibid.

percent of the total number, ranking the nation first in the world in terms of AI patent applications".<sup>166</sup>

During the recent "two sessions", Chinese authorities had stressed that, "country's [aerospace launch sector will see a boom](#) in the next five to ten years, and that it was necessary to establish a center exclusively for commercial satellites".<sup>167</sup> In line with this, the Chinese port city of Ningbo in Zhejiang province is building a [20 billion Yuan \(USD3.05 billion\) rocket launch site](#) to meet the surging demand for putting satellites into orbit.<sup>168</sup> In another development, China held its national space day on April 24 in Nanjing in which country's [first mars rover has been named 'Zhurong'](#) - meaning god of fire in Chinese mythology.<sup>169</sup> Further, China and Russia issued a joint declaration on cooperation in the creation of the [International Lunar Research Station](#) (ILRS).

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<sup>166</sup> "Artificial intelligence drives into our daily lives", [China Daily](#), April 13, 2021.

<sup>167</sup> Ma Zhenhuan, "Ningbo to build \$3.05b rocket launchpad site", [China Daily](#), April 8, 2021.

<sup>168</sup> Ibid.

<sup>169</sup> "China's first Mars rover named Zhurong", [CGTN](#), April 24, 2021.



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