



# Delhi Policy Group

Advancing India's Rise as a Leading Power



## DPG China Monitor

August 2021



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Delhi Policy Group

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

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### ABOUT US

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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:

*Chinese State Councilor and Defense Minister General Wei Fenghe (R) and Russian Defense Minister General Sergei Shoigu pose for a photo during China-Russia joint exercise ZAPAD/INTERACTION-2021, August 13, 2021. Source: China Military Online*

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## Abstract

The 12th round of the India-China Military Commander Level Meeting held on July 31 resulted in disengagement from the Gogra area (PP17A) on August 5-6. Both sides agreed to continue dialogue and negotiations to resolve the remaining border issues.

Indian External Affairs Minister Dr. S. Jaishankar, in an indirect reference to China, said in remarks at the UNSC that countries should not place “blocks and holds” without any reason on requests to designate terrorists.

The Chinese Deputy Permanent Representative to the UN addressed the UNSC High-Level Open Debate on “Enhancing Maritime Security: A Case For International Cooperation”, chaired by India at the level of PM. He urged the international community to “uphold the concept of a maritime community with shared future”, while asserting that “at present, a few countries are pursuing exclusive regional strategies in the Asia-Pacific region which are resulting in intensified maritime conflicts, undermining the sovereignty and security interests of relevant countries”.

According to Chinese state media, China and Pakistan are enhancing communication and coordination on Afghanistan and expect to play constructive roles in maintaining regional peace and stability as key players in a Taliban ruled Afghanistan. This will clearly impact the scope of India’s involvement.

Chinese analysts expressed concern over the Taliban’s seizure of US weapons and equipment left behind in Afghanistan, which they said has the potential to destabilise the region, including the Xinjiang Uyghur Autonomous region of China, while also hurting strategic investments under the Belt and Road Initiative (BRI).

China and the US conducted their first virtual military talks on August 29 since the Biden administration came to office. The evolving situation in Afghanistan was among the issues discussed. Reports suggested that Xinjiang is emerging as a major stumbling block as China continues to hold the US responsible for the deteriorating regional security situation which could provide a fillip to radical Islam in the region.

Chinese state media extensively criticised US Vice President Harris's comments about China's coercive intimidation in Southeast Asia during her visits to Singapore and Vietnam.

US-China tensions on Taiwan continued. China denounced the US State Department's approval of arms deals with Taiwan worth USD 750 million, including 40 new M109 self-propelled howitzers. Amidst the US withdrawal from Afghanistan, Chinese state media warned Taiwan that "Afghanistan's abandonment by the US is a lesson for Democratic Progressive Party" (DPP). However, US Indo-Pacific Command Chief Adm. John Aquilino expressed confidence in the US's capabilities to defend Taiwan in any military conflict scenario. The Chinese Ministry of National Defence rejected Adm. Aquilino's remarks on Taiwan, Hong Kong, Xinjiang, and the South China Sea (SCS) as "irresponsible" and against the norms governing international relations.

Amidst growing cracks in the EU-China relationship, the EU is said to be considering a review of its policy towards China.

China recalled its envoy to Lithuania on August 10 after Taiwan was allowed to open a mission in Vilnius.

During a telephonic conversation on August 17, Chinese Foreign Minister Wang Yi and his Russian counterpart Sergey Lavrov exchanged views on regional and global developments. On Afghanistan, Wang Yi suggested that China and Russia strengthen communication and coordination to support each other in protecting their legitimate interests.

Chinese and Russian militaries held a joint exercise "ZAPAD/INTERACTION-2021", through which the militaries of the two countries are said to have "reached new heights in coordinated operations".

A report entitled "Underwater: Human Rights Impacts of a China Belt and Road Project in Cambodia," published by Human Rights Watch, has indicated the extent of environmental degradation and social destruction wrought by Cambodia's largest hydropower project, developed by China under the BRI.

The Civil Human Rights Front (CHRF), a pro-democracy group that organised some of Hong Kong's biggest protests last year, announced its disbandment on August 15 in the wake of Hong Kong's sweeping national security law.

Amidst concerns about China's unbalanced domestic economic recovery and an increasingly complex external environment, the CPC Politburo stressed the importance of deepening supply-side structural reforms and emphasised President Xi's new development paradigm to advance China's high-quality development.

Other major issues highlighted during the Politburo meeting included "achieving technological self-reliance", immediate "introduction of an action plan to achieve carbon peak before 2030", "sound development of the real estate market", "implementation of three-child policy", "improving regulatory system for Chinese firms' overseas listings" [IPO], and "promoting rural vitalisation".

While the Chinese state media maintained that the country's "major macroeconomic indicators remain stable", there were signs that the Chinese economy has shifted to slower economic growth as Beijing's focus turns to social equity and nationalised economy. President Xi Jinping stressed efforts to "promote common prosperity" with emphasis on "reasonable adjustment of excessive incomes and encouraging high-income groups and businesses to return more to the society".

China's foreign trade growth hit a 10-year high in the first seven months of 2021, while FDI surged 25.5 percent as compared to the same period in 2020. Using this parameter, the state media argued that "US decoupling push has been a failure". There was speculation about a possible visit of US Treasury Secretary Janet Yellen in the near future to discuss "tariffs, high US debt, and a possible follow-up trade deal".

The Central Committee of the CPC and the State Council jointly issued a blueprint on building a rule of law government in China from 2021-25. Beijing's Big-tech crackdown is likely to continue for the foreseeable future as this blueprint promised "strengthened enforcement of anti-monopoly and anti-unfair competition laws".

Amidst its continuing Big-tech crackdown, China passed a Personal Information Protection Law (PIPL) that will come into effect on November 1. Further, the State Council set out new rules to protect the country's "critical information infrastructure" that has a bearing on national security as part of its domestic data security push. Besides the telecom sector, energy, transport, finance, and defence sectors will have to undergo a closer cyber security review by Beijing from September 1. The Chinese government also issued a draft of new rules expanding the powers of local bureaus of the State Administration for Market Regulation (SAMR) to target "unfair competition activities" of the Big tech companies such as Alibaba, Tencent, and Meituan.



The importance of the Middle East and Africa is growing in Chinese strategic and energy calculus. Yinchuan, the capital of Ningxia Hui Autonomous Region, hosted the fifth “China-Arab States Expo” that reportedly witnessed the signing of deals worth over CNY 150 billion [USD 24 billion] in areas covering clean energy, infrastructure, manufacturing, and bio-medicine.

The global chip shortage continues to impact auto companies in China, forcing brands such as FAW-Volkswagen Audi and Toyota, to halt production for certain car models.

The People’s Liberation Army (PLA) marked its 94th anniversary on August 1. In his message on the occasion, President Xi Jinping stressed “the importance of achieving goals set for the PLA centenary” [modernisation of the Chinese army], while asserting that “the Party commands the gun”.

Boosting the People’s Liberation Army’s combat capabilities, the PLA Rocket Force “tested two short-range conventional missiles designed to take out enemy communications systems”. Observers believe these missiles are a “variant of the DF-15 short range ballistic missile family upgraded with two new advanced warheads”. Reportedly, the PLA has held at least 120 military exercises in China’s adjoining sea areas such as the Bohai Sea, Yellow Sea, East China Sea, Taiwan Straits and South China Sea, in the past three months.

## Foreign and Security Policy

### I. China-India Relations

The 12th round of the China-India Corps Commander Level Meeting held on July 31 resulted in disengagement from the Gogra area (PP17A) on August 05 – 06. As per the Ministry of External Affairs (MEA) press release, there has been no comment from the Chinese Ministry of National Defence. According to the latest reports, troops have “ceased forward deployments” and have [returned to their respective permanent bases](#).<sup>1</sup> A [statement issued by the Indian Army](#) pointed out “all temporary structures and other allied infrastructure created in the area by both sides have been dismantled and mutually verified”, and the “landform in the area has been restored by both sides to pre-standoff period”.<sup>2</sup> In a joint statement after the meeting, both sides agreed to continue the dialogue and negotiations to resolve remaining border issues.

[Chinese state media uploaded a video](#) of one of the four PLA soldiers who died fighting in Galwan Valley in June 2020, to mark the armed forces’ founding day on August 1. The video portrayed the Chinese version of the clash highlighting, “Indian army violated the bilateral consensus and crossed the Line of Actual Control on June 15, 2020.”<sup>3</sup> It has been over six months since the Galwan Valley clashes when China officially accepted its four casualties in the skirmishes.

Chinese state media claimed that India’s decision to dispatch four warships to the South China Sea on a two-month mission to participate in multilateral exercises and cooperate with Southeast Asian navies that include [Indonesia, Philippines, Singapore, and Vietnam has questionable motives](#).<sup>4</sup> A state media commentary claimed Indian foreign policy is aimed at bolstering ties with the West and its partners to counter China. It concluded that despite this “[India's prosperity still hinges deeply on ties with China](#), highlighting Pakistan demonstrates what New Delhi is missing out on”.<sup>5</sup>

The Colombo Security Conclave (CSC) held in Sri Lanka, attended by the deputy national security advisors (DNSAs) from India, Sri Lanka, and the Maldives discussed security cooperation across “four pillars” including maritime

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<sup>1</sup> “India, China disengage at another friction point, troops return to permanent bases,” [The Indian Express](#), August 7, 2021

<sup>2</sup> Ibid.

<sup>3</sup> “Chinese channel airs footage of Galwan Valley clash to mark PLA Day,” [Hindustan Times](#), August 4, 2021

<sup>4</sup> “India's South China Sea naval mission has questionable motives,” [CGTN](#), August 4, 2021

<sup>5</sup> “China-India relations can't be an unregulated feast of cherry-picking,” [CGTN](#), August 3, 2021



security, human trafficking, counterterrorism, and cybersecurity.<sup>6</sup> Colombo Security Conclave was formed in 2011 under the name National Security Adviser Level Meeting on Trilateral Maritime Security Cooperation. Chinese state media commenting on [the Conclave argued although currently focused on non-traditional security](#) cooperation, New Delhi could be using this as an indirect and cost-effective way to strengthen traditional security cooperation.<sup>7</sup>



Inaugural interaction of the Colombo Security Conclave was held on August 04 through virtual mode with Deputy NSA level participation from India, Sri Lanka, Maldives and observers from Bangladesh, Mauritius and Seychelles. Source: [Twitter/@IndiainSL](#)

China accused the United States of “meddling” in its “internal affairs” after Secretary of State [Antony Blinken met a representative of the Bureau of Dalai Lama](#) in New Delhi during his recent visit.<sup>8</sup> A Chinese state media report commented, “the so-called [“Tibetan government-in-exile” is a separatist political organization](#) with an agenda to pursue “Tibetan independence” which

<sup>6</sup> “India eyes bigger influence in Indian Ocean through Colombo Security Conclave,” [Global Times](#), August 19, 2021

<sup>7</sup> Ibid

<sup>8</sup> “China slams Blinken for Delhi meet with Dalai Lama’s representative,” [The Hindu](#), July 29, 2021

is completely in violation of China's constitution and laws and is not recognized by any country.”<sup>9</sup>

Chinese [Foreign Minister Wang Yi made a “rare visit” to Tibet](#) to inspect border infrastructure on August 16. Chinese Foreign Minister Wang spoke about working with local officials to thoroughly implement the plan of the CPC in governing Tibet.<sup>10</sup> This visit follows the recent visit of President Xi Jinping, the first in three decades. In light of the border standoff with India, Tibet has become an area of focus for Chinese political, security, and economic interests.

Indian External Affairs Minister Dr. S. Jaishankar told the UNSC that [countries should not place “blocks and holds” without any reason](#) on requests to designate terrorists.<sup>11</sup> He warned that double standards and distinctions would be only at “our own peril”. He was alluding to China’s repeated attempts to prevent the head of Pakistan-based militant group Jaish-e-Mohammed Masood Azhar, being designated as a terrorist through technical holds.



Indian External Affairs Minister Dr. S. Jaishankar chairs UN Security Council (UNSC) briefing related to counter-terrorism, August 20, 2021. Source: [Twitter/@DrSJaishankar](https://twitter.com/DrSJaishankar)

<sup>9</sup> “Chinese embassy in India opposes meeting between US ambassador and Dalai Lama’s representative, urges the US to stop meddling in China’s internal affairs,” [Global Times](#), August 12, 2021

<sup>10</sup> “Chinese Minister Wang Yi makes rare Tibet visit,” [The Hindu](#), August 16, 2021

<sup>11</sup> “External affairs minister Jaishankar slams China for terror stand at UNSC,” [Business Standard](#), August 20, 2021

The Chinese Ambassador to the UN addressed the UN Security Council (UNSC) High-Level Open Debate on "[Enhancing Maritime Security: A Case For International Cooperation](#)" on August 9 chaired by India.<sup>12</sup> In his remarks he urged the international community to "uphold concept of maritime community with shared future"<sup>13</sup>. He further asserted that "at present, a few countries are pursuing exclusive regional strategies in the Asia-Pacific region which are resulting in intensified maritime conflicts, undermining the sovereignty and security interests of relevant countries". "This runs counter to the aspirations of most countries in the region who seek peace, cooperation and development", he added.<sup>14</sup>

## II. China- South Asia Relations

The ongoing Afghanistan crisis has serious consequences for the regional security and strategic scenario in South Asia. The emerging narrative indicates that a new "Great Game" has begun [with the Taliban takeover](#)<sup>15</sup>. Pakistan appears to be in control; with its ally China looking to strengthen its grip on the region.<sup>16</sup> China has three important [factors to reflect upon while deciding its Afghan policy](#):

- (a) Taliban's willingness and capability to build a moderate regime that prevents terrorism from spilling over to Xinjiang. China has reached out to the Taliban for protecting the western Xinjiang region from East Turkestan Islamic Movement (ETIM) cadres who could seek sanctuary in Afghanistan.
- (b) China's interest in the rare earth mineral resources of Afghanistan and viability of their economic extraction.
- (c) The prospects of extra security for the narrow China-Pakistan land route through Karakoram mountains which is susceptible to interdiction.<sup>17</sup> As Pakistan and China are on the threshold of becoming key players in the Taliban-ruled Afghanistan, India has to review its role and scope of involvement. It was a key supporter of the ousted regime. It is to note that

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<sup>12</sup> "China urges upholding concept of maritime community with shared future", [Xinhua](#), August 10, 2021.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> "Analysis: China, Pakistan, India jockey for position in Afghanistan's new Great Game," [Reuters](#), August 23, 2021

<sup>16</sup> China, Pakistan, India jockey for position in Afghanistan's new Great Game," [The Times of India](#), August 23, 2021

<sup>17</sup> "Competing Interests For India, China, Pak In Afghanistan," [NDTV](#), August 23, 2021

India was not invited to the Russian-led "[Troika Plus](#)" (China, Russia, Pakistan) to discuss Afghan Negotiations.<sup>18</sup>

As the Islamist militant group entered Kabul on August 15, several countries [evacuated their diplomatic staff](#).<sup>19</sup> However, Chinese and Russian embassies along with Pakistan are among those who continue to maintain their presence.<sup>20</sup> According to Chinese state media, China and Pakistan are enhancing communication and coordination on Afghanistan and expect to play constructive roles in maintaining regional peace and stability. According to Pakistani Prime Minister Imran Khan, the fall of Kabul has led Afghan people to [break "shackles of slavery" of the West](#).<sup>21</sup> [Pakistan and China are set to garner support for collective diplomatic engagement](#) with the Taliban.<sup>22</sup> As the Afghan Taliban intensifies its efforts at government formation, there are statements that Taliban is prioritising the formation of an "inclusive government, promising amnesty, [peace and women's rights](#)". However, there is no clarity either on the government setup or their agenda.<sup>23</sup> According to a report in The Economic Times, "To a large extent, the durability of the Taliban regime will be contingent on China's economic and political support. Pakistan is in a serious economic crisis and in no position to support Afghan reconstruction. The Western countries too will hesitate to provide unqualified development assistance." It also argued that given that China has made massive investments in Central Asia under the Belt and Road Initiative (BRI), similar [investments in Afghanistan will help China in consolidating its economic presence](#).<sup>24</sup>

Chinese analysts expressed concerns over the [Taliban's haul of American weapons](#). The high-grade military equipment left behind by the United States in Afghanistan has the potential to destabilize Xinjiang as well as hurt BRI projects.<sup>25</sup> China's deputy permanent representative to the United Nations stressed that "Afghanistan must never again become a haven [for terrorists](#)

<sup>18</sup> "Excluding New Delhi from 'Troika Plus' shows India's minor role in Afghan issue," [Global Times](#), August 13, 2021

<sup>19</sup> "Afghanistan: Russia, China keep embassies open as other nations pull out", [France 24](#), August 16, 2021.

<sup>20</sup> Ibid.

<sup>21</sup> "Afghans have broken 'shackles of slavery': Pakistan PM Imran Khan," [The Hindu](#), August 16, 2021

<sup>22</sup> "As China, Pakistan weigh recognising Taliban, experts warn long-term losses, U.S. ire," [The Hindu](#), August 22, 2021

<sup>23</sup> "Afghan Taliban tries to form inclusive government, promising amnesty, peace, women's rights", [Xinhua](#), August 18, 2021.

<sup>24</sup> "The Return of the Taliban: Advantage China-Pakistan," [The Economic Times](#), August 19, 2021

<sup>25</sup> Minnie Chan, "Taliban's haul of US weapons may add to problems in region, analysts say", [South China Morning Post](#), August 18, 2021.



(Islamic State, Al-Qaida and the East Turkestan Independence Movement). This is the bottom line that must be held firmly for any future political solution in Afghanistan".<sup>26</sup> Echoing similar sentiments, Russian President Vladimir Putin warned Central Asian leaders about [radical Islam's spill over](#) into the region.<sup>27</sup>

On August 21, a deadly suicide bombing targeted Chinese engineers in Gwadar (Baluchistan) killed a Chinese and two Pakistani nationals. [China has demanded the swift arrest of the masterminds](#) of the attack.<sup>28</sup> Last month, at least [10 Chinese nationals were killed](#) in an explosion and gun attack. Under the CPEC, a large number of workers and engineers have come to work in Pakistan.<sup>29</sup> According to a report in The Global Times, the [Pakistani military has been protecting local Chinese enterprises](#) and the Chinese embassy has warned its nationals not to go out unless necessary.<sup>30</sup> Simultaneously China and Pakistan have agreed to work together to build [a strengthened version of the counter-terrorism and security cooperation framework](#).<sup>31</sup>

A small US-based contractor, Business Efficiency Solutions LLC (BES) has filed a lawsuit claiming that China's Huawei Technologies Co. stole trade secrets and spied on Pakistan. It claimed [Huawei has access to sensitive information about citizens and government officials](#) from a safe-cities surveillance project in Lahore.<sup>32</sup>

Nepal is attempting to maintain a delicate balance between India and China, emphasising their respective importance in Nepal's foreign policy. On the eve of completing a month on August 13, the ruling Nepali Congress government [referred to India as a "special" neighbour](#) and spoke about its decision to resolve the Limpiyadhura-Kalapani-Lipulekh boundary issue through diplomacy.<sup>33</sup> Meanwhile, Nepalese Ambassador to China, Mahendra Bahadur Pandey calling China a trustworthy friend assured Beijing of [Nepal's unflinching stand on One](#)

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<sup>26</sup> "Chinese envoy warns against Afghanistan being heaven again for terrorists", [PLA Daily](#), August 17, 2021.

<sup>27</sup> "Putin warns against 'radical Islam' spillover from Afghanistan", [AL Jazeera](#), August 23, 2021.

<sup>28</sup> "Pak must arrest those behind attack that injured Chinese worker: Foreign min" [Hindustan Times](#), August 23, 2021

<sup>29</sup> "Chinese nationals shot in Pakistan, 2 weeks after blast killed 9 Chinese workers" [Mint](#), July 28, 2021

<sup>30</sup> "China-Pakistan trade relations further deepen as enterprises from two sides establish stronger ties," [Global Times](#), August 2, 2021

<sup>31</sup> "China, Pakistan to upgrade counter-terrorism security cooperation framework after terrorist attack," [Global Times](#), August 10, 2021

<sup>32</sup> "China's Huawei spied, installed data 'back door' in Pakistan: Report," [Hindustan Times](#), August 15, 2021

<sup>33</sup> "China cannot take India's place as a special neighbour: Nepali Congress a month after coming to power," [The Times of India](#), August 13, 2021

[China policy](#). Denouncing speculations about Nepali Congress favouring India, Ambassador Pandey underlined the constitutional bearing on Nepal's foreign policy.<sup>34</sup> In a simultaneous development, PM Deuba affirmed to form a task force on [Nepal's border dispute with China](#) when questioned by the Nepali Congress' Central Working Committee.<sup>35</sup>

The Bangladeshi government signed [a memorandum of understanding \(MoU\) with China's Sinopharm](#) under which a local vaccine manufacturer would produce 5 million export-quality Sinopharm COVID-19 vaccine doses every month.<sup>36</sup>

China launched China Poverty Alleviation and Cooperation Development Centre (CPAC-DC) on July 8, 2021, as part of CPC centenary celebrations. It includes diplomatic representatives of all South Asian nations, except India, Bhutan, and Maldives. According to a commentary in the [Times of India](#), the launch of CPAC- DC has multiple strategic implications<sup>37</sup>;

- (a) It is China's attempt to tap latent angst against India for making SAARC inconsequential post-Uri attack;
- (b) with funds and capacities, create infrastructure that outflanks India. The choice of Kathmandu, headquarters of SAARC, for the CPAC-DC launch appears to be intentional.

### III. China – US Relations

[China and the United States conducted their first military talks](#) virtually on August 29 after the Biden administration came to power. Both sides discussed the rapidly evolving situation in Afghanistan.<sup>38</sup> In [a telephonic conversation with US Secretary of State Antony Blinken](#) on August 29, Chinese Foreign Minister Wang Yi discussed the deteriorating situation in Afghanistan.<sup>39</sup> As per some reports, Xinjiang is emerging as a major road block in developing mechanisms for bilateral cooperation. China continues to hold the US

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<sup>34</sup> "China and Nepal trustworthy friends; No change in one-China policy, Nepal's relations with neighbors: Nepalese Ambassador," [Global Times](#), August 12, 2021

<sup>35</sup> "Border dispute issue with China raised at Congress senior leaders' meeting," [Kathmandu Post](#), August 12, 2021

<sup>36</sup> "China Swoops Into Bangladesh With a Vaccine Deal," [The Diplomat](#), August 24, 2021

<sup>37</sup> "Recalibrating South Asian alliances," [The Times of India](#), August 10, 2021

<sup>38</sup> "China, U.S. hold first military-level talks under Biden's presidency, discuss Afghan crisis," [The Hindu](#), August 28, 2021

<sup>39</sup> "All parties should establish contact, actively guide Taliban: China to US," [Business Standard](#), August 30, 2021



responsible for the deteriorating regional situation that could provide a fillip to radical Islam in the region.

Chinese state media extensively criticised the US Vice President's remark on "China practicing intimidation in Southeast Asia" during her recent visit to Singapore. By [setting a tone of Biden administration's Indo-Pacific vision](#), Vice President (VP) Harris said that "the US is not seeking 'zero sum' engagement with Asia but will stand up against coercive China."<sup>40</sup> She went on to stress upon the US commitment to "peace and stability, freedom of the seas, unimpeded commerce, advancing human rights, and commitment to the international rules-based order based on the recognition that our common interests are not zero sum".<sup>41</sup> China objected to VP Harris offering support to Vietnam in [countering China in the South China Sea](#), including more visits by US warships.<sup>42</sup> A commentary in Chinese state [media criticised US foreign policy for choosing hawkish neorealism](#) and polarization over constructivism.<sup>43</sup>



Vice President Kamala Harris' speech at Gardens by the Bay hosted by the Lee Kuan Yew School of Public Policy and the US Embassy in Singapore on August 24, 2021.

Source: The Straits Times

<sup>40</sup> "US not seeking 'zero sum' engagement with Asia but will stand up against coercive China, Kamala Harris says," [South China Morning Post](#), August 24, 2021

<sup>41</sup> Ibid.

<sup>42</sup> "China opposes U.S. deployment of law enforcement in South China Sea," [CGTN](#), August 25, 2021

<sup>43</sup> "The U.S. has once again chosen hawkish neorealism over constructivism in international relations," [CGTN](#), August 25, 2021

US Indo-Pacific Command Chief Admiral John Aquilino reportedly said that “US is capable of [defending Taiwan](#) in a military conflict while describing the Indo-Pacific as Washington’s biggest security challenge”.<sup>44</sup> The Chinese Ministry of National Defence rejected Adm. Aquilino’s remarks on Taiwan, Hong Kong, Xinjiang, and the South China Sea (SCS) as “irresponsible” and against the norms governing international relations.<sup>45</sup> Beijing claimed again that the “US is the “troublemaker” in SCS and [the] biggest threat to regional peace and stability.”<sup>46</sup>

The [United States conducted a high-profile joint naval drill \(Malabar Exercise\)](#) with QUAD members on August 26 off the coast of Guam. Ahead of the drills, China conducted a series of naval exercises in the South China Sea.<sup>47</sup> Contrary to repeated reference [to QUAD being an Asian NATO](#), a state media commentary emphasised “it would be inaccurate to claim that the quadrilateral mechanism is becoming NATO-like.”<sup>48</sup> It argued that the QUAD mechanism reflects (a) China’s military growth has put enormous pressure on the US in the Indo-Pacific region (b) given that India, Australia, and Japan have their own security interests, the US cannot monopolise the Quad mechanism.<sup>49</sup>

While the US is trying to reassure allies and partners of its continued commitment to the region despite the withdrawal from Afghanistan, Chinese state media called the US decision to withdraw as the worst political blunder in American history.<sup>50</sup> [Chinese state media raised doubts over America’s commitment to Taiwan](#) attempting to frame the US as an unreliable ally and partner in the region, taking the example of the Afghanistan crisis.<sup>51</sup>

[China denounced the US recent sanctions against Russia](#) over the alleged poisoning of Kremlin critic Alexei Navalny and the Nord Stream-2 gas pipeline project, calling it hegemonic thinking.<sup>52</sup>

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<sup>44</sup> “China slams U.S. admiral’s ‘irresponsible’ remarks”, [CGTN](#), August 13, 2021.

<sup>45</sup> Ibid.

<sup>46</sup> Ibid.

<sup>47</sup> “China holds naval drills ahead of US-led Quad exercise off the coast of Guam,” [South China Morning Post](#), August 24, 2021

<sup>48</sup> “Upgrading Quad and Malabar exercise shows US anxiety about China,” [Global Times](#), August 11, 2021

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

<sup>51</sup> “US reaffirming commitment only to ‘fool Taiwan separatists’ in face of its Afghan fiasco,” [Global Times](#), August 18, 2021

<sup>52</sup> “Chinese Foreign Ministry: U.S. sanctions on Russia ‘hegemonic’,” [CGTN](#), August 23, 2021

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

Amidst growing fissures in the EU- China relationship, the EU is considering a review of its strategy towards China. In the recent past, the EU suspended its landmark investment deal with China over human rights and accusations over state-sponsored cyberattacks. During an interview, EU foreign policy chief Joseph Borell admitted that [the public sentiment in Europe has hardened against China](#).<sup>53</sup>

China recalled its Envoy to Lithuania Shein Zhifei on August 10 over Taiwan's decision to open a de facto embassy. Urging the EU to maintain a correct position on Taiwan, China denounced the move calling it a step that undermined its sovereignty and violated one China policy. It also demanded the [Lithuanian government recall its envoy to China](#). As a result, there is a possibility of direct rail links between China and Lithuania being suspended.<sup>54</sup> It would be [Taiwan's first de facto embassy in Europe](#).<sup>55</sup>

The EU has expressed deep concerns over the Afghanistan crisis and resulting Russian and Chinese intentions in the region. [During a meeting with the EU foreign ministers, Borell said](#) that "China has recognised the Taliban, Russia will do it too. They're going to have an embassy presence, and this is going to change the geopolitical balance of power."<sup>56</sup> The Chinese state media mentioned that "the US and the West are anxious that countries that first recognize the Taliban will fill the so-called power vacuum created by the hastened withdrawal of their troops, which will impact their interests in the region. They are [wary of China and Russia's plans](#), their two major rivals, whose expanding influence will supposedly pose a big geopolitical challenge."<sup>57</sup>

## V. China - Russia Relations

During a telephonic conversation on August 16, Chinese Foreign Minister Wang Yi and his Russian counterpart Sergey Lavrov exchanged views on regional and global developments. Both countries stressed their objection over

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<sup>53</sup> "EU foreign policy chief flags review of China strategy 'in months'," [South China Morning Post](#), July 30, 2021

<sup>54</sup> "Lithuania pushes itself into isolation by being a 'chess piece' over US' Taiwan card: experts," [Global Times](#), August 21, 2021

<sup>55</sup> "China recalls envoy to Lithuania over Taiwan's move to open de facto embassy," [South China Morning Post](#), August 10, 2021

<sup>56</sup> "European leaders, staggered by Afghanistan's collapse, are wary of China and Russia's plans," [South China Morning Post](#), August 22, 2021

<sup>57</sup> "West prioritizes geopolitical maneuvering, not reconstruction, in Afghanistan," [Global Times](#), August 22, 2021

US attempts to politicise the origins of COVID-19. On Afghanistan, Foreign Minister Wang Yi suggested that China and Russia should strengthen communication and coordination to support each other as also to protect the two countries' legitimate interests. He suggested that China and Russia should encourage the Taliban to build a broad-based and inclusive political structure, a friendly and peaceful foreign policy. Most importantly, the new Afghan government must draw a line with terrorist forces. Foreign Minister [Lavrov reportedly agreed to coordinate with China](#) on issues related to the new Afghan government.<sup>58</sup> During a phone conversation with Russian President Putin, President Xi stressed on [China's willingness to strengthen communication and coordination with Russia](#) and the international community on the Afghan issue.<sup>59</sup>



Chinese State Councilor and Defense Minister General Wei Fenghe (R) and Russian Defense Minister General Sergei Shoigu pose for a photo during China-Russia joint exercise ZAPAD/INTERACTION-2021, August 13, 2021. Source: China Military Online

Chinese and Russian militaries held exercise ["ZAPAD/INTERACTION-2021"](#) through which militaries of the two countries "reached new heights in coordinated operations".<sup>60</sup> As part of it, Russian troops "used Chinese main

<sup>58</sup> "China, Russia should encourage Taliban to build inclusive political structure: Chinese FM," [Global Times](#), August 17, 2021

<sup>59</sup> "Xi, Putin stress strengthening coordination on Afghanistan, against foreign interference in phone call," [Global Times](#), August 25, 2021

<sup>60</sup> "Russian commander: Chinese and Russian militaries reach new height in coordinated operations", [Ministry of National Defense of the People's Republic of China](#), August 13, 2021.



battle equipment for the first time on a large scale to familiarise themselves with Chinese armed forces".<sup>61</sup> Chinese Defence Minister General Wei Fenghe described the joint exercise as "a [symbol of mutual support](#) and high-level relations between the two militaries".<sup>62</sup> While his Russian counterpart Sergei Shoigu expressed Moscow's willingness to "strengthen strategic communication with China, deepen cooperation in counter-terrorism, and jointly maintain regional peace and stability".<sup>63</sup>

The [first cross-river railway bridge connecting China and Russia](#) in Northeast China was completed in Heilongjiang province. It is expected to play an important role in further enhancing economic and trade exchanges between the two countries.<sup>64</sup> It will greatly [expand the scale of bilateral trade and cooperation](#) between the far eastern part of Russia and Northeast China, a report stated.<sup>65</sup>

## China's Global Image

### I. COVID-19

The spokesperson of the Chinese Mission to the European Union (EU) condemned the politicization of the virus origins after the EU, [the US, Australia, and Japan issued a joint statement](#) over the second phase of COVID-19 origins study.<sup>66</sup>

The emerging narrative in Chinese state media refers to the international community's demand of Covid-19 origin tracing as an ["old trick of blame shifting"](#). The narrative in Chinese media is trying to hold the US responsible for politicising the proposed Covid-19 origin study.<sup>67</sup> China warned that the

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<sup>61</sup> Ibid.

<sup>62</sup> "China-Russia joint exercise ZAPAD/INTERACTION-2021 wraps up", [PLA Daily](#), August 13, 2021.

<sup>63</sup> Ibid.

<sup>64</sup> "China-Russia rail bridge finishes tracklaying work, will boost bilateral trade," [Global Times](#), August 17, 2021

<sup>65</sup> "Track laying for railway bridge to Russia ends in Heilongjiang," [China Daily](#), August 17, 2021

<sup>66</sup> "Chinese Mission to EU opposes political manipulation of origins study in response to statement by US, EU, Australia, Japan," [Global Times](#), July 28, 2021

<sup>67</sup> "U.S. coronavirus origins tracing probe is propaganda against China," [CGTN](#), August 25, 2021

[politicisation of the study](#) would make it a persistent issue in US - China relations.<sup>68</sup>

## II. Belt and Road Initiative

A 137-page report, "Underwater: Human Rights Impacts of a China Belt and Road Project in Cambodia," published by Human Rights Watch revealed the social and environmental destruction wrought by Cambodia's largest hydropower project, a China-backed joint venture built at the tributaries of the Mekong in the country's north. Reportedly, the construction of the hydroelectric power dam had drastically reduced fish habitats and submerged agricultural land vital for the largely indigenous and other ethnic minority communities that live in the region.

John Sifton, advocacy director at Human Rights Watch, said, "it reveals what's wrong with the Belt and Road Initiative worldwide, from Africa to Southeast Asia...These projects lack safeguards built into the financing and oversight... Neither the Chinese state ministries that oversee Belt and Road nor the companies themselves have adequate policies and protocols in place to ensure these types of environmental and social abuses don't take place."<sup>69</sup>

## III. Democracy and Human Rights

President Biden is slated to convene a virtual Summit for Democracy of World Leaders on December 9-10, 2021.<sup>70</sup> As per reports, [Taiwan government is negotiating for a chance to attend the summit](#).<sup>71</sup> Reiterating the Chinese government's position Global Times stressed "Chinese mainland will never sit back and tolerate the US and the island of Taiwan to break the bottom line if the US invites Taiwan to participate in the virtual Summit for Democracy... [it] will lead to an unprecedented storm in the Taiwan Straits."

Chinese Foreign Ministry spokesperson Hua Chunying during a press conference underlined the [distinctiveness in Chinese and American democracy](#). Hua claimed that the American Presidential democracy is driven

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<sup>68</sup> "Why US probe into coronavirus origins may make health cooperation with China difficult," [South China Morning Post](#), August 25, 2021

<sup>69</sup> "China's Belt and Road dam in Cambodia ruined livelihoods: report," [Nikkei Asia](#), August 10, 2021

<sup>70</sup> "President Biden to Convene Leaders' Summit for Democracy," [White House](#), August 11, 2021

<sup>71</sup> "Taiwan seeks to attend US-led summit for democracy," [Nikkei Asia](#), August 12, 2021



by interest groups and money politics. On the contrary, Communist Party of China represents the widest people's interests, added Hua.<sup>72</sup>

[China is reportedly coordinating a visit by EU diplomats](#) to Xinjiang. However, China took umbrage at the demand for visiting 'Ilham Tohti', a Uyghur sentenced to life imprisonment for provoking social unrest and disrespecting China's sovereignty.<sup>73</sup>

[Civil Human Rights Front \(CHRF\)](#), the pro-democracy group that organized some of Hong Kong's biggest protests, announced its disbandment on August 15 in the wake of a sweeping national security law in Hong Kong. CHRF organized mass marches that drew as many as 2 million participants during the 2019 pro-democracy, anti-government protests in Hong Kong.<sup>74</sup>

#### IV. Multilateralism

The Publicity Department of the [Communist Party of China \(CPC\) Central Committee released a key publication](#) on the Party's mission and contributions on August 26.<sup>75</sup> The document, titled "[The CPC: Its Mission and Contributions](#)" stressed on CPC's thrust on multilateralism as opposed to hegemony and unilateralism. The document further stressed; China firmly supports multilateralism. To facilitate dialogue and cooperation, it devotes itself to building multilateral platforms in areas including politics, the economy, security, and culture.<sup>76</sup>

#### Trade and Economy

Chinese President Xi Jinping chaired a meeting of the Political Bureau of the Communist Party of China (CPC) to take stock of the current [state of the economy](#) and plan for the second half of 2021.<sup>77</sup> The meeting reiterated that "domestic economic recovery remains unbalanced and the Chinese economy faces an increasingly complex and grave external environment amid evolving

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<sup>72</sup> "Democracy has no single formula and the right to define not monopolized by US and allies," [Global Times](#), August 20, 2021

<sup>73</sup> "China welcomes EU diplomats' visit to Xinjiang but rejects presumption of guilt," [Global Times](#), July 30, 2021

<sup>74</sup> "Prominent Hong Kong civil rights group disbands, citing government," [CNN](#), August 15, 2021

<sup>75</sup> "CPC releases key publication on its mission, contributions," [China Daily](#), August 26, 2021

<sup>76</sup> "China releases key publication on the CPC's mission and contributions," [Global Times](#), August 26, 2021

<sup>77</sup> "Xi chairs leadership meeting to study economic work", [People's Daily](#), July 31, 2021.

global COVID-19 situation”.<sup>78</sup> It asserted the importance of deepening the supply-side structural reforms and emphasised President Xi’s new development paradigm [dual circulation policy] to advance China’s high-quality development.<sup>79</sup>

The Political Bureau also “decided to carry out targeted campaigns to address “chokepoint” issues to develop specialised innovative SME’s to achieve technological self-reliance and strengthen industrial chain resilience”.<sup>80</sup> Other major issues addressed during the meeting included calls for immediate “introduction of an action plan to achieve carbon peak before 2030”, stabilizing land prices and promoting “sound development of the real estate market”, “implementation of three-child policy”, “improving regulatory system for Chinese firms’ overseas listings” [IPO], and “promoting rural vitalization”.<sup>81</sup>

In a significant step toward [shaping the ‘Marxist’ worldview](#) of the country’s youth, the Chinese Ministry of Education has incorporated “Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era” in the school curriculum at various levels.<sup>82</sup> Reportedly, Shanghai [removed English from primary schools](#) and final examinations for students in third through fifth grade will only be held in Mathematics and Chinese.<sup>83</sup> Amidst the growing US – China strategic competition, Beijing wants to instil positive views about the CPC while thwarting any Hong Kong-style youth activism in mainland China.<sup>84</sup>

Premier Li Keqiang emphasised “[cross-cyclical adjustments](#) to keep major economic indicators within range”.<sup>85</sup> The State Council did not specifically mention what cross-cyclical policy entails but generally it refers to taking [pre-emptive and moderate steps](#) to deal with fluctuations in growth.<sup>86</sup> On the other hand, counter-cyclical policy refers to central bank stimulus to spur economic

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<sup>78</sup> Ibid.

<sup>79</sup> Ibid.

<sup>80</sup> Ibid.

<sup>81</sup> Ibid.

<sup>82</sup> “Xi Jinping thought added into curriculum: Ministry of Education”, [Global Times](#), August 24, 2021.

<sup>83</sup> Naoki Matsuda, “English out, Xi Jinping Thought in at Shanghai schools”, [Nikkei Asia](#), August 14, 2021.

<sup>84</sup> Ibid.

<sup>85</sup> Wang Keju, “China strengthens well-focused cross-cyclical adjustments to keep major economic indicators within range”, [The State Council of the People’s Republic of China](#), August 16, 2021.

<sup>86</sup> “What is China’s cross-cyclical economic policy strategy and how does it differ from countercyclical?”, [South China Morning Post](#), August 23, 2021.

growth including by cutting interest rates, taxes, and boosting infrastructure investment.<sup>87</sup>

The State Council pledged to “prioritise [employment generation](#) as a top priority of economic and social development”.<sup>88</sup> Reportedly, the record number of graduates has increased unemployment pressure which in the age group 16-24 recorded a 16.2 percent increase in July up from 15.4 percent in June.<sup>89</sup> Owing to job [uncertainties in the private sector](#), Chinese graduates are turning toward stable civil service jobs.<sup>90</sup>

China built its global image as the “[factory of the world](#) on the back of migrant workers”.<sup>91</sup> However, the impact of “aging population” is now visible in some traditional labour-intensive manufacturing sectors as they struggle to recruit young migrant workers. Reportedly “median age of factory workers around the country is the 40s and 50s”.<sup>92</sup>

The [Delta variant outbreak](#) and Henan floods have further heightened concerns about China’s economic slowdown in the second half of 2021<sup>93</sup>. However, state media vigorously maintained that the country’s “major [macroeconomic indicators](#) remain stable”.<sup>94</sup> Underscoring this, a Xinhua report asserted that “China’s [foreign trade growth](#) has hit a 10-year high in the first seven months of 2021”.<sup>95</sup> The Ministry of Commerce shed light on reports published by chambers of commerce in the US, EU, and Japan to argue that “[Foreign investors remain confident](#) in the Chinese market”. Foreign Direct Investment [FDI] has surged 25.5 percent in the first seven months of 2021 as compared to the same period in 2020.<sup>96</sup> Using this, Global Times report reiterated “[failure of US decoupling push](#)” claiming that “as bilateral trade continues to surge and American companies bear the brunt of tariffs, Washington may be forced to roll back tariffs marking the failure of US trade

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<sup>87</sup> Ibid.

<sup>88</sup> “China jobs market remains ‘top priority’ as record number of graduates increase unemployment pressure”, [South China Morning Post](#), August 17, 2021.

<sup>89</sup> Ibid.

<sup>90</sup> Ji Siqi, “China’s job scarcity sees fresh grads shun private sector for stable civil service jobs, as government is too big to fail”, [South China Morning Post](#), July 30, 2021.

<sup>91</sup> He Huifeng, “As China’s population ages, the world’s factory struggles to recruit young migrant workers”, [South China Morning Post](#), July 28, 2021.

<sup>92</sup> Ibid.

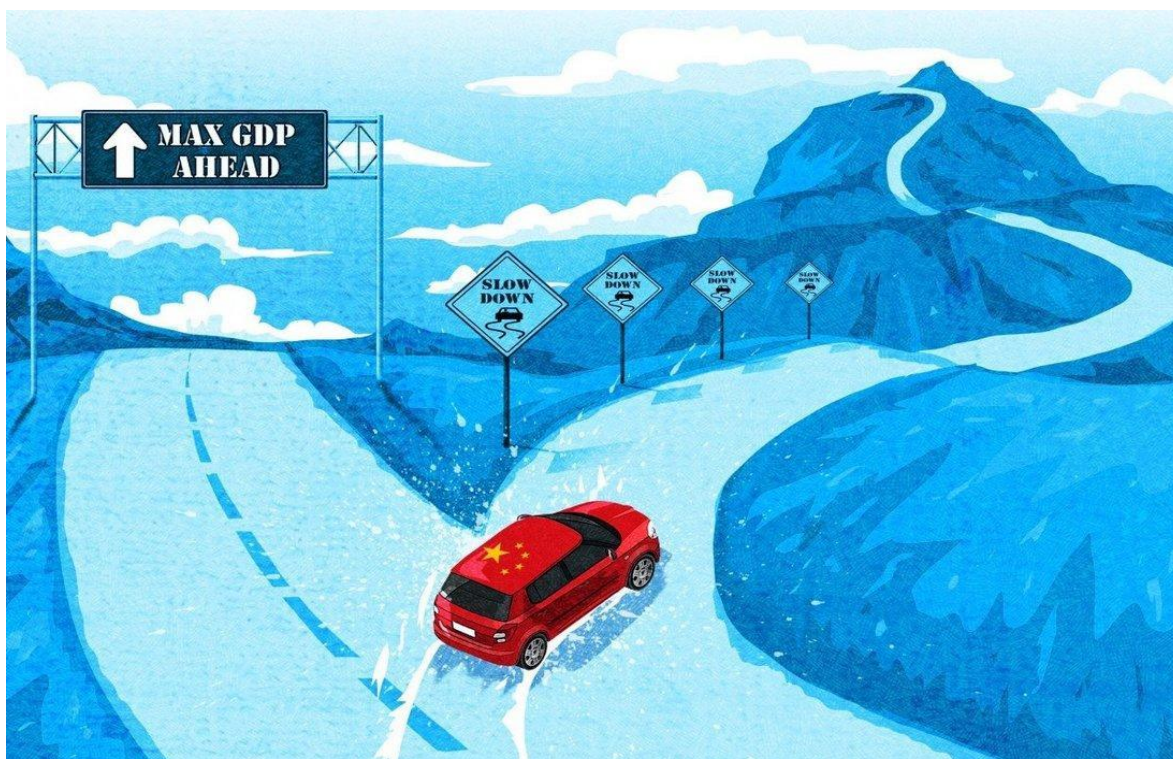
<sup>93</sup> Su-Lin Tan and Orange Wang, “China’s economic recovery falters as Delta outbreak, Henan floods add to fears of second half slowdown”, [South China Morning Post](#), August 16, 2021.

<sup>94</sup> “Economic Watch: Chinese economy on stable track despite challenges”, [Xinhua](#), August 16, 2021.

<sup>95</sup> “China’s foreign trade growth rate hits 10-year high”, [Xinhua](#), August 10, 2021.

<sup>96</sup> “Foreign investors generally confident in Chinese market: MOC”, [Xinhua](#), August 20, 2021.

war”.<sup>97</sup> In light of this, state media speculated about the possibilities of US Treasury Secretary [Janet Yellen visiting China](#) in the near future to discuss “tariffs, high US debt, and possible follow-up trade deal”.<sup>98</sup> Chinese analysts believe, “amid growing pressure from American businesses, Washington may want to work out some mutually beneficial [economic] cooperation between US and China”.<sup>99</sup>



An illustration depicts China's downshift to a slower economic growth path. Source: South China Morning Post, Henry Wong

During the month, South China Morning Post highlighted the country's economic outlook in the second half of 2021. As per the report, the backbone of the Chinese economy - [small and medium enterprises](#) [SMEs] are crumbling due to soaring labour and commodity prices.<sup>100</sup> The Chinese economy has downshifted to a [slower economic growth](#) path as Beijing's focus turns to social equity and nationalised economy.<sup>101</sup> President Xi Jinping in his address to

<sup>97</sup> Xie Jun, “Chinese trade data shows the failure of the US' decoupling push”, [Global Times](#), August 8, 2021.

<sup>98</sup> Xie Jun, “Yellen reportedly weighs China visit, US debt and tariffs could be discussed”, [Global Times](#), August 12, 2021.

<sup>99</sup> Ibid.

<sup>100</sup> He Huifeng, “China's smallest businesses are crumbling as costs soar and help fails to arrive, putting national economy at high risk”, [South China Morning Post](#), August 5, 2021.

<sup>101</sup> Karen Yeung, “China's economy downshifts to slower growth path as focus turns to social equality, national safety”, [South China Morning Post](#), August 3, 2021.



'Central Finance and Economics Committee' stressed efforts to "[promote common prosperity](#)" with emphasis on "reasonable adjustment of excessive incomes and encouraging high income groups and businesses to return more to society".<sup>102</sup> As a result, Shenzhen-based technology giant [Tencent has set aside CNY 50 billion](#) (USD 7.7 billion) toward the common prosperity goal.<sup>103</sup>

The Central Committee of the CPC and State Council jointly issued a blueprint on building a [rule of law government in China](#) from 2021-25.<sup>104</sup> With a view to improve the business environment, it calls for "concrete efforts to prevent administrative power from eliminating or stifling the competition".<sup>105</sup> It appears that Beijing's Big-tech crackdown will continue for the foreseeable future as it promised "strengthened enforcement of anti-monopoly and anti-unfair competition laws".<sup>106</sup>

Amidst the Big-tech crackdown, China has passed the [Personal Information Protection Law](#) (PIPL) that will come into effect on November 1.<sup>107</sup> Under the new law, accessing and using consumer data will be harder and more costly for Chinese technology companies.<sup>108</sup> Reportedly, it aims to "protect privacy by offering individuals the legal right to [say no to excessive data collection](#) by business entities and even certain government agencies when processing sensitive information such as biometrics, medical and health, financial accounts and whereabouts".<sup>109</sup> It would also "empower users to [turn off targeted advertising](#)".<sup>110</sup>

As regards energy, "China's Daqing Oilfield announced "[discovery of major shale oil field](#) with predicted reserves of about 1.27 billion tonnes".<sup>111</sup>

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<sup>102</sup> Evelyn Cheng, "China calls for curbs on 'excessive' income and for the wealthy to give back more to society", [CNBC](#), August 18, 2021.

<sup>103</sup> Josh Ye and Iris Deng, "Tencent earmarks US\$7.7 billion for 'common prosperity' to answer Xi Jinping's call for equality", [South China Morning Post](#), August 19, 2021.

<sup>104</sup> "China maps out new blueprint on building of rule of law government", [Xinhua](#), August 11, 2021.

<sup>105</sup> Ibid.

<sup>106</sup> Ibid.

<sup>107</sup> Tracy Qu, "China's sweeping Personal Information Protection Law to come into effect on November 1", [South China Morning Post](#), August 20, 2021.

<sup>108</sup> Ibid.

<sup>109</sup> "China adopts new law to protect personal information", [Xinhua](#), August 20, 2021.

<sup>110</sup> Tracy Qu, "China's sweeping Personal Information Protection Law to come into effect on November 1", [South China Morning Post](#), August 20, 2021.

<sup>111</sup> "China discovers major shale oil field", [Xinhua](#), August 25, 2021.

The importance of the Middle East and Africa is growing in Chinese strategic and energy calculus. Yinchuan, the capital of Ningxia Hui Autonomous Region hosted the fifth [China-Arab States Expo](#).<sup>112</sup> President Xi Jinping described “China and Arab States as natural partners for BRI cooperation” while calling on both sides to “advance strategic partnership to a new level”.<sup>113</sup> According to a report on CGTN, China-Arab States Expo witnessed the signing of [deals worth over CNY 150 billion](#) (USD 24 billion) in areas covering clean energy, infrastructure, manufacturing, and bio-medicine.<sup>114</sup>

Global [chip shortage continues](#) to impact auto companies in China forcing brands such as FAW-Volkswagen Audi, Toyota to halt production for certain car models.<sup>115</sup> Analysts believe “automotive chip shortage should start easing in the second half of 2021 but the pressure will persist throughout 2022”. “Real wave of semiconductor capacity expansion may not arrive until 2023”.<sup>116</sup>

Amidst US withdrawal from Afghanistan and the Taliban’s declaration of “Islamic Emirate”, Chinese state media highlighted the possibilities of Beijing offering genuine aid for [Afghanistan’s economic reconstruction](#).<sup>117</sup> The Global Times report stressed that “private Chinese firms are eager to tap into Afghanistan’s market where a thousand things are waiting to be done”.<sup>118</sup>

Notwithstanding the above optimism, the country’s “state-owned enterprises [SOEs] are likely to take a cautious approach in carrying out new projects in the war-torn country”.<sup>119</sup> Chinese experts claimed that “the eagerness of the country’s private sector to invest in Afghanistan reflects Beijing’s successful diplomacy with ‘Taliban’ laying a strong foundation for smooth operations of Chinese businesses in Afghanistan”.<sup>120</sup> They maintained that the Chinese “private companies will stand firm in Afghanistan despite politically motivated

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<sup>112</sup> “Xi calls for enhanced China-Arab BRI cooperation to boost development, advance ties”, [Xinhua](#), August 20, 2021.

<sup>113</sup> Ibid.

<sup>114</sup> Dai Kaiyi, “Deals worth over \$24 billion signed at 5th China-Arab States Expo”, [CGTN](#), August 23, 2021.

<sup>115</sup> Che Pan, “Chip shortage: auto production in China facing more disruptions, with Audi reportedly halting lines”, [South China Morning Post](#), August 20, 2021.

<sup>116</sup> Ibid.

<sup>117</sup> “China to offer ‘genuine’ aid in Afghanistan’s economic reconstruction amid chaotic transition”, [Global Times](#), August 24, 2021.

<sup>118</sup> Ibid.

<sup>119</sup> Ibid.

<sup>120</sup> Ibid.



sanctions on Taliban by the West to advance their geopolitical objectives while stifling China's economic interests".<sup>121</sup>

With regards to [governance in the Islamic Emirate of Afghanistan](#), Chinese scholars believe it is "unrealistic to expect the Taliban to be modernized and secular in all aspects immediately". The situation about "individual rights including women's rights, secularism can only improve once economic development is realised and sustained".<sup>122</sup>

## Defence and Security

[People's Liberation Army](#) (PLA) marked its 94<sup>th</sup> anniversary on August 1. In his message, President Xi Jinping stressed "the importance of achieving goals set for the PLA centenary" [modernization of the Chinese army], even as he asserted that "the Party commands the gun".<sup>123</sup>

With the aim to attract more talented professionals in military units that operate high-technology equipment, China has updated its [military service law](#) that provides a dominant role to volunteers or non-commissioned officers with technical background.<sup>124</sup>

China's Mach 30 wind tunnel [23,000 mph or 30 times the speed of sound] is expected to be completed in 2022 significantly boosting the country's [hypersonic aircraft' development](#) capability.<sup>125</sup> 'JF-22' is being referred to as the "cradle of China's next-generation hypersonic aircraft that could reach anywhere in the world within one or two hours".<sup>126</sup> It is also likely to "reduce satellite and spacecraft launch costs by 90 percent".<sup>127</sup> Chinese scholars claimed that such facilities could put Beijing "20-30 years ahead of other powers" in the development of [futuristic aerospace technology](#) and weapons.<sup>128</sup>

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<sup>121</sup> Ibid.

<sup>122</sup> Yang Sheng, Wang Wenwen and Fan Lingzhi, "Taliban's priorities to govern: reconciliation, devt, recognition", [Global Times](#), August 23, 2021.

<sup>123</sup> "Xi Focus: Xi stresses achieving goals set for Chinese PLA centenary", [People's Daily](#), August 1, 2021.

<sup>124</sup> Liu Xuanzun, "China's amendment of the military service law highlights the role of non-commissioned officer, 'key to modernization': expert", [Global Times](#), August 23, 2021.

<sup>125</sup> Liu Xuanzun, "China's Mach 30 wind tunnel expected to be completed in 2022, help develop aerospace, hypersonic aircraft", [Global Times](#), August 23, 2021.

<sup>126</sup> Ibid.

<sup>127</sup> Ibid.

<sup>128</sup> Dave Makichuk, "Mach 30 'tunnel' will put China decades ahead", [Asia Times](#), June 2, 2021.

US – China tensions over Taiwan showed no signs of abating. China denounced the US State Department's approval of a USD 750 million [arms deal with Taiwan](#), including the sale of 40 new M109 self-propelled howitzers for coastal defence.<sup>129</sup> The Chinese Ministry of National Defence reiterated that "PLA will take all necessary measures to firmly safeguard China's national sovereignty and territorial integrity while making continuous efforts to advance national reunification".<sup>130</sup> In light of this, Global Times editorial warned Taiwan that "Afghanistan's abandonment by the US is a [lesson for Democratic Progressive Party](#) (DPP).<sup>131</sup> It claimed that "abandoning allies to protect US interests is an inherent flaw that is deeply rooted in the US since its founding". "DPP leadership needs to wake up from their dreams because once a war breaks out in Taiwan straits, the island's defence will collapse in hours and the US military will not come to help. DPP authorities will quickly surrender, while some high-level officials may flee by plane" [like former Afghan President Ashraf Ghani].<sup>132</sup>

Contrary to this, President Biden reiterated "America's sacred [commitment to Article 5 of NATO](#) charter and if anyone were to invade or take military action against NATO allies, the US will respond". "This applies to Japan, Republic of Korea, and Taiwan" [major non-NATO allies] as their situation is "not comparable with Afghanistan", President Biden added.<sup>133</sup> Global Times editorial raised serious questions about this statement as no US official had earlier linked Article 5 of NATO with Taiwan. It described President Biden's remarks as "muddle-headed", "face-saving" amid fiasco in Afghanistan.<sup>134</sup>

Boosting the People's Liberation Army's (PLA) combat capabilities, PLA Rocket Force "tested two short-range conventional missiles designed to [take out enemy communications system](#)".<sup>135</sup> Observers believe these missiles are a "variant of the [DF-15 short-range ballistic missile](#) family upgraded with two new advanced warheads".<sup>136</sup> This development comes amid PLA Eastern

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<sup>129</sup> "China strongly opposes US arms sale to Taiwan: Defense Spokesperson", [Ministry of National Defence of the People's Republic of China](#), August 6, 2021.

<sup>130</sup> Ibid.

<sup>131</sup> "Afghan abandonment a lesson for Taiwan's DPP: Global Times editorial", [Global Times](#), August 16, 2021.

<sup>132</sup> Ibid.

<sup>133</sup> "Is Biden remark on defending Taiwan muddle-headed or face-saving – China's military despises it: Global Times editorial", [Global Times](#), August 20, 2021.

<sup>134</sup> Ibid.

<sup>135</sup> Amber Wang, "China says it successfully tested two new missiles that can take out military command and communications systems", [South China Morning Post](#), August 21, 2021.

<sup>136</sup> Liu Xuanzun, "PLA Rocket Force holds live-fire drills, testing new-type conventional missiles", [Global Times](#), August 21, 2021.

Theatre Command's live-fire drills involving naval warships, anti-submarine aircrafts, and fighter jets in the sea and airspace surrounding the island of Taiwan to "test [PLA's capabilities of joint operations](#)".<sup>137</sup> Reportedly, PLA has held at least [120 military exercises](#) in China's sea areas such as Bohai Sea, Yellow Sea, East China Sea, Taiwan Straits and South China Sea in the past three months.<sup>138</sup> The PLA also held a live-fire exercise '[Snowland Mission 2021](#)' in Tibet "demonstrating combat capabilities in joint plateau operations".<sup>139</sup>



PLA Tibet Military Command held a live-fire exercise code named "Snowland Mission 2021" on the plateau at the elevation of 4,500m, August 26, 2021. Source: China Military Online

As UK and Germany's warships transited through the South China Sea without confronting China, Global Times report claimed that [London and Berlin "seek balance"](#) in their relations with China vis-à-vis the United States.<sup>140</sup> The UK and Germany understand China's red lines and military capabilities, it added.<sup>141</sup>

<sup>137</sup> "PLA Eastern Theater Command conducts live-fire drills off Taiwan Island", [Ministry of National Defense of the People's Republic of China](#), August 17, 2021.

<sup>138</sup> Liu Xuanzun, "PLA holds 100+ drills in all Chinese sea areas in 3 months, 'sets up strategic defense perimeter'", [Global Times](#), August 24, 2021.

<sup>139</sup> "Live-fire exercise Snowland Mission 2021 staged in Tibet", [Ministry of National Defence of the People's Republic of China](#), August 26, 2021.

<sup>140</sup> Wan Lin and Liu Xuanzun, "UK, Germany 'seek balance' with warship transits in South China Sea despite US pressure", [Global Times](#), August 2, 2021.

<sup>141</sup> Ibid.

With regards to nuclear disarmament, US arms control experts, including former Secretary of Defence William Perry urged Japanese PM Suga to “support the [no first use nuclear weapons policy](#)” that the Biden administration is likely to propose.<sup>142</sup> In light of this, commentaries on PLA Daily stressed that “first use nuclear weapons policy has become part of America’s DNA and the US uses it to maintain its nuclear hegemony. The Biden administration may consider reviewing the US’ nuclear posture, but Washington will never stop preparing to fight and win a nuclear war”.<sup>143</sup> The signal sent by the US that it will adopt “no-first use nuclear policy is a gimmick under its [vague nuclear stance](#) that will make little difference in reality”, it added.<sup>144</sup>

## Technology

The State Council set out new rules to protect the country’s [“critical information infrastructure”](#) that has bearing on national security as part of its domestic data security push.<sup>145</sup> Besides the telecom sector; energy, transport, finance, and defence sectors will have to undergo a [closer cyber security review by Beijing](#) from September 1.<sup>146</sup> Analysts claimed that “as the [US is raising data submission requirements](#) for Chinese companies seeking IPO listed in American stock exchanges, Beijing is looking to maintain a balance between data usage and security”.<sup>147</sup>

The Chinese government also issued a draft of new rules [expanding the powers of local bureaus](#) of the State Administration for Market Regulation (SAMR) to target “unfair competition activities” of the Big tech companies such as Alibaba, Tencent, and Meituan.<sup>148</sup> Activities that are likely to be targeted include “faking traffic data” and “blocking links from competitors”.<sup>149</sup>

China’s new rules on handling the country’s automotive data will take effect on October 1 and it could squeeze overseas [development of self-driving](#)

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<sup>142</sup> “US nuclear policy reflects hypocrisy, Cold War mindset”, [PLA Daily](#), August 21, 2021.

<sup>143</sup> Ibid.

<sup>144</sup> Liu Wenlong, “Will US promise “no-first-use” policy for nuclear weapons?”, [PLA Daily](#), August 24, 2021.

<sup>145</sup> “Regulation to strengthen protection over critical information infrastructure”, [The State Council of the People’s Republic of China](#), August 17, 2021.

<sup>146</sup> Xinmei Shen, “China sets out new rules to protect ‘critical information infrastructure’ as it bolsters data security push”, [South China Morning Post](#), August 17, 2021.

<sup>147</sup> “China launches regulations to protect critical information infrastructure”, [Global Times](#), August 17, 2021.

<sup>148</sup> Tracy Qu, “China’s Big Tech crackdown: Beijing’s targets ‘unfair competition’ online with new rules challenging internet platforms”, [South China Morning Post](#), August 17, 2021.

<sup>149</sup> Ibid.

[vehicles](#).<sup>150</sup> Beijing has made it clear that companies will need to store their data in China, disclose its location especially for sensitive data regarding Chinese road traffic, logistics information, facial recognition data, videos and photos taken by on-board cameras, as well as data about charging stations for electric vehicles.<sup>151</sup>

In a boost to [Digital China mission](#), internet users in the country have surpassed the one billion mark as of June 2021 while Internet penetration stands at 71.6 percent.<sup>152</sup>

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<sup>150</sup> Shunsuke Tabeta, "China data rules to squeeze overseas development of self-driving tech", [Nikkei Asia](#), August 22, 2021.

<sup>151</sup> Ibid.

<sup>152</sup> "China's internet users exceed 1 bln: report", [China News Service](#), August 27, 2021.



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