



Delhi Policy Group

Advancing India's Rise as a Leading Power

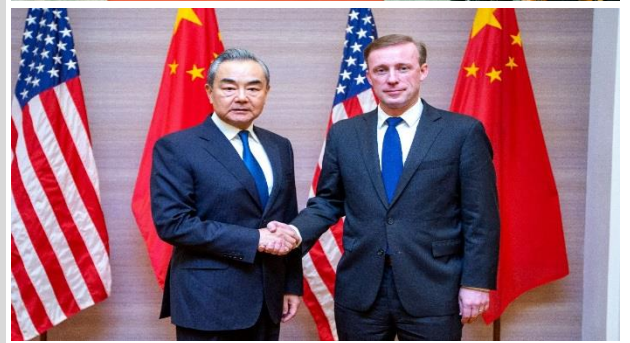


China Monitor

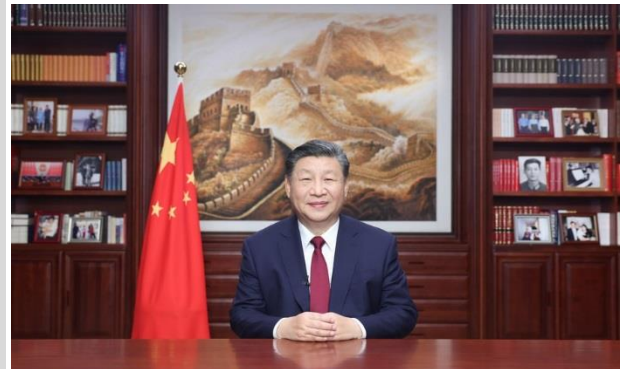
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ABOUT US

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China Monitor

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

Cover Photograph:

Chinese President Xi Jinping welcomes Maldives President Dr. Mohamed Muizzu in Beijing on January 10, 2024.

Source: [The President's Office Republic of Maldives](#)

Chinese Foreign Minister, Wang Yi, and US National Security Advisor, Jake Sullivan, met in Bangkok, Thailand on January 26-27, 2024. Source: [Official X Handle/Jake Sullivan](#)

Chinese President Xi Jinping delivers New Year 2024 address from his office in Beijing on December 31, 2023.

Source: [People's Daily](#)

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Contents

Abstract	i
Foreign and Security Policy	1
I. China-India Relations	1
II. China-South Asia Relations	2
III. China-United States Relations	4
IV. China-European Union Relations	7
V. China-Russia Relations	9
VI. Taiwan Presidential Election 2024	10
Internal Developments	10
Key Addresses by Chinese Leaders and Developments	10
Trade and Economy	12
Defence and Security	14
Technology	16

Abstract

On January 29, 2024, India's Army Chief, General Manoj Pande, described the situation along the LAC with China in eastern Ladakh as stable but sensitive. He added that no new areas of friction had emerged in 2023, and that India had significantly improved border infrastructure and maintained a "robust and balanced" troop deployment.

On January 30, 2024, EAM Dr. S. Jaishankar stated that while China will continue to influence India's neighbourhood based on its own interests, India should not fear such competition as it is quite capable of competing.

Amidst a growing diplomatic row with India, the President of Maldives, Mohamed Muizzu, paid a state visit to China from January 8-12, 2024, elevating their bilateral relations to a comprehensive strategic partnership. President Muizzu sought China's support to bolster and stabilise the Maldivian economy by boosting the number of tourists visiting his country. The Maldives has allowed the Chinese research vessel Xiang Yang Hong 03 to dock at the Malé port, on the condition that the vessel will not conduct any research in Maldivian waters.

On January 23, 2024, China's State Council Information Office released a White Paper entitled "China's Legal Framework and Measures for Counterterrorism". The White Paper covers an "improved legal framework for counterterrorism", "clear provisions for the determination and punishment of terrorist activities", "standardised exercise of power in fighting terrorism", "protection of human rights in counter-terrorism practices", and "effective protection of people's safety and national security".

On January 9, 2024, Chinese Foreign Minister, Wang Yi, addressed a symposium in Beijing on the "International Situation and China's Foreign Relations". Wang Yi stated that China's diplomacy in 2024 will remain committed to "self-confidence and self-reliance, openness and inclusiveness, fairness and justice, and win-win cooperation" to serve Chinese modernisation comprehensively.

As part of his New Year address, President Xi Jinping stressed the importance of advancing China's modernisation, providing a better life to its people, and striving to make the world a better place for everyone. On Taiwan, Xi reiterated that "China will surely be reunified" and that both sides of the Taiwan Strait should have a common objective of rejuvenation of the Chinese nation.

On January 13, 2024, Lai Ching-te was elected as Taiwan's next President. The leaders of the US, Belize, Guatemala, Eswatini, Saint Kitts and Nevis, Haiti, Paraguay, and the Philippines congratulated President-elect Lai, reiterating their shared commitment to strengthening the democratic system. The People's Daily warned these countries not to send wrong signals to "Taiwan independence" separatist forces. On January 24, 2024, the Pacific Island state of Nauru, severed diplomatic relations with Taiwan and re-established relations with China.

On January 26-27, 2024, Chinese Foreign Minister, Wang Yi, and US National Security Advisor, Jake Sullivan, met in Bangkok for prolonged talks. Wang Yi emphasised the importance of implementing the "San Francisco Consensus" underlining mutual respect, peaceful coexistence, and win-win cooperation as the keys to stable, healthy, and sustainable US-China relations. He maintained that the Taiwan issue is a major challenge to bilateral relations, and called on the US not to use national security as a pretext to suppress other countries' development. As part of their re-established military-to-military communication, China and the US held their 17th Defence Policy Coordination meeting in Washington on January 8-9, 2024.

The tensions between China and the Philippines in the South China Sea (SCS) showed no signs of abating. On January 3-4, 2024, the Philippines and the US undertook joint patrols in the SCS. China accused the Philippines of stirring up trouble in the SCS by courting a non-regional country, threatening regional peace and stability. To reduce tensions, China and the Philippines held the eighth meeting of their Bilateral Consultation Mechanism (BCM) on the South China Sea on January 17, 2024.

In 2023, China's economy grew 5.2 percent year-on-year to CNY 126.06 trillion (about USD 17.7 trillion), exceeding the government's target of 5 percent. Although Beijing remains optimistic about the growth prospects of the Chinese economy, analysts have reiterated concerns about debt, deflation, de-risking, and demographics.

Foreign and Security Policy

I. China-India Relations

In a new revelation, emerging from Army citations, the Galwan clash was not the only clash between the PLA and Indian Army at the LAC in 2020. As per the citations, there were two other incidents of altercation between the two sides, when the PLA attacked Indian posts and were beaten back. In another incident, an Indian Army Major infiltrated across the Chinese-held positions and provided a live feed of its military movements for over 120 hours, from deep inside the Chinese territory.¹

In his annual Army Day message, India's Army Chief, General Manoj Pande, informed that the situation with China at the Line of Actual Control (LAC), although stable, continues to be sensitive, expressing hope that it would be resolved in the near future. The Army Chief also highlighted that India is significantly strengthening its infrastructure on the borders, declaring that no more "friction areas" have emerged in the last year and the deployment of troops in the region is "robust and balanced". Adding that "in terms of our attempts at resolution of the dispute, talks and dialogue, both, at military and diplomatic level continue. We're hopeful of finding a resolution to the remaining issues".²

Reacting to the growing Chinese influence in India's neighbourhood, External Affairs Minister, Dr. S Jaishankar said it was necessary to acknowledge that China will influence India's neighbouring countries, adding, India must not be scared of such "competitive politics". Reacting to a query raised by the students of the Indian Institute of Management (IIM), Mumbai regarding strained ties with the Maldives, Dr. Jaishankar highlighted that, there are problems in every neighbourhood, but ultimately "neighbours need each other". On China, he remarked, being a major economy, China will deploy resources and try to shape things in its way, adding, "why should we expect otherwise, but the answer to that is not to complain that China is doing it". "I would say today... we should not fear competition. We should welcome competition and say I have the ability to compete," he added.³

¹ "Fresh Details of India-China Skirmishes on Ladakh Border Emerge," The Wire, January 19, 2024

² "Situation along LAC stable but sensitive: Army Chief General Manoj Pande," India Today, January 30, 2024

³ "India shouldn't be scared of competition: Jaishankar," The Indian Express, January 30, 2024

Meanwhile, Xu Feihong, former Chinese ambassador to Afghanistan, is reportedly in line to become China's new ambassador to India. China's last Ambassador, Sun Weidong, left his post in October 2022 after three years that saw relations between the two Asian neighbours plummet following fatal clashes in eastern Ladakh.⁴

II. China-South Asia Relations

China's Vice Foreign Minister, Sun Weidong, visited Pakistan from January 20-22. During the visit, he held meetings with Prime Minister Anwaar-ul-Haq Kakar, Chief of the Army Staff Gen Asim Munir, Foreign Minister Jalil Abbas Jilani, and others, and co-chaired the Fourth Meeting of the CPEC Joint Working Group with Foreign Secretary of Pakistan Muhammad Qazi. During the meetings, the two sides expressed a desire for enhanced cooperation in the areas of information technology, economy, agriculture, and human resource development.⁵ Pakistan plans to procure 'FC-31' stealth fighter jets from China to enhance its defence capabilities.⁶

On January 15, in a message congratulating Hasan Mahmud on his appointment as Bangladesh's Foreign Minister, Chinese Foreign Minister Wang Yi highlighted the long history of friendship between the two countries. He wrote, "China and Bangladesh have firmly supported each other on issues that bear on each other's core interests. The China-Bangladesh relations have made significant progress." "Over the past 49 years since the establishment of diplomatic relations, the two countries have always respected each other, treated each other equally, and achieved mutual benefit and win-win results," the Chinese embassy in Dhaka said.⁷

Meanwhile, reacting to the issue of China's growing influence in the region, Bangladesh's former Foreign Minister, Dr. AK Abdul Momen said that his country won't succumb to China, as its loans from Beijing are less than 1 per cent of the GDP. Abdul Momen downplayed Bangladesh becoming indebted to China as mere propaganda. Adding that, a country could be in debt of another

⁴ "China likely to appoint new ambassador to India after 15-month gap: Report," Mint, January 29, 2024

⁵ "Commitment for CPEC success renewed," Dawn, January 23, 2024

⁶ "Pakistan's plan to buy Chinese FC-31 stealth fighter jets win-win cooperation", Global Times, January 17, 2024

⁷ "Wang Yi Sends Congratulatory Message to Bangladeshi Foreign Minister Mohammad Hasan Mahmud," MFA, China, January 16, 2024

country if its foreign borrowing was more than 55 per cent whereas “our total borrowing is only 13.6 per cent”.⁸

Nepal Airlines Corporation is seeking to auction six Chinese-made aircraft due to heavy losses. The planes, owned by Nepal's finance ministry, have caused continuous losses since their acquisition. Nepal Airlines wants to sell or lease the planes to mitigate further losses. Other options, such as selling to Chinese or international companies, have failed to materialise.⁹

Maldivian President, Mohamed Muizzu, visited Beijing on a state visit at the invitation of President Xi Jinping from January 8-12, 2024. During his visit, President Muizzu sought China's support to bolster and stabilise the Maldivian economy by boosting the number of tourists visiting his country. The two countries signed a USD 50 million project for developing an integrated tourism zone. This development comes on the heels of a diplomatic row with India, after Maldivian ministers made derogatory remarks against Prime Minister Narendra Modi, and asked India to withdraw all its military personnel by March 2024.¹⁰ India remains Maldives' top tourist market in 2023.

Further, the Maldives signed several new agreements with China – its largest external creditor on January 10, including ones on climate, agriculture, and infrastructure. No details about the value of the deals were shared by either side.¹¹ The Maldives also announced that it has allowed a Chinese research vessel, whose earlier activities in the Indian Ocean had raised red flags, to dock at Malé port, with a proviso that the vessel will not undertake research activities in Maldivian waters. Xiang Yang Hong 03, which left southern China's Sanya port earlier this month is scheduled to arrive in Malé within a couple weeks. The activities of Chinese research vessels in the Indo-Pacific have garnered scrutiny over the past few years, as they are thought to serve both scientific and military purposes.¹²

Sri Lanka has notified India that it will not permit any Chinese research vessel to operate within its exclusive economic zone or dock at its ports for a year. The matter has been under consideration after President Ranil Wickremesinghe

⁸ “‘Won't succumb to China, India need not fear,’ says Bangladesh FM as Maldives President leans towards Beijing,” Business Today, January 12, 2024

⁹ “Nepal to auction China-made planes amid heavy losses,” The Economic Times, January 13, 2024

¹⁰ “Maldives President Muizzu urges China to send more tourists after backlash from”, The Economic Times, January 10, 2024

¹¹ “China, Maldives upgrade ties with infrastructure deals in pivot from India,” Al Jazeera, January 10, 2024

¹² “China, Maldives upgrade ties with infrastructure deals in pivot from India,” Al Jazeera, January 11, 2024

was urged by Prime Minister Narendra Modi in July last year to respect India's strategic and security concerns. Reportedly, the declared moratorium was conveyed to India through diplomatic channels recently. This implies that Sri Lankan authorities would not approve the Chinese scientific research ship Xiang Yang Hong 3, which was supposed to carry out "deep water exploration" in the south Indian Ocean from January to May 2024. In the past, Chinese research ships, hydrographic vessels, and ballistic missile trackers have been deployed in the Indian Ocean Region for surveys and research purposes. Sri Lanka has maintained that India's legitimate security concerns are very important and has put in place an SOP for the maintenance of maritime security and visits of such vessels in consultation with many friendly countries including India.¹³

III. China-United States Relations

Chinese President Xi Jinping and US President Joe Biden exchanged congratulatory messages on January 1, marking the 45th anniversary of their official ties. Xi and Biden's exchange comes amidst the two countries' bid to put relations back on track, having reached their most confrontational point in the 45 years since ties were established in 1979. In November 2023, Xi and Biden met in San Francisco and agreed to restore a wide range of communication channels that were heavily curtailed after then-US House speaker Nancy Pelosi's visit to Taiwan in August 2022. Dialogue on climate, the fight against illegal drugs, and most importantly military communication channels were all affected in the wake of the Pelosi's visit to Taiwan, which Beijing regards as part of its territory.¹⁴

On January 8-9, the US and Chinese defence officials met face-to-face at the Pentagon for the first time since January 2020. The talks were led by the US Deputy Assistant Secretary of Defence Michael Chase while Chinese side was led by Maj. Gen. Song Yanchao, deputy director of China's Central Military Commission's office for international military cooperation. During the two-day talks, the two sides discussed defence relations with the US side "emphasising the importance of maintaining open lines of military-to-military communication," given the prevailing tense environment in the Indo-Pacific, according to a readout by the DoD spokesperson.¹⁵

¹³ "Sri Lanka notifies India that it will not permit any Chinese research ship to operate within exclusive economic zone or dock at its ports for a year," All India Radio, January 3, 2024

¹⁴ "Xi, Biden exchange congratulations on 45th year of diplomatic ties," Nikkei Asia, January 1, 2024

¹⁵ "Chinese military officials visit Pentagon for first time in 4 years," Politico, January 9, 2024

China, on its part, reiterated a commitment to building strong and stable military relations with the US based on mutual respect and equality. It called upon Washington to abide by the one-China principle, stop arming Taiwan, reduce military provocations in the South China Sea, and stop supporting provocative actions by certain countries (the Philippines).¹⁶

US National Security Advisor, Jake Sullivan, met Chinese Foreign Minister, Wang Yi, in Bangkok on January 26-27. This meeting was a part of the effort to maintain open lines of communication and responsibly manage competition. Mr. Sullivan stressed that, although the US and China are in competition, both countries need to prevent it from veering into conflict or confrontation, maintaining that both sides should cultivate a strategic channel of communication to pursue additional high-level diplomacy and consultations in key areas. The two sides discussed global and regional issues, including those related to Russia's war against Ukraine, the Middle East, DPRK, the South China Sea, Myanmar, and Cross Strait issues. The US failed to prod China to take an active interest in curbing the Houthi militia's attacks on commercial shipping in the Red Sea.¹⁷ Wang Yi, on his part, maintained that, a major challenge to bilateral relations is the Taiwan issue, and called on the US not to use national security as a pretext to suppress other countries' development.¹⁸

US President Joe Biden has sought to reassure Beijing that the US does not support the independence of Taiwan. In a statement following elections in Taiwan, US Secretary of State, Antony Blinken said "The US is committed to maintaining cross-strait peace and stability, and the peaceful resolution of differences, free from coercion and pressure".¹⁹ Meanwhile, China announced fresh sanctions on five American defence companies in response to US arms deal with Taiwan. The five sanctioned companies were BAE Systems Land and Armament, Alliant Techsystems Operations, AeroVironment, Viasat and Data Link Solutions. Beijing informed that, Chinese companies and individuals were banned from doing business with the sanctioned firms and all property owned by these US companies in China would be frozen under China's Anti-Foreign

¹⁶ "China and the United States had the 17th China-US Defence Policy Coordination Talks", Ministry of National Defence PRC, January 10, 2024

¹⁷ 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, US Embassy in China, January 29, 2024

¹⁸ "Top Chinese diplomat meets U.S. national security advisor", Xinhua, January 27, 2024

¹⁹ "Taiwan election: Joe Biden says US does not support independence," South China Morning Post, January 14, 2024

Sanctions Law.²⁰ Chinese state media warned that “Beijing will act more swiftly, accurately, and powerfully to strike those arming Taiwan painfully”.²¹

Amidst jostling between Washington and Beijing for influence in the Pacific, Papua New Guinea (PNG), the biggest Pacific Island nation held talks with China on a potential security and policing deal. It had previously said that, Australia and the US are its security partners, while China an important economic partner. This development is a follow up of Chinese diplomacy in September 2023 with an offer to assist its police force with training, equipment and provision of surveillance technology.²²

On the economic front, China’s customs data revealed exports to the US suffered their deepest decline in 2023 in almost three decades, consequent to Washington’s efforts at reshoring and “friend shoring” supply chains. There was a drop of nearly 13.1 percent from the previous year with recorded trade volume of USD 500 billion. This is the biggest slump since 1995 – more than the decline experienced either during the global financial crisis of 2008-09 or the start of the US-China trade war in 2018-19. Despite this, analysts maintained the dramatic drop does not prove a real reduction in the US reliance on “Made in China”.²³

Amidst Washington’s “de-risking” efforts, a senior Chinese Communist Party official, Liu Jianchao, during his visit to the US stressed on the importance of promoting the “correct” perception of his country. Liu stressed that “we’re here to promote dialogues between the governments, legislators and political parties of the two countries, as we believe communication is the only way of increasing common understanding”. He said a “mutually beneficial cooperation” would be possible between the two global powers if it’s understood that China does not have “any hidden agenda” or the goal of “overtaking” the US. He added, Beijing would “keep its door open” and create a “market-oriented and rules-based” business environment that meets “international standards”, hoping that, in return, Washington would keep its

²⁰ “China sanctions US defence companies over Taiwan arms deal,” South China Morning Post, January 10, 2024

²¹ “Beijing will act more swiftly, accurately, powerfully to strike those arming Taiwan painfully: Global Times editorial”, Global Times, January 7, 2024

²² “China, Papua New Guinea in talks on policing, security cooperation,” The Jakarta Post, January 29, 2024

²³ “China’s exports to US endure steepest plunge in nearly 30 years,” South China Morning Post, January 12, 2024

markets open and provide Chinese companies with “a non-discriminatory business environment”.²⁴

Amidst calls from American academics to renew US-China Science Deal, a top government official negotiating the pact has said that seminal US-China science deal depends on both sides agreeing on new stronger terms to address Washington’s national security concerns. According to Jason Donovan, director of science and technology cooperation at the US State Department, Washington’s posture going into the talks was to bolster the US-China Science and Technology Cooperation Agreement “to have it be more robust, to have the guardrails more firm and clear”.²⁵

IV. China-European Union Relations

The European Union has suspended a World Trade Organization dispute with China over alleged economic coercion of Lithuania citing “technical reasons”. The dispute emerged after Lithuania hosted a controversially named Taiwanese government office in its capital city Vilnius. Subsequently, Lithuanian companies found that their country had been wiped from China’s customs system, with its exports to China almost eviscerated overnight. “This is a procedural step taken for technical reasons related to the need to assess certain elements arising from the preparation of written submissions,” said EU trade spokesman Olof Gill. “This suspension is something the EU, as the complainant in this case, can do at any moment in time in the course of WTO proceedings”, he added.²⁶

President Xi Jinping and his French counterpart Emmanuel Macron delivered video speeches marking the 60th anniversary of bilateral relations amid speculation that the Chinese President might visit Paris in the coming months. Xi urged France to “jointly advocate an equal and orderly multipolar world and economic globalization that is inclusive”, amid growing fragmentation in global trade. According to reports, President Macron said that, “France is willing to join hands with China to address global challenges and promote the resolution of international crises”. Chinese Foreign Minister Wang Yi urged France to “take a clear-cut stand against the Cold War mentality and camp confrontation”. “China and France will continue to make contributions to

²⁴ “Communist Party diplomat Liu Jianchao, on US visit, urges ‘correct’ understanding of China,” South China Morning Post, January 10, 2024

²⁵ “Xinhua Commentary: To renew China-U.S. sci-tech pact benefits both, world,” Xinhua, January 16, 2024

²⁶ “EU suspends WTO dispute with China over alleged economic coercion of Lithuania,” South China Morning Post, January 27, 2024

safeguarding world peace and stability and responding to global challenges; we must adhere to mutual benefit and win-win results, while deepening traditional cooperation," he added.²⁷

China's Huawei Technologies will start building its mobile phone network equipment factory in France next year, a source familiar with the matter said, pressing ahead with its first plant in Europe even as some European Governments curb the use of the firm's 5G equipment. The company's outlined plans for the factory included an initial investment of 200 million euros (USD 215.28 million) in 2020, but the roll-out was delayed by the Covid-19 pandemic. A French government source said the site was expected to open in 2025.²⁸

After months of debate, the European Union has inched forward with its plans to de-risk its relationship with China. However, the most controversial elements have been tempered amidst resistance from member states. The plans aim to revise rules on vetting foreign investments and to set guidelines on academic collaboration to protect European researchers from industrial espionage and foreign interference. Instead of proposing a law for screening the investments of private companies, Brussels is slated to embark upon a series of monitoring exercises, aiming to propose a policy by the end of next year.²⁹

During the month, Belgian Prime Minister, Alexander De Croo met Chinese President Xi Jinping, pledging to boost cooperation and oppose decoupling. Xi encouraged De Croo, whose government now holds the rotating six-month presidency of the European Union, to "play a positive role" in "fostering progress in China-EU relations in the new year". On the side-lines of his meetings with officials, De Croo warned Chinese leaders to stop interfering in European politics – remarks taken to refer to a scandal involving a far-right Flemish politician who is suspected of being on the payroll of China's intelligence services for years. In between meetings, with President Xi and Premier Li Qiang, Mr. Croo remarked, "I hope that we have the opportunity to discuss a number of topics between our countries, on our positions related to human rights ... our position related to the respect, and 100 per cent respect, of each other's political systems – and respecting that without interference".³⁰

²⁷ "Xi Jinping and Emmanuel Macron hail 60 years of China-France diplomatic relations," [South China Morning Post](#), January 26, 2024

²⁸ "Huawei to start building first European factory in France next year - source," [Reuters](#), December 11, 2023

²⁹ "EU slows down de-risking plans for China in face of member state resistance," [South China Morning Post](#), January 24, 2024

³⁰ "Belgian prime minister meets Xi Jinping in Beijing, vows to oppose decoupling," [South China Morning Post](#), January 13, 2024

V. China-Russia Relations

Mongolia is slated to arrange a summit with China and Russia to enhance their collaborative projects that could speed up new railway connections and economic corridor. A feasibility study is being conducted to enhance Mongolia's involvement in China's Belt and Road Initiative that aims to link regional economies into a trading network. Mongolia, a landlocked country squeezed between Russia and China, is heavily dependent on both. The last meeting of the three countries' respective heads of government was held in the Uzbekistan's city of Samarkand in September 2022.³¹

According to a report published in South China Morning Post, amidst mounting sanctions by the west, China and Russia are exploring new areas of cooperation in 2024, after reaching a record high of bilateral trade last year. In 2023, Russia surpassed Australia and Germany to become China's sixth-largest trading partner by individual countries and regions – after the US, Japan, South Korea, Hong Kong and Taiwan. Questions, however, remain over the growth of bilateral trade this year, and whether China could be targeted by Western countries for providing Russia with a lifeline.³²

Foreign Minister's Wang Yi and Sergey Lavrov took stock of global developments, addressed priority items on the international agenda, including the Ukraine war and Middle East conflict. According to the Chinese readout, Lavrov said Russia was willing to work with China to promote BRICS cooperation and was willing to strengthen communication and coordination on Israel-Palestine conflict to safeguard peace and stability in the Middle East. In echoing Lavrov's sentiment, Wang urged both countries to make a joint effort towards a two-state solution to the Israeli-Palestinian issue. A readout from Moscow said, the two foreign ministers touched on several priority items on the international agenda, including the Ukraine war, while underscoring their rejection of "the Western bloc's confrontational policy towards Russia and China". However, Beijing's readout did not mention the Russia-Ukraine war. Wang Yi also stressed, Beijing "firmly believes" Russia will complete its "important domestic political agenda and maintain stability and development",

³¹ "Between China and Russia, landlocked Mongolia eyes summit to enhance ties as geopolitical pressures mount," South China Morning Post, January 24, 2024

³² "Will China-Russia trade keep skyrocketing as Ukraine war drags into 2024?", South China Morning Post, January 19, 2024

potentially referring to Russia's general election in March 2024 that could secure another term for President Vladimir Putin.³³

VI. Taiwan Presidential Election 2024

On January 13, 2024, Lai Ching-te (Democratic Progressive Party - DPP) was elected as Taiwan's next President.³⁴ In his acceptance speech, Lai stated that he remains committed to democracy and preserving peace in the Taiwan Strait.³⁵ The leaders of the US, Belize, Guatemala, Eswatini, Saint Kitts and Nevis, Haiti, Paraguay, and the Philippines congratulated President-elect Lai reiterating their shared commitment to strengthening the democratic system.³⁶ The People's Daily, on its part, warned these countries not to send wrong signals to "Taiwan independence" separatist forces.³⁷ Adding that, since Taiwan's election, over 100 countries and international organisations have reaffirmed their commitment to the one-China principle.³⁸ On January 24, 2024, Nauru, an island nation in the Pacific Ocean, severed diplomatic relations with Taiwan and re-established diplomatic relations with China.³⁹ Reacting to this, a Global Times editorial urged "Lai to understand the cross-Straits reality as well as the overall trend and abandon Taiwan independence".⁴⁰

Internal Developments

Key Addresses by Chinese Leaders and Developments

As part of his New Year address, President Xi Jinping stressed the importance of advancing Chinese modernisation, providing a better life to the people, and striving to make the world a better place for everyone.⁴¹ On Taiwan, Xi reiterated that "China will surely be reunified" and that both sides of the Taiwan Strait should have a common objective of rejuvenation of the Chinese nation.⁴²

³³ "China and Russia push for Israel-Gaza ceasefire and two-state solution as foreign ministers vow to boost Brics influence," South China Morning Post, January 11, 2023

³⁴ "Taiwan presidential election: Lai clinches historic victory for ruling party", NHK World – Japan, January 13, 2024

³⁵ Lai Ching-Te, Official X Handle, January 13, 2024

³⁶ "On Taiwan's Election", US Department of State, January 13, 2024

³⁷ "Certain countries must stop sending wrong signals to "Taiwan independence" separatist forces", People's Daily, January 23, 2024

³⁸ Ibid.

³⁹ "Nauru's resumption of diplomatic ties with China makes one fact stronger and clearer: Global Times editorial", Global Times, January 24, 2024

⁴⁰ "Lai advised to thoroughly understand cross-Straits reality and overall trend: Global Times editorial", Global Times, January 22, 2024

⁴¹ "Ringling in 2024, Xi stresses advancing Chinese modernization, making world better place for all", People's Daily, January 1, 2024

⁴² Ibid.

An editorial in the *Global Times* asserted that China will stand on the side of “certainty” in the new year and will continue to advocate for a multipolar world that is fair and orderly, and inclusive economic globalisation.⁴³

On January 8, 2024, President Xi reiterated the need to advance the Party's self-reform and win the protracted battle against corruption during his address to the third plenary session of the 20th CPC Central Commission for Discipline Inspection (CCDI).⁴⁴ Meanwhile, in an address at the National Academy of Governance, President Xi called upon the country's officials to remain committed to the high-quality development of China's financial sector with Chinese characteristics.⁴⁵ Xi stressed that the country's financial sector must be modern, but it must also suit the national conditions of China and be fundamentally different from the Western financial model.⁴⁶

Qiushi Journal – a flagship magazine of the CPC Central Committee published an article authored by President Xi on the Party's United Front Work.⁴⁷ In his article, Xi emphasised upholding the Chinese political system, improving the quality of work in Taiwan, Hong Kong, Macao, and overseas, forging a sense of community within the nation through ethnic affairs work, ensuring that religions in China are Chinese in orientation, and uniting intellectuals who are not members of the CPC.⁴⁸

On January 9, 2024, Chinese Foreign Minister Wang Yi addressed a Symposium in Beijing on “International Situation and China's Foreign Relations”.⁴⁹ Wang Yi stated that, China's diplomacy in 2024 will remain committed to “self-confidence and self-reliance, openness and inclusiveness, fairness and justice, and win-win cooperation” to serve Chinese modernisation comprehensively.⁵⁰ Further, during his visit to Africa and South America, Wang Yi demonstrated China's commitment to the Global South.⁵¹

⁴³ “China remains on the side of ‘certainty’ in 2024: *Global Times* editorial”, *Global Times*, January 2, 2024

⁴⁴ “Xi stresses winning tough, protracted battle against corruption”, *People's Daily*, January 9, 2024

⁴⁵ “Xi stresses boosting high-quality development of China's financial sector”, *People's Daily*, January 16, 2024

⁴⁶ *Ibid.*

⁴⁷ “Xi's article on Party's united front work to be published”, *People's Daily*, January 15, 2024

⁴⁸ *Ibid.*

⁴⁹ “Self-Confidence and Self-Reliance, Openness and Inclusiveness, Fairness and Justice, and Win-Win Cooperation”, *Ministry of Foreign Affairs PRC*, January 9, 2024

⁵⁰ *Ibid.*

⁵¹ “Chinese FM's trips to Africa, LatAm highlight Beijing's ties with Global South”, *Global Times*, January 21, 2024

Chinese Premier Li Qiang presented a five-point proposal to rebuild global trust and enhance economic cooperation at the World Economic Forum in Davos on January 16, 2024.⁵² He called for strengthening macroeconomic policy coordination, maintaining the stability of industrial supply chains, enhancing international cooperation in science and technology, addressing climate change through green development, and strengthening north-south and south-south cooperation.⁵³ Amidst US-led West's emphasis on "de-risking", Premier Li stressed that the Chinese economy is making steady progress, the country's supersized market will continue to present opportunities for businesses, and China remains committed to high-level economic opening-up.⁵⁴

Trade and Economy

In 2023, the Chinese economy grew 5.2 percent year-on-year to CNY 126.06 trillion (about USD 17.7 trillion), exceeding the government's target of 5 percent.⁵⁵ The National Bureau of Statistics (NBS) maintained that China has favourable conditions for growth and it will continue to be a global growth engine in 2024, despite domestic and international challenges.⁵⁶ According to a Xinhua report, China's economic vitality was reflected in robust consumption during its three-day New Year holiday.⁵⁷

Moreover, China's auto exports in 2023, driven by the export of New Energy Vehicles (NEVs), surged to a record high of 4.91 million units.⁵⁸ In the fourth quarter of 2023, China's BYD (Build Your Dreams) overtook Tesla as the world's leading seller of electric vehicles.⁵⁹ Beijing informed that, Chinese NEVs are gaining global recognition because it is delivering high-quality products and has a strong manufacturing capability with government's efforts to support low-carbon development and modern manufacturing.⁶⁰ New energy vehicles

⁵² "Speech by Chinese premier Li Qiang at the opening ceremony of the World Economic Forum Annual Meeting 2024", Ministry of Foreign Affairs PRC, January 16, 2024

⁵³ Ibid.

⁵⁴ Ibid.

⁵⁵ "Xinhua Headlines: Chinese economy beats growth target with GDP reaching record high", Xinhua, January 17, 2024

⁵⁶ Ibid.

⁵⁷ "Xinhua Headlines: Robust New Year consumption points to China's economic vitality", Xinhua, January 3, 2024

⁵⁸ "Xinhua Headlines: China's auto exports hit record high in 2023 amid increased global recognition", Xinhua, January 12, 2024

⁵⁹ "Xinhua Headlines: China's BYD becomes world's top pure electric vehicle seller in Q4", Xinhua, January 4, 2024

⁶⁰ "Xinhua Headlines: China's auto exports hit record high in 2023 amid increased global recognition", Xinhua, January 12, 2024

(NEVs), lithium-ion batteries, and photovoltaic products are the “new three” green technologies driving China's trade.⁶¹

The People's Bank of China (PBOC) vowed to provide strong monetary support to the country's economy in 2024. Innovation in high technology, reduction of carbon emissions, agriculture and rural revival, small businesses, and the private sector will receive significant financial support.⁶² The National Development and Reform Commission (NDRC) also announced its action plan for 2024 to spur the high-quality development of the Chinese economy.⁶³

Although Beijing remains optimistic about the growth prospects of the Chinese economy, analysts reiterated concerns about debt, deflation, de-risking, and demographics.⁶⁴ Adding that, a property sector crisis, weak consumption, and a general lack of confidence in the country's economic outlook do not bode well for a return to normalcy in 2024.⁶⁵ A Hong Kong court has ordered the liquidation of debt-ridden Chinese property developer Evergrande Group after it failed to offer a viable debt restructuring plan.⁶⁶ Further, there have been reports about a crisis of confidence among investors and that Chinese capital markets have lost significant value.⁶⁷ Amidst these concerns, the PBOC announced that it would reduce the Reserve Requirement Ratio (RRR) by 50 basis points on February 5, 2024, resulting in the release of CNY 1 trillion (USD 141 billion) of liquidity into the country's financial system.⁶⁸

China's population crisis continues as the number of babies born in 2023 declined by approximately 540,000 year-on-year to 9.02 million, while the country's overall population declined by 2.08 million to around 1.41 billion.⁶⁹ China's falling birth rate can be attributed in part to the reduction of women of

⁶¹ “Xinhua Headlines: China's pursuit of new energy facilitates trade, green development”, Xinhua, January 9, 2024

⁶² “China's central bank vows strong support for economy in 2024”, People's Daily, January 6, 2024

⁶³ “Economic planner releases prioritized actions in 2024”, People's Daily, January 19, 2024

⁶⁴ “Explainer | China's three-legged race to fend off the 4 D's of an economic apocalypse”, South China Morning Post, January 20, 2024

⁶⁵ Ibid.

⁶⁶ “China Evergrande ordered to liquidate in landmark moment for crisis-hit sector”, Reuters, January 29, 2024

⁶⁷ “China tries to halt stock market rout by boosting lending and wooing foreign investors”, CNN, January 24, 2024

⁶⁸ “China to Cut Banks' Reserve Requirements Amid Flagging Recovery”, Caixin Global, January 24, 2024

⁶⁹ “Population drop spurs call for focus on quality”, People's Daily, January 18, 2024

childbearing age, delay in marriage, and low willingness to have children, as well as the effects of COVID-19.⁷⁰

Among other developments, China started its fifth national economic census that will map the development status, layout, and efficiency of the country's secondary and tertiary industries.⁷¹

Defence and Security

On January 23, 2024, China's State Council Information Office released a White Paper entitled "China's Legal Framework and Measures for Counterterrorism".⁷² Beijing praised the tough measures taken in Hong Kong and Xinjiang and stressed that, as terrorism is the common enemy of mankind, China is willing to work with other countries in addressing the issue as part of global governance.⁷³ The White Paper consists of five parts that cover China's "improved legal framework for counterterrorism", "clear provisions for the determination and punishment of terrorist activities", "standardised exercise of power in fighting terrorism", "protection of human rights in counter-terrorism practices", and "effective protection of people's safety and national security".⁷⁴

Chinese Ministry of National Defence shed light on the country's military diplomacy in 2023.⁷⁵ Through high-level exchanges, practical cooperation, and multilateral platforms, the Central Military Commission (CMC) has enhanced the quality and efficiency of the PLA's international military cooperation.⁷⁶ Major issues touched included, the strengthening of strategic communication with Russia, the US, Vietnam, Cambodia, Pakistan, and South Africa, safeguarding national sovereignty, security, and development interests especially in the Taiwan Straits and South China Sea, expanding military exercises with friendly countries, and promoting multilateral military diplomacy through forums such as the Beijing Xiangshan Forum.⁷⁷

⁷⁰ Ibid.

⁷¹ "Vice premier stresses importance of data quality in national economic census", People's Daily, January 4, 2024

⁷² "China issues white paper on legal framework, measures for counterterrorism", Xinhua, January 23, 2024

⁷³ "China strikes hard at terrorism: Beijing's new white paper praises its tough measures in Hong Kong and Xinjiang", South China Morning Post, January 23, 2024

⁷⁴ "China issues white paper on legal framework, measures for counterterrorism", People's Daily, January 23, 2024

⁷⁵ "China to expand and deepen relations with foreign militaries: Defence Spokesperson", Ministry of National Defence PRC, December 28, 2023

⁷⁶ Ibid.

⁷⁷ Ibid.

Meanwhile, a commentary in the PLA Daily asserted that the Chinese military has achieved a significant victory in its anti-corruption drive.⁷⁸ However, reports indicated that, the US intelligence agencies have questioned the PLA's ability to fight a war due to corruption.⁷⁹ These reports claimed that, the recent removal of several high-ranking PLA Rocket Force officers was related to the functionality of Chinese missiles which had been "filled with water rather than fuel".⁸⁰

The tensions between China and the Philippines in the South China Sea (SCS) showed no signs of abating.⁸¹ On January 3-4, 2024, Philippines and the US held joint patrols in the SCS.⁸² China opposed Manila's efforts to stir up trouble in the SCS by courting a non-regional country, threatening regional peace and stability.⁸³ To reduce tensions, on January 17, 2024, China and the Philippines held the eighth meeting of their Bilateral Consultation Mechanism (BCM) on the South China Sea.⁸⁴ The two sides agreed to enhance their sea-related communication and handle maritime issues, in particular the situation on Ren'ai Reef through friendly consultations.⁸⁵

Chinese state media reiterated concerns about deepening military cooperation between Japan and Australia.⁸⁶ A Global Times editorial claimed that Japan and Australia are becoming two pawns in the US Indo-Pacific Strategy aimed at containing China. It warned that, Tokyo and Canberra are pushing the Asia-Pacific region into a security dilemma.⁸⁷ Moreover, China refuted a joint statement issued by the US, Japan, and the ROK following the trilateral Indo-Pacific Dialogue in which the three countries expressed concern over Chinese

⁷⁸ "Chinese military achieves overwhelming victories in anti-corruption: PLA Daily", Global Times, January 7, 2024

⁷⁹ "Chinese missiles filled with water instead of fuel – Bloomberg", Russia Today, January 7, 2024

⁸⁰ Ibid.

⁸¹ "China firmly opposes the Philippines' efforts to stir up trouble in South China sea by courting non-regional country: Defence Spokesperson", Ministry of National Defence PRC, January 12, 2024

⁸² Ibid.

⁸³ Ibid.

⁸⁴ "China, Philippines hold new round of bilateral consultation meeting, agree on improving sea-related communication", Global Times, January 18, 2024

⁸⁵ Ibid.

⁸⁶ "Action of Japan and Australia is bringing the Asia-Pacific into danger: Global Times editorial", Global Times, January 17, 2024

⁸⁷ Ibid.

maritime claims in the South China Sea and stressed the importance of maintaining peace and stability in the Taiwan Strait.⁸⁸

Even as the US and China insisted on managing relations responsibly, the South China Sea Strategic Situation Probing Initiative (SCSPI), a think tank based in Beijing, asserted that increasing US drone reconnaissance of China has the potential to complicate their relations.⁸⁹ Further, USS John Finn made a transit through the Taiwan Straits on January 24, 2024, the first such American manoeuvre since Taiwan's presidential election.⁹⁰

A regulation issued by the Central Military Commission (CMC) on transportation and force projection by the Chinese military became effective on January 1, 2024.⁹¹ Beijing stressed that, this is a significant reform in the field of military logistics that will guide and standardise transportation and force projection.⁹² In addition, the Logistic Support Department of the CMC has connected more than 700 remote border outposts to the national power grid to enhance the country's defence capability.⁹³

Technology

To reduce national security risks and assess the extent of the country's reliance on Chinese chips, the US Department of Commerce reportedly announced an investigation into the country's semiconductor supply chains and defence industrial base.⁹⁴ In light of this, the People's Daily reiterated Beijing's concerns about the US's "economic coercion" warning that Washington's "small yard, high fence strategy will eventually backfire".⁹⁵ Adding that, the US's restrictions will only enhance China's determination to achieve high-technology self-sufficiency.⁹⁶

⁸⁸ "Chinese FM refutes joint statement on U.S.-Japan-ROK Trilateral Indo-Pacific Dialogue", People's Daily, January 9, 2024

⁸⁹ "Increasing US close-in drone recons on China add complexity in military interactions", Global Times, January 21, 2024

⁹⁰ "US Navy sends first warship through Taiwan Strait post-election", Reuters, January 25, 2024

⁹¹ "Defence Ministry Spokesperson's Remarks on Recent Media Queries Concerning the Military", Ministry of National Defence PRC, January 19, 2024

⁹² Ibid.

⁹³ "Over 700 Chinese border outposts connected to national power grid, boosts defence capability", Global Times, January 14, 2024

⁹⁴ "U.S. "small yard, high fence" strategy will eventually backfire", People's Daily, January 12, 2024

⁹⁵ Ibid.

⁹⁶ Ibid.

China Daily documented the country's progress with intellectual property (IP) and WIPO's Global Innovation Index 2023, which showed that China surpassed the US for having the highest number of science and technology clusters among the top 100.⁹⁷

In the first half of 2024, China will launch its Chang'e-6 lunar probe to collect samples from the Moon's far side.⁹⁸ Meanwhile, as shown in the New Year video blog of the Shenzhou-17 crew, China's Tiangong space station continues to make progress.⁹⁹

⁹⁷ "China's robust IP progress highlighted", China Daily, January 5, 2024

⁹⁸ "China's Chang'e-6 scheduled for launch in first half of 2024", Xinhua, January 10, 2024

⁹⁹ "Shenzhou-17 crew shows advancement of China space station in New Year vlog", People's Daily, January 4, 2024



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