



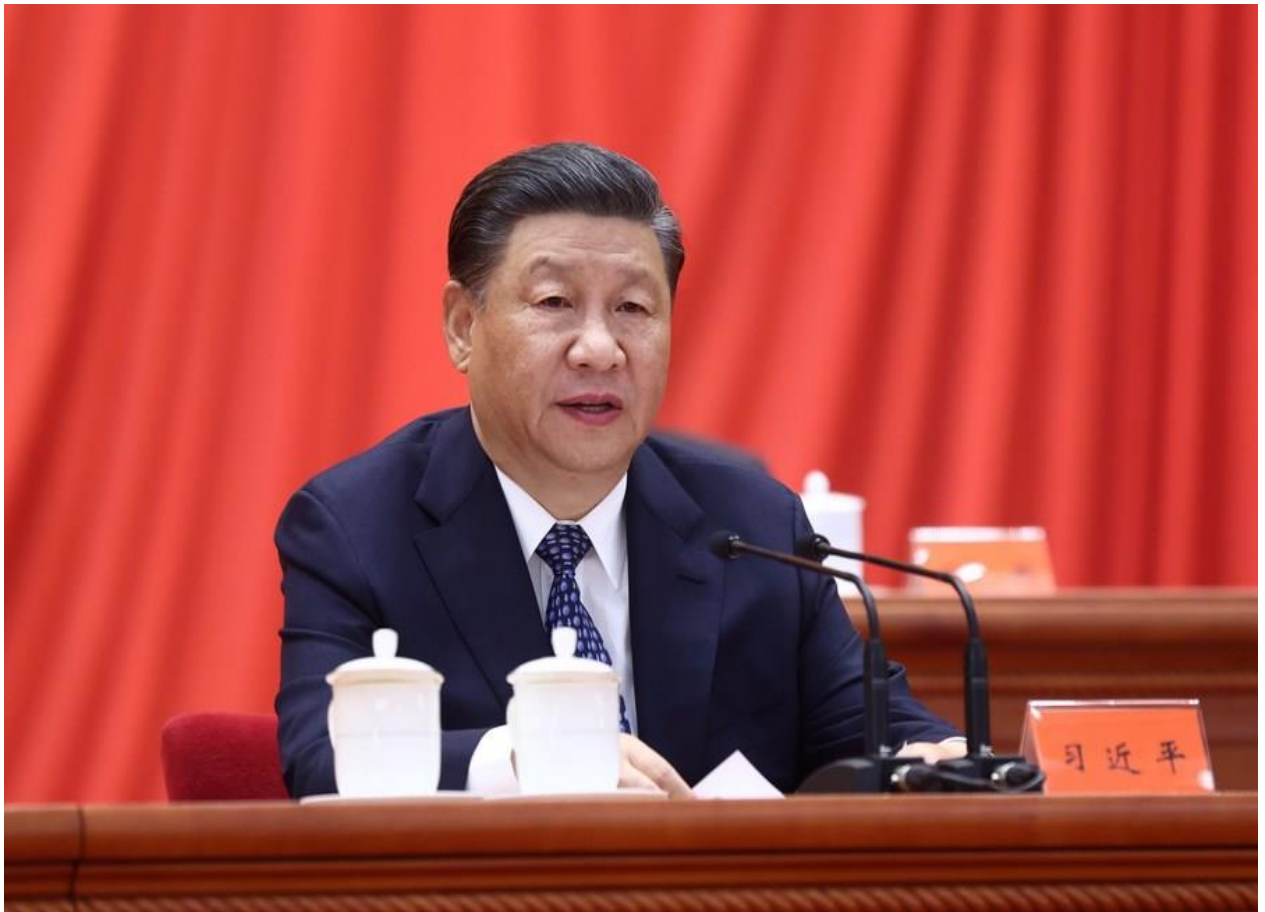
Delhi Policy Group

Advancing India's Rise as a Leading Power



DPG China Monitor

MAY 2021



Volume IV, Issue 5 | May 2021

Delhi Policy Group

Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

www.delhipolicygroup.org



Delhi Policy Group

Advancing India's Rise as a Leading Power

DPG China Monitor

Volume IV, Issue 5

May 2021

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.

Since 2016, in keeping with India's increasing global profile, DPG has expanded its focus areas to include India's regional and global role and its policies in the Indo-Pacific. In a realist environment, DPG remains mindful of the need to align India's ambitions with matching strategies and capabilities, from diplomatic initiatives to security policy and military modernisation.

At a time of disruptive change in the global order, DPG aims to deliver research based, relevant, reliable and realist policy perspectives to an actively engaged public, both at home and abroad. DPG is deeply committed to the growth of India's national power and purpose, the security and prosperity of the people of India and India's contributions to the global public good. We remain firmly anchored within these foundational principles which have defined DPG since its inception.

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:

Chinese President Xi Jinping addresses a meeting conflating the general assemblies of the members of the Chinese Academy of Sciences, the Chinese Academy of Engineering, and the national congress of the China Association for Science and Technology at the Great Hall of the People in Beijing, May 28, 2021. Source: Xinhua Net

© 2021 by the Delhi Policy Group

Delhi Policy Group

Core 5A, 1st Floor,
India Habitat Centre,
Lodhi Road, New Delhi- 110003.
www.delhipolicygroup.org

DPG China Monitor
Volume IV, Issue 5
May 2021

Contents

Abstract	i
Foreign and Security Policy	1
I. China-India Relations	1
II. China – South Asia Relations	3
III. China - United States Relations	6
IV. China – European Union Relations	8
V. China – Russia Relations	9
China’s Global Image	10
i. Coronavirus	10
ii. Belt and Road Initiative	10
iii. Human Rights and Democracy	11
Trade and Economy	11
Defence and Security	16
Technology	20

Abstract

As the yearlong standoff continues in Ladakh, the 11th round of senior military commanders' talks ended in a deadlock and with no signs of early disengagement. China is reportedly reinforcing its military positions along the Line of Actual Control and rotating troops in the depth areas. In an interview, Indian Army Chief Gen MM Naravane held China responsible for unilaterally breaching border agreements, leading to the current situation in Ladakh. Indian External Affairs Minister Dr. S. Jaishankar echoed these views in a virtual interview, emphasising that only the full restoration of peace and tranquillity in the disputed border areas will ensure progress in bilateral relations.

China sentenced Qiu Ziming, a popular blogger with 2.5 million followers, to eight months in prison for questioning the number of Chinese casualties during the Galwan valley clash last June. This reflects that more and more Chinese netizens are questioning official accounts of PLA casualties in Galwan.

China continued with its influence building operations in India's neighbourhood. It warned Bangladesh against joining the US-led QUAD framework. Meanwhile, disregarding India's concerns on territorial sovereignty, China confirmed its plans to extend the CPEC project to Afghanistan. Reports of a China-Nepal border row surfaced after border pillars were removed in the Daulkha district of Nepal. In a major development, after much acrimony the Sri Lankan Parliament passed a China-backed 'Colombo Port city, Special Economic Zone' bill on May 20 that allegedly undermines Sri Lanka's sovereignty, constitution, and labour rights.

Amidst the heightened US-China acrimony, Chinese Vice-Premier Liu He and US Trade Representative Katherine Tai held their first "candid and constructive" exchange after the Biden administration assumed office in January 2021. US House Speaker Nancy Pelosi called for a boycott of next year's winter Olympics in Beijing over human rights abuses. The Biden administration proposed upgradation of the American nuclear arsenal to counter the China threat. During an event hosted by Stanford University, Kurt Campbell, the U.S. NSC coordinator for Indo-Pacific Affairs, underlined that US-China relations have transitioned from engagement to a period of intense competition.

In a major development, the European Parliament halted ratification of the EU-China Comprehensive Agreement on Investment (CAI). In another setback to China, Lithuania pulled out of the 17+1 Forum and urged other EU countries to do the same, while calling for a UN probe on Uighur internment camps in Xinjiang.

China and Russia agreed to deepen cooperation on nuclear energy and pledged to play a bigger role to combat climate change. During a virtual ceremony on May 19, Presidents Xi Jinping and Vladimir Putin jointly launched the construction of four new reactors at two nuclear plants in China.

Adding to international pressure on China to be more transparent about the origins of the pandemic, President Joe Biden tasked US intelligence agencies to investigate the origins of Covid-19.

China's National Bureau of Statistics (NBS) released the country's seventh national population census. Mainland China's population has grown from 1.4 billion to 1.412 billion in 2020; however, the number of newborn babies has continued to fall. The census data highlights a decline in the size of China's working-age population and women of childbearing age. This prompted the CPC Politburo to announce a three-child policy.

Even as China registered 18.3 percent economic growth in the first quarter of this year, there were concerns that the pace of economic activity appears to be slowing down.

The US vowed to undertake a top-to-bottom review of trade policy with China. China-Australia economic relations showed no signs of improvement. Beijing indefinitely suspended all activities under the "China-Australia Strategic Economic Dialogue".

China's State Council Information Office released a white paper titled "Tibet Since 1951: Liberation, Development, and Prosperity". This stressed that Tibet has been an inseparable part of China since ancient times and a new socialist Tibet has taken shape, marked by substantial improvements in people's lives. "Tibetan independence was a product of imperialist aggression against China in modern times", it added. This can be seen as an attempt to complete and full integration of Tibet with the PRC.

As China approaches the centenary of the founding of the Communist Party of China (CPC), it is witnessing a centrally inspired boom in "Red Tourism" among the Chinese youth. President Xi Jinping set the tone by his visits to various revolutionary sites to emphasise that "revolutionary history is the best textbook for Chinese Communists".

On the defence and security front, tensions between the US and China over Taiwan showed no signs of abating. The Chinese military expressed strong opposition to the US guided-missile destroyer 'USS Curtis Wilbur' sailing through Taiwan straits off the Xisha Islands, which the China claims as its

territorial waters. Chinese state media expressed apprehension at the US withdrawal from Afghanistan, which could lead to a rise of Islamic radicalism that impacts Uyghur Muslims in the restive Xinjiang province.

President Xi urged China's scientists to be prepared for an "unprecedented" scientific and technological competition that has become "the main battleground" of global power rivalry. He called for efforts to achieve technological self-reliance through breakthroughs in core technologies, including artificial intelligence, semiconductors, quantum technology, life science and energy.

China's first Mars probe landed on the red planet on May 15, making it the second country after the US to land and operate a rover on the red planet.

Foreign and Security Policy

I. China-India Relations

As the yearlong standoff continues in Ladakh, there are no signs of early disengagement in disputed sectors. China is reportedly [reinforcing its military positions along the Line of Actual Control \(LAC\)](#) and rotating troops in the depths areas, indicating maintenance of a strong dissuasive posture and the unlikelihood of early restoration of the status quo ante anytime soon.¹

In an interview with PTI, Indian Army Chief Gen MM Naravane blamed China for unilaterally breaching border agreements, leading to the current situation in Ladakh. He added that while India was “open to initiating confidence-building measures, it remained prepared for all contingencies”² He indicated that the next round of talks would focus on restoring the status quo ante of April 2020, while declaring that the Indian Army will not permit any loss of territory or unilateral changes in the status quo.³ He added, “we are dealing with the Chinese in a firm and non-escalatory way, ensuring the sanctity of our claims in eastern Ladakh”.⁴ Gen Naravane also blamed the PLA for escalation by adopting unorthodox weapons and amassing a large number of troops.⁵

During remarks at a Financial Times-Indian Express Webinar, External Affairs Minister Dr. S. Jaishankar insisted that the full restoration of peace and tranquillity in the disputed border areas is [an pre requisite for progress in bilateral relations](#).⁶ Responding to Dr. Jaishankar’s opinion, a commentary in the Global Times advised India to maintain a balance between China and the US by preserving the pre-conflict state of affairs and [“tilting a bit away” from the US](#).⁷

¹ “Year after Pangong clash, China reinforces positions, rotates troops along LAC, [The Times of India](#), May 5, 2021

² “Dealing firmly with China: Army chief,” [PTI](#), May 29, 2021

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ “India-China ties at crossroads... tensions continue on LAC’: Jaishankar,” [Hindustan Times](#), May 20, 2021

⁷ “Why Jaishankar’s Washington visit will show New Delhi’s own path,” [Global Times](#), May 24, 2021

China has constructed a [67.22 km long highway in the Medog Sector](#) opposite Arunachal Pradesh.⁸ The highway runs along the [Grand Canyon of Yarlung Zangbo River](#) (the Brahmaputra in India).⁹

In a significant force escalation, [PLA has deployed a PHL – 03](#)¹⁰, a Multiple Launch Rocket System (MLRS) which is akin to the Russian Smerch System with the range of 70 Kms, in the Ladakh Sector. India too has Smerch Systems acquired from Russia and is building its long-range MLRS with a range of 100 Kms.¹¹ To enhance its surveillance cover and to keep track of Chinese movements in depth areas, India is leasing [four long- endurance Heron drones from Israel](#). Two systems are likely to come by July and balance by the end of the year.¹²

[China sentenced Qiu Ziming](#), a popular blogger with 2.5 million followers, to eight months in prison for questioning the number of Chinese casualties during the Galwan valley clash last June.¹³ He was detained and sentenced on grounds of "infringing the reputation and honour of heroes and martyrs" under a [new criminal law](#) that came into effect on March 1.¹⁴

Chinese state media continues to extensively cover the devastating impact of the second Covid-19 wave in India, making out a case for extensive Chinese help and support. The reality is that [India mostly purchased medical supplies \(as against assistance\) from China](#) and that too at exorbitant prices (20 to 40 percent markups).¹⁵

⁸ "China builds key highway through Brahmaputra Canyon in Tibet close to Arunachal Pradesh border," [Financial Express](#), May 20, 2021

⁹ "China Completes New Highway Near De Facto Border With India," [The Diplomat](#), May 25, 2021

¹⁰ The PHL-03, also referred as the Type 03, multiple launch rocket system is a Chinese version of a Soviet BM-30 Smerch. Currently it is one of the most powerful multiple launch artillery rocket systems in the world. The main role of this artillery rocket system is to engage remote strategic targets, such as airfields, command centers, support facilities, air defense batteries, large concentrations of troops and so on.

¹¹ "China Deploys Lethal MLRS Rocket System Near LAC Amid Renewed Tensions With India," [The Eurasian Times](#), May 10, 2021

¹² "India to deploy advanced Israeli drones to keep closer vigil at LAC with China," [India Today](#), May 26, 2021

¹³ "Internet celebrity sentenced to 8 months in jail for defaming martyrs," [Global Times](#), May 31, 2021

¹⁴ "China Makes It A Crime To Question Military Casualties On The Internet," [NPR](#), March 22, 2021

¹⁵ "India asks China to keep prices stable as costs for medical supplies surge," [The Hindu](#), May 13, 2021

Commenting on progress in EU-India trade talks, the Chinese state media insinuated that ignoring China will only come at the [cost of India's economic and trade interests](#).¹⁶

II. China – South Asia Relations

The Chinese Ambassador to Bangladesh, addressing journalists in Dhaka, warned of substantial damage to bilateral ties with China if Bangladesh considered participating in the QUAD.¹⁷ Furthermore, a commentary in the Chinese state media [accused QUAD countries of strategising to rope in Bangladesh](#) to counter BRI with the aim of containing China's development. It concluded that joining the QUAD group would cause Bangladesh to risk its economic development and national security.¹⁸ In a curt response, Foreign Minister Dr. Abdul Momen responded that [Bangladesh as an independent and sovereign country](#) follows a non-aligned and balanced foreign policy and its actions are in accordance with its interests.¹⁹

In a significant development, [China has shown reluctance to approve \\$6 billion loans to Pakistan](#) for an infrastructure project (ML-I railway project) under CPEC owing to increasing debt concerns.²⁰

On the [70th anniversary of the establishment of diplomatic relations](#) between China and Pakistan, President Xi Jinping underlined the importance of CPEC projects for both the countries and regional prosperity.²¹ Calling Pakistan an all-weather strategic partner, President Xi declared his willingness to build a closer China-Pakistan community based on a shared future.²²

Disregarding [India's concerns over CPEC](#) traversing through Pakistan Occupied Kashmir, the Chinese Foreign Ministry spokesperson confirmed plans to extend the CPEC project to Afghanistan. Addressing Indian concerns, the spokesperson underscored CPEC as an economic initiative aimed at

¹⁶ "EU-India free trade talks ill-advised to alienate their top partner China," [Global Times](#), May 9, 2021

¹⁷ "China warns of 'substantial damage' to ties if Bangladesh joins US-led Quad alliance; Dhaka calls it 'aggressive'," [The Economic Times](#), May 11, 2021

¹⁸ "WOONG BANGLADESH TO QUAD NOT TO HELP IT DEVELOP," [NIAS: India in the Chinese Media](#), May 11, 2021

¹⁹ "Bangladesh's Curt Reply As China Warns It Against Joining Quad Alliance," [NDTV](#), May 11, 2021

²⁰ "China reluctant to lend \$6 bn for Pakistan infra project," [The Economic Times](#), May 10, 2021

²¹ "Remarks at the Reception in Celebration of the 70th Anniversary of the Establishment of Diplomatic Relations By Ambassador Nong Rong," [Ministry of Foreign Affairs, China](#), May 21, 2021

²² Ibid.

enhancing regional connectivity and common development goals, which does not affect China's principled position on the Kashmir issue.²³

China, Afghanistan, and Pakistan signed [agreements on Cooperation in the Asian Initiative for Cultural Heritage Conservation](#). As per the agreement, the three countries will execute cooperation in joint archaeology, preservation and restoration of cultural property, conservation, management, and sustainable development of world cultural heritage sites, exchange ideas for exhibitions and preservation technology, and in the prevention of trafficking of cultural property.²⁴



China, Afghanistan, and Pakistan co-signed the first Asian bilateral cooperation agreements on Asian Cultural Heritage Protection, May 11, 2021. Source: Global Times

On the developing situation in Afghanistan, Chinese Foreign Minister Wang Yi in a conversation with Afghanistan's Foreign Minister Mohammad Haneef, laid out Beijing's outlook on the future of China-Afghanistan relations. Wang conveyed that [China expects Afghanistan's future political leadership to follow a moderate Muslim policy](#), based on peace and friendship with neighbouring

²³ "China ignores India's sovereignty concerns, plans to extend controversial CPEC to Afghanistan," [News on Air](#), May 24, 2021

²⁴ "China-Afghanistan-Pakistan co-sign first Asian bilateral cooperation agreements on Asian cultural heritage protection," [Global Times](#), May 11, 2021

countries, and to prevent terrorism. China, he said, would continue to play a constructive role in advancing reconciliation and the peace process.²⁵

Chinese foreign ministry blamed [the abrupt withdrawal of the US forces from Afghanistan](#) for a surge in terrorist/militant attacks in the country.²⁶ Since May, several members of government forces and civilians have been killed in bomb attacks in and around Kabul.²⁷ Reacting to these developments, China's Ambassador to Afghanistan stressed that post US troop withdrawals, [China can play an important role in building trust](#) between Pakistan and Afghanistan.²⁸ Meanwhile, Foreign Minister Wang remarked that [China expects the United Nations to play its due role](#) in ensuring domestic peace in Afghanistan.²⁹

[Nepal opened a new consulate](#) in China's major southwestern city of Chengdu aimed at further stepping up bilateral ties between the two countries.³⁰ Meanwhile, a [border row surfaced over the demarcation of China- Nepal border](#), following the removal of border pillars in the Daulkha district of Nepal.³¹ The Border & Information Department of the Nepalese Home Ministry is said to have taken cognisance of the matter and reported it to the Ministry of Foreign Affairs.³² Previously, China had constructed 11 buildings in the encroached territory of Humla in 2020.³³

According to reports, as part of its infrastructure upgradation and expansion plan in the border regions of Tibet, [China has built an entire town](#), complete with roads, a power plant, two CPC buildings, a communications base, military and police outposts, almost eight Kms inside Bhutanese territory.³⁴ Another report suggested that China is building three new villages, of which two are already occupied and one is under construction, in [open violation of the 'founding' treaty](#) with Bhutan.³⁵

²⁵ "China hopes a 'moderate Muslim' leadership will run Afghanistan in the future," [Hindustan Times](#), May 18, 2021

²⁶ "China blames US troop withdrawal for surge of attacks in Afghanistan," [ANI](#), May 12, 2021

²⁷ "Afghan War Casualty Report: May 2021," [The New York Times](#), May 16, 2021

²⁸ "阿富汗驻华大使贾维德·卡伊姆：美国撤军后，阿富汗将面临哪些挑战," [Huanqiu](#), May 28, 2021

²⁹ "China slams 'hasty' withdrawal of US troops from Afghanistan, urges UN to play 'due role'," [India Today](#), May 16, 2021

³⁰ "Nepal gets a consulate in Chinese city of Chengdu where India was promised one," [Hindustan Times](#), May 26, 2021

³¹ "China-Nepal border row intensifies as border pillars go missing in Nepal's Daulkha district," [ANI](#), May 19, 2021

³² Ibid.

³³ Ibid.

³⁴ "China Is Building Entire Villages in Another Country's Territory," [Foreign Policy](#), May 7, 2021

³⁵ "China setting up villages in Bhutan to gain military advantage over India: Report," [Money Control](#), May 10, 2021

The Sri Lankan Parliament, after much acrimony, passed a China-backed '[Colombo Port city, Special Economic Zone](#)' bill on May 20.³⁶ This was despite multiple petitions filed against the legislation in the Supreme Court by opposition parties, civil society groups and labour unions, alleging that it violated Sri Lanka's sovereignty, constitution and labour rights.³⁷ The [Sri Lankan government on the other hand has contended](#) that the Special Economic Zone would create 2,00,000 jobs in the first five years, the majority of which will go to Sri Lankan citizens, in addition to attracting foreign direct investment.³⁸

III. China - United States Relations

Chinese Vice-Premier Liu He and US Trade Representative Katherine Tai held their first "[candid and constructive](#)" exchange since the Biden administration assumed office in January 2021.³⁹ The Chairman of the US House of Representatives Foreign Affairs Committee, Gregory Meeks, introduced the "[Ensuring American Global Leadership and Engagement Act](#)," or EAGLE, which addresses a range of issues, including boosting investment to promote US manufacturing, trade engagement with allies and partners, working with international organisations, and recognition of human rights abuses of the Uyghur Muslim minority as genocide.⁴⁰ The Bill nevertheless calls for closer cooperation with China over issues of common interest, including climate change.⁴¹ Meanwhile, [US House Speaker Nancy Pelosi called for a diplomatic boycott of next year's winter Olympics in Beijing](#) over human rights abuses.⁴²

The Biden administration has decided to [modernise the American nuclear arsenal to deter China](#), while also upgrading future warfare capabilities.⁴³ [Chinese military experts too urged its government](#) to increase the number of nuclear weapons, including its sea-based nuclear deterrent of ICBMs, to counter the potential military threat from the US.⁴⁴

³⁶ "China-backed Colombo Port City no threat to Sri Lanka's sovereignty: Minister," [The Hindu](#), April 17, 2021

³⁷ Ibid.

³⁸ "Sri Lanka passes controversial Port City Bill," [Seatrade Maritime News](#), May 25, 2021

³⁹ "US-China trade war: top negotiators hold 'candid and constructive' talks, first of Joe Biden presidency," [South China Morning Post](#), May 27, 2021

⁴⁰ "Sweeping bill to counter China introduced in U.S. House," [Reuters](#), May 26, 2021

⁴¹ Ibid.

⁴² "Pelosi calls for China Winter Olympics boycott," [BBC](#), May 19, 2021

⁴³ "Biden's defense budget seeks greater China deterrence and nuclear funding," [Reuters](#), May 27, 2021

⁴⁴ "China urged to increase sea-based nuclear deterrent amid US intensified strategic threat," [Global Times](#), May 29, 2021

Hong Kong's legislature approved radical electoral reforms put forward by the Chinese authorities which would reduce the number of directly elected seats, thereby freezing out anti-China voices. US Secretary of State Anthony Blinken, criticising the move, said that the new measures would constrain citizens from meaningfully participate in the governance process, adding that [reforms won't guarantee any long- term political or social stability](#) to Hong Kong.⁴⁵

The G7 [refrained from undertaking any tough action to confront China](#) despite criticism of its human rights record and arbitrary and coercive economic policies.⁴⁶ However, the joint statement by Foreign Ministers of G7 countries called out China on its human rights violations in Xinjiang and Tibet.⁴⁷ [Chinese state media chided the joint statement calling it "old fashion slanderous rhetoric"](#).⁴⁸ Prior to the G7 meet, the US Secretary of State [Blinken rejected claims of the US entering into a cold war situation with China](#).⁴⁹

[China denounced the US Secretary of State Antony Blinken's appeal to World Health Organisation](#) (WHO) to invite Taiwan's participation at the World Health Assembly on May 24 Taiwan was finally [not invited to the World Health Assembly](#).⁵⁰

The Biden-Moon Summit on May 21 drew China's attention after the [joint statement](#) emphasised the importance of maintaining peace and stability in the Taiwan Strait.⁵¹ A report in the [Global Times](#) quoted Zheng Jiyong, director of the Center for Korean Studies at Fudan University, Shanghai, as saying "the role of South Korea in cooperating with the US in playing the "Taiwan card" is limited. If the two countries push too far on the issue, it would have a significant impact on the solution to the Korean Peninsula issue, which cannot be solved without China's participation."⁵²

At an event hosted by Stanford University, Kurt Campbell, the US NSC coordinator for Indo-Pacific affairs, underlined that [US-China relations have transitioned from engagement to a period of intense competition](#). He added

⁴⁵ "China continues to undermine Hong Kong's democratic institutions, says Blinken," [The Hindustan Times](#), May 27, 2021

⁴⁶ "G7 foreign ministers refrain from taking concrete action against China," [The Guardian](#), May 5, 2021

⁴⁷ "G7 Foreign and Development Ministers' Meeting: Communiqué," [EEAS](#), May 5, 2021

⁴⁸ "G7 statement shows US ambition shortfall in dominating China ties: experts," [Global Times](#), May 6, 2021

⁴⁹ "Blinken rejects claims of 'cold war' between US and China," [Financial Times](#), May 4, 2021

⁵⁰ "Taiwan authorities' WHA attempt a fiasco: Global Times editorial," [Global Times](#), May 25, 2021

⁵¹ "U.S.-ROK Leaders' Joint Statement," [The White House](#), May 21, 2021

⁵² "Hyping Taiwan question is US' 'wishful thinking' in statement with South Korea: expert," [Global Times](#), May 21, 2021

that US policy toward China will now operate under a “new set of strategic parameters”, and competition would prevail as a dominant paradigm in this relationship.⁵³

IV. China – European Union Relations

In a major development, the European Parliament has [halted the ratification of the EU-China Comprehensive Agreement on Investment](#) (CAI).⁵⁴ The EU wants Beijing to lift sanctions imposed on its officials before resuming the ‘CAI’ ratification process.⁵⁵ An editorial in Global Times stressed that “sanctions imposed by China are [counter-measures against the EU's sanctions](#) over Chinese officials and entities (with regards to human rights violations in Xinjiang). There is no way China will lift those sanctions under pressure from the EU parliament”.⁵⁶ Further, it was argued that the Biden administration’s ‘human rights diplomacy’ is pushing Europe to the front line of the conflict with China. If the CAI is put on hold for a long time, then the [US will gain economically at the expense of Europe](#).⁵⁷

In the wake of the legislative process for ratifying CAI being frozen by the EU Parliament, China has initiated talks for expanding bilateral ties with several EU countries, including Greece, Spain, Hungary and Croatia, among others.⁵⁸ The focus of these discussions is to build cooperation on port logistics, smart cities, clean energy, etc. The aim appears to be to broad-base China’s relations with Central and Eastern Europe, while the EU takes its time on CAI ratification. Notably, [Hungary is the first country in the EU to use the Sinopharm vaccine](#).

Lithuania has pulled out of China’s 17+1 group, urging other EU countries to do the same, after the Lithuanian Parliament described China’s human rights violations as “genocide” and called for a UN probe on internment camps in Xinjiang. A commentary in the [Global Times](#) downplaying Lithuania’s importance argued that without its presence, China-CEEC cooperation will

⁵³ “Biden’s Asia Czar Says Era of Engagement With China Is Over,” [Bloomberg](#), May 27, 2021

⁵⁴ “EU Parliament pleases itself halting China deal: Global Times editorial”, [Global Times](#), May 20, 2021.

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ “U.S. will not Trade between China-central/eastern Europe on the rise despite pandemicave Australia alone to face China coercion -Blinken,” [Global Times](#), May 13, 2021

become more pragmatic.⁵⁹ After Lithuania's withdrawal, President Xi called the President of Montenegro to work together to support 17+1 cooperation.⁶⁰

V. China – Russia Relations

In an interview with the [Global Times](#), Andrei Ilnitsky, advisor to the Russian Defence minister, accused the US and the West of waging mental war against Russia. He also spoke about the potential of the China-Russia détente in defining a new code of conduct regulating trans-border information flows.⁶¹

Russia held a military parade to commemorate the [76th anniversary of the Soviet victory in the Great Patriotic War](#) (Russia's term for World War II). While reporting the event, Chinese state media commented that it demonstrates the willingness of peace-loving countries to defend the post-world order and justice.⁶² Further, the Chinese foreign ministry spokesperson, commenting on [Vladimir Putin's Victory Day speech](#), highlighted that China and Russia will jointly uphold the common values of humanity that include democracy, freedom, justice, and fairness.⁶³



Chinese President Xi Jinping and Russian President Vladimir Putin witnessed the ceremony of a bilateral nuclear energy cooperation project, Tianwan nuclear power plant and Xudapu nuclear power plant via video link, May 19, 2021.

Source: China Daily

⁵⁹ "Lithuania risks trouble with geopolitical move: Global Times editorial," [Global Times](#), May 23, 2021

⁶⁰ "China-Europe relations: Xi ready to work with Montenegro after Lithuania quits '17+1' group," [South China Morning Post](#), May 27, 2021

⁶¹ "US-led 'psychological wars' against Russia, China lead to all lose situation," [Global Times](#), May 2, 2021

⁶² "Russia's V-Day commemoration a reminder to preserve peace in turbulent time," [Xinhua](#), May 9, 2021

⁶³ "China vows to uphold common values of humanity with Russia," [CGTN](#), May 10, 2021

Furthermore, China and Russia agreed to deepen cooperation on nuclear energy and pledged to play a bigger role to combat climate change. During a virtual ceremony on May 19, Presidents [Xi Jinping and Vladimir Putin jointly launched](#) the construction of four new reactors with combined annual power generation of 37.6 billion kilowatt-hours at two nuclear plants in China.⁶⁴

China's Global Image

i. Coronavirus

According to Australian media, [PLA scientists carried out a feasibility study](#) on weaponising coronavirus in 2015, which the US State Department reportedly managed to obtain.⁶⁵ Denying any such study, Chinese state media called it a [smear campaign against their country](#).⁶⁶ Furthermore [China accused the US of spreading conspiracy theories](#) and disinformation while urging the US to open its virology institutions for similar international scrutiny.⁶⁷

Adding to the pressure on China to be more transparent about the origins of Covid-19, [US President Joe Biden has asked American intelligence agencies](#) to "redouble" efforts to investigate the origins and report back to him in 90 days.⁶⁸ The Chinese Embassy in Washington [dismissed the inquiry as a "smear campaign"](#) aimed at shifting the blame on China.⁶⁹

ii. Belt and Road Initiative

In the wake of the US decision to carry out the complete withdrawal of troops from Afghanistan, China has stepped up cooperation with Central Asian countries concerned about [the terror threat to BRI projects](#) in the region. In a meeting with his Central Asian counterparts, Foreign Minister Wang Yi stressed the need for cooperation to prevent transnational organised crime and to ensure a "safe silk road".⁷⁰

A Chinese state media report claimed that western countries are increasingly [hedging against BRI](#). Drawing on references to various connectivity projects

⁶⁴ "Nuclear energy: China, Russia agree to boost ties in 'strategic priority' area," [South China Morning Post](#), May 20, 2021

⁶⁵ "Australian media slammed for twisting open book as 'evidence' of 'China weaponizing COVID-19'," [Global Times](#), May 9, 2021

⁶⁶ "Australian media slammed for twisting open book as 'evidence' of 'China weaponizing COVID-19'," [Global Times](#), May 9, 2021

⁶⁷ "As Wuhan lab theory on Covid gains steam, China says US peddling conspiracies," [India Today](#), May 27, 2021

⁶⁸ "Joe Biden orders probe into virus origins," [The Hindu](#), May 27, 2021

⁶⁹ "Biden's Asia Czar Says Era of Engagement With China Is Over," [Bloomberg](#), May 27, 2021

⁷⁰ "China foresees threat to BRI projects amid US drawdown from Afghanistan," [The Economic Times](#), May 16, 2021

initiated by the US and the EU, like the India-EU connectivity partnership or the EU-Kazakhstan connectivity project, the report claimed that the infrastructural investment plans are all aimed at hedging against China's BRI.⁷¹

iii. Human Rights and Democracy

In a communique, G7 foreign [ministers called upon China to "respect human rights and fundamental freedoms"](#) whilst condemning China's human rights violations in Xinjiang and Tibet.⁷² During a virtual event held on May 22 and organised by the Tibet Bureau, Geneva, researchers spoke about China's systematic [violations of human rights and destruction of culture and natural environment in Tibet](#).⁷³

Following the G7 foreign ministers' meeting, [China urged UN member states to not participate](#) in any event planned by Germany, the United States, and Britain on the repression of Uyghur Muslims and minorities in Xinjiang, calling these "politically motivated events".⁷⁴ The [Global Times](#) accused these countries of ganging up to slander China over Xinjiang-related human rights issues.⁷⁵ Meanwhile, [China has sanctioned Johnie Moore](#), commissioner of the US Commission on International Religious Freedom (USCIRF), after the US Department of State sanctioned a CCP official over human rights violations issues.⁷⁶

Trade and Economy

China's National Bureau of Statistics (NBS) released the country's [seventh national population census](#) on May 11.⁷⁷ As per the census, China's population has grown from [1.4 billion to 1.412 billion in 2020](#); however, the number of new born babies has continued to fall.⁷⁸ 12 million babies were born in 2020, down from 14.65 million in 2019, marking an 18 percent decline.⁷⁹ Ning Jizhe,

⁷¹ "王义桅：西方急于对冲"一带一路"说明了什么," [Huanqiu](#), May 21, 2021

⁷² "G7 Foreign and Development Ministers' Meeting: Communiqué," [EEAS](#), May 5, 2021

⁷³ "Tibetan rights group highlights oppression, destruction by China in Tibet," [ANI](#), May 26, 2021

⁷⁴ "China urges U.N. states not to attend Xinjiang human rights event, warns of more confrontation," [CNBC](#), May 8, 2021

⁷⁵ "Usurping UN's name won't help US slander Xinjiang: Global Times editorial," [Reuters](#), May 12, 2021

⁷⁶ "US sanctions Chinese official over human rights violations," [ANI](#), May 13, 2021

⁷⁷ John Carter, Sidney Leng and Orange Wang, "China population: census confirms increase to 1.412 billion in 2020, but births fall again", [South China Morning Post](#), May 11, 2021.

*Mainland China's population includes people living in 31 provinces, autonomous regions and municipalities directly under the Chinese central government, excluding residents of Hong Kong, Macau, Taiwan, and foreigners.

⁷⁸ Ibid.

⁷⁹ Ibid.

Commissioner of the NBS, stressed that “the census data shows some structural contradictions facing the country’s population development, such as the [decline in the size of working-age population](#) and women of childbearing age”.⁸⁰ He also highlighted the “decline in China’s total fertility rate” and the “increase in aging population”. Despite these contradictions, “China maintains that its [labor force remains young and dynamic](#)” and its population dividend still exists.⁸¹ This is despite a nearly 40 million drop in the labour force (between 16 and 59 years) to 880 million in 2020 compared with that in 2010.⁸² A commentary in People’s Daily stressed that [China’s 14th five year plan](#) (2021-2025) will formulate long-term population development strategies while optimising fertility rate and promoting long-term balanced population development.⁸³

Reflecting the seriousness of the problem for China’s economic future, the CPC politburo announced the introduction of a [three-child policy](#) in China to cope with the issue of an aging population.⁸⁴



People visit Hainan exhibition area at the first China International Consumer Products Expo in Haikou, capital of south China's Hainan Province, May 7, 2021.

Source: Xinhua Net

⁸⁰ Ibid.

⁸¹ “China’s labor force remains young and dynamic: National Statistics Bureau”, [Global Times](#), May 11, 2021

⁸² Ibid.

⁸³ “Commentary: A rational view on China’s population growth”, [People’s Daily](#), May 12, 2021.

⁸⁴ Xu Wei, “China to support couples having third child”, [China Daily](#), May 31, 2021.

During the month, the first '[China International Consumer Products Expo](#)' (CICPE) was held in Haikou, the capital of Hainan province.⁸⁵ Xinhua highlighted 'CICPE' as a new platform for global enterprises to tap the Chinese market while [injecting new vitality into global economic recovery](#) amidst the COVID-19 pandemic.⁸⁶ It also stressed that the CICPE will become a new growth driver of Hainan's high-quality development.⁸⁷ Meanwhile, the China Daily highlighted a report by KPMG China and The Moodie Davitt about the Hainan free trade port becoming the [world's biggest duty free market](#) in the near future if it continues on its current growth curve.⁸⁸ The Global Times shed light on surging spending on travel and duty-free goods by the Chinese people during the 2021 Mayday holidays to argue that "[China's consumption engine](#) has almost completely recovered to pre-pandemic levels".⁸⁹

As China approaches the centenary of the founding of the Communist Party of China (CPC), its state media highlighted a [boom in "Red Tourism"](#) among the Chinese youth.⁹⁰ President Xi Jinping has continued his visits to the various revolutionary sites in the country emphasising that "[revolutionary history is the best textbook](#) for Chinese Communists".⁹¹ In his speeches, the Chinese President has stressed historic events such as '[The Red Boat](#)', '[The Long March](#)', and '[The Exam](#)'.⁹² The Red Boat refers to the 'Nanhu boat' in which Comrade Mao and his colleagues discussed and passed CPC's first programme and resolution.⁹³ This "[sparked the flame of the Chinese revolution](#) and started the century-spanning the voyage of the Party", Xi added.⁹⁴ The Long March refers to an iconic event in which the Red Army trekked 12,500 Km across the country repelling more than one million enemy troops and eventually establishing a revolutionary base in northwest China. President Xi stressed that "the [long march of our generation](#) is to realise the Chinese dream of national rejuvenation".⁹⁵ The revolutionary event '[The Exam](#)' refers to the CPC leadership's decision to leave the town of Xibaipo for Beijing.⁹⁶ The "CPC leadership was stationed at Xibaipo from May 1948 to early 1949 to draw the

⁸⁵ "Xinhua Headlines: First CICPE concludes, injecting new vitality into global economic recovery", [Xinhua Net](#), May 10, 2021.

⁸⁶ Ibid.

⁸⁷ Ibid.

⁸⁸ "Hainan FTP to become world's largest duty-free market: report", [China Daily](#), May 8, 2021.

⁸⁹ Xie Jun and Zhao Yusha, "May Day holiday augurs full-fledged consumption recovery", [Global Times](#), May 6, 2021.

⁹⁰ Liu Dongchao, "Red tourism a special read for history", [China Daily](#), May 6, 2021.

⁹¹ "Xi Focus: Xi shines light on key events in Party's revolutionary history", [Xinhua Net](#), May 26, 2021.

⁹² Ibid.

⁹³ Ibid.

⁹⁴ Ibid.

⁹⁵ Ibid.

⁹⁶ Ibid.

blueprint for a new China and prepare the CPC for its role as the ruling party". Mao had compared this trek to "going for a big exam in the capital city".⁹⁷

Even as China registered economic growth of 18.3 percent in the first quarter of this year, the CPC Politburo expressed [concerns about the sustainability of economic rebound](#).⁹⁸ "Currently the economic recovery is uneven and its foundation is still not solid", the politburo added.⁹⁹ Based on the fall in official manufacturing and non-manufacturing purchasing managers' indexes in the first month of the second quarter, analysts claimed that Chinese growth had peaked or was close to doing so; the [pace of economic activity is likely to slow down](#) as the year progressed.¹⁰⁰ In a related development, uncertainty in private sector jobs is leading to more Chinese youth looking for [employment in civil services](#), including the technology hub Shenzhen.¹⁰¹ Meanwhile, as [commodity prices surged](#), the State Council has intensified efforts to support private businesses to cope with rising prices of raw materials and to have access to finance.¹⁰² It must be noted that "China has 44 million [Micro and Small Enterprises \(MSE's\)](#) and more than 95 million self-employed people".¹⁰³

China's State Council decided to promote stable grain production and [ensure country's food security](#).¹⁰⁴ Premier Li stressed that "annual grain output should not be less than 650 billion kilograms this year".¹⁰⁵ The State Council also [extended some of its pro-employment policies](#) until the end of this year to facilitate flexible employment and increase financial support for sectors that continue to be impacted by the pandemic.¹⁰⁶ Meanwhile, Chinese Vice Premier Han Zheng called for steady development of major cooperation platforms in the Guangdong-Hong Kong-Macao Greater Bay Area. "The [development of Greater Bay Area](#) would advance reform and opening-up while helping Hong

⁹⁷ Ibid.

⁹⁸ Frank Tang, "China's Politburo targets economic risks to ensure post-pandemic recovery", [South China Morning Post](#), April 30, 2021.

⁹⁹ Ibid.

¹⁰⁰ Ibid.

¹⁰¹ He Huifeng and Orange Wang, "China's private sector 'uncertainty' is pushing young jobseekers to look for work in its vast bureaucracy", [South China Morning Post](#), May 16, 2021.

¹⁰² Evelyn Cheng, "China is growing more worried about how surging commodity prices will affect business profits", [CNBC](#), May 27, 2021.

¹⁰³ "China to bolster support for small firms, self-employed individuals", [Xinhua Net](#), May 27, 2021.

¹⁰⁴ "China to stabilize grain production, ensure food security", [Xinhua Net](#), May 6, 2021.

¹⁰⁵ Ibid.

¹⁰⁶ "China to extend pro-employment policies", [Xinhua Net](#), May 12, 2021.

Kong and Macao better integrate into China's overall development", he added.¹⁰⁷

In another development, Hong Kong [closed its trade office in Taipei](#) because of Taiwan's support for pro-democracy activists and "gross interference".¹⁰⁸

On US-China trade relations, Washington has vowed to undertake a top-to-bottom [review of trade policy with China](#).¹⁰⁹ US Trade Representative (USTR) Katherine Tai stressed that "we are in the process of [examining their \(Chinese\) performance](#) (under the phase one trade agreement) and are scrutinising all the aspects of what they have done".¹¹⁰ The USTR highlighted this as a "priority" of the Biden administration and said that she will meet her Chinese counterpart to discuss the trade agreement at the right time, without elaborating on a specific date.¹¹¹

The Chinese media highlighted reports about a [continuous shift in global supply chains](#) away from China,¹¹² while maintaining nonetheless that China still remains the top sourcing location for American and European companies.

China-Australia trade relations show no signs of improvement. Beijing has indefinitely suspended all activities under the "[China-Australia Strategic Economic Dialogue](#)".¹¹³ A report by Global Times highlighted this as a "necessary step to defend Chinese national interest"¹¹⁴ and as a "resolute response from Beijing to a major shot fired by the [Australian government in scrapping the Belt and Road \(BRI\) deal](#) signed with China".¹¹⁵ If Canberra further escalates its anti-China agenda, Beijing will take more such measures, Chinese observers noted.

¹⁰⁷ "Chinese vice premier stresses developing major Greater Bay Area cooperation platforms", [Xinhua Net](#), May 26, 2021.

¹⁰⁸ Natalie Lung, "Hong Kong Closed Trade Office in Taiwan for Its Support of Activists", [Bloomberg](#), May 24, 2021.

¹⁰⁹ Cissy Zhou, "US to keep China's trade-deal performance under the microscope", [South China Morning Post](#), April 29, 2021.

¹¹⁰ Ibid.

¹¹¹ Ibid.

¹¹² Cissy Zhou, "Global supply chain continues to shift away from China, but it remains the top sourcing location", [South China Morning Post](#), April 30, 2021.

¹¹³ Li Xuanmin and Chen Qingqing, "China's suspension of economic dialogue with Australia 'a necessary step' to defend national interests: analysts", [Global Times](#), May 6, 2021.

¹¹⁴ Ibid.

¹¹⁵ Ibid.

Defence and Security

The tensions between the US and China over Taiwan show no signs of abating. The Chinese military expressed strong opposition to the [US guided missile destroyer 'USS Curtis Wilbur'](#) sailing through the Taiwan straits and trespassing into China's territorial waters off the Xisha Islands.¹¹⁶ In the light of this, a commentary in People's Daily argued that US actions have sent a [wrong signal to pro-independence forces in Taiwan](#), encouraging them to make bolder moves in provoking the mainland.¹¹⁷ The commentary further alluded that the "Cross-Straits relations have deteriorated against Beijing's wishes, because of collusion between Taiwan secessionists and foreign anti-China forces who wish to change the status quo and curb mainland's rise, making Taiwan the most dangerous place on earth".¹¹⁸ Global Times highlighted a report by Beijing-based think tank South China Sea Strategic Situation Probing Initiative (SCSPI) that claimed the "US military is using civilian ship ["Grand Canyon II" affiliated to Helix Energy](#) for close reconnaissance (spying) in China, near the island of Taiwan, and in the South China Sea".¹¹⁹

Chinese analysts and state media expressed increasing concern at the US withdrawal from Afghanistan by September 11 this year. Analyst Maria Siow argued that "US exit from Afghanistan is likely to create a [security vacuum on China's western border](#) (especially in Xinjiang)".¹²⁰ A commentary in People's Daily echoed similar sentiment, saying that "a sudden US withdrawal would only [exacerbate the country's \(Afghanistan's\) security crisis](#), as it would provide chance to terrorist groups and political forces to fill the vacuum and stoke more unrest".¹²¹

The Commander of US Africa Command (AFRICOM), Gen. Stephen Townsend, has warned that "Beijing had approached a number of countries from Mauritania to Namibia to allow China to [establish military bases on the Western coast of Africa](#)".¹²² China is also eyeing locations for a port in the Gulf of Guinea on the Western coast of Africa.¹²³ "Considering relatively shorter distance from

¹¹⁶ "Defense Ministry spokesperson denounces US provocations in Taiwan Strait and South China Sea", [Chinese Ministry of National Defence](#), May 20, 2021.

¹¹⁷ "US should stop turning Taiwan into 'most dangerous place'", [People's Daily](#), May 19, 2021.

¹¹⁸ Ibid.

¹¹⁹ Guo Yuandan and Liu Xuanzun, "Civilian ship suspected of spying on China for the US military", [Global Times](#), May 11, 2021.

¹²⁰ Maria Siow, "Biden leaves China a Xinjiang terrorism problem with US exit from Afghanistan", [South China Morning Post](#), May 1, 2021

¹²¹ "Commentary: Hasty U.S. withdrawal to create security black hole in Afghanistan", [People's Daily](#), May 19, 2021.

¹²² "China's naval plans in Africa are threat in Atlantic, says US general", [South China Morning Post](#), May 6, 2021.

¹²³ Ibid.

Africa's West coast to the (mainland) United States, a [Chinese base on Atlantic coast could pose a threat to the US](#)".¹²⁴ Commenting on the existing Chinese base on the East coast of Africa in Djibouti, Gen. Townsend also stated that "Chinese have stockpiled arms and munitions as also armoured vehicles and will soon be [basing helicopters including attack helicopters](#)".¹²⁵

China's Ministry of National Defence slammed [Japan for "publishing diplomatic bluebook"](#) playing up the so-called 'China military threat', and maliciously attacking and discrediting China, which it considers as a gross interference in China's internal affairs.¹²⁶

The standing committee of the National People's Congress reviewed a draft law on protecting the status, rights, and [interests of Chinese military personnel](#).¹²⁷ The draft law states that "the honours obtained by military personnel shall be life-long and must not be revoked except for statutory reasons or through statutory procedures. No organisation or individual may in any way slander or [derogate the honor of military personnel](#), insult or slander their reputation, or intentionally damage or desecrate their honorary plaques".¹²⁸ Anyone who violates this law will be investigated and must bear civil liabilities in accordance with law.

China's State Council Information Office released a white paper titled "[Tibet Since 1951: Liberation, Development and Prosperity](#)".¹²⁹ In light of this, a commentary in People's Daily stressed that "a [new socialist Tibet has taken shape](#), marked by a stable social environment, economic and cultural prosperity, a sound natural environment, and substantial improvements in people's lives".¹³⁰ The white paper claims that "Tibet has been an [inseparable part of China](#) since ancient times".¹³¹ "In the aftermath of the opium wars in the middle of the 19th century, the UK-led imperialist powers began to cultivate the [idea of "Tibet independence"](#), intentionally undermining China's sovereignty and territorial integrity".¹³² In order to highlight Tibet's ancient connection with

¹²⁴ Ibid.

¹²⁵ Ibid.

¹²⁶ "Chinese defense spokesperson slams Japan's diplomatic bluebook", [Chinese Ministry of National Defence](#), April 30, 2021.

¹²⁷ "China reviews draft law on protecting status, rights and interests of military personnel", [Chinese Ministry of National Defence](#), April 27, 2021.

¹²⁸ Ibid.

¹²⁹ "China Focus: China issues white paper on Tibet's peaceful liberation, achievements", [Xinhua Net](#), May 21, 2021.

¹³⁰ "Commentary: 70 years after peaceful liberation, a new socialist Tibet takes shape", People's Daily

¹³¹ Full Text: Tibet Since 1951: Liberation, Development and Prosperity, [Xinhua Net](#), May 21, 2021.

¹³² Ibid.

China, Beijing shed light on how [Chinese dynasties](#) including Han, Yuan (1271-1368), Ming (1368-1644), and Qing (1644-1911) governed Tibet.¹³³ After 1912, the Republic of China (ROC) continued to exercise sovereignty over Tibet despite frequent civil wars among warlords and a weak state, while following the tradition by conferring the official titles on the 14th Dalai Lama and the 10th Panchen Lama.¹³⁴ Beijing claimed that “no country or government in the world has ever acknowledged the independence of Tibet”. “Tibetan independence was a product of [imperialist aggression against China](#) in modern times”.¹³⁵

As China assumed the presidency of the United Nations Security Council (UNSC) for May 2021, Chinese President Xi Jinping held a [phone conversation with UN Secretary-General](#) Antonio Guterres.¹³⁶ During his call, President Xi stressed the “importance of [pursuing multilateralism](#) which is inseparable from the UN and international law”.¹³⁷ He also shed light on China’s vaccine assistance to the developing countries, UN peacekeeping operations, and the international Olympic committee. President Xi noted the importance of a global campaign to tackle climate change while highlighting Beijing’s plans to achieve carbon neutrality by 2060.¹³⁸

Chinese Vice Premier Han Zheng highlighted efforts to “accomplish country’s [carbon peak by 2030 and carbon neutrality by 2060](#)”.¹³⁹ To achieve these goals on schedule, he emphasised the [optimisation of industrial structure](#), adjustment of energy structure, R&D of green and low carbon technologies and appropriate laws, regulations, and standards.¹⁴⁰ Despite this, analysts argue that energy security and economic stability will continue to drive [the use of fossil fuels for decades in China](#)”.¹⁴¹

Irked by the maiden voyage of the UK’s Queen Elizabeth aircraft carrier to the Asia-Pacific region, a commentary in PLA Daily questioned [UK’s strategic shift to the Indo-Pacific](#).¹⁴² It argued that Britain’s ‘Indo-Pacific Strategy’ is nothing but Britain’s vision to protect its interests in Asia and revive its global influence.¹⁴³ Another commentary argued that the “US is likely to [boost military](#)

¹³³ Ibid.

¹³⁴ Ibid.

¹³⁵ Ibid.

¹³⁶ “Xi holds phone conversation with UN chief”, [Xinhua Net](#), May 7, 2021.

¹³⁷ Ibid.

¹³⁸ Ibid.

¹³⁹ “Vice-premier stresses schedule for carbon peak, neutrality”, [The State Council, People’s Republic of China](#), May 27, 2021.

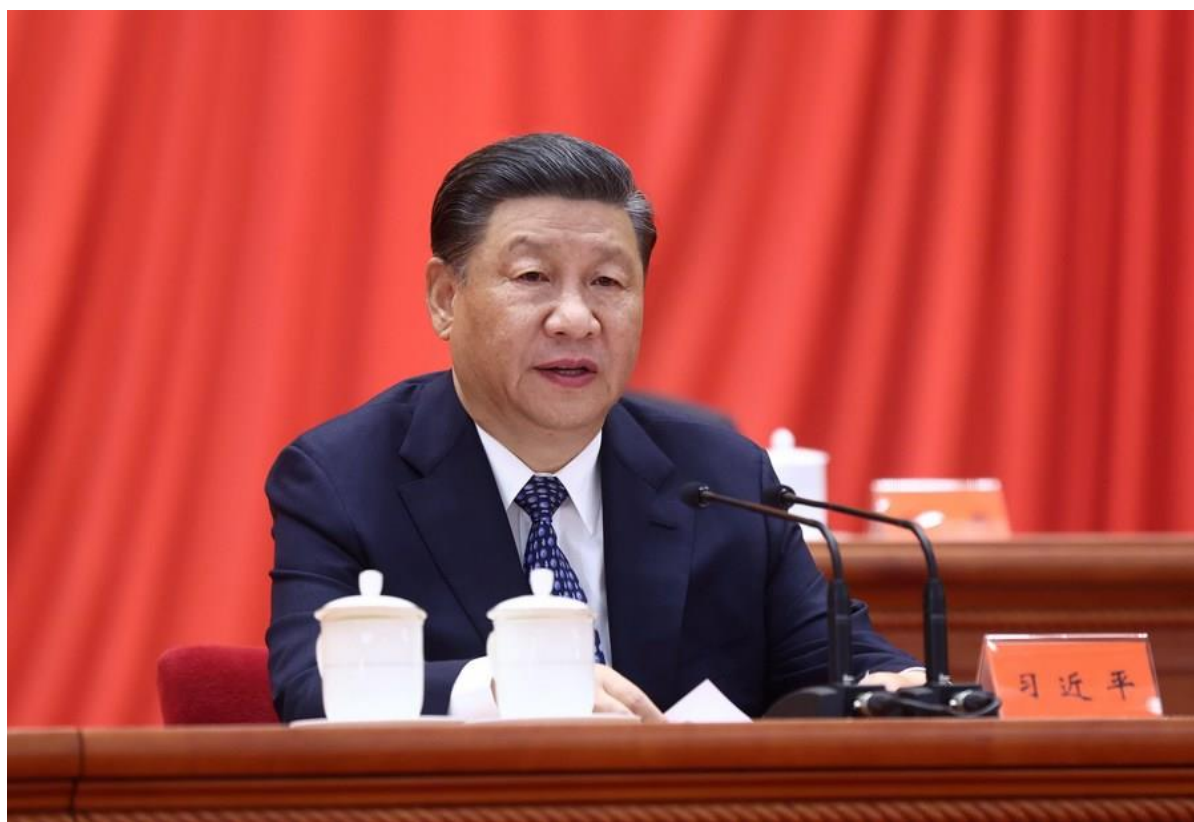
¹⁴⁰ Ibid.

¹⁴¹ Harry Pearl, “China’s carbon neutral goal: can it really kick its coal addiction to achieve its 2060 target?”, [South China Morning Post](#), April 21, 2021.

¹⁴² Ling Yunzhi, “UK’s strategic shift to “Indo-Pacific””, [PLA Daily](#), May 6, 2021.

¹⁴³ Ibid.

[presence in the Indo-Pacific](#)".¹⁴⁴ It stressed that the US is determined to strengthen its military deployment in key areas in the Pacific and the Indian Ocean, in conformity with the assertion that the "First Fleet" be located at the crossroads of Indian and Pacific Oceans.¹⁴⁵ If the "First Fleet" is reconstituted, the commentary stressed that it will [attempt to block key routes](#), especially the "oil channels" of the Strait of Malacca and the Strait of Hormuz, to contain China's rise".¹⁴⁶ Further, another commentary by Guo Xiaobing in PLA Daily urged Beijing to "stay alert to America's attempts to use missile 'aging' as a [pretext to upgrade land-based nuclear arsenal](#)".¹⁴⁷



Chinese President Xi Jinping addresses a meeting conflating the general assemblies of the members of the Chinese Academy of Sciences, the Chinese Academy of Engineering, and the national congress of the China Association for Science and Technology at the Great Hall of the People in Beijing, May 28, 2021. Source: Xinhua Net

¹⁴⁴ Chen Zhuo, "US likely to boost military presence in Indo-Pacific", [PLA Daily](#), May 17, 2021.

¹⁴⁵ Ibid.

¹⁴⁶ Ibid.

¹⁴⁷ Guo Xiaobing, "Stay alert to America's attempts to use missile aging as a pretext to upgrade land-based nuclear arsenal", [PLA Daily](#), May 13, 2021.

Technology

President Xi Jinping addressed the general assemblies of the members of the [Chinese Academy of Sciences](#), the Chinese Academy of Engineering, and the national congress of the China Association for Science and Technology on May 28.¹⁴⁸ He called for resolute efforts to achieve [breakthroughs in core technologies](#) in key fields including artificial intelligence, semiconductors, quantum technology, life science and energy, for sci-tech self-reliance.¹⁴⁹ Chinese President urged the country's scientists to be prepared for an "unprecedented" [scientific and technological competition](#) that has become "the main battleground" of global power rivalry.¹⁵⁰ President Xi cited rising protectionism, changes in the global supply chain, and increasing global uncertainty in the aftermath of the pandemic as the major reasons for speeding up Chinese efforts to [tackle technological bottlenecks](#).¹⁵¹ He pledged to increase investment in science and technology, while cutting red tape to give greater autonomy to country's scientists.¹⁵²

In a major success for its space program, [China's first Mars probe](#) landed on the red planet on May 15.¹⁵³ President Xi Jinping congratulated the country's space scientists for this "[landmark step in China's interstellar exploration](#) and a leap from the exploration of the Earth-Moon system to the interplanetary exploration".¹⁵⁴ With rover Zhurong's successful drive on Mars, China becomes the [second country after the United States](#) to land and operate a rover on the red planet.¹⁵⁵

During the month, US agency National Aeronautics and Space Administration (NASA) expressed concerns about China's failure to "meet responsible standards" after [debris from out-of-control rocket](#), the Long March-5B Y2, plunged into the Indian Ocean.¹⁵⁶ However, Chinese state media stressed that the rocket [debris fell into the Ocean as accurately predicted](#) and this is a common practice.¹⁵⁷ A report in Global Times criticised the US for grasping

¹⁴⁸ Xi Focus: Xi stresses sci-tech self-strengthening at higher levels, [Xinhua Net](#), May 29, 2021.

¹⁴⁹ Ibid.

¹⁵⁰ Coco Feng, "Chinese President Xi Jinping seeks to rally country's scientists for 'unprecedented' contest", [South China Morning Post](#), May 29, 2021.

¹⁵¹ Ibid.

¹⁵² Ibid.

¹⁵³ "Xi Focus: Xi extends congratulations on China's first Mars landing", [Xinhua Net](#), May 15, 2021.

¹⁵⁴ Ibid.

¹⁵⁵ "China's first Mars rover starts exploring red planet", [Xinhua Net](#), May 22, 2021.

¹⁵⁶ Jackie Wattles, "NASA criticizes China's handling of rocket re-entry as debris lands near Maldives", [CNN](#), May 9, 2021.

¹⁵⁷ Fan Anqi and Cao Siqi, "China's rocket debris falls to Earth as accurately predicted", [Global Times](#), May 9, 2021.

every possible chance to [hype the "China threat theory"](#) amid intense technology competition between the two great powers.¹⁵⁸

Vice Premier Han Zheng attended a ceremony in Xiongan, celebrating the creation of a new state-owned enterprise '[China Satellite Network Group](#)', set up to operate as China's answer to Starlink, run by Elon Musk's SpaceX.¹⁵⁹ China Satellite Network Group has been tasked with launching low Earth orbit (LEO) satellites into space, [beaming internet services anywhere on the planet](#).¹⁶⁰ Reportedly, "satellite internet is one of the [new infrastructure technologies](#) that Beijing wants to accelerate with government support".¹⁶¹

In terms of 5G telecommunications, Chinese Ministry of Industry and Information Technology highlighted that, "China has built [819,000 5G base stations](#), accounting for about 70 percent of the world's total".¹⁶² China has 280 million 5G smartphone users or more than 80 percent of global 5G subscribers.¹⁶³

Amid the growing US-China technology war, the Chinese media highlighted increasing semi-conductor (chip) shortages that could pose security challenge to both the US and China. As semi-conductor shortages spread from the automotive sector into more industries, Beijing and Washington are keen to invest in domestic chip industries to reduce their dependence on 'Taiwan Semiconductor Manufacturing Company' (TSMC), which supplies more than half of the world's advanced semi-conductors.¹⁶⁴ Considering China's growing appetite for imported chips, President Xi Jinping has called for [self-sufficiency in its semi-conductor supply chain](#).¹⁶⁵ However, analysts point out, "achieving total self-sufficiency in semi-conductor supply chain may not be practical, as the global supply chain is already highly integrated".¹⁶⁶ It must also be noted that, "semi-conductor starved mainland [Chinese companies are stockpiling](#)

¹⁵⁸ Ibid.

¹⁵⁹ Tracy Qu, "China's new bid to take on Elon Musk's Starlink: a state-owned satellite enterprise", [South China Morning Post](#), May 9, 2021.

¹⁶⁰ Ibid.

¹⁶¹ Ibid.

¹⁶² "Nation builds 819,000 5G base stations", [China Daily](#), May 18, 2021.

¹⁶³ Ibid.

¹⁶⁴ John Carter, SCMP Global Impact Newsletter - Widening chip shortage forces global leaders to sit up and take notice, [South China Morning Post](#), May 17, 2021.

¹⁶⁵ Josh Ye, "China semiconductor imports surge to all-time high in March amid global chip shortage", [South China Morning Post](#), April 13, 2021.

¹⁶⁶ John Carter, SCMP Global Impact Newsletter - Widening chip shortage forces global leaders to sit up and take notice, [South China Morning Post](#), May 17, 2021.

[chips from Taiwan](#), in the case the worsening relations with the US or Taiwan make it difficult to get Taiwanese supplies".¹⁶⁷

As cryptocurrency prices witnessed major drops, Beijing once again stressed its intent to [crackdown on Bitcoin mining and trading](#).¹⁶⁸ This comes amid China's central bank (PBC) issuing a statement "prohibiting the financial institutions and payment companies from providing services related to cryptocurrencies".¹⁶⁹ Additionally, Chinese authorities believe that cryptocurrency mining needs to be reined in as it has led to a [spike in electricity consumption](#) from server farms underpinning Bitcoin, enhancing demand for coal in parts of China.¹⁷⁰ In a related development, an estimate by University of Cambridge noted that [65 percent of world's Bitcoin mining](#) took place in China as of April 2020.¹⁷¹

¹⁶⁷ Ralph Jennings, "Semiconductor-starved mainland China seen driving long-term surge in exports from Taiwan", [South China Morning Post](#), April 23, 2021.

¹⁶⁸ China re-stresses crackdown on Bitcoin mining and trading during high-level meeting, [Global Times](#), May 22, 2021.

¹⁶⁹ Ibid.

¹⁷⁰ China's latest crackdown on crypto caused by climate concerns, [AL Jazeera](#), May 26, 2021.

¹⁷¹ Ibid.



Delhi Policy Group
Core 5A, 1st Floor,
India Habitat Centre, Lodhi Road
New Delhi - 110003
India

www.delhipolicygroup.org