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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:
Indian External Affairs Minister, Dr. S. Jaishankar, attends ‘BRICS’ Foreign Minister’s dialogue with Emerging Markets and Developing Countries, May 19, 2022.
Source: Twitter/@DrSJaishankar

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Abstract

Shortly after taking over command of the Indian Army, General Manoj Pande conducted a security review of the continuing standoff with China, including PLA deployments in Eastern Ladakh and the state of preparedness of the Indian Army.

China is building twin bridges connecting the north and south banks of the Pangong Tso lake to enable a rapid force buildup and negate India’s tactical advantage in the South Bank area. China is also setting up an emergency airbase in the Tashkurgan district of Xinxiang opposite Eastern Ladakh, which is likely to be functional by September 2022. Responding to these developments, India stressed that “Chinese bridging activity is in areas that continue to be under the illegal occupation of China since the 1960s”, adding that “India has not accepted China’s unjustified claim or such construction activities”. On its part, the Indian Army is stepping up deployments at the LAC. Seven Indian bridges are coming up over the Galwan river to handle any military contingency.

Amidst these developments, a meeting of the bilateral Working Mechanism for Consultation and Coordination (WMCC) was held on May 31. The two sides agreed to continue diplomatic and military talks, along with the possibility of an early meeting of military commanders to achieve the objective of complete disengagement from all friction points along the LAC.

Speaking at the BRICS Foreign Ministers’ meeting, External Affairs Minister, Dr. S. Jaishankar, stressed the need for members to respect each other’s territorial integrity. Chinese state media reports claimed that “BRICS had reached consensus on increasing the role of emerging economies in global governance, support for Russia-Ukraine negotiations, counter-terrorism, arms control, and possible expansion of BRICS”.

The ongoing economic crisis in Sri Lanka has ignited discussion on the impact of Chinese investments under the BRI in a number of South Asian countries. Sri Lanka’s economic meltdown has put Chinese strategic influence in the country in jeopardy. Meanwhile, Pakistan is also facing a grim economic situation. Despite disagreement on a possible economic bailout, Pakistan and China have agreed to inject fresh momentum into their “All-Weather Strategic Cooperative Partnership” by adding new avenues of practical cooperation. Nepal’s ruling party has become increasingly wary of China’s expansive BRI.
In the context of Sino-US strategic competition, President Biden’s first trip to East Asia coincided with a slew of diplomatic initiatives, including bilateral summits with allies Japan and Republic of Korea, the QUAD Leader’s Summit, and the launch of the Indo-Pacific Economic Framework (IPEF). Even as the QUAD leaders emphasised ‘infrastructure’, ‘climate change’, ‘fight against the pandemic’, and ‘supply chains’ as key areas of regional cooperation and engagement, Global Times (GT) rejected the view that the “QUAD’s focus has shifted from security architecture to the economic arena and that it was no longer engaged in building the so-called small Asian NATO”, maintaining that the QUAD is a “sinister gang of Indo-Pacific states” geared towards China containment. A China Daily editorial echoing similar views asked “Asian countries to consider the risks of being a cat's paw of Washington”. Importantly, it called upon Asian countries to “look at the developments in Europe [Russia-Ukraine conflict] to see what happens when countries get too caught up in the US’ games”. In an apparent attempt to showcase their combined military prowess during the QUAD Summit, China and Russia carried out a joint strategic air patrol over the Sea of Japan, the East China Sea, and the Western Pacific Ocean.

President Biden’s remarks in Tokyo that the US would intervene militarily if the Chinese mainland tried to unify Taiwan with force sharpened US-China tension. The PLA increased military exercises, including warship activities, in key straits near Japan. Earlier, PLA Navy's Liaoning-led carrier battle group and nuclear-capable H-6 bombers held drills in the Western Pacific. This was designed to demonstrate the “PLA’s capabilities to cut off any foreign interference in a Taiwan contingency from countries like Japan and US”.

US Secretary of State, Antony Blinken, in a major speech at Georgetown University on May 26, labelled China as the "most serious long-term threat" to the international order. Rejecting “America’s cold war mentality”, Chinese Foreign Minister, Wang Yi, asserted in response that Washington’s views on Sino-US relations had “gone seriously awry”, and “actually, it is the US that has become a source of chaos that shakes the current international order and remains an obstacle to the democratisation of international relations”.

After President Biden launched the Indo-Pacific Economic Framework (IPEF) to “deepen economic engagement among partner countries”, the China Daily argued that “Washington’s real intent is to exclude China from the regional trade structure”. IPEF is yet another attempt by the US to “destabilise” the Indo-Pacific, the paper added. Chinese Foreign Minister Wang Yi, on his part, stressed that “IPEF should advocate free trade instead of pursuing protectionism, contribute to global economic recovery instead of undermining...
industrial supply-chains, and promote openness and cooperation instead of geopolitical confrontation”.

The Director of the Office of the Central Commission for Foreign Affairs – Yang Jiechi, penned an article in People’s Daily elaborating on ‘Xi Jinping’s Thought on Diplomacy and New Horizons in China’s External Work’. In his discourse, he outlined Beijing’s foreign policy priorities that include “a coordinated approach towards development and security better serving China’s national rejuvenation”, “strengthening the global network of partnerships”, “leading reforms and development of global governance system while championing true multilateralism”, and “consolidating the framework in which the CPC Central Committee exercises overall leadership on all aspects of foreign policy”.

COVID-19 lockdowns continued to impact China’s economy as employment conditions remained “grim and complicated”. Premier Li Keqiang called upon the government to “make all possible efforts to ensure positive growth in the second quarter”. Amidst concerns that growth is likely to fall short of the 5.5 percent target set for 2022, China’s National Bureau of Statistics (NBS) continued to maintain that lockdown effects are “short term and external” and that the “fundamentals of the economy remain unchanged”. There were reports about disagreement between President Xi Jinping and Premier Li Keqiang on how to deal with a rapid economic slowdown.
Foreign and Security Policy

I. China-India Relations

Shortly after taking over command of the Indian Army, General Manoj Pande, conducted a security review of the PLA’s deployments in Eastern Ladakh and Indian posture and the state of preparedness.\(^1\) Major recent development in Eastern Ladakh has been reports of China building twin bridges connecting the North and South Banks of Pangong Tso.\(^2\) These bridges would facilitate the rapid deployment of troops in this sector. China’s aim in constructing these bridges is to negate India’s tactical advantage in the South Bank area of Pangong Tso. Further, Chinese armour and MBRL regiments are stationed at Rudog Base, South of Pangong Tso and Xiadullah which can support PLA deployments in the area.\(^3\) Another report highlights, that China is setting up an emergency airbase in the Tashkurgan district of Xinxiang opposite Eastern Ladakh, which is likely to be functional by September 2022.\(^4\) Tashkurgan is located in the Uighur Autonomous Region, at an important junction bordering Tajikistan, Afghanistan, and Pakistan which is close to Ladakh.

\(^1\)“Army chief on 3-day visit to Ladakh, reviews situation along LAC,” The Telegraph, May 14, 2022
\(^2\)“Why is China building bridges over Pangong Tso: the genesis and ramifications,” The Indian Express, May 17, 2022
\(^3\)“China bridge row: Indian army counters Xi’s threat along LAC; Steps up military deployment,” Youtube: Hindustan Times, May 26, 2022
\(^4\)“China setting up emergency airbase near Ladakh,” The Pioneer, May 29, 2022
A report in the South China Morning Post (SCMP) stressed that the Chinese bridges across Pangong Tso might emerge as a new point of friction between India and China.\(^5\) Responding to these developments, India’s Ministry of External Affairs stressed that “both these bridges are in areas that have continued to be under the illegal occupation of China since the 1960s”. It further stated that “India has not accepted China’s “unjustified claim” or “such construction activities”.\(^6\) Indian External Affairs Minister, Dr. S. Jaishankar, in his remarks during the ‘BRICS’ Foreign Ministers meeting, highlighted the need for members to respect each other’s territorial integrity.\(^7\)

The Indian army, too, is stepping up deployment at the LAC to counter PLA’s rapid infrastructure development.\(^8\) Seven Indian bridges are coming up on the Galwan river to handle any military emergency.\(^9\)

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\(^5\) “China-India border: why another Chinese bridge may be the latest friction point,” South China Morning Post, May 25, 2022

\(^6\) “MEA: Two bridges built by China in Pangong area occupied illegally,” The Indian Express, May 21, 2022

\(^7\) “Jaishankar reaffirms respect for territorial integrity in BRICS FM meet,” The New Indian Express, May 20, 2022

\(^8\) “Army counter deploys after PLA Pangong Tso bridge challenge,” Hindustan Times, May 26, 2022

\(^9\) Ibid.
Amidst these developments, 24th meeting of the bilateral Working Mechanism for Consultation and Coordination (WMCC) was held on May 31. The two sides agreed to continue diplomatic and military talks, along with the possibility of an early meeting of military commanders to achieve the objective of complete disengagement from all friction points along the LAC.

Meanwhile, in its annual threat assessment, the US intelligence community assessed that the expanded military posture by both India and China along their disputed border, increased the risk of armed confrontation between the two countries.

In the wake of the recently held ‘QUAD’ Summit in Japan, a commentary in Global Times described the QUAD as a handy tool for India. Calling US-India relationship as a confluence between an established power and an emerging power, it highlighted that - "If India grows into a global influential power, the US will not hesitate to suppress and contain India as a strategic opponent".

II. China-South Asia Relations

The ongoing economic turmoil has ignited discussion on the impact of Chinese investments in Sri Lanka and their relation to the current economic and political crisis. The focus is on the role of former Prime Minister Mahinda Rajapaksa who paved the way for Chinese strategic investments in the country. Many of the grand projects, like the Rajapaksa airport, Hambantota port, and the Colombo lotus tower funded by China, now stand as reminders of gross mismanagement of funds. Reportedly, 10 percent of the $51 billion external debt that Sri Lanka owes is to China. Amidst the mounting dissent, China has promised to “play a positive role” in talks with the IMF and offered Colombo more loans but remains reluctant to cut its debt for fear that other Belt and Road borrowers who too owe tens of billions of dollars will demand the

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10 “24th Meeting of the Working Mechanism for Consultation & Coordination on India-China Border Affairs,” Ministry of External Affairs, May 31, 2022
11 Ibid.
12 “Annual Threat Assessment of the US Intelligence Community,” Office of the Director of National Intelligence, February 2022
13 “India a vulnerable member on fringe of Quad,” Global Times, May 23, 2022
14 Ibid.
15 “China’s infrastructure projects have worsened Sri Lanka’s economic woes,” Deccan Herald, June 1, 2022
16 “China declines to comment on Rajapaksa’s resignation; calls for govt-opposition unity,” The Times of India, May 11, 2022
17 “Airport without planes, debt-laden seaport: China-backed projects testament to Sri Lanka’s mismanagement” The New Indian Express, May 11, 2022
18 “We can’t change the past’: Sri Lankan MP on Chinese investment and debt trap,” India Today, May 15, 2022
same relief.\textsuperscript{19} Sri Lanka’s meltdown has now put China’s strategic influence in the region into jeopardy which at one point looked at Colombo as its strategic outpost in the Indian Ocean Region (IOR).\textsuperscript{20}

The crisis in Sri Lanka has also turned the spotlight on China’s BRI lending practices, sparking an outrage. As a result, Chinese nationals are being targeted in Sri Lanka and Pakistan.\textsuperscript{21} After Rajapaksa’s resignation, China asked its citizens working in Sri Lanka to be on alert against attacks.\textsuperscript{22} Meanwhile, Beijing is pressurizing Pakistan to allow it to construct military outposts for its citizens working in Pakistan, in the wake of recent terrorist attacks on Chinese nationals in the country.\textsuperscript{23}

Besides Sri Lanka, Pakistan is also facing a grim economic situation and is on the verge of bankruptcy.\textsuperscript{24} Further, Pakistan continues to grapple with political volatility in the country owing to former PM Imran Khan’s mass campaign demanding early elections.\textsuperscript{25} On the economic front, Pakistan’s foreign exchange reserves can barely cover two months of exports.\textsuperscript{26} Pakistan and the International Monetary Fund (IMF) failed to reach an agreement on an economic bailout.\textsuperscript{27} Like Sri Lanka, China has expressed reluctance in assisting Pakistan with loan bailouts.\textsuperscript{28} Chinese companies have also stopped generating electricity in CPEC projects demanding payment of arrears.\textsuperscript{29} High-interest rates on CPEC loans, rising project costs, poor project implementation, and attacks on CPEC infrastructure have slowed down the projects by as much as 80 percent.\textsuperscript{30}

Despite disagreement on the bailout, Pakistan and China have agreed to inject fresh momentum into their All-Weather Strategic Cooperative Partnership by

\textsuperscript{19}“China Becomes Wild Card in Sri Lanka’s Debt Crisis,” \textit{The Economic Times}, May 21, 2022
\textsuperscript{20}“Sri Lanka’s Meltdown Puts China’s Strategic Influence in Jeopardy,” \textit{The Diplomat}, May 18, 2022
\textsuperscript{21}“Entrapment’ or ‘ineptitude’? Sri Lanka debt crisis reignites debate on Chinese lending,” \textit{The Hindu}, May 7, 2022
\textsuperscript{22}“Beijing’s debt trap: Chinese nationals face threats in Pakistan, Sri Lanka,” \textit{ANI}, May 28, 2022
\textsuperscript{23}“China looking to construct military outposts in Pakistan: Report,” \textit{Wion}, May 20, 2022
\textsuperscript{24}“Pakistan facing bankruptcy as the economy crumbles,” \textit{Asia Times}, May 16, 2022
\textsuperscript{25}“Pakistan’s ousted Imran Khan demands new elections at mass rally in Islamabad,” \textit{Yahoo News}, May 26, 2022
\textsuperscript{26}“Pakistan’s foreign exchange reserves plunge to lowest level since December 2019: Report,” \textit{Financial Express}, May 13, 2022
\textsuperscript{27}“Pakistan, IMF fail to reach staff-level agreement on programme’s revival,” \textit{The News}, May 25, 2022
\textsuperscript{28}“China Hesitates on Bailing Out Sri Lanka, Pakistan as Debt Soars,” \textit{Bloomberg}, April 13, 2022
\textsuperscript{29}“Delay in CPEC projects sowing frustration in Pakistan, China: Report,” \textit{The Economic Times}, May 7, 2022
\textsuperscript{30}Ibid.
adding new avenues of practical cooperation, during a virtual meeting between Pakistan’s Foreign Minister Bilawal Bhutto Zardari and China’s State Councilor and Foreign Minister Wang Yi. Later in the month, Foreign Minister Bilawal visited China on the 71st anniversary of the establishment of diplomatic relations between Pakistan and China. During the meeting, Foreign Minister Wang criticized the US for creating the "Indo-Pacific Strategy" to form small cliques in the name of freedom and openness to contain China. Both leaders engaged in talks pertaining to economic coordination, industrialization, and the China-Pakistan Economic Corridor (CPEC).

At the end of the Fourth Regional Security Dialogue on Afghanistan in Dushanbe, National Security Advisers and Secretaries from China, India, Iran, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan released a joint statement, urging the Afghan leadership to create an inclusive political system, to run a consistent and moderate domestic and foreign policy, develop friendly ties with all neighbouring nations, while honouring their commitments to help restore the country’s economic growth.

During the 14th meeting of the Nepal-China Bilateral Consultative Mechanism, China expressed reservations about US Under Secretary of State Uzra Zeya’s visits to two Tibetan camps in Nepal. The Chinese implicitly reminded Nepal of its 'One-China' policy responding to which the Nepali side reconveyed its adherence to the same and committed to not allowing its soil to be used against its neighbours.

Amid Sri Lanka’s financial collapse, Nepal’s ruling party has become increasingly wary of China’s expansive Belt and Road Initiative. A recently published report pointed out it has been five years since Nepal finalised an agreement on any BRI projects. In early 2019, Nepal proposed nine different

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31 “Pakistan, China agree to “inject fresh momentum” in bilateral ties,” The Hindu, May 12, 2022
32 “Pakistan Foreign Minister Bilawal Bhutto holds talks with Chinese counterpart Wang Yi on maiden visit to China,” The Hindu, May 22, 2022
33 “Purpose To Contain’ Beijing: China-Pakistan Cozy Up, Slam Quad Meet,” NDTV, May 23, 2022
34 Ibid.
35 “Dushanbe meeting calls for stable Afghanistan,” Pajhwok, May 28, 2022
36 “Rattled by US officials’ Kathmandu visit, China reminds Nepal on ‘One-China’ policy,” The Print, May 27, 2022
37 Ibid.
38 “Nepal: What happened to China’s ‘Belt and Road’ projects?,” Deutsche Welle, May 26, 2022
projects to be pursued under the BRI, however, not a single project has been finalised.\\footnote{Ibid.}

Bangladesh’s “development partner” China\\footnote{“China remains wary of Bangladesh diversifying its defense supplies,” The Print, May 11, 2022} is reportedly growing wary of Dhaka diversifying its defence supplies and acquiring quality defence items from India, Europe, and the US.\\footnote{“China remains wary of Bangladesh diversifying its defense supplies,” ANI, May 11, 2022} In an interesting development, Bangladesh commemorated Doppa Day, in protest against the persecution of Uyghur Muslims by the Chinese government.\\footnote{“Bangladesh marks Doppa Day in protest against persecution of Uyghur Muslims by Chinese govt,” The Print, May 5, 2022} Further, Chinese nationals were attacked by locals opposing construction by Chinese firm.\\footnote{“B'desh locals oppose Chinese construction, 9 including 3 Chinese nationals injured,” The Print, May 4, 2022}

III. China-United States Relations

The month witnessed the Biden administration taking a more strident and confrontational approach by pushing the US-China trade war a notch higher. President Biden’s first trip to East Asia coincided with a \textit{slew of diplomatic initiatives} including bilateral summits with allies Republic of Korea and Japan, the Quad Leader’s Summit and the launch of the Indo-Pacific Economic Framework (IPEF).\\footnote{“Biden Has a Long Way to Go to Turn His Asia Policy into a Success,” News 18, May 28, 2022}
On the Quad, the joint statement issued by the four leaders did not mention China directly.\textsuperscript{45} However, in a veiled reference to China, the statement underscored the goal of building an Indo-Pacific region that respects the sovereignty and the rule of law.\textsuperscript{46} Quad leaders stated that they “strongly oppose any coercive, provocative or unilateral actions that seek to change the status quo and increase tensions in the region, such as the militarization of disputed features, the dangerous use of coast guard vessels and maritime militia, and efforts to disrupt other countries’ offshore resource exploitation activities.”\textsuperscript{47} As part of an effort to counter illegal Chinese fishing activity in the region, Quad leaders unveiled a maritime initiative aimed at monitoring territorial waters.\textsuperscript{48} Even as the QUAD leaders emphasised ‘infrastructure’, ‘climate change’, ‘fight against the pandemic’, and ‘supply chains’ as key areas of cooperation, Global Times (GT) rejected the view that “QUAD’s focus has shifted from security architecture to economic arena and that it was no longer engaged in building the so-called small Asian NATO”.\textsuperscript{49} Maintaining QUAD as a “sinister gang of Indo-Pacific states” geared towards China containment.\textsuperscript{50} A China Daily editorial echoing similar views asked “Asian countries to consider the risks of being a cat’s paw of Washington”.\textsuperscript{51} Importantly, it called upon Asian countries to “look at the developments in Europe [Russia-Ukraine conflict] to see what happens when countries get too caught up in US’ games”.\textsuperscript{52}

To enhance its regional engagement, President Biden launched the ‘Indo-Pacific Economic Framework’ (IPEF), a trade pact, with 13 other Indo-Pacific countries.\textsuperscript{53} Chinese Foreign Ministry denounced the US move calling it an attempt to politicise and weaponise economic issues coercing countries to take sides between the US and China.\textsuperscript{54} On his part, Foreign Minister Wang Yi stressed that “IPEF should advocate free trade instead of pursuing protectionism, contribute to global economic recovery instead of undermining industrial supply-chains, and promote openness and cooperation instead of

\textsuperscript{45} “Quad Joint Leaders’ Statement,” The White House, May 24, 2022
\textsuperscript{46} Ibid.
\textsuperscript{47} Ibid.
\textsuperscript{48} “Biden Ends Asia Trip With Warning Seen as Signal to China,” Voice of America, May 24, 2022.
\textsuperscript{50} Ibid.
\textsuperscript{51} “Asian countries should heed risks of being a cat’s paw of Washington: China Daily editorial”, China Daily, May 19, 2022.
\textsuperscript{52} Ibid.
\textsuperscript{53} “In Asia, President Biden and a Dozen Indo-Pacific Partners Launch the Indo-Pacific Economic Framework for Prosperity,” The White House, May 23, 2022.
geopolitical confrontation"). Even as IPEF intends to “deepen economic engagement among partner countries”, China Daily argued that “Washington’s real intent is to exclude China from the regional trade structure”. IPEF is yet another attempt by the US to “destabilize” the Indo-Pacific, it added.

U.S. Secretary of State, Antony Blinken, in a major speech at Georgetown University on May 26, labelled China as the “most serious long-term threat to the international order”. Rejecting “America’s cold war mentality”, Chinese Foreign Minister, Wang Yi, asserted that Washington’s views on Sino-US relations had “gone seriously awry”; “actually, it is the US that has become a source of chaos that shakes the current international order and remains an obstacle to democratization of international relations”, he added.

Earlier, President Biden rankled China by committing to Taiwan’s defence if invaded by China, forsaking the policy of ambiguity maintained by the US. Later, as in the past, the comments were rolled back by the White House. China expressed its "strong dissatisfaction and firm opposition" to President Biden’s comments, saying it will not allow any external force to interfere in its "internal affairs." As per reports, US and Taiwan are slated to begin talks to deepen economic and trade ties.

To counter the US over QUAD, China accelerated the promotion of the Global Security Initiative (GSI), a proposal for an alternative security order, a collection of policy principles floated by President Xi Jinping in April 2022. During the BRICS Meeting on May 19, President Xi pointed out the myriad virtues of GSI and urged countries to support the initiative. A report in the Financial Times

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57 Ibid.
59 Ibid.
61 Ibid.
62 “iden says US would respond ‘militarily’ if China attacked Taiwan, but White House insists there’s no policy change,” CNN, May 23, 2022.
63 “US and Taiwan could begin talks on closer economic ties ‘in a few weeks’,” CNN, May 27, 2022.
64 “China’s Xi Proposes Global Security Initiative,” The Diplomat, May 7, 2022.
65 “Xi calls on BRICS countries to build global community of security for all,” The State Council, May 19, 2022.
concluded the move as China’s attempt to build a coalition to counter American leadership.\(^{66}\)

**IV. China-European Union Relations**

The Russian invasion of Ukraine has brought to the forefront a narrative of brewing bipolar cold war between the “free world” and authoritarian regimes seemingly referring to western democracies and Russia-China.\(^{67}\) President Xi’s comment made it clear that China would not distance itself from Russia gave new impetus to the emerging narrative.\(^{68}\) According to Philippe Le Corre of Carnegie, the emerging strategic environment will have a major impact on China-EU relations.\(^{69}\) In the backdrop of a war being fought in Ukraine, Corre pointed out that while EU-China relationship is undergoing a rough patch, suggesting that EU would be happy to see China offering its help on the Ukraine issue.\(^{70}\) To shore up its troubled ties with the EU, China sent its special representative Wu Hongbo to discuss the fallout from the latest EU-China summit held in April.\(^{71}\)

Meanwhile, reports claim that China as an investment partner is laying debt traps by expanding its investment portfolio by operating European ports and mines and building roads and bridges (investing where others won’t).\(^{72}\) There are also claims of workers being exploited by Chinese firms - in terms of pay, conditions, and staffing levels.\(^{73}\)

Germany’s new ruling coalition has shown signs of divergence from the erstwhile conservative government’s pro-China engagement policy over concerns about Beijing’s growing power. Finance Minister, Christian Lindner, cited a need to reduce Germany’s economic dependence on China as quickly as possible.\(^{74}\) On the contrary, during a phone conversation between Chinese Foreign Minister Wang Yi and French European and Foreign Affairs Minister, Catherine Colonna, both countries reaffirmed their commitment to deepen

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\(^{66}\) “China builds coalition to counter America’s ‘barbaric and bloody’ leadership,” *Financial Times*, May 27, 2022

\(^{67}\) “Europe’s Indo-Pacific pivot,” *East Asia Forum*, May 27, 2022

\(^{68}\) Ibid.

\(^{69}\) “Russia’s Invasion of Ukraine Has Jeopardized the China-EU Relationship,” *Carnegie Endowment for International Peace*, May 10, 2022

\(^{70}\) Ibid.

\(^{71}\) “China sends special envoy to Brussels in bid to salvage souring ties with EU,” *South China Morning Post*, May 19, 2022

\(^{72}\) “Why Europe will have to face the true cost of being in debt to China,” *BBC*, May 3,2022

\(^{73}\) Ibid.

\(^{74}\) “Putin must not win this war,’ Germany’s Olaf Scholz tells Davos,” *Deutsche Welle*, May 26, 2022
practical cooperation based on mutual respect, while upgrading bilateral comprehensive strategic partnership to a new level.\footnote{75}

With a view to tap into Taiwan’s “role as a hi-tech leader”, the European Union will upgrade its trade and investment relations with Taipei.\footnote{76} In line with the EU’s Indo-Pacific strategy, Brussels is keen to rope in Taiwanese investment in its semiconductor sector while strengthening political ties with the country.\footnote{77} A trade and investment dialogue over critical sectors and policy areas linked to supply chains, export control, and FDI (foreign direct investment) screening is slated to take place on June 2.\footnote{78} EU acknowledges that it requires Taiwanese support if it is to follow through on a €45 billion (US$47 billion) European Chips Act unveiled in February this year.\footnote{79} In a statement, the Chinese mission to the \underline{EU} expressed Beijing’s opposition to any form of official interactions or any discussion and signing of an agreement with Taiwan that has a bearing on China’s sovereignty.\footnote{80}

\textbf{China denounced} EU- Japan’s joint statement wherein both sides voiced concerns about tensions in the South and East China Seas.\footnote{81} They also stressed the importance of peace across the Taiwan Strait, and pledged to coordinate closely on regional issues including Hong Kong and Xinjiang.\footnote{82} Chinese state media called the concerns flagged in the joint statement a misinterpretation of reality, fuelled by over-consumption of the Ukraine crisis.\footnote{83}

In a bid to counter Chinese propaganda, EU’s anti-fake news agency, \underline{EUvsDisinfo}, highlighted articles published by Chinese media in a disinformation campaign on Ukraine war.\footnote{84} In the past, EUvsDisinfo has reported on alignment between pro-Kremlin and Chinese State-affiliated and State-controlled sources, on COVID-19, human rights violations in Xinjiang, Afghanistan and Ukraine.\footnote{85}

\footnote{75}“Wang Yi: China, EU are partners, not rivals,” \textit{CGTN}, May 26, 2022
\footnote{76}“EU to upgrade trade ties with Taiwan as China warns Brussels ‘not to gamble on this issue’,” \textit{South China Morning Post}, May 18, 2022
\footnote{77}Ibid.
\footnote{78}Ibid.
\footnote{79}Ibid.
\footnote{80}Ibid.
\footnote{81}“China lashes out at EU-Japan statement as G7 raise pressure on Beijing,” \textit{Politico}, May 29, 2022
\footnote{82}“Joint Statement EU-Japan Summit 2022,” \textit{European Council}, May 12, 2022
\footnote{83}“Japan’s joint statement with EU hyping ‘China threat’ detrimental to its own, regional security,” \textit{Global Times}, May 12, 2022
\footnote{84}“EU anti-fake news agency starts debunking in Chinese,” \textit{Euro News}, May 2, 2022
\footnote{85}Ibid.
V. China-Russia Relations

A day after North Korea fired three missiles following U.S. President Joe Biden’s trip to East Asia, in a show of diplomatic cooperation, China and Russia vetoed a U.S.-led push to impose more UN mandated sanctions on North Korea. The remaining 13 council members all voted in favour of the U.S.-drafted resolution that proposed banning tobacco and oil exports to North Korea.

Amidst the QUAD Summit, drawing clear battle lines, China and Russia conducted a joint air exercise. Chinese and Russian warplanes reportedly entered the South Korean and Japanese air-defence zone and flew over Sea of Japan. In retaliation, U.S. Indo-Pacific Command aircraft conducted a bilateral exercise with Japan’s Air Self-Defense Force in the same area. An apparent message conveyed by this action of Russia and China is that in the wake of the Ukraine crisis partnership between the two countries is “alive and well”.

Even as the US continues to warn China against backing Moscow’s war in Ukraine, Beijing in an apparent show of solidarity, stepped up its rhetorical support for Russia by describing the China-Russia relationship as a ‘New Model’ for the world. Chinese Foreign Ministry said “an important takeaway from the success of China-Russia relations is that the two sides rise above the model of military and political alliance in the Cold War era,” adding that they “commit themselves to develop a new model of international relations.” Chinese Foreign Ministry spokesperson Wang Wenbin in a separate statement reiterated that the country’s relationship with Russia can “withstand the new test of changing international situation,” and that it has maintained the right direction.

86 “China and Russia veto new UN sanctions on North Korea,” The Washington Post, May 26, 2022
87 Ibid.
88 “Russia and China Held Military Exercise in East Asia as Biden Visited,” The New York Times, May 24, 2022
89 “S. Korea scrambles jets after Chinese, Russian warplanes enter air defence zone”, Reuters, May 24, 2022
91 “Russian and Chinese jets deliver pointed send-off on last day of Biden Asia trip,” Reuters, May 25, 2022
92 “China Calls Russia Relationship a ‘New Model’ for the World,” Time, April 29, 2022
93 “Foreign Ministry Spokesperson Zhao Lijian’s Regular Press Conference”, MFA, China, April 29, 2022
94 “China reiterates its ties with Russia can ‘withstand test’,” CGTN, May 24, 2022
Internal Developments

Yang Jiechi’s Article on China’s Foreign Policy

The Director of the Office of the Central Commission for Foreign Affairs – Yang Jiechi, penned an article in People’s Daily elaborating on ‘Xi Jinping’s Thought on Diplomacy and New Horizons in China’s External Work’ [foreign policy]. Yang stressed that “following Xi Jinping’s guidance, China has continuously advanced major-country diplomacy with Chinese characteristics, and has maintained its advantageous position in the overarching strategic context”. CPC’s upcoming 20th National Congress is the “overriding theme of China’s foreign policy for 2022”. In light of this, Yang Jiechi underscored Beijing’s foreign policy priorities that include “coordinated approach towards development and security better serving China’s national rejuvenation”, “strengthening the global network of partnerships”, “leading reforms and development of global governance system while championing true multilateralism”, and “consolidating the framework in which the CPC Central Committee exercises overall leadership on all aspects of foreign policy”.

President Xi Jinping attends a ceremony in Beijing marking the 100th anniversary of the founding of the ‘Communist Youth League of China’ (CYLC), May 10, 2022.
Source: The State Council of the People’s Republic of China

96 Ibid.
97 Ibid.
98 Ibid.
President’s Key Addresses

Secretary-General Xi Jinping addressed ‘young communists’ marking the 100th anniversary of the founding of the Communist Youth League of China (CYLC).99 Xi Jinping called upon CYLC to “devote their energy and creativity for national rejuvenation and be a strong bridge that connects CPC with the youth”.100 Further, Xi called for “advancing the study of 5000-year-old Chinese civilization” to strengthen CPC's historical awareness and confidence in national rejuvenation.101

In another important address, President Xi stressed the healthy development of capital in China.102 While reviewing the country’s socialist economic system, Xi Jinping noted that since the 18th CPC National Congress in 2012, Beijing has deepened reforms in all aspects with a view to “letting the market play a decisive role in the allocation of resources, with the government creating a favourable market and legal environment for the development of capital”.103

Hong Kong - Chief Executive Election

Hong Kong Special Administrative Region (HKSAR) elected ‘John Lee Ka-chiu’ as its sixth-term Chief Executive. His election is being highlighted as symbolising the “principle of patriots administering Hong Kong”.104 On the other hand, the US-led West criticising Hong Kong’s new electoral system characterised it as “another step in dismantling the one country, two systems principle”.105 Reacting to the criticism, Global Times argued that “some forces in the US and the West resented Hong Kong’s unity for the better”.106

Human Rights

China reacted to yet another incident of gun violence in Buffalo, New York, arguing that these “gunshots shatter the illusion of American style human
rights”.107 "Gun violence is an epidemic in the US as gun culture is deep-rooted in the society with 120 guns for every 100 residents”, the People’s Daily (PD) editorial added.108 A commentary in the PD also shed light on the “frightening trend of White supremacism in the US” as the Buffalo shooting was reportedly carried out by a Caucasian man targeting African-Americans.109

President Xi Jinping held a virtual meeting with UN High Commissioner for Human Rights Michelle Bachelet.110 Xi Jinping laid out Beijing’s priorities for human rights development including “putting people at the front with a holistic approach”, “respecting different paths toward human rights”, and “stepping up global human rights governance”.111 As Michelle Bachelet visited Xinjiang, a Global Times report claimed that it debunked rampant disinformation by the US and the West about the Uyghur genocide in the region.112

Trade and Economy

After more than six weeks of lockdown, China’s financial capital Shanghai is set to resume normalcy in the city by June 2022.113 However, international organisations and investors continued to raise questions about the efficacy of the country’s zero-covid policy.114 Director-General of the ‘World Health Organisation’ (WHO), Tedros Adhanom Ghebreyesus, described the zero-covid policy as “unsustainable” and called upon Beijing to change its approach toward virus containment.115 Xinhua while defending the country’s coronavirus policy stressed that “this approach has safeguarded people’s lives, even as China grapples with unbalanced regional development, scarcity and uneven allocation of medical resources, and insufficient vaccination among the elderly and children”.116 Supporting this, researchers at Shanghai’s Fudan

108 Ibid.
110 “President Xi meets UN human rights chief Bachelet”, Xinhua, May 25, 2022.
111 Ibid.
112 Xinjiang visit ‘unsupervised’ and ‘open,’ UN human rights chief says as she wraps up China trip, Global Times, May 29, 2022.
114 Zhou Xin, “Beijing mulls reducing hotel quarantine to one week for international travellers with 7+7 policy, sources say”, South China Morning Post (SCMP), May 23, 2022.
University claimed that “if China were to abandon the zero-covid policy, it risks a Tsunami of COVID-19 infections resulting in 1.6 million deaths”.117

COVID-19 lockdowns continued to impact China’s economic growth in April as industrial production, retail sales, and fixed-asset investments contracted.118 Premier Li Keqiang called upon the government to “make all possible efforts to ensure positive growth in the second quarter”, however, “the target falls short of the 5.5 percent growth target set for 2022”.119 Echoing a similar tone, Chinese analysts noted that “country’s economy may hit rock bottom in the second quarter of 2022 with growth expected to be around 4 percent”.120 Ahead of CPC’s 20th National Congress, Premier Li Keqiang, called upon provincial leaders to step up efforts to ensure job stability as employment conditions remained “grim and complicated”.121 ‘The State Council' also announced more measures to support Micro, Small, and Medium Enterprises (MSMEs) facing severe hardships.122 Further, Premier Li vowed to prevent power cuts that rocked China's industrial provinces in 2021.123 Even as the pandemic dealt a heavy blow to economic activity, China’s National Bureau of Statistics (NBS) continued to maintain that these effects are “short term and external” and the “fundamentals of the economy remain unchanged”.124 It is to be noted that, there are rumours about disagreements between CPC’s top leadership, President Xi Jinping and Premier Li Keqiang, about possible approach to deal with an economy devastated by COVID-19 lockdowns.125

China’s coronavirus containment measures have adversely affected the country’s export trade. A South China Morning Post (SCMP) report highlighted country’s export growth slowing to its lowest levels in two years.126 In the prevailing complex economic scenario, it also claimed that the “Chinese

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117 “China risks 1.6 million deaths in virus ‘tsunami’ if Covid Zero is abandoned: study”, The Times of India, May 11, 2022.
118 Chu Daye and Qi Xijia, “China April economic data down on Omicron impact; more pro-growth measures in pipeline”, Global Times, May 16, 2022.
120 Chu Daye and Qi Xijia, “China April economic data down on Omicron impact; more pro-growth measures in pipeline”, Global Times, May 16, 2022.
122 “China announces more measures to shore up small firms”, Xinhua, May 5, 2022.
124 Chu Daye and Qi Xijia, “China April economic data down on Omicron impact; more pro-growth measures in pipeline”, Global Times, May 16, 2022.
125 Wang Xiangwei, “What’s behind China’s crackdown on the political rumour mill?”, South China Morning Post, May 21, 2022.
126 Orange Wang, “China trade: ‘sharp decline’ in exports as growth slows to lowest in 2 years as zero-Covid dents outlook”, South China Morning Post, May 9, 2022.
market is losing its shine for private equity investors’. The American Chamber of Commerce in China (AmCham China) believes “the current coronavirus control measures are throttling US business confidence in China”. Rejecting these adverse pronunciations, Global Times (GT) highlighted that “choosing China is choosing the future; the rhetoric of foreign capital leaving China is self-defeating”.

Amidst growing economic headwinds, Xinhua highlighted key characteristics of China’s economic development over the past decade. Increased spending on R&D, better coordination in urban and rural development, climate resilience, wider economic opening-up, and shared development have been key to the rise of China. Importantly, the country’s GDP jumped from CNY 51.93 trillion (USD 8.28 trillion) in 2012 to CNY 114 trillion (USD 16.79 trillion) in 2021. In another development, the International Monetary Fund (IMF) has raised the weight of CNY in the latest review of Special Drawing Rights (SDR).

As rising energy prices and inflation wreaks havoc in the US, Xinhua pointed towards statements by President Biden and Treasury Secretary Janet Yellen that signalled Washington’s intent of considering removal of some tariffs imposed on Chinese goods.

Defence and Security

Ahead of President Biden’s visit to Japan and Republic of Korea, Chinese Foreign Minister, Wang Yi, expressed concerns that “US-Japan would jointly confront China” and warned Tokyo that “Japan-US cooperation should not harm China”. Importantly, open-source intelligence reports pointed towards

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131 Ibid.
132 “China’s GDP growth eases to 7.8% in 2012”, China Daily, January 18, 2013.
PLA increasing warship activities in key straits near Japan.¹³⁷ Earlier, PLA Navy’s Liaoning carrier group and H-6 bombers held drills in Western Pacific.¹³⁸ Chinese analysts believe this demonstrates “PLA’s capabilities to cut off any foreign interference in Taiwan contingency from countries like Japan and US”.¹³⁹ President Biden’s remarks in Tokyo that “US would intervene militarily if Chinese mainland tried to unify Taiwan with force” is only likely to add more fuel to fire.¹⁴⁰

PLA’s WZ-10 attack helicopters lift off for a training exercise around the Island of Taiwan, May 10, 2022. Source: China Military Online

Further, with a view to enhance diplomatic clout, Chinese Foreign Minister Wang Yi embarked on a visit of South Pacific Island nations including Solomon Islands, Kiribati, Samoa, Fiji, Tonga, Vanuatu, Papua New Guinea, and Timor-Leste.¹⁴¹ Chinese Ministry of Foreign Affairs (MFA) highlighted trade, maritime environmental protection, tourism, poverty eradication, education, culture as

¹³⁹ Ibid.
¹⁴⁰ Liu Xuanzun and Guo Yuandan, “PLA holds 2nd large-scale drills around Taiwan this month after Biden claims to ‘defend’ island”, Global Times, May 25, 2022.
key areas of cooperation and rejected the view that “China-Pacific Island countries relations could spark a new cold war with US and Australia”.  

As US-China tensions continue to rise, Admiral Charles Richard, the head of US Strategic Command, warned Congress about “heightened risk of nuclear deterrence breakdown as regards to China and Russia”, claiming that Beijing was “watching the developments in Ukraine closely” and could “use nuclear coercion to its advantage”. He also warned the Congress about “current nuclear crisis faced by the US which it has seen only a few times in its history”. Rejecting such sentiments, Global Times asserted that “sensationalising China’s nuclear threat was a familiar trick of Washington; in reality these efforts are geared towards expanding America’s budget for nuclear weapons and systems research”.

Chinese Vice Foreign Minister, Le Yucheng, rejected accusations from the West that, due to the “no-limits friendship” between Moscow and Beijing, China had “prior knowledge” of Russia’s special military operation in Ukraine and even “endorsed” it. Instead, Vice FM Le Yucheng pointed fingers at US Indo-Pacific strategy “creating exclusive groups against China” and “inflaming the Taiwan question”. “If this is not an Asian version of NATO’s eastward expansion, then what is? If left unchecked, it would bring horrible consequences pushing Asia-Pacific over the edge of an abyss”, he added. Further, Chinese MFA reiterated that it does not pose any threat to NATO’s security and rejected NATO Secretary-General Jens Stoltenberg’s statement that reportedly questioned China’s political system, Russia and China’s threat to allies security while calling upon NATO member-states to increase their military spending.

As Australia elected ‘Anthony Albanese’ as its new Prime Minister, China Daily (CD) described it as an “opportunity for Canberra to adjust its China policy”. However, as PM Albanese attended the QUAD Summit in Tokyo, CD believes

142 Ibid.
144 Ibid.
145 Ibid.
146 “It is absurd to blame China for Russia-Ukraine conflict: Chinese vice FM”, Xinhua, May 7, 2022.
147 Ibid.
148 Ibid.
he has already “dashed hopes of an up stick in Sino-Australia relations”.\textsuperscript{151} “A bipartisan consensus has been formed in Australia that China is a threat to country’s security and regional interests”, CD added.\textsuperscript{152} Meanwhile, as the US hosted special summit with ASEAN leaders, Global Times called upon Washington “not to use ASEAN as a tool in its game against China”.\textsuperscript{153}

With regards to military modernisation, reports in the West claimed that China has launched a new and upgraded class of nuclear-powered attack submarine.\textsuperscript{154} Chinese experts, however, maintain that reports on nuclear submarine are “speculative and biased”. Meanwhile, boosting PLA’s capabilities to conduct far sea missions beyond the first island chain, Type 055 destroyer ‘Lhasa’ is reportedly fully ready for such missions.\textsuperscript{155}

**Technology**

In the backdrop of Beijing’s Big-tech crackdown, Wang Yang, Chairman of The Chinese People’s Political Consultative Conference (CPPCC) addressed a special symposium promoting “sustainable and healthy” development of the digital economy.\textsuperscript{156} After weeks of regulatory uncertainty including pressure on ‘Didi Global’ to delist from New York Stock Exchange (NYSE), Wang Yang and Premier Li Keqiang assured that “government will support technology companies in going public [IPO] on domestic and international capital markets”.\textsuperscript{157} Even as the government tried to infuse new energy into the Big-tech, covid lockdowns are hurting revenues of Chinese companies.\textsuperscript{158}

As the US-China technology competition heats up, US-EU Trade and Technology Council (TTC) vowed to facilitate “cross-Atlantic information exchange on critical technologies and supply-chains while promoting trusted

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\textsuperscript{151} Ibid.
\textsuperscript{152} Ibid.
\textsuperscript{153} “ASEAN not a tool of US in its game against China: Global Times editorial”, Global Times, May 15, 2022.
\textsuperscript{154} Liu Xuanzun, ‘Foreign reports on PLA Navy’s new submarine speculative and biased”, Global Times, May 11, 2022.
\textsuperscript{155} “China’s 2nd large destroyer passes comprehensive test, fully ready for far sea missions”, Global Times, May 15, 2022.
\textsuperscript{156} Tracy Qu, “China’s top political advisory body hosts special symposium to help digital economy in sign of easing crackdown”, South China Morning Post, May 17, 2022.
\textsuperscript{157} Ibid.
\textsuperscript{158} Tracy Qu and Ann Cao, “Alibaba reports slowest ever revenue growth for March quarter on the back of slowing economy amid pandemic lockdowns”, South China Morning Post, May 17, 2022.
suppliers”.\textsuperscript{159} In light of this, analysts believe “US-EU united front on high-tech could erode China’s supply chain advantages”.\textsuperscript{160}

![Wang Yang, the Chairman of the Chinese People’s Political Consultative Conference (CPPCC), and Vice Premier Liu He, attend a symposium on the development of digital economy, May 17, 2022. Source: Xinhua/Liu Weibing](image)

In a boost to domestic development of passenger aircraft, Commercial Aircraft Corporation of China’s [COMAC] ‘C919’ successfully completed its first test flight.\textsuperscript{161} It is set to deliver first plane to China Eastern Airlines that will operate on domestic routes between Shanghai, Beijing, Guangzhou, and Chengdu.\textsuperscript{162}

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\textsuperscript{159} Jiaxing Li and Che Pan, “Tech war: US-EU united front on tech to erode China’s supply chain advantages, analysts say”, \textit{South China Morning Post}, May 17, 2022.
\textsuperscript{160} Ibid.
\textsuperscript{161} COMAC completes first test flight of first home-made C919 aircraft to be delivered, \textit{Global Times}, May 14, 2022.
\textsuperscript{162} Ibid.