



# Delhi Policy Group

Advancing India's Rise as a Leading Power



## DPG China Monitor November 2022



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Delhi Policy Group  
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### ABOUT US

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### DPG China Monitor

The DPG China Monitor features developments related to China during the month and is compiled by our research team comprising Brig. Arun Sahgal (Retd.), Senior Fellow, Dr. Angana Guha Roy and Sanket Joshi, Research Associates, from open-source reports and publications.

### Cover Photograph:

*India and the U.S. hold military exercise 'Yudh Abhyas 2022' in Uttarakhand. Source: Swarajya*

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## Abstract

The PLA's induction of three combined arms brigades from Eastern and Southern Theatre Commands (each brigade with around 4500 troops) to the Western Theatre Command along the Line of Actual Control (LAC) has created doubts over China's commitment to disengagement and de-escalation along the LAC. To keep an eye on Chinese air force's activities in Ladakh, India is planning to ramp up air defence cover by deploying locally (Indian) made radars over the next few years.

China objected to the eighteenth edition of the India-US joint military exercise 'Yudh Abhyas' held in Uttarakhand, around 100 kilometres from the LAC, saying it violated the "spirit" of 1993 and 1996 border agreements. India rejected these claims, making it clear that a third party had no role in its decisions to conduct bilateral military exercises. In another development, Canada released its Indo-Pacific Strategy terming China an "increasingly disruptive" global power, while calling India a "crucial partner".

To underline its ambitions in the Indian Ocean, China organised a meeting of 19 regional countries, excluding India. Australia and the Maldives reportedly denied attending. Kevin Rudd, former Australian Prime Minister, delivered the keynote address.

Amidst political chaos at home, Pakistan's Prime Minister Shehbaz Sharif met President Xi Jinping in Beijing on November 2. The two leaders stressed the importance of the China-Pakistan "All-Weather Strategic Cooperative Partnership" and advocated stronger defence and security cooperation. PM Sharif reiterated Pakistan's support for China's position on Taiwan, the South China Sea, Hong Kong, Xinjiang, and Tibet.

Ahead of the G20 Summit in Bali, Chinese President Xi Jinping and U.S. President Joe Biden held their first in-person meeting, covering a range of issues such as differences over Taiwan, the Ukraine conflict, and managing U.S.-China competition. President Biden expressed concerns about "China's coercive and increasingly aggressive actions toward Taiwan", but indicated that Beijing does not appear to have any "imminent" plans to invade Taiwan. In the aftermath of the Xi-Biden meeting, the two countries have resumed dialogues in various important fields that were suspended after U.S. House of Representatives Speaker Nancy Pelosi's visit to Taiwan. People's Daily editorial argued that the "Head of State diplomacy has charted the course for U.S.-China relations for in-depth communication which include, clarifying intentions,



each other's red lines, preventing conflicts, and setting the direction for exploring cooperation".

A report published by the Pentagon on China's military highlighted that China likely possesses 400 nuclear warheads, and this number could triple if the present pace of production continues.

Even as the European Union (EU) emphasises the need to reduce reliance on the Chinese economy, German Chancellor Olaf Scholz and European Council President Charles Michel met President Xi Jinping in Beijing underscoring, the EU countries do not want to choose sides between the U.S. and China, and would not like to see a world divided into two blocs. On the other hand, China-Russia continued deepening their strategic partnership with the focus of their military drills and joint air patrols being the Western Pacific.

Chinese President Xi Jinping addressed the 17th G20 Summit in Bali, Indonesia on November 16, and the 29th Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting in Bangkok, Thailand on November 18. As the world leaders gathered in two Asian cities for G20 and APEC meetings, Xinhua asserted that it marks an "Asian moment in global governance" and called for "pooling Asian wisdom for better global governance". In his address at the G20 Summit, President Xi Jinping amidst growing global uncertainties, called upon member states to remain committed to the group's founding purpose of "unity and cooperation", "spirit of solidarity", "upholding the principle of consensus" while "opposing division and confrontation". Chinese Premier Li Keqiang in his address at the 25th China-ASEAN Summit noted that "picking sides [between the U.S. and China] should not be our choice", [rather], "openness and cooperation are the viable ways of meeting common challenges".

Despite a slowing economy, China once again imposed lockdowns in several major cities owing to surging COVID-19 cases, giving rise to nationwide protests against President Xi Jinping's stringent zero-covid policy. The IMF called upon Beijing to "recalibrate" its coronavirus containment measures to bring the Chinese economy back on track.

China's 'Mentian' lab module docked with 'Tiangong' space station, and the country launched Shenzhou-15 manned space mission, two major steps toward the completion of the space station as part of intensified efforts for space exploration.

## Foreign and Security Policy

### I. China-India Relations

The induction of three combined arms brigades from Eastern and Southern theatre commands (each brigade with around 4500 troops) by PLA to the Western theatre along the Line of Actual Control (LAC) has created doubts over China's commitment to disengagement and de-escalation along LAC.<sup>1</sup> As India prepares to adopt winter posture, it will have to take into account these additional PLA forces inducted in depth areas, as also raise the issue at the 17th round of senior military commanders meeting, dates for which are yet to be finalised.<sup>2</sup>

Reacting to these developments, Indian Army Chief General Manoj Pande addressing the Chanakya Dialogue (on November 12) highlighted China's unabated infrastructure development, claiming there was no significant reduction of troops in Occupied Aksai Chin in Ladakh.<sup>3</sup>

To keep an eye on the activities of Chinese air force in Ladakh, India is planning to ramp up air defence cover in the sector by deploying 10,000 crores worth of made-in-India radars along the LAC, over the next few years.<sup>4</sup>

External Affairs Minister Dr. S. Jaishankar in his address at Centre for Contemporary Chinese Studies highlighted that "Peace and tranquillity in the border areas" remain the basis for normal ties between India and China and "new normal of posture" will inevitably lead to "new normal of responses".<sup>5</sup> He further asserted that the Sino-India ties must be based on three mutuals: mutual sensitivity, mutual respect, and mutual interest.<sup>6</sup>

China objected to the eighteenth edition of India-US joint military exercise Yudh Abhyas held in Uttarakhand, around 100 kilometres from the Line of

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<sup>1</sup> "Is China serious on disengagement and de-escalation along LAC?," Hindustan Times, November 21, 2022

<sup>2</sup> Ibid.

<sup>3</sup> "'No significant reduction...' Army Chief Gen Manoj Pande on Chinese troops at LAC," ANI, November 12, 2022

<sup>4</sup> "India to ramp up radar coverage along Indo-china border, to invest \$ 1.5 billion," India Today, November 22, 2022

<sup>5</sup> "S Jaishankar Explains "New Normal" Of Posture vs Response With China," NDTV, October 19, 2022

<sup>6</sup> Ibid.

Actual Control (LAC). Both India and US have termed it as unnecessary “meddling” by third party in a purely bilateral issue.<sup>7</sup>



India and the U.S. hold military exercise ‘Yudh Abhyas 2022’ in Uttarakhand. Source: [Swarajya](#)

In an attempt to expand its footprint in the Indian Ocean, China held a meeting based on the theme “Shared Development: Theory and Practice from the Perspective of the Blue Economy”.<sup>8</sup> It was organized by China International Development Cooperation Agency (CIDCA) in which 19 countries participated with India being notable absentee. Chinese Embassy spokesperson, reacting to Indian absence, claimed that it is “India that chose to remain absent from the event”. In a tweet, he underlined China’s interest in staying positive and open to cooperation with India and other countries.<sup>9</sup> According to reports, Australia and Maldives too did not attend the event, although former Australian Prime Minister Kevin Rudd, gave keynote address.

<sup>7</sup> “China objects to US-India military drills; says firmly opposed to third party meddling on border issue,” [The Times of India](#), August 25, 2022

<sup>8</sup> “Chinese Embassy in Male calls Maldives’ non-participation in Indian ocean forum meet “regrettable”,” [The Economic Times](#), November 30, 2022

<sup>9</sup> [Twitter: Wang Xiaojian](#)

In a move that has irked Beijing, Canada in its recently released Indo-Pacific strategy described China as an “increasingly disruptive” global power while calling India a “crucial partner”, with whom it desires to seek new opportunities to partner and engage in areas of common interest and values, that include security, promotion of democracy, pluralism and human rights.<sup>10</sup>

## II. China-South Asia Relations

Amidst burgeoning political chaos at home, Pakistan’s Prime Minister Shehbaz Sharif visited Beijing on November 2.<sup>11</sup> While underlining the importance of China-Pakistan “All-weather Strategic Cooperative Partnership”, PM Sharif expressed Pakistan’s support for the one-China Policy including for China’s position on Taiwan, the South China Sea, Hong Kong, Xinjiang and Tibet. The meeting was followed by the publication of a 47 point joint statement that reaffirmed both sides commitment to bilateral cooperation on various sectors including agriculture, finance, climate change, business, and infrastructure. The joint statement advocated stronger strategic defence and security cooperation to enhance peace and stability in the region.<sup>12</sup> President Xi, assured PM Sharif of China’s relentless support to help Pakistan stabilise its economy.

Weeks after PM Sharif’s visit, Pakistan sought the support of Bank of China to bring back macroeconomic stability, and deepen the economic and financial relations.<sup>13</sup>

In a recent report on “Military and Security Developments Involving the People’s Republic of China,” published by the US, Pakistan is ranked as the only “all-weather strategic partner” of China.<sup>14</sup> The report notes that China’s Belt and Road Initiative (BRI) is associated with pipelines and port construction projects in Pakistan. But with the help of those projects, China “seeks to become less reliant on transporting energy resources through strategic choke points, such as the Strait of Malacca”.<sup>15</sup>

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<sup>10</sup>“Canada launches Indo-Pacific strategy, terms China ‘increasingly disruptive’, and India a ‘crucial partner’,” The Hindu, November 28, 2022

<sup>11</sup> “Joint Statement between the People’s Republic of China and the Islamic Republic of Pakistan,” MFA, China, November 2, 2022

<sup>12</sup> Ibid.

<sup>13</sup> “Pakistan seeks support from Bank of China to bring back macroeconomic stability,” The News, November 29, 2022

<sup>14</sup> “Military and Security Developments Involving the People’s Republic of China,” US Department of Defense, 2022

<sup>15</sup> Ibid.



Referring to Afghanistan, the report stresses that China used the US's disastrous withdrawal from Afghanistan to reaffirm its position in the beleaguered country.<sup>16</sup> It mentions, "in 2021, the People's Republic of China (PRC) employed multiple diplomatic tools to erode the US and its partner's influence, by highlighting the manner of US withdrawal from Afghanistan and criticising US-backed security partnerships."<sup>17</sup>

Even as China's diplomatic visibility and inroads in Afghanistan have increased it has not resulted in any substantial investments. Concerned with this trend, the Industry and Commerce minister of Afghanistan has asked China to speed up efforts for reopening of the Silk Road trade route to enhance the level of trade between the two countries.<sup>18</sup>

As Sri Lanka works hard to obtain financing assurances from its diverse creditors, the loans obtained from China have come under scanner. Opposition legislator from the Tamil National Alliance Shanakiyan Rasamanickam accused China of "forcing down" unnecessary projects by "paying bribes" to Sri Lankans. He added "If China is truly Sri Lanka's friend, it should help in debt restructuring and the IMF programme". Referring to Rajapaksa-era mega infrastructure projects he alleged that "it is not China being Sri Lanka's friend, but, China being Mahinda Rajapaksa's friend."<sup>19</sup> Parliamentarian Shanakiyan Rasamanickam further warned that if China fails to support Sri Lanka's Debt Restructuring program, 'China Go Home campaign' will be launched in the country.<sup>20</sup> Following the growing voices of dissent, China donated 10.6 million litres of diesel for Sri Lankan farmers and fishermen to facilitate the most affected sectors of agriculture and fishery.<sup>21</sup>

In another step to make construction and infrastructure inroads in South Asia, China completed an underwater tunnel in Bangladesh that connects the east and west banks of the Kanapuri River in Chittagong. China is reportedly also developing Chittagong port which will provide Beijing with a base to monitor the shipping lanes in the Indian Ocean.<sup>22</sup> As per latest reports, China's guided

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<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> "Taliban govt of Afghanistan urges China to speed up efforts for opening of Silk Route: Reports," India Blooms, November 30, 2022

<sup>19</sup> "Dragging debt talks in Sri Lanka put spotlight on Chinese loans," The Hindu, December 1, 2022

<sup>20</sup> "China Go Home campaign to be launched in Sri Lanka if China doesn't support debt restructuring program," Times Now, December 2, 2022

<sup>21</sup> "China grants free fuel to Sri Lanka's farmers and fishermen," Deccan Herald, November 27, 2022

<sup>22</sup> "Bangladesh: China-funded first underwater tunnel to open in January," WION, November 26, 2022

missile destroyer Changsha (Hull 173) is set to attend International Fleet Review in Bangladesh. Changsha is a new-type guided missile destroyer developed, designed, and manufactured independently by China.<sup>23</sup>

After Bangladesh, Nepal has awarded the contract for the sixth package of the Kathmandu-Terai-Madhesh Expressway to Chinese company First Highway Engineering. The contract reportedly side-lined an Indian firm, mere 10 days before the general elections, raising doubts over the transparency of the bidding process.<sup>24</sup> Nepal and China also signed an agreement for utilisation of Rs 15 billion (800 million RMB) worth of Chinese grants for various projects selected by Nepal.<sup>25</sup>

### III. China-United States Relations

Chinese President Xi Jinping and U.S. President Joe Biden's highly anticipated meeting took place in Bali on the side-lines of G20 Summit in Bali, Indonesia. Reportedly the negotiations for meeting started weeks after Nancy Pelosi's visit to Taiwan.<sup>26</sup> The meeting that stretched over three hours covered issues such as differences over Taiwan, Ukraine conflict, and finding ways to ensure that that U.S.-China rivalry doesn't escalate into an open conflict. According to reports, the US gained the impression that China had no imminent plans to invade Taiwan. To put China-U.S. bilateral relations back on track, President Xi emphasised "open and transparent domestic and foreign policies", "opposing a zero-sum game", "the Taiwan question as China's first red line that must not be crossed", "opposing politicisation of economic and trade ties especially the exchanges in technology", and "pursuing common development".<sup>27</sup>

In the backdrop of downturn in the property market and the country's zero-Covid policy that has throttled economic growth, Chinese leaders are seeking stability and predictability in bilateral relations with the US.<sup>28</sup> Even though the meeting marked the restoration of dialogue between the principles, the meeting however failed to come up with any resolution on key issues like

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<sup>23</sup> "Chinese naval vessel sets sail to attend International Fleet Review in Bangladesh," TBS News, November 27, 2022

<sup>24</sup> "China company to build Nepal road linking India border," The Economic Times, November 15, 2022

<sup>25</sup> "Nepal, China seal a deal for utilisation of Rs15 billion in Chinese grant," The Kathmandu Post, November 16, 2022

<sup>26</sup> "Biden-Xi Talks Mark Shift in U.S.-China Ties Toward Managing Fierce Competition," The Wall Street Journal, November 15, 2022

<sup>27</sup> "Highlights of Xi-Biden meeting ahead of G20 summit in Indonesia", Xinhua, November 15, 2022.

<sup>28</sup> "Biden-Xi Talks Mark Shift in U.S.-China Ties Toward Managing Fierce Competition," The Wall Street Journal, November 15, 2022

Human rights, technology and Taiwan.<sup>29</sup> Following the three-hour-long talks, Biden told reporters he believed “there need not be a new Cold War”. People’s Daily editorial argued that the “Head of State diplomacy has charted the course ahead for U.S.-China relations achieving the purpose of having in-depth communication, clarifying intentions including red lines, preventing conflicts, and setting the direction for exploring cooperation”.<sup>30</sup>



Chinese President Xi Jinping meets U.S. President Joe Biden in Bali, Indonesia, November 14, 2022. Source: [Xinhua/Li Xueren](#)

Weeks after Biden-Xi meeting, Pentagon released its annual report on Chinese military and security developments.<sup>31</sup> The report says that China likely possesses 400 nuclear warheads, and that if production stays on pace, the number could more than triple over the next decade. In the context of Taiwan, the greatest risk is of conventional conflict between the U.S.-China escalating to nuclear confrontation.<sup>32</sup>

<sup>29</sup> “4 takeaways from President Biden’s ‘very blunt’ meeting with China’s Xi Jinping,” [NPR](#), November 14, 2022

<sup>30</sup> “Head-of-state diplomacy charts course ahead for China-U.S. relations”, [People’s Daily Editorial](#), November 17, 2022.

<sup>31</sup> “2022 Report on Military and Security Developments Involving the People’s Republic of China,” [US Department of Defense](#), November 29, 2022

<sup>32</sup> “Let’s Put the Pentagon’s China Report in Context,” [Defense One](#), November 30, 2022

On China's global military ambitions, the Pentagon report cites China's military expanding its zone of influence through bases such as Djibouti together with plans to establish logistics hubs in a handful of other nations.<sup>33</sup> The report however, failed to mention that a major source of China's global influence is being sourced by its economic strategies that range from the Belt and Road Initiative, to creation of an Asian development bank, and increasing trade ties with key nations.<sup>34</sup> Referring to India – China stalemate along the LAC, the report states "The PRC seeks to prevent border tensions from causing India to partner more closely with the United States. PRC officials have warned US to not interfere with the PRC's relationship with India."<sup>35</sup>

Another irritant in US - China relations surfaced during the month following US warship's first freedom of navigation operation (FONOP) in the South China Sea. In a statement, Chinese military claimed that the US guided-missile cruiser illegally entered the waters without the approval of the Chinese government.<sup>36</sup> The move, China claimed, shows the "US is a true producer of security risks in the South China Sea." A statement from the US Navy's 7th Fleet, called the PLA's account "false" and a continued misrepresentation of US actions in the South China Sea.<sup>37</sup>

#### IV. China-Russia Relations

As energy trade between China and Russia reached a historic high, amid escalating Western boycott, China's President Xi Jinping in a statement at the 4<sup>th</sup> China- Russia Energy Business Forum reiterated that Beijing is willing to forge a closer partnership with Russia on energy. In a message sent to a China-Russia energy forum, Xi said energy co-operation between the two countries will contribute to global energy security.<sup>38</sup>

In a move that evoked concern of countries like Korea Republic and Japan, Chinese and Russian air forces held a joint aerial patrol over the Sea of Japan and the East China Sea on 19 November. The patrol was the third joint Sino-Russian military exercise in 2022, underscoring growing bilateral military

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<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

<sup>35</sup> "China has warned US officials not to interfere in its relationship with India: Pentagon," The Indian Express, November 30, 2022

<sup>36</sup> "US and China in first South China Sea encounter since Xi-Biden meeting," CNN, November 29, 2022

<sup>37</sup> Ibid.

<sup>38</sup> "China willing to build closer partnership with Russia on energy: Xi Jinping," Hindustan Times, November 29, 2022



ties.<sup>39</sup> Again on November 30, Russian and Chinese strategic bombers flew a joint patrol over the western Pacific in a show of increasing defence ties between the two countries. The exercise followed a series of joint drills intended to showcase growing military cooperation amidst rising tensions with the United States.<sup>40</sup>

On the economic front, Global times reported that Chinese Yuan is increasingly used for cross-border settlement between China and Russia, promoting Yuan's internationalization. "Against the backdrop of Russia cutting usage of US dollar and euro, and increasing settlement in local currencies, the Chinese Yuan has become an ideal choice for Russian businesses," the report added.<sup>41</sup>

## V. China-European Union Relations

German Chancellor Olaf Scholz's visit to China on November 4 took place in the backdrop of China's deteriorating ties with Europe over Uyghur human rights in Xinjiang and Chinese support to Russia in the Ukraine crisis. In this much-scrutinised meeting, President Xi, opposed the threat or use of nuclear weapons in Europe and also spoke about the need to ensure the stability of food and energy supply chains which have been jeopardised by the Ukraine war.<sup>42</sup>

German Chancellor Olaf Scholz who led an eight-member European delegation urged China to stand up for the international order and put pressure on Russia to "immediately" stop its war against Ukraine.<sup>43</sup> Meanwhile, as German Chancellor Olaf Scholz embarked on his first visit to Beijing, German lawmakers called for stronger trade and political engagement with Taiwan after meeting with President Tsai Ing-wen.<sup>44</sup>

Amidst the escalating voice of opposition against China in the EU, Chinese Foreign Minister Wang Yi, called his French counterpart and stressed on the need to maintain "continuity and stability" in its Europe policy. Wang told his French counterpart that President Xi Jinping's third term as the Communist Party's leader would enable China to "sail through the winds and waves" to

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<sup>39</sup> "China, Russia conduct joint air patrol over Sea of Japan," Janes, November 22, 2022

<sup>40</sup> "Russian, Chinese bombers fly joint patrols over Pacific," AP News, November 30, 2022

<sup>41</sup> "Yuan to see increased use in bilateral trade between China and Russia as dollar, euro share declines, 'pushing internationalization drive'," Global Times, December 2, 2022

<sup>42</sup> "President Xi Jinping Meets with German Chancellor Olaf Scholz," MFA, China, November 4, 2022

<sup>43</sup> "G7, Scholz urge China to uphold international law, respect human rights," Politico, November 4, 2022

<sup>44</sup> "China vows 'continuity and stability' in Europe policy ahead of German leader's visit," South China Morning Post, November 2, 2022

continue on its path.<sup>45</sup> China simultaneously reached out to Italy to play constructive role in building relations with Europe.<sup>46</sup>

China's move comes amidst discussions over European Union's probability to renew sanctions on Chinese officials over "serious human rights violations" in the western region of Xinjiang for another year.<sup>47</sup>

## Key Addresses by Chinese Leaders

Chinese President Xi Jinping addressed the 17<sup>th</sup> Group of 20 (G20) Summit in Bali, Indonesia on November 16, and the 29<sup>th</sup> Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting in Bangkok, Thailand on November 18.<sup>48</sup> As the world leaders gathered in two Asian cities for G20 and APEC meetings, Xinhua asserted that it marks an "Asian moment in global governance" and called for "pooling Asian wisdom for better global governance".<sup>49</sup> In his address at the G20 Summit, President Xi Jinping amidst growing global uncertainties, called upon member states to remain committed to the group's founding purpose of "unity and cooperation", "spirit of solidarity", "upholding the principle of consensus" while "opposing division and confrontation".<sup>50</sup> Xi also called upon G20 to "shoulder responsibility for the development of the digital economy", and "help developing countries eliminate the digital divide".<sup>51</sup> Highlighting the 'G20 Bali Leaders Declaration', Global Times editorial stressed that it has "injected confidence in reviving the sluggish global economy" and underscored the "value of seeking common ground while reserving differences".<sup>52</sup> At the APEC Meeting, Xi Jinping called for solidarity among regional countries to build an "Asia-Pacific community with a shared future".<sup>53</sup>

<sup>45</sup> "China vows 'continuity and stability' in Europe policy ahead of German leader's visit," South China Morning Post, November 2, 2022

<sup>46</sup> "China urges Italy to play constructive role in relations with Europe," South China Morning Post, November 22, 2022

<sup>47</sup> "EU set to renew sanctions on Chinese officials accused of human rights violations in Xinjiang," South China Morning Post, November 22, 2022

<sup>48</sup> "Xinhua Headlines: Pooling Asian wisdom for better global governance", Xinhua, November 20, 2022.

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

<sup>51</sup> He Yin, "China joins rest of world to promote development of digital economy", People's Daily, November 16, 2022.

<sup>52</sup> "G20 declaration dispels clouds, highlights value of seeking common ground while reserving differences: Global Times editorial", Global Times, November 17, 2022.

<sup>53</sup> "Xi calls for solidarity to build Asia-Pacific community with shared future", Xinhua, November 18, 2022.



Chinese President Xi Jinping addresses the 17th Group of 20 (G20) Summit in Bali, Indonesia, November 15, 2022. Source: [Xinhua/Ju Peng](#)

In Beijing, President Xi Jinping hosted Vietnamese Communist Party General Secretary Nguyen Phu Trong and called for building a stable supply chain with "comrade and brother" Vietnam.<sup>54</sup> On his part, Nguyen Phu Trong assured China that Vietnam would not allow any foreign military base in his country, nor get involved in any bloc confrontation.<sup>55</sup>

Chinese Premier Li Keqiang addressed the 25<sup>th</sup> China-ASEAN Summit in Phnom Penh, Cambodia, on November 11.<sup>56</sup> Reiterating that China and ASEAN are "comprehensive strategic partners", Premier Li noted that "picking sides [between the U.S. and China] should not be our choice", [rather], "openness and cooperation are the viable ways of meeting common challenges".<sup>57</sup> Chinese, state media shed light on vibrant cooperation between China and ASEAN in trade and connectivity to argue that "despite a volatile global situation, China-ASEAN relations remain stronger than ever".<sup>58</sup> Premier Li Keqiang also

<sup>54</sup> Liu Zhen and Cyril Ip, "Xi Jinping says China will build stable supply chain with 'comrade' Vietnam", [South China Morning Post](#), November 1, 2022.

<sup>55</sup> Ibid.

<sup>56</sup> "Chinese premier calls for strengthening China-ASEAN ties", [Xinhua](#), November 12, 2022.

<sup>57</sup> Ibid.

<sup>58</sup> "Despite a volatile global situation, China-ASEAN relations remain stronger than ever", [People's Daily](#), November 14, 2022.

addressed the 17<sup>th</sup> East Asia Summit (EAS) in Cambodia on November 13.<sup>59</sup> To promote peace and prosperity in East Asia, Premier Li put forward key proposals that include “maintaining strategic dialogue”, “avoiding decoupling”, “supporting economic globalisation”, “upholding ASEAN centrality”, and “fostering an inclusive regional architecture”.<sup>60</sup>

In his address at the 5<sup>th</sup> China International Import Expo (CIIE) in Shanghai, President Xi Jinping called for “joint efforts”, “multilateralism”, and “innovation” for a “bright future of openness and prosperity”.<sup>61</sup> China Daily editorial asserted that “CIIE reflects China’s commitment to opening-up”.<sup>62</sup>



Covid protests flare across China, November 29, 2022. Source: [Reuters/Thomas Peter](#)

## Trade and Economy

Amidst slowing economy, China once again imposed lockdowns in several major cities owing to surging COVID-19 cases, giving rise to nationwide protests against President Xi Jinping’s stringent zero-covid policy.<sup>63</sup> Violent clashes erupted between workers and local security forces at world’s “largest

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<sup>59</sup> “Chinese premier calls for cooperation in East Asia to promote peace, prosperity”, [Xinhua](#), November 11, 2022.

<sup>60</sup> Ibid.

<sup>61</sup> “Xi calls for joint efforts for bright future of openness, prosperity”, [Xinhua](#), November 5, 2022.

<sup>62</sup> “CIIE reflects commitment to opening-up: China Daily editorial”, [China Daily](#), November 2, 2022.

<sup>63</sup> Luna Sun, “China GDP: one-fifth of economy is under lockdown, and analysts expect it to get much worse”, [South China Morning Post](#), November 24, 2022.



iPhone manufacturing factory” in Zhengzhou, Hainan province.<sup>64</sup> New workers recruited by Apple’s supplier Foxconn, to fill the void of tens of thousands workers who fled due to the COVID outbreak in October, were seen protesting against unpaid allowances and rigid Covid measures.<sup>65</sup> Although protests for the moment have been controlled by heavy handed police actions, an uneasy calm prevails. The International Monetary Fund (IMF) called upon Beijing to “recalibrate” its coronavirus containment measures to bring the Chinese economy back on track.<sup>66</sup>

With the possibility of China’s fourth-quarter GDP growth plummeting into negative territory, South China Morning Post (SCMP) shed light on major weaknesses in the country’s economy that include “triple pressure” emanating from “shrinking demand”, “supply shock”, and “weakening expectations”.<sup>67</sup> “Weakening local government finances”, “inadequate regulation of technology and financial institutions”, and “large state bailouts to companies” are some of the other weaknesses of the China’s economy.<sup>68</sup> Despite apparent economic downtrends, state media continued to highlight China’s continued appeal for foreign businesses, as Foreign Direct Investment (FDI) expanded 14.4 percent year-on-year in the first 10 months of 2022.<sup>69</sup> Major Wall Street “financial elites” attended the ‘Global Financial Leader’s Investment Summit’ in Hong Kong. Global Times report argued that this reflected financial leader’s confidence in HKSAR as a global financial hub under the One Country, Two Systems.<sup>70</sup> “It added that the American business elites are unlikely to give up on their long-term business interests in HKSAR due to political pressure”.<sup>71</sup>

Despite these assertions, to boost China’s flagging economy, Premier Li Keqiang called for resolute steps to ensure effective implementation of policy package aimed at stabilising the economy.<sup>72</sup> In line with this, the People’s Bank of China (PBOC) cut the reserve requirement ratio (RRR) by 0.25 percentage

<sup>64</sup> Bien Perez, “Apple, Foxconn on the spot in Zhengzhou”, South China Morning Post – Inside China Tech Newsletter, November 26, 2022.

<sup>65</sup> Ibid.

<sup>66</sup> Frank Tang, “IMF urges China to ‘recalibrate’ coronavirus policy, aid vulnerable households amid shaky external environment”, South China Morning Post, November 23, 2022.

<sup>67</sup> Amanda Lee, “4 weaknesses in China’s economy, from local government finances to poor regulation”, South China Morning Post, November 14, 2022.

<sup>68</sup> Ibid.

<sup>69</sup> “Data reveals China’s continued attractiveness to foreign investment”, Xinhua, November 18, 2022.

<sup>70</sup> Chen Qingqing and Xie Jun, “HK summit attracts Wall Street titans, financial elites, ‘showing confidence in HK as hub under One Country, Two Systems’”, Global Times, November 3, 2022.

<sup>71</sup> Ibid.

<sup>72</sup> “China to fully deliver supportive policies to consolidate economic recovery”, The State Council of the People’s Republic of China, November 24, 2022.

points injecting around CNY 500 billion (USD 70 billion) into the Chinese economy.<sup>73</sup>

## Defence and Security

Chinese Defence Minister Gen. Wei Fenghe addressed the 9<sup>th</sup> ASEAN Defence Ministers' Meeting – Plus (ADMM-Plus) in Cambodia on November 23.<sup>74</sup> In his address, Gen. Wei Fenghe stressed on China's "Global Security Initiative" (GSI) emphasising "world solidarity" and "fairness" instead of "hegemony and division".<sup>75</sup> Even as the U.S. remains concerned about China's role in expansion of Ream Naval Base in Cambodia, both countries continued with their plans to upgrade military ties including naval base expansion.<sup>76</sup> On the other hand, Chinese analysts expressed concerns over intensified defence cooperation between the U.S. and Philippines as it "advanced America's Indo-Pacific Strategy".<sup>77</sup>

On Taiwan, Chinese analysts asserted that "despite US-led West's efforts to internationalise the Taiwan question, China and ASEAN have the wisdom to prevent conflicts like Ukraine in Asia".<sup>78</sup> Gen. Wei Fenghe in his meeting with U.S. Defence Secretary Austin, reiterated "Taiwan remains Beijing's first insurmountable red line in U.S.-China relations" and "every U.S. escalation will be met with China's resolute and powerful countermeasures".<sup>79</sup> Global Times editorial called upon the U.S. to "correctly understand the tough words of Chinese defence minister".<sup>80</sup>

Reacting to the U.S. move to deploy six nuclear-capable B-52 bombers in Northern Australia reports described this as Washington's intent fortify

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<sup>73</sup> Amanda Lee, Mia Nulimaimaiti, and Luna Sun, "China's reserve requirement ratio cut 'better late than never', set to release US\$70 billion to boost economy", South China Morning Post, November 25, 2022.

<sup>74</sup> Liu Xin and Liu Xuanzun, "China's defense chief urges unity, rejects hegemony; 'ASEAN, China have wisdom to resist attempt to recreate Ukraine crisis in Asia'", Global Times, November 24, 2022.

<sup>75</sup> Ibid.

<sup>76</sup> Jack Lau, "China, Cambodia look to upgrade military ties along with expanded naval base", South China Morning Post, November 21, 2022.

<sup>77</sup> Ling Yunzhi, "US-Philippines defense cooperation intensified?", China Military Online, November 22, 2022.

<sup>78</sup> Liu Xin and Liu Xuanzun, "China's defense chief urges unity, rejects hegemony; 'ASEAN, China have wisdom to resist attempt to recreate Ukraine crisis in Asia'", Global Times, November 24, 2022.

<sup>79</sup> "US should correctly understand Chinese defense chief's 'tough words': Global Times editorial", Global Times, November 23, 2022.

<sup>80</sup> "US should correctly understand Chinese defense chief's 'tough words': Global Times editorial", Global Times, November 23, 2022.

Australia into a “forward operating base”.<sup>81</sup> Chinese Ministry of Foreign Affairs, warned both countries that this move will “escalate regional tensions, sabotage regional peace and stability, and trigger regional arms race”.<sup>82</sup> On the other hand, Chinese Foreign Minister Wang Yi in telephonic conversation with his Australian counterpart Penny Wong, reportedly stressed that with “unremitting efforts, Australia-China relations have witnessed positive changes”.<sup>83</sup>

The US meanwhile has continued with its ban on U.S. investments in Chinese firms that are believed to be linked to the Chinese military.<sup>84</sup> Describing these move as driven by Washington’s “political agenda”, China’s Ministry of Foreign Affairs called upon the U.S. to “respect rule of law and the market, mend its way, and stop taking actions that harm the functioning of global financial markets and the interests of investors”.<sup>85</sup>

President Xi Jinping inspected the joint operations command centre of the Central Military Commission (CMC) emphasising the importance of “combat preparedness” to resolutely safeguard national sovereignty, security, and development interests.<sup>86</sup>

In a bid to build a comprehensive air-defence system, China unveiled “drone killer” ‘LW-30 laser air-defence system’ that can shoot down “low, small, and slow UAVs at a low cost”.<sup>87</sup> It also unveiled new and smaller air-defence missile which are part of HQ-9B surface-to-air missile system.<sup>88</sup> In line with President Xi Jinping’s call for “building a strong system of strategic deterrence”, PLA plans to introduce ‘H-20 stealth bomber’, which is seen as China’s answer to the ‘B-21 Raider’ – US military’s most advanced strategic bomber set for unveiling on December 2.<sup>89</sup> It is also reported that China’s type 075 amphibious assault ships

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<sup>81</sup> Guo Yuandan and Liu Xuanzun, “US ‘fortifying Australia into a forward operating base’ with B-52 bomber deployment”, [Global Times](#), October 31, 2022.

<sup>82</sup> Ibid.

<sup>83</sup> “Wang Yi: Improving China-Australia ties serves interests of both sides”, [China Military Online](#), November 9, 2022.

<sup>84</sup> “China opposes U.S. extending investments ban on Chinese firms linked to military”, [China Military Online](#), November 9, 2022.

<sup>85</sup> Ibid.

<sup>86</sup> “Xi stresses combat preparedness during inspection of CMC joint operations command center; peace and natl security rely on strength”, [Global Times](#), November 9, 2022.

<sup>87</sup> Cao Siqi, Liu Xuanzun, and Fan Wei, “China unveils ‘drone killer’ laser weapon at Airshow China, can shoot down target at low cost”, [Global Times](#), November 11, 2022.

<sup>88</sup> Liu Xuanzun and Fan Wei, “China debuts latest air defense missiles, laser at Airshow China 2022”, [Global Times](#), November 13, 2022.

<sup>89</sup> Minnie Chan, “High hopes of China’s H-20 stealth bomber launch as PLA top brass vow weapon system upgrades”, [South China Morning Post](#), November 11, 2022.

'Hainan' and 'Guangxi' achieving operational capability in November 2022.<sup>90</sup> Induction of amphibious assault ships will significantly enhance Chinese amphibious assault capability.

## Technology

China's State Council issued a white paper on internet development and governance titled "Jointly Build a Community with a Shared Future in Cyberspace". Beijing stressed that it understands the "trends of the information age", "upholds its people-centric approach", and "supports global governance based on consultation, joint contribution, and shared benefits".<sup>91</sup> Reportedly, the value of China's digital economy has reached CNY 45.5 trillion, accounting for 39.8 percent of country's GDP in 2021.<sup>92</sup>

China issued a white paper on the development of 'BeiDou Navigation Satellite System' (BDS), aimed at building a powerful BDS for a new era. China plans to create a "distinctive system for operation, maintenance, and management, and gain a competitive edge in services such as short message communication, ground based and satellite-based augmentation, and international search and rescue".<sup>93</sup> Meanwhile, China's 'Mentian' lab module docked with 'Tiangong' space station<sup>94</sup>, and the country launched Shenzhou-15 manned space mission, two major steps toward completion of space station.<sup>95</sup>

Amidst growing US-China technology competition and export controls, China's chip imports were down 13.2 percent year-on-year in the first ten months of 2022.<sup>96</sup>

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<sup>90</sup> Leng Shumei, "PLA's first two amphibious assault ships complete full training, form operational capability", Global Times, Global Times, November 27, 2022.

<sup>91</sup> "China issues white paper on community with shared future in cyberspace", Xinhua, November 7, 2022.

<sup>92</sup> Ibid.

<sup>93</sup> "China releases white paper on BDS, outlining development in new era", Xinhua, November 4, 2022.

<sup>94</sup> "China's Mengtian lab module docks with space station combination", People's Daily, November 1, 2022.

<sup>95</sup> "Special coverage of China's Shenzhou-15 manned space mission launch", CGTN, November 29, 2022.

<sup>96</sup> Ann Cao, "China's chip imports see biggest drop in 2022 with accelerated decline in October amid US restrictions and weak demand", South China Morning Post, November 7, 2022.





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