

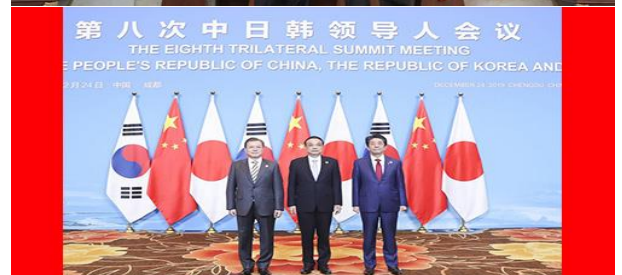
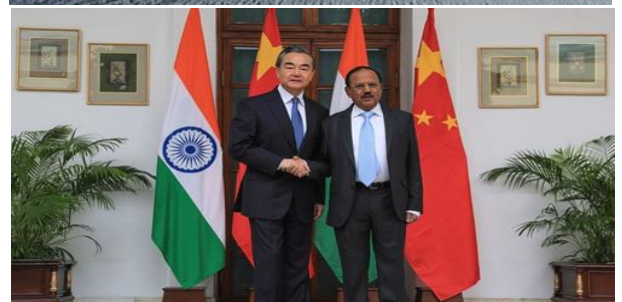


Delhi Policy Group

# DPG China Monitor

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DECEMBER 2019



Delhi Policy Group

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

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# DPG China Monitor

## Volume 2, Issue 12

### December 2019

#### ABOUT US

Founded in 1994, the Delhi Policy Group is among India's oldest independent think tanks with its primary focus on international and strategic issues of critical national interest. Over the past decades, the Delhi Policy Group has established itself in both domestic and international circles, particularly in the area of national security.

In keeping with India's increasing global profile as a leading power and the accompanying dynamism of India's foreign and security policy, the Delhi Policy Group has expanded its focus areas to include India's broader regional and global role; India's initiatives to strengthen its strategic periphery; India's political, security and connectivity challenges and policies across the Indo-Pacific; and the strategic partnerships that advance India's rise. To support these goals, the DPG undertakes research, publishes policy reports and organises conferences on strategic and geo-political, geo-economic, and defence and security issues.

#### DPG China Monitor

DPG China Monitor is compiled by our research team from open source Chinese media. Your comments and feedback can be addressed to Antara Ghosal Singh at [antara@dpg.org.in](mailto:antara@dpg.org.in)

#### Cover Photographs:

*(Photographs top to bottom)*

*China's second aircraft carrier sailed through the Taiwan Straits into the South China Sea, December 22, 2019. Source: Global Times, <https://www.globaltimes.cn/content/1174399.shtml>*

*National Security Advisor Ajit Doval with Chinese special representative, State Councilor and Foreign Minister Wang Yi at the 22nd meeting between Chinese and Indian special representatives on boundary issues in New Delhi, December 21, 2019. Source: Global Times, <https://www.globaltimes.cn/content/1174314.shtml>*

*Chinese Premier Li Keqiang with President of the Republic of Korea (ROK) Moon Jae-in and Japanese Prime Minister Shinzo Abe before the 8th China-Japan-ROK leaders' meeting in Chengdu, December 24, 2019, <https://www.globaltimes.cn/content/1174718.shtml>*

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## Abstract

This month saw positive developments in China-US relations, as both sides agreed on the text of the phase-one trade deal. The Chinese side welcomed it as a win-win development and interpreted it as the outcome of China's policy of "resolutely fighting and simultaneously opening door to negotiation".

The 22nd meeting between Chinese and Indian special representatives on boundary issues was held in New Delhi on December 21, during which both sides agreed to achieve a "fair, reasonable and mutually acceptable solution to the India-China boundary question". China-India relations also made some headway on the 5G question, with India deciding to allow Chinese telecom major Huawei for its 5G trials. On the other hand, Chinese media kept a close eye on the developments in India, particularly the social unrest and police-protestor clashes over the amended Citizenship Act and called out on the western "double standard" in treating India and China on the human rights issues.

The Sino-Russian relations received fresh impetus with the opening of the 8000 kilometers long east route gas pipeline. The South China Sea was back in the news, as much to China's displeasure, Malaysia filed a formal submission on December 12 to the UN seeking to clarify the limits of its continental shelf in the northern area of the South China Sea. Meanwhile, the eighth China-Japan-South Korea leaders' meeting in Chengdu, which was meant to send a clear signal to the outside world that the three countries are now looking beyond their differences and focusing on the larger picture of regional cooperation, ended up further highlighting the rift between the three East Asian nations.

In the realm of defense, China raised eyebrows world over with (1) the commissioning of the Shandong (hull 17), China's second aircraft carrier as well as its first domestically built one, into the People's Liberation Army Navy, and (2) conducting the joint military exercise between Iran-Russia-China in the Gulf of Oman.

The annual Central Economic Work Conference was held in Beijing to chart the course for the nation's development in 2020. It was highlighted that China is very much on the path to achieve GDP growth of more than 6 percent this year, paving way for achieving the objective of doubling GDP per capita from the 2010 level and fully establishing an all-round moderately prosperous society by the end of 2020.

On matters related to internal security, the Chinese side lamented that the US Congress is fast becoming an ideological institution conducting public opinion wars and arrogantly exercising long-arm jurisdiction against China. Meanwhile the Chinese media upheld China's successes in Macau and Tibet, as against the ongoing turmoil in Taiwan and Hong Kong.

In the domain of high technology, there was widespread speculation in China over an intensifying US-China high-tech war in 2020. The announcement of the establishment of the US Space Force, the sixth military branch of the US armed forces, caused further apprehension. The Chinese press kept a close eye on how the US plans to spend a whopping \$1.4 trillion on science and technology research, including defense research in the coming year and discussed the way forward for China.

President Xi Jinping delivered an important speech at the New Year gathering, held by the National Committee of the Chinese People's Political Consultative Conference (CPPCC) on December 31, where he summarised China's achievements in the past one year and also deliberated upon the task ahead for China in 2020 - the concluding year for building a moderately prosperous society in all respects and the 13th Five-Year Plan (2016-2020).

## 1. Foreign and Security Policy

### *China-US Relations*

In a significant progress to the two-year-long China-US trade war, announcements were made by both sides of reaching an [agreement](#) on the text of the phase-one trade deal<sup>1</sup>.

Following this development the US agreed not to proceed with 15 percent tariffs on US\$160 billion worth of goods scheduled to take effect from December 15, and reduced the September 1 tariffs on US\$120 billion of Chinese goods from 15 to 7.5 percent. However, the 25 percent tariffs on US\$250 billion of Chinese imports remained, subject to progress in future trade negotiations.

China, on its part, agreed to increase the purchase of US goods and services, suspend retaliatory tariffs, implement intellectual property safeguards, and have a tariff exclusion process in place.

The Chinese side [welcomed](#) the agreement as a win-win development and an opportunity to build more confidence in eliminating and reducing differences through patient negotiations. This was further interpreted as the outcome of China's policy of "resolutely fighting and simultaneously opening door to negotiations"<sup>2</sup>.

Commentaries in the Chinese media [highlighted](#) that in China-US power equation, neither side has the capacity to completely overwhelm the other and wantonly promote its unilateral will. Both China and the United States have the ability to continue the trade war for a long time. Notwithstanding the above, to arrest further escalation of the situation, the two sides needed to compromise with each other and accept the greatest common denominator of mutual interests. There could still, however, be some people who think that their respective countries have suffered a loss in this agreement. Such voices should not become mainstream on either side, the Chinese media warned.

It was further pointed out that China is not resentful of the trade war, and is willing to look at the possible pluralistic relationship between the trade war and China's expansion of reform and opening up from a larger historical perspective. "Boosting consumption is China's priority, and import of high-quality agricultural products from the United States is much in line with this

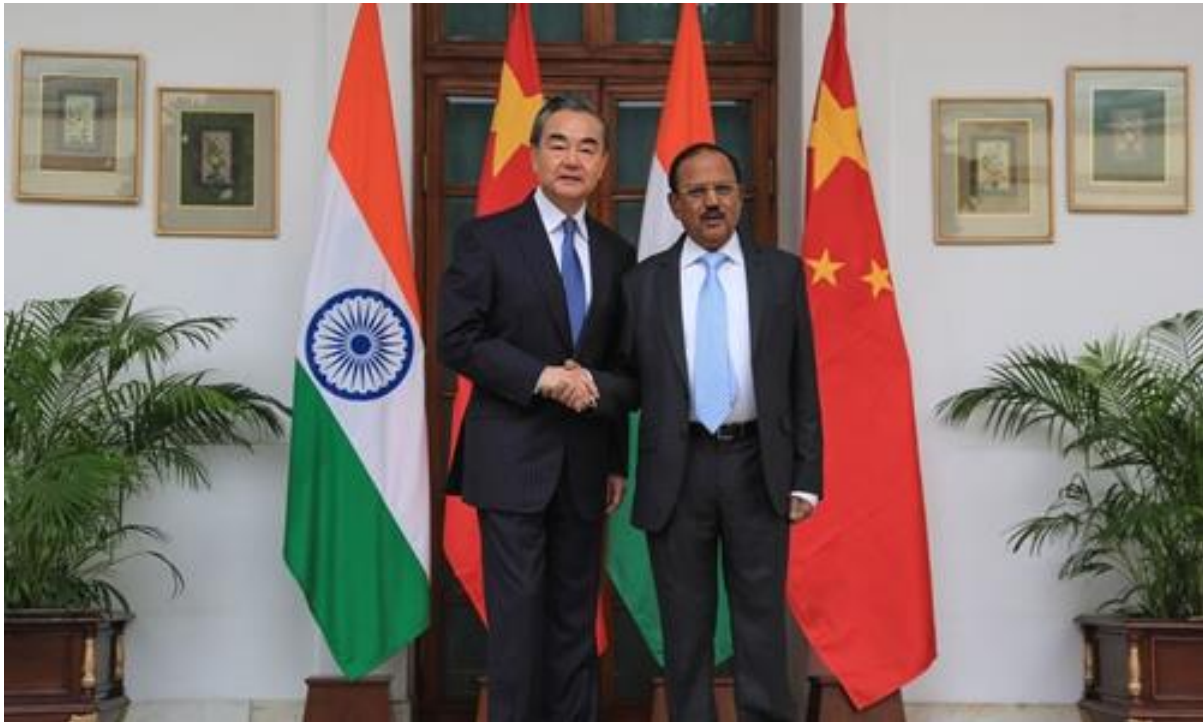
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<sup>1</sup> China, U.S. agree on text of phase one trade deal, Xinhua, December 13, 2019, [http://www.xinhuanet.com/english/2019-12/13/c\\_138629377.htm](http://www.xinhuanet.com/english/2019-12/13/c_138629377.htm)

<sup>2</sup> Xi says phase-one China-U.S. trade deal benefits both sides, world, December 21,2019, [http://www.xinhuanet.com/english/2019-12/21/c\\_138647273.htm](http://www.xinhuanet.com/english/2019-12/21/c_138647273.htm)

interest. On the other hand, strengthening intellectual property protection and expanding market access are also in the direction of China's reform and opening up process" read an article in the Chinese media<sup>3</sup>.

### *China-India Relations*



*National Security Advisor Ajit Doval with Chinese special representative, State Councilor and Foreign Minister Wang Yi at the 22nd meeting between Chinese and Indian special representatives on boundary issues in New Delhi, December 21, 2019.*

*Source: Global Times, <https://www.globaltimes.cn/content/1174314.shtml>*

The 22nd [meeting](#) between Chinese and Indian special representatives on boundary issues was held in New Delhi, December 21, 2019. During the meeting, both sides agreed to achieve a "fair, reasonable and mutually acceptable solution to the India-China boundary question"<sup>4</sup>. Meanwhile, China-India relations made some headway on the 5G question, with India deciding to allow Chinese telecom major Huawei to participate in its 5G trials. The decision was [welcomed](#) by the Chinese side<sup>5</sup>.

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<sup>3</sup>中美经贸谈判迈出一大步，这更是新起点, Huanqiu Shibao, December 14, 2019, <https://opinion.huangjiu.com/article/9CaKrnKok37>

<sup>4</sup> China, India agree to enhance mutual political trust to properly handle border issues, Global Times, December 22, 2019, <https://www.globaltimes.cn/content/1174314.shtml>

<sup>5</sup> India not led astray by US 5G ploy: China Daily editorial, China Daily, January 2, 2020, <https://www.chinadaily.com.cn/a/202001/02/WS5e0dd93ca310cf3e35582238.html>



On the other hand, China kept a close [eye](#) on the developments in India, particularly the social unrest and police-protestor clashes over the amended Citizenship Act. One commentary in the Global Times called Modi government "lucky" as Western interference in India's ethnic and religious affairs has been limited so far. It opined that although India most often cuts internet access to end chaos, however, it is rarely that the Western opinion hypes this as a problem. Indeed there are criticisms about India and its policies towards its minorities, but it does-not become a full scale diplomatic crisis between New Delhi and Washington<sup>6</sup>.

It further argued that China and India are treated differently not because India is a democratic country under the Western concept, nor is it because of the deep-rooted ideological prejudice of Westerners toward China. The West applies double standards on China because the US cannot accept the fact of China rising, inferred another commentary in the Chinese media.

### *China-Russia Relations*

China-Russia relations too saw positive developments during the month. The 8000 kilometer Sino-Russian east route gas pipeline was officially [opened](#) after an 18 year long wait. The pipeline will help Russia export up to 38 billion cubic meters of natural gas per year to China. The Chinese media hailed the development as yet another achievement of the comprehensive strategic cooperation partnership between China and Russia in the new era. It was upheld as a positive step towards diversification of Russian energy exports and Chinese energy imports<sup>7</sup>.

Meanwhile, construction is underway at both the Heilongjiang Bridge, the first Highway Bridge between the two countries, and Tongjiang Bridge, a Railway Bridge connecting China and Russia. Chinese strategic circles argue that the success of these projects will step up China-Russia cooperation in other areas including regional cooperation and cyber-security. "Against the international backdrop that the US continues to contain China by even sacrificing its own interests, China by supporting Russia is actually supporting itself," argued an article in the Huanqiushibao.

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<sup>6</sup> India, China treated differently by West on ethnic issue, Global Times, December 16, 2019, <https://www.globaltimes.cn/content/1173752.shtml>

<sup>7</sup>天然气管道对中俄都是大成果, Huanqiushibao, December 12, 2019, <https://opinion.huanqiu.com/article/9CaKrnKo6Pv>

### *China-ASEAN relations*

Fresh troubles emerged on the South China Sea issue as Malaysia [filed](#) a formal submission on December 12 to the UN seeking clarification on the limits of its continental shelf in the northern area of the South China Sea. The Malaysian Minister of Foreign Affairs Saifuddin Abdullah criticised China and described China's claim that "The whole of South China Sea belongs to China" as "ridiculous".

China's permanent mission to the UN stated in a diplomatic note to the Secretary-General Antonio Guterres, "Malaysia's move seriously infringed on China's sovereignty, sovereign rights and jurisdiction in the South China Sea". Chinese newspapers reiterated, "The South China Sea has been Chinese territory since ancient times. China's territorial sovereignty and maritime interests in the waters brook no infringement under any circumstances", further adding that for years China has exercised great restraint on the South China Sea issue, actively promoted the China-ASEAN South China Sea Code of Conduct and positively carried out cooperation with all stakeholders in politics, economics, trade and many other fields. With China's efforts, the South China Sea situation has started to show a trend of easing off which is now again being disturbed by Malaysia's latest move, most likely at the behest of the US<sup>8</sup>.

### *China-East Asia Relations*

The eighth China-Japan-South Korea leaders' [meeting](#) took place in Chengdu on December 22. On one hand, this was the first meeting between Abe and Moon in 15 months, on the other hand, the gathering also preceded Chinese president Xi Jinping's upcoming Japan visit. The meeting was meant to send a clear signal to the outside world that the three countries are now ready to look beyond their conflicts over trade and focus on the larger picture of regional cooperation<sup>9</sup>.

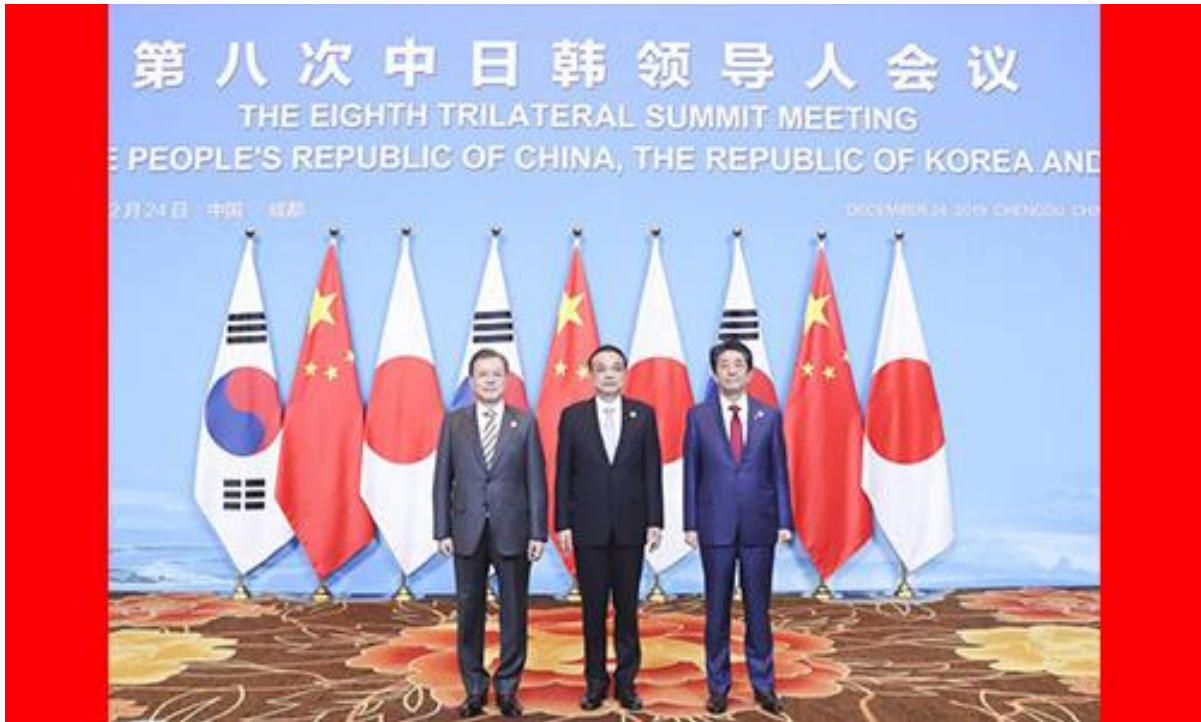
The [meeting](#) primarily focused on improving bilateral relations between the three East Asian economic giants, particularly in the context of their evolving ties with the US. The three leaders adopted a series of documents signaling their shared intent to strengthen economic cooperation, including an outlook for trilateral cooperation in the next decade together with a list of early harvest projects under the model of "China- Japan-ROK plus X". Signing of RCEP and

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<sup>8</sup> US exploiting S.China Sea differences to contain China, Global Times, December 22, 2019, <https://www.globaltimes.cn/content/1174399.shtml>

<sup>9</sup> Chengdu meeting puts focus on larger regional picture, China Daily, December 24, 2019, <http://www.chinadaily.com.cn/a/201912/24/WS5e0202b0a310cf3e35580602.html>

developments in the Korean Peninsula also figured prominently during the meeting<sup>10</sup>.



*Chinese Premier Li Keqiang with President of the Republic of Korea (ROK) Moon Jae-in and Japanese Prime Minister Shinzo Abe before the 8th China-Japan-ROK leaders' meeting in Chengdu, December 24, 2019,  
<https://www.globaltimes.cn/content/1174718.shtml>*

However, [controversy](#) was courted when the Xi-Moon interaction was reported differently by Chinese and South Korean media. The Chinese were offended as certain reports in the South Korean media termed China as a "fake friend" and even likened Moon's China trip as a reflection of South Korea's "Sadaejui", which means "serving the great"<sup>11</sup>.

## 2. Defence

The Shandong (hull 17), China's second aircraft carrier as well as its first domestically built one, was [commissioned](#) into the People's Liberation Army Navy on December 17, 2019. The Chinese media argued that developing strategic military capability is an indispensable part of China's comprehensive

<sup>10</sup> Tripartite leaders' meeting can synergize efforts for regional peace and prosperity, China Daily, December 23, 2019,  
<http://www.chinadaily.com.cn/a/201912/23/WS5e00bb5ea310cf3e355801c3.html>

<sup>11</sup> South Korean media must restrain their sensitive nerves, Global Times, December 27, 2019,  
<https://www.globaltimes.cn/content/1175005.shtml>

development. If a major power is strong economically but militarily weak, it will entice impulsive actions of outside forces putting peace in jeopardy<sup>12</sup>.



*China's second aircraft carrier sailed through the Taiwan Straits into the South China Sea, December 22, 2019. Source: Global Times, <https://www.globaltimes.cn/content/1174399.shtml>*

A Huanqishibao article further explained, "There are two mind-sets behind the China threat theory. One, small countries are afraid of being threatened by China. Such a mentality will gradually diminish as China continues to demonstrate its will for peace. Another, the reigning superpower fears China would challenge its hegemony. In this regard, it needs to be noted that China's military might is still far from being world class and that it is impossible for China to challenge the US. The development of the 2<sup>nd</sup> aircraft carrier is therefore meant to only threaten the ability of a few radical US elites to arbitrarily coerce China."

Furthermore, a joint military [exercise](#) between Iran-Russia-China in the Gulf of Oman attracted global attention. Eye brows were raised as Iran, China and Russia, all identified as competitors by the US, showcased their growing affinity and strength in the sensitive Persian Gulf region. The Chinese press attempted to assuage apprehensions by arguing that the exercise is aimed at the security

<sup>12</sup> 2nd aircraft carrier boosts China's defense ability, Global Times, December 17, 2019, <https://www.globaltimes.cn/content/1173902.shtml>

of regional shipping SLOCs and should not be interpreted or hyped in a geopolitical sense<sup>13</sup>.

### 3. Economy

The annual [Central Economic Work Conference](#) was held in Beijing from December 10-12, where Chinese leaders gathered to brainstorm and chart the course for the nation's development in 2020s. While lauding China's sustained and sound economic and social development and its major breakthroughs in the "three tough battles"(targeted poverty reduction, effective prevention and control of financial risks, and general improvement in the environment) in the past year, it was pointed out that China is very much on the path to achieve GDP growth of more than 6 percent, thereby paving way for achieving the objective of doubling per capita GDP from the 2010 level and fully establishing an all-round moderately prosperous society by the end of 2020s<sup>14</sup>.

Further, [statistics](#) released by the National Bureau of Statistics on December 17 highlighted that China's industrial sector grew by 6.2 percent in November, up 1.5 percentage points from October, while the retail sector grew by 8.0 percent, an increase of 0.8 percentage points on the month before. Upholding the positive growth momentum, the Chinese press credited it to the government's resolute efforts to keep the economy on track<sup>15</sup>.

### 4. Internal Security

China expressed strong [dissatisfaction](#) with the United States over the negative contents on issues relating to Taiwan, Hong Kong and Xinjiang as well as prohibition on purchase of Chinese products in the U.S. 2020 National Defense Authorization Act, signed by the US president on December 20<sup>16</sup>.

They further [condemned](#) the move where two US representatives introduced a bill in the Congress on December 23 demanding to upgrade the Director of the

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<sup>13</sup>谁都不该负面解读伊俄中海上军演, Huanqiu Shibao, December 26, 2019, <https://opinion.huanqiu.com/article/9CaKmKoyJg>

<sup>14</sup> China holds key economic meeting to plan for 2020, Xinhua, December 12, 2019, [http://www.xinhuanet.com/english/2019-12/12/c\\_138626302.htm](http://www.xinhuanet.com/english/2019-12/12/c_138626302.htm)

<sup>15</sup> Chinese economy still on right track: China Daily editorial, Qiushi, December 17, 2019, [http://english.qstheory.cn/2019-12/17/c\\_1125356439.htm](http://english.qstheory.cn/2019-12/17/c_1125356439.htm)

<sup>16</sup> China voices strong dissatisfaction with U.S. defense act negative clauses regarding China: spokesperson, Xinhua, December 23, 2019, [http://www.xinhuanet.com/english/2019-12/23/c\\_138652858.htm](http://www.xinhuanet.com/english/2019-12/23/c_138652858.htm)

American Institute in Taiwan's (AIT) Taipei office to the rank of "Ambassador at Large."<sup>17</sup>

Earlier in the month, the U.S. House of Representatives also [passed](#) the "2019 Uyghur Human Rights Policy Act", which required the U.S. President to toughen its response to China's Xinjiang policy, by imposing sanctions on Xinjiang officials and limiting Xinjiang technology exports etc. The Chinese media argued that the US Congress is fast becoming an ideological institution on the issue of China, conducting public opinion wars and arrogantly exercising long-arm jurisdiction against China. China was particularly offended by the Western media's lukewarm response to a recently released English language documentary titled 'Fighting Terrorism in Xinjiang' aired on China's state broadcaster CGTN and by the repeated condemnations of China's Xinjiang policy by various European/American celebrities through social media<sup>18</sup>.

On the other hand, on December 20, while commemorating the 20th anniversary of the return of Macau to the Chinese Mainland, the Chinese Press [upheld](#) Macau as a model for China's One Country Two System arrangement. Macau's case was further compared with that of Hong Kong, stressing that there is a constant economic growth in the city as against the growing political turmoil, endless street movements, and violent protests in Hong Kong. Reportedly, Macao's GDP in 2018 is eight times that of 20 years ago, with its per capita GDP ranking second-highest in the world<sup>19</sup>. However, international credit rating agency Fitch's downgrading of the Macau Special Administrative Region from "stable" to "negative", citing growing economic, financial, and political ties it shares with the Chinese mainland, were termed as "politically motivated". Meanwhile, Chinese media reports highlighted that all counties and prefectures in Southwest China's Tibet Autonomous Region have now been [lifted out](#) of extreme poverty, reaching a significant milestone in the region's poverty alleviation effort<sup>20</sup>.

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<sup>17</sup>用台湾问题“切香肠”，早晚切到手，Huanqiushibao, December 24, 2019, <https://opinion.huanqiu.com/article/9CaKrnKowm0>

<sup>18</sup>用新疆的和平与繁荣气死美国议员们，Huanqiushibao, December 4, 2019, <https://opinion.huanqiu.com/article/9CaKrnKo9r7>

<sup>19</sup>澳门的高速发展足以碾压各种诡辩，Huanqiushibao, December 20, 2019, <https://opinion.huanqiu.com/article/9CaKrnKorVC>

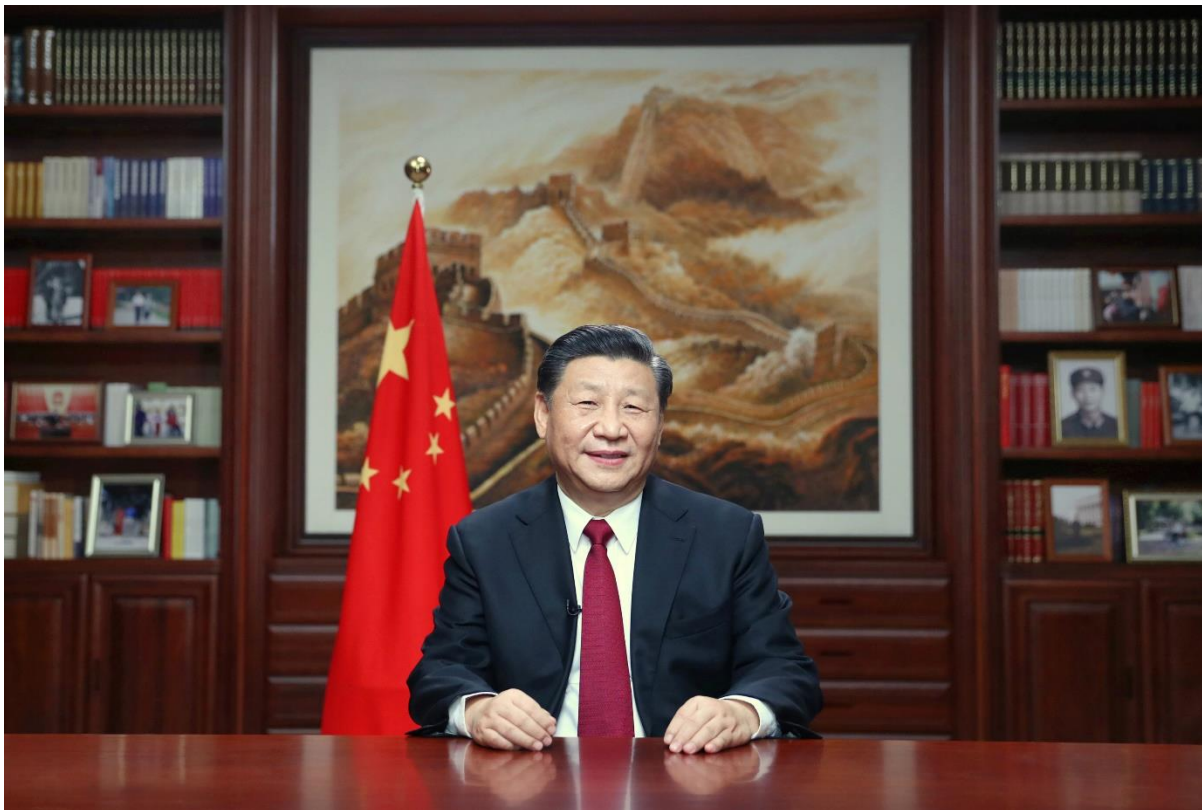
<sup>20</sup> Program rids Tibet of extreme poverty, Global Times, December 23, 2019, <https://www.globaltimes.cn/content/1174490.shtml>

## 5. High-Technology

While trade tensions between China and the US seem to have eased for the moment, there is widespread speculation in China over an intensifying US-China [high-tech war](#) in 2020's. The establishment of the US Space Force, the sixth military branch of the US armed forces, generated much debate and discussion in Chinese strategic circles.

The Chinese Press kept a close eye on how the US plans to spend a whopping \$1.4 trillion on science and technology research, including defense research in the coming year and discussed the way forward for China. On the 5G issue, Chinese newspapers likened the situation with the Soviet Union's early victories over the US in the space race decades ago. "Although China is presently ahead of the US on 5G deployment, however, the US will go all-out in 2020's to catch up on the technology" warned an article in the Chinese Press<sup>21</sup>.

## 6. Chinese Communist Party



*Chinese President Xi Jinping delivers the New Year speech in Beijing, December 31, 2019, Source: Xinhua, [http://www.xinhuanet.com/english/2020-01/01/c\\_138672042.htm](http://www.xinhuanet.com/english/2020-01/01/c_138672042.htm)*

<sup>21</sup> Trade war just prelude to US-China tech competition, Global Times, December 22, 2019, <https://www.globaltimes.cn/content/1174420.shtml>

President Xi Jinping [delivered](#) an important speech at the New Year gathering held by the National Committee of the Chinese People's Political Consultative Conference (CPPCC) on December 31. At the function, he summarised China's achievements in the past one year in terms of carrying out all-round reforms, taking up Party-building efforts including the education campaign themed "staying true to our founding mission", thereby strengthening the system of socialism with Chinese characteristics and inching towards its goal of building a moderately prosperous society in all respects. He also deliberated upon the tasks ahead for China in 2020 - the concluding year for building a moderately prosperous society in all respects and the 13th Five-Year Plan (2016-2020)<sup>22</sup>.

Yet another [development](#) this month was the two-day meeting of criticism and self-criticism, from December 25-27, where the members of the Political Bureau of the CPC Central Committee vowed to make greater efforts in institutional building of the state and capacity building for governance<sup>23</sup>.

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<sup>22</sup> Xi addresses New Year gathering of CPPCC National Committee, Xinhua, December 31, 2019, [http://www.xinhuanet.com/english/2019-12/31/c\\_138669981\\_2.htm](http://www.xinhuanet.com/english/2019-12/31/c_138669981_2.htm)

<sup>23</sup> CPC leadership meeting stresses staying true to Party's founding mission, Xinhua, December 27, 2019, [http://www.xinhuanet.com/english/2019-12/27/c\\_138662073.htm](http://www.xinhuanet.com/english/2019-12/27/c_138662073.htm)





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