



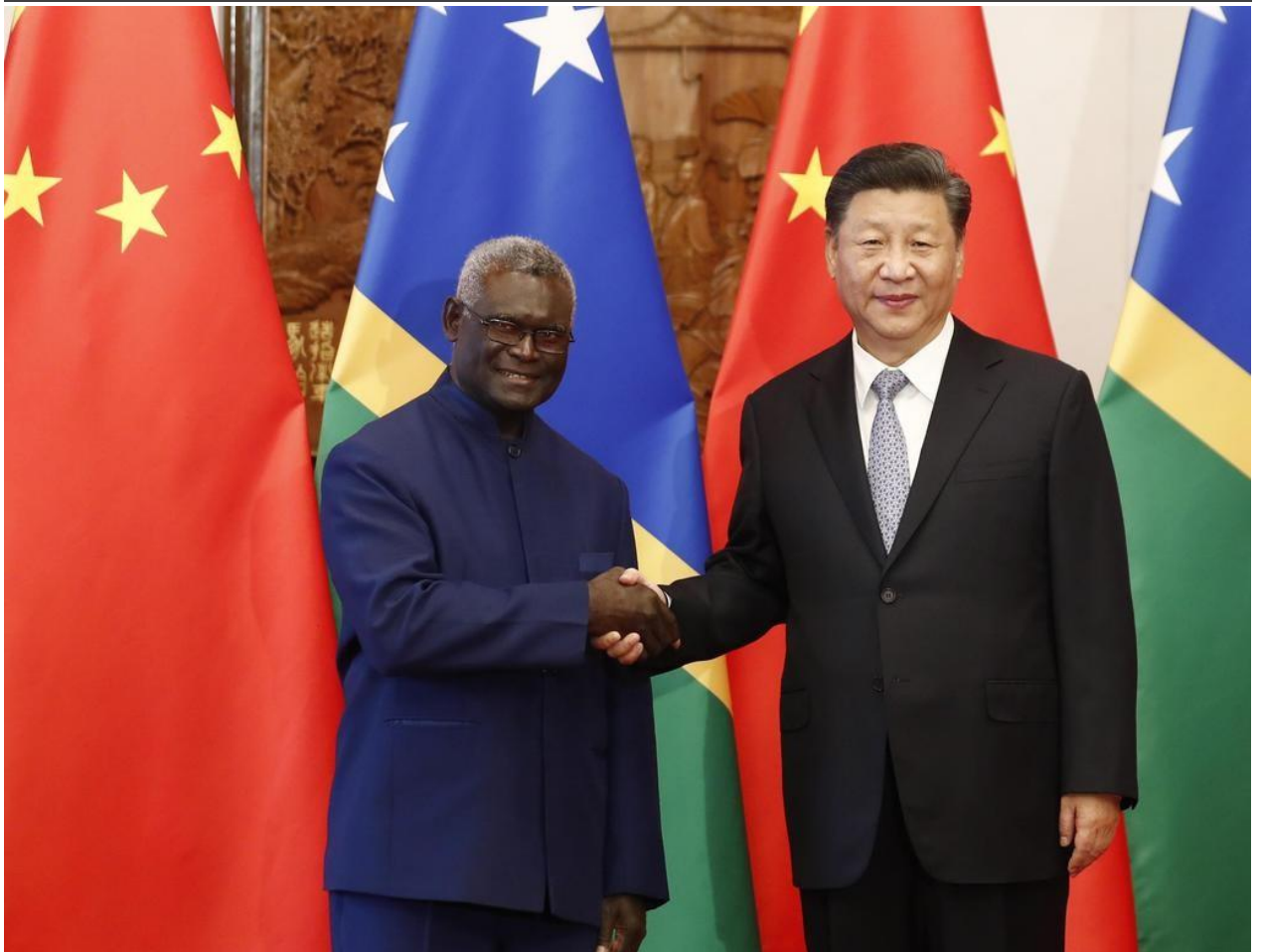
Delhi Policy Group

Advancing India's Rise as a Leading Power



DPG China Monitor

April 2022



Volume V, Issue 4 | April 2022

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 V, Issue 4

April 2022

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:

*A file photo of Chinese President Xi Jinping and Prime Minister of the Solomon Islands Manasseh Sogavare.
Source: news.com.au*

© 2022 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 V, Issue 4
April 2022

Contents

Abstract	i
Foreign and Security Policy	1
I. China-India Relations	1
II. China-South Asia Relations	2
III. China-United States Relations	4
IV. China-European Union Relations	7
V. China-Russia Relations	9
Internal Developments	10
White Paper on Youth	10
Human Rights	10
Boao Forum for Asia	11
Trade and Economy	12
Defence and Security	14
Technology	17

Abstract

As the India-China border standoff in Eastern Ladakh continues, the Indian Army is working on a long-term infrastructure development plan to connect the Line of Actual Control (LAC), from Eastern Ladakh to the Northeast. This entails connecting existing roads and infrastructure which will in turn facilitate deployment and monitoring of the LAC. Meanwhile, as part of its summer strategy in the face of a continued standoff, the Indian Army is planning on holding existing positions along the LAC, including the location of reserves in the vicinity, to deal with contingency situations.

India rejected Beijing's proposal on disengagement of troops from Patrolling Point (PP) 15 in the Hot Springs area of Eastern Ladakh around the time of the Chinese Foreign Minister's visit to New Delhi. The reason for rejection was disagreement between the two sides over their respective understanding of the LAC intersection at PP 15. The Indian position was that the acceptance of the proposal would have pushed back Indian troops several kilometres from the existing alignment of the LAC, in contrast to a minimal withdrawal by the Chinese troops.

In India's neighbourhood, the political uncertainty in Pakistan, including the change of power and support of the Pakistani military of the US, has raised questions about China-Pakistan relations and the future of the China-Pakistan Economic Corridor (CPEC). Meanwhile, the growing narrative in crisis-hit Sri Lanka holds China responsible for pushing the country into a debt trap. Even as China has refused to restructure existing loans, the Sri Lankan government is discussing the possibility of securing a bridging loan from Beijing for repayment of its outstanding debt.

The US Department of Defence (DoD) in its public version of the National Defence Strategy has described China as its "most consequential strategic competitor". Reacting sharply, the Chinese Ministry of National Defence (MND) described this characterisation as "inconsistent with President Biden's statement" at the March 18 Xi-Biden video call in which he had reiterated that the "US does not seek cold war with China; it does not aim to change Chinese system; the revitalisation of NATO alliance is not targeted at China; the US does not support Taiwan independence and Washington has no intention of seeking a conflict with China".

China's new security agreement with the Solomon Islands has sharpened US-China rivalry in the Indo-Pacific. Beijing has contended that the agreement is aimed at "promoting social stability and long-term peace" in the region.

Washington in turn has warned Honiara that the US would “respond accordingly if steps are taken to establish de-facto permanent [Chinese] military presence, power projection capabilities, or a military installation on the island”.

Meanwhile, the AUKUS security alliance declared plans to cooperate on developing Hypersonic weapons. Reacting to this, the Chinese MFA “urged Australia, UK, and US to abandon their cold war mindset and zero-sum game”. Beijing believes “the ultimate goal of AUKUS is to build a NATO replica in Asia-Pacific serving the US hegemony”.

Amidst the ongoing Russia-Ukraine conflict, NATO Secretary-General Jens Stoltenberg claimed that the allies see it as a “serious challenge” that China has not condemned Russia over its invasion of Ukraine. Importantly, Stoltenberg reiterated NATO’s intent to take into consideration systemic challenges to democracies posed by “China’s growing influence and coercive policies”. The European Union also remains concerned about China’s tacit diplomatic support to Russia in its war in Ukraine. The European Commission’s President, Ursula von der Leyen described EU-China relations as “strategically important” and “challenging”, while stressing that the EU will continue to encourage Beijing to play its part in a peaceful and thriving Indo-Pacific.

The Russia-Ukraine conflict has heightened concerns over the Chinese threat to Taiwan. US Secretary of State, Antony Blinken, during a Senate Foreign Relations Committee hearing, maintained that Washington will support Taiwan’s efforts to build “asymmetric” defence capabilities meant to deter an attack by mainland China.

China’s Gross Domestic Product (GDP) growth slowed to 4.8 percent in the first quarter of 2022 because of the COVID-19 lockdown in financial capital Shanghai, even as more pain for the country’s economy was forecast ahead. The IMF downgraded China’s GDP growth estimate for 2022 from 4.8 to 4.4 percent, citing a “worsening” economic situation.

President Xi Jinping chaired a CPC Political Bureau Meeting on the economy. The CPC’s top leadership vowed to “contain the pandemic [by adhering to zero-covid policy], stabilise the economy, address the concerns of foreign investors, and pursue development while ensuring national security”.

Foreign and Security Policy

I. China-India Relations

As the India-China border standoff in Eastern Ladakh continues, the [Indian military is working on a long-term](#) infrastructure development plan to connect the Line of Actual Control (LAC), from Eastern Ladakh to the Northeast. This entails connecting existing roads and infrastructure which will in turn facilitate deployment and monitoring of the Line of Actual Control (LAC).¹ It involves widening and improving existing road infrastructure. Towards this, 32 strategic roads and an equal number of helipads have been sanctioned.²

Meanwhile [as a part of its summer strategy](#), the Indian Army is planning on holding existing positions along the LAC including the location of reserves in the vicinity to deal with any contingency scenarios.³ Further, both the Army and Air Force have ramped up their respective UAV fleets including plans for additional procurements. Meanwhile, China too has been constructing dual-use infrastructure on its side of the border and enhancing its intelligence and surveillance capabilities. As part of this, [Beijing is expanding its unmanned aerial vehicles \(UAV\)](#) network aimed at enhancing its intelligence, surveillance, target acquisition, and reconnaissance (ISTAR) capabilities. It is also developing logistic support bases in areas close to the LAC.⁴

In another development of significance, reports indicate the probability of [state-sponsored cyber espionage campaign](#) targeting Indian power grids. Hackers targeted at least seven "load dispatch" centers in Northern India, responsible for carrying out real-time operations for grid control and electricity dispatch in areas in proximity to the disputed India-China border in Ladakh.⁵

[India rejected Beijing's proposal](#) on disengagement of troops from Patrolling Point (PP) 15 in the Hot Springs area of Eastern Ladakh around the time of the Chinese Foreign Minister's visit to New Delhi.⁶ The reason for rejection was disagreement between the two sides over their respective understanding of the

¹ "As Army Prepares for Summer at Simmering LAC, India Plans Long-term Infra Boost in Eastern Ladakh, N-E," [News 18](#), 2022

² "China & LAC: Why Is India Building a Road Through an Arunachal Sanctuary?," [The Quint](#), March 31, 2022

³ "As Army Prepares for Summer at Simmering LAC, India Plans Long-term Infra Boost in Eastern Ladakh, N-E," [News 18](#), 2022

⁴ "China expanding UAV usage network along border, say officials," [The Hindu](#) April 17, 2022

⁵ "Suspected Chinese hackers collect intelligence from India's grid near Ladakh," [The Indian Express](#), April 7, 2022

⁶ "India said no to China proposal on pullback from Hot Springs," [The Indian Express](#), April 10, 2022

LAC intersecting at PP 15. Indian position was that the acceptance of the proposal would push back Indian troops several kilometers from the existing alignment of the LAC, in contrast to a minimal withdrawal undertaken by the Chinese troops.⁷

Meanwhile, Beijing has conditionally allowed [Indian students to return to China after 2 years of the Covid-19 pandemic](#) on a need-assessed basis. However, there is no guarantee that everyone will be able to return to their courses.⁸ The decision comes following [India suspending all tourist visas issued to Chinese](#) nationals.⁹

In a move likely to irk China, India accorded approval to the opening of a [new Indian Mission in Lithuania](#). The development comes in the wake of China severing diplomatic ties with Lithuania over Taiwan opening its representative office in the country.¹⁰

With regards to the economy, [India's trade deficit with China](#) hit a record high of \$77 billion during the period April 2021 to March 2022.¹¹ [The India-China bilateral trade](#) however increased by 15.3 per cent to over \$31 billion in the first quarter of this year.¹²

II. China-South Asia Relations

In a step reflecting growing Chinese inroads in Afghanistan, Beijing bagged a project to build ["Chinatown industrial park project"](#) as part of urbanized constructions in Kabul. Meanwhile, China at the recent Foreign Ministers meet hinted at possible recognition of the Taliban government¹³. Reacting to this, a report in the [Global Times referred to the above project](#) being "approved" by the "government" of Afghanistan.¹⁴ Geopolitically, [China's willingness to recognize](#)

⁷ Ibid.

⁸ "Indian students conditionally allowed to return to China after 2 years of Covid-19 pandemic," [Hindustan Times](#), April 29, 2022

⁹ "India suspends tourist visas issued to Chinese nationals: IATA," [The Indian Express](#), April 24, 2022

¹⁰ "India to open mission in Lithuania, which is facing China 'trade ban'," [The Times of India](#), April 28, 2022

¹¹ "The long road to Atmanirbhar Bharat: India's trade deficit with China hit record \$77 bn in FY22," [The Print](#), April 25, 2022

¹² "India, China trade surges to over \$31 billion in Q1 of 2022 despite bilateral chill," [The Hindu Business Line](#), April 13, 2022

¹³ "China hints at recognising Taliban as legitimate Afghanistan government 'when conditions are ripe,'" [South China Morning Post](#), April 1, 2022

¹⁴ "Chinese industrial park project wins approval in Afghanistan: source," [Global Times](#), April 28, 2022

[the Taliban will impact](#) American efforts to control the behaviour of the extremist group's through pressure campaigns and sanctions.¹⁵

The political uncertainty in Pakistan including the sudden change of power and open support of the Pakistani military to the US, has raised critical questions over its impact on Pakistan's foreign policy, particularly China-Pakistan relations, and the future of China-Pakistan Economic Corridor (CPEC). The new government under PM Shahbaz Sharif immediately after appointment has proposed to [abolish the China-Pakistan Economic Corridor Authority](#) and has suggested replacing it with a more effective mechanism.¹⁶

According to Sweden's Stockholm International Peace Research Institute (SIPRI), China was Pakistan's largest supplier of major arms, including fighter aircraft, warships, submarines and missiles between 2017 and 2021. The data indicates [Pakistan's increasing reliance on China](#) for major weapons after the US moved towards India as its primary partner in the region.¹⁷

In an incident that could have ramifications for China-Pakistan bilateral relations, a suicide bomber attacked the vehicle of Chinese Confucius center in Karachi University on April 27, [killing three Chinese nationals and injuring another](#).¹⁸ Baluchistan Liberation Army (BLA) who took responsibility for the act has been regularly attacking Chinese personnel and infrastructure in Baluchistan. [China has taken serious note of these repeated incidents](#) and has asked Pakistan to act with urgency against persons perpetrating terror attacks and also address the "root cause of the problem".¹⁹

Reiterating Foreign Minister Wang's concern about Nepal's growing friendship with the US over the \$500 million Millennium Challenge Corporation (MCC) grant, Chinese Ambassador to Nepal Hou Yanqui said that Nepal should become a "[demonstration garden](#)" for friendly cooperation between the two countries not a fighting ring for geopolitical games.²⁰ Prior to the MCC ratification, China preferred to work behind the scenes with the pro-China

¹⁵ "China's Embrace of the Taliban Complicates US Afghanistan Strategy," [The Diplomat](#), April 13, 2022

¹⁶ "China says ties with Pakistan 'unbreakable' despite political upheaval," [Hindustan Times](#), April 6, 2022

¹⁷ "China cements its place as Pakistan's largest supplier of major arms: Report," [Hindustan Times](#), April 26, 2022

¹⁸ "Karachi blast: Suicide bomber blows self, kills 3 Chinese nationals. Watch," Live Mint, April 26, 2022

¹⁹ "'Strongly demand...': China wants Pak to address 'root causes' after Karachi blast," [Hindustan Times](#), April 27, 2022

²⁰ "South Asian nation a 'demonstration garden' for friendly cooperation, not a 'fighting ring' for geopolitical games," [Global Times](#), April 14, 2022

elites to shape Nepalese public opinion against the United States. However, after the MCC was ratified China increased its criticism of Nepal's decision. China's growing anxiety over MCC is followed by protests erupting against Chinese border encroachments in Nepal's territory as also against its increasing political, economic and cultural presence. In a rejoinder to FM Wang Yi's warning to Nepal of "external interference" threatening the core interests of the country, Nepal's former ambassador to Denmark, Vijay Kant Karna, [criticised China's activism against the MCC](#) as "interference in Nepal's internal affairs by exploiting Nepali political parties."²¹

Amidst the rising concern over China's BRI investments in the South Asian countries, [China has proposed to assist Bangladesh in the highway transportation](#) network, including dispatching Chinese technical experts to undertake the onsite feasibility study. As per reports, the Chinese government would provide grant assistance of RMB 7.26 million (USD 1.13 million) for this project.²²

Facing acute shortages of essential commodities in Sri Lanka together with mounting foreign debt of nearly \$7 billion this year alone and \$25 billion to be paid over the next five years, there is a growing concern that [China has pushed the country into a debt trap](#).²³ Despite this, the Rajapaksa government is discussing loans for repayment of its mounting debt with China, even as Beijing has refused to restructure the existing loans. [Beijing, however, has assured Sri Lanka of extending humanitarian aid](#) to include rice, medicines, production materials, and other essentials.²⁴

Amidst the 'India Out' campaign funded by the pro-China camp in Male, China which is vying for influence [has recently completed the construction of five bridges](#) in Hulhumale, Maldives, as part of campaign for political influence.²⁵

III. China-United States Relations

China's security agreement with the [Solomon Islands](#) has heightened the US-China rivalry in the Indo-Pacific.²⁶ Beijing has attributed the agreement as

²¹ "As Nepal Turns to the Indo-Pacific, China Worries," [The Diplomat](#), April 14, 2022

²² "China eyeing to make inroads into Bangladesh's infrastructure sector," [The Print](#), April 8, 2022

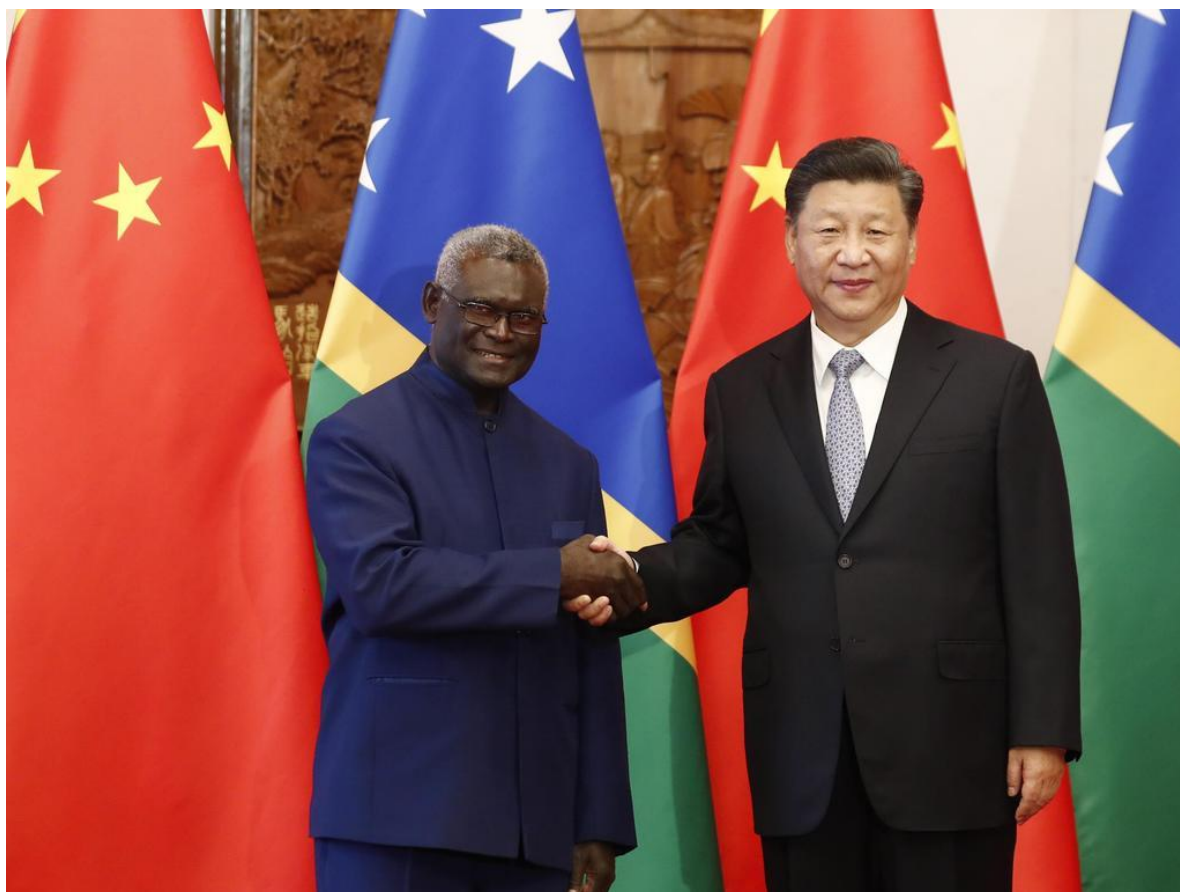
²³ "Sri Lanka, China discuss loan from Beijing to cover debts," [New Indian Express](#), April 26, 2022

²⁴ "China assures help to solve urgent economic crisis: Sri Lankan PM," [Business Standard](#), April 23, 2022

²⁵ "Feature: "New connections" -- China bridges gap in Maldives' hottest growth spot," [Xinhua](#), April 4, 2022

²⁶ "China signs security pact with Solomons", [China Daily](#), April 20, 2022.

“promoting social stability and long-term peace” in the region.²⁷ [The pact is significant in allowing China](#) to make ship visits, carry out logistical replenishment, and have stopovers and transitions in Solomon Islands, practically in the midst of Western Pacific.²⁸ Washington, in turn, has warned Honiara that the US would “respond accordingly if steps are taken to [establish de-facto permanent](#) [Chinese] military presence, power projection capabilities, or a military installation on the island”.²⁹ Given that 3,200 km North of the Solomon Islands sit the islands of Guam, the fortress of the United States’ power projection in the Pacific, the deal has fueled a debate on US-China balance of power in the region, as [Guam is part of the US’ Second Island Chain defence strategy](#). It has been the primary China containment approach since the end of Cold War.³⁰



A file photo of Chinese President Xi Jinping and Prime Minister of the Solomon Islands Manasseh Sogavare. Source: [news.com.au](https://www.news.com.au)

²⁷ Ibid.

²⁸ “China, Solomon Islands agree controversial security pact,” [France 24](#), March 31, 2022

²⁹ “US warns Solomon Islands against China military base as Australian MPs trade blame”, [The Guardian](#), April 23, 2022.

³⁰ “China-Solomon Islands deal marks a power shift. US paying for reluctance in Asia-Pacific,” [The Print](#), April 27, 2022

Meanwhile, China slammed Australia for opposing its security pact with the Solomon Islands, calling it a colonialist myth, while describing the talk about building a naval base as [“purely fake news”](#).³¹

After China defended its stance on the Ukraine conflict as being “on the right side of history”³², US Secretary of Defence, Lloyd Austin, spoke with his Chinese counterpart, General Wei Fenghe. It was a “follow up” to a [call between US President Joe Biden and Chinese President Xi Jinping](#) in March, in which the US leader warned that there would be “costs” if China supported Russia militarily.³³ Wei in turn demanded that the US stop using the issue to slander, frame or threaten China”, while warning that the US should not underestimate China’s resolve on Taiwan.

Further, following the third EU-US dialogue on China in Brussels, Deputy Secretary of State, Wendy Sherman, warned China against providing “material support” to Russian President Vladimir Putin's "unprovoked" war in Ukraine. [In a joint statement, the EU and the US](#) underlined their shared concerns over China’s position on Ukraine issue, disinformation campaign on Russia-Ukraine war while highlighting human rights violations in Xinjiang, the importance of peace and stability in the Taiwan Strait, and incidents of economic coercion by China.³⁴

The Ukraine war has heightened speculation and concern over the possibility of China seizing control of Taiwan in the near future. Amid questions from members of both parties about President Joe Biden’s resolve on the Taiwan issue, Secretary of State, Antony Blinken, at a Senate Foreign Relations Committee hearing maintained that [the US government will support Taiwan’s efforts to build “asymmetric” defence capabilities](#) meant to deter an attack by mainland China’s military. However, ambiguity remained about whether the US would directly intervene in a future China- Taiwan conflict scenario.³⁵ [China condemned the US move of sailing its Navy guided-missile](#) destroyer through the Taiwan Strait, accusing America of hyping tensions through such manoeuvres.³⁶ Urging the US to adhere to the one-China principle, [China](#)

³¹ “China hits back at Australia over Solomon Islands ‘red line’, saying ‘the Pacific is not someone’s backyard”, [South China Morning Post](#), April 29, 2022.

³² “China Defends Stance on Russia After U.S. Criticism,” [The Moscow Times](#), April 14, 2022

³³ “US defence chief speaks for first time with Chinese counterpart,” [Al Jazeera](#), April 20, 2022

³⁴ “U.S. -EU: Consultations Between EEAS Secretary General Stefano Sannino and United States Deputy Secretary Wendy Sherman” [US Department of State](#), April 22, 2022

³⁵ “US will keep supporting Taiwan’s ‘asymmetric’ defence efforts, Antony Blinken says,” [South China Morning Post](#), April 27, 2022

³⁶ “China says US hyped sailing of Navy warship in Taiwan Strait,” [Navy Times](#), April 27, 2022

[threatened that reneging on the commitment](#) will push the region to dangerous waters and bring unbearable costs to the US itself.³⁷

Amidst the escalating US-China tensions, Chinese Ambassador to the US, [Qin Gang, called for the restoration of normal ties](#) with the US calling it win-win situation.³⁸ Again, while addressing the Commemoration Ceremony of the 50th [Anniversary of the First China Trips by the US Congress](#) on April 26, Ambassador Qin Gang stated, "We need to take a strategic and long-term view, look far and wide, follow the trend of the times and the call of the people, to make China-US relations as mutually dependent and beneficial. We must avoid misunderstanding and miscalculation caused by individual events and make China-US relations free from the "Thucydides Trap" or "the tragedy of great power politics."³⁹

IV. China-European Union Relations

China's tacit diplomatic support to Russia citing NATO's eastward expansion as the major cause of the ongoing conflict has raised concerns among the EU countries. Reiterating EU's concerns over Russia and China's "no-limits" strategic partnership, the European Commission's President, [Ursula von der Leyen, while addressing the 'Annual Raisina Dialogue'](#) on April 25, described the current relations between Russia and China as an "unrestrained pact".⁴⁰ On, European Union-China relations, she maintained that they are "strategically important" and "challenging" while stressing that the [EU will continue to encourage Beijing to play its part](#) in a peaceful and thriving Indo-Pacific region.⁴¹

Reports claim, that the Central and East European countries who share closer ties with China have grown wary of [Beijing's show of support to Russia in opposition to the enlargement of NATO](#).⁴² China's proximity with Russia has caused reputational damage to Beijing. Mareike Ohlberg, a Senior Fellow in the Asia programme at the German Marshall Fund of the United States said,

³⁷ "China warns U.S. of unbearable cost over acts towards Taiwan region," [CGTN](#), April 27, 2022

³⁸ "Keynote Speech by Ambassador Qin Gang At the 2022 China-US High-level Agricultural Dialogue," [Embassy of China in the US](#), April 22, 2022

³⁹ "Remarks by Ambassador Qin Gang at the Commemoration of the 50th Anniversary of the First China Trips by the US Congress," [Embassy of China in the US](#), April 22, 2022

⁴⁰ "No limits to Russia-China friendship, warns EU chief amid Ukraine crisis," [The Hindu](#), April 25, 2022

⁴¹ "Speech by President von der Leyen at the Raisina Dialogue," [Europa](#), April 25, 2022

⁴² "How China's Ukraine stance may be final straw for eastern EU countries," [Euro News](#), April 26, 2022

"There's a small chance that China can limit the damage at least superficially by promising investment or access to China."⁴³



Prime Minister of India, Narendra Modi, and President of the European Commission, Ursula von der Leyen, attend the opening ceremony of the 'Raisina Dialogue' in New Delhi, April 25, 2022. Source: [Twitter/@vonderleyen](https://twitter.com/vonderleyen)

Despite the growing disappointment over China's position on Ukraine, China is reaching out to the EU countries urging them to improve bilateral ties. [Premier Li Keqiang in a call to Austrian Chancellor Karl Nehammer](#) on April 22, suggested that China and the European Union send out signals to promote a steadily developing China-EU relationship and proactive cooperation.⁴⁴

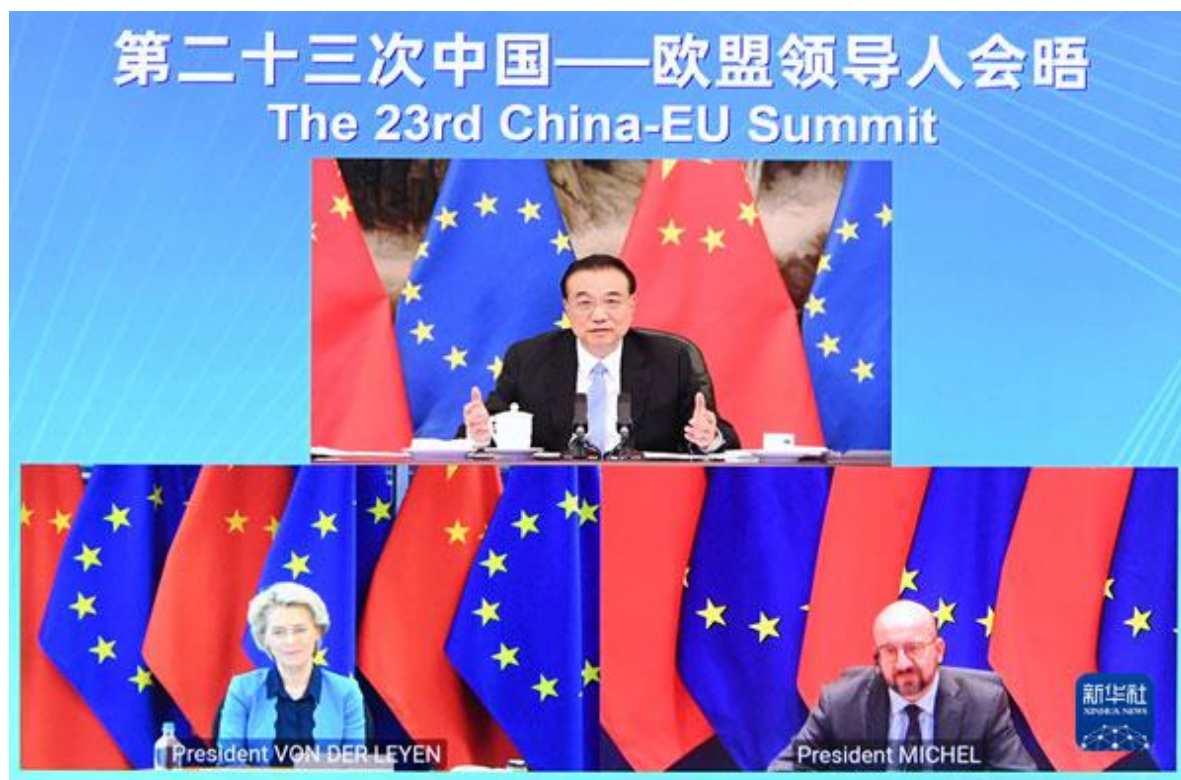
In the backdrop of the EU-China escalating disagreements on trade, human rights and the Ukraine crisis, [Emmanuel Macron's return as French President](#) has been seen as a "relief" for the EU and US by the Chinese state media.⁴⁵ In the face of the EU's hardened views on China, [Macron's approach of 'strategic autonomy' for the EU](#) and his China stance based on pragmatism and business interests is seen as a favourable development for China in the EU.⁴⁶

⁴³ Ibid.

⁴⁴ "Premier urges stronger EU relationship," [China Daily](#), April 23, 2022

⁴⁵ "Macron's victory a 'relief' for EU and US, for now," [Global Times](#), April 25, 2022

⁴⁶ "How Macron's return as French president could be a win for both the EU and China," [South China Morning Post](#), April 28, 2022



Chinese Premier Li Keqiang co-chairs the 23rd China-EU Summit with President of the European Council Charles Michel and President of the European Commission Ursula von der Leyen, April 2, 2022. Source: [Ministry of Foreign Affairs of the People's Republic of China](#).

[China-EU bilateral trade](#) reached 1.31 trillion yuan (\$205 billion) in the first three months of 2022, up 10.2 percent year-on-year.⁴⁷

V. China-Russia Relations

China's steadfast refusal to condemn Russian invasion of Ukraine in the face of vehement western criticism, underlines Russia's strategic significance to Beijing in the context of its rivalry with the United States and its allies. Nonetheless, despite the unwavering support, reports claim [China's state oil refiners are avoiding new oil contracts](#) with Russia despite steep discounts.⁴⁸ However, experts think [there is a possibility of small scale transactions taking place](#) between Russian and Chinese firms given that United States' ability to monitor and track small-scale violations is limited.⁴⁹ As per reports, Russia and a few [Chinese firms are using local currency](#) to trade Russian coal and crude oil.⁵⁰ At present, [Russia and China are devising a mechanism](#) for transitioning

⁴⁷ "Significant increase in EU imports from China," [Eurostat](#), April 1, 2022

⁴⁸ "China state refiners shun new Russian oil trades, teapots fly under radar," [Reuters](#), April 7, 2022

⁴⁹ "Analysis – China's balancing act over Ukraine offers Washington a subtle win," [The Economic Times](#), April 7, 2022

⁵⁰ "Russia Coal and Oil Paid for in Yuan Starts Heading to China," [Bloomberg](#), April 7, 2022

to trading in national currencies.⁵¹ [Trade between Russia and China has surged](#) as Moscow finds itself cut off from Western imports following its invasion of Ukraine. In January-March 2022, Russia-China trade turnover reached \$38.17 billion, a 28.7 percent increase compared with the same period last year.⁵²

Russia has officially completed its section of the [first rail bridge called Tongjiang-Nizhneleninskoye bridge](#) linking it to China.⁵³ The bridge is a part of China's ambitious Belt and Road initiative (BRI), which Beijing funds to boost Eurasian trade. With the completion of this bridge, China's northeast railway network can be connected with the Trans-Siberian Railway.⁵⁴

Internal Developments

White Paper on Youth

Ahead of National Youth Day, 'The State Council' published a new white paper titled "[Youth of China in the New Era](#)".⁵⁵ Main issues outlined in the paper underscore that the "Chinese youth is confident, responsible, and ready to realize the dream of national rejuvenation".⁵⁶ They also "wholeheartedly support the Communist Party of China's (CPC) leadership" in pursuit of its "global vision based on a firm belief in Marxism, Communism, and Socialism with Chinese Characteristics".⁵⁷

Human Rights

People's Daily (PD) slammed the US State Department's annual country report on [Human Rights Practices for 2021](#) that reportedly "smeared China on issues including Xinjiang, Hong Kong, and Tibet".⁵⁸ The paper in turn called upon the US to reflect on its "hypocritical democracy" and "deteriorating human rights situation" instead of accusing other countries of human rights violations.⁵⁹ In a series of editorials, PD highlighted cases of human rights violations in the US including "[racism against Asian-Americans](#)", and January 2021 Capitol Hill

⁵¹ "Russia, China to trade in national currencies," [United News of India](#), April 26, 2022

⁵² "Russia-China Trade Surges in 2022," [The Moscow Times](#), April 13, 2022

⁵³ "Russia Completes First Rail Bridge to China," [The Moscow Times](#), April 27, 2022

⁵⁴ Ibid.

⁵⁵ Cao Siqi, Liu Caiyu and Xu Keyue, "Young Chinese in new era confident, able to realize 'national rejuvenation': white paper", [Global Times](#), April 22, 2022.

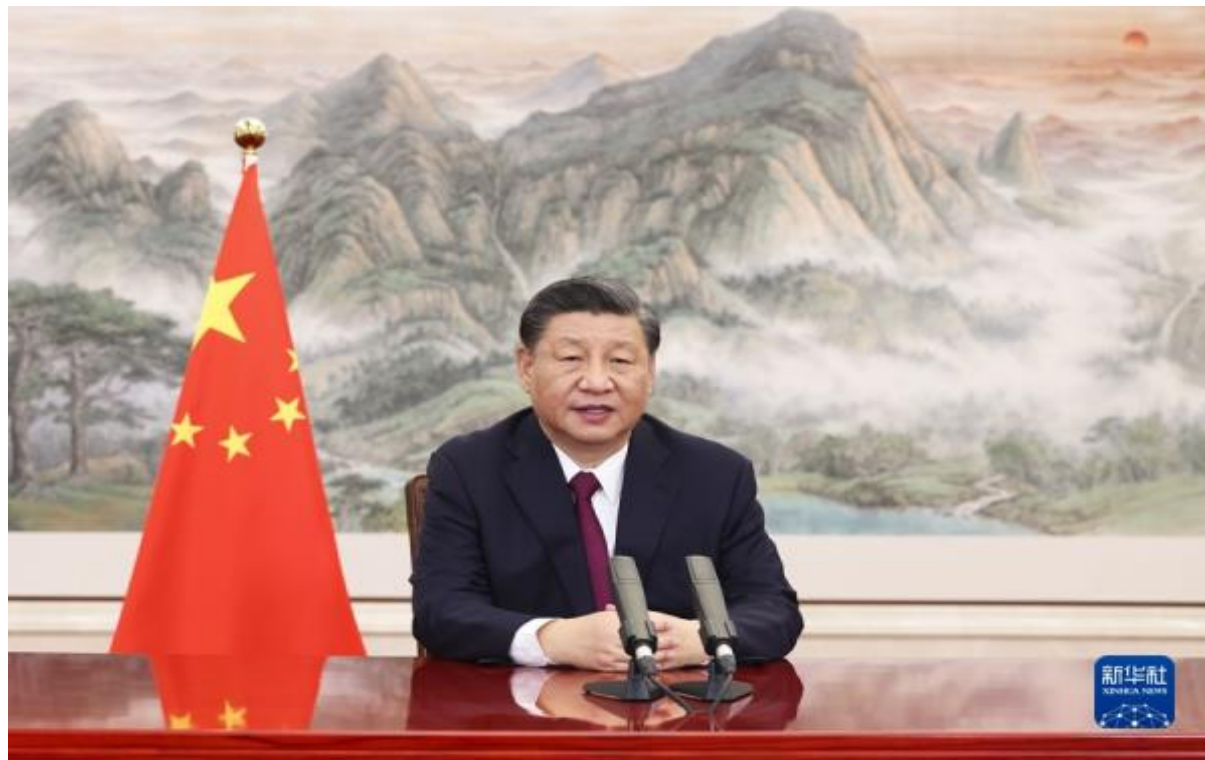
⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ "U.S., more than any other country, should reflect on hypocritical democracy, deteriorating human rights situation", [People's Daily Editorial](#), April 16, 2022.

⁵⁹ Ibid.

riots.⁶⁰ PD also held Washington “responsible for the current [refugee crisis in Europe](#), as it considers the US as an initiator of the Russia-Ukraine conflict”.⁶¹



Chinese President Xi Jinping delivers a keynote speech at the opening ceremony of the ‘Boao Forum for Asia’ held in Hainan, April 21, 2022.

Source: [Ministry of Foreign Affairs of the People’s Republic of China](#)

Boao Forum for Asia

President Xi Jinping addressed the opening ceremony of the ‘[Boao Forum for Asia](#)’ held in Hainan.⁶² Xi proposed a ‘Global Security Initiative’ that stressed “commitment to common, comprehensive, cooperative, and sustainable security while rejecting cold war mentality, unilateralism, and bloc confrontation”.⁶³ In a strong message to Washington and its allies, “President Xi [railed against decoupling measures](#) initiated by the US-led West by emphasizing the Chinese economy’s resilience which offers powerful momentum for post-pandemic recovery”.⁶⁴

⁶⁰ “Racism against Asian Americans an ugly thread in U.S. history”, [People’s Daily Editorial](#), April 17, 2022.

⁶¹ “U.S. not “guardian” of human rights, but hypocrite”, [People’s Daily Editorial](#), April 9, 2022.

⁶² Chu Daye, Zhao Juechengand, and Liu Xin, “Xi proposes Global Security Initiative at Boao Forum, sends signal of peace, stability amid global turmoil”, [Global Times](#), April 21, 2022.

⁶³ Ibid.

⁶⁴ Frank Tang and Luna Sun, “China’s Xi Jinping rails against ‘cold war mentality’ and US hegemony in call for global cooperation”, [South China Morning Post \(SCMP\)](#), April 21, 2022.

Trade and Economy

[China's Gross Domestic Product](#) (GDP) grew by only 4.8 percent in the first quarter of 2022 because of the COVID-19 lockdown in financial capital Shanghai.⁶⁵ Country's [foreign trade expanded](#) by 10.7 percent⁶⁶, while [foreign direct investment](#) (FDI) increased by 25.6 percent.⁶⁷ Even as the first quarter growth exceeded 4 percent growth registered in the fourth quarter of 2021, a South China Morning Post (SCMP) report expects "[more pain for the country's economy](#) as the first quarter growth does not fully reflect the impact of lockdown".⁶⁸ In line with this, the [International Monetary Fund](#) (IMF) downgraded China's GDP growth estimate for 2022 from 4.8 to 4.4 percent citing "worsening" economic situation.⁶⁹ Adding to China's economic woes, [manufacturing activity](#) in the country slowed down in March 2022.⁷⁰ Further, "rising household debts on account of salary reductions, lay-offs, and regulatory crackdowns are reportedly [upending the lives of the Chinese people](#)".⁷¹ Meanwhile, Chinese analysts continued to question country's [zero-covid policy](#) as fears mounted over a possible lockdown in the Capital Beijing owing to COVID-19 resurgence.⁷²

Notwithstanding the prevailing negative sentiment, Xinhua claimed that "despite COVID and external challenges, the [Chinese economy remains on solid footing](#)".⁷³ "Consumption has been restrained by the epidemic rebound but the recovery will continue and consumption will serve as the 'ballast stone' of the economy", Xinhua added.⁷⁴ In light of this, Premier Li Keqiang, called on the government to "adopt policy measures that would [boost consumption and foreign trade](#) as part of Beijing's efforts to keep economic fundamentals

⁶⁵ Frank Tang and Orange Wang, "China GDP: economy grew, but 'more pain will come' as coronavirus, lockdown pressures weigh on outlook", [South China Morning Post](#), April 19, 2022.

⁶⁶ "Update: China's foreign trade up 10.7 percent in first-quarter", [Xinhua](#), April 13, 2022.

⁶⁷ "China's FDI inflow up 25.6 pct in Q1", [Xinhua](#), April 14, 2022.

⁶⁸ Frank Tang and Orange Wang, "China GDP: economy grew, but 'more pain will come' as coronavirus, lockdown pressures weigh on outlook", [South China Morning Post](#), April 19, 2022.

⁶⁹ Amanda Lee, "China GDP: IMF slashes growth forecast as coronavirus outbreaks, zero-Covid policy 'increase uncertainty'", [South China Morning Post](#), April 19, 2022.

⁷⁰ "Economic Watch: China's factory activities slow down amid domestic COVID-19 resurgences, external uncertainties", [Xinhua](#), March 31, 2022.

⁷¹ He Huifeng, "China's rising household debt is shattering dreams of financial freedom, and fears are spreading", [South China Morning Post](#), April 19, 2022.

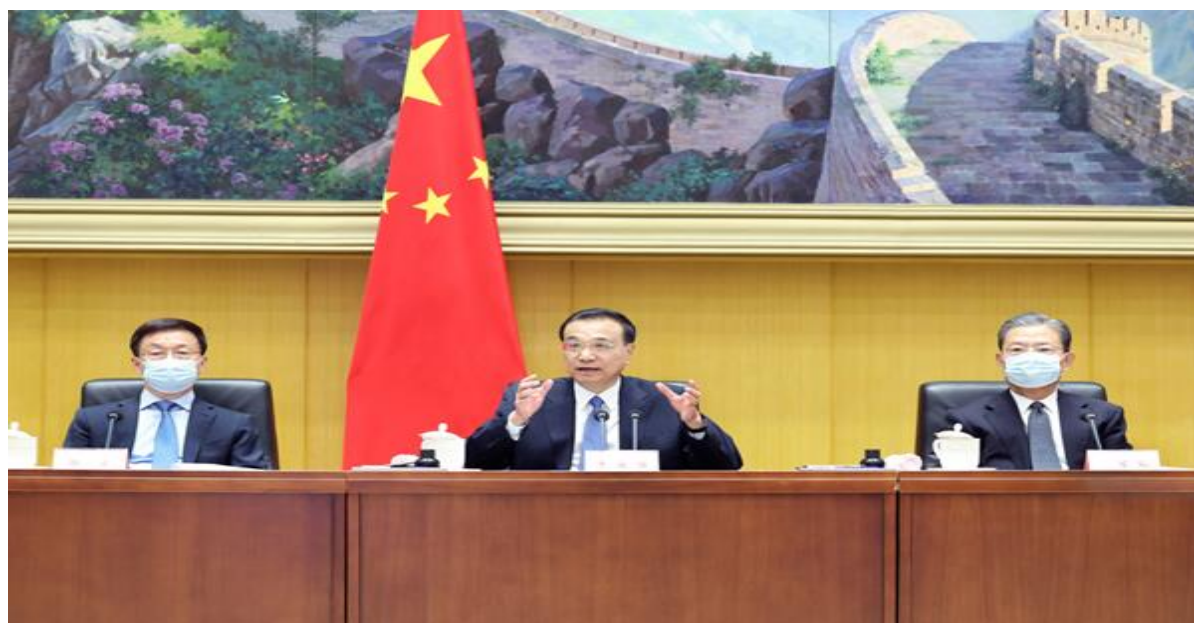
⁷² Shi Jiangtao, "As Omicron catches up with Beijing, how much is China willing to pay for zero-Covid?", [South China Morning Post](#), April 26, 2022.

⁷³ "China's economy on solid footing despite challenges of COVID, external uncertainty", [Xinhua](#), April 18, 2022.

⁷⁴ Ibid.

stable”.⁷⁵ Answering Premier’s call, the People’s Bank of China (PBOC) [slashed Reserve Requirement Ratio](#) (RRR) by 0.25 percentage points providing more liquidity to the pandemic hit sectors.⁷⁶

President Xi Jinping chaired [CPC Political Bureau Meeting](#) on economy.⁷⁷ CPC’s top leadership vowed to “contain the pandemic [by adhering to zero-Covid policy], stabilize the economy, address the concerns of foreign investors, and pursue development while ensuring national security”. Importantly, Beijing could soon halt the [Big-tech crackdown](#) to boost country’s slowing economy.⁷⁸ President Xi also chaired Central Financial and Economic Affairs Commission meeting stressing [“infrastructure development”](#).⁷⁹ He emphasized that “infrastructure development should be well [coordinated with national security](#)”, and also underscored the need to enhance the infrastructure for [critically important technologies](#) such as AI and Supercomputing.⁸⁰



Chinese Premier Li Keqiang addresses a State Council meeting on clean governance, April 25, 2022. Source: [Xinhua/Pang Xinglei](#)

⁷⁵ China to promote steady growth in consumption and foreign trade, and stabilize economic fundamentals, [The State Council of the People’s Republic of China](#), April 14, 2022.

⁷⁶ Frank Tang and Andrew Mullen, “China cuts reserve requirement ratio to boost economy, releasing US\$83.2 billion into banking system”, [South China Morning Post](#), April 15, 2022.

⁷⁷ Frank Tang and Ji Siqi, “China economy: Politburo vows new tools, refined policies will help address coronavirus-induced turmoil”, [South China Morning Post](#), April 29, 2022.

⁷⁸ Zhang Shidong, “Alibaba, Meituan surge 16 percent to fuel stock rally in Hong Kong as China mulls halting tech crackdown amid economic crisis”, [South China Morning Post](#), April 29, 2022.

⁷⁹ “President Xi calls for advancing infrastructure development”, [Xinhua](#), April 27, 2022.

⁸⁰ Frank Tang, “China’s big new infrastructure plan prioritises national security in face of ‘extreme conditions’ at home, abroad”, [South China Morning Post](#), April 28, 2022.

At a State Council meeting on governance, Premier Li Keqiang stressed on [combating corruption](#) and building a clean government.⁸¹ Earlier, [China Merchants Bank relieved 'Tian Huiyu'](#) as its President and CEO, as he has been put under disciplinary investigation by the Central Commission for Discipline Investigation (CCDI), country's highest anti-corruption body.⁸² Beijing has vowed to "strengthen the supervision of public officials in the finance industry to prevent systemic risks to capital markets".⁸³

China issued guidelines on [establishing a unified domestic market](#) that aims to "promote efficient circulation, expand the domestic market, foster a stable, fair, transparent, and predictable business environment while reducing market transaction costs".⁸⁴ Meanwhile, President Xi Jinping, during his visit to Hainan, called for "accelerating development of the island into a [free trade port with global influence](#)".⁸⁵ Xi believes Hainan will become a "paradigm of reform and opening-up in the new era".⁸⁶ In the meantime, amidst the ongoing Russia-Ukraine conflict and global food security crisis, President Xi stressed on self-reliance in seed technology.⁸⁷ China has "enlarged its list of state-sponsored [seed breeding and production](#) bases for the first time since 2013".⁸⁸

Defence and Security

The US Department of Defence (DoD) in its National Defence Strategy made public, has described China as the "[most consequential strategic competitor](#)".⁸⁹ Reacting sharply, Chinese Ministry of National Defence (MND) described it as "inconsistent with President Biden's statement" at March 18 Xi-Biden video call in which he had reiterated that the "US does not seek cold war with China; it does not aim to change China's system; the revitalization of NATO is not targeted at China; the US does not support Taiwan independence and Washington has no intention of seeking a conflict with China".⁹⁰ MND also

⁸¹ "Premier stresses need to further anti-corruption fight, build clean government", [The State Council of the People's Republic of China](#), April 25, 2022.

⁸² "Former head of China Merchants Bank under disciplinary investigation", [Global Times](#), April 24, 2022.

⁸³ Ibid.

⁸⁴ "China issues guideline on establishing unified domestic market", [Xinhua](#), April 10, 2022.

⁸⁵ "Xi Focus: Xi stresses building Chinese free trade port with global influence", [Xinhua](#), April 13, 2022.

⁸⁶ Ibid.

⁸⁷ Ibid.

⁸⁸ Orange Wang, "China food security: Beijing moves to 'revitalise' seed industry as coronavirus, geopolitical tensions ramp up supply fears", [South China Morning Post](#), April 26, 2022.

⁸⁹ "Regular Press Conference of the Ministry of National Defense on March 31", [Ministry of National Defence of the People's Republic of China](#), April 6, 2022.

⁹⁰ Ibid.

refuted Adm. John C. Aquilino's statement on China "militarizing South China Sea" (SCS).⁹¹ Beijing reminded Washington that it has "indisputable sovereignty over the South China Sea islands and their adjacent waters".⁹² China's deployment of defence facilities at SCS islands is a "legitimate right of a sovereign state and necessary measure to deal with American provocations".⁹³

Further, Chinese Ministry of Foreign Affairs (MFA) rejected CIA Director, William Burns' remarks that "China is a formidable competitor lacking in neither ambition nor capability" and Beijing "intends to [replace the US](#) as the pre-eminent power in the Indo-Pacific".⁹⁴ Rejecting this, MFA stressed that "China's development aims to improve people's livelihood, without any interest in challenging or replacing others".⁹⁵

Amidst the ongoing Russia-Ukraine conflict, NATO Secretary-General Jens Stoltenberg claimed that the allies see it as a "serious challenge" that [China has not condemned Russia](#) over its invasion of Ukraine.⁹⁶ Importantly, Stoltenberg reiterated NATO's intent to take into consideration systemic challenges to democracies posed by "China's growing influence and coercive policies".⁹⁷ This was the first time that US Indo-Pacific allies, Japan, Australia, New Zealand, and Republic of Korea participated as a group in NATO Foreign Minister's meeting.⁹⁸ Chinese scholars continued to warn that "NATO's eastward expansion and moves to deepen cooperation with Asia-Pacific partners to build a new military alliance [Asian NATO] is very dangerous for the world peace".⁹⁹ In the meantime, as the US National Security Advisor Sullivan expressed his belief that "fighting in Ukraine could go on for months or longer", Global Times asserted that "[Washington's geopolitical appetite is growing](#)".¹⁰⁰

The 'AUKUS' security alliance declared plans to cooperate on [developing Hypersonic weapons](#).¹⁰¹ Reacting to the development, the Chinese MFA "urged Australia, UK, and US to abandon their cold war mindset and zero-sum

⁹¹ Ibid.

⁹² Ibid.

⁹³ Ibid.

⁹⁴ "China is not interested in challenging or replacing others: FM spokesperson", [Xinhua](#), April 15, 2022.

⁹⁵ Ibid.

⁹⁶ Chen Yingqun, "NATO urged to stop twisting China's role", [China Daily](#), April 13, 2022.

⁹⁷ Ibid.

⁹⁸ Ibid.

⁹⁹ Ibid.

¹⁰⁰ "Washington's geopolitical appetite has been growing: Global Times editorial", [Global Times](#), April 18, 2022.

¹⁰¹ "China urges U.S., U.K., Australia to abandon Cold War mindset", [Xinhua](#), April 07, 2022.

game”.¹⁰² Beijing believes “the ultimate goal of AUKUS is to build a NATO replica in Asia-Pacific serving the US hegemony”.¹⁰³ Meanwhile, open-source intelligence reports pointed toward, Australia, UK, and US informally [asking Japan about possibility of joining AUKUS](#).¹⁰⁴ A commentary on PLA Daily argued that “advocacy of joining AUKUS exposes Japanese right wing’s obsession with rearming”.¹⁰⁵ Chinese analysts also expressed concerns about growing US-Philippines and [Japan-Philippines defence cooperation](#).¹⁰⁶ Further, as the White House announced plans to host a special US-ASEAN Summit on May 12 and 13, China Daily claimed that “it is Washington’s new attempt to [pit ASEAN against China](#)”.¹⁰⁷

US Defence Intelligence Agency (DIA) reportedly claimed that “China has [multiple ground-based laser weapon systems](#) that could disrupt, degrade, or damage satellites”.¹⁰⁸ It also accused China of expanding its fleet of intelligence, surveillance, and reconnaissance (ISR) satellites.¹⁰⁹ Reacting to this, Chinese MFA asserted that “US is hyping China, Russia threat in space to maintain its hegemony while creating excuses for the development of its own space technology and military means”.¹¹⁰

Meanwhile, the US-China tensions on Taiwan continue unabated. PLA Eastern Theatre Command held multi-services combat alert patrols and drills in areas surrounding Taiwan as a warning to [US lawmakers visiting Taipei](#).¹¹¹ US House Speaker ‘Nancy Pelosi’ was also scheduled to visit Taiwan; however, her visit got postponed as she tested COVID-19 positive.¹¹²

[People’s Liberation Army Navy](#) (PLAN) celebrated its 73rd anniversary on April 23, 2022.¹¹³ As two type-055 large destroyers and a new type 052D destroyer

¹⁰² Ibid.

¹⁰³ Ibid.

¹⁰⁴ “Advocacy of joining in AUKUS exposes Japanese right-wing’s obsession with rearming”, [China Military Online](#), April 15, 2022.

¹⁰⁵ Ibid.

¹⁰⁶ “Japan, Philippines step up cooperation to strengthen regional presence”, [China Military Online](#), April 18, 2022.

¹⁰⁷ “Washington’s new attempt to pit ASEAN against China: China Daily editorial”, [China Daily](#), April 18, 2022.

¹⁰⁸ “Pentagon’s ‘China, Russia threat in space’ hype aims at hegemony, developing own military: FM”, [Global Times](#), April 13, 2022.

¹⁰⁹ Ibid.

¹¹⁰ Ibid.

¹¹¹ “PLA drills around Taiwan targeted at US lawmakers’ visit, rehearse ‘real action’ once necessary”, [Global Times](#), April 15, 2022.

¹¹² Ibid.

¹¹³ Liu Xuanzun and Guo Yuandan, “PLA Navy celebrates 73rd birthday with half dozen new warships, conspicuous hint on third aircraft carrier”, [Global Times](#), April 23, 2022.

were commissioned in PLAN service, Global Times stressed that “rapidly expanding naval fleet reflects [China’s growing capabilities](#) in safeguarding sovereignty, territorial integrity, and development interests”.¹¹⁴

Technology

Shenzhou-13 spacecraft astronauts returned to Earth after spending 183 days in space. Chinese MFA described this as a “breakthrough journey for verification of key technologies critical in the [construction of country’s space station](#)”.¹¹⁵ It lays a “solid foundation for next phase of space stations in-orbit construction”, MFA added.¹¹⁶

Technology companies in Shanghai particularly in semiconductor and automobile sectors, continue to suffer due to COVID-19 lockdown, sanctions on account of Russia-Ukraine conflict, and continuing tensions with the US.¹¹⁷ To relieve pressure, Shanghai government issued a [“white list” of 666 companies](#) that could resume production in the city under a system requiring employees to live and work at company facilities.¹¹⁸

With regard to [New Energy Vehicles](#) (NEVs), People’s Daily report highlighted that “China is set to capture 65 percent share of global market”.¹¹⁹

¹¹⁴ Liu Xuanzun, “Two new Type 055 large destroyers, a new Type 052D destroyer confirmed in PLA Navy service”, [Global Times](#), April 20, 2022.

¹¹⁵ Fan Anqi, “China’s space station first to be open to all UN member states: Chinese FM”, [Global Times](#), April 18, 2022.

¹¹⁶ Ibid.

¹¹⁷ Matt Haldane, “Slow times at Chinese chip firms”, Inside China Tech Newsletter – South China Morning Post, April 23, 2022.

¹¹⁸ Jiaxing Li, “Shanghai lockdown: China takes steps to shore up supply chains by putting Tesla and SMIC on white list”, [South China Morning Post](#), April 19, 2022.

¹¹⁹ “China’s rapidly expanding sales of new energy vehicles set to capture 65 percent share of global market”, [People’s Daily](#), April 8, 2022.



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

www.delhipolicygroup.org