



Delhi Policy Group

Advancing India's Rise as a Leading Power



DPG China Monitor March 2022



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Delhi Policy Group
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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:

Indian External Affairs Minister, Dr. S. Jaishankar greets Chinese Foreign Minister, Wang Yi, at the Hyderabad House in New Delhi, March 25, 2022. Source: Twitter/@DrSJaishankar

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Abstract

The 15th military commander-level talks between India and China failed to resolve the existing points of friction along the LAC. A joint statement released on March 12 suggested that the talks were cordial, even though there was no forward movement.

Meanwhile, Chinese Foreign Minister Wang Yi made a low-key visit to India on March 25 and met the External Affairs Minister, Dr. S. Jaishankar, and the National Security Advisor, Ajit Doval. He proposed no new mechanism to break the logjam in border talks, while repeating Beijing's persistent stand to put differences on border issues "in the proper place in bilateral relations", and revive bilateral ties in other areas. On his part, Dr. S. Jaishankar conveyed India's "national sentiment" that peace and tranquility along the LAC and adherence to existing agreements has to be the foundation for any normalisation in relations. The two ministers also exchanged views on the Ukraine crisis and acknowledged the importance of an immediate truce and a return to dialogue.

Earlier, Wang Yi made a surprise visit to Afghanistan, indicating Beijing's endorsement of the Taliban regime. In Pakistan, the China-Pakistan Economic Corridor continued to inflame feelings of neglect and exploitation in Baluchistan. As China-Bangladesh cooperation under the Belt and Road Initiative continues to progress, Chinese President Xi Jinping expressed his desire to further push ahead with strategic ties.

Tensions between the US and China took another turn over the Ukraine crisis. During a Xi-Biden video call, President Biden warned China against extending any "material support" to Russia in its war on Ukraine. He also asserted that the "US does not seek cold war with China; it does not aim to change China's system; revitalisation of alliances is not directed against China; Washington does not support Taiwan independence; and it has no interest in seeking conflict with China". On his part, President Xi maintained that "he takes these remarks very seriously", stressing that China should not be the target of a revitalised NATO alliance, nor should US support Taiwan independence in any way. He further stressed that there will be differences between the two countries, but what was important is to keep these under control and prevent their escalation.

In terms of China-Russia relations, there are signs that if the Ukraine conflict escalates or lingers without any acceptable resolution, the crisis is likely to emerge as a litmus test for China's "no limits" partnership with Russia.

State Councilor and Foreign Minister Wang Yi briefed the press about China's views on key aspects of Chinese security and diplomacy. Some of the major issues highlighted by him included "US disrupting peace and stability in the Indo-Pacific", "cold war mentality fuelling divisions", "dangers of great power competition", "economic globalisation as the key trend of the time", "finalising the code of conduct in the South China Sea", and "strategic autonomy of the China-Russia partnership".

Chinese Vice Foreign Minister, Le Yucheng, warned that the "US Indo-Pacific Strategy of putting together closed and exclusive small circles (a reference to QUAD and AUKUS) is as dangerous as NATO's eastward expansion in Europe. If allowed to go unchecked, it would bring unimaginable consequences, pushing the Asia-Pacific over the edge of an abyss".

China increased the country's defence budget by 7.1 percent to CNY 1.45 trillion (about USD 229 billion) for 2022. The US Indo-Pacific Commander, Admiral John Aquilino, warned that China is militarising at least three of the several islands it has built in the South China Sea. Australia and New Zealand expressed concern over a proposed military deal between the Solomon Islands and China that could see Beijing establish a military base less than 2000 Km from Australia.

During the annual 'Two Sessions' on March 5, Chinese Premier Li Keqiang presented the 'Government Work Report 2022' to the National People's Congress (NPC). Amidst mounting economic headwinds and the resurgence of COVID-19 in Shenzhen and Shanghai, Beijing has set the GDP growth target for 2022 at "around 5.5 percent". In what could be his final major press conference as the Chinese Premier, Li Keqiang highlighted the difficulties in achieving growth targets in present economically stressed times as a herculean task similar to "climbing a mountain".

As part of climate goals, China unveiled its first medium-to-long-term plan (2021-35) to promote the development of the hydrogen industry. Beijing plans to produce 100,000 to 200,000 tons of green hydrogen a year by 2025, reducing carbon emissions by one to two million tonnes per year.

Foreign and Security Policy

I. China-India Relations

Two months after the 14th military commander level talks failed to produce any concrete outcome, the [military commanders met for the 15th time](#) on March 11. This time too the talks failed to resolve the existing points of friction, resulting in no progress.¹ A joint statement released on March 12 suggested that the talks were cordial even though there was no forward movement. The [Indian side has been pushing for the disengagement](#) in Patrolling Point (PP) - 15 (Hot Springs) area of Demchok to end the most serious face-off on the Line of Actual Control (LAC) in over five decades.²

Meanwhile, Chinese Foreign Minister, Wang Yi, made a low-key visit to India, on March 25. Meeting failed to resolve any of the points of friction in bilateral relations. Foreign Minister Wang proposed no new mechanism to break the logjam in talks while repeating their persistent stand to put the differences on the border issue ["in the proper place in bilateral relations"](#), suggesting the revival of bilateral talks on all issues without resolution of the boundary dispute.³

The visit appears to have been evoked more by the emerging security dynamics in light of the ongoing Ukraine crisis than as a serious attempt to repair bilateral relations. The sanctions and united response by Europe and the United States have pushed China to reach out to India in a bid to carve out a common stand, in the backdrop of India too maintaining an independent stand on the Ukraine crisis.

Following Chinese [Foreign Minister Wang Yi's visit to India](#), the Chinese put out two statements, one on [meeting with India's National Security Adviser \(NSA\) Ajit Doval](#), and another with External Affairs Minister Dr. S. Jaishankar.⁴ Statement on meeting with NSA, cited Indian NSA "appreciate[ing] China's profound thinking and constructive opinions on India-China relations" and saying "India and China... should not let the boundary issue affect the overall

¹ "Joint Press Release of the 15th Round of China-India Corps Commander Level Meeting," [Ministry of External Affairs, India](#), March 12, 2022

² "No Breakthrough In 15th Round Of India-China Military Talks On Ladakh Stand-Off," [Businessworld](#), March 12, 2022

³ "Talking and listening: On Chinese Foreign Minister Wang Yi's India visit," [The Hindu](#), March 28, 2022

⁴ "Wang Yi Holds Talks with Indian External Affairs Minister Subrahmanyam Jaishankar," [MOFA, China](#), March 25, 2022

bilateral relations".⁵ Although India did not put out any statement on discussion with NSA, according to the Indian media reports, NSA told the Chinese Foreign Minister exact opposite, that there has to be "[early and complete disengagement](#)" in border areas for Indo-China ties to move forward.⁶ Both sides must ensure that their actions do not violate the spirit of equality and mutual security.



Indian External Affairs Minister, Dr. S. Jaishankar greets Chinese Foreign Minister, Wang Yi, at the Hyderabad House in New Delhi, March 25, 2022. Source: Twitter/[@DrSJaishankar](#)

⁵ "Wang Yi Meets with National Security Advisor Ajit Doval of India," [MOFA, China](#), March 26, 2022

⁶ "Early and complete disengagement," NSA Ajit Doval tells Chinese Foreign Minister Wang Yi," [The Print](#), March 25, 2022

On the other hand, the [statement released by Ministry of External Affairs](#) highlighted that the two foreign ministers exchanged views on the Ukraine crisis and acknowledged the importance of an immediate truce and a return to dialogue.⁷ External Affairs Minister, Dr. S. Jaishankar, also flagged China's "objectionable", remarks on Indian UT of Kashmir at the Organisation of Islamic Cooperation (OIC) meeting in Pakistan.⁸ On bilateral relations, Dr. Jaishankar categorically conveyed India's "national sentiment" that peace and tranquility along the LAC and adherence to existing agreements have to be the foundation of any normalising of bilateral relations.⁹

In a subsequent statement released by MOFA, Chinese Foreign Minister Wang reportedly [proposed a three-point approach](#) to "keep the development of bilateral relations on the right course": (i) both sides should view bilateral relations from a long-term perspective; (ii) China and India should view each other's development with a win-win mentality and proposed a "China-India Plus" cooperation in South Asia; (iii) both countries should participate in multilateral processes with a cooperative posture.¹⁰

The visit underlined the broad differences in the two countries' approaches to their bilateral relation. While [China wants to underplay the border standoff](#), whilst insisting on moving on building bilateral relations from long-term perspective. Indian stand on the other hand is focused on the resolution of border disputes as a pre-requisite for any normalcy in bilateral relations.¹¹

On the Ukraine crisis, a report in the China Daily stressed "The India visit of Wang Yi carries significance also because China and India have taken a common stand toward Russia. [Both nations are calling for peace](#) while they abstained from a vote last month on a United Nations draft resolution on Russian military operation against Ukraine."¹² Another report in the Global Times stated, "shelving differences and seeking common ground has always been China's diplomatic philosophy... Cooperation on international occasions can create benign conditions for solving bilateral problems."¹³ Dr. S Jaishankar

⁷ Transcript of Special Briefing by External Affairs Minister on Meeting with Foreign Minister of China (March 25, 2022)," [MEA, India](#), March 25, 2022

⁸ Ibid.

⁹ Ibid.

¹⁰ "China-India relations: Does Wang Yi's visit offer hope for better ties, as New Delhi faces pressure on Russia-Ukraine war?," [South China Morning Post](#), March 28, 2022

¹¹ "The View from India | Wang Yi comes to India," [The Hindu](#), March 28, 2022

¹² "Wang Yi's visit to India carries significance for bilateral ties and global affairs," [China Daily](#), March 25, 2022

¹³ "China, India stress managing border dispute, urge Ukraine peace and dialogue during Wang Yi's visit," [Global Times](#), March 25, 2022

during his press conference, however, clarified that [Indian stand on the Russia-Ukraine conflict](#) has been "steadfast and consistent" and that it wants resolution of the conflict through talks.¹⁴

Foreign Minister Wang Yi also used the visit to create a common RIC (India Russia, and China) [cause over BRICS summit in China this year](#) and G-20 next year in New Delhi. China's objective appears to seek the presence of Prime Minister Narendra Modi for the in-person BRICS summit to be also attended by Russian President Vladimir Putin.¹⁵ There is a possibility that China as chair of the RIC could use PM Modi's presence in Beijing to host leaders' summit on the side-lines of the BRICS summit.¹⁶ PM Modi attended the last BRICS summit that took place in China in September 2017. Importantly, the Doklam border standoff was resolved just prior to the BRICS summit.¹⁷

II. China-South Asia Relations

Unrest is culminating among Baloch nationalist forces owing to the exclusion of Baloch firms and labour from the CPEC project. The China-Pakistan Economic Corridor has inflamed [feelings of neglect and exploitation in Balochistan](#).¹⁸ For a long time, tribal and nationalist forces have voiced their protest against the CPEC projects. [This divide between state and regionalist forces](#) has been aggravated due to exclusionary Punjab-centric planning.¹⁹ In the past, Gwadar witnessed protests owing to fish resource exploitation by Chinese trawlers. Meanwhile, reports claim [China has threatened to stop CPEC funding](#) over unpaid dues of approximately \$68.9 million.²⁰ Instead of paying the outstanding debt, the cash strapped Pakistan is now requesting China to further refinance loans extended to the country three years ago.²¹

Foreign Minister Wang during his recent South Asia tour visited Islamabad to attend the [48th session of the Organisation of Islamic Cooperation Council](#) of Foreign Ministers (OIC-CFM). During the visit, both sides signed five

¹⁴ "Suo-Moto Statement by External Affairs Minister, Dr. S. Jaishankar in the Rajya Sabha on the "Situation in Ukraine"[Ministry of External Affairs](#), India, March 15, 2022

¹⁵ "Explained: Significance of Chinese Foreign Minister Wang Yi's New Delhi visit," [The Indian Express](#), March 25, 2022

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ "How China's Presence in Balochistan Is Intensifying Regionalist Tendencies," [The Diplomat](#), March 2, 2022

¹⁹ "Pakistan: CPEC instigates insurgency in Balochistan," [ANI News](#), March 17, 2022

²⁰ "China Threatens To Stop CPEC Funding To Pakistan Over Unpaid Dues; Imran Khan's Beijing Visit Fails To Break Ice?," [Eurasian Times](#), March 30, 2022

²¹ "Imran Khan requests Chinese premier to refinance loan as economy stays in doldrums," [ANI](#), March 25, 2022

agreements to deepen their bilateral cooperation.²² The growing friendship between Pakistan and China has invited mixed responses from the locals in Pakistan. Ever since CPEC projects started there have been numerous attacks on Chinese workers across Pakistan indicating the dissatisfaction among the locals over the growing Chinese interference.

Foreign Minister Wang also made a surprise visit to Afghanistan (March 24) indicating China's endorsement of the Taliban regime. China is slated to host the third [Meeting of Foreign Ministers of 'Afghanistan's Neighbouring Countries'](#) on March 30 and 31 in China. The meeting will focus on humanitarian assistance to the Afghan people and call on the US to return the Afghan people's frozen assets. Representatives from Pakistan, Iran, Russia, Tajikistan, Turkmenistan, and Uzbekistan are scheduled to attend the meeting.²³ Foreign Minister Wang is the highest-level visitor to Afghanistan since the Taliban takeover. China has major economic and mining interests in Afghanistan. Further, it wants Taliban commitments to prevent China's Uighur opponents from setting up operations in Afghanistan.

With China – Bangladesh cooperation under the Belt and Road Initiative making steady progress, Chinese President Xi Jinping expressed the desire to push ahead [China-Bangladesh Strategic Partnership of Cooperation](#) on Bangladesh's 51st independence Day on March 27.²⁴ Meanwhile, reports claim that ["food preferences" and cultural differences](#) of the immigrant Chinese work force have hurt the local Bangladeshi sentiments. Incidents of clashes between Chinese officials and local workers have been reported.²⁵

A month after Nepal's Parliament approved the \$500 million infrastructure grant from the United States, Foreign Minister Wang signed a nine-point agreement focusing on economic and technical cooperation, as well as a feasibility study of cross-border railway and electric power systems. Taking an implicit dig at MCC, a [Chinese Foreign Ministry statement following Wang's visit](#) (March 25-27) underlined that China "opposes attempts to undermine Nepal's sovereignty and independence."²⁶ Without specifying any country, the

²² "Pak, China Sign Agreements To Strengthen 'Iron-Clad Friendship'," [NDTV](#), March 22, 2022

²³ "China to host meeting of Afghanistan's neighbors to tackle humanitarian needs, urge US return Afghan assets," [Global Times](#), March 28, 2022

²⁴ "Will work to push China-Bangladesh Strategic Partnership to new heights: Xi Jinping," [The Daily Star](#), March 27, 2022

²⁵ "Bangladesh hurt by Chinese workers' disrespect for local sentiments," [The Print](#), March 28, 2022

²⁶ "China opposes any attempt to undermine Nepal's sovereignty and engage in geopolitical games in the country: FM Wang Yi," [Global Times](#), March 27, 2022

ministry added that [it opposes efforts to “interfere in Nepal’s internal affairs, and play geopolitical games.”](#)²⁷

As Foreign Minister Jaishankar kickstarted his three-day Sri Lanka tour (March 28-30), India agreed to build three wind farms on islets shared by the two countries. The project was previously commissioned to a Chinese firm. [A prominent local newsportal reported](#), “Sri Lanka has pushed aside China and given the nod to India to develop three wind farms on islets between the two countries. This can be seen as a victory for New Delhi after the project was taken away from a Chinese firm.”²⁸

Former Maldives President Abdulla Yameen, the political manager of the China-backed “India Out” campaign has returned to politics. Meanwhile, in the backdrop of a sustained anti-India campaign, Dr. S. Jaishankar, visited the Maldives on March 26-27. [The visit was aimed at discussing bilateral partnerships](#) and assessing ongoing projects and initiatives across different sectors like socio-economic development, trade and investment, and also tourism.²⁹ During his visit, Dr. Jaishankar formally handed over a [coastal radar system to the Maldives](#), which will go a long way in enhancing countries maritime security.³⁰

III. China-United States Relations

The long-standing bilateral tensions took turn for the worse over the Ukraine crisis, amidst reports of [China being aware of the Russian attack on Ukraine](#) and had asked for its postponement till after the end of the Olympics and second, reports about China agreeing to provide military assistance to Russia.³¹

During a planned meeting between the US [NSA Jake Sullivan and Politburo Member Yang Jiechi](#), Sullivan showed deep concern over China attempting to help Russia highlighting that there will be serious consequences if China in any material way helped the Russian war effort or helped Russia circumvent

²⁷ “How infrastructure financing disagreements are hindering closer China-Nepal ties,” [The Indian Express](#), March 30, 2022

²⁸ “Sri Lanka pushes China aside; India to build hybrid power plants,” [Newsfirst.lk](#), March 29, 2022

²⁹ “Jaishankar in Maldives: takes stock of projects, signs key pacts,” [The Indian Express](#), March 28, 2022

³⁰ “India hands over coastal radar system to Maldives,” [Hindustan Times](#), March 27, 2022

³¹ “China opposes claims of “prior knowledge” of Russian attack on Ukraine”, [The Economic Times](#), March 24, 2022.

sanctions.³² Reports regarding Russian request or weapons supply, however, were denounced as "malicious disinformation" by China.³³

This meeting was followed by President Biden's phone call with Chinese President, Xi Jinping, wherein he called into question the absence of Chinese denunciation of the Russian military offensive in Ukraine. President Biden warned China that extending any "material support" to Russia in its war in Ukraine will invite major consequences, without specifying their nature. [President Xi, made three important points](#), first, ensure that the revitalization of the alliances (in Europe) is not targeted at China, second, confirm that the US does not support "Taiwan independence"; and lastly it has no intention to seek a conflict with China.³⁴ President Xi, however, underscored that there are and will continue to be differences between the two nations, what is important is to keep such differences under control, preventing their escalation.³⁵ On Ukraine, he stressed that China will make independent conclusions based on the merits while advocating upholding international law and universally recognized norms governing international relations. Later, in a statement released by the foreign ministry, [China used aphorism like](#) "He who tied the bell to the tiger must take it off" and "It takes two hands to clap" pushing the blame at the US for the ongoing crisis in Ukraine and the importance of cooperation vis a vis confrontation.³⁶



Chinese President Xi Jinping holds a video call with US President Joe Biden, March 18, 2022.

Source: [Ministry of Foreign Affairs, People's Republic of China](#)

³² "Readout of National Security Advisor Jake Sullivan's meeting with Politburo Member Yang Jiechi" [White House](#), March 14, 2022

³³ "US urged China not to supply arms to Russia at 'intense' Rome meeting," [The Guardian](#), March 14, 2022

³⁴ "US-China Relations in the Biden-Era: A Timeline," [China Briefing](#), March 25, 2022

³⁵ Ibid.

³⁶ "China snubs US, says 'he who tied bell to the tiger must take it off'," [The Times of India](#), March 20, 2022

Hours before Xi-Biden talks, [China's aircraft carrier Shandong sailed through the sensitive Taiwan Strait](#) while being shadowed by a US destroyer.³⁷ Over the past two years, China has stepped up its military activity near the island to assert its sovereignty claims, alarming Taiwan and the US. [Russia's invasion of Ukraine has raised tensions in Taiwan](#) as people are worried an emboldened China could use force to remove the island's democratic government.³⁸ Reiterating Taiwan's fears, Admiral John Aquilino, head of Indo-Pacific Command stressed [the serious threat that China poses to Taiwan](#) as its military ratchets up pressure.³⁹ Highlighting [PLA's growing assertiveness in the South China Sea](#) (SCS), Admiral Aquilino, warned about China arming (militarizing) at least three of several islands it has built in the disputed SCS.⁴⁰

The US has no formal diplomatic ties with Taipei, but is Taiwan's most important international backer and arms supplier. During the [phone call with President Biden, Xi asserted](#), "If the Taiwan issue is not handled properly, it will have a subversive impact on the relationship between the two countries."⁴¹

In the meantime, Chinese state media [projected China as an indirect victim](#) of geopolitical conflicts and Western sanctions. It stressed that "the Ukraine crisis, unstable supply chains, and increasing ideological and strategic confrontations engineered by the United States have caused serious damage to China's external environment and thus affected its development."⁴²

IV. China-Russia Relations

In the wake of the Ukraine crisis, China's apprehension to extend any tangible economic lifeline to Moscow on one hand and its simultaneous refusal to align with the western sanctions [imply tough balancing act on Ukrainian crisis](#).⁴³ China has so far maintained a balanced approach towards Russia and Ukraine. During [a phone call by Ukrainian FM Dmytro Kuleba](#), Foreign Minister Wang lamented the outbreak of the conflict maintaining its opposition to western

³⁷ "Chinese aircraft carrier Shandong sails through Taiwan Strait hours before Biden-Xi call," [ANI](#), March 19, 2022

³⁸ "Taiwan fears what's happening in Ukraine will happen there with China," [NPR](#), March 27, 2022

³⁹ "China threat to Taiwan highlighted by Ukraine war, warns US admiral," [Financial Times](#), March 25, 2022

⁴⁰ "China has fully militarised islands in South China Sea threatening nearby nations, says US admiral", [South China Morning Post](#), March 21, 2022.

⁴¹ "Xi tells US to handle Taiwan 'properly' to avoid damaging ties," [Al Jazeera](#), March 19, 2022

⁴² "EU should help to end Ukraine crisis," [China Daily](#), March 22, 2022

⁴³ "Amid the Ukraine Crisis, China-Russia Economic Relations Remain Lukewarm," [The Diplomat](#), March 26, 2022

sanctions against Russia.⁴⁴ Days before the phone call with Ukrainian Foreign Minister, [Wang described Sino-Russia friendship as](#) world's most "crucial" and "rock solid" bilateral relationship, offering to play a constructive role in pushing for peace and promoting talks.⁴⁵

Given the importance of China's trade ties with the US and Europe, the prevailing economic downtrend at home, the viability of a China- Russia détente will remain under scanner. Fact remains, China's estranged ties with the US and its massive energy requirements [have led deepening of its ties with Russia](#).⁴⁶ The Ukraine crisis might emerge as a litmus test for [China's "no limits" relationship](#) as underlined by the leaders of the two countries before Russia invaded Ukraine.⁴⁷

China might earn an additional leverage in its bilateral relationship with Russia over energy deals in the near future. A massive boycott of Russian oil and gas would expand [Russia's reliance on China to divert production](#) from these fields to the Chinese market, reducing its reliance on European customers.⁴⁸ Meanwhile, China's latest move of [halting an important investment](#) in Russia's petrochemical company fearing secondary sanctions might push Russia to offer more incentives to China in the near future.⁴⁹

V. China-European Union Relations

EU – China will hold a virtual summit on April 1, where among other issues China's stand on the Ukraine war and the sanctions China and the EU imposed on each other last year will be discussed. China wants Europe to build an 'indivisible security' mechanism with Russia, separate from US influence.⁵⁰ Chinese President [Xi Jinping in his virtual meeting with French President Emmanuel Macron and German Chancellor Olaf Scholz](#) on March 8 said that "China supports France and Germany in promoting a balanced, effective and sustainable European security framework for lasting security of Europe, and by

⁴⁴ "China signals willingness to mediate in Ukraine-Russia war," [Guardian](#), March 1, 2022

⁴⁵ "China, Russia 'rock solid' friends, will send aid to Ukraine: Wang Yi," [Hindustan Times](#), March 7, 2022

⁴⁶ "Analysis: Ukraine war tests growing China-Russia partnership," [The Economic Times](#), February 28, 2022

⁴⁷ "China says UN Charter is the 'bottom line' in relationship with Russia," [South China Morning Post](#), March 24, 2022

⁴⁸ "What Does Russia's Invasion of Ukraine Mean for China in the Arctic?," [The Diplomat](#), March 25, 2022

⁴⁹ "Ukraine crisis: Beijing halts energy deal with Moscow," [Asia News](#), March 26, 2022

⁵⁰ "China encourages Europe to build 'indivisible security' mechanism with Russia," [Global Times](#), March 15, 2022

upholding their strategic autonomy.”⁵¹ China will be pleased to see equal-footed dialogue among the EU, Russia, the United States, and NATO.” [EU foreign policy Chief Josep Borrell](#) earlier this month said China could play an important role in supporting diplomatic efforts to settle the Ukraine conflict.⁵²

The NATO Summit, however, flagged concerns about China helping Russia through arms, trade lifelines, and disinformation in its war against Ukraine. Almost all the 30 leaders reiterated President Biden’s concern about China’s position on the war.⁵³ In their statement, the [NATO leaders called on China](#) “to uphold the international order including the principles of sovereignty and territorial integrity, as enshrined in the UN Charter, to abstain from supporting Russia’s war effort in any way, and to refrain from any action that helps Russia circumvent sanctions.”⁵⁴

Internal Developments

Report on Human Rights Violations in the US

The State Council issued a report on [human rights violations in the US](#) in 2021.⁵⁵ It shed light on Washington’s “political manipulation of epidemic prevention and control”, “gun violence and police brutality”, “fake democracy trampling on political rights of the people”, “racism exacerbating social injustice”, “creation of migrant crisis”, and “unilateral sanctions by the US violating human rights in other countries”.⁵⁶

Importantly, in the aftermath of the ‘Two Sessions’, Xinhua underscored the [success of China’s “Whole Process People’s Democracy”](#).⁵⁷ “People’s Democracy” is at the “heart of socialism and the Chinese people are the masters of their country”.⁵⁸ “Whole Process refers to people engaging in democratic elections, consultations, decision-making, management, and oversight based on law”.⁵⁹ This concept has been “derived from the rich legacy of the

⁵¹ “President Xi Jinping Holds a Virtual Summit with Leaders of France and Germany,” [MOFA, China](#), March 8, 2022

⁵² “Russia’s war on Ukraine: ‘It has to be China’ as mediator, EU foreign policy chief says,” [South China Morning Post](#), March 5, 2022

⁵³ “NATO leaders warn China: Don’t act as Russia’s enabler,” [Politico](#), March 24, 2022

⁵⁴ Ibid.

⁵⁵ “China issues report on U.S. human rights violations”, [Xinhua](#), February 28, 2022.

⁵⁶ Ibid.

⁵⁷ “Xinhua Commentary: Understanding China’s whole-process people’s democracy at two sessions”, [Xinhua](#), March 9, 2022.

⁵⁸ Ibid.

⁵⁹ Ibid.

Communist Party of China's (CPC) democratic practices since its founding", Xinhua added.⁶⁰



Chinese Premier, Li Keqiang, addresses a press conference at the closure of the fifth session of the 13th National People's Congress (NPC) on March 11, 2022. Source: [Xinhua/Ding Haitao](#)

Trade and Economy

During the annual 'Two Sessions' on March 5, Chinese Premier, Li Keqiang, presented the '[Government Work Report 2022](#)' to the 13th National People's Congress (NPC).⁶¹ Amidst mounting economic headwinds, Beijing has set the GDP growth target at "around 5.5 percent".⁶² Premier Li underscored the key tasks for 2022 that include "keeping major macroeconomic indicators within a reasonable range", "deepening reforms and economic opening", "implementing an innovation-driven employment strategy", and "promoting rural vitalization".⁶³ Quoting this, Xinhua report stressed that "as the global economy continues to face uncertainty due to the pandemic and geopolitical tensions, China's growth target is expected to boost global economic recovery".⁶⁴ However, in what could be his final major press conference as the Chinese Premier, Li Keqiang highlighted the [difficulties in achieving growth targets](#) by describing this as a herculean task similar to "climbing a mountain".⁶⁵

⁶⁰ Ibid.

⁶¹ Xinhua Headlines: China sets 2022 GDP target at around 5.5 pct, giving a shot in arm to world recovery, [Xinhua](#), March 5, 2022.

⁶² Ibid.

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ Frank Tang, "China's economy faces 'complex environments' and headwinds to policy goals for 2022, Premier Li warns", [South China Morning Post](#) (SCMP), March 11, 2022.

Some of the major [highlights of the Government Work Report](#) 2022 include “firm opposition to Taiwan independence”, “upholding the principle of housing for living not speculation”, “expanding domestic demand”, “promoting green development”, “ensuring food and energy security”, “creating 11 million new urban jobs”, “deficit-to-GDP ratio at around 2.8 percent”, “consumer price inflation (CPI) at around 3 percent”, “tax cuts and refunds to around CNY 2.5 trillion” (about USD 395 billion), “strengthening IPR protection” and “fast breakthroughs (self-reliance) in core technologies”.⁶⁶

As part of Beijing’s climate goals, China unveiled its first medium-to-long-term plan (2021-35) to promote the [development of the hydrogen industry](#).⁶⁷ It plans to produce 100,000 to 200,000 tons of green hydrogen a year by 2025 reducing carbon emission by one to two million tonnes per year.⁶⁸ Beijing also specified [energy targets](#) for the 14th five-year plan (2021-25).⁶⁹

Chinese state media highlighted [growth in the country’s foreign trade](#) in the first two months of 2022 from the same period in 2021.⁷⁰ Notwithstanding the above, South China Morning Post (SCMP) report pointed toward [“an alarming export growth slowdown”](#) to 16.3 percent in January and February 2022, down from the 20.9 percent growth in December 2021.⁷¹ In another sign of China’s fragile economic situation, reports pointed toward the [slowest rural to urban migration rate in a quarter-century](#).⁷² Chinese observers noted that “lack of job creation in cities, strict zero-covid policy of the government restricting the movement of labor, and a slowdown in the property sector, are some of the key reasons for the migration growth decline”.⁷³

The [resurgence of COVID-19](#) in South China’s ‘Shenzhen’ and Shanghai resulting in massive lockdown of the population is reportedly “pushing cash-strapped local governments to the brink as they are struggling to balance debt control with the country’s strict zero-covid policy”.⁷⁴ Meanwhile, open-source

⁶⁶ “Highlights of 2022 Government Work Report”, [People’s Daily](#), March 5, 2022.

⁶⁷ “China maps 2021-2035 plan on hydrogen energy development”, [Xinhua](#), March 24, 2022.

⁶⁸ Ibid.

⁶⁹ “China specifies energy targets for 2021-2025”, [Xinhua](#), March 22, 2022.

⁷⁰ “Economic Watch: China’s foreign trade reports sound growth in first 2 months”, [Xinhua](#), March 7, 2022.

⁷¹ Andrew Mullen and Amanda Lee, “China trade: export growth slowdown in January-February ‘alarming’ despite beating expectations”, [South China Morning Post](#), March 7, 2022.

⁷² He Huifeng, “China’s urbanisation push could be at a ‘bottleneck’, with slowest migration growth rate in quarter-century”, [South China Morning Post](#), February 28, 2022.

⁷³ Ibid.

⁷⁴ Amanda Lee, “Coronavirus: China’s zero-Covid policy pushes cash-strapped local governments to the brink”, [South China Morning Post](#), March 19, 2022.

intelligence pointed to the possibility of [Chinese Covid-19 vaccines causing 'leukaemia'](#) to some people.⁷⁵

As the US-led West banned several Russian banks from using 'SWIFT' financial messaging system, Chinese media highlighted significance of country's SWIFT equivalent '[CIPS' \(Cross-Border Interbank Payment System\)](#) launched in October 2015.⁷⁶ Chinese analysts believe "the removal of Russian banks from SWIFT is likely to accelerate expansion of CIPS boosting international use of CNY in trade settlements".⁷⁷ At present, CIPS is no match to SWIFT which is reportedly used by 11,000 financial institutions across 200 countries or regions, while CIPS has a very limited user base with only 75 direct participants.⁷⁸ Pointing toward US sanctions on Iran and Russia, two major energy exporters, Chinese analysts asserted that "this could accelerate the decline of petrodollar system and facilitate CNY internationalization".⁷⁹ In a parallel development, Saudi Arabia is in talks with China to price some of its [crude sales to Beijing in CNY](#) instead of the USD.⁸⁰ Reportedly, India is also exploring CNY as a reference currency in [India-Russia payment settlement mechanism](#) to buy Russian crude at discounted prices.⁸¹ Meanwhile, SCMP highlighted ASEAN promoting local trade through [regional currency swaps](#) as "reducing the use of USD while weakening Washington's financial hegemony".⁸² However, it is to be noted that, "[strict capital controls by the Chinese government](#) still hinders the internalization of CNY".⁸³

Defence and Security

Chinese central government increased country's [defence budget by 7.1 percent](#) to CNY 1.45 trillion (about USD 229 billion) for 2022.⁸⁴ Comparing the defence budgets of the US and China, Xinhua stressed that "China's defence budget is just about one third of the US, whose spending exceeds USD 768 billion. Beijing

⁷⁵ "Chinese health commission document reveals country's Covid-19 vaccines caused leukaemia", [ANI](#), March 8, 2022.

⁷⁶ Frank Tang, "What is China's Swift equivalent and could it help Beijing reduce reliance on the US dollar?", [South China Morning Post](#), February 28, 2022.

⁷⁷ Ibid.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ "Saudi Arabia in talks to use Chinese yuan in oil deals: Report", [CNBC](#), March 16, 2022.

⁸¹ Chu Daye and Qi Xijia, "India reportedly explores yuan in oil trade with Russia, as frustration grows over US sanctions", [Global Times](#), March 15, 2022.

⁸² SCMP Editorial, "US dollar is no longer king as ASEAN adopts currency swaps", [South China Morning Post](#), March 6, 2022.

⁸³ Kandy Wong, "As Russia is increasingly cut off, can China's yuan find a greater role as a global currency?", [South China Morning Post](#), March 8, 2022.

⁸⁴ "Explainer: Prudent Chinese defense budget growth ensures broad public security", [Xinhua](#), March 5, 2022.

pursues a defensive national defence strategy and will never seek hegemony, expansion, or sphere of influence”, Xinhua added.⁸⁵ Meanwhile, Global Times (GT) report criticized Western media’s attempt to [vilify China’s increase in defence budget](#).⁸⁶ Chinese analysts noted that “since 2016, except for the past two years of the COVID-19 pandemic, country’s defence budget growth has always been more than 7 percent.⁸⁷ This level of spending is normal and steady, nothing to be surprised about”, they added.⁸⁸

China recently marked 50th anniversary of the [issuance of ‘Shanghai Communiqué’](#), first joint Communiqué between China and the US that affirmed the ‘one-China principle’.⁸⁹ As the US continues to maintain ambiguity on the Taiwan question, People’s Daily (PD) called on Washington to “abide by the one-China principle and stop practices that undermine peace and stability in the Taiwan Strait”.⁹⁰ China and US should “draw wisdom from history to keep bilateral relations on right track”, PD added.⁹¹ Notwithstanding the above, US continued arms sales to Taiwan including signing a contract to update [‘Field Information Communications System’](#) worth USD 245 million.⁹²

Meanwhile, State Councilor and Foreign Minister, Wang Yi, briefed the press about [China’s views on key aspects of security and diplomacy](#).⁹³ Some of the major issues addressed by him included “US disrupting peace and stability in the Indo-Pacific”, “cold war mentality fueling divisions”, “dangers of great power competition”, “economic globalization a key trend of time”, “finalizing the code of conduct in South China Sea”, and “strategic autonomy of China-Russia partnership”.⁹⁴ Further, Chinese Vice Foreign Minister, Le Yucheng, warned that the “US Indo-Pacific Strategy of putting together closed and exclusive small circles (reference to QUAD and AUKUS) is as [dangerous as NATO’s eastward expansion](#) in Europe.⁹⁵ If allowed to go unchecked, it would

⁸⁵ Ibid.

⁸⁶ Liu Xuanzun, “China’s defense budget growth justified as restrained amid foreign media hype”, [Global Times](#), March 6, 2022.

⁸⁷ Ibid.

⁸⁸ Ibid.

⁸⁹ “China, U.S. shall draw experience, wisdom from history to keep bilateral relations on right track”, [People’s Daily Editorial](#), March 2, 2022.

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² “US arms sales to Taiwan as dangerous as playing with fire while holding firewood”, [China Military Online](#) (PLA Daily), March 18, 2022.

⁹³ “Highlights from news conference of State Councilor and Foreign Minister Wang Yi”, [People’s Daily](#), March 7, 2022.

⁹⁴ Ibid.

⁹⁵ “Vice Foreign Minister Le Yucheng Attends and Addresses the Fourth International Forum on Security and Strategy”, [Ministry of Foreign Affairs of the People’s Republic of China](#), March 19, 2022.

bring unimaginable consequences, pushing the Asia-Pacific over the edge of an abyss”, he added.⁹⁶



Chinese State Councilor and Foreign Minister Wang Yi addresses a press conference on the sidelines of fifth session of the 13th National People's Congress (NPC), March 7, 2022.

Source: [Xinhua/Li Xin](#)

As Russia-Ukraine conflict continues, Chinese analysts shed light on [guerilla warfare lessons from this conflict](#) for both sides of the Taiwan strait.⁹⁷ They argued that “anti-tank weapon systems provided by the US-led West to Ukrainian forces including ‘Javelin anti-tank missiles’ and ‘Stinger anti-aircraft missiles’ have been very effective in bogging down the Russian heavy armour.⁹⁸ “Taiwan will definitely import more of these missiles for possible urban warfare with the PLA”.⁹⁹ Meanwhile, US guided-missile destroyer ‘[USS Ralph Johnson](#)’ sailed through the Taiwan Strait drawing a sharp rebuke from the PLA.¹⁰⁰ Chinese Ministry of National Defence also called on [Australia not to interfere in Taiwan question](#).¹⁰¹

⁹⁶ Ibid.

⁹⁷ Minnie Chan, “Both sides of Taiwan Strait look to Ukraine fight for guerilla warfare lessons”, [South China Morning Post](#), March 12, 2022.

⁹⁸ Ibid.

⁹⁹ Ibid.

¹⁰⁰ “Chinese military slams US warship transit through Taiwan Strait”, [China Military Online](#), February 26, 2022.

¹⁰¹ “Chinese defense spokesperson: Australia has no business interfering Taiwan question”, [China Military Online](#), March 11, 2022.

In an important development, Australia and New Zealand, expressed concerns over [‘Solomon Islands’ \(southwestern Pacific Ocean\) proposed military deal with China](#) that could see Beijing establish a military base less than 2000 Km from Australia.¹⁰² Meanwhile, [Australia launched ‘Space Command’](#) to secure country’s place against China’s military ambitions in space.¹⁰³

On China-Japan relations, a commentary in PLA Daily slammed former Japanese Prime Minister, Shinzo Abe’s comments that “due to the ongoing conflict between Russia and Ukraine, it is difficult to guarantee global security, and Japan should [consider the nuclear-sharing policy](#) to deploy US nuclear weapons like some NATO member states”.¹⁰⁴ Even as PM Kishida rejected such policy options, PLA Daily commentary argued that “it exposes dangerous shift to militarism in Japan”.¹⁰⁵

Russia reportedly exposed alleged US [military biological projects](#) in Ukraine.¹⁰⁶ Taking note of Russian allegations, People’s Daily (PD) called on Washington to “thoroughly clarify its military biological activities around the world with a responsible attitude and stop unilateral opposition to the establishment of a Biological Weapons Convention (BWC) verification regime”.¹⁰⁷ Further, reports in the West claimed that [“US had warned China](#) about Russia’s plans to invade Ukraine with a hope that Beijing would dissuade Moscow”. China, on its part, did not take this seriously, instead, shared relevant information with Russia asking Moscow to act after the Winter Olympics”.¹⁰⁸ Rejecting this, PD warned the US that “it can’t cover up [responsibility for Ukraine crisis](#) by spreading anti-China disinformation”.¹⁰⁹ Chinese Ministry of National Defence also rejected “US disinformation about [Russia asking China for military equipment assistance](#)”.¹¹⁰

¹⁰² “Australia, New Zealand unsettled as Solomon Islands confirms China military deal”, [South China Morning Post](#), March 25, 2022.

¹⁰³ “Australia launches Space Command to counter China’s extraterrestrial military ambitions”, [South China Morning Post](#), March 22, 2022.

¹⁰⁴ “Idea of nuclear-sharing with US exposes dangerous militarism trend in Japan”, [China Military Online](#), March 17, 2022.

¹⁰⁵ Ibid.

¹⁰⁶ “U.S. should truly abide by Biological Weapons Convention for global biosecurity”, [People’s Daily Editorial](#), March 17, 2022.

¹⁰⁷ Ibid.

¹⁰⁸ “Defense Ministry spokesperson answers questions on Ukraine situation”, [Ministry of National Defense of the People’s Republic of China](#), March 24, 2022.

¹⁰⁹ “U.S. can’t cover up its responsibility for Ukraine crisis by spreading anti-China disinformation”, [People’s Daily Editorial](#), March 16, 2022.

¹¹⁰ “Defense Ministry spokesperson answers questions on Ukraine situation”, [Ministry of National Defense of the People’s Republic of China](#), March 24, 2022.

On military modernization, PLA Navy commissioned [two new type 052-D destroyers](#), the 'Zhanjiang' and 'Jiaozuo'.¹¹¹ Meanwhile, President Xi Jinping signed order to promulgate rules on regulating [military equipment procurement](#) contracts.¹¹²

Technology

Even after a year of intense crackdown, judging by the proposals made during the 'Two Sessions', it appears that China's Big-tech companies would continue to be under Beijing's regulatory hammer.¹¹³ Amidst mounting concerns over regulatory crackdown, resurgence of COVID-19 lockdowns, and Russia-Ukraine conflict, Vice Premier Liu He, vowed to take substantial measures to [support growth and capital markets](#).¹¹⁴

Importantly, China's National Development and Reform Commission (NDRC) singled out [key technology sectors for special attention](#) including "industrial development of the Beidou Navigation Satellite System", "photovoltaic industry", "hydrogen powered industries", "digital economy", "biomedicines", and "low-carbon energy transformation".¹¹⁵

CPC Central Committees 'Qiushi Journal' published an article authored by President Xi Jinping on "building the strength, quality, and size of [China's digital economy](#)".¹¹⁶ Amidst the growing global technology competition, Xi called on the Chinese people to "intensify research on core technologies (internet, big data, cloud computing, AI, and blockchain) by fully leveraging the advantages provided by country's socialist system", "accelerate development of new infrastructure", "integrate digital technologies with real economy", "promote development of digital industries in key areas", "regulate the

¹¹¹ Liu Xuanzun, "PLA Navy reveals commissioning of two new Type 052D destroyers", [Global Times](#), March 9, 2022.

¹¹² "Xi signs order to promulgate rules on regulating military equipment procurement contracts", [Ministry of National Defense of the People's Republic of China](#), March 19, 2022.

¹¹³ Matt Haldane, "China's tech firms face mounting challenges", Inside China Tech SCMP Newsletter, March 19, 2022.

¹¹⁴ Frank Tang and Orange Wang, "Chinese Vice-Premier Liu He vows support for economic growth, capital markets amid mounting headwinds", [South China Morning Post](#), March 16, 2022.

¹¹⁵ Wendy Wu, Orange Wang, and Jane Cai, "Two sessions 2022: self-reliance highlighted as China's top economic priority amid turbulent geopolitical times", [South China Morning Post](#), March 6, 2022.

¹¹⁶ Xi Jinping, "Building Up the Strength, Quality, and Size of China's Digital Economy", [Qiushi Journal](#), March 3, 2022.

development of digital economy”, “improve governance system”, and “participate in international cooperation in the digital economy sphere”.¹¹⁷

Achieving self-sufficiency in semi-conductor production is one of the key objectives of the Chinese government. However, [shortage of experienced talent](#) is reportedly a key impediment in achieving this goal.¹¹⁸ As US and China ramp up their domestic chip capacity, the two countries could soon be locked in a recruitment battle over Taiwanese semi-conductor talent.¹¹⁹

With regards to [5G telecommunications network](#), China plans to expand base stations to two million by the end of 2022; currently it houses around 1.45 million base stations with over 500 million 5G users.¹²⁰

¹¹⁷ Ibid.

¹¹⁸ Che Pan, “US-China tech war: Will Taiwan chip engineers be key to success in the race for tech supremacy?”, [South China Morning Post](#), March 23, 2022.

¹¹⁹ Ibid.

¹²⁰ “China home to 2m 5G base stations by end of 2022: minister”, [Xinhua](#), March 8, 2022.



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