



Delhi Policy Group

Advancing India's Rise as a Leading Power



China Monitor JANUARY 2023



Volume VI, Issue 1 | January 2023

Delhi Policy Group

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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:

President Xi Jinping inspects combat readiness of the Chinese armed forces, January 18, 2023. Source: Xinhua/Li Gang

US Treasury Secretary Janet Yellen shakes hands with Chinese Vice Premier Liu He as they meet for talks in Zurich, Switzerland, January, 18, 2023. Source: CNBC

Chinese Foreign Minister Qin Gang addresses a press conference in Addis Ababa, Ethiopia, on January 11, 2023. Source: Xinhua/Dong Jianghui

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China Monitor
Volume VI, Issue 1
January 2023

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Abstract

During a Director Generals of Police (DGP) Conference held from January 20-22, a research paper presented by the Superintendent of Police (SP), Leh, highlighted that China has blocked the Indian Army's access at 26 patrolling points along the Line of Actual Control (LAC) in Eastern Ladakh, resulting in the loss of huge swathes of grazing land belonging to local Ladakhi people. So far there has been no comment from the Government on this issue.

In the aftermath of the physical scuffle in Tawang, Defence Minister Rajnath Singh has said that India's position to not support any form of war should not be taken for granted, stressing that Indian troops are prepared to face any challenges along the border. Indian Army Chief Gen. Manoj Pande visited units and formations in Eastern Arunachal Pradesh to be briefed on operational preparedness. India has started work on a road along the LAC in Eastern Ladakh that will plug a vital gap in connectivity between the strategically important Pangong Tso and Demchok areas.

On January 20, Chinese President Xi Jinping held a video conversation with the PLA troops stationed along the India-China border in Eastern Ladakh, inquired about their "combat readiness", and asked them to be operationally prepared for any contingencies.

Amidst Sri Lanka's ongoing economic crisis, the Export-Import Bank of China has offered a two-year moratorium on its debt and stressed that it would also support the country's efforts to secure a USD 2.9 billion loan from the International Monetary Fund. Beijing's response came after India stepped in first by providing necessary assurances to Sri Lanka regarding financing and debt relief.

In Afghanistan, the Taliban signed a deal with a Chinese company to extract oil from northern Afghanistan's Amu Darya basin. This is the first major international energy extraction deal the Taliban has signed since taking control of Afghanistan in 2021.

US-China relations have continued to fray. During a WTO meeting on January 27, the two sides engaged in a war of words, with Beijing describing Washington as a "unilateral bully", a rule breaker, and a supply chain disruptor, and the US accusing China of illegal retaliatory measures.

Ahead of US Secretary of State Antony Blinken's visit to China scheduled for February 5-6, Xinhua reiterated the need to bring China-US relations back on track in 2023. It called upon Washington to "see the bigger picture" and

“abandon the zero-sum game”. On the other hand, citing China as “the greatest strategic challenge in the Indo-Pacific and beyond”, the US, UK, and Japan vowed to strengthen their military alliance and security cooperation. Expressing concern, China called upon the three to abandon “zero-sum Cold War mentality”, “stop creating imaginary enemies”, and “not become disruptors of stability in Asia-Pacific”.

In an apparent show of force, the US Navy deployed the ‘Nimitz’ carrier strike group in the South China Sea (SCS). In response, the PLA deployed the aircraft carrier ‘Shandong’ and held a series of “confrontational drills” in the same area. In the backdrop of continuing friction, Gen. Mike Minihan, head of the US Air Mobility Command, predicted in a memo to his command that US and China could possibly go to war in 2025.

During his maiden tour of Africa from January 9-16, 2023, Chinese Foreign Minister Qin Gang visited Ethiopia, Gabon, Angola, Benin, Egypt, the African Union, and the Arab League Headquarters. He affirmed that “Africa is a big stage for international cooperation, not an arena for major-power rivalry”, and rejected the notion of “debt trap” as a “narrative trap” imposed on China.

South Africa, deepening its defence cooperation with China and Russia, is scheduled to hold joint naval exercises between February 17-27 off the port city of Durban and Richards Bay, a strategically important shipping route connecting Europe and Asia.

In his Spring Festival Greetings (Lunar New Year-Year of the Rabbit), President Xi called upon the Chinese people, especially the youth, to march ahead with “swift actions like rabbits, fully displaying abilities in their respective fields for making tomorrow’s China a better place”.

Owing to the zero-covid policy and repeated lockdowns, China’s economy grew by a mere 2.9 percent in the fourth quarter of 2022, bringing the full-year growth to 3 percent. This is China’s second-lowest growth rate since 1976, missing the government’s 5.5 percent growth target. However, in his address at the World Economic Forum (WEF) in Davos, Chinese Vice Premier Liu He expressed confidence that the “Chinese economy will see a significant improvement in 2023 with growth returning to normalcy”.

Amidst a slowing economy, China’s population crisis deepened as its overall population plummeted by 850,000 to 1.4118 billion in 2022, the first such decline in 60 years. This is being seen as a major concern as contraction in the working age population could impact China’s future economic growth.

Foreign and Security Policy

I. China-India Relations

During the Director Generals of Police (DGP) Conference (January 20-22), a research paper presented by the Superintendent of Police, Leh, highlighted that, China has blocked access to the Indian Army at [26 patrolling points](#) along the Line of Actual Control (LAC) in eastern Ladakh, resulting in the loss of huge swathes of grazing land belonging to local Ladakhi people. This tactic of PLA to grab land inch-by-inch is known as "Salami slicing," the paper stated.¹ The paper went on to underscore Indian Army's play safe approach responsible for creating buffer zones and restricting the movement of graziers along the China border.

The paper also mentioned that China has boosted its investment ventures through BRI in India's neighbouring countries to limit India's influence.² The government is yet to comment on these issues.

Commenting on the border security scenario, Lt. General Rana Pratap Kalita, General Officer Commanding-in-Chief, Eastern Command upheld "situation along the Line of Actual Control (LAC) in Sikkim and Arunachal Pradesh remains stable but unpredictable."³ He also announced a proposal to develop [130 model villages](#) along the border".⁴ On January 3, Indian Defence Minister Rajnath Singh inaugurated projects worth 724 million in Arunachal Pradesh that focus on connectivity and security.⁵ He also inaugurated the strategic Siyom bridge along India-China border, crucial for access to Indian troops to LAC in the central part of Arunachal Pradesh.⁶ In an oblique reference to the recent scuffle in Tawang, Defence Minister stressed that, India's position to not support any form of war should never be taken for granted, while underscoring that, Indian troops are capable of facing any challenge along the border.⁷

¹ "Restrictive, no patrolling at 26 points along Line of Actual Control: Report," [India Today](#), January 25, 2023

² Ibid.

³ "India proposes to develop 130 model villages along LAC: Lt. General Kalita," [The Hindu](#), January 27, 2023

⁴ Ibid.

⁵ "Defence minister Rajnath Singh inaugurates 28 infra projects worth crores in Arunachal Pradesh," [India Today](#), January 3, 2023

⁶ "Rajnath Singh inaugurates ₹724 cr projects in Arunachal Pradesh, focuses on connectivity and security," [Mint](#), January 3, 2023

⁷ Ibid.

On January 20, Chinese President Xi Jinping held a [video conversation](#) with the PLA troops stationed along the India-China border in eastern Ladakh and inspected their combat readiness. In an address to all three services, the Xinjiang border command, the PLA Navy, and air force formations, President Xi asked them "to remain alert and ready for combat."⁸ On the Indian side, [General Manoj Pande COAS](#) visited units and formations in Eastern Arunachal Pradesh to check operational preparedness and security situation.⁹ To boost combat preparedness, India has started building a strategic road along the Line of Actual Control in Eastern Ladakh that will plug a vital connectivity gap between the strategically important Pangong Tso and Demchok.¹⁰



President Xi Jinping inspects combat readiness of the Chinese armed forces, January 18, 2023.

Source: [Xinhua/Li Gang](#)

Responding to the developments along the LAC including the incident in Tawang, Donald Lu, the US assistant secretary of state for South and Central Asian affairs, remarked that China had recently made "aggressive" moves along the border in India's Northeastern states. Denouncing Lu's opinion, a Chinese embassy statement stressed "Chinese side is firmly opposed to such acts in which a third country point's finger at the bilateral issue between other two countries purely on geopolitical considerations."¹¹

⁸ "[Xi Jinping speaks to troops along India-China border](#)," [The Hindu](#), January 20, 2023

⁹ "Army Chief General Manoj Pande visits units and formations along LAC in Eastern Arunachal Pradesh," [The Times of India](#), January 23, 2023

¹⁰ "India begins work on 135km Ladakh road to link key locations," [The Times of India](#), January 29, 2023

¹¹ "A day after U.S. calls out Chinese aggression at LAC, China responds," [The Hindu](#), January 15, 2023

In another development of significance, China's proposed 60,000 MW hydropower project in Arunachal Pradesh's Upper Siang district on Brahmaputra has raised serious concerns. Damming of Brahmaputra, it is perceived could reduce the natural flow of water away from India during lean patches or through increased discharge, trigger "artificial floods". Concerned about Chinese threat of "water wars", India has initiated its biggest hydroelectric project of 11,000 megawatt (MW) in Upper Subansiri in Arunachal Pradesh.¹²

In an important development, China gave up a technical hold it had placed last year on the designation of Lahore-based Lashkar-e-Toiba's deputy chief Abdul Rehman Makki as a global terrorist. This was after India secured votes of 14 out of 15 members of the UN Security Council. Later during a press meet Chinese spokesperson praised Islamabad for its support to counterterrorism initiatives, maintaining "relevant people have been convicted and sentenced by Pakistan."¹³

II. China-South Asia Relations

The Pakistan Navy plans to host the [AMAN-23 multinational](#) maritime exercise in February 2023, which will be attended by nearly 50 countries including People's Liberation Army (PLA)¹⁴. China and Pakistan have been maintaining close naval and maritime exchanges and cooperation in recent years, including joint drills, and Pakistan's procurement of four advanced Type 054A/P frigates from China.¹⁵

Pakistan is seeking nearly [\\$10 billion loan](#) from China for a major railway project. Analysts in Pakistan believe that taking such a big loan, especially when Pakistan's economy is fearing collapse as extremely risky.¹⁶ Economic Survey of Pakistan (2021-22) shows that, despite the country's close economic ties, China's debt is mounting sharply. The outstanding's as per estimates stand at \$ 87.7 billion.¹⁷

¹² "Fearing 'water war' by China, government puts Arunachal dams," [The Times of India](#), January 19, 2023

¹³ "Terrorism common foe of humanity, says China after UN lists Abdul Rehman Makki as global terrorist," [India Today](#), January 17, 2023

¹⁴ "Exercise Aman-2023 'Together for peace and security'," [Business Recorder](#), January 22, 2023

¹⁵ "China-Pakistan joint drills strengthen ties, enhance interoperability between the two navies: GT exclusive interview with Pakistani naval chief," [Global Times](#), January 9, 2023

¹⁶ Pakistan sliding deeper into Chinese infra debt trap? What \$10 bn rail loan could entail, [The Print](#), January 6, 2023

¹⁷ "Understanding Pakistan's China debt trap," [The Times of India](#), June 23, 2022

In another development, [Maulana Hidayat Rehman](#), of the Gwadar Rights movement issued a warning to Chinese nationals to leave the Gwadar port area. Rahman's move against Chinese nationals is seen as a step to coerce the Shehbaz Sharif's government into negotiations. Rehman has also vowed to stop all Chinese projects in Gwadar and prevent movement of high-profile dignitaries in the port town.¹⁸

A report in the [South China Morning Post](#) highlighted that, Chinese nationals will remain a target of an Islamic State offshoot operating in Afghanistan, as a consequence of China's continued suppression of ethnic Uygur minorities in Xinjiang.¹⁹ This contrasts with the Taliban regime's erstwhile security guarantees to protect the shared border from Islamic State militant group .

Meanwhile, the ruling Taliban has signed a deal with a Chinese company to extract oil from northern Afghanistan's Amu Darya basin. The agreement with China's Xinjiang Central Asia Petroleum and Gas Co is the first major international energy extraction deal the Taliban has signed since taking control of Afghanistan in 2021.²⁰

Prime Minister Pushpa Kamal Dahal inaugurated Pokhara regional international airport built with the Chinese assistance on January 1. Sadly within a few days of inauguration, major aviation accident took place at the airport, raising questions about operational shortcomings among other issues.²¹

During the welcome reception of incoming Chinese Ambassador to Nepal Chen Song, Chairman of Nepal's National Assembly Ganesh Prasad Timilsina, called China an important development partner of Nepal mentioning that, the two countries have remained "good neighbours" and "reliable partners".²²

The Export-Import Bank of China has offered Sri Lanka a two year [moratorium](#) on its debt and said it would support the country's efforts to secure a \$2.9

¹⁸ "Gwadar Rights Movement activist asks Chinese nationals to leave Gwadar: Report," [ANI](#), January 10, 2023

¹⁹ "Afghanistan Taliban raids net Isis members behind Kabul Chinese hotel attack," [South China Morning Post](#), January 5, 2023

²⁰ "A Chinese company has signed an oil extraction deal with Afghanistan's Taliban," [CNN](#), January 6, 2023

²¹ "Nepal plane carrying 72 people crashes in Pokhara, 5 Indians among 68 killed," [The Times of India](#), January 15, 2023

²² "NA Chair Timilsina and Chinese Ambassador meet," [Rising Nepal](#), January 18, 2023

billion loan from the International Monetary Fund. Chinese response came after India stepped in first by issuing the necessary assurances.²³

Sri Lanka's economic turmoil transformed into a full-blown political crisis after Three-party Tamil National Alliance (TNA) MP, Shanakiyan Rasamanickam threatened a 'Go home, China' protest against Chinese interference in the internal affairs of the country. In another development, Sri Lanka's Cabinet Spokesman Bandula Gunawardena backed [Free Trade Agreement \(FTA\)](#) with China as a way to move away from the ongoing unprecedented economic crisis.²⁴

Meanwhile, reports have surfaced that Sri Lanka's [Tamil and Muslim communities](#) are concerned about the recent increase in visits of Chinese Embassy officials to Sri Lanka's Northern and Eastern provinces due to security reasons. People have also expressed concern about the distribution of Chinese-produced rice as it is reported to cause food poisoning and ill health.²⁵

The newly appointed Chinese Ambassador to Bangladesh, Ambassador Yao Wen commenting on the current state of bilateral relations stressed on common development, values, security, and responsibilities as goals of their relations. Earlier during a meeting with Bangladeshi Foreign Minister Abdul Momen on January 23 Ambassador Wen discussed bilateral and multilateral cooperation in areas of mutual interest, including trade and investment, infrastructure development, and etc.²⁶

III. China-United States Relations

Biden administration announced deals that include fostering economic development, support for nuclear victims and protection against climate change for two strategically important pacific islands, Marshall and Palau, considered critical in maintaining balance in U.S.-China rivalry.²⁷ A report in the [Washington post](#) mentioned "The case of the Marshall Islands is

²³ "Export-Import Bank of China provides Sri Lanka with debt extension," [The Economic Times](#), January 26, 2023

²⁴ "Sri Lanka cabinet spokesman bats for China FTA as crisis haunts," [Economy Next](#), January 3, 2023

²⁵ "Sri Lanka's Tamil, Muslim's concerned about increased visits of Chinese officials," [The Print](#), January 15, 2023

²⁶ "Chinese envoy: It is high time to work together to have more projects," [Dhaka Tribune](#), January 22, 2023

²⁷ "US nears new cooperation deals with Pacific Island nations," [AP News](#), January 27, 2023

emblematic of the increasingly fervent geopolitical competition in the Pacific as the United States and China jostle for influence.”

On the economic front, US-China ties continued to fray. At a [WTO](#) meeting on January 27, China and the US entered a war of words, with Beijing calling Washington a "unilateral bully" a rule breaker, and a supply chain disruptor with the US accusing its rival of illegal retaliatory measures.²⁸

Earlier on January 18, [US Treasury Secretary Janet Yellen](#) and Chinese Vice Premier Liu He held their first face-to-face meeting. Both sides pledged to improve communication to avoid more serious confrontation during a period of heightened tensions. US Treasury Secretary Janet Yellen in brief public remarks said "While we have areas of disagreement ...we should not allow misunderstandings, particularly those stemming from a lack of communication, to unnecessarily worsen our bilateral economic and financial relationship,". On his part, Mr. Liu maintained that both countries need "serious communication" and coordination on issues including climate change and economy, underscoring that China was ready for an in-depth exchange."²⁹



US Treasury Secretary Janet Yellen shakes hands with Chinese Vice Premier Liu He as they meet for talks in Zurich, Switzerland, January, 18, 2023. Source: [CNBC](#)

In an Op-ed in the [Washington Post](#) titled "The planet's future depends on a stable China-U.S. relationship", China's newly appointed Foreign Minister, Qin Gang (formerly Chinese Ambassador to the US) emphasised that the development of China-U.S. relations will remain an important mission in his

²⁸ "China, U.S. spar at WTO meeting over disputes," [Reuters](#), January 27, 2023

²⁹ "Yellen, China's Liu meet as global rivals seek to limit conflict," [The Straits Times](#), January 19, 2022

new position. In the backdrop of the geopolitical headwinds that the two countries are jostling with, Qin Gang mentioned "My time here reminds me that China-US relations should not be a zero-sum game in which one side out-competes the other or one nation thrives at the expense of the other."³⁰

US Air Mobility Command Chief, [General Mike Minihan](#) has spoken about a high possibility of US-China war in 2025.³¹ General Mike expressed that, the US and Taiwan presidential elections in 2024, would provide China a chance to take action against Taiwan. In recent months Beijing has upped its military activity by routinely violating the ADIZ by sending warplanes and vessels to show case military power.

Following combat drills in the first week of January, Chinese Eastern Theatre Command in a statement stressed that, its forces had organised "joint combat readiness patrols and actual combat drills" in the sea and airspace around Taiwan, that focused on land strikes and sea assaults. [Ma Xiaoguang](#), spokesperson for China's Taiwan affairs office, in a statement highlighted that the rising number of warplanes sent towards Taiwan were in response to the island's increasing proximity to the Western powers, including the US.³²

IV. China-Russia Relations

According to an analysis by Bloomberg, Russia has equivalent of \$45 billion [Chinese yuan](#) to weather any plunge in its energy revenues consequent of western sanctions.³³ Selling its yuan reserves will help Russia cover its losses for the next three years, however, the durability of the reserves will depend on the fluctuations in the Russian oil prices. President Putin has emphasised the resilience of Russian economy, maintaining partnerships with allies like China will help make up for lost trade owing to sanctions. In recent months, Russia has leaned heavily on China and yuan, which is the only world currency that Russia can transact in, following Western sanctions which have cut off access to dollars and euros reserves.³⁴

³⁰ "Qin Gang: The planet's future depends on a stable China-U.S. relationship," [The Washington Post](#), January 4, 2023

³¹ "US Air Force General asks officers to prepare for war with China," [Mint](#), January 29, 2022

³² "Playing with fire': China renews threat against Taiwan after foreign delegations' visit," [India Today](#), January 13, 2023

³³ "Sanctions-Proof Yuan to Putin's Rescue After Oil Cap Hits Budget," [Bloomberg](#), January 24, 2023

³⁴ "Russia's \$45 billion stash of Chinese yuan is helping Moscow weather massive plunge in energy revenues," [Market Insider](#), January 26, 2023

[Zhang Hanhui](#), China's ambassador to Russia in a media interaction said Russia and China are ready to resume mutual travel as soon as possible and deepen their strategic cooperation. He stressed that in 2023 Chinese-Russian cooperation will receive further boost with bilateral trade close to \$200 billion.³⁵

In another development, the US sanctioned a Chinese company for allegedly providing [synthetic aperture radar \(SAR\)](#) satellite images of locations in Ukraine to support the Wagner Group's combat operations. Changsha Tianyi Space Science and Technology Research Institute is among 16 entities slapped with curbs by the US.³⁶ Simultaneously, Japan has tightened its sanctions against Russia and is expected to announce export controls on semiconductor manufacturing equipment to China. The decision will include a ban on Russia-bound shipments of goods that can be used to enhance military capability, including semiconductor equipment and components, and vaccines.³⁷

V. China-European Union Relations

As China and the United States continues to compete for technological dominance, the European Internal Market Commissioner, [Thierry Breton](#) making a speech in Washington stressed that the EU supports the "objective of depriving China of the most advanced chips as we cannot allow China access to most advanced technologies."³⁸

Amidst geopolitical headwinds, the European Commission launched a fellowship on China to [foster strategic cooperation](#) with think tanks and universities on China-related issues as also to increase deeper understanding of China.³⁹ Earlier in the month, European Union Chamber of Commerce in China, or EUCCC and the Chinese Chamber of Commerce to the EU, or CCCEU, held a business leaders roundtable in Brussels.⁴⁰ Joerg Wuttke, president of the EUCCC called Chinese counterparts "comrade-in-arms", saying "we are trying to make the business environment in our respective regions better for us to conduct business".

European Commission President Ursula von der Leyen in a speech at the [World Economic Forum \(WEF\)](#) in Davos, underscored Europe's '98 per cent'

³⁵ "Russia, China ready to restore mutual travel as soon as possible," [TASS](#), January 11, 2023

³⁶ "Ukraine: US sanctions Chinese firm helping Russia's Wagner Group," [BBC](#), January 28, 2023

³⁷ "Japan to block technological exports to China and Russia," [E&T](#), January 27, 2023

³⁸ "EU to stand with US in 'depriving China of the most advanced chips', trade official says," [South China Morning Post](#), January 28, 2023

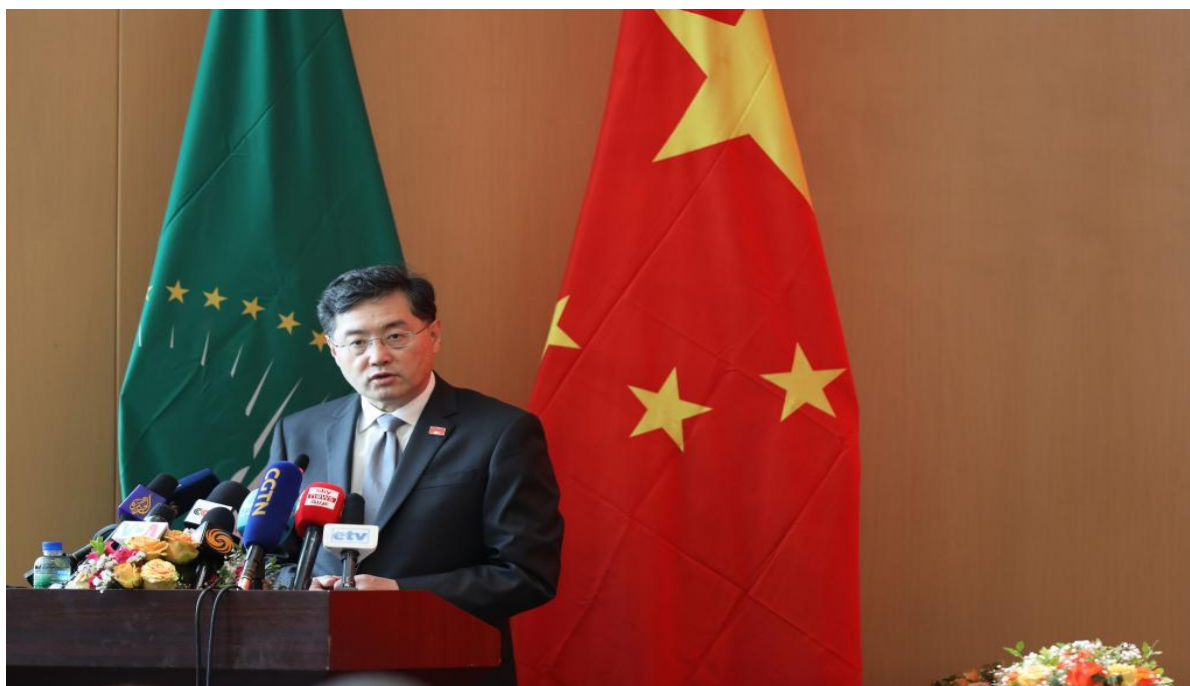
³⁹ "China fellowship launched by European Commission," [China.org.cn](#), January 29, 2023

⁴⁰ "EU, China pledge for more trade," [China Daily](#), January 16, 2023

dependence on China for minerals critical to clean energy. She stressed that the European Union needs to work and trade with China on clean technology.”⁴¹

During the month major economies like [France](#) and Germany stressed on the necessity to reduce dependence on China for derisking their future.⁴² However German Finance Minister Christian Lindner maintained that the dependence on China must be reduced ‘gradually’ as decoupling from the Chinese market would cost jobs in Europe's biggest economy. According to reports, Germany is working on a new China strategy that takes a more sober view on reducing dependence on China.⁴³

Meanwhile, the EU launched a case at the World Trade Organization (WTO) against the People's Republic of China over its discriminatory trade practices against Lithuania, which are also hitting other exports from the EU's Single Market. The World Trade Organization will appoint experts to look at the case.⁴⁴



Chinese Foreign Minister Qin Gang addresses a press conference in Addis Ababa, Ethiopia, on January 11, 2023. Source: [Xinhua/Dong Jianghui](#)

⁴¹ “At Davos, EU leader stresses ‘de-risking rather than decoupling’ from China,” [South China Morning Post](#), January 19, 2022

⁴² “France looks to ASEAN for non-China supply chain: trade minister,” [Nikkei Asia](#), January 27, 2023

⁴³ “German finance minister warns against quick decoupling from China,” [The Straits Times](#), January 22, 2023

⁴⁴ “EU refers China to the WTO following its trade restrictions on Lithuania,” [EU Commission](#), January 27, 2023

VI. Foreign Minister Qin Gang's Visit to Africa

During his maiden [tour of Africa](#), Chinese Foreign Minister Qin Gang visited Ethiopia, Gabon, Angola, Benin, Egypt, the African Union, and the Arab League Headquarters between January 9-16, 2023.⁴⁵ Highlighting China's 32-year tradition of "tour to Africa first", Xinhua asserted that FM Qin's visit is a testament to the "profound traditional friendship" between China and Africa.⁴⁶ Amidst the growing strategic competition with the US, Foreign Minister Qin affirmed that "[Africa is a big stage for international cooperation](#), not an arena for major-power rivalry".⁴⁷ Further, he rejected the notion of "[debt trap](#)" as a "[narrative trap](#)" imposed on China and Africa, adding that, Beijing will continue to "bring tangible benefits to the African people to achieve common development".⁴⁸

Deepening [China and Russia's defence cooperation with South Africa](#), the three countries are scheduled to hold joint naval exercises between February 17-27, off the port city of Durban and Richards Bay, a strategically important shipping route connecting Europe and Asia.⁴⁹

Internal Developments

Key Addresses by Chinese Leaders

Chinese President Xi Jinping, in his [new year address](#) lauded the country's economic performance, "science-based covid approach", and breakthroughs in science and technology in 2022.⁵⁰ Stressing that today's China is "a country where dreams become reality", President Xi shed light on major events of the past year that included "successful 20th CPC National Congress", "Beijing Winter Olympic Games", "manned space missions and space station", "95th anniversary of the PLA", "third aircraft carrier Fujian", "homegrown passenger aircraft C919", and "the Baihetan hydropower station".⁵¹ On Taiwan, President Xi reminded that "people on both sides of Strait are members of one and the

⁴⁵ "Chinese FM's "tour to Africa first" shows long-lasting close friendship", [Xinhua](#), January 16, 2023.

⁴⁶ Ibid.

⁴⁷ "Africa is a big stage for international cooperation, not an arena for major-power rivalry: Chinese FM", [Xinhua](#), January 12, 2023.

⁴⁸ "Chinese FM says so-called "debt trap" in Africa is narrative trap", [Xinhua](#), January 12, 2023.

⁴⁹ "South Africa 'plays China and Russia' card against US with joint naval exercise", [South China Morning Post](#), January 22, 2023.

⁵⁰ "Xi Focus: Ringing in 2023, Xi stresses hard work, unity to make tomorrow's China a better place", [Xinhua](#), December 31, 2022.

⁵¹ Ibid.

same family, expressing hope that the two sides will work jointly for the prosperity of the Chinese nation".⁵²

In his [Spring Festival Greetings](#) (Lunar New Year – Year of the Rabbit), President Xi called upon the Chinese people, especially the youth, to march ahead with "swift actions like rabbits, fully displaying abilities in their respective fields".⁵³ Foreign Minister Qin Gang, in his message, reiterated that Beijing pursues an "[independent foreign policy for peaceful development](#)" calling on the international community to bolster "unity and cooperation" while "rejecting the outdated Cold War mentality".⁵⁴

President Xi, in his address at the second plenary session of the 20th [Central Commission for Discipline Inspection](#) (CCDI) reiterated the "need to fight corruption" while "promoting full and rigorous Party self-governance".⁵⁵ Adding, "collusion between officials and business people should be prevented to stop the infiltration of capital into politics undermining the Chinese political system".⁵⁶

Trade and Economy

Amidst China's abrupt shift from stringent zero-covid policy, even as a [giant wave of Covid-19 infections](#)⁵⁷ ravaged the country, Xinhua asserted that "[life is returning to normal and mobility is rebounding](#)" as China's Covid-19 prevention and control has entered a new stage".⁵⁸

Meanwhile, owing to the zero-covid policy and repeated lockdowns, China's economy grew by mere 2.9 percent in the fourth quarter of 2022, bringing the [full year growth to 3 percent](#).⁵⁹ This is China's second-lowest growth rate since 1976, missing the government's "5.5 percent" target.⁶⁰ Given the slowing down of the economy, China's major industrial provinces including 'Guangdong' and 'Zhejiang' have set [less ambitious GDP growth targets for 2023](#) of "above 5

⁵² Ibid.

⁵³ "Xi extends Spring Festival greetings to all Chinese, urging solid work to create better future", [People's Daily](#), January 21, 2023.

⁵⁴ "FM expresses appreciation to diplomats", [China Daily](#), January 21, 2023.

⁵⁵ "Xinhua Headlines: Xi stresses need to promote full, rigorous Party self-governance", [Xinhua](#), January 10, 2023.

⁵⁶ Ibid.

⁵⁷ "China says COVID outbreak has infected 80 percent of population", [Al Jazeera](#), January 22, 2023.

⁵⁸ "Six fallacies and truths about China's epidemic control", [Xinhua](#), January 7, 2023.

⁵⁹ "China GDP: economy grew by 2.9 per cent in fourth quarter, 3 per cent in 2022 second-lowest since 1976", [South China Morning Post](#), January 17, 2023.

⁶⁰ Ibid.

percent”.⁶¹ Concerns have been expressed about China’s post-Covid economic recovery, particularly the [consumer confidence](#), that remains clouded by “unstable incomes” and “lingering virus fears”.⁶² China’s top economic planner – the ‘National Development and Reform Commission’ (NDRC) vowed to align fiscal, monetary, industrial, technological, and social policies to [increase consumer spending](#).⁶³ However, in a covid ravaged 2022, the value of [China’s foreign trade](#) reportedly hit a record high of 6.31 trillion dollars, an increase of 4.4 percent.⁶⁴



Chinese Vice Premier Liu He addresses the Annual Meeting of the ‘World Economic Forum’ in Davos, January 17, 2023.

Source: [Official Website of the World Economic Forum](#)

Chinese Vice Premier Liu He, in his address at the ‘World Economic Forum’ (WEF) in Davos, expressed confidence that the “Chinese economy will see a [significant improvement in 2023](#) with growth returning to normalcy”.⁶⁵ Underscoring China’s major economic achievements over the past decade, Vice Premier Liu shed light on country’s major priorities that include “economic development”, “establishing a socialist market economy”,

⁶¹ “Chinese economic powerhouses set less ambitious GDP goals for 2023”, [South China Morning Post](#), January 12, 2023.

⁶² “China’s post-Covid consumer rebound clouded by ‘unstable’ incomes, lingering virus fears”, [South China Morning Post](#), January 16, 2023.

⁶³ “China to boost spending in 2023 economic revival drive, top planner says”, [South China Morning Post](#), January 1, 2023.

⁶⁴ “China’s foreign trade hits record high in challenging year”, [Xinhua](#), January 14, 2023.

⁶⁵ “Davos 2023: Special Address by Liu He, Vice-Premier of the People’s Republic of China”, [World Economic Forum](#), January 17, 2023.

"promoting all-round economic opening up", "upholding the rule of law", and "pursuing innovation-driven development", as the central task.⁶⁶

Mainland China's [population crisis deepened](#) as its overall population plummeted by 850,000 to 1.4118 billion in 2022, first such decline in 60 years.⁶⁷ Country's "[declining birthrate](#)" can be attributed to "less willingness to have babies", "delays in getting married and having babies", and the "shrinking population of women in childbearing age".⁶⁸ Even as concerns were expressed about shrinking population impacting the Chinese economy in the future, analysts stressed that it will not immediately affect the strength of nation's labour force.⁶⁹

State Council issued a White Paper titled "[China's Green Development in the New Era](#)".⁷⁰ Beijing reiterated that "harmony between humanity and nature remains an important feature of China's modernization".⁷¹

Defence and Security

Citing China as "the greatest strategic challenge in the Indo-Pacific and beyond", the US, [UK, and Japan](#)⁷² vowed to strengthen their [military alliance and security cooperation](#).⁷³ Expressing concerns, China called upon the 'three' to abandon their "zero-sum Cold War mentality", "stop creating imaginary enemies", and "not become disruptors of stability in Asia-Pacific", which is an anchor for peace and development, not a wrestling ground for geopolitical competition", it added.⁷⁴ Further, responding to Japan and India's first joint air exercise "Veer Guardian 23", Global Times claimed that it "exposed [India and Japan's growing military ambitions](#) against China instigated by the US".⁷⁵

⁶⁶ Ibid.

⁶⁷ "China population: 2022 marks first decline in 60 years", [South China Morning Post](#), January 17, 2023.

⁶⁸ "Nation's population drops for first time in 6 decades", [China Daily](#), January 18, 2023.

⁶⁹ Ibid.

⁷⁰ "Full text: China's Green Development in the New Era", [People's Daily](#), January 19, 2023.

⁷¹ Ibid.

⁷² "Asia-Pacific not a wrestling ground for geopolitical competition: FM spokesperson", [China Military Online](#), January 12, 2023.

⁷³ "China urges U.S., Japan not to become disruptors of a stable Asia-Pacific: FM spokesperson", [Xinhua](#), January 14, 2023.

⁷⁴ Ibid.

⁷⁵ "Japan, India start fighter jet drills with growing military ambitions instigated by US against China", [Global Times](#), January 16, 2023.

Amidst unabated geopolitical contestation in the Indo-Pacific, US Navy's ['Nimitz carrier strike group'](#) began operating in the South China Sea (SCS).⁷⁶ In response, PLA's aircraft carrier 'Shandong' held a series of "drills" in the region.⁷⁷ Chinese analysts drawing distinctions, noted that Shandong carrier "demonstrated its combat readiness", while, the US carrier only "stirred up tensions which have limited military significance".⁷⁸ A Chinese military magazine shed light on the key role that drones could play in [PLA's "final unification war" on Taiwan](#), including "assassinating enemy leaders" and targeting mobile missile launchers and heavy weaponry.⁷⁹

Ahead of US Secretary of State Antony Blinken's visit to China scheduled for February 5-6, Xinhua commentary emphasised the need to bring [China-US relations back on track in 2023](#).⁸⁰ It called upon Washington to "see the bigger picture" and "abandon the zero-sum game" [containment and decoupling].⁸¹ Meanwhile, Global Times editorial expressed concerns about [US House of Representatives new speaker Kevin McCarthy's](#) establishment of a "Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party".⁸²

Chinese Ministry of National Defence (MND) shed light on measures taken by the PLA in 2022 for [improving the military's combat readiness](#).⁸³ These include "promoting greater coupling of operations and training", "refined approach to training with better facilities", and "application of new technologies in line with evolution of warfare".⁸⁴ Further, the PLA held its [annual training for 2023](#), which reportedly highlighted its "new qualities" and "integrated combat capabilities" vital to win future wars.⁸⁵ The Standing Committee of the National People's Congress (NPC) adopted "[Reservists Law](#)" that would come into force

⁷⁶ "PLA aircraft carrier Shandong holds confrontational drills in South China Sea amid US carrier strike group's entry of region", [Global Times](#), January 15, 2023.

⁷⁷ Ibid.

⁷⁸ Ibid.

⁷⁹ "Drones could play key role in PLA's 'final unification war' on Taiwan", [South China Morning Post](#), January 24, 2023.

⁸⁰ "Xinhua Commentary: World needs China-U.S. ties back on track in 2023", [Xinhua](#), January 20, 2023.

⁸¹ Ibid.

⁸² "The fire McCarthy set is like McCarthyism reincarnated: Global Times editorial", [Global Times](#), January 12, 2023.

⁸³ "Regular Press Conference of the Ministry of National Defense on December 29", [Ministry of National Defense of the People's Republic of China](#), December 31, 2022.

⁸⁴ Ibid.

⁸⁵ "PLA kicks off annual training for 2023 amid security challenges; new weapons, integrated combat capacity stressed", [Global Times](#), January 4, 2023.

on March 1, 2023, promoting transformation and development of the PLA's reserve force.⁸⁶

Continuing [PLA Navy's modernisation](#), "The Zunyi", seventh type 055 guided missile destroyer, made public debut after its commissioning.⁸⁷ On the other hand, reports highlighted Chinese military's [shortage of troops trained in high-technology operations](#).⁸⁸

Technology

Amidst China's Big-tech crackdown, country's largest fintech company "[Ant Group](#)" has overhauled its shareholding structure, diluting the voting power of founder 'Jack Ma'.⁸⁹ Restructuring has put Ant Group back on track for Initial Public Offering (IPO).⁹⁰ PBOC officials assured that Beijing's Big-tech crackdown was "basically" over and "[healthy development of internet platforms](#) will be promoted" to bring Chinese economy back on track.⁹¹

State media raised questions about [India's ability to supplant China in manufacturing](#) owing to the country's poor infrastructure, industrial shortcomings, and weak literacy rates.⁹² Notwithstanding, reports forecast [India's iPhone production](#) accounting for 50 percent of total iPhone production by 2027.⁹³

Meanwhile, Japan and Netherlands are poised to join the US in limiting [China's access to advanced semiconductor machinery](#), seeking to slow its military development.⁹⁴

⁸⁶ "Reservists Law important for national defense and military development: Defense spokesperson", [Ministry of National Defense of the People's Republic of China](#), January 13, 2023.

⁸⁷ "PLA Navy's 7th Type 055 large destroyer Zunyi makes public debut after commissioning", [Global Times](#), January 21, 2023.

⁸⁸ "Chinese military short of troops trained in hi-tech operations, PLA Daily reveals in rare show of candour", [South China Morning Post](#), January 2, 2023.

⁸⁹ "Jack Ma gives up control of Ant Group, restructuring China's largest fintech company to put it back on path for IPO", [South China Morning Post](#), January 7, 2023.

⁹⁰ Ibid.

⁹¹ "China's crackdown on tech giants is 'basically' over, top official says", [CNN](#), January 9, 2023.

⁹² "China's 'world factory' moniker, and whether India or others could steal it, remains topic of discourse", [South China Morning Post](#), January 6, 2023.

⁹³ "India's share of global iPhone production forecast to match China's by 2027 as Apple steps up supply chain diversification", [South China Morning Post](#), January 5, 2023.

⁹⁴ "Japan, Netherlands Agree to Limit Exports of Chip-Making Equipment to China", [The Wall Street Journal](#), January 28, 2023.



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