



Delhi Policy Group

Advancing India's Rise as a Leading Power

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Authors

Arun Sahgal

Angana Guha Roy

Sanket Joshi

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

www.delhipolicygroup.org



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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:

Chinese Premier Li Qiang attends the 18th G20 Summit in New Delhi on September 9, 2023. Source: Xinhua/Li Tao
US National Security Advisor, Jake Sullivan, met with Chinese Foreign Minister, Wang Yi, in Malta on September 16, 2023. Source: Xinhua/Lian Yi

President Xi inspected the 78th group army headquarters in northeast China on September 8, 2023. Source: Xinhua/Li Gang

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Abstract

Chinese President Xi Jinping did not attend the 18th G20 Summit hosted by India on September 9-10, 2023, missing the event for the first time. Chinese Premier Li Qiang, who attended the summit in his place, stressed the need to advance economic globalisation and promote unity, cooperation, and inclusion within the G20. Beijing also lauded the admission of the African Union as a permanent member of the G20 describing it as a “historic step in improving global governance and revitalising international economic cooperation”.

On September 26, 2023, during an interaction in the US, India's External Affairs Minister, Dr. S. Jaishankar, reiterated concerns over the state of India-China relations, saying these have been in an “abnormal state” since 2020, and terming the tensions as “possibly longer than a medium-term issue”. Referring to China's ambiguous policy towards India, Dr. Jaishankar stressed that it is difficult to have normal relations with a country that has broken bilateral agreements.

With the continuing standoff on the border, now in its fourth year, India's Defence Minister Rajnath Singh inaugurated 90 key border infrastructure projects across 11 states and union territories on September 12, including the strategically located Nechiphu tunnel connecting Tawang in Arunachal Pradesh with Assam's Balipara. He stressed the need for timely completion of infrastructure projects.

China denied visas to three Indian athletes who were scheduled to compete at the 19th Asian Games in Hangzhou over its claims on the Indian state of Arunachal Pradesh. India firmly rejected the differential treatment of its citizens on the basis of domicile and ethnicity, asserting that Arunachal Pradesh will always remain an integral and inalienable part of India. As a mark of protest, India's Sports Minister cancelled his visit to China for the Asian Games.

On September 23, 2023, President Xi Jinping welcomed leaders attending the opening ceremony of the 19th Asian Games, and called upon Asian countries to promote peace, solidarity, and inclusiveness through sports, reject the Cold War mentality and make Asia an anchor for world peace.

China appointed a new Ambassador to Afghanistan on September 13, 2023, making it the first country to recognise the Islamic Emirate of Afghanistan since the Taliban took control of the country in August 2021.

Nepal's Prime Minister, Pushpa Kamal Dahal 'Prachanda' visited China from September 23-30, 2023. During the visit, the two sides agreed to enhance bilateral cooperation in areas such as trade, road connectivity, and information technology. Nepal, however, rejected China's offer to join the Global Security Initiative (GSI).

On September 1, 2023, China's National People's Congress (NPC) adopted the country's first foreign state immunity law that will take effect on January 1, 2024. As part of this law, foreign states will be subjected to suits in China under certain circumstances in which they currently enjoy immunity.

A white paper entitled "A Global Community of Shared Future: China's Proposals and Actions" was released in Beijing on September 26, 2023, to mark the tenth anniversary of President Xi's vision to build a global community with a shared future. It called on the international community to unite in pursuing common good, while noting that Xi's vision is now recognised globally as having "nothing to do with self-interest or protectionism".

Chinese Foreign Minister, Wang Yi, and the US National Security Advisor, Jake Sullivan, held a meeting in Malta on September 16-17, 2023. The two sides reiterated their commitment to maintaining open lines of communication and pursuing high-level engagement in key areas. Even as the US and China continued their diplomatic contacts, Beijing asserted that owing to Washington's wrong perception of China, there are a number of difficulties in the military-to-military engagement between the two countries.

Taiwan unveiled its first domestically developed submarine on September 28, 2023, marking a significant step in strengthening Taipei's "asymmetric warfare" capabilities against the PLA Navy (PLAN).

As part of the deepening trend of the China-Russia strategic partnership, Chinese Foreign Minister, Wang Yi, met Russian Foreign Minister, Sergey Lavrov in Moscow on September 18, 2023. Wang Yi reiterated that China-Russia relations have withstood the test of international changes and continue to develop in a healthy and stable manner.

Chinese Defence Minister, Li Shangfu, continues to be absent from public view since August 29, 2023. He did not attend a meeting of the Central Military Commission (CMC), amidst intensifying speculation about his whereabouts.

Beijing expressed concerns at the European Union's decision to launch an anti-subsidy investigation into Chinese electric vehicles (EVs). The EU's Trade

Commissioner warned that Europe welcomes competition, but it will be more assertive in addressing unfair trade practices by China.

As China's post-covid economic recovery continues to be sluggish, President Biden observed that some tenets of President Xi's economic plan do not appear to be working. Former senior CPC leaders reportedly raised concerns with President Xi about the overall direction of the nation.

Foreign and Security Policy

I. China-India Relations

During an interaction at the Council on Foreign Relations in New York, India's External Affairs Minister, Dr. S. Jaishankar described the tensions in India-China relations as a "possibly longer than medium-term issue". Referring to China's ambiguous policy towards India, Dr. Jaishankar asserted, "You know, one of the pleasures of dealing with China is that they never quite tell you why they do things. So, you often end up trying to figure it out. And it's always, there's a certain ambiguity out there," adding "It is very hard to try to be normal with a country which has broken agreements and which has done what it has done. So, if you look at the last three years, the relationship has been in a very abnormal state".¹

Indicating his frustration at the failure to reach a resolution through dialogues at various levels, Dr. Jaishankar said, "Contacts have been disrupted, visits are not taking place. We have of course this high level of military tension. It has also impacted the perception of China in India".²

Dr. Jaishankar's comments came days after China released its official "standard map," which included India's Arunachal Pradesh and the Aksai Chin region as part of its territory. Rejecting the Chinese map, India lodged a strong protest through diplomatic channels.

China denied visas to three Indian athletes who were scheduled to compete at the 19th Asian Games in Hangzhou on account of Chinese claims over the Indian state of Arunachal Pradesh. As a result, three young athletes had to miss taking part in the Asian Games.³ Reacting to the Chinese stand, Indian spokesperson stated that China had "discriminated" against the athletes in a "targeted and pre-meditated manner".⁴ New Delhi firmly rejected the differential treatment of Indian citizens on the basis of domicile and ethnicity asserting that Arunachal Pradesh was, is, and will always remain an integral

¹ "India-China relations in 'abnormal state' since Galwan clash: Jaishankar," India Today, September 27, 2023

² Ibid.

³ "Asian Games 2023: 3 Indian Wushu Athletes Fail To Get Visa, Forced To Pull Out - Reports," Outlook, September 22, 2023

⁴ "Official Spokesperson's response to media queries on some Indian sportspersons being denied entry into 19th Asian Games", Ministry of External Affairs Government of India, September 22, 2023.

and inalienable part of India. As a mark of protest, India's Sports Minister cancelled his visit to China for the Asian Games.⁵

Countering India's stand, China's foreign ministry said that Beijing "welcomes athletes from each country to come to Hangzhou with legal documents to participate in the Asian Games...The Chinese government has never recognised the so-called Arunachal Pradesh adding that the south Tibetan region is part of China's territory."⁶ Earlier, the same athletes could not compete at the World University Games held in the Chinese city of Chengdu, in July 2023, for the same reasons.

Amid the row over visa denial to Indian athletes, Chinese Counsel General in Kolkata called for strengthening bilateral ties. He described bilateral relations as "generally stable, and the leaders of the two countries maintaining dialogue and communication". He further emphasised that, "China is willing to work with India to implement the important consensus reached by the leaders of the two countries, strengthen dialogue and communication, overcome interference difficulties, and promote the development of bilateral relations on a healthy and stable track." Asked about the denial of visas to three athletes for the Asian Games, Chinese Consul General said, "Asian Games is the game for all of us. We are family... this is a bilateral issue, and I would invite you to reach out to Chinese Embassy."⁷

Earlier in the month, President Xi Jinping skipped the G20 meeting hosted by India. Instead, Premier Li Qiang led the Chinese delegation.⁸ This was the first time that Xi had missed the G20 summit without any tangible explanation. In his address, Li Qiang spoke about China's Global Development, Global Security and Global Civilization Initiatives. He reiterated the need to advance economic globalisation and promote unity, cooperation, and inclusion within the G20.⁹ Premier Li called upon "the G20 members to act as partners in promoting global economic recovery through effectively strengthening macro-economic policy coordination to convey confidence and provide impetus for world economic growth...The G20 members should also work together to protect the Earth's green home, promote green and low-carbon development, protect the marine

⁵ Ibid.

⁶ "India spars with China over visas for Asian Games athletes," Nikkei Asia, September 23, 2023

⁷ "Amid row over visa denial to Indian wushu players, Chinese envoy calls for strengthening bilateral ties," The Hindu, September 25, 2023

⁸ "Li Qiang Attends and Addresses the First Session of the 18th G20 Summit," MFA, China, September 9, 2023

⁹ "Chinese premier calls for advancing economic globalization, unity within G20", People's Daily, September 10, 2023

ecological environment, and be partners in promoting global sustainable development.¹⁰ Xinhua stressed that the admission of the African Union (AU) as a permanent member of the G20 has "broadened opportunities for cooperation and development in the Global South".¹¹ It noted the inclusion of the AU as a "historic step in improving global governance and revitalizing international economic cooperation".¹²

India's Defence Minister, Rajnath Singh, virtually inaugurated 90 key border infrastructure projects across 11 states and union Territories, including the strategically located Nechiphu tunnel connecting Tawang with Assam's Balipara. The central focus on pushing infrastructure projects along the Line of Actual Control comes amid continuing military confrontation with China. The Border Roads Organization (BRO) has recently completed the construction of eight roads in Arunachal Pradesh along the LAC at a cost of INR 678 crore.¹³ In his address, Defence Minister Rajnath Singh described the BRO as playing a key role in the socio-economic development of country's far-flung border areas. "Together with BRO, we are ensuring that the nation is secure and border areas are developed. Timely completion of infrastructure projects in far-flung areas has now become the new normal of New India," he added.¹⁴

II. China-South Asia Relations

China has reportedly refused to expand further cooperation in the areas of energy, water management, and climate change under the China-Pakistan Economic Corridor (CPEC), signalling a possible strain in the 'ironclad' friendship between the two all-weather strategic allies. According to reports, Pakistan has given up its opposition to setting up a new imported coal-fired power plant in Gwadar in Balochistan province and agreed to several Chinese demands to address Beijing's concerns, as per details revealed in the signed minutes of the 11th Joint Cooperation Committee (JCC) of the CPEC.¹⁵

The 11th JCC meeting also reviewed the security situation of Chinese citizens and commercial interests in Pakistan. Both sides have agreed to further deepen

¹⁰ "Li Qiang Attends and Addresses the First Session of the 18th G20 Summit," MFA, China, September 9, 2023

¹¹ "Xinhua Headlines: With AU's entry, G20 broadens cooperation, development opportunities in Global South", Xinhua, September 11, 2023.

¹² Ibid.

¹³ "Raksha Mantri dedicates to the nation 90 BRO infrastructure projects, built at a cost of over Rs 2,900 crore, across 11 States/Union Territories," PIB, September 12, 2023

¹⁴ Ibid.

¹⁵ The JCC is a strategic decision-making body of the CPEC and its 11th meeting was held virtually on October 27 last year on the insistence of the Pakistan Muslim League-Nawaz (PML-N)-led government that wanted to showcase some progress.

their cooperation in the security horizon. "Both sides acknowledged that the Chinese personnel, projects, and institutions in Pakistan are facing a challenging security situation."¹⁶ Many Chinese citizens working on the CPEC and other projects in Pakistan have been targeted in recent years. These attacks have prompted a serious review of the institutional arrangements put in place to protect Chinese interests and lives in Pakistan.¹⁷

During the month, China appointed Zhao Sheng as its Ambassador to Afghanistan making it the first country to formally recognize the Islamic Emirate of Afghanistan since the Taliban takeover. China is among a handful of countries, including Pakistan, Iran and Russia that have maintained diplomatic presence in Afghanistan since the Taliban took control in August, 2021.¹⁸ China's Ministry of Foreign Affairs in a statement emphasised that, the appointment was the "normal rotation of China's Ambassador to Afghanistan" and was "intended to continue advancing dialogue and cooperation" between the two countries.¹⁹

In a move to implement a new security strategy over the next four years, the Taliban Interior Ministry is planning to build a large-scale camera surveillance network in Afghan cities. For potential cooperation and to implement the project, the Taliban consulted Chinese telecom equipment manufacturer Huawei.²⁰

Prime Minister of Nepal Pushpa Kamal Dahal 'Prachanda' visited China from September 23 to 30. During the visit, he held wide-ranging talks with Chinese President Xi Jinping and Premier Li Qiang. Both sides signed 12 agreements, including seven MoUs, to enhance bilateral cooperation in sectors such as trade, road connectivity, and information technology. Further, the two sides also exchanged views on the ways to strengthen and consolidate mutual understanding and cooperation and give a new impetus to economy, trade and people-to-people contacts.²¹

¹⁶ "Pakistan to strengthen security to safeguard China's commercial interests," ANI, September 28, 2023

¹⁷ "Pakistan to strengthen security to safeguard China's commercial interests," Firstpost, September 28, 2023

¹⁸ "China continues Taliban balancing act after new ambassador arrives in Afghanistan," South China Morning Post, September 16, 2023

¹⁹ Ibid.

²⁰ "Taliban weighs using US mass surveillance plan, met with China's Huawei," Economic Times, September 25, 2023

²¹ "Joint Statement between the People's Republic of China and Nepal," MFA, China, September 26, 2023

Nepal rejected China's offer to join President Xi Jinping's Global Security Initiative (GSI). A joint statement released by the two sides outlined a number of border infrastructure projects, but failed to mention the GSI. "The Nepali side supports the Global Development Initiative (GDI) and will consider to join the Group of Friends of the GDI," the statement said. It also noted the 2017 agreement between the two sides to cooperate under Belt and Road Initiative (BRI), saying they would "accelerate consultations to finalise the text" on an already delayed BRI implementation plan "at an early date".²²

In Bangladesh, reiterating Xi Jinping's recent statement, Chinese Ambassador in Dhaka Yao Wen said Beijing supports Dhaka in opposing 'external interference' to keep internal stability and achieve development. "He further said Bangladesh and China are committed to further deepening strategic cooperation and uplifting China-Bangladesh relations to a higher level in the new era."²³ China's support to Bangladesh comes against the backdrop of Dhaka's recent differences with Washington, which issued a public call for "free and transparent" elections that are scheduled for later this year.²⁴

The First Dhaka Elevated Expressway, one of Bangladesh's major flagship infrastructure projects under the Belt and Road Initiative was partially opened in the month. The expressway, totalling 19.37 kilometres in length, was jointly built by China's Shandong Hi-Speed Group Company Ltd (SDHS), the Power Construction Corporation of China and a Thai company. Speaking at the opening ceremony, Prime Minister Sheikh Hasina called it "a new milestone in Bangladesh's city mass transportation system."²⁵

Following reports of Chinese Research Vessel Shi Yan 6's possible docking at Colombo port, Sri Lankan Foreign Minister Ali Sabry clarified that Colombo has not yet given permission to any Chinese vessel to dock, adding that Indian security concerns are "important" for Sri Lanka.²⁶

The general election in Maldives on September 30 is being pitched as a geopolitical battle between India and China, engaged in a tug-of-war to gain influence over the Maldives. The two prime candidates Mohamed Muizzu and

²² "Nepal says 'no' to China's Global Security Initiative, but takes forward border rail plan as Prachanda visits Beijing," The Hindu, September 26, 2023

²³ "China supports Bangladesh in opposing 'external interference': Ambassador," Prothom Alo, September 26, 2023

²⁴ "China says will back Bangladesh against 'external interference' The Hindu, August 24, 2023

²⁵ "China-built elevated expressway opens to traffic in Bangladesh's Dhaka," CGTN, September 4, 2023

²⁶ "No Permission For China Ship, Indian Concerns Important To Us": Lankan Minister," NDTV, September 26, 2023

Mohamed Solih are being portrayed as two poles aligning with Chinese and Indian interests. Since Solih came to power in a surprise win in 2018, he has moved the country much closer to India. Muizzu has accused Solih of endangering the national security of the Maldives with its close ties with India, alleging that the current government has allowed Indian military presence and influence on Maldives territory, which Solih denies.²⁷ In the election runoff, Muizzu has been declared winner, in a clear gain for China.

III. China-United States Relations

The month was marked by high-level diplomatic meetings between the US and China. US National Security Adviser Jake Sullivan, and Chinese Foreign Minister Wang Yi held a meeting in Malta on September 16-17, while, Secretary Blinken and Chinese Vice President Han Zheng met in New York. Earlier, President Biden had a brief meeting with Chinese Premier Li Qiang at the G20 summit in New Delhi. Referring to his meeting with Li Qiang, US President said "We talked about stability," and the Southern Hemisphere. "It wasn't confrontational at all," adding that Beijing's economic wobbles would not lead it to invade Taiwan.²⁸ No statement was released by the State Department on President Biden's meeting with Li Qiang.

The separate statements issued by the White House and the Chinese foreign ministry described the meeting between Jake Sullivan and Wang Yi as "candid, substantive and constructive". The US statement said the two governments were committed to pursuing "additional high-level engagement and consultations" in key areas in the coming months. China's Foreign Ministry also acknowledged the need to continue high-level communication on several fronts, including consultations on foreign policy including Asia-Pacific and maritime affairs.²⁹

Chinese Vice-President, Han Zheng, and US Secretary of State, Antony Blinken, met on the sidelines of the UN General Assembly in New York on September 18. A brief readout following the meeting by the US State Department stressed that Blinken and Han had committed to "maintaining open lines of communication, including follow-on senior engagements in the coming weeks". The officials "explored potential areas of cooperation and advocated for

²⁷ "Maldives election run-off pitched as fork in the road between India and China, The Guardian, September 29, 2023

²⁸ "Biden says met Li, calls China attack on Taiwan unlikely due to economic crisis," The Times of India, September 11, 2023

²⁹ "Readout of National Security Advisor Jake Sullivan's Meeting with Chinese Communist Party Politburo Member, Director of the Office of the Foreign Affairs Commission, and Foreign Minister Wang Yi," White House, September 17, 2023

progress on shared transnational challenges" and "exchanged views on a range of key bilateral, global and regional issues, including Russia's war against Ukraine, [North Korea's] provocative actions and other topics".³⁰

According a report in the Chinese state media, during his meeting with Blinken, Han said that a healthy and stable China-US relationship is good for the two countries and that the two sides may well contribute to each other's progress and achieve common prosperity. China, he said, maintains consistency and stability in its policy toward the United States, by following the three principles put forward by President Xi Jinping, namely mutual respect, peaceful coexistence, and win-win cooperation.³¹

These meetings follow a string of high-level visits by senior US government officials to China in recent months, including Secretary Blinken, Treasury Secretary Janet Yellen, Commerce Secretary Gina Raimondo, and Climate Envoy John Kerry. According to a report, Senate majority leader Charles Schumer is planning a bipartisan delegation visit, which would mark first congressional trip to mainland China in four years. Reacting to the reports, Liu Pengyu, spokesman for China's Embassy in the US said, such a visit would help to promote exchanges between the two countries, and inject more positive energy into China-US relationship.³²

As US continues its diplomatic efforts to mitigate tensions with China, Strategic Communications Coordinator for the National Security Council John Kirby in a statement said, Washington is determined to make further improvements in its diplomatic relations with Beijing, but is concerned at the lack of progress in expanding communication between the two militaries "particularly given the tensions in the South China Sea and in and around the Taiwan Strait."³³

John Kirby's statement comes following the US State Department's criticism of China's territorial assertions over South China Sea in a newly published map. Rejecting Beijing's assertive claims, State Department deputy spokesman Vedant Patel said, "The claims were not only "unlawful" but also inconsistent with the 1982 United Nations Convention on the Law of the Sea... "We reject the unlawful maritime claims reflected on that map and call on the PRC to comport

³⁰ "Secretary Blinken's Meeting with People's Republic of China (PRC) Vice President Han Zheng," US Department of State, September 18, 2023

³¹ "Chinese vice president meets Guterres, Blinken on sidelines of UNGA session," Xinhua, September 19, 2023

³² "Beijing says it would welcome a visit by US senators next month," South China Morning Post, September 23, 2023

³³ "US security officials see diplomatic progress, decry weak military dialogue with China," South China Morning Post, September 7, 2023

its claims in the South China Sea and elsewhere with the International Law of the Sea.”³⁴

Even as China and the US struggle to establish a military-to-military dialogue, both countries have set up joint working groups on finance and the economy to ease trade tensions. The joint effort, under Chinese Vice-Premier, He Lifeng, and US Treasury Secretary, Janet Yellen, aim to hold meetings on a regular and ad hoc basis to enhance communication and share views on issues related to the economic and financial fields.³⁵

IV. China-Russia Relations

As part of the deepening trend of China-Russia strategic partnership, Chinese Foreign Minister Wang Yi met Russian Foreign Minister Sergei Lavrov in Moscow. The Chinese foreign ministry readout mentioned Wang Yi saying that both China and Russia pursue an independent foreign policy, and that their bilateral cooperation “does not target any third party, is not subject to disruption by any third party, and is not swayed by any third party.”³⁶ It also stressed that China-Russia relations have withstood the test of international changes and continue to develop in a healthy and stable manner. Russian Foreign Ministry informed that Moscow and Beijing are closely aligned in their positions on the United States and resolving the Ukraine conflict.³⁷

China has emerged as the key trading partner for Russia post its invasion of Ukraine. In the first eight months of 2023, bilateral trade rose by 32 percent compared to the same period a year before, with total trade volume reaching USD 155 billion. This includes a surge of exports from China to Russia, which jumped 63.2 percent from a year ago to reach USD 71.8 billion. Chinese imports on the other hand were a more modest 13.3 percent amounting to USD 83.3 billion.³⁸ Their growing trade ties have shifted Russian energy trade eastward and sparked criticism that China’s economic support is backing Russia’s war on Ukraine.³⁹

³⁴ “US views China map claims over South China Sea, disputed Indian areas as ‘unlawful’: State Department,” South China Morning Post, September 6, 2023

³⁵ “U.S. and China Agree to New Economic Dialogue Format,” The New York Times, September 22, 2023

³⁶ “Wang Yi Meets with Russian Foreign Minister Sergei Lavrov,” MFA, China, September 19, 2023

³⁷ “China and Russia ‘close’ in views on US and Ukraine as Wang Yi visits Moscow,” Reuters, September 19, 2023

³⁸ “Trade between Russia and China is booming so much that shipping containers are ‘piling up,’” CNN Business, September 29, 2023

³⁹ Ibid.

V. China-European Union Relations

China and the European Union (EU) held a high-level economic and trade dialogue in Beijing on September 25, 2023. A Xinhua commentary stressed that this dialogue demonstrated China and the EU's intent to work together to mend rifts and enhance cooperation amid a sluggish global economic recovery.⁴⁰ Meanwhile, Valdis Dombrovskis, the EU's Trade Commissioner, warned that while Europe welcomes competition, it will be more assertive in addressing unfair trade practices by China.⁴¹ Earlier, on September 13, 2023, the President of the European Commission, Ursula von der Leyen, announced the launching of an anti-subsidy investigation into Chinese electric vehicles (EVs).⁴² The EU claimed that Chinese EVs receive state subsidies that result in artificially reduced prices disrupting the European market.⁴³ Beijing expressed concerns at the European Union's decision to launch an anti-subsidy investigation into Chinese EVs reminding the EU that protectionism won't boost European EV competitiveness.⁴⁴

Europe fears that Chinese industrial policy is undermining its efforts to compete in innovative sectors. The probe is the highest-profile case against China since an EU probe into Chinese solar panels narrowly avoided a trade war a decade ago. The Commission will have up to 13 months to assess whether to impose tariffs above the standard 10 percent EU rate for cars. The anti-subsidy investigation covers battery-powered cars from China, including non-Chinese brands made there, such as Tesla, Renault and BMW.⁴⁵

Meanwhile, China and the EU have agreed to set up a "mechanism" to discuss export controls. Beijing also agreed to buy more EU agricultural goods and resolve issues including a backlog of licenses for European infant formula makers following complaints about market barriers to its goods and services.⁴⁶

Amidst the soaring tension, China registered strong protest with Germany over comments by German Foreign Minister, Annalena Baerbock, who referred to

⁴⁰ "Xinhua Commentary: Cooperation remains mainstream of China-EU ties", Xinhua, September 26, 2023.

⁴¹ "China's 'unfairness' warrants a more assertive EU approach, warns trade chief Valdis Dombrovskis", South China Morning Post, September 25, 2023.

⁴² "Closing 'greenhouse' won't boost European EV competitiveness: Global Times editorial", Global Times, September 14, 2023.

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ "EV makers such as Tesla could fall under Europe's subsidy probe into China, EU's trade chief says," CNBC, September 29, 2023

⁴⁶ "China and EU agree export controls 'mechanism' to ease trade tensions," Financial Times, September 25, 2023

President Xi Jinping as a "dictator." The Chinese foreign ministry termed this as both "absurd" and an "open political provocation". As a potential consequence, Jennifer Morgan, the German special envoy for international climate action, was granted just one meeting with China's top climate envoy Xie Zhenhua, during his three-day visit to China.⁴⁷

Internal Developments

Hangzhou Asian Games 2023

On September 23, 2023, Chinese President Xi Jinping hosted a banquet to welcome leaders attending the opening ceremony of the 19th Asian Games in Hangzhou.⁴⁸ In his remarks, President Xi called upon Asian countries to promote peace, solidarity, and inclusiveness through sports, reject the Cold War mentality and make Asia an anchor for world peace.⁴⁹ According to an editorial in the Global Times, Asian Games are an important event for the entire continent, as it provides a strong foundation for unity and cooperation throughout Asia and the world.⁵⁰

President Xi's Key Addresses and Developments

On September 28, 2023, President Xi addressed a reception marking the 74th anniversary of the founding of the People's Republic of China. Highlighting China's bright future, he urged the Chinese nation to confidently march toward national rejuvenation.⁵¹

The CPC Politburo met under the leadership of President Xi. Topics discussed included coordination of both development and security, as well as preparing for worst-case scenarios.⁵² Further, as part of continuing anti-graft campaign, the meeting also reviewed the feedback from inspection teams sent to investigate China's 30 state-owned enterprises and five state-owned financial institutions.⁵³ According to the Politburo, these inspections have proven to be

⁴⁷ "German climate envoy given cold shoulder on trip to Beijing after 'dictator' remarks," South China Morning Post, September 29, 2023

⁴⁸ "Xi Focus: Xi calls for promoting peace, solidarity, inclusiveness through sports", Xinhua, September 23, 2023.

⁴⁹ Ibid.

⁵⁰ "Hangzhou Asian Games a big day for the whole of Asia: Global Times editorial", Global Times, September 23, 2023.

⁵¹ "Xi says confidence "more valuable than gold" in march toward rejuvenation", Xinhua, September 28, 2023.

⁵² "Beijing keeps focus on security, corruption, and worst-case scenarios", South China Morning Post, September 28, 2023.

⁵³ Ibid.

an “effective method of identifying and solving problems plaguing these enterprises” and strengthening their loyalty to the Party leadership.⁵⁴

A white paper entitled “A Global Community of Shared Future: China's Proposals and Actions” was released by the State Council Information Office on September 26, 2023 to mark the tenth anniversary of President Xi's vision to build a global community with a shared future.⁵⁵ The white paper called on the international community to unite in pursuing the cause of common good while noting that Xi's vision is now recognized globally as having “nothing to do with self-interest or protectionism”.⁵⁶ Adding that, the Chinese vision of human development confronts the “hegemonic thinking of certain countries” who seek to dominate the world.⁵⁷

Trade and Economy

As China's post-covid economic recovery continues to be sluggish, President Biden made some startling remarks about President Xi's economic plan not working including growing unemployment.⁵⁸ These raised eyebrows given their definitive tone.⁵⁹ According to China's Ministry of Commerce, Foreign Direct Investment (FDI) in the country fell by 5.1 percent year-on-year in the first eight months of 2023.⁶⁰ Beijing claimed that periodic fluctuations in FDI are normal and the decline was due to the slow recovery of the global economy and a high base in 2022.⁶¹

Amidst the supply-chain shifts and widening geopolitical competition between the US and China, a survey conducted by the American Chamber of Commerce (AmCham) in Shanghai revealed that “China is becoming more challenging for foreign investors”.⁶² Owing to concerns about the property crisis and weak exports, at least six international financial institutions have lowered their annual growth forecasts for China.⁶³ In light of these

⁵⁴ Ibid.

⁵⁵ “China issues white paper on global community of shared future”, Xinhua, September 26, 2023.

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ “Analysis: Biden administration detects red flags in Xiconomics”, Nikkei Asia, September 14, 2023.

⁵⁹ Ibid.

⁶⁰ “Foreign direct investment in China drops despite efforts to attract overseas capital”, South China Morning Post, September 16, 2023.

⁶¹ Ibid.

⁶² “In China, US firms have worst outlook since turn of century, AmCham Shanghai survey reveals”, South China Morning Post, September 19, 2023.

⁶³ “China GDP: annual forecasts cut to below Beijing's target due to weak exports, property crisis”, South China Morning Post, September 11, 2023.

developments, concerned retired senior CPC leaders reportedly warned President Xi about the direction of the nation.⁶⁴

Chinese state media, on the other hand, continued to maintain steady economic recovery in China in August 2023 with robust factory production and improving consumer sentiment.⁶⁵ A Global Times editorial rejected Western reports about Shanghai turning into a "ghost town" adding that it is necessary to expose the foreign ghosts spreading rumours about the Chinese economy.⁶⁶ To boost the country's economy, the People's Bank of China (PBOC) cut the financial institution's reserve requirement ratio (RRR) by 0.25 percentage points releasing about CNY 500 billion (USD 69.56 billion) in medium and long-term liquidity.⁶⁷ A special bureau under the National Development and Reform Commission (NDRC) has been established to support the development of China's private sector.⁶⁸ Further, Premier Li Qiang reiterated the need to advance new industrialisation at a faster pace.⁶⁹

Beijing hosted the 'China International Fair for Trade in Services' (CIFTIS) from September 2-6, 2023.⁷⁰ Xinhua noted that CIFTIS demonstrated China's commitment to opening up of the country's service sector to enhance growth.⁷¹ China also hosted the 20th China-ASEAN Expo in Nanning promoting trade and economic ties with Southeast Asia.⁷² As Western countries seek to de-risk their supply chains away from China, Beijing has expanded trade diversification efforts with countries involved in its Belt and Road Initiative turning them into important export markets.⁷³ Beijing informed that China will host third 'Belt and Road Forum for International Cooperation'

⁶⁴ "Analysis: Xi reprimanded by elders at Beidaihe over direction of nation", Nikkei Asia, September 5, 2023.

⁶⁵ "China's August data points to steady economic recovery", People's Daily, September 16, 2023.

⁶⁶ "It is necessary to expose the 'foreign ghosts' spreading rumors about Chinese economy: Global Times editorial", Global Times, September 11, 2023.

⁶⁷ "China announces reserve requirement ratio cut to consolidate economic recovery", The State Council Information Office of the PRC, September 15, 2023.

⁶⁸ "China's new bureau for private firms aims to 'unleash their vigour' and shore up national growth", South China Morning Post, September 4, 2023.

⁶⁹ "China mulls speeding up new industrialization", People's Daily, September 21, 2023.

⁷⁰ "China advances opening-up of service sector to unleash growth potential", Xinhua, September 9, 2023.

⁷¹ Ibid.

⁷² "20th China-ASEAN Expo to promote regional economic ties", CGTN, September 16, 2023.

⁷³ "Will China's belt and road plan, Asean provide silver lining as US step ups de-risking and trade prospects dim?", South China Morning Post, September 5, 2023.

in October 2023 featuring events on trade, connectivity, green development, and digital economy.⁷⁴

Amid continuing cross-strait tensions, China announced plans to make Fujian province (opposite Taiwan) a demonstration zone to deepen integrated cross-strait development and advance national reunification.⁷⁵

On September 1, 2023, China's National People's Congress (NPC) adopted country's first foreign state immunity law that will take effect on January 1, 2024.⁷⁶ The Law marks an historic change in China's stance on foreign state immunity that shields states and their property from jurisdiction of foreign courts. As part of this law, foreign states will be subject to suits in China in certain circumstances in which they currently enjoy immunity.⁷⁷

Defence and Security

President Xi urged the PLA to enhance combat readiness and strengthen Party building across the armed forces in his remarks at the headquarters of the 78th Group Army in Northeast China.⁷⁸ In line with this, a study outline of Xi Jinping's thought on strengthening the military (2023 version) has been distributed in the military by the Central Military Commission (CMC).⁷⁹ The study outline is critical in strengthening the PLA's understanding of the "Two Establishments", i.e. establishing Xi Jinping's core position on the Party Central Committee and establishing Xi's Thought on Socialism with Chinese Characteristics for a New Era as a guiding principle.⁸⁰

Chinese Defence Minister, Li Shangfu, continues to be missing from public view since August 29, 2023. He did not attend a meeting of the Central Military Commission (CMC), amidst intensifying speculation about his whereabouts.⁸¹

⁷⁴ Representatives from over 110 countries to attend 3rd Belt and Road forum, People's Daily, September 20, 2023

⁷⁵ "China to set up cross-Strait integrated development demonstration zone", The State Council of the PRC, September 12, 2023.

⁷⁶ "China to Allow Some Suits Against Foreign States: A Summary of the Foreign State Immunity Law", NPC Observer, September 1, 2023.

⁷⁷ Ibid.

⁷⁸ "Xi calls for stronger military combat readiness", People's Daily, September 11, 2023.

⁷⁹ "Regular Press Conference of the Ministry of National Defence on August 31", China Military Online, September 4, 2023.

⁸⁰ Ibid.

⁸¹ "Chinese Defence Minister Li Shangfu does not attend meeting, continuing public absence", South China Morning Post, September 16, 2023.

During his speech at the plenary meeting of the Global Counter-terrorism Forum on September 23, 2023, Chinese Foreign Minister Wang Yi called for the rejection of double standards and the politicization of counter-terrorism efforts.⁸² Wang Yi shed light on Beijing's Global Security Initiative (GSI) and urged the international community to uphold the GSI's vision of a common, comprehensive, cooperative, and sustainable security in advancing the global fight against terrorism.⁸³ Meanwhile, at the 78th session of the United Nations General Assembly, on September 21, 2023, Chinese Vice President Han Zheng called on the world to remain committed to "multilateralism" and "improve global governance".⁸⁴

Chinese Ministry of National Defence reiterated that, as Washington continues to hold a "wrong perception of China", there are a number of difficulties and obstacles in the military-to-military engagement between China and the US.⁸⁵ Beijing however clarified that the military engagement has not been stopped and the two sides maintain candid and effective communication through military diplomatic channels.⁸⁶ Moreover, China expressed concern regarding the US's continued arms sales and military aid to Taiwan. It claimed that the "US military-industrial complex benefits from military aid and arms sales to Taiwan at the expense of Taiwan's safety and well-being".⁸⁷ As a result of their involvement in arms sales to Taiwan, US companies Lockheed Martin and Northrop Grumman have been sanctioned by China.⁸⁸

Taiwan unveiled its first domestically developed submarine on September 28, 2023, marking a significant step in strengthening Taipei's "asymmetric warfare" capabilities against the PLA Navy (PLAN).⁸⁹ Beijing warned that Taiwan's Democratic Progressive Party (DPP) cannot stop the national reunification no matter how many weapons they build or purchase.⁹⁰ Meanwhile, 103 aircraft participated in the PLA's military drills around Taiwan

⁸² "It's crucial to reject double standards, stand firmly against politicizing counterterrorism efforts: Wang Yi", Global Times, September 21, 2023.

⁸³ Ibid.

⁸⁴ "In speech at UN, Chinese VP calls on world to stay true to multilateralism, improve global governance", Xinhua, September 22, 2023.

⁸⁵ "Regular Press Conference of the Ministry of National Defense on August 31", China Military Online, September 4, 2023.

⁸⁶ Ibid.

⁸⁷ Ibid.

⁸⁸ "China to impose sanctions on two U.S. companies over Taiwan arms sales", People's Daily, September 16, 2023.

⁸⁹ "Taiwan reveals first domestically made submarine in defence milestone", Reuters, September 28, 2023.

⁹⁰ "Taiwan's first homegrown submarine cannot stop the tide of reunification", China Military Online, September 28, 2023.

on September 17-18, 2023.⁹¹ Earlier, PLA warships including aircraft carrier Shandong held an exercise in the Western Pacific Ocean to the east of Taiwan.⁹² PLA ground forces also conducted exercises with long-range rockets, conventional missiles, and amphibious troops to deter Taiwan secessionist forces.⁹³ In light of these developments, Chinese analysts noted that large-scale military exercises reflect the PLA's ability to deploy forces that can complete missions within a short period.⁹⁴

On the other hand, General Mark Milley, Chairman of the US Joint Chiefs of Staff, questioned the PLA's capability to attack Taiwan "right now", noting that it is the most complex operation of all.⁹⁵ Gen. Milley stressed that full modernisation of the PLA by 2027 does not mean Beijing had a plan to attack Taiwan in that year.⁹⁶ Chinese analysts described Gen. Milley's remarks as a rational take on China's military modernisation.⁹⁷

On September 4, 2023, the navies of the US and Philippines conducted a joint sail in the South China Sea amid heightened tensions between the Philippines and China over the Ren'ai Reef dispute.⁹⁸ China Daily editorial claimed that the joint sail was intended to emphasise the Philippines' military alliance with the US and assert Manila's baseless claims over the disputed waters in the South China Sea.⁹⁹ It warned that Washington is turning the South China Sea into a "playground for major power competition" with disregard for regional countries' quest for peace, stability, and development.¹⁰⁰

Further, reports pointed towards China likely building Type 76 warship that could function as a helicopter and drone carrier with an eye on the conflict in the South China Sea.¹⁰¹ China's third aircraft carrier 'Fujian' is reported to be

⁹¹ "Over 100 PLA warplanes set new record in drill around Taiwan island", Global Times, September 18, 2023.

⁹² Ibid.

⁹³ "PLA ground forces exercise deters Taiwan secessionists as long-range rockets, missiles, amphibious troops join 'unusual' drills around island", Global Times, September 24, 2023.

⁹⁴ "Over 100 PLA warplanes set new record in drill around Taiwan island", Global Times, September 18, 2023.

⁹⁵ "Top US general offers 'rational' take on China's military progress, analyst says", South China Morning Post, September 20, 2023.

⁹⁶ Ibid.

⁹⁷ Ibid.

⁹⁸ "US must heed call to turn South China Sea into sea of peace, friendship and cooperation: China Daily editorial", China Daily, September 6, 2023.

⁹⁹ Ibid.

¹⁰⁰ Ibid.

¹⁰¹ "Chinese military: celebrating workers' social media photo shows Beijing is likely building new Type 076 giant warship", South China Morning Post, September 12, 2023.

close to undergoing its first sea trials with possibility to join the PLA Navy (PLAN) in 2025.¹⁰²

Technology

Amidst US sanctions and export controls aimed at cutting China's access to advanced US chips, Huawei launched a new 5G smartphone, Mate 60, which is powered by a Chinese-made advanced processor.¹⁰³ In light of this, a People's Daily editorial reminded the US that sanctions cannot hinder China's technological advancement.¹⁰⁴ Adding that, Washington's "technological iron curtain" and "small yard, high fence" approach cannot sustain its technological hegemony.¹⁰⁵ It also urged Washington not to define the entire Sino-US relationship as a competition.¹⁰⁶

China hosted Pujiang Innovation Forum 2023 in Shanghai titled "Open Innovation Ecosystem: Innovation for Global Connectivity."¹⁰⁷ In his letter to the forum, President Xi emphasized on creating an open, fair, just, and non-discriminatory environment for scientific and technological development.¹⁰⁸

¹⁰² "China's most advanced Fujian aircraft carrier on track for 2025 PLA handover, latest Weibo photos suggest", South China Morning Post, September 7, 2023.

¹⁰³ "Building "small yard, high fence" will eventually backfire on U.S.", People's Daily, September 13, 2023.

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

¹⁰⁶ "Defining entire China-U.S. relationship as competition is serious misjudgement", People's Daily, September 18, 2023.

¹⁰⁷ "Xi sends congratulatory letter to 2023 Pujiang Innovation Forum", People's Daily, September 10, 2023.

¹⁰⁸ "China ranks second in world in terms of computing power", People's Daily, August 1, 2023.



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

www.delhipolicygroup.org