



# Delhi Policy Group

Advancing India's Rise as a Leading Power



## China Monitor

### APRIL 2023

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### ABOUT US

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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:

India's Defence Minister, Rajnath Singh, held discussions with Chinese Defence Minister, General Li Shangfu, in New Delhi on April 27, 2023. Source: [Twitter/@rajnathsingh](https://twitter.com/rajnathsingh)

Taiwan's President, Tsai Ing-wen, met US House of Representatives Speaker, Kevin McCarthy, in California on April 5, 2023. Source: [Office of the President of the Republic of China \(Taiwan\)](https://www.president.gov/)

Chinese President Xi Jinping held a trilateral meeting with French President, Emmanuel Macron, and European Commission President, Ursula von der Leyen, in Beijing on April 6, 2023. Source: [Xinhua/Zhai Jianlan](https://www.xinhuanet.com/)

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## Abstract

The month saw a number of important bilateral meetings. Defence Ministers of India and China met on April 27, 2023 in New Delhi, ahead of the Shanghai Cooperation Organisation (SCO) Defence Minister's meeting. The Indian Minister, Rajnath Singh, categorically conveyed that the "development of India-China relations is premised on the prevalence of peace and tranquillity at the borders", and that "all issues at the LAC need to be resolved in accordance with the existing bilateral agreements and commitments". China's Defence Minister, Gen. Li Shangfu, maintained the usual Chinese stand that the situation on the border was "generally stable", calling on the two sides to take a long-term view of bilateral relations by "placing border issue at an appropriate place".

The two statements highlight a clear discrepancy in approach to the resolution of India – China relations. India is primarily focused on the primacy of resolution of the border issue as a first step in normalising relations. China on the other hand believes, situation on the borders to be relatively stable to resume normal bilateral relations.

On April 23, 2023, Indian and Chinese military commanders met for their 18th round of talks on the Ladakh standoff. Their focus was on disengagement from the two remaining friction points of Depsang Plains and Demchok, along with de-escalation from five patrolling points which have been converted into "buffer zones". The meeting remained inconclusive, with no agreement on disengagement or de-escalation. There was no joint statement.

Earlier, New Delhi rejected China's attempts to rename 11 places in India's state of Arunachal Pradesh, underscoring that the state has been and continues to be an integral and inalienable part of India. In an important development, Home Minister Amit Shah launched 'Vibrant Villages Programme' in Kibithoo village of Arunachal Pradesh. This development scheme aims to boost living conditions and employment prospects in the border states of Arunachal Pradesh, Sikkim, Uttarakhand, Himachal Pradesh and the Union Territory of Ladakh, giving a fillip to the border management strategy along the LAC.

Bangladesh unveiled its 'Indo-Pacific Outlook', a move seen as a full embrace of the US-led Indo-Pacific Strategy. The step appeared to be aimed at countering assertive moves by China as part of its BRI.

Deepening its footprints in Sri Lanka, China is reportedly considering setting up a radar base in the jungles near 'Dondra Bay' in South-eastern Sri Lanka.

Once established this would allow China to monitor strategic assets in southern India, Indian Navy's activities in the Indian Ocean Region, and even US military activities in Diego Garcia.

US-China relations continued to worsen. Following reports that the US has sent 200 military personnel to train Taiwan's troops, Beijing warned Washington against any form of military cooperation with Taiwan. Earlier, China strongly condemned Taiwanese President Tsai Ing-wen's meeting with the US House of Representatives Speaker Kevin McCarthy. In response, the PLA held combat readiness exercise 'Joint Sword', aimed at testing Chinese capabilities to undertake joint operations in a Taiwan contingency.

Adding to Chinese concerns, President of the Republic of Korea, Yoon Suk Yeol, observed that Taiwan is not simply an issue between China and Taiwan, but like North Korea, it is a "global concern". G7 Foreign Ministers in their communique also reiterated concerns about developments in Taiwan, Hong Kong, Xinjiang, and Tibet.

Amidst growing strategic competition in Northeast Asia, the US and the Philippines carried out a major joint military exercise that included sinking a ship in the South China Sea, in an apparent demonstration of their joint capabilities against intrusive patrolling by Chinese vessels.

Chinese and Russian defence ministers met in Moscow on April 16, 2023, deepening their military cooperation and support for each other's core interests. Reports about China's import of Russian Uranium for its fast-neutron nuclear breeder reactors raised concerns over Beijing potentially producing weapons-grade plutonium, in pursuit of a major build-up of its nuclear weapons arsenal.

On April 26, 2023, President Xi held a phone conversation with Ukraine's President Volodymyr Zelensky. The Chinese President reiterated that dialogue and negotiations was the only viable way to resolve the crisis, adding that China will not add "fuel to the fire" in the Ukraine conflict or seek to benefit from it.

President Xi hosted leaders of France, the European Union, Brazil, Spain, Malaysia, and Singapore. On April 14, 2023, in his meeting with Brazil's President Luiz Inacio Lula da Silva, President Xi highlighted the "overarching strategic and global influence of the China-Brazil partnership", underscoring that Beijing will explore a "greater synergy between its Belt and Road Initiative (BRI) and Brazil's reindustrialisation strategy". Chinese Yuan has become Brazil's second-largest international reserve currency, highlighting "Yuan's global inroads", and "de-dollarisation in US currency settlements".

On April 6, 2023, President Xi held a trilateral meeting with French President Emmanuel Macron and European Commission President Ursula von der Leyen. Major issues touched in the meeting included maintaining stability in relations, practising true multilateralism for global peace, and commitment to the China-Europe relationship which is not targeted, subjugated, or controlled by any third party.

French President Macron stressed on the EU's "strategic autonomy" and called upon Europe to reduce its dependence on the US and avoid getting caught in US-China confrontation.

China's GDP grew by 4.5 percent year-on-year in the first quarter of 2023. President Xi, reacting to this "stronger than expected" rebound, stressed that the economy had resumed normal operations, but there are still challenges in pursuing high-quality development.

## Foreign and Security Policy

### I. China-India Relations

The month saw a number of important bilateral meetings. First, was the 18<sup>th</sup> round of Military Commanders talks which took place on April 23, 2023. Second was the India-China Defence Ministers meeting on April 27, 2023 on the side-line of the Shanghai Cooperation Organisation (SCO) Defence Ministers Meeting.

The [18th round of Military Commanders](#) talks like in the past centred upon disengagement from Depsang Plains and Demchok together with the de-escalation of troops from five patrolling points which have been converted into "buffer zones". As in the past meeting remained inconclusive with no agreement on disengagement. India's Ministry of External Affairs statement simply stated that the two sides had a frank and in-depth discussion on the resolution of the relevant issues along the LAC in the Western Sector. No joint statement was issued after the meeting.<sup>1</sup> Chinese media gave an interesting spin to the outcome of talks, calling them "[Confidence Building Measures](#)", to avoid confrontation and desire to de-escalation.<sup>2</sup>

On April 27, 2023, Defence Minister [Rajnath Singh met his Chinese counterpart](#) General Li Shangfu on the side-lines of the SCO Defence Ministers meeting.<sup>3</sup> India's Ministry of Defence in a statement said that the two ministers had "frank discussions about the developments in the India-China border areas as well as bilateral relations". It said Defence Minister Rajnath Singh "categorically conveyed that development of relations between India and China is premised on the prevalence of peace and tranquillity at the borders". Adding that "all issues at the LAC need to be resolved in accordance with existing bilateral agreements and commitments".<sup>4</sup>

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<sup>1</sup> India, China hold 18th round of military talks on LAC row," [Hindustan Times](#), April 23, 2023

<sup>2</sup> "New Delhi should shun geostrategic pitfalls: China Daily editorial", [China Daily](#), April 25, 2023.

<sup>3</sup> "India-China border situation 'generally stable': China's Defence Minister tells Rajnath Singh," [The Hindu](#), April 28, 2023

<sup>4</sup> "Violation of pacts eroded basis of bilateral ties: Rajnath to China," [The Indian Express](#), April 27, 2023





India's Defence Minister, Rajnath Singh, held discussions with Chinese Defence Minister, General Li Shangfu, in New Delhi on April 27, 2023. Source: [Twitter/@rajnathsingh](https://twitter.com/rajnathsingh)

A day after India's strong response, China's Defence Ministry taking a very placid stance, quoted Gen Li, as stating that the situation in the border area is "generally stable". Adding that both sides should put the boundary issue in an "appropriate position" and promote its transition to "normalised management".<sup>5</sup>

In keeping with China's continued intransigence, India too is stepping up its [operational readiness along the LAC](#), with the Chief of Defence Staff Gen Anil Chauhan carrying out a comprehensive review of overall security situation in Eastern Sector (Arunachal Pradesh and Sikkim) and Ladakh.<sup>6</sup>

Earlier in the month, Chinese attempt to rename [11 palaces in Arunachal Pradesh](#), triggered an angry exchange of words. China's Ministry of Civil Affairs issued a statement and a map that showed the 11 places renamed by China as being within "Zangnan", or southern Tibet. After India's foreign ministry's strong rejection of the move, the Chinese foreign ministry maintained that the name changes were "completely within the scope of China's sovereignty".<sup>7</sup>

<sup>5</sup> "LAC situation 'generally stable', take long-term view: Chinese defence minister to Rajnath," [India Today](#), April 28, 2023

<sup>6</sup> "CDS Gen Anil Chauhan reviews operational situation along LAC in Sikkim sector," [The Tribune](#), April 9, 2023

<sup>7</sup> "India's strong reaction after China renames 11 places in Arunachal Pradesh," [Hindustan Times](#), April 4, 2023



In a development that will provide a fillip to country's border management strategy, India launched '[Vibrant Villages Programme](#)', in a border village of [Kibithoo](#) in Arunachal Pradesh. This is a 48-billion-rupee (\$585 million) development scheme aimed at boosting living conditions and employment prospects in the border states of Arunachal Pradesh, Sikkim, Uttarakhand, Himachal Pradesh and the Union Territory of Ladakh.<sup>8</sup>

Despite continuing tensions, China is keen on pursuing trade with India. During a public interaction [Chinese Counsel General, in Mumbai underscored](#) "we are keen to promote a balanced trade with India... Indian companies should look at the Chinese market seriously by creating awareness about their local brands in the Chinese market. I invite Indian entrepreneurs to visit China and identify potential buyers for their products".<sup>9</sup>

As per Chinese custom data as on January 13, 2023, [India's bilateral trade with China](#) reached a record \$135.98 billion in 2022. Registering an increase of 21 percent from last year. India's exports to China, however, fell in 2022, driving an already significant trade deficit beyond the \$100 billion-mark for the first time.<sup>10</sup>

## II. China-South Asia Relations

There are signs of growing mistrust between China and Pakistan, after a civil court imposed a USD 2.48 million fine on [China National Petroleum Corporation](#) for alleged contractual violation. China has also been accused of dubious business practices. According to reports, Chinese contractors were overcharging in two CPEC power plants, by as much as USD 3 billion. There are concerns that the deals were badly negotiated, too expensive or overly favoured China.<sup>11</sup> As a consequence of these accusations, China has slowed down its investments on large infrastructure projects under CPEC like the Main Line1 (ML-I) – railway line between Karachi and Peshawar – and the Karachi Circular Railway (KCR), citing financial liabilities. Despite concerns about the increasing indebtedness of Pakistan, China is planning to build a [strategically](#)

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<sup>8</sup> "Amit Shah launches Vibrant Villages Programme in Arunachal," [The Indian Express](#), April 14, 2023

<sup>9</sup> "China keen to promote balanced trade with India: Chinese Consul General," [The Economic Times](#), April 19, 2023

<sup>10</sup> "China keen to promote balanced trade with India: Chinese Consul General," [The Economic Times](#), April 19, 2023

<sup>11</sup> "Pakistan-China Economic Partnership stalled," [The Print](#), April 25, 2023

[significant railway link to Pakistan](#) through the disputed POK which could cost as much as \$57.7 billion.<sup>12</sup>

Further, terror attacks on Chinese interests have added to the Chinese apprehensions over the internal security situation and ability of state to maintain law and order. A [Chinese national was arrested on blasphemy charges](#) after he asked Pakistani workers to maintain the pace of work during 'Ramadan'.<sup>13</sup> The safety of Chinese nationals is a sensitive issue, as anti-China sentiments builds up making it difficult for the local government and security agencies to control, despite special force deputed for their security. Karachi Police temporarily shut some businesses run by Chinese nationals to prevent terrorist attacks. [China has issued a number of advisories to its citizens](#), advising them to remain cautious due to the "deteriorating security situation" in the country.<sup>14</sup> Pakistanis, especially the Islamic clergy and the 'nationalists' resent Chinese presence.<sup>15</sup>

Persecution of Uyghurs by the Chinese has become a contentious issue in Pakistan. On April 19, [Qazi Javid, in his column in Urdu](#), reminded China of treatment of Uyghur women, over China's concern for Afghan women being ill-treated by the Taliban.<sup>16</sup>

China's interest in Afghanistan is increasingly backed by its ambition to explore its mineral resources, especially lithium deposits estimated to be worth more than USD 1 trillion.<sup>17</sup> [Chinese Company, Gochin](#) has expressed interest in investing USD 10 billion in Afghanistan's lithium deposits.

Bangladesh unveiled its [Indo Pacific strategy](#) that envisions a free, secure, open, peaceful inclusive Indo-Pacific. "Over the years Dhaka pursued a non-aligned foreign policy, but it appears to be moving towards a closer to a full embrace of the Indo-Pacific Strategy pursued by the United States and its partners, which revolves around countering China."<sup>18</sup> According to experts this move should be seen through the prism of grand plan for free and open Indo Pacific announced last month in Delhi. It emphasizes building an economic

<sup>12</sup> "China's railway link to Pak to cost USD 57.8 bn: Study," [The Tribune](#), April 28, 2023

<sup>13</sup> "Chinese national arrested on blasphemy charges in KP," [Pakistan Today](#), April 17, 2023

<sup>14</sup> "Despite Repeated Warnings..." - Pak Seals Some Chinese Businesses: Report," [NDTV](#), April 18, 2023

<sup>15</sup> "Pakistanis voice protest Chinese persecution of Uyghurs," [ANI](#), April 23, 2023

<sup>16</sup> Ibid.

<sup>17</sup> "China eyes Afghanistan's lithium reserves, offers to invest USD 10 billion", [The Economic Times](#), April 15, 2023

<sup>18</sup> "Bangladesh unveils Indo-Pacific Strategy; expert says it is still trying to placate China," [Financial Express](#), April 25, 2023

zone encompassing Bengal Northeast in cooperation with Bangladesh. This zone will create an industrial value chain that will help Dhaka to fulfill its aim to make Bangladesh a developed country by 2041.”<sup>19</sup>

A month after extending assurances to support Sri Lanka's debt restructuring, China has started pushing Colombo for strategic pay offs. [China is considering setting up a radar base](#) in the jungles near 'Dondra Bay' in South-eastern Sri Lanka which will be able to monitor India's strategic programmes (missile tests/space launches) in southern India, Indian Navy's activities in the Indian Ocean as also US military activities in Diego Garcia. The radar could also keep an eye on the Kudankulam and Kalpakkam nuclear power plants.<sup>20</sup>

Further, China has been pushing Sri Lanka to sign an FTA. The 5th round of [China-Sri Lanka FTA negotiations](#) were held in Colombo on April 25. Two sides exchanged views on trade in goods and services, investments, economic and technical cooperation, etc. According to experts, Sri Lanka's disadvantage is that China's FTAs restrict the use of para-tariffs, such as the import levy used by Sri Lanka. For a country like Sri Lanka, whose exports are limited to a few products, an agreement that reduces barriers to trade on thousands of other products but excludes key exportable products from the world and China will fail to facilitate Sri Lanka's export growth.<sup>21</sup>

### III. China-United States Relations

Two prominent areas of standoff between the US and China in the month were Taiwan and South China sea.

Following reports that the Pentagon has sent 200 military personnel to train Taiwanese troops, China warned the US against any form of military cooperation with Taiwan. [In a statement Zhu Fenglian](#), a spokeswoman for China's Taiwan Affairs Office stressed "We resolutely oppose US having any form of official or military contact with China's Taiwan region". The US troops arrived for on-the-spot training needs evaluation and propose improvements to their Taiwanese counterparts.<sup>22</sup>

Earlier in the month, responding to [Taiwanese President Tsai Ing-Wen's stopover trip to the US](#) and meeting with House Speaker Kevin McCarthy, China conducted large-scale combat exercises (Joint Sword) around Taiwan

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<sup>19</sup> Ibid

<sup>20</sup> "Chinese Radar Base in Sri Lanka to Keep an Eye on India: Report," [The Wire](#), April 7, 2023

<sup>21</sup> "China pushes Sri Lanka to sign FTA in guise of debt restructuring," ANI, April 12, 2023

<sup>22</sup> "China warns US against military cooperation with Taiwan," Independent, April 27, 2023

sending a message that it is “ready to fight at all times, to resolutely smash any form of ‘Taiwan independence’ and foreign interference attempts.”<sup>23</sup> Military experts opine that, the exercises serve the purpose of both intimidation and as [an opportunity for PLA to practice blockade of Taiwan’s sea](#) and air space, an important strategic option that China could pursue in any Taiwan centric option.<sup>24</sup>



Taiwan's President, Tsai Ing-wen, met US House of Representatives Speaker, Kevin McCarthy, in California on April 5, 2023. Source: [Office of the President of Republic of China \(Taiwan\)](#)

Amidst growing strategic competition in Northeast Asia, US and Philippines have sought to revive their military alliance. The two countries carried out a major exercise to repel Chinese encroachment in the disputed waters in the South China Sea (SCS), which included sinking of an abandoned ship in the SCS. These come amidst Chinese coast guard's stepped-up harassment of Philippine coastal shipping in recent months.<sup>25</sup> Importantly, the two weeks long drill was conducted a day after China concluded large-scale exercises around Taiwan. A joint statement as part of [2+2 Ministerial Dialogue](#) issued prior to the exercise voiced strong objections to the unlawful maritime claims,

<sup>23</sup> “A weapons stockpile and asymmetric warfare: how Taiwan could thwart an invasion by China – with America’s help,” [CNN](#), April 16, 2023

<sup>24</sup> “China military ‘ready to fight’ after drills near Taiwan,” [AP News](#), April 11, 2023

<sup>25</sup> “US and Philippine forces sink warship in South China Sea exercises in signal to Beijing,” [Financial Times](#), April 26, 2023

militarization of reclaimed features, and threatening and provocative activities in the South China Sea.<sup>26</sup>

US Treasury Secretary, [Janet Yellen's remarks](#) at the Johns Hopkins School of Advanced International Studies reflected US government's changing priorities on bilateral ties with China. Secretary Yellen highlighted China's confrontational posture toward the United States' allies and partners not only in the Indo-Pacific but also in Europe, and other regions. In a noticeable economic pragmatism, Yellen mentioned that, the US economic diplomacy towards China has three principal objectives: First, to protect national security interests and human rights of the US and its allies and partner countries. Second, seek a healthy economic relationship with China: one that fosters growth and innovation in both countries. However, the US will resolutely partner with its allies to respond to China's unfair economic practices, Yellen said. Third element alluded to US seeking Chinese cooperation on urgent global challenges of our day.<sup>27</sup>

Following Janet Yellen's speech, a veteran Chinese diplomat, Cui Tinkai, who served as Chinese envoy to US, for over ten years, emphasised that "shocking and perilous" incidents could happen between China and the United States in the next couple of years. In his view this will be the result of a significant deterioration of views about China among the American public. These [negative changes in Washington's China policy](#) would continue for several more years regardless of the 2024 presidential election, he observed.<sup>28</sup>

Despite the growing negative perception about each other, China and the US are reviving low scale communications. Liu Jianchao, head of CPC Central Committee's International Department met US envoy Nicholas Burns on April 20 and [exchanged views on US-China relations](#) including international and regional issues. Officials from the Chinese Ministry of Commerce met counterparts from the US Department of Commerce in Beijing earlier in the month to discuss economic and trade relations and ways to strengthen communication and cooperation.<sup>29</sup>

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<sup>26</sup> "Joint Statement of the U.S. - Philippines 2+2 Ministerial Dialogue," US Department of State, April 11, 2023

<sup>27</sup> "Remarks by Secretary of the Treasury Janet L. Yellen on the U.S. - China Economic Relationship at Johns Hopkins School of Advanced International Studies," U.S. DEPARTMENT OF THE TREASURY, April 20, 2023

<sup>28</sup> "US-China ties set for further 'turbulence', former ambassador to Washington Cui Tiankai warns," [South China Morning Post](#), April 23, 2023

<sup>29</sup> "China-US ties: veteran diplomat Liu Jianchao meets ambassador Nicholas Burns," [South China Morning Post](#), April 20, 2023



China severely criticised the second 'Summit for Democracy' co-hosted by the US, as touting a "false narrative of [democracy versus authoritarianism](#), aimed at stoking divisions and confrontation to maintain US primacy [global hegemony]".<sup>30</sup> Chinese state media, highlighting US's global interventions and unilateral sanctions asserted that "America's [thinly veiled hypocritic democracy](#) erodes global stability".<sup>31</sup>

Commenting on the US banking crisis, Xinhua shed light on "how [US Dollar's hegemony](#) creates global chaos".<sup>32</sup> It argued that the US has deliberately established Dollar's hegemony in the system of international transactions, turning the USD into a tool to bleed other countries by collecting seigniorage revenue" (a fee payable to a government for minting notes/coins).<sup>33</sup> It also criticised Washington for "creating global asset bubbles" and "exacerbating global debt risks".<sup>34</sup>

#### IV. China-European Union Relations

Europe's China dilemma was at the centre stage following joint visit to Beijing by French President Emmanuel Macron and President of the European Commission Ursula von der Leyen. The two European leaders represented two ["fairly different strands of European thinking on China"](#). While President Macron stressed on Europe's "strategic autonomy" especially on the issue of Taiwan, Ursula von der Leyen spoke of 'divide and conquer' tactics and seeking a 'distinct European approach'.<sup>35</sup> Major issues touched in the [trilateral meeting between China, France, and the EU](#) included maintaining "stability in relations", "practising true multilateralism for global peace", "commitment to the China-Europe relationship which are not targeted, subjugated, or controlled by any third party". Peace talks as the only correct solution to the Ukraine crisis was also highlighted at the meeting.<sup>36</sup>

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<sup>30</sup> "U.S. "Summit for Democracy" triggers division, confrontation: spokesperson", [People's Daily](#), April 1, 2023.

<sup>31</sup> "Xinhua Commentary: America's thinly veiled hypocritic democracy erodes global stability", [Xinhua](#), March 30, 2023.

<sup>32</sup> "Xinhua Headlines: How U.S. dollar's hegemony creates global chaos", [Xinhua](#), April 4, 2023.

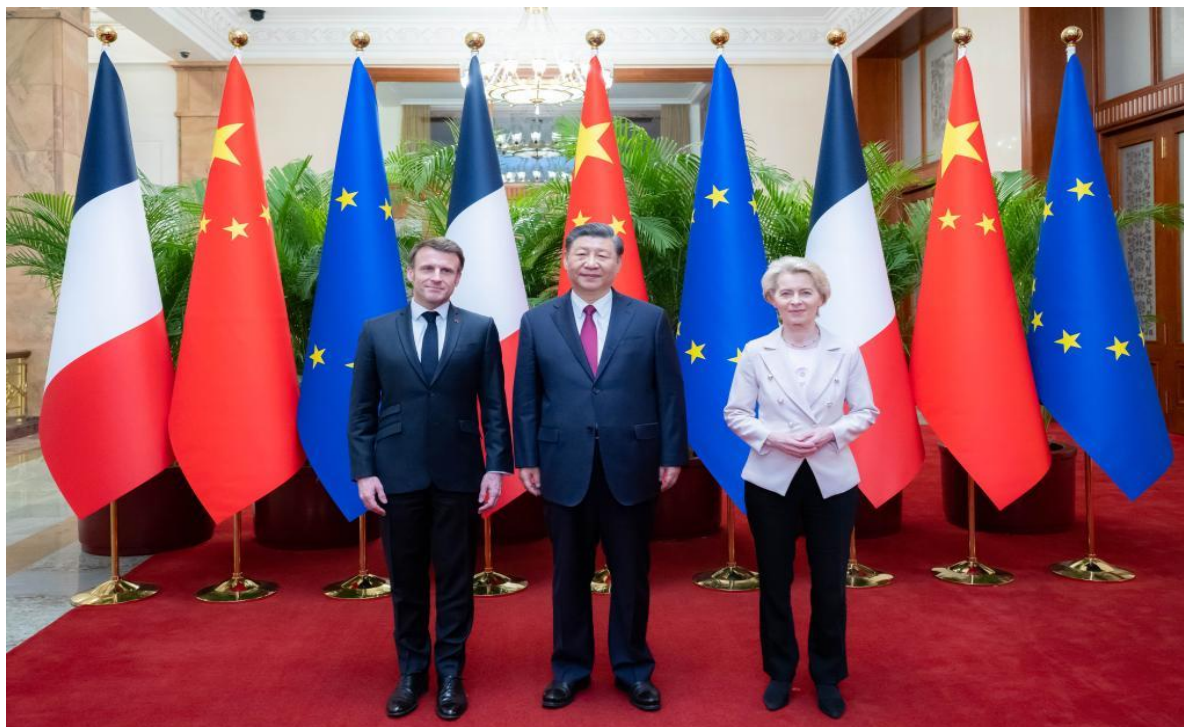
<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

<sup>35</sup> "EU's Struggle To Find a Unified Stance on China Will Shape the US-China Contest," [South China Morning Post](#), April 22, 2023.

<sup>36</sup> "Xiplomacy: Meetings of leaders facilitate steady, long-term development of China's ties with France, EU", [People's Daily](#), April 10, 2023.





Chinese President Xi Jinping held a trilateral meeting with French President, Emmanuel Macron, and European Commission President, Ursula von der Leyen, in Beijing on April 6, 2023. Source: [Xinhua/Zhai Jianlan](#)

[Macron's comments on Taiwan that](#) "Europe must reduce its dependency on the United States and avoid getting dragged into a confrontation between China and the US over Taiwan" drew international attention.<sup>37</sup> Reacting to the backlash, [Macron in yet another statement said](#), "the French and European position on Taiwan is the same. We're in favour of status quo. This policy is constant and hasn't changed".<sup>38</sup> Responding to the latest military drills later, [EU foreign policy chief Joseph Borrell](#) in an opinion piece stressed that Taiwan "concerns us economically, commercially and technologically" and that's why European navies should patrol the disputed Taiwan Strait, echoing earlier comments stressing how crucial Taiwan is to Europe.<sup>39</sup>

Adding further to Chinese concerns, President, [Yoon Suk-yeol](#) of ROK, commented that Taiwan is not simply an issue between China and Taiwan, but like North Korea, it is a "global concern".<sup>40</sup>

<sup>37</sup> "Europe must resist pressure to become 'America's followers,' says Macron," [Politico](#), April 9, 2023

<sup>38</sup> "Emmanuel Macron says his position on Taiwan is unchanged," [Associated Press](#), April 12, 2023

<sup>39</sup> "Taiwan Strait: top EU diplomat calls for European navy patrols," [The Guardian](#), April 23, 2023

<sup>40</sup> "China lodges complaint over S Korean president's Taiwan comments", [AL Jazeera](#), April 23, 2023.

Chinese Ambassador to France, [Lu Shaye's remarks](#) that the countries that had emerged from the collapse of the Soviet Union lacked effective sovereign status under international law prompted a furious reaction from Baltic countries like Estonia, Latvia and Lithuania, which denounced the words as completely unacceptable and demanded an immediate retraction. China's Foreign Ministry has distanced itself from Ambassador Lu Shaye's remarks.<sup>41</sup>

## V. China-Russia Relations

Amidst international outcry over [China's show of support for Russia in the wake of Ukraine crisis](#) and mounting western sanctions, President Xi Jinping in his first call to President Volodymyr Zelenskyy reassured that Beijing would not add "fuel to the fire" in Ukraine war insisting the time was ripe to "resolve the crisis politically." According to a report in Politico, Xi's remarks are a signal that Beijing won't give direct military assistance to Russian President Vladimir Putin.<sup>42</sup>

President Xi's phone call was preceded by [China- Russia Defence Ministers meet on April 17](#). China's defence minister Li Shangfu during his first overseas visit to Russia discussed the state of China Russia military relations. Shangfu said China and Russia are willing to work to build close strategic communications between each other's militaries. He said Beijing is ready to strengthen "multilateral coordination and cooperation with Russia". He further added, "China is willing to work with Russia to make new contributions to the maintenance of world and regional security and stability."<sup>43</sup>

## Internal Developments

### Key Meetings and Addresses by Chinese Leaders

[President Xi Jinping hosted leaders](#) of France, Brazil, Spain, Malaysia, Singapore, and the European Union. Commenting on these meetings Xinhua stressed that "Xi's diplomatic agenda [Xiplomacy] reflects China's growing role in world peace and development".<sup>44</sup>

In his meeting with Brazil's President Luiz Inacio Lula da Silva, on April 14, 2023, President Xi highlighted the "overarching strategic and global influence

<sup>41</sup> "China sends top wolf warrior Lu Shaye to the dog house," [Politico](#), April 26, 2023

<sup>42</sup> "Xi tells Zelenskyy: China won't add 'fuel to the fire' in Ukraine," [Politico](#), April 26, 2023

<sup>43</sup> "US-sanctioned Chinese defense minister meets Putin in Moscow, hails military ties," [CNN](#), April 17, 2023

<sup>44</sup> "Xinhua Headlines: Xi's diplomatic agenda reflects China's role in world peace, development", [Xinhua](#), April 4, 2023.

of the [China-Brazil partnership](#) that continues to grow”, underscoring that Beijing will explore a “greater synergy between its Belt and Road Initiative and Brazil’s reindustrialisation strategy”.<sup>45</sup> Other major issues touched included “deepening cooperation in areas such as trade and investment, digital economy, technological innovation, poverty reduction, and space”, “advancing partnership beyond the bilateral level including firm support for Latin American and Caribbean (LAC) countries”, and “stepping up strategic coordination in the UN, BRICS, G20, and other multilateral institutions”.<sup>46</sup>



Chinese President Xi Jinping held a welcoming ceremony for Brazil’s President Luiz Inacio Lula da Silva in Beijing on April 14, 2023. [Source: Xinhua/Liu Weibing](#)

Chinese Yuan has become Brazil’s second-largest international [reserve currency](#).<sup>47</sup> In light of Yuan’s Brazilian inroads, a South China Morning Post report asserted that “de-dollarisation reflects [cracks in US currency settlements](#)”.<sup>48</sup> Analysts expect a bigger use of the Yuan in outbound investments in countries part of China’s Belt and Road Initiative, and for energy trade with Middle East countries, including cross-border payments in digital currency.<sup>49</sup> Towards this, China conducted its first [Yuan-settled liquefied natural gas \(LNG\) trade](#) through the Shanghai Petroleum and Natural Gas

<sup>45</sup> “Xi, Lula map out future China-Brazil ties”, [Xinhua](#), April 15, 2023.

<sup>46</sup> Ibid.

<sup>47</sup> “China’s RMB becomes Brazil’s second-largest international reserve currency”, [Xinhua](#), April 1, 2023.

<sup>48</sup> “China’s yuan makes Brazilian inroads, as ‘de-dollarisation reflects cracks’ in US currency settlements”, [South China Morning Post](#), April 3, 2023.

<sup>49</sup> Ibid.

Exchange, importing 65,000 tonnes of LNG from the UAE.<sup>50</sup> In March 2023, Yuan became the most widely used currency for [cross-border transactions](#) in China, overtaking the USD for the first time.<sup>51</sup> [Argentina](#), too, has joined the bandwagon by agreeing to pay for Chinese imports in Yuan instead of USD.<sup>52</sup>

On April 2, 2023, Chinese Foreign Minister Qin Gang in meeting with Japanese Foreign Minister Yoshimasa Hayashi, highlighted Japan's recent negative diplomatic, military, and economic moves towards China. Reacting to this, a Global Times editorial asserted that "[not acting as a US pawn](#)" is an important prerequisite for Japan to build a constructive and stable relationship with China.<sup>53</sup>

In an address at '[Lanting Forum](#)' in Shanghai, Foreign Minister Qin Gang reiterated, Beijing will not tolerate anything against its "core interests" in Taiwan, adding, "those who play with fire will eventually get themselves burned".<sup>54</sup> Qin also highlighted the Chinese-brokered deal between Iran and Saudi Arabia, and Beijing's push for peace talks in the Ukraine conflict as evidence of China as a force for "boosting peace" and justice".<sup>55</sup> Meanwhile, in an address at 'Boao Forum for Asia', Chinese Premier Li Qiang reiterated country's resolve to [stand firm against decoupling](#) and trade fragmentation, while promising to reconnect China's recovering economy with the world.<sup>56</sup>

In another address, Xi called for a rigid implementation of CPC's [Party education campaign](#) on the study and implementation of the 'Thought on Socialism with Chinese Characteristics for a New Era'.<sup>57</sup> Xi also asserted that the education campaign should build the Party into "one piece of adamant iron" that is invincible.<sup>58</sup> Further, Central Committee revealed an outline of a five-year plan (2023-27) aimed at [revising Party regulations](#).<sup>59</sup> A major priority of the

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<sup>50</sup> "China completes first LNG cross-border yuan settlement transaction", [Global Times](#), March 29, 2023.

<sup>51</sup> "Yuan overtakes dollar to become most-used currency in China's cross-border transactions", [Reuters](#), April 26, 2023.

<sup>52</sup> "Argentina to pay for Chinese imports in yuan rather than dollars", [Reuters](#), April 27, 2023.

<sup>53</sup> "Premise for Japan's China diplomacy should be not to serve as US' pawn: Global Times editorial", [Global Times](#), April 3, 2023.

<sup>54</sup> "Modernisation is not a privilege for a few countries, says Chinese Foreign Minister Qin Gang", [South China Morning Post](#), April 21, 2023.

<sup>55</sup> Ibid.

<sup>56</sup> "China's Premier Li Qiang lashes out at 'new cold war' in a speech putting Beijing at the centre of global economic stability", [South China Morning Post](#), March 30, 2023.

<sup>57</sup> "Xi urges solid implementation of Party education campaign to enhance cohesion, pool strengths", [People's Daily](#), April 4, 2023.

<sup>58</sup> Ibid.

<sup>59</sup> "CPC central leadership reveals five-year plan to refine Party regulations", [Xinhua](#), April 19, 2023.



plan is to improve the systems that uphold Xi Jinping's core position in the Central Committee.<sup>60</sup>

## Trade and Economy

China's [GDP grew by 4.5 percent](#) year-on-year in the first quarter of 2023.<sup>61</sup> President Xi, while presiding over a CPC Political Bureau meeting noted that the economy had [resumed normal operations](#), but there are still challenges in pursuit of high quality development.<sup>62</sup> Reacting to "[stronger than expected rebound](#)", Xinhua stressed that this will "promote growth in Asia and beyond, boosting confidence in global economic recovery".<sup>63</sup> For 2023, the IMF and World Bank forecast China's economy to grow by 5.2 and 5.1 percent respectively, in line with government's growth target of around 5 percent.<sup>64</sup>

Notwithstanding above, a South China Morning Post report shed light on [China's "uneven economic recovery"](#), especially in retail sales, industrial production and fixed asset investment, and expressed concerns over unemployment, slowing export orders, US containment endeavours and international market turbulence.<sup>65</sup> China's Vice Trade Minister Wang Shouwen also reiterated concerns over a "[severe and complicated foreign trade situation](#)"<sup>66</sup> and ramped up calls for China's admission into [Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#) (CPTPP).<sup>67</sup>

Since 2018, China is progressively losing more of its share of US imports to low-cost Asian rivals as companies continue to [move manufacturing out of China](#).<sup>68</sup> Amidst dwindling exports, Chinese manufacturers are looking at developed economies (Germany and the US) as the best bet to [recoup exports](#)

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<sup>60</sup> Ibid.

<sup>61</sup> "Good start to Chinese economy boosts confidence in global economic recovery", [Xinhua](#), April 20, 2023.

<sup>62</sup> "China Focus: Chinese leadership analyzes economic situation, work", [Xinhua](#), April 28, 2023.

<sup>63</sup> "Good start to Chinese economy boosts confidence in global economic recovery", [Xinhua](#), April 20, 2023.

<sup>64</sup> Ibid.

<sup>65</sup> "China GDP: uneven economic recovery ups pressure despite better-than-expected 4.5 per cent first-quarter growth", [South China Morning Post](#), April 18, 2023.

<sup>66</sup> "China warned of 'severe, complicated' foreign trade situation ahead of Canton Fair amid falling orders", [South China Morning Post](#), April 4, 2023.

<sup>67</sup> "China's CPTPP trade aspirations still hinge on bloc's support as external pressures mount", [South China Morning Post](#), April 24, 2023.

<sup>68</sup> "China Loses More of Its Share of U.S. Imports to 'Low-Cost' Asian Rivals", [Caixin Global](#), April 24, 2023.

lost during the COVID-19 pandemic.<sup>69</sup> State Council issued guidelines to [stabilise and optimise foreign trade](#).<sup>70</sup>

Tesla, the US Electric Cars, Solar and Clean Energy Company is planning to manufacture company's complete [energy storage product megapack](#) in China.<sup>71</sup> Reacting to the development, Chinese state media underscored foreign enterprises' confidence in the country's economy, commitment to opening up, and the resolve to pursue high-quality common development.<sup>72</sup>

China's experimental advanced superconducting tokamak (EAST) company, also known as "artificial sun" reportedly achieved a breakthrough, in terms of steady state high confinement plasma operation, a key step toward the [development of a fusion reactor](#).<sup>73</sup>

## Defence and Security

China rejected NATO Secretary General Jens Stoltenberg's remarks that in the face of the "security challenge" posed by China, NATO must deepen engagement with [partners in the Indo-Pacific](#).<sup>74</sup> Beijing reiterated its "firm opposition to NATO's involvement in Asia-Pacific and the creation of Asia-Pacific version of NATO on the pretext of the so-called China challenge".<sup>75</sup>

China opposed US accusations over opaque nuclear tests that lack transparency, proliferation of missile technology, and sensitive biological activities, outlined in Department of State's annual report on 'Adherence to and Compliance with [Arms Control, Non-proliferation, and Disarmament Agreements and Commitments](#)'.<sup>76</sup> While rejecting US's accusations, China reminded Washington of its own misconduct in the fields of arms control, disarmament, and non-proliferation of missile technology.<sup>77</sup> Adding, Washington's persistent adherence to the "Cold War mentality", "reckless

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<sup>69</sup> "China firms see developed economies as best bet to recoup exports lost in pandemic, survey finds", [South China Morning Post](#), April 18, 2023.

<sup>70</sup> "China issues guidelines to stabilize scale, optimize structure of foreign trade", [People's Daily](#), April 26, 2023.

<sup>71</sup> "Xinhua Headlines: Tesla to build new mega factory in Shanghai", [Xinhua](#), April 9, 2023.

<sup>72</sup> Ibid.

<sup>73</sup> "China's "artificial sun" achieves breakthrough, key step toward fusion reactor", [Xinhua](#), April 13, 2023.

<sup>74</sup> "China opposes NATO to create replica in Asia-Pacific on pretext of so-called "China Challenge": Defense Spokesperson", [Chinese Ministry of National Defence](#), April 14, 2023.

<sup>75</sup> Ibid.

<sup>76</sup> "China firmly opposes US' accusations against China in arms control report, urging US to stop self-righteous behavior", [Global Times](#), April 17, 2023.

<sup>77</sup> Ibid.



provocation of great power confrontation”, “unchecked military expansion”, and “relentless pursuit of absolute security” as undermining global strategic stability and the multilateral process of arms control, disarmament, and non-proliferation.<sup>78</sup> Meanwhile, China conducted its seventh publicly announced land-based [mid-course anti-ballistic missile test](#).<sup>79</sup>

China is building two [fast-neutron nuclear breeder reactors](#) at Changbiao Island that could potentially produce weapons-grade plutonium, aiding Beijing’s pursuit of a major build-up of its nuclear weapons arsenal.<sup>80</sup> Weapons grade plutonium could help Beijing increase its stockpile of [nuclear warheads](#) by as much as four folds in the next 12 years.<sup>81</sup>

The joint communiqué issued by [G7 Foreign Minister’s](#) expressed concerns over China’s “militarisation activities in the South China Sea”, “human rights abuses in Xinjiang, Tibet, and Hong Kong”, and reaffirmed the “importance of peace and stability across the Taiwan Strait”.<sup>82</sup> Opposing the G7 communiqué, China lodged a stern protest to Japan asserting that Taiwan, Hong Kong, Xinjiang, and Xizang (Tibet) are purely China’s internal affairs and no foreign forces may interfere in them in any way or under any pretext.<sup>83</sup> Adding that, “the situation in East China Sea and South China Sea is generally stable and the relevant countries need to respect the efforts of the regional countries to uphold peace and stability by refraining from sowing discord and creating camp confrontation”.<sup>84</sup>

Amidst the US’s continuing efforts to bolster [Taiwan’s self-defence capabilities](#), Chinese analysts slammed Taiwan’s plans to buy 400 land-launched anti-ship Harpoon missiles as “playing with fire”.<sup>85</sup> Further, a Global Times report asserted that Taiwan’s military is unsure of how to respond to the US’s scathing assessment in [Pentagon’s leaked documents](#) that underscored Taiwan

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<sup>78</sup> Ibid.

<sup>79</sup> “China successfully conducts land-based, mid-course antiballistic missile test”, [Global Times](#), April 14, 2023.

<sup>80</sup> “China’s new breeder reactors may produce more than just Watts”, [IEEE Spectrum Magazine](#), December 28, 2023.

<sup>81</sup> “China’s Imports of Russian Uranium Spark Fear of New Arms Race”, [Bloomberg](#), March 1, 2023.

<sup>82</sup> “China strongly opposes joint communiqué of G7 foreign ministers meeting”, [People’s Daily](#), April 19, 2023.

<sup>83</sup> Ibid.

<sup>84</sup> Ibid.

<sup>85</sup> “Reported US anti-ship missile sales to island of Taiwan slammed as playing with fire”, [Global Times](#), April 18, 2023.

military's inability to thwart PLA's military air superiority in a cross-strait conflict.<sup>86</sup>

Meanwhile, on April 10, the PLA condemned [US guided-missile destroyer USS Milius's](#) illegal trespassing into waters adjacent to Chinese claimed Nansha Islands (Spratly Islands) in the South China Sea.<sup>87</sup> Amidst growing tensions in Northeast Asia, China's second aircraft carrier 'Shandong' held [drills in Western Pacific](#) in the proximity of Guam highlighting its high level of operational reach and capability, in an apparent show of force.<sup>88</sup>

Central Military Commission's (CMC) Vice Chairman Zhang Youxia and He Weidong addressed a video conference on [Party education campaign](#) to study Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era in the military.<sup>89</sup> Gen. Zhang Youxia called upon the PLA to combine theoretical learning with practical work including improving combat readiness.<sup>90</sup> In line with Xi Jinping's 'Thought on Strengthening the Military', CMC issued [revised regulations on military recruitment](#) aimed at enlisting better recruits.<sup>91</sup>

President Xi inspected the Navy's Southern Theatre Command stressing on the need to [strengthen combat readiness](#) and accelerating the modernisation of armed forces.<sup>92</sup> Marking the [74th founding anniversary of the PLA Navy](#), reports shed light on navy's modernisation plans including propulsion tests of country's third aircraft carrier Fujian and the possibilities of China building nuclear powered aircraft carriers.<sup>93</sup> PLA Navy commissioned its eighth Type 055 10,000 ton-class large [guided missile destroyer 'Xianyang'](#).<sup>94</sup>

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<sup>86</sup> "The island of Taiwan unsure of how to respond to US' scathing assessment of its armed forces", [Global Times](#), April 16, 2023.

<sup>87</sup> "Chinese military slams US warship's trespass into waters adjacent to China's Nansha Islands", [Chinese Ministry of National Defence](#), April 10, 2023.

<sup>88</sup> "China's aircraft carrier Shandong holds intensive drills comparable with Liaoning in West Pacific", [Global Times](#), April 18, 2023.

<sup>89</sup> "Chinese military authorities stress carrying out Party education campaign", [Chinese Ministry of National Defence](#), April 11, 2023.

<sup>90</sup> Ibid.

<sup>91</sup> "Defence Ministry Spokesperson's Remarks on Recent Media Queries Concerning the Military", [Chinese Ministry of National Defence](#), April 11, 2023.

<sup>92</sup> "Xi inspects navy of PLA Southern Theatre Command", [Chinese Ministry of National Defence](#), April 13, 2023.

<sup>93</sup> "PLA Navy's 3rd aircraft carrier Fujian holds propulsion tests; more Chinese carriers to be built", [Global Times](#), April 23, 2023.

<sup>94</sup> "All current Type 055 large destroyers enter active PLA Navy service with commissioning of 8th hull Xianyang", [Global Times](#), April 23, 2023.

## Technology

Taking cognisance of the leaked Pentagon documents, China asked US to explain its [secret theft, surveillance and eavesdropping](#) operations on other countries including allies such as Republic of Korea, Israel, and Ukraine.<sup>95</sup> Beijing shed light on major cyber-attacks conducted over the past decade by the US government and claimed that Washington is the “origin of cyber warfare” and “the biggest spreader of advanced cyber weapons”.<sup>96</sup>

China released [images of Mars](#) obtained by country's Tianwen-1 mission.<sup>97</sup> With regards to space exploration, Beijing revealed key tasks on the fourth phase of [lunar exploration](#) and the construction of International Lunar Research Station (ILRS).<sup>98</sup> China plans to launch Queqiao-2 (Magpie Bridge-2) relay satellite and the Chang'e-6 probe in 2024 to retrieve lunar sample, while Chang'e-7 will be launched around 2026 for lunar south pole exploration. Chang'e-8 would be launched around 2028 to construct a basic model of ILRS.<sup>99</sup>

Wu Weiren, Chief Designer of China's Lunar Exploration Program informed that the research station will be jointly built by China and number of other countries that will operate autonomously on the moon's surface and orbit.<sup>100</sup> Further, China plans to launch Tianwen-2 mission around 2025 to collect samples from near earth asteroid, while it plans to launch [Tianwen-3 mission](#) around 2030 to collect Martian samples as well as exploring the Jovian system including Uranus.<sup>101</sup>

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<sup>95</sup> China reviews US cyber-attack cases, saying US owes explanation over leaked Pentagon docs, [People's Daily](#), April 13, 2023.

<sup>96</sup> Ibid.

<sup>97</sup> “China writes new chapter in space exploration”, [People's Daily](#), April 27, 2023.

<sup>98</sup> “China unveils most detailed plan yet for deep space exploration”, [CGTN](#), April 25, 2023.

<sup>99</sup> Ibid.

<sup>100</sup> Ibid.

<sup>101</sup> “China unveils blueprint for deep-space exploration development”, [Xinhua](#), April 25, 2023.



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