



Delhi Policy Group

Advancing India's Rise as a Leading Power



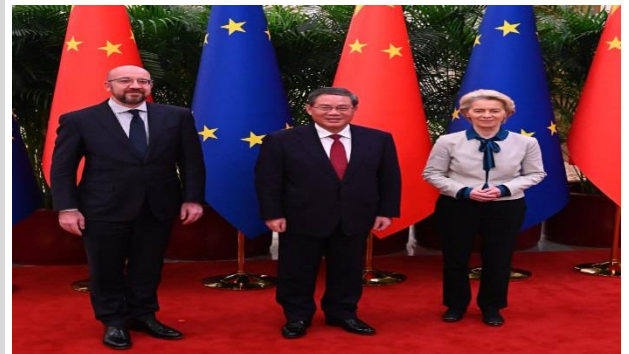
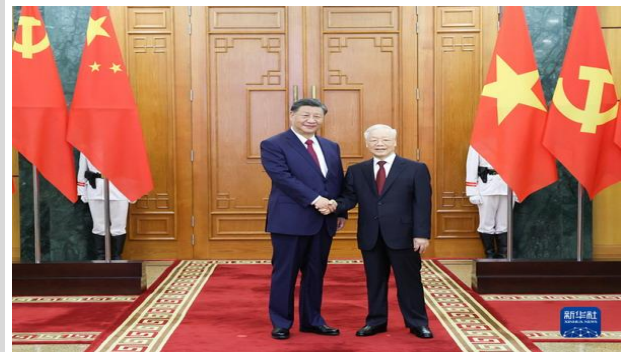
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China Monitor

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

Cover Photograph:

President Xi Jinping addressed the Central Conference on Work Relating to Foreign Affairs in Beijing on December 27-28, 2023. Source: [Ministry of Foreign Affairs, PRC](#)

President Xi Jinping held talks with General Secretary of the Communist Party of Vietnam, Nguyen Phu Trong in Hanoi on December 12, 2023. Source: [Ministry of Foreign Affairs, PRC](#)

Chinese Premier Li Qiang co-chaired the 24th China-European Union Summit with the President of the European Council, Charles Michel, and President of the European Commission, Ursula von der Leyen, on December 7, 2023.

Source: [Official X Handle/Ursula von der Leyen](#)

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Abstract

At a public address, External Affairs Minister, Dr. S. Jaishankar, affirmed that India has responded resolutely to an “exceptionally difficult” Chinese military challenge along its northern borders, adding that the confidence to make tough decisions will define “Bharat” (India) as a nation.

China has offered to cooperate with Bangladesh to construct reservoirs on the Teesta River. However, given India's reservations over China's involvement in a major project near the strategic Siliguri Corridor, Bangladesh has reacted cautiously, maintaining that it is a sensitive “geopolitical issue” that requires a deeper consideration.

China vowed to deepen Blue Economy cooperation with Indian Ocean countries at the second ‘China-Indian Ocean Region Forum on Blue Economy Cooperation’ held in Yunnan province on December 8, 2023. Maldives attended this conference, forsaking the national security advisor-level Colombo Security Conclave, in an apparent message of its revised priorities post elections. Meanwhile, in an apparent demonstration of its strategic interests, Sri Lanka has proposed a 12-month moratorium on granting permissions for foreign research vessels to operate in its waters. The decision will preclude Chinese ‘research-cum-spy’ ships from docking at Sri Lankan ports.

On December 26, 2023, the CPC Central Committee held a symposium marking the 130th birth anniversary of Mao Zedong. President Xi Jinping described Mao’s Thought as an “invaluable spiritual wealth of the CPC” and reiterated the Party’s central task of building a modern socialist country. On the issue of Taiwan, Xi reiterated that the “complete reunification of our motherland would happen as it is a righteous cause and a common aspiration”. Taiwan will hold its Presidential Election on January 13, 2024, the outcome of which will have a significant impact on its future relations with China.

On December 28, 2023, President Xi addressed the Central Conference on Work Relating to Foreign Affairs. He noted that in the new era, China has overcome many challenges in its external work (foreign policy) and has gained a great deal of strategic autonomy and international influence. With US-China strategic competition intensifying, he called for a multipolar world that is equal and orderly, rejecting hegemony and power politics, and promoting inclusive economic globalisation.

Following the Xi-Biden summit in November 2023, the US and China have resumed high-level military-to-military communication. General Liu Zhenli, a

Member of China's Central Military Commission (CMC) and Chief of the CMC Joint Staff Department, and General Charles Brown, Chairman of the US Joint Chiefs of Staff, held a video conference on December 21, 2023. In his remarks, General Liu emphasised that for healthy, stable and sustainable military relations, the US must develop a correct perception of China and respect its core interests over Taiwan and the South China Sea.

The Philippines' envoy to the US has warned that skirmishes between the Philippines and China in the South China Sea could escalate to a major conflict at "any time" and possibly lead to "world war". A People's Daily editorial described Manila's actions in the South China Sea as "extremely dangerous", and advised the Philippines not to act recklessly by collaborating with ill-intentioned external forces as China will defend its rights in accordance with the law.

During the 24th China-EU Summit held in Beijing on December 7, 2023, President Xi reiterated that China and the EU are partners, not rivals, and their common interests far outweigh their differences. He called upon the two sides to develop a right perception of each other, promote mutual trust, and honour commitments.

On December 29, 2023, China's National People's Congress (NPC) appointed Admiral Dong Jun, a former commander of the PLA Navy, as the country's new defence minister. Dong Jun previously served as vice commander of the Eastern Sea Fleet responsible for Taiwan, and also as vice commander of the Southern Theatre Command responsible for the South China Sea. In a continuing purge against corruption in the PLA, the National People's Congress expelled nine senior military officers facing serious corruption charges.

China is reportedly rebuilding the 'Lop Nur' nuclear missile testing facility located in Xinjiang. This move comes as Beijing is considering testing a new generation of nuclear weapons to enhance the lethality of its capabilities.

During the Central Economic Work Conference held in Beijing from December 11-12, 2023, President Xi outlined a roadmap for the country's economy in 2024. He underscored the importance of "pursuing growth while maintaining stability" and "establishing the new before abolishing the old", a possible reference urging caution on decarbonisation issues.

Foreign and Security Policy

I. China-India Relations

At a public address in New Delhi on December 9, 2023, External Affairs Minister, Dr. S. Jaishankar, stressed that India had resolutely responded to an “exceptionally difficult” challenge along its northern borders, adding that the confidence to make tough decisions will define “Bharat” (India) as a nation.¹

Further, in the context of China’s opposition to ‘Quad’, the External Affairs Minister said: “If somebody else is uncomfortable, that’s their problem...at the end of the day, we have to do what we have to do, however difficult and tough it maybe. It is about the confidence of being able to exercise choice after choice”. China has been opposed to this grouping ever since its formation. It claims that the Quad is a “tool for containing and besieging China to maintain US hegemony”.²

India has been locked in a border dispute with China in eastern Ladakh since April 2020, following which both sides have been involved in multiple rounds of talks to disengage from friction points. Despite talks, there has been limited success, with disengagement pending in two crucial friction points of Depsang and Demchok. Reiterating India's position, Dr. Jaishankar, in his public statements has maintained that New Delhi's relationship with Beijing has not been normal.

Moreover, a former Indian Ambassador to China, recently in an interview stated that “There has been no significant de-escalation or de-induction of additional troops deployed by both sides since mid-2020, even during winter months over four consecutive years”... Thus, the situation in border areas in Eastern Ladakh remains seriously disturbed due to unilateral actions taken by China.”³

Amidst the strained political ties, Chinese state media in a report stressed that China-India economic relations are in limbo. Calling India’s ban on Chinese business enterprises operating in India as bizarre, the report claimed that, Indian manufacturing sectors are using geopolitical issues as leverage to give Indian companies an unfair advantage by suppressing Chinese competitors.⁴

¹ “EAM Dr S Jaishankar At The 96th Annual General Meeting of FICCI,” CNBC TV 18, December 9, 2023

² Ibid.

³ “Frozen India, China ties on a drift into fourth year with no end in sight,” The Economic Times, December 27, 2023

⁴ “Businesses’ anxiety over China-India ties merits more attention,” Global Times, December 25, 2023

It further claimed that, even though there is economic competition between China and India, the complementarity of the two economies is greater than its competitiveness. Crackdown on Chinese companies, "will create stories of declining incomes and even unemployment in India". Another report claimed India's repeated investigations and massive penalties have imposed a heavy burden on Chinese companies and seriously undermined their confidence in future investment and operations in the country. It asserted that Chinese companies are unlikely to return to the market on a large scale in the short term.⁵

In a recent interview with the Financial Times, while discussing India's economic trajectory, Prime Minister Narendra Modi asserted that India should be compared with other democracies, not China while dismissing concerns about unemployment, corruption, bureaucratic hurdles and skills gap in the country.⁶

II. China-South Asia Relations

In the wake of Chinese willingness to extend cooperation for development work on the Bangladesh part of the Teesta river, the Bangladesh government has said it would take into account "geopolitical issues" before deciding to take it forward.⁷ Upon being asked how far Dhaka would take into consideration India's reservation over China's involvement in a major project near its strategic Siliguri Corridor, Foreign Ministry Spokeswoman Seheli Sabrin said, in such a case Dhaka would "take into cognizance the geopolitical issues" in proceeding with the proposal. Her comments came more than a week after Chinese Ambassador, Yao Wen, said Beijing received several proposals for the development of the Teesta basin and "we await the end of the election process in Bangladesh".⁸

The Teesta water-sharing agreement with India has been in the talks since Prime Minister Sheikh Hasina's Awami League government came to power in 2009 but was stalled due to domestic political differences in India. According to Bangladesh officials, China in 2020 proposed a major dredging work on the Teesta River and build reservoirs and embankments, without India having to

⁵ "India's unscrupulous suppression of Chinese firms to harm its own industrial development: experts, Global Times, December 24, 2023

⁶ "Narendra Modi: 'Our nation is on the cusp of a take-off'," Financial Times, December 20, 2023

⁷ "'Teesta project: Geopolitics to take into consideration in case of India's objection to Chinese proposal', Prothom Alo, December 28, 2023

⁸ "Bangladesh would gauge 'geopolitical issues' over Chinese proposal on Teesta River: Official," The Indian Express, December 28, 2023

play any role, but, Bangladesh has kept the multi-million-dollar project on hold. Several analysts have maintained that the Chinese involvement could complicate India-Bangladesh dispute over the major common river, given its strategic location.⁹

In an important development, Bangladesh and Sri Lanka are considering joining the RCEP. Colombo has already applied for membership of the RCEP while Dhaka is set to take a call after polls in January 2024.¹⁰

In a significant demonstration of Sri Lanka's attempt to walk the strategic tightrope, Colombo has imposed a 12-month moratorium on granting permissions to foreign research vessels to operate in its waters. The decision will prevent Chinese 'research-cum-spy' ships from docking at Sri Lankan ports.¹¹

Discussing the moratorium, a senior Lankan minister in a statement said, "The government is considering a year-long moratorium on granting permission for foreign research vessels to conduct surveys in Sri Lankan waters or her exclusive economic zone (EEZ)... The arrival of these ships creates serious diplomatic tensions, and 2024 is an election year. Such ship visits can be highly disruptive for the region, so, a moratorium, for one year or perhaps more, is being considered."¹²

China was slated to dock its marine scientific research (MSR) vessel, the Xiang Yang Hong 3, at Sri Lankan ports by early 2024. It is speculated that Sri Lanka took the decision keeping in mind New Delhi's reservations. Colombo is refraining from appeasing or irking any of the two major Asian countries ahead of the 2024 presidential elections.¹³

Amid apprehensions of an 'anti-India' approach by the Maldives, newly elected President Mohamed Muizzu has decided not to renew the agreement with the Indian Navy for a hydrographic survey of the Maldivian seawaters. The announcement by the Maldivian government follows reports of Beijing seeking Male's approval to dock its 'research survey vessel' of the Yuan Wang series for conducting deep-water exploration in the Southern Indian Ocean in

⁹ Ibid.

¹⁰ "Sri Lanka, Bangladesh mull over joining RCEP bloc", The Hindu, October 15, 2023.

¹¹ "Sri Lanka's big blow to China: Year-long moratorium on entry of 'spy ships'," WION, December 19, 2023

¹² "Sri Lanka considers permission freeze for Chinese 'spy' ships," The Economic Times, December 18, 2023

¹³ Ibid.

2024. China's footprint in India's neighbourhood has increased and Maldives has emerged as a nation in China's 'String of Pearls' construct in South Asia.¹⁴

The Maldives had recently skipped a meeting of the national security advisor-level Colombo Security Conclave, in which it is a member state along with India, Sri Lanka and Mauritius.¹⁵ This is seen as a message that Male is trying to keep distance from multilateral platforms driven by India. On the other hand, the Maldives attended second 'China-Indian Ocean Region Forum on Blue Economy Cooperation' held in Yunnan province on December 8, 2023.¹⁶

Khalil Hashmi, the newly appointed Ambassador of Pakistan to China, shared his insights on the collaborations between China and Pakistan. Discussing the bilateral ties, Ambassador Hashmi said, the impact of this collaboration is not confined to the echelons of power alone, but have trickled down, improving the lives of everyday citizens in both countries. During the course of the interview, Amb. Hashmi touched upon the vital role of cultural diplomacy in fortifying the relationship between the two nations. He drew attention to the visit of a Chinese TV/Film Industry delegation to Pakistan. Further, he highlighted the robust bond between China and Pakistan, citing the film "Ba'Tie Girl" as a testament to the enduring friendship between the two nations. The film, released in 2023, serves as a cultural bridge, symbolizing shared values and understanding.¹⁷

As the Belt and Road Initiative enters its second decade, the cooperation between China and Pakistan is set to evolve further, demonstrating that, China-Pakistan alliance is more than just an economic collaboration, it is a holistic relationship with shared goals and mutual benefits.

China in its discussions with Afghan Taliban has been urging the need to introduce political reforms, improve security, and mend relations with its neighbours before it receives full diplomatic recognition from Beijing. China does not formally recognise Afghanistan's Taliban rulers, despite both countries hosting each other's Ambassadors and maintaining diplomatic engagement.

¹⁴ "China effect? Why Maldives appears to be distancing itself from India," India Today, December 17, 2023

¹⁵ Ibid.

¹⁶ "China to launch cooperation and training programs to enhance blue economy cooperation with Indian Ocean countries", Global Times, December 8, 2023

¹⁷ "Director-General of the Department of Asian Affairs of the Foreign Ministry Liu Jinsong Meets with New Pakistani Ambassador to China," MFA, China, December 15, 2023

China has urged UN Secretary-General Antonio Guterres to be cautious in dealing with the issue of appointing a special envoy for Afghanistan. The UN Security Council adopted a resolution on "Afghanistan independent assessment", which calls upon the secretary-general to appoint a special envoy for Afghanistan to promote the implementation of the recommendations made in the assessment. China and Russia abstained while the remaining 13 members of the Security Council voted in favour.¹⁸

III. China-United States Relations

Following the San Francisco Summit, the US and China have resumed high-level military-to-military communication. General Liu Zhenli, a Member of China's Central Military Commission (CMC) and Chief of the CMC Joint Staff Department, and General Charles Brown, Chairman of the US Joint Chiefs of Staff, held a video conference on December 21, 2023.¹⁹ The talks mark the first senior level military communication between Washington and Beijing since the Chinese government halted all such engagements in response to then-House speaker Nancy Pelosi's visit to Taiwan in August 2022. The two military leaders "discussed the importance of working together to responsibly manage competition, avoid miscalculations, and maintain open and direct lines of communication". The US side also "reaffirmed" the importance of resuming the bilateral Defence Policy Coordination Talks, Military Maritime Consultative Agreement talks, and "opening lines of communication between the Commander of United States Indo-Pacific Command and the PLA's Eastern and Southern Theatre Commands".

General Liu in his remarks emphasised that, for healthy, stable, and sustainable military relations, the US must develop a "correct perception of China" and respect its core interests over Taiwan and the South China Sea.²⁰ A Global Times editorial welcomed China-US military talks as a "positive signal" and urged Washington to demonstrate more concrete actions to further stabilise military relations.²¹

Meanwhile, the US Congress released its final version of the National Defence Authorisation Act for fiscal year 2024, which strengthens Taiwan training, the AUKUS alliance and countering Chinese influence. The legislation, comes on

¹⁸ "Adopting Resolution 2721 (2023), Security Council Requests Secretary-General Appoint Special Envoy for Afghanistan, United Nations, December 29, 2023

¹⁹ "Brown Speaks With Chinese Counterpart," Department of Defense, December 21, 2023

²⁰ "China's senior military official holds video meeting with US counterpart", Chinese Ministry of National Defence, December 22, 2023.

²¹ "Chinese, US military talks a 'positive signal,' but this is just the first step: Global Times editorial", Global Times, December 23, 2023.

the margins of mounting speculation that Chinese President Xi Jinping has ordered People's Liberation Army to be ready to take Taiwan by force if required by 2027.²²

The defence bill also calls for cybersecurity cooperation with Taiwan to "defend military networks, infrastructure and systems". It also calls for the defence secretary to establish a program of training, advising, and institutional capacity building of the Taiwanese military forces – in line with a comprehensive effort in last year's NDAA, to boost security cooperation with Taiwan. It also mandated an independent study on the global economic impact of a military invasion or blockade of Taiwan by Beijing.²³

During a speech, US Commerce Secretary, Gina Raimondo, called Beijing "the biggest threat we've ever had" and stressed "China is not our friend."²⁴ Raimondo urged lawmakers, Silicon Valley, and the US allies to stop China from getting semiconductors and cutting-edge technologies, key to national security. Referring to a series of restrictions imposed in October 2023 on the export of advanced chips, including those used in the development of artificial intelligence (AI), to prevent their use by Chinese military, Raimondo said, "I know there are CEOs of chip companies in this audience who were a little cranky with me when I did that, because you're losing revenue. Such is life, protecting our national security matters more than short-term revenue."²⁵

Amidst an intensifying technological rivalry, China has imposed fresh export controls on key technologies, including laser radars, drones and biotechnology products. The latest export controls are intended to "safeguard national security, the public interest or public morality", the notification said. Other reasons cited included "protecting the health or safety of humans, animals and plants and the environment", as well as complying with domestic laws or international treaties and agreements.²⁶

During the month, the US House Select Committee formed in January 2023 on the Strategic Competition between the United States and the Chinese Communist Party, released its first set of economic policy recommendations, urging China be moved to a "new tariff column" and that hi-tech workers from allied countries gain easier entry to the US. The report comprising almost 150

²² "Final Pentagon budget bill features Taiwan, Aukus and counters to China's influence," South China Morning Post, December 8, 2023

²³ Ibid.

²⁴ "US secretary warns against China 'threat'," Taipei Times, December 4, 2023

²⁵ Ibid.

²⁶ "China brings in new export controls on hi-tech products amid ongoing rivalry with US," South China Morning Post, December 21, 2023

recommendations reflected efforts to reset terms of the bilateral economic relationship, curb the flow of US capital into China and invest in America's technological leadership. The recommendations intended to strike a balanced approach that adopts a more assertive posture to protect the American economy and national security when it comes to China's Communist Party and a more collaborative approach when it comes to economic cooperation with America's key allies and partners.²⁷

IV. China-European Union Relations

Amidst strained political ties, China and the European Union held their first in-person summit since 2019, in Beijing on December 7. During the meeting, President Xi urged the EU to work with China to provide global stability, enhance mutual political trust and "eliminate all kinds of interference" in the bilateral relationship. According to EU press readout, the Summit was an opportunity to engage with China following a period of intensified bilateral contacts and dialogues. High-level visits and dialogues on strategic and foreign policy issues, human rights as well as trade and economy, climate, and environment, paved the way for the Summit, demonstrating the EU's commitment to engage with China. According to the readout, the leaders discussed Russia's war of aggression against Ukraine. The EU reiterated that, as a permanent member of the UN Security Council, China has a special responsibility in upholding the UN Charter's core principles, including territorial integrity and sovereignty. The EU called on China to use its influence on Russia to stop its war of aggression and strongly encouraged China to engage in Ukraine's Peace Formula. The EU underlined the importance of China continuing to refrain from supplying lethal weapons to Russia. The EU equally urged China to prevent any attempts by Russia to circumvent or undermine the impact of sanctions. The EU expressed its expectation that China takes concrete action to improve market access and the investment environment for EU investors and exporters. The EU recalled that de-risking but not decoupling aims at strengthening resilience by addressing critical dependencies in specific sectors, in full compliance with the World Trade Organisation rules.²⁸

According to Chinese readout of the summit, the two sides agreed to maintain strategic stability in China-EU relations, reaffirming EU's commitment to developing constructive and stable China-EU relations, deepen cooperation in

²⁷ "Move China to 'new tariff column' and ease entry for allies' hi-tech workers, US House panel urges," South China Morning Post, December 13, 2023

²⁸ "24th EU-China Summit: engaging to promote our values and defend our interests," European Council, December 7, 2023

economy and trade, green development, geographical indications, intellectual property rights and other fields, make good use of the dialogue mechanisms on export control, explore the establishment of an early warning mechanism for key raw materials, and build a supply chain partnership of stability and mutual trust, and strengthen communication and coordination on major international and regional issues.²⁹

During the summit, the Chinese side expressed concern over the EU's "de-risking" and restrictive economic and trade policies, including the anti-subsidy investigation into Chinese electric vehicles launched by the EU. It urged the EU to keep its trade and investment markets open, provide a fair and non-discriminatory business environment for Chinese companies, and use trade remedy measures prudently. The Chinese side stressed that the development of Chinese electric vehicles is not reliant on government subsidies, but rather on technological innovation and the ever-increasing competitiveness of Chinese companies.³⁰

Italy formally communicated to the Chinese government that it has decided to end its membership of the Belt and Road Initiative (BRI). Italy's withdrawal marks the end of participation of any G7 members in BRI.³¹ The 2019 memorandum authorising Italy's belt-and-road participation expires in March 2024. However, as per reports, Italy wants to "maintain a strategic friendship with China". Foreign Minister Antonio Tajani in a statement said, Italy's participation "has not produced the desired effects" and is no longer "a priority", adding that non-participants have had "better results" than Italy. Italian Prime Minister Meloni vowed to leave the initiative when campaigning for office, describing the decision to join as "a mistake", but has attempted to handle the departure delicately. Italy was one of 148 countries to have signed a memorandum of understanding of BRI.

More than half of the EU's members are still part of the Belt and Road Initiative although interest has waned in recent years as EU-China ties became strained. Hungarian Prime Minister Viktor Orban was the only sitting head of state from an EU member-state to attend the recent Belt and Road forum held in Beijing.³²

²⁹ "Head of the Department of European Affairs of the Foreign Ministry Gives an Interview to the Media on the 24th China-EU Summit, MFA, China, December 8, 2023

³⁰ Ibid.

³¹ "Italy withdraws from China's Belt and Road Initiative, reports say," Al Jazeera, December 6, 2023

³² Italy tells China it will terminate belt and road agreement, eliminating G7 participation, South China Morning Post, December 7, 2023

V. China-Russia Relations

Chinese Premier, Li Qiang, and Russian Prime Minister, Mikhail Mishustin, agreed to expand bilateral trade while co-hosting the 28th regular meeting between Chinese and Russian Heads of Government in Beijing on December 19. The two heads of government affirmed the efficient and pragmatic work of the committees over the past year. The two sides also agreed to expand agriculture cooperation, jointly maintain the energy security of the two countries, strengthen connectivity, enhance personnel exchanges and local cooperation, as also ensuring the security and stability of industrial and supply chains. Further, both sides agreed to work together in developing widebody passenger jets, Arctic shipping corridors, and artificial intelligence.³³

Later, during his meeting with Chinese President Xi Jinping, Russian Prime Minister Mikhail Mishustin agreed to further expand bilateral economic cooperation. Noting that China and Russia have achieved the goal of raising annual bilateral trade volume to USD 200 billion, showed willingness to further promote their "high-level political relations" and jointly advance the process of boosting economic and social development. During the meeting, the two countries agreed to strengthen their "no-limits" strategic partnership and pledged to enhance trade and cooperation on technology.³⁴

VI. President Xi's Visit to Vietnam

President Xi Jinping visited Vietnam on December 12-13, 2023. During his meeting with the General Secretary of the Communist Party of Vietnam, Nguyen Phu Trong, President Xi reiterated the importance of China-Vietnam relations from a strategic perspective and stressed the importance of building a community with a shared future based on socialist principles.³⁵ Furthermore, in light of the intensifying competition in the South China Sea, Xi emphasised the need for greater mutual trust, substantive security cooperation, closer multilateral coordination, and proper management of differences.³⁶ It is to be noted that, President Xi's visit came just months after Hanoi elevated its

³³ "China, Russia vow to press on with plans for widebodied passenger jet, Arctic shipping route," South China Morning Post, December 22, 2023

³⁴ Ibid.

³⁵ "Xinhua Headlines: China, Vietnam lift ties to new stage, aiming for shared future", Xinhua, December 13, 2023.

³⁶ Ibid.

relationship with Washington to that of a "Comprehensive Strategic Partnership".³⁷

VII. Taiwan Presidential Election 2024

On January 13, 2024, Taiwan will hold its Presidential Election, outcome of which will have a significant impact on its future relations with China.³⁸ The three main candidates are Lai Ching-te (Democratic Progressive Party – DPP), Hou Yu-ih (Kuomintang-KMT), and Ko Wen-je (Taiwan People's Party-TPP).³⁹ As per current voters indications, Lai Ching-te, Taiwan's current Vice President, belonging to Democratic Progressive Party (DPP) is the front-runner.⁴⁰ He has promised to stick to the dictum of President Tsai Ing-wen of, Taiwan being already a sovereign nation, there is no need to further declare independence.⁴¹ Hou Yu-ih, the Kuomintang candidate, has promised to protect Taiwan through negotiations, consensus, and compromises with China.⁴² Taiwan People's Party has positioned itself as the "third force" that seeks to strengthen economic relations with Beijing. It has accused the DPP of being "pro-war" and the KMT of being "too deferential" to China.⁴³ Meanwhile, US Senator Lindsay Graham warned Beijing about "pre-invasion sanctions from hell" if China attempted to seize Taiwan.⁴⁴ A Global Times editorial was critical of Senator Graham's "extreme malice and ignorance", warning that "sanctions from hell may sound intimidating, but they will not deter China".⁴⁵

Internal Developments

President Xi's Key Addresses and Developments

On December 28, 2023, President Xi addressed Central Conference on Work Relating to Foreign Affairs.⁴⁶ Xi noted that, in the new era, China has overcome many difficulties and challenges in its external work (foreign policy) and has

³⁷ "China's Xi pushes more trust with Vietnam after Hanoi's move closer to Washington", CNN, December 13, 2023.

³⁸ "Taiwan's defining moment: Election to determine future of relations with China", Nikkei Asia, December 6, 2023.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ "Sanctions from hell' against China, ignorance or malice?: Global Times editorial", Global Times, December 22, 2023.

⁴⁵ Ibid.

⁴⁶ "Xinhua Headlines: Central conference on work relating to foreign affairs held in Beijing", Xinhua, December 29, 2023.

gained a great deal of strategic autonomy and international influence.⁴⁷ Further, he claimed that China has developed an image as a country that is open, inclusive, self-reliant, and confident with a global outlook.⁴⁸ With the US-China strategic competition intensifying, President Xi reiterated his call for a multipolar world that is equal and orderly, rejecting hegemony and power politics, and promoting inclusive economic globalisation.⁴⁹

On December 26, 2023, the CPC Central Committee held a symposium marking the 130th birth anniversary of Mao Zedong.⁵⁰ President Xi described “Mao’s Thought as an invaluable spiritual wealth of the CPC” and reiterated the Party’s central task of building a modern socialist country.⁵¹ Major issues touched by President Xi included continuing to adapt Marxism to the Chinese context, pursuing reform and opening up, upholding the ‘one country, two systems’ for Hong Kong and Macao, and advancing the Global Development Initiative, Global Security Initiative, and Global Civilisation Initiative for peace and development.⁵² On the issue of Taiwan, Xi reiterated that the “complete reunification of our motherland would happen as it is a righteous cause and a common aspiration”.

On December 21-22, 2023, President Xi chaired a criticism and self-criticism meeting of the Political Bureau of the CPC Central Committee on the study and implementation of “Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era”.⁵³ The CPC Political Bureau reiterated the importance of establishing Xi Jinping’s core position on the Party Central Committee and “Thought on Socialism” as a guiding principle for advancing Chinese modernisation.⁵⁴ Members of the Political Bureau emphasised that they had become more conscious towards upholding the authority of the Party Central Committee, maintaining integrity and self-discipline, while strengthening efforts to reform the Party.⁵⁵

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ “CPC Central Committee holds symposium commemorating 130th anniversary of Mao’s birth”, Xinhua, December 26, 2023.

⁵¹ Ibid.

⁵² Ibid.

⁵³ “CPC leadership meeting calls for rallying powerful force to advance national rejuvenation”, People’s Daily, December 23, 2023.

⁵⁴ Ibid.

⁵⁵ Ibid.

President Xi chaired the Central Rural Work Conference in Beijing between December 19-20, 2023.⁵⁶ Some of the major issues touched on included, ensuring food security, improving the livelihoods of rural residents, and advancing technological development in agriculture.⁵⁷ Boosting China's food security, data from the National Bureau of Statistics (NBS) showed that the country's grain output rose 1.3 percent year-on-year to a high of 695.41 million tonnes in 2023.⁵⁸

On November 30, 2023, President Xi addressed a symposium on advancing the integrated development of the Yangtze River Delta, which is a major economic hub centred around Shanghai.⁵⁹ Further, Xi emphasised the need to build Shanghai into a modern, socialist, and international metropolis by developing international centres of economy, finance, trade, shipping, and science and technology.⁶⁰ To implement above, the State Council issued a plan to promote high-level institutional opening-up of the Shanghai free trade zone.⁶¹

During the 28th United Nations Climate Change Conference, Chinese Vice Premier, Ding Xuexiang, addressed the World Climate Action Summit in Dubai, UAE on December 1, 2023.⁶² In his remarks, Vice Premier reiterated China's willingness to work with all parties to build a clean and beautiful world. He presented a three-point proposal to accomplish this, including practicing multilateralism, accelerating the green transformation, and supporting developing countries in terms of finance, technology, and capacity-building to mitigate impact of climate change.⁶³

There have been several forums held by China to promote the 5,000-year-old civilisational heritage of the country, including the Liangzhu Forum in Hangzhou and Understanding China Conference in Guangzhou.⁶⁴ In his

⁵⁶ "Key meeting outlines China's tasks for 2024 rural development", People's Daily, December 22, 2023.

⁵⁷ Ibid.

⁵⁸ "China's grain harvest hits record high amid food security drive, helped by 16% increase from Xinjiang", South China Morning Post, December 11, 2023.

⁵⁹ "Xi stresses making new major breakthroughs in integrated development of Yangtze River Delta", Xinhua, December 1, 2023.

⁶⁰ "Xi stresses expediting building Shanghai into modern socialist int'l metropolis", People's Daily, December 4, 2023.

⁶¹ "China issues plan to enhance institutional opening up in Shanghai", The State Council Information Office, December 11, 2023.

⁶² "China ready to work with all parties to build a clean, beautiful world: vice premier", People's Daily, December 2, 2023.

⁶³ Ibid.

⁶⁴ "Xi sends congratulatory letter to Understanding China Conference", People's Daily, December 2, 2023.

letters to these forums, President Xi stressed that “understanding Chinese modernisation is key to understanding China”.⁶⁵

Trade and Economy

President Xi addressed the Central Economic Work Conference held in Beijing from December 11-12, 2023.⁶⁶ Xi stated that, in 2023, the Chinese economy achieved a recovery and pursued high-quality development, but warned that the country still needs to overcome challenges such as a lack of demand, overcapacity in some sectors, lacklustre social expectations, financial risks, bottlenecks in domestic circulation, and rising global uncertainty.⁶⁷ Chinese President outlined a roadmap for the country's economy in 2024, underscoring the importance of “pursuing growth while maintaining stability” and “establishing the new before abolishing the old” (a possible reference that cautions against jumping the gun on decarbonisation issues).⁶⁸ He underscored, China's macroeconomic policy will prioritise pursuing science and technology innovation for building a modern industrial system, expanding domestic demand, deepening reforms and high-standard opening-up, coordinating regional development, strengthening rural revitalisation, promoting ecological conservation, and improving livelihoods.⁶⁹ Beijing reiterated confidence in attracting foreign investment despite a dip in foreign direct investment (FDI) in the first eleven months of 2023.⁷⁰ FDI in China declined by 10 percent in the first eleven months of 2023 to CNY 1.04 trillion (about USD 146.45 billion).⁷¹

In November 2023, factory activity in China slowed, raising concerns over country's economic recovery.⁷² Further, owing to China's local government debt and property crisis, Moody's Investors Service downgraded its A1 outlook on China's debt rating to “negative” from “stable”.⁷³ Chinese youth are fed up with the country's high unemployment and their mood is being described as

⁶⁵ Ibid.

⁶⁶ “China holds Central Economic Work Conference to plan for 2024”, Xinhua, December 13, 2023.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ “China boasts multiple favorable conditions to attract foreign investment: official”, People's Daily, December 18, 2023.

⁷¹ “China's FDI inflow reaches 1.04 trillion yuan in first 11 months”, The State Council of PRC, December 21, 2023.

⁷² “China's factory activities slow, expectations unwavering”, People's Daily, December 1, 2023.

⁷³ “Moody's cut to outlook is flawed, ministry says”, People's Daily, December 6, 2023.

"letting it rot".⁷⁴ Despite support measures, the private sector continues to be in a difficult situation.⁷⁵ Concerns are also being expressed regarding the impact of deflation on the economy as domestic demand remains weak.⁷⁶

In the wake of mounting economic headwinds, China's Ministry of State Security has reportedly hinted at a crackdown on analysts critical of the country's economy.⁷⁷ Beijing claimed that foreign forces are spreading false theories about China's decline to undermine its socialist system and threaten national security.⁷⁸ Meanwhile, the International Monetary Fund (IMF) warned about deepening trade fragmentation between the US and China that could destroy the benefits of open trade.⁷⁹ Chinese economists have urged Beijing to reduce its holdings of US government bonds in light of Washington's weaponisation of the US dollar in international trade.⁸⁰

Amidst global supply chain disruptions, Beijing hosted the first International Supply Chain Expo (CISCE) under the theme "Connecting the World for a Shared Future". Xinhua stressed that CISCE is another effort by China to ensure global supply chain stability.⁸¹ The State Council also called for the integrated development of domestic and foreign trade as part of the new development pattern.⁸²

Among other developments, China's Shidaowan high-temperature gas-cooled reactor (HTGR) - a fourth-generation nuclear power plant - started commercial operations in Shandong which will increase country's nuclear energy capacity.⁸³ In an important development, a 2,400-meter-deep physics

⁷⁴ "America Had 'Quiet Quitting.' In China, Young People Are Letting It Rot", The Wall Street Journal, December 18, 2023.

⁷⁵ "China's private firms stuck between a rock and a hard place with Beijing's support measures 'mere lip service'", South China Morning Post, December 16, 2023.

⁷⁶ "Explainer | China inflation: 4 takeaways from November's data as deflationary pressure heightened", South China Morning Post, December 12, 2023.

⁷⁷ "Analysis: China's spy agency now watches for doomsayers", Nikkei Asia, December 21, 2023.

⁷⁸ Ibid.

⁷⁹ "IMF warns of China/US blocs deepening trade fragmentation, with 'fault lines' emerging", South China Morning Post, December 11, 2023.

⁸⁰ "China must cut US treasuries in 'orderly' fashion, maintain balance of trade amid rising risks: ex-central bank adviser", South China Morning Post, December 18, 2023.

⁸¹ "Xinhua Headlines: China's expo another endeavor toward more stable global supply chain", Xinhua, December 2, 2023.

⁸² "China's State Council stresses integrated development of domestic, foreign trade", People's Daily, December 2, 2023.

⁸³ "World's 1st 4th-generation nuclear power plant goes into commercial operation in China", Xinhua, December 6, 2023.

laboratory has become operational in China beneath Jinping Mountain in Sichuan Province to study dark matter.⁸⁴

Defence and Security

Chinese analysts expressed concern over an increase in the US and Japanese defence budgets for 2024 warning that it will deteriorate the security environment in Asia-Pacific.⁸⁵ Adding that, China-US ties are likely to remain frosty in 2024 as Washington continues to maintain a “US-centric and hegemonic foreign policy”.⁸⁶

Earlier, General Charles A. Flynn, Commanding General of US Army Pacific, informed that the US military plans to deploy land-based intermediate-range missiles in Asia-Pacific that could prevent China from striking Taiwan.⁸⁷ Beijing termed this as a dangerous move posing a serious threat to regional peace and stability.⁸⁸ As Washington continues arms sales to Taiwan, Chinese Ministry of National Defence reiterated that the US and Democratic Progressive Party (DPP) are turning Taiwan into a “weapons depot” and a “powder keg”.⁸⁹

Philippine Ambassador to the US, Jose Manuel Romualdez, warned that the skirmishes between the Philippines and China in the South China Sea could escalate to a major conflict at “any time” and possibly lead to “world war”.⁹⁰ He stressed that, to counter China’s coercive actions, multilateral countries must show force.⁹¹ A Global Times editorial expressed “astonishment” and contended that this statement “sounded like it had been made by a US official”.⁹² People’s Daily, on its part, described Manila’s actions in the South China Sea as “extremely dangerous” and advised the Philippines not to act recklessly by collaborating with ill-intentioned external forces as China will defend its rights in accordance with the law.⁹³ Moreover, Beijing expressed

⁸⁴ “World’s deepest, largest underground lab operational in China”, People’s Daily, December 7, 2023.

⁸⁵ “US, Japan announce record defence budgets targeting China, unsettling analysts amid deteriorating security environment”, Global Times, December 24, 2023.

⁸⁶ “China-US ties to remain bumpy in 2024 as Washington maintains US-centric, hegemonic foreign policy”, Global Times, December 21, 2023.

⁸⁷ “Regular Press Conference of China’s Ministry of National Defence on November 30”, Ministry of National Defence PRC, December 6, 2023.

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ “Philippine ambassador’s comments sound like they come from US official: Global Times editorial”, Global Times, December 15, 2023.

⁹¹ Ibid.

⁹² Ibid.

⁹³ “Philippines actions in South China Sea extremely dangerous, ignoring China’s goodwill, restraint”, People’s Daily, December 27, 2023.

concerns about the 'AUKUS' extending its military alliance to include anti-submarine systems based on drones and artificial intelligence, as well as space technology, which could trigger an arms race in the region.⁹⁴

On December 14, 2023, China and Russia conducted their seventh joint aerial strategic patrol over the Sea of Japan and the East China Sea, continuing the trend of a growing partnership between the two nations.⁹⁵ Chinese analysts noted that aerial strategic patrols between the two countries have become routine, and their objective is to maintain peace and stability in the region.⁹⁶

In a major development, China is reportedly rebuilding Lop Nur military base in Xinjiang for nuclear tests. Beijing could be considering to test new generation nuclear weapons to enhance the lethality of its missile force.⁹⁷ In another development, Qin Gang, who was removed from his positions as State Councillor and Foreign Minister, reportedly died from either suicide or torture at a Chinese military hospital in July 2023.⁹⁸ According to Western reports, Russia had informed President Xi that Qin Gang and relatives of top PLA Rocket Force officers had helped Western intelligence agencies obtain Chinese nuclear secrets.⁹⁹

On December 29, 2023, the National People's Congress (NPC) appointed Admiral Dong Jun, a former commander of the PLA Navy, as China's new defence minister.¹⁰⁰ Dong Jun is not listed on any US sanctions list and is the nation's first defence minister from the Navy.¹⁰¹ As part of President Xi's ongoing military purge, nine senior military officers were expelled from the NPC.¹⁰²

⁹⁴ "Widened AUKUS deal includes AI, space techs against China, triggering arms race fear", Global Times, December 3, 2023.

⁹⁵ "Chinese, Russian militaries hold 7th joint aerial strategic patrol", Global Times, December 15, 2023.

⁹⁶ Ibid.

⁹⁷ "China Quietly Rebuilds Secretive Base for Nuclear Tests", The New York Times, December 20, 2023.

⁹⁸ "China's Xi goes full Stalin with purge", Politico, December 6, 2023.

⁹⁹ Ibid.

¹⁰⁰ "China names Dong Jun as new defence minister to replace ousted Li Shangfu", South China Morning Post, December 29, 2023.

¹⁰¹ Ibid.

¹⁰² "China's Top Legislative Body Ousts Nine Senior Military Officers", Caixin Global, December 30, 2023.

Amid speculation about PLA's third aircraft carrier 'Fujian' testing its electromagnetic catapult system, Beijing reported carrier undergoing mooring tests as per plans.¹⁰³

Technology

The United Nations General Assembly reportedly adopted a draft resolution "No First Placement of Weapons in Outer Space" co-sponsored by China and Russia among others.¹⁰⁴ Consequently, China reiterated its support for peaceful use of outer space and opposition to its weaponisation. Beijing expressed concern that attempts of a "certain big power" in weaponising space could trigger a space arms race undermining global strategic stability.¹⁰⁵

¹⁰³ "PLA's 3rd carrier Fujian holds mooring tests according to plan: MOD", Global Times, November 30, 2023.

¹⁰⁴ "China firmly opposes arms race in outer space: defence spokesperson", People's Daily, December 15, 2023.

¹⁰⁵ Ibid.



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