



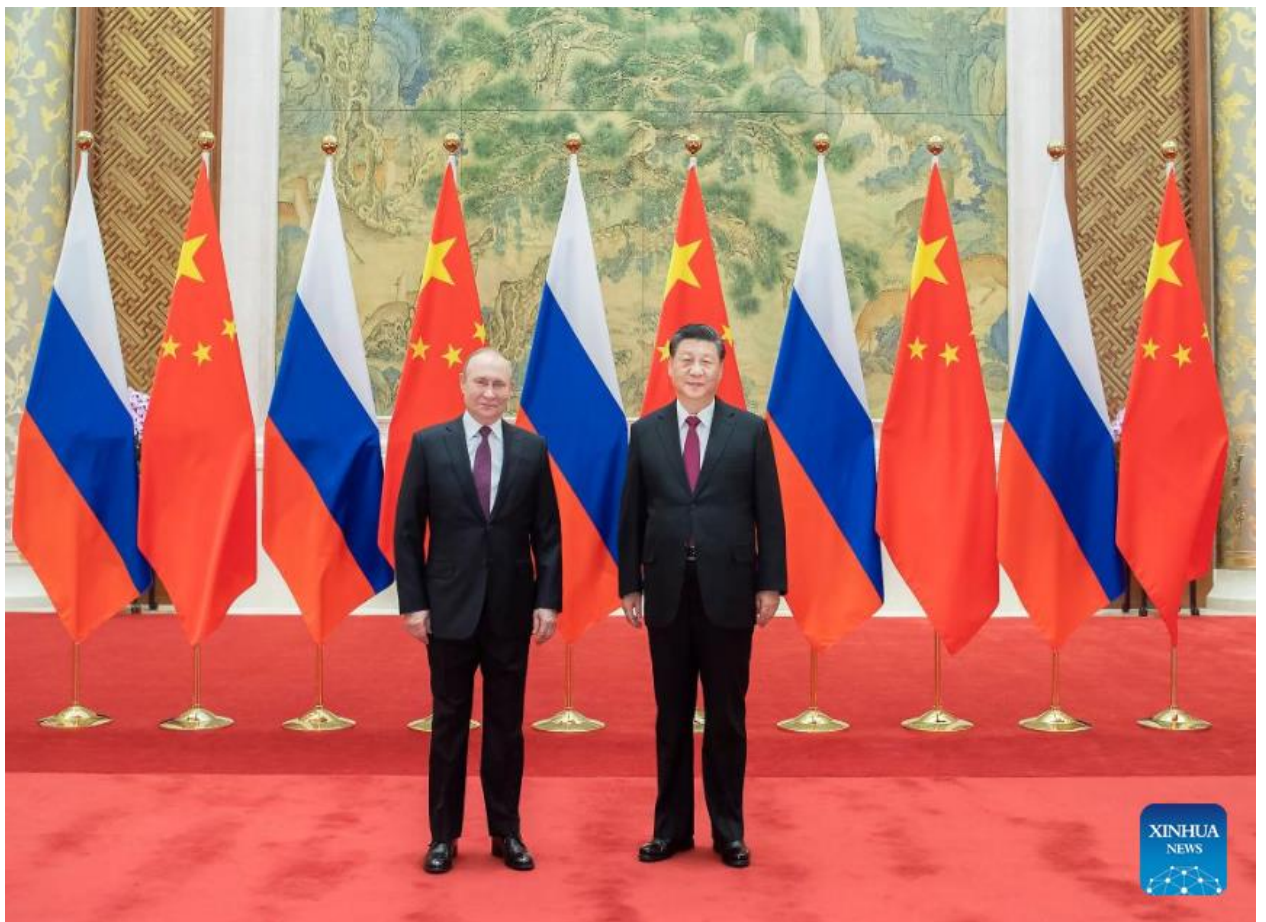
Delhi Policy Group

Advancing India's Rise as a Leading Power



DPG China Monitor

February 2022



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Delhi Policy Group

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

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DPG 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 holds a meeting with Russian President Vladimir Putin in Beijing, on February 4, 2022.

Source: Xinhua/Li Tao

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Contents

| | |
|---|----|
| Abstract | i |
| Foreign and Security Policy | 1 |
| I. China-India Relations | 1 |
| II. China-South Asia Relations | 3 |
| III. China-US Relations | 6 |
| IV. China-Russia Relations | 7 |
| V. China-EU Relations | 9 |
| Internal Developments | 10 |
| Chinese Lunar New Year | 10 |
| Beijing Winter Olympics 2022 | 11 |
| Trade and Economy | 13 |
| Defence and Security | 15 |
| Technology | 18 |

Abstract

The External Affairs Minister, Dr. S. Jaishankar, speaking after the QUAD Ministerial meeting on February 11, held China to account for disregarding bilateral agreements on not massing troops on the border. At the EU Ministerial Forum later in the month, he again criticised China for attempting to unilaterally change the existing status quo at the India-China border. Further, in the wake of the unfolding crisis in Europe, he termed China a bigger threat. The Indian Army is planning to deploy recently inducted K-9 (Self Propelled) Vajra howitzers in the central and eastern sectors to strengthen its posture along the LAC. Meanwhile, the PLA, in a bid to fuse civilian-military resources, is assisting residents of remote villages on the Tibetan Plateau to build and maintain infrastructure near the LAC. India has announced a scheme to strengthen village infrastructure along the border with China.

In Afghanistan, China is continuing to support the Taliban government, enjoining the US for the early return of locked Afghan assets in the face of the grim humanitarian situation being faced by the Afghan people. Meanwhile, during a visit to India, Sri Lanka's Foreign Minister, G.L. Peiris, stressed that his country has got accustomed to India-China rivalry, underscoring nonetheless that ties with China do not in any way detract from the "special quality of the relationship" that Sri Lanka has with India.

The Russian invasion of Ukraine has added another dimension to the US-China stalemate. It is being seen in the US as the first major clash marking a new order in international politics, with three major powers jostling for position in ways that could threaten America's primacy. There are concerns that this crisis in Europe will divert US attention, with efforts to contain China taking a backseat. This will benefit China's strategic ambitions in the Indo-Pacific, especially over Taiwan. On its part, Taiwan expressed "empathy for Ukraine's situation" and called on the "international community to continue arming Taipei to deter mainland invasion of the island". President Biden sent a delegation of former defence and security officials to Taiwan as a sign of support.

China did not term the Russian attack on Ukraine as an invasion, while urging Russia to resort to diplomatic means. As the West imposed unprecedented sanctions against Moscow, Beijing opposed such unilateral sanctions and maintained that it will continue trade with both Russia and Ukraine.

The Chinese state media slammed the new US Indo-Pacific Strategy as a "cold war" and "bloc politics mentality" destined to fail and counterproductive to

regional peace. Criticising the proposed US 'Indo-Pacific Economic Framework', The Global Times asserted that "Washington's aim is to form a small economic and trade circle that excludes China and fights against Beijing's expanding influence in the region".

After repeated delays, the European Union and China are set to hold a virtual summit on April 1, 2022. Meanwhile, the new German government has hardened its position on China and is considering plans to reduce economic dependence while strengthening relations with democratic states in the Indo-Pacific.

Amidst a diplomatic boycott by the West and India, China hosted the 'Winter Olympics' between February 4-20 under the theme "Together for a Shared Future". The successful conduct of the Olympic Games was seen as a validation of Xi Jinping's power and global influence. The Chinese President, who has remained isolated for over two years, used the opportunity for in-person bilateral meetings with around 20 heads of state, government representatives, and international organisations.

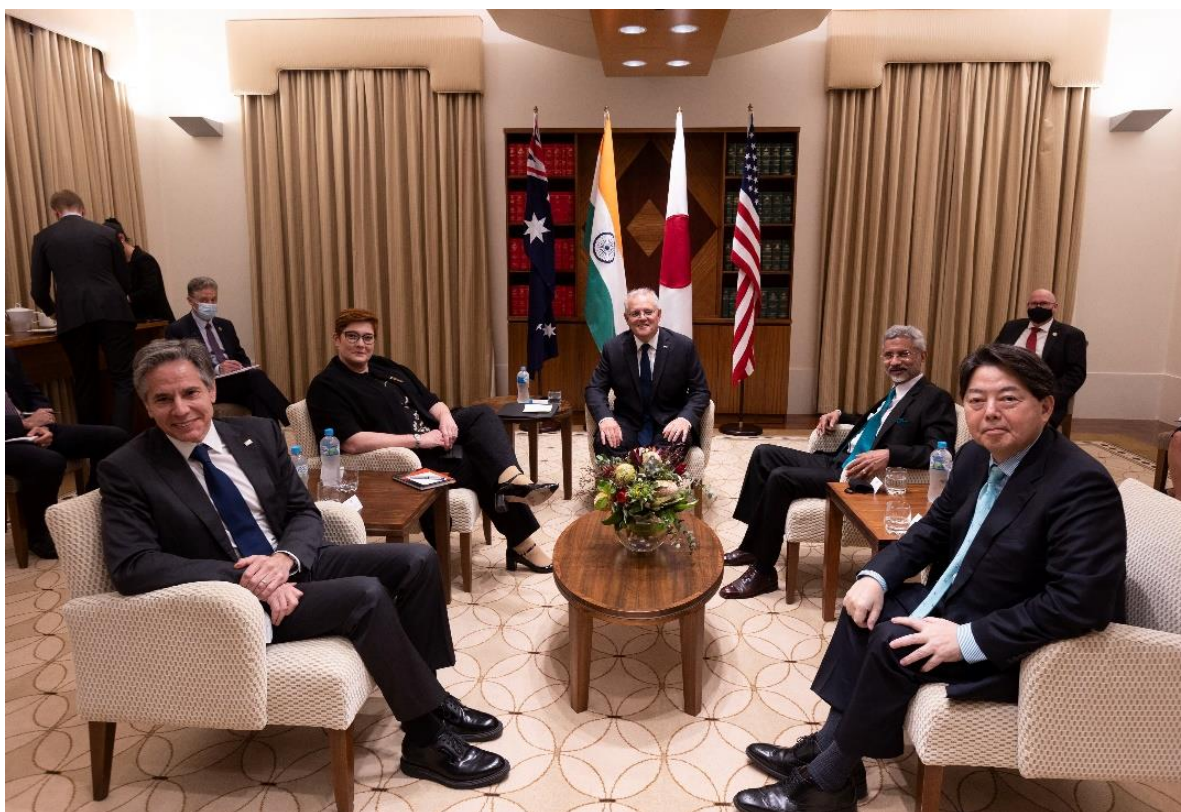
The International Monetary Fund (IMF) downgraded China's 2022 growth estimate to 4.8 percent from the 5.6 percent forecast in October 2021. Beijing is believed to be aiming for an "economic growth target of above 5 percent", down from over 6 percent in 2021.

China's State Council released the country's fifth white paper on its space programme, titled 'China's Space Program: A 2021 Perspective'. This document stressed that the space industry is a "critical element of overall national strategy" and "China upholds the principle of exploration and utilisation of outer space for peaceful purposes". Importantly, it emphasised "global consensus and UN-centred rules for outer space exploration and utilisation".

Foreign and Security Policy

I. China-India Relations

After the 14th Corps Commander's meeting failed to achieve a breakthrough in the stalled disengagement process in Ladakh, External Affairs Minister Dr. S. Jaishankar reiterated [India's contention made at the QUAD Security Dialogue](#) in Melbourne, that the standoff in the Ladakh sector of the Line of Actual Control (LAC) was the outcome of China's disregard of written agreements on not massing troops on the border.¹ The Chinese foreign office reacted by [calling Dr. Jaishankar's statement "irresponsible"](#), maintaining, "now that the two sides are in communication on improving the border management and the measures to build trust, we hope that the Indian-side will abide by our agreements, not issue irresponsible remarks and uphold the peace and tranquillity along the border region with concrete actions."²



Indian External Affairs Minister, Dr. S. Jaishankar, attends the fourth Quad Foreign Ministers meeting in Australia, February 11, 2022.

Source: Twitter/[@MarisePayne](#)

¹ "China's disregard for written agreements 'legitimate concern' of Quad countries, says Jaishankar," [The Print](#), February 12, 2022

² "Speculative India uses megaphone diplomacy to seek intl support for border row with China," [Global Times](#), February 14, 2022

Furthermore, Dr. S. Jaishankar asserted at the [EU Ministerial Forum](#) that India will not look kindly upon any attempt by Beijing to unilaterally change the existing status quo at the India-China border.³ Further, in the wake of the unfolding crisis in Europe, Dr. S. Jaishankar called [China a bigger threat than the Russia - Ukraine crisis](#).⁴

[In an apparent swipe at China](#), Dr. Jaishankar further stated, "The Indo-Pacific is at the heart of the multipolarity and rebalancing that characterises contemporary changes. Underscoring that it is essential that greater power and stronger capabilities lead to responsibility and restraint...This means, above all, respect for international law, territorial integrity and sovereignty. It means economics free of coercion and politics free from the threat or the use of force. It means observing global norms and practices, and refraining from making claims on the global commons."⁵

Continuing in a similar tone, in an exchange at the Munich Security Conference, Dr. S. Jaishankar in his address, highlighted that the situation on the Line of Actual Control (LAC) has arisen due to [the violation of agreements by China](#).⁶ Emphasising that India's [relations with China are going through a "difficult phase"](#), Dr. S. Jaishankar noted that Beijing's actions have become an issue of "legitimate concern" for the entire international community.⁷

Meanwhile, in an effort to fuse civilian -military resources, details have emerged that [PLA is assisting residents of remote villages](#) in building and maintaining infrastructure near the LAC with India. As it pushes to develop dual-use habitats along the disputed border, China has deployed PLA cooks, doctors to forge ties with local Tibetans near the India border.⁸ Separately, [India has announced a scheme](#) to strengthen infrastructure in villages along the border with China.⁹ In a statement Finance Minister Nirmala Sitharaman said, "Border villages with sparse population, limited connectivity and infrastructure often get left out from the development gains. Such villages on

³ "Won't agree to unilateral change in status quo: S Jaishankar on India-China border row," [India Today](#), February 23, 2022

⁴ "China bigger threat than Russia-Ukraine crisis: Jaishankar hints to EU at Indo-Pacific meet," [The Print](#), February 22, 2022

⁵ "Respect for international law': Jaishankar's swipe at China at Indo-Pacific meet," [Hindustan Times](#), February 23, 2022

⁶ "China's violation of agreements led to strained relations with India: Jaishankar," [Hindustan Times](#), February 20, 2022

⁷ Ibid.

⁸ "China deploys PLA cooks, doctors to forge ties with Tibetans near India border," [Hindustan Times](#), February 8, 2022

⁹ "India to boost infrastructure in villages along China border," [The Economic Times](#), February 2, 2022

the northern borders will be covered under the new Vibrant Villages Programme.”¹⁰

India took note of the [construction of a bridge on the Pangong Tso Lake](#).¹¹ Protesting the move Minister of State for External Affairs, V [Muraleedharan stated](#) “this bridge is being constructed in areas that have continued to be under the illegal occupation of China since 1962. The government has never accepted this illegal occupation.”¹²

Meanwhile, to further strengthen its posture along the disputed LAC, [Indian army is planning to deploy K-9 Vajra howitzers](#) in the central and eastern sector of the LAC. The K9-Vajra is a self-propelled howitzer which weighs 50 tonnes and can strike at enemy targets at ranges of upto 50 kilometres. Their induction will boost the firepower capability of the Indian Army.¹³

[India announced the diplomatic boycott of the Beijing Winter Olympics](#). In doing so, India joined a growing list of countries, including United States, United Kingdom, Australia, New Zealand, Canada, Japan, New Zealand and the Netherlands, that did not send official representatives to the games.¹⁴ Indian reasons however were different. India was reacting to nomination of a Chinese Regimental commander injured during the Galwan Valley clash, as the torch bearer, which India saw as an deliberate act of intimidation. Further, the [Indian government banned 54 more apps](#) which have either originated in China or have some Chinese connection. In June 2020, the IT ministry had, in a similar order banned 59 apps referring to those applications as “prejudicial to sovereignty and integrity of India, defence of India, security of state and public order”.¹⁵

II. China-South Asia Relations

Weeks after China and Pakistan signed a new agreement on industrial cooperation as part of the [China Pakistan Economic Corridor \(CPEC\)](#) reports have emerged that Pakistani officials are ready to scrap the China-Pakistan

¹⁰ Ibid.

¹¹ “Strategic significance of bridge China is building on Pangong Tso,” [The Indian Express](#), January 24, 2022

¹² “Chinese bridge on Pangong Lake being built in area occupied illegally since 1962: Govt in Lok Sabha,” [ANI](#), February 5, 2022

¹³ “After Ladakh, Indian Army now plans to deploy K-9 howitzers in central, eastern sectors of LAC with China,” [The Times of India](#), February 4, 2022

¹⁴ “Beijing Olympics: What a diplomatic boycott means, and why some athletes have traveled with burner phones,” [The Indian Express](#), February 24, 2022

¹⁵ “Explained: Why did the govt ban more China-linked apps?,” [The Indian Express](#), February 15, 2022

Economic Corridor (CPEC), if the US could offer a similar deal.¹⁶ Over dependence on China is being seen as geopolitically isolating Pakistan. The constraining issue however, is that US- Pakistan political relations remain conflicted. In a continued snub to Pakistan, the US declared Qatar as its diplomatic representative in Afghanistan, making Doha, to quote the words of Secretary of State Antony Blinken, the "protecting power" for the US.¹⁷

PM Imran Khan's recently concluded state visit¹⁸ to China, where he offered [Pakistan's unconditional support, over the 'One-China-Policy](#), the South China Sea and Hong Kong. These expressions of support are manifestations of Pakistan's increasing dependance on China and the priority it accords to China in its geo-political outlook.¹⁹ The primary objective of the visit was to seek more loans and aid for financially beleaguered Pakistan. In line with China's preconditions for a prime ministerial visit, [Pakistan made a PKR 50 billion payment](#) to nine Chinese independent power producers (IPPs).²⁰

China continues to support the Taliban government. China's Foreign Ministry urged the United States to unconditionally [return assets belonging to the Afghan people](#) and take concrete actions to repair the damage caused to them.²¹ Reports claim, [China will host the foreign ministers](#) of Iran, Pakistan, Tajikistan, Turkmenistan and Uzbekistan in March 2022, to discuss economic and humanitarian issues in war torn Afghanistan.²²

Demonstrating its presence as a major arms exporter and investor in South Asia, [China will set up FM-90 missile maintenance centre in Bangladesh](#). The facility is being set up despite the missile sale running into a controversy last year. Due to technical concerns, the FM-90 had come under the scanner, raising doubts over the sturdiness and the longevity of Chinese arms.²³ In a recent interaction, Bangladesh Foreign Minister Abdul Momen brushed aside "[debt trap](#)" concerns implicitly flagged by Dr. Jaishankar during Munich

¹⁶ "Pakistan ready to scrap CPEC, if US offers similar assistance: Report," [The Print](#), February 25, 2022

¹⁷ "Pakistan ready to scrap CPEC, if US offers similar assistance: Report," [Business Standard](#), February 25, 2022

¹⁸ "Xi Jinping Meets with Pakistani Prime Minister Imran Khan," [MFA, China](#), February 6, 2022

¹⁹ "Imran Khan admits Pakistan's foreign policy dependent on Beijing," [Business Standard](#), February 7, 2022

²⁰ "Pakistan's increasing dependency on Beijing reflected during Imran Khan's recent visit to China: Report," [ANI](#), February 15, 2022

²¹ "Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference on February 25, 2022," [MFA, China](#), February 25, 2022

²² "China to Host Afghanistan's Neighbors to Review Post-Taliban Situation," [VOA](#), february 25, 2022

²³ "China To Set Up A Massive Missile Facility In Bangladesh As Beijing Continues To Encircle India, Arm Neighbours," [Eurasian Times](#), February 19, 2022

Security Conference, regarding BRI projects offered by China.²⁴ [Foreign Minister Abdul Momen stressed](#) that China's loans to Bangladesh comprised only a small fraction of the country's external debts.²⁵

The Millennium Challenge Corporation (MCC) package grant wherein Nepal stood to get \$ 500 million from the US for infrastructural projects [triggered a political storm in Nepal](#).²⁶ Concerns centred on whether that grant package was a part of the United States Indo-Pacific Military Strategy aimed at China. Infrastructural projects envisaged under the MCC include India-Nepal cross border connectivity projects, including roads and transmission lines. Notwithstanding the fact that the opposition to the MCC grant was orchestrated by China, from behind the scenes, the [Parliament of Nepal ratified the MCC](#) Compact on February 27, 2022.²⁷ under pressure from the US.

As China and Sri Lanka celebrated the 65th anniversary of the establishment of diplomatic ties on February 7, 2022, China expressed its firm support for Sri Lanka in defending its national sovereignty and [offered to upgrade the Belt and Road projects in the country](#).²⁸ Meanwhile, during his first visit to India, Sri Lanka's foreign minister, GL Peris said that Sri Lanka was willing to transform the bilateral ties with India from a transactional to a strategic relationship, based on closer integration in key sectors such as energy, tourism and manufacturing. He also said that the India-China rivalry was a factor that Sri Lanka had got accustomed to, maintaining that ties with China did not in any way detract from the "special quality of the relationship" with India.²⁹

Followed by prolonged anti India protests by pro-China political elements in the Maldives, the ruling Maldivian Democratic Party (MDP) has prepared draft legislation to criminalize protests "that affect the country's relations with other nations."³⁰ China has adopted a multi-pronged approach to regain its influence

²⁴ "Jaishankar on China debt diplomacy: Make informed decisions," [The Indian Express](#), February 21, 2022

²⁵ Bangladesh FM Abdul Momen rejects "debt trap" claim on China-Bangladesh cooperation," [ANI](#), february 7, 2022

²⁶ "Why A \$500M Foreign Grant Has Triggered Political Storm In Nepal," [The Eurasian Times](#), February 22, 2022

²⁷ "Nepal withstands Chinese pressure to ratify US Millennium Challenge Corporation package," [The Economic Times](#), February 27, 2022

²⁸ "China says 'firmly' backing Sri Lanka in defending its sovereignty, offers to upgrade BRI projects," [The Print](#), February 7, 2022

²⁹ "Sri Lanka's China ties don't detract from special relations with India': GL Peiris," [Hindustan Times](#), February 7, 2022

³⁰ "Anti-India Protest By Pro-China Camp Creates A Firestorm In Maldives: Can New Legislation Quell The Unrest?," [The Eurasian Times](#), February 16, 2022

in the Maldives. Ex President Yameen who is known to have closer ties with China has backed anti India voices in the country.

III. China-US Relations

Adding to the numerous restrictions on trade, investment and the listing of Chinese financial securities on US bourses that have been dominating the discourse on the China- US relationship during the last couple of years, the Ukraine Crisis added another dimension to the China - US stalemate. [A Wall Street Journal commentary concluded](#) that Ukraine is the first major clash marking a new order in international politics, with three major powers jostling for positions in ways that threaten the United States' primacy. In the backdrop of Russia's demand made to the West not to further reconfigure post-cold war security arrangements, Russia began its military operations in Ukraine. Significantly, Russia shifted military units from Russia – China border, showing new found confidence in relations with China. The two powers, in effect, are coordinating efforts to rewrite the global order to their advantage. The Ukraine crisis the commentary claimed left the US with Russia as another major adversary along with China.³¹ Concerns are that with the Ukraine crisis unfolding, the US attempt to contain China might take a backseat [drawing greater Western attention to Europe](#). This would benefit China's strategic ambitions in Asia, especially with regard to Taiwan, at this point.³²

Accusing the US of raising tensions [on the Ukraine crisis, Hua Chunying](#), China's assistant foreign minister said "The U.S. has been fuelling the fire, fanning up the flame, how do they now want to put out the fire?"³³ The Chinese Embassy in Russia shared a "US bombing list" posted by Chinese Foreign Ministry spokesman [Zhao Lijian on Twitter](#), saying "Never forget who the real threat to the world is." The list includes all the countries that have been targeted by the US since the end of WWII.³⁴ Implicitly warning China a senior Biden administration official said that helping Russia evade Western financial sanctions would profoundly "damage" China's reputation.

The unfolding Ukraine crisis has triggered concerns about the possibility of China's invasion of Taiwan, using Putin's playbook. Amidst the Ukraine

³¹ "Ukraine Crisis Kicks Off New Superpower Struggle Among U.S., Russia and China," [The Wall Street Journal](#), February 23, 2022

³² "Ukraine-Russia crisis: China benefits if the US pivots back to Europe, but it won't want full-blown war – and would rather Taiwan doesn't get mentioned," [South China Morning Post](#), February 26, 2022

³³ "China refuses to call Russian attack on Ukraine an 'invasion,' deflects blame to U.S.," [CNBC](#), February 24, 2022

³⁴ "China will not come to Russia's rescue: US official over Ukraine crisis," [The Print](#), February 27, 2022

standoff, [Chinese netizens cheered Putin's decision of military intervention](#). Denouncing the critics of Russia's military operation, as brainwashed by the US, the Chinese social media hailed Putin as "the greatest strategist" of the century.³⁵ Adding a sense of legitimacy to the concerns, [President Biden sent a delegation](#) of former senior defence and security officials to Taiwan as a sign of support for the island nation.³⁶

In an interesting development the Institute of International and Strategic Studies, Peking University published a report suggesting that China will suffer if it decouples from the United States. [The report concluded](#): "in future, China can narrow its gap with the US in more technological areas and China can achieve 'self-sufficiency' in some core technologies, but it remains a long way off before China comprehensively surpasses the US."³⁷

Amidst the mounting tension between China and the US, Chinese analysts want both sides to keep up communication and exchanges. According to a report in the [South China Morning Post](#), "Beijing and Washington needed to find ways to cooperate, including on international issues, to manage the situation and avoid any further deterioration of bilateral ties...China-US relations are no longer in free fall, in terms of downward trajectory seen over the past three years, but they're generally hovering at a low level."³⁸

IV. China-Russia Relations

Ukraine Crisis emerged as a major talking point in China-Russia relations. While China urged Russia to negotiate with Ukraine through diplomatic dialogue it refrained from describing [Russia's attack as an "invasion"](#). China opposed unilateral sanctions maintaining it will continue trade with both Russia and Ukraine.³⁹ [Russia and China are strong economic allies](#). Chinese purchases of oil from Russia in December 2021 surpassed its purchases from Saudi Arabia. Few days before Russian military operation began in Ukraine, Russia announced a contract valued at \$ 20 billion to sell 100 million tons of

³⁵ "Why the Chinese Internet Is Cheering Russia's Invasion," [The New York Times](#), February 27, 2022

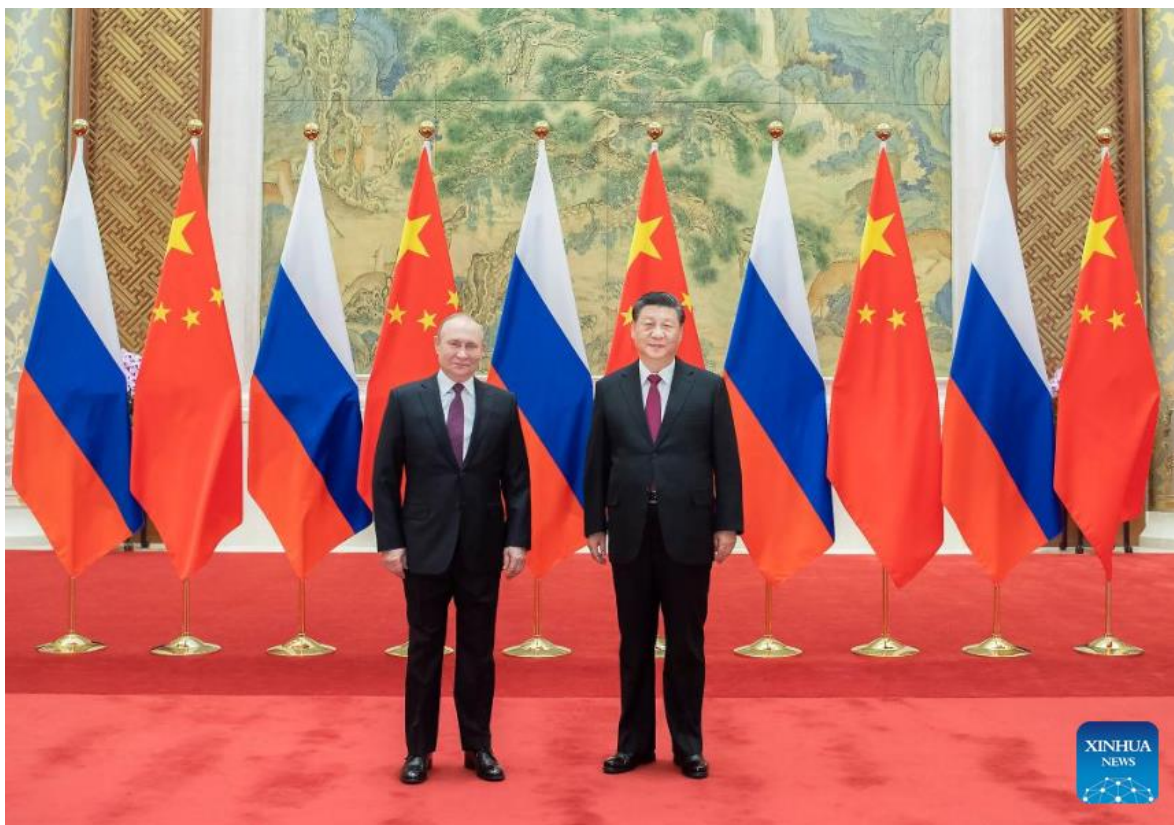
³⁶ "Biden sends former top defense officials to Taiwan in show of support," [Reuters](#), February 28, 2022

³⁷ "China's tech decoupling with the US is trouble. It's one of their 'top 10 risks in 2022'," [The Print](#), February 7, 2022

³⁸ "US-China relations: no matter how bad it gets do not cut off contact, Chinese analyst urges," [South China Morning Post](#), February 9, 2022

³⁹ "Ukraine crisis: China walks 'diplomatic tightrope', but impact of sanctions on Russia seen as 'limited' for bilateral trade," [South China Morning Post](#), February 25, 2022

coal to China. Despite the western sanctions over Russian military operation, China agreed to buy Russian wheat ignoring concerns about plant diseases.⁴⁰



Chinese President Xi Jinping holds a meeting with Russian President Vladimir Putin in Beijing, on February 4, 2022. Source: [Xinhua/Li Tao](#)

During the Munich Security Conference, [Chinese Foreign Minister Wang Yi urged the West](#) to respect Russia's concern over Ukraine and questioned if an eastward NATO expansion would guarantee peace.⁴¹

There is a possibility that President Vladimir Putin's "choreographed appearance" in the Winter Olympics with President Xi amid the Ukraine standoff was intended to demonstrate that Russia and China were on the same page on the "core interests" of upholding "international equity and justice" [in the face of US "unilateralism"](#), and supported each other against "external interference and regional security threats".⁴²

⁴⁰ "Before Ukraine Invasion, Russia and China Cemented Economic Ties," [The New York Times](#), february 22, 2022

⁴¹ "China says Russia's concerns 'should also be respected' [The Times of India](#), February 19, 2022

⁴² "Explained: The China-Russia relationship," [The Indian Express](#), February 10, 2022

V. China-EU Relations

After repeated delays, European Union and Chinese leaders are set to hold a [virtual summit on April 1](#). The meeting is widely seen as a high-stakes diplomatic effort in the wake of the escalating geopolitical and trade tensions between the two. The China- EU Summit is also crucial in the backdrop of China's deepening ties with Russia, which is currently posing the biggest security threat to Europe.⁴³ In the recent past the EU-China Comprehensive Agreement on Investment (CAI) was frozen by the European Parliament after Chinese sanctions on European parliamentarians and experts in response to EU sanctions over Xinjiang.

Lithuania-China relations have steadily worsened as China used coercive economic measures to punish Lithuania for agreeing to the establishment of a new Taiwan office under the name "Taiwan" instead of "Taipei." The European Union meanwhile has decided to launch a case against China in the World Trade Organization over trade curbs on Lithuania.⁴⁴ UK, US and Australia are backing the move.⁴⁵

In a phone conversation with German Foreign Minister Annalena Baerbock, Wang Yi voiced his support for resuming a [security dialogue between EU, NATO and Russia](#).⁴⁶ [EU in a joint statement](#) condemned Russia's military operation in Ukraine calling it "barbaric".⁴⁷

[An interview with Dr. Tim Rühlig](#), a research fellow in the Technology and Global Affairs Program at the German Council on Foreign Relations (DGAP) brought to light interesting facets of China's increasing engagement with EU countries. Dr. Rühlig's research pointed out "Chinese information campaigns in Europe are more targeted on spreading the Chinese narrative instead of outright fake news. Chinese efforts to influence European public opinion and steer it away from supporting transatlantic relations have increased significantly during the pandemic... China's narratives and image however have not yet taken hold across Europe. This should be no reassurance. We need

⁴³ "EU, China set April 1 summit amid tension on trade, geopolitics," [Politico](#), February 11, 2022

⁴⁴ "EU-China Relations under France's Presidency of the Council of the European Union," [The German Marshall Fund of the United States](#), February 21, 2022

⁴⁵ "Britain joins EU-China WTO challenge over Lithuania," [Reuters](#), February 8, 2022

⁴⁶ "Wang Yi: China backs a security dialogue between NATO, EU and Russia," [CGTN](#), February 27, 2022

⁴⁷ "Press Statement of President Charles Michel of the European Council and President Ursula von der Leyen of the European Commission on Russia's unprecedented and unprovoked military aggression of Ukraine," [Europa](#), February 24, 2022

to be prepared that China could learn quickly, not least from Russian disinformation practices", she added.⁴⁸

The newly elected [German government has hardened its position against China](#). The new government wants to reduce economic dependence and strengthen relations with democratic states in Asia. Reportedly, the new government is currently preparing a "China Strategy", in which, the German government will consider "China as a partner, a competitor and a systemic rival."⁴⁹

Internal Developments

Chinese Lunar New Year

President Xi Jinping extended '[Chinese Lunar New Year](#)' (Spring Festival) greetings to the nation.⁵⁰ In his address, President Xi highlighted the "remarkable progress made by the Communist Party of China (CPC) and the country in 2021 including the CPC centenary celebrations, adoption of the third historic resolution, and the attainment of the first centenary goal of building a moderately prosperous society" by 2049.⁵¹ Stressing that the "new year is the year of the 'Tiger' symbolizing strength, bravery, and fearlessness, President Xi urged the nation to write a new chapter of socialism with Chinese characteristics".⁵² Other major issues touched upon by the President included enhancing "capabilities in strategic science and technology", "plans to reach carbon peak and carbon neutrality", "stability in Hong Kong", "advancement of major-country diplomacy", and "opening of the economy".⁵³

Even as Xinhua highlighted a [buzz in the Chinese consumer market](#),⁵⁴ reports pointed towards "weak consumption during Lunar New Year festivities demonstrating [worsening economic conditions](#) in the country".⁵⁵

⁴⁸ "China's Digital Power: Impact on the EU," [The Diplomat](#), February 8, 2022

⁴⁹ "Government in Berlin Classifies China as a "Systemic Rival"," [Spiegel International](#), February 2, 2022

⁵⁰ "Xi Focus: Xi extends Spring Festival greetings to all Chinese, stressing unity, hard work for shared future", [Xinhua](#), January 30, 2022.

⁵¹ Ibid.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ "China's consumer market bustling amid Spring Festival shopping boom", [Xinhua](#), February 7, 2022.

⁵⁵ Luna Sun, "China's weak consumption over Lunar New Year may signal 'worsening economy', analysts say", [South China Morning Post](#), February 7, 2022.



Chinese President Xi Jinping gives a toast at the welcoming banquet for the international leaders who attended the opening ceremony of the Beijing Winter Olympics, February 5, 2022.

Source: [Xinhua/Zhai Jianlan](#)

Beijing Winter Olympics 2022

Amidst a [diplomatic boycott by the West](#), China hosted the 'Winter Olympics' between February 4-20 under the theme "Together for a Shared Future".⁵⁶ Marking the occasion, the first such event in almost two years, President Xi Jinping and his wife Peng Liyuan hosted a [special banquet for leaders](#) from Russia, Egypt, Serbia, Argentina, Ecuador, Kazakhstan, Kyrgyzstan, Poland, Singapore, Tajikistan, Turkmenistan, Uzbekistan, Cambodia, Mongolia, Pakistan, Papua New Guinea, Luxembourg, Monaco, Thailand, Qatar, and

⁵⁶ "Winter Olympics: Which world leaders are attending Beijing 2022?", [AL Jazeera](#), February 4, 2022.

UAE.⁵⁷ As [Xi held in-person bilateral meetings](#) with around 20 heads of state, government, and international organizations, Xinhua underscored “solidarity”, “facilitating development”, and “mutual respect” as the key messages emerging from President’s diplomatic engagements.⁵⁸ Meanwhile, the Global Times highlighted the [success of e-CNY in the Olympics](#) claiming that it “paves way for further large-scale national roll-out and cross-border applications of the digital currency”.⁵⁹

One of the important off takes of the Games was the opportunity used by China and Russia to strengthen their economic relations. In a signed Op-ed by the Russian President Vladimir Putin titled “[Russia and China: A Future-Oriented Strategic Partnership](#)”, Moscow emphasized the importance of “developing business ties”, “expanding settlements in national currencies while creating mechanisms to offset the negative impact of unilateral sanctions”, “establishing a mutually beneficial energy partnership”, and “cooperation in IT, medicine, and space exploration”.⁶⁰ As Russia invaded Ukraine and the West announced a new round of sanctions, the Chinese Ministry of Foreign Affairs stressed that “[sanctions will not solve the Ukrainian crisis](#)”.⁶¹ Further, Chinese analysts argued that removing Russian banks from ‘[Society for Worldwide Interbank Financial Telecommunication](#)’ (SWIFT) will only have a “limited impact” as Russia and China, both, have their own financial information transmission systems. Such a move against Moscow is likely to “accelerate the creation of financial information and payment systems independent of SWIFT”, they added.⁶² However, concerns were also expressed about [China’s global economic ambitions facing headwinds](#) over country’s neutrality on Russian invasion and subsequent sanctions.⁶³

In another important development, [Argentina signed up for the Belt and Road Initiative](#) (BRI).⁶⁴ It is to be noted that, “Argentina is located in South America’s so-called ‘Lithium triangle’ (Argentina, Chile, and Bolivia), a strategic metal

⁵⁷ Full Text: Toast by Chinese President Xi Jinping at the welcoming banquet of the Olympic Winter Games Beijing 2022, [CPC Central Committee Bimonthly Qiushi Journal](#), February 6, 2022.

⁵⁸ “Xi Focus: What are key messages behind Xi’s tight diplomatic schedule at Games”, [Xinhua](#), February 8, 2022.

⁵⁹ “China’s digital yuan charms users at Beijing Winter Olympics”, [Global Times](#), February 9, 2022.

⁶⁰ Ibid.

⁶¹ Yang Sheng and Xie Jun, “Western sanctions won’t help solve Ukraine crisis: FM”, [Global Times](#), February 24, 2022.

⁶² Mei Xinyu, “Opinion: US-led Western financial sanctions will not shake the entire Russian economy”, [Global Times](#), February 28, 2022.

⁶³ Ji Siqi, “Ukraine invasion: China’s global economic ambitions face turbulence over stance on Russian aggression”, [South China Morning Post](#), February 28, 2022.

⁶⁴ Ji Siqi, “Is China’s lithium quest fuelled by business or politics, and how far will it go to secure ‘white gold’?”, [South China Morning Post](#), February 22, 2022.

used in electric vehicle (EV) batteries".⁶⁵ Further, Chinese scientists have reportedly discovered a [new Lithium deposit](#) in the region around Mount Everest.⁶⁶ Lithium has been described as the "[New Oil](#)" and "[White Gold](#)".⁶⁷

Trade and Economy

Premier Li Keqiang chaired a [State Council meeting](#) and called upon the central government to take measures to "bolster China's industrial economy and services sector seen as in particular difficulty".⁶⁸ Underscoring a complicated domestic and external environment, Premier Li emphasized "income tax reductions", "prolonging [tax deferrals for manufacturing SMEs](#)", "expanding loans to small businesses", promoting increase in mid and long-term loans to manufacturers", "strengthening supply chains", "constructing new infrastructure with climate-resilient technologies", and "stabilizing prices of bulk commodities while ensuring food and energy security".⁶⁹

Amidst mounting economic headwinds, in a meeting with the International Monetary Fund (IMF), Chinese government officials expressed concerns about "[decoupling \[technological and financial\]](#) and monetary policy tightening by the US".⁷⁰ On its part, the IMF cautioned China that "technological decoupling could accelerate to damaging levels, with losses ranging from around two to five percent of the GDP in the long-term depending on the scenario". "China's recovery is well advanced but lacks balance and the [growth] momentum has slowed", the IMF warned.⁷¹ Importantly, it downgraded China's 2022 growth estimate to 4.8 percent from the 5.6 percent forecast in October 2021.⁷² Beijing is believed to be aiming for an "economic growth target of above 5 percent", from above 6 percent in 2021.⁷³

⁶⁵ Ibid.

⁶⁶ Ji Siqi, "China lithium deposit discovered near Mount Everest may be boon in push to secure critical resource", [South China Morning Post](#), February 21, 2022.

⁶⁷ Ji Siqi, "Is China's lithium quest fuelled by business or politics, and how far will it go to secure 'white gold'?", [South China Morning Post](#), February 22, 2022.

⁶⁸ "China to step up support for industrial and services sectors in special difficulty", [The State Council of the People's Republic of China](#), February 16, 2022.

⁶⁹ "Quick view: State Council executive meeting on Feb 14", [The State Council of the People's Republic of China](#), February 16, 2022.

⁷⁰ Frank Tang, "China worried by US monetary policy, decoupling, but Beijing shares optimistic economic growth outlook with IMF", [South China Morning Post](#), January 28, 2022.

⁷¹ Ibid.

⁷² Ibid.

⁷³ Ibid.

Despite growing concerns of a slowdown, [Chinese economists maintained a positive outlook](#) toward the country's economy.⁷⁴ A Xinhua report claimed that country's [economy remains resilient](#) amidst global uncertainties owing to its "socialist market economy", "continuous opening-up", "targeted, efficient, and sustainable macroeconomic policies", "strong industrial supply chains with vibrant market entities" and the "super-sized domestic market".⁷⁵

As the Biden administration unveiled its broad economic framework for the Indo-Pacific, Global Times (GT) in an editorial asserted that "Washington aims to [form a small economic and trade circle](#) that excludes China and fights against Beijing's expanding influence in the region".⁷⁶ Highlighting the key aspects of the 'Indo-Pacific Economic Framework', GT claimed that "it will ensure US's dominant position in global supply chains; instead of serving the development of the Asia-Pacific region, it will only serve US geopolitical goals".⁷⁷

US-China trade friction continues. Beijing rejected US Trade Representative's (USTR) labelling of China as state-led, ["non-market oriented" economy](#).⁷⁸ Further, as [progress stalled on lifting tariffs](#) on imports from China, MOFCOM called upon Washington to "conform to WTO rules and give up pursuing unilateralism, protectionism, and bullying".⁷⁹ Reportedly, the US-China phase-one [trade deal has been a "historic failure"](#) with "Chinese purchases more than 40 percent short of the target".⁸⁰ As the US trade deficit continues to widen vis-à-vis China, the Xinhua commentary called upon Washington to [stop scapegoating China](#) for the same.⁸¹ "Structural problems surrounding the US economy, the US Dollar's world dominance leading to cheaper imports, and American households' habit of spending more than what they save is driving up the country's trade deficit", Xinhua added.⁸² Meanwhile, the People's Daily highlighted America's past attempts to demonize and bully competitors to

⁷⁴ "Economic Watch: China's prospects in 2022, what do economists say?", [Xinhua](#), February 8, 2022.

⁷⁵ "China Focus: Economic resilience matters in a world of uncertainties, see how China gets it", [Xinhua](#), February 1, 2022.

⁷⁶ "Does the US want to play with Asia-Pacific allies again? - Global Times editorial", [Global Times](#), February 7, 2022.

⁷⁷ Ibid.

⁷⁸ "US should conform to WTO rules, give up pursuing protectionism: commerce ministry", [Global Times](#), February 17, 2022.

⁷⁹ Ibid.

⁸⁰ Andrew Mullen, "US-China trade deal a 'historic failure' with purchases more than 40 percent short of target", PIIE report says, [South China Morning Post](#), February 9, 2022.

⁸¹ Xu Yuan, Deng Xianlai and Gao Pan, "Xinhua Commentary: U.S. should stop scapegoating China for ballooning trade deficit", [Xinhua](#), February 13, 2022.

⁸² Ibid.

argue that “[outcompeting the US is not on China’s agenda](#), improving people’s livelihood is”.⁸³

Defence and Security

The Chinese state media slammed the new US Indo-Pacific Strategy as “[cold war](#)”, and “[bloc politics mentality](#)” destined to fail and counterproductive to regional peace.⁸⁴ As part of this strategy, the US promised to continue supporting [self-defence capabilities of Taiwan](#).⁸⁵ Reacting sharply, Beijing urged Washington “not to view the Asia-Pacific as an arena for a zero-sum game”.⁸⁶ The Chinese Ministry of National Defence (MND) slammed Washington’s approval of a USD 100 million deal to sustain, maintain, and improve Taiwan’s ‘[Patriot Missile Defence System](#)’.⁸⁷ Chinese observers noted that “the arms sale leeches’ money from Taiwan while [pushing Taipei further towards a catastrophe](#)”.⁸⁸ Taiwanese analysts believe “[PLA is not yet ready for all-out Taiwan war](#); Beijing will use limited military actions and non-conventional means to force Taiwan to the table within a decade”, they added.⁸⁹ It was also noted that the “more pressing concern for the mainland is the ‘AUKUS’ alliance targeting China in South China Sea and wider Indo-Pacific”.⁹⁰

Meanwhile, in response to the US-Japan Noble Fusion exercise 2022, [PLA held naval drills](#) in the East China Sea, South China Sea, and the Yellow Sea.⁹¹ Reportedly, the US-Japan exercise covered the “first island chain stretching from the Luzon Strait to the Miyako Strait, including Okinawa and the East China Sea”.⁹² Chinese observers noted that “these locations are particularly sensitive as they cover waters east of Taiwan, making drills provocative for China”.⁹³ In another development, photos and videos of the [F-35C that crashed in the South China sea](#) in January 2022 emerged. The Global Times report

⁸³ “Outcompeting US isn’t on China’s agenda. Improving its people’s livelihood is”, [People’s Daily Editorial](#), February 10, 2022.

⁸⁴ “Xinhua Commentary: U.S. Indo-Pacific Strategy counterproductive to regional peace, destined to fail”, [Xinhua](#), February 16, 2022.

⁸⁵ “Asia Pacific not arena for zero-sum game: Défense Spokesperson”, [Ministry of National Defense of the People’s Republic of China](#), February 24, 2022.

⁸⁶ Ibid.

⁸⁷ “China slams US recent approval of arms sale to Taiwan”, [Ministry of National Defense of the People’s Republic of China](#), February 9, 2022.

⁸⁸ Guo Yuandan and Liu Xuanzun, “China vows to take powerful measures against US’ latest arms sale to Taiwan island”, [Global Times](#), February 8, 2022.

⁸⁹ Lawrence Chung, “PLA not yet ready for all-out Taiwan war, island’s military experts say”, [South China Morning Post](#), February 16, 2022.

⁹⁰ Ibid.

⁹¹ Liu Xuanzun, “PLA holds simultaneous drills after US, Japan exercise near Taiwan island”, [Global Times](#), February 10, 2022.

⁹² Ibid.

⁹³ Ibid.

described the loss as demonstrating “the US military’s excessive troop deployment and loose management”.⁹⁴



Photo of the F-35C that crashed in the South China Sea in January 2022. Source: [Global Times](#)

Chinese strategic experts continue to express concerns about growing [security cooperation between the US and Australia](#).⁹⁵ A commentary in the PLA Daily underscored three key aspects of US-Australia security partnership that includes “purchase of US arms”, “construction of US military bases in Australia”, and “multilateral cooperation including ‘AUKUS’, ‘QUAD’, and the Reciprocal Access Agreement (RAA) with Japan”.⁹⁶ In another development, the Chinese Ministry of National Defence (MND) “rejected Australia’s groundless accusations that a [PLA naval vessel pointed a laser](#) at the Australian Defence Force’ (ADF) P-8A anti-submarine patrol aircraft”.⁹⁷ Instead it accused the “Australian aircraft for flying too close to the Chinese vessel and provocatively dropping sonobuoys”, the MND spokesperson added.⁹⁸

The China-Russia Joint Statement on ‘International Relations Entering a New Era’ came under severe criticism in the West, with the main accusation being

⁹⁴ Liu Xuanzun and Guo Yuandan, “Leaked F-35C crash video highlights US military’s excessive troop deployment, loose management”, [Global Times](#), February 7, 2022.

⁹⁵ Ling Shengli, “US-Australia security cooperation undermines regional stability”, [China Military Online](#), February 14, 2022.

⁹⁶ Ibid.

⁹⁷ “China slams Australia’s groundless accusations on PLA Navy’s operations against ADF aircraft’s approach”, [Ministry of National Defense of the People’s Republic of China](#), February 21, 2022.

⁹⁸ Ibid.

that it [constitutes an "alliance of autocracies"](#).⁹⁹ A Russian scholar commenting upon the Global Times report rejected this by asserting that "Russia and China are two very different nations with their unique political cultures and traditions. To put them in one basket of global autocracies is questionable and misleading".¹⁰⁰ Further, he refused to accept the notion that "Moscow and Beijing are eager to launch an ideological war against the Western democracies".¹⁰¹ Importantly, China and Russia hold a view that main dividing line in modern politics [international system] is not between "democracies" and "autocracies" as presented by the West, rather it is between "order" and "disorder", he added.¹⁰²

Amidst the Russian invasion of Ukraine, Taiwan expressed "[empathy for Ukraine's situation](#)" and called upon the "international community to continue arming Taipei to deter the mainland invasion of the island".¹⁰³ Countering this, the Global Times asserted that "fear of US abandonment is haunting Taiwan's DPP (Democratic Progressive Party)". "US has used Ukraine as a pawn against Russia by repeatedly promising to protect Kyiv at critical junctures, but now Ukraine is suffering", it added.¹⁰⁴

With regards to military modernization, President Xi Jinping signed an order promulgating a set of regulations for testing and assessing military equipment "emphasizing combat-oriented tests under the trend of [informatization and intelligentization](#)".¹⁰⁵ Further, China tested the '[QW-12' advanced portable air-defence missile](#) that reportedly showed "outstanding performance in intercepting helicopters, jets, and cruise missiles" along with "anti-decoy capability that no foreign counterpart has shown".¹⁰⁶ In another development, a South China Morning Post (SCMP) report highlighted "[growing role of drones](#) in China's military operations from the Himalayas to the South China Sea".¹⁰⁷

⁹⁹ Andrey Kortunov, "China-Russia Statement: A quest for diversity", [Global Times](#), February 12, 2022.

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

¹⁰² Ibid.

¹⁰³ "Fear of US abandonment haunts DPP authority: Global Times editorial", [Global Times](#), February 25, 2022.

¹⁰⁴ Ibid.

¹⁰⁵ Liu Xuanzun, "China's new military equipment experiment regulations eye combat capability boost", [Global Times](#), February 13, 2022.

¹⁰⁶ Liu Xuanzun, "China's latest portable missile shows world-class defense ability", [Global Times](#), February 14, 2022.

¹⁰⁷ Minnie Chan, "Chinese military plays game of drones from Himalayas to South China Sea", [South China Morning Post](#), February 12, 2022.

Technology

The State Council released the country's fifth [white paper on the space program](#) titled, 'China's Space Program: A 2021 Perspective'.¹⁰⁸ Beijing stressed that the "space industry is a critical element of overall national strategy and China upholds the principle of exploration and utilization of outer space for peaceful purposes".¹⁰⁹ Importantly, it emphasized the "global consensus and [UN-centered rules for outer space exploration](#) and utilization".¹¹⁰ With regards to [plans for the next 15 years](#), white paper highlighted key areas such as the "fourth phase of lunar exploration", "exploring the moon's polar regions and mulling a manned lunar landing", "space transport and infrastructure", "manned spaceflights", "deep space exploration", "launch sites and telemetry", "tracking and command", "experiments on new technologies", "space environment governance", and "improving space debris monitoring".¹¹¹ China also plans to step up space exploration in areas such as "development of the satellite for space gravitational wave detection", "the Einstein probe satellite, and the advanced space-based solar observatory".¹¹²

US-China technological decoupling continues. Washington added [33 Chinese companies](#) to the Commerce Department's "unverified list" meaning that these "Chinese companies will face tougher rules on doing business with their American counterparts".¹¹³ Reportedly, the list includes '[Shanghai Microelectronics](#)' – a leading Chinese company in the race to make advanced chip-making machines.¹¹⁴ Meanwhile, the US House of Representatives passed the '[America Competes Act 2022](#)' earmarking funding for "semiconductors", "strengthening supply chains of critical goods", and "scientific research and development".¹¹⁵ The act also includes a list of motions addressing concerns over China's human rights violations in Xinjiang, Hong Kong, Taiwan, and Tibet.¹¹⁶ Opposing the act and America's continued interference in China's

¹⁰⁸ "China to explore more in space science next five years: white paper", [Xinhua](#), January 28, 2022.

¹⁰⁹ Ibid.

¹¹⁰ Deng Xiaoci, "China details future space ambition in white paper, calls for formulating UN-centered space rules", [Global Times](#), January 28, 2022.

¹¹¹ "China to explore more in space science next five years: white paper", [Xinhua](#), January 28, 2022.

¹¹² Ibid.

¹¹³ Robert Delaney, "US adds 33 Chinese companies to red flag list, unseals Hytera indictment", [South China Morning Post](#), February 8, 2022.

¹¹⁴ Ann Cao and Che Pan, "US-China tech war: Shanghai company at the heart of Beijing's semiconductor self-sufficiency drive red-flagged by Washington", [South China Morning Post](#), February 8, 2022.

¹¹⁵ Yaling Jiang, "US-China tech war: Beijing calls the America Competes Act a product of Cold War mentality", [South China Morning Post](#), February 8, 2022.

¹¹⁶ Ibid.

internal affairs, Beijing reiterated concerns about the “US’ cold-war and zero-sum mentality, undermining China’s development paths and policies”.¹¹⁷

China’s National Development and Reform Commission (NDRC) approved a mega project to construct [eight national computing hubs](#) and ten national data center clusters.¹¹⁸ The plan emphasizes bridging gap between eastern and less developed western parts of the country in computing resources for a brighter digital future.¹¹⁹

¹¹⁷ Ibid.

¹¹⁸ “China approves mega project for greater computing power, digital future”, [Xinhua](#), February 18, 2022.

¹¹⁹ Ibid.



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